BEIJER REF

Annual report and sustainability report 2022

BEIJER REF

Financial information

Notes

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 2021 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 42-43, 49-51 and 57-97. The Sustainability Report comprises pages 23-30 and information on pages 10-13, 15, 18-19, 32-33, 43, 49-51 and 102-103.

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

Beijer Ref in brief

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.

Our values
Committed • United • Engaged • Straightforward

Employees
4,700 in 43 countries in Europe, Africa and Asia-Pacific region

Sales
22,6 billion SEK

Branches
>450

The year in summary

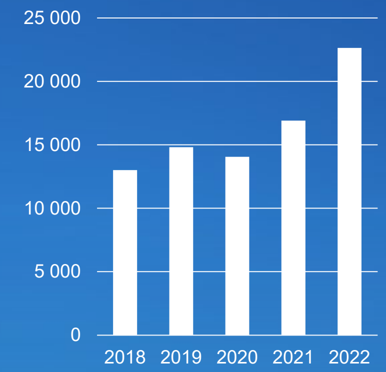
34% Sales increace

16% Organic increase

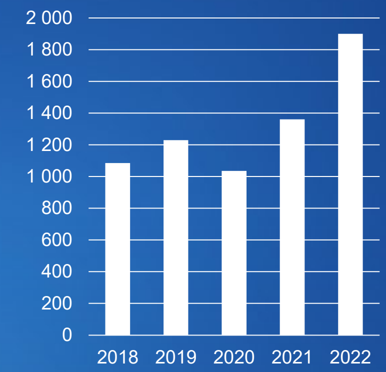
40% EBITA-improvement

28% Profit increase per share

Net sales



Operating profit



Key figures

	2022	2021
Net sales, sek m	22 638	16 905
EBITDA, sek m	2 471	1 835
EBITA, sek m	1 971	1 410
Operating profit, sek m	1 900	1 361
Profit after tax, sek m	1 266	990
Earnings per share, sek[1]	3.28	2.56
Dividend per share, sek[2]	1.25	1.10
Purchase price per share, sek	147	198

[1]) After dilution (no dilution effects have occurred in 2022)
[2]) For 2022, according to the board's proposal before completed rights issue (see page 38 for revised dividend proposal and additional information)

Significant events during 2022

Q1

- Beijer Ref acquires 80 per cent of the shares in Deltron, a leading HVAC distributor in Croatia.

Q2

- Beijer Ref completes two new acquisitions in Australia, GMR Supplies and Mackay Air Supply.

Q3

- Beijer Ref strengthens its offer in France through the acquisition of the French company EID.
- Beijer Ref acquires 51 per cent of the shares in Australian air conditioning company AAD and HVAC Consolidated in Australia, with an option to acquire the remaining share. Both companies are stationed in Melbourne and at the time of the acquisition had a combined turnover of approximately SEK 800 million with good profitability.
- Beijer Ref signs an agreement to acquire all assets of the South African company Transport Cooling SA, a distributor of transport cooling for trucks and trailers.

Q4

- Beijer Ref acquires 80 per cent of the shares in Easy Air Conditioning, with an option to acquire the remaining share. Easy Air Conditioning has its headquarters in Henley-in-Arden (England) and their annual turnover is approximately SEK 70 million.
- Beijer Ref and Danfoss renew their partnership agreement and include an increased focus on sustainability.
- Beijer Ref completes the previously announced acquisition of AAD and HVAC Consolidated.
- Beijer Ref enters the North American market through the transformative acquisition of Heritage Distribution. The acquisition of Heritage Distribution constitutes Beijer Ref's entry into the strategically important and attractive North American market. The acquisition was completed on 2023-01-20.

This is Beijer Ref

Beijer Ref is a global 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. Beijer Ref has a decentralised and entrepreneurial business model that means that senior executives within each subsidiary both run and lead the companies, which enables flexible and fast decision-making processes. Freedom with responsibility is of great importance to the group and the goal is to create functioning local companies that work closely with their markets, with the necessary support from head office. Of the group's 4,700 employees, about 30 work in central functions.

Products

Beijer Ref's 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 well-known leading suppliers such as Toshiba, Carrier, Mitsubishi Heavy Industries, Danfoss and Bitzer. Beijer Ref also has its own production of environmentally friendly products that are based primarily on natural refrigerants.

Own manufacturing of environmentally friendly technology

For a number of years, Beijer Ref has been focusing on own product development and manufacturing of refrigeration units 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. Own manufacturing of environmentally friendly products takes place mainly in Italy, but technical know-how is transferred to most other subsidiaries within the group. Beijer Ref has also developed main centres for green technology based on propane in Sweden and ammonia in the Netherlands. Today, Beijer Ref 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 4,700 employees, working in 43 countries. With companies in Europe, Africa and Asia Pacific, Beijer Ref is one of the world's largest refrigeration wholesalers. Beijer Ref's head office is in Malmö.

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 the three below segments:

Commercial and industrial refrigeration — **38%**

Refrigeration installations for, among other things, grocery stores, restaurants, hotels, ice rinks, grocery stores and the offshore industry.

OEM — **10%**

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

Comfort cooling/heating (HVAC) — **52%**

Climate control and ventilation for homes, offices and shops.

End customer
The end customer might be, for example, a restaurant or food store 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.

As shown in the illustration on the left, 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.

CEO Christopher Norbye comments

First and foremost, I would like to thank all our ambitious employees whose dedication has enabled us to deliver a fantastic result in 2022. We are well positioned in a market that benefits from several global trends and despite a changing environment, our business model stands strong. During the year, we achieved good organic growth of 16 per cent (14) and completed eight strategic acquisitions, where the entry into the North American market stands out and creates new conditions for continued global expansion.

Sales growth during the year amounted to 34 per cent. The organic growth of 16 per cent has been well spread across all our regions and is proof of the strength of our broad product portfolio and the strategic initiatives we have implemented. Alongside the organic growth, we added eight new companies to the group and expanded our geographical reach. The accumulated turnover was SEK 1.8 billion on an annual basis. We are very pleased that Deltron (Croatia), Mackay Air Supply (Australia), GMR Supplies (Australia), EID (France), Easy Air Conditioning (UK), AAD and HVAC Consolidated (Australia) and Transport Cooling (South Africa) have chosen to become part of the Beijer Ref Group. All companies have good development opportunities and contribute with valuable synergies.

Our deliberate strategy to build higher inventory levels, due to uncertain supply chains, has during the year affected our cash flow negative. However, this strategy has served us well and we have been able to be flexible in meeting the increasing needs of our customers. During the year, we have started to work proactively with normalising our stocking, adjusted according to our seasonal variations. The improvement trends that the supply chain saw in mid-2022 have continued and we have noted less variable lead times, improved semiconductors and more stable transports.

Establishment in North America
On December 15, we announced our intention to acquire the North American HVACR company Heritage Distribution. The acquisition, which was completed on January 20, marks Beijer Ref's entry into the strategically important and fragmented North American market – a market currently undergoing a shift towards electrification, energy efficiency and more sustainable products. Heritage Distribution offers a good platform from which we can continue to drive growth as well as consolidation. At the time of writing, Heritage Distribution has a turnover of approximately SEK 6.5 billion and 800 employees and 64 branches, spread over 10 states. The company will be a fully reporting segment from the first quarter of 2023.

Increased focus on sustainability
Towards the end of the fourth quarter, Beijer Ref signed a letter of commitment to the Science Based Targets initiative (SBTi). The signing is an important part of our sustainability work and another significant step when it comes to combating climate change and reducing the use of environmentally damaging HFC refrigerants. Thus, during the fourth quarter, we renewed our partnership with the Danish cooling technology company Danfoss. The three-year partnership includes a project plan where we explore options to improve the circular economy in the value chain.

Through our OEM business, we supply the market with products that are primarily based on environmentally friendly and natural refrigerants such as CO_2, ammonia and propane. The European market is at the forefront when it comes to the phasing out of F gases and the demand for environmentally friendly cooling technology is a segment that is growing at an

accelerating pace. From a global perspective, it is also very gratifying that the USA, which is one of the world's largest markets for HVAC, in 2022 adopted the Kigali Addendum to the Montreal Protocol. Over time, this will benefit Beijer Ref and our establishment in the North American market. In addition, both the US Senate and Congress have adopted the ambitious climate program Inflation Reduction Act (IRA), which includes, among other things, tax breaks for the installation and upgrade of environmentally friendly HVAC systems.

A strong corporate culture with entrepreneurial elements

It is the collective knowledge and joint commitment of our employees that drives the business forward. Our decentralised business model gives rise to independent leadership and an entrepreneurial spirit that permeates our entire operation. As we expand, we actively work to promote a culture that rests on our values: Committed, United, Engaged and Straightforward.

We continue to challenge ourselves in how we can invest in our people and retain and attract the best talent. Having an ear inward and picking up trends and tendencies in the workplace is an important key, but also conveying news and commitments through well-packaged internal communication. We have invested in this with a positive response in several different channels. Furthermore, at the turn of the year 2022/2023, we have implemented our second Exchange Program (the first started in 2019). Through our exchange program, we want to share knowledge and experience, build relationships that transcend geographical boundaries and identify new talent. It is with pleasure that I can state that the program continues to be a success for Beijer Ref and contributes to a more cohesive and strong corporate culture.

In conclusion, I would like to express my gratitude to the Board of Director's and our shareholders for your continued support and trust. With a strong and clear strategy as a foundation, we continue to drive sustainable and long-term growth. We are now leaving an eventful and intense 2022 behind us and looking forward to a new and exciting development journey.

Christopher Norbye
CEO

Trends and driving forces

Beijer Ref has defined a number of external factors that have an impact on the company, its focus and product development. Taking advantage of these opportunities is a high priority for the group, as it creates the conditions for achieving profitable growth. The main megatrends are: Climate change, regulation, electrification, energy efficiency, urbanisation and e-commerce. In the text below, we briefly describe the measures Beijer Ref takes to meet some of these trends.

Climate change

One of the biggest challenges for a sustainable society is to reduce greenhouse gas emissions. The UN countries aim to continue to push forward climate work with clearer guidelines and, above all, action requirements. The last climate summit was in the autumn of 2022 - COP27 - in Sharm El Sheikh, Egypt. Emissions from refrigerants are a significant factor in global warming. A large responsibility therefore rests on the industry as a whole.

Our actions

The group's own manufacturing 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. Among other things, Beijer Ref has built a new factory for the production of green technology so as to be able to double the capacity for green production. Beijer Ref is also the majority owner of the danish refrigeration technology company Fenagy, a company that manufactures efficient heat pumps and refrigeration systems with CO_2 as refrigerants for district heating and industrial applications.

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.

Our actions

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. At the end of 2022, Beijer Ref signed a binding agreement to acquire Transport Cooling SA, a distributor of transport cooling for trucks and trailers. This meant that for the first time the group entered the market segment for refrigeration in transport vehicles.

Market changes

In both residential and commercial premises, the installation of HVAC equipment is expected to increase in the coming years, both due to more evident climate change with heatwaves and cooler climates and due to rising electricity prices.

Our actions
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 energy efficient solutions that contribute to lower greenhouse gas emissions.

Increased demand for AC
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. 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. Demand for air/air and air/water has been extremely strong in 2022, not least due to the rising energy prices in Europe.

The growing middle class in warm continents 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.

Our actions
By having close, long-term collaborations with leading suppliers and offering its own brands, the group makes AC products accessible through its widespread market presence and distribution. Beijer Ref began to place orders for the main seasons early, in order to meet global demand and avert any delivery disruptions.

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. Smart, environmentally friendly and design-oriented HVAC systems are in great demand. 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.

Our actions
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 so as to be able to meet the trend.

Digitalisation
As digitalisation increases,the end customers' need to easily control their installed technology grows. 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.

Our actions
For Beijer Ref, the highest priority is to develop digital solutions that can be used by all companies in the group. Common platforms for e-commerce and business systems, which means increased efficiency and synergies in the long run, are examples of this. The group is also working to drive development forward for products that are increasingly IT-driven.

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.

Our action
Beijer Ref is constantly developing its range of in-house manufactured green products. The latest example of this is the group's investment in the Danish company Fenagy, a fast-growing manufacturer of industrial heat pumps based on CO_2.

The group is also involved in influencing other suppliers' ranges of green products. Beijer Ref has also established the training centre Beijer Ref Academy in key markets where employees and customers are trained in how to handle natural refrigerants.

In its role as a leading player in refrigeration and HVAC, the group has the opportunity to influence the market's transition to HVAC units based on electricity, which can replace many older units that get their energy supply from fossil fuels. Here, Beijer Ref can play an important role in phasing out environmentally unfriendly technology for heating and refrigeration.

Our business

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. The competitors in commercial cooling therefore consist of local and regional companies. The HVAC market is fragmented and where Asian manufacturers such as Toshiba, Fujitsu, LG, Samsung, Daikin Mitsubishi Heavy Industry, Mitsubishi Electric, Gree etc. are prominent.

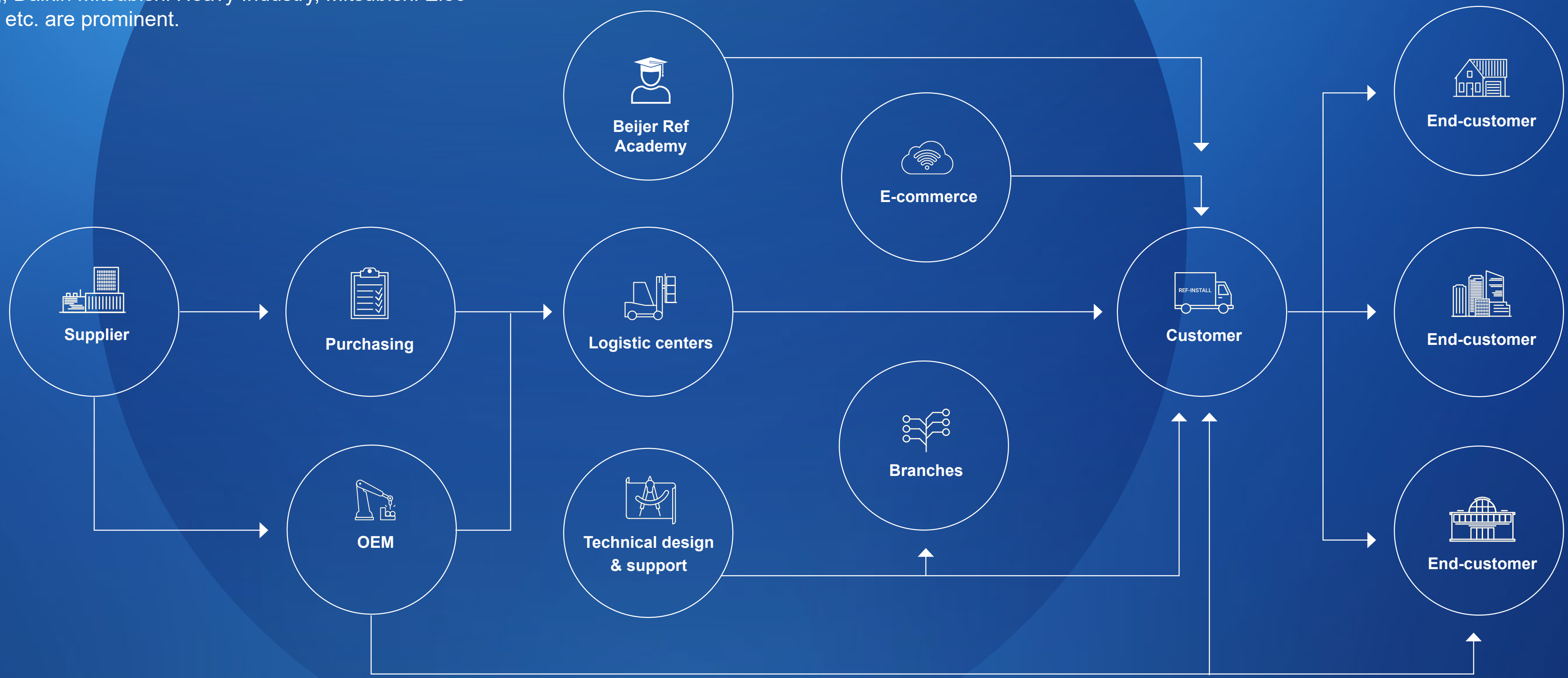
Our value chain

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 Beijer Ref adds to the value chain between manufacturer and customer consists of purchasing warehousing, distribution, training, technical support and customer adaptation, through both design and manufacturing.

The fact that the group also manufactures its own eco-friendly refrigeration systems is also of major importance in the creation of an attractive customer offering. Beijer Ref's main business is to sell to other companies.

As trading is gradually launched in digital channels, also aiming at the target group of consumers, some sales patterns may in future assume new forms.



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.

Training

Beijer Ref offers customers and other stakeholders training, primarily in refrigeration and heating technology with natural refrigerants. The training courses include installation, operation and maintenance to optimise performance and avoid losses in the systems. The training courses also include new products and technical solutions.

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 >450 branches spread across 43 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. The business's four core values: Committed, United, Engaged and Straightforward summarise Beijer Ref's corporate culture and show the way for how employees should act when they represent the company.

The global outlook

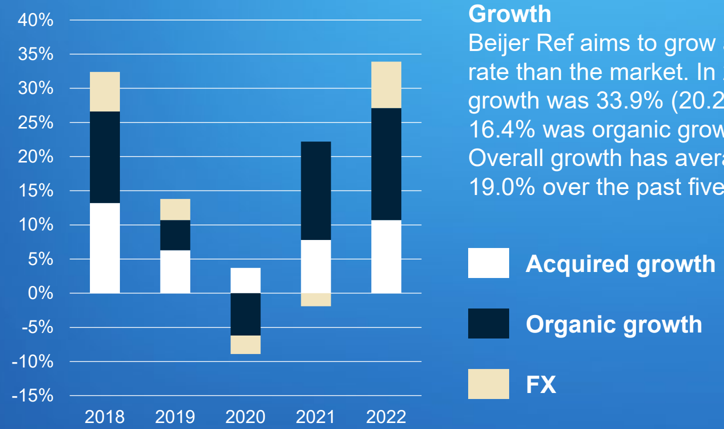
- A more global and integrated world
- Increased welfare
- Change in behaviour and increased urbanisation
- More digital solutions and services
- Sustainable solutions are needed to reduce global warming

Our strategy

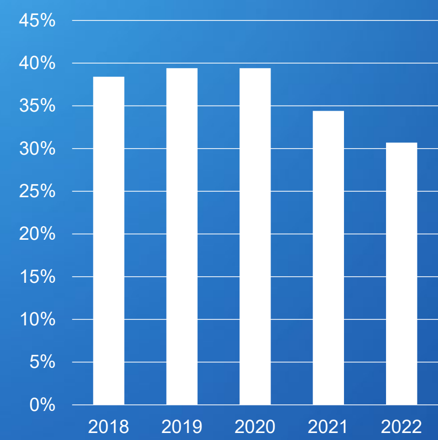
- Collaboration with leading suppliers in each product area and in different price segments
- Business model tailored to end customers: the food sector, offices and housing
- Far-reaching and global network of branche provides good reach and proximity to customers
- Technical support and a high level of engineering knowledge for customers
- A business concept that lasts over time

Financial goals and goal fulfilment

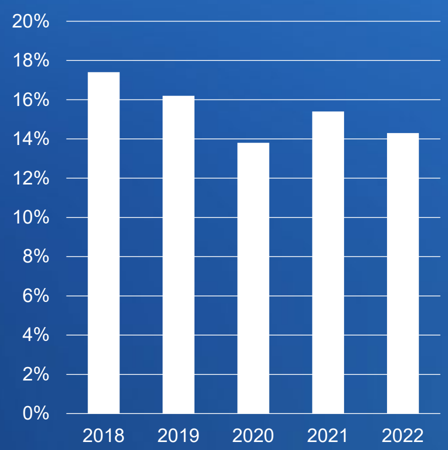
As part of the company's strategy, Beijer Ref has set the following long-term goals - both financial and non-financial.



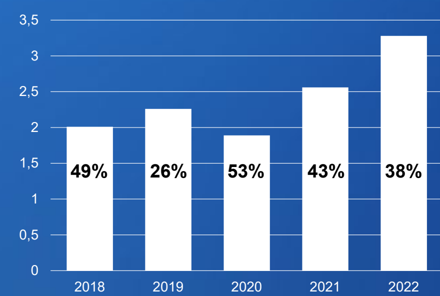
Growth
Beijer Ref aims to grow at a higher rate than the market. In 2022, growth was 33.9% (20.2), of which 16.4% was organic growth (14.4). Overall growth has averaged 19.0% over the past five years.



Equity ratio
The equity ratio in the group must amount to at least 30%. During the last five-year period, the average equity ratio has been 36.5%.



Return
Return on operating capital must amount to at least 12%. This gives the business stability and preparedness for possible changes in the outside world. Over the past five years, Beijer Ref's average return was 15.4%.



Dividend
Beijer Ref aims to distribute more than 30% of profit after tax. A good return on invested capital contributes to a stable ownership structure. Over the past five years, the average dividend payout ratio has been 42%.

Non-financial goals and goal fulfilment

The goal is to increase sales of own manufactured products suitable for refrigerants with low GWP below 150 to more than 50% of total own manufactured sales by the end of 2025. Today, the proportion is 39% (33). The company expects this proportion to gradually increase as demand for refrigeration systems with environmentally-friendly refrigerants increases.

Green knowledge sharing
The group's training concept Beijer Ref Academy was developed to spread knowledge about green technology to customers and suppliers. The goal is to have a total of six academies established by 2023.

Business ethics and anti-corruption
All employees must undergo training in business ethics and anti-corruption. New training courses are held annually, so as to be able to continuously achieve the goal.

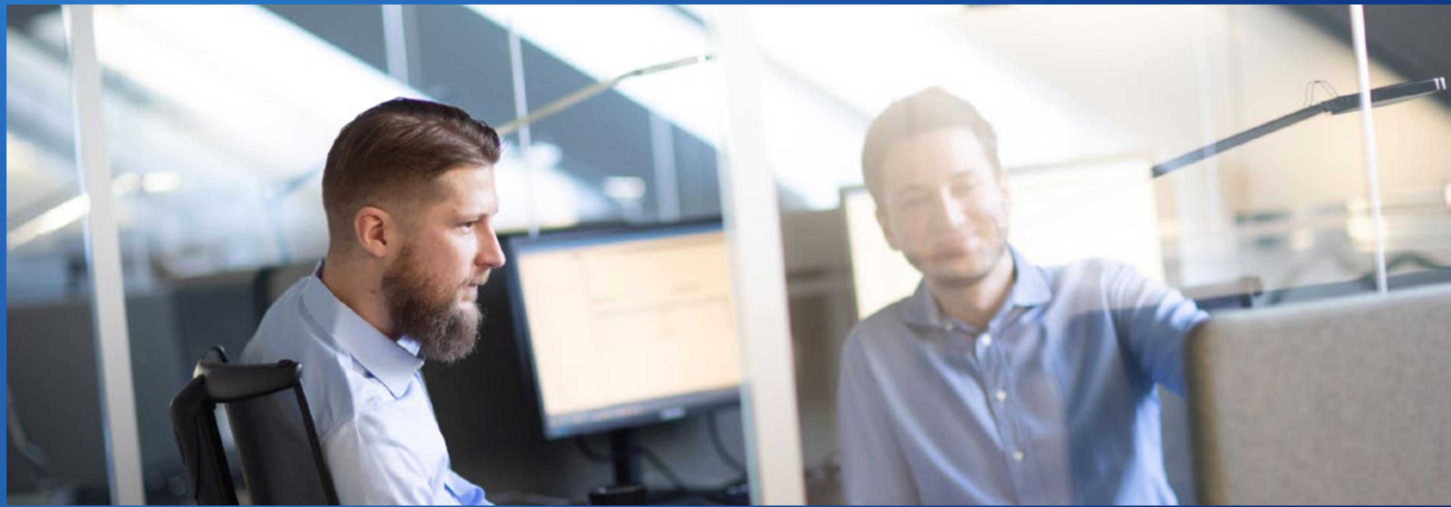
Responsible supply chain
The goal is to have a signed code of conduct for the 100 largest suppliers and to have an ongoing process and dialogue on following the code. The goal has been achieved and the process of following up is ongoing.

A safe and healthy workplace
The goal is to have a healthy and safe workplace with sick leave below 4%. In 2022, sick leave amounted to 3.2% (2.4). The number of incidents resulting in absences was 7.6 (7). The goal is to have zero serious incidents. The company will also offer all salaried staff development interviews.

Equal workplace
The goal is a more equal group with a higher proportion of women in all positions. Today, about 23% (22) are women, which shows the importance of constantly working on activities that can affect this proportion. In the company's board of directors, the distribution is even between women and men.

Green products	2022	2021	2020	2019	2018
Eco-friendly sales	39%	33%	32%	26%	21%

Safe and healthy workplace	2022	2021	2020	2019	2018
Sick leave long-term	1.5%	1.1%	1.3%	1.1%	1.0%
Sick leave short-term	1.7%	1.3%	1.8%	1.1%	1.1%
Sick leave total	3.2%	2.4%	3.1%	2.2%	2.1%
Target	<4%	<4%	<4%	<4%	<4%



Our five strategic focus areas

By growing faster than the market, Beijer Ref will strengthen its position as a global player. To do this, the Group works according to a strategy that is divided into five focus areas.

Acquisition
An important part of the group's strategy is to grow through acquisitions and Beijer Ref is working actively to consolidate the market. In total, the company has completed approximately 50 acquisitions in the last 15 years. Acquisition growth is created both by acquiring companies in new markets and by acquiring companies that broaden the product range. Synergies arise primarily in purchasing, logistics, digitalisation and sales channels.

Supply Chain
Purchasing and logistics are important strategic functions. Procurement and price negotiation takes place in a structured manner at both central and local level in order to achieve synergies and an advantageous price levels. A significant element of this work is to create stable, long-term relationships with strategic suppliers. Beijer Ref has both a local and a regional strategy regarding warehousing and distribution operations. The group has about 40 logistics centres and about >450 branches that specialise in efficient product delivery, providing quick access to service, maintenance and repair.

Sustainability
Beijer Ref works strategically on sustainability and base it on the UN's global goals and Agenda 2030. From these, the company has selected focus areas where the group believes that the organisation can make the most difference. The group has also created a framework for sustainability issues that is implemented at local level by the subsidiaries. One of the areas where Beijer Ref can make the most difference is in the production of environmentally-friendly products that replace ageing systems that are less environmentally-friendly. The goal is that 50% of the company's OEM products shall be green by 2025.

OEM
Beijer Ref will continue its investment in products of its own manufacture – OEM – with a pronounced environmental focus. The goal is to develop and spread knowledge of modern, environmentally adapted technology that can replace products that use refrigerants with a high GWP. The group offers green technology in both commercial and industrial refrigeration.

Digitalisation
Constantly looking to the future is part of Beijer Ref's strategy and for this reason a number of different digitalisation projects are underway. Beijer Ref is gradually extending the e-commerce platform and business support systems. The purpose of digitalisation is to create new business opportunities, better delivery quality and cost savings.

Acquisition strategy

The entry into the North American market rounds off another acquisition-intensive year.

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

For several years, Beijer Ref has proactively worked to consolidate 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.

A refined strategy
Since the beginning of the 2000s, Beijer Ref has completed approximately fifty acquisitions in Europe, Asia Pacific and Africa. The acquisition strategy is mainly concentrated on the refrigeration, HVAC and OEM segments. Other areas of focus include expansion into new geographic markets, through new or related product segments or through extended value chain.

Acquisitions in 2022
In 2022, Beijer Ref continued its acquisition-intensive journey and added eight more companies to the group, with an accumulated turnover of approximately SEK 1.8 billion on an annual basis.

Most of the newly added companies operate within HVAC, which is a growing market. The largest completed acquisition during the year was the purchase of the HVAC companies AAD and HVAC Consolidated in Australia, which together have a turnover of approximately SEK 800 million and 125 employees. The companies havw established relationships with international air conditioning manufacturers, they have a broad product portfolio through AAD which operates under its own brand; a segment that Beijer Ref wants to continue to strengthen further.

Another acquisition that stood out was the purchase of Transport Cooling SA in South Africa, a distributor of transport cooling for trucks and trailers. This Acquisition means that Beijer Ref enters the transport refrigeration segment for the first time, a highly interesting and growing market.

Entry into the North American market
Towards the end of 2022, Beijer Ref entered the North American market by entering into a binding agreement to acquire Heritage Distribution Holdings - a leading North American distributor of refrigeration and HVAC tools, components and equipment. The acquisition, which represented a milestone in Beijer Ref's history, was completed on January 20, 2023.

The year's other acquisitions were distributed across Europe and Asia Pacific through the acquisitions of the HVAC company Easy Air Conditioning (UK), the component manufacturer EID (France), the HVAC companies GMR Supplies and Mackay Air Supply (Australia) and the HVAC company Deltron (Croatia).

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 succesful acquisition integration

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

- Entrepreneurship in acquired companies is crucial 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

OEM - increased focus on environmentally friendly products

Beijer Ref seeks to contributes significantly to creating the conditions for more sustainable solutions in its industry. Being at the forefront of this technological development is also driving the company's expansion. Since 2015, there has been an F-gas regulation and a phase-out schedule within the EU with an end date in 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 refrigeration technology. The new era of refrigeration technology is environmentally friendly and is based on refrigerants with low global warming potential (GWP) values. The natural refrigerants such as CO_2, 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 and is working methodically to increase its green in-house production. Today Beijer Ref is a driving player in the industry that develops and manufactures environmentally friendly refrigeration technology on several continents. The base for the group's manufacturing operations is in Italy. In addition, Beijer Ref has established additional manufacturing in Denmark, Sweden, France, the Netherlands, Thailand, Australia, China and South Africa. As a result, Beijer Ref is the only refrigeration wholesaler in the world that globally manufactures products with green refrigeration technology.

Doubled green production
For several years, Beijer Ref has carefully followed developments in the market and made the early assessment that the need for environmentally friendly cooling technology was so great that an increase in capacity was required. This led to Beijer Ref establishing a new and significantly larger facility in Italy. On 13,000 m2, there are areas for production, storage and the training center Beijer Ref Academy. Above all, the investment provides the opportunity to more than double Beijer Ref's production of environmentally friendly technology in Europe.

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_2 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. For his reason, Beijer Ref has made efforts to train its staff, as well as recruiting key people who can help push development 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.

Expanded green products
Beijer Ref has also expanded its green technology offering through the Danish heat pump company Fenagy A/S. Fenagy has developed a completely new product range of industrial heat pumps and refrigeration systems based on the environmentally friendly refrigerant CO_2. 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. Using Fenagy's technology, the group can now cover more markets, especially in northern Europe where the transition to green technology is fastest.

Fenagy's sales has exceeded expectations and in 2022 sales have tripled. The investment in the company, which was originally intended to be a complement to Beijer Ref's green offering, proved to give the group a head start in a market that is growing faster than previously anticipated.

Cost-effectiveness and environmental benefits have created a significant market demand for Fenagy's technology. By also being part of a structure with group-wide product development, purchasing function and customer support, additional benefits are achieved. A product development programme to develop heat pumps based on similar technology, but for smaller units, is underway and expected to have high potential.

Focus on refrigerants
As a result of the investments in natural refrigerants, Beijer Ref has also invested in filling stations for refrigerants. The group has a production line in Gothenburg, which mainly supplies the group's Nordic companies with the natural refrigerant CO_2. The demand for environmentally friendly refrigerants has been high and Beijer Ref has therefore invested in propane supply. Heat pumps for homes based on propane are becoming more popular and demand is expected to increase in the coming years.

The filling station in Gothenburg means that the group's investments in the environmentally friendly programme can be secured with reliable access to the right kinds of refrigerants. The area is considered to be of such great importance in the future that Beijer Ref has hired a person whose main responsibility from 2023 onwards is to manage the group's trading in refrigerants.

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 is focusing on three selected brands – Freddox, Sinclair and Inventor. Through the acquisition of Deltron in Croatia, the Azuri brand has also been added.

The advantages of own brands are many as they 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.

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 and HVAC 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. Freddox has been launched in several markets in Europe and Asia, and more will be added in 2023.

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 that are now widely launched and sold through several of the group's companies. The goal is for the brand to significantly increase its sales over the next five years by means of a well-planned launch.

Inventor A.G. S.A.

In 2021, Beijer Ref acquired the Greek company Inventor, which also had its own brand. The brand offers HVAC products and is well known among end consumers in the domestic market Greece. During the year, Inventor was widely launched in several European countries. The plan is to continue to spread the brand in Beijer Ref's other markets.

AZURI

Through the acquisition of the HVAC company Deltron in Croatia during the year, the Azuri brand is now included in Beijer Ref's brand portfolio. Azuri offers solutions for residential air conditioning and is a good complement to the group's other offerings.

Owning and developing our own product names also provides increased control, with opportunities to control production and price levels.

Simon Karlin, COO EMEA

Supply Chain - the core of the business

Logistics and purchasing play key roles in creating synergy effects in an international group. Within Beijer Ref, both areas are in focus and they collaborate in the Supply Chain business area.

Great digitalisation potential
The aim is to achieve the highest possible efficiency through better purchase prices, less capital tied up in stock and better availability. To achieve this, a group-wide business support system is used, what is known as a BI (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.

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 France, too, the group is in the process of expanding to establish a central warehouse in Lyon for the group's French companies. There are also central warehouses in Denmark, the United Kingdom, Norway, Australia and New Zealand.

The future strategy is to regionalise further. This creates the conditions for further optimising warehouse stock levels and increases the availability of materials. Transport can also be optimised, thereby reducing CO_2 emissions. Suppliers get an opportunity to plan and optimise their production and distribution better. Work on surplus products is also facilitated by these products being consolidated so that they can be used by more companies within the group. Any future acquisitions can also 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 central level. The 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, profitability and finding the right sales channels. This optimises the supply chain for Beijer Ref, its suppliers and customers.

Strong relationships with our suppliers
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 Category Management 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 Category Management 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 and the digital customer journey

The work to develop Beijer Ref's digitalisation is an important part of the group's strategy and is seen as a significant 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 agenda
A central digitalisation agenda was developed a couple of years ago to create synergies with common platforms for e-commerce, master data, business systems and BI (business intelligence) tools. This creates the conditions for effective implementation at many of the subsidiaries, with the goal of streamlining and increasing digital sales. Currently, e-commerce has approximately 11 per cent of the group's total sales. The group's goal is to further increase turnover from e-commerce, which is expected to be supported by the ongoing digitisation trend.

In line with the goals, the group has continued to develop digital sales during the year and has both improved the webshops that have already been launched and established new ones.

The key to increasing digital sales is understanding the digital customer journey. With the right insights, it is possible to improve the digital sales channels by making the user experience better and easier for customers. This has already had an effect during the year, in the third quarter e-commerce increased by over 50 per cent compared to the same quarter last year.

Modern business systems 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 an efficient and optimised common business system. Such a project was therefore initiated a few years ago, which means that Beijer Ref is working to implement the same ERP-platform at the subsidiaries, with the aim of modernising and streamlining processes and the IT landscape.

During the year, Beijer Ref worked on connecting the group's platform for product master data to suppliers. In the long term, it will increase the group's efficiency while ensuring that Beijer Ref has accurate and up-to-date data on the products, with high data quality. More suppliers will gradually be connected to the system.

The key to increasing digital sales is understanding the digital customer journey.

Kristian Lexander, CIO/CDO

Sustainability - a long-term engagement

- We want to set the norm and act as an enabler for the green transformation.

Sustainability - a central part of our strategy
Sustainability is a stated and integral part of Beijer Refs strategy as well as one of the operations' most important focus areas. It affects everything from our business model and business strategy to the organisation and its product range. Beijer Ref wants to contribute to reducing climate impact, maintain a high standard in business ethics issues and work for a safe and inclusive workplace.The group actively pursues its agenda in these areas and the board has clear sustainability goals as part of group management's incentive program.

External standards guide us
Beijer Ref's sustainability strategy is based on the group's history, vision, business concept and values. It describes Beijer Refs economic, environmental and social responsibilities according to the UN global goals for sustainable development and the principles of Green House Gas Protocol (GHG Protocol). As part of the business's sustainability strategy, reduction targets have been submitted to the Science Based Target initiative (SBTi). SBTi is a framework which guides companies in setting up science-based sustainability goals. The framework aligns with the objectives that are included in the Paris Agreement.

Through the initiative "European Green Deal" (a framework which gives an account of the EU Commission's initiatives to and decisions about commitments to reduce climate change), the EU Commission is a driving force in the shift towards a greener economy. Beijer Ref follow the proposals that the Council of the European Union, the EU taxonomy and the Corporate Sustainability Reporting Directive (CSRD) has developed regarding sustainability reporting.

A sustainability agenda with new targets
Beijer Ref's ambition is to reduce its environmental impact and create a climate-responsible business. The target is to in the long run aim to help customers and suppliers make more sustainable choices by providing green products and training in climate responsibility.

In order to achieve these goals, Beijer Ref has a clear agenda: The group wants to influence the sustainability agenda with a focus on areas where the group can make the most significant difference and translate high ambitions into concrete action. For this reason, five focus areas have been selected by the group where all sustainability work is carried out:

a) Green products
b) Reducing GHG Footprint
c) People & Talent Management
d) Ethical business
e) Responsible Supply Chain

Reducing the greenhouse gas footprint has been included in 2022 in the framework and has become a central focus area. New targets for reduction of the greenhouse gas footprint has been submitted for review by SBTi. Therefore the group will increase efforts through various initiatives in all five focus areas, become more transparent and expand the data reported externally.

Governance
Beijer Ref has ensured that the responsibility for driving the agenda forward in the various areas has been delegated to relevant parts of the organisation. In this way, the group can verify that sustainability is an integral part of daily operations; with governance, ownership and commitment from the entire organisation.

Responsibility for the efforts is presence at both central and local level. The board and company management determined strategy as well as company policy and approved the targets. In addition, they regularly follow and update the progress. Each general initiative is owned by one function in the management team, then the local subsidiaries carry out and implement the measures. Each subsidiary also has an appointed contact person for sustainability issues that drive the implementation and the local communication agenda.

With relevant policy documents, e.g. the Sustainability Policy and the Code of Conduct for employees and suppliers, the subsidiaries can work towards achieving specified targets within each area. As a decentralised organisation, the group would expect that all companies take an active responsibility for their local operations and that each company's respective management has a unified approach to sustainability issues and drives these questions forward.

The board actively monitors how the work to achieve the tarhets within respective area progresses - to ensure that the business delivers according to set ambitions within the sustainability framework. This is done by having sustainability and sustainable entrepreneurship (ESG) on the annual agenda for at least two board meetings. In between, there is an audit committee tasked with following up and ensuring compliance with policies and that the work on taget fulfillment continues according to plan.

Highlights in 2022
In 2022, the following highlights was implemented:

- To underline the governance and ensure the right level of commitment, Beijer Ref has implemented sustainable actions as part of top management bonus targets in 2022.

- At the end of 2022 submission of reduction targets for SBTI review has been completed aiming for 42% absolute reduction within Scope 1 and 2 and a 25% reduction for

Scope 3, both before 2030. These targets align with the below 1.5C limit for Scope 1 and 2 and the well below 2C for Scope 3.

- This also means that the group, for the first time, is publishing Scope 3 data in addition to the Scope 1 and 2 data reported since 2020.
- In addition, the group has started to report its carbon footprint to the international non-profit organisation CDP (short for Carbon Disclosure Project). The frequency of reporting on selected KPIs will also be done quarterly instead of annually.

Materiality analysis as a basis
As our sustainability ambitions are being raised to the next level, it is important to ensure that the expectations of the group's main stakeholders are met on all points. Therefore, a materiality analysis was carried out in 2022; where representatives of the central interest groups were invited to give their views on the prioritisation of several relevant topics within sustainability.

The results of the analysis clarified which of the environmental, social and governance-related issues (ESG) had been identified as key activities and what priority ranking they had been given in relation to each other. The outcome provided an important basis for the business's continued sustainability work.

The following five areas were ranked as the most important:

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

Targets for reduced carbon dioxide emissions
According to the climate report that Intergovernmental Panel on Climate Change (IPCC) published in April 2022, the climate is changing rapidly. If society does not succeed in reducing carbon dioxide emissions, and other greenhouse gas emissions significantly in the coming decades, this direction of development will continue.

Beijer Ref takes responsibility for helping to limit the increase in temperature to 1.5 degrees and in 2022 we submitted targets for emission reduction until 2030 - in line with SBTi.

Vision	Reduce the group's GHG footprint long-term in line with Science Based Target.
Target	Reduce Scope 1 and 2 emissions by 42% and Scope 3 by 25% in 2030, aligned with the Science Based Targets.

Mapping the climate impact to take action
In 2021, Beijer Ref started to map the monitoring of energy consumption and company cars at the group's >450 branches. This enables us to measure the direct climate impact of the organisation's activities and identify options for an ambitious reduction target. The initiative comes under Scope 1 and 2 (reporting on climate action). During 2022, the mapping was extended to include Scope 3 activities.

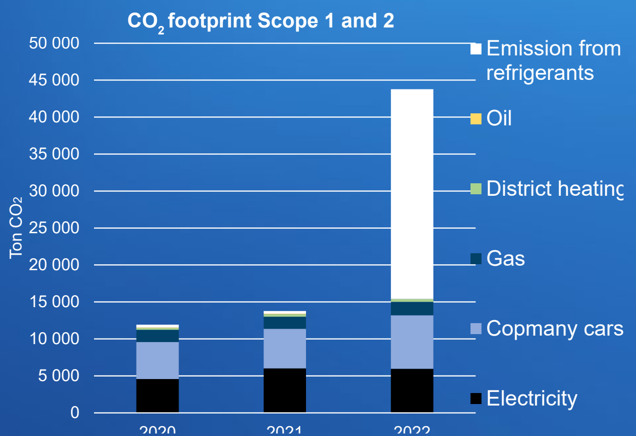
In 2022, the group presented a target of a 42% reduction of CO2 emissions in Scope 1 and 2 and a 25% reduction in Scope 3. The targets are supported by a plan, defining actions to achieve the targets.

Reduced carbon footprint from direct activites
To reduce climate impact in the industry, it is essential to manage the direct emissions from the group's activities. Therefore, we have established a baseline for our entire footprint. In this report, Beijer Ref, in line with the GHG-Protocol, communicates the group's direct CO2 emissions from activities in Scope 1 and 2.

Reducing Scope 3 emissions by 25% in 2030
Scope 3 activities account for more than 99% of our footprint, mainly from the use of sold products when the products are being installed and used by end-users. Especially the refrigerants used and that leak into the atmosphere account for a large share of the footprint. Also, emissions related to the electricity consumption of the cooling units and heat pumps account for a large share of the Scope 3 footprint.

Scope 3 covers indirect emissions. In this regard, we depend on end-users and installers to make the right choices to deliver a 25% absolute reduction in 2030.

As a means to achieve the target, Beijer Ref will increase its green product line and transition to natural refrigerants and reduce the use F-gases.



Perfomance of Scope 1 and 2 footprint in 2022
The figure above shows that Beijer Ref's direct emissions, to a great extent, originate from energy used for lighting, heating and cooling buildings as well as from company cars. A large part of the emission derives from electricity consumption, and only a minor part is related to natural gas consumption. To achieve the target of a 42% absolute reduction of our Scope 1 and 2 footprint, we have identified the following focus areas to drive the reductions:

Energy optimization on all addresses, installation of solar panels on owned buildings and a phase-out of natural gas switching to heat pumps where applicable.

Beijer Ref will also focus on transitioning from fossil fuel company vehicles to partly or wholly electrified vehicles.

In 2022, Beijer Ref experienced a significant increase of The Scope 1 footprint, compared to previous years. This is because around 20 tonnes of refrigerants leaked out at Beijer Ref's filling station in Gothenburg in March 2022. This is the only leaking incident that Beijer Ref has been involved in.

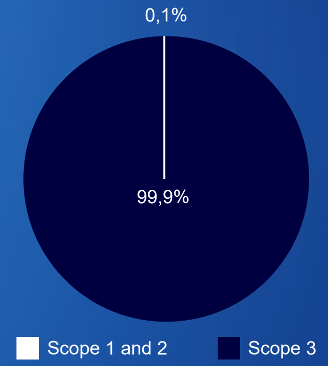
To limit the risk of this happening in the future, Beijer Ref have initiated a thorough investigation and an upgrade program to increase leakage safety on installations and operation processes in all of Beijer Ref's filling stations. We want to create a uniform standard beyond legislation aiming for the highest leakage safety in the industry.

Excluding the impact of the incident in Gothenburg, we still see an increase in our Scope 1 and 2 emissions, mainly driven by increased emissions from company vehicles. However, the total emissions from direct electricity decreases somewhat.

The carbon footprint from indirect (Scope 3) emissions
To act on the area where Beijer Ref has the highest impact on CO2 emission, the first step is to quantify the emission from different activities to create the needed transparency.

For the first time, Beijer Ref has calculated the carbon footprint from the more indirect emissions (Scope 3) in line with the standards as described in the GHG protocol. The calculation has been done on activities carried out in both 2021 and 2022. The submission to SBTi and the reduction target of 25 per cent is concerning emissions in 2021.

In the overview (on page 26), the impact of different Scope 3 activities is presented. Emission for use of sold products is by far the category with the highest impact for Beijer Ref.



In 2022 our total Scope 1, 2 and 3 carbon footprint grew by 4,7% compared to the financial growth of 33,9%. Looking at Beijer Ref's emissions in ton CO2e per million SEK turnover, it is a relative drop in emission intensity of -22%. We have succeeded in decoupling growth in carbon footprint from financial growth - which is an important step towards our absolute reduction target.

Impact from sold products during use
The largest emissions comes from sold refrigerants, which to some extent leaks into the atmosphere during use by the end-users. To impact in a positive direction, we educate the market and guide customers towards solutions with lower GWP. The preferred solution is our own manufactured cooling units and heat pumps that use the natural refrigerant CO_2 with a significantly lower GWP than traditional refrigerants.

Our aim to increase sales of what we internally categorise as environmentally -friendly products to account for 50% of our OEM production in 2025. See more about the performance of these targets in the section concerning "Green products".

Scope	Activity	Ton CO_2e 2021	Ton CO_2e 2022	Difference since last year %
Scope 1	Natural gas, company cars and leaked refrigerants	7 421	37 441	-
Scope 2	Electricity and district heating	6 347	6 328	-
Scope 3	Use of sold products - electricity	6 377 083	7 105 609	-
Scope 3	Use of sold products - leakage from loaded units	324 947	255 268	-
Scope 3	Use of sold products - leakage from refrigerants sold	5 488 107	5 313 238	-
Scope 3	Purchased goods and services	286 224	581 911	-
Scope 3	Upstream transportation and distribution	132 285	120 855	-
Scope 3	End of life treatment of sold products	2 503 023	2 408 001	-
Scope 3	Employee commuting	6 290	7 990	-
Scope 3	Waste generated in operations	5 254	5 254	-
Scope 3	Business travels	109	233	-
Total		**15 137 090**	**15 842 128**	**4.7**

Emissions from the electricity powering the sold products during their lifetime also significantly contributes to our Scope 3 footprint. Our ambition in the coming years is to focus on guiding the customers and being transparent about the climate impact of their choices. The increases from 6.3 million CO2-equivalent in 2021 to 7.1 million in 2022 is due to significant increase in the number of sold units.

Another part of the impact of sold products is the bulk refrigerants sold in cylinders from our filling stations. Installers fill new installations or refill existing ones. Based on EU public reported data, we know that a significant part of the sold refrigerants leak into the atmosphere either as a leak from an installation during use or when the installation is replaced or taken down. Beijer Ref will ensure that the highest possible extent of the gases sold will get proper end-of-life treatment to prevent emissions. Furthermore, we will follow the development in the F-gas market towards solutions with lower GWP and thereby reduce the footprint from this category.

Overall, it is our intention to look into all the emission sources reported and plan how to reduce future emissions.

Beijer Ref's financial success negatively affects emissions but positively improves end-user emissions
It is important to observe the relationship between Beijer Ref's commercial success, i.e. the number of sold units, and the impact on Scope 3. An increase in sold units consequently leads to an increase in emissions from these products during use. Therefore, they contribute to a higher Scope 3 footprint for Beijer Ref.

This is not acceptable emission accounting according to the GHG Protocol and it doesn't contribute to delivering on Beijer Ref's SBTi target. However, if we consider what the sold products are replacing in the market, Beijer Ref's products contribute to an overall positive development of reducing emissions.

Examples are:

Heat pumps for heating replaces natural gas consumption or the burning of oil.

Exchanging a cooling unit into new, more energy efficient once, possibly with a natural refrigerant instead of an F-gas.

In both cases, the new installations are replacing more emission-intensive installations, thereby avoiding emissions and reducing the negative impact on climate. This impact is accounted positive in the end-user footprint, but will negatively impact Beijer Ref's Scope 3.

Sustainability reporting is a dynamic target, and we continue to explore and understand our data better and optimise our operations. Ahead, we will focus on decoupling Beijer Ref's increased carbon footprint from the copmany's financial success.

Responsible supply chain
As a leading global company, Beijer Ref is responsible for continuously developing the work of ensuring suppliers comply with the high standards of responsible and correct behaviour. Beijer Ref must ensure that quality, social responsibility, and climate focus always guide operations and business relationships. 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 human rights, social and labour law conditions, business ethics and anti-corruption. Since 2018, Beijer Ref has worked actively with implemented its code of conduct with its suppliers.

Beijer Ref works proactively to achieve deeper collaborations with strategic partners, so that we can implement specific projects with the aim of improving sustainability. An example of this is the renewed partnership agreement with Danfoss - which includes a project to investigate options that could improve the circular economy.

The group is working with national and regional distribution centers to consolidate and optimise internal transportation among Beijer Ref warehouses to reduce cost and CO_2 emissions. Acquisitions will also be integrated in existing supply chains as soon as possible.

Green products
In order to intensify efforts of converting the cooling and HVAC market to solutions, based on natural refrigerants, Beijer Ref has decided on the following target: 50% of total OEM sales by the end of 2025 should be based on natural refrigerants.

Status end of 2021 was that 33% of the total OEM sales come from solutions based on natural refrigerants. In 2022 this has increased significantly, to 39%. The positive development is driven by strong growth in sales from SCM Frigo delivering cooling solutions based on natural refrigerants. Also our subsidiary, Fenagy, has shown significant growth on sales in the category of natural refrigerants based units.

It is also the continued growth from SCM Frigo and Fenagy that is expected to deliver on the company's 50% target in 2025.

Waste and water
In the environmental area, Beijer Ref also works with management their waste and water consumption through various local initiatives. Since the group has no major water consumption, neither in its production nor distribution, this is an area with less climate impact and will therefore not be prioritised at central level.

EU Taxonomy
The EU taxonomy is legislation with the intention of improving transparency in how companies can classify their operations in order to prevent climate change. Since last year, Beijer Ref must report on performance according to the EU taxonomy

As prescribed by the taxonomy regulation, the task has been to assess the company's operations and identify the proportion of activities which are defined as "aligned" according to the legislation, and that contribute to either climate change or mitigation.

Taxonomy-aligned economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation and also meets all the technical screening criteria within those delegated acts.

Our core business in Beijer Ref is sales and distribution of equipment for HVAC and refrigeration installers. Sales and distribution is currently not described as coordinated activities in EU taxonomy legislation, although Beijer Ref sees the group as an important part of the solution - as can be seen in other parts of the report.

The economic activities deemed aligned to refer to "3.5 Manufacture of energy efficiency equipment for buildings" is our part of OEM business which we measure as envoirmentally-friendly, meaning using natural refrigerants with a GWP below 150.

The aligned part of the OEM business is the production of cooling racks which accounts for 3,75% of our total activities in terms of turnover, which is shown in the table below.

This quota is increasing year by year as described and illustrated in the growth of “Green OEM sales”. Furthermore, investment activities related to this production (CapEx) are also qualifying as aligned. This is driven by the investments related to expanding Beijer Ref’s OEM production of envoir-mentally-friendly cooling units in Italy and large scale heat pumps in Denmark. Our aligned OpEx share is also driven by the operating costs in the production of green OEM products mainly at SCM Frigo Italy. More details on taxonomy and related accounting policy can be found in the appendix page 103.

	Total (denominator) (MSEK)	Proportion of Taxonomy-aligned (%)	Proportion of Taxonomy non-aligned (%)
Turnover	22,638	3.75%	96.25%
CapEx	879	4.77%	95.23%
OpEx	63	23.74%	76.26%

Talent Management
Employees are the most important asset for the success of Beijer Ref.

Targets 2023:

- >90% annual performance reviews for all employees
- Less accidents
- Sick leave rate of <4%
- Start measuring employee engagement by rolling out digital survey to >70% of the organisation
- Increase the per centage of women in all levels of the organisation

For Beijer Ref, actively working with sustainable employees means to ensure a committed and motivated organisation. We know that an attractive workplace with competent and committed employees who enjoy their work contributes to driving the company towards our shared vision. For this to work, everyone needs be aware of and understand their role in building and developing the organisation.

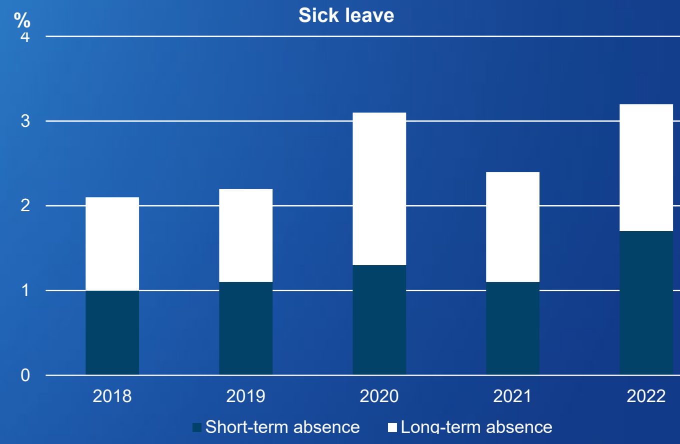
Common values
Beijer Ref has a strong organisational culture that is based on a distinct value base. Our core values, Committed, United, Engaged and Straightforward provide guidance for the entire organisation and illustrates the importance of working for a sustainable organisation which includes, among other things, diversity and inclusion.

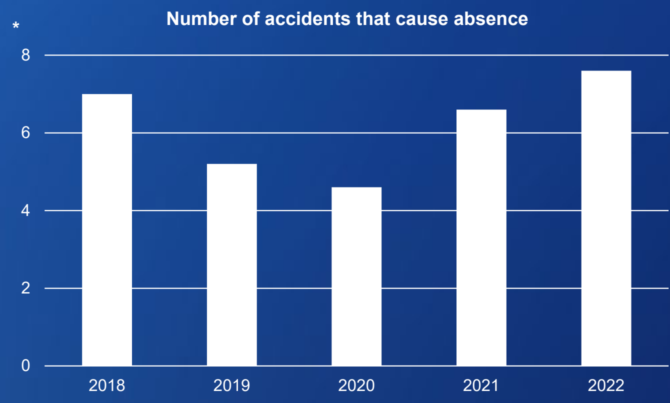
Guidelines for how the organisation should work with values are drawn up at a central level, which leads to various activities in the subsidiaries. This is also something that all new employees meet at an early stage. New employees receive information about Beijer Ref’s history, values and ethical approach through an in-depth introduction. Policies and guidelines are used for training in, for example, onboarding, talent management and succession planning. The guidelines are reviewed in an internal and a group-wide HR network, and spread to local subsidiaries.

Beijer Ref conducts systematic environment surveys. In order to follow up, and evaluate the results of workplace safety, two key figures are used; sick leave and number of workplace accidents. Where sick leave is measured in per centage and workplace accidents in accident index (with 24 hours of absence per 1 million worked hours).

In 2022, sickness leave was 3 per cent, an increase compared to the previous year. The goal is to have a sick leave that is less than 4 per cent.

Beijer Ref’s long-term ambition is to have zero work -related accidents. After a period of fewer workplace-related accidents, we have note an increase in the last two years. This is connected to the work activity increase post Covid. Beijer Ref works actively to reduce the frequency of accidents. Within the industry, an accident index of 7 is to be evaluated as relative acceptable. We will continue to actively work for our long-term targets and follow up results and activity with respective subsidiaries.





Number of accidents per one million hours worked

Competence development
Beijer Ref also works structured to ensure employees can build their skills and develop professionally. From a central point of view, the ambition is to support and encourage the personal development of all employees. A step in building up overall educational efforts is to offer a digital platform. During 2022, our subsidiaries have worked actively with rollout and ensuring skills enhancement through digital learning.

To follow the development of employees, all employees must be offered an annual development discussion.

Another example is the group-wide Beijer Ref Exchange Program. The program enables talented employees to work for a period at another subsidiary. The aim is to develop both participants and operations. Coworker brings experiences from different countries and cultures into another subsidiary. During the program, they are assigned a specific project and thereby learn about the group's various operations and business models. The first program was launched in 2019 and received good feedback from the participants, employees and receiving company. The program is supposed to be implemented every two years, but had to put on hiatus during the pandemic. The turn of the year 2022/20223 our second Exchange Program was implemented and the response continues to be positive.

Diversity and inclusion
To ensure an inclusive workplace, Beijer Ref works actively with openness, diversity and inclusion. One of the aims of the diversity work is to increase the proportion of women at all levels within the organisation. In addition to regularly follow up the progress within our subsidiaries, a number of training courses are offered from the group. Targeted efforts in diversity and inclusion will be offered to managers in 2023. This is to raise awareness as well as the importance of focusing on this area.

In 2022, the proportion of women in the group was 23%, which shows the importance of constantly working on activities to drive the transition.

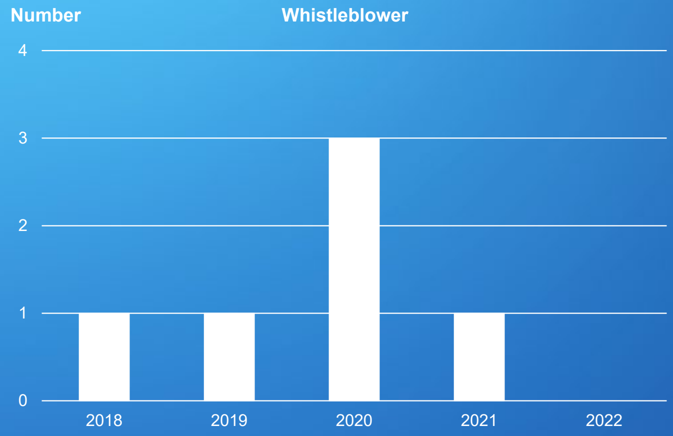
Business ethics and anti-corruption
All parts of the business must be imbued with integrity and business ethics principles.

Beijer Ref has a clear stance on ethics and transparency – the group has zero tolerance when it comes to corruption and other unethical acts. The best way to fight corruption is to continuously create a corporate culture where each individual acts with integrity that aligns 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 undergone training in the code of conduct and business ethics in the last three years. This education shall be repeated every two years. In 2022, the education was updated using a new platform and a new e-learning tool.

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 risky behaviour situations.

Furthermore, corruption is dealt with in the internal code of conduct and in the code of conduct for suppliers. All irregularities or fraud should 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 mandatory ethics training. When a whistle-blower case is received, an external party makes the initial assessment. In 2022, no case was registered through the whistle-blower function.



Policies
Beijer Ref has a code of conduct that covers all employees in the group. Beijer Ref also has two additional policies in 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, as stated in the policies.

Sustainability report
In addition to this section, our sustainability report also consists of the information contained on page 10-13, 15, 18-19, 32-33, 43, 49-51 and 102-103.

Auditor's statement on the statutory sustainability report
To the annual general meeting of Beijer Ref AB (publ), corp. reg. no. 556040-8113

Assignment and distribution of responsibilities
It is the board that is responsible for the sustainability report for the year 2022 on pages 23-30, as well as the information on pages 10-13, 15, 18-19, 32-33, 43, 49-51 and 102-103, for ensuring that it is prepared in accordance with the Annual Reports Act.

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

Statement
A sustainability report has been prepared.

Malmö, April 3, 2023
Deloitte AB

Richard Peters
Authorised Public Accountant

Phasing out of fossil fuels for heating

Heat pumps is a technology on the rise driven by a structural shift in the market.Today, one third of the energy consumed in Europe is used for heating premises and hot water, and three quarters of this energy is produced with fossil fuels. In 2022, two new drivers have significantly accelerated the already ongoing phase-out of fossil fuels in heating of premises as well as hot water in Europe.

Two driving forces
First of all, with its “Fit for 55” climate package, the EU has set new targets and established a roadmap for reducing CO_2 emissions by 55 per cent by 2030. To support efforts to achieve these targets, EU countries have set up local incentive schemes, usually in the form of of tax rebates or direct subsidies. This financial support makes it easier for property owners to invest in a heat pump to change their existing heating system from a gas, oil or coal boiler, reducing the payback for the investment.

Russia’s war against Ukraine is contributing to rising energy costs and fears of energy shortages. With higher energy prices, it is easier to make a decision to invest in a more efficient heating system because the payback period is shorter.

Within the EU, with regard to the energy shortage, the Repower EU plan has also been launched, which involves additional investment support as a contribution to securing the energy supply in Europe. Heat pumps fit well into this plan. In addition to reducing CO_2 emissions, the deployment of heat pumps helps to reduce dependence on imported hydrocarbon-based fuel, which promotes local energy production.

Beijer Ref is well positioned in terms of increased demand
The IEA’s forecasts show that heat pump sales will increase from 2 million systems in Europe in 2021 to 7 million in 2030.

Beijer Ref is the sole distributor of several heat pump brands in various markets in the EU and actively participates in the phase-out of fossil fuels for heating in Europe. The group’s turnover in this segment has more than doubled between 2021 and 2022 and is expected to grow rapidly in 2023. Accordingly, investments are being made both in sales and warehousing as well as in specially trained engineers and technicians to cope with this increasing demand.

Innovation is key
New and more efficient units with a lower CO_2 footprint are now being developed to meet both customer and increasingly demanding regulatory needs. In addition to being more efficient, the new units will also be more connected, quieter and have a better design.

A task for an entire decade
It will take more than a decade to switch most fossil-based heating systems to renewables. With the Fit for 55 package and Repower EU, the EU has decided on a clear roadmap to speed up the process. Beijer Ref starts from its position as a supplier and accelerator of the shift in the market and designs its offer and its technology development in accordance with this. For us, the task has only just begun.

A strong corporate culture

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.

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. A central HR organisation draws out the guidelines for how the group should work to attract, recruit, develop and retain the right managers and employees.

The HR network is growing
In order to implement the values on a global level, a group-wide HR network has been created, in which employees from different companies with HR responsibility participate. In 2022, the network met for the first time in the Netherlands, where lines were drawn up on how best to work with HR within the group and how to share best practice.

During the year, a number of group-wide projects were launched and a "toolbox" has also been developed centrally. The purpose of the toolbox is to provide goals and guidelines for how the group and its companies should work to implement values. This includes so-called "unconscious bias training" when it comes to, for example, recruitment. The toolbox thus provides opportunities for managers to work for increased diversity in the group.

Power of internal communnication
Well-thought-out internal communication is the key to success in creating a motivated organisation where the common values permeate activities and courses of action. For this reason, a central intranet has been implemented throughout the group. On the intranet, news, common documents and policies are published, as well as Beijer Ref's own video channel with the regular programme "Coffee with Christopher". In the programme, the Group's CEO is interviewed, together with others in the management team and the organisation, who get the opportunity to talk about the status of various projects and what is on the agenda. The programme has been much appreciated and will be further developed in 2023.

Employee development
During the year, the group worked actively to offer training for employees using e-learning tools. To ensure the development of employees, it is Beijer Ref's aim that all salaried employees will 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 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
Joint and central staff functions combined with a strong local presence create efficiency and increase understanding of each market's specific needs. 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 well-functioning local companies that work closely with their markets and receive the necessary support from head office, which consists of about 30 employees in various central staff functions in finance and IR/communication with responsibility for issues related to IT, HR, sustainability, law, and supply chain.

Beijer Ref Exchange Program
Beijer Ref has developed 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. 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 programme showed very positive effects where the exchange of knowledge received high scores for both the employees and receiving companies. During the pandemic, the program took a break, but has since the turn of the year 2022/2023 been implemented again. The response has been positive and the program continues to be a success.

The Beijer Ref Exchange Programme shall lead to the following:

- Valuable knowledge sharing and increased collaboration within the group at all levels
- Professional development for the group's employees by giving them the opportunity to gain international experience
- Identification of the group's talents
- Networking between the group's subsidiaries and its employees, in accordance with one of the company's four values 'united'

Internal talent pool
The Beijer Ref Exchange Programme has inspired further internal training. One of the French companies noted that it was difficult to find technically skilled staff, which led them to develop an extensive internal recruitment programme. In the programme, existing staff will be trained in refrigeration technology, which means that an internal talent pool with just the right skills is gradually being built up. The project has been carried out successfully and will hopefully inspire more companies to find creative and effective ways to both recruit and develop their staff.

Well-thought-out internal communication is the key to success in creating a motivated organisation.

Hanna Grasso, HR and Communications

Developments in the regions EMEA

Simon Karlin, COO EMEA

Within EMEA, we can look back on a result in 2022 with strong growth and a well-executed delivery and development of our strategic initiatives. Our green OEM manufacturing of both chillers and larger heat pumps, based on the natural refrigerant CO_2, has developed beyond expectations. The investment in our other strategic initiatives, such as HVAC (with a focus on Private Label and heat pumps) and our sales growth in e-commerce have also gone according to plan.

During the year, we completed a number of important acquisitions; Deltron (Croatia) EID (France) and Transport Cooling (South Africa) are companies that add value and expertise to the organization. The acquisition of Transport Cooling also means that Beijer Ref enters a new, exciting and growing segment; transport cooling.

Despite difficulties in the supply chain, through close cooperation with our key suppliers, we have mitigated the effects of these problems. We always put our customers at the center and thanks to our dedicated, competent and passionate employees, we have been able to continue to deliver high-class customer service.

The Nordic region

Sales for the region have increased by 30 per cent compared to last year, a result of several factors. A regional manager has been appointed, which has created the conditions for even better coordination and efficiency. As gas prices have increased during the year, the need for heat pumps has risen sharply, something that companies in the Nordic region have been able to meet with a wide range of brands, not least with Toshiba and MHI. The plan for 2023 is to introduce the group's own brand Sinclair in the Nordic countries,

Training academy fully booked
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 an early adopter of a global training concept for its customers. In 2021, the first academy in the region opened in Stockholm. In 2022, the training sessions have been fully booked, which shows how much demand there is for the technology.

Synergies within the region
The region is increasingly coordinated, which leads to more efficient sales distribution and digitalisation, which has provided the conditions for expanding e-commerce even more.

Denmark
Finland
Norway
Sweden

External turnover
2 440 sek m

EBIT
368 sek m

The region's share of the group's turnover
11%

Central Europe

The HVAC segment has continued to generate sales growth in the Central Europe region, particularly in the United Kingdom and Benelux. The region's turnover has increased by roughly 24 per cent, which is the region's highest turnover ever

During the year, Beijer Ref introduced its Private Label brand Sinclair. In Germany, the group continues to make large investments in Private Label's, above all with Sinclair. Beijer Ref has also proactively worked with good results on the launch of its own brand Freddox, which is active in refrigeration and HVAC components.

Beijer Ref introduced its private brand Sinclair during the year. In Germany, too, the Group's Private Label investment continues, especially with Sinclair. Beijer Ref has also started a launch of its own brand in refrigeration and HVAC components – Freddox – with good results.

Digital sales have developed strongly in Benelux and Switzerland in particular.

Belgium
UK
Ireland
Netherlands
Germany
Switzerland

External turnover

4 769 sek m

EBIT

457 sek m

The region's share of the group's turnover

21%

Southern Europe

Region Southern Europe has had good sales development in 2022, where the HVAC segment has grown the most. The group's largest brands in the field – Toshiba and MHI – have increased their sales by 15 per cent.

Heat pumps in demand
Heat pumps based on air/water have been the most talked about technology during the year, and Beijer Ref has launched its own brands Sinclair and Inventor in the region's markets, with good results. Beijer Ref will focus on launching an even wider range in 2023.

New acquisition
Through the acquisition of EID, a manufacturer of copper pipes and accessories, the group is complementing its offering and covers large parts of the market. Together with the launch of our own brand in components - Freddox - the offer becomes complete. To optimise the warehouse and product flow, Beijer Ref is in the process of expanding its central logistics centre in Lyon, which will be completed in early 2024.

Beijer Ref's factory, dedicated to in-house manufacturing, has performed in line with the high expectations. In five years' time, the goal is to double production. For several years, the group has been training customers and other stakeholders through Beijer Ref Academy in both Padua and Lyon. This is an important offer to increase knowledge of green products and to create loyalty to Beijer Ref's products.

France
Greece
Italy
Portugal
Spain

External turnover

7 556 sek m

EBIT

697 sek m

The region's share of the group's turnover

33%

Eastern Europe

During the year, the group strengthened its position in the region through the acquisition of the HVAC company Deltron in Croatia, which is primarily active in air conditioning equipment. Since Deltron is also established in Bosnia-Herzegovina, a new market was added to the region and the group. The company sells well-known brands such as Mitsubishi Electric and Gree. Through Deltron, Beijer Ref has also launched another Private Label brand called Azuri, which has already generated good sales figures.

In 2022, the Beijer Ref brands Sinclair and Inventor were introduced in Poland, the Czech Republic, Slovakia, Romania, Hungary and the Baltics. Freddox is also being rolled out in the region's markets.

The supply chain in focus
Some issues have arisen in the supply chain in dealing with rising freight rates and delays in component delivery. This has led to higher than normal warehouse stock levels, but by the end of the year conditions improved.

Sales via e-commerce are being built up and the work to increase sales through e-commerce in the region continues according to plan.

Estonia
Latvia
Lithuania
Croatia
Poland
Romania
Slovakia
Czech Republic
Hungary
Bosnia Herzegovina

External turnover
2 039 sek m

EBIT
336 sek m

The region's share of the group's turnover
9%

Africa

Demand for environmentally friendly refrigeration technology is growing in South Africa and Beijer Ref has continued its work to be able to establish its own production of CO_2 technology in the region. Implementation must be seen as a big step forward that will have a major impact on future efforts.

New acquisition in a new segment
The big news of the year is the acquisition of Transport Cooling SA, a distributor of transport refrigeration for trucks and trailers with branches in South Africa and Namibia. With this acquisition, Beijer Ref is entering a new growing segment.

Launch of HVAC
The need for HVAC in the region is constantly growing and Beijer Ref is meeting demand by introducing its own brands Sinclair och Freddox.

Botswana
Ghana
Mozambique
Namibia
South Africa
Tanzania
Zambia
Mauritius

External turnover
1 363 sek m

EBIT
114 sek m

The region's share of the group's turnover
6%

Developments in the regions APAC

Jonas Steen, COO APAC

APAC is a dynamic and diverse region that stretches 12,000 km between New Delhi, India, and Auckland, New Zealand. It is with pleasure that I can state that we are reporting another positive year with good organic sales and even stronger profit growth. Our green solutions have had a good development in Oceania and I am pleased to confirm that in the third quarter we delivered our first breakthrough order in South East Asia.

Over the past two years, we have expanded our geographic reach in APAC, most notably by penetrating the Australian air conditioning market - which was enhanced by the acquisition of AAD in the fourth quarter. AAD offers a strong and diverse portfolio of own brands that can be provided for customer solutions across Oceania in the future.

The entire team has worked relentlessly and solution-oriented to manage supply chain disruptions and the headwinds that inflation has brought. We look forward to a new and eventful 2023.

Asia Pacific

2022 was characterised by a return to more open markets, which led to continued improvement in margin and earnings for the region's companies.

Four acquisitions were made during the year. HVAC distributor AAD was by far the largest of the acquisitions, which gives Beijer Ref opportunities to develop the company's offering in HVAC products and components under its own brand. It also provides the conditions for synergies between AAD and the group's other Private Label companies.

The acquisitions mean that the region has expanded by approximately 159 employees and that the group has gained an even stronger position in the growing HVAC market.

Green transition continues
Demand for environmentally friendly refrigeration units for the retail sector has continued during the year and the transition to new environmentally friendly refrigerants in Australia is accelerating, which is reflected both in orders received for local own production and for units delivered in collaboration with SCM Frigo. There has been great interest in the Beijer Ref Academy in Sydney among customers. During the year, a major installation of a transcritical refrigeration unit was carried out, which is seen as a sign of an incipient interest in transcritical refrigeration in Asia. Going forward, similar installations await in Hong Kong and Japan.

Australia
India
China
Malaysia
New Caledonia
New Zealand
Singapore
Thailand

External turnover
4 472 sek m

EBIT
373 sek m

The region's share of the group's turnover
20%

The development of the share

At the end of the year, Nasdaq OMX Stockholm had dropped by 25 per cent (+35) since the beginning of the year. The price paid for Beijer Ref's B share fell during 2022 by 26 per cent (+58).

Shareholders
Beijer Ref's B share has been listed since 1983 and is currently on Nasdaq OMX Stockholm's Large Cap list. The share capital in Beijer Ref amounts to SEK 371,684,512 divided by 380 345,570 shares, each with a nominal value of SEK 0.98. Beijer Ref had 14,390 (13,781) shareholders on 31 December 2022. There are two types of share classes: 27,956,160 A shares and 354 347,910 B shares. Each class A share represents ten votes and each class B share one vote. The proportion of foreign owners amounts to 3.9 per cent (3.9) corresponding to a holding of the capital of 53.9 per cent (54.2).

The company's ten largest shareholders hold 77.3 per cent (78.6) of the votes and 62.4 per cent (64.5) of the capital. The distribution of ownership is shown in the table on page 37.

Good long-term return
The profit per share after tax totalled SEK 3.28 (2.56). The total return for Beijer Ref's B share amounted to -26 per cent, which can be compared to the SIXRX index[1] which had a return of -23 per cent. For the past five years, the B share has had a total return of an average of 39 per cent per year. The corresponding figure for SIXRX index 2 is 12 per cent per year.

Share price and trading
In 2022, a total of 106,674,512 Beijer Ref shares were traded (71,323,722). The total value of trading in the share amounted to SEK 16,747,665,615 (14,554,542,969). The average daily trading volume was 421,638 shares (281,912) or SEK 66.2 million (57.5). Average purchase price amounted to SEK 157 (153). The highest price paid during the year was noted on 4 January 2022 at SEK 199 and the lowest on 23 September 2022 at SEK 125. The closing price on 31 December 2022 was SEK 147 (198).

At 31 December 2022, the company had a market capitalisation of SEK 52.1 (75.2) billion. More information about the Beijer Ref share is available on www.beijerref.com.

Share dividend
In the 2022 year-end communique, which was published on January 31, 2023, the board proposed a dividend of a total of SEK 475 million (419) for the 2022 financial year, which corresponds to a dividend of SEK 1.25 per share (1.10) based on the number of outstanding shares at the end of the financial year output. Taking into account the completed rights issue after the end of the financial year, the total number of outstanding shares in Beijer Ref will amount to 507,127,426 shares at the 2023 annual general meeting, and the board has therefore decided to revise the previously proposed dividend. Taking into account the rights issue, the board proposes a total dividend of SEK 477 million for the financial year 2022, which corresponds to a dividend of SEK 0.94 per share. The dividend proposal corresponds to 38 per cent (43) of the group's profit after tax in 2022 and 7.2 per cent (8.1) of equity at the end of the year. The direct yield, i.e. the proposed dividend as a per centage of the year's final share price, is 0.9 per cent (0.6). The Board of Directors' proposal is that the dividend be paid in two instalments so as to meet the group's seasonal variations. The record dates for dividends are 27 April and 24 October 2023.

Share of capital, %

Foreign owners, 52% (54)
Swedish institutions, legal entities, 40% (38)
Swedish individuals, 8% (8)

Share of votes, %

Foreign owners, 44% (45)
Swedish institutions, legal entities, 39% (38)
Swedish individuals, 17% (17)

[1]SIXRX, SIX Return Index, the average development on NASDAQ OMX Stockholm, including dividends.

The Beijer Ref share

Ownership, ten largest shareholders and others

Per 2022-12-31	A-shares	B-shares	Total	Votes	Capital
EQT Group	6 456 780	106 894 848	113 351 628	27.1%	29.7%
Magnusson, Joen (privat and companies)	9 360 000	232 920	9 592 920	14.8%	2.5%
Bertland, Per (privat and companies)	7 074 000	151 000	7 225 000	11.2%	1.9%
Jürgensen, Peter Jessen	5 045 580		5 045 580	8.0%	1.3%
SEB Investment Management		27 347 778	27 347 778	4.3%	7.2%
AMF-Försäkring och Fonder		26 026 338	26 026 338	4.1%	6.8%
State Street Bank and Trust co., W9		14 742 366	14 742 366	2.3%	3.9%
Fjärde AP-Fonden		14 360 757	14 360 757	2.3%	3.8%
BNY Mellon SA/NA, W8IMY		10 791 589	10 791 589	1.7%	2.8%
Swedbank Robur Fonder		10 082 969	10 082 969	1.6%	2.6%
Total, ten largest shareholders	**27 936 360**	**210 630 565**	**238 566 925**	**77.3%**	**62.4%**
Other owners	19 800	141 758 845	141 778 645	22.7%	37.6%
Own shares		1 958 500	1 958 500		
Total	**27 956 160**	**354 347 910**	**382 304 070**	**100.0%**	**100.0%**
Votes	**279 561 600**	**354 347 910**	**633 909 510**		

Share distribution by size

Owners of	Number of shareholders	Number of A shares	Number of B shares	Holding (%)	Votes (%)	Market value (sek m)
1-500	10 802	0	1 145 365	0.30	0.18	168 483
501-2000	1 952	0	2 034 359	0.53	0.32	299 254
2001-5000	687	2 520	2 239 317	0.59	0.36	329 404
5001-10000	341	8 280	2 409 723	0.63	0.39	354 470
10001-20000	197	0	2 846 649	0.74	0.45	418 742
20001-50000	163	0	5 116 091	1.34	0.81	752 577
50001-100000	78	9 000	5 290 084	1.39	0.85	778 171
100001-	170	27 936 360	333 266 322	94.48	96.64	49 023 476
Summa 2022-12-30	**14 390**	**27 956 160**	**354 347 910**	**100.00**	**100.00**	**52 124 578**

Share data (sek)

	2022	2021	2020	2019	2018
Earnings per share before dilution [1]	3.28	2.58	1.90	2.27	2.02
Earnings per share after dilution [2]	3.28	2.56	1.89	2.26	2.01
Equity per share before dilution [3]	18	14	12	12	10
Equity per share after dilution [4]	18	15	12	12	10
Dividend [5]	1.25	1.10	1.00	0.58	1.00
Dividend as % of earnings per share	38	43	53	26	49
Total dividend. sek m	475	419	380	221	380
Share price [6]	147	198	125	92	49
Yield, % [7]	0.9	0.6	0.8	0.6	2.1
Cash flow per share [8]	5.39	3.89	2.93	3.37	2.50
Number of outstanding shares	380 345 570	380 468 980	379 610 130	379 610 130	379 610 130
Average number of outstanding shares [9]	380 438 128	380 254 268	379 610 130	379 610 130	380 408 340

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 the end of the year divided by total number outstanding shares
4) Adjusted total equity at year end after exercise of option programme divided by the total number of shares
5) For 2022, according to the board's proposal before completed rights issue (see page 38 for revised dividend proposal and additional information)
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

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 been a good investment. Even during a pandemic year like 2020, the company has had a positive 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. At the end of 2022, an agreement was signed to acquire the American company Heritage Distribution and the acquisition closed on 20 January 2023. Beijer Ref's growth target is based on the group's assessment that there is still great potential for both organic and acquisition-driven growth at a global level. The market is also undergoing a technology shift, where end customers are converting to more environmentally-friendly alternatives for regulatory reasons. Beijer Ref is well positioned and has alternatives based on future green products, compared to the present system that is driven by refrigerants that have a negative environmental impact.

Clear focus
Beijer Ref focuses on doing what the company is good at - delivering refrigeration and HVAC products. The company has a strong corporate culture with clear values. Entrepreneurship has always been one of Beijer Refs ' strengths and throughout the company's history the group has expanded its business through acquisitions. This has resulted in employees always focusing on developing the business by combining the best practices from each company to create something even stronger. Beijer Ref's business concept is that the group companies worldwide have a common strategy and mission and also conduct their business with continuity. Internal coordination benefits in purchasing and logistics can always be developed further. The group's global distribution network, with >450 branches in 43 countries, 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 by a strong balance sheet, a stable group of owners and continuity in management. Over the past five years, Beijer Ref has had an average turnover increase of approx. 19 per cent, combined with an operating margin of just over 8 per cent and an average return on operating capital of over 15 per cent. Beijer Ref is well positioned when several driving forces combine to create continued demand for energy-efficient products.

Beijer Ref share development 2018-2022

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 2022. 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 593 million (627) for the financial year 2022. Profit is in line with the previous year.

Significant events during the financial year
2022 was a successful year, marked by growth for Beijer Ref, despite continued disruptions in the supply chain and the macroeconomic situation. 2022 has been another active year of acquisition and the company has performed 8 acquisitions, of which 6 were completed during the year. Of the completed acquisitions, three are in Asia Pacific and three in Europe. Since the respective consolidation date, the acquired companies have contributed to the group's net sales with SEK 800 million and EBIT with SEK 113 million for the financial year. For more information on the acquisitions, see note 31.

Sales and profit
The group's sales amounted to SEK 22,638 million (16,905), an increase of 34 per cent (20). Organic growth was 16 per cent (14). Commercial and industrial refrigeration had sales of SEK 8,742 million (7,427) and accounted for 38 per cent (48) of total sales. Air conditioning (HVAC) had sales of SEK 11,724 million (7,860) and accounted for 52 per cent (46) of sales. Sales for Original Equipment Manufacturing (OEM) amounted to SEK 2,172 million (1,618) and accounted for 10 per cent (10) of total sales.

The group's operating profit amounted to SEK 1,900 million (1,361) for the full year 2022. The group has been affected by costs related to the acquisition of Heritage Distribution in the USA, which was completed on 20 January 2023. These costs amounted to SEK 245 million. The group's net financial items amounted to SEK -178 million (-69) over the full year. Net financial items have been negatively affected by increased debt and higher interest rates. Profit before tax amounted to SEK 1,721 million (1,292) and profit after tax amounted to SEK 1,266 million (990) for the full year. Profit per share amounted to SEK 3.28 (2.56).

Financial overview[1]

	2022	2021
Net sales, sek m	22,638	16,905
EBITDA, sek m	2,471	1,835
EBITA, sek m	1,971	1,410
Operating profit, sek m	1,900	1,361
EBITA-margin, %	8.7	8.3
Operating margin, %	8.4	8.0
Net profit for the year, sek m	1,266	990
Return on average equity, %	20.4	20.0
Return on average operating capital, %	14.3	15.4
Equity ratio, %	30.7	34.4
Number of employees, st	4,720	4,134
Earnings per share before dilution, sek	3.28	2.58
Earnings per share after dilution, sek	3.28	2.56
Shareholders' equity per share before dilution, sek	18	14
Shareholders' equity per share after dilution, sek	18	15

[1]Financial information regarding 2018-2022, see page 101.

Profitability
The return on operating capital amounted to 14.3 per cent (15.4) and the return on equity amounted to 20.4 per cent (20.0).

Investments, liquidity and number of employees
Cash flow from investment activities amounted to SEK -1,331 million (-749), which is mainly attributable to completed acquisitions and investments in tangible fixed assets. Liquid funds including unused overdrafts amounted to SEK 2,000 million (1,342) at the end of the year. The company's total unused credit line was SEK 16,930 million (1,020) as of the balance sheet date. The average number of employees was 4,720 (4,134).

Cash flow, financing and equity/assets ratio
Cash flow from current operations before changes in working capital amounted to SEK 2,052 million (1,479). Net debt was SEK 7,204 million (4,585). Equity amounted to SEK 6,714 million (5,266). The change in equity amounted to SEK 1,448 million (777), which corresponds to the year's total profit of SEK 1,919 million (1,233) with a deduction for dividends to the parent company's shareholders of SEK 419 million (380). Other differences are mainly due to exchange rate changes when converting the subsidiaries to SEK. The equity ratio amounted to 31 per cent (34) at the end of the year.

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

Sustainability
Beijer Ref endeavours to contribute to sustainable development. 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. 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. In accordance with ÅRL ch. 6 § 11, Beijer Ref has chosen to prepare the statutory sustainability report as a separate report from the management report. For more information about Beijer Ref's sustainability report see pages 23-30 and information on pages 10-13, 15, 18-19, 32-33, 43, 49-51 and 102-103.

Significant events after the end of the financial year
On 20 January 2023, the acquisition of Heritage Distribution was completed. Beijer Ref acquired approximately 95 per cent of the shares and holds a put/call option to acquire the remaining share. Heritage Distribution is a leading distributor of heating, ventilation, air conditioning and cooling tools, components, and equipment in North America. The purchase price amounted to USD 1,304 million on a cash and debt free basis, corresponding to approximately SEK 13.4 billion.

On 15 December 2022, Beijer Ref entered into a credit facility agreement (bridge facility) of SEK 14,000 million with Handelsbanken and Nordea to finance the acquisition of Heritage Distribution. In connection with the completion of the acquisition on 20 January 2023, Beijer Ref raised a loan under this agreement for a total of SEK 13,600 million.

An Extraordinary General Meeting was held on 17 February 2023. The General Meeting resolved, in accordance with the Board's proposal, to adjust the limits for minimum and maximum share capital so that the share capital shall be not less than SEK 350,000,000 and not more than SEK 800,000,000, as well as the limits for the minimum and maximum number of shares so that the number of shares shall be not less than 350,000,000 and not more than 800,000,000. The General Meeting resolved, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to, during the period until the Company's Annual General Meeting 2023, resolve on a new issue of class B shares with preferential rights for the company's shareholders.

On 21 February 2023, the Board of Directors resolved on a new issue of class B shares of SEK 13,946 million with preferential rights for Beijer Ref's shareholders. The primary purpose of the rights issue is to repay the bridge facility provided for the acquisition of Heritage Distribution. The preferential rights issue comprises a maximum of 126,781,856 new class B shares.

The record date for the rights issue was February 28 and trading in subscription rights took place March 2-13. The subscription period was March 2-16 and trading in paid subscribed shares took place during March 2-21. Preliminary and final results of the rights issue were announced on March 17 and March 20, respectively. All dates refer to the year 2023.

As a result of the acquisition of Heritage Distribution, Beijer Ref will change its reporting of operating segments. This is to provide a clearer overview and understanding of the business's respective segments, it will also be consistent with the internal reporting submitted to group management. Beijer Ref's markets will be divided into the following: APAC, EMEA and North America. The change will take effect in the first quarter of 2023.

Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:	
Share premium reserve	902
Profit brought forward	247
Net profit for the year	593
Total	**1,742**
The Board of Directors and the CEO propose that the profit be distributed as follows:	
Dividend, SEK 1.25 per share[1]	475
To be carried forward	1,266
Total	**1,742**

[1]) Proposed dividend before completed rights issue (see page 38 for revised dividend proposal and additional information)

Corporate governance and corporate responsibility

2022 has been an intense year for Beijer Ref, with solid organic growth and several strategic acquisitions. At the end of the year, the group entered the North American market through a binding agreement to acquire the leading HVACR-distribution company, Heritage Distribution, a milestone in Beijer Ref's history. The acquisition was closed January 18, 2023. This deal is strategically important and aligns with our fundamental intentions to create a global presence for the group.

I am proud of what we have accomplished so far, and I would like to compliment group management for their hard work and dedication. CEO Christopher Norbye has successfully led the company by providing excellent strategic and operational focus. Beijer Ref has had a fantastic journey and I look forward to supporting Christopher in his work to continue to build Beijer Ref and deliver on our strategic objectives for the benefit of all our stakeholders.

Kate Swann
Chairperson of the Board

Corporate governance and corporate responsibility
Beijer REF applies the Swedish Corporate Governance Code and here presents the annual corporate governance report for 2022. Investigation of the corporate governance report has been performed in accordance with RevU 16 by the company's auditor.

Extraordinay General Meeting 2022
An Extraordinary General Meeting was held on 10 November 2022.

The Board of Directors shall consist of a maximum of eight members elected by the Annual General Meeting and, in accordance with the Nominating Committee's proposal, the Annual General Meeting resolved to elect Nathalie Delbreuve as an ordinary board member by new election. The Board is thereafter fully formed and consists of eight members.

In line with the company's acquisition strategy, the Annual General Meeting further resolved to adjust the limits for minimum and maximum share capital in the Articles of Association and to re-establish and replace the unutilised issue authorisation granted by the 2022 Annual General Meeting with the aim of enabling acquisitions through payment in Beijer Ref shares (non-cash issue) or flexibility in the financing of acquisitions.

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 nominating committee and decides on principles for remuneration and terms of employment for the CEO and other senior executives.

The annual general meeting 2022 was held on 7 April 2022 in Malmö. 116 (203) shareholders attended, in person or by proxy. These represented approximately 79.1 per cent (74) of the total votes. Three shareholders, EQT, Joen Magnusson and Per Bertland, together represented 66.3 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 1.10 per share for the financial year 2021, which corresponds to SEK 418,515 878.
- Re-election of board members: Albert Gustafsson, Frida Norrbom Sams, Joen Magnusson, Kate Swann, Kerstin Lindvall, Per Bertland and William Striebe. Kate Swann was re-elected as chair of the board.

- Determination of remuneration to the board and auditor.
- Principles for remuneration and other terms of employment for the CEO and other senior executives.
- A long-term incentive program LTIP 2022/2025.
- The Board of Directors' proposal for a resolution authorising the Board of Directors to decide on a new share issue, in order to be able to complete the company's acquisition strategy.
- Election of Deloitte AB as the company's auditor in 2022 with Richard Peters as chief auditor. Beijer Ref's next annual general meeting will be held on 25 April 2023 in Malmö. For further information about the next annual general meeting, see page 105 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 38-40 and the company's website.

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

Nominating committee before AGM 2023
The nominating committee was appointed in October 2022 and shall, according to the AGM, consist of five members. The members of the nominating 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 holdings, member of Beijer Ref's Board of Directors), Erik Ståhl Hallengren (SEB Investment Management), Patricia Hedelius (AMF Occupational Pension and Funds) and Kate Swann (Chair of Beijer Ref's Board of Directors). Juho Frilander was appointed chair of the Nominating Committee. The 2023 nominating committee has held 4 (4) meetings. The nominating committee has performed its work by evaluating the board's work, composition and competence.

A report on the work of the nominating committee was submitted in the nominating committee's explanatory statement, which was published before the annual general meeting 2022. Further information about the nominating committee and its work can be found on the group's website: www.beijerref.com

Proposals to the annual general meeting 2023
The nominating committee has prepared the following proposals to be presented to the AGM 2023 for decision: The nominating 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 2023

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 2022
Beijer Ref's Board of Directors consisted of seven members until 10 November 2022 and thereafter eight members, elected by the Annual General Meeting. 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 52-53 and note 6.

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 nominating committee, regarding the members' positions of dependence in relation to Beijer Ref and the shareholders appears on pages 52-53. 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 2022
During 2022, Beijer Ref's Board of Directors held 8 (8) ordinary meetings and 7 extraordinary meetings. At each ordinary board meeting, the company's financial position and investment activities were discussed. Work in 2022 has been largely focused on issues involving strategy and continued expansion through acquisition, as well as increased profitability. The company's auditor has had a meeting with the board without the management presence during the year. 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, which are determined at the statutory Board meeting after the Annual General Meeting.

At the same time, the board establishes instructions for the CEO. All members have attended all board meetings, which have been held both digitally and physically during the year.

Evaluation of board members and the CEO 2022
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 2022 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 nominating committee, the results of the evaluation of the board have been presented by the company that produced the digital board evaluation questionnaire. The nominating 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
In 2022, the Board of Directors had an Audit Committee consisting of Frida Norrbom Sams and Albert Gustafsson with Albert as chair until 10 November, after which Nathalie Delbreuve took over the post of chair and the other two remained as members. The Audit Committee met 3 (4) times in 2022.

The work has mainly focused on:

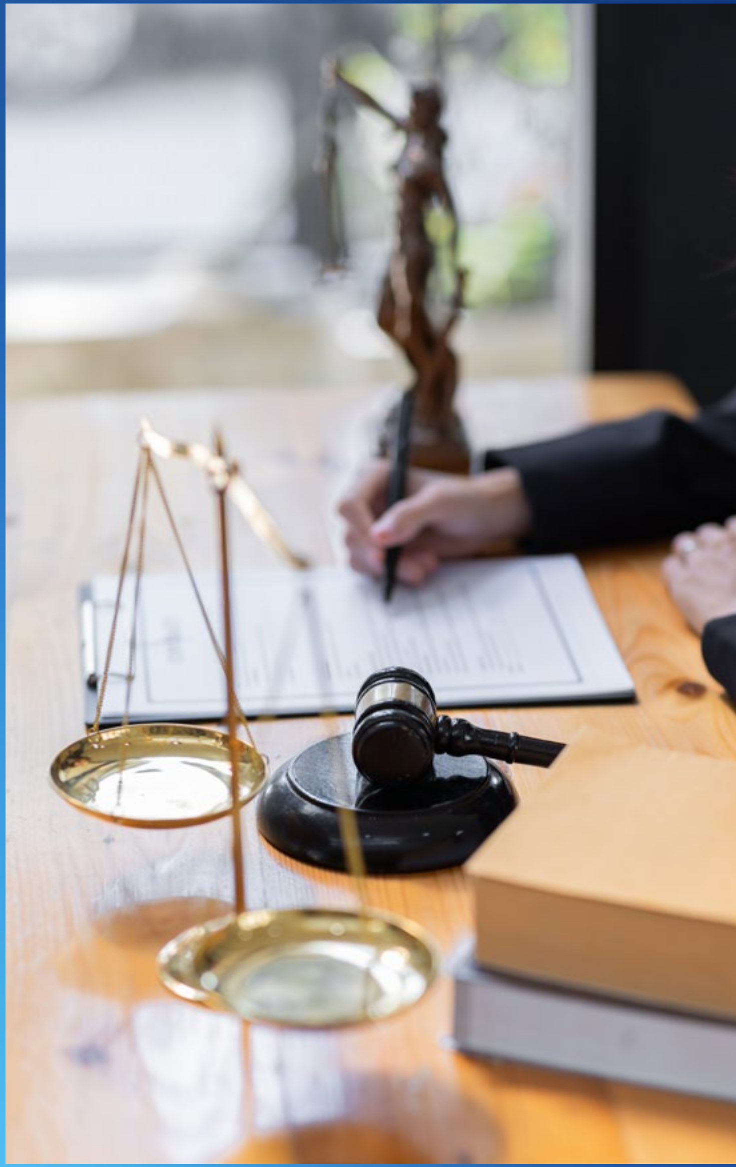
- Current and new accounting issues
- Review of interim reports, year-end report and annual report
- Review of reports by the company's auditor including the auditor's audit plan and follow up on auditing fees
- Assistance in drawing up proposals for the AGM's decision on the election of the auditor
- 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

In 2022, the Board of Directors had a Remuneration Committee consisting of Kate Swann and Albert Gustafsson together with the CEO and, as of the second quarter, also the newly appointed EVP HR and Communications. 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 solutions
The AGM appoints the external auditor. Beijer Ref's auditor is the accounting firm Deloitte AB, with authorised public accountant Richard Peters as chief auditor. Deloitte AB has been elected by the annual general meeting 2022 as Beijer Ref's auditor for the period until the AGM 2023.

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 49-51.

CEO and Group Management
Christopher Norbye took up the position of 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, IT, mergers and acquisitions, HR, communication, sustainability and finance staff/legal. At the end of 2022, group management, including the CEO, consisted of 9 people. CFO Maria Rydén was succeeded by Ulf Berghult in March 2022. David Ericsson, Head of M&A, has been a member of group management since 1 February 2022. Hanna Grasso, VP HR & Communications took over Katarina Olsson's, general counsel, place in group management from 1 May 2022. For further information about group management, see pages 54-55.

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 2022 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 regarding applicable remuneration guidelines, see note 6.

For more information about Corporate Governance visit Beijer Ref's website: www.beijerref.com. There you will also find the following:

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

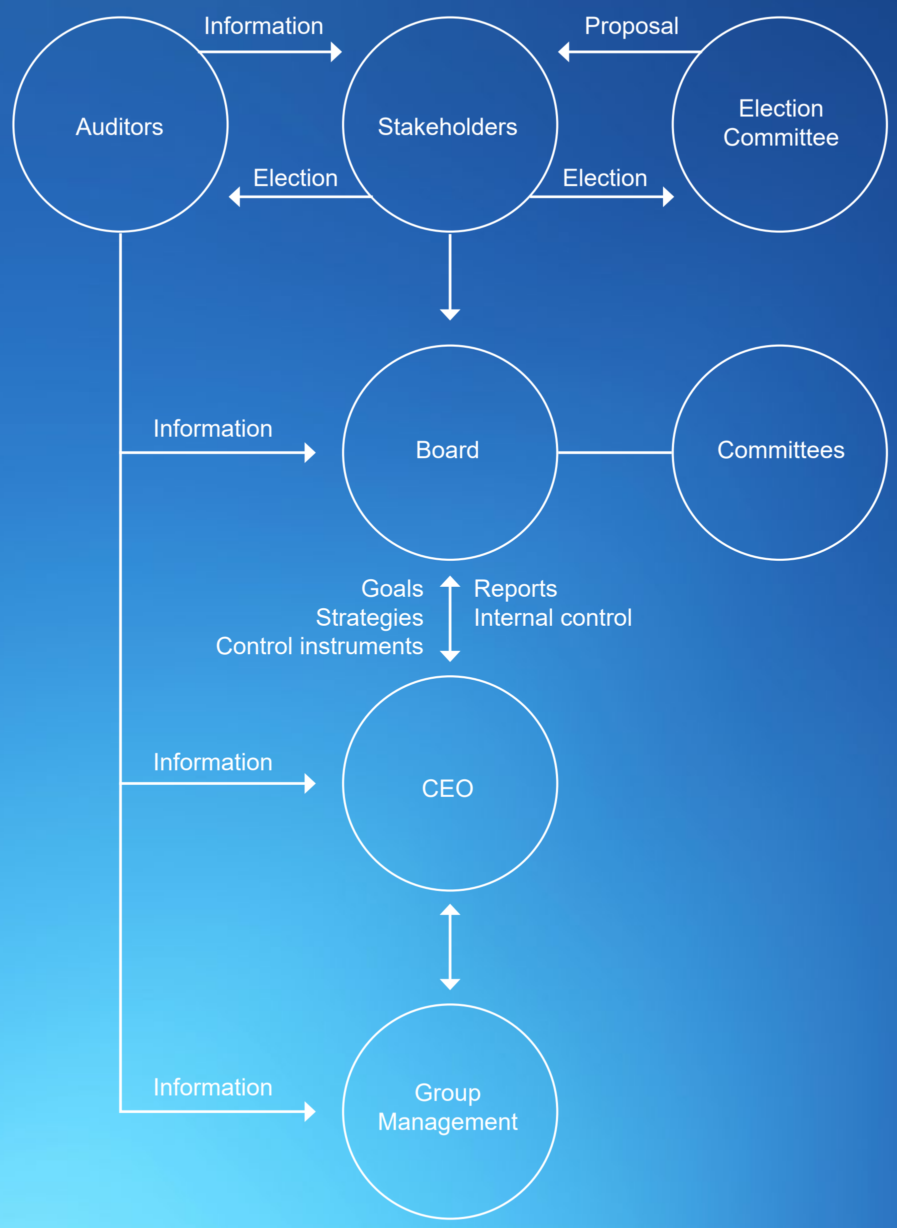
Internal control
The Board's responsibility for internal control is regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. Internal control of financial reporting is intended to provide reasonable assurance of the reliability of the external financial reporting in the form 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



Risk 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 controlled 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 has great significance for the various companies' sense of their importance and for work motivation. A spread of responsibility and authority 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
Beijer Ref's corporate culture	There is a risk that Beijer Ref's corporate culture is depleted if the culture is not preserved and maintained on an ongoing basis. Beijer Ref has a Code of Conduct to reinforce and maintain the culture and policies for business ethics and morals. The company also has an introductory training course and an e-learning system for all new hires and new companies.
Dependency on major suppliers	The company has a number of important agreements with HVAC suppliers. 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 for the company within HVAC.
Digitalisation and e-commerce	Digitalisation and e-commerce create new trading patterns and behaviors that are continuously evaluat-ed. The risk is minimized by working under different brands and through a differentiated product offering. There is always a risk that the company will be affected by new players who challenge the industry in this area.
Competition with existing customers	As Beijer Ref delivers more and more systems, installation is usually included, which can compete with existing customers. The risk is counteracted by training and offering service for which the customers take responsibility.
Suppliers sell directly to larger cus-tomers and by-pass the wholesaler	Beijer Ref's distribution network via branches and presence in 43 countries counteracts this risk and con-stitutes a full-fledged alternative to the suppliers and own brands, which further strengthens Beijer Ref's position.
Macroeconomics	Negative economic development trends or a weakening of the purchasing power of Beijer Ref's end customers in the markets where Beijer Ref operates could trigger an industry-wide sales decline. Beijer Ref's business model is decentralized and flexible. Decision-making is close to the local market and the cost structure is flexible.
Political risks	The 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 mar-kets. For Beijer Ref, the political development in South Africa can affect the company's development.
Risks in the product range	The risk that Beijer Ref does not get new environmentally-friendly products on the market. This risk is mili-tated 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.
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 insuran-ce so as to minimise the risk of harm and losses. One consequence of globa-lisation 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.

Identified risks	Exposure and management of risks
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 perfor-med annually. The company also has a whistleblower function and code of conduct.
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 relations-hips 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.
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 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.
Changed legal requirements and regulations	Changed legal and regulatory requirements affect Beijer Ref's business, not least changes in environmental requirements. The company regularly monitors these requirements as part of its global surveillance. The company is positively affected by the European phasing-out programme for CO_2 equivalents, while demand for the company's environmentally friendly range is increasing. The phasing-out will run until 2030 and the new technologies will gradually be established in other markets outside Europe, for example in Australia and New Zealand.
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.

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.
Depending 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 ordinarie 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. Depending 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
Education: 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 152,500 B shares 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.

Nathalie Delbreuve
Board member

Born: 1972
Elected: 2022
Education: Master's Degree in Business Administration– Finance at the Ecole Supérieure de Commerce de Paris
Other assignments: CFO Verrallia Group SA.
Independent in relation to Beijer Ref and its management.
Previous experience: Operational finance roles in B2B services, technology and manufacturing sectors. Nathalie's experience spans international environments with a strong focus on cost management, M&A and divestments. Previous workplaces include PricewaterhouseCooper, XPO Logistics (formerly Norbert Dentressangle) and Plastic Omnium Group.
Own and related shareholding 2022: 0 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: 720 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 Hydroscand 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.

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.

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: 5,374 B shares and 100,000 options in Beijer Ref AB.

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

Ulf Berghult
CFO & EVP

Born: 1962
Employed since: 2022
Education: MSc in Economics
Previous experience: CFO Perstorp, CFO Trelleborg Group and CFO Thule Group.
Shareholding 2022: 0 shares in Beijer Ref AB.

68,400,000 ordinarie shares and 64,400,000 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.

17,100,000 ordinarie shares and 15,600,000 preference shares in EQT:s MPP (Management Participation Program).

Hanna Grasso
HR & Communications & EVP

Born: 1978
Employed since: 2022
Education: Masteres Degree in International Business Administration, Jönköping International Business School.
Previous experience: HR Director Trelleborg Engineered Coated Fabrics, HR Manager Operations Skånemejerier (Lactalis), HR Manager Sweden Saint Gobain Sekurit AB & Emmaboda Glass AB
Shareholding 2022: 0 options in Beijer Ref AB.

4,560,000 ordinarie shares and 4,160,000 preference shares in EQT:s MPP (Management Participation Program).

David Eriksson
Head of M&A & EVP

Born: 1986
Employed since: 2016
Education: Masters degree in Business Administration, University of Lund.
Previous experience: VP Beijer Ref East Europe, Business controller Beijer Ref, Business controller Tunstall Healthcare UK Ltd.
Shareholding 2022: 3,000 options in Beijer Ref AB.

11,400,000 ordinarie shares and 10,400,000 preference shares in EQT:s MPP (Management Participation Program).

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.

11.400,000 ordinarie shares and 10,400,000 preference shares in EQT:s MPP (Management Participation Program).

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.

11,400,000 ordinarie shares and 10,400,000 preference shares in EQT:s MPP (Management Participation Program).

Kristian Lexander
CDO/CIO & EVP

Born: 1975
Employed since: 2021.
Education: Master of Science with major in Informatics, Jönköping International Business School, Napier University Edinburgh.
Previous experience: CIO & SVP Nederman, Senior Director William Demant, Senior Manager Accenture.
Shareholding 2022: 50,000 options in Beijer Ref AB.

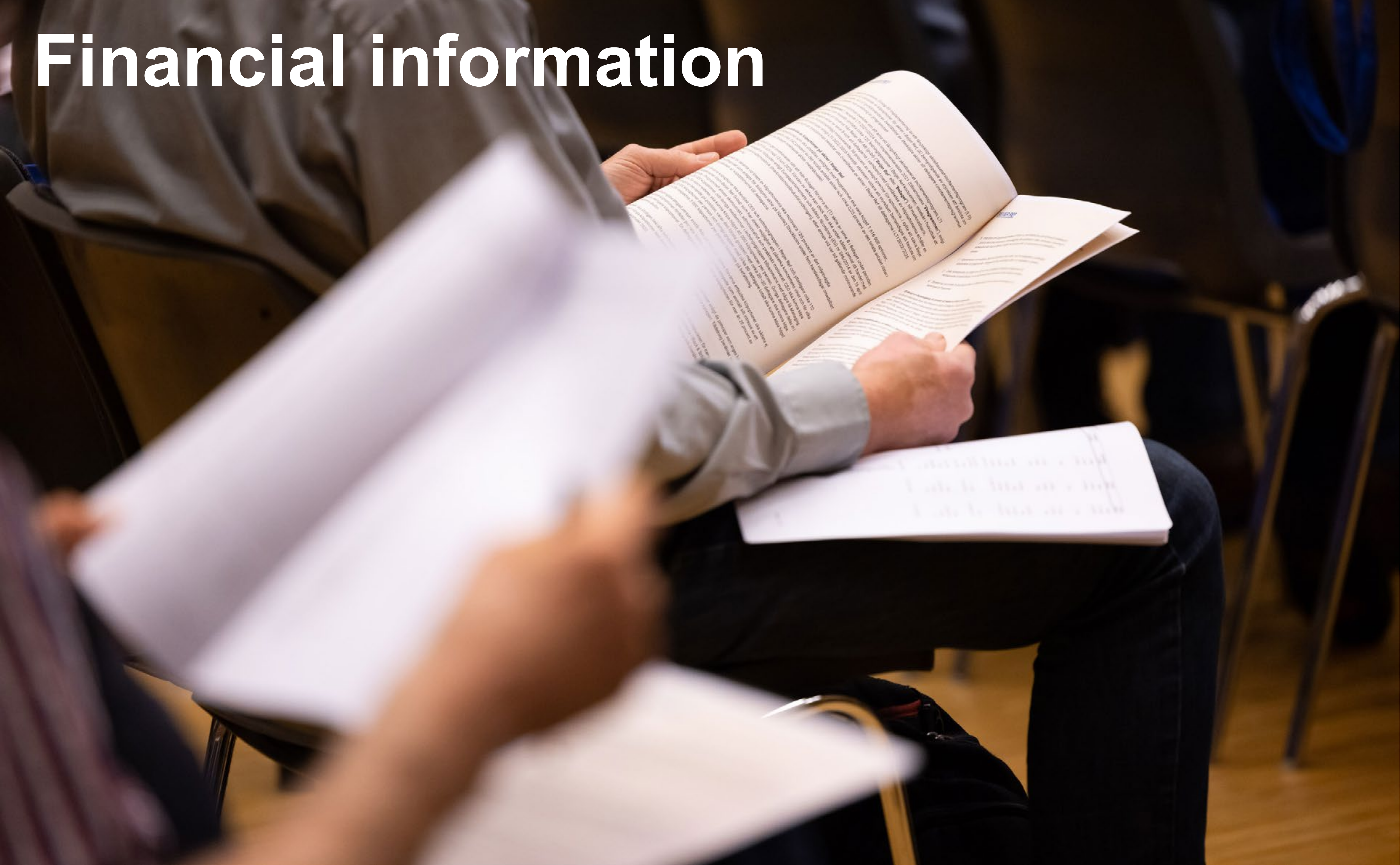
5,700,000 ordinarie shares and 5,200,000 preference shares in EQT:s MPP (Management Participation Program).

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.

11,400,000 ordinarie shares and 10,400,000 preference shares in EQT:s MPP (Management Participation Program).

Financial information



Consolidated profit and loss account

SEK million	Note	2022	2021
OPERATING INCOME			
Net sales	5	22,638	16,905
Other operating income	7	145	48
Total income		**22,784**	**16,953**
OPERATING EXPENSES			
Raw materials and necessities		-1,248	-901
Goods for resale		-14,563	-10,968
Other external costs	8	-1,586	-958
Personnel costs	6	-2,783	-2,264
Depreciation and write-down of intangible and tangible fixed assets	15,16,18	-571	-474
Other operating expenses		-132	-28
Operating profit		**1,900**	**1,361**
RESULTS OF FINANCIAL INVESTMENTS			
Financial income	10	74	15
Financial expenses	11	-252	-84
Profit before tax		**1,721**	**1,292**
Tax on the year’s profit	13	-456	-302
Net profit for the year	**14**	**1,266**	**990**
Attributable to:			
The parent company’s shareholders		1,248	979
Non-controlling interests		17	11
Profit per share, attributable to the parent company's shareholders, SEK:			
Before dilution		3.28	2.58
After dilution		3.28	2.56

The group's report on other comprehensive income

SEK million	Note	2022	2021
Net profit for the year		1,266	990
OTHER COMPREHENSIVE INCOME			
Items which will not be reversed in the profit and loss account:			
Revaluation of the net pension commitment	26	62	23
Changes in the fair value of equity investments at fair value through other comprehensive income	19	-14	8
Income tax relating to components of other comprehensive income		-13	-5
Items which can later be reversed in the profit and loss account:			
Exchange rate differences		662	243
Hedging of net investments		-54	-24
Income tax relating to components of other comprehensive income		11	-3
Other comprehensive income for the year		**654**	**243**
Total comprehensive income for the year		**1,919**	**1,233**
Attributable to:			
The parent company's shareholders		1,892	1,218
Non-controlling interests		27	15

Consolidated balance sheet

SEK million	Note	31/12/2022	31/12/2021
ASSETS			
Fixed assets			
Intangible assets	15	5,484	3,470
Tangible fixed assets	16	872	703
Financial assets at fair value through other comprehensive income	19	32	44
Right-of-use assets	18	1,771	1,442
Deferred tax assets	25	299	224
Other receivables	20	136	112
Total fixed assets		**8,592**	**5,995**
Current assets			
Inventories	21	7,389	5,057
Trade debtors and other receivables	20	4,337	3,212
Income taxes recoverable		29	32
Liquid funds	22	1,518	1,004
Total current assets		**13,272**	**9,305**
TOTAL ASSETS		**21,864**	**15,300**

SEK million	Note	31/12/2022	31/12/2021
SHAREHOLDERS' EQUITY			
Share capital	23	372	372
Other contributed capital		901	901
Reserves		607	-2
Profit brought forward		4,723	3,902
Total		**6,603**	**5,173**
Non-controlling interests	30	111	93
Total equity		**6,714**	**5,266**
LIABILITIES			
Long-term liabilities			
Borrowing	24,29	4,191	3,007
Other long-term liabilities	3	1,186	524
Lease liabilities	18	1,377	1,123
Deferred tax liabilities	25	245	168
Pension commitments	26	110	142
Other provisions	27	112	86
Total long-term liabilities		**7,220**	**5,050**
Current liabilities			
Trade creditors and other liabilities	28	4,621	3,480
Borrowing	24,29	2,607	964
Lease liabilities	18	437	353
Current tax liabilities		188	139
Other provisions	27	77	48
Total current liabilities		**7,930**	**4,985**
Total liabilities		**15,150**	**10,034**
TOTAL EQUITY AND LIABILITIES		**21,864**	**15,300**

Consolidated changes in equity

	2021						2022						
SEK million	Share capital*	Other contributed capital*	Reserves*	Profit brought forward*	Non-controlling interests	Total equity	Share capital*	Other contributed capital*	Reserves*	Profit brought forward*	Non-controlling interests	Total equity	Note
Equity opening balance	**372**	**901**	**-214**	**3,353**	**76**	**4,489**	**372**	**901**	**-2**	**3,902**	**93**	**5,266**	
Net profit for the year				979	11	990				1,248	17	1,266	
Revaluation of the net pension commitment				18	0	18				49	0	49	2
Changes in the fair value of equity investments through other comprehensive income				8	-	8				-14	-	-14	19
Exchange rate differences			231		4	235			652		10	662	
Hedging of net investments			-19			-19			-43			-43	
Other comprehensive income for the year			**212**	**26**	**4**	**243**			**609**	**35**	**10**	**654**	
Total comprehensive income for the year			**212**	**1,006**	**15**	**1,233**			**609**	**1,283**	**27**	**1,919**	
Dividend for 2020				-380	-	-380							
Dividend for 2021										-419	-	-419	
Repurchase options, LTIP 2018-2021				-144	-	-144							
Sale of own shares LTIP 2018-2021				45	-	45							
Received option premium LTIP 2021-2024				21	-	21							
Received option premium LTIP 2022-2025										7	-	7	
Purchase of own shares										-21	-	-21	
Change in fair value of liabilities linked to acquisitions										-29	-	-29	
Transactions with non-controlling interests				-	11	11							
Dividends to shareholders' with non-controlling interest					-10	-10					-9	-9	30
Total				**-457**	**1**	**-456**				**-461**	**-9**	**-470**	
Equity closing balance	**372**	**901**	**-2**	**3,902**	**93**	**5,266**	**372**	**901**	**607**	**4,723**	**111**	**6,714**	

*Attributable to parent company's shareholders

Consolidated cash flow statement

SEK million	Note	2022	2021
CURRENT OPERATIONS			
Operating profit		1,900	1,361
Adjustments for items not included in the cash flow:			
Depreciation and write-downs of intangible and tangible fixed assets	15,16,18	571	474
Change in pension, guarantee and other provisions		45	21
Profit on sale of tangible fixed assets		-20	-4
Other items not affecting cash flow		230	-
Total		**2,726**	**1,852**
Paid interest		-184	-84
Paid income tax		-491	-290
Cash flow from current operations before changes in working capital		**2,052**	**1,479**
CHANGES IN WORKING CAPITAL			
Changes in inventories		-1,597	-1,145
Changes in operating receivables		-537	-92
Changes in operating liabilities		164	-153
Cash flow from current operations		**81**	**89**
INVESTMENT OPERATIONS			
Received interest		7	15
Acquisition of tangible and intangible fixed assets	15,16,18	-220	-202
Acquisition of operations	31	-1,144	-578
Sale of tangible and intangible fixed assets		25	16
Cash flow from investment operations		**-1,331**	**-749**

SEK million	Note	2022	2021
FINANCIAL OPERATIONS			
New lending		6,553	1,289
Amortisation of loans		-4,027	-17
Payments related to amortisation of lease liabilities	18	-386	-335
Dividends paid to shareholders		-419	-380
Repurchase options, LTIP 2018-2021		-	-144
Sale of own shares, LTIP 2018-2021		-	45
Received option premium, LTIP 2021-2024		-	21
Received option premium, LTIP 2022-2025		7	-
Acquisition of own shares		-21	-
Dividends to shareholders with non-controlling interest		-9	-10
Dividends to shareholders with a put/call option		-6	-
Cash flow from financial operations		**1,692**	**469**
Change in liquid funds		**442**	**-191**
Exchange rate difference, liquid funds		72	41
Liquid funds on 1 January		1,004	1,154
Liquid funds on 31 December		**1,518**	**1,004**

Parent company profit and loss account

SEK million	Note	2022	2021
OPERATING INCOME			
Net sales		5	-
Other operating income	7	119	83
Total income		**124**	**83**
OPERATING EXPENSES			
Goods for resale		-5	-
Other external costs	8	-69	-41
Personnel costs	6	-103	-59
Depreciation and write-down of intangible and tangible fixed assets	15,16	-3	-3
Operating profit		**-56**	**-20**
PROFIT FROM FINANCIAL INVESTMENTS			
Results of participations in group companies	9	632	588
Financial income	10	111	66
Financial expenses	11	-206	-47
Profit after financial investments		**481**	**586**
APPROPRIATIONS			
Appropriations	12	102	52
Profit before tax		**583**	**638**
Tax on the year’s profit	13	10	-10
Net profit for the year		**593**	**627**

Parent company’s report on other comprehensive income

SEK million	2022	2021
Net profit for the year	593	627
Total comprehensive income for the year	**593**	**627**

Parent company balance sheet

SEK million	Note	31/12/2022	31/12/2021
ASSETS			
FIXED ASSETS			
Intangible fixed assets			
Capitalised expenditure for software	15	6	6
Total intangible fixed assets		**6**	**6**
Tangible fixed assets			
Buildings and land	16	1	2
Equipment, tools and installations	16	3	3
Total tangible fixed assets		**4**	**5**
Financial fixed assets			
Participations in group companies	17	5,057	4,154
Financial assets at acquisition value	19	25	25
Deferred tax assets	29	10	0
Receivables from group companies		2,369	1,514
Other long-term securities holdings		11	1
Total financial fixed assets		**7,472**	**5,694**
TOTAL FIXED ASSETS		7,482	5,705
CURRENT ASSETS			
Current receivables			
Receivables from group companies		1,889	835
Tax receivables	13	22	24
Other current receivables		15	19
Prepaid expenses and accrued income		19	13
Total current receivables		**1,945**	**890**
Liquid funds			
Liquid funds		339	134
TOTAL CURRENT ASSETS		2,284	1,024
TOTAL ASSETS		**9,766**	**6,729**

SEK million	Note	31/12/2022	31/12/2021
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital	23	372	372
Fund for development expenditures		6	6
Total restricted equity		**378**	**378**
Non-restricted equity			
Share premium reserve		902	902
Profit brought forward		247	52
Net profit for the year		593	627
Total non-restricted equity		**1,742**	**1,581**
TOTAL EQUITY		2,119	1,959
Untaxed reserves			
Tax allocation reserves		75	75
Total untaxed reserves		**75**	**75**
LIABILITIES			
Long-term liabilities			
Borrowing	24,29	4,163	3,003
Other long-term liabilities		572	491
Total long-term liabilities		**4,735**	**3,494**
Current liabilities			
Trade creditors		11	10
Borrowing	24,29	2,521	938
Liabilities to group companies		3	15
Tax liabilities		-	-
Other liabilities		31	210
Accrued expenses and prepaid income		271	28
Total current liabilities		**2,837**	**1,201**
TOTAL EQUITY AND LIABILITIES		**9,766**	**6,729**

Changes in equity, parent company

SEK million	Share capital	Fund for development expenditure	Non-restricted equity	Total equity
Equity 31.12.2020	**372**	**6**	**1,412**	**1,789**
Net profit for the year			627	627
Total comprehensive income for the year			**627**	**627**
Fund for development expenditures		0	0	0
Repurchase options, LTIP 2018-2021			-144	-144
Sale of own shares LTIP 2018-2021			45	45
Received option premium LTIP 2021-2024			21	21
Dividend for 2020			-380	-380
Equity 31.12.2021	**372**	**6**	**1,581**	**1,959**
Net profit for the year			593	593
Total comprehensive income for the year			**593**	**593**
Fund for development expenditures		0	0	0
Purchase of own shares			-21	-21
Received option premium LTIP 2022-2025			7	7
Dividend for 2021			-419	-419
Equity 31.12.2022	**372**	**6**	**1,742**	**2,119**

Parent company cash flow statement

SEK million	Note	2022	2021
CURRENT OPERATIONS			
Operating profit		-56	-20
Adjustments for items not included in the cash flow: Depreciation and write-downs of intangible and tangible fixed assets	15,16	3	3
Other items not affecting cash flow		7	-
Total		**-46**	**-17**
Paid interest		-136	-47
Paid income tax		2	-36
Cash flow from current operations before changes in working capital		**-180**	**-100**
CHANGES IN WORKING CAPITAL			
Changes in operating receivables		-1,512	-821
Changes in operating liabilities		-253	-34
Cash flow from current operations		**-1,946**	**-955**
INVESTMENT OPERATIONS			
Acquisition of shares and participations		-830	-559
Acquisition of tangible and intangible fixed assets		-2	-4
Received interest		111	51
Received dividend		632	605
Sale of shares in subsidiaries		-	2
Cash flow from investment operations		**-89**	**95**

SEK million	Note	2022	2021
FINANCIAL OPERATIONS			
Borrowing		6,520	1,178
Amortisation of liabilities		-3,848	-
Paid dividend		-419	-380
Repurchase options, LTIP 2018-2021		-	-144
Sale of own shares, LTIP 2018-2021		-	45
Received option premium, LTIP 2021-2024		-	21
Received option premium, LTIP 2022-2025		7	-
Acquisition of own shares		-21	-
Cash flow from financial operations		**2,240**	**721**
Change in liquid funds		205	-140
Exchange rate difference, liquid funds		-	-5
Liquid funds on 1 January		134	279
Liquid funds on 31 December		**339**	**134**

Definitions of key figures
Beijer Ref uses a number of alternative key figures. The group believes that the key figures are useful to users of the financial statements as a complement to the profit and loss account and balance sheet and cash flow statement. Examples of alternative key figures linked to financial position: return on equity and operating capital, net liabilities, debt to equity ratio and equity/assets ratio. The group also uses the cash flow measurement of operating cash flow to give an indication of the funds that the business generates in order to be able to carry out strategic investments, make amortisations and provide returns to shareholders. The performance measurements EBITDA, EBITA and EBIT are measurements that Beijer Ref considers relevant for investors who wish to understand the business's profit generation. For further description including calculations and key figures, see https://www.beijerref.com/alternative-performance-measures/.

Notes

1 General information

Beijer Ref AB (publ), the parent company, and its subsidiaries (collectively, the group) is a technology-oriented trading group that, through value-added products, offers its customers competitive solutions in refrigeration and air conditioning. The product range consists mainly of products from leading international manufacturers and also some 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 group has subsidiaries in large parts of Europe as well as in Africa and Asia Pacific.

The parent company is a public limited company registered and with its head office in Malmö, Sweden. The address of the head office is Stortorget 8, 211 34 Malmö. This consolidated financial statement was approved by the Board of Directors for publication on 3 April 2023.

2 Accounting and valuation principles applied

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 2022 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 2022, it was judged that no IFRS or IFRIC interpretations that have not yet entered into force are expected to have any significant effect on the group.

Assumptions for the establishment of the group's financial reports
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 million 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 in which the group has a controlling interest. The group has a controlling interest in 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.

If an acquisition does not refer to 100 per cent of a subsidiary, a holding without a controlling influence arises. In cases where the owner of the remaining holdings has an option to sell its holding to Beijer Ref or Beijer Ref has an obligation to buy the remaining holdings, Beijer Ref has chosen to apply the so-called "Anticipated Acquisition Method" (AAM). This means that 100 per cent of the subsidiary is considered to be acquired at the time of acquisition and a liability corresponding to the present value of the estimated future purchase price is recognised. The value of the liability is dependent on the future earnings development of acquired entities and is continuously reassessed. The liability is not included in the company's net liabilities as it is estimated and not definitive.

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. In those acquisitions where AAM is not applied, the group assesses whether non-controlling interest in the acquired company should be reported at fair value or at the holding's proportional share of the acquired company's net assets. 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 reported 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.

Segment reporting
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 2022: Southern Europe, the Nordic countries, Central Europe, Eastern Europe, Africa and Asia Pacific. For a further description of the regions, refer to pages 34-37.

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 expenditure that has been capitalised is 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.

Agencies
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.

Amortisation periods intangible assets.

	Group	Parent company
Acquired intangible assets:		
Software	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.

Tangible assets
Tangible fixed 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 after deduction of depreciation and any accumulated impairment. 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 company
Buildings	25-50 years	40 years
Land installations	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 initial recognition.

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.

Liquid funds
Liquid funds 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 fair 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 profit for the year. A financial liability is measured at fair value through profit for the year if it is classified as held for trading, a derivative instrument that is not hedged, a contingent consideration in business combinations classified as financial liability or another liability classified as a financial liability. Financial liabilities valued at fair value via profit for the year are valued at fair value on an ongoing basis with value changes reported in profit for the year. In cases where the owner of the remaining holdings has an option to sell its holding to Beijer Ref and Beijer Ref has an obligation to buy the remaining holdings, the option is valued at fair value on first accounting. Subsequent changes in value are reported directly against equity in accordance with the company's assessment that such changes in value should be equated with other transactions with owners. Other financial liabilities are valued on an ongoing basis at accumulated acquisition value 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’s financial assets and receivables, other than those that are classified at fair value through profit or loss, are subject to impairment for expected credit losses. The group considers that the following constitute default for internal credit risk management purposes because historical experience indicates that financial assets that meet any of the following criteria are

generally not recoverable:
• when there is a violation of financial terms by the debtor; or
• information obtained internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account collateral held by the group).

Regardless of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and verifiable information to demonstrate that a more delayed default criterion is more appropriate.

Inventories
Inventories 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.

Trade debtors
Trade debtores are initially entered at fair value and thereafter at accrued acquisition value using the effective interest rate method. Impairment for credit losses according to IFRS9 is forward-looking and a loss provision is made when there is an exposure to credit risk, usually at the first time of recognition. Impairment requirements are taken into account for different maturities depending on the asset class and on any credit deterioration since the first time of recognition. Expected credit losses reflect an objective, probability-weighted outcome that considers multiple scenarios on reasonable and verifiable forecasts. The simplified model is applied to trade receivables. A loss reserve is recognised, in the simplified model, for the expected remaining maturity of the claim or asset. Financial assets are reported in the balance sheet at accumulated acquisition value, i.e. net of gross value and loss reserve.
Changes in the loss reserve are recorded in the item 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 creditors
Trade creditors 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 vales 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 temporary 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 (excluding 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 committment
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
From time to time, the company issues purchase options to its personnel. The purchase options entitle the holder to acquire shares in the Company. The premium for the purchase options corresponds to the market value of the purchase options and an external independent valuation is made in accordance with the Black & Scholes model. The purchase options are freely transferable. The option premium received in payment of the purchase options affects retained earnings. To ensure delivery of shares to participants in the option programme, the company repurchases its own shares if necessary. The purchase value of the repurchase of own shares affects retained earnings during the year in which the purchase is carried out.

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

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 agreements
The company applies IFRS16 regarding leasing. Assets and liabilities attributable to all leases, with a few exceptions, are reported in the balance sheet. The lessee has a right to use an asset during a specified period of time and also a liability to pay for this right.

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 concerning properties with the right to extend, so-called extension options. 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 with an extension option have been extended by three years or longer if the original contract is for more years.

Hedge accounting
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 reporting 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.

Profit per share
Calculation of profit per share before dilution is based on profit for the year in the group that is attributable to the parent company's shareholders and on the weighted average number of shares in circulation during the year. In calculating profit per share after dilution, the average number of shares is adjusted to take into account the effects of potential dilutive ordinary shares, which in reported periods relate to share-based compensation programmes issued to employees. All long-term incentive programmes at Beijer Ref are performance-based and are considered to have a potential dilutive effect. Dilution occurs only when the redemption price is lower than the listed price and increases the greater the difference is.

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.

Put option
The parent company's issued put options are valued in accordance with IAS 32 as a financial liability. Any changes in the value of the financial liability based on issued put options are added to/reduces the acquisition value of shares in subsidiaries.

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

Assets in the balance sheet	31/12/2022	31/12/2021
Financial assets valued at fair value through other comprehensive income [1]	32	44
Financial assets valued at discounted acquisition cost:		
Trade debtors and other receivables[2]	4,473	3,324
Liquid funds	1,518	1,004
Total	**6,023**	**4,372**

Liabilities in the balance sheet	31/12/2022	31/12/2021
Financial liabilities valued at discounted acquisition cost:		
Borrowing	6,798	3,971
Lease liability	1,814	1,476
Trade creditors and other non-current liabilities[2]	4,392	3,282
Financial liabilities measured at fair value:		
Other long-term liabilities[2]	1,186	524
Other current liabilities	229	198
Total	**14,419**	**9,451**

[1]) Valuation of Financial assets measured at fair value, see note 19.
[2]) To enable reconciliation against items in the balance sheet, other assets and liabilities included in the balance sheet items have been included in the item.

Financial assets valued at fair value consist of two (two) holdings where one holding of SEK 7 million (19) refers to listed shares and is valued at market value on the balance sheet date according to valuation level 1. The second holding of SEK 25 million (25) is an unlisted holding and is valued at estimated fair value according to valuation level 3.

Other long-term liabilities and other short-term liabilities include valuation of put/call options arising from acquisitions and derivative instruments. The valuation technique used on put/call options and earn outs, SEK 1,373 million (688), discounts the present value of expected future cash flows using a risk-adjusted discount rate. Expected cash flows are determined based on probable scenarios for future performance measures, amounts that will be paid out in each outcome and the probability of each outcome. Put/call options and additional purchase prices are reported according to valuation level 3. Currency futures and interest rate swaps, SEK 2 million (0), are valued at the market value on the balance sheet date according to valuation level 2.

Financial assets and financial liabilities where there is a legal right to offset the reported amounts are reported with a net amount on the balance sheet.

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, Treasury, according to principles approved by the board. Treasury 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 7% (4) are made in other currencies, while about 26% (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 -0.9 (-0.6) per centage points. A corresponding weakening against USD produces a change in profit margin of -1.2 (-0.6) 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 2022, this has had a negative effect of SEK -54 million (-24) 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 currency forward contracts or other financial instruments that were material. The effect of a strengthened krona by 10% against the euro would affect operating profit by SEK -93 million (-67); against other currencies the effect is SEK -98 million (-58).

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 68 million (40) for the group.

Credit risk
Credit risk refers to the risk that the counterpart in a transaction causes the group a loss by not fulfilling its contractual obligations. The group's exposure to credit risk is principally attributable to accounts receivable. Existing customers' financial situation is also monitored so as to identify warning signals at an early stage. The accounts receivable are spread across a large number of customers and no customer represents a significant amount of the total accounts receivable. Neither are accounts receivable concentrated in one specific geographical area. The group thereby judges that the concentration risk is limited. The group's maximum exposure to credit risk is estimated to correspond to the reported values of all financial assets specified in this note. For further information relating to accounts receivable, please refer to note 20.

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 2,000 million (1,342). 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.

On the next page is the group's maturity analysis of the liabilities that are classified as financial liabilities. The amounts listed are contractual undiscounted cash flows apart from the amounts attributable to liabilities that relate to future purchase price where the aforementioned valuation technique has been used.

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	2022	2021
Interest-bearing liabilities	8,722	5,589
Liquid funds	-1,518	-1,004
Net debt	7,204	4,585
Shareholders' equity	6,714	5,266
Debt ratio	1.07	0.87

Duration analysis 31/12/2022 Financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowing including interest payments	2,838	1,635	2,728	2
Trade creditors and other current and long-term liabilities	2,814	903	243	-
Lease liabilities	443	407	651	313
Total	**6,095**	**2,945**	**3,622**	**315**

Duration analysis 31/12/2021 Financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowing including interest payments	1,011	441	2,617	-
Trade creditors and other current and long-term liabilities	2,328	96	394	-
Lease liabilities	354	318	548	256
Total	**3,693**	**855**	**3,559**	**256**

Net debt reconciliation

	31/12/2020	Cash flow	Currency effect	Non-cash flow effect	31/12/2021	Cash flow	Currency effect	Non-cash flow effect	31/12/2022
Pension commitments	158	-11	6	-11	142	-11	17	-37	110
Long-term borrowing	2,621	337	49	-	3,007	1,029	155	-	4,191
Lease liabilities	1,220	-337	42	551	1,476	-386	121	603	1,814
Short-term borrowing	98	852	13	-	964	1,546	97	-	2,607
Deduct:									
Liquid funds	1,154	-191	41	-	1,004	442	72	-	1,518
Net debt	**2,944**	**1,032**	**69**	**540**	**4,585**	**1,736**	**318**	**566**	**7,204**

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

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.

- 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.

- 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. In cases where the company will exercise extension options, the agreement is extended by the original agreement period, but at least three years.

- Valuation of inventories 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 inventories.

- 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.

- The reported value of earn-outs and options to acquire the minority share are normally based on expected earnings development in acquired businesses in the coming years. Earn-outs refer to both contingent purchase prices for already acquired units and purchase prices for future acquisitions of minority shareholders' shares in connection with the application of the Anticipated Acquisition Method (AAM). Earnings developments other than expected will affect the reported value of put/call options and earn-outs.

- The company continuously evaluates the risk of potential disputes and historically such items in the company's profits have been very unusual. The company has an ongoing dispute in New Zealand but no need for reservation is deemed to exist.

5 Segment reporting

Operating segments
The group's operations are divided into operating segments based on how the company's highest executive decision-maker, i.e. the CEO, follows the business. The group has the following segments: Nordic Countries, Central Europe, Southern Europe, Eastern Europe, Africa and Asia Pacific.

The segment reporting for the regions includes net sales, EBIT, investments and depreciation. Internal sales in each segment are eliminated in net sales; internal sales between segments are eliminated at the total level. Investments are reported in the segment where the asset is located and consist of the year's investments in tangible and intangible assets.

Net sales are distributed by product area, i.e. Commercial and Industrial Refrigeration, HVAC and OEM.

All income is reported at a time when control of the products passes to the customer, which normally occurs upon delivery. As a result, there is no part of the transaction price that is allocated to unfulfilled performance commitments in future financial periods.

Sales in Sweden amount to approximately SEK 612 million (479). The single material countries are France and Australia. In France, sales amount to approximately SEK 3,519 million (3,118) and in Australia sales amount to approximately SEK 2,994 million (2,179). It is our assessment that a country is material in cases where net sales in the country exceed 10 per cent of the group's total sales.

Total fixed assets reduced by deferred tax assets and financial instruments amount to SEK 139 million (134) in Sweden. The individually significant countries are Australia, France and Greece, where total non-current assets less deferred tax assets and financial instruments amount to SEK 2,349 million (947) in Australia, SEK 1,018 million (934) in France and SEK 908 million (859) in Greece. In cases where a country's total non-current assets, less deferred tax assets and financial instruments, exceed 10 per cent of the group's total non-current assets less deferred tax assets and financial instruments, the country is deemed to be material.

Operating segments

2022

SEK million	Net sales	Operating profit (EBIT)	Investments	Depreciation
The Nordic region	2,451	368	35	64
Central Europe	4,806	457	53	142
Southern Europe	7,866	697	55	122
Eastern Europe	2,187	336	10	39
Africa	1,363	114	15	43
Asia Pacific	4,472	373	52	161
Elimination	-507	-	-	-
Other	-	-445	-	-
Total	**22,638**	**1,900**	**220**	**571**
Net financial items		-178		
Tax		-456		
Net profit for the year		**1,266**		

2021

SEK million	Net sales	Operating profit (EBIT)	Investments	Depreciation
The Nordic region	1,813	239	26	54
Central Europe	3,860	302	60	113
Southern Europe	6,008	467	77	110
Eastern Europe	1,087	133	6	27
Africa	1,106	94	6	39
Asia Pacific	3,387	256	31	130
Elimination	-357	-	-	-
Other	-	-131	-	-
Total	**16,905**	**1,361**	**200**	**474**
Net financial items		-69		
Tax		-302		
Net profit for the year		**990**		

Net sales by product area

2022

SEK million	Commercial and industrial refrigeration	HVAC	OEM	Total net sales
The Nordic region	1,083	1,012	356	2,451
Central Europe	2,656	2,009	141	4,806
Southern Europe	2,299	4,822	745	7,866
Eastern Europe	441	1,729	17	2,187
Africa	898	241	224	1,363
Asia Pacific	1,452	2,121	899	4,472
Elimination	-87	-210	-210	-507
Total	**8,742**	**11,724**	**2,172**	**22,638**

2021

SEK million	Commercial and industrial refrigeration	HVAC	OEM	Total net sales
The Nordic region	945	671	197	1,813
Central Europe	2,222	1,535	103	3,860
Southern Europe	2,046	3,391	572	6,008
Eastern Europe	377	684	27	1,087
Africa	736	196	174	1,106
Asia Pacific	1,168	1,516	703	3,387
Elimination	-67	-131	-158	-357
Total	**7,427**	**7,860**	**1,618**	**16,905**

6 Employees and remuneration to employees

Average number of employees	2022		2021	
Parent company	**Total**	**of which male**	**Total**	**of which male**
Sweden	30	67%	24	75%
Total in the parent company	**30**	**67%**	**24**	**75%**
Subsidiaries	**Total**	**of which male**	**Total**	**of which male**
France	554	82%	535	81%
South Africa	705	80%	700	80%
UK	355	65%	323	64%
Italy	346	85%	295	84%
Netherlands	214	76%	204	77%
Spain	204	79%	203	78%
Greece	87	57%	22	57%
Croatia	121	64%	6	83%
Portugal	27	70%	27	70%
Sweden	94	83%	95	87%
Norway	96	88%	90	88%
Switzerland	102	79%	103	80%
Denmark	122	79%	90	77%
Thailand	136	43%	126	43%
Germany	113	79%	116	79%
Poland	46	80%	45	80%
Finland	55	84%	51	82%
Hungary	24	96%	24	88%
Romania	32	56%	29	60%
Belgium	27	85%	32	84%
Czech Republic	99	68%	106	65%
Mozambique	9	67%	10	70%
Ghana	2	100%	2	100%
Estonia	7	86%	7	86%

Average number of employees	2022		2021	
Subsidiaries	**Total**	**of which male**	**Total**	**of which male**
Ireland	8	75%	8	50%
Lithuania	7	71%	7	71%
Latvia	5	80%	5	80%
Zambia	3	100%	3	100%
Botswana	9	33%	9	44%
Slovakia	29	62%	33	70%
Namibia	10	70%	11	73%
Tanzania	2	100%	2	100%
New Zealand	126	75%	119	76%
New Caledonia	6	67%	2	80%
Australia	692	84%	474	84%
Malaysia	20	65%	21	67%
India	38	92%	32	91%
China	140	79%	138	78%
Singapore	7	86%	6	83%
Bosnia-Herzegovina	11	55%	-	-
Total in subsidiaries	**4,690**	**77%**	**4,110**	**78%**
Group, total	**4,720**	**77%**	**4,134**	**78%**

Salaries, other remuneration and social costs (SEK million)	2022			2021		
	Salaries and other remuneration	Social costs	Total remuneration to employees	Salaries and other remuneration	Social costs	Total remuneration to employees
Parent company	71	30	101	44	25	70
of which pension costs [1]		9	9		12	12
Subsidiaries	2,081	454	2,535	1,708	414	2,122
of which pension costs		137	137		119	119
Group	**2,152**	**484**	**2,636**	**1,752**	**439**	**2,192**
of which pension costs		**146**	**146**		**131**	**131**

1) Of the parent company's pension costs, SEK 3 million (9) relates to the board of directors and the CEO.

Board remuneration (SEK thousand)	2022	2021
	Salaries and other remuneration	Salaries and other remuneration
Kate Swann	894	850
Nathalie Delbreuve	87	-
Albert Gustafsson	573	525
Frida Norrbom Sams	495	450
Joen Magnusson	395	375
William Striebe	395	375
Kerstin Lindvall	395	375
Per Bertland[1]	395	94
Total	**3,629**	**3,044**

1) Per Bertland has received a board fee since the time he resigned as CEO, 31 August 2021.

Remuneration to the board of directors and senior executives
In 2022, fees to the chair of the board amounted to SEK 815 thousand and to other board members SEK 395 thousand each (SEK 66 thousand to a member starting on 10 November 2022). The board consists of four men and four women. The fees to the members of the board on the Audit Committee shall be SEK 125 thousand to the chair (SEK 21 thousand to the chair starting on 10 November 2022) and SEK 100 thousand to ordinary members of the Audit Committee. The fees to the members of the board on the Remuneration Committee shall be SEK 79 thousand to the chair and SEK 53 thousand to ordinary members of the Remuneration Committee.

Christopher Norbye, CEO, received salary, remuneration and other benefits amounting to SEK 9,685 thousand (SEK 16,328 thousand, divided between P. Bertland and C Norbye). 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. Severance pay and fixed salary during the notice period are paid to the CEO with a maximum of 24 months' fixed salary in the event of termination by the company; 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's other senior executives consist of 1 woman and 7 men and consist of CFO, COO ARW EMEA, COO ARW APAC, COO Toshiba HVAC, CIO, CSCO, EVP M&A and EVP HR. During the year, the CFO, General Counsel and CSCO left and were replaced by new executives. All senior executives also hold the title EVP. For further information on senior executives, see pages 54-55. These have received salary, remuneration and other benefits amounting to SEK 21,271 thousand (22,554) including profit-based salary of SEK 6,484 thousand (5,901). Pension solutions for seven of the senior executives are defined contribution and amount to a maximum of 25% of the fixed annual salary. The eighth 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. During the year, the Remuneration Committee held 4 regulated meetings which formed the basis for the board's decision and approval. 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 option programme from 2018 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
The option programme from 2021 included about 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.

Option Programme 2022/2025
A long-term option programme was approved by the shareholders at the 2022 Annual General Meeting. The incentive programme is an options programme covering some 90 employees within the group. The programme runs during the period 2022 to 2025. The maximum number of options amounted to 1,616,000 and the number subscribed amounts to 482,500. A total of SEK 7.2 million has been received in respect of the options at a price of SEK 14.90, 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 163.40 in June 2025.

7 Other operating income

Group	2022	2021
Exchange gains	83	22
Charged environmental fees	21	-
Capital gains	20	4
Other	21	22
Total	**145**	**48**
Parent company		
Group revenues	115	82
Rent	1	1
Exchange gains	3	-
Total	**119**	**83**

8 Remuneration to auditors

Group	2022	2021
Deloitte		
Audit assignment	14	10
Audit activities in addition to		
audit assignment	0	1
Tax consultancy	0	0
Other services	0	0
Total	**14**	**11**
Other auditors		
Audit assignment	3	4
Audit activities in addition to		
audit assignment	0	0
Tax consultancy	1	0
Other services	0	0
Total	**4**	**4**
Total	**18**	**15**
Parent company		
Deloitte		
Audit assignment	1	1
Audit activities in addition to		
audit assignment	0	0
Other services	0	0
Total	**1**	**1**

9 Results of participations in group companies

Parent company	2022	2021
Dividends received, group companies	632	605
Capital loss sale of shares	-	-17
Total	**632**	**588**

10 Financial income

Group	2022	2021
Interest income	6	6
Exchange gains	65	7
Other financial income	3	2
Total	**74**	**15**
Parent company		
Interest income, group companies	109	50
Interest income, external	2	2
Exchange gains	-	15
Total	**111**	**66**

11 Financial expenses

Group	2022	2021
Interest expenses	-144	-49
Exchange loss	-70	-5
Interest expenses, leasing IFRS 16	-38	-29
Other	-1	0
Total	**-252**	**-84**
Parent company		
Interest expenses, group companies	0	0
Interest expenses, external	-136	-47
Exchange losses	-37	-
Change in value of derivative instruments reported at fair value	-33	-
Total	**-206**	**-47**

12 Appropriations

Parent company	2022	2021
Group contributions	102	68
Tax allocation reserve	-	-16
Total	**102**	**52**

13 Tax on profit for the year

Group	2022	2021
Current tax	-511	-326
Deferred tax (note 25)	56	24
Tax on profit for the year	**-456**	**-302**
Reconciliation of effective tax		
Profit before tax	1,721	1,292
Tax expense calculated at actual tax rate, 20.6% (20.6)	-355	-266
Effect of different tax rates	-67	-12
Non-deductible costs	-62	-26
Non-taxable income	19	4
Tax attributable to previous years	4	-3
Tax losses for which no deferred tax asset was recognised	1	2
Revaluation of previous years' losses	0	-1
Non-capitalised losses	0	-4
Temporary differences, non-capitalised	7	5
Other*	-3	0
Net effective tax	**-456**	**-302**
Effective tax rate	26.5%	23.4%

* Other consists of annual dissolution of tax related to the capitalisation of trade marks in subsidiaries.

Deferred tax in comprehensive income amounts to SEK -2 million (-8) and relates to pension provisions of SEK -13 million (-5) and hedging of net investments SEK 11 million (-3).

Parent company	2022	2021
Current tax	0	-10
Deferred tax	10	-
Tax on profit for the year	**10**	**-10**
Reconciliation of effective tax		
Profit before tax	583	638
Tax cost calculated at actual tax rate 20.6% (20.6)	-120	-131
Non-deductible costs	-1	-4
Non-taxable income	130	125
Net effective tax	**10**	**-10**
Effective tax rate	1.7%	1.6%

14 Currency effect in result

Group	2022	2021
Currency effects in operating profit	82	22
Currency effects in financial income and expenses	-5	2
Currency effects in profit after tax	**77**	**24**
Parent company		
Currency effects in operating profit	3	-
Currency effects in financial income and expenses	-70	15
Currency effects in profit after tax	**-67**	**15**

15 Intangible assets

Group	Capitalised expenditure for software	
Accumulated acquisition value	**2022**	**2021**
On 1 January	343	302
Acquisitions during the year	16	11
Acquisition of companies	1	6
Divestments and disposals	-1	-1
Reclassification	8	16
Translation differences for the year	28	9
Total	**395**	**343**
Accumulated amortisation		
On 1 January	-264	-229
The year’s amortisation	-30	-19
Acquisition of companies	-	-4
Divestments and disposals	1	0
Reclassification	-	-4
Translation differences for the year	-23	-7
Total	**-316**	**-264**
Residual value	79	79

Group	Capitalised expenditure for research and development, etc.	
Accumulated acquisition value	**2022**	**2021**
On 1 January	22	13
Acquisitions during the year	6	2
Acquisition of companies	0	7
Divestments and disposals	0	0
Translation differences for the year	2	0
Total	**30**	**22**
Accumulated amortisation		
On 1 January	-10	-8
The year’s amortisation	-3	-2
Translation differences for the year	-1	0
Total	**-14**	**-10**
Residual value	16	12

Group	Agencies and customer lists	
Accumulated acquisition value	**2022**	**2021**
On 1 January	708	638
Acquisitions during year	0	0
Acquisition of companies	122	57
Reclassification	-	0
Translation differences for the year	56	13
Total	**886**	**708**
Accumulated amortisation		
On January 1	-206	-175
The year's amortisation	-39	-28
Acquisition of companies	-	0
Translation differences for the year	-10	-3
Total	**-255**	**-206**
Residual value	631	502

Group	Goodwill	
Accumulated acquisition value	**2022**	**2021**
On 1 January	2,668	1,563
Acquisition of companies	1,470	1,029
Translation differences for the year	278	76
Residual value	**4,416**	**2,668**

Group	Goodwill per segment	
The Nordic region	205	190
Central Europe	721	606
Southern Europe	1,361	1,097
Eastern Europe	543	165
Africa	215	190
Asia Pacific	1,372	419
Total	**4,416**	**2,668**

Group	Brands	
Accumulated acquisition value	**2022**	**2021**
On 1 January	210	-
Acquisition of companies	110	207
Translation differences for the year	22	3
Residual value	**342**	**210**

Group	Brands per segment	
Southern Europe	187	172
Eastern Europe	43	38
Asia Pacific	112	-
Total	**342**	**210**

The acquired trademarks in the group that are deemed to have an indeterminate lifespan derived from Sinclair, Inventor and AAD. The assessment that the useful life of these trademarks is indeterminate is based on the fact that they are well-established brands in their respective areas that the group intends to maintain and further develop. The trademarks are also considered to be of material financial importance as they form an integral part of the product offering to the market by signalling quality and innovation in the products. Since the trademarks are expected to be used for as long as relevant activities are ongoing, these trademarks are considered to have an indeterminate lifespan.

Given that it has been assessed that cash flows attributable to trademarks cannot be distinguished from other cash flows within each cash generating unit, impairment testing for both goodwill and trademarks is carried out jointly by calculating the recoverable amount of the cash-generating units to which goodwill and trademarks are allocated.

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 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 after tax has been calculated based on an overall assessment that takes into account the market's assessment of risk-free interest and risk associated with the specific asset.

A discount rate of 8.4% (9.13-9.63%) has been used for all segments. As the segments are considered to have a similar risk profile and operate in similar markets, the risks in cash flows are similar, which justifies the same return requirements being used. Reconciliation has also been made with external assessments of reasonable cost of capital. The estimated recoverable value shows reassuring safety margins of 21-187% (25-96%) in addition to the 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 to material variables will result in an impairment need.

Group	Total intangible assets	
Accumulated acquisition value	**2022**	**2021**
On 1 January	3,951	2,515
Acquisitions during the year	22	13
Acquisition of companies	1,703	1,307
Divestments and disposals	-1	-1
Reclassification	8	16
Translation differences for the year	386	101
Total	**6,069**	**3,951**
Accumulated amortisation		
On 1 January	-480	-412
The year’s amortisation	-72	-49
Divestments and disposals	1	0
Reclassification	-	-4
Translation differences for the year	-34	-10
Total	**-585**	**-480**
Residual value	5,484	3,470

Parent company	Capitalised expenditure for software	
Accumulated acquisition value	**2022**	**2021**
On 1 January	21	17
Acquisitions during the year	2	3
Total	**23**	**21**
Accumulated amortisation		
On 1 January	-15	-12
The year’s amortisation	-3	-3
Total	**-17**	**-15**
Residual value	6	6

16 Tangible fixed assets

Group	Buildings and land	
Accumulated acquisition value	**2022**	**2021**
On 1 January	427	279
Acquisitions during the year	8	35
Acquisition of companies	10	43
Divestments and disposals	-13	-13
Reclassifications	0	65
Translation differences for the year	26	18
Total	**458**	**427**
Accumulated depreciation		
On 1 January	-169	-153
The year’s depreciation	-14	-10
Acquisition of companies	-	-3
Divestments and disposals	11	7
Reclassifications	0	0
Translation differences for the year	-7	-10
Total	**-179**	**-169**
Residual value	279	259

Group	Machinery and other technical plant	
Accumulated acquisition value	**2022**	**2021**
On 1 January	362	279
Acquisitions during the year	27	32
Acquisition of companies	33	19
Divestments and disposals	-1	-3
Reclassifications	-4	18
Translation differences for the year	25	18
Total	**442**	**362**
Accumulated depreciation		
On 1 January	-243	-203
The year’s depreciation	-21	-17
Acquisition of companies	-	-12
Divestments and disposals	1	2
Reclassifications	-	0
Translation differences for the year	-16	-14
Total	**-279**	**-243**
Residual value	163	119

Group	Equipment, tools and installations	
Accumulated acquisition value	**2022**	**2021**
On 1 January	997	861
Acquisitions during the year	76	93
Acquisition of companies	18	36
Divestments and disposals	-17	-24
Reclassifications	26	-10
Translation differences for the year	71	40
Total	**1,171**	**997**
Accumulated depreciation		
On 1 January	-695	-607
The year's depreciation	-73	-62
Acquistion of companies	0	-22
Divestments and disposals	14	21
Reclassifications	0	7
Translation differences for the year	-50	-30
Total	**-804**	**-695**
Residual value	367	302

Group	Construction in progress	
	2022	**2021**
On 1 January	24	87
Acquisitions during the year	64	26
Acquisition of companies	-	0
Reclassifications	-29	-90
Translation differences for the year	4	1
Total	**63**	**24**
Residual value	63	24

Group	Total tangible fixed assets	
Accumulated acquisition value	**2022**	**2021**
On 1 January	1,810	1,506
Acquisitions during the year	175	185
Acquisition of companies	61	98
Divestments and disposals	-31	-40
Reclassification	-7	-18
Translation differences for the year	126	78
Total	**2,134**	**1,810**
Accumulated depreciation		
On 1 January	-1,106	-963
The year's depreciation	-108	-89
Acquistion of companies	0	-37
Divestments and disposals	26	30
Reclassification	-	6
Translation differences for the year	-74	-53
Total	**-1,262**	**-1,106**
Residual value	872	703

Parent company	Buildings and land	
Accumulated acquisition value	**2022**	**2021**
On 1 January	6	6
Total	**6**	**6**
Accumulated depreciation		
On 1 January	-4	-4
The year's depreciation	0	0
Total	**-4**	**-4**
Residual value	1	2

Parent company	Equipment, tools and installations	
Accumulated acquisition value	**2022**	**2021**
On 1 January	7	6
Acquisitions during the year	0	1
Total	**7**	**7**
Accumulated depreciation		
On 1 January	-4	-3
The year's depreciation	-1	-1
Total	**-4**	**-4**
Residual value	3	3

17 Participations in group companies

Parent company	2022	2021
On 1 January	4,154	2,549
Acquisitions	859	1,310
Write-down	-	-87
Conversion internal loan	-	381
Change in value, companies with put/call option	44	-
Book value of shares in group companies	**5,057**	**4,154**

Specification of the parent company's and the group's holdings of shares and interests in group companies [1]

Companies owned by the parent company	Corp. Reg. No.	Registered office	Direct share of capital % [2]	Book value	
				2022	**2021**
G & L Beijer Förvaltning AB	556020-8935	Malmö	100	7	7
Freddox AB	559116-3372	Malmö	100	0	0
GFF SAS	552130296	Saint Bonnet de Mure	100	612	612
Delclim SAS	542008099	Saint Bonnet de Mure	100	111	111
Kylma AB	556059-7048	Solna	100	8	8
SCM Ref AB	556546-2412	Alvesta	100	2	2
Clima Sverige AB	556314-6421	Ängelholm	100	1	1
H. Jessen Jürgensen AB	556069-2724	Gothenburg	100	0	0
G & L Beijer A/S	56813616	Ballerup	100	143	143
Oy Combi Cool Ab	FI05999255	Helsinki	100	1	1
Schlösser Möller Kulde AS	914492149	Oslo	100	14	14
Beijer Ref Support Norway AS	894871172	Langhus	100	9	9
Børresen Cooltech AS	918890025	Langhus	100	8	8
Beijer Ref Eesti OÜ	10037180	Tallinn	100	0	0
Beijer Ref Latvia SIA	4000344341	Riga	100	0	0
Beijer Ref Lithuania UAB	1177481	Vilnius	100	3	3
Coolmark B.V.	24151651	Barendrecht	100	84	84
Celsis B.V.	08032408	Apeldoorn	100	28	28
Werner Kuster AG	104.904.958	Frenkendorf	100	28	28
Charles Hasler AG	105.871.422	Regensdorf	100	140	140
Dean & Wood Ltd	467637	Leeds	100	109	109
RW Refrigeration Wholesale Ltd	3453694	Leeds	100	7	7
DWG Refrigeration Wholesale Ltd	299353	Dublin	100	5	5
Beijer Ref Hungary Kft	01-09-163446	Budapest	100	5	5
Beijer Ref Romania s.r.l.	J35/2794/2004	Timisoara	100	3	3
Beijer Ref Slovakia s.r.o	36551856	Bratislava	100	0	0

Continuation [1]

Companies owned by the parent company	Corp. Reg. No.	Registered office	Direct share of capital % [2]	Book value	
				2022	2021
Beijer Ref Czech s.r.o	16734874	Čestlice	100	1	1
Beijer Ref Italy Srl	00728980152	Milan	100	60	60
SCM Frigo S.p.a	04342820281	Padua	100	143	143
Beijer Ref Belgium BV	0807.473.926	Aartselaar	100	23	23
Beijer ECR Iberica S.L	ES B85608925	Madrid	100	21	21
Cofriset SAS	961500261	Lyon	100	163	163
Beijer Ref Deutschland GmbH	HRB195155	Munich	100	131	131
Beijer Ref Africa (Pty) Ltd	2008/016731/07	Tulisa Park	100	60	60
Beijer B.Grimm (Thailand) Ltd	0105553151561	Bangkok	49	8	8
SCMREF (Thailand) Co Ltd	115550008521	Samutprakarn province	100	19	19
Beijer Ref Holdings Ltd, NZ	5654928	Auckland	100	48	48
Beijer Ref Holdings AU Pty Ltd	607082379	Sydney	100	454	454
HRP Holdings Ltd	393196	Leeds	100	36	36
Beijer Ref Support B.V.	68371063	Oirschot	100	0	0
SCM Ref B.V.	68371160	Oirschot	100	0	0
Beijer Ref Portugal Unipessoal, Lda.	514531720	Vila do Conde	100	10	10
TecsaReco (Pty) Ltd	2017/452901/07	Tulisa Park	100	119	119
Tecsa Distributors Namibia (Pty) Ltd	2012/0555	Windhoek	100	15	15
Bonsoir (Pty) Ltd	2012/10024	Gabarone	100	7	7
3D Plus Limited	10965805	Leeds	66	20	20
Lumelco S.A.	A28118354	Madrid	100	155	155
Beijer Ref India Pvt Ltd	U29191DL2007PTC170816	New Delhi	100	40	40
Fenagy A/S	41457341	Århus	50	38	38
coolair Klimasysteme GmbH[3]	HRB 213276	Nordhorn	60	61	65

Continuation [1]

Companies owned by the parent company	Corp. Reg. No.	Registered office	Direct share of capital % [2]	Book value	
				2022	2021
Froid et Clim Distribution	2014 B 1 240 027	Nouméa	100	18	18
Inventor A.G.S.A[3]	005861001000	Athens	80	862	845
Sinclair Global Group s.r.o[3]	15528383	Brno	85	357	325
Deltron d.o.o.[3]	60000252	Split	80	467	-
Deltron d.o.o.[3]	65-01-0209-14	Sarajevo	80	52	-
EID SAS[3]	522171412	Avignon	85	282	-
Easyairconditioning Group Limited[3]	04221804	Henley-In-Arden	80	58	-
Total				**5,057**	**4,154**

1) The specification does not include dormant companies.
2) The capital share is consistent with the voting share for the total number of shares, except for Beijer B. Grimm (Thailand) Ltd where the voting share amounts to 51%.
3) The companies are consolidated to 100% as we hold the option to acquire the remaining share.

Continuation [1]

Companies owned by the group	Corp. Reg. No.	Registered office	Indirect share of capital % [2]
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
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	51
Metraclark Tanzania (Pty) Ltd	121736	Dar es Salaam	100
Metraclark Ghana Ltd	CS578702015	Accra	100
Eurocool (Pty) Ltd	2013/128289/07	Johannesburg	100
TFD SNC	534687306	Saint Priest	100
Beijer Ref Polska Sp.z o.o	5261028388	Sekocin Nowy	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
Fridgehub.co.uk Ltd	8103679	Leeds	100
HRP Ltd	832237	Leeds	100
Kirby HVAC & R Pty Ltd	ABN42624910041	Sydney	100
Beijer Ref (Wuxi) Co, Ltd	91320214720563266C	Wuxi	100
Beijer Ref Singapore Pte Ltd	199608760N	Singapore	100

Continuation [1]

Companies owned by the group	Corp. Reg. No.	Registered office	Indirect share of capital % [2]
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
Inventor Concept SRL[3]	J40/18417/2007	Bucharest	76
Gree Austria GmbH[3]	FN526353z	Raab	51
Sinclair Croatia d.o.o[3]	93897352452	Zagreb	85
Gree Czech & Slovak s.r.o.[3]	08641293	Brno	81
Sinclair Corporation Hungary Kft.[3]	11-09-022923	Komárom	81
Sinclair Slovakia s.r.o[3]	51877244	Bratislava	77
Gree Czech & Slovak s.r.o.[3]	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	ACN135168277	Sydney	100
Beijer Ref Refrigerants Ltd	12309921	Leeds	100
Beijer Ref Academy Ltd	11947880	Wetherby	100
Easyairconditioning.com Limited[3]	04114812	Henley-In-Arden	80
Easyairconditioning London Ltd[3]	04819019	Henley-In-Arden	80
Australian Airconditioning Distributors Pty Ltd[3]	139947363	Springvale, Victoria	51
HVAC Consolidated Pty Ltd[3]	162828971	Clayton, Victoria	51
SCM Ref Australia Ltd	643020795	Bankstown	100
Beijer Ref (Mauritius) Ltd	C183355	Port Louis	100

1) The specification does not include dormant companies.
2) The capital share is consistent with the voting share for the total number of shares, except for RNA Malaysia where the voting share amounts to 51%.
3) The companies are consolidated to 100% as we hold the option to acquire the remaining share.

18 Right of use assets

The note provides information on the leasing agreements where the group is lessee. Further information related to leases and extension options can be found in the accounting principles, see note 2. Maturity analysis for leasing liabilities is presented in note 3.

Group	2022	2021
Assets with right of use		
Buildings	1,622	1,299
Leasing vehicles	105	98
Fork-lift trucks	35	37
Office equipment	6	7
Machinery	2	1
Total	**1,771**	**1,442**
Leasing liabilities		
Short-term leasing liability	437	353
Long-term leasing liability	1,377	1,123
Total	**1,814**	**1,476**

Additional rights of use in 2022 amounted to SEK 386 million (285) and relate mainly to Buildings.

Group	2022	2021
Depreciation of rights of use		
Buildings	-324	-276
Leasing vehicles	-51	-45
Fork-lift trucks	-12	-10
Office equipment	-3	-3
Machinery	-1	-1
Total	**-391**	**-335**
Financial and other external expenses		
Interest expenses, share of financial expenses	-38	-29
Expenses attributable to short-term leasing agreements	-3	-2
Expenses attributable to low-value leasing agreements	-4	-6
Total	**-45**	**-37**

19 Financial assets at fair value

Group	2022	2021
On 1 January	44	40
Reclassifies to subsidiaries	-	-4
Changes in the fair value during the year	-14	8
Exchange difference	2	1
On 31 December	**32**	**44**
Parent company		
On 1 January	25	29
Reclassifies to subsidiaries	-	-4
On 31 December	**25**	**25**

The book value of holdings in securities amounts to SEK 32 million (44). 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. With effect from 1 July 2021, Fenagy A/S is included as a subsidiary.

As of 31/12/2022, the holding in the Spanish refrigeration wholesaler has been valued at estimated fair value.

The holding in Kulthorn Kirby has been valued at fair value as per the balance sheet date. The change in fair value is entered over other comprehensive income and during the year a change of SEK -14 million has been entered.

There is judged to be no need for impairment of the holding.

20 Trade debtors and other receivables

Group	2022	2021
Trade debtors	3,681	2,660
Prepaid expenses and accrued income	346	233
Other receivables	445	430
Total	**4,472**	**3,324**
Deduct long-term portion	-136	-112
Short-term portion	4,337	3,212

All non-current receivables fall due within five years from the balance sheet date. The fair value of trade debtors and other receivables is consistent with the reported value. There is no concentration of credit risks regarding trade debtors, as the group has a large number of customers which are also spread internationally.

Age analysis	2022	2021
Receivables not yet due	2,943	2,096
Receivables due 1-30 days	561	442
Receivables due 31-60 days	104	87
Receivables due 61-90 days	70	32
Receivables due > 90 days	154	148
Total	**3,833**	**2,804**
Age analysis reserve for bad debts [1]		
Reserve for bad debts on trade debtors not yet due	-11	-
Reserve for bad debts on trade debtors overdue 1 - 30 days	-10	-
Reserve for bad debts on trade debtors overdue 31 - 60 days	-6	-
Reserve for bad debts on trade debtors overdue 61 - 90 days	-8	-
Reserve for bad debts on trade debtors overdue > 90 days	-117	-
Total	**-152**	**-**
Reserves for bad debts		
On 1 January	-144	-121
Costs of bad debt losses	8	7
Acquisition of companies	-7	-17
Allocated during the period	-9	-13
On 31 December	-152	-144
Total trade debtors	**3,681**	**2,660**

[1] 2022 is the first year that this information is specified and therefore there is no data available for historical periods.

The group applies the simplified method for calculating expected credit losses. The method means that expected losses over the entire term of the receivable are used as a starting point for trade debtors. The expected credit loss levels are based on customers' payment history along with loss history. The assessment is adjusted as necessary by forward-looking factors based on current available information.

21 Inventories

Group	2022	2021
Raw materials and supplies	245	164
Work-in-progress	87	71
Advances to suppliers	94	63
Finished products and goods for resale [1]	7,182	5,038
Invetory write-downs	-409	-280
Goods in transit	190	-
Total inventories	**7,389**	**5,057**
1) Of which reported to net sales value	24	19

The individual assessment is based on age structure and write-downs principles. Stocks of finished products and goods for resale have been written down by 100% if the goods have not moved in more than 36 months and by 80% if the goods have not moved in the last 24-36 months.

22 Liquid funds

Liquid funds in the group consist of cash and bank balances and amount to SEK 1,518 million (1,004).

23 Share capital

Number of shares	2022	2021
A shares with number of votes 10	27,956,160	27,956,160
B shares with number of votes 1	354,347,910	354,347,910
Total	**382,304,070**	**382,304,070**
Shares in own custody	-1,958,500	-1,835,090
Number of outstanding shares	**380,345,570**	**380,468,980**
Each share has a nominal value of SEK 0.98.		
The year’s earnings per share		
before dilution, SEK	3.28	2.58
after dilution, SEK	3.28	2.56
Dividend per share, SEK[1]	1.25	1.10

1) For 2022, in accordance with the Board of Director’s proposal (for more information, see note 34)

24 Borrowing

Group	2022	2021
Long-term		
Bank loans	4,191	3,007
Total long-term	**4,191**	**3,007**
Current		
Bank overdraft facilities	214	262
Bank loans	2,218	602
Commercial paper	175	100
Total current	**2,607**	**964**
Total borrowing	**6,798**	**3,971**

Parent company	2022	2021
Long-term		
Bank loans	4,163	3,003
Total long-term	**4,163**	**3,003**
Current		
Bank overdraft facilities	176	238
Bank loans	2,170	600
Commercial paper	175	100
Total current	**2,521**	**938**
Total borrowing	**6,684**	**3,941**

Of the company's total credit facilities of SEK 22,620 million (4,912), SEK 16,930 million (1,020) was unused on the balance sheet date. At the end of 2022, Beijer Ref entered into a credit facility agreement of SEK 14,000 million with Handelsbanken and Nordea in order to finance the acquisition of Heritage Distribution, which explains the main change compared to the previous year. 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 13 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 31/12/2022. Borrowing is reported at accrued acquisition value and is considered to constitute a good estimate of fair value taking into account the fixed terms and the setting of interest rates.

The group's borrowings per currency in SEK million are as follows:

	2022	2021
EUR	3,305	1,774
SEK	3,401	1,404
GBP	-	202
NZD	-	216
CHF	-	90
NOK	-	16
DKK	-	-58
THB	12	12
AUD	55	332
Other currencies	25	-17
Total	**6,798**	**3,971**

The parent company's borrowings per currency in SEK million are as follows:

	2022	2021
EUR	3,401	1,770
SEK	3,283	1,404
GBP	-	202
NZD	-	216
CHF	-	90
PLN	-	0
NOK	-	15
DKK	-	-60
AUD	-	331
Other currencies	-	-27
Total	**6,684**	**3,941**

25 Deferred tax

Group	Value 01/01/2021	Acquisitions/ Divestments	Reported over the profit and loss account	Reported in other comprehen-sive income	Translation differences	Value 31/12/2021
Deferred tax assets:						
Fixed assets	28	-1	-1	-	1	26
Trade debtors	9	1	1	-	0	12
Inventories	35	11	26	-	7	80
Provision for pensions	30	0	-2	-5	1	25
Other provisions	56	1	2	-3	4	59
Loss carry forwards	30	2	-6	-	1	27
Set-off	-8	-	3	-	-	-5
Total deferred tax assets	**180**	**14**	**23**	**-8**	**15**	**224**
Deferred tax liabilities:						
Fixed assets	-85	-59	7	-	-5	-142
Inventories	-15	-	1	-	0	-15
Tax allocation reserve	-12	-	-4	-	-	-16
Set-off	8	-	-3	-	-	5
Total deferred tax liabilities	**-105**	**-59**	**2**	**-**	**-5**	**-168**
Deferred tax	**75**	**-45**	**24**	**-8**	**9**	**56**

Group	Value 01/01/2022	Acquisitions/ Divestments	Reported over the profit and loss account	Reported in other comprehen-sive income	Translation differences	Value 31/12/2022
Deferred tax assets:						
Fixed assets	26	-	3	-	2	31
Trade debtors	12	0	-1	-	1	13
Inventories	80	1	20	-	9	111
Provision for pensions	25	0	1	-13	3	16
Other provisions	59	2	30	11	5	107
Loss carry forwards	27	3	0	-	2	32
Set-off	-5	-	-5	-	-	-10
Total deferred tax assets	**224**	**6**	**47**	**-2**	**23**	**299**
Deferred tax liabilities:						
Fixed assets	-142	-68	4	-	-15	-223
Inventories	-15	0	-1	-	-1	-17
Tax allocation reserve	-16	-	0	-	-	-15
Set-off	5	-	5	-	-	10
Total deferred tax liabilities	**-168**	**-69**	**8**	**0**	**-17**	**-245**
Deferred tax	**56**	**-62**	**56**	**-2**	**6**	**54**

Deferred tax attributable to fixed assets, pension liabilities and the majority of loss deductions is expected to be used after 12 months. Otherwise, a term of less than 12 months is expected. Most of the loss deductions are not limited in time. In addition to booked loss deductions, there is approximately SEK 12 million (10) in accumulated losses that have not been capitalised due to uncertainty in utilisation.

26 Pension commitments

Group	2022	2021
The amounts reported in the consolidated balance sheet were calculated as follows:		
Current value of funded commitments [1]	374	393
Fair value of plan assets	-311	-296
Deficits in funded plans	**63**	**97**
Current value of unfunded commitments	47	45
Net liabilities on the balance sheet	**110**	**142**
1) In the 2022 value, the liability for direct pension is SEK 11 million (1)		
Changes in the defined-benefit obligations during the year are as follows:		
On 1 January	436	448
Costs of service in the current year	15	14
Costs of service in previous years	-2	-3
Interest expense	3	2
Contributions from employees	12	9
Revaluation effects resulting from demographic and financial assumptions	-109	-30
Revaluation effects resulting from experience-based assumptions	33	-5
Payments made	-31	-17
Settlement	0	-1
Liabilities acquired through business combinations	1	0
Other	0	0
Translation difference	52	19
On 31 December	**410**	**436**

The change in the fair value of plan assets during the year is as follows:		
On 1 January	296	291
Interest income	2	1
Revaluation effects	-14	-11
Contributions from the employer	8	7
Contributions from employees	12	9
Payments made	-28	-13
Other	0	0
Translation difference	35	12
On 31 December	**311**	**296**

Group	2022	2021
The plan assets consist of the following:		
Funded with pension managers	304	290
Cash	2	2
Other	5	5
Total	**311**	**296**
The amounts recognised in other comprehensive income are as follows (revaluations):		
Actuarial (profit) or loss on the current value of the obligation	(76)	(35)
Return on plan assets excluding amounts included in the interest expenses	13	11
Total pension costs or (income)	**(62)**	**(24)**

Defined benefit plans
Within the group, there are a number of defined benefit plans, where employees are entitled to compensation 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 2022, the company has not had access to such in formation 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 (2.1). 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 2022, Alecta's surplus in the form of the collective consolidation level amounted to 172 per cent (172).

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

2022	Netherlands	Switzerland	France	Italy	Other	Total
Present value of the obligation	98	241	34	31	18	**421**
Fair value of plan assets	-95	-211	-5	-	-	**-311**
Total	**3**	**30**	**29**	**31**	**18**	**110**

2021	Netherlands	Switzerland	France	Italy	Other	Total
Present value of the obligation	137	228	37	29	7	**438**
Fair value of plan assets	-130	-161	-5	-	-	**-296**
Total	**7**	**67**	**32**	**29**	**7**	**142**

The main actuarial assumptions were as follows:

	Netherlands		Switzerland		France		Italy		Other	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Discount rate %	3.12	1.01	1.75	0.30	3.61	0.89	3.23	0.71	3.36	1.95
Future salary increases %	-	-	1.20	1.00	2.15	1.85	-	-	4.84	4.82

Netherlands

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

Italy

The parameter of the rate of salary growth is not applicable when valuing the TFR fund.

Sensitivity analysis for defined benefit pension commitments:

Effect on defined benefit obligations in 2022

		Netherlands		Switzerland		France		Italy		Other	
	Change in assumed value	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate %	0.50%	-8.43%	9.61%	-6.63%	7.47%	-5.18%	5.49%	-3.41%	3.70%	-2.90%	3.19%
Future salary increases %	0.50%	-	-	0.20%	-0.22%	5.85%	-5.53%	-	-	3.73%	-3.24%

The above sensitivity analyses are based on a change in one assumption while all other assumptions are kept constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to material actuarial assumptions, the same method (the present value of the defined benefit obligation using the projected unit credit method at the end of the reporting period) is used as for calculating the pension liability presented in the financial condition report.

27 Other provisions

Group	2022	2021
Guarantee commitments	103	79
Other	86	56
Total	**189**	**134**
Long-term portion	112	86
Current portion	77	48
Total	**189**	**134**
Guarantee commitments		
Net value at the start of the period	79	47
Provisions made during the period	58	47
Acquisition of companies	1	18
Reclassification	-3	2
Amounts utilised during the period	-36	-33
Restored unutilised amount	-4	-5
Translation difference	8	2
Net value at the period end	**103**	**79**

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

Other		
Net value at the start of the period	56	42
Provisions made during the period	76	64
Acquisition of companies	6	5
Reclassification	0	-3
Amounts utilised during the period	-60	-54
Restored unutilised amount	-1	0
Translation difference	8	2
Net value at the period end	**86**	**56**

Other
Provisions reported as other consist mostly of sales-related provisions such as bonuses and commissions.

28 Trade creditors and other liabilities

Group	2022	2021
Trade creditors	2,585	2,130
Advance payments from customers	98	75
Accrued expenses and deferred income	1,149	695
Other current liabilities	788	580
Total	**4,621**	**3,480**

The fair value of trade accounts payable and other liabilities is considered to correspond to their reported values, as they are by nature short-term.

29 Contingent commitments/Contingent liabilities

Group	2022	2021
Guarantees	27	24
Total	**27**	**24**
Parent company		
Guarantee commitments SHB	3	2
Guarantee commitments Nordea	13	1
Guarantee commitments, other	29	39
Total	**45**	**43**

The parent company's guarantee undertaking is to the bank for subsidiaries' credits.

Exemption rules for subsidiaries
A parent company guarantee has been issued in accordance with Article 2:403 paragraph 1F of the Netherlands Civil Code regarding the financial year 2022 for the following subsidiaries registered in the Netherlands. The parent company guarantee applies to all outstanding liabilities of the subsidiaries at the balance sheet date until commitments are fulfilled. The subsidiaries described have applied the exemption regarding the obligation to register the annual accounts with the Dutch Chamber of Commerce in accordance with Article 2:403 paragraph 1 of the Dutch Civil Code.

- Beijer Ref Support B.V.
- ECR-Nederland B.V.
- Coolmark B.V.
- SCM Ref B.V.
- Celsis B.V.

30 Transactions with shareholders with non-controlling interest

Group	2022	2021
On 1 January	93	76
Share of the year's result	17	11
Translation difference	10	4
Dividend	-9	-10
Holders without controlling interest arising from the acquisition of businesses	-	11
Revaluation of pension liabilities	-	0
On 31 December	**111**	**93**

The holders of the non-controlling interest relate to Beijer B. Grimm (Thailand), Metraclark Zambia Limited, RNA Malaysia, Fenagy A/S and 3DPlus.

31 Acquisition of companies

For each acquisition, the company performs a materiality assessment based on sales, product area and market. It is our assessment that an acquisition is material in cases where the sales of the acquired company exceed 5 per cent of the group's total sales. During 2022, six acquisitions were consolidated in the group's accounts, each of which has been deemed to be immaterial. Of these, two are asset and liability acquisitions. Information about acquisitions is provided in the note below on business combinations.

Deltron
At the beginning of January, Beijer Ref acquired 80 per cent of the shares in Deltron, with an option to acquire the remaining shares. Deltron's head office is located in Split, Croatia with subsidiaries in Bosnia-Herzegovina. Beijer Ref already had a small presence in Croatia and now, through this acquisition, is also established in Bosnia-Herzegovina. The company is active in HVAC and expands Beijer Ref's geographical coverage in this product area. Deltron is included in the company's accounts from 1 January 2022.

GMR Supplies and Mackay Air Supply
At the beginning of April, Beijer Ref signed two new agreements to acquire all assets of GMR Supplies, a refrigeration distributor based in Perth, Western Australia, and Mackay Air Supply, an HVAC&R distributor based in Mackay, Queensland. GMR Supplies is a distributor of high-quality refrigeration products and provides spare parts within HVAC&R to large parts of Western Australia. Mackay Air Supply, which is also a distributor of HVAC&R, offers brands that are more focused on products in air conditioning. The operations are included in Beijer Ref's accounts with effect from 1 April 2022.

EID
During the third quarter of 2022, Beijer Ref acquired 85 per cent of the shares in EID, with an option to acquire the remaining share. EID is headquartered in Avignon, France. EID produces insulated copper pipes as well as being a strong reseller of other HVAC-related products. The acquisition strengthens Beijer Ref's geographical presence in France and expands the business's offering to both new and existing customers. EID is included in Beijer Ref's accounting from 1 August 2022.

Easy Air Conditioning
During the fourth quarter of 2022, Beijer Ref acquired 80 per cent of the shares in Easy Air Conditioning, with an option to acquire the remaining shares. Easy Air Conditioning is headquartered in Henley-in-Arden, United Kingdom. Easy Air Conditioning delivers solutions in AC and heat recovery systems. They primarily target commercial buildings and offer bespoke designs for specific business needs. Easy Air Conditioning is included in Beijer Ref's accounting from the beginning of October 2022.

AAD and HVAC Consolidated
In the last quarter of the year, the transaction was completed of AAD (Australian Airconditioning Distributors Pty Ltd) and HVAC Consolidated (HVAC Consolidated Pty Ltd). Beijer Ref has acquired 51 per cent of the shares in Australian air conditioning company AAD and HVAC Consolidated, with an option to acquire the remaining share. AAD and HVAC Consolidated are based in Melbourne, Australia, where AAD has geographic coverage in three states. The companies together have established relationships with international manufacturers in air conditioning, as well as a broad product portfolio through AAD. AAD and HVAC Consolidated are included in Beijer Ref's accounting as of 1 November 2022.

After the end of the financial year
On 20 January 2023, the acquisition of Heritage Distribution was completed. Beijer Ref acquired approximately 95 per cent of the shares and holds a put/call option to acquire the remaining share. Heritage Distribution is a leading distributor of heating, ventilation, air conditioning and cooling tools, components, and equipment in North America. The acquisition of Heritage Distribution represents Beijer Ref's entry into the strategically important and attractive North American market. The purchase price amounted to USD 1,304 million on a cash and debt free basis, corresponding to approximately SEK 13.4 billion.

A preliminary acquisition analysis has been prepared, which shows the total net assets identified amounting to SEK 1.4 billion, consisting primarily of brands of SEK 2.8 billion and customer relationships of SEK 1.5 billion. Goodwill amounted to approximately SEK 6.5 billion. Specified values are preliminary.

Acquisition costs of approximately SEK 245 million were expensed in 2022 and are included in other external costs.

2021

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

Complete Air Supply
At the end of January 100% of the shares of Complete Air Supply (CAS) in Australia were acquired. This company is active in HVAC and has a range that complements our existing companies in Australia. CAS has annual sales of SEK 130 million, with 40 employees in 2 branches. This company is included in Beijer Ref's accounts with effect from 1 February 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 totalling SEK 38 million, Beijer Ref is the majority owner with just over 50% and Fenagy is included in the group's accounts as of 1 July. Fenagy A/S is a newly-formed company and manufactures industrial heat pumps and refrigeration systems based on the environmentally friendly refrigerant CO_2.

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

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

Inventor
The transaction for Inventor A.G S.A was completed in the last quarter of the year. 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, which is headquartered in Athens (Greece), with a second sales office in Bucharest (Romania), will continue to operate under its own brand. Inventor's annual sales amount to just over SEK 600 million and the company has approximately 80 employees. The company is included in Beijer Ref's accounting from 1 October 2021.

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

Clima Solutions
In December, the assets of Clima Solutions, which operates in New Zealand, were acquired. Clima is a distributor that provides refrigeration units (and related equipment) and industrial applications to the HVAC market. Annual sales amount to approximately SEK 35 million.

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

Accounting for acquisitions
Identified customer lists are written off over 10 years, while brands are judged to have an indefinite lifespan and are not written off. Most accrued acquisition goodwill is explained by synergy gains with the group's existing operations. During 2022, four of the acquisitions were made with an option to acquire the remaining shares over the period 2024–2025. The options have been valued at the likely outcome and entered as non-current liability; this liability amounts to SEK 706 million. Acquisitions that include a put/call option where ownership will amount to 100 per cent, are consolidated in their entirety at the time of acquisition.

Acquisition costs for acquisitions completed in 2022 amount to SEK 10 million and are included in other costs. Since each consolidation date, the acquired companies have contributed SEK 800 million to the group's net sales and SEK 113 million to EBIT.

The table on the right shows the total cash flow effect from acquisition activities. The list of identifiable net assets refers to acquisitions made in 2022 and 2021, respectively. 2022 includes the effect of the acquisitions of Deltron, EID, Easy Air Conditioning, AAD and HVAC Consolidated. These companies have been merged in the table as each acquisition individually is not material. Acquisition calculations for the companies that were acquired up to and including December 2021 have now been established. No significant adjustments have been made to the calculations.

Acquisition of companies	12 months 2022	12 months 2021
Fair value reported in the group:		
Intangible assets	233	264
Tangible and financial fixed assets	243	64
Deferred tax assets	6	14
Inventories	263	366
Other current assets	228	296
Liquid funds	154	293
Deferred tax liabilities	-69	-59
Provision	-4	-33
Other current liabilities	-579	-656
Total identifiable net assets	**476**	**549**
Goodwill	1,465	1,023
Effect on cash flow:		
Consideration	-1,941	-1,559
Non-paid purchase price	873	688
Consideration paid relating to acquisitions from previous years	-229	-
Liquid funds in acquired companies	154	293
Total	**-1,144**	**-578**

32 Transactions with related parties

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

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 1 million (1).

Deltron d.o.o. Croatia leases premises in property owned by companies controlled by Ante and Mladen Drnasin, minority owners of Deltron d.o.o. Croatia. The rent during the year amounted to SEK 2 million.

Australian Airconditioning Distributors Pty Ltd. leases premises in property owned by companies controlled by Craig Dodd, Jason Dodd and David Dodd who in turn control Australian Airconditioning Distributors Pty Ltd. minority owner Aircon Concepts Pty Ltd. The rent during the year amounted to SEK 4 million. Australian Airconditioning Distributors Pty Ltd. is also charged administration costs by these companies amounting to SEK 1 million.

HVAC Consolidated Pty Ltd. has sold goods to companies owned by companies controlled by Craig Dodd and Jason Dodd who in turn control HVAC Consolidated Pty Ltd. minority owner Coldflow Airconditioning Pty Ltd at a value of SEK 22 million.

Companies within Sinclair Group in the Czech Republic, Slovakia and Austria lease premises in properties owned by companies controlled by Zdenek Cizek, Ivo Nespor and Vladimir Pakosta, minority owners of Sinclair Group. The rent amounted to SEK 10 million (7).

Companies within Sinclair Group in the Czech Republic and Slovakia provided property management and accounting services to companies controlled by Zdenek Cizek, Ivo Nespor and Vladimir Pakosta, who are minority owners of Sinclair Group. The services amounted to SEK 0 million (1).

In 2021, H. Jessen Jürgensen A/S leased premises in property owned by close associates 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 Jan-March 2021 amounted to SEK 1 million.

Remuneration to senior executives appears in note 6.

33 Events after the balance sheet date

On 20 January 2023, the acquisition of Heritage Distribution was completed. Beijer Ref acquired approximately 95 per cent of the shares and holds a put/call option to acquire the remaining share. Heritage Distribution is a leading distributor of heating, ventilation, air conditioning and cooling tools, components, and equipment in North America. The purchase price amounted to USD 1,304 million on a cash and debt free basis, corresponding to approximately SEK 13.4 billion.

On 15 December 2022, Beijer Ref entered into a credit facility agreement (bridge facility) of SEK 14,000 million with Handelsbanken and Nordea to finance the acquisition of Heritage Distribution. In connection with the completion of the acquisition on 20 January 2023, Beijer Ref raised a loan under this agreement for a total of SEK 13,600 million.

An Extraordinary General Meeting was held on 17 February 2023. The General Meeting resolved, in accordance with the Board's proposal, to adjust the limits for minimum and maximum share capital so that the share capital shall be not less than SEK 350,000,000 and not more than SEK 800,000,000, as well as the limits for the minimum and maximum number of shares so that the number of shares shall be not less than 350,000,000 and not more than 800,000,000.

The General Meeting resolved, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to, during the period until the Company's Annual General Meeting 2023, resolve on a new issue of class B shares with preferential rights for the company's shareholders.

On February 21, 2023, the Board of Directors resolved on a new issue of class B shares of SEK 13,946 million with preferential rights for Beijer Ref's shareholders. The primary purpose of the rights issue was to repay the bridge facility provided for the acquisition of Heritage Distribution. The preferential rights issue comprises a maximum of 126,781,856 new class B shares.

The record date for the rights issue was February 28 and trading in subscription rights took place March 2-13. The subscription period was March 2-16 and trading in paid subscribed shares took place during March 2-21. Preliminary and final results of the rights issue were announced on March 17 and March 20, respectively. All dates refer to the year 2023.

As a result of the acquisition of Heritage Distribution, Beijer Ref will change its reporting of operating segments. This is to provide a clearer overview and understanding of the business's respective segments, it will also be consistent with the internal reporting submitted to group management. Beijer Ref's markets will be divided into the following: APAC, EMEA and North America. The change will take effect in the first quarter of 2023.

34 Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:	
Share premium reserve	902
Profit brought forward	247
Net profit for the year	593
Total	**1,742**

The Board of Directors and the CEO propose that the profit be distributed as follows:	
Dividend, SEK 1.25 per share[1]	475
To be carried forward	1,266
Total	**1,742**

[1]) The proposed dividend per share has been adjusted from SEK 1.25 per share to SEK 0.94 per share, taking into account the outcome of the rights issue that was announced on March 20, 2023. After taking into account the rights issue, the total dividend is proposed to amount to SEK 477 million.

The Board of Directors finds that the proposed dividend is within the framework of the company's long-term goals and is justifiable in view of what is stated in the Swedish Companies Act, Chapter 17, Section 3, regarding the requirements that the nature, Scope and risks of the business place on the size of the equity and consolidation needs, liquidity and position in general for the parent company and the group. The group's and the parent company's equity/assets ratio after the proposed dividend amounts to 29% and 17%, respectively.

The profit and loss account and balance sheet will be presented to the annual general meeting on 04/25/2023 for adoption. Proposed record dates are 27 April and 24 October 2023.

The Board of Directors and the CEO declare that the consolidated financial report has been prepared in accordance with the international financial reporting standards IFRS as adopted by the EU and gives a true and fair view of the group's position and results.

The annual report has been prepared in accordance with good accounting practice and gives a true and fair view of the parent company's position and results. The report of the board for the group and the parent company gives a true and fair overview of the development of the group's and the parent company's activities, position and results, as well as describing significant risks and uncertainty factors to which the parent company and the companies within the group are exposed.

Malmö, April 3, 2023

Kate Swann
Chair of the Board

Christopher Norbye
CEO

Albert Gustafsson
Board member

William Striebe
Board member

Frida Norrbom Sams
Board member

Joen Magnusson
Board member

Kerstin Lindvall
Board member

Per Bertland
Board member

Nathalie Delbreuve
Board member

Our audit report was submitted April 3, 2023
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 2022-01-01 - 2022-12-31. The annual accounts and consolidated accounts of the company are included on pages 42-43, 49-51 and 57-97 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 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. 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 Board of Directors 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 estimates for determining its cost, judgment about its saleability and its net realizable value as well as procedures for safeguarding and keeping track of the inventory.
In note 2 and in note 4 the group's inventory accounting policy and critical accounting estimates and judgments are described.

Our audit procedures
Our audit procedures included, but were not limited to:
• assessing the group's accounting policy and the individual entities' accounting for inventory in compliance with IFRS,
• observations of physical inventory counts,
• on a sample basis testing of the valuation of inventory,
• evaluating management's estimates of the obsolescence reserve, and
• review of eliminations of intragroup profits in inventory.

Acquisitions and identification of surplus values
In 2022, Beijer Ref concluded acquisitions for a total consideration of SEK 1 941 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
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-41, 52-56 and 101-105. The other information also contains the remuneration report which we obtained before the date of this audit report. The Board of Directors 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 board's audit committee shall, without affecting the board's other responsibilities and duties, among other things monitor the company's financial reporting.

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/revisornsansvar. 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 2022-01-01 - 2022-12-31 and the proposed appropriations of the company’s profit or loss. We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

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. 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 (publ) for the financial year 2022-01-01 - 2022-12-31.

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

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

Basis for opinion

We have performed the examination in accordance with FAR’s recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors’ responsibility section. We are independent of Beijer Ref AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of The Board of 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 firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory 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 validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

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

The auditor’s examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 44-48 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 2022-04-07 and has been the company’s auditor since 2020-06-25.

Malmö, April 3, 2023
Deloitte AB

Richard Peters
Authorized Public Accountant

Five years in summary

SEK million	2022	2021	2020	2019	2018
Sales and profits					
Net sales	22,638	16,905	14,062	14,817	13,015
Other operating income etc.	145	48	25	28	20
Operating expenses excluding depreciation and write-down of intangible and tangible fixed assets	-20,312	-15,118	-12,610	-13,191	-11,843
Depreciation and write-downs on tangible fixed assets	-500	-425	-392	-380	-69
Amortisiation and write-downs on intangible fixed assets	-72	-49	-50	-44	-37
EBITDA	2,471	1,835	1,477	1,655	1,191
EBITA	1,971	1,410	1,086	1,274	1,122
Operating profit	1,900	1,361	1,036	1,230	1,085
Net financial items	-179	-69	-59	-56	-31
Profit before tax	1,721	1,292	977	1,174	1,055
Tax on the year’s profit	-456	-302	-248	-301	-275
Net profit for the year	1,266	990	729	873	780
Attributable to:					
The parent company’s shareholders	1,248	979	722	864	769
Non-controlling interests	17	11	6	9	10
Capital structure					
Liquid funds including unutilised bank overdraft facility	2 000	1,342	1,646	1,286	1,302
Equity	6,714	5,266	4,489	4,369	3,785
Capital employed	16,622	11,379	8,596	8,374	7,223
Operating capital	15,073	10,331	7,395	7,538	6,288
Interest-bearing liabilities	8,722	5,589	4,105	4,002	3,431
Balance sheet total	21,864	15,300	11,401	11,079	9,845

SEK million	2022	2021	2020	2019	2018
Key figures					
Equity ratio, %	30.7	34.4	39.4	39.4	38.4
Return on equity, % (1)	20.4	20.0	16.5	20.9	21.1
Return on operating capital, % (1)	14.3	15.4	13.8	16.2	17.4
Interest coverage ratio, multiple	10.4	16.4	15.6	18.4	25.0
Debt/equity ratio, multiple	1.1	0.9	0.7	0.7	0.7
EBITA-margin, %	8,7	8,3	7,7	8,6	8,6
Operating margin, %	8.4	8.0	7.4	8.3	8.3
Other					
Average number of employees	4,720	4,134	3,856	3,869	3,703
of which outside Sweden	4,596	4,015	3,745	3,758	3,598
Salaries, excluding social security contributions	2,152	1,752	1,549	1,648	1,398
of which outside Sweden	2,028	1,658	1,471	1,569	1,325
Cash flow from investment operations	1,331	749	352	137	1,081

(1) For comparability, historical values have been adjusted based on the 2022 calculation.

Energy
Accounting principles
Energy consumption data is obtained from invoiced data from our power suppliers and/or from metering values. Data for energy consumption in Scope 1 and 2 includes all Beijer Ref plants. Energy consumption from leased and rented sales offices and small local warehouses is included in Scope 1 and 2 emissions.

		Unit	2022	2021	2020
Scope 1&2	Scope 1 + 2 / total energy consumption, direct and indirect	MWh	27 947	29 867	24 730
Scope 1	- of which natural gas	MWh	9 583	8 615	8 149
Scope 1	- of which coal or fuel distilled from crude oil	MWh	0	50	319
Scope 2	- of which district heating	MWh	1 950	3 041	2 687
Scope 2	- of which electricity	MWh	16 414	18 161	13 575

Greenhouse gas emissions (Scope 1, 2 and 3)
Accounting principles
Beijer Ref has adopted the Greenhouse Gas Protocol as the basis for our greenhouse gas (GHG) accounting principles. Scope 1, 2 and 3.

Scope 1 Direct emissions: Direct and indirect energy consumption is a major source of GHG emissions in Beijer Ref, same as VOC emissions from handling of the refrigerants and emissions from owned and leased company cars. 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 and 2 emissions. Data on VOCs is based on the number of reported leakages from our companies across the organization. Emissions from power consumption are based on International Energy Agency country specific GHG emis-sion factors (location based), not including production and transmission losses. Total emissions per Turnover is based on Group turnover and absolute emissions.

Scope 3: GHG emissions reported are aligned with the Greenhouse Gas Protocol Accounting and Reporting Standard and include categories considered material to Beijer ref. Quantifi-cation is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. As data quality for remaining Scope 3 categories improves, we plan to update and include it in our reporting.

1. Use of sold products: Covers all our cooling and HVAC units sold and the emissions follow by the use of these products over it's lifetime in terms of emission from the electricity consu-med and the leakage of refrigerant. Lifetime of products, energy consumption and leakage ra-tes are industry standards based on the assumptions available in the EU Impact assessment report accompanying the document proposal for a Regulation of the European Parliament and the council on fluorinated greenhouse gases, amending Directive (EU) 2019/1937 and repealing Regulation (EU) No 517/2014. The assumptions are combined with number of sold units from our ERP system.

Another part of the use of sold products is sales of bulk refrigerants sold in gas cylinders to in-stallers to fill or refill units. The emissions form this category is calculated as how much of the refrigerants that is expected to leak to atmosphere over lifetime of the refrigerant. Lifetime of products and leakage rates are industry standards based on the assumptions available in the EU Impact assessment report accompanying the document proposal for a Regulation of the European Parliament and the council on fluorinated greenhouse gases, amending Directive (EU) 2019/1937 and repealing Regulation (EU) No 517/2014.

2. Purchased goods and services: Covers all ingoing electronic units, piping and refrigerants registered in Beijer production data management system. The emissions are calculated as emissions factors coupled to financial spend within the different area.

3. Transportation of goods: Based on spend on the different types of transport, (Road and Sea). The emissions are calculated as emissions factors coupled to financial spend within the different area.

4. End of life of used product: Based on the bulk refrigerants sold and the amount left when the products lifetime come to an end. The leakage rates with end of life are based on the assumptions available in the EU Impact assessment report accompanying the document pro-posal for a Regulation of the European Parliament and the council on fluorinated greenhouse gases, amending Directive (EU) 2019/1937 and repealing Regulation (EU) No 517/2014. combined with the amount of gasses sold based on extracted data from our company ERP system.

Scope 1 / direct Emissions	**2022**	**2021**	**2020**
- VOCs and HFC gases	28 370	370	370
- Leased Company Cars	7 227	5 355	5 000
- Natural Gas	1 844	1 696	1 731
Scope 2/ Indirect emissions			
- Electricity (Location based)	5 965	6 015	4 572
- District Heaing	363	332	232
Scope 1 and 2 /Total	43 769	13 769	11 905
Scope 1 and 2 emissions intencity			
- Per revenue	1.9	0.81	-
Scope 3/ Other indirect emissions			
1 Use of sold products			
- Electricity	7 105 609	6 377 083	-
- Leakage from refrigerants sold	5 313 238	5 488 107	-
- Leakage from loaded units	255 268	324 947	-
2 End of life treatment of sold products			
- Leakage from refrigerants end of life	2 408 001	2 503 023	-
3 Purchased goods and services	581 911	286 224	-
4 Upstreal transportation	120 855	132 285	-
5 Employee commuting	7 990	6 290	-
6 Waste generated in operations	5 254	5 254	-
7 Business travel	233	109	-
Scope 3 / total	**15 798 359**	**15 123 322**	**-**
Scope 1, 2 and 3/ total	**15 842 128**	**15 137 090**	**-**
Scope 1, 2 and 3 emissions intencity	**700**	**895**	**-**

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 axmount 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.

	2022	2021	2020	2019	2018
Green OEM-sales	39%	33%	32%	26%	21%

EU Taxonomy
Accounting principles
Taxonomy-aligned economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation and that economic activity meets all of the technical screening criteria within those delegated acts. In Beijer Ref we evaluate that the eco friendly part of our OEM activities in terms of turnover, OpEx and CapEx meets the criteria described and is taxonomy-aligned. Our core activity in Beijer Ref is sales and distribution of equipment to HVAC and colling installers. Sales and distribution is for now not accepted as aligned activity 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. 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. OpEx used as denominator includes following posts (repair and maintenance costs related to premises, repair and maintenance of machin-ery 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) (SEK million)	Share covered by taxonomy "aligned" (%)	Share not covered by taxonomy "non-aligned"(%)
Sales	22,638	3.75%	96.25%
Capital expenditure (CapEx)	879	4.77%	95.23%
Operating expenditure (OpEX)	63	23.74%	76.26%

Work-related injuries and accidents
Accounting principles
Work-related injuries are measured as the number of injuries resulting in absence from work that exceed one day per one million hours worked. The Scope of the report covers all Beijer Ref's full-time and part-time contract partners. Short- and long-term sick leave is based on the same number of employees as described above. Staff turnover is based only on full-time employees.

		2022	2021	2020	2019	2018
Injuries and accidents, all employees	LTI Freq.	7.6	6.6	4.6	5.2	7.0
Staff turnover	%	17	15	9.5	11.8	10.6
Long-term sick leave	%	1.5	1.1	1.3	1.1	1.0
Short-term sick leave	%	1.7	1.3	1.8	1.1	1.1
Total sick leave	%	3.2	2.4	3.1	2.2	1.2
Target sick leave	%	<4	<4	<4	<4	<4

Anti-corruption work
Accounting principles
Cases submitted to the whistleblower hotline cover all cases that are reported either directly through the whistleblowing system or via management. The Scope of relevant whistleblower hotline cases includes breaches of all subjects covered by Beijer Ref's Code of Conduct. Cases concerning business ethics and compliance reported via the hotline are investigated via Beijer Ref's investigation process.

	2022	2021	2020	2019	2018
Number of notified cases	0	1	3	1	1

Gender diversity
Accounting principles
The number of female employees and managers is based on the total number of employees, which is also reported for men and women. The Scope of the reporting includes all of Beijer Ref's full-time and part-time employees.

	2022	2021	2020	2019	2018
% Female employees	23%	23%	22%	21%	21%
% Female managers	18%	19%	17%	16%	18%

Industry terms

ARW	Air Condition & Refrigeration Wholesale - refrigeration wholesaler business in air conditioning and refrigeration.
Chiller	Liquid refrigeration unit.
CO_2 equivalent	A measurement of greenhouse gas emissions and how much carbon dioxide is needed to produce the same effect on the climate.
F-gases	Artificial gases containing fluorine, such as HCFCs and HFCs.
GWP	Global Warming Potential, measures the influence of the greenhouse effect.
HCFC	HydroChloroFluoroCarbons, which affect the ozone layer and contribute to global warming.
HFC	HydroFluoroCarbons, fluorinated greenhouse gases that contribute to global warming.
HFO	HydroFluoroOlefins, synthetic environmentally friendly refrigerants.
HVAC	Heating, Ventilation, Air Conditioning.
OEM	Original Equipment Manufacturer, own product manufacturing.
Transcritical	Heat transfer with gas cooler.

Geographical area

Africa	Botswana, Ghana, Mozambique, Mauritius, Namibia, South Africa, Tanzania, Zambia
Asia Pacific	Australia, India, China, Malaysia, New Zealand, Singapore, Thailand, New Caledonia
Central Europe	Belgium, Ireland, Netherlands, Switzerland, Germany, United Kingdom
Eastern Europe	Austria, Bosnia-Herzegovina, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia
Southern Europe	France, Italy, Portugal, Spain, Greece
The Nordic region	Denmark, Finland, Norway, Sweden

Other

CSR	Corporate Social Responsibility.
KPI	Key Performance Indicator.
PIM	Product Information Management, centralised management of product information that is needed to market and sell the products through one or more distribution channels.
The Kigali Agreement	Addendum 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).

To the shareholders

The shareholders of Beijer Ref AB (publ), corporate ID no. 556040-8113, are hereby invited to the Annual General Meeting (the “AGM”) to be held on 25 April 2023, at 15:00 at Malmö Arena Hotel, Hyllie Boulevard 12, 215 32 Malmö, Sweden. Registration for the AGM will begin at 14.30.

The board of directors has resolved, in accordance with the provisions of the company’s Articles of Association, that shareholders may exercise voting rights in advance by so-called postal voting.

A. Right to participate, notification of attendance and postal voting

A shareholder who wishes to attend the AGM venue or who wishes to exercise its voting rights by postal voting, must be recorded in the share register maintained by Euroclear Sweden AB as per 17 April 2023; and must

(i) in the event of participation at the AGM venue: give notice of attendance to the company no later than by 19 April 2023, kindly before 16:00.

Notice of attendance is submitted by regular mail to Beijer Ref AB, “AGM”, c/o Computershare AB, P.O. Box 5267, SE-102 46 Stockholm, Sweden, by email to proxy@computershare.se, by telephone +46 (0)771 24 64 00, or through the company’s website, https://www.beijerref.com/agm2023/ (only for natural persons). The notice of attendance shall include name of shareholder, personal or corporate identity number, address, telephone number, and if relevant, name of proxy holder and number of any assistants (not more than two); and/or

(ii) in the event of exercising voting rights by postal voting: give notice hereof by submitting its postal vote to the company no later than by 19 April 2023, kindly before 16:00.

A special form shall be used for postal voting. The form is available on the company’s website, https://www.beijerref.com/agm2023/. The completed and signed form shall be sent to Beijer Ref by regular mail to Beijer Ref AB, “AGM”, c/o Computershare AB, P.O. Box 5267, SE-102 46 Stockholm, Sweden or by e-mail to proxy@computershare.se. Shareholders may also cast their votes electronically by verifying with BankID via the company’s website, https://www.beijerref.com/agm2023/.

A shareholder who wishes to attend the AGM venue in person or by proxy must give notice of this in accordance with the instructions in (i) above. Hence, a notice of participation only through postal voting is not sufficient for a person who wishes to attend the AGM venue.

If a shareholder is represented by proxy, a written and dated power of attorney signed by the shareholder must be issued to the proxy and submitted to the company. A proxy form is available on the company’s website, https://www.beijerref.com/agm2023/. Further, if the shareholder is a legal entity, a registration certificate or other authorisation document must be submitted to the company. In order to facilitate the registration process, proxies and registration certificates and any other authorisation documents is requested to be received by the company at the above address in connection with submitting the notice of attendance or postal vote.

The shareholder may not provide a postal vote with specific instructions or conditions. If so, the entire vote is invalid. Further instructions and conditions are included in the form for postal voting.

Shareholders whose shares are nominee-registered must temporarily re-register their shares in their own name in the shareholders’ register maintained by Euroclear Sweden AB in order to participate in the AGM (so called voting rights registration). The shareholders’ register as of the record date 17 April 2023 will include voting rights registrations made not later than 19 April 2023. Therefore, shareholders must, in accordance with the respective nominee’s routines, in due time before said date request their nominee to carry out such voting rights registration.

Dividend

From the available unappropriated earnings of 1,742,029,475.58 SEK, dividend shall be paid in the total amount of SEK 0.94 per share, entailing a total dividend amount of SEK 476,699,780.44. The board of directors’ proposal regarding dividend per share has been prepared taking into account the board of directors’ decision on rights issue that was announced on 21 February 2023 and which is estimated to be completed before the 2023 Annual General Meeting. Payment shall be made in two instalments of SEK 0.47 per share for the first instalment and SEK 0.47 per share for the second instalment. It is proposed that the record date for the first instalment be 27 April 2023 and for the second instalment 24 October 2023.
If the Annual General Meeting decides to accept this proposal, the first instalment will be due to be paid from Euroclear on 3 May 2023 and the second instalment on 27 October 2023.

Financial calender for 2023

• Interim report Q1	25 April
• Annual General Meeting	25 April
• Interim report Q2	20 July
• Interim report Q3	24 October
• Interim report Q4	31 January 2024

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On our website www.beijerref.com you will always find the latest information

Here we publish financial information, press releases and much more

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