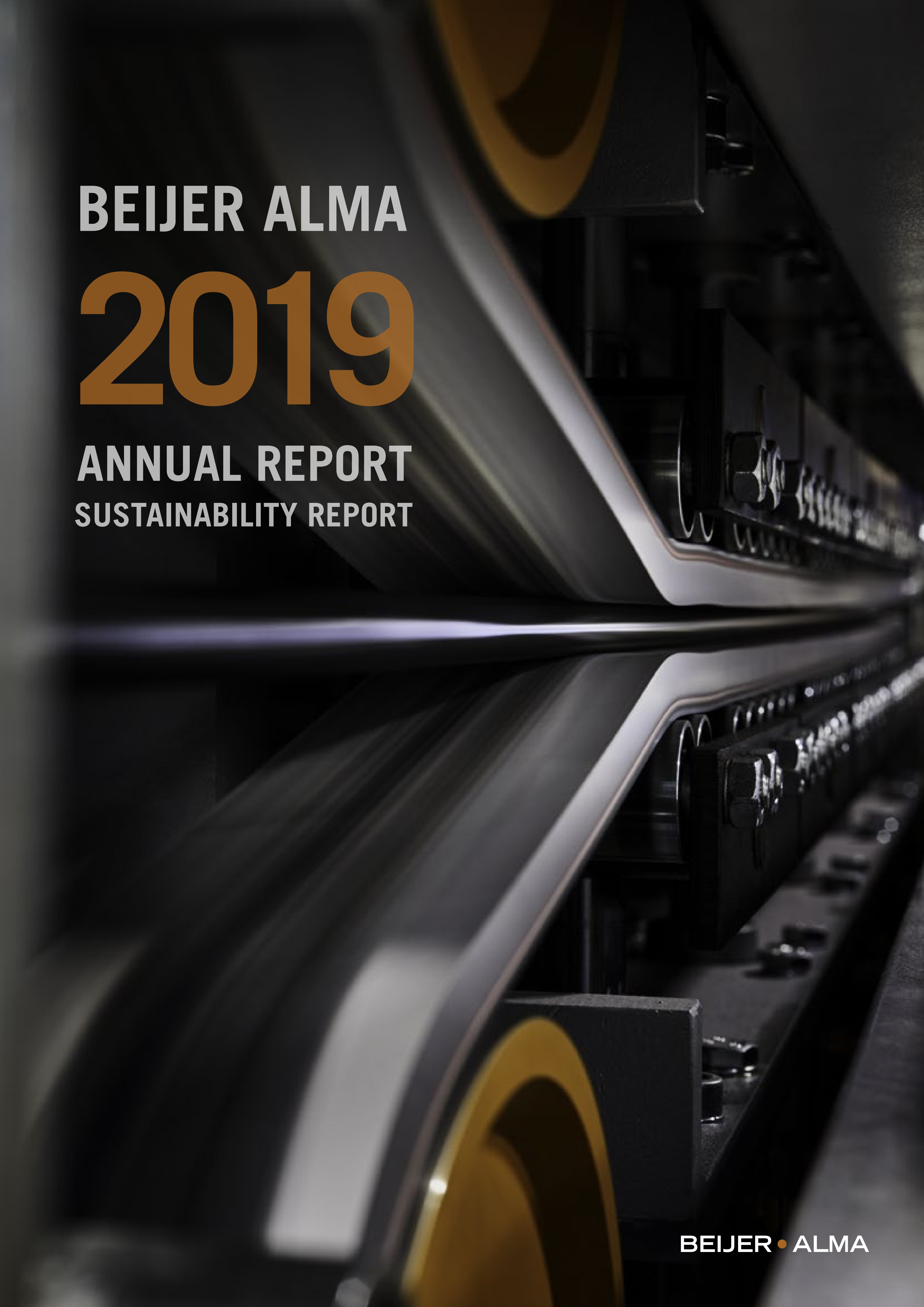
BEIJER ALMA

2019

ANNUAL REPORT
SUSTAINABILITY REPORT

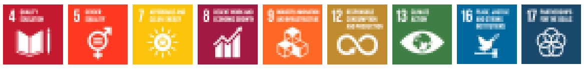


BEIJER ALMA

Beijer Alma is an international, listed industrial group that acquires, owns and develops companies with strong growth potential. The Group companies specialize in component manufacturing and industrial trading.

Contents

FOUR SUSTAINABILITY OBJECTIVES



New sustainability objectives were established for 2019 to 2023. This work was carried out together with the managers at some 30 manufacturing units and in collaboration between Group management and the sustainability managers of the subsidiaries. These four objectives are also connected to nine of the 17 UN Sustainable Development Goals, which act as a compass for the Group.

4,622

INVOICING ROSE 5 PERCENT TO MSEK 4,622 (4,409).

557

PROFIT AFTER NET FINANCIAL ITEMS TOTALED MSEK 557 (609).

7.15

EARNINGS PER SHARE TOTALED SEK 7.15 (7.78).

EXPANSION

Beijer Tech completed four acquisitions in 2019. First was Uudenmaan Murskaus, which sells spare parts for rock crushers. Encitech was then acquired, which manufactures and distributes electronic components for industry. Codan was added to the Fluid Technology business area and is establishing operations in the Norwegian market. The fourth acquisition of the year involved the Finnish company KTT Tekniikka, which strengthened Beijer Tech's market position in Finland and established a position in the area of mechanical transmission, which become a new segment.

5.10

THE BOARD PROPOSES A DIVIDEND OF SEK 5.10 (5.10).

BROADENING

Lesjöfors acquired the Dutch company Spibelt, including the businesses De Spiraal and Tribelt. De Spiraal's spring operations have broadened the customer base in various sectors, such as food, pharmaceuticals and energy. Through Tribelt, the Group has gained access to a new market, namely applications for conveyor belts.

REVENUES AND EARNINGS PER OPERATING SECTOR/SEGMENT

MSEK	Q1	Q2	Q3	Q4	Total
Net revenues					
Lesjöfors	690.0	678.5	604.5	590.5	**2,563.5**
Habia Cable	219.8	282.6	277.1	198.3	**977.8**
Beijer Tech	255.6	287.2	265.3	272.0	**1,080.1**
Parent Company and intra-Group	0.1	–0.2	0.2	0.1	**0.2**
Total	**1,165.5**	**1,248.1**	**1,147.1**	**1,060.9**	**4,621.7**
Operating profit					
Lesjöfors	125.7	117.7	92.1	105.8	**441.3**
Habia Cable	15.8	31.5	26.7	6.1	**80.1**
Beijer Tech	23.8	22.8	19.8	15.0	**81.4**
Parent Company and intra-Group	–4.1	–9.3	–3.3	–3.5	**–20.2**
Consolidated operating profit	**161.2**	**162.7**	**135.3**	**123.4**	**582.6**
Net financial items	–5.7	–2.9	–11.7	–4.9	**–25.2**
Profit after net financial items	**155.5**	**159.8**	**123.6**	**118.5**	**557.4**

No sales take place between segments.

OFFSHORE

Habia Cable delivered its first major customer orders in offshore. The cables are based on a technology that the company developed for the oil and gas industry, for example, where they are used to heat pipelines on the sea bed. As part of the focus on offshore, significant investments were also made in manufacturing capacity at the plant in Söderfors. During 2019, more than a million meters of cable were delivered.

–2%

ORDER BOOKINGS DECLINED 2 PERCENT TO MSEK 4,524 (4,615).

12.6%

THE OPERATING MARGIN WAS 12.6 PERCENT (14.1).

SUBSIDIARY PRESIDENTS

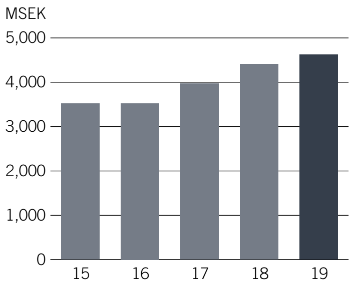
Ola Tengroth was appointed as the new President of Lesjöfors. He has extensive experience from senior positions in various industrial companies and most recently served as CEO of Kemetyl. In 2020, Ola Tengroth will succeed Kjell-Arne Lindbäck, who has retired after 23 years as President.

Staffan Johansson assumed the position of President of Beijer Tech during the year. Staffan Johansson formerly served as CEO of Lundgrens, Beijer Tech's largest business, as well as Business Area President for Fluid Technology.

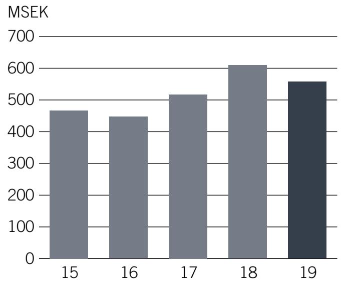
350

THE COMPANIES ACQUIRED IN 2019 CONTRIBUTE ANNUAL SALES OF MSEK 350.

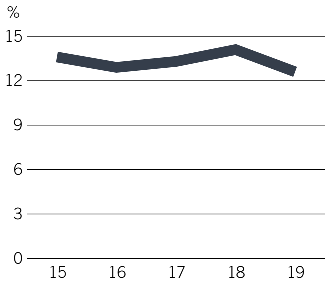
INVOICING



PROFIT AFTER NET FINANCIAL ITEMS



OPERATING MARGIN



Q1

- Demand remained strong in Europe and the US.
- Weaker automotive industry in Germany and China impacted the overall scenario.
- Cost adjustments were implemented.
- Delivery of offshore projects commenced.
- Beijer Tech acquired Encitech.

Q2

- Distinct slowdown in the automotive and telecom industries.
- Continued favorable demand in other segments.
- Second-best quarterly earnings in the Group's history.
- Lesjöfors acquired Tribelt and De Spiraal. Beijer Tech acquired Codan and KTT Tekniikka.

Q3

- A certain degree of stabilization in the automotive industry.
- Weaker demand for chassis springs.
- Activity level in the defense, engineering and offshore industries remained high.
- Strong growth achieved through acquisitions.

Q4

- Clearer slowdown than in earlier quarters.
- Defense and offshore industry remained strong.
- Decline in the engineering industry and automotive manufacturing.
- The automotive aftermarket stabilized.

Growth for the year driven by acquisitions

Overall, 2019 was a strong year – and the second-best in the Group's history. However, our performance varied between subsidiaries and business areas as well as between customer segments and markets. Order bookings and net revenues increased, while operating profit decreased. Several acquisitions helped to create growth.

The uncertainty we communicated at the beginning of the year was also evident when it came to demand, which varied throughout 2019. Several segments and markets, such as the defense, engineering and offshore industries, displayed growth thanks to our broad customer base. However, we noted a clear slowdown within automotive manufacturing and aftermarket as well as telecom. Growth was created through several supplementary acquisitions rather than organically. We welcomed five new companies to Beijer Alma. These acquisitions strengthen the Group in various ways and contribute approximately MSEK 350 in sales on an annual basis.

Looking more closely at the performance of our subsidiaries, Beijer Tech and Habia Cable contributed earnings improvements and higher operating margins, while Lesjöfors's operating margin was lower than in the preceding year. Lesjöfors's global industrial business was stable in most regions – including the Nordic region and North America – but was also affected by a weaker trend in the automotive industry, especially in Germany. Within Chassis Springs, demand in Europe was significantly lower than in the record-breaking year of 2018. In Habia, deliveries to the offshore industry played an important role, while volumes in Telecom declined. In Beijer Tech, the rate of acquisition and organic growth in Fluid Technology helped to make 2019 a strong year.

Beijer Tech's acquisition in Norway also enabled Fluid Technology to expand into a new, attractive market. The two acquisitions in Finland brought new industrial segments to Beijer Tech: spare parts for rock crushers and mechanical transmission products. The acquisition of Encitech, which specializes in electronic components, increased the share of manufacturing and exports. Within Lesjöfors, an acquisition in the Netherlands expanded the customer base and opened up a new market within applications for conveyor belts.

SUSTAINABLE BUSINESS

Throughout the year, a great deal of work was devoted to setting new objectives to ensure that Beijer Alma's operations are responsible and sustainable moving forward. All production units contributed to this work by establishing their own plans and ambitions. This resulted in an increased commitment to sustainability based on our decentralized management model. Our sustainability efforts are linked to the Global Compact and the UN Sustainable Development Goals (SDGs). Our new objectives emphasize the importance of sound business ethics. Training material was also developed in this area in 2019,

taking the Code of Conduct as a starting point. In certain areas, we established more ambitious objectives, not least because climate change is an issue that concerns many of our employees.

SIGHTS SET ON 2020

Several initiatives are being implemented across the Group to make us more competitive. These include increasing the degree of automation in our production operations and building new, state-of-the-art plants. Given today's cautious economic situation as well as other uncertainty factors that could affect trade flows and the general business climate, we are focusing, as always, on the areas that we can influence. Overall, the Group is strong – both financially and in terms of our broad customer base, which limits our risks and various dependencies. In light of the prevailing uncertainty factors, the companies are also prepared for further cost adjustments.

Just like in 2019, we consider acquisitions to be an important way to continue our profitable growth going forward. We are therefore pleased to note that Lesjöfors acquired the UK company Metrol Springs in January 2020, while Beijer Tech acquired PA Ventiler via Lundgrens Sverige. The year also began with some new faces in the management team, and I would like to welcome Staffan Johansson as President of Beijer Tech and Ola Tengroth as President of Lesjöfors.

Throughout the Group, I am impressed by our employees' efforts and commitment to our customers, and the many initiatives taken – thank you for your contributions! I would like to say a special thank you to Kjell-Arne Lindbäck for the 23 years he has spent at Lesjöfors, where he led the company through a journey of impressive growth, creating significant value for Lesjöfors, Beijer Alma and all of our shareholders.

HENRIK PERBECK, PRESIDENT AND CEO, BEIJER ALMA

Business model – focus on profitable growth

Beijer Alma is the Parent Company of an international, listed industrial group. Its business model is based on Beijer Alma owning and developing companies with strong growth potential. Its core operations are currently conducted in three wholly owned Group companies and are focused on component manufacturing (Lesjöfors and Habia Cable) and industrial trading and manufacturing (Beijer Tech).

The Group companies have more than 2,700 employees and sales in over 60 markets, mainly in the Nordic region, other European countries, Asia and North America. Its customers include companies in various sectors, such as automotive, engineering, infrastructure, telecom, energy, defense and offshore. Beijer Alma commands strong international positions in industrial and chassis springs as well as cables for mobile telecom and nuclear power.

The ongoing development of the Group companies is based on long-term ownership and effective operational control. The Group's growth initiatives also impact the environmental and social conditions in the markets where the Group operates. To manage this impact in an optimal manner, active sustainability work is carried out, aimed at limiting the Group's environmental impact, creating new business opportunities, reducing costs and lowering risks.

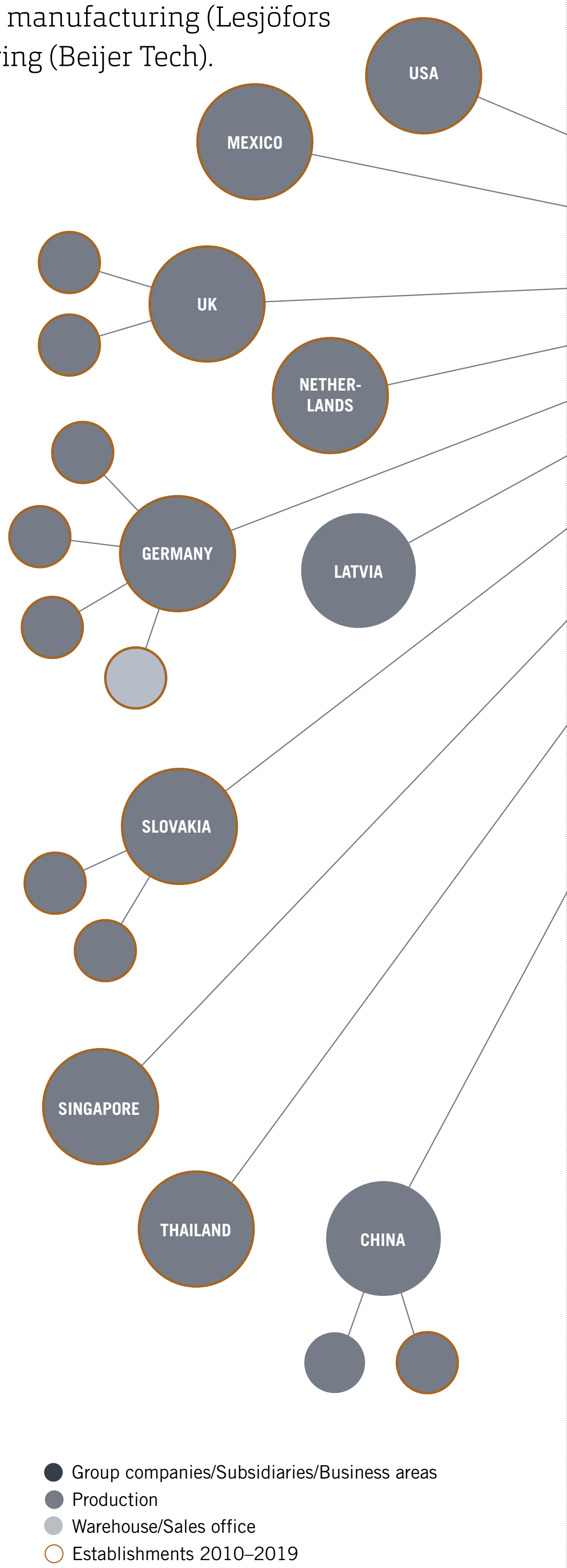
At its approximately 30 manufacturing units around the world, the Group's sustainability efforts focus on efficient energy use, lower emissions and reduced waste management. Throughout the operations, business ethics play a central role in the development of the companies' growth potential. Bribes are prohibited, and Beijer Alma demands honesty and honorability not only from its own employees but also from the customers, suppliers and other stakeholders with whom it collaborates, for example, when it comes to sales and purchasing. At the same time, the Group is to have a positive impact on social conditions by respecting human rights, offering employees safe and stimulating workplaces, and supporting and collaborating with various organizations, schools and associations.

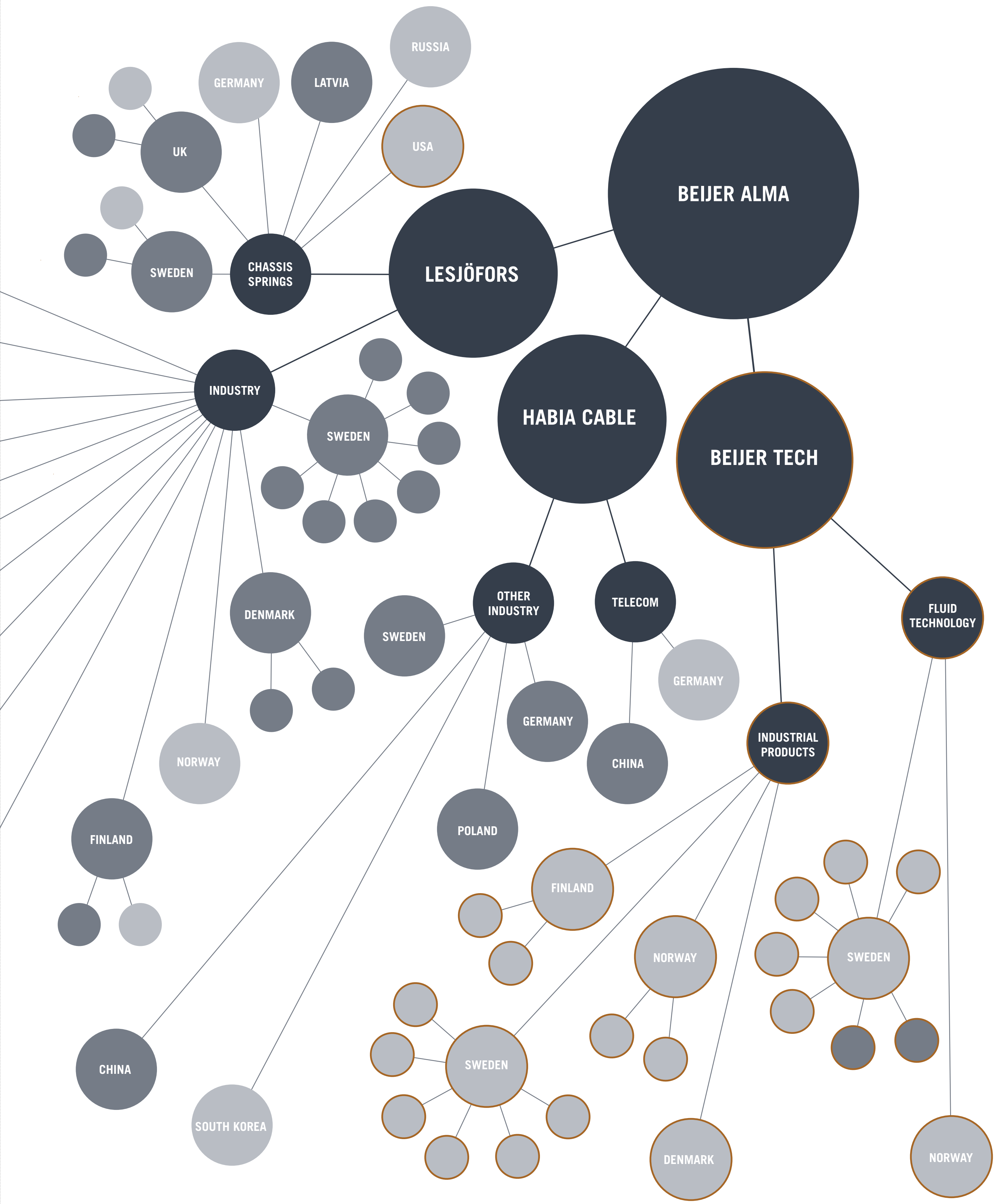
STRATEGIC FOCUS ON FOUR AREAS

The Group's day-to-day strategic work is focused on profitable growth in following four areas:

- **high customer value**, with customer-specific products and services generating increased profitability.
- **international market coverage**, which provides the right return on the Group's niche products.
- **strong market positions**, with quality, customization and a high level of service providing a competitive edge.
- **broad customer and supplier base**, which reduces our dependence and risk-taking.

To advance its positions in these areas, the Group is growing organically through proprietary product and market development as well as through corporate acquisitions, which provide growth in new areas.





DECENTRALIZATION

Business responsibility within the Group is decentralized. Beijer Alma works closely with its subsidiaries on targets and follow-up. Market development, competitors and acquisitions are evaluated monthly. Order bookings and invoicing are monitored on a weekly basis so that shifts in demand can be swiftly addressed by adapting costs and investments.

Acquisitions – a driving force behind growth

New acquisitions in Lesjöfors and Beijer Tech increase Beijer Alma's growth. In Habia Cable, growth is primarily organic in nature and the ability to deliver technically advanced cable products to niche customers remains a fundamental driving force.

Corporate acquisitions can comprise supplementary acquisitions in the Group companies as well as acquisitions of new operations. Supplementary acquisitions strengthen the Group in selected markets or in specific technology or product areas. Acquisitions of companies outside the Group's current core business add new operations, thereby providing Beijer Alma with a broader foundation. One such example is Beijer Tech, which was acquired in 2010.

350

THE COMPANIES ACQUIRED IN 2019 CONTRIBUTE MSEK 350 IN SALES ON AN ANNUAL BASIS. THIS CORRESPONDS TO GROWTH OF APPROXIMATELY 7 PERCENT.

SUPPLEMENTARY ACQUISITIONS – CORPORATE ACQUISITIONS WITH MULTIPLE BENEFITS

In recent years, supplementary acquisitions have dominated. These acquisitions target established, well-run companies with competent senior management. Since 2010, 19 such acquisitions have been carried out, all of which have a connection to the core business of their respective Group companies. The benefits of supplementary acquisitions include the following:

- synergies are achieved and cross-selling in the Group company increases when the offering is expanded and more customers and markets are added.
- since the acquisitions are conducted in familiar markets or areas, the risk is lower.
- result in more rapid geographic expansion than if the Group companies were to establish their own operations in a new market.
- the spread of risk increases, while the existing operations become larger and more competitive through the new products and customers to which the companies have access.

THE GROUP COMPANIES GROW THROUGH ACQUISITIONS AND ORGANIC GROWTH

LESJÖFORS

Through corporate acquisitions, Lesjöfors has become a leading international spring manufacturer and one of few players consolidating the global spring market. These acquisitions contribute to:

- increasing Lesjöfors's market coverage so that the company reaches customers and industries.
- securing global manufacturing capacity for custom-manufactured components close to the customers in Europe, Asia and North America.
- creating greater value in Lesjöfors by broadening the product range and technologies in the new units, provide them with access to a broader range through cross-selling and improving the profitability of their production.

HABIA CABLE

Historically, Habia Cable has carried out fewer acquisitions than the other Group companies, mainly due to the cable market being more consolidated. Accordingly, Habia mainly grows organically, meaning through investments in production and product, material and market development. This contributes to:

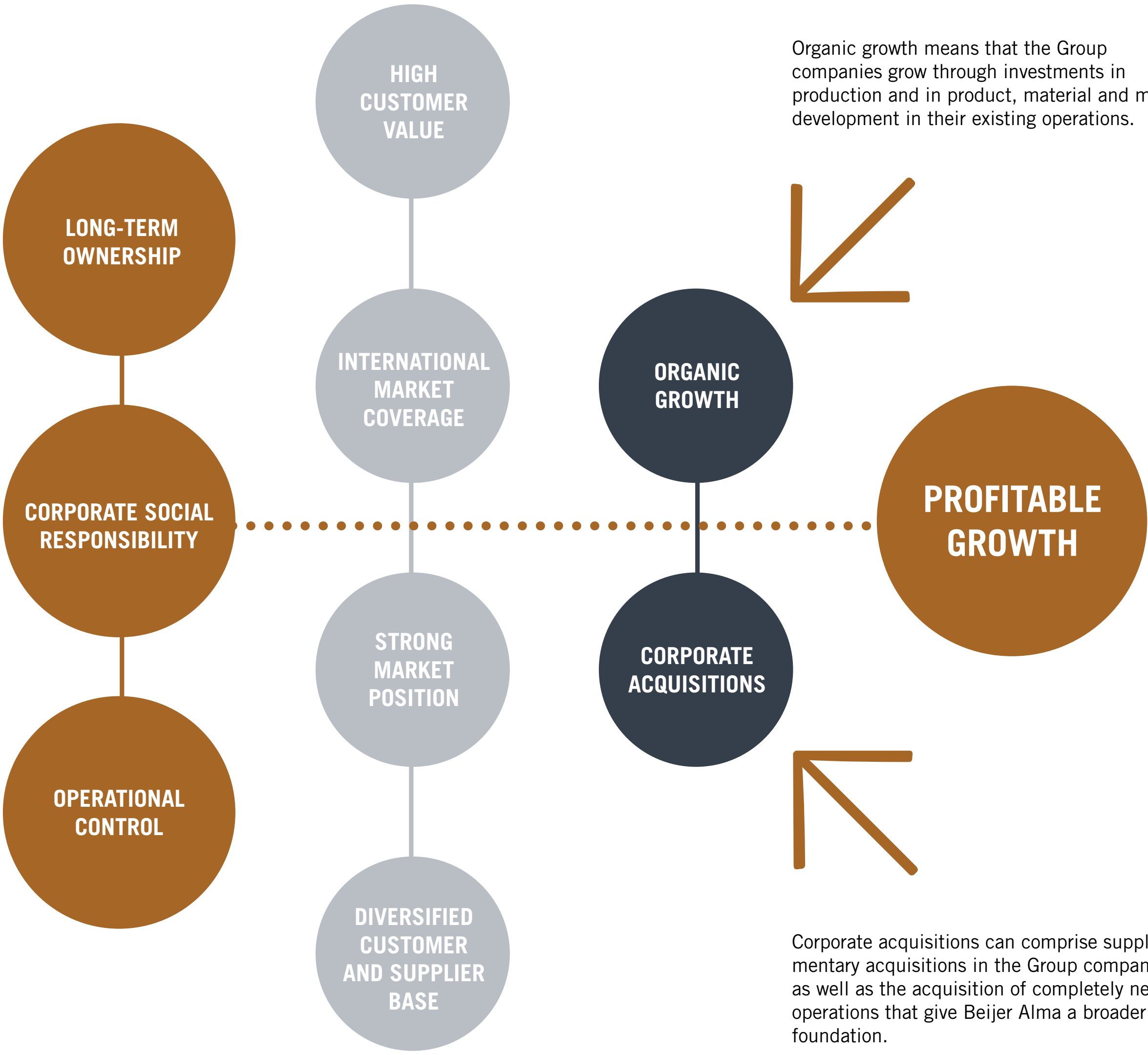
- strengthening the capacity to develop cables and cable harness in areas in which customer demands are high and the products are technically advanced.
- attracting niche customers in such sectors as defense, nuclear power, offshore and industry.
- broadening the company's manufacturing and delivery capacity to additional geographic markets.

BEIJER TECH

Beijer Tech is to serve as a broad platform for acquisitions of industrial manufacturing and trading companies. These acquisitions are to contribute to:

- expanding the operations internationally.
- increasing the proportion of proprietary/customized products.
- broadening Beijer Tech through expansion into related industries and new technology areas that are targeted at industrial customers and offer potential for growth when it comes to technology levels and customer value.

Organic growth means that the Group companies grow through investments in production and in product, material and market development in their existing operations.



Corporate acquisitions can comprise supplementary acquisitions in the Group companies as well as the acquisition of completely new operations that give Beijer Alma a broader foundation.

THIS IS HOW BEIJER ALMA DEVELOPS ITS ACQUISITIONS

Beijer Tech's acquisition of:

- the Finnish company KTT Tekniikka contributed the new segment of mechanical transmission products and service, which broadened the operations in the Industrial Products business area and strengthened the company's international growth.
- Codan expanded Lundgrens's business into the Norwegian market and paved the way for a leading, Nordic wholesale operation in hoses, couplings and industrial rubber.
- the Swedish company Encitech broadened the company's offering to include electronic components and increased the share of proprietary products.
- Uudenmaan Murskaus complemented the existing operations in Finland through a focus on spare parts for rock crushers.

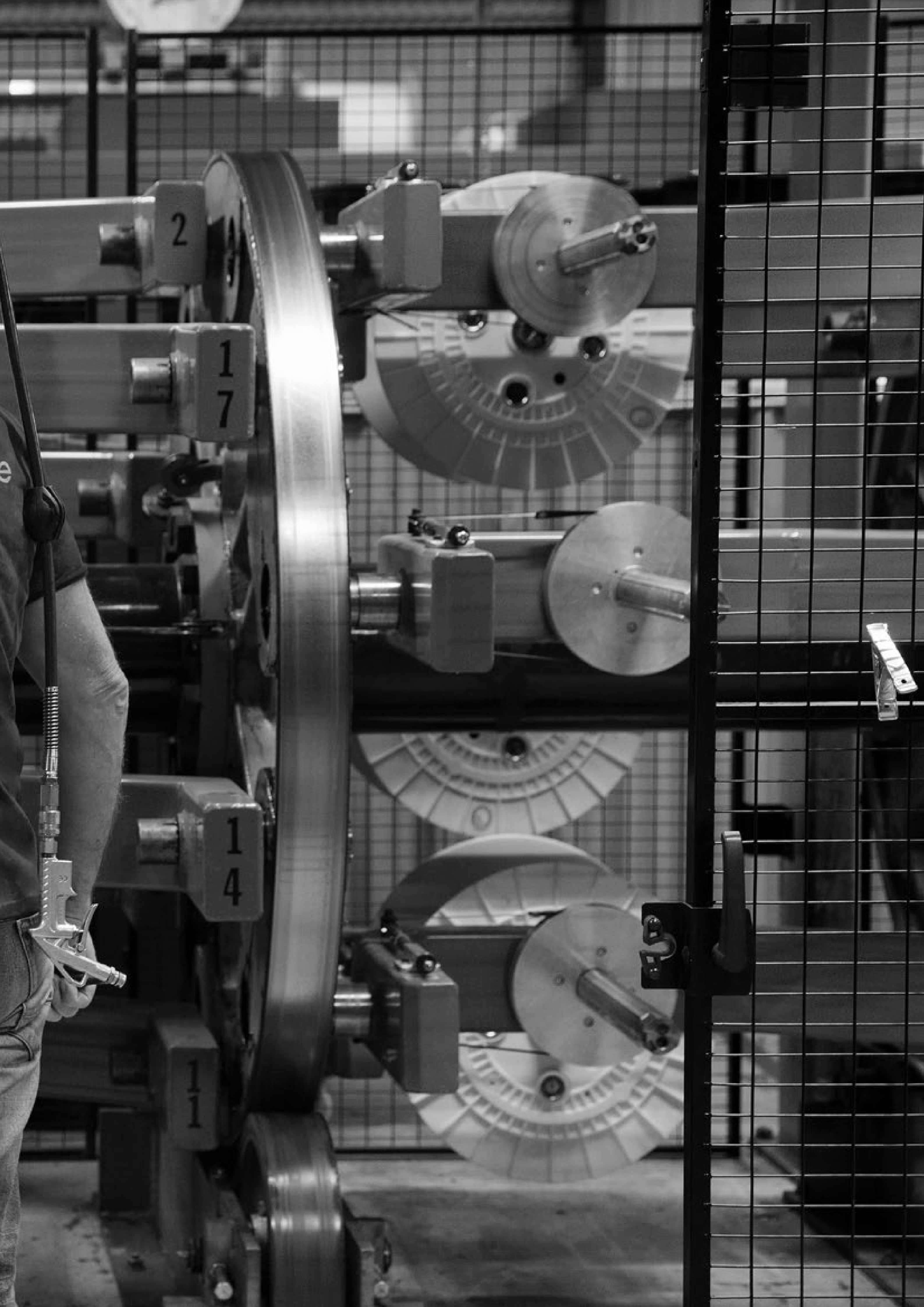
Lesjöfors' acquisition of:

- the Dutch company Spibelt broadened the customer base in various sectors, such as food, pharmaceuticals and energy, through the spring operations in De Spiraal. At the same time, Lesjöfors has gained access to a new market thanks to Tribelt's focus on applications for conveyor belts. Both operations fit well with the acquisition strategy since they have diversified customer bases and enable cross-selling with existing companies.

20

NUMBER OF ACQUISITIONS 2010–2019, OF WHICH 19 WERE SUPPLEMENTARY ACQUISITIONS.

18
15
12
Habia Cable


2
17
14
11

The share at a glance

SHARES TRADED

A TOTAL OF 6,449,445 SHARES WERE TRADED DURING THE YEAR, CORRESPONDING TO 12.1 PERCENT OF THE OUTSTANDING CLASS B SHARES. AN AVERAGE OF 25,492 SHARES WERE TRADED EVERY DAY.

9,437

AT YEAR-END 2019, BEIJER ALMA HAD A MARKET CAPITALIZATION OF MSEK 9,437.

7.15

EARNINGS PER SHARE TOTALED SEK 7.15 (7.78).

156.60

THE CLOSING PRICE AT YEAR-END WAS SEK 156.60 (129.98). THE HIGHEST PRICE WAS SEK 156.60, WHICH WAS QUOTED ON DECEMBER 30. THE LOWEST PRICE WAS SEK 113.00, WHICH WAS QUOTED ON AUGUST 26.

20.7%

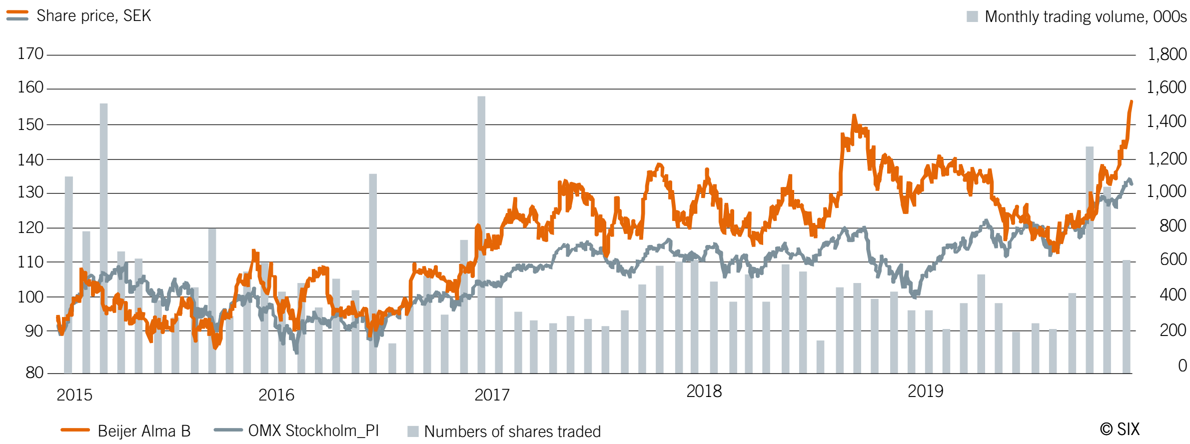
BEIJER ALMA'S SHARE PRICE ROSE 20.7 PERCENT IN 2019. THE STOCKHOLM ALL SHARE INDEX INCREASED 30.7 PERCENT.

NUMBER OF SHARE-HOLDERS

AT YEAR-END 2019, BEIJER ALMA HAD 13,322 SHAREHOLDERS.

PER-SHARE DATA	2019	2018	2017	2016	2015
Earnings per share after 21.4% or 22% standard tax, SEK	**7.27**	7.89	6.70	5.79	6.05
After tax, SEK	**7.15**	7.78	6.45	5.44	5.87
Shareholders' equity per share, SEK	**40.04**	37.04	33.04	31.56	30.46
Dividend per share, SEK	**5.10**	5.10	4.75	4.75	4.75
Dividend ratio	**71**	66	74	87	81
Dividend yield	**3.3**	3.9	3.6	4.1	4.3
Share price at year-end, SEK	**156.60**	129.98	131.00	116.50	109.75
Highest share price, SEK	**156.60**	152.48	141.00	122.00	115.25
Lowest share price, SEK	**113.00**	115.00	111.00	88.75	84.00
P/E ratio at year-end	**21.9**	16.7	20.3	21.4	18.7
Cash flow per share after capital expenditures	**1.70**	3.80	4.48	3.68	4.18
Closing number of shares	**60,262,200**	60,262,200	60,262,200	60,262,200	60,262,200
Average number of shares	**60,262,200**	60,262,200	60,262,200	60,262,200	60,262,200

SHARE PERFORMANCE 2015–2019



HOLDING	No. of shareholders	Participating interest, %	No. of shares	No. of Class A shares	No. of Class B shares	Holding, %	Votes, %
1–500	10,292	77.3	1,046,287	0	1,046,287	1.7	0.9
501–5,000	2,551	19.1	4,059,127	7,266	4,051,861	6.7	3.5
5001–10,000	228	1.7	1,658,250	0	1,658,250	2.8	1.4
10,001–20,000	98	0.7	1,424,661	16,800	1,407,861	2.4	1.3
20,001–50,000	62	0.5	1,973,874	102,002	1,871,872	3.3	2.4
50,001–100,000	33	0.2	2,373,996	349,846	2,024,150	3.9	4.6
100,000–	58	0.4	47,726,005	6,124,086	41,601,919	79.2	86.0
Total	**13,322**	**100**	**60,262,200**	**6,600,000**	**53,662,200**	**100**	**100,0**

LARGEST SHAREHOLDERS	No. of shares	Of which, Class A	Of which, Class B	Holding, %	Votes, %
Anders Wall Foundation	8,238,940	1,548,400	6,690,540	13.7	18.5
Anders Wall with family and companies	7,026,240	3,843,200	3,183,040	11.7	34.8
Verdipapirfond Odin Sverige	4,608,370	0	4,608,370	7.7	3.9
SEB Fonder	4,425,786	0	4,425,786	7.3	3.7
Didner & Gerge Fonder	4,346,921	0	4,346,921	7.2	3.6
Lannebo Fonder	4,178,885	0	4,178,885	6.9	3.5
Swedbank Robur Fonder	2,080,530	0	2,080,530	3.5	1.7
Fourth National Swedish Pension Insurance Fund	1,939,162	0	1,939,162	3.2	1.6
Göran W Huldtgren with family and companies	958,122	613,266	344,856	1.6	5.4
JP Morgon Bank	855,070	0	855,070	1.4	0.7
Skandia Fonder	850,162	0	850,162	1.4	0.7
SEB AB Luxembourg	826,416	0	826,416	1.4	0.7
Öhman Fonder	721,381	0	721,381	1.2	0.6
Cliens Fonder	548,300	0	548,300	0.9	0.5
Other shareholders	18,657,915	595,134	18,062,781	31.0	20.1
Total	**60,262,200**	**6,600,000**	**53,662,200**	**100.0**	**100.0**

17.1%
8.6%

THE HOLDINGS OF FOREIGN SHAREHOLDERS ACCOUNTED FOR 17.1 PERCENT OF CAPITAL AND 8.6 PERCENT OF VOTES.

64.4%
44.1%

THE HOLDINGS OF INSTITUTIONAL SHAREHOLDERS ACCOUNTED FOR 64.4 PERCENT OF CAPITAL AND 44.1 PERCENT OF VOTES.

5.10

THE BOARD PROPOSES A DIVIDEND OF SEK 5.10 PER SHARE.

18.2%
536

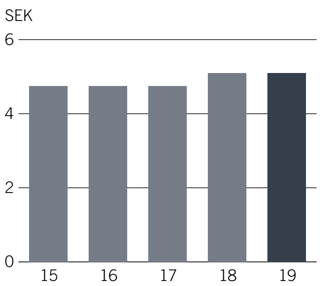
OVER THE PAST TEN YEARS, THE ANNUAL GROWTH RATE FOR THE BEIJER ALMA SHARE – INCLUDING DIVIDENDS – WAS 18.2 PERCENT. THIS MEANS THAT AN INVESTMENT OF SEK 100 IN BEIJER ALMA SHARES IN 2010 WOULD HAVE GROWN TO SEK 536 ON DECEMBER 31, 2019, INCLUDING REINVESTED DIVIDENDS. A CORRESPONDING INVESTMENT IN THE OMX INDEX – INCLUDING REINVESTED DIVIDENDS – WOULD BE WORTH SEK 319.

ANALYSTS

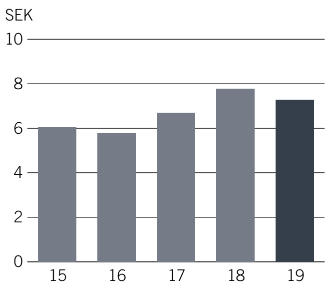
A NUMBER OF ANALYSTS MONITOR BEIJER ALMA'S INTERIM REPORTS. IN 2019, THIS INCLUDED:

- DANSKE BANK, JOHAN DAHL
- NORDEA, CARL RAGNARSTAM
- CARNEGIE, MIKAEL LÖFDAHL
- ERIK PENSER, JOHAN WIDMARK

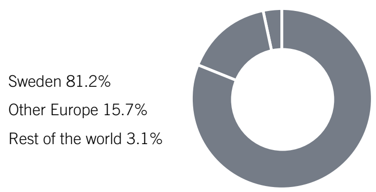
DIVIDEND



EARNINGS PER SHARE



SHARE OF FOREIGN SHAREHOLDERS



A growing Group

MSEK	**2019**	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net revenues	**4,621.7**	4,408.8	3,971.5	3,527.5	3,521.9	3,298.2	3,066.5	2,779.7	2,830.2	2,290.1
Operating profit	**582.6**	622.8	528.4	455.2	477.3	427.5	396.3	372.3	441.4	406.3
Net financial items	**–25.2**	–13.6	–11.0	–8.2	–10.4	–3.9	–11.6	–10.5	–12.7	–7.5
Profit after net financial items	**557.4**	609.2	517.4	447.0	466.9	423.6	384.7	361.8	428.7	398.8
Tax	**–126.6**	–140.4	–129.1	–119.4	–113.2	–104.3	–95.7	–93.3	–115.8	–112.3
Net profit	**430.8**	468.8	388.3	327.6	353.7	319.3	289.0	286.5	312.9	286.5
Fixed assets	**2,261.6**	1,676.8	1,551.5	1,504.8	1,314.2	1,347.0	1,192.5	1,111.6	927.4	820.3
Current assets	**2,293.3**	2,051.9	1,883.8	1,646.4	1,555.6	1,396.7	1,355.5	1,283.1	1,273.4	1,155.5
Shareholders’ equity	**2,413.2**	2,231.8	1,991.1	1,901.5	1,835.3	1,744.8	1,610.9	1,519.5	1,482.9	1,394.5
Non-current liabilities and provisions	**785.8**	270.4	219.7	309.0	262.3	313.9	299.2	323.5	171.0	140.2
Current liabilities	**1,351.8**	1,222.3	1,220.6	936.9	768.5	681.3	634.3	549.1	544.2	438.4
Total assets	**4,554.9**	3,728.7	3,435.3	3,151.2	2,869.8	2,743.7	2,548.0	2,394.7	2,200.8	1,975.8
Cash flow	**102.7**	229.3	186.5	173.6	251.8	146.0	200.0	130.1	152.0	168.3
Depreciation/amortization	**230.7**	138.5	130.5	117.3	110.6	98.7	86.7	78.7	76.3	70.7
Net investments excluding corporate acquisitions	**203.0**	205.2	125.9	203.6	135.8	140.0	126.3	70.5	89.2	55.2
Capital employed	**3,599.1**	2,962.7	2,727.8	2,488.2	2,281.5	2,125.8	1,957.0	1,815.8	1,729.4	1,541.7
Net debt	**720.9**	439.6	408.7	313.1	194.1	189.8	92.3	56.8	–22.5	–91.2
Performance measures, %										
Gross margin	**29.8**	31.2	31.8	32.5	32.8	32.4	32.4	33.7	34.8	37.7
Operating margin	**12.6**	14.1	13.3	12.9	13.7	13.0	12.9	13.4	15.6	17.7
Profit margin	**12.1**	13.8	13.0	12.7	13.3	12.8	12.5	13.0	15.1	17.4
Equity ratio	**53**	60	58	60	64	64	63	64	67	71
Proportion of risk-bearing capital	**55**	62	60	62	66	65	65	66	70	73
Net debt/equity ratio	**30**	20	20	16	11	11	6	4	–2	–6
Return on shareholders’ equity	**18.9**	22.5	20.7	18.7	20.3	19.7	19.2	17.8	21.8	24.7
Return on capital employed	**17.8**	22.0	20.8	19.1	21.7	21.3	21.1	21.2	26.4	30.6
Interest-coverage ratio, multiple	**22.1**	39.9	42.5	48.8	41.8	41.3	28.9	27.5	27.5	43.3
Average number of employees	**2,658**	2,610	2,546	2,340	2,262	2,124	2,110	1,831	1,687	1,397
Earnings per share after tax	**7.15**	7.78	6.70	5.79	6.05	5.48	4.80	4.46	5.19	4.76
Dividend per share, SEK	**5.10**	5.10	4.75	4.75	4.75	4.25	4.00	3.50	3.50	3.50

For definitions, refer to Note 39 on page 93.
Definitions and calculations are also available on the company’s website beijeralma.se under “Investor relations”.

Beijer Alma's subsidiaries

Beijer Alma has three Group companies – Lesjöfors, Habia Cable and Beijer Tech. The largest business is the spring manufacturer Lesjöfors, which has grown significantly over the years, primarily through international acquisitions. Lesjöfors is a subgroup with many subsidiaries of its own and has been a part of Beijer Alma since 1992. Habia Cable is the Group's oldest company. The custom-designed cable manufacturer was acquired in the early 1980s. Beijer Tech, which was acquired in 2010, is a subgroup with broad operations in industrial trading and manufacturing. Beijer Alma now has more than 2,700 employees and sales in 60 markets, mainly in the Nordic region, other European countries, Asia and North America.

Infrastructure. Public transport and infrastructure projects are major customer areas. The Group supplies hoses, cables and spring components to the transport sector and industrial rubber to construction and civil engineering companies.

Defense. The Group's components are used in various types of military technology, such as cables and cable harnesses for communication equipment, ships, helicopters and underwater technology as well as springs for vehicles.

Energy. The Group has customers in energy production and power distribution, and develops cables and cable harnesses for the nuclear power, gas and oil industries as well as for gas turbines and components for renewable energy solutions. The companies also deliver springs to power companies as well as consumables, machinery, cables and springs to the offshore sector.

Telecom. Cables are primarily supplied to antenna and system manufacturers in mobile telecom, where Habia Cable is a world-leading manufacturer. Most of the deliveries are to customer companies in the Asian market. Lesjöfors also supplies components to the telecom industry.

Original automotive. The Group's components are used in cars, trucks, agricultural and construction machinery, and other heavy vehicles. Among other products, this segment includes cables, various types of vehicle springs and hoses.

Automotive aftermarket. Lesjöfors is Europe's leading manufacturer of chassis springs for the aftermarket. The company controls every stage – design, manufacturing, inventory management and logistics – and offers the market's broadest range of vehicle springs for European and Asian cars.

Engineering/Other industry. The Group companies deliver a number of products, services and solutions to companies in other industrial sectors, such as industrial springs, flat strip components, cables and cable harnesses as well as consumables, input goods and hardware through Beijer Tech.

Lesjöfors

Lesjöfors is a global manufacturer of springs, wire and flat strip components. Its range is comprehensive and includes both standard products and customized components. Lesjöfors is the largest spring company in the Nordic region and a leader in Europe.

OFFERING – INDUSTRY

Problem solving – identify the customer's spring needs, develop a design proposal with a focus on design, appearance, dimensioning and the right spring material.

Prototype/Testing – assist the customer when the design is tested to ensure, for example, that the spring's movements match the requirements.

Manufacturing – drawings for batch deliveries are produced, with information on technical performance, which will also provide documentation for the operator responsible for manufacturing.

Packaging/Delivery – according to the customer's requests and in a way that ensures quality during transportation.

CHANGE OF PRESIDENT

Ola Tengroth was appointed as the new President of Lesjöfors. He holds a master's degree in business administration from the Gothenburg School of Business, Economics and Law. Ola has extensive experience from senior positions in various industrial companies and most recently served as CEO of Kemetyl. He succeeded Kjell-Arne Lindbäck, who has retired after 23 years as President.

–3.1

ORDER BOOKINGS DECLINED 3.1 PERCENT.

17.2

THE OPERATING MARGIN WAS 17.2 PERCENT (20.2).

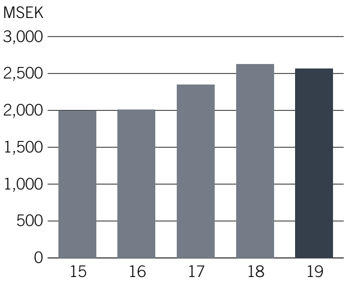
2,564

SALES AMOUNTED TO MSEK 2,564 (2,625).

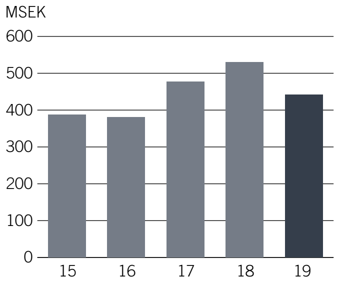
441

OPERATING PROFIT TOTALED MSEK 441 (531).

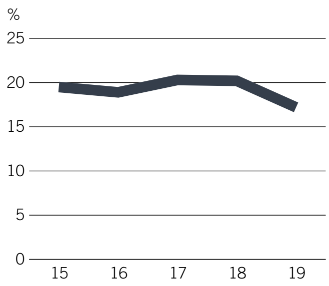
INVOICING



OPERATING PROFIT



OPERATING MARGIN



PERFORMANCE MEASURES

MSEK	**2019**	2018	2017	2016	2015
Net revenues	**2,563.5**	2,624.9	2,351.2	2,009.4	1,995.9
Cost of goods sold	**–1,746.7**	–1,740.9	–1,537.5	–1,332.5	–1,316.6
Gross profit	**816.8**	884.0	813.7	676.9	679.3
Selling expenses	**–185.3**	–178.4	–162.0	–144.2	–147.8
Administrative expenses	**–190.2**	–175.0	–174.4	–152.5	–143.1
Operating profit	**441.3**	530.6	477.3	380.2	388.4
Operating margin, %	**17.2**	20.2	20.3	18.9	19.5
Net financial items	**–13.0**	–7.1	–5.2	–4.0	–6.7
Profit after net financial items	**428.8**	523.5	472.1	376.2	381.7
Of which, depreciation and amortization	**142.8**	98.5	92.1	81.3	77.2
Capital expenditures excl. corporate acquisitions	**153.9**	158.9	111.2	149.2	66.3
Return on capital employed, %	**20**	32	26	27	31
Average number of employees	**1,742**	1,733	1,703	1,528	1,468

KJELL-ARNE LINDBÄCK, PRESIDENT OF LESJÖFORS:

"A tougher year than expected"

A year with weak growth, but also a new acquisition and a change of President. After 23 years as CEO of Lesjöfors, Kjell-Arne Lindbäck has retired and been succeeded by Ola Tengroth. Ola stresses the importance of developing the strengths and excellent operations that Lesjöfors already has.

First things first, Ola – tell us a little bit about yourself.
Ola: I started as a mechanical engineer, but I also have a master's degree in business administration from the Gothenburg School of Business, Economics and Law. I started my career in the engineering industry, but have now held several managerial roles in the chemical industry. As a manager and President, I consider myself to be a down-to-earth person who enjoys the practical side of business – doing business simply and directly, without formalities.

What attracted you to Lesjöfors?
Ola: The company's long-term approach and the fact that it is a strong, well-managed company with an interesting development. The culture also attracted me with its decentralized management model. I believe in delegating responsibility because that type of management often leads to fantastic results. On a personal level, I'm also excited to return to the engineering industry.

Can you summarize the developments in Industry during 2019?
Kjell-Arne: 2019 was a tougher year than we expected. The year started strong in several markets, but then a certain amount of slowdown followed. The exceptions were Germany and Asia, where a downturn in the automotive industry prevailed for the entire year. This industry is in transition, and the move to electric vehicles seems to be hindering the level of activity in traditional manufacturing. Demand in Germany has fallen relatively sharply as a result, making it necessary for us to take decisive measures. Our position in the Nordic region is strong overall, and we have several new projects to compensate for the downturn in the automotive market.

Chassis Springs has declined – can you explain why?
Kjell-Arne: The operations are seasonal and can also vary from year to year, depending on factors like how harsh the winters are. It's important to remember that 2017 and 2018 were record-breaking years. Demand decreased in 2019 and it will take a little time before we're back to normal levels. But when demand recovers, I'm confident that we'll come out winners. I'm also confident that we can capture market shares thanks to the measures we've taken and the economies of scale we've achieved in the operations.

Ola: There's nothing to indicate that we have lost ground in 2019, which is important. My understanding is also that Lesjöfors is ahead of the competition when it comes to managing fluctuations in its operations. We're quick to act and continuously monitor trends and make the right cost adjustments at the right time.

Another acquisition was carried out in 2019 – how has this strengthened Lesjöfors?
Kjell-Arne: The Dutch company Spibelt meets each of our criteria for a good acquisition. It has a broad range of customers and items and brings us into a new niche: conveyor belt applications. This acquisition was exceeded our expectations and strengthens our position in Central Europe.

Why are acquisitions important and what is the goal moving forward?
Kjell-Arne: This has been incredibly important for Lesjöfors, with our global position and network. We've also established trust with our customers, who know that we can offer them a broad range of products anywhere in the world.

Ola: And this is a journey we will continue. In parallel with investments in organic growth, we have a healthy appetite for new acquisitions and several are already on the drawing board. We will nonetheless be selective in this work so we can find operations that fit seamlessly into our portfolio.

Kjell-Arne, you're leaving after more than 20 years as President – which accomplishments are you most satisfied with?
Kjell-Arne: That we could develop our proprietary products in Industry and Chassis Springs, products developed by our talented employees at Lesjöfors. Also the fact that we acquired several fantastic companies that have helped us to become global.

Ola – what will be the company's main focus in 2020?
Ola: Developing the strengths and excellent operations that Lesjöfors already has. A number of tangible measures are also needed due to the weak growth in certain parts of the operations. We need to be driven and get things done.

MAIN AREAS – SUSTAINABILITY WORK

- Ensure that environmental issues are integrated into the daily operations and contribute to efficiency enhancements.
- Increase energy efficiency and conduct energy audits.
- Minimize VOC emissions.
- Reduce the amount of waste disposed of in landfills.
- Meet customer requirements concerning sustainable development.
- Offer a safe and stimulating work environment.

Ola Tengroth and Kjell-Arne Lindbäck

CHASSIS SPRINGS

A leader in Europe

OPERATIONS
Manufactures and sells replacement springs in the aftermarket for cars and light trucks. Focus on European and Asian car models. Its products are included in vehicle suspension systems, which contribute to safety and better driving properties.

COMPETITIVE ADVANTAGES
Comprehensive range and a high service level A full-service supplier that manages the entire value chain – design, proprietary manufacturing, inventory management and distribution.

CUSTOMERS/MARKET
Distributors of automotive spare parts in Europe. The main markets are the UK, Germany, Russia, Sweden and the other Nordic countries, which account for approximately 80 percent of sales.

PERFORMANCE IN 2019

Weaker demand

- Lower end customer consumption and customer de-stocking.
- Lower sales than the record-breaking levels in the preceding year.
- The strongest downturn was in the markets in Central Europe and the UK.
- Trends in the Nordic region were more stable.
- Volumes increased in several of the smaller markets in Eastern Europe.
- Investments continue in automation – both in painting at the Cornwall facility and in more efficient distribution in the German operations.
- Sales totaled MSEK 641 (761).

INDUSTRY

Full-service spring supplier

OPERATIONS
Development, manufacturing and sales of industrial springs, wire and flat strip components. The range includes both standard products and customized components.

COMPETITIVE ADVANTAGES
Comprehensive product range. A high level of spring expertise and the ability to solve customer-specific problems. Decentralized manufacturing operations near customers. Global delivery capacity.

CUSTOMERS/MARKET
The business area's customers are active in most industries. The main markets are Sweden and the other Nordic countries, Germany, the UK, China and North America.

PERFORMANCE IN 2019

New acquisition

- Stable demand in a number of markets, including the Nordic region, the UK and North America.
- Weak performance in operations connected to the automotive industry, primarily in Germany and Asia.
- Cost adjustments were implemented in Germany.
- Acquisition of the Dutch company Spibelt, including both of its subsidiaries De Spiraal and Tribelt. This acquisition broadened the customer base and added a new market niche – conveyor belt applications.
- Continued expansion of the operations in Latvia, where a new plant will be opened in 2020. Gas spring manufacturing will be concentrated in the 10,000 square meter facility, which will also house the European production of clock springs.
- In early January 2020, the UK spring company Metrol Springs was acquired.
- Sales amounted to MSEK 1,923 (1,864).

CHASSIS SPRINGS IN BRIEF

- The range includes chassis springs, sport spring kits, leaf springs and gas springs for the aftermarket.
- Customers have access to more than two million chassis springs in 5,500 models.
- Products are delivered across Europe within 24 hours.
- 300 to 500 new products are developed every year.

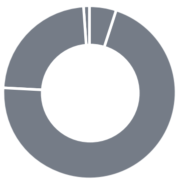
INDUSTRY IN BRIEF

- 13,000 customers in 60 different markets.
- 80 percent of sales are conducted outside Sweden.
- Proprietary standard range of approximately 12,000 items.
- Manufacturing in 13 countries

SALES PER MARKET

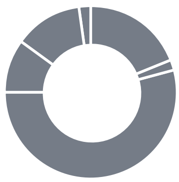
CHASSIS SPRINGS

Sweden 5%
Other Europe 71%
Other EU 23%
North America 1%



INDUSTRY

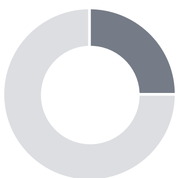
Sweden 19%
Other Europe 2%
Other EU 54%
North America 10%
Asia 13%
Rest of the world 2%



BUSINESS AREA'S SHARE OF INVOICING

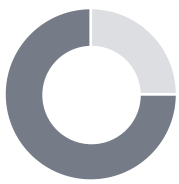
CHASSIS SPRINGS

Chassis Springs 25%



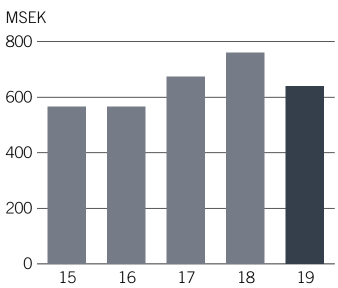
INDUSTRY

Industry 75%

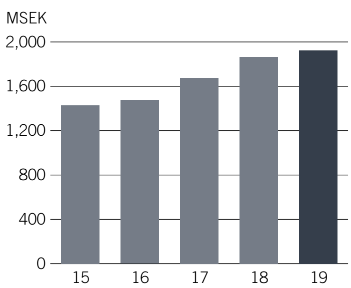


INVOICING PER BUSINESS AREA

CHASSIS SPRINGS



INDUSTRY



5,500

NUMBER OF MANY CHASSIS SPRINGS MODELS CUSTOMERS HAVE ACCESS TO.

WORLD-CLASS TECHNOLOGY

The UK company European Springs & Pressings is strengthening its position in the spring market by investing in a new, advanced spring-winding machine at its Cornwall plant. This investment will broaden the product scope since the machine can wind wire in diameters from 0.3 to 17 millimeters. There are currently only two such machines in existence and they have a smart, interactive control interface that can be compared to an iPad. This results in top-of-the-line productivity and quality.

TAKING A LOAD OFF IN HOLLYWOOD

Springs from Lesjöfors help filmmakers take a load off in Hollywood. Literally! Several of the company's products are used in the smart camera rigs that are often used on major film productions. Lesjöfors's customer is the company Easyrig, which developed a product that shifts the weight of the sometimes quite heavy cameras – from arms, shoulders and back to the hips. Easyrig has been used on movies like The Hobbit, Star Wars: Rogue One and Transformers.

60

LESJÖFORS HAS APPROXIMATELY 13,000 CUSTOMERS IN 60 MARKETS.

RECOGNITION FOR DELIVERIES

During the year, the German company Velleuer was named "Supplier of the Year." Behind the prestigious brand is Stihl, a world-leading manufacturer of engine tools. Velleuer was recognized for its extraordinary deliveries, with attention paid to quality, technology, innovation, service and price level. For many years, both companies have had a strong partnership and this is the fourth time that Velleuer has been similarly lauded.

LIGHTNING FAST IN EMERGENCIES

Hövding is an innovative airbag helmet for cyclists. The collar releases an airbag within 0.1 seconds of impact. Lesjöfors supplied components to Hövding, including a spring to attach the gas generator that inflates the airbag upon impact. The challenge was to develop components that fit the design and met the necessary strength and functionality requirements under different weather conditions and user situations. Hövding has sold 185,000 units in 16 markets in Europe and Japan.

NETWORKING SPRING SPECIALISTS

Lesjöfors's technology specialists met in Germany during the year to engage in training, inspiration and knowledge sharing. Networking is important and allows people to learn more about each company's expertise, capacity and product offering. It also strengthens personal contacts and makes future collaborations easier. These technical meetings are held regularly and the agenda includes everything from study visits and lectures to discussions on the different technological areas at Lesjöfors.

Local service, short lead times and competitive prices – these are some of the strengths of Lesjöfors's Chinese operations. As the business continues to develop, CEO Mikael Andersson is fusing on increased automation.

Can you describe the operations in China?

Over the years, we have built up strong competence within technology, production and sales. This makes us competitive, even compared with Chinese colleagues in the industry. Today, we serve the local market with springs and perforated products, for example, for vehicles, telecom, the rail industry and compressors. Customers want to purchase products that are manufactured here to ensure they receive a complete solution with local service, short lead times and competitive prices. Most products are manufactured in-house, but we also stock and sell our sister company's products.

You have made a lot of investments in the last few years – what have you focused on?

We have invested in our locally manufactured offering and now offer larger springs than before. We have also invested in automatic assembly, sorting and control equipment. With less manual labor, we can offer more competitive prices and further increase the level of quality. Our very demanding customers appreciate this, especially in the automotive industry.

What will your focus be going forward?

We have performed very well in the last few years. Many existing customers have chosen to do even more business with us and we have received new customers, which naturally leads to healthy growth and earnings trends. Now we are focusing on keeping up the pace of improvements and projects we are already working on. Another important thing is to continue on our established path towards becoming a more automated business. This will ensure our competitiveness going forward since salary growth in China will be much stronger than in many European countries.

On a personal level, I'm looking forward to working more with synergies within Lesjöfors, above all in Asia, where I'm currently also head of our other Asian companies.

LEADER IN VEHICLE SPRINGS

During the year, Lesjöfors showcased its vehicle springs at trade fairs in Russia and Kazakhstan. The company is a leading supplier of chassis springs in these and other markets in the region. The operational hub is located in Podolsk, near Moscow. Springs are delivered from the 2,500 square meter warehouse to retailers in the automotive industry, who often have their own inventories, a wide range of spare parts and a comprehensive sales network. Most of the customers are online businesses and deliver daily.

FASTER AND BIGGER

Faster manufacturing and a larger selection of compression springs – this was the result when Lesjöfors Tinglev in Denmark invested in a new wire-winding machine. Because springs can now be manufactured in larger dimensions, the company can take on more projects than before. The machines also enable high-speed production that cuts delivery times. The wider range has already resulted in new orders from existing customers and more requests are coming in continuously.

80%

THE UK, GERMANY, RUSSIA AND THE NORDIC REGION ACCOUNT FOR 80% OF CHASSIS SPRINGS SALES.

NEW DISC BRAKES

Lesjöfors contributed expertise to the development of the ground-breaking disc brakes ModulT. The company behind the project is Haldex, which manufactures braking systems for heavy vehicles and developed the disc brakes together with one of the world's largest truck manufacturers. ModulT is equipped with Haldex's special mechanism, which applies uniform pressure on the brake lining. In the last three years, three Lesjöfors companies have contributed spring competence and designed and manufactured components for disc brakes.

Habia Cable

Habia Cable is one of Europe's largest manufacturers of customized cables and cable harnesses. Many of its products are used in high-tech applications in harsh environments. Accordingly, its cables often have unique properties and are made from high-performance materials.

OFFERING – OTHER INDUSTRY

Customer needs/Specification of requirements – identify customer needs with respect to technical function, how cables are to be installed, electrical properties and environmental factors that could impact performance.

Design proposals – design specialists develop proposals that meet customer requirements and match Habia's manufacturing possibilities.

Manufacturing/Quality control – carried out by operators with a high level of flexibility, since custom-designed cables are manufactured in short batches. The quality is measured at each manufacturing stage and in a final check of the cable.

Packaging/Delivery – packaging and wrapping are adapted to the product and the customer's needs. Finally, the products are delivered.

OFFSHORE

During the year, the first major customer orders in offshore were delivered. The cables are based on a technology that Habia developed for the oil and gas industry, where they are used, for example, to heat pipelines on the sea bed. More than a million meters of cable were delivered in 2019.

979

SALES AMOUNTED TO MSEK 979 (870).

80

OPERATING PROFIT TOTALED MSEK 80 (57).

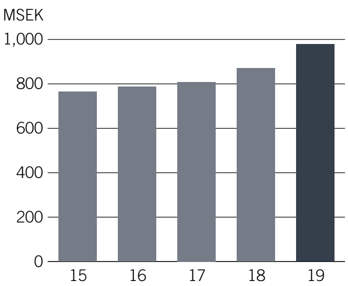
8.2%

THE OPERATING MARGIN WAS 8.2 PERCENT (6.6).

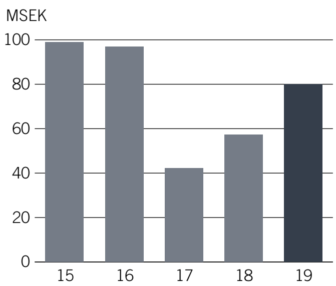
–15%

ORDER BOOKINGS DECLINED 15 PERCENT.

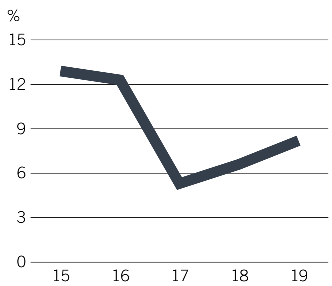
INVOICING



OPERATING PROFIT



OPERATING MARGIN



PERFORMANCE MEASURES

MSEK	2019	2018	2017	2016	2015
Net revenues	**978.6**	870.4	808.5	786.8	765.1
Cost of goods sold	**–716.9**	–630.6	–581.0	–508.0	–492.9
Gross profit	**260.9**	239.8	227.5	278.8	272.2
Selling expenses	**–106.9**	–112.7	–109.1	–109.3	–101.3
Administrative expenses	**–73.9**	–69.8	–76.2	–72.5	–71.9
Operating profit	**80.1**	57.3	42.2	97.0	99.0
Operating margin, %	**8.2**	6.6	5.2	12.3	12.9
Net financial items	**–6.8**	–5.7	–4.6	–3.7	–2.9
Profit after net financial items	**73.3**	51.6	37.6	93.3	96.1
Of which, depreciation and amortization	**47.0**	32.7	31.4	25.9	25.0
Capital expenditures, excl. corporate acquisitions	**18.9**	38.1	11.8	49.3	64.9
Return on capital employed, %	**14**	11	9	22	23
Average number of employees	**653**	648	624	595	598

CARL MODIGH, PRESIDENT OF HABIA CABLE:

"Focus on offshore"

The highlights of the year were the start of production and delivery of offshore cables as well as the favorable performance of the Polish business, which broke its previous revenues record. The telecom market remains challenging, while defense and industry delivered stable trends.

Summarize your performance in 2019.
The results in our businesses varied. Revenues and earnings increased overall due to our order backlog in offshore as we entered 2019 and our volumes in the defense segment, among other areas. While the industrial economy peaked back in 2018, demand remained stable in 2019.

Tell us more about your performance in offshore.
We secured several major deals in 2018 and continued to secure add-on orders in 2019, which filled our order book. Investments were also made in manufacturing capacity, which meant that we were able to commence volume manufacturing in offshore during the second quarter. Deliveries of the orders we secured in 2018 started during the autumn and were concluded in early 2020. We are now looking forward to these heating cables for pipelines being installed as planned during 2020 and 2021. We believe that this cost-effective technology offers growth opportunities. Naturally, we are thus hoping for more orders and are continuing to focus on technology development in order to develop more product variations and find new applications for this technology.

Describe the market situation in Telecom.
The weak trend that started during the latter part of 2018 continued in 2019. There were some variations between the quarters, but overall 2019 was still a weaker year than 2018. The market is currently characterized by significant overcapacity and price pressure remains intense, which is affecting profitability. We have unique products with superior technical performance, but as the market has matured, competition has intensified, particularly from manufacturers in China.

How have the operations in China been affected by customs and trade restrictions?
One direct effect is that the supply chains between the US and China are changing. Companies are trying to redirect their manufacturing to other countries, which has resulted in more production being moved to India, for example. As a result, production volumes and market shares in Telecom are being shifted around between us and our competitors in a new way. At the same time, the situation is something of a double-edged sword, since trade restrictions can also benefit our industrial cable operations. We have our own production operations in China and stand to benefit from this local production as companies work to reduce their cross-border component trading.

Poland has performed well in recent years – what happened in 2019?
As I said, we have broken our record when it comes to revenues in Poland, up 50 percent compared with 2018. This increase was attributable to our strong growth in demand among existing industrial customers. Another explanation is that we have secured several major project transactions in the defense industry. One of our strengths is that our costs are competitive, and we have a highly competent organization from a technical perspective. Now we are also planning for continued development in Poland. Construction on a new plant will commence in mid-2020 with move-in scheduled for 2021.

Habia is involved in numerous project transactions – can you tell us more about them?
These are transactions where the customer has a large-scale project for which they need our products – for example, in the construction of nuclear power plants, the building of submarines or in offshore installations. Typically, this means that orders will be received at certain intervals. Although the volumes and margins involved are attractive, it means that order bookings and invoicing will fluctuate over time. Project transactions also place demands on effective production planning since these large commitments need to be adapted taking all our ongoing business into consideration – planning that I believe we have become increasingly skilled at managing.

What will your focus be for 2020?
The conditions are tough. The telecom market is under pressure and the industrial economy is uncertain. Our focus will be on generating a return on our investments and organizational changes made in recent years. We are prepared to adapt our capacity and costs, and will strengthen our competitiveness by focusing on productivity and efficiency. In the long term, we can see that Habia's growth potential is greatest in high-tech customer segments, such as defense, nuclear power and offshore.

MAIN AREAS – SUSTAINABILITY WORK

- More efficient energy consumption.
- Reduced VOC emissions.
- Reduced waste – increased recycling of plastics and metals.
- Further development of systems for registering near misses in the work environment.
- Social commitment and partnerships with schools.

TELECOM

Technology-leading manufacturer

OPERATIONS
Develops, manufactures and sells cables for radio base-station antennas in mobile telecom.

COMPETITIVE ADVANTAGES
Comprehensive range of cables. High quality and electrical performance that provides superior damping and helps to increase the range of antennas. Proprietary low-cost manufacturing that strengthens the company's competitiveness.

CUSTOMERS/MARKET
Antenna manufacturers in mobile telecom. The principal market is Asia, which accounts for two-thirds of sales. Other key markets are Europe and North America.

PERFORMANCE IN 2019

Continued intense competition

- Continued overcapacity and price pressure through cable manufacturers, primarily in China, which had a negative impact on profitability.
- Weak total market with certain quarterly variations in demand.
- Fewer major infrastructure projects were rolled out during the year.
- Limited impact to date from the ongoing expansion of 5G.
- Habia maintained its leading position in terms of quality and technology.
- Continued investments to ensure the company's productivity.
- Sales totaled MSEK 227 (313).

OTHER INDUSTRY

Customized cables and cable harnesses

OPERATIONS
Customer-driven development of cables and cable harnesses, which are often used in high-tech applications in harsh environments.

COMPETITIVE ADVANTAGES
Innovative ability, technical competence, and flexible manufacturing in small batches based on customer orders. Global delivery capacity.

CUSTOMERS/MARKET
Companies in nuclear power, defense and offshore. Industrial companies in transport, engine and turbine manufacturing, and tool, measuring and sensor technology. The largest markets are Germany, France, the UK, the Netherlands, Belgium and the Nordic countries.

PERFORMANCE IN 2019

Favorable performance

- Favorable demand from the defense and engineering industry.
- Weaker industrial economy in Germany, while the markets in the Nordic countries as well as the UK, France and China displayed a stronger development.
- Strong underlying defense market, for example in Germany, where Habia captured market shares.
- Extensive investments in manufacturing capacity in offshore and start-up of volume manufacturing.
- Deliveries to the offshore sector related to the major orders received in 2018.
- Add-on orders for heating cable in offshore.
- Strong growth in Poland, mainly due to increased demand from defense and industrial customers.
- New project orders in nuclear power.
- Sales totaled MSEK 751 (548).

TELECOM IN BRIEF

- Habia holds a strong global position in mobile telecom cables.
- All product development and manufacturing are conducted at the company's plant in China.
- The leading brand is Flexiform, which accounts for more than 90 percent of sales.
- Product variations are launched regularly to meet new technology, environmental or cost requirements.

OTHER INDUSTRY IN BRIEF

- One of Europe's largest manufacturers of custom-designed cables.
- Technical sales staff and designers at the plants are responsible for the company's customization.
- In-house development department with expertise in materials, electrical properties in cables and cable design.
- Sales in approximately 50 countries.
- Cables are manufactured in Sweden, Germany and China. Cable harnesses in Poland.

SALES PER MARKET

TELECOM

Sweden 7%
Other EU 18%
Asia 69%
North America 6%

OTHER INDUSTRY

Sweden 9%
Other Europe 13%
Other EU 63%
Asia 11%
Rest of the world 4%

BUSINESS AREA'S SHARE OF INVOICING

TELECOM

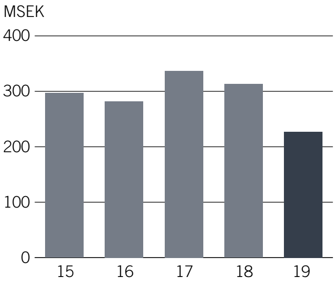
Telecom 25%

OTHER INDUSTRY

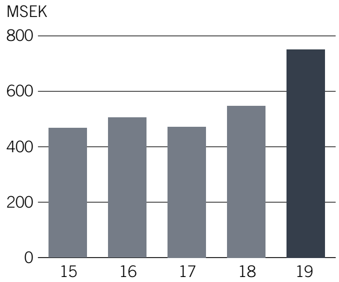
Other Industry 75%

INVOICING PER BUSINESS AREA

TELECOM



OTHER INDUSTRY



1,300

A NEW MAIN WAREHOUSE FOR RAW MATERIALS FOR CABLE PRODUCTION WAS BUILT AT THE PLANT IN SÖDERFORS. THE WAREHOUSE IN ABOUT 1,300 SQUARE METERS IN SIZE AND BECAME OPERATIONAL IN AUTUMN 2019.

CABLES FOR UNDERWATER TECHNOLOGY

During the year, Habia secured orders for several submarine programs. The company has developed cables for underwater applications since the 1970s and is currently the only manufacturer in northern Europe that meets the qualifications in this area. Its cables are used in a number of different submarine systems, including sonar – a type of underwater radar – and periscope functions. Through the years, products have been delivered to submarine programs throughout Europe and to customers in Asia and Australia.

INDUSTRY CABLES ON THE RISE IN CHINA

Sales of customized industrial cables have accelerated in China. Compared with 2017, volumes doubled in 2019. The company's major customer segments include marine and offshore as well as general industry. Growth is also expected to continue in 2020, with customer demands on the Chinese cable market having become more sophisticated. This will benefit Habia, which has manufactured customized industrial cables in the country since 2009.

50

HABIA HAS SALES IN APPROXIMATELY 50 COUNTRIES.

UPGRADED VEHICLES

When the turret in the Swedish army's CV90 combat vehicle is modernized, the cables and cable harnesses will come from Habia. This modernization will extend the vehicle's lifetime and ultimately strengthen the army's ability to combat military threats. Habia was selected by BAE Systems to serve as the supplier for the upgrade program, which is to be completed during 2020.

FIRST OFFSHORE DELIVERIES

During the year, more than a million meters of cable were delivered to the first major customer project in the offshore segment. The cables are based on a technology that Habia developed for the oil and gas industry, where they are used, for example, to heat pipelines on the sea bed. Oil platforms are often the hub in a network of gas and oil fields. These fields are connected by pipelines that can extend for 30 to 40 kilometers, with heating used to reduce the risk of stoppages and blockages in the flow of oil. Compared with existing technology, Habia's solution results in lower investment costs, but also reduces operating costs because the heating is energy efficient. The use of chemicals is also reduced.

CUSTOMER CENTERS ENHANCE EFFICIENCY

Faster, more efficient and smarter – these were the watchwords when four new customer centers were established at the company's plants in Europe and Asia. Design engineers, sales personnel and order administrators work there together with logistics and production specialists. Through a daily exchange of information, technical and logistical customer questions can be managed in a more efficient manner.

New revenues record and plans for a new plant. Agnieszka Pawlowska, head of Habia in Poland, tells us more about an operation that is growing and developing.

Describe your offering and your competitive advantages.

Our business is based on assembling many components, including Habia cables, into complete cable systems and harnesses which are combined by our clients into signal, power, video or control systems. What differentiates us from other companies are our design services, technical support, the high quality of our products and the skill of our operators, who work according to the highest standards required in the defense industry. We used to work mostly with defense and industrial customers. Recently, we also added customers in the offshore sector.

You achieved a new turnover record – can you explain why?

At the end of 2018, we noticed a significant increase in orders and announcements of future increases in all of the sectors we operate in – for instance, a major defense project which was the single largest defense order we have ever received. At the same time, we faced a ramp-up from our industrial customers. Some orders for offshore were also added. Consequently, we increased our employment by around 50 percent in order to be able to secure proper capacity.

Can you also tell us something about your future plans?

When looking to the future, the limited space at our current factory makes it inevitable that we need to look for something bigger. The process of opening a new factory has already been started. We are now in the process of signing the construction contract and choosing a design company to support us during the entire construction process. The objective is to move into the new factory by the end of 2021.

SEAGUARD LIGHTWEIGHT CABLE

During the year, the company made its first major delivery of a further type of cable in the Seaguard product family. The cable – which is halogen-free and thus does not emit toxic gases in the event of a fire – is used in diesel engines and other marine technology. It is a lightweight cable that weighs 35 percent less than the cables usually used in such applications. The products were delivered to a customer in Singapore, where they have been installed in police boats. The low weight contributes to reduced fuel consumption, but also helps to maintain the speed performance of the high-speed boats.

CERTIFICATION OPENS DOORS

In China, the company's manufacturing of cable products for vehicles is certified according to IATF 16949 – an international standard for the automotive industry. The certification is essentially a stamp of quality, providing more opportunities to deliver components to automotive manufacturers and their sub-suppliers. At the same time, the certification process also creates an opportunity to further improve the company's own operations, mainly through the review now being conducted of its organization, quality work and much more.

90%

FLEXIFORM ACCOUNTS FOR MORE THAN 90 PERCENT OF SALES IN TELECOM.

BETTER CONTROL AT ALL STAGES

The implementation of Habia's new business system was completed during the year. One of the final features to be put in place was the tool used to design cables. This tool streamlines the design process by making it easier to reuse designs and develop standardized components. The business system, whose implementation has been in progress since 2016, provides better control of the entire operation. An individual customer order can now be followed in real time from offer to delivery. It provides an overview and enables control at each stage.

Beijer Tech

Beijer Tech specializes in industrial trading and manufacturing of consumables, components, machinery, service and technical solutions. Many of its products and services are adapted to meet specific customer needs.

OFFERING

Customer needs – based on each customer's need to improve its productivity and competitiveness.

Products/Service – offer a broad range based on quality, knowledge of the customer's operations and added value such as customization.

Cost-savings – deliver cost-saving solutions, such as reducing production costs or generating energy savings.

Development – contribute knowledge and solutions that strengthen the customers in their production and product development.

CHANGE OF PRESIDENT

Staffan Johansson took over as President of Beijer Tech. He formerly served as CEO of Lundgrens and Business Area President for Fluid Technology.

1,080

SALES AMOUNTED TO MSEK 1,080 (913).

ACQUISITIONS

Four acquisitions were carried out during the year – Uudenmaan Murskaus, Encitech, Codan and KTT Tekniikka.

81

OPERATING PROFIT TOTALED MSEK 81 (60).

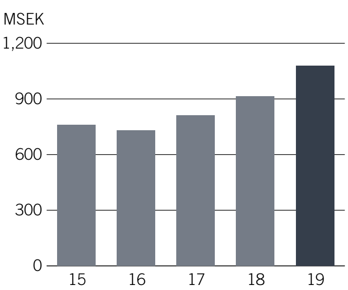
7.5%

THE OPERATING MARGIN WAS 7.5 PERCENT (6.6).

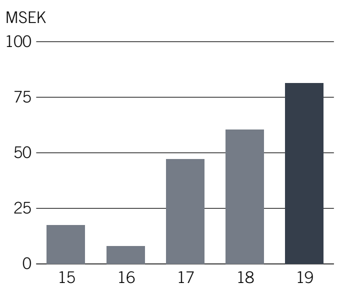
16%

ORDER BOOKINGS ROSE 16 PERCENT.

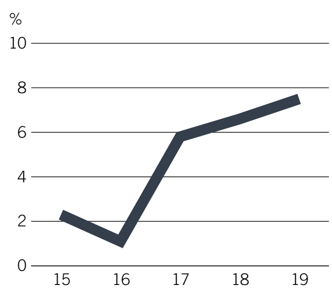
INVOICING



OPERATING PROFIT



OPERATING MARGIN



PERFORMANCE MEASURES

MSEK	**2019**	2018	2017	2016	2015
Net revenues	**1,080.1**	913.1	811.5	731.1	760.6
Cost of goods sold	**–778.5**	–660.8	–588.4	–541.1	–558.2
Gross profit	**301.6**	252.3	223.1	190.0	202.4
Selling expenses	**–129.3**	–117.3	–105.0	–115.2	–116.9
Administrative expenses	**–90.9**	–74.5	–70.9	–66.9	–68.0
Operating profit	**81.4**	60.5	47.2	7.9	17.5
Operating margin, %	**7.5**	6.6	5.8	1.1	2.3
Net financial items	**–4.8**	–0.3	–0.9	–0.5	–0.5
Profit after net financial items	**76.6**	60.2	46.3	7.4	17.0
Includes amortization and depreciation in the amount of	**40.1**	6.8	6.6	7.1	8.0
Capital expenditures excl. corporate acquisitions	**48.2**	7.7	2.3	5.0	5.1
Return on capital employed, %	**19**	20	18	4	7
Average number of employees	**313**	229	213	211	218

STAFFAN JOHANSSON, PRESIDENT OF BEIJER TECH:

"A record year for Beijer Tech"

Most of Beijer Tech's operations exceeded the goals established for 2019, allowing the company to deliver a record result for the year. The company benefited from the strong Swedish industrial economy as well as the recovery in offshore in Norway.

Summarize your performance in 2019.
We reported relative volume growth and captured market shares – for example, in Lundgrens and in Norway and Denmark. Svebab also delivered a strong performance. At the same time, we were able to keep costs down, which contributed to this positive trend. Beijer Tech works in a decentralized manner. This gives local managers considerable individual responsibility in terms of developing business expertise.

Industrial Products has made a turnaround in recent years – how would you describe the business area's performance in 2019?
As already mentioned, Denmark and Norway stand out. In Norway, the offshore market made a comeback after a few weak years, which boosted demand for Norspray's services. In Denmark, we have an incredibly skilled sales organization, which is a key reason for the excellent performance there.

You have carried out several acquisitions – can you describe the background for these transactions?
It has been intensive and the acquisitions were all well implemented. I also think it's important want to mention our decentralized work approach. It means that new business acquisitions don't drain as much energy at a central level, but can be integrated in a convenient and efficient manner.

In Fluid Technology, our goal is to intensify our internationalization and the purchase of Codan should be viewed in this light. The Norwegian market is a good fit geographically and strategically, and can largely be supplied from Lundgrens's central warehouse in Gothenburg. The acquisition in Finland provides us with a larger critical mass, thereby creating new opportunities to earn money, attract new employees and increase growth. New areas have also been added to Beijer Tech through the acquisition of Encitech. This acquisition reflects our aim to serve as a broad platform for well-managed companies in industrial manufacturing and trading.

What are your requirements for acquisitions – where does value creation come into the picture?
All companies must have a long-term sustainable business with growth potential. They should not be dependent on only a few customers. A third requirement is that the companies offer high customer value, which supports a strong customer relationship. One example of customer value in the existing operations is the high availability and delivery reliability that our companies offer. Our customers know that we have the products they need on hand and that their production will not stop because they can receive fast deliveries from us.

A high level of competence is another requirement, which we also have in our companies. Many employees have been part of the operations and the industry for a long time. This provides continuity for the customers, who get to know our employees and feel they receive fast and helpful responses to their inquiries.

What is the status of your plans to increase the amount of manufacturing and refinement in the company?
We are on a journey toward higher value creation, and we are looking for acquisitions with manufacturing and refinement capabilities. This journey continued in 2019 with the acquisitions of Encitech and KTT Tekniikka. During the spring, we completed the new plant in Tyresö, outside Stockholm, where Lundgrens and Packningar & Plast were integrated and we manufacture such products as gaskets and seals. Investments were also made in a new machinery and we have recruited new employees with cutting-edge expertise in manufacturing. These are the same measures that were implemented earlier at Svebab and which gave production there a boost. Both cases involve a shift in manufacturing expertise, meaning that we can accept additional and more advanced orders.

What will your focus be for 2020?
It will be important to have a strong sales focus because we can see that demand is slowing down. We are also making investments in digitization. This will allow us to simplify our procedures for everything from inventory to sales, enabling us to serve our customers even better. We are also advancing our positions in e-commerce, where industrial trading is lagging behind the consumer market in terms of speed and simplicity. In this area, we are focusing on solutions that will cut delivery times, for example. We will also continue to actively seek out new acquisitions with the potential to broaden and complement Beijer Tech's operations.

MAIN AREAS – SUSTAINABILITY WORK

- Increased energy efficiency, for example, through energy audits and preparations for solar panel installations in owned properties.
- Optimize the logistics flow through improved packaging, goods transport and business travel to reduce climate impact.
- Work environment improvements – reduce noise, improve lighting and ergonomics.
- Offer products/solutions that reduce the customer's environmental impact.

FLUID TECHNOLOGY

Wholesale and manufacturing operations

OPERATIONS
Hoses/couplings and industrial rubber. Lundgrens is the dominant operation, with warehouses, manufacturing and sales operations throughout Sweden. Svebab manufactures fire and industrial hoses and firefighting equipment.

COMPETITIVE ADVANTAGES
Wide product range, high level of competence and a growing range of customized and proprietary components.

CUSTOMERS/MARKET
Customers include major manufacturers (OEMs), specialist retailers, authorities/emergency services and industrial companies operating mainly in manufacturing, operation and maintenance. Sweden is the main market.

PERFORMANCE IN 2019

Increased growth

- Positive performance in Lundgrens, which increased its sales and continued to capture market shares, including in the area of hydraulics.
- Increased growth in Svebab, where further investments were made in manufacturing capacity and quality control.
- Strong performance in Packningar & Plast, which was integrated into Lundgrens and into the new, shared production plant outside Stockholm.
- Acquisition of Codan in Norway, laying the foundation for international expansion in Fluid Technology. During the year, the business changed its name to Lundgrens Norge.
- Continued investment in the recruitment of cutting-edge expertise to Lundgrens, both in production/manufacturing and inventory/logistics.
- Sales totaled MSEK 482 (415).

INDUSTRIAL PRODUCTS

Quality products and services

OPERATIONS
Sales of equipment, consumables and machinery as well as proprietary manufacturing. The company's business concepts include Karlebo (foundries, 3D printing), Beijers (foundries and refractory), Tebeco (blasting and grinding), PMU (industrial service), Norspray (surface treatment), Preben Z (surface treatment), KTT Tekniikka (transmission), Encitech (electronic components) and Uudenmaan Muskaus (spare and wear parts).

COMPETITIVE ADVANTAGES
Value-creating sales of products that strengthen customers' overall finances, for example, by improving the outcome of a process or quality of a product or by reducing costs.

CUSTOMERS/MARKET
Industrial companies in surface treatment, foundries, steelworks and smelters, and offshore. Operations in Sweden, Norway, Denmark and Finland.

PERFORMANCE IN 2019

High acquisition intensity

- The strong Swedish industrial economy generated a positive sales trend in several operations with respect to both machinery and consumables.
- Sales in Norspray grew sharply due to the recovery of offshore in Norway.
- Increased growth in Danish company Preben Z.
- Acquisition of Uudenmaan Murskaus, which sells spare and wear parts for rock crushers.
- Acquisition of Swedish company Encitech – a new type of operation within Beijer Tech that develops, manufactures and distributes electronic components.
- Acquisition of Finnish company KTT Tekniikka, which brought the new segment of mechanical transmission products and service to Industrial Products.
- Continued investments in 3D printing/additive manufacturing.
- Sales totaled MSEK 599 (498).

FLUID TECHNOLOGY IN BRIEF

- Lundgrens is the market leader in industrial hoses in Sweden.
- The company's range comprises 35,000 items.
- Customized gaskets and plastic parts are manufactured at a new facility outside Stockholm.
- Svebab is the market leader in Sweden in high-quality fire hoses.

INDUSTRIAL PRODUCTS IN BRIEF

- Market leader in the Nordic region in blasting and foundry products.
- The Swedish market accounts for 60 percent of sales.
- The largest business is Beijer Industri, which has five product areas: surface treatment, foundries, steelworks and smelters, refractory and steel products.
- Encitech's range of electronic components comprises 25,000 items.

SALES PER MARKET

FLUID TECHNOLOGY

Sweden 90%
Nordic region 8%
Other EU 2%

INDUSTRIAL PRODUCTS

Sweden 45%
Nordic region 38%
Other EU 17%

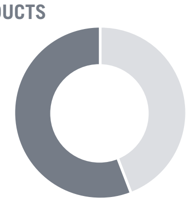
BUSINESS AREA'S SHARE OF INVOICING

FLUID TECHNOLOGY

Fluid Technology 43%

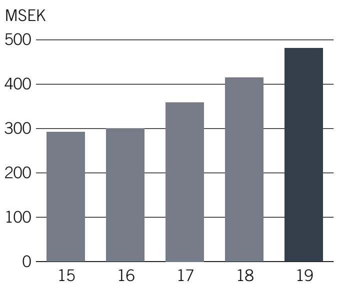
INDUSTRIAL PRODUCTS

Industrial Products 57%

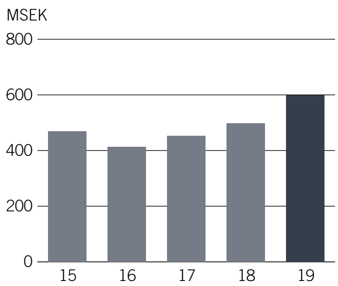


INVOICING PER BUSINESS AREA

FLUID TECHNOLOGY



INDUSTRIAL PRODUCTS



INVESTMENTS IN CAPACITY

Svebab significantly increased its fire hose manufacturing capacity through investments in its textile facility, where the outer shell for the hoses is woven. At the same time, improvements were made in the vulcanization process, during which the outer shell and hose are joined together under pressure and heat in a vulcanization tunnel. By controlling the heating and cooling more efficiently, the speed of vulcanization has been increased by 200 percent. At the same time, energy consumption has been reduced.

MORE CONTAINER STORES

In Norspray, the roll-out of consumables container stores located at industrial customer sites continued. The stores contain a customized range of consumables and personal protection equipment, and are filled as required. All handling is digitized. Orders are placed using an app, which also keeps track of the inventory balance and deliveries. This is practical for the customer, but also for Norspray, allowing the company to supply many customers in a rational manner. During the year, another offshore customer chose to invest in this type of store, bringing the number of units in operation to 11. Continued expansion in offshore expected in 2020.

60%

IN INDUSTRIAL PRODUCTS, THE SWEDISH MARKET ACCOUNTS FOR 60 PERCENT OF SALES.

NEW PRINTER – NEW OPPORTUNITIES

Karlebo is advancing its positions in 3D printing. The operation was broadened through an investment in a new printer in 2019 – from manufacturing of prototypes to batch manufacturing of components, including components for the automotive industry. The new printer uses a new type of binding agent in the manufacturing process, which enables volume production.

In parallel, the operation is devoting greater focus to printing directly in metal, which is a new market with other types of customers. The focus is on the manufacturing of medical implants and other high-tech components.

FOUNDRIES CHOOSE 3D PRINTING

Karlebo offers 3D printing at its own facility, but also sells printers in the Swedish market. During the year, another printer was sold to a customer in the foundry industry.

PREBEN Z DELIVERS TO ENERGY CUSTOMER

During the year, Preben Z secured new business in the energy sector. The customer is an international provider of wind turbines. The company has appointed Preben Z as its global supplier of grinding equipment. The partnership includes service units in six countries in Europe and South America. The deliveries carried out in 2019 established a base range of grinding products for the various units, which at the same time laid the foundation for continued sales of consumables and maintenance equipment. Preben Z is specialized in surface treatment and, in addition to grinding, works with cutting, deburring and polishing.

Encitech was one of the new acquisitions during the year. President Henrik Olsen foresees opportunities for new, exciting development projects now that the business has become part of Beijer Tech.

Describe your offering and competitive advantages.

Encitech designs, manufactures and distributes electronic components, primarily connectors for cables and circuit boards. We have existed for more than 40 years and have built a strong brand throughout the world. The range has been expanded considerably over the years and now comprises nearly 25,000 items.

Who are your customers and what are your main competitive advantages?

Our customers are found in various sectors, such as railway systems, heavy industry, medical devices, military equipment, telecommunications and the marine market. Our foremost competitive advantage is our product expertise when it comes to connectors for low-voltage cable harnesses. Another strength is our large storage capacity, which enables us to offer customers deliveries with short lead times.

What were you most satisfied with in 2019?

The fact that we have succeeded in having a large number of items represented in the best-known electronic companies throughout the world – so-called catalog companies. This customer group is one of Encitech's most important sales channels, so this strengthens our brand.

What new opportunities have been created now that Encitech is part of Beijer Tech?

We have the opportunity to leverage Beijer Tech's financial strength, but are also benefiting from the company's interest in making continued investments in Encitech in the form of sales resources and new development projects. Developing and offering the market new products will be a must for us in the future.

What is your most important goal for 2020?

To further strengthen the sale organization, especially when it comes to exports since 70 percent of our range is exported. We will also further develop our website. It is our most important source of sales support for our approximately 25,000 items. The goal for 2020 is to have at least 30,000 items represented, including drawings and CAD drawings.

NEW INDUSTRIAL SEGMENT

Beijer Tech is expanding into the Finnish market. The purchase of KTT Tekniikka has added a new segment in the Industrial Products business area – mechanical power transmission products. The company offers maintenance service and spare parts for gear boxes and pumps. Major customer segments include the pulp and paper industry, energy companies, machine manufacturers and the processing industry. KTT Tekniikka is demonstrating stable, profitable growth. Because there is a need for mechanical power transmission products and maintenance service in most industrial sectors, the area offers significant growth potential, especially since the company has a comprehensive offering with a broad range of machinery and mechanical maintenance service. In the next stage, the facilities in Kotka and Lappeenranta will be expanded and the sales team will be strengthened.

25,000

ENCITECH'S RANGE OF ELECTRONIC COMPONENTS COMPRISES ABOUT 25,000 ITEMS. THE GOAL IS TO EXPAND TO 30,000 ITEMS DURING 2020.

MORE AUTOMATION

At Lundgrens's new production facility outside Stockholm, the company has increased the level of automation, which in turn will improve productivity. The products manufactured at the facility – which was put into operation in the spring – include customized gaskets. The goal is to reduce manual handling and to make all manufacturing faster and more efficient, including the stamping of products. The first, more automated machine was delivered at the beginning of 2020.

70%

OVER THE PAST 40 YEARS, ENCITECH HAS BUILT UP A STRONG BRAND THROUGHOUT THE WORLD. EXPORTS ACCOUNT FOR 70 PERCENT OF SALES.

Beijer Alma's Sustainability Report

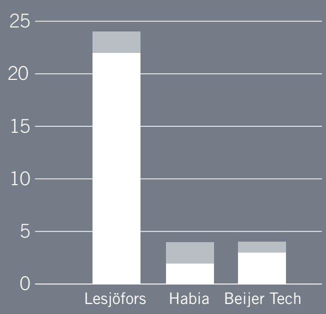
NEW OBJECTIVES

New sustainability objectives have been established for 2019 to 2023. This work was carried out together in dialogue with some 30 local units and in collaboration between Group management and the sustainability managers of the subsidiaries.

FOCUS ON BUSINESS ETHICS

A thorough training program in Beijer Alma's Code of Conduct was developed during the year. The program focuses on employees working in sales, purchasing, procurement or other areas where ethical issues are often of particular importance. The course material combines basic information about the Code with everyday examples of ethical dilemmas, which participants then discuss together In 2019, more than 700 employees participated in the training program.

ISO 14001-CERTIFIED UNITS



INVESTMENTS IN THE ENVIRONMENT AND WORK ENVIRONMENT

Improved work environment 36%
Energy-efficiency enhancement 31%
Air purification 19%
Water purification/Wastewater treatment/ Waste management 3%
Other investments 11%

MORE SDGS

After revising the sustainability objectives, additional UN Sustainable Development Goals (SDGs) were connected to the Group's work. We now include SDG 5: Gender equality and SDG 16: Peace, justice and strong institutions. Beijer Alma is focusing in particular on target 16.5: Substantially reduce corruption and bribery in all their forms.

CODE OF CONDUCT

The Group reviewed its Code of Conduct, which is now available in eight languages and can be downloaded from Beijer Alma's website.

EXPANDED REPORTING

This year's Sustainability Report has been expanded and is based on data from 32 units. Sales companies and other units have also contributed data about their work related to business ethics.

A sustainable Beijer Alma

LONG-TERM OBJECTIVES

Beijer Alma's sustainability strategies are made more tangible through long-term Group objectives across four areas. Based on these objectives, the local operations develop their own detailed objectives and action plans, mainly within the framework of ISO 14001.

INTEGRATED INTO DAILY ACTIVITIES

Sustainability currently influences planning and decision-making on several levels throughout the Group, including the Board's annual strategy review and monthly meetings with subsidiaries and their weekly reports. It also affects everyday issues from risk management and business plans to investment decisions and the development of new, more environmentally friendly products and services.

TEN BASIC PRINCIPLES

Our sustainability work is based on the Ten Principles of the UN Global Compact, an initiative to promote corporate social responsibility (CSR). We devote particular focus to the following areas:

- applying sound business principles and high ethical standards. Preventing corruption is an important part of this work.
- creating a safe, positive and stimulating work environment.
- using natural resources as efficiently as possible and minimizing environmental impact and climate change.
- approaching our operations from a life cycle perspective – raw materials, suppliers, products, services and customers.
- involvement in the communities in which Beijer Alma operates. We work at both the Group level on large-scale projects and the local level by supporting schools, associations and healthcare.

STAKEHOLDER ANALYSIS

STAKEHOLDER GROUP	DEMANDS AND EXPECTATIONS	VALUE CREATION
Customers	Customer demands pertain to such areas as certified environmental management systems, prohibited chemical substances, environmental product declarations, conflict minerals, productlabeling, transportation with a lower environmental impact, codes of conduct and specific legislation that must be fulfilled.	Customer commitment to sustainable development is gradually increasing. Essentially all Group companies are now subject to various demands. During 2019, follow-ups were conducted at 18 (13) of the Group's companies through either surveys or visits. Some minor shortcomings were noted, but the outcome was mainly positive. The results were used to further advance the Group's sustainability work and create customer confidence.
Employees	Health, safety, salaries, benefits, social conditions, job satisfaction and development opportunities.	Employee performance reviews, training, professional development and preventive healthcare. Preventive work environment measures. During 2019, Beijer Alma paid MSEK 1,149 (1,134) in salary and other personnel costs.
Suppliers	Clear, consistent demands with respect to sustainable development and follow-up of these demands.	The Group companies provide information about Beijer Alma's Code of Conduct and expect their suppliers to share this approach. We also assess the sustainability work of our suppliers. In 2019, 224 (171) surveys and 72 (85) audits were performed. These suppliers all demonstrated an acceptable level of compliance with the Group's requirements. During the year, Beijer Alma paid MSEK 2,052 (1,913) to its suppliers of input materials.
Investors	Minimize risks, create business opportunities and engage in credible, forward-thinking sustainability work. Returns.	The integration of sustainable development into strategies and day-to-day operations reduces risks and creates business opportunities. Beijer Alma regularly communicates with its owners and investors. Beijer Alma's share price rose 20.7 percent in 2019. The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 5.10 (5.10) per share.
Authorities	Beijer Alma is subject to extensive environmental and work environment legislation. The introduction of new or amended legislation impacts the Group's operations.	Compliance with legislation is monitored through reports to various authorities and by way of internal and external inspections and audits. No significant violations of environmental or work environment legislation occurred in 2019.
Society	Involvement in society at both the local and national level.	Social commitment creates a sense of trust and interest in Beijer Alma. Providing support for non-profit organizations and establishing contacts with schools and universities helps to attract future employees.

CODE OF CONDUCT

Our Code of Conduct serves as a guide for our employees and partners. By applying the Code:

- we comply with legislation, the UN Global Compact, the UN Convention on the Rights of the Child and other international agreements and guidelines.
- we take the financial expectations of our stakeholders into consideration and create customer and shareholder value.
- we ensure that CSR is integrated into the Group and practiced in relation to employees, customers, suppliers, owners and other stakeholders.
- we contribute to sustainable development, including health and social welfare.
- the Code places demands on our employees and partners when it comes to acting honestly. Bribes are prohibited. Gifts and other benefits may not exceed the amounts prescribed by local practices and legislation. We comply with competition legislation and apply sound marketing principles.

WHISTLEBLOWER SYSTEM

The whistleblower system allows employees to report any suspected improprieties without a risk of harassment or reprisal. All reports are handled by an external recipient, who ensures that appropriate action is taken.

GOVERNANCE, FOLLOW-UP AND COMMUNICATION

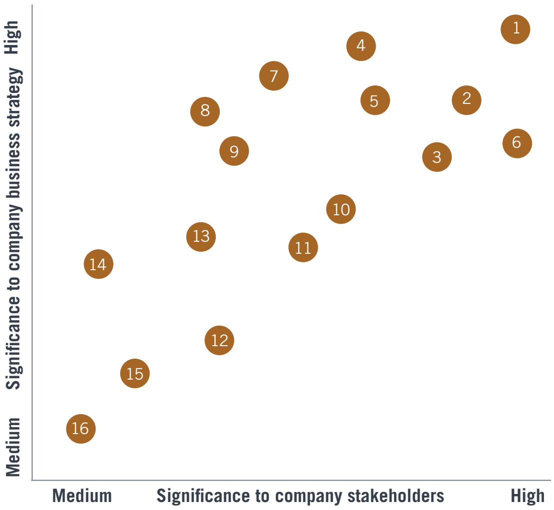
The focus of the sustainability work is stated in the Code of Conduct and the Group-wide objectives established in 2019. Issues pertaining to strategy, objectives, follow-up and communication are handled by Beijer Alma's management and a Group-wide team that includes sustainability managers from Lesjöfors, Habia Cable and Beijer Tech. All internal sustainability reporting is managed through the digital platform Worldfavor, which simplifies data collection, follow-up and improvement measures. Sustainability updates are reported regularly by Group management to Beijer Alma's Board of Directors and, through the Sustainability Report, to investors, the media and other external stakeholders. Operational responsibility is delegated to the respective president of each Group company. They are supported by sustainability managers in the Group-wide team who organize and funnel the work related to the overall objectives on to the individual companies. The managers at the Group's approximately 30 manufacturing units are responsible for implementing and reporting on local objectives and plans. This work is followed up in consultation with the companies' management teams and through audits and sustainability reports. Each unit also receives a local report on its sustainability performance in the areas where the Group has set objectives. This report serves as a tool in local efforts to improve and meet the unit's objectives.

SYSTEMATIC ENVIRONMENTAL WORK

Certified environmental management systems are a component of the sustainable development strategy. ISO 14001 provides a systematic approach to environmental work and contributes to continuous improvements. The goal is for all of the Group's production units and other major units to be certified. A total of 27 (24) units are currently certified. Four additional companies are preparing to implement the environmental management system over the next six to 18 months. Environmental audits are part of the Group's continuous efforts to monitor and improve the environmental management system. Beijer Alma employs 58 (70) internal environmental auditors, who conducted 42 (46) environmental audits in 2019. The Group's facilities were audited by external certification auditors on 27 (26) occasions.

MATERIALITY ANALYSIS

The materiality analysis identifies the most important areas to address. It was inspired by the guidelines in the Global Reporting Initiative (GRI) and directs Beijer Alma's sustainability efforts towards the following areas: sound business ethics with social commitment, reduced climate impact, more efficient use of resources (energy, waste), and a safe and stimulating work environment. The Sustainability Report on pages 48–55 is also structured around these areas.



1 Business ethics/corruption
2 Sustainability requirements – customers
3 Sustainability requirements – suppliers
4 Attract, develop employees
5 Work environment issues
6 Climate change
7 Innovation/sustainable solutions
8 Legal requirements – environment/work environment
9 Energy consumption
10 Social commitment
11 Diversity/human rights
12 Sustainability requirements – investors
13 Transport/travel
14 Waste management
15 Sustainability risks – acquisitions
16 Water consumption

Sustainability objectives and risk management

The new sustainability objectives focus on four areas and are based on the materiality analysis previously carried out by the Group. The objectives are also connected to several risks deemed pertinent to Beijer Alma's reputation and financial position. Managing these risks is part of the Group's sustainability work and helps to achieve the long-term objectives.

SOUND BUSINESS ETHICS WITH SOCIAL COMMITMENT

Beijer Alma represents honesty and honorability, and we expect the same from all of the stakeholders that the Group collaborates with. We apply sound business ethics, and bribes and anti-competitive practices are forbidden. Our social responsibility is clear and involves supporting and collaborating with many different stakeholders who share our values.

BUSINESS ETHICS AND HUMAN RIGHTS

Risk

A lack of business ethics and human rights violations – in the Group companies or among our suppliers – could harm Beijer Alma's reputation and business operations.

Risk management

We prevent corruption, anti-competitive practices and human rights violations through information, training, internal regulations (the Code of Conduct) and follow-up, including audits and employee surveys. The whistleblower system is also part of this work.

Outcome

No breaches of business ethics or human rights violations were reported. During the year, training material regarding business ethics was developed and distributed across the entire Group.

HANDLING OF CONFLICT MINERALS

Risk

The trading of conflict minerals finances violence and attacks. Being associated with such trading could seriously damage the Group's reputation and business operations.

Risk management

Ten Group companies work with these types of raw materials. They have rules in place, are evaluated by customers and conduct review procedures to determine with reasonable certainty that certain minerals, such as tin, tantalum and wolfram, are not sourced from areas of armed conflict.

Outcome

None of the raw materials handled by the Group were connected to any conflict minerals.

MORE EFFICIENT USE OF RESOURCES

Beijer Alma's use of energy, materials and other natural resources is to be efficient and economical. Resources are to be recycled to the greatest extent possible to contribute to sustainable development.

ENERGY COSTS

Risk

Insufficient control of energy consumption and higher energy costs could have a negative impact on the operations, for example in terms of the purchase of electricity, for which prices are expected to increase in the long term. Taxes and charges for fossil-based fuels are also expected to rise.

Risk management

The Group monitors developments and evaluates alternative energy sources, such as solar panels. A Group-wide energy-efficiency objective has been established. Measures – including energy audits – are being carried out at our plants to ensure that our energy consumption is efficient and can be reduced in line with the sustainability objectives.

Outcome

Energy costs have not risen beyond what was expected. Two additional energy audits were carried out during the year. Examples of energy efficiency measures are reported on pages 50 and 51.

REDUCED CLIMATE IMPACT

Beijer Alma supports the UN SDGs for 2030 and actively contributes to reducing climate change and its consequences. We do so by reducing our emissions of climate-affecting gases and by evaluating how climate change affects the Group's activities.

CLIMATE CHANGE

Risk

Climate change may result in damage to plants, impact our access to raw materials or the conditions among suppliers and give rise to changes in customer behavior. Taxes, fees and emission limitations could also affect the Group.

Risk management
The Group follows developments through its own risk analyses – and those conducted by government authorities in the countries affected – and takes action accordingly.

Outcome
Two units are located in areas where extreme weather conditions may occur (China and Thailand). No climate-related damage or restrictions occurred in 2019. Nor were the operations affected by new or increased taxes, fees or emission limitations to any material extent.

CHANGES IN ENVIRONMENTAL LEGISLATION THAT INCREASE COSTS

Risk
Changes in environmental legislation can impact the operations and increase costs.

Risk management
We monitor developments in environmental legislation and implement changes, such as the energy audits required under the EU Energy Efficiency Directive. This work initially results in costs, but also paves the way for efficiency enhancements and savings.

Outcome
New or expanded environmental legislation had no material impact on the operations. The units hold the necessary permits for their operations. There are no plans for more comprehensive applications for the renewal of permits. The requirements in the REACH chemical legislation, the RoHS product legislation, producer liability for packaging waste and other relevant legislation are met. Additional energy audits were carried out.

CONTAMINATED LAND AND HAZARDOUS SUBSTANCES IN BUILDINGS

Risk
Contaminated land and hazardous substances in buildings can harm people and the environment, lead to increased costs and damage Beijer Alma's reputation and business operations.

Risk management
Inventories are used to identify the occurrence of contamination and hazardous substances, particularly in connection with acquisitions. Remediation is undertaken as required.

Outcome
There are currently no known instances of asbestos used in buildings. PCB inventories were taken in Sweden. The land at one facility in Sweden is contaminated by metals and oil. Beijer Alma is not financially responsible for any investigations or environmental remediation. The matter is being administered and financed by the County Administrative Board. Another Swedish unit is included in the official government register of contaminated land, known as the MIFO Register, in the lowest risk category.

SAFE AND STIMULATING WORK ENVIRONMENT
Beijer Alma takes a preventive and systematic approach in order to create a healthy and safe work environment, where employees have the opportunity to develop their knowledge and skills. We treat everyone equally and with respect, and support diversity across the entire Group.

4 QUALITY EDUCATION · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH

Risk
Workplace accidents and injuries can have a significant impact on employees' lives and health. In addition to safety, workplaces are to be associated with opportunities for personal development. Otherwise recruiting becomes difficult and, over the long term, the Group's competitive ability could be weakened.

Risk management
Work environment committees, internal audits and incident reporting are important preventative measures when it comes to creating safe workplaces. Accident and absence statistics are monitored and linked to tangible measures. Work environment issues and employee requests for personal development are identified in employee surveys and development talks.

Outcome
During the year, the rate of short and long-term sickness absence remained low. The accident frequency rate and number of employee surveys and development talks are reported on pages 54–55. No violations of the Code of Conduct related to equality, respect or diversity were reported.

OBJECTIVES 2019–2023
New sustainability objectives were established during the year for 2019 to 2023. This work was carried out together with the managers at some 30 manufacturing units and in collaboration between Group management and the sustainability managers of the subsidiaries. These four objectives are also connected to nine of the 17 UN Sustainable Development Goals, which act as a compass for the Group.

About the Sustainability Report

STATUTORY SUSTAINABILITY REPORT

Beijer Alma has chosen to report on the requirements of Chapters 6 and 7 of the Swedish Annual Accounts Act in accordance with recommendation BFN U 98:2 Environmental Information. The Annual Report and Sustainability Report were submitted to the auditor at the same time. Pages 38–55 of the Annual Report present information on how the company's sustainability work is governed and followed up, and how its performance has progressed. A more detailed description of the Code of Conduct and other bases for the company's sustainability work is presented in the separate CSR brochure, which is available at www.beijeralma.se. The table below provides guidance on where the statutory information can be found. Unless otherwise specified, the information pertains to the entire Beijer Alma Group, including subsidiaries.

ENVIRONMENTAL ASPECTS/SYSTEMATIC ENVIRONMENTAL WORK/ ISO 14001

The manufacturing of springs within Lesjöfors and cables within Habia Cable is associated with a number of key environmental aspects. Examples include the use of materials (metals, plastics), chemicals (solvents), energy and water. Other key environmental issues include emissions of climate-impacting gases and solvents (VOC) as well as the creation of waste. Within Beijer Tech, significant environmental aspects mainly pertain to products, packaging and transportation. The ISO 14001 environmental management system is a valuable tool used by the Group to systematically reduce its environmental impact.

ENVIRONMENTAL LEGISLATION

Beijer Alma is subject to extensive environmental and work environment legislation as well as new and amended requirements that impact the Group's operations. Around 60 percent of the units hold specific environmental permits for their operations. Six of these units are located in Sweden. Six units plan to renew their environmental permits in the coming years. Compliance with legislation is monitored through reports to various authorities and by way of inspections and internal and external environmental audits. During 2019, nine units were inspected by supervisory authorities. In all cases, these inspections resulted in no negative remarks or only minor corrective measures. No violations of environmental or work environment legislation were reported in 2019.

In addition to environmental permits, many of the Group's companies are subject to other environmental legislation, including legislation pertaining to hazardous substances (REACH, RoHS, safety data sheets, etc.), producer liability for packaging and rules for waste management. The EU Energy Efficiency Directive affects all of Beijer Alma's units within the EU, requiring them to carry out energy audits and submit reports to authorities. This work is performed within the framework of specific rules in effect in each country. In Sweden, the company's status in relation to the directive is reported to the Swedish Energy Agency.

REPORTING PRINCIPLES

The Sustainability Report addresses aspects pertaining to the environment, work environment, social issues and business ethics. In addition to meeting the relevant legal requirements, the report is intended to provide Beijer Alma's employees and external stakeholders with clear information on the company's CSR activities and how they are connected to the company's business operations. The report is also intended to explain the Group's work related to the Ten Principles of the UN Global Compact in accordance with the requirements of the Communication on Progress (COP). This information is also used to report the Group's climate impact in accordance with CDP. The GRI guidelines provide a basis for the Group's reporting and choice of indicators. Most units that were part of Beijer Alma in 2019 are included in the report.

CODE OF CONDUCT

Our Code of Conduct serves as a guide for both our employees and partners, thus forming one of the cornerstones of the Group's sustainability agenda.

ISO 14001

The ISO 14001 environmental management system is a valuable tool that provides a systematic approach to environmental work and contributes to continuous improvements, and thereby to Beijer Alma's environmental impact.

GLOBAL COMPACT

As a member of the Global Compact, Beijer Alma agrees to adhere to ten principles in the areas of human rights, labor conditions, the environment and anti-corruption.

WE SUPPORT
UN GLOBAL COMPACT

Data was provided by a total of 32 units in Sweden, Denmark, Finland, Latvia, Poland, Slovakia, Germany, the UK, the US, Thailand, Singapore and China. An additional 13 units, including sales companies, contributed data for the report on business ethics.

The calculation of relative performance measures for resource consumption and climate impact does not include net revenues from acquired units, which have not yet begun reporting sustainability data.

DATA QUALITY ASSURANCE

Each unit has contributed quantitative and qualitative information. The head of each company/unit is responsible for assuring the quality of the information submitted. The data for the year has been compared and verified against the information from the preceding year. Emissions of carbon dioxide, sulphur dioxide and nitrogen oxide from direct energy consumption have been measured using conversion factors based on the energy content and quality of the fuel used.

CO_2 emissions from indirect energy consumption – mainly electricity – are measured based on emission factors from Carbon Footprint (www.carbonfootprint.com) for the countries in which Beijer Alma conducts operations. Updated conversion factors were applied during the year, with the previous factors from 2015 replaced with new factors from 2018. In most cases, this resulted in a reduction in the size of the emissions. In cases where energy suppliers present specific information regarding the energy mix, the supplier's measurement models are used. Information about VOC emissions is primarily based on mass balance calculations.

GRI

Beijer Alma's materiality analysis is inspired by the GRI guidelines GRI and identifies the most important sustainability areas.

CARBON FOOTPRINT

The Group's CO_2 emissions are measured based on emission factors from Carbon Footprint (www.carbonfootprint.com).

GHG PROTOCOL

The Group's CO_2 equivalents from direct and indirect energy consumption are measured according to Scope 1 and Scope 2 in the Greenhouse Gas (GHG) Protocol. This is the most common international method for measuring greenhouse gases.

COMMUNICATION CHANNELS	
Customers	Code of Conduct, on-site visits, surveys
Employees	Employee surveys, development talks
Suppliers	Code of Conduct
Investors	Website, Annual General Meeting, interim reports, annual reports/sustainability reports, CDP reports
Authorities	Reports, internal and external audits
Society	Website, on-site visits

GUIDANCE – STATUTORY SUSTAINABILITY INFORMATION	PAGE
Business model	8–9
Policies, frameworks, stakeholders and material topics	40–41
Environmental responsibility	50–53
Working conditions and corporate social responsibility	54–55
Human rights	40, 42, 48–49, 54–55
Prevention of corruption	40, 42, 48–49
Risks and risk management	42–43
Diversity on the Board and management	54

GLOBAL COMPACT

In 2015, Beijer Alma joined the UN Global Compact, an initiative to promote responsible business practices. As a signatory to the initiative, we agree to adhere to ten principles in the areas of human rights, labor conditions, the environment and anti-corruption.

WE SUPPORT

Communication on Progress

Organizations that are signatories to the Global Compact are required to submit an annual report known as a Communication on Progress (COP), which outlines their work in relation to the Ten Principles. Beijer Alma uses the information in its Annual Report and Sustainability Report to give an accurate picture of how it complies with the Global Compact.

GLOBAL COMPACT		STATUS 2019	PAGE
HUMAN RIGHTS	1. Businesses should support and respect the protection of internationally proclaimed human rights.	Information and training regarding Beijer Alma's Code of Conduct were provided at several units. A training program regarding business ethics has been developed. No human rights violations were reported.	40–42 48–49 54–55
	2. Businesses should make sure that they are not complicit in human rights abuses.	Continuous efforts to assess suppliers' sustainability work via surveys and audits are ongoing. No human rights violations were reported.	40–42 48–49 54–55
LABOR CONDITIONS	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	The Code of Conduct lists freedom of association and the right to collective bargaining as a fundamental principle. Trade unions have been established in all relevant countries and countries where this is customary. In countries without trade unions, the company and its employees engage in other types of negotiations.	40–42 54–55
	4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	All forms of forced and compulsory labor are forbidden at Beijer Alma and among the Group's suppliers. There are no signs that any violations occurred during the year.	40–42 48–49
	5. Businesses should uphold the effective abolition of child labor.	Child labor is forbidden at Beijer Alma and among the Group's suppliers. There are no signs that any violations occurred during the year.	40–42 48–49
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	The Code of Conduct clearly states the Group's stance on discrimination and equality. No instances of discrimination were reported. Formal equality plans have been established at 16 of the Group's units.	42 54–55
ENVIRONMENT	7. Businesses should support a precautionary approach to environmental challenges.	The ISO 14001 environmental management system is a systematic tool in the Group's efforts to identify and prevent risks. 85 percent of the Group's units are currently certified and additional certifications are planned. We are also taking a preventive approach, for example, by installing treatment equipment, phasing out hazardous chemicals and conducting risk analyses.	42–43 50–55
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	Overall environmental responsibility rests with Group management and responsibility for the daily operations is delegated to the management teams of the Group companies. Performance is reported to Beijer Alma's Board of Directors on a regular basis and communicated externally through the Sustainability Report and CDP report.	40–41
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	The Group offers several good examples of component/product development that helps to reduce environmental impact.	24–25 30–31 36–37 50–55
ANTI-CORRUPTION	10. Businesses should work against corruption in all its forms, including extortion and bribery.	Beijer Alma's Code of Conduct provides clear guidance regarding the prevention of corruption. In 2019, a Group-wide business ethics training program was established. All Group companies perform an annual self-assessment about their work to combat corruption. The assessment is based on guiding documents from the Global Compact. No violations were detected during the year.	18, 20, 35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LESJÖFORS FJÄDRAR AB

Sound business ethics with social commitment

Beijer Alma represents honesty and honorability, and expects the same from the stakeholders that the Group collaborates with. We apply sound business ethics, and bribes and anti-competitive practices are forbidden. Our social responsibility is clear and involves supporting and collaborating with different stakeholders who share our values.

SUSTAINABLE DEVELOPMENT OBJECTIVE

Our sustainability objective for business ethics states that Beijer Alma has zero tolerance for any type of corruption or anti-competitive practices. To ensure a high level of ethics throughout all the operations, key employees are trained in our Code of Conduct. We also strive to engage in social responsibility in the regions where the Group operates. We do this by supporting selected organizations and associations as well as collaborating with schools, universities and industry networks.

BUSINESS ETHICS

The Group's anti-corruption initiatives are based on information provision and training related to the Code of Conduct, a zero-tolerance policy towards bribery, sanction systems for violations, and clear guidelines on gift amounts and business entertainment. Corruption is also prevented through management systems, internal dialogues and financial monitoring.

A training program in the Code of Conduct was developed in 2019 to strengthen anti-corruption efforts and business ethics in the Group companies. The program focuses on employees working in sales, purchasing, procurement or other areas where ethical issues are often of particular importance. The material combines basic information about the Code of Conduct with everyday examples of ethical issues that participants then discuss together, including:

- conflicts of interest
- anti-competitive practices
- undue influence
- handling gifts
- compensation to business partners
- the whistleblower system

Outcome

Ethics training was developed in three languages – Swedish, German and English – and distributed in the middle of the year. By December, more than 700 employees had participated in the training. Management in all of the major business units also perform an annual business ethics self-assessment that includes 20 questions based on guidelines from the Global Compact. This year's assessment indicated that no aspects of the Code were violated and that no sanctions had been imposed.

SOCIAL COMMITMENT

At the Group level, social commitment encompasses support for vulnerable people and for training teachers in natural science subjects. Several units work with local schools, universities, engineering colleges and research institutes. Over half of the units also support sports clubs, healthcare, cultural programs and local development organizations.

Outcome

Our social commitment continued along the path of the initiatives carried out in earlier years and was deemed to be at a satisfactory level and target relevant areas. Around one-third of the units hosted study visits from schools, universities and engineering colleges, welcoming a total of 285 students. The Group companies also collaborated with schools on technical training and offered students the opportunity to participate in internships

SDG 16.5: SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY IN ALL THEIR FORMS

We contribute to this goal by:

- developing our own Code of Conduct connected to information and training initiatives for all employees.
- informing our business partners about our Code of Conduct.
- customizing business ethics/anti-corruption training for key individuals in the Group.
- requiring units to perform an annual ethics self-assessment based on the Global Compact.
- maintaining a whistleblower system.
- following up on internal management systems.
- maintaining a sanctions system for violations

SDG 17: PARTNERSHIPS FOR THE GOALS

We contribute to this goal by:

- having our own guidelines and sustainability objectives.
- monitoring/reporting our sustainability work.
- collaborating with and meeting requirements from different stakeholders.
- supporting non-profit organizations.
- joining the Global Compact.

REWARDING DRIVE

The "Beijer Alma Scholarship" was set up in 2016 in the name of Honorary Chairman Anders Wall. It is awarded to employees in Group companies for their drive and creativity. The award money is SEK 50,000 and is to be used by the winners for their continued skills development.

BUSINESS ETHICS TRAINING – SHARE OF PARTICIPANTS PER GROUP COMPANY

285

STUDENTS FROM SCHOOLS, UNIVERSITIES AND ENGINEERING COLLEGES PARTICIPATED IN STUDY VISITS AT THE GROUP'S UNITS.

or carry out degree projects at the companies. Additionally, several units carried out development or training projects with universities or engineering colleges, where their employees offered skills development.

CONTINUED WORK

The new business ethics program will be offered on an ongoing basis starting in 2019. Our social commitment continues to grow and target areas where the Group is able to contribute and make a difference: through new collaborations with schools, universities and industrial networks and by supporting non-profit organizations.

MORE QUALIFIED STUDENTS

Through its own leadership program, Teach for Sweden trains teachers in natural science subjects in a new way. The ultimate objective is for these talented, motivated teachers to help more students achieve their upper-secondary school qualification requirements. The organization has grown substantially. Approximately 20 percent of all grade 7–9 subject teachers in math, natural science and technology are now recruited from Teach for Sweden's program. Beijer Alma supports this work. In 2019, CEO Henrik Perbeck and Beijer Tech CFO Elisabeth Kruth mentored future teachers, participated in classrooms and showcased job opportunities open to those who pursue the natural sciences. Students also conducted study visits to the Group's facilities.

JOINT RESEARCH PROJECTS

Habia is participating in a research collaboration being carried out by the Norwegian industrial research institute SINTEF. The institute works with development projects in areas like offshore. Some ten companies are participating in the collaboration, including oil companies and plastics manufacturers. One of the goals is to investigate how insulation material in Habia's heating cables is affected by high temperatures and voltages.

SUPPORTING CITY MISSION

Beijer Alma provides annual financial support to the Uppsala City Mission. The City Mission operates broadly within society and helps people who are affected by homelessness, mental illness or who live with other types of social problems. The City Mission also distributes meals to the financially disadvantaged, offers work training and rehabilitation, and works with refugees.

SOCCER WITHOUT BORDERS

Since 2012, the Sirius Soccer Club in Uppsala has run "Gränslös fotboll" (Soccer Without Borders), which provides meaningful leisure time for young people in socially disadvantaged areas. Beijer Alma has supported this project for several years. One of the initiatives is "Nattfotboll" (night soccer), during which five sports halls in the city remain open on Saturday evenings and young people can play soccer with instruction from Sirius's coaches. The program attracts 300 young people aged 8 to 25 every weekend. Other activities are organized in addition

INCREASING SHARE EXPERTISE

Aktiespararna (the Swedish Shareholders' Association) teaches people about saving in shares and organizes meetings where companies are invited to present their operations. In 2019, Beijer Alma and its Group companies participated in four such meetings, providing greater insight into the Group's operations and encouraging the participants to start saving in shares.

More efficient use of resources

Beijer Alma's use of energy, materials and other natural resources is to be efficient and economical. Wherever possible, recycled resources are used in order to contribute to sustainable development.

SUSTAINABLE DEVELOPMENT OBJECTIVE

Beijer Alma has a Group-wide energy objective. It is based on reducing energy consumption by 10 percent by 2023 compared with 2018. Efficiency enhancements and independently produced fossil-free energy contribute to this objective. The performance measure used is energy consumption/net revenues (MWh/MSEK). By 2023, at least 95 percent of all waste is to be recycled as materials or energy. Compared with the level in 2018, the relative amount of waste (tons of waste/MSEK in net revenues) should also decrease by 2023.

ENERGY CONSUMPTION

Total energy consumption amounted to 64.9 GWh (63.3). As in earlier years, the facilities in Sweden, China and Germany recorded the highest energy consumption – about 70 percent. Approximately 73 percent (74) of the energy consumed comprised indirect energy – electricity and district heating. Direct energy comprises fossil fuels, such as oil, natural gas and propane, and is used, for example, for heating and furnaces. Biofuel and electricity from renewable sources accounted for 15 percent (14) of energy consumption.

Outcome

The relative performance measure for 2019 amounted to 14.5 (14.3) MWh/MSEK. Over time, the Group has grown in terms of the number of units and production volume, which means that its absolute energy consumption has increased. In 2019, energy consumption once again increased compared with the preceding year, due to increases at existing units and to new units. Energy audits were performed in accordance with the EU Energy Efficiency Directive at two more units during 2019.

WASTE MANAGEMENT

The total amount of waste amounted to approximately 4,000 tons (3,850). Around 90 percent (90) was recycled as materials or energy. Approximately 2,700 tons (2,600) of metal were recycled. About 7 percent (5) of the total volume comprised hazardous waste, which was handled by approved waste management companies.

Outcome

The relative performance measure for 2019 amounted to 0.9 (0.9) tons of waste/MSEK. The absolute volume of waste has increased over time, primarily due to growing manufacturing volumes and to new units. In 2019, the volume of waste once again increased slightly compared with the preceding year. This waste primarily comprised metals recovered in optimized systems with low improvement potential.

CONTINUED WORK

When it comes to energy, improvement initiatives include energy audits, installing new and more efficient production equipment and better operation of machinery and other technology – for example, ventilation and heating systems. Better insulation in properties also contributes to reduced energy consumption. Installing energy-efficient lighting (LED) as well as motion detectors in storage spaces is another example of a measure that reduces energy consumption. Heat recovery from furnaces also helps to lower consumption. As in the past, the completed energy audits are expected to result in new, constructive measures.

SDG 7: AFFORDABLE AND CLEAN ENERGY

We contribute to this goal by:
- analyzing our energy consumption to increase efficiency.
- investing in new technology to reduce energy consumption.
- purchasing green electricity and evaluating the possibility of producing our own green energy.
- changing to energy-efficient LED lighting.
- reusing energy in production.
- investing in technology to reduce water consumption.

SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

We contribute to this goal by:
- investing in machinery/infrastructure with a lower environmental impact.
- working systematically with ISO 14001.
- internal and external environmental audits.
- working with improvement tools such as Lean and Six Sigma.
- improving the quality and outcomes of customers' manufacturing processes.
- collaborating on development projects with external research institutes.

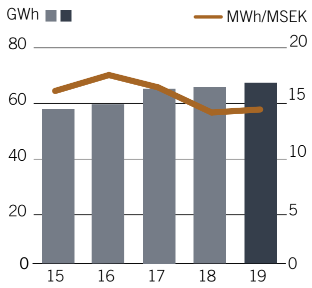
SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

We contribute to this goal by:
- reducing scrapping in our production.
- increasing sorting at source/recycling of waste.
- offering products that reduce the customer's environmental impact.
- helping the customer to reduce their environmental impact.

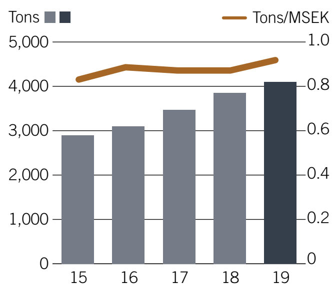
SAVING ELECTRICITY

European Springs & Pressings reduced its electricity consumption by converting to LED lighting. Lesjöfors Stockholms Fjäder reduced the entire company's electricity consumption by approximately 8 percent through improvement measures.

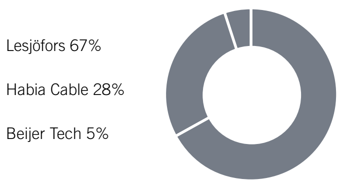
ENERGY CONSUMPTION



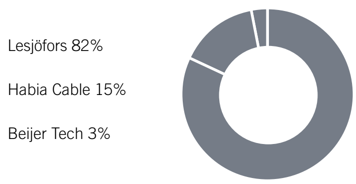
WASTE



SHARE OF ENERGY CONSUMPTION



SHARE OF WASTE



Improvement measures related to waste management focus on expanding sorting at source to include more types of waste and increasing recycling. Another measure is reduced scrapping, where better control during production start-up and when changing between products can make a significant difference. Many units have established their own objectives and track the amount of waste generated in addition to using methods like Six Sigma, Lean Manufacturing and 5S to improve resource use and reduce waste.

WATER

Beijer Alma's water consumption amounted to 52,700 m^3 (47,100) and primarily comprised municipal water. Water is used for cooling, production processes, cleaning and sanitary purposes. Systems for reusing process water and cooling water are in place at several units. New cooling technology has been installed at one facility, which has significantly reduced water consumption. Emissions of pollutants into wastewater remained very limited in 2019 and primarily comprised sanitary wastewater. The units are connected to wastewater treatment plants or use septic tanks for treating sanitary wastewater.

RAW MATERIALS AND CHEMICALS

In 2019, approximately 29,000 tons (27,900) of metal, 1,210 tons (1,291) of plastic and 156 tons (176) of solvents and other chemicals were used. The Group continued its efforts to replace hazardous chemical substances and four substances/products were phased out. Around one-fifth of the units plan to phase out additional substances over the next couple years.

Customers want a guarantee that conflict minerals are not used in the Group's products. Several units use metals that are classified as conflict minerals. All of these units have procedures to ensure that such metals do not originate from countries with ongoing armed conflicts.

LESS SCRAPPING

A review of processes has reduced the amount of plastic and metal waste in Habia's cable manufacturing in China. Wastage occurs when changing between products. The implementation of new production start-up procedures has halved the amount of waste.

MANAGING WASTE

Waste from vulcanizing fire hoses has decreased significantly at Svebab. Most waste occurs when the process starts and stop. Through more efficient controls at these points, waste has been almost entirely eliminated. In the past, waste amounted to approximately 20 kilometers per year.

MORE ENERGY-EFFICIENT TECHNOLOGY

A large portion of Karlebo's 3D printing up to this point has been prototypes for the foundry industry. Through new collaborations, the company is now developing more efficient solutions for the energy sector as well. Customized prototype turbines for hydropower can be tested in environments created with 3D printing. The technology also enables the manufacture of components with longer lifespans. The end goal is to develop more energy-efficient technology.

GUIDING AUDITS

Lesjöfors conducted energy audits at two additional facilities in 2019. These audits have paved the way for new measures. As a result, the entire plant in Herrljunga will switch to LED lighting. The possibility of recovering heat from manufacturing furnaces is also being evaluated. The facility in Värnamo also invested in LED lighting and installed motion detectors to reduce electricity consumption in storage spaces.

ENERGY SAVINGS AND REDUCED NOISE

In Germany, Lesjöfors's company Velleuer installed additional insulation around its skylights, reducing its energy consumption and noise level. Its sister company Stumpp+Schüle invested in new air compressors, which reduced its energy consumption by 5 percent.

OPTIMIZED PROCESSES

At its facility in Shanghai, John While Group streamlined part of its energy-intensive heat treatment process. A new procedure led to time savings of 40 hours per month, which simultaneously reduced the company's energy consumption.

Reduced climate impact

Beijer Alma supports the UN SDGs for 2030 and actively contributes to reducing climate change and its consequences. We do so by reducing our emissions of climate-affecting gases and by evaluating how climate change affects the Group's activities.

SUSTAINABLE DEVELOPMENT OBJECTIVE

The objective is for CO_2 equivalents from energy consumption to be reduced by 25 percent by 2023 compared with 2018. This is a relative objective and the performance measure used for emission intensity is tons of CO_2/MSEK in net revenues. The goal is also to reduce the Group's total emissions. Beijer Alma is also to reduce the share of fossil-dependent transportation and travel by establishing more comprehensive guidelines in the Group companies and through the companies purchasing fewer fossil-dependent transportation services, vehicles and journeys.

CO_2 EMISSIONS

The Group's CO_2 equivalents from direct and indirect energy consumption are measured according to Scope 1 and Scope 2 in the Greenhouse Gas (GHG) Protocol. Emissions of CO_2 equivalents amounted to 14,800 tons (15,700). Of these emissions, 74 percent (79) were Scope 2 emissions: indirect emissions primarily from purchased electricity and district heating. The remaining 26 percent (21) were Scope 1 emissions: direct emissions from, for example, oil, butane and propane. Approximately 70 percent (72) of indirect emissions were linked to the purchase of electricity in Germany and China.

Outcome

The performance measure for 2019 amounted to 3.3 tons (3.5) of CO_2/MSEK. The purchase of green electricity, use of biofuels and energy-efficiency enhancements are examples of measures taken to limit the growth of our carbon footprint. These positive measures were counteracted by increased energy consumption, mainly in countries with coal-based electricity production.

CONTINUED WORK

The purchase of green electricity and energy-efficiency enhancement measures are helping to reduce the Group's CO_2 emissions from fossil fuels. Several of the Group's units have local action plans for CO_2 emissions. Energy-efficiency enhancement, transitioning to fossil-free energy, streamlining or reducing transportation and installing treatment equipment in production lines are important tools for reducing the Group's carbon footprint.

The Group's emissions objective for 2019–2023 has been significantly raised compared with the previous time frame. In addition to the above measures, the Group plans to produce its own fossil-free electricity at a number of selected plants.

TRANSPORTATION, BUSINESS TRIPS AND COMPANY CARS

In 2019, the Group began collecting emissions data from freight transport, business trips and company cars. When this data has been collected from enough units, the results will be presented in the Sustainability Report. At the same time, efforts continued to reduce the environmental impact from transportation by purchasing company cars with a lower environmental impact, installing charging stations for electric and hybrid cars, coordinating and streamlining transportation planning, using video conferences more often and using more rail transport. As of 2019, six of the units had a sustainability policy regarding business travel. Another 19 units plan to implement similar policies by no later than 2021. 11 units have a sustainability policy regarding company cars. Another 14 units plan to implement similar policies by no later than 2021.

SDG 13: AFFORDABLE AND CLEAN ENERGY

We contribute to this goal by:
- reducing emissions of climate gases.
- implementing energy-efficiency enhancements.
- reducing emissions from travel/transportation/company cars.
- minimizing VOC emissions.
- evaluating the possibility of independently producing green electricity.

SOLAR ENERGY

A decision was made during the year to install solar panels and produce energy at two facilities. This investment is expected to result in energy savings of at least 15 percent per facility.

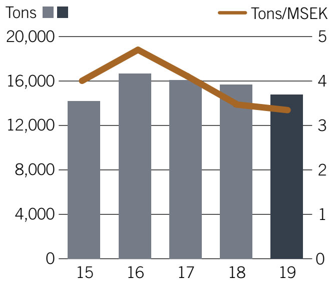
ELECTRIC COMPANY CARS

Norspray switched to electric company cars in 2019. Four gas or diesel cars have now been replaced with electric vehicles, thereby reducing the company's environmental impact.

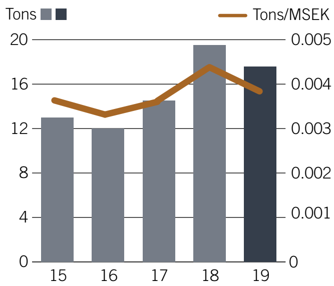
MORE HYBRID CARS

Plug-in hybrid cars are reducing the environmental impact of Lundgrens's vehicle fleet. The investment is based on a new vehicle policy developed during the year. The transition has been gradual and entails that seven of the approximately 35 company cars will be plug-in hybrids by spring 2020. Charging stations have also been installed at the company's major branches. There are already four such stations in Tyresö, outside Stockholm, and eight charging stations are planned at the facility outside Gothenburg in 2020.

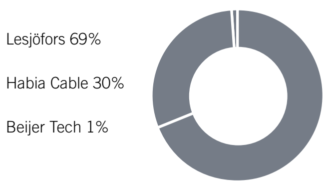
CO_2 EMISSIONS



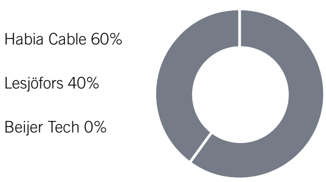
VOC EMISSIONS



SUBSIDIARIES' SHARE OF CO_2 EMISSIONS



SUBSIDIARIES' SHARE OF VOC EMISSIONS



OTHER EMISSIONS TO THE ATMOSPHERE

Emissions of solvents (VOC) amounted to 17.6 tons (19.5). Emissions of sulphur dioxide, nitrogen oxide and dust amounted to 1.8 tons. As in previous years, the installed quantity of coolants (CFC/HCFC) was less than 0.1 ton. No emissions of these ozone-depleting substances were released to the atmosphere.

BETTER TRANSPORTATION PLANNING

Lesjöfors Springs America continued to optimize transportation between the company's suppliers and the plant in Mexico. The goal is to reduce so-called LTLs (less than a full load). The storage facility in Pittson is the hub for this optimization work. As a result, fully loaded trucks now leave for the plant in Mexico several times per month, which has cut the number of LTLs in half compared to 2018. John While Springs & Solutions in Singapore and Spiralspecialisten and Lesjöfors Nordmarkshyttan in Sweden have also reviewed their plans for shipments to customers to reduce costs and emissions.

TREATING AND REDUCING EMISSIONS

Lesjöfors has installed new technology at its facility in Changzhou, China that cleans exhaust gases, and reduces dust and particles. Similar improvements have been made at Lesjöfors Springs in Slovakia. Habia Cable also has manufacturing operations in Changzhou and improved its treatment of emissions at the facility during the year.

Safe and stimulating work environment

The Group takes a preventive and systematic approach in order to create a healthy and safe work environment, where employees have the opportunity to develop their knowledge and skills. Beijer Alma treats everyone equally and with respect, and supports diversity across the entire Group.

SUSTAINABLE DEVELOPMENT OBJECTIVE

The Group has a vision of zero tolerance when it comes to workplace accidents and aims to reduce the accident frequency rate by 2023. Beijer Alma encourages diversity, is against all forms of discrimination and actively works to improve the gender distribution at every level within the operations.

WORK ENVIRONMENT INITIATIVES

The rate of short and long-term sickness absence amounted to 2.5 percent (2.2) and 1.5 percent (1.4), respectively. There were 57 (75) workplace accidents resulting in more than one day of absence (lost work cases, LWC). These injuries primarily occurred in conjunction with heavy lifting, repetitive work and falls. The number of lost work days (LWD) due to accidents amounted to 620 (678). During the year, 341 near misses (284) were reported in the work environment. Safety committees have been established at 28 units. Just over 75 percent of the companies performed workplace health and safety inspections, including noise and dust measurements, general health checks, risk analyses and reviews of chemical use.

Outcome

The number of accidents per million hours worked amounted to approximately 14 (18) in 2019. From a five-year perspective, the accident frequency rate has varied between 11 and 18 accidents per million hours worked. No irregularities, near misses or whistleblower incidents pertaining to human rights were identified in the preparation of this report for 2019.

CONTINUED WORK

Preventive measures include systematic risk analysis, work environment assessments, training, safety inspections and investments in technical measures. The registration of near misses also contributes to the early discovery of dangers and the implementation of preventive measures, which can reduce the number of accidents.

EMPLOYEES

During the year, Beijer Alma had 2,658 (2,610) employees in 18 (18) countries. Around 29 percent (34) worked in low-cost countries such as China, Latvia and Slovakia. The majority of employees were located in Sweden, Germany and China. The proportion of female employees was 31 percent (32). The proportion of women on the company's Board of Directors was 43 (43) percent. While there are no women among the Group's senior executives, the proportion of women among the management groups of the individual units was approximately 20 percent (24). A total of 55 (41) women were members of a management group that reports directly to the CEO of the company in question. In accordance with the Global Compact, we encourage diversity and are opposed to all forms of discrimination.

No irregularities, near misses or whistleblower incidents pertaining to human rights were identified in the preparation of this report for 2019. Responsibility for equality issues is decentralized and lies with the individual units. Salary rates adhere to legislative requirements, exceed minimum wages and are entirely in line with market rates. As a result of cultural and legislative differences, the degree to which employees are covered by collective agreements varies between countries. At about half of the Group's units, most

SDG 4: QUALITY EDUCATION

We contribute to this goal by:
- supporting the Teach for Sweden organization.
- collaborating with local upper-secondary schools on internships.
- engaging in technical collaborations with universities/colleges.
- offering students internships and the opportunity to carry out degree projects.
- cooperating with industrial research institutes.
- offering our employees training and development opportunities.

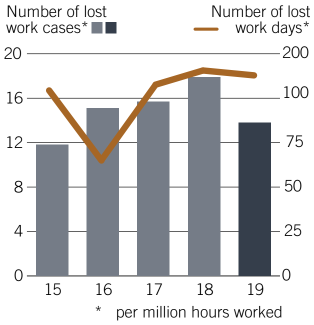
SDG 5: GENDER EQUALITY

We contribute to this goal by:
- offering all employees the same development opportunities.
- taking equality into consideration during recruitment.
- striving for equal, competence-based pay.
- implementing local equality plans.

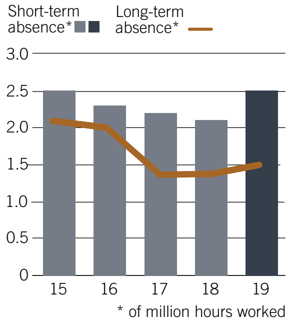
SDG 8: DECENT WORK AND ECONOMIC GROWTH

We contribute to this goal by:
- minimizing near misses and accidents in the work environment.
- investing in technology/aids that improve the work environment.
- conducting workplace health and safety inspections.
- offering our employees training and development opportunities.
- investing in existing operations to increase growth.
- acquiring new companies that broaden our range and create growth.

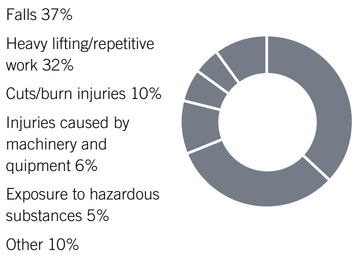
WORKPLACE ACCIDENTS RESULTING IN ABSENCE



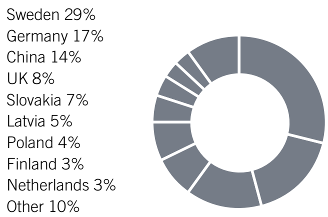
SICKNESS ABSENCE, SHORT/LONG-TERM



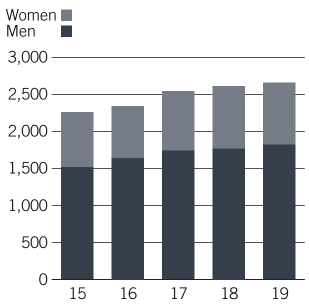
CAUSES OF WORKPLACE ACCIDENTS



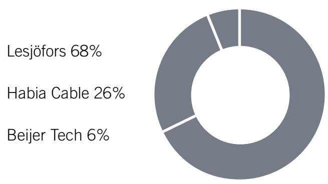
GEOGRAPHIC DISTRIBUTION OF EMPLOYEES



GENDER DISTRIBUTION MEN/WOMEN



TRAINING HOURS



employees are covered by collective agreements. Regular employee surveys, which were carried out at 24 (12) units, serve as an important tool. The majority of employees were satisfied with their jobs. Some 1,300 employees (1,120) participated in development talks. Approximately 32,900 (21,500) hours of training for managers and sales and production employees were completed during the year. This corresponded to about 12 hours (8.5) for these categories of employees. The number of hours devoted to environmental, health and safety training amounted to 3.3 (3.5) per employee.

COMPETENCE FOR THE FUTURE

Employees at the German company Velleuer are being given major opportunities for self-improvement and to take new steps in their careers. Study visits to other industrial companies are one way to strengthen their expertise. Other employees advance their careers by studying at university for a master's or technical degree, often at the local engineering college with whom Velleuer has a close relationship. The final result is employees who develop their own expertise as well as the company's products and processes.

INCREASED AUTOMATION

With help from a robot, Svebab is now able to pack hoses much more efficiently and safely. Automated packing saves a great deal of space while also significantly increasing warehouse capacity. The work environment is also better since automation frees up space, improves orderliness and enables fire hoses and other goods to be handled systematically. Improvements were also made to noise levels in the area of the production facility where the hoses are pressure tested. New equipment was purchased, and existing technology was modified to significantly reduce noise.

TIME SAVINGS WITH 5S

When Beijer Tech company Lundgrens moved in to more suitable premises in 2019, the working environment – both noise and ergonomics – improved as well. Work environment initiatives are continuing with the help of 5S, a Japanese method for creating a better and more orderly structure in the workplace. Experience shows that 5S creates time savings and increased efficiency as well as a better psychological work environment by ensuring that the right tools are in the right place.

INVESTMENTS TO IMPROVE THE WORK ENVIRONMENT

Investing in a new 3D printer in 2019 also had a positive impact on the work environment at Karlebo's facilities. The binding agent used in the manufacturing process is an important input material. The new printer uses a binding agent with fewer chemical components, leading to a better work environment.

BOARD SIGNATURES

Uppsala, February 14, 2020

Beijer Alma AB

Board of Directors

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of shareholders in Beijer Alma AB (publ), corporate registration number 556229–7480

ENGAGEMENT AND RESPONSIBILITY

The Board of Directors is responsible for the sustainability report for 2019 on pages 38–55 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

AUDIT SCOPE

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Uppsala, March 3, 2020

Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant

Board of Directors

BOARD OF DIRECTORS

Johan Wall, born 1964
Chairman
Deputy Director: 1997–2000
Director: 2000–2016
Holding: 10,000
Chairman of:
Beijer Holding AB.
Director of: Skirner AB, the Kjell & Märta Beijer Foundation, the Anders Wall Foundation, Uppsala University and others.

Johnny Alvarsson, born 1950
Director since: 2017
Holding: 5,800
Director of: VBG AB,
FM Mattson Mora Group,
Instalco AB, Sdiptech AB and Dacke Industri AB.

Carina Andersson, born 1964
Director since: 2011
Holding through companies and family: 4,000
Director of: Systemair AB, Gränges AB and BE Group AB Detection Technology AB.

Hans Landin, born 1972
Director since: 2019
Holding: 2,660
Group Vice President of The Timken Company

Caroline af Ugglas, born 1958
Director since: 2015
Holding: 4,000
Deputy General Director of the Confederation of Swedish Enterprise.
Director of: AMF Pension.

Anders Ullberg, born 1946
Director since: 2007
Holding: 30,000
Chairman of: Boliden, Eneqvist Consulting and Studsvik.
Director of: Atlas Copco, Epiroc and Valedo Partners. Chairman of the Swedish Financial Reporting Board and Member of the Board of the European Financial Reporting Advisory Group.

Cecilia Wikström, born 1965
Director since: 2018
Holding: 1,000
Chair of the Board of Governors of the European Institute of Public Administration (EIPA) in Maastricht.
Director of Elekta AB and senior advisor at Prime Weber Schandwick.

HONORARY CHAIRMAN

Anders Wall
Chairman of the Board 1993–2016

Senior executives

SENIOR EXECUTIVES

Henrik Perbeck,
born 1972
President and CEO
Beijer Alma AB
Master of Engineering
Employee since: 2018
Holding with
family: 15,000

Jan Blomén,
born 1955
Chief Financial Officer
Master of Business
Administration
Employee since: 1986
Holding with
family: 90,000

Ola Tengroth,
born 1963
President and CEO
Lesjöfors AB
Master of Business
Administration and
Mechanical Engineer
Employee since: 2019
Holding with family:
1,750

Carl Modigh,
born 1972
President and CEO
Habia Cable AB
Master of Engineering
and Executive MBA
Employee since: 2011
Holding with
family: 750

Staffan Johansson,
born 1976
President and CEO
Beijer Tech AB
Master of Engineering
Employee since: 2019
Holding with family:
1,317

Contents

Administration Report

The Board of Directors and the President of Beijer Alma AB (publ) hereby submit the company's Administration Report and Annual Accounts for the 2019 financial year.

CORPORATE GOVERNANCE REPORT

GROUP CONTROL

Beijer Alma AB is a Swedish public limited liability company listed on Nasdaq Stockholm (Stockholm Stock Exchange). Its corporate governance is based on Swedish legislation, rules and regulations, including the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's rules for issuers, the Swedish Corporate Governance Code (the "Code"), the company's Articles of Association and other relevant rules and guidelines.

Beijer Alma is a holding company whose business concept is to create value by owning and managing wholly owned subsidiaries. The organization is largely decentralized.

DEVIATIONS FROM THE CODE

Beijer Alma deviates from rule 2.4 of the Code, which stipulates that the Chairman of the Board may not be the Chairman of the Nomination Committee. In accordance with the nomination procedure for the Nomination Committee, which has been approved by the Annual General Meeting, the Nomination Committee is to comprise one representative for each of the four largest shareholders and the Chairman of the Board. Accordingly, the company's Chairman of the Board is part of the Nomination Committee in this capacity but is also closely connected with the company's principal shareholder. The nomination procedure for the Nomination Committee also states that the individual representing the principal shareholder is to be the Chairman of the Nomination Committee. Given the two possible candidates representing the principal shareholder, the Annual General Meeting resolved to appoint Chairman of the Board Johan Wall as Chairman of the Nomination Committee.

SHAREHOLDERS AND THE SHARE

Beijer Alma AB is a CSD-registered company, which means that its shareholder register is maintained by Euroclear Sweden AB. The number of shareholders at year-end 2019 amounted to 13,322. Anders Wall, along with his family and companies, has a shareholding corresponding to 34.8 percent of the total number of votes in the company and the Anders Wall Foundation has a shareholding corresponding to 18.5 percent of the votes. There are no other shareholders whose votes exceed 10 percent of the total number of votes.

The company has issued two classes of shares: Class A shares and Class B shares. Each Class A share entitles the holder to ten votes and each Class B share entitles the holder to one vote. The Class A share carries an obligation to offer shares to existing shareholders. In accordance with a share conversion clause in the Articles of Association, Class A shareholders are entitled to convert their Class A shares to Class B shares. In the event of such a conversion, the total number of votes decreases. The Class B share is listed on the Mid Cap list of Nasdaq Stockholm. All shares carry the same right to the company's assets and profit, and entitle the holder to the same dividend. The total number of shares at year-end was 60,262,200, of which 6,600,000 were Class A shares and 53,662,200 were Class B shares.

Beijer Alma's dividend policy is to distribute a minimum of one-third of its net earnings, always taking into consideration the Group's long-term financing needs.

ANNUAL GENERAL MEETING

The Annual General Meeting is the company's highest decision-making body, in which all shareholders are invited to participate. At the Annual General Meeting, the shareholders make decisions on matters pertaining to the company, such as adoption of the Annual Report, election of directors, discharging the President and Board from personal liability, and determining dividends. The Annual General Meeting is held not more than six months after the end of the financial year. All shareholders who are registered in the shareholder register and provide timely notification of their intention to attend the Meeting are entitled to participate in the Annual General Meeting and vote in accordance with their total shareholdings. The notice and agenda for the Meeting is to be published not more than six weeks and not less than four weeks prior to the Meeting. Shareholders who are unable to attend the Meeting may be represented by an authorized proxy. Each shareholder or proxy may be accompanied at the Meeting by a maximum of two advisors. The 2020 Annual General Meeting will be held on March 25.

A total of 620 shareholders were represented at the Annual General Meeting on March 28, 2019, representing 72.1 percent of the total number of shares and 84.6 percent of the total number of votes. Chairman of the Board Johan Wall was elected as Chairman of the Meeting. The Meeting was attended by members of the Board of Directors and individuals from Group management. In addition, the Meeting was attended by Authorized Public Accountant Leonard Daun in his capacity as Chief Auditor from the appointed auditing firm Örhlings PricewaterhouseCoopers AB. The minutes from the Annual General Meeting are available on Beijer Alma's website.

The following resolutions were passed at the Annual General Meeting:

- To pay a dividend of SEK 5.10 per share.
- That Johnny Alvarsson, Carina Andersson, Caroline af Ugglas, Anders Ullberg, Cecilia Wikström and Johan Wall be re-elected as directors, and that Hans Landin be elected as a new director.
- To elect Johan Wall as Chairman of the Board.
- To pay each director a fee of SEK 325,000. To pay the Chairman of the Board a fee of SEK 950,000. To pay the Chairman of the Audit Committee a fee of SEK 125,000, and to pay each

Board of Directors	Elected in	Independent of major owners	Independent of the company	Remuneration Committee	Audit Committee	Participation in Board meetings	Holding of Class A shares	Holding of Class B shares
Johan Wall, Chairman	1997		X	X	X	8 (8)		10,000
Johnny Alvarsson, Director	2017	X	X	X		8 (8)		5,800
Carina Andersson, Director	2011	X	X			8 (8)		4,000
Anders G. Carlberg, Director	1997		X	X		2 (2)		6,000
Hans Landin, Director	2019	X	X			7 (7)		2,660
Caroline af Ugglas, Director	2015	X	X		X	8 (8)		4,000
Anders Ullberg, Director	2007	X	X	X	X	8 (8)		30,000
Cecilia Wikström, Director	2018	X	X			8 (8)		1,000

- member of the Audit Committee a fee of SEK 75,000.
- Principles for remuneration and employment terms for senior executives.
- To re-elect the auditing firm Öhrlings Pricewaterhouse Coopers AB for a period of one year.
- Election of the Nomination Committee (see below).
- To authorize the Board to make decisions concerning issues of Class B shares or convertible debentures. The number of Class B shares may be increased by 10 percent through an issue.

NOMINATION COMMITTEE

The Nomination Committee is responsible, at the request of the shareholders, for preparing motions regarding the Board of Directors, Chairman of the Board, Chairman of the Annual General Meeting and auditors as well as directors' and auditors' fees for resolution by the Annual General Meeting. The following individuals were appointed to the Nomination Committee ahead of the 2020 Annual General Meeting: Anders G. Carlberg, representing the principal owner; Chairman of the Board Johan Wall; and representatives of the next three largest shareholders: Hans Ek (SEB Fonder), Vegard Søraunet (Verdipapirfond Odin) and Henrik Didner (Didner & Gerge Fonder). Johan Wall was appointed Chairman of the Nomination Committee.

In the event of a change in ownership or if one of the aforementioned individuals resigns from his or her position, the Nomination Committee may replace the committee member.

In order to develop and improve the work of the Board, an annual assessment is performed. Each director responds to a survey containing questions regarding the work of the Board and how it can be improved. The Nomination Committee has been informed about the results of this survey and about the company's operations and other relevant circumstances to enable the Nomination Committee to propose a well-functioning Board of Directors.

The Nomination Committee's motions are to be announced far enough in advance to be presented in the notice of the 2020 Annual General Meeting. The Nomination Committee held three meetings during the year.

BOARD OF DIRECTORS

The Board of Directors is appointed by the shareholders to administer the company's affairs in the best interests of the company and the shareholders. The Board of Directors bears the ultimate responsibility for the organization and administration of the company as well as the control of the Group's financial reporting, the management of funds and the company's other financial conditions. The Board ensures that there are effective reporting, monitoring and control systems in place and that the disclosure of information is correct and transparent. The Board is responsible for the Group's long-term development and overall strategy, controls and evaluates the ongoing operations and carries out the other tasks stipulated in the Swedish Companies Act. The Board also makes decisions regarding acquisitions, disposals and major investments. The Board approves the annual report and interim reports, and proposes dividends and guidelines for remuneration to senior management for resolution by the Annual General Meeting.

According to the Articles of Association, the Board is to comprise not fewer than seven and not more than ten regular directors and not more than two deputy directors elected by the Annual General Meeting. The Board currently comprises seven regular directors. Salaried employees in the Group may also participate in Board meetings to present certain matters. Attorney Niklas Berntorp of Vinge law firm serves as Board secretary.

The composition of the Board is presented in the table and text above. All directors are independent in relation to the company. Johan Wall is dependent on shareholders controlling more than 10 percent of the votes and capital in the company. All other directors are independent in relation to the company's major shareholders.

Johan Wall, born 1964. Chairman since: 2016. Deputy Director: 1997–2000. Director: 2000–2016. Holding: 10,000. Also has an influence via participating interest in a family company that is a principal owner of Beijer Alma. Education: Master of Engineering from the Royal Institute of Technology in Stockholm, Visiting Scholar at Stanford University. Chairman of: Beijer Holding AB. Director of: Skirner AB, the Kjell & Märta Beijer Foundation, the Anders Wall Foundation, Uppsala University and others. Earlier positions: CEO of Beijerinvest AB, Bisnode AB, Enea AB, Framfab AB and Netsolutions AB. Board committees: Chairman of the Remuneration Committee. Member of the Audit Committee. Dependent in relation to the company's major shareholders. Independent in relation to the company.

Johnny Alvarsson, born 1950. Director since: 2017. Holding: 5,800. Education: Master of Engineering from the Institute of Technology at Linköping University, management training at CEDEP in France. Director of: VBG AB, FM Mattson Mora Group, Instalco AB, Sdiptech AB and Dacke Industri AB. Earlier positions: Management positions at LM Ericsson, CEO of Zetterbergs Industri AB/Zeteco AB, CEO of Elektronikgruppen AB and CEO of Indutrade AB. Board committees: Member of the Remuneration Committee. Independent in relation to the company's major shareholders. Independent in relation to the company.

Carina Andersson, born 1964. Director since: 2011. Holding through companies and family: 4,000. Education: Master of Mining Engineering from the Royal Institute of Technology in Stockholm. Director of: Systemair AB, Gränges AB, BE Group AB and Detection Technology. Earlier positions: General Manager and Head of Powder Technology at Sandvik Materials Technology AB, CEO of Ramnäs Bruk AB and CEO of Scana Ramnäs AB. Former director of Mälardalen University and Sintercast AB. Independent in relation to the company's major shareholders. Independent in relation to the company.

Hans Landin, born 1972. Director since: 2019. Holding: 2,660. Education: Master of Engineering from Chalmers University of Technology. Group Vice President of The Timken Company. Earlier positions: Various management positions at

The Timken Company since 2000. Independent in relation to the company's major shareholders. Independent in relation to the company.

Caroline af Ugglas, born 1958. Director since: 2015. Holding: 4,000. Education: Economics degree from Stockholm University. Deputy General Director of the Confederation of Swedish Enterprise. Director of: AMF Pension. Earlier positions: Head of Equities and Corporate Governance at Livförsäkringsaktiebolaget Skandia. Board committees: Member of the Audit Committee. Independent in relation to the company's major shareholders. Independent in relation to the company.

Anders Ullberg, born 1946. Director since: 2007. Holding: 30,000. Education: Master of Business Administration from the Stockholm School of Economics. Chairman of: Boliden, Eneqvist Consulting and Studsvik. Director of: Atlas Copco, Epiroc and Valedo Partners. Chairman of the Swedish Financial Reporting Board and Member of the Board of the European Financial Reporting Advisory Group. Earlier positions: President and CEO of SSAB, Vice President and CFO of SSAB, CFO of Svenska Varv. Board committees: Chairman of the Audit Committee and member of the Remuneration Committee. Independent in relation to the company's major shareholders. Independent in relation to the company.

Cecilia Wikström, born 1965 Director since: 2018. Holding: 1,000. Education: Bachelor of Theology from Uppsala University. Chairman of the Board of Governors of the European Institute of Public Administration (EIPA) in Maastricht. Director of Elekta AB and senior advisor at Prime Weber Schandwick. Earlier positions: Member of the Swedish Riksdag 2002–2009 and the European Parliament 2009–2019, priest in the Diocese of Uppsala, Senior Consultant at the executive recruiting firm Michaël Berglund. Independent in relation to the company's major shareholders. Independent in relation to the company.

In 2019, the Board held eight meetings during which minutes were taken. The attendance of the members of the Board at these meetings is presented in the table on page 62. The following areas were addressed during the Board meetings: sales and profitability trend, objectives and strategies for the operations, acquisitions and other key investments. Three of the meetings were held at the offices of a subsidiary, where local management presented their operations.

Beijer Alma's auditor reported his findings from the audit of the Group's accounts and internal control procedures at one Board meeting.

The Board of Directors has adopted a work plan that governs the following:

- A minimum of six Board meetings per year in addition to the statutory meeting and when they are to be held
- The date and content of notices of Board meetings
- The items that are normally to be included in the agenda for each Board meeting
- Minute-taking at Board meetings
- Delegation of decisions to the President
- The President's authority to sign interim reports

The Board's work plan is reviewed annually and updated when necessary. The terms of reference issued to the President clarify the division of duties between the Board and the President as well as the responsibilities and authorities of the President.

The Board receives monthly information regarding the performance of the Group and the individual companies in the form of a monthly report containing key events and trends concerning order bookings, invoicing, margins, earnings, cash flow, financial position and the number of employees.

BOARD COMMITTEES

While the responsibilities of the Board of Directors cannot be delegated, the Board may appoint committees from within ranks to address certain issues in order to simplify and streamline the work of the Board. Accordingly, the Board has established a Remuneration Committee and an Audit Committee.

REMUNERATION COMMITTEE

The Board has appointed a Remuneration Committee comprising Johnny Alvarsson, Anders Ullberg and Johan Wall, with Johan Wall serving as Chairman. The Remuneration Committee prepares motions regarding the President's salary and other employment terms, such as pension, severance pay and variable salary. The Committee also prepares principles for remuneration to Group management and approves motions by the President regarding remuneration to Group management within the framework of the guidelines adopted by the Annual General Meeting. For information about the guidelines for remuneration to senior executives, refer to Note 2 on page 77.

AUDIT COMMITTEE

The Audit Committee was established by the Board of Directors mainly for the purpose of supervising the Group's financial reporting and internal control. The tasks of the Committee include preparing for the Board's work to quality assure the financial reporting by reviewing the interim reports, annual report and consolidated financial statements. The Committee also reviews legal and tax-related issues that may have a material impact on the financial reports. The Audit Committee also reviews the impartiality of the appointed auditors and decides which services, in addition to the audit, are to be procured from the auditors. Where appropriate, the Committee handles the procurement of audit services on behalf of the Nomination Committee. Finally, the Audit Committee evaluates the quality of the internal control of financial reporting.

A tendering procedure for a new auditor was performed in 2019, since Beijer Alma's current auditing firm exceeds the age limit stipulated in the prevailing rotation rules. The Audit Committee was responsible for conducting this tendering procedure and submitted a proposal for a new auditor to the Nomination Committee.

The Audit Committee comprises Anders Ullberg (Chairman), Caroline af Ugglas and Johan Wall. The Group's CFO reports to the Committee. The Committee held seven meetings during 2019, which were attended by all members. The Chief Auditor participated in two of these meetings.

PRESIDENT AND CEO

Henrik Perbeck, born 1972 President and CEO since: 2018. Holding with family: 15,000. Education: Master's degree in engineering physics, Bachelor's degree in economics. Earlier positions: President and CEO of Viacon Group.

CODE OF CONDUCT

The values and approach that apply within Beijer Alma have been compiled in a Code of Conduct based on internationally accepted conventions, such as the UN Global Compact and ISO 26000 Social Responsibility. The company's Code of Conduct focuses on people, the environment and ethics. For each of these areas, the Code describes the approach and values that apply at Beijer Alma. A brochure presenting and explaining Beijer Alma's Code of Conduct has been distributed to all employees globally. This brochure also contains e-mail addresses for two members of Group management to whom employees may report improprieties and other breaches of the Code of Conduct under the Group's whistleblower system.

Additional information about the Group's CSR efforts is available on the website and on pages 40–56.

OPERATIONAL CONTROL

The CEO is responsible for the ongoing administration of the company in accordance with the instructions and guidelines of the Board. Along with the other members of Group management, the CEO ensures that the operational control of the Group is of high quality and efficient and that the operations are conducted in accordance with the instructions and guidelines of the Board. Group management comprises the CEO, the presidents of the subsidiaries Lesjöfors, Habia Cable and Beijer Tech, and the Group's CFO.

Beijer Alma has a decentralized organization. This is a strategic and deliberate decision based on the fact that the Group's businesses are often local in nature and a conviction that it is best that decisions be made locally, by the people with the best understanding of the issue in question. The actual business operations are conducted in the subsidiaries Lesjöfors, Habia Cable and Beijer Tech. The legal structure corresponds with the operational structure, which means that there are no decision-making forums that are discharged from the legal responsibility incumbent upon the legal units. Within all three subsidiaries, the operations are organized into business areas. The total number of profit centers in Beijer Alma is approximately 50. The Group's business organization is based on decentralized responsibility and authority, combined with fast and efficient reporting and control systems.

The subsidiaries' boards of directors include individuals from Group management. As in the Parent Company, the work of the subsidiaries' boards of directors and the division of duties between the boards and the presidents of the subsidiaries are governed by work plans and terms of reference. The subsidiaries are also governed by a number of policies and instructions that regulate their operations, including the Code of Conduct, which is a key policy.

Beijer Alma AB is a holding company that manages three separate businesses, in which daily operational decisions are made locally by the subsidiaries. Financial reporting in the Group is therefore very important from a corporate governance perspective. A large part of the communication and discussions in the Group are based on internal financial reporting.

The presidents of the subsidiaries are responsible for their income statements and balance sheets. Each week, the subsidiaries report their order bookings, invoicing and order backlog for each profit center. Monthly financial statements are prepared for each profit center. These financial statements are analyzed at different levels in the Group and consolidated at the subsidiary and Group levels. Reports are presented to Group management for each profit center, business area and subsidiary. This reporting is carried out in the system used for the external consolidated financial statements. Monthly financial statements are presented and discussed at monthly meetings with Group management and the subsidiary management groups. Board decisions and other decisions are also followed up at these meetings.

In a decentralized organization, it is important that reporting and monitoring systems are transparent and reliable. In each subsidiary, considerable focus is given to improving and streamlining the company's processes. The business systems are developed to make it easier to measure the profitability of individual businesses, customers, industries and geographic markets. The Group measures the efficiency of the various components of its production, administration and sales operations, and compares these with estimates as well as earlier results and targets. The information gathered in this manner is used for internal benchmarking.

INTERNAL CONTROL

The Board of Directors' internal control responsibilities are governed by the Swedish Companies Act and the Swedish Corporate Governance Code. The Code also contains requirements for external disclosure of information, which stipulate the manner in which the Group's internal control of financial reporting is to be organized.

At Beijer Alma, internal control generally refers to a process designed to ensure, with reasonable certainty, that the company's goals are met and lead to efficient and appropriate operations, reliable reporting, and compliance with rules and legislation. Internal control is also intended to obtain reasonable assurance that the Group's external financial reporting is reliable and correct, and that it has been prepared in accordance with generally accepted accounting principles, applicable laws and regulations, and other rules for listed companies.

The Board of Directors has overall responsibility for the Group's internal control of financial reporting. The Audit Committee assists the Board with material accounting issues. The Committee is also responsible for ensuring compliance with the policies for financial reporting and internal control, and that the required contact is maintained with the company's auditor.

Responsibility for the daily operational work involved in internal control of financial reporting is delegated to the CEO, who together with the Group's CFO and the subsidiary management groups guarantees and develops the Group's internal control.

The basis of the internal control of financial reporting is the overall control environment. A well-functioning decentralized organization in which areas of responsibility and authority are clearly defined, conveyed and documented is a key component of the control environment. Other key components of the control environment are management's work methods, policies, procedures, instructions and manuals. Standardized reporting instructions are applied by all units in the Group.

Beijer Alma's operations are exposed to external and internal risks. An important part of the internal control process involves identifying, quantifying and managing material risks that could impact the Group's financial reporting. This risk analysis results in activities designed to ensure that the Group's financial reporting fulfills the basic requirements.

Control activities are incorporated into in the Group's reporting procedures and follow the structures of the reporting process and accounting organization. The employees at every profit center are responsible for accurate reporting and financial statements.

The financial statements are analyzed at the profit center, business area, subsidiary and Group levels. Deviations from estimates and expected results are analyzed, as are deviations from historical data and forecasts. The operational follow-up that takes place at the Group level, for example, through the monthly meetings, is a key component of Beijer Alma's internal control.

Reviews are performed to ensure that adequate internal controls are conducted at all levels. The Board is responsible for these reviews.

Taking into consideration the size, organization and financial reporting structure of the Group, the Board deems that no special internal audit function is required at present.

EXTERNAL AUDIT

At the 2019 Annual General Meeting, PricewaterhouseCoopers (PwC) was elected as the company's auditing firm until the 2020 Annual General Meeting. Authorized Public Accountant Leonard Daun was appointed as Chief Auditor.

PwC is the auditing firm for most of the Group companies. The Group's auditor reviews the six-month interim report and reports his observations to the Audit Committee at the meeting held to discuss the six-month interim report and at the meeting to discuss the annual accounts, where the auditor also reports at the Board meeting.

The external audit is conducted in accordance with the International Standards of Auditing (ISA).

REVENUES AND EARNINGS

GROUP

The year was characterized by a mixed industrial global economy, which had a negative impact on demand at the end of the year. The industries not impacted by the general economic trend – Chassis Springs in Lesjöfors and Telecom in Habia – delivered a weaker performance than in the preceding year. Chassis Springs was affected by declining end customer demand and a subsequent customer de-stocking. Demand in Telecom was stable but at a lower level. Offshore project transactions had a positive effect. Sales to the engineering industry were stable, while deliveries to automotive manufacturing companies in Germany were significantly lower.

Order bookings decreased 1.9 percent to MSEK 4,554 (4,615). In organic terms, order bookings declined 6 percent. The decline was primarily attributable to weaker demand in Chassis Springs, Telecom and German automotive manufacturing The acquisition had a positive impact.

Net revenues rose 4.9 percent to MSEK 4,622 (4,409), but decreased 3 percent in organic terms. 76 percent (76) of sales were conducted outside Sweden. The share of foreign sales was 85 percent (85) in Lesjöfors, 96 percent (95) in Habia and 38 percent (30) in Beijer Tech.

Operating profit totaled MSEK 583 (623), with an operating margin of 12.6 percent (14.1). Profit after net financial items decreased to MSEK 557 (609) and net profit to MSEK 431 (469). Earnings per share amounted to SEK 7.15 (7.78).

In the past five years, the Group performed as follows:

MSEK	**2019**	2018	2017	2016	2015
Net revenues	**4,622**	4,409	3,971	3,528	3,522
Profit after net financial items	**557**	609	517	447	467
Net profit	**431**	469	388	328	354
Shareholders' equity	**2,413**	2,232	1,997	1,902	1,835
Total assets	**4,555**	3,729	3,441	3,152	2,870

SUBSIDIARIES

Lesjöfors is a full-range supplier of standard and specially produced industrial springs, wire and flat strip components. During 2019, order bookings decreased 3 percent to MSEK 2,535 (2,616). In organic terms, order bookings decreased 10 percent. Net revenues declined 2 percent to MSEK 2,564 (2,625). In organic terms, net revenues decreased 9 percent. Operating profit totaled MSEK 441 (531).

Lesjöfors conducts its operations in two business areas: Industry and Chassis Springs. Net revenues rose 3 percent in Industry and declined 16 percent in Chassis Springs. The operating margin decreased in both business areas.

Habia Cable is a manufacturer of custom-designed cables. Order bookings decreased 15 percent to MSEK 882 (1,044), primarily due to weaker demand in Telecom and fewer major offshore projects. Net revenues increased 13 percent to MSEK 979 (870), due to the delivery of offshore orders from the preceding year. Fluctuations in exchange rates boosted order bookings and invoicing by nearly 3 percent. Operating profit totaled MSEK 80 (57).

Habia conducts its operations in two business areas. Net revenues decreased 27 percent in Telecom, while invoicing rose 35 percent in Other Industry.

Beijer Tech conducts industrial trading and manufacturing operations in two business areas: Industrial Products and Fluid Technology. Order bookings amounted to MSEK 1,135 (955), up 19 percent. In organic terms, the increase was 1 percent. Net revenues rose 18.3 percent to MSEK 1,080 (913). In organic terms, the increase was 4 percent. Operating profit totaled MSEK 81 (60).

Both business areas improved their net revenues and earnings during the year.

PARENT COMPANY

Beijer Alma AB is a holding company that does not conduct external invoicing, but instead owns and manages shares and participations in subsidiaries and is responsible for certain Group-wide functions. Profit before tax totaled MSEK 304 (304) and included dividends and Group contributions from subsidiaries totaling MSEK 325 (330).

CAPITAL EXPENDITURES

Investments in fixed assets, excluding corporate acquisitions, amounted to MSEK 221 (205), compared with depreciation/amortization totaling MSEK 231 (139). Lesjöfors invested MSEK 154 (159), Habia MSEK 19 (38) and Beijer Tech MSEK 48 (8).

CORPORATE ACQUISITIONS

During the year, the Beijer Tech Group acquired the Swedish company Encitech Connectors AB in Halmstad, the Finnish company KTT Tekniikka Oy, the Norwegian company Codan AS and the Finnish company Uudenmaan Murskaus. Lesjöfors acquired the Dutch company Spibelt Beheer B.V. The companies are presented in Note 36, including acquisition calculations.

PRODUCT DEVELOPMENT

Costs for product development primarily pertain to specific orders and are therefore charged to the respective order and recognized as cost of goods sold.

CASH FLOW, LIQUIDITY AND FINANCIAL POSITION

Cash flow after capital expenditures amounted to MSEK 103 (229) and included corporate acquisitions totaling MSEK 283 (4). Excluding corporate acquisitions, cash flow amounted to MSEK 385 (233).

Net debt (interest-bearing liabilities excluding lease liabilities less cash and cash equivalents) totaled MSEK 721 (440) at year-end. The net debt/equity ratio (net debt in relation to shareholders' equity) was 29.9 percent (19.7). Available liquidity (cash and cash equivalents plus approved but unutilized committed credit facilities) totaled MSEK 1,069 (857). The equity ratio was 53.0 percent (59.9).

RETURN ON CAPITAL EMPLOYED

The return on capital employed was 17.8 percent (22.0), while the return on average shareholders' equity was 18.9 percent (22.5).

EMPLOYEES

The number of employees was 2,658 (2,610), corresponding to an increase of 48. Beijer Tech and Lesjöfors's acquisitions of companies increased the number of employees by 146. Lesjöfors and Habia conduct a portion of their manufacturing in China, Thailand, Singapore, Latvia, Slovakia, Poland and Mexico, where salary costs are lower. The number of employees in these countries decreased by 28 to 734. The number of employees in Sweden was 775 (743). Of the increase of 32 employees in Sweden, 27 were attributable to the aforementioned corporate acquisitions.

Note 2 presents the number of employees in various countries as well as salaries and remuneration, and the principles adopted by the Annual General Meeting regarding salaries and remuneration for members of senior management.

OWNERSHIP CONDITIONS

Beijer Alma has approximately 13,300 shareholders (12,100). The largest shareholder is Anders Wall, along with his family and companies, who owns 11.7 percent of the capital and 34.8 percent of the votes. Other major shareholders in terms of capital are the Anders Wall Foundation with 13.7 percent, Verdipapirfond Odin with 7.7 percent and SEB Fonder with 7.3 percent.

CORPORATE SOCIAL RESPONSIBILITY

The Group's strategic and day-to-day operations are based on Beijer Alma's Code of Conduct. The Code builds on the basic principles of the UN Global Compact, which Beijer Alma joined in 2015. Accordingly, the company has agreed to adhere to ten fundamental principles in the areas of human rights, labor conditions, the environment and anti-corruption.

Just over 60 percent of the Group's units hold specific environmental permits for their operations.

For information about the Group's sustainability work, refer to pages 38–56.

RISKS AND UNCERTAINTIES

Beijer Alma's earnings, financial position and future performance are impacted by both internal factors that the company can influence and external factors which the company has a limited possibility to influence and where the Group instead focuses on managing the consequences of these factors. The Group's risks include business and financial risks. Business risks may include economic trends, structural changes in the market, or significant customer dependence on specific companies, industries or geographic markets. Financial risks primarily pertain to foreign currency risks.

Management of the Group's financial risks is described in Note 29. To manage the business risks, strategic work is carried out to broaden the customer base in terms of industry, customer and geography. Beijer Alma is deemed to have a favorable risk spread across customers, industries and geographic markets. According to the Group's assessment, no significant risks arose during the year.

There is a sense of uncertainty prevailing with respect to the consequences of Brexit. Beijer Alma's sales in the UK amounted to MSEK 320 (374) in 2019. Of the products sold, approximately 85 percent are manufactured locally in the UK. Beijer Alma's deliveries from the UK to countries in the EU amounted to approximately MSEK 30.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

On January 2, 2020, Lesjöfors acquired the UK company Metrol Springs Ltd, a leading manufacturer of tooling gas springs, special purpose gas springs and gas struts.

On February 6, 2020, Beijer Tech acquired the shares in PA Ventiler AB, located in Lindome, Gothenburg, via Lundgrens Sverige AB. PA Ventiler conducts sales of valves, primarily to the pulp and paper industry as well as the chemical and petrochemical industry.

As a result of the Chinese authorities' measures to prevent the spread of the coronavirus, three of the Group's plants were closed in early 2020. Two of the three plants were re-opened during the week of February 10 and have gradually increased their capacity.

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors and the President propose that the following profit be made available for distribution by the Annual General Meeting:

SEK 000s	
Retained earnings	37,192
Share premium reserve	279,000
Net profit for the year	287,858
Total	**604,050**
to be appropriated as follows:	
Ordinary dividend to shareholders of SEK 5.10 per share	307,337
To be carried forward	296,713

BOARD OF DIRECTORS' STATEMENT CONCERNING THE PROPOSED DIVIDEND

After the proposed dividend, the Parent Company's equity ratio will amount to 56 percent and the Group's equity ratio to 46 percent. These equity ratios are adequate given that the company and the Group continue to conduct profitable operations. The liquidity of the Group and the company is expected to remain adequate.

In the opinion of the Board of Directors, the proposed dividend will not prevent the Parent Company or the other Group companies from fulfilling their obligations or from completing the necessary capital expenditures. Accordingly, the proposed dividend can be justified in accordance with the provisions in Chapter 17, Section 3, Paragraphs 2–3 of the Swedish Companies Act (the "prudence rule").

Income statement

Amounts in SEK 000s	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Net revenues	3,4	**4,621,731**	4,408,799	–	–
Cost of goods sold	8,9	**–3,242,232**	–3,032,409	–	–
Gross profit		**1,379,499**	1,376,390	**0**	0
Selling expenses	8,9	**–421,715**	–408,519	**–**	–
Administrative expenses	5,8,9	**–375,408**	–346,271	**–38,394**	–43,779
Other operating income	6	–	–	**18,200**	18,200
Profit from participations in associated companies	7	**217**	1,205	**–**	–
Operating profit/loss	8,9	**582,593**	622,805	**–20,194**	–25,579
Income from participations in Group companies	10	–	–	**227,900**	272,000
Interest income		**1,070**	2,072	**604**	603
Interest expenses		**–26,283**	–15,649	**–1,759**	–1,088
Profit after net financial items		**557,380**	609,228	**206,551**	245,936
Group contributions received		–	–	**100,013**	100,077
Group contributions paid		–	–	**–2,902**	–42,000
Income tax	11	**–126,590**	–140,383	**–15,804**	–7,590
Net profit attributable to Parent Company shareholders		**430,790**	468,845	**287,858**	296,423
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified to profit or loss					
Cash-flow hedges after tax	29	**44**	7,724	**–**	–
Translation differences		**57,817**	44,724	**–**	–
Total other comprehensive income, net after tax		**57,861**	52,448	**0**	0
Total profit attributable to Parent Company shareholders		**488,651**	521,293	**287,858**	296,423

No share of the Group's comprehensive income is attributable to non-controlling interests (Note 20)

Net earnings per share before and after dilution, SEK	12	**7.15**	7.78	–	–
Proposed/adopted dividend per share, SEK		**5.10**	5.10	**–**	–

Balance sheet

Amounts in SEK 000s	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
ASSETS					
Fixed assets					
Intangible assets					
Goodwill	13	**762,966**	594,111	**–**	–
Other intangible assets	14	**34,560**	34,135	**–**	–
Tangible assets					
Land and land improvements	15	**118,664**	76,548	**–**	–
Buildings	16	**432,102**	328,916	**–**	–
Plant and machinery	17	**564,827**	521,436	**–**	–
Equipment, tools, fixtures and fittings	18	**80,568**	60,962	**203**	1,146
Right-of-use assets	9	**204,760**	–	**–**	–
Financial assets					
Other long-term receivables		**7,604**	4,920	**–**	–
Participations in associated companies	19	**28,077**	28,075		
Participations in Group companies	20	**–**	–	**532,012**	532,012
Deferred tax assets	27	**27,449**	27,725	**6,832**	5,866
Total fixed assets		**2,261,577**	1,676,828	**539,047**	539,024
Current assets					
Inventories	21	**1,051,259**	951,671	**–**	–
Receivables					
Accounts receivable	22	**678,867**	707,146	**–**	–
Tax assets		**13,400**	–	**–**	–
Receivables from Group companies		**–**	–	**452,404**	438,668
Other receivables	23	**43,255**	65,923	**217**	28
Prepaid expenses and accrued income	24	**41,443**	35,826	**588**	1,191
Cash and cash equivalents	25	**465,082**	291,303	**62,738**	58,209
Total current assets		**2,293,306**	2,051,869	**515,947**	498,096
Total assets		**4,554,883**	3,728,697	**1,054,994**	1,037,120

Balance sheet

Amounts in SEK 000s	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	26				
Share capital		**125,546**	125,546		
Other contributed capital		**444,351**	444,351		
Reserves		**148,379**	90,518		
Retained earnings, including net profit for the year		**1,694,879**	1,571,427		
Shareholders' equity attributable to Parent Company shareholders		**2,413,155**	2,231,842		
Non-controlling interests		**4,172**	4,096		
Total shareholders' equity		**2,417,327**	2,235,938		
Share capital				**125,546**	125,546
Statutory reserve				**165,351**	165,351
Total restricted equity				**290,897**	290,897
Share premium reserve				**279,000**	279,000
Retained earnings				**37,192**	48,106
Net profit for the year				**287,858**	296,423
Total non-restricted equity				**604,050**	623,529
Total shareholders' equity				**894,947**	914,426
Non-current liabilities					
Other non-current liabilities	36	**23,722**	–		
Deferred tax	27	**96,799**	76,722		
Pension obligations	28	**2,643**	3,919		
Liabilities to credit institutions	29	**531,639**	189,804		
Non-current right-of-use liabilities	9	**130,969**	–		
Total non-current liabilities		**785,772**	270,445		
Current liabilities					
Committed credit facilities	29	**513,684**	412,155	**132,340**	100,293
Liabilities to Group companies		–	–	**3,918**	5,319
Accounts payable		**224,035**	250,818	**2,871**	2,679
Tax liabilities		–	4,668	**8,903**	716
Accrued expenses and deferred income	30	**315,662**	313,642	**11,698**	13,118
Liabilities to credit institutions	29	**140,670**	128,951	**–**	–
Other current liabilities	31	**89,266**	112,080	**317**	569
Current right-of-use liabilities	9	**68,467**	–	**–**	–
Total current liabilities		**1,351,784**	1,222,314	**160,047**	122,694
Total shareholders' equity and liabilities		**4,554,883**	3,728,697	**1,054,994**	1,037,120

Change in shareholders' equity

Amounts in SEK 000s **Group**	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit for the year	Total	Non-controlling interest	Total shareholder's equity
Dec 31, 2017	**125,546**	**444,351**	**38,070**	**1,388,828**	**1,996,795**	**3,959**	**2,000,754**
Net profit for the year				468,844	468,844		**468,844**
Other comprehensive income			52,448		52,448		**52,448**
Dividend paid				–286,245	–286,245		**–286,245**
Non-controlling interests (translation difference)					0	137	**137**
Dec 31, 2018	**125,546**	**444,351**	**90,518**	**1,571,427**	**2,231,842**	**4,096**	**2,235,938**
Net profit for the year				430,790	430,790		**430,790**
Other comprehensive income			57,860		57,860		**57,860**
Dividend paid				–307,337	–307,337		**–307,337**
Non-controlling interests (translation difference)					0	76	**76**
Dec 31, 2019	**125,546**	**444,351**	**148,378**	**1,694,880**	**2,413,155**	**4,172**	**2,417,327**

Parent Company	Share Capital	Statutory reserve	Share premium reserve	Retained earnings	Net profit	Total shareholder's equity
Dec 31, 2017	**125,546**	**165,351**	**279,000**	**8,815**	**325,537**	**904,249**
Reclassification of net profit for the preceding year				325,537	–325,537	**0**
Dividend paid				–286,246		**–286,246**
Net profit for the year					296,423	**296,423**
Dec 31, 2018	**125,546**	**165,351**	**279,000**	**48,106**	**296,423**	**914,426**
Reclassification of net profit for the preceding year				296,423	–296,423	**0**
Dividend paid				–307,337		**–307,337**
Net profit for the year					287,858	**287,858**
Dec 31, 2019	**125,546**	**165,351**	**279,000**	**37,192**	**287,858**	**894,947**

In previous annual reports, the Parent Company's share premium reserve was incorrectly classified as part of the statutory reserve.

Proposed dividend of SEK 5.10 per share, totaling SEK 307,337,000; refer to Note 34.

Cash-flow statement

Amounts in SEK 000s	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Operating activities					
Operating profit/loss		**582,593**	622,805	**–20,194**	–25,579
Net interest paid and received and other financial items		**–16,343**	–13,517	**308,845**	294,515
Income tax paid		**–125,564**	–134,029	**–7,151**	–6,212
Items not affecting cash flow	35	**229,233**	137,344	**943**	96
Cash from operating activities before change in working capital and capital expenditures		**669,919**	612,603	**282,443**	262,820
Change in inventories		**–28,659**	–119,618	**–**	–
Change in current receivables		**71,801**	–72,669	**1,689**	35,248
Change in current liabilities		**–124,594**	37,014	**–4,313**	–13,266
Cash flow from operating activities		**588,467**	457,330	**279,819**	284,802
Investing activities					
Investments in tangible assets		**–193,978**	–212,796	**–**	–
Investments in intangible assets		**–6,841**	–11,586	**–**	–
Change in other financial assets		**–2,194**	–	**–**	–
Acquisitions of companies and operations less cash and cash equivalents	36	**–282,707**	–3,648	**–**	–
Cash flow from investing activities		**–485,720**	–228,030	**0**	0
Cash flow after capital expenditures		**102,747**	229,300	**279,819**	284,802
Financing activities	29				
Change in provisions and non-current liabilities		**35,956**	–	**–**	–
Change in utilized committed credit facilities		**101,529**	–20,882	**32,047**	–14
Increase in liabilities/new loans		**513,790**	77,728	**–**	–
Repayment		**–277,658**	–44,976	**–**	–
Dividend paid		**–307,337**	–286,245	**–307,337**	–286,245
Cash flow from financing activities		**66,279**	–274,375	**–275,290**	–286,259
Change in cash and cash equivalents		**169,027**	–45,075	**4,529**	–1,457
Exchange-rate fluctuations in cash and cash equivalents		**4,752**	8,283	**–**	–
Cash and cash equivalents at beginning of year		**291,303**	328,095	**58,209**	59,666
Cash and cash equivalents at end of year	25	**465,082**	291,303	**62,738**	58,209
Unutilized committed credit facilities		**604,396**	565,869	**192,660**	174,708
Available liquidity		**1,069,478**	857,172	**254,738**	232,917

All amounts in SEK 000s unless otherwise stated.

Note 1 Summary of key accounting policies

The key accounting policies applied in the preparation of these consolidated financial statements are stated below. Unless otherwise specified, these policies were applied for all of the years presented.

a) Basis for the preparation of the report
Beijer Alma's consolidated financial statements were prepared in accordance with the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups as well as the International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRIC) adopted by the EU. The consolidated financial statements were prepared according to the cost method, except in the case of certain financial assets and liabilities (including derivative instruments) measured at fair value.

b) New and amended standards applied by the Group
The following standards were applied by the Group for the first time in the financial year commencing January 1, 2019:

IFRS 16 Leases Beijer Alma applied IFRS 16 for the first time for the 2019 financial year, with January 1, 2019 as the transition date. For information about the transition, refer to Note 9.

c) New standards, amendments and interpretations of existing standards not applied in advance by the Group
A number of new standards and interpretations will take effect in financial years beginning on or after January 1, 2019 and were not applied during the preparation of this financial report. No published standards that have not yet taken effect have impacted the Group.

Key estimates and assumptions for accounting purposes
Preparation of the accounts in accordance with IFRS requires the use of a number of key estimates for accounting purposes. Management is also required to make certain assumptions when applying the Group's accounting policies. The following are areas involving a high rate of assessment, complex areas or areas in which assumptions and estimates are of material importance:

Assumptions regarding impairment testing of goodwill
The Group tests goodwill for impairment annually, or when there is an indication of a decline in value, in accordance with the accounting policies described in the section concerning intangible assets. Assumptions and estimates relating to expected cash flows and discount rates in the form of weighted average capital costs are described in Note 13. Forecasts concerning future cash flows are based on the best possible estimates of future income and operating expenses. The impairment tests performed did not indicate a need for impairment of goodwill. According to management's assessment, the outcome of this sensitivity analysis, which is presented in Note 13, did not warrant the recognition of an impairment loss. Goodwill amounted to MSEK 763.0 (594.1).

Accounts receivable
Accounts receivable are amounts attributable to customers pertaining to goods sold or services performed as part of the Group's operating activities. Accounts receivable generally fall due for payment within 30 days. For certain customers, accounts receivable may fall due for payment after 30 days, but never after more than one year, and all accounts receivable have therefore been classified as current assets. Accounts receivable are initially recognized at their transaction price. However, accounts receivable with a material financing component are measured at fair value. The Group holds accounts receivable for the purpose of collecting contractual cash flows and thus measures them on subsequent recognition dates at amortized cost applying the effective interest method. The fair value of current receivables corresponds to their carrying amount since the discount effect is not considered material. Information concerning the impairment of accounts receivable and the Group's credit exposure, foreign currency risk and interest-rate risk is presented in Notes 22 and 29. The general prevailing market trend has resulted in an increased focus on customer credit ratings and monitoring of accounts receivable. Accounts receivable totaled MSEK 678.9 (707.1). The maturity structure for past due receivables and provisions for doubtful receivables are presented in Note 22.

Inventories
Inventories are measured at the lower of cost and net selling price on the balance-sheet date. The net selling price is equal to the estimated selling price of the operating activities less applicable variable selling expenses. Collective measurement is applied for homogeneous groups of goods. Note 21 presents the carrying amount of inventories as well as the proportion of inventories measured at net selling price and the value of the net selling price. When determining the net selling price, an assessment is made of, among other factors, the estimated selling price, remaining shelf life and selling expenses. Consideration is given to factors such as whether the item has several potential customers or is a customized item for which there is only one potential customer.

Cash flow
The cash-flow statement was prepared in accordance with the indirect method. Recognized cash flow only includes transactions involving payments and disbursements. Cash and cash equivalents include cash and bank balances and short-term financial investments with a term of less than three months.

Consolidated financial statements
Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases. Intra-Group transactions, balance sheet items and unrealized gains or losses on transactions between Group companies are eliminated. Intra-Group losses may be an indication of impairment that needs to be recognized in the consolidated financial statements. Where applicable, the accounting policies for subsidiaries have been amended to ensure that the Group's policies are applied in a consistent manner. The acquisition method is applied to the recognition of the Group's business combinations. Non-controlling interests in the profit and shareholders' equity of subsidiaries are recognized separately in the consolidated income statement, statement of changes in shareholders' equity and balance sheet.

Changes in participating interests in a subsidiary without changes in control
Transactions between owners without a controlling influence that do not result in a loss of control are recognized as transactions in shareholders' equity, meaning transactions with owners in their capacity as owners. A change in participating interest is recognized as an adjustment of the carrying amounts of the controlling and non-controlling interests so that they reflect the changes in their relative holdings in the subsidiary. For acquisitions from owners without a controlling influence, the difference between the fair value of the purchase consideration paid and the share of the carrying amount of the subsidiary's net assets actually acquired is recognized in shareholders' equity. Gains and losses on divestments to owners without a controlling influence are also recognized in shareholders' equity.

Business combinations
The Group's business combinations are recognized in accordance with the acquisition method. The purchase consideration for an acquired subsidiary comprises the acquisition-date fair value of the transferred assets, assumed liabilities that the Group incurs to former owners, shares that were issued by the Group, and assets or liabilities as a result of an agreement on contingent consideration. Each contingent consideration to be transferred by the Group is measured at fair value on the acquisition date. Subsequent changes in the fair value of a contingent consideration classified as an asset or liability are recognized in profit or loss. Contingent considerations classified as shareholders' equity are not remeasured and subsequent settlements are recognized in shareholders' equity. For each acquisition – that is, on an acquisition-by-acquisition basis – the Group determines whether non-controlling interest in the acquiree is to be measured at fair value or at the shareholding's proportionate share of the carrying amount of the acquired company's identifiable net assets.

- Acquisition-related costs are expensed as incurred.
- Goodwill refers to the amount at which:
- Consideration transferred,
- Any non-controlling interests in the acquiree,
- The acquisition-date fair value of previously held equity interest in the acquiree (in a business combination achieved in stages).

If the business combination is completed in several steps, the previously held equity interests in the acquiree are remeasured at fair value on the acquisition date. Any gain or loss arising as a result of the remeasurement is recognized in profit or loss.

Translation of foreign currencies
Functional currency and reporting currency
Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which each company conducts its primary operations (functional currency). In the consolidated financial statements, SEK is used, which is the Parent Company's functional currency and reporting currency.

Transactions and balance sheet items
Transactions in foreign currency are translated to the functional currency at the exchange rates applicable on the transaction date or the date on which the items are remeasured. Exchange gains and losses that arise in conjunction with the payment of such transactions and in the translation of monetary assets and liabilities in foreign currency at the closing day rate are recognized in profit or loss. An exception is made for transactions that comprise hedges and that meet the conditions for hedge accounting of cash flows, for which gains/losses are recognized in other comprehensive income.

Balance sheets and income statements for the subsidiaries in the Group that have a different functional currency than the reporting currency are translated at the closing day rate and the average rate for the year, respectively. Translation differences are recognized in other comprehensive income. Goodwill and fair-value adjustments that arise during the acquisition of a foreign operation are treated as assets and liabilities in the operation in question and are translated at the closing day rate.

	Year-end rate		Average rate	
Significant foreign exchange rates	**Dec 31, 2019**	**Dec 31, 2018**	**2019**	**2018**
USD	**9.32**	8.22	**8.47**	8.50
EUR	**10.43**	9.84	**10.59**	9.65
GBP	**12.21**	11.10	**12.10**	11.02

Reporting of associated companies

Associated companies are defined as companies that are not subsidiaries, but over which the Parent Company has a significant but not controlling influence, which generally involves shareholdings of 20 to 50 percent. Participations in associated companies are recognized in the consolidated financial statements in accordance with the equity method and are initially measured at cost.

The Group's share in the post-acquisition earnings of an associated company is recognized in profit or loss and its share of changes in other comprehensive income after the acquisition is recognized in other comprehensive income. Accumulated post-acquisition changes are recognized as changes in the carrying amount of the holding. When the Group's share of the losses of an associated company amounts to, or exceeds, the Group's holding in the associated company, the Group does not recognize further losses unless the Group has undertaken commitments or has made payments on behalf of the associate.

Unrealized internal gains are eliminated against the share of gains accruing to the Group. Unrealized losses are also eliminated unless the transaction comprises an indication of impairment for the asset transferred. Profit shares in associated companies are recognized on separate lines in the consolidated income statement and the consolidated balance sheet. Profit shares in associated companies are recognized after tax. The accounting policies for associated companies have been adjusted if necessary to ensure that they correspond to the Group's accounting policies.

At the end of each reporting period, the Group assesses whether or not there is objective evidence that indicates an impairment requirement for its investments in associated companies. If such evidence exists, the Group calculates the impairment amount as the difference between the recoverable amount and carrying amount of the associated company, and recognizes this amount in profit or loss under "Profit from participations in associated companies."

Segment reporting

Operating segments are reported in a manner that corresponds with the internal reporting submitted to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing the earnings of the operating segments. In the Group, the President and CEO is responsible for making strategic decisions. The President and CEO monitors the operations based on product, meaning the two business areas in each subgroup, which comprise the Group's operating segments. Beijer Alma meets the requirements of IFRS 8 Operating Segments for aggregation of operating segments and has decided in accordance with IFRS 8 to merge the two operating segments in each subgroup, meaning that the subgroups comprise reporting segments. Beijer Alma's reporting segments are: Lesjöfors (industrial springs), Habia Cable (custom-designed cables) and Beijer Tech (industrial trading).

Revenue recognition

The Group manufactures and sells products for industrial trading in the form of springs, wire and flat strip components, customized cables and cable harnesses as well as components, machinery and technical solutions. Sales are recognized as revenue when control of the goods is transferred to the customer. This normally takes place when the goods leave the Group's warehouse, but may occur at a later date due, for example, to freight terms in the individual cases. From that date, the customer has full right to dispose of the goods and there are no unfulfilled obligations on the part of Beijer Alma. Major projects in Habia's offshore segment are recognized as profit as the performance obligations are satisfied. The settlement method for determining the degree of completion is based on the number of kilometers of manufactured and tested cable according to a predetermined test method agreed with each customer. The costs for obtaining and completing such projects are capitalized and recognized as intangible assets, and are reclassified as operating expenses in line with the corresponding revenue being recognized.

The costs for obtaining and completing a customer contract are recognized as intangible assets and amortized over the contract period.

Certain areas of the operations apply volume discounts based on accumulated sales during the year. Revenue from sales is recognized based on the price in the contract with a deduction for calculated volume discounts and a contract liability (included in accrued expenses) is recognized in a corresponding amount. Past data is used to estimate the expected value of the discount and revenue is recognized only to the extent that it is highly probable that it will not result in a significant revenue reversal.

No financing component is deemed to exist since the credit period is normally 30 days and in no case exceeds one year. A receivable is recognized when the goods have been delivered since it is at that point that payment becomes unconditional. No financing component is deemed to exist on the date of sale since the credit period is 30 days, which follows market practice. The Group's obligation to repair or replace defective products in accordance with normal guarantee rules is recognized in accrued expenses

Interest income

Interest income is recognized distributed over the maturity period using the effective interest method.

Tax

Deferred tax is calculated according to the balance-sheet method for all temporary differences arising between the carrying amount and tax value of assets and liabilities. However, deferred tax liabilities are not recognized if they arise as a result of the initial recognition of goodwill. Nor is deferred tax recognized if it arises as a result of a transaction that is the initial recognition of an asset or liability that is not a business combination and that, on the transaction date, impacts neither recognized nor tax earnings. Deferred income tax is calculated by applying the tax rates (and laws) that have been decided or announced on the balance-sheet date and that are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.

Loss carryforwards that can be utilized against probable future gains are capitalized as deferred tax assets. This applies to accumulated tax loss carryforwards on the acquisition date and to losses that arise thereafter.

Deferred tax assets and liabilities are offset when there is a legal right of offset for the current tax assets and liabilities and when the deferred tax assets and liabilities are attributable to taxes levied by one and the same tax authority and refer either to the same taxable entity or different taxable entities where the intention is to regulate balances through net payments.

Tax expenses for the year comprise current tax and deferred tax. The current tax expense is calculated on the basis of the tax rules that have been decided or essentially decided on the balance-sheet date in the countries in which the Parent Company and its subsidiaries operate and generate taxable revenue. Management regularly evaluates the claims made in tax declarations for situations where the applicable tax rules are open to interpretation.

Current and deferred tax are recognized in profit or loss, except when the tax pertains to items recognized in other comprehensive income or directly in shareholders' equity. In such cases, the tax is also recognized in other comprehensive income or shareholders' equity.

If the actual outcome differs from the amount initially recognized, such differences will impact the provisions for current tax and deferred tax, as well as net profit for the year. Deferred tax is calculated on temporary differences arising from participations in subsidiaries and associated companies, except when the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Goodwill

Goodwill is defined as the amount by which the consolidated cost of the shares in acquired subsidiaries and the fair value of any non-controlling interests exceed the fair value of the company's net assets as indicated in the acquisition analysis on the acquisition date. Goodwill is not amortized and instead impairment testing is undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill from the acquisition of associated companies is included in the value of the holdings in the associated companies and is tested for impairment as a part of the value of the total holding. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level with each business area in Lesjöfors, Habia and Beijer Tech deemed to comprise cash-generating units. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of the cash-generating unit to which the goodwill is attributable is compared to the recoverable amount, which is the higher of value in use and the fair value less selling expenses. Any impairment is recognized immediately as an expense and is not subsequently reversed. Goodwill is allocated on the acquisition date to cash-flow generating units that are expected to profit from the business combination that generated the goodwill item. For a description of the methods and assumptions used for impairment testing, refer to Note 13.

Other intangible assets

Other intangible assets primarily comprise customer relationships and licenses that have been acquired through business combinations and are measured at fair value on the acquisition date. The customer relationships and licenses have a definable useful life and are recognized at cost less accumulated amortization. Costs for obtaining or completing a contract with customers are also included in other intangible assets.

Beijer Alma applies the following estimated useful lives:
Other intangible assets 1–10 years

The residual values and estimated useful lives of assets are assessed annually and adjusted when necessary. In cases when the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to its recoverable amount. Amortization is applied straight-line to distribute the cost over the estimated useful life of the asset.

Research and product development

When costs are incurred for product development, such costs are immediately expensed. According to a strict definition, essentially no research and development is conducted within the Group. Since development work in the Beijer Alma Group is conducted on a continuous basis and is an integrated part of the daily operations, such expenses are difficult to define. Moreover, these expenses do not amount to significant amounts.

Tangible assets

Tangible assets, including office and industrial buildings, are recognized at cost after deductions for accumulated depreciation. Land is recognized at cost without depreciation. The cost includes expenses directly related to the acquisition of the asset. Additional expenditures are added to the carrying amount of the asset or are recognized as a separate asset, depending on which approach is deemed most appropriate, provided that it is probable that the future financial benefits associated with the asset will accrue to the Group and the cost of the asset can be measured in a reliable manner. The carrying amount of the reimbursed portion is derecognized from the balance sheet. Expenses for repair and maintenance are recognized as expenses. In profit or loss, operating profit is charged with straight-line depreciation based on the difference between the costs of the assets and any residual value they may have over their estimated useful lives. Beijer Alma applies the following estimated useful lives:

Office buildings used in operations	25–40 years
Industrial buildings used in operations	20–40 years
Plant and machinery	2–10 years
Equipment, tools, fixtures and fittings	2–10 years

The residual values and estimated useful lives of assets are assessed annually and adjusted when necessary. In cases when the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to its recoverable amount. Capital gains and losses are determined by comparing the selling price and the carrying amount. Capital gains and losses are recognized in profit or loss.

Accounting policies for leases before January 1, 2019

Leasing agreements pertaining to fixed assets in which the Group essentially bore the same risks and enjoyed the same benefits as in the case of direct ownership were classified as financial leasing. Financial leasing was recognized at the beginning of the leasing period at the lower of the fair value of the leasing object and the present value of the minimum leasing fees. Financial leasing agreements were recognized in the balance sheet as fixed assets or financial liabilities. Future leasing payments were distributed between amortization of the liability and financial expenses so that each accounting period was charged with an interest amount that corresponded to a fixed interest rate for the liability recognized during each period. Leasing assets were depreciated during the shorter of the useful life of the asset (according to the same principles as other assets of the same class) and the leasing period.

In profit or loss, costs associated with the leasing agreement were allocated to depreciation and interest. Leasing of assets in which the lessor essentially remains the owner of the asset was classified as operational leasing. The leasing fee was expensed on a straight-line basis over the leasing period. Operational leasing agreements were recognized in profit or loss as an operating expense.

Accounting policies for leases from January 1, 2019

The Group's leases primarily refer to premises and cars. The terms and conditions are negotiated separately for each lease and vary significantly. The leases do not contain any specific terms and conditions or restrictions that mean the leases would be terminated if the conditions were not met. However, the leased assets may not be used as collateral for loans.

These leases are recognized as right-of-use assets and a corresponding liability on the day on which the leased asset is available for use by the Group. Each lease payment is divided between depreciation of the liability and financial expense. The financial expense is distributed over the lease term so that each accounting period is charged with an amount that corresponds to a fixed interest rate for the liability recognized during each period.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the assets and the term of the lease. Leases are normally depreciated for fixed periods of three to ten years but an extension or termination option may also exist, as described below.

Assets and liabilities arising from leases are initially recognized at present value. Lease liabilities are included in the present value of the following lease payments:

- fixed payments, and
- variable lease payments that depend on an index.

Lease payments are discounted by the incremental borrowing rate.

Right-of-use assets are measured at cost and include the following:

- the initial amount of the lease liability, and
- payments made on or before the date on which the leased asset is made available to the lessee.

Payments for short-term leases and low-value leases are expensed straight-line in profit or loss. Short-term leases have a term of 12 months or less. Low-value leases include IT equipment and office machinery.

Options to extend or terminate leases

Options to extend or terminate leases are included in the majority of the Group's property leases. The terms and conditions are used to maximize the flexibility of managing leases. Options to extend or terminate leases are included in the asset and liability when it is reasonably certain that these will be exercised.

Impairment of non-financial assets

Goodwill with an indefinite useful life is not amortized and is instead tested annually for impairment or when there is an indication of a decline in value.
For depreciated or amortized assets, an assessment of the carrying amount of the assets is conducted whenever there is an indication that the carrying amount exceeds the recoverable amount. An impairment loss is recognized in the amount by which the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. To assess impairment requirements, assets are grouped by cash-generating units, which comprises the two business areas found in each subgroup. Refer also to the sections on intangible assets and segment reporting. For assets other than goodwill, for which an impairment loss was previously recognized, impairment testing is carried out on each balance-sheet date to determine whether they should be reversed.

Inventories

Inventories comprise finished goods, semi-manufactured goods and raw materials. Inventories are valued, using the first-in, first-out method, at the lower of cost and net selling price on the balance-sheet date. Proprietary finished goods and semi-manufactured goods are valued at manufacturing cost, including raw materials, direct labor, other direct overheads and production-related overheads based on production volumes. The net selling price is equal to the estimated selling price of the operating activities less applicable variable selling expenses. Collective measurement is applied for homogeneous groups of goods. Borrowing costs are not included in the valuation of inventories. A deduction is made for intra-Group gains arising when deliveries are made between the Group's companies. A requisite deduction for obsolescence has been made.

Financial instruments

The Group classifies its assets in the following categories:

- financial assets that will later be measured at fair value in profit or loss (derivative instruments not included in hedge accounting), and
- financial assets recognized at amortized cost.

Classification depends on the Group's business model for managing financial assets and the contractual terms for the assets' cash flows. The Group reclassifies debt instruments only if the Group's business model for the instruments changes.

Recognition and derecognition from the balance sheet

Purchases and sales of financial assets are recognized on the trade date, meaning the date on which the Group undertakes to purchase or sell the asset. Financial assets are derecognized from the balance sheet when the right to collect cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and rewards connected with the right of ownership.

Measurement

On the acquisition date, the Group measures a financial asset at fair value plus, in cases where the asset is not measured at fair value through profit or loss, transaction costs directly attributable to the purchase. Transaction costs attributable to financial assets measured at fair value through profit or loss are expensed in profit or loss.

Investments and other financial assets

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the type of cash flow to which the asset gives rise. The Group classifies its debt instruments in the following measurement categories:

- Amortized cost: Assets held for the purpose of collecting contractual cash flows, where the cash flows exclusively comprise capital amounts and interest, are recognized at amortized cost. Gains or losses on debt instruments that are recognized at amortized cost and are not included in a hedging relationship are recognized in profit or loss when the asset is derecognized from the balance sheet or impaired. Interest income from such financial assets is recognized as financial income through application of the effective interest method.
- Fair value through profit or loss: Derivative instruments that have a positive fair value and not included in hedge accounting are measured at fair value through profit or loss. Gains or losses are recognized net in profit or loss in the period in which the gain or loss arises.

Impairment

The Group assesses the future expected credit losses associated with assets recognized at amortized cost. The Group recognizes a credit reserve (loss allowance) for such expected credit losses on each reporting date (refer to Note 22). In accordance with the rules of IFRS 9 Financial Instruments, the Group applies a simplified approach for impairment testing of accounts receivable, which entails that expected bad debt losses are to be recognized when the underlying receivables are recognized in the balance sheet. The impairment rules in IFRS 9 are applied to other receivables measured at amortized cost and on each balance-sheet date an assessment is made of whether there is any indication of an impairment requirement.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets, or a portion of a financial asset, are derecognized from the balance sheet when the contractual rights to the asset's cash flows have expired.

Derecognition of financial liabilities

Financial liabilities are derecognized from the balance sheet when the obligations have been discharged, canceled or in another manner extinguished. The difference between the carrying amount of a financial liability (or a portion of a financial liability) that has been extinguished or transferred to another party and the consideration has been paid, including transferred assets that do not comprise cash or assumed liabilities, are recognized in the statement of comprehensive income.

Should the terms of a financial liability be renegotiated, and not be derecognized from the balance sheet, a gain or loss is recognized in the statement of comprehensive income. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted to the original effective interest rate.

Derivatives and hedging measures

Derivative instruments are held only for the purpose of hedging risks and not for speculative purposes. In cases where the derivative instrument does not meet the criteria for hedge accounting, the derivative instrument is measured at fair value through profit or loss. These derivative instruments are classified as current assets or current liabilities if they are expected to be settled within 12 months after the end of the reporting period.

When a hedging transaction is entered into, the Group documents the relationship between the hedging instrument and the hedged item, as well as the Group's objectives with regard to risk management and the risk strategy for the hedge.

The Group also documents its assessments, both initially and on an ongoing basis, of whether the derivative instruments used in hedging transactions are effective in mitigating changes in fair value or cash flows attributable to the hedged items.

Amounts that have accumulated in reserves in shareholders' equity are reclassified to profit or loss in the period in which the hedged item impacts earnings. If the hedged object leads to the recognition of a non-financial asset (such as inventories), the gains and losses previously recognized in shareholders' equity are transferred from shareholders' equity and included in the cost of the asset. In the case of inventories, these amounts recognized as assets will later be recognized in profit or loss under "Cost of goods sold".

When a hedging instrument matures, is sold or the hedge no longer fulfills the criteria for hedge accounting, hedge accounting is discontinued. The amount accumulated with respect to the hedge under shareholders' equity remains until such time as the forecast transaction occurs and is transferred, in the case of a non-financial asset, to the cost of the non-financial asset. When a forecast transaction is no longer expected to occur, the amount accumulated in reserves in shareholders' equity that relates to the hedge is immediately transferred to profit or loss.

Cash-flow hedging

The effective portion of changes in the fair value of a derivative instrument that is identified as cash-flow hedging and meets the conditions for hedge accounting is recognized in other comprehensive income. Accumulated amounts in reserves of shareholders' equity are reclassified to profit or loss in the period in which the hedged item impacts earnings (for example, when the hedged forecast sale occurs). Beijer Alma utilizes derivative instruments to cover risks associated with exchange-rate fluctuations. Beijer Alma applies hedging for commercial exposure in the form of highly probable forecast transactions (cash-flow exposure) within the framework of the financial policy adopted by the Board of Directors. The gain or loss attributable to the ineffective portion is recognized immediately in profit or loss as other income or other expenses.

Accounts receivable

Accounts receivable are initially measured at fair value and thereafter at amortized cost using the effective interest method, less the loss allowance.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances. Cash and cash equivalents are initially measured at fair value and thereafter at amortized cost.

Share capital

Ordinary shares are classified as shareholders' equity. Transaction costs that are directly attributable to issues of new shares are recognized in shareholders' equity, in a net amount after tax, as a deduction from the proceeds of the issue.

Accounts payable

Accounts payable are obligations to pay for goods and services acquired in the course of the operating activities. Accounts payable are classified as current liabilities if they fall due within one year or earlier. Otherwise they are recognized as non-current liabilities. Accounts payable are initially measured at fair value and thereafter at amortized cost using the effective interest method.

Borrowing

Borrowing is initially measured at fair value in a net amount after transaction costs. Borrowing is thereafter recognized at amortized cost and any difference between the amount received and the amount repaid is recognized in profit or loss distributed over the borrowing period using the effective interest method.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the end of the reporting period.

Bank overdrafts are recognized as borrowings among current liabilities in the balance sheet.

Provisions

Provisions are recognized in the balance sheet under current and non-current liabilities when the Group has a legal or informal obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are valued at the present value of the amount expected to be required to settle the obligation. The Group uses a pre-tax discount rate that reflects a current market estimate of the time-dependent value of the funds and the risks associated with the provision. Any increase in the provision attributable to the passage if time is recognized as an interest expense.

Employee benefits

The Group utilizes defined-contribution and defined-benefit pension plans. The pension plans are financed through payments made by each Group company and the employees. The defined-benefit pension plans are ITP plans that are insured with Alecta. These plans are recognized as defined-contribution plans since Alecta is unable to provide the necessary information. Refer also to Note 2.

A defined-contribution plan is a pension plan according to which the Group pays fixed fees to a separate legal entity. The Group has no legal or information obligations to pay additional contributions in the event that this legal entity lacks the necessary assets to pay all employee benefits associated with the employee's service during the current period or earlier periods. A defined-benefit plan is a pension plan that is not a defined-contribution plan. Defined-benefit plans are unique in that they state an amount for the pension benefit to be received by an employee after retirement, normally based on one or several factors, such as age, period of service and salary. In the event that a pension commitment is covered through the holding of endowment insurances, this asset is considered a plan asset, meaning that the asset and liability offset one another.

The Group's payments relating to pension plans are recognized as an expense during the period in which the employees performed the services to which the payment pertains.

Dividend

Dividends are recognized as liabilities after they are approved by the Annual General Meeting.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company prepared its annual accounts in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 stipulates that the Parent Company, in the annual accounts for the legal entity, shall apply all EU-approved IFRS and statements, insofar as this is possible within the framework of the Swedish Annual Accounts Act and with consideration given to the relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and amendments to IFRS. The differences between the Group and Parent Company accounting policies are described below.

Participations in Group companies and associated companies

Shares and participations in subsidiaries and associated companies are recognized at cost after deducting any impairment losses. Cost includes acquisition-related costs and any additional purchase considerations. Dividends received are recognized as financial income. Dividends that exceed the subsidiary's comprehensive income for the period or that cause the carrying amount of the holding's net assets in the consolidated financial statements to fall below the carrying amount of the participations are an indication of the need for impairment.

In the event of an indication that shares and participations in subsidiaries or associated companies have declined in value, a calculation is made of the recoverable amount.

If this amount is lower than the carrying amount, an impairment is performed. Impairment losses are recognized in the items "Profit from participations in Group companies" or "Profit from participations in associated companies."

Dividends

Dividend income is recognized when the right to receive payment is deemed secure.

Financial instruments

IFRS 9 is not applied in the Parent Company and financial instruments are measured at cost. In subsequent period, financial assets acquired for the purpose of being held for a short period of time will be recognized at the lower of cost or market value. However, the Parent Company must apply the impairment rules in IFRS 9 and on each balance-sheet date, the Parent Company assesses whether there is any indication of an impairment requirement in any of the financial assets. An impairment loss is recognized when the decline in value is deemed to be permanent. Impairment losses on interest-bearing financial assets are recognized at amortized cost calculated as the difference between the carrying amount and present value of the asset, based on management's best estimate of the future cash flows discounted by the asset's original effective interest rate. The impairment amount for other financial assets is set as the difference between the carrying amount and the higher of fair value less selling expenses and the present value of future cash flows (which is based on management's best estimate). The loss allowance for financial assets is based on assumptions concerning default and expected loss levels. The Parent Company conducts its own assessments when establishing assumptions and selecting the inputs for the calculation of impairment. These are based on forward-looking calculations of known, historical market conditions at the end of each reporting period. The allowance for expected losses on other financial assets recognized at amortized cost amounts to SEK 0 at both the beginning and the end of the year.

Accounting policies for leased assets until January 1, 2019

In the Parent Company, all leasing agreements are recognized in accordance with the rules for operational leasing.

Accounting policies for leased assets from January 1, 2019

The Parent Company has decided not to apply IFRS 16 Leases and instead has applied RFR 2 IFRS 16 Leases items 2–12.

Group contributions and shareholders' contributions for legal entities

Group contributions are recognized in the Parent Company as an appropriation.

NOTE 2

Note 2 Employees

Job location	Average number of employees 2019	2018
Sweden		
Parent Company		
Uppsala	**2**	2
Stockholm	**2**	2
Subsidiaries		
Filipstad	**112**	114
Gothenburg	**58**	57
Hallstahammar	**2**	2
Halmstad	**27**	11
Helsingborg	**13**	13
Herrljunga	**54**	54
Karlstad	**20**	19
Ljungby	**18**	16
Luleå	**2**	2
Malmö	**30**	31
Mönsterås	**35**	35
Skellefteå	**5**	4
Skene	**17**	12
Stockholm	**143**	149
Tierp	**166**	152
Värnamo	**46**	44
Växjö	**23**	24
Total Sweden	**775**	743

	2019	2018
Of whom, men	**590**	572
Of whom, women	**185**	171

	Men	Women	Total 2019	Men	Women	Total 2018
Total Sweden	**590**	**185**	**775**	572	171	743
Outside Sweden						
Denmark	**48**	**16**	**64**	52	15	67
Finland	**78**	**7**	**85**	30	6	36
France	**0**	**0**	**0**	4	2	6
Hong Kong	**2**	**3**	**5**	2	3	5
China	**212**	**161**	**373**	230	175	405
Latvia	**64**	**82**	**146**	70	85	155
Mexico	**23**	**8**	**31**	36	8	44
Netherlands	**66**	**13**	**79**	3	4	7
Norway	**24**	**5**	**29**	15	3	18
Poland	**40**	**74**	**114**	33	51	84
Russia	**10**	**5**	**15**	10	4	14
Singapore	**34**	**9**	**43**	35	11	46
Slovakia	**96**	**79**	**175**	104	86	190
UK	**157**	**45**	**202**	173	52	225
Thailand	**25**	**16**	**41**	24	15	39
Germany	**321**	**123**	**444**	348	144	492
US	**32**	**5**	**37**	30	4	34
Total outside Sweden	**1,232**	**651**	**1,883**	1,199	668	1,867
Total	**1,822**	**836**	**2,658**	1,771	839	2,610

	2019	2018
Of whom, men	**1,822**	1,771
Of whom, women	**836**	839
Of whom men, directors/President	**69**	22
Of whom women, directors/President	**19**	6
Of whom men, other senior executives	**128**	7
Of whom women, other senior executives	**4**	2

GROUP

In the Group's Swedish units, remuneration was expensed as follows:

The Group's Swedish units	2019	2018
Salaries/fees, President, other senior executives and Board	**33,213**	34,217
Of which, variable salary, President, other senior executives and Board	**4,820**	6,936
Social security contributions, President, other senior executives and Board	**15,621**	14,872
Of which, pension costs	**6,164**	6,290
Salaries, other	**348,356**	330,662
Social security contributions, other	**152,666**	149,240
Of which, pension costs	**27,920**	44,330

Salaries and expenses outside Sweden were expensed as follows:

2019			President/Board			Other
Group	Salary	of which, variable salary	Social security contributions	of which, pension costs	Salary	Social security contributions
Denmark	6,696	896	1,052	420	35,683	2,689
Finland	4,385	424	233	541	44,237	6,934
France	–	–	–	–	4,621	1,980
Hong Kong	–	–	–	–	2,140	491
China	2,745	483	308	–	50,513	14,420
Latvia	1,281	–	392	–	20,428	6,470
Mexico	–	–	–	–	4,337	909
Netherlands	2,520	–	–	–	31,537	8,316
Norway	3,171	329	600	157	15,569	2,815
Poland	827	177	177	–	19,272	3,080
Russia	700	81	216	–	1,814	25
Singapore	3,477	326	347	–	13,734	833
Slovakia	1,440	–	150	–	29,423	4,040
UK	5,554	1,234	1,633	896	3,310	208
Thailand	278	–	–	–	192,071	38,426
Germany	8,764	418	1,584	–	69,006	8,059
US	3,580	265	379	303	19,802	3,674
Total salaries and remuneration	**45,418**	**4,633**	**7,071**	**2,317**	**557,497**	**103,369**
Total salaries and remuneration in Sweden according to the above	**33,213**	**4,820**	**15,621**	**6,164**	**348,356**	**152,666**
Total Group	**78,631**	**9,453**	**22,692**	**8,481**	**905,853**	**256,035**

2018			President/Board			Other
Group	Salary	of which, variable salary	Social security contributions	of which, pension costs	Salary	Social security contributions
Denmark	6,480	914	413	403	35,459	2,749
Finland	3,530	391	873	268	16,701	7,736
France	–	–	–	–	4,497	2,573
Hong Kong	–	–	–	–	3,579	1,065
China	1,057	40	–	–	17,610	2,678
Latvia	1,417	42	415	–	18,333	5,798
Mexico	–	–	–	–	4,522	1,196
Netherlands	–	–	–	–	4,497	1,019
Norway	2,170	267	563	111	10,347	2,020
Poland	694	–	140	–	9,664	2,434
Russia	632	70	29	–	1,622	56
Singapore	2,562	246	140	–	13,659	151
Slovakia	1,513	–	237	–	54,644	12,249
UK	5,716	1,035	1,463	799	62,254	6,150
Thailand	1,109	129	83	–	2,032	151
Germany	7,374	665	812	–	198,367	35,362
US	3,038	402	637	271	17,870	3,038
Total salaries and remuneration	**37,292**	**4,201**	**5,805**	**1,852**	**475,657**	**86,425**
Total salaries and remuneration in Sweden according to the above	**34,217**	**6,936**	**14,872**	**6,290**	**330,662**	**149,240**
Total Group	**71,509**	**11,137**	**20,677**	**8,142**	**806,319**	**235,665**

Parent Company	2019	2018
Salaries/fees, President and Board	**8,042**	9,166
of which, variable salary, President and Board	**740**	1,600
Social security contributions, President and Board	**2,359**	3,362
of which, pension costs	**1,200**	1,006
Salaries, other	**4,514**	5,975
Social security contributions, other	**1,921**	7,072
of which, pension costs	**2,171**	5,133

President's salary in 2019	Basic salary	Bonus	Social security contributions	Pension costs
Henrik Perbeck	3,941	740	1,527	1,200
Total	**3,941**	**740**	**1,527**	**1,200**

President's salary in 2018	Basic salary	Bonus	Social security contributions	Pension costs
Jan Blomén Jan 1–Feb 28, 2018	416	142	285	110
Henrik Perbeck Mar 1–Dec 31, 2018	3,681	1,600	2,710	1,006
Total	**4,097**	**1,742**	**2,995**	**1,116**

Defined-benefit pension plans

For salaried employees in Sweden, defined-benefit pension commitments for retirement and family pension under the ITP 2 plan are secured through an insurance policy with Alecta. According to statement UFR 10 Classification of ITP plans financed by insurance in Alecta, issued by the Swedish Financial Reporting Board, this is a multi-employer defined-benefit pension plan. The Group's share of the total fees for the plan is approximately 0.03 percent. For the 2019 financial year, the company did not have access to sufficient information to enable it to recognize its proportional share of the plan commitments, plan assets and expenses, which meant that the plan could not be recognized as a defined-benefit plan. Accordingly, the ITP 2 pension plan, which is secured through insurance with Alecta, was recognized as a defined-contribution pension plan. The premium for the defined-benefit retirement and family pension plan is calculated on an individual basis, taking into consideration such factors as salary, previously accrued pension and expected remaining period of service. The fees for ITP 2 insurance for 2019 amount to about MSEK 11.

The collective consolidation level is defined as the market value of Alecta's assets as a percentage of its insurance commitments, calculated according to Alecta's actuarial methods and assumptions, which do not correspond with IAS 19. The collective consolidation level is normally permitted to vary between 125 and 155 percent. Should Alecta's collective consolidation level be below 125 percent or above 155 percent, measures are to be taken to create the necessary conditions to ensure the consolidation level returns to the normal interval. In the event of a low consolidation level, one such measure may be to raise the contracted price for taking out new insurance or extending existing benefits. In the event of a high consolidation level, it may be necessary to implement premium reductions. At year-end 2019, the collective consolidation level was 148 percent (December 31, 2018: 142 percent).

Terms of employment and remuneration to senior executives

Principles

Fees are paid to the Chairman of the Board and the directors in accordance with the resolution adopted by the Annual General Meeting. These fees are paid retroactively on an annual basis. These fees are paid retroactively on an annual basis. Fees to the Audit Committee are determined by the Annual General Meeting and paid annually in arrears. The Annual General Meeting also passes resolutions regarding remuneration and terms of employment for members of senior management. No fees are paid to Group employees for work as directors of subsidiaries.

Remuneration of senior management comprises fixed salary, variable salary, pension costs and other benefits (mainly company car benefits). Members of senior management include the President, the presidents of the three subsidiaries and the Group's CFO. Basic salary is to be proportional to the individual's responsibilities and authority. Variable salary is maximized at 60 percent of basic salary. Variable salary is based on actual performance in relation to individually established goals.

The Board will propose to the Annual General Meeting an amendment to the guidelines for senior executives that entails an increase in possible variable salary, but no other amendments to the current principles.

Note 2 Employees, continued

Remuneration and benefits in 2019

	Directors' fees/fixed salary	Audit Committee	Variable remuneration	Pension costs	Other remuneration/ benefits	**Total**
Directors (fees in accordance with the resolution passed by 2019 Annual General Meeting)						
Johan Wall	950	75				1,025
Johnny Alvarsson	325					325
Carina Andersson	325					325
Anders G. Carlberg	325					325
Caroline af Ugglas	325	75				400
Anders Ullberg	325	125				450
Cecilia Wikström	325					325
Senior management (5 people)	13,161		2,122	2,085	404	17,772
of whom, presidents	3,941		740	1,200	106	5,987
Total	**16,061**	**275**	**2,122**	**2,085**	**404**	**20,947**

Remuneration and benefits in 2018

	Directors' fees/fixed salary	Audit Committee	Variable remuneration	Pension costs	Other remuneration/ benefits	**Total**
Directors (fees in accordance with the resolution passed by 2018 Annual General Meeting)						
Johan Wall	950	75				1,025
Johnny Alvarsson	325					325
Carina Andersson	325					325
Anders G. Carlberg	325					325
Peter Nilsson	325					325
Caroline af Ugglas	325	75				400
Anders Ullberg	325	125				450
Senior management (5 people)	15,508		6,262	3,318	420	25,508
of whom, presidents	4,249		1,742	1,116	84	7,191
Total	**18,408**	**275**	**6,262**	**3,318**	**420**	**28,683**

Comments on the table

Members of the Group's senior management have only defined-contribution pension plans. Pension costs refer to the costs charged against net profit for the year.

TERMS OF EMPLOYMENT

President

Henrik Perbeck, President from March 2018. The period of notice is six months if employment is terminated by the company. 12 months' severance pay is to be paid, but is to be offset against remuneration from other employers. In the event that employment is terminated by the employee, the period of notice is six months. The retirement age is 65. Pension premiums are paid by the company in an amount of 25 percent of basic salary, excluding company car benefits.

Other members of senior management

If employment is terminated by the company, the period of notice varies between 12 and 18 months. In the event that employment is terminated by the employee, the period of notice is six months. Termination salary is offset against remuneration from other employers. In no cases is the retirement age is not under 65. Pension premiums, which are paid by the company, are equivalent to 25 to 30 percent of basic salary, excluding company car benefits.

Note 3 Net revenues

Within Lesjöfors and Habia, products are manufactured and sold, while Beijer Tech primarily purchases and sells products. Revenues are recognized when control of the goods is passed to the customer. This normally occurs upon delivery from the warehouse, but may occur later in certain cases depending on delivery terms. At this point in time, the customer has the right to dispose of the products and Beijer Alma has satisfied its obligations. Habia's offshore segment conducts sales of major projects that are recognized as profit over time as the performance obligations are satisfied. The delivery time of the projects from the start of production to final delivery did not exceed 12 months during the year. The settlement method for determining the degree of completion is based on the number of kilometers of manufactured and tested cable according to a predetermined test method agreed with each customer. The costs for obtaining and completing such projects are capitalized and recognized as intangible assets, so that they can be reclassified as operating expenses in line with the corresponding revenue being recognized (refer to Note 16).

The customer credit period for the Group's sales is normally 30 days and in no case exceeds one year. Accordingly, no financing component is deemed to exist. Accounts receivable are recognized on the delivery date since the receivable becomes unconditional on this date.

In certain parts of the operations, customers have discounts based on annual volumes. These discounts are calculated at the end of the period and reduce the Group's revenues. At year-end, the Group had MSEK 62 (61) in customer discounts recognized as liabilities. These are recognized under "Accrued expenses and deferred income" as a contract liability.

The Group's recognized contract assets and contract liabilities are presented in Notes 24, 30 and 31.

Revenues per business area (MSEK)	**2019**	2018
Lesjöfors		
Industry	**1,923**	1,864
Chassis Springs	**641**	761
Total Lesjöfors	**2,564**	2,625
Habia		
Telecom	**227**	313
Other Industry	**751**	558
Total Habia	**978**	871
Beijer Tech		
Fluid Technology	**481**	415
Industrial Products	**599**	498
Total Beijer Tech	**1,080**	913
Group	**4,622**	4,409

Net revenues distributed by geographic region	**2019**	2018
Sweden	**1,103**	1,104
Other EU	**2,320**	2,200
Other Europe	**468**	329
Asia	**500**	546
North America	**168**	165
Rest of the world	**64**	64
Total	**4,622**	4,409

In addition to Sweden, the countries in which Beijer Alma generates its greatest net revenues are (MSEK):

	2019	2018
Germany	**523**	761
UK	**320**	374
China	**302**	391
US	**160**	164
Denmark	**177**	207
Finland	**255**	171
Norway	**251**	182
South Korea	**2,634**	2,159
Total	**4,622**	4,409

Note 4 Segment reporting

The Group is divided into three separate subgroups. Each subgroup is headed by a president, who is a member of Beijer Alma's Group management. Within each subgroup, there are two business areas that make up operating segments: Chassis Springs and Industry within Lesjöfors; Telecom and Other Industry within Habia; and Fluid Technology and Industrial Products within Beijer Tech. The two operating segments within each subgroup meet the criteria of IFRS 8 with respect to aggregation and have therefore been combined into a single operating segment within each subgroup, which thus comprise the reported segments. The financial information addressed by the President and used to make strategic decisions is based on the following division of segments.

"Other" refers to the Parent Company, which is a holding company that does not conduct external invoicing, as well as a number of small subsidiaries with minor operations. Operating profit is the income measure monitored by Group management.

Any inter-segment sales take place on commercial terms. No individual customer accounts for more than 5 percent of the Group's income.

2019	Lesjöfors	Habia	Beijer Tech	Other (Parent Company, etc.)	Eliminations	Total
Segment revenue	2,563.5	978.6	1,080.3	18.2	–18.2	4,622.4
Inter-segment sales	–	–	–	–	–	0.0
Revenue from external customers	2,563.5	978.6	1,080.3	18.2	–18.2	4,622.4
Operating profit	441.3	80.1	81.4	–20.2		582.6
Financial income	0.6	0.3	0.2	228.5	–228.5	1.1
Financial expenses	–13.0	–7.1	–5.0	–1.8	0.6	–26.3
Profit after net financial items	428.9	73.3	76.6	206.5	–227.9	557.4
Appropriations	–100.0	–	–	100.0	–	0.0
Tax	–72.8	–19.3	–18.7	–15.8	–	–126.6
Net profit	256.1	54.0	57.9	290.7	–227.9	430.8
Operating profit includes:						
Depreciation/amortization	142.8	47.0	40.1	–	0.8	230.7
Share of profit/loss in associated companies	0.2	–	–	–	–	0.2
Assets	2,883.7	750.0	730.7	1,055.1	–864.6	4,554.9
Liabilities	1,336.0	409.9	464.7	170.9	–273.9	2,137.6
Of which, interest-bearing	738.0	170.8	147.5	129.7	–	1,186.0
Cash funds (included in assets)	368.8	25.9	7.7	62.7	–	465.1
Net debt	369.2	145.0	139.8	66.9	–	720.9
Investments in tangible assets	153.9	18.9	48.2	0.3	0.1	221.4
Sales outside Sweden, %	85.4	93.9	38.0	–	–	76.1

2018	Lesjöfors	Habia	Beijer Tech	Other (Parent Company, etc.)	Eliminations	Total
Segment revenue	2,624.9	870.4	913.1	18.6	–18.2	4,408.8
Inter-segment sales	–	–	–	–	–	0.0
Revenue from external customers	2,624.9	870.4	913.1	18.6	–18.2	4,408.8
Operating profit	530.6	57.3	60.5	–25.6	–	622.8
Financial income	0.6	1.2	0.3	272.6	–272.6	2.1
Financial expenses	–7.7	–6.9	–0.6	–1.1	0.6	–15.7
Profit after net financial items	523.5	51.6	60.2	245.9	–272.0	609.2
Appropriations	–100.0	42.0	–	58.0	–	0.0
Tax	–90.9	–26.1	–15.8	–7.6	–	–140.4
Net profit	332.6	67.5	44.4	296.3	–272.0	468.8
Operating profit includes:						
Depreciation/amortization	98.5	32.7	6.8	0.5	–	138.5
Share of profit/loss in associated companies	1.2	–	–	–	–	1.2
Assets	2,289.0	735.4	507.5	1,065.5	–868.7	3,728.7
Liabilities	902.9	394.4	268.7	133.6	–202.7	1,496.9
Of which, interest-bearing	345.3	217.9	67.4	100.3	–	730.9
Cash funds (included in assets)	194.4	28.5	7.6	60.8	–	291.3
Net debt	150.9	189.4	59.8	39.5	–	439.6
Investments in tangible assets	158.9	38.1	7.7	0.5	–	205.2
Sales outside Sweden, %	84.4	93.6	29.9	–	–	74.9

Assets distributed by geographic region (MSEK), Group	**2019**	2018
Sweden	**1,601.1**	1,384.2
Other EU	**2,164.8**	1,630.9
Other Europe	**114.7**	94.9
North America	**198.5**	176.6
Asia	**475.8**	442.1
Total	**4,554.9**	3,728.7

Note 5 Administrative expenses

Administrative expenses include the following auditors' fees:

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
PwC				
Audit assignment	**4,107**	3,991	**731**	687
Other statutory assignments	**639**	605	**237**	255
Tax consultancy	**520**	322	**–**	8
Other services	**249**	275	**137**	150
Other auditors				
Audit assignment	**3,163**	2,941	**–**	–
Auditing activities in addition to audit assignment	**206**	145	**–**	–
Tax consultancy	**1,121**	570	**–**	–
Other services	**786**	783	**–**	–
Total	**10,791**	9,632	**1,105**	1,100

In the 2019 financial year, remuneration paid to the auditing firm and its network by the Beijer Alma Group amounted to SEK 5,515,000 (of which SEK 3,942,000 to the auditing firm), distributed between the following categories:

- Audit assignment, SEK 4,107,000 to the auditing firm and network, of which SEK 2,789,000 to the auditing firm
- Other statutory assignments, SEK 639,000 to the auditing firm and network, of which SEK 502,000 to the auditing firm
- Tax consultancy, SEK 520,000 to the auditing firm and network, of which SEK 435,000 to the auditing firm
- Valuation services, SEK 0 to the auditing firm and network, of which SEK 0 to the auditing firm
- Other services, SEK 249,000 to the auditing firm and network, of which SEK 207,000 to the auditing firm

Costs for product development totaling 15,137,000 (13,385,000) are included in the Group's administrative expenses. These amounts pertain to product development costs that could not be attributed to specific customer orders.

Note 6 Other operating income and operating expenses

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Management fee	**–**	–	**18,200**	18,200
Total	**0**	0	**18,200**	18,200

Note 7 Profit from participations in associated companies

Group	**2019**	2018
Share of profit from:		
Hanil Precision Co Ltd	**217**	1,205
Total	**217**	1,205

Note 8 Operating profit

Operating profit has been charged with depreciation and amortization as follows:

Group	**2019**	2018
Plant and machinery	**114,558**	90,253
Equipment, tools, fixtures and fittings	**20,762**	21,572
Buildings	**21,613**	20,197
Land improvements	**847**	537
Right-of-use assets	**66,616**	–
Other intangible assets	**6,770**	5,990
Total	**231,166**	138,549

In the Parent Company, equipment, tools, fixtures and fittings were depreciated by 41 (96).

Group	**2019**	2018
Costs distributed by type of cost		
Material costs	**2,051,521**	1,912,872
Costs for employee benefits (Note 2)	**1,239,922**	1,134,170
Development costs not charged to respective orders (Note 5)	**15,137**	13,385
Depreciation/amortization (Note 8)	**230,742**	138,549
Costs for operational leasing (Note 9)	**–**	69,918
Other costs	**501,816**	517,100
Total	**4,039,138**	3,785,994

Note 9 Leases

Introduction of IFRS 16

As of January 1, 2019, Beijer Alma applies the new accounting standard IFRS 16 Leases. Refer also to Note 1. IFRS 16 prescribes that a right-of-use asset and a lease liability are to be recognized for both material financial and operating leases. The exceptions are short-term leases and leases for assets of a low value for which the lease payment is expensed on a straight-line basis. The right-of-use asset is recognized with straight-line depreciation over the term of the lease. The lease liability is recognized including interest expenses according to the effective interest method. The introduction of IFRS 16 entails that lease liabilities are recognized for leases that were previously classified as operational leases under IAS 17. The liabilities are measured at the present value of future minimum lease payments discounted by the incremental borrowing rate, which was 3.7 percent on the transition date. Beijer Alma applied the modified retrospective approach, which means that the effect of the introduction of IFRS 16 is recognized directly against the opening balance without restating comparative figures.

Beijer Alma applied the transition relief by applying a single discount rate for leases with similar characteristics, by recognizing leases with reaming terms of less than 12 months on January 1, 2019 as short-term leases, by excluding initial direct costs from the calculation of the right-of-use assets and by basing assumptions on exercising extension options on hindsight.

The introduction of IFRS 16 had the following effects on the opening balance as of January 1, 2019:

Leases recognized as operational leasing 2018	
Commitment for future lease payments under operational leasing on Dec 31, 2018	216,333
Corresponding amount, discounted to present value on January 1, 2019	196,798
Leases recognized as financial leasing 2018	
Present value of future financial lease payments according to balance sheet on Dec 31, 2018	271
= Total lease payments, discounted to present value on January 1, 2019	**197,069**
Adjustment for short-terms leases, low-value leases, part of leases classified as service contracts and other adjustments	–750
= Total lease liability recognized on January 1, 2019	**196,319**
Of which, non-current lease liability on January 1, 2019	112,992
Of which, current lease liability on January 1, 2019	83,327

Right-of-use assets on January 1, 2019	
Properties	161,870
Motor vehicles	22,461
Other leased assets	11,988
Total	**196,319**

Disclosures concerning leases in 2019:

	Dec 31, 2019	Jan 1, 2019
Right-of-use assets		
Properties	169,130	161,870
Motor vehicles	20,941	22,461
Other leased assets	14,690	11,988
Total	**204,761**	**196,319**
Lease liabilities		
Non-current lease liabilities	130,969	112,992
Current lease liabilities	68,467	83,327
Total	**199,436**	**196,319**

Depreciation for the year per type of right-of-use asset	
Properties	54,617
Motor vehicles	8,888
Other leased assets	3,726
Total	**67,231**
Due date of future payments included in lease liability on Dec 31, 2019	
To be paid within 1 year	71,741
To be paid within 1 to 3 years	71,659
To be paid within 3 to 5 years	42,880
To be paid after more than 5 years	31,686
Total future lease payments	**217,966**
Other disclosures	
Interest for lease obligations included in net financial items for full-year 2019 at	8,870
Payment of leases charged to cash flow for 2019 at	63,669
Investments in right-of-use assets in 2019	75,641
Contracted future investments in right-of-use assets on Dec 31, 2019 that have not yet been recognized amounted to	0

Recognition of lease expenses in the form of depreciation of right-of-use assets and interest expenses improved operating profit for 2019 by about MSEK 9 compared with recognition according to previous accounting policies. Operating profit before depreciation/amortization improved by about MSEK 76.

Disclosures concerning leases in 2018, recognized in accordance with the prevailing standard at that time, IAS 17:

Group	2018
Operational leasing	
Leasing costs for the year	69,918
Due date of future minimum lease payments on December 31	
To be paid within 1 year	67,943
To be paid within 1 to 3 years	71,512
To be paid within 3 to 5 years	33,846
To be paid after more than 5 years	43,032
Total future lease payments	**216,333**
Financial leasing	
Carrying amount, included in Plant and machinery	277
Due date of future minimum lease payments on December 31	
To be paid within 1 year	210
To be paid within 1 to 3 years	67
Total future lease payments	**277**
Lease liabilities for financial leasing	
Non-current lease liabilities	64
Current lease liabilities	207
Total	**271**

Note 10 Income from participations in Group companies

Parent Company	2019	2018
Anticipated dividend from:		
Beijer Tech AB	**55,000**	35,000
Habia Cable AB	**50,000**	62,000
Lesjöfors AB	**120,000**	175,000
AIHUK AB	**2,900**	–
Total	**227,900**	272,000

Note 11 Income tax

	Group		Parent Company	
	2019	2018	**2019**	2018
Current tax for the period	**–128,691**	–139,297	**–15,804**	–7,727
Deferred tax pertaining to:				
untaxed reserves	**–913**	1,389	**–**	129
provisions	**2,859**	–2,149	**–**	–
current tax attributable to earlier years	**155**	–327	**–**	8
Total	**–126,590**	–140,384	**–15,804**	–7,590

Difference between tax expense and 21.4 percent and 22.0 tax

Profit before tax	**557,380**	609,228	**306,564**	304,013
21.4 percent of this amount	**–119,279**	–134,030	**–65,605**	–66,883
Tax for the period	**–126,590**	–140,384	**–15,804**	–7,719
Difference	**–7,311**	–6,354	**49,801**	59,164

	Group		Parent Company	
Specification of difference	**2019**	2018	**2019**	2018
Effect of:				
withholding tax	**–**	–2,248	**–**	–
foreign tax rates	**–1,215**	2,004	**–**	–
non-deductible costs	**–2,758**	–5,192	**–558**	–677
non-taxable income	**59**	480	**49,393**	59,841
deficit in foreign subsidiaries	**–100**	–487	**–**	–
temporary differences pertaining to deferred tax	**–3,327**	–911	**966**	–
Total	**–7,311**	–6,354	**49,801**	59,164

The Group's weighted average tax rate was 22.7 percent (23.1).

Cash-flow hedges after tax are recognized in other comprehensive income. A tax expense of SEK 12,000 was recognized in 2019 and a tax expense of SEK 2,149,000 pertaining to cash-flow hedges was recognized in 2018 in other comprehensive income. There are no other tax effects in other comprehensive income.

Note 12 Earnings per share

Group	2019	2018
Profit used for calculating earnings per share		
Net profit attributable to Parent Company shareholders	**430,790**	468,845
Number of shares	**60,262,200**	60,262,200

Since there are no outstanding programs regarding convertibles or options, the number of shares before and after dilution is the same.

Note 13 Goodwill

Group	2019	2018
Opening cost	**706,354**	690,328
Acquisitions[1]	**163,385**	6,248
Translation differences	**5,470**	9,778
Closing accumulated cost	**875,209**	706,354
Opening impairment	**112,244**	112,244
Translation differences	**–1**	–
Closing accumulated impairment	**112,243**	112,244
Carrying amount	**762,966**	594,110

1) Group	2019	2018
Spibelt BV	**80,847**	–
Lundgrens Norge AS	**1,770**	–
KTT Tekniikka Oy	**37,621**	–
Uudenmaan Murskaus (acquisition of assets and liabilities)	**9,512**	–
Encitech Connectors AB	**33,635**	–
Packningar och Plast AB	**–**	6,248
Total	**163,385**	6,248

The Group's total recognized goodwill is allocated to the operating sectors, which comprise the cash-generating units (MSEK).

	2019	2018
Lesjöfors Chassis Springs	**29.0**	29.0
Lesjöfors Industry	**282.5**	198.4
Habia Telecom	**–**	–
Habia Other Industry	**58.8**	57.8
Beijer Tech Fluid Technology	**258.8**	258.8
Beijer Tech Industrial Products	**133.9**	50.1
Total	**763.0**	594.1

Impairment tests for goodwill

The value of goodwill is tested annually using impairment tests or more often if there are indications of a decline in value. Testing is carried out for each individual cash-generating unit, which comprise the Group's six business areas: Chassis Springs and Industry within Lesjöfors; Telecom and Other Industry within Habia Cable; and Fluid Technology and Industrial Products within Beijer Tech.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations are based on cash flow projections. Established forecasts were used for the first forecast year, 2020, and values were estimated for the coming four years based on a growth rate of 1–2 percent (unchanged compared with preceding year). Key assumptions on which the calculations are based:

- Forecast gross margins and operating margins
- Growth rate for the periods after the budget period
- Selected discount rate after tax

Forecast gross margins and operating margins have been established by management based on historical outcomes, and measures and plans in the approved forecasts. For the period after the forecast period, a growth rate of 1–2 percent has been used. Corresponding growth rates were used in the test for the 2018 annual accounts.

The discount rate comprises the following components: a risk-free interest rate, the market risk premium and a company-specific risk premium. The discount rates used in the 2019 impairment testing were 7 percent for Fluid Technology and Industrial Products in Beijer Tech, 8 percent for Telecom and Other Industry in Habia Cable and 8 percent for Chassis Springs and Industry in Lesjöfors. The differences were attributable to individual risk profiles, which were assessed to be unchanged compared with the 2018 test. The same discount rates were used in 2018.

The 2019 impairment tests did not indicate an impairment requirement. A sensitivity analysis was performed in which the growth rate was halved for the coming five years and thereafter zero growth was used. These conditions also did not entail an impairment requirement for any of the cash-generating units.

Note 14 Other intangible assets

Group	2019	2018
Opening cost	**76,953**	65,403
Purchases	**6,841**	11,460
Acquisitions of subsidiaries	**8,258**	–
Reclassification	**–7,912**	–
Translation differences	**58**	90
Closing accumulated cost	**84,198**	76,953
Opening amortization	**41,800**	35,068
Sales and disposals	**–**	–
Amortization for the year	**6,770**	6,776
Translation differences	**50**	–44
Closing accumulated amortization	**48,620**	41,800
Opening impairment	**1,019**	1,019
Translation differences	**–1**	–
Closing impairment	**1,018**	1,019
Carrying amount	**34,560**	34,134

The assets comprise acquired customer relations and software licenses as well as capitalized costs for securing and fulfilling agreements.

Note 15 Land and land improvements

Group	2019	2018
Opening cost	**81,745**	66,548
Purchases	**2,003**	13,845
Through acquisitions of subsidiaries	**39,404**	–
Reclassification	**1,810**	–
Translation differences	**–235**	1,352
Closing accumulated cost	**124,727**	81,745
Opening depreciation	**5,139**	4,418
Depreciation for the year	**910**	540
Translation differences	**–44**	181
Closing accumulated depreciation	**6,005**	5,139
Opening impairment	**58**	60
Translation differences	**–**	–2
Closing impairment	**58**	58
Carrying amount	**118,664**	76,548

Note 16 Buildings

Group	2019	2018
Opening cost	581,161	513,409
Purchases	62,740	36,375
Sales and disposals	–	–134
Through acquisitions of subsidiaries	42,706	1,403
Reclassification	15,682	12,688
Translation differences	9,313	17,420
Closing accumulated cost	711,602	581,161
Opening depreciation	252,245	206,497
Through acquisitions of subsidiaries	3,601	–
Reclassification	96	12,637
Depreciation for the year	21,399	20,211
Translation differences	2,159	12,900
Closing accumulated depreciation	279,500	252,245
Opening impairment	–	–
Closing accumulated impairment	0	0
Carrying amount	432,102	328,916

Note 17 Plant and machinery

Group	2019	2018
Opening cost	1,652,512	1,492,313
Purchases	113,673	131,944
Sales and disposals	–6,902	–8,685
Through acquisitions of subsidiaries	100,620	707
Reclassification	–3,813	257
Translation differences	30,450	35,976
Closing accumulated cost	1,886,540	1,652,512
Opening depreciation	1,125,864	1,015,480
Sales and disposals	3,314	–2,942
Acquisitions of subsidiaries	56,970	–
Reclassification	–3,056	–4,142
Depreciation for the year	111,851	92,303
Translation differences	21,728	25,165
Closing accumulated depreciation	1,316,671	1,125,864
Opening impairment	5,212	5,385
Impairment for the year	–	172
Translation differences	–170	–345
Closing accumulated impairment	5,042	5,212
Carrying amount	564,827	521,436

Note 18 Equipment, tools, fixtures and fittings

		Group		Parent Company
	2019	2018	2019	2018
Opening cost	232,184	208,540	2,813	2,813
Purchases	42,972	46,827	–	–
Acquisitions of subsidiaries	5,337	–	–	–
Sales and disposals	–5,628	–10,195	–971	–
Reclassification	6,014	–22,005	–	–
Translation differences	5,925	9,017	–	–
Closing accumulated cost	286,804	232,184	1,842	2,813
Opening depreciation	169,696	155,417	1,667	1,571
Acquisitions of subsidiaries	6,697	–	–	–
Sales and disposals	1,166	–9,461	–69	–
Reclassification	3,056	–1,636	–	–
Depreciation for the year	22,581	19,921	41	96
Translation differences	1,162	5,455	–	–
Closing accumulated depreciation	204,358	169,696	1,639	1,667
Opening impairment	1,526	1,528	–	–
Sales and disposals	381	–	–	–
Translation differences	–29	–2	–	–
Closing accumulated impairment	1,878	1,526	0	0
Carrying amount	80,568	60,962	203	1,146

Note 19 Participations in associated companies

Group	Share of equity, %	Registered office	Carrying amount 2019	2018
Hanil Precision Co Ltd	20	Busan, South Korea	**27,973**	27,973
Other			**104**	102
Total			**28,077**	28,075

Hanil Precision Co Ltd is a South Korean gas-spring manufacturer with revenues of approximately MSEK 195 (186) and an operating margin of 5 percent (4). During the year, Lesjöfors purchased gas springs from Hanil for MSEK 21 (14). These purchases were conducted on market terms.

Group	2019	2018
Opening value	**28,075**	25,763
Share in profit after tax	**217**	1,205
Translation difference	**1,616**	1,107
Impairment	**–1,831**	–
Carrying amount	**28,077**	28,075

Group share as of December 31, 2019 (MSEK)	Assets	Liabilities	Income	Net profit
Hanil Precision Co Ltd	32	10	39	1.6

Note 20 Participations in Group companies

Parent Company	Corp. Reg. No.:	Number	Registered office	Carrying amount	Adjusted shareholders' equity
Lesjöfors AB	556001-3251	603,500	Karlstad, Sweden	100,000	1,513,673 1)
Habia Cable AB	556050-3426	500,000	Upplands Väsby, Sweden	95,576	339,913 2)
Beijer Tech AB	556650-8320	50,000	Tyresö, Sweden	333,324	266,018 3)
AIHUK AB	556218-4126	9,000	Uppsala, Sweden	289	1,196 4)
Shipping & Aviation Sweden AB	556500-0535	10,000	Uppsala, Sweden	977	1,240
Beijer & Alma Utvecklings AB	556230-9608	145,000	Uppsala, Sweden	1,846	2,082
Total				**532,012**	

1) Before anticipated dividend to the Parent Company in the amount of 120,000.
2) Before anticipated dividend to the Parent Company in the amount of 50,000.
3) Before anticipated dividend to the Parent Company in the amount of 55,000.
4) Before anticipated dividend to the Parent Company in the amount of 2,900.

All companies are wholly owned except for Lesjöfors Gas Springs LV for which the agreement states that the minority shareholdings are not added to profit. Lesjöfors is a spring producer, Habia Cable manufactures custom-designed cables, Beijer Tech conducts industrial trading. These companies comprise independent segments. Other companies are dormant.

Parent Company	2019	2018
Opening cost	**526,366**	526,366
Closing cost	**526,366**	526,366
Opening write-ups	**8,034**	8,034
Write-ups for the year	–	–
Closing write-ups	**8,034**	8,034
Opening impairment	**2,388**	2,388
Impairment for the year	–	–
Closing impairment	**2,388**	2,388
Carrying amount	**532,012**	532,012

Note 20 Participations in Group companies, continued

Subsidiary shareholdings in Group companies	Corp. Reg. No.	Percentage stake	Registered office	Number of shares	Carrying amount
Lesjöfors Fjädrar AB	556063-5244	100	Filipstad, Sweden	1,000	9,532
Lesjöfors Automotive AB	556335-0882	100	Växjö, Sweden	15,000	24,000
Lesjöfors Stockholms Fjäder AB	556062-9890	100	Stockholm, Sweden	10,000	24,619
Lesjöfors Sales AB	556997-9890	100	Stockholm, Sweden	3,000,000	3,000
Lesjöfors Industrifjädrar AB	556593-7967	100	Herrljunga, Sweden	5,000	10,500
Lesjöfors Banddetaljer AB	556204-0773	100	Värnamo, Sweden	221,500	28,103
Stece Fjädrar AB	556753-6114	100	Mönsterås, Sweden	10,000	6,000
AB Spiralspecialisten	556058-9151	100	Tyresö, Sweden	6,000	44,400
Spiralspecialisten Fastighets AB	556483-6244	100	Tyresö, Sweden	1,000	100
Lesjöfors A/S	26376521	100	Copenhagen, Denmark	1,503	56,603
Lesjöfors A/S	968703439	100	Oslo, Norway	150	53
Oy Lesjöfors AB	356.422	100	Åminnefors, Finland	600	1,000
Lesjöfors Springs Oy	229.771	100	Turku, Finland	200	1,492
Lesjöfors Springs Ltd.	3141628	100	Elland, UK	30,000	316
Lesjöfors Springs (UK) Ltd.	2483860	100	Elland, UK	40,000	774
Lesjöfors Springs GmbH	DE812397971	100	Hagen, Germany	1	44,693
Lesjöfors Springs LV	42103030622	100	Liepaja, Latvia	100	992
Lesjöfors Gas Springs LV	42103045346	63	Liepaja, Latvia	701,988	6,764
Lesjöfors China Ltd	91320411770525524U	100	Changzhou, China	N/A	3,070
Lesjöfors Springs Russia	1105009002010	100	Moscow, Russia	N/A	6,460
European Springs & Pressings Ltd	GB853997954	100	Beckenham, UK	600	56,353
Harris Springs Ltd	1299095	100	Reading, UK	3,655	2,455
Spibelt Beheer BV	62783467	100	Haakbergen, The Netherlands	122	181,343
Velleur GmbH Co KG	DE121546923	100	Velbert, Germany		0
Stumpp + Schüle GmbH	220825	100	Beuren, Germany	1	65,306
S & P Federnwerk GmbH & Co. KG	HRA 3945	100	Nisterau, Germany		0
S&P Verwaltungs GmbH	DE201355679	100	Nisterau, Germany		0
Lesjöfors Deuschland GmbH	DE289871861	100	Velbert, Germany	1	50,513
Lesjöfors Springs Slovakia S.R.O	17772672	100	Myjava, Slovakia	N/A	10,755
Lesjöfors Springs America Inc	47-2245852	100	Scranton, US	1,000	31,240
John While Group		100	Singapore	2	70,499
Habia Benelux BV	20027506	100	Breda, The Netherlands	50	1,020
Habia Cable Asia Ltd	30476936	100	Hong Kong, China	50,000	55
Habia Cable China Ltd	720671195	100	Changzhou, China	1	11,402
Habia Kabel GmbH	HRA2588NO	100	Neu-Ulm, Germany	1	29,797
Habia Cable Inc.		100	New Jersey, US		0
Habia Kabel Produktions GmbH & Co. KG		100	Norderstedt, Germany		81,295
Habia Cable Ltd.	1285451	100	Bristol, UK	200,000	3,614
Habia Cable SA	4.00822E,13	100	Orléans, France	4,500	0
Habia Cable Latvia SIA		100	Liepaja, Latvia		0
Habia Cable Sp Zoo	KRS0000243459	100	Doluje, Poland	100,000	23,874
Beijer Industri AB	556031-1549	100	Malmö	100,000	43,817
Lundgrens Sverige AB	556063-3504	100	Gothenburg, Sweden	10,000	51,299
Beijer OY	10900757	100	Helsinki, Finland	120,000	4,092
Preben Z Jenssen A/S	44551128	100	Hedehusene, Denmark	1,000	32,683
PMU	556916-5375	100	Ljungby, Sweden	2,000	3,405
Norspray AS	976698118	100	Stavanger, Norway	5,025	31,946
Svenska Brandslangsfabriken AB	556199-1745	100	Skene, Sweden	2,000	74,527
Encitech AB	556187-1004	100	Halmstad, Sweden		46,453
Lundgrens Norge AS	926502204	100	Norway		8,029
KTT Tekniikka OY	2468058-1	100	Finland		63,811
Alma Uppsala AB	556480-0133	100	Uppsala, Sweden	50,000	6,354
Daxpen Holding AB	556536-1457	100	Stockholm, Sweden	22,000	6,061
AB Stafsjö Bruk	556649-7540	100	Stockholm, Sweden	1,000	422

Note 21 Inventories

Group	2019	2018
Raw materials	**379,134**	369,670
Products in progress	**109,034**	91,999
Finished goods	**563,091**	490,002
Total	**1,051,259**	951,671

Carrying amount of the portion of inventories measured at net selling price	2019	2018
Raw materials	**81,104**	78,111
Products in progress	**7,232**	8,521
Finished goods	**147,606**	122,537
Total	**235,942**	209,169

Difference between cost and net selling price	2019	2018
Raw materials	**43,093**	41,755
Products in progress	**4,241**	4,737
Finished goods	**83,364**	84,483
Total	**130,698**	130,975

The expenditure for inventories was expensed under the item “Cost of goods sold” and amounted to 2,051,521,000 (1,912,872,000).

Note 22 Accounts receivable

Group	2019	2018
Total outstanding accounts receivable	**692,011**	717,681
Provisions for doubtful receivables	**–13,144**	–10,535
Carrying amount	**678,867**	707,146

Group	2019	2018
Past due amounts	**142,973**	133,776
Of which, past due by more than 30 days	**66,449**	36,459
Of which, past due by more than 90 days	**16,759**	14,736
Provisions for doubtful receivables	**13,144**	10,535

On December 31, 2019, a total of 70,064,000 (41,755,000) in accounts receivable, for which there existed no loss allowance, was more than 30 days past due. The Group uses credit insurance selectively, primarily in Asia. Of the accounts receivable more than 30 past due, MSEK 4 is covered by credit insurance. There has been deemed to be no need for a loss allowance for insured receivables.

Provisions for doubtful receivables	2019	2018
Opening balance	**10,535**	10,322
Provisions for the year	**5,288**	2,291
Reversal of earlier provisions	**–2,679**	–1,530
Write-offs of receivables	–	–548
Closing balance	**13,144**	10,535

Specification of provisions for the year		
Reserve for receivables not past due	**1,763**	197
Reserve for receivables less than 30 days past due	**1,036**	498
Reserve for receivables 31–90 days past due	**1,619**	2,357
Reserve for receivables more than 90 days past due	**8,726**	7,483
Total	**13,144**	10,535

The Group applies the modified retrospective approach for the calculation of expected credit losses. This approach entails that expected losses throughout the term of the receivable are used as the basis for accounts receivable and contract assets. To calculate expected credit losses, losses have been grouped based on their credit characteristics and number of days past due. The expected credit loss levels are based on customer payment history as of December 31, 2019 and January 1, 2019 along with the risk of loss for the same period. Past losses are then adjusted taking into consideration current and forward-looking information regarding macroeconomic factors that may impact the customers' possibilities to pay the receivable.

The Group has identified GDP and unemployment rates in countries where goods and services are sold as relevant factors. The historical loss level is therefore adjusted based on changes in these factors.

Historically, the Group has had a low level of bad debt losses. The risk spread across companies, industries and geographic markets is favorable. No individual customer has a significant impairment requirement. According to the Group's assessment, the loss allowance will adequately cover any future impairment requirements.

The maximum exposure to credit risk for accounts receivable amounted to SEK 678,867 (707,146). The fair value corresponds with the carrying amount.

Note 23 Other receivables

	Group		Parent Company	
	2019	2018	**2019**	2018
Value-added tax	**8,948**	14,101	**216**	28
Deposit to landlord	**19,297**	4,308	–	–
Credit received*	**2,089**	18,282	–	–
Advance payments to suppliers	**12,921**	3,953	–	–
Other		25,279	–	–
Total	**43,255**	65,923	**216**	28

*Refers to credit facilities not due for payment related to receivables from contracts with customers.

Not 24 Prepaid expenses and accrued income

	Group		Parent Company	
	2019	2018	**2019**	2018
Lease payments and rent	**8,167**	6,523	**385**	846
Prepaid expenses	**16,504**	17,976	**202**	345
Forward agreements	**3,938**	4,348	–	–
Accrued commission	**434**	2,575	–	–
Other accrued income	**12,400**	4,404	–	–
Total	**41,443**	35,826	**587**	1,191

Note 25 Cash and cash equivalents

	Group		Parent Company	
	2019	2018	**2019**	2018
Cash and bank balances	**465,082**	291,303	**62,738**	58,209
Total	**465,082**	291,303	**62,738**	58,209

Note 26 Shareholders' equity

Group	Translation reserve	Hedging reserve	Total
Dec 31, 2017	**44,470**	**–6,400**	**38,070**
Change in value of hedging reserve	–	9,873	9,873
Tax thereon	–	–2,149	–2,149
2018 translation difference	44,724	–	44,724
Dec 31, 2018	**89,194**	**1,324**	**90,518**
Change in value of hedging reserve	–	56	56
Tax thereon	–	–12	–12
2019 translation difference	57,817	–	57,817
Dec 31, 2019	**147,011**	**1,368**	**148,379**

The company's shares are Class A and Class B shares and are issued as follows:

	Shares		Votes
Class A shares	6,600,000	at 10 votes	66,000,000
Class B shares	53,662,200	at 1 vote	53,662,200
Total	**60,262,200**		**119,662,200**

The quotient value is SEK 2.08 per share. All shares are paid in full.

Share capital trend

Year	Increase in share capital, SEK 000s		Total share capital, SEK 000s	Increase in no. of shares	Total no. of shares
1993	Opening balance	–	53,660	–	2,146,400
1993	Non-cash issue in connection with acquisition of G & L Beijer Import & Export AB i Stockholm	6,923	60,583	276,900	2,423,300
1993	New issue	30,291	90,874	1,211,650	3,634,950
1994	Non-cash issue in connection with acquisition of AB Stafsjö Bruk	5,000	95,874	200,000	3,834,950
1996	Conversion of subordinated debenture loan	47	95,921	1,875	3,836,825
1997	Conversion of subordinated debenture loan	2,815	98,736	112,625	3,949,450
1998	Conversion of subordinated debenture loan	1,825	100,561	73,000	4,022,450
2000	Conversion of subordinated debenture loan	30	100,591	1,200	4,023,650
2001	Non-cash issue in connection with acquisition of Elimag AB	11,750	112,341	470,000	4,493,650
2001	2:1 split	–	112,341	4,493,650	8,987,300
2001	Conversion of subordinated debenture loan	388	112,729	31,000	9,018,300
2002	Conversion of subordinated debenture loan	62	112,791	5,000	9,023,300
2004	Conversion of subordinated debenture loan	1,505	114,296	120,400	9,143,700
2006	3:1 split	–	114,296	18,287,400	27,431,100
2010	Non-cash issue in connection with acquisition of Beijer Tech AB	11,250	125,546	2,700,000	30,131,100
2018	2:1 split	–	125,546	30,131,100	60,262,200

The 2019 Annual General Meeting authorized the Board of Directors to issue a maximum of 3,000,000 Class B shares (prior to the split) in connection with corporate acquisitions. This authorization is valid until the next Annual General Meeting.

Note 27 Deferred tax

Deferred tax assets	2019	2018	
Temporary differences pertaining to:			
endowment insurance	**6,832**	5,866	Recognized in profit or loss.
loss carryforwards	**12,257**	13,397	Recognized in profit or loss.
forward agreements	**470**	552	Recognized in other comprehensive income.
Other	**7,890**	7,910	Recognized in profit or loss.
Total	**27,449**	27,725	

	2019	2018
Opening value	**27,725**	21,550
Reversed receivable	**–1,242**	–499
Additional receivable	**966**	6,674
Total	**27,449**	27,725

Deferred tax liabilities	2019	2018	
Temporary differences pertaining to:			
forward agreements	**421**	896	Recognized in other comprehensive income.
untaxed reserves	**38,506**	36,872	Recognized in profit or loss.
amortization of consolidated surplus values	**57,872**	38,954	Recognized in profit or loss.
Total	**96,799**	76,722	

	2019	2018
Opening value	**76,722**	72,669
Increased provision	**20,077**	5,355
Reversal	–	–1,302
Closing value	**96,799**	76,722

There are no material unutilized loss carryforwards for which no deferred tax assets or maturity periods have been recognized.

Note 28 Pension obligations

Group	**2019**	2018
Opening value	**3,919**	2,310
Decreased provision	**–1,706**	–51
Increased provision	**430**	1,660
Closing value	**2,643**	3,919

Note 29 Financial instruments

FINANCIAL RISK MANAGEMENT

The Beijer Alma Group's operations are exposed to various financial risks. The Board of Directors establishes instructions, guidelines and policies for the management of these risks at various levels in the Group. The goal is to obtain an overall view of the risk situation, to minimize negative earnings effects and to clarify and define responsibilities and authority within the Group. Regular monitoring is carried out at the local and central level and findings are reported to the Audit Committee and Board of Directors.

MARKET RISK

Currency risk

Transaction exposure

Lesjöfors and Habia Cable conduct 15 percent (16) and 6 percent (6), respectively, of their sales in Sweden, while approximately 35 percent (35) of their manufacturing takes place in Sweden. This means that a large portion of the Group's income is in foreign currencies, while a relatively high proportion of its expenses, particularly personnel costs, are in SEK. To a certain extent, part of this currency risk is managed by purchasing input materials and machinery in currencies other than SEK. However, the manufacturing companies' income in certain foreign currencies still exceeds its expenses, and due to this lack of balance, the Group is exposed to currency risks.

For Beijer Tech, the situation is the opposite. Sweden accounts for 62 percent (70) of sales and the remaining 38 percent (30) is mainly sold in the other Nordic countries. Its suppliers are often foreign. As a trading company, Beijer Tech has a smaller proportion of personnel costs than the Group's manufacturing companies. Combined, this means that Beijer Tech's expenses exceed its income in foreign currencies, primarily EUR. The company has currency clauses in many of its major customer agreements, which eliminate portions of Beijer Tech's currency exposure.

Despite various areas of the Group having reverse currency exposures, the Group as a whole is exposed to currency risks. Changes in exchange rates impact the Group's earnings, balance sheet, cash flow and, over time, its competitiveness.

Net exposure in currencies translated to MSEK (net exposure is defined as income less expenses)

2019	USD	EUR	DKK	NOK	GBP	CNY	JPY	HKD	KRW	PLN	CHF	Total
Lesjöfors	–	219.0	10.0	22.0	–9.0	–	–	–	–	–	–	242.0
Habia Cable	26.9	131.9	–	15.1	45.1	–39.1	0.6	–2.7	0.3	21.1	–	199.2
Beijer Tech	–35.1	–151.4	31.4	60.3	–11.7	–	–	–	–	–	–2.8	–109.3
Total	**–8.2**	**199.5**	**41.4**	**97.4**	**24.3**	**–39.1**	**0.6**	**–2.7**	**0.3**	**21.1**	–2.8	**331.9**

2018	USD	EUR	DKK	NOK	GBP	CNY	JPY	HKD	KRW	PLN	CHF	Total
Lesjöfors	4.0	201.0	17.0	14.0	85.0	–	–	–	–	–	–	321.0
Habia Cable	30.1	99.4	–	7.3	42.3	–62.3	1.9	–4.7	4.1	14.7	–	132.8
Beijer Tech	–4.6	–128.1	31.1	48.7	–6.7	–	–	–0.5	–	–	–	–60.1
Total	**29.5**	**172.3**	**48.1**	**70.0**	**120.6**	**–62.3**	**1.9**	**–5.2**	**4.1**	**14.7**	**0.0**	**393.7**

The objective of currency risk management is to minimize the short-term negative effects on the Group's earnings and financial position that arise due to exchange-rate fluctuations against the Group's reporting currency (SEK). Between 50 and 100 percent of the forecast net flow for the next six months, meaning the difference between income and expenses in a single currency, is hedged. For months seven to 12, between 35 and 100 percent is hedged. In addition, the companies may, in consultation with Group management, hedge parts of the flow up to 18 months. In most cases, the level of hedging lies in the middle of the range. The most frequently used hedging instrument is forward agreements. Forward agreements are signed centrally in Lesjöfors and Habia Cable, each of which is responsible for their own net exposure. Forecast flows are not hedged in Beijer Tech. However, individual transactions may be hedged in certain cases.

The following table shows the Group's forward agreements on the balance-sheet date, translated to MSEK. Of these agreements, which have a total nominal value of MSEK 307, MSEK 282 falls due in 2020 and MSEK 25 in 2021. Most of the agreements pertain to EUR. The average rate for these agreements is 10.53.

Group	**Dec 31, 2019**	Dec 31, 2018
USD	**23.8**	1.9
EUR	**251.5**	316.8
GBP	**31.7**	53.7
Total	**307.0**	372.4

Recognition of derivatives, etc.	**2019**	2018
Nominal amount of derivatives (MSEK)	**307.0**	372.4
Carrying amount of forward agreements (SEK 000s)	**1,740**	1,668
Balance sheet item where value is recognized		
accrued expenses and deferred income	**2,198**	2,680
prepaid expenses and accrued income	**3,938**	4,348
Ineffective hedging instruments	**0**	0
Hedging result recognized in other comprehensive income	**44**	7,724
Hedge ineffectiveness recognized in profit or loss	**0**	0

The hedged ratio is 1:1. The hedging reserve is recognized in Note 26.

According to Beijer Alma's assessment, all derivative instruments meet the requirements for hedge accounting. The Group has no other derivatives not used for hedging purposes. There are no derivatives for which a hedging relationship has existed but since ceased and for which hedge accounting is thus no longer applied. No hedges were ineffective, mainly due to the fact that only part of forecast net flows are hedged. Accordingly, changes in the fair value of the derivative instruments are recognized in other comprehensive income. At year-end, the market value of the forward agreements was MSEK 1.7 (1.7), which, after deduction for deferred tax, increased the Group's shareholders' equity. Consolidated comprehensive income was impacted in an amount of SEK 44,000 (7,724,000) due to foreign exchange contracts.

The Group has no other financial assets and liabilities measured at fair value. Fair value is based on observable market information from Nordea on the balance-sheet date and these instruments are thus included in Level 2 of the "fair value hierarchy" in accordance with IFRS 7. The arbitrage premium is not separated. Beijer Alma has no hedging of net investments in foreign operations.

Sensitivity analysis

Earnings

The Group's net exposure is primarily in EUR. A 1-percent change in the EUR in relation to the SEK would have had a negative impact of approximately MSEK 2.0 (1.7) on profit before tax. Entering into forward agreements partly delays the earnings effect since a proportion of the forecast flows for the following 12-month period are covered by signed agreements. The same applies for project orders where forward agreements have been signed on the basis of the payment terms of the order. During this time, measures may be taken to mitigate the effects.

Shareholders' equity

Beijer Alma's income statement and balance sheet are presented in SEK, while several subsidiaries report in other currencies. This means that the Group's earnings and shareholders' equity are exposed when the financial statements are consolidated and foreign currencies are translated to SEK. This exposure primarily affects the Group's shareholders' equity and is designated as a translation exposure. This type of exposure is not hedged. Balance sheets maintained in EUR have the largest translation exposure. A 1-percent change in the EUR in relation to the SEK would have had a negative impact of approximately MSEK 3 (3) on shareholders' equity.

Beijer Alma recognizes changes in the value of forward agreements in other comprehensive income. The nominal amount of the forward agreements at year-end totaled MSEK 307 (372). 82 percent (85) of the agreement values are in EUR.

Interest-rate risk

Since Beijer Alma does not hold any significant interest-bearing assets, the Group's income and cash flows from operating activities are essentially independent of changes in market rates.

Note 29 Financial instruments, continued

Changes in interest levels do not impact Beijer Alma's expenses and are reflected in net financial items and earnings. The Group is also indirectly affected by the impact of interest-rate levels on the economy as a whole. In terms of risk, Beijer Alma's assessment is that fixed interest on a short-term basis is consistent with the industrial operations conducted by the Group. Accordingly, the period of fixed interest on loans is usually up to 12 months.

Outstanding loans and committed credit facilities are listed below.

	Group		Parent Company	
	2019	2018	**2019**	2018
Non-current liabilities				
Liabilities to credit institutions	**531,639**	189,804	–	–
Current liabilities				
Liabilities to credit institutions	**140,670**	128,951	–	–
Committed credit facilities	**513,684**	412,155	**132,340**	100,293
Total interest-bearing liabilities	**1,185,993**	730,910	**132,340**	100,293

All amounts are deemed to correspond to fair value. Interest-bearing liabilities in the table above do not include lease liabilities.

Liabilities to credit institutions comprise approximately 35 credits in various currencies and with different terms and conditions. The majority of interest-bearing liabilities are in SEK. The Group's interest-bearing liabilities correspond to MSEK 193 in EUR, MSEK 27 in CNY, MSEK 21 in USD, MSEK 51 in GBP and MSEK 9 in DKK. Other than this, the Group has no interest-bearing liabilities in any single currency corresponding to more than MSEK 10.

The interest levels vary between 0.9 percent and 5.0 percent. The average interest rate is approximately 1.8 percent. The average interest rate on the committed credit facilities is about 1.5 percent. A limit fee on the granted amount averaging 0.2 percent is also payable. No derivative instruments are used. All loans are subject to a variable interest rate with a fixed-interest term, in most cases, of up to one year. For loan hedging, refer to Note 32. Fair value is deemed to correspond to the carrying amount since the interest rates for all loans are variable and in line with market rates.

Sensitivity analysis

Net debt at year-end totaled MSEK 721 (440). Net debt varies over the year. The level of indebtedness is at its highest after the dividend is paid and then normally declines until such time as the dividend is paid in the following year. A 1-percentage-point change in the interest rate would have had a negative impact of about MSEK 7 (5) on profit before tax based on average net debt.

CREDIT RISK

Credit risk refers to cases in which companies do not receive payment for their receivables, for example, from customers or banks. The size of each customer's credit is assessed on an individual basis. A credit rating is performed for all new customers and a credit limit is set. This is intended to ensure that the credit limits reflect the customer's capacity to pay. Habia Cable has taken out credit insurance for some of its Chinese customers. In terms of sales, the Group's risk spread across geographic regions, industries and companies is favorable. Historically, the level of bad debt losses has been low. For an assessment of the risk of loss in accounts receivable, refer to Note 22.

Other assets recognized at amortized cost include other receivables. The loss allowance for financial assets is based on assumptions concerning the risk of default and expected loss levels. The Group conducts its own assessments when establishing assumptions and selecting the inputs for forward-looking calculations at the end of each reporting period. The allowance for expected losses on other financial assets recognized at amortized cost amounts to SEK 0 at both the beginning and the end of the year. The reserve for credit risks in accounts receivable is presented in Note 22.

LIQUIDITY RISK

Cash and cash equivalents only include cash and bank balances. Of the total amount of MSEK 465.1 (291.3), the majority is invested with Nordea and Handelsbanken.

Beijer Alma has loans that fall due at different points in time. A large portion of its liabilities are in the form of committed credit facilities that are formally approved for a period of one year. Refinancing risk refers to the risk of Beijer Alma being unable to fulfill its obligations due to canceled loans and difficulties in raising new loans.

Beijer Alma manages this risk by maintaining a strong liquidity position. The Group's policy is that available liquidity, defined as cash funds plus approved but unutilized committed credit facilities, is to amount to not less than two months of invoicing, meaning approximately MSEK 750. The Group's liquidity position at recent year-ends is shown in the table below. Another method of managing this risk is to maintain a strong financial position and favorable profitability, thereby making the company an attractive customer for financing institutions.

	Group		Parent Company	
Available liquidity	**2019**	2018	**2019**	2018
Cash funds	**465,082**	291,303	**62,738**	58,209
Approved committed credit facilities	**1,118,035**	978,024	**325,000**	275,000
Utilized portion of committed credit facilities	**–513,639**	–412,155	**–132,340**	–100,293
Available liquidity	**1,069,478**	857,172	**255,398**	232,916

Maturity analysis of liabilities, including interest to be paid for each period

Group	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Dec 31, 2019				
Borrowing	654,354	612,048	68,639	1,335,041
Liabilities for finance leases	–	–	–	0
Accounts payable and other liabilities	224,035	–	–	224,035
Total	**878,389**	**612,048**	**68,639**	**1,559,076**

Group	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Dec 31, 2018				
Borrowing	547,870	171,919	29,331	749,120
Liabilities for finance leases	214	71	–	285
Accounts payable and other liabilities	250,818	–	–	250,818
Total	**798,902**	**171,990**	**29,331**	**1,000,223**

Of the foreign exchange contracts at year-end totaling MSEK 307 (372), MSEK 282 (372) had a maturity period of less than one year and MSEK 25 (0) had a maturity period of one to two years.

CAPITAL RISK

The Group's goal in terms of its capital structure is to guarantee its ability to continue expanding its operations to ensure that a return is generated for the shareholders, while keeping the costs of capital at a reasonable level.

The capital structure can be changed by increasing or decreasing dividends, issuing new shares and selling assets.

Capital risk is measured as the net debt/equity ratio, meaning interest-bearing liabilities, excluding lease liabilities, less cash and cash equivalents in relation to shareholders' equity. The aim is to enable freedom of action by maintaining a low debt/equity ratio. The net debt/equity ratio at recent year-ends is presented below:

Group	**2019**	2018
Interest-bearing liabilities	**1,185,993**	730,910
Cash and cash equivalents	**–465,082**	–291,303
Net debt	**720,911**	439,607
Shareholders' equity	**2,417,327**	2,235,938
Net debt/equity ratio, %	**29.8**	19.7

Reconciliation of net debt	Cash and cash equivalents	Current interest-bearing liabilities, incl. credit facilities	Non-current interest-bearing liabilities	Total net debt
Dec 31, 2017	**328,095**	**592,139**	**144,687**	**–408,731**
Via acquisitions	–	–	–	0
Translation differences	8,283	11,891	6,176	–9,784
Cash flow during the year	–45,075	–62,924	38,941	–21,092
Not affecting cash flow	–	–	–	0
Dec 31, 2018	**291,303**	**541,106**	**189,804**	**–439,607**
Via acquisitions	–	39,347	–	–39,347
Translation differences	4,752	62,612	–	–57,860
Cash flow during the year	169,027	11,289	341,835	–184,097
Not affecting cash flow	–	–	–	0
Dec 31, 2019	**465,082**	**654,354**	**531,639**	**–720,911**

Lease liabilities are not included in the Group's definition of net debt. Payments for rental contracts and leases amounting to SEK 63,669,000 were charged to cash flow for 2019.

Financial instruments by category in the Group

The accounting policies for financial instruments were applied as follows:

Dec 31, 2019	Financial assets measured at amortized cost	Derivatives used for hedging purposes	Total
Assets in the balance sheet			
Other long-term receivables	7,604		7,604
Accounts receivable and other receivables	678,867		678,867
Derivative instruments (included in the item accrued income)		3,938	3,938
Cash and cash equivalents	465,082		465,082
Total	**1,151,553**	**3,938**	**1,155,491**

Dec 31, 2019	Derivatives used for hedging purposes	Liabilities measured at amortized cost	Total
Liabilities in the balance sheet			
Liabilities to credit institutions		672,309	672,309
Committed credit facilities		513,684	513,684
Derivative instruments (included in the item accrued expenses)	2,198		2,198
Accounts payable		224,035	224,035
Total	**2,198**	**1,410,028**	**1,412,226**

Dec 31, 2018	Financial assets measured at amortized cost	Derivatives used for hedging purposes	Total
Assets in the balance sheet			
Other long-term receivables	4,920		4,920
Accounts receivable and other receivables	707,146		707,146
Derivative instruments (included in the item accrued income)		4,348	4,348
Cash and cash equivalents	291,303		291,303
Total	**1,003,369**	**4,348**	**1,007,717**

Dec 31, 2018	Derivatives used for hedging purposes	Liabilities measured at amortized cost	Total
Liabilities in the balance sheet			
Liabilities to credit institutions		318,755	318,755
Committed credit facilities		412,155	412,155
Derivative instruments (included in the item accrued expenses)	2,680		2,680
Accounts payable		250,818	250,818
Total	**2,680**	**981,728**	**984,408**

Note 30 Accrued expenses and deferred income

		Group		Parent Company
	2019	2018	**2019**	2018
Accrued personnel costs	**176,820**	180,101	**11,698**	13,118
Accrued interest	**651**	631		–
Restructuring reserve	**7,749**			–
Accrued bonuses to customers	**62,123**	60,844		–
Deferred income	**10,527**	13,028		–
Derivative instruments	**2,198**	2,680		–
Other	**55,594**	56,358		
Total	**315,662**	313,642	**11,698**	13,118

Note 31 Other current liabilities

		Group		Parent Company
	2019	2018	**2019**	2018
Personnel tax	**22,143**	23,643	**317**	569
Value-added tax	**22,719**	27,638		
Advance payments from customers	**7,371**	47,172		
Additional purchase consideration	**14,602**	5,256		
Other	**22,431**	8,371		
Total	**89,266**	112,080	**317**	569

Note 32 Pledged assets

		Group		Parent Company
	2019	2018	**2019**	2018
Floating charges	**269,957**	227,679		
Real estate mortgages	**170,116**	74,500		
Shares	**454,157**	330,829	**13,381**	13,381
Machinery used in accordance with finance leases		271		
Total	**894,230**	633,279	**13,381**	13,381

Note 33 Contingent liabilities and commitments

The Group has contingent liabilities pertaining to guarantees and undertakings that arise during the normal course of business. No significant liabilities are expected to arise due to these contingent liabilities. During the normal course of business, the Group and the Parent Company entered into the following commitments/contingent liabilities:

		Group		Parent Company
	2019	2018	**2019**	2018
Guarantees	**36,571**	–	–	–
Guarantee commitments	**115,671**	–	–	–
Pension commitments	**386**	–	–	–
Relocation subsidy received	**1,500**	27,079	–	–
Total	**154,128**	27,079	**0**	0

The Group has not identified any material commitments that are not recognized in the financial statements.

Note 34 Proposed appropriation of profits

The Board of Directors and the President propose that the following profit be made available for distribution by the Annual General Meeting:

Retained earnings	37,192
Share premium reserve	279,000
Net profit for the year	287,858
Total	**604,050**
To be appropriated as follows:	
Ordinary dividend to shareholders of SEK 5.10 per share	307,337
To be carried forward	**296,713**

Note 35 Items not affecting cash flow

		Group		**Parent Company**
	2019	2018	**2019**	2018
Depreciation/amortization	**230,742**	138,549	**41**	96
Sale of fixed assets	**–1,292**	–	**902**	–
Loss from associated companies	**–217**	–1,205	–	–
Total	**229,233**	137,344	**943**	96

Note 36 Corporate acquisitions

2019

Spibelt Beheer B.V.

On May 13, 2019, Lesjöfors acquired 100% of the share capital of the Dutch company Spibelt Beheer B.V., which includes the operating companies Tribelt and De Spiraal. De Spiraal manufactures technical springs and industrial wire products, while Tribelt produces industrial conveyor belts for the food, processing and pharmaceutical industries. The companies are well established in the market and have stable customer relationships and a broad customer base. The companies have total revenues of approximately MEUR 14 in the European market.

KTT Tekniikka Oy

On June 5, 2019, Beijer Tech acquired 100% of the share capital of the Finnish company KTT Tekniikka Oy. The company offers a broad range of mechanical power transmission products and service for the Finnish market. The company's customers operate in the paper and pulp, engineering and processing industries. The company has total revenues of approximately MEUR 7.5 in Finland.

Codan AS

On May 3, 2019, Beijer Tech acquired 100% of the share capital of the Norwegian company Codan AS. The company is a supplier of hoses, couplings and injection systems, with revenues of over MNOK 30 in the Norwegian market.

Encitech Connectors AB

On May 5, 2019, Beijer Tech acquired 100% of the share capital of Encitech Connectors AB in Halmstad, Sweden. The company manufactures and distributes electronic components. The company's net annual revenues amount to approximately MSEK 50, with about 70 percent of its products exported to some 20 countries.

Uudenmaan Murskaus

On December 10, 2018, Beijer Tech acquired the assets and liabilities of Uudenmaan Murskaus. The company sells spare and wear parts for rock crushers in the Finnish market and generates annual revenues of approximately MSEK 20.

Preliminary acquisition calculation

MSEK	**2019**
Purchase consideration	321.7
Net assets measured at fair value	145.9
Goodwill	175.8
Cash portion of purchase consideration	273.8
Purchase consideration to be paid within three years	47.9

Net assets measured at fair value comprising

MSEK	**2019**
Buildings and land	80.7
Machinery and equipment	48.3
Other intangible assets	8.1
Inventories	56.5
Receivables	47.3
Cash and cash equivalents	9.3
Interest-bearing liabilities	–43.2
Non-interest-bearing liabilities	–61.1
Total	**145.9**

Purchase consideration – cash outflow

MSEK	
Cash flow to acquire the subsidiary, less acquired cash and cash equivalents	
Cash purchase consideration	273.8
Acquisition of subsidiary receivables from the seller	18.2
Less: Acquired cash and cash equivalents	–9.3
Net outflow of cash and cash equivalents – investing activities	**282.7**

Goodwill consists of technical expertise, inseparable customer relationships and synergy effects. The acquired companies contributed MSEK 91 in net revenues during the fourth quarter, and net revenues increased MSEK 231 during the full year as a result of acquisitions.

2018

Packningar & Plast AB

On September 27, 2017, Beijer Tech acquired 100% of the share capital of Packningar & Plast AB, a company that supplies gaskets, seals and plastics to Swedish industry. The company conducts manufacturing in Norsborg, Stockholm, and has annual revenues of slightly more than MSEK 20 with favorable profitability.

Preliminary acquisition calculation

MSEK	
Purchase consideration	17.5
Net assets measured at fair value	11.3
Goodwill	6.2

MSEK 12.3 of the purchase consideration was paid in cash and MSEK 5.2 was paid at the end of 2019.

Net assets measured at fair value comprising

MSEK	
Machinery	0.6
Inventories	1.5
Receivables	4.6
Cash funds	8.7
Current liabilities	–4.1
Total	**11.3**

The receivables guaranteed by the seller are expected to be transferred at fair value. Goodwill in the acquired operations amounts to MSEK 6.2.

Takeover occurred in April 2018. For the remainder of 2018, the company contributed MSEK 20 in net revenues and MSEK 3.5 in operating profit. Transaction costs of MSEK 0.3 were expensed.

Note 37 Transactions with related parties

The Parent Company invoiced its subsidiaries a management fee of MSEK 18.2 (18.2). Related parties generally includes the Board of Directors and Group management as well as their families and other companies that they control, including companies controlled by the Wall family. Other than salaries and directors' fees, there were no material transactions with related parties during the year.

Note 38 Events after the end of the financial year

On January 2, 2020, Lesjöfors acquired the shares in the UK company Metrol Springs Ltd, a leading manufacturer of tooling gas springs, special purpose gas springs and gas struts.

On February 6, 2020, Beijer Tech acquired the shares in PA Ventiler AB, located in Lindome, Gothenburg, via Lundgrens Sverige AB. PA Ventiler conducts sales of valves, primarily to the pulp and paper industry as well as the chemical and petrochemical industry.

As a result of the Chinese authorities' measures to prevent the spread of the coronavirus, three of the Group's plants were closed in early 2020. The plants were re-opened during the week of February 10 and have gradually increased their capacity.

Note 39 Definitions

Capital employed Total assets less non-interest-bearing liabilities.

Debt/equity ratio Total interest-bearing liabilities, excluding lease liabilities, in relation to shareholders' equity.

Dividend ratio Dividend in relation to net profit attributable to Parent Company shareholders.

Dividend yield Dividend per share in relation to the share price.

Earnings, profit The terms earnings and profit refer to profit after net financial items unless otherwise stated.

Earnings per share Net profit less tax, in relation to the number of shares outstanding.

Earnings per share after standard tax Profit after net financial items less 21.4 percent tax, in relation to the number of shares outstanding.

Earnings per share after tax, after dilution Net profit less tax, in relation to the number of shares outstanding adjusted for potential shares giving rise to a dilution effect.

Equity ratio Shareholders' equity in relation to total assets.

Interest-coverage ratio Profit after net financial items plus financial expenses, divided by financial expenses.

Invoicing, revenues, sales Unless otherwise stated, the terms invoicing, revenues and sales refer to net revenues.

Net debt Interest-bearing liabilities excluding lease liabilities, less interest-bearing assets.

Net debt/equity ratio Net debt in relation to shareholders' equity.

Operating margin Operating profit in relation to net revenues.

Order bookings Orders from customers for goods or services at fixed terms.

Proportion of risk-bearing capital Total of shareholders' equity, deferred tax and non-controlling interests divided by total assets.

Return on capital employed Profit after net financial items plus interest expenses, in relation to average capital employed.

Return on shareholders' equity Profit after net financial items less 21.4 percent tax, in relation to average shareholders' equity.

Shareholders' equity Shareholders' equity attributable to Parent Company shareholders.

Further information about alternative performance measures is available at www.beijeralma.se.

Note 40 Company information

General information

Beijer Alma AB (publ) (556229-7480) and its subsidiaries constitute an internationally active industrial group specializing in component manufacturing and industrial trading. The company is a public limited liability company with its registered office in Uppsala, Sweden. The address of the company's head office is Box 1747, SE-751 47 Uppsala, Sweden. The company is listed on Nasdaq Stockholm.

Board signatures

Beijer Alma AB (publ) (556229-7480) and its subsidiaries constitute an internationally active industrial group specializing in component manufacturing and industrial trading. The company is a public limited liability company with its registered office in Uppsala, Sweden. The address of the company's head office is Box 1747, SE-751 47 Uppsala, Sweden. The company is listed on Nasdaq Stockholm.

These consolidated financial statements were approved by the company's Board of Directors on February 14, 2020.

The balance sheet and income statement will be presented to the Annual General Meeting on March 25, 2020.

It is our opinion that the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and earnings. The annual report was prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and earnings.

The Administration Report for the Group and the Parent Company gives a true and fair overview of the Group's and the Parent Company's operations, financial position and earnings and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Uppsala, February 14, 2020

Beijer Alma AB (publ)

Johan Wall *Chairman of the Board*	Johnny Alvarsson *Director*	Carina Andersson *Director*	Hans Landin *Director*
Caroline af Ugglas *Director*	Anders Ullberg *Director*	Cecilia Wikström *Director*	Henrik Perbeck *President and CEO*

Our Auditor's Report was submitted on March 3, 2020

Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant

Auditor's Report

To the general meeting of shareholders in Beijer Alma AB (publ), corporate registration number 556229–7480

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Beijer Alma AB (publ) for the year 2019 except for the Corporate Governance Report on pages 61–64. The annual accounts and consolidated accounts of the company are included on pages 61–94 of this document.

In our opinion, the annual accounts and consolidated 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 December 31, 2019 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 December 31, 2019 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not include the Corporate Governance Report on pages 61–64. 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 adopt the income statement and balance sheet for the Parent Company and the Group.

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

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the section "Auditor's responsibility". 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 entails that, to the best of our knowledge and conviction, no prohibited services as described in Article 5.1 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council on specific requirements regarding the statutory audit of public-interest entities were provided to the audited company or, where appropriate, its Parent Company or its controlled undertakings in the EU.

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

OUR AUDIT APPROACH

Audit scope

Beijer Alma is an international industrial group sectioned into three independent business areas. The Group has subsidiaries in 16 countries. The most significant balance sheet items are inventories and accounts receivable, and the valuation of these items is partially based on management's assessment. We have thus deemed these "Key audit matters." The majority of the Group's revenues pertain to sales of inventories, and are recognized with relatively straightforward agreements and some matters of judgment. Due to the fact that revenues represent such a significant item, but not a key audit matter, this is an area of focus when it comes to the audit, particularly ensuring that revenues are recognized and allocated to a particular period in a correct manner.

Our review is designed by determining the level of materiality and assessing the risk of material misstatements in the financial reports. The audit was conducted both through the PwC network and through firms outside the network. Through units reviewed by PwC, by other firms that report to us or through special review processes, the audit comprised 78 percent of the Group's revenues and related analytical audit procedures. In terms of material asset items, such as inventories, PwC reviewed components equivalent to more than 72 percent of the Group. In particular, we addressed the areas where the President and the Board of Directors made subjective judgments: for example, significant accounting estimates that have been made on the basis of assumptions and projections concerning future events, which are uncertain by nature, such as the valuation of inventories, accounts receivable and goodwill. As in all of our audits, we also addressed the risk of management (the President and the Board of Directors) overriding internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Materiality

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

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

KEY AUDIT MATTERS

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

Key audit matter

Existence and valuation of inventories

The carrying amount of the Group's inventories amounted to MSEK 1,051. Note 1 of the Annual Report describes how inventories are recognized and valued, and Note 1 "Key estimates and assumptions for accounting purposes" describes the assessments made by the company. As described in Note 21, MSEK 236 of the total inventories were valued at net selling price. The valuation of inventories was a key issue in our audit due to the fact that these assessments, particularly of fair value, are partially based on management's assessment.

The Group is divided into a considerable number of entities and because these entities are manufacturing companies or sales companies, they have their own inventories. The existence of inventories was a key issue in our audit.

How our audit addressed the key audit matter

Our review of the existence and valuation of inventories comprised the following procedures:

- Test check of manufacturing cost calculations and how these are applied.
- Review of the company's own assessments concerning impairment requirements due to, for example, slow-moving inventory. We also assessed the explanations we received from management.
- We have reviewed and assessed the internal control in the stock-taking process.
- We also participated in the stock-taking process in the subsidiaries we considered significant.

In our review concerning the existence and valuation of inventory, we have not reported any significant findings to the Audit Committee.

Key audit matter

Valuation of accounts receivable

The carrying amount of Beijer Alma's accounts receivable amounts to MSEK 679. Note 1 describes how accounts receivable are recognized and valued, and Note 1 "Key estimates and assumptions for accounting purposes" describes the company's assessments concerning this. Note 22 describes the provisions for doubtful receivables and maturity structure for past due receivables.

The valuation of the receivables is a key issue in our audit due to the fact that the valuation is partially based on management's assessments.

How our audit addressed the key audit matter

Our review of accounts receivable comprised the following procedures:

- We noted, gained an understanding of and assessed the company's model concerning impairment of receivables.
- The value of accounts receivable was also reviewed through various forms of substantive procedures, and by assessing provisions for bad debt losses.
- We reviewed the provision made for doubtful receivables.
- We challenged the company when it comes to assessing the value of the accounts receivable.

Our review has shown that the most significant assumptions concerning the valuation of accounts receivable are within an acceptable interval and we have not reported any significant findings to the Audit Committee.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

This document also contains other information than the annual accounts and consolidated accounts, which can be found on pages 1–58. The Board of Directors and the President 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, based on the work performed concerning this information, we 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 PRESIDENT

The Board of Directors and the President are responsible for the preparation of the annual accounts and consolidated accounts and for ensuring 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 and the Annual Accounts Act. The Board of Directors and the President 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 President 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 the ability to continue as a going concern and the use of the going concern basis of accounting. However, the going concern basis of accounting is not applied if the Board of Directors and the President intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available in Swedish on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisorsansvar. This description is 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 President of Beijer Alma AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory Administration Report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the section "Auditor's responsibility". 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 PRESIDENT

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, a 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 President is to manage the ongoing administration according to the Board of Directors' guidelines and instructions and, among other actions, 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 President 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 a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

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

A further description of our responsibility for the audit of the administration is available in Swedish on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisorsansvar. This description is part of the Auditor's Report.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for ensuring that the Corporate Governance Report on pages 61–64 has been prepared in accordance with the Annual Accounts Act.

Our examination of the Corporate Governance Report has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A Corporate Governance Report has been prepared. Disclosures in accordance with chapter 6, section 6, second paragraph, points 2–6 of the Annual Accounts Act and chapter 7, section 31, second paragraph of 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.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, Sweden, was appointed as Beijer Alma AB's auditor on March 28, 2019 and has served as the company's auditor, through election of an individual, since the 1993 financial year and, through election of the firm, since the 1999 financial year. Leonard Daun has served as Beijer Alma's Chief Auditor since the Annual General Meeting on March 19, 2013.

Uppsala, March 3, 2020

Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant


Lundgrens
SVERIGE AB
EN DEL AV BEIJERTECH

Information on the Annual General Meeting

Beijer Alma invites all shareholders to participate in the Annual General Meeting, which will take place on Thursday, March 25, 2020, at 6:00 p.m. in the Main Hall (Stora Salen) of the Uppsala Concert and Conference Hall (Uppsala Konsert & Kongress), Vaksala torg 1, Uppsala, Sweden.

PARTICIPATION

Shareholders who wish to participate in the Meeting must:

- be listed in Euroclear AB's shareholder register by Thursday, March 19, 2020.
- notify the company of their intent to participate in the Meeting not later than Thursday, March 19, 2020, preferably before 4:00 p.m.

Registrations are to be submitted on the company's website at www.beijeralma.se, by e-mail at info@beijeralma.se or in writing to Beijer Alma AB, Box 1747, SE-751 47 Uppsala, Sweden. Registration must include the shareholder's name, national identity number/corporate registration number, shareholding and daytime telephone number. Shareholders whose holdings are registered in the name of a nominee must register the shares in their own name with Euroclear. Such registration must be completed not later than Thursday, March 19, 2020, and should be requested well ahead of this date. Shareholders who wish to be accompanied by one or two advisors must provide notice of their intention to do so in the manner and time frame applicable for shareholders.

ENTRY CARDS

Entry cards entitling the holder to participate in the Annual General Meeting will be issued and are expected to be received by the shareholders not later than Tuesday, March 24, 2020. Shareholders who have not received their entry cards prior to the Annual General Meeting may obtain a new entry card from the information desk upon presentation of identification.

DIVIDENDS

The proposed record date for dividends is Friday, March 27, 2020. If the Annual General Meeting votes in accordance with this proposal, dividends are expected to be paid through Euroclear commencing Wednesday, April 1, 2020. The Board proposes that the Annual General Meeting approve an ordinary dividend of SEK 5.10 (5.10) per share.

INFORMATION

A complete notice, including an agenda and proposals, can be ordered from Beijer Alma by telephone at +46 18 15 71 60 or by e-mail at info@beijeralma.se. This information is also available at beijeralma.se.

CALENDAR

2020	March 25 Annual General Meeting	
	April 27	Interim report January 1–March 31
	August 21	Interim report April 1–June 30
	October 28	Interim report July 1–September 30
2021	February Year-end report	
	March 23 Annual General Meeting	

REPORTS

Reports can be ordered from
Beijer Alma AB, Box 1747
SE-751 47 Uppsala, Sweden
Telephone +46 18 15 71 60
or via beijeralma.se

The year-end report and interim reports are published on beijeralma.se. Printed copies of the Annual Report will only be sent to shareholders who asked to receive a copy.

Current and up-to-date information is always available on beijeralma.se.

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"In 2019, growth was created through several supplementary acquisitions. We welcomed five new companies to Beijer Alma."

HENRIK PERBECK, PRESIDENT AND CEO OF BEIJER ALMA

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