

# Annual Report 2019

*We are a part of your daily life*



**CHRISTIAN  
BERNER**

Expect more



We help with effective packing and filling solutions.

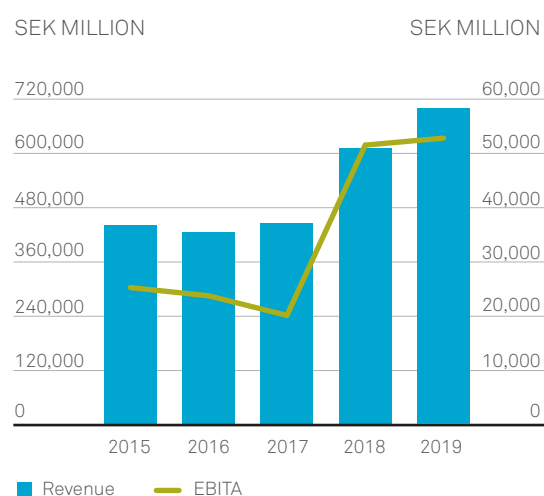
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# Year in brief

- Net revenue for full-year 2019 was SEK 704.8 (617.8) million.
- Operating profit was SEK 51.0 (50.1) million.
- EBITA was SEK 53.1 (51.8) million.
- The EBITA margin amounted to 7.5 (8.4) per cent.
- Order intake was SEK 682.4 (674.2) million.
- Earnings per share before and after dilution was SEK 2.03 (2.02).
- The cash flow from operating activities before changes in working capital was SEK 61.4 (44.4) million. Total cash flow for the full year was SEK -7.2 (-31.3) million.
- The Board proposes a dividend of SEK 0.75 (0.75) per share.

## Net revenue and operating profit



## KPIs

| SEK THOUSANDS                       | 2019    | 2018    | 2017    | 2016    | 2015    |
|-------------------------------------|---------|---------|---------|---------|---------|
| Net revenue                         | 704,750 | 617,575 | 449,607 | 429,121 | 445,553 |
| Net revenue growth                  | 14.1%   | 37.4%   | 4.8%    | -3.7%   | 13.2%   |
| EBITA                               | 53,085  | 51,779  | 21,467  | 25,105  | 25,388  |
| EBITA margin                        | 7.5%    | 8.40%   | 4.80%   | 5.9%    | 5.7%    |
| Operating profit/loss               | 51,035  | 50,091  | 20,177  | 23,815  | 24,098  |
| Operating margin                    | 7.2%    | 8.1%    | 4.5%    | 5.5%    | 5.4%    |
| Net financial items                 | -2,229  | -1,252  | -257    | -101    | 10      |
| Profit/loss for the period          | 37,894  | 37,725  | 15,448  | 18,532  | 22,485  |
| Total assets                        | 424,778 | 352,400 | 186,891 | 191,192 | 174,807 |
| Earnings per share (SEK)            | 2.03    | 2.02    | 0.84    | 0.99    | 1.20    |
| Equity ratio, %                     | 36.1%   | 36.8%   | 50.8%   | 50.2%   | 49.2%   |
| Return on equity, %                 | 34.5%   | 43.5%   | 20.9%   | 26.1%   | 31.1%   |
| Cash flow for the period            | -7,179  | -31,276 | -334    | -7,411  | 24,244  |
| Number of shares at close of period | 18,759  | 18,759  | 18,759  | 18,759  | 18,759  |

For definitions of key performance indicators, see page 72.

# Straighter way to the right technical solution

As a technology trading company, Christian Berner assists the customers with the right technical solution. However, buying technical components, materials and advanced equipment is often a complex process that involves many decisions. With more than 120 years of experience as a strategic partner and adviser, Christian Berner organises, simplifies and streamlines this decision-making process. This leads to increased efficiency for the company's customers and suppliers.

## High-quality products and expert advice

Christian Berner was founded in 1897 and is today one of the leading technology trading companies in the Nordic region. The company markets and sells high-quality components and systems from leading suppliers and its own products to customers mainly in the Nordic market. This is supplemented with qualified analysis of the customer's technical needs, advice, own processing and refinement of products, installation and service.

### Strategy for growth

A central component of Christian Berner's strategy is growth. More add-on sales and a greater focus among customers in environmentally sustainable solutions are important drivers for organic growth. Through a structured process, the company at the same time continuously strengthens its market positions with value-creating acquisitions.

## Strengths that make customers and suppliers stronger

### Long-term partnerships with leading suppliers

Through its stable, long-term relationships with leading suppliers, Christian Berner provides its customers with high-quality, technologically advanced products. Value is created for Christian Berner's suppliers by providing them with an effective sales organisation with a high level of technical expertise and established customer relationships.

### High level of technical expertise, quality and customisation

For customers, a low total cost of production is vital. Christian Berner contributes to this with expert technical consulting, based on in-depth knowledge of the customer's production process, and ability to customise products and systems.

### Solutions that create value and sustainable development

The requirements on reduced environmental impact in society are growing. Within these areas, Christian Berner's products and systems have the opportunity, directly or indirectly, to improve environments that affect many people. As well as the environmental benefits, the company's technical solutions also create economic benefits for customers, including through greater efficiency and lower raw material costs.

## Leading actor in the North

4  
segments

Revenue by segment, 2019 (SEK million)



Sweden, SEK 502 MILLION  
Norway, SEK 90 MILLION  
Finland, SEK 85 MILLION  
Denmark, SEK 29 MILLION

4,400  
customers

The key customer segments are the pulp and paper industry, engineering industry, construction industry, food industry and petrochemicals and refineries.

150  
suppliers

Most of the suppliers are based in Europe, but raw materials procurement and production take place all over the world.



## Two supplementing business areas

Christian Berner's operations in each country are run within the two business areas Process & Environment and Materials Technology, where the company's different product areas are coordinated and managed. With partly different business logic and models, the business areas complement one another well, which creates clear benefits from a business cycle perspective.



Vibration insulation of rail traffic reduces noise and creates good residential environments.



Clean drinking water for millions of residents.

### Materials Technology

### Process & Environment

|   |   |
|---|---|
| <b>OPERATIONS</b>                       | Focus on the sale of materials, plastics and vibration-damping and noise-reduction materials.   |
| <b>CUSTOMERS</b>                        | The infrastructure area, such as rail and trams, as well as the paper, construction and mining industries.  |
| <b>RANGE</b>                            | <ul style="list-style-type: none"> <li>• Technical plastics</li> <li>• Vibration technology</li> </ul>  |
| <b>IMPORTANT COMPETITIVE ADVANTAGES</b> | Being able to supply products and processed products quickly and easily. Christian Berner therefore keeps large parts of the business area's products in stock and increasingly does its own processing into finished customer items. |

|  |
|--|
| Offerings to customers with a need primarily for process equipment and complete technical systems.   |
| A large number of segments, including the paper industry, the public sector and the process industry.  |
| <ul style="list-style-type: none"> <li>• Environmental &amp; process technology</li> <li>• Process equipment</li> <li>• Filter technology</li> <li>• Gas, energy &amp; high-pressure technology</li> <li>• Pumps</li> <li>• Boilers</li> </ul> |
| That most Christian Berner's employees have technical training as the sale of larger and more complicated systems requires active sales with high technical expertise.   |

# Best year ever, but there is more to give

“Expect more” from Christian Berner, I wrote in last year’s annual report. It was pleasing that the year had all time high earnings at the same time there is room for further improvements.

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2019 was a good year for Christian Berner. Sales increased by 14 per cent and EBITA amounted to SEK 53.1 million, which corresponds to a margin of 7.5 per cent. Positive earnings in Norway and Zander & Ingeström continuing to deliver at a high level were both important contributing factors to the strong earnings. In total, it was the best year ever for the Group, which I am very pleased with. At the same time, I see that there is still potential for further profit improvements, which I will get back to below.

The highlights that I remember best in 2019 are the development in Norway, where the efforts we made really yielded results and the acquisition of Bullerbekämparen, which strengthens our offering in the area important to us of vibration technology and noise. The need to reduce vibrations and noise in society will only grow over time and we therefore see good growth potential.

The acquisition was also successful in that both companies and their employees fit so well together. We can share knowledge at the same time that our business-supporting processes at the Group level can take them to the next level. As Andreas Lund at Bullerbekämparen says on page 13: As a part of Christian Berner, we get muscles to grow.

## Overall good economic climate

The economy in our markets in the Nordic region was generally strong in 2019 with stable growth. I am very pleased with the earnings in Norway. I would like to praise the employees in our Norwegian subsidiary that now shows that we are on the right path to achieve earnings levels as on our other markets.

Zander & Ingeström continued to contribute to Sweden’s growth and profitability in 2019. For the rest of the Swedish operations, we believe that there is more potential in 2020 and we are secure in the knowledge that the measures initiated to increase both sales and profitability will yield results.

We had yet another strong year in Finland with a good profitability level where mainly several large projects in the construction industry were dominant, including deliveries to Tampereen Kansi – a large project with a multiarena, offices and apartments being built above the railway station. In Denmark, it was also a good year with several orders for ballast water systems and investments in the food industry.

*“The entire Group was involved in contributing to last year’s record profit. At the same time that I see that we have potential to continue to develop and achieve even better results in the future.”*

## Both business areas contributing

Both of our business areas contributed to the previous year’s record earnings. Process & Environment had a very good year where above all the turnaround in Norway and a continued strong Zander & Ingeström also contributed even if an accounting effect related to profit recognition in a large project dampened the margin at the end of the year. Materials Technology also delivered at a good level, where primarily vibration technology in Finland stands out positively, but I see potential for more in the future. Particularly Sweden has more to give, as I wrote above.



We are also continuously developing the business to continue growing in our service offering and deliver complete solutions based on the customers' needs. Our ability to deliver finished products to the customers also increased through the companies acquired in recent years when both Zander & Ingeström and Bullerbekämparen, but also Fillflex which was previously acquired, have a large share of proprietary products that develop our margin.

#### **Continued development of the sustainability work**

Sustainability is a strong trend in society and we have long identified product areas and solutions that contribute to a better environment as a strategically important growth area for us.

In 2019, we developed our own sustainability work by setting up key figures for both our own operations and for products and materials. By mapping and following up, we get better control and better possibilities of both reducing risks and identifying new opportunities.

#### **Organisation with a great deal of expertise**

In 2019, we continued working to develop the organisation to coordinate resources and working methods in the Group. An important guiding star for us is the decentralisation of decisions close to the business. Matter that concern the customer shall be decided close to the customer. In order for as much energy as possible to be able to be devoted to such value-creating decisions, it is important that the business-support systems, such as IT and finance, function as well as possible. When they do so, we utilise the value of being several companies in a single corporate group and create the best possible circumstances for continued profitable growth.

The entire Group was involved in contributing to last year's record profit, at the same time that I see that we have potential to continue to develop and achieve even better results in the future.

Even if the market situation both economically and geopolitically is difficult to assess, within the Group we have a good risk diversification with many different technical areas and customer segments. This means that I view the future positively even if the economy could worsen.

In closing, I would like to thank our employees, customers, suppliers and shareholders for the good cooperation and your great commitment during the past year.

Bo Söderqvist  
CEO, Christian Berner

### Priorities for 2020

- > Profitable growth
- > Acquisitions
- > Digitalisation / develop the e-commerce business
- > Increase value-based sales / total solutions
- > Cost effectiveness

# Trends that support growth

For a technology trading company, the underlying economy in geographic markets is the single most important driving force. There are also a number of megatrends and market trends where Christian Berner provides solutions, including through the company’s strong range within environmental technology.

## Growth-generating market trends

The market structure is in constant change. The most important trends in the market strengthen Christian Berner’s role as a partner to customers and suppliers.

### Focus on the core business

Many industrial companies in northern Europe are increasingly focusing on their core business. This means that what is not defined as core business is assigned lower priority and that the level of knowledge in these areas decrease. This in turn increases the need for close cooperation with suppliers that have a high level of technical expertise and in-depth knowledge of the customer’s processes and needs.

### Greater demand for services

In line with a greater focus on the core business, many customers are striving to downsize the internal service and maintenance departments. This means that their demand for external service and support is growing.

### Fewer suppliers

As a part of streamlining their purchasing, many industrial companies are striving to use fewer suppliers and to use the same suppliers in more markets. This reduces the administration expenses at the same time that the closer cooperation with the remaining suppliers shortens the lead times and reduces tied-up capital. This benefits suppliers, such as Christian Berner, which can offer a large offering in several different markets.

## Positive development on the Nordic markets

The Nordic markets had a good development for a large part of 2019. Towards the end of the year, a weakness could be gleaned within the export industry, primarily in Sweden and Finland. In Christian Berner’s most important customer segments, there continued to be a good investment willingness.

|         | GDP growth, % |      |      | Growth in investments, % |      |      |
|---------|---------------|------|------|--------------------------|------|------|
|         | 2019          | 2020 | 2021 | 2019                     | 2020 | 2021 |
| Sweden  | 1.2           | 1.2  | 1.7  | -2.0                     | -1.0 | 2.2  |
| Norway  | 2.3           | 3.2  | 2.1  | 5.8                      | 1.9  | 0.9  |
| Finland | 1.2           | 1.6  | 1.6  | 1.5                      | 2.0  | 2.5  |
| Denmark | 2.1           | 1.6  | 1.5  | -0.9                     | 3.5  | 3.0  |

The table above shows forecast GDP growth and gross investment growth for the period 2019–2021. Source SEB.



## Megatrends

The global megatrends also to the greatest degree concern the markets in the Nordic region where Christian Berner is active. Society's response to the challenges that these trends entail is a greater focus on sustainability.



### Greater consumption and limited resources

The population of Earth is growing, life expectancy is increasing and the material standard is increasing quickly in many countries. At the same time, the Earth's ability to sustainably supply more and more people with an ever higher standards of living is limited. Therefore, human consumption of the Earth's resources must decrease.

#### Christian Berner's solutions

Christian Berner contributes to a sustainable development with solutions, such as the paper industry, which creates new products from renewable raw materials.



### Increased urbanisation

Relocations to cities are growing around the world. Many people in a small area places greater demands on an effective and functioning infrastructure, and to reduce noise and vibrations from traffic and other activities.

#### Christian Berner's solutions

Christian Berner offers several solutions to the challenges of growing cities. Vibration-absorbing materials make public transport quieter and the company's UV units ensure clean drinking water for millions of residents.



### Climate change

The threat from climate changes is already noted and already places extensive demands on a powerful transformation in all parts of society. The requirements on efficiency in the manufacturing processes are therefore continuously increasing and companies are seeking new ways to reduce their energy consumption and emissions.

#### Christian Berner's solutions

Christian Berner supplies a number of different systems and components, which together with expert advice help to increase efficiency in production processes.



### Digitalisation

Within industry, growing numbers of people see major opportunities in digitalisation. The transformation is gathered in the term Industry 4.0 where machines are equipped with sensors and linked to smart factories linked to each other.

#### Christian Berner's solutions

The Group monitors the development and contributes to the customers' transformation through integrated solutions of bag packaging where the customer is charged per packaged unit.

# Strategy for profitability and growth

Christian Berner's vision is to be the leading partner for technical solutions. Value is created for both customers and suppliers through qualified consulting, a high level of service and delivery reliability. The company is driven in a decentralised structure where the subsidiaries have full responsibility for their income statements at the same time that they use the Group's structure capital. Growth, both organic and through acquisitions, is a central part of the company's strategy.

## Sustainability objectives



Offer customers sustainable materials, products and technical solutions, as well as greater cooperation with society and other actors.



Increase expertise, diversity and employee satisfaction and work for a safe work environment.



Reduce Christian Berner's climate impact, strengthen the anti-corruption work and the cooperation with suppliers on sustainability.

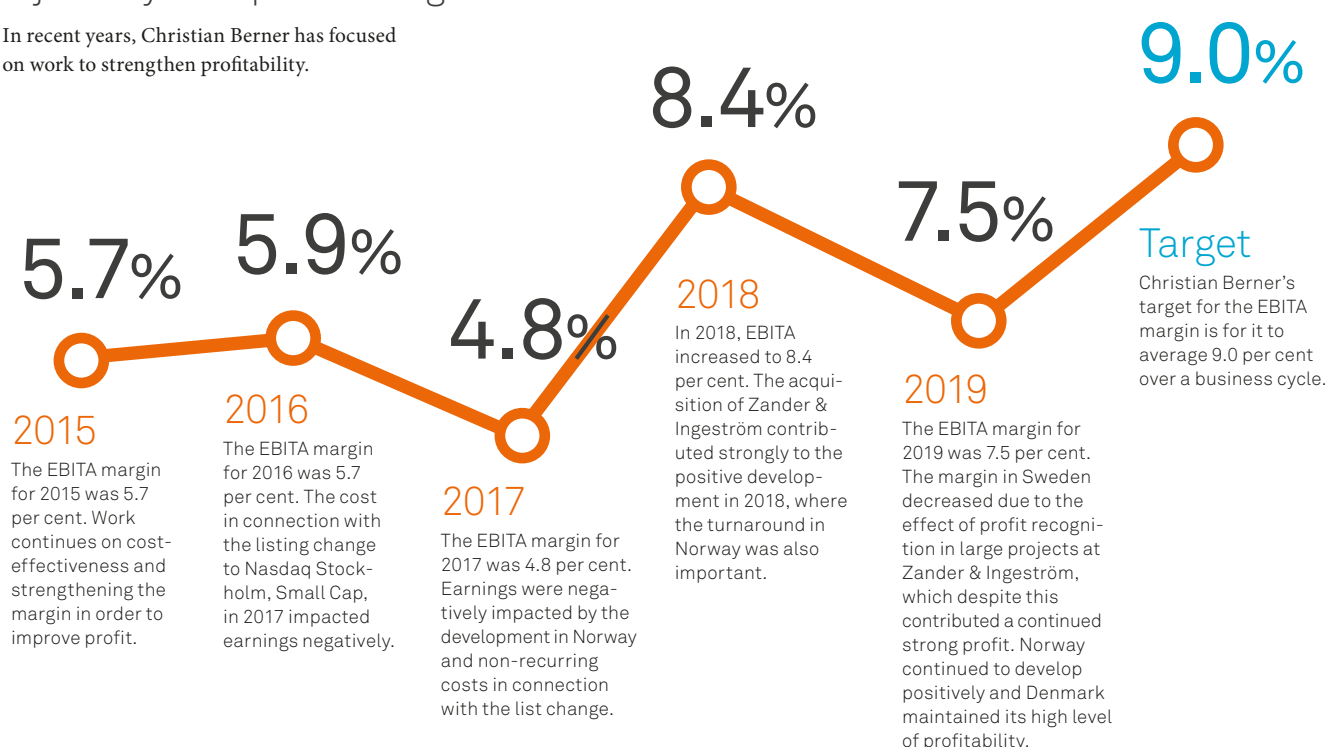


We are creating value by offering the customers sustainable materials, products and technical solutions.

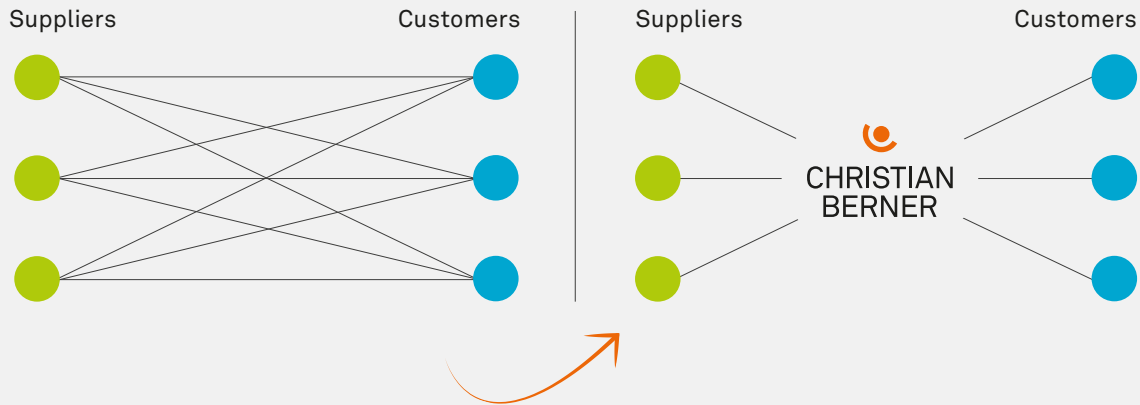
| Financial targets   | Goal attainment |                           | Historic development |       |       |       |
|---|-----------------|---------------------------|----------------------|-------|-------|-------|
|   | 2019            | Last five years           | 2018                 | 2017  | 2016  | 2015  |
| <b>Average revenue growth: &gt;10%</b><br>Average revenue growth of at least 10 per cent per annum over a business cycle, including acquisitions.   | <b>14.1%</b>    | 13.2% per year on average | 37.4%                | 4.8%  | -3.7% | 13.2% |
| <b>EBITA margin: 9%</b><br>Average EBITA margin of 9 per cent per annum over a business cycle.  | <b>7.5%</b>     | 6.5% per year on average  | 8.4%                 | 4.8%  | 5.9%  | 5.7%  |
| <b>Equity ratio: 35%</b><br>The company shall have an equity ratio that is below 35 per cent.   | <b>36.1%</b>    | 44.6% per year on average | 36.8%                | 50.8% | 50.2% | 49.2% |
| <b>Return on equity: 25%</b><br>Return on equity shall amount to a minimum of 25 per cent.  | <b>34.5%</b>    | 29.8% per year on average | 43.5%                | 20.9% | 26.1% | 31.1% |
| <b>Dividend: 30-50%</b><br>The Board aims to give shareholders a dividend that provides a good direct return and dividend growth. Christian Berner's aim is to distribute 30-50 per cent of the profit after tax. However, the company's financial position, cash flow, acquisition opportunities and outlook will be taken into account. | <b>37.1%</b>    | 45.1% per year on average | 37.3%                | 60.7% | 48.6% | 41.7% |

## A journey with profitable growth

In recent years, Christian Berner has focused on work to strengthen profitability.



## Simplify market processes



### Increasing value in the value chain

As a technology trading company, Christian Berner creates value for customers and suppliers by structuring and streamlining the value chain. A market without structuring technology trading companies is characterised by resource-intensive contacts and high transaction costs.

Christian Berner simplifies the purchasing and sales processes in the market and provides large added value by offering technical knowledge, processing, refinement of products, warehousing and service.

This creates a strong position as an important strategic partner to the customers.

For suppliers, technical trading companies are equivalent to having their own sales organisation on a market where the supplier does not consider it profitable or appropriate to establish its own sales organisation. For many suppliers, a partnership with Christian Berner is the most effective way to sell their products on these markets.



#### Cooperation with leading high-quality suppliers

Partnership with 150 suppliers



#### Christian Berner's customised solutions

Commitment  
State-of-the-art expertise  
Service



#### Value for customers

High-quality products and services  
Greater competitiveness  
Security



- > Sales in selected areas
  - > Market-leading products
  - > Qualified advisory services
  - > Decentralised governance
- > Decentralised structure
  - > Under the Christian Berner brand or own brand
  - > Integrated in the Group's processes and systems
  - > Same values and culture

### Strategy for profitable growth

Christian Berner has a clear growth strategy. The company's growth will be achieved partly by growing within new and existing product areas, and partly by broadening the range with new products and services, for example through extended support, training and other aftermarket services. Through strong market positions in selected areas and a strong organisation, which gives both suppliers and customers clear advantages, the company lays a strong foundation for both organic and acquired growth.

#### Foundation

##### *Strong supplier cooperation and market positions*

Christian Berner focuses on selling products within selected areas where it can achieve a leading position. This results in strong market positions, which is a prerequisite for good profitability. Christian Berner collaborates with suppliers which, through their own product development, provide market-leading, high-quality products with a high technical content.

##### *Sales organisation with a high level of technical expertise*

Christian Berner supplements the product range from the leading suppliers with a high level of service and qualified technical advice. The company's salespeople have in-depth technical expertise within their respective product areas, in-depth knowledge of the customers' production processes and can offer advice that leads the customers to the best possible solution. This way, Christian Berner creates value for both suppliers and customers.

##### *Decentralised organisation*

The best business decisions are made in close proximity to the customer by the people who know the customer's needs and processes best. Christian Berner's steering model is therefore characterised by a high degree of decentralisation of decisions close to the business. Cooperation takes place within business-support processes, such as IT, marketing and finance to create economies of scale. The Group sets targets that focus on growth, profitability and tied-up capital and provide active support to the subsidiaries that have their own earnings responsibility. The Group community generates value through harmonised processes, systems and efficiency in the development of them.

### Growth focus

#### *Increase in added value sales*

Christian Berner sees a clear opportunity to create added value for customers and suppliers by including the company's knowledge base as part of the offer. This way, sales with higher margins and larger order volumes are generated. This is achieved by selling products together with services and qualified advice in complete solutions that create added value. Christian Berner's customers should expect more. Service and maintenance with own service technicians and cooperation with suppliers is another such example.

It is also achieved by increasing Christian Berner's part of the value added in the products. The recent years' acquisition of Fillflex, Zander & Ingeström and Bullerbekämparen have added products all their own while the acquisition of PlastKapTek added a greater ability to process materials and deliver finished parts. In the past year, the company has invested in expanded machine capacity to meet the customers' demand for finished parts.

#### *Focus on environmental biotechnology*

In today's society, environmental considerations are an integral part of the business strategy and decision-making process and an increasing number of investments are environmentally driven. Christian Berner has therefore identified solutions for customer processes and equipment that meet sustainability targets and increasingly stringent legislation and controls as a strategic area. Besides the environmental benefits, the company's technical solutions also create economic benefits for customers, including through greater efficiency and lower raw material costs.

Christian Berner supplies products and systems that directly or indirectly improve the environment. The company's environmental technology range has been divided into four areas: quiet environments, clean water, sustainable products and sustainable production, as well as sustainable surplus power. Christian Berner supplies vibration-damping materials that improve the environment for those living near rail lines, for example, as well as process equipment that helps to reduce energy consumption in production and UV equipment that purifies drinking water without chemicals.



## Christian Berner's acquisition process



### Growth through acquisitions

Acquisitions are a key part of Christian Berner's long-term growth strategy. The acquisitions made must strengthen the offering to the customers and advance the company's position within priority areas by bringing new products and new knowledge.

Christian Berner has several criteria that acquisition candidates must meet, of which the most important is profitability. Other crucial factors are that the acquired company must be able to continue to conduct business and customer-oriented activities in a decentralised corporate structure and share Christian Berner's values and culture. This ensures a functioning collaboration within Christian Berner and that the entire Group's experience bank and structural capital can benefit the company.

To ensure the quality of the acquisitions made, the company developed a structured acquisition process in four steps.

#### > Identification

Christian Berner has built up an extensive network over time, which provides a good picture of the range of potential acquisition candidates. Both subsidiary managers and Group management contribute to this work.

#### > Evaluation

Acquisition candidates are evaluated based on a number of set criteria and parameters. In addition to profitability and culture, this is growth, market position and management, for example. Due diligence is also carried out.

#### > Negotiations

The main purpose of the negotiation phase is to secure the following three points:

- That the acquisition can be made on terms that create value.
- The continued commitment of key personnel.
- That the potential acquisition's main suppliers agree to the acquisition.

#### > Implementation

Together with the acquired company, Christian Berner maps what areas are to be integrated to achieve a maximal development of both the company and the Group. The principle is that where synergies exist, they should be utilised. Where they do not exist, the companies should work independently.

#### Priority acquisition areas

The Nordic region is home to a large number of technology trading companies of varying sizes and with different product ranges. This fragmented market consists largely of family-owned companies, which are undergoing a generational transition. This brings consolidation opportunities for those wishing to broaden their product range or establish themselves on new markets. Thanks to a good pool of potential acquisitions and a good financial position, Christian Berner sees opportunities to contribute to the consolidation that is taking place on the market.

Christian Berner is concentrating its acquisitions in a number of areas. Priority acquisition targets are companies where current revenue dominates and within product areas where Christian Berner is already a leading market player.

## Contact us

Christian Berner is always looking for high-quality companies that are a good fit for the Group. Feel free to contact us to discuss future opportunities together.

**Bo Söderqvist**, CEO, Christian Berner, Tech Trade AB  
phone +46 (0)31 33 66 910.



*“There is a lot of potential  
to grow and we have consensus  
on how to utilise it.”*

Andreas Lund  
President, Bullerbekämparen



Bullerbekämparen is specialised in practical noise damping and sound reduction.

## Improve acoustics with proprietary products

Bullerbekämparen became a part of Christian Berner in October 2019. The company produces, sells and installs products for improved acoustics and lower noise levels in industry, offices and public settings and thereby has a product portfolio that supplements Christian Berner's well.

“It is important for us that we are in the same industry. This means that we can work together with people who are in the same field and that we can enrich each other's businesses,” says Andreas Lund, President of Bullerbekämparen.

“Christian Berner has an entirely different organisation than us in, for example, marketing and IT, and if one wants to develop and take the initiative, this is a must to have. As a part of Christian Berner, we get the muscles to be able to develop further,” says Andreas Lund.

The first time in the Christian Berner Group has been positive.

“We had a really good impression the entire way, from the first contact this past summer until now. There is a lot of potential to grow and we have consensus on how to utilise it. It's exciting,” says Andreas Lund.

# Active sustainability work

For Christian Berner, sustainability work is an integrated part of the Group's goals and strategies for profitable growth. As a Group, we see the opportunities in being able to attract customers and employees and delivering long-term value with the right sustainability efforts.

Christian Berner is a global actor in a global market. The demands and expectations of companies to act sustainably and be responsible partners are continuously growing. This entails challenges, but also major opportunities since innovation, quality and sustainable solutions are a crucial part of Christian Berner's offering. New legal requirements, global agreements, standards and directives are constantly increasing the requirements on companies and their work with the value chain.

In autumn 2015, Agenda 2030 including 17 global sustainable development goals was adopted by the 193 member states of the UN. The goals have helped clarify that global sustainable development is closely tied to economy, environment and social aspects. The global sustainable development goals point out the necessity of having a balance between various goals, where economic sustainability is a prerequisite for both social and environmental sustainability, and vice versa.

Christian Berner has a strong position to contribute to greater sustainability through compliance with sustainability requirements, but also through the company's solutions and products. A strength is the company's long high-level of expertise and understanding of our customers' processes. Being on the leading edge technologically has gone hand in hand with sustainability where new technologies need to continuously be developed. Read more about goals and strategies for profitable growth on page 8.

## Contributions and impact in the value chain

Christian Berner is exposed to industries where sustainability is particularly prominent, such as water, energy and food, where higher legal requirements are set on the treatment of emissions and water quality, for example. Environmental technology is a defined focus area within the Group and among other things comprises the work Christian Berner does within silent environments, clean water, sustainable production, sustainable products and sustainable excess power.

Christian Berner sells high-quality plastic that is difficult to replace with other materials today. Plastic has many beneficial properties that should be evaluated against the fact that it is a fossil and energy-intensive material that creates problems when society is incapable of taking care of it. This demands the company's expertise in recycled, renewable and recyclable materials.

## Christian Berner as an enabler

Christian Berner actively works to help customers to achieve set sustainability goals. Through smart business solutions and a strong service and product offering, we give our customers the possibility of smarter choices. An important factor for driving development further is a thorough knowledge base among the company's employees.

Christian Berner helps customers to reduce waste, water use and chemicals in the food industry with measuring instruments and filter solutions, for example. Another example is Christian Berner's solution where ozone is used to purify waste water from pharmaceutical remnants, which is among the latest technology for municipal water treatment. The electric Zeta boiler can replace boilers that are fuelled by oil, coal and other fossil fuels, the flue gases of which contribute to global warming and pollute soil and water.



## Framework for Christian Berner's sustainability work



### Christian Berner as a global actor

Christian Berner has historically acted in the Nordic market. Through the acquisition of Zander & Ingeström, some sales have become global. An increased share of trade with countries deemed to have a high level of corruption entails an increased risk. The risk of violating other human rights, such as children's right, the right to freedom of association and freedom of speech, also increases as trade becomes global.

The Code of Conduct (the Code), which is common for the Group, highlights supplier responsibility and the importance of human rights and anti-corruption. Christian Berner requires the major suppliers to approve the Code.

In 2019, employees at the company were trained in the Code through a prepared e-learning course. Existing distributor and agent agreements have also been reviewed to ensure compliance.

The whistle-blower function that was set up in 2018 is a good means in the work to keep improprieties from occurring.

### Diversity at Christian Berner

Diversity is something that affects the entire operation and all areas of it. From recruitment and skills development to communications and marketing. Through a good composition of people with various knowledge and experience, the operation is not at as much risk of losing expertise and different perspectives. In 2019, the company continued working on efforts to increase diversity and inclusion.

### Internal governance for sustainability work

During the year, Christian Berner intensified the work of implementing a Group-wide structure for sustainability issues in order to further guide its impact on the value chains of the company and its customers. This work focused on documenting and following up risks, results indicators and targets. A lot of work was devoted to include the entire organisation in the sustainability work and here, focus will also be on further improving our work on sustainability in the future. Greater focus on sustainability will require new competencies and expanded cooperation to be able to meet new requirements and innovations.

To ensure and live up to its role as a strategic partner and advisor, Christian Berner works systematically according to applicable legal requirements and regulatory frameworks, and complies with the UN

Global Compact, the core conventions of the ILO and the OECD's guidelines for multinational companies. The company relates to sustainability requirements from customers and in turn sets requirements on suppliers and cooperates with other stakeholders.

In 2017, Christian Berner took a comprehensive approach to the company's impact based on a stakeholder and materiality analysis. A continuous dialogue is conducted with the company's primary stakeholders based on the listed central issues for the respective stakeholder. The primary stakeholders are:

- Employees
- Customers
- Suppliers
- Cooperative partners
- Owners
- Investors
- Society

Based on the primary stakeholders and Christian Berner's environmental, social and financial impact on the surrounding world, the company's material aspects are evaluated, which in turn form the basis for the Group's sustainability framework. This is comprised of three overall areas where the materiality aspects have been categorised under the respective area. Through this framework and the material issues, follow-up and improvement work is done on the Group's sustainability work. Through defined targets and established key figures and development of systems for spreading good examples within the Group.

Christian Berner's overall long-term objective is for sustainability to be included in the company's business targets and to permeate the entire organisation.

In the daily work, the Code is the overall steering document in the sustainability work for Christian Berner. In addition to this, there is further governance through other goals and policies, such as those in environment, work environment and quality.

The Swedish part of Christian Berner's operations and Zander & Ingeström have also integrated systematic improvement work through its management system that is certified according to ISO 9001:2015 and ISO 14001:2015. Zander & Ingeström also holds certificates according to OHSAS 18001:2015. Other operations base their governance on the same principles, but are not yet certified.



Christian Berner's role as a leading technology trading company comprises many aspects. As a strategic advisor to customers and manufacturers, the company offers technical solutions that reduce costs, save energy and reduce environmental impact.

### Financial results

Continuous development towards a stronger Christian Berner creates value for all of the company's stakeholders. In recent years, the company successfully improved its EBITA margin. Value is created for the company's shareholders through, among other things, the good development of the share price, as well as a dividend that gives a good direct return and dividend growth. The proposed dividend in 2019 comprises 37.1 per cent of the profit.

### Indirect economic impact

Christian Berner creates added value for the customers through customised solutions and delivery of complete system solutions where various products from different suppliers are combined, which leads to greater efficiency for both the company's customers and suppliers. By being a strategic partner and advisor between manufacturers and customers, and by offering technical solutions that reduce costs and environmental impact, the customers' decision-making process is structured and streamlined.

### Collaboration and society

In 2019, the Group chose to donate money to WaterAid, which is an organisation that works to improve hygiene and enable access to clean water in some of the world's most impoverished areas. The Group's subsidiary in Finland, Christian Berner OY, has collaborated with the organisation Keep the Archipelago Clean for several years. The collaboration has a business connection with a trial installation and development of filters for water treatment at the same time that it creates employee and social engagement.



### Reduced fossil combustion

Zander & Ingeström's steam and electric boilers are products in demand the world over. By converting surplus electricity to steam or heat without using oil, coal or other fossil fuels, the product contributes to a cleaner environment and becomes a wise future investment.

| AREA                      | RESULTS INDICATOR   | TARGET  | RESULT  | COMMENTS   |
|---------------------------|---|---|---|--|
| <b>Travel</b>             | Group-wide travel policy  | Reduce CO <sub>2</sub> emissions                                | A new policy has been prepared                                      | In 2019, a Group-wide travel policy was drafted and approved by the Board where the importance of being a sustainable company was emphasized. During the year, the Group procured a travel agency that is shared by all Group companies. This will facilitate the work of guiding towards more sustainable travel and measuring the emissions generated. |
| <b>Car travel</b>         | Number of company cars by fuel type   | Increase the share of mileage on environmentally friendly fuel  | 14/128 cars are electric hybrids or electric cars (last year 9/118) | A new Group-wide car policy was approved by the Board at the end of 2019. In the policy, purchases of cars run on environmentally friendly fuel are encouraged.  |
| <b>Transports</b>         | Average CO <sub>2</sub> emissions g/km driven as per WLTP                       | Reduce the average proportion of CO <sub>2</sub> emissions g/km | 126.5 g CO <sub>2</sub> /km (123 last year)                         | In the new Group-wide car policy approved by the Board, there is now a maximum ceiling of 120 g CO <sub>2</sub> / km in accordance with the NEDC framework.  |
| <b>Energy consumption</b> | Energy consumption turnover/kWh   | Efficient energy consumption                                    | 636 SEK/kWh (last year 440 SEK/kWh)                                 | Work to review our premises and choose energy-efficient alternatives has been under way in 2019.   |
| <b>Energy consumption</b> | Percentage of renewable energy % of total energy consumption                    | Increased percentage of renewable energy                        | 42 % (63 %)   | In 2019, a Group-wide procurement took place of green electricity, which means that Christian Berner now used a supplier that guarantees that we get renewable energy for our premises where we have the right of determination over the electricity supplier.   |
| <b>Waste management</b>   | Production waste. Share of spillage in returns (tonnes and % of own production) | Increase the share of material recycling                        | 4.2 tonnes 5.1% (last year 2.5 tonnes 4.4%)                         | The measured value pertains to Christian Berner measuring waste from the plastic processing done in Mölnlycke. During the year, a sustainability policy was also adopted where it states that all Group companies are to have a waste management plan where the environmental efforts are presented.   |



## Environmental technology

Christian Berner supports its customers with sustainable solutions through qualified needs analysis, consulting, service and development. Many of Christian Berner's products and services help to reduce the environmental impact of the customers, for example by reducing the amount of chemicals and shipments, as well as environmentally damaging materials. Examples of this include vibration-damping materials that improve the environment for residents and areas around rail lines and purification of emissions or water treatment without chemicals.

Christian Berner also helps customers in their choice of resource-efficient solutions and products. By setting requirements on the company's own and cooperative partners' operations, Christian Berner promotes development and innovation of environmentally safe products and technology, and can provide the customers with sustainable products and solutions.

## Climate footprint

In order to be a partner for sustainable value creation, we realise that Christian Berner must serve as a good example in terms of our own climate footprint. We therefore actively work to best minimise emissions and energy consumption internally as well.

Christian Berner works preventively to reduce the company's environmental impact in terms of business travel, transports, energy and waste and shall be based on the precautionary principle to protect people and the environment. The Swedish subsidiary, Christian Berner AB, operates activities that are subject to reporting obligations under the Swedish Environmental Code. Procedures for actions are in place in the event of environmental incidents.

An effort to be able to measure the company's footprint from travel has begun, and as a part of this work, a new, Group-wide travel policy and car policy were drafted in 2019. The table on the previous page presents the results for the targets the Group set with regard to the company's climate footprint.



The shortage of technical and engineering expertise increases competition for employees. To attract, retain and develop employees, it is of central importance for Christian Berner to be an attractive employer.

## Work environment

Christian Berner's code of conduct is a guideline for how employees must act in a professional and ethical manner in their day-to-day work. Christian Berner shall be an inclusive workplace where there is no discrimination or harassment.

In 2018, a whistle-blower function was established. The whistle-blower function received one case in 2019. The case was managed according to a set process and settled.

Otherwise, the work environment efforts are studied and followed up continuously through employee development talks, employee surveys and occupational health and safety inspections. In addition to this, there are prepared procedures for health checks. In January 2019, an employee survey in the entire Group was implemented. The results were followed up and the respective company made an action plan.

## Health and safety

Christian Berner conducts systematic work regarding the work environment and fire safety in order to identify, prevent and mitigate potential negative impact from a health and environment perspective. The main risks and the most common injuries occur in processing, production and warehousing. Processing and production are comprised of cutting and machining of engineering plastics and vibration damping materials. All employees are informed of the risks that may exist and how to avoid them.

The Group's subsidiary in Sweden, Christian Berner AB and Zander & Ingeström AB, has come the furthest in terms of the occupational health and safety and fire protection work. Staff managers at Christian Berner



### Take care of each other and your heart!

To create a safe environment for our employees and visitors, all employees in the Swedish company Christian Berner AB were offered workplace training in cardiopulmonary resuscitation, automated external defibrillators and first aid. Some 80 employees attended the training in 2019 and the initiative is continuing next year.

are responsible for ensuring the well-being of their employees and working with health and safety issues in accordance with national legislation and together with the employees or their representatives.

Accidents and incidents are always followed up.

### Training

Continuing professional development will contribute to Christian Berner's goals and strategies, both in the short term and the long term, and will help to develop the business and its employees to equip them to meet future demands and needs.

Training in the Code of Conduct and its sub-areas (anti-corruption, human rights, working conditions and the environment) has been conducted via e-learning for all employees. Work environment training for manager has begun and continues in 2020 for all employees. Sustainability is integrated as a part of other courses, such as sales courses. In order to increase internal sustainability competence, management will encourage competence-improving sustainability-related measures in the various business and product areas and during the year, a new Sustainability Policy was announced.

During the year, the subsidiaries conducted training in CPR+AED and first aid, team building and relationship building, as well as hazardous goods.

### Diversity

Christian Berner shall actively work for gender equality and diversity. The company may not engage in any form of discrimination in its activities or recruitment processes. Prohibited bases of discrimination include, but are not limited to: age, disability, sexual orientation, gender, trans-gender identity or expression, religion or other belief or ethnicity.

The gender equality work is important; efforts were begun in 2018 on systematic follow-up and preparation of results indicators to follow up on the gender distribution (see Note 7). In 2018, a salary survey was conducted that did not show signs of salary discrimination. For 2020, training efforts regarding diversity are planned and management will continue working on competence-improving measures.

| AREA                                  | RESULTS INDICATOR   | TARGET  | RESULT                 | COMMENTS   |
|---------------------------------------|---|---|------------------------|--|
| <b>Occupational health and safety</b> | Accidents/incidents   | No accidents or incidents   | 4/5                    | Accidents and incidents were reported at Christian Berner AB while the other subsidiaries had no accidents/incidents. The incidents were followed up and addressed in accordance with existing procedures to ensure that accidents and incidents are handled according to policy or procedure. |
| <b>Employees</b>                      | Employee development talks<br>Employee survey<br>Employee satisfaction  | Implemented by 100 %<br>Implemented 100 %<br>Target 85                            | 100 %<br>100 %<br>74.6 | The employee survey was sent out in week 4 of 2019. The outcome is now (74.6). The target summarises satisfaction with the work situation, colleagues, managers and skills development. In 2017, the target was 80 and the outcome for the Group was 79.3.                                     |
| <b>Code of Conduct</b>                | Percentage (%) personnel who have signed the Code of Conduct            | 100 %   | 100 %                  | 100 % of employees signed the Code of Conduct in 2019.   |
| <b>Diversity, gender equality</b>     | Percentage of women in senior positions vs percentage of women in total | Increased percentage of women in senior positions vs percentage of women in total | 18 %<br>26 %           | The percentage of women employees in 2019 was 26 % (29 %).<br>The percentage of women in senior positions in 2019 was 18% (18%).   |
| <b>Internal training</b>              | Sustainability-related courses by area, participants and scope (2019)   | Increased knowledge in sustainability   | 2                      | All employees have received training in the Code of Conduct and its sub-areas (anti-corruption, human rights, working conditions and the environment) and generally in sustainability at Kickoff 2019.   |



A credible partner

Technology trading companies such as Christian Berner have extensive business relationships with various parties globally. A systematic and effective working method is necessary to create credibility regarding sustainability issues and ensure their clarification and prioritisation in the correct way at all levels.

### Anti-corruption

Christian Berner's representatives may not offer or receive personal gifts, services, travel, entertainment or similar benefits that may be considered unreasonable or inappropriate in connection with potential business decisions or public authority decisions. Entertainment and gifts must be characterised by openness and moderation, and they must always have a natural connection with the business relationship. The Code of Conduct introduced in 2018 that is addressed to employees, suppliers and other stakeholders is an important tool here and provides a clear framework to relate to.

### Suppliers

In 2019, work was done to ensure that the Group's most important suppliers reviewed and accept the contents of the Code. During the year, all of the most important suppliers signed the Code, or in specific cases could instead refer to their own code of conduct the content of which as a minimum matched the requirements of the Code. The Code makes it possible for Christian Berner to conduct inspections at suppliers when necessary. By entering agreements or cooperation with Christian Berner, the supplier commits to implementing and monitoring compliance to every part of the Code. Suppliers are in turn responsible for subcontractors being informed of and complying with the same standards. In new agreements or cooperation, the Code will be attached and signed.

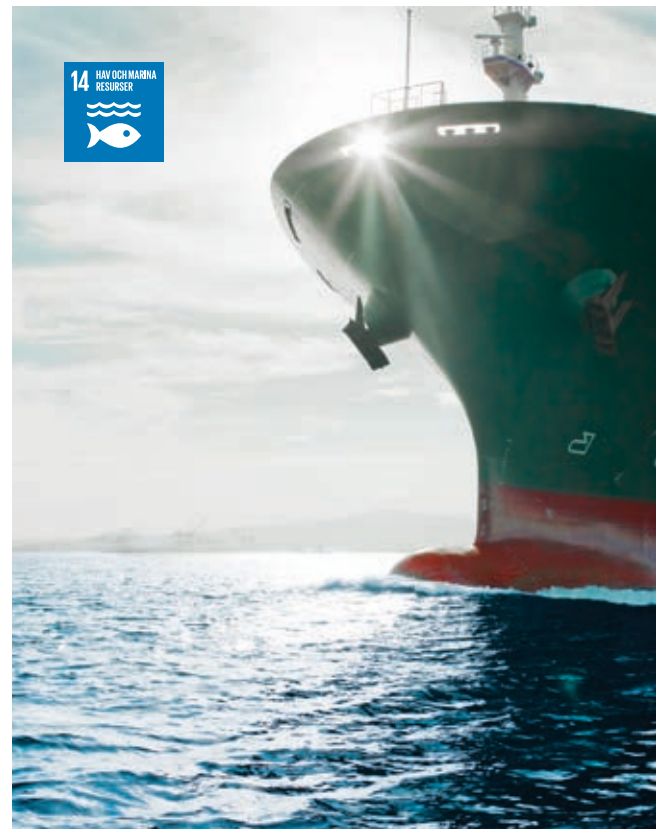
Through a structured and quality-assured effort in the supply chain, Christian Berner helps the customers manage risks linked to the suppliers. A common challenge in the supply chain is differing requirements and views of sustainability. This is an area that requires further competence development to meet customer demand. In some cases, it will require that both Christian Berner and the company's suppliers have specific sustainability competence and resources to continuously follow up on sustainability issues.

### Christian Berner as a requirement specifier

A challenge Christian Berner encounters in its role as a requirement setter is the dependence on good relationships. There, a good dialogue and continuous improvement work become crucial success factors.

Today, Christian Berner already works to supply products and solutions for increased sustainability in society. In the future, further focus is needed on the components and technologies that form the delivery to the customer being sustainable to the furthest possible extent.

In 2019, Christian Berner developed and implemented a new process for supplier evaluations where all major suppliers are continuously assessed. The assessment is supplemented with on-site visits where follow-up questions are addressed. The new supplier assessment contains a specific section linked to sustainability, which provides conditions for systematic information collection and continuous follow-up of how suppliers work with issues linked to sustainability.



### Proprietary pump solution for cleaner oceans

From 1 January 2020, higher standards are set on the world's maritime fleet to clean their flue gases from sulphur. With the help of a specially built pump from Christian Berner AS, sodium hydroxide is distributed in the flue gases that together with the sea water mean that the sulphur content is reduced to below 0.1% after the scrubber process, which by a good margin is below the new limit.

In 2018, Christian Berner began mapping what material and products consist of recycled materials, residual materials or renewable materials and the material's or product's degree of recyclability. This work continued in 2019 as well.

The work to continuously monitor technical development with regard to new materials, products and processes continues and the ambition is to in the future introduce and highlight more and more sustainable materials and products in the offer to the market.

| AREA       | RESULTS INDICATOR   | TARGET  | RESULTS  | COMMENTS  |
|------------|---|---|--|---|
| Suppliers  | Percentage of mapped purchase volume (A suppliers) regarding recycling of materials/ components                           | Increase knowledge of materials, products and suppliers   | 95% of the A suppliers mapped  | The mapping shows that it is mainly in products in the Materials Technology business area that the recycled materials are used. Some plastic qualities in the assortment consist of 100% recycled materials, including waste from the own production process.   |
| Suppliers  | Percentage of mapped purchase volume (A suppliers) regarding use of renewable materials                                   | Increase knowledge of materials, products and suppliers   | 95% of the A suppliers mapped  | The mapping shows that renewable materials are used today only to a very small extent and then within the Materials Technology business area (step noise mats that contain 10% cork). In the continuous work with our offering, possibilities to introduce new materials and products that entirely or partially consist of renewable materials will be on the agenda.  |
| Suppliers  | Percentage of mapped purchase volume (A suppliers) regarding recyclability  | Increase knowledge of materials, products and suppliers   | 95% of the A suppliers mapped  | Mapping of the largest suppliers and their respective products (A suppliers) and related products in the Materials Technology and Process & Environment business areas done. Access to data from suppliers is generally poor. In the Vibration Technology area, the estimated recyclability is 58%.   |
| Suppliers  | Percentage (%) of total purchase volume at suppliers that signed the Code of Conduct (2019)                               | 80 %  | 95 %   | In 2019, all of the largest suppliers signed the Code of Conduct or were able to refer to their own code of conduct the content of which as a minimum matched the requirements in Christian Berner's Code of Conduct.   |
| Suppliers  | a.) New supplier evaluation introduced.<br>b.) Percentage (%) of total purchase volume that assessed suppliers represent. | 80 %  | a.) New model for supplier evaluations introduced in Q3 2019<br>b.) 75.4 %   | A new evaluation model was introduced where sustainability aspects are an integrated part of the assessment. The target for 2019 was having 100% of the A and B suppliers evaluated in 2019. (100% of the A and B suppliers corresponds to around 80% of the purchase volume).  |
| Suppliers  | Number of on-site follow-ups (2020)   | 80 %  | To be implemented in 2020  | On-site follow-up of all major suppliers (A-suppliers) shall be done in 2020. (100% of the A and B suppliers corresponds to around 80% of the purchase volume).   |
| Transports | CO <sub>2</sub> emissions (2019)  | Establish emission levels for transports and based on this define targets and improvement measures. | Process for monthly collection of emissions data from transports introduced. | Transports from suppliers to customers account for a significant part of the company's CO <sub>2</sub> emissions, which is why Christian Berner has begun an effort to be able to measure the emissions for all subsidiaries in 2019. In 2019, a process for measuring emissions from transports from the central warehouse in Mölnlycke has been set up. In 2020, an action plan shall be prepared that shall work to reduce the net environmental footprint from transports that the company's operations give rise to. |

## Risk register

| RISK AREA  | DESCRIPTION OF RISK   | POTENTIAL IMPACT   | MINIMISATION OF RISK   |
|--|---|--|--|
| <b>Customers</b>   | Products or solutions from Christian Berner are used in an unethical way or contribute to a product or solution that is not sustainable.  | Deteriorated reputation and financial impact   | A close dialogue with the customer and measures that promote greater competence in sustainability.   |
| <b>Competence and diversity</b>  | Difficult to recruit new employees in markets with high competition. Recruitment and appointments without consideration of diversity.   | Missed competence and decisions made on worse grounds.   | Competence-improving measures in sustainability and specifically in diversity. Diversity is taken into account in all recruitment.   |
| <b>Compliance with legislation and sustainability requirements and standards</b> | Not having structures in place to keep abreast with the development of new laws and standards and stakeholder expectations in the area.   | Rule violations can entail legal consequences, damaged reputation and inability to fulfil agreements reached.  | Clear role distributions and areas of responsibility in sustainability. Training and inclusion of sustainability issues in the entire organisation.  |
| <b>Anti-corruption</b>   | Receiving or offering bribes, personal gifts or other benefits that can be seen as unfounded or unsuitable in relation to possible business decisions or authority decisions.   | Rule violations can entail legal consequences, damaged reputation and inability to fulfil agreements reached.  | Requiring suppliers to sign the Code of Conduct. The whistle-blower function provides better conditions for Christian Berner to discover corruption. Training and making employees aware of corruption.  |
| <b>Suppliers</b>   | Risk that suppliers and subcontractors do not respect the requirements and norms accompanying Christian Berner's Code and that they do not have sustainability competence and resources to follow up and evaluate sustainability aspects. | Christian Berner risks selling solutions or products that do not meet set customer requirements, which can affect customer relationships and financial key performance indicators. | Ensuring that suppliers understand and sign the Code of Conduct. Christian Berner may conduct inspections at suppliers when necessary. In 2019, Christian Berner intensified the work by drafting and implementing a new supplier evaluation template. |
| <b>Suppliers</b>   | New technology or research that shows that more sustainable products or solutions can be obtained from suppliers that Christian Berner does not cooperate with or that Christian Berner cannot include in its portfolio.                  | Customers choose to cooperate with other actors. Financial impact.   | Training and inclusion of sustainability issues in the sales organisation.   |

## Auditor statement on the statutory sustainability report

To the General Meeting of shareholders of Christian Berner Tech Trade AB, corp. ID no. 556026-3666

### Assignment and division of responsibilities

It is the Board of Directors that is responsible for the sustainability report for the year 2019 on pages 14-21 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

### Review's focus and scope

Our review has been conducted in accordance with FAR's recommendation RevR 12 Auditor's statement on the statutory sustainability report. This means that our review of the sustainability report has another focus and is substantially more limited in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practice in Sweden. We consider that this review provides us adequate grounds for our opinion.

### Opinions

A sustainability report has been prepared.

Gothenburg, 20 March 2020  
KPMG AB

Mathias Arvidsson  
Authorised Public Accountant



# Knowledge and quality as competitive advantages

Christian Berner markets and sells high-quality products, systems and services with a high technical content in selected areas mainly on the Nordic market. The company's main competitive advantages are knowledge of the customer's production processes, the ability to customise products and systems, and product quality, as well as technical expertise.

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## Knowledge of the customer's production processes

Christian Berner's market can be divided into products and solutions of an investment nature and products and solutions of a consumable nature. The company is active in both of these markets in a number of selected product areas with high technical content and requirements for good knowledge of the customer's processes.

## Ability to customise products and systems

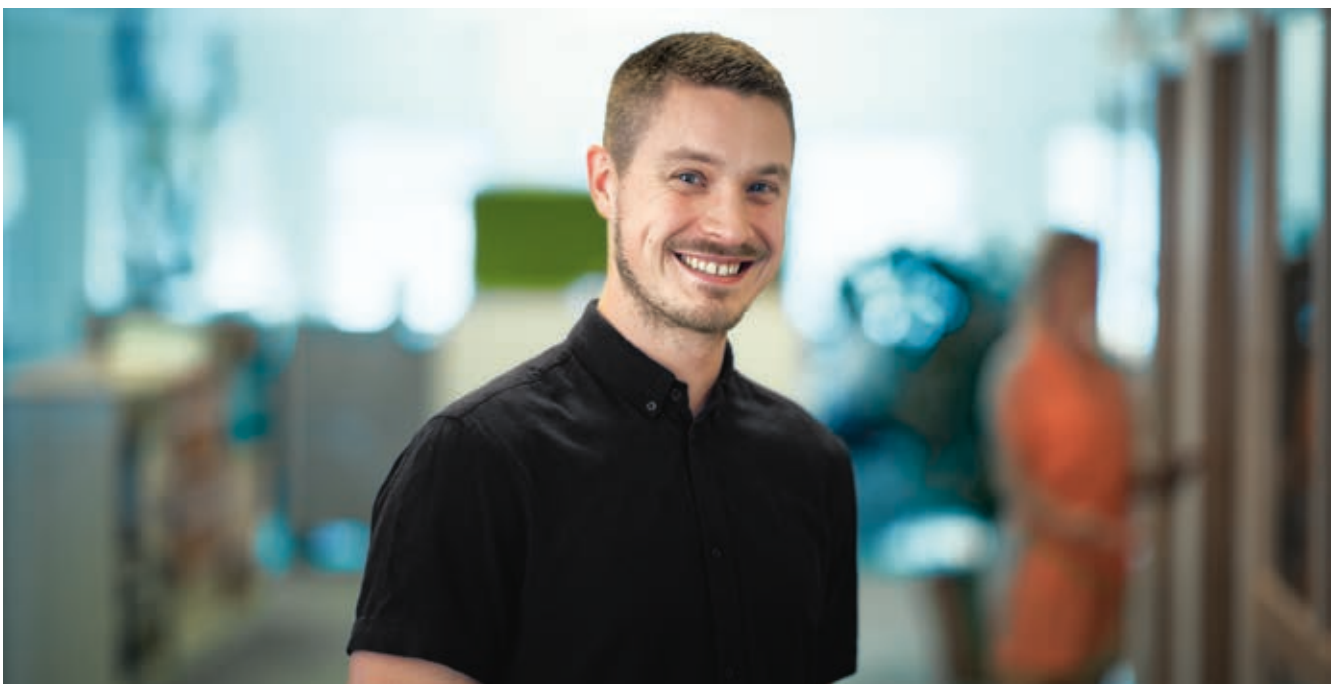
Continuous sales, aftermarket services and training have increased in recent years, and constitute an ever larger part of Christian Berner's sales. Products are still the core of the company's business, but by also adding services, such as warehousing, processing, advice, service and installation, as a part of the offering, more complex solutions adapted to the customers' needs can be created. This means that Christian Berner's

role in the value chain is growing at the same time a close cooperation with the customers, which reduces the company's exposure to competition.

## Product quality

Christian Berner has stable, long-term partnerships with some hundred suppliers which, through their own product development, provide market-leading, high-quality products with a high technical content. In addition to this, the company acquired its own products through acquisitions.

Christian Berner has thousands of customers on the Nordic market, who are active in a large number of industries, which reduces the sensitivity to the business cycle in individual industries. The company's broad customer and supplier base means that there is little dependence on individual customers and suppliers.



The foremost competitive advantage is our employees' knowledge. Sebastian Hadd is the logistics coordinator at Christian Berner AB.



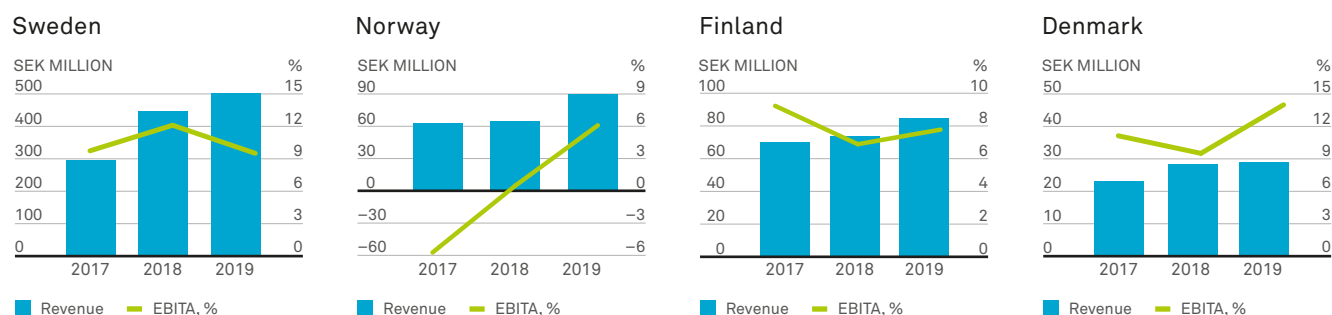
Expect more

**Technical expertise**

Christian Berner's sales organisation is decentralised and highly specialised. The Group has a total of 100 sales representatives, the majority of whom are sales engineers with technical training. The company's sales people are also specialised in various product areas and industries.

With extensive knowledge of the customers' processes and challenges, Christian Berner's sales people and technical consultants identify the best solution in each occasion and provide support through the entire process. This contributes to greater security and stronger competitiveness for the customers, which improves Christian Berner's profitability.

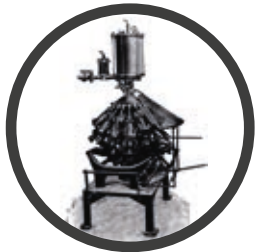
EBITA % and revenue by segment



# More than 120 years of knowledge and quality

1897

Christian Berner is founded in Gothenburg by the Norwegian Christian Berner. At first, Christian Berner imported and sold technical equipment to breweries.



1920

Christian Berner starts its own production of cork tiles in Älvängen outside of Gothenburg.



1975

A change in owners in the Group led to initiatives in the new product groups of technical plastics, pumps and instruments, which contributed to Christian Berner's current operations.



2007

Christian Berner acquires A-Filter AB Heppt Teknisk Agentur.



1910

The Norwegian subsidiary is founded.



1923

The Finnish subsidiary is founded.



1924

The Danish subsidiary is founded.



1936

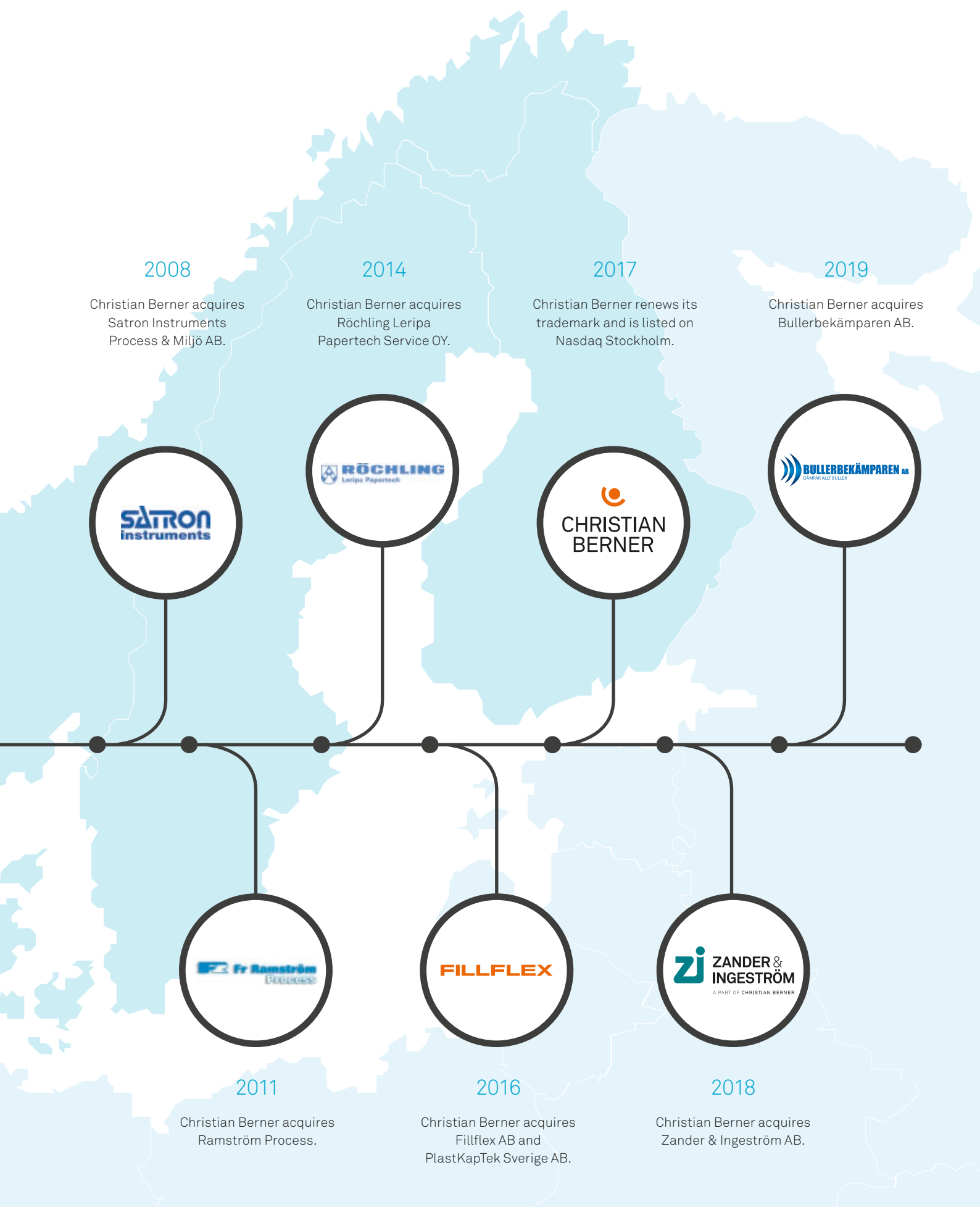
Christian Berner launches its first self-made filling machine for bottled milk.



2006

The technology trade is streamlined under the name Christian Berner Tech Trade.





2008

Christian Berner acquires Satron Instruments Process & Miljö AB.



2014

Christian Berner acquires Röchling Leripa Papertech Service OY.



2017

Christian Berner renews its trademark and is listed on Nasdaq Stockholm.



2019

Christian Berner acquires Bullerbekämparen AB.



2011

Christian Berner acquires Ramström Process.



2016

Christian Berner acquires Fillflex AB and PlastKapTek Sverige AB.



2018

Christian Berner acquires Zander & Ingeström AB.





### Good sleep at the airport hotel

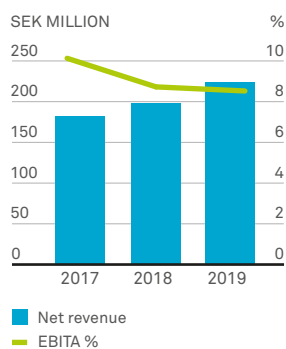
For the new Scandic hotel at Landvetter Airport outside Gothenburg, Sweden, there are high standards on vibration and noise damping. It must be possible to sleep even if air planes are taking off or new buildings are being built right next door. Both the building foundation and all bearing walls and points are therefore insulated with Sylomer®. Christian Berner delivered the materials cut to the right size on uniquely marked pallets for rapid installation by the developer Peab.

### A floating exercise hall on the roof

The newly built Arcadahallen is located at the Arabia beach outside Helsinki. Building an exercise hall on the roof of a five-storey building with student accommodations was a unique project. Akukon, which was responsible for the acoustic planning, therefore obtained the help of Christian Berner's specialists early on to find the right solution. The result was that the hall floor floats on a layer of 100 mm thick Sylomer® strips that mean that no sound or noise from the exercisers in the hall propagates to the residents below.

### Materials Technology

### Share of net revenue



31.7%



**MATERIALS TECHNOLOGY**

# Continued investment in vibration technology and noise

The Materials Technology business area focuses on the sale of technical plastics and vibration-damping and noise-reduction materials. In 2019, the initiative in vibration technology/noise continued, an area that is growing and has considerable potential, with the acquisition of Bullerbekämparen AB.

**Market and customers**

The customers in Materials Technology are primarily in infrastructure, such as rail and trams, as well as the paper, construction and mining industries. A high level of capacity utilisation in the customer segment results in higher wear and tear and increased demand for ongoing maintenance. In addition to this, the business area's development is driven by major investment decisions, where Christian Berner's materials form part of the investment, such as railway projects and construction.

**Development in 2019**

The business area had a continued high growth and improved profitability in 2019. Strong sales to several projects in Finland contributed, including a large project for Tampereen Kansis in Tampere.

**Range**

With a large range, high delivery reliability and qualified advice, Christian Berner contributes to benefiting society by reducing noise and vibrations and fewer maintenance stops. The products in the business area consist largely of wear goods and consumables, but also of products of an investment nature. The business area benefits from the fact that consumables and wear goods have higher margins than products of an investment nature.

Materials Technology is less sensitive to economic fluctuations than the Process & Environment business area. Being able to quickly and effectively provide and process products and goods is a competitive

advantage, which is why Christian Berner keeps large parts of the business area's products in stock. The products and solutions in Materials Technology are divided into two product areas: Technical Plastics and Vibration Technology.

**Technical Plastics**

Christian Berner is a complete Nordic plastics supplier and offers everything from semi-finished goods to machined parts in high-quality plastic materials and the most common engineering plastics. The company has a broad customer base, with the key industries being the paper industry and the mining industry, alongside products for materials handling systems.

**Vibration technology/noise**

In today's society, there is an increasing need to dampen vibrations and noise. Christian Berner supplies vibration-damping materials in a range of applications to several sectors, primarily construction, industry and rail transport. In addition to vibration damping, the company's products also help to reduce the costs of operation and maintenance.

**Examples of products**

- > Sub-ballast mats and under sleeper pads for vibration insulation
- > Noise barriers
- > Engineering plastics
- > Vibration damping

**Important events 2019**

- > Acquisition of Bullerbekämparen
- > CNC machine and cutting machine brought into operation
- > Establishment in the industrial segment

**Focus 2020**

- > Organic growth
- > Increase the volume and thereby the capacity utilization of the machine fleet
- > New products and solutions that supplement the value offering



## Ozone purification of the waste water provides cleaner oceans

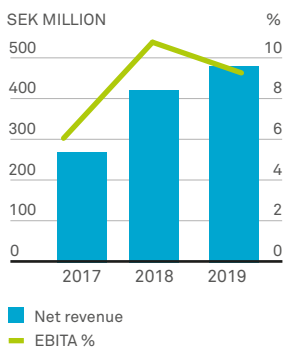
Pharmaceutical remnants in the waste water are a major problem. Christian Berner helped Simrishamn Municipality to design an ozone facility for Stengården's water treatment plant to clean the waste water before it is released into the beautiful Hanöbukten bay. The delivery also included measurement equipment that makes it possible to control the amount of ozone and to energy-optimize the entire plant. The ozone production in the facility is nearly maintenance free, which, together with it also not requiring regular cleaning or replacement of components, provides a low total cost of ownership.

## Lyckeby chose Christian Berner again

In 2019, Lyckeby Starch invested in doubling the capacity of cold-water soluble starches in the facility in Nöbbelöv. The heart in the new facility is the roller dryers and to find the right ones, Lyckeby again chose to cooperate with Christian Berner, the same company that delivered the existing roller in the 1970s. After an open dialogue, the E20/45 roller dryer from Andritz Gouda was chosen, 4.5 metre long giants that ensure an efficient and dependable production.

### Process & Environment

### Share of net revenue



68.3%

  
**PROCESS & ENVIRONMENT**

# Higher sales of proprietary products

The Process & Environment business area targets customers with a need primarily for process equipment and complete technical systems. 2019 was another strong year where Zander & Ingeström continued to deliver high earnings.

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**Market and customers**

Christian Berner's customers in Process & Environment are spread across a large number of segments, including the paper industry, the municipal sector and the process industry. Sales are made both to large investment projects and through repeat sales. An important factor for the business area's profitability and growth is the major investment decisions that Christian Berner's customers make and implement. In addition to this, sales of Zander & Ingeström's boilers are made for export outside the Nordic region.

**Development in 2019**

Process & Environment has a strong growth and unchanged profitability. Zander & Ingeström contributed a continued strong result. Norway continued to develop positively and Denmark maintained its high level of profitability.

**Range**

The sale of large and complex systems requires active sales efforts and a high level of technical expertise. Christian Berner has a technically well-educated sales force, which constitutes a clear competitive advantage. With qualified advice, Christian Berner contributes to social benefit by helping the customers obtain solutions that have the right capacity and the right operating economy. The offering in Process & Environment is comprised of four areas and Zander & Ingeström.

**Environmental & process technology**

Within environmental & process technology, Christian Berner offers individual components, whole systems and a wide range of services within

instrumentation and analysis, dosing pumps and disinfection systems. The company's solutions help to provide bacteria-free drinking water for millions of people, among other things.

**Process equipment**

To help achieve an optimal manufacturing process, Christian Berner provides products, machinery and equipment based on the needs and specifications of the customer. The areas covered are packaging and filling, fluid technology and powder and drying technology.

**Filter technology**

Christian Berner is a complete filter provider, with the market's widest range from leading manufacturers, and is able to help customers with all kinds of fluid filtration. The benefits are many, including reduced volumes of waste, lower energy consumption and little to no fluid losses.

**Gas, energy & high-pressure technology**

Christian Berner offers high-quality products manufactured by market-leading companies in high-pressure pumps for industrial high-pressure water applications. The company also supplies steam turbines, turbo compressors and aspirators, for example in order to recover steam, transport gas and create a vacuum.

**Zander & Ingeström**

Zander & Ingeström offers centrifugal and displacement pumps, water products, such as flow heaters and own electrical boilers, the Zeta boiler, that is also sold on the export market.

**Examples of products**

- > Dosing pumps
- > Disinfection systems
- > Electric boilers, steam and hot-water boilers
- > Filters for water purification
- > High-pressure pumps
- > Industrial pumps
- > UV equipment
- > Steam turbines

**Important events 2019**

- > Greater sales of the proprietary products Zeta boilers and Fillflex machines
- > More system sales
- > Turnaround of earnings in Norway

**Focus 2020**

- > Organic growth
- > Acquisitions
- > More system sales

# The share

The Christian Berner share had a positive development during the year. The Board of Directors' dividend proposal is in the upper part of the company's goal.

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In 2019, the Christian Berner share increased by 55 per cent, which can be compared with the Stockholm Stock Exchange as a whole in the form of the OMX Stockholm Benchmark PI which rose 26 per cent.

In 2019, 4.4 million shares were traded at a total value of more than SEK 115 million. This is equivalent to a turnover rate of 26 per cent. On average, there were 52 trades in Christian Berner's share on each trading day of the year.

Since the listing in 2014, the Christian Berner share had a total return of 227 per cent (price trend + reinvested dividend). In the same period, the comparative index, which includes dividends, OMX Stockholm Benchmark GI provided a total return of 79 per cent.

## Ownership structure

Christian Berner has a total of 1,910 (1,492) shareholders. Gårdaverken AB was the largest single owner in Christian Berner at year-end and held 23.7 per cent of the capital and 52.3 per cent of the votes in Christian Berner.

## Share buyback and dividend

The 2019 AGM gave the Board a mandate to both acquire and transfer own shares. During the year, no transactions took place and the company's holdings of treasury shares are still 72,357 shares.

The Board's proposed dividend is SEK 0.75 per share, which corresponds to 36 per cent of the company's profit after tax. The objective is for the dividend ratio to be 30–50 per cent.

## Christian Berner as an investment

### Profitable growth

In the past five years, Christian Berner has grown both organically and through acquisitions and had an average growth of 13.2 per cent, which is better than the company's financial targets of at least 10 per cent. At the same time that the company has grown, profitability has been strengthened.

### Strong market positions

Christian Berner has a strong position on the market. High technical expertise and focus on quality provide long collaboration with both suppliers and customers in several different industries. The company delivers both process machines of an investment nature and wear parts of a consumable nature, which provides a good risk diversification.

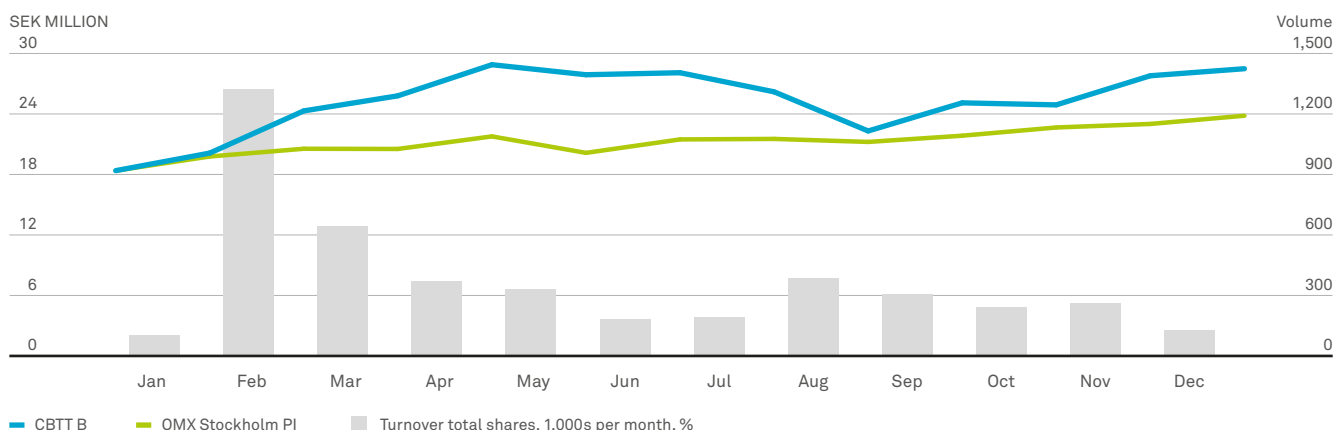
### Good returns

Christian Berner has a high return on both equity and capital employed. This makes it possible to both provide a good dividend to the shareholders and to invest in growth.

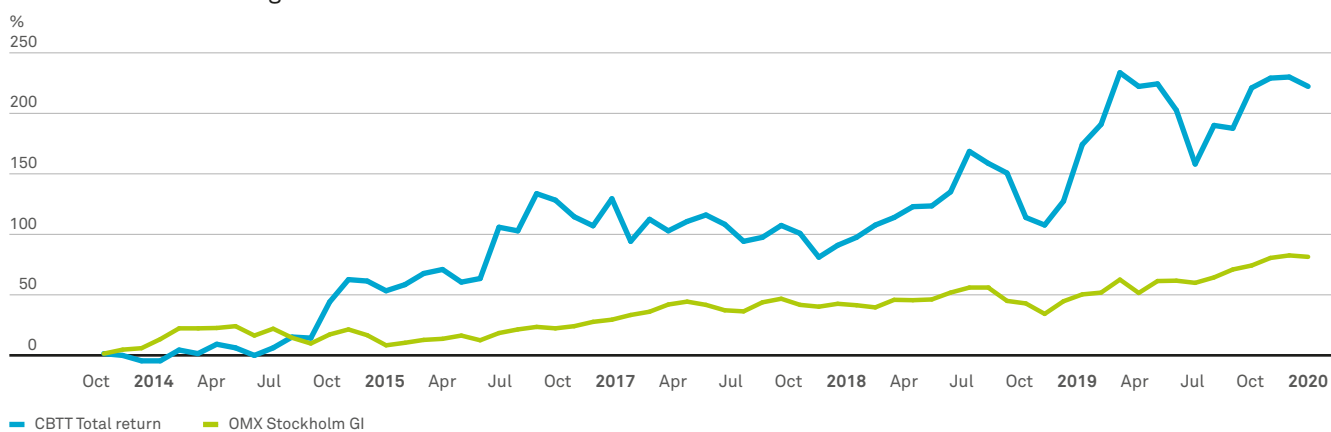
### Favourable trends

Several trends speak for the company's offering. Today, customers request suppliers that can be a partner and assist with products and knowledge in finished solutions. In addition, the demand for the company's products is benefited by the strong environmental trend.

## Price trend in 2019



## Total return since listing



## Shareholder list

| Name                                    | Class A shares   | Class B shares    | Shares            | % of capital   | Votes             | % of votes     |
|---|------------------|-------------------|-------------------|----------------|-------------------|----------------|
| Gårdaverken AB                          | 1,250,000        | 3,192,083         | 4,442,083         | 23.7 %         | 15,692,083        | 52.3 %         |
| Ernström Kapital AB                     |                  | 1,932,323         | 1,932,323         | 10.3 %         | 1,932,323         | 6.4 %          |
| Berner, Ksenia                          |                  | 1,703,268         | 1,703,268         | 9.1 %          | 1,703,268         | 5.7 %          |
| Berner, Isolde Stensdotter              |                  | 1,630,572         | 1,630,572         | 8.7 %          | 1,630,572         | 5.4 %          |
| Lannebo Nanocap                         |                  | 1,552,751         | 1,552,751         | 8.3 %          | 1,552,751         | 5.2 %          |
| Berner, Ruby Stensdotter                |                  | 1,558,336         | 1,558,336         | 8.3 %          | 1,558,336         | 5.2 %          |
| SEB Nanocap                             |                  | 1,100,000         | 1,100,000         | 5.9 %          | 1,100,000         | 3.7 %          |
| Second Swedish National Pension Fund    |                  | 850,000           | 850,000           | 4.5 %          | 850,000           | 2.8 %          |
| Anen Invest AB                          |                  | 187,831           | 187,831           | 1.0 %          | 187,831           | 0.6 %          |
| Sentinam Invest AB                      |                  | 187,830           | 187,830           | 1.0 %          | 187,830           | 0.6 %          |
| Söderqvist, Bo                          |                  | 220,000           | 220,000           | 1.2 %          | 220,000           | 0.7 %          |
| BNP Paribas sec serv Luxembourg, W8imy  |                  | 186,811           | 186,811           | 1.0 %          | 186,811           | 0.6 %          |
| Alcur Select                            |                  | 241,427           | 241,427           | 1.3 %          | 241,427           | 0.8 %          |
| Berner Wolf, Nicolas                    |                  | 170,050           | 170,050           | 0.9 %          | 170,050           | 0.6 %          |
| Försäkringsaktiebolaget, Avanza Pension |                  | 135,274           | 135,274           | 0.7 %          | 135,274           | 0.5 %          |
| Nordnet Pensionsförsäkring AB           |                  | 120,873           | 120,873           | 0.6 %          | 120,873           | 0.4 %          |
| Antap Capital                           |                  | 97,777            | 97,777            | 0.5 %          | 97,777            | 0.3 %          |
| Handelsbanken Sverige Index             |                  | 91,460            | 91,460            | 0.5 %          | 91,460            | 0.3 %          |
| Swedbank Försäkring AB                  |                  | 87,242            | 87,242            | 0.5 %          | 87,242            | 0.3 %          |
| Lachenardiére, Rachel                   |                  | 72,696            | 72,696            | 0.4 %          | 72,696            | 0.2 %          |
| Christian Berner Tech Trade AB          |                  | 72,357            | 72,357            | 0.4 %          | 72,357            | 0.2 %          |
| Aktören AB                              |                  | 44,449            | 44,449            | 0.2 %          | 44,449            | 0.1 %          |
| Finspong Invest AB                      |                  | 62,581            | 62,581            | 0.3 %          | 62,581            | 0.2 %          |
| Others                                  |                  | 2,011,407         | 2,011,407         | 10.7 %         | 2,011,407         | 6.7 %          |
| <b>Total</b>                            | <b>1,250,000</b> | <b>17,509,398</b> | <b>18,759,398</b> | <b>100.0 %</b> | <b>30,009,398</b> | <b>100.0 %</b> |



# The courage to continue developing to increase the value

“No, I am not certain that we are doing the right thing. However, I am entirely certain that if we continue like now, we will be doing the wrong thing.” InterIkea’s President Torbjörn Lööf answers the question: “Are you sure you are doing the right thing?”.

The sympathetic and inspiring CEO had just presented an account of the transition of the gigantic company. The transition from analogue to digital.

The audience at the audit firm PWC’s annual conference received an account of how the furniture giant is entirely changing its business model. Away from the traditional stores to the Internet. This is courageous as the answers are not given. Despite greater assets than a few average sized nations, the company chooses to not get comfortable and rest on its laurels. They can surely survive many pleasant years with the help of their cash holdings, but if they are to survive in the long term, they have to try new ways. Try new uncertain paths.

This is true of all companies. Even small-cap companies like Christian Berner with resources and opportunities that do not even match a piece of a fraction of InterIkea’s.

We must constantly change, develop and challenge old truths. If we do not do so, we will be gone in a not-too-distant future. Every age, generation, cycle, paradigm requires its testing, change and development.

It is difficult to not make the adjustment when there is a crisis – the arguments are then simple and visible. What is complicated is doing this when the sun is shining and the figures shine brightly. Torbjörn Lööf can handle this. Not everyone can.

We at Christian Berner are doing our experiments. We are acquiring. Adding new operations, products and competent employees to our corporate group. We close parts, structures and products that do not work and find their market with us.

In the past year, we are happy that Bullerbekämparna became a part of the company, we got started with e-commerce and we modernised Zander & Ingeström’s trademark. We succeeded in improving earnings for a new record profit in the company’s 121-year history, we decided to gather all operations in the Stockholm area in one single large property and many other initiatives. We increased and have the absolute ambition to continue building value for owners, customers and partners.

Is the rate of change enough?

Don’t know. However, I am certain that it is not going too fast. It is now in the success that we have the possibility of investing and developing even more and faster.

I am often accused of being impatient. It may be true, but the force of change in our surrounding world to more sustainable, climate-smart and digital solutions is growing radically. And we should be happy about this. The planet is also for our children, grandchildren and future generations.

So I will be even more impatient and one day perhaps as brave as the CEO of InterIkea and redo the entire business model.

“Tear down the church and build a new one,” as my friend Pastor Olle Carlsson says.

All changes comes from the outside, so if we listen to our surroundings and increase the rate of change and invest in the future, I do not see the need for this in the foreseeable future, however. Growth-driven technology trading with sustainable ambitions is a viable business concept. This is easy to confirm when we look at our earnings and our colleagues in 2019.

The day that this is not the case and we cannot keep the pace in the transition of the existing business model, the course of events will be more dramatic and painful. The only way to avoid such a scenario is to increase the pace now. Which we are doing.

We open our channels and senses and let the surrounding world continue to have the courage to develop Christian Berner together with competent employees and long-term partners. Follow the progress!



*“Every age, generation, cycle, paradigm requires its testing, change and development.”*

Joachim Berner  
Chairman of the Board

# Corporate Governance Report 2019

Corporate governance means that the Board uses processes and steering documents to both support and check that Christian Berner Tech Trade AB is run as sustainably, responsibly and efficiently as possible, and that the governance becomes a tool in the development of the Group.

Through clearly set structures and regulations, we ensure that our guidelines on how we conduct business are well-defined. When the corporate governance is clear, the employees' focus can be freed up to continuously develop and improve our business towards set goals.

## Shareholders

Christian Berner Tech Trade AB (publ) is a Swedish public limited company listed on Nasdaq Stockholm since 31 March 2017 as a part of the Small Cap segment. The company follows the Code at Nasdaq Stockholm and applies Nasdaq Stockholm's regulations for issuers and has no deviation to report. The code applies to all Swedish companies whose shares are listed on a regulated market in Sweden.

## Share capital

It has total share capital of SEK 0.63 million distributed across a total of 18,759,398 shares, divided into 1,250,000 class A shares and 17,509,398 class B shares, all of which have a par value of SEK 0.03. All class A shares entitle the holder to ten (10) votes at the General Meeting and all class B shares entitle the holder to one (1) vote at the General Meeting.

The number of shareholders at 31 December 2019 was 1,889 (1,491). The ten largest shareholders (including Christian Berner Tech Trade's treasury shares) had a total shareholding of 80.9 (84.0) per cent of the total shares and 88.1 (89.5) per cent of the votes. See the table of the 10 largest shareholders on page 31.

## Nomination Committee

The task of Christian Berner's Nomination Committee is to prepare proposals ahead of the upcoming Annual General Meeting with regard to the chair of the meeting, the Board fees, auditors' fees, Board of Directors, Chairman of the Board, auditors and Nomination Committee. The Nomination Committee shall consist of three members appointed one each by the three largest shareholders in terms of votes at the time of the Annual General Meeting. If a shareholder declines to appoint a member, the right to appoint the member shall pass to the next-largest shareholder in terms of votes. If the member's association to the shareholder which nominated the member ceases, or if the member for any other reason leaves the Nomination Committee, the shareholder that nominated the member has the right to replace this member on the Nomination Committee. If a shareholder who has appointed a member to the Nomination Committee disposes of a significant portion of its shares in the company before the work of the Nomination Committee is concluded, the member appointed by this shareholder shall, if the Nomination Committee so decides, step down and be replaced by a new member appointed by the largest shareholder in terms of votes who is not already represented on the Nomination Committee. The Nomination Committee appoints a chair from among its members, who must not be the Chairman of the Board. The Nomination Committee ahead of the 2020 Annual General Meeting consists of Charlotte Hybinette (chair), Joachim Berner and Johan Lannebo.

## Nomination Committee's work

The members confirmed that there are no conflicts of interest that affect their assignment. During the autumn of 2019, the Nomination Committee interviewed all Board members, employee representatives, the CEO and CFO, which provided the possibility of obtaining information about



## External steering documents

Among the external steering instruments that make up the framework for corporate governance in Christian Berner Tech Trade AB are the following:

- Swedish Companies Act
- Swedish Annual Accounts Act
- Nasdaq Stockholm rulebook
- Swedish Corporate Governance Code
- Applicable EU regulations

## Internal steering documents

The binding internal steering instruments include:

- Articles of Association
- Formal work plan of the Board of Directors
- Instructions for the Audit Committee, the CEO and financial reporting to the Board
- Values

- Code of Conduct
- Finance policy
- Communication policy
- Other steering documents, policy documents, guidelines and instructions
- ISO 9001 and ISO 14001

In addition to these, there are processes for risk management, internal control and sustainability.

the work in the Board, the Audit Committee, and the company's finance function. The Nomination Committee thereby received documentation to assess if the Board's composition is satisfactory and the need for competence and experience in the Board. The shareholders had the opportunity to submit proposals and opinions to the Nomination Committee prior to the 2019 Annual General Meeting. No remuneration has been paid by Christian Berner Tech Trade AB to the members of the Nomination Committee for their work. The Nomination Committee's proposals for the 2020 Annual General Meeting are presented by the convening notice for the AGM and on the company's website, christianberner.com.

### General Meeting

According to the Swedish Companies Act (2005:551), the General Meeting is the highest decision-making body of the company. The Annual General Meeting must be held within six months of the end of the financial year. The Annual General Meeting of Christian Berner Tech Trade AB usually takes place in April in Mölnlycke. At the Annual General Meeting, the shareholders exercise their right to vote on key issues, such as the adoption of the income statement and balance sheet, the appropriation of the company's profit or loss, the approval of discharge from liability for the members of the Board of Directors and the CEO, the election of members of the Board of Directors and auditors, as well as the remuneration of the Board of Directors and auditors. In addition to the Annual General Meeting, Extraordinary General Meetings may be convened. According to the Articles of Association, a convening notice for an Extraordinary General Meeting must be sent. According to the Articles of Association, notice of General Meetings shall be given through an announcement in "Post- och Inrikes Tidningar" (the Swedish Official Gazette) and by publishing the notice on the company's website. At the same time as giving notice, the company shall announce in "Göteborgs-Posten" and "Dagens Industri" that notice has been given. At the Annual General Meeting of 24 April 2019, resolutions were made on the usual matters, including the appropriation of the company's profit, determination of the fees to be paid to the Board of Directors and the auditors, the number of Board members, the election of the Board of Directors, Chairman of the Board and auditors, as well as principles for the composition of the Nomination Committee. Minutes from the Annual General Meeting are available on Christian Berner Tech Trade's website christianberner.com. The 2019 Annual General Meeting will be held on 22 April 2020 in Mölnlycke.

### Right to participate in the General Meeting

Shareholders who wish to participate in the discussions at the General Meeting must be entered in the share register maintained by Euroclear Sweden five weekdays before the meeting and must also register with the company their intention to participate in the General Meeting no later than the date indicated in the notice convening the meeting. This date cannot be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and must be no earlier than the fifth weekday before the General Meeting. Shareholders can attend general meetings in person or be represented by a proxy and may also be assisted by a maximum of two people. It is usually possible for shareholders to register for the General Meeting in a number of ways, as specified in the notice convening the meeting. Shareholders are entitled to vote on behalf of all the shares held by the shareholder.

### Auditors

In order to examine the company's annual report and accounts as well as the management of the Board of Directors and the Chief Executive Officer, a registered accounting firm is appointed as the auditor at the Annual General Meeting. At the 2019 Annual General Meeting, the registered accounting firm KPMG AB (Norra Hamngatan 22, 404 39 Gothenburg) was elected

as the auditor until the next Annual General Meeting. Authorised Public Accountant Mathias Arvidsson is the auditor in charge. The auditors have participated in the Board meeting to present KPMG's audit process and to give the Board members an opportunity to ask questions without the presence of management. The auditors also participated in the Audit Committee meetings. The auditors' fees are as stated in Note 8 for the Group.

### Board of Directors

The Board of Directors is the highest decision-making body of the company after the Annual General Meeting. According to the Swedish Companies Act, the Board is responsible for the company's management and organisation.

The Board members are usually elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the company's Articles of Association, the Board of Directors must consist of at least three members and at most seven members and no deputies.

The company's Board of Directors currently comprises six ordinary members and two employee representatives as well as two deputy employee representatives. The Board of Directors consists of three women and three men. The company's Chief Executive Officer is not a member of the Board of Directors.

The Chairman of the Board is elected by the Annual General Meeting and has specific responsibility for the management of the work of the Board of Directors and for the work of the Board of Directors being well organised and carried out in an effective manner. The Board of Directors follows written rules of procedure, which are revised annually and adopted at the constituent Board meeting each year. The rules of procedure govern, among other things, the Board's work and functions and the division of work between the Board members and the Chief Executive Officer.

All Board members, with the exception of the Chairman of the Board Joachim Berner, are also independent in relation to the company's major shareholders.

### Board work

At the constituent Board meeting, the Board of Directors also adopts instructions for the Chief Executive Officer, including financial reporting. According to the rules of procedure currently in force, after the constituent meeting following the Annual General Meeting, the Board of Directors must meet on at least four scheduled occasions during the financial year. In addition to these Board meetings, further Board meetings may be convened to discuss issues that cannot be deferred to an ordinary Board meeting.

The overall task of the Board of Directors is to set the company's overall goals and strategy. The issues for the Board of Directors' work primarily concerns strategy work, follow-up and control of the company's operations and risks, value creation and control of the company's compliance with external and internal rules. The Board of Directors' follow-up of the company's compliance with internal and external rules is based partly on the reported results of the company's self-assessment process and partly on the risk-based mapping the company does annually. During the year, the Board of Directors held ten Board meetings. All members except the following three participated in all ten meetings.

### Member

|                  |       |
|------------------|-------|
| Kerstin Gillsbro | 9(10) |
| Bertil Persson   | 9(10) |
| Stina Wollenius  | 9(10) |

### Evaluation of the Board of Directors

The Board of Directors is evaluated every year with the aim of both developing the Board work and creating a basis for the Nomination Committee's evaluation of the Board's composition. The evaluation of the Board was

done in 2019 through interviews of each individual Board member, and a survey that was done in January 2020. From the Board's evaluation, it was apparent that the Board work went well and that opinions from earlier evaluations were taken into account. The evaluation also showed that the Board's collective expertise and experience are well balanced.

### Board fees

The Nomination Committee presents proposals for resolutions at the General Meeting concerning Board fees. Board fees are not paid for positions on the boards of subsidiaries. Board members who are employed within the Group do not receive any separate remuneration for Board work. At the 2019 Annual General Meeting, it was resolved, according to the Nomination Committee's proposal, that a fee of SEK 400,000 would be paid to the Chairman of the Board for the coming year and a fee of SEK 180,000 per Board member would be paid to other Board members who are not employed in the Group. Remuneration will be paid for the work of Board members on the Audit Committee established by the Board of Directors in the amount of SEK 100,000 for the Chairman of the Audit Committee and SEK 50,000 for the other two members of the Audit Committee. Information on the Board fees for 2019 is in 2017 in Note 7 for the Group. The Nomination Committee's proposal on remuneration prior to the 2020 Annual General Meeting are presented by the convening notice for the Annual General Meeting.

### Audit Committee

The company has an Audit Committee consisting of three members: Joachim Berner, Bertil Persson and committee chair Lars Gatenbeck. The Audit Committee must, without this affecting the general responsibilities and duties of the Board of Directors, among other things, monitor the company's financial reporting, monitor the effectiveness of the company's internal controls, self-assessment process and risk management, keep itself informed about the auditing of the annual accounts and consolidated financial statements, review and monitor the impartiality and independence of the auditor and in doing so pay particular attention to whether the auditor provides the company with services other than auditing services, and support the Nomination Committee in preparing proposals for the Annual General Meeting's election of auditors. According to the whistle-blower policy, the Audit Committee's chairperson also handles reported cases of corruption, bribery or other violations from of the company's Code of Conduct. All members of the Audit Committee are independent in relation to the company and the company's management. Bertil Persson and Lars Gatenbeck are also independent in relation to the company's major shareholders. During the year the committee held three meetings with 100 per cent attendance. During the year, the Audit Committee was also active in the work to procure audit services, where ultimately KPMG AB with the Authorised Public Accountant Mathias Arvidsson were chosen by the AGM in April.

### Remuneration Committee

The Board of Directors of Christian Berner has decided not to establish a separate remuneration committee. The Board of Directors as a whole deals with issues such as those concerning principles for remuneration and other terms of employment for the company's Chief Executive Officer and senior executives. The Board of Directors must also monitor and evaluate the application of guidelines for the remuneration of senior executives that by law are to be decided by the Annual General Meeting. In 2019, the Board of Directors approved exceptions from the current decision on the CEO's and senior executives' pension premium for four executives. This is to follow employment agreements entered into and collective agreement provisions. Included in this decision, the Board in its evaluation found that total remuneration levels in the company are suitable.

### CEO and management group

The Chief Executive Officer for the Group is Bo Söderqvist. The Chief Executive Officer reports to the Board of Directors and is responsible for the company's routine administration and day-to-day operations. The division of work between the Board of Directors and the Chief Executive Officer is specified in the rules of procedure for the Board of Directors and the instructions for the Chief Executive Officer. The Chief Executive Officer may make the decisions required for the development of the business, within the parameters of the Swedish Companies Act and the business plan, budget and instructions for the Chief Executive Officer stipulated by the Board of Directors, as well as other guidelines and instructions which the Board of Directors may issue. The Chief Executive Officer must take the necessary steps to ensure that the company's accounts are fully compliant with the law and that asset management is conducted in a satisfactory manner. The Board of Christian Berner Tech Trade AB has drawn up instructions for the Chief Executive Officer, which must be adopted annually at the Board meeting immediately following each Annual General Meeting. According to the instructions for financial reporting, the Chief Executive Officer is ultimately responsible for financial reporting at the company and must consequently ensure that the Board of Directors receives adequate information in order to enable the Board to continuously monitor the company's financial position. The Chief Executive Officer must keep the Board of Directors continuously informed about the development of the company's operations, the net revenue trend, the company's profit and financial position, liquidity and credit position, important business events and any other event, circumstance or situation that may be deemed of significance to the company's shareholders. Together with CEO Bo Söderqvist, Christian Berner Tech Trade's Group management is comprised of the CFO, the President of Christian Berner AB, the President of Zander & Ingeström AB, the President of A/S Christian Berner, the President of Christian Berner OY, the President of Christian Berner AS, the Director of Marketing and the CIO. The Group management meets regularly and addresses issues that, among other matters, concern corporate governance, reporting and strategy. In addition, Group management assists the CEO in carrying out decisions by the Board of Directors.

### Group-wide areas of responsibility

The Group is responsible for and operates a number of areas that assist the Group and the country segments with Group-wide expertise and tasks. As help, they have a number of employees in the parent company, as well as borrowed help from the Group's subsidiaries and external consultants.

The Group works with internal control, where a dedicated controller works with the Group's internal control and reports to the Group's CFO, who reports to the Audit Committee. Within the area, work is being done to develop, improve and secure internal control with regard to financial reporting in the Group.

In the sustainability work, work is done in every Group company, but the coordination is done by the Group headed by the CFO. The area of risk management, where risks are evaluated, identified and priorities are consolidated, is a part of the CFO's responsibility and is coordinated by controllers at the Group level.

### Diversity

Christian Berner shall actively work for gender equality and diversity. The company may not engage in any form of discrimination in its activities or recruitment processes. Prohibited bases of discrimination include, but are not limited to: age, disability, sexual orientation, gender, transgender identity or expression, religion or other belief or ethnicity.

# Internal control at Christian Berner

The Board of Directors has ultimate responsibility for internal control and governance in relation to financial reporting. The Board of Directors annually adopts specific documents that guide and support the management and other employees in their work to ensure that reporting is complete and accurate and gives a true and fair view. The Board of Directors and the management also define decision-making paths, responsibility paths and powers. These documents mainly comprise the Board of Directors' rules of procedure, the Chief Executive Officer's instructions and the finance policy, authorisation policy and finance handbook.

Christian Berner Tech Trade has an extensively decentralised responsibility for driving and implementing the strategy. Operating activities are conducted in independent operating units where the responsibility for profit/loss, the balance sheet and cash flow also rests. Managers of the operating units and their employees make the business decisions, ensure they are handled correctly and make sure the risk taking is balanced. As support, the respective companies regularly follow up the outcome of their business units' operations, as Group management does for the respective company in established Business Review Meetings (BRM).

## Control activities

To limit identified risks to each process, a self-evaluation of defined controls shall be done annually and reported to the Audit Committee and the Board. The CFO is responsible for this self-evaluation process.

The Group has a self-evaluation programme that the subsidiaries shall follow; see table below.

An assessment of the level of internal control and the effectiveness of the controls must be performed annually and driven by the companies' finance manager. The Group's CFO is responsible for presenting the results to the Audit Committee and the Board of Directors. Christian Berner Tech Trade has Group-wide monitoring, where subsidiaries and functions must monitor the effectiveness of the controls and report back to the Group controller. (Policy for internal governance and control)

Some key performance indicators are followed up monthly against the budget/forecast in the form of a documented account closing meeting between the Group companies' financial managers and Group controllers where the income statement and balance sheet are the most important.

## 2019 improvements

During the year, several initiatives continued to increase internal control. The Group identified three main processes (Sales, Supply chain and Orders) and, during the year, worked on seeing how joint improvements and harmonisation can be done over the Group's companies. By coordinating development activities and harmonising the Group's processes, internal control is facilitated. During the year, a new function was also established – Operational Development & IT. The task of the function is to support the Group and the Group's companies to more efficient and better operating activities.

In the autumn, the Group conducted a project to coordinate Group-wide support functions in one company, Christian Berner Business Services AB. The company is active as of 1 January 2020 and consists of the functions Marketing, Finance and Operational Development & IT. This change means that Christian Berner AB, which previously housed the largest parts of these functions, can now fully focus on business activities, at the same time that an overall support for all of the Group's current companies is clarified and enabled. It also provides a clearer and greater possibility to support newly acquired companies.

In September 2019, Bullerbekämparen was acquired, where local finance was supported in implementing the Group's guidelines for financial reporting and requirements on internal control. A new Board was established that worked with processes and tools to follow policies and procedures for financial and operational reporting and governance.

The Group's management group continued the work of deepening and improving risk management. After having revised and identified risk areas, respective management group members received responsibility to

## Yearly cycle for internal control

| Time         | Responsible                     | Task   |
|--------------|---------------------------------|--|
| Jan-Feb      | Group Controller                | <ul style="list-style-type: none"> <li>Reviews and updates controls, policies and processes</li> <li>Updates the self-evaluation files</li> <li>Prepares instructions for financial managers on the year's controls and self-evaluations.</li> </ul> |
| February     | Group management team           | <ul style="list-style-type: none"> <li>Risk workshop</li> </ul>  |
| Feb-May      | Group management team           | <ul style="list-style-type: none"> <li>Risk analysis/evaluation and update of the risk map.</li> </ul>   |
| Mar-Oct      | Process owner                   | <ul style="list-style-type: none"> <li>Reviews and updates his/her processes</li> </ul>  |
| May-Oct      | Process owner/financial manager | <ul style="list-style-type: none"> <li>Implements self-evaluation. (The financial manager leads and runs the work.)</li> </ul>   |
| November     | Financial managers              | <ul style="list-style-type: none"> <li>Compiles the company's self-evaluation and reports to the Group controller</li> </ul>   |
| December     | Group controller                | <ul style="list-style-type: none"> <li>Compiles the companies' self-evaluations and reports to the CFO</li> </ul>  |
| December     | CFO                             | <ul style="list-style-type: none"> <li>Reports risk and self-evaluation to the Group Board and the Audit Committee.</li> </ul>   |
| Continuously | Board of Directors              | <ul style="list-style-type: none"> <li>Reviews and approves overall Group-wide policies</li> </ul>   |
| Continuously | Group management team           | <ul style="list-style-type: none"> <li>Reviews and approves Group-wide policies</li> </ul>   |



lead the work to drive mitigating Group-wide activities in their own areas and reporting back to Group management.

2019 is the fourth year the Group has worked with self-evaluation of internal control and focus during the year was on connecting the self-evaluation work to the steering documents. The background is that there is a delegated responsibility to the subsidiaries to show how they follow Group-wide policies, and work is being done to capture this in the self-evaluation work. The evaluation was developed during the year and new control points were identified and tested. During the year, all subsidiaries were visited by the Group controller to follow up and evaluate the self-evaluations.

The 2019 AGM elected KPMG as the new auditor, which has entailed some beneficial work to conduct an audit with an auditor that does not know the business from before. The audit has provided some new insights and strengths and areas that have further improvement potential.

We are continuing to develop the Group at a high pace and to maintain the same pace in our development of corporate governance. We are confidently looking forward to the work of 2020 and the development steps that await.

### Planning for 2020

Continued development of Group-wide processes and developed, local and relevant control points in the self-evaluation.

Develop and establish Christian Berner Business Services as the Group's centre for Group-wide functions.

Development of the Group's sustainability work and framework for the sustainability work.

### Risks and risk management

Conducting business involves taking risks. Good risk management provides opportunities for a better business while risks that are not properly managed can be costly to the business.

### Risk assessment

There is an established policy for risk management, "Policy for internal governance and control", which the company follows in its work. Within the scope of Christian Berner Tech Trade AB's risk management process, a number of risk areas have been identified. These are analysed and evaluated regularly by Group management. The company's CFO leads this work together with the company's controller. Significant risks and uncertainties are presented (below) together with the steps that can be taken to handle the risk.

### Risk spread

Christian Berner Tech Trade's earnings, financial position and strategic position are affected by both internal factors, which the Group itself has control over, and external factors where the possibility of influence is more limited.

The Group works to identify, evaluate, manage and follow up risks that affect the business. The objective is for the Group's goals to be achieved through deliberate and well-considered risk taking that follows the

guidelines the Group has set. Christian Berner has activities directed at customers in many different market segments and niches within, above all, the Nordic countries.

The wide-spread customer stock provides less exposure to risks of a decline in a specific industry, as there are several legs to stand on. A part of the Group's business is based to a greater degree on sales in connection with large investments and projects, while other parts have a more on-going nature. In an economic decline, the investment willingness decreases while the on-going business is less affected. Christian Berner has actively increased the share of sales of on-going products and services to reduce the risks of exposure to an investment-intensive business. We work with around 150 suppliers from around the world, with the majority in Europe. The Group always wants to work closely with selected suppliers and build up a relationship where we create value together. If a supplier for some reason is not of current interest to continue cooperation with, the Group has the possibility to find a new supplier for similar solutions and to maintain the customer relationship.

### Sustainability risks

Christian Berner acts responsibly and active sustainability work is therefore important for the company. Christian Berner takes a holistic view, centred on good business ethics, the environment, human rights and the company's future. Christian Berner complies with the international conventions UN Global Compact, ILO and the OECD guidelines for multinational enterprises. The business comprises trading, distribution and a limited amount of processing. The Group's impact on the environment is limited and relates primarily to the transport of goods, business travel and waste management. None of the Group's companies are involved in any environmental disputes.

### Crisis management

The Group's crisis management is decentralised, which means that insofar as possible, events should be solved locally, close to the origin of the event. If crises arise that can conceivably affect the Group, the CEO should be contacted immediately for a dialogue on the handling of resolution activities and how information should be formulated and coordinated. If the CEO cannot be reached, the CFO should be informed.

### External factors and macro trends

The Board confirmed that a higher share of product development and productivity increase takes place in Asia, where the Group has not historically had a major presence. The company will actively work to monitor the Asian market to a greater extent to make sure not to fall behind competitors. An important decision is also that Christian Berner Group shall not exclusively be run as a holding company with completely independent and solitary profit driven companies, but that it is important to act as a corporate group with Group-wide goals and activities. With a shared agenda, processes and activities, the Group is given a strength to develop faster and a better opportunity to manage the risks and opportunities that are ahead of us.

## Risks and uncertainties

| RISKS   | MANAGEMENT  |
|---|---|
| <b>Economic developments and market trends</b>  |   |
| Christian Berner's business is dependent on the customers' purchases and investments and is affected by economic fluctuations.  | The effect of the economic fluctuations is reduced by the company being active in many different industries and geographic areas. Through monthly meetings and quarterly Business Review Meetings, the company monitors the development and handles any changes.  |
| <b>Changes in the customer chain</b>  |   |
| Globalisation and rapid technological development are driving structural changes in the customer chain, which may result in a fall in demand for Christian Berner's services, for example through mergers and relocation. Rapid technical development can lead to customer demand for products and solutions shifting to new variants, which were not previously available. | As a strategic partner and adviser of manufacturers and customers, Christian Berner is able to organise, structure and streamline the decision-making process. This leads to increased efficiency for both the company's customers and suppliers. Christian Berner is active in dialogues with both customers and suppliers regarding current needs and solutions, and potential development in the future.   |
| <b>Competitive situation</b>  |   |
| Change and consolidation among companies in the technology trading industry affects the level of competition. There is a risk that suppliers will go directly to the customer or to a competitor.   | Christian Berner has long-term relationships with leading suppliers. Christian Berner is an attractive business partner, which helps the company maintain its leading position. Its stable, long-term relationships with leading suppliers in various niches enable Christian Berner to provide its customers with high-quality, technologically advanced products.   |
| <b>Ability to recruit and retain staff</b>  |   |
| Christian Berner is dependent upon its employees, who in many cases are highly trained. Being able to recruit and retain qualified staff is important in order to secure the level of expertise at the company.   | Christian Berner works actively with continuing professional development and employee satisfaction at the company. An employee survey is conducted annually and in 2019, a leadership and collegiality course was procured that will be implemented in 2020.  |
| <b>Acquisitions and Goodwill</b>  |   |
| Costs in connection with acquisitions may be higher than calculated and positive effects on income may take longer than anticipated. Goodwill impairment is also a risk, as is integration risk.  | Christian Berner makes a careful selection of potential acquisition candidates and actively seeks companies that are already profitable at a stable level. Christian Berner has previous experience of successful acquisitions and carries out thorough preliminary work.   |
| <b>Regulatory compliance</b>  |   |
| Risk exists in representatives for the company, or partners, acting in a way that disregards laws and permits, or acts in a corrupt or fraudulent manner.   | During the year, Christian Berner continued to train employees in the Group's Code of Conduct, where all of the Group's employees had to attend an e-learning course and take a subsequent test. The work of getting our suppliers to comply with and sign this code has continued.   |
| <b>Financial risks</b>  |   |
| For a description of the financial risks of the Group and the parent company, refer to Note 3.  | See Note 3  |
| <b>Suppliers</b>  |   |
| As an intermediary between the supplier and the customer, Christian Berner is dependent on the suppliers fulfilling their obligations.  | Christian Berner has long-term relationships with leading suppliers, where quality is of the utmost importance. We have continuously on-going dialogues with our suppliers to ensure that they are able to partake of what we learn regarding our customers' needs, and teach us what development our suppliers have. In 2019, Group management had joint meetings with product and supplier managers with a focus on Group-wide supplier issues and subsequent activities. |

# Auditor statement on corporate governance report

To the General Meeting of shareholders of Christian Berner Tech Trade AB, corp. ID no. 556026-3666

## Assignment and division of responsibilities

It is the Board of Directors that is responsible for the corporate governance report for the year 2019 on pages 31-34 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

## Review's focus and scope

Our review has been conducted in accordance with FAR's statement RevU 16 Auditor's review of the corporate governance report. This means that our review of the corporate governance report has another focus and is substantially more limited in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practice in Sweden. We consider that this review provides us adequate grounds for our opinions.

## Opinions

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6 Section 6 Paragraph 2 Items 2-6 of the Annual Accounts Act and Chapter 7. Section 31 Paragraph 2 of the same act is consistent with the annual accounts and consolidated accounts and is in compliance with the Annual Accounts Act.

Gothenburg, 20 March 2020  
KPMG AB

Mathias Arvidsson  
Authorised Public Accountant

# Board of Directors



Joachim Berner

Born 1962. Chairman of the Board of Directors since 2014 (Board member since 2013 and from 1989 to 2008). Member of the Audit Committee.

**Education:** Master of Science in Economics, MBA, from the School of Business, Economics and Law at the University of Gothenburg.

**Other current positions:** Industrial advisor to Accendo Capital, Segulah and Capman. Chairman of the Boards of Gårdaverken AB, Berner Fastighets AB and Seafire Capital (Publ). Member of the Boards of YA Holding AB, njuice AB, Content Nation and Kintempel.

**Shareholding in Christian Berner**

**Tech Trade:** 1,250,000 class A shares and 3,192,083 class B shares through Gårdaverken AB.



Kerstin Gillsbro

Born 1961. Board member since 2016.

**Education:** Graduate Engineer in Civil Engineering from the Faculty of Engineering at Lund University.

**Other current positions:** CEO of Jernhusen AB. Member of the Boards of JM, Green Building Council and JBS (Swedish Railway Industry's collaboration forum).

**Shareholding in Christian Berner**

**Tech Trade:** 5,300 class B shares.



Bertil Persson

Born 1961. Board member since 2018.

**Education:** Master of Science in Economics from the Stockholm School of Economics.

**Other current positions:** Member of the Boards of Nobina AB and Troax AB. Senior advisor and Hjalmarsson & Partners.

**Shareholding in Christian Berner**

**Tech Trade:** –



Stina Wollenius

Born in 1979. Board member since 2018.

**Education:** Master of Science in Industrial Economics from the KTH Royal Institute of Technology and Technische Universität Berlin.

**Other current positions:** CEO of Glasgruppen, President of Wollenius Invest AB, Chairman of the Board of Svensk Planglasförening and Board member of Produktionslyftet (Rise).

**Shareholding in Christian Berner**

**Tech Trade:** 1,647 class B shares



Lars Gatenbeck

Born 1956. Board member since 2014. Chairman of the Audit Committee.

**Education:** Dr. Med. at Karolinska Institutet, Master of Science in Medicine at Karolinska Institutet.

**Other current positions:** Industrial advisor to EQT. Chairman of the Boards of Life Medical Sweden AB, Life Equity Group Holding AB. Deputy Chairman of the Boards of Industrifonden Foundation, member of the Boards of Tunstall Health Care Group Ltd., Dataflow Group PTY, Cancerföreningen and the Silviahemmet Foundation. Trustee of the King Gustav V Jubilee Foundation.

**Shareholding in Christian Berner**

**Tech Trade:** 26,364 class B shares.



Malin Domstad

Born 1970. Board member since 2015.

**Education:** BSc Industrial Automation at the University of Skövde.

**Other current positions:** Head of Purchasing, Consolis S.A.S

**Shareholding in Christian Berner**

**Tech Trade:** 1,200 class B shares.



Kurt Olofsson

Born 1952. Employee representative since 2004.

**Education:** Mechanical engineer.

**Other current positions:** Technical Sales Representative for Process Facilities in the Process & Environment business area at Christian Berner AB.

**Shareholding in Christian Berner**

**Tech Trade:** –



Claes Berg

Born in 1968. Employee representative since 2019.

**Education:** Business Administration, Växjö University.

**Other current positions:** Technical Sales Representative for Environmental and Process Technology in the Process & Environment business area at Christian Berner AB. Chairman of the local Unionen club at Christian Berner AB.

**Shareholding in Christian Berner**

**Tech Trade:** –

## Auditor

Registered public accounting firm, KPMG AB, company identity number 556043-4465.

Chief Auditor, Mathias Arvidsson, born in 1975. Mathias Arvidsson is an authorised public accountant and a member of FAR.



# Management



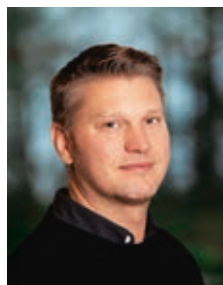
Bo  
Söderqvist

Born 1963.  
CEO of Christian  
Bernier Tech Trade  
AB since 2010.

**Education:** Leadership training at the Swedish Institute of Management, Krauthammer International and Håkan Frödén Coaching & Communication. Training in steel and metal at SSAB Borlänge and Inexa. Sales training at BE-skolan.

**Other current positions:** Chairman of the Boards of Christian Bernier AB, Christian Bernier Oy, A/S Christian Bernier, Christian Bernier AS and Zander & Ingeström AB.

**Holdings:** 220,000 class B shares.



Torbjörn  
Gustafsson

Born 1976.  
CEO of Christian  
Bernier Tech Trade  
AB, employed since  
2018.

**Education:** MSc in Economics at Lund University.

**Other current positions:** Member of the Boards of Christian Bernier AB, Christian Bernier AS, Christian Bernier Oy, Zander & Ingeström AB and Gapwaves AB.

**Holdings:** 450 class B shares.



Hans  
Lindqvist

Born in 1965.  
President of Christian  
Bernier AB and Supply  
Chain Director in Christian  
Bernier Tech Trade AB,  
employed since 2018.

**Education:** Graduate Engineer in Mechanical Engineering from Chalmers Institute of Technology.

**Other current positions:** Member of the Board of Christian Bernier AB and Chairman of the Board of Bullerbekämparen AB.

**Holdings:** 10,000 class B shares.



Erik  
Thorup

Born 1963.  
President of A/S  
Christian Bernier,  
employed since  
2000.

**Education:** Graduate Engineer in Mechanical Engineering from the Technical University of Denmark and Bachelor's degree in Business Administration, International Business, from the Copenhagen Business School.

**Other current positions:** Board member of A/S Christian Bernier.

**Holdings:** 2,182 class B shares.



Henrik  
Westerholm

Born 1970.  
President of Chris-  
tian Bernier Oy,  
employed since  
2006.

**Education:** Engineer in Machine Automation from the Institute of Technology in Helsinki.

**Other current positions:** Board member of Christian Bernier Oy.

**Holdings:** 8,727 class B shares.



Herman  
Thon

Born 1970.  
President of Chris-  
tian Bernier  
AS, employed  
since 2017.

**Education:** Leadership training from the Norwegian Defence University College, MSc in Marketing from Kristiania University College, MBA from the Norwegian School of Economics (NHH).

**Other current positions:** Board member of Christian Bernier AS.



Joel  
Lybert

Born in 1975.  
President of Zander  
& Ingeström,  
employed since 2019

**Education:** Bachelor of Science in Marine Engineering at Kalmar University.

**Other current positions:** Board member of Zander & Ingeström AB

**Holdings:** 1,000 class B shares.



Ann  
Svensson

Born in 1969.  
Marketing Manager  
of Christian Bernier  
Tech Trade AB,  
employed since 2016.

**Education:** Berghs School of Communication.



Fredrik  
Berndtson

Born in 1973.  
CIO of Christian  
Bernier Tech Trade  
AB, employed since  
2019.

**Education:** Master of Science in Chemical Engineering, Chalmers University of Technology, Bachelor of Science in Business Administration at the School of Business, Economics and Law at the University of Gothenburg

# Directors' report

The Board of Directors and CEO of Christian Berner Tech Trade AB (publ), company registration number 556026-3666, with its registered office in Mölnlycke, hereby submit the annual report and consolidated financial statements for the 2019 financial year.

## Operations

Christian Berner was founded in 1897 and is today one of the leading technology trading companies in the Nordic region. Christian Berner markets and sells high-quality components, systems and services with a high technical content from leading international manufacturers to industries and the public sector throughout the Nordic region. It also provides consultation, analysis of the customer's technical requirements, development, installation and service.

The Group operates within a number of geographic segments, where subsidiaries in each country constitute their own profit centres. Christian Berner's products include technical products within the Process and Environmental Technology business area, such as filtration and process technology, UV equipment and industrial equipment, and within the Materials Technology business area materials to reduce vibration and noise, as well as plastics. By offering technical solutions that lower costs and reduce environmental impact, the company creates added value for its customers.

## Year in brief

The 2019 financial year was a year with a large sales increase, which mainly occurred with organic growth. Through the subsidiary Zander & Ingeström AB (Z&I), the Swedish segment had a strong growth in heating projects, which contributed to high sales and order intake during the year. Other operations in the Swedish segment developed in different directions. Large parts of the Process & Environment business area developed positively, while some had a tougher year. The net effect is an increase in sales, but a smaller margin as the product mix changed, where some large heating projects to-date were settled with smaller margins, and an impact from sales activities. The Norwegian segment developed positively with higher sales and a large profitability increase, where the development in the Process & Environment business area was a positive driver. Denmark continued at a high level in terms of sales and profitability and Finland increased their sales and earnings compared with 2018 through a very strong growth in Materials technology.

In autumn 2019, Bullerbekämparen Svenska AB was acquired and is fully included in the Swedish segment as of the fourth quarter. Bullerbekämparen is a company that makes, sells and installs products for improved acoustics and lower noise levels in industry, offices and public settings. In 2018, the company's sales amounted to SEK 30.6 million with an EBITDA of SEK 5.0 million (EBIT SEK 4.7 millions). At the end of 2018, the company had 18 employees. Bullerbekämparen fits the Group's offering well, as a complement to existing products, and through Christian Berner's existing sales channels, we note that the business will be able to develop further.

The Group's net revenue for the year amounted to SEK 704.8 (617.6) million, which is a growth of 14.1 per cent, which is above the Group's growth target. It is pleasing that all of the Group's segments contributed to the increase. EBITA was SEK 53.1 (51.8) million, corresponding to an EBITA margin of 7.5 (8.4) per cent. Sweden had a revenue growth of 11.4 per cent, SEK 501.6 (450.4) million in 2019. Sweden had a negative profit trend during the year, where EBITA for the business was SEK 47.6 (54.6) million. Development was affected by a challenging year for the Materials Technology business area, which did not have the volume growth planned for, and had some higher non-recurring expenses. Within the Process & Environment business area, there are both positive development areas, such as water treatment, pumps and heating, while some others had a worse development, such as high-pressure solutions. Within the heating area, a major project was partly settled in 2019,

where large parts of the profit will not be settled until 2020. The EBITA margin in Sweden totalled 9.5 (12.1) per cent. During the year, Z&I changed trademarks and Joel Lybert began as the new CEO (1 October). In Stockholm, the Group signed a new lease, with occupancy at the end of 2020, where Z&I and Christian Berner AB's businesses in Stockholm are collocated.

Danish operations had another year with a strong result. Net revenue grew by 1.7 per cent compared with the previous year and amounted to SEK 28.8 (28.3) million. The company provided an EBITA of SEK 4.0 (2.7) million, which is a growth of 50.5 per cent. The Process & Environment business area continued to be successful in ballast water systems, which continues to be an important area for the company. Profitability in Denmark is at a stable level and the EBITA margin was 14.0 (9.5) per cent.

In 2019, Norway succeeded in continuing the positive trend from 2018. The change work initiated in 2018 continued and had further effect, which is apparent in higher sales and thereby profitability. For 2019, net sales increased by 37.9 per cent and amounted to SEK 89.5 (64.9) million for the year. EBITA was positive for the year at SEK 5.4 (0.3) million. Finland had a good year with net revenue of SEK 84.9 (74.0) million. EBITA for the financial year was SEK 6.6 (5.1) million, corresponding to an EBITA margin of 7.8 (6.9) per cent. It was sales of vibration-damping material for the construction industry, within the Materials Technology business area, that delivered particularly good results and contributed positively to growth. The Process & Environment business area in Finland did not develop as hoped and has more potential in the future.

## FINANCIAL DEVELOPMENT

### Return

Return on equity for the past 12-month period amounted to 34.5 (43.5) per cent.

### Cash flow

Cash flow from operating activities was SEK 69.6 (25.7) million. The accounting regulations linked to the handling of leasing (IFRS 16) have the greatest impact. The increase in stock has a negative impact, while there is a positive effect on the cash flow regarding a change in operating receivables and operating liabilities. Cash flow from investing activities amounted to SEK -23.3 (-116.6) million where the major difference was because minor acquisitions were made in 2019 compared with 2018. The cash flow from financing activities accounted for SEK -53.5 (59.3) million, where earlier positive effects from the IFRS 16 change under cash flow from operating activities are taken out. A large difference from the previous year is loans raised at 0.0 (70.0). Dividends increased in 2019 compared with 2018, at SEK 14.1 (9.4) million.

### Equity ratio

The equity ratio at 31 December was 36.1 (36.8) per cent.

### Environmental impact

Christian Berner acts responsibly and active sustainability work is therefore important for the company. Christian Berner takes a holistic view, centred around good business ethics, the environment, human rights and the company's future. Christian Berner complies with the international conventions UN Global Compact, ILO and the OECD guidelines for multinational enterprises. The business comprises trading, distribution

and a limited amount of processing. The Group's impact on the environment is limited and relates primarily to the transport of goods, business travel and waste management. None of the Group's companies are involved in any environmental disputes.

## EMPLOYEES AND DEVELOPMENT

### Employees

The average number of employees in the past 12-month period amounted to 185 (165). At the end of the financial year, the number of employees was 185, compared with 165 at the beginning of the financial year. During the financial year, implemented acquisitions increased the number of employees by 15.

### Research and development

The company invests resources in producing customised solutions for customers and partners as well as its own brands. The company does not carry out any pure research. Development costs consist of operating expenses.

### Principles for remuneration of senior executives

For the Annual General Meeting in April 2020, the Board has decided to propose changed guidelines compared with the previous year.

The guidelines shall apply to remuneration of the CEO and other senior executives. In total, seven people are covered by these guidelines.

The company shall offer market-based terms which allow the company to recruit and retain skilled personnel. The remuneration of the CEO and senior executives shall consist of fixed salary, variable remuneration, pension and other customary benefits. The remuneration is based on the individual's commitment and performance in relation to targets defined in advance, both individual targets and shared targets for the company as a whole.

The fixed salary is reviewed once a year as a main rule and must take into account the quality of the individual's performance. The fixed salary for the CEO and other senior executives shall be market based. The variable remuneration shall take into account the individual's level of responsibility and degree of influence. The size of the variable remuneration is based on the individual's percentage fulfilment of set targets. The variable remuneration shall as a maximum amount to five months of fixed salary for the CEO and up to three months of fixed salary for other senior executives.

The CEO and other senior executives shall be covered by defined-contribution pension plans or ITP plans, in some cases with supplements. The pension premiums paid by the company shall amount to a maximum of 40 per cent of the senior executive's fixed annual cash salary unless the executive is covered by a defined-benefit pension according to compulsory collective agreement stipulations. The employment contract with the CEO may be terminated with a six-month period of notice. The employment contracts with the other senior executives can be terminated with a six-month period of notice. The CEO is entitled to severance pay equivalent to six months' salary if the company terminates the employment.

Further information is provided in Note 7.

### Transactions with related parties

There were no transactions between Christian Berner and related parties that had a significant impact on the financial position and results. See Note 29 of this annual report.

### Parent company

The main tasks of the parent company are to take responsibility for management, business development, acquisitions, financing and analysis. The parent company's internal net revenue for the financial year was SEK 20.9 (19.9) million and profit/loss after net financial items was SEK -3.0 (13.1) million. The parent company's financial non-current assets mainly comprise shares in subsidiaries. At 31 December, there were 5 (4) employees.

### Events after the end of the financial year

Christian Berner Tech Trade AB gathers common support functions (Finance, Marketing and Business Development & IT) in the company Christian Berner Business Services AB. The new company has the task of developing the service to existing commercially operating companies and potential future acquisitions. It also enables further focus on the core business in the commercially operating companies.

Christian Berner Tech Trade AB signed an agreement with SEB for a revolving line of credit of SEK 200 million over three years. Part (SEK 55 million) of the revolving credit was used directly to repay existing debt. The remainder is mainly intended to be used as a financing solution in conjunction with the execution of the set acquisition strategy.

### Outlook

Christian Berner currently sees no indications of any general change in the demand situation compared with 2019. The ambition is to generate growth in 2020 through both organic growth and acquisitions.

### Appropriation of earnings, SEK thousands

#### The following is at the disposal of the Annual General Meeting:

|                     |         |
|---------------------|---------|
| Retained earnings   | 78,906  |
| Profit for the year | 25,358  |
| Total               | 104,264 |

#### The Board of Directors proposes

|                                |         |
|--------------------------------|---------|
| Dividend of SEK 0.75 per share | 14,070  |
| To be carried forward          | 90,194  |
| Total                          | 104,264 |

For treasury shares (72,357 shares), no dividend is paid.

### Proposed dividend resolution

The Board proposes that a dividend be paid totalling SEK 14,070,000, which is equivalent to SEK 0.75 per share. The Board proposes that the dividend payment be made immediately after the Annual General Meeting. It is the opinion of the Board that the proposed dividend is justifiable considering the demands that the nature, scope and risks of the business place on the size of the equity and the company's consolidation requirements, liquidity and financial position in general. This opinion should be viewed against the background of the information contained in the annual report. The company management is not planning any significant changes to the existing business, such as major investments, sales or liquidation. For more information about the company's financial position and performance, refer to the following income statement and balance sheet and the related supplementary information.

# Consolidated statement of comprehensive income

| SEK thousands   | Note   | 2019            | 2018            |
|---|--------|-----------------|-----------------|
| <b>Operating income</b>   |        |                 |                 |
| Net revenue   | 5      | 704,750         | 617,575         |
| Other operating income  | 6      | 1               | 475             |
| <b>Total operating income</b>   |        | <b>704,751</b>  | <b>618,049</b>  |
| <b>Operating expenses</b>   |        |                 |                 |
| Goods for resale  | 11     | -429,607        | -362,401        |
| Other external costs  | 8,9,27 | -51,803         | -59,978         |
| Staff costs   | 7      | -151,984        | -140,119        |
| Depreciation of property, plant and equipment and amortisation of intangible assets | 14.15  | -20,322         | -5,460          |
| <b>Total operating expenses</b>   |        | <b>-653,716</b> | <b>-567,958</b> |
| <b>Operating profit/loss</b>  |        | <b>51,035</b>   | <b>50,091</b>   |
| <b>Financial items</b>  |        |                 |                 |
| Financial income  | 10     | 376             | 374             |
| Financial expenses  | 10     | -2,605          | -1,626          |
| <b>Net financial items</b>  |        | <b>-2,229</b>   | <b>-1,252</b>   |
| <b>Profit/loss before tax</b>   |        | <b>48,806</b>   | <b>48,839</b>   |
| Income tax  | 12     | -10,912         | -11,115         |
| <b>Profit/loss for the year</b>   |        | <b>37,894</b>   | <b>37,725</b>   |
| <b>Other comprehensive income</b>   |        |                 |                 |
| <b>Items that can be transferred to profit and loss for the year</b>                |        |                 |                 |
| Translation differences on translation of foreign subsidiaries                      |        | -71             | 147             |
| <b>Other comprehensive income for the year, net after tax</b>                       |        | <b>-71</b>      | <b>147</b>      |
| <b>Total comprehensive income for the year</b>                                      |        | <b>37,823</b>   | <b>37,872</b>   |

The profit for the year and the total comprehensive income are entirely attributable to the parent company's shareholders.

| Earnings per share                       | Note | 2019 | 2018 |
|--|------|------|------|
| Earnings per share before dilution (SEK) | 13   | 2.03 | 2.02 |
| Earnings per share after dilution (SEK)  | 13   | 2.03 | 2.02 |

# Consolidated statement of financial position

| SEK thousands                              | Note  | 31/12/2019     | 31/12/2018     |
|--|-------|----------------|----------------|
| <b>ASSETS</b>                              |       |                |                |
| <b>Non-current assets</b>                  |       |                |                |
| <b>Intangible assets</b>                   |       |                |                |
| Goodwill                                   | 14    | 146,224        | 132,609        |
| Distribution rights                        | 14    | 2,564          | 4,332          |
| Trademarks                                 | 14    | 17,000         | 17,000         |
| Internally developed software              | 14    | 1,579          | 1,187          |
| <b>Total intangible assets</b>             |       | <b>167,367</b> | <b>155,128</b> |
| <b>Property, plant and equipment</b>       |       |                |                |
| Machinery and equipment                    | 15    | 14,243         | 17,556         |
| ROU assets, leasing                        | 9     | 57,871         |                |
| <b>Total property, plant and equipment</b> |       | <b>72,114</b>  | <b>17,556</b>  |
| <b>Financial assets</b>                    |       |                |                |
| Other non-current receivables              | 16    | 189            | 186            |
| <b>Total financial assets</b>              |       | <b>189</b>     | <b>186</b>     |
| Deferred tax assets                        | 21    | 504            | 1,827          |
| <b>Total non-current assets</b>            |       | <b>240,174</b> | <b>174,697</b> |
| <b>Current assets</b>                      |       |                |                |
| <b>Inventories</b>                         |       |                |                |
| Advance payments to suppliers              |       | 1,347          | 2,261          |
| <b>Total inventories, etc.</b>             |       | <b>66,679</b>  | <b>52,507</b>  |
| <b>Current receivables</b>                 |       |                |                |
| Trade receivables                          | 16.17 | 80,155         | 83,602         |
| Current tax assets                         |       | -              | 1,229          |
| Other current receivables                  |       | 6,752          | 2,110          |
| Prepaid expenses and accrued income        | 18    | 4,277          | 4,481          |
| Cash and cash equivalents                  | 19    | 26,740         | 33,774         |
| <b>Total current receivables</b>           |       | <b>117,925</b> | <b>125,196</b> |
| <b>Total current assets</b>                |       | <b>184,604</b> | <b>177,703</b> |
| <b>TOTAL ASSETS</b>                        |       | <b>424,778</b> | <b>352,400</b> |



| SEK thousands                                      | Note   | 31/12/2019     | 31/12/2018     |
|--|--------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>                      |        |                |                |
| <b>Equity</b>                                      |        |                |                |
| Share capital                                      |        | 625            | 625            |
| Other capital contributions                        |        | 41,228         | 41,228         |
| Reserves   |        | 498            | 569            |
| Retained earnings (incl. profit/loss for the year) |        | 111,120        | 87,296         |
| <b>Total equity</b>                                |        | <b>153,471</b> | <b>129,718</b> |
| <b>LIABILITIES</b>                                 |        |                |                |
| <b>Non-current liabilities</b>                     |        |                |                |
| Liabilities to credit institutions                 | 16.20  | 32,600         | 49,008         |
| Non-current leasing liability                      | 20     | 40,807         |                |
| Deferred tax liabilities                           | 21     | 7,901          | 8,292          |
| Provisions   |        | 1,335          | 1,335          |
| <b>Total non-current liabilities</b>               |        | <b>82,643</b>  | <b>58,635</b>  |
| <b>Current liabilities</b>                         |        |                |                |
| Liabilities to credit institutions                 | 16, 20 | 44,359         | 40,910         |
| Current leasing liability                          | 20     | 17,438         |                |
| Advance payments from customers                    |        | 31,449         | 19,972         |
| Trade payables                                     | 22     | 42,203         | 35,505         |
| Current tax liabilities                            |        | 1,395          | -              |
| Other current liabilities                          |        | 17,304         | 32,692         |
| Accrued expenses and prepaid income                | 23     | 34,517         | 34,968         |
| <b>Total current liabilities</b>                   |        | <b>188,664</b> | <b>164,047</b> |
| <b>Total liabilities</b>                           |        | <b>271,307</b> | <b>222,682</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                |        | <b>424,778</b> | <b>352,400</b> |

# Consolidated statement of changes in equity

| SEK thousands                                    | Note | Share capital | Other capital contributions | Reserves   | Retained earnings including profit/loss for the year | Total equity   |
|--|------|---------------|-----------------------------|------------|--|----------------|
| <b>Opening equity, 01/01/2018</b>                |      | <b>625</b>    | <b>41,228</b>               | <b>422</b> | <b>52,687</b>  | <b>94,962</b>  |
| Profit/loss for the year                         |      | -             | -                           | -          | 37,725   | -              |
| <b>Other comprehensive income for the year</b>   |      |               |                             |            |  |                |
| Translation differences for the year             |      | -             | -                           | 147        | -  | 147            |
| <b>Total comprehensive income</b>                |      | <b>-</b>      | <b>-</b>                    | <b>147</b> | <b>37,725</b>  | <b>147</b>     |
| <b>Transactions with shareholders</b>            |      |               |                             |            |  |                |
| Dividend   |      | -             | -                           | -          | -9,340   | -9,340         |
| Buyback of own shares                            |      | -             | -                           | -          | -1,901   | -1,901         |
| Issue of common shares in business combinations* |      | -             | -                           | -          | 8,125  | -              |
| <b>Closing equity, 31/12/2018</b>                |      | <b>625</b>    | <b>41,228</b>               | <b>569</b> | <b>87,296</b>  | <b>129,718</b> |
| <b>Opening equity, 01/01/2019</b>                |      | <b>625</b>    | <b>41,228</b>               | <b>569</b> | <b>87,296</b>  | <b>129,718</b> |
| Profit/loss for the year                         |      | -             | -                           | -          | 37,894   | 37,894         |
| <b>Other comprehensive income for the year</b>   |      |               |                             |            |  |                |
| Translation differences for the year             |      | -             | -                           | -71        | -  | -71            |
| <b>Total comprehensive income</b>                |      | <b>-</b>      | <b>-</b>                    | <b>-71</b> | <b>37,894</b>  | <b>37,823</b>  |
| <b>Transactions with shareholders</b>            |      |               |                             |            |  |                |
| Dividend   |      | -             | -                           | -          | -14,070  | -14,070        |
| Buyback of own shares                            |      | -             | -                           | -          | -  | -              |
| Issue of common shares in business combinations* |      | -             | -                           | -          | -  | -              |
| <b>Closing equity, 31/12/2019</b>                |      | <b>625</b>    | <b>41,228</b>               | <b>498</b> | <b>111,120</b>                                       | <b>153,471</b> |

\* Pertains to treasury shares used as payment in business combinations.

Equity is attributable in its entirety to the shareholders in the parent company, Christian Berner Tech Trade AB.

# Consolidated statement of cash flows

| SEK thousands  | Note | 2019           | 2018            |
|--|------|----------------|-----------------|
| <b>Cash flow from operating activities</b>                                   |      |                |                 |
| Operating profit/loss  |      | 51,035         | 50,091          |
| Adjustment for non-cash items  | 24   | 19,988         | 5,929           |
| Interest paid and similar items  |      | -2,605         | -1,626          |
| Interest received  |      | 376            | 374             |
| Income tax paid/refunded   |      | -7,356         | -10,327         |
| <b>Cash flow from operating activities before changes in working capital</b> |      | <b>61,438</b>  | <b>44,441</b>   |
| <b>Cash flow from changes in working capital</b>                             |      |                |                 |
| Increase/decrease in inventories   |      | -10,637        | -3,251          |
| Increase/decrease in operating receivables                                   |      | 4,593          | -8,682          |
| Increase/decrease in operating liabilities                                   |      | 14,205         | -6,738          |
| <b>Total change in working capital</b>                                       |      | <b>8,161</b>   | <b>-18,671</b>  |
| <b>Cash flow from operating activities</b>                                   |      | <b>69,599</b>  | <b>25,770</b>   |
| <b>Cash flow from investing activities</b>                                   |      |                |                 |
| Acquisition of subsidiaries, less acquired funds                             |      | -15,232        | -109,888        |
| Capital expenditures in property, plant and equipment                        |      | -7,353         | -5,552          |
| Investments in intangible assets   |      | -674           | -1,187          |
| Acquisition of financial non-current assets                                  |      | -              | -               |
| <b>Cash flow from investing activities</b>                                   |      | <b>-23,259</b> | <b>-116,627</b> |
| <b>Cash flow from financing activities</b>                                   |      |                |                 |
| Loans raised, parent company   |      | -              | 70,000          |
| Change current financial liabilities   |      | -4,456         | 18,270          |
| Repayment of loans   | 24   | -19,500        | -15,000         |
| Dividend   |      | -14,070        | -9,340          |
| Buyback of own shares  |      | -              | -1,901          |
| Payment for finance leases   | 24   | -15,493        | -2,448          |
| <b>Cash flow from financing activities</b>                                   |      | <b>-53,519</b> | <b>59,581</b>   |
| <b>Cash flow for the period</b>  |      | <b>-7,179</b>  | <b>-31,276</b>  |
| Cash and cash equivalents at the start of the period                         |      | 33,774         | 64,538          |
| Exchange difference in cash and cash equivalents                             |      | -145           | 512             |
| <b>Cash and cash equivalents at end of year</b>                              |      | <b>26,450</b>  | <b>33,774</b>   |

# Notes – Group

Amounts are in thousands of Swedish kronor (SEK '000s) unless otherwise indicated.

## NOTE 1 General information

The parent company Christian Berner Tech Trade AB (publ) and its subsidiaries (together the Group) market, sell and supply components, systems and services with a high technical content. The range includes high-quality products, consultancy services, system solutions, installation, services and processing for customers in industry and the public sector. The products come from around 150 suppliers who in most cases are leaders in their respective niches. The Group has operations in Sweden, Norway, Finland and Denmark, with the largest market being Sweden.

The parent company is a limited liability company registered in Sweden and with its registered office in Mölnlycke. The postal address of the head office is Box 88, SE-435 22 Mölnlycke, Sweden, and the visiting address is Designvägen 1, Mölnlycke, Sweden.

The Board of Directors approved the year-end report on 17 February 2020. The consolidated statement of comprehensive income and the consolidated statement of financial position, as well as the parent company's income statement and balance sheet, will be submitted for adoption at the Annual General Meeting on 22 April 2020.

All amounts are reported in thousands of Swedish kronor (SEK '000), unless otherwise indicated. The figures in brackets relate to the previous year.

## NOTE 2 Summary of significant accounting principles

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

### 2.1 Basis for preparation of the reports

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Corporate Groups, and International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. Assets and liabilities are valued at historical cost.

All reports prepared in compliance with IFRS require the use of a number of significant accounting estimates. Furthermore, the management is required to make certain assessments upon application of the Group's accounting principles. Those areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant for the consolidated financial statements are indicated in Note 4.

#### 2.1.1 Changes in accounting principles and disclosures

##### *Changed accounting principles and disclosures*

*The Group will go over to the new accounting standard IFRS 16 Leases as of 1 January 2019.*

In January 2016, the IASB published a new lease standard that replaced IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27 from 1 January 2019. The standard requires assets and liabilities relating to all leases, with some exceptions, to be recognised on the balance sheet. This recognition is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for that right.

##### *Effects of the transition to IFRS 16 Leases.*

The transition to IFRS 16 had a marginally positive effect on EBITA and a minor effect on profit after financial items. The changes on the balance sheet and income statement are presented by the note for Leasing (Note 9). The leasing portfolio contains around 100 leases and mainly comprises operating leases for offices, company vehicles, production and office equipment. Existing finance leases previously recognised according to IAS 17 Leases are reclassified according to IFRS 16 to the amounts that were recognised the date immediately before the application of the new standard, i.e. 1 January 2019. Christian Berner has chosen to report the transition to the new standard with the simplified method. The relief rule to not prepare a comparative year was applied. The size of the right of use has been measured to correspond to the size of the lease liability at the transition date. A marginal loan interest rate was determined and right of use agreements shorter than 12 months or that end within 12 months from the transition date are classified as short-term agreements and are thereby not included in the recognised liabilities/

rights of use. Agreements with a new purchase value of less than USD 5000 are also not included in the recognised amounts. In total, the transition entails an increase in the Group's total assets, totalling SEK 53.1 million.

### 2.2 Consolidation

#### 2.2.1 Basic accounting principles

##### *Subsidiaries*

Subsidiaries are all companies (including structured companies) over which the Group has a controlling influence. The Group controls a company when it is exposed or entitled to a variable return from its holdings in the company and is able to influence the return through its influence over the company.

Subsidiaries are included in the consolidated financial statements as of the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which the controlling influence ceases.

The purchase method is used for reporting the Group's business combinations. The purchase price for the acquisition of a subsidiary is the fair value of the transferred assets, the liabilities assumed by the Group to the former owners of the acquired company and the shares issued by the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the acquisition date.

Costs associated with acquisitions are expensed as they arise.

Goodwill is initially measured as the amount by which the total purchase price and any fair value of non-controlling interests at the date of acquisition exceeds the fair value of identifiable net assets acquired. If the purchase price is lower than the fair value of the acquired company's net assets, the difference is recognised directly in profit and loss.

Intra-Group transactions, balance sheet items, and income and expenses from transactions between Group companies are eliminated. Gains and losses resulting from intra-Group transactions that are recognised in assets are also eliminated. Where applicable, the accounting principles of subsidiaries have been amended to guarantee a consistent application of the Group's principles.

#### 2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocating resources and assessing the performance of the operating segments. Within the Group, this function has been identified as the CEO, who makes strategic decisions.

#### 2.4 Translation of foreign currency

##### *Functional currency and reporting currency*

The different units of the Group have the local currency as their functional currency, as the local currency has been defined as the currency used in the primary economic environment in which the unit mainly operates. Swedish kronor (SEK), the functional currency of the parent company and the reporting currency of the Group, is used in the consolidated financial statements.

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

Transactions in foreign currencies are translated to the functional currency at the exchange rates that apply on the transaction date. Foreign exchange gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currencies at closing date rates are recognised in operating profit.

Foreign exchange gains and losses relating to loans and cash and cash equivalents are recognised in the income statement as financial income or expenses.

##### *Translation of foreign Group companies*

The results and financial position of all Group companies with a functional currency different to the reporting currency are translated to the Group's reporting currency. The assets and liabilities on each balance sheet are translated from the functional currency of the foreign operation to the Group's reporting currency, Swedish kronor, at the exchange rate prevailing on the balance sheet date. The income and expenses in each income statement are translated to Swedish kronor at the average exchange rate prevailing at each transaction date. Translation differences arising on the translation of foreign operations are recognised in other comprehensive income.

## 2.5 Intangible assets

### Goodwill

Goodwill arises on the acquisition of subsidiaries and refers to the amount by which the purchase price exceeds the fair value of identifiable assets, liabilities and contingent liabilities of the acquired company.

Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate possible impairment. Goodwill is recognised at cost less accumulated impairment losses. On the sale of a unit, the carrying amount of goodwill is included in the gain/loss arising.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management. Goodwill is monitored at operating segment level. The carrying amount of goodwill is compared with the recoverable amount, which is the higher of the value in use and the fair value less selling expenses.

### Distribution rights

Distribution rights acquired separately are recognised at cost. Distribution rights acquired through a business combination are recognised at fair value at the acquisition date. Distribution rights have a definable useful life and are recognised at cost less accumulated amortisation. Amortisation is applied straight-line in order to allocate the cost of distribution rights over their estimated useful life of 10 years.

### Trademarks

Trademarks are assumed to have an indefinite useful life unless otherwise stated. They are impairment tested in accordance with applicable regulations.

## 2.6 Property, plant and equipment

Property, plant and equipment is recognised at cost less depreciation. Cost includes expenses that can be directly attributed to the acquisition of the asset.

Additional expenses are added to the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably measured. The carrying amount of a replaced part is removed from the balance sheet. All other repairs and maintenance are recognised as costs in the income statement in the period in which they occur.

### Straight-line depreciation is applied as follows:

|                     |           |
|---------------------|-----------|
| Equipment           | 10 years  |
| Machinery, vehicles | 5-7 years |
| Computer equipment  | 5 years   |

Residual values and useful lives of assets are tested at the end of each reporting period and adjusted where required. The carrying amount of an asset is immediately written down to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on the sale of property, plant and equipment are determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognised in other operating income or other operating expenses in profit and loss.

## 2.7 Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life or intangible assets that are not ready for use are not amortised, but are tested annually for impairment. Assets that are amortised are assessed for a reduction in value whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment is made in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. When assessing the impairment requirement, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units). For assets, other than financial assets and goodwill, which have previously been impaired, a test is carried out on each balance sheet date to ascertain whether a reversal should be made.

## 2.8 Inventories

Inventories consist of finished goods and goods for resale. Inventories are recognised at the lower of cost and net realisable value. The cost is determined using the weighted average prices for each homogeneous group of products.

## 2.9 Financial instruments

Financial instruments are included in various balance sheet items and are described below. A financial instrument is any form of agreement that gives rise to a financial asset at one company and a financial liability or an equity instrument at another company.

### 2.9.1 Classification and measurement

The category that a financial asset is classified as belonging to is determined both by the company's business model and by the contractual cash flows the company will receive from the financial asset. The category of amortised cost includes trade receivables, financial receivables and cash and cash equivalents. The category of fair value through profit and loss currently includes no items. The Christian Berner Group also has no financial assets in the category fair value through other comprehensive income.

### 2.9.2 Offsetting financial instruments

Financial assets and liabilities are offset and recognised net on the balance sheet only when there is a legal right to offset the recognised amounts and the intention is to settle them as a net amount or simultaneously realise the asset and settle the liability.

### 2.9.3 Impairment of financial instruments

The Group revised its method for determining impairment requirements. This mainly concerns the company's recognition of bad debts. In accordance with IFRS 9, a calculation was done based on historical data to determine the impairment requirement in accordance with the requirements in IFRS 9. The calculation did not result in an increase in the loss reserve for trade receivables or contract assets at the beginning on 1 January 2019. During the period, the reserve decreased from SEK 0.7 million to SEK 0.5 million.

### 2.9.4 Hedging instruments

In terms of hedge accounting, IFRS 9 has no effect on Christian Berner's financial position and performance as no hedges were recognised at the opening or close of 2019.

## 2.10 Trade receivables

Trade receivables are financial instruments that consist of amounts due from customers for goods and services sold in operating activities. If payment is expected within one year or less, they are classified as current assets.

## 2.11 Cash and cash equivalents

Cash and cash equivalents are a financial instrument and include bank deposits on both the balance sheet and the statement of cash flows.

## 2.12 Trade payables

Trade payables are financial instruments and relate to obligations to pay for goods and services acquired in operating activities. If payment is expected to be made within one year, they are classified as current liabilities.

Trade payables are initially recognised at fair value and subsequently at amortised cost by applying the effective interest method.

## 2.13 Liabilities to credit institutions

Borrowing is a financial instrument and is recognised initially at fair value, net of transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net of transaction costs) and the amount repayable is recognised in the income statement over the term of the loan by applying the effective interest method.

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



Note 2 cont.

## 2.14 Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of previous events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

If there are a number of similar obligations, an assessment is made of the probability of an outflow of resources being required to settle this group of obligations as a whole. A provision is reported even if the probability of an outflow relating to a particular item in this group of obligations is small.

The provisions are valued at the present value of the amount expected to be required in order to settle the obligation. A discount rate before tax that reflects a current market assessment of the time-related value of money and the risks associated with the provision is used here. The increase in the provision relating to the passage of time is recognised as an interest expense.

## 2.15 Current and deferred taxes

The tax expense for the period comprises current and deferred tax. The current tax expense is calculated on the basis of the tax regulations enacted or substantively enacted at the balance sheet date in the countries where the parent company and its subsidiaries operate and generate taxable income.

Deferred tax is recognised in accordance with the balance sheet method for all temporary differences between the tax values of assets and liabilities and their carrying amounts in the consolidated financial statements. Temporary differences are not recognised in consolidated goodwill. Deferred income tax is calculated using the tax rates that apply or have been announced at the balance sheet date and which are expected to apply when the relevant deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets on loss carryforwards are recognised to the extent it is probable that future taxable profit will be available against which the loss can be utilised.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and tax liabilities, the deferred tax assets and tax liabilities relate to taxes charged by the same tax authority and relate to either the same tax subject or a different tax subject and there is an intention to settle the balances through net payments.

## 2.16 Employee remuneration

### *Pension obligations*

The Group has both defined benefit and defined contribution pension plans. The defined benefit plans consist of ITP 2 plans (see below for a more detailed description). A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not have sufficient assets to pay all employee benefits relating to the employees' service in current or previous periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions are paid. The contributions are recognised as a cost in the profit and loss for the year at the rate they are earned by employees providing service to the company during a period. Prepaid contributions are recognised as an asset to the extent that the Group may benefit from a cash refund or a reduction in future payments.

In some parts of the Group, there are staff in Sweden who are covered by an ITP 2 plan. The ITP 2 plan's defined benefit pension obligations for old-age and family pension are secured through an insurance policy at Alecta. According to a statement of the Swedish Financial Reporting Board (UFR 3 Classification of ITP plans financed by insurance at Alecta) this is a multi-employer defined benefit plan. For this period, the company has not had sufficient access to the information required in order to report its proportional share of the plan obligation and of the plan assets and costs and has therefore been unable to report the plan as a defined benefit plan. The ITP 2 pension plan, which is secured through an insurance policy at Alecta, is therefore reported as a defined contribution plan. The premium for the defined benefit old-age and family pension is individually calculated and is dependent, among other things, on salary, pension previously earned and expected remaining period of service.

## 2.17 Revenue recognition

The Group applies IFRS 15 Revenue from Contracts with Customers as of 1 January 2018. The starting point in the standard is that revenue is recognised when the control over a sold product is transferred to the customer and the sales price is allocated to the performance commitments identified in the contracts. The performance commitments can be met at a specific time or over time.

### *Project sales*

For Christian Berner, revenue is recognised over time, specifically when the Group has committed to delivering a project priced in its entirety through construction contracts. Then, revenue is recognised based on the project's degree of completion. This mainly applies to heating projects in the subsidiary Zander & Ingeström. For more information on project sales, see Note 25.

### *Sale of goods*

The Group sells technical components, materials and advanced equipment. Sales of goods are recognised when a Group company has delivered the product to a customer. Delivery is not considered to have taken place until the products have been dispatched to the specified location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the contract of sale, the conditions for acceptance have expired or the Group has objective evidence that all criteria for acceptance have been fulfilled.

### *Sale of services*

The Group sells services in the form of consultancy, analysis, development, installation and service. Revenue from the sale of services is recognised in the period in which the services are performed. Revenues are calculated by determining the degree of completion of the specific transaction based on the proportion of the services performed in relation to the total services to be performed.

### *Commission sales*

Christian Berner acts as a sales channel for suppliers by selling the supplier's services through contact with the end customer. The revenue is an agreed commission that Christian Berner receives from the supplier and is usually received from suppliers in connection with or after the product is delivered to the end customer. Christian Berner does not check the sales flow and is normally dependent on suppliers and customers agreeing and closing the deal in order for us to be able to receive final payment from the supplier. Here, there is usually only a performance commitment and revenue recognition takes place in connection with delivery.

## 2.18 Interest income

Interest income is recognised using the effective interest method. When the value of a receivable in the category of loan receivables and trade receivables has fallen, the Group reduces the carrying amount to its recoverable amount, which is the estimated future cash flow, discounted at the original effective interest rate for the instrument, and continues to recognise the discounting effect as interest income. Interest income on impaired loan receivables and trade receivables is recognised at the original effective interest rate.

## 2.19 Dividend income

Dividend income is recognised when the right to receive payment has been established.

## 2.20 Dividends to the parent company's shareholders

The dividend paid to the parent company's shareholders is reported as a liability in the consolidated financial statements in the period when the dividend was approved by the parent company's shareholders.

## 2.21 Leases

As of 1 January 2019, Christian Berner applies IFRS 16 Leases. IFRS 16 is the accounting standard for leases and means that all leases, with a few exceptions, are recognised in the balance sheet. IFRS 16 is applied retroactively without restatement of comparative figures. Accordingly, the opening balance for 2019 was restated in accordance with the new standard.

## 2.22 Statement of cash flows

The statement of cash flows has been prepared using the indirect method. The reported cash flow solely comprises transactions that resulted in the inflow and outflow of funds. In cash flow, utilised overdraft facilities are not recognised net, but rather utilised overdraft facilities are presented on their own line in the cash flow for financing activities.

## NOTE 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to various financial risks: market risk (primarily currency risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial results. The Group uses derivative financial instruments to hedge certain risk exposures. However, the Group does not apply hedge accounting.

Risk management is handled by a central finance department in accordance with the finance policy established by the Board. Group Finance identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

### a) Market risk

#### Currency risk

The Group operates internationally and is exposed to currency risks, primarily with regard to the euro (EUR) and the Norwegian krone (NOK). Currency risk arises from future business transactions, recognised assets and liabilities, and net investments in foreign operations.

Currency risk arises when future business transactions are denominated in a currency that is not the functional currency of the unit. Sales take place primarily in each unit's functional currency, which means that trade receivables are not exposed to exchange rate fluctuations to any significant extent.

The Group's purchases of goods take place in EUR in most cases.

The Group's risk management policy is to hedge significant anticipated cash flows (mainly purchases of goods) in foreign currency. Futures contracts are entered into in order to hedge the risk of purchasing in EUR. All contracts relate to EUR and mature within 12 months. The Group does not apply hedge accounting and at the turn of the year there were outstanding futures contracts in the Group valued at SEK 0.0 (0.0) million.

In terms of transaction risk, the Group is primarily exposed to fluctuations in the EUR/SEK exchange rate. The sensitivity of profits to fluctuations in exchange rates results primarily from trade payables in these currencies. The table below shows the impact on profit after tax for the Group in the event of a reasonable possible change in these currencies, with all other variables remaining constant. There is no additional impact on equity. For further information, see Notes 17 and 22.

In light of the above, a change in the value of the SEK by 2 per cent relative to other currencies would have an insignificant effect on profit related to financial instruments as of the balance sheet date.

| SEK thousands  | 2019     | 2018     |
|----------------|----------|----------|
| EUR/SEK +/-2 % | 104/-104 | 61/-61   |
| NOK/SEK +/-4 % | 86/-86   | 235/-235 |

The Group has a number of holdings in foreign operations, the net assets of which are exposed to currency risks. The Group has chosen not to hedge the currency exposure arising from the net assets of the Group's foreign operations as it is considered insignificant.

The table below illustrates the translation risk by showing how a reasonable possible change in the currency of respective foreign operations, all other variables remaining constant, would affect the translation difference in other comprehensive income, which is reported in the "Reserves" item in equity.

| SEK thousands  | 2019     | 2018     |
|----------------|----------|----------|
| EUR/SEK +/-2 % | 214/-214 | 100/-100 |
| NOK/SEK +/-4 % | 151/-151 | 123/-123 |
| DKK/SEK +/-2 % | 136/-136 | 45/-45   |

## b) Interest risk

The Group's interest risk arises from long-term borrowing. Borrowing at variable interest rates exposes the Group to interest risk with regard to cash flow. The Group's exposure to the variable interest rate during the year was significant, which is why no risk management measures have been implemented. In 2017 and 2016, the Group's borrowing at variable interest rates was in SEK and NOK.

## Maturity date and risk reserve for trade receivables

|  | Not overdue | Overdue by<br>1–30 days | Overdue by<br>30–60 days | Overdue by<br>over 60 days | Total         |
|--|-------------|-------------------------|--------------------------|----------------------------|---------------|
| <b>At 31 December 2018, SEK '000s</b>      |             |                         |                          |                            |               |
| Anticipated loss level as %                | 0.32        | 1.7                     | 5.0                      | 16.15                      |               |
| Carrying amount, trade receivables – gross | 71,143      | 9,780                   | 1,892                    | 1,521                      | <b>84,336</b> |
| credit loss reserve                        | 228         | 166                     | 95                       | 246                        | <b>734</b>    |
| <b>At 31 December 2019, SEK '000s</b>      |             |                         |                          |                            |               |
| Anticipated loss level as %                | 0.17 %      | 0.90 %                  | 3.00 %                   | 7.00 %                     |               |
| Carrying amount, trade receivables – gross | 63,829      | 12,394                  | 1,652                    | 2,733                      | <b>80608</b>  |
| credit loss reserve                        | 105         | 112                     | 50                       | 191                        | <b>453</b>    |

## Maturity date for liabilities

|   | Less than<br>3 months | Between 3 months<br>and 1 year | Between<br>1 and 2 years | 2–5 years | More than<br>5 years |
|---|-----------------------|--------------------------------|--------------------------|-----------|----------------------|
| <b>At 31 December 2019</b>                            |                       |                                |                          |           |                      |
| Liabilities to credit institutions                    | 5,000                 | 25,400                         | 20,000                   | 26,560    | –                    |
| Liabilities to credit institutions for finance leases | 4,360                 | 13,079                         | 17,438                   | 23,369    | –                    |
| Trade payables  | 42,203                | –                              | –                        | –         | –                    |
| Accrued trade payables                                | 4,766                 | –                              | –                        | –         | –                    |
| <b>At 31 December 2018</b>                            |                       |                                |                          |           |                      |
| Liabilities to credit institutions                    | 5,000                 | 15,000                         | 20,000                   | 22,500    | 18,270               |
| Liabilities to credit institutions for finance leases | 635                   | 1,699                          | 1,473                    | 5,339     | –                    |
| Trade payables  | 35,504                | –                              | –                        | –         | –                    |
| Accrued trade payables                                | 6,661                 | –                              | –                        | –         | –                    |

The table below shows the impact on consolidated profit after tax of a reasonable possible change in the interest rate on borrowing in SEK, all other variables remaining constant. All effects on profit refer to the impact of higher/lower interest expenses for borrowing at variable interest rates. There is no additional impact on equity.

| SEK thousands                | 2019     | 2018     |
|------------------------------|----------|----------|
| 25 basis points higher/lower | 192/-192 | 202/-202 |

## c) Credit risk

Credit risk is managed at Group level, with the exception of credit risk relating to outstanding trade receivables. Each Group company is responsible for examining and analysing the credit risk of each new customer before the standard terms of payment and delivery are offered. Credit risk arises from cash and cash equivalents, derivative instruments and deposits with banks and financial institutions, including outstanding receivables and agreed transactions. Individual risk limits are set based on internal or external credit assessments in accordance with the limits set by the Group management. The use of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses due to non-payment by these counterparties. For further information, see Note 17.

## d) Liquidity risk

Cash flow forecasts are drawn up by the Group's operating companies and aggregated by Group Finance. Group Finance carefully monitors rolling forecasts of the Group's liquidity reserve to ensure that the Group has sufficient cash to meet the needs of operating activities. The current levels of cash flow and liquidity mean there is no requirement for further borrowing. At 31 December 2019, the Group's cash and cash equivalents total SEK 26,740,000, compared with total borrowing of SEK 76,959,000.

Temporary liquidity surpluses may be invested, besides bank deposits, in treasury bills or commercial papers with a K1 rating or equivalent international rating, with a maximum maturity of 360 days.

The table below provides an analysis of the Group's non-derivative financial liabilities, distributed by the contractual time to maturity at the balance sheet date. The amounts presented in the table are the contractual, undiscounted cash flows.

## 3.2 Capital management

The Group's objective with regard to the capital structure is to safeguard the Group's ability to continue its operations so it can continue to generate a return for its shareholders and benefits for other stakeholders and to maintain an optimum capital structure in order to keep capital costs down.

In order to maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's dividend policy of a 30-50 per cent dividend on profit after tax secures the company's target equity ratio. According to Christian Berner's financial targets, the company must have an equity ratio of 35 per cent.

## NOTE 4 Significant accounting estimates and assessments

### 4.1 Significant accounting estimates and assessments

Estimates, assumptions and assessments are made in the application of the accounting principles in the preparation of the annual accounts and consolidated financial statements. These affect the amounts recognised for assets, liabilities, revenue, expenses and supplementary information. Estimates and assumptions are based on historical experience, other relevant factors and future expectations and are reviewed regularly. The actual outcome may therefore differ from the estimates and assumptions made. At 31 December 2019, there are not considered to be any estimates and assumptions that involve a significant risk of a material adjustment to the carrying amounts of assets and liabilities over the next financial year.

### Impairment testing of goodwill

The Group tests goodwill for impairment every year, in accordance with the accounting principle described in Note 2.7. The recoverable amounts for cash-generating units have been established by calculating the value in use. Certain estimates must be made in these calculations. For details of these estimates, as well as assessments of how reasonable possible changes to key assumptions would affect the calculation of the recoverable amounts, see Note 14.

At the end of the year, goodwill amounted to SEK 146,224,000 (SEK 132,609,000).

## NOTE 5 Segment information

The CEO is the Group's chief operating decision-maker. The company management has determined the operating segments based on the information processed by the CEO and used as a basis for allocating resources and assessing performance. The CEO assesses operations from both a geographic perspective and a business area perspective. As the geographic perspective has been judged to be superior to the product area perspective, Christian Berner has four operating segments: Sweden, Norway, Finland and Denmark. The business areas are described in more detail at the end of this note. The CEO assesses the performance of the

operating segments primarily on the basis of EBITA. This measure is earnings before interest, taxes and amortisation, including goodwill impairment.

### Revenue

Sales between segments take place on market terms. The revenue from external parties that is reported to the CEO is measured in the same way as in the company's external financial reporting.

|              | 2019            |                        |                                 | 2018            |                        |                                 |
|--------------|-----------------|------------------------|---------------------------------|-----------------|------------------------|---------------------------------|
|              | Segment revenue | Sales between segments | Revenue from external customers | Segment revenue | Sales between segments | Revenue from external customers |
| Sweden       | 511,687         | -10,078                | 501,609                         | 460,645         | -10,294                | 450,351                         |
| Norway       | 89,481          | 0                      | 89,481                          | 64,874          | 0                      | 64,874                          |
| Finland      | 84,852          | 0                      | 84,852                          | 74,032          | 0                      | 74,032                          |
| Denmark      | 28,808          | 0                      | 28,808                          | 28,318          | 0                      | 28,318                          |
| <b>Total</b> | <b>714,828</b>  | <b>-10,078</b>         | <b>704,750</b>                  | <b>627,869</b>  | <b>-10,294</b>         | <b>617,575</b>                  |

### Net revenue is broken down as follows:

|              | 2019           | 2018           |
|--------------|----------------|----------------|
| Products     | 680,894        | 594,041        |
| Services     | 23,856         | 23,534         |
| <b>Total</b> | <b>704,750</b> | <b>617,575</b> |

The breakdown of results by segment is made on the basis of EBT. The measure mainly used by the CEO to evaluate the segments, however, is EBITA. EBITA is reconciled against earnings before tax as follows:

| EBITA                             | 2019          | 2018          |
|-----------------------------------|---------------|---------------|
| Sweden                            | 47,644        | 54,638        |
| Norway                            | 5,448         | 301           |
| Finland                           | 6,624         | 5,079         |
| Denmark                           | 4,039         | 2,684         |
| Group as a whole <sup>1)</sup>    | -10,670       | -10,924       |
| <b>Total</b>                      | <b>53,085</b> | <b>51,778</b> |
| Amortisation of intangible assets | -2,050        | -1,688        |
| Net financial items               | -2,229        | -1,252        |
| <b>Profit/loss before tax</b>     | <b>48,806</b> | <b>48,838</b> |

1) Group as a whole relates to unallocated expenses with respect to the parent company.

### Depreciation of property, plant and equipment

|              | 2019           | 2018          |
|--------------|----------------|---------------|
| Sweden       | -13,661        | -3,511        |
| Norway       | -1,502         | -58           |
| Finland      | -2,508         | -190          |
| Denmark      | -601           | -12           |
| <b>Total</b> | <b>-18,272</b> | <b>-3,771</b> |

Note 5 cont.

**Revenue from external customers by country, based on customer location**

|                 | 2019           | 2018           |
|-----------------|----------------|----------------|
| Sweden          | 401,604        | 391,291        |
| Norway          | 100,374        | 71,068         |
| Finland         | 82,766         | 75,600         |
| Belarus         | 45,586         | –              |
| Denmark         | 26,379         | 30,442         |
| China           | 17,466         | 18,548         |
| Germany         | 10,801         | 9,012          |
| Other countries | 5,313          | 4,214          |
| Poland          | 4,380          | 3,753          |
| Switzerland     | 4,332          | 2,006          |
| Belgium         | 1,948          | 4,120          |
| Netherlands     | 1,185          | 314            |
| Malaysia        | 777            | –              |
| France          | 552            | 856            |
| Japan           | 528            | 435            |
| Estonia         | 393            | 1,953          |
| Czech Republic  | 336            | 1,302          |
| Lithuania       | 32             | 58             |
| Austria         | –              | 1,086          |
| Iceland         | –              | 1,515          |
| <b>Total</b>    | <b>704,751</b> | <b>617,575</b> |

The Group has a large number of customers, with the largest accounting for no more than 6% (1%) of sales. The increase is due to the settlement of a major heating project in 2019.

**Non-current assets, other than financial instruments and deferred tax assets, are distributed by country as follows:**

|              | 2019           | 2018           |
|--------------|----------------|----------------|
| Sweden       | 227,124        | 170,622        |
| Norway       | 2,328          | 155            |
| Finland      | 9,261          | 1,876          |
| Denmark      | 769            | 31             |
| <b>Total</b> | <b>239,482</b> | <b>172,684</b> |

**Investments, excl. acquisitions of subsidiaries, are distributed by country as follows:**

|              | 2019         | 2018         |
|--------------|--------------|--------------|
| Sweden       | 7,360        | 5,109        |
| Norway       | 40           | 90           |
| Finland      | 627          | 1,540        |
| Denmark      | –            | –            |
| <b>Total</b> | <b>8,027</b> | <b>6,739</b> |

**Business areas**

Christian Berner consists of four segments, which represent both the company's geographic distribution and its reporting structure (Sweden, Norway, Denmark and Finland). Each segment (country) is then divided into the business areas Process & Environment and Materials Technology. The Process & Environment business area includes the sale of process equipment and complete systems, with sales primarily in large investment projects but also in ongoing maintenance. The Materials Technology business area includes the sale of vibration-damping and noise-reduction materials, as well as plastics.

The tables below show the net revenue and EBITA for each business area. The "Group-wide" item refers to unallocated expenses, such as consolidated annual accounts and stock exchange-related costs, which arise in the Group's parent company.

**Net revenue by business area**

|                       | 2019           | 2018           |
|-----------------------|----------------|----------------|
| Process & Environment | 481,007        | 419,346        |
| Materials Technology  | 223,743        | 198,228        |
| <b>Total</b>          | <b>704,750</b> | <b>617,575</b> |

**EBITA by business area**

|                       | 2019          | 2018          |
|-----------------------|---------------|---------------|
| Process & Environment | 44,727        | 45,464        |
| Materials Technology  | 19,027        | 17,238        |
| Group as a whole      | –10,670       | –10,924       |
| <b>Total</b>          | <b>53,085</b> | <b>51,778</b> |

**NOTE 6 Other operating income**

|  | 2019     | 2018       |
|--|----------|------------|
| Rental income                            | –        | –          |
| Gains on the sale of machinery/equipment | –        | 265        |
| Recovered bad debts                      | 1        | 2          |
| Insurance compensation                   | –        | 208        |
| <b>Total</b>                             | <b>1</b> | <b>475</b> |

**NOTE 7 Employees, remuneration and numbers****1. All employees (excluding external Board members)**

|  | 2019           | 2018           |
|--|----------------|----------------|
| Salaries and other remuneration            | 101,323        | 97,408         |
| Social security expenses                   | 27,904         | 21,548         |
| Pension costs – defined contribution plans | 16,354         | 14,360         |
| Pension costs – defined benefit plans      | –              | –              |
| <b>Total remuneration of employees</b>     | <b>145,581</b> | <b>133,316</b> |

The Group has both defined benefit and defined contribution pension plans.

In defined contribution plans, the Group's obligation is limited to fixed contributions, which are paid to a separate legal entity. As stated by Note 2.16, the ITP2 plan's defined-benefit pension commitments are also recognised as a defined-contribution plan. The Group's share of total savings premiums for ITP2 in Alecta amounted to 0.02754% (0.02752%) at 31 December 2019. The Group's share of the total number of active insured in ITP 2 amounts to 0.01758% (0.01685%) at 31 December 2019. The expected premiums for the upcoming financial year for insurance policies signed with Alecta total SEK 4,180,000 (4,882,000).

At 31/12/2019, Alecta's surplus in the form of the collective funding level was 148%. The collective funding level is the market value of Alecta's assets as a percentage of the insurance commitments, calculated in accordance with Alecta's actuarial calculation assumptions, which do not comply with IAS 19.

Note 7 cont.

## 2. All employees (including external Board members)

|                                 | 2019                                      |                 | 2018                                      |                 |
|---------------------------------|---|-----------------|---|-----------------|
|                                 | Board members and other senior executives | Other employees | Board members and other senior executives | Other employees |
| Salaries and other remuneration | 11,675                                    | 89,360          | 8,709                                     | 86,492          |
| Bonuses                         | 422                                       | 1,648           | 1,300                                     | 1,977           |
| Pension costs                   | 2,555                                     | 13,798          | 1,752                                     | 12,608          |
| Social security expenses        | 3,378                                     | 24,952          | 2,561                                     | 19,324          |
| <b>Group total</b>              | <b>18,030</b>                             | <b>129,758</b>  | <b>14,322</b>                             | <b>120,401</b>  |

## 3. Remuneration of senior executives

| Remunerations and benefits                          | 2019                    |                       |                |               |                    |               |
|---|-------------------------|-----------------------|----------------|---------------|--------------------|---------------|
|   | Basic salary/ Board fee | Variable remuneration | Other benefits | Pension costs | Other remuneration | Total         |
| Chairman of the Board                               | 450                     | –                     | –              | –             | 44                 | <b>494</b>    |
| Stina Wollenius (8 months)                          | 180                     | –                     | –              | –             | 2                  | <b>182</b>    |
| Bengt Persson (8 months)                            | 230                     | –                     | –              | –             | 3                  | <b>233</b>    |
| Lars Gatenbeck                                      | 280                     | –                     | –              | –             | 12                 | <b>292</b>    |
| Malin Domstad                                       | 180                     | –                     | –              | –             | 2                  | <b>182</b>    |
| Kerstin Gillsbro                                    | 180                     | –                     | –              | –             | 13                 | <b>193</b>    |
| CEO   | 2,236                   | –                     | 85             | 860           | 24                 | <b>3,205</b>  |
| Other senior executives (Group management 8 people) | 8,126                   | 461                   | 529            | 1,960         | 21                 | <b>11,097</b> |
| <b>Total</b>  | <b>11,862</b>           | <b>461</b>            | <b>614</b>     | <b>2,820</b>  | <b>121</b>         | <b>15,878</b> |

| Remunerations and benefits                          | 2018                    |                       |                |               |                    |               |
|---|-------------------------|-----------------------|----------------|---------------|--------------------|---------------|
|   | Basic salary/ Board fee | Variable remuneration | Other benefits | Pension costs | Other remuneration | Total         |
| Chairman of the Board                               | 330                     | –                     | –              | –             | 44                 | <b>374</b>    |
| Anders Birgersson (4 months)                        | 53                      | –                     | –              | –             | –                  | <b>53</b>     |
| Charlotta Utterström (4 months)                     | 43                      | –                     | –              | –             | 7                  | <b>50</b>     |
| Stina Wollenius (8 months)                          | 87                      | –                     | –              | –             | 2                  | <b>89</b>     |
| Bengt Persson (8 months)                            | 107                     | –                     | –              | –             | 3                  | <b>110</b>    |
| Lars Gatenbeck                                      | 190                     | –                     | –              | –             | 12                 | <b>202</b>    |
| Malin Domstad                                       | 130                     | –                     | –              | –             | 2                  | <b>132</b>    |
| Kerstin Gillsbro                                    | 130                     | –                     | –              | –             | 12                 | <b>142</b>    |
| CEO   | 2,082                   | 808                   | 92             | 756           | 25                 | <b>3,763</b>  |
| Other senior executives (Group management 6 people) | 5,591                   | 534                   | 503            | 1,213         | 28                 | <b>7,869</b>  |
| <b>Total</b>  | <b>8,743</b>            | <b>1,342</b>          | <b>595</b>     | <b>1,969</b>  | <b>135</b>         | <b>12,784</b> |

The Group rented art from the Chairman of the Board during the period. See Note 27 – Related party transactions.

### Pensions

The retirement age for the CEO and other senior executives is 65. The pension premiums paid by the company shall amount to a maximum of 40 per cent of the senior executive's fixed annual cash salary unless the executive is covered by a defined-benefit pension according to compulsory collective agreement stipulations.

### Severance pay

A period of notice of six months from either side applies between the company and the CEO. Upon termination, the Group applies a severance pay of six monthly salaries.

A period of notice of six months from either side applies between the company and other senior executives. Upon termination, the Group applies no severance pay.

## 4. Number of employees distributed by country

|                    | 2019       |              | 2018       |              |
|--------------------|------------|--------------|------------|--------------|
|                    | Number     | Of which men | Number     | Of which men |
| Sweden             | 142        | 107          | 121        | 86           |
| Norway             | 18         | 11           | 18         | 10           |
| Finland            | 21         | 18           | 21         | 17           |
| Denmark            | 5          | 4            | 5          | 4            |
| <b>Group total</b> | <b>186</b> | <b>140</b>   | <b>165</b> | <b>117</b>   |

## 5. Gender distribution of Board members and senior executives (including subsidiaries)

|                                 | 2019   |              | 2018   |              |
|---------------------------------|--------|--------------|--------|--------------|
|                                 | Number | Of which men | Number | Of which men |
| Board members                   | 35     | 30           | 31     | 26           |
| CEO and other senior executives | 9      | 8            | 6      | 6            |



**NOTE 8 Auditors' fees**

|   | 2019       | 2018         |
|---|------------|--------------|
|   | KPMG       | PWC          |
| Audit assignment                                      | 915        | 1,035        |
| Audit activities in addition to the audit assignment: |            |              |
| Tax advice  | –          | 7            |
| Other services  | 25         | 67           |
| <b>Total</b>  | <b>940</b> | <b>1,109</b> |
| Auditors' fees to others                              | –          | –            |
| <b>Group total</b>                                    | <b>940</b> | <b>1,109</b> |

**NOTE 9 Leasing**

In accordance with the new rules for reporting of leasing (IFRS 16), which entered into effect on 1 January 2019, the opening balances were adjusted with the simplified method in the regulations. This method means that the comparative period is not restated and that the leasing liability is continuously measured at the present value of the remaining leasing payments. Minor contracts of less than USD 5,000 and contracts with a remaining duration of 12 months or less have not been included in the calculation of the liability or the right of use. The interest rate used is 2%. The effect consists of the opening balance being adjusted with the leases previously classified as operating leases. The effect is presented in the table below and subsequent tables.

| Assumptions for operating leases as at 31 December 2018  | 61,103        |
|--|---------------|
| Discounting by the Group's weighted average marginal loan interest rate 2%                                 | –3,336        |
| Additional: Liabilities for finance leases as at 31 December 2018  | 9,146         |
| (Less): Short-term leases expensed on a straight-line basis  | –3,049        |
| (Less): Leases for which the underlying asset is of low value, which are expensed on a straight-line basis | –1,569        |
| (Less): Agreements reclassified as service agreements  | –             |
| Additional/Less: Adjustments due to other handling of options to extend or cancel agreements               | –             |
| <b>Lease liability as at 1 Jan 2019</b>  | <b>62,295</b> |

The effect on the balance sheet at the transition is presented by the table below:

| Effect on total assets:   | 1 Jan 2019    |
|---|---------------|
| Increase in ROU assets  | 62,295        |
| Reduction of Lease assets, previously recognised as a part of machinery/equipment | –9146         |
| <b>Opening balance, Effect of Adjustment to total assets</b>                      | <b>53,149</b> |

| Effect on total liabilities:  | 1 Jan 2019    |
|---|---------------|
| Increase in interest-bearing leasing liability, short and long term   | 62,295        |
| Reduction of interest-bearing leasing liability, previously recognised as a part of interest-bearing current and non-current liabilities to credit institutions | –9146         |
| <b>Opening balance, Effect of Adjustment to total liabilities</b>   | <b>53,149</b> |

At 31 December 2019, the following amount is recognised in the balance sheet related to IFRS 16:

| Assets                  | 31 Dec 2019   | 31 Dec 2018 |
|-------------------------|---------------|-------------|
| Properties              | 50,276        | 0           |
| Machinery and equipment | 7,595         | 0           |
| <b>Total</b>            | <b>57,871</b> | <b>0</b>    |

| Lease liabilities | 31 Dec 2019   | 31 Dec 2018 |
|-------------------|---------------|-------------|
| Current           | 17,438        | 0           |
| Non-current       | 40,807        | 0           |
| <b>Total</b>      | <b>58,245</b> | <b>0</b>    |

In the income statement, the following amount was recognised for IFRS 16:

| Depreciation of ROU | January – December |          |
|---------------------|--------------------|----------|
|                     | 2019               | 2018     |
| Depreciation        | –15,868            | 0        |
| Interest expenses   | –1,191             | 0        |
| <b>Total</b>        | <b>–17,059</b>     | <b>0</b> |

During the period for the year's first 12 months, the Group paid a total of SEK 1.65 million for short-term leases that were not included in the calculations above and SEK 120,000 for leases with a low value, which were also excluded.

**NOTE 10 Financial income and expenses**

| Revenue                       | 2019       | 2018       |
|-------------------------------|------------|------------|
| Other interest income         | 124        | 159        |
| Foreign exchange gains        | 252        | 214        |
| Other financial income        | –          | 1          |
| <b>Total financial income</b> | <b>376</b> | <b>374</b> |

| Costs   | 2019          | 2018          |
|---|---------------|---------------|
| Interest expense on liabilities to credit institutions excluding finance leases | –1,271        | –1,375        |
| Interest expense on liabilities to credit institutions for finance leases       | –1,191        | –173          |
| Foreign exchange losses   | –126          | –25           |
| Other financial expenses  | –17           | –52           |
| <b>Total financial expenses</b>   | <b>–2,605</b> | <b>–1,625</b> |
| <b>Net financial items</b>  | <b>–2,229</b> | <b>–1,251</b> |

**NOTE 11 Exchange-rate differences in business activities**

Foreign exchange differences attributable to the business have been recognised in the statement of comprehensive income as follows:

|                  | 2019          | 2018       |
|------------------|---------------|------------|
| Goods for resale | –2,142        | 675        |
| <b>Total</b>     | <b>–2,142</b> | <b>675</b> |

**NOTE 12 Income tax**

| Current tax                             | 2019           | 2018          |
|---|----------------|---------------|
| Current tax on profit/loss for the year | –10,039        | –9,926        |
| Adjustments for previous years          | –4             | 5             |
| <b>Total current tax</b>                | <b>–10,043</b> | <b>–9,921</b> |

| Deferred tax (Note 21)                           | 2019           | 2018           |
|--|----------------|----------------|
| Occurrence and reversal of temporary differences | 538            | –645           |
| Deferred tax attributable to loss carry-forward  | –1,407         | –548           |
| <b>Total deferred tax</b>                        | <b>–869</b>    | <b>–1,193</b>  |
| <b>Total income tax</b>                          | <b>–10,912</b> | <b>–11,115</b> |

Note 12 cont.

The income tax on pre-tax profit differs from the theoretical amount that would have been produced from the use of the tax rate in Sweden for profit at the consolidated companies as described below:

|   | 2019           | 2018           |
|---|----------------|----------------|
| <b>Profit/loss before tax</b>                               | <b>48,806</b>  | <b>48,838</b>  |
| Income tax calculated using the tax rate in Sweden (21.4 %) | -10,445        | -10,744        |
| Effect of foreign tax rates                                 | -36            | -2             |
| <b>Tax effect of:</b>                                       |                |                |
| Non-deductible expenses                                     | -446           | -536           |
| Non-taxable income  | 18             | 11             |
| Adjustment for current tax of previous years                |                | 5              |
| Change due to a changed tax rate                            | -4             | 148            |
| <b>Tax expense</b>  | <b>-10,912</b> | <b>-11,115</b> |

### NOTE 13 Earnings per share

#### Before and after dilution

Earnings per share before dilution is calculated by dividing the profit attributable to the parent company's shareholders by a weighted average number of ordinary shares outstanding during the period. No dilution effects have adjusted the weighted average number of ordinary shares outstanding for the periods, therefore earnings per share after dilution is the same as earnings per share before dilution.

#### Earnings per share

|  | 2019          | 2018          |
|--|---------------|---------------|
| Profit attributable to the parent company's shareholders           | 37,894        | 37,725        |
| Class A shares with 10 votes each                                  | 1,250         | 1,250         |
| Class B shares with 1 vote each                                    | 17,509        | 17,509        |
| <b>Total</b>   | <b>18,759</b> | <b>18,759</b> |
| Treasury shares  | 72            | 72            |
| Weighted average number of ordinary shares outstanding (thousands) | 18,675        | 18,675        |
| <b>Earnings per share</b>  | <b>2.03</b>   | <b>2.02</b>   |

Every share has a par value of SEK 0.03.

### NOTE 14 Intangible assets

#### Cost

| Financial year 2018   | Distribu-<br>tion rights | Good-<br>will  | Trade-<br>marks | Internally<br>developed<br>software | Total          |
|---|--------------------------|----------------|-----------------|-------------------------------------|----------------|
| Opening carrying amount   | 4,825                    | 14,844         | 3,000           | 0                                   | 22,669         |
| Adjustment of cost for unpaid supplemental purchase consideration |                          |                |                 |                                     | -              |
| Exchange differences  | -                        | -              | -               | -                                   | -              |
| Purchases   | -                        | -              | 0               | 1,187                               | 1,187          |
| Purchases through acquisitions                                    | 1,195                    | 117,765        | 14,000          | -                                   | 132,960        |
| Reclassifications   | -                        | -              | -               | -                                   | 0              |
| Sales and disposals   | -                        | -              | -               | -                                   | 0              |
| Depreciation  | -1,688                   | -              | -               | -                                   | -1,688         |
| <b>Closing carrying amount</b>                                    | <b>4,332</b>             | <b>132,609</b> | <b>17,000</b>   | <b>1,187</b>                        | <b>155,128</b> |
| <b>At 31 December 2018</b>  |                          |                |                 |                                     |                |
| Cost  | 15,291                   | 134,633        | 17,000          | 1,187                               | 168,111        |
| Acc. impairment and amortisation                                  | -10,959                  | -2,024         | -               | -                                   | -12,983        |
| <b>Carrying amount</b>  | <b>4,332</b>             | <b>132,609</b> | <b>17,000</b>   | <b>1,187</b>                        | <b>155,128</b> |

| Financial year 2019   | Distribu-<br>tion rights | Good-<br>will  | Trade-<br>marks | Internally<br>developed<br>software | Total          |
|---|--------------------------|----------------|-----------------|-------------------------------------|----------------|
| Opening carrying amount   | 4,332                    | 132,609        | 17,000          | 1,187                               | 155,128        |
| Adjustment of cost for unpaid supplemental purchase consideration | -                        | -              | -               | -                                   | -              |
| Exchange differences  | -                        | -              | -               | -                                   | -              |
| Purchases   | -                        | -              | -               | 674                                 | 674            |
| Purchases through acquisitions                                    | -                        | 13,615         | -               | -                                   | 13,615         |
| Reclassifications   | -                        | -              | -               | -                                   | -              |
| Sales and disposals   | -                        | -              | -               | -                                   | -              |
| Depreciation  | -1,768                   | -              | -               | -282                                | -2,050         |
| <b>Closing carrying amount</b>                                    | <b>2,564</b>             | <b>146,224</b> | <b>17,000</b>   | <b>1,579</b>                        | <b>167,367</b> |

#### At 31 December 2019

|                                  |              |                |               |              |                |
|----------------------------------|--------------|----------------|---------------|--------------|----------------|
| Cost                             | 15,291       | 148,248        | 17,000        | 1,861        | 182,400        |
| Acc. impairment and amortisation | -12,727      | -2,024         | -             | -282         | -15,033        |
| <b>Carrying amount</b>           | <b>2,564</b> | <b>146,224</b> | <b>17,000</b> | <b>1,579</b> | <b>167,367</b> |

\* Goodwill has arisen through acquisitions. SEK 12.4 million from the 2016 acquisition of Fillflex AB and SEK 2.3 million from the acquisition of Plastkaptex AB the same year. SEK 0.2 million pertains to the acquisition of Satron AB in 2008. During 2018, goodwill for the acquisition of Zander & Ingeström arose in an amount of SEK 117.8 million and the acquisition of Bullerbekämparen in October 2019 increased goodwill by SEK 13.6 million.

\*\* The trademarks arose through corporate acquisitions in 2016 of Fillflex AB and Zander & Ingeström AB, both of which are included in the Sweden segment.

#### Impairment testing of goodwill and brands

Goodwill is monitored by the management, based on the operating segment to which the Group has allocated the operations. Goodwill arising through acquisitions is allocated entirely to the Sweden operating segment as below and this is therefore the group of cash-generating units at which goodwill is tested.

| Goodwill by segment and cash-generating unit | 2019    | 2018    |
|--|---------|---------|
| Sweden                                       | 146,224 | 132,609 |

The recoverable amount for the Sweden segment has been determined by calculating the value in use. These calculations are made using estimated future cash flows before tax, based on financial budgets approved by the company management that cover a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate as below.

| 2019                         | Sweden |
|------------------------------|--------|
| Long-term growth rate (%)    | 2.0    |
| Discount rate before tax (%) | 10.0   |

Significant assumptions made when calculating the value in use are annual volume growth and related profit trend, long-term growth rate and a market return on equity (WACC). It is the assessment of the management that the annual volume growth for each CGU over the five-year forecast period is a significant assumption. Assumptions were made regarding gross margin, cost level, working capital requirements and investment requirements. Sales volumes in the respective period are the main cause for the development of income and expenses. The annual volume growth is based on the management's experience and on previous results, as well as the management's expectations of market trends. The long-term growth rate used corresponds to the long-term inflation expectations in Sweden. The growth rate is also not considered to exceed the long-term growth rate for the market in which the CGU concerned operates. The discount rate applied is indicated before tax. A sensitivity analysis has been performed and a change of one percentage point, which is considered to be a reasonable deviation, from the significant assumptions indicated above would not result in the carrying amount exceeding the value in use.

**NOTE 15 Machinery and equipment**

| <b>Financial year 2018</b>     |               |
|--------------------------------|---------------|
| Opening carrying amount        | 12,310        |
| Exchange differences           | 96            |
| Purchases                      | 11,457        |
| Purchases through acquisitions | 220           |
| Reclassifications              |               |
| Sales and disposals            | -2,756        |
| Depreciation                   | -3,772        |
| <b>Closing carrying amount</b> | <b>17,556</b> |

| <b>At 31 December 2018</b> |               |
|----------------------------|---------------|
| Cost                       | 37,011        |
| Depreciation               | -19,455       |
| <b>Carrying amount</b>     | <b>17,556</b> |

| <b>Financial year 2019</b>     |               |
|--------------------------------|---------------|
| Opening carrying amount*       | 8,411         |
| Exchange differences           | 130           |
| Purchases                      | 7,353         |
| Purchases through acquisitions | 887           |
| Reclassifications              | -             |
| Sales and disposals            | -134          |
| Depreciation                   | -2,404        |
| <b>Closing carrying amount</b> | <b>14,243</b> |

| <b>At 31 December 2019</b> |               |
|----------------------------|---------------|
| Cost                       | 31,247        |
| Depreciation               | -17,004       |
| <b>Carrying amount</b>     | <b>14,243</b> |

\* The opening carrying amount was adjusted with finance leases at 31 December 2018.

**NOTE 16 Financial instruments**

| <b>Assets measured at amortised cost</b> | <b>31/12/2019</b> | <b>31/12/2018</b> |
|--|-------------------|-------------------|
| <b>Assets on the Balance Sheet</b>       |                   |                   |
| Other non-current receivables            | 189               | 186               |
| Trade receivables                        | 80,155            | 83,602            |
| Cash and cash equivalents                | 26,740            | 33,774            |
| <b>Total</b>                             | <b>107,084</b>    | <b>117,562</b>    |

| <b>Financial liabilities in the balance sheet measured at amortised cost</b> | <b>31/12/2019</b> | <b>31/12/2018</b> |
|--|-------------------|-------------------|
| Liabilities to credit institutions   | 76,959            | 83,408            |
| Trade payables and other liabilities   | 76,720            | 70,473            |
| <b>Total</b>   | <b>153,678</b>    | <b>153,881</b>    |

**NOTE 17 Trade receivables**

|   | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
| Trade receivables   | 80,613        | 84,336        |
| Provisions for doubtful receivables   | -457          | -734          |
| <b>Trade receivables, net</b>   | <b>80,155</b> | <b>83,602</b> |
| Overdue trade receivables where impairment requirements are not considered to exist | 16,779        | 13,193        |

| <b>Age distribution of trade receivables</b> | <b>2019</b>   | <b>2018</b>   |
|--|---------------|---------------|
| Trade receivables not yet due                | 63,829        | 71,143        |
| 1-30 days                                    | 12,394        | 9,780         |
| 31-60 days                                   | 1,652         | 1,892         |
| > 60 days                                    | 2,733         | 1,521         |
| of which provisioned                         | -452          | -734          |
| <b>Total</b>                                 | <b>80,155</b> | <b>83,602</b> |

For an age analysis of trade receivables with impairment requirements, refer to Note 2.

**Recognised amounts by currency for trade receivables are as follows:**

|              | <b>2019</b>   | <b>2018</b>   |
|--------------|---------------|---------------|
| SEK          | 49,395        | 54,573        |
| EUR          | 18,514        | 18,174        |
| NOK          | 8,227         | 6,752         |
| DKK          | 2,147         | 2,689         |
| USD          | 1,124         | 317           |
| GBP          | 477           | 145           |
| CHF          | 270           | 518           |
| JPY          | -             | 434           |
| <b>Total</b> | <b>80,155</b> | <b>83,602</b> |

**Changes to the provisions for doubtful receivables are as follows:**

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
| At 1 January   | 734         | 531         |
| Provisions for doubtful receivables                      | 74          | 734         |
| Receivables written off during the year as uncollectable | 176         | -499        |
| Unused amounts reversed                                  | -516        | 74          |
| Effect of changes in exchange rates                      | -11         | -106        |
| <b>At 31 December</b>                                    | <b>457</b>  | <b>734</b>  |

**NOTE 18 Prepaid expenses and accrued income**

|                            | <b>31/12/2019</b> | <b>31/12/2018</b> |
|----------------------------|-------------------|-------------------|
| Prepaid rent               | 2,123             | -                 |
| Prepaid leases             | 164               | 82                |
| Prepaid insurance policies | 318               | 28                |
| Other items                | 1,672             | 4,371             |
| <b>Total</b>               | <b>4,277</b>      | <b>4,481</b>      |

## NOTE 19 Cash and cash equivalents

Cash and cash equivalents, both on the balance sheet and in the cash flow statement, consist of:

|                          | 31/12/2019    | 31/12/2018    |
|--------------------------|---------------|---------------|
| Cash                     | 3             | –             |
| Bank deposits            | 26,737        | 33,774        |
| <b>Total<sup>1</sup></b> | <b>26,740</b> | <b>33,774</b> |

\* Excl. unused overdraft facilities.

### Bank overdraft facility

The Group has an approved bank overdraft facility in the currencies SEK, NOK and EUR where only the Swedish overdraft facility is utilised. The utilised amount at 31 December 2019 was SEK 13.95 million (18.27). No overdraft facilities in another currency were utilised.

|  | 31/12/2019 | 31/12/2018 |
|--|------------|------------|
| Bank overdraft facility in NOK (thousands) | 1,000      | 1,000      |
| Bank overdraft facility in SEK (thousands) | 30,000     | 25,000     |
| Bank overdraft facility in EUR (thousands) | 250        | 250        |

## NOTE 20 Liabilities to credit institutions and finance leases

|                                    | 31/12/2019    | 31/12/2018    |
|------------------------------------|---------------|---------------|
| <b>Non-current</b>                 |               |               |
| Liabilities to credit institutions | 32,600        | 42,500        |
| Finance leases                     | 40,807        | 6,508         |
| <b>Total non-current borrowing</b> | <b>73,407</b> | <b>49,008</b> |

|                                    | 31/12/2019     | 31/12/2018    |
|------------------------------------|----------------|---------------|
| <b>Current</b>                     |                |               |
| Liabilities to credit institutions | 44,359         | 38,270        |
| Finance leases                     | 17,438         | 2,638         |
| <b>Total current borrowing</b>     | <b>61,797</b>  | <b>40,908</b> |
| <b>Total borrowing, Group</b>      | <b>135,204</b> | <b>89,916</b> |

| Recognised amounts by currency | 31 Dec 2019 | 31 Dec 2018 |
|--------------------------------|-------------|-------------|
| SEK                            | 135,204     | 89,916      |
| Other currencies               | –           | –           |

### Liabilities to credit institutions for finance leases

See specific note for leases and disclosures in the accounting principles regarding IFRS 16. As of 1 January 2019, a new lease standard has been applied (IFRS 16), which means that all leases will be seen as finance leases (with some exceptions for short-term leases and leases of a low value). This entails a major effect on the balance sheet for the leasing liability, of which the large differences between 2018 and 2019 above.

### Information about fair value

The carrying amount essentially corresponds to the fair value with regard to non-current borrowing, where the interest rate is variable and the margin unchanged at the balance sheet date compared with the date when the loan was initially recognised. For other financial liabilities, and assets, the fair value is deemed to correspond to the carrying amount, particularly where these items are short term in nature.

## NOTE 21 Deferred income tax

Deferred tax assets and liabilities are distributed as follows:

|   | 31/12/2019    | 31/12/2018    |
|---|---------------|---------------|
| <b>Deferred tax assets</b>                                      |               |               |
| – deferred tax assets to be utilised after more than 12 months  | –             | –             |
| – deferred tax assets to be utilised within 12 months           | 504           | 1,827         |
| <b>Deferred tax liabilities</b>                                 |               |               |
| – deferred tax liabilities to be paid after more than 12 months | 3,638         | 8,012         |
| – deferred tax liabilities to be paid within 12 months          | 4,264         | 280           |
| <b>Deferred tax liabilities (net)</b>                           | <b>–7,398</b> | <b>–6,465</b> |

Deferred tax assets are recognised for tax loss carryforwards or other deductions to the extent it is probable that they can be utilised against future taxable profits. All loss carryforwards in the Group are currently expected to be utilised in the future. Christian Berner has recognised deferred tax assets for loss carryforwards in Denmark and Norway, as it is considered probable that these loss carryforwards can be utilised against future profits. Of the loss, SEK 0 (0) is due between 2018 and 2025. Deferred tax on non-current assets refers to the difference between the tax residual values and the carrying residual values. Changes in deferred tax assets and liabilities during the year, without taking into account offsets made within the same tax jurisdiction, are shown below:

The gross change in relation to deferred taxes is as follows:

|  | 2019          | 2018          |
|--|---------------|---------------|
| <b>Opening balance</b>   | <b>–6,465</b> | <b>414</b>    |
| Exchange differences   | –1            | 32            |
| Change attributable to untaxed reserves in subsidiaries acquired during the year                             | –64           | –1,193        |
| Change attributable to deferred tax on intellectual property rights in subsidiaries acquired during the year | –             | –2,639        |
| Recognised in profit or loss   | –869          | –3,080        |
| Tax attributable to components in other comprehensive income (Note X)  | –             | –             |
| Tax recognised in equity   | –             | –             |
| <b>Closing balance</b>   | <b>–7,398</b> | <b>–6,466</b> |

| Deferred tax assets                           | Loss carry-forwards   |
|---|---|
| <b>At 01 January 2018</b>                     | <b>2,375</b>  |
| Recognised in profit or loss                  | –580  |
| Recognised in other comprehensive income      | –   |
| Foreign exchange differences                  | 32  |
| <b>At 31 December 2018</b>                    | <b>1,827</b>  |
| Recognised in profit or loss                  | –1,327  |
| Foreign exchange differences                  | 4   |
| <b>At 31 December 2019</b>                    | <b>504</b>  |
| <b>Deferred tax liabilities</b>               | Temporary differences, intangible assets and property, plant and equipment, as well as untaxed reserves |
| <b>At 1 January 2018</b>                      | <b>1,961</b>  |
| Recognised in profit or loss                  | 613   |
| Increase as a result of business combinations | 5719  |
| Foreign exchange differences                  | –   |
| <b>At 31 December 2018</b>                    | <b>8,292</b>  |
| Increase as a result of business combinations | 64  |
| Recognised in profit or loss                  | –458  |
| Foreign exchange differences                  | 4   |
| <b>At 31 December 2019</b>                    | <b>7,901</b>  |

**NOTE 22** Trade payables

|  | 2019          | 2018          |
|--|---------------|---------------|
| Trade payables                         | 42,203        | 35,505        |
| <b>Age distribution trade payables</b> | <b>2019</b>   | <b>2018</b>   |
| Trade payables not yet due             | 33,657        | 35,187        |
| 1-30 days                              | 7,217         | 282           |
| 31-60 days                             | 1,030         | 4             |
| > 60 days                              | 299           | 31            |
| <b>Total</b>                           | <b>42,203</b> | <b>35,505</b> |

**Recognised amounts by currency for trade receivables are as follows:**

|              | 2019          | 2018          |
|--------------|---------------|---------------|
| SEK          | 12,586        | 8,497         |
| EUR          | 23,952        | 21,256        |
| NOK          | 1,156         | 875           |
| DKK          | 996           | 592           |
| USD          | 567           | 227           |
| GBP          | 2,086         | 3,029         |
| CHF          | 860           | 1,028         |
| <b>Total</b> | <b>42,203</b> | <b>35,505</b> |

**NOTE 23** Accrued expenses and prepaid income

|                                  | 31/12/2019    | 31/12/2018    |
|----------------------------------|---------------|---------------|
| Accrued salaries                 | 3,784         | 4,066         |
| Accrued travel expenses          | 316           | 317           |
| Accrued holiday pay              | 13,072        | 12,345        |
| Accrued social security expenses | 3,149         | 3,686         |
| Accrued payroll tax              | 3,683         | 2,686         |
| Accrued interest                 | 132           | 194           |
| Other accrued liabilities        | 5,615         | 5,013         |
| Accrued trade payables           | 4,766         | 6,661         |
| <b>Total</b>                     | <b>34,517</b> | <b>34,968</b> |

**NOTE 24** Cash flow

| <b>Adjustment for non-cash items</b>                   | 2019          | 2018         |
|--|---------------|--------------|
| Depreciation and amortisation of non-current assets    | 20,322        | 5,460        |
| Capital gains from sale/disposal of non-current assets | 0             | -264         |
| Warranty provisions                                    | 107           | 135          |
| Other provisions                                       | -441          | 598          |
| <b>Total</b>   | <b>19,988</b> | <b>5,929</b> |

| <b>Specification of cash flow effect on liabilities in financing activities</b> | Liabilities to credit institutions for acquisition loans | Liabilities to credit institutions for finance leases |
|---|--|---|
| <b>Opening balance</b>  | <b>80,770</b>  | <b>62,295</b>   |
| Cash flow   | -23,956  | -15,493   |
| Purchases   | 20,145   | 11,443  |
| Sales and disposals   |  |   |
| <b>Closing balance</b>  | <b>76,959</b>  | <b>58,245</b>   |

The table above presents the change in the Group's debt/equity ratio the cash flow of which is recognised in financing activities in accordance with new disclosure requirements in IAS7.

**NOTE 25** Distribution of net revenue

In accordance with the new disclosure requirements in IFRS 15, the Christian Berner Group presents an account of the breakdown of the revenue that is done.

Christian Berner's revenue streams are presented by Segment and Business Area, where Segment corresponds to the market for the revenue. All Business Areas are represented in all segments and the revenues come in contracts with categories described in more detail below. The Process & Environment Business Area has a business model, which to a larger degree is characterised by category 1 and 2, while the Materials Technology Business Area has a larger share of category 3. However, all three categories are found in all segments and business areas.

Christian Berner has revenues in three categories: (1) Commission sales, where Christian Berner serves as the sales channel for suppliers through contact with the end customer. The revenue is an agreed commission that Christian Berner receives from the supplier and is usually received from suppliers in connection with or after the product is delivered to the end customer. Christian Berner does not check the sales flow and is normally dependent on suppliers and customers agreeing and closing the deal in order for us to be able to receive final payment from the supplier. (2) Project sales, refer to the revenue streams where Christian Berner has several performance commitments, i.e. it is not only comprised of one service or product, but the agreement comprises several different parts. The revenue is mainly comprised of remuneration agreed in advance for the projects and usually paid through advance invoicing and invoicing at various milestones in the projects, depending on the size of the projects. These projects can run for a long time and depending on their nature, the income and expenses are also recognised gradually as the degree of completion develops. The earnings outcome for larger projects depends on the estimate holding and the project being successful. Accordingly, there is always an uncertainty regarding the profitability of the project before it is completed. (3) Sales of goods and services. This category pertains to the goods and services sold separately. It may be about a service or installation, a product or spare part from our inventory, etc. These goods are sold at the amounts agreed with the customer, usually based on price lists. The time for revenue recognition of these goods and services is when control is transferred to the customer. Invoicing usually takes place in connection with delivery. The largest uncertainty here would be if the customer does not have payment capacity to pay us for services rendered or products delivered.

**Jan-Dec 2019**

| Net revenue, SEK '000s | Sweden         | Norway        | Finland       | Denmark       | Group          |
|------------------------|----------------|---------------|---------------|---------------|----------------|
| Process & Environment  | 376,075        | 55,273        | 33,749        | 15,910        | 481,007        |
| Materials Technology   | 125,534        | 34,208        | 51,104        | 12,897        | 223,743        |
| <b>Total</b>           | <b>501,609</b> | <b>89,481</b> | <b>84,852</b> | <b>28,808</b> | <b>704,750</b> |

**Jan-Dec 2018**

| Net revenue, SEK '000s | Sweden         | Norway        | Finland       | Denmark       | Group          |
|------------------------|----------------|---------------|---------------|---------------|----------------|
| Process & Environment  | 328,969        | 41,209        | 32,657        | 16,511        | 419,346        |
| Materials Technology   | 121,380        | 23,665        | 41,375        | 11,808        | 198,228        |
| <b>Total</b>           | <b>450,351</b> | <b>64,874</b> | <b>74,032</b> | <b>28,318</b> | <b>617,575</b> |

**Contracted future revenue**

The contracted revenues that the Group has where the performance commitments are unmet and where the contract term exceeds one year pertains to our entire product area of heating and the construction contracts found there.

| <b>Contracted future revenue</b>     | 2020   | 2021   |
|--------------------------------------|--------|--------|
| Construction contract within heating | 68,899 | 18,950 |

**Revenues regarding performance obligations from earlier periods (advance payments from customers)**

| <b>Opening balance, 31/12/2018</b>                    | <b>19,972</b> |
|---|---------------|
| Received contract liabilities in acquisition          | 0             |
| Recognised as revenue during the year*                | -19,972       |
| New contract liabilities entered into during the year | 31,488        |
| <b>Closing balance, 31 Dec 2019</b>                   | <b>31,488</b> |

\*All advances from customers that existed at 01/01/2019 were recognised as revenue by the end of the financial year.



## NOTE 26 Acquisition calculation

### Zander & Ingeström AB

Christian Berner Tech Trade AB signed an agreement to acquire all the shares of Zander & Ingeström AB on 16 February 2018. Zander & Ingeström AB (<http://zeta.se>) is one of Sweden's leading companies in pump and heating technology, working with customers in the processing, paper, water/power and mining industries. In 2017, the company's revenue amounted to SEK 124 million and it had an operating profit of SEK 16.4 million. At the end of the first quarter of 2018, the company had 24 employees. The purchase consideration was initially SEK 125 million on a debt-free basis and financing took place through loans and shares. An additional purchase consideration of SEK 15 million was subsequently paid in the first quarter of 2019. Possession was transferred on 1 March 2018. Zander & Ingeström AB conducts its activities as an independent company within Christian Berner's Process & Environment business area in the Sweden segment. Payment was made on 1 March 2018 in an amount of SEK 125 million in total. Of this amount, SEK 70 million consists of recently raised acquisition loans, SEK 8.1 million pertains to payment through an earlier share buyback and SEK 46.9 million is paid through equity. No change has occurred in the acquisition calculation since it was first presented in Q1 2018.

|  |       |
|--|-------|
| The purchase consideration of which SEK 125 million was paid on the possession date and the remaining purchase consideration of SEK 15 million was paid from cash in Q1 of 2019. | 140.0 |
| Net assets measured at fair value  | 22.2  |
| Goodwill   | 117.8 |

### Net assets consist of the values below (SEK million)

|   | Carrying amounts in subsidiaries | Fair value adjustment | Fair value in the Group |
|---|----------------------------------|-----------------------|-------------------------|
| Intangible assets excluding consolidated goodwill           | 1.2                              | 14.0                  | 15.2                    |
| Tangible fixed assets                                       | 0.2                              | 0.0                   | 0.2                     |
| Financial fixed assets                                      | 0.0                              | 0.0                   | 0.0                     |
| Current assets  | 62.3                             | -9.3                  | 53.0                    |
| Provisions  | -1.2                             | 0.0                   | -1.2                    |
| Non-current liabilities                                     | 0.0                              | -5.7                  | -5.7                    |
| Current liabilities   | -48.7                            | 9.4                   | -39.3                   |
| Untaxed reserves (rebooking)                                | -12.0                            | 12.0                  | 0.0                     |
| Net asset   | 1.8                              | 20.4                  | 22.2                    |
| Cash and cash equivalents in acquired operations amount to: | 7.0                              |                       |                         |

### Bullerbekämparen Svenska AB

On 18 September 2018, Christian Berner Tech Trade signed an agreement on the acquisition of all shares in Bullerbekämparen Svenska AB (<http://bullerbekamparen.se>), a company that produces, sells and installs products for improved acoustics and lower noise levels in industry, offices and public settings. In 2018, the company's sales amounted to SEK 30.6 million with an EBITDA of SEK 5.0 million (EBIT SEK 4.7 millions). At the end of 2018, the company had 18 employees. The purchase consideration amounted to SEK 26.1 million and was financed through available cash and loans raised. An additional purchase sum of no more than SEK 4.0 million may then become payable depending on the 2019-2020 result. Possession was transferred on 01 October 2019. Bullerbekämparen Svenska AB conducts its activities as an independent company within Christian Berner's Materials Technology business area in Sweden.

|                                   |      |
|-----------------------------------|------|
| Purchase price                    | 26.1 |
| Net assets measured at fair value | 12.5 |
| Goodwill                          | 13.6 |

### Net assets consist of the values below (SEK million)

|   | Carrying amounts in subsidiaries | Fair value adjustment | Fair value in the Group |
|---|----------------------------------|-----------------------|-------------------------|
| Intangible assets excluding consolidated goodwill           | 0.0                              |                       | 0.0                     |
| Tangible fixed assets                                       | 0.9                              |                       | 0.9                     |
| Financial fixed assets                                      | 0.0                              |                       | 0.0                     |
| Current assets  | 15.1                             |                       | 15.1                    |
| Provisions  | -0.2                             |                       | -0.2                    |
| Non-current liabilities                                     | 0.0                              |                       | 0.0                     |
| Current liabilities   | -3.3                             | 0.0                   | -3.3                    |
| Untaxed reserves  | -0.2                             | 0.2                   | 0.0                     |
| Net asset   | 12.3                             | 0.2                   | 12.5                    |
| Cash and cash equivalents in acquired operations amount to: | 5.9                              |                       |                         |

## NOTE 27 Pledged assets

|                  | 31/12/2019    | 31/12/2018    |
|------------------|---------------|---------------|
| Floating charges | 35,000        | 32,198        |
| <b>Total</b>     | <b>35,000</b> | <b>32,198</b> |

## NOTE 28 Contingent liabilities

|              | 31/12/2019   | 31/12/2018    |
|--------------|--------------|---------------|
| Guarantees   |              | 46,639        |
| Warranties   | 3,629        | 1,578         |
| <b>Total</b> | <b>3,629</b> | <b>48,217</b> |

\* The guarantee pertains to a previous obligation that the Group had regarding commitments to pay rent. These contingent liabilities are now recognised as liabilities in the balance sheet as an effect of the introduction of IFRS 16.

## NOTE 29 Related parties

At 31 December 2019, Gårdaverken AB owns all class A shares and 18.2% of all class B shares and accordingly has the largest share of the votes and 23.7% of the total shares. Ernstöm Kapital AB owns 10.3%. Ksenia Berner owns 9.1% of the total shares as of the same date. The remainder of the shares have a wide distribution.

|  | 2019       | 2018       |
|--|------------|------------|
| Purchase of services                       |            |            |
| Rent of art from the Chairman of the Board | 102        | 102        |
| <b>Total</b>                               | <b>102</b> | <b>102</b> |

The services recognised as above have been purchased on normal business terms on a commercial basis.

## NOTE 30 Events after the end of the reporting period

- Christian Berner Tech Trade AB gathers common support functions (Finance, Marketing and Business Development & IT) in the company Christian Berner Business Services AB. The new company has the task of developing the service to the commercially operating companies and potential future acquisitions. It also enables further focus on the core business in the commercially operating companies.
- Christian Berner Tech Trade AB signed an agreement with SEB for a revolving credit facility of SEK 200 million over three years. Part (SEK 55 million) of the facility was used to repay existing loans. The main part will be used to finance the chosen acquisition strategy.

# Parent company income statement

| SEK thousands                                 | Note | 2019           | 2018           |
|---|------|----------------|----------------|
| <b>OPERATING INCOME</b>                       |      |                |                |
| Net revenue                                   | 3,17 | 20,854         | 19,895         |
| <b>Total</b>                                  |      | <b>20,854</b>  | <b>19,895</b>  |
| <b>Operating expenses</b>                     |      |                |                |
| Purchased services                            | 17   | -11,984        | -8,395         |
| Other external costs                          | 5    | -5,806         | -5,895         |
| Staff costs                                   | 4    | -13,734        | -12,831        |
| <b>Total operating expenses</b>               |      | <b>-31,524</b> | <b>-27,121</b> |
| <b>Operating profit/loss</b>                  |      | <b>-10,670</b> | <b>-7,226</b>  |
| Profit from participations in Group companies | 6    | 8,568          | 21,652         |
| Interest and similar income                   | 6, 7 | 252            | 214            |
| Interest and similar expenses                 | 6, 7 | -1,185         | -1,577         |
| <b>Total profit/loss from financial items</b> |      | <b>7,635</b>   | <b>20,289</b>  |
| <b>Profit/loss before tax</b>                 |      | <b>-3,035</b>  | <b>13,063</b>  |
| Appropriations                                | 8    | 33,000         | 19,000         |
| Tax on profit for the year                    | 9    | -4,607         | -2,317         |
| <b>PROFIT/LOSS FOR THE YEAR</b>               |      | <b>25,358</b>  | <b>29,746</b>  |

The parent company has no items recognised as other comprehensive income; therefore, total comprehensive income is the same as profit/loss for the year.

# Parent company balance sheet

| SEK thousands                    | Note | 2019           | 2018           |
|----------------------------------|------|----------------|----------------|
| <b>ASSETS</b>                    |      |                |                |
| <b>Non-current assets</b>        |      |                |                |
| <b>Financial assets</b>          |      |                |                |
| Shares in Group companies        | 10   | 227,604        | 227,554        |
| <b>Total financial assets</b>    |      | <b>227,604</b> | <b>227,554</b> |
| <b>Total non-current assets</b>  |      | <b>227,604</b> | <b>227,554</b> |
| <b>Current assets</b>            |      |                |                |
| <b>Current receivables</b>       |      |                |                |
| Receivables from Group companies | 17   | 41,651         | 19,660         |
| Other receivables                |      | 373            | 3              |
| Tax receivables                  |      | –              | 129            |
| Prepaid expenses                 | 11   | 110            | 245            |
| <b>Total current receivables</b> |      | <b>42,134</b>  | <b>20,037</b>  |
| Cash and bank balances           | 12   | 120            | 120            |
| <b>Total current assets</b>      |      | <b>42,254</b>  | <b>20,157</b>  |
| <b>TOTAL ASSETS</b>              |      | <b>269,858</b> | <b>247,711</b> |

| SEK thousands                        | Note | 2019           | 2018           |
|--------------------------------------|------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>        |      |                |                |
| <b>Equity</b>                        |      |                |                |
| <b>Restricted equity</b>             |      |                |                |
| Share capital                        |      | 625            | 625            |
| Revaluation reserve                  |      | 37,000         | 37,000         |
| Statutory reserve                    |      | 1              | 1              |
| <b>Total restricted equity</b>       |      | <b>37,626</b>  | <b>37,626</b>  |
| <b>Non-restricted equity</b>         |      |                |                |
| Retained earnings                    |      | 78,906         | 63,176         |
| Profit for the year                  |      | 25,358         | 29,746         |
| <b>Total non-restricted equity</b>   |      | <b>104,264</b> | <b>92,922</b>  |
| <b>Total equity</b>                  |      | <b>141,890</b> | <b>130,548</b> |
| <b>LIABILITIES</b>                   |      |                |                |
| <b>Non-current liabilities</b>       |      |                |                |
| Liabilities to credit institutions   | 14   | 23,000         | 42,500         |
| Liabilities to Group companies       | 14   | 960            | 960            |
| <b>Total non-current liabilities</b> |      | <b>23,960</b>  | <b>43,460</b>  |
| <b>Current liabilities</b>           |      |                |                |
| Liabilities to Group companies       | 14   | 63,196         | 14,655         |
| Liabilities to credit institutions   | 14   | 33,959         | 38,270         |
| Trade payables                       | 15   | 950            | 654            |
| Current tax liabilities              |      | 2,290          | -              |
| Other current liabilities            |      | 475            | 15,409         |
| Accrued expenses and prepaid income  | 16   | 3,138          | 4,715          |
| <b>Total current liabilities</b>     |      | <b>104,008</b> | <b>73,703</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>269,858</b> | <b>247,711</b> |

# Parent company statement of changes in equity

| SEK thousands                                      | Restricted equity |                     |                   | Non-restricted equity |  | Total          |
|--|-------------------|---------------------|-------------------|-----------------------|--|----------------|
|  | Share capital     | Revaluation reserve | Statutory reserve | Share premium reserve | Retained earnings incl. profit/loss for the year |                |
| <b>Opening equity, 01/01/2018</b>                  | <b>625</b>        | <b>37,000</b>       | <b>1</b>          | <b>41,228</b>         | <b>25,068</b>                                    | <b>103,922</b> |
| Profit/loss for the year plus comprehensive income | –                 | –                   | –                 | –                     | 29,746   | 29,746         |
| <b>Total</b>                                       | <b>625</b>        | <b>37,000</b>       | <b>1</b>          | <b>41,228</b>         | <b>54,814</b>                                    | <b>133,668</b> |
| <b>Transactions with shareholders</b>              |                   |                     |                   |                       |  |                |
| Dividend   | –                 | –                   | –                 | –                     | –9,343   | –9,343         |
| Buyback of own shares                              | –                 | –                   | –                 | –                     | –1,902   | –1,902         |
| Issue of common shares in business combination     | –                 | –                   | –                 | –                     | 8,125  | 8,125          |
| <b>Closing equity, 31/12/2018</b>                  | <b>625</b>        | <b>37,000</b>       | <b>1</b>          | <b>41,228</b>         | <b>51,694</b>                                    | <b>130,548</b> |
| <b>Opening equity, 01/01/2019</b>                  | <b>625</b>        | <b>37,000</b>       | <b>1</b>          | <b>41,228</b>         | <b>51,694</b>                                    | <b>130,548</b> |
| Profit/loss for the year plus comprehensive income | –                 | –                   | –                 | –                     | 25,358   | 25,358         |
| <b>Total</b>                                       | <b>625</b>        | <b>37,000</b>       | <b>1</b>          | <b>41,228</b>         | <b>77,052</b>                                    | <b>155,906</b> |
| <b>Transactions with shareholders</b>              |                   |                     |                   |                       |  |                |
| Dividend   | –                 | –                   | –                 | –                     | –14,016  | –14,016        |
| Buyback of own shares                              | –                 | –                   | –                 | –                     | –  | –              |
| Issue of common shares in business combination     | –                 | –                   | –                 | –                     | –  | –              |
| <b>Closing equity, 31/12/2019</b>                  | <b>625</b>        | <b>37,000</b>       | <b>1</b>          | <b>41,228</b>         | <b>63,036</b>                                    | <b>141,890</b> |

# Parent company statement of cash flows

| SEK thousands  | 2019           | 2018           |
|--|----------------|----------------|
| <b>Cash flow from operating activities</b>                                   |                |                |
| Operating profit/loss  | -10,670        | -7,226         |
| Adjustment for non-cash items  |                | -              |
| Interest received and similar items  | 252            | 214            |
| Interest paid and similar items  | -1,185         | -1,577         |
| Income tax paid  | -2,188         | -3,238         |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>-13,791</b> | <b>-11,827</b> |
| Change in other current receivables  | -22,226        | 10,722         |
| Change in other current operating liabilities                                | 32,326         | -234           |
| <b>Total change in working capital</b>                                       | <b>10,100</b>  | <b>10,488</b>  |
| <b>Cash flow from operating activities</b>                                   | <b>-3,691</b>  | <b>-1,339</b>  |
| <b>Cash flow from investing activities</b>                                   |                |                |
| Sold non-current assets  |                | -              |
| Acquisition of subsidiaries  | -50            | -113,263       |
| Disposal of financial non-current assets                                     |                | -              |
| Amortisation of financial non-current assets                                 |                | -              |
| Dividends received   | 8,568          | 10,451         |
| Group contribution received  | 33,000         | 19,000         |
| <b>Cash flow from investing activities</b>                                   | <b>41,518</b>  | <b>-83,812</b> |
| <b>Cash flow from financing activities</b>                                   |                |                |
| New share issue  |                | -              |
| Increase/decrease in current financial liabilities                           | -4,311         | 18,270         |
| Loans raised   |                | 70,000         |
| Repayment of loans   | -19,500        | -15,000        |
| Dividend paid  | -14,016        | -9,340         |
| Buyback of own shares  | -              | -1,901         |
| <b>Cash flow from financing activities</b>                                   | <b>-37,827</b> | <b>62,029</b>  |
| <b>Decrease/increase in cash and cash equivalents</b>                        |                |                |
| Cash flow for the year   | -              | -23,122        |
| Exchange difference in cash and cash equivalents                             | -              | -              |
| Cash and cash equivalents at start of year                                   | 120            | 23,242         |
| <b>Cash and cash equivalents at end of year</b>                              | <b>120</b>     | <b>120</b>     |



# Notes – Parent Company

## NOTE 1 General information

Christian Berner Tech Trade AB (publ) (the parent company) is responsible for the Group's business development, acquisitions, financing, management and analysis.

The parent company is a limited liability company registered in Sweden and with its registered office in Mölnlycke. The postal address of the head office is Box 88, SE-435 22 Mölnlycke, Sweden, and the visiting address is Designvägen 1, Mölnlycke, Sweden.

Unless otherwise stated, all amounts are reported in thousands of Swedish kronor (SEK '000s).

## NOTE 2 Summary of the parent company's significant accounting principles

The annual accounts for the parent company have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. Assets and liabilities are valued at historical cost. Where the parent company applies accounting principles other than the Group's accounting principles as described in Note 2 to the consolidated financial statements, this is indicated below.

All reports prepared in compliance with RFR 2 require the use of a number of significant accounting estimates. Furthermore, the management is required to make certain assessments upon application of the parent company's accounting principles. Those areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant for the annual accounts are indicated in Note 4 of the consolidated financial statements.

For information about financial risks, see Note 3 of the consolidated financial statements.

### Presentation

The income statement and balance sheet are presented in accordance with the form of presentation prescribed in the Swedish Annual Accounts Act. The statement of changes in equity also uses the same presentation format as the Group, but must include the columns indicated in the Swedish Annual Accounts Act. This also results in the use of different terms compared with the consolidated financial statements, primarily in relation to financial income and expenses and equity.

## NOTE 4 Remuneration of employees and the Board

|                                 | 2019                                      |                 | 2018                                      |                 |
|---------------------------------|---|-----------------|---|-----------------|
|                                 | Board members and other senior executives | Other employees | Board members and other senior executives | Other employees |
| Salaries and other remuneration | 5,138                                     | 1,437           | 5,324                                     | 1,274           |
| Bonuses                         | 60  | 66              | 1,094                                     | 174             |
| Pension costs                   | 1,375                                     | 412             | 1,531                                     | 358             |
| Social security expenses        | 2,011                                     | 611             | 2,454                                     | 553             |
| <b>Group total</b>              | <b>8,584</b>                              | <b>2,526</b>    | <b>10,403</b>                             | <b>2,359</b>    |

| Gender distribution of Board members and senior executives | 2019                             |              | 2018                             |              |
|--|----------------------------------|--------------|----------------------------------|--------------|
|  | Number at the balance sheet date | Of which men | Number at the balance sheet date | Of which men |
| Board members  | 8                                | 5            | 8                                | 5            |
| CEO and other senior executives                            | 2                                | 2            | 2                                | 2            |
| <b>Total</b>   | <b>10</b>                        | <b>7</b>     | <b>10</b>                        | <b>7</b>     |

The company has defined benefit pension plans through ITP 2.

As indicated in Group Note 2.16, the ITP 2 plan's defined benefit pension obligations are also reported as a defined contribution plan, in other words the company's obligation is limited to fixed contributions, which are paid to a separate legal entity. The company's share of total savings premiums for ITP 2 at Alecta amounts to 0.00468% at 31 December 2019 (0.00431% at 31 December 2018). The company's share of the total number of active insured in ITP 2 amounts to 0.00092% (31 December 2018 at 0.00089%) at 31 December 2019. The expected

### Shares in subsidiaries

Shares in subsidiaries are recognised at cost, less any impairment. Cost includes acquisition-related costs and any additional consideration.

Where there is an indication that shares in subsidiaries have decreased in value, their recoverable amount is calculated. If this is lower than the carrying amount, impairment is reported in the item "Earnings from shareholdings in Group companies".

### Shareholder contributions and Group contributions

Group contributions made by the parent company to subsidiaries and Group contributions received by the parent company from subsidiaries are recognised as appropriations. Shareholder contributions made are recognised as an increase in the carrying amount of the shareholding and at the recipient company as an increase in equity.

### Financial instruments

IFRS 9 is not applied at the parent company and financial instruments are valued at cost. In subsequent periods, financial assets that are acquired with the intention of them being held in the short term will be recognised in accordance with the lowest value principle at the lower of cost and market value.

On every balance sheet date, the parent company assesses whether there is any indication of impairment in any of the financial non-current assets. Impairment takes place if the decrease in value is deemed to be permanent. The impairment of interest-bearing financial assets reported at amortised cost is calculated as the difference between the asset's carrying amount and the present value of the management's best estimate of future cash flows discounted by the asset's original effective interest rate. The impairment amount for other financial non-current assets is calculated as the difference between the carrying amount and the higher of the fair value less selling expenses and the present value of future cash flows (based on the management's best estimate).

## NOTE 3 Distribution of net revenue

Net revenue comes entirely from the sale of Group-wide services.

premiums for the upcoming financial year for insurance policies signed with Alecta total SEK 326,000 (631,000). At 31/12/2019, Alecta's surplus in the form of the collective funding level was 148%. The collective funding level is the market value of Alecta's assets as a percentage of the insurance commitments, calculated in accordance with Alecta's actuarial calculation assumptions, which do not comply with IAS 19. See Group Note 7 for individual details for the Board of Directors and the CEO, as well as the terms applicable to termination of employment, pensions and pension obligations.

**NOTE 5 Auditors' fees**

|  | 2019        | 2018       |
|--|-------------|------------|
| <b>PWC &amp; KPMG*</b>                               | <b>KPMG</b> | <b>PWC</b> |
| Audit assignment                                     | 215         | 250        |
| Audit activities in addition to the audit assignment | –           | –          |
| Tax advice   | –           | 7          |
| Other services                                       | –           | 38         |
| <b>Total</b>   | <b>215</b>  | <b>295</b> |

\*the Group changed auditors prior to the audit of the 2019 financial year, which is why PwC was replaced by KPMG for the 2019 audit.

**NOTE 6 Financial items**

|   | 2019         | 2018          |
|---|--------------|---------------|
| Anticipated dividends from subsidiaries                 | 8,568        | 21,652        |
| Interest income on bank balances                        | –            | –             |
| Foreign exchange gains on receivables from subsidiaries | 252          | 214           |
| Other financial income                                  | –            | –             |
| <b>Total interest income and similar items</b>          | <b>8,820</b> | <b>21,866</b> |

|   | 2019         | 2018         |
|---|--------------|--------------|
| Interest expenses on liabilities to credit institutions | 1,060        | 1,247        |
| Foreign exchange losses                                 | 125          | 18           |
| Other financial expenses                                | –            | 312          |
| <b>Total interest expenses and similar items</b>        | <b>1,185</b> | <b>1,577</b> |

|                                    | 2019         | 2018          |
|------------------------------------|--------------|---------------|
| <b>Total financial items – net</b> | <b>7,635</b> | <b>20,289</b> |

**NOTE 10 Holding and investments in subsidiaries**

|   | 31/12/2019     | 31/12/2018     |
|---|----------------|----------------|
| <b>Opening cost</b>                               | <b>227,554</b> | <b>84,179</b>  |
| Adjustment of preliminary acquisition calculation | –              | –              |
| Capital contributions                             | –              | –              |
| Acquisition of subsidiaries                       | 50             | 143,375        |
| Closing accumulated cost                          | 227,604        | 227,554        |
| <b>Closing carrying amount</b>                    | <b>227,604</b> | <b>227,554</b> |

| Name                                  | Corp. ID no. | Registered office and country of registration and operation | No. of shares | Proportion of ordinary shares held directly by the parent company (%) | Proportion of ordinary shares held by non-controlling interests (%) | Carrying amount, 31 Dec 2019 | Carrying amount, 31/12/2018 |
|---------------------------------------|--------------|---|---------------|---|---|------------------------------|-----------------------------|
| Christian Berner AB                   | 556049-5235  | Mölnlycke, SE   | 10,000        | 100   | 0   | 67,808                       | 67,808                      |
| Christian Berner AS                   | 910542788    | Oslo, NO  | 1,000         | 100   | 0   | 4,375                        | 4,375                       |
| Christian Berner OY                   | 48788        | Vanda, FI   | 20            | 100   | 0   | 5,676                        | 5,676                       |
| A/S Christian Berner                  | 7066         | Lyngby, DK  | 513           | 100   | 0   | 4,649                        | 4,649                       |
| A-filter AB                           | 556065-0409  | Gothenburg, SE  | 6,000         | 100   | 0   | 720                          | 720                         |
| Satron Instruments Process & Miljö AB | 556473-1783  | Säffle, SE  | 1,000         | 100   | 0   | 120                          | 120                         |
| PlastKapTek Sverige AB                | 556799-6391  | Partille, SE  | 1,000         | 100   | 0   | 711                          | 711                         |
| Fillflex AB                           | 556281-4102  | Västra Frölunda, SE   | 1,000         | 100   | 0   | 120                          | 120                         |
| Power to Heat Scandinavia AB          | 559090-9981  | Stockholm County, Täby Municipality                         | 500           | 100   | 0   | 50                           | –                           |
| Zander och Ingeström Aktiefbolag      | 556020-3472  | Stockholm County, Täby Municipality                         | 10,000        | 100   | 0   | 143,375                      | 143,375                     |
| Stockholm Elinvest AB*                | 556442-5337  | Stockholm County, Täby Municipality                         | 1,000         | *   | 0   | –                            | –                           |
| Bullerbekämparen Svenska AB**         | 556161-4123  | Västra Götaland County, Partille Municipality               | 4,000         | **  | 0   | –                            | –                           |
|                                       |              |   |               |   |   | <b>227,604</b>               | <b>227,554</b>              |

\* At 31 December 2019, the marked company is a subsidiary of Zander & Ingeström AB and accordingly has no carrying amount in the parent company.

\*\* At 31 December 2019, marked company is a subsidiary of Christian Berner AB and accordingly has no carrying amount in the parent company.

**NOTE 7 Foreign exchange differences – net**

Foreign exchange differences were recognised in the income statement as follows:

|   | 2019        | 2018        |
|---|-------------|-------------|
| Exchange rate difference – net (Note 6) | –127        | –196        |
| <b>Total</b>                            | <b>–127</b> | <b>–196</b> |

**NOTE 8 Appropriations**

|                              | 2019   | 2018   |
|------------------------------|--------|--------|
| Group contributions received | 33,000 | 19,000 |

**NOTE 9 Tax on profit for the year**

|   | 2019         | 2018         |
|---|--------------|--------------|
| <b>Current tax</b>                      |              |              |
| Current tax on profit/loss for the year | 4,603        | 2,317        |
| Adjustments for previous years          | 4            | 1            |
| <b>Total current tax</b>                | <b>4,607</b> | <b>2,318</b> |

The income tax on pre-tax profit differs from the theoretical amount that would have been produced from the use of the tax rate for the parent company as described below:

|  | 2019          | 2018          |
|--|---------------|---------------|
| <b>Profit/loss before tax</b>                              | <b>29,965</b> | <b>32,063</b> |
| Income tax calculated using the tax rate in Sweden (21.4%) | 6,413         | 7,054         |
| <b>Tax effect of:</b>                                      | <b>–</b>      | <b>–</b>      |
| Non-taxable dividend                                       | –1,834        | –4,763        |
| Adjustment for current tax of previous years               | 4             | 1             |
| Other non-taxable income                                   | –             | –             |
| Non-deductible expenses                                    | 24            | 27            |
| <b>Total recognised tax</b>                                | <b>4,607</b>  | <b>2,318</b>  |

#### NOTE 11 Prepaid expenses and accrued income

|              | 31/12/2019 | 31/12/2018 |
|--------------|------------|------------|
| Prepaid rent | –          | –          |
| Other items  | 110        | 245        |
| <b>Total</b> | <b>110</b> | <b>245</b> |

#### NOTE 12 CASH AND CASH EQUIVALENTS

|               | 31/12/2019 | 31/12/2018 |
|---------------|------------|------------|
| Bank deposits | 120        | 120        |
| <b>Total</b>  | <b>120</b> | <b>120</b> |

#### NOTE 13 Proposed appropriation of profit/loss

| The following profits are at the disposal of the Annual General Meeting:        | 31/12/2019     | 31/12/2018    |
|---|----------------|---------------|
| Retained earnings   | 78,906         | 63,176        |
| Profit for the year   | 25,358         | 29,746        |
|   | <b>104,264</b> | <b>92,922</b> |
| The Board of Directors proposes that this profit be appropriated of as follows: |                |               |
| SEK 0.75 (0.75) per share to be distributed to shareholders                     | 14,070         | 14,070        |
| To be carried forward   | 90,194         | 78,852        |
|   | <b>104,264</b> | <b>92,922</b> |

#### NOTE 14 Borrowing

|                                    | 31/12/2019     | 31/12/2018     |
|------------------------------------|----------------|----------------|
| <b>Non-current</b>                 |                |                |
| Liabilities to credit institutions | 23,000         | 42,500         |
| Liabilities to Group companies     | 960            | 960            |
| <b>Total non-current borrowing</b> | <b>23,960</b>  | <b>43,460</b>  |
| <b>Current</b>                     |                |                |
| Liabilities to credit institutions | 33,959         | 38,270         |
| Liabilities to Group companies     | 63,196         | 14,655         |
| Other current liabilities          |                | 15,000         |
| <b>Total current borrowing</b>     | <b>97,155</b>  | <b>67,925</b>  |
| <b>Total borrowing</b>             | <b>121,115</b> | <b>111,385</b> |

#### NOTE 15 Trade payables

|                                       | 31/12/2019 | 31/12/2018 |
|---------------------------------------|------------|------------|
| Trade payables, SEK                   | 950        | 654        |
| Trade payables, NOK                   | –          | –          |
| Currency adjustment to trade payables | –          | –          |
| <b>Total trade payables</b>           | <b>950</b> | <b>654</b> |

#### NOTE 16 Accrued expenses and prepaid income

|                                  | 31/12/2019   | 31/12/2018   |
|----------------------------------|--------------|--------------|
| Accrued salaries                 | 1,776        | 2,641        |
| Accrued social security expenses | 954          | 1,311        |
| Other accrued liabilities        | 408          | 764          |
| <b>Total</b>                     | <b>3,138</b> | <b>4,716</b> |

#### NOTE 17 Related parties

At 31/12/2019, Gårdaverken AB owns all class A shares and 18.2% of all class B shares and accordingly has the largest share of the votes and 23.7% of the total shares. Ernstöm Kapital AB owns 10.3%. Ksenia Berner owns 9.1% of the total shares as of the same date. The remainder of the shares have a wide distribution.

#### Purchases from and sales to subsidiaries

Sales to Group companies constitute 100% (100%) of the parent company's net revenue, and purchases from Group companies constitute 35% (31%) of the parent company's purchases.

Sales to subsidiaries consist of corporate administrative services. Purchases from subsidiaries consist of Group-wide expenses for onward debiting. The services are purchased on normal business terms on a commercial basis.

| Liabilities to shareholders  | 31/12/2019 | 31/12/2018 |
|------------------------------|------------|------------|
| <b>At beginning of year</b>  |            |            |
| Dividend approved by the AGM | 14,070     | 14,070     |
| Amortised amount             | –14,070    | –14,070    |
| <b>At year-end</b>           | <b>–</b>   | <b>–</b>   |

#### NOTE 18 PLEDGED ASSETS

|                        | 31/12/2019    | 31/12/2018    |
|------------------------|---------------|---------------|
| Shares in subsidiaries | 25,000        | 35,000        |
| <b>Total</b>           | <b>25,000</b> | <b>35,000</b> |

#### NOTE 19 Contingent liabilities

|  | 31/12/2019    | 31/12/2018    |
|--|---------------|---------------|
| Guarantees   | 39,010        | 46,639        |
| Guarantee commitments to the benefit of subsidiaries | 13,157        | 1,578         |
| <b>Total</b>   | <b>52,167</b> | <b>48,217</b> |

#### NOTE 20 Events after the end of the reporting period

- Christian Berner Tech Trade AB gathers common support functions (Finance, Marketing and Business Development & IT) in the company Christian Berner Business Services AB. The new company has the task of developing the service to the commercially operating companies and potential future acquisitions. It also enables further focus on the core business in the commercially operating companies.
- Christian Berner Tech Trade AB signed an agreement with SEB for a revolving credit facility of SEK 200 million over three years. Part (SEK 55 million) of the facility was used to repay existing loans. The main part will be used to finance the chosen acquisition strategy.

The Board of Directors and the CEO warrant that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and provide a true and fair picture of the financial position and result of the Group. The annual accounts have been prepared in accordance with good accounting practice and provide a true and fair picture of the financial position and result of the parent company.

The Directors' Report for the Group and the parent company provides a true and fair overview of the development of the business, financial position and results of the Group and the parent company and describes significant risks and uncertainties faced by the parent company and the companies forming part of the Group.

Mölnlycke, 20 March 2020

Joachim Berner  
Chairman of the Board

Bo Söderqvist  
Chief Executive Officer

Bertil Persson  
Board Member

Malin Domstad  
Board Member

Stina Wollenius  
Board Member

Lars Gatenbeck  
Board Member

Kerstin Gillsbro  
Board Member

Kurt Olofsson  
Employee representative

Claes Berg  
Employee Representative

Our audit report was submitted on 20/03/2020.  
KPMG AB

Mathias Arvidsson  
Authorised Public Accountant

# Definitions

Christian Berner Tech Trade AB has reviewed the terminology for alternative key performance indicators on the basis of the new guidelines of the European Securities and Markets Authority (ESMA). No changes to the key performance indicators are considered necessary as a result of this.

## Description of financial performance indicators not contained in IFRS

| Non-IFRS performance indicators*     | Description   | Reason for use of indicator  |
|--------------------------------------|---|--|
| Net revenue growth*                  | Increase in the net revenue as a percentage of the total revenue of the previous year   | Indicator of the company's growth relative to the previous period, which illustrates the company's trend and enables the underlying driving forces to be tracked   |
| EBITA*                               | Earnings before impairment of goodwill and impairment and amortisation of other intangible assets that arose in connection with business combinations and equivalent transactions | As a manufacturing company, EBITA is an important indicator of the company's profitability before interest, taxes and impairments  |
| EBITA margin*                        | EBITA as a percentage of net revenue.   | The EBITA margin illustrates the company's profit generation before interest, taxes and amortisation, relative to operating income. A performance indicator that is appropriate for companies such as Christian Berner |
| Operating profit/loss*               | Operating profit/loss before financial items and taxes  | Operating profit/loss gives an overall picture of the company's profit generation in its operating activities  |
| Operating margin*                    | Operating profit/loss before financial items and taxes, as a percentage of operating income   | The operating margin is a traditional comparison indicator that illustrates the company's profit generation relative to operating income   |
| Net financial items*                 | The difference between financial income and financial expenses  | Net financial items shows the difference between financial income and financial expenses   |
| Profit/loss for the period           | Profit after tax  | Profit/loss for the period: this indicator is relevant because it is the profit for the period that the Board of Directors decides to distribute to shareholders or reinvest in the company.                           |
| Total assets                         | The company's total assets  | Total assets indicates the company's total assets that are at the disposal of the company in order to generate returns for shareholders  |
| Equity ratio*                        | Equity as a percentage of total assets  | A traditional indicator showing financial risk, expressed as the proportion of adjusted equity that is financed by the shareholders  |
| Return on equity*                    | Profit/loss after financial items as a percentage of average equity   | Shows the return on the shareholders' invested capital, from the perspective of the shareholders   |
| Cash flow for the period             | Total of the cash flow from operating activities, cash flow from investing activities and cash flow from financing activities   | The cash flow for the period is an indicator of how much cash and cash equivalents the company generates or loses in each period   |
| Number of shares at close of period* | The number of outstanding shares at the end of the reporting period   | The number of shares in the company is important, as it forms the basis of the calculation of earnings per share   |
| Average equity*                      | The average of the total of opening equity for the period added to closing equity for the period  | Average equity is a more conventional comparison indicator and is used as a component in a number of other key performance indicators  |

| Derivation of alternative performance measures | 2019          | 2018          |
|--|---------------|---------------|
| EBITA  | 53,085        | 51,779        |
| Amortisation of intangible assets              | -2,050        | -1,688        |
| <b>Operating profit/loss</b>                   | <b>51,035</b> | <b>50,091</b> |
| EBITA  | 53,085        | 51,779        |
| Net revenue                                    | 704,750       | 617,575       |
| <b>EBITA margin</b>                            | <b>7.5%</b>   | <b>8.4%</b>   |
| Operating profit/loss                          | 51,035        | 50,091        |
| Net revenue                                    | 704,750       | 617,575       |
| <b>Operating margin</b>                        | <b>7.2%</b>   | <b>8.1%</b>   |
| Equity   | 153,471       | 129,718       |
| Total assets                                   | 424,778       | 352,400       |
| <b>Equity ratio</b>                            | <b>36.1%</b>  | <b>36.8%</b>  |
| Profit/loss before tax                         | 48,806        | 48,839        |
| Average equity                                 | 141,595       | 112,340       |
| <b>Return on equity</b>                        | <b>34.5%</b>  | <b>43.5%</b>  |

# Audit report

To the General Meeting of shareholders of Christian Berner Tech Trade AB (publ), corp. ID no. 556026-3666

## Statement on the annual accounts and consolidated financial statements

### Opinions

We have audited the annual accounts and consolidated financial statements for Christian Berner Tech Trade AB (publ) for 2019. The company's annual accounts and consolidated financial statements are included on pages 43-71 of this document.

It is our opinion that the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide in all material respects a true and fair view of the financial position of the parent company at 31 December 2019 and of its financial result and cash flow for the year in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and provide in all material respects a true and fair view of the financial position of the Group at 31 December 2019 and of its financial result and cash flow for the year in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other parts of the annual accounts and the consolidated financial statements.

We therefore recommend that the Annual General Meeting adopt the Parent Company Income Statement and Balance Sheet and the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position.

Our opinions in this statement on the annual accounts and consolidated financial statements are consistent with the content of the supplementary report submitted to the parent company's Audit Committee in accordance with Article 11 of the Audit Regulation (537/2014).

### Basis for opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility under these standards is described in further detail in the section entitled "The auditor's responsibility". We are independent in relation to the parent company and the Group, in accordance with generally accepted auditing standards in Sweden, and we have also fulfilled our professional ethical responsibility in accordance with these requirements. This includes, based on the best of our knowledge and conviction, that no prohibited services as referred to in Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We consider the audit evidence we have obtained to be adequate and appropriate to form the basis for our opinion.

### Other disclosures

The audit of the annual report and consolidated financial statements for 2018 was done by a different auditor, who submitted an audit report dated 21 March 2019 with unmodified opinions in the Statement on the annual accounts and consolidated financial statements.

### Particularly significant areas

Areas of particular significance to the audit are those that in our professional opinion were the most significant to the audit of the annual accounts and consolidated financial statements for the period in question. These areas are addressed within the scope of the audit of, and in our opinion on, the annual accounts and consolidated financial statements as a whole, but we make no separate statements regarding these areas.

## Valuation of goodwill and participations in Group companies

See Note 14 on page 58 and the accounting principles on pages 50-51 and Note 10 on page 69 and accounting principles on page 68 in the annual report and consolidated financial statements for detailed disclosures and description of the area.

### Description of the area

At 31 December 2019, the Group recognised goodwill totalling SEK 146 million, which comprises 34% of total assets. Goodwill shall annually be subject to at least one so-called impairment test, which includes both complexity and significant elements of assessments by Group management. An impairment test must be prepared for each of the cash-generating units, which for the Group coincides with the subsidiaries acquired of which Zander & Ingeström is the most significant.

Participations in Group companies are recognised in the parent company. If the value of the participations exceeds equity in the respective Group company, the same type of testing is done, with the same techniques and opening balances, as for goodwill in the Group.

According to applicable regulations, the testing shall be done according to a certain technique where the company must make future assessments about the business' internal and external conditions and plans. Examples of such assessments are future payments and receipts, which among other things require assumptions regarding future market conditions and thereby indirectly regarding how competitors can be expected to act. Another important assumption is what discount rate should be used to take into account that future assessed receipts are associated with risk and are thereby worth less than cash and cash equivalents that are directly available to the Group.

### How the area has been taken into account in the audit

We checked the Group's impairment tests to assess whether or not they are implemented in accordance with applicable regulations. In addition, we assessed the reasonability of the future receipts and payments, as well as the assumed discount rates and the rate of growth. We also challenged the company's estimates of the growth rate by comparing the actual outcome with forecasts from earlier periods with the aim of evaluating the company's capacity for precision.

We involved our own valuation specialists to thereby ensure the reasonability of using discount rates, which include evaluation of financial and industry-specific forecasts where this is applicable.

We have also done spot checks that the company's calculations are mathematically correctly done.

We applied professional assessment in our work in the evaluation of the forecasts by testing how changed key assumptions can affect the valuation through sensitivity analysis.

We assessed the circumstances presented in the disclosures in the annual accounts and if the information is sufficiently extensive as a description of the assessments made in assumptions and of applied methods.



## Revenue

See Note 5 on pages 54-55 and the accounting principles on page 52 in the annual report and consolidated financial statements for detailed disclosures and description of the area.

### Description of the area

The Group recognises sales of products when risks and benefits from ownership are transferred to the customer, when the sales price is agreed or when there is a possibility to estimate the price through the related project's degree of completion and when payment can be expected.

Terms of freight for the sales transactions may differ between regions/countries/products, which is why ownership can be transferred before actual delivery of the products. Revenue recognition is associated with assessments of when risks and benefits are transferred mainly as a result of complex contractual terms and terms of freight.

### How the area has been taken into account in the audit

We assessed the formulation of the company's checks regarding revenue recognition of sales of the product and how these checks were implemented. We reviewed a selection of contracts to analyse relevant contractual conditions and how they were presented and assessed the suitability of the applied revenue recognition. On a selection basis, we reviewed sales transactions recognised before and after year-end to assess whether correct terms were applied to the contract and that risks and benefits were transferred to the customers. We gathered evidence such as freight documentation, payment documentation from banks and confirmations of deliveries to assess if revenues have been recognised at the correct time.

### Responsibilities of the Board of Directors and the CEO

It is the Board of Directors and the CEO that are responsible for the preparation of the annual report and consolidated financial statements and that they provide a true and fair view according to the Annual Accounts Act and, with regard to the consolidated financial statements, according to International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they deem necessary for the purpose of preparing annual accounts and consolidated financial statements that are free from material misstatement, whether due to irregularities or error.

In preparing the annual accounts and consolidated financial state-

ments, the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They indicate, where applicable, whether there are any circumstances that may affect the ability to continue operations and to apply the going concern assumption. The going concern assumption is not applied, however, if the Board of Directors and the CEO intend to liquidate the company, cease operations or have no other realistic alternative than to do so.

The Board's Audit Committee shall, without it affecting the Board's responsibility and duties otherwise, monitor the company's financial reporting, among other things.

### The auditor's responsibility

Our aim is to obtain reasonable assurance about whether the annual accounts and consolidated financial statements are free from material misstatement, whether due to irregularities or error, and to submit an audit report containing our opinion. Reasonable assurance is a high level of certainty, but is no guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will uncover a material misstatement, should one exist. Misstatements can occur as a result of irregularities or error and are considered material if, individually or together, they may reasonably be expected to affect the financial decisions made by the user on the basis of the annual accounts and consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the suitability of the accounting policies applied and the reasonability of the Board's and CEO's estimates in the accounting and associated disclosures.
- Draw a conclusion on the suitability of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may lead to significant doubt about the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and

whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Gather adequate and suitable audit evidence regarding the financial information for the units or business activities within the Group to express an opinion concerning the consolidated financial statements. We are responsible for the management, supervision and implementation of the Group audit. We are solely responsible for our opinions.

We must inform the Board of Directors of the planned scope and timing of the audit. We must also provide information about significant observations during the audit, including the potential significant deficiencies in the internal control that we identified.

We must also provide the Board with a statement that we have complied with relevant requirements of professional ethics regarding independence, and take up all relationships and other circumstances that may reasonably affect our independence, and where applicable associated countermeasures.

Of the areas communicated with the Board, we determine which of them have been most significant to the audit of the annual accounts and consolidated financial statements, including the most important assessed risks of material misstatements, and which therefore constitute the areas of particular importance to the audit. We describe these areas in the audit report insofar as laws or other statutes do not prevent disclosures on the matter.

## Statement on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the Board of Directors' and the CEO's management of Christian Berner Tech Trade AB (publ) for 2019 and the proposed appropriation of the company's profit or loss.

We recommend that the General Meeting appropriate the profit as proposed in the Directors' Report and discharge from liability the members of the Board of Directors and the CEO in respect of the financial year.

### Basis for opinion

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility under these standards is described in further detail in the section entitled "The auditor's responsibility". We are independent in relation to the parent company and the Group, in accordance with generally accepted auditing standards in Sweden, and we have also fulfilled our professional ethical responsibility in accordance with these requirements.

We consider the audit evidence we have obtained to be adequate and appropriate to form the basis for our opinion.

### Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriation of the company's profit or loss. The dividend proposal includes, among other things, an assessment of whether the dividend is justifiable in relation to the demands that the nature, scope and risks of the business of the company and the Group place on the size of the equity, consolidation requirements, liquidity and financial position in general of the company and the Group.

The Board of Directors is responsible for the company's organisation and the management of the company's affairs. This includes continuously monitoring the financial situation of the company and the Group and ensuring that the company is organised such that accounting, asset

management and the company's financial circumstances are otherwise controlled in a satisfactory manner.

The Chief Executive Officer must perform routine administration tasks according to the guidelines and instructions of the Board of Directors and, among other things, take the necessary measures to ensure that the company's accounts are fully compliant with the law and that asset management is conducted in a satisfactory manner.

### The auditor's responsibility

Our aim with regard to the audit of the administration, and therefore our opinion on discharge from liability, is to obtain audit evidence to enable us to assess with reasonable assurance whether any Board member or the CEO has in any material respect:

- taken any action or been guilty of any negligence that may result in liability to the company, or
- in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our aim with regard to the audit of the proposed appropriation of the company's profit or loss, and therefore our opinion on this, is to assess with reasonable assurance whether the proposal is compliant with the Swedish Companies Act.

Reasonable assurance is a high level of certainty, but is no guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always uncover actions or negligence that may result in liability to the company or establish that a proposed appropriation of the company's profit or loss is not compliant with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The review of the management and the proposed appropriation of the company's profit or loss is primarily based on the audit of the accounts. What additional audit procedures are done is based on our professional assessment on the basis of risk and materiality. This means that we focus the review on such measures, areas and circumstances that are material to the business and where deviations or violations would be of particular significance to the company's situation. We go through and assess decisions made, decision documentation, actions taken and other circumstances that are relevant to our opinion regarding discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Swedish Companies Act.

KPMG AB, Box 11908, 404 39, Gothenburg, Sweden, was appointed Christian Berner Tech Trade AB (publ)'s auditor by the General Meeting on 24 April 2019. KPMG AB or auditors active at KPMG AB have been the company's auditors since 2019.

Gothenburg, 23 March 2020

KPMG AB

Mathias Arvidsson  
Authorised Public Accountant

# Annual General Meeting and reporting dates

22 April 2020

Interim report for the first quarter 2020

17 August 2020

Interim report for the second quarter 2020

20 October 2020

Interim report for the third quarter 2020

24 February 2021

Year-end report 2020

29 April 2021

Annual General Meeting 2021

Interim report for the first quarter 2021

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