

# Expect more



CHRISTIAN  
BERNER

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- Revised report
- Sustainability information
- Remuneration report

The revised annual accounts and consolidated financial statements are on pages 2, 21, 32–33 and 42–71. The corporate governance report that was reviewed by the auditors is on pages 32–35.

The remuneration report is on pages 36–37.

The sustainability information that was reviewed by the auditors is on pages 13–20.

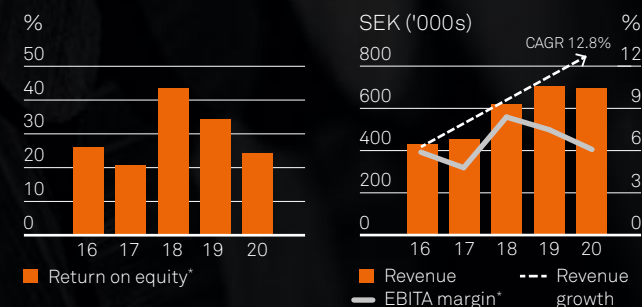
## Investment case

As a technology trading company, Christian Berner has simplified and streamlined the value chain for more than 120 years. Through a high level of technical expertise, focus on quality and in-depth knowledge of production processes and needs, we build long-term collaboration and a position as a valuable partner to both suppliers and customers.

Our vision is that we create innovative technical solutions for a sustainable society. We will reach our overall strategic objective of profitable growth through a strategy that builds on value creation for all stakeholders. We will be in product areas where we add extensive customer benefit, which contributes to sustainability and where conditions exist for good profitability.

We see sustainability a business-impacting trend. Urbanisation, climate changes and increased consumption drive demand for several of our product categories, such as electric boilers, water treatment and vibration technology, and contribute strongly to our organic growth.

A good return on our capital gives us financial muscles to continuously complete and develop our business with acquisitions. We seek companies that can strengthen our positions and contribute to value creation. Sometimes we find large acquisitions and sometime small. Over time, we have succeeded in creating profitable growth.



\* Alternative performance measures, see definitions on page 76 for more information.

# This is Christian Berner

Christian Berner's operations are conducted in a decentralised way in subsidiaries that make decisions close to the business. Coordination of the company's various product areas takes place in two product areas, which complement each other well with partly different business logic and business models. This creates clear benefits, among other things, based on a business cycle perspective.

## Materials Technology

Sales of vibration-damping and noise-reduction materials and engineering plastics.



## Process & Environment

Offerings to customers with a need primarily for process equipment and complete technical systems.

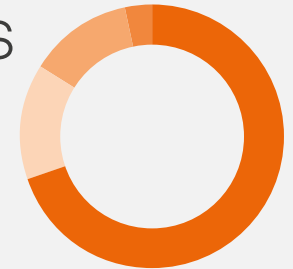


Leading actor in the North

## 4 segments

Revenue by segment, 2020

- Sweden, SEK 484 million
- Norway, SEK 100 million
- Finland, SEK 88 million
- Denmark, SEK 22 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.

## More than 120 years of knowledge and quality

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

1897

The Norwegian subsidiary is founded.

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

1920

The Finnish subsidiary is founded.

1923

The Danish subsidiary is founded.

1924

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

1936

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.

1975

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

2006

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

2017

Christian Berner acquires Zander & Ingeström AB.

2018

Christian Berner acquires Bullerbekämparen AB.

2019

Christian Berner acquires Empakk AS and Alfa Tec Sweden AB. Forms a company for Group-wide business support, Christian Berner Business Services AB.

2020

# Year in brief

2020 was strongly impacted by COVID-19. Sales declined and order intake mainly decreased in our product areas of Gas & Energy and Process Facilities where large machinery investments were postponed, which meant that earnings decreased.

## Acquisitions

### Empakk AS

In September, Empakk AS was acquired, which markets and sells solutions for packaging, storage and transport of food in public and private operations in the Norwegian market. In 2019, Empakk had NOK 47 million in revenue.

### Alfa Tec Sweden AB

In October, Alfa Tec Sweden AB, which markets and sells Alfa Laval's products in thermal processes and fluid technology, was acquired. With the acquisition, Christian Berner thereby becomes the Master Distributor for Alfa Laval in Sweden. Alfa Tec, which will be integrated into Zander & Ingeström in 2021, had revenue of SEK 32 million in 2019.

## Other important events

The Danish subsidiary A/S Christian Berner's president, Erik Thorup, left the company at year-end 2020. The new president will be the Swedish subsidiary's president, Hans Lindqvist. This will achieve efficiency improvements in administration, management and Board work.

A company for Group-wide business support, Christian Berner Business Services AB, is being formed with the task of supporting the Group's companies with the functions of business development & IT, marketing, accounting and payroll.

In February, the Group signed an agreement with SEB on a revolving credit facility of SEK 200 million with the aim of financing the decided acquisition strategy.

## COVID-19

Christian Berner's sales were initially only impacted to a limited extent by the COVID-19 pandemic. The order intake declined in the second quarter, which affected sales and earnings in the second half of the year. It was mainly large investment decisions at

customers that were postponed. In the continuous sales of spare parts and wear parts and consumables, no major decrease was noted.

Savings measures, mainly in the form of short-term lay-offs of staff, were implemented and the decision on a dividend at the delayed Annual General Meeting

was postponed. Reserves were made for government support received for short-term lay-offs and accordingly did not impact earnings during the year. The company intends to fully repay government support and decided on a dividend at an Extraordinary General Meeting on 8 October.

## KPIs

SEK THOUSANDS	2020	2019	2018	2017	2016
Net revenue	695,196	704,750	617,575	449,607	429,121
Net revenue growth	-1.4%	14.1%	37.4%	4.8%	-3.7%
EBITA	42,167	53,085	51,779	21,467	25,105
EBITA margin	6.1%	7.5%	8.40%	4.80%	5.9%
Operating profit	40,705	51,035	50,091	20,177	23,815
Operating margin	5.9%	7.2%	8.1%	4.5%	5.5%
Net financial items	-869	-2,229	-1,252	-257	-101
Profit for the period	32,104	37,894	37,725	15,448	18,532
Total assets	513,115	424,778	352,400	186,891	191,192
Earnings per share (SEK)	1.66	2.03	2.02	0.84	0.99
Equity ratio, %	34.3%	36.1%	36.8%	50.8%	50.2%
Return on equity, %	24.2%	34.5%	43.5%	20.9%	26.1%
Cash flow for the period	23,720	-7,179	-31,276	-334	-7,411
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 76.

## Net revenue and EBITA



MESSAGE FROM THE CEO

# An unusual and challenging year to say the least

Ultimately, the effect on our markets from the pandemic was limited in terms of sales and earnings.

2020 was an unusual and challenging year to say the least. Besides trade wars and Brexit, the COVID-19 pandemic struck at the beginning of the year with lockdowns and restrictions that sharply limited economic activity. However, the decline was met by historically large stimulus packages and the effect on our markets was ultimately limited.

For us at Christian Berner, the year turned out OK, all things considered, with revenue of SEK 695 million and an EBITA of SEK 42 million. This corresponds to an EBITA margin of 6.1 per cent, which I of course am not fully satisfied with. Even if the last three quarters were at a good level, we did not succeed in fully salvaging our weak first quarter. There is potential for improvement and we will make it a reality.

During the year, it was positive that we acquired Empakk AS and Alfatec Sweden AB, which are active in food and medicines that are exciting areas for us. Both of the companies will directly contribute positively to the Group's development and key performance indicators and there are good opportunities to develop further with growth and profitability.

## Generally stable markets

In spite of everything, the business cycle in our markets in the Nordic region was generally stable in 2020 even if COVID-19 contributed to some major machinery investments being postponed, which affected us with lower sales and order intake.

In Sweden, we saw on the whole a stable development in line with the year before with an EBITA margin of 9.5 per cent. Contributing factors were Environment & Process, which continued to develop very positively in water treatment, and Vibration Technology, where timber-building construction and tram projects contributed strongly. Zander & Ingeström had another good year in both Fluid Technology and Heating Technology, winning several projects, including projects in Poland, the Czech Republic and China. However, we are not satisfied with Technical Plastics, which is part of our Materials Technology business area. The development during the year was weak and structural measures will be required to develop profitability.

Denmark had a weak year with an EBITA margin of 5.7 per cent and an order intake that was weak



## MESSAGE FROM THE CEO

throughout the year although we sold some ballast water systems. Our Danish president left the company at the end of the year and was replaced by Hans Lindqvist, who is also the president of our Swedish company. It is now his responsibility to increase sales and improve efficiency in the Danish operations moving forward.

We had another strong year in Finland with a good EBITA margin of 6.3 per cent. Both machinery sales and several large projects in the construction industry held earnings up.

In Norway, we had a stable year with an EBITA margin of 6.7 per cent, which shows that we are on the right path to achieving the same earnings levels as in our other markets. Above all, Vibration Technology in our Materials Technology business area performed very strongly with several large infrastructure projects in both railways and construction.

Breaking down operations by business areas, we see that both contributed to earnings. Process & Environment had a good year, where water treatment above all continued to do well at the same time that Zander & Ingeström remained strong and contributed to earnings. Materials Technology also performed at a good level with Vibration Technology standing out positively in all markets. There, I see potential for higher sales in the future.

### Development of the organisation

During the year, we formed our internal service company Christian Berner Business Services (CBBS) to better support the companies with accounting, administration, IT and marketing. In this way, the market

companies can fully focus on the core business: selling. This is also perceived positively in dialogues with potential acquisitions as many have chosen to devote sparse resources in this area in order to be cost effective.

A high point in 2020 was that we worked out a new strategic focus in the second half of the year: High value focus. With this, we mean that we will focus on the product areas and transactions with a high customer value, which are sustainable and have potential to provide long-term profitability in line with the Group's objective of a 9 per cent EBITA margin. It will become clearer which areas we choose to invest in and what we opt out of.

*“We have a good risk diversification in the Group and during the year added two acquisitions to our business.”*

The high value focus coincides with our strengths in silent environments, clean water and sustainable energy systems, which are all areas of high value to society. We also believe that the focus feels stimulating and meaningful for our employees and that it will entail high value creation for our shareholders.

In parallel with the strategy work, together with all of the employees, we developed a new vision and developed our core values at the same time that we worked with leadership and employee development issues. This work led to a set of core values that are based on the following concepts and themes, which I am very pleased with and proud of. This will help us develop both as people and as a company.

- Passionate
- Brave
- Innovative
- Together

Our new vision is: We create innovative technical solutions for a sustainable society.

### Positive future

We need to develop and achieve even better results in the future. Even if the market situation, both from an economic and geopolitical perspective, is difficult to assess, within the Group we have a good risk diversification with many different technical areas and customer segments. At the same time, we added two acquisitions to our business during the year. This means that I view the future positively.

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 2021

- Profitable growth
- Sustainable business
- Acquisitions
- Digitalisation

# Impact of several trends

The underlying economy is the single most important driving force for a technology trading company. At the same time, in the longer term and at a slower pace, changes are taking place that impact both how technology trading companies play their role in the value chain and what products experience increased demand.

## Society trends

The global megatrends also to the greatest degree concern the markets where Christian Berner is active. Society's response to the challenges that these trends entail is an increased focus on sustainability, which in turn affects what kinds of products see increased demand.



### Greater consumption, limited resources

As the global population grows and economic growth lifts more people out of poverty, the strain on the world's resources increases. The consumption in the rich part of the world must therefore reduce its demand for resources with new sustainable solutions. This drives the demand for products and systems that contribute to greater circularity.

#### CHRISTIAN BERNER'S SOLUTION FOR

### Increased timber construction

The property sector accounts for a large a proportion of the world's carbon dioxide emissions and is facing a major challenge to build more climate smart. One way is to build more with timber, which requires new solutions and expertise for the damping of sound and vibrations.

Since timber joist floors are not as stiff as concrete, acoustic expertise is often required to meet sound insulation classes A, B and C. Based on many years of field experience and laboratory tests, Christian Berner has developed four standard solutions for floating floors and customised solutions where entire storeys are insulated from each other in order to achieve a good environment and satisfaction for the residents.

### Climate change

Climate change sets extensive demands on a powerful transformation in all parts of society. Owners, society and employees expect the companies to take their share of the responsibility and reduce their emissions through the entire value chain. This drives efficiency enhancements of processes and the use of new materials and means of production.

#### CHRISTIAN BERNER'S SOLUTION FOR

### Balancing of the power grid

The growing elements of variable renewable energy, such as wind and solar power, in the power grid create a challenge in balancing the system between production and consumption. Several different strategies will be needed in the assessment of the Swedish Energy Agency, including energy storage.

A simple solution based on well-tried technology is the Zeta boiler from Zander & Ingeström. When the production from wind power, for example, is high, the electric boilers can be started at short notice and consume large amounts of electricity to make hot water or steam, which is then stored in accumulator tanks for later use in district heating grids or industrial processes.

### Increased urbanisation

Relocations to cities are growing around the world, including the Nordic region. In order to work, growing cities require an efficient infrastructure and measures to reduce noise and vibrations from traffic and other activities. This is driving an expansion of rail-bound traffic and of infrastructure, such as water treatment technology.

#### CHRISTIAN BERNER'S SOLUTION FOR

### Resource from waste water

Stengården treatment plant in Simrishamn Municipality has been expanded with instruments and an ozone facility from Christian Berner to a full-scale research facility for various methods of purifying waste water of pharmaceutical remnants and micro-pollutants. The vision for the municipality in Skåne, which periodically suffers water shortages, is to convert the treated waste water into a useful resource instead of just releasing it into the Hanöbukten bay.

## MARKET &amp; STRATEGY

## Market trends

As a technology trading company, Christian Berner is affected by changes in how the company's customers and suppliers organise their operations.

### 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 is decreasing. This is why the need is growing for close cooperation with suppliers that can add knowledge, have a high level of technical expertise and in-depth knowledge of their 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.

At the same time, digitalisation entails opportunities to change the business model. Customers buy the service packed bags or pumped water and pay per unit, instead of buying a machine or pump. However, this development is still in its infancy.

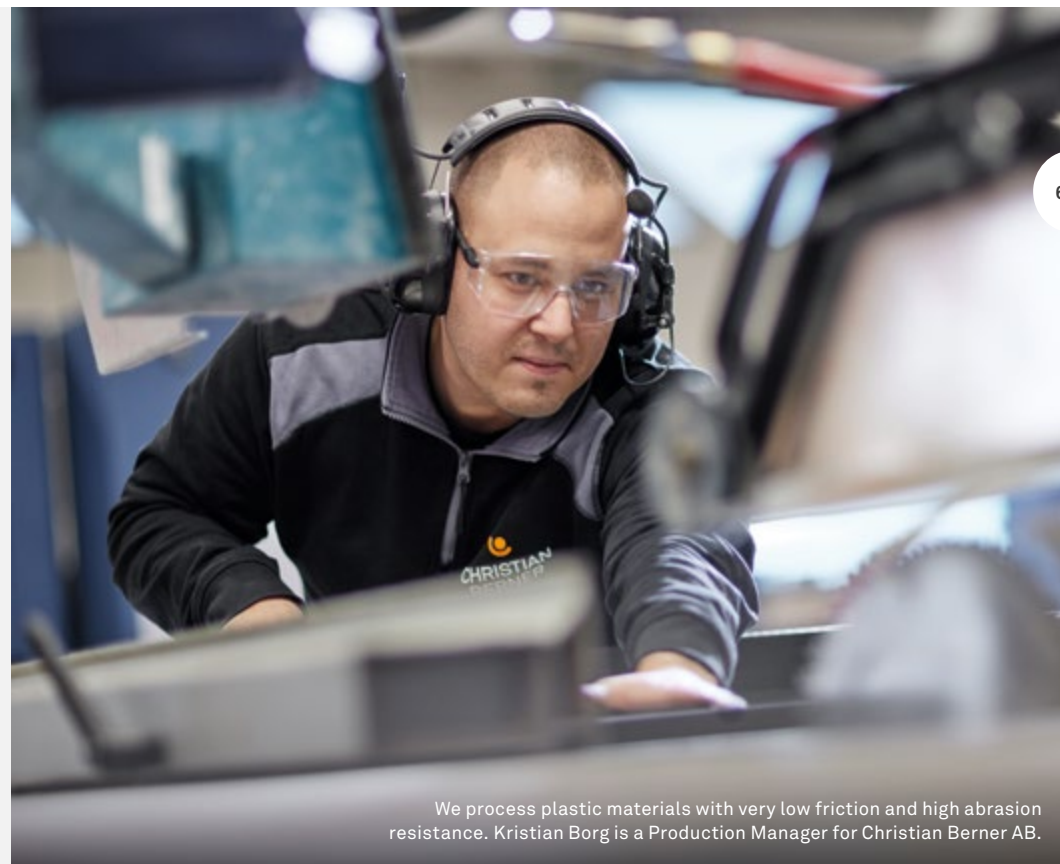
### Digitalisation

Digitalisation is a megatrend with a broad impact on businesses. It is creating opportunities for efficiency enhancements as analogue processes are beginning to be digitalised, such as in order processing and invoicing or in installation and maintenance.

Today, a large part of the customer journeys begin on the Internet, which is setting growing demands on smooth digital product catalogues and support that gives the customer the right guidance. At the same time, the elements of e-commerce is growing, albeit slowly, for standard articles and for spare parts and wear parts.

### 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.



We process plastic materials with very low friction and high abrasion resistance. Kristian Borg is a Production Manager for Christian Berner AB.

#### CHRISTIAN BERNER'S INITIATIVES

##### Digital twins

Zander & Ingeström work with how the boilers' function can be simulated and tested with digital twins before they are commissioned. By already finding bugs at the simulation stage, the commissioning time out at the customer can be cut in half.

#### CHRISTIAN BERNER'S INITIATIVES

##### Demand for services

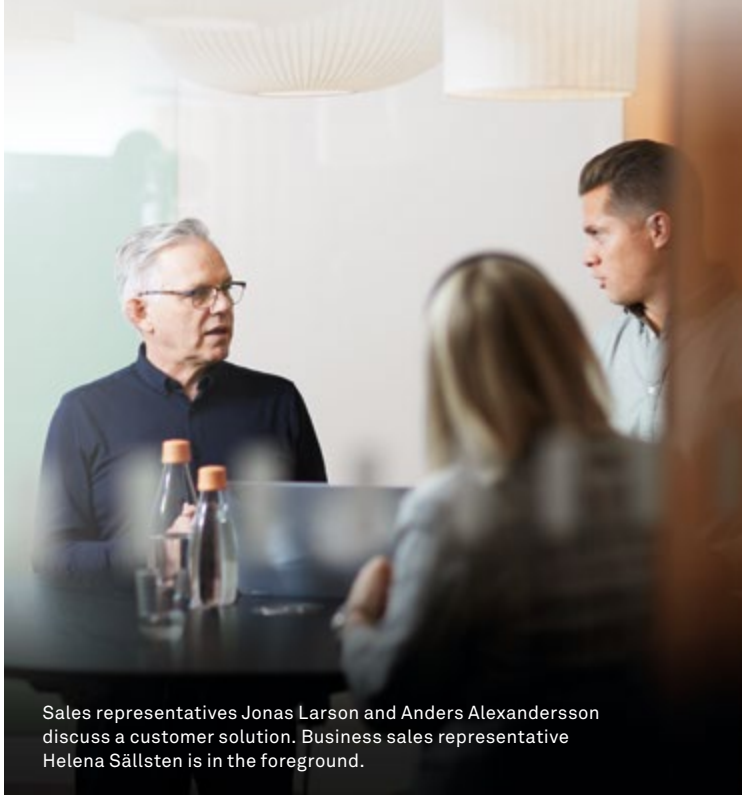
Since 2018, Christian Berner provides bag packing as a service to PostNord's e-commerce warehouse in Norrköping. By standing for everything from bag machines to materials and service, Christian Berner simplifies PostNord's handling.



MARKET & STRATEGY

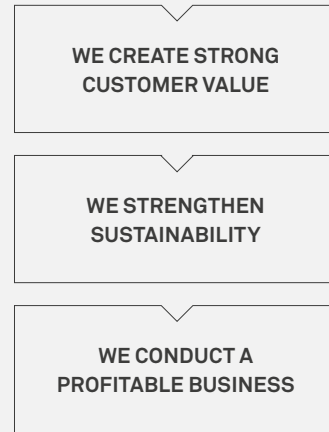
# Strategy for high value creation

Christian Berner's new vision is to create innovative technical solutions for a sustainable society. The overall strategic objective is profitable and sustainable growth achieved through a strategy that focuses on value creation for all stakeholders. The overall objective has been broken down into several financial and sustainability targets.

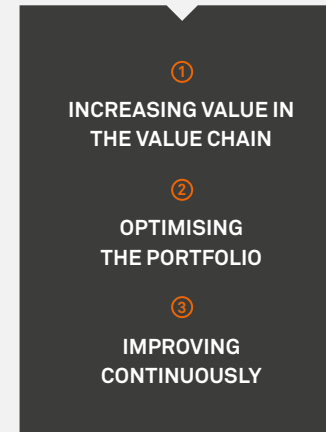


Sales representatives Jonas Larson and Anders Alexandersson discuss a customer solution. Business sales representative Helena Sällsten is in the foreground.

Through clear targets...



...and clear processes...



...we achieve a business that

is **meaningful** to society and employees  
and  
creates **profitable and sustainable growth** for our shareholders

> Read more on pages 9-11

## Sustainability targets



- Requirement specification
- Collaboration
- Energy and resource efficiency enhancement
- Development

> Read more on page 15



- Our climate footprint
- Diversity
- Health and safety
- Anti-corruption

> Read more on page 17



- Environmental technology
- Sustainable consulting
- Energy and resource efficiency enhancement
- Transition to more sustainable business models

> Read more on page 19

## Financial targets

- Revenue growth >10 %
- EBITA margin 9 %
- Equity ratio 35 %
- Return on equity 25 %
- Dividend 30–50 %

> Read more on page 8

## MARKET &amp; STRATEGY

## Financial targets

	Goal attainment		Historic development			
	2020	Last five years	2019	2018	2017	2016
<b>Revenue growth: &gt;10%</b> Average revenue growth of at least 10 per cent per annum over a business cycle, including acquisitions.	<b>-1.4%</b>	10.2 % per year on average	14.1%	37.4%	4.8%	-3.7%
<b>EBITA margin: 9%</b> Average EBITA margin of 9 per cent per annum over a business cycle.	<b>6.1%</b>	6.7 % per year on average	7.5%	8.4%	4.8%	5.9%
<b>Equity ratio: 35%</b> The company shall have an equity ratio that is below 35 per cent.	<b>34.3%</b>	41.6 % per year on average	36.1%	36.8%	50.8%	50.2%
<b>Return on equity: 25%</b> Return on equity shall amount to a minimum of 25 per cent.	<b>24.2%</b>	29.8 % per year on average	34.5%	43.5%	20.9%	26.1%
<b>Dividend: 30–50%</b> 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>45.2%</b>	44.3 % per year on average	29.6%	37.3%	60.7%	48.6%

Dividend 2020

**45.2%**

## MARKET &amp; STRATEGY

## Clear criteria for ensuring high value creation

In 2020, Christian Berner developed its strategy for profitable growth. To strengthen profitability and create good conditions for organic growth, the portfolio will be built around product areas that have a high customer value, have potential for good profitability and contribute to sustainability. This is a strategy that is stimulating for employees, good for society and creates value for shareholders.

### ① Increasing value in the value chain

The strategy is based on Christian Berner's role as a technology trading company. Technology trading companies structure supply chains and simplify purchasing and sales processes for both suppliers and customers.

For suppliers, technology trading companies are an alternative to having their own sales organisation. For many suppliers, a partnership with Christian Berner is the best and most efficient way to reach out to the market.

For customers, Christian Berner provides extensive added value in the form of technical know-how, processing, refinement of products, warehousing and service. This creates a strong position as a strategic partner.

### Export of own products

Through acquisitions, Christian Berner has increased elements of its own products in the offering in recent years. For several of these product areas, such as the Zeta boiler from Zander & Ingeström, there is an export business that is being further developed.

#### CHRISTIAN BERNER'S VENTURES

### Great possibilities for the Zeta boiler

In pace with the global electrification trend, we see a greater demand for our electric boilers. The boilers are in demand from several countries and for more, and new, applications. In order to meet the increased demand and the new applications, Zander & Ingeström is investing in product development and further resources.



Many meetings were held digitally during the pandemic year of 2020. Pictured here are Anders Alexandersson, Helena Sällsten, Hans Lindqvist and Sandra Fundin.

## MARKET &amp; STRATEGY

We seek companies that can strengthen our positions and contribute to value creation. Sometimes we find large acquisitions and sometime small. Peter Jandermark works at the warehouse in Mölnlycke.

## CHRISTIAN BERNER'S ACQUISITIONS

## Financial muscles for continued growth with Christian Berner

In September, Christian Berner acquired Empakk AS, a comprehensive supplier of solutions for packaging, storage and transport of food in public and private operations in the Norwegian market. The company has had a good development in recent years and the growth outlook for the future is bright.

"But we felt that we needed bigger financial muscles to be able to continue to grow and we get that with Christian Berner as an owner," says Kjell-Håvard Liane, President and one of the three former owners of Empakk.

Empakk has developed its own series of trays called Bon Appetit and close cooperation with several suppliers. Among other things, this has led to a special adaptation of a packaging machine that improves the ergonomics for the person packing, but the company's greatest competitive edge comes from its role as a comprehensive supplier.

"The customer having a single point of contact for packaging, all kinds of packaging machines and service – that's important," says Kjell-Håvard Liane.

## ② Portfolio optimisation

Christian Berner is evaluating its product areas, and potential acquisitions, based on three parameters: customer value, sustainability and profitability. Areas with good market potential and strong competitive advantages will be prioritised. Where prerequisites in a corresponding way are missing, structural measures will be considered.

### Customer value

Christian Berner seeks to add customer value. This can be through expertise – both within the customers' processes and the products' properties – a comprehensive offering, solutions that provide value, precise and fast deliveries, and good support and service. A high customer value is a prerequisite for long-term competitiveness.

### Sustainability

Sustainability is becoming an ever more important criterion in purchasing for companies and an ever more important driver of growth. At the same time, products that do not contribute to sustainability have a structural headwind. Therefore, products that contribute to sustainability are an important focus.

### Profitability

Achieving the right profitability demands both adequate size and market share in the product area. Strong suppliers, an optimised customer and product portfolio and a high share of service and aftermarket also help. A potential for sustainably high profitability is important.

## ③ Tools for continuous improvements

### Collaboration and technical expertise

Christian Berner seeks to collaborate with strong suppliers that have market-leading products with a high technology content and at the same time continue to develop its own sales and product development organisation's high level of technical expertise and capacity for qualified advice and product development.

### Decentralisation with synergies

Christian Berner's governance model is characterised by management by objectives with a high degree of decentralisation. Decisions close to the business are made in the subsidiaries, which have their own profit responsibility.

Synergies in business-support processes that are common to the Group will be used and best practices in each product area will be shared between the subsidiaries in the respective countries.

## MARKET &amp; STRATEGY

**Increase in added value sales**

Christian Berner will increase its part of the value of the sale. Partly by combining sales of products with qualified consulting and services into value-creating solutions. Partly by increasing its share of the value added through its own products or through refinement and customisation.

**Focus on environmental biotechnology**

Christian Berner's environmental technology range can be divided into four areas: quiet environments, clean water, sustainable products and sustainable surplus power. These areas have a structural tailwind in demand and will continue to be developed.

**Acquisitions**

Acquisitions have been identified as a central component in order to achieve the company's growth targets. A good financial position and a large number of interesting companies of various sizes and product ranges in the Nordic region provide good conditions for the strategy.

Potential acquisitions will be evaluated according to the same three criteria as the product areas: customer value, sustainability and profitability. In addition, shared values and culture are important for a functioning collaboration in the Group.

Prioritised acquisition areas for Christian Berner are the product areas where the company already has strong positions. The acquisitions will contribute to further strengthening these positions, which means that for every acquired company, there shall be a clear plan for how it will continue to develop together with the Christian Berner Group.

**> 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.



Esmeralda Thoma at the CNC machine, which can process complicated parts according to the customer's wishes.

**CHRISTIAN BERNER'S ACQUISITIONS****Continued growth opportunities for Alfa Tec**

Alfa Tec Sweden AB, which sells technical solutions to the food and pharmaceuticals industry, was acquired by Christian Berner in October. The company is the Master Distributor for Alfa Laval's products in Sweden.

"We are a well-established name in Sweden together with Alfa Laval. Having access to their products is a competitive advantage," says President Stefan Löfgren, who sold Alfa Tec Sweden AB to Christian Berner.

The company has extensive experience of applications in the food and pharma-

ceuticals industry and can develop solutions that are adapted to the customers' specific needs.

"The solutions are also cost-effective in purchasing and CO<sub>2</sub>-adapted. Our expertise together with Alfa Laval's products is a very strong offering," says Stefan Löfgren.

Today, Alfa Tec Sweden AB has a strong position in the food industry and with the greater resources that are in the Christian Berner Group, there are growth opportunities to make use of, especially in the pharmaceuticals industry.



# WE MAKE FOOD PRODUCTION SUSTAINABLE

## Process & Environment

We deliver systems for filling, packaging and labelling food that provide the right amounts and reduce waste.

Expect more

## SUSTAINABLE VALUE CREATION

# 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 2020, Christian Berner signed the UN's sustainability initiative, the Global Compact. The Group thereby pledges to actively work on, and comply with, the Global Compact's ten principles for sustainable development in the four areas of human rights, working conditions, the environment and anti-corruption. The principles are based on the UN Universal Declaration of Human Rights, the ILO's core conventions on human rights in working life, the Rio Declaration and the UN Convention against Corruption.

Once a year, Christian Berner will issue a status report (Communication on Progress, CoP) regarding how we conduct our operations in accordance with the 10 principles and demonstrate our accountability. The CoP is published on the UN Global Compact's website, accessible to the public.

Christian Berner actively works in accordance with Agenda 2030, containing the 17 sustainable development goals. 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

The Christian Berner Group 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 energy systems.

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.



## SUSTAINABLE VALUE CREATION

**Christian Berner as an enabler**

Christian Berner actively works to help customers to achieve set sustainability goals. Through adapted business solutions and a strong service and product offering, we give our customers the possibility of sustainable 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.

**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.

Christian Berner's whistle-blower function and associated process are a good means in the work to keep improprieties from occurring. In 2020, no matters were reported through the whistle-blower function.

**Internal governance for sustainability work**

During 2020, Christian Berner linked the sustainability work to the strategy more clearly than before. The Group's strategy consists of the three areas Customer Value, Sustainability and Profitability. For the area Sustainability, a new model has been prepared, based on the Group's value chain. In brief, it is based on the three perspectives: Supplier, Christian Berner and Customer. With the new model, we can work more clearly and more focused on our sustainability efforts. Even if all three perspectives are important and have their goal formulations, key performance indicators and activities, it is with the Customer perspective that the Group can most clearly contribute to a sustainable development. The Group's sales organisations are now working to relate their sales of products and services to the UN's sustainable development goals, to identify what goals and how we can best contribute to them, and where we have a negative impact and how we can reduce it.

The identified opportunities and customers demanding greater sustainability in turn place demands on our work with suppliers and collaboration with the other stakeholders.

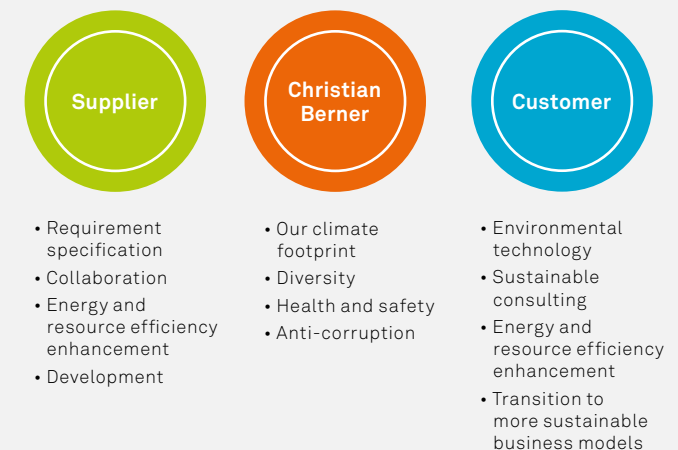
Sustainability becomes an integrated part of the business in the decided strategic plan and permeates the entire organisation. Follow-up of the strategic plan and decided targets, key performance indicators and activities takes place continuously and quarterly in Business Review Meetings (BRM) with the respective subsidiaries and to the Group's Board of Directors.

In 2021, Christian Berner will update the stakeholder and materiality analysis done in 2017.

The company relates to sustainability requirements from customers and in turn sets requirements on suppliers and cooperates with other stakeholders.

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 sustainability risks are presented under Risks and uncertainties on pages 45–46.

**Framework for Christian Berner's sustainability work**



## SUPPLIER



The importance of having good awareness and insight into suppliers' processes, operations and work regarding sustainability issues is growing as awareness grows and with it demands from customers, society and other stakeholders. Having a close cooperation and good, transparent dialogue with our most important suppliers is crucial to succeed. Christian Berner has the explicit goal of assessing the 30 largest suppliers from a sustainability perspective; increased knowledge and refined tools and methods to make this possible are under development. The goal is to strengthen and clarify requirements and goals for the cooperation with our suppliers, and ensure that the follow-ups and measurements made have the right focus and drive the work in sustainability issues in the right direction.

During the year, the on-going work with the assessment of our supplier base continued. Due to visiting and travel restrictions in the wake of COVID-19, the possibility of physical visits to suppliers was very limited. Assessments and follow-up of improvement items have therefore primarily taken place digitally in 2020 instead.

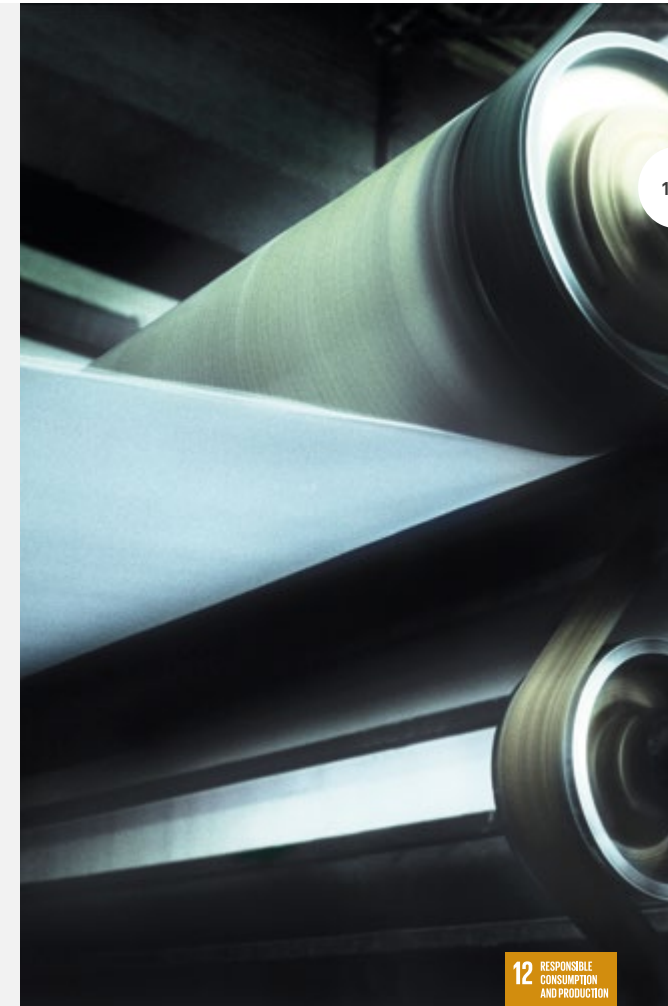
By offering sustainable products and services, we want to help the customer achieve set sustainability objectives; the cooperation with our suppliers is a key factor for ensuring that we have an offering to the market that provides the right conditions for this. The work to

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 our customers.

#### Code of Conduct / Business ethics

The Group's Code of Conduct is still one of the cornerstones of the sustainability work. The Code is addressed to employees and suppliers, partners and other stakeholders. It is important that all collaboration and business relationships with suppliers are characterised by high business ethics. 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.

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.



#### LESS FRICTION PROVIDES LOWER ENERGY CONSUMPTION.

In paper production, plastic components are used that are subjected to wear during operation. Robadur has high wear resistance and excellent sliding properties and is considered by the industry to be the optimal material choice. By choosing high-tech plastic qualities specially developed to minimise friction in the production process, energy consumption, and consequently the environmental impact from the process, can be radically reduced.

## SUPPLIER



AREA	RESULTS INDICATOR	TARGET	RESULT	COMMENTS
<b>Suppliers</b>	Mapping of suppliers' sustainability efforts.	Increased knowledge of materials, products and suppliers.	100 % of the A and B suppliers mapped	In connection with the implementation of supplier evaluations during the year, all of our largest suppliers have been mapped from a sustainability perspective. In the supplier base, there are suppliers that are on the forefront of their sustainability work, but also those who have not yet come as far. Our goal is to deepen the dialogue in 2021 with a number of our largest and most important suppliers (A suppliers) to jointly identify further points of improvement and shared issues to work on regarding sustainability moving forward <sup>1)</sup> .
<b>Suppliers</b>	Percentage (%) of total purchase volume that assessed suppliers represent.	80% (roughly equivalent to the purchasing volume with A and B suppliers)	80 %	In 2019, a model was introduced for the evaluation of suppliers where sustainability aspects are an integral part. All A and B suppliers have now been evaluated according to the new model <sup>1)</sup> .
<b>Suppliers</b>	Number of on-site follow-ups	All A suppliers	Planned for 2021	On-site visits to suppliers were not possible to any greater extent in 2020 due to the visiting and travel restrictions in the wake of COVID-19. Follow-up meetings have instead taken place as necessary <sup>1)</sup> .

<sup>1)</sup> The supplier base at newly acquired companies will gradually be evaluated and mapped with regard to sustainability. Targets and results here primarily concern CBAB, CBAS, ASCB and CBOY.

**100 %** of the A and B suppliers mapped

**80 %** purchase volume from evaluated suppliers

CHRISTIAN BERNER



The competition for competent employees is growing. To attract, retain and develop employees, it is of central importance for Christian Berner to have attractive workplaces where the employers are satisfied and develop. In order to be a partner for sustainable value creation, Christian Berner must serve as a good example in terms of its own climate footprint. We therefore actively work to best minimise resource consumption in the operations.

### Climate footprint

Christian Berner works preventively to reduce the company's environmental impact in terms of business travel, transports, energy and waste and works based on the precautionary principle to protect people and the environment. During the year, most meetings and training sessions were held digitally and a new, Group-wide travel policy and car policy was introduced, but their effects have not yet been able to be shown because travel was almost eliminated during the pandemic.

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

For example: The Swedish company Christian Berner AB focused during the pandemic on psychosocial health linked to working from home and conducted activities together with occupational health services.

### 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.

Work environment training was conducted for managers and is planned 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 activities. The strategy work led to the sustainability issues being brought up on the agenda.

Many of our employees took the opportunity to attend online training during the year as we were unable to meet in person.

### Diversity

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. Christian Berner shall be an inclusive workplace where there is no discrimination or harassment. In 2020, the company continued working on efforts to increase diversity and inclusion. The gender equality work is important; efforts began in 2018 with systematic follow-up and preparation of results indicators to follow up on the gender distribution (see Note 7).

### Work environment

The surrounding world has been concerned due to the pandemic and many employees worked from home. The Oslo office moved to new premises during the winter and during the summer, the office building in Mölnlycke was renovated.

At the end of the year, the two Stockholm-based offices moved into new premises together in the Arninge industrial area in Täby north of Stockholm.

The work environment efforts are followed up continuously through employee development talks, employee surveys and occupational health and safety inspections. The Swedish part of Christian Berner's operations and Zander & Ingeström have also integrated systematic improvement work through their management system, which is certified according to ISO 9001:2015 and ISO 14001:2015. Zander & Ingeström also holds certificates according to ISO 45 000:2018.

### People & Values

In January 2020, an employee survey was implemented in the entire Group. The results were followed up and the respective company made an action plan. A Group-wide initiative was the vision and core value work known as People & Values that every employee was invited to. After the summer, the work shifted to digital workshops and resulted in a new vision and core values that were established in December 2020. In 2021, management training and workshops with the employees were carried out in order to implement the new core values in the organisation.

### Collaboration and society

In 2020, 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.

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. This Code of Conduct is signed by all employees and upon new employment.

CHRISTIAN BERNER



AREA	RESULTS INDICATOR	TARGET	RESULT	COMMENTS
<b>Occupational health and safety</b>	Accidents/Incidents	No Accidents/Incidents	2/5	In 2019, the outcome was 4/5
<b>Diversity/Gender equality</b>	Percentage of women in senior positions vs. percentage of women in total	Increase percentage of women in senior positions vs. percentage of women in total	31%/24%	In 2020, the percentage of women employees increased to 31% from 26% in 2019. The percentage of women in senior positions increased from 18% in 2019 to 24% in 2020.
<b>ESI</b>	Satisfied employees	80%	66%	In 2021, we are changing the name Employee Satisfaction Index (ESI) to eNPS, Employer Net Promoter Score.
<b>Travel Air/rail</b>	CO <sub>2</sub> emissions from travel	Reduce CO <sub>2</sub> emissions	28.1 tonnes of CO <sub>2</sub> (no information for 2019)	Very little travel due to the pandemic. The forecast is that the emissions will increase once the COVID-19 situation develops towards allowing more travel. The travel policy encourages environmentally friendly travel, however.
<b>Travel by car CO<sub>2</sub></b>	Number of company cars by fuel type	Increase percentage of green vehicles	27% (11%)	The Group-wide car policy from the end of 2019 encourages environmentally classed cars. This has supported the development and means that almost one in three cars is an environmentally classed car compared with one in ten in 2019.
<b>Energy</b>	Percentage of renewable energy % of total energy consumption	Increase percentage of renewable energy	68% (42%)	In 2020, a Group agreement was signed for green electricity, which means that Christian Berner now uses a supplier that guarantees that we get renewable energy for our premises where we have the right of determination over the electricity supplier. Depending on the tie-in period in agreements, a new environmentally friendly agreement is being phased in when possible.
<b>Transports</b>	CO <sub>2</sub> emissions from goods transports	Establish emission levels for transports and based on this define targets and improvement measures.	21.3 tonnes of CO <sub>2</sub> (no information for 2019)	Data on CO <sub>2</sub> emissions from transports out from our main warehouse in Mölnlycke was collected during the year to create a baseline. Initiatives and actions to reduce climate impact from these transports are currently being evaluated. Areas that are analysed are, for example, what transport packaging is used, the filling ratio in load carriers and "green transport agreements". We also actively work to consolidate our upstream transports to warehouses and customers where possible to reduce the climate impact.

**66%** satisfied employees

**31%** women in senior positions

CUSTOMER



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

**Our customers’ sustainable development**

Christian Berner supports our customers’ operations and their development. By offering sustainable products and solutions, the Group helps its customers transition towards even more sustainable solutions. The increased pace of change towards greater demand for sustainable products and solutions and increased sustainability requirements from authorities impact Christian Berner’s customers.

The Group creates 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.

**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.



**DAIRY CONVERTED TO PLANT-BASED PRODUCTION**

Today, the Österlen dairy in Lunnarp is an entirely milk-free production facility, which entailed a major change in the production process. The challenge of mixing oat powder in liquid quickly, efficiently and ergonomically was resolved with a sack emptier, a powder mixer and a sack compactor from Christian Berner.

AREA	RESULTS INDICATOR	TARGET	RESULT	COMMENTS
<b>Customer</b>	Percentage of sales related to the sustainable development goals.	Increasing positive contributions to, and reducing negative impact on the sustainable development goals	Training about the sustainable development goals and start of a current situation analysis for each product area in October-December 2020	This target area is new to Christian Berner, which in 2021 will work to establish targets and activities. The target area is prioritised, in accordance with the Group’s strategy and contributions to the sustainability area.

SUSTAINABLE VALUE CREATION



The Group's contributions to active and positive sustainability impressions on our customers' operations are made through our solutions and our employees' commitment and knowledge. Peter Jandermark is pictured at the warehouse Mölnlycke.

# Auditor statement on the statutory sustainability report

To the General Meeting of shareholders of Christian Berner Tech Trade AB (publ), 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 2020 on pages 13–20 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, 23 March 2021  
KPMG AB

Mathias Arvidsson  
Authorised Public Accountant

## DEVELOPMENT 2020

# Development opportunities exist after a turbulent year

## Financial development

### Revenue

SEK MILLION	2020	Growth	2019
Sweden	483.9	-3.5%	501.6
Norway	100.4	12.2%	89.5
Finland	88.5	4.2%	84.9
Denmark	22.4	-22.2%	28.8
<b>Total</b>	<b>695.2</b>	<b>-1.4%</b>	<b>704.8</b>

Revenue decreased slightly in 2020, mainly due to a weak end to the year. Norway benefited from the acquisition of Empakk, which is included in the accounts from October.

### Profit

SEK MILLION	2020		2019	
	EBITA	Margin	EBITA	Margin
Sweden	46.2	9.5%	47.6	9.5%
Norway	6.7	6.7%	5.4	6.0%
Finland	5.6	6.3%	6.6	7.8%
Denmark	1.3	5.7%	4	13.9%
<b>Group</b>	<b>-17.6</b>		<b>-10.5</b>	
<b>Total</b>	<b>42.2</b>	<b>6.1%</b>	<b>53.1</b>	<b>7.5%</b>

As a result of the reduced revenue, earnings for 2020 decreased. Restructuring costs of a non-recurring nature of SEK 4.2 million encumbered the earnings for Sweden and the Group.

### Return

Return on equity after financial items for the past 12-month period amounted to 24.2 (34.5) per cent.

### Cash flow

Cash flow from operating activities was SEK 63.0 (69.6) million. Reduced earnings and increased taxes paid reduce the cash flow, but a positive effect from the development of working capital. Cash flow from investing activities amounted to SEK -39.8 (-23.2) million where the large difference was due to the acquisitions in 2020. Cash flow from financing activities accounted for SEK 0.6 (-53.5) million, where a loan raised in the parent company of SEK 100 million is the major difference. Dividends decreased in 2020 compared with 2019, at SEK 11.3 (14.1) million.

### Equity ratio

The equity ratio at 31 December was 34.3 (36.5) per cent.



Impeller from Sundyne's high-speed compressor.

## DEVELOPMENT 2020

**Employees**

The average number of employees in the past 12-month period amounted to 198 (186). At the end of the financial year, the number of employees was 198, compared with 186 at the beginning of the financial year. The primary reason for the increase comes from the acquisitions made during the year, Empakk AS and Alfa Tec Sweden AB, which are included in the Group from October.

**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 6.8 (20.9) million and profit/loss after net financial items was SEK -9.3 (-3.0) million. In that the Group formed a shared service company (Christian Berner Business Services AB), a larger share of revenue flows through the company and the revenue for the parent company is decreasing. During the year, the parent company handled two acquisitions, which entailed larger acquisition expenses. Through the parent company, the Group also conducted two major change programmes during the year, a strategy programme and a programme concerning the vision, core values and leadership. Both of the programmes were supported by external parties, which increased the expenses in the Group. In 2020, an agreement was also signed with SEB on a revolving credit facility of SEK 200 million, where the majority is to be used to finance the decided acquisition strategy. The agreement increased the interest expenses in the parent company, which negatively impacted earnings.

The parent company's financial non-current assets mainly comprise shares in subsidiaries. At 31 December, there were 4 (5) employees.

**Outlook**

In general, there are no indications of any general decline in the demand situation compared with 2020. On the contrary, demand is expected to strengthen as the negative effects from COVID-19 subside. The ambition is to generate growth in 2021 organically and through acquisitions.

During the year, the Group also conducted two major programmes to ensure the future development: the Strategy Development Programme and Visions & Values.

The Strategy Development Programme has been extensive and involved the majority of the Group's operations. It has provided a good basis to make strategic choices, and to plan activities in the upcoming years.

The programme for vision and values involved all of the Group's employees and created a basis for a shared view of who we are and what we aim to achieve. The programme is also the foundation for the leadership and employee training being conducted in 2021.

**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. Company management is not planning any material changes to existing operations such as material investments, sales or closures.

With regard to the company's financial position and performance otherwise, please refer to the following income statements and balance sheets and the related supplementary information.

**Appropriation of earnings, SEK thousands****The following is at the disposal of the Annual General Meeting:**

Retained earnings	94,843
Profit for the year	26,226
<b>Total</b>	<b>121,069</b>

**The Board of Directors proposes**

Dividend of SEK 0.75 per share	14,070
To be carried forward	106,999
<b>Total</b>	<b>121,069</b>





# WE PROVIDE FANTASTIC ACOUSTICS

## Materials Technology

We deliver vibration-damping and noise-reduction materials and solutions that create the right acoustic environment

Expect more

## MATERIALS TECHNOLOGY BUSINESS AREA

# Increased volume in timber-building construction

Christian Berner's operations focused on the sales of vibration-damping and noise-reduction materials and technical plastics are gathered in the Materials Technology business area.

## Market & customers

The customers in Materials Technology are primarily in infrastructure, such as rail and trams, as well as the paper, construction and mining industries.

The business area is less sensitive to economic fluctuations than the Process & Environment area since the products are largely comprised of wear products and consumables where demand is driven by the capacity utilisation in the customer segment.

In addition to this, the development is driven by major investment decisions, where Christian Berner's materials form part of the investment, such as railway projects and construction.

In general, consumables and wear goods have higher margins than products of an investment nature.

Competitive advantages for Christian Berner are a large product range, high delivery reliability and qualified advice. 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

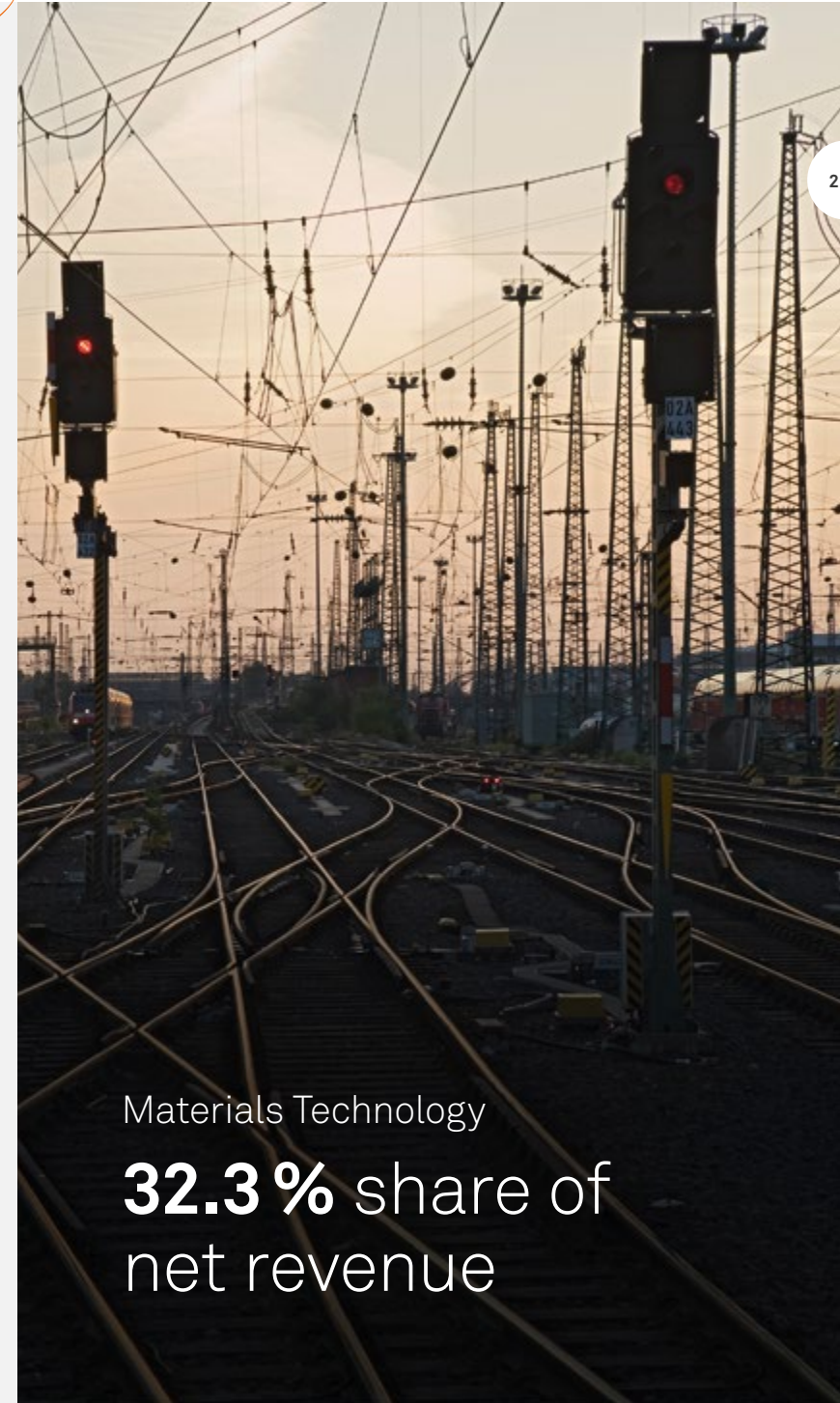
in high-quality plastic materials and the most common engineering plastics. The company has a broad customer base, with the key industries being the paper industry and the mining industry, alongside products for materials handling systems.

## Vibration technology/noise

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

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



Materials Technology

**32.3%** share of  
net revenue

## MATERIALS TECHNOLOGY BUSINESS AREA

## Quiet studio apartments with a view of Lake Vättern

When Husgruppen Modulssystem was commissioned to build 194 new studio apartments at Valplatsen in Jönköping by Nivika Fastigheter, they turned to Christian Berner to reduce walking and frame noise. A customised solution based on Sylomer® and Sylodyn® provides an elastic bed under each module that meets the Swedish National Board of Housing, Building and Planning's requirements for sound insulation class B at the same time that assured deliveries enable an efficient construction process.

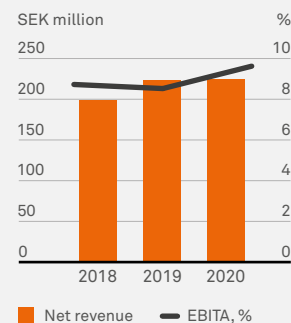
## Development in 2020

Deliveries of vibration-damping solutions to the timber construction industry increased in every market during the year.

# 9.6% EBITA

# SEK 224 million net revenue

## Materials Technology



## Important events 2020

- Improved profitability
- Growth in the industry segment
- Increased capacity utilisation in the machine fleet
- Success with our own product edge shower for the paper industry

## Focus 2021

- Strengthening the sales organisation in Vibration Technology and the Industrial Segment
- Restructuring in Technical Plastics with the ambition of developing profitability
- Increasing customer value and the sustainability impression in our solutions and accordingly increasing profitability



# WE CONTRIBUTE TO MORE SUSTAINABLE ENERGY SYSTEMS

## Process & Environment

The Zeta boiler from Zander & Ingeström can be quickly turned on to make steam and hot water when electricity production is high

Expect more

## PROCESS &amp; ENVIRONMENT BUSINESS AREA

# More system sales

The Process & Environment business area targets customers with a need primarily for process equipment and complete technical systems.

## 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 mainly driven by major investment decisions at customers even if sales of a more recurring nature also exist. Since the acquisition of Zander & Ingeström in 2018, there is also an export business in electric and steam boilers that is global.

Competitive advantages for Christian Berner are technically well-educated employees who with qualified advice can guide the customers to solutions that have the right capacity and operating economy.

## The offering in Process & Environment is comprised of four areas

### 1. Environmental & process technology

The environmental & process technology area 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.

### 2. Process equipment

Christian Berner offers a broad range of products, machines and installations in the areas of packaging and filling, fluid technology and powder and drying technology. The solutions are adapted based on the customer's needs and specifications.

### 3. 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.

### 4. Pump & heat technology

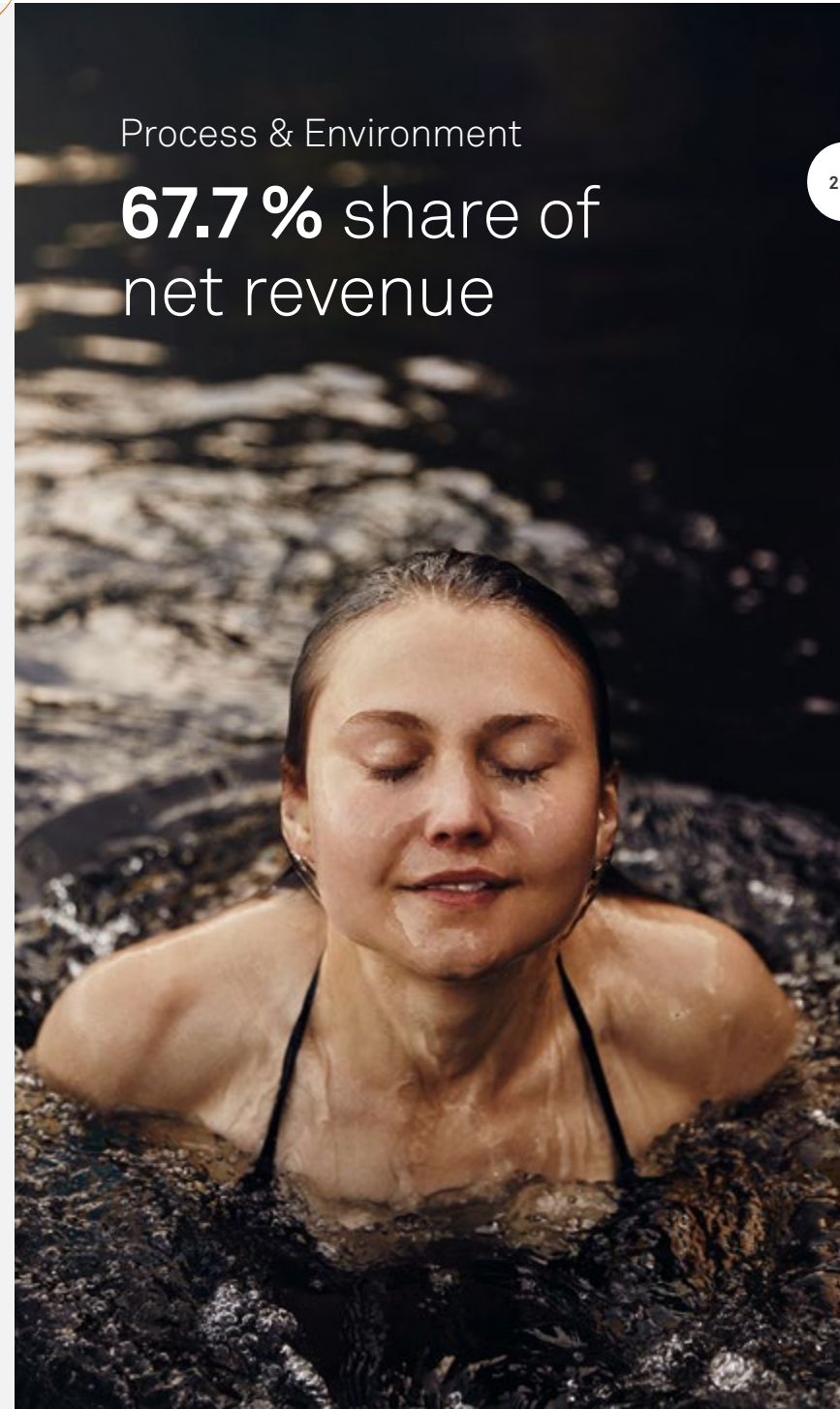
Pump & heat technology offers centrifugal and displacement pumps, high pressure pumps for industrial use of high pressure water, flow heaters, domestic water heaters and electric boilers, the Zeta electric and steam boiler, which is sold on exports.

## 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

Process & Environment

**67.7%** share of net revenue



## PROCESS &amp; ENVIRONMENT BUSINESS AREA

## Work-saving solution for Nordarom

Nordarom in Norrköping develops flavours and colours for the food industry. To improve the working environment and reduce heavy lifting, they got Christian Berner's help. Several product areas contributed when the Fillflex filling machine was supplemented with a mass flow meter, fluid filter and a cap tightener with fixtures developed in Christian Berner's own plastic processing workshop.

## Development in 2020

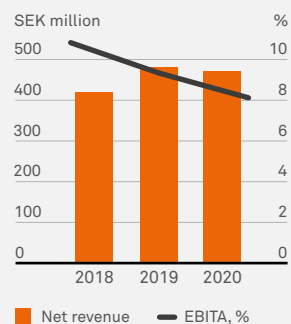
The business area is negatively affected by postponed investments in the market and costs for restructuring, which are partly offset by a strong year in sales of boilers.

Two important acquisitions develop the business towards the food industry.

# 8.1 % EBITA

# SEK 471 million net revenue

### Process & Environment



### Important events 2020

- Acquisitions of Empakk AS and Alfa Tec Sweden AB
- Stake on our own product Fillflex machines
- Restructuring Gas & Energy in Sweden

### Focus 2021

- Acquisitions
- Increased investment in electric and steam boilers in Zander & Ingeström AB
- Increasing customer value and the sustainability impression in our solutions and accordingly increasing profitability

SHARE DATA

# Share data

In 2020, the Christian Berner share decreased by 7.6 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 12.9 per cent.

In 2020, 6.3 million shares were traded at a total value of more than SEK 135 million. This is equivalent to a turnover rate of 33.8 per cent. On average, there were 51 trades on each trading day of the year.

Since the listing in 2014, the Christian Berner share had a total return of 196.2 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 122.9 per cent.

## Ownership structure

Christian Berner has a total of 2,066 (1,910) 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.

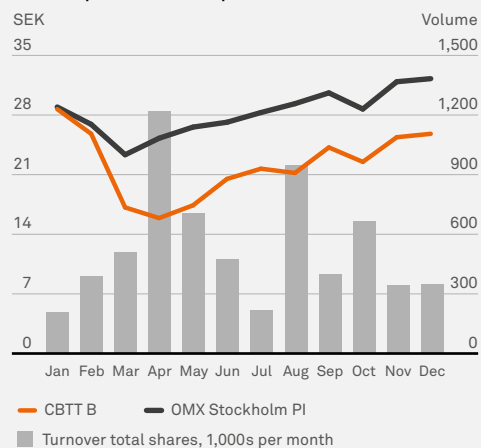
## Share buyback and dividend

The 2020 AGM gave the Board a mandate to both acquire and transfer own shares. However, the holding may not exceed 10 per cent of outstanding shares. During the year, the company used 72,357 shares as a part of the purchase consideration in connection with the acquisition of Alfa Tec Sweden AB. The company thereby holds no treasury shares at the end of the year.

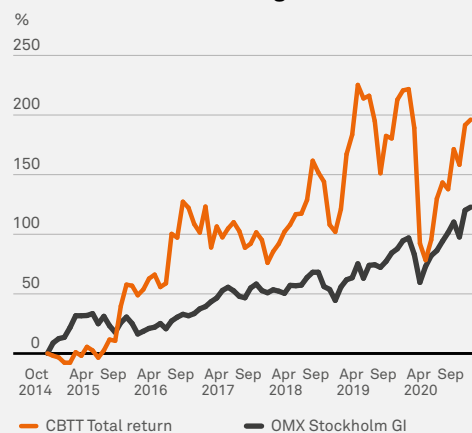
Prior to the Annual General Meeting on 10 June, the Board of Directors decided to withdraw the dividend proposal of SEK 0.75 per share to evaluate a possible dividend later in the year, based on how the situation with COVID-19 developed. The decision to pay a dividend of SEK 0.60 per share was made at an Extraordinary General Meeting in October. This is equivalent to 30 per cent of the profit after tax. The objective is for the dividend ratio to be 30–50 per cent.

## SHARE DATA

## Share price development in 2020



## Total return since listing



## Largest shareholders

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, Isolde Stensdotter		1,630,572	1,630,572	8.7 %	1,630,572	5.4 %
Berner, Ruby Stensdotter		1,552,149	1,552,149	8.3 %	1,552,149	5.2 %
Lannebo Nanocap		1,544,335	1,544,335	8.2 %	1,544,335	5.1 %
Seb Luxemburg		1,255,456	1,255,456	6.7 %	1,255,456	4.2 %
Unionen		745,000	745,000	4.0 %	745,000	2.5 %
Protector Forsikring Asa		669,223	669,223	3.6 %	669,223	2.2 %
Försäkringsbolaget Avanza Pension		440,321	440,321	2.3 %	440,321	1.5 %
Söderqvist, Bo		230,000	230,000	1.2 %	230,000	0.8 %
Mikael Gunnarsson		216,000	216,000	1.2 %	216,000	0.7 %
Berner Wolf, Nicolas		188,273	188,273	1.0 %	188,273	0.6 %
Larsson, Ingrid		180,933	180,933	1.0 %	180,933	0.6 %
Sentinam Invest AB		177,530	177,530	0.9 %	177,530	0.6 %
Swedbank Försäkring		159,018	159,018	0.8 %	159,018	0.5 %
Nordnet Pensionsförsäkring AB		122,406	122,406	0.7 %	122,406	0.4 %
Antap Capital		113,252	113,252	0.6 %	113,252	0.4 %
Lachenardiére, Sonja		100,000	100,000	0.5 %	100,000	0.3 %
State Street Bank And Trust Co		96,000	96,000	0.5 %	96,000	0.3 %
Lachenardiére, Rachel		72,696	72,696	0.4 %	72,696	0.2 %
Others	2,891,828	2,891,828	2,891,828	15.4 %	2,891,828	9.6 %
<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>



A composite image. On the left, a view through a window at night shows a city street with buildings and lights. On the right, a man in a light-colored shirt is sitting at a desk, looking at a computer monitor. The scene is dimly lit, with the primary light source being the computer monitor and the city lights outside.

# WE MAKE HOMES PEACEFUL

## Materials Technology

Growing cities require an efficient infrastructure and measures to reduce noise and vibrations from traffic and other activities.

Expect more

MESSAGE FROM THE CHAIRMAN OF THE BOARD

# Suddenly it happens.

Dripping water hollows out the stone, once you spit on the stone enough it gets wet, dogged does it, shame on anyone that gives up. There are many expression to describe that we struggle towards a given goal or idea so they are not achieved all too seldom. The vision becomes reality. The dream true.

During the in many ways dramatic year of 2020, with the pandemic that had serious effects on the economy, a lot was under way in the 123 year-old Christian Berner. Comprehensive strategy work and a vision and values programme were implemented in the entire Group, two excellent new businesses joined us, an advantageous refinancing was put in place in the spring, a strong joint administrative company Christian Berner Business Services was launched and we gathered all of our Stockholm operations in property excellently suited to us in Täby. In general, large parts of the organisation and management breath a belief in the future like never before.

This provides great satisfaction. I have been on the Board of Directors for 31 years. Dripping water hollows out the stone.

Perhaps Johan De Geer, the former head of Zander & Ingeström, which we are particularly happy to have acquired, gave me the answer to why things ultimately get moving. I spoke with him late in the autumn:

“Hope that everyone is looking ahead since nostalgia is probably the worst right now.”

Wise. It is easy as a third-generation director to get stuck in old, possibly good times. The oil painting of grandfather Christian and grandmother Isolde, signed by Emanuel Vigeland, at the head office in Mölnlycke can probably make more people than me weak in the knees.

Over time, companies become like their owners.

My desire and ambition has for several years been to free myself from history, to lose the complex towards earlier generations. I have long since wanted to build a modern, sustainable, stimulating, driving and successful industrial company.

The core values came up on a slide in the Board room this autumn when we received an update of the vision and values and the strategy work in the company. I got all warm inside – that is exactly how I want to be as a person and an industrialist.

*“Passionate, Brave,  
Innovative, Together”*

Well, I have just enough self-awareness to realise that the values are strikingly overstated to describe me as an owner, but they agree with my ambition and vision. I also believe that several other skilled owners of the company can embrace the values. Dripping water hollows out the stone.



In terms of earnings, 2020 was acceptable all things considered. After careful consideration in a difficult to interpret regulatory framework and with unclear political signals, we were pleased that we were able to pay an adjusted dividend this autumn after the record year in 2019.

Earnings and growth were of course a bit off of what we were aiming for. The goal is something entirely different. The value ambition greater. The vision even more passionate. Now, all of the conditions exist for them to be achieved.

Dripping water hollows out the stone.

**Joachim Berner**  
Chairman of the Board

# Corporate Governance Report 2020

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 2020 was 2,066 (1,889). The ten largest shareholders had a total shareholding of 77.0 (80.9) per cent of the total shares and 85.6 (88.1) per cent of the votes. See the table of the 10 largest shareholders on page 30.

## 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 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 2021 Annual General Meeting consists of Kristina Brandt (chair), Joachim Berner and Johan Lannebo.

## Nomination Committee's work

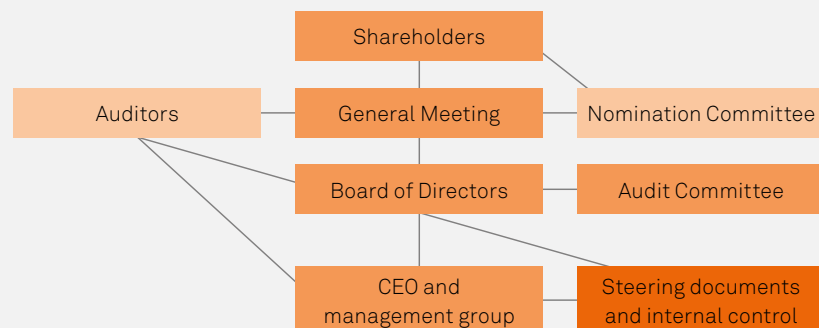
The members confirmed that there are no conflicts of interest that affect their assignment. During the autumn of 2020, the Nomination Committee interviewed all Board members, employee representatives, the CEO and CFO, which provided the possibility of obtaining information about the work in the Board, 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 2020 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 2021 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, 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. The Annual General Meeting that was planned for 22 April 2020 was postponed and did not take place until 10 June as the Board felt that it needed more time to monitor the COVID-19 pandemic's development and possible impact on resolution proposals from the Board. Prior to the Annual General Meeting on 10 June, the Board of Directors decided to withdraw the dividend proposal of SEK 0.75 per share to evaluate a possible dividend later in the year, based on how the situation with COVID-19 developed. At the Annual General Meeting of 10 June, resolutions were made

## CORPORATE GOVERNANCE REPORT



## 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.

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 appointment of the Nomination Committee. Minutes from the Annual General Meeting are available on Christian Berner Tech Trade's website christianberner.com.

On 8 October, an Extraordinary General Meeting was held in Mölnlycke. The Extraordinary General Meeting resolved in accordance with the Board's proposal to pay a dividend of SEK 0.60 per share to the shareholders and carry forward the rest of the profit. Minutes from the Extraordinary General Meeting are available on Christian Berner Tech Trade's website christianberner.com.

The 2020 Annual General Meeting will be held on 29 April 2021 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 2020 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 oppor-

tunity 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

## CORPORATE GOVERNANCE REPORT

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 11 Board meetings and attendance was 96 per cent in total. All members except Kerstin Gillsbro, who was absent from two out of 11 meetings, participated in all 11 meetings.

### 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 2020 through interviews of each individual Board member. 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 2020 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 2020 is in Note 7 for the Group. The Nomination Committee's proposal on remuneration prior to the 2021 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. The Audit Committee also handles corruption or bribery according to the whistle-blower policy and alleged violations of the Competition Act. Complaints or matters of a similar nature are reported to the chair of the committee. 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 four meetings with 100 per cent attendance.

### 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 2020, the Board of Directors approved exceptions from the current decision on the senior executives' level of other remuneration for one senior executive. This is to follow employment agreements entered into. 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 was 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. During the autumn, the president of A/S Christian Berner concluded his employment in the Group and the president of Christian Berner AB took over as the president of the Danish subsidiary as well. The Group's management team thereby decreases by one person. 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.

# Remuneration report

## Introduction

This report describes the guidelines for remuneration of senior executives for Christian Berner Tech Trade AB, adopted by the 2020 Annual General Meeting, and how they were applied in 2020. The report also contains information on the remuneration of the CEO. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

Further information on remuneration of senior executives is in Note 7 (Employee and personnel expenses) on pages 58-59 in the Annual Report for 2020. Information on the Remuneration Committee's work in 2020 is in the corporate governance report on pages 33-35 of the Annual Report for 2020.

Board fees are not covered by this report. Such fees are decided on annually by the Annual General Meeting and are reported in Note 7 on page 59 of the Annual Report for 2020.

## Development 2020

The CEO summarises the Group's development in his Message from the CEO on page 3 of this Annual Report for 2020.

## Decision-making procedure for remuneration

Every year, the shareholders at the Annual General Meeting pass a resolution regarding the remuneration of the Board members (including members of the Board's Audit Committee). The Board of Directors appoints the CEO and approves his/her remuneration and the compensation to the other members of the Group management team. The Board of Directors prepares issues and proposals on remuneration of the Board and is responsible for ensuring that the principles for remuneration of the management are in line with the company's goals and the shareholders' interests.

## Overall application of remuneration principles

The following guidelines cover the members of the Group management team of Christian Berner Tech Trade AB (publ) and were adopted by the 2020 Annual General Meeting.

## Company's remuneration guidelines:

A successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, presuppose that the company can recruit and retain qualified employees. For further information on the company's business strategy, see page 7.

For this, Christian Berner Tech Trade AB must be able to offer competitive remuneration. These guidelines mean that senior executives can be offered competitive overall compensation. Variable cash remuneration that is covered by these guidelines shall have the purpose of promoting the company's business strategy and long-term interests, including its sustainability. As of today's date, the company has not established any long-term share-based incentive programmes.

## Forms of remuneration, etc.

The remuneration of the CEO and senior executives shall consist of fixed cash salary, variable cash remuneration, pension benefits and other customary non-monetary benefits.

## Fixed cash salary

Every member of the Group management team shall be offered a fixed cash salary that is market based in relation to the work's level of difficulty, the executive's experience, expertise, responsibility and qualitative performance. Fixed cash salary is revised annually as a main rule.

## Variable cash remuneration

The variable cash remuneration shall take into account the individual's level of responsibility and degree of influence. The size of the variable remuneration shall be based on the individual's percentage fulfilment of set targets. The variable cash remuneration may be equivalent to a maximum of 42 per cent of the fixed annual cash salary for the CEO and a maximum of 25 per cent of the fixed annual cash salary for the other senior executives. Fulfilment of criteria for disbursements of variable cash remuneration shall be able to be measured during a period of one year.

Further cash variable remuneration can be payable in extraordinary circumstances on condition that such arrangements are only made at an individual level either with the aim of recruiting or retaining a senior executive, or as compensation for extraordinary work done beyond the person's ordinary duties. Such remuneration may not exceed an amount equivalent to 40 per cent of the fixed annual cash salary and may not be paid out more than once a year and individual. Decisions on further cash remuneration shall be made by the Board of Directors.

## Pension

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. Variable cash remuneration shall be pensionable to the extent that is pursuant to compulsory collective agreement provisions that are applicable to the senior executive.

## Non-monetary benefits

Other customary non-monetary benefits can include, for example, medical expenses insurance, life insurance, health insurance and a company car. Premiums and other expenses due to other customary non-monetary benefits may combined amount to a maximum of 10 per cent of the fixed annual cash salary for senior executives.

## End of employment

Upon an end of employment, the period of notice for the CEO and other executives may be a maximum of six months regardless of whether termination is made by the company or the executive resigns. If the company ends the employment, severance pay may be payable to the CEO equivalent to a maximum of the fixed cash salary for six months.

## REMUNERATION REPORT

### Criteria for the allocation of variable cash remuneration, etc.

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, which may be financial or non-financial. The variable cash remuneration to the CEO shall be 100 per cent dependent on the outcome of EBITA at the Group level. The variable remuneration of other senior executives shall be 80 per cent dependent on the outcome of EBITA to some part attributable to the Group and to the most part attributable to the relevant Group company in which the senior executive is active. 20 per cent of the variable cash remuneration for other senior executives is dependent on fulfilment of individual goals, which are non-financial and which have clear connections to implementation of the company's business strategy or long-term goals (including its sustainability) or promote the senior executive's long-term development. It is the Board's opinion that the combination of individual non-financial goals and financial targets attributable partly to the Group and partly to the Group company where the senior executive has the greatest possibility to influence contributes positively to the company's business strategy, long-term interests and sustainability. When the measurement period for fulfilment of criteria for payment of variable cash remuneration ends, the degree to which the criteria were fulfilled shall be assessed. The Board of Directors is responsible for the assessment insofar as concerns variable cash remuneration of the CEO. Insofar as concerns variable cash remuneration of other senior executives, the CEO is responsible for the assessment. Insofar as pertains to financial targets, the assessment shall be based on the financial information most recently published by the company. The Board of Directors shall have the possibility to partly or entirely reclaim variable remuneration paid on incorrect grounds in accordance with law or agreement and with the limitations pursuant thereto.

### Salary and terms of employment for employees

Christian Berner Tech Trade AB decided that the Remuneration Committee's tasks will be performed by the Board as a whole. In the preparation of the Board's proposal on these remuneration guidelines, and in the evaluation of the reasonability of the guidelines and the limitations pursuant to them, salary and terms of employment for the company's employees have been taken into account in that information on the employee's total remuneration, the composition of the remuneration and the increase and rate of increase of the remuneration over time constituted a part of the Board's decision input.

### The decision-making process to adopt, revise and implement the guidelines

In light of the Board of Directors having decided that the tasks that normally fall to a Remuneration Committee shall be performed by the Board of Directors as a whole, the Board shall prepare proposals for new guidelines regarding remuneration of senior executives when necessary or at least every four years and present the proposal for decision at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the General Meeting. The Board of Directors, in its capacity as the Remuneration Committee, shall also follow and evaluate programmes for variable remuneration for company management, the application of guidelines for remuneration of senior executives and regarding remuneration structures and levels in the company. In the Board's handling of and decision in remuneration-related issues, the CEO or other persons in company management are not present insofar as they are affected by the issues.

### Deviation from the guidelines

The Board may decide to temporarily deviate from the guidelines in part or in whole if in an individual case there are special reasons to do so and a deviation is necessary to safeguard the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, the Remuneration Committee's tasks include preparing the Board's decisions in remuneration issues, which includes decisions on deviations from the guidelines.

### Follow-up of application of guidelines in 2020

In 2020, the company complied with the remuneration guidelines adopted by the General Meeting. In 2020, the Board of Directors approved exceptions from the current decision on the senior executives' level of other remuneration for one senior executive. This is to follow employment agreements entered into. Included in this decision, the Board in its evaluation found that total remuneration levels in the company are suitable. No other deviations from the guidelines were made and no deviations have been made from the decision-making process, which according to the guidelines shall be applied to determine the remuneration. In the Board's opinion, the total disbursed remuneration to senior executives constitutes a competitive remuneration in line with the company's guidelines. Providing competitive remuneration ensures that the company can recruit and retain qualified employees, which contributes to the company's long-term results in a positive way. The auditor's opinion on the company's compliance to the guidelines is available at [www.christianberner.com](http://www.christianberner.com). No remuneration has been reclaimed.

Table 1 – Total remuneration of CEO in 2020 and 2019

	2019	2020
Salary increase in %	7.4%	8.5%
Salary	2,236	2,425
Bonus	–	–
Other benefits	85	72
Pension	860	1,017
Other remuneration	24	9
	<b>3,205</b>	<b>3,523</b>

### Application of performance criteria

The performance criteria for the CEO's variable remuneration are 100 per cent dependent on the outcome of EBITA % at a Group level. For 2020, the CEO's total remuneration is 100 per cent based on fixed salary and 0 per cent on variable remuneration.

Table 2 – CEO's performance during the reported financial year: variable cash remuneration

Executive	Description of criteria attributable to the remuneration component	Relative weighting of performance criteria	a) Measured performance and b) actual allocation / remuneration outcome
Bo Söderqvist, CEO	Financial outcome, EBITA %	100%	a) 6.1% b) SEK 0

Comparative information regarding changes in remuneration and the company's earnings

Table 3 – Changes in remuneration and the company's earnings in the past five reported financial years

	2015	2016	2017	2018	2019	2020
Total remuneration, CEO, SEK '000s	2,631	2,670	2,840	3,763	3,205	3,523
Remuneration increase in % for CEO		1.5%	6.4%	32.5%	–14.8%	9.9%
Group EBITA margin	5.7%	5.9%	4.8%	8.4%	7.5%	6.1%
EBITA margin change in percentage points		0.2%	–1.1%	3.6%	–0.9%	–1.5%
Average remuneration development based on the number of full-time equivalent employees in the Group		1.5%	0.7%	3.5%	5.2%	–3.8%

## BOARD OF DIRECTORS

## 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 and Capman. Chairman of the Boards of Gårdaverken AB, Berner Fastighets AB and Seafire Capital (Publ). Member of the Boards of Yrkesakademien AB (publ) and Squid (njuice AB).

**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, Bufab 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:**

Chairman of the Board and CEO of Glasgruppen, member of the Boards of Svensk Planglasförening and 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.

Independent in relation to the company and company management.

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

**Other current positions:**

Industrial advisor to EQT. Chairmen of the Boards of Life Medical Sweden AB and Life Equity Group Holding AB, Deputy Chairman of Stiftelsen Industrifonden, member of the Boards of Ambea AB, Dataflow Group PTY, Pansia Health Ltd, Tunstall Healthcare Group Ltd, Cancerföreningen and the Silviahemmet Foundation. Trustee of the King Gustav V Jubilee Foundation.

**Shareholding in Christian Berner**

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



## BOARD OF DIRECTORS



### 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.



### Anna-Maria Vikenadler

Born in 1968. Employee representative since 2019.

**Education:** Four-year Technical Upper-Secondary Programme in Chemistry, Ascheberg Gothenburg.

**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 Union Chapter at Christian Berner AB.

**Shareholding in Christian Berner Tech**

**Trade:** –



### Sandra Fundin

Born in 1983. Employee representative since 2020.

**Education:** Event Marketing & Management.

**Other current positions:**

Marketing Coordinator at Christian Berner Business Services.

**Shareholding in Christian Berner Tech**

**Trade:** –

### Auditor

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

Chief Auditor, Mathias Arvidsson, born in 1975.

Mathias Arvidsson is an Authorised Public Accountant and a member of FAR.

## MANAGEMENT

# Management



## Bo Söderqvist

Born 1963.

CEO of Christian Berner 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 Berner AB, Christian Berner Oy, A/S Christian Berner, Christian Berner AS and Zander & Ingeström AB.

**Shareholding in Christian Berner Tech Trade:** 230,000 class B shares.



## Torbjörn Gustafsson

Born 1976.

CEO of Christian Berner Tech Trade AB, employed since 2018.

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

**Other current positions:**

Member of the Boards of Christian Berner AB, Christian Berner AS, Christian Berner Oy, Zander & Ingeström AB and Gapwaves AB.

**Shareholding in Christian Berner Tech Trade:** 450 class B shares.



## Hans Lindqvist

Born in 1965.

President of Christian Berner AB, Supply Chain Director in Christian Berner Tech Trade AB and President of A/S Christian Berner since 1 December 2020. Employed since 2018.

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

**Other current positions:**

Member of the Board of Christian Berner AB and Chairman of the Board of Bullerbekämparen AB.

**Shareholding in Christian Berner Tech Trade:** 12,000 class B shares.



## Erik Thorup

Born 1963.

President of A/S Christian Berner, 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 Berner.

**Shareholding in Christian Berner Tech Trade:** 2,182 class B shares.

Resigned his employment and Board post in November 2020.



## Henrik Westerholm

Born 1970.

President of Christian Berner Oy, employed since 2006.

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

**Other current positions:**

Board member of Christian Berner Oy.

**Shareholding in Christian Berner Tech Trade:** 8,727 class B shares.

## MANAGEMENT




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 Herman Thon

Born 1970.

President of Christian Berner 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), Strategy and innovation from INSEAD Business School.

**Other current positions:** Member of the Boards of Christian Berner AS and Empakk AS.

**Shareholding in Christian Berner Tech**

**Trade:** –




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 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.

**Shareholding in Christian Berner Tech**

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




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 Ann Svensson

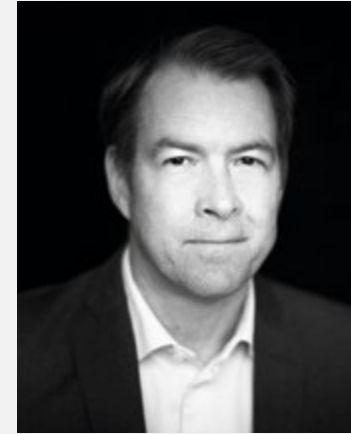
Born in 1969.

Marketing Manager of Christian Berner Tech Trade AB, employed since 2016.

**Education:** Berghs School of Communication.

**Shareholding in Christian Berner Tech**

**Trade:** 1,500 class B shares.




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 Fredrik Berndtson

Born in 1973.

CIO of Christian Berner 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

**Shareholding in Christian Berner Tech**

**Trade:** –

## INTERNAL CONTROL

# 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 illustration.

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/controllers. 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/controllers and Group controllers where the income statement and balance sheet are the most important.

## Yearly cycle for internal control



## INTERNAL CONTROL

**2020 successes**

At 1 January 2020, a new company was founded in the Group, Christian Berner Business Services AB, where the Group's common functions for Business Development & IT, Marketing and Accounting & Payroll have been gathered. During the year, work was done to adapt the internal control to the new organisation where large parts of the Group's business support functions are located in their own separate company.

In the autumn, the first collaboration meetings were also held between the operating companies and the service company to update the different companies' processes and to see how joint improvements and harmonisation can be done across the Group's companies.

By coordinating business support functions, opportunities are created to improve internal control over the Group and increase accessibility to functional expertise in the Group's business-operating companies. Examples of areas of development during the year are:

- improved procedures for the handling of trade receivables with much better results in the form of fewer overdue invoices and fewer credit days.
- Accounting plans were harmonised and coding instructions were made to ensure the book keeping in the companies.
- Improvement and clarification of the account closing process
- Development of the supplier invoice process, the invoicing process and the salary process.
- New and improved accounting guidelines.

During the year, policies in the accounting and IT area were revised to be adapted to the changes made, including the Policy for Transfer Pricing and the Policy for Credit Management.

Work was done during the year to improve control for GDPR. A training programme in GDPR for all staff was also developed with the aim of increasing understanding regarding GDPR in general, and what it means for the Group's companies specifically.

The Group's management group continued the work of deepening and improving risk management. In connection with COVID-19 breaking out, the management team and the organisation focused on the risks that arose and how they could be mitigated. In the spring, the management team focused on a number of risk areas in connection with COVID-19. In the autumn, the Group worked with a new process to develop a strategic plan for the upcoming three-year period. The Group also developed a new model and process for the breakdown of the plan to activities and how follow-up is done. The work and results have provided insights into risks and

opportunities for the operations, and how the Group's companies chose to act to manage them. With the follow-up model, a chance is also provided to continuously monitor and, when necessary, revise the plan.

In the autumn, two companies were acquired, Empakk AS and Alfa Tec Sweden AB. Collaboration groups were formed to integrate the companies in a good way and to give us a template for how new companies are to be integrated in the best way.

2020 is the fifth year the Group has worked with self-assessment of the internal control and the focus during the year was to improve procedures in the accounting area and to rework the tasks that the financial manager in CBAB had to transition to the new position of Chief Accountant in the Group.

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. The subsidiaries were not visited by the Group controller during the year due to COVID-19.

KPMG was re-elected at the General Meeting and served its second year as the auditors for the Group and had the opportunity to further get to know the Group and subsidiaries. The audit has provided some new insights regarding 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 2021 and the development steps that await.

**Planning for 2021**

Continued development of Group-wide processes and with development of local and relevant control points in the subsidiaries' self-evaluations.

Develop 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 on pages 45-46 together with the steps that can be taken to handle the risks.

**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. A part of the Group's business is based to a large 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 around good business ethics, the environment, human rights and the company's future. Christian Berner complies with the international

## INTERNAL CONTROL

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.

**Surrounding world factors**

The global pandemic, COVID-19, that struck the world during the year was also the external factor that had the greatest impact on the Group's corporate governance during the year. At the end of March, Group management established weekly meetings at which the risks concerning illness, credit risks, order situation and risks of supply chain interruptions were reported and managed. The Group also prepared scenarios on the development of earnings and liquidity, with action plans that matched every scenario. The scenarios were followed up at the Group's Board meetings, the Audit Committee and the management team meetings and activities, such as short-term lay-offs, credit checks and other cost-saving initiatives were decided on.

In addition to the pandemic, the Group worked intensively in the autumn with strategic planning, which involved the Board, Group management, subsidiaries and product areas. In this work, external factors were a significant part in the formulation of the plan by company and product area. This provided good insight into our current situation and provides a good platform to continuously evaluate changes in the surroundings and the risks and opportunities that accompany these changes.

## Auditor statement on corporate governance report

To the General Meeting of shareholders of Christian Berner Tech Trade AB (publ), 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 2020 on pages 33–35 and 42–44 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, 23 March 2021  
KPMG AB

Mathias Arvidsson  
Authorised Public Accountant

# Risks and uncertainties

## RISKS

## MANAGEMENT

### Economic development and market trends

Demand for Christian Berner's products and services is extensively affected by macroeconomic factors that are beyond the company's control. This involves the industry's development and investment willingness, the situation in the economy in general and conditions on the global capital market. The outbreak of pandemics also affects the business climate, which became clear in 2020. A weakening of demand in the markets that Christian Berner is active in can entail negative effects on financial position and performance.

### Changes in the customer chain

Globalisation and rapid technological development are driving structural changes in the customer chain, which may result in an increase or drop 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.

### Competitive situation

All of the Group's subsidiaries are active in sectors that are subject to competition. In addition, a consolidation can take place in the industry on the supplier side and larger merged suppliers may have a broader offering, which can lead to price pressure. The subsidiaries' future competitive opportunities are dependent on the ability to be on the leading edge of technology and to rapidly act on new market needs. Increased competition or deteriorated capacity at a subsidiary to meet new market needs can have a negative impact on the Group's financial position and performance.

The effect of the economic fluctuations is reduced by the company being active, through multiple subsidiaries, in many different industries and geographic areas. Christian Berner also works continuously to develop operations that are less dependent on a specific market and to adapt costs to specific prerequisites. Through monthly meetings with Group management and quarterly Business Review Meetings, the company monitors the development in the Group and the subsidiaries and creates the possibility to manage any changes.

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.

Christian Berner strives to offer products and services where price is not the one deciding factor. By working closely with both suppliers and customers, our know-how and our competitiveness are continuously developed. We add value in the form of extensive technical knowledge, delivery reliability, service and availability, which limits the risk that the customer reduces its demand. Christian Berner works long term with leading suppliers.

## RISKS

## MANAGEMENT

### Ability to recruit and retain staff

Christian Berner's continued success is dependent on being able to retain experienced employees with specific expertise and recruiting new employees with new perspectives and competencies. To achieve success, Christian Berner assigns great importance to achieving diversity among the staff and management employees.

There are key individuals both among senior executives and among the Group's employees otherwise. There is a risk that one or more senior executives or other key individuals leave the Group at short notice, due for example to stress, the work environment or finding development opportunities at another company. There is also a risk that the Group does not succeed in recruiting new expertise to contribute to the Group's business development. If the Group fails to retain existing key individuals or recruit suitable replacements for those who leave and/or competent new key individuals in the future, it can have a negative impact on Christian Berner's financial position and performance.

### Acquisitions and goodwill

Christian Berner has conducted multiple acquisitions. Strategic acquisitions will also continue to be an important part of growth. However, there is a risk that Christian Berner will not be able to make suitable acquisitions due for example to competition with other acquiring parties. Costs attributable to acquisitions may also be higher than expected and positive effects on income may not occur or may take longer to realise than anticipated. The risk of the impairment of goodwill arises if a business unit under-performs in relation to the assumptions that applied at the valuation and any impairment may negatively affect the Group's financial position and performance. Additional risks associated with acquisitions are integration risks and exposure to unknown obligations.

Christian Berner works actively with continuing professional development and employee satisfaction at the company.

In 2020, all employees and managers in the Group were involved in preparing a new shared vision and core values for the Group. Based on this work, manager and employee development is also being done.

This work provides a good opportunity to create a shared view of who we are and where we are headed. The Group's annual employee survey is intended to find out how the employees view the employer, the work situation and what can be improved and developed.

The acquisition strategy includes that the companies' key individuals shall be well motivated to continue running the company/business unit as a part of the Group. Diversity is taken into account in all recruitment.

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 extensive experience of acquiring and pricing companies. All potential acquisitions and their operations are carefully examined before the acquisition is carried out. There are well-established processes and structures for pricing and implementing acquisitions. In these processes, the Group also cooperates with partners (auditors, lawyers and acquisition specialists) to secure the process and the outcome. Integration of acquired companies is facilitated by the company newly formed during the year, Christian Berner Business Services AB, which assists with the administrative integration. In the agreements entered into, efforts are made to obtain required guarantees to limit the risk of unknown obligations. As the Group acquires more companies active in different areas, it also entails a significant risk diversification.

## RISKS

## MANAGEMENT

**Business ethics and human rights**

Christian Berner's continued success is strongly dependent on our good reputation and business ethics. Human rights violations in the Group's own or suppliers' operations would have a negative impact on the Group's reputation among employees, customers and other stakeholders and affect demand for the Group's products. If the Group's sales organisations were to offer bribes or unreasonable and inappropriate personal gifts or other benefits in relation to possible business decisions or authority decisions, it would affect the Group's reputation and trust among customers and authorities.

The Group works internally with business ethics through training, for example, and annually follows up compliance to rules regarding anti-corruption and human rights. Christian Berner's good and, in many cases, long relationships with carefully selected suppliers reduce the risk that human rights violations would happen at our suppliers. The Group works for its suppliers to sign Christian Berner's Code of Conduct, or present an equivalent code of conduct of their own. Supplier evaluations are done to ensure compliance. The Group's whistle-blower function provides better conditions for discovering corruption. Training is also conducted to make employees aware of corruption and how it can be avoided.

**Financial risks**

Within the Group, there are various financial risks. Currency risk is the risk that exchange rates have a negative impact on Christian Berner's financial position and performance. Transaction exposure is the risk that arises as a result of the Group having in- and outbound payments as a result of payment flows in a foreign currency. Translation exposure arises as a result of the Group having net investments in foreign currencies through foreign subsidiaries. The Group is also exposed to financing risk, meaning the risk that financing of the Group's capital requirements is impeded or made more expensive. Interest-rate risk means the risk that unfavourable changes in interest rates would have a negative impact on Christian Berner's financial position and performance. The risk that customers cannot pay invoices, credit risk, was extra relevant during the uncertainty that COVID-19 entailed in 2020.

Christian Berner strives for a structured and effective management of the financial risks that arise in the operations in accordance with the finance policy set by the Board of Directors. The finance policy provides expression for the ambition to identify, minimise and control the financial risks and how the responsibility for managing these risks will be distributed within the organisation. The objective is to ensure a well-balanced risk level and minimise the earnings effect of the financial risks. A more detailed description of how Christian Berner manages the financial risks is in Note 3. In 2020, the Group had extra focus and follow-up on credit risks associated with the market risks entailed by COVID-19. No extraordinary credit losses occurred during the year.

**Suppliers and customers**

In order to deliver products, Christian Berner is dependent on external suppliers fulfilling agreements entered, in terms of e.g. volume, quality and delivery time. Incorrect, delayed or unmade deliveries can have a negative impact on Christian Berner's financial position and performance. Christian Berner's reputation is also dependent on the suppliers having high business ethics, such as with regard to human rights, working conditions and the environment (also see "Business ethics and human rights"). Agreements with customers vary with regard to agreement term, guarantees and liability limitations. In some customer and supplier relationships, there are no written agreements, which can create a legal uncertainty regarding agreement content.

Christian Berner's good and often long relationships with carefully selected suppliers reduce the risk that the Group will not be able to deliver as promised. In order to ensure the Group's high standards regarding business ethics, Christian Berner's Code of Conduct must be complied with or the supplier must present a comparable code of conduct of its own. Special supplier evaluations are also conducted. From a longer perspective, Christian Berner is not dependent on any individual supplier or customer. The Group's largest customer accounts for around 2 per cent of the Group's net revenue.

## RISKS

## MANAGEMENT

**Seasonal effects**

The risk that Christian Berner's operations, earnings and cash flow are affected by strong seasonal effects controlled by customer demand.

Christian Berner's sales of high-tech products and solutions to industry and infrastructure entails no material seasonal effects. The customers' demand and investment willingness may, however, vary between quarters.

**Organisation**

Christian Berner's decentralised organisation is based on subsidiaries having a large local responsibility for their operations. This places high demands on financial reporting and follow-up and deficiencies in this can entail deficient control and governance of the operations.

Christian Berner governs its subsidiaries through active Board work and quarterly Business Review Meetings (BRM), Group-wide policies, financial targets and instructions regarding financial reporting. By being an active owner and monitoring the subsidiaries' development, risks can be quickly identified and addressed in accordance with the Group's guidelines. Through the Group-wide business support company, Christian Berner Business Services AB, the Group's subsidiaries are supported to varying degrees with regard to Marketing, Business Development & IT, Accounting and Payroll. The functions are well informed and prepare both policies and instructions and with economies of scale can help subsidiaries to maintain good control and develop processes where necessary.

The largest subsidiaries' presidents are members of the Group's management team, which together with the CEO, CFO, Director of Marketing and CIO, meets monthly to discuss and act on any issues.

**IT security and cyber risks**

The digital risks are continuously increasing throughout society. Like most companies, Christian Berner and Christian Berner's subsidiaries are dependent on different information systems and other technology to take care of and develop the operations. Unplanned operating outages and cyber security incidents, such as data breaches, viruses, sabotage and other cyber crimes can entail both revenue losses and reputation losses. IT events or cyber incidents at third parties, such as suppliers or customers, can also impact Christian Berner's delivery and earnings capacity.

In order to ensure stable IT environments and prevent incidents, Christian Berner conducted a thorough risk analysis in 2020 with the help of external cyber security experts. This is to ensure that the security level is at a high level and to identify improvement areas.

By having both internal and external resources available, the response time for resolving unplanned IT outages can be shortened. Through the Group-wide IT function within Christian Berner Business Services AB, most of the Group shares common IT resources and can thereby gain access to shared knowledge, expertise and development within the area of IT security.

**Environment**

Changed environmental legislation can impact sales of our products, transports of goods and the way in which our customers use the products. An inability to meet the customers' increased environmental standards can impact sales. There is also a risk that one of the Group's subsidiaries can be tied to a historical liability pursuant to the Environmental Code.

Christian Berner's subsidiaries mainly conduct trading and operations that have a limited direct environmental impact. Within the Group, limited manufacturing is conducted. The Group follows up the operations and environmentally related risks with sustainability reporting and all companies comply with the Group's Code of Conduct. In connection with acquisitions, Christian Berner conducts analyses of corporate ID numbers to counter the risk of becoming liable to pay damages for historical environmental matters.





**WE  
KEEP  
WATER  
CLEAN**

## Process & Environment

We deliver technology for dosing, measurement and disinfection for water treatment, from municipal water to most process applications.

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## FINANCIAL INFORMATION – GROUP

# Consolidated statement of comprehensive income

SEK thousands	Note	2020	2019
<b>Operating income</b>			
Net revenue	5	695,169	704,750
Other operating income	6	2,080	1
<b>Total operating income</b>		<b>697,249</b>	<b>704,751</b>
<b>Total operating expenses</b>			
Goods for resale	11	-425,480	-429,607
Other external costs	8,9,27	-57,838	-51,803
Staff costs	7	-149,181	-151,984
Depreciation of property, plant and equipment and amortisation of intangible assets	14,15	-24,045	-20,322
<b>Total operating expenses</b>		<b>-656,544</b>	<b>-653,716</b>
<b>Operating profit/loss</b>		<b>40,705</b>	<b>51,035</b>
<b>Net financial items</b>			
Financial income	10	3,858	376
Financial expenses	10	-4,727	-2,605
<b>Net financial items</b>		<b>-869</b>	<b>-2,229</b>
<b>Profit/loss before tax</b>		<b>39,836</b>	<b>48,806</b>
Income tax	12	-8,720	-10,912
<b>Profit/loss for the year</b>		<b>31,116</b>	<b>37,894</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		988	-71
<b>Other comprehensive income for the year, net after tax</b>		<b>988</b>	<b>-71</b>
<b>Total comprehensive income for the year</b>		<b>32,104</b>	<b>37,823</b>

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

Earnings per share	Note	2020	2019
Earnings per share before dilution (SEK)	13	1.66	2.03
Earnings per share after dilution (SEK)	13	1.66	2.03

## FINANCIAL INFORMATION – GROUP

# Consolidated statement of financial position

SEK thousands	Note	31/12/2020	31/12/2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	14	179,528	146,224
Distribution rights	14	1,508	2,564
Trademarks	14	17,000	17,000
Internally developed software	14	1,755	1,579
<b>Total intangible assets</b>		<b>199,792</b>	<b>167,367</b>
<b>Property, plant and equipment</b>			
Machinery and equipment	15	18,200	14,243
ROU assets, leasing	9	92,847	57,871
<b>Total property, plant and equipment</b>		<b>111,047</b>	<b>72,114</b>
<b>Financial assets</b>			
Other non-current receivables	16	268	189
<b>Total financial assets</b>		<b>268</b>	<b>189</b>
Deferred tax assets	21	310	504
<b>Total non-current assets</b>		<b>311,416</b>	<b>240,174</b>

SEK thousands	Note	31/12/2020	31/12/2019
<b>Current assets</b>			
Inventories		60,500	65,332
Advance payments to suppliers		1,515	1,347
<b>Total inventories, etc.</b>		<b>62,016</b>	<b>66,679</b>
<b>Current receivables</b>			
Trade receivables	16.17	75,127	80,155
Current tax assets		2,909	-
Other current receivables		6,533	6,752
Prepaid expenses and accrued income	18	5,711	4,277
Cash and cash equivalents	19	49,401	26,740
<b>Total current receivables</b>		<b>139,682</b>	<b>117,925</b>
<b>Total current assets</b>		<b>201,698</b>	<b>184,604</b>
<b>TOTAL ASSETS</b>		<b>513,115</b>	<b>424,778</b>

## FINANCIAL INFORMATION – GROUP

## Consolidated statement of financial position (cont.)

SEK thousands	Note	31/12/2020	31/12/2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		625	625
Other capital contributions		41,228	41,228
Reserves		1,486	498
Retained earnings (incl. profit/loss for the year)		132,816	111,120
<b>Total equity</b>		<b>176,155</b>	<b>153,471</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	16.20	–	32,600
Non-current leasing liability	20	72,654	40,807
Deferred tax liabilities	21	6,047	7,901
Provisions		1,335	1,335
Other non-current liabilities		8,257	–
<b>Total non-current liabilities</b>		<b>88,292</b>	<b>82,643</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	16.20	100,339	44,359
Current leasing liability	20	21,229	17,438
Advance payments from customers		13,501	31,449
Trade payables	22	46,243	42,203
Current tax liabilities		–	1,395
Other current liabilities		26,102	17,304
Accrued expenses and prepaid income	23	41,255	34,517
<b>Total current liabilities</b>		<b>248,669</b>	<b>188,664</b>
<b>Total liabilities</b>		<b>336,961</b>	<b>271,307</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>513,115</b>	<b>424,778</b>

## FINANCIAL INFORMATION – GROUP

# 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, 01/01/2019</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>
<b>Opening equity, 01/01/2020</b>		<b>625</b>	<b>41,228</b>	<b>498</b>	<b>111,120</b>	<b>153,471</b>
Profit/loss for the year		–	–	–	31,116	31,116
<b>Other comprehensive income for the year</b>						
Translation differences for the year		–	–	988	–	988
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>988</b>	<b>31,116</b>	<b>32,104</b>
<b>Transactions with shareholders</b>						
Dividend		–	–	–	–11,256	–11,256
Buyback of own shares		–	–	–	–	–
Treasury shares utilised in business combinations		–	–	–	1,835	1,835
<b>Closing equity, 31/12/2020</b>		<b>625</b>	<b>41,228</b>	<b>1,486</b>	<b>132,814</b>	<b>176,155</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.

## FINANCIAL INFORMATION – GROUP

# Consolidated statement of cash flows

SEK thousands	Note	2020	2019
<b>Cash flow from operating activities</b>			
Operating profit/loss		40,705	51,035
Adjustment for non-cash items	24	24,144	19,988
Interest paid and similar items		-4,727	-2,605
Interest received		859	376
Income tax paid/refunded		-16,506	-7,356
<b>Cash flow from operating activities before changes in working capital</b>		<b>44,476</b>	<b>61,438</b>
<b>Cash flow from changes in working capital</b>			
Increase/decrease in inventories		12,798	-10,637
Increase/decrease in operating receivables		15,975	4,593
Increase/decrease in operating liabilities		-10,275	14,205
<b>Total change in working capital</b>		<b>18,498</b>	<b>8,161</b>
<b>Cash flow from operating activities</b>		<b>62,974</b>	<b>69,599</b>
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries, less acquired funds		-34,403	-15,232
Capital expenditures in property, plant and equipment		-4,851	-7,353
Investments in intangible assets		-581	-674
Acquisition of financial non-current assets			
<b>Cash flow from investing activities</b>		<b>-39,835</b>	<b>-23,259</b>

SEK thousands	Note	2020	2019
<b>Cash flow from financing activities</b>			
Loans raised, parent company		100,000	
Change current financial liabilities			-4,456
Repayment of loans	24	-68,974	-19,500
Dividend		-11,256	-14,070
Buyback of own shares		-	-
Payment for finance leases	24	-19,189	-15,493
<b>Cash flow from financing activities</b>		<b>581</b>	<b>-53,519</b>
<b>Cash flow for the period</b>		<b>23,720</b>	<b>-7,179</b>
Cash and cash equivalents at the start of the period		26,740	33,774
Exchange difference in cash and cash equivalents		-1,059	145
<b>Cash and cash equivalents at end of year</b>		<b>49,401</b>	<b>26,740</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 24 February 2021. 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 29 April 2021.

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.

## 2.2 Consolidated accounts

### 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 and any supplemental purchase considerations for the acquisition of a subsidiary is comprised of 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.

## NOTES – GROUP

Note 2 cont.

**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 non-financial 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. Measurement of financial liabilities is unchanged for the Group compared with IAS 39

**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. Provisions for doubtful receivables amount to SEK 0.8 (0.5) million as per 31 December 2020.

**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 or 2020.

**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 financial instruments 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.

**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 carry-forwards are recognised to the extent it is probable that future taxable profit will be available against which the loss can be utilised.



## NOTES – GROUP

Note 2 cont.

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. 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 and control has 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

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. Leasing is recognised as a non-current asset on the Group's balance sheet and is valued initially at the lower of the leased asset's fair value and the present value of the minimum lease payments under the contract. Variable charges are expensed in the periods in which they are incurred.

## 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.

## NOTES – GROUP

Note 3 cont.

**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	2020	2019
EUR/SEK +/-2%	89/89	104/-104
NOK/SEK +/-4%	105/105	86/-86

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	2020	2019
EUR/SEK +/-2%	144/-144	214/-214
NOK/SEK +/-4%	428/-428	151/-151
DKK/SEK +/-2%	95/-95	136/-136

**b) Interest risk**

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

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	2020	2019
25 basis points higher/lower	251/-251	192/-192

**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 2020, the Group's cash and cash equivalents total SEK 49,401,000, compared with total borrowing of SEK 100,339,000.

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.

Maturity date for liabilities	Less than 3 months	Between 3 months and 1 year	1-2 years	2-5 years	More than 5 years
<b>At 31 December 2019</b>					
Liabilities to credit institutions	5,000	25,400	20,000	26,560	-
Liabilities attributable to finance leases	4,360	13,079	17,438	23,369	-
Trade payables	42,203	-	-	-	-
Accrued trade payables	4,766	-	-	-	-
<b>At 31 December 2020</b>					
Liabilities to credit institutions	100,339				
Liabilities attributable to finance leases	7,076	14,153	26,929	45,725	-
Trade payables	46,243				
Accrued trade payables	14,621				

## NOTES – GROUP

**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 2020, 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 179,528,000 (SEK 146,224,000).

**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 business 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.

	2020			2019		
	Segment revenue	Sales between segments	Revenue from external customers	Segment revenue	Sales between segments	Revenue from external customers
Sweden	530,821	-46,921	483,900	511,687	-10,078	501,609
Norway	100,379	-	100,379	89,481	0	89,481
Finland	88,481	-	88,481	84,852	0	84,852
Denmark	22,409	-	22,409	28,808	0	28,808
<b>Total</b>	<b>742,090</b>	<b>-46,921</b>	<b>695,169</b>	<b>714,828</b>	<b>-10,078</b>	<b>704,750</b>

**Operating revenue is distributed as follows:**

	2020	2019
Products	674,358	680,894
Services	20,811	23,856
<b>Total</b>	<b>695,169</b>	<b>704,750</b>

**Depreciation of property, plant and equipment**

	2020	2019
Sweden	-2,593	-13,661
Norway	-416	-1,502
Finland	-374	-2,508
Denmark	-12	-601
<b>Total</b>	<b>-3,395</b>	<b>-18,272</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	2020	2019
Sweden	46,170	47,644
Norway	6,711	5,448
Finland	5,596	6,624
Denmark	1,274	4,039
Group as a whole <sup>1)</sup>	-17,584	-10,670
<b>Total</b>	<b>42,167</b>	<b>53,085</b>
Amortisation of intangible assets	-1,460	-2,050
Net financial items	-869	-2,229
<b>Profit/loss before tax</b>	<b>39,838</b>	<b>48,806</b>

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

## NOTES – GROUP

Note 5 cont.

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

	2020	2019
Sweden	374,742	401,604
Norway	112,511	100,374
Finland	88,812	82,766
Belarus	35,836	45,586
Denmark	21,655	26,379
China	23,193	17,466
Germany	5,316	10,801
Iceland	189	0
Poland	14,277	4,380
Switzerland	1,055	4,332
Belgium	2,248	1,948
Netherlands	567	1,185
Malaysia	489	777
France	4,615	552
Japan	–	528
Estonia	1,498	393
Czech Republic	3,721	336
Lithuania	50	32
Australia	1,092	–
Other countries	3,303	5,313
<b>Total</b>	<b>695,169</b>	<b>704,751</b>

The Group has a large number of customers, with the largest accounting for no more than 2 (6) per cent of sales. In 2019, extensive sales of heating projects were recognised, which constituted an extra large share of one customer that year.

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

	2020	2019
Sweden	266,093	227,124
Norway	36,797	2,328
Finland	7,082	9,261
Denmark	868	769
<b>Total</b>	<b>310,840</b>	<b>239,482</b>

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

	2020	2019
Sweden	8,472	7,360
Norway	1,244	40
Finland	68	627
Denmark	–	–
<b>Total</b>	<b>9,784</b>	<b>8,027</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**

	2020	2019
Process & Environment	470,729	481,007
Materials Technology	224,439	223,743
<b>Total</b>	<b>695,168</b>	<b>704,751</b>

**EBITA by business area**

	2020	2019
Process & Environment	38,165	44,727
Materials Technology	21,586	19,027
Group as a whole	–17,584	–10,670
<b>Total</b>	<b>42,167</b>	<b>53,081</b>

**NOTE 6 Other operating income**

	2020	2019
Rental income	22	–
Gains on the sale of machinery/equipment	23	–
Recovered bad debts	–	1
Insurance compensation	13	–
Compensation from suppliers	634	–
Compensation for sick pay	171	–
Government grants	125	–
Other income	1,092	–
<b>Total</b>	<b>2,080</b>	<b>1</b>

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

	2020	2019
Salaries and other remuneration	110,267	101,323
Social security expenses	29,538	27,904
Pension costs – defined contribution plans	17,305	16,654
<b>Group total</b>	<b>157,110</b>	<b>145,881</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 0.01482% (0.02752%) at 31/12/2020. The Group's share of the total number of active insured in ITP 2 amounts to 0.01829% (0.01685%) at 31/12/2020. The expected premiums for the upcoming financial year for insurance policies signed with Alecta total SEK 4,312,000 (4,180,000).

At 31/12/2020, 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.

## NOTES – GROUP

Note 7 cont.

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

	2020		2019	
	Board members and other senior executives	Other employees	Board members and other senior executives	Other employees
Salaries and other remuneration	13,624	95,399	11,675	89,360
Bonuses	1,248	1,703	422	1,648
Pension costs	3,604	13,320	2,555	3,798
Social security expenses	4,424	25,501	3,378	24,952
<b>Group total</b>	<b>22,900</b>	<b>135,923</b>	<b>18,030</b>	<b>129,758</b>

**3. Remuneration of senior executives**

Remunerations and benefits	2020					
	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
Chairman of the Board	450	–	–	–	44	494
Stina Wollenius	180	–	–	–	1	181
Bertil Persson	230	–	–	–	3	233
Lars Gatenbeck	280	–	–	–	12	292
Malin Domstad	180	–	–	–	1	181
Kerstin Gillsbro	180	–	–	–	13	193
CEO	2,425	–	72	818	9	3,324
Other senior executives (Group management 8 people)	8,760	525	542	2,176	164	12,167
<b>Total</b>	<b>12,685</b>	<b>525</b>	<b>614</b>	<b>2,994</b>	<b>247</b>	<b>17,065</b>

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	180	–	–	–	2	<b>182</b>
Bertil Persson	230	–	–	–	3	<b>233</b>
Lars Gatenbeck	280	–	–	–	12	<b>292</b>
Malin Domstad	180	–	–	–	1	<b>181</b>
Kerstin Gillsbro	180	–	–	–	13	193
CEO	2,236	–	85	860	24	3,205
Other senior executives (Group management 8 people)	8,126	461	529	1,960	21	11,097
<b>Total</b>	<b>11,862</b>	<b>461</b>	<b>614</b>	<b>2,820</b>	<b>121</b>	<b>15,878</b>

The Group rented art from the Chairman of the Board during the period.  
See Note 29 – Related party transactions

**Pensions**

The retirement age for the CEO and other senior executives is 65. The pension premium is to amount to 40% of the pensionable salary.

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.

**4. Number of employees distributed by country**

	2020		2019	
	Number	Of which men	Number	Of which men
Sweden	138	103	142	107
Norway	33	24	18	11
Finland	23	20	21	18
Denmark	4	3	5	4
<b>Group total</b>	<b>198</b>	<b>150</b>	<b>186</b>	<b>140</b>

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

	2020		2019	
	Number	Of which men	Number	Of which men
Board members	47	36	35	30
CEO and other senior executives	9	8	9	8

## NOTES

**NOTE 8** Auditors' fees

	2020	2019
	<b>KPMG</b>	<b>KPMG</b>
Audit assignment	1,202	915
Audit activities in addition to the audit assignment:		
Tax advice	-	-
Other services	72	25
<b>Total</b>	<b>1,274</b>	<b>940</b>
Auditors' fees to others	-	-
<b>Group total</b>	<b>1,274</b>	<b>940</b>

**NOTE 9** Leasing

Leasing is recognised in accordance with the rules for the reporting of leasing (IFRS 16) that entered into effect on 1 January 2019. 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 following amounts are recognised in the balance sheet related to IFRS 16:

Assets	31 Dec 2020	31 Dec 2019
ROU assets, Leasing	92,847	57,871
<b>Total</b>	<b>92,847</b>	<b>57,871</b>
<b>Lease liabilities</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Current	21,229	17,438
Non-current	72,654	40,807
<b>Total</b>	<b>93,883</b>	<b>58,245</b>

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

	January – December	
	2020	2019
Depreciation of ROU	-19,189	-15,868
Interest expenses	-1,461	-1,191
<b>Total</b>	<b>-20,650</b>	<b>-17,059</b>

**NOTE 10** Financial income and expenses

Revenue	2020	2019
Other interest income	156	124
Foreign exchange gains	702	252
Other financial income	3,000	
<b>Total financial income</b>	<b>3,858</b>	<b>376</b>
<b>Costs</b>	<b>2020</b>	<b>2019</b>
Interest expense on liabilities to credit institutions excluding finance leases	-2,353	-1,271
Interest expense on liabilities to credit institutions for finance leases	-1,461	-1,191
Foreign exchange losses	-690	-126
Other financial expenses	-223	-17
<b>Total financial expenses</b>	<b>-4,727</b>	<b>-2,605</b>
<b>Net financial items</b>	<b>-869</b>	<b>-2,229</b>

**NOTE 11** Foreign exchange differences

In addition to differences described, exchange-rate differences are also recognised in Net financial items. Foreign exchange differences have been recognised in the statement of comprehensive income as follows:

	2020	2019
Goods for resale	5,668	-2,142
<b>Total</b>	<b>5,668</b>	<b>-2,142</b>

**NOTE 12** Income tax

Current tax	2020	2019
Current tax on profit/loss for the year	-8,368	-10,039
Adjustments for previous years	-46	-4
<b>Total current tax</b>	<b>-8,414</b>	<b>-10,043</b>
<b>Deferred tax (Note 21)</b>	<b>2020</b>	<b>2019</b>
Occurrence and reversal of temporary differences	-141	538
Deferred tax attributable to loss carry-forward	-165	-1,407
<b>Total deferred tax</b>	<b>-306</b>	<b>-869</b>
<b>Total income tax</b>	<b>-8,720</b>	<b>-10,912</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 in Sweden for profit at the consolidated companies as described below:

	2020	2019
<b>Profit/loss before tax</b>	<b>39,836</b>	<b>48,806</b>
Income tax calculated using the tax rate in Sweden (21.4%)	-8,525	-10,445
Effect of foreign tax rates	29	-36
<b>Tax effect of:</b>		
Non-deductible expenses	-815	-446
Non-taxable income	642	18
Adjustment for current tax of previous years	-320	
Change due to a changed tax rate	229	-4
<b>Tax expense</b>	<b>-8,720</b>	<b>-10,912</b>

## NOTES

**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**

	2020	2019
Profit attributable to the parent company's shareholders	31,116	37,894
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	0	72
Weighted average number of ordinary shares outstanding (thousands)	18,759	18,675
<b>Earnings per share</b>	<b>1.66</b>	<b>2.03</b>

Every share has a par value of SEK 0.03.

**NOTE 14 Intangible assets****Cost**

Financial year 2019	Distribution rights	Goodwill	Trademarks	Internally developed software	Total
Opening carrying amount	4,332	132,609	17,000	1,187	155,128
Adjustment of cost for unpaid supplemental purchase consideration	-	-	-	-	-
Foreign 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>

Financial year 2020	Distribution rights	Goodwill	Trademarks	Internally developed software	Total
Opening carrying amount	2,564	146,224	17,000	1,579	167,367
Adjustment of cost for unpaid supplemental purchase consideration	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-
Purchases	-	-	-	581	581
Purchases through acquisitions	-	33,304	-	-	33,304
Reclassifications	-	-	-	-	-
Sales and disposals	-	-	-	-	-
Depreciation	-1,055	-	-	-405	-1,460
<b>Closing carrying amount</b>	<b>1,508</b>	<b>179,528</b>	<b>17,000</b>	<b>1,755</b>	<b>199,791</b>

**At 31 December 2020**

Cost	4,098	181,552	17,000	2,160	204,811
Acc. impairment and amortisation	-2,590	-2,024	-	-405	-5,019
<b>Carrying amount</b>	<b>1,508</b>	<b>179,528</b>	<b>17,000</b>	<b>1,755</b>	<b>199,792</b>

In the 2020 financial year, Goodwill arose in the acquisitions of Empakk AS and Alfa Tec Svenska AB. For acquisition calculations for these companies, refer to the separate note.

## NOTES

Note 14 cont.

**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 and Norway 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	2020	2019
Sweden	156,461	146,224
Norway	23,067	0

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.

2020	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 have been made about the gross margin, cost level, working capital requirements and investment required. The sales volume in each period is the main reason 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**

Financial year	2020	2019
Opening carrying amount*	14,243	8,411
Exchange differences	100	130
Purchases	9,784	7,353
Purchases through acquisitions	2,096	887
Reclassifications	-1,314	-
Sales and disposals	-3,314	-134
Depreciation	-3,395	-2,404
<b>Closing carrying amount</b>	<b>18,200</b>	<b>14,243</b>
<b>At 31 December</b>		
Cost	34,944	31,247
Depreciation	-16,744	-17,004
<b>Carrying amount</b>	<b>18,200</b>	<b>14,243</b>

**NOTE 16 Financial instruments by category**

Loans and receivables in the balance sheet valued at amortised cost	31/12/2020	31/12/2019
<b>Assets on the balance sheet</b>		
Other non-current receivables	268	189
Trade receivables	75,127	80,155
Cash and cash equivalents	49,401	26,740
<b>Total</b>	<b>124,796</b>	<b>107,084</b>
<b>Financial liabilities in the balance sheet valued at amortised cost</b>		
Liabilities to credit institutions	100,339	76,959
Trade payables	46,243	42,203
Accrued expenses and prepaid income	41,255	34,517
<b>Total</b>	<b>187,837</b>	<b>153,678</b>

**NOTE 17 Trade receivables**

	2020	2019
Trade receivables	75,937	80,612
Provisions for doubtful receivables	-810	-457
<b>Trade receivables, net</b>	<b>75,127</b>	<b>80,155</b>
Overdue trade receivables where impairment requirements are not considered to exist	15,735	16,779
<b>Age distribution of trade receivables</b>		
	<b>2020</b>	<b>2019</b>
Trade receivables not yet due	59,392	68,833
1-30 days	10,705	12,394
31-60 days	2,347	1,652
> 60 days	3,493	2,733
of which provisioned	-810	-457
<b>Total</b>	<b>75,127</b>	<b>80,155</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:**

	2020	2019
SEK	43,664	49,395
EUR	8,443	18,514
NOK	20,616	8,227
DKK	1,531	2,147
USD	288	1,124
GBP	308	477
CHF	114	270
JPY	163	-
	<b>75,127</b>	<b>80,155</b>

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

	2020	2019
At 1 January	457	734
Provisions for doubtful receivables	463	74
Receivables written off during the year as uncollectable	-15	176
Unused amounts reversed	-157	-516
Effect of changes in exchange rates	62	-11
<b>At 31 December</b>	<b>810</b>	<b>457</b>



## NOTES

**NOTE 18** Prepaid expenses and accrued income

	31/12/2020	31/12/2019
Prepaid rent	2,409	2,123
Prepaid leases	519	164
Prepaid insurance policies	50	318
Other items	2,733	1,672
<b>Total</b>	<b>5,711</b>	<b>4,277</b>

**NOTE 19** Cash and cash equivalents

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

	31/12/2020	31/12/2019
Cash	3	3
Bank deposits	49,398	26,737
<b>Total*</b>	<b>49,401</b>	<b>26,740</b>

\*Excl. unused overdraft facilities

**Bank overdraft facility**

The Group has an approved overdraft facility in the currencies NOK and EUR; these credits were not utilised in 2020.

	31/12/2020	31/12/2019
Bank overdraft facility in NOK (thousands)	1,000	1,000
Bank overdraft facility in SEK (thousands)	-	30,000
Bank overdraft facility in EUR (thousands)	250	250

**NOTE 20** Liabilities to credit institutions

	31/12/2020	31/12/2019
<b>Non-current</b>		
Liabilities to credit institutions (excl. leases)	0	32,600
Liabilities to credit institutions for leases	72,654	40,807
<b>Total non-current</b>	<b>72,654</b>	<b>73,407</b>
<b>Current</b>		
Liabilities to credit institutions (excl. leases)	100,339	44,359
Liabilities to credit institutions for leases	21,229	17,438
<b>Total current</b>	<b>121,568</b>	<b>61,797</b>
<b>Total, Group</b>	<b>194,222</b>	<b>135,204</b>

Recognised amounts by currency	31 Dec 2020	31 Dec 2019
SEK	100,000	135,204
NOK	339	-

**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:

	31/12/2020	31/12/2019
<b>Deferred tax assets</b>		
- deferred tax assets expected to be utilised after more than 12 months	310	-
- deferred tax assets expected to be utilised within 12 months	0	504
<b>Deferred tax liabilities</b>		
- deferred tax liabilities expected to be paid after more than 12 months	6,047	3,638
- deferred tax liabilities expected to be paid within 12 months	0	4,264
<b>Deferred tax liabilities (net)</b>	<b>-5,737</b>	<b>-7,398</b>

Deferred tax assets are recognised for tax loss carry-forwards or other deductions to the extent it is probable that they can be utilised against future taxable profits. All loss carry-forwards in the Group are currently expected to be utilised in the future. Christian Berner previously recognised deferred tax assets on tax-loss carry-forwards when it is deemed likely that these loss carry-forwards can be utilised against future profits; at 31 December 2020, there are no loss carry-forwards left to utilise.

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 on the next page.

## NOTES

Note 21 cont.

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

	2020	2019
<b>Opening balance</b>	<b>-7,398</b>	<b>-6,465</b>
Exchange differences and changes in tax rates	107	27
Change attributable to untaxed reserves	1,718	-64
Loss carry-forwards utilised	-305	-896
Change attributable to IFRS 16	140	-
<b>Closing balance</b>	<b>-5,738</b>	<b>-7,398</b>

**Deferred tax assets**

<b>At 1 January 2019</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>At 1 January 2020</b>	<b>504</b>
Recognition in income statement, attributable to loss carry-forwards	-305
Foreign exchange differences	-29
Change attributable to IFRS 16	140
<b>At 31 December 2020</b>	<b>310</b>

**Deferred tax liabilities**

<b>At 1 January 2019</b>	<b>8,292</b>
Recognised in profit or loss	-458
Increase as a result of business combinations	64
Foreign exchange differences	4
<b>At 31 December 2019</b>	<b>7,902</b>

<b>At 1 January 2020</b>	<b>7,902</b>
Change attributable to untaxed reserves	-1,719
Change attributable to new tax rates	-136
<b>At 31 December 2020</b>	<b>6,047</b>

**NOTE 22 Trade payables**

	2020	2019
Trade payables	46,243	42,203
<b>Age distribution trade payables</b>	<b>2020</b>	<b>2019</b>
Trade payables not yet due	40,223	33,657
1-30 days	5,972	7,217
31-60 days	-179	1,030
> 60 days	227	299
<b>Total</b>	<b>46,243</b>	<b>42,203</b>

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

	2020	2019
SEK	20,200	12,586
EUR	19,330	23,952
NOK	3,071	1,156
DKK	580	996
USD	444	567
GBP	1,924	2,086
CHF	694	860
<b>Total</b>	<b>46,243</b>	<b>42,203</b>

**NOTE 23 Accrued expenses and prepaid income**

	31/12/2020	31/12/2019
Accrued salaries	3,410	3,784
Accrued travel expenses	89	316
Accrued holiday pay	14,233	13,072
Accrued social security expenses	4,299	3,149
Accrued payroll tax	3	3,683
Accrued interest	215	132
Other accrued liabilities	9,203	5,615
Accrued trade payables	9,802	4,766
<b>Total</b>	<b>41,255</b>	<b>34,517</b>

**NOTE 24 Cash flow**

Adjustment for non-cash items	2020	2019
Depreciation and amortisation of non-current assets	24,045	20,322
Capital gains from sale/disposal of non-current assets	0	0
Warranty provisions	0	107
Other provisions	100	-441
<b>Total</b>	<b>24,145</b>	<b>19,988</b>

Specification of cash flow effect on liabilities in financing activities	2020		2019	
	Liabilities to credit institutions for acquisition loans	Liabilities attributable to finance leases	Liabilities to credit institutions for acquisition loans	Liabilities attributable to finance leases
<b>Opening balance</b>	<b>76,959</b>	<b>58,245</b>	<b>80,770</b>	<b>62,295</b>
Cash flow	-76,959	-19,189	-23,956	-15,493
Purchases	100,339	54,827	20,145	11,443
<b>Closing balance</b>	<b>100,339</b>	<b>93,883</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 disclosure requirements in IFRS 15, the Christian Berner Group presents an account of the breakdown of the revenue that is made.

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

## NOTES

Note 25 cont.

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 2020

Net revenue, SEK '000s	Sweden	Norway	Finland	Denmark	Group
Process & Environment	358,155	58,906	41,392	12,276	470,729
Materials Technology	125,744	41,473	47,089	10,133	224,439
<b>Total</b>	<b>483,901</b>	<b>100,379</b>	<b>88,481</b>	<b>22,409</b>	<b>695,169</b>

## 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>

## 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.

Contracted future revenue	2021	2022
Construction contract within heating	59,300	0

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

Opening balance 01/01/2019	19,972
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 31/12/2019</b>	<b>31,488</b>
<b>Opening balance 01/01/2020</b>	<b>31,488</b>
Received contract liabilities in acquisition	0
Recognised as revenue during the year*	-31,488
New contract liabilities entered into during the year	13,501
<b>Closing balance 31/12/2020</b>	<b>13,501</b>

\*All advances from customers that existed at 1 January 2020 were recognised as revenue by the end of the financial year.

## NOTE 26 Acquisition calculation

## Bullerbekämparen Svenska AB

On 18 September 2019, 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. The criteria, based on results for 2019 and 2020, for the additional purchase sum of a maximum of SEK 4.0 million have not been met.

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	26,123
Net assets measured at fair value	12,508
Goodwill	13,615

## Net assets consist of the values below

	Fair value in the Group, SEK '000s
Intangible assets excluding goodwill	0
Tangible fixed assets	887
Financial fixed assets	0
Current assets	15,083
Provisions	-167
Non-current liabilities	0
Current liabilities	-3,295
<b>Net asset</b>	<b>12,508</b>

Cash and cash equivalents in acquired operations amounted to SEK 5.9 million.

## Alfa Tec Sweden AB

On 7 October 2020, Christian Berner Tech Trade signed an agreement on the acquisition of all shares in Alfa Tec Sweden AB (<http://alfatec.se>), a company that markets and sells Alfa Laval's products in thermal processes and fluid technology. In 2019, the company's sales amounted to SEK 32.2 million with an EBITDA of SEK 3.4 million. At the end of 2019, the company had five employees. The purchase consideration was estimated at SEK 12.2 million and was financed through available cash, treasury shares and loans raised. An additional purchase sum of no more than SEK 7.0 million may become payable depending on the 2021-2022 result. The estimated purchase consideration includes the estimated outcome regarding the payment of an additional purchase sum.

Purchase price	12,189
Net assets measured at fair value	2,031
Goodwill	10,158

## Net assets consist of the values below

	Fair value in the Group, SEK '000s
Intangible assets excluding goodwill	0
Tangible fixed assets	0
Financial fixed assets	0
Current assets	5,553
Provisions	0
Non-current liabilities	0
Current liabilities	-3,522
<b>Net asset</b>	<b>2,031</b>

Cash and cash equivalents in acquired operations amounted to SEK 2.3 million.

## NOTES

Note 26 cont.

**Empakk AS**

On 1 October 2020, Christian Berner Tech Trade acquired Empakk AS (<http://empakk.no>), a company which markets and sells solutions for packaging, storage and transport of food in public and private operations in the Norwegian market. The company has its registered office in Fredrikstad and in 2019, revenue amounted to NOK 47.3 million with an EBITDA of NOK 4.8 million (EBIT SEK 4.3 million). At the end of 2019, the company had 15 employees. For the first half of 2020, the company's sales amounted to NOK 28.3 million with an EBITDA of NOK 3.4 million (EBIT NOK 3.3 millions).

The purchase consideration was estimated at SEK 38.1 million and was financed through available cash and loans raised. An additional purchase sum of NOK 5.0 million may then become payable depending on the 2020-2021 result. The estimated purchase consideration includes the estimated outcome regarding the payment of an additional purchase sum.

Purchase consideration (SEK '000s)	38,083
Net assets measured at fair value	15,017
Goodwill	23,066

**Net assets consist of the values below**

	Fair value in the Group, SEK million
Intangible assets excluding goodwill	0
Tangible fixed assets	1,861
Financial fixed assets	84
Current assets	22,161
Provisions	
Non-current liabilities	-331
Current liabilities	-8,758
<b>Net asset</b>	<b>15,017</b>

Cash and cash equivalents in acquired operations amounted to NOK 6.3 million (translated to SEK 5.9 million).

**NOTE 27 Pledged assets**

	31/12/2020	31/12/2019
Floating charges	35,000	35,000
<b>Total</b>	<b>35,000</b>	<b>35,000</b>

**NOTE 28 Contingent liabilities**

	31/12/2020	31/12/2019
Warranties	5,984	3,629
<b>Total</b>	<b>5,984</b>	<b>3,629</b>

**NOTE 29 Related parties**

At 31/12/2020, 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%. Isolde Berner owns 8.7% of the total shares as of the same date. The remainder of the shares have a wide distribution.

Purchase of services:	2020	2019
Rent of art from the Chairman of the Board	102	102
Purchase of art	1,080	
<b>Total</b>	<b>1,182</b>	<b>102</b>

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

Information on the remuneration of senior executives is provided in Note 7.

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

The Group changes the management team's composition and forms a Group management and an extended Group management. Group management consists of the CEO, CFO and presidents of the four largest subsidiaries (CBAB, Z&I, CBOY and ASCB). The extended Group management also includes the CIO, Director of Marketing and Director of HR.

## FINANCIAL INFORMATION – PARENT COMPANY

# Parent company income statement

SEK thousands	Note	2020	2019
<b>OPERATING INCOME</b>			
Net revenue	3.18	6,761	20,854
<b>Total</b>		<b>6,761</b>	<b>20,854</b>
<b>Operating expenses</b>			
Purchased services	18	-615	-11,984
Other external costs	5	-8,282	-5,806
Staff costs	4	-11,496	-13,734
<b>Total operating expenses</b>		<b>-20,393</b>	<b>-31,524</b>
<b>Operating profit/loss</b>		<b>-13,632</b>	<b>-10,670</b>
<b>Profit/loss from financial items</b>			
Profit from participations in Group companies	6	6,497	8,568
Interest and similar income	6.7	879	252
Interest and similar expenses	6.7	-3,064	-1,185
<b>Total profit/loss from financial items</b>		<b>4,312</b>	<b>7,635</b>
<b>Profit/loss before tax</b>		<b>-9,320</b>	<b>-3,035</b>
<b>Profit/loss after tax</b>			
Appropriations	8	41,000	33,000
Tax on profit for the year	9	-5,454	-4,607
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>26,226</b>	<b>25,358</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.

## FINANCIAL INFORMATION – PARENT COMPANY

# Parent company balance sheet

SEK thousands	Note	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial assets</b>			
Shares in Group companies	10	280,370	227,604
<b>Total financial assets</b>		<b>280,370</b>	<b>227,604</b>
<b>Total non-current assets</b>		<b>280,370</b>	<b>227,604</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies	17	55,291	41,651
Other receivables		677	373
Tax receivables		–	–
Prepaid expenses	11	245	110
<b>Total current receivables</b>		<b>56,213</b>	<b>42,134</b>
Cash and bank balances	12	14,711	120
<b>Total current assets</b>		<b>70,924</b>	<b>42,254</b>
<b>TOTAL ASSETS</b>		<b>351,294</b>	<b>269,858</b>

SEK thousands	Note	2020	2019
<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		94,843	78,906
Profit for the year		26,226	25,358
<b>Total non-restricted equity</b>		<b>121,069</b>	<b>104,264</b>
<b>Total equity</b>		<b>158,695</b>	<b>141,890</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions		–	23,000
Liabilities to Group companies	14	840	960
Liabilities for acquired companies	14	8,256	
<b>Total non-current liabilities</b>		<b>9,096</b>	<b>23,960</b>
<b>Current liabilities</b>			
Liabilities to Group companies	14	72,775	63,196
Liabilities to credit institutions	14	100,000	33,959
Trade payables	15	1,920	950
Current tax liabilities		5,247	2,290
Other current liabilities		361	475
Accrued expenses and prepaid income	16	3,200	3,138
<b>Total current liabilities</b>		<b>183,503</b>	<b>104,008</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>351,294</b>	<b>269,858</b>

## FINANCIAL INFORMATION – PARENT COMPANY

# 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, 01/01/2019</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>
<b>Opening equity, 01/01/2020</b>	<b>625</b>	<b>37,000</b>	<b>1</b>	<b>41,228</b>	<b>63,036</b>	<b>141,890</b>
Profit/loss for the year plus comprehensive income	–	–	–	–	26,226	26,226
<b>Total</b>	<b>625</b>	<b>37,000</b>	<b>1</b>	<b>41,228</b>	<b>89,262</b>	<b>168,116</b>
<b>Transactions with shareholders</b>						
Dividend	–	–	–	–	–11,256	–11,256
Sale of own shares	–	–	–	–	1,835	1,835
Issue of common shares in business combination	–	–	–	–	–	–
<b>Closing equity, 31/12/2020</b>	<b>625</b>	<b>37,000</b>	<b>1</b>	<b>41,228</b>	<b>79,841</b>	<b>158,695</b>

## FINANCIAL INFORMATION – PARENT COMPANY

# Parent company statement of cash flows

SEK thousands	2020	2019
<b>Cash flow from operating activities</b>		
Operating profit/loss	-13,632	-10,670
Adjustment for non-cash items	879	
Interest received and similar items	-	252
Interest paid and similar items	-3,064	-1,185
Income tax paid	-2,497	-2,188
<b>Cash flow from operating activities before changes in working capital</b>	<b>-18,314</b>	<b>-13,791</b>
Change in other current receivables	-14,079	-22,226
Change in other current operating liabilities	10,497	32,326
<b>Total change in working capital</b>	<b>-3,582</b>	<b>10,100</b>
<b>Cash flow from operating activities</b>	<b>-21,896</b>	<b>-3,691</b>
<b>Cash flow from investing activities</b>		
Sold non-current assets		
Acquisition of subsidiaries	-42,675	-50
Disposal of financial non-current assets		
Amortisation of financial non-current assets		
Dividends received	6,497	8,568
Group contribution received	41,000	33,000
<b>Cash flow from investing activities</b>	<b>4,822</b>	<b>41,518</b>

SEK thousands	2020	2019
<b>Cash flow from financing activities</b>		
New share issue		
Increase/decrease in current financial liabilities	-	-4,311
Loans raised	100,000	
Repayment of loans	-57,079	-19,500
Dividend paid	-11,256	-14,016
Buyback of own shares	-	-
<b>Cash flow from financing activities</b>	<b>31,665</b>	<b>-37,827</b>
<b>Decrease/increase in cash and cash equivalents</b>		
Cash flow for the year	14,591	-
Exchange difference in cash and cash equivalents	-	-
Cash and cash equivalents at start of year	120	120
<b>Cash and cash equivalents at end of year</b>	<b>14,711</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.

### 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 applied. 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.

## NOTE 4 Remuneration of employees and the Board

	2020		2019	
	Board members and other senior executives	Other employees	Board members and other senior executives	Other employees
Salaries and other remuneration	4,838	1,449	5,138	1,437
Bonuses	43	72	60	66
Pension costs	1,651	511	1,375	412
Social security expenses	1,935	440	2,011	611
<b>Group total</b>	<b>8,467</b>	<b>2,472</b>	<b>8,584</b>	<b>2,526</b>

	2020		2019	
	Number at the balance sheet date	Of which men	Number at the balance sheet date	Of which men
Board members	8	3	8	5
CEO and other senior executives	2	2	2	2
<b>Total</b>	<b>10</b>	<b>5</b>	<b>10</b>	<b>7</b>

## FINANCIAL INFORMATION – PARENT COMPANY

Note 4 cont.

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 0.00196% at 31/12/2020 (0.00431% at 31/12/2019). The company's share of the total number of active insured in ITP 2 amounts to 0.00072% at 31/12/2020 (0.00089% at 31/12/2019). The expected premiums for the upcoming financial year for insurance policies signed with Alecta total SEK 334,000 (631,000). At 31/12/2020, Alecta's surplus in the form of the collective consolidation level amounted to 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	2019
KPMG	KPMG	KPMG
Audit assignment	233	215
Audit activities in addition to the audit assignment	–	–
Tax advice	–	–
Other services	–	–
<b>Total</b>	<b>233</b>	<b>215</b>

**NOTE 6** Financial items

	2020	2019
Anticipated dividends from subsidiaries	6,497	8,568
Interest income on bank balances	–	–
Foreign exchange gains	879	252
Other financial income	–	–
<b>Total interest income and similar items and profit from participations in subsidiaries</b>	<b>7,376</b>	<b>8,820</b>
	<b>2020</b>	<b>2019</b>
Interest expenses on liabilities to credit institutions	2,186	1,060
Foreign exchange losses	868	125
Other financial expenses	10	–
<b>Total interest expenses and similar items</b>	<b>3,064</b>	<b>1,185</b>
<b>Total financial items – net</b>	<b>4,312</b>	<b>7,635</b>

**NOTE 7** Foreign exchange differences

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

	2020	2019
Foreign exchange differences	17	-127
<b>Total</b>	<b>17</b>	<b>-127</b>

**NOTE 8** Appropriations

	2020	2019
Group contributions received	45,000	33,000
Group contributions paid	-4,000	–
	<b>41,000</b>	<b>33,000</b>

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

	2020	2019
<b>Current tax</b>		
Current tax on profit/loss for the year	5,492	4,603
Adjustments for previous years	-38	4
<b>Total current tax</b>	<b>5,454</b>	<b>4,607</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:

	2020	2019
<b>Profit/loss before tax</b>	<b>31,680</b>	<b>29,965</b>
Income tax calculated using the tax rate in Sweden 21.4% (21.4%)	6,780	6,413
<b>Tax effect of:</b>	<b>–</b>	<b>–</b>
Non-taxable dividend	-1,390	-1,834
Adjustment for current tax of previous years	38	4
Other non-taxable income	–	–
Non-deductible expenses	27	24
<b>Total recognised tax</b>	<b>5,454</b>	<b>4,607</b>

## FINANCIAL INFORMATION – PARENT COMPANY

**NOTE 10** Holding and investments in subsidiaries

	31/12/2020	31/12/2019
<b>Opening cost</b>	<b>227,604</b>	<b>227,554</b>
Adjustment of cost	–	–
Capital contributions	–	–
Acquisition of subsidiaries	52,766	50
Closing accumulated cost	280,370	227,604
<b>Closing carrying amount</b>	<b>280,370</b>	<b>227,604</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, 31/12/2020	Carrying amount, 31/12/2019
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	0195573-0	Vanda, FI	20	100	0	5,676	5,676
A/S Christian Berner	55551510	Lyngby, DK	513	100	0	4,649	4,649
A-filter AB	556065-0409	Gothenburg, SE	6,000	100	0	720	720
Christian Berner Business Services AB	556473-1783	Mölnlycke, 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	Täby, SE	500	100	0	50	50
Zander och Ingeström Aktiebolag	556020-3472	Täby, SE	10,000	100	0	143,375	143,375
Stockholm Elinvest AB*	556442-5337	Täby, SE	1,000	*	0	–	–
Bullerbekämparen Svenska AB**	556161-4123	Partille, SE	4,000	**	0	–	–
Empakk AS	984,398,026	Fredrikstad, NO	133	100	0	39,628	–
Alfa Tec Sweden AB	556939-8901	Trollhättan, SE	3,500	100	0	13,138	–
						<b>280,370</b>	<b>227,604</b>

\* At 31/12/2020, marked company is a subsidiary of Zander & Ingeström AB and accordingly has no carrying amount in the parent company.

\*\* At 31/12/2020, marked company is a subsidiary of Christian Berner AB and accordingly has no carrying amount in the parent company.

**NOTE 11** Prepaid expenses and accrued income

	31/12/2020	31/12/2019
Prepaid rent	–	–
Other items	245	110
<b>Total</b>	<b>245</b>	<b>110</b>

**NOTE 12** Cash and cash equivalents

	31/12/2020	31/12/2019
Bank deposits	14,711	120
<b>Total</b>	<b>14,711</b>	<b>120</b>

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

The following profits are at the disposal of the Annual General Meeting:

	31/12/2020	31/12/2019
Retained earnings	94,843	78,906
Profit for the year	26,226	25,358
	<b>121,069</b>	<b>104,264</b>

The Board of Directors proposes that this profit be appropriated of as follows:

SEK 0.75 (0.60) per share to be distributed to shareholders	14,070	11,212
To be carried forward	106,999	93,052
	<b>121,069</b>	<b>104,264</b>

## FINANCIAL INFORMATION – PARENT COMPANY

**NOTE 14** Borrowing

	31/12/2020	31/12/2019
<b>Non-current</b>		
Liabilities to credit institutions	–	23,000
Liabilities to Group companies	840	960
Liabilities to acquired companies	8,256	
<b>Total non-current borrowing</b>	<b>9,096</b>	<b>23,960</b>
<b>Current</b>		
Liabilities to credit institutions	100,000	33,959
Liabilities to Group companies	72,765	63,196
Other current liabilities		
<b>Total current borrowing</b>	<b>172,765</b>	<b>97,155</b>
<b>Total borrowing</b>	<b>181,861</b>	<b>121,115</b>

**NOTE 15** Trade payables

	31/12/2020	31/12/2019
Trade payables, SEK	1,920	950
Trade payables, NOK	–	–
Currency adjustment trade payables	–	–
<b>Total trade payables</b>	<b>1,920</b>	<b>950</b>

**NOTE 16** Accrued expenses and prepaid income

	31/12/2020	31/12/2019
Accrued salaries	1,970	1,776
Accrued social security expenses	764	954
Other accrued liabilities	466	408
<b>Total</b>	<b>3,200</b>	<b>3,138</b>

**NOTE 17** Receivables from Group companies

	31/12/2020	31/12/2019
Christian Berner AB	20,149	13,000
A/S Christian Berner	2	2,794
Christian Berner AS	2,493	2,645
Christian Berner OY	4,015	3,130
Zander & Ingeström AB	25,019	20,082
Christian Berner Business Services AB	3,614	–
<b>Total</b>	<b>55,291</b>	<b>41,651</b>

**NOTE 18** Related parties

At 31/12/2020, 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%. Isolde Berner owns 8.7% 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% (35%) 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	31/12/2020	31/12/2019
<b>At beginning of year</b>	–	–
Dividend approved by the AGM	14,070	11,212
Amortised amount	–14,070	–11,212
<b>At year-end</b>	–	–

**NOTE 19** Pledged assets

	31/12/2020	31/12/2019
Shares in subsidiaries	25,000	25,000
<b>Total</b>	<b>25,000</b>	<b>25,000</b>

**NOTE 20** Contingent liabilities

	31/12/2020	31/12/2019
Guarantees	33,780	39,010
Guarantee commitments to the benefit of subsidiaries	2,598	13,157
<b>Total</b>	<b>36,378</b>	<b>52,167</b>

**NOTE 21** Events after the end of the reporting period

The Group changes the management team's composition and forms a Group management and an extended Group management. Group management consists of the CEO, CFO and presidents of the four largest subsidiaries (CBAB, Z&I, CBOY and CBAS). The extended Group management also includes the CIO, Director of Marketing and Director of HR.

ASSURANCE OF THE BOARD OF DIRECTORS AND THE CEO

## Assurance of the Board of Directors and the CEO

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, 23 March 2021

Joachim Berner  
*Chairman of the Board*

Bertil Persson  
*Board Member*

Stina Wollenius  
*Board Member*

Kerstin Gillsbro  
*Board Member*

Anna-Maria Vikenadler  
*Employee Representative*

Bo Söderqvist  
*Chief Executive Officer*

Malin Domstad  
*Board Member*

Lars Gatenbeck  
*Board Member*

Sandra Fundin  
*Employee Representative*

Our audit report was submitted on 23 March 2021.  
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

Derivation of alternative performance measures	2020	2019
EBITA	42,165	53,085
Amortisation of intangible assets	-1,460	-2,050
<b>Operating profit/loss</b>		<b>51,035</b>
EBITA	42,165	53,085
Net revenue	695,169	704,750
<b>EBITA margin</b>	<b>6.1%</b>	<b>7.5%</b>
Operating profit/loss	40,705	51,035
Net revenue	695,169	704,750
<b>Operating margin</b>	<b>5.9%</b>	<b>7.2%</b>
Equity	176,155	153,471
Total assets	513,115	424,778
<b>Equity ratio</b>	<b>34.3%</b>	<b>36.1%</b>
Profit/loss before tax	39,836	48,806
Average equity	164,813	141,595
<b>Return on equity</b>	<b>24.2%</b>	<b>34.5%</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 2020. The company's annual accounts and consolidated financial statements are included on pages 2, 21–22 and 48–75 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 2020 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 2020 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.

### 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.

## AUDIT REPORT

### Valuation of goodwill and participations in Group companies

See Note 14 on page 61 and the accounting principles on pages 53–54 and Note 10 on page 73 and accounting principles on page 71 in the annual report and consolidated financial statements for detailed disclosures and description of the area.

#### Description of the area

At 31 December 2020, the Group recognised goodwill totalling SEK 180 million, which comprises 57 % 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.

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 57–58 and the accounting principles on page 55 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.



## AUDIT REPORT

**Information other than the annual accounts and consolidated financial statements**

This document also contains information other than the annual accounts and consolidated financial statements and is found on pages 1, 3–20, 23–32, 36–41, 45–47 and 81. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements does not cover this other information and we do not express any form of confirming statement regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure, we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

Based on the work performed concerning this information, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the 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 statements, 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. Moreover:

- 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 measures implemented to eliminate threats or 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 2020 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.

## AUDIT REPORT

**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.

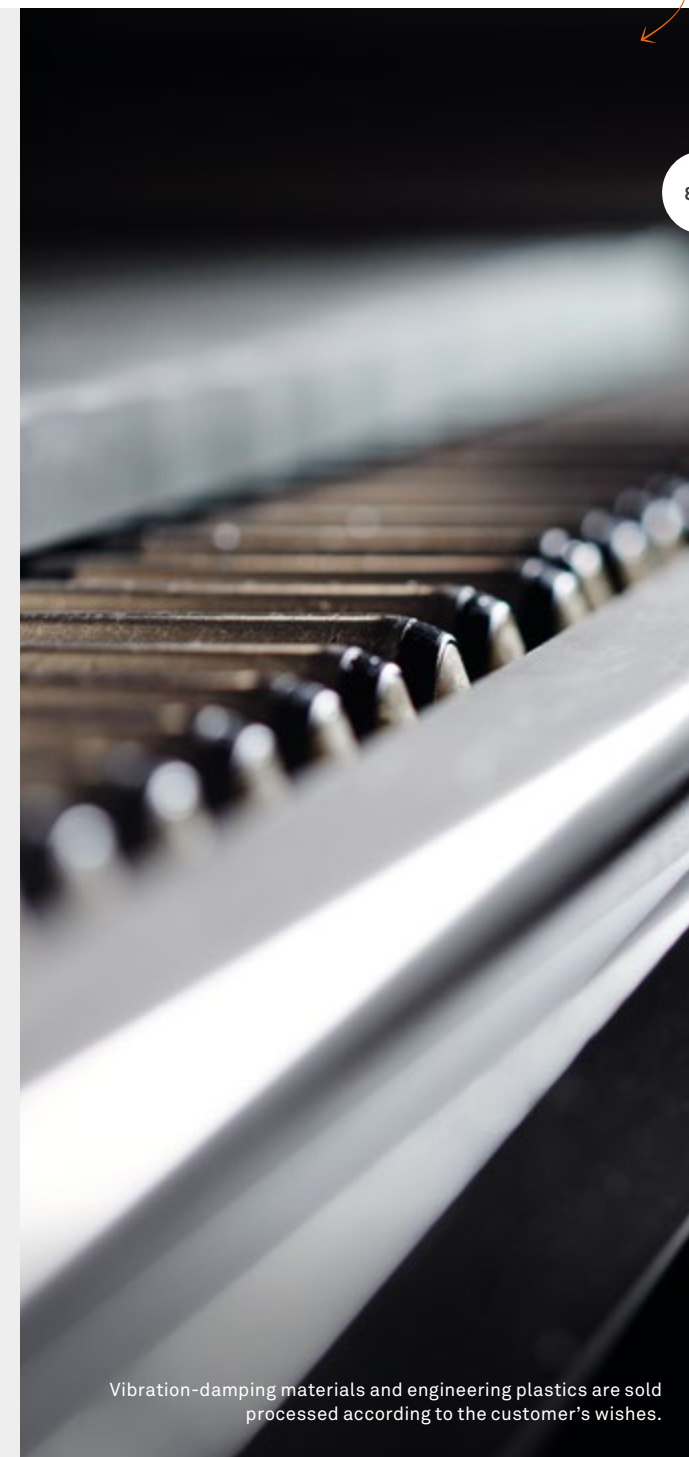
Reasonable assurance is a high level of certainty, but is no guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always uncover actions or negligence that may result in liability to the company or establish that a proposed appropriation of the company’s 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 10 June 2020. KPMG AB or auditors active at KPMG AB have been the company’s auditors since 2019.

KPMG AB

Mathias Arvidsson  
Authorised Public Accountant



Vibration-damping materials and engineering plastics are sold processed according to the customer’s wishes.



## Annual General Meeting and reporting dates

### 29 April 2021

Annual General Meeting 2021  
The Annual General Meeting will be held at the head office in Mölnlycke, Sweden on 29 April 2021, at 4:00 p.m.

### 29 April 2021

Interim report for the first quarter 2021

### 19 August 2021

Interim report for the second quarter 2021

### 21 October 2021

Interim report for the third quarter 2021

### 24 February 2022

Year-end report 2021

## Contact details

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**Photos:** Thorn Ullberg, Johan Wingborg,  
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CHRISTIAN  
BERNER