Beijer Electronics Group

ANNUAL REPORT
2018

BEIJER GROUP

People and technology...

Contents

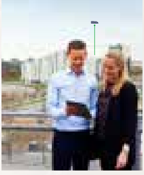
Operations

About our operations

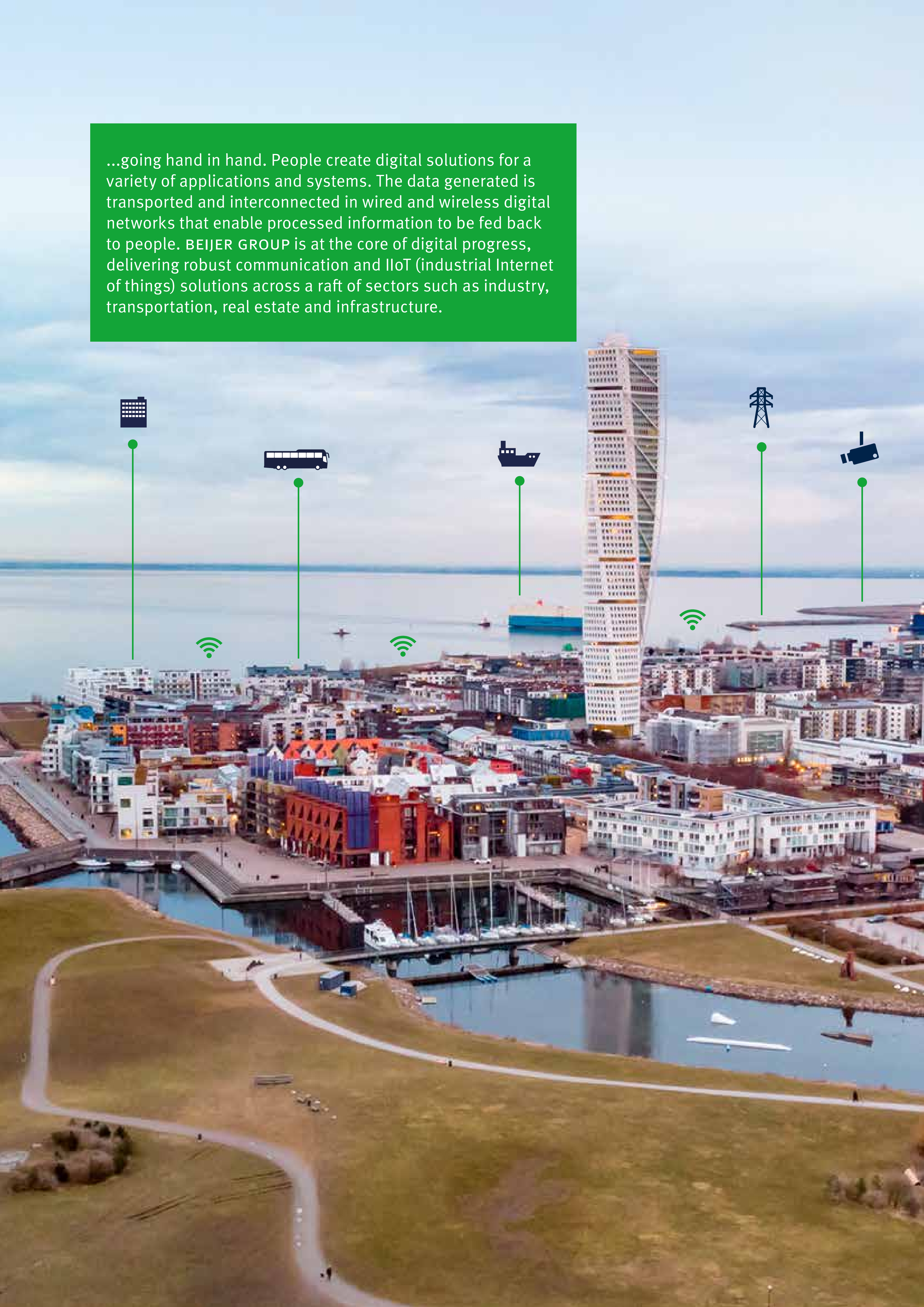
Financial information

Investor and shareholder information

It should be easy for people to interact with technology through connected networks and web-based services. BEIJER GROUP’s solutions process information in the form of data that is captured, controlled, transported, presented and analyzed in interaction between human and machine. This improves the knowledge of machinery and processes, their performance, as well as insights on preventative servicing and maintenance, which enhance our customers' operations.



...going hand in hand. People create digital solutions for a variety of applications and systems. The data generated is transported and interconnected in wired and wireless digital networks that enable processed information to be fed back to people. BEIJER GROUP is at the core of digital progress, delivering robust communication and IIoT (industrial Internet of things) solutions across a raft of sectors such as industry, transportation, real estate and infrastructure.



THIS IS BEIJER GROUP

BEIJER GROUP is an innovative, high-technology Group that provides the market with digital solutions that help customers optimize processes at different levels of their business. Our solutions bridge the interface between human and machine. Data is captured, controlled, transported, presented and analyzed in interactive and seamless processes.

Our offering consists of software, hardware, services and servicing, linking a variety of systems across wired and wireless digital networks, interconnecting a raft of IIoT applications. Our solutions are robust to enhance our customers' operations, with their focus on efficiency, reliability and IT security.

A local presence...
Ever since start-up, BEIJER GROUP has been headquartered in Malmö, southern Sweden. Over the years, the company has expanded internationally and now has a presence in Europe, Asia and the Americas through our own offices and carefully selected distributors. Our sales and distribution resources are localized in all three regions. A long-term local presence is a key component the group's growth strategy.

...with the right skills
BEIJER GROUP professionals are highly skilled in disciplines including software and hardware development. Closeness to the market brings good awareness of customer needs and what the market is demanding. The combination of our professionals' skills and experience is one of group's most valuable assets.

Beijer Electronics Group AB is the parent company of the group, organized into three business entities: Beijer Electronics, Westermo and Korenix. Beijer Electronics Group is commonly referred to as BEIJER GROUP in this annual report.

Key events in 2018

BEIJER GROUP

BEIJER GROUP make positive progress in 2018, with increased order intake, higher sales and stronger earnings, consistent with the new strategy staked out in 2016. After two years of cancelled dividends, the Board of Directors is proposing that dividends to shareholders are resumed.

BEIJER GROUP signed a new three-year financing agreement with a major Scandinavian bank in the year. This agreement involves a total facility of 750 MSEK, bringing the Group financial flexibility and room to act for continued expansion, and includes the capacity for small and mid-sized complementary acquisitions.

In accordance with a resolution from the Annual General Meeting (AGM) of 2018, a share-based incentive program has been introduced. The expected outcome involves the parent company issuing 150,066 class C shares in the first quarter 2019, consistent with the adopted program.

Beijer Electronics

The Beijer Electronics business entity expanded as planned, reporting markedly improved earnings in 2018. All regions achieved growth, mostly sourced from the new X2 series HMIs. The new “Fast track to the cloud” solution with BoX2 passed its test phase in the year. This solution–launched in the first half-year 2019–will be under a Software as a Service (SaaS) revenue model, with hardware invoiced on delivery and software with a subscription fee.

2018

Westermo

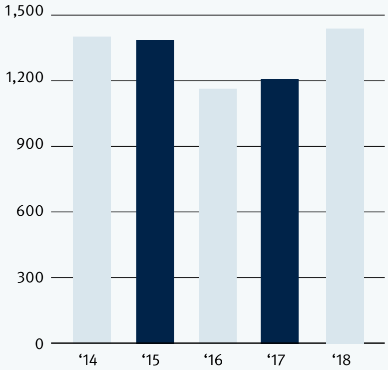
The Westermo business entity achieved its best year to date, with record order intake, sales and earnings in 2018. But this high growth also caused delivery problems, and investments in more capacity injections were made in 2018, which will progressively enable more cost-efficient production. After its successes in the train segment, Westermo is embarking on an offensive involving selective initiatives in the power distribution and rail infrastructure segments.

Korenix

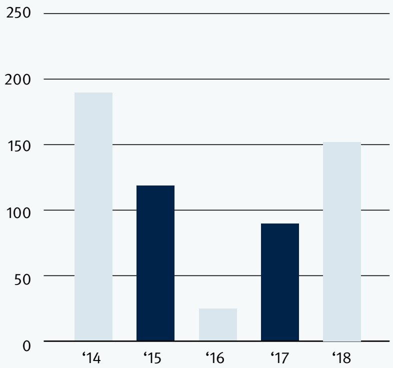
The Korenix business entity achieved high order intake and sales growth in 2018. After this organization’s adaptation in 2017, its focus in the past year was on recovery. Korenix fine-tuned its new organization, expanding its distributor network. A new strategic plan was set, focused on developing new products with superior performance during 2019-2021.

Key figures 2018

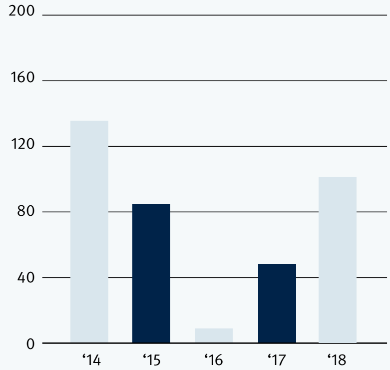
Sales (MSEK)



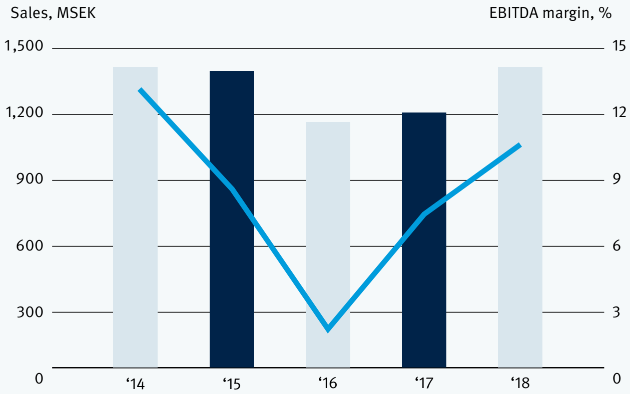
EBITDA (MSEK)



Operating cash flow (MSEK)



Consolidated sales and profitability: 2014–2018



The bars and left-hand scale illustrate yearly sales.
The curve and right-hand scale illustrate EBITDA margin.

Key figures

	2018	2017	2016
Sales, MSEK	1,417.2	1,205.9	1,121.5
EBITDA margin, %	10.6	7.5	2.1
EBIT, MSEK	73.9	18.0	-39.4
EBIT margin, %	5.2	1.5	-3.5
Profit after tax, MSEK	43.5	-6.2	-126.1
Earnings per share, SEK [a]	1.52	-0.24	-4.41
Dividend per share, SEK	0.50	0.00	0.00
Equity/assets ratio, %	43.3	41.7	29.4

a Comparative figures restated for rights issue.
b Board's proposed dividend.

Product development expenditure

In 2018, product development remained at a high tempo for future growth, but reduced somewhat as a share of sales.

Key figures, employees

	2018	2017	2016
Average number of employees	713	702	714
Sales per employee, MSEK	2.0	1.7	1.6
EBITDA per employee, SEK 000	211.2	128.7	32.2
EBITDA employee, SEK 000	103.7	25.7	-55.1
Employees in R&D	149	144	143
Balance, men/women, %	66/34	66/34	67/33

CEO'S STATEMENT

New initiatives for sustained high growth and increased profitability

BEIJER GROUP is now in the midst of an exciting and promising journey on the expansive market for digital solutions that link up different systems on wired and wireless networks, and interconnect with various IIoT applications. The Group, whose history is largely as a distributor of automation products, has repositioned as a leading-edge technology company, with a high level of expertise in software and hardware.

The strategy we staked out in 2016 is well timed and proving very viable, as evidenced when looking back at BEIJER GROUP's overall results for 2018. Order intake and sales were up by nearly 30% and 20% respectively. Growth was exclusively organic.

> "We finished 2018 strongly, and started the new year with a well-filled orderbook. For the full year 2019, we think the Group will be able to keep increasing sales and earnings compared to the results for 2018.

I also want to emphasize that our new products have generated most of our growth. Proprietary products represented 96 percent of total sales. In absolute terms, order intake of 1.6 billion SEK was the Group's highest to date. Sales of 1.4 billion SEK are comparable to our previous record year. We quadrupled EBIT to 74 MSEK. Our earnings performance is heading in the right direction, and we're on target to achieve a 10% EBIT margin.

Distinguishing features

We can also assess the Group's progress in other terms, and I'd like to highlight some of the features that distinguish BEIJER GROUP today.

Our new digital solutions facilitate communication between human and machine. Information in the form of data is captured, controlled and transported in wired and wireless networks, presented and analyzed in interactive and seamless processes. The massive volumes of information processed and transported set challenging demands on software and hardware. Our solutions help customers optimize processes at different levels of their business. They're also mission critical, so they have to be robust and reliable.

As a high-technology Group, BEIJER GROUP currently features innovation and the development of high-end software and hardware used in harsh and exposed environments. This enables us to partner with some of the world's most dynamic companies. Our customer base includes major global corporations with demanding standards like Alfa Laval, Bombardier, Alstom and Emerson. Their repeat orders, and the new business accounts we've secured, are evidence of our international competitiveness, and that we offer products and services that are in demand.

Staying at the leading edge and serving professional customers sets specific demands on an organization and its people. Our new strategy involves substantial initiatives in new solutions and adaptation of our organization. Our adaptation has involved a fairly extensive competence shift , with more focus on software and a more customer-oriented sales process. A higher share of our

people now work in development and sales. Our adaptation has also meant a more dynamic corporate culture emerging–a culture featuring more belief in our future, innovativeness, initiative and active stakeholding.

Our people are central to our success

In this context, I want to emphasize the importance of our people's efforts and competences especially. Individual professional performances, backed by mutual support and access to our corporate resources, have generated our results and laid our new platform for continued expansion. Individual freedom offers room for creativity, but this also means individual responsibility for compliance with laws, regulations and our guidelines for managing a sustainable business.

Sustainability is an important component and is integrated into BEIJER GROUP's operations. Our work on sustainability continued to evolve and intensify in the year, as reviewed in our separate Sustainability Report–there's a summary in this Annual Report.

The Group's three business entities are in somewhat differing phases. Beijer Electronics remains in a recovery phase, and its operations went in a clearly positive direction in the year, with high growth and progressively improving earnings. These successes are backed by new products and solutions, and a more customer-oriented sales organization.

The Westermo business entity reported its best year to date, setting order intake, sales and earnings records in 2018. It is primarily Westermo's focus on networks for trains that underpin its successes. Westermo's brisk growth beat our already high internal estimates, and as a result, its delivery capacity had problems satisfying demand. Westermo prioritized securing its shipments to customers ahead of efficiency, which will pay off in the longer term. These capacity problems are being continuously addressed and our actions will gradually take effect.

The Korenix business entity focused on operational recovery in the year, with an improved strategy. Korenix is moving in the right direction, with several new deals with major customers. Order intake and sales increased, although it did report a loss.

A stronger financial position

Last year, we took several actions designed to take our business to an even higher level. Overall, we created good organizational stability. With our previous new share issue and earnings improvements, we are now in a significantly better financial position. BEIJER GROUP also signed a new three-year financing agreement in 2018. The agreement has a total facility of 750 MSEK, bringing the Group financial flexibility and room to act for continued expansion. Going forward, we will also be focusing more on cash flow.

The Group invested over 160 MSEK in product development in 2018, which strengthens and expands our offering to the market. Westermo adopted its new expansion plan, based on its successes in the train segment and business entity's current product range. This involves targeted initiatives on network solutions for the rail infrastructure and power distribution segments. Eventually, this initiative is expected to make a significant contribution to the Group's, and business entity's, growth, sales and earnings.

Beijer Electronics launched its new "Fast track to the cloud" solution with BoX2 in 2019, consisting of software and hardware, and is an IIoT application offering easy connection to existing automation equipment. BoX2 and related services will be marketed as SaaS, with hardware invoiced on delivery and software with a subscription fee.

Prospects for 2019

These new initiatives are investments to ensure sustained high and profitable growth. History is no guarantee of the future, but our investments in the X2 series within Beijer Electronics, and in networks for trains within Westermo, have been really positive, with fairly short pay-back times. Our continued, aggressive strategy also opens the possibility of upgrading the Group's growth and EBIT margin targets.

We finished 2018 strongly, and started the new year with a well-filled orderbook. For the full year 2019, we think the Group will be able to keep increasing sales and earnings compared to the results for 2018."

Per Samuelsson
President & CEO

The Beijer Electronics Group AB (publ) share

Beijer Electronics Group AB (publ) has been listed on Nasdaq OMX Nordic Stockholm Small Cap List since June 2000. It has the ticker BELE. A trading lot is 300 shares.

Issue of class C shares

In March 2018, the Board of Directors decided to issue 34,657 class C shares with a quotient value of SEK 0.33, in accordance with the authorization of the Annual General Meeting (AGM) 2017. The issue was to a financial institution, and was immediately repurchased by the company. The intention of the repurchased class C shares on delivery to employees in 2020 is to convert them to ordinary shares, pursuant to the terms and conditions of the LTI 2017/2020 incentive program.

Share capital

The share capital is 9,545,345 SEK divided between 28,636,036 shares, of which 28,601,379 ordinary shares and 34,657 class C shares as of 31 December 2018. The minimum share capital is 5,000,000 SEK, and the maximum is 20,000,000 SEK. Each share has a quotient value of 0.33 SEK. All shares confer equal entitlement to the company's assets and profits. Ordinary shares carry one vote, and class C shares carry one-tenth of a vote. All class C shares are held by the company.

Share price and turnover

In terms of bid price, the share price was 36.20 SEK at year-end 2018, against 30.00 SEK on the final trading day of 2017. This equates to an increase of 21% in the year. In the same period, the Stockholm Stock Exchange's broad-based index OMXS fell by 8%. The company's share traded at a high of 46.50 SEK and a low of 25.60 SEK in the year. Share turnover was 3.9 million shares, or 14% of the total number of shares. In value terms, share turnover was 147 MSEK.

Earnings per share

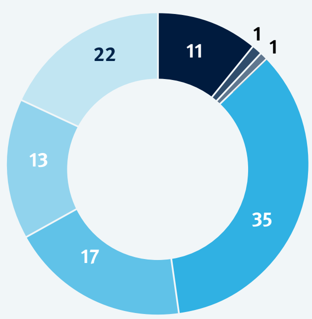
Earnings per share after tax were 1.52 SEK (-0.24).

Dividend

The Board of Directors is proposing a dividend of 0.50 SEK per share (0) for the financial year 2018. The dividend proposal corresponds to a dividend yield of 1.4% measured on the closing price in 2018.

Shareholder categories, share of equity

Source: Euroclear



Share data, three years

	2018	2017	2016
Earnings per share, SEK	1.52	-0.24	-6.61
Dividend, SEK [a]	0.5	0	0
Pay-out ratio, %	33	0	0
Equity per share, SEK	22.8	20.5	21.8
Return on equity, %	7.0	-1.2	-26.6
Closing price, SEK	36.20	30.00	40.90
No. of shares, million	28.6	28.6	19.1
Market cap., MSEK	1,035	858	780

a The amount for 2018 is proposed dividend.

Ownership by shareholding as of 31 December 2018

Source: Euroclear

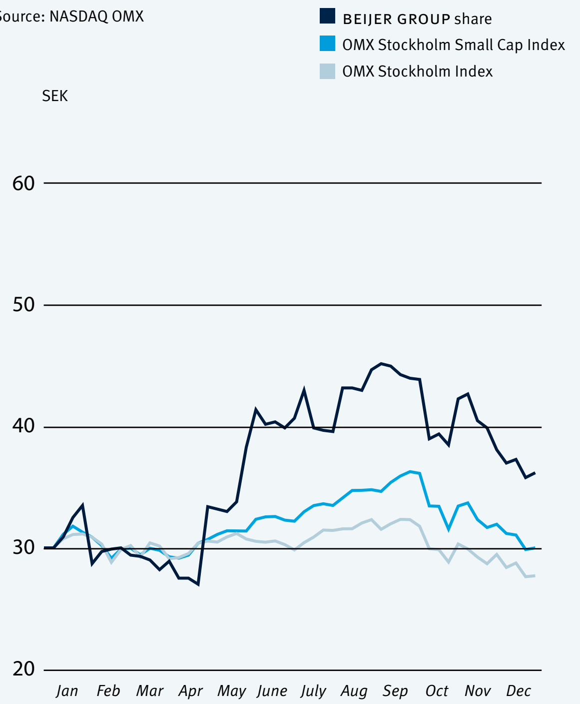
Holding	No. of shareholders	No. of ordinary shares	No. of class C shares	Equity holding, %	Votes, %	Market cap, SEK 000
1–500	2,299	334,736		1.17	1.17	12,117
501–1 000	389	303,734		1.06	1.06	10,995
1 001–5 000	511	1,151,045		4.02	4.02	41,668
5 001–10 000	96	699,157		2.44	2.44	25,309
10 001–15 000	30	380,284		1.33	1.33	13,766
15 001–20 000	18	319,326		1.12	1.12	11,560
20 001–	59	25,413,097	34,657	88.87	88.85	919,954
Total	**3,402**	**28,601,379**	**34,657**	**100.00**	**100.00**	**1,035,370**

> The growth and earnings improvements in 2018 are a clear effect of the changes we've made.

JOAKIM LAURÉN, CFO BEIJER ELECTRONICS GROUP

Stock index

Source: NASDAQ OMX



Shareholders as of 31 December 2018

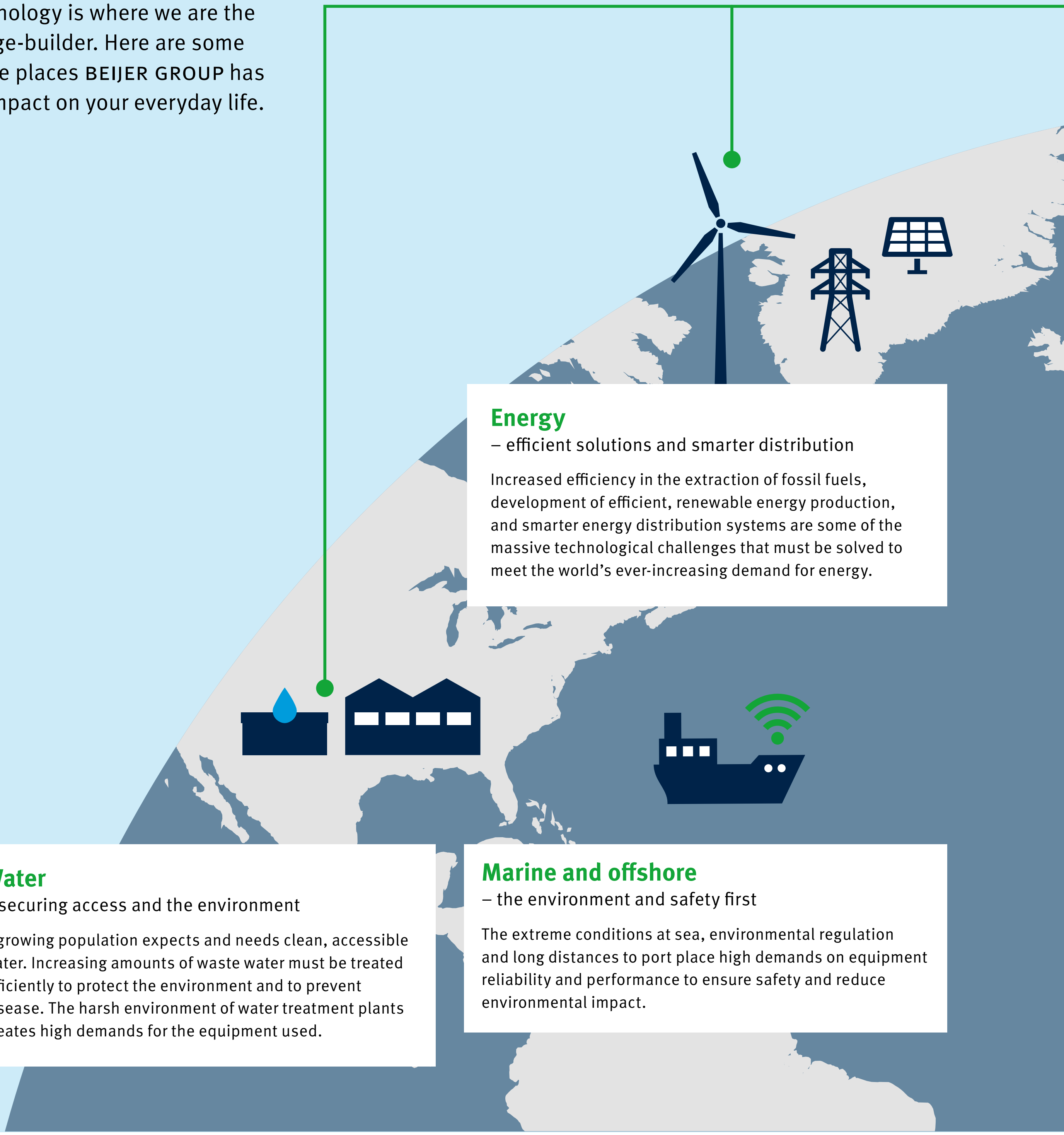
Source: Euroclear

	Capital %	Votes %	No. of shares
Stena Sessan AB	29.75	29.79	8,520,174
SEB Investment Management	14.03	14.04	4,016,848
Nordea Investment Funds	11.27	11.27	3,224,373
Svolder Aktiebolag	11.08	11.09	3,172,678
Fjärde AP-fonden	6.17	6.17	1,766,128
Tredje AP-fonden	2.48	2.48	709,947
T. Bjurman w. family and companies	2.05	2.05	585,652
Nordnet Pensionsförsäkring AB	1.67	1.68	479,365
Tequity Management AB	0.97	0.97	277,353
Beijer Electronics-koncernens Personalstiftelse	0.71	0.71	204,000
Total shareholders with a holding of at least 240,000 shares, 10	**80.18**	**80.25**	**22,956,518**
Other shareholders, 3,392	**19.82**	**19.75**	**5,679,518**
Total, issued shares*	**100.00**	**100.00**	**28,636,036**

**Includes 34,657 class C shares held by the company.*

Solutions in our everyday lives

People have learned to use technology to deliver the goods and services we need in our everyday lives. Take a look around you–wherever there are processes that need drive and control, or information to communicate and visualize, there's a need for smart hardware and software. This interface between people and technology is where we are the bridge-builder. Here are some of the places BEIJER GROUP has an impact on your everyday life.



Energy

– efficient solutions and smarter distribution

Increased efficiency in the extraction of fossil fuels, development of efficient, renewable energy production, and smarter energy distribution systems are some of the massive technological challenges that must be solved to meet the world's ever-increasing demand for energy.

Water

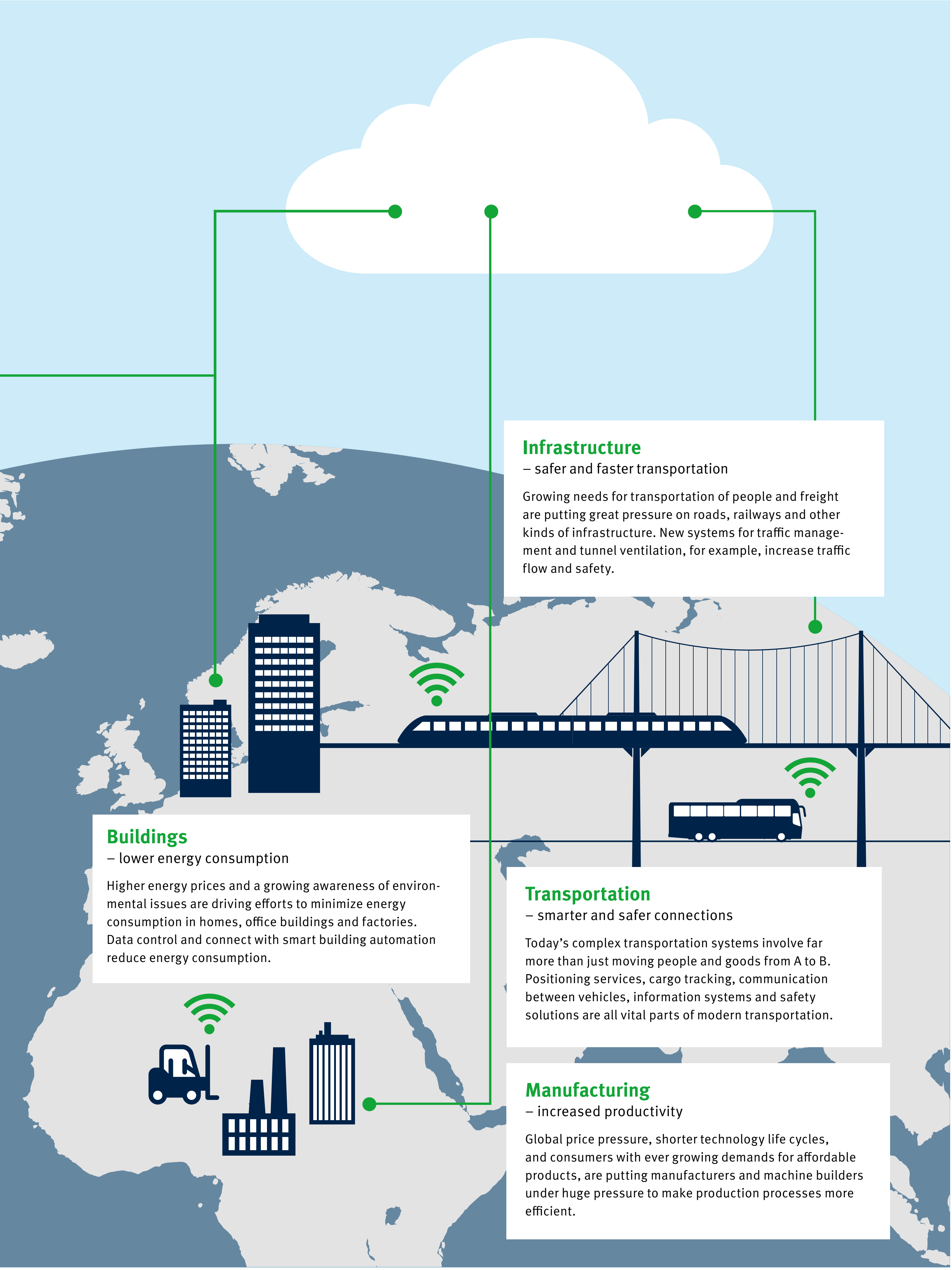
– securing access and the environment

A growing population expects and needs clean, accessible water. Increasing amounts of waste water must be treated efficiently to protect the environment and to prevent disease. The harsh environment of water treatment plants creates high demands for the equipment used.

Marine and offshore

– the environment and safety first

The extreme conditions at sea, environmental regulation and long distances to port place high demands on equipment reliability and performance to ensure safety and reduce environmental impact.



Infrastructure

– safer and faster transportation

Growing needs for transportation of people and freight are putting great pressure on roads, railways and other kinds of infrastructure. New systems for traffic management and tunnel ventilation, for example, increase traffic flow and safety.

Buildings

– lower energy consumption

Higher energy prices and a growing awareness of environmental issues are driving efforts to minimize energy consumption in homes, office buildings and factories. Data control and connect with smart building automation reduce energy consumption.

Transportation

– smarter and safer connections

Today's complex transportation systems involve far more than just moving people and goods from A to B. Positioning services, cargo tracking, communication between vehicles, information systems and safety solutions are all vital parts of modern transportation.

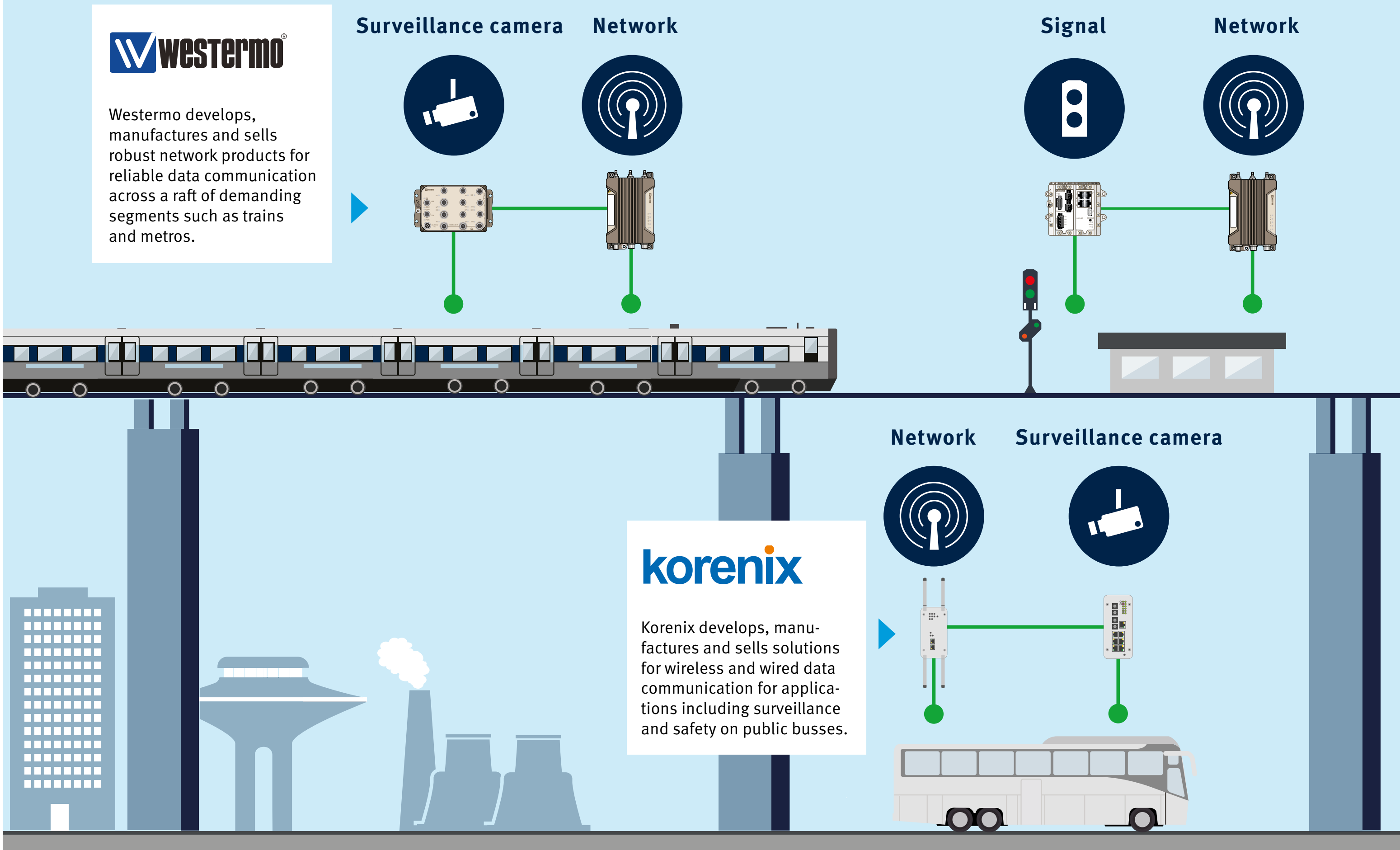
Manufacturing

– increased productivity

Global price pressure, shorter technology life cycles, and consumers with ever growing demands for affordable products, are putting manufacturers and machine builders under huge pressure to make production processes more efficient.

What we do

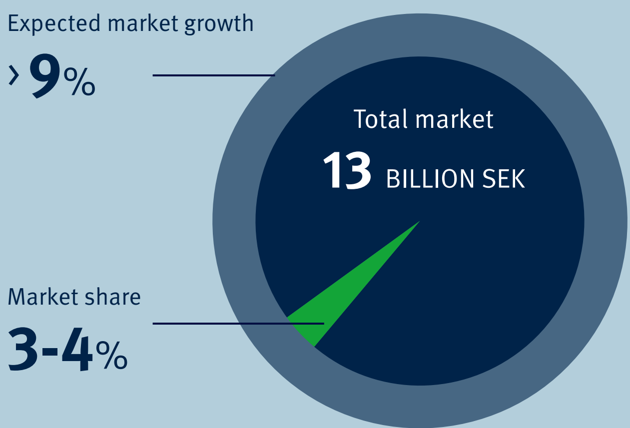
BEIJER GROUP provides the market with system solutions that help customers optimize processes at different levels of their business. Data is captured, controlled, transported, presented and analyzed in interactive processes. Our offering consists of software, hardware, services and servicing, linking a variety of systems across wired and wireless digital networks, interconnecting a raft of IIoT applications. Our solutions are robust to enhance our customers' operations, with their focus on efficiency, reliability and IT security. BEIJER GROUP addresses a number of selected market segments with varying needs that apply differing standards to their solutions. A significant part of the Group's offering addresses exposed sectors in harsh environments that need robust, secure and sustainable solutions.

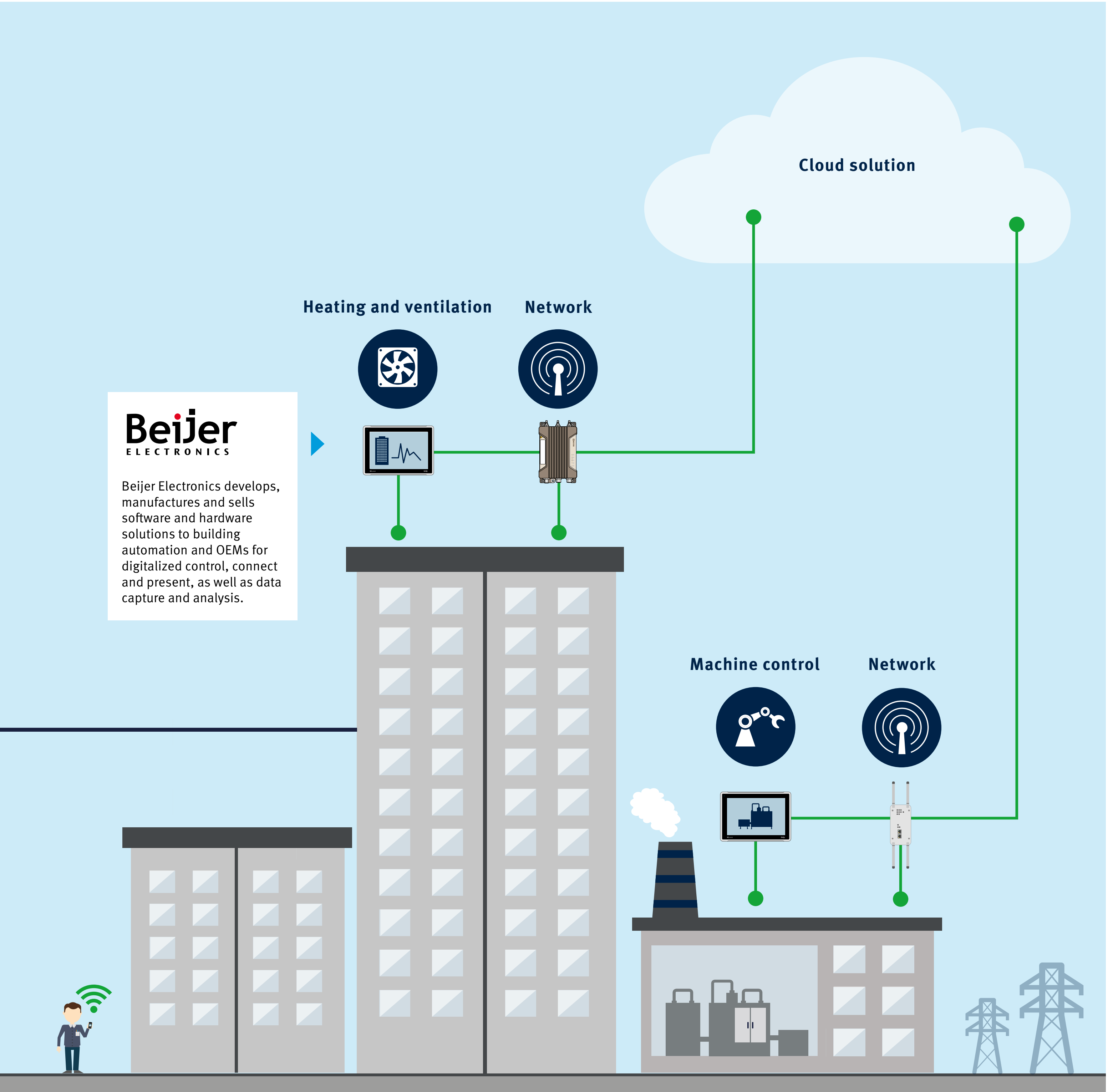


Communication

The two business entities Westermo and Korenix, which have complementary strategies, operate in the industrial data communication segment.

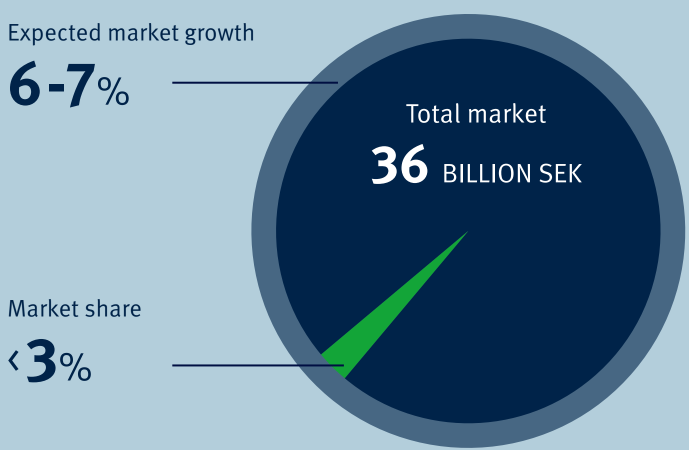
Westermo delivers industrial data communication solutions, enabling data to be transported across wired and wireless networks. These networks interconnect various systems at different levels of an operation. The core of Westermo's solutions is a selection of network products comprising software and hardware. Industrial networks are mission critical, which is why they are robust and specifically developed to satisfy customer needs for mission-critical systems. Korenix provides wired and wireless data communication solutions. Its prime focus is on security and surveillance applications.





Interaction between people and technology

Digitalization is creating new possibilities to interconnect data from machinery from different processes in increasingly complex systems, which are integrated in various cloud solutions. It should be easy for people to interact with the technology that underlies operational processes through connected networks and web-based services. This improves the knowledge of machinery and processes, their performance and insights for preventative servicing and maintenance. Beijer Electronics' solutions enhance customers' operations, with their emphasis on efficiency, reliability and IT security. Solutions are brought together to reduce the complexity of digitalization and make things easy for users.



Business entity

Beijer Electronics

Beijer Electronics finished the year strongly, and overall, the business entity progressed in line with its strategic plan in 2018. Order intake and sales saw high growth; gross profit and gross margin improved. EBIT increased markedly due to higher sales volumes, continued rationalization and good cost control.

All regions achieved growth. Sales in Europe were up by 12%. North America increased by 13%. In Asia, sales were up by 6%. China achieved robust growth, although growth was more restrained in Taiwan.

The business entity's new X2 series HMIs continued their healthy growth. With 34% of total sales in the full year, the X2's launch has been Beijer Electronics' most successful to date. The conversion process to the new HMIs began in Asia in the year, but is now expected to take longer in Asia, because the X2 series entails the replacement of hardware and software, which is a bigger step for customers.

The new "Fast track to the cloud" solution with BoX2 passed its test phase with 20 different customers in 2018. This solution has been very well received by customers, with acceptance fully matching expectations. This solution integrates software and hardware, and is an IIoT application, offering easy connection to existing automation equipment. BoX2 is compatible with over 75 different PLC systems from all the major manufacturers and vendors, and launch will be in the first half-year 2019. BoX2 and associated services will be marketed in a SaaS model, with hardware invoiced on delivery and software with a subscription fee.

Beijer Electronics will be phasing out a number of older HMI models in 2019, which will impact growth, although the loss of sales is expected to be more than offset by new products. Product development maintained its high tempo in 2018. The software share of sales is growing, and customers are increasingly demanding complete solutions. This is a contributor to growth, simultaneous with improving the mix of products, services and servicing.

Beijer Electronics' order intake was up by 20% to 792.0 MSEK (660.1) in 2018. Sales increased by 11% to 731.4 MSEK (659.1). EBITDA increased to 75.1 MSEK (36.6). EBIT rose to 47.4 MSEK (12.5), equating to an EBIT margin of 6.5% (1.9).

> Our new "Fast track to the cloud" solution builds on our broad-based skills across a range of PLC systems. We have high expectations of this solution, which will be sold as SaaS with a subscription fee.

STEFAN LAGER, CEO BEIJER ELECTRONICS

Sales 2018

731 MSEK

Share of Group sales

52%

	2018	2017
Total sales	731,360	659,059
EBITDA	75,056	36,577
EBIT	47,361	12,544
EBIT margin, %	6.5	1.9
Share of Group sales, external, %	51.6	54.6

348 employees

Offering and market

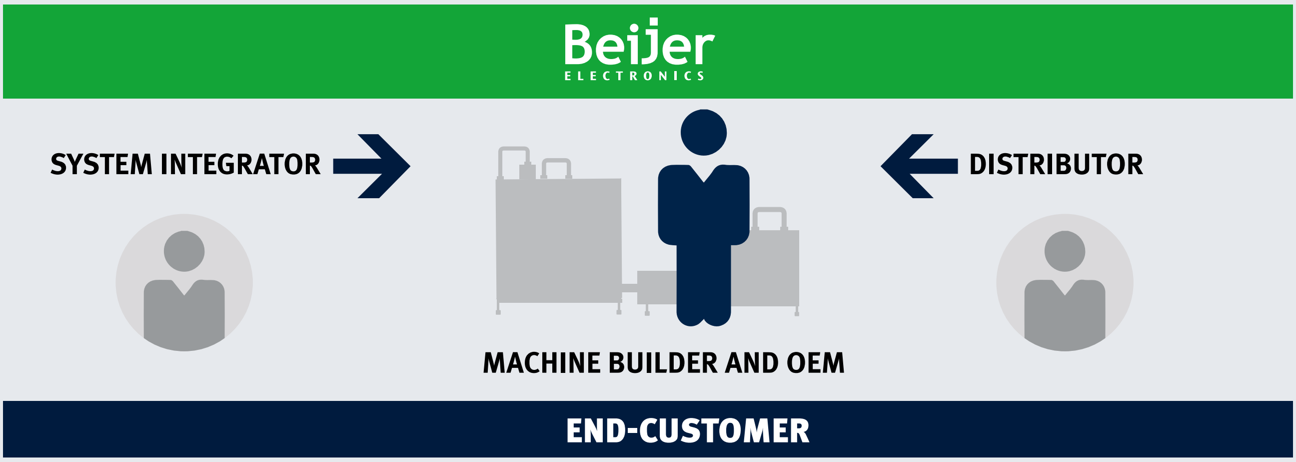
People and technology. Connected.

Our vision is for people and technology to go hand in hand. We offer the market digital IIoT solutions integrating software, hardware and services. Our solutions are robust and enhance our customers' operations with an emphasis on efficiency, reliable operation and IT security. They should be easy for people to integrate with the technology underlying operational processes by connecting networks and web-based services. We utilize state-of-the-art technology to create secure and reliable software and hardware solutions. Our guiding principle is to make complex things simple for users.

External analysts value the global market Beijer Electronics addresses at 36 billion SEK, with estimated yearly growth of 6–7%. The main growth drivers are an increasing need for new software solutions, tracking digital progress. Beijer Electronics' estimated market share is some 3%.

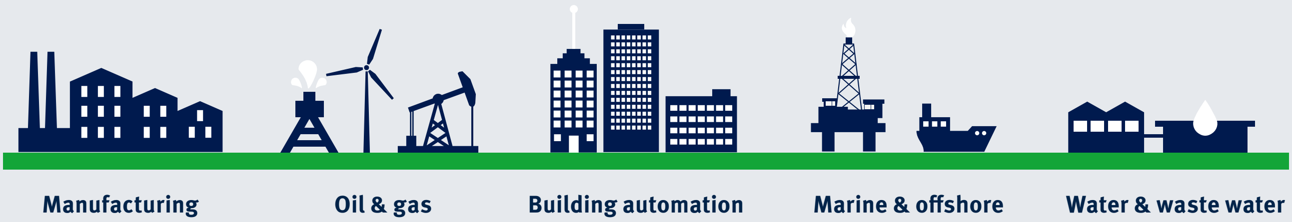
Sales channels

Beijer Electronics reaches the end-users of digital solutions through a combination of channels. System integrators and OEMs utilize the solutions either for themselves, or bundled into their own solutions. Brand label customers sell Beijer Electronics products and solutions under their own branding. A network of distributors on selected markets complements in-house sales resources and direct sales. On local markets, Beijer Electronics provides support through consulting, servicing and support. We also create new sales channels to the market through partnerships, and through vendors of ERP and IT systems.



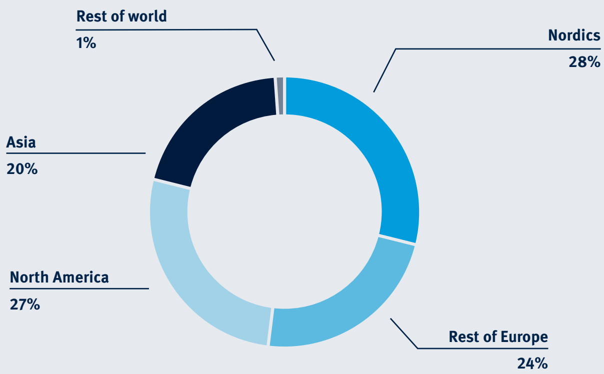
Market segments

System solutions are used in a multitude of sectors and applications. The largest segment is manufacturing, including engineering, textiles, paper, food and beverages. Other segments like oil & gas, marine and offshore operate in exposed and harsh environments with highly specific and stringent standards on the flexibility, robustness, sustainability and reliability of solutions. We are at the leading edge of robust digital solutions. Segments like real estate automation, infrastructure, water & waste water often need specialized, tailored digital solutions for specific applications.



Customers and sales

Beijer Electronics sells its system solutions to a global base of some 3,400 customers of differing sizes. Its ten largest accounts represented 27% of sales in 2018. The Nordics provided 28% of sales and the rest of Europe 24%. North America was 27%, and Asia 20%.



Complete solution for marine emission control system

Beijer Electronics delivers a complete solution; comprising of software, hardware and services for Yara Marine's exhaust purification systems, which reduce emissions of nitrogen and sulphur oxides from all types of vessels. The solution consists of control systems, operator panels and drives, as well as switches and routers linking to a digital network. It controls, presents, analyses and transports information and data to and from the exhaust purification system, to ensure optimal operation thereof. Yara Marine is one of the leading players in the world in marine exhaust cleaning. Beijer Electronics will deliver 250 systems annually to Yara Marine. Yara Marine's decision to select Beijer Electronics as their supplier was resolute, based on ours capacity to deliver a flexible and universal solution, which conforms to all harsh marine standards.

Digital solutions

Production

The manufacture of Beijer Electronics' hardware products is concentrated at its plant in Taipei, Taiwan. Production is based on the assembly of components from carefully selected external vendors. Manufacturing is ISO 9001 and ISO 14001 certified.

Developing new digital solutions

Beijer Electronics is development intensive, investing substantial resources in software and hardware development. We have progressively migrated our focus to developing software solutions so we stay at the leading edge in the transition to new digital solutions. These new digital solutions include operator communication, high-end automation, wireless data communication links and displays. Our solutions enable the control, connect, present and analysis of data for mission-critical applications, which helped to continually optimize customers' business processes.

The business entity's solutions and products include a new generation of HMIs–the X2 Series, "Fast track to the cloud" with BoX2, our IIoT tool Beijer Warp Engineering Studio, and custom LCD panels.

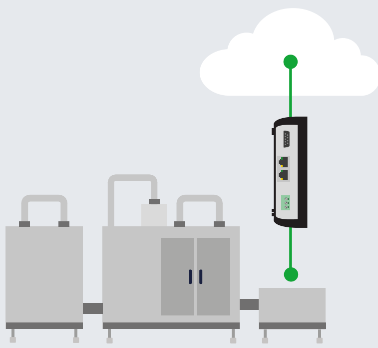
New X2 Series complete

Beijer Electronics launched an all-new generation of HMIs in fall 2016 and 2017 called the X2 Series. The offering includes a palette of versions with differing capacities and performance. There are several base versions and solutions tailored to application segments such as the X2 pro, X2 marine, X2 control and X2 extreme. These panels embed an upgraded version of powerful iX software. These new solutions expand the business entity's market and broaden its range of application segments.

"Fast track to the cloud" with BoX2

This solution integrates software and hardware–BoX2–and is an IIoT application that connects to existing automation equipment. The BoX2 gateway can connect to machinery and transfer data to an external server like the cloud or other network. Every BoX2 has a unique identity. Beijer Warp Engineering Studio enables the addition of other smart functionality such as local data storage or admin. In turn, mobile devices can access the data that is present, and generated by, machinery via transmission to the cloud or other network. BoX2 is compatible with over 75 different PLC systems from all the major producers and vendors.

The test phase of "Fast track to the cloud" concluded on a base of some 20 customers in fourth quarter 2018. It has been very well received by customers, with acceptance fully matching expectations. The plan is for a progressive commercial launch through 2019.



Strategy and future

Beijer Electronics' origins lie at the human machine interface (HMI). Together, digitalization and urbanization are urging the demand for greater efficiency on the market, and creating new business opportunities.

Its strategy means Beijer Electronics expanding its market into more sectors and various tailored applications. This also involves vertical integration to cover more platforms and levels within an organization such as SCADA systems and cloud platforms. There is also growing demand for complete solutions, which we will address with more complete project deliveries, integrating solutions from the Group's other business entities, Westermo and Korenix.

Beijer Labs and digitalization

Digitalization is transforming the demand for solutions that optimize processes in different businesses. The overall trend is for the interconnection of processes, machinery and systems, which then link up to cloud solutions (IIoT, the industrial Internet of things), and integrate into various systems within an organization, such as SCADA systems and ERP systems.

The various types of process within operations generate massive data volumes, which are gathered, controlled, connected, presented and analyzed by a range of applications. This creates substantial customer benefits through warning systems, the capability to plan maintenance and prevent outage and system downtime and disruptions. Increased capacity utilization and efficiency cut the customer's costs. Making data available generates the basis of data analysis, which can be used to refine and optimize customer processes further.

Digitalization is progressively shifting the focus more towards developing software solutions. Close partnerships with customers and a deeper insight into their needs enables solutions to be simplified, made more user friendly, and shortens time to market. Development and sales processes are focusing on customer value rather than product sales. Relationships with customers are getting closer, and different types of revenue model are applicable. BoX2 and related services will be marketed as SaaS, with hardware invoiced on delivery and software with a subscription fee.

Business entity

Westermo

The Westermo business entity reported its best year to date, setting order intake, sales and earnings records in 2018. The positive growth trend was underscored in each quarter of the year. The gains are broad based, basically covering all markets that Westermo addresses. The demand in train networks remained especially high, although network products also made good progress.

Westermo's focused initiative on networks for trains within IP Train was successful, and the business entity is now one of the world's leading vendors with a market share of some 15% in this segment. Westermo's international competitiveness was apparent in new major orders from multinationals like Alstom and Siemens Mobility. Several new accounts were secured including breakthrough orders in countries including Belgian and Canada. Bombardier, Toshiba and a major US train manufacturer are some of the customers that placed major repeat orders.

Westermo's brisk growth rate in 2018 exceeded already high internal estimates. This presented the business entity with exceptional challenges in addressing demand with its delivery capacity. A global component shortage, bottlenecks among suppliers and manufacture triggered shortages in delivery capacity. Nevertheless, securing shipments to customers was prioritized ahead of efficiency. In the short term, this produced above-normal costs, including weekend and night shifts in manufacture, the injection of external resources and higher expenses for component procurement. But these actions helped ensure commitments to customers were satisfied, which for the long term, is most important.

These additional expenses exerted an estimated impact on EBIT margin of five percentage points, or 8 MSEK in the fourth quarter. The additional expenses include investments in further capacity injections the 2019, which will gradually enable more cost-efficient production. The business entity's product development activities also remained intensive, maintaining a high tempo. In 2018, most launches were new product versions and upgrades. Product development was directed towards major launches in 2019, such as a new generation of network products, and generational transition of the WeOS operating system.

Westermo's order intake was up by 37% to 687.9 MSEK (502.7). Sales rose by 27% to 584.2 MSEK (461.2). EBITDA increased by 40% to 97.4 MSEK (69.5). EBIT increased by 50% to 69.7 MSEK (46.6), equivalent to an operating margin of 11.9% (10.1).

> With great teamwork, we've succeeded in delivering another record year for order intake, sales and earnings. We're now continuing our offensive with focused initiatives in the energy and rail segments.

JENNY SJÖDAHL, CEO WESTERMO

Sales 2018

584 MSEK

Share of Group sales

41%

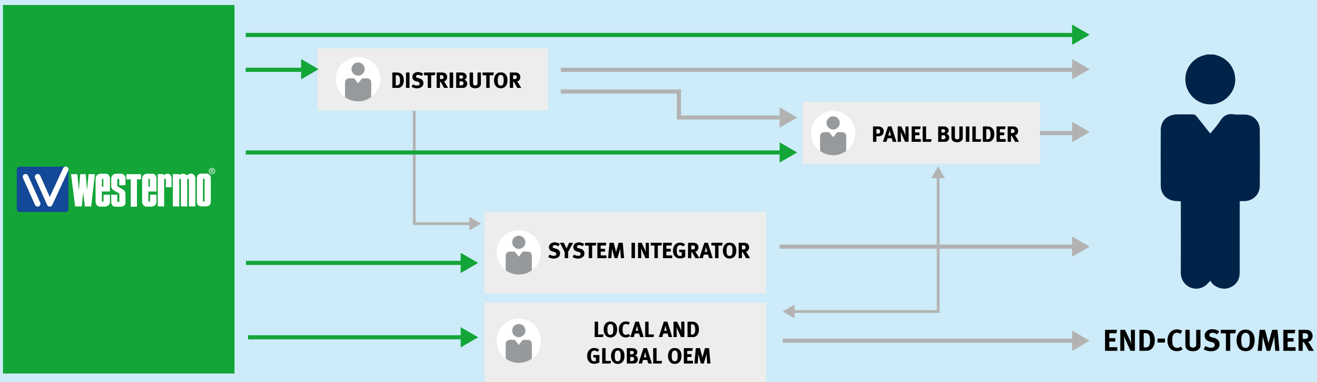
	2018	2017
Total sales	584,181	461,155
EBITDA	97,435	69,548
EBIT	69,679	46,583
EBIT margin, %	11.9	10.1
Share of Group sales, external, %	41.1	38.0

209 employees

Offering and market

Robust network solutions for industrial data communication

Westermo provides mission-critical industrial data communication solutions. In simple terms, these solutions enable data to be transmitted across wired and wireless networks. Reliable data communication is imperative for digitalization where different systems are interconnected to enable various applications and equipment to be controlled and monitored. These solutions address the market for infrastructure and various industrial sectors. Digital networks are critical for managing the customer's operations, and are often installed in exposed, harsh environments with electrical disruptions, dust, vibration and wide temperature fluctuations. This implies very stringent standards for environmental endurance, safety and reliability. Westermo's network solutions are robust and specifically developed to satisfy customer needs for mission-critical systems. Various research reports estimate the global market value of industrial network products at some 13 SEK billion. Investment cycles vary, with lower growth in some years, although in the long term, the market has achieved yearly growth of over 10%.

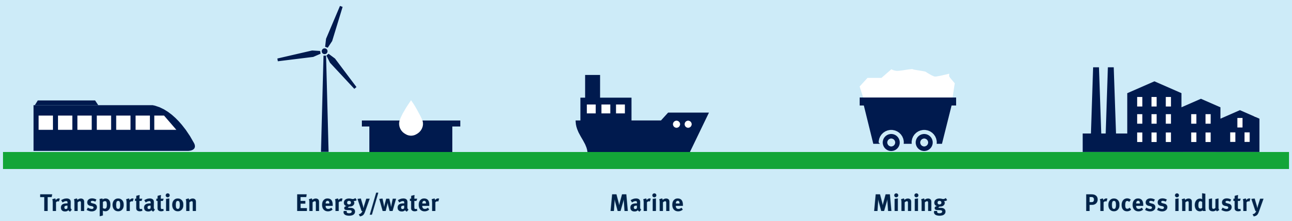


Sales channels

Westermo markets and sells network solutions through a range of channels. Its in-house sales resources consist of proprietary offices with sales forces in 12 countries. These offices serve end-customers direct, as well as system integrators. Sales are also via OEMs, which bundle our products into their own solutions. Our in-house sales resources are backed by a network of distributors on selected markets. Our in-house sales resources generated 66% of sales in 2018.

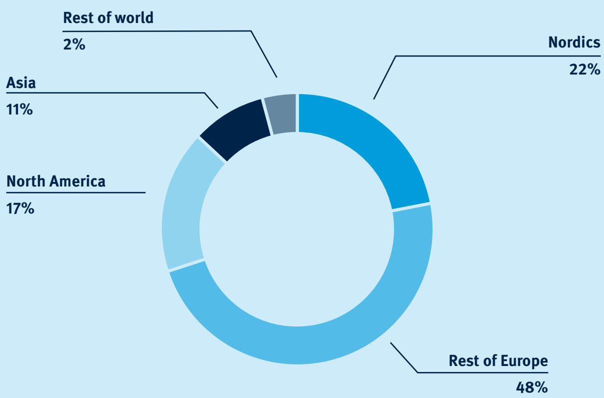
Market segments

Westermo's offering addresses the infrastructure market, including transportation systems, energy systems and water supply, as well as a range of industrial sectors like the marine, mining and processing industries. Westermo is one of the world leaders in the train segment. Westermo's estimated global market share in digital network solutions is 3–4%.



Customers

Westermo has a base of some 5,000 purchasing customers of differing sizes, including many major multinationals. The largest accounts are Bombardier, Progress Rail Locomotive, Alstom and Toshiba. The 10 largest accounts represented 45% of sales in 2018. The Nordics provided 22% of sales, and the rest of Europe 48%. North America provided 17%, Asia 11%, and the rest of the world 2%.



Electricity North West secures operation of its power network with cost-efficient technology from Westermo

UK utility Electricity North West (ENW) selected products from Westermo to upgrade its data communication system and create a state-of-the-art, robust IP-based network. This new network helps ENW monitor and control the operation of its power network, thus safeguarding supply to over 2.4 million properties. The network interconnects over 500 primary substations across a large geographical territory. Westermo was able to deliver a highly cost-efficient solution, enabling existing cabling infrastructure to be reused, generating a significant saving. To date, Westermo has shipped over 1,000 network products and the WeConfig configuration tool, generating further savings as this enables time-consuming configuration processes to be automated. WeConfig is also used in regular operations, and is expected to save many manhours and maintenance call-outs every year.

Experts in Industrial Data Communication

Production

Westermo's products are manufactured at its plant in Stora Sundby, Sweden. Its focus in 2018 was on a substantial increase of capacity, eliminating bottlenecks and fine-tuning manufacturing processes. The plant operates according to the IPC A-610 standard, and is ISO 9001 certified.

Network solutions

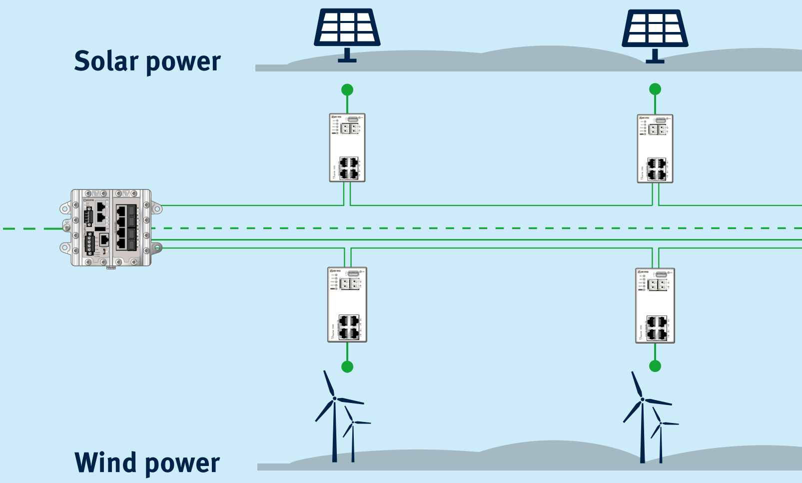
The typical customer in the transportation sector, for example, has extensive infrastructure with a lot of equipment on multiple systems to be controlled and monitored. Digital networks interconnect all resources and ensure that data always arrives at the right node. Many control and monitoring processes are inherently mission critical, which makes robustness and redundant solutions vital for customers. Networks are built using Westermo solutions, which embed the customer's specific values in sophisticated hardware and software.

Leading-edge software and hardware

Westermo delivers a broad array of products and solutions. Its product portfolio includes various types of Ethernet switch and router for wireless 3G/4G connection. These robust hardware platforms utilize Westermo's proprietary operating system WeOS, providing the customer with access to extensive functionality simply and effectively. WeConfig software is a graphical tool that offers customers major savings on the configuration and implementation of complex industrial networks. WeConnect is a solution bringing secure, wireless connection to networks that can be monitored and controlled over the Internet from anywhere. The product range is marketed as Westermo Edge Networks and Westermo IP Train. Product development is efficient, and in close partnership with Westermo's proprietary manufacturing resources.

Solutions and concepts

Constantly increasing demand to digitalize manufacturing is driving a continuing technology transition to IP-based network solutions. Ethernet is the simplest and most powerful way to interconnect industrial control and monitoring systems. It offers a wealth of advantages, but in simple terms, Ethernet technology can process massive data volumes with high precision. As networks are expected to connect more, and more complex, systems, the demand for network capacity and reliability is rising. Westermo provides world-leading data communication to a raft of sectors, and with its expanded product portfolio, customers in the energy segment, with their special standards, will also be able to benefit from Westermo's concept for the most robust and reliable data communication solutions for industrial applications.

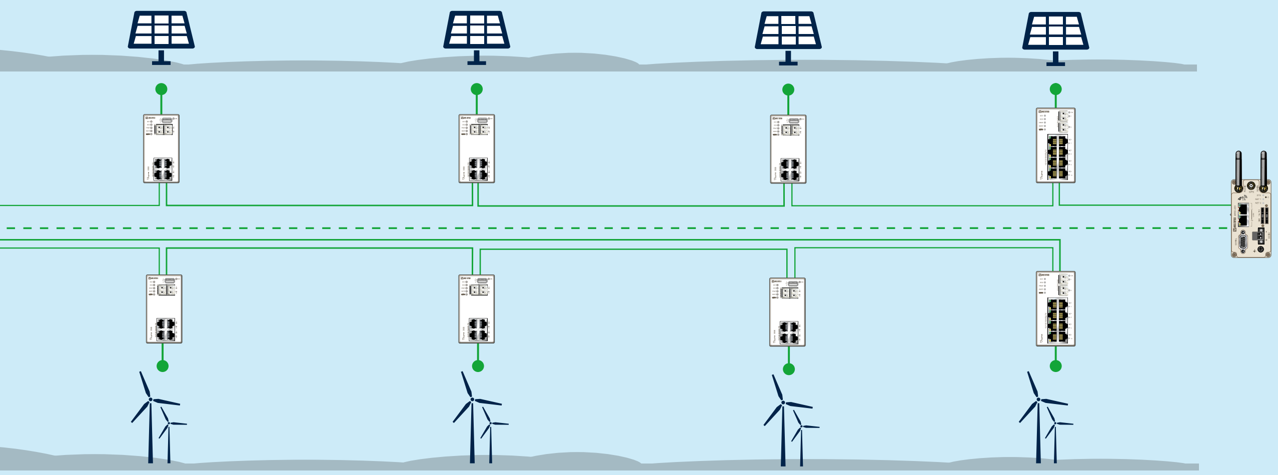


Strategy and future

Westermo has continued to develop various network solutions, and development initiatives sustained their high level in 2018. The IP Train offering, including the Viper product range, was extended. Developing a new version of the WeOS operating system continued as planned. Development of the new generation of the Lynx family, with enhanced performance in terms of speed and capacity, entered its final phase. These new products will be launched in 2019.

Westermo formulated, and also adopted, a new strategic plan for 2019-21 called WeGrow, which builds on Westermo's successes in the train segment, and the business entity's current product range. In addition to a continued initiative in train networks, this involves targeted initiatives in network solutions for the rail infrastructure and power distribution segments. The estimated total market value of these three segments is 4 billion SEK, with yearly growth of 10-15%.

Westermo has some sales in trains and power distribution at present. But to address the whole market, we need to invest in a broader product portfolio, upgrades, additions to protocols and certifications. We also need to concentrate on increasing the software and servicing content in our business model. We anticipate the new strategic plan requiring investments over a three-year period, and anticipate a significant contribution to the business entity's growth, sales and profitability.



Business entity

Korenix

Korenix achieved good order intake and sales growth in 2018. After adapting its organization in 2017, its focus in the year was on recovery. Korenix fine-tuned its organization and extended its distributor network.

The product range was modified, focusing on customer needs and the demand for differing functionality and capacity. The marketing process clarified the business entity's product and solution offering, focusing on selected segments and verticals.

Korenix also succeeded in securing new orders from a number of major customers. The business entity received a 5 MSEK order from the Taiwanese Department of Transportation for solutions in the Smart City concept for wireless communication on Taipei city buses. Korenix also secured a breakthrough order from China Metro in Shenzen for the city's metro system. Another order was also received for an airport surveillance system in China.

Shipments to Tai Power from previous orders continued to plan, with repeat orders also placed according to the contract outlining orders for the next five years.

Overall sales progressed well through the year apart from the third quarter, which was impacted by pronounced seasonality. Sales in Europe increased by 23%, and Europe accounted for 44% of Korenix's total sales in 2018. In the US, sales were up by 57%, and the US represented 9% of sales. In Asia, which accounted for 46%, sales were unchanged year on year. Korenix's two largest markets moved in opposite directions–sales rose by 119% in China but fell by 20% in Taiwan.

Although earnings improved somewhat in the year, the loss was not anticipated in internal estimates. The main explanation is some major customers deferring shipments scheduled for the fourth quarter 2018 to the first half-year 2019. This implied that the cost base accumulated could not be covered by increased revenue as planned.

The business entity started off the new year with a significantly larger order book and the direction in 2019 remains good growth, with the target of achieving profitability.

Korenix's order intake increased by 20% to 129.2 MSEK (107.3) in 2018. Sales increased by 13% to 117.8 MSEK (104.2). EBITDA was 6.3 MSEK (5.6). EBIT was -6.4 MSEK (-9.9).

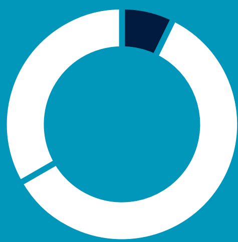
> Our goal for 2019 remains good growth and a return to profitability. We have also staked out a new strategic plan focusing on developing new products with superior performance in 2019-21.

WESLEY CHEN, CEO KORENIX

Sales 2018

118 MSEK

Share of Group sales



7%

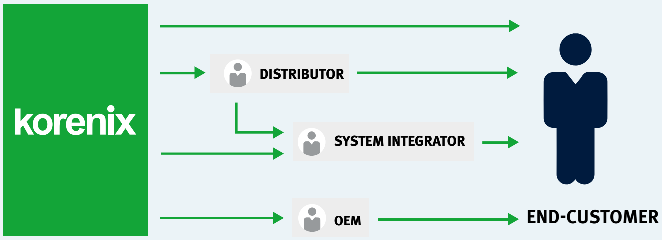
	2018	2017
Total sales	117,754	104,198
EBITDA	6,331	5,588
EBIT	-6,362	-9,934
EBIT margin, %	-5.4	-9.5
Share of Group sales, external, %	7.3	7.4

143 employees

Offering and market

Communication solutions

Korenix provides the market with high-end data communication solutions wirelessly and over Ethernet, in an offering consisting of software and hardware. Korenix focuses on, among other things, wireless communication solutions for surveillance and security. The company addresses a number of selected market segments: transportation, with its need for information systems and communication solutions for buses, trains, metros, tunnels, roads and airports, is one major segment. Energy and power distribution are a second priority segment. IIoT (Industrial Internet of Things) solutions linked to automation in the manufacturing and semiconductor industries is a third. The market is generally in high growth.



Sales channels

Korenix markets and sells communication solutions through various channels–an in-house sales force, sales through OEM customers, system integrators and distributors. In Taiwan, sales are through Korenix's own sales force. In China, the organization consists of five distributors and twelve key accounts. Sales globally outside Taiwan and China are through a distributor network, which is being progressively expanded.

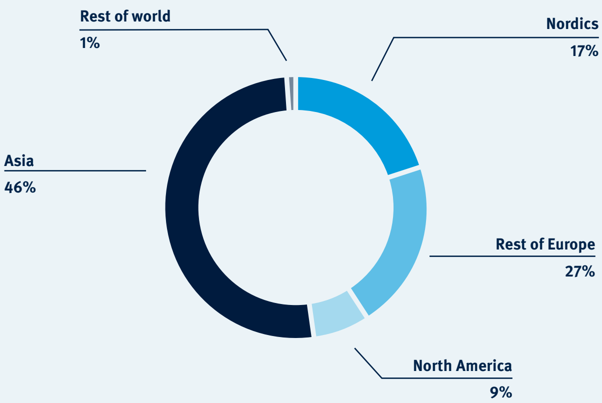
Market segments

The largest segments are surveillance, transportation and infrastructure, the power sector and manufacturing.

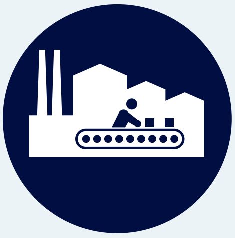
Sales and customers

Korenix's sales are global, with 46% in Asia in 2018. Europe generated 44% of sales and North America 9%.

OEM customers accounted for 20% of sales, and distributors for 31%.



Products and technology



Production

Korenix's products are manufactured at its plant in Taipei, Taiwan. Manufacturing is ISO 9001 certified.

Solutions and concepts

Korenix's communication solutions integrate software and hardware. The hardware includes Ethernet switches, wireless switches, 3G and 4G routers, and combinations of switches and routers, as well as IIoT solutions. Antennas are essential for reach and security. Korenix has a sharp focus on the secure IT solutions. Korenix Network Manager software is the core solution, which configures complete networks. Products are marketed under the JetWave, JetNet and JetPort brands with differing capacity and performance.

Smart City in Taipei

Korenix has developed a digital communication system for the surveillance and control of traffic flows, with a special focus on public transport and buses. Surveillance systems promote a safer environment for passengers and staff, helping reduce criminality and vandalism. The systems also provide passengers with updated information on arrival and departure times. In June 2018, Korenix received a major order worth an estimated 5 MSEK from the Taiwanese Department of Transportation in the Smart City concept for wireless communication solutions for Taipei's city buses. These solutions capture position, speed, schedule disruption and other data via GPS in real time. The data is then transmitted wirelessly to a center that takes preventative action, plans fleet usage and other necessary actions. Eventually, Taipei's plan is to install communication solutions in some 1,000 vehicles.

Strategy and future

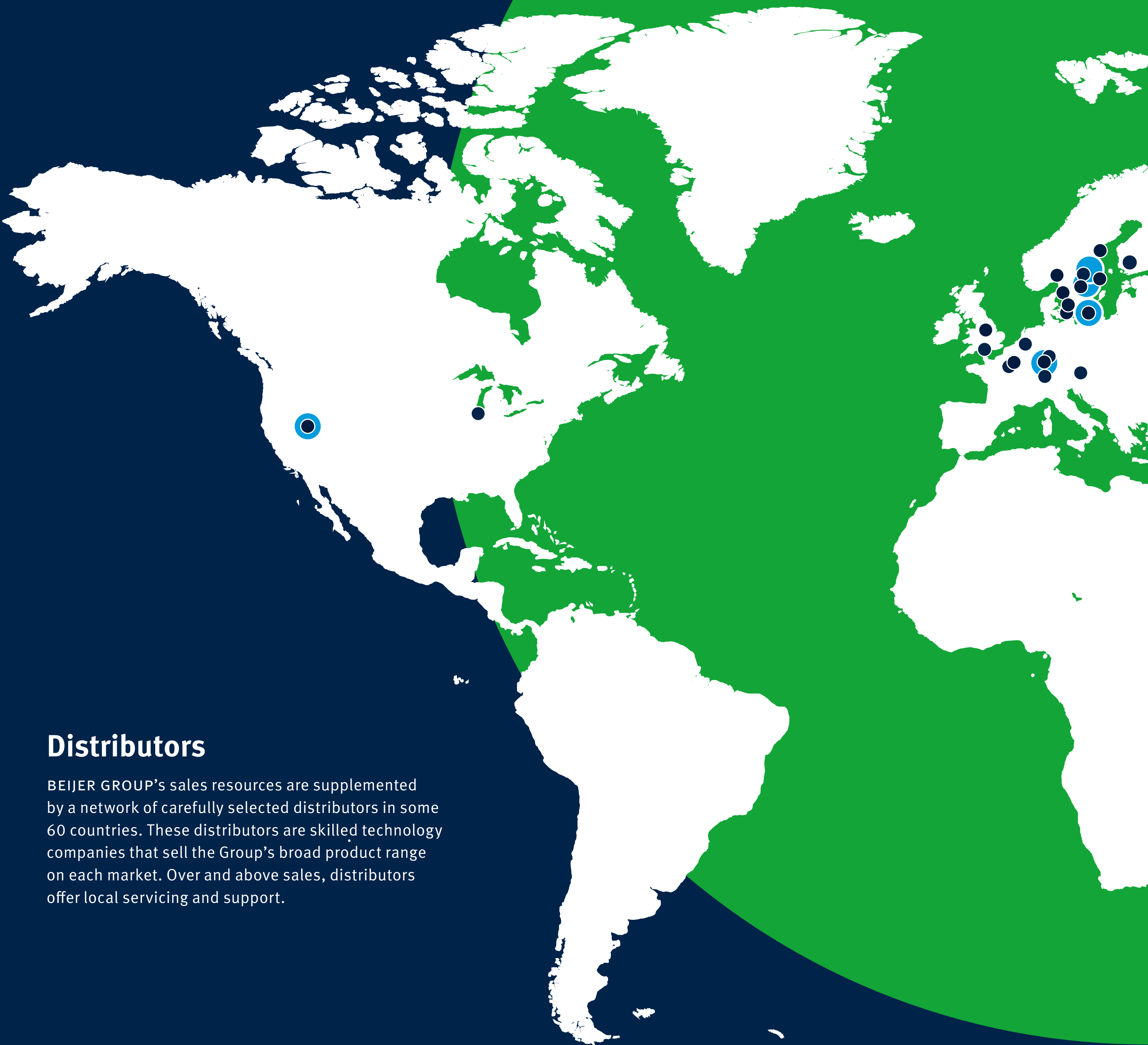
In 2018, Korenix staked out its strategic direction for the period 2019-2021. Its strategy includes a new product plan focused on developing new, higher-performance products. The rapid growth of digitalization means increasing demand for higher data transmission speeds and more bandwidth.

Korenix's current product range covers speeds from 10 megabit to 1 gigabit with differing capacity and functionality. The new plan targets speeds up to 10 gigabit with still higher capacity and more functionality.

With its broader product range, Korenix will be able to offer more specific solutions in selected market segments. Korenix will focus especially on different network and communication solutions for segments like surveillance of the environment, water treatment, wind power, intelligent transport systems for rail track and trains, and for airports.

In contact with our markets

Since 1981, BEIJER GROUP has grown from being a localized technology enterprise in Sweden into a multinational group with operations on major markets worldwide. Our ambition is to be a flexible partner for our customers when they move into new markets—while we can also provide the local support they need.



Distributors

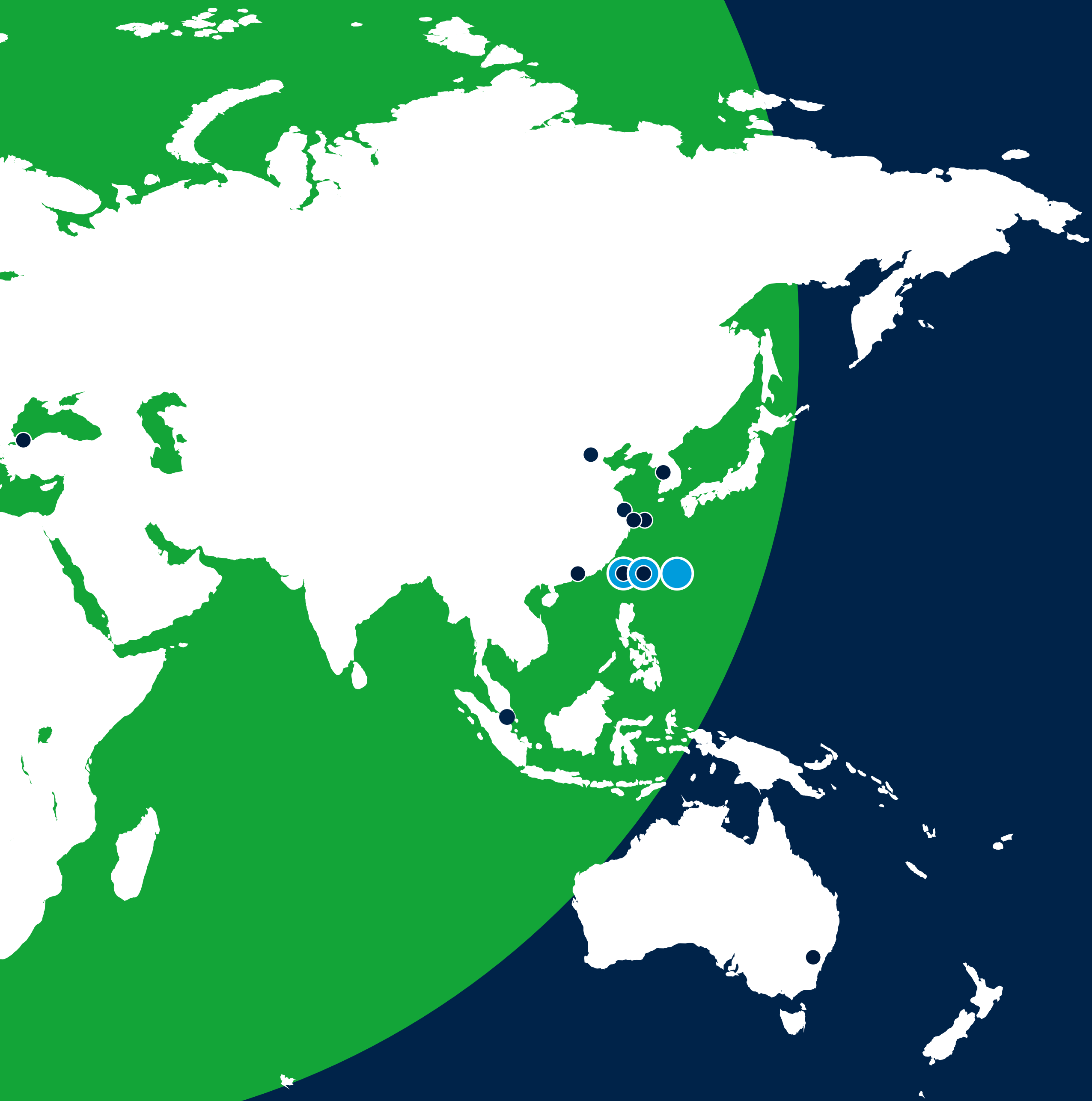
BEIJER GROUP's sales resources are supplemented by a network of carefully selected distributors in some 60 countries. These distributors are skilled technology companies that sell the Group's broad product range on each market. Over and above sales, distributors offer local servicing and support.

Sales offices

BEIJER GROUP has its own sales and support business spanning 17 countries. Operations are supplemented by sector-focused sales teams that operate across the whole international arena. Local support and closeness to customers are key cornerstones of the business model.

Production/development

BEIJER GROUP has development centers in Malmö and Västerås, Sweden, Nürtingen in Germany, Salt Lake City in the US, and Taipei, Taiwan. The Group's manufacturing facilities are located in Stora Sundby, Sweden and Taipei, Taiwan.



Sustainability Report 2018–summary

Intensified work on sustainability

In 2018, BEIJER GROUP intensified its sustainability work, and is publishing its second Sustainability Report. The complete Report is published separately on BEIJER GROUP's website, www.beijergroup.com. The Report is summarised in the following sections.

In 2018, BEIJER GROUP's efforts concentrated on achieving structured, systematic and documented sustainability work. A sustainability team was set up in the year, with representatives of the Group's three business entities. The Group analyzed its key suppliers and how they conduct their sustainability work. BEIJER GROUP also joined the UN Global Compact in 2018.

Sustainability issues gained a more prominent role within the Group. BEIJER GROUP is endeavoring to put its sustainability work on a goal-oriented footing, and encouraging its people to participate actively in this process.

Vision

BEIJER GROUP's sustainability work should be an integrated and natural part of its operations, and its efforts should be towards sustainable development.

Strategy

Conducting sustainability work responsibly is critical to the company's short and long-term success, while focusing on profitability and long-term shareholder value.

Its action should feature high skills levels, good business morals and being aware of its responsibilities.

Commitment

BEIJER GROUP's Group Management has made a number of over-arching strategic commitments that create a framework for managing operations in accordance with its sustainability strategy. These commitments impact on overall guidelines, ecological sustainability, economic sustainability and social sustainability. They are reviewed in more detail in the complete Sustainability Report.

UN Global Compact

BEIJER GROUP joined the UN Global Compact in June 2018. Prior to joining, the Group was already using the Global Compact as a benchmark for systematic sustainability work. BEIJER GROUP was utilizing the UN Global Compact Self-Assessment Tool to analyze the company's efforts in sustainability, and to identify priority aspects. The Group's Code of Conduct for suppliers is already based on the Ten Principles of the Global Compact, which all suppliers must sign before a business relationship can begin.

The UN Global Compact is a voluntary initiative designed to promote sustainable development and responsible business. By joining, companies demonstrate that they support ten universal principles in the segments of human rights, labor, the environment and anti-corruption. With several thousand participants in 130 countries, the UN Global Compact has become a global initiative with a strong presence worldwide.

Intensifying and evaluating priority segments

Suppliers

BEIJER GROUP has several hundred suppliers. The Group's processes include visiting and assessing key suppliers each year, while visiting other major suppliers every second year. Other suppliers are not covered by regular inspections. The Beijer Electronics business entity continued its assessment of key suppliers in 2018, which started with two audits in 2017. Six audits on four different suppliers were conducted in 2018.

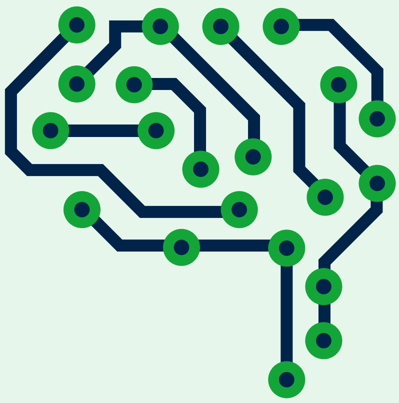
Their results revealed no instances of non-compliance from the standards set for two suppliers. Two other suppliers had a number of improvements that need to be implemented. Korenix and Westermo are in the process of implementing audits of the social and environmental standards set on suppliers. This means that next year, the Group will achieve its target of ten audits each year.

Long-term profitability

Profitability is critical to long-term survival in a global and competitive world. Being able to offer the market solutions, products and services that customers really want and need is fundamental. A high-technology company like BEIJER GROUP applies high standards on priorities. Profitable companies can also attract more skilled people and keep improving their operations.

Psychosocial working environment

Creating a workplace that is a healthy environment mentally and physically is not only desirable from an individual perspective, but also critical to a successful business operation. BEIJER GROUP asks its staff to participate anonymously in yearly surveys, providing Management with feedback on whether the whole Group is moving in the right direction. The results from 2018 revealed that generally, people have a positive perception of their working situation and workplaces, with zero tolerance of discrimination and harassment, and encouragement to maintain a healthy work-life balance receiving especially high ratings. But there is room for improvement. Management has particularly identified a need for actions to improve effective leadership, highlighting people's developmental potential more clearly, and raising general awareness about mutual respect and support.



Anti-corruption

The internal Management program involving education in anti-corruption, ethics and morals continued in 2018. At the end of 2018, all Management staff and 50% at intermediate level had taken the program. Additionally, all staff had read, understood and accepted BEIJER GROUP's code of conduct. This training program is a strong preventative measure against the risk of corruption that is inherent in any business active in several continents and different countries with differing cultures and standards, where corruption may be perceived as acceptable.

Climate impact of the Group's products

BEIJER GROUP agrees that global warming must be kept well below 2 degrees above pre-industrial levels in accordance with the UN Paris Agreement. The Group's ambition is to ensure that its products and services are designed and manufactured energy efficiently. To deepen understanding of the climate impact of its products, the Group has conducted a life cycle analysis of one of the business entity's three biggest-selling products. This analysis indicates that the usage phase and production of raw materials generate most of the product's climate impact. Transportation also has some climate impact. Assembly and manufacture, as well as disposal on obsolescence, have negligible climate impact.

Materials selection in products

The Group's products are designed and manufactured to main good quality and long useful lives, often in harsh environments. Normally, products consist of several hundred components, which may combine thousands of different natural and synthetic materials.

The Beijer Electronics business entity publishes Environmental Product Declarations (EPDs of all items developed in-house. Ten of its product families have EPDs at present. It has been publishing EPDs on previous products since 2008. EPDs specify items including materials content, packaging materials, recycling instructions for components and packaging, as well as instructions on reducing environmental impact during the usage phase. Westermo and Korenix do not publish EPDs at present, but have an ambition to do so in 2019.

Innovation and fresh ideas

BEIJER GROUP continuously develops innovative solutions and products to maintain its competitiveness in a sector where the progress in software and hardware is rapid. Innovation and development resources are not only decisive investments in terms of the Group's long-term survival, but they also enable the discovery of new ways to reduce products' climate impact.

BEIJER GROUP spent some 163 MSEK on product development in 2018. Product development should be structured, managed and systematic, but simultaneously flexible to provide scope for people's fresh ideas and creativity. One critical success factor is development teams interacting in close dialogue with customers to ensure that development is from the customer's perspective and needs.

Financial information

BEIJER GROUP is an innovative, high-technology Group that provides the market with digital solutions that help customers optimize processes at different levels of their business. Our solutions bridge the interface between human and machine. Data is captured, controlled, transported, presented and analyzed in interactive and seamless processes.

Our offering consists of software, hardware, services and servicing, linking a variety of systems across wired and wireless digital networks, interconnecting a raft of IIoT applications. Our solutions are robust to enhance our customers' operations, with their focus on efficiency, reliability and IT security.

Products and solutions are sold through proprietary sales units in 17 countries, and via a network of independent distributors in about 60 countries.

The Group is organized into three business entities: Beijer Electronics, Westermo and Korenix. These entities have proprietary product development and manufacture, and global sales responsibility.

Directors' Report

The Board of Directors and Chief Executive Officer of Beijer Electronics Group AB (publ), corporate identity number 556025-1851, hereby present the Annual Accounts and Consolidated Accounts for the financial year 2018. The information in brackets is for the previous year.

The Group is referred to as BEIJER GROUP below.

Group operations

BEIJER GROUP provides the market with digital solutions that help customers optimize processes at different levels of their business. Data is captured, controlled, transported, presented and analyzed in interactive and seamless processes. Its offering consists of software, hardware, services and servicing, linking a variety of systems across wired and wireless digital networks, interconnecting a raft of IIoT (Industrial Internet of Things) applications. Solutions are robust to enhance customers' operations, with their focus on efficiency, reliability and IT security. The Group addresses a number of market segments with varying needs that apply differing standards to their solutions.

Proprietary technology and product development is a critical precondition for BEIJER GROUP's competitiveness on the market. The company has development centers in Sweden, Germany, Taiwan and the US. The company's products and solutions feature high technology content, quality and user-friendliness.

The Group's vision is to be a leading global supplier of user-friendly and robust digital solutions. Products and solutions from BEIJER GROUP are sold through proprietary sales units in 17 countries, and via a network of independent distributors in some 60 countries. See also Note 14 for more information on the Group's subsidiaries. Parent company Beijer Electronics Group AB is a holding company with central functions like strategic development, accounting and Finance, IT, human resources, quality and environment, as well as communications.

The Group is divided into three business entities: Beijer Electronics, Westermo and Korenix. These business entities have proprietary product development and manufacture, and global sales responsibility.

Operations in the year

Growth on the global market is driven by investment in new products, digitalization, and the trend towards more connected systems, urbanization, investment in infrastructure, ongoing rationalization of production controls and logistics, the rationalization of industrial processes and the need for more efficient energy consumption. Infrastructure like railways, highways, tunnels and energy distribution are growing market segments for digital solutions.

The trend on the industrial data communication market is high growth of around 10% annually. The market for solutions that process data and information is returning long-term growth of around 6-7% annually. The global market achieved healthy growth in 2018.

Order intake, sales and profit

The Group's order intake increased by 27% and amounted to 1,593.2 MSEK (1,251.6). Sales rose by 18% to 1,417.2 MSEK (1,205.9). Sales in the Nordics increased by 10% to 342 MSEK (312), or 24% of Group sales. In the rest of Europe, sales rose by 23% to 493 MSEK (401), or 35% of total sales. In North and South America, sales increased by 25% to 311 MSEK (248), corresponding to 22% of sales. In Asia, sales increased by 11% to 261 MSEK (235) or 18% of Group sales.

Proprietary products represented approximately 96% of the Group's total sales.

EBITDA increased by 67% to 150.6 MSEK (90.3). Depreciation and amortization was 76.6 MSEK (72.3). EBIT increased to 73.9 MSEK (18.0). Profit/loss before tax was 63.0 MSEK (-3.8). Net financial income/expense was -10.9 MSEK (-21.9). Profit/loss after estimated tax was 43.5 MSEK (-6.2). Earnings per share after estimated tax were 1.52 SEK (-0.24).

Significant events

In March 2018, the Board of Directors of Beijer Electronics Group AB decided to issue 34,657 class C shares with a quotient value of SEK 0.33, in accordance with the authorization of the Annual General Meeting (AGM) 2017. The issue was to a financial institution, and was immediately repurchased by the company. The intention of the repurchased class C shares on delivery to employees in 2020 is to convert them to ordinary shares, pursuant to the terms and conditions of the LTI 2017/2020 incentive program.

The AGM of April 2018 resolved to elect Karin Gunnarsson and Lars Eklöf as Board members, and to re-elect the Board members Bo Elisson, Ulrika Hagdahl and Johan Wester. Bo Elisson was elected Chairman of the Board.

In the fourth quarter, the parent company signed a new three-year financing agreement with a major Scandinavian bank. This agreement involves a total facility of 750 MSEK, bringing the Group financial flexibility and room to act for continued expansion, and includes the capacity for small and mid-sized complementary acquisitions.

Beijer Electronics business entity

Beijer Electronics provides the market with system solutions that help customers optimize processes at different levels of their business. Information in the form of data is captured, controlled, presented and analyzed in interactive processes. Its offering consists of software, hardware, services and servicing, linking systems with a raft of IIoT applications. Its solutions are robust to enhance customers' operations, with their focus on efficiency, reliability and IT security.

The business entity progressed in line with its new strategic plan in 2018. Order intake and sales saw high growth; gross profit and gross margin improved. EBIT increased markedly due to higher sales volumes, the effect of previous rationalization measures, and good cost control.

All regions achieved growth. Sales in Europe were up by 12%. North America increased by 13%. In Asia, sales were up by 6%. China achieved robust growth, although growth was more restrained in Taiwan. The business entity's new X2 series HMIs continued their healthy growth. With 40% of total sales in the full year, the X2's launch has been Beijer Electronics' most successful to date. The conversion process to the new HMIs began in Asia in the year, but is now expected to take longer in Asia, because the X2 series entails the replacement of hardware and software, which is a bigger step for customers.

The new "Fast track to the cloud" solution with BoX2 passed its test phase with 20 different customers in 2018. This solution has been very well received by customers, with acceptance fully matching expectations. The solution integrates software and hardware, and is an IIoT application, offering easy connection to existing automation equipment. BoX2 is compatible with over 75 different PLC systems from all the major manufacturers and vendors, and launch will be in the first half-year 2019. BoX2 and related services will be marketed in a SaaS model, with hardware invoiced on delivery and software with a subscription fee.

Beijer Electronics will be phasing out a number of older HMI models in 2019, which will impact growth, although the loss of sales is expected to be more than offset by new products. Product development maintained its high tempo in 2018. The software share of sales is growing, and customers are increasingly demanding complete solutions. This is a contributor to growth, simultaneous with improving the mix of products, services and servicing.

Order intake, sales and profit

Beijer Electronics' order intake increased by 20% to 792.0 MSEK (660.1) in 2018. Sales increased by 11% to 731.4 MSEK (659.1). EBITDA increased to 75.1 MSEK (36.6), and EBIT rose to 47.4 MSEK (12.5), equating to an EBIT margin of 6.5% (1.9).

Westermo business entity

Westermo provides mission-critical industrial data communication solutions. In simple terms, these solutions enable data to be transmitted across wired and wireless networks. Reliable data communication is essential for digitalization where different systems are interconnected to enable various applications and equipment to be controlled and monitored. These solutions address the market for infrastructure and various industrial sectors.

The Westermo business entity reported its best year to date, setting order intake, sales and earnings records in 2018. The gains are broad based, basically covering all markets that Westermo addresses. The demand in train networks remained especially high, although network products also made good progress.

Westermo's focused initiative on networks for trains within IP Train was successful, and the business entity is now one of the world's leading vendors. Westermo's competitiveness was apparent in new major orders from multinationals like Alstom and Siemens Mobility. Several new accounts were secured including breakthrough orders in countries including Belgian and Canada. Bombardier, Toshiba and a major US train manufacturer are some of the customers that placed major repeat orders.

Westermo's brisk growth rate in 2018 exceeded already high internal estimates. This presented the business entity with exceptional challenges in addressing demand with its delivery capacity. A global component shortage, bottlenecks among suppliers and manufacture triggered shortages in delivery capacity. Nevertheless, securing shipments to customers was prioritized ahead of efficiency. In the short term, this produced above-normal costs, including weekend and night shifts in manufacture, the injection of external resources and higher expenses for component procurement. But these actions helped ensure commitments to customers were satisfied, which for the long term, is most important.

The additional expenses include activities for further capacity injections for 2019, which will gradually enable more cost-efficient production. The business entity's product development activities also remained intensive, maintaining a high tempo. In 2018, most launches were new product versions and upgrades. Product development was directed towards major launches in 2019, such as a new generation of network products, and generational transition of the WeOS operating system.

Order intake, sales and profit

Westermo's order intake was up by 37% to 687.9 MSEK (502.7). Sales rose by 27% to 584.2 MSEK (461.2). EBITDA increased by 40% to 97.4 MSEK (69.5). EBIT increased by 50% to 69.7 MSEK (46.6), equivalent to an operating margin of 11.9% (10.1).

Korenix business entity

Korenix provides the market with high-end data communication solutions wirelessly and over Ethernet, in an offering consisting of software and hardware. Korenix focuses on segments including wireless communication solutions for surveillance and security. The company addresses a number of selected market segments such as transportation and energy. IIoT solutions linked to automation in the manufacturing and semiconductor industries are other market segments.

The business entity achieved high order intake and sales growth in 2018. After this organization's adaptation in 2017, its focus in the past year was on recovery. Korenix fine-tuned its new organization, expanding its distributor network. The product range was modified, focusing on customer needs and the demand for differing functionality and capacity. The marketing process clarified the business entity's product and solution offering, focusing on selected segments and verticals.

Korenix also succeeded in securing new orders from a number of major customers. The business entity received a 5 MSEK order from the Taiwanese Department of Transportation for solutions in the Smart City concept for wireless communication on Taipei city buses. Korenix also secured a breakthrough order from China Metro in Shenzen for the city's metro system. Another order was also received for an airport surveillance system in China.

Shipments to Tai Power from previous orders continued to plan, with repeat orders also placed according to the contract outlining orders for the next five years.

Overall sales progressed well through the year apart from the third quarter, which was impacted by pronounced seasonality. Sales in Europe increased by 23%, and Europe accounted for 44% of Korenix's total sales. In the US, sales were up by 57%, and the US represented 9% of sales. In Asia, which accounted for 46%, sales were unchanged. Korenix's two largest markets moved in opposite directions–sales rose by 119% in China but fell by 20% in Taiwan.

Although earnings improved somewhat in the year, the EBIT loss was not anticipated in internal estimates. The main explanation is some major customers deferring shipments scheduled for the fourth quarter 2018 to the first half-year 2019. This implied that the cost base accumulated could not be covered by increased revenue as planned.

The business entity started off the new year with a significantly larger order book and the direction in 2019 remains good growth, with the target of achieving profitability.

Order intake, sales and profits

Korenix's order intake increased by 20% to 129.2 MSEK (107.3) in 2018. Sales increased by 13% to 117.8 MSEK (104.2). EBITDA was 6.3 MSEK (5.6). EBIT was -6.4 MSEK (-9.9).

Investments, cash flow and financial position

The Group's investments including capitalized development expenditure and acquisitions amounted to 93.7 MSEK (79.4) in 2018. Cash flow from operating activities was 109.2 MSEK (47.9). Equity amounted to 652.9 MSEK (585.0). The equity/assets ratio was 43.3% (41.7). Cash and cash equivalents amounted to 94.5 MSEK (89.3). Net debt was 418.0 MSEK (417.4).

Profitability

Return on equity was 7.0% (-1.2). Return on capital employed and net operating assets were 6.7% (1.7) and 8.5% (2.5) respectively.

Human resources

The average number of employees was 713 (702).

Product development

The Group's product development is conducted in the Beijer Electronics, Westermo and Korenix business entities. Development projects are regularly executed to extend the range of new products and solutions, and enhance the existing offering.

Beijer Electronics develops hard and software solutions for digitalized management, surveillance and control, and connection to the cloud for gathering and analyzing data. There are development centers in Malmö in Sweden, Nürtingen in Germany, Salt Lake City in the US and Taipei in Taiwan.

Development expenditure in the business entity was 61.4 MSEK (59.1). This corresponded to 8.4% (9.0) of sales.

Development expenses excluding depreciation and amortization charged to profit were 36.9 MSEK (32.9).

Westermo develops and manufactures robust network products for secure data communication. Development consists of hardware and software. There are development units in Stora Sundby and Västerås, Sweden. Development expenditure in this business entity was 80.0 MSEK (69.3), or 13.7% (15.0) of sales. Development expenses excluding depreciation and amortization charged to profit were 46.4 MSEK (44.3).

Korenix develops hardware and software for wireless and wired data communication focusing on security and surveillance applications. Development is conducted in Taipei, Taiwan. Development expenditure amounted to 19.2 MSEK (16.9), or 16.3% (16.3) of sales. Development expenses excluding depreciation and amortization charged to profit were 12.8 MSEK (13.7).

The Group's total expenditure for development was 162.7 MSEK (147.8), corresponding to 11.5% (12.3) of Group sales. Development expenses excluding depreciation and amortization charged to group profit were 98.2 MSEK (93.4).

Currencies

The Group's sales are conducted globally in different currencies. Euro-denominated sales were the equivalent of 520 MSEK, or 37% of total sales. Sales denominated in US dollars were 413 MSEK, 144 MSEK denominated in Swedish kronor, 94 MSEK in UK sterling, 62 MSEK in Chinese yuan, and 184 MSEK in other currencies.

Environmental impact

Primarily, the Group's environmental activities focus on the environmental impact of its products. Close collaboration with suppliers is a key driver of environmental work. The company's standard products satisfy the RoHS directive, which prohibits the usage of lead in electrical and electronic products. Operations of several of the units in Sweden are ISO 14001 certified to ensure compliance with applicable standards, and work on environmental issues is structured and contributes to continuous improvement.

IFRS

The Group has been reporting in accordance with International Financial Reporting Standards (IFRS) since 1 January 2005.

Risks

The Group's business is affected by a number of exogenous factors, whose effects on the Group's results of operations and financial position can be controlled to varying degrees.

Business risks like market risks, collaborative agreements, product liability, technological progress and dependency on staff are subject to continual analysis, and where necessary, measures are taken to reduce the Group's risk exposure. The Group has sales and purchasing in foreign currencies and is thus exposed to currency risks. Normally, the Group does not hedge its currency flows. The Group also has some financial risks such as interest risk, liquidity risk and refinancing risk. The Board of Directors sets the rules for risk levels and managing financial risks at various levels in the Group. The goal is to minimize these risks, and clarify responsibility and authority. Following up on rules and their compliance is verified by the individuals responsible and reported to the Board of Directors. Interest-bearing liabilities were 512.5 MSEK (506.7) at year-end. Net debt amounted to 418.0 MSEK (417.4).

Shares and ownership structure

As of 31 December 2018, the parent company's share capital was 9,545,345 SEK, divided between 28,636,036 shares, of which 28,601,379 ordinary shares and 34,657 class C shares. The minimum share capital is 5,000,000 SEK, and the maximum is 20,000,000 SEK. Each share has a quotient value of 0.33 SEK. All shares confer equal entitlement to the company's assets and profits. Ordinary shares carry one vote, and class C shares carry one-tenth of a vote.

The parent company's largest shareholder at year-end 2018 was Stena Sessan with 29.8% of the capital and votes. SEB Fonder held 14.0%, Nordea Fonder 11.3%, and Svolder AB held 11.1% of the capital and votes.

In March 2018, the Board of Directors of the parent company decided to issue 34,657 class C shares with a quotient value of SEK 0.33, in accordance with the authorization of the AGM 2017. The issue was to a financial institution, and was immediately repurchased by the company. The repurchased class C shares are intended for conversion into ordinary shares on delivery to employees in 2020, pursuant to the terms and conditions of the LTI 2017/2020 incentive program.

The AGM 2018 resolved to authorize the Board of Directors to decide on the new issue of a maximum of 2,860,137 ordinary shares on one or more occasions in the period until the next AGM.

The AGM 2018 resolved to adopt a long-term share-based incentive program for 2018 (LTI 2018/2021), involving up to 20 employees of the Group. This resolution also included a decision to authorize the Board of Directors to decide on the private placement of a maximum of 250,000 class C shares, authorization for the Board of Directors to repurchase issued class C shares, and transfer ordinary shares held in treasury to participants of LTI 2018/2021.

In accordance with a resolution by the AGM of 2018, a share-based incentive program has been introduced. The expected outcome involves the parent company issuing 150,066 class C shares in the first quarter 2019, consistent with the adopted program.

Guidelines for remuneration of Senior Executives

The Remuneration Committee is appointed each year by the Board of Directors. The Remuneration Committee consults on the Board of Directors' decisions on remuneration for the Chief Executive Officer and takes decisions on remuneration to other members of management. The Remuneration Committee also consults on proposals regarding potential incentive plans. The principles governing the work of the Remuneration Committee are reviewed in more detail in the Corporate Governance Report on page 86.

Basic salary and customary employment benefits are paid to management, plus pension benefits. Guidelines for remuneration to, and other employment terms of, senior executives for the financial year 2018 were approved by the AGM in April 2018. In 2018, remuneration to the Board of Directors and management, and a review of the incentive plan, is stated in Note 7 on page 63.

Financial targets

The Board of Directors set financial targets for the Group in 2016. The targets are that within a 2-3 year timeframe, the Group will achieve a minimum organic growth rate of 7% per year, and achieve a minimum EBIT margin of 10%, measured as an average over a business cycle.

Outlook for 2019

BEIJER GROUP expects to be able to achieve higher sales and profit in 2019 than in 2018.

Proposed appropriation of profit, parent company

The following funds in the parent company are at the disposal of the Annual General Meeting:

SEK 000	
Retained profit	279,121
Net profit/loss	-7,684
Total	**271,437**

The Board of Directors and Chief Executive Officer propose that these funds are appropriated as follows: Dividends of 0.5 SEK per share to shareholders.

SEK 000	
Total dividend	14,301
Carried forward	257,136
Total	**271,437**

The proposed record date for the dividend is 10 May 2019. If the proposal is ratified by the AGM, the dividend would be scheduled for disbursement on 15 May 2019.

The decision on the proposed dividend was reached considering the group's equity/assets ratio, which at year-end 2018 was 43.3% for the Group, and 36.8% for the parent company. Against the background of the Group's operations being conducted with profitability, the equity/assets ratio is satisfactory. The Board also judges that the Group's liquidity can be maintained at a satisfactory level.

The Board of Directors judges that the proposed dividend is justifiable in terms of the stipulations of chapter 17 §3 of the Swedish Companies Act regarding the requirements the nature, scale and risks of operations set on the size of equity and need to strengthen the Balance Sheet, liquidity and financial position otherwise, for the parent company and Group.

The Income Statement and Balance Sheet will be presented to the AGM on 8 May 2019 for adoption.

Consolidated Income Statement

SEK 000	2018	2017	Note
Revenues	1,417,240	1,205,912	2
Cost of goods sold	-706,461	-618,290	3
Gross profit	**710,779**	**587,622**	
Sales overheads	-269,392	-235,894	3
Administration overheads	-233,663	-207,997	3, 5
Research and development expenses	-135,538	-125,633	3
Other operating revenue and operating expenses	1,760	-82	4
Earnings before interest and taxes	**73,946**	**18,016**	6, 7, 8
Financial income	2,188	846	
Financial expenses	-13,096	-22,699	
Net financial income/expense	**-10,908**	**-21,853**	9
Profit before tax	**63,038**	**-3,837**	
Tax	-19,501	-2,373	11
Net profit	**43,537**	**-6,210**	
Attributable to equity holders of the parent	*43,518*	*-6,988*	
Attributable to non-controlling interests	*19*	*778*	
Basic earnings per share, SEK (comparative figure restated for completed rights issue)	*1.52*	*-0.24*	*20*
Diluted earnings per share, SEK (comparative figure restated for completed rights issue)	*1.51*	*-0.24*	

Statement of Comprehensive Income

SEK 000	2018	2017
Net profit	**43,537**	**-6,210**
Other comprehensive income: **Items not potentially reclassifiable to profit or loss**		
Restatement of net pension obligations	-15,710	-16,996
Tax related to above items	2,617	3,729
Items potentially reclassifiable to profit or loss		
Translation differences	40,178	-28,209
Tax related to above items	-2,564	973
Comprehensive income for the year	**68,058**	**-46,713**
Attributable to equity holders of the parent	*67,760*	*-47,161*
Attributable to non-controlling interests	*298*	*448*

Consolidated Balance Sheet

SEK 000	31 Dec. 2018	31 Dec. 2017	Note
ASSETS			
Fixed assets			
Property, plant and equipment	90,832	84,947	13
Intangible assets	789,153	754,571	12
Participations in associated companies	1,000	1,000	15
Long-term receivables	2,631	2,396	17
Deferred tax assets	50,207	51,721	24
Total fixed assets	**933,823**	**894,635**	
Current assets			
Inventories	177,679	169,321	18
Accounts receivable	250,651	197,896	19
Income taxes recoverable	11,263	11,880	
Other receivables	27,502	35,659	19
Prepaid expenses and accrued income	19,904	20,548	19
Cash and cash equivalents	94,488	89,281	
Total current assets	**581,487**	**524,585**	
Total assets	**1,515,310**	**1,419,220**	
EQUITY AND LIABILITIES			
Equity			
Share capital	9,545	9,534	
Other paid-up capital	239,163	239,252	
Translation reserves	122,977	84,657	
Accumulated profit or loss	281,203	251,572	
Equity attributable to equity holders of the parent	**652,888**	**585,015**	
Equity attributable to non-controlling interests	3,847	6,221	
Total equity	**656,735**	**591,236**	
Long-term liabilities			
Borrowings	300,000	340,000	21
Other long-term liabilities	4,604	3,431	31
Pension provisions	131,216	113,698	21,23
Deferred tax liabilities	50,338	48,685	24
Other provisions	4,346	5,298	25
Total long-term liabilities	**490,504**	**511,112**	
Current liabilities			
Borrowings	74,649	47,322	21
Customer advances	4,295	2,339	
Accounts payable–trade	111,407	122,417	
Tax liabilities	7,095	5,046	
Other liabilities	25,500	22,483	
Accrued expenses and deferred income	145,125	117,265	26
Total current liabilities	**368,071**	**316,872**	
Total liabilities	**858,575**	**827,984**	
Total equity and liabilities	**1,515,310**	**1,419,220**	

Information on the Group's pledged assets and contingent liabilities is in Note 28.

Consolidated Statement of Changes in Equity

SEK 000	Share capital [a]	Other paid-up capital	Reserves	Accumulated profit or loss [b]	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the parent						
Opening equity, 1 Jan. 2017	6,356	25,697	111,509	271,827	415,389	5,773	421,162
Net profit				-6,988	-6,988	778	-6,210
Restatement of net pension obligations				-13,267	-13,267		-13,267
Translation differences			-26,906		-26,906	-330	-27,236
Comprehensive income	**6,356**	**25,697**	**84,603**	**251,572**	**368,228**	**6,221**	**374,449**
Transactions with shareholders							
Paid-up capital after deducting for transaction expenses	3,178	213,555			216,733		216,733
Dividends							
Share-based payment			54		54		54
Closing equity, 31 Dec. 2017	**9,534**	**239,252**	**84,657**	**251,572**	**585,015**	**6,221**	**591,236**

SEK 000	Share capital [a]	Other paid-up capital	Reserves	Accumulated profit or loss [b]	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the parent						
Opening equity, 1 Jan. 2018	9,534	239,252	84,657	251,572	585,015	6,221	591,236
Net profit				43,518	43,518	19	43,537
Restatement of net pension obligations				-13,093	-13,093		-13,093
Translation differences			37,335		37,335	279	37,614
Comprehensive income	**9,534**	**239,252**	**121,992**	**281,997**	**652,775**	**6,519**	**659,294**
Transactions with shareholders							
Paid-up capital after deducting for transaction expenses	11	-89			-78		-78
Re-purchase of treasury shares				-11	-11		-11
Dividends						-1,412	-1,412
Förvärv				-783	-783	-1,260	-2,043
Share-based payment			985		985		985
Closing equity, 31 Dec. 2018	**9,545**	**239,163**	**122,977**	**281,203**	**652,888**	**3,847**	**656,735**

a) 28,636,036 (28,601,379) shares with a quotient value of 0.33 SEK (0.33).

No. of shares, 1 Jan. 2017	*19,067,586*
New shares issued	*9,533,793*
No. of shares, 31 Dec. 2017	*28,601,379*
New class C shares issued	*34,657*
No. of shares, 31 Dec. 2018	*28,636,036*
Ordinary shares	*28,601,379*
Class C shares, 1/10 vote	*34,657*
Total	*28,636,036*

b) Including net profit.

Consolidated Cash Flow Statement

SEK 000	2018	2017	Note
Operating activities			30
Profit before tax	63,038	-3,837	
Adjustments for non-cash items, etc.	85,142	78,075	
Tax paid	-13,447	-12,473	
Cash flow from operating activities before changes in working capital	**134,733**	**61,765**	
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories	-4,466	2,223	
Increase (-)/decrease (+) in trade receivables	-36,976	-22,321	
Increase (+)/decrease (-) in trade liabilities	15,883	6,194	
Cash flow from operating activities	**109,174**	**47,861**	
Investing activities			
Investments in intangible assets	-69,165	-61,119	
Investments in property, plant and equipment	-23,462	-17,806	
Investments in financial assets	-84	-638	
Acquisition of subsidiary	-2,043		
Sale property, plant and equipment		163	
Sale of subsidiaries, net liquidity effect	1,081		
Cash flow from investing activities	**-93,673**	**-79,400**	
Financing activities			
Proceeds from issue of shares	12	224,998	
Transaction expenses for new share issues and share re-purchase	-89	-8,265	
Re-purchase of treasury shares	-12		
Change of overdraft facility	27,326	-188,938	
Loan amortization	-40,000	-10,000	
Dividends paid to non-controlling interests	-1,412		
Cash flow from financing activities	**-14,175**	**17,795**	
Cash flow for the year	1,326	-13,744	
Cash and cash equivalents at beginning of year	89,281	107,228	
Exchange rate difference in cash and cash equivalents	3,881	-4,203	
Cash and cash equivalents at end of year	**94,488**	**89,281**	

Parent Company Income Statement

SEK 000	2018	2017	Note
Revenues	33,464	31,767	29
	33,464	**31,767**	
Operating expenses			
Sales and administration overheads	-71,843	-62,644	5,6,7,8,29
Other operating expenses			
Earnings before interest and taxes	**-38,379**	**-30,877**	
Profit from financial items			
Profit from participations in Group companies	1,417	1,027	9
Profit from other securities and receivables classified as fixed assets	9,305	-9,755	9
Interest income, etc.	6,575	6,105	9
Interest expenses, etc.	-9,489	-18,767	9
Profit after financial items	**-30,571**	**-52,267**	
Appropriations	23,000	53,000	10
Profit before tax	**-7,571**	**733**	
Tax on profit for the year	-113	75	11
Net profit and comprehensive income for the year	**-7,684**	**808**	

Parent Company Balance Sheet

SEK 000	31 Dec. 2018	31 Dec. 2017	Note
ASSETS			
Fixed assets			
Intangible assets	**27,121**	**32,324**	12
Property, plant and equipment	**465**	**562**	13
Financial assets			
Participations in Group companies	553,557	424,523	14
Receivables from Group companies	156,700	291,503	16
Shares in associated companies	1,000	1,000	15
Deferred tax assets	10,840	9,806	
Total financial assets	**722,097**	**726,832**	
Total fixed assets	**749,683**	**759,718**	
Current assets			
Current receivables			
Receivables from Group companies	27,827	17,922	
Income taxes recoverable	953	810	
Other receivables	177	226	
Prepaid expenses and accrued income	7,598	5,783	19
Total current receivables	**36,555**	**24,741**	
Cash and bank balances	1,166	1,166	
Total current assets	**37,721**	**25,907**	
Total assets	**787,404**	**785,625**	

SEK 000	31 Dec. 2018	31 Dec. 2017	Note
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital [a]	9,545	9,534	
Statutory reserve	1,244	1,244	
Reserve for development expenditure	7,572	5,790	
Total restricted equity	**18,361**	**16,568**	
Non-restricted equity			
Retained earnings	279,121	279,210	
Net profit	-7,684	808	
Total non-restricted equity	**271,437**	**280,018**	34
Total equity	**289,798**	**296,586**	
Provisions			
Pension provisions	8,878	7,504	
Total provisions	**8,878**	**7,504**	
Long-term liabilities			
Liabilities to credit institutions	300,000	340,000	22
Liabilities to Group companies	83,393	66,674	
Total long-term liabilities	**383,393**	**406,674**	
Current liabilities			
Liabilities to credit institutions	74,649	47,318	22
Accounts payable – trade	5,314	7,417	
Liabilities to Group companies	12,335	10,621	
Other liabilities	122	290	
Accrued expenses and deferred income	12,915	9,215	26
Total current liabilities	**105,335**	**74,861**	
Total equity and liabilities	**787,404**	**785,625**	

Information on the parent company's pledged assets and contingent liabilities is in Note 28.

a The number of shares in the company is 28,636,036 (28,601,379), of which 34,657 (0) are class C shares, each with 1/10 vote and the remainder are ordinary shares, each with 1 vote.

Parent Company Statement of Changes in Equity

SEK 000	Share capital [a]	Statutory reserve	Reserve for development expenditure	Accumulated profit or loss	Net profit	Total equity
	Restricted equity			Non-restricted equity		
Opening equity, 1 Jan. 2017	**6,356**	**1,244**	**2,367**	**69,024**		**78,991**
Change in reserve for development expenditure			3,423	-3,423		
Net profit					808	808
Total changes to net worth, exc. transactions with company's shareholders	**6,356**	**1,244**	**5,790**	**65,601**	**808**	**79,799**
Paid-up capital with deduction for transaction expenses	3,178			213,555		216,733
Share-based payment				54		54
Closing equity, 31 Dec. 2017	**9,534**	**1,244**	**5,790**	**279,210**	**808**	**296,586**

SEK 000	Share capital [a]	Statutory reserve	Reserve for development expenditure	Accumulated profit or loss	Net profit	Total equity
	Restricted equity			Non-restricted equity		
Opening equity, 1 Jan. 2018	**9,534**	**1,244**	**5,790**	**280,018**		**296,586**
Change in reserve for development expenditure			1,782	-1,782		
Net profit					-7,684	-7,684
Total changes to net worth, exc. transactions with company's shareholders	**9,534**	**1,244**	**7,572**	**278,236**	**-7,684**	**288,902**
Paid-up capital deducting for transaction expenses	11			-89		-78
Re-purchase of treasury shares				-11		-11
Share-based payment				985		985
Closing equity, 31 Dec. 2018	**9,545**	**1,244**	**7,572**	**279,121**	**-7,684**	**289,798**

a)

	2018	*2017*
No. of shares	*28,601,379*	*28,601,379*
Quotient value (SEK)	*0.33*	*0.33*
Votes per share	*1*	*1*

No. of shares	*34,657*	
Quotient value (SEK)	*0.33*	
Votes per share	*0.1*	

Parent Company Cash Flow Statement

SEK 000	2018	2017	Note
Operating activities			
Profit after financial items	-30,571	-52,267	
Adjustments for non-cash items, etc.	1,078	17,689	
Tax paid	-1,420	-500	
Cash flow from operating activities before changes in working capital	**-30,913**	**-35,078**	
Cash flow from changes in working capital			
Increase (-)/decrease (+) in trade receivables	11,329	-7,829	
Increase (+/decrease (-) in trade liabilities	3,143	-2,075	
Cash flow from operating activities	**-16,441**	**-44,982**	
Investing activities			
Investments in intangible assets	-3,035	-3,572	
Investments in property, plant and equipment	-135	-204	
Acquisition of subsidiary	-2,043		
Sale of subsidiary	1,081		
Investments/amortization of financial assets	9,312	5,704	
Cash flow from investing activities	**5,180**	**1,928**	
Financing activities			
Proceeds from issue of shares	12	224,998	
Change in overdraft facility	-89	-8,265	
Borrowings	-12		
Increase/decrease of financial liabilities	27,327	-188,910	
Loan amortization	24,023	25,231	
Dividend paid	-40,000	-10,000	
Cash flow from financing activities	**11,261**	**43,054**	
Cash flow for the year	0	0	
Cash and cash equivalents at beginning of year	1,166	1,166	
Cash and cash equivalents at end of year	**1,166**	**1,166**	30

Note 1

Accounting policies

(A) General information

Beijer Electronics Group AB and its subsidiaries form a multinational group that develops, markets and sells products and solutions in industrial automation and data communication. The company is registered in Sweden and has its registered office in Malmö. The address of the head office is Box 426, Stora Varvsgatan 13 A, 201 24 Malmö, Sweden. The company is listed on the Nasdaq OMX Nordic Stockholm Small Cap List.

The most important accounting policies applied when preparing these Consolidated Accounts are stated below. These policies have been applied consistently for all years presented, unless otherwise stated.

Basis of preparation of financial statements

The Consolidated Accounts have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Regulations for Groups and IFRS (International Financial Reporting Standards), as well as IFRIC interpretations as endorsed by the EU and to the extent they came into effect before 1 January 2019. Standards that came into effect from 1 January 2019 or later, for which earlier adoption has been encouraged, did not affect the Group's accounting for 2018. The Consolidated Accounts have been prepared in accordance with the cost method with the exception of financial assets and liabilities measured at fair value through profit or loss.

Introduction of new and revised accounting policies

(i) New and amended standards applied by the Group

IFRS 9 Financial Instruments deals with the presentation, measurement and recognition of financial assets and liabilities. It replaces those parts of IAS 39 relating to the presentation and measurement of financial instruments. The standard applies from financial years beginning 1 January 2018. The introduction of IFRS 9 has had no material impact on the Group's or segments' financial reporting.

IFRS 15 Revenue from Contracts with Customers formalizes the recognition of revenues. The principles that IFRS 15 are based on should give readers of financial statements more useful information on the company's revenues. The extended disclosure requirement means that information on revenue class, timing of settlement, uncertainties associated with revenue recognition and cash flow relating to the company's customer contracts should be provided. Pursuant to IFRS 15, revenue should be recognized when the customer gains control over the sold good or service, and can use or receive benefits from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and the associated SIC and IFRIC interpretations. IFRS 15 came into effect on 1 January 2018. Its introduction did not have any material impact on the Group's or segments' financial reporting.

(ii) New standards, amendments and interpretations of existing standards that have not yet come into effect and have not been applied prospectively by the Group

IFRS 16 Leases

IFRS 16 Leases comes into effect on 1 January 2019. This Standard regulates the recognition of leases and replaces IAS 17 Leases and the associated interpretations IFRIC 4, SIC-15 and SIC-27. This standard requires the assets and liabilities related to all lease arrangements, with a few exceptions, to be recognized in the Balance Sheet. This accounting is based on the view that the lessee has a right to use an asset for a specific period of time, and simultaneously, an obligation to pay for this right. Work on analyzing and evaluating the effect of this new standard on the Group's financial reporting is essentially complete.

The Group identified over 100 contracts on the transition date that are affected by the new standard, most of them being vehicle leases. The Group's financial reporting will mainly be impacted by premises lease contracts. There are also a number of leases on office equipment.

The Group has applied the modified retrospective approach for adopting the new Standard, which means the full effect of application of the standard is restated in the opening balances for the financial year 2019 without restating comparative figures. For some premises lease contracts, the Group has decided to adopt a method involving the assets side being measured on the basis of the actual start date of leases, and the liabilities side measured on the basis of the transition date being the start date. For other arrangements, the transition date has been used as the start date for measuring assets and liabilities, which at the transition date are essentially equal.

Direct acquisition costs for rights of use have not been included on transition. Right-of-use contracts with terms of less than 12 months or with costs of less than 5,000 USD are not included in the recognized liabilities or rights of use.

And incremental borrowing rate has been determined for each region. Right-of-use periods have been determined on the basis of contract terms, and with knowledge of termination and extension clauses, as well as a judgement of the significance of assets to operations.

The Group's opinion is that the introduction of the new standard will have the following effects on the Balance Sheet. Assets increase by 111 MSEK net, and liabilities increase by 115 MSEK net. Equity decreases by MSEK 4 net as a result of rights of use that are measured retroactively.

The Group expects that IFRS 16 will have a minor positive effect on EBIT and a minor effect on profit after financial items for the financial year 2019.

(B) Basis of preparation of the parent company and consolidated accounts

The parent company's functional currency is Swedish krona (SEK), which is also the presentation currency of the parent company and the Group. This implies that the financial statements are presented in SEK. All amounts, unless otherwise indicated, have been rounded to the nearest SEK 000.

The Group's accounting policies outlined below have been applied consistently to all periods presented in the Consolidated Accounts, unless otherwise indicated below. The Group's accounting policies have been applied consistently to reporting and the consolidation of the parent company, subsidiaries and associated companies. The Annual Accounts and Consolidated Accounts were approved for issuance by the Board of Directors on 21 March 2019. The Consolidated Income Statement and Balance Sheet and the Parent Company Income Statement and Balance Sheet will be subject to adoption at the Annual General Meeting (AGM) on 8 May 2019.

(C) Estimates and judgements

Preparing the financial statements in accordance with IFRS requires that the company management makes judgments and estimates as well as assumptions that influence the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions are based on historical experiences and a number of other factors that appear reasonable in the prevailing circumstances. The result of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that would otherwise not be clearly apparent from other sources. Actual outcomes may differ from these estimates and judgments.

The estimates and assumptions are reviewed regularly. Changes to estimates are reported in the period the change was made if the change affects this period only, or in the period the change is made and future periods if the change affects both the relevant period and future periods.

The estimates and assumptions that imply a material risk of material restatements of carrying amounts of assets and liabilities in the following financial year are summarized below.

(i) Impairment tests of goodwill

The Group tests annually whether goodwill is impaired in accordance with the accounting policy reviewed in the section (L) Intangible assets (i) Goodwill. The recoverable amount of cash-generating units has been measured by computing value in use. These calculations require the use of estimates. (Note 12).

(ii) Taxes

The Group is subject to income and other taxes in several jurisdictions. Significant judgment is required in measuring the worldwide provision for income taxes. There are many transactions and computations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences impact the current and deferred tax assets and liabilities in the period in which such measurement is conducted.

(iii) Pension obligations

The present value of pension obligations is dependent on a number of factors that are measured on an actuarial basis with the aid of a number of assumptions. The assumptions used when determining the net cost (revenue) of pensions include the discount rate. Any changes in these assumptions will impact the carrying amounts of pension obligations.

The Group determines the applicable discount rate at the end of each reporting period. This is the interest rate applied to determine the present value of estimated future payments that are expected to be required to settle the Group's pension obligations. When determining an appropriate discount rate for the Group's Swedish pension obligations, the Group obtains a yield curve based on average mortgage bonds on Nasdaq and the duration of obligations from PRI Pensionsgaranti. The Group computes the discount rate from this information. For defined benefit plans in Taiwan, the yield on an investment grade corporate bond has been applied. For more information and a sensitivity analysis, see note 23 provisions for pensions and similar obligations.

(iv) Restructuring expenses

The Group initiated a restructuring program in 2017 consisting of staff reductions and other organizational changes to its operations. Decisions were taken on all activities, but not all activities were fully completed in 2017. The estimated total expense of the program was charged to the financial year 2017 the activities decided were completed in 2018, and decisions on a small number of new activities were taken. When measuring the cost of these restructuring measures, a number of estimates of final outcomes were made.

(D) Segment reporting

Operating segments are reported in a manner that is consistent with internal reporting as submitted to the chief operating decision-maker. The chief operating decision-maker is the function that is responsible for allocating resources and assessing the results of operating segments. In the Group, this function has been identified as Management.

(E) Classification etc.

Essentially, parent company and consolidated fixed assets and long-term liabilities are amounts expected to be recovered or paid after more than 12 months from the reporting date only. Essentially, parent company and consolidated current assets and current liabilities are amounts expected to be recovered or paid within 12 months of the reporting date only.

(F) Principles of consolidation

(i) Subsidiaries

Subsidiaries are companies that Beijer Electronics Group AB exerts a controlling influence over. The Group has a controlling influence over a company when it is exposed, or entitled, to variable returns on its holdings in the company and can influence these returns through its controlling influence over the company.

Subsidiaries are reported in accordance with acquisition accounting, which means that the acquisition of a subsidiary is treated as a transaction whereby the Group indirectly acquires a subsidiary's assets and takes over its liabilities and contingent liabilities. The consolidated cost is determined through an acquisition analysis related to the acquisition. This analysis partly determines the cost of the shares or operation, partly the fair value of the acquired identifiable assets at the acquisition date, and liabilities and contingent liabilities taken over. Non-controlling interests in the acquired company are recognized at fair value.

The cost of the subsidiary shares and operations is the fair value at the transfer date of assets, liabilities that have arisen or have been taken over, and issued equity instruments submitted as payment in exchange for the acquired net assets, and for acquisitions executed prior to 1 January 2010, transaction expenses directly related to the acquisition. For business combinations executed after 1 January 2010, transaction expenses are recognized in profit or loss. For business combinations where the cost exceeds the net value of the acquired assets and liabilities taken over and contingent liabilities, the difference is reported as goodwill. The Group applies the full goodwill valuation method for the reporting of goodwill. When negative, the difference is reported directly in the Income Statement.

In step acquisitions, the previous equity participations in the acquired entity are restated at fair value on acquisition. Any profit or loss resulting from the restatement is recognized in profit or loss.

Each conditional purchase price to be transferred by the Group is recognized at fair value on acquisition. Subsequent changes to fair value of a conditional purchase price classified as an asset or liability are recognized in accordance with IAS 39, either in the Income Statement or other comprehensive income. Conditional purchase price classified as equity is not restated, and subsequent settlement is recognized in equity.

Subsidiary financial statements are included in the Consolidated Accounts from acquisition date to the date the controlling influence ceases.

The accounting policies for subsidiaries have, where applicable, been amended to guarantee the consistent application of the Group's policies.

(ii) Changes in participating interest in a subsidiary without change of control

Transactions with non-controlling interests that do not result in loss of control are recognized as equity transactions–i.e. as transactions with shareholders in their capacity as owners. In acquisitions from non-controlling interests, the difference between fair value of the purchase price paid and the actual acquired share of the carrying amount of subsidiary net assets is recognized in equity. Gains and losses on sales to non-controlling interests are also recognized in equity.

(iii) Sale of subsidiaries

When the Group no longer has a controlling influence, each remaining holding is stated at fair value at the time when control is lost. The amendment in carrying amount is recognized in the Income Statement. The fair value is used as the first-time carrying amount and is the basis for continued recognition of the remaining holding as an associated company, joint venture or financial asset. All amounts relating to the disposed entity previously recognized in other comprehensive income are reported as if the Group had directly disposed of the related assets or liabilities. This may result in amounts previously recognized in other comprehensive income being reclassified to profit or loss.

(iv) Associated companies

Associated companies are all companies where the Group exerts a significant, but not controlling, influence, which generally applies to share holdings of between 20 and 50% of the votes. Holdings in associated companies are reported according to the equity method. When applying the equity method, the investment is initially measured at cost and the carrying amount is increased or decreased subsequently to consider the company's share of the associated company's profit or loss after acquisition. The Group's carrying amount of holdings in the associated company includes goodwill identified at acquisition.

If the participating interest in an associated company decreases but the investment remains an associated company, only a proportional amount of that gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

The Group's share of profit or loss arising after the acquisition is recognized in the Income Statement and its share of changes in other comprehensive income after the acquisition is recognized in other comprehensive income with the corresponding change of the holding's carrying amounts. When the Group's share of an associated company's losses amount to, or exceed, its holding in the associated company, including any unsecured receivables, the Group no longer reports additional losses, unless the Group has undertaken legally enforceable or constructive obligations, or made payments on the associated company's behalf.

At the end of each reporting period, the Group judges whether there is objective evidence of impairment of its investment in the associated company. If so, the Group measures the impairment loss as the difference between the associated company's recoverable amount and the carrying amount and reports this amount under the relevant heading in its Income Statement.

Gains and losses from "upstream" and "downstream" transactions between the Group and its associated companies are recognized in the consolidated financial statements only to the extent they correspond to non-affiliated companies' holdings in the associated company. Unrealized losses are eliminated unless the transaction constitutes evidence that the asset taken over is impaired.

The accounting policies applied in associated companies have been amended where applicable to guarantee consistent application of the Group's policies.

Dilution gains and losses on participations in associated companies are recognized in the Income Statement.

(v) Transactions eliminated on consolidation

Intra-group receivables and liabilities, revenues or expenses and unrealized profits or losses that arise from intra-group transactions between Group companies are wholly eliminated when preparing the Consolidated Accounts.

Unrealized profits that arise from transactions with associated companies and jointly controlled companies are eliminated to the extent corresponding to the Group's participating interest in the company. Unrealized losses are eliminated in the same way as unrealized profits, but only to the extent that there is no indication of value impairment.

(G) Foreign currency

(i) Transactions and Balance Sheet items

Foreign currency transactions are translated to functional currency at the rate of exchange ruling on the transaction date. The functional currency is the currency in the primary economic environments where the company conducts business. Foreign currency monetary assets and liabilities are translated to functional currency at the closing day rate. The exchange rate differences arising from translation of trade assets and liabilities, such as accounts receivable and accounts payable, are recognized in EBIT. Other exchange rate differences are recognized as a financial income or financial expense in the Income Statement.

(ii) Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and other consolidated surplus values and deficits, are translated from the functional currency of the foreign operations to the Group's presentation currency, Swedish kronor, at the closing day rate. Income and expenses of foreign operations are translated to Swedish kronor at an average rate of exchange, which is an approximation of the rates of exchange at each transaction date. Translation differences arising coincident with translation of foreign operations are reported directly against other comprehensive income as a translation reserve.

(H) Revenues

(i) Goods sales and service assignments

Consolidated revenue consists of sales of goods and services. Revenues measured at the fair value of what has been received or will be received, correspond to those amounts received for sold goods and services after deducting discounts, returns and value-added tax. Revenues are recognized in the Income Statement when control over the goods and services has transferred to the buyer. Revenue is not recognized if it is likely that the economic rewards will not flow to the Group. If there is significant uncertainty regarding payment, associated expenses or the risk of returns, and if the seller retains its commitment to ongoing management, usually associated with ownership, no revenue is recognized.

(I) Operating expenses, financial income and expenses

(ii) Cost of operating leases

Payments for operating lease arrangements are reported on a straight-line basis in the Income Statement over the lease term. Benefits received coincident with signing the contracts are reported as a portion of the total lease expense in the Income Statement.

(ii) Cost of finance leases

Minimum lease charges are divided between interest expenses and amortization of the outstanding liability. Interest expenses are allocated over the lease term so each accounting period is charged with an amount corresponding to fixed interest rates for the liability reported for the relevant period. Variable expenses are expensed in the periods they arise.

(iii) Financial income and expenses

Financial income and expenses are interest income on bank balances, receivables and interest-bearing securities, interest expenses on loans, dividend income and realized and unrealized exchange rate differences on finance or investments in foreign currency. Interest income is recognized as revenue allocated over the term by applying the effective interest method.

The interest component of finance lease payments is reported in the Income Statement by applying the effective interest method. Dividend income is reported when the right to receive the payment is determined.

(J) Financial instruments

(i) Classification

Pursuant to IFRS 9, the Group classifies financial assets into the following categories:

- financial assets measured at fair value through profit or loss
- financial assets measured at amortized cost

(ii) Measurement

Financial assets are initially measured at fair value, plus in those cases where the asset is not recognized at fair value through profit or loss, transaction expenses directly related to purchase.

Transaction expenses related to financial assets recognized at fair value through profit or loss are expensed directly in the Income Statement.

Subsequent measurement of investments in debt instruments is due to the Group's business model for treatment of the asset and the class of cash flow the asset gives rise to. The Group classifies its investments in debt instruments in two measurement categories:

- Amortized cost: assets held with the aim of collecting contractual cash flows and where these cash flows only consist of principals and interest, are measured at amortized cost. Interest income from such financial assets is recognized as financial income by applying the effective interest method. Gains and losses arising on derecognition from the Balance Sheet are recognized directly in profit or loss within other gains and losses jointly with exchange gains and losses. Impairment losses are recognized on a separate line of the Income Statement.
- Fair value through profit or loss: assets not satisfying the requirements for recognition at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss for a debt instrument recognized at fair value through profit or loss, and that is not part of the hedging relationship, is recognized in the Income Statement in the period the gain or loss occurs.

(iii) Impairment

Effective 1 January 2018, the Group measures expected future credit losses related to investments in debt instruments recognized at amortized cost based on future-oriented information. The Group designates its reserve method based on whether a material increase in credit risk has occurred or not.

Pursuant to the provisions of IFRS 9, the Group applies a practical expedient for impairment tests of accounts receivable. This practical expedient means that the reserve for expected credit losses is computed based on the loss risk for the whole receivable's term and recognized on first-time recognition of the receivable.

(iv) Accounting policies applied until 31 December 2017 inclusive

The Group has applied IFRS 9 retroactively, but has decided not to restate comparative figures. This means that the comparative figures reported have been recognized in accordance with the previous accounting policies. For accounting policies applied until 31 December 2017 inclusive, please refer to the Annual Report for 2017 p 55 onwards.

(v) Cash and cash equivalents

Cash and cash equivalents are cash and immediately available receivables with banks and similar institutions plus short-term liquid investments with a term from the time of acquisition not exceeding three months that are subject to only a negligible risk of value fluctuations.

(vi) Accounts receivable

Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost by applying the effective interest method, less any provision for impairment.

(K) Property, plant and equipment

(i) Owned assets

Property, plant and equipment are reported as assets in the Balance Sheet if it is likely that future economic rewards will flow to the company, and the cost of the asset can be reliably measured.

Property, plant and equipment are reported at cost in the Group less accumulated depreciation and any impairment. The purchase price and costs directly attributable to the asset to bring it to the place and condition to be utilized in accordance with the purpose of the acquisition are included in the cost. Examples of directly attributable expenses included in costs are expenses for delivery and processing, installation, registration, consulting and legal services. The accounting policies for impairment are stated below.

Property, plant and equipment that consist of components with differing useful lives are treated as separate components of property, plant and equipment.

The carrying amount of property, plant and equipment is derecognized from the Balance Sheet on obsolescence or disposal, or when no future economic rewards are expected from usage or obsolescence/disposal of the asset. Gains or losses arising from the disposal or obsolescence of an asset are the difference between the sales price and the asset's carrying amount less deductions for direct selling expenses. Gains and losses are reported as other operating revenue/expenses.

(ii) Leased assets

In the Consolidated Accounts, lease arrangements are classified as finance or operating leases. Finance leases occur when essentially, the economic risks and rewards associated with ownership are transferred to the lessee, and if not, they are classified as operating leases.

Assets held through finance lease arrangements have been reported as an asset in the Consolidated Balance Sheet. The obligation to pay future lease charges has been reported as long-term and current liabilities. The leased assets are subject to planned depreciation while lease payments are reported as interest and amortization of the liabilities.

In operating leases, lease charges are expensed during the term, proceeding from usage, which can differ from what is actually paid in lease charges de facto in the year.

(iii) Additional expenditure

Additional expenditure is added to cost only if it is likely that the future economic rewards associated with the asset will flow to the company, and the cost can be reliably measured. All other additional expenditure is reported as an expense in the period it arises.

When additional expenditure is added to cost, it is decisive whether this expenditure relates to the exchange of identifiable components, or parts of components, whereupon such expenditure is capitalized. In those cases when new components are created, expenditure is also added to cost. Any un-depreciated carrying amounts of exchanged components, or parts of components, are subject to obsolescence and expensed at exchange. Repairs are expensed continuously.

(iv) Depreciation principles

Depreciation is on a straight-line basis over the estimated useful life of an asset; land is not depreciated. The Group utilizes component depreciation, which means that the assessed useful lives of components are the basis for depreciation. Estimated useful lives:

Buildings, real estate used in business operations	5–60 years
Machinery and other plant	3–12 years
Equipment, tools fixtures and fittings	2–8 years

Real estate used in business operations has a number of components with differing useful lives. The main division is between buildings and land. No depreciation is affected on the land component, whose useful life is considered indefinite. However, buildings have several components whose useful lives vary.

The useful lives of these components have been assessed to vary between 5 and 60 years.

The following main groups of components have been identified and form the basis for depreciation on buildings:

Building decorations, China	5 years
Other real estate components	25–60 years

The residual value and useful life of an asset is estimated yearly.

(L) Intangible assets

(i) Goodwill

Goodwill is the difference between the cost of a business combination and the fair value of the acquired assets, liabilities taken over and contingent liabilities.

Goodwill is measured at cost less any accumulated impairment. Goodwill is allocated to cash-generating units, and is subject to yearly impairment tests. Impairment tests compare carrying amounts with estimated recoverable amounts. If the carrying amount exceeds the recoverable amount, the item is impaired. Impairment of goodwill is not reversed. Goodwill arising from acquisitions of associated companies is included in the carrying amount of participations in associated companies.

In business combinations, where cost is less than the net value of the acquired assets and liabilities taken over, and contingent liabilities, the difference is reported directly to the Income Statement.

(ii) Development

Expenditure for development, where research results or other knowledge are used to achieve new products, is reported as an asset in the Balance Sheet, if the product is technically and commercially usable and the company has sufficient resources to complete development, and use or sell the intangible asset later. The carrying amount includes expenditure for materials, direct expenditure for salaries and indirect expenditure that can be attributed to the asset in a reasonable and consistent way. Other expenditure for development is reported in the Income Statement as an expense when it arises. Development expenditure is reported in the Balance Sheet at cost less accumulated depreciation and any impairment.

(iii) Other intangible assets

Other intangible assets acquired by the Group are reported at cost less accumulated amortization and impairment (see below).

Disbursed expenses for internally generated goodwill and internally generated brands are reported in the Income Statement when the expense arises.

(iv) Additional expenditure

Additional expenditure for capitalized intangible assets is reported as an asset in the Balance Sheet only when it increases the future economic rewards for the specific asset to which it is attributable. All other expenditure is expensed as it arises.

(v) Depreciation and amortization

Depreciation and amortization is reported in the Income Statement on a straight-line basis over the estimated useful lives of intangible assets, providing such useful lives are not indefinite. Goodwill and intangible assets with indefinite useful lives are subject to impairment tests yearly, or as soon as there is any indication of impairment. Intangible assets with determinable useful lives are amortized from the date they become available for use.

The estimated useful lives are:

trademarks and brands	10–20 years
customer contracts (remaining contract term)	6–10 years
capitalized development expenditure	5 years
capitalized IT expenditure	3–10 years
technology platforms	8–10 years

(M) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is estimated using the FIFO method. The net realizable value is the estimated sales price in operating activities, less estimated expenses for completing and achieving a sale.

The cost of produced goods and work in progress includes a reasonable proportion of indirect expenses based on normal capacity.

(N) Impairment

The carrying amounts of the Group's assets are subject to impairment tests at each reporting date. An exemption is made for inventories and deferred tax assets. If there is an indication of value impairment, the assets' recoverable amount is calculated. For assets subject to the above exemption, valuations are tested according to the relevant standard.

Recoverable amounts of goodwill and other intangible assets with indefinite useful lives and intangible assets not yet ready for use are calculated yearly.

If it is impossible to determine significant independent cash flows of an individual asset, when conducting impairment tests, assets should be grouped at the lowest level it is possible to identify significant independent cash flows (cash-generating unit). Impairment is recognized when an asset's or cash-generating unit's carrying amount exceeds recoverable amount. Impairment is recognized in the Income Statement.

Impairment of assets attributable to a cash-generating unit (group of units) is primarily assigned to goodwill. Later, proportional impairment of other assets included in the unit is effected (group of units).

Goodwill and other intangible assets with indefinite lives are subject to impairment tests yearly.

(i) Measuring recoverable amount

The recoverable amount of assets in the loan receivables and accounts receivable categories should be reported at amortized cost, calculated as the present value of future cash flows, discounted by the effective interest prevailing when the asset was reported for the first time. Assets with short maturities are not discounted.

The recoverable amount of other assets is the greater of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted by a discount factor that considers risk-free interest, and the risk associated with the specific asset. For an asset that does not generate cash flows, which is significantly independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is measured.

(ii) Reversal of impairment

Impairment of loan receivables and accounts receivable reported at amortized cost are reversed if a subsequent increase in recoverable amount can be objectively attributed to an event that has occurred after the impairment was effected.

Goodwill impairment is not reversed.

Impairment of other assets is reversed if a change in the assumptions that served as the basis for calculating the recoverable amount has occurred.

Impairment is only reversed to the extent the asset's carrying amount after reversal does not exceed the carrying amount the asset would have had if no impairment had been effected, considering the depreciation and amortization that would then have been effected.

(O) Share capital

(i) Re-purchase of treasury shares

Holdings of treasury shares and other equity instruments are reported as a reduction in equity. Acquisitions of such instruments are reported as a deduction from equity. Payment from the sale of equity instruments is reported as an increase in equity. Any transaction expenses are reported directly against equity.

(ii) Dividends

Dividends are reported as a liability after AGM approval.

(P) Employee benefits

(i) Defined-contribution plans

A defined-contribution plan is a pension plan where the Group pays fixed contributions to a separate legal entity. The Group is under no legally enforceable or constructive obligation to make any further contributions if such legal entity does not hold sufficient assets to pay all employee benefits that are associated with the employee's service in present or previous periods. Commitments relating to fees for defined-contribution plans are reported as an expense in the Income Statement as they occur.

(ii) Defined-benefit plans

A defined-benefit plan is a pension plan that is not defined contribution. The distinguishing feature of defined-benefit plans is that they designate an amount for the pension benefit an employee will receive after retirement, usually based on one or several factors like age, length of service and salary. The Group has defined-benefit plans in the parent company, one subsidiary in Sweden and two of the subsidiaries in Taiwan.

The Group's net commitments regarding defined-benefit plans are calculated separately for each plan by estimating the future benefits the employee would have accrued through his/her service in present and previous periods; these benefits are discounted to present value, and the fair value of any plan assets is deducted. When determining an appropriate discount rate for the Group's Swedish pension obligations, the Group obtains a yield curve based on all mortgage bonds on Nasdaq and the duration of obligations from PRI Pensionsgaranti. The Group computes the discount rate from this information. For defined-benefit plans in Taiwan, the yield on an investment grade corporate bond has been applied. The computation is conducted by a qualified actuary using the projected credit method.

When the benefits of a plan improve, the proportion of the increased benefit attributable to employee service in previous periods is reported as an expense on a straight-line basis in the Income Statement allocated over the average period until the benefits are fully vested. If the benefits are fully vested, an expense is reported in the Income Statement directly.

Actuarial gains and losses resulting from judgments based on experience and changes to actuarial assumptions are recognized in other comprehensive income in the period they occur. Expenses regarding services rendered in previous periods are recognized immediately in profit or loss.

(iii) Termination benefits

A provision is reported coincident with notices of redundancy issued to staff, only if the Group has a proven obligation to conclude employment before the normal time, or when benefits are paid as an offering to encourage voluntary redundancy. In those cases where the company issues redundancy notices, a detailed plan is prepared, which as a minimum, includes workplaces, positions and approximate number of affected staff, and benefits for each job category or position and the time of the plan's execution.

(iv) Bonus plans

There are bonus plans in the Group. The bonus plans are based on operational and financial targets and are payable if a predetermined target is achieved or exceeded. The expenses for bonus plans are charged in the year when there is a legally enforceable obligation.

(v) Share-based payment

Expenses for share-based payments are reported allocated over the period employees render services. In the current share-based incentive plans, within the terms of the plans, participants will be able to receive shares based on the achievement of performance targets. This assumes that at the time of disbursement, the participant remains an employee of the Group and has not resigned employment, and has undertaken to acquire shares of the company him/herself. The expense for this including social security contributions is allocated evenly over the period until the time when the shares are received.

(Q) Provisions

A provision is reported in the Balance Sheet when the Group has an existing legally enforceable or constructive obligation ensuing from an event that has occurred, and it is likely that an outflow of economic resources will be necessary to settle the commitment, and the amount can be reliably estimated. When the impact of the timing of the payment is significant, the provisions are calculated by discounting the expected future cash flow by an interest rate before tax that reflects the relevant market valuation of the time value of money and, if applicable, the risks associated with the liability.

(R) Tax

Income tax consists of current tax and deferred tax. Income tax is reported in the Income Statement apart from when the underlying transaction is reported directly against other comprehensive income and equity respectively, whereupon the associated tax impact is reported in against other comprehensive income and equity respectively.

Current tax is tax paid or received for the present year, applying the tax rates that are enacted or substantively enacted as of the reporting date, which also include adjustments of current tax attributable to previous periods.

Deferred tax is computed in accordance with the balance sheet method, based on taxable values of assets and liabilities. The following temporary differences are not considered: for temporary differences arising on first-time accounting of goodwill, first-time accounting of assets and liabilities that are not business combinations and neither influence reported nor taxable earnings at the time of the transaction. Nor are temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be reversed in the foreseeable future considered. The valuation of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying those tax rates and tax regulations that are enacted or substantively enacted as of the reporting date.

Deferred tax assets regarding deductible temporary differences and loss carry-forwards are only reported to the extent that it is likely that they will be utilized. The value of deferred tax assets reduces when it is no longer considered likely that they can be utilized.

Deferred tax assets and liabilities are offset when there is a legal right of offset for current tax assets and tax liabilities and when the deferred tax assets and tax liabilities relate to tax debited by one and the same tax authority and either relate to the same taxpayer or different taxpayer, where there is an intent to settle the balances through net payments.

Any additional income tax arising on dividends from foreign subsidiaries is reported as a liability.

(S) Contingent liabilities

A contingent liability is reported when there is a possible commitment arising from events that have occurred, and whose incidence is confirmed only by one or more uncertain future events, or when there is a commitment that is not reported as a liability or a provision because it is unlikely that an outflow of resources will be necessary.

(T) Cash Flow Statement

The Cash Flow Statement has been prepared in accordance with the indirect method. Cash and cash equivalents are made up of cash funds and immediately available balances with banks and corresponding institutions, and short-term, liquid investments with a term of less than three months from the time of acquisition, exposed to only insignificant risk of value fluctuations.

(U) Parent company accounting policies

The parent company has prepared its Annual Accounts in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 means that in its Annual Accounts for the legal entity, the parent company applies all the IFRS and statements endorsed by the EU, if this is possible within the framework of the Swedish Annual Accounts Act, and considering the relationship between accounting and taxation. The recommendation states the exemptions from, and supplements to, IFRS.

Differences between the Group's and parent company's accounting policies

Differences between the Group's and parent company's accounting policies are stated below. The following accounting policies of the parent company have been applied consistently for all periods published in the parent company's financial statements.

Subsidiaries and associated companies

In the parent company, shares in subsidiaries and associated companies are reported in accordance with the cost method. Dividends from subsidiaries are reported as revenue.

Financial instruments

The parent company does not apply the measurement provisions of IAS 39. In the parent company, financial assets are measured at cost less any impairment, and financial current assets at the lower of cost or market.

Property, plant and equipment

Owned assets

In the parent company, property, plant and equipment are reported at cost less deductions for accumulated depreciation and any impairment in the same way as the Group but with a supplement for any write-ups.

Leased assets

In the parent company, all lease arrangements are reported in accordance with the provisions for operating leases.

Employee benefits

Defined-benefit plans

The parent company uses a different basis for calculating defined-benefit plans than stipulated by IAS 19. The parent company follows the stipulations of the Swedish Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's instructions, because this is a pre-requisite for tax deductions. The most significant differences compared to IAS 19 are determining the discount rate, calculating the defined-benefit obligation on the basis of present salary levels excluding assumptions of future salary increases, and that all actuarial gains and losses are reported in the Income Statement when they arise.

Tax

In the parent company, untaxed provisions are reported including deferred tax liabilities. However, in the Consolidated Accounts, untaxed reserves are divided between deferred tax liabilities and equity.

Group contributions and shareholders' contributions for legal entities

In accordance with the alternative rule of RFR 2, Group contributions received and paid are recognized as appropriations. The tax impact of Group contributions received and paid is recognized in the Income Statement in accordance with IAS 12. Shareholders' contributions are reported directly against the recipient's equity and increase the value of shares and participations of the issuer, to the extent no impairment is necessary.

Note 2

Segment reporting

Management has decided that operating segments are used to reach strategic decisions. Management judges operations from a product perspective, where operating segments are divided into the Beijer Electronics, Westermo and Korenix business entities.

Beijer Electronics develops, manufactures and sells hard and software solutions to OEMs for digitalized data control, connect and present, as well as capture and analysis.

Westermo develops, manufactures and sells robust network products for mission-critical data communication across a raft of demanding market segments like trains and subways.

Korenix develops, manufactures and sells wireless and wired data communication solutions for applications including surveillance and safety on public buses.

Management judges operating segments based on EBIT.

Management also judges sales from a geographical perspective divided between the Nordic region, Rest of Europe, North America, Asia and Rest of World. The information presented for operating segment revenue is for the geographical regions grouped according to the location of customers.

2017

SEK 000	Beijer Electronics	Westermo	Korenix	Parent company	Group adjustments	Total
Revenues						
External sales	658,990	458,171	88,751			1,205,912
Internal sales	69	2,984	15,447		-18,500	
Total sales	**659,059**	**461,155**	**104,198**		**-18,500**	**1,205,912**
EBITDA	**36,577**	**69,548**	**5,588**	**-22,782**	**1,395**	**90,326**
Depreciation of property, plant and equipment	-5,008	-7,911	-2,361	-245	-1,695	-17,220
Amortization and impairment of intangible assets	-19,025	-15,054	-13,161	-7,850		-55,090
EBIT	**12,544**	**46,583**	**-9,934**	**-30,877**	**-300**	**18,016**
Number of employees	344	205	141	12		702

2018

SEK 000	Beijer Electronics	Westermo	Korenix	Parent company	Group adjustments	Total
Revenues						
External sales	731,150	582,739	103,351			1,417,240
Internal sales	210	1,442	14,403		-16,055	
Total sales	**731,360**	**584,181**	**117,754**	0	**-16,055**	**1,417,240**
EBITDA	**75,056**	**97,435**	**6,331**	**-28,558**	**328**	**150,592**
Depreciation of property, plant and equipment	-5,766	-9,583	-2,740	-233	-31	-18,353
Amortization and impairment of intangible assets	-21,929	-18,173	-9,953	-8,238		-58,293
EBIT	**47,361**	**69,679**	**-6,362**	**-37,029**	**297**	**73,946**
Number of employees	348	209	143	13		713

Internal pricing between the Group's segments is determined on the basis of the arm's length principle, i.e. between parties that are mutually independent, well-informed and with an interest in the transactions. The operating segments' profit or loss includes directly related items and items that can be allocated by segment in a reasonable and reliable way.

The Group is not dependent on large customers, and no individual customer represents more than 10% of the group's revenues. The Beijer Electronics and Korenix business entities do not have any single customer comprising more than 10% of these business entities' individual revenues. The Westermo business entity has a number of customers in the same group, which together represent some 14% (13) of the business entity's revenues.

Geographical division of sales

SEK 000	2018	2017
Sweden	202,037	171,252
Norway	72,994	73,872
Denmark	33,991	37,970
Finland	32,695	25,571
Nordics	**341,717**	**308,665**
Germany	110,174	93,992
UK	94,238	71,155
France	52,767	40,595
Turkey	31,809	29,221
Rest of Europe	204,179	168,810
Total Europe (incl. Nordics)	**834,884**	**712,438**
US	277,401	218,734
China	97,166	70,896
Taiwan	74,143	78,195
Rest of Asia	90,099	85,159
Rest of world	43,547	40,490
Total	**1,417,240**	**1,205,912**

Sales by category

SEK 000	2018	2017
HMIs and accessories	644,937	573,868
Network equipment	689,901	547,842
Software	8,605	7,638
Servicing and other services	13,044	11,633
Third-party products	60,753	64,931
Total	**1,417,240**	**1,205,912**

Geographical division of fixed assets

SEK 000	2018	2017
Sweden	501,933	472,151
Rest of Europe	64,163	64,504
US	153,155	147,009
Taiwan	160,193	154,996
Rest of world	541	858
Total	**879,985**	**839,518**

Note 3

Cost types

The Consolidated Income Statement classifies expenses by function. Information on the significant cost types follows.

SEK 000	2018	2017
Cost of materials	547,182	463,552
Salaries, benefits and social security expenses	511,409	441,405
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	76,646	72,309
Other expenses	209,817	210,548
	1,345,054	**1,187,814**

Note 4

Other operating revenue and operating expenses

SEK 000	2018	2017
Group		
Exchange gains on trade receivables/liabilities	30,337	18,159
Exchange losses on trade receivables/liabilities	-28,998	-20,274
Other	421	2,033
	1,760	**-82**

Note 5

Fees and reimbursement to Auditors

SEK 000	2018	2017
Group		
PricewaterhouseCoopers		
Auditing	1,558	1,525
Auditing in addition to audit assignment		525
Tax consultancy	553	827
Other	266	208
Total PwC	**2,377**	**3,085**
Other auditors		
Auditing	185	175
Tax consultancy	45	14
Other		8
Total other auditors	**230**	**197**
Parent company		
PricewaterhouseCoopers		
Auditing	803	724
Auditing in addition to audit assignment		525
Tax consultancy	266	328
Other	240	161
Total PwC	**1,309**	**1,738**

Note 6

Operating lease payments

SEK 000	2018	2017
Group		
Total lease expenses	**39,923**	**37,283**
Contracted future minimum lease payments related to irrevocable contracts due for payment:		
Within one year	38,407	38,267
Between one and five years	67,778	89,970
Total	**106,185**	**128,237**
Parent company		
Total lease expenses	**8,101**	**7,997**
Contracted future minimum lease payments related to irrevocable contracts due for payment:		
Within one year	8,500	8,340
Between one and five years	10,401	18,456
Total lease expenses	**18,901**	**26,796**

Lease payments mainly relate to rent of office premises.

Note 7

Employees and personnel expenses

Average number of employees

	2018	of which men, %	2017	of which men, %
Parent company				
Sweden	13	85	12	84
Total in parent company	**13**	**85**	**12**	**84**
Subsidiaries				
Australia	4	56	3	66
China	35	63	35	60
Denmark	5	60	10	67
France	11	80	10	78
Germany	29	76	30	81
Norway	12	100	12	96
Singapore	5	80	5	83
South Korea	3	100	2	100
Sweden	251	81	245	85
Taiwan	262	43	257	42
Turkey	16	63	16	63
UK	18	88	18	85
USA	49	80	47	77
Total in subsidiaries	**700**	**65**	**690**	**66**
Group total	**713**	**66**	**702**	**66**

Gender division, Group management

	31 Dec. 2018	31 Dec. 2017
	Prop. women	*Prop. women*
Parent company		
Board	40%	40%
Other senior executives	0%	0%
Group total		
Board	40%	40%
Other senior executives	17%	17%

Salary, other remuneration and social security expenses

SEK 000	2018		2017	
	Salary and remuneration	*Social security expenses*	*Salary and remuneration*	*Social security expenses*
Parent company	18,171	10,733	15,588	8,982
(of which pension expense)		*(3,697)*		*(3,180)*
Subsidiaries	364,889	113,960	332,216	109,003
(of which pension expense)		*(30,561)*		*(25,556)*
Group total	**383,060**	**124,693**	**347,804**	**117,985**
(of which pension expense)		*(34,258)*		*(28,736)*

Remuneration to the Board of Directors in the Year

Directors' fees were 1,560,000 SEK (1,785,000), allocated as follows:

SEK	2018	2017
Board of Directors		
Bo Elisson, Chairman of the Board from AGM 2017	550,000	225,000
Johan Wester	255,000	255,000
Ulrika Hagdahl	225,000	225,000
Maria Khorsand	255,000	255,000
Christer Öjdemark	275,000	275,000
Anders Ilstam, Chairman of the Board until AGM 2017		550,000
Totalt	**1,560,000**	**1,785,000**

Maria Khorsand and Johan Wester received 30,000 SEK each for committee work, included in the above table.
Bo Elisson and Christer Öjdemark received 50,000 SEK each for committee work, included in the above table.

Remuneration and Other Benefits to the CEO and other senior executives in the year

The cost of remuneration and benefits to the CEO and senior executives amounted to the following:

SEK 000	2018		2017	
	CEO	*Other senior executives* [a]	*CEO*	*Other senior executives* [a b]
Basic salary	3,957	9,668	3,956	8,985
Variable remuneration	1,353	3,168	558	1,487
Other benefits	15	380	9	353
Pension expenses	1,413	2,262	1,379	1,934
Total salary and remuneration	**6,738**	**15,478**	**5,902**	**12,759**

a There are 5 (5) other senior executives, who are the members of Beijer Electronics Group AB's management.

b 2,680,000 (SEK relates to costs for senior executives not employed at the end of the year.

Chief Executive Officer

Apart from contracted basic salary, the Chief Executive Officer is also entitled to variable compensation. Variable compensation is based on operational and financial performance, and is a maximum of six months' salary. Pension and other customary benefits are additional. Each year, 35% of gross salary including bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from the company's side of 18 months, that cannot be claimed for termination initiated by the CEO. The notice period from the Chief Executive Officer's side is six months. No other remuneration upon termination has been agreed.

Other senior executives

Other senior executives have basic salary with a variable component. The variable component is based partly on the Group's and partly on each business area's sales and profitability performance. Yearly variable remuneration is a maximum of six months' salary. Other senior executives have defined contribution pension agreements on market terms. Other customary benefits are additional. Maximum notice periods of 12 months for termination from the company's side have been agreed for other senior executives.

Incentive plans

The AGM 2018 resolved on the introduction of a share-based incentive plan, "LTI 2018/2021" for the CEO, other senior executives and a further number of key individuals within the Group. For entitlement in the plan, participants have undertaken to acquire shares of the company themselves. This plan measures performance in 2018, and providing employment continues, the participants will receive shares in 2021 based on the outcome of performance targets in 2018. The performance targets for 2018 were (i) EBITDA, (ii) earnings per share, (iii) order intake, and (iv) free cash flow. The computed outcome for 2018 is for the granting of 114,188 shares, or 70% of the maximum outcome. A corresponding program was implemented in 2017 with the granting of 26,371 shares in 2020.

Board of Directors' proposed guidelines 2019

The Board of Directors proposes that the AGM adopts the following guidelines for remunerating senior executives. Senior executives means Group management including the CEO.

Total remuneration covers basic salary and variable remuneration, consisting of a yearly and a long-term portion. Pension and other customary benefits are additional. The variable component is based on the satisfaction of predetermined targets. These targets relate to the company's profit performance and other important change targets. For the CEO and other senior executives, the annual variable component may amount to a maximum of six months' salary.

If the CEO's employment is terminated by the company, the CEO has an 18-month notice period. No other dismissal pay has been agreed. If termination of other senior executives' employment is from the company's side, and the termination is not due to gross negligence, a maximum notice period of 12 months is agreed.

The Board is proposing the implementation of a share-based incentive plan for the CEO, senior executives and a further number of key individuals within the Group. The plan will measure performance in 2019, but has a three-year term, with participants in the plan undertaking to acquire shares in the company themselves, to receive what are termed performance shares on satisfying or exceeding performance targets in 2019.

Decision-making process

The Remuneration Committee consults on the Board of Directors' decisions on remuneration to the Chief Executive Officer and decides on remuneration to other senior executives. Directors' fees are resolved by the AGM.

Note 8

Depreciation, amortization and impairment of property, plant and equipment and intangible assets

SEK 000	2018	2017
Group		
Capitalized development expenditure	-32,738	-27,787
Capitalized expenditure for software	-10,197	-8,072
Customer contracts, brands and similar rights	-15,358	-19,231
Buildings and land	-2,154	-2,116
Machinery and other plant	-4,007	-2,927
Equipment, tools, fixtures and fittings	-12,192	-12,177
	-76,646	**-72,310**
Parent company		
Capitalized expenditure for software	-8,238	-7,850
Equipment, tools, fixtures and fittings	-233	-245
	-8,471	**-8,095**

Note 9

Net financial income/expense

SEK 000	2018	2017
Group		
Interest income	721	693
Exchange rate difference	1,386	0
Other financial income	81	153
Financial income	**2,188**	**846**
Interest expenses	-9,121	-18,563
Exchange rate difference	-2,341	-2,534
Other financial expenses	-1,634	-1,602
Financial expenses	**-13,096**	**-22,699**
Net financial income/expense	**-10,908**	**-21,853**

SEK 000	2018	2017
Parent company		
Dividend	1,417	1,056
Impairment of shares in subsidiaries	0	-29
Profit or loss from participation in Group companies	**1,417**	**1,027**
Exchange rate difference	9,305	-9,755
Profit or loss from other securities and receivables that are fixed assets	**9,305**	**-9,755**
Interest Income, Group companies	6,575	5,828
Interest income, other	0	277
Revaluation of additional purchase consideration	**6,575**	**6,105**
Interest expenses, Group companies	-1,680	-1,254
Interest expenses, other	-5,875	-15,682
Other financial expenses	-1,934	-1,831
Interest expenses etc.	**-9,489**	**-18,767**

Note 10

Appropriations

SEK 000	2018	2017
Parent company		
Group contributions, received	23,000	53,000
	23,000	**53,000**

Note 11

Tax on net profit

SEK 000	2018	2017
Group		
Current tax		
Tax expense for the period	-10,128	-14,093
Withholding tax	-3,486	-1,421
Adjustment of tax attributable to previous year	-442	891
	-14,056	**-14,623**
Deferred tax (Note 24)		
Occurrence and reversal of temporary differences	-733	8,254
Deferred tax in the deductible value of loss carry-forwards changed in the year	-4,712	3,996
	-5,445	**12,250**
Total reported tax expense, Group	**-19,501**	**-2,373**
Parent company		
Current tax		
Tax expense for the period	0	0
Withholding tax	-1,146	-685
Adjustment of tax attributable to previous year	0	558
	-1,146	**-127**
Deferred tax		
Occurrence and reversal of temporary differences	12	157
Deferred tax in the deductible value of loss carry-forwards changed in the year	1,021	45
	1,033	**202**
Total reported tax expense, parent company	**-113**	**75**

Reconciliation of actual tax

SEK 000	2018	2017
Group		
Profit before tax	63,038	-3,837
Tax at applicable rate, parent company (22%)	-13,868	844
Tax effect of:		
- Other tax rates for foreign subsidiaries	-315	-3,692
- Non-deductible expenses	-3,032	-2,427
- Non-taxable revenues	96	1,176
- Use of previously unreported loss carry-forwards	1,088	0
- Taxable deficits for which no deferred tax asset has been reported	-776	-1,253
- Effect of changed tax rate	-171	2,318
- Tax attributable to previous year	-442	891
- Withholding tax	-3,486	-1,421
- Other	1,405	1,191
Reported tax, Income Statement	**-19,501**	**-2,373**
Parent company		
Profit before tax	-7,571	733
Tax at applicable rate, parent company (22%)	1,666	-161
Tax effect of:		
- Non-deductible expenses	-441	-51
- Non-taxable revenues	312	414
- Effect of changed tax rate	-504	
- Tax attributable to previous year		558
- Withholding tax	-1,146	-685
Reported tax, Income Statement	**-113**	**75**

Consolidated tax totaling 3,340,000 SEK (3,729,000) attributable to actuarial revaluation of pension obligations was reported in other comprehensive income.

Note 12

Intangible assets

SEK 000	Goodwill	Development expenditure	IT expenditure	Trademarks & brands	Customer contracts	Technology platforms	Total
Group							
Opening balance 1 Jan. 2017	518,739	287,520	82,078	106,281	113,916	20,188	1,128,722
Reclassification			5,597	2,891	-8,488		0
Internally developed assets		54,435	3,598				58,033
Other investments			4,036				4,036
Exchange rate differences for the year	-15,604	511		-3,122	-3,429	-995	-22,639
Closing balance 31 Dec. 2017	**503,135**	**342,466**	**95,309**	**106,050**	**101,999**	**19,193**	**1,168,152**
Opening balance 1 Jan. 2018	503,135	342,466	95,309	106,050	101,999	19,193	1,168,152
Internally developed assets		64,472	3,035				67,507
Other investments			708				708
Sales			-116				-116
Exchange rate differences for the year	22,291	846	72	2,715	3,333	1,194	30,451
Closing balance 31 Dec. 2018	**525,426**	**407,784**	**99,008**	**108,765**	**105,332**	**20,387**	**1,266,702**
Accumulated amortization and impairment							
Opening balance 1 Jan. 2017		-164,108	-45,011	-54,595	-83,748	-14,688	-362,150
Reclassification			-3,724	-3,272	6,996		0
Amortization and impairment in the year		-27,787	-8,072	-8,463	-8,986	-1,782	-55,090
Exchange rate differences for the year		-539		1,480	2,057	661	3,659
Closing balance 31 Dec. 2017	0	**-192,434**	**-56,807**	**-64,850**	**-83,681**	**-15,809**	**-413,581**
Opening balance 1 Jan. 2018		-192,434	-56,807	-64,850	-83,681	-15,809	-413,581
Amortization for the year		-32,738	-10,197	-6,734	-6,798	-1,826	-58,293
Sales			36				36
Exchange rate differences for the year		-827	-36	-1,363	-2,528	-957	-5,711
Closing balance 31 Dec. 2018	**0**	**-225,999**	**-67,004**	**-72,947**	**-93,007**	**-18,592**	**-477,549**
Carrying amounts							
As of 1 Jan. 2017	518,739	123,412	37,067	51,686	30,168	5,500	766,572
As of 31 Dec. 2017	503,135	150,032	38,502	41,200	18,318	3,384	754,571
As of 1 Jan. 2018	503,135	150,032	38,502	41,200	18,318	3,384	754,571
As of 31 Dec. 2018	525,426	181,785	32,004	35,818	12,325	1,795	789,153

The Group reports the following intangible asset classes:

Intangible asset class	Useful life	Amortization method
Goodwill	Indefinite	Impairment tests
Development expenditure	3-5 years	Straight-line amortization over the asset's useful life based on cost
IT expenditure	3-10 years	Straight-line amortization over the asset's useful life based on cost
Trademarks & brands	10-20 years	Straight-line amortization over the asset's useful life based on cost
Customer contracts	6-10 years	Straight-line amortization over the asset's useful life based on cost
Technology platforms	8-10 years	Straight-line amortization over the asset's useful life based on cost

The parent company reports the following intangible asset classes:

Intangible asset class	Useful life	Amortization method
IT expenditure	3-10 years	Straight-line amortization over the asset's useful life based on cost

IT expenditure

SEK 000	
Parent company	
Accumulated cost	
Opening balance 1 Jan. 2017	80,466
Other investments	3,572
Closing balance 31 Dec. 2017	**84,038**
Opening balance 1 Jan. 2018	84,038
Other investments	3,035
Closing balance 31 Dec. 2018	**87,073**
Accumulated amortization and impairment	
Opening balance 1 Jan. 2017	-43,864
Amortization for the year	-7,850
Closing balance 31 Dec. 2017	**-51,714**
Opening balance 1 Jan. 2018	-51,714
Amortization for the year	-8,238
Closing balance 31 Dec. 2018	**-59,952**
Carrying amounts	
As of 1 Jan. 2017	36,602
As of 31 Dec. 2017	32,324
As of 1 Jan. 2018	32,324
As of 31 Dec. 2018	27,121

Impairment tests for cash-generating units including goodwill

The following cash-generating units, which constitute the segments "Beijer Electronics", "Westermo" and "Korenix", have significant reported goodwill values in relation to the Group's total reported goodwill values:

SEK 000	2018	2017
Beijer Electronics	237,864	223,401
Westermo	234,294	234,058
Korenix	53,268	45,676
Total goodwill value in Group	**525,426**	**503,135**

The "Beijer Electronics" unit

The impairment test for the Beijer Electronics unit is based on the calculation of value in use. This value is based on forecast cash flows for a total of 5 years (5), of which the first is based on the unit's budget for the coming financial year.

The forecast cash flows for a total of 5 years beyond 2018 have been based on average yearly growth of revenues of 7% (7), an increase in gross profit of 8% (10) and an increase in overheads of 5% (5). Perpetual growth of revenue and expenses of 1.5% (1.5) has been assumed subsequently.

The present value of forecast cash flows has been calculated by applying a discount rate of 10% (10) after tax. Material assumptions of the forecasts are reviewed in the following table.

Important variables	Measurement method
Revenue growth	Growth of revenues is based on the unit's business plan, which includes an assessment of general market growth and the business unit's planned launch of new products and solutions.
Costs of materials and gross profit	Cash flow forecasts are based on improved percentage gross profit. This assumption is based on a changed composition of the product portfolio with a higher share of software sales, and streamlining of production and logistics over the period.

The "Westermo" unit

The impairment test for the Westermo unit is based on the measurement of value in use. This value is based on cash flow forecasts for a total of 5 years (5), the first of which is based on the unit's budget for the forthcoming financial year.

The cash flows forecast for a total of five years after 2018 are based on average yearly growth of revenues of 11% (8), an increase in gross profit of 12% (9) and an increase of overheads of 8% (6). Perpetual growth of revenue and expenses of 1.5% (1.5) is assumed subsequently.

The present value of forecast cash flows has been calculated by applying a discount rate of 10% (10) after tax. Material assumptions in the forecasts are stated below.

Important variables	Measurement method
Revenue growth	Growth of revenues is based on the unit's business plan, which includes an assessment of general market growth and the business unit's planned launch of new products and solutions.
Costs of materials and gross profit	Cash flow forecasts are based on improved percentage gross profit. This assumption is based on a changed composition of the product portfolio with a higher share of software sales, and streamlining of production and logistics over the period.

The "Korenix" unit

The impairment test for the Korenix unit is based on the measurement of value in use. This value is based on cash flow forecasts for a total of 5 years (5), the first of which is based on the unit's budget for the forthcoming financial year.

The cash flows forecast for a total of five years after 2018 are based on average yearly growth of revenues of 11% (10), an increase in gross profit of 14% (13) and an increase of overheads of 7% (6). Perpetual growth of revenue and expenses of 1.5% (1.5) has been assumed subsequently.

The present value of forecast cash flows has been calculated by applying a discount rate of 10% (10) after tax. Material assumptions in the forecasts are stated below.

Important variables	Measurement method
Revenue growth	Growth of revenues is based on the unit's business plan, which includes an assessment of general market growth and the business unit's planned launch of new products and solutions.
Costs of materials and gross profit	Cash flow forecasts are based on improved percentage gross profit. This assumption is based on a changed composition of the product portfolio, and streamlining of production and logistics over the period.

Sensitivity analysis for cash-generating units including goodwill

When analyzing impairment of goodwill, the company conducted sensitivity analyses for the cash-generating units. The following restatements have been made compared to the information presented above:

	2018	2017
Discount rate	+1%	+1%
Sales growth	-1%	-1%
Gross profit	-1%	-1%
Overheads	+1%	+1%

The variables have been tested for sensitivity in combination with each other, and these sensitivity analyses demonstrate that there is no impairment of any of the cash-generating units.

Impairment tests of cash-generating units including capitalized development expenditure

The following segments and cash-generating units have significant carrying amounts of capitalized development expenditure. Capitalized development expenditure has a determinable useful life. This expenditure is amortized over a period of 3-5 years. The book value of capitalized development expenditure amounts to:

SEK 000	2018	2017
Beijer Electronics	77,948	67,402
Westermo	92,404	73,095
Korenix	11,433	9,535
Total value of capitalized development expenditure, group	**181,785**	**150,032**

Sensitivity analysis of cash-generating units containing capitalized development expenses

When analyzing the impairment of capitalized development expenses, the company has conducted the sensitivity analyses of the expected future sales growth and gross margin of underlying products. The following restatements have been made compared to the base calculation:

	2018	2017
Sales growth	-10%	-10%
Gross margin	-10%	-10%

The sensitivity analyses indicate that there is no impairment given these restatements of computation variables.

Note 13

Property, plant and equipment

	Group				Parent company
SEK 000	Buildings and land	Plant and machinery	Equipment tools, fixtures and fittings	Total	Equipment tools, fixtures and fittings
Cost					
Opening balance 1 Jan. 2017	59,031	30,296	148,106	237,433	9,227
Purchases		7,173	15,519	22,692	204
Sales		-532	-13,656	-14,188	-12
Exchange rate differences	-862	-194	-2,506	-3,562	
Closing balance 31 Dec. 2017	**58,169**	**36,743**	**147,463**	**242,375**	**9,419**
Opening balance 1 Jan. 2018	58,169	36,743	147,463	242,375	9,419
Purchases	46	7,463	17,279	24,788	135
Sales		-2,914	-8,090	-11,004	-30
Exchange rate differences	1,877	691	3,660	6,228	
Closing balance 31 Dec. 2018	**60,092**	**41,983**	**160,312**	**262,387**	**9,524**
Depreciation					
Opening balance 1 Jan. 2017	-26,585	-12,418	-115,712	-154,715	-8,615
Depreciation for the year	-2,116	-2,927	-12,177	-17,220	-245
Sales		532	11,589	12,121	3
Exchange rate differences	290	122	1,974	2,386	
Closing balance 31 Dec. 2017	**-28,411**	**-14,691**	**-114,326**	**-157,428**	**-8,857**
Opening balance 1 Jan. 2018	-28,411	-14,691	-114,326	-157,428	-8,857
Depreciation for the year	-2,154	-4,007	-12,192	-18,353	-233
Sales		963	7,109	8,072	31
Exchange rate differences	-511	-445	-2,890	-3,846	
Closing balance 31 Dec. 2018	**-31,076**	**-18,180**	**-122,299**	**-171,555**	**-9,059**
Carrying amounts					
As of 1 Jan. 2017	32,446	17,878	32,394	82,718	612
As of 31 Dec. 2017	29,758	22,052	33,137	84,947	562
As of 1 Jan. 2018	29,758	22,052	33,137	84,947	562
As of 31 Dec. 2018	29,016	23,803	38,013	90,832	465

Of Group carrying amounts as of 31 December 2018, 6,676,000 SEK (4,625,000) relates to assets held through finance leases.

Note 14

Participations in Group companies

SEK 000	31 Dec. 2018	31 Dec. 2017
Accumulated cost		
At beginning of year	424,523	383,354
Acquisition of minority share	2,043	
Acquired entities, within group	150,000	
Divested entities, within group	-23,642	
Increase via shareholders' contribution		41,340
Increased via share-based payment	633	31
Liquidated companies		-202
Carrying amount at end of year	**553,557**	**424,523**

Specification of parent company and Group holdings of participations in group companies

SEK 000			31 Dec. 2017
Subsidiary/corp. ID no./reg. office	*No. of shares*	*Holding, %* [a]	*Carrying amount*
Beijer Electronics AB, 556701-4328, Malmö	**1,000**	**100.0**	**47,770**
Brodersen Automation AB, 556288-8650, Jönköping	3,000	100.0	
Beijer Electronics AS, 912965058, Drammen	1,117	100.0	
Brodersen Automation AS, 957004083, Drammen	300	100.0	
Beijer Electronics A/S, 56162712, Roskilde	1,000	100.0	
Beijer Electronics Holding Inc., 36-4027234, Chicago	1,000	100.0	
Beijer Electronics Inc., 87-0396688, Salt Lake City	10	100.0	
Beijer Electronics Holding GmbH, 22383, Unterensingen	1	100.0	
Beijer Electronics Verwaltungs GmbH, HRB 22383 Unterensingen	1	100.0	
Beijer Electronics GmbH & Co. KG, HRA 222129, Unterensingen	1	100.0	
Beijer Electronics Trading (Shanghai) Co, Ltd, Shanghai	1	100.0	
Beijer Electronics Corp., 05027350, Taipei	116,534	100.0	
Beijer Electronics Korea Co., Ltd., 110111-5841188, Seoul	10,000	100.0	
Beijer Electronics Automation AB, 556701-3965, Malmö	**1,000**	**100.0**	**100**
Westermo Teleindustri AB, 556361-2604, Eskilstuna	**100,000**	**100.0**	**254,147**
Westermo Data Communications AB, 556687-8962, Eskilstuna	1,000	100.0	
Westermo Research and Development AB, 556710-8856, Eskilstuna	1,000	100.0	
Westermo Fastighets AB, 556288-4360, Eskilstuna	10,000	100.0	
Westermo OnTime AS, 981567560, Oslo	2,353,724	100.0	
Westermo Data Communications Ltd., 3059742, Southampton	50,000	100.0	
Westermo Data Communications GmbH, 30070-54742, Waghäusel	50,000	100.0	
Westermo Data Communications SARL, 4333142590001, Champlan	7,624	100.0	
Westermo Data Communications Pte Ltd., 200707554, Singapore	1	100.0	
Westermo Data Communications Pty Ltd., 611 051 846, North Ryde, NSW	10,000	100.0	
Korenix Technology Co., Ltd, Taipei [b)]	**18,467,000**	**100.0**	**100,907**
Smart Jumbo Investment Ltd, Samoa	300,000	100.0	
Korenix Technology Ltd, Shenzhen	2,000,000	100.0	
Korenix Technology Ltd, Samoa	1	100.0	
Huei Chun Electronics Co, Taipei	500,000	100.0	
Lanshan Co., Ltd, Taiwan	2,300,000	50.5	
Beijer Elektronik ve Tic. A.Ş, 556233, Istanbul	**90,000**	**90.0**	**20,971**
Beijer Electronics UK Ltd, 9863522, London	**50,000**	**100.0**	628
			424,523

a Equity as a percentage of capital, corresponding to the share of the votes for the total number of shares.
b Of the Group's total holdings, 52.5% is held by Beijer Electronics Group AB.

Specification of parent company and Group holdings of participations in group companies

SEK 000			31 Dec. 2018
Subsidiary/corp. ID no./reg. office	*No. of shares*	*Holding, %* [a]	*Carrying amount*
Beijer Electronics AB, 556701-4328, Malmö	**1,000**	**100.0**	**48,041**
Brodersen Automation AB, 556288-8650, Jönköping	3,000	100.0	
Beijer Electronics AS, 912965058, Drammen	1,117	100.0	
Brodersen Automation AS, 957004083, Drammen	300	100.0	
Beijer Electronics A/S, 56162712, Roskilde	1,000	100.0	
Beijer Electronics Holding GmbH, 22383, Unterensingen	1	100.0	
Beijer Electronics Verwaltungs GmbH, HRB 22383, Unterensingen	1	100.0	
Beijer Electronics GmbH & Co. KG, HRA 222129, Unterensingen	1	100.0	
Beijer Electronics Trading (Shanghai) Co, Ltd, Shanghai	1	100.0	
Beijer Electronics Corp., 05027350, Taipei	116,534	100.0	
Beijer Electronics Korea Co., Ltd., 110111-5841188, Seoul	10,000	100.0	
Beijer Elektronik ve Tic. A.Ş, 556233, Istanbul	100,000	100.0	
Beijer Electronics UK Ltd, 9863522, London	50,000	100.0	
Beijer Electronics Automation AB, 556701-3965, Malmö	**1,000**	**100.0**	**100**
Westermo Network Technologies AB, 556361-2604, Eskilstuna	**100,000**	**100.0**	**254,451**
Westermo Data Communications AB, 556687-8962, Eskilstuna	1,000	100.0	
Westermo Fastighets AB, 556288-4360, Eskilstuna	10,000	100.0	
Westermo OnTime AS, 981567560, Oslo	2,353,724	100.0	
Westermo Data Communications Ltd., 3059742, Southampton	50,000	100.0	
Westermo Data Communications GmbH, 30070-54742, Waghäusel	50,000	100.0	
Westermo Data Communications SARL, 4333142590001, Champlan	7,624	100.0	
Westermo Data Communications Pte Ltd., 200707554, Singapore	1	100.0	
Westermo Data Communications Pty Ltd., 611 051 846, North Ryde, NSW	10,000	100.0	
Korenix Technology Co., Ltd, Taipei [b)]	**18,467,000**	**100.0**	**100,965**
Smart Jumbo Investment Ltd, Samoa	300,000	100.0	
Korenix Technology Ltd, Shenzhen	2,000,000	100.0	
Korenix Technology Ltd, Samoa	1	100.0	
Huei Chun Electronics Co, Taipei	500,000	100.0	
Lanshan Co., Ltd, Taiwan	2,300,000	50.5	
Beijer Electronics Holding Inc., 36-4027234, Chicago	**1,000**	**100.0**	**150,000**
Beijer Electronics Inc., 87-0396688, Salt Lake City	10	100.0	
			553,557

A minority share of Beijer Elektronik ve Tic. A.S was acquired for 2,043,000 SEK in 2018. The parent company acquired all the shares of Beijer Electronics Holding Inc. from Beijer Electronics AB, and sold all the shares of Beijer Elektronik ve Tic. A.S and Beijer Electronics UK Ltd to Beijer Electronics AB.
The corporate name of Westermo Teleindustri AB was changed to Westermo Network Technologies AB.
Westermo Research & Development was merged with Westermo Network Technologies AB.

a Equity as a percentage of capital, corresponding to the share of the votes for the total number of shares.
b Of the Group's total holdings, 52.5% is held by Beijer Electronics Group AB.

Note 15

Participations in associated companies

SEK 000	31 Dec. 2018	31 Dec. 2017
Group		
Carrying amount at beginning of year	1,000	1,000
Carrying amount at end of year	**1,000**	**1,000**

SEK 000	31 Dec. 2018	31 Dec. 2017
Parent company		
Carrying amount at beginning of year	1,000	1,000
Carrying amount at end of year	**1,000**	**1,000**

Company and reg. office

SEK 000	31 Dec. 2018	31 Dec. 2017
Carrying amount		
HCA Participações S.A., Sao Leopoldo, Brazil	1,000	1,000

Beijer Electronics Group AB owns 23.82% of the shares of HCA Participações S.A, a holding company that owns 100% of the shares of Altus Sistemas de Automatição S.A. ("Altus"). These shares were acquired at a value of 73,585,000 SEK in 2013.

Altus develops and manufactures high-technology control systems.

In 2016, the board of Beijer Electronics Group AB decided to impair the value of its holding in HCA Participações S.A. This impairment loss was taken due to the long-term value of HCA Participações S.A.'s subsidiary Altus being considered uncertain. The impairment was accounted by the Group's parent company and at Group level, but not in any of the Group's segments. The recoverable amount was measured based on the Board's assessment of fair value less deductions for selling expenses. Because the estimated value and computed expenses of the sale are non-observable data, the fair value of the participating interest is classified at level 3 in the fair value hierarchy. In 2017-2018, Altus conducted operational restructuring to improve profitability. The Board of Beijer Electronics Group AB maintained its opinion that the value of Altus and HCA Participações S.A. are uncertain as of 31 December 2018.

Note 16

Long-term receivables from Group companies

SEK 000	31 Dec. 2018	31 Dec. 2017
Parent company		
Accumulated cost		
At beginning of year	291,503	304,221
Additional receivables	1,352	12,898
Amortization for the year	-146,377	-15,102
Exchange rate differences for the year	10,222	-10,514
Carrying amount at end of period	**156,700**	**291,503**

The fair value of loans to related parties is measured at cost, and in those cases where denominated in foreign currency, at the closing day rate.

The effective interest on long-term receivables to related parties is 0.50–3.20% (0.50–2.13).

Note 17

Other long-term receivables

SEK 000	31 Dec. 2018	31 Dec. 2017
Group		
Accumulated cost		
At beginning of year	2,396	2,896
Additional receivables	142	687
Reclassification for the year	0	-1,050
Amortization for the year	-56	0
Exchange rate differences for the year	149	-137
Carrying amount at end of period	**2,631**	**2,396**

Because all long-term receivables are essentially subject to variable interest rates and the effect of discounting is marginal, fair value is judged to largely correspond to book value.

Note 18

Inventories

SEK 000	31 Dec. 2018	31 Dec. 2017
Group		
Raw materials and consumables	105,249	95,210
Finished goods and goods for resale	59,059	63,725
Work in progress	10,665	7,902
Advance payments to suppliers	0	4
Goods in transit	2,706	2,480
	177,679	**169,321**

Note 19

Accounts receivable and other current receivables

SEK 000	31 Dec. 2018	31 Dec. 2017
Group		
Accounts receivable	253,336	200,144
Provision for doubtful debt	-2,685	-2,248
Accounts receivable–net	**250,651**	**197,896**
Other receivables	27,502	35,659
Prepaid expenses and accrued Income	19,904	20,548
	298,057	**254,103**

The fair value of accounts receivable and other receivables is consistent with book value.

Change in provision for doubtful debt

SEK 000	31 Dec. 2018	31 Dec. 2017
Opening balance	-2,248	-2,085
Reported in Income Statement:		
–Additional reserve	-550	-758
–Reversed unutilized reserves	144	140
Utilized in the year	60	450
Exchange rate differences	-91	5
Closing balance	**-2,685**	**-2,248**

Accounts receivable are judged individually at each reporting date. The individually judged receivables subject to impairment mainly relate to customers that have experienced unexpected financial difficulties. A judgment that a portion of the receivables is expected to be recoverable has been made. The expense for doubtful and bad debt is included in the other expenses item in the Income Statement. The maximum exposure to credit risk on the reporting date is the fair value of each category of receivable stated above. The Group has no assets pledged as collateral.

The Group is not dependent on major customers. The Group has no single customer that provides more than 10% of total Group sales.

Carrying amounts, by currency, relating to the Group's accounts receivable and other receivables are as follows:

SEK 000	31 Dec. 2018	31 Dec. 2017
SEK	38,598	34,142
EUR	100,694	74,539
USD	77,531	69,449
TWD	20,116	27,974
GBP	20,160	16,243
CNY	19,482	12,502
NOK	5,251	7,109
TRY	3,436	5,102
DKK	3,565	4,682
Other currencies	9,224	2,361
	298,057	**254,103**

Prepaid expenses and accrued income

SEK 000	31 Dec. 2018	31 Dec. 2017
Group		
Rents	4,866	6,476
Insurance	1,753	1,681
Lease payments	1,567	1,050
Bank charges	1,313	406
Licenses	1,791	2,162
Other items	8,614	8,773
	19,904	**20,548**
Parent company		
Rents	2,110	2,198
Insurance	960	849
Lease payments		189
Bank charges	1,313	406
Licenses	1,703	1,460
Other items	1,512	681
	7,598	**5,783**

Note 20

Earnings per share

SEK 000	2018	2017
Net profit	43,518	-6,988
Number of outstanding shares	28,601	28,601
Earnings per share before dilution	**1.52**	**-0.24**
Earnings per share after dilution	**1.51**	**-0.24**
Dividend paid per share, SEK [a]	**0.00**	**0.00**

a The proposed dividend for 2018 is 0.50 SEK per share.

Note 21

Interest-bearing liabilities

This Note contains information about the company's contractual terms relating to interest-bearing liabilities. For more information on the company's exposure to interest risk and the risk of exchange rate fluctuations, see Note 27.

Book value is judged to be a close approximation of fair value. Bank borrowing is renegotiated every three months with new interest rates on market terms. Provisions for pensions have been discounted at an adequate market interest rate for the applicable term. Financial lease liabilities are discounted at the implicit interest rate at the start of each lease.

SEK 000	31 Dec. 2018	31 Dec. 2017
Group		
Long-term liabilities		
Pension provisions	131,216	113,698
Bank loans	300,000	340,000
Finance lease liabilities	4,604	3,431
	435,820	**457,129**
Current liabilities		
Overdraft facility	34,649	7,322
Short-term portion of bank loans	40,000	40,000
Short-term portion of finance lease liabilities	2,072	2,211
	76,721	**49,533**

Credit terms

The company's bank borrowings are subject to covenants in the form of two financial key ratios according to the definitions below.

Total leverage

Total leverage according to the credit terms for 2017 and 2018 is defined as interest-bearing liabilities, excluding provisions for pension obligations, less cash and cash equivalents in relation to EBITDA and excluding restructuring costs.

Total leverage may not exceed 3.50 (4.50).

Interest coverage ratio

Interest coverage ratio is defined as EBITDA and excluding restructuring costs in relation to net interest income/expense (interest expenses less interest income).

The interest coverage ratio may not be less than 3.50 (3.50).

Each quarter, the company reports the quantitative outcome of both covenants to its lenders. The computations are based on financial information as stated in quarterly reports.

Finance lease liabilities

Finance lease liabilities become due for payment as follows:

SEK 000	Minimum lease payments	Interest	Principal
Group 2018			
Within one year	1,897	175	2,072
Between one and five years	4,462	142	4,604
	6,359	**317**	**6,676**
Group 2017			
Within one year	2,098	113	2,211
Between one and five years	3,332	99	3,431
	5,430	**212**	**5,642**

The arrangements that are the basis of finance lease liabilities are vehicle leases.

Note 22

Liabilities to credit institutions

SEK 000	31 Dec. 2018	31 Dec. 2017
Parent company		
Long-term liabilities		
Bank loans	300,000	340,000
	300,000	**340,000**
Current liabilities		
Overdraft facility	34,649	7,318
Short-term portion of bank loans	40,000	40,000
	74,649	**47,318**

Note 23

Defined-benefit obligations

Defined-benefit obligations

SEK 000	2018	2017
Group		
Defined-benefit obligations		
Present value of funded obligations	19,523	20,656
Fair value of plan assets	-16,943	-16,685
Deficit in funded plans	**2,580**	**3,971**
Present value of unfunded plans	128,636	109,727
Net amount in Balance Sheet	**131,216**	**113,698**
The net amount is divided between plans in the following countries:		
Sweden	128,203	109,231
Taiwan	3,013	4,467
Net amount in Balance Sheet	**131,216**	**113,698**

	2018	2017
Plan assets are divided into the following components:		
Shares	47%	44%
Bonds and fixed-income funds	23%	28%
Bank balances	24%	21%
Other	6%	7%
Total plan assets	**100%**	**100%**

100% (100) of plan assets relate to funded obligations in Taiwan.
Under Taiwanese legislation, the state pension authority manages all such assets.

Pension expense

SEK 000	2018	2017
Defined-benefit plans		
Expense for pensions accrued in the year	4,091	3,558
Return on plan assets	-228	-201
Interest expense	3,479	3,053
Expense for defined-benefit plans	**7,342**	**6,410**
Expense for defined-contribution plans	26,916	22,326
Payroll tax and tax on profits	4,890	3,931
Total expense, defined-contribution plans	**31,806**	**26,257**
Total expense for benefits after terminated employment	**39,148**	**32,667**

Reconciliation of net amounts for pensions in the Balance Sheet

The following table illustrates how the net amount in the Balance Sheet changed in the period:

SEK 000	2018	2017
Amount at beginning of year	113,698	96,243
Expense for defined-benefit plans	7,342	6,410
Return on plan assets	-481	45
Contributions from employees	-1,400	-1,522
Disbursement of benefits	-1,128	-915
Actuarial revaluation, financial assumptions	12,931	13,267
Translation difference	254	170
Amount at end of year	**131,216**	**113,698**

Actuarial assumptions

The following significant actuarial assumptions were applied when calculating obligations (weighted averages):

	2018	2017
Discount rate, %	2.57	2.79
Future salary increases, %	3.01	3.02
Inflation, %	2.03	1.91
Staff turnover, %	5.90	5.91
Expected remaining lifespan after pensionable age 65	22.51	22.48
Group		
Assets pledged for pension obligations	None	None
Parent company		
Assets pledged for pension obligations	None	None

For more information on the method for determining the discount rate: see note 1, section (P) Employee benefits, section (ii) Defined benefit plans. A sensitivity analysis of the effect of the discount rate on the scale of defined benefit obligations is stated below in the sensitivity analysis section.

Sensitivity analysis

The value of defined-benefit obligations consists of the present value of expected future pension disbursements. Accordingly, measurements of the defined-benefit obligations are materially dependent on the applied discount rate in the computation of present value. Adjustments of the discount rates are a change in actuarial assumptions, and accordingly, the effects of these restatements are reported in actuarial gain or loss.

The effect of restatements of certain assumptions on the present value of obligations as of 31 December 2018 is stated below.

Adjusted inflation expectations (percentage points)	-0.50%	+0.50%
Present value of obligation (+ increase / - decrease)	17,435	-15,138
Adjusted inflation expectations (percentage points)	-0.50%	+0.50%
Present value of obligation (+ increase / - decrease)	-4,187	4,778
Adjusted inflation expectations (percentage points)	-0.50%	+0.50%
Present value of obligation (+ increase / - decrease)	-12,581	14,181
Adjusted term (years)	-1 year	+1 year
Present value of obligation (+ increase / - decrease)	-4,917	4,910

Estimate for the coming financial year

SEK 000	2019
Defined-benefit obligations	
Expense for pensions accrued in the year	4,296
Return on plan assets	-197
Interest expense	3,639
Total	**7,738**

Regarding the coming financial year's income statement item of actuarial profit/loss, the company does not wish to present any quantified estimate, because this amount is materially dependent on the value of the discount rate, which in turn, is dependent on macroeconomic factors. The company refers the reader to the section on the sensitivity analysis and progress of the discount rate in this section on actuarial assumptions in order for the reader to obtain a view of possible progress. Given currently available information, the company does not judge that any material changes to the discount rate will occur for the coming year.

Defined contribution plans

The company judges that the expense for defined contribution plans will be at a level that is comparable with recent years.

Note 24

Deferred tax

SEK 000	Deferred tax asset	Deferred tax liability	Net
Group 31 Dec. 2018			
Tangible assets	2,679	2,471	208
Intangible assets	0	47,124	-47,124
Inventories	6,514	0	6,514
Pension provisions	19,570	0	19,570
Untaxed reserves	0	638	-638
Restructuring reserve	0	0	0
Other provisions	1,923	106	1,817
Loss carry-forwards	19,521	0	19,521
Deferred tax liability, net	**50,207**	**50,339**	**-132**

SEK 000	Deferred tax asset	Deferred tax liability	Net
Group 31 Dec. 2017			
Tangible assets	2,859	2,381	478
Intangible assets	0	45,603	-45,603
Inventories	5,619	0	5,619
Pension provisions	16,980	0	16,980
Untaxed reserves	0	638	-638
Restructuring reserve	762	0	762
Other provisions	1,277	63	1,214
Loss carry-forwards	24,224	0	24,224
Deferred tax liability, net	**51,721**	**48,685**	**3,036**

SEK 000	Amount at beginning of year	Recognized through profit or loss	Recognized through other compre-hensive income	Exchange rate difference	Amount at end of year
Group					
Tangible assets	478	-182		-88	208
Intangible assets	-45,603	-1,040		-481	-47,124
Inventories	5,619	863		32	6,514
Pension provisions	16,980	-26	2,580	36	19,570
Untaxed reserves	-638	0			-638
Restructuring reserve	762	-805		43	0
Other provisions	1,214	470		133	1,817
Loss carry-forwards	24,224	-4,725		22	19,521
	3,036	**-5,445**	**2,580**	**-303**	**-132**

Of the Group's deferred tax assets, 5-10 MSEK is expected to be utilized in 2019.
Of the Group's deferred tax liabilities, 2-4 MSEK is expected to be settled in 2019, with additional estimated new deferred tax liabilities of 3-7 MSEK.

Loss carry-forwards

Tax loss carry-forwards for which no deferred tax liability have been capitalized total 68.2 MSEK (60.1).

SEK 000	
Due year	
2018	3,015
2019	4,761
2020	9,805
2021	40,845
2022	2,334
After 2022	0
No due date	7,430
Total	**68,190**

Note 25

Other provisions

SEK 000	31 Dec. 2018	31 Dec. 2017
Opening balance	5,298	4,887
Recognized in Income Statement:		
– additional provisions	222	802
– reversed unutilized amounts	-1,174	-204
Utilized in year		-172
Exchange rate differences		-15
Closing balance	**4,346**	**5,298**

Of the closing balance for the year, 4,273,000 SEK (5,298,000) is guarantee provisions.

Note 26

Accrued expenses and deferred income

SEK 000	31 Dec. 2018	31 Dec. 2017
Group		
Accrued salaries and vacation pay	73,870	56,861
Accrued social security expenses	42,445	34,209
Accrued consulting expenses	4,792	2,382
Restructuring	1,763	5,076
Personnel	*1,146*	*1,343*
Other	*617*	*3,733*
Deferred income	3,515	3,687
Other items	18,740	15,049
	145,125	**117,264**

SEK 000	31 Dec. 2018	31 Dec. 2017
Parent company		
Accrued salaries and vacation pay	6,195	3,242
Accrued social security expenses	4,797	4,122
Other items	1,923	1,851
	12,915	**9,215**

Note 27

Financial risks and finance policy

Net debt

The Group's net debt as of 31 December 2018 and 2017 respectively was as follows:

SEK 000	31 Dec. 2018	31 Dec. 2017
Cash and cash equivalents	94,488	89,281
Loan liabilities–due within one year	76,833	49,533
Loan liabilities–due after one year	435,708	457,129
Net debt	**418,053**	**417,381**

SEK 000	31 Dec. 2018	31 Dec. 2017
Cash and cash equivalents	94,488	89,281
Gross debt–fixed interest	6,676	5,642
Gross debt–variable interest	505,865	501,020
Net debt	**418,053**	**417,381**

SEK 000	Cash and cash equivalents	Finance leases due within one year	Finance leases due after one year	Loan liabilities due within one year	Loan liabilities due after one year	Net
Net debt as of 1 Jan. 2017	107,228	3,477	3,146	236,260	446,243	581,898
Cash flow	-13,744		-2,392	-188,938	-10,000	-187,586
Exchange rate differences	-4,203		170			4,373
Other changes	0	-1,266	2,507		17,455	18,696
Net debt as of 31 Dec. 2017	**89,281**	**2,211**	**3,431**	**47,322**	**453,698**	**417,381**
Net debt as of 1 Jan. 2018	89,281	2,211	3,431	47,322	453,698	417,381
Cash flow	1,326	-2,211		27,327	-40,000	-16,210
Exchange rate differences	3,881					-3,881
Other changes	0	2,184	1,061		17,518	20,763
Net debt as of 31 Dec. 2018	**94,488**	**2,184**	**4,492**	**74,649**	**431,216**	**418,053**

Loan, interest and maturity structure

The following table illustrates the maturity structure of financial loan liabilities and interest renegotiation points on the reporting date.

SEK 000	Interest rate, %	Fixed-interest period	Remaining duration, fixed-interest period	Currency	Nominal amount in original currency[b]
Bank loans:					
Bank loan	0.95%	74 days	74 days	SEK	200 ,000
Bank loan	0.95%	74 days	74 days	SEK	140,000
Overdraft facility[a]	0.80%	30-74 days		SEK/EUR/USD/ NOK/DKK/GBP /SGD	34,649

a The overdraft facility has contracted interest of 0.30% on credit granted.

b The final maturity of bank loans is 15 March 2019. A new three-year bank facility was arranged on 18 November 2018, with unchanged volume and structure.

Financial assets & financial liabilities

The group has the following financial instruments:

Financial assets

SEK 000	31 Dec. 2018	31 Dec. 2017
Financial assets measured at amortized cost		
- Accounts receivable	250,651	197,896
- Cash and cash equivalents	94,488	89,281
Financial assets recognized at fair value through profit or loss:		
Unlisted shares	1,000	1,000
	346,139	**287,177**

Financial debts

SEK 000	31 Dec. 2018	31 Dec. 2017
Financial liabilities measured at amortized cost		
-Borrowings	381,325	392,964
-Accounts payable	111,407	122,417
	492,732	**515,381**

Accounts receivable are amounts relating to customers for goods sold or services rendered in operating activities. Generally, accounts receivable become due for payment within 30-90 days, and accordingly, all accounts receivable are classified as current assets. The fair value of accounts receivable corresponds to carrying amounts, because the discounting effect is not considered material.

Unlisted shares are measured at level 3 in the fair value hierarchy. See note 15 for more information.

In the above table, the figures for 2017 have been classified according to the terminology of IFRS 9. For terminology according to the policies of the annual accounts for 2017, please refer to the accounting policies for financial instruments on page 55.

The following table states the carrying amounts, estimated fair value and contracted maturities of financial liabilities.

		Contracted maturities				
SEK 000	Carrying amount	Within 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total
Group						
Bank loans	374,649	54,649	20,000	40,000	260,000	374,649
Finance lease liabilities	6,676	1,018	1,166	2,427	2,065	6,676
Accounts payable	111,407	111,407	0	0	0	111,407
	492,732	**167,074**	**21,166**	**42,427**	**262,065**	**492,732**

The carrying amounts of the Group's borrowing corresponds to fair value because interest on this borrowing is on a par with current market interest rates or due to borrowing being short term.

Transaction exposure

The Group's transaction exposure for 2019 is divided between the following currencies:

	Sales		EBIT	
SEK 000	Amount	%	Amount	%
Group 2018				
EUR	519,660	36.7	358,635	485.0
USD	413,452	29.2	32,835	44.4
NOK	45,921	3.2	25,567	34.6
DKK	25,348	1.8	11,942	16.1
GBP	93,987	6.6	70,639	95.5
TRY	28,240	2.0	20,123	27.2
TWD	56,711	4.0	-154,441	-208.9
CNY	61,980	4.4	36,449	49.3
SGD	10,677	0.8	3,861	5.2
SEK	143,655	10.1	-340,806	-460.9
Other currencies	17,609	1.2	9,142	12.4
	1,417,240	**100.0**	**73,946**	**100.0**

Translation exposure

Foreign net assets of the Group are divided between the following currencies:

Currency/Amount, 000	Foreign currency	Swedish currency	%
Group 2018			
TWD	1,028,525	301,255	43.4
USD	24,813	222,599	32.0
EUR	5,911	60,736	8.7
CNY	25,978	33,948	4.9
GBP	1,876	21,286	3.1
DKK	12,274	16,889	2.4
TRY	9,402	16,010	2.3
SGD	1,428	9,371	1.3
NOK	5,467	5,601	0.8
Other currencies		7,143	1.1
		694,838	**100.0**

Finance policy

Through its operations, the Group is exposed to various types of financial risk. Financial risk means fluctuations in the company's profits and cash flow ensuing from variations in rates of exchange, interest levels and credit risks. The Board of Directors decides on currency hedging and additional new long-term funding.

Interest risks

The Group's net financial income/expense and profit or loss are affected by fluctuations in interest rates. The Group's average interest fixing period is some 90 days. Interest rates at year-end vary between 0.80 and 0.95% (1.20–2.00%). The average interest factor for the year is approximately 1.3% (2.4). An interest rate fluctuation of 1% would affect consolidated profit before tax by some 4.7 MSEK (5.0).

Credit risks

Group cash and cash equivalents are divided between the parent company and its subsidiaries, with no single entity holding more than 26% (20) of Group total cash and cash equivalents. The Group's policy is to invest cash and cash equivalents in regionally reputable and leading banks with a high credit rating.

The Group is exposed to credit risks in accounts receivable. The Group's customers are subject to credit checks involving the collection of information on customers' financial positions from various credit agencies. The Group has prepared a Credit Policy for managing customer credit, which continuously monitors customers' progress and solvency.

Advance payments, bank guarantees or other collateral are necessary for customers with low credit ratings or insufficient credit history. In the Group, accounts receivable more than 120 days overdue are generally 100% provisioned. However, consideration should be taken to the incidence of credit insurance, etc. Additionally, individual assessments are made where necessary. The cost of doubtful and bad debt in 2018 was 0.6 MSEK (0.8), or 0.04% (0.06) of Group sales.

Currency risks

The Group operates internationally and is exposed to various types of currency risk. The primary exposure relates to purchases and sales in foreign currencies, where the risk may be in fluctuations in the currency of the financial instrument, customer's or supplier's invoice, and the currency risk in expected or contracted payment flows, termed transaction exposure. Currency fluctuations also occur in the translation of foreign subsidiaries' assets and liabilities to the parent company's functional currency (translation exposure). In the financial year, the Group did not apply currency hedging to its payment flows or exposure in foreign subsidiaries, in accordance with the Group's policy.

The largest purchase currencies for the Group are the USD, EUR and TWD. The largest invoicing currencies are EUR, USD, SEK and GBP. The Group has some flow matching of its currency exposure, implying relatively low value at risk (theoretical risk value). The policy is for the Group subsidiaries to manage their currency risk by controlling revenues and expenses against functional currency, and allow the parent company to conduct netting of various currencies.

The parent company evaluates its net exposure to each purchasing and sales currency on an ongoing basis with the aim of judging the effect on consolidated profit. A 10% depreciation/appreciation of the Swedish krona against all transaction currencies would increase/decrease sales by some 125 MSEK and EBIT by some 40 MSEK, given year-2018 levels and mix of sales and earnings. 90% (89) of Group sales are in foreign currency.

The Group has significant net assets denominated in TWD and USD. A 10% depreciation/appreciation in the value of the SEK against TWD and USD respectively would increase/decrease equity by 30 MSEK and 22 MSEK respectively.

Liquidity risks

Beijer Electronics has loans that become due for payment at different times. An overdraft facility represents a portion of these loans, which has a contracted one-year term, and can be renewed for 12 months at the end of its term after renewed evaluation. The Group's other finance accrues variable interest with straight-line amortization. The Group is within the limits of the terms of credit issued by lenders as guarantees for credit issuance.

Beijer Electronics Group AB's current bank facility expires on 15 March 2019. A new three-year bank facility was arranged on 18 November 2018, with unchanged volume and structure, which comes into effect at the end of the current agreement.

Capital risk

The Group's target for its capital structure is to ensure the Group can continue its operations, so it can continue to generate returns for shareholders, benefit other stakeholders and maintain an optimal capital structure to limit the cost of capital. To maintain or adjust its capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce its liabilities. There are no financial capital risks because the company does not have a financial trading mandate, but works with operating capital exclusively.

Note 28

Pledged assets and contingent liabilities and contingent assets

	Group		Parent company	
SEK 000	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Pledged assets	**11,044**	**10,512**	**None**	**None**
Contingent Liabilities				
Guarantee commitments, FPG/PRI	1,293	1,185	178	150
Guarantee commitments in favor of subsidiaries				
-rent guarantees			20,010	28,472
-customs guarantees			678	413
- other [a)]			5,469	
Other guarantee commitments	4,381	1,379		
Total contingent liabilities	**5,674**	**2,564**	**26,335**	**29,035**

a Beijer Electronics UK Ltd. with company registration number 09863522 is exempt from statutory audit pursuant to Section 479A of the UK Companies Act 2006. Beijer Electronics Group AB is guarantor of all this subsidiary's liabilities as of 31 December 2018. 2,996,000 SEK of this amount is intra-group liabilities.

Note 29

Related parties

The parent company has related party relationships with its subsidiaries (see Note 14). For transactions with the CEO, Board members and senior executives, see Note 7.

Summary of transactions with related parties

Related party relationship	Year	Sales of services to related party	Purchases of services from related party	Receivable from related party as of 31 December	Liability to related party as of 31 December
Subsidiaries	2018	33,464	3,900	184,526	95,727
Subsidiaries	2017	31,767	0	309,425	77,295

Transactions with related parties are priced on an arm’s length basis.

Note 30

Cash flow

SEK 000	31 Dec. 2018	31 Dec. 2017
Cash and cash equivalents–Group		
Cash and cash equivalents include the following components:		
Cash	141	202
Checks	5,836	2,537
Bank balances	88,511	86,542
Total, Balance Sheet	**94,488**	**89,281**
Total, Cash Flow Statement	**94,488**	**89,281**
Cash and cash equivalents–parent company		
Cash and cash equivalents include the following components:		
Cash	0	0
Bank balances	1,166	1,166
Total, Balance Sheet	**1,166**	**1,166**
Total, Cash Flow Statement	**1,166**	**1,166**

Interest paid and dividend received

	Group		Parent company	
SEK 000	2018	2017	2018	2017
Dividend received			1,417	1,056
Interest received	679	693	5,859	5,509
Interest paid	-5,721	-15,767	-5,659	-15,650
	-5,042	**-15,074**	**1,617**	**-9,085**

Adjustments for items not included in cash flow

	Group		Parent company	
SEK 000	2018	2017	2018	2017
Depreciation, amortization and impairment	76,646	72,309	8,471	8,095
Impairment of shares in subsidiaries				29
Profit from sale of property, plant and equipment	2,861			
Pension provisions	4,975	3,817	1,374	1,139
Other provisions	-952	410		
Unrealized exchange gains/losses			-8,767	8,352
Unpaid expense for restructuring program	1,000	1,300		
Other	612	240		74
	85,142	**78,076**	**1,078**	**17,689**

Unutilized credit facilities

	Group		Parent company	
SEK 000	2018	2017	2018	2017
Unutilized credit facilities amount to	215,351	242,682	215,351	242,682

Note 31

Other liabilities

SEK 000	31 Dec. 2018	31 Dec. 2017
Group		
Other long-term liabilities		
Liability, finance leases	4,604	3,431
Total	**4,604**	**3,431**

Note 32

Subsequent events

There were no significant events after the end of the year until the date of signing of this Annual Report.

Note 33

Parent company

Beijer Electronics Group AB is a Swedish-registered limited company with its registered office in Malmö, Sweden. The parent company's shares are quoted on the NASDAQ OMX Nordic Stockholm Small Cap List, under the ticker symbol BELE. The address of the head office is: Box 426, 201 24 Malmö, Sweden.

The Consolidated Accounts for 2018 include the parent company and its subsidiaries, collectively termed the Group. The Group also includes participations in associated companies.

Note 34

Proposed appropriation of profit

SEK 000	2018	2017
Retained profit	279,121	279,210
Net profit	-7,684	808
Total	**271,437**	**280,018**
Total dividend	14,301	0
Carried forward	257,136	280,018
Total	**271,437**	**280,018**

Note 35

Alternative key figures

Alternative key figures are used to describe the progress of underlying operations and to improve comparability between periods. They are not defined on the basis of IFRS but are consistent with how group management and the Board of Directors measures the company's financial performance. These key figures should not be viewed as substitutes for financial information presented in accordance with IFRS, but rather, as a complement.

For definitions, see page 100.

Corporate Governance Report 2018

Beijer Electronics Group AB is a Swedish public limited company quoted on the NASDAQ OMX Nordic Stockholm Small Cap List, with the ticker BELE. The company applies the Swedish Code of Corporate Governance. The complete Code is available at www.corporategovernanceboard.se.

The Corporate Governance Report for the financial year 2018 has been prepared in accordance with the Code's recommendations. The company has one instance of non-compliance to report. Point 7.2 of the Code stipulates that the Audit Committee should consist of at least three Board members. The Board's assessment is that two members is sufficient to deal with the company's most important matters in terms of risk and audit issues. The current members are independent of the company, management and major shareholders, and possess long-term and extensive experience of these issues from other listed companies.

The company's Auditors have performed a statutory review of the Corporate Governance Report.

The Group is below referred to as BEIJER GROUP.

Shareholders and Articles of Association

There were 3,411 (3,456) shareholders at the end of the year. The largest shareholder is Stena Sessan AB with some 29.8% of the votes. Of total share capital at year-end, some 17% (19) was held by foreign investors. The company has two share classes, ordinary shares and class C shares, and the maximum permitted issue of class C shares is 5% of all the shares of the company, which carry 1/10 of a vote per share. The share capital amounts to 9,545,345.34 SEK, divided between 28,636,036 shares, of which 28,601,379 ordinary shares each carrying 1 vote, corresponding to 28,601,379 votes, and 34,657 class C shares each carrying 1/10 vote, corresponding to 3,465.7 votes. Each ordinary share has a quotient value of 0.33 SEK. For more information on the share and shareholders, see pages 10-11. Information on shareholders is updated quarterly, and is also available at the Group's website, www.beijergroup.com.

BEIJER GROUP's Articles of Association have no special provisions regarding the appointment or dismissal of Board members or amendments to the Articles of Association. For such resolutions at shareholders' meetings, the majority requirements stated in the Swedish Companies Act apply.

AGM 2018

The AGM was held on 26 April 2018. 86 shareholders attended the Meeting personally or by proxy, representing some 73% of the votes. Chairman of the Board Bo Elisson was elected Chairman of the Meeting. All ordinary Board members with the exception of Ulrika Hagdahl and the company's Auditors attended the Meeting.

Chairman of the Board Bo Elisson reported on the work of the Board of Directors in the financial year 2017. The company's President and CEO Per Samuelsson reviewed the past year, the three business entities, the Group's financial targets, and development initiatives, as well as the company's progress in the first quarter of 2018. The Auditors reported their observations of the company's accounting records and administration to the Meeting, and presented a review of their work over the past year.

The minutes of the Meeting are available from BEIJER GROUP and have been published on the company's website. Some of the resolutions of the Meeting follow:

- To not pay a dividend for the financial year 2017, in accordance with the Board of Directors' proposal.
- That the Board of Directors shall consist of five (5) members with no deputies.
- To re-elect the Board members Ulrika Hagdahl, Bo Elisson and Johan Wester, and to elect Karin Gunnarsson and Lars Eklöf as Board members in accordance with the Nomination Committee's proposal.
- To re-elect Bo Elisson as Chairman of the Board in accordance with the Nomination Committee's proposal.
- To appoint registered public accounting firm Öhrlings Pricewaterhouse Coopers, Malmö, Sweden as the company's auditor for the period until the end of the AGM 2019.
- That total fees to the Chairman of the Board and other Board members are 1,400,000 SEK, and fees to each Board member for work in the Remuneration or Audit Committee of 50,000 SEK to the Chairman and 30,000 SEK to other members.
- To adopt the Nomination Committee's proposal for instructions for the Nomination Committee.
- To adopt the Board of Directors' proposed guidelines for remunerating senior executives.
- To authorize the Board of Directors to decide on the new issue of a maximum of 2,860,137 ordinary shares on one or more occasions in the period until the next AGM.
- To resolve on the creation of a long-term share-based incentive plan, LTI 2018/2021, and the associated hedging measures.

Nomination Committee for the AGM 2019

The Nomination Committee was presented on 5 October 2018 and has five members, with one representative of each of the four largest shareholders before publication (holdings on the last business day of August 2018), and the Chairman of the Board. Martin Svalstedt, representing Stena Sessan AB, leads the work of the Nomination Committee. The Nomination Committee's duty is to prepare proposals for Board members, the Chairman of the Board, fees to Board members and Auditors, and Chairman of the next AGM. The Nomination Committee remains in place until a new Committee is appointed. The Nomination Committee held three meetings where minutes were taken. A number of informal telephone and email discussions were also held. All Board members have been interviewed by the Nomination Committee and responded to a survey on the Board's work.

Nomination Committee Name	Owner's representative of	Holdings as of 31 Aug. 2018
Martin Svalstedt	Stena Sessan AB	29.79
Per Trygg	SEB Fonder	14.04
Bengt Belfrage	Nordea Fonder	12.46
Ulf Hedlundh	Svolder AB	8.97
Bo Elisson, Chairman of the Board		
Total		**65.26%**

In its work on appointing the Board of Directors for the forthcoming term of office, the Nomination Committee appraised the work of the Board. The findings of this appraisal included the Board members being very committed, and their attendance was high. Generally, the Nomination Committee was able to conclude that Board work was effective, and that the members of the Board of Directors represent broad competence, with thorough industrial and financial knowledge, as well as knowledge of international trading conditions and markets.

When preparing its proposal for the Board of Directors, the Nomination Committee especially considered the stipulations of rule 4.1 of the Swedish Code of Corporate Governance, i.e. that the Board of Directors should have an expedient composition in terms of the company's operations, developmental phase and other circumstances, featuring diversity and breadth in terms of members' competence, experience and backgrounds, and that an even gender balance should be pursued. The Nomination Committee applied the relevant provision of the Swedish Code of Corporate Governance as its diversity policy when preparing its proposal.

The Nomination Committee's proposal for the Board of Directors to the AGM was presented on 7 February 2019.

The Nomination Committee proposes that the Board of Directors consists of five members. The Nomination Committee is proposing re-election of Board members Ulrika Hagdahl, Bo Elisson, Johan Wester, Karin Gunnarsson and Lars Eklöf. The Committee also proposes that the Board of Directors' current Chairman, Bo Elisson, remains as Chairman.

The proposed Board members represent broad-based skills, including thorough industrial and financial know-how, as well as knowledge of international trading conditions and markets. In its reasoned statement regarding its proposal to the Board, the Nomination Committee stated that the Board has an expedient composition, featuring versatility and breadth in terms of Directors' skills, education, age, experience, background and length of service. The Nomination Committee's proposal implies that 40% of Board members are women.

The rules stipulating independence of Board members in accordance with the Swedish Code of Corporate Governance have been observed. According to the Nomination Committee, all proposed Board members, apart from Johan Wester, are independent of the company's major shareholders. All Board members are independent of the company.

Board of Directors

The Board of Directors bears ultimate responsibility for the company's organization and administration and taking decisions on strategic matters. In the financial year 2018, the Board of Directors had five members appointed by the AGM.

The company has not set any specific age limit for Board members, nor any time limit for how long a Board member can serve on the Board of Directors. For detailed information on Board members, see the company's website and page 91.

The role of the Chairman of the Board

Apart from leading the Board of Directors' work, the Chairman of the Board continuously monitors progress by maintaining ongoing contact with the Chief Executive Officer on strategic matters. The Chairman of the Board represents the Group on ownership-related matters.

The Board of Directors' working methods

The Board of Directors' work conforms to a yearly plan. Decisions are taken by the Board after an open discussion led by the Chairman. The Chief Financial Officer, also Compliance Officer for the Code of Corporate Governance, serves as Secretary of the Board of Directors. Apart from the Board meeting following election, which is held coincident with the AGM, the Board normally meets five times per year (scheduled meetings). Extra meetings are convened when necessary. The Board of Directors' and Chief Executive Officer's rules of procedure are adopted yearly at the Board meeting following election. Each meeting follows an agenda, with supporting documentation provided to Board members in good time before each Board meeting.

The Annual Accounts, proposed appropriation of profits and the financial statement are considered each financial year in the first scheduled Board meeting of the financial year. Coincident with this process, the company's Auditors submit a report to the Audit Committee regarding the Auditors' observations and judgments of the audit conducted. The Chief Executive Officer is assigned to submit Interim Reports approved by the Board of Directors at scheduled meetings later in the financial year. Each scheduled meeting also includes several other matters on its agenda, including a report on the current results of operations.

The Board of Directors appraises its own work, and that of the Chief Executive Officer, on an ongoing basis. In addition, a formal appraisal is conducted led by the Chairman of the Board. In 2018, the appraisal was completed in the form of a survey presented to each Board member. Board members sent their responses to an external party, independent of the Board of Directors and the company, who collated the responses. The appraisal was then presented to the Chairman and to other Board members in connection with the Board meeting in December 2018.

Work of the Board in 2018

In the financial year 2018, the Board of Directors held seven (ten) Board meetings in addition to the Board meeting following election. Extensive contact was maintained between the company, the Chairman of the Board and other members between Board meetings. The company's Auditors attended the first Board meeting of the year, reporting their observations on the Group's internal controls and financial statement. The Auditors met the Board of Directors' Audit Committee on two other occasions.

Remuneration Committee

The Remuneration Committee is appointed yearly by the Board of Directors. The Remuneration Committee consults on the Board of Directors' decisions on remuneration of the Chief Executive Officer, decides on remuneration to other senior executives and consults on proposals for potential incentive plans. The Remuneration Committee collects decision support data and views from other Board members, the CEO and CFO. The Committee also collects comparative decision support data externally. In 2018, the members of the Remuneration Committee were Bo Elisson and Johan Wester, with Bo Elisson serving as Chairman. In the financial year 2018,

Work of the Board of Directors in 2018

			Attendance				Affiliation to	
Board member	Elected yr.	Position	Audit Committee	Remuneration Committee	Board meetings	Fees**, SEK	The company	Major share-holders
Bo Elisson [1]	2013	Chairman		1/1	8/8	550,000	no	no
Ulrika Hagdahl	2006	Member	2/3		7/8	225,000	no	no
Maria Khorsand [2]	2010	Member	1/3		3/8	255,000	no	no
Christer Öjdemark [1]	2013	Member	1/3		3/8	275,000	no	no
Johan Wester [2]	2015	Member		1/1	8/8	255,000	no	yes
Karin Gunnarsson	2018	Member	2/3		5/8		no	no
Lars Eklöf	2018	Member			5/8		no	no
Total						**1,560,000**		

1 Fee includes compensation of 50,000 SEK for committee work.

2 Fee includes compensation of 30,000 SEK for committee work.

Board members Maria Khorsand and Christer Öjdemark left the Board of Directors in April 2018 and were replaced by Karin Gunnarsson and Lars Eklöf.

*** Fee paid in arrears.*

the Remuneration Committee held one (1) meeting. Remuneration for committee work was paid in accordance with the resolution of the Annual General Meeting 2018. Guidelines for remunerating senior executives for the financial year 2019 will be approved at the AGM in April.

Audit Committee

The Audit Committee members are Ulrika Hagdahl and Karin Gunnarsson (who replaced Maria Khorsand from the AGM onwards), with Ulrika Hagdahl serving as Chairman. The duty of the Committee is to analyze and discuss the company's risk management, governance and internal controls, and financial reporting. The Committee maintained contact with the company's Auditors to discuss matters including the orientation and scope of audit work. The Audit Committee has adopted guidelines for other services apart from auditing the company can purchase from the company's auditors. The complete guidelines are available at the company's website. Remuneration for committee work was paid in accordance with the resolution of the Annual General Meeting 2018.

Remuneration to the Board and Management in 2018

In 2018, the Chief Executive Officer of the parent company, also President of the Group, and other senior executives drew basic salary and other benefits that are reported in Note 7, page 63. Other senior executives mean the five people that made up Group management in 2018 alongside the Chief Executive Officer.

Remuneration to the CEO

Apart from contracted basic salary, for the financial year 2018, the Chief Executive Officer is also entitled to variable remuneration. Variable remuneration is based on the Group's EBIT, sales and free cash flow, and is a maximum of six months' salary. Pension and other customary benefits are additional. Each year, 35% of gross salary including bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from the company's side of 18 months, which cannot be claimed for termination initiated by the CEO. The notice period from the Chief Executive Officer's side is six months. No other remuneration upon termination has been agreed.

Remuneration to other senior executives

Other senior executives have basic salary with a variable component. The variable component is based partly on the Group's and partly on each business entity's EBIT, sales growth and cash flow. Yearly variable remuneration is a maximum of six months' salary. Other senior executives have defined contribution pension agreements on market terms. Other customary benefits are additional. Maximum notice periods of 12 months for termination from the company's side have been agreed for other senior executives.

Incentive plans

The purpose of incentive plans is to promote senior management's commitment to the Group's progress and thus increase value for the Group's shareholders. Consistent with a previous resolution by the AGM 2017, the AGM 2018 resolved to create a long-term share-based incentive plan, LTI 2018/2021 for management and a number of key individuals within the Group. The plan measures performance in 2018, but has a three-year term, and involves up to 20 employees of the Group. Participants in the plan undertake to acquire shares of the company themselves, to then receive what are termed performance shares on satisfying or exceeding performance targets in 2018.

Directors' fees

Directors' fees, including fees for committee work, resolved by the AGM in April 2018 were 1,560,000 (1,560,000) SEK in 2018 and are allocated according to the above on page 88.

Management and corporate structure

The Chief Executive Officer is responsible for the company's ongoing administration, which covers all matters that are not reserved for the Board and administered by management. Instructions approved by the Board of Directors formalize the Chief Executive Officer's authorization to make decisions regarding investments, company acquisitions and divestments and finance matters.

Senior executives currently consist of the Chief Executive Officer, the EVP/CFO, HR Director and presidents of the three business entities Beijer Electronics, Westermo and Korenix.

Group management meetings are held regularly to discuss the Group's strategic and operational progress and to monitor results of operations. For more information on senior executives, see the company's website and page 96.

Business entities

The Group's operations are organized into three business entities. The Presidents of each business entity are members of Group management, and are responsible for the Income Statement and Balance Sheet of each entity.

Internal controls over financial reporting

In tandem with adopting the Interim Report for the third quarter and annual Financial Statement, the company's Auditors report their observations from auditing and evaluating the company's internal controls. The company's Auditors participate in Board meetings and special meetings with the Audit Committee, which enables Board members to ensure that internal control is satisfactory and that reporting to the Board is effective.

According to the Swedish Companies Act, the Board is responsible for internal controls. This responsibility includes issuing annual financial reports. The Board of Directors receives the reports and sets standards on their content and presentation to assure quality. This implies that financial reporting should be expedient by applying applicable accounting standards and other requirements of listed companies. The CEO presents a financial report to the Board of Directors at least once monthly, presented in a manner specified by the Board of Directors in advance. This enables the Board of Directors to monitor any divergences in terms of reporting or content.

Control environment, risk assessment and control structures

BEIJER GROUP structures and organizes its operating activities proceeding from decentralized responsibility for profitability. The base of internal controls in a decentralized operation consists of a well-secured process intended to define targets and strategies for each business.

Defined decision-paths, authorizations and responsibilities are communicated through internal instructions, regulations and policies adopted by the Board of Directors. The Group's primary financial policy documents are the overarching 'Corporate Manual', a reporting manual and audit manual, including instructions for each financial statement. BEIJER GROUP has an established control structure to manage the risks the Board of Directors and management consider significant to internal controls regarding the Group's accounting organization.

Accounting managers at all levels play a key role in terms of integrity, skills and the ability to create the environment necessary to achieve transparent and accurate financial reporting. Another important overall control activity is the monthly update on results that is conducted via the internal reporting system, and analyzed and subject to comment in reports to the Board. Monitoring the results of operations includes reconciliation against targets set, the most recent forecast and monitoring established key financial ratios.

In accordance with the Code's stipulations, the Board of Directors has taken a view on the need for a dedicated internal audit function, and concluded that at present, there is no need to create such resources within BEIJER GROUP. Coincident with its evaluation of this need, the Board of Directors considered the Group's size, risk outlook and the control functions already established within the Group, which include regular internal audits operated by the central finance function.

Financial reporting and information

The company's communication processes are intended to supply the market with relevant, reliable, accurate and up-to-date information on the Group's progress and financial position. Financial information is regularly submitted in the form of financial statements, interim reports, annual reports and press releases on important news and events that can materially affect the share price. Presentations and teleconferences for financial analysts, investors and the media are held on the day of publication of annual and quarterly reports. All reports, presentations and press releases are published on the Group's website and intranet.

Insider Policy

The Board of Directors has adopted an Insider Policy supplementing the Swedish Market Abuse Act. This Policy states the rules on registering insiders, their holdings and reporting, alerts and black-out periods for trading in financial instruments. The complete insider policy is available from the company's website.

Code of Conduct

The company's operations should be conducted with high standards of integrity and ethics. The Group has adopted a number of values that function as a framework for employees and promote good judgment and consistent decision-making. The Board of Directors approves the Code of Conduct each year for the Group's operations, which also includes guidelines for the Group's conduct in society in order to ensure its long-term value-creating ability. The document is available in full on the company's website.

Values

BEIJER GROUP's values–Commitment, Drive and Trust–constitute a long-term commitment linked to its business goals and strategies, guiding employees in daily activities. 'Commitment' reflects commitment to maximize customer benefit and closeness in relationships with customers, collaborative partners and employees. 'Drive' illustrates proactivity and a go-ahead approach in attitudes and technology development. 'Trust' represents honesty and conduct that inspires trust.

Board of Directors' certification

The Board of Directors and Chief Executive Officer certify that the Consolidated Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and give a true and fair view of the Group's financial position and results of operations. The parent company's accounts have been prepared in accordance with generally accepted accounting policies in Sweden and give a true and fair view of the parent company's financial position and results of operations.

The Directors' Report of the Group and parent company give a true and fair view of the progress of the Group's and parent company's operations, financial position and results of operations, and reviews the significant risks and uncertainty factors affecting the parent company and companies within the Group.

The Consolidated Income Statement and Consolidated Balance Sheet and the Parent Company Income Statement and Parent Company Balance Sheet will be subject to adoption at the AGM on 8 May 2019.

Malmö, Sweden, 22 March 2019

Bo Elisson
Chairman

Ulrika Hagdahl

Johan Wester

Karin Gunnarsson

Lars Eklöf

Per Samuelsson
President and CEO

Our Audit Report was presented on 25 March 2019.
Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorized Public Accountant
Auditor in Charge

Magnus Jönsson
Authorized Public Accountant

Board of Directors

Bo Elisson
Born in 1950. Chairman of the Board since 2017 and Board member since 2013.

Main occupation: Directorships.

Other directorships: Chairman of Empower Oy in Finland, Board member of Elisson Consulting AB.

Education: M.Sc. (Eng.), Chalmers Institute of Technology.

Work experience: Extensive experience from ASEA/ABB, including serving as Business Area Manager of ABB Robotics. Previously Chairman of Flexlink AB and ADB Airfield Solutions in Belgium.

Holdings in Beijer Electronics Group AB: 60,000 shares and 100,000 call options.

Ulrika Hagdahl
Born in 1962.
Board member since 2006.

Main occupation: Directorships.

Other directorships: CEO and Board member of Montech Invest AB, Board member of HiQ International AB, AB Idre Golf Ski & Spa, Sectra AB, Invisio AB and Haldex AB. Deputy Board member of Albanello AB.

Education: M.Sc. (Eng.), Royal Institute of Technology, Stockholm.

Work experience: Founder of Orc Software AB, formerly CEO and Board member.

Holdings in Beijer Electronics Group AB: 53,000 shares through companies.

Karin Gunnarsson
Born in 1962.
Board member since 2018.

Main occupation: CFO and IR Manager of Hexpol AB.

Other directorships: None.

Education: M.Sc. (Econ.), Stockholm School of Economics.

Work experience: Previous experience of various finance and controlling positions including SVP of Group Controlling at Telelogic AB, and Group Controller of Trelleborg AB.

Holdings in Beijer Electronics Group AB: 8,264 shares.

Lars Eklöf
Born in 1964.
Board member since 2018.

Main occupation: President of Atlas Copco's Motor Vehicle Industry division.

Other directorships: None.

Education: M.Sc. (Eng.), Royal Institute of Technology, Stockholm, Bachelor of Engineering, Dartmouth College, US.

Work experience: Solid international industrial background with Atlas Copco, including experience of various sales/marketing, product management and general management positions based in Sweden, and previously, France. President of Atlas Copco's Motor Vehicle Industry division since 2015, previously President of the Industrial Technique Service division.

Holdings in Beijer Electronics Group AB: 2,360 shares.

Johan Wester
Born in 1966.
Board member since 2015.

Main occupation: Vice President of Stena Adactum AB and Stena Sessan AB.

Other directorships: Chairman of Captum Group AB, S-Invest Trading AB, Torslanda Tidningen AB and Stiftelsen TorslandaIdrott, Board member of Midsona AB and Stena Renewable AB.

Education: M.Sc. (Eng.), Industrial Engineering & Management, Chalmers University of Technology.

Work experience: Previous experience with Arthur D. Little, Accenture and Flexlink, mainly in supply chain management, strategy and business development.

Holdings in Beijer Electronics Group AB: 8,725 shares through family.

Auditor
Öhrlings PricewaterhouseCoopers AB.
Sofia Götmar-Blomstedt,
born in 1969.
Authorized Public Accountant,
Auditor in Charge of Beijer Electronics Group AB since 2017.

Magnus Jönsson, born in 1973.
Authorized Public Accountant,
Auditor of Beijer Electronics Group AB since 2012.

Information on Board members' affiliation to the company and major shareholders is in the Corporate Governance Report on page 88.

Auditor’s Report

To the general meeting of the shareholders of Beijer Electronics Group AB (publ), *corporate identity number 556025-1851*

Report on the annual accounts and consolidated financial statements

Opinion

We have audited the annual accounts and consolidated financial statements of Beijer Electronics Group AB (publ) for 2018 with the exception of the Corporate Governance Report on pages 86-89. The company’s annual accounts and consolidated financial statements are included on pages 40-95 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not cover the corporate governance report on pages 86-89. The Directors’ Report is consistent with the other parts of the annual accounts and consolidated financial statements.

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

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

Basis of opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards is described in the Auditor’s responsibility section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected the entities in the group that we considered material and decided which audit procedures to carry out for these companies. Thirteen companies were considered material. Entities that were not considered material have been reviewed by the group audit team. Prior to submitting our opinion for the group audit, we also obtained deviation reports from companies which are subject to auditing under local regulations. Based on these reports, we assessed whether any circumstances have emerged that should be taken into account in the group’s financial reports.

The group audit team also carried out an audit of the parent company, the consolidation, the annual accounts, and material assumptions and judgements. Based on the executed audit procedures, as described above, we believe we have obtained sufficient audit evidence to submit an opinion on the financial statements as a whole.

Materiality

The scope and focus of the audit were affected by our assessment of materiality. An audit is designed to obtain reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually and in aggregate, they can reasonably be expected to influence financial decisions made by users on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including thresholds for the financial statements as a whole. Based on these thresholds, as well as qualitative considerations, we determined the focus and scope of the audit and the nature, timing and scope of our audit procedures, and assessed the effect of any misstatements, both individually and in aggregate, on the financial statements as a whole.

Key audit matters

Key audit matters are those matters which, in our professional judgment, were of greatest significance for the audit of the annual accounts and consolidated financial statements for the period concerned. These matters were addressed in the context of the audit of, and in the preparation of our opinion on, the annual accounts and consolidated financial statements as a whole, but we do not present a separate opinion on these matters.

Key audit matter	*How the key audit matter was addressed in our audit*
Impairment testing of intangible assets IFRS requires that intangible assets with indefinite useful lives be tested for impairment annually. At 31 December 2018, goodwill was SEK 525 million, as shown in Note 12, which also includes a breakdown between goodwill and other intangible assets. The carrying amount has been tested for impairment applying an assessment incorporating complexity, as well as involving a significant degree of judgement. Impairment tests have been performed for Beijer Electronics, Westermo and Korenix, which are the cash-generating units in which the goodwill is recognised. The tests consider the fact that the group is required to make forward-looking statements on the businesses' internal and external circumstances and plans. Examples of such judgements include future cash flows, which, for example, require assumptions to be made about future product launches, price increases and market ventures. Note 1, Section C (i) and Note 12 describe how the group made its judgement and presents the key assumptions on growth rates and the cost of capital (WACC) along with sensitivity analyses. The group has not identified any impairment for 2018.	In our audit, we have focused on assessing whether there is a risk of impairment of goodwill. We have also assessed key assumptions against the company's budget and strategic plan. Some of the assumptions and judgements made in the impairment tests concerning future cash flows and circumstances are complex and have a significant impact on the calculation of value in use. This applies in particular to estimates of future growth rates, gross margins and discount rates, where minor deviations have a significant impact on the calculation of value in use. We have performed this by assessing the accuracy of assumptions made in previous years and by challenging assumptions linked to those factors, which have the biggest impact on the impairment test, such as growth, gross margins and the cost of capital (WACC). By performing our own sensitivity analyses, we have also tested the safety margins for each cash-generating unit and assessed the risk of impairment based on these tests. As part of our audit, we have also assessed the calculation model used by management, and have assessed the accuracy of the disclosures made in the annual report. Based on our audit, we have not noted any material deviations from the group's conclusions from the impairment tests.

Other information than the annual accounts and consolidated financial statements

This document also contains other information than the annual accounts and consolidated financial statements, which is found on pages 1-39 and 96-100. The other information do not constitute a part of the annual report. Responsibility for this other information rests with the Board of Directors and Chief Executive Officer. Our opinion on the annual accounts and consolidated financial statements does not cover this other information, and we do not express any assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, it is our responsibility to read the information identified above and, in so doing, to consider whether it is materially inconsistent with the annual accounts and consolidated financial statements. In this review we also take account of other knowledge obtained in the course of our audit and assess whether the information otherwise appears to be materially misstated. If, based on the work carried out in respect of this information, we conclude that the other information contains a material misstatement, we have a duty to report this. We have nothing to report in that regard.

Responsibilities of the Board of Director's and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors is tasked with monitoring, without prejudice to the other responsibilities and duties of the Board, the financial reporting of the company.

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Director's and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Director's and the Chief Executive Officer'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 cast significant doubt on 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 auditor's 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 auditor's 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinion

In addition to our audit of the annual accounts and consolidated financial statements, we have audited the Board of Directors' and Chief Executive Officer's management of Beijer Electronics Group AB (publ) for 2018 and the proposed appropriation of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Chief Executive Officer be discharged from liability for the financial year.

Basis of opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Director's and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning 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 Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 86-89 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, SE-113 97 Stockholm, was appointed auditor of Beijer Electronics Group AB (publ) by the general meeting of the shareholders on 26 April 2018 and have been the company's auditor since its initial public offering in 2000.

Malmö, 25 March 2019

Öhrlings PricewaterhouseCoopers AB

Sofia Götmar Blomstedt	**Magnus Jönsson**
Authorized Public Accountant	*Authorized Public Accountant*
Lead Audit Engagement Partner	

Senior Executives

Group Management

Rear from left:

Tim Webster, *born in 1967*
SVP Human Resources of Beijer Electronics Group AB. Employee since 2011.

Holdings in Beijer Electronics Group AB: 5,648 shares. *In addition, conditional entitlement to 6,679 shares.

Jenny Sjödahl, *born in 1973*
CEO of the Westermo business entity. Employee since 2016.

Other directorships: Board member of Nolato AB and Nibe Industrier AB.

Holdings in Beijer Electronics Group AB: 15,005 shares. *In addition, conditional entitlement to 11,929 shares.

Wesley Chen, *born in 1960*
CEO of the Korenix business entity. Employee since 2017.

Holdings in Beijer Electronics Group AB: 8,500 shares. *In addition, conditional entitlement to 7,434 shares.

Front from left:

Stefan Lager, *born in 1962*
CEO of the Beijer Electronics business entity. Employee since 2016.

Other directorships: Board member of Bong AB.

Holdings in Beijer Electronics Group AB: 17,040 shares. *In addition, conditional entitlement to 13,359 shares.

Joakim Laurén, *born in 1963*
EVP & CFO of Beijer Electronics Group AB. Employee since 2016.

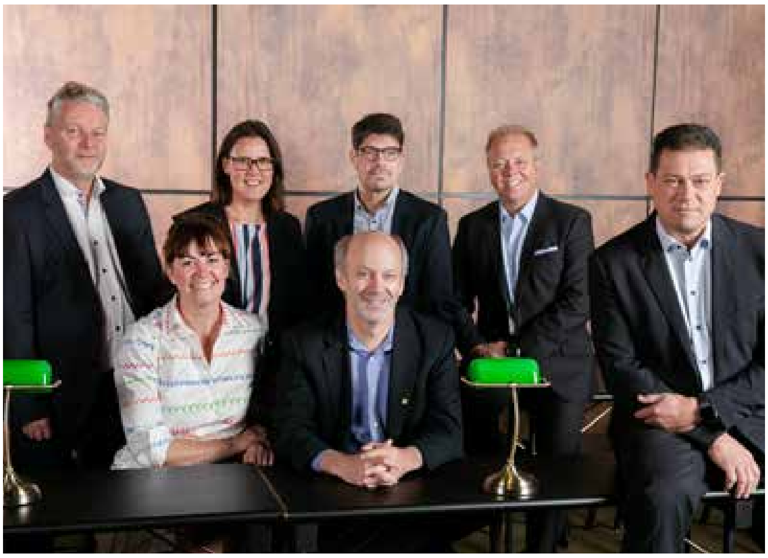
Holdings in Beijer Electronics Group AB: 15,000 shares. *In addition, conditional entitlement to 13,359 shares.

Per Samuelsson, *born in 1957*
President and CEO of Beijer Electronics Group AB. Employee since 2015.

Other directorships: Chairman of BTJ Sverige AB and Directorships in Aniagra and Priveq.

Holdings in Beijer Electronics Group AB: 45,000 shares personally and through companies and 100,000 call options. *In addition, conditional entitlement to 26,782 shares.

*Within benefits plan.



Beijer Electronics business entity

Rear from left:

Tim Webster, SVP Human Resources of Beijer Electronics Group AB

Anna Tillman Ohrås, Business Entity CFO

Sven Knutsson, Sr. VP Global Operations

Berndt Köhring, Sr. VP Asia

Front from left:

Sinéad Branagan, VP EMEA

Doug Stubbs, VP Americas

Stefan Lager, CEO

Westermo business entity

Rear from left:

Linda Kärreby, VP Human Resources

Andreas Eriksson, VP Product Management & Marketing

Karin Lövstrand, VP Operations

Pierre Öberg, VP Research & Development

Front from left:

Erik Danielsson, VP Sales

Jenny Sjödahl, CEO

Johan Inestam, CFO

Korenix business entity

Rear from left:

Wesley Chen, General Manager

Cindy Hung, Director Marketing Dept.

Ellen Chen, Director Logistics Dept.

Jany You, Vice President Finance Dept.

Alan Han, Sr. Director R&D Dept.

Front from left:

Michelle Yu, Director APAC HR

Sophia Yu, Sr. Director Global Sales Dept.

Five-year summary

SEK 000	2018	2017	2016	2015	2014
Income Statement					
Revenues	1,417,240	1,205,912	1,121,509	1,374,575	1,401,578
Other operating revenue and operating expenses*	1,760	-82	1,714	9,656	40,579
Operating expenses**	-1,345,054	-1,187,814	-1,162,578	-1,332,031	-1,328,545
EBIT	**73,946**	**18,016**	**-39,355**	**52,200**	**113,612**
Net financial income/expense	-10,908	-21,853	-84,844	-8,860	-16,831
Profit before tax	**63,038**	**-3,837**	**-124,199**	**43,340**	**96,781**
Estimated tax	-19,501	-2,373	-1,914	-19,523	-34,090
Net profit	**43,537**	**-6,210**	**-126,113**	**23,817**	**62,691**
Attributable to equity holders of the parent	*43,518*	*-6,988*	*-126,061*	*23,957*	*61,725*
Attributable to minority interests	*19*	*778*	*-52*	*-140*	*966*
**of which non-recurring items*					*32,936*
***of which non-recurring items*			*-50,000*	*-7,325*	*-16,662*

	2018	2017	2016	2015	2014
Balance Sheet					
Assets					
Fixed assets	933,823	894,635	899,696	909,674	894,763
Current assets	486,999	435,304	423,968	426,694	444,865
Cash and cash equivalents and short-term investments	94,488	89,281	107,228	116,636	156,842
Total assets	**1,515,310**	**1,419,220**	**1,430,892**	**1,453,004**	**1,496,470**
Equity and liabilities					
Equity attributable to equity holders of the parent	652,888	585,015	415,389	520,963	496,531
Non-controlling interests	3,847	6,221	5,773	5,977	6,356
Long-term liabilities	490,504	511,112	514,939	530,963	504,430
Current liabilities	368,071	316,872	494,791	395,101	489,153
Total equity and liabilities	**1,515,310**	**1,419,220**	**1,430,892**	**1,453,004**	**1,496,470**
Of which interest-bearing liabilities	*512,541*	*506,662*	*689,126*	*609,453*	*655,597*
Key financial ratios					
EBIT margin, %	5.2	1.5	-3.5	3.8	8.1
EBIT margin before non-recurring items, %	5.2	1.5	0.9	4.3	6.9
Profit margin, %	3.1	-0.5	-11.2	1.7	4.5
Equity ratio, %	43.3	41.7	29.4	36.3	33.6
Equity per share, SEK [a]	22.8	20.5	21.8	27.3	26.0
Earnings per share, SEK	1.52	-0.24	-4.41	0.84	2.16
Return on equity after tax, %	7.0	-1.2	-26.6	4.6	13.9
Return on capital employed, %	6.7	1.7	-3.2	4.8	10.3
Return on net operating assets, %	8.5	2.5	-5.8	7.4	17.7
Average number of employees	713	702	714	752	760

a Calculated on the basis of total equity attributable to equity holders of the parent.

	2018	2017	2016	2015	2014
Cash Flow Statement					
Cash flow from operating activities before change in working capital	134,733	61,765	12,673	78,676	115,582
Change in working capital	-25,559	-13,904	-3,308	5,983	21,063
Cash flow from operating activities	**109,174**	**47,861**	**9,365**	**84,659**	**136,645**
Cash flow from investing activities	-93,673	-79,400	-74,767	-79,965	-60,093
Cash flow from financing activities	-14,175	17,795	72,143	-23,246	-56,687
Dividend paid			-23,834	-23,834	-23,834
Cash flow for the period	**1,326**	**-13,744**	**-17,093**	**-42,386**	**-3,969**
Cash and cash equivalents and short-term investments at beginning of year	89,281	107,228	116,636	156,842	147,926
Exchange rate difference in cash and cash equivalents	3,881	-4,203	7,685	2,180	12,885
Cash and cash equivalents and short-term investments at end of year	**94,488**	**89,281**	**107,228**	**116,636**	**156,842**

Definitions

Technical definitions

Automation
Automation means products and solutions that replace manual work and are intended to run, optimize and control various types of industrial process.

Cloud
Cloud services are computer resources, IT services and application software delivered over the Internet from remote servers located in server centers.

Control system
See also PLC system. A programmable system to control and monitor various types of machinery and process.

Drive system
Collective term for various types of motor control, such as frequency inverters, soft starters and servo systems.

Ethernet switch
Interconnects different segments of an Ethernet-based network.

Frequency inverter
An electronic motor control that transforms fixed network frequency and voltage to continuous variables, to achieve benefits including energy savings and reduced motor maintenance costs.

HMI
Human machine interface. See also operator panel. Collective term for products or systems developed to simplify the work of operators in monitoring and controlling machines or processes.

IIoT
Industrial Internet of Things. Collective term for connected physical devices, vehicles (connected and smart devices), buildings and other items embedding electronics, software, sensors, actuators and network connections that enable them to gather and exchange data.

Industrial data communication
Industrial data communication is utilized where there are high standards for secure data transmission, on infrastructure projects, for example.

Industrial PC
Collective term for PC systems built to cope with especially harsh environments or for applications where high reliability is necessary.

IO
Input and output signals.

IP-based data communication
Communication of data packets via wired or wireless Internet connections.

OEM
Batch-producing machinery manufacturers.

Operator panel
Panel, see also HMI. A touchscreen or keyboard panel allowing operators to monitor and control the status of machinery or processes. Such panels are often co-located with equipment where operatives work.

PLC systems
Programmable logic controllers, also known as control systems. Programmable systems for controlling and monitoring various types of machinery and process. The size of these systems varies, with the larger systems being modular, with the facility for simple modification for various needs.

SCADA system
SCADA (Supervisory Control And Data Acquisition) software for monitoring and controlling processes.

Soft control
Software installed on a computer or operator panel, for example, enabling it to function as a PLC system.

Soft motion
Software installed in a computer or operator panel for example to control the speed and position of one or more bus-connected motors.

System integrator
A company with specialist competence in one or more sectors that provides services for automating and electrifying industrial facilities, such as panel builders and machinery builders.

Financial definitions

Average
Average values are calculated as the mean value in the relevant reporting period and corresponding item in the comparative period 12 months later.

Capital employed
Equity plus interest-bearing liabilities.

Development expenditure
Expenditure for work on product development, such as personnel expenses and external consulting expenses. Also includes expenditure capitalized as an asset in the Balance Sheet.

Earnings per share
Net profit attributable to equity holders of the parent divided by the number of shares at year-end.

EBITDA
Earnings before interest, taxes, depreciations and amortizations.

Equity per share
Equity attributable to equity holders of the parent divided by the number of shares.

Equity ratio
Equity in relation to total assets.

EBIT margin
EBIT in relation to revenues.

Next desk
Interest-bearing liabilities less cash and cash equivalents and short-term investments.

Operating cash flow
Cash flow from operating activities.

Profit margin
Net profit in relation to revenues.

Return on capital employed
Profit before tax plus financial expenses in relation to average capital employed.

Return on equity after tax
Net profit in relation to average equity.

Return on net operating assets
EBIT in relation to average net operating assets.

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Invitation to the Annual General Meeting of Beijer Electronics Group AB (publ)

Shareholders of Beijer Electronics Group AB (publ) are hereby invited to the Annual General Meeting (AGM) to be held at 4 p.m. on Wednesday 8 May 2019 at Malmö Börshus, Skeppsbron 2, Malmö, Sweden.

Entitlement to participate in the AGM

For entitlement to participate in the AGM, shareholders should:

- Firstly, be included in the share register maintained by Euroclear Sweden AB by no later than Thursday 2 May 2019;
- Secondly, notify the company of their intention to participate, and assistants they may wish to bring, by no later than Thursday 2 May 2019.

Notification

Notifications, which should state the shareholders' name, personal or corporate identity number, shareholding, address, telephone number and potential proxies/assistants can be made via the company's website, www.beijergroup.com, by telephone on +46 (0)40 35 86 44, by e-mail to arsstamma@beijergroup.com or by mail to Annika Johnsson, Beijer Electronics Group AB (publ), Box 426, 201 24 Malmö, Sweden. (Please mark the envelope 'AGM').

Shareholders can participate at the AGM by proxy. In such cases, the shareholder should issue a dated original power of attorney signed by the shareholder. Legitimacy papers (certificates of registration or equivalent) should also be attached to powers of attorney issued by a legal entity. Power of attorney forms are available on the company's website and will be mailed to shareholders on request. In order to participate at the Meeting, shareholders with nominee-registered holdings must temporarily register their shares in their own name. Such reregistration must have been effected through Euroclear Sweden AB by no later than 2 May 2019.

Dividend

The Board of Directors is proposing an ordinary dividend of 0.50 SEK per share for the financial year 2018.

The proposed record date for the dividend is 10 May 2019. The dividend is scheduled for disbursement from Euroclear Sweden AB on 15 May 2019.

Financial information 2019

17 April 2019 .... Three-month Interim Report
8 May 2019..................................... AGM, 4 p.m. at Malmö Börshus
12 July 2019 .... Six-month Interim Report
28 October 2019 .... Nine-month Interim Report

All financial information is uploaded to Beijer Electronics Group's website www.beijergroup.com, where an e-mail subscription list for press releases and financial reports is also available.

Questions relating to the Beijer Electronics Group should be addressed to Executive Assistant Annika Johnsson on tel +46 (0) 40 35 86 55, or via e-mail: info@beijergroup.com.

Invitation to AGM

AUSTRALIA
Sydney

AUSTRIA
Vienna

BELGIUM
Hellebecq

CHINA
Beijing
Shanghai
Shenzhen

DENMARK
Roskilde

FINLAND
Klaukkala

FRANCE
Champlan

GERMANY
Nürtingen
Waghäusel

KOREA
Seoul

NORWAY
Drammen

SINGAPORE
Singapore

SWEDEN
Gothenburg
Malmö
Stockholm
Stora Sundby
Västerås

SWITZERLAND
Dietlikon

TAIWAN
Taipei

TURKEY
Istanbul

UNITED KINGDOM
Nottingham
Southampton

USA
Elgin
Salt Lake City

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