

The Nederman logo is located in the top right corner. It consists of the word "Nederman" in a bold, blue, sans-serif font, set against a white rectangular background.

Nederman

The slogan "We shape the future for clean air" is positioned in the upper left quadrant. It is written in a white, sans-serif font and is overlaid on a background of a bright blue sky with scattered white clouds and a sunburst effect from the upper right.

We shape the
future for clean air



The Clean
Air Company

Annual and Sustainability
Report 2020

Contents

CEO's comments	4
Strategy	18

DIRECTORS' REPORT

Sustainability report	34
Nederman's divisions.....	48
The Nederman share.....	60
Review of business operations	62
Five-year overview	64
Risks and risk management.....	66
Corporate governance.....	68
Guidelines for executive remuneration.....	72
Board of Directors	74
Group management.....	75

FINANCIAL STATEMENTS

Consolidated financial statements	76
Notes to the financial statements.....	80
Parent company's financial statement.....	112
Signatures.....	122
Auditor's report.....	123

OTHER

Definitions	128
Articles of Association	129
Annual General Meeting	130
Dividend	130
Financial reports.....	130

INFORMATION ON DATA IN THIS REPORT

Figures in brackets refer to business activities in 2019 unless otherwise stated. The currency used throughout is Swedish krona (SEK). Millions of Swedish kronor is abbreviated to SEKm and thousands of Swedish kronor to SEKt. The information presented in the Annual Report concerning markets, competition and future growth are Nederman's assessments based primarily on material compiled internally within the group.

Development for enhanced value creation

Already 75 years ago, Nederman was a pioneer within working environments and clean air. Our determination to address the environmental challenges of industry through innovative solutions and cost-effective production has taken us to the position as world leader in industrial air filtration. Today, value creation is achieved through digitalisation and servicification and we are still at the forefront of development. This is how Nederman as a global leader, creates value – for our customers, for our operating environment and for our owners.

We protect people, the environment and production.

BETTER AIR QUALITY

Ensuring enhanced and sustainable air quality for more people

BETTER WORK ENVIRONMENT

Enhancing product performance, guaranteeing health and safety

BETTER USE OF RESOURCES

Improving use of resources, achieving more with less

BETTER COMPANIES

Creating sustainability and climate-neutral operations

2,100
employees

13
production
countries

60
markets

3,675
Sales, SEKm



Sven Kristensson
President and CEO

Strong positions in a growing market

Important milestones in 2020

RECORD ORDER FOR INSIGHT

During the year, we secured our largest Insight order. Monitoring and alarm functions for 120 individual filter systems with more than 20,000 filter media for a production facility in Massachusetts, USA, for emissions measurement and reduced production costs.

STRONG GROWTH FOR MONITORING & CONTROL TECHNOLOGY DIVISION

The demand for digital products and services continues to grow in pace with the transition to new environmental standards and the need for automated production. The division's sales had currency-neutral growth of 87 percent and exceeded SEK 500m in sales.

EARLY AND EFFECTIVE ADAPTATION OF THE OPERATIONS

Early measures to adapt the organisation and secure access to necessary components and alternative supply chains. Restructuring programme with annual cost savings of approximately SEK 100m.

MARGINS IN LINE WITH PRECEDING YEAR

The adjusted operating margin for the group of 8.0 percent (8.1) was in line with the preceding year despite the considerable COVID-19 impact. Active marketing efforts, new digital products, digitalisation of the sales process and a focus on production efficiency generated results.

In many ways, 2020 was a challenging year. COVID-19 demonstrated society's vulnerability to disruptions in production and distribution but it also became apparent to all of us how we impact and are impacted by our shared environment, not least in Nederman's area – clean air.

BUILDING FOR THE FUTURE - MANAGING THE CRISIS

We are in an intensive period of development. In recent years, product development and acquisitions have worked in parallel with the efforts to enhance the efficiency of our organisation and renew it. The beacons of this work are increased digitalisation and automation. 2020 was no exception. Our digital offering was expanded to include more products and services. The objective is for all stationary filters to be delivered IoT ready in 2023. Sales of our myAir and MikroPul-Assist subscription services also accelerated during the year. Other digital solutions also displayed strength and our conclusion is simple: the pressure on sustainable industrial production has increased the ambition to invest in environmentally safe plants that reduce energy consumption, raise production efficiency and guarantee com- ►

Performance measures 2020

SEKm	2020	2019	2018
Orders received	3,480.2	4,168.4	3,479.5
Netsales	3,674.8	4,307.7	3,553.9
Adjusted EBITA	352.3	394.0	354.0
Adjusted EBITA margin, %	9.6	9.1	10.0
Adjusted EBITDA	461.2	495.8	440.1
Adjusted EBITDA margin, %	12.6	11.5	12.4
Operating profit	219.0	343.2	305.7
Operating margin, %	6.0	8.0	8.6
Adjusted operating profit	295.6	349.1	318.9
Adjusted operating margin, %	8.0	8.1	9.0
Profit before tax	148.5	307.3	267.5
Net profit	110.4	225.8	202.8
Earnings per share, SEK	3.15	6.43	5.78
Return on equity, %	8.2	17.2	17.7
Return on operating capital, %	10.4	14.0	16.5
Net debt	1,450.5	1,564.1	787.6
Net debt/equity ratio, %	111.5	113.2	63.8
Net debt/Adjusted EBITDA, multiple	3.1	3.2	1.8
Interest cover ratio, multiple	4.1	8.1	7.5

- pliance with official requirements. The push for sustainability comes from government agencies, but also increasingly from conscientious consumers. We are seeing a growing market with an intensified focus on digital products and services compatible with a high-tech production chain. It is for this market that we are investing and developing.

Despite all of the positive undertones, 2020 did not turn out to be the year we had all expected. COVID-19 made an early entrance and held the world in its grip for the rest of the year. Supplies of materials faltered, transport chains were disrupted, employees were placed in quarantine, customers and entire markets were shut down. A large amount of resources were needed to manage the uncertain situation and it left its mark in the form of diminished sales and temporary cost increases. But the pandemic also brought confirmation that Nederman fills a major need in society; in several markets, our production plants are classed as essential services. Clean air is necessary, but not self-evident. This is what we are building our business on.

MARKET TREND

During the year, we intensified development within digital products and services, while the Monitoring & Control Technology division had its major breakthrough. It is obvious that digital solutions

are in increasing demand and that our concept is deemed to be technically secure and cost effective. The new products enable us to deliver cost-effective air filtration to customers in all segments. At the same time, subscription services for measurement and process control are creating long-term customer relationships, with favourable value generation for Nederman over time. Gradually, this will entail that the generation of revenue is shifted from the current focus on installation products to subscription and after-market, fully in line with our vision of being able to offer clean air as a service by 2025. We are only in the infancy of this development, but the market potential is extensive and we consider ourselves well-positioned with our current offering and an ambitious development strategy.

Developments in 2020 were dominated by COVID-19. Following the outbreak in China, the pandemic spread and the first indications of a downturn in sales and orders received appeared at the end of the first quarter. The focus shifted successively from Asia to Europe and North America. For us, this meant challenges in the form of lockdowns and travel restrictions, with delays to projects as a result. Thanks to our early measures to ensure access to necessary components and alternative supply chains, we were able to carry out production at a satisfactory level, with 12 of 13 production plants open all year. In the second quarter, essentially all of our ►

Market trend 2020

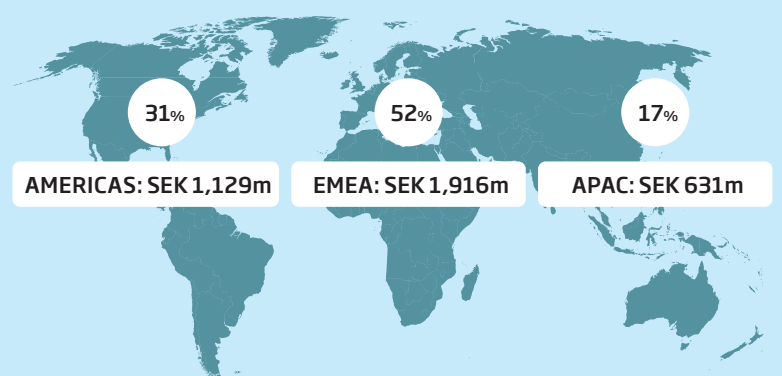
REGIONS, sales

SEKm	2020	2019	Growth
AMERICAS	1,129	1,380	-18%
EMEA	1,916	2,191	-13%
APAC	631	737	-14%

MAIN MARKETS

SEKm	2020	2019	Growth
USA	883	1,079	-18%
Germany	356	405	-12%
China	307	458	-33%
Sweden	207	123	+68%
UK	184	215	-14%
India	78	140	-44%

SALES BY REGION



Global divisions with clear customer focus

Nederman is organised in four divisions, based on differences in business logic, customer structure and technology. The organisation is driven by simplicity and has the group's brands as its starting point. This entails that the divisions are global and have an explicit focus on the customer.



Nederman Extraction & Filtration Technology

Nederman Extraction & Filtration Technology develops and sells a broad range of filters and monitoring services, capturing devices, fans, high-vacuum products and reels for the distribution of a variety of liquids and compressed air.

	2020	2019
Sales, SEKm	1,648.8	1,940.2
External orders received, SEKm	1,589.2	1,962.2
Adjusted EBITA, SEKm	221.7	263.2
Adjusted EBITA margin, %	13.4	13.6



Nederman Process Technology

Nederman Process Technology offers services and advanced filter solutions that are integrated into the customers' production processes where they catch harmful particles and gases.

	2020	2019
Sales, SEKm	1,136.8	1,633.3
External orders received, SEKm	992.7	1,461.5
Adjusted EBITA, SEKm	58.1	101.6
Adjusted EBITA margin, %	5.1	6.2



Nederman Duct & Filter Technology

Nederman Duct & Filter Technology markets different types of ducting systems, valves and filter elements to ensure good air quality in a number of industries.

	2020	2019
Sales, SEKm	457.9	555.4
External orders received, SEKm	402.6	473.5
Adjusted EBITA, SEKm	63.9	69.6
Adjusted EBITA margin, %	14.0	12.5



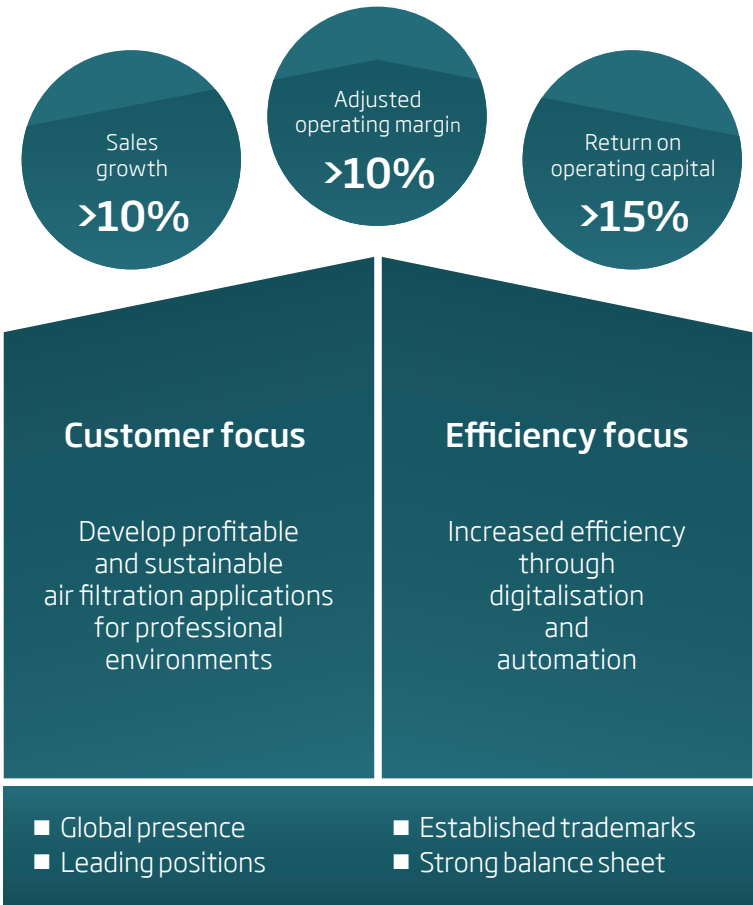
Nederman Monitoring & Control Technology

Nederman Monitoring & Control Technology's digital offering includes advanced measurement technology and an IoT platform that consists of hardware and software that provide customers with information and insight into critical parameters and processes.

	2020	2019
Sales, SEKm	506.9	280.3
External orders received, SEKm	495.7	271.2
Adjusted EBITA, SEKm	94.6	44.6
Adjusted EBITA margin, %	18.7	15.9

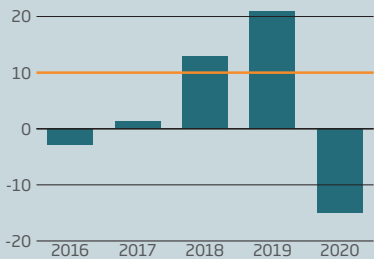
Platform for profitable growth

Financial objectives*



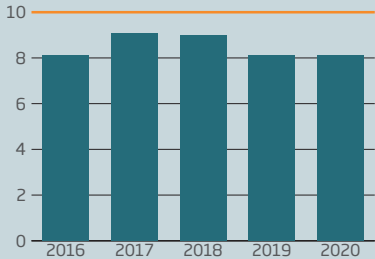
* Financial objectives are measured over a business cycle

SALES GROWTH, %



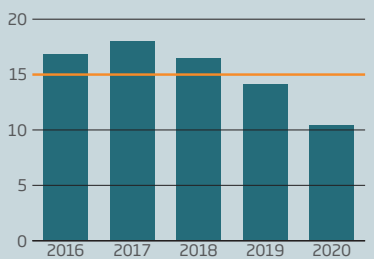
Annual sales growth over a business cycle is to amount to 10 percent. During 2020, sales declined by 15 percent. Average annual growth during the past five years was 4 percent.

ADJUSTED OPERATING MARGIN, %



The adjusted operating margin is to be at least 10 percent. In 2020, the adjusted operating margin was 8.0 percent. The average for the past five years was 8.4 percent.

RETURN ON OPERATING CAPITAL, %



The return on operating capital is to be at least 15 percent. In 2020, the return was 10.4 percent. Average annual growth during the past five years was 15.1 percent.

- operations were affected by the pandemic, with strong declines in orders received and sales. The situation improved significantly at the beginning of the autumn, but a second wave hit in November, with Europe and North America as its centre. When the year is summarised, orders received were currency-neutral 13.7 percent lower and sales were down currency-neutral 11.8 percent compared with the preceding year.

In **EMEA** (which accounts for approximately 52 percent of the group's sales), conditions varied broadly between the individual markets. Some long-term projects were postponed, while the more fast-moving sales declined immediately at the end of the first quarter. The foundry and smelter segment, which is strongly associated with the automotive industry and important for our Process Technology division, fell sharply, with closed units and postponed installations. On the other hand, aftermarket sales were strong, for example, in filter media, and we addressed new segments, including equipment for the management of virus-bearing aerosols in the dental hygiene sector. The UK was also affected by disruptions resulting from Brexit.

AMERICAS, our second largest geographic market had a promising start to the year, but also had a downturn in orders received in the second quarter. The USA, which is the region's largest and most important market and is characterised by heavy process industry, noted a fall in orders received for investment projects, while there was a positive trend in aftermarket sales. Here, MikroPul-Assist, our recently launched subscription service for production monitoring, contributed several successes. During the year, we also secured an order for technology for monitoring a total of 120 filter systems for a single manufacturing unit in the US. The system is based on our Insight IoT platform and comprises monitoring and alarm functions to guarantee emissions reporting in accordance with the requirements of the EPA (Environmental Protection Agency). The order was our largest ever within the digital concept.

The pandemic first hit in China, but it was also in **APAC** that the recovery was most rapid. APAC also differs in other ways. On the one hand, it is the centre of the textile industry, where our Luwa trademark is world-leading. Partly, it is here that the interest in digital solutions is greatest. Accordingly, it is not surprising that we ►

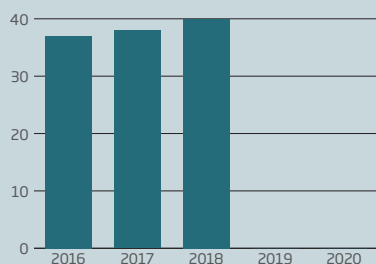


Efficiency focus

Optimised logistics chain for new filter initiative

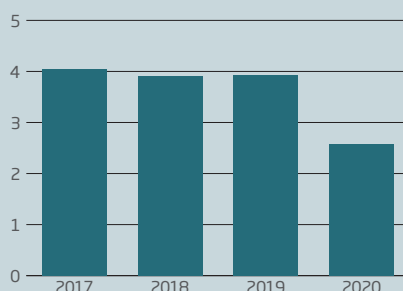
Nederman's MCP filter is the most recent addition to our SmartFilter family. At the same time, we are phasing out FMC, one of our faithful products. This also marked the start of a large competence and logistics initiative, with the manufacturing unit in Marki, Poland, as the hub. By concentrating the MCP production there, we not only gain economies of scale, but also additional competitiveness. With a reorganised logistics chain, we are simultaneously reducing our CO₂ footprint and strengthening our sustainability profile in the area of transport. Marki will also be the location of our Automation Competence Center. After this change, Friesenheim, in Germany, will be the EMEA centre for the manufacture of FS filters, with the corresponding efficiency and environmental gains.

DIVIDEND POLICY



Dividends are to amount to between 30 and 50 percent of net profit after tax with consideration given to the capital structure and acquisition plans.

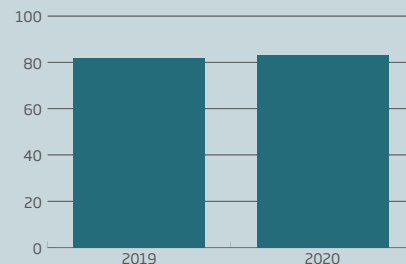
CLIMATE IMPACT IN ACCORDANCE WITH SBT*, EMISSIONS TO AIR, TONNES/SEK M



The goal is to halve the climate impact in terms of carbon dioxide equivalents related to energy use and electricity purchased for the group's manufacturing units by 2023. The outcome for 2020 shows a continued positive trend. During 2021, we will continue to analyse measures that need to be implemented by 2023.

* Scope 1+2

EMPLOYEE ENGAGEMENT



In 2020, 85 percent of all group employees responded to the survey. The overall Engagement Index was 83 (on a scale of 1 to 100), which is higher than the corresponding index for the comparative groups, Global Benchmark and Industry.

- succeeded extremely well during the year with our products and services for measuring and monitoring. Neo Monitors, Auburn FilterSense (AFS) and Gasmet, with a broad product mix and market presence, have rapidly become synonymous with modern air filtration. However, the textile segment, with India as its engine, has been difficult to address. The industry has been under pressure for some time and was closed for long periods during the year.

Overall, Asia was our strongest market. It has some of the world's most rapidly growing economies, a clear propensity for investment and increased awareness of the industry's environmental impact. We are addressing this with a digital offering focused on the most important applications. Accordingly, we believe that APAC will account for an increased share of our sales in the future.

INCREASED VALUE CREATION THROUGH PROFITABLE GROWTH

In 2010, when I was involved in conducting the acquisition of Dantherm Filtration and thereby doubling the group's size, it was the starting shot for a development process that has taken Nederman

from a position as a local product supplier to a global market leader in industrial air filtration.

The route has gone through market-driven development based on innovative product and services development, combined with pioneering acquisitions. In parallel with the focus on market-driven product and service development, work is also under way to enhance the efficiency of our internal processes. The aim is to create a high-performing company on all levels. Our two focus areas are:

- **Customer focus** Develop profitable and sustainable air filtration applications for professional environments
- **Efficiency focus** Enhanced efficiency through digitalisation and automation

Innovative acquisitions for efficient and sustainable production

Acquisitions have given us access to new markets and applications, but, above all, new digital know-how. NEO Monitors, AFS and Gasmet are all world leaders in technologies for measuring and



Sustainability focus

Luwa generates solar energy for 1,000 Indian homes

India has many hours of sunshine and Luwa's production plant has a flat roof. Perfect conditions for establishing a solar farm! 170 newly installed solar panels generate 215,000 kWh on an annual basis, which not only provide the plant itself with clean energy, but are also connected to the public electricity grid to contribute the surplus energy produced to the local community. The system also guarantees continuous production by eliminating the risk of stoppages due to power outages. At the same time, the climate footprint is reduced by an amount corresponding to 198 tons of carbon dioxide. Luwa India is also participating in several other environmental projects, including planting more than 100 new trees in the plant area as part of the Go Green Initiative.



Customer focus

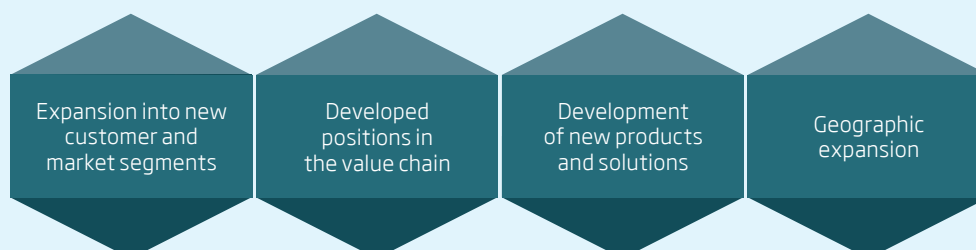
USA's first Dental Clean Room™

Dr. Julie Spaniel, owner of the Summerwood Family Dental clinic in Portland, Oregon, USA, has more than 30 years' experience of managing health risks related to the release of aerosols when for example drilling, which can carry viruses and bacteria. When it was time to reopen the clinic following the coronavirus lockdown, Dr. Spaniel decided to supplement the personal protection equipment worn with a solution to eliminate aerosol emissions. The answer to this was the Nederman Dental FX extraction arm, which is based on extraction directly at source and is connected to the building's HVAC system using HEPA filtration. The concept captures and filters dangerous aerosols and provides maximum safety for dentist and patient.



Shared priorities

The group has a broad product and service programme, which serves a large number of applications and market segments. We assign priority to four areas for our continued growth.



The road to profitable growth

Nederman applies a development model with five target areas as a basis for its strategy work to achieve the business objectives for profitable growth. The model is shared by all divisions and group functions and includes the areas of employees and sustainability.



- controlling gases and particles. The data they deliver forms the basis of the cluster of new digital products that have emerged in the past two or three years.

In parallel with the acquisitions, we have organically driven the digital development of our existing product range. We have developed Insight, our IoT platform, which serves as an information hub for all digital services. We have developed and launched our first digital SmartFilters, which were well received by the market. We have also launched our first digital services: myAir and MikroPul-Assist. Overall, this makes Nederman the most future-proof alternative and gives us a unique position in many markets and within several key applications.

Although 2020 cut into the sales and acquisition curve, we see no reason to change our strategy. On the contrary, it was the Monitoring & Control Technology division, with its focus on a digital offering, comprising, for example, measuring equipment, which provided a breakthrough during the year. Sales increased significantly and the division's adjusted EBITA margin amounted to 18.7 percent, compared with a group average of 9.6 percent. It is clear that digitalisation opens the way for new value creation. Both for us and for our customers.

Enhanced efficiency through digitalisation and automation

The continuous development of the group's organisation, methods and work tools is a key part of our strategy to deliver in line with our established goals. The organisation is global and based on differences in technology, customers and business logic, where the challenges differ between the divisions, but much is related to digitalising and automating functions to benefit from our global presence and create cost advantages. A digitally integrated supply and manufacturing environment increases productivity and flexibility in the operations.

"Modern sales" is a project in which the Extraction & Filtration Technology division has used a web-based sales and order management tool to improve availability and customer service, and reduce costs, for the important reseller market in EMEA. Global technologies is another example of where we transfer expertise in an application area to new geographic markets by establishing a shared competence centre that supports the local sales companies using knowledge of such aspects as leading-edge technologies and advanced design.

Through focused efforts, we have reduced the cost base for Nederman over the past five-year period. Long-term investments also ►

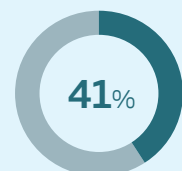
Nederman's sales model

Increased share of service and consulting services

Product sales

The basis of Nederman's business. A broad range of standard products that solve common problems. Sales are made primarily via distributors and resellers.

SALES	
SEK1,495m	2020
SEK1,184m	2016
+ 6% annual growth (ø)	

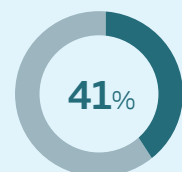


Share of group sales 2020

Solutions

Resolve complex tasks. Individual standard products that are assembled together to form small and mid-sized systems, or large-scale system solutions with a high element of customisation. Sales through Nederman's own sales organisation.

SALES	
SEK1,506m	2020
SEK1,358m	2016
+ 3% annual growth (ø)	

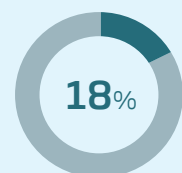


Share of group sales 2020

Service and aftermarket

Qualified service with a high availability to ensure continuous operation without costly interruptions in production. Company's own organisation or via authorised subcontractors.

SALES	
SEK673m	2020
SEK565m	2016
+ 4% annual growth (ø)	



Share of group sales 2020

COVID-19: How Nederman is affected and acts

To address the future after the COVID-19 pandemic, Nederman initiated a restructuring programme during the second quarter of the year, which will lead to annual savings of SEK 100m. The plan comprises all of the group's divisions. Restructuring costs amounting to SEK 75m were expensed during the second quarter of 2020. The programme had essentially been completed by year-end 2020. Thanks to our early measures to ensure access to necessary components and alternative supply chains, the group was able to carry out production at a satisfactory level.

IMPACT

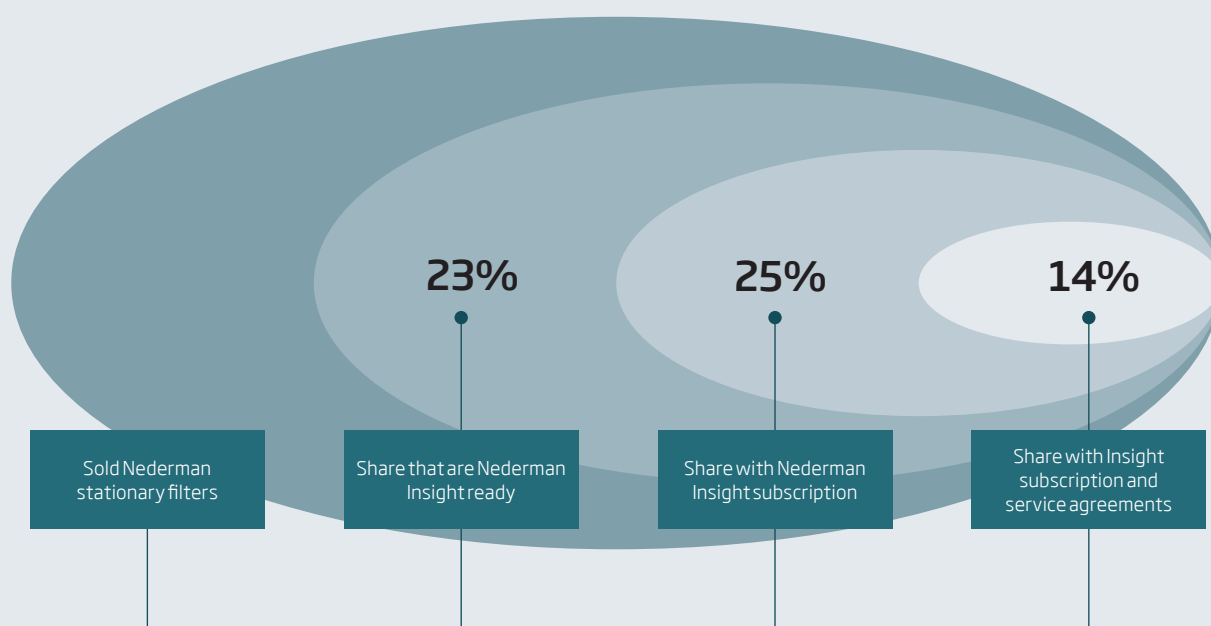
- Reduced demand from EMEA and AMERICAS, while performance in APAC was significantly more positive
- Recurring lockdowns and travel restrictions, with delays to projects as a result
- Orders received, sales and, accordingly, earnings were negatively impacted, primarily in AMERICAS and EMEA, while the trend in APAC was more favourable

ACTIONS

- Recommended hygiene procedures were introduced in all parts of the operations
- Lay-offs, shift work with separate work teams and shorter working hours were implemented where possible
- Some component inventory accumulation occurred, new potential suppliers were identified
- The Board of Directors withdrew its earlier dividend proposal
- The group expanded its credit facilities
- The updated financing agreements create flexibility and scope in relation to covenants for the next four quarters

One in four filter systems digital

2020 marked a major breakthrough for digital solutions. Of all the stationary filter systems sold by Nederman during the year, a full 23 percent were IoT ready. Sales of our long-term subscription services for Insight and service agreements also accelerated. During 2021, we anticipate continued sales development and SmartFilters will also be launched outside EMEA.



STATIONARY FILTER SYSTEMS

The market for filter systems is global and comprises sales of new systems and the replacement and upgrade of existing filter facilities. The market is growing in pace with increased industrialisation and more stringent environmental requirements. Nederman has significant market shares in all of its markets.

IOT READY FILTER SYSTEMS

Demand for digital filter systems is increasing. Digital filters are the only possibility to benefit fully from increased automation and Industry 4.0. Nederman is at the forefront of this development and most of its competitors currently have no digital filter solutions on the market.

INSIGHT SUBSCRIPTION

Nederman Insight enables process control and monitoring for operational optimisation with lower energy costs, increased recycling and guaranteed regulatory compliance. Nederman's new Insight ready filters are prepared for customers' needs and the step to connect a digital filter to Nederman's Insight IoT platform is simple. Now or in the future.

SERVICE AGREEMENTS

Service and spare parts are often costly and time-consuming for filter owners. Nederman's myAir and MikroPul-Assist subscription offering guarantee the customer maximum availability and a lower lifecycle cost. The market is at an early stage, but the digital filter base is increasing, as is the interest in outsourced solutions.



Poor air quality affects us all

Air pollution is one of the most common causes of a shortened lifespan. On average, poor air quality reduces every person's life expectancy by 20 months – worldwide.

The Health Effects Institute (HEI) is an independent research organisation that monitors the trend in air pollution and its causes all over the world. HEI estimates that more than 90 percent of the world's population lives in areas where air pollution exceeds the World Health Organisation (WHO) guidelines for healthy air.

The sources of emissions vary, but within many areas, industrial production is one of the most important. Successively stricter rules have resulted in significant improvements. At Nederman, we see it as our role to actively inform, influence and offer solutions that enable industrial production to reduce its share of emissions.

Source: Health Effects Institute (HEI), State of Global Air, 2020

Test result: 100% aerosol elimination

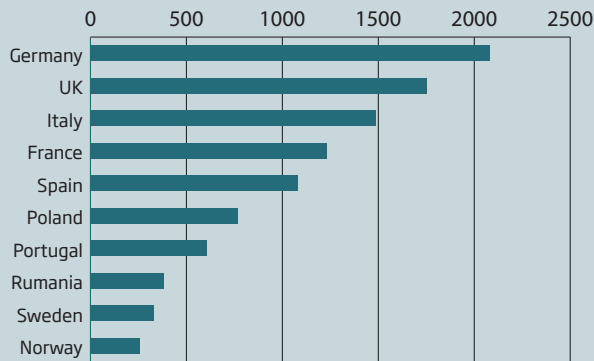
Recurring studies and tests are basic parameters as Nederman develops customer solutions to manage all types of air pollution. Today, the technology is in place to achieve results that meet personal and government agency requirements on all levels and there is no reason not to invest in the most effective solution. A comprehensive test at Marmara Üniversitesi, in Turkey, demonstrated that the use of the Nederman DentalFX extraction solution provided 100 percent elimination of aerosols in conjunction with dental treatment. A report from Newcastle University, in the UK, found, at the same time, that the most common method, using extraction straight from the mouth (intra-oral), only provided 75 percent protection from airborne aerosols. A difference that could save lives.



Clean air resulted in 11,000 fewer deaths – in one month

The Centre for Research on Energy and Clean Air (CREA) demonstrated in a European study that cleaner air, as a result of less traffic and industrial production in the wake of the coronavirus outbreak, led to 11,000 fewer deaths in Europe alone in a 30-day period in March/April 2020. 6,000 fewer children developed asthma and sickness absence declined by 1.3 million days. Nitrogen dioxide emissions decreased by 40 percent and the particle concentration measured as PM_{2.5} fell 10 percent. Combined, these two emission areas account for approximately 470,000 deaths annually in Europe. Emissions that partly derive from industry and can largely be eliminated using effective air filtration directly at the emissions source.

Germany is estimated to have avoided 2,083 deaths due to reduced emissions to air during COVID-19



Source: CREA, data for 30 days through 24 April 2020.

- led to us strengthening our sustainability position and reducing our environmental and climate footprint.

During 2020, we also conducted a restructuring programme, largely as a reaction to the pandemic. The programme is of a non-recurring nature, but it will generate annual cost savings of approximately SEK 100m.

CLEAN AIR IS A GLOBAL CHALLENGE

Most of us consider clean air to be a free and infinite product. But that's not reality. Quite the contrary. More than 90 percent of the world's population lives in areas with poor air quality. This not only contributes to a lower quality of life, but also major costs that must be borne by society, one way or another. Within the EU alone, poor air quality is estimated to account for about 400,000 premature deaths per year. With an annual cost for society of between EUR 250 - 1,000 billion. And the challenge is increasing. A growing population and rising standard of living are leading to more industrial production and potentially larger amounts of emissions and air pollution. The sources of emissions vary, but within many areas, industrial production is one of the most important.

INDUSTRY PRIORITISES SUSTAINABLE GROWTH

Contrary to popular belief, economic growth is not automatically associated with a greater environmental impact. Stricter sus-

tainability requirements from government agencies, investors and consumers, combined with new solutions, create the prerequisites for investments in more efficient production methods. I perceive a clear trend when I take part in discussions or meet large customers: sustainability is a parameter fully in line with financial and production considerations. For Nederman, this entails a global, growing market where we – with 75 years of experience, extensive product and applications expertise, and a clear agenda for the future – can show the way to a sustainable future. In this way, production is not only approved in accordance with all regulatory requirements. Increased recycling and decreased energy consumption also contribute to better production efficiency and greater profitability.

OWN SUSTAINABILITY - AS IMPORTANT AS THAT OF OTHERS

Today, it is self-evident that sustainability aspects are given as much weight as financial aspects when government agencies, investors and customers make their decisions. However, for us, this is nothing new; our entire business is based on a promise of long-term sustainability to ensure that, in the best possible way, we protect people, the environment and production, while at the same time, contributing to a more efficient and profitable production process. Sustainability is also an integrated part of our own business strategy and development process. ►

Expertise for the entire cleaning process

Extraction/capture. The first step in the cleaning process. Capture directly at source, extraction to remove fumes or specially designed cowls for fumes and particles.

Ducting systems. Ducting systems for the removal of captured air. Strict requirements to prevent dust from building up in the system resulting in reduced efficiency and lower productivity. The costs for wear and maintenance are important parameters.

Filtration. Key factor in optimising filtration and the lifespan of the system. Small mobile solutions or large systems with several dust collectors in combination with the best choice of filter media. Digital filters with complementary subscription services.

Safety components. Products for the safe handling of, for example, combustible dust are a key and, in many respects, a unique area of competence for Nederman. Minimises the risks when handling hazardous waste and reduces the risk of accidents during installation and maintenance work.

System components and optimisation. Optimise performance, simplify operation, reduce energy consumption and extend maintenance intervals. Service and maintenance are an important part of an air filtration system's operation.

Measure and control. Digital solutions, based on Nederman Insight IoT platform Enables measurement and control of the filtration system's capacity and performance in operation. Streamlines and optimises work levels, energy consumption, and more. Facilitates subscription services.



► WELL-POSITIONED IN A CHANGED MARKET

Our starting point is simple: industry does not need to contribute to more emissions. Today, we have access to all of the technical solutions needed to help our customers realise sustainable production, without compromising on other demands. The focus on increased digitalisation has also enabled us to offer the market's broadest programme of consulting, support and aftermarket services. Combined with our global presence, we have everything we need to help our customers to continue developing the economy and society. Our contribution is clean air solutions.

OUTLOOK FOR 2021

Nederman is taking a cautious approach into 2021. In principle, we anticipate that the entire first six months will be dominated by continued lockdowns and restrictions. If the vaccination programmes that are now being initiated throughout the world have the expected effect on the global spread of infection, we anticipate a cautious recovery in the second half of 2021. However, our assessment is that it will take time before we return to pre-pandemic levels. Nederman will monitor developments carefully and will be very thorough in our assessments, so that we can accelerate our operations at the right time.

The successful work that we conducted during 2020 to protect our profitability meant that, despite everything, we are in a strong position, with good opportunities to further advance our positions, not least by launching new products and continuing the development of our digital offering. The problems with poor air quality in the world remain extensive, leading to a large number of people dying prematurely every year. The underlying need for Nederman's products is therefore very large and we will continue our work to develop new and improved solutions, and work to increase knowledge of this situation, which, over time, is much deadlier than the pandemic.

As we take new steps for the future, it is right that I extend warm thanks for the sacrifices made by all of my colleagues in the group, but also by resellers, suppliers and other business partners, to address the year's challenges. It gives me reason to feel confident and the motivation for our onward journey. It is up to us to shape the future for clean air. We are The Clean Air Company. ■

Sven Kristensson
President and CEO

Sustainability goals 2023

Our sustainability work comprises our products, solutions and services, which help our customers in their sustainability efforts, but also our own internal measures. The framework comprises the UN Sustainable Development Goals (Agenda 2030) and reporting in accordance with GRI. Last year, we reported our climate footprint for the first time in accordance with Scope 1-3 and in 2020, we chose to join the Global Compact.

The overall goals are ambitious, but the roll-out of new digital products and services, in combination with a large number of internal activities, means that we feel confident in our work to minimise the negative social, environmental and economic effects of our business operations and those of our customers.

-50%

Halve our direct climate impact measured in carbon dioxide equivalents

100%

Materials and goods in production come from suppliers who have signed our Code of Conduct

100%

Stationary Nederman filters sold must contain IoT solution

100%

Recyclability of products launched





Smart employees generate smart solutions

Nederman is an environmental technology company, with good representation from the classic engineering and technology disciplines. A greater focus on IoT further increases the need for younger, well-trained employees, with environmental, data and process expertise. Jacqueline Hertig, Strategic Product Manager Insight Applications and Project Management, pursues global product development projects and has a key role as project manager for the development of our SmartFilters. In addition, she is a good example of our talented employees who have a decisive impact on Nederman's development.

What does your role involve?

"A huge amount. Competitor analysis, matching of our own product portfolio to enable us to develop our offering correctly. As a product manager for Insight, I also serve as an internal coordinator between the divisions to optimise our activities. Initiating and participating in concept studies, product launches and training courses are key components."

What do you find most attractive about your work at Nederman?

"Being part of our Clean Air Journey. The environment is important and technology is perhaps the main opportunity for tackling the challenges. Working on the development of our IoT solutions is satisfying in career terms and personally."

JACQUELINE HERTIG

From Steinach, near Friesenheim in Germany
Born 1988
Education Process Engineer (B.Sc), certified Project Manager IPMA Level D
Career Nederman since 2013. Initial contact while studying through internship and degree project, then engineer and ATEX manager at Process Technology in Friesenheim, Germany. Project manager Extraction & Filtration Technology division and Nederman Holding in 2015.



Increased employee engagement

Nederman's annual employee satisfaction survey measures the overall engagement and satisfaction of our employees in a simple and quick manner. The survey, which includes all employees, has been conducted since 2013.

In 2020, 85 percent of all group employees responded to the survey. The overall Engagement Index was 83 (on a scale of 1 to 100), which is higher than the corresponding index for the comparative groups, Global Benchmark and Industry. Other indexes also revealed better results for Nederman than for the comparative groups.

Engagement Index

Nederman group

83

Benchmark industry

78

Poor air quality affects us all

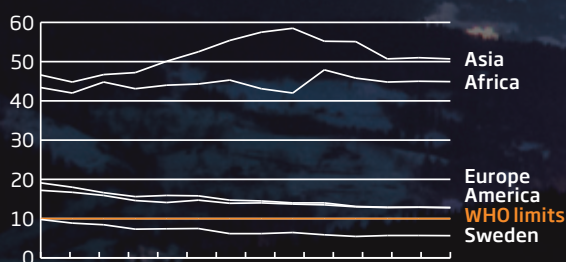
Air pollution is today one of the most frequent causes of several common diseases, which all have the shared factor that they risk shortening the lives of millions of people each year. On average, poor air quality reduces every person's life expectancy by 20 months – worldwide. Microscopic airborne particles called PM_{2.5} are the most common indicator of poor air. The sources of emissions vary, but within many areas, industrial production is one of the most important.

Although the facts appear alarming, there are rays of hope. China, the world's most populous country and historically one of the largest sources of emissions, is gradually introducing stricter regulatory frameworks, which are resulting in considerable improvements. In 2020, the EU also launched a new taxonomy to highlight the importance of environmental and climate efforts and to define what is to be regarded as sustainable.

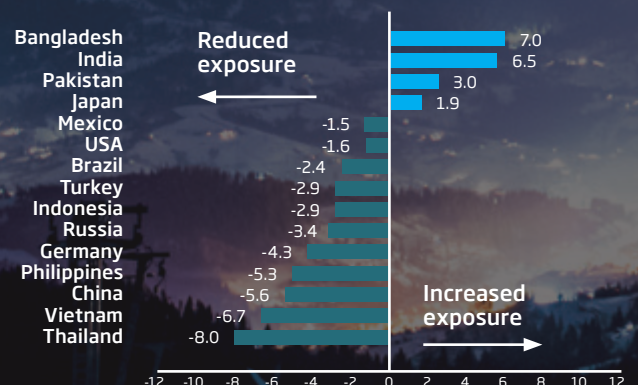
At Nederman, we see it as our role to actively inform, influence and offer solutions that enable industrial production to reduce its share of emissions. The technology already exists to make it possible to conduct full-scale industrial production without a negative impact on the environment.

Stagnant trend despite increased industrial production

Average annual population-weighted PM_{2.5} concentration (µg/m³), 1990-2019



Change in PM_{2.5} exposure 2010-2019, %



Blue sky – but can we keep it?

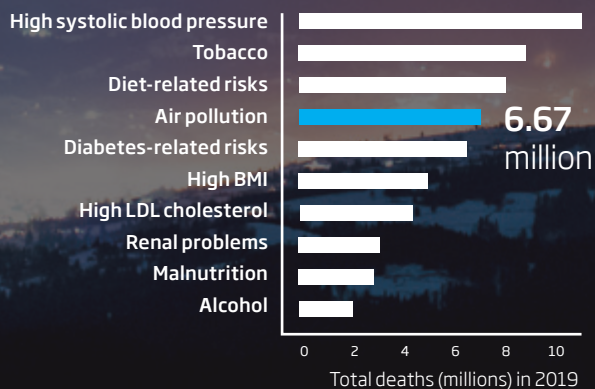
COVID-19 has led to high costs and sacrifices for society in the form of lockdowns, travel restrictions and reduced economic activity. But in other areas, the pandemic has led to positive effects. Clear blue sky and starry nights had been a rare experience for many people until now. Drastically reduced emissions of, for example, nitrogen dioxide and airborne particles, has improved the ozone layer and reminded us of the impact our lifestyle has on the environment. As the restrictions have been lifted, the emissions have begun to increase again. Since the health effects of poor air quality are mostly long term, this means that we were only granted temporary respite. But for Nederman, which has clean air as its business concept, it has been inspiring to see that awareness and demand for long-term solutions have increased.

Clear link between poor air and dementia

A large-scale US study of individuals over the age of 65 demonstrated a clear link between poor air and Parkinson's, Alzheimer's and similar dementia diseases. Persons who have long-term exposure to increased amounts of particles ($PM_{2.5}$) ran a significantly higher risk of early onset of disease. The study also found that the US, with an increasingly elderly population, would achieve considerable health benefits by having a better air environment under the current limits.

A Swedish study showed similar connections, by linking poor air quality in four Swedish regions with the use of prescription medicines for mental illness among children and young people.

Air pollution is now the 4th
most common cause of death



Green taxonomy makes it easier to compare sustainable investments

Increased sustainability awareness has led to many institutional investors increasingly making demands on portfolio companies to be able to demonstrate social and environmental sustainability, alongside their demands for financial returns.

To facilitate identification and comparison of environmentally sustainable investments, the EU has prepared a new taxonomy to ensure that there are common guidelines in the finance sector on what investments can be defined as green.

This taxonomy is central to the EU's new "Green Deal". The European Commission wants to mobilise EUR 1,000 billion in green investments to achieve the EU's sustainability goals. The finance market is playing a decisive role in supporting the transition.

Market with large potential

Since establishment in 1944, Nederman has evolved into one of the foremost players in industrial air filtration. We have grown with new products, applications, segments and markets. A growing population, consumption, globalisation and regulatory requirements have driven the market for the segments we address to a size of approximately EUR 5 billion.

Access to clean air is not self-evident. Industry is one of the largest sources of emissions, but with the technologies and solutions of today, industry does not need to contribute to poorer air quality. Rather, the more decisive factors for the future are industry's willingness and ability to make new investments, combined with a political will to make demands on the control and transition toward a more streamlined and environmentally friendly production industry. In this, the EU, among others, has taken large steps with new taxonomy and its "Green deal" initiative.

MARKET DEFINITION

The market for industrial air filtration is fragmented and can be estimated on several different levels. For Nederman, it is relevant to define the market on the basis of the product segments and geographical markets that are addressable and profitably accessible with the current range.

FRAGMENTED MARKET WITH FEW GLOBAL PLAYERS

The global market for applications in industrial air filtration is growing in pace with more advanced needs and a greater focus on environmental and health issues. The market is also being driven by an increase in industrial production. It is our opinion that Nederman's relevant market amounts to approximately EUR 5 billion in annual investments, but inadequate statistics make this estimate uncertain.



Local competitors:
Narrow product programme with limited geographic coverage.



Regional competitors:
Fewer players, focus on individual application and product areas.



Global competitors:
Few global operations with a broad offering. Often part of large corporations that also have activities beyond industrial air filtration.

SALES ORGANISATION

The group has its own sales companies in approximately 30 countries, and distributors in more than 30 other countries. A strong local presence is vital when it comes to responding to changes in the market and delivering comprehensive solutions. Distribu-

tors add further market coverage for individual products or small systems.

Nederman continuously develops its sales organisation to strengthen its positions through, for example, technical support and digital expertise.

Nederman is organised in four divisions. The organisation is driven by simplicity and focus, and has the group's brands as its starting point. This means that the divisions are global and have an explicit focus on the customer. The organisation has four overriding priorities: strengthened profitability, improved efficiency, utilisation of all the possibilities offered by digitalisation, and internal and external sustainability.

The most important tasks for the organisation include establishing a market-driven product development and utilising all the possibilities, internal and external, offered by digitalisation. Acquisitions will play an important role in effectively establishing leading positions within attractive markets or product segments.

STRONG BRANDS

Nederman addresses its market with a strong portfolio of brands. Our strategy is that each individual brand is to bring cutting-edge competence to the group in a well-defined product area, technology or market segment. Accordingly, we have the possibility to meet many different customer needs and market segments, in both mature and emerging markets.

GLOBAL KEY CUSTOMERS

Our structure of competence centres in combination with local presence enables us, in a way that is unique for the industry, to serve multinational customers in, for example, wind power and battery recycling, with everything from centrally developed technologies and products to local installation, deployment, training and service. During the year, we refined our organisation and strengthened our offering, with a focus on securing long-term agreements with the largest players in selected industries.

COVID-19 HAS A SHORT-TERM - AND LONG-TERM - IMPACT

In 2020, the pandemic had an unequivocal negative impact on market development and, accordingly, Nederman's sales. At the same time, the pandemic highlighted several areas in which society was not adequately prepared. The loss of production due to failures in supply chains or employees being quarantined are clear examples of the need for more efficient and secure production being of the utmost importance for the future. Increased digitalisation and automation of products, process solutions, service and monitoring are offering a new market. This technology shift requires large investments, among both customers and suppliers, and it could be difficult to determine the breakthrough time. Nederman was an early starter in terms of product development and acquisitions in the digital area. Together with our size and market penetration, this gives us a head start in the market that many smaller players find difficult to challenge.

Market definitions and estimated sizes

	Product segment	Geographic market
21 EUR billion*	All	Global
7 EUR billion*	Addressable	Global
5 EUR billion*	Addressable	Addressable

*Estimated market value 2019, internal calculations

Total market

Global market for products and services in industrial air filtration.

Total addressable market

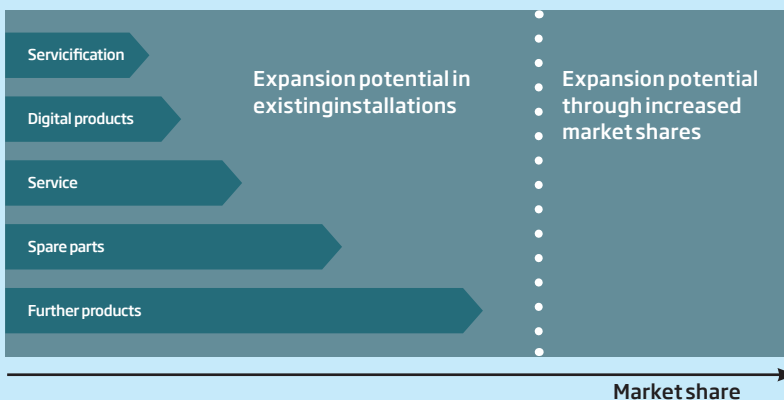
Total market for products and services in Nederman's current segments.

Potential addressable market

Product segments and geographic markets cultivated by Nederman with its current products and services, and through existing sales and service channels.

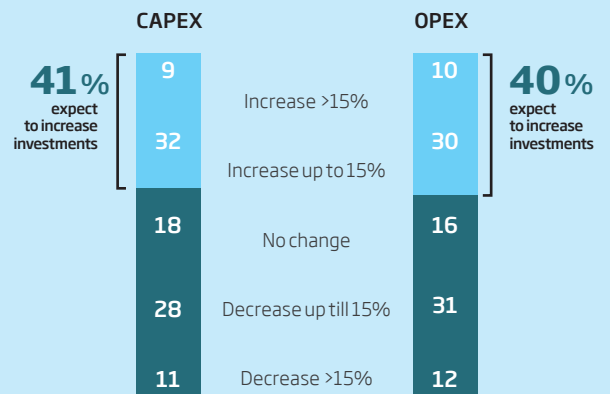
Several ways to expand the business

Servicification and increased service sales are a priority for Nederman group. One possibility is add-on sales to the existing customer and installation base. The second way is increased market shares by growing the addressable market and thus the installed base.



COVID-19 increases the need for investment

Anticipated change in the industry's investments in CAPEX (new development) and OPEX (maintenance) in the next five years due to COVID-19, percentage of respondents.

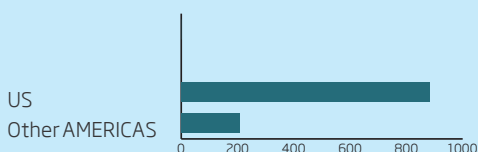


Source: McKinsey, COVID-19 B2B Decision-Maker-Pulse, # 3, 2020

AMERICAS



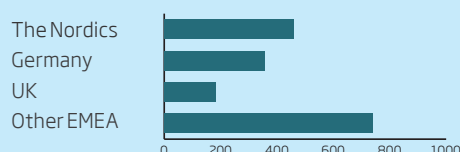
31% of group sales 2020
Share of sales per main market



EMEA



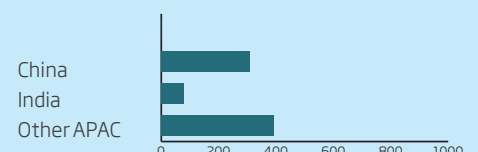
52% of group sales 2020
Share of sales per main markets



APAC



17% of group sales 2020
Share of sales per main markets



How we shape the future for clean air

Clean air was our business concept from the very beginning. Today, the need to make an active contribution to more efficient production and reduced emissions is more relevant than ever. Digitalisation and automation are key factors and Nederman is at the forefront of this development.

Our role is to contribute to a better society by creating products and solutions that protect not only the production process itself, but also the people who participate in it or are affected by it. Increased awareness and stricter legislation are positive factors that are driving demand. But there are also challenges and as a global player, we need to invest in development and adaptation to new conditions to remain successful.

The key to the future is in digitalisation. Of products and solutions, but also our own operations. Our digital transformation is the single most critical step in achieving efficiency and competitive advantages, and thereby generating increased value for all of our stakeholder groups. The framework from which we work also contains, in addition to a digital strategy, the development of the business model and solutions to make optimal use of technologies, analysis tools, data, employees and corporate culture. The integration of sustainability aspects in all operations and product development is a decisive parameter.

The development process occurs centrally, as well as in each business area, and comprises existing base operations and development initiatives, which are mainly conducted in digitalisation and servicification of the offering. There are also separate development goals for HR and Sustainability. Five broad strategy areas form the basis for this work:

1. TRANSFORMATION

Develop Nederman from a product-based engineering company to a solutions-based environmental technology company.

2. MARKET LEADER

Strive for a potential position as the number 1 or 2 in all selected industrial segments and geographic markets.

3. BUSINESS FOCUS

Nederman's business is industrial air filtration. Its focus is on SAM (serviceable and addressable market), that is, the market in which we have the opportunity to conduct profitable sales and service activities within the framework of our current operations.

4. GLOBALISATION

Expand in customer segments and geographic markets with high growth potential through internal technology and knowledge transfer, improved logistics and expanded production.

5. OPERATIONAL EFFICIENCY

Efficient and flexible production. Improved customer and partner relationships using digital platforms. Process optimisation and secure supply chains.

Digitalisation strategy

OFFERING

Digitalise Nederman's product and service offering to create future-proof filters to meet customers' needs for efficiency and control. IoT platform, together with sensors and measurement instruments, to measure, follow up, optimise and report customer-specific solutions.

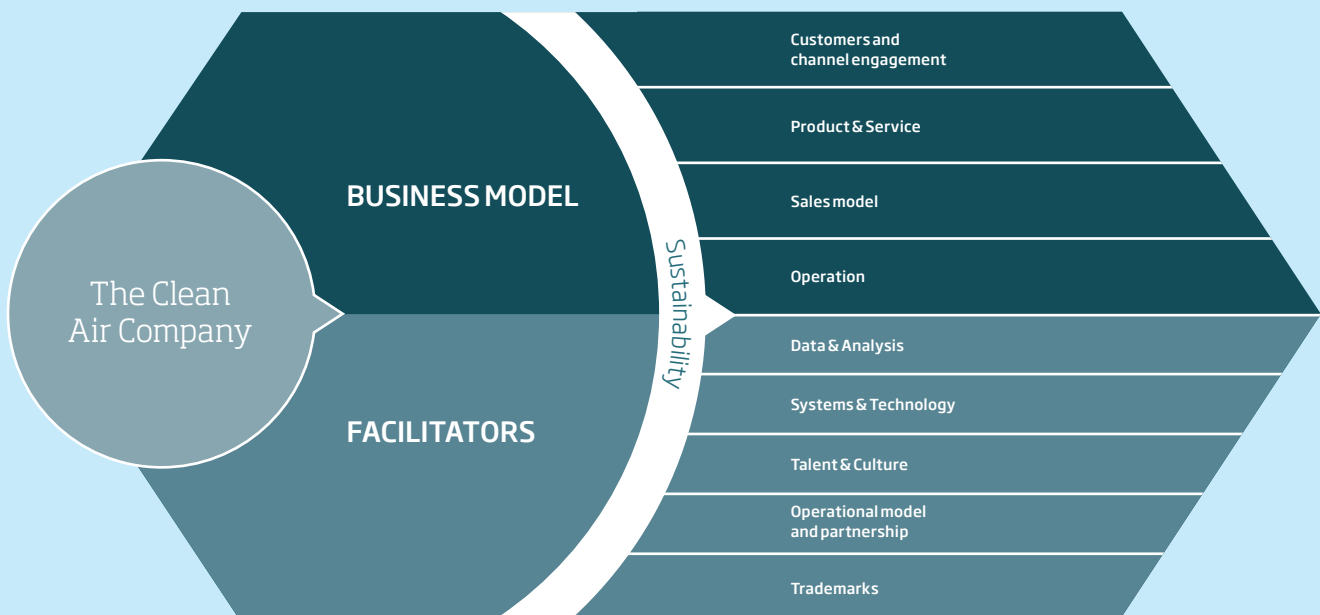
TOOLS

Develop the next generation of sales support tools for product and solution sales, and for the company's production units. Eco-system of digital tools that enhance the efficiency of employees' work and the process from order to production. Efficiency enhancement and quality assurance of the offer process, increased e-commerce sales.

PRESENCE

Continuous development of internet platforms, websites, knowledge sharing, search optimisation, etc. Proactive positioning through social media and search engines. Nederman must be the top search result on the Internet for more effective market cultivation and customer generation.

The way toward The Clean Air Company.



Performance goals

- 10% annual sales increase over a business cycle
- Minimum 10% adjusted operating margin
- Minimum 15% return on operating capital
- Halve CO₂ emissions by 2023
- Employee engagement in excess of benchmark
- Dividend corresponding to 30-50% of net profit after tax

Strategy goals

- Transformation
- Market leader
- Business focus
- Globalisation
- Operational efficiency

Development goals

- Implement digitalisation strategy throughout the group
- Integrate all sustainability activities in the business plan
- Implement global key account concept
- Increase the customer value in our offering
- Improve process efficiency throughout the operations



BASE BUSINESS PROVIDES SCALE AND EXPERIENCE

We focus our initiatives on a small number of industrial segments with large potential environmental impact. All development of new products and services is conducted with enhanced productivity and improved air quality in focus. We continuously analyse developments in those segments and industries in which our customers operate to find the best solution, identify new trends and prepare for market changes.

Example:

Metalworking

Air pollution is a common problem in metalworking. The particles are hazardous for employees, but they also contaminate surfaces and damage electronic components. Recycling of cutting fluids, abrasives and metal shavings also drive demand for our solutions.

Fibre-based industries

Textiles, wood and composite processing, pharmaceutical manufacturing and food processing are examples of industries that have strict hygiene and safety requirements. Unwanted particles affect product quality, are harmful to inhale and may pose a fire and explosion risk.

Process industries and energy production

The demand for metals and recycling is growing and increasing the need for air filtration in process industries and incineration plants. Foundries, smelters and different types of incineration plants are examples of operations where Nederman can offer solutions. These operations are highly energy-intensive and are usually run around the clock, demanding a high level of performance. Nederman takes complete responsibility for design, installation, commissioning and continuous service.

The automotive aftermarket

Automotive workshops, vehicle test centres and stations for emergency service vehicles are examples of operations that are required to handle toxic exhaust fumes from different types of vehicles. Nederman has long been a world leader in this segment, with a wide range of solutions for large and small workshops that build on taking care of the exhaust fumes directly at source.

KNOWLEDGE TRANSFER TO NEW INDUSTRIES

New segments, trends and requirements arise when changed consumer patterns and technological developments lead to a need for environmental adaptation to meet the sustainability demands of consumers, society and investors. Based on our broad product range and long experience, we have the possibility to rapidly develop new applications and thus establish new positions.

Example:

Waste incineration – a part of the circular economy

The incineration of organic material results in, for example, ash, metals, environmental toxins and gases that must be managed to avoid the risk of explosion, filtrated and possibly recycled before they can be released into the surrounding air. Extracted energy is used for the production of electricity and district heating. The industry is expanding strongly, due to factors including stricter environmental requirements that are leading to traditional landfill being replaced by modern incineration technology. Nederman contributes solutions throughout the cleaning process, in which advanced measurement and analysis equipment is a key factor for process optimisation.

Dental treatment – free of aerosols

The pandemic has shed new light on several industries that have previously not taken air quality and pollution seriously enough. It has long been known that drilling and other aspects of dental treatment release aerosols that can carry viruses and bacteria. Normal equipment only manages to partially neutralise the effects, but Nederman's concept of capture directly at the source of emission has displayed nearly 100 percent elimination. The number of clinics throughout the world is large and our standard equipment is reliable and can be installed quickly with a limited investment requirement.

3D printing

Additive manufacturing, so-called 3D printing, is becoming increasingly common in such areas as the manufacturing industry, both in production and the development of models or prototypes.

The most common techniques build up layer upon layer of thin threads of thermoplastic, while others involve thermosetting resins or powdered metal. During printing, hazardous gases are often produced, while the process itself involves handling dust-emitting materials. Nederman contributes expertise, products and solutions to manage these by-products.

Environmental, social and economic trends

Greater prosperity, in every sense of the word, demands that we weigh the environmental impact and use of society's finite resources into our economic models. A growing population and greater prosperity will give rise to more consumption and, consequently, demand for higher production capacity. As a direct result, the air in and around the production environments will be negatively affected. Nederman's solutions aim to reduce these effects.

Digitalisation and technological development

The emergence of digital and connected products makes it possible to gain a greater insight into how well the products function when used by customers. This will generate new opportunities and increase demands on transparency.

Increased consumer awareness

There is an increasing interest among consumers to base their purchasing decisions on how various products have been produced and managed as part of the circular economy. This increasing awareness affects both our customers and our relationships with local stakeholders.



Gas monitoring 100% uptime for four years

Gasmet, which has been part of the Nederman group since December 2019 and specialises in gas analysis using infrared spectroscopy, equipped the Tammervoima waste incineration plant in Tampere, Finland, with a system for the measurement of gases. The plant incinerates 165,000 tons of refuse annually and supplies energy and district heating to the region's inhabitants. The system checks that the gas flows remain within the permitted limits. If the values exceed the environmental permit, the plant is required to close for several hours, resulting in large costs and disruptions to supplies. For the four years that Gasmet's system has been in operation, Tammervoima has not experienced a single shutdown.



Safe hospital environment Baby Hudd provides immediate answers

Banner Health, with its head office in Phoenix, Arizona, operates a total of 29 hospitals with 50,000 employees and is ranked as one of the leading care providers in the US. Nitrous oxide (laughing gas), desflurane, formaldehyde and methanol are just some of the gases used in clinical and non-clinical care. To test the gas traces more effectively, Banner Health has "employed" Baby Hudd. Baby Hudd is a portable DX4040 FTIR gas analyser and gained its nickname from its guardian Dee Huddleston, who along with colleague Valerie Brodeur, is responsible for the mobile measurements. Each active analysis takes no more than 60 seconds to complete and provides staff and patients with immediate answers on the gas traces to which they are exposed in their local environment. Previous systems took up to two weeks to deliver a response, which was also only 20-25 percent accurate. Baby Hudd, whose real "parent" is Gasmet, has led to improved work procedures and cost savings in a strict, publicly controlled operation, but also to heightened employee engagement.

Stricter environmental legislation

In several countries there is increasing legislation for CO₂ emissions and emissions of particles to air. Stricter legislation is also being introduced in such areas as human rights, anti-corruption and transparency.

Health and safety

Air is a key factor for personal health, both in and outside workplaces. The need for training, equipment and control functions for personal safety is also a prioritised area. Demands for health and safety measures are growing in pace with an increase in awareness and the establishment of manufacturing industry in new markets.

Environmental threats and resource shortages

Climate change and an increased need for renewable energy could lead to temporary energy shortages, which is increasing the need for energy-efficient solutions. The ongoing urbanisation and constant expansion of cities means that production will rapidly be localised along with other activities and the tolerance for emissions will be even lower.

Nederman Clean Air Concept

Clean air begins with capturing and extracting poor-quality air. Here, and throughout the ensuing air filtration chain, Nederman's products make a decisive difference. Our product programme and our customer base provide us with probably the most complete foundation on which to build solutions. Our experience makes us the perfect partner for the future

Today, a large number of digital products supplement an already solid product programme. For the hardware offering, we concurrently developed a large number of advanced software services which, combined with the hardware and our considerable applications expertise, affords us a unique position.

Digitalisation enables us to broaden our customer offering. Having earlier mainly sold products or solutions and charging per sold unit, we are moving increasingly towards a value-based offering in which we resolve a problem and charge according to result. This requires control of the entire air filtration process. Most of our competitors are focused on individual products or defined services and are thus unable to benefit from the possibilities offered by servicification.

FROM POOR TO CLEAN AIR

Nederman's Clean Air Concept is based on a process with four distinct steps:

Remove Clean air begins with capturing and extracting poor-quality air. Here, and throughout the ensuing air filtration chain, Nederman's products make a decisive difference. The product programme is being successively developed to meet new needs. Digital filters and advanced measurement equipment are key products in taking us to the next stage.

Optimise Sensors and other monitoring equipment deliver digital data in real time. The measurement values are presented in customer-specific panels or mobile units and form the basis for operational adjustment to maximise efficiency and minimise the risk of unscheduled stoppages and the need for service. Solutions are available for monitoring and control on-site and online.

Validate Insight is the hub of Nederman's digital offering. Insight stores, processes and validates all collected data. Insight Analytics processes relevant information for direct action, but at the same time, provides the customer with a history that enables far-reaching possibilities for evaluation and development of filtration alternatives. For Nederman, the same data forms the basis for future product development.

Report Stricter environmental legislation leads to a greater need to be able to guarantee operations that meet requirements on all points. Digital filtration data enables not only reporting in real time, but also generates a significant cost saving for collection and documentation.



REPORT

Real-time digital reporting guarantees operation that meets the requirements on all points, with a significant cost saving for collection and documentation.



VALIDATE

Continuous measurement and assessment of current emissions status to enable immediate action



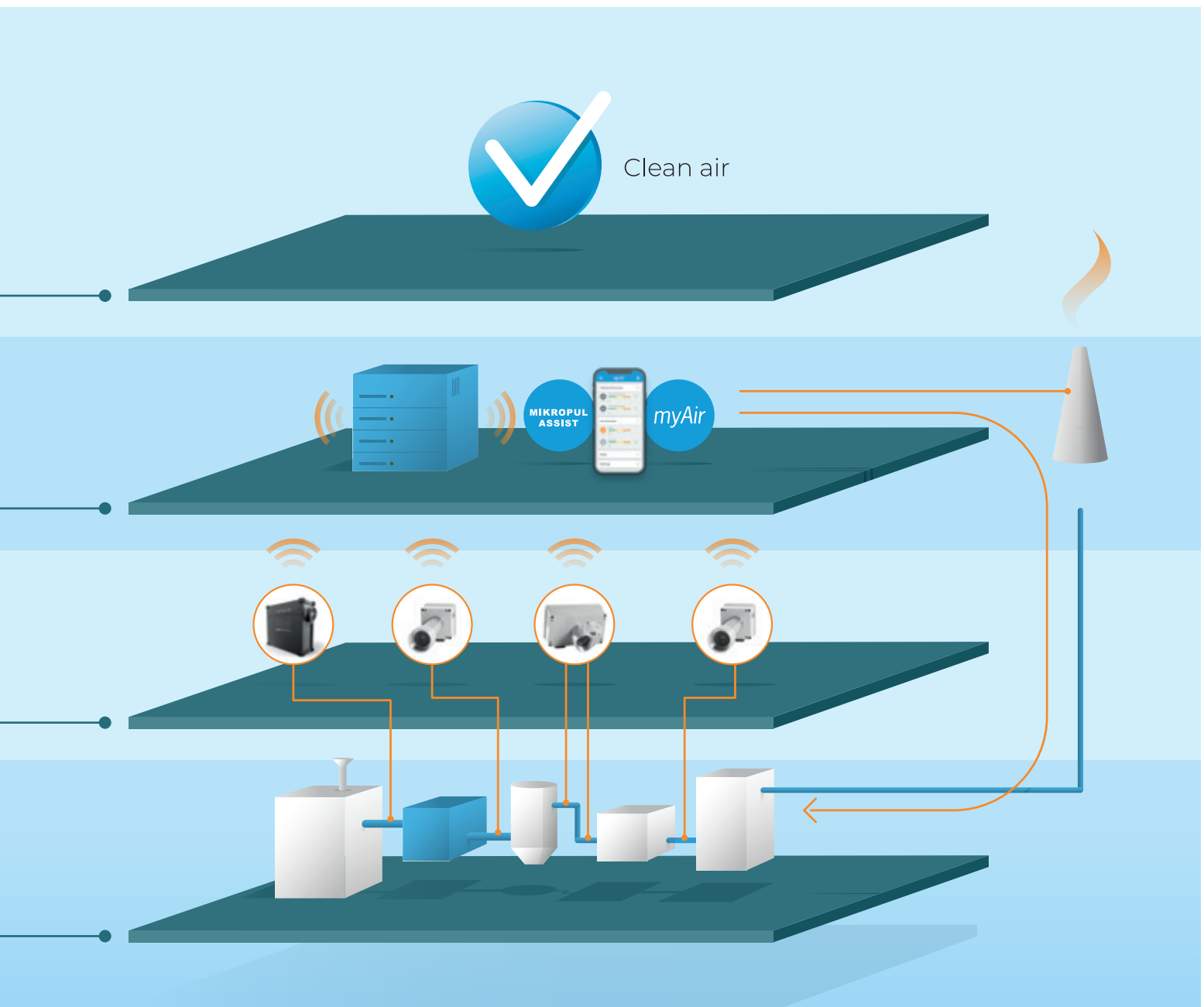
OPTIMISE

Operational adjustment to maximise efficiency and minimise the risk of unscheduled stoppages and the need for service



REMOVE

Clean air begins with capturing, extracting and filtering poor-quality air.



GENERIC PROCESS WITH CUSTOMER-SPECIFIC APPLICATION

The pathway from emissions source to clean air is, in many cases, a generic process that builds on a large number of standard products. Efficiency, safety and finance require comprehensive process and applications expertise to be able to choose and dimension equipment adapted to the individual customer situation. Waste incineration is an example of an industry with advanced processes and extensive environmental impact and therefore in need of effective filtration solutions. Typical processes are incineration, desulphurisation of gases, management of nitrogen oxides and dioxin absorption. Areas in which Nederman is far advanced with its leading technologies, hardware and software.

Operational efficiency

Platform for innovation and efficiency

A rational organisation with capacity for development and to rapidly adjust to new conditions is one of our strategic objectives for continued growth and profitability. Exactly as when we develop our customer offering, digitalisation of sales processes and production has a decisive role. New online tools develop the customer contact, provide greater access to knowledge, and shorten processing times. Improved supply chain and a manufacturing process based on optimised processes and economies of scale reduce production costs and generate competitive advantages.

SHARED VALUES

BUILDING A STRONG CULTURE

Competent employees that advance operations every day are a requirement to successfully manage the rapid development that the group is experiencing, with digitalisation, globalisation and frequent acquisitions in our development departments, production plants or service organisations. Our mission is to shape the future for clean air and three shared values unite us in our transformation process:

- **Sustainable customer relations** Focus on the customer's needs and develop solutions that create value, for us and the customer
- **Respect for the environment and each other** Show respect for the environment and each other, counteract all forms of discrimination
- **The courage to act** Open and honest communication, taking initiative and responsibility, encouraging new thinking and change.

Ecosystem of digital sales tools

Direct sales Increased and streamlined sales to end customers through developed and centralised quotation systems and system configurators, which ensure quality, efficiency and the best customer solution.

Example:
Nederman quotation tool, digitalised quotation process, system configurator, web optimisation, CRM.

Indirect sales Increased sales, electronic order placement and service for resellers through digitalised product information, product configurators, ordering and training.

Example:
PartnerWebShop/EDI, product information system (PIM), nPower training portal, on-line chat.

Production and delivery Further developed and digitalised tools and processes for efficiency enhancement and quality assurance from ordering to delivery and invoicing.

Example:
Business systems, order placement using EDI, e-invoices.

The Clean Air Company

WHO WE ARE

The Clean Air Company

OUR MISSION

We shape the future for clean air

OUR PROMISE

We protect people, the environment and production from the harmful effects of industrial processes.

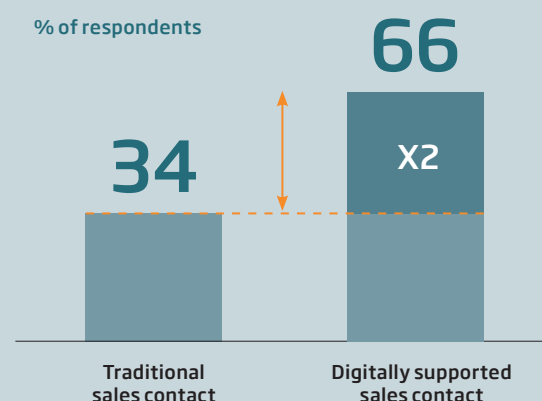
OUR VALUES

- Sustainable customer relations
- Respect for the environment and each other
- The courage to act

More digital customer relations

Decision-makers in B2B believe that digital sales interaction will be twice as important after COVID-19.

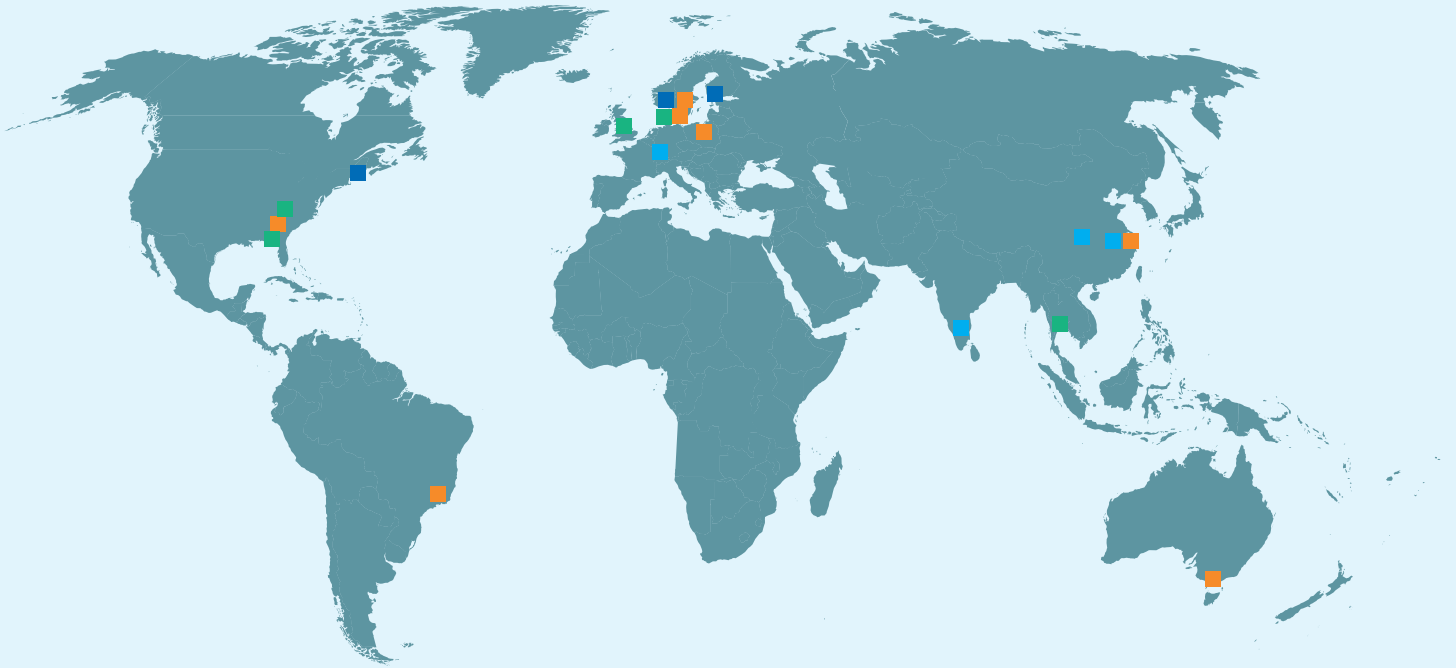
% of respondents



Source: McKinsey, B2B Decision Maker Pulse Survey, 2020

Manufacturing and assembly units

- Extraction & Filtration Technology
- Process Technology
- Duct & Filter Technology
- Monitoring & Control Technology



MANUFACTURING AND ASSEMBLY UNITS IN 19 LOCATIONS AND 13 COUNTRIES

Australia / Melbourne – Extraction & Filtration Technology
Brazil / Sao Paulo – Extraction & Filtration Technology
Denmark / Assens – Duct & Filter Technology
Finland / Helsinki – Monitoring & Control Technology
India / Bangalore – Process Technology
China / Shanghai – Extraction & Filtration Technology
China / Shanghai – Process Technology
China / Suzhou – Process Technology
Norway / Oslo – Monitoring & Control Technology
Poland / Marki – Extraction & Filtration Technology
UK / Leeds – Duct & Filter Technology

Sweden / Helsingborg – Extraction & Filtration Technology
Sweden / Töredal – Extraction & Filtration Technology
Thailand / Chonburi – Duct & Filter Technology
Germany / Friesenheim – Process Technology
USA / Boston – Monitoring & Control Technology
US / Charlotte – Extraction & Filtration Technology
US / Thomasville – Duct & Filter Technology
US / Trenton – Duct & Filter Technology

Organisation built upon business logic

Nederman Extraction & Filtration Technology

- large number of small and medium-sized customers in many industries
- large number of orders, short and medium-term sales and decision-making processes
- own sales companies, comprehensive network of partners
- cost and efficiency focus

Nederman Process Technology

- small number of large processing customers
- high order value, long sales process
- own sales organisation, deep customer relationships
- industry and process focus

Nederman Duct & Filter Technology

- speed of delivery and customer interaction of prime importance
- internal sales and through reseller network
- standardised product range
- volume important

Nederman Monitoring & Control Technology

- high-tech expertise
- focus on measurement and digital offering
- sales through other divisions and distributors
- R&D and technology focus

Optimised air filtration

Value creators of the future are in place

Automation, digitalisation and connectivity are the basis for the development of our next-generation customer offering. Filtration of industrial airflows is gaining an entirely new meaning with a focus on turnkey solutions and is creating new business models.

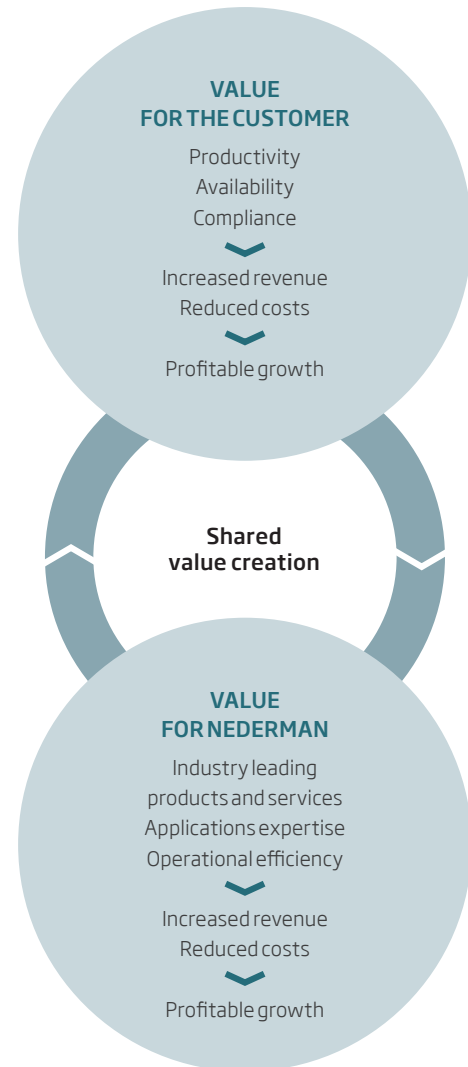
Digitalisation and connectivity improve flexibility and speed in the manufacturing industry worldwide. Industry 4.0 is about reliability, productivity, safety and ensuring profitability. Digital production makes it possible to connect all parts of the value chain and avoid the traditional silo mentality.

ADVANTAGE DIGITALISATION

- **Analysis capability** Smarter production planning based on technical, financial and social parameters.
- **Flexibility** The option to adapt to changing demand patterns.
- **Streamlined distribution chain** Large quantities of data make it possible to predict the need for a certain component as well as where and when it must be available.
- **Servicification** Focus on delivering target realisation in a long-term commitment.

SHARED VALUE CREATION

Creating value for our customers by contributing to increasing their profitability is the key to our success. Only by understanding our customers' challenges and priorities can we develop new products and services that increase efficiency and reduce production costs. Availability, monitoring and reporting in real time are key parameters that hone productivity and, at the same time, ensure that environmental and sustainability requirements are met. By delivering value for the customer, we also deliver value for ourselves, our owners and our society.



MikroPul electrifies New electric bar in Friesenheim

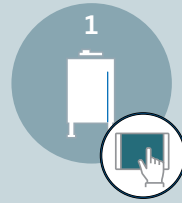
Nederman MikroPul already uses 100 percent renewable energy at its plant in Friesenheim, in Germany. The sights are now set on converting to a fully electrified vehicle fleet. One step in reaching this goal are the three new charging sites, with a total of six charging stations. The charging sites are for public use during office hours and can be used by employees, customers and visitors. Software delivers data for reports and follow-up, but also manages a waiting list if the need for charging is greater than the supply. One of Nederman's sustainability goals is to halve our CO₂ emissions, measured in carbon dioxide equivalents, by 2023. The investment in Friesenheim is an example of how we are taking responsibility for expanding necessary infrastructure.

Vision 2025

Digitalisation makes it possible to control and optimise industrial airflows with a high level of efficiency. But it is also giving rise to new business models for Nederman. When we can fully measure and control the customers' process, we can also package and offer operation, service and maintenance as an integrated service. This enables us to offer our customers "clean air" as a subscription service.

Smart filters

Product-based offering



Control systems

Smart connected filter

Solution-based offering



Connectivity & Service commitment

Filtration as a service

Function-based offering



Uptime commitment

Clean air as a service

Outcome-based offering



Compliance agreement

Control of the air filtration process

We launched our first SmartFilters in 2019. SmartFilters are based on our market-leading analogue filter solutions which are now supplemented with digital components. The filter is delivered Insight ready, with the possibility for the customer to immediately or at a later stage connect to services for monitoring, control and reporting. SmartFilters are the necessary first step in enabling a digital air filtration flow.

100 PERCENT DIGITAL FILTERS IN 2023

As of 2023, all stationary Nederman filter solutions will be delivered with an IoT solution. Analogue filters will be phased out successively, but a long lifespan means that the market will be mixed for the foreseeable future.

Filter + Nederman Insight

- Optimised operation
- Longer filter lifespan
- Performance data in real time
- Reduces unscheduled maintenance
- Better safety for staff and equipment
- Energy efficiency
- Optimised air filtration
- Secured legal and regulatory compliance

The SmartFilter family grows

The SmartFilter family is the most recent industrial air filtration solution developed by Nederman. Every SmartFilter is fitted with technology that functions today and is ready to meet the future. Sensors and monitors are key components that ensure function and efficient operation of the customers' systems. Combined with myAir for monitoring, service and support, customers can control their industrial air filtration effectively and sustainably. During the year, we continued to develop and launch our SmartFilter family and brought it to market with a positive response.

MCP



Dust and fume filtration in welding applications

MEP



Filtration of dust and fibre particles

LCP/LBP



Dust and fume filtration

FLEXPAC



High-vacuum solution for welding fumes, dust, chips, composites, etc.

“Digitalisation is the new reality. Using innovative methods of implementation, the future is bright”

In 2018, Nederman acquired Boston-based Auburn FilterSense (AFS), with Matt Andrews as CEO. The company is specialised in products and systems for continuous particle monitoring and process control, with an international customer base in the heavy process industry. Since 2020, AFS is also the centre for the continued development of Nederman's Insight IoT platform.

Matt, what would you say are the major benefits of Nederman Insight?

“It is in two areas, in particular, that we can add significant value for our customers. We can enhance operational efficiency, both the process itself and also the use of personnel. Plus we can help our customers to guarantee clean air and automate regulatory compliance and reporting.”

Enhanced operational efficiency Tell us more!

“The heavy process industry is based on continuous operation. All disruptions, large or small, are costly and must be avoided. Since many of these industries handle or produce environmentally hazardous particles and substances, the air filtration process is central. By monitoring the filtration digitally in real time with the help of the Insight platform, we can quickly issue an alert and provide the relevant data to the right person at the right time, when pressure, particle concentration or filtration deviate from the normal level and risk exceeding the limits. The measuring points are many and give exact answers to what is wrong so that we can deploy specific actions. Controls were previously carried out manually and, in a process with possibly 100 filters, there could be a gap of several weeks between each inspection. Real-time monitoring integrated with the Insight software results in process knowledge and fault prevention at the same time as it creates trust and saves time and therefore, money.”

That sounds like a major change. What about reporting?

“Reporting is an area that is increasing in importance. It is extremely time-consuming and may also contain errors, until now in any case. Our solutions enable a high level of automation throughout the process. Internally, in the production plant, we deliver process and maintenance reports with alerts and current status that is adapted according to each individual's roles and requirements. Mobile access to reports and information also means that you don't need to be on site physically to have full control. A major change is also your official reporting. This is where we generate reports directly from Insight. No manual handling, no repeat action, no uncertainty in data collection.

Insight is a portal to increased productivity, you might say. Where are the customers?

“Yes, it's a productivity solution! The large process industries are far ahead of other industrial segments. Sensors, intelligent controls and software solutions have been used in this area for a long time. That makes these customers more than ready for a digital transition with Industry 4.0 and such solutions as Insight. Through our collaboration with these types of customers, our understanding and approach also develop. Air filtration is just one of the processes. Nederman is building the Insight concept to optimise the customer's overall process from an air filtration, recycling and clean air perspective. We contribute to enabling the customer to concentrate on their core business. It makes us relevant. But we also foresee major potential in large and small companies, where the use of sensors, controls and software has historically been lower. This requires our breadth of competence, but because digitalisation and IoT are still relatively new, we need close cooperation with our cus-



MATT ANDREWS
CEO Auburn FilterSense

tomers to be able to demonstrate the benefits of transitioning to the Insight platform. Insight is also transformational in service and maintenance, with maintenance becoming more proactive in counteracting loss of production and preventive in reducing service costs. Remote support and service is possible and could become the norm in the long term for effective service activities. We can make the collective expertise from all of Nederman's product divisions available to support the customer, increase their knowledge level or assume full responsibility for service and regulatory compliance with a service agreement.”

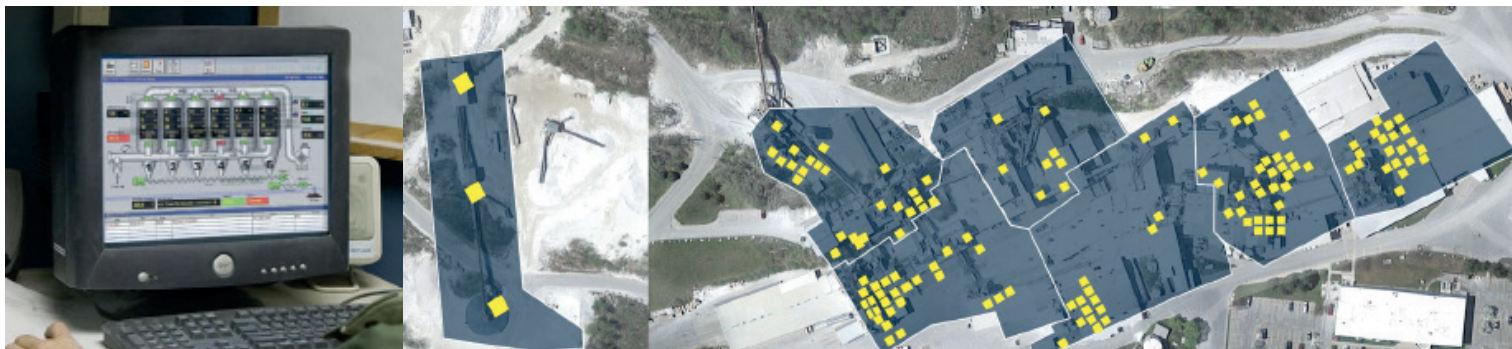
Insight is rather new. What did you improve during the year?

“There are a few areas that stand out. On the technology side, we can deliver reliability on a large scale. We can monitor more than 100 filters and 1,000 data variables in a single plant. We can now really serve large production units, in addition to already being able to scale up to an unlimited number of production units for each individual customer. Another example is that we have developed a secure two-way communication between Insight's software and control platforms in the production process. Otherwise, we have put a lot of effort into ensuring that installation and deployment function efficiently at the customer. It sounds simple, but it's incredibly important for the customer. Producing our own digital SmartFilters cost efficiently and in volume is also a prioritised activity for which we have developed models for automated deployment. It was a hectic year with many new aspects for everyone. But there is yet more to be done!”

How are sales looking so far?

“From the perspective of AFS, we are very satisfied. We have customers in most industries, including some who operate Insight at one or more sites in the metalworking and mineral processing industries. If we count in another way – Insight is currently used in most of Nederman's global customer segments and manages a huge amount of data. Data that develops the customer's operations, but also provides input for our own product development in the hunt for clean air solutions.

It's said that data is the new hard currency. This seems to also apply to Nederman. Thank you, Matt!



Energy discount of EUR 500,000 using new technology from Nederman

Specialty Minerals (SMI) is world-leading in the production of precipitated calcium carbonate for the paper and packaging industry. A new set of regulations from the US Environmental Protection Agency entails that SMI is obliged to measure operating pressure and visible emissions twice daily for each individual filter unit. At the production plant in Adams, Massachusetts, alone, SMI operates 120 filters with more than 20,000 filter media. Almost impossible to monitor manually, and with high costs and the risk of intense pressure on maintenance staff.

Nederman's solution was a turnkey network of digital analysis and control units (B-PAC™) with accompanying software (FilterWare HMI/SCADA) from Auburn Filtersense.

In addition to meeting official requirements, the investment also led to significant savings in energy use and operating costs:

- 60 percent reduced energy consumption
- 40 percent lower spare parts costs
- preventive maintenance, reduced stoppages
- increased health & safety in the workplace
- two full-time positions for visual inspection eliminated
- reduced impact on local residents

On the bottom line, Specialty Minerals reduced its operating costs by approximately SEK 6.5m annually. In addition, Massachusetts Electric provides an energy discount corresponding to approximately EUR 500,000 annually. For one plant only.

Web-based and transparent monitoring

Insight is entirely web-based. The customer avoids the traditional client/server solution, which can be difficult in an industrial production environment. Visual interface based on drag-and-drop functions make monitoring transparent and user-friendly. The customer can easily adapt the menus, views and functions according to specific needs. Insight is integrated with the customer's general PLC system.



Accessible basic view with all current sites/filters. Configured at the required customer level for on-site monitoring. All views are also available at Nederman for remote monitoring, suggestions for urgent measures in the event of alerts, or suggestions for improvements based on historical data. A single customer view can contain data from 100 filters and 1,000 measurement points.



Each individual filter is displayed separately. Visual view with current status for all selected measurement functions. Operating pressure, particle levels, control of limits and status of wear items for service and maintenance are common parameters. Deviations from "standard values" based on historical data indicate potential operational disruptions.



All alerts and actions are logged directly in Insight. All alert histories and actions are saved and form the basis for the long-term development of the filtration process; upgrade of filters, service intervals, training initiatives, etc. The history is also used for reporting in conjunction with violations and other incidents.



Alarm direct to mobile phone. All people connected with the problem in question are alerted using the selected method, such as an alert straight to a mobile advice. If you are authorised, you can receive, confirm the alert and implement the recommended action.



Internal and/or external. Contents and periodicity are configured according to the recipient's needs. Subscription function. Distribution to all types of mobile and stationary devices on or offline.



Sustainability initiative

To shape a sustainable future

Sustainability and the Nederman group's initiatives in this area comprise an integrated and important part of Nederman's business activities. We work proactively to improve our own sustainability effect, while our products and solutions help our customers to reduce their air pollution and environmental impact. We make our largest positive environmental contribution when industry and customers use our products and solutions. We protect people, the environment and production.

Nederman's promise – to protect people, the environment and production – is the foundation of our sustainability agenda. The objective is to minimise negative social, environmental and financial effects from industrial production within our own business activities as well as those of our stakeholders.

The group has applied the UN Sustainable Development Goals and the ten principles for sustainable development according to the UN Global Compact initiative since 2015. The UN Agenda 2030 for sustainable development is the framework for our initiatives in efforts to meet future social, environmental and economic challenges. The results are presented in accordance with the Global Reporting Initiative (GRI). The sustainability principles and guidelines in the GRI are integrated into our strategy and our daily efforts to adjust our business operations and create value for our stakeholders. We comply with the GRI structure and report in accordance with it.

We focus on our sustainability initiatives:

- Reduced environmental impact, page 36 (environmental sustainability)
- Compliance with laws and regulations, page 39 (financial sustainability)
- Efficiency in manufacturing and operation, page 42 (financial & environmental sustainability)
- Health and safety, page 46 (social sustainability).

There are engagement and measurable goals in every area. These aim to either maximise the positive effects of business activities or minimise the negative ones.

Sustainability goals 2023

- Halve our direct climate impact measured in carbon dioxide equivalents
- 100 percent of stationary Nederman filters sold to contain an IoT solution
- 100 percent of materials and goods in our products to come from suppliers who have signed our Code of Conduct
- 100 percent recyclability of products launched

SUSTAINABLE VALUE CREATION

Our employees must be able to conduct their work in a sustainable, healthy and safe manner, and the same applies to our suppliers and subcontractors. Our customers must feel secure in the knowledge that our products are safe, and we continuously endeavour to create sustainable values. Our owners must feel that their investment is sustainable in the long term.

We will actively inform, influence and offer solutions that enable the production industry to reduce their emissions and their negative impact on the air that we breathe. With a responsible company, high transparency and sound business ethics, we continuously improve our products' environmental properties and minimise the impact of our own business activities. Through resource-efficient manufacturing and innovative clean air solutions, we contribute to reducing environmental impact, while at the same time creating value for all stakeholders throughout the entire value chain. Thanks to the benefits and added value that Nederman's solutions offer, our customers can reduce their climate footprint and achieve their sustainability goals. We focus on digital solutions (such as the SmartFilter family, myAir and digital measurement instruments), which provide additional possibilities for measurement and optimisation to enable the customer to take full control of the air filtration process. This generates a strong increase in the effectiveness of resource management as well as compliance with legislation and regulations. During 2020, we continued to develop our SmartFilter series and we also launched the new LCP/LBP filter as an addition to last year's MCP/MEP filter. More filters in the same series will be launched during 2021.

CONTINUOUS DEVELOPMENT

In recent years, we have continuously revised and updated our sustainability initiatives. During 2020, the GRI reporting was further structured for the purpose of following up on our contributions to the areas that are most important for future sustainability, for our operations and where we can expect the largest potential impact. We also updated methods to measure and assess the processes' properties, ensure reliable results and share best practice, and identify needs for improvement.

We seek constructive dialogue with internal and external stakeholders. During the year, we held discussions with both environmental organisations and investment companies.

GOVERNANCE, AREAS OF RESPONSIBILITY AND MEASURABLE TARGET VALUES

The Board of Directors has ultimate responsibility for our sustainability initiatives, and establishes our long-term goals as part of the group's strategic objectives. Group management is responsible for follow-up and development based on the group's governance model. Supplementary internal controls are conducted to evaluate the business operation's processes and policies and to check that our company's activities are conducted in accordance with the guidelines.

The governance model is an integrated part of the group's strategy and business processes. It provides a basis on which the group's strategies, sustainability objectives and plans can be developed and established. These processes apply to all divisions and customer offerings, and aim to create long-term values for all of our stakeholders. By including sustainability issues in the governance model, we can ensure that these issues are integrated in all significant decisions that we make. Leadership with a focus on compli-

ance, process governance, communication and training, is a key factor in enhancing know-how and achieving expected results in the area of sustainability both internally and externally. Our global management system gives us a shared, standardised work approach and a consistent global application of our corporate actions. Long-term objectives and performance measures are established for each division and are included in the business plan for each division.

During 2020, our governance model and our meetings structure were strengthened through the addition of further boards in our priority areas. This comprises the basis for ensuring that operation is controlled and conducted correctly, efficiently and ethically.

During this year, another board was added in the form an IoT Board.

DATA COLLECTION, REPORTING AND AUDITING

Internal data collection is compulsory for all production units and is mainly implemented through quarterly reports and audits. Sustainability reporting based on systems for environmental management and certification (ISO 14001), and quality control and certification (ISO 9001), is conducted in the same system as the financial reporting. External reports of our sustainability initiatives are published on nedermangroup.com, where the information is updated regularly. Summary reporting is also conducted in conjunction with the annual report and the interim reports.

The Sustainability Report was not reviewed by an external auditor, but an opinion regarding the statutory sustainability report is provided on page 127.

Reduced environmental impact

Nederman's commitment is to reduce the world's climate footprint. Our production is not energy-intensive, but we are working to increase our energy efficiency even more and to transition our operations to green energy in order to reduce our own climate footprint. Nederman strives to use all resources more efficiently by standardising and optimising internal processes. We work actively to maximise positive effects and minimise the negative environmental impact throughout the value chain. In order to implement changes where they make the most difference, it is very important to have meaningful collaboration with business partners and other stakeholders. These actions will also prepare us for potentially higher charges and taxes on activities that cause climate impact. Nederman's sustainability and quality policy is updated and adopted by Nederman's Group management. Nederman regards sustainability and climate commitment as decisive for operations, for customers, suppliers, investors and ourselves.

CLIMATE FOOTPRINT AND REDUCED ENERGY CONSUMPTION

We work continuously to reduce our climate footprint and our energy consumption. In line with the Science Based Target initiative (a partnership between the CDP, the UN Global Compact, the World Resources Institute, the WWF and other organisations to introduce measures to restrict global warming to 1.5°C), Nederman intends to reduce the group's climate footprint in terms of Scope 1 and 2 by 50 percent by 2023 compared with 2014. A gen-

Sustainability structure

Energy -50% Halve our direct climate impact measured in carbon dioxide equivalents	Digitalisation 100% Stationary Nederman filters sold to contain an IoT solution	Sourcing 100% Materials and goods in our products to come from suppliers who have signed our Code of Conduct	Recycling 100% Recyclability of products launched
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Reporting in accordance with GRI and performance measure structure

FINANCIAL

SOCIAL

ENVIRONMENT

Climate goals in accordance with Science Based Targets

SBT Scope 1&2

Reduce our **direct climate impact** related to energy use and purchased electricity

SBT Scope 3

Reduce our **indirect climate impact** related to emissions from suppliers, business travel and customer solutions

The UN Sustainable Development Goals



The Clean Air Company

We protect people, the environment and production

Mission, vision and values

eral analysis of Scope 3 emissions along Nederman's value chain indicates that the sourcing of materials and components comprises the single largest emissions category. This is followed by purchased goods transportation, business travel and waste from worn-out products.

Data on energy and related emissions of greenhouse gases are reported and followed up quarterly by Nederman's Group management. Summary reporting is also conducted in conjunction with the annual report and the quarterly reports and these are published on the group's website.

Our production units work with locally adapted, measurable target values and performance measurements. All units must present activity plans, such as for reduced energy consumption.

Our goal is to halve our direct climate footprint not later than 2023 (measured from 2014) in terms of carbon dioxide equivalents, which are connected with energy use, based on purchased electricity and heating for the group's own manufacturing units.

MATERIAL, MANAGEMENT OF HAZARDOUS WASTE AND RECYCLING

The energy efficiency of products, ecologically sustainable materials handling, circular economy and recycling are key areas for Nederman. Use of materials comprises risks, such as containing undesirable substances, and opportunities, such as innovative material that has a positive effect on energy performance. In addition, the focus among our stakeholders is increasingly on the importance of traceability of materials in the supply chain and knowledge of product content to facilitate a more circular economy on a daily basis.

The details can differ between different types of environmental impact, but overall, Nederman has a similar management strategy for materials, water and waste. These areas are significant, primarily for the group's production units.

The largest environmental impact from materials use is in the value chain and is related to energy and waste. Nederman can influence this mainly through improved materials effectiveness in

design and development, which, in turn, also reduces energy consumption and emissions, upstream and downstream.

Nederman's objective is for the amount of waste to continuously decline in relation to net sales, the share of recycled waste should increase and the practice of sending waste to landfill should be eliminated by 2023. This objective is included in the work on regulatory compliance and constant improvements and has no "sell-by date". All of the group's production units conduct measurement and monitoring based on goals and plans for scrapping and the management of waste, including hazardous waste.

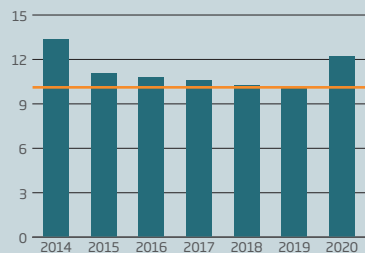
Nederman's production is not of the type that generates large amounts of hazardous waste. Hazardous waste comprises, for example, used spray cans and electrical waste, as well as residual materials from property maintenance work, such as the replacement of fittings and lighting tubes. The amount of hazardous waste is monitored regularly for the group's production units and the goal is included in the work to eliminate hazardous substances from the loop. Material recovery from hazardous waste is achieved by the hazardous substances being separated and the remainder being recycled.

WATER CONSUMPTION

Nederman has a general policy of enhancing the efficiency of use of resources, including water. Direct water usage is of little importance at Nederman's plants, since water is not used to any large extent for production, but only for hygiene and kitchen purposes. Nederman and the heads of the group's production units check water consumption regularly to ensure that the initiative aimed at reducing the use of fresh water has the desired effect. Indirect water usage is relevant due to the close relationship with energy production and for this reason, the group endeavours to use green electricity.

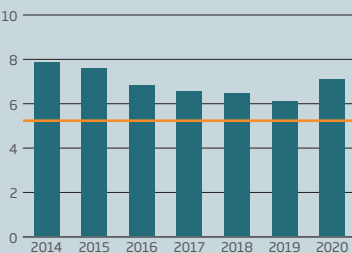
The group does not use chemicals to a significant extent in its production, apart from small amounts of lubricant and surface finishing for products, and accordingly, has no negative impact whatsoever on waste water.

TOTAL ENERGY CONSUMPTION INCL. HEATING, KWH/TSEK



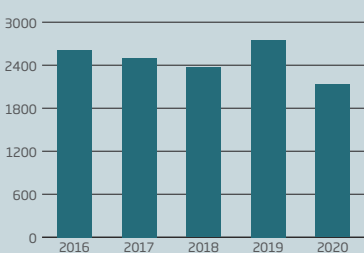
The goal was to reduce total energy consumption in production by 20 percent by 2020. The accumulated decrease in energy consumption, including heat, in the period 2014-2020 amounted to approximately 9 percent. Reduced net sales as a result of COVID-19 had a negative impact on the outcome of the goals.

ELECTRICITY CONSUMPTION, KWH/KSEK



The goal was to reduce electricity consumption in production by 20 percent by 2020. The accumulated decline in electricity consumption in the period 2014-2020 amounted to 10 percent. Reduced net sales as a result of COVID-19 had a negative impact on the outcome of the goals.

WASTE GENERATED, TONS



The amount of waste is to continuously decline in relation to net sales. In the same way, the amount of hazardous waste is being continuously reduced, with goals set at a local level. The outcome for 2020 regarding the total amount of waste generated displays a positive trend.

GREEN CONSTRUCTION

We own few of the buildings where we conduct our operations. We seek to exert influence on our landlords, but have limited possibility to control or influence design and construction of these, but only their operation. Nederman has the objective of developing energy reduction programmes at all of its manufacturing units. Energy efficiency is achieved through technology measures and behavioural changes. The areas of improvement that have emerged to date for the promotion of efficiency include, for example, better insulation of buildings, selecting more energy-efficient installations and equipment, such as for lighting, ventilation, heating and cooling, as well as optimising compressors. Other measures comprise transitioning to renewable energy sources for the electricity we purchase. The training of personnel is also important to ensure that equipment is used in an energy-efficient manner. Reduced energy use entails that less energy needs to be added, resulting in lower emissions of, for example, carbon dioxide, measured as carbon dioxide equivalents. In turn, improvement measures have rings on water in the form of better indoor air quality and greater satisfaction among employees.

SUSTAINABLE PRODUCTS AND PRODUCT DEVELOPMENT

Nederman works actively to develop products and solutions that are as efficient as possible, with a reduced environmental impact and the lowest total ownership cost over the product's entire lifetime. Digitalisation and innovation are a prioritised area in which we, together with our other filtration products, solutions and long-term expertise, can contribute to our customers' climate and environmental efforts. Environmental impact is to be assessed and minimised for 100 percent of all new products according to the group's product strategy plan. During 2020, as we described earlier, we continued to develop our SmartFilter series and we also launched the new LCP/LBP filter as an addition to last year's MCP/MEP filter. All launches in 2020 were evaluated in line with this and checked against the goals for reduced environmental impact. More filters within the same series will be launched next year.

With the circular economy as a growing necessity, the group is investigating the possibilities for continuing to contribute to low environmental impact through continued effective and improved recyclability in products, which is one of the target areas for 2023.

Compliance with laws and regulations

Our business principles are characterised by integrity, responsibility and sound ethics – fundamental principles that we share with our employees, suppliers, customers and investors. We prioritise the prevention of corruption. For many years now, the UN Global Compact initiative has been our ethical compass, providing support for our employees and generating business benefits in the interaction with our customers and other stakeholders. We became a member of the UN Global Compact initiative in 2020 and have continued to work and develop our sustainability programme in accordance with it. Our operations comprise environmental legislation, regulations and conditions that apply, for example, to the handling of hazardous or undesirable substances in our products.

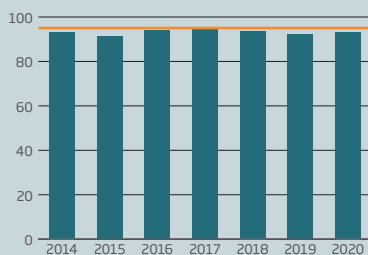
NEDERMAN GROUP'S CORPORATE GOVERNANCE DOCUMENTS

Our corporate governance documents regulate the principles and values that guide our operations in general and, in particular, what applies to our sustainability initiatives. During the year, we updated and developed partly new policies in Health and safety and Diversity and inclusion. Diversity is to further highlight the importance of good health and safety and that everyone is given equal conditions.

Code of Conduct

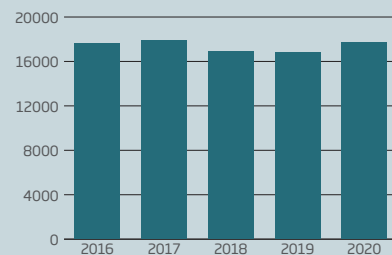
The Code of Conduct sets out guidelines in matters that involve the environment, social responsibility and business ethics. Freedom of association and zero tolerance of discrimination are also included in the Code of Conduct. Our basic values and our actions are decisive for our long-term development. The Code of Conduct is based on our core values and organises and summarises our policies and establishes the policies that form the foundation of our daily work. It provides us guidance in what is important for us and how we are to behave towards each other and our stakeholders, and it describes the directives and principles that we follow at Nederman. Nederman requires that all Board members and employees comply with this Code of Conduct, policies and applicable legisla-

WASTE RECYCLING, %



The goal was to achieve 95 percent recycling of waste in production by 2020 compared with the average for 2014. Recycling is conducted through external partners. At the end of 2020, recycling amounted to 93.3 percent.

WATER CONSUMPTION, M³



Measurement of water consumption pertains to fresh water for kitchen, hygiene and sanitary purposes at our production units. Water is not used for production purposes.



Material sustainability areas

ECONOMIC SUSTAINABILITY

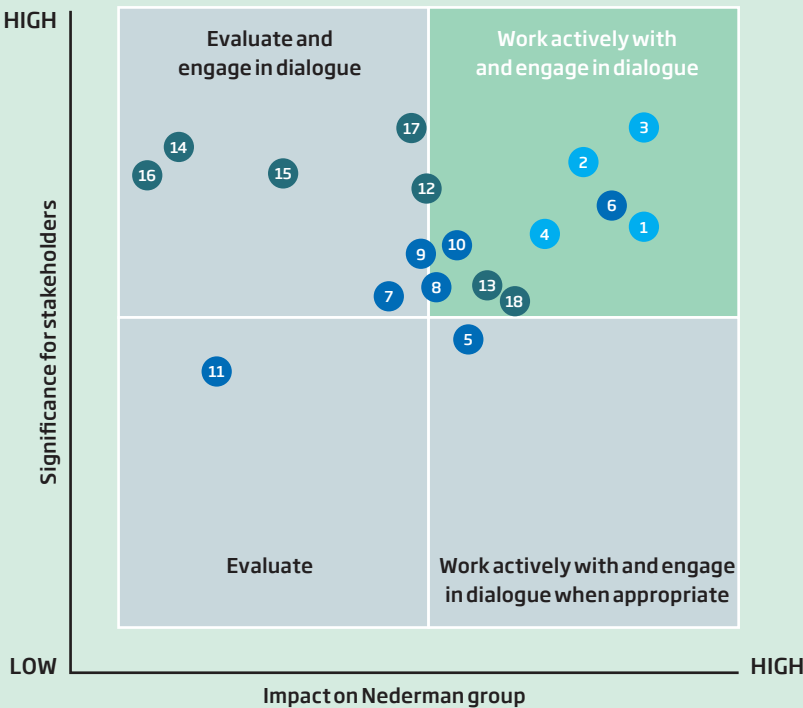
- 1. Financial result
- 2. Anti-corruption and competitive behaviour
- 3. Customers' sustainability work
- 4. Information security and user integrity

SOCIAL SUSTAINABILITY

- 5. Employment and employee relations
- 6. Health and safety at work
- 7. Training
- 8. Diversity and equal opportunities
- 9. Non-discrimination
- 10. Human rights
- 11. Social engagement

ENVIRONMENTAL SUSTAINABILITY

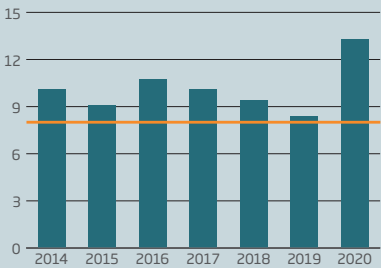
- 12. Energy and climate
- 13. Materials
- 14. Water
- 15. Waste
- 16. Waste water
- 17. Compliance with environmental legislation
- 18. Supplier evaluation



Nederman regularly assesses its significant economic, social and environmental areas to create a solid base for the company's strategic prioritisation of sustainability and responsible business. This is a central part of the materiality analysis for strategy and goal formulation, risk management and reporting. This analysis is conducted regularly from two combined perspectives: to study what effects the company's operations have on economic, environmental and social issues, and the significance these issues have for

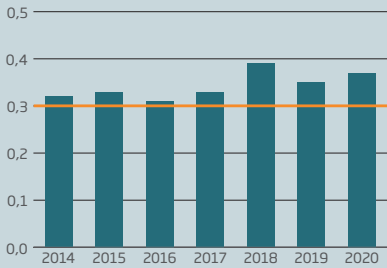
stakeholders. Each area has been defined in accordance with the Global Reporting Initiative (GRI). The overall result of Nederman's materiality analysis is presented in the matrix above and the following four areas are deemed the most important: Customers' sustainability work, Anti-corruption and competitive behaviour, Health and safety at work and Information security and user integrity.

CARBON DIOXIDE EMISSIONS FROM GOODS TRANSPORT BY AIR, %



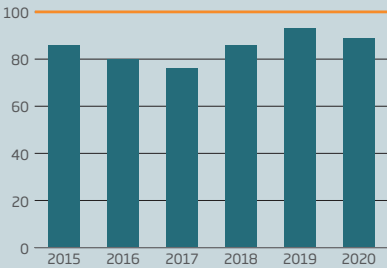
The goal was to reduce carbon dioxide emissions from goods transport by air by 20 percent by 2020 compared with 2014. The preceding year's positive trend changed dramatically in 2020, mainly due to extraordinary goods transport by air during COVID-19.

QUALITY FAILURE COSTS, %



More efficient use of resources. For quality failure costs in production, in relation to sales, the goal was <0.3% by 2020. COVID-19 and the resulting supplier challenges brought difficulties in meeting the 2020 goal.

CODE OF CONDUCT IN THE SUPPLY CHAIN, %



The goal was for 100 percent of materials and goods in production to come from suppliers who had signed our Code of Conduct for Suppliers by 2020. At the end of 2020, the result was 89 percent, due to supplier challenges and newly added units that had not yet fully implemented procedures.

tion. Through our training system, myLearning, we ensure that our employees complete the obligatory training courses every second year, including in the Code of Conduct.

The Code of Conduct is available at nedermangroup.com for anyone who wants to read further details.

Code of Conduct for Suppliers

Nederman supports and works actively to fulfil international guidelines on the environment, human rights, work conditions, anti-corruption and business ethics, including the ten principles in the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and the UN Sustainability Development Goals. The Code of Conduct for Suppliers ("the Code") is harmonised in line with our internal Code of Conduct and is based on the above international guidelines. Nederman urges all of its suppliers to establish their own codes of conduct or written policy documents based on these guidelines. The Code applies to all persons or legal entities that supply products and/or services to or on behalf of Nederman and its subsidiaries. Nederman requires that all suppliers meet the specifications in the Code, and ensure that their subcontractors are aware of and meet standards that are at least as strict.

The Code includes support and respect for internationally established human rights and workers' rights, health, safe working conditions, business ethics requirements, freedom of association and a clear structure for reporting and auditing. The Code of Conduct for Suppliers is available at nedermangroup.com for all who wish to read further details.

The aim is to work only with suppliers who comply with the relevant sections of Nederman's Code of Conduct for Suppliers. At the close of 2020, the share of suppliers that had ascribed to Nederman's Code of Conduct for Suppliers was 89 percent (93). The suppliers' compliance with this requirement is checked by way of audits and other measures. 39 (56) supplier audits were conducted in 2020. During the year, we developed methods to assess the suppliers' sustainability efforts in order to promote responsibility throughout the value chain. In 2021, we will also introduce the Code of Conduct to our cooperative partners.

Policy for sustainability and quality

We regard sustainability and quality as competitive advantages and drivers for long-term growth. Our sustainability and quality policy, which also includes our environmental policy, is our benchmark when we develop products and systems solutions that are all designed to improve the work environments and reduce the environmental impact of our customers. New technology is the key to this development. To be able to be a reliable partner and supplier of sustainable solutions for our customers, we work with high standards throughout our value chain, which also includes strong engagement.

Policy for anti-corruption and fraud

One of Nederman's clear and guiding principles is to follow all applicable legislation against corruption and to combat fraud in all countries where our companies operate. At Nederman, all business is to be conducted ethically. The purpose of this policy against corruption and fraud is to describe and improve the rules to be applied at Nederman to prevent corruption and fraud in all activities that are under Nederman's control.

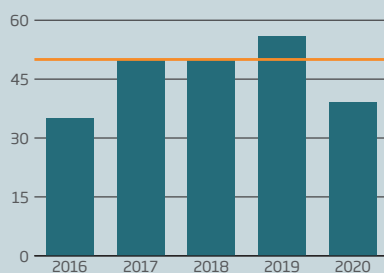
All of Nederman's employees must comply with Nederman's policy on anti-corruption and combating fraud, and detailed procedures in their respective local companies, as well as all applicable legislation on bribery.

We conduct interactive training (e-Learning) for all employees on a recurring basis every second year.

Anti-trust policy

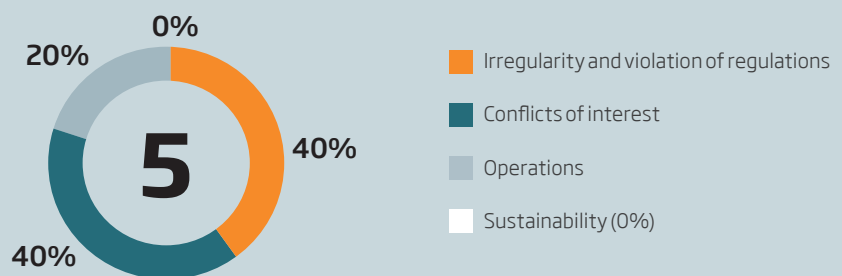
Competition legislation and anti-trust laws prevent activities that can obstruct free trade or restrict competition. Nederman group endeavours to meet all competition legislation and anti-trust laws in the countries in which we conduct operations. Nederman will only seek competitive advantages through legal activities and means. Nederman's Anti-trust policy comprises all companies and all employees of Nederman. No Nederman employee is permitted to act in any way that suppresses the free market. Our policy also stipulates that Nederman and its employees must not abuse a given position in the market to exclude competitors or exploit customers. Employees are urged to report any suspected irregularities, illegal activity or failure to act, which they perceive as a breach of applicable legislation or Nederman's

SUPPLIER AUDITS



Supplier audits through site visits are conducted at "high-risk suppliers" (selected on the basis of geographic and material risk assessment) to monitor compliance with the Code of Conduct for Suppliers. During 2020, 39 supplier audits were conducted.

REPORTED WHISTLEBLOWER CASES, 2020¹⁾



During the year, five cases were reported via the whistleblower system, including complaints about local management and challenges among customers and suppliers. In some cases, investigations conducted found failure to comply with the Group's Code of Conduct and policies, and relevant action was taken in such cases.

¹⁾ The reported whistleblower cases category is determined on the basis of the most material effect identified by those responsible for investigations.

internal policies (such as the policies on export control and sanctions, the anti-trust policy and the policy against corruption and fraud, the Code of Conduct) and IT security policy to their immediate manager.

Policy for export control and sanctions

Nederman strives and works proactively to conduct operations according to applicable legislation and the export controls and sanctions (Export laws) that are passed by countries throughout the world, including the US, the EU and the UN.

Nederman must comply with all relevant export legislation in the jurisdictions in which we operate. We must always follow export legislation, regardless of the origins of the rules or where the operations are conducted. Compliance is important and to ensure awareness, online training is compulsory for the relevant personnel.

Whistleblower policy

Nederman has a clear reporting process for employees and other stakeholders in accordance with our Whistleblower policy. Employees are urged to report any suspected irregularities, illegal activity or failure to act, which they perceive as a breach of applicable legislation or Nederman's internal policies (such as the policies on export control and sanctions, the anti-trust policy and the policy against corruption and fraud, the Code of Conduct) and IT security policy to their immediate superior.

There are two ways for an employee to report suspected irregularities, illegal activity or failure to act within Nederman.

- The person can contact their immediate superior or the manager of the department involved. Depending on what the issue is and the person who is the subject of the report, the superior will then decide if the issue is to be escalated to Nederman's management.
- The employee can report an irregularity anonymously by e-mail/letter to a third party, headed by an external lawyer and available 24/7, 365 days per year.

Persons other than employees, such as partners, contractors, suppliers and distributors, who have commitments through Nederman, can make a report by e-mail/letter to the same external third-party lawyer.

Reports can be made anonymously, are processed confidentially and all matters are taken seriously. Appropriate action is taken for each report. Nederman's Whistleblower policy and associated principles, including the reporting process, are in place to protect the whistleblower.

The Whistleblower policy is available to employees and other stakeholders via nedermangroup.com, and via the intranet and other channels. During the year, the policy was published on all websites. Translation to local languages has commenced.

Diversity policy

We are convinced that diversity strengthens innovation and is a source of competitiveness and profitability. It creates a company that continues to grow and develop sustainably. By broadening our knowledge base, our skills and our understanding, we can become better at responding to customer needs and strengthening our own market position. Promoting diversity is decisive

for our business successes – it is fully in line with the basic values and ethical standards described in Nederman's basic values and Nederman's Code of Conduct.

We:

- Fulfil all local diversity legislation and regulations, proactively and responsibly.
- Tolerate no discrimination – not on the basis of gender, race, religion, age, sexual orientation, nationality, political views, trade union membership, disability, socially or ethnic origin.
- Have zero tolerance of harassment and bullying.
- Focus on diversity during the recruitment process and endeavour to have at least one candidate of the underrepresented gender for every three candidates.

Nederman conducts annual employee surveys to measure work environment, discrimination, etc., with active follow-up of the results at management level, in employee groups and in other networks.

Our organisational and social work environment index was 80 in 2020 compared with 77 in 2019 (reference value 73, 2020).

Our Understanding Diversity training programme and e-learning course are available to all employees and in conjunction with the Black Lives Matter protests during the year, we conducted targeted training for our employees in North America (USA, CA, MX).

Health and safety policy

The health and safety of our employees comprises part of our core values and they are always taken into consideration first in all decisions that could affect our employees. Providing a safe and healthy environment is decisive for our company's successes and is in line with the basic values and ethical standards described in Nederman's core values and Nederman's Code of Conduct. Accordingly, we work proactively to protect and promote the physical, mental and safety-related health and well-being of our employees.

We are convinced that accidents, incidents, personal injury, occupational diseases, hazardous behaviour and conditions can be prevented. Deficiencies in safety and the work environment entail a heightened risk of disease and incidents for our employees and it is therefore of utmost importance that we work actively on improvements. We have zero tolerance of occupational injuries. The daily work on issues that affect health and safety and employees is decentralised and every single company and unit has a responsibility to conduct training in and address these issues so that they comply with the group's policy and with each country's legislation and regulations.

Efficiency in manufacturing and operation

Nederman strives to use all resources more efficiently. We work actively to maximise the positive impact and minimise all the negative effects throughout the value chain. In order to implement changes where they make the most difference, it is very important to have meaningful collaboration with business partners and other stakeholders.



CLIMATE REPORTING IN ACCORDANCE WITH SCIENCE BASED TARGETS

Nederman follows up CO₂e in all Scope categories (1, 2 are based on actual consumption data and 3 is a standard calculation). CO₂e is the amount of a certain greenhouse gas expressed as the amount of carbon dioxide that produces the same greenhouse effect.

Basis for calculation of Scope 1 and 2

To calculate Scope 1 and 2 emissions, a market-based method (pursuant to the GHG Protocol, 2015) is used wherever possible. The reported data for Scope 1 is based on energy use and related emission factors.

Generally accepted country and region-specific emission factors are used in the calculation of Scope 2 emission data. These factors reflect each country's average energy mix: sun, wind and hydro-power generate lower emissions, while higher use of fossil fuel, such as coal and oil, generates higher emissions.

Basis for calculation of Scope 3

A general analysis of Scope 3 emissions along Nederman's value chain indicates that the sourcing of materials and components comprises the single largest emissions category. This is followed by purchased goods transportation, business travel and waste from worn-out products. The analysis is based on the group's own estimates and not on data from suppliers. The margins for error are significant and the group's Scope 3 emissions reporting is therefore limited to carbon dioxide emissions from goods transportation.

Climate impact according to Science Based Targets

Emissions to air, tonnes	Outcome 2020	Outcome 2019	Outcome 2018	Outcome 2017
CO ₂ -e Scope 1 ¹	908	810	571	560
CO ₂ -e Scope 2 ²	4,297	5,023	5,054	5,106
CO ₂ -e Scope 3 ³	8,907	8,186 ⁴	6,982 ⁴	6,667 ⁴
Emissions, Scope 1+2	5,205	5,833	5,625	5,666

- 1 Scope 1: Total greenhouse gas emissions from fuel combustion in manufacturing, tonnes. All production units included in 2020.
- 2 Scope 2: Total greenhouse gas emissions from purchased electricity in manufacturing, tonnes. All production units included in 2020.
- 3 Scope 3: Greenhouse gas emissions from sources not owned or controlled by Nederman, tonnes.
- 4 For Scope 3 emissions, carbon dioxide emissions from goods transportation. This is only part of Nederman's Scope 3 emissions. A significant share of the emissions comes from materials. These emissions cannot currently be reported due to difficulties in collecting exact data.

Energy intensity

MWh/MSEK	2020	2019	2018	2017
Total energy use (MWh)	13,794	14,870	14,694	14,948
Net sales (SEKm)	2,021	1,489	1,438	1,398
Energy intensity (MWh/SEK)	6.83	9.99	10.22	10.69

We will reduce energy consumption in production in relation to sales and growth. Energy intensity is a measure of efficiency. The outcome for 2020 continues to show a positive trend.

SUSTAINABILITY INTEGRATED WITH THE OPERATIONS

Nederman has integrated sustainability and responsible business in the company's transactions and strategy process to drive the transition of the business operations and create value for its stakeholders. The company's role is to actively inform, influence and offer solutions that enable the customers, in turn, to reduce their share of emissions. The work is continuously ongoing and the implementation of the strategy comprises three focus areas:

Responsible business

Nederman works continuously to develop responsible work methods to reinforce its position as a trusted partner in the use phase of Nederman's solutions. The company drives a proactive agenda that extends beyond regulatory compliance and has policies in

such areas as health and safety, fair competition, anti-corruption, export control and responsibility in the supply chain.

Operational efficiency

Nederman endeavours constantly to minimise the negative impact of its own business activities. The company measures and evaluates its results in environmental, social and economic aspects and continues to drive and enhance the efficiency of its business processes.

Digitalisation

Nederman has committed to contributing to sustainable development. The company supports and strives to develop, produce and offer digital products, innovative solutions and services to drive sustainable economic growth.

Member of the UN Global Compact

The UN Global Compact strives to mobilise a global movement of companies and stakeholders to create a sustainable world. To achieve this, the UN Global Compact supports companies in:

- Conducting business in a responsible manner by adapting their strategies and operations to the ten principles on human rights, work, the environment and anti-corruption.
- Taking strategic action to promote broader social goals, such as the UN Sustainable Development Goals, with the emphasis on cooperation and innovation.

Nederman is a member of the UN Global Compact and supports and works actively in accordance with its goals.



New EU Taxonomy – a common language on sustainability

There is increasing talk of the EU's new taxonomy, which is included in the EU Action Plan on Sustainable Finance, a ten-point plan that currently has a focus on environmental factors. For us, it is a matter of how we define sustainability, which will make it easier for our stakeholders, including investors, to invest in sustainable companies and operations.

Even if we as a company will not begin reporting until the end of 2022, we have prepared for upcoming requirements and already work on the basis of the EU's general goals, including the transition to a circular economy, with improved waste management and recycling, prevention and control of emissions, and mitigation of climate changes.



QUALITY IMPROVEMENT

The reduction and more efficient use of resources is a key objective and we strive to reduce the costs and environmental impact that are connected with quality problems during production. For quality failure costs in production in relation to sales, the target was <0.3% by 2020. The result was 0.37 percent (0.35). Focus during the year: Goals that are not achieved have a negative effect on other sustainability objectives due to such factors as increased electricity consumption as a result of reworking, increased carbon dioxide emissions from air transport to correct the error and longer delivery times. We are focusing to a larger degree on efficiency of operations and on resolving problems where they arise.

GLOBAL MANAGEMENT SYSTEMS

The parent company and all production units must have a management system that is certified in accordance with ISO 9001 (the international standard for quality management systems) and ISO 14001 (the international standard for environmental management systems). Acquired companies must be certified within a two-year period. At the end of 2020, all production units were certified according to ISO 9001, except two (total 15 of 17, including acquisitions), and 12 of 17 units were certified according to ISO 14001.

Nederman's global management system, GuideUs, is a framework of rules and requirements for Nederman's operations and is based on ISO 9001 and ISO 14001.

The management system is used to create customer satisfaction, support the corporate culture and to ensure that the operations are managed in a way that means that:

- The most important stakeholders' (customers, employees, suppliers and shareholders) goals are fulfilled.
- The operations are conducted within established frameworks for risk taking and with reliable internal control.
- Applicable legislation, listing requirements and corporate governance codes are followed and that the company fulfils its social responsibility.

CYBER AND INFORMATION RISKS

Cyber and information risks are increasing in our operating environment and are constantly evolving and becoming more advanced in pace with the rapid technological development and the increasing use of data. These risks are not only related to technology, but also to people and the company's processes. To ensure continued sustainable operations, Nederman invests continuously in security in the form of technology and processes. In addition, our employees take part in compulsory training – all to strengthen our IT security. The IT security policy is part of Nederman's framework for security management. This framework was developed to protect Nederman's information assets and to secure access to information, confidentiality, integrity, authenticity and non-repudiation. The approach during the year was to further strengthen governance and processes in connection with the management of risks in the areas of cyber and information security. During 2020, all employees completed compulsory training in IT security as a step to secure and strengthen knowledge of IT security.



Engaged employees create clean air

All successful companies are based on the same foundation - talented and engaged employees, who drive the operations every day. Nederman is no exception. The rapid development the group is experiencing through digitalisation, globalisation and frequent acquisitions places demands on our culture to attract, retain and develop the right persons to do their jobs, and who do not accept less than top quality.

Shaping a sustainable future with clean air is what our employees and co-workers do every single day. Being part of building a future characterised by a vision of clean air requires conscientious and consistent work based on shared values. Focus on sustainability in relation to customers, respect for the environment and each other, as well as courage and purpose to act - these are core values as we build The Clean Air Company.

We know that engaged employees lead to improved sustainability initiatives, satisfied customers and profitability. We believe in well-informed employees, cooperation and cross-pollination within our organisation. The strong engagement among our employees is based on an open and honest dialogue between the company and its employees, something that is decisive in enabling us to continue our development and to improve. During 2020, we started up several initiatives to further develop our internal communication and increase transparency.

Due to the effects of COVID-19, we readjusted to using digital lines of communication to provide information and communicate digitally. Already in March-April, additional measures were implemented and training courses for the organisation to make even better use of such digital tools as Microsoft Teams for meetings, training and conferences.

BUILDING THE CULTURE WITHIN THE CLEAN AIR COMPANY

Proud and talented employees who deliver results and fulfil their respective roles are the vision of the group's human resources management. This permeates all of our efforts that relate to our corporate culture, our branding as an employer, our leadership and our recruitment. Our successes are dependent on clear roles and conditions for each employee to enable them to perform and deliver in accordance with their respective roles. This is our task and we work intensively to cultivate these conditions and create a culture in which employees respect the environment and each other, have the courage to act, alongside a sustainable focus on customers.

It is fundamental for Nederman to cultivate a sound psychosocial work environment with a well-functioning team where employees are seen and heard, where they can grow and develop, and where we are not satisfied with anything less than top quality. It is important for us to have favourable employee relations and wherever there are employee organisations, we seek an open and constructive dialogue. Our goal is built on a shared culture and support from company management. We want to support and encourage individual dedication in every employee and make everyone feel that they are ambassadors for the company. Good relations between the management and the employees gives Nederman better conditions to attract the talent that is needed to develop the group further.

To know that we really are on the right path, we carefully monitor the results from the questions in the employee survey, nGage, and that the activities that are related to improvements really are carried out. We encourage all teams to discuss and develop action plans to maintain positive results and improve and develop cooperation, leadership and the work environment

CONTINUOUS DIALOGUE AND TRAINING

It is important for us to maintain a continuous dialogue with our employees and ensure that they follow our core values. Our values, policies and sustainability efforts are also important to everyone applying to work with us. Internal communication is conducted through our internal communications platform, Tellus, and through general information disseminated through the organisation. We introduced the digital nGage and myLearning tools during 2019 with the aim of promoting engagement and development of strategic skills, support for managers and supervisors, rationalisation of administration and follow-up. Nederman's employees represent many different cultures from across the globe. This places significant demands on speed, simplicity and transparency. We conduct surveys among our employees every year and this year, 85 percent (79) of our employees responded. This value is higher than index in comparison with the global reference values for corresponding groups.

myLearning, our platform for training and continuous development in the group contains powerful manager support, with role-based training as an option. myLearning was developed to support all digital environments and provide, for example, the opportunity for rapid onboarding of new employees and to also integrate corporate acquisitions. During the year, we continued to train our employees and develop myLearning to include new training courses for new employees, plus advanced training that is conducted virtually through webinars or eLearning because there has been no opportunity to meet.

To create the opportunity for further development for all of our employees, we always conduct our webinars in several time zones. During the year, we conducted an induction programme digitally, provided training in new products and undertook training for our managers. To ensure that everyone receives the opportunity for further development, we record and save all webinars so that anyone unable to participate can view the training courses at a time that suits the individual. We work in the same way with product launches.

During the year, we continued to develop the content of myLearnings and we added more than a hundred eLearnings, webinars and programmes.

We have five compulsory courses that are to be conducted every second year and they comprise our Code of Conduct, policy against corruption and fraud, GDPR (for Europe), policy for export controls and sanctions, and IT security. Courses in accordance with legal requirements are also conducted through myLearning. More than 90 percent of all employees completed all of the courses. All new employees participate in compulsory training courses when they begin to work at Nederman. It is compulsory for all employees to complete these training courses every second year. Introductory training courses for new employees also comprise training in our core values and a course on Nederman, You@Nederman. During 2021, we will launch a new course – Sustainability@Nederman for all employees.

During the year, we launched the training portal nPower for our partners and resellers, where they can access eLearnings and webinars. Webinars have been shown to compensate for our inability to meet our partners and customers.

Health and safety

The positive trend of reduced workplace accidents continues. The actual number of reported accidents in 2020 was 9 (38), none of which had a fatal outcome or resulted in lifelong injuries. Even if the accident frequency is low from an industrial perspective, Nederman is convinced that all work-related accidents and diseases can be prevented. Accordingly, the goal of eliminating all accidents stands firm. To have a "zero vision" requires continued technical and organisational initiatives, such as functioning systems for identification, risk assessment and investigation of incidents, and risk observations, in order to prevent accidents and ill-health, as well as regular follow-up to ensure that measures have the intended effect, and training in general.

To prevent accidents and disease, Nederman and its manufacturing units use tools, processes and training programmes that correspond with each local management system and general legislation. Follow-up and reporting of measures to evaluate whether they have the intended effect are conducted regularly at management level. Risk assessments are conducted regularly on all levels, from the workshop floor to office environments. The quality of these risk assessments is guaranteed in that the staff who conduct the assessments complete training courses. Each year, audits and rounds are conducted to assess risk management and take corrective and preventive action.

Measures are taken to reduce or avert the identified risks, and risk assessments are reviewed and updated regularly or after an incident has occurred. During the year, measures were extended to include COVID-19 rounds to prevent the spread of infection.

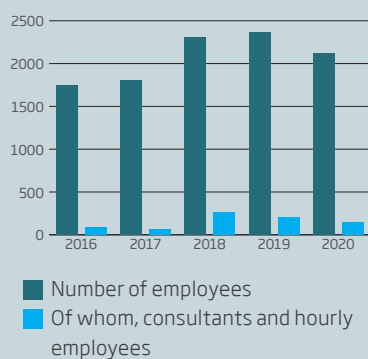
SICKNESS ABSENCE REMAINS AT A LOW LEVEL

In the past year the sickness absence statistics have levelled off. At the end of 2020, the rate of absence due to illness averaged 2.8 percent (1.6), mainly due to the COVID-19 situation. Initiatives are focused on giving our employees the right conditions in their respective roles, so that they have a high sense of well-being and are motivated and satisfied.

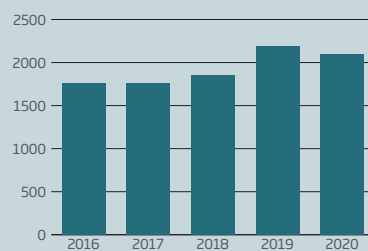
LOCAL ENGAGEMENT

Our most important and long-term contribution to local community development and positive environmental contribution are our products that enhance the environment and reduce the risk of diseases related to poor air in work and the local environment. In addition, we conduct local initiatives to support local associations, environmental initiatives and so on. In India, we installed solar cells at our production plant during the year, which supply our facility with electricity from solar energy and are connected to the public grid, thereby supplying local residents with green electricity.

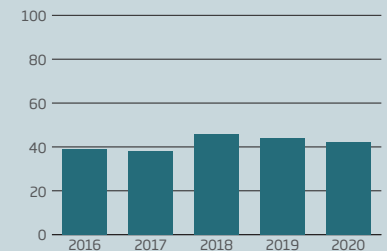
NUMBER OF EMPLOYEES



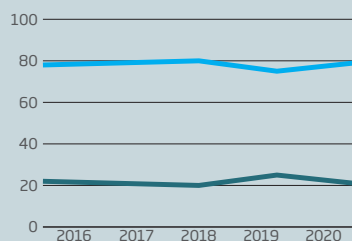
AVERAGE NUMBER OF EMPLOYEES



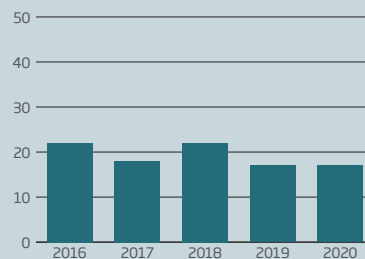
SHARE OF PRODUCTION STAFF



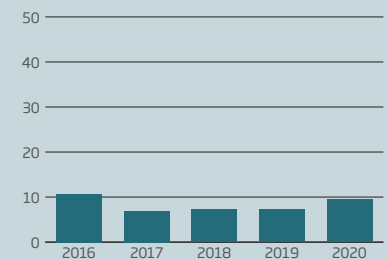
EQUALITY, %



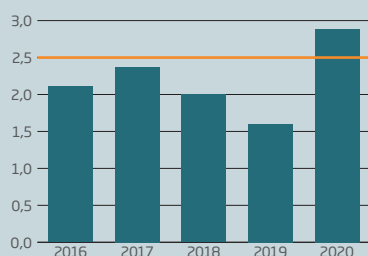
PERCENTAGE OF WOMEN IN CORPORATE MANAGEMENT, %



PERSONNEL TURNOVER, %

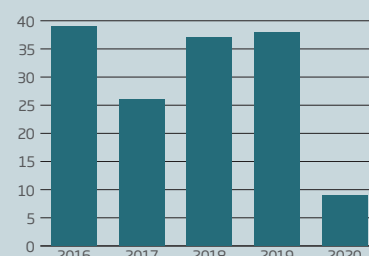


SICK LEAVE, %



The goal for absence due to illness is set at <2.5 percent. Statistics pertaining to absence due to illness indicate a positive trend since 2017, even when taking acquisitions into account. During 2020, COVID-19 had a negative impact on sickness absence, which amounted to 2.8 percent.

ACCIDENTS



The number of workplace accidents is to be minimised and we have a "zero vision" in this area. All units are to have functioning systems for reporting and addressing accidents and incidents.

In 2020, there were nine accidents, none of which had a fatal outcome or resulted in lifelong injuries.

From an industrial perspective, our accident frequency rate is low.

Divisions with solutions for all industries

Nederman is organised in four divisions, based on differences in business logic, customer structure and technology. The organisation is driven by simplicity and has the group's brands as its starting point. This entails that the operating segments are global and have an explicit focus on the customer. 2020 was characterised by a strong start during the first quarter, with subsequent disruptions due to the coronavirus pandemic.



Extraction & Filtration

Nederman Extraction & Filtration Technology develops and sells a broad range of filters and monitoring services, capturing devices, fans, high-vacuum products and reels for the distribution of liquids and compressed air.



Process Technology

Nederman Process Technology offers services and filter solutions that are often integrated into the customer companies' production processes where they capture harmful particles and gases, as well as process equipment that is an integrated part of production processes.



Duct & Filter

Nederman Duct & Filter Technology markets and sells different types of ducting systems, valves and filter elements to ensure good air quality in a number of industries.



Monitoring & Control

Nederman Monitoring & Control Technology offers advanced measurements technology for gases and dust, and an IoT platform that consists of hardware and software that communicate with the cloud and provide customers with information and insight into critical parameters and processes.



Division Nederman Extraction & Filtration Technology

Market position and strategy

Sales are carried out both through our own sales companies and through an extensive network of partners. The division also has significant aftermarket sales in the form of spare parts and service. Our sales organisation and offerings are gradually being expanded into new markets, segments and applications in order to strengthen our competitiveness.

Many markets, primarily within Europe, are considered mature. The strategy in these markets is to develop processes that strengthen and streamline customer relationships. Digital order management through the division's partner webshop plays a key role, together with other tools to calculate and configure customer-specific solutions, with significant gains for all parties.

All sales are made under the Nederman brand.

Customers and market segments

Our customers operate in a number of industries with various types of air emissions that must be dealt with in an efficient and safe manner. The division's products and solutions contribute to creating safer work environments in numerous areas, including the metalworking industry, fibre-based industry (wood and composites), vehicle workshops and industries exposed to dust particles that – if not handled correctly – are liable to cause explosions. Tougher regulatory requirements and increased environmental awareness are important driving forces behind the demand for new products and solutions.

Products and solutions

The product range consists of a broad assortment of capturing devices, ducting systems, fans, high-vacuum and low-vacuum filters, and reels for the distribution of a variety of liquids or compressed air.

Continued product development, with a focus on digital filters, is central to retaining our strong market positions. Digitalisation also provides the opportunity for a developed service offering and increased aftermarket sales.

EXTRACTION & FILTRATION TECHNOLOGY IN BRIEF

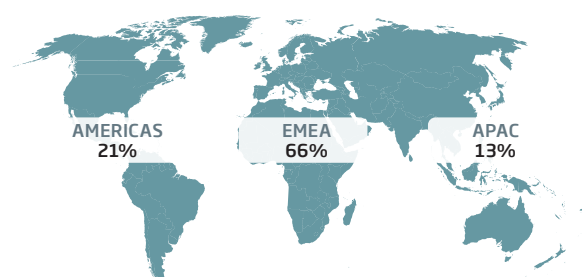
Head of Division: Hans Dahlén

Brands: Nederman

Average number of employees: 921

	2020	2019
External orders received, SEKm	1589	1962
Sales, SEKm	1649	1940
Adjusted EBITA, SEKm	222	263
Adjusted EBITA margin, %	13.4	13.6

External sales by region



Stable profitability and successful product launches

The Extraction & Filtration Technology division ended a year that was difficult to navigate with a strong organisation that launched several product innovations and an EBITA margin in line with the preceding year. Rapid adaptation to an altered reality and intensified focus on operational efficiency compensated for the loss of sales and created conditions for profitable growth when the market expands again.

The division is Nederman's largest business, accounting for approximately 45 percent of group sales. 2019 was a record year for orders received and sales, and the beginning of 2020 was also positive until March when the pandemic broke out and had a negative impact on orders received and sales. During the year, EMEA and Americas performed negatively, while APAC displayed positive development, with India, Thailand and Vietnam at the fore. The trend varied depending on industry, with, for example, the key automotive industry with its subcontractors and the aerospace industry being negatively affected. In the windpower industry, where Nederman has a market-leading position, the trend was good with significant order successes in all regions.

At an early stage, the division initiated and implemented restructuring to adapt the organisation to the new conditions. All manufacturing units were open during the year, with adapted capacity. Combined with the recent years' investment in increased digitalisation of sales, delivery and support functions, we were able to maintain a high degree of service, despite difficulties with lockdowns and bans on visits.

The division's strategy for continued development is conducted in accordance with six guidelines:

- Optimised logistics and manufacturing structure
- Geographic growth initiatives
- Segment development
- Global technology offering
- Global key customers
- Digitalisation

In parallel with managing the year's challenging situation, the organisation took several new steps in line with the strategy to strengthen positions going forward. Action was taken to optimise the logistics and manufacturing structure to enable increased efficiency. During the year, the global technology offering was standardised to increase the availability of our leading-edge technologies globally. The development of digital tools and offerings was conducted to promote efficiency and increase customer value under the motto, "easy to do business with". During the year, an Automation Competence Center was established in Poland to strengthen the organisation's continued digitalisation trend.

Digitalisation also continued within the product development area. During the year, several new SmartFilters were launched within EMEA and, together with supplementary IoT hardware and subscription services, such as myAir, this provides the customer the opportunity to improve their production efficiency and reduce their environmental impact. The rollout of new products and services is now also continuing beyond EMEA. The objective is for all stationary filters delivered as of 2023 to be digital.

In our main customer segments, we foresee considerable growth potential in expanding known and proven solutions to new geographic markets. For example, we hold leading positions in the windpower industry, with significant orders in countries including France, India and Brazil. In the emergency services segment, we launched new products and offerings in the key US market, which were well received. In parallel with strengthening the division's positions in existing industries, we also see opportunities to use existing products and air filtration competence in new market segments. Dental care is one example, in which our extraction solutions directly at source have proven to be nearly 100 percent effective in eliminating the spread of aerosols that could be carrying viruses and bacteria. 3D printing is another example.

SALES AND MARKET TREND

The orders received by the division declined currency neutral by 16 percent during the year to SEK 1,589m (1,962). Within APAC, there was growth in orders received and sales, mainly as a result of successes in India, where a major order contributed, and in Thailand and Vietnam, where restructuring of operations in Southeast Asia contributed. The EMEA and Americas regions both declined in relation to a strong preceding year. There was weak development in sales of systems solutions due to several projects being postponed because of economic uncertainty. The increase in the sales of SmartFilters was positive. Dedicated product sales, which are mainly made through resellers, declined. Service and aftermarket continued to grow in importance, which was apparent in the fourth quarter of the year when sales increased compared with the same period in 2019.

MILESTONES IN 2020

- **Launch of Nederman's digitalised smart filter solutions**
Launch of IoT ready and connectible digital filter solutions for increased control of the customer's air filtration process with positive market response.
- **Optimised logistics and manufacturing structure in EMEA and APAC**
Consolidated manufacturing of stationary filter solutions in EMEA to Poland for increased efficiency and reduced environmental impact. New competence centre to support our digital customer offering. Changed distribution structure in APAC for optimised logistics management.
- **Consolidated market position in the windpower industry**
Global key account management has resulted in significant product and service orders within the windpower industry in all regions, and consolidates our strong position in this expanding industry.

Division Nederman Process Technology

Market position and strategy

Nederman Process Technology is benefiting from the growing trend of climate and environmental awareness. It drives the demand for solutions for safe work environments, energy savings and emission control. At the same time, the customer base, mostly comprising large multinational companies, is continuing to integrate and streamline its global production activities. This is leading to a greater need for suppliers that can provide services throughout the product's entire life cycle. All of the division's systems can now be delivered for remote control and monitoring, which, in combination with our service offering, enables us to establish a long-term relationship with our customers. The aim of reduced in-house organisations and increasingly complex products also increases the need for outsourced services.

Customers and market segments

The customers comprise large companies in a large number of industries. The division's most important customer segment is the textile industry, in which the acquisition of Luwa in 2018 strengthened Nederman's position, particularly in Asia, where China and India are the leading markets. The division also has attractive solutions for air filtration in metal recycling, with a number of new projects for leading companies in the recycling of lead, aluminium, tin and other metals, as well as for incineration and heat recovery. Foundries and smelters, with the automotive industry as the engine, are another key segment. New segments are being constantly developed, increasingly in collaboration with the other divisions, in order to balance the core segment. Non woven (hygiene products) and waste incineration are examples of growing markets with large potential.

Products and solutions

The division's solutions comprise an integrated part of the customer's manufacturing process and are decisive in creating safe work environments, stable production conditions and managing emissions to the local environment. The offering comprises advanced filter solutions that also include hardware and software for digital monitoring and control. Most of the solutions are based on tried-and-tested products and components and with a high degree of customisation. The results rely completely on our in-depth knowledge of the industry and the current situation. In addition to MikroPul, business activities are carried out under the brands Luwa, Pneumafil and LCI.

PROCESS TECHNOLOGY IN BRIEF

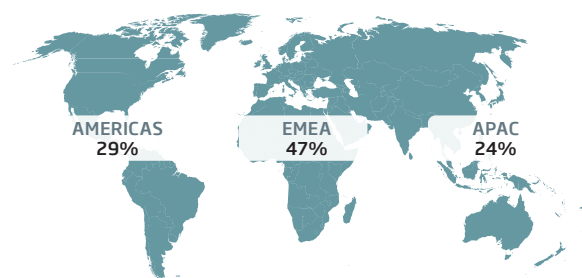
Head of Division: Tomas Hagström

Brands: MikroPul, Luwa, Pneumafil, LCI

Average number of employees: 644

	2020	2019
External orders received, SEKm	993	1,462
Sales, SEKm	1,137	1,633
Adjusted EBITA, SEKm	58	102
Adjusted EBITA margin, %	5.1	6.2

External sales by region



Good performance in difficult market

Nederman Process Technology started the year with its strongest ever quarter at its back, but was impacted due to the COVID-19 lockdowns by reduced demand in several major market segments, such as the textile and automotive industries. Comprehensive efficiency measures and increased sales in several other market segments, despite the difficult market, offset some of the loss in the textile segment.

The division's market-leading solutions are directed primarily at customers in heavy industries such as metal recycling, mining operations and energy production as well as the chemicals and textile industries. Sales activities are conducted by our own sales organisation or agents that have direct contact with the division's customers. The number of orders are few compared with sales in Nederman Extraction & Filtration Technology, but the individual order value is high.

The important textile industry was characterised by overcapacity already prior to the pandemic. China and India, which are two of the leading textile markets, were affected at an early stage. A large number of producers were at a standstill for a considerable part of the year, which reduced the interest in new investments. This led to a drop in orders received, with several projects postponed due to economic uncertainty and logistical problems on the customer side. The effect was mainly delays to orders and project implementation, but cancellations were few and we anticipate that projects will proceed, although with delays. However, in the second half of the year, key markets opened, with increased orders received in the textile segment. During the year, we succeeded in maintaining, and in some cases increasing, our market shares, for reasons including higher demand for our digital solutions.

Other important customer groups, such as foundries and smelters, were also badly affected by the pandemic. In this case, it was the automotive industry, among others, that faltered, mainly in the second quarter when the economy was essentially closed down. The automotive industry was weak during the year, but we saw an improvement in other key markets, such as metal recycling. As in the textile industry, there is a basic consumer need that generates the conditions for rapid regrowth. Our service solutions developed positively and largely delivered in line with the preceding year, despite the shutdowns in the economy.

Today, all of the division's products and solutions are essentially IoT ready. In combination with an extended service and aftermarket offering, this enables us to help the customer throughout the entire product life cycle. With our digital solutions as a base, work is in progress to extend the project portfolio to new segments. Non woven (for example, hygiene products) is based on application know-how from the textile industry, and waste incineration is riding the recycling wave, which is also driving the need for solutions for the recycling of lead and aluminium.

STRATEGY AND IMPROVEMENT PROGRAMME

Despite the difficult market, with declining orders received and lower sales, the rapid adaptation of the organisation, in parallel with significant productivity enhancements, has meant that the division enters 2021 with stronger market positions and an organisation that is well prepared for regrowth.

The division's strategy to respond to the need for increased value creation rests on four cornerstones:

- **Globalisation** Solutions on a global basis through increased technology and knowledge transfer, and cooperation, between the division's different regions facilitate considerable growth. For example, in the foundry segment, in which we are the market leader in Europe with our FS filters. This is technology that we are now also launching in the US.
- **Service and digitalisation** Several new orders for MikroPul-Assist for digital monitoring and diagnostics. Investments in customer portals, shared workspaces and a webshop for spare parts, as well as extended sales collaboration with other divisions for complex undertakings.
- **Stronger productivity** Programme to improve processes and drive efficiency throughout the operations, with considerable efficiency enhancement and cost savings. During the year, MikroPul's business in France was discontinued.
- **Personnel development** Training initiatives in engineering, applications expertise and project management for enhanced results in every customer project. Investments in sales, marketing and support functions for better customer service and increased internal efficiency.

SALES AND MARKET TREND

The orders received by the division declined currency neutrally by 30 percent during the year to SEK 993m (1,462). In APAC, which is dominated by the textile segment, orders received declined 41 percent, while Americas, which manages the largest projects, decreased 34 percent. EMEA managed relatively better, with a decline of 25 percent. The textile segment was initially affected by problems in China, which then spread to all of the other regions, and the customers' capacity utilisation was at times only 10-30 percent. However, performance improved successively during the year. Foundries and smelters noted weak demand from the automotive industry, but the order backlog remains favourable, mainly in EMEA. An increased focus on recycling made a positive contribution through several new projects. System sales were generally more severely affected than service sales, where the interest in digital equipment for monitoring and control is growing. For example, during the year, a service agreement was booked within the recycling industry, with an order size of approximately SEK 30m.

MILESTONES IN 2020

- **Stronger productivity**
Improved processes throughout the organisation continue to generate efficiency and during the year, costs decreased significantly year-on-year.
- **Increased globalisation**
Establishment and introduction of existing products in new geographical regions. Increased collaboration between the regions, with standardisation of existing solutions and development of new, shared concepts.
- **Developed service and digitalisation offering**
All systems can now be delivered for remote monitoring. Launch of several new customer relationship management tools. Increased interest in digital solutions with service agreements and remote monitoring of equipment. Service performed better than product sales.
- **Employee development**
Continued implementation of the business model with significant measures to strengthen the organisation in the long term. New recruitment and further training of future managers.

Division

Nederman Duct & Filter Technology

Market position and strategy

Filter elements are a central component in effective air filtration. As in its other product ranges, Nederman's philosophy is to deliver the best life cycle cost for the customer. Our filter solutions are based on technology solutions that generate documented longer lifetimes and reduced maintenance requirements compared with competing products.

Our concept for ducting systems includes a complete product programme, design, dimensioning and installation support. Productivity and efficiency throughout the entire value chain are critical issues for the market.

Duct & Filter Technologies' strong position is based on the continuous development of products, design and configuration tools, and logistics solutions paired with in-depth application and engineering expertise.

Customers and market segments

Customers are found in a wide range of industries, such as woodworking, metalworking, cement and concrete production, recycling, energy production, the automotive industry, plastics manufacturing and the chemicals industry.

Sales are mainly conducted through distributors and OEM customers, but Duct & Filter Technology also has substantial intra-group sales.

Nordfab (ducting systems) is market leader in the US. Menardi (filter solutions) also has its largest market in the US.

Products and solutions

Nordfab is a global leader in ducting systems for dust, fume, gas and smoke extraction as well as industrial ventilation, headed by its proprietary Quick-Fit system. Advanced tools for design and configuration reduce lead times from the planning phase to installation.

Menardi bases its business activities on meticulous pre-studies and filters that have a life cycle cost that is up to 20 percent lower. Its operations are characterised by long-standing customer relationships based on a high degree of customisation and in-depth process expertise, which involves such activities as support in the planning of filter replacements, etc.

DUCT & FILTER TECHNOLOGY IN BRIEF

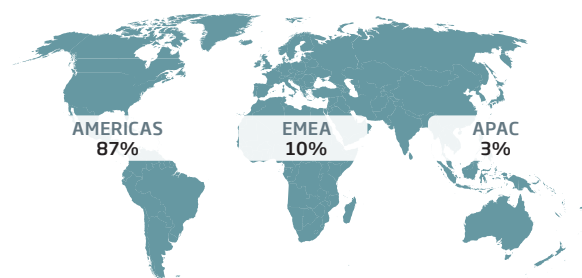
Head of Division: Jeppe Rasmussen

Brands: Nordfab, Menardi

Average number of employees: 259

	2020	2019
External orders received, SEKm	403	474
Sales, SEKm	458	555
Adjusted EBITA, SEKm	64	70
Adjusted EBITA margin, %	14.0	12.5

External sales by region



Good profitability and strengthened positions

Nederman Duct & Filter Technology is highly dependent on the market in the US. Thorough adaptation and efficiency enhancement of the organisation in combination with the turn-around of the operations in APAC and retained production capacity, mean that the division was able to display higher margins and profitability in line with the preceding year.

Ducting systems and filter elements are important components for achieving the best air filtration and play a decisive role in Nederman's Clean Air concept. Under the Nordfab brand, we are market leader for ducting systems, with the US as the dominant market. In filter elements, where we are active with the Menardi brand, the market is more fragmented and market positions shifting, but the US is also our most important market for these.

The operations performed well at the beginning of the year, with positive orders received for both Nordfab and Menardi, something which clearly changed in the subsequent quarters. However, considering the circumstances, the order level was generally good. In general, it was possible to conduct operations with only limited disruptions to production and supply chains, partly facilitated by the operations in the US being classed as "essential production." However, COVID-19 entailed that medium-sized projects were partly postponed, but also that travel restrictions and extensive lockdowns obstructed installation and service work. The operations are volume-sensitive, but adaptations on the cost side, together with production efficiency enhancements, entailed that the profitability level improved.

Ducting and filters, as individual components or parts of a system, are partly considered a standard product, characterised by price pressure and high demands for availability and service. Nederman's strategy for developing sales and maintaining healthy margins is based on four focus areas, in which significant progress was made during the year:

- **Segments and channels.** Clear strategies and channel selection for segments with potential for good market shares. Increased presence through expanded reseller network and OEM.
- **Adapt to a digital future.** Under the "Fast Friendly Reliable" concept, the division has expended the digitalisation of processes in recent years to increase the degree of service and efficiency. A new ERP system in Nordfab USA has increased our digital security and created a base for further optimisation of production and increased use of EDI. Menardi launched a new webshop and, in both business areas, priority is assigned to the areas of digital design, configuration and installation tools.
- **Geographic expansion.** The US is the dominant market, with a possibility of further expansion, particularly in the western regions. The positions in Europe and APAC are generally weaker, but with significant potential and growth focus. Development of the supply chain, a new logistics solution for Denmark/Sweden, expanded production cooperation between Denmark and the UK, and an initiative for targeted digital marketing, brought a significant addition of external customers.
- **Strengthen internal sales.** All duct and filter solutions must be available in all of Nederman's established markets, with full technical support, logistics and service. The division also runs the Nederman Filter Competence Centre to support other divisions with product development, know-how and expert advice on filter elements and filter media.

Sales in APAC are focused on South East Asia and are run from a shared group regional office in Bangkok. Thailand and Australia are key markets, but Vietnam, Malaysia, Japan and Indonesia are also developing. The operations were restructured at the end of 2019 and profitability during the year was bolstered considerably. The development in the region was positive and our market positions were strengthened during the year.

The launch of Menardi's HPF and LD technologies and Nordfab's system for leak-free installation during 2019 was followed up by further product development during the year. The QuickFit concept was expanded with QFV®, an interactive 3D programme for visualisation, which enhances the efficiency of design and installation of ducting systems (to be launched in the first quarter of 2021). We launched a new, certified high-vacuum system for the food industry, which, alongside the automotive industry, is a prioritised segment in Europe.

The production unit in Assens, Denmark, was also developed during the year, including an investment in a new, fully automated duct production line, which will contribute significantly to increased range, availability, safety and delivery precision from the end of 2021.

SALES AND MARKET TREND

The Division's orders received declined currency neutrally by 13 percent during the year to SEK 403m (474). In the US, orders received decreased 16 percent, while EMEA, where the market position is poorer, declined by 6 percent. APAC managed better, with a lower decline, partly due to less of an impact from COVID-19.

Ducting systems, which comprise about 75 percent of the division's sales, performed negatively, primarily for medium-sized systems, due to factors including lockdowns and delays to projects in affected customer segments. Sales of filter solutions, which are largely a service business and are usually favoured in times of recessions, had a difficult year. Demand existed, but poorer access to customer facilities restricted the upside as many customers postponed scheduled filter replacements. COVID-19 has shortened the planning horizon in both business areas and, accordingly, made delivery times even more crucial.

MILESTONES IN 2020

- **Digitalisation Nordfab**
Completed implementation of ERP system for increased use, for example, of automatic order management, EDI. Development of a new visual design and order tool commenced.
- **Digitalisation Menardi**
Launch of new web portal in Europe and new webshop for the US market for the sale of filter elements and accessories. Configuration of products from more effective customisation. Increased profitability and stronger position for a digital future.
- **Food solutions Nordfab**
Launch of new high-vacuum system in food-grade stainless steel for the food and chemicals industries.
- **Turn around APAC**
Strong profitability improvement and increased efficiency due to restructuring in the fourth quarter of 2019.

Division Nederman Monitoring & Control Technology

Market position and strategy

Monitoring & Control Technology works with a broad spectrum of industries that need to continuously monitor and control their production and their processes.

The vision is to create a digital flow from filter to facts, which gives the customer broader possibilities for optimisation of the filter process, increased production efficiency, reduced maintenance costs and compliance with official requirements. The pace of innovation is high and the division is undergoing rapid development. With in-depth application and engineering expertise, the division is playing a market-leading role in the change the industry has initiated. Sales are conducted through the division's own companies, their networks of distributors and other divisions within Nederman.

The operations are conducted under four brands: Nederman Insight, NEO Monitors, Auburn FilterSense and Gasmot.

Customers and market segments

Monitoring & Control Technology works with a broad spectrum of industries that need to continuously monitor and control their production, processes and emissions.

Waste incineration, power production and oil/gas extraction, as well as steel, aluminium and chemicals are industries with major needs and potential. The product programme is being continuously developed, and together with Insight, now covers a large part of the group's overall customer and industry segments.

Products and solutions

The division develops and sells products and systems for laser-based measurement of gases (NEO Monitors), products and systems for emissions analysis based on infrared measuring technology (Gasmot) and continuous particle monitoring systems under the Auburn FilterSense brand. Product and systems sales dominate, but in the emissions monitoring segment, there is also a need for service and maintenance activities.

The digital offering is based on a proprietary IoT platform (Nederman Insight), which consists of hardware installed in Nederman's products and solutions, and software that provides customers with information on critical parameters and processes.

Product development, increased integration with other divisions and further acquisitions will also be a priority for continued expansion in the future.

MONITORING & CONTROL TECHNOLOGY IN BRIEF

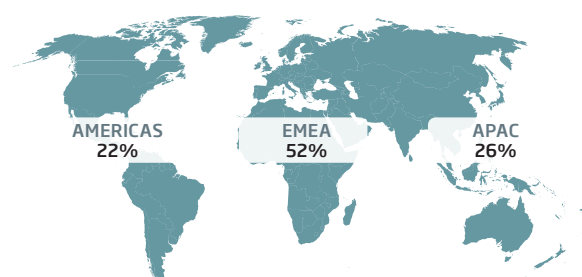
Head of Division: Ketil Gorm Paulsen

Brands: NEO Monitors, Auburn FilterSense, Gasmot, Insight

Average number of employees: 211

	2020	2019
External orders received, SEKm	496	271
Sales, SEKm	507	280
Adjusted EBITA, SEKm	95	45
Adjusted EBITA margin, %	18.7	15.9

External sales by region



Continued development with China at the fore

Nederman Monitoring & Control Technology increased its orders received and sales currency neutrally by more than 80 percent during the year. The factors behind this development are intensified market focus for NEO Monitors and Insight, and adaptation of the organisation for a digital future. There was strong development in the Chinese market and the potential there is considerable.

Nederman Monitoring & Control Technology develops solutions for emissions monitoring (monitoring and emission control of gases and particles into the local environment), and for process control (management and control of manufacturing processes). The offering comprises individual products or systems for advanced measurement, control and analysis of air flows, as well as the IoT platform, Insight, which makes it possible to optimise the filtration process. The products are the key components in Nederman's clean air concept.

The demand for solutions for emissions monitoring was generally healthy during the year, but particularly pronounced in Asia, with a focus on China. Both Gasmeter and Auburn FilterSense (AFS) have strong positions in the segment. Process control is the most important segment for NEO Monitors, with a good presence, primarily in APAC and EMEA, and a successively stronger position also in the US. Demand in this area also increased during the year, although COVID-19 caused significant differences between the various industries. The pandemic also resulted in geographically shifting demand during the year. To address this, we adapted and focused our market initiatives in a corresponding manner.

Increased focus on sustainability issues (primarily in the EU), stricter legislation for emission volumes and workplace health and safety, as well as an increasing need for production efficiency to reduce, for example, energy requirements, were already driving demand. During the year, against the backdrop of the pandemic, we also saw a growing interest in investing in solutions that reduce the need for manual service and on-site inspections. Digital products with remote monitoring provide the possibility of online service and consultation without impacting production and jeopardising employee health.

The division's strategy follows three main lines:

- Increase digitalisation of processes and tools
- Broaden the market for basic operations
- Initiatives to develop the group's clean air concept

Monitoring & Control Technology is a relatively new and rapidly growing organisation. To keep the division's three offerings together and be able to conduct effective sales and service work, a major effort has been put into building up digital processes, tools and market presence. The pandemic has accelerated the development of shared systems and procedures, including online product demonstrations and sales meetings when a personal presence has been impossible. Priority has been assigned to the division's production and delivery capacity.

The operations received a significant boost through the acquisition of Gasmeter in 2019, with new technologies, products and extended geographic presence. Growth was considerable during

the year and we now have a strong position with an excellent product mix and technological lead. During the year, NEO Monitors established an office for sales and service in Houston, Texas, with a focus on the industry-heavy Gulf coast. Gasmeter continued to demonstrate its position as market leader by introducing a new system for taking samples of dioxins, GTX90 Dioxin+, extending the division's technology lead.

Nederman's clean air concept, in which the Insight IoT platform is the core, continues to be developed. To accelerate the market orientation, the development process was transferred to Boston during the year, where AFS has industrial expertise and a market-oriented approach with close proximity to heavy process industry. The integration of Insight in Gasmeter is being implemented and further broadening of the platform is in progress.

Auburn FilterSense also completed our largest Insight sale to date, with an order for monitoring of 120 filter systems at a single plant in the US. Comprehensive monitoring and alarm functions will be used for emissions reporting in accordance with demands from the US Environmental Protection Agency (EPA).

SALES AND MARKET TREND

The division's orders received increased currency neutrally by 89 percent during the year to SEK 496m (271). APAC led this development with a strong upturn, primarily driven by the market in China. Orders received were also positive in EMEA and Americas, with the US as the engine.

The market for emissions monitoring, with a focus on APAC, was stable, while the situation for process control was somewhat weaker, due to such actions as the shutdown of key industrial segments. Demand is generally healthy, given the global market situation, and driven by an increased sustainability focus and the industry's efficiency requirements. The authorities' focus on a "green transition" increases the need for adaptation to meet environmental and energy requirements.

MILESTONES IN 2020

■ Breakthrough order for Insight

Auburn FilterSense completed the division's largest Insight sale to date during the year. The order comprised hardware and software for the monitoring of 120 filter systems, with more than 20,000 filter media, at a single production plant in the US.

■ Launch of Gasmeter GTX90 Dioxin+

Gasmeter launched the GTX90 Dioxin+ during the year, a system for taking samples of dioxins and dioxin compounds. This system increases knowledge and control of processes and emissions, using a cost-effective and time-saving method, and is evidence of the division's technology lead.

■ Strong growth for digital order management

Increased digitalisation of processes and tools is one of the division's strategic approaches. During the year, the inflow of leads generated through digital channels (including web forms and chat functions) grew 52 percent. This development was accelerated by the pandemic, but is a clear sign that the customer relationships of the future will be increasingly digital.





The Nederman share

Nederman's ambition is to continuously provide the financial markets, shareholders and other stakeholders with accurate, consistent and relevant information in order to increase understanding of the group and comply with the regulations for listed companies. The Nederman share has been listed on Nasdaq Stockholm under the NMAN ticker since 16 May 2007. Since January 2014, the share has been listed on Nasdaq Stockholm Mid Cap. A brief history of the company and its share is shown on the next page.

The parent company's equity at year-end was SEK 860.4m (917.9). The market capitalisation was SEK 4,954.1m (4,721.9).

MARKET COMMUNICATION

Nederman's representatives meet regularly with analysts, credit providers and shareholders to give a continuous picture of developments during the financial year. Interim reports, year-end reports and annual reports are distributed to shareholders who so wish. These reports, together with the company's press releases, are also available on the website in Swedish and English.

OWNERSHIP STRUCTURE

The number of shareholders at year-end was 3,620 (3,928). Each share in Nederman entitles the holder to one vote. The share of Swedish ownership was 94.1 percent (93.7). The ten largest shareholders accounted for 77.3 percent (79.6) of the total number of shares. The largest individual shareholder is Investment AB Latour. The table on the next page shows Nederman's ownership structure at 31 December 2020.

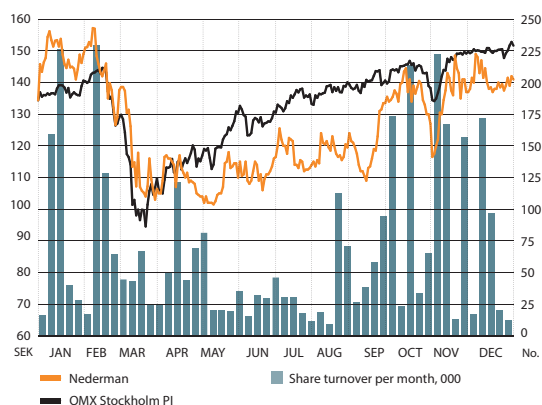
DIVIDEND AND DIVIDEND POLICY

Nederman's dividend policy is to pay a dividend amounting to 30-50 percent of net profit after tax, taking into account the capital structure and acquisition plans. Due to the continued major uncertainty regarding the economic effects of lockdowns and restrictions due to COVID-19, the Board of Directors' current proposal is that no dividend be paid for the 2020 financial year. This enables Nederman to maintain financial stability and increase flexibility when new opportunities arise. The Board will continue to evaluate the situation and a further statement on dividends will be issued not later than in conjunction with the Q3 report on 22 October 2021.

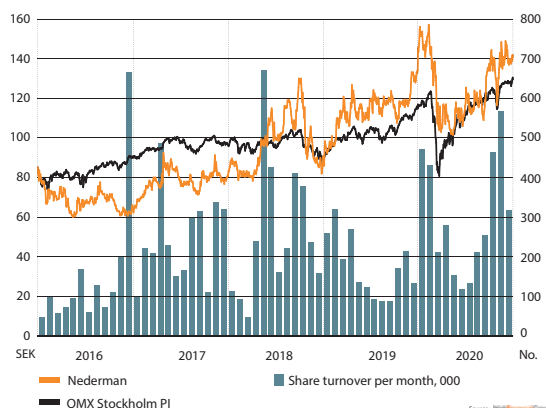
ANALYSTS WHO FOLLOW NEDERMAN

Marcela Klang from Handelsbanken,
mazi02@handelsbanken.se

PRICE AND VOLUME TREND 2020



PRICE AND VOLUME TREND 2016-2020



Datapershare	2020	2019	2018*	2017*	2016*
Earnings per share after tax, SEK**	3.15	6.43	5.78	5.31	4.91
Share price as at 31 December, SEK**	141.0	134.4	90.0	83.3	62.5
Market capitalisation, SEKm	4,954.1	4,721.9	3,163.1	2,928.8	2,196.6
Cash flow, SEKm	67.0	-20.2	87.7	79.3	19.2
Proposed dividend per share, SEK	-	-	2.30	2.00	1.83
Dividend growth, %	-	-	15.0	9.1	10.0
Yield, %	-	-	2.56	2.40	2.93
P/E ratio	44.8	20.9	15.6	15.7	12.7
Profit distributed as dividend, %	-	-	40	38	37
Equity, SEKm	1,300.8	1,382.0	1,234.9	1,075.8	982.2
Issued no. of shares, 31 Dec	35,146,020	35,146,020	35,146,020	11,715,340	11,715,340
Proposed dividend as a percentage of equity, %	-	-	6.5	6.5	6.5

Nederman's major shareholders	Shareholding	Votes, %
Investment AB Latour	10,538,487	29.98
Ernstström Kapitalpartner AB	3,525,000	10.03
IF Skadeförsäkring AB (publ)	3,481,200	9.90
Swedbank Robur småbolagsfond Sverige	2,838,494	8.08
Fjärde AP-fonden	2,736,581	7.79
Tredje AP-fonden	1,093,336	3.11
Lannebo Micro cap.	889,279	2.53
Clens småbolag	778,727	2.22
Lannebo Microcap II	764,923	2.18
Lannebo Nanocap	523,922	1.49
Other shareholders	7,976,071	22.69
Total	35,146,020	100.00

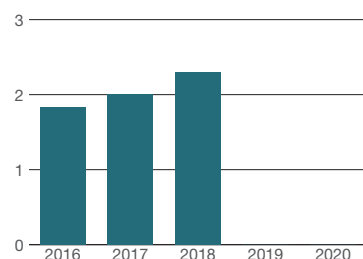
History
1944 Company founded by Phillip Nederman.
1983 Listing on the Stockholm Stock Exchange.
1985 Active becomes the new majority shareholder. The company is delisted.
1991 Nederman sold to Esab.
1994 Charter acquires Esab and becomes the new majority shareholder.
1999 Venture capital company EQT acquires Nederman.
2007 Listing on Nasdaq Stockholm.
2010 Acquisition of Dantherm Filtration.
2012 Acquisition of Environmental Filtration Technologies.
2013 Nederman qualifies for Nasdaq Stockholm Mid Cap.
2014 Nederman is moved to Nasdaq Stockholm Mid Cap.
2017 Acquisition of NEO Monitors AS
2018 Acquisitions of Auburn FilterSense LLC and Luwa Air Engineering AG.
2019 Acquisition of Gasmet Technologies Oy

Shareholders by category, %	
Financial companies	63.29
Social security funds	11.20
Other Swedish legal entities	10.96
Private Swedish individuals	7.52
Foreign domiciled owners	5.93
Other legal entities	0.75
Non profit organisations	0.35
Total	100.00

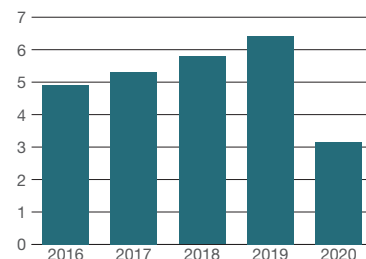
Shareholders per country, %	
Sweden	94.07
UK	1.51
Switzerland	1.20
Luxembourg	1.07
Finland	0.91
Malta	0.38
France	0.35
USA	0.26
Other	0.25
Total	100.00

DIVIDEND PER SHARE, SEK

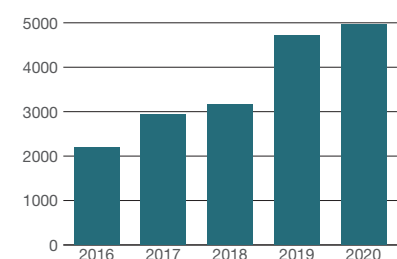
The 2020 dividend refers to the Board's proposed dividend



EARNINGS PER SHARE, SEK



MARKET CAPITALISATION, SEKm



*The retrospective approach was applied in relation to IFRS 16 Leases and figures for 2018 are therefore restated pursuant to the new standard. For earlier financial years, IAS 17 Leases was applied in accordance with the accounting policies that applied through 2017.

**As a result of the share split (3:1) approved by the 2018 Annual General Meeting, earnings per share and share price for 2016 and 2017 were restated and are based on the number of shares outstanding after the share split.

Review of business operations

The Board and CEO of Nederman Holding AB (publ), corporate registration number 556576-4205, hereby submit their annual report for the 2020 financial year.

BUSINESS

Nederman is an environmental technology company and one of the world's leading suppliers of products and solutions for advanced air filtration in demanding industrial environments. Nederman's business concept is clean air. Our offering comprises individual products, complete solutions, project design, installation, commissioning and service. The company's products contribute to reducing the environmental impact from industrial production, creating clean and safe working environments, and increasing production efficiency. Nederman's customers operate within such industries as metal, wood and composite processing, food production, pharmaceutical production, waste management, agriculture, the textile industry, the chemicals industry, the process industry, energy production and the automotive industry aftermarket. To realise its financial targets, Nederman works with four prioritised areas: expansion to new customer and market segments; developed positions in the value chain; development of new products and solutions; and geographic expansion.

Nederman has a strong global presence in sales and manufacturing. Sales are conducted through our own sales companies and distributors in over 50 countries. Most sales take place in Europe and North America, although Nederman is also active in a number of markets in Asia and South America. Manufacturing is carried out on five continents. Units for production and assembly are located in Australia, Brazil, Denmark, Finland, India, China, Norway, Poland, the UK, Sweden, Thailand, Germany and the US. All manufacturing units, apart from two, are certified according to ISO 9001 and 12 manufacturing units out of a total of 17 are certified according to ISO 14001. The parent company and three sale companies are also certified according to ISO 9001 and ISO 14001. The manufacturing and assembly units are responsible for manufacturing, distribution, product care, logistics, purchasing and quality systems.

GROUP STRUCTURE

Nederman Holding AB (publ) is the parent company of Nederman group with its registered office in Helsingborg, Sweden. Nederman Holding AB's directly or indirectly wholly owned subsidiaries are presented in the parent company's Note 14, Shares and participations.

Nederman group's operations are conducted in four operating segments: Nederman Extraction & Filtration Technology, Nederman Process Technology, Nederman Duct & Filter Technology and Nederman Monitoring & Control Technology. This organisation is based on technology, customer structure and business logic with its starting point in the groups trademarks. This entails that the operating segments are global. Nederman Extraction & Filtration Technology's product range consists of a broad range of capturing devices, fans, high-vacuum products and reels for the distribution of a variety of liquids or compressed air. Nederman Process Technology's products include, among other things, advanced filter solutions that are integrated into the customers' production processes where they catch harmful particles and gases as well as other process-critical equipment. Nederman Duct &

Filter Technology works with different types of ducting systems, valves and filter elements to ensure good air quality in a number of industries. Nederman Monitoring & Control Technology's digital offering includes advanced measuring technology and a platform that consists of hardware installed in Nederman's products and solutions, and software that communicates with the cloud and provides customers with information and insight into critical parameters and processes. On a secondary level, the operations are monitored based on the following regions: EMEA (Europe, Middle East and Africa), Americas (North and South America) and APAC (Asia-Pacific).

Finance, IT and Human Resources are group functions with the task of supporting operational activities and being responsible for global coordination within each function.

STOCK EXCHANGE LISTING

The Nederman share has been listed on Nasdaq Stockholm under the NMAN ticker since 16 May 2007. Since January 2014, the share has been listed on Nasdaq Stockholm Mid Cap. The Mid Cap segment includes companies that have a market capitalisation between EUR 150 million and EUR 1 billion. As of 31 December 2020, there were 3,620 (3,928) shareholders.

ACQUISITIONS DURING THE YEAR

During 2020, there were no acquisitions or divestments in Nederman group.

ORDER INTAKE AND SALES IN 2020

Order intake amounted to SEK 3,480.2m (4,168.4), which currency-neutral corresponds to a decrease of 13.7 percent compared with 2019. Net sales amounted to SEK 3,674.8m (4,307.7), which currency-neutral corresponds to a decrease of 11.8 percent compared with 2019.

INCOME

Consolidated operating profit for 2020 totalled SEK 219.0m (343.2), corresponding to an operating margin of 6.0 percent (8.0). Adjusted operating profit amounted to SEK 295.6m (349.1). Adjusted operating margin was 8.0 percent (8.1). Profit before tax amounted to SEK 148.5m (307.3). Net profit totalled SEK 110.4m (225.8), corresponding to earnings per share of SEK 3.15 (6.43).

PRODUCT DEVELOPMENT

The group's total research and development expenses amounted to SEK 106.9m (97.1), of which SEK 37.6m (31.9)* was capitalised in the statement of financial position, and are primarily pertained to investments in Nederman group's digital product offering.

INVESTMENTS AND DEPRECIATION/AMORTISATION

The group's capital investments in intangible assets for the year amounted to SEK 73.9m (50.1). The increase was primarily related to investments in Nederman group's digital product offering and global business systems. Amortisation of intangible assets for the year totalled SEK 56.7m (44.9). The group's investments in tangible assets for the year amounted to SEK 35.0m (43.5). Depreciation of tangible assets for the year was SEK 38.2m (34.7).

*As a result of the reclassification of the group's investments in digital products and services from Computer programmes to Capitalised development expenditure, the comparative figure was adjusted.

CASH FLOW

Cash flow for the year amounted to SEK 67.0m (-20.2) and cash flow from operating activities to SEK 327.5m (321.3). The main reasons for the strong improvement in cash flow was a major focus on, and strong development of, the working capital and that no dividend was paid during the year.

LIQUIDITY AND FINANCIAL POSITION

At the end of the period, the group had SEK 466.8m in cash and cash equivalents as well as SEK 205.1m in unutilised overdraft facilities. The group has a financing agreement with Skandinaviska Enskilda Banken (SEB) and Svenska Handelsbanken (SHB) for SEK 1,500m and a financing agreement with Svenska Handelsbanken (SHB) for SEK 200m. In addition, the group has a bilateral loan agreement with Svensk Export Kredit (SEK) for SEK 300m. The agreements have a three year maturity with extension options for one additional year. The agreements mature in May 2022 unless the options are exercised. At the end of the period, the group had a credit facility of SEK 258m within Nederman's loan agreement with SEB and SHB, as well as SEK 200m within Nederman's loan agreement with SHB. At year-end, the credit facility within the loan agreement with SEK had been fully utilised. During the year, Nederman signed an updated financing agreement with its banks. The updated financing agreements create flexibility and scope for covenants for the next year.

Net debt amounted to SEK 1,450.5m (1,564.1). Equity amounted to SEK 1,300.8m (1,382.0), corresponding to an equity/assets ratio of 30.6 percent (29.0) and a net debt/equity ratio of 111.5 percent (113.2). Net debt mainly declined due to the strengthening of the SEK during the year, which led to a decrease in the group's external loans in USD and EUR, as well as the lease liability. The lease liability also declined as a result of ending and renegotiated premises contracts. Despite a challenging year, with uncertainties in the market and lockdowns due to COVID-19, which resulted in the implementation of the group's restructuring programme of SEK 75m, and equity has been kept at a healthy level. During the year, the group implemented significant measures on the cost side and thereby succeeded in retaining a good operating margin. A further reason for the healthy level of equity is that no dividend was paid during the year. In addition, equity was strongly impacted by the strengthened SEK, which led to the translation reserve, attributable to the translation of foreign subsidiaries, amounting to SEK -186.7m.

EMPLOYEES

The group had 2,124 (2,370) employees at year-end. The average number of employees during the year was 2,097 (2,195). Other personnel data is shown in Note 8, Employees.

IMPACT OF THE COVID-19 PANDEMIC ON NEDERMAN

The decline in the global economy in the wake of the COVID-19 pandemic had and will continue to have a major impact on Nederman group. The significant uncertainty that prevailed for most of the past year led to caution among Nederman's customers regarding major investments, which in turn led to project delays and had a negative impact on earnings. Comparative with 2019, sales declined 15 percent. The division most affected by the COVID-19 restrictions is Nederman Process Technology, with operations that are characterised by the sale of large systems, which represent the type of investments that were postponed to a significant extent. Despite the large loss of volume, the operating margin was successfully maintained at a favourable level due to cost measures.

In 2020, government grants amounting to SEK 27.2m were received, mainly from European government bodies and primarily pertaining to assistance for short-time work relating to COVID-19.

RESTRUCTURING PROGRAMME

To address the future after the lockdowns and restrictions that followed on from the COVID-19 pandemic, Nederman implemented a restructuring programme during 2020, which will lead to annual cost savings of approximately SEK 100m (SEK 55m in 2020). The plan comprises all of the group's divisions and a total of approximately 115 jobs were affected by the changes. The single largest measure was to discontinue Nederman Process Technology's MikroPul operation in France. The restructuring costs amounting to SEK 75m and were expensed during the second quarter of 2020. The programme was essentially completed by the end of 2020.

PARENT COMPANY

The activities of the parent company comprise group functions. The parent company also owns and manages shares in the subsidiaries.

PROPOSED APPROPRIATION OF PROFIT

The following is at the disposal of the Annual General Meeting of Nederman Holding AB (publ):

Share premium reserve	5,866,700
Retained earnings	586,402,571
Net profit for the year	-57,499,101
Total SEK	534,770,170

The Board of Directors proposes that	
to be transferred to the share premium reserve	5,866,700
to be transferred to retained earnings	528,903,470
Total SEK	534,770,170

OUTLOOK

There is currently extreme uncertainty regarding the development of the global economy. For the first quarter of 2021, Nederman expects the effects of the COVID-19 pandemic to remain significant in most of the group's markets. The Chinese market continues to show signs of recovery. The exact extent of the effects of the COVID-19 pandemic and their duration cannot currently be determined, although the vaccination programmes that have now begun could possibly lead to the market returning to a more normal situation in the second half of 2021. During 2020, Nederman conducted a series of measures to maintain healthy profitability under the circumstances. To future-proof Nederman's business a restructuring programme was initiated which will generate annual cost savings of approximately SEK 100m. Nederman will also continue its focus on the digitalisation of its product range, which has been in progress for some time.

NOTICE OF ANNUAL GENERAL MEETING

The notice to attend the Annual General Meeting is to be issued no earlier than six weeks and no later than four weeks prior to the Meeting.

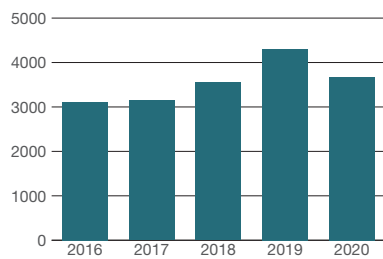
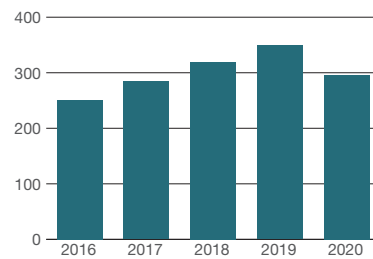
EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred after the end of the reporting period.

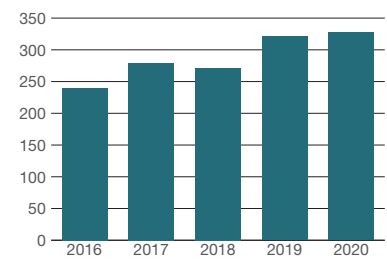
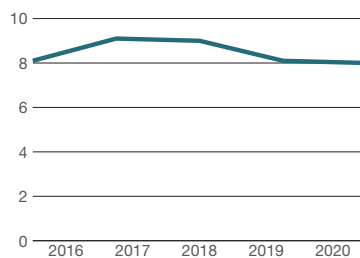
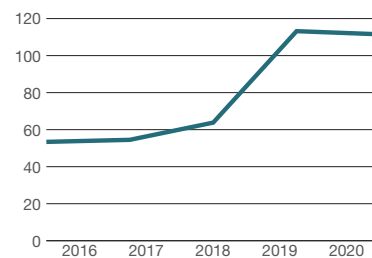
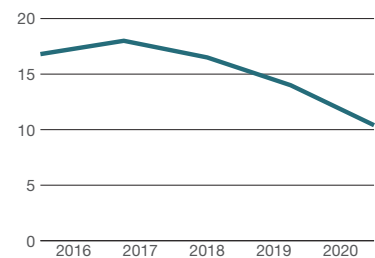
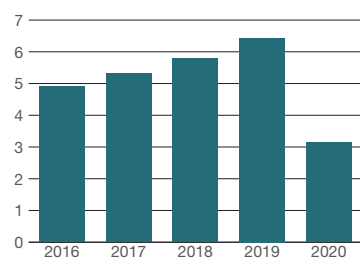
Five-year overview

SEKm	2020	2019	2018*	2017*	2016*
Operating revenue and earnings					
Net sales	3,674.8	4,307.7	3,553.9	3,148.5	3,107.3
EBITDA	384.6	489.9	426.9	330.8	298.0
Adjusted EBITDA	461.2	495.8	440.1	338.5	298.0
Operating profit	219.0	343.2	305.7	278.1	250.3
Adjusted operating profit	295.6	349.1	318.9	285.8	250.3
Profit before tax	148.5	307.3	267.5	260.1	231.7
Net profit	110.4	225.8	202.8	186.3	172.1
Assets, equity and liabilities					
Fixed assets	2,480.8	2,647.7	2,000.2	1,471.3	1,157.8
Current assets	1,768.7	2,102.6	2,020.3	1,499.6	1,495.6
Cash and cash equivalents	466.8	445.3	463.9	360.9	287.8
Equity	1,300.8	1,382.0	1,234.9	1,075.8	982.2
Interest-bearing liabilities	1,917.3	2,009.4	1,251.5	946.2	812.1
Non-interest-bearing liabilities and provisions	1,031.4	1,358.9	1,534.1	948.9	859.1
Balance sheet total	4,249.5	4,750.3	4,020.5	2,970.9	2,653.4
Profitability					
EBITDA margin, %	10.5	11.4	12.0	10.5	9.6
Adjusted EBITDA margin, %	12.6	11.5	12.4	10.8	9.6
Operating margin, %	6.0	8.0	8.6	8.8	8.1
Adjusted operating margin, %	8.0	8.1	9.0	9.1	8.1
Return on equity, %	8.2	17.2	17.7	18.1	18.9
Return on operating capital, %	10.4	14.0	16.5	18.0	16.8
Capital turnover rate, multiple	1.3	1.7	1.8	2.0	2.1
Capital structure					
Net debt	1,450.5	1,564.1	787.6	585.3	524.3
Net debt/equity ratio, %	111.5	113.2	63.8	54.4	53.4
Net debt/adjusted EBITDA, multiple	3.1	3.2	1.8	1.7	1.8
Adjusted EBITDA/net financial items, multiple	6.5	13.8	11.5	18.8	16.0
Interest cover ratio, multiple	4.1	8.1	7.5	11.8	11.8
Equity/assets ratio, %	30.6	29.0	30.7	36.2	37.0
Operating capital	2,751.3	2,946.1	2,022.5	1,661.1	1,506.5
Share data					
Number of shares on closing date	35,146,020	35,146,020	35,146,020	11,715,340	11,715,340
Average no. of shares during the year, before dilution	35,093,096	35,093,096	35,088,753	11,696,251	11,691,969
Average no. of shares during the year, after dilution	35,093,096	35,093,096	35,088,753	11,696,251	11,691,969
Equity per share, before dilution, SEK	37.07	39.38	35.19	30.66	28.00
Equity per share, after dilution, SEK	37.07	39.38	35.19	30.66	28.00
Earnings per share, before dilution, SEK	3.15	6.43	5.78	5.31	4.91
Earnings per share, after dilution, SEK	3.15	6.43	5.78	5.31	4.91
Proposed dividend per share, SEK	-	-	2.30	2.00	1.83
Employees					
Average numbers of employees	2,097	2,195	1,852	1,757	1,760

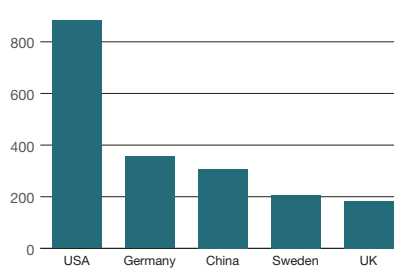
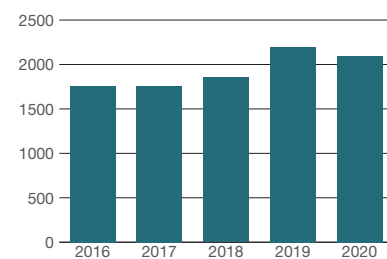
* Nedom group applies the retroactive approach in relation to IFRS 16 Leases and figures for 2018 are therefore restated pursuant to the new standard. For earlier financial years, IAS 17 Leases was applied in accordance with the accounting policies that applied through 2017.

SALES, SEK M**ADJUSTED OPERATING PROFIT, SEK M*****CASH FLOW, SEK M***

From operating activities

**ADJUSTED OPERATING MARGIN, %*****NET DEBT/EQUITY RATIO, %*****RETURN ON OPERATING CAPITAL, %*****EARNINGS PER SHARE, SEK****LARGEST MARKETS IN 2020, SEK M**

External sales

**AVERAGE NUMBER OF EMPLOYEES**

*The retrospective approach was applied in relation to IFRS 16 Leases and figures for 2018 are therefore restated pursuant to the new standard. For earlier financial years, IAS 17 Leases was applied in accordance with the accounting policies that applied through 2017.

Risks and risk management

RISKS THAT COULD SIGNIFICANTLY IMPACT THE GROUP

Nederman is exposed to a number of risks that could significantly impact the group's operations, earnings and financial position. Nederman conducts continuous risk assessments that include identifying the risks that impact the group and taking measures to manage these risks.

Nederman does not calculate the economic value of all risks because many of them are highly complex and interrelated. However, the practical management of these risks is facilitated in several different ways, including through group-wide policies, business processes, training, internal controls, and processes for the audit and approval of reports, which are all coordinated and monitored by each group function. The risks are summarised below.

STRATEGIC RISKS

Customer offerings, succession planning, official or sector regulations, fluctuations in the global market.

OPERATING RISKS

Demands on the products' function or quality, competition or technology shifts, IT systems, and production or delivery disruptions.

COMPLIANCE RISKS

Compliance with laws, regulations and group policies relating to, for example, data confidentiality, competition legislation, corruption, health and safety.

FINANCIAL RISKS

Currency, interest, credit and liquidity risks.

MANAGING THE MAIN RISKS

The main risks described in this report are managed in accordance with Nederman's framework for risk management, which is integrated with the company's business processes. The Board of Directors also reviews the company's risk management.

Strategic risks	Management
Loss of key individuals	Continued succession planning. Management and employee development in order to proactively secure the correct competence and capacity for the future.
Acquisition-related risks	Professional "due diligence". A clear divisional structure to clarify the acquired company's position in the group, standard onboarding procedures for IT and finance.
Operating risks	Management
Disruptions to critical IT systems	Security upgrades and backups.
Production risks at key sites	Global management system, standardisation of processes - condition for ERP roll-out, update of product documentation, update of IT hardware/software.
Delivery risk for key components	Production rationalisation project, audits of critical suppliers, increased inventory of key components.
IT projects in progress	Systematic planning, secured internal competence (ERP project), update of outdated hardware and software.
Inferior and inappropriate agreements	Confirm Nederman's contract terms and conditions, training in contract issues, legal review and evaluation of contracts.
External factors, such as fire, extreme weather conditions, natural disasters, war or pandemics	This is managed through preparedness planning and ensuring that vital materials are not purchased from only one supplier.
Compliance risks	Management
Corruption and fraud	<ul style="list-style-type: none"> • Established policies and internal control. • Acceptance letter issued by the CEO, whereby the employee in question confirms in writing, on an annual basis, their knowledge of the Code of Conduct and compliance with the group's internal control instruments. • Nederman's whistleblower system, which entails that each employee is entitled to report any suspicions of legal or regulatory breaches without reprisal. • Review and evaluation of partner and distribution agreements.
Non-compliance with legislation and permits	<ul style="list-style-type: none"> • Training in policies and regulations. • Formalisation and expansion of the group's internal control, with a focus on compliance (see above). • Export control process, with a focus on embargoes and trade restrictions.
Health and safety risks relating to, for example, technical defects or deficiencies in Nederman's products	Nederman's overall commitment to quality assurance ensures product quality and function. Ensuring that legal requirements regarding safety, such as the Machinery Directive and the ATEX Directive, are complied with in full.
Financial risks	Management
Underlying weakening of the economy	Preparedness planning.
Price pressure	Differentiation, including digitalisation, logistics rationalisation project.
Currency status	Continued regional balancing of income and expenses, assets and liabilities, currency hedging for major projects.
Brexit	Regular contact between UK sales and EU operations to ensure adequate inventory levels.

Corporate Governance

Nederman Holding AB (publ) is a Swedish public limited company with its registered office in Helsingborg, Sweden. Nederman was listed on the Nasdaq Stockholm Small Cap list in 2007 and has been registered on the Nasdaq Stockholm Mid Cap list since 1 January 2014.

As a listed company, Nederman applies the Swedish Corporate Governance Code (the Code). The Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers, the Code, and other applicable Swedish laws and regulations. In addition to rules pursuant to laws or other legislation, Nederman uses internal control instruments that are also the basis for the group's corporate governance, including the Articles of Association, rules of procedure for the Board of Directors, the terms of reference for the CEO, policy documents and the group's Code of Conduct. The Articles of Association and the group's Code of Conduct are available at nedermangroup.com and policy documents are available at the group's intranet.

Governance of the Nederman group takes place through the shareholders via the General Meeting of Shareholders, the Board of Directors, the CEO and Group management of Nederman in accordance with, among other things, the Swedish Companies Act, other laws and regulations, the Articles of Association and the rules of procedure for the Board of Directors. Considering Nederman's group structure, the composition of the boards of its operating subsidiaries, which often include representatives from Group management, constitute another element of governance for the group.

SHAREHOLDERS

At the end of 2020, the company had 3,620 shareholders. Investment AB Latour was the largest shareholder with 29.98 percent of the shares, while Ernström Kapitalpartner AB owned 10.03 percent, IF Skadeförsäkring AB (publ) owned 9.90 percent and Swedbank Robur småbolagsfond Sverige owned 8.08 percent. The ten largest shareholders had a total holding corresponding to 77.31 percent of the shares. Foreign investors held 5.93 percent of the shares. For further information about the share and shareholders, see pages 60-61.

ANNUAL GENERAL MEETING

The General Meeting of Shareholders is the highest decision-making body, in which the shareholders can exercise their influence by voting on key issues, such as the adoption of the income statement and balance sheet, appropriation of the company's profit, discharge from liability of Board members and the CEO, the election of Board members, the Chairman of the Board and auditors, and remuneration to the Board of Directors and auditors. The Annual General Meeting was held in Helsingborg on 27 April 2020. A total of 36 shareholders were in attendance at the Meeting, representing 80.44 percent of the shares and votes in the company.

The Meeting adopted the income statement and balance sheet, and the consolidated income statement and balance sheet, and granted discharge from liability for the Board members and CEO.

The Board withdrew the original dividend proposal in conjunction with the market uncertainty resulting from COVID-19, as communicated in a press release to the market dated 20 March 2020. The Board decided to distribute the profit in accordance with the revised proposal on the allocation of profits, entailing that no dividend was paid for the 2019 financial year.

The Meeting also authorised the Board to decide that the company may issue new shares or repurchase the company's own shares.

The Meeting decided in accordance with the proposal in the notification of the Meeting to elect six Board members. The Meeting decided in accordance with the Nomination Committee's revised proposal that the fees to be paid to the Board, Audit Committee and Remuneration Committee would remain unchanged from 2019, entailing the fees to the Board being paid in a total amount of SEK 1,580,000, of which SEK 540,000 to the Chairman and SEK 260,000 to each of the other Board members, except the CEO. The fees to the Audit Committee amounted to SEK 75,000 to the Chairman and SEK 50,000 to the other committee member. It was furthermore decided that no fees would be paid to the Remuneration Committee and that the auditors would be remunerated on a current account basis. In accordance with the proposal of the Nomination Committee, Johan Hjertonsson, Ylva op den Velde Hammargren, Gunilla Fransson, Johan Menckel, Sam Strömerstén and Sven Kristensson were re-elected to the Board. Johan Hjertonsson was elected Chairman of the Board.

NOMINATION COMMITTEE

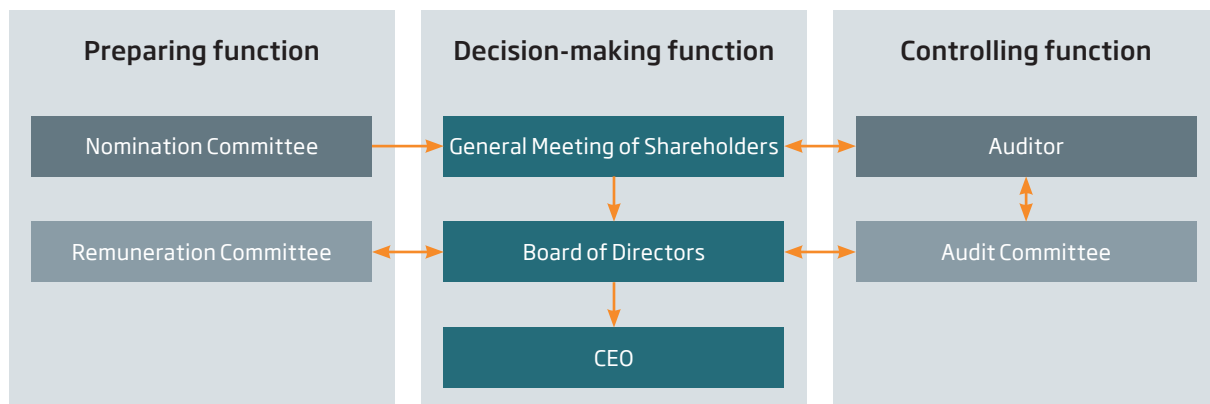
The 2019 Annual General Meeting decided to establish instructions for the Nomination Committee concerning the composition of the committee and its assignments. According to the instructions, the Nomination Committee is to consist of one representative from each of the four largest shareholders and the Chairman of the Board. If any of the four largest shareholders waives their right to appoint a representative to the Nomination Committee, the right will pass to the next largest shareholder. The Nomination Committee's tasks are to prepare proposals, ahead of the next Annual General Meeting, concerning the election of the Chairman of the Board and other Board members, the election of the Chairman of the Meeting, remuneration issues and related issues, and, where applicable, the election of auditors.

According to the guidelines approved by the Annual General Meeting concerning the work of the Nomination Committee, the following individuals have been appointed to the Nomination Committee ahead of the 2021 Annual General Meeting: Anders Mörrck (Investment AB Latour), Chairman; Claes Murander (Lannebo Fonder); Henrik Forsberg Schoultz (Ernström & Co); and Fredrik Ahlin (IF Skadeförsäkring AB). Johan Hjertonsson, Chairman of Nederman's Board of Directors, is a co-opted member of the Nomination Committee. For questions concerning the work of the Nomination Committee, contact anders.morck@latour.se.

BOARD OF DIRECTORS

The Board of Directors is the second highest decision-making body after the General Meeting of Shareholders. The overall

Overall structure of corporate governance in Nederman



assignment of the Board is to decide on the company's business direction, its resources and capital structure as well as its organisation and management. The Board's general obligations also include continuously evaluating the company's financial situation and approving the company's business plan. In its general undertaking, the Board addresses overall issues such as the company's strategy, acquisitions, major investments, divestments, the publication of annual reports and interim reports, and the appointment of the CEO, etc.

The Board of Directors follows written rules of procedure that are adopted annually at the first Board meeting following election. The rules of procedure stipulate how work is to be divided between Board members, how often the Board is to meet and to what extent deputies are to participate in the work of the Board and attend meetings. The rules of procedure also regulate the Board's obligations, the establishment of a quorum, the division of responsibilities between the Board and the CEO, etc. The Board meets according to an annual schedule that is decided in advance. Extraordinary meetings may be called to address events of unusual importance. In addition to Board meetings, the Chairman of the Board and the CEO conduct an ongoing dialogue with respect to the management of the company.

Once a year, the entire Board conducts a systematic evaluation of the company's senior executives. In this context, "senior executives" includes certain deputy managers, meaning a broader group of employees.

In recent financial years, the Board has made decisions concerning several matters of strategic importance. In 2020, special focus was devoted to adaptation of the group's capacity, the group's strategy for continued expansion and the group's financial framework and objectives. In 2020, the Board held ten minuted meetings. To date, one minuted meeting has been held in 2021. The 2020 Annual General Meeting resolved that a total of SEK 1,580,000 would be paid in directors' fees, with SEK 540,000 paid to the Chairman of the Board and SEK 260,000 to each of the other members elected by the Annual General Meeting, with the exception of the CEO. It was furthermore resolved that a fee of SEK 75,000 would be paid to the Chairman of the Audit Committee and SEK 50,000 to the

other committee member. No fees are paid to the Remuneration Committee.

As stated in the Articles of Association, the General Meeting of shareholders has full decision-making power in election of Board members and there are no other regulations concerning appointment and dismissal of Board members. The Annual General Meeting elects Board members annually for the period until the next Annual General Meeting is held. The Board of Directors is to consist of at least three and no more than eight ordinary members and may be supplemented with a maximum of three deputies. In addition, there may be employee representatives. The members elected by the Annual General Meeting are all independent in relation to the major shareholders and, with the exception of the CEO, in relation to the company and company management. The Board meets the requirements of the Code with respect to independent members. The members are presented on page 74 and at neder-mangroup.com.

The main shareholders and Board members carry out a detailed annual evaluation of the Board. Among other things, the evaluation includes the Board's composition, individual Board members and the Board's work and procedures. The Nomination Committee has reviewed the written evaluation of the work of the Board and has received a report on the work of the Board from the Chairman of the Board.

Nederman's Board of Directors consists of six members elected by the 2020 Annual General Meeting. The CEO is a member of the Board. The CFO is not a member of the Board but, as a rule, participates in Board meetings by presenting information. The Chairman of the Board does not participate in the operational management of the company.

Attendance at Board meetings

■ Johan Hjertonsson	10 of 10
■ Gunilla Fransson	10 of 10
■ Ylva op den Velde Hammargren	10 of 10
■ Johan Menckel	10 of 10
■ Sven Kristensson	10 of 10
■ Sam Strömerstén	10 of 10

CEO

The division of activities between the Board and the CEO is regulated by the rules of procedure for the Board and in the terms of reference for the CEO. The CEO is responsible for implementing the business plan as well as the day-to-day management of the company's affairs and the daily operations of the company. This means that the CEO makes decisions on those issues that can be considered to fall under the day-to-day management of the company. The CEO may also take action without the authorisation of the Board in matters which, considering the scope and nature of the company's business, are unusual or of great importance, which cannot await a decision by the Board without seriously compromising the company's business activities. The terms of reference for the CEO also regulate the CEO's responsibility for reporting to the Board. The Board receives a monthly written report containing a follow-up of the company's order statistics, sales, operating results, working capital developments, income statement, financial position and cash flow statement. The report also contains comments from the CEO and CFO, for example, regarding the various markets.

Every year, the senior executives formulate a strategy proposal, which is discussed and adopted at the Board meeting held about halfway through the year. Work on the business plan (including the budget for the coming year) is usually carried out from the bottom up and based on the strategy adopted by the Board of Directors. The CEO and the CFO present the business plan proposal to the Board of Directors. After the Board discusses the business plan, it is usually adopted at the last meeting during the autumn. Moreover, the company usually issues an updated forecast at the end of each quarter in conjunction with the quarterly reports.

COMMITTEES

Remuneration Committee: Questions about salary and benefits for the CEO and management are addressed and approved by a Remuneration Committee. This committee consists of Johan Hjer-tonsson and Johan Menckel. The committee is a body within the company's Board assigned to draft matters for the Board related to remuneration and other terms of employment for company management. The committee is also tasked with preparing guidelines regarding remuneration for senior executives, which the Board then presents as a proposal to the Annual General Meeting. The Remuneration Committee held one minuted meeting in 2020.

The 2020 Annual General Meeting resolved on guidelines for remuneration to the senior executives, which is presented in greater detail in the section "Executive remuneration".

Audit Committee: The main purpose of the Audit Committee is to supervise the group's financial accounting and reporting and the audit of the annual accounts. The Audit Committee's tasks include, among other things, responsibility for the preparation of the Board's work to ensure the quality of the financial reporting by reviewing the interim reports, annual report and consolidated financial statements. The Audit Committee is also tasked with preparing matters regarding the procurement of audit services and other services from the auditor and preparing certain accounting and audit matters to be dealt with by the Board. The work of the

Audit Committee is governed by rules of procedure adopted by the Board of Directors. The Committee convened on five occasions in 2020 and has led one minuted meeting to date in 2021. The company's auditor participated on these occasions. The company's auditor informed the Board of the results of its work and presented report on the year's audit and its view of the company's internal control system without the presence of any members of Company management. In 2020, the Audit Committee consisted of Board members Ylva op den Velde Hammargren and Sam Strömerstén. The Annual General Meeting resolved that the fees to the Audit Committee would be set at SEK 75,000 to the Chairman and SEK 50,000 to the other committee member.

AUDITOR

The auditor audits the company's annual report and accounting as well as the management of the Board of Directors and the CEO. The auditor submits an audit report to the General Meeting of Shareholders after each financial year. From 2011, the Annual General Meeting appoints an auditor for a period of one year. At the Annual General Meeting on 27 April 2020, Ernst & Young AB was elected until the close of the 2021 Annual General Meeting, with Staffan Landén as lead auditor. Staffan Landén is an Authorised Public Accountant and member of FAR, the Swedish Institute of Authorised Public Accountants. Staffan Landén has many years of experience in auditing listed companies and major international assignments. He is currently lead auditor for Vattenfall AB, Alfa Laval AB, Ambea AB, Investment AB Latour and Thomas Concrete Group AB, among others. Staffan Landén is an appointed Exchange Auditor by Nasdaq Stockholm. The company's auditor audits the annual accounts and financial statements and the company's ongoing operations and procedures to provide an opinion on the accounting and management of the Board of Directors and the CEO. Fees to Ernst & Young AB for assignments other than auditing amounted to SEK 0.3m in 2020 and pertains mainly to tax consultancy and auditing-related services.

EXECUTIVE REMUNERATION

The 2020 Annual General Meeting adopted the Board of Directors' proposal for guidelines for executive remuneration. Nederman's Group management fall within the provisions of these guidelines. The remuneration shall be on market terms and may consist of the following components: fixed salary, variable remuneration, pension benefits and other benefits. Fixed salary is paid for satisfactory work. The variable remuneration shall be linked to pre-determined, well-defined and measurable financial criteria. The satisfaction of criteria for awarding variable remuneration shall be measured over a period of one year. The variable remuneration may amount to not more than 50 percent of the total fixed salary under the measurement period for the CEO and not more than 30 percent of the total fixed salary under the measurement period for other senior executives. The criteria for variable remuneration shall mainly relate to the group's profitability and working capital development. Variable remuneration may also be related to individual criteria. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability. Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on

an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once each year per individual.

For the CEO, pension benefits shall be premium-based. The pension premiums for premium-based pension shall amount to not more than 35 percent of the pension based salary. For other executives, pension benefits shall be based on a contractual ITP plan or be premium-based, unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits. Pension premiums that follow from the contractual ITP plan or are premium-based, shall amount to not more than 35 percent of the pension based salary, unless other premium levels apply according to applicable ITP plan.

Other benefits may include, for example, life insurance, health and medical insurance and company cars. Such benefits may amount to not more than 20 percent of the fixed annual salary.

The notice period may not exceed 24 months if notice of termination of employment is made by the company for the CEO and twelve months for other executives. Fixed salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed salary for two years, and one year for other executives. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

The Annual General Meeting held on 29 April 2019 approved the Board's proposal that the annual programmes for variable remuneration should be supplemented with a long-term incentive (LTI) programme. Consequently, the 2019-2020 LTI programme has been established for a period of two years and is targeted in a way that makes it particularly favourable for the company's shareholders. The outcome of the LTI programme for senior executives (net of income tax) is to be reinvested in the warrants in Nederman or in Nederman shares on the stock exchange. Warrants or Nederman shares are subject to approval by the relevant future Annual General Meeting of Nederman. The reinvested shares and warrants are expected to be retained by the senior executive during his or her term of employment and for at least three years. The 2019-2020 LTI programme may amount to a maximum of 35 percent of annual salary for the CEO and 20 percent of annual salary for other senior executives. No shares were allotted in the incentive programme for 2019-2020.

INTERNAL CONTROL

Control environment. Operational decisions are made at the company or business area level, while decisions about strategy, aims, acquisitions and comprehensive financial issues are made by the parent company's Board and Group management. The internal controls within the group are designed to function in this organisation. The group has clear rules and regulations for delegating responsibility and authority in accordance with the group's struc-

ture. The platform for internal controls of financial reporting consists of the comprehensive control environment and organisation, decision processes, authorisations and responsibilities which have been documented and communicated. In the group, the most significant components are documented in the form of instructions and policies in finance, ethics (Code of Conduct), communication, IT, integrity, sustainability and quality, whistleblowing, export and sanctions, anti-corruption and fraud, anti-trust, diversity, health and safety, and authorisation instructions. Nederman has a simple legal and operational structure and established management and internal control systems. The Board of Directors follows up on the assessment of the internal control, including through management reporting to the Audit committee and through contacts with the Nederman's auditors. The Board of Directors has chosen not to have a special internal audit.

Control activities. To safeguard the internal controls, there are both automated controls, such as authorisation controls in the IT system and approval controls, as well as manual controls such as auditing and stock-taking. Financial analyses of the results as well as follow-up of plans and forecasts are used to supplement the controls and give a comprehensive confirmation of the quality of the reporting.

Information and communication. Documentation of governing policies and instructions are continuously updated and communicated in electronic or printed format. For communications with external parties, there is a communication policy that contains guidelines for ensuring that the company's information obligations are applied fully and correctly.

Follow-up. The CEO is responsible for ensuring that the internal controls are organised and followed up according to the guidelines decided on by the Board. Financial management and control is carried out by the group's finance function. Financial reporting is analysed monthly and at a detailed level. The Board has addressed the Company's financial position at its meetings and has also received reports and observations from the Company's auditor.

ARTICLES OF ASSOCIATION

The Articles of Association stipulate the company's activities, the number of Board members and auditors, how notification of the Annual General Meeting is to be made, the matters to be addressed at the Annual General Meeting and where the Meeting is to be held. The General meeting of shareholders has full decision-making power concerning amendments in the Articles of Association. The 2020 Annual General Meeting resolved on amendment of the Articles of Association to adapt them to the implemented and anticipated amendments to the Swedish Companies Act and the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act. The current Articles of Association were adopted at the Annual General Meeting on 27 April 2020, and can be found on the company's website at www.nedermangroup.com and in the annual report for 2020 on page 129.

Guidelines for executive remuneration

The following guidelines were approved by the Annual General Meeting 2020 and apply until the Annual General Meeting 2024 unless any changes are proposed.

Nederman's Group management fall within the provisions of these guidelines. The guidelines are forward-looking and as such are applicable to remuneration agreed, and amendments to remuneration already agreed. These guidelines do not apply to any remuneration decided or approved by the general meeting.

THE GUIDELINES' PROMOTION OF NEDERMAN'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

In short, the company's business strategy is to be "the Clean Air Company", and to use Nederman's industrial air filtration expertise and solutions and services to protect people, planet and production from the harmful effects of industrial processes. In this way, Nederman helps to create safer workplaces, efficient production and provide significant environmental benefits. A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. The objective of Nederman's guidelines for executive remuneration is therefore to offer competitive remuneration on market terms, so that competent and skillful personnel can be attracted, motivated and retained. These guidelines enable the company to offer the executive management competitive total remuneration. For more information regarding the company's business strategy, please see www.nedermangroup.com.

A long-term share-related incentive plan has been implemented in the company. The plan has been proposed to and resolved by the general meeting every other year, and was last resolved by the 2019 general meeting and is therefore excluded from these guidelines. The plan incorporates Group management members. The performance criteria used to assess the outcome of the plan is total earnings per share and is thereby distinctly linked to the business strategy and the company's long-term value creation, including its sustainability. The plan is further conditional upon a holding period of at least three years.

TYPES OF REMUNERATION, ETC.

The remuneration shall be on market terms and may consist of the following components: fixed salary, variable remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. The Remuneration Committee shall monitor and evaluate remuneration for the executive management however all remuneration for the CEO is approved by the Board of Directors.

Fixed salary

Fixed salary is paid for satisfactory work.

Variable remuneration

The variable remuneration shall be linked to predetermined, well-defined and measurable financial criteria. The satisfaction of criteria for awarding variable remuneration shall be measured over a period of one year. The variable remuneration may amount to not more than 50 percent of the total fixed salary under the measurement period for the CEO and not more than 30 percent of the total fixed salary under the measurement period for other senior executives. The criteria for variable remuneration shall mainly relate to the group's profitability and working capital development. Variable remuneration may also be related to individual criteria. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability and since Nederman's business strategy is to be "the Clean Air Company" by protecting people, planet and production from the harmful effects of industrial processes, the criteria for variable remuneration, which are connected to the sale of the company's solutions and services within industrial air filtration, will inevitably contribute to the company's long-term interest and sustainability.

Other variable remuneration

Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the remuneration committee.

Pension benefits

For the CEO, pension benefits shall be premium-based. The pension premiums for premium-based pension shall amount to not more than 35 percent of the pension based salary. For other executives, pension benefits shall be based on a contractual ITP plan or be premium-based, unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits. Pension premiums that follow from the contractual ITP plan or are premium-based, shall amount to not more than 35 percent of the pension based salary, unless other premium levels apply according to applicable ITP plan.

For employment governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into

account, to the extent possible, the overall purpose of these guidelines.

Other benefits

Other benefits may include, for example, life insurance, health and medical insurance and company cars. Such benefits may amount to not more than 20 percent of the fixed annual salary.

CRITERIA FOR AWARDING VARIABLE REMUNERATION, ETC.

The Remuneration Committee shall monitor and evaluate programs for variable remuneration for the executive management. To which extent the criteria for awarding variable remuneration has been satisfied shall be evaluated when the measurement period has ended. The Remuneration Committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable remuneration to other executives, the CEO is responsible for the evaluation. For financial criteria, the evaluation shall be based on the latest financial information made public by the company. Variable cash remuneration can be paid after the completion of a measurement period or be subject to deferred payment. The Board of Directors shall have the possibility, under applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

TERMINATION OF EMPLOYMENT

The notice period may not exceed 24 months if notice of termination of employment is made by the company for the CEO and twelve months for other executives. Fixed salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed salary for two years, and one year for other executives. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

SALARY AND EMPLOYMENT CONDITIONS FOR EMPLOYEES

In these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

THE DECISION-MAKING PROCESS TO DETERMINE, REVIEW AND IMPLEMENT THE GUIDELINES

The Board of Directors has previously established a Remuneration Committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

DEROGATION FROM THE GUIDELINES

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Board of Directors



JOHAN HJERTENSSON (1968)
Chairman of the Board since 2019. Elected 2018.
Member of the Remuneration Committee.

Education: M.Sc. in Business Administration
Swedish citizen
Current activities: President and CEO and member of the Board of Investment AB Latour. Chairman of Alimak Group AB and Member of the Board of Sweco AB.
Previous key roles: President and CEO of AB Fagerhult and Lammhults Design Group. Senior positions in product development and marketing in the Electrolux Group.
Shareholding: 5,000 shares.
Dependency: Dependent in relation to the company's major shareholders.



GUNILLA FRANSSON (1960)
Elected by the Annual General Meeting.
Elected 2016.

Education: M.Sc. Eng. and Licentiate Technology
Swedish citizen
Current activities: Chairman of NetInsight AB. Member of the Board of Dunkerintressena, Eltel AB, Trelleborg AB, Permobil AB, Weibel Scientific A/S and Nilar AB.
Previous key roles: Various management positions within Saab AB and Ericsson AB.
Shareholding: 800 shares.
Dependency: Independent.



YLVA OP DEN VELDE HAMMARGREN (1966)
Elected by the Annual General Meeting. Elected 2011. Chairman of the Audit Committee.

Education: M.Sc. Eng. Mining Engineering
Swedish citizen
Current activities: Manager Product Line Management Engine, Vehicle Service Market at AB SKF.
Member of the Board of Södra since 2017.
Previous key roles: -
Shareholding: -
Dependency: Independent.



SVEN KRISTENSSON (1962)
Elected by the Annual General Meeting.
Elected 2008.

Education: The Swedish Air Force. University of Linköping.
Swedish citizen
Current activities: President and CEO of Nederman Holding AB.
Chairman of the Board of BK Pac AB, Diedenporten AB and Kristensson Holding AB. Vice Chairman of the Board of Dr P Håkonssons stiftelser. Member of the Board of Swegon AB.
Previous key roles: Various positions in medical technology (Group management of Getinge AB), and packaging (Group management of AB Åkerlund & Rausing), among others.
Shareholding: 332,158 shares.
Dependency: Dependent in relation to the company.



JOHAN MENCKEL (1971)
Elected by the Annual General Meeting. Elected 2016. Member of the Remuneration Committee.

Education: M.Sc. Industrial Economics, Royal Institute of Technology (KTH)
Swedish citizen
Current activities: President and CEO of Gränges AB. Member of the Board of Saab AB. Member of the Steering Committee of the World Materials Forum.
Previous key roles: Member of the Board of the Swedish Chamber of Commerce in China. CEO of Sapa Heat Transfer and Sapa Heat Transfer Shanghai. Management consultant at Accenture and founder of addnature.com.
Shareholding: 4,000 shares.
Dependency: Independent.



SAM STRÖMERSTÉN (1955)
Elected by the Annual General Meeting. Elected 2019. Member of the Audit Committee.

Education: Eng. Mechanical Engineering LTH80
Swedish citizen
Current activities: -
Previous key roles: CEO & President of Sidel, EVP Supply Chain at Tetra Pak and EVP Processing Systems at Tetra Pak
Shareholding: 500 shares.
Dependency: Independent.

Group management



SVEN KRISTENSSON (1962)
President and CEO

Employed 2001
Swedish citizen
Education: The Swedish Air Force, University of Linköping.
Current activities: Chairman of the Board of BK Pac AB, Diedenporten AB and Kristensson Holding AB. Vice Chairman of the Board of Dr P Håkonssons stiftelser. Member of the Board of Swegon AB.
Shareholding: 332,158 shares.



MATTHEW CUSICK (1977)
SVP, CFO

Employed 2011
Swedish/UK citizen
Education: B.A. Accounting and Finance
Current activities: No other activities
Shareholding: 1,506 shares.



HANS DAHLÉN (1968)
SVP, Head of Division Extraction & Filtration Technology

Employed 2013
Swedish citizen
Education: M.Sc. Eng. Chemical Engineering
Current activities: No other activities
Shareholding: 4,860 shares.



TOMAS HAGSTRÖM (1976)
SVP, Head of Division Process Technology

Employed 2017
Swedish/US citizen
Education: M.Sc. Electrical Engineering, B.Sc. in Business Economics and MBA
Current activities: No other activities
Shareholding: 540 shares.



KRISTIAN LEXANDER (1975)
SVP, CIO

Employed 2018
Swedish citizen
Education: International Business College, Napier University Edinburgh
Current activities: No other activities
Shareholding: 966 shares.



THOMAS NIKLASSON (1970)
SVP, Marketing & Communications

Employed 2014
Swedish citizen
Education: M.Sc. Business & Economics
Current activities: No other activities
Shareholding: 1,000 shares.



KETIL GORM PAULSEN (1961)
SVP, Head of Division Monitoring & Control Technology

Employed 2017
Norwegian citizen
Education: M.Sc. Physics/Civil Engineer, Master of Management
Current activities: Member of the Board of Northern Lights Sensors AS
Shareholding: -



JEPPER RASMUSSEN (1962)
SVP, Head of Division Duct & Filter Technology

Employed 2019
Danish citizen
Education: M.Sc. Ph.D. Marine Engineering
Current activities: Chairman of Grafisk Maskinfabrik A/S. Member of the Board of New Nordic Engineering A/S.
Shareholding: -



EVA CARIN SVENSSON (1964)
SVP, Human Resources

Employed 2009
Swedish citizen
Education: B.Sc. Human Resources Management & Labour Relations
Current activities: No other activities
Shareholding: 4,975 shares.



ERIK WAHN (1980)
SVP, Corporate Strategy & Business Development

Employed 2019
Swedish citizen
Education: MBA, Economics and Management
Current activities: Chairman of the Board of pej AB, Member of the Board of Polynom Investment AB
Shareholding: -

Consolidated income statement

SEKm	Note	1 January - 31 December	
		2020	2019
Netsales	5, 6	3,674.8	4,307.7
Cost of goods sold	9	-2,282.0	-2,716.4
Gross profit		1,392.8	1,591.3
Selling expenses	9	-691.1	-828.8
Administrative expenses	9	-306.0	-342.8
Research and development expenses	9	-69.3	-65.2
Acquisition costs	4, 9	-1.6	-5.9
Restructuring costs	9	-75.0	-
Other operating income and expenses	7, 9	-30.8	-5.4
Operating profit	5, 8, 10, 15, 24, 27	219.0	343.2
Financial income		1.2	8.4
Financial expenses		-71.7	-44.3
Net financial items	11	-70.5	-35.9
Profit before tax		148.5	307.3
Taxes	12	-38.1	-81.5
Net profit for the year		110.4	225.8
Net profit attributable to:			
Parent company's shareholders		110.4	225.8
Earnings per share	20	3.15	6.43

Consolidated statement of comprehensive income

SEKm	Note	1 January - 31 December	
		2020	2019
Net profit for the year		110.4	225.8
Other comprehensive income			
Items that cannot be reclassified to the income statement			
Revaluation of defined-benefit pension plans	24	-6.4	-62.4
Tax attributable to items that cannot be reclassified to net profit		1.5	13.5
		-4.9	-48.9
Items that have been or can be reclassified to net profit			
Exchange differences arising on translation of foreign operations		-186.7	46.8
		-186.7	46.8
Other comprehensive income for the year, net after tax		-191.6	-2.1
Total comprehensive income for the year		-81.2	223.7
Total comprehensive income attributable to:			
Parent company's shareholders		-81.2	223.7

Consolidated statement of financial position

SEKm	Note	31 December	
		2020	2019
Assets	28		
Intangible fixed assets	13	1,933.3	2,037.4
Tangible fixed assets	14	299.2	335.3
Right-of-use assets	15	214.4	257.7
Long-term receivables		5.6	5.3
Deferred tax assets	12	28.3	12.0
Total fixed assets		2,480.8	2,647.7
Inventory	16	483.9	610.3
Tax assets	12	61.3	82.8
Accounts receivable	17, 26	477.0	619.3
Prepaid expenses and accrued income	19	41.0	61.6
Other receivables	18	238.7	283.3
Cash and cash equivalents	30	466.8	445.3
Total current assets		1,768.7	2,102.6
Total assets	5	4,249.5	4,750.3
Equity	20		
Share capital		1.2	1.2
Other capital contributed		345.9	345.9
Reserves		-52.7	134.0
Retained earnings including net profit		1,006.4	900.9
Equity attributable to the parent company's shareholders		1,300.8	1,382.0
Total equity		1,300.8	1,382.0
Liabilities	28		
Long-term interest-bearing liabilities	3, 21, 26	1,536.7	1,575.6
Long-term lease liabilities	3, 21, 26	166.4	208.4
Other long-term liabilities		2.1	4.9
Pension provisions	24	151.1	153.1
Other provisions	25	16.5	21.0
Deferred tax liabilities	12	21.4	22.9
Total long-term liabilities		1,894.2	1,985.9
Current interest-bearing liabilities	3, 21, 26	-	5.0
Current lease liabilities	3, 21, 26	63.1	67.3
Accounts payable	3, 26	334.5	423.2
Current tax liabilities	12	70.1	105.5
Other liabilities	22	355.2	553.4
Accrued expenses and prepaid income	23	179.7	201.8
Provisions	25	51.9	26.2
Total current liabilities		1,054.5	1,382.4
Total liabilities	5	2,948.7	3,368.3
Total equity and liabilities		4,249.5	4,750.3

For information on the group's pledged assets and contingent liabilities, see note 28.

Consolidated statement of changes in equity

SEKm	Equity attributable to the parent company's shareholders					Total equity
	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings incl. this year's profit	
Opening equity 2019-01-01	1.2	345.9	86.0	1.2	800.6	1,234.9
Adjusted deferred tax (see note 1)	-	-	-	-	3.8	3.8
Adjusted equity at the beginning of the period	1.2	345.9	86.0	1.2	804.4	1,238.7
Net profit for the year	-	-	-	-	225.8	225.8
Other comprehensive income						
Change in translation reserve for the year	-	-	46.8	-	-	46.8
Revaluation of defined- benefit pension plans, net after tax	-	-	-	-	-48.9	-48.9
Total other comprehensive income	-	-	46.8	-	-48.9	-2.1
Total comprehensive income for the year	-	-	46.8	-	176.9	223.7
Transactions with group's owners						
Dividend paid	-	-	-	-	-80.7	-80.7
Share-based remuneration	-	-	-	-	0.3	0.3
Closing equity 2019-12-31	1.2	345.9	132.8	1.2	900.9	1,382.0
Opening equity 2020-01-01	1.2	345.9	132.8	1.2	900.9	1,382.0
Net profit for the year	-	-	-	-	110.4	110.4
Other comprehensive income						
Change in translation reserve for the year	-	-	-186.7	-	-	-186.7
Revaluation of defined- benefit pension plans, net after tax	-	-	-	-	-4.9	-4.9
Total other comprehensive income	-	-	-186.7	-	-4.9	-191.6
Total comprehensive income for the year	-	-	-186.7	-	105.5	-81.2
Closing equity 2020-12-31	1.2	345.9	-53.9	1.2	1,006.4	1,300.8

Consolidated cash flow statement

SEKm	Note	1 January - 31 December	2020	2019
Operating activities				
Operating profit			219.0	343.2
Adjustment for:				
Depreciation and amortisation of fixed assets			165.6	146.7
Other adjustments	30		23.1	-0.8
Interest received			1.2	4.0
Interest paid			-58.6	-40.5
Income tax paid			-67.1	-77.8
Cash flow from operating activities before changes in working capital			283.2	374.8
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventory			83.8	22.2
Increase (-)/Decrease (+) in operating receivables			126.0	28.2
Increase (-)/Decrease (+) in operating liabilities			-165.5	-103.9
			44.3	-53.5
Cash flow from operating activities			327.5	321.3
Investing activities				
Capital expenditure on tangible fixed assets			-34.3	-42.8
Sales of tangible fixed assets			0.6	2.4
Capital expenditure on capitalised development costs			-37.6	-31.9
Capital expenditure on other intangible fixed assets			-36.3	-18.2
Acquisition of subsidiaries/business, net of cash	4		-74.0	-656.6
Sale of financial assets			0.1	0.9
Cash flow from investing activities			-181.5	-746.2
Financial activities				
New loans			197.4	1,689.1
Change in interest-bearing liabilities			-0.8	0.4
Amortisation of loans			-205.2	-1,137.1
Amortisation of lease liabilities			-70.4	-67.0
Dividend paid to parent company shareholders			-	-80.7
Cash flow from financing activities			-79.0	404.7
Cash flow for the year			67.0	-20.2
Cash and cash equivalents at the beginning of the year			445.3	463.9
Translation differences			-45.5	1.6
Cash and cash equivalents at the end of the year	30		466.8	445.3

Notes to the financial statements

Notes to the Financial statements

Note	Nedermangroup	Page
1	Accounting policies	81
2	Important estimations and assessments	82
3	Goal and policy regarding financial risk	82
4	Acquisition of business operations	84
5	Segment reporting	85
6	Revenue	87
7	Other operating revenue and expenses	88
8	Employees	88
9	Expenses by nature	90
10	Remuneration to auditors	91
11	Financial income and expenses	91
12	Income tax	92
13	Intangible fixed assets	94
14	Tangible fixed assets	96
15	Right-of-use assets	98
16	Inventory	100
17	Accounts receivable	100
18	Other receivables	101
19	Prepaid expenses and accrued income	101
20	Equity and number of shares	101
21	Interest-bearing liabilities	102
22	Other liabilities	103
23	Accrued expenses and prepaid income	104
24	Provisions for pensions and similar obligations	104
25	Other provisions	106
26	Financial instruments	107
27	Government grants	108
28	Pledged assets and contingent liabilities	108
29	Related party transactions	109
30	Cash flow	109
31	Alternative performance measures	110
32	Events after the end of the reporting period	110

Note	Parent company	Page
1	Accounting policies	116
2	Revenue	116
3	Restructuring costs	116
4	Other operating revenue and expenses	116
5	Employees	116
6	Pensions	116
7	Leasing	116
8	Remuneration to auditors	117
9	Net financial items	117
10	Appropriations	117
11	Income tax	117
12	Intangible fixed assets	117
13	Tangible fixed assets	118
14	Shares and participations	118
15	Other receivables	120
16	Prepaid expenses and accrued income	120
17	Other liabilities	120
18	Accrued expenses and prepaid income	120
19	Pledged assets and contingent liabilities	120
20	Related party transactions	120
21	Cash flow	121
22	Appropriation of profit or loss	121
23	Events after the end of the reporting period	121

1 Accounting policies

Compliance with laws and standards

The consolidated financial statements for Nederman Holding AB and its subsidiaries were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). The annual report was prepared in accordance with IAS 1, Presentation of financial statements, and in accordance with the Swedish Annual Accounts Act. In addition, RFR 1 Supplementary Accounting Rules for groups, issued by the Swedish Financial Reporting Board, has been applied.

Nederman group's accounting policies

Nederman group describes its accounting policies in conjunction with each note to provide increased understanding of each reporting area. See the table below for the reference to which note where each respective accounting policy can be found that is considered to have a material impact.

Accounting policies	Note
Business acquisitions and divestments	4 Acquisition of business operations
Operating segment	5 Segment reporting
Revenue	6 Revenue
Employee benefits	8 Employees
Incentive programme	8 Employees
Financial income and expenses	11 Financial income and expenses
Income tax	12 Income tax
Research and development	13 Intangible fixed assets
Customer relations	13 Intangible fixed assets
Trademarks	13 Intangible fixed assets
Goodwill	13 Intangible fixed assets
Tangible fixed assets	14 Tangible fixed assets
Leasing	15 Rights-of-use assets
Inventory	16 Inventory
Earnings per share	20 Equity and number of shares
Pensions and similar obligations	24 Provisions for pensions and similar obligations
Warranty commitments	25 Other provisions
	28 Pledged assets and contingent liabilities
Restructuring costs	25 Other provisions
Government grants	27 Government grants
Contingent liabilities	28 Pledged assets and contingent liabilities
Cash flow statement	30 Cash flow
Financial instruments	3 Goal and policy regarding financial risk
	17 Accounts receivable
	18 Other receivables
	21 Interest-bearing liabilities
	22 Other liabilities
	26 Financial instruments

Consolidation principles

The consolidated financial statements comprise the parent company, Nederman Holding AB, with its subsidiaries. Inter-company receivables and liabilities, revenue and expenses, and unrealised gains or losses arising from inter-company transactions between group companies are eliminated in their entirety when preparing the consolidated financial statements.

Restatement to SEK upon consolidation of other functional currencies

The parent company's functional currency is the Swedish krona which is also the reporting currency of the parent company and the group. This means that the financial statements are presented in Swedish kronor. Unless otherwise stated, all amounts are rounded to the nearest million.

Each group company's functional currency is determined based on the primary financial environment in which it conducts its operations. The primary financial

environment is usually that in which the company primarily generates and utilises cash and cash equivalents. In most cases, the functional currency is the currency in which the company is located. Assets and liabilities of foreign entities (none of which has a hyperinflationary currency), including goodwill and other consolidated surplus values and deficits, are translated from the foreign entity's functional currency to the group's reporting currency at the exchange rate prevailing on the balance sheet date. Revenue and expenses of foreign entities are translated to Swedish kronor at an average exchange rate. Translation differences arising from currency translation of foreign subsidiaries are recognised in a separate component in other comprehensive income and accumulated in equity designated as the translation reserve. On disposal, the hereto attributable accumulated translation differences, previously recognised in the consolidated statement of total comprehensive income, are realised in the consolidated income statement in the same period as the profit or loss on the sale.

Transactions and balance sheet items in foreign currency

Transactions in currencies other than the functional currency for the reporting company are restated to the functional currency at the exchange rate that applies on the transaction date. Assets and liabilities in other currencies are restated to the functional currency using the rate on the balance sheet date. Translation differences attributable to operating receivables and liabilities are recognised as other operating income and other operating expenses, respectively, in operating profit/loss, while gains and losses on financial assets and liabilities are recognised in net financial items.

Classifications

Fixed assets and non-current liabilities essentially consist of amounts expected to be recovered or settled after more than 12 months calculated from the balance sheet date. Current assets and current liabilities consist essentially of amounts expected to be recovered or settled within 12 months calculated from the balance sheet date and amounts where the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

New accounting policies in 2020

In this annual report, the group has applied for the first time the new and amended standards and interpretations that are to be applied for financial years beginning 1 January 2020 or later. Except for amendments stated below, these have not had a material impact on the group's financial statement. No new or amended IFRS has been applied in advance.

IAS 12, Income taxes

In accordance with the guidance published by IASB in 2020 on the management of deferred tax on leases (IFRS 16), deferred tax is now recognised on temporary differences that arise as a result of the assets being depreciated at a different pace than the amortisation of the liabilities. Deferred tax is calculated net of right-of-use asset and lease liability. Due to this change, opening equity for 2019 was adjusted by SEK 3.8m.

IAS 20, Government grants

Government grants are financial contributions from government and supranational bodies and are received in exchange for the Nederman group meeting certain established conditions. Contributions that are attributable to earnings are recognised as prepaid income in the balance sheet and reduce costs in the period to which the grant pertains. If costs arise before the contributions have been received, but an agreement has been finalised for receipt of the contributions, the contributions are recognised in the income statement to meet the costs to which the grant pertains.

New accounting policies in 2021 and later

New and amended IFRS that have not yet come into force and have not been applied in advance in the preparation of the group's financial statements. None of these has any material impact on the group's financial statements.

2 Important estimations and assessments

Preparation of Nederman Holding AB's consolidated financial statements requires that a number of estimates and assumptions are made regarding the future, which could affect the recognised values of assets and liabilities at the time of the financial statements and revenues and expenses for the periods presented. In preparing the financial statements, the management made its best estimates of certain amounts that are included in the financial statements in respect of their materiality. Actual results may differ from earlier estimates. Estimates and assumptions are reviewed on a regular basis. Changes in estimates and assessments are recognised in the period in which the change is made if the change affects only that period, or in the period in which the change is made and

future periods if the change affects both current and future periods. In accordance with IAS 1, the company must provide disclosure on the assumptions and other major sources of estimation uncertainty which, if the actual outcome does not correspond, could have significant impact on the financial statements.

The sources of uncertainty in estimates and critical assessments identified by Nederman group, and that can be regarded as meeting these criteria, are presented in connection with the items that they are deemed to affect. The table shows where these descriptions appear.

Sources to estimation uncertainty and critical judgements	Note
Revenue recognition relating to sales of solutions (project sales)	6 Revenue
Deferred tax and uncertainty in income tax processes	12 Income tax
Examination for impairment of goodwill and other intangible fixed assets	13 Intangible fixed assets
Measurement of right-of-use assets	15 Leasing
Obsolescence provision inventory	16 Inventory
Assumptions in calculation of pensions and similar obligations	24 Provisions for pensions and similar obligations
Provisions for product guarantees	25 Other provisions

3 Goal and policy regarding financial risk

Nederman is exposed to a number of risks that could significantly impact the group's operations, earnings and financial position, in the form of liquidity risk, interest risk, credit risk and currency risk. Nederman conducts continuous risk assessments that include identifying the risks that impact the group and taking measures to manage these risks. It is the Board of Directors that determines the policies for risk management. The Nederman group has a central finance function which is responsible for identifying and effectively limiting the group's financial risks. The finance function reports via the CFO to the Board of Directors.

Liquidity risks

Liquidity risks pertain to the risk that Nederman group may be unable to finance or refinance its assets or meet its payment obligations.

The group has a financing agreement with Skandinaviska Enskilda Banken (SEB) and Svenska Handelsbanken (SHB) for SEK 1,500m and a financing agreement with Svenska Handelsbanken (SHB) for SEK 200m. In addition, the group has a bilateral loan agreement of SEK 300m with Svensk Export Kredit (SEK). The agreements have a three year maturity with extension options for one additional year. The agreements mature in May 2022 unless the options are exercised. At the end of the year, the scope within the agreement with SEB and SHB had been utilised in an amount of SEK 1,242m (1,080). Accordingly, at the end of the period, the group had a credit facility of SEK 258m (420) within Nederman's loan agreement with SEB and SHB, as well as SEK 200m within Nederman's loan agreement with SHB. At the end of the year, the scope within the agreement with SEK had been fully utilised. During the year, Nederman signed an updated financing agreement with its banks. The updated financing agreements create flexibility and scope for covenants for the next year. During the year, borrowing totalled SEK 200m (1,689) and repayments of SEK 205m (1,137) were made. If Nederman's current largest shareholder, Investment AB Latour, ceases to be the largest shareholder, the banks have the right under certain conditions to terminate the agreement prematurely.

The group's financing agreement with SEB, SHB and SEK contains covenants connected with the performance measures net debt/EBITDA, interest cover ratio and available liquidity. All covenants were fulfilled on the balance sheet date.

The group's financial liabilities, excluding pension provisions, at year-end totalled SEK 1,766.2m, of which SEK 1,536.7m in revolving credit facilities and SEK 229.5m in lease liabilities. The overdraft facilities were not utilised.

The group had SEK 466.8m in cash and cash equivalents and SEK 205.1m in unutilised overdraft facilities. In addition, there was a further credit facility of SEK 458.2m within the framework of Nederman's loan agreement with SEB and SHB. Accordingly, there were available funds totalling SEK 1,130.1m on 31 December 2020. The liquidity in the group is not exposed to large seasonal fluctuations.

According to the group's financial policy, cash and cash equivalents are deposited only in reputable banks ("first-class banks").

Interest rate risks

Interest risk pertains to the risk that changed interest levels could impact Nederman group's income and cash flow. The Nederman group is exposed to interest rate risk through its net debt. The group's interest-bearing assets and liabilities have floating interest rates or a maximum term of six months, according to the funding agreement with the group's lenders. A change in the interest rate of 1 percentage point would have affected net financial items in 2020 by SEK 15.1m (11.8), calculated on average net debt for the year. The Nederman group has determined that reasonable changes in interest rates do not affect the group's earnings to such a material extent that there is a need to secure interest rates through financial instruments. This assessment is updated on an ongoing basis and may be reviewed in the event of an increase in loan exposure.

3 Goal and policy regarding financial risk, continued

The table below shows the effective rate of interest on the balance sheet date and the financial liabilities' maturity structure/interest rate negotiations. The effective rate of interest is 2.17 percent (1.83).

2020, SEKm	Currency	Interest extension time	Interest rate, %	Nominal amount in original currency	Total	Within 3 months	Between 3 and 12 months	Between 1 and 3 yrs	Between 3 and 5 yrs	Later than 5 yrs
Bank loan (revolving)	SEK	2021-02-04	1.750	110.0	113.4	0.6	1.8	111.0	-	-
Bank loan (revolving)	SEK	2021-01-07	1.750	450.0	463.8	2.4	7.3	454.1	-	-
Bank loan (revolving)	SEK	2021-02-26	1.750	46.5	48.0	0.3	0.8	46.9	-	-
Bank loan (revolving)	SEK	2020-01-25	1.750	200.0	206.1	1.1	3.2	201.8	-	-
Bank loan (revolving)	EUR	2021-02-26	1.750	14.2	147.0	0.8	2.3	143.9	-	-
Bank loan (revolving)	EUR	2021-01-22	1.750	7.7	79.7	0.4	1.3	78.0	-	-
Bank loan (revolving)	USD	2021-01-29	2.064	26.3	222.0	1.2	3.5	217.3	-	-
Bank loan	SEK	2021-02-26	1.750	300.0	309.2	1.6	4.9	302.7	-	-
Lease liabilities					229.5	17.8	45.3	111.2	25.1	30.1
Accounts payable					334.5	294.7	39.8	-	-	-
Total					2,153.2	320.9	110.2	1,666.9	25.1	30.1

2019, SEKm	Currency	Interest extension time	Interest rate, %	Nominal amount in original currency	Total	Within 3 months	Between 3 and 12 months	Between 1 and 3 yrs	Between 3 and 5 yrs	Later than 5 yrs
Bank loan (revolving)	SEK	2020-02-03	0.700	110.0	114.9	0.5	1.5	112.9	-	-
Bank loan (revolving)	SEK	2020-01-07	0.700	450.0	470.0	2.1	6.2	461.7	-	-
Bank loan (revolving)	SEK	2020-02-28	0.764	46.5	48.5	0.2	0.6	47.7	-	-
Bank loan (revolving)	EUR	2020-02-28	0.700	14.2	154.7	0.7	2.0	152.0	-	-
Bank loan (revolving)	EUR	2020-03-19	0.700	7.7	83.9	0.4	1.1	82.4	-	-
Bank loan (revolving)	USD	2020-02-28	2.714	26.3	255.9	1.1	3.4	251.4	-	-
Bank loan	SEK	2020-02-28	0.764	300.0	313.3	1.4	4.1	307.8	-	-
Bank loan	SEK	2020-02-28	0.564	200.0	208.8	0.9	2.7	205.2	-	-
Bank loan (revolving)	USD	2020-01-08	0.037	0.5	4.7	4.7	-	-	-	-
Lease liabilities					275.7	17.9	49.4	107.3	53.3	47.8
Accounts payable					423.2	367.5	55.7	-	-	-
Derivatives					1.2	-	1.2	-	-	-
Total					2,354.8	397.4	127.9	1,728.4	53.3	47.8

Credit risks

The risk that the group's customers might not pay their accounts receivable and contract assets constitutes a customer credit risk. To limit this risk, the Nederman group employs credit policies that limit outstanding amounts and the credit period for different customers. For new customers and new markets, letters of credit or advance payments normally apply. For established customer relationships, credit limits are carefully monitored to limit the risk. In some cases, credit insurance is used to secure accounts receivable. The group's largest individual customer accounted for 2.1 percent of sales. The five largest customers accounted for 5.5 percent of sales. The company's risk spread can thus be regarded as very good. Ongoing risk assessments are carried out of accounts receivable and contract assets, and given that customers operate in several different industries and markets, the risks are deemed to be low.

Provisions for bad debts are based on expected credit losses for their remaining time to maturity. Impairment is carried out on an individual case assessment basis. The group's bad debt losses in 2020 amounted to SEK 7.0m (11.0). Of the group's total account receivables, net of the credit loss reserve, of SEK 477.0m, 3.7 percent (5.3) comprises accounts receivable overdue by more than 90 days. At 31 December 2020, provisions for credit losses amounted to SEK 25.7m (28.2), equivalent to 5.1 percent (4.3) of the gross total accounts receivable. See also Note 17, Accounts receivable.

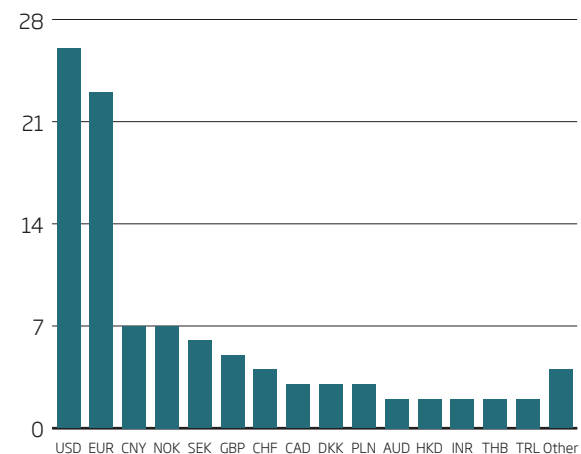
In major projects recognised as contract assets or contract liabilities, payment terms with a fixed payment plan are applied, with the payments based on fulfilment of the performance obligation (degree of completion). Expected losses are expensed as soon as they are known.

Foreign currency risks

Through its global operations, Nederman group is exposed to currency risk since exchange rate fluctuations affect the group's income and financial position. The group's currency exposure includes transaction exposure, financial exposure and translation exposure. Transaction exposure arises when the group's compa-

nies buy in one currency and sell in another currency. In order to limit transaction exposure in the Nederman group, the general rule is that supply companies sell to sales companies in the sales companies' local currencies. In this way, the transaction exposure in sales companies is low. The largest production company is located in Sweden and 65 percent of purchases by this company are made in SEK. Other purchases are mainly in EUR and to a lesser extent in USD. Financial exposure arises when exchange rate fluctuations impact the value of loans. Translation exposure arises when exchange rate fluctuations affect the value of assets and liabilities in foreign subsidiaries, which comprises a currency exposure of equity.

Invoicing in the group, 2020, %



Invoicing in the group is based on the group companies' functional currencies.

3 Goal and policy regarding financial risk, continued

According to the group's financial policy, 70 percent of the expected currency flows in foreign currencies can be hedged for a maximum of eight months forward. In cases where there is currency exposure for tangible projects, the currency exposure is hedged. In 2020, Nederman group used foreign exchange forwards to hedge currency exposure from a deferred purchase consideration in conjunction with an acquisition made in 2018. These foreign exchange forwards are assessed on an ongoing basis at fair value, with recognition of value adjustments in net financial items. During 2020, a loss of SEK 1.2m was recognised in net financial items. As of December 2020, all derivatives had matured.

A change in exchange rates of +/- 3 percent has an impact on the operating profit of:

mSEK	-3%	2020 +3%	-3%	2019 +3%
CNY	0.5	-0.5	-1.6	1.6
EUR	-4.1	4.1	-0.5	0.5
GBP	-0.5	0.5	-0.7	0.7
NOK	-1.1	1.1	-1.3	1.3
PLN	-1.6	1.6	-1.7	1.7
USD	-3.5	3.5	-4.3	4.3

The above table is based on the group's net flows in these currencies as well as the translation impact on the group's Income Statement.

Translation exposure

Net assets in the group are divided across the following currencies:

Currency, SEKm	2020		2019*	
CHF	-34.4	-3%	-49.2	-4%
CNY	17.8	1%	42.7	3%
CZK	19.6	2%	18.6	1%
DKK	-61.2	-5%	-47.9	-3%
EUR	154.6	12%	134.4	10%
GBP	25.4	2%	25.2	2%
INR	-18.5	-1%	-9.3	-1%
NOK	1.2	0%	29.8	2%
PLN	125.8	10%	99.3	7%
SEK	838.6	64%	890.9	64%
THB	-67.4	-5%	-68.9	-5%
TRL	-18.7	-1%	-20.8	-2%
USD	295.5	23%	311.2	23%
Other	22.5	1%	26.0	3%
Total	1,300.8	100%	1,382.0	100%

*Allocation of net assets between currencies was redistributed for the comparative year of 2019 to achieve a fairer reflection of the allocation of surplus values and investments in subsidiaries per currency.

4 Acquisition of business operations

Accounting policies

Business acquisitions and divestments

Business acquisitions are recognised according to the acquisition method. The cost of acquiring a business or company consists of the fair value determined on the acquisition date of the acquired identifiable assets and assumed liabilities and contingent liabilities and any non-controlling interest. The difference between the consideration transferred and the fair value of the acquired identifiable assets and assumed liabilities and

contingent liabilities is recognised as goodwill if the difference is positive. If the difference is negative, this amount is recognised directly in the income statement. Acquisition-related costs, such as fees for legal advice and due diligence, are expensed. Financial statements from the acquired businesses are included in the consolidated financial statements from the date of acquisition. Divested operations are consolidated until the date on which the controlling influence ceases.

Nederman Holding AB's holding of shares and participations in group companies at 31 December 2020 is presented in the disclosures in parent company Note 14 Shares and participations.

Gasmot Technologies

On 9 December 2019, Nederman acquired 100 percent of the shares in the Finnish group, Gasmot Technologies. During 2020, SEK 2.5m net after tax was reallocated from customer relations to goodwill based on final PPA. In 2020, acquisition-related costs amounting to SEK 1.6m were expensed. The acquisition analysis is final.

Auburn FilterSense LLC

On 5 April 2018, Nederman acquired 100 percent of the shares in the US company Auburn FilterSense LLC. The purchase price amounted to SEK 65.0m, of which SEK 20.7m constituted a possible additional purchase price, which is based on profitability in 2018 and 2019. During the first quarter of 2020, the remainder of the total purchase price was paid. The transaction had no impact on the result.

Luwa Air Engineering

On 17 October 2018, Nederman acquired 100 percent of the shares in the Swiss group Luwa Air Engineering. The purchase price amounted to SEK 258.7m, of which SEK 51.7m was to be paid two years after the date of acquisition. In the fourth quarter of 2020, the remainder of the total purchase price was paid. The transaction had no impact on the result.

5 Segment reporting

Accounting policies

Operating segment

The group's operations are managed and reported by business segment. The organisation of the operating segments is based on technology, customer structure and business logic, with its starting point in the group's trademarks. This entails that the operating segments are global. The group's internal reporting system is built up in order to make it possible to follow the operating segments' sales and operating profit. The segments are presented based on reports submitted to the chief operating decision-maker in order to assess performance and allocation of resources to the segments. Segments are measured and consolidated in accordance with the same principles as for the group as a whole. Inter-company transactions within and between segments take place on market conditions. The operating segments' results include earnings up to adjusted EBITA. Earnings, assets and liabilities for the segments include directly attributable items plus items that can be allocated to the segments in an appropriate way. Items that are recognised as "Other - non-allocated" pertain mostly to expenses related to the parent company Nederman Holding AB, which includes the central main office functions, such as Group management, Group finance, Group IT

and Group HR. The item "Other - non-allocated" also pertains to acquisition costs, restructuring costs, financial income and expenses, and tax expenses. Assets included in working capital are defined as inventory, accounts receivable, contract assets, other receivables and prepaid expenses and accrued income. Liabilities included in working capital are defined as accounts payable, contract liabilities, other operating liabilities, and accrued expenses and prepaid income. Assets and liabilities that have not been allocated between the segments are fixed assets except for goodwill, cash and cash equivalents, tax receivables and tax liabilities (current and deferred), financial investments and financial liabilities, provisions and pension liabilities. The segments' capital expenditure in fixed assets includes all capital expenditure in tangible and intangible fixed assets, except expendable equipment and equipment of minor value.

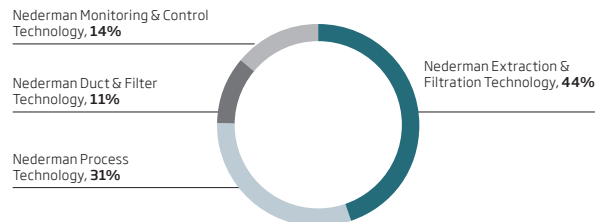
On a secondary level, the operations are monitored based on the following regions: Americas (North and South America), EMEA (Europe, Middle East and Africa) and APAC (Asia-Pacific).

Operating segment

Nederman group's operating segments are described on pages 48-57 and comprise:

- Nederman Extraction & Filtration Technology
- Nederman Process Technology
- Nederman Duct & Filter Technology
- Nederman Monitoring & Control Technology

External sales per operating segment, 2020



	Extraction & Filtration Technology	Process Technology	Duct & Filter Technology	Monitoring & Control Technology	Other non-allocated	Elimination	Total Nederman group
2020, SEKm							
Net sales, external customers	1,645.4	1,129.8	394.8	504.8	-	-	3,674.8
Net sales, internal between operating segments	3.4	7.0	63.1	2.1	-	-75.6	-
Netsales	1,648.8	1,136.8	457.9	506.9	-	-75.6	3,674.8
Adjusted EBITA	221.7	58.1	63.9	94.6	-86.0	-	352.3
Amortisation of intangible assets							-56.7
Acquisition costs							-1.6
Restructuring costs							-75.0
Operating profit							219.0
Net financial items							-70.5
Taxes							-38.1
Net profit for the year							110.4
Assets included in working capital	518.8	431.0	96.0	191.3	64.5	-61.0	1,240.6
Goodwill	455.7	320.2	17.8	721.0	-	-	1,514.7
Non-allocated assets	-	-	-	-	1,494.2	-	1,494.2
Total assets	974.5	751.2	113.8	912.3	1,558.7	-61.0	4,249.5
Liabilities included in working capital	390.2	363.2	56.0	55.4	63.0	-61.0	866.8
Non-allocated liabilities	-	-	-	-	2,081.9	-	2,081.9
Total liabilities	390.2	363.2	56.0	55.4	2,144.9	-61.0	2,948.7
Other segment information							
Capital expenditure	18.7	7.5	11.1	33.8	37.8	-	108.9
Lease agreements entered into during the year	24.3	8.2	13.5	1.8	1.2	-	49.0
Depreciation/Amortisation and impairment	-60.9	-27.5	-14.2	-49.5	-13.5	-	-165.6
Items not affecting cash flow other than depreciation/amortisation	2.1	11.8	0.1	8.8	0.3	-	23.1

5 Segment reporting, continued

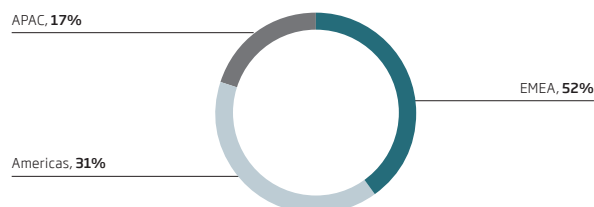
	Extraction & Filtration Technology	Process Technology	Duct & Filter Technology	Monitoring & Control Technology	Other non-allocated	Elimination	Total Nederman group
2019, SEKm							
Net sales, external customers	1,934.5	1,621.8	472.0	279.4	-	-	4,307.7
Net sales, internal between operating segments	5.7	11.5	83.4	0.9	-	-101.5	-
Netsales	1,940.2	1,633.3	555.4	280.3	-	-101.5	4,307.7
Adjusted EBITA	263.2	101.6	69.6	44.6	-85.0	-	394.0
Amortisation of intangible assets							-44.9
Acquisition costs							-5.9
Operating profit							343.2
Net financial items							-35.9
Taxes							-81.5
Net profit for the year							225.8
Assets included in working capital	669.4	623.2	126.2	193.1	101.7	-140.2	1,573.4
Goodwill	473.7	345.8	19.0	773.7	-	-	1,612.2
Non-allocated assets	-	-	-	-	1,564.7	-	1,564.7
Total assets	1,143.1	969.0	145.2	966.8	1,666.4	-140.2	4,750.3
Liabilities included in working capital	435.9	568.2	68.6	64.8	107.7	-140.2	1,105.0
Non-allocated liabilities	-	-	-	-	2,263.3	-	2,263.3
Total liabilities	435.9	568.2	68.6	64.8	2,371.0	-140.2	3,368.3
Other segment information							
Capital expenditure*	18.1	6.5	14.8	19.5	34.7	-	93.6
Lease agreements entered into during the year	26.6	7.1	1.4	40.5	0.8	-	76.4
Depreciation/Amortisation and impairment	-63.0	-29.8	-13.2	-28.4	-12.3	-	-146.7
Items not affecting cash flow other than depreciation/amortisation	1.9	-2.3	0.8	-0.0	-1.2	-	-0.8

*The group's investments in products and services have been reclassified from Other non-allocated to Monitoring & Control Technology. As a result of the reclassification, SEK16.3m of 2019 year's capital expenditure has been reclassified from Other non-allocated to Monitoring & Control Technology.

Geographic areas

The group is divided into ten geographic regions: Sweden, Germany, the UK, other EMEA, the US, other Americas, China, India, other APAC and rest of the world. The information presented concerning the revenue for the geographic areas are grouped according to where the customers are located. Information concerning fixed assets, capital expenditure for the period in tangible and intangible assets, with the exception of goodwill, and operating assets is based on the geographic regions where the assets are located. Fixed assets are defined as total assets less goodwill, non-current receivables and deferred tax assets. Operating assets are defined as total assets excluding cash and cash equivalents, tax receivables (current and deferred) and financial investments.

Externals sales per region, 2020



2020, SEKm	Sweden	Germany	UK	Rest of EMEA	USA	Rest of Americas	China	India	Rest of APAC	Rest of the world	Not allocated	Total
Net sales	206.7	355.8	183.9	992.1	883.2	209.3	306.7	78.0	391.9	67.2	-	3,674.8
Fixed assets	103.2	49.2	12.7	386.8	165.6	4.1	36.8	53.4	25.7	-	94.7	932.2
Capital expenditure	28.9	2.7	1.1	22.0	8.6	0.3	0.3	1.3	0.4	-	43.3	108.9
Operating assets	571.7	509.3	119.3	1,777.2	928.5	88.5	244.4	78.5	92.4	-	-719.0	3,690.8

2019, SEKm	Sweden	Germany	UK	Rest of EMEA	USA	Rest of Americas	China	India	Rest of APAC	Rest of the world	Not allocated	Total
Net sales	122.8	404.7	214.6	1,092.3	1,078.7	275.7	457.7	139.8	375.2	146.2	-	4,307.7
Fixed assets	91.0	53.9	16.3	444.6	186.3	7.8	47.6	66.5	32.5	-	71.7	1,018.2
Capital expenditure	5.7	2.0	0.6	17.6	11.8	1.4	1.3	1.5	0.7	-	51.0	93.6
Operating assets	712.6	505.2	143.1	1,863.2	978.4	111.3	358.2	91.2	125.3	-	-681.9	4,206.6

6 Revenue

Accounting policies

Nederman's sales model

Nederman's customer offering encompasses everything from individual products, complete solutions, design, installation, and commissioning to service. Based on these customer offerings, Nederman's sales model is divided into three sales types: products, solutions, and service and aftermarket. Within each operating segment, revenue flows from the three sales types are monitored, which is why these categories are considered to be the most relevant basis for classifying revenue. The classification provides a good understanding of the group's revenue streams.

Sales of products

Nederman offers a broad range of standard products that solve common problems related to smoke, gas, dust, material recycling, work environment and efficient production. Product sales are made primarily via distributors and resellers. Revenue from sales of products is recognised at a given point in time when the promised good are transferred to the customer and the customer obtains control over the good. The customer obtains control when they receive the good, can control its use and obtain financial benefits from the asset. This normally occurs when the goods are made available to the customer at the agreed time and place. At this time, Nederman has the right to receive payment for the goods. The transaction price is the compensation that Nederman is entitled to in exchange for transferring promised goods to the customer.

Sales of solutions (project sales)

Solutions consist either of individual products in the Nederman range which are assembled to build small and medium-sized systems, or large system solutions with a high element of special customisation. The task of both variants is to solve more complex tasks. Sales are conducted through Nederman's own sales organisation. In the sale of solutions, which contain a significant element of customisation, Nederman's promise to customers is to deliver integrated system solutions, and not individual goods or services separately. It is the total performance to which the customer has agreed. When it comes to sales within the solutions segment, this means that separate performance obligations cannot be identified and sales are therefore recognised as revenue over time. For sales recognised over time, the progress towards full completion of the performance obligation is measured. This is carried out on the basis of project costs incurred in relation to total costs for goods and services that have been promised according to the agreement. Project costs incurred are determined either on the basis of

the value of the goods or services that have been transferred to date or on the basis of measurements at the customer such as achieved milestones. The choice of method is consistent within individual projects.

Solutions are recognised in the statement of financial position as contract assets or as contract liabilities when Nederman or the customer has fulfilled a commitment, depending on the relationship between Nederman's performance and the customer's payment. For contract assets, see Note 18, Other receivables, and for contract liabilities, see Note 22, Other liabilities. Contract liabilities are recognised as revenue when the performance obligation is fulfilled. At the beginning of 2020, contract liabilities amounted to SEK 379.9m (440.3), of which SEK 278.8m (315.7) was recognised as revenue in the current year. At the end of 2020, contract liabilities amounted to SEK 260.1m. As a result of COVID-19, several projects were postponed, but these are still expected to be implemented.

The transaction price is the compensation that Nederman expects to be entitled to in exchange for transferring the promised goods and services to the customer in accordance with the contract. Expected credit losses are expensed immediately. Most projects are sold at a fixed price.

Sales of service and aftermarket

By offering qualified service with good availability, Nederman helps to ensure continuous operation without expensive interruptions to customers' production. In addition to technical service, this area also includes service contracts, spare parts and consumables.

Revenue from sales within service and aftermarket is recognised when Nederman meets its performance commitment, which is at a given point in time when the promised goods or service is transferred to the customer and the customer obtains control over the goods or service. The customer obtains control when they receive the goods or service, can control their use and obtain financial benefits from the asset or service. This normally occurs when the goods are made available to the customer at the agreed time and place or when the service is performed and the customer can benefit from the service provided. The transaction price is the compensation that Nederman is entitled to in exchange for transferring promised goods or services to the customer.

For warranty commitments see Note 25, Other provisions.

Estimations and assessments

Revenue recognition relating to sales of solutions

Revenue recognition relating to sales of solutions, which is recognised over time, is made by measuring the progress towards completion of the performance obligation. Establishment of the performance obligation, i.e.

assessing the extent to which accrual of the projects has occurred, requires estimates. Sales from solutions accounted for 41 percent of the group's total sales in 2020.

Allocation of sales on segments and sales types

2020, SEKm	Products	Solutions	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	650.8	693.3	304.7	1,648.8
Nederman Process Technology	0.2	811.6	325.0	1,136.8
Nederman Duct & Filter Technology	420.0	27.8	10.1	457.9
Nederman Monitoring & Control Technology	454.5	4.3	48.1	506.9
Elimination	-30.3	-30.8	-14.5	-75.6
Total Nederman group	1,495.2	1,506.2	673.4	3,674.8

2019, SEKm	Products	Solutions	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	793.0	796.7	350.5	1,940.2
Nederman Process Technology	1.1	1,260.2	372.0	1,633.3
Nederman Duct & Filter Technology	504.6	37.3	13.5	555.4
Nederman Monitoring & Control Technology	276.1	-	4.2	280.3
Elimination	-38.9	-42.6	-20.0	-101.5
Total Nederman group	1,535.9	2,051.6	720.2	4,307.7

7 Other operating income and expenses

Other operating income, SEKm	2020	2019
Profit from sale of fixed assets	1.8	2.4
Recovered bad debt losses	3.0	2.8
Exchange gains on operating receivables/liabilities	-	3.3
Other	8.2	6.9
Total	13.0	15.4

Other operating expenses, SEKm	2020	2019
Loss from sales of fixed assets	-0.2	-1.0
Bad debt losses	-7.0	-11.0
Exchange losses on operating receivables/liabilities	-28.1	-
Other	-8.5	-8.8
Total	-43.8	-20.8

Other operating income and expenses, SEKm	2020	2019
	-30.8	-5.4

For further information about the credit loss reserve, see note 17, Accounts receivable.

8 Employees

Accounting policies

Employee benefits

Employee benefits are recognised as costs on receipt of the related services. A provision for expected bonus payments is recognised when the group has an obligation to make such payments as a result of corresponding services being received or other contractual conditions being met.

Remuneration policy adopted at the 2020 Annual General Meeting

The 2020 Annual General Meeting (AGM) resolved on guidelines for remuneration and other employment terms for members of Nederman's Group management. The established principles can be summarised as follows.

Types of remuneration

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. The objective of Nederman's guidelines for executive remuneration is therefore to offer competitive remuneration on market terms, so that competent and skillful personnel can be attracted, motivated and retained. These guidelines enable the company to offer the executive management competitive total remuneration. The remuneration shall be on market terms and may consist of the following components: fixed salary, variable remuneration, pension benefits and other benefits. The remuneration is determined by the Remuneration Committee in accordance with principles for executive remuneration adopted by the AGM.

Fixed salary

Fixed salary is paid for satisfactory work.

Variable remuneration

The variable remuneration shall be linked to predetermined, well-defined and measurable financial criteria. The satisfaction of criteria for awarding variable remuneration shall be measured over a period of one year. The variable remuneration may amount to not more than 50 percent of the total fixed salary under the measurement period for the CEO and not more than 30 percent of the total fixed salary under the measurement period for other senior executives. The criteria for variable remuneration shall mainly relate to the group's profitability and working capital development. Variable remuneration may also be related to individual criteria. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability. Further variable remuneration may be awarded in extraordinary circumstances, provided that

such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

Share-based incentive programme

The AGM held on 29 April 2019 approved the Board's proposal that it should be possible to supplement the annual programmes for variable remuneration by a long-term share-based incentive programme for members of Group management. The incentive programme was established for a period of two years, comprising 2019-2020, and is targeted in a way that makes it particularly favourable for the company's shareholders. The result of the programme for the senior executives (net after income tax), shall be reinvested in share warrants in Nederman or in Nederman shares. Warrants or Nederman shares are subject to approval by the relevant future AGM of Nederman. The reinvested shares and warrants are expected to be maintained by the senior executive during his time of employment, but at least three years. The incentive programme may amount to a maximum of 35 percent of annual salary for the CEO and a maximum of 20 percent of annual salary for other senior executives. No shares were allotted in the incentive programme for 2019-2020.

Pension benefits

For the CEO, pension benefits shall be premium-based. The pension premiums for premium-based pension shall amount to not more than 35 percent of the pension based salary. For other executives, pension benefits shall be based on a contractual ITP plan or be premium-based, unless the individual concerned is subject to defined-benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits. Pension premiums that follow from the contractual ITP plan or are premium-based, shall amount to not more than 35 percent of the pension based salary, unless other premium levels apply according to applicable ITP plan. For employment governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

8 Employees, continued

Accounting policies, continued

Other benefits

Other benefits may include, for example, life insurance, health and medical insurance and company cars. Such benefits may amount to not more than 20 percent of the fixed annual salary.

Termination of employment

The notice period may not exceed 24 months if notice of termination of employment is made by the company for the CEO and twelve months for other executives. Fixed salary during the period of notice and severance pay

may together not exceed an amount equivalent to the CEO's fixed salary for two years, and one year for other executives. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

Principles for compensation to the Board of Directors

Directors' fees are paid to the Chairman of the Board of Directors and other members according to the decision of the AGM. Employee representatives in the Board of Directors do not receive director's fees.

Expenses for remuneration to employees, SEKm	2020	2019
Salaries and other remuneration	977.1	1,074.9
Pensions expenses, defined-benefit plans (see also note 24)	11.9	15.2
Pension expenses, defined-contribution plans (see also note 24)*	49.9	49.6
Social security expenses	131.4	146.5
Total	1,170.3	1,286.2

*Of the parent company's pension costs SEK 1,8m (1,4) concern the Board of Directors and the CEO for the parent company. There are no outstanding pension obligations to the group's Board of Directors, CEO and senior executives.

Salaries and other remuneration allocated between the Board of Directors and other employees, SEKm	2020	2019
Board of Directors, CEO and senior executives	82.3	80.6
(of which variable compensation)	(6.1)	(10.7)
Other employees	894.8	994.3
Total	977.1	1,074.9

*The broader management group is included in the category, "Board of Directors, CEO and senior executives", for which the comparative figures were adjusted. Total salaries and remuneration remain unchanged.

Average number of employees	Women	Men	2020 Total	Women	Men	2019 Total
Australia	4	20	24	4	18	22
Belgium	3	14	17	3	17	20
Brazil	7	18	25	6	19	25
Denmark	8	67	75	9	69	78
England	18	87	105	16	82	98
Finland	28	53	81	2	5	7
France	5	5	10	6	12	18
Hong Kong	2	5	7	-	1	1
India	8	182	190	10	224	234
Indonesia	1	11	12	1	11	12
Canada	9	22	31	6	23	29
China	57	180	237	65	224	289
Malaysia	1	5	6	1	5	6
Mexico	3	8	11	3	7	10
The Netherlands	1	23	24	1	26	27
Norway	8	59	67	10	55	65
Poland	28	177	205	33	204	237
Russia	1	3	4	1	4	5
Switzerland	6	39	45	8	46	54
Singapore	3	6	9	3	6	9
Spain	3	14	17	2	13	15
Sweden	60	161	221	63	157	220
Thailand	17	28	45	13	29	42
Czech Republic	2	17	19	2	17	19
Turkey	4	18	22	4	17	21
Germany	38	153	191	38	139	177
Hungary	-	2	2	-	2	2
USA	117	273	390	122	328	450
Austria	1	4	5	-	3	3
Total	443	1,654	2,097	432	1,763	2,195
Of whom, senior executives	27	131	158	28	135	163

8 Employees, continued

Gender breakdown of senior executives, percentage of women	2020	2019
Senior executives	17%	17%

Remuneration to senior executives

2020, SEKt	Base salary Board fees	Variable remuneration	LTI	Other benefits	Pension expenses	Total
Chairman of the board Johan Hjertnsson	540	-	-	-	-	540
Member of the board Ylva op den Velde Hammargren	335	-	-	-	-	335
Member of the board Gunilla Fransson	260	-	-	-	-	260
Member of the board Johan Menckel	260	-	-	-	-	260
Member of the board Sam Strömerstén	310	-	-	-	-	310
CEO Sven Kristensson	4,632	-	-	165	1,762	6,559
Other senior executives (9 individuals)	17,227	-	-	967	3,601	21,795
Total	23,564	-	-	1,132	5,363	30,059
of which subsidiaries (5 individuals)	10,574	-	-	593	1,642	12,809

2019, SEKt	Base salary Board fees	Variable remuneration	LTI	Other benefits	Pension expenses	Total
Chairman of the board Johan Hjertnsson	540	-	-	-	-	540
Member of the board Ylva op den Velde Hammargren	335	-	-	-	-	335
Member of the board Gunilla Fransson	260	-	-	-	-	260
Member of the board Johan Menckel	260	-	-	-	-	260
Member of the board Sam Strömerstén	310	-	-	-	-	310
CEO Sven Kristensson	4,500	1,608	-	146	1,364	7,618
Other senior executives (10 individuals)	21,127	1,017	-	1,080	3,713	26,937
Total	27,332	2,625	-	1,226	5,077	36,260
of which subsidiaries (6 individuals)	14,948	415	-	723	1,881	17,967

9 Expenses by nature

Operating expenses by nature, SEKm	2020	2019
Cost of material	1,649.2	2,047.2
Cost of remuneration to staff	1,170.3	1,286.2
Other external costs and other personnel costs	363.3	473.1
Acquisition costs	1.6	5.9
Restructuring costs	75.0	-
Depreciation and amortisation	165.6	146.7
Other operating expenses	43.8	20.8
Total	3,468.8	3,979.9

Restructuring expenses allocated on functions, SEKm

Cost of goods sold	19.1	-
Selling expenses	42.5	-
Administrative expenses	8.1	-
Research and development expenses	2.2	-
Other expenses	3.1	-
Total	75.0	-

Restructuring expenses allocated on expenses by nature, SEKm

Cost of material	4.8	-
Cost of remuneration to staff	51.0	-
Other external costs and other personnel costs	19.2	-
Total	75.0	-

For information about the group's restructuring programme, see note 25, Other provisions.

10 Remuneration to auditors

SEKm	2020	2019
EY		
Audit assignment	7.8	6.7
Tax advice	0.1	0.1
Other assignments	0.2	0.2
Other auditors		
Audit assignment	1.0	1.2
Tax advice	0.1	0.1
Other assignments	0.2	0.4

Audit assignments refer to the statutory audit of annual and consolidated accounts, the administration of the Board of Directors and CEO, and auditing and other verifications as agreed. Other audit assignments include other duties

incumbent on the company's auditors and advice or other assistance required by the findings in the audit or performance of other tasks.

11 Financial income and expenses

Accounting policies

Financial income and expenses

Financial income and expenses consist of interest income on bank deposits and interest-bearing financial assets, interest expenses on loans, dividend income, foreign exchange differences on interest-bearing financial assets and liabilities, and the realised and unrealised profits and losses from derivatives that hedge future cash flows. The derivatives are measured at fair value through profit or loss and hedge accounting is not applied to these derivatives. Interest income on interest-bearing financial receivables and interest expenses on interest-bearing liabilities are calculated using the

effective interest method. This means that interest income and interest expenses include accrued transaction costs and any discounts, premiums and other differences between the initial carrying amount of the receivable or liability and the estimated future receipts and payments during the contract period. The interest component related to lease payments is recognised in the income statement through the application of the effective interest method. Dividend income is recognised when the shareholder's right to receive payment is established.

SEKm	2020	2019
Financial income		
Interest income on bank deposits	1.1	3.5
Other interest income	-	0.5
Exchange rate changes	0.1	4.4
Total	1.2	8.4
Financial expenses		
Interest expenses, credit institutions	-38.5	-24.3
Interest expenses, leasing liabilities	-13.3	-12.8
Interest expenses, other	-6.8	-7.2
Exchange rate changes	-13.1	-
Total	-71.7	-44.3
Net financial items	-70.5	-35.9

12 Income tax

Accounting policies

Income tax

Income tax consists of the sum of current tax and deferred tax. Income tax is recognised in the income statement except when the underlying transaction is recognised under other comprehensive income or directly against equity, in which case the associated tax effect is recognised in the equivalent way. Current tax is the tax payable or refundable for the current year, applying the tax rates enacted or substantively enacted at the balance sheet date. This includes any adjustment of current tax attributable to prior periods. A current tax liability or asset is recognised for the estimated tax to be paid or received for the current or prior years. Deferred tax is calculated using the balance sheet method on the basis of temporary differences between the tax values of assets and liabilities and the carrying amounts recognised in the group. Temporary differences that arise on initial recognition of an asset or liability, and are neither related to a takeover or other acquisition nor affect the recognised or taxable profit, do not give rise to any deferred

tax asset or liability. Deferred tax is calculated at a nominal amount applying the tax rates and tax laws that are enacted or substantively enacted on the balance sheet date. Temporary differences in participations in subsidiaries are not taken into account as the group can control the time of reversal of these and it is likely that they will not be reversed in the foreseeable future. Nor are temporary differences in goodwill taken into account. Deferred tax assets in regard to deductible temporary differences and loss carryforwards are only recognised to the extent it is probable they will be able to be utilised against future profits. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilised. Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities and when the deferred income taxes relate to the same taxation authority.

Estimations and assessments

Deferred tax and uncertainty in income tax treatment

Wherever uncertainty occurs in the treatment of income tax, an assessment is made of the probability that the tax agency or court will accept the tax treatment in the declaration of income, and the effect of the uncertainty is estimated and recognised in the financial statements as a tax liability in accordance with IFRIC 23.

When calculating the deferred tax asset or liability, assumptions are made regarding the probability of deferred tax assets being used for settlement of future taxable gains. The fair value of these future taxable gains may deviate in terms of the future business climate and earnings capacity or changed tax rules.

Recognised in the income statement

SEKm	2020	2019
Current tax expense (-)		
Tax expense for the period	-56.7	-88.5
Adjustment of tax relating to previous years	3.2	-1.8
Total	-53.5	-90.3
Deferred tax expense (-)/tax income (+)		
Deferred tax concerning temporary differences	-0.8	-3.6
Utilisation of previously activated loss carryforwards	-0.9	-2.1
Revaluation of loss carryforwards	-0.9	8.8
Deferred tax income in tax loss carryforwards capitalised during the year	18.0	5.7
Total	15.4	8.8
Total consolidated tax expenses	-38.1	-81.5

Reconciliation of effective tax

The Swedish corporate income tax rate is 21.4 percent. The primary reasons for the difference in tax rate between Swedish income tax and the group's tax rate based on the earnings after financial items are indicated in the table below.

Effective tax	2020, %	2020, SEKm	2019, %	2019, SEKm
Profit before tax		148.5		307.3
Tax according to the applicable tax rate for the Parent company	21.4	-31.8	21.4	-65.8
Effect of different tax rates for foreign subsidiaries	0.9	-1.3	0.0	-0.1
Non-taxable income	-2.3	3.5	-0.4	1.2
Non-tax deductible expenses	3.5	-5.2	4.2	-12.7
Revaluation of temporary differences	-0.5	0.7	-0.9	2.7
Increase of tax loss carryforwards without corresponding capitalisation of deferred tax	6.3	-9.5	2.1	-6.5
Utilisation or revaluation of previously non-capitalised tax loss carryforwards	-2.4	3.6	-0.9	2.8
Tax relating to previous years	-2.1	3.2	0.9	-2.9
Effect of changes in tax rates and tax rules	0.9	-1.3	0.1	-0.2
Reported effective tax	25.7	-38.1	26.5	-81.5

Current tax assets amount to SEK 61.3m (82.8) and represent the recoverable amount of current tax on the result for the year.

12 Income tax, continued

Reported in financial position

Deferred tax assets and liabilities, SEK m	Assets	Liabilities	2020 Net	Assets	Liabilities	2019 Net
Deferred tax assets and deferred tax liabilities relate to:						
Tangible fixed assets	18.4	29.4	-11.0	19.0	33.7	-14.7
Intangible fixed assets	0.2	66.0	-65.8	5.0	79.7	-74.7
Financial assets	0.0	1.0	-1.0	-	1.7	-1.7
Inventory	48.0	0.1	47.9	16.6	1.1	15.5
Accounts receivable	1.5	7.7	-6.2	3.8	1.4	2.4
Provision for pensions	18.8	0.1	18.7	17.6	0.2	17.4
Provisions	18.9	-	18.9	15.2	-	15.2
Long term liabilities	3.2	-	3.2	2.8	-	2.8
Short term liabilities	14.2	44.0	-29.8	11.3	-	11.3
Loss carryforwards	32.5	0.5	32.0	16.1	0.5	15.6
Tax assets/liabilities	155.7	148.8	6.9	107.4	118.3	-10.9
Netting	-127.4	-127.4	-	-95.4	-95.4	-
Deferred tax assets/liabilities according to statement of financial position	28.3	21.4	6.9	12.0	22.9	-10.9

Recognised loss carryforwards are not time limited except for losses in the Netherlands amounting to SEK 15.1m and China amounting to SEK 11.9m that are mainly valid until 2023-2025.

Unrecognised tax loss carryforwards

Deductible temporary differences and loss carryforwards for which deferred tax assets have not been reported in the consolidated statement of financial position:

SEKm	2020	2019
Unrecognised tax loss carryforwards	211.5	243.0

Unrecognised tax loss carryforwards would correspond to a deferred tax asset of SEK 51.2m. Unrecognised tax loss carryforwards are mainly related to losses in France, Indonesia, China, the Netherlands, Thailand, Germany and the US which will likely not be used for settlement against future taxable gains. The majority of the unrecognised tax loss carryforwards have a time limit of 2023-2024 and the remaining portion is mainly not time limited.

Change in deferred tax on temporary differences and losses carried forward

SEKm	Balance as of 1 January 2020	Recorded in income statement	Recorded in other compre- hensive income	Translation difference	Acquisitions of business	Balance as of 31 December 2020
Tangible fixed assets	-14.7	3.7	-	0.0	-	-11.0
Intangible fixed assets	-74.7	8.3	-	0.0	0.6	-65.8
Financial assets	-1.7	0.7	-	0.0	-	-1.0
Inventory	15.5	32.0	-	0.4	-	47.9
Accounts receivable	2.4	-8.5	-	-0.1	-	-6.2
Provision for pensions	17.4	-0.3	1.5	0.1	-	18.7
Provisions	15.2	3.6	-	0.1	-	18.9
Long term liabilities	2.8	0.4	-	0.0	-	3.2
Short term liabilities	11.3	-40.7	-	-0.4	-	-29.8
Loss carryforwards	15.6	16.2	-	0.2	-	32.0
Total	-10.9	15.4	1.5	0.3	0.6	6.9

SEKm	Balance as of 1 January 2019	Recorded in income statement	Recorded in other compre- hensive income or directly in equity	Translation difference	Acquisitions of business	Balance as of 31 December 2019
Tangible fixed assets	-3.9	-11.3	-	0.5	-0.0	-14.7
Intangible fixed assets	-44.9	-3.3	-	-	-26.5	-74.7
Financial assets	0.5	-2.5	-	0.3	-	-1.7
Inventory	12.4	3.3	-	-0.2	-	15.5
Accounts receivable	-6.2	10.0	-	-1.4	-	2.4
Provision for pensions	9.5	-6.4	13.5	0.8	-	17.4
Provisions	12.2	3.4	-	-0.4	-	15.2
Long term liabilities	-3.2	3.1	2.8	0.1	-	2.8
Short term liabilities	10.2	0.1	1.0	-0.0	-	11.3
Loss carryforwards	4.4	12.4	-	-1.2	-0.0	15.6
Total	-9.0	8.8	17.3	-1.5	-26.5	-10.9

13 Intangible fixed assets

Accounting policies

Research and development

Costs for development, where research results or other knowledge is applied to achieve new or improved products or processes, are recognised as an asset in the balance sheet if the product or process is technically and commercially feasible and the company has sufficient resources to complete development and thereafter use or sell the intangible asset. The carrying amount includes the cost of materials and other direct expenses that can be attributed to the asset in a reasonable and consistent manner. Development costs are recognised in the balance sheet at cost less accumulated amortisation and any impairment losses. Expenditure on research aimed at obtaining new scientific or technical knowledge is recognised as an expense in the income statement when incurred.

Customer relationships

Customer relationships acquired through business acquisitions are recognised at fair value at the acquisition date. Customer relationships with a finite life are measured at cost less amortisation and any accumulated impairment losses.

Trademarks

Brands acquired through business acquisitions are recognised at fair value at the acquisition date. Brands with an indefinite life are allocated to the cash-generating units or groups of cash generating units that are expected to benefit from the brand. The cash-generating units comprise the group's operating segments. The useful life is deemed indefinite if it is a question of a well-established brand in its market, which the group intends to maintain and develop further. The brands are tested annually and in the event of an indication of value decline, for impairment. Any impairment losses are charged to operating income.

The brands that have been identified and valued were established in connection with the 2012 acquisition of EFT, the 2018 acquisition of Auburn FilterSense and Luwa, and the 2019 acquisition of Gasmet. The cost of the trademarks were established at the time of the acquisition under the so-called relief from royalty method. The impairment test includes an assessment of the royalty rate on the acquisition date and estimated future sales performance for five years. Sustained growth of 2 percent has been used. Cash flow for the period beyond five years has been calculated using a multiple applied to estimated sustainable cash flow. When calculating the present value of expected future cash flows, the current weighted average capital cost (WACC) for the market is used. For 2020, the discount rate amounts to 9.51 percent (12.92). Impairment testing is done in the fourth quarter, or whenever the need arises, and with the assumptions used showed there was no need for any impairment of trademarks with an indefinite useful life. The book value of trademarks with an indefinite useful life amounted to SEK 105.0m (114.4).

Goodwill

Goodwill represents the difference between the consideration transferred for the business and the fair value of acquired identifiable assets, assumed liabilities and any contingent liabilities. Goodwill represents the future

economic benefits arising from the business acquisitions that are not individually identified and separately recognised, and comprise strategic business values. Goodwill is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. The cash-generating units comprise the group's operating segments. Goodwill is tested annually for impairment, or more frequently if there are indications of a reduction in value. If the carrying amount of the tested cash-generating unit exceeds the estimated recoverable amount, the difference is recognised as an impairment. The recoverable amount for a cash-generating unit is determined based on value in use. Nederman group's model for measurement is based on a discounted cash-flow model, with a forecast period of five years. The measurement is based on a financial plan, which is part of Nederman group's financial planning process and corresponds to the management's best assessment of the operations' development. The growth is based on historical growth, estimated market growth and expected price development. The forecasts reflect previous experience and external sources of information. Assumed growth is based on a cautious assumption and does not exceed the long-term growth of the industry as a whole. Any impairment losses are charged to operating income and not subsequently reversed.

Additional expenses

Additional expenses for capitalised intangible assets are recognised as an asset in the balance sheet only when they increase the future economic benefits of the specific asset to which they relate. All other expenses are expensed when they arise.

Amortisation and impairment losses with finite useful life

Intangible assets except goodwill and brands are depreciated over their estimated useful life. Amortisation is recognised in the income statement on a straight-line basis over the intangible assets' estimated useful life. The following estimated useful lives are applied:

- Capitalised development expenditure 5 years
- Computer programmes 3-5 years
- Customer relationships 10 years

Impairment testing is carried out if any event occurs or circumstances change that indicate that the carrying amount may have decreased. Annual impairment testing is also conducted of capitalised development expenditure for products and software not yet in use. An impairment loss is recognised when an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discount rate that reflects a risk-free interest rate and the risk associated with the specific asset. Previously recognised impairment losses are reversed if the reasons for the earlier impairment no longer exist. However, reversal will not be for an amount that is greater than that which the carrying amount would have been if the impairment had not been recognised in previous periods. Impairment losses are charged to operating income.

Estimations and assessments

Review for impairment of goodwill and other intangible fixed assets

The book value of goodwill is reviewed at least once a year with respect to the possible need for impairment. The review requires an assessment of the value in use of the cash-generating unit, or group of cash-generating units, to which the goodwill value relates. This requires that several assumptions about the future situation and estimates of parameters have been made.

Changed conditions for these assumptions and estimations might have an effect on the value of the goodwill. The senior executives are of the opinion that no reasonable changes in important assumptions at the impairment test of the cash-generating units will result in a recoverable amount lower than the carrying amount.

13 Intangible fixed assets, continued

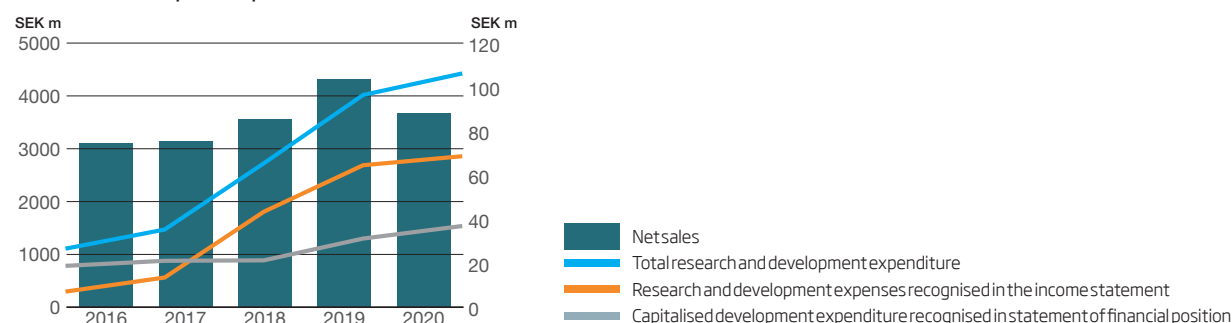
						2020
SEKm	Capitalised development expenditure	Computer programmes	Customer relationships	Trade-marks	Goodwill	Total
Accumulated cost						
Opening balance	384.7	149.7	117.3	174.0	1,612.2	2,437.9
Business acquisition	-	-	-3.1	-	2.5	-0.6
Internally developed assets	37.6	-	-	-	-	37.6
Other capital expenditure	-	36.3	-	-	-	36.3
Sold and scrapped	-3.0	-0.3	-	-	-	-3.3
Translation differences	-11.4	-3.3	-7.8	-11.4	-100.0	-133.9
Closing balance	407.9	182.4	106.4	162.6	1,514.7	2,374.0
Accumulated amortisation and impairment						
Opening balance	-207.6	-109.6	-23.7	-59.6	-	-400.5
Sold and scrapped	3.0	0.3	-	-	-	3.3
Amortisation	-32.3	-12.9	-11.5	-	-	-56.7
Translation differences	5.3	3.0	2.9	2.0	-	13.2
Closing balance	-231.6	-119.2	-32.3	-57.6	-	-440.7
Carrying amount						
Opening balance	177.1	40.1	93.6	114.4	1,612.2	2,037.4
Closing balance	176.3	63.2	74.1	105.0	1,514.7	1,933.3

						2019
SEKm	Capitalised development expenditure*	Computer programmes*	Customer relationships	Trade-marks	Goodwill	Total
Accumulated cost						
Opening balance	231.9	171.0	62.9	149.1	1,183.3	1,798.2
Business acquisition	78.7	4.6	52.6	19.0	397.8	552.7
Internally developed assets	31.9	-	-	-	-	31.9
Other capital expenditure	-	18.2	-	-	-	18.2
Sold and scrapped	-5.9	-0.9	-	-	-	-6.8
Reclassifications	44.2	-44.2	-	-	-	-
Translation differences	3.9	1.0	1.8	5.9	31.1	43.7
Closing balance	384.7	149.7	117.3	174.0	1,612.2	2,437.9
Accumulated amortisation and impairment						
Opening balance	-169.1	-112.5	-15.1	-56.6	-	-353.3
Business acquisition	-0.7	-0.9	-	-	-	-1.6
Sold and scrapped	6.1	0.9	-	-	-	7.0
Amortisation	-24.3	-12.3	-8.2	-0.1	-	-44.9
Reclassifications	-16.1	16.1	-	-	-	-
Translation differences	-3.5	-0.9	-0.4	-2.9	-	-7.7
Closing balance	-207.6	-109.6	-23.7	-59.6	-	-400.5
Carrying amount						
Opening balance	62.8	58.5	47.8	92.5	1,183.3	1,444.9
Closing balance	177.1	40.1	93.6	114.4	1,612.2	2,037.4

*As a result of the reclassification of the group's investments in digital products and services from the category Computer programmes to Capitalised development expenditure, the comparative figures were restated. At year-end 2019, net assets were reclassified and an amount of SEK 32.9m and SEK 16.3m was reallocated from Other capital expenditure to Internally developed assets.

The group's expenses for development of the existing product range and new products amounted to SEK 69.3m (65.2). SEK 37.6m (31.9*) was capitalised in the consolidated statement of financial position.

Research and development expenditure in relation to sales



13 Intangible fixed assets, continued

Amortisation and impairments, SEKm	2020	2019
Amortisation is included in the following rows in the income statement:		
Cost of sold goods	-37.7	-19.0
Selling expenses	-6.0	-6.5
Administrative expenses	-13.0	-19.4
Total	-56.7	-44.9

Goodwill per operating segment, SEKm	2020	2019
Nederman Extraction & Filtration Technology	455.7	473.7
Nederman Process Technology	320.2	345.8
Nederman Duct & Filter Technology	17.8	19.0
Nederman Monitoring & Control Technology	721.0	773.7
Total	1,514.7	1,612.2

Goodwill	Annual growth during the forecast period, %	Annual growth after forecast period, %	Discount rate before tax, %
Nederman Extraction & Filtration Technology	3.0 (3.0)	2.0 (2.0)	10.65 (13.57)
Nederman Process Technology	3.0 (4.0)	3.0 (3.0)	9.04 (13.48)
Nederman Duct & Filter Technology	3.0 (3.0)	1.0 (1.0)	10.44 (13.74)
Nederman Monitoring & Control Technology	12.0 (14.0)	8.0 (8.0)	8.76 (10.83)
Trademarks	2.0 (2.0)	2.0 (2.0)	9.51 (12.92)

Sensitivity analysis Goodwill

Sensitivity in all calculations means that the goodwill value will be justified even if the discount rate is raised by one percentage point or if long-term growth would fall by a percentage point. The annual test of goodwill did not reveal an impairment requirement. Upon a sensitivity analysis, all operating segments show that no reasonable changes in important assumptions lead to a impairment requirement. The senior executives are of the opinion that no reasonable changes in important assumptions at the impairment test of the cash-generating units will result in a recoverable value lower than the carrying amount.

14 Tangible fixed assets

Accounting policies

Assets owned

Tangible assets are recognised within the group at cost less accumulated depreciation and any impairment. The cost includes the purchase price and expenses directly attributable to the asset to bring it on site and in the condition to be used in accordance with its intended purpose. The cost of assets produced by the company includes the cost of materials, cost of employee benefits and, if applicable, other manufacturing costs considered directly attributable to the asset. The carrying amount of a tangible asset is derecognised in the balance sheet on disposal or retirement, or when no future economic benefit is expected to derive from the use or sale/disposal of the asset. Gains or losses arising on the disposal or retirement of an asset comprise the difference between the sales price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/expense.

Additional expenses

Additional expenses are only added to the cost if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured reliably. All other additional expenses are recognised as costs in the period in which they arise. The decisive factor for assessment of whether an additional expense is added to cost is whether the expense refers to the replacement of components or parts thereof, whereby such costs will be capitalised. Even in cases where new components are added to the asset, the expense will be added to cost. Any non-depreciated carrying amounts of replaced components, or parts of components, are disposed of and expensed in connection with replacement. Repairs and maintenance are expensed on an ongoing basis.

Depreciation

Depreciation takes place on a straight-line basis over the useful life of the asset. The group applies component depreciation, which means that the components' estimated useful life forms the basis for depreciation. The following estimated useful lives are applied:

- buildings, property used in business operations 15-30 years
- plant and machinery 3-8 years
- equipment, tools, fixtures and fittings 3-10 years
- land is not depreciated

Depreciation of components is based on each component's estimated useful life. The amortisation methods, residual values and useful life used are reviewed at each year-end.

Impairment

Impairment testing is carried out if any event occurs or circumstances change that indicate that the carrying amount may have decreased. An impairment loss is recognised when an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discount rate that reflects a risk-free interest rate and the risk associated with the specific asset.

Impairment of tangible fixed assets is charged to operating profit. Previously recognised impairment losses are reversed if the reasons for the earlier impairment no longer exist. However, reversal will not be for an amount that is greater than that which the carrying amount would have been if the impairment had not been recognised in previous periods.

14 Tangible fixed assets, continued

	Land and buildings	Plant and machinery	Equipment, tools and fixtures	2020 Total
SEKm				
Accumulated cost				
Opening balance	468.6	248.6	360.7	1,077.9
Capital expenditure	4.6	15.5	14.9	35.0
Sold and scrapped	-0.5	-7.8	-9.9	-18.2
Reclassification	-	-0.4	1.0	0.6
Translation differences	-37.3	-25.3	-14.1	-76.7
Closing balance	435.4	230.6	352.6	1,018.6
Accumulated depreciation and impairment				
Opening balance	-255.9	-179.6	-307.1	-742.6
Depreciation for the year	-10.8	-12.3	-15.1	-38.2
Sold and scrapped	0.5	7.6	9.8	17.9
Reclassification	-	-0.0	-0.9	-0.9
Translation differences	16.1	17.1	11.2	44.4
Closing balance	-250.1	-167.2	-302.1	-719.4
Carrying amounts				
Opening balance	212.7	69.0	53.6	335.3
Closing balance	185.3	63.4	50.5	299.2
	Land and buildings	Plant and machinery	Equipment, tools and fixtures	2019 Total
SEKm				
Accumulated cost				
Opening balance	451.5	233.4	346.1	1,031.0
Business acquisition	1.3	0.1	10.6	12.0
Capital expenditure	4.0	19.1	20.4	43.5
Sold and scrapped	-0.2	-10.7	-20.5	-31.4
Translation differences	12.0	6.7	4.1	22.8
Closing balance	468.6	248.6	360.7	1,077.9
Accumulated depreciation and impairment				
Opening balance	-239.4	-173.4	-306.6	-719.4
Business acquisition	-0.4	-0.1	-4.1	-4.6
Depreciation for the year	-11.4	-10.5	-12.8	-34.7
Sold and scrapped	0.0	9.3	19.7	29.0
Translation differences	-4.7	-4.9	-3.3	-13.0
Closing balance	-255.9	-179.6	-307.1	-742.6
Carrying amounts				
Opening balance	212.1	60.0	39.5	311.6
Closing balance	212.7	69.0	53.6	335.3
Depreciation and impairment, SEKm				
Depreciation is included in the following rows in the income statement:				
Cost of goods sold			-25.7	-23.5
Selling expenses			-5.0	-6.0
Administrative expenses			-7.5	-5.2
Total			-38.2	-34.7

15 Rights-of-use assets

Accounting policies

Leasing

Pursuant to IFRS 16, leases are recognised in the statement of financial position. This recognition model is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time has an obligation to pay for that right. This means that at the initial date, a right-of-use asset that represents the right to use the underlying asset during the lease term and a lease liability that represents the present value of future lease payments are to be recognised. Depreciation for the right-of-use assets and interest expenses for the lease liability are recognised in the consolidated income statement and in other comprehensive income. After the initial date, the lease liability is remeasured so that it reflects changes in the lease payments, such as a change in the lease term or a change in future lease payments resulting from indexation. The remeasurement amount is recognised as an adjustment of the right-of-use asset.

The definitions according to IFRS 16 are applied when assessing whether a contract contains a leased asset. A right-of-use asset is defined as an identified asset for which Nederman essentially is entitled to the economic benefits arising from the use of the asset and where Nederman has the right to control the use of the asset. The lease term is determined on the basis of the non-cancellable period according to the lease. If the lease contains an extension option and there is reasonable certainty that this will be utilised, the lease term applied consists of the non-cancellable period plus the assessed period of extension. In assessing the period of extension, circumstances are taken into consideration such as financial incentives in such a manner that existing lease terms are compared with estimated market rents, whether significant improvements have been made to the property and whether costs would arise in relation to any move to new premises.

The discount rate primarily consists of the rate implicit in the lease if it is available according to the lease. For other leases, the discount rate is the incremental borrowing rate. The incremental borrowing rate consists of an interest margin based on the lessee's (subsidiary within the group) credit rating and an interest rate benchmark for the specific currency and the term of the lease asset.

Leases for which the underlying asset is sublet to a third party, and the main lease between Nederman and the principal lessor continues to apply, are recognised as a financial asset, which comprises a receivable from a third party, and a lease liability, which comprises a liability to the principal lessor.

The standard contains two exceptions for reporting in the statement of financial position, which Nederman applies: short-term leases (lease term of 12 months or less) and leases for which the underlying asset has a low value (USD 5,000). These lease payments are recognised as operating expenses in the income statement and are therefore not included in the right-of-use asset or the lease liability. If the lease contains variable lease expenses that are not dependent on an index or interest rate, this is also recognised as an operating expense in the income statement. Any service components in a lease are separated from the leased asset and recognised as an operating expense in the income statement.

Nederman's primary asset class is properties, such as factories and offices, but also machinery, vehicles and equipment.

Impairment testing of right-of-use assets

In accordance with IAS 36, impairment testing is carried out for right-of-use assets, and any identified impairment losses are recognised in operating profit. Impairment testing is carried out if any event occurs or circumstances change that indicate that the carrying amount of the underlying asset may have decreased. An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the present value of future lease payments or of the fair value of the underlying asset less divestment expenses. In the calculation of the present value of future lease payments, future cash flows are discounted, primarily on the basis of the implicit interest rate and, otherwise, by the incremental borrowing rate. An impairment loss is reversed if a positive change has occurred in the present value of the lease payments or the fair value of the underlying asset.

Estimations and assessments

Measurement of right-of-use assets

At the start of the lease, assessments are made relative to the lease's scope, term and the interest rate used to discount future lease expenses, which impact the measurement of the right-of-use asset and lease liability. An assessment is also required when establishing the term of the lease. The lease term includes the non-cancellable period. If Nederman group is reasonably certain that it will exercise an option to extend the lease or not exercise an alternative to terminate the lease prematurely, this is taken into consideration when establishing the lease term. The contract contains a large number of different terms and conditions. Extension options and the possibility to terminate the contract prematurely pertain mainly to property

contracts. Accordingly, all relevant facts and circumstances are evaluated that create a financial incentive to include optional periods. The importance of the underlying asset in the operations and its place, availability of suitable alternatives, significant improvements in the asset, rent level during voluntary periods compared with the market price, as well as earlier practice, are examples of factors included in the analysis. The lease term is determined on an individual basis. The assessments are also required to determine the interest rate applied to discount future lease fees, if the implicit rate in the lease can be easily established or if the incremental borrowing rate is to be used.

15 Rights-of-use assets, continued

				2020
SEKm	Land & buildings	Plant and machinery	Equipment, tools and fixtures	Total
Accumulated cost				
Opening balance	373.6	8.9	83.8	466.3
New lease contracts	22.9	8.0	18.1	49.0
Terminated lease contracts	-47.8	-1.5	-27.0	-76.3
Revalued lease contracts	1.4	-	-0.7	0.7
Translation differences	-19.2	-0.2	-4.4	-23.8
Closing balance	330.9	15.2	69.8	415.9
Accumulated depreciation and impairment				
Opening balance	-162.5	-4.7	-41.4	-208.6
Depreciation	-46.2	-2.6	-21.9	-70.7
Terminated lease contracts	41.0	1.5	25.3	67.8
Revalued lease contracts	0.1	-	0.5	0.6
Translation differences	7.2	0.2	2.0	9.4
Closing balance	-160.4	-5.6	-35.5	-201.5
Carrying amounts				
Opening balance	211.1	4.2	42.4	257.7
Closing balance	170.5	9.6	34.3	214.4

				2019
SEKm	Land & buildings	Plant and machinery	Equipment, tools and fixtures	Total
Accumulated cost				
Opening balance	296.7	8.5	84.6	389.8
Business acquisition	50.4	-	1.0	51.4
New lease contracts	53.3	1.1	22.0	76.4
Terminated lease contracts	-34.1	-0.8	-24.6	-59.5
Revalued lease contracts	3.0	-	0.1	3.1
Translation differences	4.3	0.1	0.7	5.1
Closing balance	373.6	8.9	83.8	466.3
Accumulated depreciation and impairment				
Opening balance	-134.0	-3.6	-41.2	-178.8
Depreciation	-41.1	-1.9	-24.1	-67.1
Terminated lease contracts	15.4	0.8	24.2	40.4
Revalued lease contracts	-1.1	-	-0.3	-1.4
Translation differences	-1.7	-0.0	0.0	-1.7
Closing balance	-162.5	-4.7	-41.4	-208.6
Carrying amounts				
Opening balance	162.7	4.9	43.4	211.0
Closing balance	211.1	4.2	42.4	257.7

The leased assets are pledged for the leasing liabilities. See also note 28.

Depreciation and impairment, SEKm	2020	2019
Depreciation is included in the following rows in the income statement:		
Cost of goods sold	-26.4	-27.3
Selling expenses	-29.6	-30.9
Administrative expenses	-13.3	-7.4
Research and development expenses	-1.4	-1.5
Total	-70.7	-67.1

Lease expenses, SEKm	2020	2019
Depreciation of right-of-use assets	-70.7	-67.1
Interest expense on lease liabilities	-13.3	-12.8
Short term leases	-2.9	-0.9
Lease assets of low value	-1.6	-1.9
Variable lease expenses	-	-0.2
Total	-88.5	-82.9

Revenue from subleases, SEKm	2020	2019
Revenue from subleases	1.9	1.7

16 Inventory

Accounting policies

Inventory

Inventory is posted at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out (FIFO) method and includes expenses directly attributable to the acquisition of the inventory and to bring goods to their present location and condition. For finished goods and work in progress, cost includes an appropriate share of indirect expenses based on normal capacity. Net realisable value comprises the estimated sales price of goods in inventory, excluding estimated costs of completion and sales.

Estimations and assessments

Obsolescence provision

The calculation of the net realisable value is based on an estimate of future sales prices, which is impacted by several parameters, such as market demand, product changes and price trends. Since the actual sales prices and selling expenses are not known at the time of assessment, the adjustment to net realisable value is conducted based on estimated technical and commercial obsolescence. In assessing commercial obsolescence, rate of turnover is a risk factor.

Inventory including obsolescence provision, SEKm	2020	2019
Raw materials and consumables	253.7	273.6
Work in progress	72.6	157.0
Finished goods and tradable goods	157.6	179.7
Total	483.9	610.3

Change of obsolescence provision, SEKm	2020	2019
Opening balance	123.0	103.1
Change in obsolescence reported in the income statement	-4.4	20.7
Disposals	-1.1	-2.7
Translation differences	-6.6	1.9
Obsolescence provision at 31 December	110.9	123.0

17 Accounts receivable

Accounting policies

Accounts receivable

Accounts receivable comprise financial instruments and are financial assets that have defined or definable payments. A financial asset is recognised in the balance sheet when the company becomes a party according to the instrument's contract terms. When Nederman is entitled to unconditional compensation from the customer, this is recognised as a receivable. An account receivable arises when control has been transferred to the customer and the invoice has been sent. A financial liability is derecognised in the balance sheet when the contractual obligation is fulfilled, expires or the company loses control over it. Financial assets and liabilities are offset and recognised at the net amount presented in the balance sheet when there

is a legally enforceable right to offset the amount and when the intention is to settle items on a net basis, or to realise the asset and settle the liability simultaneously.

Accounts receivable have a short anticipated term and are measured without discount at the nominal amount and are recognised at the amount that is expected to be received, meaning after deductions for expected credit losses for the remaining term. Impairment losses on accounts receivable are recognised in other operating expenses. Impairment testing is carried out on an individual basis.

Accounts receivable maturity structure, SEKm	2020					2019				
	Not yet due	Overdue accounts receivable, number of days			Total	Not yet due	Overdue accounts receivable, number of days			Total
		1-30	31-90	>90			1-30	31-90	>90	
Accounts receivable, gross	348.2	77.8	34.6	42.1	502.7	403.9	126.2	57.4	60.0	647.5
Expected credit losses	-1.0	-0.2	-0.2	-24.3	-25.7	-0.2	-0.1	-0.8	-27.1	-28.2
Accounts receivable, net	347.2	77.6	34.4	17.8	477.0	403.7	126.1	56.6	32.9	619.3
Credit loss level, %	0.3	0.3	0.6	57.7	5.1	0.0	0.1	1.4	45.2	4.3

Change in credit loss provision	2020	2019
Opening balance	-28.2	-28.9
Business acquisition	-	-1.4
Provisions for uncertain receivables	-8.3	-10.5
Receivables written off and not recoverable	3.1	10.3
Reversed provisions	5.6	2.9
Translation differences	2.1	-0.6
Closing balance	-25.7	-28.2

18 Other receivables

Accounting policies

Other receivables

Other receivables are financial assets that have defined or definable payments and that are not listed on an active market. These assets are measured at amortised cost. Amortised cost is determined according to the effective interest rate and calculated as of the acquisition date.

Contract assets

When it comes to sales of solutions (project sales), Nederman recognises a contract asset or contract liability in the statement of financial position when Nederman or the customer has fulfilled an obligation, depending on the relationship between Nederman's performance and the customer's payment. Contract assets include recognised revenue for work performed that has not yet been invoiced. For information on sales of solutions, see Note 6 Revenue, and for information on contract liabilities, see Note 22 Other liabilities.

Other receivables which are current assets, SEKm	2020	2019
VAT receivables	32.9	35.3
Contract assets	152.9	191.8
Fair value of foreign exchange forward contracts	-	1.2
Sub lease contracts	-	1.1
Other receivables	52.9	53.9
Total	238.7	283.3

Information about the group's financial assets recognised as carrying amounts or as fair value, see note 26, Financial instruments.

19 Prepaid expenses and accrued income

SEKm	2020	2019
Rent/leasing	6.2	6.7
Computer/license costs	10.9	9.5
Insurance	4.1	3.5
Bank fees	0.7	0.2
Other	19.1	41.7
Total	41.0	61.6

20 Equity and number of shares

Accounting policies

Earnings per share

Earnings per share before dilution are calculated based on the earnings for the period in the group attributable to the parent company's shareholders in relation to the average number of shares outstanding during the financial year. Earnings per share after dilution are calculated based on the earnings for the period in the group attributable to the parent company's shareholders in relation to the average number of shares outstanding with the

addition of the average number of shares that would be issued as an effect of the ongoing share-related remuneration programme.

Dividends

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend payment.

Number of shares	2020	2019
Issued number of shares as of 31 December	35,146,020	35,146,020
Weighted average number of shares prior to dilution	35,093,096	35,093,096
Weighted average number of shares after dilution	35,093,096	35,093,096

Registered share capital is SEK 1,171,534 (1,171,534). The par value of the shares is SEK 0.03.

Number of treasury shares held	2020	2019
Opening number of treasury shares held	52,924	57,267
Effect of share-related remuneration	-	-4,343
Closing number of treasury shares held	52,924	52,924

Information about the group's share-related incentive plan, see note 8, Employees.

Earnings per share, SEK	2020	2019
Year's earnings attributable to the parent company's shareholders	110.4	225.8
Earnings per share before dilution	3.15	6.43
Earnings per share after dilution	3.15	6.43

20 Equity and number of shares, continued

Dividend

The group seeks to pay an ordinary dividend each year amounting to 30-50 percent of net profit for the year. Due to the continued high uncertainty regarding the economic impact of lockdowns and restrictions in the wake of covid-19, the Board's current proposal is that no dividend be paid for the fiscal year 2020. This should enable Nederman to maintain financial stability and increase flexibility as new opportunities arise. The Board will continue to evaluate the situation and a further statement regarding dividends will be made at the latest in the Q3 report on 22 October 2021.

In March 2020, Nederman's Board of Directors withdrew its earlier proposal for a dividend for the 2019 financial year due to uncertainties in the market in light of COVID-19.

Hedging reserve, SEKm	2020	2019
Cash flow hedging		
Value at the beginning of the year	1.2	1.2
Value at the end of the period	1.2	1.2

Capital management

According to the Board's policy, the group's financial objective is to achieve a good capital structure and financial stability in order to maintain the trust of investors, creditors and the market, and to form a good base for continued development of the business, while the long-term return generated for shareholders remains satisfactory.

Capital defined as total equity, SEKm	2020	2019
Total equity	1,300.8	1,382.0

Net debt/equity ratio, %	2020	2019
Interest-bearing liabilities and pension provisions	1,917.3	2,009.4
Cash and cash equivalents	-466.8	-445.3
Net debt	1,450.5	1,564.1

Net debt/equity ratio, %	111.5	113.2
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The net debt/equity ratio decreased somewhat compared with the preceding year, which is an effect of a decrease in net debt in relation to equity. Net debt mainly declined due to the strengthening of the SEK during the year, which led to a decrease in the group's external loans in USD and EUR, as well as the lease liability. The lease liability also declined as a result of ending and renegotiated premises contracts. Despite a challenging year, with uncertainties in the market and lockdowns due to COVID-19, which resulted in the implementation of the group's restructuring programme of SEK 75m, there was success in maintaining equity at a healthy level. During the year, the group implemented significant measures on the cost side and thereby succeeded in retaining a good operating margin. A fur-

ther reason for the healthy level of equity is that no dividend was paid during the year. In addition, equity was strongly impacted by the strengthened SEK, which led to the translation reserve, attributable to the translation of foreign subsidiaries, amounting to SEK -186.7m.

A favourable net debt/equity ratio and ample access to cash and cash equivalents provides an opportunity to take advantage of the growth prospects anticipated in the coming years, while the level of prior years' dividends is expected to be maintained. For the same reason, issues of new shares will probably not be needed in the coming years, except in the event of major acquisitions.

21 Interest-bearing liabilities

Accounting policies

Drawn down loans comprise a financial liability and are measured at amortised cost. Loans are initially recognised at the loan amount received after deductions for transaction costs. After the acquisition date, loans are measured at amortised cost using the effective interest method.

For more information about the company's exposure to interest rate risks and currency risks, see Note 3, Goal and policy regarding financial risk.

Long-term liabilities, SEKm	2020	2019
Bank loans	1,536.7	1,575.6
Lease liabilities	166.4	208.4
Total	1,703.1	1,784.0

Current liabilities, SEKm	2020	2019
Current part of bank loan	-	5.0
Current part of lease liabilities	63.1	67.3
Total	63.1	72.3

Total interest-bearing liabilities	1,766.2	1,856.3
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21 Interest-bearing liabilities, continued

Terms and repayment due dates

For terms and due dates for repayment, see the table below. No security for the bank loans has been provided.

2020, SEKm	Currency	Due date	Nominal interest, %	Nominal amount in original currency	Recorded amount
Bank loan (revolving)	SEK	2022-05-24	1.750	110.0	109.6
Bank loan (revolving)	SEK	2022-05-24	1.750	450.0	448.6
Bank loan (revolving)	SEK	2022-05-24	1.750	46.5	46.3
Bank loan (revolving)	SEK	2022-05-24	1.750	200.0	199.3
Bank loan (revolving)	EUR	2022-05-24	1.750	14.2	142.1
Bank loan (revolving)	EUR	2022-05-24	1.750	7.7	77.1
Bank loan (revolving)	USD	2022-05-24	2.064	26.3	214.7
Bank loan	SEK	2022-05-24	1.750	300.0	299.0
Lease liabilities					229.5
Total interest bearing liabilities					1,766.2

2019, SEKm	Currency	Due date	Nominal interest, %	Nominal amount in original currency	Recorded amount
Bank loan (revolving)	SEK	2022-05-24	0.700	110.0	109.7
Bank loan (revolving)	SEK	2022-05-24	0.700	450.0	448.8
Bank loan (revolving)	SEK	2022-05-24	0.764	46.5	46.4
Bank loan (revolving)	EUR	2022-05-24	0.700	14.2	147.7
Bank loan (revolving)	EUR	2022-05-24	0.700	7.7	80.1
Bank loan (revolving)	USD	2022-05-24	2.714	26.3	244.3
Bank loan	SEK	2022-05-24	0.764	300.0	299.3
Bank loan	SEK	2022-05-24	0.564	200.0	199.4
Bank loan (revolving)	USD	2020-01-08	0.037	0.5	4.9
Lease liabilities					275.7
Total interest bearing liabilities					1,856.3

22 Other liabilities

Accounting policies

Contract liabilities

When it comes to sales of solutions (project sales), Nederman recognises a contract asset or contract liability in the statement of financial position when Nederman or the customer has fulfilled an obligation, depending on the relationship between Nederman's performance and the customer's

payment. Contract liabilities include advance payments from customers for which revenue is recognised when the performance obligation is completed. For information on sales of solutions, see Note 6 Revenue and for contract assets, see Note 18 Other receivables.

Others short-term liabilities, SEKm	2020	2019
Deferred payment of acquisition price upon business acquisition (see note 4)	-	73.7
Personnel-related liabilities	45.1	50.5
VAT payable	30.1	37.7
Contract liabilities	260.1	379.9
Other liabilities	19.9	11.6
Total	355.2	553.4

Information about the group's financial liabilities recognised as carrying amounts or as fair value, see note 26, Financial instruments.

23 Accrued expenses and prepaid income

SEKm	2020	2019
Personnel-related expenses	127.1	140.7
Interest expenses	3.9	1.4
Audit fees	4.7	5.3
Sales expenses	6.8	7.1
Freight and customs expenses	0.6	0.8
Other	36.6	46.5
Total	179.7	201.8

24 Provisions for pensions and similar obligations

Accounting policies

Defined-contribution pension plans

Defined-contribution pension plans are plans where the company's obligation is limited to the contributions the company has undertaken to pay. The size of the employee's pension depends on the contributions paid by the company and the return on capital that the contributions provide. The group's obligations for defined-contribution plans are recognised as expenses in the income statement as they are earned.

In Sweden, the group has defined-contribution pension plans paid in full by the companies. Outside of Sweden, there are defined-contribution plans, which are paid for partly by the subsidiaries, and partly by payment from the employees. Payments into these plans are continual in accordance with the rules for each plan.

Obligations for old-age pensions and family pensions for employees in Sweden are safeguarded via insurance in Alecta. According to a statement from the Swedish Financial Accounting Standards Council, UFR10, this is a defined-benefit plan that covers multiple employers. For the financial year 2020 the company has not had access to such information which makes it possible to report this plan as a defined-benefit plan. The pension plan according to ITP which is safeguarded via insurance in Alecta is therefore reported as a defined-contribution pension plan. The annual charges for retirement annuities which are covered by Alecta amounts to SEK 6.2m (71). Alecta's surplus can be distributed to the holders of the insurance policies and/or the insured parties. The group's share of total savings premiums for ITP in Alecta amounted to 0.039 percent (0.035) and the group's share of the total number of active insured individuals amounts to 0.026 percent (0.026). At the end of 2020, Alecta's surpluses, in the form of the collective consolidation level, amounted to 148 percent (148). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which are not in accordance with IAS 19.

Defined-benefit pension plans

Defined-benefit plans are plans for post-employment benefits other than defined-contribution plans. The group's net liability in respect of defined-benefit plans is calculated separately for each plan by estimating the future benefits that employees have earned through their employment in both current and prior periods; this benefit is discounted to its present value. The discount rate is the interest rate at the balance sheet date on first-class corporate bonds, including mortgage bonds, with a maturity

corresponding to the group's pension obligations. When there is not a viable market for such corporate bonds, the market rate of interest for government bonds with a similar maturity is used instead. The calculation is performed by a qualified actuary using the projected unit credit method. The group's net liability is the present value of the liability less the fair value of the plan assets, adjusted for any asset restrictions. The net interest expense/income of the defined-benefit liability/asset is recognised in the income statement under net financial items. The net interest income/expense is based on the interest generated by discounting the net liability, meaning the interest on the liability, the plan assets and the interest on the effect of any asset restrictions. Other components are recognised in operating income. Revaluation differences consist of actuarial gains and losses, the difference between the actual return on plan assets and the amount included in net interest income and any changes in the effect of asset restrictions (excluding interest included in net interest income/expense). Revaluation differences are recognised in other comprehensive income. Changes to or curtailment of a defined-benefit plan are recognised on the earliest of the following dates: a) when the change in the plan or reduction occurs, or b) when the company recognises related restructuring costs and redundancy payments. The changes/reductions are recognised immediately in net profit for the year. This special employer's contribution is part of the actuarial assumptions and is recognised as part of the net liability/asset. The part of the special employer's contribution that is calculated based on the Swedish Pension Obligations Vesting Act in the legal entity is recognised for reasons of simplification as an accrued expense rather than as part of the net liability/asset. Tax on the return on pension funds is recognised in profit for the period to which the tax relates, and is therefore not included in the debt calculation. For funded plans, the tax is charged to the return on plan assets and is recognised in other comprehensive income. For unfunded or partially unfunded plans, the tax is charged to net profit for the year. When there is a difference between how pension costs are determined in a legal entity and a group, a provision or receivable is recognised for the special employer's contribution based on this difference. The provision or receivable is not discounted.

The group has defined-benefit plans that pay remuneration in the form of old-age pensions and remuneration for healthcare costs to employees when they retire in Sweden, Germany, the USA, Poland, Thailand, Norway and Switzerland. Costs for service during the current period are posted directly to the income statement. However, most are closed obligations where no additional benefits are earned.

Estimations and assessments

Assumptions in calculation of pensions and similar obligations

Provisions and costs for post-employment remuneration, primarily pensions, depend on the actuarial assumptions. Special assumptions and actuarial calculations are conducted for each defined-benefit plan. The most significant assumptions pertain to the discount rate and inflation. Inflation assumptions are based on analyses of external market indicators. A sensitivity analysis that is presented in the relevant note shows the effect

of the defined-benefit obligations if material assumptions are changed. There are also other assumptions, such as pace of salary increases, termination intensity, mortality, cost trends for healthcare, and other factors. Actuarial assumptions are reviewed annually or more frequently if there are indications of material changes. The calculations are performed by qualified actuaries.

24 Provisions for pensions and similar obligations, continued

Defined-contribution plans

SEKm	2020	2019
Costs for defined-contribution pension plans	49.9	49.6

Defined-benefit pension plans

Defined-benefit net liability, reported in statement of financial position, SEKm	2020	2019
Defined benefit obligation	435.5	510.6
Fair value of plan asset	284.4	357.5
Deficit(+)/Surplus(-)	151.1	153.1
Present value of entirely or partially funded obligations	329.2	394.7
Present value of unfunded obligations	106.3	115.9
Total present value of defined-benefit obligations	435.5	510.6
Fair value of plan assets	-284.4	-357.5
Net liability	151.1	153.1

Change in present value of defined-benefit obligations, SEKm	2020	2019
Obligations for defined benefit plans, 1 January	510.6	432.2
Payment of pension benefits	-54.9	-25.5
Cost of service in current period	11.9	15.2
Contribution and payments from plan participants	3.5	3.7
Interest cost	2.9	6.1
Revaluations		
- Actuarial gains and losses for the revised demographic assumptions	0.0	-1.6
- Actuarial gains and losses for changes in financial assumptions	9.5	49.6
- Experience-based gains/losses	-32.5	14.4
Translation differences	-15.5	16.5
Obligations for defined benefit plans, 31 December	435.5	510.6

Changes in fair value of defined-benefit plan assets, SEKm	2020	2019
Fair value of plan assets, 1 January	357.5	341.3
Payments to plans	13.1	13.3
Benefit payments from plan	-47.7	-18.6
Interest income on plan assets	1.3	3.8
Return on plan assets, excluding interest income	-29.4	1.5
Translation differences	-10.4	16.2
Fair value of plan assets, 31 December	284.4	357.5

Costs reported in profit for the year, SEKm	2020	2019
Costs for service in current period	11.9	15.2
Net interest	1.6	2.3
Total net costs in the income statement	13.5	17.5
of which, amounts affecting operating profit	11.9	15.2
of which, amounts affecting financial costs	1.6	2.3
Total net costs	13.5	17.5

Costs recognised in other comprehensive income, SEKm	2020	2019
Revaluations of pension commitments	23.0	-63.9
Return on plan assets	-29.4	1.5
Revaluation of defined-benefit net liabilities in other comprehensive income	-6.4	-62.4
Translation differences on foreign plans	2.7	-1.2

Assumptions for defined-benefit obligations, %	Norway	Switzerland	Sweden	Germany
Discount rate at 31 December	1,7 (2,3)	0,2 (0,2)	1,0 (1,1)	0,9 (1,0)
Future pension increases	2,0 (2,0)	0,3 (0,3)	1,5 (1,7)	1,5 (1,5)

Sensitivity analysis

The following table presents possible changes in actuarial assumptions on the closing date, with the other assumptions unchanged, and how these would impact on the defined-benefit obligation.

SEKm	+0,50%	-0,50%
Increase/decrease in discount rate	-36.6	42.3

Future cash flow

As of 31/12/2020 the weighted average duration of commitments was 14.8 years (14.6). Expected payments in 2021 for defined-benefit pension plans amount to SEK 29.6m.

25 Other provisions

Accounting policies

Provisions

Provisions are recognised in the balance sheet when the group has a legal or informal obligation as a result of a past event, and it is probable that an outflow of financial resources will be required to settle the obligation, and when the amount can be estimated reliably. If these criteria cannot be met, contingent liabilities may be recognised. Provisions are reviewed at each balance sheet date. Provisions are divided into long-term and short-term provisions.

Costs for restructuring and redundancy payments

A provision for adopted restructuring measures is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring has either begun or been publicly announced. Provisions for restructuring often include termination benefits, which can be either voluntary or involuntary. Termination benefits are recognised according to the same principles as provisions for restructuring, except in cases where there are requirements to work during the notice period. The cost of this work is allocated over the period in which the services were performed. No provision

is made for future operating expenses. Restructuring costs are recognised as a separate item in the income statement when these are attributable to a significant change in the group structure. Restructuring costs are otherwise recognised as an element of other operating expenses.

Warranty commitments

Warranties are provided for sales depending on the nature and use of the product. Warranty conditions provided ensure that the product or solution concerned will function as the parties intended and that it meets agreed specifications. No warranties are sold separately and no warranties are provided to the customer as a separate service. On the basis of what the warranty covers and with requirements as to how the product is to be used/maintained, none of the warranties given are regarded as separate performance obligations in accordance with IFRS 15 Revenue, and are instead recognised in accordance with IAS 37 Provisions. A provision for product warranties is recognised as an expense when the underlying products or services are sold.

Estimations and assessments

Provisions for product guarantees

Provisions for product guarantees are based on estimations based on historical experience and assumptions deemed reasonable under the prevailing circumstances for the individual case. The actual outcome of product

guarantees may deviate from the anticipated outcome and have a material impact on recognised guarantee costs and provisions during future periods of time. Estimates and assumptions are reviewed on a regular basis.

Restructuring/severance pay, SEKm	2020	2019
Reported value, opening balance	0.3	0.3
Provisions during the period	75.0	-
Amount used during the period	-52.4	-
Translation differences	-0.1	-0.0
Total	22.8	0.3

Warranty commitments, SEKm	2020	2019
Reported value, opening balance	35.9	36.1
Provisions during the period	10.8	12.0
Utilised during the period	-11.1	-8.6
Reclassification	-	-0.5
Unutilised amount reversed during the period	-3.7	-3.9
Translation differences	-2.0	0.8
Total	29.9	35.9

Provisions included in long-term liabilities, SEKm	2020	2019
Restructuring /severance pay	0.1	0.3
Warranty commitments	11.2	13.5
Loss contracts	-	2.8
Other	5.2	4.4
Total	16.5	21.0

Total provisions, SEKm	2020	2019
Reported value, opening balance	47.2	45.2
Provisions during the period	95.5	17.1
Utilised during the period	-66.9	-11.0
Reclassification	-	-0.5
Unutilised amount reversed during the period	-3.9	-4.6
Translation differences	-3.5	1.0
Total	68.4	47.2

Loss contracts, SEKm	2020	2019
Reported value, opening balance	2.8	1.1
Provisions during the period	3.1	2.4
Utilised during the period	-2.4	-0.2
Reclassification	-	-0.4
Translation differences	-0.6	-0.1
Total	2.9	2.8

Other, SEKm	2020	2019
Reported value, opening balance	8.2	7.7
Provisions during the period	6.6	2.7
Utilised during the period	-1.0	-2.2
Reclassification	-	0.4
Unutilised amount reversed during the period	-0.2	-0.7
Translation differences	-0.8	0.3
Total	12.8	8.2

Provisions included in current liabilities, SEKm	2020	2019
Restructuring /severance pay	22.7	-
Warranty commitments	18.7	22.4
Loss contracts	2.9	-
Other	7.6	3.8
Total	51.9	26.2

Restructuring programme

To address the future after the lockdowns and restrictions that followed on from the COVID-19 pandemic, Nederman implemented a restructuring programme during 2020, which will lead to annual cost savings of approximately SEK 100m. The plan comprises all of the group's divisions and a total of approximately 115 jobs were affected by the changes. The single largest measure was to discontinue Nederman Process Technology's MikroPul operation in France. The restructuring costs amounted to SEK 75m.

26 Financial instruments

Accounting policies

Financial instruments

Financial instruments recognised in the balance sheet include, on the asset side, cash and cash equivalents, accounts receivable, derivative assets and other receivables. The liability side includes borrowings, lease liabilities, accounts payable, derivative liabilities and other liabilities. Financial assets or liabilities are recognised in the balance sheet when the company becomes a party according to the instrument's contract terms. Accounts receivable are recognised in the balance sheet when control has been transferred to the customer and the invoice has been sent. Liabilities are recognised when the counterparty has performed and a contractual obligation to pay exists, even if the invoice has not yet been received. Accounts payable are recognised when the invoice has been received. A financial asset is derecognised in the balance sheet when the contractual obligation is fulfilled, expires or the company loses control over it. The same applies to part of a financial asset. A financial liability is derecognised in the balance sheet when the obligation specified in the contract is discharged or otherwise expires. The same applies to part of a financial liability. Financial assets and liabilities are offset and recognised at the net amount presented in the balance sheet when there is a legally enforceable right to offset the amount and when the intention is to settle items on a net basis, or to realise the asset and settle the liability simultaneously. Acquisitions and divestments of financial assets are recognised on the transaction date, which is the date that the company undertakes to acquire or divest the asset.

A financial instrument is classified based on the purpose of the acquisition. A financial asset's classification determines how it is measured after initial recognition. Financial instruments that are not derivatives are initially recognised at cost, corresponding to the instrument's fair value plus transaction costs. Accounts receivable and accounts payable have a short expected maturity and are measured at a nominal amount.

Financial assets and liabilities measured at amortised cost

The majority of the group's financial instruments consist of accounts receivable, cash and cash equivalents, other receivables, interest-bearing loans, lease liabilities, accounts payable and other liabilities, which are measured at amortised cost in accordance with the effective interest method. For these categories of financial instrument, amortised cost is consistent with fair value.

Accounts receivable and other receivables are financial assets that have defined or definable payments and that are not listed on an active market. Accounts receivable are recognised at the amount that is expected to be received, meaning after deductions for expected credit losses for the remaining term. See Note 17, Accounts receivable. Loans and other financial liabilities are initially recognised at the loan amount received after deductions for transaction costs. After the acquisition date, loans are measured at amortised cost using the effective interest method.

Financial assets and liabilities are measured at fair value via the income statement

Financial assets and liabilities in this category are measured on an ongoing basis at fair value, with changes in fair value recognised in the income statement. Derivatives that are not used for hedge accounting are also measured on an ongoing basis at fair value, with changes in fair value recognised in the income statement. Derivative trading is carried out to hedge the group's currency risks. Derivatives with positive values (unrealised gains) are recognised as other non-current or current receivables. Changes in fair value in regard to derivatives where the underlying transactions relate to operations are recognised as Other operating income/Other operating expenses in the income statement. Changes in the fair value of derivatives where the underlying transactions are financial are recognised in net financial items. During 2020, SEK -1.2m (-0.5) was recognised in net financial items in relation to earnings effects from the hedging of currency risks. On the closing date in 2020, the group had no forward contracts under issue.

The carrying amount and fair value of these instruments can be found in the following tables. The measurement at fair value for such assets has been based on market terms using observable market data which are not quoted in an active market (level 2).

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances with banks and similar institutions.

Hedge accounting

If the criteria for hedge accounting, in respect of cash flow hedging, are met, the effective part of the change in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve in equity. The cumulative gains or losses recognised in the hedging reserve are reversed to earnings in the same period as the hedged cash flow affects earnings. Any ineffective portion of the change in value is recognised directly in earnings. If the hedging relationship is interrupted and cash flow is still expected to occur, the accumulated change in value is recognised in the hedging reserve until the cash flow attributable to the hedged item affects earnings. In cases where the forecast cash flow underlying the hedging transaction is no longer expected to occur, the cumulative change in value recognised in the hedging reserve is transferred directly to the income statement. During 2020, no hedge accounting was applied.

Netting agreements and similar agreements

The group is included in derivative contracts under the International Swaps and Derivatives Association (ISDA) master netting agreements. The agreements mean that when a counterparty is unable to settle its obligations under all transactions, the agreement is broken and all outstanding balances are to be settled in a net amount. ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because off-setting under ISDA agreements is only permitted if the other party or group cannot settle their obligations. Moreover, it is not the counterparty's or the group's intention to settle transactions on a net basis, or at the same time. The group's currency derivatives are covered by legally enforceable framework agreements for netting or a similar agreement.

26 Financial instruments, continued

		2020							2019
Carrying amounts and fair values for financial instruments, SEK m	Note	Fairvalue via the income statement	Fairvalue via other comprehensive income	Amortised cost	Total	Fairvalue via the income statement	Fairvalue via other comprehensive income	Amortised cost	Total
Financial assets									
Accounts receivable	17	-	-	477.0	477.0	-	-	619.3	619.3
Foreign exchange forwards level 2	18	-	-	-	-	1.2	-	-	1.2
Other current receivables	18	-	-	238.7	238.7	-	-	282.1	282.1
Cash and cash equivalents	30	-	-	466.8	466.8	-	-	445.3	445.3
Total		-	-	1,182.5	1,182.5	1.2	-	1,346.7	1,347.9
Financial liabilities									
Lease liabilities	21	-	-	229.5	229.5	-	-	275.7	275.7
Bank loans	21	-	-	1,536.7	1,536.7	-	-	1,580.6	1,580.6
Accounts payable		-	-	334.5	334.5	-	-	423.2	423.2
Other long-term liabilities		-	-	2.1	2.1	-	-	4.9	4.9
Other current liabilities	22, 23	-	-	534.9	534.9	-	-	755.2	755.2
Total		-	-	2,637.7	2,637.7	-	-	3,039.6	3,039.6

27 Government grants

Accounting policies

Government grants are financial contributions from government and supranational bodies and are received in exchange for the Nederman group meeting certain established conditions. Contributions attributable to assets are recognised in the balance sheet, either as prepaid income or as a reduction in the attributable assets' carrying amounts. Contributions that are attributable to earnings are recognised as prepaid income in the balance sheet and reduce costs in the period to which the grant pertains. If costs arise before the contributions have been received, but an agreement has been finalised for receipt of the contributions, the contributions are recognised in the income statement to meet the costs to which the grant pertains.

In 2020, government grants amounting to SEK 27.2m (-) were received and SEK 27.3m (-) was recognised in the income statement. Government grants were mainly received from European government bodies and primarily pertain to assistance for short-time work related to COVID-19.

28 Pledged assets and contingent liabilities

Accounting policies

Contingent liabilities

A contingent liability is recognised when there is a possible liability that arises from past events, that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required or that an adequately reliable estimate of the amount cannot be made.

Warranty commitments

Warranty commitments pertain to bank guarantees and mean that the company has an obligation to compensate the owner of a debt instrument for losses that the owner may incur because a specified debtor fails to make payment when due under the contract terms. Financial guarantee agreements are recognised as a provision in the balance sheet when the company has a commitment for which payment will probably be required in order to settle the obligation.

Pledged assets, SEKm	2020	2019
Pledged assets for debts and provisions:		
Assets with ownership restrictions (right-of-use assets)	415.9	466.3
Total	415.9	466.3
Contingent liabilities, SEKm		
FPG/PRI	0.7	0.7
Warranty commitments	52.4	100.1
Total	53.1	100.8

29 Related party transactions

No member of the Board of Directors or senior executives have or have had any direct or indirect participation in any business transaction with group companies which is or was of an exceptional character with regard to terms and conditions that occurred during the year or in any previous financial year. Nor has any group company provided any loan, given any guarantees or entered into any surety relationships for any of the members of the Board of Directors or senior executives.

Transactions with the Board of Directors or senior executives comprise remuneration and are presented in Note 8, Employees.

Transactions between Nederman Holding AB and its subsidiaries were eliminated in the group and are not reported in this note.

30 Cash flow

Accounting policies

The cash-flow statement was prepared according to with the indirect method. Foreign group companies' cash flows are restated at average rates. Changes in group structure, acquisitions and divestments are recognised

net, excluding cash and cash equivalents, and are included in cash flow from investing activities under acquisition of subsidiaries/businesses.

Liquid funds, SEKm	2020	2019
Subcomponents of cash and cash equivalents:		
Cash and cash equivalents	466.8	445.3
Total according to statement of financial position	466.8	445.3

Adjustments for items not included in cash flow, SEKm	2020	2019
Capital gain on sale of tangible assets	-0.4	-0.6
Capital gain/loss on terminated lease contracts before the end date	-1.3	-1.2
Provisions	24.8	1.0
Total	23.1	-0.8

Provisions were primarily attributable to the group's provision for restructuring measures.

Unused credits, SEKm	2020	2019
Disposable funds	1,130.1	959.5

Financial activities

The below table shows changes in liabilities included in financial activities.

	Amount at beginning of the year	Changes impacting cash flow	Items not affecting cash flow				Amount at year end
			Business acquisitions	Interest & fees	Exchange rate gains/ losses	Change in lease liabilities	
2020, SEKm							
Long-term interest-bearing liabilities - bank loans	1,575.6	-2.6	-	2.0	-38.3	-	1,536.7
Short-term interest-bearing liabilities - bank loans	5.0	-5.2	-	-	0.2	-	-
Lease liabilities	275.7	-70.4	-	-	-14.7	38.9	229.5
Other		-0.8					
Total		-79.0					

	Amount at beginning of the year	Changes impacting cash flow	Items not affecting cash flow				Amount at year end
			Business acquisitions	Interest & fees	Exchange rate gains/ losses	Change in lease liabilities	
2019, SEKm							
Long-term interest-bearing liabilities - bank loans	917.4	555.7	90.0	-	12.5	-	1,575.6
Short-term interest-bearing liabilities - bank loans	8.1	-3.7	-	-	0.6	-	5.0
Lease liabilities	235.1	-67.0	51.4	-	4.3	51.9	275.7
Other		0.4					
Total		485.4					

31 Alternative performance measures

In addition to information on our reported IFRS results, we provide certain information on an underlying business performance basis. We believe that our underlying business performance measures provide meaningful supplemental information to both management, investors and other stakeholders. These underlying business performance measures should not be

viewed in isolation or as substitutes to the equivalent IFRS measures, but should be used in conjunction with the most directly comparable IFRS measures in the reported results. This is a consistent application compared to previous periods. See page 128 for definitions.

SEKm	2020	2019
Operating profit	219.0	343.2
Acquisition costs	1.6	5.9
Restructuring costs	75.0	-
Adjusted operating profit	295.6	349.1
Adjusted operating profit	295.6	349.1
Net sales	3,674.8	4,307.7
Adjusted operating margin, %	8.0	8.1
Operating profit	219.0	343.2
Amortisation of intangible assets	56.7	44.9
EBITA	275.7	388.1
EBITA	275.7	388.1
Acquisition costs	1.6	5.9
Restructuring costs	75.0	-
Adjusted EBITA	352.3	394.0
Adjusted EBITA	352.3	394.0
Net sales	3,674.8	4,307.7
Adjusted EBITA margin %	9.6	9.1
Operating profit	219.0	343.2
Depreciation and amortisation	165.6	146.7
EBITDA	384.6	489.9
EBITDA	384.6	489.9
Acquisition costs	1.6	5.9
Restructuring costs	75.0	-
Adjusted EBITDA	461.2	495.8
Adjusted EBITDA	461.2	495.8
Net sales	3,674.8	4,307.7
Adjusted EBITDA margin, %	12.6	11.5
Equity - closing balance	1,300.8	1,382.0
Balance sheet total	4,249.5	4,750.3
Equity/asset ratio, %	30.6	29.0
Cash and cash equivalents	466.8	445.3
Long-term interest-bearing liabilities	1,536.7	1,575.6
Long-term lease liabilities	166.4	208.4
Pension liabilities	151.1	153.1
Current interest bearing liabilities	-	5.0
Current lease liabilities	63.1	67.3
Net debt	1,450.5	1,564.1
Net debt	1,450.5	1,564.1
Equity - closing balance	1,300.8	1,382.0
Net debt/equity ratio, %	111.5	113.2
Net debt	1,450.5	1,564.1
Equity - closing balance	1,300.8	1,382.0
Operating capital	2,751.3	2,946.1

SEKm	2020	2019
Equity - opening balance	1,382.0	1,238.7
Equity - closing balance	1,300.8	1,382.0
Equity - average	1,341.4	1,310.4
Net profit/loss for the period	110.4	225.8
Return on equity, %	8.2	17.2
Equity - average	1,341.4	1,310.4
Net Debt - opening balance	1,564.1	787.6
Net Debt - closing balance	1,450.5	1,564.1
Net debt - average	1,507.3	1,175.9
Operating capital - average	2,848.7	2,486.3
Adjusted operating profit	295.6	349.1
Return on operating capital, %	10.4	14.0
Net sales	3,674.8	4,307.7
Operating capital - average	2,848.7	2,486.3
Capital turnover rate, multiple	1.3	1.7
Net debt	1,450.5	1,564.1
Adjusted EBITDA	461.2	495.8
Net debt/Adjusted EBITDA, multiple	3.1	3.2
Adjusted EBITDA	461.2	495.8
Net financial items	-70.5	-35.9
Adjusted EBITDA/net financial items, multiple	6.5	13.8
Profit before tax	148.5	307.3
Financial expenses	71.7	44.3
Acquisition costs	1.6	5.9
Restructuring costs	75.0	-
EBT excluding financial expenses, acquisition costs and restructuring costs	296.8	357.5
Financial expenses	71.7	44.3
Interest coverage ratio, multiple	4.1	8.1
Incoming orders, same period in previous year	4,168.4	3,479.5
Change in incoming orders, organic	-831.6	102.3
Change in incoming orders, currency effects	-116.2	158.9
Change in incoming orders, acquisitions	259.6	427.7
Incoming orders	3,480.2	4,168.4
Order growth, %, organic	-19.9	2.9
Order growth, %, currency effects	-2.8	4.6
Order growth, %, acquisitions	6.2	12.3
Order growth, %	-16.5	19.8
Net sales, comparative period previous year	4,307.7	3,553.9
Change in net sales, organic	-755.4	-39.5
Change in net sales, currency effects	-122.6	163.4
Change in net sales, acquisitions	245.1	629.9
Net sales	3,674.8	4,307.7
Sales growth, %, organic	-17.5	-1.1
Sales growth, %, currency effects	-2.9	4.6
Sales growth, %, acquisitions	5.7	17.7
Sales growth, %	-14.7	21.2

32 Events after the end of the reporting period

No significant events occurred after the balance sheet date.

Parent company's statement

Income statement for the Parent company

SEKm	Note	1 January - 31 December	
		2020	2019
Netsales	2, 20	26.8	26.9
Administrative expenses	5, 6, 7, 8	-112.3	-117.4
Research and development expenses		-0.5	-
Restructuring costs	3	-11.6	-
Other operating revenue and expenses	4	-5.3	0.3
Operating profit		-102.9	-90.2
Earnings from participations in group companies	9, 20	3.1	72.6
Interest income and similar items	9, 20	3.9	7.2
Interest expenses and similar items	9, 20	-14.9	-23.3
Profit after financial items		-110.8	-33.7
Group contribution	10, 20	39.0	144.0
Profit before tax		-71.8	110.3
Taxes	11	14.3	-13.9
Net profit for the year		-57.5	96.4

Statement of comprehensive income for the Parent company

SEKm	1 January - 31 December	
	2020	2019
Net profit for the year	-57.5	96.4
Other comprehensive income	-	-
Items that cannot be reclassified to the income statement	-	-
Items that have been or can be reclassified to net profit	-	-
Other comprehensive income for the year, net after tax	-	-
Total comprehensive income for the year	-57.5	96.4

Balance sheet for the Parent company

		31 December	
SEKm	Note	2020	2019
Assets			
Intangible fixed assets	12	129.1	95.8
Tangible fixed assets	13	4.9	3.5
Financial fixed assets			
Participations in group companies	14	2,122.9	2,027.3
Other long-term receivables		0.7	0.3
Deferred tax assets	11	14.3	-
Total financial fixed assets		2,137.9	2,027.6
Total fixed assets		2,271.9	2,126.9
Current assets			
Receivables from group companies	20	123.0	375.2
Other receivables	15	1.7	9.0
Prepaid expenses and accrued income	16	12.5	13.5
Cash and cash equivalents	21	0.4	0.4
Total current assets		137.6	398.1
Total assets		2,409.5	2,525.0
Equity			
Restricted equity			
Share capital		1.2	1.2
Reserves		292.5	292.5
Fund for development expenditure		31.9	27.1
Total restricted equity		325.6	320.8
Unrestricted equity	22		
Share premium reserve		5.9	5.9
Retained earnings		586.4	494.8
Net profit for the year		-57.5	96.4
Total unrestricted equity		534.8	597.1
Total equity		860.4	917.9
Liabilities			
Liabilities to group companies	20	1,167.5	1,170.9
Provisions		1.0	-
Total long-term liabilities		1,168.5	1,170.9
Accounts payable		20.6	19.1
Tax liabilities	11	3.1	8.6
Liabilities to group companies	20	342.8	339.1
Other liabilities	17	1.5	56.1
Accrued expenses and prepaid income	18	12.6	13.3
Total current liabilities		380.6	436.2
Total equity and liabilities		2,409.5	2,525.0

For information on the parent company's pledged assets and contingent liabilities, see note 19.

Statement of changes in equity for the Parent company

	Restricted equity			Unrestricted equity		Totalequity
	Share capital	Reserves	Fund for development expenses	Share premium reserve	Retained earnings, incl. net profit for the year	
Opening equity 2019-01-01	1.2	292.5	16.5	5.9	585.8	901.9
Net profit for the year	-	-	-	-	96.4	96.4
Transfer to development fund	-	-	10.6	-	-10.6	-
Other comprehensive income						
Total other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income	-	-	10.6	-	85.8	96.4
Transactions with group's owners						
Dividend	-	-	-	-	-80.7	-80.7
Share-based remuneration	-	-	-	-	0.3	0.3
Closing equity 2019-12-31	1.2	292.5	27.1	5.9	591.2	917.9
Opening equity 2020-01-01	1.2	292.5	27.1	5.9	591.2	917.9
Net profit for the year	-	-	-	-	-57.5	-57.5
Transfer to development fund	-	-	4.8	-	-4.8	-
Other comprehensive income						
Total other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income	-	-	4.8	-	-62.3	-57.5
Closing equity 2020-12-31	1.2	292.5	31.9	5.9	528.9	860.4

Cash flow statement for the Parent company

SEKm	Note	1 January - 31 December	
		2020	2019
Operating activities			
Operating profit/loss		-102.9	-90.2
Adjustment for items not included in cash flow	21	35.0	34.3
Dividends received	20	3.1	84.6
Interest received and other financial items		1.9	0.5
Interest paid and other financial items		-7.0	-10.9
Income tax paid		-5.2	-15.4
Cash flow from operating activities before changes in working capital		-75.1	2.9
Cash flow from changes in working capital			
Increase (-)/Decrease(+) in operating receivables		8.2	133.3
Increase (+)/Decrease (-) in operating liabilities		76.1	-3.3
		84.3	130.0
Cash flow from operating activities		9.2	132.9
Investment activities			
Capital expenditure on tangible fixed assets		-3.4	-3.4
Capital expenditure on intangible fixed assets		-61.9	-47.5
Acquisition/capital contribution, subsidiaries		-150.8	-667.9
Write-down of participations in group companies		-	-12.0
Cash flow from investment activities		-216.1	-730.8
Financial activities			
New loans		-	796.1
Amortisation of loans		-	-100.0
Group contributions received		109.5	242.1
Change in interest-bearing receivables/liabilities in group companies		97.4	-259.8
Share-based remuneration		-	0.3
Dividend paid		-	-80.7
Cash flow from financing activities		206.9	598.0
Cash flow for the year		0.0	0.1
Cash and cash equivalents at the beginning of the year		0.4	0.3
Cash and cash equivalents at the end of the year	21	0.4	0.4

1 Accounting policies

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. This means that the parent company applies in its financial reporting, as far as possible, all EU-approved IFRS under the Swedish Annual Accounts Act and that it takes into account the connection between accounting and taxation.

Nederman group's accounting policies appear in each note in the consolidated section of the Annual Report. The principle differences between the accounting policies applied in Nederman group and in the parent company are described in the respective notes in the parent company section of the Annual Report.

Accounting policies	Note
Revenue	2 Revenue
Leasing	7 Leasing
Revenue from dividends	9 Net financial items
Untaxed reserves	10 Appropriations
Group contribution	10 Appropriations
Capitalised development expenditure	12 Intangible fixed assets
Financial fixed assets	14 Shares and participations
Financial guarantees	19 Pledged assets and contingent liabilities

2 Revenue

Accounting policies

Revenue

The parent company's revenue consists of inter-company management fees, which are invoiced to the subsidiaries. Revenue from management fees is recognised at a point in time, which is when the service is performed and the subsidiaries can benefit from the service provided.

SEKm	2020	2019
Management charges	26.8	26.9
Total	26.8	26.9

3 Restructuring costs

SEKm	2020	2019
Restructuring expenses allocated by function		
Administrative expenses	11.6	-
Total	11.6	-
Restructuring expenses allocated by nature of expense		
Other external costs	11.6	-
Total	11.6	-

4 Other operating income and expenses

SEKm	2020	2019
Exchange gains and losses on operating receivables/liabilities	-5.3	0.3
Total	-5.3	0.3

5 Employees

Average number of employees	2020			2019		
	Women	Men	Total	Women	Men	Total
Sweden	11	17	28	11	16	27
Total	11	17	28	11	16	27

Distribution according to gender in senior management, percentage of women			2020	2019
Board of Directors			33%	33%
Other senior executives			20%	20%

Salaries, other remuneration and social security expenses, SEKm			2020	2019
Salaries and other remuneration			29.1	28.1
Social security expenses			16.7	16.2
(of which pension expenses)*			(6.1)	(5.6)

*Of the company's pension costs SEK 1.8m (1.4) concerns the CEO for the parent company. There are no outstanding pension obligations to the group's Board of Directors, CEO and senior executives.

Salaries and other remuneration allocated between the Board of Directors and other employees, SEKm			2020	2019*
Board of Directors, CEO and senior executives			14.1	13.9
(of which variable compensation)			(1.1)	(1.8)
Other employees			15.0	14.2
Total			29.1	28.1

*The broader management group is included in the category, "Board of Directors, CEO and senior executives", for which the comparative figures were adjusted. Total salaries and remuneration remain unchanged.

6 Pensions

SEKm	2020	2019
Costs for defined-contribution pension plans	6.1	5.6
Total	6.1	5.6

For more information about handling of pensions, see group note 24, Pension provisions and similar obligations.

7 Leasing

Accounting policies

Leasing

In accordance with RFR 2, the parent company applies the exemption in IFRS 16, which entails that the parent company recognises lease payments as operating expenses in the income statement on a straight-line basis over the lease term for all leases.

Leasing fees where the company is the lessee, SEKm	2020	2019
Future leasing fees for non-cancellable leasing contracts amount to:		
Within one year	0.6	0.5
Between one and five years	0.5	0.2
Total	1.1	0.7

Leasing expenses, SEKm	2020	2019
Leasing expenses	0.6	0.7
Total	0.6	0.7

8 Remuneration to auditors

SEKm	2020	2019
EY		
Audit assignment	1.2	1.2
Total	1.2	1.2

9 Net financial items

Accounting policies

Revenue from dividends

Revenue from dividends is recognised when the right to receive dividends has been established. Dividends received are recognised as revenue regardless of whether or not the dividends relate to profit earned before the acquisition date.

SEKm	2020	2019
Earnings from participations in group companies		
Dividend	3.1	84.6
Impairment of book value of shares in subsidiaries	-	-12.0
Total	3.1	72.6

Interest income and similar items

Other financial income, group companies	3.0	0.5
Exchange rate changes	0.9	6.7
Total	3.9	7.2

Interest expenses and similar items

Interest expenses, credit institutions	-	-1.1
Other financial expenses, group companies	-14.3	-16.4
Exchange rate changes	-0.6	-5.8
Total	-14.9	-23.3

10 Appropriations

Accounting policies

Untaxed reserves

The parent company recognises the difference between depreciation according to plan and tax depreciation as accumulated accelerated depreciation, which is included in untaxed reserves. In the consolidated accounts, untaxed reserves are divided into deferred tax liability and equity.

Group contribution

Recognition of group contributions was made in accordance with the alternative rule in RFR 2, entailing that group contributions are recognised as appropriations.

SEKm	2020	2019
Group contribution	39.0	142.6
Temporary differences	-	1.4
Total	39.0	144.0

11 Income taxes

Reported in income statement

Current tax expense (-)/tax income (+), SEKm	2020	2019
Tax expense for the period	-	-12.9
Adjustment of tax relating to previous years	0.3	-1.4
Total	0.3	-14.3

Deferred tax expense (-)/tax income (+)

Deferred tax income in tax loss carryforwards capitalised	14.0	0.4
Total reported tax expense	14.3	-13.9

Reconciliation of effective tax, SEKm	2020	2019
Profit before tax	-71.8	110.3
Tax according to the applicable tax rate	15.4	-23.6
Non-tax deductible expenses	-1.5	-7.0
Non-taxable income	0.7	18.1
Tax relating to previous years	0.3	-1.4
Effect of changes in tax rates and tax rules	-0.6	-
Reported effective tax	14.3	-13.9

Recognised in the statement of financial position

Deferred tax assets, SEKm	2020	2019
Deferred tax assets relate to the following:		
Intangible fixed assets	0.2	0.3
Provisions	0.1	-
Loss carryforwards	14.0	-
Deferred tax assets according to statement of financial position	14.3	0.3

12 Intangible fixed assets

Accounting policies

Capitalised development expenditure

Development expenditure capitalized during the year, for development work performed within the Nederman group on intangible assets, the amount is transferred from unrestricted equity to a reserve for development expenditure pertaining to restricted equity.

			2020
SEKm	Capitalised development expenditure	Computer programmes	Total
Accumulated cost			
Opening balance	104.6	81.9	186.5
Internally developed assets	32.0	-	32.0
Capital expenditure	-	29.9	29.9
Closing balance	136.6	111.8	248.4
Accumulated amortisation and impairment			
Opening balance	-41.9	-48.8	-90.7
Amortisation	-17.9	-10.7	-28.6
Closing balance	-59.8	-59.5	-119.3
Carrying amount			
Opening balance	62.7	33.1	95.8
Closing balance	76.8	52.3	129.1

12 Intangible fixed assets, continued

SEKm			2019*
	Capitalised development expenditure	Computer programmes	Total
Accumulated cost			
Opening balance	29.5	109.5	139.0
Internally developed assets	30.9	-	30.9
Capital expenditure	-	16.6	16.6
Reclassifications	44.2	-44.2	-
Closing balance	104.6	81.9	186.5
Accumulated amortisation and impairment			
Opening balance	-8.7	-54.4	-63.1
Amortisation	-17.1	-10.5	-27.6
Reclassifications	-16.1	16.1	-
Closing balance	-41.9	-48.8	-90.7
Carrying amount			
Opening balance	20.8	55.1	75.9
Closing balance	62.7	33.1	95.8
Amortisation and impairments, SEKm			
		2020	2019
Amortisation is included in the following rows in the income statement:			
Administrative expenses		-28.6	-27.6
Total		-28.6	-27.6

*As a result of the reclassification of the group's investments in digital products and services from the Computer programmes to Capitalised development expenditure, category, the comparative figures were restated. At year-end 2019, net assets were reclassified in an amount of SEK 32.9m and SEK 16.3m was reallocated from Capital expenditure to Internally developed assets.

13 Tangible fixed assets

SEKm	2020		2019	
	Equipment, tools, fixtures	Total	Equipment, tools, fixtures	Total
Accumulated cost				
Opening balance	10.1	10.1	6.7	6.7
Capital expenditure	3.4	3.4	3.4	3.4
Closing balance	13.5	13.5	10.1	10.1
Accumulated depreciation and impairment				
Opening balance	-6.6	-6.6	-5.9	-5.9
Depreciation	-2.0	-2.0	-0.7	-0.7
Closing balance	-8.6	-8.6	-6.6	-6.6
Carrying amount				
Opening balance	3.5	3.5	0.8	0.8
Closing balance	4.9	4.9	3.5	3.5
Depreciation and impairment, SEKm				
		2020	2019	
Depreciation is included in the following rows in the income statement:				
Administrative expenses		-2.0	-0.7	
Total		-2.0	-0.7	

14 Shares and participations

Accounting policies

Subsidiaries

Subsidiaries are the companies over which Nederman Holding AB has a controlling influence. Controlling influence exists if Nederman Holding AB has an influence over the investment object, is exposed to or has rights to variable returns from its involvement and can use its influence over the investment to affect these returns. When determining whether a controlling influence exists, potential voting shares are taken into consideration. Participations in subsidiaries are recognised in the parent company in accordance with the cost method. All expenses incurred in connection with business combinations, including acquisition-related expenses, are capitalised in the parent

company's financial statements as part of the cost of subsidiaries' shares. Shares in subsidiaries and receivables from subsidiaries are tested for impairment annually and in the event of an indication of impairment. Impairment testing is carried out by comparing the parent company's recognised cost with the subsidiaries' net asset value, including their long-term earning capacity. Any impairment losses are not reversed.

Shareholders' contributions for legal entities

Shareholders' contributions are added to the value of shares and participations in the balance sheet, after which impairment testing is carried out.

			2020		2019	
The Parent Company's holdings of shares and participations in group companies	Corp. ID. no.	Domicile / Country	Number of shares	Owner-ship share, %	Carrying amount SEKm	Carrying amount SEKm
AB Ph. Nederman & Co	556089-2951	Helsingborg, Sweden	550,000	100	329.2	236.6
Arboga-Darenth Ltd	01048823	Preston, UK	10	100	0.0	0.0
Auburn FilterSense LLC	6543811	Wilmington, DE USA	-	-*	-	-
EFT France Holding	429043276	Pontcharra, France	-	-*	-	-
Filtac AB	556652-2750	Kinna, Sweden	-	100	12.2	12.2
Gasmet Technologies (Asia) Ltd	950990	Hong Kong	-	-*	-	-
Gasmet Technologies (UK) Ltd	2301809	Naseby, UK	-	-*	-	-
Gasmet Technologies GmbH	HRB105091	Karlsruhe, Germany	-	-*	-	-
Gasmet Technologies Inc.	707771-8	Toronto, Canada	-	-*	-	-
Gasmet Technologies Oy	2681803-8	Helsinki, Finland	31,403	100	515.7	512.8
LCI Corporation International	56-0732889	Charlotte, NC USA	-	-*	-	-
Lebon & Gimbrair Beheer N.V.	31033906	Amersfoort, the Netherlands	-	100	26.7	26.7
Luwa Air Engineering (Pte.) Ltd.	197400205K	Singapore, Singapore	-	-*	-	-
Luwa Air Engineering (Shanghai) Co., Ltd.	913100006073822526	Shanghai, China	-	-*	-	-
Luwa Air Engineering AG	CHE-112.154.099	Zurich, Switzerland	950,000	100	203.2	203.2
Luwa America, Inc	C201412600738	Greensboro, NC USA	-	-*	-	-
Luwa Havalandirma Teknikleri Sanayi ve Ticaret Limited Sirketi	826319	Istanbul, Turkey	-	-*	-	-

14 Shares and participations, continued

The Parent Company's holdings of shares and participations in group companies	Corp. ID. no.	Domicile / Country	Number of shares	Owner-ship share, %	2020 Carrying amount SEKm	2019 Carrying amount SEKm
Luwa India Private Limited	U01711KA1993FTC014292	Bangalore, India	-	.*	-	-
Menardi Filters Europe A/S	38209205	Mariager, Denmark	-	100	0.7	0.7
Menardi LLC	56-2173466	Wilmington, DE USA	-	.*	-	-
MikroPul France SAS	303573307	Pontcharra, France	-	.*	-	-
Mikropul Holding BV	17119906	Amersfoort, the Netherlands	-	100	-	-
Monitoring Systems GmbH	FN211207z	Mauerbach, Austria	-	.*	-	-
National Conveyors Company Inc.	22-1547550	New York, NY USA	-	.*	-	-
Nederman (Malaysia) Sdn Bhd.	892768T	Selangor, Malaysia	-	.*	-	-
Nederman (Shanghai) Co Ltd	9131000067113929XX	Shanghai, China	-	.*	-	-
Nederman Canada Ltd	105836613	Mississauga, Canada	1	100	32.1	32.1
Nederman Corporation	56-0488262	Wilmington, DE USA	-	.*	-	-
Nederman CRs.r.o.	25634364	Prague, Czech Republic	1	100	0,0	0,0
Nederman Danmark, Filial af Nederman Nordic AB	36414642	Mariager, Denmark	-	.*	-	-
Nederman Distribution Sales AB	556272-9854	Helsingborg, Sweden	-	.*	-	-
Nederman do Brasil Comércio de Produtos de Exaustão Ltda	05.880.850/0001-45	Sao Paulo, Brazil	3,365	100	6.1	6.1
Nederman Filtration AB	556609-6177	Malmö, Sweden	-	.*	-	-
Nederman Filtration GmbH**	HRB391382	Freiburg, Germany	-	.*	-	-
Nederman Filtration Ltd	562216	Preston, UK	-	.*	-	-
Nederman Finance AB	559160-6081	Helsingborg, Sweden	1,000	100	0.5	0.5
Nederman GmbH (Austria)	FN2315530k	Vienna, Austria	-	.*	-	-
Nederman GmbH**	HRB225315	Stuttgart, Germany	-	100	19.2	19.2
Nederman Holding Danmark A/S	28301650	Mariager, Denmark	60,500	100	231.3	231.3
Nederman Holding Germany GmbH	HRB701805	Freiburg, Germany	-	.*	-	-
Nederman Holding USA Inc	80-0699546	Wilmington, DE USA	-	100	106.5	106.5
Nederman Ibérica S.A.	A79441762	Madrid, Spain	-	.*	-	-
Nederman India Private Limited	U74900PN2008FTC144278	Pune, India	100,000	100	10.6	10.6
Nederman Insight AB	559175-9468	Helsingborg, Sweden	1,000	100	0.1	0.1
Nederman International Trading Shanghai Co. Ltd	91310115688759399Y	Shanghai, China	-	.*	-	-
Nederman Logistics North America Ltd	426065-1	Mississauga, Canada	-	.*	-	-
Nederman Ltd	1393492	Preston, UK	10,000	100	49.3	49.3
Nederman Magyarorszag Kft	01-09-874950	Budapest, Hungary	-	100	0.2	0.2
Nederman Makine Sanayi Ve Ticaret Limited Sirketi	647743	Istanbul, Turkey	-	53*	7.6	7.6
Nederman Manufacturing & Logistics LLC	90-0676051	Wilmington, DE USA	-	.*	-	-
Nederman Manufacturing (Suzhou) Co Ltd	913205057820624593	Suzhou, China	-	.*	-	-
Nederman Manufacturing Poland Sp. z o.o.	50307	Marki, Poland	-	.*	-	-
Nederman Mikropul Canada Inc.	56-2172876	Wilmington, DE USA	-	.*	-	-
Nederman Mikropul GmbH**	HRB33261	Cologne, Germany	-	.*	-	-
Nederman Mikropul Holding Inc	04-3833071	Wilmington, DE USA	-	.*	-	-
Nederman Mikropul LLC	46-4352369	Wilmington, DE USA	-	.*	-	-
Nederman Mikropul Poland Sp. z o.o.	617869	Marki, Poland	-	.*	-	-
Nederman Mikropul Pty Ltd	-	Bayswater, Victoria, Australia	-	100	14.4	14.4
Nederman N.V./S.A.	428727	Brussels, Belgium	4,000	100	30.4	30.4
Nederman Nederland BV	58655360	Amersfoort, the Netherlands	-	.*	-	-
Nederman Nordic AB	556426-7358	Helsingborg, Sweden	2,000	100	110.6	110.6
Nederman Norge, Filial til Nederman Nordic	914149762	Skedsmo, Norway	-	.*	-	-
Nederman OOO	1082468018511	Moscow, Russia	-	.*	-	-
Nederman Polska Sp. z o.o.	109291	Marki, Poland	-	.*	-	-
Nederman S. de R.L. de CV	MIK0001128K6	Collijuarez, Mexico	-	.*	-	-
Nederman S.A.S.	434134615	Paris, France	-	.*	-	-
Nederman SEA Co Ltd	-	Chonburi, Thailand	-	.*	-	-
Nederman Services S. de R.L. de CV	MIK0001128K6	Collijuarez, Mexico	-	.*	-	-
Nederman Shared Services LLC	46-4172135	Wilmington, DE USA	-	.*	-	-
NEO Monitors AS	986076832	Skedsmo, Norway	147,076	100	415.9	415.9
NEO Monitors Corporation	85-1153790	Wilmington, DE USA	-	.*	-	-
Nordfab Ducting Co Ltd	-	Chonburi, Thailand	-	51*	0.2	0.2
Nordfab Europe AS	17011405	Mariager, Denmark	-	.*	-	-
Nordfab LLC	56-1230979	Wilmington, DE USA	-	.*	-	-
PT Nederman Indonesia	-	Jakarta, Indonesia	-	10*	0.2	0.2
Total					2,122.9	2,027.3

* 100% owned by the group

** The company applies the exemption in section 264 (3) HGB for the financial year 2020. This means that the company is exempt from issuing a local annual report in its home country.

14 Shares and participations, continued

Accumulated cost, SEK m	2020	2019
Opening balance	2,027.3	1,526.5
Acquisition of group companies	2.9	512.8
Capital contribution	92.7	-
Impairment of book value	-	-12.0
Closing balance at December 31	2,122.9	2,027.3

15 Other receivables

Other receivables which are current assets, SEK m	2020	2019
VAT receivable	1.7	9.0
Total	1.7	9.0

16 Prepaid expenses and accrued income

SEK m	2020	2019
Computer/license costs	9.8	8.6
Insurance	2.4	1.7
Other	0.3	3.2
Total	12.5	13.5

17 Other liabilities

Other short-term liabilities, SEK m	2020	2019
Deferred payment of acquisition price (see group note 4).	-	54.6
Personnel-related liabilities	1.5	1.5
Total	1.5	56.1

18 Accrued expenses and prepaid income

SEK m	2020	2019
Personnel-related expenses	12.1	11.7
Audit fees	0.3	0.7
Other	0.2	0.9
Total	12.6	13.3

19 Pledged assets and contingent liabilities

Accounting policies

Financial guarantees

The parent company's financial guarantees consist mainly of guarantees on behalf of subsidiaries. Financial guarantees mean that the company has an obligation to compensate the owner of a debt instrument for losses that the owner may incur because a specified debtor fails to make payment when due under the contract terms. The parent company recognises financial guarantee agreements as a provision in the balance sheet when the company has a commitment for which payment will probably be required in order to settle the obligation.

Pledged assets, SEK m	2020	2019
In the form of pledged assets for own liabilities and provisions:		
Shares in subsidiaries	None	None
	None	None

Contingent liabilities, SEK m	2020	2019
FPG/PRI	0.7	0.7
Guarantees on behalf of subsidiaries	415.8	411.5
Total	416.5	412.2

20 Related party transactions

The parent company has related party relationships with its subsidiaries, see note 14 Shares and participations.

No member of the Board of Directors or senior executives have or have had any direct or indirect participation in any business transaction with group companies which is or was of an exceptional character with regard to terms and conditions that occurred during the year or in any previous financial year. Nor has any group company provided any loan, given any guarantees or entered into any surety relationships for any of the members of the Board of Directors or senior executives. Loans to subsidiaries are made on market terms.

Related party transactions, subsidiaries, SEK m	2020	2019
Net sales - Management charges	26.8	26.9
Dividends received	3.1	84.6
Group contribution received	39.0	142.6
Financial income	3.0	0.5
Financial expenses	-14.3	-16.4
Receivables, 31 December	123.0	375.2
Liabilities, 31 December	1,510.3	1,510.0

Transactions with key persons in leading positions

Regarding the salaries and other remuneration, costs and commitments for pensions and similar benefits, and severance payment agreements for Board members, the CEO and other senior executives, see group Note 8 Personnel and note 24 Provision for pensions and similar obligations.

21 Cash flow

Liquid funds, SEKm	2020	2019
Subcomponents in cash and cash equivalents:		
Cash and cash equivalents	0.4	0.4
Total	0.4	0.4

Adjustments for items not included in cash flow, SEKm	2020	2019
Depreciation	30.6	28.3
Unrealised translation differences	3.4	-6.0
Impairment of shares in subsidiaries	-	12.0
Provisions	1.0	-
Total	35.0	34.3

Unused credits, SEKm	2020	2019
Disposable funds	0.4	0.4

Financial activities

The following table shows the changes in receivables and liabilities included in financial activities.

2020, SEKm	Amount at beginning of the year	Cash flow	Items not affecting cash flow		Amount at year end
			Interests and fees	Exchange rate gains/losses	
Long-term interest-bearing liabilities group companies	1,170.9	-	-	-3.4	1,167.5
Short-term interest-bearing assets (-) & liabilities (+) group companies	-28.2	97.4	5.3	3.4	77.9
Total		97.4			

2019, SEKm	Amount at beginning of the year	Cash flow	Items not affecting cash flow		Amount at year end
			Interests and fees	Exchange rate gains/losses	
Long-term interest-bearing liabilities group companies	474.8	696.8	-	-0.7	1,170.9
Short-term interest-bearing assets (-) & liabilities (+) group companies	-10.5	-16.9	-	-0.8	-28.2
Total		679.9			

22 Appropriation of profit or loss

The following is at the disposal of the Annual General Meeting of Nederman Holding AB (publ):

SEK	2020	2019
Share premium reserve	5,866,700	5,866,700
Retained earnings	586,402,571	494,865,542
Net profit for the year	-57,499,101	96,372,679
Total	534,770,170	597,104,921

The Board of Directors propose

to be transferred to the share premium reserve	5,866,700	5,866,700
to be transferred to retained earnings	528,903,470	591,238,221
Total	534,770,170	597,104,921

The Board of Directors' current proposal is that no dividend be paid for the 2020 financial year, but a further statement regarding a dividend will be issued not later than in conjunction with the third quarter report, which is to be published on 22 October 2021.

In March 2020, Nederman's Board of Directors withdrew its earlier proposal for a dividend for the 2019 financial year due to uncertainties in the market in light of COVID-19.

23 Occurrences following the balance sheet date

No significant events have occurred after the balance sheet date.

Signatures

The consolidated accounts and the annual report have been prepared in accordance with international accounting standards as prescribed in Regulation (EC) no.1606/2002 of the European Parliament and of the Council dated 19 July 2002 concerning the application of international accounting standards and good accounting practice in Sweden, and give a fair picture of the Group's and parent company's position and results.

The Directors' Report for the Group and parent company provides a fair overview of the Group's and parent company's activities, position and results and describe the main risks and uncertainties facing the parent company and Group companies. The annual report and consolidated accounts will be subject to adoption by the Annual General Meeting on 26 April 2021.

Helsingborg, 16 March 2021

Johan Hjertonsson

Chairman

Gunilla Fransson

Board member

Sam Strömerstén

Board member

Johan Menckel

Board member

Ylva op den Velde Hammargren

Board member

Sven Kristensson

Board member and CEO

Our audit report was issued on 18 March 2021

Ernst & Young AB

Staffan Landén

Authorised Public Accountant

Auditor's report

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF NEDERMAN HOLDING AB (PUBL), CORPORATE IDENTITY NUMBER 556576-4205

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Nederman Holding AB (publ) except for the corporate governance statement on pages 68-71, 74-75 and the statutory sustainability report on pages 35-47 for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 35-121 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 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 2020 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 opinions do not cover the corporate governance statement on pages 68-71, 74-75 and the statutory sustainability report on pages 35-47. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of Goodwill

Description

The carrying value of goodwill at 31 December 2020 was SEK 1 514,7 million which corresponds to 36 % of the company's total assets in the group. The company conducts an annual review and in the event of an indication of impairment, to assure that the carrying value does not exceed the estimated recoverable value. The recoverable amount is determined for each cash generating unit by calculating the present value of future cash flows. Future cash flows are based on management's business plans and forecasts, and include a number of assumptions, including on earnings performance, growth, investment requirements and the discount rate.

Changes in assumptions have a great impact on the calculation of the recoverable value and the assumptions that the company makes will be of great importance when determining if there is a need for impairment. We have therefore considered that the valuation of goodwill is a key audit matter in the audit.

A description of the impairment test is presented in Note 13 "Intangible assets".

How our audit addressed this key audit matter

In our audit, we have evaluated and tested the company's process to establish the impairment test, including by evaluating past accuracy of forecasts and assumptions. We also made comparisons with other companies in order to evaluate the reasonableness of future cash flows and growth assumptions, and with the help from our valuation specialists examined the selected discount rate and assumptions about long term growth. We have also reviewed the company's model and method for carrying out impairment testing and evaluated the company's sensitivity analyses. We have also reviewed the disclosures in the financial statements.

Revenue relating to Solutions (project sales)

Description

Net sales for the group 2020 amounts to total SEK 3 674,8 million and of this SEK 1 506,2 million relates to solutions (project sales), representing 41 % of total net sales. The accounting policies that the company applies for revenue recognition attributable to solutions is described on page 87 of the annual report, in Note 6 "Sales". The revenue of solutions is accounted for over time by measuring the current fulfillment of the performance obligation and comparing it to the complete fulfillment of the performance obligation. This is done by putting the accrued expenses in relation to the total projected expenses of goods or services that have been agreed upon. Revenue recognition of solutions requires estimates in measuring the current fulfillment of the performance obligation and comparing it to the complete fulfillment of the performance obligation. Changes in these estimations can have a material impact on the result of the company, and we have therefore considered revenue recognition related to solutions to be a key audit matter in the audit.

How our audit addressed this key audit matter

We have reviewed the company's process for revenue recognition of the segment solutions and assessed the company's estimation of the grade of fulfillment of the performance obligation. We have by testing samples reviewed the company's assessments of expected profit or loss of the project by comparisons with agreements, historical results and budget. The assessments made by the company regarding the risk of loss have also been reviewed. We have also reviewed the disclosures in the financial statements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 128-132. The remuneration report for the financial year 2020 also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guar-

antee 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 Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director'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, actions taken to eliminate threats or related safeguards applied.

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

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ABC AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are con-

trolled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

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 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 68-71, 74-75 has been prepared in accordance with the Annual Accounts Act.

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

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

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 35-47, and that it is prepared in accordance with the Annual Accounts Act.

My (Our) examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is 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 opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, Box 7850 103 99 Stockholm, was appointed auditor of Nederman Holding AB by the general meeting of the shareholders on the 27 April 2020 and has been the company's auditor since the 22 April 2015.

Helsingborg 18 March 2021
Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Definitions

Return on equity

Net profit for the year after tax divided by average equity.

Return on operating capital

Adjusted operating profit as a percentage of average operating capital.

EBITA

Operating profit before amortisation and impairment of intangible assets.

EBITA margin

EBITA as a percentage of sales.

EBITDA

Operating profit before depreciation, amortisation and impairment.

EBITDA margin

EBITDA as a percentage of net sales.

Equity per share

Equity divided by the average number of shares outstanding.

Adjusted EBITA

Operating profit before amortisation and impairment of intangible assets, excluding acquisition and restructuring costs.

Adjusted EBITA margin

Adjusted EBITA as a percentage of sales.

Adjusted EBITDA

Operating profit before depreciation, amortisation and impairment, excluding acquisition and restructuring costs.

Adjusted EBITDA margin

Adjusted EBITDA as percentage of sales.

Adjusted operating profit

Operating profit excluding acquisition and restructuring costs.

Adjusted operating margin

Adjusted operating profit as a percentage of net sales.

Capital turnover rate

Net sales divided by average operating capital.

Net debt

Interest-bearing liabilities (including pensions) less cash and cash equivalents.

Net debt/equity ratio

Net debt divided by equity.

Operating capital

Equity plus net debt.

Organic growth

Growth rate that does not come from acquisitions or currency effects, compared with the corresponding period in the preceding year.

Earnings per share (before dilution)

Net profit for the year attributable to parent company shareholders in relation to the average number of shares outstanding.

Earnings per share (after dilution)

Net profit for the year attributable to parent company shareholders in relation to the average number of shares outstanding plus the average number of convertibles and warrants, as calculated in accordance with IAS 33.

Interest cover ratio

Profit before tax with a reversal of financial expenses in relation to financial expenses.

Operating profit

Operating profit after depreciation, amortisation and impairment.

Operating margin

Operating profit as a percentage of net sales.

Equity/assets ratio

Equity divided by total assets (balance sheet total).

Currency-neutral growth

Currency-neutral growth is the growth rate that does not come from currency effects, compared with the corresponding period in the preceding year.

Annual average

Average of balance at the beginning and end of the year.

Articles of Association

Nederman Holding AB (publ.)
Corp. Reg. No. 556576-4205

1 § COMPANY NAME

The name of the company is Nederman Holding Aktiebolag. The company is a public company (publ.).

2 § REGISTERED OFFICE.

The registered office of the Board of Directors is in Helsingborg municipality.

3 § COMPANY'S OPERATIONS.

The object of the company's operations is to directly or through subsidiaries produce and market products to improve the industrial workplace environment and to own and manage enterprises as well as real estate and personal property, and to engage in compatible operations.

4 § SHARE CAPITAL.

The company's share capital shall not be lower than seven hundred and fifty thousand (SEK 750,000) and shall not exceed three million (SEK 3,000,000).

5 § NUMBER OF SHARES.

The number of shares shall be no lower than ten million (10,000,000) and shall not exceed forty million (40,000,000).

6 § VPC-REGISTERED COMPANY.

The company's shares shall be registered in a CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479).

7 § FINANCIAL YEAR.

The company's financial year will comprise 1 January - 31 December.

8 § BOARD OF DIRECTORS.

The Board of Directors shall consist of at least three (3) and not more than eight (8) members with a maximum of three (3) deputies. Board members will be elected annually at the Annual General Meeting for the period extending until the close of the next Annual General Meeting.

9 § AUDITOR.

The firm shall have at least one (1) and no more than two (2) auditors, without or with no more than one (1) deputy auditor. An authorized public accountant or a registered auditing firm shall be appointed auditor and, where appropriate, deputy auditor.

10 § NOTICE OF ANNUAL GENERAL MEETING.

Notice of Annual General Meeting shall be given in the Swedish Official Gazette (Post- och Inrikes Tidningar) as well as on the company's website. It shall be advertised in Svenska Dagbladet or, if publication is cancelled, in Dagens Industri instead, that notice of the meeting has been given.

11 § RIGHT TO PARTICIPATE IN ANNUAL GENERAL MEETING.

Shareholders who wish to participate in proceedings at the Annual General Meeting must be included in the transcript of the entire share register on the record date for the annual general meeting, which is determined in accordance with the Swedish Annual Accounts Act, and they must register with the company not later than the day specified in the notice of the Annual General Meeting. This day may not be a Sunday, other general holiday, Saturday, Midsummer Eve, Christmas Eve, or New Year's Eve, nor may it fall earlier than the fifth weekday before the Annual General Meeting. Shareholders or representatives may be accompanied by a maximum of two assistants at a annual general meeting, but only if the shareholder has notified the company of the number of assistants in accordance with the preceding paragraph.

12 § LOCATION OF ANNUAL GENERAL MEETING.

The Annual General Meeting may be held in Helsingborg or Stockholm.

13 § ANNUAL GENERAL MEETING.

The Annual General Meeting shall address the following matters:

1. Election of the chairperson of the meeting;
2. Preparation and approval of the voting list;
3. Approval of the agenda;
4. Election of one or two persons to verify the minutes;
5. Determination of whether the meeting has been duly convened;
6. Presentation of the annual report and the auditors' report and report on the consolidated accounts;
7. Resolution to adopt the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet;
8. Resolutions on appropriation of the company's profit or loss according to the adopted balance sheet;
9. Resolution to discharge members of the Board of Directors and the Chief Executive Officer from liability;
10. Determination of the number of board members and deputies, as well as, where appropriate, auditors and deputy auditors;
11. Establishment of remuneration to the Board of Directors and the auditors;
12. Election of members of the board and any deputy board members as well as, where appropriate, auditors and any deputy auditors; Other items brought before the general meeting according to the Swedish Companies Act or the Articles of Association.

These articles of association were adopted by the Annual General Meeting on 27 April 2020.

Annual General Meeting

Due to the ongoing pandemic, the Annual General Meeting will be conducted on the basis of postal voting, without physical presence, on 26 April 2021.

Shareholders who wish to participate at the Annual General Meeting must

- be included in the shareholders' register maintained by Euroclear Sweden AB in line with the conditions on 16 April 2021,
- register by submitting their postal vote in accordance with the instructions provided in the postal voting form so that the postal vote arrives at the company not later than 23 April 2021.

To be entitled to participate in the Annual General Meeting, a shareholder who has registered their shares with a trustee must, in addition to registering for the Annual General Meeting by sub-

mitting their postal vote, have their shares registered in their own name to enable the shareholder to be included in the shareholders' register not later than 16 April 2021. Such registration may be temporary (so-called voting rights registration) and is requested of the trustee in accordance with the trustee's procedures at such time in advance that is determined by the trustee. Voting rights registration made by the trustee not later than 20 April 2021 will be taken into consideration in the preparation of the shareholders' register.

Notification

Notification and postal voting at the Annual General Meeting will be conducted in accordance with the instructions contained in the postal voting form. The postal voting form will be made available on the company's website not later than three weeks prior to the Annual General Meeting.

Dividend

Due to the continued high uncertainty regarding the economic impact of lockdowns and restrictions in the wake of covid-19, the Board's current proposal is that no dividend be paid for the fiscal year 2020. This should enable Nederman to maintain financial sta-

bility and increase flexibility as new opportunities arise. The Board will continue to evaluate the situation and a further statement regarding dividends will be made at the latest in the Q3 report on 22 October 2021.

Distribution policy

The printed version of Nederman's Annual Report will be distributed to those shareholders who have specifically requested a copy. The Annual Report is also available in its entirety on the group's website: www.nedermangroup.com

Financial reports

- Quarter 1 report, 22 April 2021
- Quarter 2 report, 15 July 2021
- Quarter 3 report, 22 October 2021

Nederman in motion

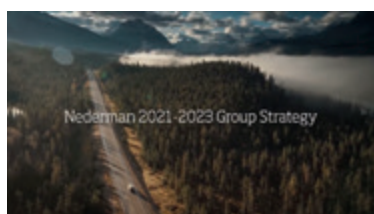
As a globally leading environmental technology company, we create value for our customers, the world and our owners. We are constantly on the move and our task is clear, to protect people, planet and production. Take a deep breath, sit back and watch how we do it.



The Breath



Breathing clean air is a prerequisite for life.



Strategy - The Clean Air Company



With a clear agenda we create growth and shape the future for Clean Air.



Interview, Sven Kristensson - Q4 and full-year 2020



Our development continues.

NEDERMAN CHANNEL ON YOUTUBE



www.youtube.com/users/nedermanvideos

- To see the films, scan the QR-code with your mobile or visit our YouTube channel.



Nederman

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