



Nederman

We shape
the future
for clean air

The Clean
Air Company

Annual and Sustainability
Report 2021

Contents

CEO's comments	4
Strategy	16

DIRECTORS' REPORT

Sustainability report	34
Nederman's divisions	52
The Nederman share	62
Review of business operations.....	64
Five-year overview.....	68
Risks and risk management.....	70
Corporate governance	72
Guidelines for executive remuneration.....	76
Board of Directors.....	78
Group management.....	79

FINANCIAL STATEMENTS

Consolidated financial statements	80
Notes to the financial statements	84
Parent company's financial statement	115
Signatures.....	126
Auditor's report	127

OTHER

Definitions	132
Articles of Association	133
Annual General Meeting	134
Dividend.....	134
Financial calendar	134

INFORMATION ON DATA IN THIS REPORT

Figures in brackets refer to business activities in 2020 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.



World-leading position for continued value creation

More than 75 years ago, Nederman was already 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 led to continuous expansion and a world-leading position in industrial air filtration. Today, expansion and value creation is achieved through digitalisation and servicification, and we are still at the forefront of development. This is how Nederman as an environmental technology company and global leader, creates value – for our customers, for our operating environment and for our owners.

We protect people, planet and production

BETTER AIR QUALITY

Ensuring improved and sustainable air quality for more people

BETTER USE OF RESOURCES

Improving utilisation of resources, achieving more with less

BETTER WORK ENVIRONMENT

Enhancing product performance, guaranteeing health and safety

BETTER COMPANIES

Creating sustainability and climate-neutral operations

Sven Kristensson
President and CEO

Strong recovery and
continued digital
revolution

Important milestones in 2021

OPERATING MARGIN OVER 10 PERCENT AND RECORD CASH FLOW

More efficient operations and increased sales of, for example, the company's digital offerings, led to an increase to 10.7 percent for Nederman's adjusted operating margin in 2021. Improved margins and advance payments from customers also generated a record-strong cash flow. Nederman closed the year with strong finances and even better opportunities to accelerate its growth initiatives going forward.

RECOVERY IN ORDERS RECEIVED

During the year, many customers experienced higher demand, which led to increased investment requirements. For Nederman, this led to a gradual strengthening of orders received, including for the very largest of projects. For the full year, orders received increased currency neutrally by 38.9 percent and the order backlog was at a record level at the end of the year.

STRENGTHENED TECHNOLOGICAL LEAD AND DIGITALISATION

During the year, the company's technological lead and digitalisation were further strengthened. New SmartFilters were launched. Digital tools were developed, with, for example, a new planning and design tool, which won the Visionary New Product Award. In addition, nanofilter technology was launched and the acquisition of Energy Save System added leading technology in the area of energy savings.

BREAKTHROUGH FOR CLEAN AIR AS A SERVICE, SEVERAL CONTRACTS SIGNED

During the year, the proportion of IoT-ready systems increased from 23 to 40 percent. Additionally, several service agreements were signed with customers, under which Nederman ensures the customer's installation over a life cycle, often up to ten years, using its digital tools. This is fully aligned with the vision of offering clean air as a service.

Performance measures 2021

SEKm	2021	2020	2019
Orders received	4,622.9	3,480.2	4,168.4
Netsales	4,041.8	3,674.8	4,307.7
Adjusted EBITA	494.6	352.3	394.0
Adjusted EBITA margin	12.2%	9.6%	9.1%
Adjusted EBITDA	605.5	461.2	495.8
Adjusted EBITDA margin	15.0%	12.6%	11.5%
Operating profit	458.9	219.0	343.2
Operating margin	11.4%	6.0%	8.0%
Adjusted operating profit	431.2	295.6	349.1
Adjusted operating margin	10.7%	8.0%	8.1%
Profit before tax	417.1	148.5	307.3
Net profit	305.3	110.4	225.8
Earnings per share, SEK	8.70	3.15	6.43
Return on equity	20.2%	8.2%	17.2%
Return on operating capital	15.6%	10.4%	14.0%
Net debt	1,067.8	1,450.5	1,564.1
Net debt/equity ratio	62.2%	111.5%	113.2%
Net debt/Adjusted EBITDA, multiple	1.8	3.1	3.2
Interest cover ratio, multiple	9.6	4.1	8.1

The need for safer production and lower emissions is becoming increasingly important throughout the world. As a leading environmental technology company in industrial air filtration, Nederman develops products, solutions and a range of services that protect people, planet and production from the harmful effects of industrial processes. It is up to us to shape the future for clean air, a position we strengthened further in 2021. The fact is that Nederman is progressing toward a completely digitally controlled air flow, with very high market potential.

After a strong decline in economic activity in 2020, an equally strong upturn followed in 2021. We were prepared for a recovery, but it was stronger than anticipated. I was pleased that we had a high level of readiness throughout the organisation and were able to meet and exceed our customers' expectations, both in terms of the development of our offering and our delivery precision. Accordingly, I am able to summarise a record year for Nederman, with a high level of orders received and a strong improvement in profitability. Three of four divisions delivered their highest ever adjusted EBITA margins and order intake for the year was 19.6 percent higher, currency neutral, than in 2019, that is before covid-19 changed the playing field. At the same time, the fourth division, Process Technology, delivered a strong cash flow and almost doubled its orders received.

In addition to meeting the strong demand, there was a high level of activity within a number of different areas. Restructuring programmes were concluded. Activities to optimise the logistics and manufacturing structure were accelerated. The standardisation of existing technology offerings has made it possible to reach new markets and segments, while new, and in some cases pioneering, products and technologies were launched. We continued to develop digital tools, the digital offering and the digital presence to drive efficiency and increase customer value. In addition, the service business continued to be developed with more functionality for digital monitoring and control. Finally, we have placed

great emphasis on strengthening expertise and the debate on the importance of clean air in industrial environments. This was achieved through training, webinars with customers and partners, and not least, through our Future Days initiative, through which we held two conferences during the year on "Green Awakening", with attendees that included decision-makers from industrial and environmental technology companies, ESG financiers, sustainability managers and chief economists. Combined, all of our initiatives have led to a strengthening of our leading position. As market leader, we inform and guide the market in a sustainable and appropriate direction for society.

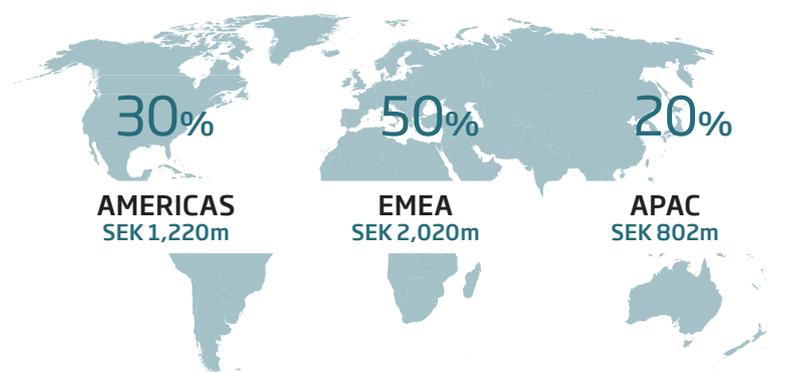
The high level of activity in the market during the year also presented challenges, not least in the form of complicated supply chains with longer lead times and rising prices for raw materials and freight transport. In addition, new geopolitical circumstances have emerged. We have placed great emphasis - centrally and in our divisions - on adapting the supplier and production organisation to meet the customers' needs for secure and reliable deliveries. I can see that we succeeded well in this, and we were also successful in our efforts to manage our own pricing. Production in close proximity to customers, increased insourcing and adapted inventory levels, combined with a higher level of digitalisation of the value chain, are key factors for a strong and secure supply chain. We will continue to place high priority on these areas in 2022 - because the challenges remain and new ones may arise. ▶

Market trend

REGIONS, external sales				
SEKm	2021	2020	2019	Growth 2020-2021
AMERICAS	1,220	1,129	1,380	8%
EMEA	2,020	1,916	2,191	5%
APAC	802	631	737	27%

MAINMARKETS, external sales				
SEKm	2021	2020	2019	Growth 2020-2021
USA	996	883	1,079	13%
China	378	307	458	23%
Germany	342	356	405	-4%
UK	207	184	215	13%
India	143	78	140	83%
Sweden	126	207	123	-39%

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 means 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.

SEKm	2021	2020	2019
External orders received	1,781	1,589	1,962
Sales	1,763	1,649	1,940
Adjusted EBITA	309	222	263
Adjusted EBITA margin	17.5%	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.

SEKm	2021	2020	2019
External orders received	1,785	993	1,462
Sales	1,292	1,137	1,633
Adjusted EBITA	51	58	102
Adjusted EBITA margin	3.9%	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.

SEKm	2021	2020	2019
External orders received	495	403	474
Sales	541	458	555
Adjusted EBITA	104	64	70
Adjusted EBITA margin	19.2%	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.

SEKm	2021	2020	2019
External orders received	562	496	271
Sales	537	507	280
Adjusted EBITA	121	95	45
Adjusted EBITA margin	22.5%	18.7%	15.9%

Platform for profitable growth

Financial objectives*



Customer focus

Develop profitable and sustainable air filtration applications for professional environments

- Global presence
- Leading positions

Efficiency focus

Increased efficiency through digitalisation and automation

- Established trademarks
- Strong balance sheet

Sustainability focus

* Financial objectives are measured over a business cycle

Sustainability goals 2023

Our overall sustainability goals are ambitious. 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. During the year, for example, the proportion of stationary Nederman filters sold that feature an IoT solution increased to more than 40 percent.

Our climate impact measured in carbon dioxide equivalents related to energy use and electricity purchased has decreased by 47 percent since the base year of 2014, which is close to our goal of cutting this by half. During 2022, we will continue to analyse goals and measures that need to be implemented by 2023.

-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 to contain IoT solution

100%

Recyclability of products launched

► One reason for our success is that we have the best digital solutions in all areas. As mentioned, we have invested a great deal of energy in building up digital processes, tools and presence in the market to be able to conduct effective sales and service work. The area in which we excel is primarily our offering. I believe that 2021 was the year in which the industry understood that digital, future-proof air filtration solutions should be standard. As market leader, our own sales confirm this. For example, the proportion of IoT-ready systems increased from 23 to 40 percent, nearly doubling in only a year. With more digital filter systems, sales of our subscription services, such as myAir and MicroPul-Assist, increased. That which felt like a breakthrough in 2020, is now a market under strong change, and we are at the forefront. It is difficult to see anything that could slow down this trend. We are seeing a growing market with an intensified focus on digital products and services that are compatible with a high-tech production chain. This market is the reason why we are making investments and conducting development activities.

Many of our digital products and services are organised within the Monitoring & Control Technology division. The division already noted an increase in sales during 2020, which was so badly impacted by the pandemic, and grew a further 8.9 percent currency neutrally in 2021. The three other divisions are also digitalising their offering to a greater degree and further products are on the way through acquisition and product development.

“We have the best digital solutions in all areas”

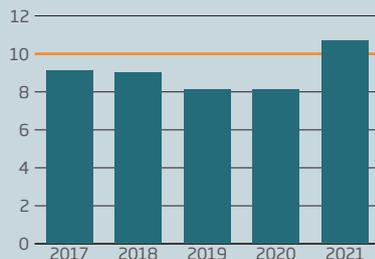
Acquisitions have otherwise been a key aspect for us in driving value creation in new markets and applications, but primarily in new digital expertise. NEO Monitors, AFS and Gasmeter - operations acquired previously and which are included in the Monitoring & Control Technology division - are world leaders in technologies for measuring and controlling gases and particles. The data they

SALES GROWTH, %



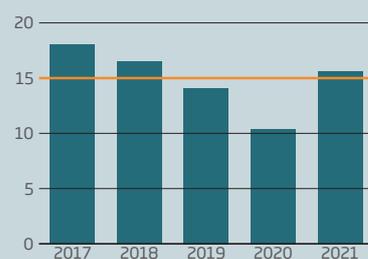
Annual sales growth over a business cycle is to amount to 10 percent. During 2021, sales increased by 10.0 percent. Average annual growth during the past five years was 6.4 percent.

ADJUSTED OPERATING MARGIN, %



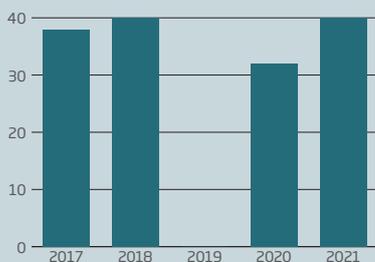
The adjusted operating margin is to be at least 10 percent. In 2021, the adjusted operating margin was 10.7 percent. The average for the past five years was 9.0 percent.

RETURN ON OPERATING CAPITAL, %



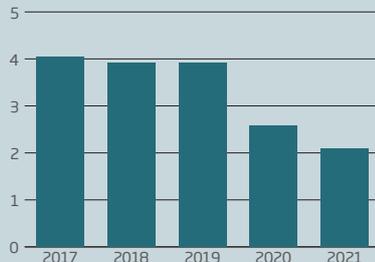
The return on operating capital is to be at least 15 percent. In 2021, the return was 15.6 percent. Average annual growth during the past five years was 15.0 percent.

DIVIDEND POLICY, %



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

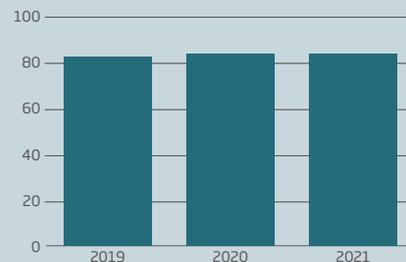
CLIMATE IMPACT IN ACCORDANCE WITH SBT*, EMISSIONS TO AIR, TONNES/SEKM



With the goal of halving the climate impact measured in carbon dioxide equivalents related to energy use and electricity purchased for the group's manufacturing units by 2023, in relation to 2014 (base year), the outcome for 2021 was 47 percent.

* Scope 1+2

EMPLOYEE ENGAGEMENT, %



In 2021, 83 percent of all group employees responded to the survey, which is higher than the corresponding index for the comparative groups, Global Benchmark and Industry.

- ▶ deliver forms the basis of the cluster of new digital products that have emerged at Nederman in recent years. In November 2021, we conducted the next important acquisition, that of UK company Energy Save System Ltd. It is a company that offers unique hardware and software for monitoring and control of filter systems, thereby lowering energy consumption and reducing the environmental impact. Consequently, we are strengthening our offering in the environment and climate area, which is incredibly important not least in view of the more stringent regulatory requirements and rising energy prices. Although the company is part of the Monitoring & Control Technology division organisationally, the acquisition strengthens all of the divisions' offerings. This type of acquisition will play a continued important role in establishing leading positions within attractive markets and product segments. Our size and market penetration give us a head start in this ambition.

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. 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 also means that the generation of revenue is shifted from the current focus on installed products to subscription and aftermarket, fully in line with our vision of being able to offer Clean Air as a Service. We are only in the infancy of this development, but the market potential is extensive and we are well-positioned with our current offering and strategy. In 2021, we signed several agreements, in which we ensure the customer's installation over a life cycle, of ten up to ten years, supported by our digital tools.

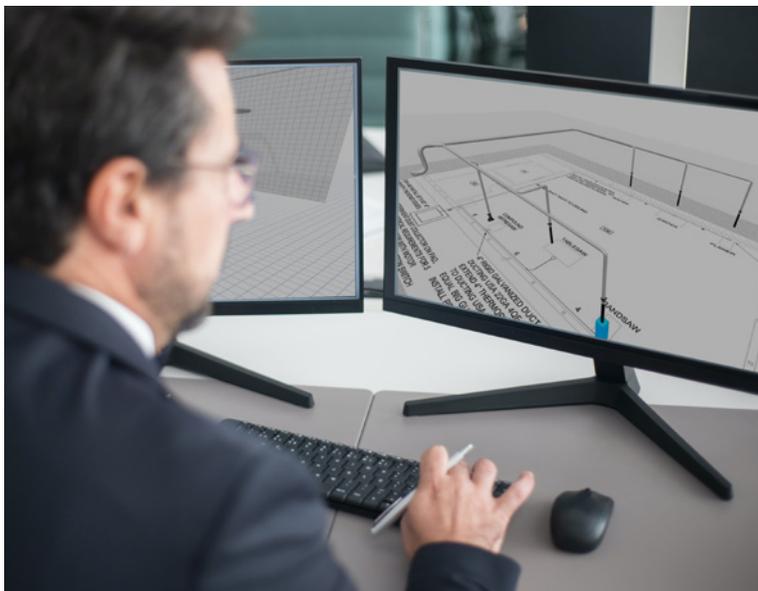
"We can also increase our market shares by addressing completely new segments with our installations."

As market leader, we currently have a comprehensive base of installed filters and filter systems throughout the world. When our customers need to develop or change, we thus have favourable possibilities to sell new products and upgrade digital products and services to a considerable degree. But we can also increase our market share by addressing completely new segments with our installations. In rapidly expanding industrial segments, such as

battery production, renewable energy and recycling, completely new facilities are often built, where it is self-evident to the customer to have a fully digital process and outsourced operations from the beginning. During the year, we recorded strong orders received in many new exciting industries, in which we are helping to future-proof production. Our complete product programme and our high degree of digitalisation comprise a clear competitive advantage for this.

Future-proofing is also synonymous with sustainability. Today, it is clear that sustainability has as much weight as financial aspects when government agencies, investors and customers make their decisions. 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, planet and production, while at the same time, contributing to a more efficient and profitable production process. Our sustainability work is broad and comprises the UN Sustainable Development Goals (Agenda 2030) and reporting in accordance with GRI. We are affiliated with the UN Global Compact and comply with its ten principles, which comprise human rights, labour, the environment and anti-corruption. During the year, we accelerated activities to reduce our environmental impact, for example, by launching a sustainability fund to support local initiatives in the group that contribute to achieving the Sustainable Development Goals, and we are working in an even more focused manner to secure a high level of sustainability throughout our value chain.

Sustainability is an integral part of our business strategy and development process, and we make our largest environmental contribution when industry and customers use our products and solutions. We also see that the development of services, so-called servicification, is becoming increasingly important as the world's industries transition to greener production. With the offering of clean air as a service, we assume responsibility for our products and their effectiveness for their entire service life. This means that we are able to drive the development towards a circular economy, in which we integrate long economic service life, re-use and recycling into our product development. Once again, we have a competitive edge with our strong offering, high quality and already high sustainability demands in terms of recycling, traceability and energy efficiency. We work to incorporate recycled material in new product platforms without sacrificing the products' quality and functionality. ▶



Digital tools win Visionary New Product Awards 2021

Nederman's digital offering shall contribute to simplifying all phases in the customer's process, including the planning and design phase. During 2021, Nederman's leading range of tools for the design of installations of ducting systems was expanded to include an innovative online 3D design tool, Quick-Fit Visual® (QFV®). This helps customers to visualise how duct systems for dust extraction will look once they are installed, and to quickly receive information on the cost and lead time for the installation work. The industry organisation, the Association of Woodworking & Furnishings Suppliers®, named QFV® the winner of the software category at an annual event that highlights key innovations for the wood industry.

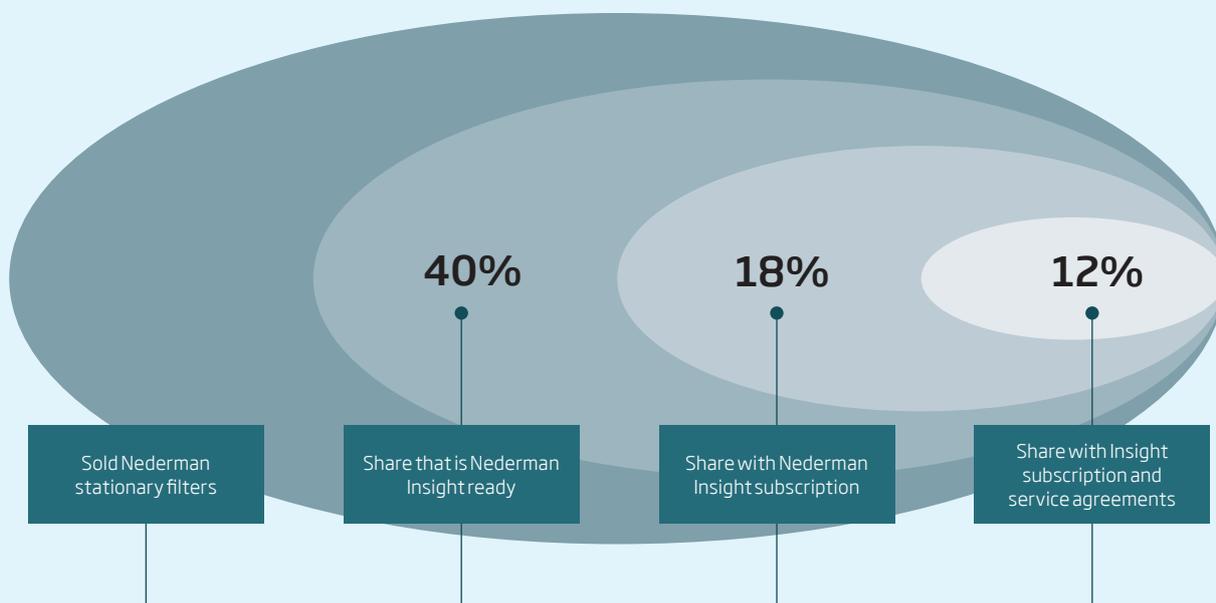


Digital showrooms demonstrate the new normal

NEO Monitors' and Gasmeter's new digital showrooms demonstrate that Nederman is ready for the new normal. The main objective is to come even closer to distributors and customers. The showrooms can be used for online meetings and product demonstrations in real time, webinars, workshops, product launches and for interactive product and service training. They can also be used as a studio to record instructional videos and presentations, as well as meeting rooms when we do want to meet face-to-face. The rooms make it possible to demonstrate different functions and conduct gas analyses in real time, so that the customer can see exactly how an analyser works and how it reacts to various gases.

Sales of digital filter systems continue to grow

After achieving a breakthrough for digital solutions in 2020, the positive trend continued during 2021. Of the stationary filter systems that Nederman sold in 2021, 40 percent (23) were IoT ready. Sales of our long-term subscription services for Insight and service agreements also increased. During the year, SmartFilters were also launched outside EMEA, starting in the key market in North America.



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.



7 million people die prematurely each year due to poor air

New WHO guidelines on air quality

Since the WHO's most recent global update in 2005, there has been a notable increase in the evidence showing how air pollution impacts people's health. Data shows that nearly all of the global population (99 percent) is breathing air that exceeds the WHO Air Quality Guidelines, with low-income countries being worst affected. For this reason, and after a systematic review of the collective evidence, the WHO halved its guideline limits on air pollution in its latest report on air quality, which was presented in the autumn of 2021. Today, the WHO regards air pollution as one of the largest environmental threats to people's health, alongside climate change. At the same time, these two aspects are connected. The improvement of air quality mitigates climate change, and reduced emissions of greenhouse gases lead to better air quality.

"Air pollution is one of the biggest environmental threats to human health, alongside climate change"

(WHO, September 2021)



Free from the oil mist

Denso is one of the largest employers in the Székesfehérvár region of Hungary and, among other items, manufactures components for electric vehicle manufacturers worldwide. The raw materials required for production as well as semi-finished and finished products are stored in its 17,000-square-metre logistics centre. An industrial washing machine was commissioned to wash the boxes used in the facility, but the machine generated contaminated steam and mist. To eliminate these, Nederman's FibreDrain solution for the collection of oil mist was selected. The washing machine was equipped with functions for constant air flow control and stainless steel QFS ducts that eliminate oil mist particles from the machine's exhaust gases. The result is clean air that can be released into the atmosphere. Premises and equipment are freed of hazardous particles and the machine's operation is improved considerably due to new filters with a long service life.



Canada's largest car dealer establishes business in shopping centre and uses Nederman's clean air solutions

West Edmonton Mall, which is located in Edmonton, Alberta, Canada, is the 23rd largest shopping centre in the world and the second largest in North America. The mall has a long history of innovation and new approaches, as well as numerous unique stores, high-tech attractions and complex architecture.

Known as the shopping centre that has "everything", Toyota and West Edmonton Mall collaborated to break new ground and promote that reputation. In October 2021, a new Toyota dealership and car service centre opened in the shopping centre. Nederman was proud to provide the 72 service bays with spring-loaded reels. This included everything from hose reels to exhaust extraction, creating operational efficiency and safety for Toyota employees, customers and shopping centre visitors. At the same time, Nederman supports Toyota's ambition to create a modern, stylish car dealership at the heart of one of North America's largest shopping centres.



WILLIAM PRATTY

From Charlotte, NC
Born Chapel Hill, NC
Education Clemson University, Bachelor's degree in chemistry and biomolecular technology, with a focus on environmental technology and economics
Career Various positions in process technology

Passionate about environmental issues

Nederman is a leading environmental technology company with a need for younger, well-educated employees with, for example, environmental, data and process expertise. William Pratty, process engineer in the Process Technology division, is a good example of a talented employee, who is driven to find new and sustainable solutions for his customers.

What is the most fascinating aspect of your job?
 The opportunity to focus on the most central phase of an industrial process, the initial design, and to do so in a company that is focused on making a difference. When you design a complete system from the foundation up, you also impact the choices made throughout the process.

What challenges do you encounter?
 I enjoy challenges. The need to really think it through. At least once a week, I need to return to my course literature or leaf through test reports that can be up to 30 years old to be able to study various problems. One of the largest challenges is when the customers have problems for which there is currently no existing solution.

That means there is no obvious way forward, but once a solution has been developed, the relationship with the customer often becomes more than that of a typical equipment supplier. We quite simply become partners.

Do you see any other values in your work?
 It gives me the chance to work on projects that are important to me, also on a personal level. Environmental technology was one of the subjects I focused on at Clemson University and environmental sustainability is something I am passionate about. That's why it is particularly exciting to have projects that make a difference in that field. For example, I have just been involved in designing a system that recovers usable fuel from drilling waste, which met a recycling target that the customer originally thought was unreachable. When something like that happens, it gives me extra energy in my work.

Own sustainability fund

Nederman is striving for a sustainable future in several ways. At the end of 2021, the Nederman Sustainability Fund was launched, which will contribute to even more sustainability-focused investments in the group. The Nederman Sustainability Fund amounts to EUR 1 million annually, and provides funding for internal initiatives and investments that contribute to achieving the Sustainable Development Goals selected by Nederman. By applying for funding for local initiatives, everyone in the group can participate in the effort to shape the future for a better world.

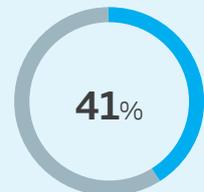


Nederman's sales model - A good mix for increased value generation

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, SEKm	
2021	1,660
2017	1,203
Annual growth (ø)	+8%

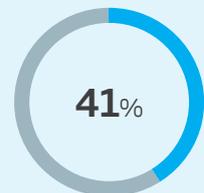


Share of the group's sales 2021

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. All sales through Nederman's own sales organisation.

SALES, SEKm	
2021	1,664
2017	1,326
Annual growth (ø)	+6%

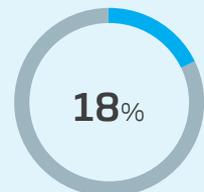


Share of the group's sales 2021

Service and aftermarket

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

SALES, SEKm	
2021	717
2017	620
Annual growth (ø)	+4%



Share of the group's sales 2021

Nederman ranks highly as a sustainable investment in Sustainalytics Sustainability ranking for investors.

Nederman works in a goal-oriented and consistent manner with activities and follow-up of the company's sustainability work. Accordingly, Nederman is highly ranked by organisations including Sustainalytics (a Morningstar Company), which is an independent ESG and corporate governance research, ratings and analytics firm, which supports investors around the world with responsible investment strategies.

Sustainability rating

Weak: 0-25 points
Medium: 25-50 points
Strong: 50-100 points

[sustainalytics.com](https://www.sustainalytics.com)

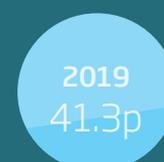




Photo: Pax Engström

In November, Nederman arranged the well-attended Green Awakening event in Stockholm, which addressed how Sweden will become market-leading in the green industrial wave. In addition to Nederman's President and CEO Sven Kristensson, some of the 20 speakers who took part were Harald Mix (Altor Equity Partners), Anna Kindberg Batra (Svensk Solenergi), Roger Sedin (Swedish Environmental Protection Agency), Sasja Beslik, (PFA Pension) and Christian Danielsson (European Commission representative in Sweden). Read more at www.nedermanfuturedays.com

- It is becoming increasingly apparent to people that clean air is not something that we can take for granted, an awareness that has increased during the years of covid-19. In addition, research into measuring and evaluating the impact of various types of air pollution on people's health has improved. Some of the most hazardous are those that are not visible or noticeable, particles so small that they can easily enter the bloodstream and lungs, with the risk of serious consequences for the people affected. The WHO takes a very serious view of this. In its latest report on air quality, which was published in September 2021, the thresholds for what is regarded as healthy air were halved. This will promote the development of methods to measure, control and minimise all kinds of hazardous impacts on air quality, including those in industry.

“What we offer, sustainable solutions for clean and safe air in industrial environments, is becoming increasingly important for growing numbers of customers and industries across the globe.”

On account of stricter regulatory requirements, combined with, for example, industry initiatives, the emissions trend for polluted air has essentially stagnated, despite increased production. Industry's energy consumption and climate impact are also, to a very large extent, subject to stricter requirements. Energy has become more expensive and more unreliable, and both energy production and energy consumption impact the climate. But contrary to what

many believe, economic growth does not automatically mean a greater environmental impact. Tougher sustainability requirements from authorities, investors and consumers, combined with new solutions, create the prerequisites for investments in more efficient production methods. In this area, we also have the technical solutions needed to help our customers. The acquisition of the UK company Energy Save System has contributed to accelerating this development.

After the strong economic fluctuations of the past two years, we expect a somewhat calmer, but nonetheless positive trend in 2022. We anticipate continued problems in the global supply chain, while it will take time before we can consign covid-19 and the resulting restrictions to the history books. Additionally we have the difficult geopolitical situation. But what we offer - sustainable solutions for clean and safe air in industrial environments - is becoming increasingly important for growing numbers of customers and industries throughout the world. Short-term disruptions do not affect the strong long-term trend for environmental technology solutions that contribute to a better work environment and quality of life for so many. I can say that, in recent years, Nederman has bolstered its market-leading position and we are now continuing our progress towards a fully digitally controlled air flow. Helping me with this, I have an organisation with key leading-edge expertise and great commitment, which will take Nederman onward in The Clean Air Journey and continue to shape the future of clean air. ■

Sven Kristensson
President and CEO

Industry leads the way to a sustainable future

Air pollution is today one of the most frequent causes of several common diseases. Diseases that are estimated to result in approximately seven million premature deaths each year. The entire planet is affected and industry is one of the major sources of emissions. But it is also within industry that the work to reduce the effects is most intensive, and where the technology already exists to makes it possible to conduct full-scale industrial production without a negative impact on the environment.

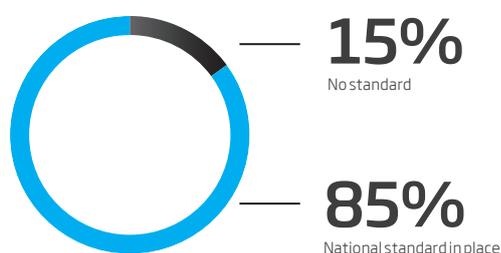
Industry best at air filtration

The pursuit of a sustainable society dominates today's social discourse. It is also one of the most important questions on the agenda for continued industrial development. The road to clean air often goes through gradually tightened regulatory requirements. Industry is one of the most strictly regulated sectors and the trend towards cleaner production and improved energy efficiency is continuing.

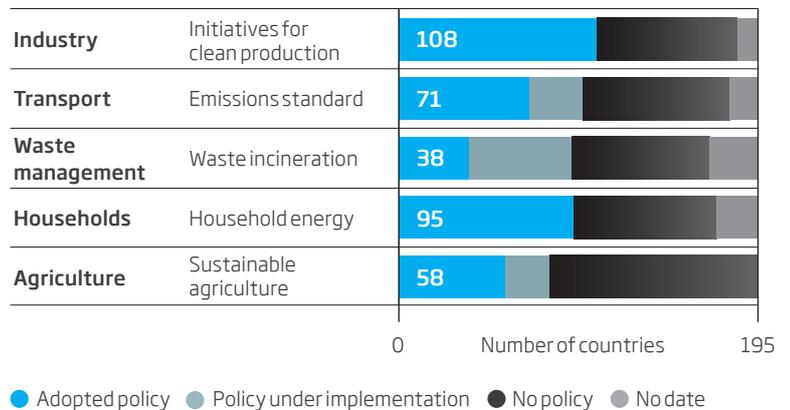
In parallel with tighter regulatory requirements, industry's own initiatives to ensure environmentally sound production, better use of resources and reduced energy use are driving developments forward. Today, it is generally accepted global practice to include sustainability in a company's business model. Contaminated emissions also often incur a cost for the emitter, which provides further incentives to make an active effort for cleaner production.

On account of stricter regulatory requirements, combined with, for example, industry initiatives, the emissions trend for polluted air has essentially stagnated, despite increased production. This clearly demonstrates that improved air quality does not require a reduction in industrial production.

HIGH PROPORTION OF COUNTRIES WITH NATIONAL STANDARD FOR INDUSTRIAL EMISSIONS*



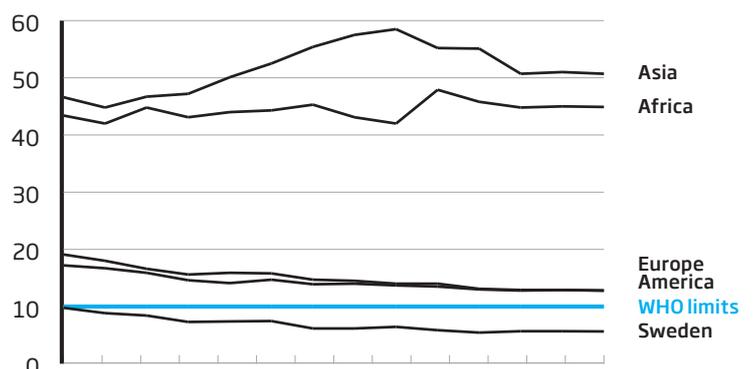
WHO IS LEADING THE TREND TOWARD BETTER AIR QUALITY?



Source: UNEP, Air Pollution Series, Actions on Air Quality, survey data, 2021

STAGNANT TREND DESPITE INCREASED INDUSTRIAL PRODUCTION**

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



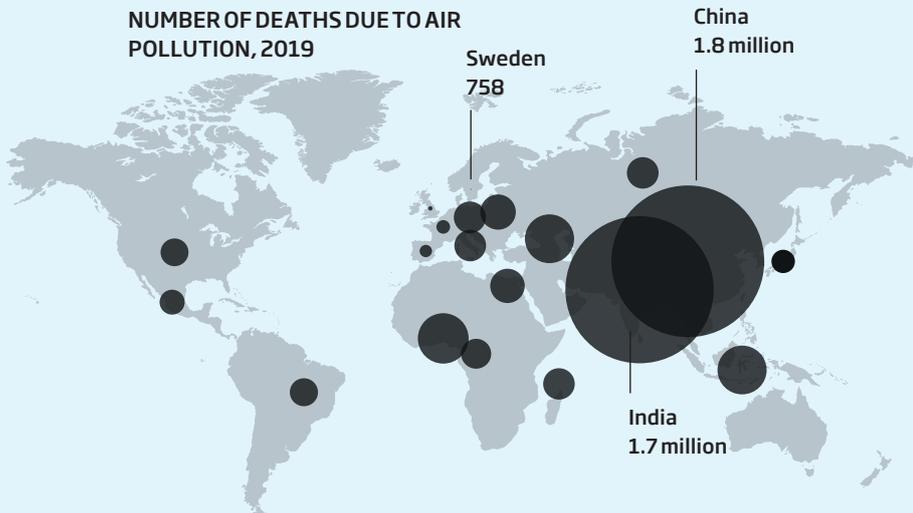
* Source: UNEP, Air Pollution Series, Actions on Air Quality, survey data, 2021
 ** Source: Health Effects Institute (HEI), State of Global Air, 2020

The fight for clean air

Poor air comprises a combination of gases and particles and is often expressed in the form of PM_{2.5}. PM_{2.5} are particles that are so small that they can pass through a human lung and thus have consequences that are damaging to health or are deadly. During 2019, indoor and outdoor air pollution is estimated to have contributed to approximately seven million premature deaths. This corresponds to nearly 12 percent of all deaths globally.

India and China worst affected

NUMBER OF DEATHS DUE TO AIR POLLUTION, 2019



50th anniversary of the Clean Air Act - How the US cleaned the air

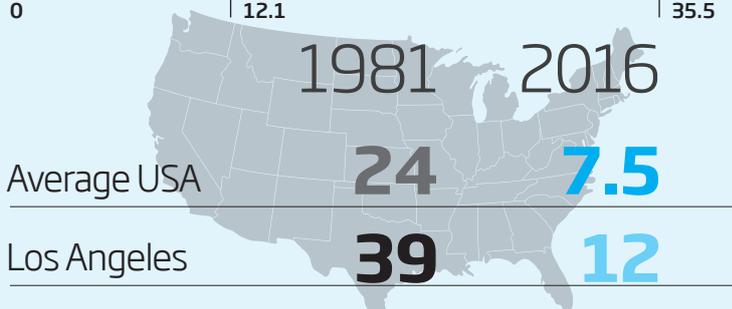
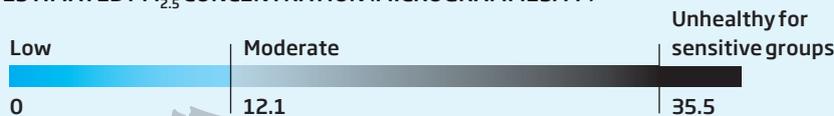
In 1970, the air in Los Angeles was so poor that it was impossible to see the mountains that surround the city. The US then passed the Clean Air Act, a cross-party environmental law, which was regarded as the most powerful health legislation to be introduced in the country during the entire 20th century and which stood as an example for the rest of the world.

Today, the mountains around Los Angeles are a clearly visible part of the city. In the city and also in the rest of the US, the Clean Air Act has had a major impact. In 50 years, the air has become 77-percent cleaner despite a growing population, increased industrial production and cars and freight transport on the country's roads having multiplied many times over.

The Clean Air Act was based on scientific insights and required, for example, car manufacturers to cut exhaust emissions by 90 percent. Car traffic today is 99 percent cleaner than in the 1970s. At the same time, the concentration of PM_{2.5} particles in the air in the US on average decreased from an average of 24.0 to 7.5 microgrammes/m³. A reduction of nearly 70 percent.

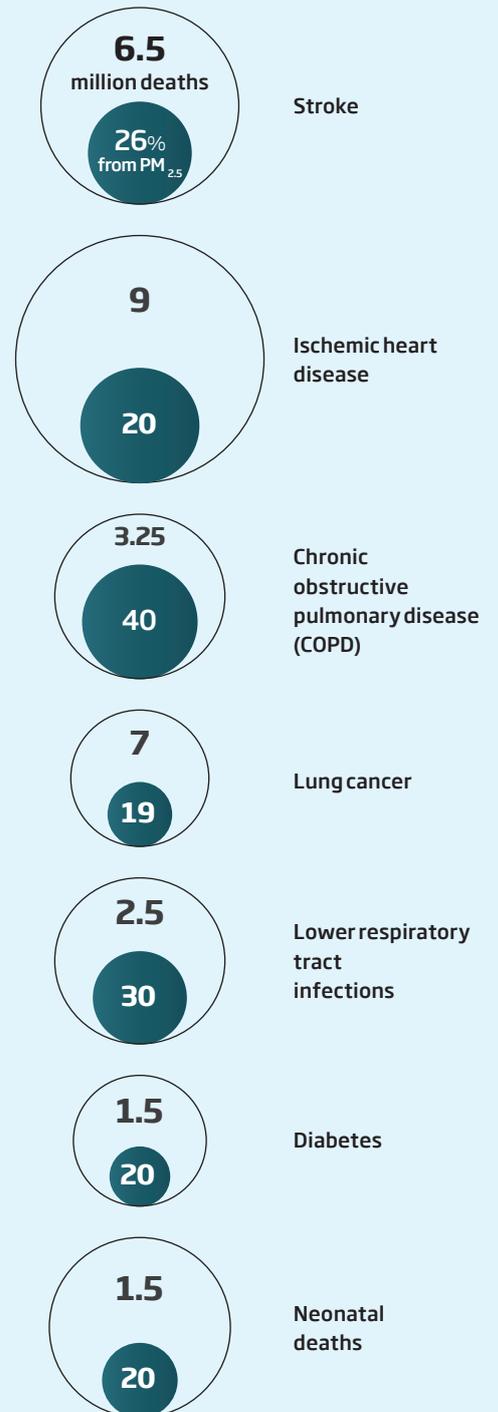
The Clean Air Act demonstrates the importance of how science-based legislation and technological progress can show the way to better quality of life and reduced environmental cost.

ESTIMATED PM_{2.5} CONCENTRATION (MICROGRAMMES/M³)



12% of all deaths

NUMBER OF DEATHS DUE TO PM_{2.5}



Source: Health Effects Institute, State of Global Air 2020; National Geographic Q4, 2021

Leading positions in growing market segments

Since the start in 1944, Nederman has evolved into one of the foremost environmental technology companies within 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 serve, the size of which is estimated at approximately EUR 5 billion, with Nederman's market share estimated at approximately 8 percent.

FRAGMENTED MARKET WITH FEW GLOBAL PLAYERS

The market for industrial air filtration is fragmented and its size 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.

The global market is growing in pace with more advanced needs and a greater focus on environmental and health issues. A clear political will to impose demands on the control and transition towards a more streamlined and environmentally friendly production industry is impacting the willingness and capacity of industry to invest in new, effective environmental technology solutions. Increased industrial production is also a key factor for market growth.

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. While we broaden our product offering, developing new digital services and strengthening our international presence in new markets, and with extended local collaboration, we have the possibility to cultivate new product segments and geographic markets, and thereby gain access to a larger market.

CLEAR DEVELOPMENT AGENDA

Since the first major acquisition (Dantherm Filtration 2010), Nederman has evolved from a company with a concentrated product portfolio and regional focus to today's position with the market's most advanced product and service offering, and representation in all of the world's key industrial markets. Sales have increased

four-fold, with a healthy and sustainable profit level. Progress going forward will be in accordance with a market-driven agenda:

Market-driven organisation

Nederman has its own sales companies in approximately 30 countries, and distributors in more than 30 others. A strong local presence is vital when it comes to responding to changes in the market and delivering comprehensive solutions. Distributors add further market coverage for individual products and small systems. The group 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 customer focus.

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.

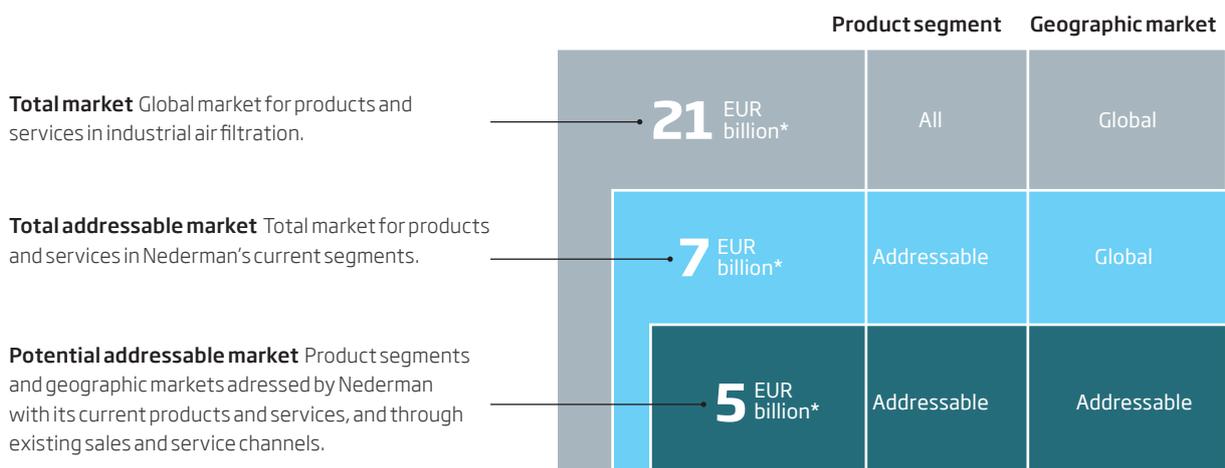
Product development with digital focus

An important task for the organisation is to establish market-driven product development and to utilise all the possibilities, internal and external, offered by digitalisation. Increased digitalisation and automation of products, process solutions, service and monitoring creates a new market. Digitalisation is also accompanied by new business models.

Active acquisition strategy

Acquisitions have been a key part of the group's development and going forward, will continue to play an important role in effectively establishing leading positions within attractive market or product segments. Our size and market penetration give us a head start in the market that many smaller players find difficult to challenge.

Market definitions and estimated sizes



*Estimated market value 2019, internal calculations

Strong development in Asia and the US

The rate of growth in the manufacturing sector following covid-19 varies strongly between markets and sectors. At the end of the third quarter 2021, industry in the US and Asia (represented by China and India) was clearly above the levels for the third quarter 2019 (pre-pandemic), while the automotive industry in EMEA, for example, still has some way to go. Several of Nederman's large customer and market segments displayed double-digit recoveries.

	USA	France	Germany	UK	China	India
Manufacturing industry (total)	2%	-6%	-6%	-3%	11%	6%
Heavy industry	Textile industry	-2%	-4%	-5%	2%	4%
	Base metals	3%	-10%	-4%	-5%	2%
	Chemicals and chemical products	5%	-2%	0%	11%	10%
	Coke and refined petroleum products	-1%	-10%	7%	-20%	-2%
Medium and light industries	Fabricated metal products, except machinery	-2%	-10%	-4%	-5%	21%
	Food products	-1%	0%	1%	0%	8%
	Furniture manufacturing	-2%	-5%	0%	0%	8%
	Machinery and machine equipment	8%	5%	-2%	-11%	17%
	Motor vehicles, trailers and semi-trailers	2%	-30%	-29%	-31%	3%
	Other transport equipment	-4%	-20%	1%	-29%	7%
	Pharmaceuticals and other medical products	12%	-10%	4%	29%	30%
	Wood products, excluding furniture	1%	0%	-2%	10%	7%

Source: UN Industrial development Org.

Machine production index shows the way

The machine production index shows the demand for machines and machine equipment, and is the most reliable indicator of the trend in the metalworking industry, which is important to Nederman. After a sharp decline during covid-19, the index made a strong recovery in all major markets and at the end of the third quarter 2021, was in line with or surpassed the levels for the fourth quarter 2019, that is, immediately prior to the outbreak of the pandemic. It is particularly noteworthy that the US strongly exceeded earlier levels.



* CECIMOB: Austria, Czech Republic, France, Germany, Italy, Spain, Switzerland, UK

Source: CECIMO (European Association of the Machine Tool Industries and related manufacturing technologies) and national data

Strong positions in all important markets

AMERICAS



30% of group sales 2021

EMEA

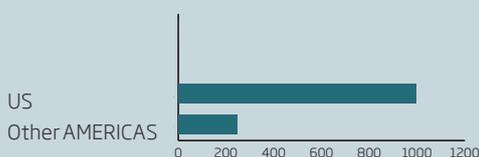


50% of group sales 2021

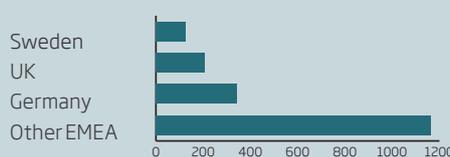
APAC



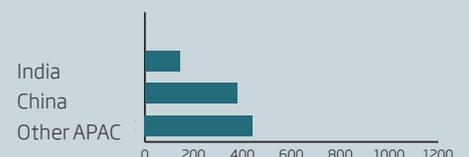
20% of group sales 2021



Sales per main markets, SEKm



Sales per main markets, SEKm



Sales per main markets, SEKm

Strategy for continued expansion

Clean air was our business concept from the very beginning. Today, the need for more efficient production and reduced emissions are more relevant than ever. Nederman's role is to develop products, solutions and various types of service offerings to protect people, planet and production from the harmful effects of industrial processes. As a leading player in the world market, we are therefore shaping the future for clean air.

For more than 75 years, we have contributed to a better society by developing products and solutions that protect not only the industrial 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 and new

technologies make it possible for us to develop new solutions and applications.

The key to the future is in digitalisation and automation. By developing our traditional product range with digital innovations, we capitalise on investments made earlier and continuously take new steps towards our vision for 2025: to be able to deliver Clean Air as a Service - an outcome-based offering that provides the customer with a complete air filtration solution across the entire product life cycle.

Nederman's Advance & Connect strategy extends over the 2022 - 2024 period and is based on five clear action areas combining new opportunities and technologies that will allow us to take the next step in shaping the future for clean air.



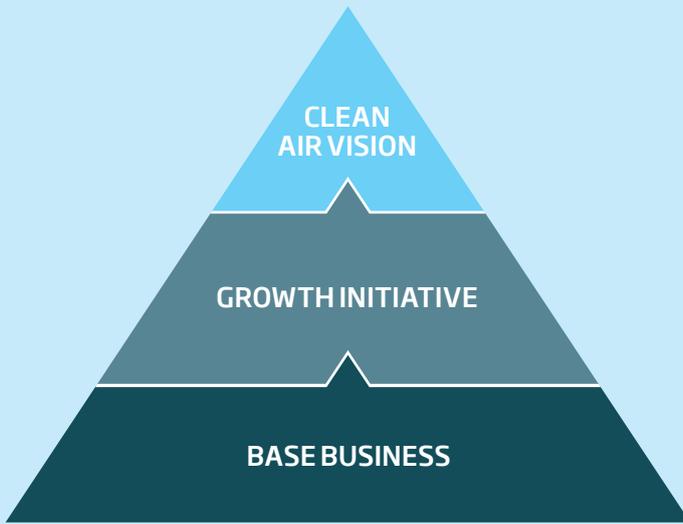
Environmental, social and economic trends drive development

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 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 risks being affected. Nederman's solutions are adapted for Industry 4.0 and aim to minimise negative environmental impact.

Digitalisation and technological development	Increased consumer awareness	Stricter environmental legislation	Health and safety	Environmental threats and resource shortages
--	------------------------------	------------------------------------	-------------------	--

The route towards The Clean Air Company



OUR MISSION

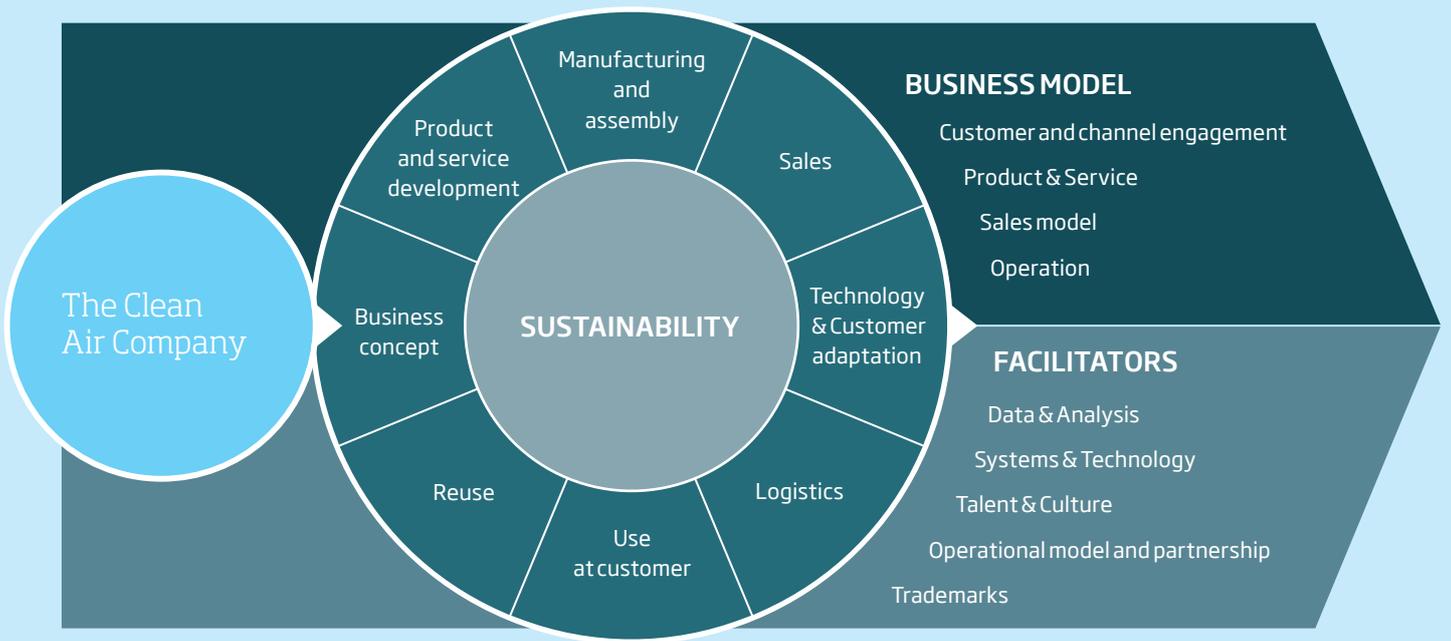
We shape the future for clean air

OUR PROMISE

We protect people, planet 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



Financial objectives

- 10 percent annual sales growth over a business cycle
- 10 percent adjusted operating margin
- 15 percent return on operating capital
- Dividend corresponding to 30-50 percent of net profit after tax

Social and environmental goals

- Employee engagement in excess of benchmark
- Energy: Halve the group's climate impact by 2023
- Digitalisation: All stationary filters IoT-ready by 2023
- Sourcing: All suppliers have signed the Nederman Code of Conduct
- Recycling: 100 percent recyclability of new products

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

Increased servicification is accelerating a green transition

Servicification is one of the key words as the world's industry transitions to increasingly greener production. The winners are those who understand and leverage the potential in the digitalisation of products and processes. This requires initial investments, and the experiences gained from covid-19 and the increased pressure on green investments from the capital market have advanced this trend at a high pace. Nederman is well on its way to completely digitally controlled air flow, with a very high market potential and new revenue opportunities.

DIGITALISATION GIVES US DATA - DATA MAKES US BETTER

Digitalisation is the foundation stone of success with an industrial service offering. Measurement is a requirement for subsequently being able to control and analyse data from a holistic perspective. The more parts of the process that can be digitalised, the more data we can collect. Data that enables us to successively develop the product range and package and offer operations, service and maintenance as an integrated service, with the goal of being able to deliver clean air as a result-based service.

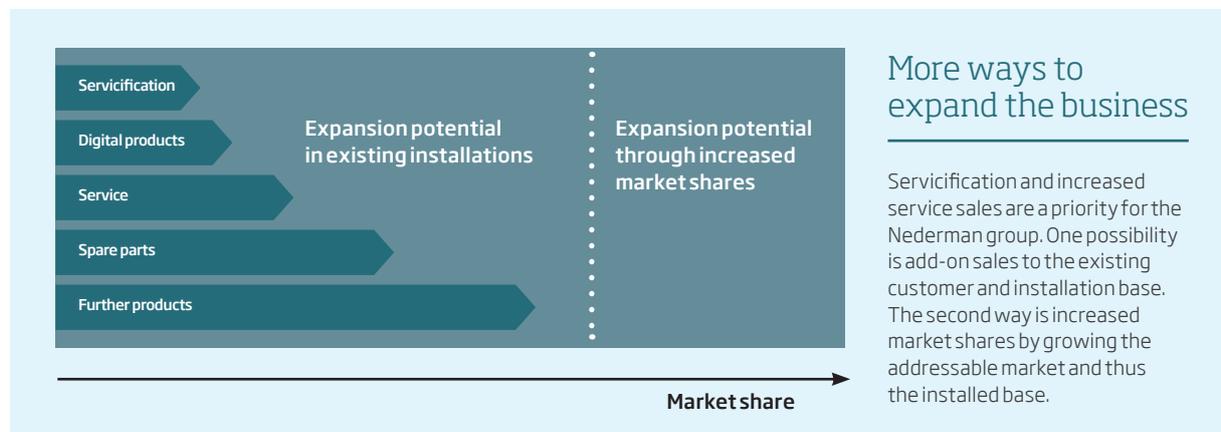
Nederman's digital offering today comprises products and services for the full air filtration process and is based on the proprietary Insight IoT platform:

- process control
- particle monitoring
- filtration and extraction
- emission control

SIGNIFICANT MARKET POTENTIAL

As market leader, Nederman now has a significant installed base of filters and filter systems in all core industrial markets. Existing installations with established customer relationships give us a natural advantage when the customer needs to develop or change the air filtration process. The financial potential is limited in terms of add-on sales of further "traditional" products, while the possibility of new sales and upgrades of digital products and services is considerable.

The other possibility for increased market shares is to grow the addressable market and thus increase the installed base. Many new, rapidly growing industrial branches, such as battery recycling, wind power and waste incineration, largely involve completely new plants, where the customer sees a completely digital process and outsourced operation, as self-evident. In this respect, our complete product programme and high degree of digitalisation are a clear competitive advantage.



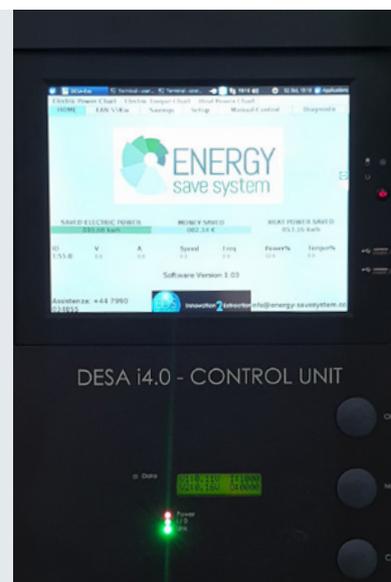
More ways to expand the business

Servicification and increased service sales are a priority for the 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.

Focus on saving energy

In November 2021, Nederman acquired the UK company Energy Save System Ltd. The company develops and sells unique hardware and software for monitoring and control of filter systems, with a focus on reduced energy consumption.

Energy consumption is an important area as regulatory requirements tighten and energy prices rise. Energy Save Systems' solution, which is based on data collected from hundreds of systems over a period of nearly 20 years, means that air is only distributed to the parts of the filter system that are active at each point in time, instead of the usual process of sending air to all of the fans in the system, regardless of whether they are active or not. The DESA system is patented and builds on sensors that communicate the on/off status to a control unit that determines the air distribution. Typically, 50-70 percent of all fans are active simultaneously and a reduction in the total air volume of 20 percent could mean a saving of 50 percent of the energy requirement. DESA is applicable in all industries and can either be included in a new installation or integrated afterwards in an existing plant.

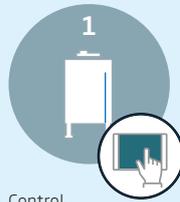


Clean Air as a Service

Aside from making it possible to control and optimise industrial airflows with a high level of efficiency, Digitalisation also gives 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

Results-based offering



Compliance agreement

Future-proof air filtration: Nederman Clean Air Concept

Nederman Clean Air Concept is the market's first complete service concept for industrial air filtration. The model revolves around our Insight IoT platform and is based on the completely decisive option of being able to measure and collect data from the customer's process. Based on the know-how we have and the possibility to:

- optimise the process
- clean and extract particles
- validate the process results
- report according to regulatory requirements

The concept is based on existing and well-proven products. In principle, the process is generic, but with decisive customer-specific application built on initiated know-how of the customer's individual process.

Hardware, combined with a large number of advanced software services and significant applications expertise, gives us a unique position in terms of benefitting from the opportunities offered by increased servicification.



REPORT



Clean air



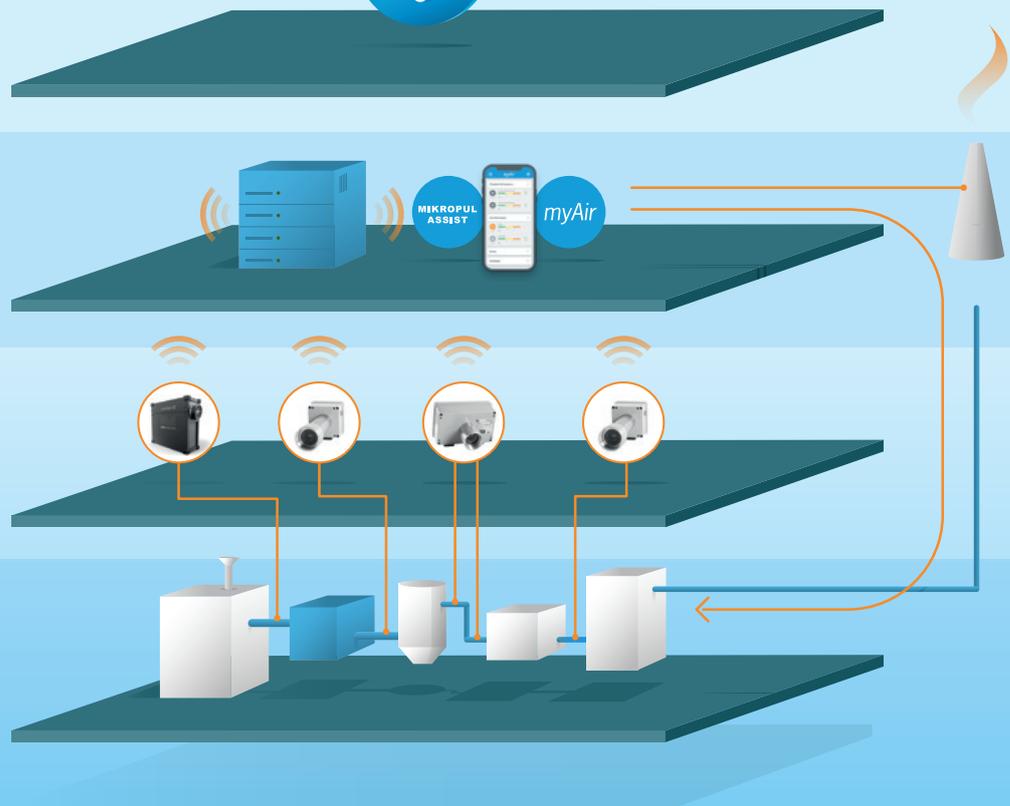
VALIDATE



OPTIMISE



EXTRACT



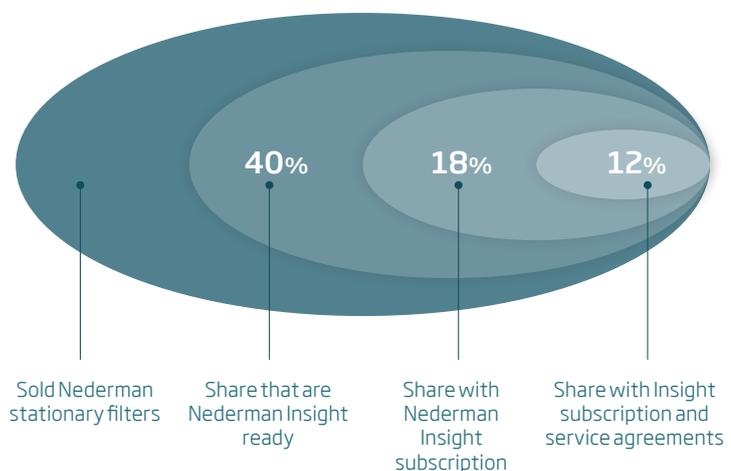
Digital solutions have tightened their grip

If 2020 was the breakthrough year, 2021 was the year when industry confirmed the need for digital future-proof air filtration solutions as standard. As market leader in several of the largest industrial markets, Nederman's sales performance is a good measure of the prevailing industry trends.

The group's objective is for 100 percent of all stationary filters to be IoT ready for connection to Nederman's digital service in 2023. During 2021, sales of IoT-ready filters nearly doubled and the share now amounts to more than 40 percent of all stationary filter systems sold. This also led to a significant sales increase for other digital products and services.

40 percent of the filter systems are digital

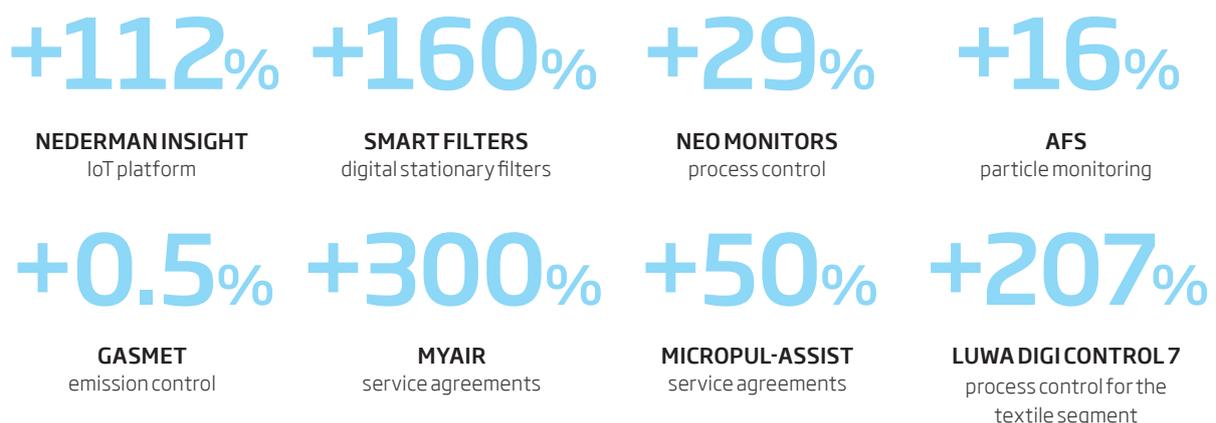
Each year, Nederman sells and installs a four-figure number of stationary filter systems. The share of IoT ready systems grew from 23 percent to 40 percent, which is a doubling in only a year. With higher numbers of digital filter systems, sales of IoT subscriptions and subscription services, such as myAir and MicroPul-Assist, are also growing. The market is thus undergoing significant change and Nederman is at the forefront. The goal is 100-percent digital filters in 2023.



Strong growth in fully digital offering

Most of our digital products and services are contained within the Monitoring & Control Technology division. During 2021, the division grew currency neutrally by 8.9 percent and had SEK 537m

in sales. Other divisions are also digitalising their offering to a greater degree and further products are on the way through acquisition and product development.



Increase on preceding year

Digital tools improve customer relationships

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.

Examples:

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.

Examples:

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.

Examples:

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

Stricter regulatory requirements increase the need for online monitoring and reporting

Legislation and rules governing both environmental impact and health and safety in the workplace are becoming increasingly rigorous. For industry, this means a greater need to be able to guarantee regulatory compliance. The solution is IoT-based monitoring and reporting.

More and more countries understand the health risks of emissions to air from industrial production and are gradually introducing demands for filtration measures and correct reporting for approval of continued operation. For the company, the work is both extensive and costly, but the effects of having to close a production facility are often significantly more difficult to manage.

The reporting work was previously managed manually, but digital technology for monitoring, control and optimisation has made the process both more reliable and more efficient. Instead of trying to investigate past events, the work is now focused on forecasting and preventing incidents.

Nederman's Clean Air Concept (see page 23) encompasses the full air filtration chain and builds on well-proven technology to extract, optimise, validate and report. For the customer, this means problem-free operation and emissions that never exceed the applicable limits.

EXAMPLES OF HEALTH AND SAFETY REGULATIONS

Global climate agreements

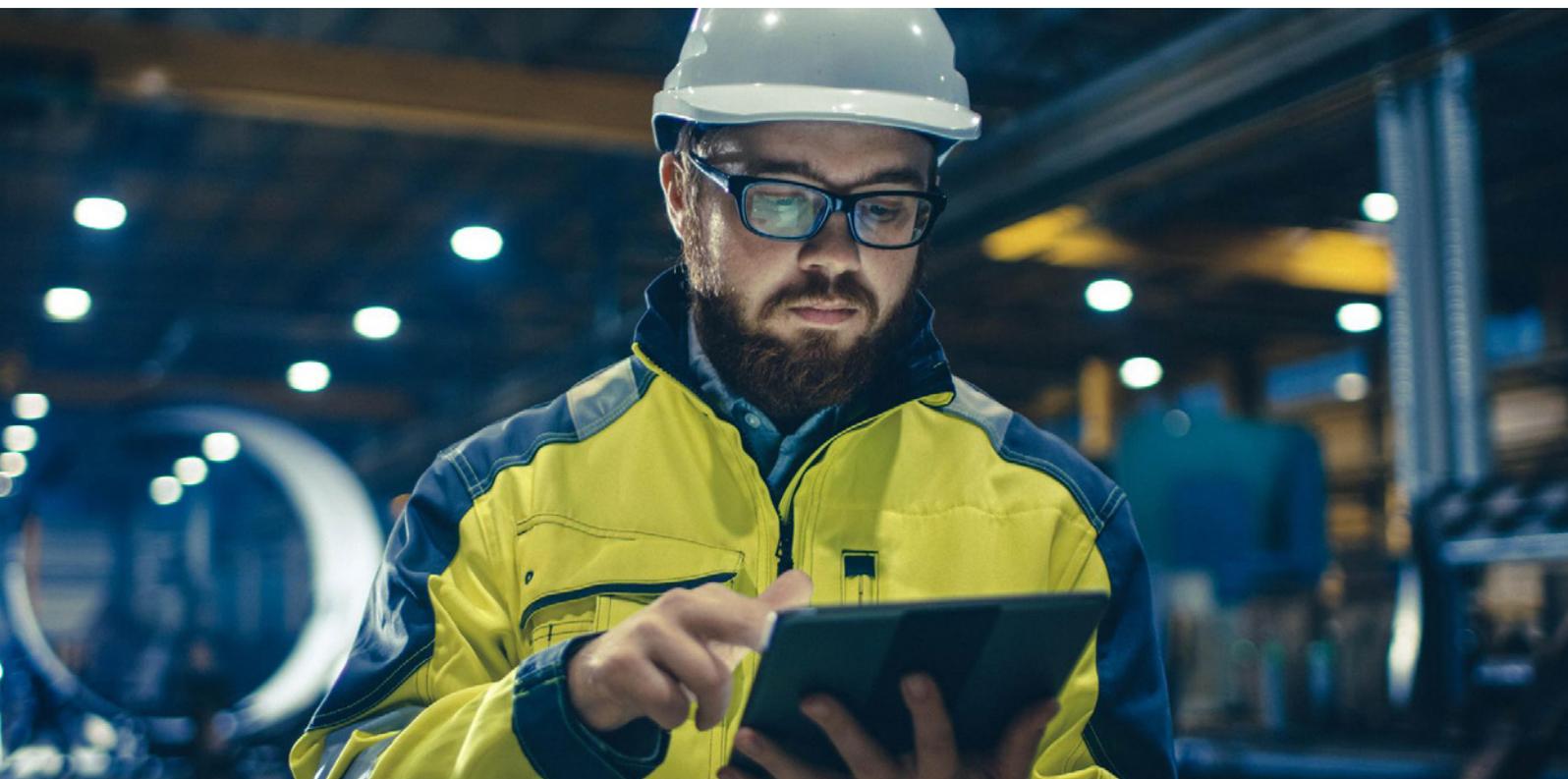
- UN Paris Agreement
- EU Green Deal
- WHO global air quality guidelines

National health directives

- UK Health and Safety at Work Act
- Swedish Work Environment Act

Workplace directive

- U.S. Occupational Safety and Health Administration (OSHA)
- The National Fire Protection Association (NFPA)
- European Explosives Atmospheres Directives (ATEX)



10-year filter guarantee with myAir service package

Nederman MikroPul is focused on complex air filtration process for the most extreme industrial environments, such as smelters, battery recycling and energy production. Process environments that never stand still and have extreme environmental requirements.

Lucky Star Alloys is a family-owned group focused on aluminium production and recycling, with recycling plants in Dubai and Qatar, as well as smelters in the United Arab Emirates. The company is regarded as market leader in the region in terms of the introduction of new and advanced process methods for strict quality and environmental requirements.

LONG PREPARATIONS

The new aluminium production plant in Qatar was opened in 2021, but was preceded by a requirement specification and evaluation process, which commenced back in 2016. Changes in production equipment and a long permit approval process meant that it took time before Nederman MikroPul ultimately won the tender.

However, the deciding factor was the customer's demand for a ten-year guarantee on all air filtration equipment.

Nederman's solution: myAir

MikroPul's response to Lucky Star was based on long experience of similar processes and well-proven product range. We know the industry, we know where the risks are and we have the latest digital technology to be able to guarantee a problem-free process. myAir is a subscription service, which in this case, contains:

- myAir ASSIST including monitoring of energy consumption
- myAir CHECK with annual inspections and evaluations on site
- myAir MAINTAIN with training and advisory services relating to preventive maintenance

The myAir contract with Lucky Star is for ten years, and also contain a separate spare parts package. The contract means that the customer receives a guaranteed process, at the same time as Nederman MikroPul is able to work preventively and long term, with guaranteed revenue. myAir is one of Nederman's recently introduced subscription services on the way to being able to offer its customers Clean Air as a Service – a results-based service offering that guarantees the customer problem-free production and regulatory compliance.

Digital emissions monitoring simplifies emissions control

Finnish company Ferroplan, a provider of conveyor solutions, launched a mobile power plant a few years ago in the form of a modular power plant built out of freight containers driven by local energy sources. The power plant burns waste and a solution was therefore needed for continuous monitoring of emissions, in order to comply with legislation and to reduce the risk of hazardous emissions. Ferroplan selected Gasmets' digital emissions monitoring system, CEMS II e, which is based on high performance, rapid service and local production and R&D. The system, alongside the partnership with Gasmets, has more than met expectations.

Gasmets' gas library provides safer transport

Dutch Van Tienen Group recently formed a gas measurement division, Customs Support Safety, with the purpose of measuring gases in containers and with a focus on the Netherlands and the rest of Europe. The digital FTIR technology from Gasmets was already being used, and provides a rapid and complete overview of the occurrence of hazardous gases. During 2021, the equipment was supplemented by three GT5000 Terra analysers from Gasmets. These can measure 50 gases at the same time and recognise separate substances by comparing samples with Gasmets' library, which contains the data for thousands of gases. The measuring process is transparent and also leaves behind no waste materials. The awareness of gas-related safety issues in transport containers is increasing and demand is growing for rapid and reliable analysis technology.

Luwa guarantees the air quality in Alroubaia's jeans manufacturing

Alroubaia Textile Co. Fourtex specialises in the manufacturing of jeans, and Luwa has been their first choice as supplier of air filtering solutions for the past 30 years. The new manufacturing unit in Egypt was officially opened in 2021, featuring the very latest technology for monitoring, recycling and saving energy.

Ring spinning is the most demanding method of spinning fibres such as cotton. The plant in Egypt comprises 32,000 individual spindles in a space that is larger than a football pitch. The process places high demands on temperature and moisture control, making air quality a decisive factor for high process quality. Filtration and air conditioning are central activities because the manufacturing process generates large amounts of microparticles, at the same times as the machines radiate heat, which in turn, affects humidity.

Luwa is Nederman's world-leading brand within the textile industry and the solution for Alroubaia comprises a complete system for:

- Air conditioning
- Management of fibre waste
- Baler (included in management of fibre waste)
- Texguard spark quencher

Process monitoring is conducted using Luwa-Assist and DigiControl 7 and enables digital optimisation, with a minimum need for service personnel, but also that Luwa has access to all process data in real time and can contribute a number of process adjustments and maintenance measures.

Luwa's application know-how and long industry experience ensure increased productivity for the customer, with reduced energy consumption, a higher recycling rate and better work environment, among other benefits.



Energy and climate impact

Nederman's SmartFilter saves 33 percent energy and 1,485 kg CO₂ per year compared with competitors

Matthias Grund and Dan Rousseau are two of Nederman's experts in advanced filtration. They have one thing in common that drives them forward: the quest to reduce energy consumption and thereby mitigate the impact on the climate by industry. They now have evidence that Nederman's filtration technology is clearly better for the climate.



MATTHIAS GRUND
Sales Manager, Solutions Sales
Germany

Clean air is firstly a matter of health and safety for employees in industry. And ultimately everyone around the world who breathes air every day. For Nederman's customers, it is also a matter of protecting and enhancing the efficiency of production to meet increasingly strict environmental requirements, to ensure product quality and increase availability in the production process.

"In recent years, another dimension has also been added: energy consumption and climate impact. Energy has become both more expensive and more unreliable, and energy production and energy consumption both impact the climate. So an important question is how we, using our air filtration solutions, can contribute in the best way to a better future," says Matthias Grund, Sales Manager, Solution Sales, Germany.

Nederman's UniClean and IntelliPULSE system are the key to low energy usage. A comparable filter system from a major competitor pulses six times a minute. Nederman's SmartFilter pulsates three times a minute. Each pulse requires a large amount of compressed air. The calculations also need to be supplemented with the number of filters and filter surface area, and even operating pressure plays a part. A general saving of 30-35 percent is achieved.

In the past, customer discussions often revolved around operational safety, user-friendliness and investment costs. Life cycle costs have mainly addressed the need for service and replacement of filter media. Today, the discussions are completely different.

"Previously, nobody thought about the energy cost, as if it were free of charge and had no climate impact. Today, it is a top priority for many buyers. And our design has also proved best in this case. A SmartFilter reduces the energy cost by 30-35 percent and the climate footprint by up to 1,485 kg CO₂ in one year alone. A typical large customer plant can have approximately 30 filters and with a service life of 20-30 years, the difference for the customer and the environment is significant," says Matthias Grund.

"And then we haven't even included the effects of Nederman Insight & IntelliPulse™, which generate additional substantial savings and longer lives for the filter media. A further saving for the customer and environment is realised through reduced travel, maintenance and improved optimisation of the systems through remote monitoring and control," adds Dan Rousseau. There is major sustainability potential and we have only just begun!



DAN ROUSSEAU
Director of Filtration Innovation
Nederman Filter Competence Centre

The effectiveness and operating cost of a filter system depends on many parameters. The technical design, pulse frequency for filter cleaning, design and life expectancy for filter media are all parameters that impact energy consumption, which represents a large part of the life cycle cost.

"We have developed and refined our filter design for many years. We have the industry's largest installed base, so access to application data and experience is not in short supply," says Dan Rousseau, Technical Director Cartridges & Collectors. We build our filtration vertically, that is, with the filter media "hanging" next to each other. This increases the unit's effectiveness, extends service life and makes filter cleaning more effective. Most competitors use a horizontal design, which is not at all as effective, but mainly requires more frequent pulses.

Nederman LCP and MCP SmartFilters yield reduced energy costs and lower environmental impact

The choice of filter solution clearly impacts the operation's energy consumption, costs and environmental impact.

We based the example below on a filter application that is common throughout the world and compared Nederman's LCP or MCP SmartFilter with a corresponding standard system from one of our major competitors. All data is based on publicly available information from each supplier.

1

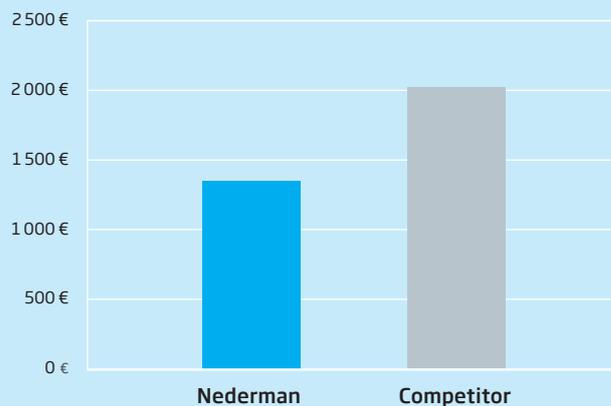
Operating data		Filter data	
Air flow 1,000 - 30,000 m ³ /h	15,000	Nederman	Competitor
Work shift 1-3	2	Operating pressure	6 bar / 7 bar
Compressed air cost per m ³ /h	EUR Cent 2,5	Pulse frequency	3/min / 6/min

2

Calculation		
	Nederman	Competitor
Need for compressed air per filter and year in Nm ³ /h	54,000	81,000
Cost of compressed air per filter and year	EUR 1,350	EUR 2,025

3

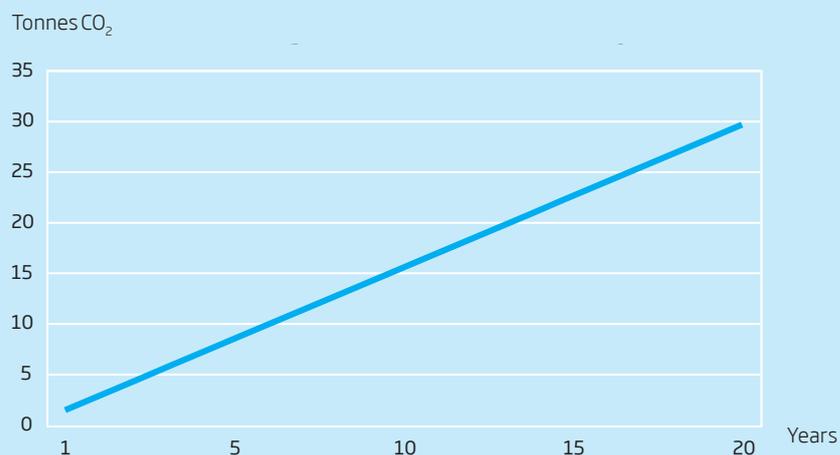
Cost of compressed air per filter and year



Cost of compressed air per filter and year

33%

Accumulated CO₂ saving per filter in tonnes



Saving CO₂ per filter

1,485 kg
CO₂ / year

30 tonnes
CO₂ over 20 years

Operational efficiency in focus

Strengthened structure for increased delivery capacity and reliability

Nederman is an international group characterised by acquisitions, growth and product development. Our presence in all major industrial markets places demands on high efficiency and reliability in all production-related areas of operation. During 2021, we continued to develop the organisation and work methods to meet the increased volatility that emerged in the wake of covid-19.

CHALLENGES IN A VOLATILE ENVIRONMENT

The pandemic in 2020 showed clearly that international trade and production are dependent on a number of basic functions. We are globally connected and need, for example, open borders and an effective freight network to enable the world economy to function. After a strong decline during 2020, an equally strong upturn followed in 2021, but with new challenges as a result: component shortages, freight problems and price adjustments complicated the supply chain, with longer delivery times and rising prices as a result. New geopolitical conditions have arisen and as a result, Nederman has adapted and developed its supplier and production organisation to meet the customers' needs for secure and reliable deliveries.

GROUP-WIDE STRATEGIES

Nederman's four divisions are active in markets with partly separate business logics and thereby differences in their supply chains. This requires that we manage the supply of materials and production based on each division's profile, at the same time as we try to develop synergies wherever possible. The emphasis is on the need for a strong and reliable supply chain. Shared principles include:

- Final assembly close to the customer - creates increased availability
- Vertical integration and increased insourcing - reduces the dependence on external suppliers and shipments and increases Nederman's value creation in the value chain
- Classification of inventory and selectively adapted inventory levels closer to the customer market - yields shorter and more reliable customer deliveries
- Alternative supply chains - increase reliability and shorten delivery times
- Partnership with key suppliers for more reliable delivery and more efficient product development
- Increased digitalisation - increases reliability and efficiency

MORE EFFICIENT/CLEARER/STRONGER ORGANISATION

With operations in approximately 30 markets and production and assembly units in 13 countries, there is already a need for clear coordination. An improved supply chain and a manufacturing process based on streamlined processes and economies of scale reduce production costs and generate cost advantages. In several areas, we have started, for example, specialist functions that serve all of the group's operations.

One example is our Filter Competence Center and during 2021, we also restructured the organisation in combustible dust, to support further skills development in this area, which is important for the group and its customers. In the operations and logistics areas, there is a strong focus on continuous improvements and reinforcing resources in all divisions.

FOCUS AREAS

Sourcing

An overall goal is to secure supply chains on all continents where we operate. The focus is on our main materials areas of steel (availability and price volatility), semi-conductors (dependent on small number of manufacturers) as well as motors and unique components necessary for our products.

Production and Logistics

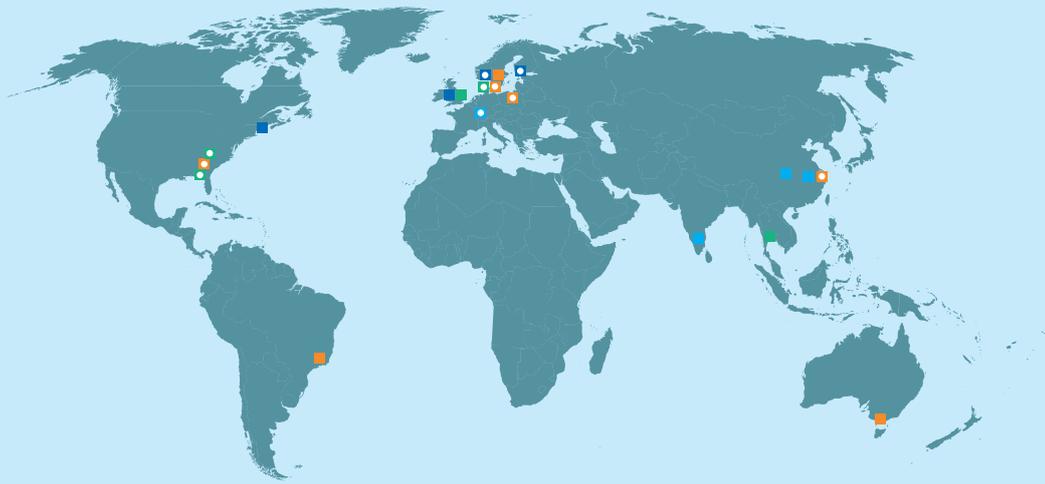
Optimise the group's global industrial climate impact, while securing global availability and quality, as well as optimising cost, as goals.

Such factors as increased volatility in the global freight market impact supply and cost. Nederman reviews and adapts the group's supply strategies to optimise costs and availability.

As part of developing a culture of customer focus and efficiency, we have strengthened the work to measure, follow up and continuously improve activities in the Operations area of all units.

Sustainability

Nederman's environmental impact is at its peak when our products are used in a customer environment. Within product development, there is particular focus on analysing the current product offering to determine energy use in operation, at the same time as new products are to be designed with the lowest possible energy consumption as the goal. Increased modularisation and a reduction in the number of components are other areas where projects are in progress aimed at reducing the group's environmental impact.



Manufacturing and assembly units in 20 locations and in 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 / Kettering	Monitoring & Control 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
US / Boston	Monitoring & Control Technology
US / Charlotte	Extraction & Filtration Technology
US / Thomasville	Duct & Filter Technology
US / Trenton	Duct & Filter Technology

Competence and product development centres in 11 locations and in 8 countries

Denmark / Assens	Duct & Filter Technology
Finland / Helsinki	Monitoring & Control Technology
China / Shanghai	Extraction & Filtration Technology
Norway / Oslo	Monitoring & Control Technology
Poland / Marki	Extraction & Filtration Technology
Sweden / Helsingborg	Extraction & Filtration Technology
Switzerland / Uster	Process Technology
US / Boston	Monitoring & Control Technology
US / Charlotte	Extraction & Filtration Technology
US / Charlotte	Process Technology
US / Thomasville	Duct & Filter Technology

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

○ Competence and product development centre

Key activities 2021

Nederman Extraction & Filtration Technology

- Centralised production of MCP filters in Poland for optimised efficiency.
- Vertical integration of component supply for filters in Poland.
- Increased localisation of production and assembly of key products close to our main markets.

Nederman Duct & Filter Technology

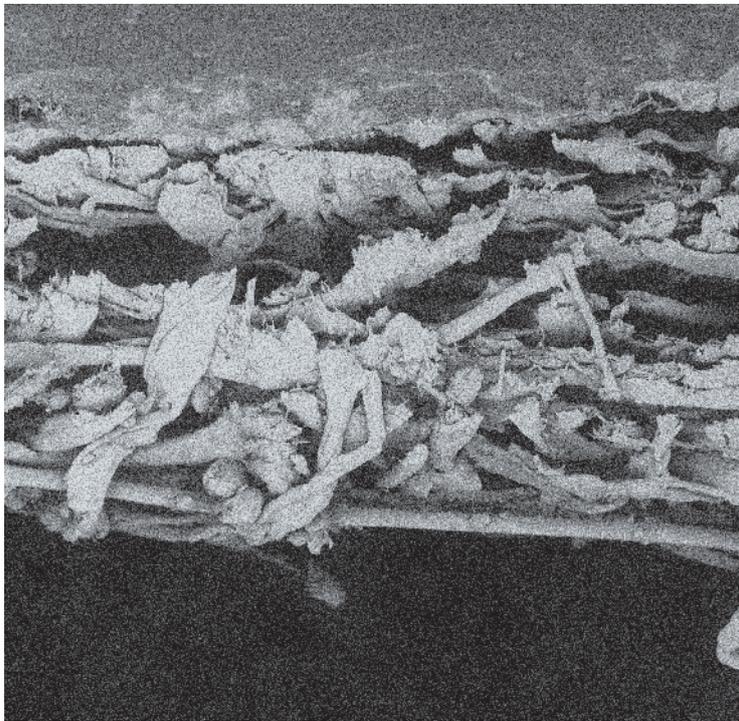
- Implementation and deployment of new duct laser at the production plant in Denmark for improved capacity, efficiency and flow.
- Implementation of new laser cutters in Thailand strengthens the manufacturing base in APAC.
- Lean projects, with a focus on increased quality and customer satisfaction within Nordfab, USA.

Nederman Process Technology

- Optimisation of the supply chain for metal components for the factory unit in Friesenheim, Germany.
- Start of FS filter production in Germany for the AMERICAS market.
- New supply structure in APAC for automation components for filter production.

Nederman Monitoring & Control Technology

- Optimisation of the supply chain in close cooperation with all internally affected units and successful dialogue with suppliers.
- Reorganisation of the production lines at manufacturing plants for optimised production, assembly and testing.



Nederman launches Nanofilter on the European market

Industrial workers are a group particularly exposed to air pollution. A typical welding application produces 35-75 kg of toxic welding fumes per year. Advanced welding machines protect the individual welder, but the fumes spread further in the premises and affect personnel indirectly. Nederman's solution is based on fume collection directly at the source of emission, and now the next step is here - nanofilters.

Nanofilters are already standard in the US. But not in Europe, although the UK, for example, has highlighted the problem and now classifies welding fumes as carcinogenic. Considering that the EMEA is Nederman's largest market, with more than 50 percent of the group's sales, there is major potential for upgrades and new sales.

Unlike classic filters, nanofilters capture welding fumes directly on the surface and thus produce a more rapid effect. In addition, nanofilters handle smaller particle sizes, increase air throughput and reduce the need for costly compressed air.

ADVANTAGE NANOFILTERS - ADVANTAGE NEDERMAN

- collects more and smaller particles
- full capacity immediately
- reduced energy consumption
- reduced maintenance requirement



Market leader within combustible dust

Each year, a large number of factory fires or explosions occur. Unfortunately, human lives and also significant values are lost. Nederman has competence and solutions that meet all requirements according to the ATEX and NFPA directives and, together with mandatory preventive work, provides a filter system that is essentially explosion-proof.

During 2021, Nederman upgraded its work with a new "Combustible Dust Sales Process." The purpose is to ensure competence throughout the sales organisation to avoid commercial and legal risks, and guarantee regulatory compliance for customer applications.

Six regional experts are in place, together with a comprehensive training programme and digital approval process.

IOT CONNECTION INCREASES SECURITY

Nederman's system contains special components, such as dust collectors, pressure-resistant high-vacuum filters with explosion isolation flaps, high-vacuum fans and safety valves. The offering also includes advisory services and training to help the customers meet the ATEX and NFPA requirements in the EU and US, respectively, and which apply in all sectors in which Nederman is active.

By connecting the system to Nederman's IoT solution Insight, it is possible to monitor the process and gather real-time data related to the process that shows status, capacity and maintenance requirements, and increases safety and efficiency.





Sustainability initiative

A sustainable business

Sustainability and initiatives in the area comprise an integrated and important part of Nederman's business activities. We work proactively to improve our own impact, 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. Nederman's promise - to protect people, planet 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.

We focus on

- Reduced environmental impact, pages 36-38 (environmental sustainability)
- Compliance with laws and regulations, pages 39-45 (financial sustainability)
- Efficiency in manufacturing and operation, page 45-47 (financial & environmental sustainability)
- Health and safety, pages 47 (social sustainability)

There are measurable goals in every area.

Nederman develops and offers solutions that enable the production industry to reduce their emissions and their negative impact on the air. We focus on digital solutions (such as the SmartFilter family, myAir and digital measurement instruments) that enhance the possibility of measurement and optimisation, thus enabling 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 2021, we continued to develop our SmartFilter series and launched the new LBR filter in addition to the LCP/LBP and MCP/MEP filters launched earlier.

GOVERNANCE, AREAS OF RESPONSIBILITY AND MEASURABLE TARGETS

The Board of Directors has ultimate responsibility for Nederman's sustainability work, and decides on 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 to check that 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. Leadership with a focus on compliance, 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. Long-term objectives and performance measures are established for each division and are included in the business plan for each division.

During 2021, our governance model and our meeting structure consisting of boards was further developed. This comprises the basis for ensuring that operation is controlled and conducted correctly, efficiently and ethically. In addition, the process for crisis readiness was revised and updated to help us to act effectively in the event of a crisis. During the year, the Nederman Sustainability Fund was also established to further encourage operations within Nederman to make investments that support Nederman's sustainability and the Sustainable Development Goals (SDGs).

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. In 2021, sustainability reporting was expanded to include additional performance measures and was thereby clarified in accordance with the applicable Global Reporting Initiative (GRI) standards.

In addition, methods and categories for Scope 3 emissions were reorganised in accordance with the Greenhouse Gas protocol (GHG protocol) with boundaries and a focus on inbound and outbound goods transport to better reflect actual conditions instead of the former standard method. In addition, reporting in line with applicable guidelines in the EU taxonomy was implemented and thereby supplemented in this report.

External reports on sustainability activities are published on nedermangroup.com. Summarising reporting is provided internally quarterly.

An opinion regarding the statutory sustainability report is provided on page 131. The Sustainability Report was not reviewed by an external auditor.

Reduced environmental impact

Nederman wants to contribute to reducing the world's climate footprint, which is primarily achieved through our products. 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. We strive 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 important to have meaningful collaboration with business partners and other stakeholders. These collaborations also make us better prepared for potentially higher taxes and fees on activities that contribute to a greater climate impact.

CLIMATE FOOTPRINT AND REDUCED ENERGY CONSUMPTION

In line with the Science Based Target initiative, 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 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.

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 quarterly reports and these are available 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.

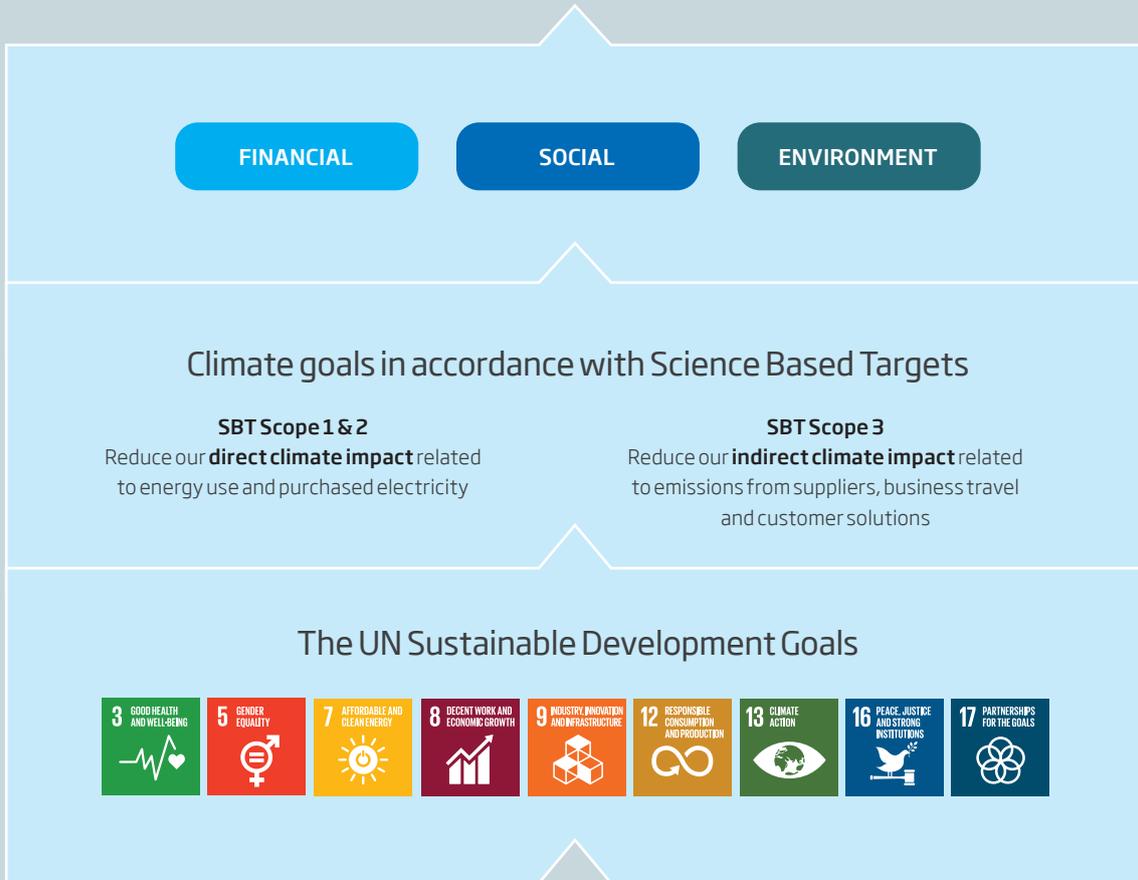
MATERIAL, MANAGEMENT OF HAZARDOUS WASTE AND RECYCLING

The energy efficiency of products, ecologically sustainable materials handling, circular economy and recycling are key areas for Nederman. Use of materials means 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.

Sustainability structure

<p>Energy</p> <p>-50%</p> <p>Halve our direct climate impact measured in carbon dioxide equivalents</p>	<p>Digitalisation</p> <p>100%</p> <p>Stationary Nederman filters sold to contain an IoT solution</p>	<p>Sourcing</p> <p>100%</p> <p>Materials and goods in our products to come from suppliers who have signed our Code of Conduct</p>	<p>Recycling</p> <p>100%</p> <p>Recyclability of products launched</p>
--	---	--	---



The Clean Air Company

We protect people, planet and production

Mission, vision and values

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).



GLOBALA MÅLEN
för hållbar utveckling

SUSTAINABLE DEVELOPMENT GOALS - OUR FRAMEWORK FOR SUSTAINABILITY ACTIVITIES

Agenda 2030 and the Sustainable Development Goals comprise a universal agenda to reduce poverty, injustice and inequality, as well as to resolve the climate crisis; it is the most ambitious agreement for sustainable development ever made by the world's leaders. This agenda comprises 17 goals with their respective targets, which are aimed at establishing economic, social and environmental sustainable development. Companies, large and small and in all sectors, have a central role in the work on the goals and their achievement. Nederman's sustainability work is organised on the basis of this agenda and our operations and various sustainability initiatives contribute to Nederman's sustainability work, which is adapted accordingly.

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, 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 hazardous substances being separated and the remainder then being recycled.

During 2021, Nederman began to measure the share of used material derived from recycled sources for aluminium, steel and plastic at its four largest production plants. This amounted to 12 percent of the purchasing spend. However, it must be noted that a full-year estimate was made for one of the two plants in the US, which is based on actual figures for 2020. The estimate follows the definition of GRI 301-2.

WATER CONSUMPTION

Nederman has a general policy of enhancing the efficiency of use of resources, which includes 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. Water consumption is checked regularly to ensure that initiatives aimed at reducing the use of fresh water have 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 in its production, apart from small amounts of lubricant and surface finishing for products, for example, and accordingly, has no negative impact whatsoever on waste water.

GREEN CONSTRUCTION

We own few of the buildings where we conduct our operations. We work to exert influence on our landlords, but beyond their operation, we have limited possibility to control or influence their design and construction. 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 include insulation of buildings, optimising compressors and more energy-efficient installations and equipment, such as lighting, ventilation, heating and cooling.

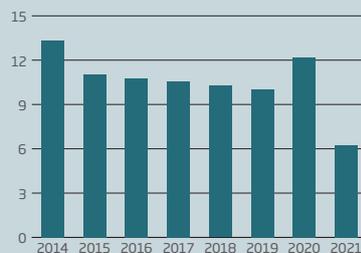
Other measures comprise transitioning to renewable energy sources for the electricity that is purchased. The training of personnel is also important to ensure that equipment is used in an energy-efficient manner. Reduced energy use means that less energy needs to be added, resulting in lower emissions of, for example, carbon dioxide, measured as carbon dioxide equivalents. Improvement measures also contribute to 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 service life. Digitalisation and innovation represent a priority area. The environmental impact is to be assessed and minimised for 100 percent of all new products according to the group's product strategy plan. During 2021, as described earlier, we continued to develop our SmartFilter series and we also launched the new LBR filter as an addition to last year's LCP/LBP filter. All launches were evaluated in line with this and checked against the goals for reduced



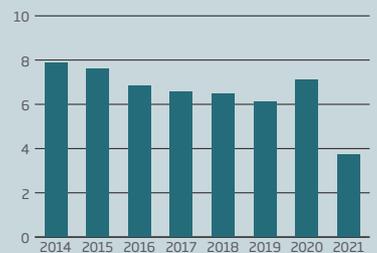
TOTAL ENERGY CONSUMPTION, INCLUDING HEATING IN PRODUCTION IN RELATION TO SALES (KWH/KSEK)



The ambition is to reduce total electricity consumption over time. The goal is to halve our direct climate impact measured in carbon dioxide equivalents by 2023.

The 2021 outcome was a combination of implemented measures for energy efficiency, the transition to green electricity and increased sales.

ELECTRICITY CONSUMPTION, KWH/KSEK



The ambition is to reduce electricity consumption over time. The goal is to halve our direct climate impact measured in carbon dioxide equivalents by 2023.

Outcome 2021: Measures for energy efficiency and increased sales generated positive results.

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 a high degree of recyclability in products, one of the targets 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 served as our ethical compass. We became a member of this initiative in 2020 and have continued to work and develop our sustainability programme in accordance with it. Our operations are encompassed by environmental legislation, regulations and conditions governing such aspects as 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, our sustainability initiatives. During 2021, a review commenced of policies and plans related to work environment, including the equality and diversity plan, and this is expected to be concluded at the beginning of 2022.

Code of Conduct

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

The Code of Conduct is available at nedermangroup.com.

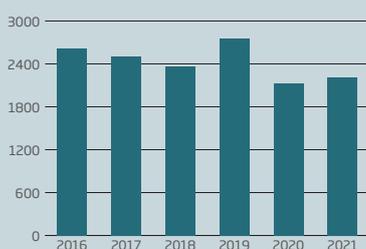
Code of Conduct for Suppliers

Nederman supports and works actively to fulfil international guidelines on the environment, human rights, working 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. Our Code of Conduct for Suppliers is based on the above international guidelines and is harmonised in line with our internal Code of Conduct. 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 have ensured that their subcontractors are aware of and meet standards that are at least as strict. Nederman urges all suppliers to establish their own codes of conduct or written policy documents based on the above international guidelines.

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. It is available for download from nedermangroup.com.

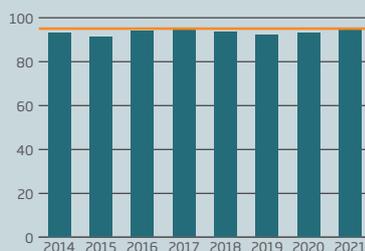
Nederman's goal for 2023 is to work only with suppliers who comply with the relevant sections of the Code. At the close of 2021, the share of suppliers that had ascribed to the Code was 91 percent (89). The suppliers' compliance with this requirement is checked by way of audits and other measures. 73 (39) supplier audits were conducted during the year. Existing methods are under development to assess the suppliers' sustainability efforts in order to promote responsibility throughout the value chain.

WASTE GENERATED, TONS



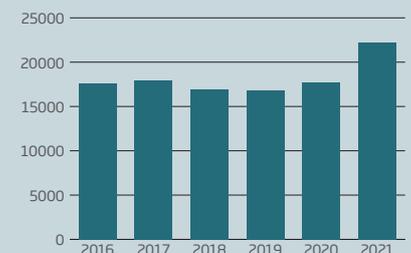
The amount of waste is to continuously decline in relation to net sales. In the same way, the amount of hazardous waste is being continuously reduced, with goals set at a local level. The outcome for 2021 regarding the total amount of waste generated was on approximately the same level as the preceding year.

WASTE RECYCLING, %



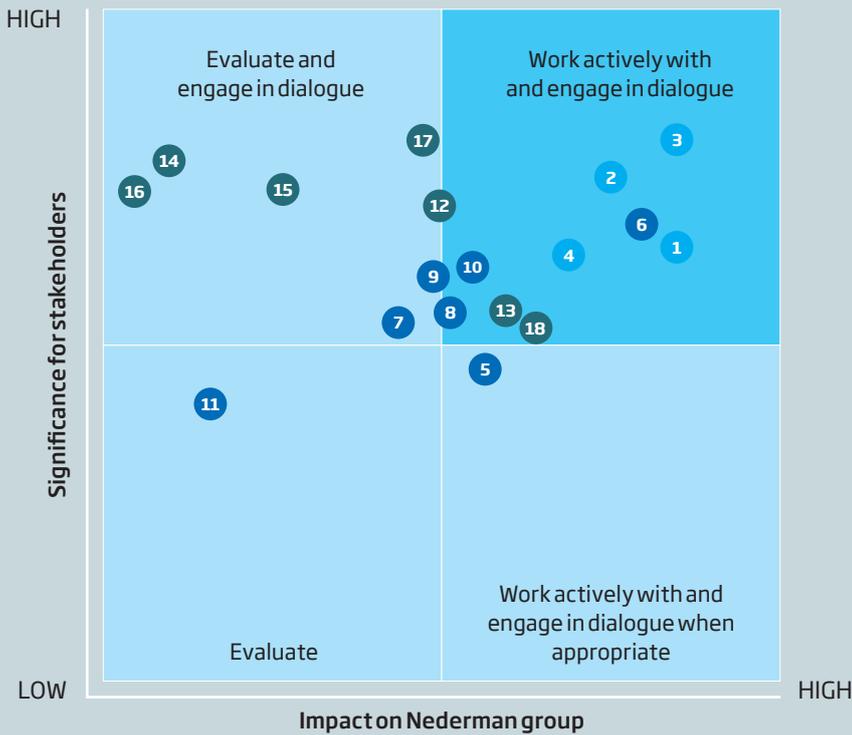
The goal was to achieve 95 percent recycling of waste in production by 2021 compared with the average for 2014. Recycling is conducted through external partners. At the end of 2021, recycling amounted to 95.0 percent.

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

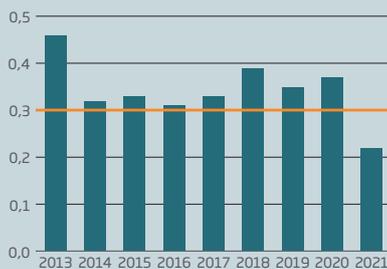
SOCIAL SUSTAINABILITY

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

QUALITY FAILURE COSTS, %



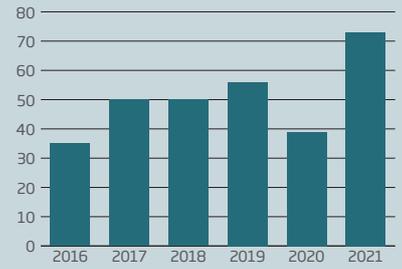
More efficient use of resources. For quality failure costs in production in relation to sales, the target is <0.3 percent by 2023. At the end of 2021, the result was 0.22 percent. This is monitored thoroughly and during 2022, we will continue to analyse goals and measures that need to be implemented by 2023.

CODE OF CONDUCT IN THE SUPPLY CHAIN, %



The goal is for 100 percent of materials and goods in production to come from suppliers who had signed our Code of Conduct for Suppliers by 2023. At the end of 2021, the result was 91 percent, due to supplier challenges and newly added units that had not yet fully implemented procedures.

SUPPLIER AUDITS



Supplier audits through site visits are conducted to monitor compliance with the Code of Conduct for Suppliers. During 2021, 73 supplier audits were conducted.

REPORTED WHISTLEBLOWER CASES, 2021 ¹⁾

During the close of the year, one case was reported via the whistleblower system, related to a complaint about local management and/or challenges among customers and suppliers. Investigations were conducted. Corrective measures had been initiated at the time of publication of this Annual Report.

The EU's new legal requirements related to whistleblowing comprise the basis for Nederman's constant improvements. In turn, this leads to further analysis and formation of opinions on refining the existing system and associated policy, with the purpose of protecting persons who report irregularities.



- Operations (100%)
- Sustainability (0%)

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

Stakeholder dialogue

As part of our daily work, and in particular, our sustainability work, a continuous dialogue is conducted with a large number of stakeholders - customers, investors and analysts, employees, trade unions, civil society (often represented by media and independent organisations) and business partners. We communicate with stakeholders in different ways depending on the type of relationship.

- Customers
- Employees
- Investors
- Suppliers
- Society



Stakeholders	Definition	Form of dialogue	Key subjects
Customers	Existing and potential	Meetings, interaction through market companies, joint projects, customer surveys.	Product safety, life cycle perspective and circularity, crisis readiness, human rights, business ethics including corruption, supply chain management.
Employees	Existing and potential	Workplace and management meetings, employee surveys, career appraisals, trade unions and other cooperative councils.	Safety, human rights, carbon emissions, diversity, employee welfare, leadership, crisis readiness including risks, business ethics, supply chain management, waste, water.
Investors	Existing and potential shareholders, investors and analysts	Meetings with investors and analysts, capital markets days, website, annual and sustainability report, quarterly reports.	Product safety, security, life cycle perspective and circularity, carbon emissions from own operations, crisis readiness including risks, business ethics, supply chain management.
Business partners	Suppliers, partners, distributors and resellers	Evaluation and audit of business partners, procurement, meetings, joint projects.	Product safety, security, human rights, crisis readiness including risks, business ethics including corruption, supply chain management.
Society	Governments, local communities, voluntary organisations, academic institutions	Meetings, collaboration/projects with universities, colleges and government agencies.	Human rights, diversity, carbon emissions, business ethics, supply chain management, taxes, life cycle perspective and circularity.

Policy for sustainability and quality

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 such a development. To be able to be a reliable partner and supplier of sustainable solutions, we work with high standards throughout our value chain.

During 2021, Nederman tightened its control by monitoring the share of new suppliers that have undergone evaluation based on environmental criteria according to the GRI 308-1 definition. The share was 4.1 percent.

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. Our policy against corruption and fraud has the purpose of describing and improving 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 this policy and detailed procedures in their respective local companies, as well as all applicable legislation on bribery. We conduct interactive and recurring training on the policy for all employees every second year.

During 2021, Nederman began to monitor the number of companies audited for corruption in accordance with the GRI 205-1 definition. The audit was conducted by way of a self-assessment by the companies. The number of audited companies was 66, representing a 100-percent share of the operating companies. No significant risks were uncovered.

Anti-trust policy

Competition legislation and anti-trust laws prevent activities that can obstruct free trade or restrict competition. The 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 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 to their immediate manager any suspected irregularities, illegal activity or failure to act, such that they perceive as a breach of applicable legislation, Nederman's internal policies (such as the policy on export control and sanctions, the anti-trust policy and the policy against corruption and fraud, the Code of Conduct) or the group's IT security policy.

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, 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 against our IT security policy to their immediate manager.

An employee can submit a report in two ways:

- Contact their immediate superior or the manager of the department involved. Depending on the issue and the person being reported, the superior will decide if the issue is to be passed on to Nederman's management.
- Report anonymously by e-mail/letter to a third party, headed by an external lawyer.

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, they are processed confidentially and everything is 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. The policy is available on all websites and is translated into local languages.

The EU's new legal requirements related to whistleblowing comprise the basis for Nederman's constant improvements. In turn, this leads to further analysis and formation of opinions on refining the existing system and associated policy, with the purpose of protecting persons who report irregularities.

Diversity policy

We are convinced that diversity strengthens innovation and is a source of competitiveness and profitability. Promoting diversity is decisive for our business successes - and is fully in line with that described in Nederman's core values and Code of Conduct.

We:

- strive to 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 under-represented gender for every three candidates.

Nederman conducts annual employee surveys to measure such aspects as work environment and discrimination, with active fol-

CLIMATE REPORTING IN ACCORDANCE WITH SCIENCE BASED TARGETS

Nederman follows up CO₂e in all Scope categories. CO₂e is the amount of a certain greenhouse gas expressed as the amount of carbon dioxide that produces the same greenhouse effect. Scope 1, 2 are based on actual consumption data. The method for Scope 3 was changed from a standard value to now being based on actual consumption data from the largest transport providers in our four largest production plants. However, note that we do not have the information on emission data from air freight from our US plant.

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, hydro and nuclear power generate lower emissions, while higher use of fossil fuel, such as coal and oil, generates higher emissions.

Basis for calculation of Scope 3

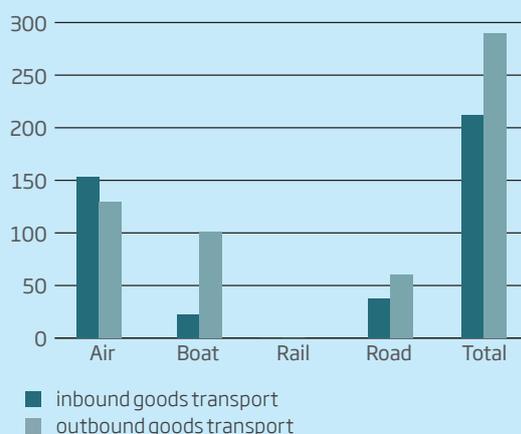
A general analysis of Scope 3 emissions along Nederman's value chain indicates that the sourcing of materials and components is the single largest emissions category. This is followed by purchased goods transportation, business travel and waste related to worn-out products. The analysis is based on the group's own estimates and not on data from suppliers; the error margins are considerable. The group has therefore decided on an initial step to limit reporting of Scope 3 emissions to actual consumption data from goods transport, and to develop the method from there.

Climate impact according to Science Based Targets

Emissions to air, tonnes	2021	2020	2019	2018	2017
CO ₂ -e Scope 1 ¹	1,197	908	810	571	560
CO ₂ -e Scope 2 ²	3,761	4,297	5,023	5,054	5,106
CO ₂ -e Scope 3 ³	1,020 ⁵	8,907 ⁴	8,186 ⁴	6,982 ⁴	6,667 ⁴
Emissions, Scope 1+2	4,958	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 2021.
- 2 Scope 2: Total greenhouse gas emissions from purchased electricity in manufacturing, tonnes. All production units included in 2021.
- 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.
- 5 The method for Scope 3 was changed in 2021 from a standard value to now being based on actual consumption data from the largest transport providers in our four largest production plants. Accordingly, it is not comparable with earlier years.

CLIMATE IMPACT ACCORDING TO SCIENCE BASED TARGETS SCOPE 3 - FOR AB PH NEDERMAN & CO - EMISSIONS TO AIR, TONNES CO₂e



The method for Scope 3 was changed from a standard value to now being based on actual consumption data from the largest transport providers in our four largest production plants. The above example shows the climate impact of AB Ph Nederman & Co's plants for each mode of transport during 2021.

Energy intensity

MWh/SEKm	2021	2020	2019	2018	2017
Total energy use (MWh)	16,228	13,794	14,870	14,694	14,948
Net sales (SEKm)	2,381	2,021	1,489	1,438	1,398
Energy intensity (MWh/SEKm)	6.82	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 2021 confirms the positive trend. This is monitored thoroughly and during 2022, we will continue to analyse goals and measures that need to be implemented by 2023.

Fuel consumption from renewable energy was 0 (zero) in 2021. Fuel consumption from non-renewable energy was 5,243 MWh (18,876 GJ) in 2021. Total fuel consumption comprised 67 MWh (240 GJ) from diesel, 288 MWh (1,037 GJ) from oil and 4,889 MWh (17,599 GJ) from natural gas. Total energy consumption was 16,228 MWh (58,421 GJ). Consumption comprised 8,848 MWh (31,851 GJ) of electricity (of which 1,716 MWh (6,176 GJ) was renewable) and 7,230 MWh (26,026 GJ) in heating (of which 1,513 MWh (5,448 GJ) was renewable). No electricity was sold to a third party.

Data was gathered from the companies' actual consumption.

The source of the conversion factors used to restate kilowatt hours to joules and litres to cubic metres was Chemical Principles 6th edition (January 1, 2013).

Affiliated with 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 affiliated with the UN Global Compact and supports and works actively in accordance with its goals.

EU Taxonomy

The establishment of a classification system for environmentally sustainable activities, a green taxonomy, is a central measure within the framework of the EU action plan for the financing of sustainable growth. As of 1 January 2022, companies such as Nederman will commence the application of this taxonomy and the classification of sales and expenditure. In an initial phase, reporting will be made for the climate-related objectives in the taxonomy, which are the first two objectives: Climate change mitigation and Climate change adaptation. Already in 2021, Nederman chose to report the amount of sales and expenditure that are not only subject to, but also meet the requirements to be considered sustainable based on these two objectives.

Regarding Climate change mitigation, we include sales and associated CAPEX and OPEX in solutions: 1) that have the primary purpose of complying with the requirements on greenhouse gas emissions at the customer, and 2) that

save energy at the customer. The solutions are supplied by the Nederman Monitoring & Control Technology division. Nederman's investments that lead to energy savings are also included in the definition.

Regarding Climate change adaptation, we include sales and associated CAPEX and OPEX in the solutions that enable our customers to alleviate the effect of increased and stronger heatwaves. Such solutions are supplied by the Nederman Process Technology division in the form of air conditioning systems and similar cooling systems.

Regarding methodology, if sales cannot be identified with precision, we use a conservative estimate. When OPEX and CAPEX cannot be identified with precision, we allocate these in relation to sales as a percentage.

	Total in SEKm	Share of economic operations subject to the taxonomy (%)	Share of economic operations not subject to the taxonomy (%)
Netsales	4,042	15%	85%
OPEX	91	37%	63%
CAPEX	185	31%	69%

Economic responsibility

The economic activities recognised below include the economic value generated, such as revenue, and distributed by the business in the form of salaries to employees, financial obligations and investments.

Indicator/Category	Definition	2021	2020
SEKm			
a) Revenue	Totalsales	4,042	3,675
	Financial income	3	1
	Profit from sale of assets	5	2
	Other income	40	11
Direct economic value generated		4,090	3,689
b) Operational costs	Operational costs	-2,403	-2,286
	Investments for the year, excluding acquisitions	-109	-108
c) Direct salaries to employees and other benefits*		-1,226	-1,183
d) Payment to investors	Financing expenses	-45	-72
	Repayment of loans	-248	-8
	Dividend	-35	0
e) Payment to government agencies		-110	-54
Economic value distributed		-4,176	-3,711
Economic value retained	Generated - Distributed	-86	-22

* Including employee related restructuring costs

low-up of the results at management level, in employee groups and in other networks.

Our Understanding Diversity training programme is available to all employees.

Health and safety policy

Providing a safe and healthy environment is decisive for our company's successes. We work proactively to create physical and mental health among our employees.

The daily work on issues that affect health and safety and employees is decentralised. 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

Reduction and more efficient use of resources is a key objective for us. We work actively to maximise positive effects and minimise the negative impact throughout the value chain. To implement changes where they make the most impact, we collaborate with business partners and other stakeholders.

QUALITY IMPROVEMENT

We strive to reduce the costs and environmental impact that are connected with quality problems in production. The goal for quality failure costs in production, in relation to sales, was <0.3 percent up until 2021. The result was 0.22 percent (0.37). 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 focus on efficiency of operations and on resolving problems where they arise.

GLOBAL MANAGEMENT SYSTEM

The parent company and all production units must have a management system that is certified in accordance with ISO 9001 (international

standard for quality management systems) and ISO 14001 (international standard for environmental management systems). Acquired companies are to be certified within two years. At the end of 2021, 17 out of 20 production units were certified according to ISO 9001 and 16 of 20 units were certified according to ISO 14001. Certification of the remaining units is planned during 2022.

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.

The revitalisation of Nederman's global management system with a new platform was initiated during 2021.

CYBER AND INFORMATION RISKS

Cyber and information risks are increasing in our operating environment and are becoming increasingly 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 is to protect Nederman's information assets and to secure access to information, confidentiality, integrity, authenticity and non-repudiation. During 2021, the approach was to further strengthen governance and processes in connection with the management of risks in the areas of cyber and information security. All employees complete compulsory training in IT security to secure and strengthen their knowledge of IT security.

GRI Index

201-1	Economic responsibility	p. 44
205-1	Operations assessed for risks related to corruption	p. 42
205-2	Communication and training about anti-corruption policies and procedures	p. 42, 46
301-2	Recycled input materials used	p. 38
302-1	Energy consumption within the organisation	p. 43
305-1	Direct (Scope 1) GHG emissions	p. 43
305-2	Indirect (Scope 2) GHG emissions	p. 43
305-3	Other indirect (Scope 3) GHG emissions	p. 43
308-1	New suppliers that were screened using environmental criteria	p. 42
403-9	Work-related injuries	p. 47
405-1	Diversity of governance bodies and employees	p. 42, 45, 47



Engagement and know-how for a better future

All successful companies are based on the same foundation - talented and engaged employees. Nederman is no exception. The rapid development the group is experiencing through digitalisation, globalisation and acquisitions places demands on attracting, retaining and developing the right people.

Nederman now has 2,154 employees throughout the world. 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 core values form the foundation as we build The Clean Air Company. The global presence and the company's ambitious goals in an important and growing market also offer fantastic opportunities for employees to develop.

To ensure that we have an organisation that is on the right path, we carefully monitor the results from the questions in our annual employee survey, nGage, and that the activities that are related to improvements really are carried out. nGage is now an established process within the group and encourages all teams to develop action plans that improve and develop cooperation, leadership and health and safety. In nGage 2021, inclusion was one of the questions where employees got to learn more about the area and describe how they themselves can contribute to better inclusion in the company. At the end of the year, group management conducted a workshop on diversity and inclusion aimed at creating even better parameters for this work in the organisation.

nGage has been conducted since 2013. During 2021, 83 percent of all employees responded to the survey, which is higher than the corresponding index for the comparative groups, Global Benchmark and Industry.

CONTINUOUS DIALOGUE AND TRAINING

Internal communications are mainly conducted using the intranet communication platform, Tellus. During the year, this was restructured, for example, to better connect the various parts of the organisation to make an entirety that works in unison toward the goal of creating clean air, customer value and achieving Nederman's vision.

myLearning, our platform for training and continuous development in the group, contains manager support, plus role-based training. myLearning supports all digital environments and provides, for example, the opportunity for rapid onboarding of new employees and integration of corporate acquisitions. The content is continuously developed. During the year, we conducted onboarding programmes digitally and provided training in new products and further training for our managers. In addition, a new training course in digital sales methods was launched, which is targeted at sales managers in all regions.

We have five compulsory courses that are to be conducted every second year - on the Code of Conduct, on the policy against corruption and fraud, on GDPR (for Europe), on the policy for export controls and sanctions, and on IT security. Courses in accordance with legal requirements are also conducted through myLearning. More than 90 percent of all employees completed all of these courses. The compulsory courses are included as part of the onboarding of new employees, which also includes training in our core values and on Nederman, You@Nederman. Sustainability@Nederman, a new training course launched in 2021, is aimed at all employees and addresses sustainability at Nederman.

Since 2020, we have offered our training portal, nPower, to partners and resellers, with access to eLearning courses and webinars. In addition to strengthening knowledge, this contributes to facili-

tating contact with partners and customers when physical meetings are difficult to implement.

Health and safety

The actual number of reported accidents in 2021 was 24 (nine), none of which had a fatal outcome or resulted in lifelong injuries, but there was one with a recovery time of more than six months. The increase from the preceding year was attributable to lower activity in 2020 due to the pandemic.

The estimated values (based on 1,000,000 hours worked) according to the GRI definition of 403-9 are as follows: Accidents total = 12.95. Accidents with more than six months recovery time = 0.54 and fatal accidents = 0.

The most frequently recurring injuries comprise crush injuries, cut injuries and fall injuries. Significant risks identified in production that can lead to serious injury comprise work at height, crush and cut injuries, electric shocks and forklift transport. There is an action plan for each risk. For example, for work at height, a special platform is used with a forklift truck, combined with a personal safety harness. 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. Achieving a "zero vision" requires continued technical and organisational initiatives, such as systems for identification, risk assessment and investigation of incidents, 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, naturally, training in general.

To prevent accidents and disease, tools, processes and training programmes are used that are aligned 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 at all levels of the organisation and the personnel who implement these are trained.

Each year, audits and rounds are conducted to assess the quality of risk management and take corrective and preventive action. The measures are to reduce or prevent the identified risks. Risk assessments are reviewed and updated regularly or after an incident has occurred.

ABSENCE DUE TO ILLNESS

During 2021, the rate of absence due to illness averaged 2.6 percent (2.8), a number that continues to be impacted by the covid-19 situation. Initiatives are focused on giving our employees the right conditions in their respective roles, and to ensure 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 the environment are our products that enhance the environment and reduce the risk of diseases related to poor air in work and the local environment.



Training for important sales process

Nederman is both the market and knowledge leader in its industry and conducts both product development and training that is taking the entire market in a sustainable direction. A good example of this is the training programme for the Combustible Dust Sales Process, which was launched in 2021. This will contribute to strengthening the group's sales activities and position as a reliable and knowledgeable partner in the area. The aim is to increase the level of knowledge and awareness in the sales organisation to minimise the commercial and legal risks related to applications for combustible dust.

The programme comprises:

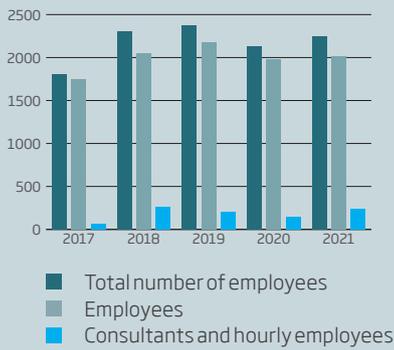
- new GuideUs documentation
- revised manual for combustible dust
- eLearning courses, live training courses/webinars
- certification tests
- digital approval process

Depending on the level of responsibility in the organisation, various stages of the training are conducted, with the first involving certification to gain access to the approval process, which is necessary for offering and implementing solutions for customers. The subsequent courses are more in-depth and are aimed at training the people who approve the proposals for solutions to customer problems that enter the approval process.

The virtual training structure that has been developed for the sales process for combustible dust will now be applied to other critical sales processes at Nederman.

Combustible dust can be defined as all atomised material that could catch fire and explode when mixed with air. All companies that handle combustible dust must comply with workplace safety regulations and legislation aimed at preventing risks related to this: in the US, the Occupational Safety and Health Administration (OSHA), and in the EU, the ATEX directive, which compel companies to invest in safety solutions to protect personnel, buildings, equipment and their surroundings.

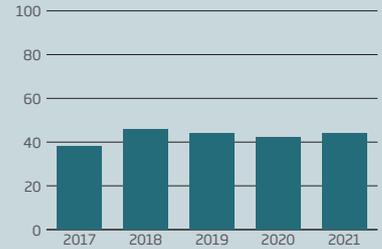
NUMBER OF EMPLOYEES



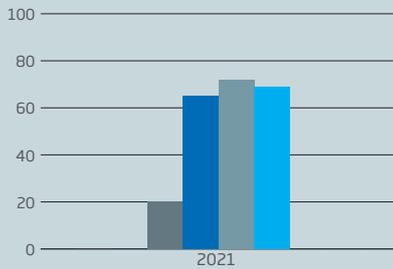
NUMBER OF EMPLOYEES BY REGION, 2021



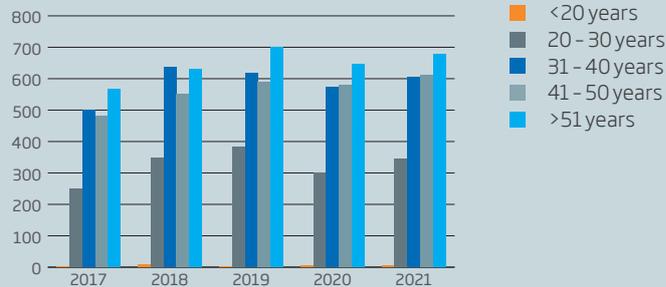
SHARE OF PRODUCTION STAFF, %



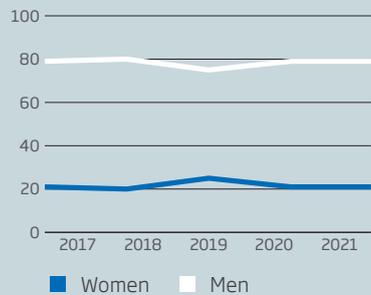
AGE DISTRIBUTION COMPANY MANAGEMENT TEAMS, NUMBER



AGE DISTRIBUTION EMPLOYEES, NUMBER



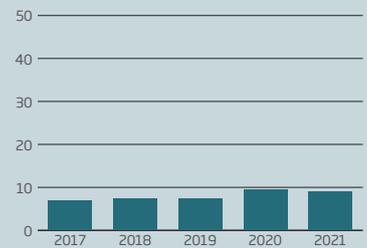
EQUALITY, %



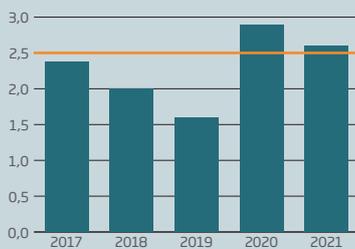
PERCENTAGE OF WOMEN IN COMPANY MANAGEMENT TEAMS, %



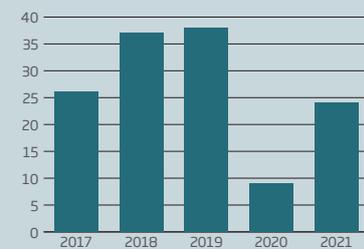
PERSONNEL TURNOVER, %



SICK LEAVE, %



ACCIDENTS, NUMBER



The goal for absence due to illness is set at <2.5 percent. Absence statistics generally take acquisitions made over time into consideration. During the past two years, covid-19 had a negative impact on absence due to illness. In 2021, absence amounted to 2.6 percent.

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 2021, 24 accidents occurred, none of which had a fatal outcome or resulted in lifelong injuries, but there was one with a recovery time of more than six months. From an industrial perspective, the accident frequency rate is low.

TITANIUM DIOXIDE

79.90

Innovation through art - mural at Nederman

It is important to be inspired and to have free thoughts and new ideas to develop and change for the better. Art provides inspiration, new ideas and strengthens creative thinking. By changing a small section of our facade during the year, we are demonstrating that we are changing the world.

Like the ficus plant in the mural, and other plants, Nederman' employees create clean air.

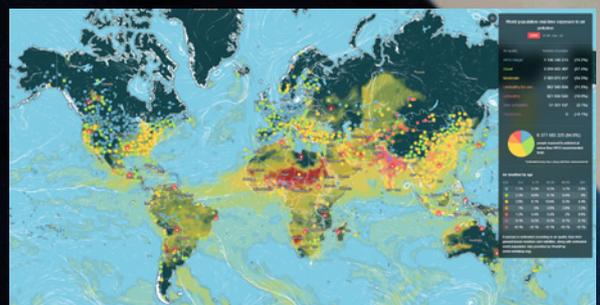
Artist: Fabio Petani

Information on clean air and sustainability



*"Everyone is entitled to healthy
air and a healthy planet"*

cleanairblueskies.org



*"How clean is the air
where you live and breathe?"*

iqair.com/unep

Organisations and media

Aktuell Hållbarhet

Environment, sustainability and CRS for professionals and decision-makers.
aktuellhallbarhet.se

Dagens PS

News site with focus on business and entrepreneurship with environmental and sustainability reporting.
dagensps.se

EEA European Environment Agency

Independent environmental information and statistics.
eea.europa.eu

EU Taxonomy

Measures and sustainability reporting to guide investments towards sustainable operations.
ec.europa.eu/commission/presscorner

GHG Protocol

Establishes global frameworks to measure and manage emissions of greenhouse gases (GHG).
ghgprotocol.org

GRI Standards

Independent international organisation that provides the world's most used standards for sustainability reporting.
globalreporting.org

HEI Health Effects Institute

Independent organisation for research on air pollution and health effects.
healtheffects.org

IVL Svenska Miljöinstitutet

Independent research institute in environment and sustainability.
ivl.se

Swedish Environmental Protection Agency

Supports and collates the work to implement the government's environment policy
naturvardsverket.se

UN Environment Programme

UN body with information and reports on environmental development at large
unep.org

UN Global Compact

UN initiative and 17 sustainable development goals (SDGs) to mobilise a global movement of sustainable companies and stakeholders.
unglobalcompact.org

Reports

Actions on Air Quality

A global summary of policies and programmes for the reduction of air pollution
wedocs.unep.org/bitstream/handle/20.500.11822/36695/AAQ_ESG_EN.pdf

EEA Air Quality in Europe 2021

eea.europa.eu/publications/air-quality-in-europe-2021

State of Global Air

Annual report with global data and facts on the situation for air and how it impacts our health
stateofglobalair.org

Data / Statistics

Air Quality Life Index

Converts air pollution levels to life expectancy
aqli.epic.uchicago.edu/the-index

DI climate index

Listed companies' reporting in accordance with Scope 1-3
di.se/bors/klimatindex

European Air Quality Index

Real-time graphics that show current air quality in your particular area

eea.europa.eu/themes/air/air-quality-index

Hållbara bolag

Dagens Industri's / Lund University's annual sustainability ranking of listed companies
di.se/hallbart-naringsliv/hela-listan-har-ar-borsens-mest-hallbara-bolag-alla-kategorier

IQ Air Visual

Real-time information for air quality
iqair.com

State of Global Air Data Set

Interactive database for air quality and health effects
stateofglobalair.org

Sustainalytics

Independent calculation of companies' ESG risks and sustainability profiles
sustainalytics.com

World Environment Situation Room

Visual data, information and knowledge of the environment
wesr.unep.org



Nederman's divisions

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 means that the operating segments are global and have an explicit focus on the customer. The year was characterised by a solid recovery in demand and strengthened profitability, but also by disruptions to the supply chain and rising freight and materials costs.



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.



Nederman Process Technology

Offers process equipment, as well as services and filter solutions that are often integrated into the customers' production processes where they capture harmful particles and gases.



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.



Nederman Monitoring & Control Technology

Offers advanced measuring technology for gases and dust, and an IoT platform that provides customers with information and insight into critical parameters and processes.

Division Nederman Extraction & Filtration Technology

Market position

Sales are conducted globally through our own sales companies and through an extensive network of partners. The division has significant aftermarket sales in the form of spare parts and service. The sales organisation and offerings are gradually being expanded into new markets, segments and applications in order to strengthen competitiveness. Tougher regulatory requirements and increased environmental awareness drive the demand for new products and solutions.

Customers

Customers comprise industries and operations with air contamination that must be managed effectively and safely, including metal working, fibre-based industry (wood and composites), vehicle workshops and industries exposed to dust particles that - if not handled correctly - are liable to cause explosions.

Offering

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 strong market positions. Digitalisation also provides the opportunity for an advanced service offering and increased aftermarket sales.

EXTRACTION & FILTRATION TECHNOLOGY IN BRIEF

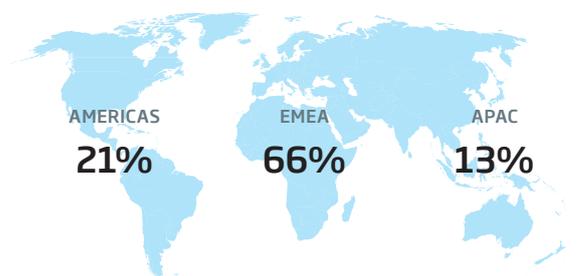
Head of Division: Hans Dahlén

Brands: Nederman

Average number of employees: 907

SEKm	2021	2020	2019
External orders received	1,781	1,589	1,962
Sales	1,763	1,649	1,940
Adjusted EBITA	309	222	263
Adjusted EBITA margin	17.5%	13.4%	13.6%

External sales by region



A strong and profitable recovery

Nederman Extraction & Filtration Technology division can summarise a year in which strong recovery in demand, combined with new, important product launches, led to its highest ever profitability. The restructuring programme launched in 2020 enhanced the efficiency of the division, at the same time as the organisation successfully addressed the significant price increases for materials.

At an early stage during the pandemic, the division was restructured to adapt the organisation to the new conditions, and the final adjustments were made during 2021. The result was better utilisation of the available resources for sales, service and production. Combined with investments in recent years in increased digitalisation of sales, delivery and support, this enabled the degree of service to customers to be further strengthened.

The division is Nederman's largest, with approximately 45 percent of the group's sales. The strong growth during the year was driven by higher demand in all markets. The component shortages and supply chain disruptions that have arisen in the wake of the pandemic dampened demand in several industries, mainly towards the end of the year and particularly in the automotive industry and its subcontractors, which are important for the division.

Efforts to strengthen market positions are based on a strategy with six guidelines:

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

Activities to optimise the logistics and manufacturing structure have accelerated in recent years. There has been a standardisation of the global technology offering that has increased the availability of the division's leading-edge technologies in all regions. The development of digital tools, digital offerings and online presence is carried out on a continuous basis to drive efficiency and increase customer value under the motto, "easy to do business with". Digital order management and other tools to calculate and configure customised solutions generate significant gains for all parties.

The competence centre for automation that was established in Poland in 2020 strengthened the organisation's continued digitalisation journey and increased the scalability in product launches. Work has commenced to establish a similar competence centre in the US, which will provide support, for example, in connection with launches of new filters in North and South America. During the year, the World Clean Air Tour was launched, an online event for new and existing customers and partners on new, smart solutions for clean and breathable factory air. Here, for example, it is demonstrated how Industrial Internet of Things (IIoT) technology can reshape industrial processes and create a safer work environment.

The digitalisation in the product development area continued, at the same time as the launch of digital filters with complementary

IoT hardware and subscription services, such as myAir, is central to retaining strong market positions in EMEA and to be able to grow more rapidly in the US, among other countries. During the year, new SmartFilters were launched, giving the customer the possibility to improve their production efficiency and reduce their environmental impact. The objective is for all stationary filters delivered as of 2023 to be digital. For the welding industry in EMEA, for example, a new solution was launched based on nanotechnology that enables the filtration of small and often highly hazardous particles.

Within the division's main customer segments, there is considerable growth potential in expanding tried and tested solutions to new geographic markets. For example, leading positions in the wind power industry have been built up in all regions. In the emergency services segment, the division strengthened its positions during the year through the launch of several new products that were well received. In parallel with strengthening the division's positions in existing industries, existing products and air filtration expertise are utilised in new market segments. Dental care is one good example, in which the division's extraction solutions can eliminate the spread of aerosols that could be carrying viruses and bacteria. During the year, Nederman's leading dental care solution was awarded the Dentistry Today Top 50 Technology Product Reader's Choice Award 2021, which highlights some of the industry's most innovative technologies.

"We have raised profitability to a new level despite continued market challenges"

Hans Dahlén, Head of Division

SALES OCH MARKET TREND

The division's orders received increased currency neutrally by 16.0 percent to SEK 1,781m (1,589). All regions and sales areas displayed growth during the year. In EMEA, which is the division's largest market, there was a strong recovery for solutions for large and medium-sized systems. Americas displayed solid growth driven by several major orders from, for example, the wood products industry and successful product launches for the rescue services segment. Within APAC, there was growth in orders received and sales, mainly as a result of successes in Australia. The division's sales in Service and aftermarket was stronger in all regions. Digitalisation is becoming increasingly important for the division's sales. Sales of SmartFilters displayed a continued high rate of growth. Sales of Nederman Insight subscriptions also increased substantially, more than half of which with service agreements.

MILESTONES IN 2021

- Robust strengthening of profitability
- Launch of IoT-ready and connectible digital filter solutions for increased control of the customer's air filtration process with positive market response.
- World Clean Air Tour, an online event for training in new, smart and future-proof connected filter solutions.
- Launch of new products, for example, for the welding industry and the rescue services segment.

Division Nederman Process Technology

Market position

The customer base mainly comprises large multinational companies that are integrating and optimising the efficiency of their global production operations, which increases the need for suppliers that can provide services for the entire life cycle of the product in all parts of the world. All of the division's systems can be delivered with the option of remote control and monitoring which, in combination with our service offering, enables us to establish a long-term relationship with our customers.

Customers

The customers comprise companies in a large number of industries, of which the textile industry is the largest. The division also offers air filtration solutions used in metal recycling to leading companies active 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, as well as the chemicals industry.

Offering

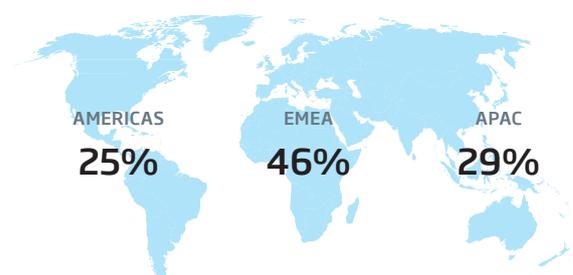
The division's solutions comprise an integrated part of the customer's manufacturing process and are decisive in creating safe work environments, stable production conditions and managing emissions to the local environment. The offering comprises advanced filter solutions that also include hardware and software for digital monitoring and control.

PROCESS TECHNOLOGY IN BRIEF

Head of Division: Tomas Hagström
Brands: MikroPul, Luwa, Pneumafil, LCI
Average number of employees: 703

SEKm	2021	2020	2019
External orders received	1,785	993	1,462
Sales	1,292	1,137	1,633
Adjusted EBITA	51	58	102
Adjusted EBITA margin	3.9%	5.1%	6.2%

External sales by region



Strong orders received and a growing service business

Nederman Process Technology benefits from the growing awareness surrounding climate and environmental issues. This drives the demand for solutions for safe work environments, energy savings and emissions control. Development was negatively impacted by lockdowns related to covid-19, which, mainly during 2020, affected several of the division's most important market segments, such as the textile and automotive industries.

A recovery commenced in all segments in 2021. Since the division's solutions are often integrated into large and complex investment projects with long lead times from decision to implementation, it often takes time before the division's orders are converted into sales. This means that the higher orders received in 2021 did not result in an equally high increase in sales, particularly for the larger and more profitable systems. Profitability was dampened by lower volumes of more profitable systems, but also by sharp increases in materials and logistics costs. However, cash flow developed positively as a result of advance payments for booked projects and the division's systematic work to reduce working capital.

The important textile industry has long been characterised by surplus capacity. A large number of producers were at a standstill for a considerable part of 2020, which reduced the interest in new investments. In pace with the global recovery driven by increased consumption, among other factors, the situation changed entirely in 2021. India displayed a particularly positive trend and returned to levels higher than in 2019 driven by, for instance, international buyers seeking new yarn suppliers, while activity in China also gradually increased during the year.

Foundries and smelters were also badly hit by lockdowns, mainly related to the downturn in the automotive industry. The recovery was strong in the recycling segment, supported by such factors as a strong sustainability trend. During the year, the division increased its focus on customers in metal recycling, including lead, tin, steel and metal scrap. The service business continued to develop positively, with a steady increase in interest among customers for digital monitoring and control. The division's Digi7 digital aftermarket initiative and IoT contributed to the increase in activity.

The division's strategy rests on four cornerstones:

- Globalisation
- Service and digitalisation
- Strengthened productivity
- Focus on rapidly expanding segments

All of the division's products and solutions are Insight Ready, meaning systems that can be connected to digital monitoring. In combination with an extended service and aftermarket offering, this enables us to help the customer throughout the entire product life cycle. With digital solutions and proven technology as a base, the project portfolio is being broadened to include new segments and markets. 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. During the year, the division won several projects in new markets and continued to work across regional boundaries, including a collaboration between Luwa and MikroPul that resulted in a new solution in energy recovery for the foundry industry. In the foundry segment, the division is market-leading in Europe with its FS-filter, a technology that has now also been introduced in the US.

"The interest in digital solutions remained high and the number of connected systems is continuously increasing."

Tomas Hagström, Head of Division

Already prior to the pandemic, the division had a sharp focus on strengthening productivity through programmes to reduce costs and to enhance quality. This systematic work continued during 2021. A global purchasing organisation was established for more efficient purchasing and in India, a global engineers' hub was built up, which will provide support for the division's businesses across the globe. In addition, there was the launch of MikroPul PE, a modular and cost-effective solution for standardised applications in a number of customer segments.

During the year, MikroPul® Solutions Lab was launched. This is a global initiative which, in a unique digital cooperative environment, helps customers to resolve their most difficult challenges when establishing effective filter systems for materials recycling and air pollution.

SALES OCH MARKET TREND

The division's orders received increased currency neutrally by 89.9 percent to SEK 1,785m (993). In APAC, which is dominated by the textile segment, orders received almost doubled which was in line with the growth rate seen in EMEA. In Americas, which manages the largest projects, order intake growth was approximately 70 percent. Both systems and service sales performed well, with increased interest in digital equipment for monitoring. During the year, a ten-year service contract was signed for monitoring in the recycling industry.

MILESTONES IN 2021

- Strong order growth and improved cash flow
- Strong recovery in the textile sector
- Growing share of Insight Ready systems
- Continued higher interest in digital solutions
- Launch of MikroPul PE, a pre-engineered solution for standard applications
- Launch of MikroPul® Solutions Lab
- Order with ten-year service contract for digital monitoring
- Increased sale of solutions in new geographic markets

Division Nederman Duct & Filter Technology

Market position

The division is market leader for ducting systems under the Nordfab brand. Market shares in Europe grew in the past year, but the US remains the dominant market. In filter elements, under the Menardi brand, the US is also the most important market. The division's 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

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 made through distributors and OEM customers, but there are also significant intra-group sales.

Offering

The division's concept for ducting systems includes product programmes, design, dimensioning and installation support for dust, fume, gas and smoke extraction as well as industrial ventilation, headed by its proprietary Quick-Fit system. The division's filter solutions are based on technology solutions that generate documented longer lifetimes and reduced maintenance requirements compared with competing products, resulting in the best possible life cycle cost.

DUCT & FILTER TECHNOLOGY IN BRIEF

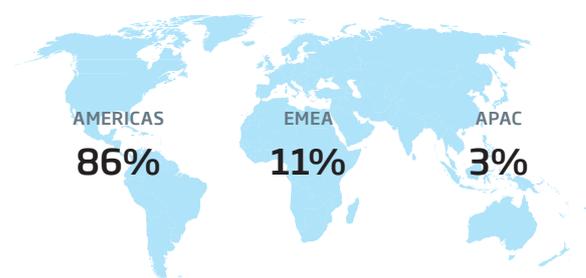
Head of Division: Jeppe Rasmussen

Brands: Nordfab, Menardi

Average number of employees: 259

SEKm	2021	2020	2019
External orders received	495	403	474
Sales	541	458	555
Adjusted EBITA	104	64	70
Adjusted EBITA margin	19.2%	14.0%	12.5%

External sales by region



Strong recovery and higher profitability

Nederman Duct & Filter Technology is highly dependent on the US market. Adaptation and efficiency enhancement of the organisation at an early stage of the pandemic laid a stable foundation for addressing the increased demand in 2021. The adjusted EBITA margin rose to its highest ever level for a single year, a result of factors including the successful management of high raw materials costs.

Orders received improved considerably for both Nordfab and Menardi. Covid-19 meant that many medium-sized projects were postponed, but also that travel restrictions and extensive lockdowns obstructed installation and service work. This situation brightened rapidly during the year, with the result that volumes increased in all markets and all segments. Since the operations are volume-sensitive, profitability was also positively impacted.

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. Ducting and filters, as individual components or parts of a system, are otherwise often considered to be standard products, with price pressure and high demands for availability and service as a result. To be able to develop sales and retain healthy margins, the division works with the concept of "Fast, Friendly and Reliable," with a focus on digitalising processes for a higher degree of service and efficiency.

"We generate added value by being fast and reliable in an increasingly digital world"

Jeppe Rasmussen, Head of Division

Overall, the strategy comprises four areas:

- Focus on selected segments
- Drive customer engagement through digital initiatives
- Deliver increased operational efficiency through digital processes
- Geographic expansion

In addition, the division has a major focus on strengthening internal sales within Nederman. All duct and filter solutions must be available in all of Nederman's established markets, with full technical support, logistics and service. The division runs the Nederman Filter Competence Centre to support other divisions with product development and expertise in filter elements and filter media. During the year, a comprehensive training programme in virtual sales was also conducted for all personnel with a connection to sales. The training was subsequently launched in Nederman's other divisions.

Updated versions of the division's customer portal and the QTO digital order management tool were launched for the ducting operation in Europe. In both business areas, priority is otherwise assigned to digital design, configuration and installation tools. During the year, Quick-Fit-Visual® QFV was launched, an interactive 3D tool that optimizes the design and installation of ducting systems, for example, by automatically creating purchase orders, which results in shorter lead times. At the largest woodworking trade fair in the US, AWFS, QFV® was named the most visionary new software product in the industry. QFV® was launched in the US in May and in Europe and Asia at the end of the year.

The production unit in Assens, Denmark, was equipped with a fully automated duct production line, which will help to broaden the range and increase availability, safety and delivery precision. The division is now also reviewing the possibility of increasing the level of automation at the production unit in Thomasville, NC, USA.

Sales in APAC are focused on South East Asia and are run from a shared group regional office in Bangkok. Thailand and Australia are the most important markets. The long-term trend in the region is positive and the division's position was strengthened in 2021. In Europe, the upgrade of production and a stronger focus on digital order management entail an opportunity to increase market shares, with the food and automotive industries being prioritised segments. During the year, Menardi received a strategically important order for a large cleanroom project for a new battery plant in Estonia.

SALES OCH MARKET TREND

The division's orders received increased currency neutrally by 31.4 percent to SEK 495m (403). In North America and EMEA, order intake was strong and regions grew by 30 and 40 percent respectively. Ducting systems, which account for approximately 80 percent of the division's sales, recorded strong order growth in all regions. In the US, orders received for medium-sized systems displayed a nearly complete recovery, partly due to earlier projects now being activated. Sales of filter solutions, which is largely a service business, showed significant variation during the year.

MILESTONES IN 2021

- Significant strengthening of profitability.
- Launch of the interactive 3D tool Quick-Fit-Visual (QFV).
- Proactive and successful management of rising raw materials prices, primarily steel.
- Investment in and fine-tuning of a fully automatic ducting production line in Assens, Denmark.
- Strategic order for Menardi for cleanroom project in Estonia.

Division Nederman Monitoring & Control Technology



Market position

With its solid application and technology know-how, the division has gained a market-leading position in the transformation that has commenced in the industry. Sales are conducted through the division's own companies, their networks of distributors and other divisions within Nederman. Product development, increased integration with other divisions and further acquisitions are priorities for continued expansion.

Customers

The division 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.

Offering

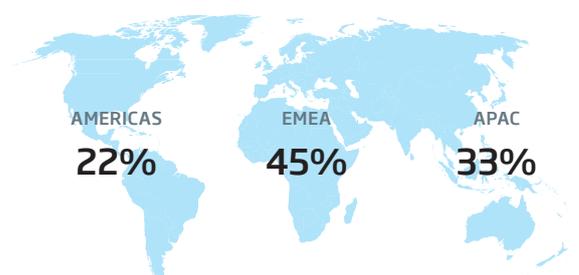
The division develops and sells products and systems for laser-based measurement of gases (NEO Monitors), products and systems for emissions analysis based on infrared measuring technology (Gasmeter) and continuous particle monitoring systems (Auburn FilterSense). The digital offering is based on a proprietary IoT platform (Nederman Insight), which provides customers with information on critical parameters and processes.

MONITORING & CONTROL TECHNOLOGY IN BRIEF

Head of Division: Ketil Gorm Paulsen
Brands: NEO Monitors, Auburn FilterSense, Gasmeter
Average number of employees: 222

SEKm	2021	2020	2019
External orders received	562	496	271
Sales	537	507	280
Adjusted EBITA	121	95	45
Adjusted EBITA margin	22.5%	18.7%	15.9%

External sales by region



Stable profitability on a high level and continued technology advances

Having experienced something of a trend reversal during 2020, which was so strongly impacted by the pandemic, the positive development for the division continued in the past year. Activity levels in the markets have normalised and, at the same time, were increasingly adapted to digital channels, which benefits the division's digital offering in the long term.

Although the shortage of components and disruptions in the supply chain had a negative impact, profitability improved further compared with the already high level in the preceding year. The strong development in the Chinese market continued and its potential is considerable. Towards the end of the year, the UK company Energy Save System Ltd (ESS) was acquired, which strengthens the market position through access to unique technology for energy savings in various industries.

With the vision of providing the digital structure that supports Clean Air as a Service, the division is working to offer customers the option of optimising the cleaning process, better production efficiency, reduced maintenance costs and compliance with regulatory requirements. The offering comprises individual products and systems for advanced measurement, control and analysis of air flows, as well as the IoT platform, Insight, which makes it possible to optimise various processes. The products are 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, primarily in 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. Since the start of the covid-19 pandemic at the beginning of 2020, demand has shifted geographically. To address this, the division adapted and focused its market initiatives in a corresponding manner.

Increased focus on sustainability, stricter legislation for emission volumes, workplace health and safety, as well as an increasing need for production efficiency to reduce, for example, energy requirements, are driving demand. Interest in investing in solutions that reduce the need for manual service and on-site inspections also continued after the removal of restrictions related to the pandemic. 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:

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

To keep the division's three offerings together and conduct effective sales and service work, a major effort has been put into building up digital processes, tools and market presence. The pandemic accelerated the development of shared systems and procedures, including online product demonstrations and sales meetings when a personal presence has been impossible. In 2021, Gasmeter and Neo Monitors launched digital showrooms, which contribute

to improved customer meetings and effective sales and service training.

Gasmeter, which was acquired in 2019, displayed continued significant growth during the year and currently holds a strong position with an good product mix and technological lead. Through the establishment of an office for sales and service in Houston, Texas, Neo Monitors has captured market shares on the industry-heavy Gulf coast. One of Neo Monitors' most important products, LaserGas III, was certified by Exida at the beginning of the year, opening up new possibilities for process control in the international market. Neo Monitors also launched two new products during the year, T-flange and LaserInspect, which further facilitate installation and monitoring.

"With the acquisition of Energy Save System, we have further strengthened our offering within energy saving and optimisation of filter systems"

Ketil Gorm Paulsen, Head of Division

Nederman's Clean Air Concept, in which the Insight IoT platform is the core, is continuing its development. During the year, the division delivered Insight integration for filters in the wood products industry, which improves the other divisions' digital product offerings and enables the connection of more filters.

AFS delivered 42 of its most advanced particle measuring instruments to one of the largest foundries in the US. At the same time, the company also secured a contract for the delivery of 250 particle emissions monitors for one of the world's leading food producers. The sensors control particle emissions to the atmosphere and practically no maintenance is required.

SALES OCH MARKET TREND

The division's orders received increased currency neutrally by 16.5 percent to SEK 562m (496). This trend was primarily headed up by Americas and APAC. In Americas, there was a rapid recovery in the market, while in APAC, China continues to drive demand. Orders received were also positive in EMEA, but were dampened for certain periods by various restrictions that limited the division's sales activities.

MILESTONES IN 2021

- Continued strengthening of profitability.
- Acquisition of Energy Save System Ltd, which has developed leading technology for energy reduction in industrial air filtration systems.
- Launch of digital showrooms for Gasmeter and Neo Monitors.
- Key orders in advanced measurement instruments
- Launch of two new important products for emissions monitoring: T-flange and LaserInspect.
- Delivery of Insight integration for filters in the wood products industry.
- Third-party certification from Exida of Neo Monitors' LaserGas III.

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.

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 4,089 (3,620). Each share in Nederman entitles the holder to one vote. The share of Swedish ownership was 92.7 percent (94.1). The ten largest shareholders accounted for 79.4 percent (77.3) 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 2021.

DIVIDEND AND DIVIDEND POLICY

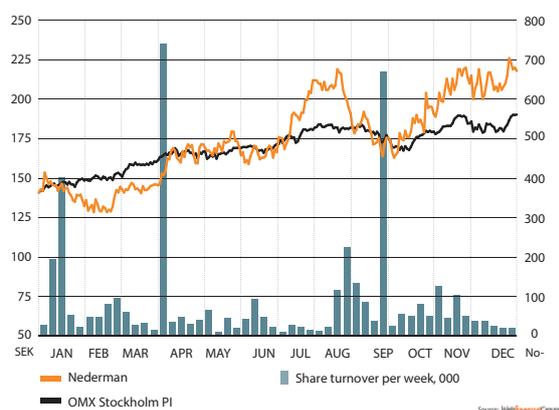
Nederman's dividend policy is to pay a dividend amounting to 30-50 percent of net profit for the year, taking into account the capital structure and acquisition plans. The Board of Directors proposes a dividend of SEK 3.50 per share (-) for the 2021 financial year.

At an Extraordinary General Meeting of shareholders on August 25, 2021, it was resolved that a dividend of SEK 1.00 per share would be paid, corresponding to SEK 35.1m. Payment was made in the third quarter of 2021. Based on the group's financial stability and healthy capital structure, the Board's assessment was that a dividend was justified. The dividend corresponded to 31.8 percent of net profit for the 2020 financial year, meaning that the dividend was in line with the company's dividend policy.

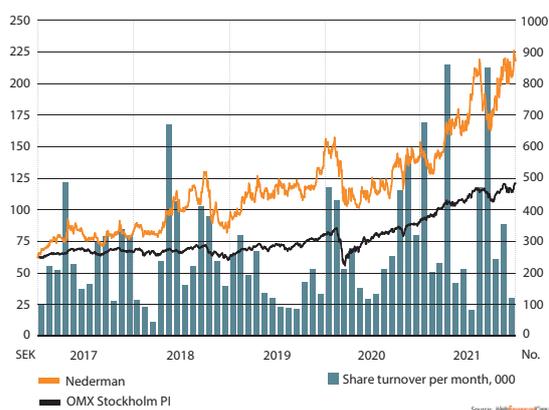
ANALYSTS WHO FOLLOW NEDERMAN

Marcela Klang from Handelsbanken,
mazi02@handelsbanken.se

PRICE AND VOLUME TREND 2021



PRICE AND VOLUME TREND 2017-2021



Datapershare	2021	2020	2019	2018*	2017*
Earnings per share after tax, SEK**	8.70	3.15	6.43	5.78	5.31
Share price as at 31 December, SEK**	218.0	141.0	134.4	90.0	83.3
Market capitalisation, SEKm	7,661.8	4,954.1	4,721.9	3,163.1	2,928.8
Cash flow, SEKm	42.1	67.0	-20.2	87.7	79.3
Proposed dividend per share, SEK	3.50	-	-	2.30	2.00
Dividend resolved at an Extraordinary General Meeting of shareholders, SEK	-	1.00	-	-	-
Dividend growth, %	250.0	-	-	15.0	9.1
Yield, %	1.61	-	-	2.56	2.40
P/E ratio	25.1	44.8	20.9	15.6	15.7
Profit distributed as dividend, %	40	-	-	40	38
Equity, SEKm	1,717.4	1,300.8	1,382.0	1,234.9	1,075.8
Issued number of shares, 31 Dec	35,146,020	35,146,020	35,146,020	35,146,020	11,715,340
Proposed dividend as a percentage of equity, %	7.2	-	-	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 Fonder	2,538,494	7.22
Fjärde AP-fonden	2,513,763	7.15
Lannebo fonder	1,635,918	4.65
Clens Fonder	1,256,186	3.57
Tredje AP-fonden	1,100,000	3.13
Försäkringsaktiebolaget, Avanza Pension	858,968	2.44
Handelsbanken Fonder	470,561	1.34
Other shareholders	7,227,443	20.59
Total	35,146,020	100.00

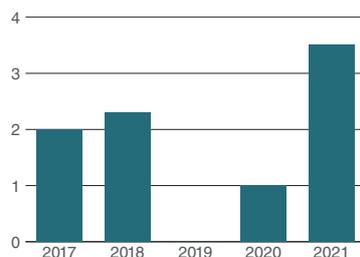
History
1944 Company founded by Phillip Nederman.
1983 Listing on the Stockholm Stock Exchange.
1985 Active becomes the new majority shareholder. The company is delisted.
1991 Nederman sold to Esab.
1994 Charter acquires Esab and becomes the new majority shareholder.
1999 Venture capital company EQT 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 NEMonitors AS
2018 Acquisitions of Auburn FilterSense LLC and Luwa Air Engineering AG.
2019 Acquisition of Gasmot Technologies Oy
2021 Acquisition of Energy Save System Ltd

Shareholders by category, %	
Financial companies	53.33
Other Swedish legal entities	11.06
Social security funds	10.58
Other legal entities	9.97
Private Swedish individuals	7.35
Foreign domiciled owners	7.35
Non profit organisations	0.35
Government	0.01
Total	100.00

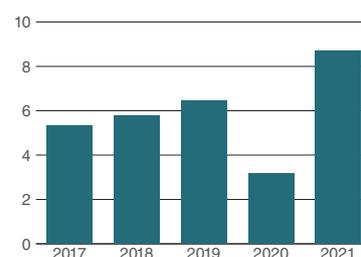
Shareholders per country, %	
Sweden	92.65
USA	1.85
Finland	1.38
Switzerland	1.28
UK	1.23
Luxembourg	0.84
Malta	0.31
France	0.25
Other	0.21
Total	100.00

DIVIDEND PER SHARE, SEK

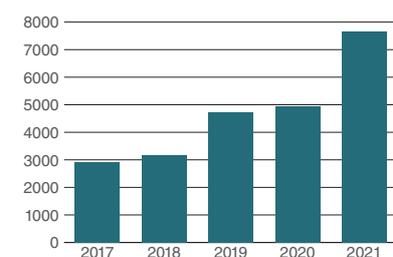
The 2021 dividend refers to the Board's proposed dividend



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 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 2021 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 in accordance with a market-driven agenda: market-driven organisation, global key customers, product development with digital focus and active acquisition agenda.

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. At the end of 2021, 17 out of 20 production units were certified according to ISO 9001 and 16 of 20 units were certified according to ISO 14001. Certification of the remaining units is planned during 2022. 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.

The 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 means that the operating segments are global. Nederman Extraction & Filtration Technology develops and sells a broad range of filters and moni-

toring services, capturing devices, fans, high-vacuum products and reels for the distribution of a variety of liquids and compressed air. Nederman Process Technology offers services and advanced filter solutions that are integrated into the customers' production processes where they catch harmful particles and gases. Nederman Duct & Filter Technology markets 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 measurement technology and an IoT platform that consists of hardware and software that provide 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, Human Resources and Strategy & Business Development 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 2021, there were 4,089 (3,620) shareholders.

ACQUISITIONS DURING THE YEAR

On 16 November 2021, Nederman acquired 100 percent of the shares in the UK company Energy Save System Ltd. The purchase price amounted to SEK 31.5m, of which SEK 17.6m comprised a conditional earn-out payment based on the performance of the operations in the 24 months dating from the time of acquisition. The conditional earn-out payment can amount to a maximum of GBP 1.5m, corresponding to SEK 17.6m at the acquisition date. Energy Save System develops and sells unique hardware and software for monitoring and control of filter systems, which lower energy consumption, reduce environmental impact and improve filter performance. Energy Save System has developed leading technology for energy savings in industrial air filtration processes and the company's product DESA is addressed to businesses that want to improve their air quality and decrease their environmental impact in industrial operations, for example in the wood, plastic, metalworking, food processing, pharmaceutical, welding and casting industries. The company is based in Kettering, in the UK. Energy Save System's sales and profitability were not material for the group. Energy Save System is included in the Nederman Monitoring & Control Technology operating segment.

ORDERS RECEIVED AND SALES

Orders received amounted to SEK 4,622.9m (3,480.2), which currency-neutral corresponds to growth of 38.9 percent compared

with 2020. Net sales amounted to SEK 4,041.8m (3,674.8), which currency-neutral corresponds to growth of 14.9 percent compared with 2020.

INCOME

Consolidated operating profit for 2021 totalled SEK 458.9m (219.0), corresponding to an operating margin of 11.4 percent (6.0). Adjusted operating profit amounted to SEK 431.2m (295.6). Adjusted operating margin was 10.7 percent (8.0). Profit before tax amounted to SEK 417.1m (148.5). Net profit totalled SEK 305.3m (110.4), corresponding to earnings per share of SEK 8.70 (3.15).

PRODUCT DEVELOPMENT

The group's total research and development expenses amounted to SEK 98.0m (106.9), of which SEK 41.0m (37.6) was capitalised in the statement of financial position, and primarily related 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 69.8m (73.9). Investments for the year were primarily related to investments in Nederman group's digital product offering and global business systems. Amortisation of intangible assets for the year totalled SEK 63.4m (56.7). The group's investments in tangible assets for the year amounted to SEK 39.2m (35.0). Depreciation of tangible assets for the year was SEK 37.9m (38.2).

CASH FLOW

Cash flow for the year amounted to SEK 42.1m (67.0) and cash flow from operating activities to SEK 519.8m (327.5). Inventory levels increased in 2021, partly due to an intentional build up of inventory and also on account of higher raw materials prices, which had a negative impact on cash flow. Despite this, cash flow from operating activities remained very strong. The foremost reason for this is continued healthy orders received for projects with resulting advanced payments received. Other adjustments of SEK 42.6m were primarily attributable to the discontinuation of the group's Norwegian defined-benefit pension plan, which had no effect on cash flow, refer to Note 24.

LIQUIDITY AND FINANCIAL POSITION

At the end of the period, the group had SEK 541.6m in cash and cash equivalents, as well as SEK 105.7m 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 2023 on exercise of the option. At the end of the period, the group had unutilised credit facilities of SEK 492m 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.

Net debt amounted to SEK 1,067.8m (1,450.5). Equity amounted to SEK 1,717.4m (1,300.8), corresponding to an equity/assets ratio

of 36.3 percent (30.6) and a net debt/equity ratio of 62.2 percent (111.5). The lower net debt/equity ratio is a result of a strengthening of equity and a lower level of net debt. Due to the restructuring programme implemented during 2020, the group made significant cost savings, which led to an improved profitability and, accordingly, equity was strengthened. In addition, equity was strongly impacted by the weakened SEK, which led to the translation reserve, attributable to the translation of foreign subsidiaries, amounting to SEK 131m. The lower level of net debt is both attributable to a stronger cash balance and lower interest-bearing liabilities. The foremost reason for the stronger cash balance is continued healthy orders received for projects with resulting advanced payments received. Interest-bearing liabilities decreased by SEK 232m compared with the preceding year, which was primarily attributable to repayments on the group's loans. In comparison with the preceding year, the pension liability decreased by SEK 49m, which was primarily a result of the transition of the Norwegian defined-benefit pension plan to a defined-contribution pension plan. The lease liability also declined as a result of terminated and renegotiated contracts for premises.

EMPLOYEES

The group had 2,246 (2,124) employees at year-end. The average number of employees during the year was 2,154 (2,097). Other personnel data is shown in Note 8, Employees.

IMPACT OF THE COVID-19 PANDEMIC ON NEDERMAN

The consequences of lockdowns and restrictions related to covid-19 brought continued challenges during 2021. Covid-19 has led to a strained supply chain and difficulties in making customer visits, as well as conducting installation and service work at customer sites. The large amount of uncertainty and caution that prevailed in the markets, mainly in 2020, led to several projects being postponed. However, during 2021, a strong recovery commenced in all operating segments, resulting in an increase in orders received. During these years of covid-19, people have become increasingly aware that clean air is not something that we can take for granted. This drives the demand for Nederman's offering – sustainable solutions for clean and safe air in industrial environments. In recent years, Nederman has strengthened its market-leading position. Orders received in 2021 exceeded orders received in 2019, which was when our markets most recently were in a "normal" state. Sales in 2021 did not quite match the levels of 2019. However, the year concluded with record-strong orders received, which provides the possibility for continued strong development of sales in the coming quarters.

In 2021, government grants amounting to SEK 5.7m (27.3) were received, mainly from individual European government bodies, where lockdowns and restrictions were implemented, and primarily pertained to grants for short-time work relating to covid-19.

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	441,226,753
Net profit for the year	210,455,783
Total SEK	657,549,236

The Board of Directors propose that a dividend of SEK 3.50 per share be paid to shareholders*	122,825,836
to be transferred to the share premium reserve	5,866,700
to be transferred to retained earnings	528,856,700
Total SEK	657,549,236

* Based on the number of shares outstanding at 31 December, 2021. The dividend amount could be changed as treasury shares could be converted by the record date of 13 April 2022.

Based on the group's financial stability and healthy capital structure, the Board's assessment is that a dividend can be justified. After payment of the dividend, the group's equity ratio amount to 34.6 percent and is therefore good in relation to the industry sector in general. The dividend corresponds to 40 percent of net profit for the financial year, meaning that the dividend is in line with the company's dividend policy.

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.

OUTLOOK

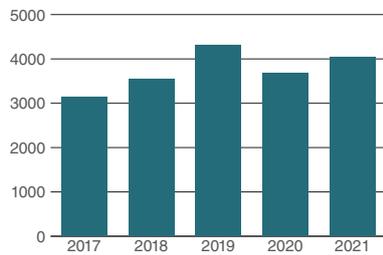
The recovery in demand continued during the fourth quarter 2021. Our base business and a strong digital offering enable us to assert ourselves well in the current market and we are now seeing that demand for more major projects is starting up. However, although the development in our divisions remains positive, there is a risk that the problems in our supply chain and the high prices of materials and logistics will impact customers' investment decisions and the possibility of conducting business, as well as our own production and ability to deliver. In addition, there is also the difficult geopolitical situation. In general, however, we are cautiously optimistic about the next few quarters, but can see that uncertainty has increased in our markets. Although this uncertainty is contributing to dampen the short-term outlook in our industry, Nederman's long-term potential continues to strengthen. In a world in which the insight into the damage that poor air does to people is increasing, Nederman, with its leading offering within industrial air filtration, has a key role to play and possibilities for growth. What is needed and missing is even more political will throughout the world, to use regulations and incentives to work to reduce the risk that millions of people need to die prematurely each year from breathing in dirty and hazardous air.

Five-year overview

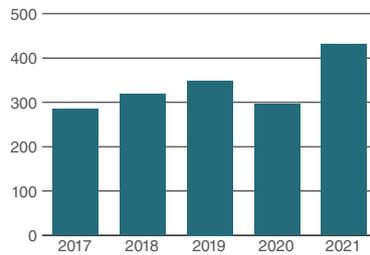
SEKm	2021	2020	2019	2018*	2017*
Operating revenue and earnings					
Netsales	4,041.8	3,674.8	4,307.7	3,553.9	3,148.5
EBITDA	633.2	384.6	489.9	426.9	330.8
Adjusted EBITDA	605.5	461.2	495.8	440.1	338.5
Operating profit	458.9	219.0	343.2	305.7	278.1
Adjusted operating profit	431.2	295.6	349.1	318.9	285.8
Profit before tax	417.1	148.5	307.3	267.5	260.1
Net profit	305.3	110.4	225.8	202.8	186.3
Assets, equity and liabilities					
Fixed assets	2,645.6	2,480.8	2,647.7	2,000.2	1,471.3
Current assets	2,083.4	1,768.7	2,102.6	2,020.3	1,499.6
Cash and cash equivalents	541.6	466.8	445.3	463.9	360.9
Equity	1,717.4	1,300.8	1,382.0	1,234.9	1,075.8
Interest-bearing liabilities	1,609.4	1,917.3	2,009.4	1,251.5	946.2
Non-interest-bearing liabilities and provisions	1,402.2	1,031.4	1,358.9	1,534.1	948.9
Balance sheet total	4,729.0	4,249.5	4,750.3	4,020.5	2,970.9
Profitability					
EBITDA margin	15.7%	10.5%	11.4%	12.0%	10.5%
Adjusted EBITDA margin	15.0%	12.6%	11.5%	12.4%	10.8%
Operating margin	11.4%	6.0%	8.0%	8.6%	8.8%
Adjusted operating margin	10.7%	8.0%	8.1%	9.0%	9.1%
Return on equity	20.2%	8.2%	17.2%	17.7%	18.1%
Return on operating capital	15.6%	10.4%	14.0%	16.5%	18.0%
Capital turnover rate, multiple	1.5	1.3	1.7	1.8	2.0
Capital structure					
Net debt	1,067.8	1,450.5	1,564.1	787.6	585.3
Net debt/equity ratio	62.2%	111.5%	113.2%	63.8%	54.4%
Net debt/adjusted EBITDA, multiple	1.8	3.1	3.2	1.8	1.7
Adjusted EBITDA/net financial items, multiple	14.5	6.5	13.8	11.5	18.8
Interest cover ratio, multiple	9.6	4.1	8.1	7.5	11.8
Equity/assets ratio	36.3%	30.6%	29.0%	30.7%	36.2%
Operating capital	2,785.2	2,751.3	2,946.1	2,022.5	1,661.1
Share data					
Number of shares on closing date	35,146,020	35,146,020	35,146,020	35,146,020	11,715,340
Average no. of shares during the year, before dilution	35,093,096	35,093,096	35,093,096	35,088,753	11,696,251
Average no. of shares during the year, after dilution	35,093,096	35,093,096	35,093,096	35,088,753	11,696,251
Equity per share, before dilution, SEK	48.94	37.07	39.38	35.19	30.66
Equity per share, after dilution, SEK	48.94	37.07	39.38	35.19	30.66
Earnings per share, before dilution, SEK	8.70	3.15	6.43	5.78	5.31
Earnings per share, after dilution, SEK	8.70	3.15	6.43	5.78	5.31
Proposed dividend per share, SEK	3.50	-	-	2.30	2.00
Employees					
Average numbers of employees	2,154	2,097	2,195	1,852	1,757

*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.

SALES, SEK M

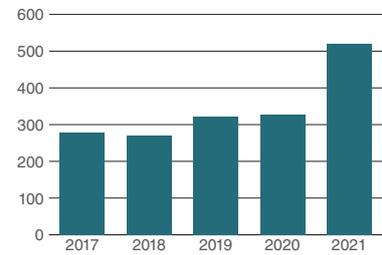


ADJUSTED OPERATING PROFIT, SEK M*

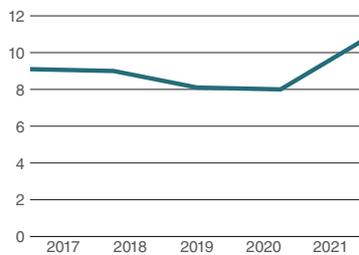


CASH FLOW, SEK M*

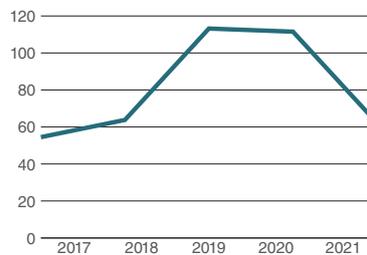
From operating activities



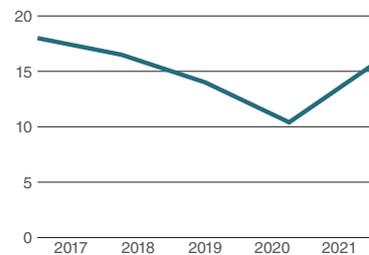
ADJUSTED OPERATING MARGIN, %*



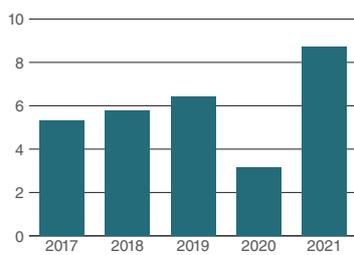
NET DEBT/EQUITY RATIO, %*



RETURN ON OPERATING CAPITAL, %*

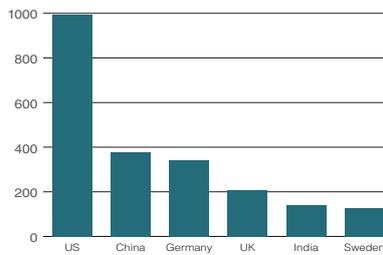


EARNINGS PER SHARE, SEK

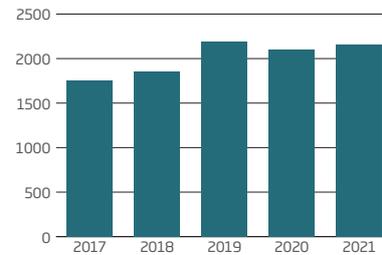


LARGEST MARKETS IN 2021, SEK M

External sales



AVERAGE NUMBER OF EMPLOYEES



*Nederman group applies the retrospective 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.

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 and sustainability.

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 readiness 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 means 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	Readiness 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.

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 2021, the company had 4,089 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 Fonder owned 7.22 percent. The ten largest shareholders had a total holding corresponding to 79.41 percent of the shares. Foreign investors held 7.35 percent of the shares. For further information about the share and shareholders, see pages 62-63.

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 on 26 April 2021. The Annual General Meeting was conducted in accordance with the Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and other Associations, meaning that the shareholders could only exercise their voting rights by voting in advance, using so-called postal voting. A total of 20 shareholders exercised postal votes, representing 76.44 percent of the total number of 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 decided to distribute the profit in accordance with the proposal on the allocation of profits, meaning that the funds at its disposal were carried forward.

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. 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.

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

At an Extraordinary General Meeting of shareholders on August 25, 2021, it was resolved that a dividend of SEK 1.00 per share would be paid, corresponding to SEK 35.1m. Based on the group's financial stability and healthy capital structure, the Board's assessment was that a dividend was justified. The dividend corresponded to 31.8 percent of net profit for the 2020 financial year, meaning that the dividend was in line with the company's dividend policy.

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 2022 Annual General Meeting: Anders Mörck (Investment AB Latour), Chairman, Henrik Forsberg Schoultz (Ernström Kapital AB), Fredrik Ahlin (IF Skadeförsäkring AB) and Ulrik Grönvall (Swedbank Robur). 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 assignment of the Board is to decide on the company's business

Overall structure of corporate governance in Nederman



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.

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 2021, 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 2021, the Board held six minuted meetings. To date, one minuted meeting has been held in 2022. The 2021 Annual General Meeting resolved that a total of SEK 1,885,000 would be paid in directors' fees, with SEK 725,000 paid to the Chairman of the Board and SEK 290,000 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 100,000 would be paid to the Chairman of the Audit Committee and SEK 65,000 to the committee member, and that a fee of SEK 50,000 would be paid to

the Chairman of the Remuneration Committee and SEK 25,000 to the other member.

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, with the exception of one member, 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 78 and at nedermangroup.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 2021 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	6 of 6
■ Gunilla Fransson	6 of 6
■ Ylva op den Velde Hammargren	5 of 6
■ Sven Kristensson	6 of 6
■ Johan Menckel	5 of 6
■ Sam Strömerstén	6 of 6

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 senior executives are addressed and approved by the Remuneration Committee. This committee consists of Johan Hjertonsson 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 2021.

The prevailing guidelines for remuneration of senior executives were adopted by the Annual General Meeting in 2020. The guidelines are presented in the section, "Remuneration to senior executives."

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 2021 and has led one minuted meeting to date in 2022. The company's auditor participated on these occasions. At the board meeting on February 14, 2022, 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 2021, the Audit Committee consisted of Board members Ylva op den Velde Hammargren and Sam Strömerstén.

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 26 April 2021, Ernst & Young AB was elected until the close of the 2022 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 Alfa Laval AB, Ambea AB, Investment AB Latour and Thomas Concrete Group AB, among others. Staffan Landén is an appointed Listing 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. The 2021 Annual General Meeting resolved that the auditors should be paid on a current account basis. Fees to Ernst & Young AB for assignments other than auditing amounted to SEK 0.9m in 2021 and pertain mainly to auditing of the six-month report and other auditing-related services.

REMUNERATION TO SENIOR EXECUTIVES

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 26 April 2021 approved the Board's proposal that the annual programmes for variable remuneration should be supplemented with a long-term incentive (LTI) programme. The LTI programme comprises the two financial years 2021 and 2022 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 of the Nederman group may amount to a maximum of 35 percent of annual salary for the CEO and 14-20 percent of annual salary for other senior executives. An outcome requires that a minimum level of accumulated earnings per share established for the 2021 and 2022 financial years is achieved or exceeded. The remuneration for the senior executive according to the terms and conditions (net after tax) is to be invested in Nederman shares. The shareholding must be retained by the senior executive for a minimum of three years. Investment in shares can be made via the exchange or through the transfer of treasury shares, with the Board of Directors intending in the case of the latter to submit a proposal for resolution on the transfer of treasury shares at the 2022 Annual General Meeting. In the event of a full outcome, the cost for LTI 2021-2022 is estimated to amount to approximately SEK 5.2m.

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 structure. 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 security, integrity, sustainability and quality, whistleblowing, export and sanctions, anti-corruption and fraud, anti-trust, diversity, health and safety, risk management, remuneration 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 reconciliations 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 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 2021 on page 133.

The board of directors' proposal for guidelines for executive remuneration

The board of directors of Nederman Holding AB ("Nederman" or the "company") proposes that the annual general meeting 2022 resolves on the following guidelines for executive remuneration. In relation to the current guidelines, the proposal means that the company has added sustainability goals linked to the business with regard to criteria for variable remuneration. Otherwise, the guidelines are unchanged.

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, after adoption of the guidelines by the annual general meeting 2022. 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 2021 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

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 per cent of the total fixed salary under the measurement period for the CEO and not more than 30 per cent 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, working capital development and sustainability goals that are linked to the business. In addition, individual criteria may be established. 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. Remuneration for extraordinary circumstances is not measurable, but the possibility for the board of directors to decide on such remuneration is considered important by the board of directors for the purpose of recruiting or retaining executives, or as remuneration for extraordinary work. Such remuneration may not exceed an amount corresponding to 50 per cent 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 defined. The pension premiums for premium defined pension shall amount to not more than 35 per cent of the pension based salary. For other executives, pension benefits shall be based on a contractual ITP plan or be premium defined, 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 defined, shall amount to not more than 35 per cent 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 per cent of the fixed annual salary.

CRITERIA FOR AWARDING VARIABLE REMUNERATION

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 twenty four 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 the preparation of the board of directors' proposal for 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.

Shareholder's views

The board of directors has not received any views from the shareholders on the guidelines for executive remuneration.

Board of Directors



JOHAN HJERTENSSON (1968)
Chairman of the Board since 2019. Elected 2018.
Chairman 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. Member of the Board of ASSA ABLOY AB and Sweco AB.
Previous key roles: President and CEO of AB Fagerhult and Lammhults Design Group AB. 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, Securitas AB, Trelleborg AB and Weibel Scientific A/S.
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 Aftermarket 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 Häkonssons 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: EVP, Chief Investment Officer, Investment AB Latour, Member of the Board of Saab AB, Securitas AB, and member of the Steering Committee of the World Materials Forum.
Previous key roles: President and CEO of Gränges AB. 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: Dependent in relation to the company's major shareholders



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

Education: M.Sc. 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



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: No other activities
Shareholding: -



THOMAS NIKLASSON (1970)
SVP, Marketing & Communications

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



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

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



JOAKIM RYRSTEDT (1974)
SVP, CIO

Employed 2021
Swedish citizen
Education: M.Sc Business Administration
Current activities: No other activities
Shareholding: 125 shares



EVA CARIN SVENSSON (1964)
SVP, Human Resources

Employed 2009
Swedish citizen
Education: B.Sc. in 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: M.Sc Business & Economics
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	
		2021	2020
Netsales	5, 6	4,041.8	3,674.8
Cost of goods sold	9	-2,518.5	-2,282.0
Gross profit		1,523.3	1,392.8
Selling expenses	9	-702.1	-691.1
Administrative expenses	9	-335.1	-306.0
Research and development expenses	9	-57.0	-69.3
Acquisition costs	4, 9	-1.3	-1.6
Restructuring costs	9	-	-75.0
Other operating income and expenses	7, 9	31.1	-30.8
Operating profit	5, 8, 10, 15, 24, 27	458.9	219.0
Financial income		3.4	1.2
Financial expenses		-45.2	-71.7
Net financial items	11	-41.8	-70.5
Profit before tax		417.1	148.5
Taxes	12	-111.8	-38.1
Net profit for the year		305.3	110.4
Net profit attributable to			
Parent company's shareholders		305.3	110.4
Earnings per share	20	8.70	3.15

Consolidated statement of comprehensive income

SEKm	Note	1 January - 31 December	
		2021	2020
Net profit for the year		305.3	110.4
Other comprehensive income			
Items that cannot be reclassified to the income statement			
Revaluation of defined-benefit pension plans	24	19.0	-6.4
Tax attributable to revaluation of defined-benefit pension plans		-3.8	1.5
		15.2	-4.9
Items that have been or can be reclassified to net profit			
Exchange differences arising on translation of foreign operations		131.2	-186.7
		131.2	-186.7
Other comprehensive income for the year, net after tax		146.4	-191.6
Total comprehensive income for the year		451.7	-81.2
Total comprehensive income attributable to			
Parent company's shareholders		451.7	-81.2

Consolidated statement of financial position

SEKm	Note	31 December	
		2021	2020
Assets			
Intangible fixed assets	13	2,062.4	1,933.3
Tangible fixed assets	14	316.8	299.2
Right-of-use assets	15	192.3	214.4
Long-term receivables		5.6	5.6
Deferred tax assets	12	68.5	28.3
Total fixed assets		2,645.6	2,480.8
Inventory	16	613.1	483.9
Tax assets	12	51.1	61.3
Accounts receivable	17, 26	623.0	477.0
Other receivables	18, 26	209.2	238.7
Prepaid expenses and accrued income	19	45.4	41.0
Cash and cash equivalents	26, 30	541.6	466.8
Total current assets		2,083.4	1,768.7
Total assets	5	4,729.0	4,249.5
Equity			
	20		
Share capital		1.2	1.2
Other capital contributed		345.9	345.9
Reserves		77.3	-53.9
Retained earnings including net profit		1,293.0	1,007.6
Equity attributable to the parent company's shareholders		1,717.4	1,300.8
Total equity		1,717.4	1,300.8
Liabilities			
Long-term interest-bearing liabilities	3, 21, 26	1,304.6	1,536.7
Long-term lease liabilities	3, 21, 26	133.1	166.4
Other long-term liabilities	22, 26	23.6	2.1
Pension provisions	24	102.2	151.1
Other provisions	25	19.2	16.5
Deferred tax liabilities	12	71.5	21.4
Total long-term liabilities		1,654.2	1,894.2
Current lease liabilities	3, 21, 26	69.5	63.1
Accounts payable	3, 26	411.9	334.5
Current tax liabilities	12	94.7	70.1
Other liabilities	22, 26	519.4	355.2
Accrued expenses and prepaid income	23, 26	220.9	179.7
Provisions	25	41.0	51.9
Total current liabilities		1,357.4	1,054.5
Total liabilities	5	3,011.6	2,948.7
Total equity and liabilities		4,729.0	4,249.5

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 including this year's profit	
Opening equity 2020-01-01	1.2	345.9	132.8	1.2	900.9	1,382.0
Adjusted hedging reserve (see note 20)	-	-	-	-1.2	1.2	-
Adjusted equity at the beginning of the period	1.2	345.9	132.8	-	902.1	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	-	1,007.6	1,300.8
Opening equity 2021-01-01	1.2	345.9	-53.9	-	1,007.6	1,300.8
Net profit for the year	-	-	-	-	305.3	305.3
Other comprehensive income						
Change in translation reserve for the year	-	-	131.2	-	-	131.2
Revaluation of defined- benefit pension plans, net after tax	-	-	-	-	15.2	15.2
Total other comprehensive income	-	-	131.2	-	15.2	146.4
Total comprehensive income for the year	-	-	131.2	-	320.5	451.7
Transactions with Group's owners						
Dividend paid	-	-	-	-	-35.1	-35.1
Closing equity 2021-12-31	1.2	345.9	77.3	-	1,293.0	1,717.4

Consolidated cash flow statement

SEKm	Note	1 January - 31 December	
		2021	2020
Operating activities			
Operating profit		458.9	219.0
Adjustment for:			
Depreciation and amortisation of fixed assets		174.3	165.6
Other adjustments for non cash items	30	-42.6	23.1
Interest received		2.1	1.2
Interest paid		-42.2	-58.6
Income tax paid		-76.1	-67.1
Cash flow from operating activities before changes in working capital		474.4	283.2
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventories		-92.8	83.8
Increase (-)/Decrease (+) in operating receivables		-86.1	126.0
Increase (-)/Decrease (+) in operating liabilities		224.3	-165.5
		45.4	44.3
Cash flow from operating activities		519.8	327.5
Investing activities			
Capital expenditure on tangible fixed assets		-39.2	-34.3
Sales of tangible fixed assets		1.7	0.6
Capital expenditure on capitalised development costs		-41.0	-37.6
Capital expenditure on other intangible fixed assets		-28.8	-36.3
Acquisition of subsidiaries/business, net of cash	4	-13.8	-74.0
Sale of financial assets		0.2	0.1
Cash flow from investing activities		-120.9	-181.5
Financial activities			
New loans		120.0	197.4
Change in interest-bearing liabilities		-	-0.8
Amortisation of loans		-367.7	-205.2
Amortisation of lease liabilities		-74.0	-70.4
Dividend paid to parent company shareholders		-35.1	-
Cash flow from financing activities		-356.8	-79.0
Cash flow for the year		42.1	67.0
Cash and cash equivalents at the beginning of the year		466.8	445.3
Translation differences		32.7	-45.5
Cash and cash equivalents at the end of the year	30	541.6	466.8

Notes to the financial statements

Notes to the Financial statements

Note Nederman group	Page
1 Accounting policies	85
2 Important estimations and assessments	86
3 Goal and policy regarding financial risk	86
4 Acquisitions of business operations	88
5 Segment reporting	89
6 Revenue	91
7 Other operating revenue and expenses	92
8 Employees	92
9 Expenses by nature	94
10 Fees and expenses to auditors	95
11 Financial income and expenses	95
12 Income tax	96
13 Intangible fixed assets	98
14 Tangible fixed assets	100
15 Right-of-use assets	102
16 Inventory	104
17 Accounts receivable	104
18 Other receivables	105
19 Prepaid expenses and accrued income	105
20 Equity and number of shares	105
21 Interest-bearing liabilities	106
22 Other liabilities	107
23 Accrued expenses and prepaid income	108
24 Provisions for pensions and similar obligations	108
25 Other provisions	110
26 Financial instruments	111
27 Government grants	112
28 Pledged assets and contingent liabilities	112
29 Related party transactions	113
30 Cash flow	113
31 Alternative performance measures	114
32 Events after the end of the reporting period	114

Note Parent company	Page
1 Accounting policies	120
2 Revenue	120
3 Restructuring costs	120
4 Other operating revenue and expenses	120
5 Employees	120
6 Pensions	120
7 Leasing	120
8 Fees and expenses to auditors	121
9 Net financial items	121
10 Appropriations	121
11 Income tax	121
12 Intangible fixed assets	121
13 Tangible fixed assets	122
14 Shares and participations	122
15 Other receivables	124
16 Prepaid expenses and accrued income	124
17 Other liabilities	124
18 Accrued expenses and prepaid income	124
19 Pledged assets and contingent liabilities	124
20 Related party transactions	124
21 Cash flow	125
22 Appropriation of profit or loss	125
23 Events after the end of the reporting period	125

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 the note in which 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 Right-of-use assets
Inventory	16 Inventory
Earnings per share	20 Equity and number of shares
Dividend	20 Equity and number of shares
Pensions and similar obligations	24 Provisions for pensions and similar obligations
Restructuring costs	25 Other provisions
Warranty commitments	25 Other provisions 28 Pledged assets and contingent liabilities
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 and losses arising from inter-company

transactions between group companies are eliminated in their entirety when preparing the consolidated financial statements.

Restatement to Swedish krona 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 2021 and later

New and amended standards and interpretations applied to the financial year beginning 1 January 2021 or later had no material impact on the consolidated financial statements. No new or amended IFRS has been applied in advance.

New accounting policies in 2022 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 material 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
Conditional earn-out payments	4 Acquisition of business operations
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 Right-of-use assets
Obsolescence provision inventory	16 Inventory
Provision for expected credit losses	17 Accounts receivable
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 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 2023 on exercise of the option. At the end of the year, the scope within the agreement with SEB and SHB had been utilised in an amount of SEK 1,008m (1,242). Accordingly, at the end of the period, the group had a credit facility of SEK 492m (258) 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, borrowing amounted to SEK 120m (200) and repayments to SEK 368m (205). 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 agreement with SEB, SHB and SEK contain net debt covenants by which the performance measure net debt/EBITDA may amount to a maximum multiple of 3.5 and the interest-coverage ratio may not be less than 3.75. All covenants were fulfilled on the balance sheet date.

The group's financial liabilities, excluding pension provisions, at year-end totalled SEK 1,507.2m, of which SEK 1,304.6m in revolving credit facilities and SEK 202.6m in lease liabilities. The overdraft facilities were not utilised.

The group had SEK 541.6m in cash and cash equivalents and SEK 105.7m in unutilised overdraft facilities. In addition, there was a further credit facility of SEK 692.1m within the framework of Nederman's loan agreement with SEB and SHB. Accordingly, there were available funds totalling SEK 1,339.4m on 31 December 2021. 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 bank loans 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 2021 by SEK 12.6m (15.1), 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.

The following table shows the effective rate of interest on the balance sheet date and the financial liabilities' maturity structure and interest rate negotiations. As of 2021, the maturity structure of the financial liabilities is presented based on liabilities that mature within six months, between six and 12 months, between one and two years, between two and five years, and after more than five years, which are assessed to be more relevant and fair time periods. Restatement of comparative figures was not possible and the maturity structure for the liabilities in 2020 are presented in accordance with the time periods previously applied.

The effective rate of interest was 1.53 percent (2.17).

3 Goal and policy regarding financial risk, continued

2021, SEKm	Currency	Interest extension time	Interest rate	Nominal amount in original currency	Total	Between				
						Within 6 months	6 and 12 months	Between 1 and 2 yrs	Between 2 and 5 yrs	Later than 5 yrs
Bank loan (revolving)	SEK	2022-03-07	0.700%	110.0	112.2	0.8	0.8	110.6	-	-
Bank loan (revolving)	SEK	2022-03-08	0.700%	450.0	459.7	3.4	3.4	452.9	-	-
Bank loan (revolving)	SEK	2022-02-28	0.700%	46.5	47.6	0.4	0.4	46.8	-	-
Bank loan (revolving)	SEK	2022-02-28	0.700%	200.0	204.3	1.5	1.5	201.3	-	-
Bank loan (revolving)	SEK	2022-01-13	0.700%	120.0	122.6	0.9	0.9	120.8	-	-
Bank loan (revolving)	USD	2022-02-28	0.980%	9.0	83.1	0.6	0.6	81.9	-	-
Bank loan	SEK	2022-02-26	0.700%	300.0	306.5	2.3	2.3	301.9	-	-
Lease liabilities					202.6	31.1	38.5	45.8	61.3	25.9
Accounts payable					411.9	378.5	26.4	3.4	3.6	-
Total					1,950.5	419.5	74.8	1,365.4	64.9	25.9

2020, SEKm	Currency	Interest extension time	Interest rate	Nominal amount in original currency	Total	Between				
						Within 3 months	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	2021-01-25	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

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 0.9 percent of sales. The five largest customers accounted for 4.1 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 2021 amounted to SEK 5.5m (7.0). Of the group's total account receivables, net of the credit loss reserve, of SEK 623.0m, 3.5 percent (3.7) comprises accounts receivable overdue by more than 90 days. At 31 December 2021, provisions for credit losses amounted to SEK 26.5m (25.7), equivalent to 4.1 percent (5.1) of the gross total accounts receivable. See also Note 17, Accounts receivable.

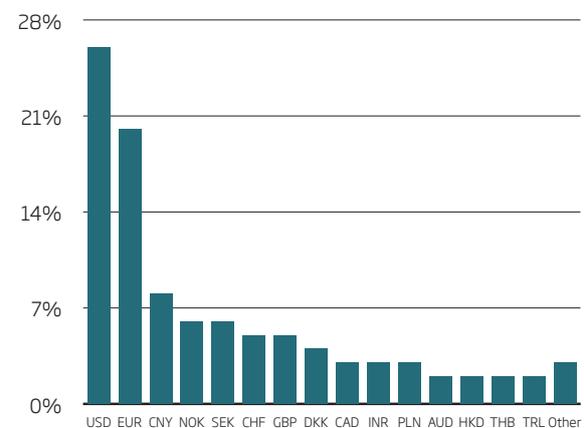
In major projects recognised as contract assets or contract liabilities, payment terms with a fixed payment plan are applied, with the payments based on fulfilment of the performance obligation (degree of completion). Expected losses are expensed as soon as they are known.

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 69 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 in 2021



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 2021, Nederman group used no foreign exchange forwards to hedge currency exposure.

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

mSEK	-3%	2021 +3%	-3%	2020 +3%
CNY	-0.5	0.5	0.5	-0.5
EUR	-0.4	0.4	-4.1	4.1
GBP	-0.5	0.5	-0.5	0.5
NOK	-1.4	1.4	-1.1	1.1
PLN	-2.5	2.5	-1.6	1.6
USD	-2.7	2.7	-3.5	3.5

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	2021		2020	
BRL	13.1	1%	8.1	0%
CAD	12.2	1%	4.9	0%
CHF	-6.0	0%	-34.4	-3%
CNY	27.1	2%	17.8	1%
CZK	17.6	1%	19.6	2%
DKK	7.0	0%	-61.2	-5%
EUR	246.7	14%	154.6	12%
GBP	30.4	2%	25.4	2%
INR	-9.3	-1%	-18.5	-1%
NOK	30.8	2%	1.2	0%
PLN	133.0	8%	125.8	10%
SEK	889.4	52%	838.6	64%
THB	-68.8	-4%	-67.4	-5%
TRL	-16.3	-1%	-18.7	-1%
USD	413.9	24%	295.5	23%
Other	-3.4	-1%	9.5	1%
Total	1,717.4	100%	1,300.8	100%

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.

Estimations and assessments

Conditional earn-out payments

Conditional earn-out payments are disbursed fully or partially depending on whether future profitability levels are met within a defined time period (maximum 24 months). The determination of the conditional earn-out payment

thus requires that estimations and assessments are made regarding profitability in the acquired subsidiary.

Nederman Holding AB's holding of shares and participations in group companies at 31 December 2021 is presented in the disclosures in parent company Note 14 Shares and participations.

Energy Save System Ltd

On 16 November 2021, Nederman acquired 100 percent of the shares in the UK company Energy Save System Ltd. Energy Save System has developed leading technology for energy savings in industrial air filtration processes and the company's product DESA is addressed to businesses that want to improve their air quality and decrease their environmental impact in industrial operations, for example in the wood, plastic, metalworking, food processing, pharmaceutical, welding and casting industries. Through the acquisition, Nederman gains access to leading technology and strengthens its market offering in all divisions and markets. Energy Save System is included in the Nederman Monitoring & Control Technology operating segment. The company is based in Kettering, Northamptonshire. Energy Save System's sales and profitability for 2021 were not material for Nederman Group.

The purchase price amounted to SEK 31.5m, of which SEK 17.6m comprised a conditional earn-out payment based on the performance of the operations in the 24 months dating from the time of acquisition. The conditional earn-out payment can amount to a maximum of GBP 1.5m, corresponding to SEK 17.6m at the acquisition date. At 31 December 2021, the maximum earn-out payment was expected to be paid. Acquired net assets amounted to SEK 8.7m and the transaction generated goodwill of SEK 22.8m. The acquisition's impact on the Group's cash and cash equivalents amounted to SEK 13.8m. The acquisition analysis is preliminary.

Intangible fixed assets amounted to SEK 13.7m and are essentially related to development work. Acquisition-related expenditure amounted to SEK 0.6m and pertained to fees for consultants in conjunction with the transaction, including due diligence and legal advice. This expenditure was charged to operating profit.

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 means 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. In 2021, other

operating income of SEK 29m was also included as a result of the discontinuation of the Norwegian defined-benefit pension plan and the transition to a defined-contribution pension plan. See also Note 24 Provisions for pensions and similar obligations. The transaction is of a nonrecurring nature and was thereby reversed in the calculation of adjusted EBITA. 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.

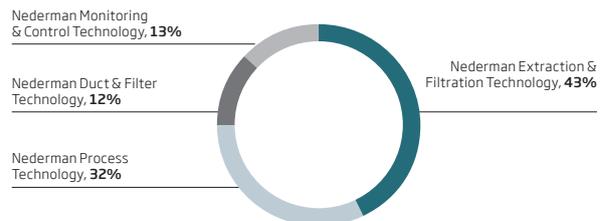
On a secondary level, the operations are monitored based on the following regions: Americas (North and South America), EMEA (Europe, Middle East and Africa) and APAC (Asia-Pacific).

Operating segment

Nederman group's operating segments are described on pages 52-61 and comprise:

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

External sales per operating segment, 2021



	Extraction & Filtration Technology	Process Technology	Duct & Filter Technology	Monitoring & Control Technology	Other non-allocated	Elimination	Total Nederman group
2021, SEKm							
Net sales, external customers	1,750.2	1,282.2	475.6	533.8	-	-	4,041.8
Net sales, internal between operating segments	12.7	9.3	65.2	3.5	-	-90.7	-
Netsales	1,762.9	1,291.5	540.8	537.3	-	-90.7	4,041.8
Adjusted EBITA	308.7	50.9	104.0	120.9	-89.9	-	494.6
Amortisation of intangible assets							-63.4
Acquisition costs							-1.3
Restructuring costs							-
Discontinuation of defined-benefit pension plan							29.0
Operating profit							458.9
Net financial items							-41.8
Taxes							-111.8
Net profit for the year							305.3
Assets included in working capital	668.4	516.1	134.2	211.7	126.7	-166.4	1,490.7
Goodwill	467.4	342.6	18.5	780.7	-	-	1,609.2
Non-allocated assets	-	-	-	-	1,629.1	-	1,629.1
Total assets	1,135.8	858.7	152.7	992.4	1,755.8	-166.4	4,729.0
Liabilities included in working capital	480.4	556.4	87.5	81.2	111.2	-166.4	1,150.3
Non-allocated liabilities	-	-	-	-	1,861.3	-	1,861.3
Total liabilities	480.4	556.4	87.5	81.2	1,972.5	-166.4	3,011.6
Other segment information							
Capital expenditure	21.9	4.8	14.9	43.9	23.5	-	109.0
Entered lease agreements during the year	40.3	7.0	2.4	9.6	1.6	-	60.9
Depreciation/Amortisation and impairment	-61.7	-27.4	-14.4	-52.7	-18.1	-	-174.3
Items not affecting cash flow other than depreciation/amortisation	-5.5	-3.2	-0.1	-4.9	-28.9	-	-42.6

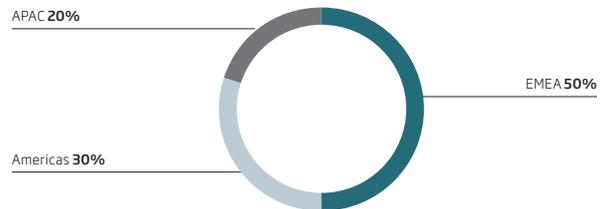
5 Segment reporting, continued

	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
Entered lease agreements 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

Geographic areas

The group is divided into ten geographic regions: Sweden, Germany, the UK, other EMEA, the US, other Americas, China, India and other APAC. As of 2021, rest of the world does not comprise a separate reporting area, but is distributed among the EMEA, Americas and APAC regions. The information presented concerning the revenue for the geographic areas is 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 areas 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, 2021



2021, SEKm	Sweden	Germany	UK	Rest of EMEA	USA	Rest of Americas	China	India	Rest of APAC	Rest of the world	Not allocated	Total
External net sales	125.5	342.1	207.3	1,163.1	996.4	245.8	378.4	142.5	440.7	-	-	4,041.8
Fixed assets	114.5	44.4	29.5	381.6	174.2	6.2	34.7	54.8	25.4	-	97.0	962.3
Capital expenditure	34.8	0.7	1.6	32.5	7.8	0.3	0.8	0.4	1.9	-	28.2	109.0
Operating assets	677.2	566.1	172.7	1,893.6	1,316.2	99.2	271.5	99.5	87.4	-	-1,117.6	4,065.8

2020, SEKm	Sweden	Germany	UK	Rest of EMEA	USA	Rest of Americas	China	India	Rest of APAC	Rest of the world	Not allocated	Total
External 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

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, particles, 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 product. The customer obtains control when they receive the product, 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 2021, contract liabilities amounted to SEK 260.1m (379.9), of which SEK 248.7m (278.8) was recognised as revenue in the current year. At the end of 2021, contract liabilities amounted to SEK 404.2m.

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 (41) of the group's total sales in 2021.

Allocation of sales on segments and sales types

2021, SEKm	Products	Solutions	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	719.1	717.3	326.5	1,762.9
Nederman Process Technology	-	949.9	341.6	1,291.5
Nederman Duct & Filter Technology	502.1	28.6	10.1	540.8
Nederman Monitoring & Control Technology	476.4	7.7	53.2	537.3
Elimination	-37.5	-39.1	-14.1	-90.7
Total Nederman group	1,660.1	1,664.4	717.3	4,041.8

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

7 Other operating income and expenses

Other operating income, SEKm	2021	2020
Profit from sale of fixed assets	5.4	1.8
Recovered bad debt losses	2.8	3.0
Discontinuation of defined-benefit pension plan	29.0	-
Other	8.6	8.2
Total	45.8	13.0

Other operating expenses, SEKm	2021	2020
Loss from sales of fixed assets	-1.0	-0.2
Bad debt losses	-5.5	-7.0
Exchange losses on operating receivables/liabilities	-3.0	-28.1
Other	-5.2	-8.5
Total	-14.7	-43.8

Total other operating income and expenses, SEKm	31.1	-30.8
---	------	-------

For further information about the credit loss reserve, see note 17, Accounts receivable. For further information about the discontinuation of defined-benefit pension plan, see note 24, Pension provisions and similar obligations.

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

The prevailing guidelines for remuneration of senior executives were adopted by the Annual General Meeting in 2020 and the principles resolved 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 arrange-

ments 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 Annual General Meeting held on 26 April 2021 approved the Board's proposal that the annual programmes for variable remuneration should be supplemented with a long-term incentive (LTI) programme. The LTI programme comprises the two financial years 2021 and 2022 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 of the Nederman group may amount to a maximum of 35 percent of annual salary for the CEO and 14-20 percent of annual salary for other senior executives. An outcome requires that a minimum level of accumulated earnings per share established for the 2021 and 2022 financial years is achieved or exceeded. The remuneration for the senior executive according to the terms and conditions (net after tax) is to be invested in Nederman shares. The shareholding must be retained by the senior executive for a minimum of three years. Investment in shares can be made via the exchange or through the transfer of treasury shares, with the Board of Directors intending in the case of the latter to submit a proposal for resolution on the transfer of treasury shares at the 2022 Annual General Meeting. In the event of a full outcome, the cost for LTI 2021-2022 is estimated to amount to SEK 5.2m.

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,

8 Employees, continued

Accounting policies, continued

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.

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 oth-

er 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	2021	2020
Salaries and other remuneration	1,012.0	977.1
Pensions expenses, defined-benefit plans (see also note 24)	9.3	11.9
Pension expenses, defined-contribution plans (see also note 24)*	54.3	49.9
Social security expenses	147.3	131.4
Total	1,222.9	1,170.3

*Of the parent company's pension costs SEK 1,6m (1,8) 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	2021	2020
Board of Directors, CEO and senior executives	96.9	82.3
(of which variable compensation)	(13.2)	(6.1)
Other employees	915.1	894.8
Total	1,012.0	977.1

Average number of employees	Women	Men	2021 Total	Women	Men	2020 Total
Australia	5	19	24	4	20	24
Belgium	3	12	15	3	14	17
Brazil	7	19	26	7	18	25
Denmark	9	65	74	8	67	75
England	17	88	105	18	87	105
Finland	28	57	85	28	53	81
France	5	7	12	5	5	10
Hong Kong	4	4	8	2	5	7
India	8	220	228	8	182	190
Indonesia	1	11	12	1	11	12
Canada	9	20	29	9	22	31
China	62	211	273	57	180	237
Malaysia	1	5	6	1	5	6
Mexico	4	6	10	3	8	11
The Netherlands	1	21	22	1	23	24
Norway	6	65	71	8	59	67
Poland	34	171	205	28	177	205
Russia	1	3	4	1	3	4
Switzerland	6	36	42	6	39	45
Singapore	3	6	9	3	6	9
Spain	3	14	17	3	14	17
Sweden	69	157	226	60	161	221
Thailand	14	32	46	17	28	45
Czech Republic	2	17	19	2	17	19
Turkey	4	19	23	4	18	22
Germany	35	142	177	38	153	191
Hungary	-	2	2	-	2	2
USA	111	268	379	117	273	390
Austria	1	4	5	1	4	5
Total	453	1,701	2,154	443	1,654	2,097
Of whom, senior executives	26	148	174	27	131	158

Gender breakdown of senior executives, percentage of women	2021	2020
Other senior executives	15%	17%

8 Employees, continued

Remuneration to senior executives

2021, SEKt	Basalary Board fees	Variable remuneration	LTI	Other benefits	Pension expenses	Total
Chairman of the board Johan Hjertonsson	775	-	-	-	-	775
Member of the board Ylva op den Velde Hammargren	390	-	-	-	-	390
Member of the board Gunilla Fransson	290	-	-	-	-	290
Member of the board Johan Menckel	315	-	-	-	-	315
Member of the board Sam Strömerstén	355	-	-	-	-	355
CEO Sven Kristensson	4,844	2,400	-	150	1,616	9,010
Other senior executives (9 individuals)	19,467	5,116	-	1,100	4,743	30,426
Total	26,436	7,516	-	1,250	6,359	41,561
of which subsidiaries (5 individuals)	12,065	3,462	-	760	2,380	18,667

2020, SEKt	Basalary Board fees	Variable remuneration	LTI	Other benefits	Pension expenses	Total
Chairman of the board Johan Hjertonsson	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

9 Expenses by nature

Operating expenses by nature, SEKm	2021	2020
Cost of material	1,823.7	1,649.2
Cost of remuneration to staff	1,222.9	1,170.3
Other external costs and other personnel costs	391.8	363.3
Acquisition costs	1.3	1.6
Restructuring costs	-	75.0
Depreciation and amortisation	174.3	165.6
Other operating expenses	14.7	43.8
Total	3,628.7	3,468.8

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

10 Fees and expenses to auditors

SEKm	2021	2020
EY		
Audit assignment	6.2	7.3
Audit-related fee	0.7	0.5
Tax advice	-	0.1
Other assignments	0.2	0.2
Other auditors		
Audit assignment	1.4	1.0
Tax advice	0.2	0.1
Other assignments	0.0	0.2

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. Audit-related fee involve quality assurance ser-

VICES to be conducted in accordance with legislation, articles of association, statutes or agreements. The amount primarily pertains to a review of the six-month report. Tax advice includes both advice and a review of taxation compliance.

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	2021	2020
Financial income		
Interest income on bank deposits	1.4	1.1
Other interest income	0.7	-
Exchange rate changes	1.3	0.1
Total	3.4	1.2
Financial expenses		
Interest expenses, credit institutions	-24.6	-38.5
Interest expenses, leasing liabilities	-11.2	-13.3
Interest expenses, other	-4.9	-6.8
Exchange rate changes	-4.5	-13.1
Total	-45.2	-71.7
Net financial items	-41.8	-70.5

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 do not give rise to any deferred tax asset or liability, apart from when it pertains to a business combination or other acquisition, and where it does not impact recognised or taxable profit, and in cases in which the transactions result in an asset and a 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 subsid-

aries 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 carry forwards 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 on temporary differences attributable to leases is recognised net of right-of-use asset and the lease liability. However, gross recognition is made in the disclosures on leases below, which means that deferred tax attributable to right-of-use assets and deferred tax attributable to the lease liability are recognised separately. This is a modified application from 2020 and the comparative data was thus adjusted. 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 processes

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.

Reported in the consolidated income statement

SEKm	2021	2020
Current tax expense (-)		
Tax expense for the period	-102.6	-56.7
Adjustment of tax relating to previous years	-7.7	3.2
Total	-110.3	-53.5
Deferred tax expense (-)/tax income (+)		
Deferred tax concerning temporary differences	2.7	-0.8
Utilisation of previously activated loss carryforwards	-0.9	-0.9
Revaluation of loss carryforwards	-4.8	-0.9
Deferred tax income in tax loss carryforwards capitalised during the year	1.5	18.0
Total	-1.5	15.4
Total consolidated tax expenses	-111.8	-38.1

Reconciliation of effective tax

The Swedish corporate income tax rate is 20.6 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	2021	2021, SEKm	2020	2020, SEKm
Profit before tax		417.1		148.5
Tax according to the applicable tax rate for the Parent company	20.6%	-85.9	21.4%	-31.8
Effect of other tax rates for foreign subsidiaries	1.4%	-5.9	0.9%	-1.3
Non-taxable income	-1.3%	5.5	-2.3%	3.5
Non-tax deductible expenses	2.2%	-9.2	3.5%	-5.2
Revaluation of temporary differences	-0.4%	1.6	-0.5%	0.7
Increase of tax loss carryforwards without corresponding capitalisation of deferred tax	2.6%	-11.0	6.3%	-9.5
Utilisation or revaluation of previously non-capitalised tax loss carryforwards	-0.5%	2.1	-2.4%	3.6
Tax relating to previous years	1.9%	-7.7	-2.1%	3.2
Effect of changes in tax rates and tax rules	0.0%	-0.1	0.9%	-1.3
Other	0.3%	-1.2	-	-
Reported effective tax	26.8%	-111.8	25.7%	-38.1

Current tax assets amount to SEK 51.1m (61.3) and represent the recoverable amount of current tax on the result for the year.

12 Income tax, continued

Reported in consolidated statement of financial position

Deferred tax assets and liabilities, SEK m			2021			2020
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred tax assets and deferred tax liabilities relate to:						
Intangible fixed assets	0.5	68.9	-68.4	0.2	66.0	-65.8
Tangible fixed assets	6.2	18.0	-11.8	18.4	29.4	-11.0
Right-of-use asset	-	42.6	-42.6	-	47.4	-47.4
Financial assets	0.1	0.6	-0.5	0.0	1.0	-1.0
Inventories	32.4	0.1	32.3	48.0	0.1	47.9
Accounts receivable	12.6	2.6	10.0	1.5	7.7	-6.2
Provision for pensions	11.7	0.2	11.5	18.8	0.1	18.7
Provisions	19.9	-	19.9	18.9	-	18.9
Long term liabilities	29.3	-	29.3	36.9	-	36.9
Short term liabilities	25.3	35.7	-10.4	25.0	41.1	-16.1
Loss carryforwards	28.2	0.5	27.7	32.5	0.5	32.0
Tax assets/liabilities	166.2	169.2	-3.0	200.2	193.3	6.9
Netting	-97.7	-97.7	-	-171.9	-171.9	-
Deferred tax assets/liabilities according to statement of financial position	68.5	71.5	-3.0	28.3	21.4	6.9

Recognised loss carryforwards are not time limited.

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:

SEK m	2021	2020
Unrecognised tax loss carryforwards	247.5	211.5

Unrecognised tax loss carryforwards would correspond to a deferred tax asset of SEK 59.7m. Unrecognized tax loss carryforwards are mainly related to losses in France, China, the Netherlands, Thailand, Germany and the US which will probably not be used for settlement of future taxable gains. The majority of the unrecognised tax loss carryforwards are not time limited and the remaining portion are mainly time limited to 2024-2026.

Change in deferred tax on temporary differences and losses carried forward

SEK m	Balance as of 1 January 2021	Recorded over income statement	Recorded in other comprehensive income	Translation difference	Acquisitions of business	Balance as of 31 December 2021
Intangible fixed assets	-65.8	0.3	-	-0.3	-2.6	-68.4
Tangible fixed assets	-11.0	-0.8	-	0.0	-	-11.8
Right-of-use asset	-47.4	5.3	-	-0.5	-	-42.6
Financial assets	-1.0	0.5	-	-0.0	-	-0.5
Inventories	47.9	-15.4	-	-0.2	-	32.3
Accounts receivable	-6.2	16.2	-	-0.0	-	10.0
Provision for pensions	18.7	-3.3	-3.8	-0.1	-	11.5
Provisions	18.9	1.1	-	-0.1	-	19.9
Long term liabilities	36.9	-7.2	-	-0.4	-	29.3
Short term liabilities	-16.1	6.0	-	-0.3	-	-10.4
Loss carryforwards	32.0	-4.2	-	-0.1	-	27.7
Total	6.9	-1.5	-3.8	-2.0	-2.6	-3.0

SEK m	Balance as of 1 January 2020	Recorded over income statement	Recorded in other comprehensive income	Translation difference	Acquisitions of business	Balance as of 31 December 2020
Intangible fixed assets	-74.7	8.3	-	0.0	0.6	-65.8
Tangible fixed assets	-14.7	3.7	-	0.0	-	-11.0
Right-of-use asset	-58.3	10.9	-	0.0	-	-47.4
Financial assets	-1.7	0.7	-	0.0	-	-1.0
Inventories	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	46.7	-9.8	-	0.0	-	36.9
Short term liabilities	25.7	-41.4	-	-0.4	-	-16.1
Loss carryforwards	15.6	16.2	-	0.2	-	32.0
Total	-10.9	15.4	1.5	0.3	0.6	6.9

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 relations

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

Trademarks acquired through business acquisitions are recognised at fair value at the acquisition date. Trademarks with an indefinite life are allocated to the cash-generating units or groups of cash generating units that are expected to benefit from the trademark. 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 trademarks in its market, which the group intends to maintain and develop further. The trademarks are tested annually and in the event of an indication of value decline, for impairment. Any impairment losses are charged to operating income.

The trademarks 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 Gasmel. 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 2021, the discount rate amounts to 9.75 percent (9.51). 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 113.1m (105.0).

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 trademarks are amortised 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

Examination 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

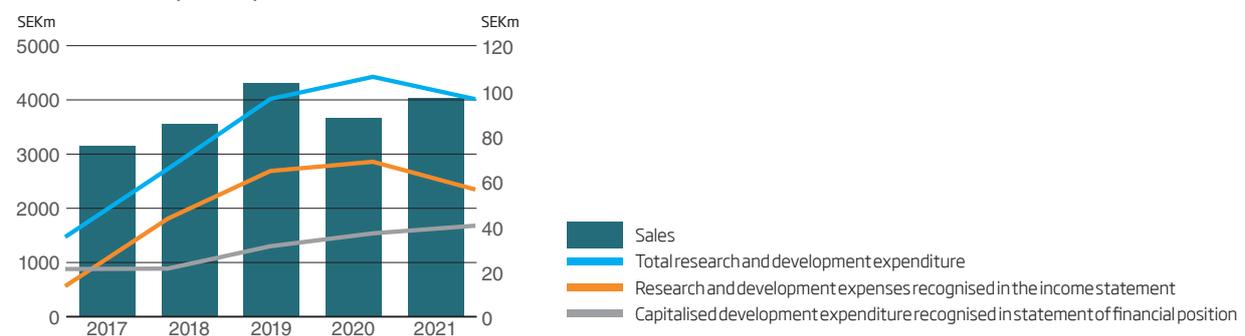
SEKm							2021
	Capitalised development expenditure	Computer programs	Customer relations	Trade-marks	Goodwill	Current investments and prepayments	Total
Accumulated cost							
Opening balance	407.9	153.0	106.4	162.6	1,514.7	29.4	2,374.0
Business acquisition	13.6	0.2	-	-	22.8	-	36.6
Internally developed assets	41.0	-	-	-	-	-	41.0
Other capital expenditure	-	19.8	-	-	-	9.0	28.8
Sold and scrapped	-50.6	-7.4	-	-	-	-	-58.0
Reclassifications	-	29.5	-	-	-	-29.5	-
Translation differences	8.0	2.2	5.1	11.9	71.7	0.2	99.1
Closing balance	419.9	197.3	111.5	174.5	1,609.2	9.1	2,521.5
Accumulated amortisation and impairment							
Opening balance	-231.6	-119.2	-32.3	-57.6	-	-	-440.7
Business acquisition	-	-0.1	-	-	-	-	-0.1
Sold and scrapped	49.8	7.4	-	-	-	-	57.2
Amortisation	-34.6	-18.1	-10.7	-	-	-	-63.4
Translation differences	-4.2	-2.1	-2.0	-3.8	-	-	-12.1
Closing balance	-220.6	-132.1	-45.0	-61.4	-	-	-459.1
Carrying amount							
Opening balance	176.3	33.8	74.1	105.0	1,514.7	29.4	1,933.3
Closing balance	199.3	65.2	66.5	113.1	1,609.2	9.1	2,062.4

SEKm							2020
	Capitalised development expenditure	Computer programs	Customer relations	Trade-marks	Goodwill	Current investments and prepayments	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	-	6.9	-	-	-	29.4	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	153.0	106.4	162.6	1,514.7	29.4	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	33.8	74.1	105.0	1,514.7	29.4	1,933.3

Current investments and prepayments was added as a category in 2021 and the comparative figures were thus adjusted. This meant that SEK 29.4m of investments in 2020 were reclassified from computer programmes to current investments and prepayments.

The group's expenses for development of the existing product range and new products amounted to SEK 57.0m (69.3). SEK 41.0m (37.6) was capitalised in the consolidated statement of financial position.

Research and development expenditure in relation to sales



13 Intangible fixed assets, continued

Amortisation and impairment, SEKm	2021	2020
Amortisation is included in the following rows in the income statement:		
Cost of sold goods	-40.7	-37.7
Selling expenses	-5.4	-6.0
Administrative expenses	-17.3	-13.0
Total	-63.4	-56.7

Goodwill per operating segment, SEKm	2021	2020
Nederman Extraction & Filtration Technology	467.4	455.7
Nederman Process Technology	342.6	320.2
Nederman Duct & Filter Technology	18.5	17.8
Nederman Monitoring & Control Technology	780.7	721.0
Total	1,609.2	1,514.7

	Annual growth during the forecast period	Annual growth after forecast period	Discount rate before tax
Goodwill			
Nederman Extraction & Filtration Technology	3.0% (3.0)	2.0% (2.0)	10.65% (10.65)
Nederman Process Technology	3.0% (3.0)	3.0% (3.0)	9.96% (9.04)
Nederman Duct & Filter Technology	3.0% (3.0)	1.0% (1.0)	10.67% (10.44)
Nederman Monitoring & Control Technology	10.0% (12.0)	8.0% (8.0)	8.85% (8.76)
Trademarks	2.0% (2.0)	2.0% (2.0)	9.75% (9.51)

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

SEKm	Land and buildings	Plant and machinery	Equipment, tools and fixtures	Constructions in progress and prepayments	2021
					Total
Accumulated cost					
Opening balance	431.6	223.6	352.6	10.8	1,018.6
Business acquisition	-	-	0.3	-	0.3
Capital expenditure	0.7	17.9	12.1	8.5	39.2
Sold and scrapped	-3.0	-3.8	-92.8	-	-99.6
Reclassification	-	80.0	-65.8	-9.0	5.2
Translation differences	21.8	14.6	10.1	0.6	47.1
Closing balance	451.1	332.3	216.5	10.9	1,010.8
Accumulated depreciation and impairment					
Opening balance	-250.1	-167.2	-302.1	-	-719.4
Business acquisition	-	-	-0.1	-	-0.1
Depreciation for the year	-10.0	-13.2	-14.7	-	-37.9
Sold and scrapped	3.0	3.3	92.1	-	98.4
Reclassification	-	-63.0	57.8	-	-5.2
Translation differences	-10.9	-10.5	-8.4	-	-29.8
Closing balance	-268.0	-250.6	-175.4	-	-694.0
Carrying amounts					
Opening balance	181.5	56.4	50.5	10.8	299.2
Closing balance	183.1	81.7	41.1	10.9	316.8

SEKm	Land and buildings	Plant and machinery	Equipment, tools and fixtures	Constructions in progress and prepayments	2020
					Total
Accumulated cost					
Opening balance	464.8	248.6	360.7	3.8	1,077.9
Capital expenditure	4.6	7.6	14.9	7.9	35.0
Sold and scrapped	-0.5	-7.8	-9.9	-	-18.2
Reclassification	-	-0.4	1.0	-	0.6
Translation differences	-37.3	-24.4	-14.1	-0.9	-76.7
Closing balance	431.6	223.6	352.6	10.8	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	-	-	-0.9	-	-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	208.9	69.0	53.6	3.8	335.3
Closing balance	181.5	56.4	50.5	10.8	299.2

Constructions in progress and prepayments were added as a category in 2021 and comparative figures were thus adjusted. This meant that SEK 79m of investments and SEK 3.8m of opening balance in 2020 were reclassified from plant and machinery and land and buildings respectively to constructions in progress and prepayments.

Depreciation and impairment, SEKm	2021	2020
Depreciation is included in the following rows in the income statement:		
Cost of goods sold	-24.6	-25.7
Selling expenses	-4.8	-5.0
Administrative expenses	-8.5	-7.5
Total	-37.9	-38.2

15 Right-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 material 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.

Leases are presented in the categories of Land and buildings, Cars and other vehicles, and Machinery and equipment. These categories are deemed to be the fairest in reflecting Nederman's primary asset classes. The categories are a new application from 2021 and the comparative data was thus adjusted. A large proportion of leases pertain to cars and other vehicles and thus the assessment has been made that a fairer view is provided by separating this category in the notes.

Non-recurring effects comprise an adjustment in the timing of depreciation during 2021, whereby depreciation commences in the month that the contract is entered, rather than the following month. This meant that, in 2021, an accrual difference of a month arose regarding depreciation and terminated contracts, which was recognised as a non-recurring effect. The adjustment has no impact on the group's net result.

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, material 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

SEKm				2021
	Land & buildings	Cars and other vehicles	Machinery and equipment	Total
Accumulated cost				
Opening balance	330.9	64.0	21.0	415.9
Business acquisition	0.5	-	-	0.5
New lease contracts	38.3	21.2	1.4	60.9
Terminated lease contracts	-99.6	-20.7	-4.5	-124.8
Revaluated lease contracts	4.0	0.2	-	4.2
Reclassification	1.1	-1.1	-	-
Translation differences	15.4	1.9	0.4	17.7
Closing balance	290.6	65.5	18.3	374.4
Accumulated depreciation and impairment				
Opening balance	-160.4	-32.0	-9.1	-201.5
Depreciation	-50.0	-19.2	-3.8	-73.0
Terminated lease contracts	82.4	19.0	5.5	106.9
One-time effect	-3.9	-1.3	-0.7	-5.9
Reclassification	-0.9	0.9	-	-
Translation differences	-7.4	-1.0	-0.2	-8.6
Closing balance	-140.2	-33.6	-8.3	-182.1
Carrying amounts				
Opening balance	170.5	32.0	11.9	214.4
Closing balance	150.4	31.9	10.0	192.3

SEKm				2020
	Land & buildings	Cars and other vehicles	Machinery and equipment	Total
Accumulated cost				
Opening balance	373.6	74.4	18.3	466.3
New lease contracts	22.9	18.0	8.1	49.0
Terminated lease contracts	-47.8	-24.4	-4.1	-76.3
Revaluated lease contracts	1.4	-0.5	-0.2	0.7
Translation differences	-19.2	-3.5	-1.1	-23.8
Closing balance	330.9	64.0	21.0	415.9
Accumulated depreciation and impairment				
Opening balance	-162.5	-37.5	-8.6	-208.6
Depreciation	-46.2	-19.8	-4.7	-70.7
Terminated lease contracts	41.0	23.2	3.6	67.8
Revaluated lease contracts	0.1	0.4	0.1	0.6
Translation differences	7.2	1.7	0.5	9.4
Closing balance	-160.4	-32.0	-9.1	-201.5
Carrying amounts				
Opening balance	211.1	36.9	9.7	257.7
Closing balance	170.5	32.0	11.9	214.4

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

Depreciation and impairment, SEKm	2021	2020
Depreciation is included in the following rows in the income statement:		
Cost of goods sold	-34.0	-26.4
Selling expenses	-29.8	-29.6
Administrative expenses	-7.5	-13.3
Research and development expenses	-1.7	-1.4
Total	-73.0	-70.7
Lease expenses, SEKm		
Depreciation of right-of-use assets	-73.0	-70.7
Interest expense on lease liabilities	-11.2	-13.3
Short term leases	-1.7	-2.9
Lease assets of low value	-2.1	-1.6
Total	-88.0	-88.5
Revenue from subleases, SEKm		
Revenue from subleases	-	1.9

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, SEK m	2021	2020
Raw materials and consumables	338.0	253.7
Work in progress	79.9	72.6
Finished goods and tradable goods	195.2	157.6
Total	613.1	483.9

Change of obsolescence provision, SEK m	2021	2020
Opening balance	110.9	123.0
Change in obsolescence reported in the income statement	24.6	-4.4
Disposals	-3.4	-1.1
Reclassifications	-0.7	-
Effect of changes in currency exchange rates	5.5	-6.6
Obsolescence provision at 31 December	136.9	110.9

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.

Estimations and assessments

Provision for expected credit losses

The provision for expected credit losses is based on historical credit losses and on the estimates made in respect of current and future-oriented information on the customers' payment capacity. The establishment of provisions for expected credit losses is based on the estimates made of all receivables outstanding, including receivables not yet due. An individual assessment of the impairment requirement is made based on the customers' financial situation. Actual credit losses may deviate from expected credit losses and may thus have a material impact on other operating income and expenses in profit or loss. Estimates and assumptions are reviewed on a regular basis.

Accounts receivable maturity structure, SEK m	2021					2020				
	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	435.1	112.7	57.3	44.4	649.5	348.2	77.8	34.6	42.1	502.7
Expected credit losses	-1.7	-1.5	-0.7	-22.6	-26.5	-1.0	-0.2	-0.2	-24.3	-25.7
Accounts receivable, net	433.4	111.2	56.6	21.8	623.0	347.2	77.6	34.4	17.8	477.0
Credit loss level	0.4%	1.3%	1.2%	50.9%	4.1%	0.3%	0.3%	0.6%	57.7%	5.1%

Change in credit loss provision	2021	2020
Opening balance	-25.7	-28.2
Provisions for uncertain receivables	-2.4	-8.3
Receivables written off and not recoverable	1.5	3.1
Reversed provisions	1.4	5.6
Translation differences	-1.3	2.1
Closing balance	-26.5	-25.7

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	2021	2020
VAT receivables	34.0	32.9
Contract assets	126.8	152.9
Other receivables	48.4	52.9
Total	209.2	238.7

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	2021	2020
Rent/leasing	6.3	6.2
Computer/license costs	15.9	10.9
Insurance	2.7	4.1
Bank costs	0.5	0.7
Other	20.0	19.1
Total	45.4	41.0

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	2021	2020
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	2021	2020
Opening number of treasury shares held	52,924	52,924
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	2021	2020
Year's earnings attributable to the parent company's shareholders	305.3	110.4
Earnings per share before dilution	8.70	3.15
Earnings per share after dilution	8.70	3.15

20 Equity and number of shares, continued

Dividend

The Board of Directors proposes a dividend of SEK 3.50 (-) per share, a total of SEK 122.8m* (-). The dividend will be adopted by the Annual General Meeting on 25 April 2022.

At an Extraordinary General Meeting of Shareholders on 25 August 2021, it was resolved that a dividend of SEK 1.00 per share would be paid, corresponding to SEK 35.1m. Based on the group's financial stability and healthy capital structure, the Board's assessment was that a dividend was motivated. The dividend corresponded to 31.8 percent of net profit for the 2020 financial year, meaning that the dividend was in line with the company's dividend policy.

The group seeks to pay an ordinary dividend each year amounting to 30-50 percent of net profit for the year. The Board of Directors has proposed a dividend of SEK 3.50 per share to the 2022 Annual General Meeting, corresponding to 7.2 percent of equity. During the past five years, the ordinary dividend has amounted to an average of 4.6 percent of equity. This means that 30 percent of earnings per share has been distributed in the form of ordinary dividends.

* Based on the number of shares outstanding at 31 December, 2021. The dividend amount could be changed as treasury shares could be converted by the record date of 13 April 2022.

Hedging reserve, SEKm	2021	2020
Cash flow hedging		
Value at the beginning of the year	-	1.2
Adjusted hedging reserve	-	-1.2
Value at the end of the period	-	-

The value of the hedging reserve at the start of 2020 was reduced by the corresponding amount and transferred to retained earnings in equity. The transfer pertains to an adjustment of prior years' cash-flow hedging. No hedge accounting was applied, and thus the value at the end of the period was 0.

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	2021	2020
Total equity	1,717.4	1,300.8
Net debt/equity ratio	2021	2020
Interest-bearing liabilities and pension provisions	1,609.4	1,917.3
Cash and cash equivalents	-541.6	-466.8
Net debt	1,067.8	1,450.5
Net debt/equity ratio	62.2%	111.5%

The lower net debt/equity ratio is a result of a strengthening of equity and a lower level of net debt. Due to the restructuring programme implemented during 2020, the group made significant cost savings, which led to improved profitability and, accordingly, equity was strengthened. In addition, equity was impacted by the weakened SEK, which led to the translation reserve, attributable to the translation of foreign subsidiaries, amounting to SEK 131m. The lower level of net debt is both attributable to a stronger cash balance and lower interest-bearing liabilities. The foremost reason for the stronger cash balance is continued healthy orders received for projects with resulting advanced payments received. Interest-bearing liabilities decreased by SEK 232m compared with the preceding year, which was primarily attributable to repayments on the group's loans. In comparison

with the preceding year, the pension liability decreased by SEK 49m, which was primarily a result of the transition of the Norwegian defined-benefit pension liability to a defined-contribution pension plan. The lease liability also declined as a result of terminated and renegotiated contracts for premises.

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 dividend policy 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	2021	2020
Bank loans	1,304.6	1,536.7
Lease liabilities	133.1	166.4
Total	1,437.7	1,703.1
Current liabilities, SEKm	2021	2020
Current part of lease liabilities	69.5	63.1
Total	69.5	63.1
Total interest-bearing liabilities	1,507.2	1,766.2

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.

2021, SEKm	Currency	Due date	Nominal interest	Nominal amount in original currency	Recorded amount
Bank loan (revolving)	SEK	2023-05-24	0.700%	110.0	109.7
Bank loan (revolving)	SEK	2023-05-24	0.700%	450.0	448.9
Bank loan (revolving)	SEK	2023-05-24	0.700%	46.5	46.4
Bank loan (revolving)	SEK	2023-05-24	0.700%	200.0	199.5
Bank loan (revolving)	SEK	2023-05-24	0.700%	120.0	119.7
Bank loan (revolving)	USD	2023-05-24	0.980%	9.0	81.2
Bank loan	SEK	2023-05-24	0.700%	300.0	299.2
Lease liabilities					202.6
Total interest bearing liabilities					1,507.2

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

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.

Other long-term liabilities, SEKm	2021	2020
Deferred payment of acquisition price upon business acquisition (see note 4)	18.3	-
Other liabilities	5.3	2.1
Total	23.6	2.1

Other short-term liabilities, SEKm	2021	2020
Personnel-related liabilities	57.4	45.1
VAT payable	43.8	30.1
Contract liabilities	404.2	260.1
Other liabilities	14.0	19.9
Total	519.4	355.2

The group's increased orders received, primarily in Nederman Process Technology, with advance payments received as a result, led to a higher closing contract liability at 31 December 2021. The assessment is that several of these projects will not commence until 2023, which means that the time from the advance payments until the start of the projects is longer than is generally the rule for projects in the Nederman group.

For 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	2021	2020
Personnel-related expenses	162.0	127.1
Interest expenses	0.2	3.9
Audit expenses	5.9	4.7
Sales expenses	6.8	6.8
Freight and customs expenses	1.3	0.6
Other	44.7	36.6
Total	220.9	179.7

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, UFR 10, this is a defined-benefit plan that covers multiple employers. For the financial year 2021, 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 6.8m (6.2). 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 0.027 percent (0.039) and the group's share of the total number of active insured individuals amounts to 0.025 percent (0.026). At the end of 2021, Alecta's surpluses, in the form of the collective consolidation level, amounted to 172 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. Revaluations are made of changes in the obligations' present value due to changed actuarial assumptions and experience-based adjustments. The revaluations 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 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.

Discontinuation of defined-benefit pension plan.

In 2021, the Group's defined-benefit pension plan in Norway was discontinued and has transitioned in its entirety to a defined-contribution pension plan. At the time of the transition, net debt amounted to SEK 29.0m. Accordingly, this discontinuation means that the Group's pension liability has been reduced by SEK 29.0m and the earnings impact from the discontinuation was recognised in a corresponding amount as other operating income. The transaction did not entail any impact on cash flow.

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-ben-

efit 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	2021	2020
Costs for defined-contribution pension plans	-54.3	-49.9

Defined-benefit pension plans

Defined-benefit net liability, reported in statement of financial position, SEKm	2021	2020
Defined benefit obligation	374.7	435.5
Fair value of plan asset	272.5	284.4
Deficit(+)/Surplus(-)	102.2	151.1
Present value of entirely or partially funded obligations	272.7	329.2
Present value of unfunded obligations	102.0	106.3
Total present value of defined-benefit obligations	374.7	435.5
Fair value of plan assets	-272.5	-284.4
Net liability	102.2	151.1

Change in present value of defined-benefit obligations, SEKm	2021	2020
Obligations for defined benefit plans, 1 January	435.5	510.6
Discontinuation of defined-benefit obligations	-67.2	-
Payment of pension benefits	-29.3	-54.9
Cost of service in current period	9.3	11.9
Contribution and payments from plan participants	3.2	3.5
Interest cost	1.9	2.9
Revaluations		
- Actuarial gains and losses for the revised demographic assumptions	-13.4	0.0
- Actuarial gains and losses for changes in financial assumptions	-1.3	9.5
- Experience-based gains/losses	15.3	-32.5
Translation differences	20.7	-15.5
Obligations for defined benefit plans, 31 December	374.7	435.5

Changes in fair value of defined-benefit plan assets, SEKm	2021	2020
Fair value of plan assets, 1 January	284.4	357.5
Discontinuation of defined-benefit plan	-38.2	-
Payments to plans	8.2	9.8
Fees from participants included in the plan	3.0	3.3
Benefit payments from plan	-23.1	-47.7
Interest income on plan assets	0.7	1.3
Return on plan assets, excluding interest income	19.6	-29.4
Translation differences	17.9	-10.4
Fair value of plan assets, 31 December	272.5	284.4

Income and costs reported in profit for the year, SEKm	2021	2020
Costs for service in current period	-9.3	-11.9
Net interest	-1.2	-1.6
Effect of discontinuation of defined-benefit pension plan	29.0	-
Total net income/costs in the income statement	18.5	-13.5

of which, amounts affecting operating profit	19.7	-11.9
of which, amounts affecting financial costs	-1.2	-1.6
Total net income/costs in the income statement	18.5	-13.5

Income and costs recognised in other comprehensive income, SEKm	2021	2020
Revaluations of pension commitments	-0.6	23.0
Return on plan assets	19.6	-29.4
Revaluation of defined-benefit net liabilities in other comprehensive income	19.0	-6.4
Translation differences on foreign plans	-3.5	2.7

Assumptions for defined-benefit obligations	Switzerland	Sweden	Germany
Discount rate at 31 December	0.3% (0.2)	1.4% (1.0)	1.1% (0.9)
Future pension increases	0.3% (0.3)	2.2% (1.5)	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	-27.7	31.4

Future cash flow

As of 31/12/2021 the weighted average duration of commitments was 15.3 years (14.8). Expected payments in 2022 for defined-benefit pension plans amount to SEK 25.3m.

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	2021	2020
Reported value, opening balance	22.8	0.3
Provisions during the period	0.3	75.0
Amount used during the period	-12.4	-52.4
Translation differences	-0.1	-0.1
Total	10.6	22.8

Warranty commitments, SEKm	2021	2020
Reported value, opening balance	29.9	35.9
Provisions during the period	9.9	10.8
Utilised during the period	-5.9	-11.1
Reclassification	0.8	-
Unutilised amount reversed during the period	-3.1	-3.7
Translation differences	2.2	-2.0
Total	33.8	29.9

Provisions included in long-term liabilities, SEKm	2021	2020
Restructuring /severance pay	0.1	0.1
Warranty commitments	14.1	11.2
Other	5.0	5.2
Total	19.2	16.5

Total provisions, SEKm	2021	2020
Reported value, opening balance	68.4	47.2
Provisions during the period	19.0	95.5
Utilised during the period	-21.9	-66.9
Reclassification	-0.3	-
Unutilised amount reversed during the period	-5.9	-3.9
Translation differences	0.9	-3.5
Total	60.2	68.4

Loss contracts, SEKm	2021	2020
Reported value, opening balance	2.9	2.8
Provisions during the period	-	3.1
Utilised during the period	-	-2.4
Translation differences	-0.2	-0.6
Total	2.7	2.9

Other, SEKm	2021	2020
Reported value, opening balance	12.8	8.2
Provisions during the period	8.8	6.6
Utilised during the period	-3.6	-1.0
Reclassification	-1.1	-
Unutilised amount reversed during the period	-2.8	-0.2
Translation differences	-1.0	-0.8
Total	13.1	12.8

Provisions included in current liabilities, SEKm	2021	2020
Restructuring /severance pay	10.5	22.7
Warranty commitments	19.7	18.7
Loss contracts	2.7	2.9
Other	8.1	7.6
Total	41.0	51.9

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 2021, SEK 0.0m (-1.2) was recognised in net financial items in relation to earnings effects from the hedging of currency risks.

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 2021, 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

Carrying amounts and fair values for financial instruments, SEKm	Note	2021				2020			
		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	-	-	623.0	623.0	-	-	477.0	477.0
Other current receivables	18	-	-	209.2	209.2	-	-	238.7	238.7
Cash and cash equivalents	30	-	-	541.6	541.6	-	-	466.8	466.8
Total		-	-	1,373.8	1,373.8	-	-	1,182.5	1,182.5
Financial liabilities									
Lease liabilities	21	-	-	202.6	202.6	-	-	229.5	229.5
Bank loans	21	-	-	1,304.6	1,304.6	-	-	1,536.7	1,536.7
Accounts payable		-	-	411.9	411.9	-	-	334.5	334.5
Foreign exchange forwards level 2		0.0	-	-	0.0	-	-	-	-
Other long-term liabilities	22	-	-	23.6	23.6	-	-	2.1	2.1
Other current liabilities	22, 23	-	-	740.3	740.3	-	-	534.9	534.9
Total		0.0	-	2,683.0	2,683.0	-	-	2,637.7	2,637.7

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 2021, government grants amounting to SEK 5.7m (273) were received and were recognised in the income statement. Government grants were mainly received from European government bodies and primarily pertain to assistance for short-time work relating 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	2021	2020
Pledged assets for debts and provisions:		
Assets with ownership restrictions (right-of-use assets, see note 15)	374.4	415.9
Total	374.4	415.9
Contingent liabilities, SEKm		
FPG/PRI	0.7	0.7
Warranty commitments	61.7	52.4
Total	62.4	53.1

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 Group management 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

Cash flow statement

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	2021	2020
Subcomponents of cash and cash equivalents:		
Cash and cash equivalents	541.6	466.8
Total according to statement of financial position	541.6	466.8

Adjustments for items not included in cash flow, SEKm	2021	2020
Capital gain on sale of tangible assets	0.2	-0.4
Capital gain/loss on terminated lease contracts before the end date	-4.6	-1.3
Provisions	-9.2	24.8
Discontinuation of defined-benefit pension plan (see note 24)	-29.0	-
Total	-42.6	23.1

Unused credits, SEKm	2021	2020
Disposable funds	1,339.4	1,130.1

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 yearend
			Business acquisition	Interest & fees	Exchange rate gains/losses	Change in lease liabilities	
2021, SEKm							
Long-term interest-bearing liabilities - bank loans	1,536.7	-247.7	-	1.8	13.8	-	1,304.6
Lease liabilities	229.5	-74.0	0.5	-	9.5	37.1	202.6
Total		-321.7					

	Amount at beginning of the year	Changes impacting cash flow	Items not affecting cash flow				Amount at yearend
			Business acquisition	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					

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. In 2021, other operating income of SEK 29.0m was recognised as a result

of the discontinuation of the Norwegian defined-benefit pension plan. For further information see note 24, Provisions for pensions and similar obligations. The transaction is of a non-recurring nature and was thereby reversed in the calculation of the performance measures Adjusted operating profit, Adjusted EBIT, Adjusted EBITDA and the Interest cover ratio to create comparability between the periods and to understand the profitability of the business. Other performance measures were consistently applied compared with previous year. See page 132 for definitions.

SEKm	2021	2020
Operating profit	458.9	219.0
Acquisition costs	1.3	1.6
Restructuring costs	-	75.0
Discontinuation of defined-benefit pension plan	-29.0	-
Adjusted operating profit	431.2	295.6

Adjusted operating profit	431.2	295.6
Net sales	4,041.8	3,674.8
Adjusted operating margin	10.7%	8.0%

Operating profit	458.9	219.0
Amortisation intangible assets	63.4	56.7
EBITA	522.3	275.7

EBITA	522.3	275.7
Acquisition costs	1.3	1.6
Restructuring costs	-	75.0
Discontinuation of defined-benefit pension plan	-29.0	-
Adjusted EBITA	494.6	352.3

Adjusted EBITA	494.6	352.3
Net sales	4,041.8	3,674.8
Adjusted EBITA margin	12.2%	9.6%

Operating profit	458.9	219.0
Depreciation	174.3	165.6
EBITDA	633.2	384.6

EBITDA	633.2	384.6
Acquisition costs	1.3	1.6
Restructuring costs	-	75.0
Discontinuation of defined-benefit pension plan	-29.0	-
Adjusted EBITDA	605.5	461.2

Adjusted EBITDA	605.5	461.2
Net sales	4,041.8	3,674.8
Adjusted EBITDA margin	15.0%	12.6%

Equity - closing balance	1,717.4	1,300.8
Balance sheet total	4,729.0	4,249.5
Equity/asset ratio	36.3%	30.6%

Cash and cash equivalents	541.6	466.8
Long-term interest-bearing liabilities	1,304.6	1,536.7
Long-term lease liabilities	133.1	166.4
Pension liabilities	102.2	151.1
Current lease liabilities	69.5	63.1
Net debt	1,067.8	1,450.5

Net debt	1,067.8	1,450.5
Equity - closing balance	1,717.4	1,300.8
Net debt/equity ratio	62.2%	111.5%

Net debt	1,067.8	1,450.5
Equity - closing balance	1,717.4	1,300.8
Operating capital	2,785.2	2,751.3

SEKm	2021	2020
Equity - opening balance	1,300.8	1,382.0
Equity - closing balance	1,717.4	1,300.8
Equity - average	1,509.1	1,341.4
Net profit/loss for the period	305.3	110.4
Return on equity	20.2%	8.2%

Equity - average	1,509.1	1,341.4
Net Debt - opening balance	1,450.5	1,564.1
Net Debt - closing balance	1,067.8	1,450.5
Net debt - average	1,259.2	1,507.3
Operating capital - average	2,768.3	2,848.7
Adjusted operating profit	431.2	295.6
Return on capital	15.6%	10.4%

Net sales	4,041.8	3,674.8
Operating capital - average	2,768.3	2,848.7
Capital turnover rate, multiple	1.5	1.3

Net debt	1,067.8	1,450.5
Adjusted EBITDA	605.5	461.2
Net debt/Adjusted EBITDA, multiple	1.8	3.1

Adjusted EBITDA	605.5	461.2
Net financial items	-41.8	-70.5
Adjusted EBITDA/net financial items, multiple	14.5	6.5

Profit before tax	417.1	148.5
Financial expenses	45.2	71.7
Acquisition costs	1.3	1.6
Restructuring costs	-	75.0
Discontinuation of defined-benefit pension plan	-29.0	-
Adjusted profit before tax	434.6	296.8
excluding financial expenses	434.6	296.8
Financial expenses	45.2	71.7
Interest cover ratio, multiple	9.6	4.1

Profit before tax	417.1	148.5
Financial expenses	45.2	71.7
Acquisition costs	1.3	1.6
Restructuring costs	-	75.0
Discontinuation of defined-benefit pension plan	-29.0	-
Adjusted profit before tax	434.6	296.8
excluding financial expenses	434.6	296.8
Financial expenses	45.2	71.7
Interest cover ratio, multiple	9.6	4.1

Incoming orders, same period in previous year	3,480.2	4,168.4
Change in incoming orders, organic	1,352.8	-831.6
Change in incoming orders, currency effects	-211.2	-116.2
Change in incoming orders, acquisitions	1.1	259.6
Incoming orders	4,622.9	3,480.2

Order growth, organic	38.9%	-19.9%
Order growth, currency effects	-6.1%	-2.8%
Order growth, acquisitions	0.0%	6.2%
Order growth	32.8%	-16.5%

Net sales, comparative period previous year	3,674.8	4,307.7
Change in net sales, organic	547.5	-755.4
Change in net sales, currency effects	-181.5	-122.6
Change in net sales, acquisitions	1.0	245.1
Netsales	4,041.8	3,674.8

Sales growth, organic	14.9%	-17.5%
Sales growth, currency effects	-4.9%	-2.9%
Sales growth, acquisitions	0.0%	5.7%
Sales growth	10.0%	-14.7%

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	
		2021	2020
Netsales	2, 20	26.4	26.8
Administrative expenses	5, 6, 7, 8	-140.7	-112.3
Research and development expenses		-0.4	-0.5
Restructuring costs	3	-	-11.6
Other operating revenue and expenses	4	-0.3	-5.3
Operating profit		-115.0	-102.9
Earnings from participations in group companies	9, 20	212.8	3.1
Interest income and similar items	9, 20	0.7	3.9
Interest expenses and similar items	9, 20	-13.8	-14.9
Profit after financial items		84.7	-110.8
Group contribution	10, 20	127.5	39.0
Profit before tax		212.2	-71.8
Taxes	11	-1.7	14.3
Net profit for the year		210.5	-57.5

Statement of comprehensive income for the Parent company

SEKm	1 January - 31 December	
	2021	2020
Net profit for the year	210.5	-57.5
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	210.5	-57.5

Balance sheet for the Parent company

SEKm	Note	31 December	
		2021	2020
Assets			
Intangible fixed assets	12	141.3	129.1
Tangible fixed assets	13	4.3	4.9
Financial fixed assets			
Participations in group companies	14	2,155.1	2,122.9
Other long-term receivables		0.9	0.7
Deferred tax assets	11	12.9	14.3
Total financial fixed assets		2,168.9	2,137.9
Total fixed assets		2,314.5	2,271.9
Current assets			
Receivables from group companies	20	225.7	123.0
Tax assets	11	0.6	-
Other receivables	15	6.8	1.7
Prepaid expenses and accrued income	16	14.7	12.5
Cash and cash equivalents	21	0.5	0.4
Total current assets		248.3	137.6
Total assets		2,562.8	2,409.5
Equity			
Restricted equity			
Share capital		1.2	1.2
Reserves		292.5	292.5
Fund for development expenditure		84.6	31.9
Total restricted equity		378.3	325.6
Unrestricted equity			
	22		
Share premium reserve		5.9	5.9
Retained earnings		441.1	586.4
Net profit for the year		210.5	-57.5
Total unrestricted equity		657.5	534.8
Total equity		1,035.8	860.4
Liabilities			
Liabilities to group companies	20	1,102.7	1,167.5
Other long-term liabilities	17	18.3	-
Provisions		1.0	1.0
Total long-term liabilities		1,122.0	1,168.5
Accounts payable		20.8	20.6
Tax liabilities	11	-	3.1
Liabilities to group companies	20	360.7	342.8
Other liabilities	17	2.0	1.5
Accrued expenses and prepaid income	18	21.5	12.6
Total current liabilities		405.0	380.6
Total equity and liabilities		2,562.8	2,409.5

Statement of changes in equity for the Parent company

	Restricted equity			Share premium reserve	Unrestricted equity	Total equity
	Share capital	Reserves	Fund for development expenditure		Retained earnings, including net profit for the year	
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
Opening equity 2021-01-01	1.2	292.5	31.9	5.9	528.9	860.4
Net profit for the year	-	-	-	-	210.5	210.5
Transfer to development fund	-	-	52.7	-	-52.7	-
Other comprehensive income						
Total other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income	-	-	52.7	-	157.8	210.5
Transactions with Group's owners						
Dividend	-	-	-	-	-35.1	-35.1
Closing equity 2021-12-31	1.2	292.5	84.6	5.9	651.6	1,035.8

Cash flow statement for the Parent company

SEKm	Note	1 January - 31 December	
		2021	2020
Operating activities			
Operating profit/loss		-115.0	-102.9
Adjustment for items not included in cash flow	21	38.6	35.0
Dividends received	20	212.8	3.1
Interest received and other financial items		0.7	1.9
Interest paid and other financial items		-7.8	-7.0
Income tax paid		-4.1	-5.2
Cash flow from operating activities before changes in working capital		125.2	-75.1
Cash flow from changes in working capital			
Increase (-)/Decrease (+) of operating receivables		-7.3	8.2
Increase (+)/Decrease (-) of operating liabilities		4.8	76.1
		-2.5	84.3
Cash flow from operating activities		122.7	9.2
Investment activities			
Capital expenditure for tangible fixed assets		-1.9	-3.4
Capital expenditure for intangible fixed assets		-49.2	-61.9
Acquisition/capital contribution, subsidiaries		-14.7	-150.8
Cash flow from investment activities		-65.8	-216.1
Financial activities			
Group contributions received/paid		-53.6	109.5
Change in interest-bearing receivables/liabilities in group companies		31.9	97.4
Dividend paid		-35.1	-
Cash flow from financing activities		-56.8	206.9
Cash flow for the year		0.1	0.0
Cash and cash equivalents at the beginning of the year		0.4	0.4
Cash and cash equivalents at the end of the year	21	0.5	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
Sales	2 Revenue
Leasing	7 Leasing
Dividend	9 Net financial items
Shareholders' contributions	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	2021	2020
Management charges	26.4	26.8
Total	26.4	26.8

3 Restructuring costs

SEKm	2021	2020
Restructuring expenses allocated on functions		
Administrative expenses	-	11.6
Total	-	11.6
Restructuring expenses allocated on expenses by nature		
Other external costs	-	11.6
Total	-	11.6

4 Other operating income and expenses

SEKm	2021	2020
Exchange gains and losses on operating receivables/liabilities	-0.3	-5.3
Total	-0.3	-5.3

5 Employees

Average number of employees	2021			2020		
	Women	Men	Total	Women	Men	Total
Sweden	12	16	28	11	17	28
Total	12	16	28	11	17	28

Distribution according to gender in senior management, percentage of women	2021	2020
Board of Directors, proportion of women	33%	33%
Other senior executives	20%	20%

Salaries, other remuneration and social security expenses, SEKm	2021	2020
Salaries and other remuneration	36.0	29.1
Social security expenses	13.6	10.6
Pension expenses*	7.3	6.1

*Of the company's pension costs SEK 1.6m (1.8) 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	2021	2020
Board of Directors, CEO and senior executives	18.4	14.1
(of which variable compensation)	(4.3)	(1.1)
Other employees	17.6	15.0
Total	36.0	29.1

6 Pensions

SEKm	2021	2020
Costs for defined-contribution pension plans	7.3	6.1
Total	7.3	6.1

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 means 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 were the company is the lessee, SEKm	2021	2020
Future leasing fees for non-cancellable leasing contract amount to:		
Within one year	0.4	0.6
Between one and five years	0.1	0.5
Total	0.5	1.1

Expensed leasing costs, SEKm	2021	2020
Leasing expenses	0.6	0.6
Total	0.6	0.6

8 Fees and expenses to auditors

SEKm	2021	2020
EY		
Audit assignment	0.9	0.7
Audit-related fee	0.7	0.5
Total	1.6	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	2021	2020
Earnings from participations in group companies		
Dividend	212.8	3.1
Total	212.8	3.1

Interest income and similar items

Other financial income, group companies	0.7	3.0
Exchange rate changes	-	0.9
Total	0.7	3.9

Interest expenses and similar items

Interest expenses, credit institutions	-0.1	-
Other financial expenses, group companies	-11.2	-14.3
Exchange rate changes	-2.5	-0.6
Total	-13.8	-14.9

12 Intangible fixed assets

Accounting policies

Capitalised development expenditure

Development expenditure capitalised during the year, for development work performed within the Nederman group on intangible assets, the amount is

10 Appropriations

Accounting policies

Group contribution

Recognition of group contributions was made in accordance with the alternative rule in RFR 2, meaning that group contributions are recognised as appropriations.

SEKm	2021	2020
Group contribution	127.5	39.0
Total	127.5	39.0

11 Income tax

Reported in income statement

Current tax expense (-)/tax income (+), SEKm	2021	2020
Tax expense for the period	-0.3	-
Adjustment of tax relating to previous years	-	0.3
Total	-0.3	0.3

Deferred tax expense (-)/tax income (+)

Deferred tax income concerning tax loss carryforwards	-1.4	14.0
Total reported tax expense	-1.7	14.3

Reconciliation of effective tax, SEKm

	2021	2020
Profit before tax	212.2	-71.8
Tax according to the applicable tax rate	-43.7	15.4
Non-tax deductible expenses	-1.8	-1.5
Non-taxable income	43.8	0.7
Tax relating to previous years	-	0.3
Effect of changes in tax rates and tax rules	-	-0.6
Reported effective tax	-1.7	14.3

Posted in the statement of financial position

Deferred tax assets, SEKm	2021	2020
Deferred tax assets relate to the following:		
Intangible fixed assets	0.2	0.2
Provisions	0.2	0.1
Loss carryforwards	12.5	14.0
Deferred tax assets/liabilities according to statement of financial position	12.9	14.3

Capitalised development expenditure

Development expenditure capitalised 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.

				2021
SEKm	Capitalised development expenditure	Computer programmes	Current investments and prepayments	Total
Accumulated cost				
Opening balance	136.6	82.4	29.4	248.4
Internally developed assets	30.0	-	-	30.0
Capital expenditure	-	11.7	7.5	19.2
Sold and scrapped	-0.8	-4.6	-	-5.4
Reclassifications	-	29.4	-29.4	-
Closing balance	165.8	118.9	7.5	292.2
Accumulated amortisation and impairment				
Opening balance	-59.8	-59.5	-	-119.3
Sold and scrapped	-	4.6	-	4.6
Amortisation	-21.1	-15.1	-	-36.2
Closing balance	-80.9	-70.0	-	-150.9
Carrying amount				
Opening balance	76.8	22.9	29.4	129.1
Closing balance	84.9	48.9	7.5	141.3

12 Intangible fixed assets, continued

SEKm				2020	
	Capitalised development expenditure	Computer programmes	Current investments and prepayments	Total	
Accumulated cost					
Opening balance	104.6	81.9	-	186.5	
Internally developed assets	32.0	-	-	32.0	
Capital expenditure	-	0.5	29.4	29.9	
Closing balance	136.6	82.4	29.4	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	22.9	29.4	129.1	
Amortisation and impairments, SEK m				2021	2020
Amortisation is included in the following rows in the income statement:					
Administrative expenses				-36.2	-28.6
Total				-36.2	-28.6

Current investments and prepayments was added as a category in 2021 and the comparative figures were thus adjusted. This meant that SEK 29.4m of investments in 2020 were reclassified from computer programmes to current investments and prepayments.

13 Tangible fixed assets

SEKm	2021			2020		
	Equipment tools and fixtures	Current investments and prepayments	Total	Equipment tools and fixtures	Current investments and prepayments	Total
Accumulated cost						
Opening balance	13.5	-	13.5	10.1	-	10.1
Capital expenditure	0.2	1.7	1.9	3.4	-	3.4
Sold and scrapped	-1.0	-	-1.0	-	-	-
Closing balance	12.7	1.7	14.4	13.5	-	13.5
Accumulated depreciation and impairment						
Opening balance	-8.6	-	-8.6	-6.6	-	-6.6
Depreciation	-2.5	-	-2.5	-2.0	-	-2.0
Sold and scrapped	1.0	-	1.0	-	-	-
Closing balance	-10.1	-	-10.1	-8.6	-	-8.6
Carrying amount						
Opening balance	4.9	-	4.9	3.5	-	3.5
Closing balance	2.6	1.7	4.3	4.9	-	4.9
Depreciation and impairments, SEK m				2021	2020	
Depreciation is included in the following rows in the income statement:						
Administrative expenses				-2.5	-2.0	
Total				-2.5	-2.0	

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.

14 Shares and participations, continued

The parent company's holdings of shares and participations in group companies	Corporate identification number	Domicile / Country	Number of shares	Ownership share	2021 Carrying amount SEKm	2020 Carrying amount SEKm
ABPh. Nederman & Co	556089-2951	Helsingborg, Sweden	550,000	100%	329.2	329.2
Auburn FilterSense LLC	6543811	Wilmington, DE USA	-	.*	-	-
EFT France Holding	429043276	Pontcharra, France	-	.*	-	-
Energy Save System Ltd	09308305	Kettering, UK	100	100%	32.1	-
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	515.7
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 Havalandırma Teknikleri Sanayi ve Ticaret Limited Sirketi	826319	Istanbul, Turkey	-	.*	-	-
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	-	.*	-	-
MicroPul Australia Holdings Pty Ltd	75000932374	Bayswater, Victoria, Australien	-	.*	-	-
MicroPul Australia Pty Ltd	303573307	Bayswater, Victoria, Australien	-	.*	-	-
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%	0.2	0.1
Nederman Insight NUF	926115898	Skedsmo, Norway	-	.*	-	-
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.	0000050307	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.	0000617869	Marki, Poland	-	.*	-	-
Nederman Mikropul Pty Ltd	75002459672	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

14 Shares and participations, continued

The parent company's holdings of shares and participations in group companies	Corporate identification number	Domicile/Country	Number of shares	Ownership share	2021 Carrying amount SEKm	2020 Carrying amount SEKm
Nederman Norge, Filial til Nederman Nordic	914149762	Skedsmo, Norway	-	-*	-	-
Nederman OOO	1082468018511	Moscow, Russia	-	-*	-	-
Nederman Polska Sp. z o.o.	0000109291	Marki, Poland	-	-*	-	-
Nederman S. de R.L. de CV	MIK0001128K6	Col Juarez, Mexico	-	-*	-	-
Nederman S.A.S.	434134615	Paris, France	-	-*	-	-
Nederman SEA Co Ltd	105534081588	Chonburi, Thailand	-	-*	-	-
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	125549002956	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					2,155.1	2,122.9

* 100% owned by the group

** The company applies the exemption in section 264 (3) HGB for the financial year 2021. This means that the company is exempt from issuing a local annual report in its home country.

Accumulated cost, SEKm	2021	2020
Opening balance	2,122.9	2,027.3
Acquisition of group companies	32.1	2.9
Capital contribution	0.1	92.7
Closing balance at December 31	2,155.1	2,122.9

15 Other receivables

Other receivables which are current assets, SEKm	2021	2020
VAT receivable	5.6	1.7
Other receivable	1.2	-
Total	6.8	1.7

16 Prepaid expenses and accrued income

SEKm	2021	2020
Computer/license costs	11.4	9.8
Insurance	0.8	2.4
Other	2.5	0.3
Total	14.7	12.5

17 Other liabilities

Other long-term liabilities, SEKm	2021	2020
Deferred payment of acquisition price (see more in group note 4).	18.3	-
Total	18.3	-

Other short-term liabilities, SEKm	2021	2020
Personnel-related liabilities	2.0	1.5
Total	2.0	1.5

18 Accrued expenses and prepaid income

SEKm	2021	2020
Personnel-related expenses	20.0	12.1
Audit expenses	0.3	0.3
Other	1.2	0.2
Total	21.5	12.6

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, SEKm	2021	2020
In the form of pledged assets for own liabilities and provisions:		
Shares in subsidiaries	None	None
	None	None

Contingent liabilities, SEKm	2021	2020
FPG/PRI	0.7	0.7
Guarantees on behalf of subsidiaries	366.0	415.8
Total	366.7	416.5

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.

20 Related party transactions, continued

Related party transactions, subsidiaries, SEKm	2021	2020
Netsales - Management charges	26.4	26.8
Dividends received	212.8	3.1
Group contribution received	127.5	39.0
Financial income	0.7	3.0
Financial expenses	-11.1	-14.3
Receivables, 31 December	225.7	123.0
Liabilities, 31 December	1,463.4	1,510.3

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	2021	2020
Subcomponents in cash and cash equivalents:		
Cash and cash equivalents	0.5	0.4
Total	0.5	0.4

Adjustments for items not included in cash flow, SEKm	2021	2020
Depreciation	38.7	30.6
Capital gains/losses fixed assets	0.8	-
Unrealised translation differences	-0.9	3.4
Provisions	0.0	1.0
Total	38.6	35.0

Unused credits, SEKm	2021	2020
Disposable funds	0.5	0.4

Financial activities

The following table shows the changes in receivables and liabilities included in financial activities.

	Amount at beginning of the year	Cash flow	Items not affecting cash flow		Amount at yearend
			Interests and fees	Exchange rate gains/losses	
2021, SEKm					
Long-term interest-bearing liabilities group companies	1,167.5	-65.8	-	1.0	1,102.7
Short-term interest-bearing assets (-) & liabilities (+) group companies	180.9	97.7	5.3	-1.0	282.9
Total		31.9			

	Amount at beginning of the year	Cash flow	Items not affecting cash flow		Amount at yearend
			Interests and fees	Exchange rate gains/losses	
2020, SEKm					
Long-term interest-bearing liabilities group companies	1,170.9	-	-	-3.4	1,167.5
Short-term interest-bearing assets (-) & liabilities (+) group companies	74.8	97.4	5.3	3.4	180.9
Total		97.4			

22 Appropriation of profit or loss

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

SEK	2021	2020
Share premium reserve	5,866,700	5,866,700
Retained earnings	441,226,753	586,402,571
Net profit for the year	210,455,783	-57,499,101
Total	657,549,236	534,770,170

The Board of Directors propose

a dividend to shareholders of SEK 3.50 (-) per share*	122,825,836	-
to be transferred to the share premium reserve	5,866,700	5,866,700
to be transferred to retained earnings	528,856,700	528,903,470
Total	657,549,236	534,770,170

* Based on the number of shares outstanding at 31 December. The dividend amount could be changed as treasury shares could be converted by the record date of 13 April 2022.

23 Events after the end of the reporting period

No significant events 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 25 April 2022.

Helsingborg, 15 March 2022

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 17 March 2022

Ernst & Young AB

Staffan Landén

Authorised Public Accountant

Auditor's report

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF ABC AB, 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 and the statutory sustainability report on pages 72-75, 78-79 and 35-51 respectively for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 35-125 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 2021 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 2021 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 and the statutory sustainability report on pages 72-75, 78-79 and 35-51 respectively. 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

How our audit addressed this key audit matter

The carrying value of goodwill at 31 December 2021 was SEK 1 609,2 million which corresponds to 34 % 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

How our audit addressed this key audit matter

Net sales for the group 2021 amounts to total SEK 4 041,8 million and of this SEK 1 664,4 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 91 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 1-34 and 132-136. 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 guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

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

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of 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

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

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 Nederman Holding AB (publ) for the year 2021 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 controlled 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 ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Nederman Holding AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report #70edbd2ea26b4ef-0d962b52b213b077313fcf2e394b40331e66d6913629b7c9b has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Nederman Holding AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the techni-

cal specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 72-75 and 78-79 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 RevR16

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 35-51, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR12 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 ABs by the general meeting of the shareholders on the 26 April 2021 and has been the company's auditor since the 22 April 2015.

Helsingborg 17 March 2022
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 loss of intangible assets, excluding acquisition and restructuring costs and discontinuation of the Norwegian defined-benefit pension plan.

Adjusted EBITA margin

Adjusted EBITA as a percentage of sales.

Adjusted EBITDA

Operating profit before depreciation/amortisation and impairment loss, excluding acquisition and restructuring costs and discontinuation of the Norwegian defined-benefit pension plan.

Adjusted EBITDA margin

Adjusted EBITDA as percentage of sales.

Adjusted operating profit

Operating profit excluding acquisition and restructuring costs and discontinuation of the Norwegian defined-benefit pension plan.

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

The annual general meeting of Nederman Holding AB (publ) will take place on Monday, 25 April 2022 at 17.00 at Clarion Hotel Sea U, Kungsgatan 1, Helsingborg.

Registration and participation

Shareholders who wish to attend this Meeting must:

- be registered in Euroclear Sweden's share register no later than Wednesday, 13 April 2022.
- and notify their participation in the Meeting on Tuesday, 19 April 2022.

Registration must be made in one of the following ways:

- by email: stamma@nedermangroup.com
- by phone: 042-18 87 00
- by post: Nederman Holding AB (publ), "Annual General Meeting", Box 602, SE-251 06 Helsingborg.

Registration should include name, personal/corporate identity number, address, telephone number and any advisers. This information will only be used for registering and preparing the voting list. Shareholders who wish to be represented by proxy must

submit a power of attorney in original form with their registration. Representatives of a legal entity must present a copy of the authenticated registration certificate or equivalent authorisation documents showing the authorised signatory of the entity.

The Company will provide proxy forms to shareholders who so wish. The form is also available for downloading on Nederman's website www.nedermangroup.com.

In order to be entitled to participate in the annual general meeting, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of participation to the annual general meeting, register its shares in its own name so that the shareholder is recorded in the share register as of Wednesday, 13 April 2022. Such registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee in accordance with the nominee's routines at such a time in advance as prescribed by the nominee. Voting rights registrations that have been made by the nominee no later than Tuesday, 19 April 2022 will be taken into account in the presentation of the share register.

Dividend

The Board of Directors proposes a dividend of SEK 3.50 per share for the 2021 financial year (-).

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 calendar

- Quarter 1 report, 22 April 2022
- Quarter 2 report, 15 July 2022
- Quarter 3 report, 24 October 2022
- Quarter 4 report, 16 February 2023

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.



Green Awakening



Webinar by Dagens industri and Nederman.



Interview, Sven Kristensson - Q4 and full-year 2021



A strong finish to an excellent year.

NEDERMAN'S YOUTUBE CHANNEL



www.youtube.com/users/nedermanvideos

- ▶ To see the films, scan the QR-code with your mobile or visit our YouTube channel.



Nederman

Nederman Holding AB (publ)

P.O. Box 602, SE-252 28, Helsingborg, Sweden

Visiting address: Sydhamngatan 2, Helsingborg, Sweden

Phone: +46 42 18 87 00

www.nedermangroup.com