Nederman

Annual Report

and Sustainability Report

2016

Contents

2016 in summary

Net sales SEK 3,107.3m (3,198.0), which organically is a decrease of 4.0%.

Adjusted operating profit SEK 250.3m (263.1). Adjusted operating margin was 8.1% (8.2).

Operating profit SEK 250.3m (242.0), which gave an operating margin of 8.1% (7.6).

Net profit SEK 172.1m (152.8).

Earnings per share SEK 14.72 (13.07).

The Board of Directors proposes a dividend of SEK 5.50 (5.00) per share.

Development per quarter

Q1 Improved cash flow. Fewer major projects in the Americas. Two medium-sized projects in EMEA. Good order intake in APAC.

Q2 Strong profitability. Continued uncertainty about major projects in the Americas. Positive development for core business within EMEA. Continued good order intake in APAC.

Q3 Improved cash flow compared with the corresponding quarter of 2015. Solid performance by the core business in the Americas and EMEA. Lower economic activity in China.

Q4 Improved cash flow for the year. Double-digit growth in incoming orders for the core business in both the Americas and EMEA. Continued uncertainty about the economic development in China.

Key figures

SEK m	2016	2015	2014
Net sales	3,107.3	3,198.0	2,826.9
Adjusted EBITDA	298.0	311.0	247.9
Adjusted EBITDA-margin, %	9.6	9.7	8.8
Operating profit	250.3	242.0	165.7
Operating margin, %	8.1	7.6	5.9
Adjusted operating profit	250.3	263.1	200.7
Adjusted operating margin, %	8.1	8.2	7.1
Profit before tax	231.7	214.9	139.0
Net profit	172.1	152.8	94.3
Earnings per share, SEK	14.72	13.07	8.05
Return on shareholder's equity, %	18.9	19.5	13.9
Return on operating capital, %	16.8	19.0	16.2
Net debt	524.3	635.6	556.6
Net debt/equity ratio, %	53.4	75.9	75.9
Net debt/Adjusted EBITDA, multiple	1.8	2.0	2.2
Interest cover ratio	11.8	8.9	7.0

The Annual General Meeting will take place on 19 April 2017.

The Annual General Meeting of Nederman Holding AB (publ) will take place on Wednesday, April 19, 2017 at the Marina Plaza, Kungstorget 6, 251 10 Helsingborg. For further information, see page 110.

Information on data in this report

The figures in brackets refer, unless otherwise stated, to the 2015 business operations. The figures are in Swedish kronor (SEK) throughout. Million Swedish kronor is abbreviated to SEK m and thousand Swedish kronor is abbreviated to SEK t. In the Annual Report, the reported information concerning markets, competition and future growth is Nederman's assessment based mainly on material compiled within the Group.

Distribution policy

The printed version of Nederman's Annual Report is distributed to the shareholders who have specifically requested this. The Annual Report is also available in full on the Group's website: www.nedermangroup.com

This is Nederman

Nederman supplies products, systems and solutions for industrial air filtration in demanding environments. The Company's customers receive help with everything from the design of major system solutions to installation and service. The end result means that customers have a safe and healthy workplace, that laws and regulations are complied with, that production can be conducted in an efficient manner, and that customers' environmental impact is limited.

LONG AND SUCCESSFUL HISTORY

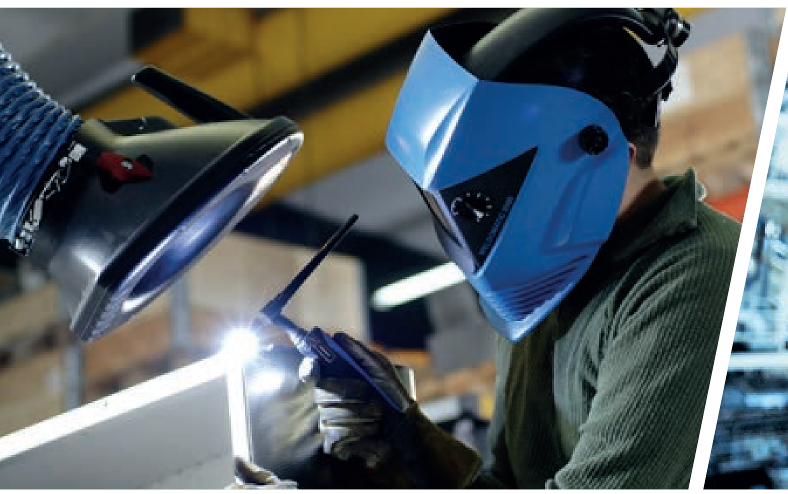
For over 70 years, customers have relied on Nederman's ability to deliver innovative and high quality products and solutions. Nederman has been a well-known brand for many years. Nederman has a strong global presence today. Sales are conducted through our own sales companies and distributors in over 50 countries. The main focus of sales is in Europe and North America, but Nederman is also active in a number of interesting growth markets. Manufacturing is carried out on five continents. Turnover in 2016 amounted to around SEK 3.1 billion. The Company's mission is to contribute with unique know-how and efficient solutions to efficient production, better environment and safer workplaces. The vision is to be the leading global expert in solutions for eco-efficient production. Today, Nederman is a world leader in industrial air filtration.

ECO-EFFICIENCY

Nederman's world-leading solutions are used in industries throughout the world. Metal fabrication industries, fibre-based industries, process industries and the automotive industry's aftermarket are some of the places where the Company's products makes a difference. Throughout the world. Every day. The interaction between health and safety, compliance with legal requirements, production efficiency and reduced environmental impact encapsulates Nederman in the concept of eco-efficiency. In terms of economy, it is about streamlined production, improved product quality, minimised environmental charges and reduced energy consumption. In terms of ecology, it is about better health and safety in the workplace, more efficient use of materials and reduced emissions.

AREAS OF EXPERTISE

Extraction/capture. The first step is to select the best method to capture fumes, dust and particles. All plants have different requirements. With Nederman's expertise and broad experience from different industries, the Company can recommend the most effective solution. For welding, for example, the most effective solution is usually capture directly at source or, alternatively, an extraction arm directed towards the source. Automotive workshops require extraction that effectively removes exhaust fumes. Specially designed cowls for the



capture of fumes and particles are often required within heavy industry. Nederman offers all these types of solutions.

Ducting. When the dust has been captured, it must be transported to the filter. If not done properly, dust can build up in the ducting causing reduced efficiency in the filter system and increased wear on the piping leading to higher maintenance costs and lower productivity. With its own pipes, hoses and other system components, Nederman is able to ensure that the selected parts are suitable for the type of particles to be transported.

Filtration. With decades of experience and the information collected about the customer's needs and the type of particles to be filtered, Nederman can recommend a filter solution that is best suited for the task. A filter solution can range from small mobile devices to large systems with multiple dust collectors. The choice of filter material is an important component of a well-functioning system with optimal life. Since 2015, Nederman has had a dedicated competence centre to further strengthen knowledge in this area.

Safety components. An important element of a complete air filtration system is safety components. Safe handling of combustible dust is a key competence for Nederman. The Company offers products and training for handling combustible dust. Waste must also be handled in a safe manner to minimise risks. Nederman's solutions are designed to minimise exposure when handling waste and replacing filters. The solutions also include products such as ladders and railings for dust collectors to reduce the risk of accidents during installation and maintenance work.

System components & optimization. Nederman offers products that optimise performance, simplify operation, reduce energy consumption and extend maintenance intervals, e.g. fans, valves, control systems etc. The right components can have a dramatic impact on the operating and service costs for an air filtration system.

RAPID DEVELOPMENT

In the last ten years, Nederman has developed from a company with a relatively narrow product range to an environmental technology company that can solve fundamental environmental challenges. The Company is continuing on this path and adding continuously through new solutions and areas of expertise.

EMPLOYEES

At the end of 2016, Nederman had 1,743 employees (1,916). The average number of employees during the year was 1,760 (1,833), of whom 22 percent were women and 78 percent were men. Geographically, the company has the most employees in the EMEA region with 55 percent, followed by the Americas with 28 percent and APAC with 17 percent.

Continued good profitability in challenging markets

The risks we saw in the Americas and Asia came true this year with a marked slowdown in industrial investment. There was increased political unrest in various parts of the world in parallel with this development. Our profitability in 2016 was on par with 2015 despite this unfavourable investment climate.

STABLE DEVELOPMENT IN EUROPE

Europe was the market with the most stable development in 2016. Despite continued low industrial investments, we were able to further strengthen our profitability in this market area thanks to continued efforts to make the business more efficient and less dependent on project sales. The improvement work includes the digitisation of marketing and sales as well as the modernisation of production.

The improvements in recent years have meant that the EMEA operating segment has created a stable platform that has made the organisation less sensitive to fluctuations in the investment climate and that profitability has been established on a good and sustainable level. The improvement work has also meant that Nederman strengthened its position in the market significantly and is well positioned for the future.

FEWER MAJOR PROJECTS IN THE USA

The US market was characterised in 2016 by declining industrial production, which meant that many investments were postponed. For Nederman the low investment levels meant that sales of large projects in the US market fell compared with 2015. During the last two quarters, we saw a positive development in some industrial segments with increased sales of consumer-oriented and fast-moving products.

SUBDUED DEVELOPMENT IN ASIA

In the long term, there is a lot going for Nederman in Asia. The stricter environmental laws in China will lead over time to an increased demand for efficient environmental technologies. One example is China's own regulations for hazardous environments, showing how seriously the Chinese authorities view this issue. Currently sales of environmental technology are limited by China's industrial overcapacity. In a difficult economic situation, environmental investments tend to be postponed.

At the same time, there is much Nederman can do internally to streamline operations, and we are currently conducting a strategic and organisational review to build a stronger platform for future expansion.

STRATEGY FOR GROWTH

Nederman's strategy for growth focuses on developing the Company's organic growth and carrying out additional acquisitions that strengthen our offering. Organic growth will be achieved mainly through investments in selected markets with good development potential. We will also continue our work to strengthen current product sales and develop our service offering. In the long term, we see an increased interest in environmental technology, not least in terms of our configured system solutions that are not as cyclical as the larger installations. The demand for environmental technology is also driven by the fact that in several markets the authorities control compliance with applicable environmental legislation stricter than before.

We will also continue the strategic work to streamline our sales and distribution. The focus of this work is to establish digital channels which increase demand for our products and solutions while positioning Nederman as the market's absolute knowledge leader. In 2016, we conducted a further step in Nederman's digital transformation with cloud-based solutions linked to the Company's products. The system collects and analyses value-creating information in order to help customers monitor system performance, plan service needs and monitor compliance with laws and regulations.

SUSTAINABILITY

Nederman has taken decisive steps in recent years within sustainability. Among other things, we have implemented our Code of Conduct within the whole Group and developed Nederman Operations System, which controls how our manufacturing units work and report. The most important steps in our sustainability efforts in 2015 and 2016, however, were when we conducted extensive analytical and strategic work to fully integrate sustainability into our business strategy. This work will now pass into a more concrete phase, which includes the development of business plans in various parts of the Company, definition of central and local indicators and the development of a clear brand identity. When all the work is completed sometime in 2018/2019, the ambition is that Nederman will be a company which, by having integrated sustainability in its strategy, is the obvious choice for all the Company's stakeholders.

PROFITABILITY

In parallel with improving Nederman's growth, we are also working to strengthen the Group's profitability and in 2016 we have been able to establish that the efficiency program for our sales and service processes in EMEA has continued to deliver.

We are also continuing the gradual regionalisation of manufacturing and purchasing, leading to lower costs and more efficient distribution while coming closer to our customers. We also expect that the new products currently in development will not only give our customers added value, but also make production and distribution more cost effective.

OUTLOOK

It is difficult to evaluate the development of the world economy in 2017. Nederman's basic assumption is that 2017 will largely be similar to 2016 with subdued willingness to invest in many markets. Despite the challenging market situation, we expect to achieve improvements in 2017 by continuing efforts to strengthen Nederman's position in several key areas.

Sustainability issues are becoming increasingly important, especially for large international companies. Nederman has a stated ambition to grow through partnerships and to develop with the Group's major customers. Nederman's continued success will be based on the implementation of new technology to make the business operations more efficient, and more effective communication of the values that Nederman offers its customers.

With its long experience and strong offering in environmental technology, Nederman is well-positioned to continue to grow. I would like to thank Nederman's employees, customers and shareholders for this.

Sven Kristensson
President and CEO

Strategy and value creation

Lower environmental impact

Nederman's mission is to protect people, products and our planet from the harmful effects of industrial processes. In this way Nederman helps to create safe work spaces, efficient production and significant environmental benefits. Clean air is the cornerstone of sustainable production.

Fumes and particles generated during the manufacturing process must be efficiently captured to safeguard product quality, the service life of equipment, compliance with environmental regulations, as well as safe and healthy workplaces. Manufacturing companies wish to increase profitability by making their operations as efficient as possible. They must meet strict environmental requirements and protect their employees from hazardous particles. Nederman can help them on all counts - it's how we create value.

GLOBAL TRENDS DRIVING DEMAND

Awareness of the significance of the internal and external environment is increasing globally, leading to stricter legislation and controls. Strong needs linked to efficient production, environment and health are driving demand for Nederman's products and solutions. Read more about key global drivers in the Sustainability Report on page 34.

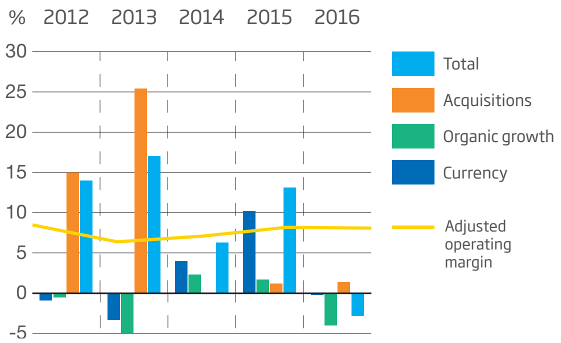
FINANCIAL OBJECTIVES

Over a business cycle, the annual sales growth should be 8-10 percent and the adjusted operating margin at least 10 percent.

STRATEGIC PRIORITIES

In order to realise the financial objectives, Nederman is working on four priority areas: expansion into new customer and market segments; developed positions in the value chain; geographic expansion; and the development of new products and solutions, see the next suggestion.

Sales growth and margin development



During the last five years, sales growth has averaged 9.4 percent, which is within the goal of 8-10 percent. During the period, the adjusted operating margin varied between 6.4 and 8.5 percent and in 2016 amounted to 8.1 percent. The average dividend during the period was 46 percent of net profit.

This is how Nederman creates value for its customers

HEALTH AND SAFETY

It is profitable for employers to provide a clean and safe working environment. Several studies carried out in recent decades show that industrial workers who work in a clean and safe environment, without dangerous fumes or particles, are both more efficient and have lower absence due to illness. In the competition for highly qualified workers, it is becoming increasingly important to provide clean, safe and attractive workplaces in order to attract the best people.

In the welding industry, inhalation of welding fumes is one of the most serious risks. Welding fumes contain substances that can cause serious illnesses in the long term. Therefore, it is important to avoid welding fumes and Nederman offers a wide range of solutions for a safe working environment within the welding industry.

COMPLIANCE WITH LAWS AND REGULATIONS

Globally, each year 5.5 million people die prematurely of diseases related to air pollution. More than half of these deaths are in India and China. This means that air pollution is the second biggest cause of premature death worldwide. Only smoking kills more people.*

A lot is being done to counter air pollution, and countries around the world are tightening their regulations and reducing emission threshold limits. Since industrial production is a major contributor to air pollution, many industries are facing new challenges. Nederman's efficient air filtration systems enable compliance with regulations and fines to be avoided in a variety of different industries.

*** WHO report "Global impact of diseases," published in 2016.**

PRODUCTION EFFICIENCY

Just as dust and smoke is harmful to humans, it can also shorten the life of machines and other production equipment. Dusty production environments can also adversely affect product quality, leading to product rejection and delayed deliveries. Generally speaking, air pollution leads to recurring problems and lower profits. Clean air is thus in many ways pure profit.

Nederman also offers energy-efficient solutions that can contribute to significant energy savings and solutions for the recycling of valuable materials, e.g. cutting fluids and wood and metal shavings. In this way Nederman contributes to sustainability and profitable production.

LOWER ENVIRONMENTAL IMPACT

Nederman contributes to a better environment through its solutions and expertise that minimise air pollution and help customers create a more sustainable production. Nederman also helps customers to recycle valuable waste such as metals and wood. In this way, Nederman helps to optimise the use of limited resources.

Nederman also works actively to minimise the environmental impact of its own production. Already during the development of new products, solutions are designed for long life with clever use of materials and efficient operation. Products should be manufactured with the lowest possible environmental impact and the aim is to reduce energy consumption in relation to sales by 20 percent by 2020 (compared to 2013). As for the waste generated in production, the target is that 95 percent will go to recovery by 2020.

Strategic priorities

EXPANSION TO NEW CUSTOMER AND MARKET SEGMENTS

Since 2003, Nederman's sales have grown from SEK 735m to SEK 3,107m in 2016. This development has been achieved by means, among other things, of a major expansion of its customer offering through acquisitions. Through acquisition, Nederman has significantly broadened its offering to include complex industrial processes, filter technology, management of oil mist, metal chip and swarf, ash and lime. Nederman is working continuously to identify interesting areas of expansion.

One example of a new market segment is the growing market for district heating plants with environmentally friendly coal-fired power stations in China. Nederman achieved an important breakthrough in this interesting market in 2015.

DEVELOPED POSITIONS IN THE VALUE CHAIN

With a strategic focus on streamlining sales and distribution, Nederman has begun a digital transformation that involves a change in the way we communicate and do business. With a focus on digital channels, Nederman will increase demand and generate qualified business opportunities.

In 2016, the second stage in Nederman's digital transformation was launched, Nederman Insight, a cloud-based solution linked to the Company's products. Nederman Insight collects and analyses value-creating information in order to help customers to monitor system performance, plan service needs and monitor compliance with laws and regulations.

DEVELOPMENT OF NEW PRODUCTS AND SOLUTIONS

Nederman is continuously developing its offering to meet the highest standards of performance and service life as well as lower energy consumption and maintenance costs. Nederman's L-series, which was launched in 2015, had a good start to sales in 2016. This resulted in a shift in sales from the older MJ filter models to the new, modern L-series which offers several advantages for increased production efficiency.

GEOGRAPHIC EXPANSION

Nederman has gradually expanded its business operations to an increasing number of countries around the world. Today, the Group has particularly strong positions in North America and Europe. The aim is to establish a successful operation in more countries.

In South America, Nederman has built a strong organisation in Brazil and is currently working to do the same in Mexico. Nederman is also present in selected markets in Asia, which the Group believes is an interesting market in the long-term.

Products and solutions

We are specialists in advanced air filtration in demanding industrial environments. Our solutions help to reduce environmental impact, create good working environments and increase production efficiency.

Nederman's offering encompasses everything from individual products, total solutions, design, installation, and commissioning to service. Many of our solutions have been pioneering in their ability to streamline production, reduce environmental impact and improve the working environment.

SALES MODEL

Nederman's sales model is divided into three segments in order to deliver solutions to customers' challenges as effectively as possible.

Product sales

Nederman has a wide range of standard products that solve common problems related to smoke, gas, dust, materials recycling, the working environment and efficient production. Product sales are primarily via distributors and resellers.

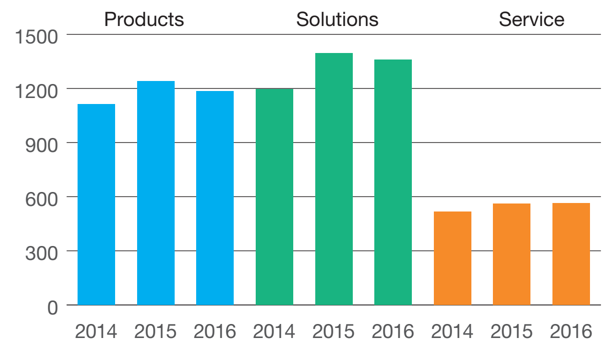
Solutions

Solutions consist either of individual products in the Nederman range which are assembled to build smaller 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 through Nederman's own sales organisation.

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.

Sales per segment, SEK m



Priority market segments

METAL FABRICATION

Air pollution, such as welding fumes and oil mist, is a common problem in metal fabrication. The particles that arise can be harmful to employees at the same times as they may give rise to unclean surfaces and damage, for example, electronic components in production plants. There are also strong economic incentives to recycle waste products such as cutting fluids, abrasives and metal shavings. Stricter requirements and standards for the working environment are also driving demand in this area.

Nederman's products solve challenges within metal fabrication by capturing welding fumes, oil mist and other particles at source and by separating cutting fluids, abrasives and metal shavings for recycling. We have a complete range with everything from mobile filters to total solutions for entire production lines and plants. Solutions are also available for welding robots and machines in automated manufacturing processes.

FIBRE-BASED INDUSTRIES

Dealing with dust, powder, fumes and vapour generated in production is a major problem for many industries such as the wood and composite fabrication industries, and also for other industries such as the pharmaceutical and food industries with their very high standards of hygiene and safety. The particles generated during manufacturing may be hazardous to inhale, while also impairing product quality at the same time. Certain types of dust can also give rise to a risk of fire and explosion.

Nederman's products and solutions are in many cases necessary for safe and efficient production by our customers. Our offering includes solutions that not only enable a safe working and production environment, but also dispose of waste products for various forms of recycling. In larger plants, the equipment is often completely integrated in the customer's processes where it contributes to efficient energy use. For smaller plants and processing operations, there are tool-specific applications that capture the particles directly at source.

PROCESS INDUSTRIES AND ENERGY PRODUCTION

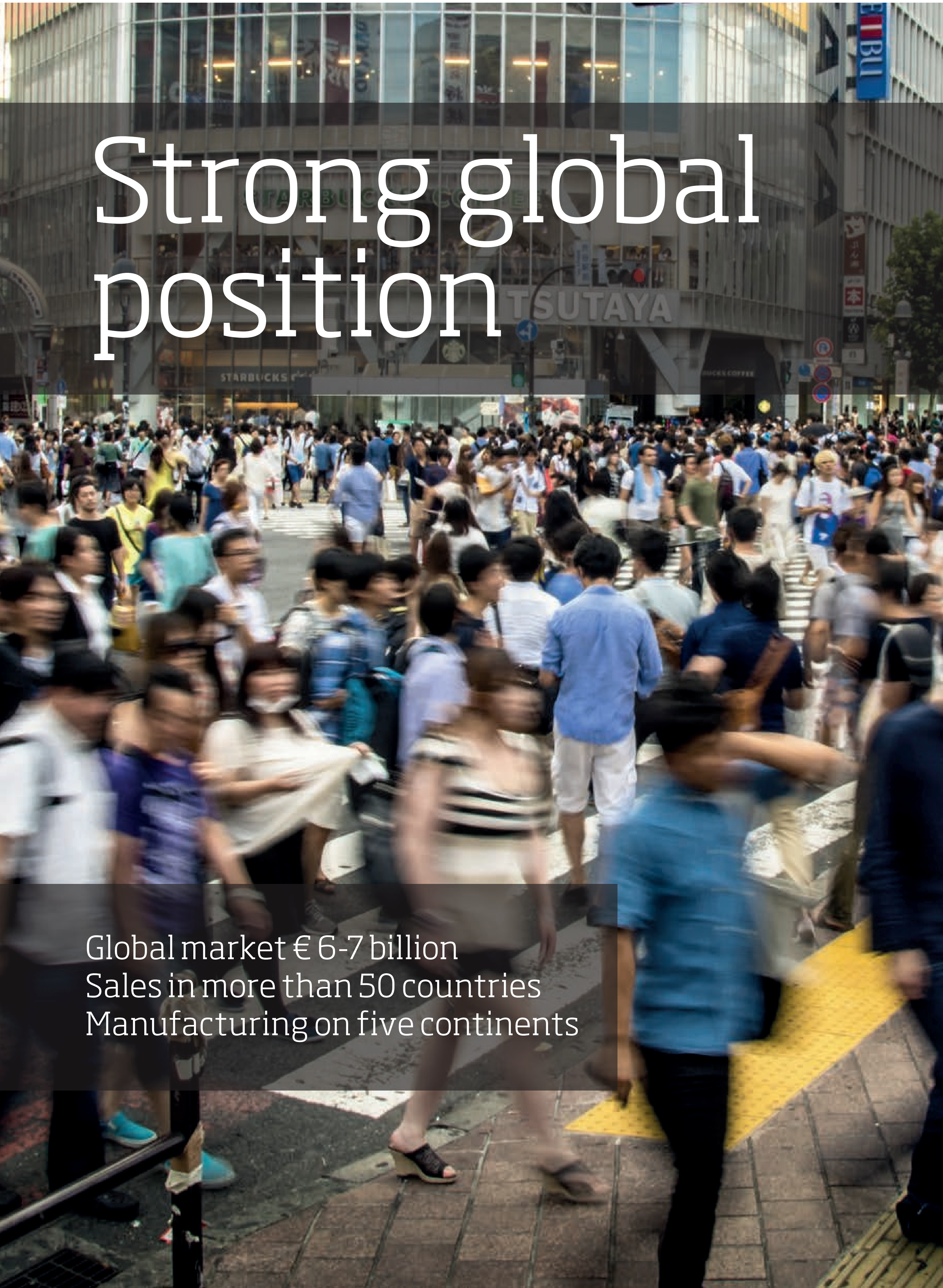
There is an ongoing global expansion of processing plants and incineration plants to meet growing demand for metals and energy. These production plants generate hot gases, which contain harmful particles.

Nederman has developed complete environmental systems for foundries, smelters and various types of combustion plants. The Group also offers solutions for recovering resources in waste facilities. Nederman's solutions primarily cover large filter systems that meet the highest demands for performance while minimising energy consumption and maintenance costs. In many cases, Nederman takes full responsibility and handles the design, installation and commissioning as well as ongoing service of the plants.

AUTOMOTIVE INDUSTRY AFTERMARKET

Nederman provides solutions that ensure a good working environment in vehicle repair workshops, vehicle inspection stations and for emergency vehicles. Nederman is a world leader in systems for handling vehicle exhaust fumes and offers a wide range of solutions for both large and small vehicle repair shops.

The solutions ensure a clean and safe working environment while helping to make the workstations ergonomic and efficient. The systems deal with the exhaust fumes directly from exhaust pipes. They also include solutions that streamline the handling of hoses and cables and deal with particulates and fumes generated during grinding, welding and painting.



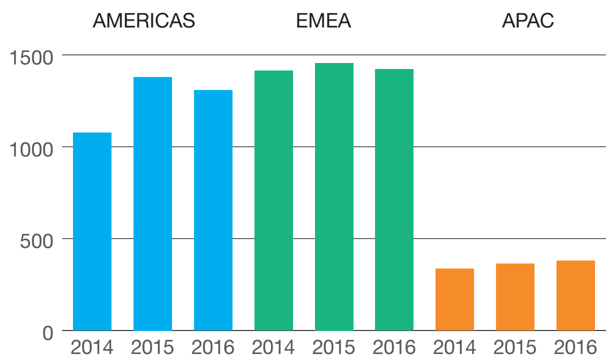
Strong global position

Global market € 6-7 billion
Sales in more than 50 countries
Manufacturing on five continents

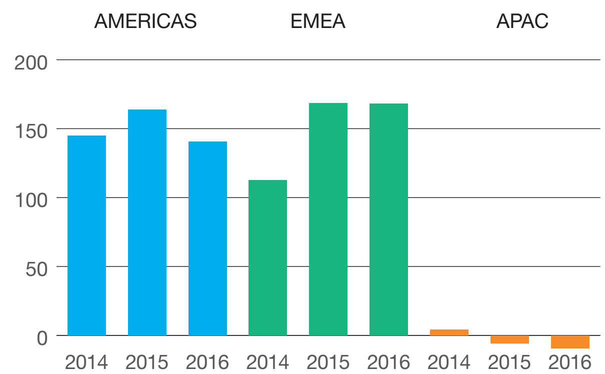
Nederman has a strong global presence. Sales are conducted through our own sales companies and distributors in over 50 countries. The main focus of sales is in Europe and North America, but Nederman is also active in a number of growth markets. Manufacturing is carried out in eleven countries on five continents.

The Group is organised in three operating segments: The Americas (North and South America), EMEA (Europe, Middle East, Africa) and APAC (Asia and Oceania). Each operating segment is responsible for both sales and product supply in its area.

Sales per operating segment, SEK m



Adjusted operating profit per operating segment, SEK m



MARKET AND COMPETITION

The global market for air filtration is estimated to be EUR 6-7 billion and is growing by about 1 percent faster than the global growth in GDP.

The major part of Nederman's sales are in Europe and North America, but the Group is developing its positions in Eastern Europe, Asia Pacific and Brazil.

Competitors generally have a narrower product range and more limited geographic coverage. Within individual application and product areas, competition is often from regional or national companies.

SALES ORGANISATION

The Group has its own sales companies in 25 countries and distributors in a further 30+ countries. The Company strives to attain a good balance between direct sales and sales through distributors in order to effectively reach customers with different needs as efficiently as possible.

Having a strong local presence is of great importance to Nederman in order to be able to meet changes in market needs and deliver complete solutions. At the same time, sales through distributors means that good market coverage can be achieved even for single products and smaller systems.

The Company's own sales organisation has been developed in recent years in order to strengthen its presence in both existing and new markets. A regional structure has been established for sales and technical support in the developing markets and within specific business segments.

SERVICE

By offering qualified service with good availability, Nederman helps to ensure continuous and optimised production for customers. This is especially important as the Group increasingly works with total solutions for large installations, solutions that are often critical to production for customers.

The need for services is also increasing in pace with the fact that the installed base of equipment from Nederman is growing in all markets. Therefore, the Group has its own service organisation in many countries. The service organisation is currently being developed to meet the needs of the growing markets in Asia and Eastern Europe, among others.

PRODUCTION

At the end of the year, the Group had production and assembly units in eleven countries. There are five units in Europe: Sweden, Denmark, the UK, Poland and Germany. In Asia, there are plants in China and Thailand. There are also units in Australia, USA, Mexico and Brazil.

All production is carried out in accordance with the Nederman Operations System with common principles for customer focus, result driven leadership, committed employees, continuous improvement and visualisation. The aim of the Nederman Operations System is to achieve more satisfied customers, dedicated employees, reduced environmental impact, safe and healthy workplaces, the right product quality and cost-effective operations.

Nederman has global certification for quality and the environment, in which all production units in Nederman and Nederman Holding AB are included. In May 2016, Nederman, as one of the first companies in Sweden to do so, upgraded its global certification to the new revisions of the ISO9001:2015 and ISO14001:2015 standards.

The Americas

Weak demand for large systems. Positive development for core business.

The Americas operating segment posted a weaker performance in 2016 after the strong growth in 2015. Incoming orders for the full year totalled SEK 1,194.5m (1,380.1), which organically is a decrease of 16.7 percent. The fall is explained in its entirety by significantly lower demand for the group's large system solutions. The core business with standard products, smaller systems and services saw a positive development and grew during the year. Adjusted operating profit for 2016 amounted to SEK 140.4m (163.8).

WEAK INDUSTRIAL DEVELOPMENT

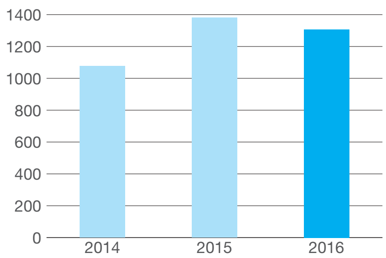
Focus during the year has been primarily on developing the core business, including training initiatives and developing relations with the various partners of the operating segment. In this way, Nederman Americas expects to reduce the dependency on sales of large system installations. In the USA, which is the operating segment's most important market, industrial production and investments by industry fell during the year. The lower activity applied in principle to all the industrial segments in which Nederman is active, with the exception of the wood products industry which saw positive developments thanks to the strong housing market in the USA. There were few potential projects during the year and the outlook for system sales in the next few quarters is deemed to continue to be weak.

DEVELOPMENT PER COUNTRY

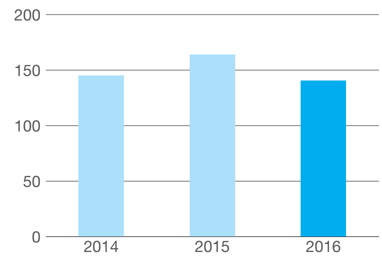
In 2016, the US market was characterised by prolonged decision-making processes for large projects. For Nederman this meant that the demand for large system solutions fell significantly. Looking at the full year, incoming orders declined by about 50 percent for this part of the customer offering. The housing market continues to perform well in the USA, which had a positive effect on Nederman's sales to the wood products industry. Nederman's core business with products and services had a solid performance during the year. Canada saw a positive development during the year. This positive development is driven, among other factors, by an agreement with a national distributor in the welding segment, which has resulted in a positive effect on core business. Brazil has been characterised for a long time by low economic activity. Despite this, Nederman has had a relatively good development in the country and after a weaker third quarter incoming orders increased again in the last quarter of the year. Mexico accounts for a limited part of Nederman's sales in the Americas. The focus is currently on developing the core business in the country, but the political situation in the region makes it difficult to assess how the development will be in 2017.

Overview 2014-2016

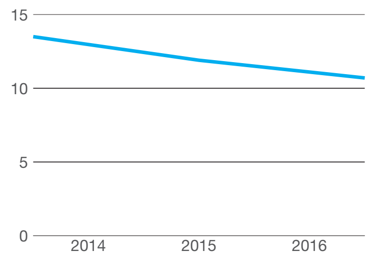
Net sales, SEK m



Adjusted operating profit, SEK m



Adjusted operating margin, %



See Note 3 for further information.

FOCUS ON OUR CUSTOMERS

Safe and cost-effective air filtration in the recycling of batteries

The recycling of lead batteries is a potentially environmentally hazardous activity which is safeguarded by strict regulatory requirements. For these activities to be environmentally safe, effective filtration is required in order to prevent harmful lead particles escaping into the air. We often use so-called HEPA filters (High Efficiency Particulate Air) . One disadvantage of this procedure is that production has to be halted when the HEPA filter is being replaced. In order to solve the problem, Nederman has designed a filter that consists of four modules. Since three modules are sufficient for an effective air purification, the modules can be replaced one at a time without the need to halt production. In this way, environmental safety is maintained while preserving production efficiency.

FOCUS ON OUR CUSTOMERS

Lower operating expenses

When customers expand their businesses, we find solutions that help them grow in the most cost-effective and sustainable way. The US company idX manufactures wooden furnishings and shelves for the retail, hotel and restaurant sectors, among others. When idX expanded its plant in the state of Indiana, they needed an effective solution for dust handling for a larger production facility.

Their dust collector was equipped with several additional fans, which eliminated the need for a second dust collector system. The result is huge energy savings and lower total cost of ownership (TCO) thanks to fewer filter changes and reduced maintenance costs.

FOCUS ON OUR COMPANY

New forms of cooperation with partner companies

Nederman Americas works with a number of different distributors for its product sales. A range of activities were carried out in 2016 to increase sales via distributors. In Canada, a portal was launched to train the retail staff of a selected distributor. This was the first time that Nederman had carried out anything similar and the result was very promising with a significant increase in sales.

In the USA, training was carried out on Nederman's product range for selected distributors in 2016. The training was conducted both online and in a classroom environment, and culminated with certification for the participating distributors.

FOCUS ON OUR PLANET

Significant reduction in waste volumes at the Trenton production facility

At the end of 2014, Nederman's plant for the production of filters in Trenton, South Carolina, initiated an environmental project that aims to reduce the plant's waste volumes, which at that time amounted to 15 tonnes per month. The costs of waste management were also significant.

By initiating partnerships with several recycling companies, the plant in Trenton was able to quickly increase the proportion of recycled material and waste volumes fell from the previous 15 tonnes a month to 2.6 tonnes. These effective efforts have also meant that the percentage of recovered waste has risen from just over 20 percent in 2014 to 77 percent in 2016. The annual savings are estimated to total USD 40,000.

DRIVING FORCES

Industrial production and investments in industry fell in 2016, but there are still a number of driving forces working for a positive development for Nederman Americas. Providing a good working environment in different types of process industries is increasingly important in order to be able to recruit personnel and to comply with existing laws and regulations. Air emissions are also regulated by law in most countries in the region. Another trend that is growing ever stronger is the interest in energy recovery. Nederman also markets products and solutions that make production environments cleaner and operations more stable with minimal disruption to the customer's business. The economic argument for Nederman's solutions is particularly clear in this context. In the Americas, there is evident growth in areas such as the automotive, construction, wood and textile industries, which means an increasing demand for the Group's products and solutions. The fact that American companies, in the wake of lower energy prices and political intentions, are moving back production previously outsourced to Asia, has the potential to increase industrial activity.

ORGANISATION

In 2016, the organisation in the Americas has carried out a number of activities to strengthen competitiveness in product sales and thereby to reduce dependency on sales of large projects. In Canada, Nederman launched a customer portal as part of the ongoing digitisation of sales and marketing. Training was also conducted in Canada on Nederman's product range for retail staff at one of Nederman's distributors. This is the first time anything like this has been done and the training resulted in a significant increase in sales. In the USA, Nederman has carried out in-depth sales training in selected product lines and also implemented certification of the company's distributors to ensure that they have good knowledge of the product range. Nederman has also started to work with regional agents in order to identify large projects in an effective manner.

Nederman Americas is represented by its own sales companies which handle product sales and service in the USA, Canada, Mexico and Brazil. In other countries, this activity is handled by local distributors. In addition to the national sales companies, Nederman Americas has a regional organisation working on project sales of customised systems, which requires high competence and large resources. The clear division between product sales and service on the one hand and project sales on the other was carried out in 2014 and this has also contributed to development in 2016. Mexico has a potential that has not yet been fully utilised and the management of Nederman Americas continued in 2016 the long-term efforts to develop this market where growth is expected to be very good for a long time to come. Nederman had a total average number of employees of 486 (540) in the Americas in 2016.

OPERATIONS

One important explanation for the success of Nederman Americas in recent years is the local manufacturing capacity. By being able to manufacture large parts of the product range close to its most important customers and in the dominant currency, significant benefits are achieved in terms of lead times and reduced currency risks.

THREE QUESTIONS TO PER LIND, SVP & HEAD OF AMERICAS

How do you view the development in 2016?
"The trend in 2016 was two-tiered. Our core business performed well with growth for smaller systems and products. Despite this positive trend, we were not able to fully compensate for the sharp decline in demand for large systems. The reason for the reduced system sales is primarily the decrease in industrial activity in the USA, which led to the postponement of several potential projects."

What were the highlights of the year?
"The performance in Canada was very pleasing. After several years of weak demand, we saw a rise in incoming orders in 2016, partly as a result of the marketing and training activities we undertook during the year. I am also pleased that we continued to be successful in the challenging market in Brazil."

How do you see the future for the Americas?
"I feel a certain amount of confidence for 2017. We expect the positive trend for our core business to continue during the year. In terms of sales of large systems, we expect continued low activity and high uncertainty for some time to come. Even if industrial investments in the US were to increase, we expect that there will be a delay before Nederman sees any increase in demand."

EMEA

Continued improvements to profitability and positive development of incoming orders.

The EMEA operating segment showed positive growth in 2016 after a strong end to the year. Incoming orders increased organically by 0.6 percent despite fewer large projects booked during the year. In terms of the core business of product sales, service and smaller projects, incoming orders increased organically by 2.6 percent during the year. Profitability was boosted for the fourth year in a row with an adjusted operating margin of 11.8 percent (11.6). Sales for the full year totalled SEK 1,420.6m, which organically is a decrease of 2.5%.

CLEAR FOCUS DURING THE YEAR

2016 was characterised by a clear focus on the continued development of the core business, which is not as cyclical as the sales of large projects. The result of this work was evident in the form of rising volumes for products and services. Order volumes from large projects fell although two major projects were booked in the last quarter of the year.

GOOD SALES WITHIN TRADITIONAL SEGMENTS

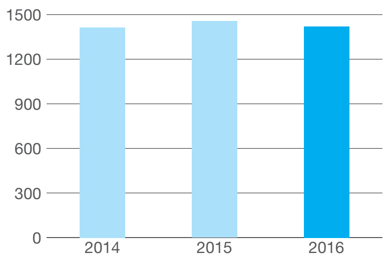
The positive order intake in 2016 can be attributed primarily to the good development of incoming orders from the region's automotive industry, various metal-processing industries and composite machining industries, especially wind power and aerospace industries.

GOOD DEVELOPMENT IN SEVERAL MARKETS

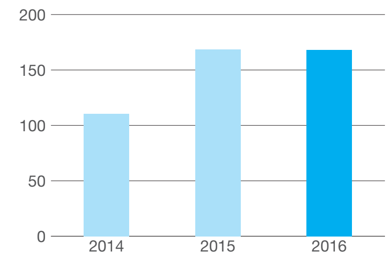
Germany and the UK are two important markets, which experienced somewhat different trends during the year. Germany saw double-digit growth in incoming orders of 10.1 percent, while the UK fell organically by 17.2 percent. The significant reduction in the UK is mainly explained by the absence of large projects in 2016 and the marked decline in orders immediately following the Brexit referendum. The UK market recovered quickly and incoming orders grew by 24.2 percent in the last quarter. In general, the countries of Southern Europe posted a strong performance in 2016. In France, incoming orders increased by 6.8 percent after a strong close to the year. Iberica (Spain and Portugal) had an even stronger growth of 13.4 percent. Distributor markets (the markets in which the operating segment does not have its own sales company) also had a strong order intake in 2016. The Nordic countries and Poland had incoming orders on a level with 2015, while the Czech Republic had a weaker 2016 after the record year in 2015. In Turkey, the political situation had a major negative impact on the business climate with declining volumes as a consequence.

Overview 2014-2016

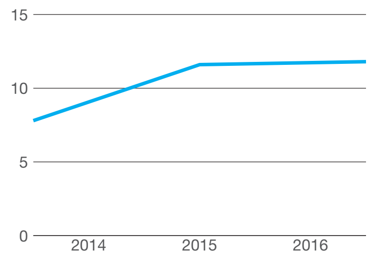
Net sales, SEK m



Adjusted operating profit, SEK m



Adjusted operating margin, %



See Note 3 for further information.

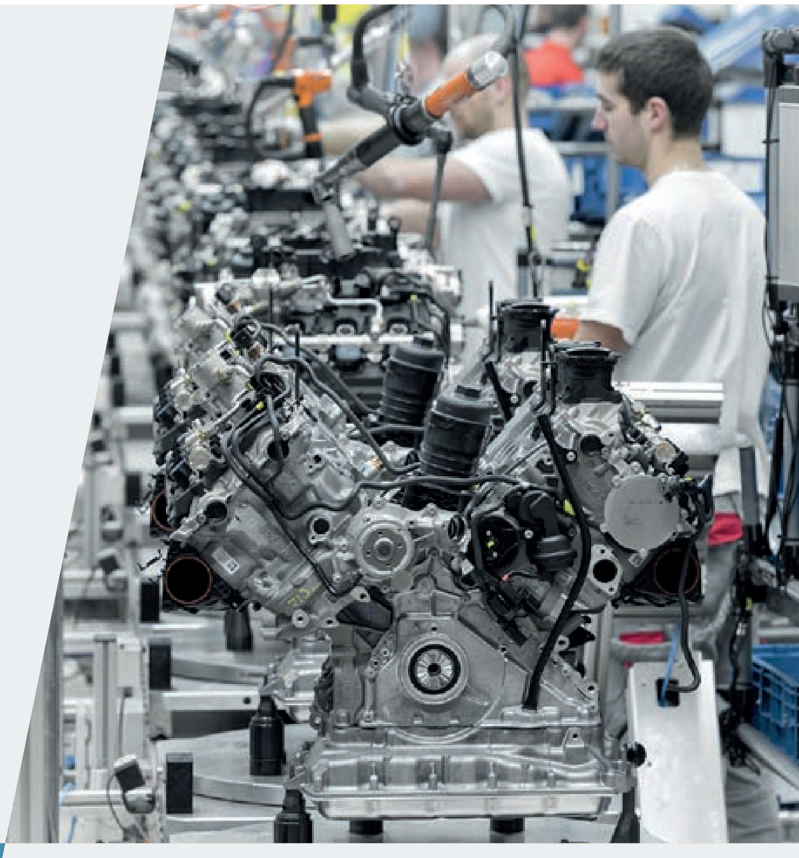
FOCUS ON OUR CUSTOMERS

Cleaning the air from oil mist

In 2013, one of Europe's largest production plants for automotive engines and vehicles was opened in Hungary. In 2016, just over 1.9 million automotive engines were manufactured and 123,000 vehicles rolled off the assembly line.

One of the challenges for the plant was the problem of oil mist arising from the manufacture of engine blocks. The air filtration technology used was not efficient enough. Oil mist in the air destroyed the building's roofing, which caused extensive maintenance work and production disruptions.

After installation of Nederman Fibre Drain-based solution for the management of oil mist, the air is now clean, which has reduced maintenance and improved the working environment.



FOCUS ON OUR CUSTOMERS

Energy savings

Filter systems can account for as much as 30% of a plant's total energy consumption. Therefore, there is a lot to save on energy-optimising the plant, which requires close cooperation and customised solutions.

A global manufacturer of rotor blades for wind turbines compared the energy consumption of a solution from Nederman with other solutions. The result was that other filtering solutions would consume 510,000 kWh, while Nederman's solution consumes 340,000 kWh - a saving of 33 percent.

The manufacturer has a strong focus on sustainable production and manufacturing of the large blades takes place in production facilities in the vicinity of where the wind turbines will be installed. Nederman now delivers energy efficient filtration systems worldwide.

FOCUS ON OUR COMPANY

Nederman's experts help customers to prevent dust explosions

Dust explosions are a major hazard in many industries, and the consequences can be devastating. Preventing dust explosions by providing adequate equipment and expert knowledge is therefore a priority area for Nederman. Nederman has had for a long time a wide range of products that minimise the risk of dust explosions. To further strengthen its ability to help its customers, the Company has continuously trained and certified internal experts since 2014. In 2016, this work continued in EMEA with the training of various target groups, including members of management, sales and product developers. The training courses were conducted both in a classroom environment and as e-learning. A select group within product and application development also participated in a realistic exercise with controlled dust explosions. During the year, 15 new internal experts were certified within EMEA.

FOCUS ON OUR PLANET

More efficient operations in Poland

In 2016, Nederman EMEA implemented a programme for a fundamental change of the production flow and working methods in production at the plant in Poland with the aim of establishing a lasting increase in efficiency and laying the foundation for further improvements. Another important goal was to increase energy efficiency within business operations and to establish an optimal utilisation of raw materials in the factory. To do this, a series of initiatives was implemented to strengthen the organisation, including training in IT in order to increase computer skills to the level that the new approach requires. The management at the plant in Poland also developed an ambitious HR programme during the year to identify the individual competencies of employees and to identify appropriate people to lead the new approach. This work resulted, among other things, in individual development plans for 25 employees at the production facility in Poland.

DRIVING FORCES

Requirements for safe work environments and reduced emissions from industries and a growing realisation of the real costs of environmental damage are factors that have a long-term positive effect on Nederman's operations in EMEA. In new and future EU countries that need to adapt to EU requirements, tougher legislation also plays an important role. At the same time, the company's action within the environmental field is becoming increasingly important for its reputation and brand. As globalisation intensifies competition, the economic arguments for Nederman's products and systems are becoming clear. By investing in the Group's products, customers can ensure high production efficiency as well as attractive and safe working environments.

ORGANISATION

In 2016, Nederman EMEA continued ongoing efforts to streamline operations and enhance long-term competitiveness while increasing the organisation's focus on delivering high customer value. These efforts include an extensive digitisation of the sales and marketing processes with a focus on value-based sales. Among the new digital tools are a web shop for retailers and other digital tools that make it easy to buy from Nederman. The new tools with good product information and efficient order processing have been very well received. The aim is also to position Nederman as a knowledge leader and the obvious partner within industrial air filtration. During the year, a series of training programmes were carried out in areas such as value-based sales, project management and leadership. Preventing dust explosions is one of Nederman's areas of expertise, and in 2016 certification of internal experts continued in order to further strengthen Nederman's ability to manage critical safety issues in a professional manner. Today, Nederman is represented by its own sales organisations in most Western European countries as well as in several countries in Eastern Europe, including Poland and Russia. In the countries where the Group has no representation, sales are carried on through distributors. Nederman had an average total number of employees of 970 (977) in the EMEA during 2016.

OPERATIONS

During the year, Nederman EMEA continued the ongoing improvement of operations at the manufacturing units, including significantly streamlining production facilities in Poland. The Nederman Operations System production management system was further developed during the year, which led among other things to more efficient flows in the production facilities and after the substantial improvement efforts in recent years, delivery accuracy is now at a high and stable level. The unprofitable production facility in France was shut down in the last quarter of the year. Sustainability work has been strengthened including through a transition to renewable energy at the plant in Helsingborg from 1 January 2017 and by reducing waste volumes in production.

Nederman EMEA has manufacturing in the following locations in Europe: Assens, Denmark (manufacturing); Marki, Poland (manufacturing); Leeds, UK (manufacturing); Helsingborg, Sweden (assembly and distribution); Kinna, Sweden: (manufacturing); Töredal, Sweden: (manufacturing); and Friesenheim, Germany (manufacturing and assembly).

THREE QUESTIONS TO HANS DAHLÉN, SVP & HEAD OF EMEA

How do you view the development in 2016?
"2016 was a positive year for us with an organic growth of incoming orders, not least in Q4, and continued strong profitability. Focus during the year has been on developing core business and it is pleasing to be able to see that this resulted in improved operating margin despite slight reduction in sales volumes."

What were the highlights of the year?
"There are no specific highlights I wish to emphasise. I would rather point to the long-term work that we have carried on for a few years now. Every year we have strengthened our competitiveness in different ways. If I have to choose one initiative in 2016, it would be the digitisation of marketing and sales. This is an initiative that will be of great significance in coming years."

How do you see the future for EMEA?
"We go into 2017 with a strengthened position and I feel cautious optimism. We have built a solid platform and at the same time we have identified a number of areas where we can further improve. We can continue to develop our customer value, organisational efficiency and profitability. Our professional and dedicated organisation, which has delivered the positive development in recent years, means that my view of the future is bright."

APAC

Weak demand in many markets. Positive trends in India and Australia.

The APAC operating segment posted a weak performance in 2016 with incoming orders that amounted to SEK 358.4m (360.2), equivalent to an organic growth of 1.7 percent. Developments in the region's markets were mixed, with positive trends in countries such as Australia and India, while demand was generally lower in China and Southeast Asia. Sales totalled SEK 379.6m (362.6), equivalent to an organic growth of 7.0 percent. The adjusted operating loss for the full year was SEK -9.3m (-5.7).

FOCUS FOR THE YEAR

In 2016, the focus has been on adapting the organisation in APAC to the prevailing business climate with weak demand in commodity-intensive countries and financial turmoil in China, which has meant that it has been difficult for the Group's customers to find funding for various types of industrial investments. During the year, we completed the cost and structural adjustments in Thailand and Australia. Production in Thailand has been streamlined to now focus on producing a limited number of products in an optimal way.

DEVELOPMENT PER COUNTRY

The weaker demand in the Chinese market in 2015 continued into 2016. The expansion of industrial production was slower than previously, which resulted in lower incoming orders and sales.

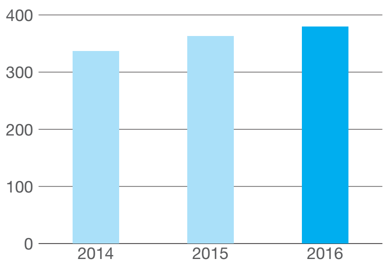
Southeast Asia also posted a weak performance during the year. Above all it was the development in Thailand that burdened the region with continued weak demand in the wake of the political turbulence that emerged during the year.

India reported slightly weaker growth during Q4, but experienced a positive trend in 2016 as a whole. The positive development is driven, among other factors, by the general high growth experienced by the country's manufacturing industries.

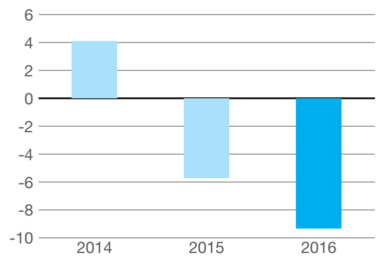
In Australia, greater economic confidence can now be seen for the first time in several years. This, together with the initiatives Nederman implemented to streamline operations, has resulted in a positive trend with rising profitability.

Overview 2014-2016

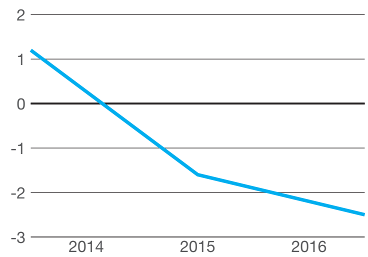
Net sales, SEK m



Adjusted operating profit, SEK m



Adjusted operating margin, %



See Note 3 for further information.

FOCUS ON OUR CUSTOMERS

Preventing dust explosions

Griffith Foods Pvt. Ltd, Bangalore produces foodstuffs and develops solutions that improve taste and texture in dough and baking mixes among other things. The products are often flour or cereal-based.

One of the company's values is to provide a good working environment for employees. By installing an efficient filter system, the working environment in the production plant has been significantly improved. An attractive and safe working environment and fewer production stoppages were important reasons for choosing Nederman's solution which effectively removes the fine flour dust generated in a variety of processes. As this dust is hazardous, the installation is equipped with ATEX-certified isolating valves to prevent serious dust explosions.

FOCUS ON OUR CUSTOMERS

Healthier working environment

In its state-of-the-art factory in Zhejiang Province in China, one of the world's largest automakers is demonstrating to the Chinese market that the health of its employees is a natural extension of the company's brand promise of health, safety and environment. The automaker's commitment to health, safety and environment permeates the entire organisation and all its operations throughout the world, without exception.

Nederman's solutions play an important role in protecting factory workers in the Chinese factory from the fine heavy-metal particles and fumes generated during welding work, which could otherwise affect health in both the short and long term.

FOCUS ON OUR COMPANY

Management training in China

In 2016, 30 managers from various parts of Nederman's Chinese operations took part in an internal leadership programme. The programme, which was conducted with internal training resources, lasted nine months and consisted of several modules. The training programme focused on personal leadership, the difficult conversation, communication, managing change, financial reporting and value-based leadership.

The training programme was conducted in English; Nederman's corporate language. The aim of the training was to strengthen Nederman's corporate culture in the Chinese organisation by clarifying Nederman's core values, enhancing communication and creating a greater understanding of management tools.

FOCUS ON OUR PLANET

Factory in Shanghai approved for ATEX-certified products

Nederman works continuously to relocate manufacturing and purchasing in order to reduce environmental impact and costs associated with transportation.

A good example of this is the factory in Shanghai that by the end of 2016 was certified according to ISO/IEC 80079-34, which means that it is now approved to build ATEX-certified products. The ability to manufacture locally and not need to import components from Europe gives Nederman significant advantages in terms of shorter lead times and reduced environmental impact from transport in an area where there is a recognised high level of competence and recognised position in the Asian market.

DRIVING FORCES

Many of the manufacturing plants in the region completely lack environmental technology solutions or use sub-standard technology. In other words, the need for environmental technology is very high. By investing in Nederman's systems and products, significant benefits are gained in the form of operating reliability and efficient recycling of residues and energy. Both environmental and work environment issues are becoming increasingly important as the general living standard is increasing in the region. At the same time, the regulatory requirements for environmentally-friendly production are growing in China and other countries. Nederman's dialogue with customers is strengthened through increased environmental awareness and understanding of the importance of investing in high-quality solutions. The customer segments that currently have the strongest development are the machine and automotive industries, which drive much of the growth in the region. Foundries and smelters, as well as welding and machining, are also showing a positive development. The food industry, which used to be very fragmented and underdeveloped, is growing as major players with high standards of quality and safety are now being developed in the region.

ORGANISATION

In 2016, Nederman conducted a review in order to adapt the organisation to the prevailing market conditions and with the aim of creating conditions for stronger growth in the region. During the year, the Company completed training on launching, project management and leadership. Preventing dust explosions is one of Nederman's areas of expertise which is particularly relevant in Asia with its variety of manufacturing industries. In 2016, Nederman continued certification of internal experts to further strengthen its ability to act as a professional partner in this critical safety issue. Nederman is represented by its own sales companies in Australia, India, Indonesia, China, Malaysia and Thailand. Sales are carried on via distributors in the other countries in the region. In China, the head office is located in Shanghai but the country is covered by a number of regional offices. The considerable expertise in larger systems and installations which is found within the Australian organisation is used throughout the entire region in order to ensure that these projects are implemented as efficiently and successfully as possible. Revenue from services is comparatively low, but is expected to grow as the number of sold products and systems increases. Today, it is mainly Australia and China that have significant service operations. In 2016, staff reductions were made in Australia in order to adjust costs to a lower sales volume. Nederman had an average number of employees of 304 (316) in APAC in 2016.

OPERATIONS

Nederman has a strong manufacturing presence with production facilities in Melbourne, Australia (assembly and distribution); Suzhou, China (manufacturing); Qingpu, China (assembly and distribution); and in Bangkok, Thailand (manufacturing). The plant in Thailand, which began operating in 2013, has the Southeast Asian market as its main supply area. The facilities in China, in addition to the Chinese market, also supply other markets in Asia with products. Nederman is locating more and more production to the region, at the same time as purchase volumes from local suppliers are also increasing. By having an increasing part of both production as well as the purchase of supplies in the region, deliveries can be implemented faster and at a lower cost.

THREE QUESTIONS TO SVEN KRISTENSSON, CEO AND INTERIM SVP & HEAD OF APAC

How do you view the development in 2016?
"2016 was a challenging year in APAC with weak demand, above all in China and parts of Southeast Asia. The situation was not unlike that in 2015 and our incoming orders in 2016 was on the same level as the previous year."

What were the highlights of the year?
"The most important thing we did during the year was to adapt the organisation in APAC to the prevailing conditions in order to boost our competitiveness. In some markets, with Australia as a good example, this has meant that we reduced our organisation and specifically in the case of Australia, this has had a strong positive impact on our profitability. In other markets, especially the Indian market where we see a positive trend in demand, we have chosen to strengthen our presence instead."

How do you see the future for APAC?
The macroeconomic environment with continued industrialisation, urbanisation and a growing middle class continues to indicate that Nederman has an important role to play in the region. Our greatest challenge continues to be the uncertainty around sales of major projects in China where we see lower economic activity which limits the number of major investments."

Sustainability - analysis

Nederman's business operation with solutions that improve the working environment and limit emissions is deeply rooted in the ambition to make the world better and safer. It is therefore quite natural for Nederman to take a further step and integrate its work on sustainability in its business strategy.

WHY SHOULD SUSTAINABILITY ISSUES BE INTEGRATED IN THE BUSINESS STRATEGY?

Few social issues have the same impact as sustainability issues. This creates major opportunities for Nederman. Many of the Group's customers, who are made up primarily of major international companies operating in a wide range of different industries, conduct significant sustainability work themselves. Nederman's ambition is to build trusting relationships with these companies by providing solutions that make customers' sustainability work better and more cost-effective. To achieve this, Nederman must be credible in its own sustainability efforts, making it an integral part of its strategy and its daily activities.

FOUR GLOBAL DRIVING FORCES

There are four overarching global forces to which we must relate: **climate change** makes demands for example on energy efficiency and renewable energy sources, and can also lead to severe economic hardship; **demographic changes** include an aging population, accelerating urbanisation and a growing middle class; **growth-limiting factors** include the finite supply of raw materials and limited areas of forestry and agriculture; the **connected world** will probably mean that consumer power could increase and that ethical issues will become more important for companies.

WHERE IS NEDERMAN TODAY?

To be able to orient ourselves in this complex landscape of issues that are important for Nederman's continued development, it is important to establish a systematic approach. Nederman works according to a model with six steps designed to give the Group a good picture of what the surrounding landscape looks like, what is important for the Group's development and where the goal is that sustainability issues are integrated into the overall strategy. The six steps are:

The process for Nederman's materiality analysis

1 Market trends and sustainability trends

2 Identification of important issues

3 Analysis of the issues' importance

Engaging the organisation to understand the relevance for the business and key stakeholders.

1. Analysis of market trends and sustainability trends
2. Charting of which issues are relevant for Nederman
3. Analysis of the importance and significance of the issues
4. Interviews of stakeholders
5. Analysis of the value chain
6. Integrated reporting

At the end of 2015, Nederman had carried out the first five steps. The overall trends and issues were identified and analysed, and their relevance and significance for Nederman.

RESULTS

The following are the six areas identified as being most important for Nederman in order to be an attractive partner to its customers in the future. Development for each area has been integrated in Nederman's business strategy.

- Economic development and financial strength.
- An offering that consists of effective solutions for clean air.
- An offering that consists of energy-efficient products and systems.
- An offering that helps to optimise the customer's resource use.
- Innovation for sustainability.
- Increasing awareness of sustainability with Nederman's customers.

The points below are prerequisites for Nederman to be able to meet the six identified areas.

- Attracting and retaining competent employees who are equipped to meet future challenges and new expectations from Nederman's customers.
- Developing products that help Nederman to build a strong position in a circular economy.
- Meeting customers' expectations in regard to product quality, sustainability and safety.
- Integrating sustainability in the whole of Nederman's business operations.

The analyses also highlighted a number of risks that Nederman must deal with. These risks and how they are managed are described on pages 48-49.

4 Interviews of stakeholders

5 Analysis of the value chain

6 Reporting

Analysis of strengths and weaknesses and where Nederman's impact is greatest.

Sustainability – value chain

Nederman strives to ensure that the Company's operations will be run without giving rise to waste and that the Company's products and solutions help to make customers' business sustainable in the long-term.

The vision is that both Nederman and our customers are part of a circular economy that gives rise to neither waste nor pollution. On the materials side, this means that all materials shall be designed so that they can be reused, recycled or the energy recovered. As a first step towards the vision of a circular economy, Nederman has analysed all aspects of the Company's value chain to determine the strategic direction for the various parts.

DEVELOPMENT OF PRODUCTS AND SERVICES

Nederman's development work will focus on designing products and services in such a way that they deliver sustainable benefits to the customer, including by ensuring that different types of resources are used in an optimal way. The development work will also be carried out so that all parts of the product can be reused, recycled or the energy recovered. Areas that are in particular focus are: efficiency in energy use and the supply of clean air; choice of materials; quality; safety and durability.

SUPPLIERS

Nederman will focus on reducing the negative impact of the supply chain and work for greater transparency around suppliers and their work. The goal is to develop strategic partnerships that can help Nederman to develop and maintain a sustainable product offering.

OUR OWN OPERATIONS

In our own operations, Nederman provides the basis for integrating sustainability into the rest of the value chain. Doing this in the right way in all parts of the organisation is especially important when Nederman is expanding in emerging markets where national legislation is weak and corruption is a bigger problem than in the Company's more mature markets. Ensuring that all sustainability issues are handled in a satisfactory manner and reflect Nederman's core values is the responsibility of the local organisations in each market. The most important areas of this work are energy, waste and emissions; human resources; innovation for sustainability; economic strength; responsible investment; and safe and healthy workplaces.

SALES

What is crucial for Nederman's sales success is the Company's ability to identify the challenges that customers are facing. By showing customers how they can make their production more sustainable while improving production efficiency, Nederman can create long-term relationships that are mutually profitable.

DEVELOPMENT OF SYSTEM SOLUTIONS

A part of Nederman's offering consists of developing system solutions, i.e. customised solutions for air filtration in various industries. This work offers great opportunities for Nederman to design knowledge-intensive solutions optimised for sustainable production and thereby to establish deep and long-lasting relationships with major industrial customers.

DISTRIBUTION

Efficient distribution is an integral part of Nederman's offering. By reducing the environmental impact of distribution through optimised packaging and transport choices, Nederman helps to make the entire value chain as efficient as possible. The Company's strategy with regional purchasing and regional manufacturing reduces the impact on the environment and limits the risk of delivery delays.

THE PRODUCT IN USE

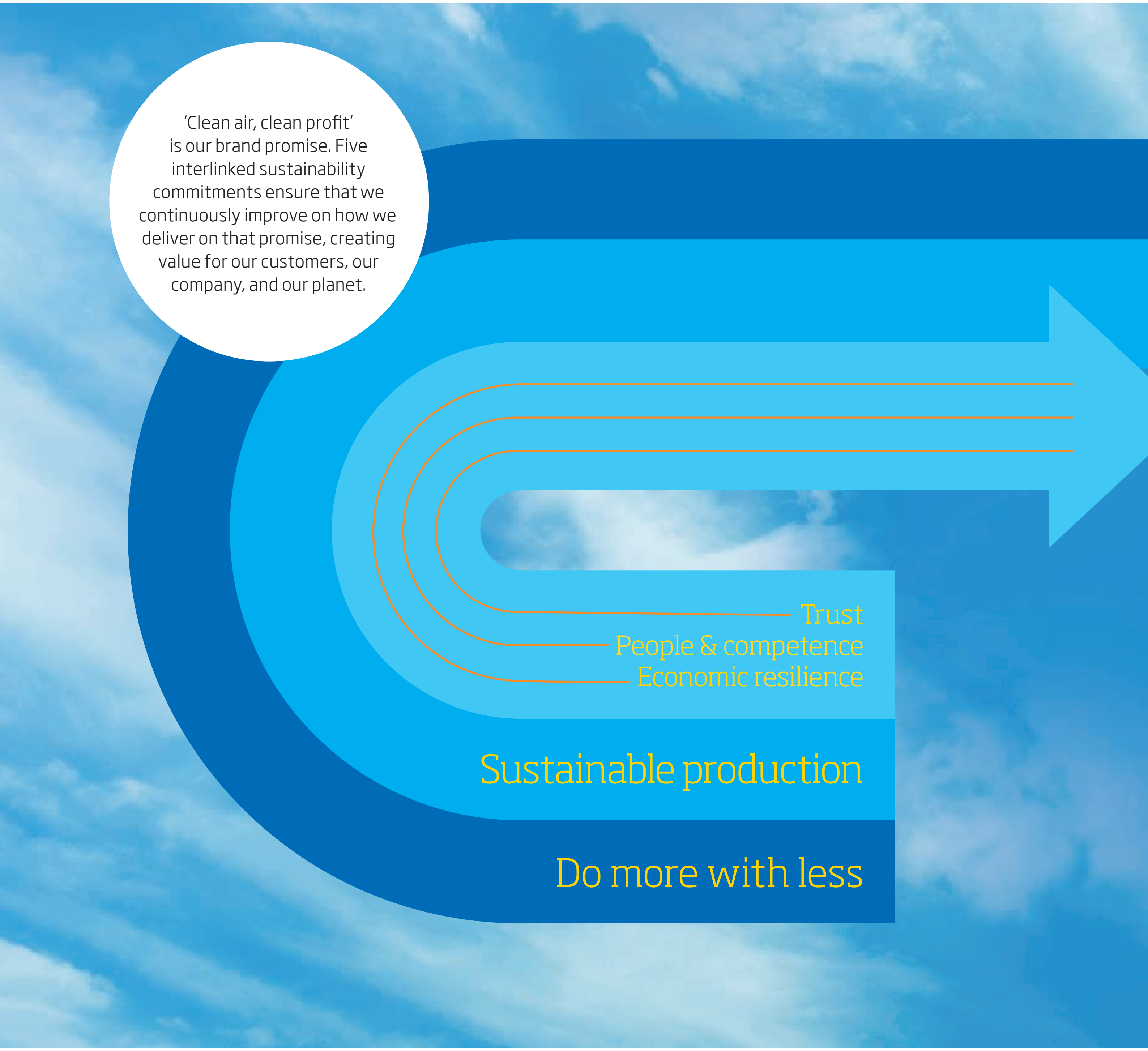
Nederman's greatest environmental impact, in the broadest sense, arises during product usage. Product design is therefore also the single biggest opportunity to contribute to sustainable development by designing products that are as effective as possible in regard to air filtration and energy consumption while also helping to make the workplace safe.

FROM CRADLE TO CRADLE

Nederman's aim is that when one of the Company's products is taken out of service, it should not mean that the product is just scrapped. On the contrary, products that have reached their maximum life constitute the start of something new in that their parts can be recycled. What is crucial to making this possible and thus meeting increasingly stringent legislation in this area, is the well-informed choice of materials, that the products are designed right from the start to be recycled or reused, and that the products are of high quality and have a long life.

Sustainability – commitment

'Clean air, clean profit' is our brand promise. Five interlinked sustainability commitments ensure that we continuously improve on how we deliver on that promise, creating value for our customers, our company, and our planet.



Based on the results of the materiality analysis, Nederman has formulated its sustainability commitment in three dimensions: our company; our customers; our planet.

Our planet

Our customers

Our company

Trust - Together, we will create a culture of trust, openness and transparency, where our employees feel inspired and our customers and investors have confidence in our integrity.

People & competence - Fuelled by the knowledge, insights and passion of our employees and strategic partners, we will make a positive difference to our customers, our value chain and for the planet.

Economic resilience - We will secure profitable growth to create financial strength and drive and execute our strategy, delivering lasting value for our stakeholders.

Sustainable production - With our competence and big-picture thinking we will exceed customer expectations and contribute to effective, profitable and safe production environments. We will share our expertise to help customers explore how their waste can be recycled and reused. That's how we will help cut costs and make the most of limited resources.

Do more with less - With our partners along our value chain, we will reduce environmental impacts by designing our products for long life, with smart material use and clean, efficient operation. We manufacture products with the lowest possible impact.

Sustainability – results

The aim of Nederman's sustainability work is to create value for our customers, our employees and our shareholders. By continuously developing our sustainability work, we want to minimise our risks, develop and refine our customer offering, identify new future business opportunities and thereby boost our financial strength even further. An important part of this work is to openly report Nederman's results in key sustainability areas.

Nederman's sustainability goals

Energy consumption

-20%

Reduce energy consumption in production by 20 percent by 2020 compared with 2013. At the end of 2016, the reduction was 14.8 percent.

Carbon dioxide emissions

-20%

Reduce carbon dioxide emissions in production by 20 percent by 2020 compared with 2013. At the end of 2016, carbon dioxide emissions had increased by just under 30 percent.

Recovery

95%

Achieve 95 percent recycling of waste in production by 2020. At the end of 2016, recovery was 93.9 percent.

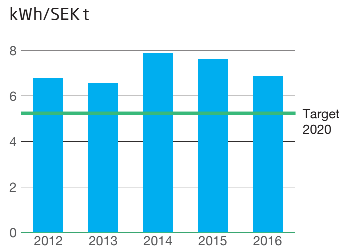
Code of conduct

100%

100 percent of the Company's external suppliers shall work in accordance with Nederman's Code of Conduct. At the end of 2016, this figure was 80 percent.

Direct energy consumption

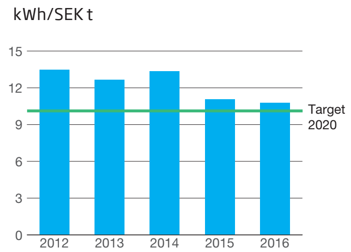
Direct energy consumption in production in relation to sales (kWh/SEK t)



The figures for 2014 onwards include acquired companies and changes in the production structure.

Total energy consumption

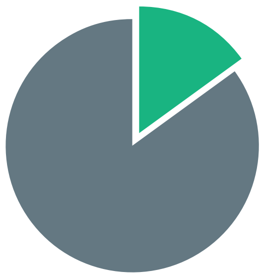
Direct energy consumption in production in relation to sales (kWh/SEK t)



The figures for 2014 onwards include acquired companies and changes in the production structure.

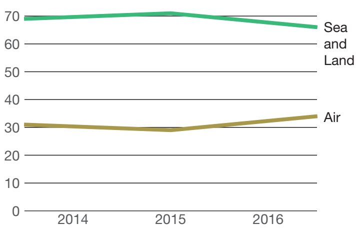
Percentage of renewable energy, %

Percentage of renewable energy in production is 15 %



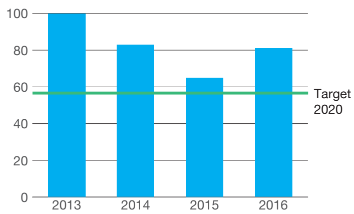
Carbon dioxide emissions per transport mode

The figures are partly based on estimates made within Nederman.

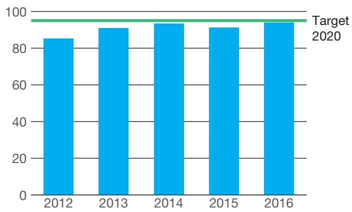


Quality failure costs

Quality failure costs in production in relation to the 2013 level, in %



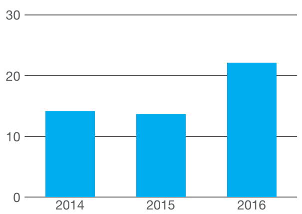
Waste recovery in production, %



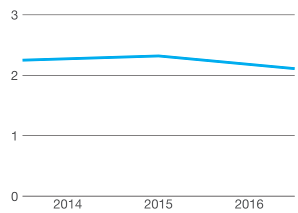
The figures for 2015 and 2016 include acquired companies and changes in the production structure.

Accidents

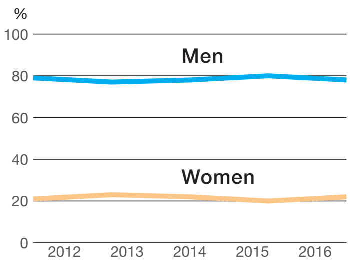
Number of accidents resulting in at least one day of sick leave per 1,000 employees



Sick leave, %



Gender diversity, %



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. Nederman's share has been listed since 16 May 2007 on Nasdaq Stockholm with the abbreviation "NMAN". The share has been listed on Nasdaq Stockholm Mid Cap since January 2014. A brief history of the Company and its share is shown in the box on the next page.

The parent company's equity at year-end totalled SEK 789.8m (715.5). Market capitalisation was SEK 2,196.6m (2,993.3).

COMMUNICATION WITH THE MARKET

Representatives of Nederman regularly meet analysts, credit providers and shareholders to provide an ongoing picture of developments during the financial year. Interim reports, financial statements and annual reports will be distributed to shareholders who so wish. These reports, along with the Company's press releases, are also available on the Company's website in Swedish and English.

OWNERSHIP STRUCTURE

The number of shareholders at year-end was 2,334 (2,371). Each share gives entitlement to one vote at the General Meeting of Shareholders. The percentage of Swedish shareholders was 94.1 percent (90.4). The ten largest shareholders owned 84.7 (85.2) percent of the total shares. The largest individual shareholder is Investment AB Latour. The table on the next page shows Nederman's ownership structure as of 31 December 2016.

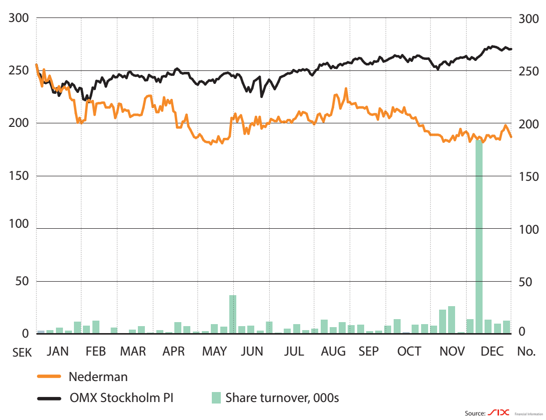
DIVIDEND AND DIVIDEND POLICY

Nederman's dividend policy is to pay a dividend corresponding to 30-50 percent of net profit after tax, taking into account capital structure and acquisition plans. For the 2016 financial year, the Board and the CEO propose a dividend to shareholders of SEK 5.50 per share (5.00).

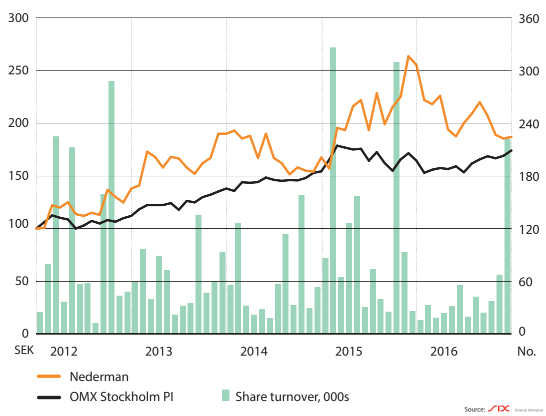
ANALYSTS WHO FOLLOW NEDERMAN

- Jon Hyltner from Handelsbanken
  johy01@handelsbanken.se
- Olof Larshammar from SEB
  olof.larshammar@seb.se

Price and volume trend 2016



Price and volume trends 2012-2016



Data per share	2016	2015	2014	2013	2012
Earnings per share after tax, SEK	14.72	13.07	8.05	5.94	10.06
Share price as at 31 December, SEK	187.5	255.5	167.5	190.0	138.0
Market capitalisation, SEK m	2,196.6	2,993.3	1,962.3	2,225.9	1,616.7
Cash flow, SEK m	19.2	-68.4	39.3	41.3	83.0
Proposed dividend per share, SEK	5.50	5.00	4.00	4.00	4.00
Dividend growth, %	10.0	25.0	0.0	0.0	23.1
Yield, %	2.93	1.96	2.39	2.11	2.90
P/E ratio	12.7	19.5	20.7	31.9	13.7
Profits distributed as dividend, %	37	38	50	67	40
Shareholder's equity, SEK m	982.2	837.1	733.3	619.8	601.2
Number of shares at 31 December	11,715,340	11,715,340	11,715,340	11,715,340	11,715,340
Proposed dividend as a percentage of equity, %	6.5	7.0	6.4	7.6	7.8

Nederman's major shareholders	Shareholding	Votes, %
Investmentaktiebolaget Latour	3,512,829	29.98
Lannebo Micro Cap	1,246,168	10.64
Ernström Kapitalpartner AB	1,175,000	10.03
IF Skadeforsakring AB	1,160,400	9.90
Swedbank Robur fonder	877,643	7.49
Fjärde AP-Fonden	557,206	4.76
Lannebo Micro Cap II	511,114	4.36
Fondita Nordic Micro Cap SR	400,000	3.41
NTC UN Joint Staff	239,605	2.05
Handelsbanken Fonder	238,157	2.03
Other	1,797,218	15.35
Total	**11,715,340**	**100.00**

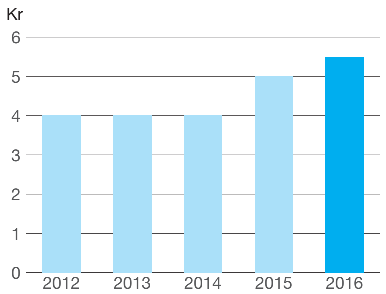
History	
1944	The Company was founded by Philip Nederman.
1983	Listing on the Stockholm Stock Exchange.
1985	Active becomes the majority shareholder. The Company was delisted.
1991	Nederman is sold to Esab.
1994	Charter acquires Esab and becomes the new majority shareholder.
1999	Venture capital company EQT acquires Nederman.
2007	Listing on the Nasdaq Stockholm
2010	Nederman acquires Dantherm Filtration.
2012	Nederman acquires Environmental Filtration Technologies.
2013	Nederman qualifies for listing on Nasdaq Stockholm Mid Cap.
2014	Nederman is moved to Nasdaq Stockholm Mid Cap.

Shareholders by category, %	
Financial companies	67.65
Social security funds	5.00
Interest groups	0.13
Other Swedish legal persons	11.29
Non-categorised legal persons	2.05
Swedish private individuals	7.97
Foreign-domiciled shareholders	5.91
Total	**100.00**

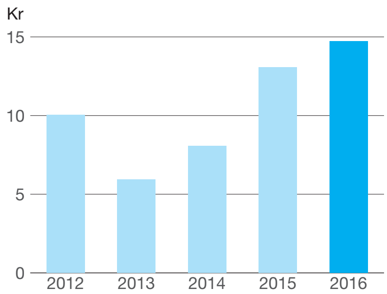
Shareholders per country %	
Sweden	94.1
Finland	3.6
UK	1.3
Luxemburg	0.3
France	0.2
USA	0.1
Denmark	0.1
Other	0.3
Total	**100.0**

Dividend per share, SEK

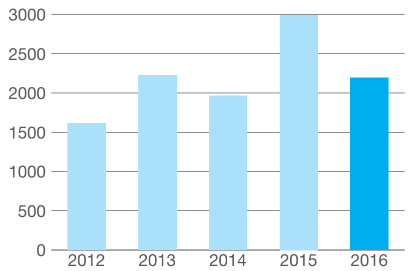
The 2016 dividend refers to the Board's proposed dividend



Earnings per share, SEK



Market capitalisation, SEK m



Review of business operations

The Board of Directors and CEO of Nederman Holding AB (publ), Swedish company reg. no. 556576-4205, hereby submit their Annual Report for the 2016 financial year.

BUSINESS OPERATIONS

Nederman is a world-leading supplier of products and services in the environmental technology sector focusing on industrial air filtration and recycling. Our solutions help reduce the environmental impact of industrial production, creating safe and clean working environments while at the same time boosting production efficiency.

Nederman's commitment to customers encompasses everything from the design stage through to installation, commissioning and service. Manufacturing is certified according to ISO 9001 and environmental standard ISO 14001. Units for production and assembly are located in Australia, Brazil, Denmark, China, Poland, UK, Sweden, Thailand, Germany, Mexico and the USA.

Nederman has global certification for quality and the environment, in which all production units in Nederman and Nederman Holding AB are included. In May 2016, Nederman upgraded its global certification to the new revisions of the ISO9001:2015 and ISO14001:2015 standards.

Sales are conducted through our own sales companies and distributors in over 50 countries. The main focus of sales is in Europe and North America, but Nederman is also active in a number of growth markets. The Group had 1,743 (1,916) employees at year-end.

GROUP STRUCTURE

Nederman Holding AB (publ) is the parent company in a group of companies with directly or indirectly wholly-owned subsidiaries as shown in Note 19.

Operationally, the Group operates with three geographical operating segments: EMEA (Europe, Middle East and Africa), Americas (North and South America) and APAC (Asia and Oceania).

Operations is responsible for manufacturing, distribution, product care, logistics, purchasing and quality systems. Manufacturing, assembly and distribution are carried out in eleven countries on five continents.

Corporate Development is responsible for marketing and communication, strategic product planning,R&D, internal training and strategic business development.

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

STOCK EXCHANGE LISTING

The share has been listed on Nasdaq Stockholm Mid Cap since January 2014 with the abbreviation «NMAN». The Mid Cap segment includes companies with a market capitalisation of between € 150 million and € 1 billion. At 31 December 2016, the number of shareholders was 2,334 (2,371).

ACQUISITIONS AND DIVESTMENTS DURING THE YEAR

Nederman did not acquire or sell any business in 2016.

INCOMING ORDERS AND SALES IN 2016

Incoming orders for the full year totalled SEK 2,992.3m (3,171.8), which organically is a decrease of 6.7% compared with 2015. Net sales for the full year totalled SEK 3,107.3m (3,198.0), which organically is a decrease of 4.0% compared with 2015.

EARNINGS

Consolidated adjusted operating profit for 2016 amounted to SEK 250.3m (242.0). Adjusted operating profit amounted to SEK 250.3m (263.1). Adjusted operating margin was 8.1% (8.2). Profit before tax was SEK 231.7m (214.9). Profit after tax was SEK 172.1 (152.8), which gave earnings per share of SEK 14.72 (13.07).

PRODUCT DEVELOPMENT

The Group's costs for the development of the existing product range and developing new products amounted to SEK 7.8 m (6.4). In the consolidated statement of financial position, SEK 6.7m (7.9) has been capitalised.

INVESTMENTS AND DEPRECIATION/AMORTIZATION

Consolidated investments in intangible assets during the year amounted to SEK 26.1m (22.4). Amortization of intangible assets during the year totalled SEK 16.5m (14.5). Consolidated investments in tangible assets during the year totalled SEK 19.8m (44.6). Depreciation of tangible assets during the year totalled SEK 31.2m (33.4).

CASH FLOW

Compared with 2015, cash flow was primarily affected by changes in working capital and lower investment level. Operating profit contributed slightly more than the previous year. Adjusted cash flow amounted to SEK 19.2m (-68.4).

LIQUIDITY AND FINANCIAL POSITION

At the end of the period the Group had SEK 287.8m in cash and cash equivalents as well as SEK 101.9m in available but unutilised overdraft facilities. In addition, there was available loan facility of SEK 445.7m which is a part of Nederman's loan agreement with SEB and a further available loan facility of SEK 252.3m within Nederman's loan agreement with SHB.

Net debt totalled SEK 524.3m (635.6). Shareholder's equity amounted to SEK 982.2m (837.1), equivalent to an equity ratio of 37.0 percent (32.6) and a financial net debt/equity ratio of 53.4 percent (75.9).

PROPOSED APPROPRIATION OF PROFITS

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

Share premium reserve	5,866,700
Retained earnings	351,086,145
Net profit for the year	132,208,209
Total SEK	**489,161,054**

The Board of Directors and CEO propose a dividend to shareholders of SEK 5.50 per share (5.00).	64,305,830 *
to be transferred to the share premium reserve	5,866,700
to be transferred to retained earnings	418,988,524
Total SEK	**489,161,054**

* Based on the number of shares outstanding as at 31 December 2016. The dividend amount may be subject to change as treasury shares may be sold up to the record day of 11 April 2017.

PERSONNEL

The average number of employees in the Group during the year was 1,760 (1,833). Other personnel information is shown in Note 7.

PARENT COMPANY

The parent company's operations consist of group-wide corporate functions. The parent company shall also own and manage shares in subsidiaries and manage the financing of the Group.

OUTLOOK

The level of investment in European industry remains at historically low levels, which will continue to result in relatively few major projects. There is continued stabilisation in the underlying core business although the situation varies between European countries. The assessment is that growth in Europe will remain at low levels.

In the Americas, the risks remain in the commodity-heavy economies of Brazil and Canada. In the important US market, a decline in industrial production has been seen since early autumn 2015 and in 2016 demand fell for large projects, while the development and prospects for the core business is more positive. Uncertainty around large projects is expected to persist for some time to come.

Within APAC, the effect on Nederman is dominated by developments in China where economic activity is lower than before, at the same time as demands from authorities for measures to improve the environment are increasing. Among other things, China has introduced a new, tougher environmental legislation as of 1 January 2016. The assessment remains that the need for investment to improve the environment in APAC is considerable, but it is difficult to assess economic development in the current climate.

NOTICE TO ATTEND GENERAL MEETINGS OF SHAREHOLDERS

Notice of the Annual General Meeting and Extraordinary General Meetings where an issue concerning amendment of the Articles of Association shall be considered, must be issued no earlier than six weeks and no later than four weeks before the date of the meeting.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events have occurred.

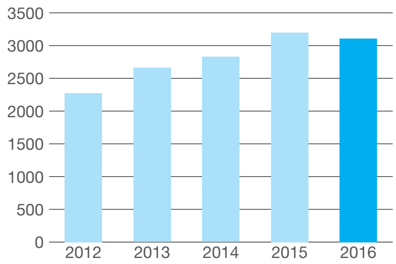
Multi-year overview

SEK m	2016	2015	2014	2013	2012*
Operating revenues and earnings					
Net sales	3,107.3	3,198.0	2,826.9	2,659.2	2,272.6
EBITDA	298.0	289.9	212.9	176.7	220.5
Adjusted EBITDA	298.0	311.0	247.9	219.4	236.7
Operating profit	250.3	242.0	165.7	127.5	176.5
Adjusted operating profit	250.3	263.1	200.7	170.2	192.7
Profit before tax	231.7	214.9	139.0	99.7	153.7
Net profit	172.1	152.8	94.3	69.7	117.8
Assets, equity and liabilities					
Fixed assets	1,157.8	1,135.2	1.071.5	998.4	998.0
Current assets	1,495.6	1,430.6	1.301.6	909.7	923.4
Liquid assets	287.8	261.4	325.0	270.0	224.6
Equity	982.2	837.1	733.3	619.8	601.2
Interest-bearing liabilities	812.1	897.0	881.6	840.9	825.9
Non-interest-bearing liabilities	859.1	831.7	758.2	717.4	718.9
Balance sheet total	2,653.4	2,565.8	2,373.1	2,178.1	2,146.0
Profitability					
EBITDA margin, %	9.6	9.1	7.5	6.6	9.7
Adjusted EBITDA margin, %	9.6	9.7	8.8	8.3	10.4
Operating margin, %	8.1	7.6	5.9	4.8	7.8
Adjusted operating margin, %	8.1	8.2	7.1	6.4	8.5
Return on equity, %	18.9	19.5	13.9	11.4	20.6
Return on operating capital, %	16.8	19.0	16.2	14.2	17.9
Capital turnover rate, multiple	2.1	2.3	2.3	2.2	2.1
Capital structure					
Net debt	524.3	635.6	556.6	570.9	601.3
Net debt/equity ratio, %	53.4	75.9	75.9	92.1	100.0
Net debt/Adjusted EBITDA, multiple**	1.8	2.0	2.2	2.6	2.3
Adjusted EBITDA/net financial items, multiple	16.0	11.5	9.3	7.9	10.4
Interest cover ratio, multiple	11.8	8.9	7.0	5.8	7.7
Equity/assets ratio, %	37.0	32.6	30.9	28.5	28.0
Operating capital	1,506.5	1,472.7	1,289.9	1,190.7	1,202.5
Share data					
Number of shares on closing date	11,715,340	11,715,340	11,715,340	11,715,340	11,715,340
Average no. of shares during the year, before dilution	11,691,969	11,681,340	11,681,340	11,715,340	11,715,340
Average no. of shares during the year, after dilution	11,691,969	11,725,969	11,725,969	11,746,765	11,715,340
Equity per share, before dilution, SEK	84.00	71.66	62.78	52.90	51.32
Equity per share, after dilution, SEK	84.00	71.39	62.54	52.76	51.32
Earnings per share, before dilution, SEK	14.72	13.08	8.07	5.95	10.06
Earnings per share, after dilution, SEK	14.72	13.03	8.04	5.93	10.06
Proposed dividend per share, SEK	5.50	5.00	4.00	4.00	4.00
Employees					
Average number of employees	1,760	1,833	1,803	1,924	1,613

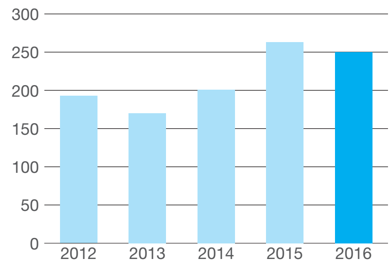
* Comparable figures for 2012 have been restated in accordance with amendments to IAS 19R.

** Includes EFT proforma January-September 2012.

Sales, SEK m

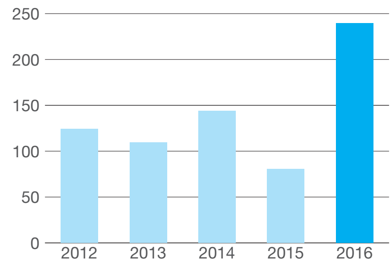


Adjusted operating profit, SEK m

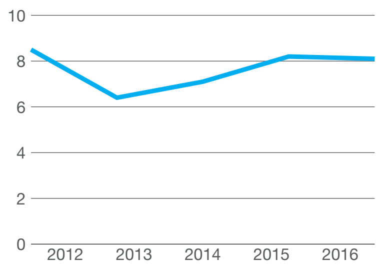


Cash flow, SEK m

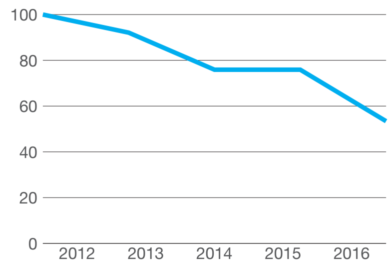
From operating activities



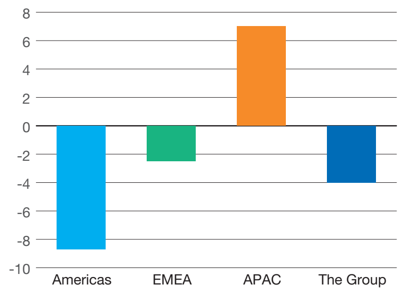
Adjusted operating margin, %



Net debt/equity ratio, %

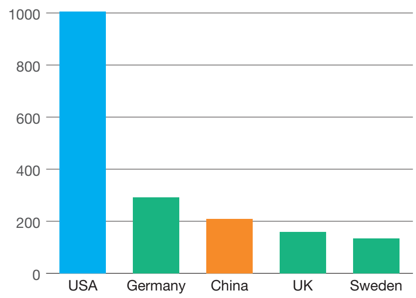


Organic sales growth in 2016, %

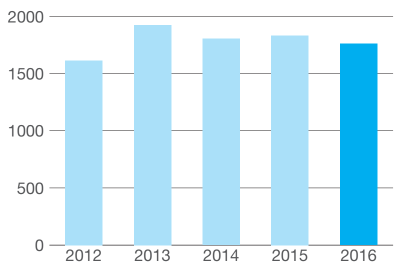


Largest markets in 2016

Sales, SEK m



Average number of employees



Risk management

Nederman is subject to a number of risks. The table below provides an overview of the most common risks and how they are reduced.

Risks	Policy / Action
Financial risks	
The Nederman Group is exposed to a number of financial risks, mainly in connection with purchasing and sales of products in foreign currencies. Exchange rates and interest rates affect the Group's results and cash flows. The Group is also exposed to refinancing and liquidity risk as well as credit and counterparty risk.	The Company's financial policy established by the Board of Directors provides guidelines for the management of financial risks within the Group. The central finance function of the Group is responsible for identifying and effectively limiting the financial risks. For further information, see note 24.
Market and competition	
Nederman operates globally in a market characterised by a fragmented competitive picture and by cyclical variations in demand. Nederman's position is currently relatively strong, but it cannot be excluded that changes in the market driven by inflation, interest rate changes, general economic conditions, political decisions, competitive structure etc. may expose the Company to pressure in terms of pricing, market position, competitiveness, or others. The Group's incoming orders can also vary between quarters depending on the timing when large orders are received.	The Company follows and continuously monitors the general economic development, relevant legislation, industry-specific activity levels and trends, competitors' performance and activities in most markets where it operates, with the aim of adapting the relevant parts of its strategy, market positioning and communication, offer etc.
Products and services	
The product does not meet Nederman's or the customers' requirements.	ISO9001 has been introduced in order to ensure that the products meet specific standards. Risk analysis and reviews are carried out to ensure that the requirements are understood and feasible and processes are established to ensure that products meet the requirements.
Supply Chain	
Disruption in the supply chain due to fire, flood, power outage or major machinery failure.	Identification of risks and minimisation of the consequences through business continuity planning.
Risks of concentrating plants in one location.	Identification of risks and minimisation of the consequences through business continuity planning.
Infringement of the Code of Conduct.	Suppliers must comply with Nederman's Code of Conduct. Follow-up via self-assessment by suppliers and audits.
Price changes to raw materials and components.	Work with suppliers, cost savings, negotiations etc.
Production	
Production disruptions due to fire, power failure or machinery malfunction.	Identification of risks and minimisation of the consequences through business continuity planning.
Deliveries do not meet Nederman's or the customers' requirements.	ISO9001 is introduced at all operational locations to ensure that processes are established so that deliveries shall meet customer requirements. Monitoring of work to improve results and constant improvement.

Risks	Policy / Action
Health and safety	
Health and safety issues at Nederman's production facilities.	Monitoring of incidents and accidents plus continual improvement.
Health and safety issues in regard to installation of Nederman's products.	Identification of risks as part of the service process. Planning of services, which includes skilled personnel, equipment, protective equipment.
Health and safety risks relating to technical defects or deficiencies in Nederman's products.	Nederman's overall commitment to quality assurance ensures product quality and function. Ensuring that legal requirements for safety, such as the Machinery Directive and the ATEX Directive, are complied with in full.
Health and safety issues at Nederman's suppliers.	Audits and monitoring of compliance with the Code of Conduct.
Risks related to the Code of Conduct	
Infringement of the Code of Conduct by Nederman's personnel.	Training in the Code of Conduct for managers and employees. Training in the fight against corruption and fraud for managers.
Infringement of the Code of Conduct by distributors or other business partners.	Training in the Code of Conduct for managers and employees. Business partners must adhere to Nederman's Code of Conduct.
Security risks	
Unauthorised access to information or property that belongs to Nederman, its employees or customers.	Training in security issues for managers. Introduction of security policy and procedures.
Environmental risks	
Incidents at Nederman's plants, e.g. chemical discharges, floods or fires that may affect the environment.	ISO 14001 has been introduced at all production facilities to ensure that environmental impact is evaluated and that risks are identified. This also includes contingency plans to ensure that the impact of incidents is minimised.
Major environmental impacts from Nederman's suppliers.	Assessment of environmental impact in the value chain. Identification of risk suppliers. Audits and monitoring of improvement measures.
Legal risks	
Legal infringement at one of Nederman's locations.	Part of the CEO's responsibility. ISO 14001 provides a structure for monitoring environmental legislation.
Legal risks related to business operations, such as delayed deliveries, delivery of defective products, unfulfilled commitments.	Contract terms which are formulated with care aimed at reducing Nederman's liability.

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 since 1 January 2014 on the Nasdaq Stockholm Mid Cap list.

As a listed company, Nederman applies the Swedish Code of Corporate Governance (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 regulations for issuers, the Code, and other applicable Swedish laws and regulations. In addition to rules pursuant to law 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 procedures for the Board of Directors and the Managing Director, policy documents and the Group's Code of Conduct.

Governance of the Nederman Group takes place through the shareholders via the General Meeting of Shareholders, the Board of Directors, the CEO and the senior executive 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. In regard to Nederman's group structure, the composition of boards of operational subsidiaries, often with representatives from senior executive management, is a further component of the governance of the Group.

SHAREHOLDERS

At the end of 2016 the Company had 2,334 shareholders. Investment AB Latour was the largest shareholder with 29.98 percent of the shares, Lannebo Fonder owned 10.64 percent and Ernström Kapitalpartner AB owned 10.03 percent. The ten largest shareholders held a total shareholding equivalent to 84.7 percent of the shares. Foreign investors held 5.91 percent of the shares. For further information on shares and shareholders, see pages 42-43.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the highest decision-making body where shareholders exercise their influence by voting on key issues, such as adoption of income statements and balance sheets, appropriation of the Company's earnings, discharge from responsibility for the Board and CEO, election of the Board of Directors, Chairman of the Board and auditors, and remuneration to the Board and auditors. The Annual General Meeting of Shareholders was held on 20 April 2016. The meeting was attended by 51 shareholders, representing 79.17 percent of the total shares and votes in the Company.

The meeting adopted the income statement and balance sheet, and the consolidated income statement and balance sheet, resolved to distribute the profit according to the proposal for the appropriation of profit entailing that a dividend of SEK 5.00 per share be paid for the 2015 financial year, and granted discharge from liability for the Directors and CEO.

The General Meeting granted authorisation to 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 seven Board members, that the fees to be paid to the Board would total SEK 1,575,000, of which SEK 450,000 to the Chairman and SEK 225,000 to each of the other Board members, except the CEO. It was also resolved that no fees be paid to the Compensation Committee and that the auditors be paid against account submitted. According to the Nomination Committee's proposal, it was decided to re-elect Jan Svensson as Chairman of the Board, and to re-elect Gunnar Gremlin, Per Borgvall, Ylva Hammargren, Fabian Hielte, and Sven Kristensson as Board members, and to elect Johan Menckel as a new Board member.

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Nederman held an Extraordinary General Meeting of Shareholders on 7 September 2016. It was decided at the meeting that the Board of Directors shall consist of eight members and no deputy members. It was also decided that fees to the proposed Board members shall be paid with the same sum that the AGM decided shall be paid to other ordinary members, that is SEK 225,000 (based on a full mandate period). The meeting then decided for the new election of Gunilla Fransson.

NOMINATION COMMITTEE

The 2016 AGM adopted instructions for the Nomination Committee regarding the appointment of the Nomination Committee and its tasks. According to these instructions, the Nomination Committee shall consist of one representative from each of the three largest shareholders, and the Chairman of the Board. If any of the three largest shareholders waive their right to appoint a representative to the Nomination Committee, then this right will pass on to the next largest shareholder. The Nomination Committee's task shall be, ahead of the Annual General Meeting,

Overall structure of corporate governance in Nederman

to prepare the election of the Chairman and other members of the Board, the election of the Chairman of the Annual General Meeting, and the issue of fees and matters pertaining thereto, and, when applicable, the election of auditors.

According to guidelines adopted by the AGM, a Nomination Committee has been appointed comprising Göran Espelund (Chairman), Lannebo Fonder, Anders Mörck, Investment AB Latour, Sophia Pettersson, Ernström & Co and the Chairman of the Board Jan Svensson ahead of the AGM in 2017. For questions concerning the work of the Nomination Committee, please contact: goran.espelund@lannebofonder.se

THE BOARD OF DIRECTORS

After the General Meeting, the Board of Directors is the Company's highest governing body. The Board's overall task is to decide on the Company's business direction, its resources and capital structure, organisation and management of the Company's affairs. The Board's general obligations also include continuously evaluating the Company's financial situation and to approve the Company's business plan. The general obligations include that the Board decides on overall issues such as the Company's strategy, acquisitions, major investments, divestments, issuing annual and interim reports and the appointment of the CEO etc.

The Board follows written rules of procedure that are established annually at the constituent Board meeting. The rules of procedure direct how the work, where appropriate, shall be divided among the Board members, the frequency of board meetings and the extent to which deputies shall participate in the work of the Board and attend meetings. The rules of procedure also regulate the Board's obligation, quorum, division of responsibilities between the Board and the CEO etc. The Board meets according to an annual timetable established in advance. In addition to these meetings, additional meetings are held in connection with events of unusual importance. The Chairman and the CEO, alongside the Board meetings, carry on an ongoing dialogue about the management of the Company.

Once a year, the full Board evaluates the senior executive management team in a systematic fashion. In this context, the senior executive management team includes certain middle managers, i.e. a broader group of employees.

In recent financial years, the Board had to consider many issues of strategic importance. Particular importance has been given in 2016 to continued adjustment of the Group's capacity and costs to the prevailing economic conditions, the Group's strategy for continued expansion and the Group's financial framework and objectives. The Board had five formal meetings in 2016 and has had one formal meeting so far in 2017. The 2016 AGM decided that the fees to the Board shall be a total of SEK 1,575,000 to be distributed with SEK 450,000 to the Chairman and SEK 225,000 to each of the other Board members, except for the CEO. It was also resolved that no fees be paid to the Compensation Committee and that the auditors be paid against account submitted.

Board members are elected annually by the General Meeting of Shareholders for the period until the next AGM. The Board of Directors shall consist of not less than three and no more than eight ordinary members, and may be supplemented with a maximum of three deputy members. In addition, there may be employee representatives. Board members are elected annually at the AGM for the period until the next AGM. The Board members elected by the General Meeting are all independent in relation to major shareholders and all, with the exception of the CEO, are independent of the Company and its corporate management. The Board thus meets the Code's requirements for independent Board members. The Members of the Board of Directors are presented on pages 54-55 and at www.nedermangroup.com

The main shareholder and the Board members conduct a detailed evaluation of the Board annually. The evaluation covers, among other things, the composition of the Board, individual directors and the Board's work and procedures.

Nederman's Board consists of seven members elected by the 2016 AGM and one additional Board member elected by the Extraordinary General Meeting, i.e. a total of eight Board members, as well as an employee representative. The CEO is a member of the Board of Directors. The Chief Financial Officer is not a Board member but participates at Board meetings presenting information. The Chairman of the Board does not participate in the operational management of the Company.

Attendance at Board meetings

Jan Svensson	5 of 5 possible
Per Borgvall	5 of 5 possible
Gunilla Fransson	2 of 2 possible*
Gunilla Gremlin	4 of 5 possible
Ylva Hammargren	5 of 5 possible
Fabian Hielte	5 of 5 possible
Sven Kristensson	5 of 5 possible
Johan Menckel	3 of 3 possible**
Jonas Svensson	5 of 5 possible

* Gunilla Fransson was elected at the Extraordinary General Meeting of Shareholders in 2016

** Johan Menckel was elected at the General Meeting of Shareholders in 2016

THE CEO

The division of work between the Board and the CEO is regulated in the rules of procedure for the Board and in the instructions for the CEO. The CEO is responsible for implementation of the business plan and the ongoing management of the Company's affairs as well as the day-to-day operations of the Company. This means that the CEO is entitled to make decisions on issues that fall within the scope of the ongoing management of the Company. The CEO may also, without authorisation from the Board, take measures which, with regard to the scope and nature of the Company's operations, are of an unusual nature or of major significance and if the Board's decision cannot be waited for without significant disadvantage to the Company's operations. The instructions for the CEO also regulate his/her responsibilities for reporting to the Board. The Board receives monthly information in writing in the form of a monthly report containing follow-up of the Company's sales, order statistics, operating result and working capital development. Furthermore, this material also contains the CEO's and CFO's comments, for example brief comments on the various markets. In the months when the Board meets, the monthly report is more comprehensive and includes the income statement, statement of financial position and cash flow report.

Each year management prepares a proposal on strategy which is discussed and adopted at a Board meeting around mid-year. Work on the business plan (including the budget for the coming year) is usually carried on "bottom-up" and is based on the strategy adopted by the Board. The CEO and CFO present a proposal for the business plan to the Board. After discussion of the business plan, it is usually adopted at the last Board meeting in the autumn. In addition, the Company also normally issues an updated forecast in connection with the work on the interim reports.

COMMITTEES

Matters concerning salary and benefits for the CEO and senior executives are handled and decided by a remuneration committee. This committee consists of Jan Svensson and Fabian Hielte. The chairman of the committee is Jan Svensson. The committee is a body within the Company's Board with the task of preparing matters concerning remuneration and other employment terms for senior executives and drawing up the guidelines for remuneration for senior executives which the Board shall propose to the AGM to decide on.

The 2016 AGM adopted principles for remuneration to the CEO and senior executives, which is reported in more detail in the section "Remuneration to the Board and senior executives" below.

Nederman has determined that the entire Board of Directors shall constitute the Audit Committee. The Company's auditor informs the full Board of the results of his/her work by attending a Board meeting at least once a year to present an account of the year's audit and his/her view of the Company's internal control system without the presence of any of the Company's senior executives. In this way, Nederman complies with the requirement to have an audit committee under the Swedish Code of Corporate Governance. The principles for remuneration to the Company's auditor are decided by the AGM. The 2016 AGM adopted instructions for the Nomination Committee concerning the appointment of the Nomination Committee and its tasks. The Nomination Committee shall, with the Chairman of the Board, consist of two representatives and convenes the major shareholders annually in good time before the AGM in order to anchor the proposal for the election of a new board by the AGM.

AUDITOR

The auditor shall examine the Company's annual report and accounts, as well as the management conducted by the Board of Directors and the CEO. After each financial year, the auditor shall submit an audit report to the AGM. From 2011, the AGM appoints the auditor(s) for a period of one year. At the AGM held on 20 April 2016, Ernst & Young AB was elected with Staffan Landén as auditor in charge until further notice. Staffan Landén is an authorized public accountant and member of FAR (the institute for the accounting profession in Sweden). Staffan Landén has many years of experience auditing listed companies and major international audit assignments. He is currently the responsible auditor for, among other companies, Vattenfall AB, Capio AB, Academic Media AB, Papyrus AB, Thomas Concrete Group AB and National Electric Vehicle Sweden AB (NEVS). Staffan Landén is an exchange auditor appointed by Nasdaq Stockholm. The Company's auditor reviews the annual accounts and annual report and the Company's ongoing operations and procedures in order to express his opinion on the financial statements and the management by the Board of Directors and the CEO. The audit of the annual accounts and annual report is carried out in January-February. In addition to Nederman, Staffan Landen is the auditor of Oxeon AB in which Latour AB has a 31.08 percent shareholding. Independence in regard to Nederman is not affected. Otherwise, Staffan Landén had no assignments in companies over which Nederman's principle shareholders, Board members or the CEO have a significant influence. Fees for services to Ernst & Young AB other than auditing amounted in 2016 to SEK 0.8m and mainly relate to tax advice and audit-related services.

REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The 2016 AGM adopted a policy in regard to remuneration and terms of employment for 2016. The proposal to the 2017 AGM is that the current guidelines shall remain in force. The following main principles are applied: A fixed salary for satisfactory work. In addition, there is the opportunity for variable compensation linked to the Company's earnings and capital tied up. The variable compensation can amount to a maximum of 30–50 percent of the fixed annual salary depending on the individual's position of employment with the Company.

The CEO's pension plan is a defined contribution plan with an annual premium equivalent to 35 percent of the annual basic salary. For other senior executives, pension payments are in accordance with the contractual collective ITP plan, except for two executives for whom pension contributions are made at 8 x the base amount per year, and a maximum of 30% of basic salary respectively. If the CEO tenders his resignation, a 6-month period of notice will apply. If the Company terminates the CEO's employment, the CEO will be entitled to a sum equivalent to 18–24 monthly salaries (the last six months with reservation for new employment). For other senior executives, a 12-month period of notice for termination by the Company and six-months for resignation by executives, will apply. No agreements exist between Board members or senior executives and Nederman or any of its subsidiaries in regard to benefits after the end of their terms or positions of employment.

The Annual General Meeting held on 22 April 2015 approved the Board's proposal that the annual programmes for variable remuneration shall be able to be supplemented by a programme for long-term bonuses (LTI). The 2015-2016 LTI programme has been adopted for a minimum period of two years, and objectives shall be set in such a way that there shall be a particularly favourable development for the Company's shareholders. The outcome of the LTI programme which accrues to the senior executive (net of income tax), shall be reinvested in options in Nederman (options will only be possible on condition of approval by the relevant future Annual General Meeting of Nederman) or in Nederman shares bought on the stock exchange. The shares and options held which are reinvested must be retained by the senior executive for at least 3 years. The 2015-2016 LTI programme covers two years and can be a maximum of 35 percent of an annual salary for the CEO, and 20 percent of an annual salary for other senior executives.

INTERNAL CONTROL

Control environment. Operational decisions are made at company or business area level, while decisions on strategy, focus, acquisitions and general financial issues are made by the parent company's board and group management. The internal control within the Group is designed to work in this organisation. The Group has a clear regulatory framework for delegation of responsibility and authority according to the Group structure. The basis for internal control of financial reporting is the overall control environment with organisation, decision paths, authority and responsibilities documented and communicated. Within the Group the most significant components are documented in the form of instructions and policies, for example the financial manual, ethics policy (Code of Conduct), communication policy, IT policy, financial policy and authorisation instructions.

Control activities. To safeguard the internal controls, there are both automated controls such as access controls in IT systems and authorisation controls, as well as manual controls in the form of stocktaking and reconciliations. Economic analyses of results and follow-up in relation to plans and forecasts supplement the controls and provide overall confirmation of the quality of reporting.

Information and communication. Documentation of governing policies and instructions is constantly updated and communicated in electronic or printed form. For communication with external parties, there is a communication policy, which provides guidelines to ensure that the Company's information obligations are met in a correct and complete manner.

Follow-up. The CEO is responsible for ensuring that the internal control is organised and followed up in accordance with the guidelines established by the Board. Financial management and control is carried out by the Group finance department. Financial reporting is analysed monthly at the detailed level. At its meetings, the Board has dealt with the Company's financial situation and has also received reports from the Company's auditors on their observations.

ARTICLES OF ASSOCIATION

The Articles of Association include establishment of the Company's activities, the number of Board members and auditors, how notice of the Annual General Meeting shall be made, treatment of matters at the Annual General Meeting and where the meeting shall be held. The current Articles of Association were adopted at the AGM on 26 April 2011 and are available on the Company's website www.nedermangroup.com and in the 2016 Annual Report on page 109.

REVIEW

The corporate governance report has been reviewed by the Company's auditor.

Board of Directors

Jan Svensson (1956)
Chairman of the Board

- Board member and chairman since 2008.
- CEO and Board member of Investment AB Latour
- Chairman of the Board of AB Fagerhult, Tomra Systems ASA and Oxeon AB
- Board member of Assa Abloy AB, Loomis AB and Troax Group AB
- Owns 5,000 shares in Nederman

Per Borgvall (1958)
Elected Board member

- Board member since 2008
- Board member of Troax Group AB and Louis Poulsen Lighting A/S
- Does not own any shares in Nederman

Gunilla Fransson (1960)
Elected Board member

- Board member since 2016
- Board member of Trelleborg AB, Eltel AB, Enea AB and NetInsight AB and of non-listed companies Permobil and Teleopti TEM
- Does not own any shares in Nederman

Gunnar Gremlin (1945)
Elected Board member

- Board member since 1999
- Chairman of the Board of Dyckerhoff AG and Gremlin Restaurang & Vin AB
- Board member of Lonestar Inc
- Owns 43,939 shares in Nederman

Ylva Hammargren (1966)
Elected Board member

- Board member since 2011
- Business Transformation and CRM Manager, Business Area Industrial Market Sales and Marketing, AB SKF
- Does not own any shares in Nederman

Fabian Hielte (1975)
Elected Board member

- Board member since 2013
- Chairman of the Board of Ernströmgruppen and Platzer Fastigheter Holding
- Board member of Ernström & C:o
- CEO of Ernström & C:o
- Owns 1,175,000 shares in Nederman via a legal person. Ownership includes a part-owned indirect holding

Sven Kristensson (1962)
CEO and elected Board member

- Board member since 2008
- CEO and Group CEO of Nederman Holding AB
- Chairman of the Board of BK PAC AB, Diedenporten AB and Kristensson Holding AB
- Deputy Chairman of the Board of Dr P Håkanssons Stiftelse
- Board member of Swegon AB
- Owns 108,116 shares in Nederman

Johan Menckel (1971)
Elected Board member

- Board member since 2016
- CEO of Gränges AB
- Board member of Svenska Postkodföreningen AB
- Does not own any shares in Nederman

Jonas Svensson (1958)
Union representative

- Union representative since 2009
- Owns 100 shares in Nederman

Senior executives

Sven Kristensson (1962)
CEO and
Group CEO

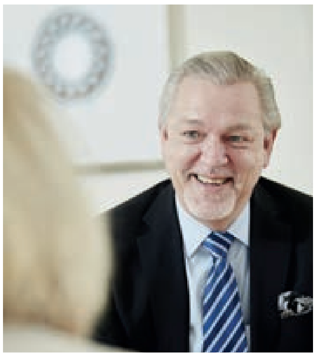
- Employed since 2001
- Owns 108,116 shares in Nederman

Matthew Cusick (1977)
Senior Vice President
CFO

- Employed since 2011
- Owns 300 shares in Nederman

Hans Dahlén (1968)
Senior Vice President
Head of EMEA

- Employed since 2013
- Does not own any shares in Nederman



Per-Ove Eriksson (1956)
Senior Vice President
Duct & Filter Elements

- Employed since 1996
- Owns 23,057 shares in Nederman

Anders Franzén (1961)
Senior Vice President
Corporate Development

- Employed since 2009
- Owns 3,530 shares in Nederman

Per Lind (1957)
Senior Vice President
Head of Americas

- Employed since 2007
- Owns 4,588 shares in Nederman

Eva Carin Svensson (1964)
Senior Vice President
HR

- Employed since 2009
- Owns 1,176 shares in Nederman

Financial reports

Consolidated income statement

SEK m	Note	1 January - 31 December 2016	2015
Net sales	2, 3	3,107.3	3,198.0
Cost of goods sold		-1,996.3	-2,070.4
Gross profit		**1,111.0**	**1,127.6**
Other operating income	5	21.5	10.0
Selling expenses		-648.1	-640.7
Administrative expenses		-209.0	-212.0
Research and development expenses		-7.8	-6.4
Acquisition cost	4	-	-1.1
Restructuring costs	9	-	-20.0
Other operating expenses	6	-17.3	-15.4
Operating profit	3, 7, 8, 9, 20, 25	**250.3**	**242.0**
Financial income		2.8	2.9
Financial expenses		-21.4	-30.0
Net financial items	10	**-18.6**	**-27.1**
Profit before tax		**231.7**	**214.9**
Taxes	11	-59.6	-62.1
Net profit		**172.1**	**152.8**
Net profit attributable to:			
The parent company's shareholders		172.1	152.8
Earnings per share	18		
before dilution (SEK)		14.72	13.08
after dilution (SEK)		14.72	13.03

Consolidated statement of comprehensive income

SEK m	Note	1 January - 31 December 2016	2015
Net profit		**172.1**	**152.8**
Other comprehensive income			
Items that cannot be reclassified to the income statement			
Revaluation of defined-benefit pension plans	20	-2.3	1.8
Tax relating to items that cannot be reclassified to the income statement		0.6	-0.5
		-1.7	**1.3**
Items that have been or can be reclassified to the income statement			
Exchange differences arising on translation of foreign operations		34.8	-7.1
Cash flow hedges	17	-2.8	1.4
Tax relating to items that can be reclassified to the income statement	17	0.6	-0.3
		32.6	**-6.0**
Other total comprehensive income for the year, net after tax		**30.9**	**-4.7**
Total comprehensive income for the year		**203.0**	**148.1**
Total comprehensive income for the year attributable to:			
The parent company's shareholders		203.0	148.1

Consolidated statement of financial position

SEK m	Note	2016	31 December 2015
Assets	4, 26		
Intangible assets	12	827.8	791.0
Tangible assets	13	263.8	262.8
Long-term receivables	14	5.5	5.1
Deferred tax assets	11	60.7	76.3
Total fixed assets		**1,157.8**	**1,135.2**
Inventories	15	380.6	330.7
Tax assets	11	71.5	48.5
Accounts receivable	24	525.1	538.8
Prepaid expenses and accrued income	16	27.5	27.7
Other receivables	14	203.1	223.5
Cash and cash equivalents	28	287.8	261.4
Total current assets		**1,495.6**	**1,430.6**
Total assets	3	**2,653.4**	**2,565.8**
Equity	17		
Share capital		1.2	1.2
Other capital contributions		345.9	345.9
Reserves		58.8	26.2
Retained earnings, including net profit for the year		576.3	463.8
Equity attributable to parent company shareholders		**982.2**	**837.1**
Total equity		**982.2**	**837.1**
Liabilities	4, 26		
Long-term interest-bearing liabilities	19, 24	702.4	788.2
Other long-term liabilities	22	1.4	1.2
Pension provisions	20	109.2	107.7
Other provisions	21	6.5	8.2
Deferred tax liabilities	11	20.9	29.8
Total long-term liabilities		**840.4**	**935.1**
Current interest-bearing liabilities	19, 24	0.5	1.1
Accounts payable	24	315.2	362.1
Current tax liabilities	11	55.0	41.2
Other liabilities	22	277.0	193.7
Accrued expenses and deferred income	23	156.9	149.4
Provisions	21	26.2	46.1
Total current liabilities		**830.8**	**793.6**
Total liabilities	3	**1,671.2**	**1,728.7**
Total equity and liabilities		**2,653.4**	**2,565.8**

For information on the Group's pledged assets and contingent liabilities, see note 26.

Consolidated statement of changes in equity

SEK m	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings incl. net profit for the year	Total equity
	Equity attributable to parent company shareholders					
Equity opening balance on 01-01-2015	1.2	345.9	32.2	–	354.0	733.3
Net profit for the year	–	–	–	–	152.8	152.8
Other comprehensive income	–	–	–	–	–	–
Change in translation reserve for the year	–	–	-7.1	–	–	-7.1
Cash flow hedges, net of tax	–	–	–	1.1	–	1.1
Revaluation of defined-benefit pension plans, net of tax	–	–	–	–	1.3	1.3
Other total comprehensive income for the year	**–**	**–**	**-7.1**	**1.1**	**1.3**	**-4.7**
Total comprehensive income for the year	**–**	**–**	**-7.1**	**1.1**	**154.1**	**148.1**
Transactions with Group owners						
Dividend paid	–	–	–	–	-46.7	-46.7
Share-based payments	–	–	–	–	2.4	2.4
Equity closing balance as at 31-12-2015	**1.2**	**345.9**	**25.1**	**1.1**	**463.8**	**837.1**
Equity opening balance on 01-01-2016	1.2	345.9	25.1	1.1	463.8	837.1
Net profit for the year	–	–	–	–	172.1	172.1
Other comprehensive income	–	–	–	–	–	–
Change in translation reserve for the year	–	–	34.8	–	–	34.8
Cash flow hedges, net of tax	–	–	–	-2.2	–	-2.2
Revaluation of defined-benefit pension plans, net of tax	–	–	–	–	-1.7	-1.7
Other total comprehensive income for the year	**–**	**–**	**34.8**	**-2.2**	**-1.7**	**30.9**
Total comprehensive income for the year	**–**	**–**	**34.8**	**-2.2**	**170.4**	**203.0**
Transactions with Group owners						
Dividend paid	–	–	–	–	-58.4	-58.4
Share-based payments	–	–	–	–	0.5	0.5
Equity closing balance as at 31-12-2016	**1.2**	**345.9**	**59.9**	**-1.1**	**576.3**	**982.2**

Consolidated cash flow statement

SEK m	Note	1 January - 31 December 2016	2015
Operating activities			
Operating profit		250.3	242.0
Adjustment for:			
Depreciation and amortization of fixed assets		47.7	47.9
Other adjustments	28	-23.4	1.4
Interest received		2.8	2.9
Interest paid		-19.7	-28.6
Income tax paid		-62.2	-60.8
Cash flow from operating activities before changes in working capital		**195.5**	**204.8**
Cash flow from changes in working capital			
Increase (-) /decrease (+) in inventories		-34.4	-15.2
Increase (-) /decrease (+) in operating receivables		63.9	-122.9
Increase (-) /decrease (+) in operating liabilities		14.7	14.0
		44.2	**-124.1**
Cash flow from operating activities		**239.7**	**80.7**
Investing activities			
Capital expenditure in tangible assets		-19.8	-43.6
Sale of tangible assets		3.2	1.6
Capital expenditure in capitalized development costs		-6.7	-7.9
Capital expenditure in other intangible assets		-19.4	-14.5
Sale of intangible assets		0.2	-
Acquisition of subsidiaries/businesses, net effect on liquidity	4	5.2	-43.2
Sale of financial assets		-	0.8
Cash flow from investing activities		**-37.3**	**-106.8**
Financing activities			
New loans		14.7	19.9
Change in interest-bearing liabilities		-1.4	-0.5
Repayment of loan		-138.1	-15.0
Dividends paid to parent company shareholders		-58.4	-46.7
Cash flow from financing activities		**-183.2**	**-42.3**
Cash flow for the year		**19.2**	**-68.4**
Cash and cash equivalents at beginning of year		261.4	325.0
Translation differences		7.2	4.8
Cash and cash equivalents at end of year	28	**287.8**	**261.4**

1 Accounting policies

Nederman Holding AB (publ) Swedish company reg. no. 556576-4205, which is the parent company of the Nederman Group, has its registered office in Helsingborg, Sweden.

COMPLIANCE WITH LAWS AND STANDARDS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). In addition, RFR 1, Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, have been applied.

Nederman Holding AB's annual accounts and consolidated financial statements were approved and signed by the Board on 10 March 2017. The income statement and balance sheet, statement of comprehensive income for the parent company, and the consolidated income statement, statement of comprehensive income together with the consolidated statement of financial position shall be determined by the Annual General Meeting to be held on 19 April 2017.

CHANGES THAT HAVE BEEN APPLIED SINCE 1 JANUARY 2016

Standards and changes in the interpretation of existing standards that came into force in 2016 have had no material impact on the consolidated financial statements.

CHANGES THAT COME INTO EFFECT IN 2017 AND ONWARD

Standards and changes in the interpretation of existing standards that come into force in future financial years have not been applied in preparation of the consolidated financial statements.

IFRS 15, effective for financial years beginning no earlier than 1 January 2018, will not have any material impact on reporting of consolidated income, although the Group will be affected by extended disclosure requirements. The standard will be applied with full retroactivity. The reporting of revenues from Products and Services will be recognised at a specific time, which is in accordance with the same accounting policies as described on page 64. Reporting of revenue from Solutions will continue to be recognised over time as separate performance obligations cannot be identified and that Solutions contain a substantial element of customisation.

IFRS 9, effective for financial years beginning no earlier than 1 January 2018, will not have any material impact on the consolidated reporting of financial instruments.

IFRS 16 replacing IAS 17 from 1 January 2019. The standard is expected to be approved by the EU during 2017. An evaluation of the impact of the standard has been started.

VALUATION PRINCIPLES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS

Assets and liabilities are recorded at historical cost, except for certain financial assets and liabilities measured at fair value via the income statement. This category consists primarily of derivative instruments, which are valued at fair value.

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

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

ASSESSMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS

Company management and the Board make judgments, estimates and assumptions concerning the future that affect the reported assets, liabilities, income and expenses and other disclosures provided, including any contingent liabilities. These estimates are based on historical experience and assumptions deemed reasonable under the prevailing circumstances. Actual results may differ from these estimates and assessments. 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. Estimates that may have a significant impact on the Group's earnings and financial position are described in note 29.

SEGMENT REPORTING

The Group's operations are managed and reported by business segment, based on a geographical division. These form the basis for the chief operating decision maker's allocation of the Group's resources. Segments are valued and consolidated in accordance with the same principles as for the Group as a whole. Inter-company transactions within segments take place on market conditions. The segments' results include earnings up to adjusted operating profit. Assets and liabilities include directly attributable items and items that can be allocated on a reasonable basis.

The Group's operating segments consist of:
- EMEA (Europe, Middle East and Africa)
- APAC (Asia and Oceania)
- Americas (North and South America)

A description of the different operating segments can be found on pages 22-33.

CLASSIFICATION ETC.

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

CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are the companies over which Nederman Holding AB has a controlling influence. Controlling influence exists if Nederman Holding AB has 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 yields. When determining whether a controlling influence exists, potential voting shares are taken into consideration. Business acquisitions are recognised according to acquisition accounting. The cost of acquiring a business or company consists of the fair value determined on the acquisition date of the acquired identifiable assets and liabilities and contingent liabilities and any non-controlling interest. The difference between the compensation transferred and the fair value of the acquired identifiable assets and liabilities and contingent liabilities is recorded as goodwill if this difference is positive. If the difference is negative, this amount is recorded directly in the income statement. Transaction costs, such as fees for legal advice, legal assistance, due diligence etc., are expensed in the periods in which they arise. Financial reports from the acquired businesses are included in the consolidated financial statements from and including the date of acquisition. Divested operations are consolidated until the date that controlling influence ceases. The accounting policies have been consistently applied by Group companies.

Transactions that are eliminated with consolidation

Inter-company receivables and liabilities, income and expenses, and unrealised gains or losses arising from inter-company transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

Financial reports of foreign entities

Assets and liabilities of foreign entities (none of which has a hyperinflationary currency), including goodwill and other group-wise surplus values and deficits, are translated from the foreign entity's functional currency to the Group's presentation currency at the exchange rate prevailing on the balance sheet date. Revenues 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 other comprehensive income and accumulated in a separate component of shareholders' equity designated 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 profit or loss on the sale.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCIES

Transactions in foreign currencies are translated into the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate on the balance sheet date. Profits and losses in regard to operating receivables and liabilities are reported as other operating income and other operating costs respectively in operating profit/loss, while gains and losses on financial assets and liabilities are recognised in net financial items.

REVENUE

Revenue is recognised at the fair value of the consideration received or receivable.

Revenue from the sale of Products is recognised when the significant risks and benefits associated with ownership of the goods have been transferred to the buyer, which normally occurs in connection with delivery. Revenue for Services is taken in line with the provision of the services.

Revenues and expenses from Solutions in the form of construction contracts are recognised as the projects are implemented. This principle is known as the percentage of completion method. Revenues and expenses are recognised in the income statement in relation to the project's stage of completion on the balance sheet date. The percentage of completion is determined on the basis of the project costs incurred in relation to the project income corresponding to the project cost for the entire project. A prerequisite for the percentage of completion method is that the outcome can be reliably measured. Revenue is not recognised if it is probable that the economic benefits will not flow to the Company. Anticipated losses are expensed immediately.

In the balance sheet, project work is recorded either as a current receivable for accrued, non-invoiced income for projects, or as a current liability in respect to invoiced, unearned revenue for projects.

RESTRUCTURING RESERVE/RESTRUCTURING COSTS

Reserves for planned restructuring are recognised when a detailed plan exists for the implementation of the measures and when this plan has been communicated to those affected. 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 income and expenses.

FINANCIAL INCOME AND EXPENSE

Financial income and expense consist of interest income on bank deposits and interest-bearing financial assets, interest expense on loans, dividend income, foreign exchange differences on interest-bearing financial assets and liabilities and the results of forward contracts used in financial operations.

Interest income on interest-bearing financial receivables and interest expense on interest-bearing financial 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 value of the receivable and liability respectively and the estimated future receipts and payments during the contract period. The interest component related to minimum lease payments of financial lease agreements are 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.

FINANCIAL INSTRUMENTS

Financial instruments recognised in the balance sheet include on the asset side cash and cash equivalents, accounts receivable, loans receivable, financial investments and derivative assets. The liability side includes accounts payable, loans, pension liabilities and derivative liabilities.

Financial assets or liabilities are recorded in the balance sheet when the Company becomes a party according to the instrument's contractual terms. Accounts receivable are recorded in the balance sheet when 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 recorded when the invoice has been received. A financial liability 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.

The acquisition and divestment of financial assets is recognised on the transaction date, which is the date that the company undertakes to acquire or divest the asset.

Recognition and valuation

A financial instrument is classified based on the purpose of the acquisition.

A financial asset's classification determines how it is valued after initial recognition. The classification then determines how the financial instrument shall be valued.

Financial instruments that are not derivatives are initially recognised at cost, corresponding to the instrument's fair value plus transaction costs for all financial instruments except those classified as financial assets recognised at fair value via the income statement, which are recognized at fair value excluding transaction costs. Accounts receivable and accounts payable have a short expected maturity and are valued at nominal value.

Financial assets assessed at fair value via the income statement

Financial instruments in this category are assessed on an ongoing basis at fair value, with recognition of value adjustments in the income statement. Stand-alone derivatives are classified as held for trading unless they are used for hedge accounting. Derivative trading is carried out to hedge the Group's currency and interest rate risks. Derivatives with positive values (unrealised gains) are recognised as other long-term receivables or current receivables. Changes in fair value are reported under Other operating revenue/ Other operating expenses in the income statement.

Loans and accounts receivable

Loan receivables and accounts receivable are financial assets that are not derivatives, that have defined or definable payments and that are not listed in an active market. These assets are measured at amortised cost. Amortised cost is determined according to the effective interest rate and calculated as at the acquisition date. Accounts receivable are recognised at the amount that is expected to be received, i.e. after deductions for doubtful debts.

Impairment losses on receivables are recognised in Other operating expenses. Impairment loss testing is done an individual basis.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances with banks and similar institutions.

Financial liabilities assessed at fair value via the income statement

This category comprises derivatives with negative fair value not used for hedge accounting. Changes in fair value are reported under Other operating revenue/ Other operating expenses in the income statement.

Other financial liabilities

Financial liabilities included in this category, such as accounts payable and loans, are valued at amortised cost. Loans and other financial liabilities are recognised initially at the loan amount received after deductions for transaction costs. In subsequent recognition, the liability is valued at amortised cost using the effective interest method.

Hedge accounting

If the hedge accounting criteria are met, the effective portion of the change in fair value of the derivative is recorded in other comprehensive income and accumulated in the hedging reserve under equity. The cumulative gains or losses recognised in the hedging reserve are reversed to income in the same period as the hedged cash flow affects income. 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 recorded in the hedging reserve until the cash flow attributable to the hedged item affects earnings. In cases where the forecast cash flows underlying the hedging transaction is no longer expected to occur, the cumulative change in value recognized in the hedging reserve is transferred directly to the income statement.

INTANGIBLE ASSETS

Goodwill

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

Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition, and these are tested annually and in the vent of an indication of a reduction in value, for impairment requirements. Any impairment losses are not reversed.

Research and development
Costs for development, where research results or other knowledge is applied to achieve new or improved products or processes, are reported 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 recorded in the balance sheet at cost less accumulated amortization and any impairment losses.

Expenditure on research aimed at obtaining new scientific or technical knowledge is recognized as expenses when incurred.

Trademarks with indefinite life
Trademarks acquired through business combinations are recognised at fair value at the acquisition date. Trademarks with indefinite life are allocated to cash-generating units or groups of cash generating units that are expected to benefit from the trademark's cash generating units and are tested annually and in the event of a reduction in value, for impairment requirements.

Customer relationships and trademarks with a finite life
Customer relationships acquired through business combinations are recorded at fair value at the acquisition date. Trademarks with a finite life are measured at cost less amortization and any accumulated impairment losses.

Other intangible assets
Other intangible assets acquired by the Group are stated at cost less accumulated amortization and impairment losses.

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

Amortization
Amortization is recognised in the income statement linearly over the intangible assets' estimated useful life unless such useful life is indefinite.

The estimated useful life is:

– Capitalised development expenditure	5 years
– Data programs	3–5 years
– Customer relationships	10 years

The depreciation methods, residual values and useful life used are reviewed at each year-end.

TANGIBLE ASSETS

Assets owned
Tangible fixed 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 recognised value 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 is the difference between the sale price and the asset's carrying amount less direct selling expenses. Profit and loss are recognised as other operating income/expense.

Additional expenses
Additional expenses are only added to cost if it is probable that the future economic benefits associated with the asset will benefit 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-amortised carrying values of replaced components, or parts of components, are retired 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 estimated useful life is:

– 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 depreciation methods, residual values and useful life used are reviewed at each year-end.

LEASING
Leasing is classified in the consolidated accounts as finance or operating leasing. Finance leases exists when the economic risks and benefits associated with ownership are in all material respects transferred to the lessee. Lease agreements that are not classified as finance leases are classified as operating leases.

Finance leases
Leasing of fixed assets where the Group in all material respects has assumed the same economic risks and benefits as with direct ownership is classified as finance leasing. Assets leased under finance leases are recognised as assets in the consolidated balance sheet in the same way as owned assets. The obligation to pay future leasing fees is reported as long-term liabilities and current liabilities. Leasing payments are allocated between interest expense and amortization of debt. The interest expense is allocated over the term of the lease so that each reporting period is charged with an amount equal to a fixed interest rate on the liability recognised for each period. Variable fees are expensed in the periods in which they arise.

Operating leases
Leasing of fixed assets where the economic risks and benefits of ownership remain with the lessor are classified as operating leases. Costs for operating leases are recognised on a straight-line basis in the income statement over the lease period. Benefits received in connection with signing a contract are recognised as part of the total lease expense on a straight-line basis in the income statement over the lease period. Variable fees are expensed in the periods in which they arise.

IMPAIRMENT LOSS AND REVERSALS OF IMPAIRMENT
Impairment losses are charged to the income statement. Impairment of financial, tangible and intangible assets affects operating profit.

Previously recognised impairment loss is 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 of goodwill is not reversed.

Impairment testing for tangible assets and intangible assets and for participations in subsidiaries
Testing for impairment requirement is done if any event occurs or circumstances change that indicate that the carrying value may be impaired. Testing is carried out on the cash generating unit to which the asset belongs. The cash-generating units are comprised of the Group's operating segments. For goodwill, other intangible assets with indefinite useful life and intangible assets not yet ready for use, the recovery value is calculated annually. An impairment loss is recognised when an asset's or cash-generating unit's carrying value exceeds its recoverable amount.

The recoverable amount is the higher of fair value less costs to sell 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 assets attributable to a cash-generating unit is first allocated to goodwill. A proportional impairment of other assets in the unit is then made.

An impairment loss is reversed, except for goodwill impairment, if there has been a positive change in the recoverable amount.

Impairment testing for financial assets
There is a need for impairment of a financial asset if objective evidence indicates that one or more events have had a negative impact on the asset's estimated future cash flows.

An impairment of a financial asset valued at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Reversal of previous impairment of financial assets is done when evidence shows that the previous impairment is no longer justified.

INVENTORIES
Inventory is valued at the lower of cost and net realisable value on the balance sheet date. Cost is calculated using the first-in, first-out (FIFO) method and includes expenses incurred in acquiring the inventories and bringing them to their present location and condition. For Finished goods and Work in progress, cost includes an appropriate share of overheads based on normal capacity. Borrowing costs are not included. Net realisable value is the estimated selling price less applicable variable selling expenses.

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

EARNINGS PER SHARE
Calculation of earnings per share is based on consolidated net income attributable to parent company shareholders and on the weighted average number of shares outstanding during the year.

EMPLOYEE BENEFITS
Short-term benefits
Short-term benefits to employees 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 are met.

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 fees paid by the company and the return on capital that the fees provide. The Group's liabilities for contributions to defined contribution plans are reported as costs in the income statement in the rate they are earned. The part of the Swedish ITP plan that is financed through Alecta is a defined-benefit pension plan. At present, Alecta is unable to provide the required information, which is why the above pension plan is reported as a defined contribution plan, which means that the premiums paid to Alecta are recognised in the period they relate to.

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 present value. The discount rate is the interest rate at 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 obligation is the present value of the liability, less the fair value of plan assets, adjusted for any asset restrictions.

The net interest income/expense 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, that is, interest on the liability, plan assets and interest on the effect of any asset restrictions. Other components are recognized in operating income.

Revaluation effects consist of actuarial gains and losses, the difference between the actual return on plan assets and the amount included in net interest income and any changes to impact access restrictions (excluding interest included in net interest income/expense). Revaluation effects 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 income.

This special employer's contribution is part of the actuarial assumptions and is recognised as a 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 the result for the period to which the tax relates, and therefore is 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 recorded for the special employer's contribution based on this difference. The provision or receivable is not discounted.

Share investment programme
The 2013 share investment programme is recorded as share-based benefits that are regulated by equity instruments. This means that the real value is initially calculated based on the expected achievement of earnings targets set during the measurement period. The value is allocated over the vesting period. No revaluation after fair value is established then takes place during the remainder of the vesting period except for changes in the number of shares due to the condition of continued employment during the vesting period no longer being met.

Social security contributions
Social security contributions payable on share-based benefits are recognised in accordance with the Financial Reporting Council's statement UFR 7. Expenses for social security contributions are allocated over the periods during which the services were carried out. The resulting provision is revalued at each reporting date in order to correspond to the estimated fees to be paid at the end of the vesting period.

PROVISIONS
Provisions are recorded in the balance sheet when the Group has an existing obligation (legal or constructive) 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. Provisions are reviewed at each balance sheet date. Provisions are divided into long-term and short-term provisions.

Provisions for guarantees
A provision for product warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of possible outcomes in relation to the probabilities associated with the outcomes.

Provisions for restructuring and redundancy payments
A restructuring provision 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 costs.

TAXES
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 connection 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 and carrying values recorded.

Temporary differences that arise on initial recognition of an asset or liability, and which are not related to a takeover or other acquisition, nor affect the reported or taxable profit, do not give rise to any deferred tax asset or liability.

Deferred tax is calculated as the nominal amount with application of the tax rates and tax laws that are enacted or substantively enacted at the balance sheet date. Temporary differences not recognised in participations in subsidiaries 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. Temporary differences are not recognised in goodwill either. 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. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilised. Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities and when the deferred income taxes relate to the same taxation authority.

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.

THE PARENT COMPANY'S ACCOUNTING POLICIES

The parent company applies 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. The parent company applies the same accounting policies as the Group except in the cases listed below. The deviations between the policies of the parent company and the Group are due to limitations in the opportunities to apply IFRS in the parent company as a consequence of the Swedish Annual Accounts Act and Pension Obligations Vesting Act, and in certain cases to tax legislation.

Subsidiaries

Participations in Group companies are recorded in the parent company in accordance with the cost method. All expenses incurred in connection with business combinations, i.e. including acquisition-related expenses, are capitalised in the parent company's accounts as part of the cost of subsidiaries' shares. Income from dividends is recognised when the right to receive dividends has been established. Dividends received are recognised as income regardless of whether or not the dividends relate to profits earned before the acquisition date. Shares in subsidiaries and receivables from subsidiaries are tested annually and in the event of an indication of impairment, for impairment loss. Any impairment losses are not reversed.

Net sales

The parent company's revenues consists of intercompany management fees. The revenue is recognised in the income statement as net sales.

Taxes

The parent company reports untaxed reserves including deferred tax liability, unlike in the consolidated accounts where untaxed reserves are divided into deferred tax liability and equity. The parent company, therefore, accordingly makes no allocation of appropriations to deferred tax expense.

Group contributions and shareholders' contributions for legal persons

Shareholder contributions are added to the value of shares and participations in the balance sheet, after which impairment testing is done.

Group contributions are recognised as an appropriation in the income statement.

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 this may incur because a specified debtor fails to make payment when due under the contract terms. The parent company reports 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.

2 Allocation of sales

Net sales, SEK m	2016	2015
Products	1,183.8	1,240.0
Solutions	1,358.2	1,395.7
Service	565.3	562.3
	3,107.3	**3,198.0**

3 Operating segments

Segment reporting is presented on the basis of reporting provided to the chief operating decision-maker as the basis for evaluation of its results and decisions on allocation of resources to the segment. The operating segments consist of parts of the Company that carry on business activity and are affected by income and expenses. Segments are valued and consolidated in accordance with the same principles as for the Group as a whole. Nederman is a world-leading manufacturer of products and systems in the environmental technology sector. The Group's products and systems help to create a clean and safe working environment with the focus on clean air, recycling and environmentally friendly transport management.

OPERATING SEGMENTS

The Group is organised in three operating segments:
- EMEA (Europe, Middle East and Africa)
- APAC (Asia and Oceania)
- Americas (North and South America)

The operations and scope of the different segments is presented in the Annual Report on pages 22-33. The Group's internal reporting system is structured in order to be able to monitor the operating segment's sales, gross profit and incremental costs. Joint operating costs are allocated to each business segment on an appropriate basis. The operating capital is reported separately where it is separable while other operating capital is allocated with an appropriate distribution. Earnings, assets and liabilities for the segment include directly attributable items and items that can be allocated to the segment in a reasonable and reliable manner. Non-allocated items relate mainly to costs relating to the parent company Nederman Holding AB, which includes the central group functions such as Group Finance, Group Management, Group IT, Group HR and Corporate Development. Non-allocated items also refers to financial income and expense, and tax expense. Assets and liabilities that are not allocated to a segment are tax assets and liabilities (current and deferred), financial investments and financial liabilities, including pension liabilities. Operating assets are defined as total assets less cash and cash equivalents, tax receivables (current and deferred) and financial investments. Operating liabilities are defined as total assets less financial investments, tax receivables (current and deferred) and financial liabilities, including pension liabilities. The segments' investments in tangible and intangible assets include all investments except for investments in expendable equipment, inventory of low value and goodwill. No single customer represents ten percent or more of the Group's revenues.

GEOGRAPHICAL AREAS

The Group is divided into the following five geographical areas: Sweden, the Nordic region, Germany, Other Europe, North America and the Rest of the World. The information presented relating to the revenue of geographical areas is grouped according to where customers are located. The information regarding operating assets, fixed assets, excluding goodwill and net investments for the period in tangible and intangible assets, excluding goodwill, is based on geographical areas grouped according to where the assets are located. Fixed assets are defined as total fixed assets less deductions for goodwill, long-term receivables and deferred tax assets.

3 Operating segments, cont.

OPERATING SEGMENTS

2016, SEK m	EMEA	APAC	Americas	Other non-allocated	Total
Net sales	1,420.6	379.6	1,307.1	-	3,107.3
Adjusted operating profit per operating segment	168.1	-9.3	140.4	-48.9	250.3
Acquisition costs	-	-	-	-	-
Restructuring costs	-	-	-	-	-
Operating profit/loss	168.1	-9.3	140.4	-48.9	250.3
Financial income	-	-	-	2.8	2.8
Financial expense	-	-	-	-21.4	-21.4
Tax expense for the year	-	-	-	-59.6	-59.6
Net profit for the year					**172.1**
Operating assets	1,396.2	290.2	1,192.9	-649.0	2,230.3
Other assets	-	-	-	423.1	423.1
Total assets	**1,396.2**	**290.2**	**1,192.9**	**-225.9**	**2,653.4**
Operating liabilities	394.8	215.9	452.6	-280.1	783.2
Other liabilities	-	-	-	888.0	888.0
Total liabilities	**394.8**	**215.9**	**452.6**	**607.9**	**1,671.2**
Capital expenditures	9.1	1.1	9.1	26.6	45.9
Depreciation and amortization	-22.2	-4.7	-15.7	-5.1	-47.7

GEOGRAPHICAL AREAS

2016, SEK m	Sweden	Nordic region	Germany	Other Europe	North America	Rest of the World	Non-allocated	Total
Net sales	134.5	214.4	290.6	695.6	1,140.1	632.1	-	3,107.3
Operating assets	696.5	26.6	335.7	337.5	1,170.3	312.7	-649.0	2,230.3
Capital expenditures	3.0	0.4	1.4	4.3	8.7	1.5	26.6	45.9
Fixed assets	27.8	1.7	45.6	45.1	185.0	26.5	51.1	382.8

OPERATING SEGMENTS

2015, SEK m	EMEA	APAC	Americas	Other-non-allocated	Total
Net sales	1,455.8	362.6	1,379.6	-	3,198.0
Adjusted operating profit per operating segment	168.6	-5.7	163.8	-63.6	263.1
Acquisition costs	-	-	-	-1.1	-1.1
Restructuring costs	-	-	-	-20.0	-20.0
Operating profit/loss	168.6	-5.7	163.8	-84.7	242.0
Financial income	-	-	-	2.9	2.9
Financial expense	-	-	-	-30.0	-30.0
Tax expense for the year	-	-	-	-62.1	-62.1
Net profit for the year					**152.8**
Operating assets	1,252.0	236.5	1,102.9	-414.8	2,176.6
Other assets	-	-	-	389.2	389.2
Total assets	**1,252.0**	**236.5**	**1,102.9**	**-25.6**	**2,565.8**
Operating liabilities	367.6	186.2	479.4	-272.6	760.6
Other liabilities	-	-	-	968.1	968.1
Total liabilities	**367.6**	**186.2**	**479.4**	**695.5**	**1,728.7**
Capital expenditures	14.0	1.0	30.1	21.9	67.0
Depreciation and amortization	-21.6	-5.3	-12.8	-8.2	-47.9

GEOGRAPHICAL AREAS

2015, SEK m	Sweden	Nordic region	Germany	Other Europe	North America	Rest of the World	Non-allocated	Total
Net sales	143.1	194.8	255.4	776.3	1,177.9	650.5	-	3,198.0
Operating assets	640.1	24.7	275.0	312.2	1,088.8	250.6	-414.8	2,176.6
Capital expenditures	7.0	0.5	1.4	5.1	29.4	1.7	21.9	67.0
Fixed assets	33.8	1.9	46.0	46.5	175.7	28.6	32.7	365.2

4 Acquisition of business enterprises

ACQUISITIONS 2015

Filtac AB

On 1 September, the Group acquired 100% of the shares in Filtac AB for SEK 22.9m. Filtac has a turnover of around SEK 50m and its registered office in Kinna, Västergötland, Sweden. The company has 18 employees. The acquisition of Filtac gives Nederman access to world-leading technology and in-depth knowledge in areas such as capturing and filtering oil mist that arises in connection with processing metals. Combined with Nederman's global sales network, we have a strong position in this interesting market.

Acquisition-related costs amounted to SEK 0.2m and relate to fees paid to consultants in connection with due diligence. These expenses have been charged to operating profit. The fair value of accounts receivable and other receivables is SEK 6.6m and includes accounts receivable with a fair value of SEK 6.5m. No adjustment has been made by the acquisition analysis, compared with earlier presented preliminary acquisition analysis. The acquisition analysis is final.

National Conveyors Company Inc.

On November 5, the Group acquired 100% of shares in the National Conveyors Company Inc. for SEK 21.8m. National Conveyors Company Inc. (NCC) is engaged in products and systems for separation, transport and handling of metal chips and systems for handling ash and lime. NCC fits well with Nederman's existing operations in the metal processing sector and gives Nederman access to the North American market for metal processing. Further synergies between NCC and Nederman have also been identified in equipment for handling ash and lime, which is often included in Nederman's filtering solutions targeted at customers in the foundry and steel industries. NCC has a turnover of around SEK 50m and has 17 employees. NCC will also serve as a channel for the launch of solutions for the filtration of oil mist, an area where Nederman strengthened its position through the acquisition of Filtac AB in September 2015

Acquisition-related costs amounted to SEK 0.9m and relate to fees paid to consultants in connection with due diligence. These expenses have been charged to operating profit. The fair value of accounts receivable and other receivables is SEK 4.4mand includes accounts receivable with a fair value of SEK 3.7m.

The acquisition analysis has been adjusted by SEK 5.2m primarily due to adjustment of the purchase price after the final calculation of net working capital. The adjustment has reduced goodwill by the same amount. The acquisition analysis is final.

Payment transferred, SEK m	Filtac AB	National Conveyors Company Inc.	Total
Cash and cash equivalents	22.9	21.8	44.7
Total payment transferred	**22.9**	**21.8**	**44.7**

Recognised amounts for identifiable assets acquired and liabilities assumed on the date of acquisition, SEK m	Filtac AB	National Conveyors Company Inc.	Total
Intangible assets	5.0	4.9	9.9
Tangible assets	0.9	3.2	4.1
Inventories	4.2	2.4	6.6
Accounts receivable and other receivables	6.6	4.4	11.0
Tax assets	0.2	-	0.2
Cash and cash equivalents	0.5	1.0	1.5
Interest-bearing liabilities	-1.2	-	-1.2
Accounts payable and other operating liabilities	-8.2	-8.8	-17.0
Deferred tax liabilities	-	-2.0	-2.0
Total identifiable net assets	**8.0**	**5.1**	**13.1**
Goodwill	14.9	16.7	31.6
Total	**22.9**	**21.8**	**44.7**
Payment transferred	-22.9	-21.8	-44.7
Cash and cash equivalents acquired	0.5	1.0	1.5
Effect on the Group's cash and cash equivalents	**-22.4**	**-20.8**	**-43.2**
Net sales in the acquired units during the period of ownership	18.3	21.1	39.4
Net sales in 2015 before acquisition	31.4	31.1	62.5
Net income in the acquired units during the period of ownership	0.2	3.8	4.0
Net income in 2015 before acquisition	1.5	-1.3	0.2

5. Other operating income

SEK m	2016	2015
Profit on sale of fixed assets	0.5	0.4
Bad debts recovered	0.9	3.8
Exchange gains on receivables/liabilities relating to operations	13.9	-
Other	6.2	5.8
	21.5	**10.0**

6 Other operating expenses

SEK m	2016	2015
Loss on sale of fixed assets	-0.1	-0.1
Bad debts	-3.6	-6.9
Exchange loss on receivables/liabilities relating to operations	-4.5	-4.1
Other	-9.1	-4.3
	-17.3	**-15.4**

7 Employees and personnel costs

			2016			2015
Average number of employees	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Australia	2	18	20	3	17	20
Belgium	3	12	15	3	12	15
Brazil	6	18	24	4	19	23
Denmark	10	63	73	10	64	74
UK	12	79	91	13	88	101
France	20	26	46	21	24	45
India	1	17	18	1	16	17
Indonesia	1	8	9	1	8	9
Canada	7	23	30	8	23	31
China	35	113	148	37	128	165
Malaysia	1	5	6	1	6	7
Mexico	2	4	6	2	2	4
Netherlands	3	31	34	5	34	39
Norway	2	19	21	2	19	21
Poland	29	181	210	26	177	203
Russia	3	3	6	3	5	8
Spain	2	13	15	2	12	14
Sweden	66	174	240	59	173	232
Thailand	28	75	103	20	78	98
Czech Republic	2	15	17	2	15	17
Turkey	3	8	11	3	8	11
Germany	39	146	185	43	148	191
Hungary	-	2	2	-	2	2
USA	110	316	426	102	380	482
Austria	1	3	4	1	3	4
Total employed by the Group	**388**	**1,372**	**1,760**	**372**	**1,461**	**1,833**
Of whom, senior executives	**20**	**72**	**92**	**14**	**74**	**88**

Gender breakdown of senior executives, proportion of women, %	2016	2015
Boards of Directors	4%	4%
Other senior executives	22 %	16 %

Cost of employee benefits, SEK m	2016	2015
Salaries and other remuneration	739.1	748.0
Pension costs, defined contribution plans (see note 20) *	39.3	33.0
Social security contributions	123.9	112.2
	902.3	**893.2**

Salaries and other remuneration broken down among Board members etc. and other employees, SEK m	2016	2015
Board of Directors, CEO and other senior executives	56.0	52.6
(of which variable remuneration)	(3.7)	(6.0)
Other employees	683.1	695.4
	739.1	**748.0**

* Of pension expenses SEK 1.3m (1.3) refers to the Board of Directors and the CEO of the Parent Company. There are no pension obligations to the Group's Board of Directors, CEO or senior executives.

8 Fees and expenses to the auditors

SEK m	2016	2015
EY		
Audit assignment	5.3	4.6
Tax consultancy	0.3	0.7
Other assignments	0.5	0.2
Other auditors		
Audit assignment	0.6	0.7
Tax consultancy	0.4	0.4
Other assignments	0.2	0.1

Auditing refers to the statutory audit of annual report and consolidated accounts and accounting and the Board of Directors and the Managing Director management, as well as auditing and other audit reviews conducted in accordance with the agreement or as agreed. Other assignments in addition to the audit assignment include other duties that are incumbent on the company's auditor, and advice or other assistance arising from observations during such examination or the implementation of such other tasks.

9 Operating expenses

SEK m	2016	2015
Operating costs broken down by type of cost		
Material costs	-1,477.0	-1,525.6
Costs for remuneration to employees	-902.3	-893.2
Other external costs and other personnel costs	-434.2	-467.6
Acquisition costs	-	-1.1
Restructuring costs*	-	-15.2
Depreciation and amortization	-47.7	-47.9
Other operating expenses	-17.3	-15.4
	-2,878.5	**-2,966.0**
* Excl. personnel costs of	-	-4.8

10 Net financial items

SEK m	2016	2015
Financial income		
Interest income on bank deposits	2.2	2.4
Other interest income	0.6	0.5
	2.8	**2.9**
Financial expense		
Interest expense, credit institutions	-15.1	-17.4
Interest expense, other	-4.3	-4.6
Net exchange rate fluctuations	-2.0	-8.0
	-21.4	**-30.0**
Net financial items	**-18.6**	**-27.1**

All interest income and interest expenses originates from financial assets and liabilities that are valued at amortised cost.

11 Taxes

REPORTED IN THE CONSOLIDATED INCOME STATEMENT, SEK m	2016	2015
Current tax expense (-)		
Tax expense for the period	-51.0	-47.5
Adjustment of taxes relating to previous years	-1.3	0.7
	-52.3	**-46.8**
Deferred tax expense (-) /tax income (+)		
Deferred tax in respect of temporary differences	10.7	-7.7
Utilisation of previously capitalised loss carry-forwards	-15.5	-
Revaluation of loss carry-forwards	-5.4	-7.6
Deferred tax income in tax value in loss carry-forwards capitalised during the year	2.9	-
	-7.3	**-15.3**
Total recorded income tax expense in the Group	**-59.6**	**-62.1**

Reconciliation of effective rate of tax

The Swedish income tax rate is 22 percent. The main reasons for the difference in the tax rate between the Swedish income tax rate and the Group's income tax rate, based on earnings after financial items are shown in the table below.

	2016, %	2016, SEK m	2015 %	2015, SEK m
Profit before tax		231.7		214.9
Tax according to the applicable tax rate for the parent company	22.0	-51.1	22.0	-47.3
Effect of other tax rates for foreign subsidiaries	5.7	-13.2	9.7	-20.9
Non-tax deductible expenses	3.3	-7.6	3.9	-8.5
Non-taxable income	-3.5	8.0	-2.7	5.9
Increase in loss carry-forwards without corresponding capitalisation of deferred tax/temporary differences	0.9	-2.0	1.5	-3.2
Utilisation of previously non-capitalised loss carry-forwards	-4.2	9.8	-6.3	13.6
Tax relating to previous years	0.6	-1.4	0.8	-1.7
Effect of changes in tax rates/and tax regulations	0.9	-2.1	-	-
Recorded effective tax	**25.7**	**-59.6**	**28.9**	**-62.1**

Current tax assets amounted to SEK 71.5 m (48.5) and represent the recoverable amount of current tax on earnings for the year.

REPORTED IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

			2016			2015
Deferred tax assets and liabilities, SEK m	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Deferred tax assets and liabilities are attributable to the following:						
Tangible assets	27.0	36.8	-9.8	26.4	36.5	-10.1
Intangible assets	6.3	23.1	-16.8	6.7	22.0	-15.3
Financial assets	0.6	-	0.6	0.6	-	0.6
Inventories	10.4	1.1	9.3	8.4	1.1	7.3
Accounts receivable	2.2	1.1	1.1	1.8	4.0	-2.2
Pension provisions	14.6	-	14.6	7.9	0.7	7.2
Provisions	14.0	-	14.0	16.7	0.3	16.4
Loss carry-forwards	24.3	-	24.3	40.5	-	40.5
Other	2.5	-	2.5	2.1	-	2.1
Tax assets/liabilities	**101.9**	**62.1**	**39.8**	**111.1**	**64.6**	**46.5**
Offsets	-41.2	-41.2	-	-34.8	-34.8	-
Tax assets/liabilities according to the consolidated statement of financial position	**60.7**	**20.9**	**39.8**	**76.3**	**29.8**	**46.5**

Deferred tax assets are recognised to the extent it is considered probable that the losses can be offset against future profits. Reported losses for taxation purposes have no time limit.

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.

11 Taxes, cont.

NON-RECORDED LOSS CARRY-FORWARDS

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

SEK m	2016	2015
Tax losses	168.9	103.0

Deferred tax assets that have not been recognised mainly relate to part of the loss carry-forwards in Australia, India, China, Netherlands, Thailand, Germany and the USA where the current assessment is that it is not probable that the Group will be able to utilise them to offset future taxable profits. The majority of the loss carry-forwards have a time limit until 2020/2021 and the remainder are mainly indefinite.

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRY-FORWARDS

SEK m	Balance per 1 Jan 2015	Recorded over income statement	Translation difference	Acquisitions of business	Balance per 31 Dec 2015
Tangible assets	-4.6	-5.2	-0.3	-	-10.1
Intangible assets	-10.9	-1.2	-0.2	-3.0	-15.3
Financial assets	0.6	0.0	0.0	-	0.6
Inventories	3.9	3.2	0.2	-	7.3
Accounts receivable	2.7	-4.7	-0.2	-	-2.2
Pension provisions	7.0	0.2	0.0	-	7.2
Provisions	14.0	2.4	0.0	-	16.4
Loss carry-forwards	47.6	-7.8	-0.3	1.0	40.5
Other	4.4	-2.2	-0.1	-	2.1
	64.7	**-15.3**	**-0.9**	**-2.0**	**46.5**

SEK m	Balance per 1 Jan 2016	Recorded over income statement	Translation difference	Acquisitions of business	Balance per 31 Dec 2016
Tangible assets	-10.1	0.3	-0.0	-	-9.8
Intangible assets	-15.3	-1.7	0.2	-	-16.8
Financial assets	0.6	0.0	-0.0	-	0.6
Inventories	7.3	2.2	-0.2	-	9.3
Accounts receivable	-2.2	3.8	-0.5	-	1.1
Pension provisions	7.2	8.3	-0.9	-	14.6
Provisions	16.4	-2.7	0.3	-	14.0
Loss carry-forwards	40.5	-18.0	1.8	-	24.3
Other	2.1	0.5	-0.1	-	2.5
	46.5	**-7.3**	**0.6**	**-**	**39.8**

12 Intangible assets

2016						
SEK m	Customer relations	Trademarks	Development activities	Goodwill	Software	Total
Accumulated cost						
Opening balance	18.9	43.8	115.1	688.6	76.2	942.6
Acquisitions	2.0	-	-	-7.5	-	-5.5
Internally developed assets	-	-	6.7	-	-	6.7
Other capital expenditure	-	-	-	-	19.4	19.4
Re-classifications	-	-	-	-	-0.0	-0.0
Exchange rate differences for the year	1.7	3.6	1.7	27.7	0.9	35.6
Closing balance	**22.6**	**47.4**	**123.5**	**708.8**	**96.5**	**998.8**
Accumulated amortization and impairment						
Opening balance	-4.6	-	-89.4	-	-57.6	-151.6
Amortization for the year	-2.1	-	-7.4	-	-7.0	-16.5
Exchange rate differences for the year	-0.5	-	-1.5	-	-0.9	-2.9
Closing balance	**-7.2**	**-**	**-98.3**	**-**	**-65.5**	**-171.0**
Carrying amount						
At beginning of year	14.3	43.8	25.7	688.6	18.6	791.0
At end of year	**15.4**	**47.4**	**25.2**	**708.8**	**31.0**	**827.8**

2015						
	Customer relations	Trademarks	Development activities	Goodwill	Software	Total
Accumulated cost						
Opening balance	14.8	42.3	99.3	655.1	64.2	875.7
Acquisition	3.6	-	8.8	31.6	-	44.0
Internally developed assets	-	-	7.9	-	-	7.9
Other capital expenditures	-	-	0.0	-	14.5	14.5
Sales and disposals	-	-	-	-	-1.5	-1.5
Re-classifications	-	-	-	-	0.4	0.4
Exchange rate differences for the year	0.5	1.5	-0.9	1.9	-1.4	1.6
Closing balance	**18.9**	**43.8**	**115.1**	**688.6**	**76.2**	**942.6**
Accumulated amortization and impairment						
Opening balance	-3.0	-	-81.5	0.0	-53.7	-138.2
Acquisitions	-	-	-2.5	-	-	-2.5
Sales and disposals	-	-	-	-	1.5	1.5
Amortization for the year	-1.5	-	-6.5	-	-6.5	-14.5
Exchange rate differences for the year	-0.1	-	1.1	-	1.1	2.1
Closing balance	**-4.6**	**-**	**-89.4**	**0.0**	**-57.6**	**-151.6**
Carrying amount						
At beginning of year	11.8	42.3	17.8	655.1	10.5	737.5
At end of year	**14.3**	**43.8**	**25.7**	**688.6**	**18.6**	**791.0**

The Group's costs for the development of the existing product range and developing new products amounted to SEK 7.8 m (6.4).
In the consolidated statement of financial position, SEK 6.7m has been capitalised.

12 Intangible assets, cont.

Amortization and impairment, SEK m	2016	2015
Amortization is included in the following lines in the income statement:		
Cost of goods sold	-7.4	-5.3
Selling expenses	-4.7	-2.6
Administrative expenses	-4.4	-5.3
Research and development expenses	-	-1.3
	-16.5	**-14.5**

Consolidated goodwill represents the future economic benefits arising from acquisition and that is not individually identified and separately recognised and consists of the strategic business value arising in connection with business combinations. The goodwill is related to the operating segments.

Goodwill, SEK m	2016	2015
EMEA	404.0	392.5
APAC	42.5	41.3
Americas	262.3	254.8
	708.8	**688.6**

Cash-generating unit	Annual growth during the forecast period, %	Annual growth after the forecast period, %	Discount factor before tax, %
EMEA	1.0 (1.0)	1.0 (1.0)	12.67 (13.35)
APAC	6.0 (7.0)	3.0 (3.0)	10.38 (10.24)
Americas	3.0 (3.0)	2.0 (2.0)	15.21 (15.90)
Trademarks	2.0 (2.0)	2.0 (2.0)	12.75 (13.16)

IMPAIRMENT TESTS FOR CASH-GENERATING UNITS WITH GOODWILL AND TRADEMARKS WITH INDEFINITE LIFE

GOODWILL

Goodwill is tested annually for impairment, or more frequently if there are indications of impairment. The test is based on defined cash-generating units, which coincides within the operating segments, and the values are based on discounted cash flows. The estimates used as a basis for calculating the value in use are based on management's cash flow forecasts for a period of 5 years. The growth for the cash-generating units based on historical growth, estimated market growth and the expected price trend. The projections reflect past experience and external information sources. Estimated growth is based on reasonable prudence and does not exceed the long-term growth for the industry sector as a whole.

Sensitivity analysis:

The sensitivity of all the calculations implies that the value of goodwill is maintained even if the discount rate should be increased by one percentage point, or if the long-term growth is lowered by one percentage point. This year's test of the value of goodwill indicates no impairment. In a sensitivity analysis, all operating segments indicate that no reasonable changes in key assumptions will lead to a need for impairment. Management believes that no reasonable changes in key assumptions in the impairment testing of the cash-generating units would cause the recoverable amount to be less than the book value.

TRADEMARKS

In addition to goodwill, there are also acquired trademarks that are considered to have an indefinite useful life. The useful life is deemed indefinite if these are well-established trademarks in their market, which the Group intends to maintain and further develop. The trademarks that have been identified and valued arose in connection with the acquisition of EFT in 2012. The cost of trademarks is determined at time of acquisition according to the relief from royalty method. Testing of impairment requirements is carried out annually. Testing involves assessment of the royalty rate established on the date of acquisition and estimated future sales performance over a five-year period. A sustained growth of 2 percent has been used in the calculation. Cash flows for the period beyond five years have been calculated by applying a multiple to estimated sustained cash flow. In calculating the present value of expected future cash flows, the weighted average cost of capital (WACC) for the market current at the time is used. The discount rate for 2016 is 12.75 percent (13.16). Impairment testing is done in the fourth quarter, or whenever the need arises, and indicated with the assumptions used that no there was impairment requirement for trademarks with an indefinite useful life. The book value of trademarks with an indefinite useful life amounted to SEK 47.5m (43.8).

13 Tangible assets

SEK m	Buildings and land	Plant and machery	Equipment, tools, fixtures and fittings	Total
				2016
Accumulated cost				
Opening balance	358.2	201.2	304.7	864.1
Capital expenditure	6.5	5.7	7.6	19.8
Sales and disposals	-	-15.2	-12.5	-27.7
Re-classifications	-2.3	0.5	0.0	-1.8
Exchange rate differences for the year	18.4	11.0	5.5	34.9
Closing balance	**380.8**	**203.2**	**305.3**	**889.3**
Accumulated depreciation and impairment				
Opening balance	-185.3	-146.6	-269.4	-601.3
Depreciation for the year	-9.2	-10.6	-11.4	-31.2
Sales and disposals	-	14.3	11.7	26.0
Re-classifications	-	0.0	0.0	0.0
Exchange rate differences for the year	-8.1	-7.1	-3.8	-19.0
Closing balance	**-202.6**	**-150.0**	**-272.9**	**-625.5**
Carrying amount				
At beginning of year	172.9	54.6	35.3	262.8
At end of year	**178.2**	**53.2**	**32.4**	**263.8**

	Buildings and land	Plant and machery	Equipment, tools, fixtures and fittings	Total
				2015
Accumulated cost				
Opening balance	346.2	183.1	295.7	825.0
Acquisitions	0.5	7.0	3.3	10.8
Capital expenditure	14.6	12.7	17.3	44.6
Sales and disposals	-3.1	-4.5	-9.9	-17.5
Re-classifications	-	0.0	-	0.0
Exchange rate differences for the year	0.0	2.9	-1.7	1.2
Closing balance	**358.2**	**201.2**	**304.7**	**864.1**
Accumulated depreciation and impairment				
Opening balance	-179.5	-134.7	-264.6	-578.8
Acquisitions	-0.5	-3.8	-2.4	-6.7
Depreciation for the year	-10.4	-10.9	-12.1	-33.4
Sales and disposals	3.1	4.5	8.9	16.5
Re-classifications	-	-0.2	-	-0.2
Exchange rate differences for the year	2.0	-1.5	0.8	1.3
Closing balance	**-185.3**	**-146.6**	**-269.4**	**-601.3**
Carrying amount				
At beginning of year	166.7	48.4	31.1	246.2
At end of year	**172.9**	**54.6**	**35.3**	**262.8**

Finance leases, SEK m	**2016**	**2015**
Carrying amount for assets under financial lease agreements		
Equipment, tools, fixtures and fittings	0.5	0.9

The leased assets are collateral for the leasing debt. See also Note 19 and Note 26.

Depreciation and impairment, SEK m	**2016**	**2015**
Depreciation is included in the following lines in the income statement:		
Cost of goods sold	-18.9	-18.2
Selling expenses	-8.3	-9.5
Administrative expenses	-4.0	-5.7
	-31.2	**-33.4**

14 Long-term receivables and other receivables

SEK m	2016	2015
Long-term receivables that are fixed assets		
Other	5.5	5.1
	5.5	**5.1**
Other receivables that are current assets		
VAT receivables	12.3	12.3
Project work in progress, not invoiced	163.4	163.0
Fair value of currency derivatives	0.7	2.0
Other receivables	26.7	46.2
	203.1	**223.5**

15 Inventories

SEK m	2016	2015
Raw materials and consumables	149.8	154.0
Work-in-progess	104.6	47.4
Finished goods and goods for resale	126.2	129.3
	380.6	**330.7**
Impairment of inventory value has been recognised gross for	88.1	85.1

16 Prepaid expenses and accrued income

SEK m	2016	2015
Rent/leasing	5.5	5.3
Data/licence costs	3.8	3.5
Insurance	1.7	1.7
Banking costs	1.2	0.9
Other	15.3	16.3
	27.5	**27.7**

17 Equity

Share capital and number of shares	2016	2015
Number of shares issued	11,715,340	11,715,340
Registered share capital, SEK	1,171,534	1,171,534

The quota value of the shares is SEK 0.10

Number of treasury shares held	2016	2015
Opening number of treasury shares held	34,000	34,000
Effects of share-based payments	-10,629	
	23,371	**34,000**

Dividend

The Board of Directors and the CEO propose a dividend of SEK 5.50 per share (5.00), totalling SEK 64.3 m* (58.4). The dividend will be determined at the AGM on 19 April 2017.

* Based on the number of shares outstanding as at 31 December 2016. The dividend amount may be subject to change as treasury shares may be sold up to the record day of 11 April 2017.

Hedging reserve, SEK m	2016	2015
Cash flow hedges		
Value at beginning of period	1.1	-
Changes in fair value of cash flow hedges	-1.5	1.5
Transferred to the income statement for the period	-1.3	-0.1
Taxes attributable to cash flow hedges	0.6	-0.3
Value at end of the period	**-1.1**	**1.1**

Capital management

The Group's capital corresponds to the total equity, SEK 982.2 m. According to the Board's policy, the Group's financial objective is to have a good financial position, which helps to maintain investor, creditor and market confidence and to serve as a basis for further development of the business, while the long-term returns generated for shareholders are satisfactory.

Capital is defined as total shareholder's equity, SEK m	2016	2015
Total equity	982.2	837.1

Net debt/equity ratio	2016	2015
Interest-bearing liabilities and provisions	812.1	897.0
Cash and cash equivalents	-287.8	-261.4
Net debt	**524.3**	**635.6**
Net debt/equity ratio, %	**53.4**	**75.9**

Decrease in net debt/equity ratio is due to both an increase in equity and that net debt has decreased. The equity has been strengthened by the improved profitability but has also positively affected by currency translation reserves primarily related to USD and EUR. Reduction of net debt is primarily due to a strengthening of the cash flow during the year. The stronger cash flow is mainly attributable to lower working capital requirements, primarily related to ongoing projects, and that the investment level was lower. The cash flow was also boosted by an adjustment of the acquisition analysis of the acquisition in the previous year of National Conveyors Company Inc. (NCC) of SEK 5.2 m primarily due to the adjustment of the purchase price after the final calculation of net working capital. These effects have resulted in the net debt/equity ratio at a lower level compared with the previous year. A lower net debt/equity ratio and the availability of liquid funds provides good conditions to take advantage of the growth opportunities anticipated over the next few years, while the level of the ordinary dividend is expected to be able to be maintained. For the same reason neither should new share issues be necessary in the next few years except in the event of any major corporate acquisitions.

The Group aims to pay an ordinary dividend each year amounting to 30-50 percent of net profit for the year. The Board of Directors has proposed to the 2017 AGM a dividend of SEK 5.50 per share, which is equivalent to 6.5 of equity. During the last five years, the ordinary dividend has averaged 7.1 percent of equity. This has meant that more than 46 percent of earnings per share has been distributed in the form of ordinary dividends.

There has been no change to the Group's capital management during the year.

18 Earnings per share

Earnings per share, SEK	2016	2015
Earnings per share before dilution	14.72	13.08
Earnings per share after dilution	14.72	13.03

Net profit for the year, SEK m	2016	2015
Net profit for the year attributable to parent company shareholders	172.1	152.8

18 Earnings per share, cont.

Weighted average number of shares	2016	2015
Number of issued shares at 31 December	11,715,340	11,715,340
Weighted average number of shares before dilution	11,691,969	11,681,340
Weighted average number of shares after dilution	11,691,969	11,725,969

Number of treasury shares held	2016	2015
Opening number of treasury shares held	34,000	34,000
Effects of share-based payments	-10,629	
	23,371	**34,000**

For information on the Group's share-based remuneration programmes, see Note 20.

19 Interest-bearing liabilities

For more information about the Company's exposure to interest rate risk and exchange rate fluctuations, see note 24.

Long-term liabilities, SEK m	2016	2015
Bank loans	702.2	787.6
Financial leasing liabilities	0.2	0.6
	702.4	**788.2**

Current liabilities, SEK m	2016	2015
Bank overdraft facilities	-	0.5
Current portion of bank loans	0.2	0.3
Current portion of financial leasing liabilities	0.3	0.3
	0.5	**1.1**

Total interest-bearing liabilities	**702.9**	**789.3**

Terms and conditions, and payback periods

Terms and conditions, and payback periods, see the table below. No collateral has been provided for bank loans.

2016, SEK m	Currency	Nom. interest %	Due date	Nominal value in original currency	Recognised value
Bank loans (revolving)	SEK	0.950	01.06.2019	110.8	110.0
Bank loans (revolving)	SEK	0.950	01.06.2019	14.0	14.0
Bank loans (revolving)	SEK	1.050	28.12.2020	58.0	57.5
Bank loans (revolving)	EUR	1.050	28.12.2020	17.2	164.7
Bank loans (revolving)	USD	1.885	01.06.2019	2.6	23.8
Bank loans (revolving)	USD	1.820	28.12.2020	36.5	332.4
Bank overdraft facilities					-
Financial leasing liabilities					0.5
Total interest-bearing liabilities					**702.9**

2015, SEK m	Currency	Nom. interest %	Due date	Nominal value in original currency	Recognised value
Bank loans (revolving)	SEK	1.400	28.12.2020	123.0	122.5
Bank loans (revolving)	SEK	1.400	28.12.2020	50.0	50.0
Bank loans (revolving)	SEK	0.950	04.08.2018	110.8	110.0
Bank loans (revolving)	EUR	1.400	28.12.2020	19.5	178.5
Bank loans (revolving)	USD	1.633	28.12.2020	36.5	305.2
Bank loans (revolving)	USD	1.357	04.08.2018	2.6	21.7
Bank overdraft facilities					0.5
Financial leasing liabilities					0.9
Total interest-bearing liabilities					**789.3**

Financial leasing liabilities

Financial leasing liabilities fall due for payment as below:

2016, SEK m	Minimum lease charges	Interest	Principal
Within one year	0.3	-0.0	0.3
Between one and five years	0.2	-0.0	0.2
	0.5	**-0.0**	**0.5**

2015, SEK m	Minimum lease charges	Interest	Principal
Within one year	0.3	-0.0	0.3
Between one and five years	0.6	-0.0	0.6
	0.9	**-0.0**	**0.9**

20 Pensions, benefits for senior executives

Defined-benefit pension plans

Defined benefit net liabilities recognised in the statement of financial position, SEK m	2016	2015
Present value of unfunded obligations	109.2	107.7
Present value of wholly or partly funded obligations	0.6	0.6
Total present value of defined-benefit obligations	**109.8**	**108.3**
Fair value of plan assets	-0.6	-0.6
	109.2	**107.7**

Overview of defined benefit plans

The Group has defined benefit plans that provide remuneration in the form of retirement pension and compensation for medical expenses, to employees when they retire in Sweden, Germany, USA, France and Poland. The majority of plans are closed, meaning that no additional benefits are earned. The defined benefit plans are exposed to actuarial risks such as life expectancy, currency, interest rate and investment risks.

Change in the present value of defined benefit obligations, SEK m	2016	2015
Liability for defined benefit plans as per 1 January	108.3	111.4
Remuneration paid	-6.6	-4.6
Reductions and settlements	0.5	0.1
Cost for employment during the current period	0.0	0.0
Interest expense	2.7	3.4
Revaluations		
- Actuarial gains and losses on revised demographic assumptions	-1.0	-1.1
- Actuarial gains and losses on revised financial assumptions	2.8	0.3
Exchange rate differences	3.1	-1.2
Liability for defined benefit plans as per 31 December	**109.8**	**108.3**

Change in fair value of plan assets, SEK m	2016	2015
Fair value of plan assets at 1 January	0.6	0.6
Fees from participants covered by the plan	-	0.0
Remuneration paid	-0.1	-0.1
Interest income from plan assets	-	0.1
Fair value of plan assets at 31 December	**0.5**	**0.6**

Expense recognised in net profit for the year, SEK m	2016	2015
Costs for employment during the current period	0.0	0.0
Cost for employment in earlier periods	0.0	0.1
Net interest	2.8	3.4
Effect of reductions and settlements	-	0.1
Total net expense in income statement	**2.8**	**3.6**
of which amount charged to the operating profit	-	0.0
of which amount charged to financial expenses	2.8	3.6
Total net expense	**2.8**	**3.6**

Expense recognized in other comprehensive income, SEK m	2016	2015
Revaluation of pension obligations	-1.8	0.8
Exchange rate differences in foreign plans	-0.5	1.0
Revaluation of defined-benefit net liability recognised in other comprehensive income	**-2.3**	**1.8**

Assumptions for defined benefit obligations, %	2016	2015
The most significant actuarial assumptions on the balance sheet date (expressed as weighted averages)		
Discount rate as at 31 December	1.8-2.9	2.3-3.0
Future increase in health care costs	-5.0	-5.0
Future increase in pensions	1.5	1.5

Sensitivity analysis

Possible changes in actuarial assumptions on the balance sheet date, other unchanged assumptions unchanged and how these would affect the defined benefit obligation, are presented in the table below.

SEK m	Increase	Decrease
Decrease/increase in the discount rate (0.5% change)	-6.3	7.0
Decrease/increase in health care costs (1% change)	0.5	-0.4

20 Pensions, benefits for senior executives, cont.

Future cash flow
As of 2016-12-31, the weighted average duration of the obligation is 14.0 years (14.1). Expected payments in 2017 relating to defined benefit pension plans total SEK 5.8 m.

Plans that cover several employers
Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured through insurance with Alecta. According to a statement by the Swedish Financial Reporting Board, UFR 10, this is a defined benefit plan covering several employers. For the 2016 financial year, the Company has not had access to information that makes it possible to report this plan as a defined benefit plan. ITP pension plans secured through insurance in Alecta are therefore reported as defined contribution plans. Contributions for the year to pension insurance with Alecta amounted to SEK 5.8m (4.3). Alecta's surplus can be distributed to policyholders and/or the insured persons. The Group's share of total savings premiums for ITP Alecta amounted to 0.035 percent (0.021) and the Group's share of the total number of active insured persons is 0.029 percent (0.025). At the end of 2016, Alecta's surplus in the form of the collective consolidation level was 148 percent (153). The collective consolidation level is the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19.

Defined contribution plans
In Sweden, the Group has defined contribution pension plans that are fully paid by the companies. Overseas, there are defined contribution plans, which are partly paid by subsidiaries and partly covered by contributions paid by the employees. Payments to these plans is on an ongoing basis according to the regulations of the respective plans.

SEK m	2016	2015
Costs for defined contribution plans	39.3	33.0

BENEFITS FOR SENIOR EXECUTIVES
Principle for remuneration to the Board of Directors
The Chairman of the Board of Directors and other Board members receive fees in accordance with the decision of the AGM. No remuneration is paid to Board members who are also employees of the Group. The 2016 AGM 2016 resolved that remuneration to the Board for the work in 2016 would amount to SEK 450t to the Chairman and SEK 225t to Per Borgvall, Fabian Hielte, Ylva Hammargren, Gunnar Gremlin and Johan Menckel. Gunilla Fransson was elected at the Extraordinary General Meeting of Shareholders in September 2016 and her fees are SEK 90t.

Principle for remuneration to the CEO and Group CEO
Remuneration
Remuneration for the CEO and Group CEO is paid in the form of basic salary, pension and variable remuneration. The basic salary in 2016 was SEK 4,074t. The variable remuneration shall not exceed 50 percent of basic salary. Any payment of variable remuneration is determined on the basis of the Nederman Group's earnings per share. In 2016, the remuneration to the CEO and Group CEO was SEK 7,155t, of which SEK 897t was variable remuneration and SEK 708t was expensed amounts related to share-based remuneration.

Notice periods and severance pay
If the CEO tenders his resignation, a 6-month period of notice will apply. If the Company terminates the CEO's employment, the CEO will be entitled to a sum equivalent to 18-24 monthly salaries. The last six months with reservation for new employment.

Pension benefits
The CEO and the Group CEO are entitled to retire at 65. The pension plan is a defined contribution plan with an annual premium equivalent to 35 percent of the annual basic salary. The Company's liability is limited to paying the annual premium. In 2016, the premium expenses were SEK 1,342t for the CEO and Group CEO.

Principles for remuneration for CEOs of subsidiaries
CEOs of subsidiaries have the same termination of employment agreements as above with 6-12 months' salary.

Principles for remuneration for other senior executive management
Remuneration
The members of senior executive management who are employed in companies other than the parent company receive their remuneration from the respective companies. The remuneration is determined by the Remuneration Committee in accordance with the principles adopted by the 2016 Annual General Meeting for remuneration to senior executives and consists of basic salary, pension, variable remuneration and other benefits. For other members of senior executive management the variable remuneration shall not exceed 30 percent of basic salary. Any payment of variable remuneration and the size of this is decided by the CEO in consultation with the Chairman of the Board on the basis of the tied-up capital and earnings of the Nederman Group. In 2016, the remuneration to other members of senior executive management was SEK 17,902t, of which SEK 271t was variable remuneration and SEK 279t was expensed amounts related to share-based remuneration.

Notice periods and severance pay
Other members of senior executive management have a 12-month period of notice for termination by the Company and 6-months for resignation by the executive. During the period of notice, other members of senior executive management are entitled to full salary and other employment benefits. None of the other members of senior executive management are entitled to severance pay.

Pension benefits
Other members of senior executive management are entitled to retire at 65. Pension payments are in accordance with the contractual collective ITP plan, except for two executives for whom pension contributions are made at 8 x the base amount per year, and a maximum of 30% of basic salary respectively. The Company's liability is limited to paying the annual premium. Pensionable salary consists of the fixed annual salary plus the average bonus for the last three years.

Remuneration and other benefits in 2016

SEK thousand	Base salary Director's fees	Variable benefits	Share investment programme/LTI	Other benefits	Pension expenses	Total
Chairman of the Board Jan Svensson	450	-	-	-	-	450
Board member Per Borgvall	225	-	-	-	-	225
Board member Fabian Hielte	225	-	-	-	-	225
Board member Gunnar Gremlin	225	-	-	-	-	225
Board member Ylva Hammargren	225	-	-	-	-	225
Board member Johan Menckel	225	-	-	-	-	225
Board member Gunilla Fransson	90	-	-	-	-	90
CEO Sven Kristensson	4,074	897	708	134	1,342	7,155
Other senior executives (7 persons)	13,585	271	279*	850	2,917	17,902
Total	**19,324**	**1,168**	**987**	**984**	**4,259**	**26,722**
of which subsidiaries (4 persons)	7,278	50	23*	578	1,788	9,717

* Remuneration includes the reversal of costs recorded in 2015 relating to executives who have ceased their employment during 2016.

20 Pensions, benefits for senior executives, cont.

Remuneration and other benefits in 2015

SEK thousand	Basic salary Board of Directors fees	Variable benefits	Share investment programme/LTI	Other benefits	Pension expenses	Total
Chairman of the Board Jan Svensson	400	-	-	-	-	400
Board member Per Borgvall	200	-	-	-	-	200
Board member Fabian Hielte	200	-	-	-	-	200
Board member Susanne Pahlén Åklundh	200	-	-	-	-	200
Board member Gunnar Gremlin	200	-	-	-	-	200
Board member Ylva Hammargren	200	-	-	-	-	200
CEO Sven Kristensson	3,868	1,800	1,234	120	1,301	8,323
Other senior executives (7 persons)	12,188	3,276	2,324	950	2,971	21,709
Total	**17,456**	**5,076**	**3,558**	**1,070**	**4,272**	**31,432**
of which subsidiaries (4 persons)	6,967	1,852	1,235	718	1,885	12,657

SHARE INVESTMENT PROGRAMME

The Annual General Meeting on 29 April 2013 adopted the Board's proposal to introduce a share investment programme that initially included seven people consisting of senior executives and persons with senior management positions and working within senior executive management. The share investment programme means that the persons involved in the programme, on condition of their personal investment in Nederman shares, can be allocated shares in Nederman, partly so-called matching shares and partly so-called performance shares, at the earliest on the day after the publication of Nederman's first quarterly report for 2016 and no later than 30 days thereafter, without consideration. In order for the participants to be eligible to receive matching shares, they must have remained in employment within the Group, and the investment in Nederman shares existed up until the date of allocation of the shares. The allocation of performance shares is conditional on the Group achieving certain financial performance targets for the years 2013, 2014 and 2015. According to the decision of the AGM, the share investment programme can entail a maximum allotment of 75,000 shares in Nederman. To ensure availability of Nederman shares, the 2013 AGM decided to repurchase the Company's own shares. At the 2016 Annual General Meeting, it was ascertained that the conditions for obtaining matching shares were met by all participants, but that the criteria for performance shares were not met. In total 10,629 shares were allocated.

LTI (LONG TERM INCENTIVE)

The Annual General Meeting held on 22 April 2015 approved the Board's proposal that the annual programmes for variable remuneration shall be able to be supplemented by a programme for long-term bonuses (LTI). The LTI programme 2015-2016 has been adopted for a minimum period of two years, and objectives shall be set in such a way that there shall be a particularly favourable development for the Company's shareholders. The outcome of the LTI programme which accrues to the senior executive (net of income tax), shall be reinvested in options in Nederman (options will only be possible on condition of approval by the relevant future Annual General Meeting of Nederman) or in Nederman shares bought on the stock exchange. The shares and options held which are reinvested must be retained by the senior executive for at least three years. The LTI programme 2015-2016 covers two years and can be a maximum of 35 percent of an annual salary for the CEO, and 20 percent of an annual salary for other senior executives.

21 Provisions

Provisions that are long-term liabilities, SEK m	2016	2015
Guarantee commitments	6.1	7.8
Other	0.4	0.4
	6.5	**8.2**

Provisions that are short-term liabilities, SEK m	2016	2015
Restructuring/redundancy payments	0.2	15.1
Guarantee commitments	22.4	26.4
Onerous contracts	1.3	2.8
Other	2.3	1.8
	26.2	**46.1**

Restructuring/redundancy payments, SEK m	2016	2015
Carrying amount at beginning of period	15.1	11.9
Provisions made during the period	0.2	21.0
Amount utilised during the period	-15.1	-17.8
Exchange rate differences for the year	0.0	0.0
	0.2	**15.1**

Guarantee commitments, SEK m	2016	2015
Carrying amount at beginning of period	34.0	37.8
Provisions made during the period	3.2	6.6
Amount utilised during the period	-8.3	-2.2
Acquisitions	-	0.1
Reclassification	3.8	-0.1
Unused amounts reversed during the period	-5.6	-8.3
Exchange rate differences for the year	1.4	0.1
	28.5	**34.0**

21 Provisions, cont.

Onerous contracts, SEK m	2016	2015
Carrying amount at beginning of period	2.9	-
Provisions made during the period	0.3	3.0
Reclassification	-0.1	-
Unused amounts reversed during the period	-1.6	-
Exchange rate differences for the year	-0.2	-0.1
	1.3	**2.9**

Other, SEK m	2016	2015
Carrying amount at beginning of period	2.3	2.9
Provisions made during the period	0.9	-0.6
Reclassification	0.3	-
Unused amounts reversed during the period	-0.9	-
Exchange rate differences for the year	0.1	-0.0
	2.7	**2.3**

Total provisions, SEK m	2016	2015
Carrying amount at beginning of period	54.3	52.6
Provisions made during the period	4.6	30.0
Amount utilised during the period	-23.4	-20.0
Acquisitions	-	0.1
Reclassification	4.0	-0.1
Unused amounts reversed during the period	-8.1	-8.3
Exchange rate differences for the year	1.3	0.0
	32.7	**54.3**

Warrantees

The provision for product warranties is based on calculations made on the basis of historical data.

22 Other liabilities

Other long-term liabilities, SEK m	2016	2015
Other liabilities	1.4	1.2
	1.4	**1.2**

Other current liabilities, SEK m	2016	2015
Employee-related liabilities	29.5	26.0
VAT liabilities	19.1	26.8
Fair value of currency derivatives	3.7	0.5
Advances from customers	52.7	80.6
Invoiced non-generated income relating to projects	163.2	55.4
Other liabilities	8.8	4.4
	277.0	**193.7**

23 Accrued expenses and prepaid income

SEK m	2016	2015
Employee-related expenses	114.8	107.2
Interest expense	-	0.1
Audit costs	3.7	5.3
Selling expenses	6.1	9.0
Freight and duty costs	0.2	0.3
Other	32.1	27.5
	156.9	**149.4**

24 Financial risks and financial policies

RISKS AND UNCERTAINTY FACORS - FINANCIAL POLICY

The Nederman Group is exposed to a number of risks that arise mainly due to the fact that the Group purchases and sells products in foreign currencies. Exchange rates and interest rate levels affect the Group's results and cash flows. The Nederman Group is also exposed to refinancing and liquidity risk as well as credit and counterparty risk. It is the Board of Directors that determines 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 RISK

The liquidity in the Group is not exposed to large seasonal fluctuations. The parent company has a financing agreement with Skandinaviska Enskilda Banken (SEB) formulated as a five-year framework agreement for SEK 1,000m. The agreement expires in December 2020. At year end, this SEK 554.3m (655.9) of this credit facility was utilised in the form of revolving credit agreements. The parent company also has a financing agreement with Svenska Handelsbanken (SHB) formulated as a three-year framework agreement for SEK 400m with an option for an additional year. The agreement expires in June 2019. At year end, this SEK 147.7m (131.7) of this credit facility was utilised in the form of revolving credit agreements. During the year, new loans totalled SEK 14.0m (19.9) and repayments of SEK 138.1m (15.0) have been made. In the event of a change of ownership where one or more parties acting together acquires shares representing more than 50 percent of the votes in the Company, the banks have the right under certain conditions to terminate the contract prematurely.

INTEREST RATE RISK

The Nederman Group is exposed to interest rate risk through its net debt. The Group's interest-bearing assets and liabilities have floating interest rates or with a maximum term of three months, according to the funding agreement with the Group's lenders. A change in the interest rate by one percentage point would have affected net financial income in 2016 by SEK 6.6m (6.5), calculated on the average net debt for the year. The Nederman Group has assessed that reasonable changes in interest rates do not affect the Group's results so materially that there is a need to secure interest rates through financial instruments. This assessment is updated on an ongoing basis.

EFFECTIVE RATES OF INTEREST AND MATURITY STRUCTURE

The table below shows the effective rate of interest on the balance sheet date and the financial liabilities' maturity structure/interest rate negotiations. The effective rate of interest is 1.69 percent (1.75).

2016, SEK m	Interest rate, %	Interest contract duration	Currency	Nominal amount in original currency	Total	Within 3 months	Between 3 and 12 months	Between 1 and 3 years	Between 3 and 5 years
Bank loans (revolving)	0.950	28.02.2017	SEK	110.8	114.6	0.5	1.4	112.7	-
Bank loans (revolving)	0.950	28.02.2017	SEK	14.0	14.6	0.1	0.2	14.3	-
Bank loans (revolving)	1.050	31.01.2017	SEK	58.0	62.4	0.2	0.7	2.0	59.5
Bank loans (revolving)	1.050	31.01.2017	EUR	17.2	178.6	0.7	2.1	5.6	170.2
Bank loans (revolving)	1.885	28.02.2017	USD	2.6	24.6	0.1	0.3	24.2	-
Bank loans (revolving)	1.820	31.01.2017	USD	36.5	360.2	1.4	4.2	11.2	343.4
Bank overdraft facilities					-	-	-	-	-
Financial leasing liabilities					0.5	0.1	0.2	0.2	-
Accounts payable					315.2	307.2	8.0	-	-
Derivatives					-3.0	-2.3	-0.7	-	-
2015, SEK m									
Bank loans (revolving)	1.400	31.03.2016	SEK	123.0	133.3	0.5	1.6	4.3	126.8
Bank loans (revolving)	1.400	31.03.2016	SEK	50.0	54.4	0.2	0.7	1.8	51.8
Bank loans (revolving)	0.950	09.02.2016	SEK	110.8	116.0	0.5	1.5	114.0	-
Bank loans (revolving)	1.400	31.03.2016	EUR	19.5	194.1	0.8	2.3	6.2	184.7
Bank loans (revolving)	1.633	31.03.2016	USD	36.5	331.9	1.3	4.0	10.7	315.9
Bank loans (revolving)	1.357	29.02.2016	USD	2.6	22.7	0.1	0.3	22.3	-
Bank overdraft facilities					0.5	0.5	-	-	-
Financial leasing liabilities					0.9	0.0	0.2	0.7	-
Accounts payable					362.1	352.2	9.9	-	-
Derivatives					1.5	0.7	0.8	-	-

24 Financial risks and financial policies, cont.

The Group's agreements with SEB and SHB concerning bank loans contain net debt covenants where the key net debt/EBITDA ratio may not exceed 3.5 times and the interest coverage ratio may not be less than 3.75. All covenants were fulfilled at balance sheet date.

The interest rate on the loans changes on an ongoing basis, but normally every three months.

According to the Group's finance policy, the Board of Directors will determine from time to time whether interest rate swaps will be used to hedge interest rate levels. Currently, there are no interest rate hedges in accordance with the Board's decision. This decision may be reviewed in the event of an increase in loan exposure.

The Group's financial liabilities, excluding pension provisions, at year-end totalled SEK 702.9m, of which SEK 702.4m in revolving credit agreements and SEK 0.5m in financial leasing liabilities. SEK 0 of the overdraft facilities was utilised.

The Group had SEK 287.8m in cash and cash equivalents as well as SEK 101.9m in available but unutilised overdraft facilities. In addition, there was a further credit facility of SEK 445.7m within the framework of Nederman's loan agreement with SEB and a further loan facility of SEK 252.3m within the framework of Nederman's loan agreement with SHB. Thus, there were available funds totalling SEK 1,087.7m on 31 December 2016.

CREDIT RISKS

Credit risks in accounts receivable.

The risk that the Group's customers might not pay their debts constitutes a customer credit risk. To limit this, the Nederman Group employs credit policies that limit amounts outstanding and length of credit for different customers. For new customers and new markets, letters of credit or advance payments normally apply. For established customers, credit limits are carefully monitored to limit the risk. The Group's largest single customer accounted for 1.1 percent of sales. The five largest customers accounted for 4.2 percent of sales. Risk spread, thus, can be regarded as very good.

The Group's bad debt losses in 2016 amounted to SEK 3.6m. Of the Group's total account receivables, net of impairment, of SEK 525.1m, 7.9 percent (8.0) represents receivables overdue for more than 90 days. Provision is made for bad debts on an individual case assessment basis. Provision for bad debts was SEK 19.7m (20.2) as at 31 December 2016, equivalent to 3.6 percent of the gross total of accounts receivable.

In some cases, credit insurance is used to secure accounts receivable. Furthermore, in major projects, payment terms with a fixed payment plan are applied where payments are based on the degree of completion.

SEK m	2016	2015
Not yet due	357.3	364.6
Overdue by:		
1-30 days	96.1	107.7
31-60 days	28.9	31.6
61-90 days	21.0	10.6
91-180 days	12.6	18.8
181-360 days	13.1	8.5
> 360 days	15.8	17.2
Total overdue accounts receivables	**187.5**	**194.4**
The reserve for bad debts has been changed as follows:		
Opening balance	-20.2	-21.5
Acquisitions	-	-0.1
Provision for bad debts	-2.6	-0.8
Receivables impaired as non-recoverable	1.8	0.8
Reversals of provisions	1.8	1.4
Exchange rate differences	-0.5	0.0
Closing balance	**-19.7**	**-20.2**
Total accounts receivable	**525.1**	**538.8**

Other counterparties

Credit exposure arises when liquid funds are invested and with trading in derivatives. The risk of a counterparty not fulfilling his commitment is limited by selecting creditworthy counterparties. According to the Group's finance policy, liquid funds are placed only in reputable banks ("first class banks").

Foreign exchange risks

The Nederman Group is exposed through its international operations to currency risk in that exchange rate fluctuations affect the Group's income statement and balance sheet. The Group's currency exposure includes both transaction exposure and translation exposure.

Transaction exposure

Transaction exposure arises when the Group's companies 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 extremely small.

The largest supply company is located in Sweden and 73 percent of purchases there are made in SEK. Other purchases are mainly in EUR and to a lesser extent in USD and CZK.

In connection with major projects in export markets where pricing is in a foreign currency, the exposure related to these projects is hedged.

24 Financial risks and financial policies, cont.

Invoicing in the Group in 2016:	
USD	37 %
EUR	21 %
SEK	8%
CNY	7%
GBP	5%
DKK	4%
NOK	3%
PLN	3%
AUD	2%
BRL	2%
CAD	2%
THB	2%
Other	4%

According to the Group's financial policy, about 70 percent of the expected currency flows in foreign currencies are hedged for a maximum of eight months forward. In cases where there is currency exposure for tangible projects, the currency exposure is hedged. In 2016, the Nederman Group used foreign exchange forwards to hedge currency exposure. Hedge accounting is applied for derivative instruments entered into to hedge highly probable forecasted sales in EUR, GBP, PLN and USD, and for forecasted purchases in EUR, GBP, PLN and USD.

Cash flow hedges have been deemed effective, and as at year-end 2016 an unrealized loss of SEK 2.8m (1.4) was recorded in other comprehensive income attributable to the revaluation of foreign exchange forwards at fair value. The ineffectiveness of cash flow hedges that are recognised in earnings, where they are included in operating income, amounted at year-end to SEK -1.7m (0.1).

The table below shows when the derivatives related to cash flow hedges are expected to affect earnings. Profits or losses are recognised in income in the period in which the forecasted hedged items affect earnings. Cash flow is expected to be affected in the corresponding periods when the derivatives affect earnings.

Period when the cash flow hedging affects earnings

2017, SEK m	Q1	Q2	Q3	Q4	Total
Foreign exchange forward contracts, EUR m	-0.3	0.2	0.1	-	-0.0
Foreign exchange forward contracts, GBP m	0.2	-0.1	0.0	-	0.1
Foreign exchange forward contracts, USD m	-2.1	-0.9	0.0	-	-3.0
Foreign exchange forward contracts, PLN m	-0.1	0.0	-0.0	-	-0.1

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

2016, SEK m	-3%	+3%.
EUR	-6.7	6.7
USD	-6.8	6.8
GBP	-2.0	2.0
PLN	-0.4	0.4

2015, SEK m	-3%	+3%.
EUR	-6.1	6.1
USD	-6.6	6.6
GBP	-2.4	2.4
PLN	-0.1	0.1

based on the Group's net flows in these currencies as well as translation differences in the consolidated income statement.

FAIR VALUE

Fair value corresponds in all material aspects to carrying value in the balance sheet. The majority of the Group's financial instruments consist of accounts receivable, cash and cash equivalents, interest-bearing loans and accounts payable, which are measured at amortised cost. For these categories of financial instrument, amortised cost is consistent with fair value. However, the Group holds derivative instruments that are classified as assets and liabilities valued at fair value in the income statement in the sub-classification 'held for trading'. The book value and fair value of these instruments can be found in the tables on the next page. The valuation at fair value for such assets has been based on directly observable market data which are not quoted in an active market.

Calculation of fair value

Instruments measured at fair value are classified into the following three levels:

1. The fair value of listed financial instruments is based on current market quotations on the balance sheet date.
2. For unlisted financial instruments, or if the market is not active, the value is determined by applying valuation techniques, whereby the Group makes assumptions based on the market conditions prevailing at the balance sheet date. Market interest rates form the basis for the calculation of the fair value of long-term loans.
3. For financial instruments whose valuation is not based on observable data, i.e. market value is not specified, fair value is deemed consistent with the carrying value.

The market value that formed the basis for valuation at fair value has been determined based on directly observable market data which are not quoted in an active market (level 2).

24 Financial risks and financial policies, cont.

Financial assets 2016, SEK m	Recognised at fair value: Foreign exchange forward contracts	Not recognised at fair value: Account receivables	Other current receivables	Cash and cash equivalents
Level	2			
Note	14		14	28
Holding for trading purposes	-	-	-	-
Identified at fair value	-	-	-	-
Hedging instruments	0.7	-	-	-
Investments held to maturity	-	-	-	-
Loans and accounts receivables	-	525.1	202.4	287.8
Financial assets available for sale	-	-	-	-
Other liabilities	-	-	-	-
Total	**0.7**	**525.1**	**202.4**	**287.8**

Financial liabilities 2016, SEK m	Recognised at fair value: Foreign exchange forward contracts	Not recognised at fair value: Bank loans	Financial leasing liabilities	Bank overdraft facilities	Accounts payable	Other current liabilities
Level	2					
Note	22	19	19	19		22, 23
Holding for trading purposes	-	-	-	-	-	-
Identified at fair value	-	-	-	-	-	-
Hedging instruments	-3.7	-	-	-	-	-
Investments held to maturity	-	-	-	-	-	-
Loans and accounts receivables	-	-	-	-	-	-
Financial assets available for sale	-	-	-	-	-	-
Other liabilities	-	-702.4	-0.5	-	-315.2	-430.2
Total	**-3.7**	**-702.4**	**-0.5**	**-**	**-315.2**	**-430.2**

Financial assets 2015, SEK m	Recognised at fair value: Foreign exchange forward contracts	Not recognised at fair value: Account receivables	Other current receivables	Cash and cash equivalents
Level	2			
Note	14		14	28
Holding for trading purposes	-	-	-	-
Identified at fair value	-	-	-	-
Hedging instruments	2.0	-	-	-
Investments held to maturity	-	-	-	-
Loans and accounts receivables	-	538.8	221.5	261.4
Financial assets available for sale	-	-	-	-
Other liabilities	-	-	-	-
Total	**2.0**	**538.8**	**221.5**	**261.4**

Financial liabilities 2015, SEK m	Recognised at fair value: Foreign exchange forward contracts	Not recognised at fair value: Bank loans	Financial leasing liabilities	Bank overdraft facilities	Accounts payable	Other current liabilities
Level	2					
Note	22	19	19	19		22, 23
Holding for trading purposes	-	-	-	-	-	-
Identified at fair value	-	-	-	-	-	-
Hedging instruments	-0.5	-	-	-	-	-
Investments held to maturity	-	-	-	-	-	-
Loans and accounts receivables	-	-	-	-	-	-
Financial assets available for sale	-	-	-	-	-	-
Other liabilities	-	-787.9	-0.9	-0.5	-362.1	-342.5
Total	**-0.5**	**-787.9**	**-0.9**	**-0.5**	**-362.1**	**-342.5**

The carrying amount of accounts receivable, other receivables, cash and cash equivalents, accounts payable and other liabilities is a reasonable approximation of fair value.

24 Financial risks and financial policies, cont.

Financial instruments recognised at fair value

Type	Valuation techniques	Significant non-observable input data	Connection between significant non-observable input data and calculation of fair value
	Market approach:		
Foreign exchange forward contracts	Fair value is based on quotations from brokers. Similar contracts are traded in an active market and the prices reflect actual transactions in comparable instruments.	ET	ET

Financial instruments not valued at fair value

Type	Valuation techniques	Significant non-observable input data
Other financial liabilities *)	Discounted cash flow	ET

* Other financial liabilities include bank loans, financial leasing liabilities and accounts payable.

OFFSET AGREEMENTS AND SIMILAR CONTRACTS

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 shall be settled by a net amount. ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because set-off 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 information in the table below shows the financial instruments that are covered by a legally enforceable framework agreement for netting or a similar agreement.

2016, SEK m	Note	Financial assets	Financial liabilities	Net amounts in statement of financial position	Financial instruments that are not offset	Net amount
Financial assets						
Other investments, incl. derivatives						
-Currency derivatives	14	0.7	-	-	-	0.7
Financial liabilities						
Accounts payable and other liabilities						
-Currency derivatives	22	-	-3.7	-	-	-3.7

2015, SEK m	Note	Financial assets	Financial liabilities	Net amounts in statement of financial position	Financial instruments that are not offset	Net amount
Financial assets						
Other investments, incl. derivatives						
-Currency derivatives	14	2.0	-	-	-	2.0
Financial liabilities						
Accounts payable and other liabilities						
-Currency derivatives	22	-	-0.5	-	-	-0.5

24 Financial risks and financial policies, cont.

The following forward contracts had been signed at balance sheet date:

Currency, m	Amount to sell in original currency	Amount to be received, SEK m	Recognised value, SEK m	Market value, SEK m
EUR	5.8	55.4	-0.0	-0.0
GBP	1.6	18.0	0.1	0.1
USD	7.5	64.3	-3.0	-3.0
PLN	2.6	5.5	-0.1	-0.1
		143.2	**-3.0**	**-3.0**
Total market value			**-3.0**	**-3.0**

Translation exposure

The net assets of the Group are divided among the following currencies:

Currency, SEK m		2016		2015
SEK	656.6	67%	569.1	68 %
EUR	186.1	19 %	145.3	17 %
GBP	47.0	5%	67.7	8%
USD	9.6	1 %	-10.0	-1%
CAD	10.2	1 %	10.5	1 %
PLN	101.2	10 %	106.4	13 %
CNY	57.6	6%	58.1	7%
DKK	-158.3	-16%	-153.6	-18%
BRL	26.6	3%	19.1	2%
Other	45.6	5%	24.5	3%
	982.2	**100%**	**837.1**	**100%**

The Group has a policy not to hedge translation exposures in foreign currency.

25 Operating leases

Leasing payments where the company is the lessee, SEK m	2016	2015
Future minimum lease payments for non-cancellable lease agreements amount to:		
Within one year	52.1	53.8
Between one and five years	85.3	88.3
Longer than five years	7.0	6.7
	144.4	**148.8**

Of the Group's operating leases, the majority are for property and premises where the business is conducted.

Recognised expenses for operating leases, SEK m	2016	2015
Minimum lease payments	50.5	48.6
Variable payments	0.0	0.0
	50.5	**48.6**

26 Pledged assets and contingent liabilities

Pledged assets, SEK m	2016	2015
In the form of pledged assets for own liabilities and provisions		
Net assets in subsidiaries	None	None
Property mortgages	None	None
Floating charges	None	None
Assets with retention of title (financial leasing)	0.8	0.9
	0.8	**0.9**

Contingent liabilities, SEK m	2016	2015
FPG/PRI	0.8	0.7
Guarantee commitments	97.8	71.7
	98.6	**72.4**

27 Affiliates

RELATED PARTY RELATIONSHIPS
No Board member or senior executive has or has had any direct or indirect participation in any business transactions between the individual and group companies that are or were unusual in nature with regard to terms and conditions in the current or previous financial year. Nor has any Group company granted loans, provided guarantees or given sureties to any Board member or senior executive. For internal transactions, see note 1 of Accounting policies.

TRANSACTIONS WITH KEY PEOPLE IN SENIOR EXECUTIVE MANAGEMENT
In regard to the Board, the CEO and other senior executives' salaries and other remuneration, expenses and obligations relating to pensions and similar benefits and agreements regarding severance pay, see the Note 20 to the consolidated financial statements.

28 Cash flow statement

Cash and cash equivalents, SEK m	2016	2015
Sub-components of cash and cash equivalents:		
Cash and bank deposits	287.8	261.4
Total according to statement of financial position	**287.8**	**261.4**

Adjustments for items not included in cash flow, SEK m	2016	2015
Capital gains on sale of tangible assets	-0.4	-0.2
Provisions	-23.0	1.6
	-23.4	**1.4**

Non-utilised credit, SEK m	2016	2015
Available funds	1,087.7	702.0

29 Alternative performance measures

In addition to information on our reported IFRS results, we provide certain information on an underlying business performance basis. We believe that our underlying business performance measures provide meaningful supplemental information to both management, investors and other stakeholders. These underlying business performance measures should not be viewed in isolation or as substitutes to the equivalent IFRS measures, but should be used in conjunction with the most directly comparable IFRS measures in the reported results. This is a consistent application compared to previous periods.

The following underlying business measures are used:
Adjusted operating profit, Adjusted operating margin, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Equity ratio, Net debt, Net debt/equity ratio, Operating capital, Return on equity, Return on operating capital, Capital turnover, Net deb/Adjusted EBITDA, Adjusted EBITDA/Net financial items, Interest cover ratio and Organic growth.

SEK m	2016	2015
Operating profit	250.3	242.0
Acquisition costs	-	-1.1
Restructuring costs	-	-20.0
Adjusted operating profit	**250.3**	**263.1**
Adjusted operating profit	250.3	263.1
Net sales	3,107.3	3,198.0
Adjusted operating margin, %	**8.1**	**8.2**
Operating profit	250.3	242.0
Depreciation and amortization	-47.7	-47.9
EBITDA	**298.0**	**289.9**
EBITDA	298.0	289.9
Acquisition costs	-	-1.1
Restructuring costs	-	-20.0
Adjusted EBITDA	**298.0**	**311.0**
Adjusted EBITDA	298.0	311.0
Net sales	3,107.3	3,198.0
Adjusted EBITDA margin, %	**9.6**	**9.7**
Closing equity balance at end of period	982.2	837.1
Balance sheet total	2,653.4	2,565.8
Equity ratio, %	**37.0**	**32.6**
Cash and cash equivalents	287.8	261.4
Long-term interest-bearing liabilities	702.4	788.2
Pension provisions	109.2	107.7
Current interest-bearing liabilities	0.5	1.1
Net debt	**524.3**	**635.6**

29 Alternative performance measures, cont.

SEK m	2016	2015
Net debt	524.3	635.6
Equity – closing balance	982.2	837.1
Net debt/equity ratio, %	**53.4**	**75.9**
Net debt	524.3	635.6
Equity – closing balance	982.2	837.1
Operating capital	**1,506.5**	**1,472.7**
Equity - Opening balance at beginning of period	837.1	733.3
Equity – closing balance	982.2	837.1
Equity - average	909.7	785.2
Net profit	172.1	152.8
Return on shareholders' equity, %	**18.9**	**19.5**
Equity - average	909.7	785.2
Net Debt - opening balance	635.6	556.6
Net Debt - closing balance	524.3	635.6
Net Debt - average	580.0	596.1
Operating capital - average	1,489.7	1,381.3
Adjusted operating profit	250.3	263.1
Return on operating capital, %	**16.8**	**19.0**
Net sales	3,107.3	3,198.0
Operating capital - average	1,489.7	1,381.3
Capital turnover, multiple	**2.1**	**2.3**
Net debt	524.3	635.6
Adjusted EBITDA	298.0	311.0
Net debt/Adjusted EBITDA, multiple	**1.8**	**2.0**
Adjusted EBITDA	298.0	311.0
Net financial items	-18.6	-27.1
Adjusted EBITDA/Net financial items, multiple	**16.0**	**11.5**
Profit before tax	231.7	214.9
Financial expense	-21.4	-30.0
Acquisition costs	-	-1.1
Restructuring costs	-	-20.0
EBT excl. financial expenses, acquisition costs and restructuring costs	253.1	266.0
Financial expense	-21.4	-30.0
Interest cover ratio, multiple	**11.8**	**8.9**
Incoming orders, same period in previous year	3,171.8	2,764.8
Incoming orders, organic	-209.0	108.0
Incoming orders, currency effects	-8.4	287.7
Incoming orders, acquisitions	37.9	11.3
Incoming orders	**2,992.3**	**3,171.8**
Order growth, %, organic	-6.7	4.4
Order growth, %, currency effects	-0.3	9.9
Order growth, %, acquisitions	1.3	0.4
Order growth, %	**-5.7**	**14.7**
Net sales, comparative period previous year	3,198.0	2,826.9
Net sales, organic	-127.1	40.2
Net sales, currency effects	-7.3	295.6
Net sales, acquisitions	43.7	35.3
Net sales	**3,107.3**	**3,198.0**
Sales growth, %, organic	-4.0	1.7
Sales growth, %, currency effects	-0.2	10.2
Sales growth, %, acquisitions	1.4	1.2
Sales growth, %	**-2.8**	**13.1**

30 Events after the balance sheet date

No significant events have occurred after the balance sheet date.

31 Significant estimates and judgments

Certain assumptions about the future and certain estimates and assessments on the balance sheet date have special significance for the valuation of assets and liabilities in the balance sheet. Those areas where the risk for significant changes in value, during the subsequent year, is significant because the assumptions or estimates may need to be changed, are discussed below.

IMPAIRMENT TESTING OF GOODWILL

The value of recorded goodwill is reviewed at least once a year in respect to any write-down requirement. 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 relates. This requires several assumptions about future conditions and estimates of parameters. A description of these can be found in Note 12. As described in Note 12, changes in 2016 to the conditions for these assumptions and estimates could have an effect on the value of goodwill. Management believes, however, that no reasonable changes in key assumptions in the impairment test of the cash-generating units would cause the recoverable amount to be less than the carrying amount.

INCOME TAX

In the calculation of deferred tax assets and tax liabilities respectively, an assessment is made regarding the likelihood that the deferred tax assets will be utilised to offset future taxable profits. The fair value of these future taxable profits may differ with regard to the future business climate, earning capacity or changes to tax regulations, see Note 11.

REPORTING OF INVENTORY

Inventory is recorded at the lower of cost and net realisable value. Valuation and assessments concerning inventory are regulated by internal rules, which are compulsory for all companies in the Group. The aim is to ensure that inventory is valued at the lower of cost and net realisable value. The calculation of net realisable value is done using assumptions on redundant items, surplus items, damaged goods and the estimated realisable value based on available information. Inventory reserve amounted to SEK 88.1m (85.1) as at 31 December 2016.

REVENUE IN RESPECT TO PROJECT SALES

Revenue recognition related to project solutions requires that the Company makes assessments of the degree of project completion that has taken place, which includes a significant element of judgment. Project solutions represent a significant percentage of net sales and include a significant element of judgment.

32 Information on the parent company

Nederman Holding AB (publ) is a Swedish public limited company with its registered office in Helsingborg, Sweden. The parent company's shares are registered on the Nasdaq Stockholm Mid Cap list.

The address of the head office:
Box 602, 251 06 Helsingborg, Sweden
Visiting address is Sydhamnsgatan 2.

The consolidated accounts for 2016 comprise the parent company and its subsidiaries, together termed the Group.

Income statement for the parent company

SEK m	Note	1 January - 31 December 2016	2015
Net sales	1, 18	24.2	24.6
Administrative expenses		-84.9	-82.9
Research and development expenses		-2.7	-1.3
Restructuring costs		-0.8	-3.0
Other operating income and expenses	2	5.2	-5.5
Operating profit/loss	3, 4, 13, 16	**-59.0**	**-68.1**
Result from participations in Group companies	5, 18	85.2	174.3
Interest income and similar income statement items	5, 18	32.2	21.7
Interest expense and similar income statement items	5, 18	-13.9	-16.5
Profit/loss after financial items		**44.5**	**111.4**
Group contributions	6, 18	101.8	82.7
Profit before tax		**146.3**	**194.1**
Taxes	7	-14.1	1.0
Net profit		**132.2**	**195.1**

Statement of comprehensive income for the parent company

SEK m	Note	1 January - 31 December 2016	2015
Net profit		**132.2**	**195.1**
Other comprehensive income		-	-
Items that cannot be reclassified to the income statement		-	-
Items that have been or can be reclassified to the income statement for the year		-	-
Other total comprehensive income for the year after tax		-	-
Total comprehensive income for the year		**132.2**	**195.1**

Balance sheet for the parent company

SEK m	Note	31 December 2016	2015
Assets			
Intangible assets	8	44.6	26.8
Tangible assets	9	1.0	0.4
Financial assets			
Long-term receivables from group companies	18	576.6	511.0
Participations in Group companies	19	906.5	908.9
Other long-term receivables	7	10.9	25.0
Total financial assets		1,494.0	1,444.9
Total fixed assets		**1,539.6**	**1,472.1**
Current assets			
Receivables from Group companies	18	319.1	332.2
Tax assets	7	1.2	0.9
Other receivables	10	5.6	4.7
Prepaid expenses and accrued income	11	5.7	4.3
Cash and cash equivalents	20	131.9	12.0
Total current assets		**463.5**	**354.1**
Total assets		**2,003.1**	**1,826.2**
Equity			
Restricted equity			
Share capital		1.2	1.2
Statutory reserve		292.5	292.5
Fund for development expenses		7.0	-
Non-restricted equity			
Share premium reserve		5.9	5.9
Retained earnings		351.0	220.8
Net profit		132.2	195.1
Total equity		**789.8**	**715.5**
Liabilities			
Liabilities to credit institutions	12	701.9	787.2
Total long-term liabilities		**701.9**	**787.2**
Accounts payable		12.8	10.7
Liabilities to Group companies	18	482.4	294.2
Other liabilities	14	1.7	1.2
Accrued expenses and deferred income	15	14.5	17.4
Total current liabilities		**511.4**	**323.5**
Total equity and liabilities		**2,003.1**	**1,826.2**

For information on the parent company's pledged assets and contingent liabilities, see note 17.

Statement of changes in the parent company shareholders' equity

	Restricted equity			Non-restricted equity		Total equity
	Share capital	Statutory reserve	Fund for development expenses	Share premium reserve	Retained earnings incl. net-profit for the year	
Equity opening balance on 01-01-2015	1.2	292.5	-	5.9	265.1	564.7
Net profit for the year	-	-	-	-	195.1	195.1
Other comprehensive income	-	-	-	-	-	-
Other total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**195.1**	**195.1**
Transactions with owners						
Dividend paid	-	-	-	-	-46.7	-46.7
Share-based payments	-	-	-	-	2.4	2.4
Equity closing balance on 31-12-2015	**1.2**	**292.5**	**-**	**5.9**	**415.9**	**715.5**
Equity opening balance on 01-01-2016	1.2	292.5	-	5.9	415.9	715.5
Net profit for the year	-	-	-	-	132.2	132.2
Transfer to development fund	-	-	7.0	-	-7.0	-
Other comprehensive income	-	-	-	-	-	-
Total other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**7.0**	**-**	**125.2**	**132.2**
Transactions with owners						
Dividend paid	-	-	-	-	-58.4	-58.4
Share-based payments	-	-	-	-	0.5	0.5
Equity closing balance on 31-12-2016	**1.2**	**292.5**	**7.0**	**5.9**	**483.2**	**789.8**

Cash flow statement for the parent company

SEK m	Note	1 January - 31 December 2016	2015
Operating activities			
Operating profit/loss		-59.0	-68.1
Adjustments for items not included in cash flow	20	38.4	8.9
Dividends received	18	95.2	174.6
Interest received and other financial items		32.3	21.7
Interest paid and other financial items		-11.7	-13.8
Income tax paid		-0.3	-1.2
Cash flow from operating activities before changes in working capital		**94.9**	**122.1**
Cash flow from changes in working capital			
Increase (-) /decrease (+) in operating receivables		99.4	86.1
Increase (-) /decrease (+) in operating liabilities		1.3	6.5
		100.7	**92.6**
Cash flow from operating activities		**195.6**	**214.7**
Investing activities			
Capital expenditure in tangible assets		-1.0	-0.0
Capital expenditure in intangible assets		-25.8	-21.8
Acquisition/capital contribution subsidiaries		-7.6	-34.3
Cash flow from investing activities		**-34.4**	**-56.1**
Financing activities			
New loans		14.0	19.0
Repayment of loans		-137.1	-15.0
Change in interest-bearing receivables/liabilities		140.2	-209.3
Dividends paid		-58.4	-46.7
Cash flow from financing activities		**-41.3**	**-252.0**
Cash flow for the year		**119.9**	**-93.4**
Cash and cash equivalents at beginning of year		12.0	105.4
Cash and cash equivalents at end of year	20	**131.9**	**12.0**

1 Net sales

SEK m	2016	2015
Management charges, charged to subsidiaries	24.2	24.6
	24.2	**24.6**

2 Other operating income and expenses

SEK m	2016	2015
Exchange gains and losses on receivables/liabilities relating to operations	5.2	-5.5
	5.2	**-5.5**

3 Employees and personnel costs

			2016			2015
Average number of employees	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Sweden	12	12	24	12	14	26
Total in the parent company	**12**	**12**	**24**	**12**	**14**	**26**

Gender breakdown of corporate management, proportion of women, %	2016	2015
Board of Directors, percentage who are women	25 %	29 %
Other senior executives	25 %	25 %

Salaries, other remuneration and social security expenses, SEK m	2016	2015
Salaries and remuneration	26.4	27.3
Social security expenses	15.4	17.2
(of which pension costs) *	(3,2)	(3,5)

*Of pension expenses SEK 1.3m (1.3) relates to the Group's Board of Directors and the CEO of the parent company. There are no outstanding pension obligations to the Group's Board of Directors, CEO or other senior executives.

Salaries and other remuneration broken down among Board members etc. and other employees, SEK m	2016	2015
Board members, CEO and other senior executives	6.0	7.2
(of which variable remuneration)	(0.4)	(1.8)
Other employees	20.4	20.1
	26.4	**27.3**

4 Fees and expenses to the auditors

SEK m	2016	2015
EY		
Audit assignment	1.1	0.7
Other assignments	0.3	-
	1.4	**0.7**

Auditing refers to the statutory audit of annual accounts and consolidated accounts and accounting and the administration by the Board of Directors and the CEO, as well as auditing and other audit reviews conducted in accordance with the agreement or as agreed. Other assignments in addition to the audit assignment include other duties that are incumbent on the company's auditor, and advice or other assistance arising from observations during such examination or the implementation of such other tasks.

5 Net financial items

SEK m	2016	2015
Result from participations in Group companies		
Dividend	95.2	174.6
Impairment of the book value of shares in subsidiaries	-10.0	-0.3
	85.2	**174.3**
Interest income and similar income statement items		
Interest income, credit institutions	0.0	0.1
Other financial income, Group companies	32.2	21.6
	32.2	**21.7**
Interest expense and similar income statement items		
Interest expense, credit institutions	-11.7	-13.6
Other financial expenses, Group companies	-	-0.1
Exchange rate fluctuations	-2.2	-2.8
	-13.9	**-16.5**

6 Appropriations

SEK m	2016	2015
Group contributions	101.8	82.7
	101.8	**82.7**

7 Taxes

RECOGNISED IN THE INCOME STATEMENT, SEK m	2016	2015
Current tax expense (-) /tax income (+)		
Adjustment of taxes relating to previous years	-	-0.3
	-	**-0.3**
Deferred tax expense (-) /tax income (+)		
Deferred tax income in tax value in loss carry-forwards capitalised during the year	-14.1	1.3
Total recognised tax expense	**-14.1**	**1.0**

Reconciliation of effective rate of tax, SEK m	2016	2015
Net profit/loss before tax	146.3	194.1
Tax according to the applicable tax rate for the parent company	-32.2	-42.7
Non-deductible expenses	-2.3	-0.3
Non-taxable income	20.9	38.4
Utilisation of previously non-capitalised loss carry-forwards	-0.5	5.9
Tax relating to previous years	-	-0.3
Recorded effective tax	**-14.1**	**1.0**

Current tax assets amounted to SEK 1.2m (0.9) and represent the recoverable amount of current tax on net profit/loss for the year.

RECORDED IN THE BALANCE SHEET		
Deferred tax assets, SEK	**2016**	**2015**
Deferred tax assets relate to the following:		
Loss carry-forwards	10.9	25.0
Tax assets as per the balance sheet	**10.9**	**25.0**

Deferred tax assets are recognised to the extent it is considered probable that the losses can be offset against future profits.

8 Intangible assets

			2016
SEK m	Development activities	Software	Total
Accumulated cost			
Opening balance	10.3	35.3	45.6
Internally developed assets	6.7	19.0	25.7
Re-classifications	-	0.5	0.5
Closing balance	**17.0**	**54.8**	**71.8**
Accumulated amortization and impairment			
Opening balance	-0.3	-18.5	-18.8
Amortization for the year	-1.9	-6.0	-7.9
Re-classifications	-	-0.5	-0.5
Closing balance	**-2.2**	**-25.0**	**-27.2**
Carrying amount			
At beginning of year	10.0	16.8	26.8
At end of year	**14.8**	**29.8**	**44.6**

8 Intangible assets, cont.

SEK m	Development activities	Software	Total 2015
Accumulated cost			
Opening balance	2.4	22.7	25.1
Internally developed assets	7.9	13.9	21.8
Sales and disposals	-	-1.3	-1.3
Closing balance	**10.3**	**35.3**	**45.6**
Accumulated amortization and impairment			
Opening balance	0.0	-14.5	-14.5
Sales and disposals	-	1.3	1.3
Amortization for the year	-0.3	-5.3	-5.6
Closing balance	**-0.3**	**-18.5**	**-18.8**
Carrying amount			
At beginning of year	2.4	8.2	10.6
At end of year	**10.0**	**16.8**	**26.8**

Amortization and impairment, SEK m	**2016**	**2015**
Amortization is included in the following lines in the income statement:		
Cost of goods sold	-1.9	-0.3
Administrative expenses	-6.0	-5.3
	-7.9	**-5.6**

9 Tangible assets

SEK m	Equipment, tools, fixtures and fittings	Total 2016
Accumulated cost		
Opening balance	5.6	5.6
Capital expenditure for the year	1.0	1.0
Closing balance	**6.6**	**6.6**
Accumulated depreciation and impairment		
Opening balance	-5.2	-5.2
Depreciation for the year	-0.4	-0.4
Closing balance	**-5.6**	**-5.6**
Carrying amount		
At beginning of year	0.4	0.4
At end of year	**1.0**	**1.0**

SEK m	Equipment, tools, fixtures and fittings	Total 2015
Accumulated cost		
Opening balance	6.7	6.7
Capital expenditure for the year	0.0	0.0
Sales and disposals	-1.1	-1.1
Closing balance	**5.6**	**5.6**
Accumulated depreciation and impairment		
Opening balance	-5.5	-5.5
Depreciation for the year	-0.8	-0.8
Sales and disposals	1.1	1.1
Closing balance	**-5.2**	**-5.2**
Carrying amount		
At beginning of year	1.2	1.2
At end of year	**0.4**	**0.4**

Depreciation and impairment, SEK m	**2016**	**2015**
Depreciation is included in the following lines in the income statement:		
Administrative expenses	-0.4	-0.8
	-0.4	**-0.8**

10 Other receivables

Other receivables which are current assets, SEK m	2016	2015
VAT receivables	5.4	4.4
Other receivables	0.2	0.3
	5.6	**4.7**

11 Prepaid expenses and accrued income

SEK m	2016	2015
Software/licence costs	2.8	2.2
Insurance	1.3	0.7
Banking costs	1.1	0.7
Other	0.5	0.7
	5.7	**4.3**

12 Liabilities to credit institutions

Long-term liabilities, SEK m	2016	2015
Bank loans	701.9	787.2
	701.9	**787.2**

13 Pensions

Defined contribution plans

In Sweden, the Group has defined contribution pension plans that are fully paid by the companies. Payments to these plans is on an ongoing basis according to the regulations of the respective plans.

SEK m	2016	2015
Costs for defined contribution plans	3.2	3.5
	3.2	**3.5**

For more information on treatment of pensions, see Note 20 to the consolidated financial statements.

14 Other liabilities

SEK m	2016	2015
Employee-related liabilities	1.7	1.2
	1.7	**1.2**

15 Accrued expenses and prepaid income

SEK m	2016	2015
Employee-related expenses	11.6	16.2
Audit costs	0.5	0.5
Other	2.4	0.7
	14.5	**17.4**

16 Operating leases

Leasing payments where the company is the lessee, SEK m	2016	2015
Future minimum lease payments under non-cancellable leases amount to:		
Within one year	0.4	0.5
Between one and five years	0.2	0.5
	0.6	**1.0**

Recognised expenses for operating leases, SEK m	2016	2015
Minimum lease payments	0.6	0.6
	0.6	**0.6**

17 Pledged assets and contingent liabilities

Pledged assets, SEK m	2016	2015
In the form of pledged assets for own liabilities and provisions:		
Shares in subsidiaries	None	None
	None	**None**

Contingent liabilities, SEK m	2016	2015
FPG/PRI	0.8	0.7
Guarantees on behalf of subsidiaries	109.6	130.7
	110.4	**131.4**

18 Affiliates

Related party relationships

The parent company has a related party relationships with its subsidiaries, see Note 19.

No Board member or senior executive has or has had any direct or indirect participation in any business transactions between the individual and group companies that are or were unusual in nature with regard to terms and conditions in the current or previous financial year. Nor has any Group company granted loans, provided guarantees or given sureties to any Board member or senior executive. For internal transactions, see Note 1 of Accounting policies. Loans to subsidiaries take place on market terms and conditions.

Transactions with affiliates, subsidiaries, SEK m	2016	2015
Net sales	24.2	24.6
Dividend received	95.2	174.6
Group contribution received	101.8	82.7
Financial income	32.2	21.6
Financial expense	-	-0.1
Receivables from affiliates as at 31 December	895.7	843.2
Liabilities to affiliates as at 31 December	482.4	294.2

Transactions with key people in senior executive management

In regard to the Board, the CEO and other senior executives' salaries and other remuneration, expenses and obligations relating to pensions and similar benefits and agreements regarding severance pay, see the Note 20 to the consolidated financial statements.

19 Group companies

The parent company's holding of shares and participations in subsidiaries

Company	Company reg. no.	Registered office/Country	Number of shares	Percentage of shares	2016 Book value, SEK m	2015 Book value, SEK m
AB Ph. Nederman & Co	556089-2951	Helsingborg, Sweden	550,000	100%	229.7	229.7
Nederman S.A.S.	434134615.0	Paris, France	-	-*	-	-
Nederman Distribution Sales AB	556272-9854	Helsingborg, Sweden	-	-*	-	-
Nederman Ibérica S.A.	A79441762	Madrid, Spain	-	-*	-	-
Nederman Logistics North America Ltd	426065-1	Mississauga, Canada	-	-*	-	-
Töredal Verkstad AB	556199-7601	Audi Sverige	-	-*	-	-
Nederman (Shanghai) Co Ltd	67113929X	Shanghai, China	-	-*	-	-
Nederman International Trading Shanghai Co. Ltd	688,759,399.0	Shanghai, China	-	-*	-	-
Nederman Magyarorszag Kft	01-09-874950	Budapest, Hungary	-	100%	0.2	0.2
Nederman Nordic AB	556426-7358	Helsingborg, Sweden	2,000	100%	110.6	110.6
Nederman Norway, Branch of Nederman Nordic	914149762	Skedsmo, Norway	-	-*	-	-
Nederman Denmark, Branch of Nederman Nordic AB	36414642	Mariager, Denmark	-	-*	-	-
Nederman N.V./S.A.	428727.0	Brussels, Belgium	4,000	100%	30.4	30.4
Nederman GmbH	HRB225315	Stuttgart, Germany	-	100%	19.2	19.2
Nederman GmbH (Austria)	FN2315530k	Vienna, Austria	-	-*	-	-
Nederman Ltd	1393492	Preston, UK	10,000	100%	49.3	49.3
Nederman Filtration Ltd	562216	Preston, UK	-	-*	-	-
Nederman CR s.r.o.	25 634 364,0	Prague, Czech Republic	1	100%	0.0	0.0
Nederman Holding USA Inc	465-416	Thomasville, USA	-	100%	106.5	106.5
Nederman Manufacturing & Logistics LLC	-	Thomasville, USA	-	-*	-	-
Nederman LLC	-	Thomasville, USA	-	-*	-	-
Nordfab LLC	-	Thomasville, USA	-	-*	-	-
Nederman Shared Services LLC	-	Thomasville, USA	-	-*	-	-
Nederman MikroPul Holding Inc	-	Wilmington, USA	-	-*	-	-
Pnuemafil Corporation	-	Wilmington, USA	-	-*	-	-
National Conveyors Company Inc.	-	East Granby, USA	-	-*	-	-
LCI Corporation International	-	Charlotte, USA	-	-*	-	-
Menardi LLC	-	Wilmington, USA	-	-*	-	-
Nederman Mikropul Canada Inc.	-	Wilmington, USA	-	-*	-	-
Nederman S. de R.L. de C.V	-	Polanco, Mexico	-	-*	-	-
Nederman Services S. de R.L. de C.V	-	Polanco, Mexico	-	-*	-	-
Nederman Mikropul LLC	-	Wilmington, USA	-	-*	-	-
Nederman Canada Ltd	856 876	Mississauga, Canada	1	100%	32.1	32.1
Nederman do Brasil Comércio de Produtos de Exaustao Ltda	05.880.850/0001-45	Sao Paulo, Brazil	3,365	100%	6.1	6.1
Arboga-Darenth Ltd	1048823.0	Preston, UK	10	100%	0.0	0.0
Nederman India Private Limited	U74900PN2008FTC144278	Pune, India	100,000	100%	0.3	0.3
Nederman Makine Sanayi Ve Ticaret Limited Sirketi	647743	Istanbul, Turkey	-	53%*	7.6	7.6
Nederman Holding Denmark A/S	28301650	Mariager, Denmark	60,500	100%	231.3	231.3
Nederman Filtration GmbH	HRB391382	Freiburg, Germany	-	-*	-	-
Nederman Holding Germany GmbH	HRB701805	Freiburg, Germany	-	-*	-	-
Nederman MikroPul GmbH	HRB 33261	Cologne, Germany	-	-*	-	-
Nederman OOO	1 082 468 018 511,0	Moscow, Russia	-	-*	-	-
Nederman Manufacturing Poland Sp. z o.o.	50307	Marki, Poland	-	-*	-	-
Nederman Polska Sp. z o.o.	109291	Marki, Poland	-	-*	-	-
Nederman SEA Co Ltd	-	Chonburi, Thailand	-	-*	-	-
Nederman (Malaysia) Sdn Bhd.	892768T	Selangor, Malaysia	-	-*	-	-
PT Nederman Indonesia	-	Jakarta, Indonesia	-	10%*	0.2	0.2
Nederman Filtration AB	556609-6177	Malmö, Sweden	-	-*	-	-
Nederman Manufacturing (Suzhou) Co Ltd	782062459	Suzhou, China	-	-*	-	-
Nordfab Europe AS	17011405	Mariager, Denmark	-	-*	-	-
Lebon & Gimbrair Beheer N.V.	31 033 906,0	Amersfoort, Netherlands	-	100%	26.7	36.7
Nederman Nederland BV	58 655 360,0	Amersfoort, Netherlands	-	-*	-	-
Mikropul Holding BV	-	Amersfoort, Netherlands	-	100%	11.9	11.0
EFT France Holding	429 043 276,0	Pontcharra, France	-	-*	-	-
MikroPul France SAS	303573307	Pontcharra, France	-	-*	-	-
Nordfab Ducting Co Ltd	-	Chonburi, Thailand	-	51%*	0.2	0.2
Nederman Manufacturing SEA	-	Chonburi, Thailand	-	-*	-	-
Nederman MikroPul Pty Ltd	-	Bayswater, Victoria, Australia	-	100%	14.4	14.4
Filtac AB	556652-2750	Kinna, Sweden	-	100%	29.1	23.1
Menardi Filters Europe A/S	38209205	Mariager, Denmark	-	100%	0.7	-
Nederman MikroPul Poland Sp. z o.o.	617869	Marki, Poland	-	-*	-	-
Total parent company					**906.5**	**908.9**

* 100% owned by the Group

19 Group companies, cont.

Accumulated cost, SEK m	2016	2015
At beginning of year	908.9	874.9
Acquisition of group companies	-	23.1
Formation of subsidiaries	0.7	-
Restructuring within the Group	-	11.2
Capital contribution	6.9	-
Impairment of book value	-10.0	-0.3
Carrying amount on 31 December	**906.5**	**908.9**

20 Cash flow statement

Cash and cash equivalents, SEK m	2016	2015
Sub-components of cash and cash equivalents:		
Cash and bank deposits	131.9	12.0
	131.9	**12.0**

Adjustments for items not included in cash flow, SEK m	2016	2015
Depreciation and amortization	8.3	6.4
Unrealised exchange rate differences	30.1	2.2
Impairment of shares in subsidiaries	-	0.3
	38.4	**8.9**

Non-utilised credit, SEK m	2016	2015
Available funds	1,087.7	702.0

21 Appropriation of profit or loss

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

SEK	2016	2015
Share premium reserve	5,866,700	5,866,700
Retained earnings	351,086,145	220,897,712
Net profit	132,208,209	195,076,328
	489,161,054	**421,840,740**

The Board of Directors and CEO propose a dividend to shareholders of SEK 5.50 (5.00)per share.*	64,305,830	58,406,700
To be transferred to the share premium reserve	5,866,700	5,866,700
To be transferred to retained earnings	418,988,524	357,567,340
	489,161,054	**421,840,740**

* Based on the number of shares outstanding at 31 December. The dividend amount may be subject to change as treasury shares may be sold up to the record day of 11 April 2017.

22 Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Signatures

The consolidated accounts and the annual accounts have been prepared in accordance with the international accounting standards referred to in European Parliament and Council Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards and generally accepted accounting principles in Sweden and give a true and fair view of the group's and the parent company's financial position and earnings.

The Directors' report for the group and the parent company respectively provides a fair review of the group's and the parent company's operations, financial position and earnings and describe significant risks and uncertainty factors that the parent company and the companies included in the group face. The annual accounts and consolidated accounts are subject to the approval of the AGM to be held on 19 April 2017.

Helsingborg, 10 March 2017

Jan Svensson
Chairman

Per Borgvall
Member of the Board

Gunilla Fransson
Member of the Board

Gunnar Gremlin
Member of the Board

Ylva Hammargren
Member of the Board

Fabian Hielte
Member of the Board

Sven Kristensson
CEO

Johan Menckel
Member of the Board

Jonas Svensson
Employee representative

Our audit report was submitted on 17 March 2017.
Ernst & Young AB

Staffan Landén
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Nederman Holding AB (publ), corporate identity number 556576-4205

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts Nederman Holding AB (publ) except for the corporate governance statement on pages 50-53 for the financial year 2016. The annual accounts and consolidated accounts of the company are included on pages 18-33, 42-104 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 2016 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 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 50-53. 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.

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.

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.

Valuation of Goodwill

The carrying value of goodwill at 31 December 2016 was SEK 708.8m, which corresponds to 27% 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 the carrying value that 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.

The impairment test for 2016 did not result in any impairment. Change in estimates of the assumptions made by management to assess the recoverable value, such as future cash flows, growth and discount rate could, however, lead to a need for impairment. We have therefore decided that the valuation of goodwill is a particularly important area of the audit. A description of the impairment test is presented in Note 12 "Intangible assets" and Note 31 "Significant estimates and judgments".

In our audit, we 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 of 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. In our audit, we have also reviewed whether the information disclosed in the financial statements is appropriate.

Revenue relating to Solutions

Net sales for 2016 total SEK 3,107.3m and of this SEK 1,358.2m relates to solutions (project sales), representing 44% of total net sales. The accounting policies that the company applies for recognition of revenue attributable to solutions is described on page 64 of the annual report and means, among other things, that revenues and expenses are recognised as projects are carried out, which is known as the percentage of completion method. Revenues and expenses are recognised in relation to the project's stage of completion at the balance sheet date. Revenue recognition related to solutions requires that the company makes assessments of the degree of project completion that has taken place, which includes an element of judgment. Given that revenues attributable to solutions represent a significant percentage of net sales and include a significant element of judgement, this constitutes a particularly important area of the audit.

We have reviewed the company's process for revenue recognition of solutions and assessed the Company's evaluation of the degree of completion by, among other things, comparisons against historical results and budget, and assessment of the risk of loss. We have also reviewed whether the information disclosed in the annual report is appropriate.

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 1-17, 34-41, 108-110. 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.

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, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nederman Holding AB (publ) for the financial year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of 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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 50-53 has been prepared in accordance with the Annual Accounts Act.

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

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

Helsingborg 17 March 2017

Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Definitions

Adjusted EBITDA
Operating profit before depreciation/amortization and impairment loss, excluding acquisition and restructuring costs

Adjusted EBITDA margin
Adjusted EBITDA as percentage of net sales

Adjusted operating margin
Adjusted operating profit as percentage of net sales.

Adjusted operating profit
Operating profit excluding acquisition and restructuring costs

Annual average
Average of year-beginning and year-end balance

Capital turnover
Net sales divided by average operating capital

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 options, as calculated in accordance with IAS 33

Earnings per share (before dilution)
Net profit for the year attributable to parent company shareholders divided by average number of shares outstanding

EBITDA
Operating profit before depreciation/amortization and impairment loss.

EBITDA margin
EBITDA as a percentage of net sales.

Equity per share
Total equity divided by the average number of shares outstanding

Equity ratio
Equity divided by total assets (balance sheet total)

Interest cover ratio
Profit before tax plus financial expenses in relation to financial expenses

Net debt
Interest-bearing liabilities (including pensions) minus cash and cash equivalents

Net debt/equity ratio
Net debt divided by closing equity at the end of the period

Operating capital
Shareholders' quity plus net debt

Operating margin
Operating profit as percentage of net sales

Operating profit
Operating profit after depreciation/amortization and impairment loss

Organic growth
Growth rate that does not come from acquisitions or currency effects, compared with the corresponding period in the previous year

Return on equity
Net profit for the period divided by average equity

Return on operating capital
Adjusted operating profit as a percentage of average operating capital

Articles of Association

§ 1 Name of the Company The name of the Company is Nederman Holding Aktiebolag. The company is a public limited liability company (publ).

§ 2 Registered office The company's registered office shall be in the Municipality of Helsingborg, Sweden.

§ 3 Business activities The business activities of the company are directly or through subsidiaries to manufacture and market products for a better industrial working environment and to own and manage companies, and movable and immovable property and to carry on other activities compatible therewith.

§ 4 Share capital The share capital shall be a minimum of seven hundred and fifty thousand Swedish kronor (SEK 750,000) and a maximum of three million Swedish kronor (SEK 3,000,000).

§ 5 Number of shares The number of shares shall be a minimum of ten million (10,000,000) and a maximum of forty million (40,000,000).

§ 6 VPC company The company's shares shall be registered in a VPC register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

§ 7 Financial year The company's financial year shall be 1 January - 31 December.

§ 8 Board of Directors. The Board of Directors shall consist of not less than three (3) and no more than eight (8) ordinary members, and a maximum of three (3) deputy members. Board members are elected annually at the AGM for the period until the next AGM.

§ 9 Auditors The Company shall have a minimum of one (1) and a maximum of two (2) auditors, without or with a maximum of one (1) deputy auditor. The auditors appointed, and the deputy auditor if appropriate, must be authorized public accountants or a registered accounting firm.

§ 10 Notice of General Meetings of Shareholders Notice of the Annual General Meeting and Extraordinary General Meetings where an issue concerning amendment of the Articles of Association shall be considered, must be issued no earlier than six weeks and no later than four weeks before the date of the meeting. Notice of other Extraordinary General Meetings shall be issued no earlier than six weeks and no later than two weeks before the meeting. Notice of a General Meeting shall be done by way of advertising in Post- och Inrikes Tidningar and on the company's website. That notice has been given shall be published in the Swedish newspaper Svenska Dagbladet or, if publication of the latter newspaper is cancelled, in Dagens Industri.

§ 11 Shareholders' right to attend General Meeting of Shareholders Shareholders who wish to participate in the business of a General Meeting of Shareholders must both be registered in the print-out or other presentation of the complete share register five weekdays before the General Meeting, and notify their intended participation to the Company no later than 16.00 on the date specified in the notice convening the General Meeting. This date cannot be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth working day prior to the meeting. Shareholders or representatives may bring a maximum of two advisers to the General Meeting, but only if the shareholder notifies the number of advisers to the Company in the manner specified in the preceding paragraph.

12 § Venue of General Meetings of Shareholders. General Meetings of Shareholders can be held in Helsingborg or Stockholm.

13 § Annual General Meeting of Shareholders. At the AGM, the following matters shall be dealt with:

1. Election of the Chair of the Annual General Meeting;
2. Establishment and approval of the voting list;
3. Approval of the agenda;
4. Election of two persons to verify the minutes of the meeting;
5. Determination of whether the meeting has been duly convened;
6. Presentation of the annual accounts and auditor's report, and where appropriate the consolidated accounts and consolidated audit report;
7. Adoption of the income statement and balance sheet and, where appropriate, the consolidated income statement and consolidated balance sheet;
8. Decision on appropriations in regard to the Company's profits or losses as per the adopted balance sheet;
9. Decision on discharge from liability for the Board of Directors and CEO;
10. Determination of the number of Board members and deputy Board members and, where appropriate, auditors and deputy auditors;
11. Determination of remuneration to the Board and, where appropriate, the auditors;
12. Election of Board members and any deputy members and, where appropriate, auditors and any deputy auditors; Any other matters which are incumbent upon the AGM under the Swedish Companies Act or the Articles of Association.

These Articles of Association have been adopted by the AGM on 26 April 2011.

Notification of the Annual General Meeting

The Annual General Meeting of Nederman Holding AB (publ) will take place on Wednesday, 19 April 2017 at the Marina Plaza, Kungstorget 6, 251 10 Helsingborg.

Programme:
15.00 Registration opens
15.30 The AGM venue opens
16.00 The AGM begins
Coffee and refreshments will be served before the AGM.

Right to attend the Annual General Meeting
Shareholders who wish to attend the Annual General Meeting must both be registered in the Euroclear Sweden's share register by 11 April 2017, and register their attendance at the AGM no later than 16.00 on Tuesday, 11 April 2017. Shareholders whose shares are nominee registered must, in order to be entitled to attend the Meeting, request a temporary entry in their own name in the share register at Euroclear Sweden. Such registration, so-called voting right registration, must be completed by Tuesday, 11 April 2017, which means that shareholders must notify the trustee of this in good time before this date.

Registration
must be made in one of the following ways:
- by email: stamma@nedermangroup.com
- by telephone: +46 (0)42-18 87 00
- by post to: Nederman Holding AB (publ), "Årsstämma", Box 602, 251 06 Helsingborg.

Registration should include name, personal/corporate identity number, address, telephone number, number of shares and any advisers. This information will only be used for the required registration and preparation of 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 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 can also be found on Nederman's website
www.nedermangroup.com.

Dividend
The Board of Directors and the CEO propose a dividend of SEK 5.50 per share for the 2016 financial year.

Interim reports
January–March: 19 April 2017
January–June: 12 July 2017
January–September: 18 October 2017

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