

# The Clean Air Company

**Nederman**

# Q4

Year-end report

January - December 2020

## Good operating margin and strong cash flow in final quarter of the year

### Quarter 4, 2020

- Incoming orders amounted to SEK 918m (1,141), equivalent to a currency-neutral decrease of 16.9 percent compared with the same period last year. Compared with previous quarter 2020, incoming orders increased by 11.0 percent.
- Net sales amounted to SEK 940m (1,087), equivalent to a currency-neutral decrease of 10.4 percent compared with the same period last year.
- Operating profit was SEK 93.8m (108.7), giving an operating margin of 10.0 percent (10.0).
- Adjusted operating profit was SEK 94.0m (113.2), giving an adjusted operating margin of 10.0 percent (10.4).
- Net profit was SEK 55.1m (72.4).
- Earnings per share were SEK 1.57 (2.06).

### January - December, 2020

- Incoming orders amounted to SEK 3,480m (4,168), equivalent to a currency-neutral decrease of 13.7 percent compared with last year.
- Net sales amounted to SEK 3,675m (4,308), equivalent to a currency-neutral decrease of 11.8 percent compared with last year.
- Operating profit was SEK 219.0m (343.2), giving an operating margin of 6.0 percent (8.0).
- Adjusted operating profit was SEK 295.6m (349.1), giving an adjusted operating margin of 8.0 percent (8.1).
- Net profit was SEK 110.4m (225.8).
- Earnings per share were SEK 3.15 (6.43).
- The Board's current proposal is that no dividend be paid but a further statement regarding dividends will be made at the latest in the Q3 2021 report on 22 October 2021.



## Good operating margin despite lockdowns, protracted Brexit negotiations and political uncertainty in the US

**2020 was a challenging year in several different ways. The most obvious of these was, of course, the enormous effect that the COVID-19 pandemic has had on communities throughout the world, with repeated lockdowns. Protracted Brexit negotiations and the turbulent political situation in the US also had an adverse impact on the business climate. The huge uncertainty that prevailed for most of the past year led to caution among Nederman's customers regarding major investments. Compared with 2019, our sales declined 15 percent, while the operating margin remained at a good level. Adjusted operating profit was SEK 296m (349), corresponding to an adjusted operating margin of 8.0 percent (8.1). Orders received for the year amounted to SEK 3,480m (4,168)**

I am very proud that we were able to maintain a good operating margin during the year despite the large decline in volume. Nederman's organisation demonstrated an excellent ability to rapidly adjust and adapt its business to a new and unpredictable reality, where at times, it has been impossible to gain physical access to our customers' plants, even to undertake service work.

### Early action to protect Nederman's margins

After a strong start during the first months of 2020, demand declined dramatically. Nederman reacted rapidly to the new situation that emerged in the wake of the COVID-19 pandemic. In the spring, we implemented significant cost cutting, which entailed that, after successive improvements, we achieved an adjusted operating margin of 10.0 percent (10.4) for the final quarter of the year and 8.0 percent (8.1) for the full year. In the long term, we have higher ambitions for our profitability, but the outcome for 2020 must be viewed in light of a significant decline in sales compared with our original ambitions for the year and negative currency effects. During 2020, we also worked consistently to strengthen our cash flow, which led to continued improvements, a fact that became particularly apparent in the fourth quarter of the year. As we enter 2021, all improvement activities have been completed, meaning that the cost effectiveness in the Group is higher than ever before.

### Development by division

The restrictions and lockdowns that were in force for long periods in 2020 impacted the different areas of our operations to varying degrees. The division most affected by the COVID-19 restrictions was Nederman Process Technology. Its operations are characterised by large systems, which represent the type of investments that were postponed to a significant extent. Despite this, the division remained profitable in 2020 and we are now seeing certain signs of improvement in some specific market segments.

Nederman Extraction & Filtration Technology has a base of product sales and is not as dependent on sales of systems as Nederman Process Technology. The fourth quarter of the year was somewhat stronger than anticipated, despite negative currency effects.

Nederman Duct & Filter Technology also had a positive end to the year. During 2020, the division strengthened its opera-



tions through efficiency enhancements in production, leading to stronger margins and cash flow. Disruptions to raw materials supplies were very limited in 2020. However, the steel price has now begun to rise since the beginning of the year.

In 2020, Nederman Monitoring & Control continued its intensive development work and its integration with other divisions became increasingly stronger, demonstrated, for example, by the sale of 50 Insight systems during the year. Some projects in Asia and the US were delayed due to lockdowns, but the general trend in 2020 was positive, with steadily growing interest in the division's digital solutions.

### Outlook

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

The successful work that we conducted during 2020 to protect our profitability meant that, despite everything, we are in a strong position, with good opportunities to further advance our positions, not least by launching new products and continuing the development of our digital offering. The problems with poor air quality in the world remain extensive, leading to a large number of people dying prematurely every year. The underlying need for Nederman's products is therefore very large and we will continue our work to develop new and improved solutions, and work to increase knowledge of this situation, which, over time, is much deadlier than the COVID-19 pandemic.

## Segment overview

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

**Nederman Extraction & Filtration Technology's** product range consists of a broad range of capturing devices, fans, high-vacuum products and reels for the distribution of a variety of liquids or compressed air.

**Nederman Process Technology's** products include, among other things, advanced filter solutions that are integrated in the customers' production processes where they catch harmful particles and gases, as well as other process critical equipment.

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

**Nederman Monitoring & Control Technology's** digital offering includes advanced measurement technology and a platform that consists of hardware installed in Nederman's products and solutions, and software that communicates with the cloud and provides customers with information and insight into critical parameters and processes.

	Currency-				Currency-			
	1 Oct-31 Dec		neutral	Organic	1 Jan-31 Dec		neutral	Organic
Order intake - External, SEKm	2020	2019	growth %	growth, %	2020	2019	growth %	growth, %
Nederman Extraction & Filtration Technology	450.4	512.4	-8.3	-8.3	1,589.2	1,962.2	-15.9	-15.9
Nederman Process Technology	248.3	445.7	-42.9	-42.9	992.7	1,461.5	-30.1	-30.1
Nederman Duct & Filter Technology	101.2	88.9	14.6	14.6	402.6	473.5	-12.8	-12.8
Nederman Monitoring & Control Technology	118.4	93.7	30.1	-24.4	495.7	271.2	88.6	-7.1
<b>Total Nederman Group</b>	<b>918.3</b>	<b>1,140.7</b>	<b>-16.9</b>	<b>-21.4</b>	<b>3,480.2</b>	<b>4,168.4</b>	<b>-13.7</b>	<b>-19.9</b>

	Currency-				Currency-			
	1 Oct-31 Dec		neutral	Organic	1 Jan-31 Dec		neutral	Organic
Total sales, SEKm	2020	2019	growth %	growth, %	2020	2019	growth %	growth, %
Nederman Extraction & Filtration Technology	437.0	520.3	-12.2	-12.2	1,648.8	1,940.2	-11.9	-11.9
Nederman Process Technology	262.0	360.0	-25.1	-25.1	1,136.8	1,633.3	-28.3	-28.3
Nederman Duct & Filter Technology	105.7	115.4	-8.1	-8.1	457.9	555.4	-15.5	-15.5
Nederman Monitoring & Control Technology	152.1	114.6	37.6	-11.5	506.9	280.3	87.3	-0.2
Elimination	-16.7	-23.8			-75.6	-101.5		
<b>Total Nederman Group</b>	<b>940.1</b>	<b>1,086.5</b>	<b>-10.4</b>	<b>-15.6</b>	<b>3,674.8</b>	<b>4,307.7</b>	<b>-11.8</b>	<b>-17.5</b>

	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
<b>Adjusted EBITA, SEKm</b>				
Nederman Extraction & Filtration Technology	65.6	77.3	221.7	263.2
Nederman Process Technology	9.1	25.3	58.1	101.6
Nederman Duct & Filter Technology	20.8	8.3	63.9	69.6
Nederman Monitoring & Control Technology	34.1	32.6	94.6	44.6
Other - non-allocated	-23.9	-18.2	-86.0	-85.0
<b>Total Nederman Group</b>	<b>105.7</b>	<b>125.3</b>	<b>352.3</b>	<b>394.0</b>

	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
<b>Adjusted EBITA margin, %</b>				
Nederman Extraction & Filtration Technology	15.0	14.9	13.4	13.6
Nederman Process Technology	3.5	7.0	5.1	6.2
Nederman Duct & Filter Technology	19.7	7.2	14.0	12.5
Nederman Monitoring & Control Technology	22.4	28.4	18.7	15.9
<b>Total Nederman Group</b>	<b>11.2</b>	<b>11.5</b>	<b>9.6</b>	<b>9.1</b>

# Nederman Extraction & Filtration Technology

The decline in the global economy in the wake of the COVID-19 pandemic had a continued impact on Nederman Extraction & Filtration Technology in the fourth quarter of the year. Orders received declined organically by 8.3 percent to SEK 450m (512), compared with the corresponding quarter in 2019. The division's service business strengthened during the quarter and grew by slightly more than 10 percent. As a result of the lockdowns in multiple countries, some deliveries were postponed, which had a negative impact on invoicing for the quarter. Due to effective cost efficiency, profitability remained healthy during the quarter, with an adjusted EBITA margin of 15.0 percent (14.9). Four major orders for the fibre-based segment were registered during the quarter, leading to growth in order backlog in the quarter.

## Development during the quarter

The effects of lockdowns as a result of the COVID-19 pandemic had a substantial negative impact on demand in Europe and Americas during the quarter. APAC was also affected to a certain extent by the COVID-19 pandemic, but nonetheless, the region's orders received and sales grew in the quarter.

In Germany, orders received during the quarter increased and the level of activity remained at a stable level, with several initiatives in the market. Orders received declined in the Nordic countries. The project portfolio is on a good level for this region and the signals from the market are positive, but uncertainties regarding lockdown measures have meant that large investments continue to be postponed. The service business performed favourably in the quarter.

In France, a major order from the windpower industry meant a positive development in orders received for the quarter. In Spain, orders received were in line with 2019. Poland displayed good growth, with increasing sales for both service and products, while a large order was also registered in the quarter.

The UK was strongly impacted by the COVID-19 pandemic, with increasingly stricter lockdowns, and Brexit. Brexit has now come into force, but the division has not seen any negative impact on delivery capacity due to careful planning and preparation. Both Belgium and the Netherlands were strongly affected by lockdowns during the quarter.

In APAC, India had a strong fourth quarter, with the positive development of the service business and a major order from the country's windpower industry. Thailand reported solid growth in orders received and sales, and a major order from the automotive industry was registered during the quarter. Other countries in the region displayed a mixed picture regarding growth. The

operating margins were strengthened in essentially all APAC countries.

In North America, orders received declined following lower project sales than in the corresponding quarter in 2019. A large order for the timber industry was registered during the quarter, as compared with three large orders during the corresponding quarter in 2019. Despite lower sales volumes, profitability was strengthened in the region. In Brazil, the positive trend from the third quarter continued, with good growth in orders received and sales. There is a high level of activity in the country, although the pandemic situation brought some measure of uncertainty.

The smaller distributors in Eastern Europe displayed growth and profitability for the distributor market on the whole was in line with the corresponding quarter in 2019.

## Key activities

The cost efficiency measures taken have been highly successful. During the quarter, work was finalised on optimising operations and logistics at the plants in EMEA. The objective of this project is to improve efficiency and customer satisfaction. During the quarter, the division also continued its long-term effort to modernise and digitalise its product offering in cooperation with the Nederman Monitoring & Control Technology division.

## Nederman Extraction & Filtration Technology

Sales are conducted both via a network of partners and through our own sales companies. The division also has significant aftermarket sales in the form of sales of spare parts and service. Customers come from a number of different industries with various types of air emissions that must be dealt with in an efficient and safe manner. The business activities are conducted under the Nederman brand.

SEKm	Note	1 Oct-31 Dec		Currency-neutral		1 Jan-31 Dec		Currency-neutral	
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %
Incoming orders - External		450.4	512.4	-8.3	-8.3	1,589.2	1,962.2	-15.9	-15.9
Total sales	2	437.0	520.3	-12.2	-12.2	1,648.8	1,940.2	-11.9	-11.9
Adjusted EBITA		65.6	77.3			221.7	263.2		
Adjusted EBITA margin, %		15.0	14.9			13.4	13.6		



## Nederman Process Technology

**Nederman Process Technology's orders received amounted to SEK 248m (446) for the quarter. The decline compared with the fourth quarter of 2019 was attributable partly to the final quarter of 2019 being an extremely strong quarter for the division and partly to the COVID-19 pandemic and the restrictions and uncertainty resulting from it. Many of the division's customers have quite simply postponed investment decisions. There was a marginal improvement in order volumes compared with the preceding quarter. The division still has many projects that will, in all probability, be implemented, but which have been postponed after several important customers announced delays to planned investments.**

The weak demand situation will probably also have a negative impact on orders received during the coming few quarters, although it is possible to discern some brightening in the market situation. The divisions sales are driven by the implementation of large projects and several of these were postponed during the quarter, with reduced invoicing as a result. Since, as a rule, the division's systems are included as smaller components in large and capital-intensive projects that are already far advanced in their implementation, the risk of signed agreements being terminated is deemed to be limited. Cost measures taken entailed that expenses were reduced by 22 percent in the quarter, compared with the same period in 2019, and consequently, profit declined by only SEK 16m, despite sales decreasing by SEK 98m.

### Development during the quarter

The textile segment was already challenging prior to the COVID-19 pandemic and a significant number of weaving mills throughout the world stopped production during the first half of 2020 due to the pandemic, which curtailed demand considerably. However, the market continues to show signs of recovery and orders received in the fourth quarter were better than in the third quarter. The important Indian market displayed signs of recovery after being particularly affected by the extensive lockdowns. Other markets also showed positive signs. The situation in China remains difficult. The Chinese textile industry has lost significant parts of its sales to key export markets and, accordingly, investments are on a low level. Sales of the division's Digi 7 digital monitoring solution continued to generate sales and it is now included in the standard range.

In the foundry and smelter segment, the important European market displayed signs of recovery during the fourth quarter of the year, with growing orders received compared with the preceding quarter. It is primarily in the recycling industry that a

positive trend was noted, while investments in foundries remained on a low level. In APAC, investments remained at a low level. Service revenue were also somewhat weaker than in the corresponding quarter of 2019 due to the restrictions brought about by the lockdowns. The division is cautiously optimistic regarding the development of certain segments of the market, but significant uncertainty continues to prevail.

### Key activities

During the quarter, the focus was on the employees' safety in relation to COVID-19 and strengthening orders received to build a good pipeline for the future. At the same time, the division has invested a large amount of energy in securing profitability in the short and long term. Implementation of the new strategy also continued during the quarter, with the cornerstones of: Improved productivity, Globalisation of operations, Service and digitalisation, and Development of employees.

The ongoing digitalisation of the division's product offering also has positive effects on service operations, which continue to grow.

### Nederman Process Technology

Sales activities are conducted by our sales force which has direct contact with the division's customers. The number of orders is few, but the individual order value is high. Nederman Process Technology works with a number of the world's leading companies and the relationships with customers are deep and long lasting. These customers are large companies in a wide range of industries, including the fibre, textile and chemical industries, metal recycling industry, foundries and smelters, and the waste industry. Nederman Process Technology carries on its business activities under four brands: MikroPul, Luwa, Pneumafil and LCI.

SEKm	Note	1 Oct-31 Dec		Currency-neutral		1 Jan-31 Dec		Currency-neutral	
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %
Incoming orders - External		248.3	445.7	-42.9	-42.9	992.7	1,461.5	-30.1	-30.1
Total sales	2	262.0	360.0	-25.1	-25.1	1,136.8	1,633.3	-28.3	-28.3
Adjusted EBITA		9.1	25.3			58.1	101.6		
Adjusted EBITA margin, %		3.5	7.0			5.1	6.2		

## Nederman Duct & Filter Technology

Nederman Duct & Filter Technology had a positive trend in its orders received during the quarter, with growth of 9.9 percent, compared with the preceding quarter, and organic growth of 14.6 percent, compared with the fourth quarter of 2019. Total orders received amounted to SEK 101m (89). Sales totalled SEK 106m (115) and the adjusted EBITA margin amounted to 20.8 percent (8.3). This healthy margin was achieved through a combination of improvements to production efficiency and good cost control. The number of quotations enquiries remains at a favourable level in light of the circumstances, although orders and the start-up of new projects were postponed to a certain extent. The disruptions to the supply chain were generally limited during the quarter, but the price of steel has risen recently.

### Development during the quarter

The development during the quarter was positive in most markets, except for parts of Europe where new lockdowns had a hard impact on the division's operations.

**Nordfab**, which sells different types of pipe systems, noted positive order growth compared with the corresponding quarter in 2019.

In the US, sales decreased somewhat compared with the fourth quarter of 2019, but grew compared with the third quarter of 2020. There was a positive trend in orders received following increased demand for medium-sized installations and a growing number of digital orders. COVID-19 travel restrictions had a continued negative effect on sales.

In Europe, orders received were lower than in the corresponding quarter of 2019, but grew strongly compared with the third quarter of 2020. Sales were in line with the fourth quarter of 2019 and, similar to orders received, noted strong growth compared with the third quarter of 2020.

Despite lower orders received during the quarter, the positive profitability trend continued at the plant in Thailand due to improved margins. Export from Thailand continued to improve, while domestic sales were limited due to lockdowns during the quarter.

**Menardi**, which sells the division's filter solutions, had negative sales growth compared with the third quarter of 2020. Sales in the US declined compared with both the corresponding quarter of 2019 and the preceding quarter. Orders received, however, were on a high level compared with the fourth quarter of 2019 and the third quarter of 2020. The foremost reason for the positive trend in orders received was improved opportunities for physical visits to customers and some major installations that were previously postponed. The price pressure that arose during the second quarter continued in the fourth quarter.

In Europe, development was in line with the preceding quarter, with a significant increase in demand from external customers.

### Key activities

During the quarter, the division decided to invest in fully automated manufacturing of pipe systems for Europe. The quarter also saw the launch of a webshop in the US and a new high-vacuum system for the food industry in Europe.

### Nederman Duct & Filter Technology

Sales are mainly conducted via distributors, but Nederman Duct & Filter Technology also has a large share of internal sales to Nederman's other divisions. Customers are found in a wide range of industries, such as the woodworking industry, furniture industry, metalworking, cement & concrete industry, recycling industry, automotive industry, plastics manufacturing industry, chemical industry and others. Nederman Process Technology carries on its business activities under two brands: Nordfab and Menardi.

SEKm	Note	1 Oct-31 Dec		Currency-neutral		1 Jan-31 Dec		Currency-neutral	
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %
Incoming orders - External		101.2	88.9	14.6	14.6	402.6	473.5	-12.8	-12.8
Total sales	2	105.7	115.4	-8.1	-8.1	457.9	555.4	-15.5	-15.5
Adjusted EBITA		20.8	8.3			63.9	69.6		
Adjusted EBITA margin, %		19.7	7.2			14.0	12.5		

## Nederman Monitoring & Control Technology

Nederman Monitoring & Control Technology reported a positive sales trend in the fourth quarter of the year, with sales that were the highest during 2020. Sales totalled SEK 152m (115), equivalent to currency-neutral growth of 37.6 percent. Orders received were somewhat weaker and amounted to SEK 118m (94), equivalent to currency-neutral growth of 30.1 percent. The adjusted EBITA margin amounted to 22.4 percent (28.4). The COVID-19 pandemic continued to have a major impact on the division, although a certain improvement can be discerned in some markets.

### Development during the quarter

EMEA delivered sales that were higher than for the preceding quarter and the corresponding quarter in 2019. Orders received, however, declined somewhat compared with quarter 3 of 2020. The general COVID-19 situation means large variations within industries and between countries. The division's emission-related operations seem to have been less affected, while the operations within process control varied more.

In APAC, orders received were lower than in the preceding quarter, but significantly better compared with the fourth quarter of 2019. The division's emission-related operations were relatively strong and China is still driving the growth in the region.

In Americas, orders received were in line with the preceding quarter and significantly higher than in the fourth quarter of 2019. Although the COVID-19 pandemic has impacted Americas, we are now seeing an improvement and are able to go to the market more directly with our process-oriented products and services.

### Key activities

The division's establishment in the process industry in the US progressed well despite travel restrictions and the trend for product sales and service among the division's end customers was positive.

Development in Asia was affected by travel restrictions, but none of the problems arising were particularly major and will not change our ambitions and objectives.

New functionality was developed for the Insight system, resulting in improved flexibility and user-friendliness for the platform, which the division's customers will benefit from in the near future.

The division focused on further digitalisation of all key processes and is now better equipped to operate according to the "new normal" that has emerged in the wake of the COVID-19 pandemic. This includes an enhanced ability to understand and quickly adapt to rapid the market changes that are now being seen.

### Nederman Monitoring & Control Technology

Nederman Monitoring & Control Technology conducts sales through the division's own companies and their network of distributors. Sales are also conducted through other divisions within Nederman. Monitoring & Control Technology works with a broad spectrum of industries that need to continuously monitor and steer their production and processes. Nederman Monitoring & Control Technology conducts its business activities under four brands: Nederman Insight, NEO Monitors, Auburn FilterSense and Gasmot.

SEKm	Note	1 Oct-31 Dec		Currency-neutral	Organic	1 Jan-31 Dec		Currency-neutral	Organic
		2020	2019	growth, %	growth, %	2020	2019	growth, %	growth, %
Incoming orders - External		118.4	93.7	30.1	-24.4	495.7	271.2	88.6	-7.1
Total sales	2	152.1	114.6	37.6	-11.5	506.9	280.3	87.3	-0.2
Adjusted EBITA		34.1	32.6			94.6	44.6		
Adjusted EBITA margin, %		22.4	28.4			18.7	15.9		

# Quarter 4, 2020

## Incoming orders and sales

Incoming orders during the quarter amounted to SEK 918m (1,141), equivalent to a currency-neutral decrease of 16.9 percent compared with the corresponding period last year.

Sales for the quarter amounted to SEK 940m (1,087), equivalent to a currency-neutral decrease of 10.4 percent compared with the corresponding period last year.

## Profit/loss

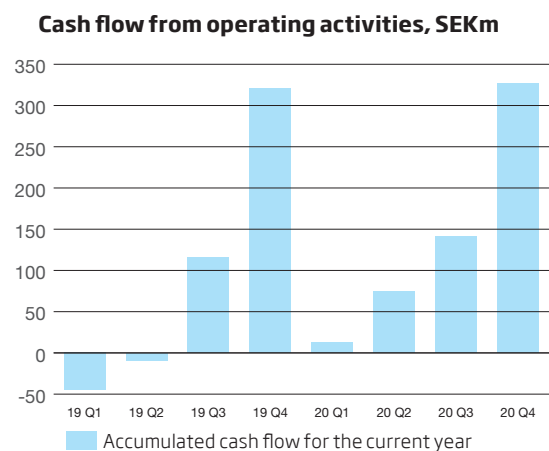
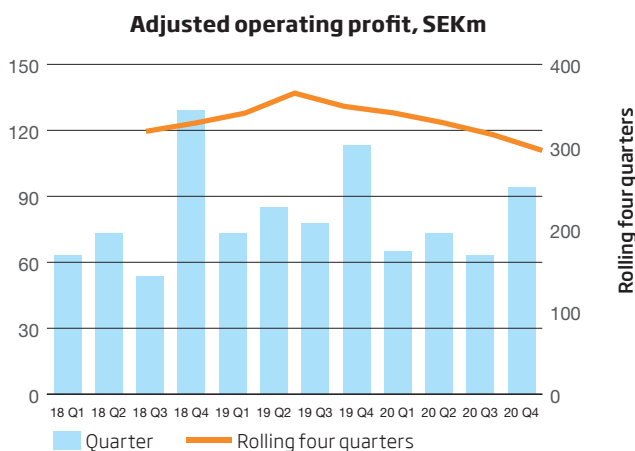
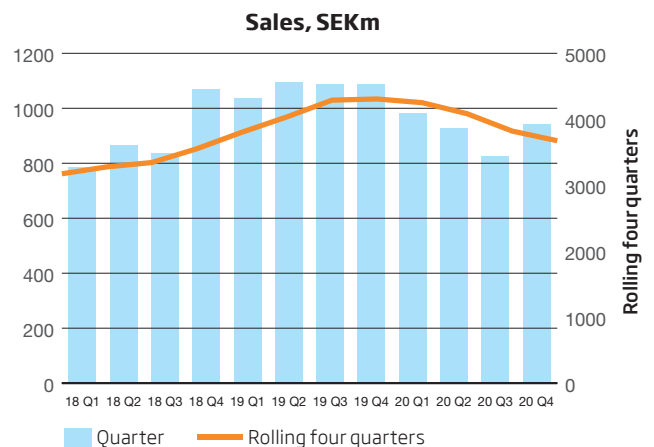
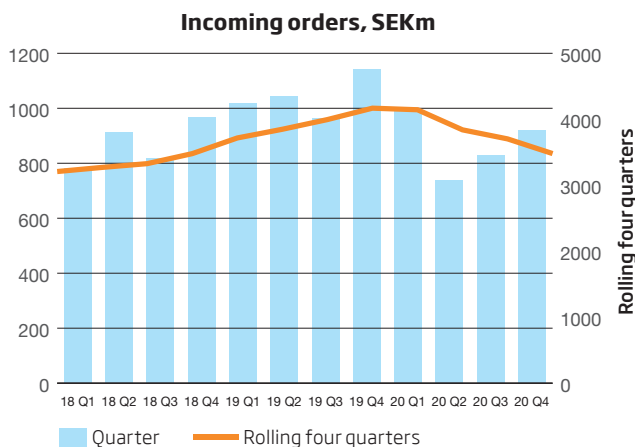
The consolidated operating profit for the quarter was SEK 93.8m (108.7), which gave an operating margin of 10.0 percent (10.0).

Adjusted operating profit amounted to SEK 94.0m (113.2). Adjusted operating margin was 10.0 percent (10.4).

Profit before tax decreased to SEK 75.4m (94.9). Net profit was SEK 55.1m (72.4), which gave earnings per share of SEK 1.57 (2.06).

## Capital expenditure

Capital expenditure in intangible and tangible assets amounted to SEK 37.1m (28.0).



\* In the transition to IFRS 16, the figures for the fiscal year 2019 were recalculated according to the new standard, which is why adjusted operating profit over four rolling quarters is only shown from the fourth quarter of 2018.



# January - December 2020

## Incoming orders and sales

Incoming orders were SEK 3,480m (4,168), equivalent to a currency-neutral decrease of 13.7 percent compared with the same period last year.

Sales amounted to SEK 3,675m (4,308), equivalent to a currency-neutral decrease of 11.8 percent compared with the same period last year.

## Profit/loss

Consolidated operating profit for the period was SEK 219.0m (343.2), which gave an operating margin of 6.0 percent (8.0).

Adjusted operating profit amounted to SEK 295.6m (349.1). Adjusted operating margin was 8.0 percent (8.1).

Profit before tax decreased to SEK 148.5m (307.3). Net profit was SEK 110.4m (225.8), which gave earnings per share of SEK 3.15 (6.43).

## Cash flow

Cash flow for the year amounted to SEK 67.0m (-20.2) and cash flow from operating activities to SEK 327.5m (321.3). The main reasons for the strong improvement in cash flow was a major focus on, and strong development of, working capital and that no dividend was paid during the year. Other adjustments of SEK 23.1m were primarily attributable to the Group's provision for restructuring measures.

## Capital expenditure

Capital expenditure in intangible and tangible assets amounted to SEK 108.9m (93.6), of which capitalised development expenses amounted to SEK 37.6m (31.9)\*.

## Other financial information

Liquidity: At the end of the period the Group had SEK 466.8m in cash and cash equivalents as well as SEK 205m in available but unutilised overdraft facilities.

In addition, there was a credit facility of SEK 258m within the framework of Nederman's loan agreement with SEB and SHB, and SEK 200m within the framework of Nederman's loan agreement with SHB.

The equity in the Group as of 31 December 2020 amounted to SEK 1,300.8m (1,382.0). The total number of shares outstanding was 35,093,096 at the end of the period.

The equity ratio for the Group was 30.6 percent as of 31 December 2020 (29.0). The net debt/equity ratio was 111.5 percent (113.2).

During 2020, the Swedish krona has strengthened considerably. This has had a negative currency impact on operating profit of SEK 54m during the year compared to 2019.

During 2020, government grants related to Covid-19, amounting to SEK 27m, has been received and reported in the income statement.

## Number of employees

The average number of employees during the period was 2,097 (2,195). The number of employees at the end of the period was 2,124 (2,370).

\*As a result of the Group's investments in digital products and services being reclassified as "capitalised development expenditures", the comparative figure has been adjusted.

## Key figures, Group

SEKm	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
Net sales	940.1	1,086.5	3,674.8	4,307.7
Adjusted EBITA	105.7	125.3	352.3	394.0
Adjusted EBITA margin, %	11.2	11.5	9.6	9.1
Adjusted EBITDA	132.9	151.5	461.2	495.8
Adjusted EBITDA margin, %	14.1	13.9	12.6	11.5
Operating profit	93.8	108.7	219.0	343.2
Operating margin, %	10.0	10.0	6.0	8.0
Adjusted operating profit	94.0	113.2	295.6	349.1
Adjusted operating margin, %	10.0	10.4	8.0	8.1
Profit before tax	75.4	94.9	148.5	307.3
Net profit	55.1	72.4	110.4	225.8
Earnings per share, SEK	1.57	2.06	3.15	6.43
Return on equity, %	16.6	21.3	8.2	17.2
Return on operating capital, %	13.3	17.3	10.4	14.0
Net debt			1,450.5	1,564.1
Net debt/equity ratio, %			111.5	113.2
Net debt/Adjusted EBITDA, multiple			3.1	3.2
Interest cover ratio, multiple			4.1	8.1

## Outlook

There is currently extreme uncertainty regarding the development of the global economy. For the first quarter of 2021, Nederman expects the effects of the COVID-19 pandemic to remain significant in most of the Group's markets. The Chinese market continues to show signs of recovery. The exact extent of the effects of the COVID-19 pandemic and their duration cannot currently be determined, although the vaccination programmes that have now begun could possibly lead to the market returning to a more normal situation in the second half of 2021.

During 2020, Nederman conducted a series of measures to maintain healthy profitability under the circumstances. In the second quarter, a restructuring programme was also initiated to future-proof Nederman's business. The programme will generate annual cost savings of SEK 100m (SEK 55m in 2020). The costs of the programme amounted to SEK 75m, which were expensed in their entirety during the second quarter of 2020. The restructuring programme had essentially been completed by year-end 2020. Nederman will also continue its focus on the digitalisation of its product range, which has been in progress for some time.

## Regions

External order intake, SEKm	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
Americas	248.3	283.3	1,058.4	1,292.3
EMEA	499.5	673.9	1,808.1	2,204.5
APAC	170.5	183.5	613.7	671.6
<b>Total Nederman Group</b>	<b>918.3</b>	<b>1,140.7</b>	<b>3,480.2</b>	<b>4,168.4</b>

External net sales, SEKm	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
Americas	262.6	329.8	1,128.5	1,380.4
EMEA	468.5	589.0	1,915.7	2,190.5
APAC	209.0	167.7	630.6	736.8
<b>Total Nederman Group</b>	<b>940.1</b>	<b>1,086.5</b>	<b>3,674.8</b>	<b>4,307.7</b>

## Dividend

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

## Impact of the COVID-19 pandemic on Nederman

**The ongoing COVID-19 pandemic and the subsequent restrictions have had and will continue to have a major impact on Nederman Group. Below is an overview of the action Nederman is taking to manage this extreme situation.**

### **Nederman's action**

- To address the future after the COVID-19 pandemic, Nederman initiated a restructuring programme during the second quarter of 2020, which will lead to annual cost savings of SEK 100m. The plan comprises all of the Group's divisions. Restructuring costs amounting to SEK 75m were expensed during the second quarter of 2020. The programme had essentially been completed by year-end 2020.
- Recommended hygiene procedures were introduced in all parts of the operations to restrict the spread of infection in the company and in society.
- At some plants, shift work with separate work teams were implemented to limit the risk that any spread of infection would impact the production capacity.
- Furlough and shorter working hours were implemented at plants where necessary and possible.
- Some inventory accumulation in terms of components has been permitted to ensure continued good delivery capacity, while new potential suppliers were identified.
- Maintaining healthy liquidity under the prevailing circumstances is essential. Accordingly, during 2020, Nederman's Board of Directors withdrew its earlier dividend proposal.
- The Group expanded its credit facilities.
- Nederman has entered updated financing agreements with its banks. The updated financing agreements create flexibility and scope for covenants for the next four quarters.
- Nederman is maintaining a high level of readiness to implement prepared measures to reduce costs, according to how the situation develops.

# Statement

The Board and CEO confirm that the year-end report provides a true and fair overview of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainty factors faced by the Parent Company and the Group.

**Helsingborg 12 February 2021**

**Johan Hjertonsson**  
Chairman

**Gunilla Fransson**  
Member of the Board

**Ylva op den Velde Hammargren**  
Member of the Board

**Sam Strömerstén**  
Member of the Board

**Sven Kristensson**  
Member of the Board  
and CEO

**Johan Menckel**  
Member of the Board



## Consolidated income statement in summary

SEK million	Note	1 Oct-31 Dec		1 Jan-31 Dec	
		2020	2019	2020	2019
Net sales	2.3	940.1	1,086.5	3,674.8	4,307.7
Cost of goods sold		-573.1	-662.2	-2,282.0	-2,716.4
<b>Gross profit</b>		<b>367.0</b>	<b>424.3</b>	<b>1,392.8</b>	<b>1,591.3</b>
Selling expenses		-164.0	-195.7	-691.1	-828.8
Administrative expenses		-74.6	-82.0	-306.0	-342.8
Research and development expenses		-17.0	-18.6	-69.3	-65.2
Acquisition costs		-0.2	-4.5	-1.6	-5.9
Restructuring costs		-	-	-75.0	-
Other operating income/expenses		-17.4	-14.8	-30.8	-5.4
<b>Operating profit</b>		<b>93.8</b>	<b>108.7</b>	<b>219.0</b>	<b>343.2</b>
Financial income		0.1	-2.6	1.2	8.4
Financial expense		-18.5	-11.2	-71.7	-44.3
<b>Net financial items</b>		<b>-18.4</b>	<b>-13.8</b>	<b>-70.5</b>	<b>-35.9</b>
<b>Profit before tax</b>		<b>75.4</b>	<b>94.9</b>	<b>148.5</b>	<b>307.3</b>
Taxes		-20.3	-22.5	-38.1	-81.5
<b>Net profit</b>		<b>55.1</b>	<b>72.4</b>	<b>110.4</b>	<b>225.8</b>
<b>Net profit attributable to:</b>					
The parent company's shareholders		55.1	72.4	110.4	225.8
<b>Earnings per share</b>					
before dilution (SEK)		1.57	2.06	3.15	6.43
after dilution (SEK)		1.57	2.06	3.15	6.43

## Consolidated statement of comprehensive income in summary

SEK million	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
<b>Net profit</b>	<b>55.1</b>	<b>72.4</b>	<b>110.4</b>	<b>225.8</b>
<b>Other comprehensive income</b>				
<b>Items that cannot be reclassified to net profit</b>				
Revaluation of defined-benefit pension plans	6.2	27.8	-6.4	-62.4
Tax attributable to items that cannot be reclassified to net profit	-1.4	-8.3	1.5	13.5
	<b>4.8</b>	<b>19.5</b>	<b>-4.9</b>	<b>-48.9</b>
<b>Items that have been or can be reclassified to net profit</b>				
Exchange differences arising on translation of foreign operations	-110.8	-51.9	-186.7	46.8
	<b>-110.8</b>	<b>-51.9</b>	<b>-186.7</b>	<b>46.8</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-106.0</b>	<b>-32.4</b>	<b>-191.6</b>	<b>-2.1</b>
<b>Total comprehensive income for the period</b>	<b>-50.9</b>	<b>40.0</b>	<b>-81.2</b>	<b>223.7</b>
<b>Total comprehensive income attributable to:</b>				
The parent company's shareholders	-50.9	40.0	-81.2	223.7

## Consolidated statement of financial position in summary

SEK million	Note	31 Dec 2020	31 Dec 2019
<b>Assets</b>			
Goodwill		1,514.7	1,612.2
Other intangible assets		418.6	425.2
Tangible assets		299.2	335.3
Right-of-use assets		214.4	257.7
Long-term receivables		5.6	5.3
Deferred tax assets		28.3	12.0
<b>Total fixed assets</b>		<b>2,480.8</b>	<b>2,647.7</b>
Inventories		483.9	610.3
Accounts receivable	4	477.0	619.3
Other current receivables	4	341.0	427.7
Cash and cash equivalents	4	466.8	445.3
<b>Total current assets</b>		<b>1,768.7</b>	<b>2,102.6</b>
<b>Total assets</b>		<b>4,249.5</b>	<b>4,750.3</b>
<b>Equity</b>			
		<b>1,300.8</b>	<b>1,382.0</b>
<b>Liabilities</b>			
Long-term interest-bearing liabilities	4	1,536.7	1,575.6
Long-term lease liabilities	4	166.4	208.4
Other long-term liabilities	4	2.1	4.9
Pension liabilities		151.1	153.1
Other provisions		16.5	21.0
Deferred tax liabilities		21.4	22.9
<b>Total long-term liabilities</b>		<b>1,894.2</b>	<b>1,985.9</b>
Current interest-bearing liabilities	4	-	5.0
Current lease liabilities	4	63.1	67.3
Accounts payable	4	334.5	423.2
Other current liabilities	4	605.0	860.7
Provisions		51.9	26.2
<b>Total current liabilities</b>		<b>1,054.5</b>	<b>1,382.4</b>
<b>Total liabilities</b>		<b>2,948.7</b>	<b>3,368.3</b>
<b>Total equity and liabilities</b>		<b>4,249.5</b>	<b>4,750.3</b>

## Consolidated statement of changes in equity in summary

SEK million	31 Dec 2020	31 Dec 2019
Opening balance at beginning of period	1,382.0	1,234.9
Adjusted deferred tax (see note 1)	-	3.8
Adjusted equity at the beginning of the period	1,382.0	1,238.7
Net profit	110.4	225.8
Other comprehensive income		
Change in translation reserve for the period	-186.7	46.8
Revaluation of defined-benefit pension plans, net of tax	-4.9	-48.9
<b>Total other comprehensive income for the period</b>	<b>-191.6</b>	<b>-2.1</b>
<b>Total comprehensive income for the period</b>	<b>-81.2</b>	<b>223.7</b>
Transactions with Group owners		
Dividend paid	-	-80.7
Share-based remuneration	-	0.3
<b>Closing balance at end of period</b>	<b>1,300.8</b>	<b>1,382.0</b>

## Consolidated cash flow statement in summary

SEK million	Note	1 Jan-31 Dec	
		2020	2019
Operating profit		219.0	343.2
Adjustment for:			
Depreciation and amortisation of fixed assets		165.6	146.7
Other adjustments		23.1	-0.8
Interest received and paid including other financial items		-57.4	-36.5
Taxes paid		-67.1	-77.8
<b>Cash flow from operating activities before changes in working capital</b>		<b>283.2</b>	<b>374.8</b>
Cash flow from changes in working capital		44.3	-53.5
<b>Cash flow from operating activities</b>		<b>327.5</b>	<b>321.3</b>
Net investment in fixed assets		-107.5	-89.6
Acquisitions	5	-74.0	-656.6
<b>Cash flow before financing activities</b>		<b>146.0</b>	<b>-424.9</b>
Dividend paid		-	-80.7
Cash flow from other financing activities		-79.0	485.4
<b>Cash flow for the period</b>		<b>67.0</b>	<b>-20.2</b>
Cash and cash equivalents at beginning of period		445.3	463.9
Translation differences		-45.5	1.6
<b>Cash and cash equivalents at end of period</b>		<b>466.8</b>	<b>445.3</b>

## Income statement for the parent company in summary

SEK million	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
Net sales	5.3	2.7	26.8	26.9
Administrative expenses	-26.6	-26.2	-112.3	-117.4
Research and development expenses	-	-0.1	-0.5	-
Restructuring costs	-1.0	-	-11.6	-
Other operating revenue and expenses	-1.5	-1.8	-5.3	0.3
<b>Operating profit/loss</b>	<b>-23.8</b>	<b>-25.4</b>	<b>-102.9</b>	<b>-90.2</b>
Result from investment in subsidiaries	3.1	2.1	3.1	72.6
Other financial items	-4.3	-2.3	-11.0	-16.1
<b>Profit/loss after financial items</b>	<b>-25.0</b>	<b>-25.6</b>	<b>-110.8</b>	<b>-33.7</b>
Appropriations	39.0	144.0	39.0	144.0
<b>Profit/loss before tax</b>	<b>14.0</b>	<b>118.4</b>	<b>-71.8</b>	<b>110.3</b>
Taxes	9.8	-4.3	14.3	-13.9
<b>Net profit/loss for the period</b>	<b>23.8</b>	<b>114.1</b>	<b>-57.5</b>	<b>96.4</b>

## Statement of comprehensive income for the parent company in summary

SEK million	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
<b>Net profit/loss</b>	<b>23.8</b>	<b>114.1</b>	<b>-57.5</b>	<b>96.4</b>
Other comprehensive income	-	-	-	-
Items that cannot be reclassified to net profit/loss	-	-	-	-
Items that have been or can be reclassified to net profit/loss	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>23.8</b>	<b>114.1</b>	<b>-57.5</b>	<b>96.4</b>

## Balance sheet for the parent company in summary

SEK million	31 Dec 2020	31 Dec 2019
<b>Assets</b>		
Total fixed assets	2,271.9	2,126.9
Total current assets	137.6	398.1
<b>Total assets</b>	<b>2,409.5</b>	<b>2,525.0</b>
<b>Shareholders' Equity</b>	<b>860.4</b>	<b>917.9</b>
<b>Liabilities</b>		
Total long-term liabilities	1,168.5	1,170.9
Total current liabilities	380.6	436.2
<b>Total liabilities</b>	<b>1,549.1</b>	<b>1,607.1</b>
<b>Total equity and liabilities</b>	<b>2,409.5</b>	<b>2,525.0</b>

## Statement of changes in parent company shareholders' equity in summary

SEK million	31 Dec 2020	31 Dec 2019
Opening balance at beginning of period	917.9	901.9
Net profit/loss	-57.5	96.4
Other comprehensive income		
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>-57.5</b>	<b>96.4</b>
Transactions with owners		
Dividend paid	-	-80.7
Share-based remuneration	-	0.3
<b>Closing balance at end of period</b>	<b>860.4</b>	<b>917.9</b>

## Pledged assets and contingent liabilities for the parent company

SEK million	31 Dec 2020	31 Dec 2019
Pledged assets	none	none
Contingent liabilities	416.5	412.2



## Note 1: Accounting policies

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. The report for the parent company has been prepared in accordance with Swedish Annual Accounts Act chapter 9 and RFR 2. The same accounting policies and valuation principles, except for amendments below, as described in the latest annual report, see also pages 93-98 of the 2019 Annual Report, have been applied both to the Group and the parent company. None of the new or revised standards, interpretations and improvements adopted by the EU have had any material impact on the Nederman Group.

**IAS 12 Income taxes.** In accordance with the guidance published by the IASB in 2020 regarding the management of deferred tax on leases (IFRS 16), deferred tax on temporary differences arising from the depreciation of the assets is now recognised at a different rate than the amortization of liabilities. Deferred tax is calculated on a net basis of the right of use and the leasing liability. As a result of the change, opening equity in 2019 has been adjusted by SEK 3.8 million.

**IAS 20 Government grants.** Government grants are financial contributions from state and supranational bodies received in exchange for the Nederman Group meeting certain conditions. Contributions attributable to profit or loss are recognised as deferred income in the balance sheet and reduce costs in the period to which the aid relates. If costs were incurred before the contributions have been received, but an agreement has been reached to receive the grants, the contributions are recognised in the profit and loss account in order to meet the costs to which the government grants relates.

## Note 2: Allocation of sales

SEKm				1 Oct-31 Dec 2020
Total sales by segment and sales type	Product sales	Solution sales	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	172.3	179.4	85.3	437.0
Nederman Process Technology	-	191.2	70.8	262.0
Nederman Duct & Filter Technology	97.6	6.1	2.0	105.7
Nederman Monitoring & Control Technology	135.3	4.3	12.5	152.1
Elimination	-7.0	-7.1	-2.6	-16.7
<b>Total Nederman Group</b>	<b>398.2</b>	<b>373.9</b>	<b>168.0</b>	<b>940.1</b>

SEKm				1 Oct-31 Dec 2019
Total sales by segment and sales type	Product sales	Solution sales	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	192.1	243.6	84.6	520.3
Nederman Process Technology	0.1	271.6	88.3	360.0
Nederman Duct & Filter Technology	103.6	9.0	2.8	115.4
Nederman Monitoring & Control Technology	111.8	-	2.8	114.6
Elimination	-7.8	-11.3	-4.7	-23.8
<b>Total Nederman Group</b>	<b>399.8</b>	<b>512.9</b>	<b>173.8</b>	<b>1,086.5</b>

SEKm				1 Jan-31 Dec 2020
Total sales by segment and sales type	Product sales	Solution sales	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	650.8	693.3	304.7	1,648.8
Nederman Process Technology	0.2	811.6	325.0	1,136.8
Nederman Duct & Filter Technology	420.0	27.8	10.1	457.9
Nederman Monitoring & Control Technology	454.5	4.3	48.1	506.9
Elimination	-30.3	-30.8	-14.5	-75.6
<b>Total Nederman Group</b>	<b>1,495.2</b>	<b>1,506.2</b>	<b>673.4</b>	<b>3,674.8</b>

## Note 2: Allocation of sales, cont'd

SEKm	1 Jan-31 Dec 2019			
	Product sales	Solution sales	Service and aftermarket	Total
<b>Total sales by segment and sales type</b>				
Nederman Extraction & Filtration Technology	793.0	796.7	350.5	1,940.2
Nederman Process Technology	1.1	1,260.2	372.0	1,633.3
Nederman Duct & Filter Technology	504.6	37.3	13.5	555.4
Nederman Monitoring & Control Technology	276.1	-	4.2	280.3
Elimination	-38.9	-42.6	-20.0	-101.5
<b>Total Nederman Group</b>	<b>1,535.9</b>	<b>2,051.6</b>	<b>720.2</b>	<b>4,307.7</b>

Performance obligations for sales of Products and Service and aftermarket are satisfied at the point in time at which the customer obtains control. Performance obligations from sales of solutions, in terms of project sales, are satisfied over time. Revenue is recognised according to the project's rate of progression towards completion.

## Note 3: Operating segment reporting

Segment reporting is based on reports submitted to the Group's senior executives. Nederman Group is divided into four operating segments; Nederman Extraction & Filtration Technology, Nederman Process Technology, Nederman Duct & Filter Technology and Nederman Monitoring & Control Technology, which are described further on pages 4-7. The division is based on technology, customers and business logic with the aim of increasing both growth and profitability through simple structures and clear focus. Non-allocated items refer mainly to costs relating to the parent company, Nederman Holding AB, which includes the central head office functions.

Order intake - External, SEKm	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
Nederman Extraction & Filtration Technology	450.4	512.4	1,589.2	1,962.2
Nederman Process Technology	248.3	445.7	992.7	1,461.5
Nederman Duct & Filter Technology	101.2	88.9	402.6	473.5
Nederman Monitoring & Control Technology	118.4	93.7	495.7	271.2
<b>Total Nederman Group</b>	<b>918.3</b>	<b>1,140.7</b>	<b>3,480.2</b>	<b>4,168.4</b>

Total sales, SEKm	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
Nederman Extraction & Filtration Technology	437.0	520.3	1,648.8	1,940.2
Nederman Process Technology	262.0	360.0	1,136.8	1,633.3
Nederman Duct & Filter Technology	105.7	115.4	457.9	555.4
Nederman Monitoring & Control Technology	152.1	114.6	506.9	280.3
Elimination	-16.7	-23.8	-75.6	-101.5
<b>Total Nederman Group</b>	<b>940.1</b>	<b>1,086.5</b>	<b>3,674.8</b>	<b>4,307.7</b>

Adjusted EBITA, SEKm	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
Nederman Extraction & Filtration Technology	65.6	77.3	221.7	263.2
Nederman Process Technology	9.1	25.3	58.1	101.6
Nederman Duct & Filter Technology	20.8	8.3	63.9	69.6
Nederman Monitoring & Control Technology	34.1	32.6	94.6	44.6
Other - non-allocated	-23.9	-18.2	-86.0	-85.0
<b>Total Nederman Group</b>	<b>105.7</b>	<b>125.3</b>	<b>352.3</b>	<b>394.0</b>

Adjusted EBITA margin, %	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
Nederman Extraction & Filtration Technology	15.0	14.9	13.4	13.6
Nederman Process Technology	3.5	7.0	5.1	6.2
Nederman Duct & Filter Technology	19.7	7.2	14.0	12.5
Nederman Monitoring & Control Technology	22.4	28.4	18.7	15.9
<b>Total Nederman Group</b>	<b>11.2</b>	<b>11.5</b>	<b>9.6</b>	<b>9.1</b>

## Note 4: Fair value and reported value in the statement of financial position

SEK million	31 December 2020			
	Measured at fair value via income statement	Derivatives that are used for hedge accounting	Financial instruments not reported at fair value	Total carrying amount
Accounts receivable	-	-	477.0	477.0
Other current receivables	-	-	238.7	238.7
Cash and cash equivalents	-	-	466.8	466.8
<b>Total</b>	-	-	<b>1,182.5</b>	<b>1,182.5</b>
Financial leasing liabilities	-	-	229.5	229.5
Bank loans	-	-	1,536.7	1,536.7
Accounts payable	-	-	334.5	334.5
Other long-term liabilities	-	-	2.1	2.1
Other current liabilities	-	-	534.9	534.9
<b>Total</b>	-	-	<b>2,637.7</b>	<b>2,637.7</b>

## Note 5: Acquisition

On December 9, 2019, Nederman acquired 100 percent of the shares in the Finnish group Gasmot Technologies Oy (Gasmot). In 2020, SEK 2.5 million has been reallocated from customer relationships to goodwill based on final PPA. During 2020, acquisition-related expenses amounting to SEK 1.6 million were expensed. The acquisition analysis is final.

On October 17, 2018, Nederman acquired 100 percent of the shares in the Swiss group Luwa Air Engineering AG (Luwa). The purchase price amounted to SEK 258.7 million, of which SEK 51.7 million was to be paid two years after the acquisition date. In the fourth quarter of 2020, the remaining part of the total purchase price was paid out.

On April 5, 2018, Nederman acquired 100 percent of the shares in the U.S. company Auburn FilterSense LLC (AFS). The purchase price amounted to SEK 65.0 million, of which SEK 20.7 million represented a possible additional purchase price, which was based on profitability in 2018 and 2019. During the first quarter of 2020, the remaining part of the total additional consideration was paid out.

## Note 6: Transactions with related parties

No member of the Board of Directors or senior executives have or have had any direct or indirect participation in any business transaction with Group companies which is or was of an exceptional character with regard to terms and conditions that occurred during the year or in any previous year. Further, no Group company has provided any loan, given any guarantees or entered into any surety relationships for any of the members of the Board of Directors or senior executives.

## Note 7: Alternative performance measures

In addition to information on our reported IFRS results, we provide certain information on an underlying business performance basis. We believe that our underlying business performance measures provide meaningful supplemental information to both management, investors and other stakeholders. These underlying business performance measures should not be viewed in isolation or as substitutes to the equivalent IFRS measures, but should be used in conjunction with the most directly comparable IFRS measures in the reported results. This is a consistent application compared to previous periods. See page 26 for definitions.

### The following underlying business measures are used:

Adjusted operating profit	Adjusted EBITDA	Return on operating capital
Adjusted operating margin	Adjusted EBITDA margin	Net debt/Adjusted EBITDA
EBITA	Equity/asset ratio	Interest Cover Ratio
Adjusted EBITA	Net debt	Order growth
Adjusted EBITA margin	Net debt/equity ratio	Sales growth
EBITDA	Return on equity	

SEK million	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
Operating profit	93.8	108.7	219.0	343.2
Acquisition cost	0.2	4.5	1.6	5.9
Restructuring costs	-	-	75.0	-
<b>Adjusted operating profit</b>	<b>94.0</b>	<b>113.2</b>	<b>295.6</b>	<b>349.1</b>
Adjusted operating profit	94.0	113.2	295.6	349.1
Net sales	940.1	1,086.5	3,674.8	4,307.7
<b>Adjusted operating margin, %</b>	<b>10.0</b>	<b>10.4</b>	<b>8.0</b>	<b>8.1</b>
Operating profit	93.8	108.7	219.0	343.2
Amortisation intangible assets	11.7	12.1	56.7	44.9
<b>EBITA</b>	<b>105.5</b>	<b>120.8</b>	<b>275.7</b>	<b>388.1</b>
EBITA	105.5	120.8	275.7	388.1
Acquisition cost	0.2	4.5	1.6	5.9
Restructuring costs	-	-	75.0	-
<b>Adjusted EBITA</b>	<b>105.7</b>	<b>125.3</b>	<b>352.3</b>	<b>394.0</b>
Adjusted EBITA	105.7	125.3	352.3	394.0
Net sales	940.1	1,086.5	3,674.8	4,307.7
<b>Adjusted EBITA margin, %</b>	<b>11.2</b>	<b>11.5</b>	<b>9.6</b>	<b>9.1</b>
Operating profit	93.8	108.7	219.0	343.2
Depreciation and amortisation	38.9	38.3	165.6	146.7
<b>EBITDA</b>	<b>132.7</b>	<b>147.0</b>	<b>384.6</b>	<b>489.9</b>
EBITDA	132.7	147.0	384.6	489.9
Acquisition cost	0.2	4.5	1.6	5.9
Restructuring costs	-	-	75.0	-
<b>Adjusted EBITDA</b>	<b>132.9</b>	<b>151.5</b>	<b>461.2</b>	<b>495.8</b>
Adjusted EBITDA	132.9	151.5	461.2	495.8
Net sales	940.1	1,086.5	3,674.8	4,307.7
<b>Adjusted EBITDA margin, %</b>	<b>14.1</b>	<b>13.9</b>	<b>12.5</b>	<b>11.5</b>

## Note 7: Alternative performance measures, cont'd

SEK million	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
Equity - Closing balance			1,300.8	1,382.0
Total assets (balance sheet total)			4,249.5	4,750.3
<b>Equity/asset ratio, %</b>			<b>30.6</b>	<b>29.0</b>
Cash and cash equivalents			466.8	445.3
Long-term interest-bearing liabilities			1,536.7	1,575.6
Long-term lease liabilities			166.4	208.4
Pension liabilities			151.1	153.1
Current interest-bearing liabilities			-	5.0
Current lease liabilities			63.1	67.3
<b>Net debt</b>			<b>1,450.5</b>	<b>1,564.1</b>
Net debt			1,450.5	1,564.1
Equity - Closing balance			1,300.8	1,382.0
<b>Net debt/equity ratio, %</b>			<b>111.5</b>	<b>113.2</b>
Equity - Opening balance	1,347.9	1,342.1	1,382.0	1,238.7
Equity - Closing balance	1,300.8	1,382.0	1,300.8	1,382.0
Equity - average	1,324.4	1,362.1	1,341.4	1,310.4
Net profit	55.1	72.4	110.4	225.8
<b>Return on equity, %</b>	<b>16.6</b>	<b>21.3</b>	<b>8.2</b>	<b>17.2</b>
Equity - average	1,324.4	1,362.1	1,341.4	1,310.4
Net Debt - opening balance	1,561.8	956.7	1,564.1	787.6
Net Debt - closing balance	1,450.5	1,564.1	1,450.5	1,564.1
Net Debt - average	1,506.2	1,260.4	1,507.3	1,175.9
Operating capital - average	2,830.6	2,622.5	2,848.7	2,486.3
Adjusted operating profit	94.0	113.2	295.6	349.1
<b>Return on operating capital, %</b>	<b>13.3</b>	<b>17.3</b>	<b>10.4</b>	<b>14.0</b>
Net debt			1,450.5	1,564.1
Adjusted EBITDA			461.2	495.8
<b>Net debt/Adjusted EBITDA, multiple</b>			<b>3.1</b>	<b>3.2</b>
Profit before tax			148.5	307.3
Financial expense			71.7	44.3
Acquisition cost			1.6	5.9
Restructuring costs			75.0	-
EBT excl. financial expenses, acquisition costs and restructuring costs			296.8	357.5
Financial expense			71.7	44.3
<b>Interest cover ratio, multiple</b>			<b>4.1</b>	<b>8.1</b>



## Note 7: Alternative performance measures, cont'd

Mkr	1 okt-31 dec		1 jan-31 dec	
	2020	2019	2020	2019
Incoming orders, same period in previous year	1,140.7	967.8	4,168.4	3,479.5
Change in incoming orders, organic	-243.6	110.5	-831.6	102.3
Change in incoming orders, currency effects	-29.9	-2.1	-116.2	158.9
Change in incoming orders, acquisitions	51.1	64.5	259.6	427.7
<b>Incoming orders</b>	<b>918.3</b>	<b>1,140.7</b>	<b>3,480.2</b>	<b>4,168.4</b>
Order growth, %, organic	-21.4	11.4	-19.9	2.9
Order growth, %, currency effects	-2.6	-0.2	-2.8	4.6
Order growth, %, acquisitions	4.5	6.7	6.2	12.3
<b>Order growth, %</b>	<b>-19.5</b>	<b>17.9</b>	<b>-16.5</b>	<b>19.8</b>
Net sales, comparative period previous year	1,086.5	1,069.0	4,307.7	3,553.9
Change in net sales, organic	-169.5	-45.9	-755.4	-39.5
Change in net sales, currency effects	-33.2	-1.7	-122.6	163.4
Change in net sales, acquisitions	56.3	65.1	245.1	629.9
<b>Net sales</b>	<b>940.1</b>	<b>1,086.5</b>	<b>3,674.8</b>	<b>4,307.7</b>
Sales growth, %, organic	-15.6	-4.3	-17.5	-1.1
Sales growth, %, currency effects	-3.1	-0.2	-2.9	4.6
Sales growth, %, acquisitions	5.2	6.1	5.7	17.7
<b>Sales growth, %</b>	<b>-13.5</b>	<b>1.6</b>	<b>-14.7</b>	<b>21.2</b>

## Note 8: Government grants

In 2020, government grants amounting to SEK 27.2m were received and SEK 27.3 was recognised in the income statement. Government grants were mainly received from European government bodies and primarily pertain to assistance for short-time work relating to COVID-19.

## Note 9: Risks and uncertainties

Nederman is exposed to a number of risks that could significantly impact the Group's operations, earnings and financial position. Nederman conducts continuous risk assessments that include identifying the risks that impact the Group and taking measures to manage these risks. Nederman does not calculate the economic value of all risks because many of them are highly complex and interrelated. However, the practical management of these risks is facilitated in several different ways, including through Group-wide policies, business processes, training, internal controls, and processes for the audit and approval of reports. Nederman Group's risks are organised into four categories: Strategic risks, Operating risks, Compliance risks and Financial risks. For a more detailed description of these risks, refer to the Risk Management section on pages 78-79 and in note 26 of the Nederman Group's 2019 Annual and Sustainability Report.

### Update of risks during the reporting period

As a result of the COVID-19 pandemic, risks have changed during the reporting period, and this is described in the section entitled "Impact of the COVID-19 pandemic on Nederman" on page 12.

# Definitions

**Adjusted EBITA**

Operating profit before amortisation and impairment loss of intangible assets, excluding acquisition and restructuring costs.

**Adjusted EBITA margin**

Adjusted EBITA as percentage of net sales.

**Adjusted EBITDA**

Operating profit before depreciation/amortisation 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 opening and closing balance.

**Currency-neutral growth**

Currency-neutral growth is the growth rate that does not come from currency effects, compared with the corresponding period in the previous year.

**Earnings per share (after dilution)**

Net profit attributable to Parent Company shareholders in relation to average number of share outstanding plus average number of convertibles and options, as calculated in accordance with IAS 33.

**Earnings per share (before dilution)**

Net profit attributable to Parent Company shareholders divided by average number of shares outstanding.

**EBITA**

Operating profit before amortisation and impairment loss of intangible assets.

**EBITA margin**

EBITA in percentage of sales.

**EBITDA**

Operating profit before depreciation/amortisation and impairment loss.

**EBITDA margin**

EBITDA as a percentage of net sales.

**Equity ratio**

Equity divided by total assets (balance sheet total).

**Interest Cover Ratio**

Profit before tax with return of 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 shareholders' equity.

**Operating capital**

Shareholders' equity plus net debt.

**Operating margin**

Operating profit as percentage of net sales.

**Operating profit/loss**

Operating profit after depreciation/amortisation and impairment loss.

**Organic growth**

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

**Return on equity**

Net profit for the period divided by average shareholders' equity.

**Return on operating capital**

Adjusted operating profit as a percentage of average operating capital.

# Financial calendar

## Invitation to telephone conference

A telephone conference regarding the report will be held, in English, today, Friday 12 February 2021 at 10.00. Nederman's President and CEO, Sven Kristensson and CFO, Matthew Cusick will present the report and answer questions.

To participate in the conference please call SE: +46 8 5055 8373, or UK: +44 33 3300 9260, or US: +1 833 8230 589. The conference will also be streamed over the internet.

Visit our website to participate in the webcast:

<http://www.nedermangroup.com/sv-SE/Investors/Reports/Webcast>.

## Financial calendar

- |                          |                 |
|--------------------------|-----------------|
| • Quarter 1 report       | 22 April 2021   |
| • Annual General Meeting | 26 April 2021   |
| • Quarter 2 report       | 15 July 2021    |
| • Quarter 3 report       | 22 October 2021 |

This report contains forward-looking statements that are based on the current expectations of Nederman's management. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

Nederman is required to disclose the information provided herein according to the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instrument Trading Act. The information has been made public at 08.00 CET on 12 February 2021.

## Further information can be obtained from

Sven Kristensson, CEO  
Telephone +46 (0)42-18 87 00  
e-mail: sven.kristensson@nederman.com

Matthew Cusick, CFO  
Telephone +46 (0)42-18 87 00  
e-mail: matthew.cusick@nederman.com

For further information, see Nederman's website:  
[www.nedermangroup.com](http://www.nedermangroup.com)

## Address

Nederman Holding AB (publ),  
Box 602, 251 06 Helsingborg, Sweden  
Telephone +46 (0)42-18 87 00  
Swedish corporate identity no.: 556576-4205

# A global group

Nederman is one of the world's leading developers of products and solutions for advanced air filtration in demanding industrial environments. Our offering comprises individual products, complete solutions, project design, installation, commissioning and service.

Our head office is located in Helsingborg and we currently have about 2,200 employees, with manufacturing in 13 countries and sales in more than 50 markets through our own sales organisation, agents or resellers.

## **COMPETITIVE PRODUCTS**

All of Nederman's products are developed for the purpose of promoting health and safety, enhancing production efficiency and minimising the customers' environmental impact. Today, we are leaders in the development of digital products and solutions to safeguard the future for our customers in energy use, recycling and compliance with regulatory requirements. Sales of individual products, small and medium-sized systems, and major system solutions with a high degree of customisation comprise the majority of the Group's sales. The sale of products and solutions provides a broad customer base that drives our service sales.

## **FULL-SERVICE OFFERING**

A key feature of our offering is the ability to guarantee our customers the highest possible availability for their solutions. Our starting point is that we must be the alternative that offers the customer the lowest total cost over the life cycle of the solution. In addition to high-quality products, this means that we offer qualified service with a high level of availability to ensure continuous operation. The offering includes technical service, service contracts, spare parts and consumables.

Service sales are a priority area. In 2019, service grew and made up 17% of total sales.

## **MARKET-LEADING POSITIONS**

Since establishment more than 75 years ago, Nederman has developed a broad and competitive product programme. This programme, combined with a comprehensive sales network and significant investments in new technology, is the foundation for our leading position in a global market. Size and market breadth give us economies of scale in terms of product development, purchasing and production. Nederman is already the segment leader in EMEA, but is now also second-largest in the vital Americas market and in the top five in APAC. This provides a strong platform on which to build further.

## **STRONG BRANDS**

Today, Nederman addresses its market with a strong portfolio of brands. Our strategy is that each individual brand is to bring cutting-edge competence to the Group in a specific product area or market segment. Accordingly, we have the possibility to meet many different customer needs and market segments, in both mature and emerging markets. In recent years, we have devoted a great deal of energy in the brands NEO Monitors and Auburn FilterSense as a base for the development of an entirely new digital offering, which will secure the Group's future positions. The brand portfolio is continuously evaluated, while we simultaneously actively analyse potential acquisitions.

**Nederman**