



Nederman



Annual Report

and Sustainability Report



2018

Contents

Business operations	
2018 in brief	2
Key figures	2
AGM 2019	3
Information on data in this report ..	3
Distribution policy	3
This is Nederman	4
CEO's comments	6
Strategy	8
Products and solutions	14
Directors' report	
Strong global position	18
Americas	22
EMEA	24
APAC	26
Organisation for smart growth	28
Nederman Extraction & Filtration Technology	30
Nederman Process Technology	32
Nederman Duct & Filter Technology ..	34
Nederman Monitoring & Control Technology	36
Vision 2025: The Clean Air Company ..	38
Sustainability: Vision and commitment	40
Sustainability: Resultat	42
Sustainability: Agenda 2030	44
The Nederman Share	46
Review of business operations	48
Multi-year overview	50
Sustainability: Risk management ..	52
Corporate governance	54
Board of Directors	59
Senior executives	60
Financial reports	
The Group	
Income statement	62
Statement of comprehensive income ..	63
Statement of financial position	64
Statement of changes in equity	65
Cash flow statement	66
Notes	67
Parent Company	
Income statement	98
Statement of comprehensive income ..	98
Balance sheet	99
Statement of changes in equityl	100
Cash flow statement	101
Notes	102
Signatures	109
Auditor's report	110
Other information	
Definitions	115
Articles of Association	116
Notification of the Annual General Meeting	117

2018 in brief

The order intake was SEK 3,479.5m (3,157.3), which adjusted for the effects of exchange rates corresponds to an increase of 7.4 percent compared with the previous year.

Sales was SEK 3,553.9m (3,148.5), which adjusted for the effects of exchange rates corresponds to an increase of 10.1 percent compared to the previous year.

Adjusted operating profit was SEK 308.1m (285.8), giving an adjusted operating margin of 8.7 percent (9.1).

Operating profit was SEK 294.9m (278.1), giving an operating margin of 8.3 percent (8.8).

Profit after tax was SEK 203.2m (186.3).

Earnings per share were SEK 5.79 (5.31).*

The board proposes a dividend of SEK 2.30 (2.00) per share.*

Development by quarter

Quarter 1 Order intake grew in a currency-neutral way by 9.5 percent, and profitability was strengthened to an operating margin of 7.7 percent (6.4).

Quarter 2 Continued strong profitability. Adjusted operating profit in the quarter grew to SEK 70.4 m (60.9).

Quarter 3 Challenging quarter with the production and distribution of the disturbances in the wake of the storm Florence in the USA. Positive development for Nederman Insight.

Quarter 4 Stable quarter with good earnings. Acquisition of the Swiss Group Luwa.

Key figures

SEKm	2018	2017	2016
Net sales	3,553.9	3,148.5	3,107.3
Adjusted EBITDA	372.0	338.5	298.0
Adjusted EBITDA margin, %	10.5	10.8	9.6
Operating profit	294.9	278.1	250.3
Operating margin, %	8.3	8.8	8.1
Adjusted operating profit	308.1	285.8	250.3
Adjusted operating margin, %	8.7	9.1	8.1
Profit before tax	268.0	260.1	231.7
Net profit	203.2	186.3	172.1
Earnings per share, SEK*	5.79	5.31	4.91
Return on equity, %	17.5	18.1	18.9
Return on operating capital, %	17.8	18.0	16.8
Net debt	553.1	585.3	524.3
Net debt/equity ratio, %	44.2	54.4	53.4
Net debt/Adjusted EBITDA, multiple	1.5	1.7	1.8
Interest cover ratio, multiple	9.8	11.8	11.8

* As a consequence of the share split adopted by the Annual General Meeting 2018, earnings per share and the proposed dividend by the Board in the previous years have been adjusted based on that the par value of the share is changed from SEK 0.1 to SEK 0.03. See page 46 for further information.

Annual General Meeting to be held on 29 April 2019

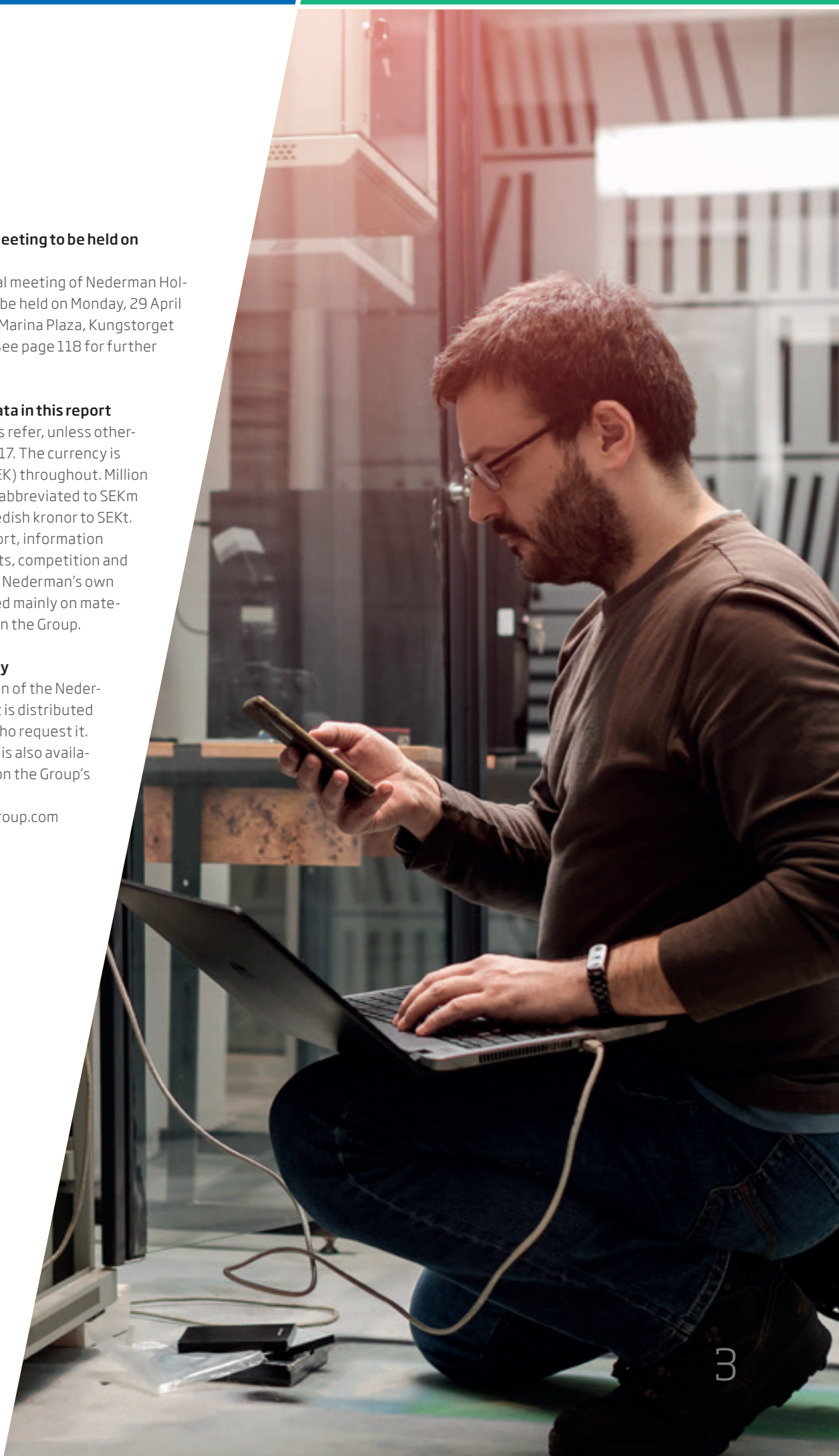
The annual general meeting of Nederman Holding AB (publ) will be held on Monday, 29 April 2019 at the Hotel Marina Plaza, Kungstorget 6 in Helsingborg. See page 118 for further information.

Information on data in this report

Figures in brackets refer, unless otherwise stated, to 2017. The currency is Swedish Krona (SEK) throughout. Million Swedish kronor is abbreviated to SEKm and thousand Swedish kronor to SEKt. In the Annual Report, information concerning markets, competition and future growth are Nederman's own assessments based mainly on material compiled within the Group.

Distribution policy

The printed version of the Nederman annual report is distributed to shareholders who request it. The annual report is also available in its entirety on the Group's web site:
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.

A LONG AND SUCCESSFUL HISTORY

For 75 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. 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.

Net sales in 2018 amounted to SEK 3.6 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 make 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 COMPETENCE

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 to 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 correctly, dust can build up in the ducting causing reduced efficiency in the filter system and increased wear on the conduits 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 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 the waste handled and filters replaced. 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 & optimisation. 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.

Digital Solutions. Nederman has since 2017 developed new digital solutions which constitute an ecosystem of services marketed towards both new and existing customers with the installation of Nederman's systems. The company will successively expand its digital range with a robust infrastructure for the IoT.

RAPID DEVELOPMENT

Over the past ten years, Nederman has developed from being a company with a relatively narrow product range into a comprehensive environmental technology business that can solve fundamental environmental challenges. The company is maintaining that path, and continues to add new competencies and solutions.

EMPLOYEES

At the end of 2018, Nederman had 2,305 employees (1,803). The average number of employees during the year was 1,852 (1,757), of whom 20 percent were women and 80 percent men. In geographical terms, the company has the largest number of employees in the EMEA region with 53 percent, followed by the Americas with 27 percent and APAC with 20 percent.



Good Growth and Improved Position

2018 was a good year for Nederman with positive contributions from the acquisitions of Auburn FilterSense and Luwa. The order intake grew in currency-neutral terms by 7.4 percent to SEK 3,480m (3,157) following good development in all market areas. Moreover, turnover developed strongly during the year and grew currency-neutral by 10.1 percent to SEK 3,554m (3,149). Adjusted operating profit increased to SEK 308.1m (285.8), corresponding to an adjusted operating margin of 8.7 percent (9.1). The somewhat lower operating margin is mainly explained by the increasing investment in innovation within Nederman Insight. Earnings per share amounted to SEK 5.79 (5.31)*.

NEW ORGANISATION FOR PROFITABLE GROWTH

One of the most important activities in 2018 was the implementation of our new organisation. The new organisation is driven by simplicity and focus with the basis being the group's brands. In practice, this means that the new divisions are global instead of regional, and that the focus on the customer becomes even clearer than before. The organisation has four main priorities:

- **Improved profitability**
- **Improved efficiency**
- **Full exploitation of the opportunities from digitalisation**
- **Internal and external sustainability**

The most important tasks for the new organisation are to establish a market-driven product development and to take advantage of all the opportunities, both internally and externally, that digitalisation offers. Acquisitions will play an important role in effectively establishing leading positions in interesting markets and product segments. Future acquisitions will also be integrated into the organisation in a more effective and more natural way than before. The new organisation has gradually been implemented during 2018 and will be reflected in our segment reporting with effect from 1 January 2019. For a more detailed presentation of the new organisation, see pages 28-37.

NEDERMAN INSIGHT SHOWS STRENGTH

Nederman Insight, working with our digital solutions, has in a short time moved from an idea into a concrete business and during 2018, the organisation has demonstrated commercial strength. The acquisitions of NEO Monitors in 2017, and of Auburn FilterSense in 2018, together with the Group's internally developed solutions, has quickly established an effective offering to our customers. Nederman Insight has, during 2018, had an order intake of approximately SEK 0.2 billion and carried out its first deliveries to customers under the Nederman Insight brand. During the year, we have also started discussions with several of our large, globally active customers, and it is quite clear that by focusing on Nederman Insight, we have taken the position as a leading provider of turnkey solutions and thereby strengthened the competitiveness of the entire Nederman Group. In addition to the acquisition of Auburn Filter Sense, we have also made significant investments in innovation and product development during the year in order further to strengthen the offering within Nederman Insight.

THE ACQUISITION OF LUWA STRENGTHENS OUR OFFERING TO THE FIBRE INDUSTRY

With the acquisition of Luwa, we strengthen our organisation with a global market leader in air filtration for fibre and textiles. Luwa's significant market presence - particularly in Asia - and their strong position within the fibre and textile market, so important to Nederman, together with our global organisation will make the Nederman Group a more complete and more attractive partner for our customers.

* As a result of the share split adopted by the Annual General Meeting in 2018, earnings per share have been adjusted. For more information, see page 46.



STRONG FINANCIAL POSITION

Nederman's financial position is strong. Despite the fact that we completed two significant acquisitions during the year, we have the financial strength to propose an dividend increase of 15 percent, while at the same time maintaining our financial capacity to carry out new and interesting acquisitions.

SUSTAINABILITY INCREASINGLY IMPORTANT FOR THE GROUP'S LARGE CUSTOMERS

Nederman has in recent years, taken major steps in the sustainability area. We have among other things implemented our Code of Conduct throughout the Group, and developed Nederman Operation System, which controls how our manufacturing units work and report. During 2015 and 2016, we carried out an extensive strategic effort in order fully to integrate sustainability issues in our business strategy. This work has now switched to a more concrete phase which among other things includes the development of business plans in different parts of the company. When this work is completed, the ambition is that Nleder-

man will be a company that, by having integrated sustainability into its strategy, becomes the obvious choice for all stakeholders.

OUTLOOK

Many of our markets are fraught with uncertainty. The risk of trade disputes and financial uncertainty means that decisions regarding major investments drag out in time, and that projects are postponed. Despite these geopolitical challenges, our premise continues to be cautiously optimistic. Environmental issues will continue to be important to our customers, and in 2018, we strengthened our positions in several key areas where we see growth in the future.

Sven Kristensson
President and CEO

Strategy and value creation

Health and safety

Laws and regulations

Production efficiency



Lower environmental impact

Nederman’s mission is to protect people, products and our planet from the harmful effects of industrial processes. In this way, we help to create safer work spaces, efficient production and significant environmental benefits. Clean air is a 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, and to maintain safe and healthy workplaces. Manufacturing companies want 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

Knowledge about the importance of the internal and external environment is growing globally, resulting in stricter legislation and controls. Strong requirements linked to efficient production, the environment and to health are driving demand for Nederman's products and solutions. Learn more about the important global driving forces in the Sustainability Report on pages 40-45.

FINANCIAL OBJECTIVES

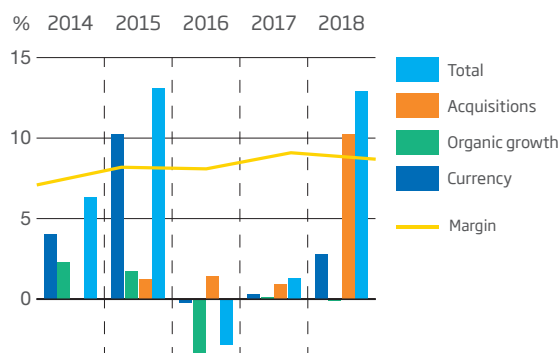
Over a business cycle the annual sales growth should be 8-10 percent and the adjusted operating margin at least 10 percent.

STRATEGIC PRIORITIES

In order to realise the financial objectives, Nederman works with four priority areas: expansion into new customer and market segments, developed positions in the value chain; the development of new products and solutions, and geographic expansion, see pages 12-13.

In the last five years, the average sales growth amounted to 6.2 percent. During the period, the adjusted operating margin varied between 7.1 and 9.1 percent and in 2018 amounted to 8.7 percent. The average dividend during the period was 40.5 percent of net profit.

Sales growth and margin development



How Nederman creates value for its customers

HEALTH AND SAFETY

It is profitable for employers to offer a clean and safe work environment. 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 workforce.

An example is the welding industry, where inhalation of welding fumes is one of the most serious risks. Welding fumes contain substances that can cause serious illnesses in the long term. It is therefore 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, 5.5 million people die prematurely every year 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 largest cause of premature death worldwide. Only smoking kills more people.*

Much is being done to combat 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 now face 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 are harmful to people, they can also shorten the life of machinery 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 in many ways clean 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, 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 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 a long life with intelligent 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 be recycled by 2020.



Strategic priorities

EXPANSION TO NEW CUSTOMER AND MARKET SEGMENTS

Since 2003 Nederman's sales have grown from SEK 735 million to SEK 3,554 million in 2018. This development has been achieved through, among other things, a major expansion in our customer offering through acquisitions. Through the acquisitions, Nederman has significantly broadened its customer offerings to, among other things, complex industrial processes, filter technology, handling of oil mist, metal chips, ash and lime. Nederman is continually working to identify interesting areas for expansion. In 2017, Norwegian NEO Monitors was acquired, a global pioneer in laser-based solutions for the measurement of gases and particles in all types of industries. In 2018, expansion continued with the acquisitions of the American Auburn FilterSense, a leading provider of monitoring system for air filtration processes, and the Swiss Luwa Air Engineering, a global market leader in air filtration in the fibre and textile industries.



DEVELOPED POSITIONS IN THE VALUE CHAIN

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

Nederman also sees significant opportunities in providing more value to the company's key customers all over the world through an increased understanding of customers' processes. In order to become an even more attractive partner that can manage customers with worldwide operations, the Global Strategic Accounts function was created in 2017.



DEVELOPMENT OF NEW PRODUCTS AND SOLUTIONS

Nederman continually develops its offering to meet the high requirements on performance and service life as well as lower energy consumption and maintenance costs. Several new products have been launched in recent years, including new FX2 extraction arms suitable for laboratories and the electronics industry. A compliment to the range for the extraction of welding fumes has also been launched, FE 24/7, a mobile extraction solution for businesses operating around the clock. New explosion isolation valves, CARZ-N, have been launched, which are designed, tested and certified according to EN16447: 2014 in order to allow with all St1 dust types, including metal dust.

Nederman also introduced new solutions for modern vehicle workshops and other industries, for example, cable and hose reels in a neutral grey design are now available.



GEOGRAPHIC EXPANSION

Nederman has successively expanded its business operations to more and more countries around the world. Today, the Group has strong positions in North America and Europe. The aim is to establish a successful business in more countries.

In 2018, Nederman acquired the Swiss Group Luwa. With this acquisition, the Group's strengthens its business with a global market leader in air filtration in the fibre and textile industries. Luwa's significant market presence and its strong position within the important fibre and textile market makes Nederman a more complete and more attractive partner for the Group's customers, not least in APAC where Luwa has a strong position.





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 includes individual products, engineering design, installation, commissioning and 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 sales segments in order to deliver solutions to customers’ challenges as effectively as possible.

PRODUCT SALES

Nederman has a broad range of standard products that solve common problems relating to smoke, gas, dust, material recycling, working environment and efficient production. Product sales are made primarily via distributors and resellers.

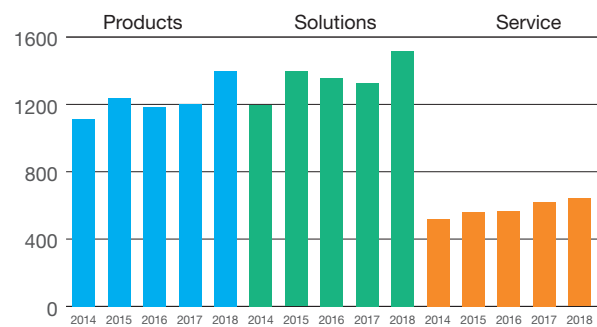
SOLUTIONS

Solutions consist either of individual products in the Nederman range which are assembled together to build smaller and medium-sized systems, or large system solutions with a high element of customisation. The task of both variants is to solve more complex challenges. Sales are through Nederman’s own sales organisation.

SERVICE AND AFTER MARKET

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, SEKm



Prioritised Market Segments

METAL FABRICATION

Air pollution, such as welding fumes and oil mist, is a common problem in metal fabrication. The particles that are released can endanger the health of employees, contaminate surfaces and damage electronic components used in production. 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. There are also solutions for welding robots and machines in automated production processes.



FIBRE-BASED INDUSTRIES

The handling of materials that generate dust is a major problem in many industries. The wood processing and composite processing industries are good examples, alongside the pharmaceutical and food industries where there are strict demands for hygiene and safety. Process dust that forms in the handling of materials such as wood and composites can cause health problems if inhaled, while they may also damage product quality. Some types of dust also cause fire and explosion risks.

Nederman's products and solutions are in many cases necessary for safe and efficient production. 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, Nederman's equipment is often fully integrated in the customer's process to contribute to greater energy efficiency. In smaller plants and processing operations there are tool-specific applications for capturing particles 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 produce hot gases that contain harmful particles.

Nederman has developed a complete system for foundries, smelters and other types of incineration plants. The Group also supplies solutions for recycling of resources in waste management plants. Nederman's solutions mainly comprise filter systems that meet high demands for performance and also minimise energy consumption and maintenance costs. In many instances the Group takes complete responsibility for solutions, which means design, installation and commissioning as well as continual servicing.



THE AUTOMOTIVE INDUSTRY'S AFTERMARKET

Nederman supplies solutions that safeguard a good working environment in vehicle repair shops, vehicle test centres and emergency service stations. The company is a world leader in systems for handling exhaust fumes and also supplies a wide range of solutions for large and small vehicle repair shops.

Solutions safeguard a clean and safe working environment and make repair shops more efficient with better ergonomic conditions. The systems take care of exhaust fumes directly from the exhaust pipe. There are solutions for easier handling of hoses and cables. Other products take care of particles and smoke that are produced through grinding, welding and painting.

Strong global position

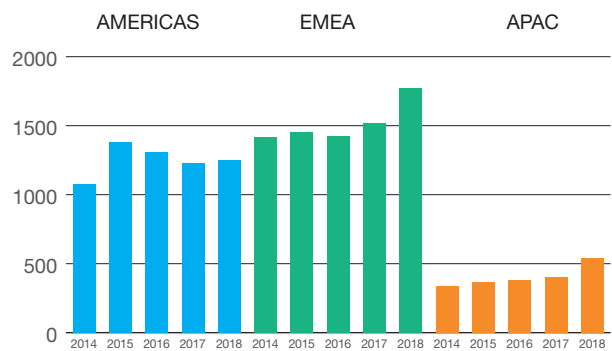
Global market € 5 billion
Sales in more than 50 countries
Manufacturing on five continents



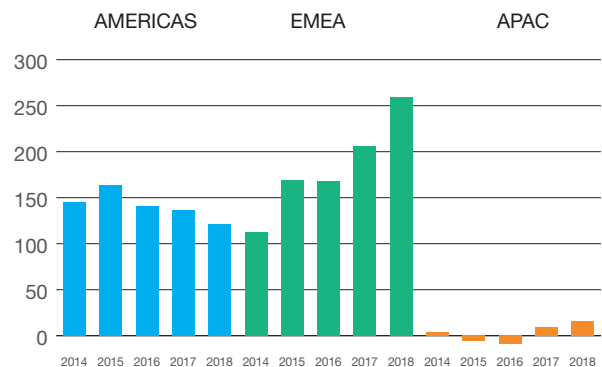
Nederman has a strong global presence. Sales are conducted through our own sales companies and distributors in over 50 countries. Most sales take place in Europe and North America, although Nederman is also active in a number of growth markets. Production is carried out in 12 countries on five continents.

The Group is organised into three operating segments: 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, SEKm



Adjusted operating profit per operating segment, SEKm



MARKET AND COMPETITION

The global market for air filtration is estimated to be five billion Euros and is growing in line with increasing focus on the environment and health issues.

The key concentration of Nederman's sales is in Europe and North America, but the Group is developing positions in Eastern Europe, Asia, the Pacific region and Brazil.

Competitors generally have a narrower product range and more limited geographic coverage. Within specific application and product areas, competition comes from regional or local businesses.



SALES ORGANISATION

The group has its own sales companies in approximately 25 countries, and distributors in more than 30 other countries. The company aims to maintain a good balance between direct sales and sales via distributors in order to reach customers with varying demands as effectively as possible.

A strong local presence is of great importance to Nederman in order to meet changes in market requirements and deliver comprehensive solutions. Sales through distributors meanwhile give Nederman a high market coverage for individual products and smaller systems.

During recent years the company's own sales organisation has been developed to strengthen presence on new and existing markets. A regional structure has been established for sales and technical support on developing markets and within specific business segments.

SERVICE

By offering advanced service with high availability, Nederman helps its customers to secure continuous, optimised production. 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 service is also increasing in pace with the fact that the installed base of equipment from Nederman is growing in all markets. To serve this base, Nederman has an established 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 twelve countries. There are six units in Europe: Sweden, Denmark, Norway, the UK, Poland and Germany. In Asia, there are plants in India, China and Thailand. There are also units in Australia, USA 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 have 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.



Americas

Continued challenging market

The Americas operating segment had a stable development during 2018. Currency neutral order intake grew by 3.8 percent to SEK 1,260m (1,198). Net sales were in line with 2017 and amounted to SEK 1,247m (1,228). For the entire year, the adjusted operating profit amounted to SEK 121.3m (136.9), corresponding to an adjusted operating margin of 9.7 percent (11.1).

DEVELOPMENT BY COUNTRY

The US market was characterised in 2018 by continued lengthy decision-making processes for large projects. For Nederman, this means that the demand for large system solutions remained at low levels. The base business of products and services had a stable development during the year. Canada also showed weak development during 2018. Brazil has for some time been characterised by a low level of economic activity, but development in 2018 was relatively positive with the growth of both order intake and sales. Mexico had a good growth in sales and order intake during the year.

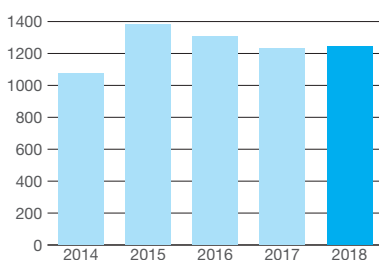
DRIVING FORCES

Because of the continued political uncertainty, industrial production and industrial investments in 2018 continued at low levels. Despite this, there are a number of driving forces indicating a change towards a more positive market development. Provid-

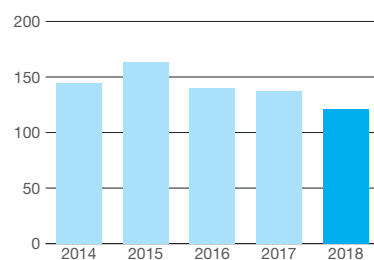
ing a good working environment in various process industries is increasingly important in being able to recruit staff and comply with laws and regulations. Air emissions are also something that numerous countries in the region regulate via legislation. Another trend that is developing more strongly is the interest in energy recovery. Nederman markets products and solutions that make the production environment cleaner and operations more stable with minimised disruption in customers' processes. This makes economic arguments for Nederman's solutions even more apparent. In Americas there is clear growth in among others, the auto, construction, timber and textile industries, which means increased demand for the Group's products and solutions. Thanks to lower energy prices and political intentions, American companies are also relocating production back that was previously moved to Asia, and has the potential to further to boost industrial activity.

Overview 2014-2018

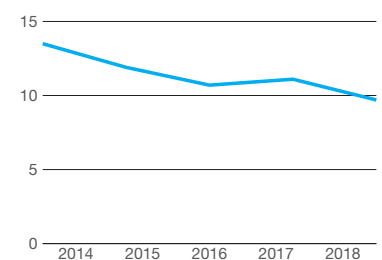
Sales, SEKm



Adjusted operating profit, SEKm



Adjusted operating margin, %



See Note 3 for further information.

ORGANISATION

During 2018, work continued on strengthening the sales force for the aftermarket in order to increase aftermarket sales and the focus on the significant replacement market. To increase sales through distributors and dealers while at the same time making this business more cost-effective, Investments in digital solutions, including a web-based partner shop have continued.

Nederman Americas is represented by its own sales companies which handle product sales and service in the US, Canada, Mexico and Brazil. In other countries in the region, local distributors handle these activities. In addition to the national sales companies, Nederman Americas has a regional organisation with responsibility for project sales and customised systems, which requires high competence and significant resources. Mexico has potential that has not yet been fully tapped and in 2018 the Nederman Americas management team continued the long-term development of this market where growth is expected to be strong for a long time to come. In total, Nederman had an average of 495 (482) employees in its Americas organisation in 2018.

OPERATIONS

By producing large parts of the product range close to the company's key customers, and by doing business in the dominant currency, Nederman Americas has significant benefits in terms of lead times and reduced currency exposure. In 2018, the work of integrating and making production, logistics and administration more efficient continued. In Auburn Filter Sense, which was acquired in 2018, production was focused to one site instead of the previous two.



EMEA

Strong growth in orders intake and sales.

Operating segment EMEA had a positive development in 2018. Currency neutral orders intake grew by 9.2 percent to reach SEK 1,732m (1,531), while currency neutral sales strengthened by 12.7 percent to SEK 1,768m (1,518). The background to the positive trend is a generally positive development and a positive impact from the acquisition of NEO Monitors completed during the fourth quarter of 2017. Profitability was strengthened for the sixth year in a row with an adjusted operating margin of 14.7 percent (13.6).

DEVELOPMENT BY COUNTRY

Germany had a positive development in 2018 with growth in both sales and order intake. The demand for larger systems increased somewhat compared with 2017. The Nordic countries showed strong growth during the year with the positive effects of the acquisition of NEO Monitors in 2017. NEO Monitors, which is a part of Nederman Monitoring & Control Technology, has developed well and in line with expectations, and 2018 the first sales of Nederman Insight solutions to customers in the composite and wood industry were made.

In the UK, order intake decreased following lower demand for large systems. The year ended positively however with strong development of base business sales of products sales and smaller solutions.

In the Benelux countries, both order intake and sales strengthened during the year following a positive development in the

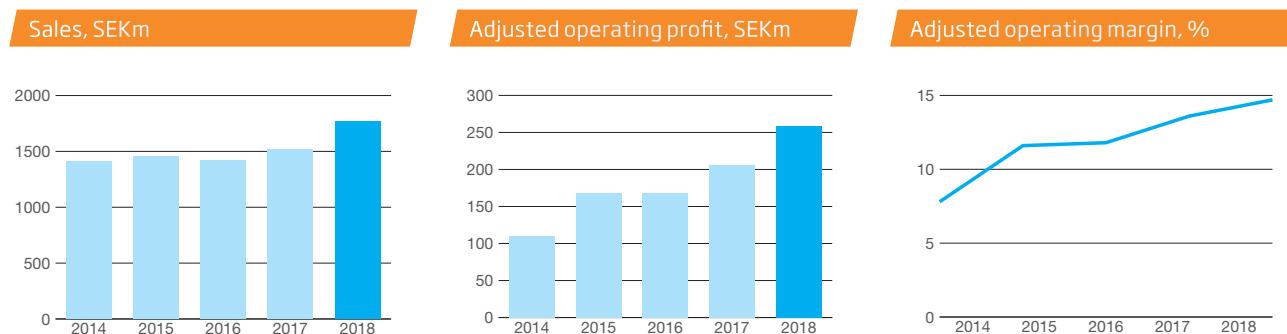
Belgian market. Both, Turkey and Poland had good development in 2018. In Poland, it was mainly orders for larger systems from the country's process industry that drove the positive development. In Southern Europe, development was mixed with a weaker development in France during the year while Spain and Portugal had positive development in order intake during the second half of 2018.

Distributor markets showed good growth during the year.

DRIVING FORCES

Demands for safer working environments and reduced emissions from industry along with growing awareness of the true costs of environmental damage are factors that have a positive long-term impact on Nederman's activities in the EMEA region. For new and prospective EU member states that must adapt to EU requirements, stricter legal requirements are play an important role. As globalisation increases competition, the economic

Overview 2014-2018



See Note 3 for further information.

arguments for Nederman's products and systems become even clearer. By investing in Nederman's products, customers can secure high production efficiency as well as an attractive working environment.

ORGANISATION

Nederman EMEA has during 2018 continued with ongoing work of making the organisation more effective and of increasing the focus on delivering high customer value. This work includes the digitalisation of the sales and marketing processes with the focus on value-based sales. Sales through digital channels doubled during the year. The work includes, among other things, the digitalisation of the sales and marketing processes with focus on value based selling. The ongoing digitalisation so far has led to increased efficiency and improved profitability.

At the same time, Nederman is becoming increasingly easy to do business with due to the fact that information about the company's products is always available. An order is only a push of a button away. The ambition is to position Nederman as a knowledge leader and the obvious partner. During the year, a number of training initiatives to strengthen the organisation further were carried out. Preventing dust explosions in industry is one of Nederman's areas of expertise, and Nederman has trained internal experts to further strengthen the ability to manage critical safety issues in a professional manner. Nederman EMEA

is represented by its own sales companies in most Western European countries as well as in several countries in Eastern Europe. In countries where the Group does not have its own representatives, sales are made through distributors. In total Nederman had an average of 985 employees (977) in the EMEA organisation in 2018.

OPERATIONS

During 2018, Nederman EMEA continued the recent years' continuous improvements in the manufacturing units' operations. Nederman EMEA has production facilities at the following centres in Europe: Assens, Denmark (production); Marki, Poland (production); Leeds, UK (production); Helsingborg, Sweden (assembly and distribution); Kinna, Sweden (production); Töredal, Sweden (production); Friesenheim, Germany (production and assembly), and Skedsmokorset, Norway (production).



APAC

Positive effect from the Luwa acquisition.

The order intake in 2018 grew after positive a contribution from the acquisition of Luwa during the beginning of the fourth quarter. For the entire year, currency neutral order intake grew by 11.1 percent to SEK 488m (428). Sales totalled SEK 539m (403), equivalent to currency neutral growth of 30.3 percent. Adjusted operating profit was SEK 16.3m (9.3), corresponding to an adjusted operating margin of 3.0 percent (2.3).

DEVELOPMENT BY COUNTRY

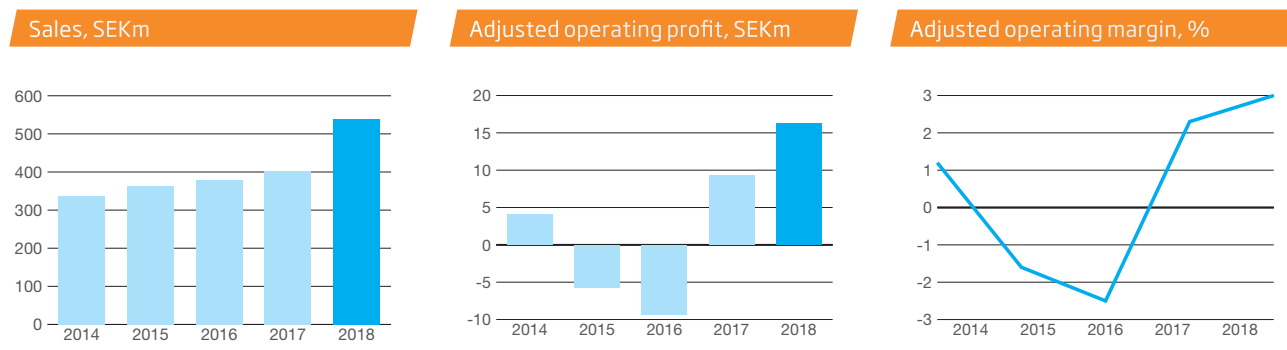
The acquisition of Luwa had a positive effect during the final quarter of the year and thereby for 2018 as a whole. China, had positive development in the year's first and last quarters, while the trend in the second and third quarters was weaker. Sales in China 2018 increased by 44 percent and order intake by 14 percent. India had, through the acquisition of Luwa, a good development in 2018 and for the whole year, sales increased by almost 43 percent and order intake by slightly more than 26 percent. In Australia, the trend was more mixed with weak order intake but stronger sales.

DRIVING FORCES

Many of the region's production sites either completely lack environmental technology solutions or use substandard technology. In other words, there is a very large need for high quality environmental technology. By investing in Nederman's solutions

and products, considerable advantages can be achieved in the form of operational stability and efficient recycling of waste products and energy. Environmental and working environment questions are becoming increasingly important as general living standards increase in the region, while the regulatory requirements for environmentally adapted production are becoming more stringent in China and other countries. This growing environmental awareness and the understanding of the importance of investing in high quality solutions is improving Nederman's dialogue with customers. The customer segment currently showing the strongest development is the machine and vehicle industry, which is driving much of the growth in the region. Foundries and smelters as well as welding and machining are also showing positive development. The food industry, which was previously fragmented and underdeveloped, is now growing as major players, with high demands on quality and safety develop within the region.

Overview 2014-2018



See Note 3 for further information.

ORGANISATION

Nederman APAC is represented by its own sales companies in Australia, India, Indonesia, China, Malaysia, Singapore and Thailand. In other countries, sales are driven via distributors. In China the head office is in Shanghai, but there are also a number of regional offices. The major competence in larger systems and installations within the Australian organisation is being used increasingly throughout the entire region to ensure that these projects are carried out as efficiently and successfully as possible. Service sales remain relatively low although they are expected to grow as the number of products and solutions sold increases. Today it is mainly Australia and China that have significant service activities. In total, Nederman had an average of 372 (298) employees in APAC in 2018.

OPERATIONS

Nederman has a strong production structure within APAC with plants in Melbourne, Australia (assembly and distribution); Bangalore, India (production); Suzhou, China (production); Qingpu, China (assembly and distribution), Shanghai, China (production) and Bangkok, Thailand (production). The plant in Thailand, which was taken into operation in 2013, primarily serves the South East Asian market. The plants in China serve the Chinese market as well as other Asian markets. Nederman is currently increasing local production in the region, while purchases from local suppliers is also rising. By increasing the portion of local production and purchasing, Nederman deliver more quickly and at a lower cost. Luwa, acquired during the fourth quarter of 2018, has production and distribution facilities in China and India.

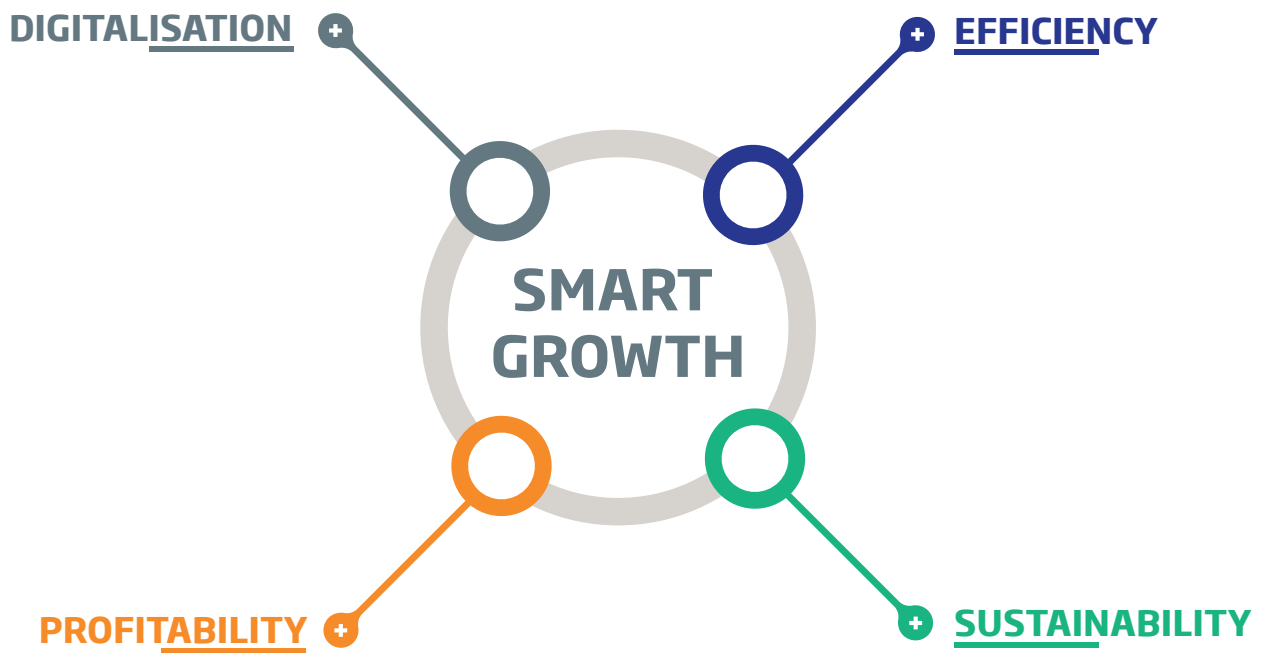
Organisation for Smart Growth



Nederman's new organisation is driven by **simplicity and focus** with the base being the group's **brands**. In practice, this means that the new divisions are to be **global** instead of regional and that the customer focus becomes even clearer than before. The organisation has four main priorities:

- Improved profitability
- Improved efficiency
- Full exploitation of the opportunities from digitalisation
- Internal and external sustainability

The most important tasks for the new organisation are to establish market-driven **product development** and to take advantage of all the opportunities, both internally and externally, that **digitalisation** offers. **Acquisitions** will play an important role in effectively establishing leading positions in interesting markets or product segments.



Nederman Extraction & Filtration Technology

Nederman Extraction & Filtration Technology's products and solutions focus on problems that arise in different types of material processing, for example in the metal industry and fibre-based industry. Air pollution, such as welding fumes and oil mist, is a common problem in metal fabrication. In areas such as fibre-based industries, it is crucial to deal with dust, fumes, smoke and steam that occurs in production.

SALES CHANNELS

Sales are made via both a network of partners and through our own sales companies. The partner network is focused on product sales, while Nederman's own sales companies mainly sell different types of system solutions. The division also has significant aftermarket sales in the form of spare parts sales and service.

CUSTOMERS

Customers operate in numerous different industries where various types of air emissions must be handled in an efficient and safe manner. The division's products and solutions thus contribute effectively to the creation of safe working environ-

ments within the metal industry, fibre-based industry (wood and composite), vehicle workshops and industries where there are dust particles that - if not handled correctly - are liable to cause explosions.

PRODUCTS

The broad product range consists of different types of capturing devices, fans, high-vacuum products and reels for the distribution of a variety of liquids or compressed air.

BRAND

Extraction & Filtration Technology operates under the brand Nederman.



*Including Group internal sales.



Nederman Process Technology

Nederman Process Technology works with various types of solutions for industrial air cleaning in the heavy processing industry. The solutions form an integral part of the manufacturing processes and are crucial for creating safe working environments, stable production conditions and managing emissions to the local environment. Nederman Process Technology has recently expanded its offering to include modern monitoring systems that limit the risks of unwanted and expensive production downtime, and enable a generally more efficient use of valuable production equipment.



SALES CHANNELS

Sales are conducted through our own sales teams that have direct contact with the division's customers. The number of orders are few compared with the sales within Nederman Extraction & Filtration Technology, but the individual order value is high. Process Technology cooperate with several of the world's leading companies and relations with customers are deep and long-term. The division is working continually to strengthen its key-accounts and to develop further the significant service opportunities.

LUWA AIR ENGINEERING

Luwa, which was acquired in the autumn of 2018, is a global market leader in air filtration for the fibre and textile industries. Luwa is fully a part of Nederman Process Technology and will constitute a significant part of the division's activities.

CUSTOMERS

Customers consist of large companies in a wide range of industries including fibre, textile, chemicals, metal recycling, foundries and smelters and the waste industry.

PRODUCTS

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.

BRANDS

Process Technology operates under four brands: MikroPul, Luwa, Pneumafil and LCI.



*Including Group internal sales.



Nederman Duct & Filter Technology

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. These types of solutions are particularly important in industries with high levels of dust particles. The operating segment operates Nederman Filter Competence Centre to support Nederman's other operating segments with knowledge and expert advice.

SALES CHANNELS

Sales are made mainly through distributors, but Duct & Filter Technology also has a large portion of internal sales to Nederman's other divisions.

CUSTOMERS

Customers are found in a wide range of industries, for example woodworking, furniture, metal fabrication, cement & concrete, recycling, automotive, plastic manufacturing, chemicals and more.

PRODUCTS

The product range consists of piping, valves and filter elements for the management of dust particles in industrial environments. The solutions can handle all types of dust, even very small dust particles.

BRANDS

Duct & Filter Technology operates under two brands: Nordfab and Menardi.

Sales*
billion SEK 2018

0.5

Share of Group
sales, %

13

Approximate average
no. of employees, 2018

300

*Including Group internal sales.



Nederman Monitoring & Control Technology

Today's ever-faster digitalisation has created new and interesting opportunities for Nederman to develop its customer offering. The opportunities associated with connected services, the Internet of Things (IoT) and mobile devices such as smart phones and tablets together form a platform that can provide Nederman's customers with new services and new values. Nederman Insight has built a competitive offering in a short period. Nederman Insight is characterised by a high pace of innovation and rapid development of the organisation and it is still only in the early stages of its global expansion.

FROM IDEA TO SIGNIFICANT BUSINESS OPERATIONS

In 2018, Monitoring & Control Technology has taken the step from a concept to becoming a significant business with the receipt of orders for various solutions from customers in the wood industry, foundries and from medical technology companies among others. Nederman Monitoring & Control Technology as a whole is now approaching an annual turnover equivalent to SEK 250 million.

In 2018, Nederman Monitoring & Control Technology launched, together with Nederman Process Technology, a solution that makes it possible by means of remote monitoring to monitor production facilities and quickly detect emergencies. The system also makes it possible to plan maintenance in an efficient manner and thereby prevent unwanted production downtime.

TWO ACQUISITIONS HAVE CONTRIBUTED TO THE RAPID EXPANSION

Today, thanks among other factors to two strategic acquisitions, Monitoring & Control Technology can compete with a collective offering to the Group's customers who take advantage of the major benefits that digitalisation offers, such as continuous system monitoring, risk management and easily-planned maintenance.

Auburn FilterSense LLC manufactures continuous particle monitoring systems. The technology is based on triboelectric and charge induction particles, intelligent controls with real-time diagnostics and software for filter leak detection, process control, maintenance planning, regulatory compliance and increased production efficiency.

NEO Monitor's portfolio covers solutions for measurement of a large number of gases that arise in industrial processes. The



*Including Group internal sales.



measurements were made using laser technology. As the first company in the world, NEO Monitors has developed a solution for on-site measurement of hydrogen using traditional infrared-based technology, which is well proven in many other industrial applications.

STRATEGIC GOALS

The aim of Nederman Monitoring & Control Technology is to develop new digital solutions into a complete ecosystem of services over the next few years that can be marketed to both new and existing customers. To achieve this, the company will successively build up the new competence necessary to create an attractive offering with a robust infrastructure for IoT.

DIGITAL FLOW FROM FILTER TO FACTS

The vision is to create a digital flow from filter to facts. The first step, Performance Tracking, is the ability to provide customers with data on the performance of their filter solutions through digital solutions. The goal of the next step, Process Optimisation, is to be able to help customers to utilise this knowledge in order to optimise their processes. A further step, Compliance, means that customers have total control of, and reliable documentation about, their industrial environment and their emissions.

IOT PLATFORM

The digital knowledge offering is based on Monitoring & Control Technology's IoT platform. This platform, consisting of hardware installed in Nederman's products and solutions, and software that communicates with the cloud, provides customers with information and insight into critical parameters and processes.

As the new digital services and solutions are successively launched, they will strengthen Nederman's offering, while at the same time consolidating and strengthening customer relationships in a way that was not previously possible.

SALES CHANNELS

Nederman Monitoring & Control Technology sells through the division's own sales company and through their network of distributors. Sales are also conducted via the other Nederman divisions.

CUSTOMERS

Monitoring & Control Technology operates in a wide spectrum of industries with customers that continually need to monitor and control their production and processes.

TRADEMARK

Monitoring & Control Technology operates under three brands: Nederman Insight, NEO Monitors and Auburn FilterSense.



Vision 2025

THE FUTURE OF CLEAN AIR IS HERE

Nederman celebrates its 75th anniversary in 2019. From the very beginning, the business idea was clean air. Today, the environment and sustainability are more relevant than ever and the demands are increasing to contribute actively to more efficient production and reduced emissions in industry. The next generation of solutions for clean industrial airflows is under development. And Nederman is at the forefront of this development.

95% ARE BREATHING POOR QUALITY AIR

The Health Effects Institute (HEI) in Boston, USA is a non-profit organisation financed by public and industry sector funds with the aim of conducting research and evaluation of the effects of air pollution on health.

In its report State of Global Air 2018, HEI states that "Clean air is becoming a rare luxury: Only 5% of the world's population breathe clean air". Conversely, this means that 95% of the world's approximately 8 billion inhabitants are breathing air that does not reach international health standards.

These are of course alarming figures, but for Nederman, this signifies that our business is more important than ever, and that the demand for solutions for efficient cleaning of air will continue. It gives us the energy to invest further in research, development and acquisitions in order to maintain our position as world leader in our industry.

Source: HEI: State of Global Air 2018

FOCUS ON INDUSTRY EFFICIENCY

Increasing populations, and increased trade and technological development will inevitably lead to increased demand for goods and products that involve industrial production. It is naturally vital for industry to produce in an environmentally and sustainably acceptable manner, but it is equally important to streamline production for economic reasons. And this is where clean air plays a key role.

- Dust and fumes significantly shorten the life of expensive machines and other production equipment
- In addition, the presence of dust and fumes adversely affects product quality

The Clean Air Company

- Furthermore, rising costs for raw materials, not least metals, have meant that the need for recycling and re-use of expensive input materials has increased.
- It is profitable for employers to offer a clean and safe working environment. Competition for qualified employees makes it increasingly important to offer clean, safe and attractive workplaces to attract the best employees.

In summary, this means in many cases that clean air equates to clean profit. The fact that new generations of products are considerably more energy-efficient and provide the opportunity for reliable compliance with regulatory requirements also contributes to this. This is where Nederman's strategy within product and service development opens up completely new opportunities for our customers.

DIGITAL REVOLUTION...

The development of digital products and services in the consumer sector in the past 10-year period has resulted in a completely new society for many of us. Banking services, governmental agency contact and consumer retailing have been digitalised and moved into our mobile devices and have led to increased mobility, trade and productivity. Industrial production is now undergoing a similar development. And there are significant benefits:

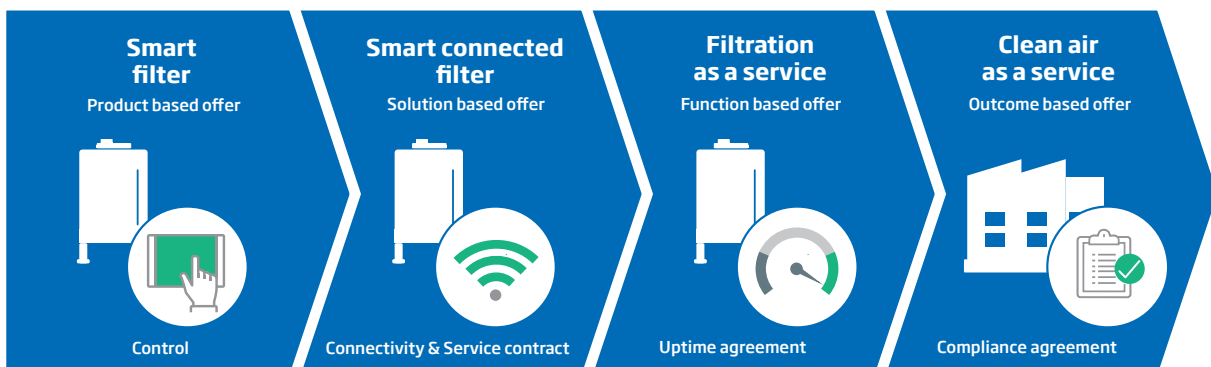
- Traditional analogue products (such as advanced filters) are supplemented with digital components, which gives the opportunity for measurement and monitoring of functionality and performance
- When stand-alone units are digitalised, they can be connected via Wi-Fi, which provides increased opportunities for optimising an entire process, and ultimately several separate production processes for a complete industrial solution (IoT, the network of things)

- With the help of data collected and AI (artificial intelligence), it is then possible to draw conclusions about load, utilisation rate, wear and tear etc. and, on this basis, to optimise the process from an environmental and production-economic perspective
- Cloud services (IoT cloud) provide the opportunity for an external partner with in-depth expertise to monitor and control the customer's processes remotely, which minimises the customer's need for investment in equipment, personnel and competence while at the same time increasing the process quality.
- Data can then be presented on mobile devices, for example, for service personnel who carry out proposed measures on site

In recent years, Nederman has acquired considerable expertise in, among other things, advanced equipment for measuring gases and particles. In parallel with this, we have continually developed our product range and made significant investments in digital transformation so that we are now able to offer our customers a world-leading platform for the future.

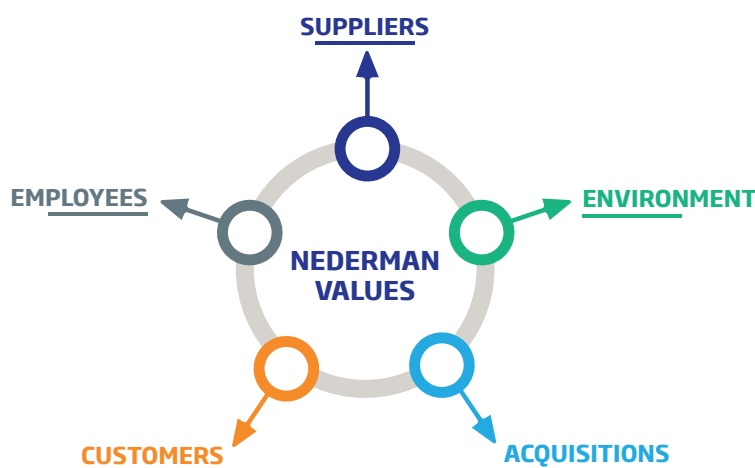
... CREATING NEW BUSINESS MODELS

In addition to the fact that digitalisation makes it possible to control and optimise industrial production air flows with high efficiency, it also gives rise to new business models for Nederman. When we have the opportunity to fully measure and control the customer's processes, we also have the opportunity to package and offer operation, service and maintenance as an integrated package. In this way, we will be able to offer our customers "clean air" as an outsourced service. The path is already mapped out, and we are well on our way to developing a first version.



Sustainability Vision and Commitment

Nederman's biggest contribution to global sustainability is that the Group's customers worldwide are able to create good and safe industrial working environments and to limit harmful emissions by using Nederman's products, systems and solutions. At the same time, Nederman is driving ambitious internal sustainability work in order to continuously improve the Group's own activities in key areas. Nederman has formulated its sustainability commitment in three dimensions: our company, our customers, our planet. The values that this commitment is based on govern all aspects of business operations and have the underlying ambition to make the world better and safer.



Nederman's values - Profitable customer focus, Respect for the environment and each other, Courage to act - governs all aspects of the company's operations and lead towards a sustainable future and long-term success.

Nederman's sustainability work is steered by the Group's fundamental values, strategy and business planning, and corporate governance model. The values are reflected in the Group's Code of Conduct, policies and objectives.

CODE OF CONDUCT AND OTHER POLICIES

Nederman's Code of Conduct summarises the policies related to social conditions, employees, respect for human rights and countering corruption. It is a requirement for all employees and business partners to comply with the Nederman's Code of Con-

duct. In 2018, 1 504 employees participated in Code of Conduct training. Nederman also has a number of other policies aimed at counteracting all forms of corruption and discrimination. Nederman has an internal process for the reporting of suspected violations of the Code of Conduct. In 2018, some reports of suspected breaches of the Code of Conduct were received. Each report is carefully reviewed in order to identify any possible non-compliance and is followed by relevant and proportionate measures. Nederman's Code of Conduct is published on the company's website (www.nedermangroup.com).

Nederman's sustainability report includes pages 40-41 (Vision and commitment), 42-43 (Results), 44-45 (Agenda 2030), and 52-53 (Risk Management). The report is the Nederman's statutory sustainability report in accordance with the requirements of the Annual Accounts Act and covers the whole Group.



CODE OF CONDUCT FOR SUPPLIERS

Nederman also requires that the Group's suppliers operate in accordance with Nederman's Code of Conduct. Securing that suppliers live up to this requirement is done by way of audits, both internal and external as well as by supplier audits. In 2018, 52 supplier audits were carried out. All audit work is carried out according to a carefully prepared methodology.

ANTI-CORRUPTION AND HUMAN RIGHTS

Nederman has zero tolerance for bribery, corruption, cartels or other criminal behaviour, the presence of child labour or forced labour and discrimination. In 2018, no cases (0), were reported of material breaches of regulations and conditions resulting in legal consequences or fines. No cases (0) either of child labour or forced labour were reported either. All sales and purchasing staff and all executives undergo the Group's anti-corruption training every two years. During 2018, 758 employees attended this training.

THE GROUP'S IMPROVEMENT WORK

In addition to Nederman being certified to the international quality management standard ISO 9001, its environmental work is also certified according to the environmental management standard ISO 14001, which means that the Group's environmental work must be continuously improved and that the outcome must be reported annually. The 2018 report shows among other things the extent to which the objectives have been achieved and decisions affecting the need for changes. Other areas which currently are the focus of the Nederman's internal environmental work are products and their life cycle, transport, suppliers and manufacturing including energy, and waste and emissions. Nederman also focuses on ensuring that the requirements are

met, processes are evaluated and leadership is developed in order to engage, lead change and promote improvement.

INNOVATION

Nederman's products and solutions are used continuously and for many years. Nederman is therefore working actively to develop products and solutions that are as effective as possible and that provide a competitive total cost of ownership over the life of the product. The aim is that products having reached their maximum life represent the start of something new by way of components that can be recycled.

ACQUISITIONS ARE PART OF NEDERMAN'S GROWTH STRATEGY

Acquisitions are an integral part of Nederman's strategy and the company continuously evaluates possible acquisition targets. A central part of the evaluation is how well the acquisition candidates meet Nederman's high sustainability requirements. Companies that do not live up to these requirements are rejected as possible acquisition targets.

NEDERMAN CONTRIBUTES TO SUSTAINABLE DEVELOPMENT AROUND THE WORLD

To help contribute towards the Group's customers' operations being as safe and environmentally friendly as possible, Nederman's focuses on solutions that optimise resource usage, establish safe working environments and handle emissions into the local environment. A part of Nederman's offering consists of system solutions, i.e. customised solutions for cleaning air in different industries. This work provides good opportunities to develop knowledge-intensive solutions optimised for sustainable production.

Sustainability - Results

The goal of Nederman's sustainability activities is to create value for our stakeholders, including our customers, employees and shareholders. By continuously developing our sustainability activities, Nederman works towards minimising our risks, developing and refining the company's customer offering, identifying new business opportunities and thereby further reinforcing our financial strength. An important part of this work is also to explain openly Nederman's results within the central sustainability areas.

Climate and Energy

Focus and objective: The aim is to reduce the consumption of electricity in production by 20%, in relation to turnover (kWh/thousand), compared with 2013.

Outcome: At the end of 2018, the cumulative reduction 2013 - 2018 was <1%, which is not in line with the objective and which depends primarily on the most recently acquired units with more electricity-intensive manufacturing, and activities decided upon and under investigation that have not yet had the intended effect.

Focus and objective: The aim is to reduce total energy consumption in production by 20% by 2020, in relation to turnover, compared with 2013.

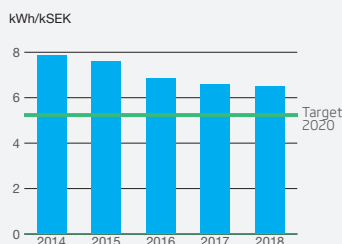
Outcome: At the end of 2018, the cumulative reduction 2013 - 2018 was nearly 19%, i.e. near the target value for 2020.

Focus and objective: The objective is to reduce CO2 emissions in relation to turnover, compared with 2013.

Outcome: CO2 emissions from the production units show a positive trend which is pursuant to the energy consumption declining. CO2 emissions from air transport shows a positive trend, but is not in line with the target for 2020 and is mainly due to incorrect basis on which the target was set in 2013. This has been reported previously but is still followed to maintain focus on reducing CO2 emissions.

Direct energy consumption

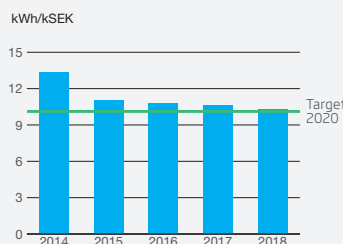
Direct energy consumption in production in relation to sales (kWh/SEK t)



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

Total energy consumption

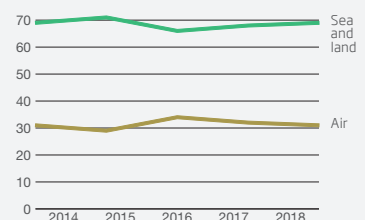
Direct energy consumption in production in relation to sales (kWh/SEK t)



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

Carbon dioxide emissions per transport mode

The figures are partly based on estimates made within Nederman.



Suppliers

Focus and objective: The aim is only to work with suppliers that comply with the relevant parts of Nederman's Code of Conduct, 100% in 2020.

Outcome: Nederman meets the set target of 85 % based on the Nederman-defined relevant purchase values, which are the basis for the evaluation. At the end of 2018, the proportion of suppliers that have signed Nederman's Code of Conduct was 86 % (compared with 81 % in 2017).

Resource Efficiency

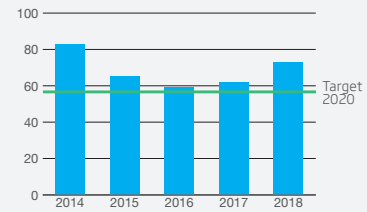
Focus and objective: The aim is to do things correctly from the start in order to use resources effectively. Cost related to quality problems in production, in relation to turnover, compared with 2013 should be <0.3% by 2020. Outcome: 2018 was +0.39 %, and this shows the same negative trend since 2016. This also has a negative impact on the other sustainability objectives such as consumption of electricity, among other things, because of the re-working and CO2-emissions from air freight to resolve errors internally between units and delayed delivery times. For the above reasons, the resource efficiency target is under additional focus for improvement.

Focus and objective: Waste recycling in production, in relation to turnover, compared with 2013 should be 95% by 2020.

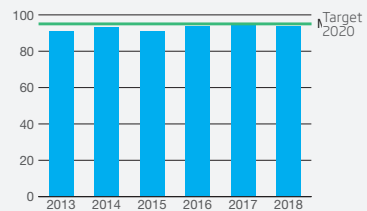
Outcome: At the end of 2018, the target of 94.5% has not quite been reached, but the figure is just below that (93.7%).

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.

Health and safety

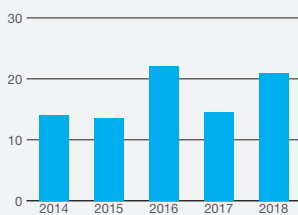
Health and safety is in focus. The target for work-related accidents is of course set at 0 (zero). For 2018, our number of reported accidents was 24 (excluding Luwa Air Engineering). According to the information reported, none of these was a serious, life-threatening accident.

The objective for sick leave is set at <2.5 %. For 2018, sick leave averaged 2.0%, which is clearly better than the target. Nederman works towards achieving a balanced mix in terms of age, ethnicity, and gender. The objective is to increase representation of women at all levels in

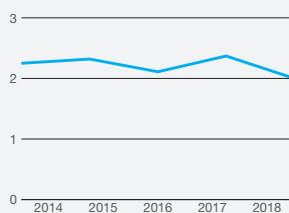
the company. In a technical sector such as ours, achieving this objective is a challenge and the result is unchanged. The proportion of women in the organisation as a whole is 20.2%.

Accidents

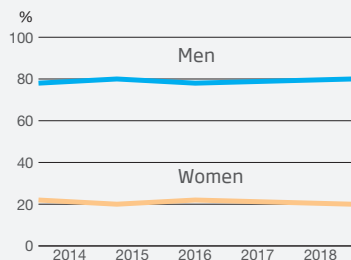
Number of accidents resulting in at least one day of sick leave per 1,000 employees



Sick leave, %



Gender diversity, %



Sustainability Agenda 2030



Agenda 2030 is the new UN development agenda consisting of 17 global goals with a total of 169 sub-goals. The global targets and Agenda 2030 are aimed at eradicating poverty and hunger, the realisation of human rights for all, achieving equality and empowerment for all women and girls, and to ensure a long-term protection of the planet and its natural resources. The global targets are integrated and cannot be separated and balance the three dimensions of sustainable development: the economic, the social and the environmental. The goals concern all, countries as well as organisations, companies and individuals.

The global goals for sustainable development replace the millennium goals, which among other things means that environment and development are no longer treated as two separate matters. The process of drawing up the new objectives has been open and inclusive with the participation of large elements of the international civil society and has been developed by different working groups, researchers and organisations.

The three dimensions of sustainable development - the social, economic and environmental - are integrated into the global goals. All countries in the world shall work to achieve the objectives, and it is the responsibility of respective governments to ensure that goals are achieved in their own countries. The tar-

gets should be reached by 2030. (Sources to the above are fn.se and regering.se)

The basis of Nederman's operations has through a clear focus on clean air and good working conditions always been sustainability. Thanks to this and the strategic development that Nederman has carried out in recent years, the company has created a unique position with good opportunities to make a substantial contribution to the positive development of the social dimension by improved working environments, and to the environmental dimension by reducing the emission of pollutants into the air. On the next page, three examples of how Nederman will contribute to the realisation of Agenda 2030 are shown.

Goal 8. work towards long-lasting, inclusive and sustainable economic growth, full and productive employment and decent working conditions for all



Nederman has since 2015, cooperated with the Chinese aluminium producer Nanjing yunhai Special Metals Co.,Ltd to manage dust problems at its facilities. After the first successful installation of Nederman's equipment, a strategic partnership agreement was signed in 2017. So far, Nederman's systems have been installed at six of Nanjing's production facilities. Handling dust particles effectively can be crucial in establishing high production efficiency and at the same time creating a safe working environment.

Objective 9. Build resistant infrastructure, work towards an inclusive and sustainable industrialisation as well as promoting innovation



Nederman uses today's ever faster digitalisation to create a new and improved customer offering. The opportunities with Nederman's connected services, such as Productivity Software, Intelligent Controls and Smart Sensing, offer together with mobile devices such as smartphones and tablets, a platform that can provide Nederman's customers with new services and new value. The vision is to create a digital flow from filter to facts. The first step is the ability to provide customers with data on the performance of their filter solutions through digital solutions. Data that is always available, everywhere.

Objective 12. Ensure sustainable consumption and production patterns



The production and recovery of lead-acid batteries are activities which make heavy demands on air filtration to create safe working environments, stable production conditions and to manage emissions into the environment. Nederman has for a long time supplied effective filter solutions to leading companies in the manufacturing and recycling of lead-acid batteries. More recently, Nederman has expanded its offering to include preventive maintenance, inspections and IoT-solutions that make it easier for customers to comply with all applicable laws and regulations.

The Nederman Share

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

The parent company's shareholders' equity at year-end was SEK 901.9m (868.8). The capitalisation value was SEK 3,163.1m (2,928.8).

COMMUNICATION WITH THE MARKET

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

OWNERSHIP STRUCTURE

The number of shareholders at year-end was 3,373 (2,657). Each share in Nederman gives entitlement to one vote. The share of Swedish ownership was 93.0 percent (91.3). The ten largest shareholders accounted for 80.3 percent (81.6) of the total shares. The largest individual shareholder is Investment AB Latour. The table on the next page shows Nederman ownership at December 31, 2018.

SHARE SPLIT

As a result of the share split (3:1) approved by the Annual General Meeting, the number of shares in Nederman increased by 23,430,680. On 31 December 2018, the total number of shares and votes in the company amounts to 35,146,020. The company's share capital is unchanged at SEK 1,171,534, and the par value of the share was changed from SEK 0.1 to SEK 0.03.

DIVIDEND AND DIVIDEND POLICY

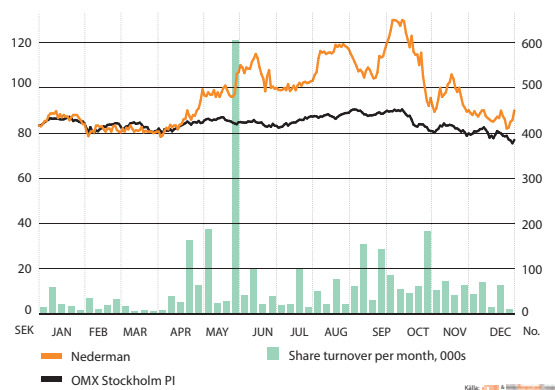
Nederman's dividend policy is to pay a dividend amounting to 30-50 percent of net profit after tax, taking into account the capital structure and acquisition plans. For financial year 2018, the Board of Directors propose a dividend of SEK 2.30 per share (2.00)*.

ANALYSTS WHO FOLLOW NEDERMAN

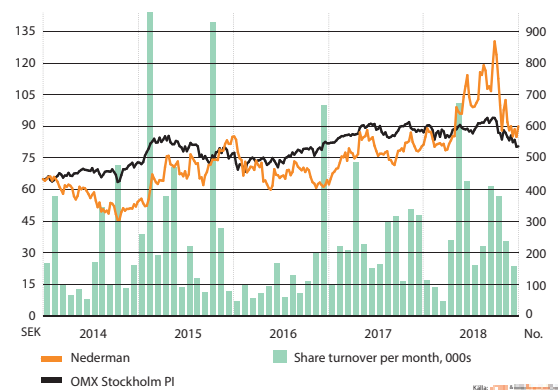
- Daniel Lindkvist from Handelsbanken, Dali13@handelsbanken.se

*As a consequence of the share split adopted by the annual general meeting 2018, the proposed dividend by the Board in the previous years have been adjusted.

Price and volume trend 2018



Share price and trading volume, 2014-2018



Data per share	2018	2017	2016	2015	2014
Earnings per share after tax, SEK*	5.79	5.31	4.91	4.36	2.68
Share price as at 31 December, SEK*	90.0	83.3	62.5	85.2	55.8
Market capitalisation, SEKm	3,163.1	2,928.8	2,196.6	2,993.3	1,962.3
Cash flow, SEKm	87.7	79.3	19.2	-68.4	39.3
Proposed dividend per share, SEK*	2.30	2.00	1.83	1.67	1.33
Dividend growth, %	15.0	9.1	10.0	25.0	0.0
Yield, %	2.56	2.40	2.93	1.96	2.39
P/E ratio	15.5	15.7	12.7	19.5	20.7
Profits distributed as dividend, %	40	38	37	38	50
Shareholder's equity, SEKm	1,250.3	1,075.8	982.2	837.1	733.3
Issued no. of shares, 31 Dec.	35,146,020	11,715,340	11,715,340	11,715,340	11,715,340
Proposed dividend as a percentage of equity, %	6.5	6.5	6.5	7.0	6.4

Nederman's major shareholders	Shareholding	Votes, %
Investment AB Latour	10,538,487	29.98
Ernstström Kapitalpartner AB	3,525,000	10.03
IF Skadeforsakring AB (publ)	3,481,200	9.90
Swedbank Robur Småbolagsfond Sverige	2,632,929	7.49
Fjärde AP-Fonden	2,056,216	5.85
Lannebo Micro Cap II	1,788,187	5.09
Lannebo Micro Cap	1,317,123	3.75
Tredje AP-fonden	1,285,863	3.66
Handelsbankens Nordiska småbolagsfond	843,364	2.40
Fondita Nordic Micro Cap SR	755,078	2.15
Other owners	6,922,573	19.70
Total	35,146,020	100.00

History

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

Shareholders by category, %

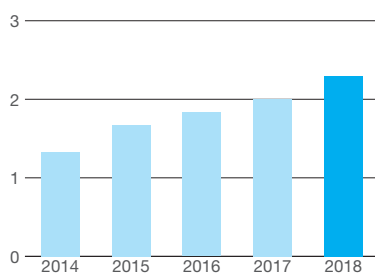
Financial companies	64.22
Social security funds	9.51
Non profits	0.47
Other Swedish legal entities	11.05
Private Swedish individuals	7.70
Foreign domiciled owners	7.05
Total	100.00

Shareholders per country, %

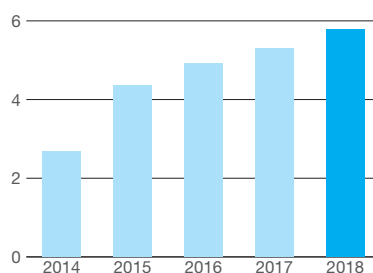
Sweden	92.95
Finland	4.83
UK	1.13
Luxembourg	0.33
USA	0.29
France	0.23
Denmark	0.10
Other	0.14
Total	100.0

Dividend per share, SEK*

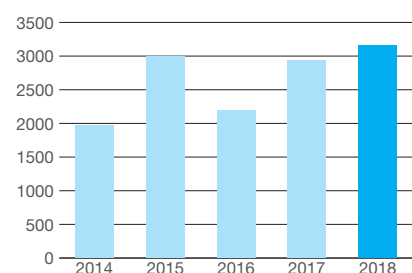
The 2018 dividend refers to the Board's proposed dividend



Earnings per share, SEK*



Market capitalisation, SEKm



* As a consequence of the share split adopted by the Board at the annual general meeting 2018, earnings per share, the proposed dividend by the Board and the share price in the previous years have been adjusted based on that the par value of the share is changed from SEK 0.1 to SEK 0.03. See page 46 for further information.

Review of business operations

The Board and CEO of Nederman Holding AB (publ), Swedish company registration number 556576-4205, hereby submit their annual report for the 2018 financial year.

BUSINESS

Nederman is a world-leading supplier of products and solutions in environmental technology, focusing on air filtration and recycling. The company's products contribute to reducing the environmental impact from industrial manufacturing, creating clean and safe working environments and increasing production efficiency. The business offer to customers ranges from feasibility studies and project planning to installation, commissioning and service. Manufacturing is certified in accordance with ISO 9001 and ISO 14001. Units for production and assembly are located in Australia, Brazil, Denmark, China, India, Norway, Poland, UK, Sweden, Thailand, Germany 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. Sales are conducted through our own sales companies and distributors in over 50 countries. Most sales take place in Europe and North America, although Nederman is also active on a number of growth markets. The Group had 2,305 (1,803) employees at year-end.

GROUP STRUCTURE

Nederman Holding AB (publ) is the parent company of the Group with directly or indirectly wholly-owned subsidiaries as stated in note 19.

Operationally, the Group works in three geographic segments: EMEA (Europe, Middle East and Africa), Americas (North and South America) and APAC (Asia and Pacific region).

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

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.

The Nederman Group has during 2018 implemented a reorganisation of the Group's operations with the aim of increasing both growth and profitability through simple structures and a clear focus. Specifically, this means that Nederman is organised with

its operational focus in four operating segments, while retaining geographical coordination of key functions such as HR and Shared Service Centres, in the Americas, EMEA and APAC. The new organisation is based on technology, customers and business logic. With the new organisation, Nederman's expertise has a tangible impact on the global level. The new organisation will also further strengthen Nederman's work with the Group's key customers and expand the aftermarket business that holds great opportunities for growth. The new organisation has been implemented during 2018 and will be reflected in Nederman's segment reporting with effect from 1 January 2019.

STOCK EXCHANGE LISTING

The Nederman share has, since 16 May 2007, been listed on Nasdaq Stockholm under the NMAN ticker. Since January 2014 the share has been listed on Nasdaq Stockholm Mid Cap. The Mid Cap segment includes companies that have a market value between EUR 150 million and EUR one billion. As of 31 December 2018, there were 3,373 (2,657) shareholders.

ACQUISITIONS DURING THE YEAR

On 5 April 2018, Nederman acquired Auburn FilterSense LLC, a leading provider of monitoring systems for air filtration processes. The company manufactures systems for continuous particle monitoring. The technology is based on triboelectric and charge induction particulate sensing technologies, intelligent controls, including real-time diagnostics and software for filter leak detectors, process control, maintenance planning, regulatory compliance and increased production efficiency. Auburn Filter Sense LLC, with about 30 employees, had turnover of USD 6.2 million in 2017. Auburn Filter Sense LLC is included in the division Nederman Monitoring & Control Technology. The Auburn FilterSense LLC brand and team continue to operate as before and the solutions will become an integrated part of the Monitoring & Control Technology's applications and digital ecosystem, building on connectivity and IoT.

On 17 October 2018, Nederman acquired 100 percent of the shares in Luwa Air Engineering AG, a global manufacturer and supplier of customised systems for air filtration, waste management and heat recovery system for fibre applications. Luwa is based in Uster, Switzerland and also has operations in China, India, Singapore, the United States and Turkey. Luwa becomes a part of the division Nederman Process Technology. The Luwa brand and team will continue as before with their high-quality

ity solutions and will complement Nederman's position in the important global fibre and textile market. Luwa Group had approximately 350 employees and turnover for 2017 amounted to CHF 66m.

ORDER INTAKE AND SALES IN 2018

The order intake amounted to SEK 3,479,5m (3,157.3), which adjusted for the effects of exchange rates corresponds to an increase of 7.4 percent compared to 2017. Net sales were SEK 3,553.9m (3,148.5), which adjusted for the effects of exchange rate corresponds to an increase of 10.1 percent compared to 2017.

PROFIT/LOSS

The consolidated operating profit for 2018 was SEK 294.9m (278.1). Adjusted operating profit amounted to SEK 308.1m (285.8). Adjusted operating margin amounted to 8.7 (9.1) percent. Profit before tax amounted to SEK 268.0m (260.1). The net profit was SEK 203.2m (186.3), resulting in earnings per share of SEK 5.79 (5.31)**.

PRODUCT DEVELOPMENT

The Group's expenses for development of the existing product range and new products amounted to SEK 44.3m (14.2). The main reason for the increased research and development costs is increased investment in innovation within Nederman Monitoring & Control Technology. In the consolidated statement of financial position, SEK 5.7m (6.8) has been capitalised.

INVESTMENTS AND DEPRECIATION

The Group's capital expenditure on intangible assets for the year amounted to SEK 38.8m (30.1). Amortisation of intangible assets for the year was SEK 35.1m (23.7). The Group's investments in tangible assets for the year amounted to SEK 24.0m (23.3). Depreciation of tangible assets for the year was SEK 28.8m (29.0).

CASH FLOW

Cash flow for the year amounted to SEK 87.7m (79.3) and the cash flow from operating activities amounted to SEK 214.6m (279.3).

LIQUIDITY AND FINANCIAL POSITION

At the end of the period the Group had SEK 463.9m in cash and cash equivalents as well as SEK 81.0m in available but unutilised overdraft facilities. In addition, there was an available credit facility of SEK 356.2m, which is a part of Nederman's loan agreement with SEB and a further loan facility available of SEK 126.0m within Nederman's loan agreement with SHB.

Net debt was SEK 553.1m (585.3). Equity was SEK 1,250.3m (1,075.8), giving an equity/assets ratio of 32.9 (36.2) percent and net financial debt/equity ratio of 44.2 percent (54.4).

PROPOSED APPROPRIATION OF PROFITS

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

Share premium reserve	5,866,700
Retained earnings	481,579,660
Net profit for the year	104,346,889
Total SEK	591,793,249

The Board of Directors propose	
a dividend of SEK 2.30 per share to shareholders	80,704,132*
to be transferred to the share premium reserve	5,866,700
To be transferred to retained earnings	505,222,417
Total SEK	591,793,249

* Based on the number of shares outstanding as of 31 December 2018. The dividend amount may be subject to change as treasury shares held may be sold up to the record day of 23 April 2019.

EMPLOYEES

The average number of employees during the year was 1,852 (1,757). Other personnel data is shown in Note 7.

PARENT COMPANY

The activities of the parent company comprise Group functions. The parent company shall also own and manage shares in the subsidiaries.

OUTLOOK

Many of our markets are fraught with uncertainty. The risk of trade disputes and financial uncertainty means that decisions regarding major investments drag out in time, and that projects are postponed. Despite these geopolitical challenges, our premise continues to be cautiously optimistic. Environmental issues will continue to be important to our customers, and in 2018, we strengthened our positions in several key areas where we see growth in the future.

NOTICE OF ANNUAL GENERAL MEETING

The notice to attend the Annual General Meeting shall be issued no sooner than six weeks and no later than four weeks prior to the general meeting of shareholders.

POST BALANCE SHEET EVENTS

There were no significant events after the end of the reporting period.

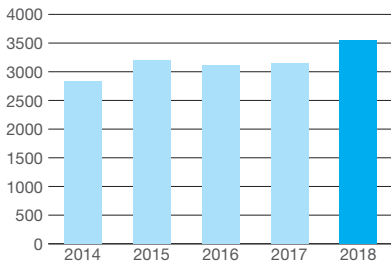
**As a consequence of the share split adopted by the annual general meeting 2018, earnings per share, in the previous years have been adjusted based on that the par value of the share is changed from SEK 0.1 to SEK 0.03. See page 46 for further information.

Multi-year overview

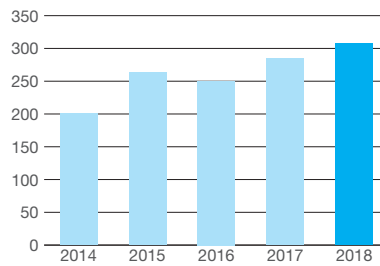
SEKm	2018	2017	2016	2015	2014
Operating revenue and earnings					
Net sales	3,553.9	3,148.5	3,107.3	3,198.0	2,826.9
EBITDA	358.8	330.8	298.0	289.9	212.9
Adjusted EBITDA	372.0	338.5	298.0	311.0	247.9
Operating profit	294.9	278.1	250.3	242.0	165.7
Adjusted operating profit	308.1	285.8	250.3	263.1	200.7
Profit before tax	268.0	260.1	231.7	214.9	139.0
Net profit	203.2	186.3	172.1	152.8	94.3
Assets, equity and liabilities					
Fixed assets	1,782.4	1,471.3	1,157.8	1,135.2	1,071.5
Current assets	2,019.0	1,499.6	1,495.6	1,430.6	1,301.6
Cash and cash equivalents	463.9	360.9	287.8	261.4	325.0
Equity	1,250.3	1,075.8	982.2	837.1	733.3
Interest-bearing liabilities	1,017.0	946.2	812.1	897.0	881.6
Non-interest-bearing liabilities and provisions	1,534.1	948.9	859.1	831.7	758.2
Balance sheet total	3,801.4	2,970.9	2,653.4	2,565.8	2,373.1
Profitability					
EBITDA margin, %	10.1	10.5	9.6	9.1	7.5
Adjusted EBITDA-margin, %	10.5	10.8	9.6	9.7	8.8
Operating margin, %	8.3	8.8	8.1	7.6	5.9
Adjusted operating margin, %	8.7	9.1	8.1	8.2	7.1
Return on equity, %	17.5	18.1	18.9	19.5	13.9
Return on operating capital, %	17.8	18.0	16.8	19.0	16.2
Capital turnover rate, multiple	2.1	2.0	2.1	2.3	2.3
Capital structure					
Net debt	553.1	585.3	524.3	635.6	556.6
Net debt/ equity ratio, %	44.2	54.4	53.4	75.9	75.9
Net debt/ adjusted EBITDA, multiple	1.5	1.7	1.8	2.0	2.2
Adjusted EBITDA/net financial items, multiple	13.8	18.8	16.0	11.5	9.3
Interest cover ratio, multiple	9.8	11.8	11.8	8.9	7.0
Equity/assets ratio, %	32.9	36.2	37.0	32.6	30.9
Operating capital	1,803.4	1,661.1	1,506.5	1,472.7	1,289.9
Share data					
Number of shares on closing date	35,146,020	11,715,340	11,715,340	11,715,340	11,715,340
Average no. of shares during the year, before dilution	35,088,753	11,696,251	11,691,969	11,681,340	11,681,340
Average no. of shares during the year, after dilution	35,088,753	11,696,251	11,691,969	11,725,969	11,725,969
Equity per share, before dilution, SEK*	35.63	30.66	28.00	23.89	20.93
Equity per share, after dilution, SEK*	35.63	30.66	28.00	23.80	20.85
Earnings per share, before dilution, SEK*	5.79	5.31	4.91	4.36	2.69
Earnings per share, after dilution, SEK*	5.79	5.31	4.91	4.34	2.68
Proposed dividend per share, SEK*	2.30	2.00	1.83	1.67	1.33
Employees					
Average numbers of employees	1,852	1,757	1,760	1,833	1,803

*As a consequence of the share split adopted by the annual general meeting 2018, equity per share, earnings per share, and the proposed dividend by the Board in the previous years have been adjusted based on that the par value of the share is changed from SEK 0.1 to SEK 0.03. See page 46 for further information.

Sales, SEKm

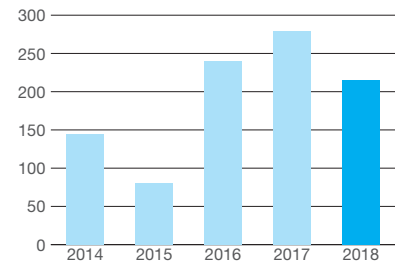


Adjusted operating profit, SEKm

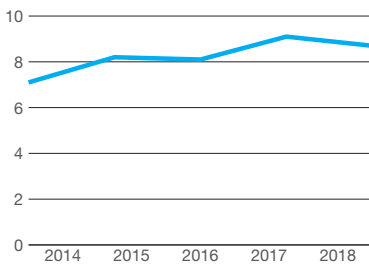


Cash flow, SEKm

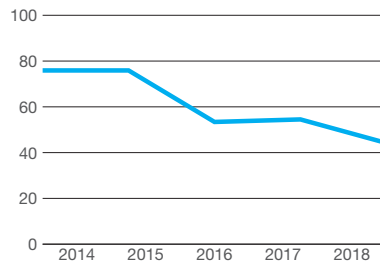
From operating activities



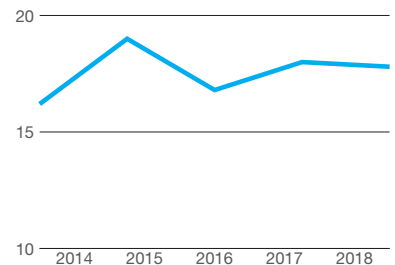
Adjusted operating margin, %



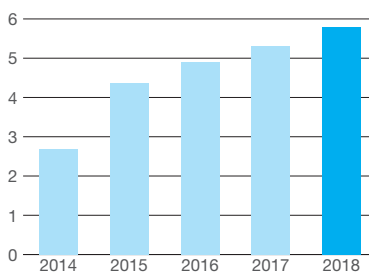
Net debt/equity ratio, %



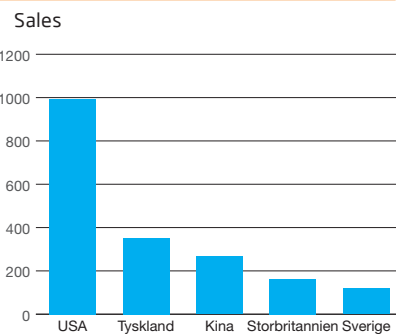
Return on operating capital, %



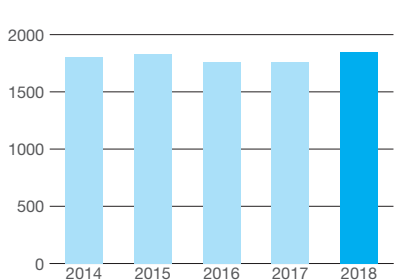
Earnings per share, SEK



Largest markets in 2018, SEKm



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 risks 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 a 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. Considering Nederman's group structure, the composition of the board of directors in operating subsidiaries, often with representatives from the executive management team, constitutes another element of governance for the Group.

SHAREHOLDERS

At the end of 2018 the company had 3,373 shareholders. Investment AB Latour was the largest shareholder with 29.98 percent of the shares, Ernström Kapitalpartner AB owned 10.03 percent and IF Skadeförsäkring AB (publ) owned 9.90 percent. The ten largest shareholders had a total holding corresponding to 80.30 percent of the shares. Foreign investors held 7.05 percent of the shares. For further information about the share and shareholders, see pages 46-47.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the highest decision-making body in which shareholders can exercise their influence by voting on key issues, such as adoption of income statements and balance sheets, allocation of the Company's profit, discharge from liability of board members and the Chief Executive Officer, election of board members, Chair of the Board and auditors, as well as remuneration to the Board of Directors and

auditors. The AGM was held in Helsingborg on 19 April 2018. At the meeting 44 shareholders were in attendance, representing 79.61 percent of the shares and votes in the company.

The meeting adopted the income statement and balance sheet, and the consolidated income statement and balance sheet, resolved to distribute the profit according to the proposal for the appropriation of profit entailing that a dividend of SEK 6.00 per share be paid for the 2017 financial year (equivalent to SEK 2.00 after the share split), and granted discharge from liability for the Board members and CEO.

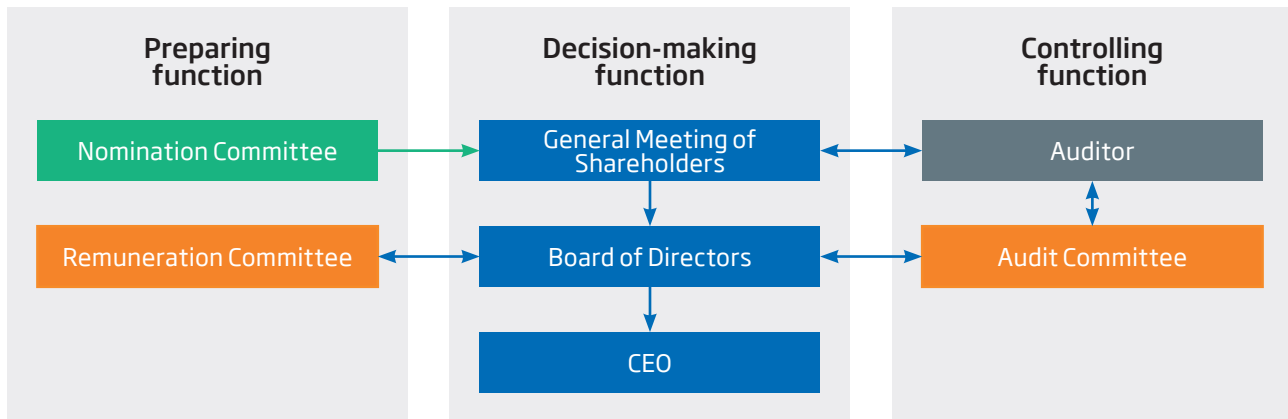
The General Meeting granted authorisation to the Board to decide that the Company may issue new shares or repurchase the Company's own shares. The meeting decided in accordance with the proposal in the notification of the meeting to elect six Board members, that the fees to be paid to the Board would total SEK 1,500,000, of which SEK 500,000 to the Chair and SEK 250,000 to each of the other Board members, except the CEO. It was decided that remuneration to the Audit Committee Chair should be SEK 75,000 and SEK 50,000 to other audit committee members and that the auditors be paid according to a running total. It was further decided that no remuneration be paid to the remuneration committee. According to the proposal of the Nomination Committee, Jan Svensson, Ylva op Velde Hammargren, Gunilla Fransson, Johan Menckel and Sven Kristensson were re-elected, and Johan Hjertensson was newly elected. Jan Svensson was re-elected Chair of the board. Gunnar Gremlin and Per Borgvall declined re-election.

The AGM also decided to carry out a share split (3:1) meaning that the number of shares in Nederman increased by 23,430,680. On 31 December 2018, the total number of shares and votes in the company amounted to 35,146,020. The company's share capital is unchanged at SEK1,171,534, and the par value of the share was changed from SEK 0.1 to SEK 0.03.

NOMINATION COMMITTEE

The 2018 AGM adopted instructions for the Nomination Committee concerning the appointment of the Nomination Committee and its tasks. According to the instructions, the nominations committee will consist of one representative from each of the three largest shareholders and the Chair of the board. If any of the three largest shareholders decline from their right to appoint a representative to the committee, then the right will pass to the next largest shareholder. The nominations committee's tasks will be to prepare proposals, before the next AGM,

Overall structure of corporate governance in Nederman



for electing the Chair of the board and other board members, election of the Chair of the meeting, remuneration issues and related issues, and where applicable, election of auditors.

In accordance with the AGM's guidelines for the work of the nomination committee, Anders Mörck, Investment AB Latour, Chair; Claes Murander, Lannebo Fonder; Henrik Forsberg Schoultz, Ernström & Co; Fredrik Ahlin, If Skadeförsäkring AB (publ) have been appointed to the nomination committee for the Annual General Meeting 2019. Jan Svensson, President of Nederman's Board of Directors, is a co-opted member of the Committee. For questions concerning the work of the nominations committee, please contact: anders.morck@latour.se.

BOARD OF DIRECTORS

The Board of Directors is the second highest decision-making body after the Annual General Meeting. The overall assignment of the board is to decide on the Company's business direction, its resources and capital structure, as well as its organisation and management. The board's general obligations also include continuously evaluating the Company's financial situation and approving the Company's business plan. In its general undertaking, the board addresses issues such as the Company's strategy, acquisitions, major investments, divestments, issuing annual reports and interim reports, as well as appointing the Chief Executive Officer, etc.

The Board of Directors follows written procedures that are adopted annually at the first board meeting. The procedures

state how assignments shall be divided between Board members, how often the Board shall meet and to what extent deputies shall participate in the work of the Board and attend meetings. Further, the rules of procedure regulate the board's obligations, quorum, division of responsibilities between the board and the CEO, etc. The board meets according to an annual schedule that is decided in advance. Extra meetings may be called to address events of unusual importance. In addition to meetings, the Chair of the board and the Chief Executive Officer conduct an ongoing dialogue with respect to managing the Company.

Once a year the board evaluates the Management team in a systematic fashion. In this context, the Management team includes certain less-senior managers, i.e. broader group of employees.

In the most recent business years the Board made decisions concerning several matters of strategic importance. In 2018 special focus was placed on acquisitions, continued adaptation of the Group's capacity, the strategy for continued expansion of the Group and the financial framework and objectives. In 2018, the Board held five minuted meetings. To date, one minuted meeting has been held in 2019. The 2018 AGM resolved that SEK 1,500,000 would be paid as directors' fees, with SEK 500,000 to the Chair of the board and SEK 250,000 to each regular member. No board remuneration is paid to the CEO. It was furthermore resolved that the fee paid to the audit committee is SEK 75 000 to the Chair and SEK 50,000 to the board member, and the auditors are remunerated according to a running total. No fees are paid to the remuneration committee.

The AGM elects board members annually for the time until the next AGM is held. The Board of Directors shall consist of at least three and no more than eight ordinary members and may be supplemented with a maximum of three deputies. In addition, there may be employee representatives. The members elected by the Annual General Meeting are all independent in relation to the major shareholders and all, with the exception of the Executive Director, is independent of the Company and Company management. The Board meets the requirements of the Code on the independent members. The members are presented on page 59 and at nedermangroup.com.

The main shareholders and board members carry out an annual, detailed, evaluation of the board. The evaluation regards among other things the board's composition, board members and the board's work and routines. The nomination committee has taken note of the written evaluation of the work of the Board of Directors, and has received a report on the work of the board from the Chair of the Board of Directors.

Nederman's Board of Directors consists of six members elected by the 2018 AGM. The Chief Executive Officer is a member of the board. The Chief Financial Officer is not a member of the Board of Directors but participates at meetings by presenting information. The Chair of the Board does not participate in the operational management of the Company.

Attendance at Board meetings

Jan Svensson	5 of 5 possible
Gunilla Fransson	5 of 5 possible
Johan Hjertansson	3 of 3 possible
Sven Kristiansson	5 of 5 possible
Johan Menckel	5 of 5 possible
Ylva op den Velde Hammargren	5 of 5 possible

CHIEF EXECUTIVE OFFICER (CEO)

The division of activities between the Board and the CEO is regulated by the working procedures of the Board and in the instructions to the CEO. The Chief Executive Officer is responsible for implementing the business plan as well as day-to-day management of the Company's affairs and the daily operations of the Company. This means that the Chief Executive Officer makes decisions on those issues that can be considered to fall under the day-to-day management of the Company. The CEO may also take action without the authorisation of the Board in matters which, considering the scope and nature of the Company's business, are unusual or of great importance, which cannot await a decision by the Board without seriously compromising the Company's business activities. The instructions to the CEO also regulate the CEO's responsibility for reporting to the Board. The board receives a monthly written report containing information following up the Company's sales, incoming orders, oper-

ating results and working capital's developments. In addition, the material contains comments on the various markets. During months when the board meets the monthly report is more extensive and also includes statements of the financial position and cash flow statement, among other things.

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

COMMITTEES

Questions about salary structuring and benefits for the Chief Executive Officer and management are addressed and approved by a remuneration committee. This committee consists of Jan Svensson and Johan Hjertansson. The committee is a body within the company's Board assigned to draft matters for the Board related to remuneration and other terms of employment for senior executive management. The committee also has the task of preparing guidelines regarding remuneration for other executive management, which the Board will present as a proposal to the Annual General Meeting. The Compensation Committee in 2018 had one recorded meeting.

The 2018 Annual General Meeting resolved on principles for remuneration to the Chief Executive Officer and senior executives, which is presented in greater detail under the subheading 'Remuneration to the Board of Directors and senior executives' below.

The Annual General Meeting 2018 decided that Nederman shall have an audit committee. The Audit Committee's main purpose is to exercise supervision over the Group's financial accounting and reporting and the audit of the annual accounts. The Audit Committee's tasks include, among other things, responsibility for the preparation of the work of the Board's work to ensure the quality of the financial reporting by reviewing the interim reports and the annual report and the consolidated financial statements. The audit committee should also prepare matters regarding the procurement of audit and other services from the auditor and preparing certain accounting and audit matters to be dealt with by the Board. The audit committee is governed by the rules of procedure adopted by the Board of Directors. The Committee has in 2018 convened on two occasions. The company's auditor participated on these two occasions. The

company's auditor informs the Board of the result of their work and presents all accounts of the year's audit and their view of the Company's internal control system without the presence of any of the company management. In 2018, the audit committee consisted of the Board Members Johan Hjertonsson and Ylva op Velde Hammargren. The AGM resolved that the fee to the audit committee is SEK 75 000 to the Chair and SEK 50,000 to the board member.

The 2018 AGM agreed to establish instructions for the nominations committee concerning the composition of the committee and its assignments. The nominations committee shall comprise the Chair of the board and three representatives. Once a year the committee shall convene the major shareholders well in advance of the AGM in order to gain support for proposals to the AGM's election of a new Board of Directors.

AUDITOR

The auditor audits the Company's annual report and accounting, as well as the management of the Board of Directors and the Chief Executive Officer. The auditor submits an audit report to the AGM after each financial year. From 2011, the AGM appoints an auditor for a period of one year. At the AGM on 19 April 2018, Ernst & Young AB with Staffan Landén as lead auditor, was elected until further notice. Staffan Landén is a certified auditor and member of FAR, the Swedish Institute of Authorised Public Accountants. Staffan Landén has many years of experience in examining listed companies and major international assignments. He is currently the auditor responsible for, among others, Vattenfall AB, Alfa Laval AB, Polygon AB, Semcon AB, Thomas Concrete Group AB and National Electric Vehicle Sweden AB (NEVS). Staffan Landén is an appointed Exchange Auditor by NASDAQ Stockholm. The Company's auditor audits the annual accounts and financial statements and the Company's current operations and routines, to provide an opinion on the accounting and management of the Board of Directors and the Chief Executive Officer. The annual accounts and financial statements are reviewed during January and February. Staffan Landén does not have any assignments in companies over which Nederman's principal shareholders, board members or Chief Executive Officer have any material influence. Remuneration to Ernst & Young AB for assignments other than auditing amounted to MSEK 0.5 in 2018 and pertains mainly to tax consultancy and auditing-related services.

REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The 2018 AGM adopted a policy regarding remuneration and employment terms for 2018. The proposal for the 2019 AGM is that the policy remains unchanged. The main principles are applied: Fixed salary is paid for work performed. In addition, a variable bonus may be earned that is linked to the Company's

performance and tied-up capital. Variable remuneration can amount to a maximum of 30 to 50 percent of the annual salary, depending on the individual's position in the Company.

The CEO's pension plan is premium-based and the annual premium corresponds to 35 percent of annual salary. Pension payments for other senior executives follow the ITP collective agreement, except for two executives for whom pension payments amount to 8 times the basic index amount per year and 30 percent of basic salary, respectively. If the CEO resigns, the term of notice is six months. If dismissed by the company, the CEO has the right to receive an amount corresponding to 18-24 months' salary (the final six months are dependent on new employment). For others in the management the term of notice is twelve months if the Company gives notice of dismissal, and six months if the employee resigns. There are no agreements between Board members or senior executives and Nederman or any of its subsidiaries concerning benefits after the end of their employment.

The Annual General Meeting held on 19 April 2017 approved the Board's proposal that the annual programmes for variable remuneration should be supplemented with a long-term incentive (LTI) programme. Consequently, the 2017-2018 LTI programme has been established for a period of two years and is targeted in a way that makes it particularly favourable for the company's shareholders. The outcome of the LTI program which goes to the leading the job holder (net of income tax), to be reinvested in the warrants in Nederman or in Nederman shares on the stock market. Warrants or Nederman shares are subject to approval by relevant future annual general meeting of Nederman. The reinvested shares and options are expected be retained by the senior executive during his term of employment and for at least three years. The 2017-2018 LTI programme covers two years and amount in maximum to 35 percent of the annual salary for the CEO and 20 percent of annual salary for other senior executives.

INTERNAL CONTROLS

Control environment. Operational decisions are made at a company or business area level, while decisions about strategy, aims, acquisitions and comprehensive financial issues, are made by the parent company's board and Group management. The internal controls at the Group are designed to function in this organisation. The Group has clear rules and regulations for delegating responsibility and authority in accordance with the Group's structure. The platform for internal controls concerning financial reporting consists of the comprehensive control environment and organisation, decision processes, authority and responsibility that is documented and communicated. In the Group the most significant components are documented in the form of instructions and policies, e.g. financial manuals, ethics

policy (Code of Conduct), communication policy, IT policy, financial policy and authorisation lists. Nederman has a simple legal and operational structure and prepared management and internal control systems. The Board of Directors follows up on the assessment of the internal control, including through contacts with the Nederman's auditors. The Board of Directors has chosen not to have a special internal audit.

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

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

Follow-up. The CEO is responsible for the internal controls being organised and followed up according to the guidelines that the board has decided on. Financial management and control is carried out by the Group's financial department. Financial reporting is analysed monthly and at a detailed level. The board has dealt with the Company's financial position at its meetings and has also received reports and observations from the Company's auditor.

ARTICLES OF ASSOCIATION

The Articles of Association include establishing the Company's activities, the number of board meetings, the auditors, how notification of the AGM will be made, how matters will be handled at the AGM and where the meeting will be held. The current Articles of Association were adopted at an Extraordinary General Meeting on 26 April 2011, and can be found on the company's website at www.nedermangroup.com and in the annual report for 2018 on page 117.

Board of Directors



Jan Svensson (1956)

Mechanical Engineering and M.Sc. in Business and Economics.
Swedish citizen.

Chair of the Board since 2008. Elected 2008.
Chair of the Remuneration Committee.

Current activities: President and CEO of Investment AB Latour. Chair of the Board at AB Fagerhult, Troax Group AB, Alimak Group AB, and Tomra Systems ASA. Board Member at Loomis AB, ASSA ABLOY, Oxeon AB, and Investment AB Latour.

Previous key roles: CEO of Sigfrid Stenberg.
Shareholding: Holds 15,000 shares in Nederman.
Dependency: Dependant with respect to the company's larger shareholders.



Gunilla Fransson (1960)

M.Sc.Eng. and Licentiate Technology.
Swedish citizen.

Elected by AGM. Elected 2016.

Current activities: Chair of the Board and part owner of Novare Peritos. Member of the Boards of Eltel AB, Netinsight AB, Enea AB, Trelleborg AB, Permobil AB, and ProOpti AB.

Previous key roles: Various management positions within Saab AB and Ericsson AB.

Shareholding: Does not hold shares in Nederman.

Dependency: Independent.



Johan Hjertonsson (1968)

Master of Business Administration.
Swedish citizen.

Elected by AGM. Elected 2018.

Member of the Remuneration Committee.
Chair of the Audit Committee.

Current activities: Member of the Board of Swegon Group AB, Sweco AB.

Previous key roles: President and CEO of AB Fagerhult.

Shareholding: Holds 5,000 shares in Nederman.

Dependency: Dependant with respect to the company's larger shareholders.



Sven Kristensson (1962)

The Swedish Air Force. University of Linköping.
Swedish citizen.

Elected by AGM. Elected 2008.

Current activities: President and CEO of Nederman Holding AB. Chair of the Boards of BK Pac AB, Diedenporten AB, Scanbur A/S, and Kristensson Holding AB. Vice Chair of the Board of Dr P Håkonssons stiftelse. Member of the Board of Swegon AB.

Previous key roles: Various positions in medical technology (Geting AB, CEO), and packaging (AB Åkerlund & Rausing, CEO), amongst others.

Shareholding: Holds 330,288 shares in Nederman.

Dependency: Dependant with respect to the company.



Johan Menckel (1971)

M.Sc.Eng.
Swedish citizen.

Elected by AGM. Elected 2016.

Current activities: CEO of Gränges AB
Member of the Board of Svenska Postkodföreningen AB. Member of the Steering Committee of World Materials Forum.

Previous key roles: Member of the Board of the Swedish Chamber of Commerce in China. President of Sapa Heat Transfer. President of Sapa Heat Transfer Shanghai.

Shareholding: Does not hold shares in Nederman.

Dependency: Independent.



Ylva op den Velde Hammargren (1966)

M.Sc. Eng.
Swedish citizen.

Elected by AGM. Elected 2011.
Member of the Audit Committee.

Current activities: Business transformation and CRM Manager, Industrial Sales, AB SKF. Member of the Board of Södra since 2017.

Previous key roles: -

Shareholding: Does not hold shares in Nederman.

Dependency: Independent.

Senior executives



Sven Kristensson (1962)
 President and CEO.
 Employed 2001.
 Swedish citizen.
Education: The Swedish Air Force. University of Linköping.
Current activities: Chair of the Boards of BK Pac AB, Diedenporten AB, Scanbur A/S, and Kristensson Holding AB. Vice Chair of the Board of Dr P Håkonssons stiftelse. Member of the Board of Swegon AB.
Shareholding: Holds 330,288 shares in Nederman.



Matthew Cusick (1977)
 SVP, CFO.
 Employed 2011.
 Swedish/English citizen.
Education: BA Accounting & Finance.
Current activities: No other activities.
Shareholding: Holds 900 shares in Nederman.



Hans Dahlén (1968)
 SVP, Head of Division Extraction & Filtration Technology and division EMEA.
 Employed 2013.
 Swedish citizen.
Education: M.Sc. Chemical Technology.
Current activities: No other activities.
Shareholding: Holds 3,198 shares in Nederman.



Per-Ove Eriksson (1956)
 SVP, Head of Division Duct & Filter Technology
 Employed 1996
Shareholding: Holds 63,275 shares in Nederman.
 PO Eriksson has decided to retire during Spring 2019. Jeppe Rasmussen has been appointed as PO Eriksson's successor.



Tomas Hagström (1976)
 SVP, Head of Division Process Technology and Division Americas.
 Employed 2017.
 Swedish citizen.
Education: M.Sc. and B.Sc. in Business Economics and MBA.
Current activities: No other activities.
Shareholding: Does not hold shares in Nederman.



Per Lind (1957)
 SVP Global Strategic Key Accounts.
 Employed 2007.
 Swedish citizen.
Education: M.Sc. Industrial Economics.
Current activities: No other activities.
Shareholding: Holds 14,985 shares in Nederman.



Eva Carin Svensson (1964)
 SVP, Human Resources.
 Employed 2009.
 Swedish citizen.
Education: B.Sc. in Human Resources Management & Labour Relations.
Current activities: No other activities.
Shareholding: Holds 4,641 shares in Nederman.



Aage Snorgaard (1963)
 SVP, Head of Division Monitoring & Control Technology.
 Employed 2017.
 Danish citizen.
Education: Bachelor of Science in Production Engineering, Diploma in Marketing - Economics, Board Certified.
Current activities: No other activities.
Shareholding: Holds 5,300 shares in Nederman.

New members of Group Management from 1 February 2019



Kristian Lexander (1976)

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



Jeppe Rasmussen (1962)

SVP, Head of Division Duct & Filter Technology.
Employed 2019.
Danish citizen.
Education: MSc PhD, Marine engineering.
Current activities: Member of the Boards of Energi Energi A/S, Grafisk Maskinfabrik A/S, and New Nordic Engineering A/S.
Shareholding: Does not hold shares in Nederman.



Erik Wahn (1980)

SVP, Corporate Strategy & Business Development.
Employed 2019.
Swedish citizen.
Education: MBA, Economics and Management.
Current activities: Chair of the Board of pej AB, Member of the Board of Senzum AB.
Shareholding: Does not hold shares in Nederman.

Consolidated income statement

SEKm	Note	1 January - 31 December	
		2018	2017
Net sales	2, 3	3,553.9	3,148.5
Cost of goods sold		-2,227.0	-1,948.6
Gross profit		1,326.9	1,199.9
Other operating income	5	22.3	6.8
Selling expenses		-735.2	-662.7
Administrative expenses		-253.0	-222.2
Research and development expenses		-44.3	-14.2
Acquisition costs	4	-13.2	-7.7
Other operating expenses	6	-8.6	-21.8
Operating profit	3, 7, 8, 9, 20, 25	294.9	278.1
Financial income		5.0	6.8
Financial expenses		-31.9	-24.8
Net financial items	10	-26.9	-18.0
Profit before tax		268.0	260.1
Taxes	11	-64.8	-73.8
Net profit for the year		203.2	186.3
Net profit attributable to:			
Parent company's shareholders		203.2	186.3
Earnings per share	18		
before dilution (SEK)		5.79	5.31
after dilution (SEK)		5.79	5.31

Consolidated statement of comprehensive income

SEKm	Note	1 January - 31 December	
		2018	2017
Net profit for the year		203.2	186.3
Other comprehensive income			
Items that cannot be reclassified to the income statement			
Revaluation of defined-benefit pension plans	20	-15.5	-3.3
Tax attributable to items that cannot be reclassified to net profit		3.8	0.7
		-11.7	-2.6
Items that have been or can be reclassified to net profit			
Exchange differences arising on translation of foreign operations		54.3	-28.2
Cash flow hedging	17	-0.1	3.1
Tax relating to items that can be reclassified to the income statement	17	0.0	-0.7
		54.2	-25.8
Other comprehensive income for the year, net after tax		42.5	-28.4
Total comprehensive income for the year		245.7	157.9
Total comprehensive income attributable to:			
Parent company's shareholders		245.7	157.9

Consolidated statement of financial position

SEKm	Note	2018	31 December 2017
Assets	4, 26		
Intangible fixed assets	12	1,443.9	1,196.7
Tangible fixed assets	13	311.6	252.4
Long-term receivables		6.6	5.4
Deferred tax assets	11	20.3	16.8
Total fixed assets		1,782.4	1,471.3
Inventory	15	562.0	386.8
Tax assets	11	75.7	61.3
Accounts receivable	24	578.8	529.5
Prepaid expenses and accrued income	16	34.4	21.7
Other receivables	14	304.2	139.4
Cash and cash equivalents	28	463.9	360.9
Total current assets		2,019.0	1,499.6
Total assets	3	3,801.4	2,970.9
Equity	17		
Share capital		1.2	1.2
Other capital contributed		345.9	345.9
Reserves		87.2	33.0
Retained earnings including net profit		816.0	695.7
Equity attributable to the parent company's shareholders		1,250.3	1,075.8
Total equity		1,250.3	1,075.8
Liabilities	4, 26		
Long-term interest-bearing liabilities	19, 24	917.8	822.5
Other long-term liabilities	22	231.7	153.7
Pension provisions	20	90.9	123.4
Other provisions	21	17.1	9.5
Deferred tax liabilities	11	29.4	17.0
Total long-term liabilities		1,286.9	1,126.1
Current interest-bearing liabilities	19, 24	8.3	0.3
Accounts payable	24	444.6	298.9
Current tax liabilities	11	88.1	57.1
Other liabilities	22	533.1	238.6
Accrued expenses and prepaid income	23	162.0	148.6
Provisions	21	28.1	25.5
Total current liabilities		1,264.2	769.0
Total liabilities	3	2,551.1	1,895.1
Total equity and liabilities		3,801.4	2,970.9

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

Consolidated statement of changes in equity

SEKm	Equity attributable to the parent company's shareholders					Total equity
	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings incl. this year's profit	
Opening equity 01/01/ 2017	1.2	345.9	59.9	-1.1	576.3	982.2
Net profit for the year	-	-	-	-	186.3	186.3
Other comprehensive income						
Change in translation reserve for the year	-	-	-28.2	-	-	-28.2
Cash flow hedging after tax	-	-	-	2.4	-	2.4
Revaluation of defined- benefit pension plans, net after tax	-	-	-	-	-2.6	-2.6
Total other comprehensive income	-	-	-28.2	2.4	-2.6	-28.4
Total comprehensive income for the year	-	-	-28.2	2.4	183.7	157.9
Transactions with Group's owners						
Dividend paid	-	-	-	-	-64.3	-64.3
Closing equity 31/12/2017	1.2	345.9	31.7	1.3	695.7	1,075.8
Opening equity 01/01/2018	1.2	345.9	31.7	1.3	695.7	1,075.8
Net profit for the year	-	-	-	-	203.2	203.2
Other comprehensive income						
Change in translation reserve for the year	-	-	54.3	-	-	54.3
Cash flow hedging after tax	-	-	-	-0.1	-	-0.1
Revaluation of defined- benefit pension plans, net after tax	-	-	-	-	-11.7	-11.7
Total other comprehensive income	-	-	54.3	-0.1	-11.7	42.5
Total comprehensive income for the year	-	-	54.3	-0.1	191.5	245.7
Transactions with Group's owners						
Dividend paid	-	-	-	-	-70.2	-70.2
Share-based remuneration	-	-	-	-	-1.0	-1.0
Closing equity 31/12/2018	1.2	345.9	86.0	1.2	816.0	1,250.3

Consolidated cash flow statement

SEKm	Note	1 January - 31 December	
		2018	2017
Operating activities			
Operating profit		294.9	278.1
Adjustment for:			
Depreciation and amortisation of fixed assets		63.9	52.7
Other adjustments	28	-10.4	3.6
Interest received		4.7	2.9
Interest paid		-30.0	-24.8
Income tax paid		-36.0	-46.0
Cash flow from operating activities before changes in working capital		287.1	266.5
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventory		-54.0	9.7
Increase (-)/Decrease (+) in operating receivables		-40.4	62.6
Increase (-)/Decrease (+) in operating liabilities		21.9	-59.5
		-72.5	12.8
Cash flow from operating activities		214.6	279.3
Investing activities			
Capital expenditure for tangible fixed assets		-23.7	-23.3
Sale of tangible fixed assets		11.9	1.8
Capital expenditure - capitalised development costs		-5.7	-6.8
Capital expenditure on other intangible fixed assets		-33.1	-23.3
Acquisition of subsidiaries/business, net of cash	4	-66.7	-233.3
Sale of financial assets		-	-0.2
Cash flow from investing activities		-117.3	-285.1
Financial activities			
New loans		223.0	149.6
Change in interest-bearing liabilities		-0.6	-0.2
Amortisation of loans		-161.8	-
Dividend paid to parent company shareholders		-70.2	-64.3
Cash flow from financing activities		-9.6	85.1
Cash flow for the year		87.7	79.3
Cash and cash equivalents at the beginning of the year		360.9	287.8
Translation differences		15.3	-6.2
Cash and cash equivalents at the end of the year	28	463.9	360.9

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 13 March 2019. The income statement and balance sheet, and 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 will be subject to adoption by the Annual General Meeting to be held on 29 April 2019.

CHANGES THAT HAVE BEEN APPLIED SINCE 1 JANUARY 2018

In this annual report, the Group applies for the first time the new and amended standards and interpretations that are to be applied for financial years beginning 1 January 2018 or later. These have not had any material impact on the Group's consolidated financial statements. No new or amended IFRS has been applied in advance.

IFRS 9, Financial Instruments

IFRS 9 has replaced IAS 39 Financial Instruments and establishes policies for accounting, classification, valuation and hedge accounting of financial assets and financial liabilities.

According to IFRS 9, financial instruments are valued at amortised cost, fair value via the income statement or fair value via other comprehensive income. Classification according to IFRS 9 has not had any impact on the Group. Financial instruments that have been valued at amortised cost or fair value according to IAS 39 will continue to be valued at amortised cost or fair value. The new impairment model requires that provisions for bad debts are reported based on expected credit losses for their remaining time to maturity, instead of credit losses already incurred, which is the case according to IAS 39. Historical information and experience of previous credit losses are used as the basis for forecasting expected credit losses. In addition, current and forward-looking information is used to reflect current and future conditions.

IFRS 9 has no material effect on the Group's financial position, for which no recalculation of previous periods has taken place. IFRS 9 is applied prospectively from the first mandatory application date and the comparative figures are not recalculated as a result of immateriality.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 has replaced IAS 11 Construction Contracts and IAS 18 Revenue and related interpretations with an overall model for revenue that arises through contracts with customers. According to IFRS 15, a revenue should be recognised when a good or service is transferred to the customer, which can happen over time or at a specific time. The revenue shall consist of the amount that the company expects to receive as compensation for goods or services transferred.

Nederman's customer offering encompasses everything from individual products, total solutions, design, installation, and commissioning to service. Based on these customer offerings, Nederman's sales model is divided into three sales segments; Products, Solutions and Service and aftermarket. Revenue from sales of Products and Services is reported as before at a specific time, which is the time when control is transferred to the customer. For products, the reporting date is normally when the goods are made available to the customer at the agreed time and place and for services when the service is performed and the customer can benefit from the service provided. Revenue from the sale of Solutions is reported as before over time, as separate performance obligations cannot be identified. Solutions contain a significant proportion of customisations and Nederman's promise to customers is to deliver integrated system solutions, and not individual goods or services separately. It is the total performance on which the customer has agreed. The transition to IFRS 15 has therefore not had any significant impact on the reporting of the Group's revenue from contracts with customers. The standard is applied by the company with full retroactivity.

For sales of Products and Solutions, warranties are provided depending on the nature and use of the product. Warranty conditions provided ensure that the product or solution concerned will function as the parties intended and that it meets agreed

specifications. No warranties are sold separately and no warranties are provided to the customer as a separate service. On the basis of what the warranty covers and with requirements as to how the product is to be used/maintained, no warranties given are regarded as separate performance obligations in accordance with IFRS 15, and are reported instead in accordance with IAS 37 Provisions.

CHANGES THAT COME INTO EFFECT IN 2019 AND FORWARD

A number of new and amended IFRS have not yet come into force and have not been applied in advance in the preparation of the Group's financial reports. The IFRS that will come into force in the coming financial year are described below.

IFRS 16, Leases

IFRS 16 replaces IAS 17 and related interpretations. IFRS 16 establishes policies for accounting, valuation, presentation and disclosure of leasing agreements and states that lessees must report all leases in the statement of financial position. The standard contains two exceptions for reporting in the statement of financial position; short-term leases (lease term of 12 months or less) and leases for which the underlying asset has a low value. At the start date, a right of use asset that represents the right to use the underlying asset during the lease term and a lease liability that represents the present value of the lease payments that have not been paid to the lessor at the time in question are recognised in the financial statement. Depreciation for the rights of use assets and interest expenses for the lease liability are reported in the income statement and other comprehensive income. After the initial date, the lease liability is remeasured so that it reflects changes in the lease payments, such as a change in the lease term or a change in future lease payments resulting from indexation. The remeasurement amount is reported as an adjustment of the right of use asset. Nederman's primary asset class is properties, such as factories and offices.

In the cash flow statement, total cash flow will remain unchanged, however, there will be a reclassification between cash flow from operating activities and cash flow from financing activities.

The discount rate primarily consists of the implicit interest if it is available according to the lease agreement. For other leasing agreements, the discount rate is the marginal loan rate. The marginal loan interest rate consists of an interest margin based on the lessee's (subsidiary within the Group) credit rating and a reference interest rate (IBOR) for the specific currency and the term of the lease asset.

Transition to IFRS 16

During 2018, the Group has carried out a comprehensive consequential analysis of IFRS 16. In summary, the effect of IFRS 16 will be as follows:

Impact on the statement of financial position as at 31 December 2018:	
Assets	SEKm
Financial assets	7
Right-of-use assets	211
Liabilities	
Lease liabilities	233
Equity	
Adjusted equity as per 2017-12-31	-16
Net result	-0

Impact on the consolidated income statement for 2018:	
Depreciation on right-of-use Assets (included in cost of goods sales)	-21
Depreciation on right-of-use Assets (included in selling expenses)	-30
Depreciation on right-of-use Assets (included in administrative expenses)	-5
Depreciation on right-of-use Assets (included in research and development expenses)	-1
Operating lease expense according to IAS 17	68
Operating profit	11
Financial expenses on the lease liability	-11
Profit before tax	-0
Taxes	0
Net result for the year	-0

Financial assets relates to lease agreements where the underlying assets are leased to third party.

MEASUREMENT BASES 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 31.

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 operating 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.

CLASSIFICATIONS

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 consist essentially 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 end of 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 consideration 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, and due diligence, are expensed in the periods in which they arise. Financial reports from the acquired businesses are included in the consolidated financial statements from 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 on 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 realigned 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

Nederman's customer offering encompasses everything from individual products, total solutions, design, installation, and commissioning to service. Based on these customer offerings, Nederman's sales model is divided into three sales segments; Products, Solutions and Service and aftermarket. Within the Products sales segment, Nederman offers a wide range of standard products that solve common problems related to smoke, gas, dust, materials recycling, the working environment and efficient production. The Service and aftermarket segment offers qualified service in order to ensure continuous operation without interruptions to customers' production. In addition to technical service, this area also includes service contracts, spare parts and consumables. The Solutions sales segment consists either of individual products in the Nederman range which are assembled to build smaller and medium-sized customised systems, or large system solutions with a high element of special customisation. The task of both variants is to solve more complex tasks.

Revenue from the sale of Products and Service is reported when the promised product or service is transferred to the customer and the customer obtains control over the goods or service. The customer obtains control when they receive the item or service, can control its use and obtain financial benefits from the asset or service. For products, this normally occurs when the goods are made available to the customer at the agreed time and place and for services this is when the service is performed and the customer can benefit from the service provided. With the sale of Solutions, Nederman's promise to customers is to deliver integrated system solutions, and not individual goods or services separately. It is the total performance on which the customer has agreed. This means that when selling Solutions, separate performance obligations cannot be identified, hence sales are recognised as revenue over time.

Sales recognised over time are measured by measuring the progress towards full completion of the performance obligation. This is done on the basis of project costs incurred in relation to total costs for products and services that have been promised according to the agreement. Project costs incurred are determined either on the basis of the value of the goods or services that have been transferred to date or on the basis of measurements at the customer such as achieved milestones. The choice of method is consistent within individual projects. Revenue recognition from Solutions includes elements of assessments in the form of measuring the progress towards full completion of the performance obligation. Estimates that may have a significant impact on the Group's earnings and financial position are described in Note 31. Solutions are recognised in the balance sheet either as Contract Assets or as Contract Liabilities when Nederman or the customer has fulfilled a commitment, depending on the relationship between Nederman's performance and the customer's payment. Contract liabilities are reported as revenue when the performance obligation is fulfilled.

The transaction price is the compensation that Nederman expects to be entitled to in exchange for transferring promised goods or services to the customer in accordance with the contract. Anticipated credit losses are expensed immediately.

For sales of Products and Solutions, warranties are provided depending on the nature and use of the product. Warranty conditions provided ensure that the product or solution concerned will function as the parties intended and that it meets agreed specifications. No warranties are sold separately and no warranties are provided to the customer as a separate service. On the basis of what the warranty covers and with requirements as to how the product is to be used/maintained, no warranties given are regarded as separate performance obligations in accordance with IFRS 15, and are reported instead in accordance with IAS 37 Provisions.

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 EXPENSES

Financial income and expenses consist of interest income on bank deposits and interest-bearing financial assets, interest expenses on loans, dividend income, foreign exchange differences on interest-bearing financial assets and liabilities and the 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 and derivative assets. The liability side includes accounts payable, borrowings, 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 contract 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. 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 that are recognised 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

Assets in this category are assessed on an ongoing basis at fair value, with recognition of value adjustments in the income statement. Derivatives that are not used for hedge accounting are also assessed on an ongoing basis at fair value, with recognition of value adjustments in the income statement. 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 in regard to derivatives where the underlying transactions relate to operations are recognised under Other operating revenue/Other operating expenses in the income statement. Changes in the fair value of derivatives where the underlying transactions are financial are recognised in net financial items.

Receivables are valued at amortised cost

Accounts receivable and other receivables are financial assets that have been defined or definable payments and that are not listed on an active market. These assets are measured at amortised cost. Amortised cost is determined according to the effective interest rate and calculated as at the acquisition date. Accounts receivable are recognised at the amount that is expected to be received, i.e. after deductions for doubtful debts. Provisions for bad debts are reported based on expected credit losses for their remaining time to maturity. 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

Changes in fair value in regard to derivatives where the underlying transactions relate to operations are recognised under Other operating revenue/Other operating expenses in the income statement. Changes in the fair value of derivatives where the underlying transactions are financial are recognised in net financial items.

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 criteria for hedge accounting, in respect of cash flow hedging, are met, the effective part of the change in fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve in equity. The cumulative gains or losses recognised in the hedging reserve are reversed to 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 recognised 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 event 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 depreciation and any impairment losses. Expenditure on research aimed at obtaining new scientific or technical knowledge is recognised as expenses when incurred.

Brands with indefinite life

Brands acquired through business combinations are recognised at fair value at the acquisition date. Brands with indefinite life are allocated to cash-generating units or groups of cash generating units that are expected to benefit from the brand's

cash generating units and are tested annually and in the event of a reduction in value, for impairment requirements.

Customer relationships with a finite life

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

Other intangible assets

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

Additional expenses

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

Amortisation

Amortisation 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
- Software 3-5 years
- Customer relationships 10 years

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

TANGIBLE ASSETS

Assets owned

Tangible assets are recognised within the Group at cost less accumulated depreciation and any impairment. The cost includes the purchase price and expenses directly attributable to the asset to bring it on site and in the condition to be used in accordance with its intended purpose. The cost of assets produced by the Company includes the cost of materials, cost of employee benefits, and if applicable other manufacturing costs considered directly attributable to the asset. The 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 revenue/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 exist 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.

Financial 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 financial 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 amortisation of the outstanding 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 in regard to 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

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.

INVENTORY

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 inventory 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.

DIVIDENDS

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 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. That 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 other 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 liability 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 recognised in operating income. Revaluation differences consist of actuarial gains and losses, the difference between the actual return on plan assets and the amount included in net interest income and any changes in the effect of asset restrictions (excluding interest included in net interest income/expense). Revaluation differences are recognised in other comprehensive income. Changes to or curtailment of a defined-benefit plan are recognised on the earliest of the following dates; a, when the change in the plan or reduction occurs or b, when the Company recognises related restructuring costs and redundancy payments. The changes/reductions are recognised immediately in net 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.

PROVISIONS

Provisions are recorded in the balance sheet when the Group has an existing legal or informal obligation as a result of a past event, and it is probable that an outflow of financial resources will be required to settle the obligation, and when the amount can be estimated reliably. 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 end 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 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. Impairment testing is carried out by comparing the parent company's book value with the subsidiaries' net asset value including their long-term earning capacity. Any impairment losses are not reversed.

Net sales

The parent company's revenues consists of intercompany management fees. Revenue from management fees is reported at a specific time, which is usually when the service is performed and the subsidiaries can benefit from the service provided.

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 Sales**EXTERNAL SALES ALLOCATED BETWEEN OPERATING AND SALES SEGMENTS**

2018, SEKm	Service and			Total
	Products	Solutions	aftermarket	
EMEA	715.1	691.9	361.3	1,768.3
APAC	112.4	376.3	50.1	538.8
Americas	569.4	447.5	229.9	1,246.8
Total	1,396.9	1,515.7	641.3	3,553.9

2017, SEKm	Service and			Total
	Products	Solutions	aftermarket	
EMEA	560.4	624.9	332.2	1,517.5
APAC	115.2	244.7	42.8	402.7
Americas	527.8	455.9	244.6	1,228.3
Total	1,203.4	1,325.5	619.6	3,148.5

SALES SEGMENTS

Nederman's customer offering encompasses everything from individual products, total solutions, design, installation, and commissioning to service. Based on these customer offers, Nederman's sales model is divided into three sales segments: Products; Solutions; and Service and aftermarket. The Group's operating segments consist of; Americas, EMEA and APAC. Within each operating segment, revenue flows from the three sales segments are monitored, hence these categories are considered to be the most relevant basis for classifying revenue. The classification provides a good understanding of the Group's revenue streams.

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.

With product sales, Nederman fulfils the performance obligation when the promised goods are transferred to the customer and the customer obtains control of the goods. This is normally when the goods are made available to the customer at the agreed time and place. Revenue from product sales is reported when Nederman fulfils the performance obligation which takes place at a given time. At this time, Nederman has the right to receive payment for the goods. The transaction price is the compensation that Nederman is entitled to in exchange for transferring promised goods to the customer.

Solutions (project sales)

Solutions consist either of individual products in the Nederman range which are assembled to build small and medium-sized systems, or large system solutions with a high element of special customisation. The task of both variants is to solve more complex tasks. Sales are through Nederman's own sales organisation.

Nederman's promise to customers is to deliver integrated system solutions, and not individual goods or services separately. It is the total performance on which the customer has agreed. This means that when selling Solutions, separate performance obligations cannot be identified, hence sales are recognised as revenue over time.

Sales recognised over time are measured by measuring the progress towards full fulfilment of the performance obligation. This is done on the basis of project costs incurred in relation to total costs for products and services that have been promised according to the agreement. Project costs incurred are determined either on the basis of the value of the goods or services that have been transferred to date or on the basis of measurements at the customer such as achieved milestones. The choice of method is consistent within individual projects. Revenue recognition from Solutions includes elements of assessments in the form of measuring the progress towards full completion of the performance obligation.

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

2 Sales, cont'd

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.

With Service and aftermarket sales, Nederman fulfils the performance obligation when the promised goods or service are transferred to the customer and the customer obtains control of the goods or services. In regard to products, control is normally transferred when the product is delivered to the customer and with respect to service it is when the service is performed and the customer can benefit from the service provided. Revenue from Service and aftermarket is reported when Nederman fulfils the performance obligation which takes place at a given time. The transaction price is the compensation that Nederman is entitled to in exchange for transferring promised goods or services to the customer.

Accounts receivable, contract assets and contract liabilities

When Nederman is entitled to an unconditional compensation from the customer, this is recognised as a receivable. With sales of Products and Service and aftermarket, an account receivable arises when control has been transferred to the customer and the invoice has been sent. With sales of Solutions, Nederman recognises a contract asset or contract liability in the statement of financial position when Nederman or the customer has fulfilled an obligation, depending on the relationship between Nederman's performance and the customer's payment. Contract liabilities are reported as revenue when the performance obligation is fulfilled. At the beginning of 2018, contract liabilities amounted to SEK 167.6m, of which SEK 137.4m has been recognised as income in the current year.

Terms of payment

For new customers and new markets, letters of credit or advance payments normally apply. For established customer relations, credit limits are carefully monitored to limit the risk. For project sales reported as contract assets or contract liabilities, payment terms with a fixed payment plan are applied where payments are based on the degree of completion.

Warranties

Warranties are provided for sales depending on the nature and use of the product. Warranty conditions provided ensure that the product or solution concerned will function as the parties intended and that it meets agreed specifications. No warranties are sold separately and no warranties are provided to the customer as a separate service. Based on what the warranty covers and with requirements as to how the product is to be used/maintained, no warranties provided are regarded as separate performance obligations but are recognised instead as a provision. Warranty provisions are based on estimations based on historical experience and assumptions deemed reasonable under the prevailing circumstances for the individual case. Actual results may differ from these estimates and assessments. Estimates and assumptions are reviewed on a regular basis.

3 Operating segments

Segment reporting is based on reports submitted to the Group's senior executives in order to assess performance and allocation of resources to the segments. The operating segments consist of different business operations that are affected by revenues and expenses. The segments are measured and consolidated according to the same accounting principles as the Group in total. The Group is a global market leader in producing products and systems within environmental technology. The products and systems contribute to creating a clean and safe working environment with focus on clean air, recycling solutions and reduced environmental impact of transport handling.

OPERATING SEGMENTS

The Group is divided into the following operating segments:

- EMEA (Europe, Middle East and Africa)
- APAC (Asia and Oceania)
- Americas (North and South America)

The operating segments are presented on pages 22-27 of the annual report. The Group's internal reporting system is built up in order to make it possible to follow up net sales, gross profit and variable costs per segment. Operating general expenses are allocated to the operating segments as appropriate. Operating capital is reported separately when this is possible while other operating capital is allocated as suitable. Earnings, assets and liabilities for the segments include directly attributable items plus items that can be allocated to the segments in an appropriate way. Items that are not allocated pertain mostly to expenses related to the parent company Nederman Holding AB, which contains the central main office functions, such as Group Management, Group Finance, Group IT and Group HR. Items not allocated also refer to financial income and expenses and tax expenses. Assets and liabilities that have not been allocated between the segments include tax receivables and tax liabilities (current and deferred), financial investments and financial liabilities, and pension obligations. Operating assets are defined as total assets with deductions for liquid funds, tax receivables (current and deferred) and financial investments. Operating liabilities are defined as total liabilities minus financial investments, tax liabilities (current and deferred) and financial liabilities and pension obligations. The segment's capital expenditure in tangible and intangible fixed assets include all capital expenditure except expendable equipment, equipment of minor value and goodwill. No individual customer accounts for 10 percent or more of the Group's revenues.

GEOGRAPHIC AREAS

The Group is divided into the following geographic regions: Sweden, rest of Nordic region, Germany, rest of Europe, North America and rest of the world. The information presented concerning the income for each region concerns the geographic areas, where the customers are located. Information concerning operating assets, fixed assets excluding goodwill and capital expenditure for the period in tangible and intangible fixed assets, with the exception of goodwill, is based on geographic regions, where the assets are located. Fixed assets are defined as total assets minus goodwill, long-term receivables and deferred tax assets.

3 Operating segments, cont'd

OPERATING SEGMENTS

2018, SEKm	EMEA	APAC	Americas	Other- Not allocated	Total
Net sales	1,768.3	538.8	1,246.8	-	3,553.9
Adjusted operating profit per operating segment	259.2	16.3	121.3	-88.7	308.1
Acquisition costs	-	-	-	-13.2	-13.2
Operating profit/loss	259.2	16.3	121.3	-101.9	294.9
Financial income	-	-	-	5.0	5.0
Financial expenses	-	-	-	-31.9	-31.9
Tax expenses	-	-	-	-64.8	-64.8
Net profit for the year					203.2
Operating assets	2,273.1	461.7	1,123.4	-620.2	3,238.0
Other assets	-	-	-	563.4	563.4
Total assets	2,273.1	461.7	1,123.4	-56.8	3,801.4
Operating liabilities	582.6	427.7	458.8	-52.5	1,416.6
Other liabilities	-	-	-	1,134.5	1,134.5
Total liabilities	582.6	427.7	458.8	1,082.0	2,551.1
Capital expenditure	14.2	2.4	8.3	37.9	62.8
Depreciation and amortisation	-28.5	-3.5	-16.2	-15.7	-63.9

GEOGRAPHIC AREAS

2018, SEKm	Sweden	Rest of Nordic region	Germany	Rest of Europe	North America	Rest of the World	Not allocated	Total
Net sales	119.8	235.0	352.3	866.3	1,113.2	867.3	-	3,553.9
Operating assets	700.2	567.1	402.0	630.9	1,083.3	502.8	-648.3	3,238.0
Capital expenditure	5.8	0.4	1.9	6.1	7.4	3.3	37.9	62.8
Fixed assets	51.5	57.8	42.9	83.1	177.3	108.0	52.6	573.2

OPERATING SEGMENTS

2017, SEKm	EMEA	APAC	Americas	Other- Not allocated	Total
Net sales	1,517.5	402.7	1,228.3	-	3,148.5
Adjusted operating profit per operating segment	205.9	9.3	136.9	-66.3	285.8
Acquisition costs	-	-	-	-7.7	-7.7
Operating profit/loss	205.9	9.3	136.9	-74.0	278.1
Financial income	-	-	-	6.8	6.8
Financial expenses	-	-	-	-24.8	-24.8
Tax expenses	-	-	-	-73.8	-73.8
Net profit for the year					186.3
Operating assets	1,802.5	256.8	1,019.6	-550.4	2,528.5
Other assets	-	-	-	442.4	442.4
Total assets	1,802.5	256.8	1,019.6	-108.0	2,970.9
Operating liabilities	411.4	193.0	374.0	-103.6	874.8
Other liabilities	-	-	-	1,020.3	1,020.3
Total liabilities	411.4	193.0	374.0	916.7	1,895.1
Capital expenditure	14.5	0.8	7.8	30.3	53.4
Depreciation and amortisation	-23.6	-3.5	-15.9	-9.7	-52.7

GEOGRAPHIC AREAS

2017, SEKm	Sweden	Rest of Nordic region	Germany	Rest of Europe	North America	Rest of the World	Not allocated	Total
Net sales	134.0	221.7	287.0	762.6	1,126.9	616.3	-	3,148.5
Operating assets	653.9	461.1	355.1	332.4	979.7	296.7	-550.4	2,528.5
Capital expenditure	3.8	0.9	0.9	8.9	7.6	1.0	30.3	53.4
Fixed assets	23.8	110.9	44.1	51.5	160.3	23.1	65.5	479.2

4 Acquisition of business operations

ACQUISITION 2018

Auburn FilterSense LLC

The Group acquired the US company Auburn FilterSense LLC (AFS) on 5 April. AFS is a leading provider of particulate monitors and filter control solutions. AFS holds several decades of experience and application knowledge from more than 75,000 units and installations sold, bringing technology and support to help customers worldwide reduce emissions and improve operations. The company manufactures continuous particulate monitors incorporating triboelectric and charge induction particulate sensing technologies, intelligent controls, including real-time diagnostics and software for filter leak detectors, process control, maintenance planning, regulatory compliance and increased production efficiency. AFS is part of the new division Nederman Monitoring & Control Technology. AFS brand and team will continue to operate as before and the solutions will become an integrated part of the Nederman Insight application and digital ecosystem, building on connectivity and IoT. AFS has its registered office in Beverly, Massachusetts, USA and had approximately 30 employees and a turnover of USD 6.2m in 2017.

The purchase price amounted to SEK 65.0m, of which SEK 20.7m constitutes a possible additional purchase price based on profitability in 2018 and 2019. The total possible additional purchase price amounts to SEK 20.7m. The purchase price of SEK 65.0m has been adjusted by SEK 9.1m from the date of acquisition, of which SEK 8.9m is related to activation of the additional purchase price and SEK 0.2m relates to the adjusted calculation of net working capital. Net assets acquired total SEK 14.4m and the transaction resulted in an increased goodwill of SEK 50.6m. Effect of the acquisition on the Group's cash and cash equivalents is SEK 42.5m. The acquisition analysis is preliminary.

Of the total intangible assets, SEK 4.9m relates to development work, SEK 2.5m to customer contracts, SEK 2.5m to the brand and SEK 0.3m to computer software. Acquisition-related costs amounted to SEK 4.4m and relate to fees paid to consultants in connection with the transaction, including due diligence and legal advice. These expenses have been charged to operating profit.

Luwa Air Engineering AG

On 17 October, Nederman acquired 100% of the shares in the Swiss group Luwa Air Engineering AG (Luwa). Luwa is a global manufacturer and supplier of customised systems for air filtration, waste management and heat recovery systems for fibre applications. Founded in 1935, Luwa is a global market leader in air filtration for leading-quality fibre and textiles and with a global brand in the fibres industry. The Luwa Group's activities include the design and engineering of single components and whole systems as well as manufacturing, assembly, installation and after sales services. Manufacturing and assembly facilities are situated in India and China and the group has a significant global installed base that is the source of Luwa's deep understanding of the technical demands as well as the local requirements of customers. Luwa will be part of the division Nederman Process Technology. The Luwa brand and team will continue to operate as before, and their high quality solutions will add to the Nederman Group's capabilities in the strategically important global fibre and textile market. Luwa is based in Uster, Switzerland and has also operations in China, India, Singapore, USA and Turkey. In 2017, Luwa had around 370 employees and a turnover of CHF 66 million.

The purchase price amounted to SEK 258.7m, of which SEK 51.7m will be paid two years after the date of acquisition. Net assets acquired total SEK 172.7m and the transaction resulted in an increased goodwill of SEK 86.0m. Effect of the acquisition on the Group's cash and cash equivalents is SEK 28.2m. The acquisition analysis is preliminary.

Of the total intangible fixed assets, SEK 41.9m relates to the brand, SEK 15.4m to customer contracts, SEK 3.6m to development work and SEK 0.7m to computer software. Acquisition-related costs amounts to SEK 8.1m and relate to fees paid to consultants in connection with the transaction, including due diligence and legal advice. These expenses have been charged to operating profit.

Acquisition price, SEKm	AFS		Luwa		Total	
Acquisition price	65.0		258.7		323.7	
Of which is deferred payment	20.7		51.7		72.4	

Identifiable acquired assets and liabilities, SEKm	Carrying amount upon the moment of acquisition			Carrying amount upon the moment of acquisition			Total
	Adjustment to fair value	Fair value/ Total	Adjustment to fair value	Fair value/ Total			
Intangible fixed assets	0.3	9.9	10.2	4.4	57.2	61.6	71.8
Tangible fixed assets	0.7	-	0.7	51.7	-	51.7	52.4
Financial fixed assets	0.3	-	0.3	-	-	-	0.3
Deffered tax assets	-	-	-	11.0	-	11.0	11.0
Inventory	5.0	-	5.0	97.1	-	97.1	102.1
Accounts receivables and other receivables	8.8	-	8.8	144.7	-	144.7	153.5
Tax assets	-	-	-	5.3	-	5.3	5.3
Cash and cash equivalent	1.8	-	1.8	178.8	-	178.8	180.6
Interest-bearing liabilities	-5.0	-	-5.0	46.4	-	46.4	41.4
Accounts payable and other operating liabilities	-5.0	-	-5.0	-402.3	-	-402.3	-407.3
Current tax liabilities	-	-	-	-1.7	-	-1.7	-1.7
Defferd tax liabilities	-	-2.4	-2.4	-8.1	-11.8	-19.9	-22.3
Total identifiable net assets	6.9	7.5	14.4	127.3	45.4	172.7	187.1
Goodwill			50.6			86.0	136.6
Total			65.0			258.7	323.7
Transferred remuneration			-44.3			-207.0	-251.3
Acquired cash and cash equivalents			1.8			178.8	180.6
Effect on consolidated cash and cash equivalents			-42.5			-28.2	-70.7
Net sales during holding time			46.4			162.8	
Net sales 2018 before acquisition			16.9			471.6	
Net profit during holding time			3.8			19.2	
Net profit 2018 before acquisition			3.5			-5.3	

4 Acquisition of business operations, cont'd

ACQUISITION 2017

NEO Monitors AS

On 7th November 2017, Nederman acquired 100 percent of the shares in NEO Monitors AS. NEO Monitors is a global pioneer in laser-based solutions for measuring gases and dust across all industries. The company has secured a leading position in all generations of laser-based measurement technologies and has the largest installed base of TDLS analyzers (Tunable Diode Laser Spectrometry), with more than 11 000 instruments installed in over 40 countries. The company's expertise and engineering capabilities allows for more than 100 different configurations tailored to customer needs, helping global industries to achieve better processes control, decreased operational costs and increased efficiency. NEO Monitors is part of the new division Nederman Monitoring & Control Technology. The NEO Monitor brand and team continue to operate as before. The solutions are an integrated part of the Nederman Insight applications and digital ecosystem that builds on connectivity and Internet of Things.

The acquisition price amounted to SEK 407.5 m on a cash and debt-free basis, financed by a combination of cash and existing banking facilities. The purchase price is divided into two parts. Part one, amounting to SEK 256.1 m, was paid on the date of the takeover and part two will be paid two calendar years after completion of the transaction. The acquisition price of SEK 407.5 m has been adjusted by SEK 4.0 m, related to an updated calculation of net working capital, received in the beginning of 2018. Of total intangible fixed assets, SEK 34 m relates to development work and SEK 22 m relates to customer contracts. In October 2018, the amount recognised as development work related to adjusted royalty level was adjusted resulting in an increased goodwill by SEK 40 m. Acquisition-related costs for 2018 amounted to SEK 0.7 m. These expenses have been charged to operating profit. The acquisition analysis is final.

5 Other operating income

SEKm	2018	2017
Profit from sale of fixed assets	9.4	0.5
Recovered bad debt losses	1.2	1.3
Exchange gains on operating receivables/liabilities	6.7	1.9
Other	5.0	3.1
	22.3	6.8

For further information about the credit loss reserve, see note 24.

6 Other operating expenses

SEKm	2018	2017
Loss from sale of fixed assets	-2.6	-0.8
Bad debt losses	-2.6	-3.2
Exchange losses on operating receivables/liabilities	-0.5	-12.5
Other	-2.9	-5.3
	-8.6	-21.8

For further information about the credit loss reserve, see note 24.

7 Employees and Staff Expenses

Average numbers of employees	2018			2017		
	Women	Men	Total	Women	Men	Total
Australia	3	17	20	3	17	20
Austria	-	4	4	-	4	4
Belgium	3	13	16	3	12	15
Brazil	5	18	23	5	18	23
Canada	5	22	27	7	21	28
China	43	140	183	35	112	147
Czech Republic	2	16	18	2	16	18
Denmark	10	65	75	10	66	76
England	15	81	96	12	87	99
France	5	14	19	8	18	26
Germany	36	142	178	34	152	186
Hungary	-	2	2	-	2	2
India	5	74	79	1	28	29
Indonesia	2	8	10	2	8	10
Malaysia	1	5	6	1	5	6
Mexico	7	11	18	6	8	14
Netherlands	2	29	31	3	32	35
Norway	8	58	66	7	54	61
Poland	27	205	232	29	190	219
Russia	2	3	5	3	2	5
Singapore	1	1	2	-	-	-
Spain	2	13	15	2	13	15
Sweden	54	149	203	59	148	207
Switzerland	2	10	12	-	-	-
Thailand	20	52	72	26	60	86
Turkey	3	10	13	3	6	9
USA	112	315	427	111	306	417
Group total	375	1,477	1,852	372	1,385	1,757
Of whom, senior executives	23	82	105	17	76	93

7 Employees and Staff Expenses, cont'd

	2018	2017
Gender breakdown of senior executives, percentage of women		
Board of Directors	12%	8%
Other senior executives	22%	18%
Expenses for remuneration to employees, SEKm		
Salaries and other remuneration	898.0	766.3
Pensions expenses, defined-benefit plans (see also note 20)	5.8	0.4
Pension expenses, defined-contribution plans (see also note 20) 1)	47.1	43.9
Social security expenses	121.6	114.4
	1,072.5	925.0
Salaries and other remuneration allocated between the Board of Directors and other employees, SEKm		
Board of Directors, CEO and senior executives	64.4	62.1
(of which variable compensation)	(7.0)	(5.8)
Other employees	833.6	704.2
	898.0	766.3

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

8 Fees and expenses to auditors

SEKm	2018	2017
EY		
Audit assignment	6.0	5.1
Tax advice	0.4	0.3
Other assignments	0.1	0.4
Other auditors		
Audit assignment	1.3	0.6
Tax advice	0.2	1.8
Other assignments	0.5	1.7

Audit assignments refer to the statutory audit of annual and consolidated accounts, the administration of the Board of Directors and CEO, and auditing and other verifications as agreed. Other audit assignments include other duties incumbent on the company's auditors and advice or other assistance required by the findings in the audit or performance of other tasks.

9 Operating expenses

SEKm	2018	2017
Costs of operations allocated by cost type		
Cost of material	-1,658.3	-1,434.8
Cost of remuneration to staff	-1,072.5	-925.0
Other external costs and other personnel costs	-464.8	-435.2
Acquisition costs	-13.2	-7.7
Depreciation and amortisation	-63.9	-52.7
Other operating expenses	-8.6	-21.8
	-3,281.3	-2,877.2

10 Net financial items

SEKm	2018	2017
Financial income		
Interest income on bank deposits	2.7	2.5
Other interest income	1.9	0.4
Exchange rate changes	0.4	3.9
	5.0	6.8
Financial expenses		
Interest expenses, credit institutions	-23.3	-18.1
Interest expenses, other	-7.0	-4.0
Exchange rate changes	-1.6	-2.7
	-31.9	-24.8
Net financial items	-26.9	-18.0

All interest income/expenses derive from financial assets and liabilities which are measured at amortised cost.

11 Taxes

REPORTED IN THE CONSOLIDATED INCOME STATEMENT, SEKm	2018	2017
Current tax expenses (-)		
Tax expenses for the period	-62.0	-56.3
Adjustment of tax relating to previous years	5.1	1.0
	-56.9	-55.3
Deferred tax expenses (-) /tax income (+)		
Deferred tax concerning temporary differences	-5.7	1.4
Utilisation of previously activated loss carryforwards	-6.4	-14.9
Revaluation of loss carryforwards	0.1	-6.1
Deferred tax income in tax loss carryforwards capitalised during the year	4.1	1.1
	-7.9	-18.5
Total consolidated tax expenses	-64.8	-73.8

Reconciliation of effective tax

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

	2018, %	2018, SEKm	2017, %	2017, SEKm
Profit before tax		268.0		260.1
Tax according to the applicable tax rate for the Parent company	22.0	-59.0	22.0	-57.2
Effect of other tax rates for foreign subsidiaries	5.1	-13.6	9.1	-23.7
Non-taxable income*	-0.4	1.0	-0.6	1.5
Non-tax deductible expenses*	2.2	-5.8	1.7	-4.3
Revaluation of temporary differences*	-1.1	2.9	1.2	-3.0
Increase of tax loss carryforwards without corresponding capitalisation of deferred tax	2.3	-6.3	2.3	-6.0
Utilisation or revaluation of previously non-capitalised loss carryforwards	-4.0	10.8	-6.9	18.0
Tax relating to previous years	-1.7	4.7	-0.2	0.5
Effect of changes in tax rates/and tax rules	-0.2	0.5	-0.2	0.4
Reported effective tax	24.2	-64.8	28.4	-73.8

*Revaluation of temporary differences are presented on a separate row whereof adjustments have been made of previous year's figures.

Current tax assets amount to SEK 75.7m (61.3) and representing the recoverable amount of current tax on the result for the year.

REPORTED IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Deferred tax assets and deferred tax liabilities, SEKm	2018			2017		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred tax assets and deferred tax liabilities relate to:						
Tangible fixed assets	26.9	30.9	-4.0	26.8	28.8	-2.0
Intangible fixed assets	5.6	50.5	-44.9	6.2	45.0	-38.8
Financial assets	0.7	0.2	0.5	0.7	0.2	0.5
Inventory	13.6	1.2	12.4	11.4	1.2	10.2
Accounts receivable	1.7	7.9	-6.2	2.4	4.1	-1.7
Provision for pensions	18.6	9.1	9.5	16.8	0.2	16.6
Provisions	13.4	1.2	12.2	7.6	-	7.6
Long term liabilities*	0.1	3.3	-3.2	1.4	2.8	-1.4
Short term liabilities*	10.2	-	10.2	4.3	-	4.3
Loss carryforwards	4.4	-	4.4	4.5	-	4.5
Tax assets/liabilities	95.2	104.3	-9.1	82.1	82.3	-0.2
Netting	-74.9	-74.9	-	-65.3	-65.3	-
Deferred tax assets/liabilities according to consolidated statement of financial position	20.3	29.4	-9.1	16.8	17.0	-0.2

*Long and short term liabilities are presented on separate rows whereof previous year's figures have been adjusted accordingly.

Recognised loss carryforwards are not time limited except for losses in Switzerland amounting to SEK 5.2m, China amounting to SEK 7.4m and the US amounting to SEK 3.9m that are mainly valid until 2022/2023.

Deferred tax assets on tax loss carryforwards have been reported to the extent that it is considered probable that the losses can be set off against future profits.

Deferred tax assets and liabilities are offset where there is a legal offsetting right for the current tax assets and liabilities, and when the deferred taxes pertain to the same tax authority.

11 Taxes, cont'd

UNRECOGNISED TAX LOSS CARRYFORWARDS

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

SEKm	2018	2017
Unrecognised tax loss carryforwards	252.3	172.8

Unrecognised tax loss carryforwards are mainly related to losses in France, the Netherlands, Thailand, Turkey, Germany and the US which will probably not be used for settlement of future taxable gains. The majority of the unrecognised tax loss carryforwards have a time limit of 2022/2023 and the remaining portion is mainly not time-limited.

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

SEKm	Balance as of 1 Jan 2018	Recorded in income statement	Translation difference	Acquisitions of business	Balance as of 31 Dec 2018
Tangible fixed assets	-2.0	-1.8	-0.2	0.0	-4.0
Intangible fixed assets	-38.8	-0.7	-0.1	-5.3	-44.9
Financial assets	0.5	0.0	0.0	-	0.5
Inventory	10.2	1.0	0.1	1.1	12.4
Accounts receivable	-1.7	-3.8	-0.4	-0.3	-6.2
Provision for pensions	16.6	1.6	0.2	-8.9	9.5
Provisions	7.6	3.2	0.3	1.1	12.2
Long term liabilities	-1.4	-1.7	-0.1	-	-3.2
Short term liabilities	4.3	-3.5	-0.3	9.7	10.2
Loss carryforwards	4.5	-2.2	-0.2	2.3	4.4
Other	0.0	-	-	-	0.0
	-0.2	-7.9	-0.7	-0.3	-9.1

SEKm	Balance as of 1 Jan 2017	Recorded in income statement	Translation difference	Acquisitions of business	Balance as of 31 Dec 2017
Tangible fixed assets	-9.8	8.0	-0.1	-0.1	-2.0
Intangible fixed assets	-16.8	3.0	0.5	-25.5	-38.8
Financial assets	0.6	-0.2	0.1	-	0.5
Inventory	9.3	0.9	-0.0	-	10.2
Accounts receivable	1.1	-3.3	0.0	0.5	-1.7
Provision for pensions	14.6	-1.2	0.1	3.1	16.6
Provisions	14.0	-6.4	0.0	-	7.6
Long term liabilities*	-2.8	1.4	0.0	-	-1.4
Short term liabilities*	5.1	-0.9	0.1	-	4.3
Loss carryforwards	24.3	-19.9	0.1	-	4.5
Other	0.2	0.1	-0.3	-	0.0
	39.8	-18.5	0.5	-22.0	-0.2

*Long and short term liabilities are presented on separate rows whereof previous year's figures have been adjusted accordingly.

12 Intangible fixed assets

2018

SEKm	Customer relations	Trade marks	Development in progress	Goodwill	Computer programs	Total
Accumulated cost						
Opening balance	42.6	44.1	212.7	969.9	125.6	1,394.9
Business acquisition	17.9	100.1	57.4	136.6	11.2	323.2
Internally developed assets	-	-	5.7	-	-	5.7
Other capital expenditure	-	-	0.1	-	33.0	33.1
Sold and scrapped	-	-	-0.1	-	-	-0.1
Reclassifications	-	-0.3	-51.0	40.1	-	-11.2
Translation differences	2.4	5.2	7.1	35.7	1.2	51.6
Closing balance	62.9	149.1	231.9	1,182.3	171.0	1,797.2
Accumulated amortisation and impairment						
Opening balance	-9.2	-	-107.4	-	-81.6	-198.2
Business acquisition	-	-55.7	-48.9	-	-10.2	-114.8
Sold and scrapped	-	-	0.1	-	-	0.1
Amortisation for the year	-5.4	-	-10.2	-	-19.5	-35.1
Translation differences	-0.5	-0.9	-2.7	-	-1.2	-5.3
Closing balance	-15.1	-56.6	-169.1	-	-112.5	-353.3
Carrying amount						
Opening balance	33.4	44.1	105.3	969.9	44.0	1,196.7
Closing balance	47.8	92.5	62.8	1,182.3	58.5	1,443.9

2017

SEKm	Customer relations	Trade marks	Development in progress	Goodwill	Computer programs	Total
Accumulated cost						
Opening balance	22.6	47.4	123.5	708.8	96.5	998.8
Business acquisition	22.1	-	84.2	283.7	5.7	395.7
Internally developed assets	-	-	6.8	-	-	6.8
Other capital expenditure	-	-	-	-	23.3	23.3
Sold and scrapped	-	-	-	-	-0.4	-0.4
Translation differences	-2.1	-3.3	-1.8	-22.6	0.5	-29.3
Closing balance	42.6	44.1	212.7	969.9	125.6	1,394.9
Accumulated amortisation and impairment						
Opening balance	-7.2	-	-98.3	-	-65.5	-171.0
Business acquisition	-	-	-	-	-3.7	-3.7
Sold and scrapped	-	-	-	-	0.2	0.2
Amortisation for the year	-2.6	-	-8.9	-	-12.2	-23.7
Translation differences	0.6	-	-0.2	-	-0.4	0.0
Closing balance	-9.2	-	-107.4	-	-81.6	-198.2
Carrying amount						
Opening balance	15.4	47.4	25.2	708.8	31.0	827.8
Closing balance	33.4	44.1	105.3	969.9	44.0	1,196.7

The Group's expenses for development of the existing product range and new products amounted to SEK 44.3m (14.2). SEK 5.7m was capitalised in the consolidated statement of financial position.

12 Intangible fixed assets, cont'd

Amortisation and impairments, SEKm	2018	2017
Amortisation is included in the following rows in the income statement:		
Cost of sold goods	-13.8	-9.0
Selling expenses	-5.5	-5.0
Administrative expenses	-15.8	9.7
	-35.1	-23.7

The amount of goodwill represents the future economic benefits arising from acquisitions that are not individually identified and separately recognised and consists of strategic business values resulting from acquisitions. The goodwill is split per operating segment.

Goodwill, SEKm	2018	2017
EMEA	849.5	676.1
APAC	13.2	41.0
Americas	319.6	252.8
	1 182.3	969.9

Cash generating unit	Annual growth during the forecast period, %	Annual growth after forecast period, %	Discount rate before tax, %
EMEA	2.0 (2.0)	2.0 (1.0)	11.60 (12.63)
APAC	6.0 (6.0)	3.0 (3.0)	14.36 (13.57)
Americas	2.0 (2.0)	2.0 (2.0)	14.69 (16.44)
Trademarks	2.0 (2.0)	2.0 (2.0)	12.66 (14.10)

IMPAIRMENT TESTS FOR CASH-GENERATING UNITS CONTAINING GOODWILL AND TRADEMARKS WITH INDETERMINABLE LIFETIME

GOODWILL

Goodwill is tested annually for impairment, or more frequently if there are indications of a reduction in value. The test is based on defined cash-generating units, which are the same as the operating segment and the values are based on discounted cash flows. The recoverable amounts have been determined on the basis of calculations of value in use. These calculations are based on projected cash flows by the management for a period of five years. The growth for the cash-generating units is based on historical growth, estimated market growth and expected price development. The forecasts reflect previous experience and external sources of information. Assumed growth is based on a cautious assumption and does not exceed the long-term growth of the industry as a whole.

Sensitivity analysis:

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

TRADEMARKS

In addition to goodwill there are acquired trademarks which are considered to have an indefinite useful life. The useful life is deemed indefinite if it is a question of a well-established brand in its market, which the Group intends to maintain and develop further. The brands that have been identified and valued were established in connection with the 2012 acquisition of EFT. This year's acquisition of Auburn FilterSense and the Luwa Group trademarks were considered to have indefinite useful life. The cost of the trademarks were established at the time of the acquisitions under the so-called relief from royalty method. Impairment testing is performed annually. The test includes an assessment of the royalty rate on the acquisition date and estimated future sales performance for five years. Sustained growth of 2 percent has been used. Cash flow for the period beyond five years has been calculated using a multiple applied to estimated sustainable cash flow. When calculating the present value of expected future cash flows, the current weighted average capital cost (WACC) for the market is used. For 2018, the discount rate amounts to 12.66 percent (14.10). Impairment testing is done in the fourth quarter, or whenever the need arises, and with the assumptions used showed there was no need for any impairment of trademarks with an indefinite useful life. The book value of trademarks with an indefinite useful life amounted to SEK 92.5m (44.1).

13 Tangible fixed assets

2018

SEKm	Buildings and Land	Plant and machinery	Equipment, tools and fixtures	Total
Accumulated cost				
Opening balance	379.7	201.7	309.6	891.0
Business acquisition	44.9	20.7	27.3	92.9
Capital expenditure	9.3	6.2	8.5	24.0
Sold and scrapped	-3.6	-8.4	-5.4	-17.4
Reclassification	-	1.1	0.8	1.9
Translation differences	21.2	12.1	5.3	38.6
Closing balance	451.5	233.4	346.1	1,031.0
Accumulated depreciation and impairment				
Opening balance	-210.2	-152.6	-275.8	-638.6
Business acquisition	-11.3	-8.5	-20.7	-40.5
Depreciation for the year	-9.9	-9.3	-9.6	-28.8
Sold and scrapped	1.6	6.3	4.5	12.4
Reclassification	-0.0	-1.1	-0.4	-1.5
Translation differences	-9.6	-8.2	-4.6	-22.4
Closing balance	-239.4	-173.4	-306.6	-719.4
Carrying amounts				
Opening balance	169.5	49.1	33.8	252.4
Closing balance	212.1	60.0	39.5	311.6

2017

SEKm	Buildings and Land	Plant and machinery	Equipment, tools and fixtures	Total
Accumulated cost				
Opening balance	380.8	203.2	305.3	889.3
Business acquisition	-	2.0	3.7	5.7
Capital expenditure	5.7	8.4	9.2	23.3
Sold and scrapped	-1.3	-5.6	-7.8	-14.7
Reclassification	-0.5	-0.4	1.2	0.3
Translation differences	-5.0	-5.9	-2.0	-12.9
Closing balance	379.7	201.7	309.6	891.0
Accumulated depreciation and impairment				
Opening balance	-202.6	-150.0	-272.9	-625.5
Business acquisition	-	-0.4	-0.6	-1.0
Depreciation for the year	-9.1	-9.6	-10.3	-29.0
Sold and scrapped	1.2	4.5	6.9	12.6
Reclassification	-	0.4	-0.0	0.4
Translation differences	0.3	2.5	1.1	3.9
Closing balance	-210.2	-152.6	-275.8	-638.6
Carrying amounts				
Opening balance	178.2	53.2	32.4	263.8
Closing balance	169.5	49.1	33.8	252.4
Financial lease, SEKm			2018	2017
Book value for assets held under lease agreements				
Equipment, tools and fittings			0.6	0.4

The leased assets are pledged assets for the leasing liabilities. See also note 19 and 26.

SEKm	2018	2017
Depreciation and impairment, SEKm		
Depreciation is included in the following rows in the income statement:		
Cost of goods sold	-18.3	-17.8
Selling expenses	-6.1	-7.2
Administrative expenses	-4.4	-4.0
	-28.8	-29.0

14 Other receivables

SEKm	2018	2017
Other receivables which are current assets		
VAT receivables	26.3	15.2
Contract assets	205.0	88.5
Fair value of foreign exchange forward contracts	1.9	0.2
Other receivables	71.0	35.5
	304.2	139.4

Information about the Group's financial assets recognised as carrying amounts or as fair value, see note 24.

Contract assets

With sales of Solutions, Nederman recognises a contract asset, previously referred to as an "project work in progress, not invoiced", or a contract liability, previously referred to as "invoiced income not yet recognised concerning projects", in the statement of financial position when Nederman or the customer has fulfilled an obligation, depending on the relationship between Nederman's performance and the customer's payment. For information on sales of solutions, see Note 2 and for contract liabilities see Note 22.

At the end of the year, contract assets totalled SEK 205.0m (SEK 88.5m). The change in comparison with previous year is mainly related to this year's acquisition of Luwa, where most of the sales are related to larger customised Solutions.

15 Inventory

SEKm	2018	2017
Raw materials and consumables	248.9	177.7
Work in progress	135.9	75.4
Finished goods and tradable goods	177.2	133.7
	562.0	386.8
Impairment of inventory value reported gross	103.1	80.3
Change of obsolescence provision, SEKm	2018	2017
Opening balance	80.3	88.1
Business acquisition	20.9	-
Change in obsolescence reported over the income statement	2.8	1.5
Disposals	-2.4	-7.7
Reclassifications	-0.9	-0.1
Effect of changes in currency exchange rates	2.4	-1.5
Obsolescence provision at 31 December	103.1	80.3

16 Prepaid expenses and accrued income

SEKm	2018	2017
Rent/leasing	6.5	5.0
Computer/license costs	6.0	4.5
Insurance	1.3	2.8
Bank costs	1.2	1.1
Other	19.5	8.3
	34.4	21.7

17 Equity

Share capital and number of shares	2018	2017
Number of shares	35,146,020	11,715,340
Registered share capital, SEK	1,171,534	1,171,534

As a result of the share split that was approved by the annual general meeting 2018, the number of shares in Nederman has increased by 23,430,680. As per 31 December 2018, the total number of shares and votes in the company amounts to 35,146,020. The share capital remains unchanged and the par value of the share is changed from SEK 0.1 to SEK 0.03.

Number of treasury shares held	2018	2017
Opening number of treasury shares held	19,089	23,371
Effect of share-related remuneration	-	-4,282
Effect of share split	38,178	-
Closing number of treasury shares held	57,267	19,089

Dividend

The Board of Directors propose a dividend of SEK 2.30 (2.00**) per share, in total SEK 80.7m* (70.2). The dividend amount will be adopted by the AGM on 29 April 2019.

* Based on the number of shares outstanding on 31 December 2018. The dividend amount may be subject to change as treasury shares may be sold up to the record day of 23 April 2019.

**As a consequence of the share split adopted by the annual general meeting 2018, the proposed dividend by the Board in the previous years have been adjusted based on that the par value of the share is changed from SEK 0.1 to SEK 0.03.

Hedging reserve, SEKm	2018	2017
Cash flow hedging		
Value at the beginning of the year	1.3	-1.1
Changes in fair value of cash flow hedges	-0.1	3.1
Transferred to income statement for the period	-	0.0
Tax relating to cash flow hedges	0.0	-0.7
Value at the end of the period	1.2	1.3

Capital management

The Group's capital corresponds to the total amount of shareholders' equity, SEK 1,250.3m. According to the Board's policy, the Group's financial objective is to achieve a good capital structure and financial stability in order to maintain the trust of investors, creditors and the market, and to form a good base for continued development of the business, while the long-term return generated for shareholders remains satisfactory.

Capital defined as total equity, SEKm	2018	2017
Total equity	1,250.3	1,075.8
Net debt/equity ratio, %	2018	2017
Interest-bearing liabilities and provisions	1,017.0	946.2
Cash and cash equivalents	-463.9	-360.9
Net debt	553.1	585.3
Net debt/equity ratio, %	44.2	54.4

The net debt to equity ratio has decreased compared to last year which is an effect both to increased equity and decreased net debt. The equity was strengthened due to improved profitability but was also positively affected by the translation reserve mainly related to US dollar and euro. Decreased net debt is primarily related to the improved cash position due to a strong cash flow from operating activities and from the acquisition of Luwa. The net debt was also affected positively by currency effects on external loans in US dollar and Euro. The total level of capital expenditure have been on a lower level during the year which is also an effect of a lower level of net debt. A good level of net debt to equity ratio and ample access to liquidity provides an opportunity to take advantage of the growth prospects anticipated in coming years, while the level of the ordinary dividend is expected to be maintained. Issues of new shares will probably not be needed for the same reason in coming years, except in the event of major acquisitions.

The Group seeks to pay an ordinary dividend each year amounting to 30-50 percent of net income. The Board has proposed a dividend of SEK 2.30 per share to the Annual General Meeting in 2019, representing 6.5 percent of the equity. In the past five years, the ordinary dividend has averaged around 6.6 percent of equity. This has meant that 40.5 percent of earnings per share has been distributed in ordinary dividends.

During the year there were no changes in the Group's capital management.

18 Earnings per share

Earnings per share, SEK	2018	2017
Earnings per share before dilution*	5.79	5.31
Earnings per share before dilution*	5.79	5.31
Net profit for the year, SEKm	2018	2017
Year's earnings attributable to the parent company's shareholders	203.2	186.3

18 Earnings per share, cont'd

Weighted average number of shares outstanding	2018	2017
Issued number of shares as of 31 December	35,146,020	11,715,340
Weighted average number of shares prior to dilution	35,088,753	11,696,251
Weighted average number of shares after dilution	35,088,753	11,696,251
Number of treasury shares held	2018	2017
Opening number of treasury shares held	19,089	23,371
Effect of share-related remuneration	-	-4,282
Effect of share split	38,178	-
	57,267	19,089

*As a consequence of the share split adopted by the annual general meeting 2018, the earnings per share in the previous years have been adjusted based on that the par value of the share is changed from SEK 0.1 to SEK 0.03. See note 17 for further information.

For information about the Group's share-related remuneration, see note 20.

19 Interest-bearing liabilities

For more information about the company's exposure to interest rate risks and currency risks, see note 24.

Long-term liabilities, SEKm	2018	2017
Bank loans	917.4	822.2
Financial leasing liabilities	0.4	0.3
	917.8	822.5
Current liabilities, SEKm <td>2018</td> <td>2017</td>	2018	2017
Current part of bank loan	8.1	0.2
Current part of financial leasing liabilities	0.2	0.1
	8.3	0.3
Total interest-bearing liabilities	926.1	822.8

Terms and repayment due dates

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

2018, SEKm	Currency	Nominal interest, %	Due date	Nominal amount original currency	Recorded amount
Bank loan (revolving)	USD	4.320	2019-03-26	0.4	3.6
Bank loan (revolving)	USD	4.390	2019-01-07	0.5	4.5
Bank loan (revolving)	SEK	0.900	2020-12-28	57.5	57.5
Bank loan (revolving)	SEK	0.900	2020-12-28	215.0	214.9
Bank loan (revolving)	USD	3.406	2020-12-28	25.1	225.2
Bank loan (revolving)	EUR	0.900	2020-12-28	14.2	146.0
Bank loan (revolving)	SEK	0.750	2020-06-01	274.0	273.8
Financial leasing liabilities					0.6
Total interest bearing liabilities					926.1

2017, SEKm	Currency	Nominal interest, %	Due date	Nominal amount original currency	Recorded amount
Bank loan (revolving)	SEK	0.750	2019-06-01	110.8	110.0
Bank loan (revolving)	SEK	0.750	2019-06-01	14.0	14.0
Bank loan (revolving)	SEK	0.900	2020-12-28	58.0	57.5
Bank loan (revolving)	EUR	0.900	2020-12-28	17.2	169.3
Bank loan (revolving)	USD	2.469	2020-12-28	36.5	300.3
Bank loan (revolving)	USD	2.130	2019-06-01	2.6	21.3
Bank loan (revolving)	SEK	0.750	2019-06-01	150.0	150.0
Financial leasing liabilities					0.4
Total interest bearing liabilities					822.8

19 Interest-bearing liabilities, cont'd**Financial leasing liabilities**

Financial leasing liabilities are due for payment according to the following:

2018, SEKm	Minimum leasing fees	Interest	Capital amounts
Within one year	0.2	-0.0	0.2
Between one and five years	0.4	-0.0	0.4
	0.6	0.0	0.6

2017, SEKm	Minimum leasing fees	Interest	Capital amounts
Within one year	0.2	-0.0	0.2
Between one and five years	0.2	0.0	0.2
	0.4	-0.0	0.4

20 Provision for pensions - benefits to senior executives**Defined-benefit pension plans**

Defined-benefit net liability, reported in statement of financial position, SEK m	2018	2017
Defined-benefit obligation	432.2	146.6
Fair value of plan assets	341.3	23.2
Deficit (+) / Surplus (-)	90.9	123.4
whereof plans with net surplus	33.0	
Present value of unfunded obligations	432.2	146.1
Present value of partially or fully funded obligations	-	0.5
Total present value of defined-benefit obligations	432.2	146.6
Fair value of plan assets	-341.3	-23.2
Net liability	90.9	123.4

Overview, defined-benefit plans

The Group has defined-benefit plans that pay remuneration in the form of old-age pensions and remuneration for healthcare costs to employees when they retire in Sweden, Germany, the USA, France, Poland, Thailand, Norway and Switzerland. Costs for service during the current period are posted directly to the income statement. However, most are closed obligations where no additional benefits are earned. Defined-benefit plans are exposed to actuarial risks such as length of life, currency, interest and investment risks.

Change in present value of defined-benefit obligations, SEK m	2018	2017
Obligations for defined benefit plans, 1 January	146.6	109.8
Business acquisition	256.1	38.7
Payment of pension benefits	-6.1	-6.5
Current service cost for the period	5.8	0.4
Contribution and payments from plan participants	0.8	-
Interest cost	3.4	2.5
Revaluations		
- Actuarial gains and losses for the revised demographic assumptions	-0.5	-1.4
- Actuarial gains and losses for changes in financial assumptions	1.4	3.6
- Experience-based gains/losses	15.6	-
Translation differences	9.1	-0.5
Obligations for defined benefit plans, 31 December	432.2	146.6

Changes in fair value of plan assets, SEK m	2018	2017
Fair value of plan assets, 1 January	23.2	0.5
Business acquisition	301.6	23.4
Payments to plans	6.9	-
Benefit payments from plans	-0.1	-0.0
Interest income on plan assets	1.1	0.0
Return on plan assets, excl interest income	1.9	0.0
Translation differences	6.7	-0.7
Fair value of plan assets, 31 December	341.3	23.2

Expenses reported in profit for the year, SEK m	2018	2017
Costs for service in current period	5.8	0.4
Net interest	2.3	2.5
Total net expenses in the income statement	8.1	2.9
of which, amounts affecting operating profit	5.8	0.4
of which, amounts affecting financial expenses	2.3	2.5
Total net expenses	8.1	2.9

20 Provision for pensions – benefits to senior executives, cont'd

Expenses recognised in other comprehensive income, SEK m	2018	2017
Revaluation of pension obligations	-16.5	-2.2
Return on plan assets	1.9	0.0
Translation differences on foreign plans	-0.9	-1.1
Revaluation of defined-benefit net liabilities in other comprehensive income	-15.5	-3.3

*Last year's figures are adjusted due to gross reported amounts regarding defined benefit obligations and plan assets.

Assumptions for defined-benefit obligations, %	2018	2017
The most significant actuarial assumptions on the balance sheet date (expressed as weighted averages)		
Discount rate at 31 December	1,0-3,7	1,7-2,9
Future increase in medical expenses	-5,0	-5,0
Future pension increases	0,8-2,5	1,5-1,7

Sensitivity analysis

The following table presents possible changes in actuarial assumptions on the closing date, with the other assumptions unchanged, and how these would impact on the defined-benefit obligation.

SEKm	Increase	Decrease
Increase/decrease in discount rate (0.5% change)	-29.1	33.0
Increase /decrease in health care costs (1% change)	0.1	-0.1

Future cash flow

As of 31/12/2018 the weighted average duration of commitments was 15.7 years (14.0). Expected payments in 2019 for defined-benefit pension plans amount to SEK 15.5m.

Pension plans covering several employers

Obligations for old-age pensions and family pensions for employees in Sweden are safeguarded via insurance in Alecta. According to a statement from the Swedish Financial Accounting Standards Council, UFR 10, this is a defined-benefit plan that covers multiple employers. For the financial year 2018 the company has not had access to such information which makes it possible to report this plan as a defined-benefit plan. The pension plan according to ITP which is safeguarded via insurance in Alecta is therefore reported as a defined-contribution pension plan. The annual charges for retirement annuities which are covered by Alecta amounts to SEK 7.3m (6.6). Alecta's surplus can be distributed to the holders of the insurance policies and/or the ensured parties. The Group's share of total savings premiums for ITP in Alecta amounted to 0.040 percent (0.038) and the Group's share of the total number of active insured individuals amounts to 0.028 percent (0.028). At the end of 2018, Alecta's surpluses, in the form of the collective consolidation level, amounted to 142 percent (154). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which are not in accordance with IAS 19.

DEFINED-CONTRIBUTION PLANS

In Sweden the Group has defined-contribution pension plans paid in full by the companies. Outside of Sweden, there are defined-contribution plans, which are paid for partly by the subsidiaries, and partly by payment from the employees. Payments into these plans are continual in accordance with the rules for each plan.

SEKm	2018	2017
Costs for defined-contribution pension plans	47.1	43.0

BENEFITS TO EXECUTIVE OFFICERS**Principles for compensation to the Board of Directors**

Directors' fees are paid to the Chairman of the Board of Directors and other members according to the decision of the Annual General Meeting. Employee representatives in the Board of Directors do not receive director's fees. The 2018 Annual General Meeting decided that fees to the board for its work in 2018 would amount to SEK 500,000 to the chairman of the board and SEK 250,000 to Johan Hjertansson, Ylva op den Velde Hammargren, Johan Menckel and Gunilla Fransson.

Principles for compensation to CEO**Remuneration**

Compensation is paid to the CEO and Group CEO in the form of a base salary, pensions and variable compensation. During 2018, the base salary was SEK 4,492t. The variable compensation can amount to at most 50 percent of the base salary. Any variable compensation is established on the basis of the Nederman Group's earnings per share. In 2018, remuneration to the CEO and Group CEO was SEK 7,430t, of which SEK 932t consisted of variable remuneration and SEK 1,357t of pension premium expenses.

Notice period for termination of employment and severance pay

For a notice of resignation from the CEO, an advance notice of 6 months is required. With notice of termination of employment on the part of the company, the CEO has the right to a payment corresponding to 18–24 monthly salaries. The six last months with a reservation regarding new employment.

Pension payments

Pension age for the CEO and Group CEO is 65 years. The pension plan is premium-based pension plan and the annual premium corresponds to maximum 35 percent of the annual base salary. The company's obligation is limited to the payment of the annual premium. During 2018 the premium expenses were SEK 1,357t for the CEO and Group CEO.

Principles for compensation to managers of subsidiaries

Managing Directors of subsidiaries have employment contracts with a right to 6-12 months' salary payment on termination.

Principles for remuneration to other senior executives**Remuneration**

The remuneration is determined by the remuneration committee in accordance with principles determined by the 2018 AGM and consists of base salary, pension contribution, variable compensation and other benefits. For other members in the Group management the variable compensation may amount to no more than 30 percent of the base salary. Any variable compensation and its size is determined by the CEO in consultation with the Chairman of the board, based upon the result and tied-up capital in the Nederman Group. In 2018, remuneration to the rest of the senior executives was SEK 22,846t, of which SEK 2,260t consisted of variable remuneration and SEK 3,488t of pension premium expenses.

Notice period for termination of employment and severance pay

Other members in the Group management have a twelve-month notice period for termination of employment if it is initiated on the part of the company, and six months if they give notice. During the period of notice, other members in the Group management are entitled to full salary and other employment benefits. None of the other members of the Group management are entitled to severance pay.

Pension payments

For other members of the Group management the pension age is 65 years. The pension contributions follow the contractual ITP with exception for two members where the pension contribution occurs with 8 price base amounts per year respectively at the most 30 percent of base salary. The companies' obligations are limited to the annual premiums. The pension-based salary consists of the fixed annual salary plus the average variable compensations during the previous three years.

20 Provision for pensions - benefits to senior executives, cont'd

Compensation and other benefits during 2018

SEKt	Base salary Board fees	Variable remuneration	LTI	Other benefits	Pension expenses	Total
Chairman of the Board Jan Svensson	500	-	-	-	-	500
Member of the Board Johan Hjertsson	250	-	-	-	-	250
Member of the Board Ylva op den Velde Hammargren	250	-	-	-	-	250
Member of the Board Gunilla Fransson	250	-	-	-	-	250
Member of the Board Johan Menckel	250	-	-	-	-	250
CEO Sven Kristensson	4,492	932	485	164	1,357	7,430
Other senior executives (8 individuals)	14,956	2,260	781	1,361	3,488	22,846
Total	20,948	3,192	1,266	1,525	4,845	31,776
of which subsidiaries (4 individuals)	9,485	1,573	496	1,026	1,578	14,158

Compensation and other benefits during 2017

SEKt	Base salary Board fees	Variable remuneration	LTI	Other benefits	Pension expenses	Total
Chairman of the Board Jan Svensson	450	-	-	-	-	450
Member of the Board Per Borgvall	225	-	-	-	-	225
Member of the Board Gunnar Gremlin	225	-	-	-	-	225
Member of the Board Ylva op den Velde Hammargren	225	-	-	-	-	225
Member of the Board Johan Menckel	225	-	-	-	-	225
Member of the Board Gunilla Fransson	225	-	-	-	-	225
CEO Sven Kristensson	4,112	1,921	-	143	1,392	7,568
Other senior executives (8 individuals)	12,915	3,146	-	1,325	3,435	20,821
Total	18,602	5,067	-	1,468	4,827	29,964
of which subsidiaries (4 individuals)	7,260	1,638	-	979	1,785	11,662

LTI (LONG TERM INCENTIVE)

The Annual General Meeting held on 19 April 2017 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). Consequently, the 2017-2018 LTI programme has been established for a period of two years and is targeted in a way that makes it particularly favourable for the company's shareholders. The result of the LTI programme for the senior executives (net after income tax), shall be reinvested in share warrants in Nederman or in Nederman shares. Share warrants require the approval upon a relevant future AGM at Nederman. The reinvested shares and warrants are expected to be maintained by the senior executive during his time of employment, but at least three years. The 2017-2018 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.

21 Provisions

Provisions that are long-term liabilities, SEKm	2018	2017
Restructuring /severance pay	0.3	0.4
Guaranty commitments	12.0	5.8
Loss contract	0.7	2.4
Other	4.1	0.9
	17.1	9.5
Provisions that are current liabilities, SEKm	2018	2017
Guarantee commitments	24.1	20.3
Loss contract	0.4	0.5
Other	3.6	4.7
	28.1	25.5
Restructuring /severance pay, SEKm	2018	2017
Reported value, opening balance	0.4	0.2
Provisions during the period	-	0.2
Translation differences	-0.1	-0.0
	0.3	0.4
Warranty exposure, SEKm	2018	2017
Reported value, opening balance	26.1	28.5
Provisions during the period	11.0	6.5
Amount used during the period	-10.5	-6.2
Business acquisition	10.9	0.4
Reclassification	2.0	4.0
Unutilised amount returned during the period	-4.5	-6.3
Translation differences	1.1	-0.8
	36.1	26.1

21. Provisions, cont'd

Loss contract, SEKm	2018	2017
Reported value, opening balance	2.9	1.3
Provisions during the period	-	3.5
Amount used during the period	-1.4	-0.5
Unutilised amount returned during the period	-	-1.2
Translation differences	-0.4	-0.2
	1.1	2.9
Other, SEKm	2018	2017
Reported value, opening balance	5.6	2.7
Provisions during the period	5.7	4.3
Amount used during the period	-2.4	-0.1
Business acquisition	2.2	-0.8
Reclassification	-1.2	-0.2
Unutilised amount returned during the period	-2.0	-0.1
Translation differences	-0.2	-0.2
	7.7	5.6
Total provisions, SEKm	2018	2017
Reported value, opening balance	35.0	32.7
Provisions during the period	16.7	14.5
Amount used during the period	-14.3	-6.8
Business acquisition	13.1	-0.4
Reclassification	0.8	3.8
Unutilised amount returned during the period	-6.5	-7.6
Translation differences	0.4	-1.2
	45.2	35.0

Guarantee commitments

Warranties are provided for sales depending on the nature and use of the product. Warranty conditions provided ensure that the product or solution concerned will function as the parties intended and that it meets agreed specifications. No warranties are sold separately and no warranties are provided to the customer as a separate service. Based on what the warranty covers and with requirements as to how the product is to be used/maintained, warranties provided are regarded as separate performance obligations but are recognised instead as a provision. Warranty provisions are based on estimations based on historical experience and assumptions deemed reasonable under the prevailing circumstances for the individual case. Actual results may differ from these estimates and assessments. Estimates and assumptions are reviewed on a regular basis.

22 Other liabilities

Other long-term liabilities, SEKm	2018	2017
Deferred payment of acquisition price upon business acquisition (see more in note 4)	230.0	152.1
Other liabilities	1.7	1.6
	231.7	153.7
Other short-term liabilities, SEKm	2018	2017
Personnel-related liabilities	41.4	32.7
VAT payable	32.7	24.6
Fair value of currency derivatives	0.2	0.1
Contract liabilities	440.3	167.6
Other liabilities	18.5	13.6
	533.1	238.6

Information about the Group's financial liabilities recognised as carrying amounts or as fair value, see note 24.

Contract liabilities

With sales of Solutions, Nederman recognises a contract asset, previously referred to as an "project work in progress, not invoiced", or a contract liability, previously referred to as "invoiced income not yet recognised concerning projects", in the statement of financial position when Nederman or the customer has fulfilled an obligation, depending on the relationship between Nederman's performance and the customer's payment. Contract liabilities are reported as revenue when the performance obligation is fulfilled. For information on sales of solutions, see Note 2 and for contract liabilities see Note 14.

At the end of the year, contract liabilities totalled SEK 440.3 million (SEK 167.6 million). The change in comparison with previous year is mainly related to this year's acquisition of Luwa, where most of the sales are related to larger customised Solutions.

23 Accrued Expenses and Prepaid Income

SEKm	2018	2017
Personnel-related expenses	111.0	104.6
Interest expenses	0.1	-
Audit expenses	4.4	4.9
Sales costs	9.0	7.8
Freight and customs costs	0.2	0.2
Other	37.3	31.1
	162.0	148.6

24 Financial risks and financial policies

RISKS AND UNCERTAINTIES - 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 RISKS

The liquidity in the Group is not exposed to large seasonal fluctuations. The Group 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, SEK 643.8m (527.3) of this credit facility was utilised in the form of revolving credit agreements. The Group also has a financing agreement with Svenska Handelsbanken (SHB) formulated as a three-year framework agreement for SEK 400m. The agreement expires in June 2020. At year end, SEK 274.0m (295.4) of this credit facility was utilised in the form of revolving credit agreements. The Group also has a revolving short-term credit facility with SHB for USD 1m, equivalent to SEK 9.0m. At year end, SEK 8.1m (0.0) of this credit facility was utilised. During the year, borrowing totalled SEK 223.0m (150.0) and repayments of SEK 161.8m (0.0) 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 RISKS

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 2018 by SEK 5.7m (5.5), 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 1.77 percent (1.79).

2018, SEKm	Interest rate, %	Interest contract duration	Currency	Nominal amount in original currency	Total	Maturity structure				
						Within 3 months	Between 3 and 12 months	Between 1 and 3 years	Between 3 and 5 years	
Bank loans (revolving)	4.320	2019-03-26	USD	0.4	3.6	3.6	-	-	-	
Bank loans (revolving)	3.910	2019-01-07	USD	0.5	4.5	4.5	-	-	-	
Bank loans (revolving)	0.900	2019-03-29	SEK	57.5	59.6	0.3	0.8	58.5	-	
Bank loans (revolving)	0.900	2019-03-29	SEK	215.0	222.7	1.0	2.9	218.8	-	
Bank loans (revolving)	3.406	2019-01-31	USD	25.1	233.3	1.0	3.0	229.3	-	
Bank loans (revolving)	0.900	2019-03-29	EUR	14.2	151.1	0.6	1.9	148.6	-	
Bank loans (revolving)	0.750	2019-03-29	SEK	274.0	280.8	1.2	3.6	276.0	-	
Financial leasing liabilities					0.6	0.0	0.2	0.3	0.1	
Accounts payables					444.6	389.7	54.9	-	-	
Derivatives					1.7	0.0	1.9	-0.2	-	
2017, SEKm										
Bank loans (revolving)	0.750	2018-02-28	SEK	110.8	112.8	0.5	1.5	110.8	-	
Bank loans (revolving)	0.750	2018-02-28	SEK	14.0	14.4	0.1	0.2	14.1	-	
Bank loans (revolving)	0.900	2018-01-31	SEK	58.0	60.7	0.3	0.8	59.6	-	
Bank loans (revolving)	0.900	2018-01-31	EUR	17.2	178.6	0.8	2.3	175.5	-	
Bank loans (revolving)	2.469	2018-01-31	USD	36.5	316.4	1.3	4.0	311.1	-	
Bank loans (revolving)	2.130	2018-01-31	USD	2.6	22.0	0.1	0.3	21.6	-	
Bank loans (revolving)	0.750	2018-01-31	SEK	150.0	153.8	0.7	2.0	151.1	-	
Financial leasing liabilities					0.4	0.1	0.1	0.1	0.1	
Accounts payables					298.9	284.3	14.6	-	-	
Derivatives					0.1	-0.0	0.1	0.0	-	

24 Financial risks and financial policies, cont'd

The Group's agreements with SEB and SHB concerning bank loans contain net debt covenants whereby 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 year end.

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 926.1m, of which SEK 925.5m in revolving credit agreements and SEK 0.6m in financial leasing liabilities. SEK 0.0m of the overdraft facilities was utilised.

The Group had SEK 463.9m in cash and cash equivalents and SEK 81.0m in available but unutilised overdraft facilities. In addition, there was a further credit facility of SEK 356.2m within the framework of Nederman's loan agreement with SEB and a further loan facility of SEK 126.0m within the framework of Nederman's loan agreement with SHB. Thus, there were available funds totalling SEK 1,027.1m on 31 December 2018.

CREDIT RISKS

Credit risks in accounts receivable and contract assets.

The risk that the Group's customers might not pay their accounts receivable and contract assets constitutes a customer credit risk. To limit this, the Nederman Group employs credit policies that limit outstanding amounts and length of credit for different customers. For new customers and new markets, letters of credit or advance payments normally apply. For established customer relations, credit limits are carefully monitored to limit the risk. In some cases, credit insurance is used to secure accounts receivable. The Group's largest individual customer accounted for 0.9 percent of sales. The five largest customers accounted for 3.8 percent of sales. Risk spread, thus, can be regarded as very good. Ongoing risk assessments are made of accounts receivable and contract assets, and considering that customers operate in several different industries and markets, the risks are deemed to be low.

Provisions for bad debts are based on expected credit losses for their remaining time to maturity. Impairment is made on an individual case assessment basis. The Group's bad debt losses in 2018 amounted to SEK 2.6m. Of the Group's total account receivables, net of impairment, of SEK 578.8m, 6.9 percent (5.2) represents receivables overdue for more than 90 days. Provision for bad debts was SEK 28.9m (25.7) as at 31 December 2018, equivalent to 4.8 percent (4.6) of the gross total accounts receivable.

In major projects, recognised as contract assets or contract liabilities, payment terms with a fixed payment plan are applied where the payments are based on the degree of completion. Estimated losses are expensed as soon as they are known.

Accounts receivable maturity structure, SEKm	2018					2017				
	Not yet due	Overdue accounts receivable, days			Total	Not yet due	Overdue accounts receivable, days			Total
		1-30	31-90	>90			1-30	31-90	>90	
Accounts receivable, gross	402.3	93.0	46.1	66.3	607.7	364.2	93.3	46.3	51.4	555.2
Expected credit losses	-4.6	2.4	-0.1	-26.6	-28.9	-1.3	-0.1	-0.3	-24.0	-25.7
Accounts receivable, net	397.7	95.4	46.0	39.7	578.8	362.9	93.2	46.0	27.4	529.5
Credit loss level, %	1.1	-2.6	0.2	40.1	4.8	0.4	0.1	0.6	46.7	4.6
Change in credit loss provision										
Opening balance										-25.7
Business acquisitions										-2.1
Provision for bad debts										-9.6
Receivables impaired as non-recoverable										3.5
Reversals of provisions										1.6
Translation differences										0.6
Closing balance										-28.9

Other counterparties

Credit exposure arises when liquid funds are invested and with trading in derivatives. The risk of a counterparty not fulfilling its 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 currency 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 low.

The largest supply company is located in Sweden and 61 percent of purchases there are made in SEK. Other purchases are mainly in EUR and to a lesser extent in USD and GBP.

24 Financial risks and financial policies, cont'd

Invoicing in the Group in 2018:

USD	31%
EUR	20%
CNY	8%
SEK	7%
NOK	6%
GBP	4%
DKK	4%
PLN	3%
AUD	2%
CAD	2%
THB	2%
INR	2%
Other	9%

According to the Group's financial policy, 70 percent of the expected currency flows in foreign currencies can be hedged for a maximum of eight months forward. In cases where there is currency exposure for tangible projects, the currency exposure is hedged. In 2018, 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 and purchases in USD.

Cash flow hedges have been deemed effective, and as at year-end 2018 an unrealised loss of SEK -0.1m (3.1) was recognised in other comprehensive income attributable to the revaluation of foreign currency futures at fair value. The ineffectiveness of cash flow hedges that are recognised in the income statement, where they are included in operating profit, amounted at year-end to SEK 0.0m (0.0).

The table below shows when the derivatives related to cash flow hedges are expected to affect earnings. Profits or losses are recognised in the income statement 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

SEKm	2019				2020				Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Foreign exchange forwards, USDm	0.0	-0.0	-	-	-	-	-	-	-0.0
Foreign exchange forwards, NOKm	0.0	-	-	1.9	-	-	-	-	1.9
Foreign exchange forwards, CHFm	-	-	-	-	-	-	-	-0.2	-0.2

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

2018, SEKm	-3%	+3%
EUR	-1.3	1.3
USD	-4.6	4.6
GBP	-0.5	0.5
PLN	-1.2	1.2
NOK	-1.0	1.0
2017, SEKm	-3%	+3%
EUR	-5.0	5.0
USD	-5.9	5.9
GBP	-1.4	1.4
PLN	-1.0	1.0

The table is 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, contract assets, cash and cash equivalents, interest-bearing loans, accounts payable and other liabilities, which are measured at 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. The book value and fair value of these instruments can be found in the tables below. The valuation at fair value for such assets has been based on directly observable market data which are not quoted in an active market (level 2).

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'd

Carrying amounts and fair values for financial instruments SEKm	Note	2018				2017			
		Fair value via the income statement	Fair value via other comprehensive income	Amortised cost	Total	Fair value via the income statement	Fair value via other comprehensive income	Amortised cost	Total
Financial assets									
Accounts receivable		-	-	578.8	578.8	-	-	529.5	529.5
Foreign exchange forwards*) level 2	14	1.9	0.0	-	1.9	-	0.2	-	0.2
Other current receivables	14	-	-	302.3	302.3	-	-	139.1	139.1
Cash and cash equivalents	28	-	-	463.9	463.9	-	-	360.9	360.9
Total		1.9	0.0	1,345.0	1,346.9	-	0.2	1,029.5	1,029.7
Financial liabilities									
Financial leasing liabilities	19	-	-	-0.6	-0.6	-	-	-0.4	-0.4
Bank loans	19	-	-	-925.5	-925.5	-	-	-822.4	-822.4
Accounts payable		-	-	-444.6	-444.6	-	-	-298.9	-298.9
Foreign exchange forwards*) level 2	22	-0.2	-0.0	-	-0.2	-	-0.1	-	-0.1
Other long-term liabilities	4, 22	-	-	-231.7	-231.7	-	-	-153.7	-153.7
Other current liabilities	22, 23	-	-	-694.9	-694.9	-	-	-387.2	-387.2
Total		-0.2	0.0	-2,297.3	-2,297.5	-	-0.1	-1,662.6	-1,662.7

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
Currency futures	Market approach: 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.

NETTING 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.

2018, SEKm	Note	Financial assets	Financial liabilities	Net amount in report over financial position	Financial instruments that are not offset	Net amounts
Financial assets						
FX derivatives	14	1.9	-	-	-	1.9
Financial liabilities						
FX derivatives	22	-	-0.2	-	-	-0.2
2017, SEKm						
Financial assets						
FX derivatives	14	0.2	-	-	-	0.2
Financial liabilities						
FX derivatives	22	-	-0.1	-	-	-0.1

24 Financial risks and financial policies, cont'd

The following forward sell foreign exchange contracts had been signed as at balance sheet date:

Currency	Amount to sell in original currency	Amount to be received, SEKm	Recognised value, SEKm	Market value, SEKm
USDm	1.2	10.6	-0.0	-0.0
NOKm	0.2	0.2	0.0	0.0
		10.8	-0.0	-0.0
Total market value			-0.0	-0.0

The following forward buy foreign exchange contracts had been signed as at balance sheet date:

Currency	Amount to receive in original currency	Amount to sell SEKm	Recognised value, SEKm	Market value, SEKm
CHFm	2.7	25.0	-0.2	-0.2
NOKm	136.8	137.2	1.9	1.9
		162.2	1.7	1.7
Total market value			1.7	1.7

Translation exposure

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

Currency, SEKm		2018		2017
SEK	688.3	55%	674.1	63%
EUR	244.6	20%	204.1	19%
GBP	48.7	4%	60.6	6%
USD	43.5	3%	6.2	1%
NOK	60.2	5%	47.0	4%
PLN	108.9	9%	103.5	10%
CNY	119.7	10%	59.0	5%
DKK	-132.6	-11%	-144.6	-13%
BRL	19.3	2%	20.0	2%
CHF	-39.6	-3%	0.0	0%
INR	68.2	5%	-1.1	0%
Other	21.1	1%	47.0	3%
	1,250.3	100%	1,075.8	100%

25 Operational leasing

Leasing fees where the company is the lessee, SEKm	2018	2017
Future payments for non-cancellable leasing contract amount to:		
Within one year	73.4	57.7
Between one and five years	112.1	99.7
More than five years	10.6	15.6
	196.1	173.0

Of the Group's operational leasing contracts the major part concerns rental agreements for property and the premises where the business operations are conducted.

Expenses for operating leases, SEKm	2018	2017
Minimum leasing fees	70.7	63.6
Variable fees	0.5	0.2
	71.2	63.8

The amounts for 2017 have been adjusted compared to previous year due to corrections of errors in the information in the note.

26 Pledged assets and contingent liabilities

Pledged assets, SEKm	2018	2017
Pledged assets for debts and provisions		
Assets with ownership restrictions (financial leasing)	0.9	0.9
	0.9	0.9
Contingent liabilities, SEKm	2018	2017
FPG/PRI	0.8	0.7
Guarantee commitments	132.4	96.5
	133.2	97.2

27 Related parties**CLOSE RELATIONSHIPS**

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. Nor has any Group company provided any loan, given any guarantees or entered into any surety relationships for any of the members of the Board of Directors or senior executives. For intercompany transactions see, accounting principles note 1.

TRANSACTIONS WITH KEY PERSONS IN LEADING POSITIONS

Regarding the salaries and other remuneration, costs and commitments for pensions and similar benefits, and severance payment agreements, for Board members, the CEO and other senior executives, see note 20.

28 Statement of cash flow

Liquid funds, SEKm	2018	2017
Subcomponents in cash and cash equivalents:		
Cash and cash equivalents	463.9	360.9
Total according to statement of financial position	463.9	360.9
Adjustments for items not included in cash flow, SEKm		
Capital gain on sale of tangible assets	-7.0	0.4
Provisions	-3.4	3.2
	-10.4	3.6
Unused credits, SEKm		
Disposable funds	1 027,1	1 036,6

FINANCIAL ACTIVITIES

The below table shows changes in liabilities included in financial activities.

2018, SEKm

	Amount at beginning of the year	Cash flow	Items not affecting cash flow			Amount at year end
			Business acquisition	Interest	Exchange rate gains/losses	
Long-term interest-bearing liabilities - bank loans	822.2	53.1	5.1	0.5	36.5	917.4
Short-term interest-bearing liabilities - bank loans	0.2	8.1	-	-	-0.2	8.1
Financial lease liabilities	0.4	0.2	-	-	-	0.6
Other		-0.8				
Total		60.6				

2017, SEKm

	Amount at beginning of the year	Cash flow	Items not affecting cash flow			Amount at year end
			Business acquisition	Interest	Exchange rate gains/losses	
Long-term interest-bearing liabilities	702.2	149.6	0.5	-0.9	-29.2	822.2
Short-term interest-bearing liabilities	0.2	-	-	-	-	0.2
Financial lease liabilities	0.5	-0.1	-	-	-	0.4
Other		-0.1				
Total		149.4				

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/asset ratio, Net debt, Net debt/equity ratio, Operating capital, Return on equity, Return on operating capital, Capital turnover ratio, Net debt/adjusted EBITDA, Adjusted EBITDA/Net financial items, Interest cover ratio, Order growth and Sales growth.

SEKm	2018	2017
Operating profit	294.9	278.1
Acquisition costs	13.2	7.7
Adjusted operating profit	308.1	285.8
Adjusted operating profit	308.1	285.8
Net sales	3,553.9	3,148.5
Adjusted operating margin, %	8.7	9.1
Operating profit	294.9	278.1
Depreciation	63.9	52.7
EBITDA	358.8	330.8
EBITDA	358.8	330.8
Acquisition costs	13.2	7.7
Adjusted EBITDA	372.0	338.5
Adjusted EBITDA	372.0	338.5
Net sales	3,553.9	3,148.5
Adjusted EBITDA margin, %	10.5	10.8
Equity - closing balance	1,250.3	1,075.8
Balance sheet total	3,801.4	2,970.9
Equity/asset ratio, %	32.9	36.2
Cash and cash equivalents	463.9	360.9
Long-term interest-bearing liabilities	917.8	822.5
Pension liabilities	90.9	123.4
Current interest bearing liabilities	8.3	0.3
Net debt	553.1	585.3
Net debt	553.1	585.3
Equity - closing balance	1,250.3	1,075.8
Net debt/ equity ratio, %	44.2	54.4
Net debt	553.1	585.3
Equity - closing balance	1,250.3	1,075.8
Operating capital	1,803.4	1,661.1
Equity - opening balance	1,075.8	982.2
Equity - closing balance	1,250.3	1,075.8
Equity - average	1,163.1	1,029.0
Net profit/loss for the period	203.2	186.3
Return on equity, %	17.5	18.1
Equity - average	1,163.1	1,029.0
Net Debt - opening balance	585.3	524.3
Net Debt - closing balance	553.1	585.3
Net debt - average	569.2	554.8
Working capital - average	1,732.3	1,583.8
Adjusted operating profit	308.1	285.8
Return on operating capital, %	17.8	18.0
Net sales	3,553.9	3,148.5
Working capital - average	1,732.3	1,583.8
Capital turnover rate, multiple	2.1	2.0
Net debt	553.1	585.3
Adjusted EBITDA	372.0	338.5
Net debt/Adjusted EBITDA, multiple	1.5	1.7

29 Alternative performance measures, cont'd

SEKm	2018	2017
Adjusted EBITDA	372.0	338.5
Net financial items	-26.9	-18.0
Adjusted EBITDA/net financial items, multiple	13.8	18.8
Profit before tax	268.0	260.1
Financial expenses	31.9	24.8
Acquisition costs	13.2	7.7
EBT excl. Financial expenses & acquisition costs	313.1	292.6
Financial expenses	31.9	24.8
Interest cover ratio, multiple	9.8	11.8
Incoming orders, same period in previous year	3,157.3	2,992.3
Change in incoming orders, organic	-9.4	137.6
Change in incoming orders, currency effects	87.7	10.6
Change in incoming orders, acquisitions	243.9	16.8
Incoming orders	3,479.5	3,157.3
Order growth, %, organic	-0.3	4.6
Order growth, %, currency effect	2.8	0.3
Order growth, %, acquisitions	7.7	0.6
Order growth, %	10.2	5.5
Net sales, comparative period previous year	3,148.5	3,107.3
Change in net sales, organic	-4.1	3.6
Change in net sales, currency effects	88.4	9.9
Change in net sales, acquisitions	321.1	27.7
Net sales	3,553.9	3,148.5
Sales growth, %, organic	-0.1	0.1
Sales growth, %, currency effect	2.8	0.3
Sales growth, %, acquisitions	10.2	0.9
Sales growth, %	12.9	1.3

30 Occurrences following the balance sheet date

No significant events have occurred after the closing date.

31 Important estimations and assessments

Certain assumptions about the future and certain estimations and assessments as of the close of the reporting period have special importance for the value of the assets and liabilities in the balance sheet. Presented below are the areas where the risk of changes in value during the subsequent year is significant because the assumptions or estimations may need to be changed.

EXAMINATION FOR IMPAIRMENT OF GOODWILL

The book value of goodwill is reviewed at least once a year with respect to the possible need for impairment. The review requires an assessment of the value in use of the cash-generating unit, or group of cash-generating units, to which the goodwill value relates. This requires that several assumptions about the future situation and estimates of parameters have been made. A report of these are found in note 12. As described in note 12 a change during 2018 in the conditions for these assumptions and estimations might have an effect on the value of the goodwill. The senior executives are of the opinion that no reasonable changes in important assumptions at the impairment test of the cash-generating units will result in a recoverable value lower than the carrying amount.

INCOME TAXES

When estimating deferred tax assets and tax liabilities an assessment is made concerning the probability of whether the deferred tax assets will be utilised for settlement against future taxable profit. The fair value of these future taxable profits may deviate in terms of the future business climate and earnings capability or due to changed tax rules, see note 11.

INVENTORY ACCOUNTING

Inventory is posted at the lower figure between the acquisition value and the net realisable value. Valuation and assessment with regard to inventory are governed through internal regulations, which is obligatory to follow for all companies within the Group. The aim is to ensure that the Inventory is valued at the lower figure between the acquisition value and the net realisable value. When calculating the net sales value, assumptions are made concerning outgoing items, items with over-resistance, damaged goods and estimated sales value based on the available information. Inventory reserves as of 31 December 2018 amounted to SEK 103.1m (80.3).

REVENUE FROM SOLUTIONS (PROJECT SALES)

Revenue recognition relating to sales of solutions (project sales) which is recognised over time is done by measuring the progress towards completion of the performance obligation. This is done on the basis of project costs incurred in relation to total costs for products and services that have been promised according to the agreement. Project costs incurred are determined either on the basis of the value of the goods or services that have been transferred to date or on the basis of measurements at the customer such as achieved milestones. The choice of method is consistent within individual projects. Revenue recognition from Solutions includes elements of assessments in the form of measuring the progress towards completion of the performance obligation, i.e. assessing the extent to which accrual of the projects has occurred. Sales from Solutions accounted for 43% of the Group's total sales in 2018.

32 Information about the parent company

Nederman Holding AB (publ) is a Swedish registered 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 main office is:
P.O. Box 602
SE-251 06 Helsingborg, Sweden
Visiting address is Sydhämngatan 2

The consolidated reporting for 2018 comprises the parent company and its subsidiaries, collectively referred to as the Group.

Income statement for the Parent company

SEKm	Note	1 January - 31 December	
		2018	2017
Net sales	1, 18	24.1	27.1
Administrative expenses		-105.9	-100.9
Research and development expenses		-1.1	-5.4
Other operating revenue and expenses	2	0.6	-0.2
Operating profit	3, 4, 13, 16	-82.3	-79.4
Earnings from participations in Group companies	5, 18	63.5	100.7
Interest income and similar items	5, 18	13.0	35.7
Interest expenses and similar items	5, 18	-20.5	-17.2
Profit after financial items		-26.3	39.8
Group contribution	6, 18	143.6	112.4
Profit before tax		117.3	152.2
Taxes	7	-13.0	-8.9
Net profit for the year		104.3	143.3

Statement of comprehensive income for the Parent company

SEKm	Note	1 January - 31 December	
		2018	2017
Net profit for the year		104.3	143.3
Other comprehensive income		-	-
Items that cannot be reclassified to the income statement		-	-
Items that have been or can be reclassified to net profit		-	-
Other comprehensive income for the year, net after tax		-	-
Total comprehensive income for the year		104.3	143.3

Balance sheet for the Parent company

SEKm	Note	2018	31 December 2017
Assets			
Intangible fixed assets	8	75.9	60.4
Tangible fixed assets	9	0.8	0.4
Financial fixed assets			
Long-term receivables, Group companies	18	-	532.3
Participations in Group companies	19	1,526.5	1,311.8
Other long-term receivables		0.3	2.1
Total financial fixed assets		1,526.8	1,846.2
Total fixed assets		1,603.5	1,907.0
Current assets			
Receivables from Group companies	18	319.0	347.8
Tax assets	7	-	1.2
Other receivables	10	7.0	11.5
Prepaid expenses and accrued income	11	6.2	7.9
Cash and cash equivalents	20	0.3	127.1
Total current assets		332.5	495.5
Total assets		1,936.0	2,402.5
Equity			
Restricted equity			
Share capital		1.2	1.2
Reserves		292.5	292.5
Fund for development expenses		16.5	13.0
Unrestricted equity	21		
Share premium reserve		5.9	5.9
Retained earnings		481.5	412.9
Net profit for the year		104.3	143.3
Total equity		901.9	868.8
Untaxed reserves	6	1.4	-
Liabilities			
Credit institution liabilities	12	-	821.9
Liabilities to Group companies	18	474.8	-
Other long-term liabilities	14	207.6	152.1
Total long-term liabilities		682.4	974.0
Accounts payable		19.5	18.4
Tax liabilities	7	9.7	-
Liabilities to Group companies	18	305.8	521.5
Other liabilities	14	1.5	1.3
Accrued expenses and prepaid income	15	13.8	18.5
Total current liabilities		350.3	559.7
Total equity and liabilities		1,936.0	2,402.5

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

Statement of changes in equity for the Parent company

	Restricted equity			Unrestricted equity		Total equity
	Share capital	Reserves	Fund for development expenses	Share premium reserve	Retained earnings, incl. net profit for the year	Profit brought forward
Opening equity 2017/01/01	1.2	292.5	7.0	5.9	483.2	789.8
Net profit for the year	-	-	-	-	143.3	143.3
Transfer to development fund	-	-	6.0	-	-6.0	-
Other comprehensive income	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income	-	-	6.0	-	137.3	143.3
Transactions with Group's owners	-	-	-	-	-	-
Dividends	-	-	-	-	-64.3	-64.3
Closing equity 2017/12/31	1.2	292.5	13.0	5.9	556.2	868.8
Opening equity 2018/01/01	1.2	292.5	13.0	5.9	556.2	868.8
Net profit for the year	-	-	-	-	104.3	104.3
Transfer to development fund	-	-	3.5	-	-3.5	-
Other comprehensive income	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income	-	-	3.5	-	100.8	104.3
Transactions with Group's owners	-	-	-	-	-	-
Dividends	-	-	-	-	-70.2	-70.2
Share-based remuneration	-	-	-	-	-1.0	-1.0
Closing equity 2018/12/31	1.2	292.5	16.5	5.9	585.8	901.9

Cash flow statement for the Parent company

SEKm	Note	1 January - 31 December	
		2018	2017
Operating activities			
Operating profit/loss		-82.3	-79.4
Adjustment for items not included in cash flow	20	22.1	14.2
Dividends received	18	63.5	110.7
Interest received and other financial items		12.7	32.2
Interest paid and other financial items		-16.2	-17.2
Income tax paid		-	-0.0
Cash flow from operating activities before changes in working capital		-0.2	60.5
Cash flow from changes in working capital			
Increase (-)/Decrease(+) in operating receivables		151.3	108.2
Increase (+)/Decrease (-) in operating liabilities		2.9	3.1
		154.2	111.3
Cash flow from operating activities		154.0	171.8
Investing activities			
Capital expenditure on tangible fixed assets		-0.7	0.5
Capital expenditure on intangible fixed assets		-37.3	-29.9
Acquisition/capital contribution, subsidiaries		-163.3	-263.9
Cash flow from investing activities		-201.3	-293.3
Financial activities			
New loans		296.3	149.2
Amortisation of loans		-798.9	-
Change in interest-bearing receivables/liabilities		494.3	31.8
Share-based remuneration		-1.0	-
Dividend paid		-70.2	-64.3
Cash flow from financing activities		-79.5	116.7
Cash flow for the year		-126.8	-4.8
Cash and cash equivalents at the beginning of the year		127.1	131.9
Cash and cash equivalents at the end of the year	20	0.3	127.1

1 Net sales

SEKm	2018	2017
Management charges, debited to subsidiaries	24.1	27.1
	24.1	27.1

2 Other operating income and expenses

SEKm	2018	2017
Exchange gains and losses on operating receivables/liabilities	0.6	-0.2
	0.6	-0.2

3 Employees and staff expenses

Average number of employees	2018			2017		
	Women	Men	Total	Women	Men	Total
Sweden	9	12	21	13	11	24
Total in parent company	9	12	21	13	11	24

Distribution according to gender in senior management, percentage of women	2018	2017
Board of Directors, proportion of women	33%	29%
Other senior executives	25%	25%

Salaries, other remuneration and social security expenses, SEKm	2018	2017
Salaries and other remuneration	28.3	28.8
Social security expenses	16.6	16.2
(of which are pension expenses) 1)	(5.8)	(3.0)

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

Salaries and other remuneration allocated between the Board of Directors and other employees, SEKm	2018	2017
Board of Directors, CEO and senior executives	8.2	7.5
(of which variable compensation)	-1.9	-0.9
Other employees	20.1	21.3
	28.3	28.8

4 Fees and Expenses to Auditors

SEKm	2018	2017
EY		
Audit assignment	1.2	1.1
Other assignment	0.0	0.2
	1.2	1.3

Audit assignments refer to the statutory audit of annual and consolidated accounts, the administration of the Board of Directors and CEO, and auditing and other verifications as agreed. Other audit assignments include other duties incumbent on the company's auditors and advice or other assistance required by the findings in the audit or performance of other tasks.

5 Net financial items

SEKm	2018	2017
Earnings from participations in Group companies		
Dividend	63.5	110.7
Impairment of book value of shares in subsidiaries	-	-10.0
	63.5	100.7

Interest income and similar items	2018	2017
Interest income, credit institutions	0.8	0.5
Other financial income, Group companies	11.8	31.7
Exchange rate changes	0.4	3.5
	13.0	35.7

Interest expenses and similar items	2018	2017
Interest expenses, credit institutions	-13.3	-13.8
Other financial expenses, Group companies	-3.3	-0.7
Exchange rate changes	-3.9	-2.7
	-20.5	-17.2

6 Appropriations

SEKm	2018	2017
Group contribution	145.0	112.4
Temporary differences	-1.4	-
	143.6	112.4

7 Taxes

REPORTED IN INCOME STATEMENT	2018	2017
Current tax expense (-)/tax income (+), SEKm		
Tax expense for the period	-10.7	-
Adjustment of tax relating to previous years	-0.2	-
	-10.9	-
Deferred tax expense (-)/tax income (+)		
Utilisation of previously activated loss carry forwards	-2.1	-8.9
Total reported tax expense	-13.0	-8.9
Reconciliation of effective tax, SEKm	2018	2017
Profit before tax	117.3	152.2
Tax according to the applicable tax rate	-25.8	-33.5
Non-tax deductible expenses	-0.4	-2.3
Non-taxable income	13.9	24.7
Utilisation of previously uncapitalised loss carry-forward	-	2.2
Tax relating to previous years	-0.7	-
Reported effective tax	-13.0	-8.9
POSTED TO THE STATEMENT OF FINANCIAL POSITION	2018	2017
Deferred tax assets, SEKm		
Deferred tax assets relate to the following:		
Loss carryforwards	-	2.1
Tax assets according to statement of financial position	-	2.1

Deferred tax receivables have been reported to the extent that it is considered probable that the loss can be set off against future profits.

8 Intangible fixed assets

	2018		
SEKm	Development in progress	Computer programs	Total
Accumulated cost			
Opening balance	23.8	78.0	101.8
Internally developed assets	5.7	-	5.7
Year's capital expenditure	-	31.5	31.5
Closing balance	29.5	109.5	139.0
Accumulated amortisation and impairment			
Opening balance	-4.8	-36.6	-41.4
Amortisation for the year	-3.9	-17.8	-21.7
Closing balance	-8.7	-54.4	-63.1
Carrying amount			
Opening balance	19.0	41.4	60.4
Closing balance	20.8	55.1	75.9

8 Intangible fixed assets, cont'd

SEKm			2017
	Development in progress	Computer programs	Total
Accumulated cost			
Opening balance	17.0	54.8	71.8
Internally developed assets	6.8	-	6.8
Capital expenditure	-	23.2	23.2
Closing balance	23.8	78.0	101.8
Accumulated amortisation and impairment			
Opening balance	-2.2	-25.0	-27.2
Amortisation for the year	-2.6	-11.6	-14.2
Closing balance	-4.8	-36.6	-41.4
Carrying amount			
Opening balance	14.8	29.8	44.6
Closing balance	19.0	41.4	60.4
Amortisation and impairments, SEKm			2018
Amortisation is included in the following rows in the income statement:			
Cost of goods sold			-4.0
Administrative expenses			-17.7
			-21.7
			-14.2

9 Tangible fixed assets

SEKm			2018
	Equipment, tools, fixtures		Total
Accumulated cost			
Opening balance	6.1		6.1
Capital expenditure	0.6		0.6
Closing balance	6.7		6.7
Accumulated depreciation and impairment			
Opening balance	-5.7		-5.7
Depreciation for the year	-0.2		-0.2
Closing balance	-5.9		-5.9
Carrying amount			
Opening balance	0.4		0.4
Closing balance	0.8		0.8
			2017
SEKm	Equipment, tools, fixtures		Total
Accumulated cost			
Opening balance	6.6		6.6
Capital expenditure	0.4		0.4
Sold and scrapped	-0.9		-0.9
Closing balance	6.1		6.1
Accumulated depreciation and impairment			
Opening balance	-5.6		-5.6
Depreciation for the year	-0.2		-0.2
Sold and scrapped	0.1		0.1
Closing balance	-5.7		-5.7
Carrying amount			
Opening balance	1.0		1.0
Closing balance	0.4		0.4
Depreciation and impairments, SEKm			2018
Depreciation is included in the following rows in the income statement:			
Administrative expenses			-0.2
			-0.2

10 Other receivables

Other receivables which are current assets, SEKm	2018	2017
VAT receivable	7.0	6.8
Other receivable	0.0	4.7
	7.0	11.5

11 Prepaid expenses and accrued income

SEKm	2018	2017
Computer/license costs	4.1	3.8
Insurance	0.4	2.0
Bank costs	1.0	0.9
Other	0.7	1.2
	6.2	7.9

12 Liabilities to credit institutes

Long-term liabilities, SEKm	2018	2017
Bank loans	-	821.9
	-	821.9

During the year bank loans have been moved to a subsidiary to Nederman Holding AB.

13 Pensions**DEFINED-CONTRIBUTION PLANS**

In Sweden the Group has defined-contribution pension plans paid in full by the companies. Payments into these plans are continual in accordance with the rules for each plan.

SEKm	2018	2017
Costs for defined-contribution pension plans	5.8	3.0
	5.8	3.0

For more information about handling of pensions, see Group note 20.

14 Other liabilities

Other long-term liabilities, SEKm	2018	2017
Deferred payment of acquisition price (see more in Group note 4).	207.6	152.1
	207.6	152.1
Other short-term liabilities, SEKm	2018	2017
Personnel-related liabilities	1.5	1.3
	1.5	1.3

15 Prepaid expenses and accrued income

SEKm	2018	2017
Personnel-related expenses	11.2	14.0
Audit expenses	0.4	0.5
Other	2.2	4.0
	13.8	18.5

16 Operational leasing

Leasing fees where the company is the lessee, SEKm	2018	2017
Future minimum leasing fees for non-cancellable leasing contract amount to:		
Within one year	0.6	0.4
Between one and five years	0.5	0.3
	1.1	0.7
Expenses for operating leases, SEKm	2018	2017
Minimum leasing fees	0.7	0.7
	0.7	0.7

17 Pledged assets and contingent liabilities

Pledged assets, SEKm	2018	2017
In the form of pledged assets for own liabilities and provisions:		
Shares in subsidiaries	None	None
	None	None
Contingent liabilities, SEKm	2018	2017
FPG/PRI	0.8	0.7
Guarantees on behalf of subsidiaries	435.4	355.4
	436.2	356.1

18 Related parties**Close relationships**

The parent company has a closely related relationship with its subsidiaries, see note 19.

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. Nor has any Group company provided any loan, given any guarantees or entered into any surety relationships for any of the members of the Board of Directors or senior executives. For intercompany transactions see, accounting principles note 1. Loans to subsidiaries are made on market terms.

Close relations, subsidiaries, SEKm	2018	2017
Net sales	24.1	27.1
Dividends received	63.5	110.7
Group contribution received	145.0	112.4
Financial income	11.8	31.7
Financial expenses	-3.3	-0.7
Receivables, 31 December	319.0	880.1
Liabilities, 31 December	780.6	521.5

Receivables on related parties

During the year, loans to subsidiaries have been moved to a newly formed subsidiary of Nederman Holding AB.

Transactions with key persons in leading positions

Regarding the salaries and other remuneration, costs and commitments for pensions and similar benefits, and severance payment agreements, for Board members, the CEO and other senior executives, see Group note 20.

19 Group Companies

Parent company's shareholdings and participations in subsidiaries

Subsidiary	Corp. ID. no.	Domicile / Country	Number of shares	Owner share, %	2018 Carrying amount SEKm	2017 Carrying amount SEKm
AB Ph. Nederman & Co	556089-2951	Helsingborg, Sweden	550,000	100	236.6	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	Kvänum, Sweden	-	.*	-	-
Nederman (Shanghai) Co Ltd	9131000067113929XX	Shanghai, China	-	.*	-	-
Nederman International Trading Shanghai Co. Ltd	91310115688759399Y	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 Norge, Filial til Nederman Nordic	914149762.0	Skedsmo, Norway	-	.*	-	-
Nederman Danmark, Filial af Nederman Nordic AB	36414642.0	Mariager, Denmark	-	.*	-	-
Nederman N.V./S.A.	428727.0	Bryssel, Belgium	4,000	100	30.4	30.4
Nederman GmbH	HRB225315	Stuttgart, Germany	-	100	19.2	19.2
Nederman GmbH (Austria)	FN2315530k	Wien, Austria	-	.*	-	-
Nederman Ltd	1393492.0	Preston, UK	10,000	100	49.3	49.3
Nederman Filtration Ltd	562216.0	Preston, UK	-	.*	-	-
Nederman CR s.r.o.	2563464.0	Prag, Czech Republic	1	100	0.0	0.0
Nederman Holding USA Inc	80-0699546	Wilmington, DE USA	-	100	106.5	106.5
Nederman Manufacturing & Logistics LLC	90-0676051	Wilmington, DE USA	-	.*	-	-
Nordfab LLC	56-1230979	Wilmington, DE USA	-	.*	-	-
Nederman Shared Services LLC	46-4172135	Wilmington, DE USA	-	.*	-	-
Nederman MikroPul Holding Inc	04-3833071	Wilmington, DE USA	-	.*	-	-
Nederman Corporation	56-0488262	Wilmington, DE USA	-	.*	-	-
National Conveyors Company Inc.	22-1547550	New York, NY USA	-	.*	-	-
LCI Corporation International	56-0732889	Charlotte, NC USA	-	.*	-	-
Menardi LLC	56-2173466	Wilmington, DE USA	-	.*	-	-
Nederman Mikropul Canada Inc.	56-2172876	Wilmington, DE USA	-	.*	-	-
Nederman S. de R.L. de CV	MIK0001128K6	Col Juarez, Mexico	-	.*	-	-
Nederman Services S. de R.L. de CV	MIK0001128K6	Col Juarez, Mexico	-	.*	-	-
Nederman Mikropul LLC	46-4352369	Wilmington, DE USA	-	.*	-	-
Auburn FilterSense LLC	6543811.0	Wilmington, DE USA	-	.*	-	-
Nederman Canada Ltd	105836613.0	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	10.6	0.3
Nederman Makine Sanayi Ve Ticaret Limited Sirketi	647743.0	Istanbul, Turkey	-	53	7.6	7.6
Nederman Holding Danmark A/S	28301650.0	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	Köln, Germany	-	.*	-	-
Nederman OOO	1082468018511.0	Moscow, Russia	-	.*	-	-
Nederman Manufacturing Poland Sp. z o.o.	503070	Marki, Poland	-	.*	-	-
Nederman Polska Sp. z o.o.	109291.0	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	9132050578206245 93	Suzhou, China	-	.*	-	-
Nordfab Europe AS	17011405.0	Mariager, Denmark	-	.*	-	-
Lebon & Gimbrair Beheer N.V.	31033906.0	Amersfoort, the Netherlands	-	100	26.7	26.7
Nederman Nederland BV	58655360.0	Amersfoort, the Netherlands	-	.*	-	-
Mikropul Holding BV	17119906.0	Amersfoort, the Netherlands	-	100	11.9	11.9
EFT France Holding	429043276.0	Pontcharra, France	-	.*	-	-
MikroPul France SAS	303573307.0	Pontcharra, France	-	.*	-	-
Nordfab Ducting Co Ltd	-	Chonburi, Thailand	-	51	0.2	0.2
Nederman MikroPul Pty Ltd	-	Bayswater, Victoria, Australia	-	100	14.4	14.4
Filtac AB	556652-2750	Kinna, Sweden	-	100	12.2	19.1
Menardi Filters Europe A/S	38209205.0	Mariager, Denmark	-	100	0.7	0.7
Nederman MikroPul Poland Sp. z o.o.	617869.0	Marki, Poland	-	.*	-	-
NEO Monitors AS	986076832.0	Skedsmo, Norway	147,076	100	415.9	415.3
Nederman Finance AB	559160-6081	Helsingborg, Sweden	1,000	100	0.5	-
Luwa Air Engineering AG	CHE-112.154.099	Zurich, Switzerland	950,000	100	203.2	-
Luwa India Private Limited	U01711KA1993FTC014292	Bangalore, India	-	-	-	-
Luwa America, Inc	C201412600738	Greensboro, NC USA	-	-	-	-
Luwa Havalandirma Teknikleri Sanayi ve Ticaret Limited Sirketi	826319.0	Istanbul, Turkey	-	-	-	-
Luwa Air Engineering (Shanghai) Co., Ltd.	913100006073822526	Shanghai, China	-	-	-	-
Luwa Air Engineering (Pte.) Ltd.	197400205K	Singapore, Singapore	-	-	-	-
Nederman Insight AB	559175-9468	Helsingborg, Sweden	1,000	100	0.1	-
Total parent company					1,526.5	1,311.8

*) 100% owned by the Group

19 Group Companies, cont'd

Accumulated cost, SEKm	2018	2017
Opening balance	1,311.8	906.5
Acquisition of Group companies	203.7	415.3
Formation of subsidiary	0.6	-
Capital contribution	10.4	-
Impairment of book value	-	-10.0
Closing balance at December 31	1,526.5	1,311.8

20 Statement of cash flow

Liquid funds, SEKm	2018	2017
Subcomponents in cash and cash equivalents:		
Cash and cash equivalents	0.3	127.1
	0.3	127.1
Adjustments for items not included in cash flow, SEKm	2018	2017
Depreciation	22.0	14.4
Unrealised translation differences	0.1	-0.2
	22.1	14.2
Unused credits, SEKm	2018	2017
Disposable funds	0.3	1 036,6

During the year, external financing were transferred to a newly formed subsidiary of Nederman Holding AB, where lending also takes place to other companies in the Group.

21 Appropriation of profit or loss

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

SEK	2018	2017
Share premium reserve	5,866,700	5,866,700
Retained earnings	481,579,660	412,971,743
Net profit for the year	104,346,889	143,344,159
	591,793,249	562,182,602
The Board of Directors propose		
a dividend to shareholders of SEK 2.30 (2.00**) per share*	80,704,132	70,177,506
to be transferred to the share premium reserve	5,866,700	5,866,700
to be transferred to retained earnings	505,222,417	486,138,396
	591,793,249	562,182,602

*Based on number of shares outstanding as of December 31. The dividend amount may be subject to change as treasury shares may be sold up to the record day of April 23 2019.

**As a consequence of the share split adopted by the annual general meeting 2018, the earnings per share in the previous years have been adjusted based on that the par value of the share is changed from SEK 0.1 to SEK 0.03. See note 17 for further information.

22 Occurrences following the balance sheet date

No significant events have occurred after the closing date.

Signatures

The consolidated accounts and the annual report have been drawn up in accordance with international accounting standards as prescribed in Regulation (EC) no. 1606/2002 of the European Parliament and of the Council dated 19 July 2002 concerning the application of international accounting standards and good accounting practice in Sweden, and they give a fair picture of the Group's and parent company's position and results.

The Directors' report for the Group and parent company provides a fair overview of the Group's and parent company's activities, position and results and they describe the main risks and uncertainties facing the parent company and Group companies. The annual report and consolidated accounts will be subject to adoption by the Annual General Meeting to be held on 29 April 2019.

Helsingborg, 13 March 2019

Jan Svensson

Chairman

Gunilla Fransson

Board member

Johan Hjertonsson

Board member

Sven Kristensson

Board member and managing director

Johan Menckel

Board member

Ylva op den Velde Hammargren

Board member

Our audit report was issued on 15 March 2019

Ernst & Young AB

Staffan Landén

Authorised public accountant

Auditor's report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Nederman Holding AB (publ) except for the corporate governance statement on pages 54-58 and the statutory sustainability report on pages 40-45 for the financial year 2018. The annual accounts and consolidated accounts of the company are included on pages 18-109 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 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 54-58 and the statutory sustainability report on pages 40-45. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of Goodwill

Description

The carrying value of goodwill at 31 December 2018 was SEK 1 182,3 million which corresponds to 31 % of the company's total assets in the group. The company conducts an annual review and in the event of an indication of impairment, to assure that the carrying value does not exceed the estimated recoverable value. The recoverable amount is determined for each cash generating unit by calculating the present value of future cash flows. Future cash flows are based on management's business plans and forecasts, and include a number of assumptions, including on earnings performance, growth, investment requirements and the discount rate.

Changes in assumptions have a great impact on the calculation of the recoverable value and the assumptions that the company makes will be of great importance when determining if there is a need for impairment. We have therefore considered that the valuation of goodwill is a key audit matter in the audit.

A description of the impairment test is presented in Note 12 "Intangible assets" and in Note 31 "Significant estimates and judgements".

How our audit addressed this key audit matter

In our audit, we have evaluated and tested the company's process to establish the impairment test, including by evaluating past accuracy of forecasts and assumptions. We also made comparisons with other companies in order to evaluate the reasonableness of future cash flows and growth assumptions, and with the help from our valuation specialists examined the selected discount rate and assumptions about long term growth. We have also reviewed the company's model and method for carrying out impairment testing and evaluated the company's sensitivity analyses. We have also reviewed the disclosures in the financial statements.

Revenue relating to Solutions (project sales)

Description

Net sales for 2018 amounts to total SEK 3553,9 million and of this SEK 1515,7 million relates to solutions (project sales), representing 43 % of total net sales. The accounting policies that the company applies for revenue recognition attributable to solutions is described on page 68 of the annual report, in Note 2 "Sales" and in Note 31 "Important estimations and assessments". The revenue of solutions is accounted for over time by measuring the current fulfillment of the performance obligation and comparing it to the complete fulfillment of the performance obligation. This is done by putting the accrued expenses in relation to the total projected expenses of goods or services that have been agreed upon. Revenue recognition of solutions requires estimates in measuring the current fulfillment of the performance obligation and comparing it to the complete fulfillment of the performance obligation. Changes in these estimations can have a material impact on the result of the company, and we have therefore considered revenue recognition related to solutions to be a key audit matter in the audit.

How our audit addressed this key audit matter

We have reviewed the company's process for revenue recognition of the segment solutions and assessed the company's estimation of the grade of fulfillment of the performance obligation. We have by testing samples reviewed the company's assessments of expected profit or loss of the project by comparisons with agreements, historical results and budget. The assessments made by the company regarding the risk of loss have also been reviewed. We have also reviewed the disclosures in the financial statements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-17. 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 assu-

rance, 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.

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 2018 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 ge-

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 54-58 has been prepared in accordance with the Annual Accounts Act.

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

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

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 40-45, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with

FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, Box 7850 103 99 Stockholm, was appointed auditor of Nederman Holding AB by the general meeting of the shareholders on the 19 April 2018 and has been the company's auditor since the 22 April 2015.

Helsingborg 15 March, 2019
Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Definitions

Adjusted EBITDA

Operating profit before depreciation and amortisation, 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 rate

Net sales divided by the average operating capital.

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.

EBITDA

Operating profit before depreciation and amortisation.

EBITDA margin

EBITDA as a percentage of net sales.

Earnings per share (after dilution)

Year's earnings attributable to the parent company's shareholders in relation to 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)

Year's earnings attributable to shareholders in relation to the average number of shares outstanding.

Equity/asset ratio

Equity divided by total assets (balance sheet total).

Equity per share

Equity divided by the average number of shares outstanding.

Interest cover ratio

Profit before tax with return of financial costs in relation to financial costs.

Net debt

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

Net debt/equity ratio

Net debt divided by the closing balance of equity at the end of period.

Operating capital

Shareholders' equity plus net debt.

Operating margin

Operating profit as percentage of net sales.

Operating profit

Operating profit after depreciation and impairment.

Organic growth

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 year after tax divided by average equity.

Return on operating capital

Adjusted operating profit as a percentage of average operating capital.

Articles of Association

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

2 § Registered office. The registered office of the Board of Directors is in Helsingborg municipality.

3 § Company's operations. The object of the Company's operations is to directly or through subsidiaries produce and market products to improve the industrial workplace environment and to own and manage enterprises as well as real estate and personal property, and to engage in compatible operations.

4 § Share capital. The Company's share capital shall not be lower than seven hundred and fifty thousand (SEK 750,000) and shall not exceed three million (SEK 3,000,000).

5 § Number of shares. The number of shares shall be no lower than ten million (10,000,000) and shall not exceed forty million (40,000,000).

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

7 § Financial year. The Company's financial year shall be the calendar year.

8 § Board of directors. The Board of Directors shall consist of at least three (3) and not more than eight (8) members with a maximum of three (3) deputies. Board members will be elected annually at the Annual General Meeting for the period extending until the close of the next Annual General Meeting.

9 § Auditor. The firm shall have at least one (1) and no more than two (2) auditors, without or with no more than one (1) deputy auditor. An approved or authorized public accountant or a registered auditing firm shall be appointed auditor and, where appropriate, deputy auditor.

10 § Notice of Annual General Meeting. Notice of 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 not earlier than six weeks and not later than two weeks prior to the meeting. Notice of Annual General Meeting shall be given in the Swedish Official Gazette (Post- och Inrikes Tidningar) as well as on the company's website. It shall be advertised in Svenska Dagbladet or, if publication is cancelled,

in Dagens Industri instead, that notice of the meeting has been given.

11 § Right to participate in Annual General Meeting. Shareholders who wish to participate in proceedings at the Annual General Meeting must be included in the transcript of the entire share register pertaining to the situation no later than five (5) weekdays before the annual general meeting, and they must register with the Company no later than 4 p.m. of the day specified in the notice of the annual general meeting. This day may not be a Sunday, other general holiday, Saturday, Midsummer Eve, Christmas Eve, or New Year's Eve, nor may it fall earlier than the fifth weekday before the annual general meeting. Shareholders or representatives may be accompanied by a maximum of two assistants at a annual general meeting, but only if the shareholder has notified the Company of the number of assistants in accordance with the preceding paragraph.

12 § Location of Annual General Meeting. The Annual General Meeting may be held in Helsingborg or Stockholm.

13 § Annual General Meeting. The Annual General Meeting shall address the following matters:

1. Election of the chairperson of the meeting;
 2. Preparation and approval of the voting list;
 3. Approval of the agenda;
 4. Election of one or two persons to verify the minutes;
 5. Determination of whether the meeting has been duly convened
 6. Presentation of the annual report and the auditors' report and report on the consolidated accounts;
 7. Resolution to adopt the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet;
 8. Resolutions on appropriation of the Company's profit or loss according to the adopted balance sheet;
 9. Resolution to discharge members of the Board of Directors and the Chief Executive Officer from liability;
 10. Determination of the number of board members and deputies, as well as, where appropriate, auditors and deputy auditors;
 11. Establishment of remuneration to the Board of Directors and, where applicable, the auditors;
 12. Election of members of the board and any deputy board members as well as, where appropriate, auditors and any deputy auditors,
- Other items brought before the general meeting or shareholders according to the Swedish Companies Act or the Articles of Association.

These articles of association were adopted by the Annual General Meeting on 26 April 2011.

Notification to attend the Annual General Meeting

The Annual General Meeting of Nederman Holding AB (publ) will take place on Monday, 29 April 2019 at the Hotel Marina Plaza, Kungstorget 6, 251 10 Helsingborg.

Schedule:

4.00 pm Registration starts

4.30 pm Meeting room opens

5.00 pm Meeting starts

Coffee and refreshments will be served before the meeting.

Right to participate at the meeting

Shareholders wishing to participate at the meeting must be recorded in the shareholders' register kept by Euroclear Sweden by Tuesday 23 April 2019 and must notify the company of their intention to attend the meeting no later than 4 p.m. on Tuesday 23 April 2019. Shareholders whose shares are registered in the name of a trustee must have their shares temporarily registered in their own name in the Euroclear Sweden shareholders' register in order to take part in the meeting. This registration, known as voting right registration, must take place by 23 April 2019, meaning that the shareholder should give notice of his/her intention of taking part at the meeting in due time before that date.

Notification

Notification can be carried out in one of the following ways:

- by e-mail stamma@nedermangroup.com
- by telephone: +46 (0)42 18 87 00
- by letter to: Nederman Holding AB (publ), "Årsstämma" Box 602, 251 06 Helsingborg.

Notification should include details of name, civic registration number/corporate identity number, address, telephone, registered shareholding and advisers, if any. The information is solely used for the requisite registration and drawing up of the voting list. Where representation is made by proxy, the original proxy form must be sent to the company along with the notification to attend the meeting. Individuals representing a legal entity must have a copy of the registration form or equivalent documentation indicating the authorised signatory. The company will provide proxy forms for shareholders who so wish: The form is also available for downloading on Nederman's website: www.nedermangroup.com.

Dividends

The board and CEO propose a dividend for the 2018 financial year of SEK 2.30 per share.

Reports

Q1 report: 17 April 2019

Q2 report: 12 July 2019

Q3 report: 17 October 2019

Nederman

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