

A woman with long blonde hair, wearing a white blouse, stands on a balcony or near a large window, looking out at a multi-story brick building. She is holding a white mug. The scene is brightly lit, suggesting daytime.

# Lindab For a better climate

Annual Report and Sustainability Report 2020







# 629,000

Good air quality is crucial for our health. Since we spend most of our time indoors (about 90 percent or 629,000 hours), we at Lindab have made it our most important task to develop solutions for a healthy indoor climate in all kinds of environments.



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*This document is a translation of the original, published in Swedish. In cases of any discrepancies between the Swedish and English versions, or in any other context, the Swedish version shall prevail.*

# A leader in ventilation



## History

Due to our high level of knowledge and skill in sheet metal processing, we already commenced series production of building products in 1959. Since then, ventilation ducts have become one of our core products and have contributed greatly to our success over the years.



## Offering

Today, we are a leading European ventilation company with more than 10,000 products and system solutions for energy-efficient ventilation and sustainable construction.



## Innovation

We place considerable emphasis on maintaining a leading position and work closely with our customers to develop solutions that make a difference.



## For a better climate

What we do has an overriding purpose. We call it "For a better climate", our contribution to a better indoor climate and sustainable development.





# Developments in 2020

**-6%**

Organic growth

**10.0%**

Adjusted operating margin<sup>1)</sup>

**1.4**

Net debt/EBITDA

Key performance indicators	2020	2019
Net sales, SEK m	9,166	9,872
Growth, organic, %	-6	3.1
Adjusted operating profit <sup>1) 2)</sup> , SEK m	916	915
Operating profit, SEK m	846	915
Profit for the year, SEK m	596	678
Cash flow from operating activities, SEK m	1,129	1,017
Adjusted operating margin <sup>1) 2)</sup> , %	10.0	9.3
Return on shareholders' equity <sup>2)</sup> , %	11.6	14.3
Return on capital employed <sup>2)</sup> , %	11.5	13.6
Net debt/EBITDA, excl. non-recurring items <sup>2)</sup> , multiple	1.4	1.6
Earnings per share, SEK	7.80	8.89
Dividend per share, SEK	3.40 <sup>3)</sup>	1.75
Average number of employees	5,121	5,202

1) Excluding significant one-off items and restructuring costs.  
 2) This key performance indicator is an "alternative key performance indicator" not defined in accordance with IFRS. For definition, see page 122.  
 3) Proposed dividend.

### Net sales, business area



### Net sales, region



### Complementary acquisitions

A leading market position, high level of profitability and strong cash flows have equipped Lindab to conduct acquisitions. Four quality companies were acquired over the year, Thor Duct, Crenna, Ekovent and Aer Faber – which complement the ventilation systems offering in priority markets. We also became shareholder in the technology company Leapcraft.



### Covid-19

Our objective has been to keep our factories and our distribution and sales channels open to the greatest extent possible. Thanks to our more than 30 production units around Europe, we have been able to safeguard our deliveries to customers. Increased local warehousing has further mitigated our delivery risks. Throughout the whole organisation, procedures have been introduced to prevent contagion and to increase employee safety.



Ola Ringdahl, President and CEO

# A leading ventilation company

**We leave an intense year behind us. In March, the corona pandemic hit Europe hard and the imposed restrictions in many countries significantly affected our operations during the spring.**

A recovery began in the summer, with construction activity increasing gradually, and this continued in a positive direction in the autumn. It is a sign of strength that Lindab managed to increase its profitability over the year and, for the first time, achieve the target of a 10 percent operating margin, despite sales having declined due to covid-19.

**“It is a sign of strength that Lindab managed to increase its profitability over the year, achieving the target of a 10 percent operating margin despite sales having declined due to covid-19.”**



Our management philosophy, with clear decentralisation and local accountability, is one of the main explanations for Lindab quickly being able to realign when the pandemic broke out. We put infection control in place for employees and customers, while keeping all of the operations running. Costs were quickly adjusted to safeguard both profitability and liquidity. The robust supply chain, with its high degree of in-house production, enabled us to continue making deliveries to customers throughout the crisis. Our customers must always be able to trust Lindab.

### Focus on ventilation in Europe

Lindab's main focus is on ventilation, our most extensive operations, with a presence throughout Europe. We shall be the leading ventilation company in Europe, specialising in air distribution and air diffusion for all kinds of indoor environments. Today, Lindab is a market leader in ventilation ducts and sets the standard for air-tight duct systems with associated air diffusers. This constitutes a strong basis for continued growth in our priority markets. In certain local markets we are also strong in other systems for the construction industry and we can take advantage of such strengths to achieve profitable growth.

Lindab's operations are concentrated within some 20 European countries. We seek a leading position in those countries, with an adequate level of profitability. As a consequence, we have closed or divested operations in about ten countries. IMP Klima of Slovenia was, for example, divested in 2020. Our measures help strengthen the Group's profitability and concentrate resources in areas where we are able to generate the greatest possible value.

### Acquisitions of well-managed companies

Acquisitions are an important part of Lindab's strategy. We will continue to acquire well-managed and profitable companies in our main European markets. The companies we acquire may add products well-suited to our range, or cover a geographic market in which we seek to become stronger. Despite the pandemic, we managed to complete four acquisitions in business area Ventilation Systems during 2020: Ekovent and Crenna in Sweden, Aer Faber in Norway and Thor Duct in Ireland. The acquired companies are being integrated gently. We believe in a decentralised organisation that works close to the customer. The same philosophy applies to the acquired companies. We focus on positive synergies and want to maintain the entrepreneurship that has made these companies successful.

### Investments in efficiency and capacity

Our increased profitability has given us the financial muscle to implement the largest investment programme in Lindab's history. Over the past two years, we have been investing purposefully in increased automation, production capacity and optimised logistics. In 2020, we invested SEK 425 m in about 50 key projects. We are expanding our ventilation production facilities in strategic locations. We are installing highly automated production lines at our factories, both regionally and at Lindab's central ventilation factories in Sweden and the Czech Republic. With short pay

back time, the first investments have already generated positive effects for our operations. The current investment plan extends three years into the future.

### Increased focus on sustainability

The year for which we now close the books gave us time for reflection. We have initiated a cautious process to clarify our strategy for the future: "Lindab – for a better climate". Sustainability is a central part of the strategy. We know that modern ventilation systems are essential in reducing energy consumption and carbon dioxide emissions in buildings to the levels adopted by the EU. Property owners will need to focus on energy efficiency for many years to come, in connection with both new construction and with renovation. European governments will be investing heavily to hasten the transformation.

A good ventilation system also improves the indoor climate for those who use the building. People are becoming increasingly aware that air quality affects their health and well-being. This has attracted even greater attention during the pandemic. Lindab wants to contribute to a healthy indoor climate.

As part of our sustainability work, we are also conducting a major initiative for a safe working environment. We are investing in modern technology, eliminating risky behaviour and training employees. With the number of accidents having decreased by more than 40 percent over the year, our work is beginning to show results, but our efforts continues.

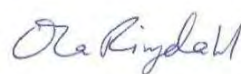
### Well positioned for the future

Lindab has made significant progress in recent years and we are well-equipped for the future. The short-term market outlook is subdued because of the pandemic and its consequences. In the long-term, Lindab will benefit from strong underlying macro trends, including energy efficiency, green buildings and demand for healthy indoor climate.

In 2021, we will continue to focus on customer satisfaction, efficiency and sustainability. We want to grow with good profitability. As with our success in managing the effects of the pandemic, our decentralised organisation will play a key role in this regard. We can see that our investments are beginning to pay off and we sharpen our competitiveness. The high pace of investment in automation will be maintained. We also want to continue acquiring quality companies that will strengthen our offering in priority markets.

I'm looking forward to continue to develop a high-performing Lindab for the future. My sincere thanks to all employees and customers for your brave efforts during the tribulations of 2020.

Grevie, March 2021



Ola Ringdahl  
President and CEO

# The market's driving forces

## Good indoor air is the key to better health

**During 2020, interest in healthy indoor environments increased significantly. Nicklas Friberg, who is responsible for the Lindab Innovation Hub, discusses why.**

### What has brought air quality into focus?

For a long time, we have seen a strong global trend regarding health and well-being, driven by increased prosperity and other factors. In 2020, this trend was reinforced by the covid-19 pandemic. People have stayed indoors far more than previously – our homes have also become the place where we work, study and entertain ourselves, therefore raising the question of just how healthy our homes really are. The pandemic has also increased our knowledge of the impact of poor air quality on the risk of developing cardiovascular disease and pulmonary issues, which increase the risk of becoming seriously ill with covid-19. These developments have increased demands for improvements in our cities' outdoor air and for a greater focus on air quality, since good ventilation impedes contagion.

### How has this impacted governmental measures?

It has accelerated investment in sustainable new construction and renovation, leading to an even greater focus on various initiatives placing human health first and foremost. Europe has already made substantial progress, with initiatives to reduce the environmental impacts of buildings, by demanding climate-neutral construction and energy-efficient renovation. Today, the importance of good ventilation for air quality, is increasingly taken into account, with regard to both new and existing buildings. This suggests that health considerations may soon be afforded the same dignity as tackling climate change.

### What do these developments entail for Lindab?

They increase the interest in Lindab's offering. With the "European Green Deal", major amounts will be invested in improving buildings' performance and air quality, increasing pressure on property owners to invest in solutions that make indoor air healthy. As Europe is relatively advanced in terms of requirements on the products used, Lindab has an advantage with our ventilation systems certified in accordance with the strictest air tightness requirements. Looking ahead, superior product quality, sustainable materials and the capacity to offer complete, energy-efficient indoor-climate systems will increase in importance for Lindab. At the Lindab Innovation Hub, we are working to increase awareness of the importance of good air quality and the need to view it from a holistic perspective, to thereby stimulate discussions and, with time, develop even better solutions.



Nicklas Friberg, responsible for Lindab Innovation Hub.

Read more about air at:

**Lindab Innovation Hub**

**90%**

It is estimated that people spend about 90 percent<sup>1)</sup> of their time indoors. During the pandemic, this share has increased, placing even greater focus on good air quality, in all types of buildings.

**400,000**

Every year, it is estimated that about 400,000<sup>2)</sup> people in Europe die prematurely as a result of bad air. Air pollution increases the risk of cardiovascular disease and lung problems.

1) European Commission: "Indoor air pollution".

2) European Environment Agency (EEA): "Air quality in Europe" (2020).



## European Green Deal

The Green Deal is the European Commission's roadmap for achieving a climate-neutral Europe by 2050. It includes various initiatives designed to foster efficient resource utilisation by transitioning to an environmentally friendly, circular economy. To be able to implement the initiatives, an investment plan has been launched covering both the public and private sectors. Currently accounting for 40 percent of energy consumption and 36 percent of carbon dioxide emissions, the property sector is prioritised in efforts to achieve this objective. Focusing primarily on energy performance, measures and initiatives in both new construction and renovation are being launched.

### The EU taxonomy

As part of the "Green Deal", the EU has classified the investments that are to be considered sustainable. The objective is to ensure that investments are made in priority areas, such as energy-intensive properties. The EU wants to reduce its dependence on fossil fuels for heating and cooling, to do something about the least energy-efficient buildings, and to renovate public buildings, such as schools and hospitals, with the aim of making them less energy-intensive, while also creating a healthier indoor environment.

# 220

More than 220 million buildings, or 85 percent of all buildings in the EU, were built before 2001 and are not considered to be energy-efficient.

# 1%

Each year, only 1 percent of Europe's buildings undergo some form of energy renovation. The plan is to increase the pace.

# 55%

The EU intends to reduce its greenhouse gas emissions by at least 55 percent by 2030, compared to 1990. Energy efficiency is a priority.

# 35

By 2030, 35 million buildings will need to be renovated with a focus on energy efficiency and improved indoor climate.

Sources: European Commission: "A European Green Deal" (2019) and "Renovation Wave Strategy" (2020).

# Strategy for profitable growth

## Our purpose

We want to create a better climate. Most of us spend a majority of our time indoors. The air we breathe, in our homes, at our workplaces and at school, affects our well-being. Since air is not visible, we do not always think about it. However, the indoor climate is crucial for how we feel, for our energy levels and whether we stay healthy. Lindab wants to contribute to the architecture and indoor climate of tomorrow. We also want a better climate for our planet. That is why we develop energy-efficient solutions for healthy indoor environments.



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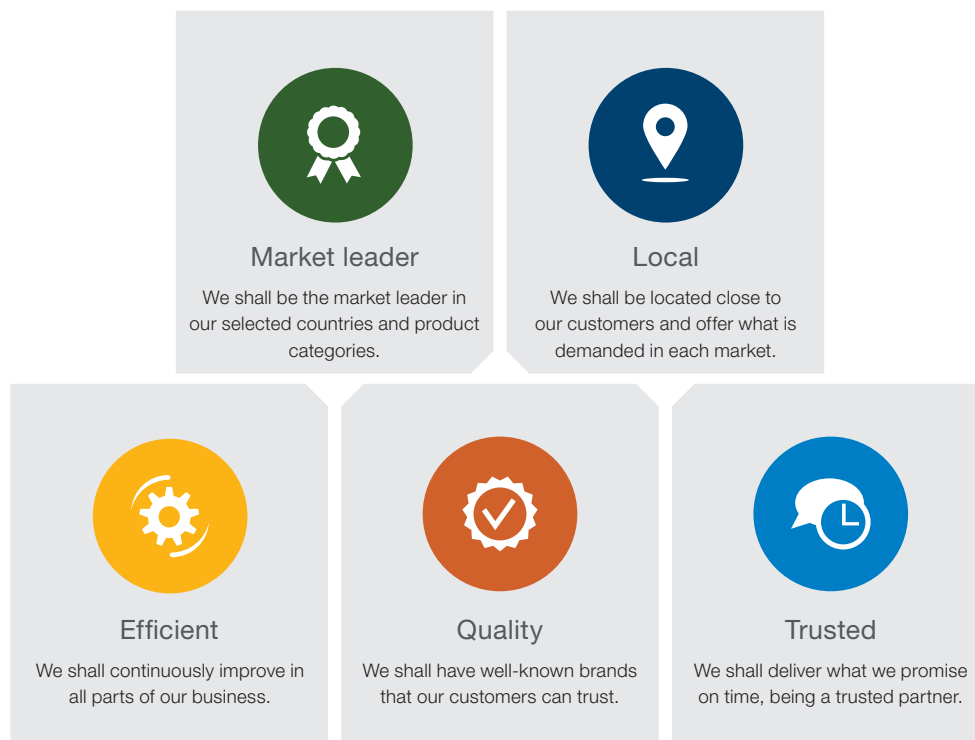
## Our vision

Our vision is to be the leading player in the area in which we are strongest – ventilation in Europe. We focus on air distribution and air diffusion. Since we offer high-quality products, we focus on Europe where demand for good ventilation is high and we can offer superior availability. We specialise on those parts of the ventilation system where we are the strongest. We adapt our offering to the local market, with our core ventilation offering as the clear common denominator in all markets.





## Our strategy



Our strategy focuses on five areas that set the framework and direction for our business, and enable us to achieve our vision and targets.

● **Market leader:** We should be the best, and preferably the largest, at what we do. Lindab focuses on selected countries in Europe where we are able to build strong customer relationships. We specialise in those parts of our offering where we have superior expertise and extensive experience. Our ambition is to be the market leader in air distribution and air diffusion. Our products shall maintain superior technical standard and be compatible with other parts of a ventilation system.

● **Local:** Lindab shall be located close to its customers and offer what is in demand in each market. This means that the offer is different in different parts of Europe, depending on what ventilation installers and tinsmiths demand. We believe in local production to reduce transportation and provide the best service. In Scandinavia, we have solid operations for sheet metal roofs, rainwater systems and wall elements, which are integrated well with the ventilation operations. This is a successful local adaptation which we are proud of.

● **Efficient:** By manufacturing standardised products, we can achieve a high degree of automation. This leads to safer work environments and higher efficiency. We shall take advantage of digital channels and of system support in our business. Lindab believes in continuous improvement throughout the company.

● **Quality:** Lindab has well-known brands that customers know they can trust. Our products are of superior quality and our employees have the skills demanded. We shall be a knowledgeable partner to whom customers can turn with their ventilation and construction projects.

● **Trusted:** We deliver what we promise, on time. The trust in Lindab has been built up over many years through our entrepreneurial spirit, with each employee taking responsibility and resolving problems as they arise. Those who are closest to our customers know best what needs to be done.

# Strategy for sustainable growth

## How we work with sustainability

Sustainability is a way of thinking and of working. It affects how we implement the strategy in all areas.

Based on our overall purpose, “For a better climate”, we can make a difference on several levels. By contributing to healthy buildings, we can indirectly make a difference for many people. We can also influence our customers’ environmental impact directly through our products and systems. In addition, our own operations shall be at the fore front from a sustainability perspective.

We have developed a sustainability plan, including objectives and activities, governing how we work to implement the strategy. This includes everything from the purchases we make, to the deliveries we complete, and the level of service we offer our customers. It is about proceeding step by step towards a circular model for the business. We still have a lot to do, but we are on our way.

### Lindab’s three sustainability objectives

- Create healthy buildings
- Reduce the environmental impact from our customers
- Drive a sustainable business

## We contribute to global goals



Lindab supports Agenda 2030, the UN’s 17 global goals for a sustainable world. The products and solutions we develop and sell, and the way we work, contribute somewhat more to twelve of these goals. The goals to which we contribute most are presented on the next page, with clear links to our three overarching sustainability areas.





## Create healthy buildings

Indoor environments are highly important in our lives – it’s where we spend about 90 percent of our time. To contribute to a better indoor climate, we are working with solutions that help people feel well and perform better. We will spread the word regarding the importance of a good indoor climate. We will also influence industry organisations and building standards in the direction of increased sustainability.

We will focus on:

- Increasing knowledge about the positive effects of indoor climate
- Influencing future building standards to create healthy buildings

We contribute to:



## Reduce the environmental impact from our customers

Our customers are working to minimise their impact on the climate. They are doing it because they are eager to contribute to a better environment, but also to meet increasing requirements. As a supplier, we shall help our customers achieve their objectives by, among other things, offering leading energy-efficient products and systems that can largely be recycled. We view new technologies and digitalisation as central to our development, alongside technical collaborations.

We will focus on:

- Sustainable and energy-efficient products and systems
- Digital support and new technologies for analysis and calibration, allowing the energy use to be optimised
- A circular economy with a higher degree of reusable construction products

We contribute to:



## Drive a sustainable business

To achieve a circular economy and to be able to offer customers sustainable solutions, all parts of our value chain – purchasing, manufacturing and transport – must reduce resource consumption, and, consequently, lower carbon dioxide emissions. Lindab should be a workplace that is fair, safe and inclusive, caring about co-workers as well as the societies we are part of. Our co-workers should be proud of working at Lindab.

We will focus on:

- Sustainable sourcing
- Sustainable production
- Sustainable transport
- Attractive employer
- Community participation

We contribute to:



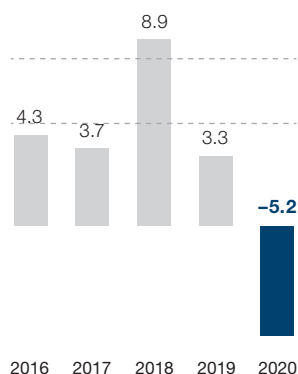
# Long-term targets

Lindab has long-term financial targets for growth, profitability and debt. In addition, at least 40 percent of net profit shall be distributed to the shareholders each year. Combined, these targets safeguard Lindab's generation of long-term value through well-balanced investments in prioritised areas.

## Annual growth

Target

# 5–8%

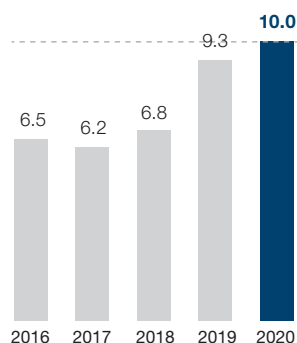


The target for annual growth, excluding currency effects, is 5–8 percent. In 2020, sales were affected by lower construction activity due to the effects of the pandemic. Lindab's sales decreased by 5.2 percent for the full year.

## Operating margin<sup>1)</sup>

Target

# 10%

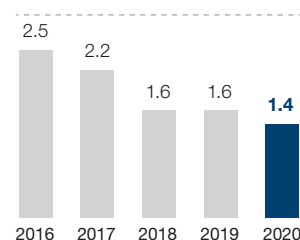


The adjusted operating margin is targeted to average 10 percent over a business cycle. Lindab achieved a 10 percent margin for 2020, the first time since the adoption of the target in 2014. It was also achieved in a year with weak economic conditions.

## Net debt/EBITDA<sup>2)</sup>

Target

# <3.0



The target for net debt is that it should not exceed three times EBITDA. In recent years, Lindab has remained below that level by a good margin. For 2020, net debt/EBITDA ratio amounted to 1.4.

## Dividend

Policy

# 40%

Lindab holds a strong financial position and intends to distribute at least 40 percent of the company's profit after tax. The company's financial position, acquisition opportunities and long-term financial needs shall be taken into account. For the 2020 financial year, it is proposed that a dividend of SEK 3.40 are to be paid on two occasions, in May and November.

1) Excluding the effect of implementing the new accounting standard IFRS 16 Leases, operating margin amounted to 9.0 percent in 2019 and to 9.7 percent in 2020.

2) Excluding the effect of implementing the new accounting standard IFRS 16 Leases, net debt in relation to EBITDA amounted to 1.0 in 2019 and to 0.8 in 2020.



Lindab has three long-term, non-financial targets for the business, one that focuses on increasing our attractiveness as an employer, one for reducing our own carbon dioxide emissions, and one for a better working environment. The Group's new sustainability plan entails new sustainability-related targets being launched in 2021.

**Attractive employer**

Target

**90%**

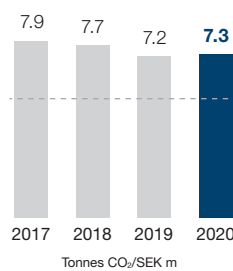


Lindab shall be an employer that attracts new talent and retain appropriate skills. The goal is for 90 percent of employees to recommend Lindab as an employer. In 2020, 92 percent of the employees recommended their workplace.

**Lower carbon dioxide emissions**

Target

**-30%**

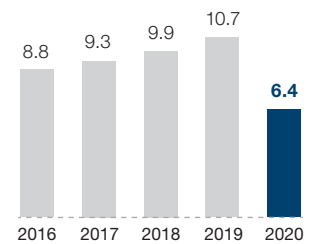


In-house carbon dioxide emissions shall decrease by 30 percent from 2017 to 2025. Lindab has reduced emissions by 8 percent since 2017. CO<sub>2</sub>-emissions as a percentage to sales increased marginally in 2020, despite total emissions having decreased during the year. We are not pleased with the result and will focus on improving in the future.

**Zero vision regarding work related accidents**

Target

**Zero**

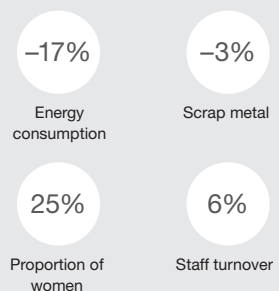


Lindab applies a zero vision for work related accidents. We follow up on this with the key performance indicator LTIF<sup>3)</sup> that is, the number of accidentent per million hours worked. In 2020, the number of accidents decreased by more than 40 percent, a valuable progress towards our vision.



**Additional key performance indicators in sustainability**

Lindab's new sustainability plan includes ten focus areas. For each focus area, specific key performance indicators are identified that support the local operations in monitoring their progress and thereby contributing to sustainable development for Lindab, our customers and society as a whole. Some of the key performance indicators for 2020 are presented here.



3) LTIF = Lost Time Injury Frequency, which is calculated as the number of accidents, causing absence with 8 hours or more, per million hours worked.



# 190 days

In Europe, more than 65 million students and almost 4.5 million teachers spend between 170 and 190 days each year in school environments. As much as 70 percent of that time is spent in the classroom, where the air quality frequently fails to meet the requirements.





### Case indoor environment

## In the classroom, air stands still

Being able to offer a good indoor climate in schools is a matter of protecting children's health and learning. Although air quality is instrumental in this regard, ventilation levels in European classrooms are unfortunately often lower than those recommended in both national and European guidelines – which is harmful for our youngsters. Svensk Ventilation's report "The air in the classroom is standing still" stated that half of Sweden's municipalities have schools with deficient ventilation and air quality. The most common problems are insufficient air flow in relation to the operations for which the ventilation is adapted, as well as inadequate service and maintenance.

When the carbon dioxide level in a classroom is too high, students find it difficult to concentrate and their capacity for learning decreases. Studies show that children's performance deteriorates more than twice as much as that of adults when the indoor air is bad. Smart ventilation systems, adapted according to needs, measure the quality of the air in the room and continuously optimise the air flow. This provides a healthier indoor climate while also saving energy.

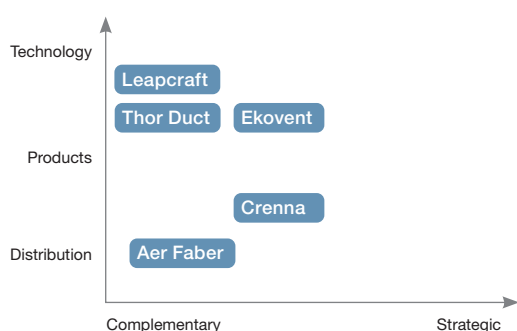
Sources: European Commission: "The Organisation of School Time in Europe" (2019) and "Renovation Wave Strategy" (2020), "Healthy Homes Barometer" (2019), Svensk Ventilation: "The classroom air stands still" (2019).

# Acquisitions of quality companies

Acquisitions are an important part of Lindab's strategy. We shall acquire well-managed, successful companies that complement our offering in selected regions and product areas. The acquired companies continue to operate independently under their own brands, while, at the same time, benefiting from Lindab's sales network and central resources at their chosen pace. In 2020, we completed four acquisitions, two in Sweden, one in Norway and one in Ireland. The acquisitions of Crenna and Ekovent strengthen our position in the Swedish ventilation market. We gained an even stronger range of ventilation ducts and accessories in Sweden and additional fire protection solutions. With

the acquisition of Aer Faber in Norway, we gained a strong position in the Oslo region, while, at the same time, obtaining access to sales and production of rectangular ventilation ducts. The acquisition in Ireland comprises Thor Duct's system for smoke extraction ducts. Although this was a minor acquisition, it provides us with knowledge and control over a technology that forms an important part of a ventilation system. During the year, we also acquired a minority stake in Danish Leapcraft, which enables joint product development and gives us access to technologies for analysing and monitoring the indoor climate.

## What kind of acquisitions did we make in 2020?



## Companies acquired and divested

	Annual sales, SEK m	Profitability cf. Lindab
<b>Fully owned</b>		
Aer Faber	53	Higher
Crenna	118	Comparable
Ekovent	127	Comparable
Thor Duct	15	Higher
<b>Part-owned</b>		
Leapcraft	-	-
<b>Divested</b>		
IMP Klima	269	Lower

“Lindab acquires well-managed companies with high-quality products, good customer relations and superior expertise. We therefore have no reason to change their successful business models, and allow them instead to benefit, where relevant, from Lindab's large-scale purchasing, the well-established distribution network and other key resources.”

Lars Christensson, Director of Business Development and M&A at Lindab

### Thor Duct

Thor Duct is the market leader in multi compartment ventilation systems handling fire and smoke. Thor Duct is based in Ireland and licenses its technology to a number of customers in the UK and Ireland, mainly installers with their own production. The products are certified for use throughout the EU, but local practices and regulatory requirements mean that Thor Duct has focused on Ireland and the UK.



### Ekovent

Ekovent was founded in 1972 and is today a leading Swedish manufacturer of ventilation and fire protection products with slightly more than 60 employees. The head office and two production facilities are located in Vellinge outside Malmö, Sweden. The company also has sales offices in Stockholm and Gothenburg. Ekovent's development department, with an advanced test lab, is also located in Vellinge. Ekovent mainly manufactures products for fire and smoke protection, but also offers other ventilation products such as roof hoods, grilles, dampers and fans.

### Crenna

Crenna is a leading manufacturer of high-quality rectangular ventilation ducts in Sweden and offers the market's widest range of silencers. The company opened in Enköping in 1993 and employs slightly more than 90 people. Manufacturing is conducted in Enköping, Gothenburg and Stockholm. The range also includes dampers, exterior wall grilles and roof hoods. Crenna's premium ducts offer maximum air-tightness (class D) and are manufactured and quality controlled by tinsmiths with extensive craftsmanship skills.



### Aer Faber

Norwegian Aer Faber was founded in 2002 and maintains a production facility, a warehouse and a store in Spydeberg, southeast of Oslo, and another warehouse in Oslo. With just over 20 employees, the company has made itself known for its high degree of availability and level of service. It holds a strong position among ventilation installers in the Oslo region. Production mainly encompasses rectangular ventilation ducts.

### Leapcraft

Leapcraft is based in Denmark and offers European customers subscription-based services for monitoring and analysing the indoor climate, as well as sensors for indoor and outdoor use. It offers property owners, consultants, installers and tenants the opportunity to continuously monitor their indoor climate and to determine how the ventilation system should be adjusted.



leapcraft



# Close dialogue with customers

Every year we meet tens of thousands of customers, from local tinsmiths to major international construction groups. We help architects and consultants with advice and software that simplifies their design and planning processes, we provide installers and tinsmiths with everything they need when assembling and installing. We make sure that our part of the solution always simplifies the process for those responsible for the contract or system. We also collaborate with various customer groups in developing new products and solutions, with the aim of holding a leading-edge position and driving development in the industry.

- Ventilation installers
- Tinsmiths
- Construction and ventilation contractors
- Roofers and roof installers
- Resellers
- Architects and consultants
- Property owners



## Ventilation installers

One of the customer groups with whom we have most frequent discussions are those responsible for installing our ventilation and indoor climate products – ventilation contractors and ventilation installers. The contractors are often larger companies, sometimes international, that bear an overall responsibility for all of the aspects involved in installing an HVAC system in a building. They plan, dimension and calculate everything needed for a system – and then use their own installers or subcontractors when it is ready to be installed. Lindab has framework agreements with large ventilation contractors and dedicated account managers to assist them in their projects. Although a ventilation

installer may belong to a major company, they generally conduct their operations on a smaller scale. With ventilation systems becoming increasingly complex, we are seeing a clear trend in which project-based expertise and knowledge in ventilation control, regulation and automation is becoming increasingly important, which requires companies to be of a certain size. Regardless of the project, the challenge is to achieve a good flow in the process so that the lead times are as short as possible. The greatest cost efficiency is achieved in projects using quality products where assembly times, delivery times and flexibility among suppliers are key factors. A successful installation requires:



- Intuitive and easy-to-use products and systems
- High-quality products, made of sustainable materials
- Superior availability and delivery performance

Lindab lives up to all of this, with a brand that is well-known for its superior quality and reliability. We also assist customers with smart tools and other aids that improve their work environment, facilitate the work and safeguard quality, including measuring equipment and cutting benches. Lindab's products and systems solutions are also among the most energy-efficient in the market and contribute to a healthy indoor climate.

## Tinsmiths

The tinsmith profession is more than a thousand years old, and there is no indication that it will disappear – on the contrary – being able to process sheet metal, with its aesthetic, sustainable and environmental properties, will have an important role to play in future construction projects. Unlike the ventilation industry, there are currently few larger tinsmith companies. Tinsmiths often work individually or in small local companies. Tinsmiths know that Lindab's products stand for quality, although the level of service offered is just as important. Lindab shall act as a speaking partner in each individual project. A local presence is also of great importance, Lindab must be present where the work is conducted. Secure and simple guarantees are another important factor for collaborations to function. As a stage in further simplifying construction, Lindab also offers smart aids and tools to tinsmiths, easing and accelerating their work and making it less demanding on the body. These include everything from traditional hand tools to measuring equipment and innova-

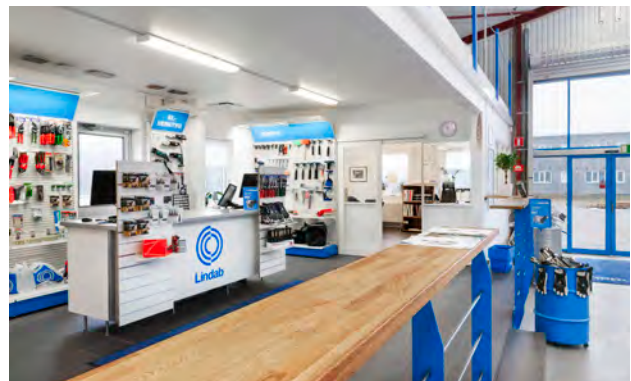


tive fastening solutions. One of Lindab's most important tasks, however, is to provide the tinsmiths with leading-edge products from the perspective of sustainability. For a tinsmith, being able to offer sheet metal solutions that increase the energy efficiency of a building, can be crucial in the competition with other materials and craftsmen.



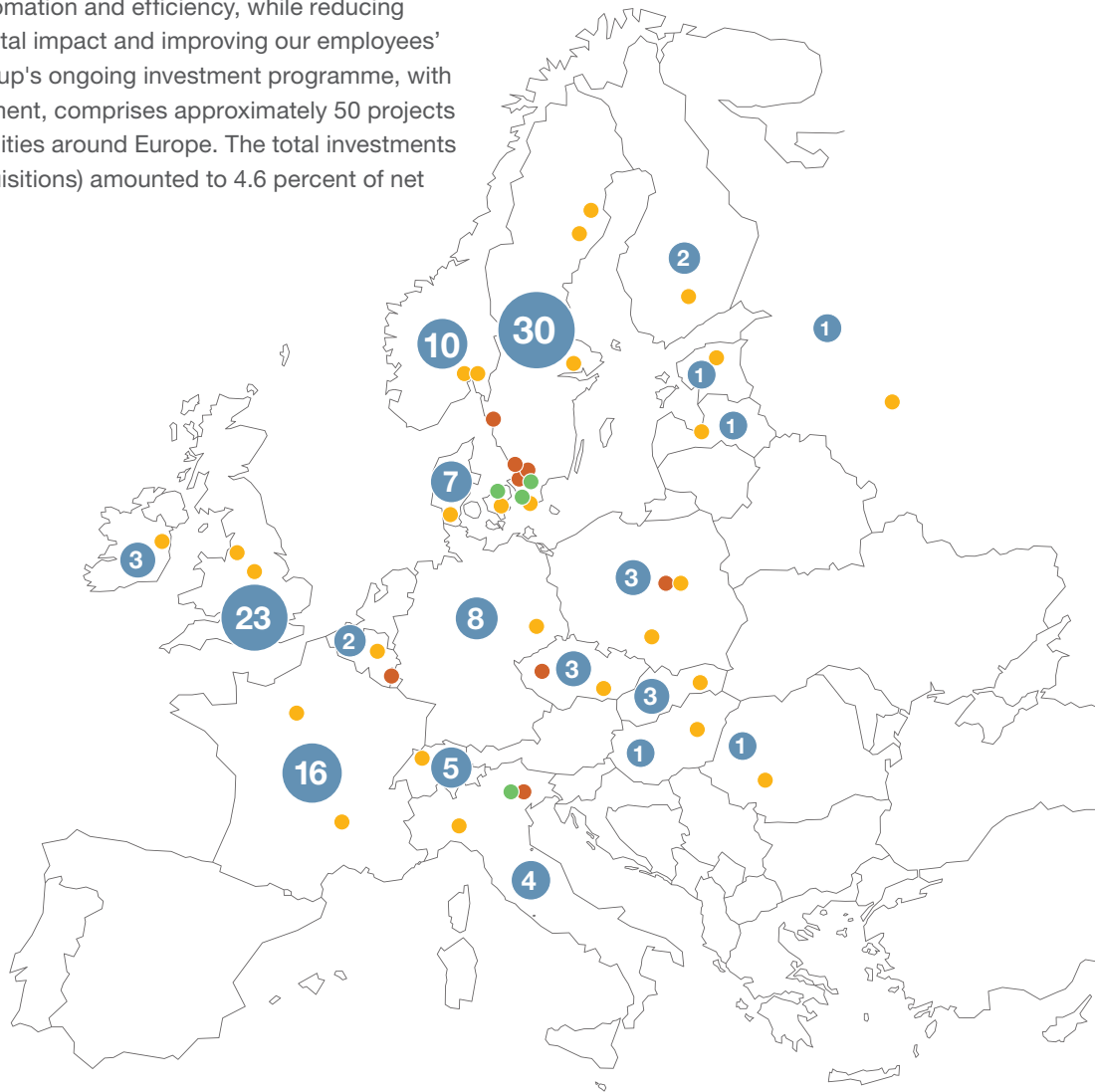
## Our stores

Our stores in Norway and Sweden provide ventilation installers and tinsmiths with everything they need for their assignments – products, equipment and protective clothing. The reasons for this lie in Lindab's traditions and its historical focus on its tinsmith customers. This setup also results in synergies in purchasing and delivery, as well as for the brand. In the shops, both customer groups also receive advice, as well as planning and dimensioning services when working with larger projects. Our stores in the rest of Europe are mainly adapted to the needs of local ventilation customers. Our products are also represented at builders' merchants stores in many countries.



# Powerful investments

We are continuing to increase the utilisation of technology in production and to optimise the logistics network. It allows us to continue offering market-leading products and to work even more closely with our customers. The focus is on automation and efficiency, while reducing our environmental impact and improving our employees' safety. The Group's ongoing investment programme, with its rapid repayment, comprises approximately 50 projects at Lindab's facilities around Europe. The total investments (excluding acquisitions) amounted to 4.6 percent of net sales in 2020.



**SEK 425 m**

● Number of branches ● Central production ● Local production ● R&D centre

During the year, we invested SEK 425 m in strengthening efficiency and increasing production capacity. Modern equipment also leads to improved safety for our employees. We are implementing the largest investment programme in Lindab's history.



Examples of types of investments

→ Increased automation provides capacity boost

An extensive investment programme is in progress at our largest production unit in Karlovarska, outside Prague. With new, fully automated lines for the manufacturing of standardised ventilation and indoor climate products, capacity is increased and lead times are shortened while mitigating the climate impact and increasing safety.



→ New equipment improves safety

Lindab has more than 3,000 employees working in production and logistics. The investments now being made bring significant improvements in the safety of these working environments, including equipment that completely eliminates dangerous manual tasks. The number of accidents at Lindab decreased by 40 percent in 2020.



→ Modernisation of local production

Finished duct systems are bulky to transport. Completing the duct systems locally is optimal from both the customer and environmental perspectives. During 2020, we continued to upgrade several of our local production units with new, modern production technology and expanded warehouses.



→ Extended production of rectangular air ducts

Lindab has extended the production of rectangular ventilation ducts in Denmark and Sweden. Rectangular ducts are tailor-made for each order and place different demands on the production process than mass-produced circular ducts. The acquisitions of Crenna and Aer Faber have contributed to increased knowledge in the area.



→ New sustainable distribution in Germany

Our unit in Weimar, in central Germany, will be the new distribution centre for deliveries to our German units and customers. This enables faster and more reliable deliveries, and is better for the environment. The initiative includes warehousing with space for 8,000 pallets. We are also expanding in Lyon, France, to strengthen our distribution in the French market.



→ Increased capacity in central production

At our central production unit for ventilation products in Grevie, Sweden, a gradual streamlining and expansion of capacity is in progress. In addition, we are working to strengthen the capacity of the adjacent distribution centre to meet growing demand for the ventilation and construction products that are manufactured here.



# Decentralised responsibilities



## Local responsibility strengthens trust in the organisation

Focusing on short decision-making paths and removing unnecessary hierarchies, Lindab has developed into a decentralised organisation with local managers who take responsibility both for customer satisfaction and for targets being achieved. This model has increased the organisation's self-confidence, particularly in light of how successfully various challenges were handled during the pandemic. Fundamentally, it is a matter of trusting one another and the organisation.

## Model for good development opportunities

Employees undergo regular performance appraisals and employee surveys are conducted on an ongoing basis. Formalised development talks are an important tool in the development both of employees and the organisation. Linked to this is succession planning, which supports the identification and development of people for key functions. In connection with development talks, employees and managers are encouraged to develop individual development plans, including training courses at Lindab Academy. Completed courses are added to the employee's internal CV, facilitating internal recruitment and project-role assignments and increasing the employee's internal development opportunities.



## International and expanding operations provide opportunities

We are an international organisation with employees in 24 countries. In addition to the Nordic region, we have extensive operations in the Czech Republic, the United Kingdom, France and Poland. Of our employees, 80 per cent work outside Sweden and many career opportunities can be offered.



Number of employees

**5,121**

We have a diversity of people coming from different backgrounds and cultures, bringing a high level of skill.

Number of countries

**24**

We are concentrating our business in a smaller number of countries, but there we intend to grow.

Number of locations

**145**

We should be where our customers are, which are in many places around Europe.

## How did you manage the operations in 2020 – in the middle of a pandemic?



**Michal Klimovič**

Managing Director of Lindab Czech Republic, and responsible for production in Karlovarska, Prague, with more than 700 employees.

“Year 2020 turned out to be one of the strangest years I have experienced. In March, we acted quickly, cancelling business trips and banning factory visits, while those who could, started working from home. We bought thousands of face masks and lots of soap and disinfectant. Most important, however, was explaining to employees why we were doing these things and what was expected of all of us. After a calmer summer, the covid-19 situation grew serious again in the autumn. That was also a tough period for our business, with a lot of sick leave and our production facility being overloaded. But with a strong team spirit and hard work, we have kept both our customer relationships and our deliveries going.”



**Mette Brøndum**

Managing Director of Lindab Denmark and Director of Sales Region West Europe, with responsibility for almost 1,000 employees in total.

“When the restrictions came, we quickly developed clear communications with all managers and employees to make everyone aware of how the contagion could be avoided. We made it possible to work from home, introduced measures for social distancing, extra cleaning and, not least, we established a safe working environment for those who stayed on in production. All of our managers have shown tremendous responsibility with the rules, establishing new digital ways of meeting employees and customers. Thanks to the efforts of all of our employees, we can look back on a year in which, despite the virus, we experienced our lowest levels of sick leave to date, and in which we maintained a high level of service.”



**Iain Robertson**

Managing Director of Lindab UK with responsibility for some 300 employees in 24 locations, and with 23 branches and a production unit.

“It was made clear from the start that the construction industry in UK would be kept going. Concerns caused construction sites to close, however, which affected us negatively. We took immediate action to be able to support our customers while also protecting our colleagues and securing the operations. We put staff on furlough and closed six branches. The employees who remained at work quickly adapted to new ways of working, with online customer meetings. We have adhered to the official guidelines and secured the working environment for our employees and customers. As activity has increased, we have reopened all of our branches and our furloughed colleagues are back at work.”



**Nicola Ivan Zanon**

Managing Director of MP3 with responsibility for nearly 100 employees in production and sales in Italy.

“Both in Italy and here at MP3, we have fought a tough fight against covid-19. Early on, we introduced measures to keep our units open, but had to adapt to official closure demands. When we were allowed to open again, we were able to do so quickly and efficiently. From management, we have provided continuous information on important procedures to be adhered to. Health and safety has been in focus, with regular use of disinfection, mandatory face masks and temperatures being taken every morning. We have reorganised to avoid congestion in production and have introduced smarter ways of working. We ended the year with new approaches, a strong team spirit and confidence in 2021.”

### Our core values



**Customer success**

We believe that customers' success drives our success. This is realised by leading the development of solutions in our core segments.



**Down to earth**

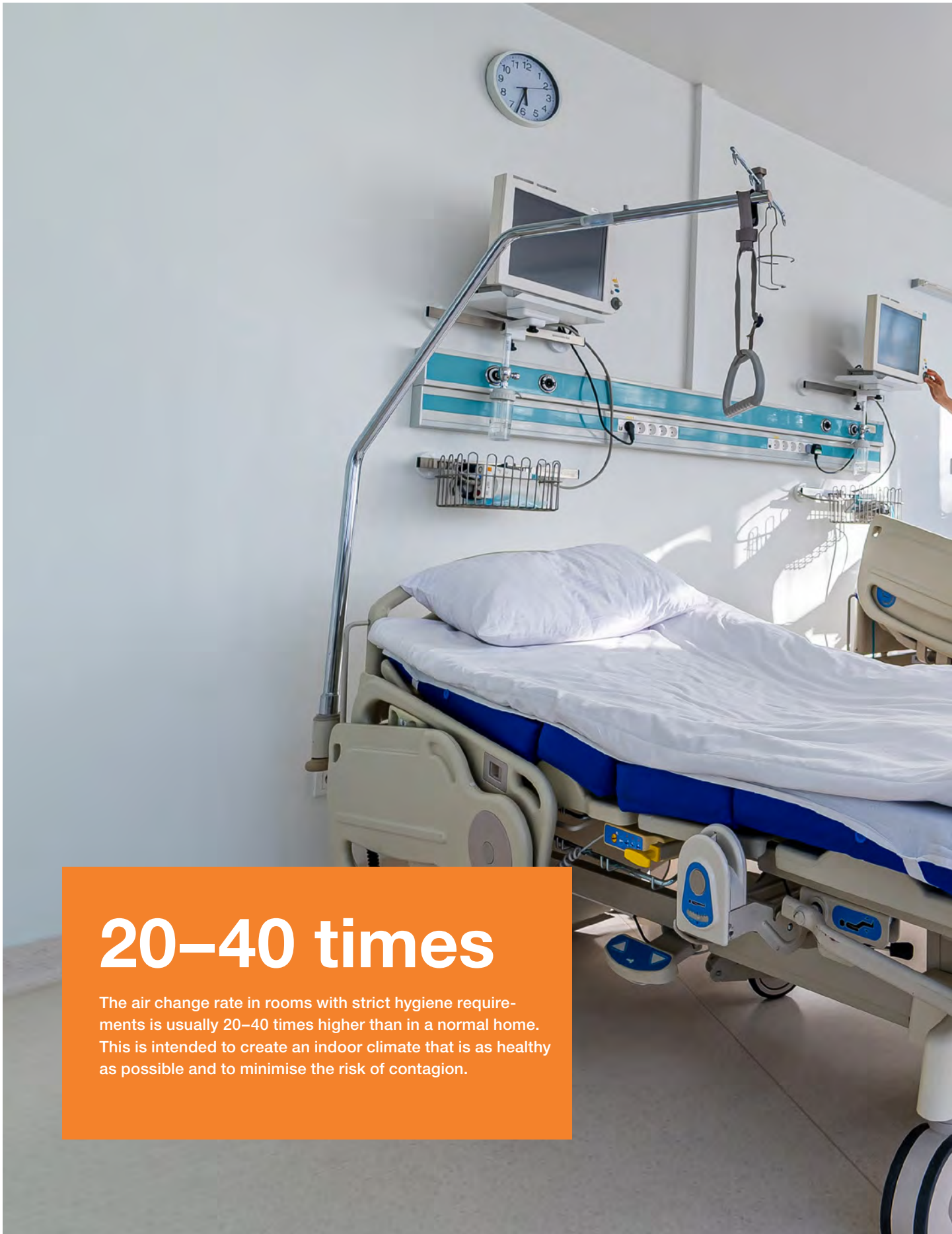
We strive for long-lasting relations built on an uncomplicated, humble and trustworthy approach. Efficient and fast decision-making is an important part of this.



**Neatness and order**

Neatness and order throughout impacts efficiency, as well as the company's general image. It also contributes to a sense of pride among employees.





## 20–40 times

The air change rate in rooms with strict hygiene requirements is usually 20–40 times higher than in a normal home. This is intended to create an indoor climate that is as healthy as possible and to minimise the risk of contagion.



### Case indoor environment

## What must always work

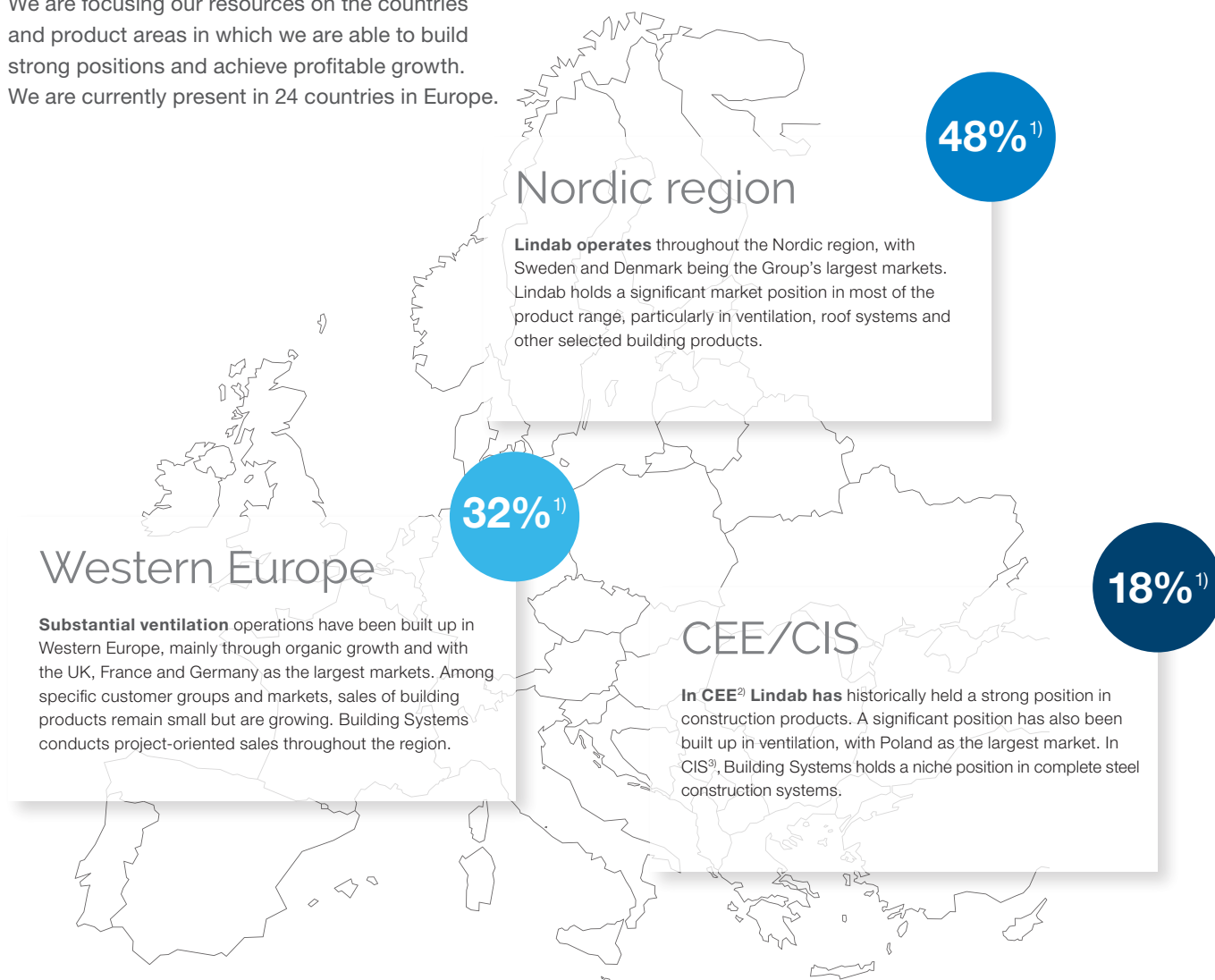
Hospitals have particularly high requirements for clean air. Appropriate ventilation, humidity and temperature, make health care as safe as possible. It follows that the solutions are energy-intensive. It is critical that the ventilation always work and that the temperature inside the health care facilities never falls below 21°C. Close cooperation between the health care facilities, ventilation suppliers and the property owners is necessary to foster the appropriate conditions. Today, one challenge posed by hospitals in Europe is that many buildings are old and difficult to renovate to achieve improved ventilation and to reduce energy consumption.

The covid-19 pandemic has posed particularly great challenges for health-care, with its urgent need to adapt the hospitals quickly to a large number of patients requiring intensive care. At Lindab, we have continued to deliver solutions for energy-efficient air treatment for hospitals and other health care facilities – in connection with both new construction and renovation.

Sources: Swedish Energy Agency: "Energy-efficient ventilation for hospitals" (2017), Energy & Ventilation: "Ventilation and care – A difficult collaboration" (2010), European Commission: "Renovation Wave Strategy" (2020).

# Geographical regions

We are focusing our resources on the countries and product areas in which we are able to build strong positions and achieve profitable growth. We are currently present in 24 countries in Europe.



## The covid-19 crisis resulted in a sharp decline of construction activity

The construction market forecast for 2020, presented by Euroconstruct at the end of the year, indicated a decline of 8 percent, in line with the decline in connection with the financial crisis of 2008. This time, it was the covid-19 crisis that had a negative impact on activity levels. Just as there has been considerable variation in contagion levels and restrictions, construction activity has also varied widely. The largest declines were noted in southern Europe, while the markets in the north performed better. Economic stimulation packages, renovation incentives and optimism regarding vaccines are generating expectations of a recovery over the next few years.

1) Share of the Group's net sales (other markets 2%).

2) Central and Eastern Europe.

3) Commonwealth of Independent States (former Soviet republics except the Baltic States).

4) Source: Euroconstruct's forecast, November 2020.



# Three business areas

Lindab's products and system solutions are offered out of three business areas. Ventilation Systems and Profile Systems share certain resources in purchasing and logistics, offering their products via a shared network of stores in Sweden and Norway. Building Systems is operated as a separate company with its own brand and has a more project-based business model than the other business areas.

	Ventilation Systems	Profile Systems	Building Systems
Share of the Group's net sales	62%	28%	10%
Share of net sales by region	<p>Western Europe 42% Nordic region 43% CEE/CIS 13% Others 2%</p>	<p>Nordic region 76% CEE/CIS 18% Western Europe 6%</p>	<p>Western Europe 47% CEE/CIS 49% Others 2% Nordic region 2%</p>
Important customer groups	Ventilation installers Ventilation contractors HVAC consultants	Tinsmiths Construction contractors Resellers	Commercial companies Industrial companies City planner
Largest brands			
Sales channels	Direct delivery to customers or distribution through 124 Lindab branches and approx. 1,000 resellers.	Direct delivery to customers or distribution through 50 Lindab branches and approx. 2,000 resellers.	Project-based sales through some 300 contracted construction contractors, or directly to key customers.
Market segments	<p>■ Non-residential construction ■ New construction ■ Residential ■ Renovation</p>	<p>■ Non-residential construction ■ New construction ■ Residential ■ Renovation</p>	<p>■ Non-residential construction ■ New construction ■ Residential ■ Renovation</p>
Other major players in the industry	Aldes, Fläkt Group, Swegon, Systemair, Trox	Areco, BudMat, Kingspan, Plannja, Pruszyński, Ruukki	Fayat, Goldbeck, Kingspan, Severstal



Business area  
**Ventilation Systems**

The lower level of construction activity, due to the pandemic, had an impact on Ventilation Systems. Furthermore, service technicians did not have access to ventilation facilities to the same extent as previously. Sales recovered in the latter part of the year, and the year ended with organic growth for the fourth quarter. Profitability was slightly better than in the previous year, despite decreased sales.

**-5%**

Organic growth

**10.4%**

Adjusted operating margin

Share of Group



Net sales



Adjusted operating profit



Number of employees

Significant events in 2020

- Acquisitions of four high-quality companies: Thor Duct (Ireland, specializing in ventilation for fire safety), Crenna (Sweden, leader in rectangular ventilation ducts), Ek-ovent (Sweden, leader in ventilation and fire protection products) and Aer Faber (Norway, strong position in the Oslo area).
- Co-owner of Danish Leapcraft, experts in advanced measurement and analysis of indoor climate.
- Divestment of the Slovenian subsidiary IMP Klima due to weak development of profitability.

Ventilation Systems offers installers, and other clients in the ventilation industry, duct systems with accessories, and indoor climate solutions for ventilation, cooling and heating.

**New technology for demand-controlled ventilation**

We are investing in the development of the next generation of indoor climate systems, where digitalisation and sensor technology are increasing in importance. Through the Lindab Innovation Hub, new product ideas and partnerships are tested, and we work to renew and clarify standards for indoor air quality. In addition, we are continuously upgrading and strengthening the product range, including our products for demand-controlled ventilation systems.



**Complete offering of leading and energy-efficient duct systems**

We offer a wide range of ducts and other details that together form the foundation for a complete solution for the transport of air. Our duct systems include both circular and rectangular ducts, meeting the needs of all kinds of buildings, in connection with construction and renovation, for better air quality and higher energy efficiency. Several of our duct systems are certified for maximum air-tightness, class D.

**Fireproof ventilation**

We offer certified products, including fire dampers, fans and ducts that can withstand very high temperatures, and we develop complete fireproof system solutions for all types of buildings. Fire protection is usually nationally regulated and it is therefore important to offer the appropriate products and solutions to be able to be certified in a particular market. During the year, we fulfilled Denmark's new fire safety requirements for duct systems, and in Sweden, the UK and Ireland we strengthened our position by means of acquisitions.

**Support for simpler design and planning**

We have extensive experience of developing software that simplifies the design process for ventilation and indoor climate, and includes our easy-to-use web tool LindQST for product selection and simulation. During the year, we connected LindQST with MagiCAD – the dominant BIM tool in the Nordic markets.



**50%**

Our intelligent solution for demand-controlled ventilation, Lindab Pascal, provides 50 percent lower energy use than a traditional pressure controlled VAV system.



**Case:**

**Solution for a productive and healthy head office in Finland**

Our indoor climate solutions include air diffusers, water-borne climate systems and acoustics that provide a comfortable, healthy and productive indoor climate. We also offer cooling units, air conditioning and heat exchangers that transport or regulate air. In Helsinki, Finland, we have delivered a complete indoor climate solution, including duct systems, to K Group's new head office, a project that imposed extensive requirements on sustainable solutions in all parts of the construction. Our solution creates a healthy and productive indoor climate for the 2,000 people in the building, at the same time as it contributes to greater energy efficiency.





# Business area Profile Systems

Profile Systems began the year with high growth, which slowed as construction activity decreased due to the pandemic. Profile Systems, on the other hand, was able to benefit from its strong position in the Nordic region, where construction activity was less affected than in the rest of Europe. The business area increased both its sales and operating margin over the year.

**5%**

Organic growth

**12.4%**

Adjusted operating margin

## Share of Group



Net sales



Adjusted operating profit



Number of employees

## Significant events in 2020

- Customers continue to show great interest in SolarRoof. In addition, SolarRoof was awarded Byggeriet's 2020 Energy Prize in Denmark.
- In recent years, Lindab has delivered more than 30 padel halls. An example is the latest padel hall and office property in Båstad, where Lindab delivered the complete structure, including the frame, exterior walls and roof.
- An order, valued at SEK 120 m, for delivery to a major logistics property in Norrköping, Sweden. The property will be used for the storage and distribution of products for a chain of builders' merchants in Sweden and Norway.

Profile Systems offers the construction industry products and systems in sheet metal for rainwater systems, roof and wall products as well as steel profiles for wall, roof and beam constructions.

**Aesthetic roof solution with solar energy**

To us at Lindab, innovative and sustainable product development is fundamental. Lindab SolarRoof is our designer solution of sheet-metal with integrated solar cells. The solar cells are so thin that they blend into the design of the roof. In 2020, SolarRoof was awarded Byggeriet's Energy Prize in Denmark – the motivation being that Lindab had combined an established roofing technique using sheet metal with the latest solar energy technology.



**Everything for roofs and walls – in steel**

An attractive and durable roof is central in all building projects. Lindab is an expert in roof solutions, offering sheet roof metal materials, completed roof profiles, roof safety systems, rainwater systems, high-profile sheeting and many other solutions. We also offer various solutions for façades, as well as for interior and exterior walls. The range includes sandwich panels, façade cassettes, partition wall profiles and exterior wall profiles.



**Materials and components that simplify and improve the construction process**

Lindab's steel-plate building components are quality products, designed and developed in Sweden, offering substantial value in terms of building technology innovation. We also offer a wide selection of materials to suit all types of productions and requirements, both as shaped panels and in rolls.



**Smart software for more profitable projects**

The software we provide helps customers shorten the design and installation phase, minimises risks and creates optimal, reliable designs in the shortest amount of time possible. Lindab's building components can be downloaded as completed BIM objects, ready for use in the design process.



**2 years**

Through an efficient production process and energy from the sun, our solar panels become carbon neutral within two years.



**Case: Functional building solution for an increasingly popular sport**

We are not only providing products for the day-to-day work at the construction site, we are also engaged in larger projects, in which we plan and deliver in partnership with our customers. The offering includes economical, functional and environmentally-adapted building solutions for both residential and commercial properties. Depending on the need, either customised or standardised solutions are delivered. In recent years, we have, for example, delivered more than 30 complete padel halls – the most recent of which was assembled in Båstad, Sweden. In addition to five padel courts, the hall also has a bistro, a lounge and a gym, as well as conference facilities and offices.





# Business area Building Systems

Building Systems has been affected by fewer new construction projects commencing due to the pandemic. In addition, sales largely originate in countries impacted by extensive shut-downs. Efforts to increase profitability have been successful and the business area achieved a stable operating margin despite decreased sales.

**-26%**

Organic growth

**5.9%**

Adjusted operating margin

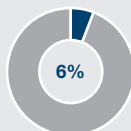
### Significant events in 2020

- During the year, 23 agreements valued at more than SEK 10 m each, were signed.
- Cost savings continued, adjusting the business to a lower level of sales.

### Share of Group



Net sales



Adjusted operating profit



Number of employees



Building Systems offers customised solutions for logistics and industrial buildings, as well as multi-storey car parks, in Western Europe and CEE/CIS.



Production and warehouse facility in Strzelin, Poland



Logistics facility in Fürstenwalde, Germany



Building for a data centre in Basel, Switzerland



Multi-storey car park and playground in Roskilde, Denmark

**Complete building systems for fast and secure delivery**

The focus is on competitive, completely pre-fabricated steel building systems that require less time from ordering to on-site assembly. Most buildings are tailored to the requirements and specifications of the individual customer and the operations are therefore project-based. Sales are mainly conducted through a network of more than 300 construction contractors. Building Systems also partners with international corporate groups with building programmes involving multiple projects. In 2020, 210 new projects were secured. Including delivery of new multi-storey car park concepts, buildings connected with the strong trend in e-commerce and production halls for the pharmaceutical industry. To meet continued high demand for the business area's low-energy buildings, a new sustainable wall concept was launched.

**Sustainable industrial buildings with a premium feel**

Building Systems has developed a concept for architectural exteriors for industrial buildings. This comprises a collection of smart fittings mounted onto panels, giving the building a solid technical solution with an aesthetic feel and favourable thermal performance. The name TopFit™ alludes to a superior product that also blends in. It was launched in January 2021.



**100%**

Building Systems' building materials are recyclable. "Green steel solutions" are also offered, for example in multi-storey car parks.



**Case:**

**Quick solution for fast-growing e-commerce**

The covid-19 pandemic caused an already high growth rate in e-commerce to further accelerate. Building Systems has delivered several buildings for this segment, including a 100,000 m<sup>2</sup> logistics centre for a leading e-commerce company in Germany. This included an ultra-modern warehouse, loading and logistics facilities, offices as well as parking for almost 400 transport vehicles. The challenge lay in completing the assignment with speed and precision. This was achieved through efficient and customised production of all of the components, which were then prepared and transported to the construction site for rapid and precise step-by-step assembly by an external contractor.

# Sustainability 2020

**Matilda Isaksson, Sustainability Specialist at Lindab, what aspect of the sustainability work was most important in 2020?**

The year 2020 was special. Early in the pandemic, there was considerable concern in the business community that sustainability efforts would cease. The opposite proved to be true. We are discussing a green realignment. The EU taxonomy will soon be implemented and we have seen more innovative ideas than ever before. For us at Lindab, the most important thing has been our work with the new sustainability plan. We have raised the level of ambition considerably and are now looking forward to making this a reality.

**In what areas are the biggest changes occurring?**

We have initiated several exciting product development projects that will have a major impact on our customers' energy use. Our sustainable sourcing concept is in place and we have performed our first audit of a supplier in a high-risk country. Not only is the Group's investment programme bringing a better working environment for my colleagues, it also entails products being manufactured more resource-efficiently.

**What do you see as the top priority in 2021?**

Implementing the plan and developing new targets, performing risk analyses, increasing transparency and starting the sustainable sourcing process for all of the companies. During the year, we will participate in the UN



Matilda Isaksson is Sustainability Specialist at Lindab.

Global Compact's SDG Ambition programme, with the aim of accelerating the integration of the 17 goals into the core business. Internal communications are important in engaging all employees and increasing their understanding of how they can contribute. We will only succeed in achieving our targets if we do the work together.

**Lindab's three sustainability objectives**

- Create healthy buildings
- Reduce the environmental impact from our customers
- Drive a sustainable business



Lindab reports its sustainability work in accordance with GRI, supports the UN Global Compact and works for Agenda 2030, the UN's global goals for sustainable development. The GRI Index is presented on pages 124–126.

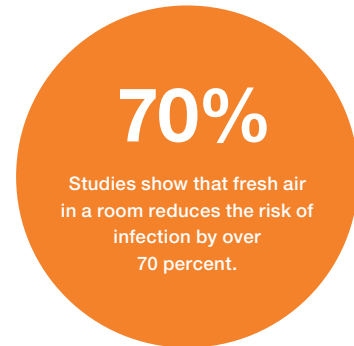
**How we work**

Sustainability shall be part of every action we take, ensuring that we progress in the right direction. That is why we have developed an overarching sustainability plan, which guides our efforts. It comprises three parts – *Create healthy buildings*, *Reduce the environmental impact from our customers* and *Drive a sustainable business*. Each part contains a number of focus areas. These are interconnected and each is crucial to the fulfillment of the others, just as all of the UN sustainability goals must be taken into account to achieve the greater objective.

## Create healthy buildings

Poor air quality is one of the greatest health challenges of our time. With the covid-19 pandemic, good ventilation for healthy indoor environments has become even more important. We want to contribute to healthy buildings that help people feel well and perform better. One way of doing that is by increasing the awareness for how important indoor air quality is. Did you know that indoor air can be as much as five times more polluted than outdoor air? And as we consume 30 kg of air per person every day it has a direct effect on our well-being. The air quality should be a given topic in any discussion about health. Another way of contributing to healthy buildings is to make sure that our products are free from dangerous substances. The same products should also make the buildings more energy-efficient and environmentally friendly.

Lindab Innovation Hub was established with the mission to experiment with sustainable solutions for health and performance, optimising the indoor climate and minimising the environmental impact across the products' life cycle. We will use what we learn to increase the knowledge about healthy indoor environments and to develop even better products.



Read more about air at:

**Lindab Innovation Hub**

Sources: <https://www.gov.uk/government/news/new-film-shows-importance-of-ventilation-to-reduce-spread-of-covid-19>, Healthy Homes Barometer 2019, Velux: "The Indoor Generation" (2019), Svensk Ventilation: "Fresh air gives healthy children" (2014).

## Drive standardisation and legislation

Lindab should be part of the development of future healthy and energy efficient buildings by influencing coming standards, regulations and laws. We want to improve the standards for the indoor climate and make it mandatory for all buildings. This is done by influencing trade and professional association with focus on ventilation and sustainability. We are active in various industry initiatives, such as Bygghälsöförbundet, Committee European Norm (CEN), Eurovent, REHVA, TightVent Europe and local industry organisations within ventilation.

Another part of creating sustainable buildings is climate calculations to ensure as low an impact as possible. Environmental Product Declarations (EPD) help customers choose the most environmentally friendly products. We participate in various projects to produce comparable EPDs for our products.

*Medlem i*



### Steel - 100% recyclable with a long lifespan

We prioritise cooperation with steel suppliers that are driving development towards fossil-free steel and whose carbon dioxide intensity values are good. Steel has many advantages over other materials – it has a very long service life, is non-combustible, meets hygienic requirements and is 100-percent recyclable. The steel we use is free of particularly dangerous substances. It creates healthy solutions with a long lifespan



## Reduce the environmental impact from our customers

Air-tightness is a critical factor for climate-neutral buildings. Air-tight duct systems in air-tight buildings, combined with smart products, such as Lindab UltraLink and Lindab Pascal, are the way to go. Our complete ventilation systems optimise the air flow in an energy-efficient way, making the indoor air fresh and healthy. Lindab Safe and Lindab Safe Click are the first duct systems to receive Eurovent's maximum air-tightness classification, class D. This means minimal leakage. We also offer our customers various software solutions to help them optimise ventilation systems and the indoor climate, in connection with both new construction and renovation. Teknosim 6 and Pascal Operate were two significant launches in 2020.

**50%**

To achieve climate-neutrality in the EU by 2050, CO<sub>2</sub> emissions from properties will have to be 50 percent lower by 2030.<sup>1)</sup>

**4 mt**

More air-tight ventilation systems in Europe can reduce CO<sub>2</sub> emissions by 4 million tonnes annually.<sup>2)</sup>

1) Source: UN Environment Programme (UNEP): "The 2020 Global Status Report for Buildings and Construction" (2020).  
2) Source: The AIVC (Air infiltration and Ventilation Centre): "Ductwork airtightness – A review" (2020).

## Sensors move in

We are collaborating with Leapcraft on measuring and analysing the indoor climate. Leapcraft's sensors are connected to Lindab's products for demand-controlled ventilation. Customers can continuously monitor their indoor climate and identify how the system should be adjusted. Costly inspections are avoided. The result is a more efficient system with a better indoor climate and lower environmental impact.



# Drive a sustainable business

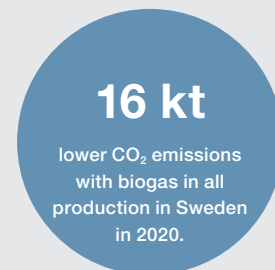
## Responsible sourcing

In 2020, we updated our supplier evaluation efforts. Suppliers must approve our Lindab's Supplier Principles. An evaluation is carried out and an audit can also take place on site. The process is adapted to the risk classification of the supplier country, using the Corruption Perceptions Index (CPI). Based on the evaluation, we help suppliers improve their quality and sustainability work. At the end of 2020, the first audit was carried out at a supplier in a high-risk country. The new process is being launched for all Lindab companies. The objective is to work only with evaluated suppliers classified with low or medium risk.



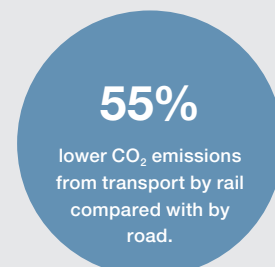
## Efficient production

An extensive investment programme is currently being implemented within Lindab. The goal is to increase the level of automation, efficiency and capacity and to improve the safety of employees. More efficient production means lower energy consumption and lower CO<sub>2</sub> emissions (as percentage of sales). Other focus areas in production include increased use of renewable energy, reducing total energy consumption and reducing waste. Projects are also in progress to develop new technologies to increase the proportion of recycled materials in the products. Superior product quality means greater durability because the life time of the product is extended and the need for service is minimised.



## Optimised transportation

One of Lindab's largest sources of emissions is transport. As part of our distribution strategy, production of bulky products is being transferred from central units to regional units to get closer to the customer and reduce transportation needs. Systematically efforts are in progress to move transports from road to rail, leading to significantly lower CO<sub>2</sub> emissions. A process has been initiated to develop environmental requirements in transport procurement, with route planning to improve the degree of filling and to reduce empty return transports. In the UK, the implementation of our new route planning programme, Transport Manager, has been initiated, increasing the degree of filling and thus reducing transportation needs.





## Successful efforts for increased safety

### Stina Nordström, Group Health and Safety Manager at Lindab, why is the number of accidents decreasing?

A few years ago, our accident rate was far too high compared with the industry average and we were far from achieving our zero vision regarding work related accidents. It was clear that something needed to be done. Since then, we have increased our focus on safety awareness, introduced more frequent reporting, more analysis tools and more activities at our units, and we have invested in safer production equipment. This has paid off. The accident rate<sup>1)</sup> for 2020 was 40 percent lower than for the preceding year.

### Were any activities of particular significance?

We have also worked with "Safety Alerts", which increase awareness of the risks in the work environment, based on alarms about incidents and accidents in a similar work environment at another unit. To work even more preventively, we have introduced reporting of incidents – a basic measure to increase focus and manage risks in our environment. Another simple but significant measure means that it is now mandatory to wear safety shoes throughout our production and logistics facilities.



Stina Nordström is Group Health and Safety Manager at Lindab.

### How has the covid-19 pandemic affected the work?

Despite the pandemic, I would say we managed to maintain our focus and worked even more intensively with safety throughout Lindab. Although many have worked differently, from home for example, we have developed online working methods that have worked very well.



All investments made within the framework of Lindab's comprehensive investment programme also aim to increase safety to a significantly higher level.

<sup>1)</sup> LTIF = Lost Time Injury Frequency, which is calculated as the number of accidents, causing 8 hours of absence or more, in relation to million of hours worked.



## Key figures for 2020

### Energy consumption

**-17%**

We seek to reduce our customers' energy consumption with smart solutions and reducing our own energy consumption is therefore a central part of our sustainability work. In 2020, Lindab's energy consumption decreased by 17 percent to 90,069 Mwh.

### CO<sub>2</sub> emissions

**-5%**

One of our most important sustainability objectives is to reduce our CO<sub>2</sub> emissions. In 2020, emissions decreased by 5 percent to 66,734 tonnes. Both direct and indirect emissions have decreased. CO<sub>2</sub> emissions as percentage of sales did not decrease in 2020.

### Scrap rate

**-3%**

Reducing the share of metal not used during production has a direct environmental impact. Even if scrap metal is recycled, it is more energy-intensive than to optimise the production. In 2020, scrap metal decreased by 3 percent to 19,458 tonnes.

### Staff turnover

**6%**

As a stage in our endeavour to be an attractive employer, we monitor staff turnover. Our goal is for this to maintain a level of 5-10 percent annually. For 2020, it was 6 percent – a level that we are satisfied with.

### Proportion of women

**25%**  
Group

**19%**  
Managers

Lindab strives to employ a higher proportion of women in the Group. Over the year, the proportion increased from 24 to 25 percent. On the other hand, the proportion of female managers remained at the same level over the year.

### Work related accidents

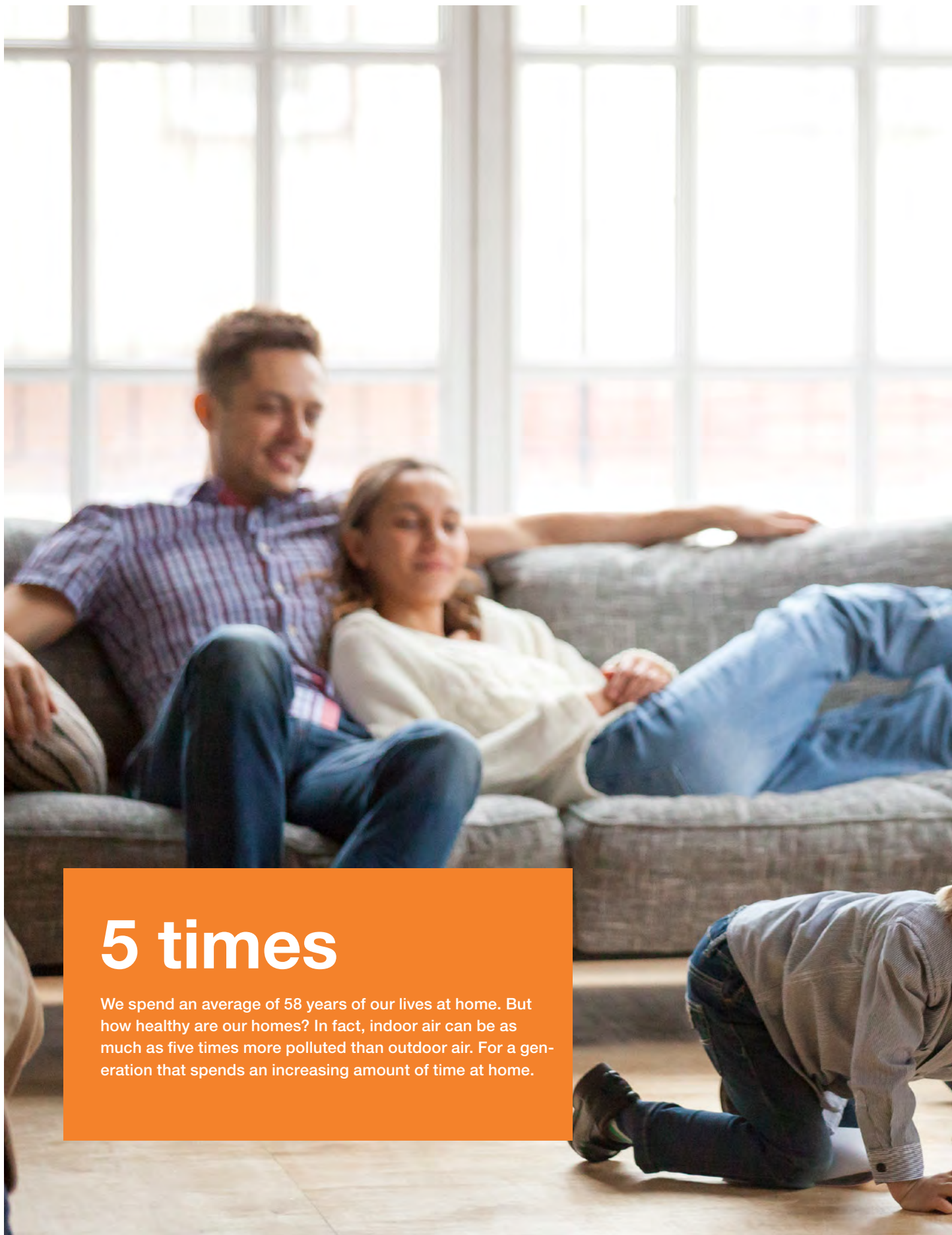
**-40%**

Lindab works with a zero vision for work related accidents. We apply the measure LTIF, which is calculated as the number of accidents in relation to million of hours worked. In 2020, LTIF decreased by 40 percent to 6.4.

### Local presence: Local engagement

Lindab shall assume responsibility for sustainable development in the local communities in which we have significant operations. This will be achieved by increasing sponsorship initiatives supporting education and activities for children and young people, as well as initiatives related to sustainability. Lindab is for example participating in Rögle ice hockey club's sustainability initiative with the aim of creating employment, fysical activities and inclusion activities for children and adults in the region.





# 5 times

We spend an average of 58 years of our lives at home. But how healthy are our homes? In fact, indoor air can be as much as five times more polluted than outdoor air. For a generation that spends an increasing amount of time at home.



### Case indoor environment

## “The indoor generation”

Every day an adult human needs 1 kg of food, 3 kg of water and 30 kg of air. Getting fresh air into your home and getting rid of moisture and heat is important for your health, especially for a generation that spends an increasing amount of time indoors. But the fact is that in Europe today, 80 million adults and 28 million children live in unhealthy homes. Studies also show that pollution, as well as poor ventilation, can quickly deteriorate a child’s health, with an increased risk of asthma, allergies and other respiratory diseases. Unhealthy home environments also lead to increased absence from both school and work, putting pressure on children, parents and the economy.

Knowledge about ventilation, indoor climate and air quality is often poor and many home-owners do not normally know whether their indoor air is healthy or not. We can, however, see that this trend is about to change, with options for effective ventilation and sustainable materials becoming increasingly important. Ensuring that buildings are well sealed and properly ventilated is becoming more important, both from an energy and a well-being perspective.

Sources: Healthy Homes Barometer 2019, Velux: “The Indoor Generation” (2019), Svensk Ventilation: “Fresh air gives healthy children” (2014).



# The share

**The Lindab share was listed on the Nasdaq Stockholm in December 2006. The share is currently traded on the exchange's Mid Cap list, under Industrials. The share price rose by 42 percent over 2020 to SEK 170.40, giving a market capitalisation of about SEK 13.0 billion at the end of the year.**

The increase in Lindab's share price can be compared with the exchange's OMXSPI index, which rose by 12.9 percent over the same period, and the Industrial sector, which rose by 13.4 percent. Over the year, a total of approximately 54 million (53) Lindab shares were traded at a value of approximately SEK 6.4 billion. The Lindab share is traded on several stock exchanges and trading platforms. Official trade in the share on Nasdaq Stockholm accounted for most of the share's turnover. Remaining trades occurred on unofficial trading platforms, such as BATS Chi-X Europe and Turquoise.

## The share and shareholders

Lindab has a single share class, class A. Each share carries one vote and an equal share in the company's earnings. At the end of the year, there were 10,156 (7,967) shareholders in Lindab. The

largest shareholder, at the end of the year, was Lannebo Fonder with 9.3 percent of the shares outstanding. Fjärde AP-fonden was the second-largest shareholder with 8.9 percent of the shares outstanding, followed by Handelsbanken Fonder with 7.3 percent. Combined, the ten largest shareholders accounted for 49.8 percent of the shares outstanding. Foreign ownership amounted to 38 percent. Having previously exercised various repurchase mandates, Lindab holds 2,375,838 of its own shares, which do not entitle the company to any votes or dividends. The holding corresponds to 3.0 percent of the total number of shares. At the end of the year, excluding related parties' holdings, Lindab's Executive Management held 65,585 shares, 65,000 warrants and 325,000 share options. All 110,000 of the warrants outstanding carry a subscription price of SEK 86.40. Of the outstanding call options, 175,000 have an exercise price of SEK 120.00 and 210,000 an exercise price of SEK 101.90.

## Incentive programmes

For more information on remunerations and employee stock option programmes, including the previously mentioned warrant and share option programmes, see Note 6 on pages 92–94.

# 5

Five reasons to consider the Lindab share

- 1 Growing market driven by green realignment and an increased focus on the indoor climate.
- 2 Well-established brands, superior quality and extensive distribution networks.
- 3 Ongoing investment programme to increased efficiency, capacity and safety.
- 4 Strong cash flow and a low debt ratio, facilitating acquisitions.
- 5 Decentralised responsibility to be able to adapt the business quickly.

## SEK 313 m

In 2020, operations were acquired that contribute SEK 313 m in annual sales to Lindab at a level of profitability inline with or exceeding Lindab's financial targets. IMP Klima, an operation in which profitability was low, was also divested.



Ekovent is a leading Swedish manufacturer of ventilation and fire protection products, with annual net sales of approximately SEK 120 m and good profitability.

Ticker: LIAB  
 Exchange: Nasdaq Stockholm  
 List: Mid Cap  
 Sector: Industrials  
 Market capitalisation:  
 SEK 13.0 billion

## Share price performance in 2020



- The share price rose by 42 percent to SEK 170.40.
- The highest price paid was SEK 172.90 on 29 December and the lowest price paid was SEK 64.30 on 19 March.
- On average, 212,677 shares (210,411) were traded per day and the turnover rate was 68 percent (67).
- At the end of the year, 4 (5) analysts were monitoring Lindab, of whom 1 (3) had a Buy/Increase recommendation, 3 (2) a Hold recommendation and 0 (0) a Sell/Decrease recommendation.

The Board proposes that a dividend of SEK 3.40 (1.75) be paid for the financial year 2020, to be disbursed on two occasions, in May and November. The proposal is in line with Lindab's dividend policy of distributing at least 40 percent of net profit, while taking into account the company's financial position, acquisition opportunities and long-term financial needs.

## Lindab's largest shareholders

	2020		2019
	Shares	Capital & votes, %	Capital & votes, %
Lannebo Fonder	7,115,703	9.3	9.3
Fjärde AP-fonden	6,831,307	8.9	8.2
Handelsbanken Fonder	5,597,234	7.3	4.6
AFA Försäkring	4,014,700	5.3	5.2
Dimensional Fund Advisors	3,315,225	4.3	4.4
Livförsäkringsbolaget Skandia	2,839,759	3.7	4.4
Others	46,643,054	61.2	63.9
<b>Total no. of shares outstanding<sup>1)</sup></b>	<b>76,356,982</b>	<b>100.0</b>	<b>100.0</b>

1) Total number of shares excl. Lindab's own holding of 2,375,838 shares (2,375,838).

The share capital amounts to SEK 78,732,820 divided between 78,732,820 class A shares. Each share carries one vote. Lindab's holding of its own shares does not entitle the company to any votes or dividends.

Source: Monitor by Modular Finance AB

## Shareholder distribution, %



## Per share data

SEK/share, unless otherwise stated	2020	2019	2018	2017	2016	2015	2014	2013	2012
Earnings per share before and after dilution <sup>1)</sup>	7.80	8.89	5.16	4.54	4.02	3.99	3.71	3.05	1.61
Dividend	3.40 <sup>2)</sup>	1.75	1.75	1.55	1.40	1.25	1.10	-	-
Yield, % <sup>3)</sup>	1.99	1.46	2.75	2.27	1.90	1.99	1.68	NA	NA
Dividend as % of profit after tax <sup>1)</sup>	40.3	20.0	34.0	34.1	35.0	31.0	30.0	NA	NA
Quoted price at end of period	170.4	119.60	63.50	68.20	73.05	62.90	65.60	63.40	43.00
Highest quoted price	172.9	121.00	74.50	98.00	89.60	78.35	83.70	65.20	57.95
Lowest quoted price	64.3	63.80	56.10	64.75	54.50	55.95	52.35	42.17	37.17
Shareholders' equity, after dilution	67.82	65.89	58.49	54.09	50.41	45.98	43.81	38.87	35.15
Number of shares outstanding	76,356,982	76,331,982	76,331,982	76,331,982	76,331,982	76,331,982	76,331,982	76,331,982	75,331,982

1) Calculated on the current number shares outstanding at end of year. 2) Proposed dividend. 3) Dividend as a percentage of the quoted price at the end of the period.  
 NA = Not applicable.

# Corporate governance report

Lindab International AB (publ) is a Swedish public company. The Articles of Association state that Lindab shall develop, produce and sell products to both the ventilation and construction industries. Lindab is listed on Nasdaq Stockholm. Lindab applies the Swedish Corporate Governance Code (the Code).



Peter Nilsson, Chairman of the Board of Lindab

“The strategy has been set. That it works was demonstrated by developments in 2020.”

**The year 2020 presented substantial challenges, mainly the pandemic but also Brexit, which now has become a reality. On the Board of Directors, we had to constantly be on our toes maintaining a close dialogue with Lindab's Executive Management.**

We have taken a methodical approach, not pulling the emergency brake with regard to acquisitions or investment programmes. We also maintained the same dividend level as previous year. This conveyed a message of strength to the market.

We strive to conduct our Board meetings in person, which was, of course, not always possible in 2020. However, because of our close collaboration on the Board, the transition to online meetings worked very well. In the spring, I had the pleasure of welcoming Marcus Hedblom and Staffan Pehrson as new members. Although they stepped in at a critical phase during the pandemic, they quickly acquainted themselves with the business and brought key skills to the board work.

The focus on sustainability has increased, to some extent because of the pandemic, but particularly because of increasing climate concerns. Lindab's products have always focused strongly on resource efficiency, and sustainability is part of all aspects of the company's strategy. In 2020, many investors began to see Lindab as a future-proof investment. One reason is the taxonomy for sustainable investments being developed by the EU, where Lindab's offering appears to be able to meet strict requirements. We have solid sustainability experience on the Board, from industries and companies that are successfully handling emissions and resource efficiency challenges.

The strategy has been set. That it works was demonstrated by developments in 2020. During one of the years of greatest upheaval in Lindab's history, we continued to invest and make acquisitions. Strengthened profitability and low debt allow higher dividends and provide continued resources to acquire growth and to invest in manufacturing and logistics. The next few years will be important for our efforts to make Lindab Europe's leading ventilation company, specialising in air distribution and air diffusion.

Peter Nilsson  
Chairman of the Board



**Lindab's corporate governance is based on the Articles of Association, the Companies Act, the Annual Accounts Act, the Rules of procedure of the Board of Directors, the regulations issued by the Stockholm Stock Exchange, the Swedish Corporate Governance Code (the Code) and other laws and regulations applicable in Sweden.**

**Shareholders**

Lindab has 76,356,982 shares outstanding of a single series and conveying equal rights to the company's assets and earnings. Lindab also holds 2,375,838 of its own shares of the same series, bringing the total number of shares to 78,732,820. As of 31 December 2020, Lindab had 10,156 (7,967) shareholders. The largest shareholders, in relation to the number of shares outstanding, were Lannebo Fonder with 9.3 percent (9.3), Fjärde AP-fonden with 8.9 percent (8.2) and Handelsbanken Fonder with 7.3 percent (4.6). At the end of the year, the ten largest shareholders held 49.8 percent of the number of shares outstanding. Additional information on shareholders and share performance in 2020 can be found on pages 44–45.

**Annual General Meeting**

Shareholders exercise their right to influence Lindab's affairs at the Annual General Meeting, or, where applicable, an Extraordinary General Meeting, which are Lindab's highest decision-making body. The Annual General Meeting is usually held in April–May in the Municipality of Båstad, Sweden. The Meeting determines matters specified under the Companies Act and the Code, including matters concerning amendments to the Articles of Association and the election of the Board of Directors and Auditors.

**Annual General Meeting 2020**

The Annual General Meeting for the 2019 financial year was held on 29 April 2020 at Hotel Skansen, in the Municipality of Båstad. Given the recommendations issued by the authorities during the prevailing pandemic, only a few people attended the meeting in person. At the Annual General Meeting, 252 shareholders were represented by postal voting, corresponding to 59.2 percent of the capital and votes. The minutes of the Annual General Meeting have been available on the company website since 7 May 2020. Annual General Meeting 2020 reached resolutions on matters including:

- the re-election of Board members Peter Nilsson, Per Bertland, Sonat Burman-Olsson, Viveka Ekberg and Anette Frumerie
- the new election of Marcus Hedblom and Staffan Pehrson
- the re-election of Peter Nilsson as Chairman of the Board
- the re-election of auditing company Deloitte AB as the company's auditor
- the nominations procedure
- guidelines for the remuneration of senior executives
- a share option programme for senior executives
- a dividend of SEK 1.75 per share with a semi-annual payment of SEK 0.88 per share, with the record date set as 4 May, and a second dividend of SEK 0.87 per share, with the record date set as 2 November
- the authorisation of the Board of Directors to approve transfers of the company's own shares.

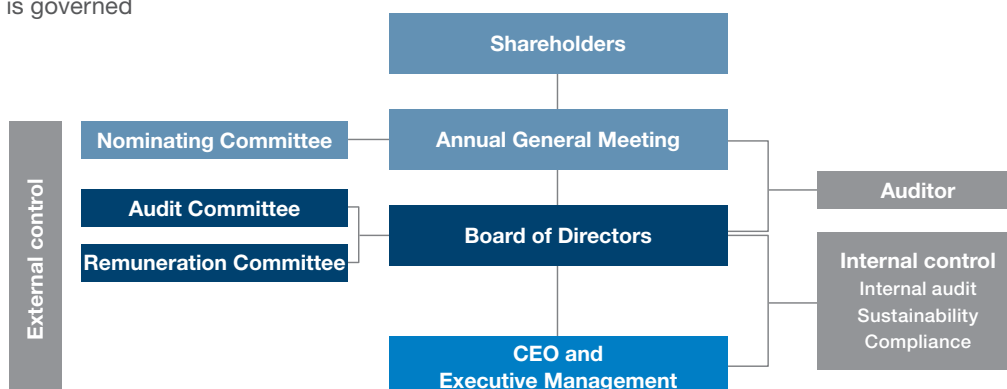
**Annual General Meeting 2021**

The Annual General Meeting will be held on 5 May 2021. Due to the continued spread of the corona virus and the authorities' instructions on avoiding gatherings, the Board has determined that the Annual General Meeting shall be held without the attendance of shareholders in person, proxies and outsiders and that shareholders shall have the opportunity to exercise their voting rights only by post prior to the meeting. In accordance with the Articles of Association, the notice to attend the Annual General Meeting shall be posted in Post- och Inrikes Tidningar (Swedish official gazette) and on the company's website. An advertisement stating that the notice has been issued is to be placed in Swedish financial newspaper Dagens Industri. Shareholders wishing to participate in the Meeting by postal voting shall (a) be entered in the company's share register six weekdays prior to the Meeting, that is, by 27 April 2021, and (b) register by casting their postal votes in the manner specified in the notice to attend Annual General Meeting.

**Nomination Committee**

The Nomination Committee submits proposals to the Annual General Meeting regarding the election of a chairman for the Meeting, the Board of Directors, the Chairman of the Board and Auditors, as well as regarding fees to the Board and Auditors and regarding the composition of the Nomination Committee ahead of the ensuing Annual General Meeting.

How Lindab is governed



The 2020 Annual General Meeting resolved that the company shall have a Nomination Committee comprising at least four members, one of whom shall be the Chairman of the Board. The chairman of the Nomination Committee shall be the member appointed by the largest shareholder in the event that the Nomination Committee does not agree otherwise. The Nomination Committee's term of office extends until a new Nomination Committee has been constituted. A Nomination Committee was constituted on 25 September 2020, comprising of:

- Göran Espelund, appointed by Lannebo Fonder (chairman)
- Per Colléen, appointed by Fjärde AP-fonden
- Anna Sundberg, appointed by Handelsbanken Fonder
- Peter Nilsson, as Chairman of the Board of Lindab International AB (publ).

In accordance with the resolution by the Annual General Meeting, the Nomination Committee shall assess the composition and work of the Board of Directors and prepare proposals for the 2021 Annual General Meeting regarding:

- election of a chairman for the 2021 Annual General Meeting
- election of the Board of Directors and the Chairman of the Board
- fees to be paid to the Board of Directors, any Board committees and the auditors.

In 2020, the Nomination Committee held two minuted meetings. In 2021, the Nomination Committee has held one minuted meeting ahead of the 2021 Annual General Meeting.

Shareholders seeking contact with the Nomination Committee may send an e-mail to [valberedningen@lindab.com](mailto:valberedningen@lindab.com), or a letter to "Lindab's Nomination Committee, Att.: Ola Ranstam, Lindab International AB, SE-269 82 Båstad".

### Board of Directors

According to the Articles of Association, the Board of Directors shall comprise at least three and at most ten members with at most ten deputies. The members and deputies are elected at the Annual General Meeting for the period until the end of the first subsequent Annual General Meeting. The employees appoint two employee representatives to the Board of Directors, with two deputies.

#### Composition of the Board of Directors in 2020

The Annual General Meeting on 29 April 2020 resolved that the Board of Directors shall comprise seven members with no deputies. The CEO attends Board meetings in a reporting capacity. Parts of Executive Management participate in Board meetings. The various assignments of the Board members are shown on pages 52–53.

#### Responsibilities of the Chairman of the Board

The Chairman of the Board leads the work of the Board, monitors the operations in dialogue with the CEO and is responsible for ensuring that other Board members receive the information and documentation required for quality discussions and decision-making. The Chairman of the Board represents the company on matters of ownership.

#### Responsibilities of the Board of Directors

The Board of Directors shall ensure that the organisation and management of the Group, as well as the guidelines for the administration of its affairs are appropriate and that internal control is satisfactory. The responsibilities of the Board of Directors also include establishing strategies, targets and internal control instruments, resolving particularly important matters, issuing financial reports, as well as assessing the operational management and ensuring that succession planning is in place. The responsibilities of the Board of Directors include supervising the work of the CEO by monitoring the operations on an ongoing basis.

#### Work of the Board of Directors

The work of the Board of Directors is regulated by rules of procedure adopted annually. Among other things, the rules of procedure stipulate instructions for the company's CEO, the duties of the Chairman of the Board, the agenda of the Board of Directors and a resolutions procedure, as well as other instructions and policies.

In 2020, the Board of Directors held 15 meetings. Financial performance was reported and followed up on at each ordinary meeting. The Board of Directors held one meeting with the Auditor without company management being in attendance. This meeting reviewed the effectiveness of the Auditor's cooperation with company management in conducting the audit and related matters. Members of Executive Management were in attendance at all Board meetings.

The work of the Board of Directors and the CEO was assessed during the financial year. This assessment showed the work of the CEO and the Board of Directors to be effective.

#### Board remunerations

The Annual General Meeting of 29 April 2020, resolved that the fees paid to the Chairman of the Board and the members elected by the Annual General Meeting should remain unchanged. The fees paid for the regular work of the Board of

#### Principal issues at each Board meeting

5 Feb	Year-end report, dividend. Report from the auditors
15 March	Annual Report, notice to attend the Annual General Meeting
22 March	Dividend
28 April	Interim report
29 April	Statutory meeting
27 May	Acquisition
12 June	Structural issues
16 June	Discontinuation of operations
16 July	Interim report, acquisition
17 Sept	Disposal of operations
23 Sept	Acquisition, investment, strategy
19 Oct	Acquisition strategy, investment
22 Oct	Interim report
26 Nov	Acquisition
14 Dec	Budget, strategy

## Board of Directors and breakdown of Board fees

Name	Year elected	Company	Ownership	Board fee incl. committee, SEK	Remuneration Committee meetings	Audit Committee meetings	Attendance at Board meetings
Peter Nilsson <sup>1)</sup>	2016	Independent	Independent	920,100	6/6	-	15/15
Per Bertland	2016	Independent	Independent	423,100	6/6	-	15/15
Sonat Burman-Olsson	2011	Independent	Independent	392,100	-	-	15/15
Viveka Ekberg	2016	Independent	Independent	494,100	-	8/8	15/15
Anette Frumerie	2017	Independent	Independent	443,100	-	8/8	14/15
Marcus Hedblom <sup>2)</sup>	2020	Independent	Independent	294,800	-	5/5	11/11
Staffan Pehrson <sup>2)</sup>	2020	Independent	Independent	260,800	-	-	11/11
John Hedberg <sup>3)</sup>	2017	Independent	Independent	148,300	-	3/3	4/4
Bent Johannesson <sup>3)</sup>	2016	Independent	Independent	131,300	-	-	4/4
Pontus Andersson <sup>4)</sup>	1995			26,200	-	-	15/15
Anders Lundberg <sup>4)</sup>	2016			26,200	-	-	15/15
<b>Sum</b>				<b>3,560,100</b>			

1) Chairman

2) Elected to the Board on 29 April 2020, term of office includes 11 meetings.

3) Stepped down from the Board on 29 April 2020, term of office includes four meetings.

4) Employee representatives replaced by deputies if unable to attend.

Directors total SEK 3,256,000, divided between SEK 856,000 paid to the Chairman of the Board, SEK 391,250 to each of the other members elected by the Annual General Meeting, and SEK 26,250 to each of the ordinary employee representatives. It was also resolved that SEK 102,000 be paid to the chairman of the Audit Committee and SEK 51,000 to each of this Committee's ordinary members, and that SEK 61,000 be paid to the chairman of the Remuneration Committee and SEK 31,000 to each of this Committee's ordinary members.

#### Responsibility of the Board of Directors for financial reporting

The quality of the internal financial reporting is ensured partly through the Board's instructions to the CEO, and partly through its instructions on financial reporting to the Board of Directors. The Board of Directors also safeguards the quality of the external financial reporting by carefully examining the interim reports, the annual accounts and the year-end report at Board meetings.

#### Audit Committee

The Board of Directors has appointed an Audit Committee with the aim of deepening and streamlining the Board's supervisory responsibility with regard to internal control, auditing, internal auditing, risk management, accounting and financial reporting. The Audit Committee shall also prepare matters involving the procurement of auditing and other services from the auditor and shall prepare certain accounting and auditing matters to be addressed by the Board of Directors. Up until the 2020 Annual General Meeting, the Audit Committee comprised Viveka Ekberg (chairman), Anette Frumerie and John Hedberg. Following the Annual General Meeting, it comprised Viveka Ekberg (chairman), Anette Frumerie and Marcus Hedblom. The work of the Audit Committee is governed by rules of procedure adopted by the Board of Directors. The Committee met on eight occasions in 2020. The auditors participated on seven occasions. The Committee continuously submits oral and written reports to the Board of Directors and submits proposals on matters requiring decisions by the Board of Directors. The fees paid to the Audit Committee remained unchanged in 2020. The chairman of the Committee received SEK 102,000 and the Committee's ordinary members received SEK 51,000 each.

#### Remuneration Committee

A Remuneration Committee has been appointed by the Board of Directors to prepare proposals on remuneration matters and to continuously monitor and assess remuneration structures and levels for the CEO and other members of Executive Management. In 2020, the Remuneration Committee comprised Peter Nilsson (Chairman) and Per Bertland. The Committee met on six occasions in 2020. The Committee continuously submits oral reports to the Board of Directors and submits proposals on matters requiring decisions by the Board of Directors. The fees paid to the Remuneration Committee remained unchanged in 2020. The chairman of the Committee received SEK 61,000 and the committee's ordinary member received SEK 31,000.

#### Auditor

Lindab's auditor, elected by the Annual General Meeting, examines the company's Annual Report and accounting, as well as the administration of the company by the Board of Directors and the CEO. The auditor works on the basis of an audit plan and reports his observations to Executive Management on an ongoing basis over the year, and at least once a year to the Board of Directors. The auditor also attends the Annual General Meeting to present the Auditors' Report and describe the audit process and the observations made.

The 2020 Annual General Meeting elected auditing company Deloitte AB as the company's auditor. Authorised Public Accountant Hans Warén was appointed as the lead auditor. Although Hans Warén also performs assignments for other listed companies, this is not to an extent that would prevent the necessary amount of time from being devoted to Lindab. Auditing company Deloitte AB does not accept assignments where their independence could be called into question. Nor do the auditors' other assignments for Lindab, beyond the audit assignment, alter this assessment.

#### Remuneration of the Auditors

Audit fees paid to Deloitte for 2020 amounted to SEK 0.4 m for the Parent Company and SEK 7.7 m for the Group. Fees paid to Deloitte AB for other assignments for the Group amounted to SEK 0.4 m.



**External control**

External regulations applicable to Lindab's corporate governance include the Companies Act, the Annual Accounts Act, Nasdaq Stockholm's Rulebook for Issuers, and the Code.

**Internal control**

Internal corporate governance is determined by the Board of Directors' rules of procedure, as well as the codes and policies adopted by the Board and other corporate governance documents, including directives adopted by Executive Management. Lindab's Corporate Governance Policy and Code of Ethics constitute the two most important overarching policy documents. Lindab has established a Corporate Governance Board whose main task is to safeguard good corporate governance within the Group.

**Internal audit**

Lindab has an internal audit function which is maintained by an external party. The function's work is reported on at least once annually by the external party, as well as continuously by the CFO, to the Audit Committee, which, in turn, reports to the Board of Directors. The internal audit is designed to ensure that the Group's targets are met in terms of appropriate and effective processes, and that the financial statements are prepared in accordance with applicable laws and regulations.

**Sustainability**

Lindab's work on sustainability constitutes a key component in the Group's governance. By contributing to healthy buildings,

Lindab can indirectly make a difference for many people. Lindab can also influence customers' climate impact directly through its products and systems. The company's own operations shall hold a leading-edge position from a sustainability perspective, focusing, for example, on a beneficial working environment and continuous environmental improvements.

**Compliance**

Compliance entails ensuring that Lindab complies with laws and other applicable regulations and that the operations are conducted with ambitious demands in terms of integrity and ethics. In this area, Lindab has, for example, adopted policies to combat all forms of corruption and actions in violation of competition law.

**CEO and Executive Management**

Ola Ringdahl has been President and CEO since 18 June 2018. Throughout 2020, Executive Management included: Director of Division Ventilation Systems Olof Christensson, Director of Group Operations Karel Kleinmond, Director of Business Development and M&A Lars Christensson, Director of Sales Region West Europe Mette Brøndum, Director of Sales Region North Europe Joakim Lönnberg, Director of Sales Region Mid Europe Pascal Gelugne, Director of Sales Region East Europe Sorin Badea, and Director of Business Area Building Systems Stefaan Sonjeau. Director of Division Profile Systems Bengt Andersson was a member of Executive Management until 1 February 2020. CFO Malin Samuelsson was a member of Executive Management until 26 October, when she left the company. Madeleine Hjelmberg has held the role of Acting CFO since 26 October.

**Policies**

**Anti-Corruption Policy**

Constitutes the regulations applicable to Lindab's operations and employees. Lindab applies zero tolerance with regard to corruption.

**Antitrust Policy**

It is important that the Group and its employees comply with competition legislation. Violations of antitrust legislation are prevented by means of the adopted Antitrust Policy.

**Code of Ethics**

It is crucial for Lindab and all of its employees that laws and regulations be complied with and that ethical values be respected.

**Communication Policy**

Ensures that consistent and accurate information about Lindab and its operations, including financial targets, is published externally and that Lindab meets the stock exchange's requirements for stock market information.

**Equal Opportunity Policy**

Guidelines to ensure that Lindab employees are

treated equally and that no one is discriminated against on the basis of gender, religion, ethnicity or similar grounds.

**Insider Policy**

Includes rules to prevent unfair trading in shares or other financial instruments in Lindab by those with access to information not known to the market.

**IPR Policy**

Details the strategy and guidelines for Lindab's management and protection of intellectual property rights.

**IS/IT and Data Protection Policy**

Contains general rules for the Group's use and management of IT. The objective is to safeguard access to the IT structure required for operations to be conducted efficiently.

**Occupational Health and Safety Policy**

The policy comprises a clear framework and guidelines for a safe working environment, with an emphasis on preventive efforts.

**Quality and Environmental Policy**

This governs the efforts with regard to quality and environmental matters, ensuring that operations are conducted with consideration for the environment and that product solutions contribute to buildings becoming more energy-efficient.

**Remuneration Policy**

This policy states the rules and principles applied regarding remunerations to employees within the Lindab Group. The principles for remuneration are based on Lindab's vision, values and market practices, as well as the applicable laws and regulations.

**Treasury Policy**

This sets out the regulations applicable to the Group's management of financial risks and transactions. These issues are handled centrally by the Group's treasury function to minimise costs.

# Remuneration of senior executives

## Remuneration principles

At the 2020 Annual General Meeting, guidelines for the remuneration of senior executives were established. The guidelines assume that remunerations are to be based on the market and the environment in which each of the executives works, are competitive, facilitate recruitment of new executives while also motivating senior executives to remain at the company. Remunerations may comprise fixed salary, short- and long-term variable cash salary, pensions and other benefits. Fixed salary should be determined individually based on the specific responsibilities, experience, expertise and performance of the individual executive. Fixed salary should be reviewed at least every two years.

Short-term variable cash salary should be based on the executive's performance relative to individually established targets aimed at fostering the company's business strategy and long-term interests. For the CEO, short-term variable cash salary shall not exceed 50 percent of his fixed salary and, for other senior executives, 40 percent of their fixed salary.

Long-term variable cash salary should be linked to financial performance targets reflecting the company's value growth over a three-year period. For the CEO, long-term variable cash salary shall not exceed 70 percent of his fixed salary and, for other senior executives, 40 percent of their fixed salary. It is presumed that any outcome from long-term variable cash salary will be invested in shares or share-related instruments (e.g. warrants) to increase the executive's shareholding in Lindab, linking the interests of shareholders and those of senior executives.

Pension benefits are to be provided in accordance with a defined contribution plan. Senior executives not covered by the ITP plan should receive at most 30 percent of their annual fixed salary as an annual contribution-based pension provision. Other benefits should not constitute a significant portion of the overall remuneration. In specific cases, the Board of Directors may deviate from the guidelines. The Board of Directors did not exercise this mandate in 2020. Remuneration and other benefits for Executive Management are presented in the table on the right. A further SEK 11.9 m has been booked for social security contributions, including a specific payroll tax on pensions.

## Remuneration of the CEO

Ola Ringdahl's fixed salary for 2020 amounted to SEK 5,695,226. Ola Ringdahl is also entitled to a short and long-term variable cash salary. In addition, Ola Ringdahl is entitled to a company car and certain other benefits. The remunerations received by Ola Ringdahl in 2020 are shown in a separate table. Ola Ringdahl is subject to a 12-month notice period on dismissal by the company and of six months on resignation. Ola Ringdahl is bound by a non-competition clause for a period of two years from the point at which his employment ceases, during which time he is entitled to separate remuneration. The company is entitled to waive the non-competition clause, resulting in no remuneration being paid to Ola Ringdahl.

## Remuneration of other members of the Executive Management

Throughout the year, Executive Management included: the CEO Ola Ringdahl, Director of Division Ventilation Systems Olof Christensson, Director of Group Operations Karel Kleinmond, Director of Business Development and M&A Lars Christensson, Director of Sales Region West Europe Mette Brøndum, Director of Sales Region North Europe Joakim Lönnberg, Director of Sales Region Mid Europe Pascal Gelugne, Director of Sales Region East Europe Sorin Badea and Director of Business Area Building Systems Stefaan Sonjeau. Director of Division Profile Systems Bengt Andersson was a member of Executive Management until 1 February 2020. CFO Malin Samuelsson was a member of Executive Management until 26 October, when she left the company. Madeleine Hjelmberg has held the role of Acting CFO since 26 October. Remunerations for Executive Management adhere to the guidelines adopted by the Annual General Meeting. The employment contracts of the current Executive Management include notice periods of at most 12 months on dismissal by the company and of six months on resignation by the employee. During the notice period, the company may exercise the right to give the employee garden leave, whereby any salary from another employer will be deducted from the salary the employee receives from Lindab during the notice period. The Executive Management is bound by non-competition clauses for one year from the cessation of employment, during which they are entitled to separate remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to the employee.

## Evaluation

The Board has monitored and assessed the company's variable remuneration programmes for Executive Management, the application of the guidelines for the remuneration of senior executives and applicable remuneration structures and levels within the company. The variable remuneration of the Executive Management has been found to be appropriate and in accordance with the guidelines adopted by the Annual General Meeting. The application of the guidelines for the remuneration of senior executives was also found to be correct and the Board's assessment is that the remuneration of senior executives ensures a good balance between motivating employees and providing competitive compensation. Accordingly, remuneration structures and levels within the company are well balanced and in accordance with market practices.

## Remuneration and other benefits to Executive Management in 2020

SEK	Ola Ringdahl <sup>1)</sup>	Remuneration of other Executive Management <sup>1)</sup>	Total
Fixed salary incl. holiday pay	5,695,226	16,793,496	22,488,722
Variable salary	3,780,944	5,041,417	8,822,361
Pensions	1,693,656	3,346,061	5,039,717
Benefits	118,409	315,515	433,924
<b>Sum</b>	<b>11,288,235</b>	<b>25,496,489</b>	<b>36,784,724</b>
Severance pay, incl. variable salary, benefits and pension		4,243,276	
<b>Sum</b>	<b>11,288,235</b>	<b>29,739,765</b>	<b>36,784,724</b>

<sup>1)</sup> Remuneration of other Executive Management pertains to 9 (10) individuals. The remuneration excludes social charges and special payroll tax

## Board of Directors



Peter Nilsson, Chairman



Per Bertland



Sonat Burman-Olsson

<i>Born:</i>	1962	1957	1958
<i>Elected:</i>	2016	2016	2011
<i>Status:</i>	Independent	Independent	Independent
<i>Other assignments:</i>	Chairman of the Board of Adapteo OYJ and of Unilode Aviation Solution.	President and CEO of Beijer Ref AB. Chairman of the Board of several of Beijer Ref's subsidiaries and of AB Dendera Holding. Advisor at Small Cap Partners SCP and Board member at various foundations.	Member of the Boards of Directors of NESTE Corporation, Postnord AB and Lantmännen
<i>Previous assignments:</i>	Deputy Chairman of the Board of Cramo OYJ, CEO of Sanitec and Duni AB. Chairman of the Boards of Duni AB, Securitas Direct AB and Sanitec Holdings Oy. Management positions within the Swedish Match Group.	CFO and COO of Beijer Ref. CFO of Indra AB and Ötab Sport AB, part of the Aritmos Group.	President and CEO of COOP Sweden, Deputy CEO and CFO of the ICA Group, Vice President of Electrolux Group responsible for Global Market Strategies. Chairman of the Board of the Swedish Food Retailers Federation, Member of the Boards of Directors of the Swedish Trade Federation, ICC Sweden, AP3, ICA Banken and iZettle.
<i>Principal education:</i>	M.Sc. in Business and Economics, Stockholm School of Economics.	M.Sc. in Business and Economics, Lund University.	M.Sc. in Business and Economics, Executive MBA, Strategic Management. Oxford and Harvard.
<i>Holding:</i>	63,350 shares	15,000 shares	1,214 shares

### Board committees

#### Remuneration Committee

The Remuneration Committee comprises two Board members: Peter Nilsson (chairman) and Per Bertland.

#### Audit Committee

The Audit Committee comprises three Board members: Viveka Ekberg (chairman), Anette Frumerie and Marcus Hedblom.

### Auditors

#### Deloitte AB

Principal Auditor:

Hans Warén

Born: 1964

Authorised Public Accountant, Deloitte AB, Gothenburg

Auditor for Lindab since 2014.

Extensive experience of listed companies.





**Viveka Ekberg**

1962

2016

Independent

Member of the Boards of Directors of Haldex, Magnolia Bostad, Apotea, SPP Pension & Försäkring, Svolder, Dellner, Iver, Centrum för rättvisa, and others.

CEO of PP Pension, Regional Manager Nordics at Morgan Stanley Investment Management, Associate Partner at Brummer & Partners, Head of SEB institutional asset management, equities analyst at Alfred Berg Fondkommission and Affärsvärlden.

M.Sc. in Business and Economics, Stockholm School of Economics.

17,700 shares



**Anette Frumerie**

1968

2017

Independent

CEO of Rikshem AB.

CEO of Besqab AB. Business Unit President Residential Development Nordic at Skanska (publ), Business Unit Manager of International Property Development & Construction at JM AB (publ) and other positions within the JM Group.

M.Sc. in Engineering, Royal Institute of Technology.

2,400 shares



**Marcus Hedblom**

1970

2020

Independent

President and CEO of Ovako. Member of the Board of Directors of the steel industry's special interest organisation Jernkontoret. Deputy Chairman of the Swedish Association of Industrial Employers, Steel and Metal.

CFO of Ovako. Various senior positions at SAS, including as Deputy CFO SAS Group, CEO of subsidiary Spanair, as well as CFO of SAS Sweden.

M.Sc. in Industrial Economics, Linköping University.

10,000 shares



**Staffan Pehrson**

1968

2020

Independent

President and CEO of the NEFAB Group.

Various positions within the Ericsson Group, including as VP Product Related Services, VP Solution Area Media, EVP/General Manager Ericsson Inc, Seattle, as well as Head of Ericsson in Hungary. Member of the Board of Technology Service Industry Association (TSIA) and the Swedish Chamber of Commerce in Hungary.

M.Sc. in Engineering, Uppsala University and Case Western Reserve, USA. Executive MBA, Stockholm School of Economics.

3,500 shares



**Pontus Andersson**

*Born:* 1966

*Elected:* 1995

Employee Representative, Unionen. Employed since 1987 and currently working as a development engineer.

*Holding:* 250 shares



**Anders Lundberg**

*Born:* 1962

*Elected:* 2016

Employee representative for LO (Swedish Trade Union Confederation). Employed since 1997 and currently working full-time as Chairman of the local chapter of IF Metall.

*Holding:* 10 shares

# Executive Management

Its members come from operational management functions in Sweden, Denmark, France, the Czech Republic, Luxembourg and Romania. A broad management team reaches decisions more closely attuned to the business operations and helps strengthen knowledge sharing between different units.



## Ola Ringdahl

*Born:* 1972  
 President and CEO  
 Employed since 2018. Member of Executive Management since 2018.  
*Holding:* 35,000 shares, 40,000 W<sup>1)</sup>, 200,000 SO<sup>2)</sup>  
*Holdings of related parties:* 1,000 shares

*Professional experience:* CEO of Nord-Lock Group, 2013–2018. Regional Director at Capio Healthcare, 2011–2013. Between 2003 and 2011, held senior positions within Crawford, which has been part of Assa Abloy Entrance Systems since 2011.  
*Principal education:* M.Sc. in Business and Economics, Stockholm School of Economics.



## Madeleine Hjelmberg

*Born:* 1974  
 Acting CFO  
 Employed since 2017. Member of Executive Management since 2020.  
*Holding:* None

*Professional experience:* Accounting specialist, Helsingborgs stad, VP Financial Control and Taxes at Haldex, Deputy CFO, Borgestad Industries, Head of External Accounting and Internal Audit, Pers-torp, Authorised Public Accountant, PwC.  
*Principal education:* M.Sc. in Business administration, Lund University



## Olof Christensson

*Born:* 1966  
 Director of Division Ventilation Systems  
 Employed since 2017. Member of Executive Management since 2017.  
*Holding:* 4,000 shares, 25,000 W<sup>1)</sup>

*Professional experience:* President, Business Area Engineering Services, Semcon Group. CEO, ASKO Hushåll AB, Marketing and Sales Director, Sensel AB, Regional Director, Storel AB and Regional Director Nordic Countries, Stena Technoworld AB.  
*Principal education:* B.Sc. in Business and Economics, Karlstad University.



## Stefaan Sonjeau

*Born:* 1968  
 Director of Business Area Building Systems  
 Employed since 2019. Member of Executive Management since 2019.  
*Holding:* 4,000 shares

*Professional experience:* Vice President Customer Integrated Solutions, Carmeuse Europe. Various positions within Baltimore Aircoil Company, including as Director of Sales and Marketing for Europe. Previous experience includes various management roles at Eastman Chemical.  
*Principal education:* Master of Business Administration from Vlerick Business School, Leuven (Belgium) and MSc in Chemical Engineering, University College Gent, Belgium.



## Lars Christensson

*Born:* 1971  
 Director of Business Development and M&A  
 Employed since 2019. Member of Executive Management since 2019.  
*Holding:* 3,000 shares, 25,000 SO<sup>2)</sup>

*Professional experience:* Business development and M&A in a wide range of industries, most recently with the Nord-Lock Group. Previous experience includes TV4 and Brio.  
*Principal education:* M.Sc. in Engineering Physics, Lund Institute of Technology

1) W=Warrants 2018–2020  
 2) SO=Share options 2019–2021, 2020–2022



### Karel Kleinmond

*Born:* 1969

Director of Operations, Division Ventilation Systems

Employed since 2007. Member of Executive Management since 2019.

*Holding:* 2,400 shares, 20,000 SO<sup>2)</sup>

*Professional experience:* Various positions within LEGO 1999–2007, most recently as Managing Director LEGO Production CZ. Previous experience includes various technical roles at General Electric Transportation Systems and Škoda Pilsen, Czech Republic.

*Principal education:* Mechanical Engineer, University of West Bohemia, Czech Republic.



### Mette Brøndum

*Born:* 1963

Director of Sales Region West Europe

Employed since 1997. Member of Executive Management since 2019.

*Holding:* 3,800 shares, 40,000 SO<sup>2)</sup>

*Professional experience:* Purchase Manager at Builders Merchant Group. Various positions at Lindab since 1997, including as Sales and Marketing Manager, Product Manager, Business Unit Manager, Business Area Manager and Country Manager in Denmark

*Principal education:* Sales, strategy, business development and leadership.



### Joakim Lönnberg

*Born:* 1966

Director of Sales, Region North Europe

Employed since 1991. Member of Executive Management since 2019.

*Holding:* 8,085 shares, 40,000 SO<sup>2)</sup>

*Professional experience:* Country Manager, Sales Manager and Product Manager within the Lindab Group. Former pilot for Eastern Air Charter and Chief Flight Instructor at Marlboro Airport, New York, USA.

*Principal education:* Commercial Pilot, Business Administration at IHM Business School and Business Administration at Lund University.



### Pascal Gelugne

*Born:* 1964

Director of Sales, Region Mid Europe

Employed since 2007. Member of Executive Management since 2019.

*Holding:* 5,300 shares

*Professional experience:* Various positions within Lennox/Outokumpu 2002–2006, most recently as SVP and General Manager of European operations. Previous positions including as VP Business Development in Europe and the USA for ABB Fläkt Group 1989–2002.

*Principal education:* M.Sc. in Business Administration Economics, Bethel College, USA.



### Sorin Badea

*Born:* 1974

Director of Sales, Region East Europe

Employed since 1998. Member of Executive Management since 2019.

*Holding:* None

*Professional experience:* Various positions in finance and control within the Lindab Group, including as Regional Business Controller East Europe, Financial Manager in Hungary and Country Manager in Latvia.

*Principal education:* B.Sc. at the University of Craiova, Faculty of Economics and Business Administration, Romania.

1) W=Warrants 2018–2020

2) SO=Share options 2019–2021, 2020–2022



# The Board of Directors' Report on Internal Control

## The Board of Directors' Report on Internal Control for Financial Year 2020

In accordance with the Companies Act and the Swedish Code of Corporate Governance, Lindab's Board of Directors is responsible for the Group's internal control. Lindab's financial reporting complies with the laws and regulations applicable to companies listed on the Nasdaq Stockholm exchange, and with the local regulations in each of the countries where the company operates. The description in this report is consistent with the Annual Accounts Act and is therefore limited to the internal control of financial reporting. The purpose of the report is to provide shareholders and other stakeholders with an understanding of how internal control at Lindab is organised with regard to financial reporting.

The Board of Directors' internal control description is based on the structure presented in COSO's (Committee of Sponsoring Organisations of the Treadway Commission) internal control framework. It is against this background that the report has been prepared.

### Control environment and control instruments

In order to create and maintain a working control environment, the Board of Directors has adopted several documents of fundamental importance for the financial reporting. These include, in particular, the Board of Directors' rules of procedure and its instructions to its committees and to the CEO. The responsibility for upholding the control environment required by the Board of Directors lies primarily with the CEO. He reports regularly to the Board of Directors based on established procedures.

The Board also has an Audit Committee, as a preparatory forum, that addresses matters related to the Group's financial statements, internal control, internal audit, reporting issues and accounting policies, as well as the consequences of potential changes to these. The minutes of the Audit Committee are communicated to the Board on a regular basis and the chairman of the Committee reports regularly at Board meetings. The Audit Committee also maintains ongoing contacts with the company's external auditors and is also responsible for verifying the auditors' independence and qualifications, and for ensuring that fees are paid as agreed.

Lindab's internal control structure is based on a management system which is rooted in the Group's organisation and methods for conducting the operations, with clearly defined roles, responsibilities and delegated authorities. Governance documents, such as policies and guidelines, including the adopted Code of Ethics, also play an important role in the control structure. The governance documents regarding accounting and financial reporting comprise key parts of the control environment with regard to financial reporting.

In 2020, Lindab appointed a Financial Compliance Manager to support the process of developing, improving and further raising the degree of maturity in the Group's internal control. The function works pro-actively with the internal control environment and also conducts reviews aimed at validating the true functionality of the control environment. Lindab's Financial Compliance Manager also supports the Group's independent internal audit function.

### Risk assessment

The Group conducts ongoing risk assessment to identify and evaluate material risks. Lindab's risk management consists of identifying, measuring and taking an active position on the risks identified, with a view to accepting, minimising or eliminating a potential risk based on the adopted strategy. Lindab maintains a risk management programme, Enterprise Risk Management (ERM), encompassing all parts of the operations, including segments, as well as operational and Group-wide functions. The aim is to be able to work with risk prevention in a structured manner and to support continuous improvements. Reviews of material risks are conducted with feedback being provided to the Board on an annual basis. Material risks are also reviewed by Executive Management twice a year.

The principal risk associated with the financial reporting is considered to be that of material misstatements in the accounts, e.g. regarding the accounting and valuation of assets, liabilities, income, expenses, assessments of complex and/or changed business relationships, etc. Further risks include fraud and losses as a result of embezzlement. Risk management is built into all processes, while various methods are used to evaluate and limit risks, and to ensure that the risks to which Lindab is exposed are managed in accordance with established policies, instructions and follow-up procedures. The aim is to mitigate material risks and to foster accurate accounting, reporting and information disclosure.

### Control activities

Control activities are designed to effectively manage the risks that the Board of Directors and management deem significant for the operations, the internal control and the financial reporting. Appropriate, effective appropriate and processes are essential in ensuring compliance with the relevant laws, regulations and guidelines.

The control structure consists of clear roles within the organisation that enable an effective division of responsibilities for specific control activities, the aim being to reveal risks of reporting errors and to avoid these in time. Such activities may include clear resolution procedures and decision-making processes for major decisions such as acquisitions, larger investments, divestments, agreements and analytical reviews.

Another important task for Lindab's organisation is to implement, develop and maintain the Group's control procedures, focusing on business-critical matters. Process managers at various levels are responsible for implementing the necessary controls regarding the financial reporting. The accounting and reporting processes include controls pertaining to valuation, accounting policies and estimates. All reporting units have their own controllers/financial managers who are responsible for ensuring accurate financial reporting. Continual analysis of the financial reporting in the individual unit, together with the analysis performed at Group level, is important in safeguarding that the financial statements are free from material misstatement. The Group's controller organisation plays an important role in the internal financial control process and is responsible for ensuring that the financial reporting for each unit is accurate, complete and timely.

### Information and communication

Lindab maintains internal information and communication channels aimed at fostering completeness and accuracy in the financial statements through governance documents, such as internal guidelines, directives and policies, for example. Regular updates and bulletins on amendments to accounting policies, reporting requirements or other communications are communicated to the relevant employees. The organisation has access to all key documents on internal control and governance via the Group intranet (Lindnet).

In 2020, a new whistle-blower system, WhistleB, was implemented to enhance all employees' access to channels for anonymously reporting issues/irregularities in the operations. All employees underwent training in the system to increase awareness of WhistleB, with similar introductions continuously being provided to all new recruits.

The Board of Directors receives financial reporting on a regular basis. External information and communications are governed by the company's Communication Policy, which details Lindab's general information disclosure principles.

### Follow-up

The Group's compliance with adopted policies and guidelines is followed up by the Board of Directors and Executive Management. The company's financial situation is addressed at each Board meeting. The Board's Remuneration and Audit Committees play an important role in matters of remunerations, financial

statements and internal control, for example.

Before interim and annual reports are published, the Audit Committee and the Board of Directors review the financial statements. Lindab conducts monthly performance follow-ups, analysing deviations from budgets, forecasts and previous years. The external auditors report their findings from their review of the interim report for the third quarter report, their audit of the annual accounts and their examination of the administration of the Board of Directors and the CEO. The auditors usually attend two Board meetings annually.

Having identified three principal areas (sustainability, internal control and compliance) are central for its corporate governance, Lindab has established a Corporate Governance Board that is primarily responsible for safeguarding good corporate governance within the Group.

### Internal audit

Lindab maintains an internal audit function integrated into the Group's central financial organisation and upheld by an external party. This function reports to Lindab's Executive Management on an ongoing basis and to the Audit Committee at least once a year. The direction and scope of the work of the internal audit is determined by the Audit Committee. The internal audit is designed to safeguard the fulfilment of the Group's targets in terms of appropriate and effective processes, and that financial statements are prepared in accordance with applicable laws and regulations.

Båstad, 14 March 2021

Board of Directors of Lindab International AB (publ)

## Auditor's report on the Corporate Governance Report

To the Annual General Meeting of Lindab International AB (publ), corporate identity number 556606-5446

### Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance report for the financial year 2020 on pages 46–57 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevU 16 *Auditor's examination of the corporate governance report*. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Stan-

dards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a sufficient basis for our opinions.

### Opinions

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

Gothenburg, 14 March 2021

Deloitte AB

Hans Warén

Authorized Public Accountant



# 27 years

You spend almost a third of your life in bed or 27 years, often at home, but sometimes in hotels. Sleep and rest are important. But you will not get a good night's sleep with a draft on your face or hearing a constant buzzing sound. In fact, even at an air speed of 0.2 m/s, we perceive a room as too dry.

Sources: Healthy Homes Barometer 2019, Velux: "The Indoor Generation" (2019).





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# Directors' Report

- Net sales for 2020 amounted to SEK 9,166 m (9,872), a decrease of 7 percent compared with previous year. Organic sales decreased by 6 percent and currency effects had a negative impact on growth by 2 percent. Structural changes contributed positively by 1 percent.
- Adjusted operating profit increased to SEK 916 m (915). Operating profit was adjusted for one-off items and restructuring costs of SEK -70 m (-), related to Lindab's closure and divestment of IMP Klima Group.
- The adjusted operating margin increased to 10.0 percent (9.3), which is in line with Lindab's long-term financial target over a business cycle.
- The Board of Directors proposes a dividend of SEK 3.40 (1.75).

## The business

Lindab develops, manufactures, markets and distributes products and system solutions for improved indoor climate and simplified construction. The product portfolio includes complete ventilation, cooling/heating systems and products, construction products such as rainwater, roof and wall products as well as industrial buildings. Lindab also offers complete, ready-to-use steel construction systems. All products are characterised by high quality, ease of assembly, energy efficiency, environmentally friendly design and are delivered with high service level. Altogether, this creates more added value for the customers.

Lindab's operations are governed based on an organisational matrix in which the basis for the external reporting structure relate to the different customer offerings provided by each business area identified. The operations within Ventilation Systems mainly offer ventilation-related products and indoor climate solutions. Profile Systems focuses on products and systems in sheet metal for, among other things, rainwater products, cladding of roofs and walls and various steel profiles. Building Systems markets and manufactures complete prefabricated building systems in steel. From a matrix perspective, Lindab's business is also based on a geographically distributed sales organisation supported by a number of product and system areas. From a market perspective, the Group's business is centred primarily in Europe and the CEE/CIS-region and Lindab has a good market share in most of the geographical areas where the Group is represented.

The Board of Directors and CEO of Lindab International AB (publ), corporate identity no. 556606-5446, registered in Sweden, with its head office in Båstad, hereby present the Annual Report for the financial year 2020.

Lindab International AB constitutes the Parent company of the Lindab Group. The Lindab share is listed on the Nasdaq, Stockholm, Mid Cap under the ticker symbol LIAB.

## Financial key performance indicators

Amounts in SEK m unless otherwise indicated.

	2020	2019	Change, %
Net sales	9,166	9,872	-7
Growth, of which:			
Organic growth, %	-6	3	
Acquired/divested, %	1	0	
Currency effects, %	-2	3	
Operating profit before amortisation/depreciation – EBITDA <sup>1)</sup>	1,284	1,315	-2
Adjusted operating profit <sup>1) 2)</sup>	916	915	0
Operating profit	846	915	-8
Earnings before tax	811	881	-8
Profit for the year	596	678	-12
Earnings per share, SEK	7.80	8.89	-12
Dividend per share, SEK	3.40 <sup>3)</sup>	1.75	94
Cash flow from operating activities	1,129	1,017	11
EBITDA margin, % <sup>1) 2)</sup>	14.0	13.3	
Adjusted operating margin, % <sup>1) 2)</sup>	10.0	9.3	
Operating margin, %	9.2	9.3	
Shareholders' equity	5,178	5,027	3
Net debt <sup>1)</sup>	1,640	1,771	-7
Return on shareholders' equity, % <sup>1) 2)</sup>	11.6	14.3	
Return on capital employed, % <sup>1) 2)</sup>	11.5	13.6	
Net debt/EBITDA, excluding one-off items and restructuring costs <sup>1) 2)</sup>	1.4	1.6	
Net debt/equity ratio, times <sup>1) 2)</sup>	0.3	0.4	
Average number of employees	5,121	5,202	-2

1) This is an "alternative key performance indicator" not defined in accordance with IFRS. For definition, see page 122.

2) Adjusted for one-off items and restructuring costs, see table on page 69.

3) Board of Directors' proposed dividend for 2020. It is proposed that the dividend be divided between two payment dates, in May and November, respectively.

## Financial targets and target fulfilment 2020

Lindab's ambition is to create value for people and the environment, but the Group also aims to create value for the shareholders and other stakeholders based on a business model with clear financial targets. For several years, Lindab has been working towards financial targets decided by the Board of Directors within the categories of growth, profitability and debt ratio. The underlying purpose of these targets is to create long-term value for shareholders, increase Lindab's financial strength and enable the Group's future strategic investments. The current long-term financial targets are:

- The annual growth rate should be 5–8 percent, as a combination of organic and acquired growth.
- The operating margin (EBIT) should average at 10 percent over a business cycle, excluding one-off items and restructuring costs.
- The net debt EBITDA ratio should not exceed 3.0, measured over a 12-month average.

Lindab's dividend policy is that the proposed dividend should equal at least 40 percent of the company's profit after tax for the year, taking to account the company's financial position, acquisition opportunities and long-term financial needs.

Lindab's sales growth for the year, excluding currency effects, was –5.2 percent (3.3). Operating profit developed positively and the operating margin, excluding one-off items and restructuring costs, increased to 10.0 percent (9.3). This is in line with Lindab's long-term financial targets over a business cycle. At the end of the year, the ratio of net debt to EBITDA was 1.4 (1.6).

Lindab's Board of Directors proposes that the Annual General Meeting approves a dividend of SEK 3.40 (1.75) per share, corresponding to a dividend of SEK 260 m (134) and approx. 44 percent (20) of net profit. It is proposed that the dividend be divided between two payment dates, in May and November, respectively. This proposal is in line with the updated dividend policy.

## Business combinations

In June, Lindab acquired 95 percent of the Irish company Smofir Trading Ltd. The business is mainly focused on licensing of certified fire ductwork systems and component sales related to these systems. The technology is licensed under the Thor Duct brand. The acquisition is a step in further strengthening the offering in ventilation in Ireland and the UK. The company has an annual turnover of approx. SEK 21 m.

In July, Lindab acquired the Swedish company Crenna Plåt AB with its subsidiaries. The Group is primarily a leading manufacturer of high-quality rectangular ventilation ducts on the Swedish market. Through the acquisition, Lindab has further strengthened its market position and can now offer a complete range of ventilation ducts and ventilation related accessories in Sweden. Crenna has an annual turnover of approx. SEK 120 m.

In September, Lindab divested all shares in the Slovenian subsidiary Lindab, klima sistemi, d.o.o. and its subsidiaries (IMP Klima Group). The business is primarily related to production and sales of air handling units. In June, Lindab took the strategic decision to close down IMP Klima Group but during the third quarter the IMP Klima Group was divested instead. The divestment of, and also the previous decision to

close the business was in line with Lindab's strategy to focus on long-term sustainable growth.

In October, Lindab acquired the Swedish company Ekovent AB with its subsidiaries. Ekovent is a manufacturer of high-quality ventilation and fire protection products. With the acquisition, Lindab further extends its offering in ventilation solutions, strengthening in particular its position in fire protection in the Swedish market. Ekovent has an annual turnover of approx. SEK 123 m.

In October, Lindab became a partner by acquiring 36.6 percent of the Danish company Leapcraft ApS, an expert in advanced measurement and analysis of indoor climate.

In December, Lindab acquired the Norwegian ventilation company Aer Faber AS. The company has a strong position in the Oslo area, a region in which Lindab wants to strengthen its presence. Aer Faber has solid experience with rectangular ventilation ducts. The acquisition aims to complement Lindab's current operations in Norway, in terms of both product and market. Aer Faber has an annual turnover of approx. NOK 50 m.

During the previous year, the UK ventilation company Ductmann Ltd. was acquired, whose operations focus on the production and sale of rectangular and fire-rated ducts for ventilation systems. The acquisition was a natural step for Lindab to further strengthen the product offering in the UK. The Dutch subsidiary, Lindab Door B.V. was also divested. The company's business activities mainly relate to sales and assembly of industrial doors in the domestic market. For further information on acquisitions and divestments, see Note 5.

## Research and development

Lindab is a driver in the development of more effective and resource efficient constructions. The focus is, among other things, on finding solutions that will increase the degree of standardisation in construction projects, contribute to lower resource consumption and create a better indoor climate. This includes development of software and new technologies to facilitate the planning process for customer projects and installations. Research and development projects are carried out in-house as well as in cooperation with suppliers and universities, in areas that include indoor climate, material strength and health and sustainability aspects.

The Innovation Hub that Lindab launched in 2019 further developed its operations over the year. New expertise has been added to enhance customer and end-user orientation, enabling the development of new products and services. One of the focus areas is to continue increasing awareness of the importance of indoor climate for people, which has become even clearer during the pandemic. In addition, the process continues assessing various early-stage technological solutions to mitigate risks and increase the pace of the development processes.

In its development work, Lindab has focused on products, systems and solutions that will contribute to energy-efficient buildings while, at the same time, offering a favourable indoor climate. A new generation of UltraLink has been launched, with new features and an upgraded associated app. Work on the next generation of product and service platforms for even smarter indoor climate control is in progress and will gradually be launched over the upcoming years. Lindab's IT solutions, which support and simplify the design and construction process, have been launched with new functions and improvements for our customers and



partners. At the same time, Lindab has applied an integrated and goal-oriented approach in its work with sustainable solutions for the future.

During the year, Lindab developed a large number of items in its product ranges for rainwater products, roof safety and sandwich panels. Substantial focus has been on sustainability and our customers' needs.

During 2020, research and development expenses amounted to SEK 64 m (64), of which SEK 42 m (40) related to Ventilation Systems, SEK 13 m (14) to Profile Systems and SEK 9 m (10) to Building Systems. The number of people employed in the Group's product development departments totalled 61 (67), of whom 31 (39) were in Ventilation Systems, 18 (16) in Profile Systems and 12 (12) in Building Systems.

### Personnel and personnel development

In 2020, the average number of employees in Lindab was 5,121 (5,202), a decrease of 81 people. The number of employees at the end of the year was 5,078 (5,196), which is a decrease of 118 people compared with the previous year. Adjusted for acquisitions and divestments, the number of employees decreased by 77. The average number of employees in Sweden was 1,007 (1,125), which corresponds to 20 percent (22) of all employees in the Group. For further details on the average number of employees and personnel costs, see Note 6.

Lindab is continually working to build a uniform culture within the organisation and promotes professional working methods through Group-wide guidelines and principles, such as the implemented Code of Conduct and Equal Opportunity Policy. In order to secure a solid platform for its business while at the same time making the most of the employees' strengths, Lindab has standardised processes and tools for performance appraisals, job descriptions, succession planning and competence development.

### Guidelines for remuneration of senior executives

Details of the remuneration principles for senior executives recently approved at the Annual General Meeting are to be found in Note 6. For the Board of Directors' suggested guidelines that will apply from the next Annual General Meeting, see Note 6.

### Profit sharing foundation

For all employees with permanent positions in the Swedish Lindab companies, there is an agreement for annual payment of contributions into a profit sharing foundation. These provisions are based on the earnings of the Swedish group companies. In 2020, provisions amounted to SEK 7 m (7), including special employers' contributions. At the end of 2020, the profit sharing foundation held 497,000 shares (467,000) in Lindab. In addition to the Swedish profit sharing scheme, there is also a small profit sharing scheme in one of Lindab's French companies. See Note 6.

### Sustainability Report

Sustainability is taken very seriously in Lindab's business operations. The sustainability work continued during 2020. Lindab has prepared a Sustainability Report in accordance with GRI (Global Reporting Initiative). The Sustainability Report has been prepared in a report separate from the Directors' Report to meet the requirements for a statutory Sustainability Report in accordance with the Annual Accounts Act (AAC), Chapter 6, Section 11. The contents of the Sustainability Report are listed in the GRI index and the AAC table presented on pages 124–126 of this report. The auditor's opinion regarding the statutory Sustainability Report can be found on page 126. There is an index on page 126 with

references indicating where information about the various subjects covered by the Sustainability Report in accordance with the Annual Accounts Act (1995:1554) can be found in the Annual Report.

## Environment

### Consistent environmental work

Lindab gives priority to working actively to minimise the environmental impact of the Group's operations and products, and consequently, the Group's quality and environmental policy forms the basis for Lindab's environmental work. As part of these efforts, Lindab's major production units are certified under the ISO 9001 quality management system and the ISO 14001 environmental management system.

### Products

Lindab is working actively on product development as well as continuous improvements to existing products. The objective is to gradually develop new products that improve the customers' environmental performance and are energy efficient. Lindab's circular duct systems, Lindab Safe and Lindab Safe Click, are certified by Eurovent in the maximum air tightness class, class D, which is considered a clear quality stamp.

### Environmental permits

The majority of Lindab's production units do not normally fall under specific environmental regulations or permits. The companies report to the regulatory bodies in each country in accordance with local regulations.

In Sweden, operating permits are required for the production unit in Grevie. The permit relates to facilities where metalworking is performed mechanically and where the total tank volume for oils in the metalworking machines is greater than 20 m<sup>3</sup>. Other Swedish operations are either obliged to declare or do not require permits.

### Environmental impact

Lindab's production of steel products has a relatively limited impact on the environment. The Group pursues activities on properties where soil contamination may occur. The company controls, monitors and addresses any issues in consultation with the local authorities. The waste products generated during production consist primarily of scrap metal which is recovered completely. Other waste is recycled up to 90 percent. Anything not used is sorted and disposed of in accordance with applicable regulations.

### Climate impact

Lindab's climate impact comprise energy consumption as well as transportation and consumption of raw materials. Several projects focusing on energy efficiency and reducing scrap volumes are being conducted within the Group.

### Corporate governance

See the Corporate Governance Report on pages 46–57.

### Risks and risk management

Exposure to risk is, to a certain extent, part of the business activities. Lindab's risk management consists of identifying, measuring and trying to prevent risks from occurring, and continually making improvements to minimise potential risks. For the Group, risk prevention is principally aimed at preventing potential risks from developing into damage and/or losses. If Lindab does not succeed, the next step is to mitigate the effect of damage that has already occurred. The Group's risks have been divided into four main risk areas; Operational risks, Strategic risks, Fi-

financial risks and Compliance risks. The probability of each risk and its impact on Lindab's business is assessed continuously with a subsequent action plan. Reporting, monitoring and control are conducted through formally established procedures and processes. The Group's main identified risk areas are described below.

### Operational risks

#### *Steel price development*

Lindab purchases large quantities of steel, mainly in the form of sheet metal, and is influenced by developments in the market for raw materials. The purchasing strategy developed by Lindab is based on long standing relations with the most important suppliers of steel and sheet metal, enabling the company to purchase directly from steel mills rather than intermediaries. Lindab's close relationship with steel mills has also enabled it to develop special grades of steel and specific finishes that are adapted to the company's systems and products. Lindab only purchases steel to meet stock holding requirements and does not speculate or hedge on future steel prices.

Lindab has chosen to coordinate most of its steel purchasing in order to achieve economies of scale, secure competitive prices and terms with steel mills. A thorough internal review is also being conducted to enable the Group to react and adapt its prices to customers when price increases arise at the purchasing stage that cannot be absorbed by the organisation through rationalisation. High volatility in the purchase price of steel entails a certain profitability risk as offsetting through customer prices may be delayed.

#### *Stoppages*

Lindab may be affected by stoppages due to various reasons such as breakdowns and strikes, as well as other reasons outside of the Group's control. Due to its global presence, the Group has the ability to move its operations to other locations if any unit would be negatively affected, thereby ensuring that any projects undertaken are completed.

The Group's global insurance programmes cover property damage, stoppages and breakdowns.

#### *Bad debt losses*

Lindab sells its products to a large number of customers, which means that the Group has limited exposure to individual bad debt losses. However, there is always a risk that customers' financial position may change, which can negatively impact their ability to pay, which may in turn, result in Lindab not receiving payment for products sold. In order to minimise the risk of bad debt losses, a number of companies within the Group have insured receivables against bad debt losses. Furthermore, the Group obtains credit information about customers when-ever possible. Lindab's single largest customer accounts for 1.9 percent (1.9) of the Group's annual sales.

Lindab is using a valuation method for calculating bad debt loss provisions which is based on expected bad debt losses. In practice, this means that the Group categorises its outstanding accounts receivable in six different levels depending on due date, ranging from accounts receivable that are not due to receivables that are overdue by more than 360 days. The respective levels have an expected degree of credit loss of between 0.6 percent (0.4) and 95.6 percent (95.4). Accounting loss provisions are formed based on these expected degrees of credit loss. Degrees of credit loss are estimated based on the Group's own experience, but also reflect future expectations of different pay-

ment structures given the economic climate etc. In addition to the model-based provisions for credit losses, individual assessments are also made of accounts receivable as soon as there are indications of an increased risk of loss on individual commitments. In this way, the Group works actively on an ongoing basis to reflect known information in total reported provisions for anticipated bad debt losses in the best possible manner. For further information on the valuation of accounts receivable, see Note 2 and Note 25.

Based on the described valuation method, the provision for expected bad debt losses amounted to SEK -81 m (-98) at the end of the financial year. During the year, earnings were affected by costs for expected and actual bad debt losses corresponding to 0.2 percent (0.2) of the Group's total net sales, see Note 25.

#### *Disputes*

The financial risk associated with disputes relates to the costs that may arise from the Group's involvement in various legal disputes. The responsibility for monitoring and guiding the legal risk management lies with Lindab's legal department led by the Group's General Counsel. During the year, Group companies were only involved in minor disputes that are directly related to the business.

Within the segment Building Systems, provisions are regularly made for potential future claims. Provisions are mainly based on the historical costs incurred by Building Systems for various claims. In addition, provisions are made, both within Ventilation Systems, Profile Systems and Building Systems, for disputes that are deemed likely to result in a risk of having to pay compensation. Warranty provisions at the end of the financial year amounted to SEK -21 m (-18). For more information, see Note 28.

#### *IS/IT*

Lindab harmonises business processes and consolidates the Group's IS/IT systems with the aim of establishing an efficient and sustainable value chain that offers customer and market segments delivery and service at a competitive price.

To ensure high availability and disaster preparedness and to minimise the risk of disruptions to critical business systems, IS/IT security solutions have been implemented and the relevant degree of redundancy in IT infrastructure equipment has been established (communication lines, servers, storage and server rooms).

Regular risk analyses are conducted of critical IS/IT systems, including risk-identification, analysis and mitigation measures.

### Strategic risks

#### *Competition*

In the various markets, Lindab competes against a large number of small companies and a small number of relatively large national and multinational companies. The company's competitors include Ruukki Construction, Tata Steel, Arcelor Mittal Construction, Marley, Balex Metal, Budmat, Pruszynski, Fläkt Woods, Swegon, Systemair, Trox, Goldbeck and Llentab.

To face this competition, Lindab has opted to use highly automated central production units for volume products. These products can be easily transported. This is combined with smaller, local production units for products that require local adaptation. Local production is also app-

lied for bulky products in order to reduce transport costs and achieve greater sustainability in the process. Through a well-developed distribution network, Lindab can stay informed of changes, trends and new demands from customers and lay the foundations for the adaptation of products, systems solutions and services. Lindab's primary raw material is steel, mainly in sheet metal form, and Lindab's competitive strength is partially affected by changes in the price of raw materials. Lindab is continuously rationalising production, distribution and organisation to maintain its competitive edge. Steel has many advantages over competing materials such as plastic and concrete. Customer campaigns also have an influence on customers' product choices. Lindab is working towards building long-term relationships with customers and to provide added value by simplifying construction through the use of Lindab's products and system solutions.

#### *Customer behaviour*

Demand for Lindab's products is affected by changes in customers' investment plans and production levels. Customers' investments can change if the political or economic situation in a country or an industry changes. Lindab has its own operations in 24 countries, which balances the various country specific risks in the construction industry. However, since construction is a cyclical industry, it is not possible to protect against a downturn in the global economy. The current economic climate in Europe is affecting the majority of Lindab's markets and therefore has an impact on Lindab. Similarly, political unrest, national restrictions or instability may have an effect on Lindab.

#### *Macro-economy/market*

Lindab's business is late in the construction cycle, with approx. 80 percent of sales related to the non-residential construction market and a range of products and solutions that are mostly installed at a later stage of the construction process. Generally, over time the construction market follows overall GDP growth, although with greater fluctuation. The market for non-residential construction is often somewhat later in the business cycle than residential construction as the projects involved are generally larger and have longer lead times.

During normal business cycles, this allows Lindab some flexibility to manage capacity planning. However, in the event of macroeconomic crises, such as the financial crisis of 2008, the opposite generally occurs with rapid and significantly greater fluctuations in construction activity compared with the general economy.

Lindab's sales volumes for the year were affected as a result of covid-19. In most markets, construction activity has been limited due to the restrictions implemented, which has resulted in some construction sites being completely or partially closed during certain periods of the year. Construction projects have been delayed or postponed and it is unclear for how long and to what extent covid-19 will last. Lindab's objective has been to keep our factories and our distribution and sales channels open to the greatest extent possible. Lindab customers value high availability and delivery precision. By ensuring that critical deliveries can be made, Lindab has strengthened its competitiveness and customer loyalty. At Lindab's facilities, routines have been introduced to prevent the spread of infections and to increase the safety of employees. Where covid-19 cases have been confirmed among Lindab's employees, measures have been taken to prevent further spread of the infection. Protective equipment has been put on stock to secure future availability. In addition to covid-19, Lindab's sales volumes in the UK were partly affected by uncertainties surrounding Brexit. However, the level of con-

struction activity in that country in 2020 was characterised more by the ongoing pandemic rather than the UK's withdrawal from the EU. For some time, Lindab has been working purposefully to safeguard access to products, to maintain appropriate inventory levels from a proactive perspective and to develop precautions based on the import barriers that have been indicated in connection with Brexit. Lindab consistently and carefully monitors the Brexit process to be able to take any actions necessary in the event of a rapid change in construction activity.

#### **Financial risks**

For a description of financial risks, see Note 3.

#### **Compliance risks**

##### *Taxes*

Lindab conducts operations in many different countries, mainly in Europe, and has generally perceived tax legislation and its application to have become more complex. Predictability has decreased and it has become increasingly important to maintain updated and fully functional systems and processes for handling taxes and levies.

Within the field of income taxes, focus is also on transfer pricing issues, which relate to the prices agreed in cross-border transactions between related companies. Internal prices impact revenues and costs and thereby taxable profits in the countries where the companies operate. The internationally accepted view is that the conditions should be consistent with what would be agreed between independent parties, known as the arm's length principle. Most of the countries where Lindab operates are members of the OECD. The OECD has issued guidelines for cross-border internal transactions in multinational groups, and Lindab works continuously to ensure that the Group complies both with these guidelines and local tax legislation in each jurisdiction.

Lindab is also working to develop and adapt procedures to identify tax risks and manage them effectively. Lindab has regular contact with tax advisers for the interpretation of tax laws and to assess how various issues should be handled. An incorrect treatment could impact Lindab through higher operating expenses or tax expenses together with interest and penalties.

The Group is not involved in any tax disputes deemed to be able to have a material negative impact on the Group's result or financial position.

##### *Environment*

Lindab is actively working to minimise the environmental impact created by the Group's operations and products. Lindab's Quality and Environmental policy is a key document that forms the basis for the Group's environmental work. Lindab's production of steel products has a minimal direct environmental impact. In cases where there is a risk of environmental liability, an assessment is made to determine whether a provision is required. No provisions were made for anticipated future environmental liabilities in 2020. The waste products generated through production consist mainly of scrap metal which is recovered completely and other waste, of which up to 90 percent is recycled. Anything not used is sorted and disposed of in accordance with applicable regulations.

In order to protect the company and third parties in the event of environmental accidents, Lindab has environmental insurance where required by local law, and in some cases this has been extended to include voluntary insurance environmental liability. The insurance includes liability for damages that are part of or are the result of environmental damage.



### Business ethics

Lindab's reputation is a valuable asset that can be influenced by Lindab's actions as well as by external stakeholders. The Group strives to avoid engaging in conduct that might jeopardise Lindab's good standing. Lindab aims to be a good corporate citizen wherever the Group is active. A Code of Conduct has been formulated and implemented in the Group to ensure that all employees in Lindab's markets follow best business practice.

### Working environment

A good and safe working environment is a strategic issue for the Group. Lindab applies an environment policy with clearly defined responsibilities for both managers and employees. Emphasis is placed on preventive work, which is done in cooperation amongst Management, employees, the safety organisation and occupational health organisation.

Accidents that resulted in time lost from work of at least one day are monitored and reported as LTIF (Lost Time Injury Frequency). During the period 2019 to 2020, LTIF decreased from 10.7 to 6.4. In the event of serious accidents involving a risk of permanent disability, the President and CEO is informed within 24 hours and corrective and preventive actions are followed up and implemented within two weeks. There were 10 (3) serious accidents in 2020. Lindab follows up incidents closely to ensure that the people affected receive the best possible support in their return to work.

### Share capital

On 31 December 2020, the share capital amounted to SEK 78,732,820 (78,707,820) consisting of 78,732,820 (78,707,820) class A shares only. All shares have a quotient value of SEK 1.00. Lindab holds 2,375,838 treasury shares (2,375,838), equivalent to 3.0 percent (3.0) of the total number of Lindab shares. The number of shares outstanding is 76,356,982 (76,331,982).

A share option programme for senior executives and other key persons in the Lindab Group was resolved at the 2020 Annual General Meeting. Under this programme, 210,000 share options were issued and acquired by senior executives and other key persons in Lindab in accordance with a market valuation based on established agreements. Each share option entitles the holder to acquire one share in Lindab at an exercise price of SEK 101.90 at a specified time in summer 2023.

At the Annual General Meetings in 2017, 2018 and 2019, respectively, resolutions were made to implement share option/warrant programmes for senior executives. In the first programme, 75,000 warrants were issued, entitling holders to subscribe for one share per warrant at a certain point in summer 2020 at an exercise price of SEK 108.80. In the ensuing programme, 135,000 warrants were issued (of which 25,000 are now held by Lindab) entitling holders to subscribe for one share per warrant at a certain point in the summer of 2021 at an exercise price of SEK 86.40. In the ensuing programme, 175,000 share options were issued entitling holders to subscribe for one share per option at a certain point in the summer of 2022 at an exercise price of SEK 120.00. For further information, see Note 6. During 2020, 25,000 externally owned warrants, from the 2017 warrant programme, were subscribed for in accordance with agreed terms. This transaction triggered the issuing of 25,000 shares in Lindab International AB for the benefit of these individuals. The subscription of shares was exercised at a price of SEK 108.80 per share. Any unutilised warrants from the 2017 warrant programme have now expired.

All shares have the same right to dividend and surplus in the event of liquidation and they entitle the holder to one vote at Lindab's Annual General Meeting. However, treasury shares do not convey any entitlement to dividends. According to Lindab's Articles of Association, issued share capital must not fall below SEK 60 m or exceed SEK 240 m, and the number of shares must not fall below 60,000,000 or exceed 240,000,000. There are no restrictions in law or in the Articles of Association relating to the transferability of shares.

On 31 December 2020, the company had a market capitalisation of SEK 13,011 m (9,129) and 10,156 shareholders (7,967). Lindab's largest shareholder at the end of the year was Lannebo Fonder with 9.3 percent (9.3) of the number of shares outstanding. This was followed by Fjärde AP-fonden with 8.9 percent (8.2), Handelsbanken Fonder with 7.3 percent (4.6), AFA Försäkring with 5.3 percent (5.2), Dimensional Fund Advisors with 4.3 percent (4.4) and Livförsäkringsbolaget Skandia with 3.7 percent (4.4). The five largest shareholders together hold 35.1 percent (31.7) of the share capital and voting rights. The ten largest holdings constitute 49.8 percent (49.1) of the shares, excluding Lindab's own holding.

There are no restrictions on how many shares a shareholder can represent at an Annual General Meeting. Lindab is unaware of any agreements between shareholders that may result in restrictions in their right to transfer shares.

The Articles of Association state that the Board members are elected at the Annual General Meeting. The appointment and dismissal of Board members are otherwise governed by provisions in the Companies Act and the Code of Corporate Governance. In addition, the Companies Act states that changes to the Articles of Association, as appropriate, should be resolved at general meetings.

### Dividend

#### Dividend policy

Lindab's dividend policy states that the proposed dividend should equal at least 40 percent of the company's profit after tax for the year, taking to account the company's financial position, acquisition opportunities and long-term financial needs.

#### Proposed appropriation of profits for the financial year 2020

Lindab's Board proposes to decide at the Annual General Meeting on 5 May 2021 on a dividend of 3.40 SEK per share, which is in line with the company's dividend policy and results in a dividend of SEK 260 m in total. It is proposed that the dividend shall be disbursed on two dates, at SEK 1.70 per date. The proposed reconciliation dates for dividend rights are 7 May 2021 and 5 November 2021, whereupon it is estimated that payments of dividends to shareholders will take place on 12 May 2021 and 10 November 2021.

#### At the disposal of the Annual General Meeting:

SEK	2020
Profit brought forward	2,311,092,964
Profit for the year	11,278,227
<b>Profit carried forward</b>	<b>2,322,371,191</b>

#### The Board of Directors proposes the following appropriation of profits:

SEK	
Dividend to shareholders, SEK 3.40 per share	259,613,739
To be carried forward	2,062,757,452
<b>Total</b>	<b>2,322,371,191</b>

## Net sales and profit

- Net sales amounted to SEK 9,166 m (9,872), a decrease of 7 percent compared with the previous year. Organic sales decreased by 6 percent and currency effects had a negative impact on growth by 2 percent. Structural changes contributed positively by 1 percent.
- Adjusted operating profit increased to SEK 916 m (915). Operating profit was adjusted by SEK -70 m (-), related to Lindab's closure and divestment of IMP Klima Group. Operating profit amounted to SEK 846 m (915).
- Profit for the year amounted to SEK 596 m (678) and earnings per share amounted to SEK 7.80 (8.89).

### Net sales

Net sales amounted to SEK 9,166 m (9,872), a decrease of 7 percent compared with the previous year. Organic sales decreased by 6 percent and currency effects had a negative impact on growth by 2 percent. Structural changes contributed positively by 1 percent. The lower sales were mainly related to covid-19 and affected the first half of the year when several countries introduced extensive restrictions. Among other things, these restrictions resulted in construction sites being closed and construction activity was generally lower. During the second half of the year, a certain recovery in sales took place as construction activity gradually increased, although the recovery rate varied significantly between different markets. Foreign net sales decreased by 12 percent and amounted to SEK 6,747 m (7,682), corresponding to 74 percent (78) of the Group's total sales.

Lindab has operations in 24 countries (31) and the geographical breakdown of total sales in 2020 was 48 percent (43) in the Nordic region, 32 percent (35) in Western Europe, 18 percent (21) in CEE/CIS and 2 percent (1) in other markets.

Organic sales growth for the larger segment, Ventilation Systems, decreased by 5 percent for the full year. Profile Systems had organic growth of 5 percent, while sales in Building Systems decreased organically by 26 percent.

Covid-19 had a significant impact on sales, primarily in the Building Systems segment, which is more project-based, but also in Ventilation Systems. In Building Systems, the pandemic has resulted in several major construction projects being postponed to the next year, together with some construction sites being completely closed during parts of 2020. Ventilation Systems has also been affected by sites being closed as a result of imposed restrictions, which had a significant impact on the segment's sales development. Profile Systems' organic sales growth is driven by the Nordics being its principal home market, which was less impacted by the restrictions introduced than other markets in Europe.

### Seasonal variations

Lindab's business is affected by seasonal variations in the construction industry, and the highest proportion of net sales is normally seen during the second half of the year. The biggest seasonal variations were evident in the Profile Systems and Building Systems segments. Ventilation is installed mainly indoors, consequently the Ventilation Systems segment is less dependent on seasons and weather.

### Gross profit

Gross profit amounted to SEK 2,623 m (2,723). The gross margin increased to 29 percent (28) of net sales.

### Other operating income

Other operating income amounted to SEK 88 m (69). This income primarily related to exchange rate gains on operating receivables/liabilities in both 2020 and 2019. In addition, capital gains on the disposal of tangible fixed assets affected the balance by SEK 5 m (5) and the divestment of IMP Klima Group by SEK 4 m (-).

### Net sales and growth

	2020	2019	2018	2017	2016
Net sales, SEK m	9,166	9,872	9,326	8,242	7,849
Change, SEK m	-706	546	1,084	393	260
Change, %	-7	6	13	5	3
Of which					
Organic growth, %	-6	3	8	4	4
Acquired/divested, %	1	0	1	0	0
Currency effects, %	-2	3	4	1	-1

### Net sales by region

SEK m	2020	%	2019	%	2018	%	2017	%	2016	%
Nordic region	4,403	48	4,236	43	4,198	45	3,752	46	3,654	47
Western Europe	2,973	32	3,445	35	3,057	33	2,699	33	2,600	33
CEE/CIS	1,642	18	2,034	21	1,834	20	1,524	18	1,352	17
Other markets	148	2	157	1	237	2	267	3	243	3
<b>Total</b>	<b>9,166</b>	<b>100</b>	<b>9,872</b>	<b>100</b>	<b>9,326</b>	<b>100</b>	<b>8,242</b>	<b>100</b>	<b>7,849</b>	<b>100</b>

### Indirect costs

Selling and administrative expenses decreased by 7 percent and amounted to SEK 1,620 m (1,733), corresponding to 18 percent (18) of net sales. Research and development expenses amounted to SEK 64 m (64), equivalent to 0.7 percent (0.6) of net sales.

### Other operating expenses

Other operating expenses amounted to SEK 180 m (80). The expenses largely consist of exchange rate losses on operating receivables/liabilities. The item also included one-off items and restructuring costs of SEK -74 m (-), related to the decision to close down IMP Klima Group.

### Amortisation/depreciation and impairment losses

Total amortisation/depreciation for the year, which are included in the expenses for each function (see Note 9), amounted to SEK 395 m (388), of which SEK 29 m (29) was related to intangible assets and SEK 224 m (214) to right of use assets related to rental agreements and leases. In addition, impairment losses of SEK 43 m were reported due primarily to approved structural changes, of which SEK 32 m related to properties. Of the impairment losses for the year, SEK 42 m were reported as other operating expenses in the consolidated statement of profit or loss, of which SEK 40 m was classified as one-off items and restructuring costs. In 2019, impairment losses of SEK 12 m were reported, mainly related to former acquisition-related intangible assets.

### Operating profit

Adjusted operating profit increased to SEK 916 m (915). Despite decreased sales as a result of covid-19, Lindab delivered an adjusted operating profit in line with previous year. This was mainly due to a stronger gross margin in all segments, while underlying costs decreased compared with previous year, despite decreased sales due to covid-19 in Building Systems and Ventilation Systems. The adjusted operating margin increased to 10.0 percent (9.3), which is in line with Lindab's long-term financial target over a business cycle. Operating profit was adjusted for one-off items and restructuring costs of net SEK -70 m (-), related to Lindab's closure and divestment of IMP Klima Group. Operating profit amounted to SEK 846 m (915) and the operating margin was 9.2 percent (9.3).

### Earnings before tax

Earnings before tax amounted to SEK 811 m (881). The balance included a net financial item of SEK -35 m (-34).

### Taxes

The Group's tax expense for the year amounted to SEK -215 m (-203) and the effective tax rate was 27 percent (23). Current tax amounted to SEK -221 m (-208) and deferred tax to SEK 6 m (5). The average tax rate was 20 percent (21). It has been calculated by weighting the subsidiaries' earnings before tax against the local tax rate for each country.

The higher effective tax rate compared with the average tax rate, was mainly explained by paid coupon tax on dividends and that Lindab was not able to fully utilise carry-forward tax losses to reduce the total tax expense. The higher effective tax rate, compared with previous year, was mainly explained by Lindab not being able to fully utilise carry-forward tax losses to reduce the total tax expense. For further information, see Note 16.

### Profit for the year and earnings per share

Profit for the year amounted to SEK 596 m (678), corresponding to earnings per share (before and after dilution) of SEK 7.80 (8.89).

### Comprehensive income

Comprehensive income amounted to SEK 281 m (746). Comprehensive income includes Other comprehensive income, comprising translation differences arising when foreign operations are translated to SEK, the value of hedges of net investments, actuarial gains and losses regarding defined pension plans and tax. Translation differences concerning foreign businesses and hedges of net investments amounted to SEK -319 m (109) and thereby accounted for most of the year-on-year difference. The development in translation differences was driven primarily by net investments in foreign subsidiaries.

### Performance by segment

From 2019 onwards, the Group reports on operations in three segments, Ventilation Systems, Profile Systems and Building Systems. The distribution of net sales and operating profit by segment is shown in the table on page 68.

#### *Ventilation Systems segment*

Ventilation Systems offers air duct systems with accessories and indoor climate solutions for ventilation, cooling and heating to installers and other customers in the ventilation industry.

Net sales amounted to SEK 5,654 m (6,018), which is a decrease of 6 percent. Organically, sales decreased by 5 percent. Currency effects had a negative impact on growth by 2 percent while structural changes contributed positively by 1 percent.

In 2020, sales decreased in all geographical regions due to covid-19. The impact of covid-19 was mainly linked to the extent of each country's restrictions and the effect on construction activity, rather than changed demand for individual products. As a result of covid-19, organic growth also decreased in all product areas except fire safety, which reported good growth.

The Nordics, which accounted for 43 percent of the segment's sales, reported a stable sales trend and decreased only marginally. Norway showed particularly positive development, followed by Finland. In Western Europe, representing 42 percent of Ventilation Systems' total sales, organic growth was negative although the variation between the individual countries was considerable. Of the segment's four largest markets in the region (UK, France, Germany and Ireland), France and Ireland reported organic growth. Sales in the UK were on a par with previous year, while Germany decreased slightly. In CEE/CIS, which accounted for 13 percent of the segment's sales, sales for the year decreased in most of its markets, due to covid-19 affecting the region's general market trend.

Adjusted operating profit amounted to SEK 586 m (609). The adjusted operating margin increased to 10.4 percent (10.1). The change in adjusted operating profit is mainly explained by decreased sales volumes, which were offset by a stronger gross margin and lower underlying costs.

#### *Profile Systems segment*

Profile Systems offers the construction industry products and systems in sheet metal for rainwater, roof and wall products as well as steel profiles for wall, roof and beam constructions.



Net sales amounted to SEK 2,566 m (2,494), corresponding to an increase of 3 percent. Organically, sales increased by 5 percent, while currency effects had a negative impact on growth by 2 percent.

In 2020, sales increased in the largest region, the Nordics, which accounts for 76 percent of Profile Systems' total net sales. Sales also increased in Western Europe, although the impact was only marginal for the segment as a whole since the region only represents a minor part of Profile Systems' total sales. The sales trend in the CEE/CIS region decreased during the year as the region was more significantly affected by the uncertainty related to covid-19. Organic growth was positive in all of Profile Systems' product areas in 2020. It was particularly good in rainwater products. The largest product area, roof and wall products, also had organic growth.

Organic sales growth was strong in the segment's largest region, the Nordics, with individual differences within its markets. The region's two largest markets, Sweden and Denmark, reported organic growth, while sales decreased in the smaller Nordic markets, Norway and Finland. Western Europe, which only represents 6 percent of the segment's total sales, showed strong organic growth as a consequence of favourable growth in the region's largest two markets, Germany and the UK. CEE/CIS, which accounts for 18 percent of Profile Systems' total net sales, reported a decline in sales. Most of the markets in CEE/CIS have been affected by the uncertainty associated with covid-19.

Adjusted operating profit increased to SEK 318 m (270). The adjusted operating margin increased to 12.4 percent (10.8). The improvement in the adjusted operating profit is mainly explained by higher sales volumes, but also a stronger gross margin.

#### Building Systems segment

Building Systems offers complete prefabricated steel construction systems and proprietary IT software that simplifies the project planning and quotation process for designers and contractors.

Net sales amounted to SEK 946 m (1,360), which is a decrease of 30 percent. Organically, sales decreased by 26 percent and currency changes had a negative impact on growth by 4 percent.

The sales trend during the year varied considerably between the individual markets. The segment's two largest regions, Western Europe and CEE/CIS, both showed a decreased sales trend in 2020. In general, it can be added that covid-19 has had a major impact on most of Building Systems' markets. Among other things, this has resulted in some major planned construction projects being postponed to next year, which affected sales during the year. Since Building Systems is mainly a project-based business, it is also generally more economically sensitive if significant changes occur in the construction market, compared with Ventilation Systems and Profile Systems.

Of the larger markets in Western Europe, sales decreased in Germany and France in particular, while Italy and Austria reported strong growth. The lower sales in CEE/CIS are mainly explained by Poland, while Russia, the region's largest market, had increased sales.

Adjusted operating profit amounted to SEK 56 m (85). The adjusted operating margin amounted to 5.9 percent (6.3). The change in the adjusted operating profit is mainly explained by reduced sales volumes, which was partially offset by a stronger gross margin and lower underlying costs.

#### Net sales, operating profit and operating margin, percent by segment

##### Net sales

SEK m	2020	2019	2018	2017	2016
Ventilation Systems	5,654	6,018	5,786	-	-
Profile Systems	2,566	2,494	2,474	-	-
Products & Solutions <sup>1)</sup>	-	-	-	7,360	6,949
Building Systems	946	1,360	1,066	882	900
Other <sup>2)</sup>	-	-	-	-	-
<b>Total</b>	<b>9,166</b>	<b>9,872</b>	<b>9,326</b>	<b>8,242</b>	<b>7,849</b>

##### Operating profit

SEK m	2020	2019	2018 <sup>3)</sup>	2017 <sup>3)</sup>	2016 <sup>3)</sup>
Ventilation Systems	586	609	472	-	-
Profile Systems	318	270	198	-	-
Products & Solutions <sup>1)</sup>	-	-	-	590	565
Building Systems	56	85	9	-42	-12
Other <sup>2)</sup>	-44	-49	-45	-37	-42
<b>Total, adjusted for one-off items and restructuring costs</b>	<b>916</b>	<b>915</b>	<b>634</b>	<b>511</b>	<b>511</b>
One-off items and restructuring costs	-70	-	-87	-19	-28
<b>Total, including one-off items and restructuring costs</b>	<b>846</b>	<b>915</b>	<b>547</b>	<b>492</b>	<b>483</b>

##### Operating margin

Percent	2020	2019	2018 <sup>3)</sup>	2017 <sup>3)</sup>	2016 <sup>3)</sup>
Ventilation Systems	10.4	10.1	8.2	-	-
Profile Systems	12.4	10.8	8.0	-	-
Products & Solutions <sup>1)</sup>	-	-	-	8.0	8.1
Building Systems	5.9	6.3	0.8	-4.8	-1.3
Other <sup>2)</sup>	-	-	-	-	-
<b>Total, adjusted for one-off items and restructuring costs</b>	<b>10.0</b>	<b>9.3</b>	<b>6.8</b>	<b>6.2</b>	<b>6.5</b>
One-off items and restructuring costs	-	-	-	-	-
<b>Total, including one-off items and restructuring costs</b>	<b>9.2</b>	<b>9.3</b>	<b>5.9</b>	<b>6.0</b>	<b>6.2</b>

1) In 2019, the former Products & Solutions was replaced by Ventilation Systems and Profile Systems. Comparison figures for 2018 have been recalculated.

2) Costs of Group functions and activities.

3) In 2019, Lindab implemented IFRS 16 Leases. By applying relief rules comparative figures from previous periods have not been restated, i.e. there is no full comparability to reported figures for 2018 and earlier periods.

## Consolidated statement of profit or loss

SEK m	Note	2020	2019
Net sales	7, 8	9,166	9,872
Cost of goods sold	6, 9, 10, 14, 31	-6,543	-7,149
<b>Gross profit</b>		<b>2,623</b>	<b>2,723</b>
Other operating income	13, 14	88	69
Selling expenses	6, 9, 10, 14, 31	-1,102	-1,184
Administrative expenses	6, 9, 10, 11, 14, 31	-518	-549
R&D expenses	6, 9, 10, 12, 14	-64	-64
Other operating expenses	9, 10, 13	-180	-80
Profit or loss from participations in associated companies	21	-1	-
<b>Total operating expenses</b>		<b>-1,777</b>	<b>-1,808</b>
<b>Operating profit</b>		<b>846</b>	<b>915</b>
Interest income	15	14	21
Interest expenses	15	-45	-50
Other financial income and expenses	15	-4	-5
<b>Financial items</b>		<b>-35</b>	<b>-34</b>
<b>Earnings before tax</b>		<b>811</b>	<b>881</b>
Tax on profit for the year	16	-215	-203
<b>Profit for the year</b>		<b>596</b>	<b>678</b>
- attributable to the Parent company's shareholders		596	678
- attributable to non-controlling interests		0	-
<b>Earnings per share, before and after dilution, SEK</b>	17	<b>7.80</b>	<b>8.89</b>

## Consolidated statement of comprehensive income

SEK m	Note	2020	2019
<b>Profit for the year</b>		<b>596</b>	<b>678</b>
<b>Items that will not be reclassified to the statement of profit or loss</b>			
Actuarial gains/losses, defined benefit plans		5	-51
Deferred tax attributable to defined benefit plans	16	-1	10
<b>Total</b>		<b>4</b>	<b>-41</b>
<b>Items that will later be reclassified to the statement of profit or loss</b>			
Translation differences, foreign operations		-356	131
Hedges of net investments		47	-28
Tax attributable to hedges of net investments	16	-10	6
<b>Total</b>		<b>-319</b>	<b>109</b>
<b>Other comprehensive income, net of tax</b>		<b>-315</b>	<b>68</b>
<b>Comprehensive income</b>		<b>281</b>	<b>746</b>
- attributable to the Parent company's shareholders		281	746
- attributable to non-controlling interests		0	-

### Specification of one-off items and restructuring costs

	Ventilation Systems	Profile Systems	Building Systems	Other <sup>1)</sup>	Total
<b>2020</b>					
Adjusted operating profit	586	318	56	-44	916
One-off items and restructuring costs	-70 <sup>2)</sup>	-	-	-	-70 <sup>2)</sup>
<b>Operating profit</b>	<b>516</b>	<b>318</b>	<b>56</b>	<b>-44</b>	<b>846</b>
<b>2019</b>					
Adjusted operating profit	609	270	85	-49	915
One-off items and restructuring costs	-	-	-	-	-
<b>Operating profit</b>	<b>609</b>	<b>270</b>	<b>85</b>	<b>-49</b>	<b>915</b>

1) Costs of Group functions and activities.

2) Operating profit has been adjusted for one-off items and restructuring costs of net SEK -70 m. The amount related in part to the decision to close down IMP Klima Group (SEK -74 m), and in part to the subsequent decision to divest the Group in question. Of the total amount of SEK -70 m, SEK -40 m was related to impairment of fixed assets (of which SEK -32 m was related to properties), SEK -15 m to impairment of stock, SEK -19 m to personnel provisions and SEK 4 m to capital gains from the divestment. All items are reported under Other operating income and operating expenses, see Note 13.

# Cash flow

- **Cash flow from operating activities increased by SEK 112 m and amounted to SEK 1,129 m (1,017).**
- **Cash flow related to investments in tangible fixed assets amounted to SEK –398 m (–264).**
- **Acquisitions and divestments of Group companies and associated companies impacted net cash flow by SEK –243 m (–34).**

## Cash flow from operating activities

Cash flow from operating activities improved compared with previous year and amounted to SEK 1,129 m (1,017). The improvement of SEK 112 m (424) was mainly attributable to working capital with less capital being tied up in stock of a net SEK 90 m (–16).

The change in working capital totalled SEK 36 m (–92) for the year. In comparison with previous year, the working capital trend was mainly attributable to less capital being tied up in stocks and current receivables, respectively. The positive effects were offset by, among other things, reduced customer advances within Building Systems. In total, changes in inventories had a cash flow effect of SEK 3 m (–87), operating receivables affected cash flow by SEK 44 m (–20) and operating liabilities by SEK –11 m (15).

## Items not affecting cash flow

Items not affecting cash flow include amortisation, depreciation and impairment losses, unrealised exchange rate differences and provisions. Realised gains and losses in connection with sales of fixed assets are eliminated, as the cash flow effect from sales of these assets and operations is reported separately under cash flow from investing activities.

Reported amortisation, depreciation and impairment losses amounted to SEK 438 m (400), of which SEK 40 m was related to the close down of IMP Klima Group, which is classified as one-off items and restructuring costs.

## Cash flow from investing activities

The Group's investments in intangible assets and tangible fixed assets affected cash flow by SEK –425 m (–278). The significant increase was mainly attributable to the adopted investment programme, focusing on automation and increasing capacity at production facilities. The aim is to achieve greater capacity, improved efficiency and a safer working environment.

Investment operations were also affected by a positive cash flow of SEK 5 m (12) as a result of tangible fixed assets being divested. The comparison period included a positive cash flow effect of SEK 8 m, related to sale of land in Romania.

Net cash flow from investing activities amounted to SEK –420 m (–266), excluding business combinations.

## Business combinations

During the year, Lindab acquired the controlling influence in four companies: Smofir Trading Ltd., Thor Duct, (Ireland), Crenna Plåt AB (Sweden), Ekovent AB (Sweden) and Aer Faber AS (Norway). The acquisitions were mainly settled in cash at time of each acquisition and resulted in an accumulated cash outflow for the year of SEK 284 m. In addition, Lindab also invested in Leapcraft ApS (Denmark), which, following the acquisition, forms an associated company in the Group, see also Note 21. Acquisitions of shares in associated companies were settled fully when gaining possession of the shares. In addition to new investments in subsidiaries and associated companies, cash flow for the year was also affected by the settlement for previously agreed contingent additional purchase considerations in connection with the acquisition of AC Manufacturing Ltd. (Ireland) in 2017. Total cash flow related to acquisitions of Group and associated companies for the year amounted to SEK 310 m. Previous year, the corresponding outflow of liquidity was SEK 36 m, which mainly related to the acquisition of Ductmann Ltd., but also a certain contingent additional purchase consideration linked to AC Manufacturing Ltd.

During the year, Lindab divested the wholly owned subsidiary Lindab, klima sistemi, d.o.o. (IMP Klima Group), with operations in Slovenia, Bosnia-Herzegovina, Macedonia, Montenegro and Serbia. This sale also included an intra-group financial receivable versus the company in question. In cash terms, the divestment was settled partly on time of divestment, and partly later during the year. Net cash flow related to the sale of IMP Klima Group and the associated intra-group receivable amounted to SEK 67 m. In the previous year, the Dutch subsidiary, Lindab Door B.V. was divested, which then resulted in a net cash flow of SEK 2 m.

For further information on business combinations, see Note 5.

## Financing activities

Cash flow from financing activities amounted to SEK –395 m (–484). The change in outcome compared with previous year was mainly attributable to changes in borrowings and the utilisation of credit limits. The dividend paid to the company's shareholders affected cash flow by SEK –134 m (–134), i.e. the dividend was unchanged compared with previous year. At the same time, the dividend was settled on two occasions, in May and November respectively, compared with once a year previously. The decision regarding semi-annual payments was made due to the prevailing general uncertainty caused by covid-19.

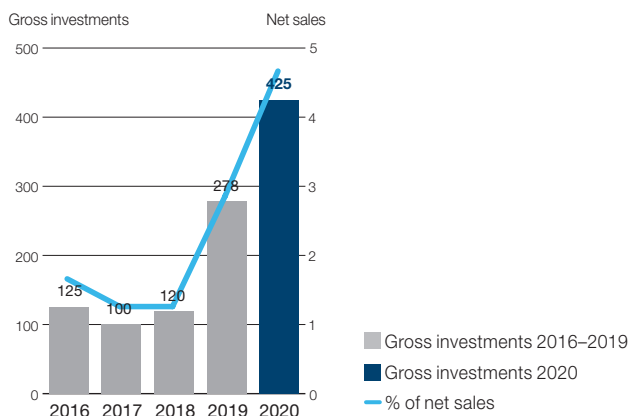


# Consolidated statement of cash flow

SEK m	Note	2020	2019
<b>Operating activities</b>			
Operating profit		846	915
Reversal of amortisation/depreciation and impairment losses	9	438	400
Reversal of capital gains (-)/losses (+) reported in operating profit		-3	1
Provisions, items not affecting cash flow		36	-9
Adjustment for other items not affecting cash flow		-4	-6
<b>Total</b>		<b>1,313</b>	<b>1,301</b>
Interest received		13	21
Interest paid		-47	-46
Tax paid		-186	-167
<b>Cash flow from operating activities before change in working capital</b>		<b>1,093</b>	<b>1,109</b>
<b>Change in working capital<sup>1)</sup></b>			
Stock (increase - /decrease +)		3	-87
Operating receivables (increase - /decrease +)		44	-20
Operating liabilities (increase + /decrease -)		-11	15
<i>Total change in working capital</i>		<i>36</i>	<i>-92</i>
<b>Cash flow from operating activities</b>		<b>1,129</b>	<b>1,017</b>
<b>Investing activities</b>			
Acquisitions of Group companies and associated companies	5	-310	-36
Divestment of Group companies	5	67	2
Investments in intangible assets	18	-27	-14
Investments in tangible fixed assets	19	-398	-264
Change in financial fixed assets		0	0
Disposal of intangible assets	18	-	-
Disposal of tangible fixed assets	19	5	12
<b>Cash flow from investing activities</b>		<b>-663</b>	<b>-300</b>
<b>Financing activities</b>			
Proceeds from borrowings	29	90	238
Repayment of borrowings	29	-133	-374
Repayment of lease liabilities	29, 31	-222	-214
Issue/repurchase of share options/warrants/shares		4	0
Dividends to shareholders		-134	-134
<b>Cash flow from financing activities</b>		<b>-395</b>	<b>-484</b>
<b>Cash flow for the year</b>			
		<b>71</b>	<b>233</b>
Cash and cash equivalents at the beginning of the year		536	289
Effects of exchange rate differences on cash and cash equivalents		-66	14
<b>Cash and cash equivalents at the end of the year</b>	29	<b>541</b>	<b>536</b>

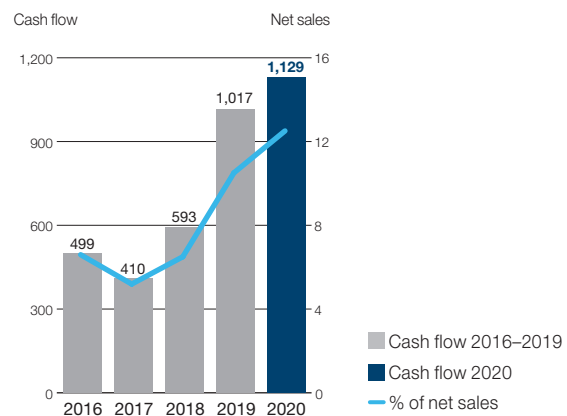
1) Working capital, see the definition on page 122.

## Gross investments in fixed assets, excluding business combinations<sup>1)</sup>, SEK m, and in relation to net sales, %



1) This key performance indicator is an "alternative key performance indicator" not defined in accordance with IFRS. For definition, see page 122.

## Cash flow from operating activities, SEK m, and in relation to net sales, %<sup>2)</sup>



2) In 2019, Lindab implemented IFRS 16 Leases. By applying relief rules comparative figures from previous periods have not been restated, i.e. there is no full comparability to reported figures for 2018 and earlier periods.

# Financial position

- The equity/asset ratio increased to 55.1 percent (53.3).
- Net debt decreased to SEK 1,640 m (1,771).
- The net debt/equity ratio amounted to 0.3 times (0.4).

## Fixed assets and investments

Information on changes in the structure of fixed assets can be found in the comments to the consolidated statement of cash flow on page 70.

## Stock and accounts receivable

Stock decreased compared with previous year and amounted to SEK 1,425 m (1,468), which is a decrease of 3 percent compared with previous year when stock increased by 9 percent. Accounts receivable also decreased compared with previous year and amounted to SEK 1,278 m (1,349), corresponding to a decrease of 5 percent compared with previous year when they increased by 2 percent. In relation to net sales, stock and accounts receivable amounted to 16 percent (15) and 14 percent (14), respectively.

## Cash and cash equivalents

At the end of the year, cash and cash equivalents amounted to SEK 541 m (536). Cash and cash equivalents included escrow funds of SEK 0 m (0). Available cash and cash equivalents, including unutilised credits, amounted to SEK 1,977 m (1,942), based on an underlying credit limit of SEK 1,902 m (1,922) as of 31 December 2020.

## Capital employed

The Group's average capital employed, including goodwill and consolidated surplus values, amounted to SEK 7,522 m (6,870). Return on capital employed, including goodwill, amounted to 11.5 percent (13.6).

## Shareholders' equity

At the end of 2020, shareholders' equity amounted to SEK 5,178 m (5,027). The net of translation differences, foreign operations and hedging of net investments, excluding tax, affected shareholders' equity negatively by SEK -309 m (103) during the year. Shareholders' equity increased by SEK 5 m (-51), excluding tax, as a result of actuarial gains regarding defined benefit pension plans. The dividend to shareholders in Lindab International AB amounted to SEK -134 m (-134), in accordance with the resolution at the Annual General Meeting. Equity per share amounted to SEK 67.82 (65.86) at the end of the year and the return on shareholders' equity for the year amounted to 11.6 percent (14.3).

## Net debt

On 31 December 2020, net debt amounted to SEK 1,640 m (1,771). The currency effect reduced net debt by SEK 32 m compared with previous year. Net debt consists of long-term and short-term interest-bearing liabilities, including interest-bearing provisions less interest-bearing assets and cash holdings and bank balances. Interest-bearing liabilities amounted to SEK 2,241 m (2,356), of which lease liabilities accounted for SEK 977 m (1,039). Pension provisions amounted to

SEK 279 m (283). Interest-bearing assets including cash holdings and bank balances amounted to SEK 601 m (585).

Net debt is included as part of the Group's financial targets. The target is for net debt<sup>1)</sup> in relation to EBITDA, excluding one-off items and restructuring costs, not to exceed 3.0. On 31 December 2020, net debt to EBITDA amounted to SEK 1.4 m (1.6). The net debt/equity ratio, i.e. net debt relative to shareholders' equity, amounted to 0.3 times (0.4).

## Interest coverage ratio

The interest coverage ratio, which reflects the Group's capacity to pay interest, amounted to 19.0 times (18.8).

## Equity/asset ratio

The Group's equity/assets ratio, i.e. shareholders' equity relative to total assets, equalled to 55.1 percent (53.3).

## Credit agreement

The current credit limits of SEK 1,400 m with Nordea and Danske Bank and EUR 50 m from Raiffeisen Bank International are valid until the third quarter in 2022. The agreement includes covenants that are monitored on a quarterly basis. Lindab fulfilled all conditions as at 31 December 2020.

## Pledged assets and contingent liabilities

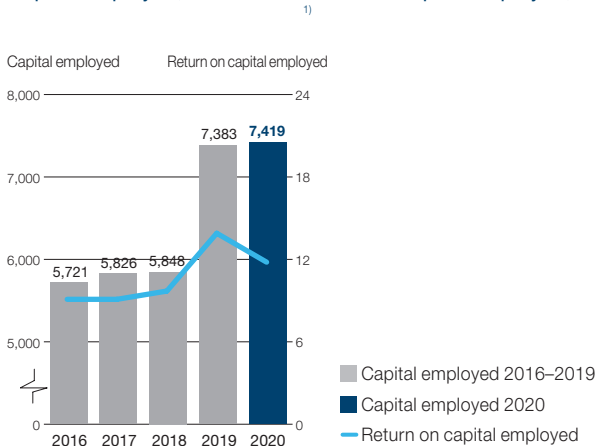
Pledged assets increased to SEK 94 m (74) in connection with company acquisitions. Contingent liabilities amounted to SEK 20 m (21).

<sup>1)</sup> Average net debt for the year.

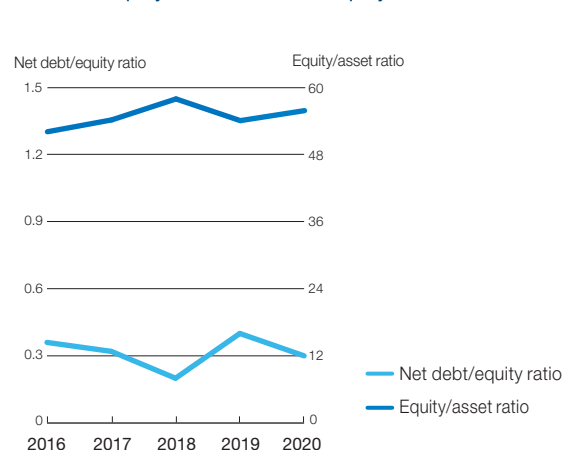
# Consolidated statement of financial position

SEK m	Note	31 Dec 2020	31 Dec 2019	SEK m	Note	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>				<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Fixed assets</b>				<b>Shareholders' equity</b>			
<i>Intangible assets</i>				<i>Shareholders' equity attributable to Parent company shareholders</i>			
Goodwill	18	3,239	3,211	Share capital	26	79	79
Capitalised expenditures for development work	18	16	10	Other contributed capital		2,262	2,260
Patents and similar rights	18	5	7	Foreign currency translation reserve		3	322
Other intangible assets	18	91	80	Profit brought forward incl. profit for the year		2,834	2,366
<b>Total intangible assets</b>		<b>3,351</b>	<b>3,308</b>			<b>5,178</b>	<b>5,027</b>
<i>Tangible fixed assets</i>				<i>Non-controlling interests</i>			
Buildings and land	19	720	769			0	-
Machinery and equipment	19	636	470	<b>Total shareholders' equity</b>		<b>5,178</b>	<b>5,027</b>
Construction in progress and advances regarding tangible fixed assets	19	157	135	<b>Non-current liabilities</b>			
Right of use assets	20, 31	953	1,009	<i>Interest-bearing liabilities</i>			
<b>Total tangible fixed assets</b>		<b>2,466</b>	<b>2,383</b>	Liabilities to credit institutions	29	976	1,001
<i>Financial fixed assets</i>				Lease liabilities	29, 31	745	798
Financial investment	27	30	34	Provisions for pensions and similar obligations	27	279	283
Other non-current securities holdings	22	4	4	<b>Total interest-bearing liabilities</b>		<b>2,000</b>	<b>2,082</b>
Participations in associated companies	21	19	0	<i>Non-interest-bearing liabilities</i>			
Other non-current receivables	23	3	4	Deferred tax liabilities	16	92	112
<b>Total financial fixed assets</b>		<b>56</b>	<b>42</b>	Other provisions	28	24	23
Deferred tax assets	16	76	118	Other liabilities		8	9
				<b>Total non-interest-bearing liabilities</b>		<b>124</b>	<b>144</b>
<b>Total fixed assets</b>		<b>5,949</b>	<b>5,851</b>	<b>Total non-current liabilities</b>		<b>2,124</b>	<b>2,226</b>
<b>Current assets</b>				<b>Current liabilities</b>			
<i>Interest-bearing liabilities</i>				<i>Interest-bearing liabilities</i>			
Stock	24	1,425	1,468	Liabilities to credit institutions	29	5	3
Accounts receivable	25	1,278	1,349	Overdraft facility	29	0	25
Other receivables	25	62	75	Lease liabilities	29, 31	232	241
Current tax assets		2	3	Accrued expenses and deferred income	30	4	5
Prepaid expenses and accrued income	25	118	141	<b>Total interest-bearing liabilities</b>		<b>241</b>	<b>274</b>
Prepaid expenses and accrued income, interest-bearing	25	30	15	<i>Non-interest-bearing liabilities</i>			
Cash and cash equivalents		541	536	Advance payments from customers		182	292
<b>Total current assets</b>		<b>3,456</b>	<b>3,587</b>	Accounts payable		712	763
<b>TOTAL ASSETS</b>		<b>9,405</b>	<b>9,438</b>	Current tax liabilities		88	43
				Other provisions	28	27	26
				Other liabilities		163	129
				Accrued expenses and deferred income	30	690	658
				<b>Total non-interest-bearing liabilities</b>		<b>1,862</b>	<b>1,911</b>
				<b>Total current liabilities</b>		<b>2,103</b>	<b>2,185</b>
				<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>9,405</b>	<b>9,438</b>

Capital employed, SEK m and return on capital employed, %<sup>1)</sup>



Net debt/equity ratio, times and equity/assets ratio, %<sup>1)</sup>



1) In 2019, Lindab implemented IFRS 16 Leases. By applying relief rules comparative figures from previous periods have not been restated, i.e. there is no full comparability to reported figures for 2018 and earlier periods.



# Consolidated statement of changes in equity

SEK m	Shareholders' equity attributable to Parent company shareholders						Non-controlling interests	Total shareholders' equity
	Share capital	Other contributed capital	Foreign currency translation reserve	Profit brought forward incl. profit for the year	Total			
<b>Opening balance, 1 January 2020</b>	79	2,260	322	2,366	5,027	-	5,027	
Profit for the year				596	596	0	596	
Other comprehensive income, net of tax								
Actuarial gains/losses, defined-benefit plans				4	4	-	4	
Translation differences, foreign operations			-356		-356	0	-356	
Hedges of net investments, after tax			37		37	-	37	
<i>Total comprehensive income</i>	-	-	-319	600	281	0	281	
Dividends to shareholders				-134	-134	-	-134	
Issuance of shares	0	2			2	-	2	
Issuance of share options				2	2	-	2	
<i>Transactions with shareholders</i>	0	2	-	-132	-130	-	-130	
<b>Closing balance, 31 December 2020</b>	79	2,262	3	2,834	5,178	0	5,178	
<b>Closing balance, 2018</b>	79	2,260	213	1,912	4,464	-	4,464	
<i>Changed accounting principles</i>				-49	-49	-	-49	
<b>Opening balance, 1 January 2019</b>	79	2,260	213	1,863	4,415	-	4,415	
Profit for the year				678	678	-	678	
Other comprehensive income, net of tax								
Actuarial gains/losses, defined-benefit plans				-41	-41	-	-41	
Translation differences, foreign operations			131		131	-	131	
Hedges of net investments, after tax			-22		-22	-	-22	
<i>Total comprehensive income</i>	-	-	109	637	746	-	746	
Dividends to shareholders				-134	-134	-	-134	
Issuance of share options				0	0	-	0	
<i>Transactions with shareholders</i>	-	-	-	-134	-134	-	-134	
<b>Closing balance, 31 December 2019</b>	79	2,260	322	2,366	5,027	-	5,027	

## Parent company

The Parent company is a holding company that owns the shares in Lindab AB, in which the functions of the head office are conducted. Lindab AB, which was the original Parent company of the Lindab Group, also has direct ownership of most of the subsidiaries. The Parent company also holds the shares in Lindab LTIP 17-19 AB. This company was formed when implementing warrant programmes for senior executives in 2017.

The Parent company's net sales for the financial year amounted to SEK 5 m (5). Profit for the year amounted to SEK 11 m (6). Group contributions received from subsidiaries amounted to SEK 20 m (12).

### Statement of profit or loss

SEK m	Note	2020	2019
Net sales		5	5
Administrative expenses	6, 10, 11	-7	-7
Other operating income	13	-	-
Other operating expenses	13	-	-
<b>Operating profit</b>		<b>-2</b>	<b>-2</b>
Profit from subsidiaries	15	20	12
Interest expenses, intra-group	15	-4	-2
<b>Earnings before tax</b>		<b>14</b>	<b>8</b>
Tax on profit for the year	16	-3	-2
<b>Profit for the year<sup>1)</sup></b>		<b>11</b>	<b>6</b>

1) Comprehensive income agrees with the profit for the year for all periods.

## Statement of financial position

SEK m	Note	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Financial fixed assets</i>			
Shares in Group companies	35	3,467	3,467
Financial interest-bearing fixed assets		4	5
Deferred tax assets		1	1
<b>Total non-current assets</b>		<b>3,472</b>	<b>3,473</b>
<b>Current assets</b>			
Receivables from Group companies		21	12
Cash and cash equivalents		0	0
<b>Total current assets</b>		<b>21</b>	<b>12</b>
<b>TOTAL ASSETS</b>		<b>3,493</b>	<b>3,485</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<i>Restricted shareholders' equity</i>			
Share capital	26	79	79
Statutory reserve		708	708
<i>Unrestricted shareholders' equity</i>			
Share premium reserve		90	90
Profit brought forward		2,222	2,346
Profit for the year <sup>1)</sup>		11	6
<b>Total shareholders' equity</b>		<b>3,110</b>	<b>3,229</b>
<b>Provisions</b>			
Interest-bearing provisions		4	5
<b>Total provisions</b>		<b>4</b>	<b>5</b>
<b>Current liabilities</b>			
<i>Non-interest-bearing liabilities</i>			
Liabilities to Group companies		373	248
Accounts payable		0	-
Current tax liability		4	1
Accrued expenses and deferred income	30	2	2
<i>Total non-interest-bearing liabilities</i>		<i>379</i>	<i>251</i>
<b>Total current liabilities</b>		<b>379</b>	<b>251</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,493</b>	<b>3,485</b>

1) Comprehensive income agrees with the profit for the year for all periods.

## Statement of cash flow

SEK m	2020	2019
<b>Operating activities</b>		
Operating profit	-2	-2
Provisions, not affecting cash flow	0	0
Interest paid	-4	-2
Tax paid	0	0
<b>Cash flow from operating activities before change in working capital</b>	<b>-6</b>	<b>-4</b>
<b>Change in working capital</b>		
Operating receivables	8	-2
Operating liabilities	116	127
<b>Cash flow from operating activities</b>	<b>118</b>	<b>121</b>
<b>Financing activities</b>		
Group contribution received	12	13
Dividends to shareholders	-134	-134
Issuance of shares/share options	4	-
<b>Cash flow from financing activities</b>	<b>-118</b>	<b>-121</b>
<b>Cash flow for the year</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents at the beginning of the year	0	0
<b>Cash and cash equivalents at the end of the year</b>	<b>0</b>	<b>0</b>

## Shareholders' equity

See Note 26, Shareholders' equity and number of shares, for information on share transactions and mandates approved at the Annual General Meeting.

## Risks, risk management and internal control

See the Directors' Report on pages 60–65, and the Corporate Governance Report on pages 46–57 and in Note 3.

## Statement of changes in Parent company equity

SEK m	Shareholders' equity attributable to Parent company shareholders					
	Restricted shareholders' equity			Unrestricted shareholders' equity		
	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit for the year <sup>1)</sup>	Total shareholders' equity
<b>Opening balance, 1 January 2020</b>	79	708	90	2,352		3,229
Profit for the year					11	11
<i>Transactions with shareholders</i>						
Dividends to shareholders				-134		-134
Issuance of shares	0			2		2
<b>Closing balance, 31 December 2020</b>	<b>79</b>	<b>708</b>	<b>90</b>	<b>2,222</b>	<b>11</b>	<b>3,110</b>
<b>Opening balance, 1 January 2019</b>	<b>79</b>	<b>708</b>	<b>90</b>	<b>2,480</b>		<b>3,357</b>
Profit for the year					6	6
<i>Transactions with shareholders</i>						
Dividends to shareholders				-134		-134
<b>Closing balance, 31 December 2019</b>	<b>79</b>	<b>708</b>	<b>90</b>	<b>2,346</b>	<b>6</b>	<b>3,229</b>

1) Comprehensive income agrees with the profit for the year for all periods.

# The Group: Five-year summary

Amounts in SEK m unless otherwise indicated.

	2020	2019	2018 <sup>1)</sup>	2017 <sup>1)</sup>	2016 <sup>1)</sup>
<b>Net sales and profit</b>					
Net sales	9,166	9,872	9,326	8,242	7,849
Growth, %	-7	6	13	5	3
of which organic	-6	3	8	4	4
of which, acquisitions/divestments	1	0	1	0	0
of which, currency effects	-2	3	4	1	-1
Foreign sales, %	74	78	76	76	74
Operating profit before depreciation/amortisation, EBITDA	1,284	1,315	715	654	657
Amortisation/depreciation and impairment losses	438	400	168	162	174
Operating profit	846	915	547	492	483
One-off items and restructuring costs <sup>2)</sup>	-70	-	-87	-19	-28
Adjusted operating profit	916	915	634	511	511
Earnings before tax	811	881	531	467	445
Profit for the year	596	678	394	347	306
Comprehensive income	281	746	453	387	433
<b>Cash flow</b>					
Cash flow from operating activities	1,129	1,017	593	410	499
Cash flow from investing activities	-663	-300	-105	-131	-92
Cash flow from financing activities	-395	-484	-547	-360	-290
Cash flow for the year	71	233	-59	-81	117
Operating cash flow	965	918	716	484	544
<b>Capital employed and financing</b>					
Total assets	9,405	9,438	7,802	7,731	7,503
Capital employed	7,419	7,383	5,848	5,826	5,720
Net debt	1,640	1,771	1,052	1,305	1,396
Shareholders' equity attributable to Parent company shareholders	5,178	5,027	4,464	4,129	3,848
Shareholders' equity attributable to non-controlling interests	0	-	0	1	1
<b>Data per share</b>					
Average number of shares outstanding, thousands	76,340	76,332	76,332	76,332	76,332
Number of shares outstanding, thousands	76,357	76,332	76,332	76,332	76,332
Earnings per share, SEK	7.80	8.89	5.16	4.54	4.02
Shareholders' equity per share, SEK	67.82	65.86	58.49	54.09	50.41
Cash flow from operating activities per share, SEK	14.79	13.32	7.77	5.37	6.54
Dividend per share (for 2020 in accordance with the proposal by the Board of Directors), SEK	3.40	1.75	1.75	1.55	1.40
P/E ratio	21.8	13.6	12.3	15.0	18.2
Share price at the end of the year, SEK	170.40	119.60	63.50	68.20	73.05
Market capitalisation at year-end	13,011	9,129	4,847	5,206	5,576
<b>Investments</b>					
Intangible assets and tangible fixed assets	425	278	120	100	125

1) In 2019, Lindab implemented IFRS 16 Leases. By applying relief rules comparative figures from previous periods have not been restated, i.e. there is no full comparability to reported figures for 2018 and earlier periods.

2) One-off items and restructuring costs for:

- 2020, SEK -70 m in total, relating to Lindab's closure and disposal of IMP Klima Group.

- 2019, no one-off items or restructuring costs.

- 2018, SEK -87 m in total, relating mainly to assessments of structural alternatives, restructuring costs and measures in connection with cost-saving programmes.

- 2017, SEK -19 m in total, relating to termination costs for the CEO, assessments of structural alternatives and governance projects.

- 2016, SEK -28 m in total, relating to cost-savings programmes and governance projects.



	2020	2019	2018 <sup>1)</sup>	2017 <sup>1)</sup>	2016 <sup>1)</sup>
<b>Key performance indicators</b>					
EBITDA margin, %	14.0	13.3	7.7	7.9	8.4
Operating margin, %	9.2	9.3	5.9	6.0	6.2
Adjusted operating margin, %	10.0	9.3	6.8	6.2	6.5
Profit margin (before tax), %	8.8	8.9	5.7	5.7	5.7
Return on capital employed, %	11.5	13.6	9.4	8.8	8.8
Return on shareholders' equity, %	11.6	14.3	9.1	8.8	8.4
Equity/assets ratio, %	55.1	53.3	57.2	53.4	51.3
Net debt/EBITDA, excluding one-off items and restructuring costs	1.4	1.6	1.6	2.2	2.5
Net debt/equity ratio, times	0.3	0.4	0.2	0.3	0.4
Interest coverage ratio, times	19.0	18.8	21.4	14.1	11.4
<b>Employees</b>					
Average number of employees	5,121	5,202	5,126	5,143	5,134
of which, abroad	4,114	4,077	3,983	4,016	4,012
Number of employees at end of period	5,078	5,196	5,071	5,083	5,136
Payroll expenses, including social security contributions and pension fees	2,336	2,466	2,324	2,144	2,029
Sales per average number of employees, SEK k	1,790	1,898	1,819	1,603	1,529

1) In 2019, Lindab implemented IFRS 16 Leases. By applying relief rules comparative figures from previous periods have not been restated, i.e. there is no full comparability to reported figures for 2018 and earlier periods.

For financial definitions, see page 122.

## Notes

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**Note 01 General information**

Lindab International AB, with head office in Båstad and registered in Sweden under corporate identity number 556606-5446, (the Parent company) and its subsidiaries (referred to collectively as the Group) and its operations are described in the Directors' Report. The address of the company's head office is Lindab International AB, SE-269 82 Båstad, Sweden.

These consolidated accounts were approved for publication by the Board of Directors and the CEO on 14 March 2021. The consolidated statement of comprehensive income and statement of financial position, as well as the Parent company's

statement of profit or loss and balance sheet, will be matters for approval at the Annual General Meeting of shareholders on 5 May 2021.

Information about the structure of the Group at the end of the financial year is provided in Note 35.

Unless otherwise indicated, amounts are in SEK m.

This is a translation of the Swedish original report. In case of differences between the English translation and Swedish original, the Swedish text shall prevail.

**Note 02 Summary of key accounting principles**

The most important accounting policies that have been applied when preparing these consolidated accounts are detailed below. Unless otherwise stated, these policies have been applied consistently for all the years presented.

**Basis for the preparation of accounts**

Lindab prepares its consolidated accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Recommendation 1, *Supplementary Accounting Rules for Groups*, from the Swedish Financial Reporting Board.

Lindab applies the historical cost method when measuring assets and liabilities, except for certain financial instruments which are measured at fair value.

*New or revised IFRS standards and new interpretations 2020*

None of the new or revised standards, interpretations and improvements adopted by the EU in 2020 have had any significant effect on the Group.

A new Reference Interest Rate Reform is taking place in the finance markets, meaning that the existing reference rate IBOR (Inter Bank Offered Rate) will, in certain currencies, be replaced by a transaction-based and virtually risk-free daily interest rate. Lindab is exposed to future changes in the reference rate in connection with borrowings in IBOR, among others the Swedish STIBOR-interest rate. As part of the Interest Rate Reform, amendments have been made in IFRS 9 and IFRS 7. These changes will be implemented in two phases where phase 1 is applicable from January 1, 2020. Phase 1 is mainly connected to the hedge accounting concerning interest risks. The Group does not hedge interest rate exposure, thus the changes in phase 1 have limited effect.

*New or revised standards and new interpretations that have not yet come into effect*

No new or revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) and that will come into effect for financial years beginning after 1 January 2021 have been applied in the preparation of this financial report. The phase 2 changes in among others IFRS 9 and IFRS 7 due to the Interest Rate Reform, will be applicable from January 1, 2021. In short, the changes make it possible for companies to reflect the effects of the transition from reference interest rates, e.g. STIBOR, to other reference rates in order not to affect the accounts, which would not contribute to any usable information to readers of the financial reports. The Group is affected by the Interest Rate Reform mainly by the exposure in IBOR for its external borrowings. The principles for modification of financial debts allow an exception meaning that modifications, which is directly related to the Interest Rate Reform, are reported as an update of the effective interest rate instead of recalculation of the reported accounts. All other modifications are reported in accordance with existing principles and de-recognised in IFRS 9. The change to reference interest rates may influence Lindab. Other changes in standards and new interpretations are not assessed to have a significant effect on the Group's financial reporting.

**Consolidated accounts**

The consolidated accounts comprise the Parent company, Lindab International AB, and the companies over which the Parent company has a controlling influence, i.e. subsidiaries. Controlling influence exists when the Parent company has power over the investee, is exposed to, or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The Parent company reassesses whether or not it controls an investee if the facts and circumstances suggest that one or more of the factors listed above have changed.

Consolidation of a subsidiary takes place from the date the Parent company gains a controlling influence until the date it ceases to have a controlling influence over the subsidiary. This means that revenues and expenses for a subsidiary that was acquired or divested during the current financial year are included in the consolidated statement of profit or loss as well as in other comprehensive income from the date the Parent company gains a controlling influence until the date the Parent company ceases to have a controlling influence.

Consolidated statement of profit or loss as well as in components of other comprehensive income are attributable to the Parent company's owners.

The accounting policies of subsidiaries have been adjusted where necessary to conform with the Group's accounting policies. All inter-company transactions, dealings and unrealised gains and losses attributable to inter-company transactions are eliminated when preparing the consolidated accounts.

*Business combinations*

Business combinations are accounted for using the acquisition method. The transferred consideration for the business combination is measured at fair value on the acquisition date, which is calculated as the sum of the respectively values at acquisition date of the assets issued, liabilities incurred or assumed, and equity interests issued in exchange for control of the acquired business. Acquisition related costs are recognised in the statement of profit or loss when incurred.

The transferred consideration also includes the fair value at the acquisition date for the assets or liabilities resulting from an agreement on the contingent consideration. Changes in the fair value of the contingent consideration that arise as a result of additional information received after the acquisition date about facts and circumstances that existed on the acquisition date qualify as adjustments during the valuation period and are adjusted retroactively, with a corresponding adjustment of goodwill. All other changes in the fair value of a contingent consideration that are classified as an asset or a liability are recognised in accordance with the applicable standard. The contingent consideration, which is classified as shareholders' equity, is not revalued and its subsequent settlement is recognised in shareholders' equity.

In the case of acquisitions where the balance of the transferred consideration, any non-controlling interests and the fair value on the acquisition date of previous shareholdings exceeds the fair value on the acquisition date of the identifiable acquired net assets, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, it is recognised as a gain on a bargain purchase, negative goodwill, directly in profit or loss.

*Translation of foreign subsidiaries and foreign currency*

The consolidated financial statements are presented in Swedish krona (SEK), which is the Parent company's functional currency and reporting currency. The statements of profit or loss and balance sheets for operations abroad, subsidiaries and associates are submitted in their functional currencies and translated into the Group's reporting currency. The functional currency is the same as the local currency for the reporting entity's accounts.



**Note 2, cont.**

All assets and liabilities of subsidiaries are translated using the exchange rate at the balance sheet date, and revenues and expenses are translated at average exchange rates for the year. The exchange rate differences arising when consolidating are carried directly to other comprehensive income. On divestment of a subsidiary that entails a loss of control, the accumulated translation difference is reversed and recognised in the consolidated statement of profit or loss as part of the capital gain/loss.

Transactions in foreign currencies are translated to the functional currency at the prevailing exchange rate on the date of the transaction. Swedish Group companies' receivables and liabilities in foreign currencies are valued at the exchange rate at the balance sheet date. Exchange rate gains and losses that arise when paying and translating monetary assets and liabilities in foreign currencies at the exchange rate at the balance sheet date are reported in the statement of comprehensive income. Exchange rate differences relating to operations are shown as other operating income/expenses, Note 13, and are thereby included in operating profit. Exchange rate differences of a financial nature are reported in financial income and expenses, Note 15.

**Internal pricing**

Market based pricing is used for inter-company transactions.

**Segment reporting**

Lindab's operations are reported by segment. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. During the financial year and the previous year, the Group consist of the following three segments: Ventilation Systems, Profile Systems and Building Systems.

The presentation of each segment is based on the accounting policies described in this note. Standard commercial industry terms are applied to transactions between the segments. Inter-segment transfer pricing in the Group is determined on an arm's-length basis, i.e. between parties that are independent of one another, are well-informed and have an interest in the implementation of the transaction. Assets and investments are reported in the segment in which the assets are found and made available.

Group information on geographical areas for the segments is based on the country in which the transfer of risks and benefits takes place. Segment reporting is presented in Note 7.

**Revenue recognition**

Revenue is recognised at the time when control of the products and services delivered passes to the customer as agreed. Recognised revenue reflects the expected consideration in connection with the performance of a contractual commitment to customers and corresponds to the consideration to which the Group considers it is entitled.

**Revenue streams**

The revenue streams in the Ventilation Systems and Profile Systems segments mainly relate to Lindab's offering of individual standardised products. The revenue of Ventilation Systems relates primarily to sales of ventilation products, customised technical solutions or complete systems for ventilation, indoor climate and cooling/heating. The revenue of Profile Systems focuses primarily on building products such as steel rainwater systems, roof/wall cladding, steel profiles for wall, roof and floor structures as well as steel buildings. Building Systems offers prefabricated steel construction systems, which may consist of individual parts or complete solutions for the entire outer shell (i.e. frames, walls, roofs and accessories). In some cases, customisation of systems and solutions may also include elements of installation and/or commissioning. However, these revenue elements are very limited and do not represent a significant part of the Group's sales. Potential installation services are only offered in connection with sales of products and are not marketed as separate services in the Group's product portfolio.

**Performance obligations and timing of revenue recognition**

Sale of a product (single or integrated) is considered as a performance obligation and the revenue is recognised when the performance obligation is fulfilled and the customer takes control of the product, i.e. at a certain point in time (usually in connection with the physical delivery to the counterparty).

When Lindab produces and sells complete construction systems, sales may be project oriented. The majority of revenue is then recognised at each stage of de-

livery in accordance with the contract and when the customer has taken control over the product.

Revenue from possible installation services/commissioning is normally recognised on completion of the work. However, the timing of the recognition could vary depending on whether the service is considered to be a separate performance obligation or an integrated part, depending on the agreed terms and conditions.

If it is likely that total project costs will exceed total revenue, the anticipated loss is immediately accounted for as an expense.

**Warranties**

Products sold are covered by warranty which depends on the nature and application of the product. As a general rule, warranties only cover original product defects. Long warranty periods may occur within individual product groups, but depending on what the warranty covers and requirements regarding how the product should be used/maintained, warranties are not considered as an added service warranty. Hence, warranties are not recognised as separate performance obligations in terms of IFRS 15 *Revenue from contracts with customers*, instead the warranties are accounted for in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*.

**Transaction price**

Volume discounts are applied based on sales to counterparties during a predefined period, together with cash discounts. Revenue from these types of sales are recognised at an agreed price, net of any discounts. Discounts are estimated based on the expected value method.

**Other revenue**

Other revenue includes payment for any sales that occur in addition to ordinary activities, such as gains on fixed assets sold and exchange rate gains relating to operations.

**Financial income**

Interest income is reported with consideration given to accrued interest at the balance sheet date. Received dividends are reported when the right to receive dividends has been confirmed.

**Personnel costs****Incentive programme**

At the Annual General Meeting in 2020, guidelines for the remuneration of senior executives were adopted. According to the adopted guidelines, the remuneration programme for these individuals shall include a long-term variable cash pay element. This element will be based on financial performance targets that reflect the Group's value growth and will be assessed over a three-year measuring period. To all intents and purposes, the remuneration programme has the same features as the corresponding programme which was adopted in 2017, 2018 and 2019. All incentive programmes are recognised in accordance with IAS 19 *Employee benefits* and are reported during the vesting period as an expense and current liability.

**Financial income and expenses**

Finance income comprises interest income on funds invested and dividend plus gains on financial instruments that are measured through profit or loss. This item also includes gains on hedges of net investments, which are considered as the ineffective portion of the hedge and profit when the hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting. The transaction is recognised immediately in the statement of profit or loss under financial items.

Financial expenses comprise interest expenses on borrowings, interest components relating to defined benefit plans, effects of the reversal of discounted provisions as well as losses on financial instruments measured at fair value through profit or loss. This item also includes losses on hedges of net investments, which are considered as the ineffective portion of the hedge and profit when the hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting. The transaction is recognised immediately in the statement of profit or loss under financial items. In accordance with IFRS 16 *Leases*, interest expenses for rental agreements and leases are also reported under financial expenses.

Interest income and interest expenses on financial instruments are recognised according to the effective interest method. Dividend income is recognised when the right to receive payment has been confirmed. Exchange rate gains and losses are reported net.

**Note 2, cont.****Borrowing costs**

Borrowing costs are carried as an expense in the period they are incurred, unless they relate to assets that take a substantial amount of time to get ready for use or sale. In such cases, they must be capitalised in accordance with IAS 23 *Borrowing costs*.

**Income taxes**

Recognised tax comprises current tax and deferred tax. Current tax is tax that is to be paid or received during the current fiscal year. This also includes adjustments to tax attributable to previous years. Deferred tax is recognised for income taxes recoverable in future periods in respect of taxable temporary differences. The measurement of deferred tax is based on expected liabilities and receivables at the balance sheet date using the tax rates for individual companies decided or announced at the balance sheet date.

The tax effect is recognised in the same way as attributable to transactions, i.e. in comprehensive income, in other comprehensive income or directly in shareholders' equity.

Deferred tax receivables are recognised to the extent that it is likely that future taxable profits will be available and against which the temporary differences may be utilised. Deferred tax receivables and liabilities are offset when there is a legal right to offset current tax receivables and liabilities and when the deferred taxes are levied by the same tax authorities. Deferred tax assets in respect of carry-forward tax losses are recognised to the extent that the losses are expected to be used to lower tax payments in the foreseeable future. See Note 16 for information on tax on profit for the year and deferred tax receivables and liabilities.

**Earnings per share**

Earnings per share are not affected by preference shares or convertible debentures since there are none. Warrants and share options have been issued in the last three financial years which may impact the future calculation of diluted earnings per share. Subscription for shares supported by an option can take place in the summer of 2021 (right of use for 135,000 warrants, of which Lindab had 25,000 in its own possession on 31 December 2020), or in the summer of 2022 (right of use for 175,000 share options) and in the summer of 2023 (right of use for 210,000 share options). One option entitles acquisition of one Lindab share.

If the number of shares changes during the year, a weighted average is calculated for the outstanding shares during the period.

**Associated companies**

Associated companies are companies in which the Parent company holds a significant but non-controlling influence, usually through a shareholding corresponding to between 20 and 50 percent of the voting rights. Associated companies are reported in accordance with the equity method as required by IAS 28 *Investments in Associates and Joint Ventures*. In accordance with this method, the participation in the associated company is valued at its acquisition value at the time of acquisition. The earnings arising after the acquisition in the associated company and that refers to the Group's participation, with adjustments for the dissolution of acquired surplus and deficit values, are reported as a separate item in the statement of profit or loss on the line Profit from participations in associated companies.

In October 2020, Lindab acquired 36.6 percent of the shares and votes in the Danish company Leapcraft Aps. These shares mainly constitute the Lindab Group's participations in associated companies. See also Note 21.

**Intangible assets****Goodwill**

Goodwill arising from the acquisition of a company and operations is recognised according to IFRS 3 *Business combinations*. See also the section on the consolidated accounts on page 79. Goodwill on acquisitions of subsidiaries is reported under intangible assets. Goodwill is tested for impairment at least once a year, or when there is any indication of this. Goodwill is reported as the acquisition value less accumulated impairment losses.

To establish whether there is any indication of impairment, the recoverable amount is determined by estimating the discounted future cash flows for the entity to which the goodwill is attributed. In such case, the estimate is made on the lowest cash-generating units within the business. For the Lindab Group, the three segments, Ventilation Systems, Profile Systems and Building Systems, are considered the lowest levels where goodwill is followed up and impairment testing carried out.

Gains or losses on the divestment of a subsidiary or associate include the remaining carrying amount of the goodwill relating to the unit sold.

**Brands, patents and similar rights**

Brands, patents and similar rights are reported at cost less accumulated amortisation. Amortisation is made on a straight-line basis over the estimated useful life of between 3 and 20 years. The useful life is reviewed at least once a year.

**Software**

Acquired software licences are capitalised on the basis of the costs arising when the software in question was acquired and put into operation. These costs are amortised over an estimated useful life of between 3 and 5 years. The useful life is reviewed at least once a year.

**Capitalised expenditure for development work**

Costs for research undertaken in order to gain new scientific or technical knowledge are charged as they are incurred.

Development costs, where the outcome is used for planning or establishing the production of new or greatly improved processes or products, are capitalised when it is considered that the process or product is technically and commercially viable. Costs that will be capitalised include material costs, direct labour costs and a reasonable proportion of indirect costs. Capitalised development costs are carried at the acquisition value less accumulated amortisation and impairment. The estimated useful life is 3 years. The useful life is reviewed at least once a year.

**Tangible fixed assets**

The accounting policies for tangible fixed assets described below relate to assets owned by the Group. See the Leasing section for capitalised right of use assets relating to tangible fixed assets that are attributable to leases.

Land and buildings principally comprise factories and offices. These are recognised as the acquisition value less the accumulated depreciation and any impairment recorded. The planned depreciation is based on the acquisition value of fixed assets and is calculated with consideration to the estimated useful life. The useful life is reviewed at least once a year. Land is not depreciated. Additional expenses are added to the asset's carrying amount or are shown as a separate asset, depending on which is the most appropriate. Additional expenses should only be added to the carrying amount of assets when it is likely that the financial benefits resulting from the additional expense will result in future economic benefits to the Group and if the asset can be reliably measured. All other forms of repair and maintenance are reported as costs in the statement of comprehensive income during the period in which they arise.

The acquisition value of assets is divided into material components and each component must be depreciated separately over its estimated useful life, i.e. component depreciation. This applies to buildings as well as to machinery and equipment. During the investment year, machinery, equipment, vehicles and computers are depreciated from the time that they are put into use or, if that is not possible, for half of the calendar year based on the depreciation rates shown below.

**The following depreciation periods have been used**

Buildings	20–50 years
Land improvements	20 years
Machinery and equipment	5–15 years
Vehicles and computers	3–5 years

**Impairment losses**

Impairment testing of intangible assets, excluding goodwill, is performed whenever there is an indication of impairment. However, intangible assets not yet available for use are tested at least once a year for any indication of impairment. Impairment is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows after tax are discounted. Impairment recognised in prior periods are assessed at each reporting date for any indications that the need for impairment has decreased or no longer exists. Impairment is reversed if there has been a change in the estimates used to determine the recoverable amount and if the recoverable amount is higher than the carrying amount. Impairment is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount, net of depreciation and amortisation, which would have been reported if no impairment had been recognised.

*Note 2, cont.*

An annual impairment test for the cash-generating units to which goodwill has been allocated is performed in the fourth quarter, or when there is an indication of impairment. Impairment testing as well as recognition of impairment of goodwill is performed in the same manner as for intangible assets. However, Impairment in respect of goodwill is not reversed.

Impairment testing as well as the recognition or reversal of impairment of tangible fixed assets is performed in the same manner as for intangible assets above.

**Financial instruments**

Financial instruments are any type of agreement giving rise to a financial asset, financial liability or equity instrument in another company. These include cash and cash equivalents, investments, investments held as fixed assets, interest-bearing receivables, accounts receivable, trade creditors, borrowing and derivative instruments.

Purchases and sales of financial assets and liabilities are recognised on the trade date. A financial asset or financial liability is included in the statement of financial position when the company is subject to the instrument's contractual terms. Financial assets are de-recognised from the statement of financial position when the right to obtain cash flow from an asset matures or is transferred to another party by transferring all risks and benefits associated with the asset to the other party. A financial liability is de-recognised from the statement of financial position when the obligation has been met, cancelled or has matured. Accounts receivable are recognised in the statement of financial position once an invoice has been sent. Liabilities are recognised when the counterparty has a contractual obligation to pay, even though an invoice has not yet been received. Accounts payable are recognised once an invoice has been received.

Financial instruments are initially recognised at their acquisition value corresponding to the instrument's fair value at the date of acquisition plus transaction costs for all financial instruments apart from the financial instruments classified under the financial assets category which are recognised at fair value through profit or loss where transaction costs are recognised directly in the statement of profit or loss. Subsequent valuation of instruments is based on their nature and classification.

*Classification of financial assets and liabilities*

The classification of financial assets is based on Lindab's business model and is therefore governed by the purpose of holding the financial asset and the financial asset's contractual cash flows. Financial assets are classified based on the following categories:

- Financial assets valued at amortised cost
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at fair value through profit or loss.

Financial liabilities are valued at amortised cost or fair value through profit or loss.

*Amortised cost*

Amortised cost refers to the amount at which the asset or liability measured is initially recognised net of amortisation and impairment, as well as additions for the accrual of the initial amount and the maturity amount.

*Assets valued at amortised cost*

Financial assets valued at amortised cost are instruments held for the purpose of collecting/settling contractual cash flows; the agreed terms and conditions state the time of expected cash flow from the underlying instrument and payments only consist of principal and interest on the principal amount outstanding. Assets arise as part of cash and cash equivalents being paid in return for or as a result of the Group providing customers with agreed goods and services in the context of its operating activities. Fixed or determinable payment flows are available for receivables that are not traded on an active market and are held by the Group for the purpose of collecting cash flows.

For disclosure purposes, fair value is calculated for non-current receivables by discounting future cash flows using current interest rates. Current receivables are valued at a nominal amount without discounting.

*Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

date. Fair value for Lindab's financial instruments is determined based on current market prices where available. Fair value for quoted investments and derivatives is based on current purchase prices and interest rates. If market prices are not available, the fair value of each instrument is determined using various valuation techniques. The effect of changes in the fair value of assets, which is measured using this method, is reported in comprehensive income or in the statement of profit or loss during the period in which they arise.

*Financial assets measured at fair value through comprehensive income*

Financial assets measured at fair value through comprehensive income are assets which are held for the purpose of collecting contractual cash flows and selling underlying financial instruments to achieve this; the agreed terms and conditions state the time of expected cash flow from the underlying instrument and payments only consist of the principal and interest on the principal amount outstanding.

*Financial assets measured at fair value through profit or loss*

Assets which do not meet the criteria for recognition at amortised cost or fair value via comprehensive income are measured at fair value through profit or loss. For the Group these are mainly derivative assets which are not used in hedge accounting and are therefore recognised at fair value through profit or loss.

For foreign exchange contracts, such as currency futures, the fair value is calculated by discounting the difference between the contracted forward rate and the forward rate that can be subscribed to on the balance sheet date for the remaining contract period.

*Impairment of financial assets*

In accordance with IFRS 9 *Financial instruments*, estimated loss provisions are reported for financial assets measured at cost, which reduce the value of the respective asset. Loss provisions are valued at each balance sheet date and then at an amount that corresponds to expected credit losses for the remaining maturity period of the assets. Lindab applies a simplified matrix model to accounts receivable and future lease receivables, which means that, in addition to an individual assessment, loss provisions are valued at an amount corresponding to the remaining maturity period. For details of the method used to value accounts receivable, see also Note 25.

The purpose of the valuation of expected credit losses is to reflect an objective and probable amount, time value of money, reasonable information from previous events that are possible to verify, present circumstances and forecasts for future financial conditions. Lindab bases the estimate of expected credit losses on both a collective and an individual assessment of the receivable in question together with information about historical losses for similar assets and counterparties, taking into consideration potential future events. The assumptions for calculating credit losses are continuously evaluated to reflect the current situation and Lindab's best estimate of future events. Lindab defines receivables that are more than 90 days overdue as credit deteriorated or when other credit deteriorated factors have been identified. Credit losses are considered to be in default when the company against which Lindab has a claim has been declared bankrupt. The financial asset is then de-recognised from the statement of financial position.

Liquid assets may only be invested in banks with a high credit rating in accordance with Lindab's Treasury Policy. Historically, no customer losses have occurred regarding cash and cash equivalents, nor are they expected to do so in the future.

*Financial liabilities measured at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss mainly include derivative liabilities that are not used in hedge accounting. Profit or loss from changes in the fair value of financial instruments in this category is reported in the statement of profit or loss in the period in which it arises.

*Other financial liabilities*

This category includes loans, lease liabilities, other financial liabilities and accounts payable. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

*Cash and cash equivalents*

Cash and cash equivalents include cash holdings and bank balances as well as current investments with high liquidity which can be quickly converted into a known amount of cash and which are subject to an insignificant risk from foreign currency fluctuations. Bank overdrafts are reported in the statement of financial position as part of borrowings in current liabilities.



**Note 2, cont.****Derivatives**

The Lindab Group uses derivative instruments to cover risks of currency and interest rate exposure. The holding of financial derivatives consists of currency swaps and currency futures. Currency risk in the Group is managed through foreign exchange contracts entered into with a third party for the biggest gross flows in each period.

Derivatives are recognised in the statement of financial position on the trade date and measured at fair value, both initially and subsequently. The method of recognising the gain or loss arising on revaluation depends on whether the derivative is recognised as a hedging instrument, and if so, the nature of the item being hedged.

**Hedges of net investments in foreign operations**

Hedges of net investments in foreign operations are reported according to the principles for hedge accounting in IFRS 9 *Financial instruments*. In order to apply these rules, the designated hedging relationship between the hedging instrument and the hedged items is documented on an ongoing basis and compliant with Lindab's risk management policy and the targets set regarding risk management. In addition, reported net investment hedges must be effective by nature and it must be possible for this effectiveness to be measured in a reliable way.

Lindab uses loans as hedging instruments. The effectiveness of a hedge is identified and assessed in accordance with the Group's guidelines when entering an individual hedging relationship. The criteria for effectiveness are documented and the hedging relationship is subsequently analysed and reported on an ongoing basis. The profit or loss on the hedging instrument relating to the effective hedge is recognised in other comprehensive income. The ineffective portion of the profit or loss is recognised immediately in the statement of profit or loss under financial items. Profit or loss recognised in other comprehensive income is reclassified to the statement of profit or loss when the foreign operation is divested.

**Stock**

The Group's stock is reported excluding inter-company profits. Inter-company profits generated within the Lindab Group are eliminated at Group level and therefore have no impact on operating profit. Stock is valued at the lower of cost and net realisable value for raw materials, consumables and purchased finished goods. The same applies to work in progress, whose acquisition cost is calculated based on the value of production costs generated during processing. The acquisition cost includes a reasonable share of indirect production costs based on normal capacity utilisation. Goods produced have been valued at the lower of production costs and net sales value. Obsolescence has therefore been taken into account in the evaluation. Market prices apply when pricing deliveries between Group companies.

**Shareholders' equity****Share capital**

Transaction costs directly attributable to the issue of new shares or warrants are reported, net of tax, in shareholders' equity as a deduction from the issue proceeds.

**Dividends**

Dividends to Parent company shareholders are reported as a liability in the consolidated financial statements during the period in which the dividend was approved by the Parent company shareholders.

**Repurchase and redemption of shares**

The repurchase and redemption of shares are allocated directly to profit carried forward where appropriate. For the repurchase and redemption of shares, see Note 26.

**Share options and warrants**

A resolution of the Annual General Meeting in April 2020 approved a share option programme for senior executives in the Lindab Group through a private placement of at most 275,000 share options. Under this programme, 210,000 share options were acquired by senior executives in Lindab in accordance with a market valuation based on established agreements. The programme is thus based on a market transaction with related parties, and no part of the programme should be seen as share-based remuneration. Each share option entitles the holder, at a certain point in the future (July/August 2023), to acquire one share in Lindab at an agreed exercise price (SEK 101.90). To all intents and purposes, the share option programme that was implemented during the year has the same features as the warrant/share option programme that was approved in 2017, 2018 and 2019 respectively. During the year, 25,000 externally held warrants, from the 2017 warrant programme, were subscribed for in accordance with agreed terms. This transaction has triggered the issuance of 25,000 shares in Lindab International AB. The

subscription of shares was exercised at a price of SEK 108.80 per share. From the 2018 warrant programme, 135,000 warrants remain outstanding, of which 25,000 remained in Lindab's custody as per the balance sheet date, with a subscription price of SEK 86.40 and exercisable during the summer of 2021. From the 2019 share option programme there are 175,000 outstanding options with a subscription price of SEK 120.00 during summer 2022. Issued options are valued using the Black-Scholes option valuation model, and any value adjustments are recognised in equity.

**Provisions**

IAS 37 *Provisions, contingent liabilities and contingent assets* is applied to provisions, except for provisions regarding personnel, where IAS 19 *Employee benefits* is applied.

A provision is only reported when:

- There is a present obligation (legal or constructive) resulting from a past event, it is likely that costs will arise to settle the obligation and the amount can be estimated reliably.
- The amount reported as a provision is the best estimate of the expense required to meet the obligation in question at the balance sheet date.

**Provisions for pensions and similar obligations**

Pensions are generally funded through payments to insurance companies, where the payments are determined based on periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is defined as a plan where the company pays set contributions to a separate legal entity and has no obligation to pay additional contributions, even if the legal entity does not have sufficient assets to pay the benefits relating to the employees' service until the balance sheet date. There are significant defined contribution plans in Sweden, Denmark, Finland and Germany, among other countries.

All plans that are not defined contribution plans are considered to be defined benefit plans. A special characteristic of defined benefit plans is that they state an amount for the pension benefit that an employee will receive on retirement, usually based on factors such as age, years of service and salary. The most comprehensive defined benefit plans are in Sweden.

The liability reported in the balance sheet for defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting estimated future cash outflows using the discount rate in the same currency in which the benefits will be paid with maturities comparable to the current pension obligation. The discount rate for each country is determined on the basis of the market rate of investment grade corporate bonds. In countries with no market for such bonds, the government bond yield is used. The calculations are based on actuarial assumptions as assessed each quarter, and are made at least once a year. The discount rate for the Swedish pension obligation has been established using the market rate of housing bonds according to their yield curve.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised in other comprehensive income during the period in which they arise. Payroll tax attributable to actuarial gains and losses is included in determining the actuarial gains and losses.

Costs relating to past service are recognised directly in the statement of profit or loss.

Defined benefit plans can be unfunded or entirely or partially funded. In the case of funded plans, the company makes contributions to specific funds or foundations, for example. These plan assets are valued at fair value and reduce the projected pension obligation so that the net reporting is made in the statement of financial position.

In some cases, pension obligations in Sweden have been secured through the purchase of endowment insurance as a benefit for the insured. Where these obligations are defined contributions in nature, they are recognised as pension provisions, defined contribution obligations and corresponding assets in the endowment insurance at the fair value of plan assets for defined contribution obligations.

**Note 2, cont.**

The liability of the endowment insurance is measured at the best estimate of future payments, which corresponds to the fair value of the asset. The provision for special employers' contributions is calculated based on the carrying amount of the endowment insurance fund.

Other contributions to employees are reported as expenses during the period when the employee performs the services to which the benefits regards.

**Leases**

IFRS 16 *Leases* has been applied by Lindab since 1 January 2019. This standard is based on all rental and leasing agreements being reported in the lessee's statement of financial position. IFRS 16 *Leases* includes an option to exclude certain agreements, short-term leases and leases for which the underlying asset is of low value. Lindab has chosen to apply the IFRS relief rules, which means that the Group's statement of financial position does not include leases that have an expected useful life of less than 12 months and leases for which the underlying asset is of low value (EUR 5 k applied by Lindab). Lease expenses arising from these leases that are not included are recognised as before, directly as an operating expense on a straight-line basis over the lease term.

Lindab assesses at the start of a new lease agreement whether it includes lease components that shall be capitalised in accordance with IFRS 16 *Leases*. Lease expenses that are capitalised are primarily fixed charges or variable index/price charges as well as any relevant residual value guarantees, option values or termination charges. Leases which include both components that can and cannot be capitalised, are capitalised in full if the latter component is of low value.

Leases are capitalised initially at the present value of future lease expenses, discounted based on the lease's implicit interest or, for Group incremental borrowing rates, on the basis of the respective currency and asset type. The value of an asset also includes charges incurred on or prior to the commencement date of the lease, initial direct expenses and any estimated restoration costs for which provisions have been recognised in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*. Capitalisation also includes forming an opinion on expected lease term/useful life of the asset in question within the framework of an existing lease.

In 2020, the IASB introduced temporary relief under IFRS 16 *Leases* due to the covid-19 pandemic. This relief means that the lessee, under certain circumstances, need not make new calculations of lease liabilities or the reported right of use assets for any rental discounts obtained as a direct result of covid-19. Supported by this relief rule, discounts obtained have been reported directly against the earnings as they have been realised. Rental discounts in the Group related to covid-19 amounted to SEK 0.3 m in 2020.

The tangible assets/rights of use that are included in the Group's financial position in accordance with IFRS 16 *Leases*, are recognised in subsequent periods at acquisition value less depreciation/amortisation and any impairment as well as adjustments for any revaluations. Depreciation/amortisation is performed on a straight-line basis from the starting date of the lease and over the useful life, which is the shortest of economic useful life and agreed lease term. Impairment is recognised in accordance with IAS 36 *Impairment of assets*.

Lease liabilities recognised in the statement of financial position are included on an ongoing basis at amortised cost less lease payments made and taking into account the estimated impact of interest rates. Lease related balance sheet items will be reassessed continually based on changes to interest/index components, lease term, residual value guarantees etc. The weighted average incremental borrowing rate for the Group as at 31 December 2020 was 2.5 percent (2.7).

**Statement of cash flow**

Lindab applies the indirect method. The purpose is to provide a basis in order to assess the company's ability to generate cash and the company's need for this. The following definitions have been used: Cash and bank consists of cash as well as deposits held with banks and equivalent institutions. Cash and cash equivalents other than cash and bank include current liquid investments that can easily be converted into cash and that are exposed to an insignificant risk from foreign currency fluctuations. Cash flow is the flow of cash and cash equivalents coming into and going out from the company. Operating activities are the main income generating activities of the company and other activities that are not investing or financing activities. Investing activities consist of the acquisition and divestment of fixed assets and investments that do not qualify as cash equivalents. Finan-

cing activities are activities that result in changes to the size and composition of the company's shareholders' equity and borrowings.

**Pledged assets and contingent liabilities**

Pledged assets are reported if Lindab has pledged assets for the company's or the Group's liabilities or obligations. These can include debts and provisions that may be shown in the statement of financial position. The pledged assets may be tied to assets in the statement of financial position or encumbrances. The assets are entered at their carrying amount and encumbrances at their nominal value. Shares in Group companies are reported at their value in the Group.

Contingent liabilities are recognised when there is a potential obligation arising from past events and occurrence is confirmed only by one or more uncertain future events or when there is an obligation that is not recognised as a liability or provision as it is unlikely that an outflow of resources will be required. See also Note 32.

**Government grants**

Government grants are actions by the government intended to provide a financial benefit that is specific to a company or a category of company fulfilling certain criteria. Government assistance is conditional upon the recipient complying with certain conditions. Here, the term government refers to government agencies or authorities and similar bodies, regardless of geographical location. Government grants are reported at the time when it is deemed reasonably certain that Lindab will meet the conditions associated with the grants and that the grants will be received. Government grants compensating for specific costs are recognised as cost reductions in the statement of profit or loss and thus classified within the same category as the underlying cost. Government grants representing contributions of a more general nature are reported under other operating income. Where grants are received in connection with acquisitions of fixed assets, the fixed value of the acquired assets is reduced.

Due to covid-19, Lindab reported government grants amounting to SEK 41 m over the year. The grants received are primarily related to compensation for employee related costs and were therefore classified as cost reductions by cost category in the statement of profit or loss. In addition to government grants, the Group also obtained cost reductions through cuts in personnel-related fees corresponding to SEK 10 m as a result of covid-19. See also Note 14.

**Related party disclosures**

Transactions and agreements with related parties and/or private individuals are accounted for according to IAS 24 *Related Party Disclosures*. In the Group, inter-company transactions are eliminated and are thus not included in this disclosure/reporting requirement. For the full extent of these transactions, see also Note 33.

**Parent company accounts**

The Parent company's financial statements are prepared and presented in accordance with the Annual Accounts Act (ÅRL) and Recommendations from the Swedish Financial Reporting Board (RFR), RFR 2. RFR 2 requires the Parent company to apply all EU approved IFRS standards and pronouncements as far as possible under the Annual Accounts Act, taking into account the relationship between accounting and taxation. The recommendation includes the exemptions to IFRS that must be considered and the additions that must be made. It can be added that the Parent company does not hold any leases. The differences between the Parent company's and the Group's accounting policies are described below:

**Classification, presentation and layout**

The Parent company's statement of profit or loss and balance sheet are prepared in accordance with the Swedish Annual Accounts Act format. The difference from IAS 1 *Presentation of Financial Statements*, which is applied to the presentation of the Group's financial statements is mainly the recognition of financial income and expenses, fixed assets, shareholders' equity and availability of provisions under separate headings.

**Group companies**

Shares in Group companies are recognised at acquisition value in the Parent company's financial statements. Acquisition-related costs for Group companies, which are carried as expenses in the consolidated financial statements, form part of the acquisition value for shares in Group companies of the Parent company.

**Group contributions**

Group contributions to or from Lindab's Group companies are reported net in the Parent company statement of profit or loss, in accordance with RFR 2.

**Note 2, cont.**
*Impairment of financial assets*

IFRS 9 *Financial instruments* shall also be applied by the Parent company with regard to the impairment of financial assets. The Parent company's receivables from Group companies are of a short-term nature, which is why the simplified matrix model can be applied, see the section on Impairment of financial assets. No short-term Group receivables require provisions being made for losses.

**Note 03 Financial risks**

Financial risks include financing, liquidity, interest rate risks, currency risks and financial credit risks. The work on financial risks is an integral part of Lindab's business. All risks are managed in accordance with Lindab's established policies.

The Group's Treasury function is responsible for these risks and also supports the Group's companies in the implementation of financial policies and guidelines. Regular follow-ups of compliance with the Treasury Policy are performed and reported to the Board of Directors.

**Financing**
**Risk**

Financing risk refers to the risk that the financing of the Group's capital needs and the refinancing of outstanding loans will become more difficult or more expensive.

**Exposure**

On 31 December 2020, Lindab's total credit limits amounted to SEK 1,902 m (1,922).

The credit limits expire in July 2022.

**Comment**

Lindab's credit agreements with Nordea/Danske Bank and Raiffeisen Bank International include two covenants in the form of the net debt to EBITDA ratio and the interest coverage ratio, which are followed up quarterly. As of 31 December 2020, Lindab complies with the covenants. According to the Group's Treasury Policy, long-term financing must always be in place 12 months before existing financing matures.

**Liquidity**
**Risk**

Liquidity risk is defined as the risk that the Group would incur increased costs due to a lack of liquidity.

**Exposure**

At the end of the year, the Group's available cash and cash equivalents, including unutilised credit facilities, amounted to SEK 1,977 m (1,942), based mainly on the aforementioned credit limits and overdraft facilities. For financial liabilities on the balance sheet date and their maturity structure, see table "Liquidity risk" on page 86. All financial liabilities as of 31 December 2020 that mature within 12 months, are covered by available liquid funds and unutilised credits at the time in question.

**Comment**

All centrally managed loan maturities are planned in relation to the consolidated cash flow. The aforementioned credit agreements safeguard liquidity needs. Lindab's operations are seasonal, which has an effect on the cash flow. During the period January–June, cash flow is normally negative, to then become positive in July–December. According to the Group's Treasury Policy, the Group must at all times have available funds, including unutilised credit facilities, to cover the liquidity needs of the operating activities.

**Interest**
**Risk**

Interest rate risk is the risk that changes in current interest rates will have a negative effect on the Group.

**Exposure**

Lindab is a net borrower. The net debt at the end of the year amounted to SEK 1,640 m (1,771), meaning that rising interest rates will have an adverse effect on the Group. IFRS 16 *Leases* affected net debt as of 31 December 2020 by SEK 977 m (1,039).

**Comment**

Surplus liquidity is always used to amortise existing loans. In accordance with the Treasury Policy, the fixed interest rate period shall be 1–12 months. On 31 December 2020 it was 3 months (3). The interest rate, calculated as the Group's interest expense in relation to average liabilities, amounted to 2.6 percent (2.3).



**Note 3, cont.**
**Currency**

Currency risk is the risk of negative effects on the consolidated statement of comprehensive income, cash flow and statement of financial position as a result of changes in exchange rates:

- Profit is affected when income and expenses in foreign currencies are translated into Swedish kronor.
- The statement of financial position is affected when assets and liabilities in foreign currencies are recalculated in Swedish kronor.

The risk can be divided into transaction risk and translation risk.

**Transaction risk**

**Risk**  
Transaction risk occurs when transactions are made in another currency than the local company's functional currency. A company may also have monetary assets and liabilities in a currency other than the functional currency which are translated to the local currency using the exchange rate at the balance sheet date. The translation of the monetary assets and liabilities results in currency effects, which are recognised in the statement of comprehensive income.

**Exposure**  
Of the Group's sales, 74 percent (78) are made in currencies other than SEK. In total, sales are made in 11 (14) different currencies, the most important of which, besides SEK, are EUR, DKK, GBP and NOK. Lindab's net exposure translated to SEK is approx. SEK 200 m (200) annually. SEK 6 m (0) of the transaction exposure entered in the balance sheet was hedged at the end of the year.

**Comment**  
To reduce currency exposure, the Group attempts to match inflows and outflows of different currencies by, for example, using the same currency for invoicing as purchasing. Each individual Group company is responsible for identifying its own currency exposure. Some special orders, projects, investments and purchases can be hedged to bring certainty regarding future cash flows.

The Treasury function is responsible for the Group's overall currency exposure, and, together with the CFO, makes decisions and implements any hedging of subsidiaries' exposures.

**Translation risk**

**Risk**  
Translation differences arise when translating foreign subsidiaries' statements of financial position in local currency to SEK. The statement of profit or loss is translated at the average rate for the year and the statement of financial position is translated at the rate on 31 December. The translation difference is applied to other comprehensive income. Translation exposure is the risk that the translation difference represents in terms of the impact on comprehensive income. Parts of this exposure have been hedged since 2013.

Lindab AB has currency risks in its lending and borrowing to Group companies, which mainly takes place in the Group companies' local currency.

**Exposure**  
At the end of 2020, the Group's net investments in foreign currency amounted to SEK 4,689 m (4,338). The largest currencies consist of EUR at SEK 1,580 m (1,402), DKK at SEK 687 m (543), and PLN at SEK 449 m (435). SEK 1,229 m (1,277) is hedged through borrowing in foreign currency and currency swaps.

Lindab AB's lending and borrowing in foreign currency at the end of 2020 amounted to SEK 540 m (934) and SEK 364 m (425) respectively.

**Comment**  
Currency hedging of the Group's translation exposure is determined by the CFO, which is in accordance with the Group's Treasury Policy. Hedging may be arranged at up to 90 percent of the value of the underlying asset. Hedging can be arranged via currency swaps or loans. Lindab hedges net investments in EUR and CHF, for which hedge accounting is applied. Hedging is arranged with currency swaps and loans. No inefficiencies occur in the hedges.

The currency risk in these transactions is hedged using forward exchange agreements. These are evaluated monthly and the effect is recognised in financial items in the statement of comprehensive income.

**Liquidity risk**

The table below analyses the Group's financial liabilities, presented according to the time remaining until the contractual maturity date.

	< 3 months	Between 3–12 months	Between 1–2 years	Between 2–5 years	> 5 years
<b>On 31 December 2020</b>					
Borrowings (excluding lease liabilities)	3	11	929	14	40
Lease liabilities	64	190	194	339	264
Derivative instruments	73	453	-	-	-
Accounts payable and other liabilities	712	313	-	-	-
<b>On 31 December 2019</b>					
Borrowings (excluding lease liabilities)	2	34	11	971	37
Lease liabilities	69	195	216	394	253
Derivative instruments	232	471	-	-	-
Accounts payable and other liabilities	763	307	-	-	-

The amounts included in the table are the contractual undiscounted cash flows. The derivatives flow refers to the gross flow of currency futures. The liquidity risk is limited as it is covered by available credit limits and inflows of financial assets.

Note 3, cont.

**Currency futures**

		31 Dec 2020		31 Dec 2019	
Exchange value in SEK m		Amount	Maturity months	Amount	Maturity months
Sell	EUR	-223	4	-393	4
Sell	CHF	-70	3	-80	4
Sell	GBP	-11	4	-37	4
Sell	NOK	-38	4	-19	4
Sell	CZK	-184	4	-172	3
Sell	TRY	-	-	-2	4
<b>Sell total</b>		<b>-526</b>		<b>-703</b>	
Buy	EUR	57	2	16	2
Buy	USD	70	3	80	3
Buy	CHF	15	3	-	-
Buy	HRK	6	3	7	4
Buy	CZK	-	-	18	2
Buy	HUF	16	3	44	3
Buy	RUB	-	-	133	6
<b>Buy total</b>		<b>164</b>		<b>298</b>	
<b>Net</b>		<b>-362</b>		<b>-405</b>	

**Offsetting of assets and liabilities under ISDA agreements**

There is no balance sheet offsetting as the right to offset is conditional in accordance with the ISDA agreement. The right of offset amounts to SEK 4 m (3) in accordance with the table below.

	Assets currency derivatives	Liabilities currency derivatives	Total
<b>31 Dec 2020</b>			
Amounts recognised in the balance sheet	12	-8	<b>4</b>
Financial agreements	-4	8	<b>4</b>
<b>Net</b>	<b>8</b>	<b>0</b>	<b>8</b>
<b>31 Dec 2019</b>			
Amounts recognised in the balance sheet	14	-11	<b>3</b>
Financial agreements	-3	11	<b>8</b>
<b>Net</b>	<b>11</b>	<b>0</b>	<b>11</b>

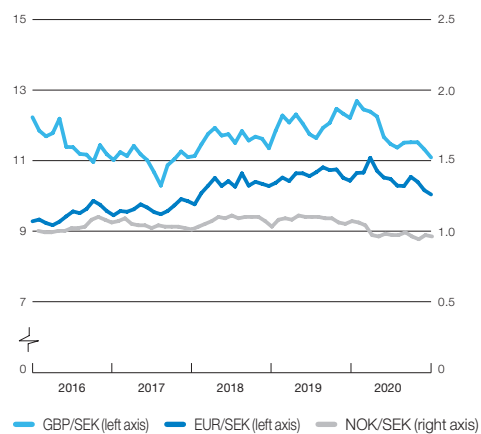
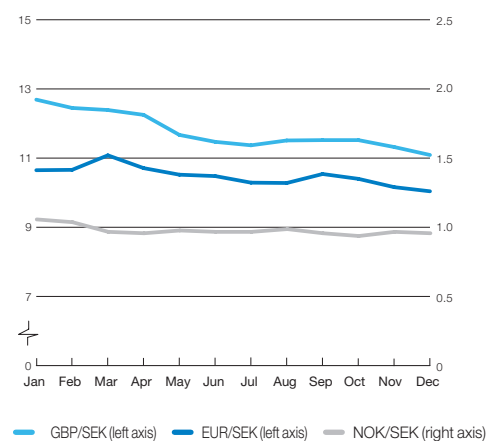
**The following exchange rates have been used in the translation of foreign operations**

Country	Currency	Currency code	Average exchange rate		Exchange rate on balance sheet date	
			2020	2019	2020	2019
Euroland	1	EUR	10.49	10.59	10.04	10.43
Denmark	1	DKK	1.41	1.42	1.35	1.40
Norway	1	NOK	0.98	1.07	0.95	1.06
Poland	1	PLN	2.36	2.46	2.22	2.44
Romania	1	RON	2.17	2.23	2.06	2.19
Russia	100	RUB	12.83	14.62	11.06	15.07
Switzerland	1	CHF	9.80	9.52	9.25	9.57
UK	1	GBP	11.81	12.07	11.09	12.21
Czech Republic	100	CZK	39.67	41.24	38.31	40.98
Hungary	100	HUF	2.99	3.25	2.75	3.15
USA	1	USD	9.21	9.46	8.19	9.32

**Sensitivity analysis**

	Change	Impact on earnings, SEK m	
		31 Dec 2020	31 Dec 2019
Currency fluctuation, sales	+/-1	+/-68	+/-77
Currency fluctuation, purchasing of raw materials	+/-1	+/-31	+/-36
Currency fluctuation, net assets	+/-1	+/-35	+/-31
Currency fluctuation, net debt	+/-1	+/-13	+/-13
Interest rate fluctuations, %	+/-1	+/-15	+/-16

The calculations are based on 2019 and 2020 volumes and assume that all other conditions remains unchanged, for example that sales prices are not adjusted in response to changes in steel prices. The calculation is exclusive of tax effect.

**Exchange rate development 2016–2020**

**Exchange rate development January–December 2020**

**Currency fluctuation, sales and purchases of raw materials**

Lindab has 74 percent (78) of its total sales and 76 percent (78) of its total purchases of raw materials in a currency other than SEK, meaning that fluctuations in SEK affect the Group's gross profit. Raw material purchases represent the only major currency exposure in terms of costs. A fluctuation of +/- 1 percent in SEK affects sales by SEK 68 m (77) and raw material purchases by SEK 31 m (36). The most important currencies are EUR, DKK, GBP and NOK. USD is also an important currency as far as raw material purchases are concerned.

**Currency fluctuation, net assets**

Lindab's net assets in foreign currency amount to SEK 4,689 m (4,338). The single largest net assets are in EUR followed by DKK, PLN and GBP. SEK 1,229 m (1,277) of the net assets are hedged via loans and currency swaps. A fluctuation of +/- 1 percent in SEK affects net assets by SEK 35 m (31).

**Currency fluctuation, net debt**

Lindab's net debt amounts to SEK 1,640 m (1,771). Of the net debt, 81 percent (76) is in currencies other than SEK. The greatest exposures in foreign currency are made up of loans in EUR and CHF. A fluctuation of +/- 1 percent in SEK affects net debt by SEK 13 m (13) of which SEK 9 m (10) is recognised in other comprehensive income.

**Interest rate fluctuations**

Changes in interest rates affect Lindab's profitability and cash flow. A change in interest rates of 1 percent affects Lindab's profit by SEK 15 m (16).

**Asset management**

Lindab's managed capital comprises the sum of shareholders' equity and the Group's net debt, totalling SEK 6,818 m (6,798).

**Note 3, cont.**

The Group's capital will be used to retain a high degree of flexibility and to finance acquisitions. Any surplus capital will be transferred to Lindab's shareholders.

The overall objective of asset management is to ensure the Group's ability to continue as a going-concern, while ensuring that the Group's funds are being used optimally to give shareholders a good return and lenders a good level of security.

For a number of years, Lindab has been governed based on long-term financial targets. These targets are:

- Annual growth should be 5–8 percent, combining organic and acquired growth.
- The operating margin (EBIT) should average 10 percent over a business cycle, excluding one-off items and restructuring costs.
- Net debt in relation to EBITDA should not exceed 3.0 measured over a 12 months' average.

In December 2019, the Board of Directors decided upon an updated dividend policy, stating that the proposed dividend should be equivalent to a minimum 40 percent of the company's net profit for the year, taking into account the company's financial position, acquisition opportunities and long-term financing needs. Lindab's Board of Directors proposes to the Annual General Meeting that a dividend of SEK 3.40 per share be paid for 2020, divided between two payment dates. See Note 26.

To ensure the availability of financing, it is important to meet the obligations to the banks arising pursuant to the credit agreements. The credit agreements include two covenants in the form of the net debt to EBITDA ratio and the interest coverage ratio. Lindab fulfils these obligations.

Lindab's Treasury Policy has been approved by the Board of Directors and this constitutes a framework of guidelines and regulations for the financing operations that are centralised at Group Finance. This enables the Group to monitor all financial risk positions and to safeguard common interests. At the same time, cost efficiency, economies of scale and skills development are achieved.

**Credit risk management**

Financial assets in the form of accounts receivable represent a credit risk for the Group. Customer credit risk is managed in the context of operating activities by each business unit and is based on the Group's established policies, procedures

and controls. Individual credit limits are identified for each customer based on guidelines and opinions on limits are based on the estimated risk profile. It should also be noted that in some customer-related transactions, Lindab works with advance payments from customers, which may be due both to cash flow optimisation and credit risk management. Advance payments from customers are applied mainly in the case of large projects in the Building Systems segment.

Lindab works actively to monitor and ensure that outstanding accounts receivables are paid. In addition, portions of the accounts receivable portfolio are covered by credit insurance. The Group's exposure to individual customers is limited as Lindab's largest customer accounts for 1.9 percent (1.9) of the Group's total net sales.

Credit loss provisions are in place for recognised accounts receivable, which, in addition to an individual assessment, correspond to expected losses based on the remaining maturity period. Outstanding receivables are categorised on the balance sheet date based on due date and the number of days arrears. Based on this, loss provisions are calculated on the basis of six different valuation levels, which reflect both the Group's historical loss experience and a future expected credit loss adjustment based on current market conditions. For details of the method used to value accounts receivable and the change in the loss provisions over the year, see also Note 25. On the balance sheet date, the recognised credit loss provision amounted to SEK –81 m (–98).

Lindab is also exposed to credit risk from deposits held with banks and financial institutions. This credit risk is managed by the Group's central Treasury function in accordance with Lindab's Treasury Policy. Taking into account the counterparties' financial position and independent rating agencies assessment of these, the total credit risk exposure is considered to correspond to the recognised value of these financial assets. In general, it can also be mentioned that the Group's Treasury Policy specifies the lowest permitted rating, by independent valuation institutions, for banks used by Lindab for deposits and lending.

Other financial assets are generally considered to have an inherently low credit risk. These are valued on an ongoing basis in order to assess any inherent risk of loss based on objective reasons, on historical experience and also reflect estimated future financial conditions for counterparties. Individual assessments are applied. The assessment process for other financial assets is decentralised with a view to ensuring the best possible expertise is applied when evaluating any loss provisions.

**Note 04 Key accounting estimates and judgements**

IFRS is a principle-based framework and contains no detailed rules under normal circumstances, but instead develops the overall principles that should characterise the financial statements. This implies that significant estimates and judgements must be made by Lindab which may give rise to specific consequences in the financial statements. The judgements made are central to the financial outcome, and these are combined with detailed information.

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are deemed reasonable in the circumstances.

In the application of accounting policies, various assumptions have been made that may substantially affect the amounts presented in Lindab's financial statements.

**Impairment testing of goodwill**

*Important sources of estimation uncertainty*

The Group continually tests goodwill for impairment in accordance with the accounting policies described in Note 2. The impairment test is based on a review of the recoverable amount. The value is estimated based on the management's assessment of future cash flows which are based primarily on internal business plans and forecasts.

The Group's impairment testing of goodwill is conducted at the segment level, which is considered to be the lowest cash-generating unit for the ongoing monitoring of this item from the perspective of the highest executive decision-makers (see Notes 2 and 18). On 31 December 2020, recognised goodwill amounted to SEK 3,239 m (3,211), of which SEK 2,037 m (1,953) related to Ventilation Systems, SEK 801 m (841) related to Profile Sys-

tems and SEK 401 m (417) related to Building Systems.

When testing for impairment, a management assessment is required of various factors, particularly with regard to events which may affect the value of goodwill, the assumptions underlying cash flow forecasts and whether the discounting of these cash flows is reasonable. Changes in the assumptions made by the management may result in a different outcome and a different future financial position. For further information on impairment testing of goodwill, see Note 18.

**Leases**

*Important sources of uncertainty in estimations and judgements in the application of the Group's accounting policies*

Some subjective estimates and judgements are made in connection with the reporting of leases, both in terms of the possibility/probability of exercising options to extend, terminate and purchase, estimated useful life of a lease that is extended on an ongoing basis if neither party actively terminates the lease and actual expected useful life of the asset under existing leases. From a materiality perspective, these relate primarily for the Group to property leases where these judgements can have a material effect on the financial position. Lindab has a structure for how these components should be assessed and in terms of properties, this structure is largely based on the main character of the property (production, warehouse, branches or offices). The guidelines aim to set out and reflect expected useful lives in a fair manner and therefore also the value of right of use assets and the carrying amount of liabilities in the form of future lease expenses, based on information known at each balance sheet date. In accordance with IAS 36 *Impairment of assets*, judgements also include testing the carrying amount of assets from an impairment perspective.

**Note 4, cont.**

Furthermore, a component that affects the carrying value of leases in the Group's financial position is the underlying discounting factor. When calculating the balance sheet value, Lindab applies an incremental borrowing rate for the relevant currency and asset type that is assessed relevant, with the aim of best reflecting lease-related assets and financial obligations in a fair manner. The weighted average incremental borrowing rate was 2.7 percent at the beginning of 2020 and 2.5 percent at the end of December 2020.

Further information regarding leases is provided in Note 31.

**Deferred tax assets***Important sources of estimation uncertainty*

Deferred tax assets and liabilities are reported for temporary differences and unutilised carry-forward tax losses. Deferred tax assets, which are attributable to carry-forward tax losses, are reported to the extent that it is likely that future taxable surpluses will be available, against which the accumulated loss may be utilised. The Group's carry-forward tax losses relate primarily to countries with long or indefinite periods of utilisation. Lindab recognises deferred tax assets based on the management's estimates of future taxable results in various tax jurisdictions.

At the end of 2020, deferred tax assets related to carry-forward tax losses totalled SEK 34 m (45), see Note 16.

**Recognition of stock***Important sources of estimation uncertainty*

Stock is recognised at the lower of cost and net sales value. Valuations and assessments of stock are governed by internal regulations which all companies within the Group are obliged to comply with. The aim is to ensure that stock is valued at the lower of cost and net sales value at all times.

When calculating the net sales value, an assessment is made of discontinued items, surplus items, damaged goods, and the estimated sales value based on available information. As of 31 December 2020, the provision for stock obsolescence amounted to SEK 76 m (70), see Note 24.

**Expected bad debt losses***Important sources of estimation uncertainty*

Lindab applies an assessment of expected bad debt losses to its valuation of recognised accounts receivable. The valuation method is based on an estimate of expected bad debt losses for all outstanding receivables, including receivables that are not due. Provisions for expected bad debt losses are calculated on the basis of central guidelines, which are based on judgement of expected bad debt losses in different due date categories and based on a combination of historical experience and changes expected in the individual categories/markets. It should be noted that Lindab has carefully reassessed the need for changed estimates and judgements over the year as consequence of covid-19. This valuation has resulted in a certain increased adjustment of existing calculations of expected bad debt losses as a result of estimated increased risk. In addition to the calculation of provisions for bad debt losses based on the guidelines given for forming provisions, individual judgements are also made of individual customer exposures. These judgements are made based on circumstances that may significantly impact the valuation, such as the solvency and financial position of significant customers as known at the balance sheet date. For further information regarding the valuation method, see Note 2 and Note 25. At the end of 2020, the provision for expected bad debt losses amounted to SEK 81 m (98), see Note 25. SEK 3 m (-) of the provision was directly related to an increased expected bad debt losses due to covid-19.

**Other provisions***Important sources of estimation uncertainty*

Provisions for future expenses resulting from the warranty commitments are reported at the estimated amount required to settle the commitment at the balance sheet date. The estimated amount is based on calculations, judgements and experience. Through experience, Lindab has developed a common calculation principle for warranty provisions. The provision is calculated using a statistics-based percentage in relation to sales over the last ten years less actual warranty costs.

Lindab's production of steel products has a relatively limited impact on the environment. The Group pursues activities on properties where soil contamination may occur. In cases where there is a risk of environmental liability, a judgement is made to determine whether a provision is required based on known information, the perceptions of representatives and other advisers, the probability that a

present obligation exists and the reliability of the figure that the obligation is estimated to amount to.

The amount reported as a provision is the best estimate of the expense required to settle the obligation in question at the balance sheet date. The Group's reporting of provisions means that SEK 51 m (49) is reported as other provisions as at 31 December 2020, see Note 28.

Outstanding legal matters are reviewed regularly. An assessment is made of whether a liability should be recognised and whether an obligation has resulted from an event. Furthermore, it is assessed whether an outflow of economic resources is likely to be required to settle the obligation, and whether a reliable estimate of the amount can be made.

Whether an existing obligation is likely or not is a matter of judgement. The risk types for these provisions vary, and the management assesses the nature of the provision and scope when determining whether an outflow of resources is likely or not.

**Pensions***Important sources of estimation uncertainty*

Provisions and the costs of post-employment benefits, mainly pensions, depend on the assumptions made when the debt is calculated. Specific assumptions and actuarial calculations are made for each of the countries where Lindab's operations result in such obligations. The assumptions concern discount rates, inflation, salary growth rates, departure rates, mortality and other factors.

In determining the discount rate, Lindab takes into account the discount rate for each country which is denominated in the currency in which the benefits will be paid and which have a maturity corresponding to the estimates for the current pension obligation. Other important assumptions are based in part on prevailing market conditions. Lindab assesses actuarial assumptions on a quarterly basis and adjusts them as appropriate. Any change in these assumptions will impact the carrying amount of the pension obligations. For sensitivity analysis, see Note 27.

On the balance sheet date, the Group's provisions for defined benefit plans amounted to SEK 249 m (249), net after deductions for plan assets.

**Brexit***Important sources of estimation uncertainty*

Lindab continuously monitors Brexit developments to assess any impact the process may have on the Group's operations and to be able to take effective measures in the event of a rapid change in construction activity. Sales volumes were affected in 2020, in both the UK and Ireland, as a result of the uncertainty caused by Brexit.

**Covid-19***Important sources of estimation uncertainty*

During the year, Lindab was affected by the ongoing pandemic, resulting, among other things, in lower sales due to imposed restrictions in several countries. These restrictions indirectly affected construction activity and in some cases even resulted in closed construction sites. Countries primarily affected were Italy, France, the UK, Poland, Hungary and the Czech Republic. In the second half of the year, there was a certain recovery in sales in individual markets, although uncertainty still prevails regarding the development of the pandemic and the restrictions and measures that will apply in Lindab's operating countries in the future.

Lindab's objective is to keep production units, distribution centres and sales channels open as far as possible. At Lindab's facilities, routines have been introduced to prevent the spread of infections and to increase the safety of employees. Lindab has also worked actively with cost adjustments in the business to meet the lower demand in individual markets. The objective of maintaining operations as far as possible, based on individual countries' specific conditions and with a focus on protecting employees and stakeholders from covid-19, is also reflected in the significant judgements made from a financial valuation perspective. For example, valuations of expected bad debt losses have occurred even more frequently, and in connection with impairment testing, cash flow-related forecasts have been adjusted to reflect current assumptions based on prevailing conditions. The development of the pandemic is closely monitored and Lindab continuously evaluates different scenarios in order to be able to adapt its operations to prevailing circumstances.



Note	05	Business combinations
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**Business combinations in 2020***Smofir Trading Ltd. (Thor Duct)*

On 5 June 2020, Lindab acquired 95 percent of the shares and voting rights in the Irish company Smofir Trading Ltd. The business is mainly focused on the licensing of certified duct systems for handling fire and smoke gases, and sales of components related to these systems. The technology is licensed under the Thor Duct brand and the operation focuses primarily on customers in Ireland and the UK. The acquisition is a step for Lindab to further strengthen the offering in ventilation systems in the markets in question. Smofir Trading Ltd. is registered in Dublin, Ireland. The company has an annual turnover of approx. SEK 21 m and has one employee.

The acquisition of Smofir Trading Ltd. was settled in cash at time of acquisition, with no additional purchase consideration applicable. The purchase agreement included an option entitling Lindab to acquire the remaining 5 percent of the shares and voting rights at a later date. According to the final acquisition analysis prepared, the acquisition resulted in goodwill. This is due to, among other things, the market-leading position in Ireland and the UK, as well as expected synergies. Identified intangible assets in Smofir Trading Ltd. mainly relate to technology and license agreements. Smofir Trading Ltd. is part of the Ventilation Systems segment.

*Crenna Plåt AB*

On 3 July 2020, Lindab acquired all shares and voting rights in Swedish company Crenna Plåt AB, with its subsidiaries. Crenna Group is primarily a leading manufacturer of high-quality rectangular ventilation ducts on the Swedish market. Through the acquisition, Lindab has further strengthened its market position and can now offer a complete range of ventilation ducts and ventilation-related accessories in Sweden. Crenna Plåt AB is registered in Enköping, Sweden. The Crenna Group has an annual turnover of approx. SEK 120 m and 85 employees.

The acquisition of Crenna Plåt AB was mainly settled in cash at time of acquisition. According to the final acquisition analysis prepared, the acquisition resulted in goodwill. This is due to, among other things, a strong knowledge of rectangular ventilation ducts and a well-established market presence in Sweden in this product segment. Identified intangible assets in the acquired Group relate mainly to the Crenna trademark. Crenna Plåt with subsidiaries is part of the Ventilation Systems segment.

*Lindab, klima sistemi, d.o.o. (IMP Klima Group)*

On 18 September 2020, Lindab divested all shares and voting rights in the Slovenian subsidiary Lindab, klima sistemi, d.o.o. and its subsidiaries in Bosnia-Herzegovina, Macedonia, Montenegro and Serbia (IMP Klima Group). The operations are primarily focused on the production and sales of air handling units. The divestment also included an inter-company loan receivable versus Lindab, klima sistemi, d.o.o.

In June 2020, Lindab made the strategic decision to close IMP Klima Group, for the second quarter resulting in one-off items and restructuring costs corresponding to SEK -74 m being recognised. In August, a letter of intent was signed with a potential buyer of the companies/operations and less than a month later, IMP Klima Group was divested to an external party. The divestment of, and also the previous decision to close IMP Klima Group, is in line with Lindab's strategy to focus on long-term sustainable and profitable growth. The divestment of IMP Klima Group was partly settled in cash at time of divestment, with the rest being settled in the fourth quarter. The divestment of IMP Klima Group and the associated inter-company loan receivable resulted in a capital gain of SEK 4 m, including transaction-related costs. The capital gain is recognised as other operating income and per definition is also classified as a one-off item. In 2019, IMP Klima Group generated sales of SEK 269 m and recognised an operating result of SEK -2 m. The Group had approx. 226 employees at the time of divestment. IMP Klima Group was part of the Ventilation Systems segment

*Ekovent AB*

On 1 October 2020, Lindab acquired all shares and voting rights in the Swedish company Ekovent AB with its subsidiaries. The Group is a manufacturer of high-quality ventilation and fire protection products. With the acquisition, Lindab further extends its offering in ventilation solutions, strengthening the Group's position in fire protection in the Swedish market. Ekovent AB is registered in Vellinge, Sweden. The Ekovent Group has an annual turnover of about SEK 123 m and has 64 employees.

The acquisition of Ekovent AB was settled in cash at time of acquisition, with no additional purchase consideration applicable. According to the final acquisition analysis prepared, the acquisition resulted in goodwill. This is attributable, among other things, to its considerable technical expertise in ventilation products, with an emphasis on smoke and fire protection products for the Swedish market. Identified intangible assets in the acquired Group relates mainly to the Ekovent trademark, patents and licenses. Ekovent AB with subsidiaries is part of the Ventilation Systems segment.

*Aer Faber AS*

On 3 December 2020, Lindab acquired all shares and voting rights in the Norwegian company Aer Faber AS. The company has solid experience of rectangular ventilation ducts and manufactures and distributes ventilation products in the Oslo area. The acquisition serves to complement Lindab's current operations in Norway, both in terms of products and market. Aer Faber AS is registered in Spydeberg, Norway. The company has an annual turnover of approx. NOK 50 m and has 21 employees.

The acquisition of Aer Faber AS was mainly settled in cash at time of acquisition. According to the final acquisition analysis prepared, the acquisition resulted in goodwill. This is due, among other things, to its expertise in rectangular ventilation ducts and a well-established market presence in the Oslo area, a region in which Lindab wants to further strengthen its presence. Identified intangible assets related mainly to the Aer Faber brand. Aer Faber AS is part of Ventilation Systems.

*General information on acquisitions 2020*

All acquired companies have been consolidated in Lindab from the time of acquisition, i.e. from when Lindab gained a controlling influence. The acquisitions of Smofir Trading Ltd, Crenna Plåt AB, Ekovent AB and Aer Faber AS have meant that Lindab's sales, accumulated from the respective acquisition date until 31 December 2020, increased by SEK 99 m. The Group's profit after tax was affected marginally. If all four acquisitions had been completed as of 1 January 2020, the Group's net sales would have increased by approx. SEK 313 m and the acquisitions would have reported an operating margin in line with the Group's. Acquisition-related costs for acquisitions made during the year amounted to SEK 6 m (1), with these being included under other operating expenses.

The acquisitions of Crenna Plåt AB and Aer Faber AS included contingent additional purchase consideration of an accumulated SEK 12 m, to be paid in part or in full depending on whether future expectations regarding identified sales and profit levels are met within a defined period (maximum 24 months). As of the balance sheet date, the possible undiscounted amount of the future contingent additional purchase consideration is between SEK 0-12 m. As of 31 December 2020, a maximum outcome is expected to occur.

**Business combinations in 2019***Ductmann Ltd.*

On 2 April 2019 Lindab acquired all shares and voting rights in UK ventilation company Ductmann Ltd., whose operations focus mainly on the production and sales of rectangular ducts, fire-rated ductwork and silencers for ventilation systems. The acquisition was a natural step for Lindab in further strengthening its offering in ventilation systems in the UK. Ductmann Ltd. is registered in Dudley, UK. At the time of acquisition, the company had an annual turnover of about SEK 43 m and had approx. 40 employees.

The acquisition of Ductmann Ltd was mainly settled in cash at time of acquisition with no additional purchase consideration applicable. According to the final acquisition analysis prepared, the acquisition resulted in goodwill. This related, among other things, to expected synergies, management's market expertise and a well-established market presence. Intangible assets recognised in the acquired company related mainly to customer-related values. Ductmann Ltd. is part of Ventilation Systems.

**Note 5, cont.****Lindab Door B.V.**

On 26 July 2019 Lindab divested all shares and voting rights in Dutch subsidiary, Lindab Door B.V., whose operations related mainly to sales and assembly of industrial doors in the domestic market. The divestment was a stage in Lindab's strategy to focus on long-term sustainable growth in profitability. At the time of divestment, the company had an annual turnover of approx. SEK 30 m, reported a marginal operating profit and had 14 employees. The divestment of Lindab Door B.V. entailed a consolidated capital loss of SEK 4 m, reported under other operating expenses. Lindab Door B.V. was part of Profile Systems segment.

**Transferred consideration, goodwill and effect on cash and cash equivalents**

The table below provides information on the purchase price, goodwill and the acquisition/divestment's impact on the Group's cash and cash equivalents.

	Acquired businesses		Divested businesses	
	2020	2019	2020	2019
Consideration transferred at time of acquisition/divestment	314	61	26	3
Contingent future additional purchase consideration	12	-	-	-
Non-contingent future additional purchase consideration	-	-	51	1
Direct costs in connection with acquisitions/divestments <sup>1)</sup>	6	1	2	0
<b>Total acquisitions/divestments</b>	<b>332</b>	<b>62</b>	<b>79</b>	<b>4</b>
Less direct costs in connection with acquisitions/divestments	-6	-1	-2	0
<b>Total transferred consideration/additional contingent considerations</b>	<b>326</b>	<b>61</b>	<b>77</b>	<b>4</b>
Fair value of acquired/divested net assets/liabilities	158	46	73	6
Indirect costs relating to acquisitions/divestments <sup>1)</sup>	-	-	-	2
<b>Goodwill/capital gain/loss<sup>1)</sup></b>	<b>168</b>	<b>15</b>	<b>4</b>	<b>-4</b>
<b>Consideration transferred at time of acquisition/divestment</b>				
Consideration transferred at time of acquisition/divestment	314	61	77	3
Cash and cash equivalents in the acquired/divested subsidiary	-30	-28	-10	-1
<b>Effect of acquisition/divestment on consolidated cash and cash equivalents</b>	<b>284</b>	<b>33</b>	<b>67</b>	<b>2</b>

1) Indirect costs and capital losses are reported in the statement of profit or loss under other operating expenses, while capital gains are reported under other operating income.

In addition to the above reported impact on the Group's cash and cash equivalents in connection with acquisitions/divestments, in 2020, Lindab also settled part of the contingent additional purchase consideration from previous acquisitions and acquired an associated company. The additional purchase consideration related to the acquisition of AC Manufacturing Ltd. in 2017, which amounted to SEK 6 m (3) and was paid to the former owner. The additional contingent consideration remaining in relation to the acquisition was estimated in accordance with previous probability of maximum outcome, whereby the statement of profit or loss was not affected by this acquisition transaction in either of the last two financial years. An acquisition of an associated company took place in the fourth quarter of 2020 when Lindab acquired 36.6 percent of the Danish company Le-aircraft ApS. This company develops and sells advanced, indoor-climate measurement and analysis technology, see Note 21.

No portion of reported goodwill is deductible for income tax.

The fair value of acquired assets and liabilities is largely consistent with their book value, with the exception of intangible assets identified in connection with acquisitions, and the net value of acquired assets is essentially the same as their gross value.

**Acquired/divested assets and assumed liabilities**

Acquired/divested net assets, assumed liabilities and goodwill related to acquisitions/divestments are shown in the table below. Reported intangible assets for 2020 refer primarily to patent, license, technology and trademark-related values. In the previous year, recognised intangible assets mainly related to customer values.

	Acquired businesses		Divested businesses	
	2020	2019	2020	2019
Intangible assets	27	12	0	0
Tangible fixed assets	111	1	97	0
Right of use assets	40	11	0	-
Financial fixed assets	21	-	-	-
Deferred tax assets	0	-	0	-
Stock	33	4	5	2
Accounts receivable and other current assets	54	11	32	5
Cash and cash equivalents	30	28	10	1
<b>Total acquired/divested assets</b>	<b>316</b>	<b>67</b>	<b>144</b>	<b>8</b>
Deferred tax liabilities	-27	-2	-2	-
Pensions	0	-	-5	-
Non-current lease liabilities	-34	-10	-1	-
Non-current liabilities	-29	-	-52	-
Current lease liabilities	-6	-1	0	-
Current liabilities	-62	-8	-62	-2
<b>Total acquired/disposed liabilities</b>	<b>-158</b>	<b>-21</b>	<b>-122</b>	<b>-2</b>
<b>Disposed financial receivables</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>-</b>
<b>Fair value of acquired/disposed net assets</b>	<b>158</b>	<b>46</b>	<b>73</b>	<b>6</b>
Goodwill	168	15	-	-
Indirect costs relating to acquisitions/divestments	-	-	-	2
Capital gain/loss	-	-	4	-4
<b>Consideration transferred at time of acquisition/divestment, including future contingent/non-contingent additional purchase consideration/purchase consideration</b>	<b>326</b>	<b>61</b>	<b>77</b>	<b>4</b>

**Note 06 Employees and senior executives**
**Average number of employees**

	31 Dec 2020			31 Dec 2019		
	Men	Women	Total	Men	Women	Total
<i>Parent company, Sweden</i>	-	-	-	-	-	-
<i>Subsidiaries</i>						
Sweden	768	239	1,007	742	383	1,125
Belgium	24	4	28	24	5	29
Bosnia and Herzegovina	2	2	4	3	5	8
Denmark	418	108	526	405	116	521
Estonia	55	12	67	64	15	79
Finland	75	15	90	69	17	86
France	117	32	149	117	31	148
Ireland	76	6	82	78	5	83
Italy	91	51	142	96	46	142
Croatia	0	0	0	0	0	0
Latvia	12	1	13	12	2	14
Luxembourg	150	21	171	160	18	178
Macedonia	0	0	0	0	1	1
Montenegro	1	1	2	1	1	2
Netherlands	0	0	0	3	1	4
Norway	59	30	89	80	13	93
Poland	261	141	402	239	113	352
Romania	80	13	93	76	14	90
Russia	262	64	326	248	57	305
Switzerland	83	13	96	81	12	93
Serbia	2	2	4	3	3	6
Slovakia	34	14	48	34	15	49
Slovenia	104	30	134	178	52	230
UK	284	70	354	283	71	354
Czech Republic	613	357	970	684	210	894
Germany	112	25	137	106	26	132
Hungary	142	39	181	141	37	178
USA	6	0	6	6	0	6
Subsidiaries total	3,831	1,290	5,121	3,933	1,269	5,202
<b>Group total</b>	<b>3,831</b>	<b>1,290</b>	<b>5,121</b>	<b>3,933</b>	<b>1,269</b>	<b>5,202</b>

**Gender balance among senior executives**

	31 Dec 2020			31 Dec 2019		
	Men	Women	Total	Men	Women	Total
<i>Parent company, Sweden</i>						
Board of Directors, elected by shareholders	4	3	7	4	3	7
Board of Directors, employee representatives	2	-	2	2	-	2
<i>Group</i>						
CEO/Executive Management	8	2	10 <sup>1)</sup>	9	2	11 <sup>2)</sup>

1) Bengt Andersson was a member of Executive Management until February 2020, Malin Samuelsson was a member until October 2020 and Madeleine Hjelmsberg has been a member of Executive Management since October 2020.

2) Pontus Kallén was part of the Executive Management until May 2019 and Fredrik Liedholm until August 2019. Stefaan Sonjeau joined the Executive Management in September 2019 and Lars Christensson in November 2019.

**Personnel costs**

	2020			2019		
	Board, CEO and Executive Management	Others employees	Total salaries and benefits	Board, CEO and Executive Management	Others employees	Total salaries and benefits
<b>Salaries and benefits</b>						
Parent company, Sweden	3.6	-	3.6	3.3	-	3.3
Subsidiaries total	65.4	1,758.6	1,824.0	80.2	1,860.8	1,941.0
<b>Group total</b>	<b>69.0</b>	<b>1,758.6</b>	<b>1,827.6</b>	<b>83.5</b>	<b>1,860.8</b>	<b>1,944.3</b>
<b>Payroll overheads</b>						
Parent company, Sweden	1.1	-	1.1	1.1	-	1.1
<i>of which, pensions</i>	0	-	0	0	-	0
Group total	23.0	483.9	506.9	27.6	493.1	520.7
<i>of which, pensions</i>	7.3	110.7	118.1	9.3	109.1	118.4
<b>Total personnel costs</b>	<b>93.1</b>	<b>2,242.5</b>	<b>2,335.6</b>	<b>112.2</b>	<b>2,353.9</b>	<b>2,466.1</b>

**Note 6, cont.**

Of the total pension provisions of SEK 279 m (283) in the statement of financial position, SEK 25 m (30) comprises pension obligations relating to former CEOs. The obligations are invested in endowment insurance funds. The value of these amounts to SEK 25 m (30).

In 2020, the total remuneration paid to Board members amounted to SEK 3,560 k (3,331), as presented in the table below.

At the Annual General Meeting on 29 May 2020, it was resolved that the fees for Board members would amount to a total of SEK 3,256 k. Of this, SEK 856 k would be paid to the Chairman of the Board, SEK 391 k to each of the Board's elected members, and SEK 26 k to each of the employee representatives. Fees for Board members serving on the Audit Committee amount to SEK 102 k for the Chairman and SEK 51 k for each of the ordinary members of the Audit Committee. Fees for Board members serving on the Remuneration Committee amount to SEK 61 k for the Chairman and SEK 31 k for the ordinary member of the Remuneration Committee. The total fees to the Audit Committee and the Remuneration Committee should not exceed SEK 296 k. In total, remuneration of SEK 3,552 k can be paid to the Board and committee members, as determined by the Annual General Meeting 2020.

**Board fees, including committee fees**

SEK k	2020	2019
Peter Nilsson	920.1	858.0
Per Bertland	423.1	395.3
Sonat Burman-Olsson	392.1	364.3
Viveka Ekberg	494.1	466.3
Anette Frumerie	443.1	415.3
John Hedberg (resigned in 2020)	148.3	415.3
Marcus Hedblom (elected in 2020)	294.8	-
Bent Johannesson (resigned in 2020)	131.3	364.3
Staffan Pehrson (elected in 2020)	260.8	-
Pontus Andersson	26.2	26.0
Anders Lundberg	26.2	26.0
<b>Total</b>	<b>3,560.1</b>	<b>3,330.8</b>

None of the Board members or deputies retain any entitlement to benefits upon termination of their Board assignment.

**Remuneration to Executive Management and other terms of employment**

2020 SEK	Ola Ringdahl <sup>1)</sup>	Remuneration, other Executive Management <sup>1)</sup>	Total
Fixed salary incl. holiday pay	5,695,226	16,793,496	22,488,722
Variable salary	3,780,944	5,041,417	8,822,361
Pensions	1,693,656	3,346,061	5,039,717
Benefits	118,409	315,515	433,924
<b>Total</b>	<b>11,288,235</b>	<b>25,496,489</b>	<b>36,784,724</b>
Severance pay, incl. variable salary, benefits and pension	-	4,243,276	-
<b>Total</b>	<b>11,288,235</b>	<b>29,739,765</b>	<b>36,784,724</b>

2019 SEK	Ola Ringdahl <sup>1)</sup>	Remuneration, other Executive Management <sup>1)</sup>	Total
Fixed salary incl. holiday pay	5,607,000	18,025,496	23,632,496
Variable salary	5,178,508	8,980,150	14,158,658
Pensions	1,628,597	4,692,969	6,321,566
Benefits	118,855	435,549	554,404
<b>Total</b>	<b>12,532,960</b>	<b>32,134,164</b>	<b>44,667,124</b>

<sup>1)</sup> The remuneration excludes social charges and special payroll tax. Remuneration of other Executive Management relates to 9 (10) individuals.

**Fixed and variable salaries**

Remuneration of Executive Management is based on a combination of fixed and variable salaries. The variable salary comprises a short-term and long-term cash remuneration programme which is based on the results achieved.

The maximum short-term variable salary amounts to 40 percent of the employee's fixed salary, with the exception of the company's President and CEO, who is entitled to a short-term variable salary up to a maximum of 50 percent of his an-

nual fixed salary. The long-term variable cash salary amounts to a maximum of 40 percent of the employee's fixed salary, with the exception of the company's President and CEO, who is entitled to a long-term variable salary up to a maximum of 70 percent of his annual fixed salary. Ola Ringdahl's fixed salary for 2020 amounted to SEK 5,695,226. Pension contribution entitlements amount to 30 percent of the fixed salary. In addition, Ola Ringdahl is entitled to a company car and certain other benefits.

The remunerations paid to the President and CEO and other members of Executive Management in 2020 are shown in the table on this page.

**Termination regulations**

Ola Ringdahl is subject to a 12-month notice period on dismissal by the company and of six months on resignation. During the notice period, Ola Ringdahl is entitled to retain his salary and employee benefits, excluding the variable salary. Ola Ringdahl is bound by a non-competition clause for a period of two years from the point at which his employment ceases, during which time he is entitled to separate remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to Ola Ringdahl.

The notice period for other senior executives is 12 months on the part of the company and six months on the part of the employee. During the notice period, the company may exercise the right to give the employee garden leave, whereby any salary from another employer will be deducted from the salary the employee receives from Lindab during the notice period. Other senior executives are bound by non-competition clauses for one year from the cessation of employment, during which they are entitled to separate remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to the employee.

**Pensions**

The retirement age for all senior executives is 65.

The company has agreed to pay pension contributions for Ola Ringdahl equivalent to 30 percent of his annual gross salary. Cost for pension premiums amounted to SEK 1,694 k (1,629) in 2020.

Other senior executives are entitled to pension benefits. Pensions shall comply with current agreements, be defined contribution plans and based on the same principles as the fixed salary. The costs for pension premiums for these individuals totalled SEK 3,346 k (4,693).

**Bonus scheme**

In addition to the variable salaries for the Executive Management, there is a bonus scheme for other senior executives. The bonus scheme is based on performance-oriented targets. Depending on the individual's position, bonuses are equivalent to 10–40 percent of the annual salary.

**Profit-sharing plan**

Since 1980, the company has paid annual contributions into a profit sharing foundation for employees in Sweden, in accordance with an agreement. This provision is based on the earnings of the Swedish Group companies. From 2019, the conditions for provisions have partly changed to more clearly reflect how Lindab as a Group meets the Group's long-term financial targets with an operating margin of 10 percent. The maximum amount of the provision is adjusted upwards annually, applying the Consumer Price Index (CPI). Payments for the year to the profit sharing scheme amounted to SEK 6,979 k (6,705), including special employers' contributions. The profit sharing foundation holds shares in Lindab. At the end of 2020, the profit sharing foundation held 497,000 Lindab shares (467,000). In addition to the Swedish profit sharing scheme, there is also a small profit sharing scheme in one of Lindab's French companies.

**Incentive programme**

At the Annual General Meeting in 2020, guidelines for the remuneration of senior executives were adopted. According to the adopted guidelines, the remuneration programme for these individuals includes a variable cash pay element. These variable elements are based on measurable criteria, which reflects predetermined financial and qualitative targets for Lindab. Based on the resolution at the Annual General Meeting, a long-term incentive programme has been implemented. The programme has a three-year measuring period and any outcome in terms of long-term variable cash pay will be invested in shares or share related instruments in Lindab on market terms. The total cost in the event of a maximum



**Note 6, cont.**

outcome for the three-year measuring period of 2020 to 2022 was estimated at SEK 13 m. At the Annual General Meetings in 2018 and 2019, long-term incentive programmes were adopted, with essentially the same design as the adopted programme. The measuring period for these two programmes are 2018–2020 respectively 2019–2021.

**Share option/warrant programme**

A share option programme for senior executives in the Lindab Group, through a private placement of at most 275,000 share options, was resolved at the Annual General meeting in 2020. Under this programme, 210,000 share options were acquired by senior executives in Lindab in accordance with a market valuation based on established agreements. Each share option entitles the holder to acquire one share in Lindab at an agreed exercise price of SEK 101.90. Acquisitions of shares supported by share options may take place after Lindab has published the half-year interim report for the year 2023 and up until 31 August of the same year. At the Annual General Meetings in 2017, 2018 and 2019, respectively, resolutions were also adopted to implement share option/warrant programmes for senior executives.

During 2020, 25,000 externally held warrants from the 2017 warrant programme, were utilised to subscribe for shares in accordance with agreed terms. This transaction has triggered the issuance of 25,000 shares in Lindab International AB to the benefit of these individuals. The subscription of shares was exercised at a price of SEK 108.80 per share. Other unutilised warrants from the 2017 warrant programme have now expired. As of the 2018 warrant programme, 135,000 warrants remain outstanding, of which 25,000 remained in Lindab's custody as per the balance sheet date, with a subscription price of SEK 86.40 and exercisable during the summer of 2021. From the 2019 share option programme there are 175,000 outstanding share options with a subscription price of SEK 120.00 during summer 2022.

**Guidelines for remuneration to senior executives**

At the Annual General Meeting in 2020, the following guidelines for the remuneration of senior executives were adopted:

- Remuneration to senior executives shall reflect the industry in which Lindab operates and the areas of responsibility of the respective executives.
- Remuneration shall be competitive, facilitate the recruitment of new executives, as well as motivate senior executives to remain with the company.
- The remuneration system consists of the following components: fixed salary, short-term and long-term variable cash salary, pension and benefits as outlined below.
- Fixed salary and benefits should be determined individually based on the aforementioned criteria and the individual executive's specific expertise and achievements.
- Short-term variable cash salaries are based on achieving individual and clearly established targets. Short-term variable salaries are paid as a percentage of fixed salaries and have a cap not exceeding 50 percent of the fixed salary of the CEO and 40 percent for other senior executives.
- Long-term variable cash salary should be linked to the achievement of financial performance targets reflecting value growth in Lindab. Long-term variable salaries are paid as a percentage of fixed salaries and have a cap not exceeding 70 percent of the fixed salary of the CEO and 40 percent for other senior executives. Long-term variable cash salaries have a measuring period of three years.
- Pensions must be in accordance with current union agreements and shall be defined contribution plans. The extent of the pension is based on the same criteria that apply to fixed remuneration and is based partly on fixed and partly on variable salaries.
- In specific cases, the Board of Directors may deviate from the guidelines. The Board of Directors did not exercise this mandate in 2020.

As regards guidelines for senior executives for the period from the next Annual General Meeting, reference is made to the Board of Directors' upcoming proposal ahead of the 2021 Annual General Meeting.

**Note 07 Segment reporting**

	Ventilation Systems		Profile Systems		Building Systems		Other		Total		Elimination		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net sales, external	5,654	6,018	2,566	2,494	946	1,360	-	-	9,166	9,872	-	-	9,166	9,872
Net sales, internal between segments	5	4	38	26	0	0	-	-	43	30	-43	-30	0	0
<b>Net sales, total</b>	<b>5,659</b>	<b>6,022</b>	<b>2,604</b>	<b>2,520</b>	<b>946</b>	<b>1,360</b>	<b>-</b>	<b>-</b>	<b>9,209</b>	<b>9,902</b>	<b>-43</b>	<b>-30</b>	<b>9,166</b>	<b>9,872</b>
<b>Adjusted operating profit before amortisation and depreciation</b>	<b>859</b>	<b>883</b>	<b>388</b>	<b>340</b>	<b>99</b>	<b>131</b>	<b>-32</b>	<b>-39</b>	<b>1,314</b>	<b>1,315</b>	<b>-</b>	<b>-</b>	<b>1,314</b>	<b>1,315</b>
Amortisation/depreciation and impairment losses	-273	-274	-70	-70	-43	-46	-12	-10	-398	-400	-	-	-398	-400
<b>Adjusted operating profit</b>	<b>586</b>	<b>609</b>	<b>318</b>	<b>270</b>	<b>56</b>	<b>85</b>	<b>-44</b>	<b>-49</b>	<b>916</b>	<b>915</b>	<b>-</b>	<b>-</b>	<b>916</b>	<b>915</b>
One-off items and restructuring costs	-70 <sup>1)</sup>	-	-	-	-	-	-	-	-70 <sup>1)</sup>	-	-	-	-70 <sup>1)</sup>	-
<b>Operating profit</b>	<b>516</b>	<b>609</b>	<b>318</b>	<b>270</b>	<b>56</b>	<b>85</b>	<b>-44</b>	<b>-49</b>	<b>846</b>	<b>915</b>	<b>-</b>	<b>-</b>	<b>846</b>	<b>915</b>
Financial items													-35	-34
<b>Earnings before tax</b>													<b>811</b>	<b>881</b>
Tax on profit for the year													-215	-203
<b>Profit for the year</b>													<b>596</b>	<b>678</b>
Fixed assets, excluding financial assets	3,820	3,586	1,164	1,204	657	737	176	165	5,817	5,692	-	-	5,817	5,692
Stock	810	832	504	478	111	158	-	-	1,425	1,468	-	-	1,425	1,468
Other assets	981	1,081	387	355	71	132	351	341	1,790	1,909	-332	-343	1,458	1,566
Undistributed assets													705	712
<b>Total assets</b>									<b>9,032</b>	<b>9,069</b>	<b>-332</b>	<b>-343</b>	<b>9,405</b>	<b>9,438</b>
Shareholders' equity													5,178	5,027
Other liabilities	2,149	1,979	509	655	389	576	67	71	3,114	3,281	-332	-343	2,782	2,938
Undistributed liabilities													1,445	1,473
<b>Total shareholders' equity and liabilities</b>									<b>3,114</b>	<b>3,281</b>	<b>-332</b>	<b>-343</b>	<b>9,405</b>	<b>9,438</b>
Gross investments in fixed assets	343	216	56	31	5	22	21	9	425	278	-	-	425	278

<sup>1)</sup>Includes impairment of SEK 40 m. See Note 9.

## Note 7, cont.

## Segment information

The Group's segments consist of: Ventilation Systems, Profile Systems and Building Systems. The division into segments is based on the various customer offers provided by each business area. The customer offers within each segment are as follows:

- Ventilation Systems offers air duct systems with accessories and indoor climate solutions for ventilation, cooling and heating to installers and other customers in the ventilation industry.
- Profile Systems offers the construction industry products and systems in sheet metal for rainwater systems, roof and wall products as well as steel profiles for wall, roof and beam constructions.
- Building Systems offers complete prefabricated steel construction systems.

Both Ventilation Systems' and Profile Systems' operations are managed based on geographically divided sales organisations, which are supported by a number of product and system areas with joint production and purchasing functions for each business area. Building Systems consists of a separate integrated project organisation. Other relates to undistributed items and includes Parent company functions. Lindab applies financial targets, with which the operations are governed, for growth, profitability, debt ratio and dividend policy, see page 61.

The segments are responsible for the management of the operational assets and their performance is calculated at this level, while the Treasury function is responsible for financing at the Group and country levels. Accordingly, undistributed assets mainly comprise pension-related assets, as well as current and deferred tax assets. Undistributed liabilities mainly comprise net borrowing, pension provisions and current and deferred tax liabilities.

For the most part, purchasing and processing of steel occurs centrally. Profit and loss items from the part of these operations that are sold internally are, in the segment consolidation process, allocated to the segments.

Information on income from external customers and adjusted operating profit per operating segment is presented in the tables on page 68. Inter-segment transfer pricing in the Group is determined on an arm's-length basis, i.e. between parties that are independent of one another, are well-informed and have an interest in the implementation of the transaction. Assets and investments are reported where the asset exists.

## Geographical information

## Net sales from external customers (based on domicile)

Summarised below are external net sales for Lindab's largest markets, based on customer domicile. Lindab's largest customer accounts for 1.9 percent (1.9) of the Group's total sales, meaning that Lindab's dependence on individual customers is limited.

Country	2020	Percent	Country	2019	Percent
Sweden	2,376	26	Sweden	2,179	22
Denmark	1,065	12	Denmark	1,035	10
Germany	715	8	UK	848	9
UK	655	7	Germany	767	8
Norway	595	6	Norway	595	6
Others	3,760	41	Others	4,448	45
<b>Total</b>	<b>9,166</b>	<b>100</b>	<b>Total</b>	<b>9,872</b>	<b>100</b>

## Fixed assets per country

Fixed assets relate to intangible assets, tangible fixed assets and right of use assets, and are broken down by individual countries in terms of production capacity.

Country	2020	Percent	Country	2019	Percent
Sweden	718	28	Sweden	546	22
Czech Republic	426	17	Czech Republic	388	16
Denmark	219	9	Denmark	183	7
UK	156	6	Luxembourg	162	7
Luxembourg	138	5	Slovenia	133	5
France	118	5	UK	123	5
Others	803	30	Others	945	38
<b>Total</b>	<b>2,578</b>	<b>100</b>	<b>Total</b>	<b>2,480</b>	<b>100</b>
Goodwill	3,239	-	Goodwill	3,211	-
<b>Total</b>	<b>5,817</b>	<b>-</b>	<b>Total</b>	<b>5,691</b>	<b>-</b>

## Note 08 Revenue recognition

Lindab's operations focus on developing, producing, marketing and selling products within the main category, Construction. The product portfolio comprises both individual items and entire systems for ventilation, cooling and heating, as well as building products and building solutions, such as steel rainwater systems, cladding products for roofs and walls, steel profiles for wall, roof and beam constructions and large span buildings. The range also includes prefabricated steel building systems. An installation element may be included in sales of steel building systems, but this is not a significant part of the Group's sales and installation services are sold only on request in connection with the actual product.

Based on the nature of the products in Lindab's product portfolio and the products offered on the market, a contractual performance obligation to customers is considered mainly to result in revenue recognition at a certain time. This usually takes place in connection with physical delivery to the counterparty when the customer obtains actual control of products. For sales of large complete steel building systems, which may involve part deliveries, revenue recognition essentially occurs on the actual delivery date and in accordance with what has been set out in the contract.

Based on current business focus and product portfolio, Lindab's judgement is that revenue is essentially recognised at certain times. Recognised revenue then reflects the value of the net consideration Lindab expects to be entitled to on performance of a contractual obligation. This means that any volume discount and/or expected utilisation of future cash discount reduces the gross sales price in terms of accounting at the time of revenue recognition. Reduction of revenue

and provision for future volume-related discount are based both on experience of expected outcomes on the basis of current agreements and indicative future purchasing trends of individual customers. The same criteria form the basis for assessing and recognising the utilisation of any cash discounts, however also reflecting in expected future payment patterns. The existence of volume and cash discounts is differentiated between both different geographical markets and different customer categories and products.

Taking into account that Lindab essentially recognises revenue at certain times, i.e. mainly in conjunction with actual delivery to the customer, accrued income is of minor value on the balance sheet date. Recognised net sales are reduced by volume/cash discounts, for which there were provisions amounting to SEK -184 m (-182) on balance sheet date, see Note 30. These comprise contractual liabilities which are usually paid within one year.

No information about unfulfilled or partly unfulfilled performance obligations is disclosed, since these are part of contracts that are valid less than 12 months.

The Group's revenue is recognised and assessed mainly based on the segment's respective geographical markets. Ventilation Systems revenue mainly relates to sales of ventilation-related products and indoor climate solutions, Profile Systems sales are primarily based on different building products and building systems in sheet metal and different steel profiles, and Building Systems' revenue is essentially generated from sales of steel construction systems. Inter-Group transactions between segments are minor, see Note 7.

Note 8, cont.

## Net sales by segment and region

	Nordic region	Western Europe	CEE/CIS	Others markets	Total
<b>2020</b>					
Ventilation Systems	2,438	2,386	708	122	5,654
Profile Systems	1,942	144	471	9	2,566
Building Systems	23	443	463	17	946
<b>Total</b>	<b>4,403</b>	<b>2,973</b>	<b>1,642</b>	<b>148</b>	<b>9,166</b>
<b>2019</b>					
Ventilation Systems	2,433	2,609	839	137	6,018
Profile Systems	1,792	144	548	10	2,494
Building Systems	11	692	647	10	1,360
<b>Total</b>	<b>4,236</b>	<b>3,445</b>	<b>2,034</b>	<b>157</b>	<b>9,872</b>

<b>Note</b>	<b>09</b>	<b>Amortisation/depreciation and impairment losses by type of asset and by function</b>
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	Note	Group	
		2020	2019
<b>Amortisation/depreciation</b>			
Capitalised expenditure for development work	18	5	6
Patents and similar	18	3	3
IT and other intangible assets	18	19	19
Trademarks	18	2	1
Buildings and land	19	40	42
Rights of use buildings and land	20	177	166
Machinery and other technical facilities	19	72	74
Equipment, tools and installations	19	30	29
Other rights of use tangible fixed assets	20	47	48
<b>Total</b>		<b>395</b>	<b>388</b>
<b>Impairment losses</b>			
Capitalised expenditure for development work	18	-	3
IT and other intangible assets	18	2	7
Trademarks	18	-	2
Buildings and land	19	32	-
Machinery and other technical facilities	19	2	-
Equipment, tools and installations	19	7	-
<b>Total</b>		<b>43</b>	<b>12</b>
<b>Total amortisation/depreciation and impairment losses by type of asset</b>		<b>438</b>	<b>400</b>
<b>Total amortisation/depreciation distributed by function</b>			
Cost of goods sold		185	183
Selling expenses		167	163
Administrative expenses		37	35
R&D expenses		6	7
<b>Total</b>		<b>395</b>	<b>388</b>
<b>Total impairment losses distributed by function</b>			
Cost of goods sold		1	-
Selling expenses		-	12
Other operating expenses		42 <sup>1)</sup>	-
<b>Total</b>		<b>43</b>	<b>12</b>
<b>Total amortisation/depreciation and impairment losses distributed by function</b>		<b>438</b>	<b>400</b>

1) Of which, SEK 40 m is reported as one-off items and restructuring costs.

**Note 10** Costs distributed by cost items

	Note	Group		Parent company	
		2020	2019	2020	2019
Cost of direct materials		4,156	4,594	-	-
Other external expenses		1,266	1,403	2	2
Personnel costs		2,406	2,549	5	5
Amortisation/depreciation and impairment losses	9, 18, 19, 20	398	400	-	-
Other operating expenses		181 <sup>1)</sup>	80	-	-
<b>Total</b>		<b>8,407</b>	<b>9,026</b>	<b>7</b>	<b>7</b>

1) Other operating expenses include one-off items and restructuring costs of SEK -70 m, of which SEK -40 m relates to impairments of fixed assets.

In the statement of profit or loss, the costs are classified according to function. The cost of goods sold, selling expenses, administrative expenses, R&D expenses and other operating expenses amount to SEK 8,407 m (9,026). An alternative breakdown of these costs into key cost categories is shown above. Person-

nel costs include employees at SEK 2,336 m (2,466) and temporary personnel at SEK 70 m (83). Other external expenses relate mainly to production, sales and administration costs.

**Note 11** Auditors' fees and expenses**Remuneration of the Auditors**

An audit includes an examination of the annual accounts, the accounting policies applied and significant estimates that were made by the management. This

also includes a review in order to determine whether the Board of Directors and CEO may be discharged from liability.

	Group		Parent company	
	2020	2019	2020	2019
<b>Deloitte</b>				
Audit assignments	7.7	7.8	0.4	0.4
Other audit engagements separate from audit assignments	0.1	0.1	-	-
Tax advice	0.1	0.1	-	-
Other assignments	0.2	0.2	-	-
<i>Total Deloitte</i>	<i>8.1</i>	<i>8.2</i>	<i>0.4</i>	<i>0.4</i>
<b>Others</b>				
Audit assignments	1.6	1.1	-	-
Tax advice	0.7	0.4	-	-
Other assignments	0.2	0.1	-	-
<i>Total other</i>	<i>2.5</i>	<i>1.6</i>	<i>-</i>	<i>-</i>
<b>Total</b>	<b>10.6</b>	<b>9.8</b>	<b>0.4</b>	<b>0.4</b>

**Note 12** Research and development

Research and development expenses amount to SEK 64 m (64) and are reported directly in the statement of profit or loss, of which SEK 5 m (6) related to the

amortisation of capitalised development expenditure. For capitalised development expenditure, see Note 18.



**Note 13 Other operating income and expenses**

	Group		Parent company	
	2020	2019	2020	2019
<b>Income</b>				
Translation differences in operating receivables/liabilities	68	50	-	-
Capital gains on disposal of fixed assets	5	5	-	-
Other <sup>1)</sup>	15	14	-	-
<b>Total</b>	<b>88</b>	<b>69</b>	<b>-</b>	<b>-</b>
<b>Costs</b>				
Translation differences on operating liabilities/receivables	-70	-53	-	-
Capital losses on disposal of fixed assets	-4	-2	-	-
Other <sup>2)</sup>	-106	-25	-	-
<b>Total</b>	<b>-180</b>	<b>-80</b>	<b>-</b>	<b>-</b>

1) For 2020, Other includes one-off items and restructuring costs of SEK 4 m regarding capital gains in connection with the divestment of IMP Klima Group.

2) For 2020, Other includes one-off items and restructuring costs of SEK -74 m, related to the decision to close down IMP Klima Group.

**Note 14 Government grants**

	Group	
	31 Dec 2020	31 Dec 2019
<b>Government grants and cost reductions</b>		
Government grants affecting profit for the year	40	5
Government cost reductions affecting profit for the year	10	4
Government investment grant, offset against fixed assets	1	-
<b>Total</b>	<b>51</b>	<b>9</b>

Government grants and cost reductions received in 2020 consisted mainly of support in relation to covid-19 measures. The investment grant relates to the extension of a property in France. Government grants and cost reductions were mainly obtained in the UK, France, Luxembourg and Sweden. Government grants compensating for specific costs are recognised as cost reductions in the statement

of profit or loss and thus classified within the same category as the underlying cost. Government grants in the nature of more general allowances are recognised under other operating income and amount to SEK 4 m (0).

**Note 15 Financial income and expenses**

	Note	Group		Parent company	
		2020	2019	2020	2019
<b>Result from participations in Group companies</b>					
Group contributions received		-	-	20	12
<i>Total</i>		-	-	20	12
<b>Interest income</b>					
Contractual interest on financial assets		14	21	-	-
<i>Of which, financial assets valued at amortised cost</i>		7	6	-	-
<b>Financial income</b>		<b>14</b>	<b>21</b>	<b>-</b>	<b>-</b>
Contractual interest on financial liabilities		-17	-20	-	0
<i>Of which, financial liabilities valued at amortised cost</i>		-16	-17	-	-
For pensions, net	27	-3	-4	-	-
Interest expenses relating to lease liabilities	31	-25	-26	-	-
To Group companies		-	-	-4	-2
Other financial expenses		-3	-3	-	-
<b>Financial expenses</b>		<b>-48</b>	<b>-53</b>	<b>-4</b>	<b>-2</b>
Currency effects gains/losses, net		-1	-2	-	-
<b>Financial income and expenses, net</b>		<b>-35</b>	<b>-34</b>	<b>16</b>	<b>10</b>

**Note 16 Tax on profit for the year**

Income tax in the statement of profit or loss and in other comprehensive income consists mainly of the following components:

	Group		Parent company	
	2020	2019	2020	2019
<b>Statement of profit or loss</b>				
<i>Current tax</i>				
Tax on profit for the year	-219	-207	-3	-2
Adjustments in respect of previous years	-2	-1	0	0
<b>Total current tax</b>	<b>-221</b>	<b>-208</b>	<b>-3</b>	<b>-2</b>
<i>Deferred tax</i>				
Occurrence and reversal of temporary differences	7	5	0	0
Effect of changed tax rates abroad	-1	0	-	-
<b>Total deferred tax</b>	<b>6</b>	<b>5</b>	<b>0</b>	<b>0</b>
<b>Total reported tax expense in statement of profit or loss</b>	<b>-215</b>	<b>-203</b>	<b>-3</b>	<b>-2</b>
<b>Other comprehensive income</b>				
Deferred tax attributable to defined benefit pension plans	-1	10	-	-
Current tax attributable to net investment hedges	-10	6	-	-
<b>Total reported tax expense in other comprehensive income</b>	<b>-11</b>	<b>16</b>	<b>-</b>	<b>-</b>

The Group's tax expense for the year amounted to SEK 215 m (203) and the effective tax rate amounted to 27 percent (23).

The average tax rate was 20 percent (21). This has been calculated by weighting the subsidiaries' earnings before tax against the local tax rate for each country.

The difference between the effective tax rate and the average tax rate was 7 percentage points (2). The difference of 7 percentage points is mainly explained by withholding tax on dividends and by Lindab not being able to fully utilise carry-

forward tax losses to reduce the total tax expense. The higher effective tax rate, compared with the previous year, was mainly explained by Lindab not being able to fully utilise carry-forward tax losses to reduce the total tax expense.

The tax rate in Sweden is 21.4 percent (21.4). The main reasons for the difference between the Swedish corporate tax rate and the Lindab Group's tax rate based on the earnings before tax are shown in the table below.

	Group			
	2020	Percent	2019	Percent
Earnings before tax	811		881	
Tax in accordance with current tax rate for the Parent company	-174	-21.4	-189	-21.4
<b>Reconciliation with recognised tax</b>				
Effect of other tax rates for companies abroad	11	1.3	7	0.7
Unrecognised tax losses, incurred during the year	-30	-3.7	-4	-0.5
Tax attributable to previous years	-2	-0.3	-1	-0.1
Non-deductible expenses	-12	-1.5	-16	-1.8
Non-taxable income	6	0.7	7	0.8
Effect of changed tax rates on deferred tax	-1	-0.1	0	0.0
Reassessment of deferred tax attributable to carry-forward tax losses <sup>1)</sup>	9	1.1	22	2.5
Reassessment of other deferred tax assets	3	0.4	-4	-0.5
Other <sup>2)</sup>	-25	-3.1	-25	-2.8
<b>Recognised tax expense</b>	<b>-215</b>	<b>-26.6</b>	<b>-203</b>	<b>-23.1</b>

1) Reassessment of deferred tax attributable to carry-forward tax losses related mainly to Germany. This applies to both financial years.

2) Other relates mainly to withholding tax on dividends. This applies to both 2020 and 2019.

Deferred tax assets and liabilities at year-end, not taking into consideration any offsets made within the same fiscal jurisdiction, are detailed on the next page:

## Note 16, cont.

	Deferred tax assets		Deferred tax liabilities		Net	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Intangible assets	2	2	-18	-9	-16	-7
Tangible fixed assets	4	4	-50	-53	-46	-49
Financial fixed assets	-	-	-	-	-	-
Stock	16	19	-1	-1	15	18
Receivables	3	3	-1	-7	2	-4
Provisions	46	50	0	0	46	50
Liabilities	1	1	-	-	1	1
Leases	8	10	-1	-1	7	9
Other	0	1	-13	-11	-13	-10
Carry-forward tax losses	34	45	-	-	34	45
Tax allocation reserves	-	-	-46	-47	-46	-47
<b>Total</b>	<b>114</b>	<b>135</b>	<b>-130</b>	<b>-129</b>	<b>-16</b>	<b>6</b>
Offsetting of receivables/liabilities	-38	-17	38	17	-	-
<b>According to the statement of financial position</b>	<b>76</b>	<b>118</b>	<b>-92</b>	<b>-112</b>	<b>-16</b>	<b>6</b>

## Reconciliation of deferred tax liabilities/assets, net

	Note	2020	2019
Opening balance		6	-18
Changed accounting principles		-	10
Reported in the statement of profit or loss		6	5
Acquisitions of subsidiaries	5	-27	-2
Divestments of subsidiaries	5	2	-
<i>Reported in other comprehensive income and shareholders' equity:</i>			
- adjustment of defined benefit plans, pensions		-1	10
Translation differences		-2	1
<b>Closing balance</b>		<b>-16</b>	<b>6</b>

## Expiry dates for unused carry-forward tax losses

	31 Dec 2020	31 Dec 2019
Next year	0	2
In 2-4 years	0	0
In 5-6 years	9	9
After 6 years	558	746
- of which without expiry date	346	571
<b>Total</b>	<b>567</b>	<b>757</b>

Deferred tax assets for carry-forward tax losses are recognised to the extent that it is probable that they will be able to be used to lower future taxable income.

At the end of the year, the Group had carry-forward tax losses of approx. SEK 681 m (921), of which SEK 114 m (164) forms the basis for the recognised deferred tax assets of SEK 34 m (45).

The remaining unrecognised carry-forward tax losses of SEK 567 m (757) could result in deferred tax assets of SEK 163 m (212). These have, however, not been taken into consideration as it is not considered possible to determine whether Lindab can utilise them in the foreseeable future, or it is considered unlikely that Lindab will be able to utilise them.

**Note 17 Earnings per share**

	2020	2019
<b>Before and after dilution</b>		
Profit attributable to Parent company shareholders, SEK m	596	678
Weighted average number of ordinary shares outstanding, no	76,340,315	76,331,982
<b>Earnings per share before and after dilution (SEK per share)</b>	<b>7.80</b>	<b>8.89</b>

**Earnings per share before dilution**

Earnings per share before dilution are calculated by dividing the profit attributable to the Parent company's shareholders by a weighted average number of ordinary shares outstanding during the period, excluding repurchased shares held as treasury shares by the Parent company.

The number of shares increased by 25,000, as a warrant programme from 2017 expired during the year, with 25,000 shares having been issued in connection with this. See Notes 6 and 26.

**Earnings per share after dilution**

Earnings per share after dilution are calculated by dividing the profit attributable to the Parent company's shareholders by a weighted average number of ordinary shares outstanding, including the ordinary shares expected to be issued. These are calculated on the basis of the average share price during the period.

There is no material dilution effect for the period or for the comparison period.

**Note 18 Intangible assets**

1 January–31 December 2020		Capitalised expenditure for development work	Patents and similar	IT and other intangible assets	Trademarks	Goodwill	Total
<b>Accumulated acquisition values</b>	<b>Note</b>						
Opening balance		53	97	327	68	3,211	3,756
Items relating to acquisitions of subsidiaries	5	10	2	6	9	168	195
Items relating to divestments of subsidiaries	5	-4	-	-3	-	-	-7
Acquisitions		1	-	26	-	-	27
Disposals		0	-	-6	-	-	-6
Reclassifications		-	-	0	-	-	0
Translation differences		-3	-1	-19	-	-140	-163
<b>Closing balance</b>		<b>57</b>	<b>98</b>	<b>331</b>	<b>77</b>	<b>3,239</b>	<b>3,802</b>
<b>Accumulated amortisation according to plan</b>							
Opening balance		-40	-90	-255	-51	-	-436
Amortisation		-5	-3	-19	-2	-	-29
Items relating to divestments of subsidiaries	5	4	-	3	-	-	7
Disposals		-	-	2	-	-	2
Reclassifications		-	-	0	-	-	0
Translation differences		3	0	15	1	-	19
<b>Closing balance</b>		<b>-38</b>	<b>-93</b>	<b>-254</b>	<b>-52</b>	<b>-</b>	<b>-437</b>
<b>Accumulated impairment losses</b>							
Opening balance		-3	0	-7	-2	0	-12
Impairment losses		-	-	-2	-	-	-2
Disposals		-	-	-	-	-	0
Translation differences		0	-	0	-	-	0
<b>Closing balance</b>		<b>-3</b>	<b>0</b>	<b>-9</b>	<b>-2</b>	<b>0</b>	<b>-14</b>
Net residual value at beginning of the year		10	7	65	15	3,211	3,308
<b>Net residual value at end of the year</b>		<b>16</b>	<b>5</b>	<b>68</b>	<b>23</b>	<b>3,239</b>	<b>3,351</b>
<b>1 January–31 December 2019</b>							
<b>Accumulated acquisition values</b>							
Opening balance		49	96	308	68	3,144	3,665
Items relating to acquisitions/divestments of subsidiaries	5	-	-	12	-	15	27
Acquisitions		3	0	11	-	-	14
Disposals		-	-	-1	-	-	-1
Reclassifications		-	-	-11	-	-	-11
Translation differences		1	1	8	-	52	62
<b>Closing balance</b>		<b>53</b>	<b>97</b>	<b>327</b>	<b>68</b>	<b>3,211</b>	<b>3,756</b>
<b>Accumulated amortisation according to plan</b>							
Opening balance		-33	-86	-242	-50	-	-411
Amortisation		-6	-3	-19	-1	-	-29
Disposals		-	-	1	-	-	1
Reclassifications		-	-	11	-	-	11
Translation differences		-1	-1	-6	-	-	-8
<b>Closing balance</b>		<b>-40</b>	<b>-90</b>	<b>-255</b>	<b>-51</b>	<b>-</b>	<b>-436</b>
<b>Accumulated impairment losses</b>							
Opening balance		0	0	0	0	0	0
Impairment losses		-3	-	-7	-2	-	-12
Disposals		-	-	-	-	-	-
Translation differences		0	-	0	0	-	0
<b>Closing balance</b>		<b>-3</b>	<b>0</b>	<b>-7</b>	<b>-2</b>	<b>0</b>	<b>-12</b>
Net residual value at beginning of the year		16	10	66	18	3,144	3,254
<b>Net residual value at end of the year</b>		<b>10</b>	<b>7</b>	<b>65</b>	<b>15</b>	<b>3,211</b>	<b>3,308</b>



**Note 18, cont.**

Capitalised expenditure for development work mainly relates to internally generated capitalised expenses for software development and certificates. Other intangible assets mainly consist of software and customer lists.

**Impairment testing of goodwill**

At least once a year, the Group analyses whether there is any indication of impairment of goodwill in accordance with the accounting policies described in Note 2. These analyses are based on the financial budgets, forecasts and business plans which have been approved by the Board of Directors and/or Executive Management. Estimates and calculations are based on these analyses. All impairment testing of goodwill is also based on the going concern assumption.

Assessments of the indication of impairment of goodwill shall be based on the lowest cash-generating unit and correspond to the lowest level in the Group at which goodwill is monitored for internal management purposes. For the Lindab Group, this level is considered to be the respective integrated operating and reporting segments, Ventilation Systems, Profile Systems and Building Systems. Lindab conducted its most recent goodwill impairment analysis on 30 November 2020. The recoverable amount for the cash-generating units is based on estimates of assessed value in use. These calculations were based on estimated future cash flows after tax derived from financial budgets and forecasts, as well as additional assessments for each segment, covering the period up until 2025. Key assumptions used for calculating value in use were expected sales growth, gross margins, discount rates and growth assumptions following the close of the forecasting period.

The gross margin assumption included material suppositions about sales volumes, sales prices and raw material prices. These were based on historical results and an assessment of future development. Where possible, the assessment of future developments also included external sources of information, such as information from Euroconstruct on forward-looking sales forecasts.

The discount rate was estimated based on a weighted cost of capital after tax of 8.5 percent (7.3). In comparison with the previous year, changes to the discount rate were mainly due to an increased market premium, a changed share beta value of 1.11 (0.94) and the change in weighting of the fair value of shareholders' equity in relation to the Group's net debt. The underlying fair value of Lindab's shareholders' equity increased considerably over the year, while the Group's net debt declined. The ratio is based on a rolling 12-month period to offset a certain volatility in the underlying value.

Calculated discount rates were used for all cash-generating units in conjunction with impairment test discounting of estimated future cash flow after tax. After tax amounts were used in the calculations for both cash flow and discount rate as the available models for calculating the discount rate include a tax element. This discounting is not materially different from discounting based on projected cash flows before tax and the pre-tax discount levels required by IFRS. The discount rate applied corresponded to a discount rate before tax of 10.5 percent (9.0) and was based on the Group's weighted average tax rate.

The discount rate represents the market's current assessment of the risks specific to Lindab, taking into account individual risks in the underlying assets that have not been included in the cash flow calculations. The calculation of the discount rate was based on the Group's specific situation and is derived from its weighted average cost of capital (WACC). WACC takes into account both liabilities and shareholders' equity. The capital cost of shareholders' equity is based on expected returns for the Group's investors. The cost of the Group's liabilities is based on the interest-bearing liabilities that Lindab is obliged to redeem. Group-specific risks are considered through an individually considered beta factor. The beta factor is assessed annually on the basis of publicly available market data.

All three segments conduct operations within construction as the main line of business, with a shared concept regarding the development, production, marketing and distribution of products and system solutions. Although the geographical markets are slightly different, which is reflected in the differentiated rates of growth (see following paragraph), the risk profile is considered to be fairly uniform as a whole. Consequently, the same assumptions have been applied to the discount rates for all segments.

Expected future cash flow beyond 2025 has been extrapolated with the help of estimated average long-term growth, terminal growth, of 1.0 percent (1.0) for Ventilation Systems and Profile Systems and 1.5 percent (1.5) for Building Sys-

tems. This long-term growth shall reflect and be in line with average growth on the markets where the segments are operating in accordance with forecasts made by the construction industry's economic institutions. The assumption includes a weighting of the growth forecast for the underlying geographical markets, the Nordics, Western Europe and CEE/CIS. In addition, the growth figure was also differentiated between the segments owing to the fact that the markets in which Building Systems operates generally experience higher growth than the geographical areas in which Ventilation Systems and Profile Systems are mainly expected to sell their products.

To support goodwill impairment testing performed within the Group, a comprehensive analysis was made regarding the sensitivity of the variables used in the model. A deterioration of each of the main assumptions included in the calculation of value in use shows that the recoverable amount exceeds the carrying amount of all testing conducted for Ventilation Systems as well as Profile Systems and Building Systems. A change of 1 percentage point in the gross margin, discount rate and respectively growth assumption was taken into account in the analysis. All sensitivity analyses show a good margin before any impairment is recognised. As a result of the calculations, no indication of impairment of goodwill was found at the end of 2020, based on the going concern assumption.

Allocated goodwill by segment	31 Dec 2020	31 Dec 2019
Ventilation Systems	2,037	1,953
Profile Systems	801	841
Building Systems	401	417
<b>Total goodwill</b>	<b>3,239</b>	<b>3,211</b>

**Note 19 Tangible fixed assets**

1 January–31 December 2020			Buildings and land	Machinery and other technical facilities	Equipment, tools and installations	Construction in progress buildings	Construction in progress machinery	Total
<b>Accumulated acquisition values</b>		<b>Note</b>						
Opening balance			1,271	1,984	599	15	121	3,990
Items relating to acquisitions of subsidiaries	5		113	41	2	0	1	157
Items relating to divestments of subsidiaries	5		-145	-17	-16	-	-	-178
Acquisitions			38	221	26	62	51	398
Disposals			-3	-29	-22	-	-	-54
Reclassifications			32	46	7	-25	-60	0
Translation differences			-87	-95	-16	-2	-5	-205
<b>Closing balance</b>			<b>1,219</b>	<b>2,151</b>	<b>580</b>	<b>50</b>	<b>108</b>	<b>4,108</b>
<b>Accumulated depreciation according to plan</b>								
Opening balance			-500	-1,621	-479	-	-	-2,600
Depreciation			-40	-72	-30	-	-	-142
Items relating to acquisitions of subsidiaries	5		-15	-31	-2	-	-	-48
Items relating to divestments of subsidiaries	5		26	8	8	-	-	42
Disposals			1	27	21	-	-	49
Reclassifications			-5	3	2	-	-	0
Translation differences			34	73	12	-	-	119
<b>Closing balance</b>			<b>-499</b>	<b>-1,613</b>	<b>-468</b>	<b>-</b>	<b>-</b>	<b>-2,580</b>
<b>Accumulated revaluations and impairment losses</b>								
Opening balance			-2	-13	0	-1	0	-16
Impairment losses			-32	-2	-7	-	-	-41
Items relating to acquisitions of subsidiaries	5		2	-	-	-	-	2
Items relating to divestments of subsidiaries	5		32	-	7	-	-	39
Reversal of impairment losses			-	0	-	-	0	0
Disposals			-	0	-	-	-	0
Reclassifications			-	-	-	-	-	-
Translation differences			0	1	-	-	-	1
<b>Closing balance</b>			<b>0</b>	<b>-14</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-15</b>
Net residual value at beginning of the year			769	350	120	14	121	1,374
<b>Net residual value at end of the year</b>			<b>720</b>	<b>524</b>	<b>112</b>	<b>49</b>	<b>108</b>	<b>1,513</b>
<b>1 January–31 December 2019</b>								
<b>Accumulated acquisition values</b>								
Opening balance			1,252	1,887	563	5	43	3,750
Items relating to acquisitions/divestments of subsidiaries	5		-	2	0	-	-	2
Acquisitions			54	62	26	16	113	271
Disposals			-10	-33	-14	-	-	-57
Reclassifications			-67	30	17	-6	-35	-61
Translation differences			42	36	7	0	0	85
<b>Closing balance</b>			<b>1,271</b>	<b>1,984</b>	<b>599</b>	<b>15</b>	<b>121</b>	<b>3,990</b>
<b>Accumulated depreciation according to plan</b>								
Opening balance			-459	-1,548	-447	-	-	-2,454
Items relating to acquisitions/divestments of subsidiaries	5		-	-1	0	-	-	-1
Depreciation			-42	-74	-29	-	-	-145
Disposals			2	32	13	-	-	47
Reclassifications			12	0	-11	-	-	1
Translation differences			-13	-30	-5	-	-	-48
<b>Closing balance</b>			<b>-500</b>	<b>-1,621</b>	<b>-479</b>	<b>-</b>	<b>-</b>	<b>-2,600</b>
<b>Accumulated impairment losses</b>								
Opening balance			-4	-13	-1	-1	0	-19
Impairment losses			-	-	-	-	-	-
Reversal of impairment losses			-	-	-	-	-	-
Disposals			2	-	1	-	-	3
Reclassifications			-	0	0	-	-	0
Translation differences			0	0	0	-	-	0
<b>Closing balance</b>			<b>-2</b>	<b>-13</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-16</b>
Net residual value at beginning of the year			789	326	115	4	43	1,277
<b>Net residual value at end of the year</b>			<b>769</b>	<b>350</b>	<b>120</b>	<b>14</b>	<b>121</b>	<b>1,374</b>

Note	20	Right of use assets
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1 January–31 December 2020		Right of use buildings and land	Other right of use tangible fixed assets	Total
<b>Accumulated acquisition values</b>				
Opening balance		1,065	161	1,226
Items relating to acquisitions of subsidiaries	5	36	4	40
Items relating to divestments of subsidiaries	5	-	0	0
New and amended right of use agreements		141	49	190
Terminated right of use agreements		-24	-36	-60
Reclassifications		0	0	0
Translation differences		-56	-10	-66
<b>Closing balance</b>		<b>1,162</b>	<b>168</b>	<b>1,330</b>
<b>Accumulated depreciation according to plan</b>				
Opening balance		-172	-45	-217
Depreciation		-177	-47	-224
Terminated right of use agreements		23	25	48
Items relating to divestments of subsidiaries	5	-	0	0
Reclassifications		0	0	0
Translation differences		13	3	16
<b>Closing balance</b>		<b>-313</b>	<b>-64</b>	<b>-377</b>
<b>Accumulated impairment losses</b>				
Opening balance		-	-	-
Impairment losses		-	-	-
Terminated right of use agreements		-	-	-
Reclassifications		-	-	-
Translation differences		-	-	-
<b>Closing balance</b>		<b>-</b>	<b>-</b>	<b>-</b>
Net residual value at beginning of the year		893	116	1,009
<b>Net residual value at end of the year</b>		<b>849</b>	<b>104</b>	<b>953</b>
<b>Changed accounting principles</b>		<b>884</b>	<b>107</b>	<b>991</b>
<b>1 January–31 December 2019</b>				
<b>Accumulated acquisition values</b>				
Opening balance		884	107	991
Items relating to acquisitions of subsidiaries	5	11	0	11
New and amended right of use agreements		123	55	178
Terminated right of use agreements		-38	-4	-42
Reclassifications		67	0	67
Translation differences		18	3	21
<b>Closing balance</b>		<b>1,065</b>	<b>161</b>	<b>1,226</b>
<b>Accumulated depreciation according to plan</b>				
Opening balance		-	-	-
Depreciation		-166	-48	-214
Terminated right of use agreements		3	3	6
Reclassifications		-7	0	-7
Translation differences		-2	0	-2
<b>Closing balance</b>		<b>-172</b>	<b>-45</b>	<b>-217</b>
<b>Accumulated impairment losses</b>				
Opening balance		-	-	-
Impairment losses		-	-	-
Terminated right of use agreements		-	-	-
Reclassifications		-	-	-
Translation differences		-	-	-
<b>Closing balance</b>		<b>-</b>	<b>-</b>	<b>-</b>
Net residual value at beginning of the year, following changed accounting principles		884	107	991
<b>Net residual value at end of the year</b>		<b>893</b>	<b>116</b>	<b>1,009</b>

**Note 21 Associated companies**

Associated companies are companies in which the Parent company holds a significant but non-controlling influence, usually through a shareholding corresponding to between 20 and 50 percent of the voting rights. Associated companies are reported in accordance the equity method as required by IAS 28 *Investments in Associates and Joint Ventures*. In accordance with this method, the participation in the associated company is valued at its acquisition value at the time of acquisition. The earnings arising after the acquisition in the associated company and that relate to the Group's participation, with adjustments for the dissolution

of acquired surplus and deficit values, are reported as a separate item in the statement of profit or loss on the line *Profit or loss from participations in associated companies*.

In October 2020, Lindab acquired 36.6 percent of the shares and votes in Leapcraft ApS (corp. ID no. 35 47 27 62), domiciled in Copenhagen, Denmark. These shares mainly constitute the Lindab Group's participations in associated companies.

	Group	
	2020	2019
Opening value associated companies	0	0
Acquisitions of associated companies	19	0
The year's participations in associated companies	-1	0
<b>Recognised value at end of year</b>	<b>18</b>	<b>0</b>

**Note 22 Other non-current securities holdings**

	Group	
	31 Dec 2020	31 Dec 2019
Opening balance	4	4
Translation differences	0	0
<b>Closing balance</b>	<b>4</b>	<b>4</b>

Non-current holdings of unlisted shares are reported here. Associated companies are reported separately in Note 21. Other long-term holdings of securities of SEK 4 m (4) mainly constitute smaller holdings owned by Group companies.

**Note 23 Other non-current receivables**

	Group	
	31 Dec 2020	31 Dec 2019
Opening balance	4	2
Decrease/increase	-1	2
<b>Closing balance</b>	<b>3</b>	<b>4</b>

Other non-current receivables primarily consist of deposits for leased premises.

**Note 24 Stock**

	Group	
	31 Dec 2020	31 Dec 2019
Raw materials and supplies	629	677
Work in progress	55	66
Finished goods and goods for resale	741	725
<b>Total</b>	<b>1,425</b>	<b>1,468</b>

Direct material costs for the year amounted to SEK 4,156 m (4,594), including an adjustment of the provision for obsolescence of SEK 6 m (1). The obsolescence reserve for finished goods has increased by a net SEK 8 m (decrease 2). The provision for obsolescence in stock amounts to SEK 76 m (70), equivalent to 5

percent (5) of the total stock value before deduction for obsolescence. Currency effects decreased the provision by SEK 4 m (increased 2) during the year. Structural changes reduced the reserve by SEK 5 m (1).



**Note 25 Current receivables**

	Group					
	Accounts receivable		Accrued income <sup>1)</sup>		Other receivables <sup>2)</sup>	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
<b>Number of days overdue</b>						
Not overdue	1,092	1,062	45	33	60	71
< 6 days	118	166	-	-	0	0
6 – 90 days	60	104	-	-	2	1
90 – 180 days	9	12	-	-	0	-
180 – 360 days	12	11	-	-	0	2
> 360 days	68	92	-	-	0	1
<b>Total</b>	<b>1,359</b>	<b>1,447</b>	<b>45</b>	<b>33</b>	<b>62</b>	<b>75</b>
Provision for expected bad debt losses	-81	-98	-	-	-	-
<b>Total</b>	<b>1,278</b>	<b>1,349</b>	<b>45</b>	<b>33</b>	<b>62</b>	<b>75</b>

1) Accrued income refers to exchange rate gains on forward exchange agreements amounting to SEK 30 m (15) and discounts on purchases of SEK 15 m (18).

2) Other receivables relate to SEK 39 m (54) in VAT and SEK 23 m (21) in other receivables.

Lindab applies a valuation method for calculating credit loss provisions for its accounts receivable, which is based on expected bad debt losses. The method used to calculate expected credit losses is based on six different levels of due date (see table above), from accounts receivable that are not yet due to receivables that are overdue by more than 360 days. The respective levels have an expected degree of credit loss, based on which accounting loss provisions are made unless an individual assessment indicates otherwise. The grading of credit losses for each level is based on historical loss patterns within Lindab over a six-year period adjusted by a forward-looking factor reflecting a future expectation of different payment structures based on the business cycle, etc. As of 31 December 2020, the credit loss grading for the different categories was in the range of 0.6–95.6 percent (0.4–95.4). A lower level of provisions than the credit loss grading is only accepted if the Group has obtained collateral or equivalent corresponding to the amount due.

It should be taken into account that, during 2020, Lindab carefully reassessed the need for changed estimates and judgements over the year due to covid-19. This reassessment has resulted in certain adjustments of the calculations regarding expected bad debt losses. The specifically changed estimate of expected credit losses among outstanding receivables has impacted all valuation categories, from accounts receivable that are not yet due to receivables that are overdue by more than 360 days, and resulted in a negative impact on operating profit of slightly more than SEK 3 m.

The decrease in the provision for expected bad debt losses is attributable mainly to lower accounts receivable outstanding. At the same time, the degree of loss for expected credit losses has increased slightly. As in previous years, individual receivables are written off at the point where it is no longer reasonable to expect that they will be paid by the counterparty.

Change in provisions for expected bad debt losses	Group	
	2020	2019
Opening balance	98	92
Change through acquisition/divestment	-9	0
Increase in provisions	21	22
Actual losses	-16	-12
Reversed provisions	-6	-6
Translation differences	-7	2
<b>Closing balance</b>	<b>81</b>	<b>98</b>

Prepaid expenses and accrued income	Group	
	31 Dec 2020	31 Dec 2019
Prepaid software licenses	19	23
Accrued exchange gains, forward exchange agreements	30	15
Insurance premiums	10	10
Accrued purchasing discounts	15	18
Other prepaid expenses	74	90
<b>Total</b>	<b>148</b>	<b>156</b>

Other receivables	Group	
	31 Dec 2020	31 Dec 2019
VAT recoverable receivable	39	54
Advance payments to suppliers	10	11
Deposits	3	2
Travel advances	1	1
Advance payments to employees	0	0
Other receivables	9	7
<b>Total</b>	<b>62</b>	<b>75</b>

**Note 26 Shareholders' equity and number of shares**

The table below indicates the changes in Lindab's share capital and the number of shares as of 2006.

Year	Action	Number of shares		Change in share capital (SEK k)	Total share capital (SEK k)
		Class A	Class B		
2006 <sup>1)</sup>	Number of shares	78,707,820	-	-	78,708
2020 <sup>2)</sup>	Exercised options	25,000	-	25	25
<b>Closing balance</b>		<b>78,732,820</b>	<b>-</b>	<b>25</b>	<b>78,733</b>
	Number of treasury shares	-2,375,838	-		
	<b>Total number of shares outstanding at end of year</b>	<b>76,356,982</b>	<b>-</b>		

1) On 1 December 2006, Lindab was listed on Nasdaq, Stockholm, Mid Cap.

2) For further information, see Note 33.

The share capital of SEK 78,732,820 is divided between 78,732,820 shares.

**Treasury shares**

In 2008, a repurchase of 3,935,391 treasury shares was implemented, amounting to SEK 348 m. In 2010, IVK-Tuote Oy was acquired through the transfer of 559,553 treasury shares to the seller of the company. In 2012, 1,000,000 treasury shares were sold, amounting to SEK 52 m. The number of treasury shares thereby decreased to 2,375,838 and the number of outstanding shares increased to 76,331,982. Treasury shares have remained unchanged since 2012.

**Nature and purpose of the reserves in shareholders' equity**

The foreign currency translation reserve comprises all exchange rate differences that arise when translating financial statements from foreign operations that prepare their financial statements in a currency other than the currency of the consolidated financial statements. The translation reserve also includes the cumulative net change in the hedging of net investments in foreign businesses. Lindab uses currency swaps and loans as hedging instruments.

The proposed dividend for 2019 of SEK 1.75 per share, approved by the Annual General Meeting on 29 April 2020, has been paid. Total dividends paid amounted to SEK 133,580,969.

**Proposed appropriation of profit**

SEK	2020
Profit brought forward	2,311,092,964
Profit for the year	11,278,227
<b>Total profit brought forward at the end of the year</b>	<b>2,322,371,191</b>

The Board of Directors proposes that the above amount is appropriated as follows:

SEK	
Dividend to shareholders, SEK 3.40 per share	259,613,739
To be carried forward	2,062,757,452
<b>Total</b>	<b>2,322,371,191</b>

**Note 27 Provisions for pensions and similar obligations**

Provisions for pensions and similar obligations include, apart from pensions, other post-employment benefits paid to employees, e.g. upon termination of employment. The majority of employees in the Lindab Group are comprised by defined contribution plans. Some countries also have defined benefit plans for pensions or terminations. The tables in this note disclose the pension costs and liabilities as well as the material assumptions used in their calculations.

The retirement and family pension plans for salaried employees in Sweden are guaranteed through insurance cover with Alecta, in the so-called ITP2 plan. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a defined benefit plan that includes several employers. For the financial years of 2020 and 2019, the company did not have access to the information required to report its proportionate share of the plan's obligations, plan assets and expenses which meant that it was not possible to report this as a defined benefit plan. The pension plan is in accordance with ITP, which is guaranteed through insurance with Alecta and is therefore shown as a defined contribution plan. The contribution to the defined benefit retirement and family pension plan is calculated individually and is dependent on the salary, previously earned pension and expected remaining working life of the person concerned. Anticipated contributions for ITP 2 pension insurance cover with Alecta amount to SEK 5 m (6) for the next reporting period. The Group's share of the total contributions to the plan and the Group's share of the total number of active members in the plan amount to 0.02 and 0.07 percent (0.03 and 0.06), respectively.

A surplus or deficit with Alecta may mean a refund for the Group or alternatively lower or higher future charges. At the end of the year, Alecta's surplus in terms of the collective consolidation level amounted to 148 percent (148). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial assumptions.

Expenses for defined contribution plans amounted to SEK 104 m (103).

Lindab is mainly exposed to a number of risk categories by way of its defined benefit plans. These concern risks related with the size of the actual payment. The increased life expectancy of the beneficiaries, which affects the duration of the pensions, and inflation, which affects salary and pension costs, are the risks affecting the scale of future payments and thereby also the size of the obligation. The discount rate used to calculate the present value of the pension liabilities varies, thereby affecting the liabilities. The discount rate also affects the interest expense or income under financial items, as well as the costs incurred to generate the earnings for the year. Another category concerns the return on investments. Pension funds are invested in different financial instruments where returns are exposed to changes in the market. Weak returns can reduce the size of the investments and may result in insufficient pension funds to cover future pension payments.

**Reported in the statement of financial position**

Specification of defined benefit pension obligations, etc	31 Dec 2020	31 Dec 2019
Present value of funded defined benefit obligations	64	64
Fair value of plan assets for defined benefit obligations	-35	-36
<i>Net value of funded plans</i>	<i>29</i>	<i>28</i>
Present value of unfunded defined benefit obligations	220	221
<b>Net debt in the statement of financial position for defined benefit obligations</b>	<b>249</b>	<b>249</b>
Allocated to pensions, defined contribution obligations	30	34
<b>Pension liability as per the statement of financial position</b>	<b>279</b>	<b>283</b>
Fair value of plan assets for defined contribution obligations	-30	-34
<b>Financial investments as per the statement of financial position</b>	<b>-30</b>	<b>-34</b>

For funded defined benefit plans, the net pension obligation after deductions for plan assets, is reported in the statement of financial position. Funded plans with net assets, i.e. where the assets exceed the obligations, are reported as financial investments. Funded defined contribution plans are reported gross in the statement of financial position, the assets as Financial investments, and the obligations as Provisions for pensions and similar obligations.

Of the total pension provisions of SEK 279 m (283) in the statement of financial position, SEK 25 m (30) comprises pension obligations relating to former CEOs. The obligations are invested in endowment insurance funds. The value of these amounts to SEK 25 m (30).

Costs recognised in the statement of profit or loss as per the table below include expenses for service during the current year, expenses for past service, net interest expenses and gains and losses on settlements. Net interest is recognised under financial items.

**Change in plan assets and defined benefit pension obligations during the year**

	2020		2019	
	Assets	Obligations	Assets	Obligations
Opening balance	-36	285	-30	226
<b>Pension expenses recognised in the statement of profit or loss</b>				
-Expenses for service in the current year	-	14	-	13
-Interest expenses/income	0	3	-1	5
<i>Total</i>	<i>-36</i>	<i>302</i>	<i>-31</i>	<i>244</i>
<b>Revaluations recognised in other comprehensive income</b>				
-Return on plan assets, excl. amounts included in interest expenses/income	0	-	-1	-
-Gain/loss arising from changes in demographic assumptions	-	2	-	0
-Gain/loss arising from changes in financial assumptions	0	0	0	43
-Experience-based gains/losses	-	-6	0	1
<i>Total</i>	<i>0</i>	<i>-4</i>	<i>-1</i>	<i>44</i>
Translation differences	1	-4	-1	3
Items relating to acquisitions/divestments of subsidiaries	0	-5	-	-
Contribution by the employer	-2	1	-4	1
Benefits paid	2	-6	1	-7
<b>Closing balance</b>	<b>-35</b>	<b>284</b>	<b>-36</b>	<b>285</b>

**Note 27, cont.**

The weighted average duration for the defined benefit pension obligation amounts to 20.1 years (20.6)

**Most important actuarial assumptions**

	31 Dec 2020		31 Dec 2019	
	Sweden	Others	Sweden	Others
Discount rate, %	1.2	0.2–0.9	1.5	0.2–0.9
Future salary increases, %	2.5	0.0–3.0	2.8	0.0–3.0
Future pension increases, %	1.5	0.0–1.8	1.8	0.0–1.8
Life expectancy assumption	DUS14	-	DUS14	-

Others include pension plans in Luxembourg, Italy, France, Romania, Switzerland and Germany. In 2019, Slovenia was also included.

The breakdown of the pension liability as of the balance sheet date shows that SEK 188 m (186) of the total defined benefit obligation related to pension obligations in Sweden, while SEK 61 m (63) related to other countries.

The choice of discount rate in Sweden has been based on the market interest rate applicable to housing bonds with a duration corresponding to the average remaining term of the obligation.

**The sensitivity of the defined benefit obligation for changes in main assumptions**

		Effect on the defined benefit plans			
		31 Dec 2020		31 Dec 2019	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- 0.5%	-25	29	-26	30
Changes in future salary increases	+/- 0.5%	16	-13	16	-14
Changes in future pension increases	+/- 0.5%	17	-13	16	-14

The sensitivity analysis has been based on one change in the assumptions while all others remain constant. The projected unit credit method (PUC) is used for

calculating the pension liability as well as for calculating the sensitivity of the defined benefit obligations for significant actuarial assumptions.

**Composition of plan assets**

	31 Dec 2020		31 Dec 2019	
		Percent		Percent
Shares	7	19	7	19
Bonds	5	14	5	14
Properties	3	11	3	8
Insured pension reserves	15	42	15	43
Other	5	14	6	16
<b>Total</b>	<b>35</b>	<b>100</b>	<b>36</b>	<b>100</b>

**Maturity analysis regarding expected contributions to the defined benefit plans in the future**

	2020	2019
Within 12 months	12	11
Between 2 and 5 years	28	34
Between 5 and 10 years	45	46
<b>Total</b>	<b>85</b>	<b>91</b>

**Parent company**

The company's pension obligation for former CEOs is classified as a contribution-based plan. See Note 6.



**Note 28 Other provisions**

	Group			
	Restructuring reserve	Warranty provision	Other	Total
<b>2020</b>				
Opening balance	23	18	8	49
Increase during the year	7	16	5	28
Exercised during the year	-7	-11	-4	-22
Items relating to acquisitions/divestments of subsidiaries	-	-1	0	-1
Translation differences	-1	-1	-1	-3
<b>Closing balance</b>	<b>22</b>	<b>21</b>	<b>8</b>	<b>51</b>
<b>Breakdown in the statement of financial position</b>				
Other non-current provisions	15	5	4	24
Other current provisions	7	16	4	27
<b>Total</b>	<b>22</b>	<b>21</b>	<b>8</b>	<b>51</b>
<b>2019</b>				
Opening balance	34	15	10	59
Increase during the year	6	20	1	27
Exercised during the year	-17	-17	-3	-37
Translation differences	0	0	0	0
<b>Closing balance</b>	<b>23</b>	<b>18</b>	<b>8</b>	<b>49</b>
<b>Breakdown in the statement of financial position</b>				
Other non-current provisions	13	5	5	23
Other current provisions	10	13	3	26
<b>Total</b>	<b>23</b>	<b>18</b>	<b>8</b>	<b>49</b>

The restructuring reserve consists of provisions for cost reduction initiatives.

The warranty provisions of SEK 21 m (18) include estimated future expenses for defects in delivered items or work carried out, and provisions for actual claims.

Building Systems has a common calculation principle for warranty provisions covering the entire warranty period, which spans two to ten years. This is calculated using a statistics-based percentage in relation to sales over the last ten years less actual warranty costs. The projected warranty provision is reduced by SEK 3 m (9) in actual known claims, which usually occur in connection with deliveries. The

estimated future warranty provisions amount to SEK 7 m (2). In addition, there are individual provisions for specific products of SEK 0 m (0).

Other provisions relate mainly to personnel-related provisions, statutory provisions and a provision for environmental liability of SEK 3 m (3). The assessment of the provision for environmental liability is based on known information, the perceptions of representatives and other advisers, the probability that an obligation exists and the reliability of the figure that the obligation is estimated to amount to.

**Note 29 Consolidated borrowing and financial instruments**

	Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
<b>Non-current borrowings</b>				
Bank loans	976	1,001	-	-
Leases	745	798	-	-
<b>Current borrowings</b>				
Liabilities to credit institutions	5	3	-	-
Overdraft facilities	0	25	-	-
Leases	232	241	-	-
<b>Total borrowing</b>	<b>1,958</b>	<b>2,068</b>	<b>-</b>	<b>-</b>

Total borrowings include pledged liabilities (bank loans secured with collateral) of SEK 59 m (49) and relate to the financing of properties in Switzerland and Sweden. The collateral consists of mortgage deeds in properties and the interest on these loans is fixed.

Unutilised credit facilities in the Group, including cash and cash equivalents, amounted to SEK 1,977 m (1,942). The Parent company has no unutilised credit facilities.

According to the Group's Treasury Policy, the fixed interest period may not exceed 12 months. On 31 December 2020, it was 3 months. The majority of consolidated borrowing currently has a variable interest rate.

## Note 29, cont.

## Consolidated borrowing presented by currencies

Amount in SEK m	Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
SEK	295	302	-	-
EUR	1,183	1,219	-	-
CHF	151	162	-	-
GBP	131	111	-	-
NOK	73	133	-	-
CZK	57	71	-	-
PLN	34	38	-	-
DKK	19	13	-	-
RON	8	8	-	-
RUB	4	8	-	-
HUF	3	3	-	-
<b>Total</b>	<b>1,958</b>	<b>2,068</b>	<b>-</b>	<b>-</b>

## Change in liabilities, financing activities

	Group						Parent company	
	Non-current financial liabilities	Current financial liabilities	Lease liabilities	Overdraft facilities	Derivatives	Total financial liabilities incl. derivatives	Non-current financial liabilities	Total financial liabilities incl. derivatives
<b>31 Dec 2019</b>	<b>1,001</b>	<b>3</b>	<b>1,039</b>	<b>25</b>	<b>0</b>	<b>2,068</b>	<b>-</b>	<b>-</b>
Cash flow	-19	-2	-222	-25	3	-265	-	-
Acquisitions/divestments	29	4	39	-	-	72	-	-
New and amended right of use agreements	-	-	190	-	-	190	-	-
Terminated right of use agreements	-	-	-13	-	-	-13	-	-
Translation differences	-38	0	-46	-	-9	-93	-	-
Fair value measurement	-	-	-	-	-	0	-	-
Other	3	-	-10	-	6	-1	-	-
<b>31 Dec 2020</b>	<b>976</b>	<b>5</b>	<b>977</b>	<b>0</b>	<b>0</b>	<b>1,958</b>	<b>-</b>	<b>-</b>
<b>31 Dec 2018</b>	<b>1,085</b>	<b>4</b>	<b>-</b>	<b>55</b>	<b>0</b>	<b>1,144</b>	<b>-</b>	<b>-</b>
Changed accounting principles	-	-	1,050	-	-	1,050	-	-
Cash flow	-69	2	-214	-30	-39	-350	-	-
Acquisitions/divestments	-	-	11	-	-	11	-	-
New and amended right of use agreements	-	-	178	-	-	178	-	-
Terminated right of use agreements	-	-	-38	-	-	-38	-	-
Reclassifications	-30	-3	33	-	-	-	-	-
Translation differences	15	0	22	-	5	42	-	-
Fair value measurement	-	-	-	-	-	-	-	-
Other	-	-	-3	-	34	31	-	-
<b>31 Dec 2019</b>	<b>1,001</b>	<b>3</b>	<b>1,039</b>	<b>25</b>	<b>0</b>	<b>2,068</b>	<b>-</b>	<b>-</b>

Note 29, cont.

### Information on carrying amount and fair value by category

	Fair value through statement of profit or loss		Amortised cost		Total carrying amount		Fair value	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
<b>Financial assets</b>								
Other non-current securities holdings	1	1	-	-	1	1	-	-
Other non-current receivables	-	-	3	4	3	4	-	-
Derivative assets	30	15	-	-	30	15	30	15
Accounts receivable	-	-	1,278	1,349	1,278	1,349	-	-
Other receivables	-	-	17	5	17	5	-	-
Accrued income	-	-	15	18	15	18	-	-
Cash and cash equivalents	-	-	541	536	541	536	-	-
<b>Total financial assets</b>	<b>31</b>	<b>16</b>	<b>1,854</b>	<b>1,912</b>	<b>1,885</b>	<b>1,928</b>	<b>30</b>	<b>15</b>
<b>Financial liabilities</b>								
Overdraft facilities	-	-	-	-25	-	-25	-	-25
Liabilities to credit institutions	-	-	-981	-1,004	-981	-1,004	-983	-1,007
Derivative liabilities	-4	-3	-	-	-4	-3	-4	-3
Accounts payable	-	-	-712	-763	-712	-763	-	-
Other liabilities	-	-	-10	-8	-10	-8	-	-
Accrued expenses	-	-	-288	-294	-288	-294	-	-
<b>Total financial liabilities</b>	<b>-4</b>	<b>-3</b>	<b>-1,991</b>	<b>-2,094</b>	<b>-1,995</b>	<b>-2,097</b>	<b>-987</b>	<b>-1,035</b>

#### Financial assets valued at amortised cost

##### Accounts receivable

Accounts receivable arise in the context of the Group's operating activities and are the result of Lindab providing customers with agreed goods and services. Contractual payment terms exist within this underlying agreement which dictate the times of future payment streams. Lindab holds all accounts receivable in order to collect these contractual and operations-related cash flows based on contractual terms and conditions.

Accounts receivable are classified on the basis of their nature as current assets and are valued initially at the transaction price. Considering the short-term maturity period for accounts receivable, these are also reported on subsequent reporting dates at the nominal amount without discounting. The reported gross value of accounts receivable of SEK 1,359 m (1,447) is however reduced by an impairment of SEK -81 m (-98) to reflect the expected value to be paid by counterparties. For details of the Group's accounting policies for impairment and calculation of provisions for expected bad debt losses, see Note 25.

##### Other receivables and accrued income

Other receivables and accrued income usually also arise as a consequence of transactions conducted as part of the Group's ordinary activities. Usually the time of future cash flows relating to assets can be identified and on settlement the cash flows refer to the capital amount and any interest on the outstanding capital amount. The Group holds financial instruments in these categories to collect the underlying cash flows attributable to the assets on maturity and these are not intended for trading on an active market. No material credit reserve exists for other receivables and accrued income based on experience and future expectations.

##### Cash and cash equivalents

Cash and cash equivalents amounted to SEK 541 m (536) on the balance sheet date. These refer to bank balances and deposits, as well as SEK 103 m (155) in deposits with a maximum 14-day maturity. Escrow accounts amounting to SEK 0 m (0) are included in the value reported for cash and cash equivalents. Based on historical experience and forward-looking expectations in combination with the counterparty requirements set out in the Group's Treasury Policy, there are no credit reserves in cash and cash equivalents.

#### Financial assets measured at fair value through the statement of profit or loss

Assets which do not meet the criteria for recognition at amortised cost or fair value via comprehensive income are measured at fair value through statement of profit or loss. For Lindab these are mainly derivative assets which are not used in hedge accounting that falls into this category. Financial assets measured at fair

value through statement of profit or loss also include certain assets in the form of securities. The underlying factor for the classification is that these equity instruments are not strategic and the first recognition opportunity was not taken or a decision was made to recognise these irreversibly at fair value through comprehensive income. This affected the consolidated statement of profit or loss in the amount of SEK 0 m (12) during the year which related to gains/losses from financial assets and liabilities valued at fair value through statement of profit or loss.

#### Description of fair value

##### Other long-term securities holdings

No information about fair value regarding shares and participations is provided. Lindab considers that a fair value cannot be calculated in a reliable manner, and that the market for these holdings is limited.

##### Interest-bearing liabilities

The fair value of interest-bearing liabilities is provided for the purposes of disclosure and is calculated by discounting the future cash flows of principals and interest payments, discounted at current market rates.

##### Derivatives

Currency futures are valued at fair value by discounting the difference between the contracted forward rate and the rate that can be subscribed for at the balance sheet date for the remaining contract term.

##### Other financial assets and liabilities

For cash and cash equivalents, accounts receivable, other receivables, accrued income, accounts payable, overdraft facilities, other liabilities and accrued expenses with a remaining maturity of less than six months, the carrying amount is considered to reflect the fair value.

#### Fair value hierarchy

The following table shows financial instruments measured at fair value, based on the classification in the fair value hierarchy. The different levels are defined as follows:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Other observable input data for the asset or liability than listed prices included in level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations) (level 2).
- Input data for the asset or liability not based on observable market data (i.e. non-observable input data) (level 3).

## Note 29, cont.

	31 Dec 2020				31 Dec 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
<b>Financial assets measured at fair value through statement of profit or loss</b>								
Derivative assets	-	30	-	30	-	15	-	15
<b>Total assets</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>15</b>
<b>Liabilities</b>								
<b>Financial liabilities measured at fair value through statement of profit or loss</b>								
Derivative liabilities	-	-4	-	-4	-	-3	-	-3
<b>Measured at fair value for disclosure purposes</b>								
Overdraft facilities	-	-	-	-	-	-25	-	-25
Liabilities to credit institutions	-	-983	-	-983	-	-1,007	-	-1,007
<b>Total liabilities</b>	<b>-</b>	<b>-987</b>	<b>-</b>	<b>-987</b>	<b>-</b>	<b>-1,035</b>	<b>-</b>	<b>-1,035</b>

There have been no transfers between the different levels during the year. The company has not offset any financial instruments in the balance sheet.

At the end of 2020, there was no obligation to acquire treasury shares.

### Note 30 Accrued expenses and deferred income

	Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Salaries and holiday pay	240	216	-	-
Share of profits	9	9	-	-
Payroll overheads	122	120	1	1
Bonuses to customers	184	182	-	-
Accrued exchange loss, forward exchange agreements	4	5	-	-
Other expenses	135	131	1	1
<b>Total</b>	<b>694</b>	<b>663</b>	<b>2</b>	<b>2</b>

### Note 31 Leases

From 1 January 2019, Lindab has applied the new accounting standard, IFRS 16 *Leases*, which replaced IAS 17 *Leases*.

#### Financial position

The basis of IFRS 16 *Leases* is that all rental and leasing agreements should be recognised in the lessee's statement of financial position, with the option to not include short-term leases or leasing agreements for which the underlying asset amounts to a low value. Lindab has chosen to apply the relief rules and based on these, the accounting implications for the Group's financial position are as follows:

Right of use assets	Note	31 Dec 2020	31 Dec 2019
Land and buildings	20	849	893
Other right of use assets	20	104	116
<b>Total</b>		<b>953</b>	<b>1,009</b>
<b>Lease liabilities</b>			
Non-current lease liabilities	29	745	798
Current lease liabilities	29	232	241
<b>Total</b>		<b>977</b>	<b>1,039</b>

The right of use assets recognised above relate to approx. 1,000 rental and leasing agreements.

#### Land and buildings

Recognised right of use assets in respect of rental and leasing agreements regarding properties were valued at SEK 849 m (893) on the balance sheet date. This position relates to leases for production properties, as well as warehouses, branches and/or offices. The underlying rental and leasing agreements contain various terms, which are assessed and evaluated on an individual basis in combination with the expected useful life of the underlying assets within the framework of the respective existing agreement. As part of this process, leases/properties have also been categorised to ensure an assessment and evaluation process that reflects strategic aspects and the point at which the Group should make a judgement for individual extension options or equivalent. The estimated individual lease terms vary within the range of 1–23 years, but there are only a few leases with a maturity of more than 10 years. Although a number of leases contain specific extension options, most are designed to be extended on an ongoing basis if neither party takes action. These options entail judgements that have been taken into account in the recognition of lease liabilities. Lindab has included options in lease agreements where it is deemed reasonably certain that the options will be exercised.

#### Other right of use assets

Other right of use assets are recognised at an accumulated value of SEK 104 m (116). SEK 70 m (81) of this figure relates to vehicles and the rest relates mainly to machinery and equipment as well as IT and other technical equipment. These agreements are generally relatively time-limited and for vehicles, the lease terms are usually 3 to 4 years.

#### Statement of profit or loss and cash flow

The new accounting standard for rental and leasing agreements has resulted in a different layout of the statement of profit or loss. This is due to the fact that most lease expenses were previously recognised as operating



**Note 31, cont.**

expenses on a straight-line basis over the lease term (but not in the case of finance leases). In accordance with IFRS 16 *Leases*, the main expenses for capitalised right of use assets are recognised as depreciation and interest expenses, respectively. The following table shows a presentation of rental and leasing expenses in the consolidated statement of profit or loss for 2020 and 2019:

	Note	2020	2019
Other lease-related expenses		-8	-9
Amortisation/depreciation	9, 20	-224	-214
Interest expenses	15	-25	-26
<b>Total</b>		<b>-257</b>	<b>-249</b>

Other lease-related expenses relate to short-term leases and leases where the underlying right of use asset is of low value, as well as variable lease expenses not included in the valuation of recognised lease liabilities. Recognised variable lease expenses relate primarily to property tax.

Recognised interest expenses relating to lease liabilities amounted to SEK 25 m (26) for the year. This balance does not include interest expenses relating to rental and leasing agreements with an expected useful life of less than 12 months, interest expenses on agreements where the underlying right of use asset is of low value, or interest expenses deemed to be of low value.

Total cash flow attributable to rental and leasing agreements recognised in the statement of financial position amounted to SEK 247 m (241), of which SEK 25 m (26) relates to interest expenses recognised in cash flow from operating activities. The remaining cash flow is included in the Group's cash flow from financing activities. For estimated expected cash flow attributable to recognised lease liabilities on the balance sheet date, see the Liquidity risk section in Note 3. The liquidity risk attributable to lease liabilities is monitored on an ongoing basis and incorporated into the Group's other financial liabilities by Lindab's Treasury function.

At the end of the year, no significant rental or leasing agreements had been entered into that will come into effect in 2021.

During the year, a temporary relief under IFRS 16 *Leases* was introduced due to the prevailing covid-19 pandemic. This relief means that lessees does not need to make new calculations for lease liabilities or reported right of use assets in terms of reduced rent payments directly related to covid-19, but may allow the discount to affect the statement of profit or loss directly. During the year, Lindab obtained covid-19-related discounts that were reported directly as a reduction in rental costs of SEK 0.3 m.

**Note 32 Pledged assets and contingent liabilities**

	Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
<b>Pledged assets</b>				
Property mortgages	94	74	-	-
Floating charges	-	-	-	-
<b>Total</b>	<b>94</b>	<b>74</b>	<b>-</b>	<b>-</b>

All pledged assets refer to security for liabilities to credit institutions.

	Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
<b>Contingent liabilities</b>				
Guarantee commitment for entered credit agreements	-	-	926	983
Other guarantees and sureties	18	19	-	-
Pension obligations	2	2	-	-
<b>Total</b>	<b>20</b>	<b>21</b>	<b>926</b>	<b>983</b>

The existing credit limits of SEK 1,400 m with Nordea/Danske Bank and EUR 50 m with Raiffeisen Bank International are valid until July 2022. The credit agreements contain covenants which are monitored quarterly. Lindab fulfils all the terms and conditions of these credit agreements.

Group companies have signed a guarantee for Building Systems in Luxembourg in case the company should fail to meet its obligations under the terms of the lease. Important obligations under the terms of the signed lease include the payment of all rental costs until 2030, renovation of an industrial property, maintenance of the property, and responsibility for its operation and environmental impact.

In the leases for the properties in Sweden and in Switzerland, Group companies have signed a guarantee for the payment of all rental costs until the expiry of the contract.

As part of the Group's ordinary business activities and according to standard professional practice, the Group has signed guarantees for the fulfilment of various contractual obligations in relation to large suppliers. There was no indication at year end that these contractual guarantees will result in any payment being required.

**Note 33 Related party transactions**

Transactions with related parties can affect a company's financial results and position. Information must therefore be provided about parties that may be considered related to the Lindab Group.

**Related parties**

The Parent company has direct and indirect control over its subsidiaries, see Note 35. The Parent company's transactions and dealings with subsidiaries consist of the transactions shown below and what follows from agreements with the management, see Note 6.

Present and former members of the Board and the Executive Management with their respective inner circles have been considered to be related parties. Salaries, remuneration, benefits, pension entitlements, termination benefits, etc. for members of the Board, the President and CEO and other senior executives are presented in Notes 6 and 27.

The Associate company, Meak B.V. in the Netherlands was previously categorised as a related party. This company was liquidated in 2019. The extent of transactions with the company before it was liquidated is considered to be negligible and consequently they are not specified below under 2019. In October 2020, 36.6 percent of the shares and votes in Leapcraft ApS was acquired. The scope of transactions with this associated company is also considered negligible, which is why they are not specified below either.

**Other transactions with related parties are specified below**

Parent company	Group	
	2020	2019
Net sales	5	5
Dividends and Group contributions to the Parent company	20	12
Interest income from the Parent company	-4	-2
Current receivables in the Parent company	373	248
Current liabilities to the Parent company	21	12

**Other related party transactions**

A share option programme for senior executives and other key individuals was resolved at the 2020 Annual General Meeting. This programme has the same purpose and principle design as the share option programme approved in 2019 and the two warrant programmes approved at the 2017 and 2018 Annual General Meetings, respectively. Based on the resolution at the 2020 Annual General Meeting, a private placement of 275,000 share options at most was issued, resulting in 210,000 share options being acquired by senior executives and other key individuals at Lindab. The acquisition of share options was based on a market valuation according to the established programme, and the share options do not constitute share-based remuneration to related parties.

In 2020, 25,000 externally held warrants, from the 2017 warrant programme, were exercised to subscribe for shares, under the terms of the programme, causing the issuance of 25,000 shares in Lindab International AB.

At the 2019 Annual General Meeting it was resolved to establish a share option programme for senior executives. Based on this decision, Lindab issued 175,000 share options and then sold these to senior executives. The acquisition of share options was based on a market valuation pursuant to the established share

option programme, and the options do not constitute share-based remuneration to related parties. For further information on all of Lindab's share option and warrant programmes, see Note 6. Note 6 also includes details of the incentive programme directed to various senior executives in the Group.

In addition to that stated in this note, none of Lindab's Board members, deputy Board members, senior executives or shareholders have or are participating in any business transaction with the company that is unusual in nature or terms or is important for the company's business as a whole, or has taken place during the current financial year or in the past three financial years. This also applies to transactions in previous financial years which in some respects have not yet been settled or concluded. Lindab has no outstanding loans to any of these people, nor have any guarantees or surety been signed on their behalf.

In general, transactions with related parties have taken place on terms equivalent to those that apply to arm's-length business transactions.

**Note 34 Events after the reporting period**

No significant events have occurred after the reporting period.

**Note 35 Group companies and associates**

The Group operates in several markets, which means that the Group has subsidiaries in many parts of the world. The Parent company has a controlling influence over a subsidiary when it is exposed or is entitled to variable returns from its commitment to the subsidiary and can affect returns by using its controlling influence

over the subsidiary. In principle, all subsidiaries are owned directly or indirectly, to 100 percent, by the Parent company Lindab International AB.

	Currency code	Corp. ID No.	Domicile	Share in %	Recorded value
Lindab AB <sup>1)</sup>	SEK	556068-2022	Båstad, Sweden	100	3,467*
Lindab Sverige AB <sup>2)3)</sup>	SEK	556247-2273	Båstad, Sweden	100	
Crenna Plåt AB <sup>2)3)</sup>	SEK	556457-3854	Enköping, Sweden	100	
Stockholms Trumslagare AB <sup>2)3)</sup>	SEK	556258-5603	Enköping, Sweden	100	
Borgmästarjorden AB <sup>5)</sup>	SEK	556662-1206	Enköping, Sweden	100	
Ekovent AB <sup>2)3)</sup>	SEK	556173-4640	Vellinge, Sweden	100	
Eko Ventilation i Vellinge AB <sup>6)</sup>	SEK	556994-3201	Vellinge, Sweden	100	
Fastighetsbolaget EKO1 AB <sup>6)</sup>	SEK	556994-3375	Vellinge, Sweden	100	
Fastighetsbolaget EKO2 AB <sup>6)</sup>	SEK	556994-3383	Vellinge, Sweden	100	
Eko Ventilation ApS <sup>6)</sup>	DKK	36544147	Søborg, Denmark	100	
Lindab Steel AB <sup>3)4)</sup>	SEK	556237-8660	Båstad, Sweden	100	
Lindab Ventilation AB <sup>3)</sup>	SEK	556026-1587	Båstad, Sweden	100	
Leapcraft ApS <sup>5)</sup>	DKK	35472762	Copenhagen, Denmark	37	
Lindab Ryssland AB <sup>7)</sup>	SEK	556960-0322	Båstad, Sweden	0	
Lindab Profil AB <sup>3)</sup>	SEK	556071-4320	Båstad, Sweden	100	
Astron Buildings S.A. <sup>2)3)4)</sup>	EUR	RC B91774	Diekirch, Luxembourg	0	
Lindab s.r.o. <sup>2)3)</sup>	CZK	496 13 332	Prague, Czech Republic	15	
Lindab SRL <sup>2)3)</sup>	RON	J23/1168/2002	Ilföv, Romania	0	
U-nite Fasteners Technology AB <sup>2)3)4)</sup>	SEK	556286-9858	Uddevalla, Sweden	100	
Lindab Fastigheter AB <sup>5)</sup>	SEK	556629-2271	Båstad, Sweden	100	
Lindab Ryssland AB <sup>7)</sup>	SEK	556960-0322	Båstad, Sweden	100	
Lindab LLC <sup>2)3)</sup>	RUB	105781261234	Moscow, Russia	100	
Astron Buildings LLC <sup>2)3)4)</sup>	RUB	USRN 1067611020840	Yaroslavl, Russia	99	
Astron Buildings S.A. <sup>2)3)4)</sup>	EUR	RC B91774	Diekirch, Luxembourg	100	
Astron Buildings S.A.S. <sup>2)</sup>	EUR	RCS 327 258 943	Bussy-St-Martin, France	100	
Astron Buildings s.r.o. <sup>3)</sup>	CZK	633 19 675	Prerov, Czech Republic	100	
OOO Astron Buildings LLC <sup>6)</sup>	RUB	OGRN 1047796961464	Moscow, Russia	100	
Astron Buildings Sp. z o.o. <sup>2)</sup>	PLN	KRS 0000039952	Lomianki, Poland	1	
Astron Buildings LLC <sup>2)3)4)</sup>	RUB	USRN 1067611020840	Yaroslavl, Russia	1	
Lindab SIA <sup>2)</sup>	EUR	40003602009	Riga, Latvia	100	
Lindab d.o.o. <sup>2)</sup>	HRK	80182671	Zaprešić, Croatia	100	
Lindab AS <sup>2)3)</sup>	EUR	10424824	Harju Maakond, Estonia	100	
Oy Lindab Ab <sup>2)3)</sup>	EUR	0920791-3	Espoo, Finland	100	
Lindab s.r.o. <sup>2)3)</sup>	CZK	496 13 332	Prague, Czech Republic	85	
LLC Spiro <sup>6)</sup>	RUB	1117604013108	Yaroslavl, Russia	1	
Spiro International S.A. <sup>2)3)</sup>	CHF	CH-217.0.135.550-1	Bösingen, Switzerland	100	
LLC Spiro <sup>6)</sup>	RUB	1117604013108	Yaroslavl, Russia	99	
Spiral Helix Inc. <sup>2)3)</sup>	USD	36-4381930	Chicago IL, USA	100	
Lindab SRL <sup>2)3)</sup>	RON	J23/1168/2002	Ilföv, Romania	100	
Lindab Kft. <sup>2)3)</sup>	HUF	13-09-065422	Biatorbagy, Hungary	100	
Lindab AS <sup>2)3)</sup>	NOK	929,805,925	Oslo, Norway	100	
Aer Faber AS <sup>2)3)</sup>	NOK	994273728	Spydeberg, Norway	100	
Lindab Sp. z o.o. <sup>2)3)</sup>	PLN	KRS 0000043661	Wieruchow, Poland	100	
Lindab S.r.l. <sup>2)3)</sup>	EUR	12002580152	Milan, Italy	100	
MP3 S.r.l. <sup>2)3)</sup>	EUR	3345850964	Milan, Italy	100	
Lindab N.V. <sup>2)3)</sup>	EUR	BE 464.910.211	Ghent, Belgium	100	
Lindab A/S <sup>2)3)</sup>	DKK	33 12 42 28	Haderslev, Denmark	100	
Lindab GmbH <sup>2)3)</sup>	EUR	HRB 2276 AH	Bargteheide, Germany	100	
Astron Buildings GmbH <sup>2)</sup>	EUR	HRB 8007	Mainz, Germany	100	
Astron Buildings Sp. z o.o. <sup>2)</sup>	PLN	KRS 0000039952	Lomianki, Poland	99	
Lindab N.V. <sup>2)3)</sup>	EUR	BE 464.910.211	Ghent, Belgium	0	
Lindab AG <sup>2)3)</sup>	CHF	CH-170.3.023.237-3	Otelfingen, Switzerland	100	
Lindab Ltd <sup>2)3)</sup>	GBP	1641399	Northampton, UK	100	
Ductmann Ltd <sup>2)3)</sup>	GBP	2887867	Dudley, UK	100	
Lindab France S.A.S. <sup>2)3)</sup>	EUR	312 285 133	Montluel, France	100	
Lindab (IRL) Ltd <sup>2)</sup>	EUR	44222	Dublin, Ireland	100	
A.C. Manufacturing Ltd <sup>2)3)</sup>	EUR	311282	Dublin, Ireland	100	
Smofir Trading Ltd. (Thor Duct) <sup>2)</sup>	EUR	668864	Dublin, Ireland	95	
Lindab a.s. <sup>2)3)</sup>	EUR	36,214,604	Jamnik, Slovakia	100	
Lindab LTIP 17-19 AB <sup>1)</sup>	SEK	559106-9033	Båstad, Sweden	100	0*

\* Number of shares held amounts to 23,582,857 in Lindab AB and 500 in Lindab LTIP 17-19 AB.

1) Group functions

2) Sales company

3) Production company

4) Purchasing company

5) Property company

6) Dormant company

7) Holding company

8) Development company

The Board of Directors and the President and CEO hereby affirm that the consolidated accounts and annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and generally accepted accounting standards, and give a true and fair view of the Group's and the Parent company's

financial position and results of operations, and that the Directors' Report gives a true and fair view of the Group's and Parent company's business, financial position and results of operation, and describe material risks and uncertainties that the Parent company and the companies included in the Group are facing.

Båstad, 14 March, 2021

Peter Nilsson  
Chairman

Per Bertland  
Board member

Sonat Burman-Olsson  
Board member

Viveka Ekberg  
Board member

Anette Frumerie  
Board member

Marcus Hedblom  
Board member

Staffan Pehrson  
Board member

Pontus Andersson  
Employee representative

Anders Lundberg  
Employee representative

Ola Ringdahl  
President and CEO

Our audit report was submitted on 14 March, 2021.

Deloitte AB

Hans Warén  
Authorised Public Accountant



# Auditors' Report

To the Annual General Meeting of Lindab International AB  
(publ) corporate identification number 556606-5446

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Lindab International AB (publ) for the financial year 2020. The annual accounts and consolidated accounts of the company are included on pages 60-117.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and the Annual Accounts Act.

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 statement of comprehensive income and the statement of financial position of the group.

Our opinions in this report on the 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/EU) 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/EU) 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.

### Valuation of goodwill

#### Description of risk

In the consolidated balance sheet goodwill amounts to MSEK 3 239 as of 31 December 2020. This goodwill arose from former ownership changes and acquisitions. The value of the goodwill is dependent on future income and profitability in the cash-generating units to which the goodwill refers, and is assessed for impairment at least once a year. Management bases its impairment test on several judgments and estimates, such as growth, EBIT development and cost of capital (WACC) as well as other complex circumstances. Incorrect judgments and estimates may have a significant impact on the group's result and financial position.

Management has not identified any need for impairment for 2020. For further information, see note 2 - Accounting principles for the consolidated accounts, note 4 - Important judgments and estimates and note 17 - Intangible assets.

#### Our audit procedures

Our audit procedures included, but were not limited to:

- Review and assessment of the company's procedures for impairment tests of goodwill and evaluation of the reasonability of judgments and estimates made, that the procedures are consistently applied and that there is integrity in computations;
- Verification of input data in calculations including information from budgets and business plans for the forecast period;
- Test of headroom for each cash generating unit by performing sensitivity analyses; and
- Review of the completeness and correctness in relevant disclosures to the financial reports.
- Our valuation specialists have been involved during our audit procedures.

### Other information than the annual accounts and consolidated accounts

It is the Board of Directors and the Managing Director that are responsible for the other information. The other information consists of the remuneration report and pages 1-45 and 120-128 in this document but does not include the annual accounts and consolidated accounts and our audit report.

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 intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

An additional description of our responsibility for the audit of the annual accounts and the consolidated accounts can be found on the Swedish Inspectorate of Auditors homepage:

[https://revisorsinspektionen.se/rn/showdocument/documents/rev\\_dok/revisors\\_ansvar.pdf](https://revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description is part of this auditor's report.

### 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 Lindab International AB (publ) for the financial year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to 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 responsibilities

Our objective concerning the audit of the administration and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

An additional description of our responsibility for the audit of the annual accounts and the consolidated accounts can be found on the Swedish Inspectorate of Auditors homepage:

[https://revisorsinspektionen.se/rn/showdocument/documents/rev\\_dok/revisors\\_ansvar.pdf](https://revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description is part of this auditor's report.

Deloitte AB was appointed auditor of Lindab International AB by the general meeting of shareholders on 29 April 2020 and has been the company's auditor since 29 April 2014.

Gothenburg, March 14, 2021

Deloitte AB

Hans Warén

Authorised Public Accountant

## Reconciliations of key performance indicators not defined in accordance with IFRS

The company presents a number of financial measures in the Annual Report that are not defined in accordance with IFRS. These alternative key performance indicators include Return on shareholders' equity, Return on capital employed, Adjusted operating profit, Adjusted operating margin, Net debt/equity ratio, Net debt/EBITDA, Interest-coverage ratio and EBITDA margin. The company considers these measures to provide valuable supplementary information for investors and the company's management. The alternative key performance indicators are used by company management to evaluate the development of the operations and to assess strategically important trends. They also provide sharehol-

ders, analysts and other stakeholders with valuable supplementary information about the company's development. Accordingly, the alternative financial measures presented should be seen as a complement rather than as a replacement for measures defined in accordance with IFRS. Lindab's definitions of these key performance indicators may differ from other companies' definitions of the same terms. Specifications and reconciliations of key performance indicators not defined in accordance with IFRS and that are not mentioned elsewhere in the Annual Report are presented below. As the amounts in the tables below have been rounded off to the nearest SEK m, the calculations may not always tally perfectly.

Amounts in SEK m unless otherwise indicated.

<b>Return on shareholders' equity</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018<sup>1)</sup></b>	<b>31 Dec 2017<sup>1)</sup></b>	<b>31 Dec 2016<sup>1)</sup></b>
Profit for the year	596	678	394	347	306
Average shareholders' equity	5,125	4,758	4,312	3,954	3,655
<b>Return on shareholders' equity, %</b>	<b>11.6</b>	<b>14.3</b>	<b>9.1</b>	<b>8.8</b>	<b>8.4</b>

<b>Return on capital employed</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018<sup>1)</sup></b>	<b>31 Dec 2017<sup>1)</sup></b>	<b>31 Dec 2016<sup>1)</sup></b>
Total assets	9,405	9,438	7,802	7,731	7,503
Deferred tax liabilities	92	112	91	96	95
Other provisions	24	23	23	13	17
Other non-current liabilities	8	9	14	19	4
<b>Total non-current liabilities</b>	<b>124</b>	<b>144</b>	<b>128</b>	<b>128</b>	<b>116</b>
Advance payments from customers	182	292	230	189	158
Accounts payable	712	763	788	864	837
Current tax liability	88	43	17	27	34
Other provisions	27	26	36	22	17
Other current liabilities	163	129	134	147	134
Accrued expenses and deferred income	690	658	621	528	487
<b>Total current liabilities</b>	<b>1,862</b>	<b>1,911</b>	<b>1,826</b>	<b>1,777</b>	<b>1,667</b>
<b>Capital employed</b>	<b>7,419</b>	<b>7,383</b>	<b>5,848</b>	<b>5,826</b>	<b>5,720</b>
Earnings before tax	811	881	531	467	445
Interest expenses	49	55	33	45	49
<b>Total</b>	<b>860</b>	<b>936</b>	<b>564</b>	<b>512</b>	<b>494</b>
Average capital employed	7,522	6,780	5,998	5,784	5,642
<b>Return on capital employed, %</b>	<b>11.5</b>	<b>13.6</b>	<b>9.4</b>	<b>8.8</b>	<b>8.8</b>

<b>Gross investments in fixed assets, excluding business combinations</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Investments in intangible assets	27	14	16	21	21
Investments in tangible fixed assets	398	264	104	79	104
<b>Gross investments in fixed assets, excluding business combinations</b>	<b>425</b>	<b>278</b>	<b>120</b>	<b>100</b>	<b>125</b>

<b>One-off items and restructuring costs<sup>2)</sup></b>	<b>2020</b>	<b>2019</b>	<b>2018<sup>1)</sup></b>	<b>2017<sup>1)</sup></b>	<b>2016<sup>1)</sup></b>
<b>Operating profit</b>	<b>846</b>	<b>915</b>	<b>547</b>	<b>492</b>	<b>483</b>
Ventilation Systems	-70	-	-	-	-
Profile Systems	-	-	-	-	-
Products & Solutions <sup>3)</sup>	-	-	-17	-	-24
Building Systems	-	-	-25	-	-
Other <sup>4)</sup>	-	-	-45	-19	-4
<b>Adjusted operating profit</b>	<b>916</b>	<b>915</b>	<b>634</b>	<b>511</b>	<b>511</b>

<b>Adjusted operating margin and operating margin</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Adjusted operating profit	916	915	634	511	511
Operating profit	846	915	547	492	483
Net sales	9,166	9,872	9,326	8,242	7,849
<b>Adjusted operating margin</b>	<b>10.0</b>	<b>9.3</b>	<b>6.8</b>	<b>6.2</b>	<b>6.5</b>
<b>Operating margin</b>	<b>9.2</b>	<b>9.3</b>	<b>5.9</b>	<b>6.0</b>	<b>6.2</b>

Net debt	31 Dec 2020	31 Dec 2019	31 Dec 2018 <sup>1)</sup>	31 Dec 2017 <sup>1)</sup>	31 Dec 2016 <sup>1)</sup>
Non-current interest-bearing provisions for pensions and similar obligations	279	283	234	226	211
Non-current interest-bearing liabilities to credit institutions	976	1,001	1,085	1,397	1,625
Non-current interest-bearing lease liabilities	745	798	-	-	-
Current interest-bearing liabilities to credit institutions	5	3	5	4	2
Current interest-bearing lease liabilities	232	241	-	-	-
Current interest-bearing bank overdraft facilities	0	25	55	65	29
Current interest-bearing accrued expenses and prepaid income	4	5	5	4	4
<b>Total interest-bearing provisions and liabilities</b>	<b>2,241</b>	<b>2,356</b>	<b>1,384</b>	<b>1,696</b>	<b>1,871</b>
Interest-bearing financial investment	30	34	38	43	45
Interest-bearing prepaid expenses and accrued income	30	15	5	6	12
Cash and cash equivalents	541	536	289	342	418
<b>Total interest-bearing assets</b>	<b>601</b>	<b>585</b>	<b>332</b>	<b>391</b>	<b>475</b>
<b>Net debt</b>	<b>1,640</b>	<b>1,771</b>	<b>1,052</b>	<b>1,305</b>	<b>1,396</b>

Net debt/equity ratio	31 Dec 2020	31 Dec 2019	31 Dec 2018 <sup>1)</sup>	31 Dec 2017 <sup>1)</sup>	31 Dec 2016 <sup>1)</sup>
Net debt	1,640	1,771	1,052	1,305	1,396
Shareholders' equity including non-controlling interests	5,178	5,027	4,464	4,130	3,849
<b>Net debt/equity ratio</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>

Net debt / EBITDA	31 Dec 2020	31 Dec 2019	31 Dec 2018 <sup>1)</sup>	31 Dec 2017 <sup>1)</sup>	31 Dec 2016 <sup>1)</sup>
Average net debt	1,824	2,052	1,318	1,474	1,695
Adjusted operating profit	916	915	634	511	511
Amortisation/depreciation and impairment losses, excluding one-off items and restructuring costs	398	400	168	162	174
<b>EBITDA</b>	<b>1,314</b>	<b>1,315</b>	<b>802</b>	<b>673</b>	<b>685</b>
<b>Net debt / EBITDA</b>	<b>1.4</b>	<b>1.6</b>	<b>1.6</b>	<b>2.2</b>	<b>2.5</b>

Organic growth	2020	2019	2018 <sup>1)</sup>	2017 <sup>1)</sup>	2016 <sup>1)</sup>
Change, net sales	-706	546	1,084	393	260
Of which					
Organic	-550	291	680	287	322
Acquisitions/divestments	35	19	57	3	8
Currency effects	-191	236	347	103	-70

Interest coverage ratio	2020	2019	2018 <sup>1)</sup>	2017 <sup>1)</sup>	2016 <sup>1)</sup>
Earnings before tax	811	881	531	467	445
Interest expenses	45	50	26	36	43
<b>Total</b>	<b>856</b>	<b>931</b>	<b>557</b>	<b>503</b>	<b>488</b>
Interest expenses	45	50	26	36	43
<b>Interest coverage ratio</b>	<b>19.0</b>	<b>18.8</b>	<b>21.4</b>	<b>14.1</b>	<b>11.4</b>

Operating profit before amortisation/depreciation, EBITDA	2020	2019	2018 <sup>1)</sup>	2017 <sup>1)</sup>	2016 <sup>1)</sup>
Operating profit	846	915	547	492	483
Amortisation/depreciation and impairment losses	438	400	168	162	174
<i>of which, one-off items and restructuring costs</i>	40	-	-	-	-
<b>Operating profit before amortisation/depreciation, EBITDA</b>	<b>1,284</b>	<b>1,315</b>	<b>715</b>	<b>654</b>	<b>657</b>
Net sales	9,166	9,872	9,326	8,242	7,849
<b>EBITDA margin, %</b>	<b>14.0</b>	<b>13.3</b>	<b>7.7</b>	<b>7.9</b>	<b>8.4</b>

1) In 2019, Lindab implemented IFRS 16 Leases. By applying relief rules comparative figures from previous periods have not been restated, i.e. there is no full comparability to reported figures for 2018 and earlier periods.

2) For a specification of one-off items and restructuring costs, see footnote 2 on page 76.

3) As of 1 January 2019, the former segment Products & Solutions was divided into two new business areas/segments: Ventilation Systems and Profile Systems.

4) Costs of Group-wide functions and activities.



# Financial definitions

## Key performance indicators defined in accordance with IFRS

### Earnings per share, SEK

Profit for the year attributable to Parent company shareholders in relation to average number of shares outstanding.

## Key performance indicators not defined in accordance with IFRS

### Number of shares

The weighted average number of shares outstanding at the end of the period plus any additional shares in accordance with IAS 33 *Earnings per share*.

### Adjusted operating margin

Adjusted operating profit expressed as a percentage of net sales.

### Adjusted operating profit

Operating profit adjusted for one-off items and restructuring costs when the amount is significant in size.

### Capital employed

Total assets less non-interest-bearing provisions and liabilities.

### Cash flow from operating activities per share, SEK

Cash flow from operating activities in relation to the number of shares outstanding at the end of the period.

### EBITDA margin

EBITDA margin has been calculated as the profit before planned depreciation and before amortisation of the consolidated surplus value in intangible assets, expressed as a percentage of net sales.

### Equity/Asset ratio

Shareholders' equity including non-controlling interests, expressed as a percentage of total assets.

### Foreign sales

Sales reported for each country to which products or services have been delivered, expressed as a percentage of net sales for the year.

### Interest coverage ratio

Earnings before tax plus interest expenses to interest expenses.

### Investments in intangible assets and tangible fixed assets

Investments in intangible assets and tangible fixed assets, excluding acquisitions and divestments of companies.

### Net debt

Interest-bearing provisions and liabilities less interest-bearing assets and cash and cash equivalents.

### Net debt/EBITDA

Average net debt in relation to EBITDA, excluding one-off items and restructuring costs, based on a rolling twelve-month calculation.

### Net debt/Equity ratio

Net debt to shareholders' equity including non-controlling interests.

## One-off items and restructuring costs

Items not included in the ordinary business transactions and when each amount is significant in size and therefore has an effect on the profit or loss and key performance indicators, are classified as one-off items and restructuring costs.

## Operating cash flow

Cash flow from operating activities excluding one-off items and restructuring costs as well as tax paid but including net investments in intangible assets and tangible fixed assets.

## Operating margin

Operating profit expressed as a percentage of net sales.

## Operating profit

Profit before financial items and tax.

## Operating profit before depreciation/amortisation, EBITDA

Profit before planned depreciation/amortisation and impairment losses.

## Organic growth

Change in sales adjusted for currency effects as well as acquisitions and divestments compared with the same period of the previous year.

## P/E ratio

Quoted price at the end of the year divided by the earnings per share.

## Profit margin

Earnings before tax expressed as a percentage of net sales.

## Return on capital employed

Return on capital employed comprises the Group's earnings before tax after reversal of financial expenses expressed as a percentage of average capital employed.

## Return on shareholders' equity

Return on shareholders' equity comprises profit for the year attributable to Parent company shareholders, expressed as a percentage of average shareholders' equity attributable to Parent company shareholders.

## Shareholders' equity per share, SEK

Shareholders' equity attributable to Parent company shareholders to number of shares outstanding at the end of the period.

## Working capital

Working capital comprises stock, operating receivables and operating liabilities, and is obtained from the statement of financial position but adjusted where appropriate for items not affecting cash flow. The operating receivables consist of accounts receivable, other receivables as well as non-interest-bearing prepaid expenses and accrued income. Operating liabilities include other non-interest-bearing non-current liabilities, advance payments from customers, accounts payable, other current liabilities as well as non-interest-bearing accrued expenses and deferred income.

# Sustainability data and GRI Index

The most material sustainability issues for Lindab have been selected on the basis of internal analyses of strategic issues and driving forces in society, as well as on the results of stakeholder dialogues.

The method for defining material issues adheres to the GRI Standards guidelines and involves identification, prioritisation and validation. The process has resulted in 13 issues on which Lindab has chosen to direct additional focus. These have been further divided based on their financial, environmental and social impact, in line with GRI Standard's reporting definitions. Lindab encourages a transparent, ongoing and long-term dialogue with its stakeholders. Expectations and inquiries from suppliers, customers, employees, investors and society at large help set the agenda for the company's sustainability work.

<b>Economic impact</b>
Financial stability
Anti-corruption
Fair competition
<b>Environmental impact</b>
Use of materials in production
Energy consumption
Emissions of greenhouse gases
Waste
Supplier requirements
Environmental impacts of products and services
<b>Social impact</b>
Employee health and safety
Diversity and equal opportunities
Content-labelled products
Customer health and safety

## Key performance indicators, environment

Consumption of raw materials	2020	2019	2018
Sheet metal, tonnes	210,129	232,442	268,023
Oils, m <sup>3</sup>	91	70	68
Paints, tonnes	433	442	474
Solvents, m <sup>3</sup>	17	19	16
Rubber, tonnes	1,745	1,930	1,946

Waste & scrap metal	2020	2019	2018
Sheet metal scrap, tonnes	19,458	20,114	19,689
Hazardous waste, tonnes	707	744	615
Total other waste, tonnes	6,921	6,868	6,094
Recycling rate, %	88	88	88

Greenhouse gas emissions	2020	2019	2018
In total, tonnes	66,734	70,852	71,532
Scope 1	52,741	56,438	58,274
Scope 2 (market based)	13,993 <sup>1)</sup>	14,414 <sup>1)</sup>	13,257

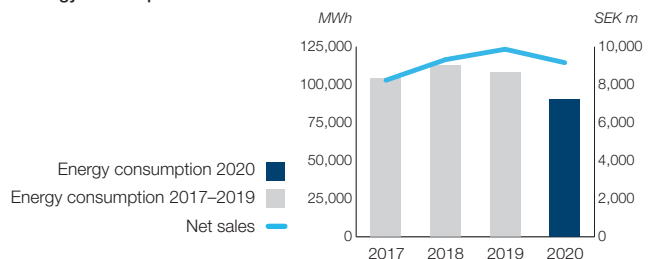
Consumption of packaging materials	2020	2019	2018
Corrugated cardboard, tonnes	3,587	4,125	3,227
Plastics, tonnes	1,273	1,382	1,251
Wood, tonnes	12,257	13,125	12,241

1) Calculated according to "market-based-method" (origin marking/residual mix). If the "location-based-method" (the entire mix) were used instead, CO<sub>2</sub> emissions for 2020 would have amounted to 12,273 tonnes and for 2019 to 11,542 tonnes.

Energy	2020	2019	2018
Total, MWh	90,069	108,387	112,428
Direct energy, MWh	31,614	45,028	50,732
Indirect energy, MWh	58,455	63,359	61,697

1 MWh=0.0036 TJ

### Energy consumption



Energy-efficient production and reduced travel, together with lower business activity meant that energy consumption decreased by 17 percent in absolute terms in 2020. Emissions of greenhouse gases decreased by 5.8 percent. Measured as a share of sales, emissions increased by 1.4 percent. Read more on page 15.

# GRI Index

Key issues	Reported indicators
Financial stability	201-1
Anti-corruption	205-1, 205-2, 205-3
Fair competition	206-1
Use of materials in production	301-1, 301-2
Energy consumption	302-1, 302-2, 302-4
Greenhouse gas emissions	305-1, 305-2, 305-4
Waste	306-2
Supplier requirements	308-1, 308-2, 414-1, 414-2
Employee health and safety	403-2
Diversity and equal opportunities	405-1
Environmental impacts of products and services	416-2
Customer health and safety	416-2
Content-labelled products	417-1

## About the Sustainability Report

Lindab reports its sustainability work as part of the company’s Annual Report. The sustainability data reporting guidelines issued by the international organisation Global Reporting Initiatives (GRI) have been applied since 2009. GRI is the world’s most frequently used framework for sustainability reporting and facilitates comparable and structured reporting. This year’s Sustainability Report, which pertains to calendar year 2020, has been prepared in accordance with GRI Standards, Core level. The overview to the left lists the GRI indicators that have been applied to reflect the issues judged most important for Lindab and that are described on page 123. The references in the attached GRI Index indicate the relevant pages in the Annual Report, with clarifications being provided for certain indicators. The report has not been reviewed by a third party. The preceding report was published together with Lindab’s 2019 Annual Report on 27 March 2020.

Contact: Lindab Group HR/CSR Manager

GRI stan- dard	Disclosures	Page reference	Comment
<b>GRI 101:</b>	<b>FOUNDATION 2016</b>		
<b>GRI 102:</b>	<b>GENERAL DISCLOSURES 2016</b>		
<b>Organisation profile</b>			
102-1	Name of organisation	60	
102-2	Activities, trademarks, products and services	29–35, 60	
102-3	Location of head office	60	
102-4	Location of operations	60, 116	
102-5	Ownership and company form	42–43	
102-6	Markets in which the organisation operates	28	
102-7	Size of the organisation	60, 69–73	
102-8	Information about employees and other personnel	24, 92	Employees by category and degree of employment are not reported due to technical data-collection limitations.
102-9	Supply chain	39	
102-10	Significant changes to the organisation and supply chain	-	
102-11	Precautionary principle	-	The precautionary principle is applied in accordance with the Rio Declaration.
102-12	External sustainability initiatives that the organisation supports/is covered by	36	
102-13	Membership of organisations	37	
<b>Strategy</b>			
102-14	Statement from the CEO	6-7	
<b>Ethics and integrity</b>			
102-16	Values, principles, standards and ethical guidelines	25, 64–65	
<b>Governance</b>			
102-18	Corporate governance	46–57	
<b>Stakeholder dialogue</b>			
102-40	List of stakeholder groups	123	
102-41	Collective agreements		Lindab operates in countries where collective agreements are not permitted. Slightly more than 45 percent of Lindab’s employees are covered by collective agreements, all of whom are employed in the Nordic countries.
102-42	Identification and selection of stakeholders	123	
102-43	Stakeholder dialogue approach	123	
102-44	Key issues raised in stakeholder dialogue	123	
<b>About the report</b>			
102-45	Units included in the financial accounts	116	
102-46	Process for defining report content and demarcation of sustainability areas	123–124	
102-47	List of key issues	123	
102-48	Adjustments to previous disclosures	-	
102-49	Changes to the report	123	
102-50	Reporting period	124	
102-51	Date of publication of preceding report	124	
102-52	Reporting cycle	124	
102-53	Contact person for reports	124	
102-54	Reporting in accordance with GRI Standards	124	
102-55	GRI Index	124-126	
102-56	External verification	126	

## Key areas

ECONOMIC STANDARDS			
<b>Economic performance</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	10-13, 123	
<b>GRI 201: Economic Performance 2016</b>			
201-1	Direct economic value generated and delivered	10-13, 60	
<b>Anti-corruption</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	50, 64-65	
<b>GRI 205 Anti-corruption 2016</b>			
205-1	Operations assessed for corruption-related risks	50	
205-2	Communication on, and training in, anti-corruption policies and procedures	50	
205-3	Confirmed cases of corruption and actions taken	-	No cases of corruption were confirmed during the year.
<b>Competition</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	50, 63-64	
<b>GRI 206: Anti-competitive behaviour 2016</b>			
206-1	Number of legal measures relating to competition-restricting and monopoly-fostering behaviours, and outcome	-	Lindab has not needed to take any legal measures relating to competition-restricting/monopoly-fostering behaviours.
ENVIRONMENTAL STANDARDS			
<b>Materials</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	12-13, 62	
<b>GRI 301: Materials 2016</b>			
301-1	Use of materials	41, 123	
301-2	Percentage of recycled materials	123	
<b>Energy</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	12-13, 62	
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organisation	123	
302-2	Intensity of energy consumption	123	
302-4	Reduction of energy consumption	39, 41, 123	
<b>Emissions</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	12-13, 62	
<b>GRI 305: Emissions 2016</b>			
305-1	Direct emissions of greenhouse gases (Scope 1)	41, 123	
305-2	Indirect emissions of greenhouse gases (Scope 2)	41, 123	
305-4	Intensity of greenhouse gas emissions	123	
<b>Waste and effluents</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	12-13, 62	
<b>GRI 306: Effluents and Waste 2016</b>			
306-2	Volume of waste per type and management method	41, 123	
<b>Supplier Environmental Assessment</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	39	
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
308-1	New suppliers analysed using environmental criteria	39	
308-2	Negative environmental impact in the supply chain and measures taken	39	Lindab has not experienced any incidents involving environmental conditions in the supply chain resulting in measures being taken.
SOCIAL STANDARDS			
<b>Occupational health and safety</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	24, 62	
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-2	Identification, risk assessment and investigation of incidents	15, 41	
<b>Diversity and equal opportunities</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	41, 50	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity in governing bodies and among employees	41, 92	



Supplier social assessment				
<b>GRI 103: Management Approach 2016</b>				
103-1-3	Description of key area, its boundaries and governance		12–13, 39	
<b>GRI 414: Supplier Social Assessment 2016</b>				
414-1	New suppliers reviewed regarding social impact		39	
414-2	Negative social impact in the supply chain and measures taken	-		Lindab has not experienced any incidents involving working conditions in the supply chain resulting in measures being taken.
Customer health and safety				
<b>GRI 103: Management Approach 2016</b>				
103-1-3	Description of key area, its boundaries and governance		12–13, 38	
<b>GRI 416: Customer health and safety 2016</b>				
416-2	Compliance regarding impacts of products and services on health and safety		38	
Marketing and labelling				
<b>GRI 103: Management Approach 2016</b>				
103-1-3	Description of key area, its boundaries and governance		12–13,	
<b>GRI 417: Marketing and labelling 2016</b>				
417-1	Labelling and information requirements of products and services	-		Product information required by the company's product labelling procedures for each product is available at lindab.com.

**Page index for Lindab's Sustainability Report in accordance with the Annual Accounts Act (1995:1554)**

Subject	Policy (incl. review procedures)	Policy result	Risks and risk management	Result indicators
Environmental issues	50, 62	41, 123	62–65	15, 41
Employees	50, 62	24–25	62–65	15, 24, 92
Social conditions	50, 62	24–25	62–65	15, 24, 92
Human rights	12, 36	12–13, 36–37	62–65	36–37
Anti-corruption	50, 64	125	62–65	125

For a description of Lindab's business model, see page 60.

## Auditor's report on the statutory Sustainability Report

**To the Annual General Meeting of Lindab International AB (publ), corporate identity number 556606-5446**

**Engagement and responsibility**

It is the Board of Directors who is responsible for the statutory sustainability report for 2020 on pages 36–41 and 123–126 and that it has been prepared in accordance with the Annual Accounts Act.

**The scope of the audit**

Our examination has been conducted in accordance with FAR's standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is substantially different and 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 a sufficient basis for our opinion.

**Opinion**

A statutory sustainability report has been prepared.

Gothenburg, 14 March 2021

Deloitte AB

Hans Warén

Authorized Public Accountant

# Annual General Meeting

## Annual General Meeting 2021

The Annual General Meeting 2021 of Lindab International AB (publ) will be held on 5 May 2021. Due to the continued spread of the corona virus and the authorities' instructions on avoiding gatherings, the Board has determined that the Annual General Meeting shall be held without the attendance in person of shareholders, proxies and outsiders and that shareholders shall have the opportunity to exercise their voting rights only by post prior to the meeting.

Shareholders wishing to attend the Annual General Meeting by advanced voting, must be registered in the register of shareholders maintained by Euroclear Sweden AB no later than Tuesday 27 April 2021, and register in the manner specified in the notice to the Annual General Meeting.

Shareholders with nominee-registered shares through a bank or other nominee, must request temporary registration under their own name, in order to attend the Meeting and exercise their voting rights. in the share register maintained by Euroclear Sweden AB. Such registration must be completed at Euroclear Sweden AB no later than Tuesday, 27 April 2021. Shareholders must notify their bank or other trustee well in advance of this date. Registration of voting rights, requested by shareholders at such a time that the registration has been made by the nominee no later than Thursday, April 29, 2021 will be taken into account when preparing the register of shareholders.

Shareholders wishing to cast its advance vote by proxy must issue a written, dated power of attorney for that proxy. A power of attorney form is available from the company website, [www.lindabgroup.com](http://www.lindabgroup.com). A power of attorney issued by a legal entity must be accompanied by a copy of the certificate of registration for that legal entity.

## Reports

Reports are available in digital format and can be downloaded from our website, [www.lindabgroup.com](http://www.lindabgroup.com).

## Nomination Committee

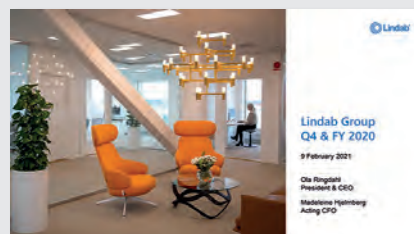
The Nomination Committee proposes the election of Board members, auditors, a chairman for the Annual General Meeting, Board fees and the composition of the Nomination Committee ahead of the 2021 Annual General Meeting.

Ahead of the 2021 Annual General Meeting, the Nomination Committee consists of:

- Göran Espelund, Lannebo Fonder
- Per Colleen, Fjärde AP-fonden
- Anna Sundberg, Handelsbanken Fonder
- Peter Nilsson, Chairman of the Board of Lindab International AB (publ)

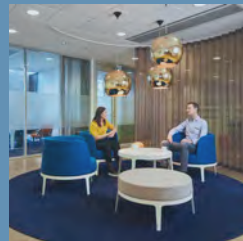
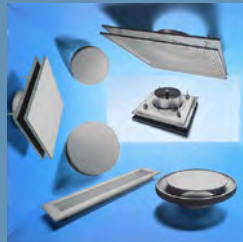
## Financial reports during the 2021 financial year

Interim Report January–March, Q1	5 May 2021
Interim Report January–June, Q2	20 July 2021
Interim Report January–September, Q3	27 October 2021
Year-end Report January–December, Q4	February 2022
Annual Report 2021	March 2022





A  
company  
built on  
quality



**Lindab has a long history. The company was established as far back as 1959, in the small community of Grevie on the Bjäre Peninsula, in southern Sweden.**

The business had, however, been started a few years earlier by partners Lage Lindh and Valter Persson in a small sheet metal workshop in Lidhult, Småland. With employees skilled in sheet metal processing, the range comprised aluminium profiles and window sills, and was then expanded to include ventilation ducts in sheet metal. The range was gradually expanded to encompass complete system solutions for the construction and ventilation industries and the business expanded across Europe. Qualities such as customer focus, entrepreneurship, neatness and caring for their employees, enabled Lage and Valter to transform a local sheet metal workshop into an international business.

Lindab International AB (publ)  
SE-269 82 Båstad  
Tel.: +46 (0) 431 850 00  
[www.lindabgroup.com](http://www.lindabgroup.com)

