



Choose Scandinavian trust

Making the world a safer place

ANNUAL PERFORMANCE 2021





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CEO message



2021 was another strong year for the Nemko Group. We continued to perform in line with our overall strategy and purpose and delivered strong results according to target. Nemko's strategic goals are ambitious and not made easier in a global pandemic, but through the continued dedication and flexibility of customers and colleagues throughout the world, we can look back at great achievements together. That makes me proud.

In our role as a third-party conformity assessment body for customers all over the world, we live out Nemko's vision every day: To make the world a safer place. Today, this also includes sustainability. Nemko's sustainability strategy sets out ambitious goals and seek to integrate sustainability and environmental aspects into our internal and external processes. We expect that our customers will continue to face increasingly demanding requirements for sustainability reporting in order to get and maintain global market access. It is our ambition to support our customers within this field.

Nemko is on a growth path. In 2021, we were able to expand our services within our core offerings to our customers in Italy and the USA through acquisitions of two new test laboratories. In Ferrara in Italy, we welcomed new colleagues from IASELAB laboratory. They strengthen Nemko's services within environmental, safety and EMC tests for the industrial, scientific and medical sectors in Italy. We also welcomed new colleagues in North America from PTI in Texas as well as their services within product safety, reliability, hazloc/explosive atmosphere, and EMC testing. We are expanding in Asia and are in the process of building a new and larger office and testing facilities in Korea and India that will be a key force in further developing our customer offerings in the Asian region.

It is important for Nemko to continue to provide a complete range of service offerings for our customers. A key focus for Nemko New Business has been cyber security for connected products (IoT). Our own Nemko IoT Cyber Security Scheme represents a robust basis for global market access support to manufacturers worldwide, and several major international manufacturers have chosen Nemko as a partner for this purpose. Nemko has also recently launched a pen-test lab to meet an increasing demand for vulnerability scans and penetration testing.

We are passionate about providing a great customer experience throughout the entire customer journey. This year that meant launching a new website. The new site will not

only provide new and existing customers with a better overview of the depth and breadth of expertise that Nemko has to offer but will also make it easier for us to gain an understanding of our customers' needs from their first point of contact with Nemko.

I would like to thank all colleagues, customers and stakeholders for the cooperation in 2021. Your joint commitment contributed to the great results we achieved, and I look forward to continuing the journey towards safety and sustainability together.



Cyber security and IoT: Changing regulatory landscape

The world of cyber continues to develop. The boundaries between our digital and physical world become vaguer driven by the introduction of 5G and the rapid growth in the number of interconnected devices (Internet of Things, IoTs). A growing number of IoT devices equals increased risk of cybercrimes – for individuals, businesses and communities. Therefore, it is necessary to ensure that the IoTs put on market are secure. For many years the regulatory requirements for cyber security have been limited. Until now.

New regulations on IoT

The regulatory framework within cyber security has for many years not kept pace with the growth in cyber security devices and the corresponding risks. But an increased tendency in many countries towards introducing national or regional cyber security market requirements, suggest that this is about to change.

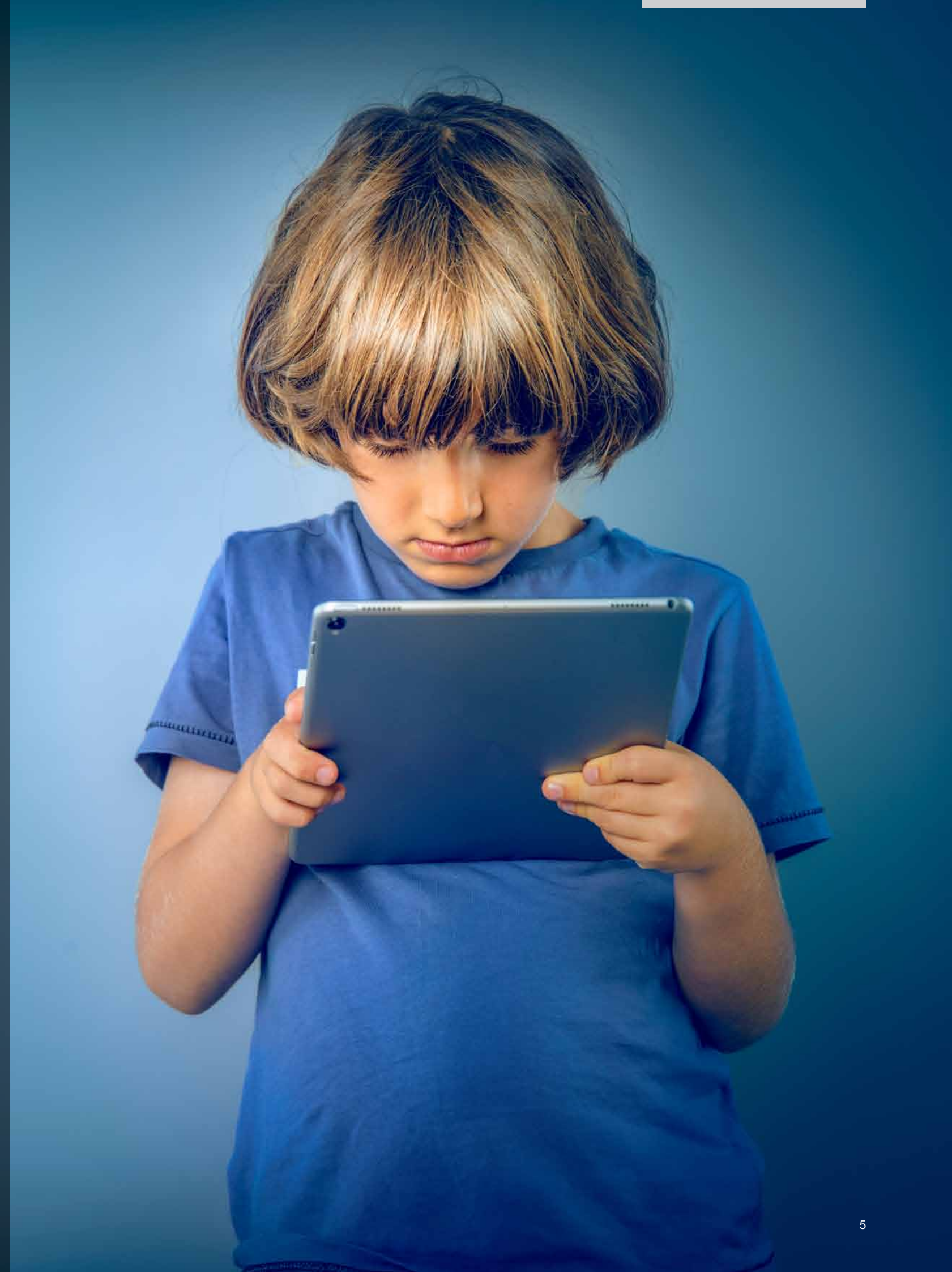
In 2021, two important steps were taken towards establishing a regulatory framework that can help protect consumers of IoT. First, the Cybersecurity Act came into force. This introduced a European cyber security certification framework for information and communications technology. Second, the European Commission implemented the cyber security in the Radio Equipment Directive. This implementation makes cyber security a mandatory requirement for all connected products that are being imported to the EEA – and therefore needs a CE marking – from August 2024.

We foresee developments outside of the EEA, and expect a corresponding increase in the demand for Nemko's cyber security services in the years to come.

Developing our cyber security offerings

Nemko continue to develop our cyber security services to support our customers' access to markets globally.

In 2021, we further developed the Nemko IoT cyber Security Certification scheme, and our evaluation capabilities at our Nemko offices, while simultaneously establishing partner agreements with evaluation laboratories worldwide. We have strengthened our capabilities within common criteria evaluation for critical infrastructure and defense industry, and also established a pen-test lab. This enables us to remain relevant as a third party for our customers.



Our services



Industries we serve

- Automotive
- Battery
- Building inspection
- Fire alarms system testing
- Household appliances
- Installation materials
- Industrial machinery
- IT & audio video
- Laboratory, test & measurement
- Lighting equipment
- Maritime, oil & gas
- Medical and healthcare equipment
- Military & aerospace product testing
- Wireless & telecom

Pre-compliance testing

Save your company valuable time and money by involving Nemko early in the product development process

Product testing

Make sure that risk and safety are taken care of by our internationally accredited organisation of engineers and testing laboratories

Cyber assurance

Our cyber security team helps you understand your cyber risk levels so you can efficiently and effectively protect your assets

Field evaluation and special inspections

Nemko offers Field Evaluation and Special Inspection Services as a fast and economical alternative to traditional product safety certification

Product certification

As your certification partner, we provide certification marks that cover numerous multinational and national certification schemes

International approval

Get worldwide market access for your products through Nemko Direct

Management system certification

Our auditors have decades of experience in management system certification

Functional safety

Make sure the systems that contribute to the safety of your product function correctly under all circumstances

Nemko 2021

The Nemko Group is a world-leading provider of test, certification and inspection (TIC) services within electrotechnical products. Nemko's headquarters are in Oslo, Norway, and has subsidiaries in 12 countries in Europe, North America and Asia. The global network is supplemented by several strategic alliances and partnerships.

603 people
in 28 locations
around the world

764 MNOK
revenue in 2021

5.6%
Operating profit margin



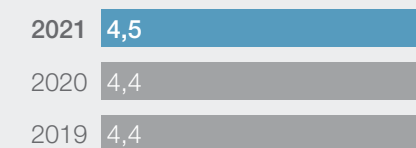
Nemko in figures

International approval

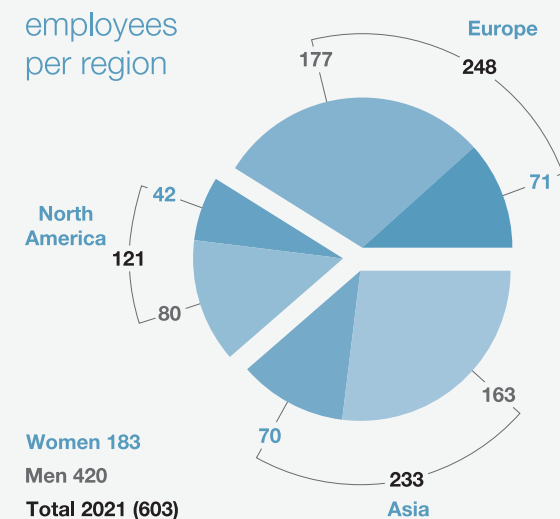
service in more than 150 countries

7.000 customers in 80 countries

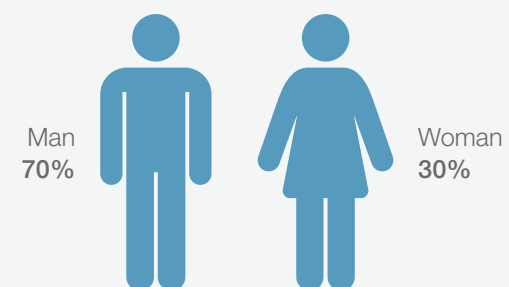
Customer satisfaction



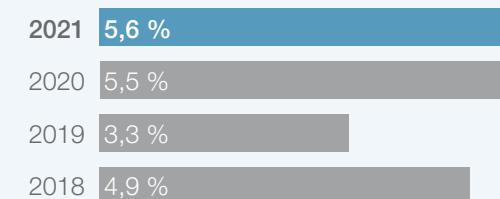
Numbers of employees per region



Gender division



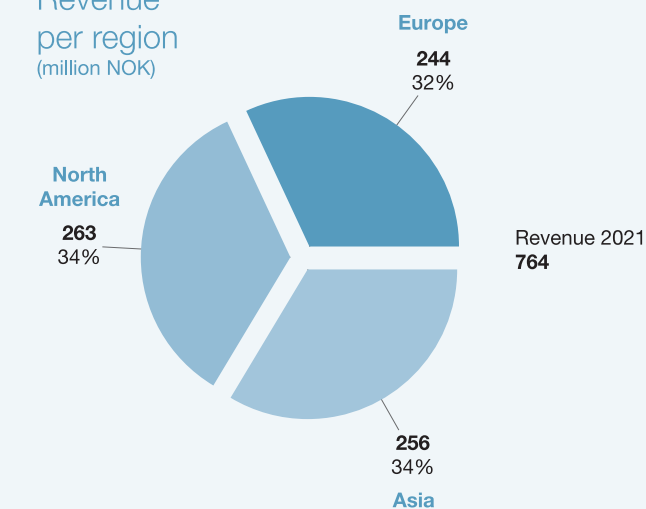
Operating profit margin



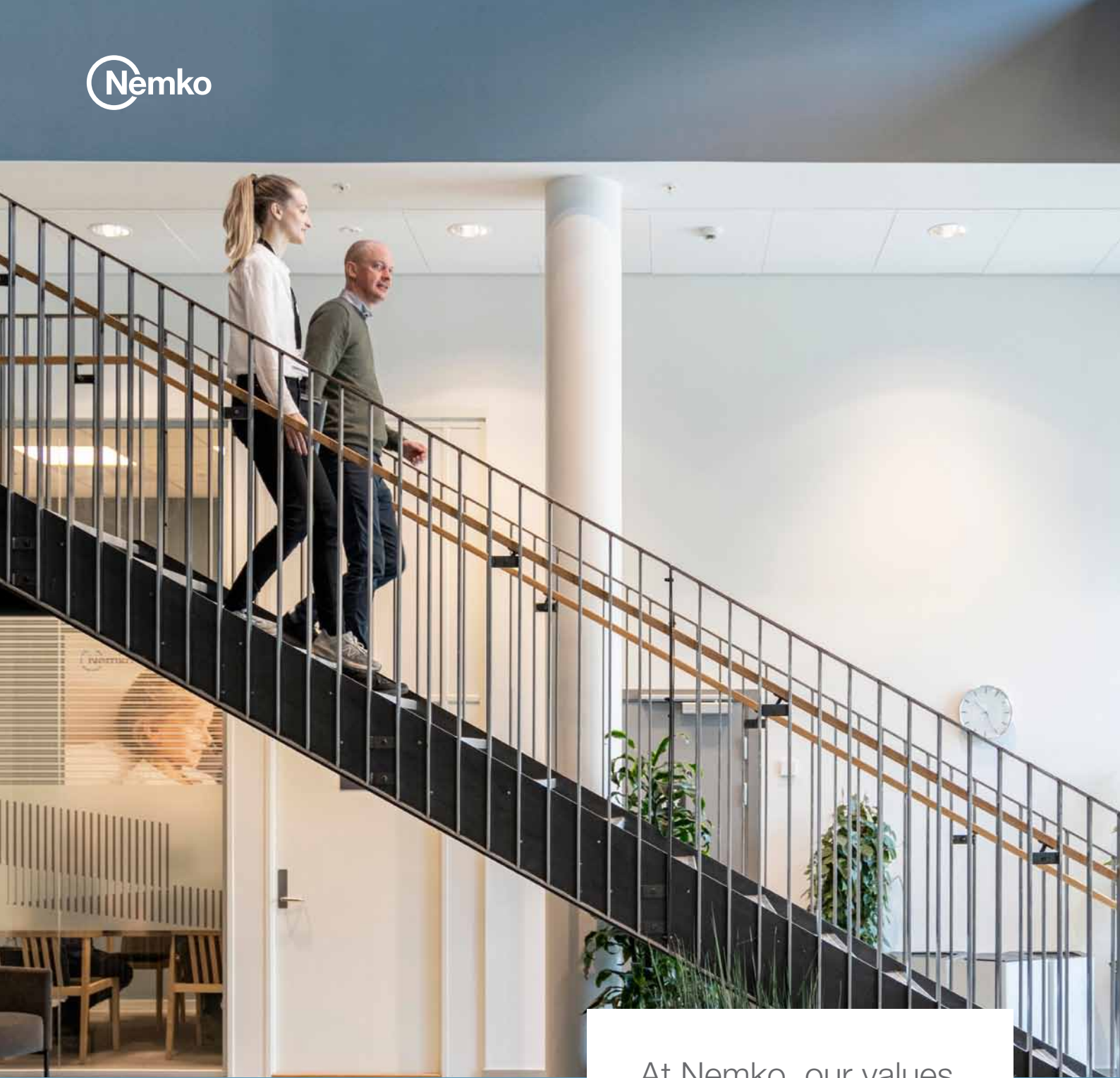
Equity ratio



Revenue per region (million NOK)







Vision

Nemko makes the world a safer place.

Mission

Nemko safeguards products and systems, by supplying efficient thirdparty compliance and market access solutions.

At Nemko, our values are clear, we:

- Are passionate about providing a great customer experience
- Believe in continuous learning and competence development
- Care for our customers, colleagues and the environment
- Demonstrate our integrity in everything we do

Our commitments

Our promise

Through our unique combination of local presence, international networks and bi-lateral agreements we obtain regulatory access for our customers products in each and every market globally. We live in an age of ever-shorter time-to-market requirements and a constant pressure to keep costs down. Globalisation requires products to be sold in more and more countries worldwide. Delays in obtaining access to new markets around the world are costly, resulting in lost sales. Rules and regulations are changing rapidly, making it time consuming to be up-to-date. Interpretation of new regulations and approvals is often difficult and takes time. Nemko has local expertise and global knowledge to respond to these challenging needs.

Our common cultural mind-set

In Nemko, we have embraced four statements describing the way we work and interact.

- We are passionate about creating a great customer experience!
- We believe in continuous learning and competence development!
- We care for our customers, colleagues and the environment!
- We demonstrate our integrity in everything we do!

Our ethical commitment

We are loyal to our ethical guidelines by being compliant with professional frameworks, regulations, standards and agreed processes and by abiding to our ethical policy.

Our leaders will

- Set the example. As in any business practice, honesty and integrity must be top priority for our leaders.
- Ensure that Nemko is an equal opportunity company, promoting diversity based on competence, and never discriminate against anyone based on gender, ethnicity, nationality or religious beliefs.
- Have an open-door policy and welcome suggestions and concerns from employees. This will allow employees and their leaders to be comfortable in discussing issues and making sound decisions. In addition, employees are herewith in a better position to alert leaders to concerns within their teams.

Our employees will

- Treat everyone fairly, have mutual respect and promote a harmonious team environment.
- Challenge harassment and discrimination.
- Support our colleagues in making the right choices ethically, responsibly and based on our values.
- Not use corporate assets or business relationships for personal use or gain.
- Act ethically, responsibly and in accordance with our ethical policy
- Apply their effort and their intelligence in maintaining our values

Ownership structure

Nemko is a private, independent company owned by the NEMKO foundation.

The NEMKO foundation

Nemko was established in 1933 as a state-owned independent association to promote product safety for electrical products in Norway. Nemko had monopoly on testing and approval of electrical products and material manufactured, imported and sold in Norway.

As a result of Norway entering the European Economic Area (EEA), the NEMKO foundation was established on 19 December 1990, as a continuation of the former state-owned company.

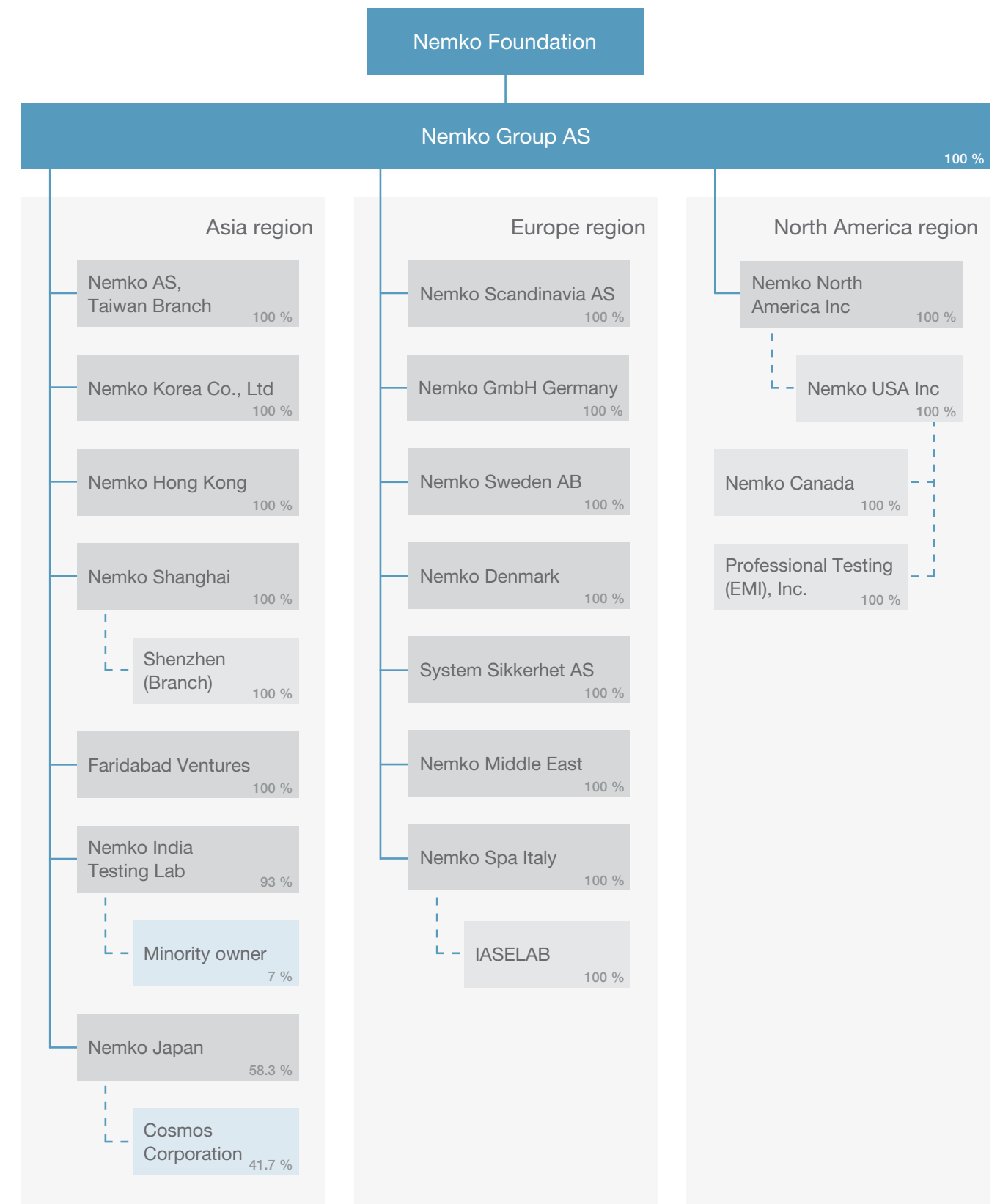
The objective of the NEMKO foundation is to promote product safety and work for sustainability and the environment.

Foundation ownership structure

The foundation ownership structure ensures that Nemko has the necessary independence and integrity towards the authorities, accreditation bodies, customers and safety of the product.

The foundation is managed by a board comprised of 10 members. Three members are representatives elected by the employees of Nemko in Norway and seven are representatives designated by the following Norwegian industry and trade associations:

- Elektroforeningen (Norwegian association of electrical manufacturers, importers and wholesalers)
- Energi Norge (Energy Norway)
- NFEA, Norsk Forening for Elektro og Automatisering (Norwegian Society of Electric and Automatic Control)
- IKT-Norge (The voice of the Norwegian ICT industry)
- Elektronikkbransjen (Consumer Electronics Trade Foundation)
- NELFO (Norwegian Electrical Contractors' Association)
- Norsk Industri (Federation of Norwegian Industries)



Our organisation



Per Ove Øyberg
Nemko Group President and CEO

GROUP MANAGEMENT TEAM (GMT)



Aqsa Butt
Nemko Group CFO & SVP
Business support



John Bakken
SVP Nemko Group Operations



Kristian Syverstad Myrbakk
SVP Nemko New Business &
Group Legal Counsel



Grant Schmidbauer
SVP Nemko Group Market
and Services, and Group QM



Choi Yong Beom
SVP Region Asia

LOCAL UNITS

Håkon Rem
GM Scandinavia

Ole-Martin Øien
GM USA

Jahn Stephansen
GM Germany

Luigi Trezzi
GM Italy

Sim Jagpal
GM Canada

Hyun Ho Kim
GM Korea

Tangey Chen
GM Taiwan

Gary Yang
GM China and Hong Kong

Satish Sankhyan
GM India

Akira Niida
GM Japan

Board of Directors' statement

In 2021, Nemko continued to strengthen and consolidate its global position as a main supplier of global market access services through the development of new services and by expanding into new markets.

To strengthen the market position in Italy, Nemko acquired IASELAB. The acquisition has increased capacity within electromagnetic compatibility (EMC) and created new capabilities within environmental testing. The integration is progressing well, and we expect to achieve growth by being able to offer Nemko's services to customers locally.

Nemko AS changed its name to Nemko Group AS. In this connection, the Norwegian operations were established as a separate business unit, Nemko Scandinavia AS. The purpose of this is to combine all operations in one subsidiary to the Nemko Group AS to optimize the overall group structure.

Nemko Group AS follows the strategic initiatives outlined in the current growth strategy. These initiatives have proven successful in generating the expected business results and strengthening both top and bottom line.

The increased complexity in regulatory requirements, products, customers, and consumer demands strengthens the need for third-party actors like Nemko. The market and end-users demand safe products that can demonstrate compliance with energy and environmental requirements. This represents opportunities for Nemko.

Nemko has gained valuable experience on how to handle the pandemic, which can be utilized in 2022. Local authorities' guidelines are being followed in the countries in which the Nemko Group operates. Based on experience from the past two years and the current development of the coronavirus, it is our impression that major negative operational consequences, derived from the global pandemic, are unlikely in the forthcoming year.

In 2021 Nemko achieved an annual growth of more than double of the TIC industry. This creates a great foundation for maintaining and strengthening the market position even further in the coming years through the current operations and strategic initiatives.



Ingvild Myhre
Chairman of the board



Arne Jorde
Board member



Ove Guttormsen
Board member



Siv Hege Solheim
Board member



Morten Rosenlund
Board member



Grethe Spongsveen
Board member



Grete Aspelund
Board member



Per Ove Øyberg
President & CEO



Income statement Nemko Group

(NOK 1 000)

	2021	2020
Revenue	724,289	720,037
Other revenue	39,367	35,592
Total revenue	763,656	755,629
Salary and other personnel costs	417,639	401,770
Other operating and administrative expenses	269,816	280,343
Depreciation	30,106	28,680
Amortization	491	670
Total operating costs	718,052	711,463
Operating profit	45,604	44,166
Finance income	29,262	38,493
Finance costs	-22,997	-31,091
Net finance	6,265	7,402
Profit before tax	51,869	51,568
Tax	9,091	10,373
Profit after tax	42,778	41,195
Minority	379	595
Profit after minority	42,399	40,600

Balance sheet Nemko Group

(NOK 1 000)

	2021	2020
ASSETS		
Fixed assets		
Deferred tax assets	19,053	18,456
Goodwill	4,135	3,491
Other intangible assets	0	0
Intangible assets	23,188	21,947
Land and buildings	84,851	24,831
Lab equipment and machines	91,974	80,446
Inventory	8,757	7,143
Office and IT equipment	23,007	16,052
Fixed assets	208,590	128,472
Investment in subsidiaries	0	0
Investment in joint ventures	0	0
Fixed financial assets	0	0
Long term receivables	4,397	5,664
Langsiktige fordringer Stiftelsen Nemko	0	0
Net pension asset	1,062	1,037
Long term receivables joint venture	0	0
Financial assets	5,459	6,701
Total fixed assets	237,236	157,120
Current assets		
Accounts receivables	133,812	110,752
Short term receivables intercompany	1,096	257
Short term receivables joint venture	0	0
Other short term receivables	69,665	28,225
Receivables	204,573	139,234
Market based financial assets	136,477	83,375
Cash and cash equivalents	172,850	259,019
Current assets	513,900	481,628
Total assets	751,137	638,748

(NOK 1 000)

	2021	2020
EQUITY		
Share capital	55,000	55,000
Premium	276,993	251,825
Paid-in capital	331,993	306,825
Other equity	135,818	120,853
Minority interests	3,700	3,592
Retained earnings	139,518	124,445
Equity	471,511	431,270
LIABILITIES		
Liabilities to credit institutions	53,846	179
Deferred tax liabilities	5,149	5,300
Pension liabilities	41,272	43,215
Statutory redundancy payments to employees	0	0
Long term liabilities intercompany	0	0
Long term liabilities joint venture	0	0
Other long term liabilities	6,789	3,711
Long term liabilities	107,056	52,405
Account payables	25,905	23,116
Short term payables intercompany	0	0
Short term payables joint venture	0	0
Provision for loss in joint venture	0	0
Tax payables	4,526	4,920
Government taxes etc	27,803	30,422
Other short term payable	114,336	96,615
Short term payables	172,570	155,073
Liabilities	279,626	207,478
Total liabilities and equity	751,137	638,748

Oslo, 13. April 2021


Ingvald Ragna Myhre
Chairman of the board


Arne Jorde
Board member


Grethe Spongsveen
Board member


Ove Guttormsen
Board member


Morten Rosenlund
Board member


Grete Aspelund
Board member


Siv Hege Solheim
Board member


Per Ove Øyberg
President & CEO



Cashflow statement Nemko Group

(NOK 1 000)

	2021	2020
Cash flow from operating activities		
Profit before tax	51,869	51,568
Taxes paid	-9,696	-3,904
Depreciation and amortization	30,597	29,350
Loss/(gain) on sale of fixed assets	0	0
Share of profit from joint ventures	0	0
Difference in cost and payments in pension	-3,614	5,546
Change in accounts receivables	-20,735	-1,168
Change in accounts payables	2,320	2,763
Change in balance with group companies	0	0
Change in other accruals, including currency effects	-22,705	18,195
Net cash flow from operating activities	28,036	102,350
Cash flow from investing activities		
Sale of fixed assets	0	0
Purchase of fixed assets	-104,391	-31,319
Purchase of stocks	-19,297	-1,789
Purchase of other assets	-50,000	0
Change in loan to group companies	0	0
Net cash flow from investing activities	-173,688	-33,108
Cash flow from financing activities		
Change in long term liability	57,029	2,020
Payment of long term debt	-800	0
Dividend paid to minority	0	0
Payment of dividend (incoming)	30	0
Net cash flow from financing activities	56,259	2,020
Net change in cash and cash equivalents	-89,393	71,262
Cash and cash equivalents pr. 01.01	259,019	187,756
Currency effect on net change in cash and cash equivalents	3,224	0
Cash and cash equivalents per 31.12	172,850	259,018

Auditor's report



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0306 Oslo

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Fax
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of Nemko Group AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Nemko Group AS, which comprise:

- The financial statements of the parent company Nemko Group AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Nemko Group AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other 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 opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Oslo
Ålta
Arendal
Bergen
Bode
Drammen
Elverum
Finnes
Hamar
Haugesund
Knaresvik
Kristiansand
Mo i Rana
Molde
Skien
Sandefjord
Sandnessjøen
Slavanger
Stord
Straume
Tromsø
Trondheim
Tynset
Ålesund



Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial



statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 29. April 2022
KPMG AS

John Thomas Sørhaug
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.



Partner with Nemko to achieve
compliance without complexity.

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