INSTALCO

Annual Report 2019

Instalco offers complete heating, plumbing, electricity, ventilation, cooling and industrial solutions in the Nordic market.

What

Instalco offers technical installation services, maintenance and service in five main areas:

HEATING & PLUMBING
ELECTRICITY
VENTILATION
COOLING
INDUSTRIAL

To whom

Instalco primarily focuses on medium-sized projects valued at between SEK 1 and SEK 75 million. Many of the customers are construction companies and property owners working with commercial facilities, as well as offices and residential property. Some of Instalco's major customers are government authorities engaged in the construction of schools, day-care centres and hospitals. Other customers include major retailers, refrigeration companies, caterers, companies in the food industry, county councils, municipalities, municipal companies, public administration organisations and industrial companies.

Where

In the Nordic region, Instalco is a leader in its sector and, via its 68 companies, is represented throughout most of Sweden, and in the expanding metropolitan regions of both Norway and Finland.

SWEDEN

74%
Share of sales

78%
Share of EBITA

REST OF NORDIC

26%
Share of sales

22%
Share of EBITA

SWEDEN

SEK m	2019	2018	*Change, %*
Sales	4,221	3,312	+27
EBITA	418	348	+20
Number of companies	47	36	+31
Number of employees	2,316	1670	+39

REST OF NORDIC

SEK m	2019	2018	*Change, %*
Sales	1,470	1,102	+33
EBITA	121	51	+140
Number of companies	21	15	+40
Number of employees	774	609	+27

2019

January – March

- Rörläggaren and Bi-Vent are contracted by Skanska for ventilation and pipe installation work for the ESS research institute in Lund.
- Acquisitions of El Kraft Teknik & Konsult i Sala AB, Aquadus VVS AB and Aircano AB.

April – June

- Five Instalco companies collaborate on construction of a new Hemköp grocery store in Västerås. They will provide heating & plumbing, electrical and ventilation installations along with control & regulation technology.
- Acquisition of El & Säkerhet Sörmland AB, Moi Rør AS, Gävle Elbyggnads i Gävle AB and Bogesunds El & Tele AB. Start-up of Instamate AB.

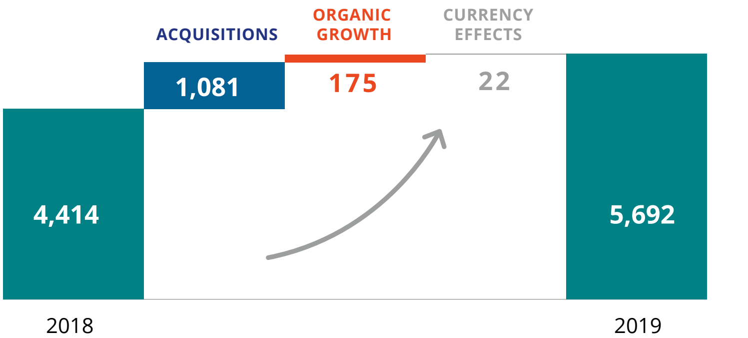
July – September

- The Instalco company, JN El, is contracted by Skanska for electrical installations in conjunction with the construction of Scania's new engine block foundry in Södertälje.
- Acquisition of Rörtema i Nyköping AB, Milen Ventilation AB, OVAB Optimal Ventilation AB, Pohjanmaan Talotekniikka Oy and VIP-Sähkö Oy.

October – December

- Andersen og Aksnes and Teknisk Ventilasjon obtain a joint installation assignment for an apartment complex project in Oslo. It is the first major project in Norway involving collaboration of Instalco subsidiaries.
- Acquisition of Medby AS, AB Tingstad Rörinstallation, Henningsons Elektriska AB, Ventec AS, Elovent AB and AB Borås Rörinstallationer.

REVENUE GROWTH, SEK M



KEY FIGURES

SEK m	2019	2018	*Change, %*
Net sales	5,692	4,414	+29
EBITA	493	334	+48
EBITA margin, %	8.7	7.6	
Adjusted EBITA[1]	500	375	+33
Adjusted EBITA margin, %	8.8	8.5	
Earnings before taxes	473	315	+50
Cash flow from operating activities	495	338	+47
Order backlog	4,865	4,063	+20
Earnings per share (SEK)	7.58	5.20	+46
Dividends per share (SEK)	2.30[2]	1.50	+53

1) Adjusted for items associated with, inter alia, acquisitions.
2) Proposed dividend.

CONTENTS

Swedish and English versions of the annual report are available on the company's website, www.instalco.se.

Five years with high growth and profitability

Instalco continues growing as one of the Nordic region's leading installation companies. We offer world-class, sustainable heating, plumbing, electricity, ventilation, cooling and industrial solutions.

I can proudly summarize that the fifth year of Instalco's successful journey thus far has been one of growth, where we now have 68 subsidiaries and approximately 3,100 employees.

During the year, we acquired 19 companies in Sweden, Norway and Finland. We've noticed, too, that there is a growing interest in Instalco, in general. I'm particularly proud of the entrepreneurial spirit that thrives in our subsidiaries and many companies are interested in becoming part of the Instalco Group.

We are an important partner in several major prestigious projects, including construction of new foundry in Södertälje and expansion of Malmö Hospital. The backbone of our operations is still, however, based on having a majority of small and medium-sized projects, along with service assignments, all of which are executed with a focus on high quality and profitability.

2019 was a record year for Instalco, with good earnings and profitability, along with a strong cash flow. Net sales increased by 28.9 percent to SEK 5,692 million, with organic growth of 4.0 percent. Adjusted EBITA increased to SEK 500 million, which corresponds to an adjusted EBITA margin of 8.8 percent.

Compared to 2018, the Rest of Nordic business area has stood out as has improved its performance the most and it is now reporting good stability and a high margin. We have gotten a handle on prior profitability problems in Norway and have won several major assignments involving collaboration between several of our subsidiaries. It is evidence that the Instalco model is now really starting to take off in Norway.

"Instalco aims to, every single day, generate benefits to society via its climate-smart, energy-efficient installations that lead to lower consumption of resources."

Societal benefits to stable market

Instalco aims to, every single day, generate benefits to society via its climate-smart, energy-efficient installations that lead to lower consumption of resources.

The market for technical installation and service in Sweden, Norway and Finland has been stable over time. To a large extent, it is fuelled by several long-term trends, such as urbanisation, housing shortage, development of technology, infrastructure investments and ageing property holdings.

In some major metropolitan regions, new investments in residential construction have slowed down, but are now showing signs of stabilising. The rate of growth for construction in the public sector (e.g. schools, preschools and hospitals) is still high. The same applies to construction of commercial property, such as offices and business facilities.

Looking to the future, I assess the Nordic market as stable, with a continued high demand for technical and sustainable installation services. The annual value of the entire market is assessed at approximately SEK 200 billion.

Successful acquisition strategy

Besides achieving organic growth, Instalco's growth strategy is based on acquiring successful companies with strong local ties and mature leadership that wants to continue developing the business. We want to promote and fuel entrepreneurial spirit, which is why the companies we acquire are given a great deal of autonomy to run the business as before, yet with the advantages that come with being a part of the Instalco Group, its cumulative knowledge and the resources that a listed Group can offer.

I often talk about the "Instalco effect", where the companies that we acquire begin reporting higher growth and profitability after having joined the Instalco Group. It stems from the stimulating environment and collaboration within the Group, along with the motivation that comes from allowing companies the freedom to run the business as they have successfully done before. All of it promotes entrepreneurial spirit.

Companies belonging to the Instalco Group have access to all of our central supplier and purchasing contracts, benefit from our examples of best practice, along with participating in various trainings, team-building activities and incentives for higher performance. In short, they are invited to participate in a thriving, motivating and supportive environment that they previously did not have access to. When a new company joins the Instalco Group, it opens up new, significant opportunities for them to become an active member of a team, and strive for high performance via internal competition with their sister companies. It's a way of fostering entrepreneurialism, because nobody wants to be at the bottom of the class.

Many companies are interested in becoming part of the Instalco Group and we are continually discussing new acquisitions with many interesting, well-run companies. We will continue actively pursuing our acquisition agenda.

World-class, sustainable installations

At Instalco, sustainability and providing benefits to society are key concepts. We have also noticed that both our customers and subsidiaries are showing a higher level of awareness and interest in such matters. Awareness of the importance of sustainable entrepreneurship and creating a sustainable society has increased among our customers and consumers. Providing safe, sustainable installations that help generate benefits to society is a high priority for us. We also put much emphasis on having a safe, stimulating work environment at all companies in the Instalco Group.

I am therefore extremely proud of a major achievement, which is the recent launch in 2020 of our sustainability programme, "Sustainable Installations". It enables us to expand our approach and take even greater responsibility in the area of sustainability.

The Sustainability Programme focuses on three main areas that should permeate all areas of Instalco's sustainability work: Safe and modern work environment, Sustainable installations and Mature leadership Within these three main areas, there are eight sustainability targets that will be measured and monitored, with the goal of achieving improvements each year in all areas.

One key component is our classification system, Sustainable Instalco Project, which we have developed ourselves.

In order for a project to become classified as a Sustainable Instalco Project, it must meet six specific sustainability indicators. For example, it must meet the requirements on occupational health and safety by going through the Safe Employee Programme when the project starts up. Furthermore, all suppliers involved in the project must sign Instalco's Code of Conduct. The project must also demonstrate qualities making it climate-smart.

Sustainability classification serves as a stamp of quality for both the project, customer, Instalco and our subsidiaries involved in the project.

"I am therefore extremely proud of a major achievement, which is the recent launch in 2020 of our sustainability programme: Sustainable installations"

Expanding our service activities

Another area associated with sustainability is service.
Via our subsidiaries, we are now expanding our service offering with the goal that service shall account for a larger share of the business, taking it from 15 to 25 percent. To achieve that, we are now building an organisation with service departments at our subsidiaries and when projects are completed, their task will be to offer customers service agreements. We will also start looking at acquisitions of companies that focus purely on service in order to achieve the mix of service and projects that Instalco would like to achieve. Expanding our service operations will create customer value and generate organic growth.

In conclusion, I would like to thank each and every one of our highly skilled and motivated employees. I look forward to being a part of our shared journey at Instalco and the exciting future of value creation that we will achieve together.

Per Sjöstrand

President and CEO

Acquisitions that create collaboration and synergies

Instalco achieved robust growth, with a strong cash flow and high profitability in 2019. Growth stemmed primarily from acquisitions, which, in turn, generated collaboration, synergies and higher profitability in the acquired companies.

In 2019, Instalco reported net sales of SEK 5,692 million, EBITA of SEK 493 million and EBITA margin of 8.7 percent. Growth was good and order backlog is very strong. The Board of Directors is proposing to the AGM a dividend of SEK 2.30, which is an increase of 53 percent compared to the year before. It is also in line with our dividends policy of distributing 30 percent of net profit.

During the year, we continued successfully pursuing our acquisition strategy and acquired more companies during 2019 than in any other year to date. In total, 19 new subsidiaries joined the Instalco Group, adding strong brands and reputations that are an excellent fit with the Instalco model.

Geographic expansion

Instalco's growth potential via acquisitions remains high throughout the Nordic region. We continue strengthening our position in major metropolitan areas, along with becoming represented in smaller regions where we are not yet on the map.

Our strategy involves establishing and maintaining a strong, leading position in areas were we want to be doing business. During the year, Instalco became established in several new regions, including Östersund, Kalmar, Falun, Nyköping, Ulricehamn, Katrineholm, Sala and Eskilstuna in Sweden, Kristiansand and Lillehammer in Norway and Uleåborg in Finland. During the year, we also started up a new Instalco company in Södertälje.
We have now grown to 68 subsidiaries, with approximately 3,100 employees in the Nordic countries. We will continue actively pursuing our acquisition agenda. There are many attractive acquisition candidates of successful companies run by motivated entrepreneurs who will benefit and grow from the opportunities associated with joining the Instalco Group.

"One of the reasons why we are able to continue delivering high margins is that we actively work to minimise our risks."

Low level of risk

One of the reasons why we are able to continue delivering high margins is that we actively work to minimise our risks. Instalco primarily focuses on medium-sized projects valued at between SEK 1 and SEK 75 million. In this category, our companies are specialists, with a long history of stable entrepreneurship, without taking unnecessary risks. We frequently engage in partnering, which are collaborative projects between companies, working in close collaboration with the end customer and client. Doing so, also helps minimise the risks associated with the project.

Our companies engage in relatively few major, fixed-price projects and we have strict internal routines in place for approving such projects. All of it is aimed at minimising the level of risk at all times.

Updated financial targets

When Instalco became listed in 2017, we had a run-rate EBITA target of SEK 450 million by 2019. Since then, we have established stable profitability and have already, with a good margin, achieved our goal.

Thanks to our high rate of acquisitions, while maintaining profitability, the Board of Directors at Instalco decided to update the financial targets pertaining to growth at the start of 2019, along with clarifying the target on cash conversion.

One of Instalco's financial targets is for average sales growth to be at least 10 percent per year over one business cycle. Growth shall occur through a combination of organic growth and successful acquisitions. Another goal is for us to achieve an adjusted EBITA margin of 8.0 percent. Furthermore, Instalco's ratio of net debt/adjusted EBITDA should not exceed 2.5. And, Instalco's cash conversion rate should be 100 percent on a rolling 12-month basis over one business cycle. And lastly, Instalco's goal is to distribute 30 percent of its profit after tax as dividends.

Instalco achieved and surpassed all of its financial targets in 2019. For more details on our targets and results, please see below, along with the information on pages 8 and 9.

Net sales

In 2019, net sales increased by 28.8 percent. Organic growth was 4 percent and acquired growth was 24.8 percent. Fourteen subsidiaries were acquired during the year, with estimated annual sales of SEK 1,057 million in Sweden. Three subsidiaries were acquired in Norway with estimated annual sales of SEK 204 million and one subsidiary was acquired in Finland with estimated annual sales of SEK 199 million. In 2019, we thus acquired new companies with combined annual sales of nearly SEK 1,460 million, which far exceeds our target of acquired sales in the range of SEK 600-800 million per year.

EBITA

EBITA increased by SEK 159 million to SEK 493 million and EBITA margin was 8.7 percent. Adjusted for costs associated with, for example, acquisitions, the EBITA margin was 8.8 percent.

Order backlog

At year end, outstanding orders totalled SEK 4,865 million. This is 19.8 percent higher than the corresponding figure at the end of 2018. For comparable units, order backlog increased by 3.3 percent and acquired growth was 15.7 percent. The level of outstanding orders is equivalent to production of 0.85 times on a 12-month rolling basis for relevant units.

Improved cash flow

Cash flow improved during the year thanks to the overall higher earnings and streamlining of capital deployment. We are continually working within the Group to maintain a healthy cash flow that makes it possible for Instalco to use own funds for the acquisition of new companies. In 2019, cash conversion exceeded 100 percent.

Strong balance sheet

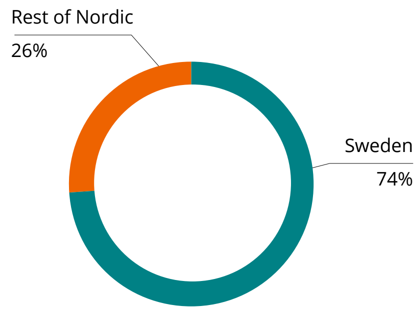
During the year, the balance sheet was strengthened with an increase in equity from SEK 1,068 million to SEK 1,485 million. The increase in goodwill is attributable to the multiple acquisitions that were made. Other increases in specific balance sheet posts are primarily associated with growth in sales.

Cost discipline

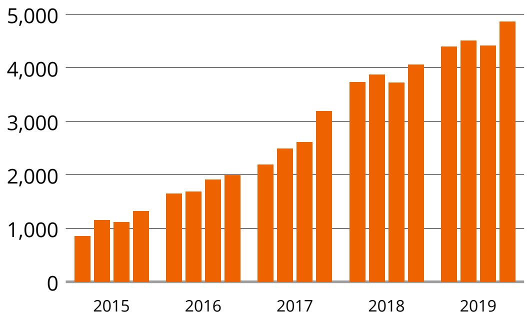
Instalco actively works with continual cost discipline. The overall low cost level creates conditions for continued good margins and thereby profitable growth.

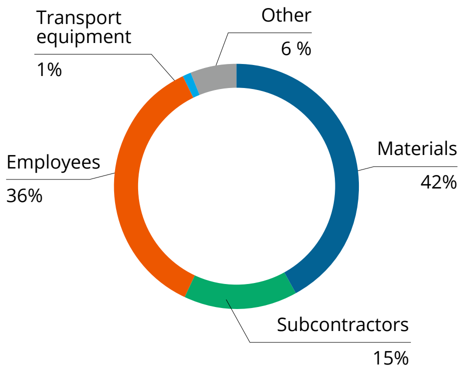
Robin Boheman
CFO

NET SALES BY MARKET AREA



ORDER BACKLOG PER QUARTER, SEK M





Value creation

VISION

Instalco's vision is to become one of the leading Nordic companies for electricity, heating & plumbing, ventilation, cooling and industrial solutions. We will be a world-class player with high technical expertise.

RESOURCES

Operations
- 68 companies in three countries
- Five areas of technology

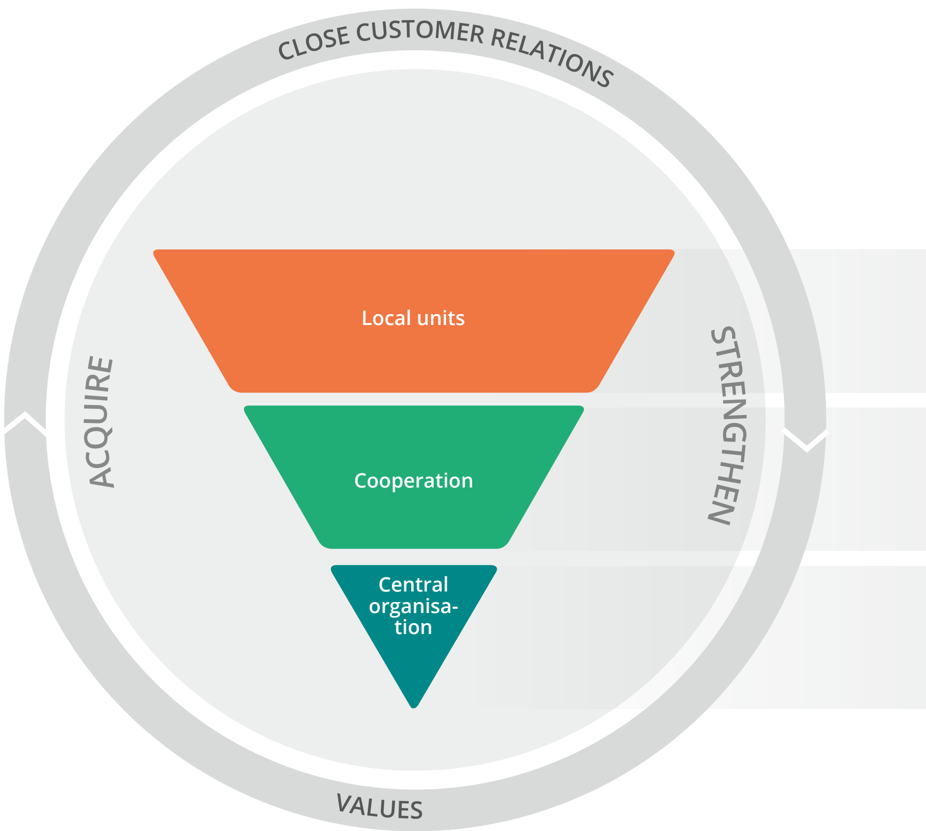
Equity
- SEK 1,485 million in equity

Employees
- 3,103 competent and qualified employees

Expertise
- Specialist expertise in all areas of technology

Suppliers
- Carefully selected suppliers who deliver sustainable products

BUSINESS MODEL



Values

New way of thinking
- *Simple forms of interaction and complete solutions across areas of technology*
- *Focus on quality and sustainability*

Efficiency
- *Small organisation and efficient processes applied to every assignment*
- *Constant efforts to simplify everyday work routines, for our customers and within our own organisation*

BUSINESS CONCEPT

Instalco's business concept is to offer complete electricity, heating & plumbing, ventilation, cooling and industrial solutions in the Nordic market. We work closely with customers, offering all the advantages of a local company, along with efficient collaboration and mature leadership.

BUSINESS MODEL

Local responsibility

- Customers and sales
- Production
- Employees
- Profit responsibility

Joint responsibility

- Multidisciplinary projects and cross-selling
- Spreading best practice
- Developing talent
- Resource sharing

- Purchasing
- Business development
- Acquisitions
- Finance

Cooperation

- *Close cooperation with customers, internal collaboration and mature leadership*
- *Employees who are very committed to and enthusiastic about their assignment and who listen & learn from each other*

BENEFITS TO SOCIETY

Customers

- Attractive offering to customers
- Efficient and sustainable solutions

Employees

- Long-term employer
- Good, safe work environment
- Skill development

Suppliers & business partners

- Long-term business relations
- Responsible business methods

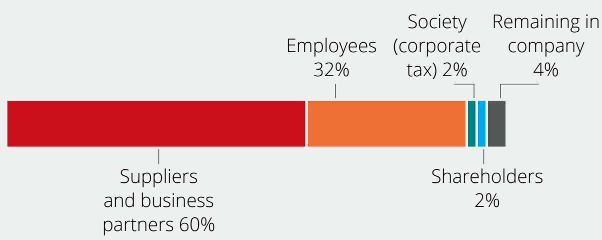
Society

- Job opportunities
- Engaged in local society
- Contributes to higher resource efficiency
- Sustainable installations

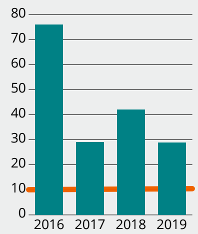
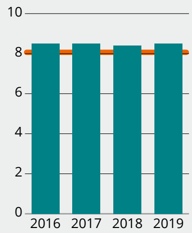
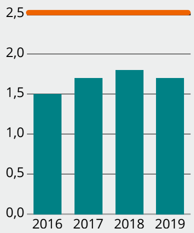
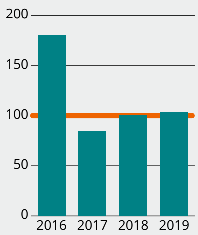
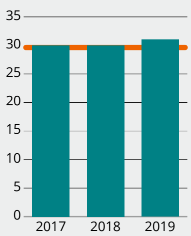
Shareholders

- Profitable growth
- Dividends

Distribution of economic value



Targets and results

FINANCIAL TARGETS	EXPLAIN	RESULTS IN 2019
Growth >10% annually over one business cycle 	Demonstrates the company's ability to increase its market share via an attractive offering of its full range of expertise to customers.	With our high rate of acquisitions in 2019, we have achieved sales growth of 28.8 percent, of which 4 percent was organic.
Margin >8% 	Measures the company's ability to generate profit so that it can create value to its shareholders, customers, employees and other stakeholders.	Adjusted EBITA margin amounted to 8.8 percent, which exceeds the target by 0.8 percentage points.
Capital structure <2,5 times 	A low net debt/adjusted EBITA is an indication of the company's ability to use own funds for new acquisitions.	Net debt/adjusted EBITA was 1.7 times.
Cash conversion rate 100% Measured on a rolling 12-month basis over one business cycle 	Measures the company's ability to generate cash for making new acquisitions without taking on more debt.	Cash conversion increased to 103.2 percent, which is an improvement of 3.0 percentage points compared to 2018.
Dividend policy 30% of profit after tax 	Demonstrates the company's ability to generate returns.	The proposed divided is SEK 2.30 (1.50) per share.

SUSTAINABILITY TARGETS		EXPLAIN	RESULTS IN 2019	
Customer satisfaction A measure of customer satisfaction in conjunction with their purchase of Instalco's installation services.	100%	Satisfied customers are typically recurring customers and they serve as references for Instalco when it engages new customers. High customer satisfaction is a prerequisite for growth.	Strong and solid relationships with customers is very important to Instalco. A large portion of our sales is derived from repeat customers.	84%
Employee satisfaction A measure of how satisfied Instalco employees are with such things as their assigned tasks and the workplace.	>90%	Instalco strives to be an attractive employer that offers its employees interesting assignments, input and skill development so that it can attract the best talent in the labour pool.	Employee satisfaction is at a high level within the Instalco Group. Over the last few years, we have been just below our target of 90 percent.	85%
Absence due to illness A measure of employee absence due to illness.	<5%	Instalco's target is for absence due to illness to be less than 5 percent. Part of that effort involves creating a work environment that does not have a negative impact on our employees' health.	On the whole, absence due to illness is at a low level throughout the Group, which indicates that the work environment is good.	3.5%
Employee turnover A measure of the extent to which employees are replaced during a single work year.	<10%	Instalco's goal is to have employee turnover that is less than 10 percent. There should be some turnover, however, so that we continually gain new expertise. Yet, we must simultaneously keep our recruitment costs at a reasonable level.	The lack of skilled labour in our industry results in an employee turnover rate that is higher than we would like.	13.2%
Occupational injuries A measure of occurrence of injuries and accidents that occur during working hours and are reported to insurance companies.	0%	Instalco strives to have a safe work environment and we have a vision of zero workplace accidents.	The percentage of workplace injuries in relation to the average number of employees fell slightly, from 3.8 percent in 2018 to 3.2 percent in 2019.	3.2%

Strategies

To achieve the established target, Instalco works with clear strategies for sustainable growth, satisfied customers & employees, leadership and profitability.

SUSTAINABLE GROWTH

Instalco will grow both organically and via acquisitions. All growth shall be sustainable, from an economic, social and environmental perspective. Acquisition targets are companies with high profitability and committed management teams working in our areas of technology in growth regions throughout Sweden, Norway and Finland. We also focus on companies with a strong local position in other regions and areas of specialisation, provided that they meet our other acquisition criteria.

Organic growth is fuelled by such things as higher collaboration and synergies between the various units of the Group. By matching specialist expertise from various units, opportunities for upselling to existing customers are created, along with the ability to take on larger projects requiring several disciplines. Organic growth is also fuelled by our focus on sustainable installation services, which are becoming increasingly important to both clients and end users. Organic growth is also stimulated when we use our start-up model to set up our own new Instalco companies (see page 22).

Priorities

The installation market is highly fragmented. Consolidation benefits are prevalent and going forward, Instalco aims to play a leading role in doing just that. We have an attractive offering to entrepreneurs who would like to join the Instalco Group. At the end of 2019, Instalco was in contact with more than 30 potential acquisition candidates, of which 5-10 were further along in the process and moving closer to an acquisition decision.

Rapid, standardised implementation of the Instalco model creates the conditions for more cross-selling and collaboration, all of which fuels organic growth. We are also continually increasing our focus on sustainability, energy-efficiency and generating benefits to society via our services, all of which increases Instalco's competitiveness and facilitates long-term growth.

To ensure that operations are run in a sustainable way, we will be launching a sustainability programme in 2020, where the focus is as follows: Safe and modern work environment, Sustainable installations and Mature leadership Within these areas, we will be measuring and monitoring eight sustainability targets each year.

PROFITABILITY

Instalco focuses on running the organisation with good profitability. Instalco runs a programme that we have named: IFOKUS. It is aimed at promoting continual improvement. The programme has led to several initiatives to streamline our production, purchasing, sales, upselling and cash management processes. Cost consciousness permeates every level of the organisation.

Priorities

Efforts with IFOKUS continue at both existing and newly acquired companies. Special initiatives are also being implemented at companies performing below the Group's profitability goals. During the acquisition processes, there is a special focus on identifying companies with profitability that is consistent with the Group's goals.

We are currently designing a plan for providing a wider scope of services via our subsidiaries, whereby we will offer service and maintenance after installation work has been completed. The aim is to further strengthen our existing relationships with customers and benefit from our knowledge of completed projects.

CUSTOMER STRATEGY

At Instalco, operations are conducted in close cooperation with customers. By being highly specialised in a specific method or technique in our individual companies, we are able to achieve a strong position in each local market and can offer competitive and sustainable solutions to customers. The Instalco model allows acquired companies to retain their name and company culture, which facilitates continued close collaboration with customers.

We primarily focus on projects valued at between SEK 1 and SEK 75 million. In that segment, some of the main competitive advantages we provide are high quality, long-term customer relations and short lead times. We also strive to increase the number of framework agreements at local, national and regional (Nordic) levels, as well as increasing the number of partnership projects. Instalco companies have a high level of expertise, which ensures that the quality delivered in each project is also high.

Priorities

In the installation business, strong customer relations are essential and a significant share of Instalco's sales is derived from repeat customers.

EMPLOYEES AND LEADERSHIP

To maintain and solidify a leading position, we must attract the best employees. In order to do that, we need managers who apply a mature leadership style. Mature leadership means the ability to see the big picture before getting stuck on the details, promoting collaboration between Instalco companies and developing the talent of our employees in order to increase profitability. Instalco also applies a non-hierarchical and decentralised leadership model.

We are able to be an attractive employer by offering employees a workplace with interesting tasks, good leaders, short decision paths, opportunities to make an impact and develop one's talent. Continual training for employees is a priority and with that in mind, we have established Instalco Academy. We encourage exchange and sharing of expertise in order to promote best practice throughout the organisation.

Priorities

Instalco Academy is the Group's internal training programme for the purpose of attracting, retaining, and developing skilled employees. Instalco Academy has a clear plan for developing talant and future leaders. Another goal is to ensure that all Instalco employees have the right expertise for being able to deliver in their respective roles. The Instalco Academy has leadership programs for three categories of employee: leading assemblers, project managers and executives (CEOs and branch managers).

Besides Instalco Academy, there is also a trainee system, along with courses, certificates and other necessary training.

Driving forces in the market

The demand for technical installations and services is being fuelled by several long-term trends and societal development. Instalco is well-positioned to act on the market opportunities that arise.

	URBANISATION AND HOUSING SHORTAGE	ENVIRONMENTAL AWARENESS	TECHNOLOGICAL DEVELOPMENT
General trends	Sweden is currently one of the countries in Europe with the highest rate of population growth. There is a high rate of migration to Stockholm, Gothenburg and Malmö in particular. There is a similar situation in Norway and for several years, Oslo has been one of the fastest growing cities in Europe. Urbanisation is also occurring in Finland, where the population of Helsinki in particular is growing.	There is a strong trend of increasing environmental awareness among consumers and decision-makers alike. We see it, for example, via active environmentally conscientious choices from consumers and in procurement processes. Two EU Directives have been adopted aimed at lowering the energy consumption of buildings. One of the Directives states the goal of lowering the energy consumption of buildings by 20 percent by 2020.	In new construction projects, there are many types of technical systems and applications of digital technology in the form of IT solutions, alarm & security systems and systems for more efficient use of energy. Accordingly, the installations themselves have become more complex. Accordingly, technical installations are becoming an increasingly important component of the building process and installation services are expected to account for a larger share of the total building cost.
How it affects Instalco	Population growth and urbanisation is placing high demands on new construction, renovation and conversion in order to make better use of existing property holdings. The need for more housing and public facilities like schools, hospitals and retirement homes is increasing in sync with urbanisation, higher life expectancy and an ageing population.	Property owners of both newly constructed and older properties are currently putting more focus on investments in energy efficient installations. In part, it is to lower the energy costs of properties, which typically account for a large portion of total operating costs. However, these investments are also required to meet the increasingly high demands of end customers as regards both energy efficiency and sustainability.	Complex installations place high demands on service suppliers. They must have a broad knowledge base, the right technical expertise and also the capacity to both complete the installations and provide services. Projects are becoming increasingly complex, with a greater need for planning and coordination prior to the start, and management activities throughout the duration of the project. This trend is expected to benefit companies with broader technical expertise.
Instalco's actions	Instalco has established a strong position in the growth regions of Sweden, Norway and Finland. By offering heating, plumbing, electricity, ventilation and cooling installation services, property owners in both the private and public sectors can easily obtain complete solutions that meet their needs in conjunction with new construction, renovation and conversion projects.	Instalco's offering is on the cutting edge as regards both energy efficiency and environmental awareness. Our technical solutions help customers achieve efficient energy use. Photovoltaic systems, technical installations with renewable energy, LED lighting and energy savings programmes are all examples of products that help lower the environmental impact.	The Instalco model enables us to offer multidisciplinary expertise in coordinated projects covering several areas of technical expertise, which makes things easier for the client. We share best practice throughout the organisation so that we are able to offer customers the best possible project planning and management expertise, which ensures a high level of quality and delivery assurance for our services.

	INVESTMENTS IN INFRASTRUCTURE	AGEING PROPERTY HOLDINGS	SUSTAINABLE ENTREPRENEURSHIP AND BENEFITS TO SOCIETY
General trends	Infrastructure in the Nordic region is in great need of repair due to many years of disregard for making the necessary investments. Addressing this will require major investments in such things as communication systems, safety and energy supply.	A large proportion of property holdings in the Nordic region were built in the late 1960s and early 1970s, which is typically referred to as the period of the Million Homes Programme. This is particularly noticeable in Sweden, where 25 percent of property holdings were built during this era. Many hospitals, clinics and schools were also built during that same era.	There is increased awareness of the importance of sustainable entrepreneurship and societal development among both companies and consumers. It results in requirements that companies take responsibility in generating long-term benefits to society and lowering both climate and environmental impact.
How it affects Instalco	New, major investments in infrastructure are expected to make a positive contribution to the overall construction climate and installation market. Furthermore, investments in infrastructure open up more commuting options with surrounding areas. That, in turn, sparks development in regions surrounding our largest cities.	Ageing property holdings also result in a higher need for renovation, upgrades and modernisation in order to create sustainable and healthy indoor environments.	The demand for energy-efficient solutions and demands on sustainability from customers and suppliers is increasing. The installation sector plays a pivotal role in generating solutions for sustainability and energy efficiency.
Instalco's actions	Instalco has constructed a model that consists of knowledge and technical expertise for heating, plumbing, electricity, ventilation and cooling installation services in conjunction with infrastructure projects. Instalco is also represented in areas surrounding major cities.	Via its subsidiaries, Instalco has specialist expertise in technical installations at buildings. This applies to renovation work, upgrades and new construction. Instalco has completed many assignments at public sector properties and in doing so, it has acquired specialist expertise and become a leading player for installations at, for example, hospitals and schools.	Instalco is a company that generates benefits to society every day in the form of energy efficiencies, energy savings, property automation and air purification/water treatment systems for customers and end users.

Offering

Instalco offers technical installation services, maintenance and service in five main areas: electricity, heating & plumbing, ventilation, cooling and industrial solutions. We collaborate across subsidiaries and areas of technology in order to provide customers with attractive and sustainable holistic solutions for long-term use.

Instalco has a specific acquisition strategy and our goal is to grow into one of the largest and leading installation companies in the Nordic region. Operations are highly decentralised and they are run in close proximity to customers, with support from a small, central organisation. When joining Instalco, our companies typically maintain their local identity, which encourages and promotes a strong entrepreneurial spirit.

Our companies are specialised in methods or technologies that enable us to offer our customers competitive, customised solutions while benefiting from economies of scale. We do this via collaboration, synergies and sharing best practice within the Group. Keywords for Instalco are cooperation, mature leadership and efficient processes.

Well positioned

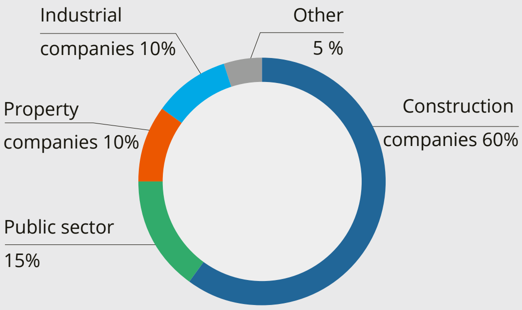
Instalco has operations in Sweden, Norway and Finland, where we primarily focus on metropolitan regions with a higher growth rate than the market as a whole. In these markets, there is a trend of urbanisation, with a shortage of housing and ageing property stock in need of major investments, which is advantageous to our business.

Increased regulation of energy use, a higher level of complexity in buildings, investments in infrastructure, benefits to society and sustainability are other driving forces and factors that have a positive impact on the installation market.

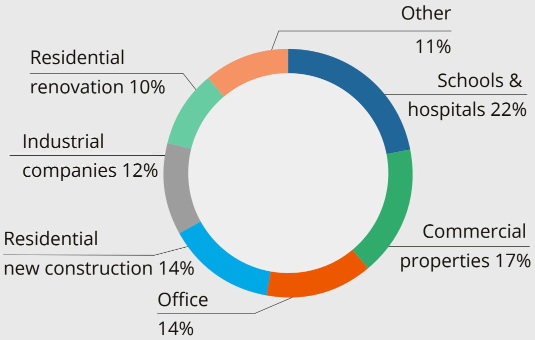
Market for medium-sized projects

Instalco primarily focuses on projects with an order value between SEK 1 and 75 million. Approximately 80 percent of our revenue is currently derived from this segment. The strategic choice to focus on this segment enables us to avoid the risks associated with very large projects, while limiting the number of very small clients. This market strategy provides us with lower risks and greater growth opportunities.

SALES BY CUSTOMER GROUP



SALES BY TYPE END PRODUCT



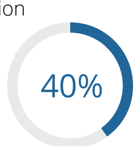
HEATING & PLUMBING

Services:

- installation of district heating, natural gas, heat pumps, tunnel pipes and comfort cooling
- pipe replacement and preventative maintenance
- water treatment and water consumption
- new construction
- ongoing repairs
- service and maintenance
- project planning

Customers:

- commercial facilities
- public construction
- residential
- office
- retail



of sales

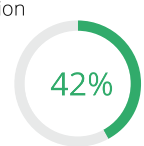
ELECTRICITY

Services:

- design, project planning, assembly
- alarms and monitoring
- data network and control of technical equipment
- energy optimisation via integrated property automation
- charging posts for electric cars
- remote reading
- service and maintenance

Customers:

- commercial facilities
- public construction
- residential
- office
- retail



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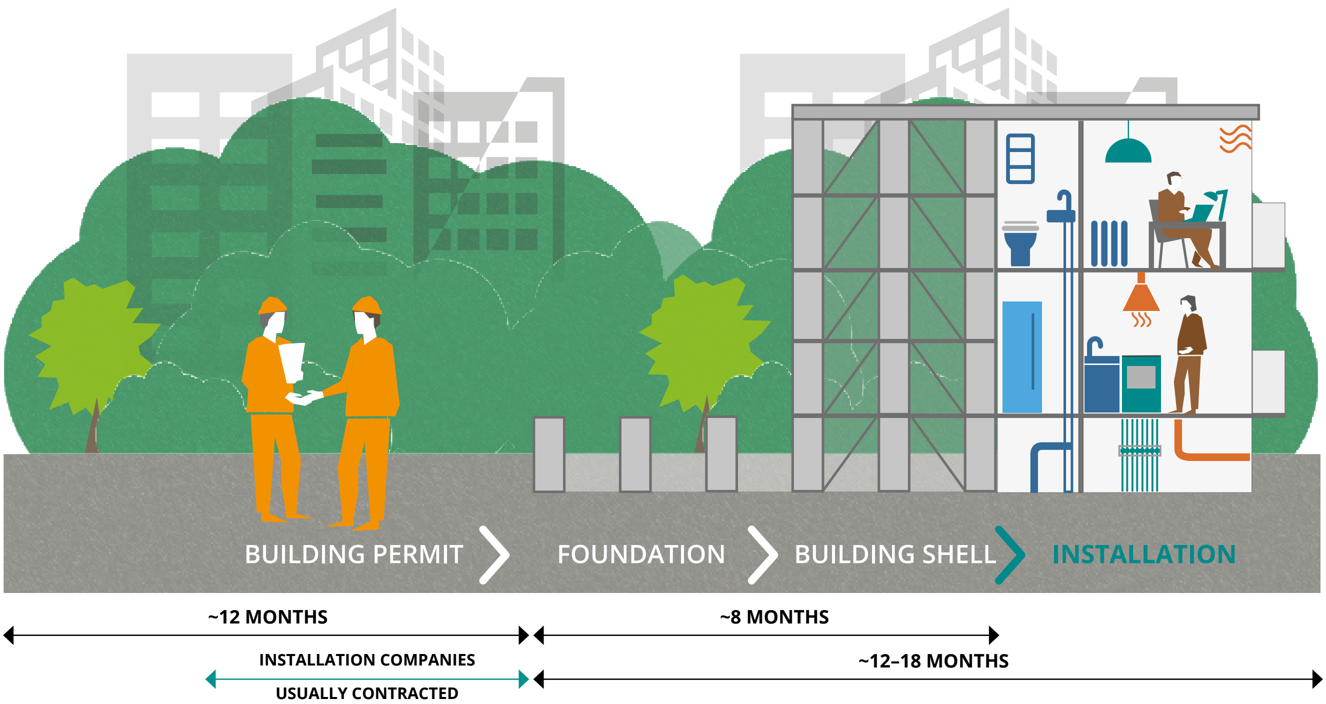
THE TYPICAL TIMELINE ON A CONSTRUCTION PROJECT LEADS TO HIGH VISIBILITY OVER FUTURE INSTALLATION PROJECTS



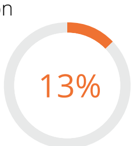
VENTILATION

Services:

- installation and solutions for indoor climate
- air treatment
- energy optimisation
- mandatory ventilation inspection
- service and maintenance

Customers:

- commercial facilities
- public construction
- residential
- office
- retail



of sales

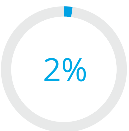
COOLING

Services:

- installation of cooling and heating equipment
- food cooling
- comfort cooling
- process cooling
- service and maintenance

Customers:

- retail chains
- food industry
- institutional kitchens
- hotels
- cold storage companies



of sales

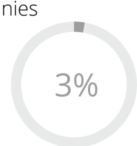
INDUSTRIAL

Services:

- pipe installations
- cooling installations

Customers:

- industrial companies
- municipal companies
- county councils
- administrations



of sales

Energy-saving geothermal heating, in the heart of the city

A geothermal heating solution has been installed right in the heart of Stockholm, on Kungsgatan, at the block of buildings knows as “Kåkenhusen”. The Instalco company, VVS Kraft participated in installation of the solution on behalf of the property owner, Hufvudstaden, in an effort to make the property significantly more sustainable and energy-efficient.

The new geothermal solution is able for both heating and cooling the facilities, along with storing energy, thereby significantly lowering the environmental impact. When Hufvudstaden took its first readings in 2019, they were 40 percent lower compared to the same month in 2018.

“We’ve constructed a new substation with heating pumps at the property and have integrated geothermal heating into the system. We’ve also updated the ventilation system and fan room, along with installing evaporative coolers on the roof. Gradually, the property has been connected with the heat pumps and geothermal heating to make it less dependent on district heating and cooling,” says Johan Höglund, Project Manager at VVS Kraft.

“It was a complex installation, where, in a very short period of time, we needed to install large equipment in small spaces, while meeting high requirements on functionality and quality.

Kåkenhusen 40 consists of two buildings that previously each had their own system for cooling and heating. A new, joint power plant was constructed, which made it possible to connect the heating and cooling systems of each building.

Although it is situated right in the heart of Stockholm, geothermal heating was the solution chosen in order to have the lowest possible environmental impact.

“This has been a very unique project. Its central location has involved some unique challenges, like working in very small spaces. For example, from one of the basements, we drilled 21 energy wells that are 350 meters deep,” says Niklas Engvall, Project Manager at Hufvudstaden.

Systems for energy optimisation in residential buildings

A large portion of society's total energy consumption comes from buildings. Instalco's subsidiary, Automationsbolaget, is working in collaboration with Salabostäder to develop a system for energy optimisation at properties.

Salabostäder is a property company that is making major investments in energy efficiency. The goal is to lower energy use by 30 percent by 2030, in accordance with the SABO Climate Initiative of making Swedish public housing companies fossil-free by then. Automationsbolaget and Salabostäder have thus joined forces to develop a system called SAERS – Salabostäder Automationsbolaget Energy Reduce System.

It optimises the indoor climate and energy supply for heating at the properties based on a variety of data about the indoor and outdoor environments. Temperature sensors have been installed in each apartment in order to optimise the energy supply. In addition to that, weather forecasts from SMHI are used for estimating and calculating, in advance, how much energy the buildings will need, before the outdoor temperature changes.

"This technology enables us to use energy that has accumulated within the building, so that we don't supply more energy than what is needed. We can maintain an even temperature and achieve energy savings by making adjustments prior to radical changes in the weather, such as a rise or drop in temperature or windier conditions," says Jerry Johansson, CEO at Automationsbolaget.

Automationsbolaget has it head office in Sala and the company specialises in property automation, along with control & regulation technology.

"With the SEARS system, we can optimise heat consumption and increase energy efficiency, while ensuring that all tenants have the right temperature in their apartments," says Thomas Mattsson, Project and Operations Manager at Salabostäder.

Besides developing the SEARS system, the assignment at Salabostäder also includes installation and commissioning, which will continue during 2020.

Sweden

Instalco is one of Sweden's leading suppliers of technical installation services, maintenance and service. We currently have more than 50 companies in Sweden collaborating to provide energy-efficient holistic solutions for long-term use.

Operations

Instalco's Swedish market is divided into four business areas: North, West, East and South. Each one has a Business Area Manager who is responsible for coordinating and ensuring implementation of the Instalco model at each company. Each company is strongly positioned in their local markets. The companies in the Instalco Group don't need to be largest. The goal however is that they are a leader in their specific area of expertise or method.

Customers

Instalco has a broad customer base consisting of, among others, construction companies, real estate companies, public sector authorities and industrial companies. With such a large number of customers, each individual customer represents just a small portion of Instalco's sales. The need for our services varies across customer groups, which helps stabilise the demand over a business cycle.

Within the construction sector, installation services are required when building and renovating residential property, public facilities (like hospitals, schools and daycare centres), infrastructure, offices and other business facilities. In industry, there is a demand for installation services in conjunction with, for example, process electronics and industrial pipelines.

Performance in 2019

Many projects were carried out at public facilities that provide benefits to society, such as hospitals, schools and courts. Projects for improved energy supply and energy savings were also started during the year. Instalco's strategy has been to establish a strong position in this niche. The percentage of partnering projects increased, primarily with regards to hospitals and care facilities. The business model is now firmly established in Sweden.

During the year, Instalco became established in several new regions, including Östersund, Kalmar, Falun, Nyköping, Ulricehamn, Katrineholm, Sala and Eskilstuna.

Priorities in 2020

Instalco feels that there is great potential in expanding operations in installation service. Service is a section of the installation market that is resilient to fluctuations in economic activity. Our companies participate in many projects at many locations. They have established long-term relationships with customers and other leading players in the industry. A natural step is to offer service contracts upon completion of a project.

MARKET DEVELOPMENT AND COMPETITION

According to the latest reports from Industrifakta, the Swedish market for technical installation and services amounts to SEK 122 billion. The largest area is for electrical installations, with it representing more than half of the total market. One of the main reasons for the size of the electrical installations areas is the higher level of complexity in buildings, where more time-consuming, comprehensive electrical installations are required.

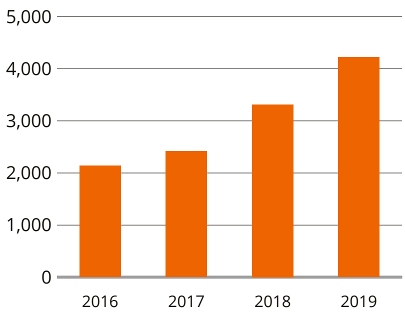
In some major metropolitan regions, new investments in residential construction have slowed down, but are now showing signs of stabilising. The rate of growth for construction in the public sector (e.g. schools, preschools and hospitals) is still high. The same applies to construction of commercial property, such as offices and business facilities.

Competition

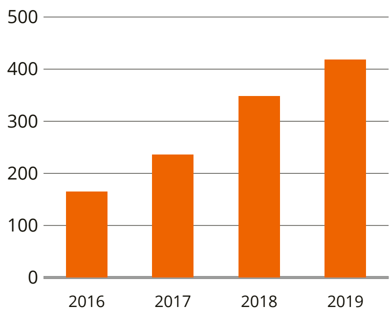
The market is highly fragmented, consisting primarily of small companies with less than 10 employees and focus on a single area of technology. Only a few players, Instalco being one of them, have the resources, expertise and size required

NET SALES, SEK M	ADJUSTED EBITA, SEK M	ORDER BACKLOG, SEK M
4,221	418	3,741
2018: 3,312	*2018: 348*	*2018: 3,202*

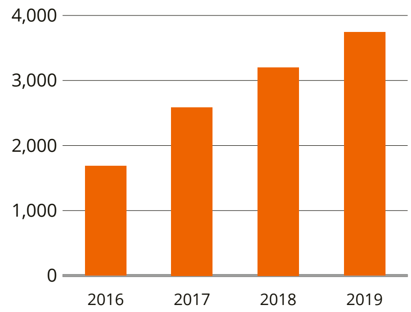
SALES, SEK M



ADJUSTED EBITA, SEK M



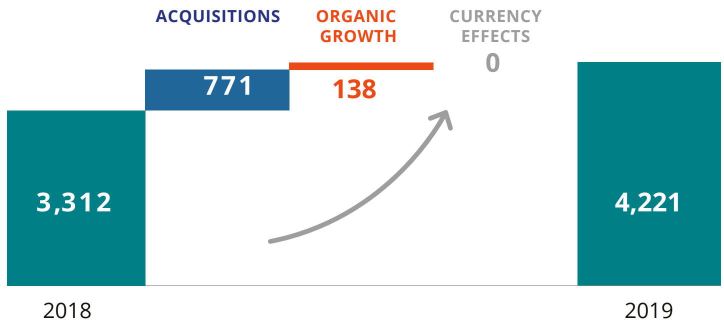
ORDER BACKLOG, SEK M



KEY FIGURES

SEK m	2019	2018	*Change, %*
Net sales	4,221	3,312	+27
EBITA	418	348	+20
EBITA margin, %	9.9	10.5	
Order backlog	3,741	3,202	+17

REVENUE GROWTH, SEK M



LARGEST CUSTOMERS

NCC
Skanska
PEAB
JM

PROJECT EXAMPLES IN SWEDEN

- Installations of heating & plumbing and sprinkler systems, along with control & regulation technology in conjunction with the construction of a new ICA store.
- Industrial pipe installations as part of the conversion project at Stora Enso's newsprint mill, Skogshall, in Karlstad.
- Heating & plumbing installations at two Instalco companies in conjunction with renovation of an office building in Solna.
- Four Instalco companies collaborate on construction of a new Lloyds pharmacy in Malmö. They have been contracted for installation of the heating & plumbing, electricity, ventilation and sprinkler systems.

for delivering services in several regions and within several areas of technology. Accordingly, our competition comes from just a few other big players and from small, local suppliers at each location.

Investments in infrastructure

For several years, the Swedish infrastructure has been in a state of neglect. Infrastructure investments as a percentage of GNP have fallen over the last few decades and they are at a low level compared to other developed countries. The need for major investments was acknowledged in a report from the Swedish Transport Administration. It describes an infrastructure plan through 2025 with investments in excess of SEK 600 billion. Examples of infrastructure projects are lighting, safety, electricity and ventilation for tunnel construction.

Ageing property holdings

Around 25 percent of property holdings in Sweden were built in the late 1960s and early 1970s, which is typically referred to as the period of the Million Homes Programme. These buildings now require renovation and technical upgrades. For quite some time, there has been a low level of total investment in construction compared to the size of the economy in Sweden.

Instalco has assessed that the demand for renovation, electrical installations and environmentally sound technical upgrades will increase as a result of political decisions to modernise property holdings, along with own renovation initiatives from property owners. We also notice an increasing demand from customers for energy efficiency, environmental certification and sustainability.

Rest of Nordic

Rest of Nordic is the Instalco market area that consists of operations in Norway and Finland. Our goal is to expand our offering by adding more areas of technical expertise. We also want to become established in new regions. We deliver sustainable holistic solutions in close collaboration with customers.

Operations

Instalco set up operations in Norway and Finland in 2016. At the end of 2019, there were 10 companies in each country. In both countries, companies offer electrical installations, heating & plumbing and ventilation solutions and they are involved in projects primarily in the expansive metropolitan areas of Oslo, Bergen, Trondheim, Kristiansand, Lillehammer, Helsinki and Tammerfors. These companies have strong positions in their local markets. Collaboration between companies occurs each day via joint, multi-disciplinary projects and by sharing both personnel and facilities.

Customers

Instalco's customer base in Rest of Nordic consists primarily of customers in need of services associated with new construction, maintenance and renovation. The customer base is fragmented, which means that each individual customer typically represents only a small portion of the Instalco's revenue.

Within the construction sector, installation services are required when building and renovating residential property, public facilities (like hospitals, schools and daycare centres), infrastructure, offices and other business facilities.

Performance in 2019

The same trends as in Sweden are occurring in Norway and Finland. New business models are gaining ground and here, too, the percentage of partnering projects is increasing. Housing construction started to take off again, primarily in Norway. In both countries, there is growing interest in investments in the energy area. The investment climate is good, with much activity in construction of schools, hospitals and other types of care facilities. The Norwegian economy is strong.

During the year, Instalco became established at new locations, such as Kristiansand, Lillehammer and Uleåborg.

Priorities in 2020

Instalco feels that there is great potential in all of the Nordic countries for expanding operations in installation service. Service is a section of the installation market that is resilient to fluctuations in economic activity. It also comprises a significant portion of the total volume. In both Norway and Finland, service is typically already part of existing operations. Expanding in that area is therefore a relatively easy task. A natural step is to offer more wide-ranging service contracts upon completion of a project. Instalco will prioritise that area. Other interesting areas are power contracts, control and monitoring systems, marine installations and energy supply.

MARKET DEVELOPMENT AND COMPETITION

According to Industrifakta, the market for technical installation and services in Norway amounted to NOK 50 billion in 2019. The corresponding figure for Finland was EUR 30 billion. Electrical installation is the largest service area in both markets.

The Norwegian market is stable. The public sector is investing in new schools, preschools, hospitals and infrastructure. There is a noticeable increase in new construction and renovation of offices, warehouses and hotels, while construction of new housing has stabilised at a high level. The market in Finland has grown in recent years, but is now starting to level off. The market is still primarily being fuelled by the major metropolitan regions.

Competition

Both the Norwegian and Finnish markets are fragmented, consisting primarily of small companies with less than ten employees and focus on a single area of technology.

Instalco has the resources, expertise and size required for delivering services in several regions

NET SALES, SEK M

1,470

2018: 1,102

ADJUSTED EBITA, SEK M

121

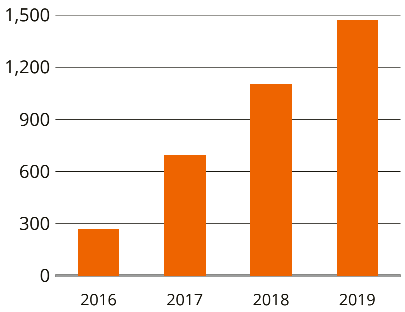
2018: 51

ORDER BACKLOG, SEK M

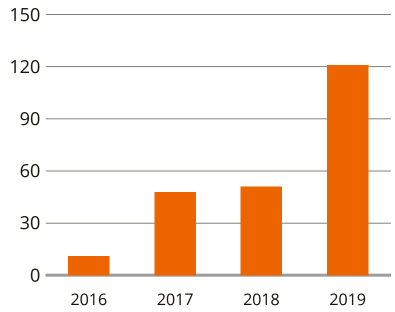
1,124

2018: 860

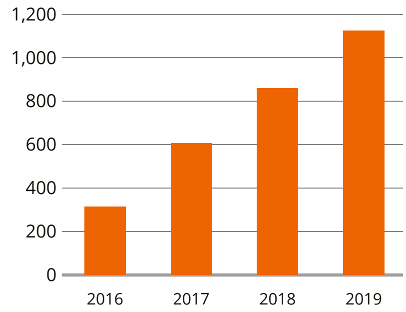
SALES, SEK M



ADJUSTED EBITA, SEK M



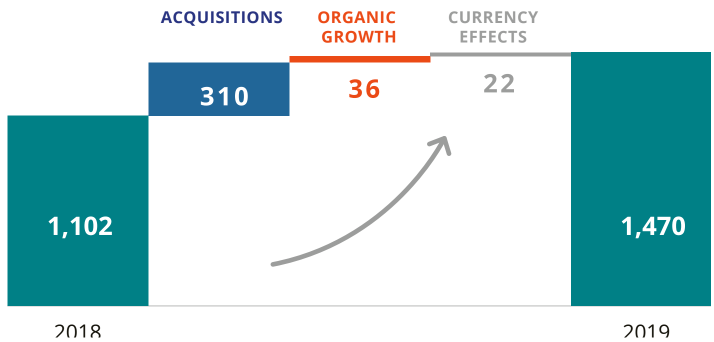
ORDER BACKLOG, SEK M



KEY FIGURES

SEK m	2019	2018	*Change, %*
Net sales	1,470	1,102	+33
EBITA	121	51	+140
EBITA margin, %	8.2	4.6	
Order backlog	1,124	860	+31

REVENUE GROWTH, SEK M



LARGEST CUSTOMERS

Constructa
Backe
Veidekke
Hent

EXAMPLES OF PROJECTS, REST OF NORDIC

- Property service for the Norwegian Church and Norwegian Armed Forces in Oslo.
- Electricity work as part of a collaboration project in conjunction with full-scale renovation of the University Museum in Bergen, which is Norway's oldest, dating back to 1865.
- Heating & plumbing and electrical installations by two Instalco companies in conjunction with renovation of a major office building in Helsinki.
- Heating & plumbing installations and ventilation work by two Instalco companies in conjunction with new construction of apartment buildings in Oslo.

and within several areas of technology. Accordingly, our competition comes from just a few other big players and from small, local suppliers at each location.

Driving forces

Besides the megatrends of urbanisation, ageing property holdings, sustainability and technological development, there are two additional important driving forces that will fuel the demand for installation services over the medium-term:

Investments in healthcare

Public investments in healthcare are an important driving force, particularly in Norway. The ageing population requires major investments in, and expansion of, healthcare facilities. The private healthcare sector is also involved to reduce the pressure on publicly financed hospitals and clinics.

Investments in infrastructure

The infrastructures in Norway and Finland have been neglected, which means that major investments will be required during the years ahead. In Norway, the Ministry of Transport and Communications presented a plan for investments in excess of NOK 500 billion through 2023. The investments will, among others, expand public transport systems.

Acquisitions

Instalco's growth strategy is primarily based on acquisition of profitable companies with strong local ties. In their local markets, these companies are leaders in one or more disciplines. Since Instalco was established in 2014 through to the end of 2019, more than 70 companies have been acquired.

Instalco fosters an entrepreneurial spirit in the companies it acquires, allowing them to carry on as usual, yet with access to Instalco's cumulative expertise and financial strength, which creates opportunities for growth, higher profitability and skill development. The acquired companies keep their name, identity and culture.

Besides our current technical disciplines, there are growth opportunities from acquiring businesses in related segments like sprinkler systems, security, fire safety, energy and automation.

An attractive acquirer

Instalco's acquisition model makes it possible for the acquired companies and their entrepreneurs to run their operations in a larger context, where they can benefit from the economies of scale available to a larger Group of affiliated companies. The CEO at each company retains a great deal of authority to continue fostering an entrepreneurial spirit and maintain a strong local presence. At the same time, companies benefit from having shared accounting/finance functions, central purchasing agreements, cross-selling, allocation of resources and access to Instalco's business development and communication functions.

By joining Instalco, new companies gain access to the knowledge accumulated in our other subsidiaries, via "Sharing Best Practice". All of it is aimed at creating the best possible conditions for everyone in the Group to become even better. Furthermore, the acquired companies obtain opportunities to participate in multidisciplinary projects that they would not have had access to on their own.

At the end of 2019, Instalco was in contact with more than 20 potential acquisition candidates, of which around a dozen were further along in the process and moving closer to an acquisition decision. Instalco has the goal of acquiring businesses with sales totalling SEK 600-800 per year.

ACQUISITION CRITERIA

Market

- Leading position in the market
- Operations in growth regions

Acquisition target

- Contributes to Instalco's existing companies with structural capital and cross-selling
- Documented growth, profitability and a steady cash flow

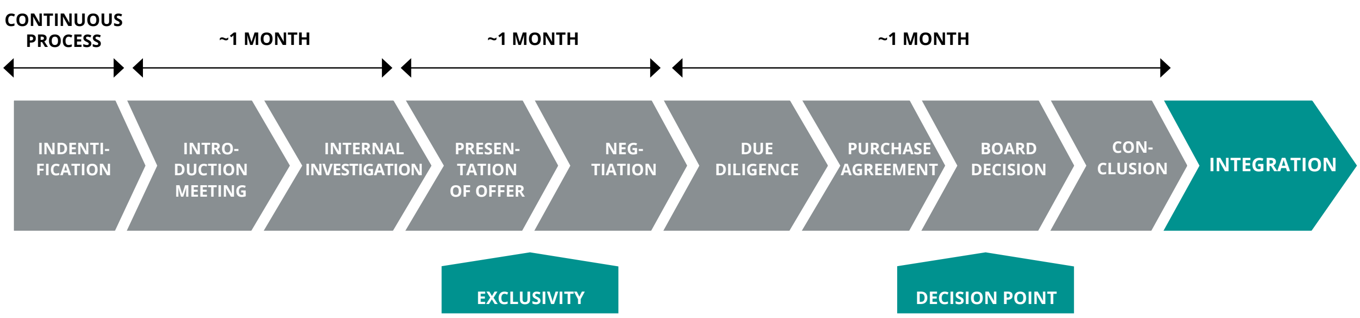
Management

- Skilled entrepreneur(s) and/or management team(s) that would like to remain with the company
- Mature leadership

Instalco conducts acquisitions using a three-pronged approach: strategic, opportunistic and complementary. Besides acquiring companies, Instalco sometimes establishes new ones, as start-ups.

- Strategic acquisitions involve an active decision to become established at a certain location or expand operations to new disciplines.
- Opportunistic acquisitions are made when an opportunity to acquire a company arises spontaneously.
- Complementary acquisitions are when one of our existing companies acquires a company to supplement its own operations.
- A start-up is when a new company is set up together with a local entrepreneur. The start-up strategy is a supplement to our acquisition strategy and it occurs primarily when Instalco is interested in setting up operations, but a suitable acquisition candidate does not exist. Another reason could be that we see potential for organic growth together with a local entrepreneur.

Acquisition process



Company acquisitions

Instalco made the following company acquisitions during the period January – December 2019.

Access gained	Acquisitions	Segment	Assessed annual sales, SEK m	Number of employees
January	El Kraft Teknik & Konsult i Sala AB	Sweden	87	38
January	Aquadus VVS AB	Sweden	80	36
February	Aircano AB	Sweden	60	25
April	El & Säkerhet Sörmland AB	Sweden	110	80
April	Moi Rør AS	Rest of Nordic	75	32
April	Gävle Elbyggnads i Gävle AB	Sweden	18	15
May	Instamate AB	Sweden	135	51
June	Bogesunds El & Tele AB	Sweden	92	40
July	Rörtema i Nyköping AB	Sweden	50	30
July	Milen Ventilation AB	Sweden	70	17
July	OVAB Optimal Ventilation AB	Sweden	40	13
July	Pohjanmaan Talotekniikka Oy	Rest of Nordic	105	23
July	VIP-Sähkö Oy	Rest of Nordic	94	42
October	Medby AS	Rest of Nordic	59	35
October	AB Tingstad Rörinstallation	Sweden	65	24
October	Henningsons Elektriska AB	Sweden	135	72
November	Ventec AS	Rest of Nordic	70	32
December	Elovent AB	Sweden	40	25
December	AB Borås Rörinstallationer	Sweden	75	48
Total			**1,460**	**678**

El Kraft Teknik & Konsult i Sala AB
specialised in electrical power and grid connection for the process industry. The company has more than 30 employees working with such things as installation of switchgear, transformers, busbars and power stations throughout Sweden.

Aquadus VVS AB
has its head office is in Eskilstuna and the company primarily does business in the Mälardalen region of Sweden. The company offers contract work and service in the heating and plumbing sector and its main customers are property companies, industrial enterprises, housing cooperatives and individual business owners.

Aircano AB
a Stockholm-based company that specialises in advanced ventilation systems and service for buildings. During its 25 years in business, Aircano has worked with ventilation optimisation, comfort, cost savings and environment at properties.

El & Säkerhet Sörmland AB
primarily offers installation and service of electrical and telecommunication solutions, along with computer networks, alarm/lock/entry & exit systems. El & Säkerhet focuses on serving the Mälardalen region and it has offices in Katrineholm, Nyköping and Flen.

Moi Rør AS
located in Kristiansand, Norway, the company provides heating & plumbing services primarily to industrial companies. Moi Rør specialises in turn-key contracts for heating & plumbing. It also has expertise in heating and cooling systems, sprinklers and sanitation.

Gävle Elbyggnads i Gävle AB
acquired by DALAB Sverige AB, it offers electrical installations primarily to companies and government administrations. It also offers property service, energy efficiency projects and installation of data & telecom networks, as well as control & regulation systems.

Instamate AB
Based in Södertälje, it offers service and installation of heating & plumbing, electricity and ventilation systems, primarily for the industrial, construction and property sectors. Besides offering multidisciplinary installations of electricity, heating & plumbing and ventilation systems, Instamate is specialised in industrial conversion projects.

Bogesunds EL & Tele AB
located in Ulricehamn, it offers a wide scope of electrical services and is specialised in electrical installations at residential property. It also offers installation of fibre, charging stations, solar panels and other energy-saving systems.

Rörtema i Nyköping AB
primarily serves customers in Södermanland, Östergötland and Stockholm. Rörtema specialises in heating & plumbing installations along with other services, such as welding, forging, process pipework and food cooling.

Milen Ventilation AB
its main office is in Gävle and the company specialises in ventilation and climate solutions for newly constructed and renovated properties. Its main customers are construction companies and property owners.

OVAB Optimal Ventilation AB
a ventilation company that serves customers in Östersund, Åre and the rest of Jämtland and Häredalen. Optimal Ventilation offers ventilation installation, inspection and services.

Pohjanmaan Talotekniikka Oy
Domiciled in Uleåborg in northern Finland the company specialises in heating & plumbing, along with sprinkler installations for the construction market and industry. Its main customers are local authorities and construction companies.

VIP-Sähkö Oy
The company's head office is in Helsinki. It primarily focuses on project planning and installation of electrical systems in apartment buildings. Typically, the project size is between 30 and 250 apartments.

Medby AS
located in Lillehammer, Norway. The company offers heating & plumbing services and installations to the construction industry. Medby specialises in framework agreements and service assignments within the construction industry.

AB Tingstad Rörinstallation
serves the Gothenburg area. Specialises in turn-key contracts, installation and service. They have also specialised in large central cooling systems and geothermal heating solutions, along with new construction and renovation of commercial properties.

Henningsons Elektriska AB
located in Falun, with 90 years in the business. Henningsons specialises in the following seven areas of expertise: electrical installation, industrial service, major appliances service, catering & restaurants, cooling & heating, laundries and security.

Ventec AS
located in Kristiansand, Norway, Ventec specialises in ventilation and air conditioning systems for industry, offices, shopping centres, schools and other public facilities. The company also does installation work at residences, along with running service operations.

Elovent AB
located in Kalmar. Besides the electricity solutions and services that it provides, Elovent is also specialised in telecom, data and alarm systems. besides offering electricity solutions and services, Elovent is also specialised in telecom, data and alarm systems, serving customers in Kalmar, Nybro and Oskarshamn.

AB Borås Rörinstallationer
works with heating and sanitation. ABRI, founded in 1933, primarily serves Borås and the region of Sjuhäradsbygden with installation, maintenance and repairs of heating & plumbing solutions and heat pumps.

Heating and cooling via ventilation system

Ranheimsveien 9 is one of Trondheim's most modern and sustainable new office buildings.

With its gleaming black aluminium and glass façade, this five story office building is impressively situated at the eastern entrance to Trondheim. At this property, Instalco's subsidiary Teknisk Ventilasjon has done the project planning and installation of an energy-efficient ventilation system consisting of 21 ventilation aggregates which, besides ventilation, also supply the building with heating and cooling.

"We've chosen a decentralised solution, with five ventilation aggregates on each floor. Throughout the project, we've worked in close collaboration with the developer, general contractor and other subcontractors. Three times per week, we've had meetings to check progress, coordinate and optimise the work being done by the various disciplines. VDC (Virtual Design & Construction) is the framework we've used for achieving higher quality, quicker production and lower costs," says Olav Selbekk, CEO at Teknisk Ventilasjon.

Teknisk Ventilasjon also installed an advanced control & regulation system that automates control of heating and cooling via the ventilation system.

During construction of the property, focus has been on sustainability, quality and high standard. At Ranheimsvägen 9, solar cells have been installed on nearly all the roofs. It has obtained the status of passive energy class A and is BREEAM certified at the level, Very Good.

It has been designed as an office building for modern employees. In the basement, there is a special parking garage for bicycles, equipped with a washing and service station, as well as changing rooms. There are also electric bicycles available for employees to borrow and use freely.

Sustainability Report

Instalco strives, every single day, generate benefits to society in the Nordic region. It does so via its climate-smart, energy-efficient installations that lead to lower consumption of resources. Instalco strives to ensure that its approach to sustainability is aligned with the UN Sustainable Development Goals.

For us, sustainability means running operations responsibly and applying a holistic approach to the economic, environmental and social aspects. Our aim is to help benefit society on a daily basis through our local presence and our technical, efficient solutions in all of our areas of expertise. Providing safe, sustainable installations that help generate benefits to society is a high priority for us. We also put much emphasis on having a safe, stimulating work environment.

Sustainability efforts at Instalco

We are always striving to help customers lower their environmental impact via lower water and energy consumption, along with higher environmental awareness. Property owners of both newly constructed and older buildings are currently focusing more on investments in energy efficient installations aimed at lowering operating costs and meeting the ever-increasing sustainability demands of the market and customers.

For example, Instalco helps generate benefits to society, contribute to sustainability and achieve higher energy efficiency via its installations of solar cells, heat pumps, geothermal heating, heat exchangers, LED lighting, charging stations, energy-saving programs and property automation. We also install more energy-efficient and environmentally-friendly refrigeration systems in grocery stores. Other examples are the air treatment systems we install and water purification projects were are involved in throughout the Nordic region. Instalco also strives to help the end client apply the broadest possible approach to sustainability. We strive to increase their knowledge of what is possible to achieve in a construction project, from an environmental perspective.

The Instalco model provides companies in the Group with a high level of autonomy as regards their interactions with customers, sales, control and project implementation. The Group has a shared code of conduct, along with policies and guidelines for the environment, sustainability and work environment. All companies actively strive to lower their negative environmental impact and use their energy/environmentally efficient solutions to lower resource consumption for customers. In addition, each specific company is able to take own initiatives and set goals that benefit local society and create attractive workplaces.

Sustainability targets

During 2019, Instalco worked with five central sustainability goals. We are aiming for a customer satisfaction rate of 100 percent, employee satisfaction above 90 percent, absence due to illness below 5 percent, employee turnover below 10 percent and zero workplace injuries. Our performance on the sustainability targets is presented on page 9.

New sustainability program

At the start of 2020 we launched a new sustainability programme. A key component of it is our classification system, "Sustainable Instalco Project", which we have developed ourselves. In order for a project to qualify as a ***Sustainable Instalco Project,*** it must meet six specific sustainability indicators. For example, it must meet the requirements on occupational health and safety via the programme, ***Safe Employee***. Furthermore, all suppliers are required to sign Instalco's Code of Conduct. The project must also demonstrate qualities making it climate-smart.

The Sustainability Programme focuses on three main areas:

- Safe and modern work environment
- Sustainable installations
- Mature leadership

Within these three main areas, there are eight sustainability targets that will be measured and followed up on each year. The overall aim is to thereby achieve improvements each year in all areas.

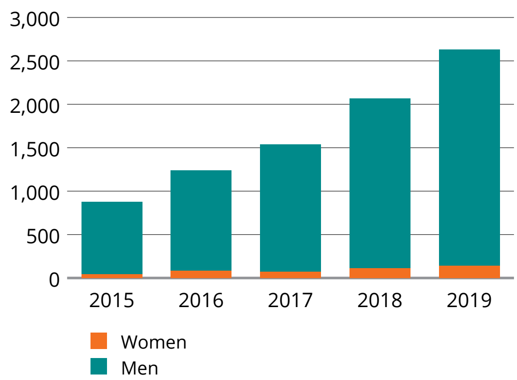
With the new sustainability programme, Instalco has also become a signatory of the UN Global Compact Sustainable and is committed to doing its part in achieving the Sustainable Development Goals (SDGs) of the 2030 Agenda. The new sustainability programme is presented in more detail on page 31.

Social perspective

Employees

Instalco strives to offer be an attractive employer that with interesting assignments, competent leaders, short decision paths and plenty of opportunities to make an impact and develop one's talent. There should be an open atmosphere that stimulates creativity and new ways of thinking that are in line with Instalco's values. Commitment and cooperation are prioritised and we encourage employees to listen and learn from each other. Continual training is also important, along with sharing of expertise in order

AVERAGE NUMBER OF EMPLOYEES



Materiality analysis

Instalco's materiality analysis is based on engagement with stakeholders, world trends and the company's strategic priorities. The analysis serves as the basis for our sustainability work and the strategic priorities that we have set.

Stakeholders

Instalco's operations impact, and are impacted by, a variety of stakeholders. The main stakeholder groups are customers, current employees, future employees, acquisition candidates, suppliers, subcontractors, owners, investors, analysts and the media. End-users are also impacted by Instalco's operations because they either live or work in buildings where Instalco has performed installation work. Instalco regularly engages in dialogue with its main stakeholders.

Stakeholder group	Forms of engagement	Main issues in 2019
Customers • Existing customers • Future customers	• Ongoing dialogue during projects • Evaluation meetings • Tenders • Instalco News (customer magazine)	• Energy and environmental efficiency • Quality • Specialization
Other business partners • Developers • Collaborating contractors • Subcontractors • Suppliers	• Ongoing dialogue during projects • Evaluation meetings	• Energy and environmental efficiency • Efficiency • Business ethics • Multi-disciplinary activities • Work environment and safety
Capital market and the media • Shareholders • Investors • Analysts • Journalists	• Individual meetings and interviews • Presentations • Annual General Meeting • Press releases • Quarterly reports and annual report • Website • Social media	• News reporting • Growth strategy • New projects • Acquisitions • Sustainability
Employees • CEOs at subsidiaries • Existing employees • Future employees	• Monthly phone meetings • Intranet and employee newsletter • Employee survey • Business area meetings • Instalco Academy and internal trainings • Performance appraisals	• The Instalco Club • Work environment and safety • Shared policies and Code of Conduct • Future sustainability programme • Spreading best practice throughout the Group • Profitability-enhancing activities and IFOKUS
Acquisition candidates	• Individual meetings • Site visits	• The Instalco model • Profitability • Best practice and local leadership

to promote best practice throughout the organisation. Instalco also offers trainee positions aimed at building strong relations with future technicians and assemblers.

Instalco is striving to recruit staff from a wide spectrum of society. At all levels, we shall strive for openness and an accepting climate, free of prejudice. We shall offer, regardless of gender and ethnicity, the same opportunities for career and skill development. Instalco's employees must respect and support the UN Declaration of Human Rights and comply with international agreements on child labour. We strive to ensure that none of its employees or job applicants experience discrimination based on gender, age, ethnic origin, sexual preference or functional disability. Instalco has zero tolerance for all forms of offensive behaviour, lack of respect or sexual harassment.

One form of internal dialogue is the annual employee survey that is sent out to all employees of the Group. The response rate for the 2019 survey was 50 percent, of which 67 percent were assemblers and 33 percent were professionals. The results from parts of the survey are reported on page 30.

The main channels for internal information are the Instalco intranet for the Group's employees, which has more than 2,000 users. Another important means of communication is Instalco News, our customer and employee newsletter that we started up in 2019.

Gender equality is given priority at all times, with a particular focus on it during recruitment efforts, skill development and setting salaries. Since Instalco operates in what has been a traditionally male dominated industry, we cooperate with schools, employer organisations and vocational committees to increase the percentage of women in the field. In 2019, the percentage of women working at the Group was slightly more than 5 percent.

The Instalco Club

Instalco should offer all of its employees a stimulating workplace. Instalco Club, set up in 2018, is aimed at stimulating and prior-

UN Sustainable Development Goals (SDGs)

The 2030 Agenda for Sustainable Development is an action plan for people, planet and prosperity. Participating countries are committed to achieving the goals in order to secure fundamental freedoms, welfare and a healthy environment for future generations. It is a concrete plan, consisting of 17 global sustainability goals which are integrated and indivisible, balancing the three dimensions of sustainable development. It acknowledges a shared responsibility for ensuring that the goals are achieved by 2030. The SDGs are used as a framework for formulating national plans, setting international agendas and establishing priories and targets within the private sector. Instalco has determined that the SDGs most aligned with issues most material to the business are 5-7, 9, 11 and 17.

The UN Sustainable Development Goals most aligned with issues most material to Instalco are 5-7, 9, 11 and 17.

Instalco runs the business via value-based leadership that promotes equal rights and opportunities for all employees. We contribute to the goal by ensuring that all employees, regardless of gender or ethnicity, have access to development opportunities, via further education, apprenticeships and similar initiatives.

Through our values and installations, we contribute to SDG 9, Sustainable Industry, Innovation and Infrastructure. We contribute to the goal by enabling more efficient use of resources and promoting the use of environmentally friendly technologies at installations.

Our core business is based on making both air and water cleaner, along with saving energy. Through our installations, we contribute to SDG 6, Cleand Water and Sanitation, by making water consumption more efficient, safeguarding the water supply, improving sewage systems and more reuse/recycling.

Our core business is based on making both air and water cleaner, along with saving energy. Through our installations, we contribute to SDG 11, Sustainable Cities and Communities.

Our core business is based on making both air and water cleaner, along with saving energy. Through our installations, we contribute to SDG 7, Affordable and Clean Energy, via access to electricity supply and modern energy, a higher percentage of renewable energy and Target 7.3 on higher rate of improvement in energy efficiency.

We believe that change is most easily achieved via cooperation. We therefore believe that partnerships and collaboration with other stakeholders in society is the best way to contribute to the UN Sustainable Development Goals, 5, 6, 7, 9 and 11.

itising activities that promote social interaction and the health/well-being of our employees. With that in mind, we have set up a fund, called Instalco Club, to encourage employee activities. Activities carried out within the scope of Instalco Club should be initiated and run by employees and everyone in the particular subsidiary should be invited to participate. The activities may be social, cultural or physical, which is decided by the one(s) applying for resources from the fund.

In 2019, we received 32 applications that have been approved and implemented.

Code of Conduct with whistleblower function

Our Code of Conduct consists of a number of principles that describe the company's shared values. Besides these principles, there are Group-wide policies, guidelines and routines that apply to specific areas like accounting/finance, personnel and purchasing. The aim of the code of conduct is to communicate ethical values and guidelines on professional behaviour to all employees, customers, suppliers, other business partners and owners, along with providing them with guidance for carrying out their daily tasks. Areas covered include conflict of interest, gifts, bribes and entertainment. The code of conduct has been adopted by Instalco's board of directors. The Group CEO has delegated responsibility to the head of each subsidiary in order to ensure that the Code has been implemented and is being followed.

Instalco forbids all forms of discrimination within the Group. One basic requirement is that everyone complies with the applicable laws and regulations. Instalco also takes responsibility for applying the highest ethical standards and business morale in all of its business dealings and activities.

Instalco has a whistleblower function whereby employees may anonymously report any violations of applicable laws and regulations or lack of compliance with the Code of Conduct to the company's management or board, in accordance with instructions provided therein. The whistleblower function is part of Instalco's preventive efforts against corruption, improprieties and wrongdoing. In 2019, no reports were made to our whistleblower function.

Work environment

Instalco's work environment policy aims to ensure a work environment that prevents any risk of ill health or accidents. Instalco shall offer a safe, secure workplace that is healthy, promotes good health and drug-free. Work environment issues are an integral part of operations, to be considered during ongoing and planned operations, and in conjunction with any changes that are being planned. The Group's employees are jointly responsible for ensuring that no employee is exposed to risks that could lead to serious physical or psychological injury. We work conscientiously and systematically to achieve a physical and psychosocial work environment. The overall goal is safe, healthy workplaces that help our employees and the company thrive.

Instalco has a vision of zero workplace accidents and it actively strives to achieve that. In 2019, the number of reported workplace accidents was 85 (78), which corresponds to 3.2 (3.8) percent of the total number of employees. Instalco is a member of the building sector's (80 member companies) zero vision for accidents at construction sites. It is called "Håll Nollan".

Career opportunities

INSTALCO academy

Instalco strives to offer a stimulating work environment that creates opportunities for personal development. For this purpose, Instalco has set up a company-internal school called Instalco Academy. We use it to train our future leaders so that we can attract and retain skilled employees. Another goal is to ensure that all Instalco employees have the

The main channels for internal information are the Instalco intranet for the Group's employees, which has more than 2,000 users. Another important means of communication is Instalco News, our customer and employee newsletter that we started up in 2019.

INSTALCO nätet

right expertise for being able to deliver in their respective roles. The Instalco Academy has leadership programs for three categories of employee: leading assemblers, project managers and CEOs.

Succession planning at Instalco occurs via such things as CEO transfers across subsidiaries, since Instalco strives to fill leadership positions from within the Group. It is a philosophy that also applies to project managers and leading assemblers. Training future leaders for such positions and career advancement is one of the main purposes of Instalco Academy.

In total, 267 people participated in trainings offered via Instalco Academy in 2019.

Economic perspective

Sustainable growth

Property owners of both newly constructed and older buildings are currently focusing more on investments in energy efficient installations aimed at lowering operating costs and meeting the ever-increasing sustainability and energy-saving demands of the market and customers. This is why Instalco is convinced that energy efficient and environmentally smart services will strengthen the Group's competitiveness and fuel long-term growth.

Quality and customer satisfaction

Instalco runs its operations in close collaboration with customers during project planning and installation of future-safe, energy efficient systems. Proposed technical solutions are reliable, energy efficient and environmentally friendly, with low life cycle costs, a high level of personal safety and high quality. The right level of quality is achieved by careful preparation of the various stages in the construction process, use of technical know-how, working efficiently and commitment throughout the entire value chain. Instalco continually monitors customer satisfaction and a large share of its business is repeat customers. Satisfied customers are repeat customers. The percentage of repeat customers has remained stable, at around 80 percent.

Environmental perspective

All companies within Instalco are required to select materials and choose work methods that result in a lower impact on the internal and external environment.

Instalco shall:

- Cooperate with customers and planners to lower environmental impact
- Increase employee knowledge of environmental aspects
- Comply with laws and other environmental requirements established by the Group

Instalco is an environmentally conscious company, where all employees are responsible for giving consideration to environmental aspects. Work with environmental issues occurs in all areas of the Group's operations: from the selection of products and suppliers, via purchasing and logistic flows to the final offering with installations, operations and service. Instalco is convinced that active environmental efforts are an important success factor for the company's growth.

Instalco participates in many projects where clients will seek Miljöbyggnad certification, which is a system set up by Sweden Green Building. To achieve such certification, the environmental efforts and the building's environmental performance are evaluated by a third party.

Instalco is also often involved in BREEAM projects (BRE Environmental Assessment Method). It is the world's leading sustainability assessment method, set up and administered by Building Research Establishment (BRE). Sweden Green Building Council has adapted BREEAM to the Swedish market and prerequisites.

Management has assessed that Instalco's most significant environmental impact is its carbon dioxide emissions. The Group aims to continually lower its environmental impact from travel, purchasing, waste management and the handling of hazardous substances.

Response rate for the 2019 employee survey

83% (2018: 85%)
that there is no bullying or offensive behaviour

83% (2018: 86%)
that it is possible to contribute suggestions for improvement and experience

91% (2018: 89%)
that they have not been a victim of bullying or offensive behaviour

85% (2018: 82%)
that they would recommend the company as employer

WORLD-CLASS, SUSTAINABLE INSTALLATIONS

INSTALCO
sustainable installations

Each day, in collaboration with customers and employees, Instalco generates benefits to society. We offer world-class, sustainable heating, plumbing, electricity, ventilation, cooling and industrial solutions.

For those of us at Instalco, sustainability means running operations responsibly and applying a holistic approach to the economic, environmental and social aspects. Instalco aims to, every single day, generate benefits to society via its climate-smart, energy-efficient installations that lead to lower consumption of resources.

In 2020, Instalco will launch a new sustainability programmed focused on three areas that should permeate all aspects of the Group’s sustainability efforts.

1. Safe and modern work environment
- Vision of zero workplace accidents
- Happiness, health and safety
- Development opportunities

2. Sustainable installations
- Sustainable Instalco Project
- Benefits to society
- Customer satisfaction

3. Mature leadership
- Business ethics
- Social responsibility

Within these three main areas, there are eight sustainability targets that will be measured and followed up on each year. The overall aim is to thereby achieve improvements each year in all areas.

SUSTAINABLE INSTALCO PROJECT

A key component of the sustainability programme is our classification system, “Sustainable Instalco Project”, which we have developed ourselves. Sustainability classification serves as a stamp of quality for both the project, customer, Instalco and our subsidiaries involved in the project. In order for a project to become classified as a Sustainable Instalco Project, it must meet six specific sustainability indicators.

SUSTAINABLE INSTALCO PROJECT

1. It must meet the requirements on occupational health and safety via the programme, “Safe Employee”.
2. Suppliers are required to have signed the “Instalco Code of Conduct for Suppliers”.
3. The project must meet the “climate smart” criteria established by Instalco.
4. It must have an established delivery plan with detailed transport and ordering procedures.
5. There must be adherence to the established routines for waste management and sorting at the source.
6. The customer must be offered a sustainability contract upon completion of the project.

Collaboration for innovation and sustainable construction

Reducing the carbon footprint has been one of the overall goals during construction of A Working Lab. During the project planning and construction process, partnering has been a successful form of collaboration where the Instalco Company, LG Contracting has been responsible for all of the heating & plumbing installations.

A Working Lab is the name of a large (12,000 sq. m.) office building and innovation arena, with more than 400 workplaces at Chalmers University of Technology, Gothenburg. The goal was to create a building where sustainability is part of its DNA. During the construction phase, 16 innovation projects were run and tested at the building in order to create energy-efficient solutions.

For example, the building has been equipped with Phase-Change Memory (PCM) technology that stores cooling energy in salts that can later be used for own cooling (rather than relying on district cooling). Chalmers has been testing the technology in various ways for quite some time and A Working Lab provided an opportunity for testing it on a large scale.

”The PCM solution, which we’ve been responsible for building and installing is just one of many examples of innovation projects implemented here. The goal has been to make this a climate-smart, resource-efficient building with a low carbon footprint,” says Urban Kalin, Project Manager at LG Contracting.

Via a smart selection of materials, it is hoped that the building's climate impact will be 20 percent lower than it would have been if traditional materials had been used. For example, the building’s frame primarily consists of cross-glued wood rather than concrete. And, the concrete that has been used, in parts of the basement, is eco-friendly, made from waste material. The cadmium-free, biodegradable paint has been used on the façade.

This has been a partnering project, where Akademiska Hus (developer), ByggDialog (contractor) and LG Contracting (one of several subcontractors) have collaborated to design and implement the construction project.

“Partnering is a great way of working, where everyone collaborates with full transparency to successfully implement the project. We were given the opportunity to propose solutions and innovations to the customer. In doing so, the customer really got what they wanted!” says Urban Kalin.

A Working Lab has been awarded Miljöbyggnad certification, Gold Level (a system set up by Sweden Green Building).

One prioritised area is to take stock of the Group's vehicles and how they are used. The car fleet is gradually being made more efficient with the goal of lowering fuel-related carbon dioxide emissions per 100 kilometres on an annual basis and by increasing the number of electric and hybrid cars.

Purchasing

Instalco strives to establish long-term relations with its suppliers. At the start of cooperation, we make sure that the supplier meets our established environmental requirements. The Group strives to continually improve and streamline suppliers' utilisation of resources in their operations. When choosing products and components, Instalco prioritises the ones with the lowest environmental impact during their entire lifespan within each product category.

Transports

There are significant transport flows associated with running Instalco's operations. For this reason, we work with companies that offer efficient, environmentally conscious logistics solutions. We are also lowering our environmental impact via efficient internal logistics.

Continual improvement efforts

IFOKUS was set up as a programme for promoting continual improvement within the Group. The programme uses several strategic tools to highlight and develop key improvement areas. It also ensures that all units participate in the Group's development. The initiative should not, however, infringe on any unit's autonomy.

IFOKUS is a process that begins with an analysis phase, where several possible improvement areas are identified. During the analysis phase, all unit managers meet to discuss and prioritise ideas about possible areas of improvement.

The point of departure could be either existing problems or opportunities. Each improvement area becomes the basis for an initiative. For each initiative, clear goals are formulated and a work group, with designated person in charge, is created. The work groups may consist of unit managers, employees from a unit who have specific expertise related to the initiative and employees from the central organisation.

Instalco's philosophy involves setting high goals that will motivate new working methods and creative thinking. The work group is responsible for defining a strategy on how to achieve the set goals and then creating an action plan that describes the steps that need to be taken along the way. During the planning and implementation phase, the initiative is continually monitored in order to adapt goals, strategies and action plans.

IFOKUS

The overall goals of IFOKUS are to:

- Improve profitability
- Increase cash flow
- Help us work smarter – not harder

IFOKUS is a Swedish acronym that stands for:

I Instalco
F Improvement
O Orderliness
K Expertise
U Process development
S Cooperation

Risks

Business risks	Management
Projects The market is primarily market-based and Instalco is particularly dependent on qualified personnel for calculating the costs associated with various projects, project management and supervision.	Approximately 55 percent of Instalco's projects are based on fixed-price contracts and any error in cost calculations would only have a marginal impact on the project. The risk of an error in calculation is mitigated via a clear delegation of authority that is based on the project size (value). Steering committees are set up for larger projects or projects of a complex nature. The steering committee's task is to monitor the project, share experiences and, as required, initiate concrete action plans and allocate the right resources. Larger projects are typically set up as partnerships, to further limit the risks. Furthermore, Instalco primarily focuses on medium-sized projects, where there is less competition than the larger projects and where competitive advantages come in the form of work quality, long customer relations and short lead times, rather than price.
Customers Instalco has a good risk spread as regards geographic presence and customer segments.	Customer relations are typically long and they are established through the local units. The main customer groups are construction companies, real estate companies, industrial companies and public operations. Construction companies are the single largest customer group. Instalco has more than 1,000 customers and the three largest customers account for approximately 15 percent of revenue.
Attracting and retaining skilled employees Instalco's success very much depends on its ability to recruit, develop, motivate and retain skilled employees.	We are able to be an attractive employer by offering employees a workplace with interesting tasks, good leaders, short decision paths, opportunities to make an impact and develop one's talent. Continual training of employees is key and to coordinate those efforts, we set up Instalco Academy for the purpose of attracting and retaining skilled employees, along with training future leaders. There is a clear plan for developing the skills of talented employees through training. Besides Instalco Academy, there is also a trainee system, along with courses, certificates and other necessary training.
Quality As regards deliveries, Instalco strives for a high level of quality in the work it carries out, the work done by subcontractors and our own selected products.	We ensure that our installations and deliveries have a high standard via skilled, competent employees and continual efforts to develop our processes. Instalco has standardised contracts with our suppliers and any product defects are regulated through the terms and conditions found therein. Instalco works continually with supplier and product evaluations in order to improve the quality of our purchases.
Liability, product liability and damages Risks in the area of liability, product liability and damages are associated with Instalco's projects and customer assignments.	Instalco has a general insurance policy covering the core business. The insurance covers, for example, damage to the company's contracts, property damage, business interruptions, damage to third party property and product liability.
Acquisitions There are risks associated with acquisitions having to do with the acquired company's relationships with customers, suppliers and key individuals.	Instalco has a unique model that makes it possible for the acquired companies and their entrepreneurs to run their operations in a larger context, where they can benefit from the economies of scale available to a larger Group of affiliated companies. The CEO of each company retains a great deal of autonomy as regards management of projects, employees and customers. In this way, local units are able to maintain their entrepreneurial spirit and identity, while benefiting from having shared accounting/finance functions, purchasing agreements, cross-selling, sharing of resources, spreading best practice and access to Instalco's business development function. Being a part of Instalco also means that the new unit can participate in the kinds of multi-disciplinary projects that they would not have access to on their own.

Market risks	Management
Business cycle impact Overall market conditions and political decisions impact Instalco's existing and potential customers' ability and willingness to invest.	Compared to the construction industry in general, the market for technical installation and services is less sensitive to the state of the economy and there is high visibility as regards future projects in a supplier's project portfolio. A large portion of revenue comes from repeat assignments and larger companies typically aren't so dependent on individual customers or contracts. Contracts for installation services are typically entered into early in the development phase of a project, which makes it possible to get a good overview and plan operations well in advance. Services that Instalco has been hired to deliver are typically planned and contracted up to 12-18 months in advance, which means that there is a high level of predictability and ability to adjust the cost base according to the demand.
Competitors The competition primarily comes from a large number of smaller players who run their operations in a limited geographic market within a specific area of technology.	The market is very competitive and fragmented with low barriers to entry at the local level. There are, however, barriers to entry for foreign players, in particular, due to higher eligibility and certification requirements. In today's market, only a handful of players, Instalco being one of them, have the resources, expertise and size required for delivering services in several regions and within several areas of technology.

Financial risks	Management
Liquidity risk Liquidity risk is the risk of not being able to fully meet the company's payment obligations or only being able to do so on significantly disadvantageous terms due to lack of liquid funds.	The Parent Company has central responsibility for the Group's financial transactions and risks and it follows a policy established by the Board.
Financing risk Financing risk is the risk that financing of the Group's capital needs and refinancing of outstanding loans will become more difficult or expensive.	Instalco has a seven-year credit agreement that matures in 2021. The agreement secures the financing of current operations. Instalco's goal is for the company to be indebted over time and that net debt in relation to adjusted EBITDA should amount to a maximum of 2.5 times.
Interest rate risk Interest rate risk is the risk of changes in market interest rates that impact the Group's net interest income/expense and cash flow.	Financing is long-term and the interest rate is linked to STIBOR.
Currency risk Currency risk is the risk that changes in currency rates will have a negative impact on the income statement, balance sheet and cash flow.	Instalco's transaction exposure is relatively low, since revenue and expenses are primarily in the local currency, with low exposure as regards imported components. Instalco's policy is that it does not engage in hedging as a way of lowering its currency exposure. All financing is in SEK.
Credit and counterparty risk Credit risk is the risk that the counterparty in a transaction does not fulfil his financial obligations and that any collateral that has been provided does not cover the Company's claim.	Credit checks are run on all new customers. For installation projects, Instalco offers payment plans.

Sustainability risks	Management
Sustainable services Sustainable installation services are in increasingly high demand by property owners and clients. It is an important component of Instalco's competitiveness.	Instalco's quality policy states that the company's proposed solutions must be reliable, energy efficient and environmentally friendly. In cooperation with the property developer and other contractors, Instalco engages in project planning and installs future-proof, energy-efficient systems in all types of buildings.
Compliance The installation sector is subject to extensive regulations and it is of utmost importance to Instalco's reputation in the market that the work is carried out in accordance with applicable laws and best practices.	One basic requirement is that all Instalco employees comply with the applicable environmental legislation, competition rules, labour law, tax legislation, safety requirements and other provisions that set the framework for the business. Besides compliance with laws and regulations, Instalco is responsible for ensuring that all of employees act in accordance with the company's high standards of good business ethics.
Health and safety A high level of safety in the workplace is of the utmost importance so that Instalco's employees are able to carry out their assigned tasks without the risk of injury or accidents.	Instalco must ensure that none of its employees are exposed to risks that could lead to physical or psychological injury. Preventive measures are continually being implemented to ensure that no employees are exposed to risks in their work environment. Technical equipment including work protection is designed based on the requirements of each employee.
Work conditions Instalco's companies must comply with current labour laws and offer attractive workplaces to ensure employee well-being as well as Instalco's reputation in the market.	Work environment issues are an integral part of Instalco's operations. The company provides a stimulateing work environment that promotes skill development based on the needs of the organisation. Managers have primary responsibility for creating a good work environment.
Corruption Instalco shall win assignments having complied with the applicable procurement regulations and based on sound business ethics.	Instalco's Code of Conduct stipulates that the company's employees must never, directly or indirectly, offer, give or accept gifts, benefits or other forms of compensations for unauthorised purposes. Furthermore, Instalco's employees must follow the business code established by the Swedish Anti-Corruption Institute, which supplements Swedish legislation.
Suppliers and subcontractors Instalco requires its suppliers and subcontractors to comply with the Instalco Code of Conduct and other applicable legislation.	In conjunction with the supplier evaluation, Instalco's suppliers and subcontractors must themselves have a code of conduct that has been accepted by Instalco. Alternatively, they must accept the principles contained in Instalco's Code of Conduct. A supplier who violates the code risks a termination of the business relationship with Instalco.

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders for Instalco AB (publ), CIN: 559015-8944

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2019 on pages 26-33 and 36 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 auditing 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 sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 19 March 2020
Grant Thornton Sweden AB

Camilla Nilsson
Authorised Public Accountant

Bi-Vent, a role model for equality

Construction and installation has traditionally been a male-dominated industry. At Instalco, the same holds true and the percentage of women working at the Group is slightly more than 5 percent. However, Bi-Vent, an Instalco subsidiary located in Skåne, stands out from the crowd. More than half of its salaried personnel are women.

The pattern is that same at most of Instalco's 70 subsidiaries. In the accounting/finance functions and HR, most of the employees are female. Among assemblers however, there are only a few women. But at Bi-Vent, things look quite different indeed.

"We have female employees working as project managers, contract manager and service mangers. It makes us rather unique. In hiring processes, we encourage both female and male candidates to apply. We've always hired the most suitable person for the job, regardless of their gender," says Åsa Süllmann, Head of HR at Bi-Vent.

Of the 16 salaried employees at Bi-Vent, 8 are women working in the following roles: CFO, Accounting Manager, Head of HR, Contract Manager, Project Administrator, Project Manager and Service Manager. Bi-Vent does not have any women working as assemblers, however.

"It is quite evident that we have great dynamics in the group when both women and men are represented," says Åsa Süllmann.

"I think more women have been encouraged to apply for positions at Bi-Vent because we already have several working here. It is a source of comfort to many. We've established a company culture founded on the belief that we work best when both women and men are part of the mix," she says.

Share information

Instalco became listed on Nasdaq Stockholm Mid Cap in May 2017 at SEK 55 per share. On the last trading date in 2019, the share price was SEK 135.20.

Share capital

As of 31 December 2019, share capital amounted to SEK 828,734, allocated across a total of 49,393,448 shares with a quotient value of SEK 0.015. Since becoming listed, there have been several new issues in conjunction with new acquisitions and in accordance with authorisation by the AGM. Below is a specification of the number of shares at the end of the months when new issues were completed.

All shares belong to the same class, with equal voting right and share in the company's equity and profits.

Date	Number of shares (change)
2019-01-31	48,427,924 (+214,063)
2019-02-28	48,541,722 (+113,798)
2019-04-30	48,696,683 (+154,961)
2019-07-31	49,035,734 (+339,051)
2019-10-31	49,218,357 (+182,623)
2019-12-30	49,393,448 (+175,091)

Share trading

The closing rate on 30 December 2019 was SEK 135.20 (69.30), corresponding to a market cap of SEK 6.7 billion. In total, just over 22.7 million shares were traded in 2019, corresponding to a value of SEK 2,100 million. The average number of shares traded per trading day amounted to 90,894. During the year, Instalco's share price increased by SEK 65.90 and the closing rate in 2019 was SEK 135.20 (69.30), corresponding to increase of 52.4 percent. Nasdaq's OMXSPI (the OMX Stockholm All Share Index) increased 29.6 (–7.7) percent in 2019.

Shareholders

At year-end, Instalco had 3,958 known shareholders. The company's ten largest owners represented 46.9 percent of the share capital and votes. 47.1 percent of the capital is attributable to owners based in Stockholm.

Dividends

The Board of Directors proposes that the 2020 Annual General Meeting resolves to issue dividends for the 2019 fiscal year of SEK 2.30 (1.50) per share, corresponding to a dividend share of approximately 30 percent. The company's dividend policy is to distribute 30 percent of its profit after tax.

Instalco's ten largest shareholders, 2019-12-31	Share of capital and votes, %
Capital Group	9.5
Per Sjöstrand	8.6
Swedbank Robur Fonder	6.4
Riikantorppa Oy	4.2
Wipunen Varainhallinta Oy	4.2
Odin Fonder	3.8
Lannebo Fonder	3.1
Tommy Larsson	3.0
The Third Swedish National Pension Fund (AP3)	2.2
Handelsbanken Fonder	2.0

Data compiled by Monitor. Sources: Euroclear, Morningstar, FI, Nasdaq, Millistream

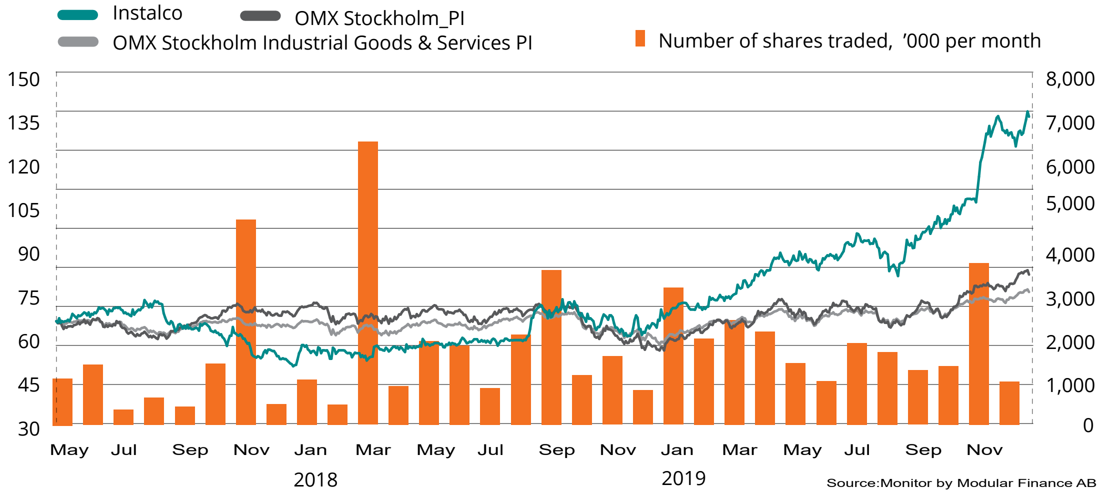
Size categories (number of shares), 2019-12-31	Number of known shareholders	Holding, %
1-1,000	3,525	1.2
1,001-10,000	266	1.9
10,001-100,000	112	7.7
100,001-500,000	41	16.8
500,001-1,000,000	5	7.5
1,000,001–	9	45.0
Anonymous ownership	N/A	19.9
Total	**3,958**	**100**

Data compiled by Monitor. Sources: Euroclear, Morningstar, FI, Nasdaq, Millistream

SIX REASONS FOR INVESTING IN INSTALCO

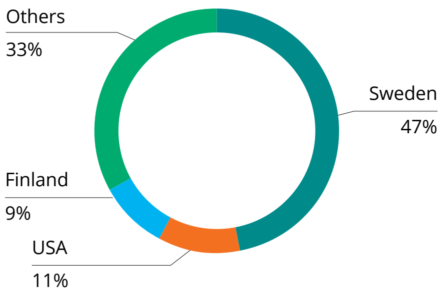
1. Attractive positioning in the market for medium-sized projects, fuelled by global megatrends
2. Focus on services that generate societal benefits and higher energy efficiency
3. Strong local market positions with good synergies at the Group level
4. Attractive offering to contractors and proven experience of successful acquisitions
5. High visibility and stability for future revenue
6. Combination of healthy growth, attractive margins and high rate of cash conversion

SHARE PRICE DEVELOPMENT 2017-05-11– 2019-12-31

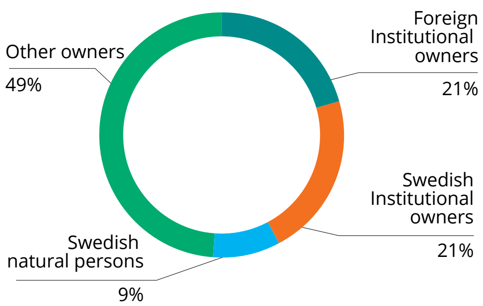


Source:Monitor by Modular Finance AB

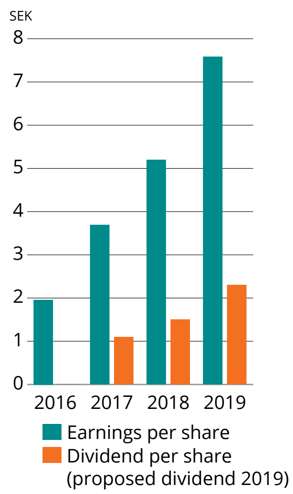
OWNERSHIP PER COUNTRY



OWNERSHIP PER CATEGORY



EARNINGS AND DIVIDEND PER SHARE



Modern ventilation system cut energy consumption in half

After the Instalco company, Aircano, replaced the ventilation systems at two properties in Hagsätra, Stockholm, energy consumption was cut in half.

"We put a great deal of focus on increasing the energy efficiency of our property holdings so that we can lower our climate impact," says Erik Ollman at IKANO Bostad AB.

The properties called Långskylen 5 and 9 at Hagsätra were built in the 1980s and there are 190 apartments contained within the two buildings. Aircano was contracted for project planning and installation of new ventilation systems in conjunction with renovation of the properties. The aim was to achieve a profitable solution for the property owner, while improving the indoor climate for residents.

"Uneven ventilation flows and heat at the buildings was consuming a lot of energy. The indoor climate for tenants was not optimal either. We installed the most modern system for the purpose. It is a system with 12 FTX aggregates offering energy-efficient recycling with reverse flow heat exchangers and energy-saving fans. The results are amazing," says Tobias Eriksson, CEO at Aircano and Business Area Manager for Instalco East.

In conjunction with the project, two new, complete district heating substations with modern control systems were installed.

"Creating future sustainable cities is an important goal for us and lowering our climate impact is one of our most prioritised areas. Aircano's project planning and installation work at Långskylen cut electricity consumption by nearly 50 percent. The heat savings have also been significant," says Erik Ollman, Energy Controller at Ikano Bostad.

Directors' report

The Board of Directors and CEO for Instalco AB, CIN 559015-8944, hereby present the annual report and consolidated financial statements for the 2019 financial year.

Operations

Instalco offers installations, service and maintenance of buildings and facilities in Sweden, Norway and Finland, providing complete heating, plumbing, electricity, ventilation, cooling and industrial solutions. The Group is represented throughout most of Sweden, and in the expanding metropolitan regions of both Norway and Finland. Operations are run through subsidiaries that have close relationships with customers. It also has a small central organisation.

Instalco continually works with installation solutions that improve energy efficiency and functionality, thereby lowering operating costs and environmental impact.

Installation involves installing both new and upgraded technical systems at buildings and facilities. Service is offered within all of these disciplines.

In the area of heating and plumbing, Instalco offers complete solutions for water, sewage, heating, cooling and energy. For electrical installation, Instalco offers energy efficient solutions for energy supply, lighting and heating. For ventilation, Instalco offers complete solutions for air conditioning, air treatment and climate control. For cooling, Instalco offers complete solutions for properties and stores and in the industrial area, the company offers pipe installations and machine assembly.

The company is domiciled in Stockholm.

Significant events during the financial year

In 2019, the following companies were acquired by the Group:
El Kraft Teknik & Konsult i Sala AB, 556709-7935,
Aquadus VVS AB, 556583-1798,
Aircano AB, 556307-0829,
El & Säkerhet i Sörmland AB, 556242-2468,
Moi Rør AS, 971004525,
Gävle Elbyggnads i Gävle AB,556502-2620,
Bogesunds El & Tele AB, 556585-9815,
Rörtema i Nyköping AB, 556611-2255,
Milen Ventilation AB, 556963-7258,
OVAB Optimal Ventilation AB, 556806-1310,
Pohjanmaan Talotekniikka Oy, 2396464-6,
VIP-Sähkö Oy, 2186140-8,
Medby AS, 885873782,
AB Tingstad Rörinstallation, 556711-5059,
Henningsons Elektriska AB, 556059-8855
Ventec AS, 957698085,
Elovent AB, 556993-6684,
AB Borås Rörinstallationer, 556032-5507.
For more information on acquisitions, please see Note 35.

In 2019, the company started up the following subsidiaries: Instamate AB, 559201-6538.

During the year, Instalco updated its financial targets as follows:

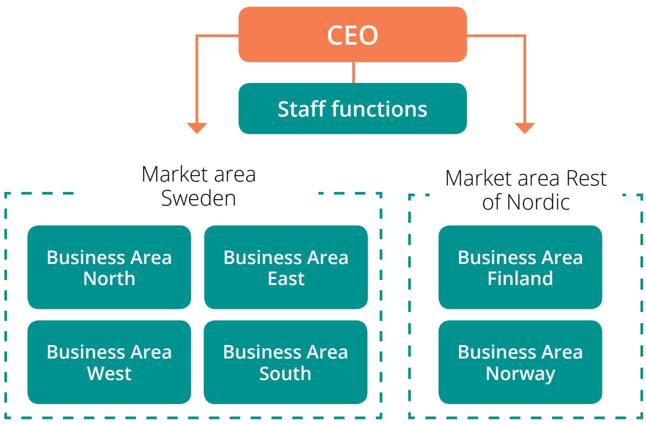
- *Growth:* Average sales growth shall be at least 10 percent per year over one business cycle. Growth shall occur through a combination of organic growth and successful acquisitions.
- *Adjusted EBITA margin:* Instalco's goal is to achieve an adjusted EBITA margin of 8.0 percent.
- *Capital structure:* Instalco's ratio of net debt/adjusted EBITDA shall not exceed 2.5.
- *Cash conversion:* Instalco's goal is to achieve a cash conversion rate of 100 percent on a rolling 12-month basis over one business cycle.
- *Dividend policy:* Instalco's goal is to distribute 30 percent of its profit after tax as dividends.

Significant events after the end of the financial year

During the first half of 2020, Instalco acquired Elinstallationer Ullsand Bengtsson AB with estimated annual sales of SEK 69 million and 30 employees. Instalco also acquired Haug og Ruud VVS AS with estimated annual sales of SEK 75 million and 31 employees. For more information on acquisitions, please see Note 33.

Organisation

Operations are organised into two segments, Sweden and Rest of Nordic. They are then organised into six business areas. The Group's head office is in Stockholm and it offers support functions including accounting/finance, purchasing, communications, IR and business development.



Ownership structure

At the end of the year, Instalco had 3,958 known shareholders. The company's ten largest owners represented 46.9 percent of the share capital and votes. The three largest shareholders were Capital Group with an equity holding of 9.5 percent, Per Sjöstrand privately and via company with an equity holding of 8.6 percent and Swedbank Robur Fonder with an equity holding of 6.4 percent.

Multi-year comparison

	2019	2018	2017	2016
Net sales, SEK m	5,692	4,414	3,114	2,407
Adjusted EBITA, SEK m	500	375	264	156
EBITA, SEK m	493	334	244	140
Adjusted EBITA margin, %	8.8	8.5	8.5	6.5
EBITA margin, %	8.7	7.6	7.8	5.8
Profit after financial items, SEK m	473	315	229	132
Total capital employed, SEK m	4,176	3,016	2,297	1,525
Equity ratio, %	36	35	35	36
Average number of employees	2,630	2,065	1,539	1,240

Net sales

The Group's net sales amounted to SEK 5,692 (4,414) million. Organic growth was 4.0 percent and acquired growth was 24.8 percent. Currency fluctuations had an effect on net sales of 0.4 percent. 19 companies were acquired during the period.

EBITA

Adjusted EBITA amounted to SEK 500 (375) million, which corresponds to an operating margin of 8.8 (8.5) percent.

Information on adjustments is provided in Note 38.

Operating profit amounted to SEK 493 (334) million, which corresponds to an operating margin of 8.7 (7.6) percent.

Financial position and cash flow

The Group has a strong financial position with an equity ratio of 36 (35) percent. Cash and cash equivalents at the end of the year amounted to SEK 317 (218) million.

The Group's cash flow from operating activities was SEK 495 (338) million.

Quality and the environment

Overall and detailed environmental goals are set based upon relevant legal requirements, stakeholder requirements and company policies. Goals are then broken down and documented in the form of goals, strategies and action plans as part of the annual business planning of each unit. Measurement and monitoring of goals is both ongoing and on an annual basis. Instalco identifies and evaluates annually the impact the company's activities, services and products have on the environment. Management has assessed that Instalco's most significant environmental impact is its carbon dioxide emissions.

Instalco runs the business in accordance with laws and regulations, applying working methods that lower the risk of significant contamination or other negative impacts on people or the environment. Instalco's operations do not require a permit for environmentally hazardous activities. In cases where there is a reporting or permit requirement, each country is responsible for ensuring that this is done.

The Group respects and supports the UN Declaration of Human Rights and it follows international agreements on child labour.

Sustainability Report

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Instalco has elected to prepare the statutory sustainability report separate to the annual report. The Sustainability Report is provided on pages 26-33 and page 36 of this document.

Work environment

Instalco runs operations in various types of projects, which means that there is variation as regards the types of work environment problems it faces. The Group works systematically to collect information about the work environment and it strives to provide an acceptable physical and psychological work environment for all employees. Instalco promotes activities to increase equality and diversity. The Group routinely considers the work environment in conjunction with change processes and we meet the requirements of the Swedish Work Environment Authority, with continual improvement efforts aimed at ensuring that the company offers a safe work environment. More information is available in the sustainability report on page 29 of this document.

Employees

At the end of the year, there were 3,103 (2,283) employees and the average number of employees for the year was 2,630 (2,065).

Risks

Instalco is exposed to various types of risks in its business. They are both operational and financial in nature. At Instalco, the operational risks are higher than the financial risks.

The operational risks are attributable to daily operations, like tendering, capacity utilisation, revenue recognition and cyclical fluctuations.

Risk management

There is an continual process for managing operational risks and it covers a large number of ongoing projects and service assignments. Instalco's projects involve a risk of loss due to sub adequate performance, incorrect calculations and losses on accounts receivable. For this reason, it is important that these operational risks are well-managed.

Risk management is well-defined in Instalco's management system, which helps prevent and lower the company's risk exposure.

The Group manages its financial risks centrally in order to minimise and control the risk exposure. Credit risks in the business are managed locally.

OPERATIONAL RISKS

Tendering

With tendering, there are both commercial and product risks that must be identified and managed during the process. To ensure that this is done, Instalco has set up process descriptions and checklists aimed at ensuring that the risks are identified, quantified and included in the calculations and tenders that are submitted.

Price risks

Unexpected price increases on materials and subcontractor services are a risk. Instalco's risk of rising prices is balanced by having the right type of contracts, price adjustments based on an index for fixed-price contracts and efficient purchasing routines.

Capacity utilisation

To a great extent, capacity utilisation is impacted by the demand in the local markets. Instalco counters these risks by having ongoing resource planning and by using subcontractors during peak season.

Revenue recognition

Instalco recognises revenue in its projects over time. Revenue is recognised based the project's percentage of completion along with the final forecast. Instalco continually monitors the financial status of its projects in order to limit the risk of inaccurate forecasts and accordingly, incorrect revenue recognition. Instalco's management system has processes and checklists that are used from the start of the project to the end in order to ensure efficient production. For larger projects, steering committees have been set up to ensure high quality production.

Insurance

Instalco has insurance coverage that is tailored to its needs. It includes liability insurance, contract insurance and property insurance.

Financial risks

Instalco is exposed to certain financial risks, like changes in its indebtedness and interest rates. Please see Note 36 for information on financial risks like interest rate risk, currency risk, financing risk and credit risk.

The risks in the Parent Company are essentially the same as those for the Group.

Expected future performance

During the current year, the Group expects to make several company acquisitions in the installation sector and it also expects sales to increase. The market is expected to remain stable, with a high demand for installation services and a higher demand for energy-efficient solutions, which we expect will support stable growth over time. Slowdown in housing construction has persisted, particularly for new construction of condominiums in metropolitan regions. Although there has been a dip in housing construction, the rate of construction for schools, preschools and hospitals remains high. The Norwegian market is stable, with growth in all areas where Instalco is represented. The market is also stable in Finland, fuelled by activity in the Helsinki region.

Appropriation of profit or loss

The following retained earnings shall be appropriated by the AGM (SEK t):	
Share premium reserve	978,667
Accumulated profit or loss	286,262
Loss for the year	4,218
	1,269,147

The Board and CEO recommend that	
the following amount is distributed as dividends	113,764
the following amount is carried forward	1,155,383
	1,269,147

The dividend amount has been calculated on the number of outstanding shares as of 2020-02-28, which was 49,462,794 shares. The total dividend amount may change up until and including the reconciliation date due to new share issues and any new acquisitions that are made.

Corporate governance report

Legislation and Articles of Association

Instalco is a Swedish public limited liability company, regulated to Swedish law, primarily the Swedish Companies Act and the Annual Accounts Act. The regulations of Nasdaq Stockholm have been applied since the date when the company's shares became listed in May 2017. Besides legislation and Nasdaq Stockholm' regulations, the foundation for the company's corporate governance is its Articles of Association and its internal guidelines on corporate governance. The Articles of Association specify, among other things, the registered office, focus of the business, limits on share capital and number of shares, along with the prerequisites for participating in the AGM.

Swedish Code of Corporate Governance

The Swedish Code of Corporate Governance (the Code) specifies a higher norm for good corporate governance than the minimum requirements of the Swedish Companies Act and it must be applied by all companies with shares traded on a regulated market in Sweden. The Code thus supplements the Swedish Companies Act by, in some areas, setting higher requirements. However, it enables a company to deviate from those requirements if, in specific cases, doing so would result in better corporate governance ("comply or explain"). Any such deviations, along with the reasons for the deviation and alternative solution, must be reported annually in a corporate governance report.

Instalco applies the Swedish Corporate Governance Code and there were no deviations from the Code in 2019.

Share capital and shareholders

Share capital amounts to SEK 0.7 million allocated across a total of 49,393,448 shares with a quotient value of SEK 0.015 per share. All shares have equal voting rights. At the end of 2019, Instalco had 3,958 known shareholders. At year-end, the ten largest shareholders controlled 46.9 percent of share capital. The percentage of shares owned by Swedish institutional owners at year-end amounted to 20.8 percent of share capital and votes. The percentage of shares owned by foreign institutional owners amounted to 21.6 percent of share capital and votes.

Annual General Meeting

Shareholders' exercise their influence at the AGM, which is the company's highest decision making body.

At the Annual General Meeting (AGM), resolutions are passed on adoption of the income statement and balance sheet, disposals of the company's profit or loss, discharge from liability by the company for the members of the Board and the CEO, election of board members and auditors, and remuneration to the Board and the auditor. At the AGM, shareholders also decide on other central issues, such as changes to the Articles of Association, new issue of shares, etc. Information on authorisation for the Board granted by the AGM for the period up until the next AGM is provided on page 38.

Notice of the Annual General Meeting shall be made by announcement in Post- och Inrikes Tidningar and by the notice being posted on Instalco's website (www.instalco.se). Notice of the AGM was published in Dagens Industri.

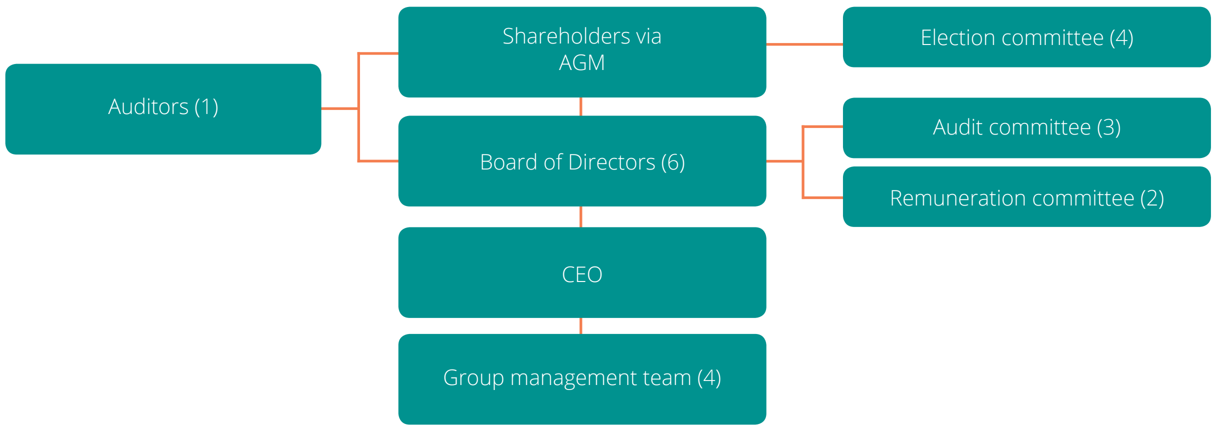
The right to attend and vote at the Annual General Meeting, either personally or by proxy holder, shall be given to shareholders who are entered in the company's register (kept by Euroclear) five weekdays before the Annual General Meeting (i.e. on the record date) and to those who report their participation to the company by the date stated in the notice of the AGM.

Notices, minutes and reports from AGMs will be made available on the Company's website.

Election committee

The election committee is the body of the AGM with the sole task of preparing the AGM's decision in election and arbitration matters and, where applicable, procedural questions for the next election committee.

GOVERNANCE STRUCTURE



In accordance with instructions adopted at the extraordinary general meeting for Instalco AB that was held on 8 May 2019, the election committee shall consist of the Chairman of the Board and three members representing the three largest shareholders of the company in terms of the number of votes that they control. If any of these shareholders declines their right to appoint a member, the option will go to the shareholder with the next largest holding in terms of votes that they control.

The names of the members of the election committee and the shareholders that have appointed members shall be made public no later than six months prior to the AGM. The election committee decides for itself which member to appoint as chairman of the committee. The Chairman of the Board may not serve as chairman of the election committee.

If a change of ownership occurs among the largest shareholders (in terms of voting power), such that a shareholder who has not previously been entitled to appoint a member to the election committee attains a larger shareholding than one or more of those who has appointed a member to the election committee (a new major owner), the election committee must (if the new major owner requests to appoint a member to the election committee), decide that the member of the election committee representing the shareholder with the smallest influence after the change, shall be dismissed and replaced by the person appointed by the new major owner. If a new major owner would like to appoint a member to the election committee, a request to do so must be submitted to the chairman of the election committee.

Composition of the election committee was made public on 6 November 2019. A change that was made to the composition of the election committee was made public on 3 March 2020. The election committee in place prior to the 2020 AGM consists of: Krister Hansen (appointed by Per Sjöstrand), Ingeborg Åkermarck (appointed by Riikantorppa Oy), Magnus Skåninger (appointed by Swedbank Robur Fonder) and the Chairman of the Board, Olof Ehrlén.

The election committee shall apply Rule 4.1 of the Swedish Code of Corporate Governance as its diversity policy when making its proposal for members of the Board of Directors, with the aim of achieving a well-functioning Board of Directors regarding diversity and breadth as regards such things as gender, nationality, age and industry experience.

Board of Directors

The Board of Directors is also the company's highest executive body and it is responsible for the company's organisation, management and ongoing assessment of the Group's financial situation. The Chairman of the Board has a special responsibility to lead the Board's work and to ensure that the Board fulfils its statutory obligations.

According to the Articles of Association, the Board shall consist of at least three (3) and a maximum of ten (10) board members without any deputy members. Members are elected at the AGM for the period of time until the next AGM is held. There are no limits on how long a member may serve on the Board. At present, the Board consists of six (6) ordinary members. More information on the Board of Directors is provided on page 49. Information on remuneration to the Board of Directors is provided in Note 6 of the Annual Report.

The Board's tasks include establishing the Company's overall goals and strategies, monitoring major investments, ensuring that there is adequate control of compliance with laws and other rules that apply to operations and compliance with internal guidelines. The Board's tasks also include ensuring that information provided by the company to the market and shareholders is open, correct, relevant and reliable. The Board must also appoint and evaluate the CEO.

The Board has adopted written rules of procedure for its work, which are evaluated, updated and adopted again each year. The Board meets regularly in accordance with an established program

Board of Directors 2019

			Independent in relation to:		Participation out of total number of meetings		
Board member	Position	Elected	Company and senior executives	Major share-holders	Board meetings[1)]	Audit committee	Remu-neration committee
Olof Ehrlén	Chairman of the Board	2014	yes	yes	9 out of 9	–	1 out of 1
Johnny Alvarsson	Board member	2016	yes	yes	9 out of 9	–	1 out of 1
Camilla Öberg	Board member	2018	yes	yes	8 out of 9	5 out of 5	–
Per Leopoldsson	Board member	2018	yes	yes	9 out of 9	5 out of 5	–
Carina Qvarngård	Board member	2018	yes	yes	9 out of 9	5 out of 5	–
Carina Edblad	Board member	2018	yes	yes	9 out of 9	–	–

1) Per capsulam not included

detailed in the rules of procedure. At these meetings, decisions are made on certain standing items along with decisions on other items, as needed.

Evaluation of Board work

To ensure and develop the quality of the work done by the Board of Directors, an evaluation is conducted each year. The effort is led by the Chairman of the Board for the purpose of evaluating the work done by the Board and its members. In 2019 the evaluation was conducted via a survey that each Board member completed. The results of the evaluation are reported in writing to the Board members and they discuss the results together at the Board meeting in December. The Chairman of the Board has also reported the results of the evaluation at a meeting with the election committee.

Committees

The Board may establish committees tasked with preparing questions in a particular area. It may also delegate decision authority to such committees. However, the Board may not discharge itself from responsibility for the decisions taken on the basis thereof. If the Board decides to set up a committee within itself, the Board's rules of procedure must state which tasks and which decision making authority it has delegated to the committee, along with how the committee shall report to the Board.

Audit committee

The Board has set up an audit committee that consists of the following three members: Camilla Öberg, Per Leopoldsson and Carina Qvarngård. Camilla Öberg is chairman of the committee.

The audit committee is tasked with, among other things, monitoring the company's financial reporting, monitoring the effectiveness of the company's internal control, internal audit and risk management, keeping informed of the audit of the annual report and consolidated accounts and the conclusions of the Swedish Inspectorate of Auditors' quality control. The committee must also review and monitor the auditor's impartiality and independence, paying special attention to services provided by the auditor in addition to the audit.

Remuneration committee

The Board has set up a remuneration committee that consists of the following two members: Olof Erhlén and Johnny Alvarsson. Olof Erhlén is chairman of the committee.
The main tasks of the remuneration committee are to:

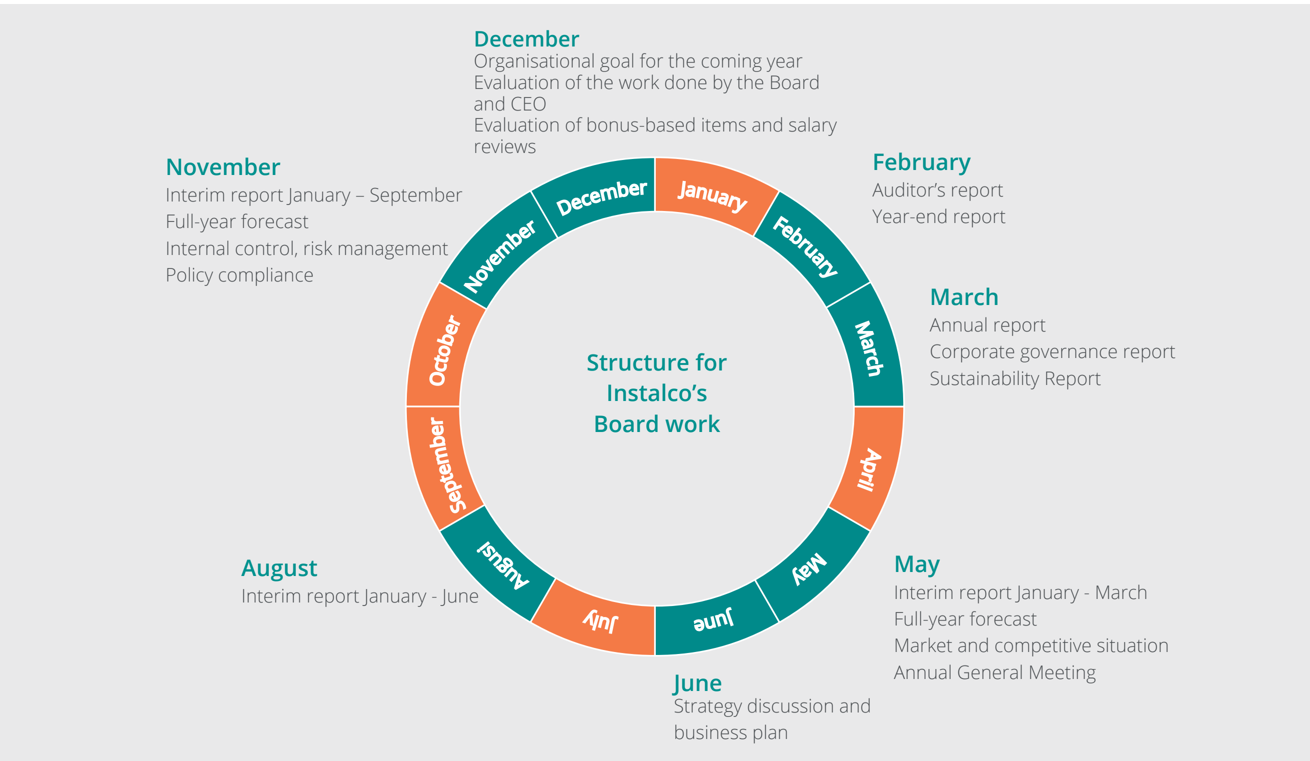
(i) prepare the Board's decisions on issues of remuneration principles, remuneration and other terms of employment for senior executives,

(ii) monitor and evaluate ongoing programmes (along with programmes that were concluded during the year) on variable remuneration to senior executives, and

(iii) monitor and evaluate the application of any guidelines for remuneration to senior executives established by the AGM as well as applicable remuneration structures and remuneration levels.

CEO and other senior executives

The company's CEO is responsible for ongoing management in accordance with the Board's guidelines and instructions. The CEO's role and responsibilities, along with the division of duties



between the Board and CEO, are detailed in a written document issued by the Board (the CEO instructions). The Board regularly evaluates the work done by the CEO.

The company's CEO is Per Sjöstrand. More information on the CEO and other senior executives is provided on page 50 and 51.

Guidelines for remuneration to senior executives

At the AGM that was held on 8 May 2019, it was decided to adopt guidelines for remuneration to the CEO and other senior executives. The basic principle for remuneration and other employment terms is that they should be at the going market rate and competitive in order to ensure that the Group is able to attract and retain competent senior executives at a reasonable cost to the company. Remuneration may consist of fixed remuneration, variable remuneration, pension and other benefits. Variable remuneration is paid in cash and based on outcomes in relation to pre-established goals within individual areas of responsibility (Group or business area) and the goals must also be consistent with the interests of shareholders. Unless otherwise agreed, variable remuneration is pensionable salary at an amount not to exceed 50 percent of fixed annual salary for the CEO and not to exceed 50 percent of fixed annual salary for other senior executives.

Pension benefits are associated with defined contribution plans, with individual retirement age not earlier than 60 years of age. Other benefits, such as company cars, supplementary health insurance or occupational health services shall be for a limited amount in relation to other remuneration and it must also be at the market's going rate.

Notice of termination is normally 6 months for the CEO and 3-6 months for other senior executives. In the event of termination of employment at the request of the company, the notice period for all senior executives is at most 12 months with entitlement to severance pay after the end of the notice period corresponding to at most 100 percent of fixed salary for at most 12 months (fixed salary during the notice period and severance pay shall, in other works, not exceed 24 months of fixed salary).

The Board of Directors is entitled deviate from the guidelines in specific cases if there are special reasons for doing so.

The Board of Directors' suggested guidelines for remuneration to the CEO and other senior executives for the period of time until the next AGM shall remain in force as described above.

Incentive program

At the Instalco AGM on 27 April 2017, it was decided to implement an incentive scheme for the Group's senior executives and other key employees by issuing warrants with the right to subscribe for new shares in the company.

If all of the 1,929,650 warrants are exercised, the company's share capital will increase by at moss SEK 28,944.75 allocated across 1,929,650 shares, each of which with a quotient value of SEK 0.015, corresponding to a dilutive effect of at most 4 percent based on the share capital and votes in the company immediately after date when the companies shares became listed.

The incentive scheme is divided into two sub-programmes (Series 2017/2020:1 and Series 2017/2020:2). A total of 964,825 have been transferred to each of these sub-programmes at a price corresponding to the option's market value according to external valuation.

The exercise price for warrants belonging to Series 2017/2020:1 is SEK 66.00 per new share and the exercise price for warrants belonging to Series 2017/2020:2 is SEK 71.50 per new share.

The warrants can be exercised to subscribe for new shares as of the date following the publication of the Company's quarterly report for the first quarter of 2020 through 30 June 2020.

There are no outstanding share-related incentive programmes besides the warrants described above.

Internal control and audit

The Board is responsible for the company's organisation and management of the company's affairs. The rules of procedure created by the Board (see above, under the heading "Board of Directors" in this section) include instructions for internal financial reporting. Furthermore, all interim reports and press releases are published on the company's website (www.instalco.se) in conjunction with making the information public.

As a public company, Instalco is required to have at least one auditor for the audit of the parent company and the group's annual report and accounting records, as well as the administration of the Board and the CEO. The audit must be at the level of detail and scope required for generally accepted auditing standards. The company's auditors are elected in accordance with the Swedish Companies Act by the AGM. An auditor for a Swedish limited company has thus been given his or her assignment by, and reports to, the Annual General Meeting. The auditor may not allow him or herself to be controlled by the Board or any senior executives when carrying out that assignment.

According to the Articles of Association, the AGM shall appoint at least one (1) and a maximum of two (2) auditors with no more than three (2) deputy auditors. The auditors (and any deputy auditors) must be certified public accountants or a registered audit firm. The company's current audit firm is Grant Thornton Sweden AB with Camilla Nilsson as the chief auditor.

The Board's report on internal control related to financial reporting

The Board's responsibility for internal control is regulated in the Swedish Companies Act, Annual Accounts Act and the Swedish Code of Corporate Governance The Board must, among others, ensure that Intalco has good internal control and formalised procedures that ensure compliance with established principles for financial reporting and internal control and that there are appropriate systems for monitoring and controlling the company's operations and the risks associated with running the company and its operations.

The overall purpose of internal controls is to obtain a reasonable level of assurance that Instalco's strategies and goals are monitored and that the owners' investments are protected. Internal controls shall further ensure that, with a reasonable level of certainty, the external financial reporting is reliable and has been prepared in accordance with generally accepted accounting principles, and that there is compliance with applicable laws, regulations, and the requirements of listed companies.

The control environment forms the basis for internal control that also includes risk assessment, control activities, information and communication as well as follow-up.

Control environment

The Board has overall responsibility for internal control related to financial reporting. In order to create and maintain a functioning control environment, the Board has adopted a number of policies and governance documents that regulate financial reporting. These primarily consist of the Board's rules of procedure, instructions for the CEO, instructions for the committees that have been set up by the Board and instructions for financial reporting. The Board has also adopted rules for authorisation and it has established a financial policy. The company also has an accounting guide that contains principles, guidelines and process description for accounting and financial reporting. In addition, the Board has set up an audit committee. Its primary task is to monitor the following: Instalco's financial reporting and the effectiveness of the company's internal controls, the internal audit (is such a function has been set up) and risk management, along with reviewing and monitoring the auditor's impartiality and independence. The company has decided not to have a separate internal audit function. However, the Board of Directors evaluates the need for such on an ongoing basis. As needed, the external auditor has expanded the audit by looking more closely at particularly important areas. The follow-up structure that the company has in the form of its leadership functions, described above, has been assessed as being adequate given Instalco's size and complexity.

The CEO is responsible for daily operations which includes maintaining the control environment and regularly reporting to the Board in accordance with the established instructions.

Each local unit is organised as a subsidiary with its own Board and CEO that are responsible for local operations in accordance with the guidelines and instructions issued by Group management. Each local unit has its own administrative routines and they are in charge of their own bookkeeping and financial reporting. The local units report primarily to the CEO and CFO.

Besides internal follow-up and reporting, the company's external auditor reports on the financial year to the CEO and Board of Directors. The auditor's report provides the Board with a good assessment and a reliable basis for the financial reporting in the annual report.

Risk assessment and control activities

Risk assessment includes identifying and evaluating the risk of material errors in the reporting and reporting at the Group and subsidiary level. Risk assessment is done on an ongoing basis in accordance with established guidelines and focus on specific projects. Within the Board, the audit committee has primary responsibility for ongoing evaluation of the company's risk situation after which, the Board conducts an annual review of the risk situation.

Control activities are aimed at identifying and limiting risks. The Board is responsible for internal control and follow-up of company management. This is done via both internal and external control activities, along with review and follow-up of the company's policies and governance documents. The Group-wide internal control guidelines are followed up throughout the year by all operating companies.

Uniform accounting and reporting instructions are applied at all units within the Group. The local units' financial performance is followed up regularly via monthly reporting which primarily focuses on sales, earnings, and order backlog. It also includes legal and operative follow-up with a focus on the status of individual projects. Each quarter, all units submit an internal control report. Other important components of internal control are the annual business planning process and forecast processes. Forecasts are followed up in the Group's monthly reporting.

With the launch of IFOKUS and establishment of Instalco Academy, a framework has been created for promoting continual improvement within the Group, which includes basic processes having to do with internal control.

Information and communication

The company has information and communication channels aimed at promoting the accuracy of financial reporting and enabling reporting and feedback from operations to the Board and management. This is done, for example, via governance documents (such as internal policies, guidelines and instructions for financial reporting) that have been made available and are both known and used by the employees concerned. Financial reporting is carried out in a Group-wide system with pre-defined reporting templates.

The company's financial reporting complies with Swedish laws and regulations along with the local rules in each country where operations are run. The company's information to shareholders and other stakeholders occurs via the annual report, quarterly reports and press releases.

Follow-up

Compliance and effectiveness of the internal controls is regularly monitored. The CEO ensures that the Board of Directors regularly receives reports on Instalco's performance, which includes earnings and financial position, information on significant events and progress on specific projects. The CEO also reports on these matters at each Board meeting. The Board and audit committee review the annual report and quarterly reports. They also perform financial assessments in accordance with an established plan. The audit committee monitors the financial reporting and other related issues. It also regularly discusses these matters with the external auditors.

Board of Directors

Olof Ehrlén
Born 1949
Chairman of the Board, member since 2014

Other Board assignments
Chairman: Svevia

Work experience
Extensive experience in the construction industry. Previously held the position of President and CEO of NCC.

Education
MSc Engineering, Chalmers University of Technology, Gothenburg

Independent in relation to Instalco and its senior executives
Independent in relation to major shareholders

Shareholding in Instalco[1)]
90,078

Johnny Alvarsson
Born 1950
Member since 2016

Other Board assignments
Chairman: FM Mattsson Mora Group, VBG Group, Dacke Industri
Board member: Beijer Alma and Sdiptech

Work experience
Extensive experience as senior executive at several listed companies, including Indutrade.

Education
MSc Engineering, Management education

Independent in relation to Instalco and its senior executives
Independent in relation to major shareholders

Shareholding in Instalco[1)]
71,188

Carina Edblad
Born: 1963
Member since 2018

Current position
CEO Thomas Betong

Other Board assignments
Chairman: Svensk Betong
Board member: Adapteo and Confederation of Swedish Enterprise

Work experience
30 years of operational experience in the construction industry as both specialist and manager with responsibility for project management, business development, purchasing and as CEO.

Education
MSc Engineering, Chalmers University of Technology

Independent in relation to Instalco and its senior executives
Independent in relation to major shareholders

Shareholding in Instalco[1)]
–

Per Leopoldsson
Born 1960
Member since 2018

Current position
Head of Solavik Förvaltning AB

Other Board assignments
Member of the City Council for Fastighetsägarna i Stockholm, Brandkontoret, SBC and NAI Svefa

Work experience
Extensive experience in the property and construction industry. CFO Fastighets AB Näckebro, Ramböll and Bravida.

Education
MBA, Stockholm School of Economics

Independent in relation to Instalco and its senior executives
Independent in relation to major shareholders

Shareholding in Instalco[1)]
–

Carina Qvarngård
Born 1959
Member since 2018

Current position
Senior consultant in organisational and business development with a sustainability focus for Nordic customers in need of industrialising and internationalising their operations.

Other Board assignments
Director, XM Reality

Work experience
More than 30 years of experience in leading positions at international companies, including Ericsson, Sodexo Norden and Caverion.

Education
MSc Engineering, KTH Royal Institute of Technology

Independent in relation to Instalco and its senior executives
Independent in relation to major shareholders

Shareholding in Instalco[1)]
–

Camilla Öberg
Born 1964
Member since 2018

Current position
CFO Cybercom Group

Other Board assignments
Director, Xvivo Perfusion

Work experience
Extensive experience as CFO at international companies. CFO Swegro Group, Head of Investor Relations WM-Data, CFO Logica.

Education
MBA, Stockholm School of Economics

Independent in relation to Instalco and its senior executives
Independent in relation to major shareholders

Shareholding in Instalco[1)]
–

1) Including closely related physical and legal persons' holdings.

Senior executive

Per Sjöstrand
Born 1958
CEO and founder

Work experience
Head of major projects at the Swedish Transport Administration,
CEO NEA Gruppen AB,
CEO Midroc Electro, CEO Peab Nord

Education
MSc Engineering, Chalmers University of Technology, Gothenburg

Number of shares[1)]
4,217,538

Number of options
293,176

Robin Boheman
Born 1984
CFO[2)] and Head of Business Development

Work experience
Management consultant M&A Integration and Separation PWC,
Business developer at Scania

Education
Masters degree in accounting and finance, Uppsala University

Number of shares[1)]
333,901

Number of options
100,000

Fredrik Trahn
Born 1969
Head of Communications and IR

Work experience
Journalist SvD, Head of Information at Bristol-Meyers Squibb, Press Officer at Electrolux, Press Officer for Team SEB of Volvo Ocean Race, Head of Communications for the Swedish Athletics Association

Education
Degree from Grafiska Institutet (GI), studies in communications and Swedish language at Stockholm University

Number of shares[1)]
1,000

Number of options
–

1) Including closely related physical and legal persons' holdings.
2) CFO as of 11 November 2019, replacing Lotta Sjögren.

Extended management team

Roger Aksnes, Fredrik Trahn, Klas Larsson, Per Sjöstrand, Patrik Persson, Robin Boheman, Johan Larsson and Tobias Eriksson.

Roger Aksnes
Born 1972
Business Area Manager for Norway

Work experience
Project Manager and Head of Department at Bravida, CEO Andersen og Aksnes Rørleggerbedrift

Education
PHS technician and Pipe Layer, technical college

Number of shares[1)]
116,832

Number of options
92,482

Robin Boheman
See page 50

Johan Larsson
Born 1976
Business Area Manager, North

Work experience
CEO DALAB Dala Luftbehandling, CEO DALAB Group AB

Education
Upper secondary and training in sheet metal and ventilation installations

Number of shares[1)]
217,366

Number of options
100,000

Klas Larsson
Born 1971
Business Area Manager, West

Work experience
Branch Manager at NVS, CEO LG Contracting

Education
Production engineer, power and heating technology, Mid Sweden University

Number of shares[1)]
50,000

Number of options
100,000

Patrik Persson
Born 1964
Business Area Manager, South

Work experience
Deputy CEO and CEO Rörläggaren

Education
PHS technician, technical college

Number of shares[1)]
43,643

Number of options
68,804

Per Sjöstrand
See page 50

Fredrik Trahn
See page 50

Tobias Eriksson
Born 1981
Business Area Manager, East

Work experience
CEO of Aircano Inomhusklimat, CEO of Södertörns VVS-konsulter, CEO of Aircano AB

Education
Upper secondary and training in sheet metal and ventilation installations

Number of shares[1)]
148,981

Number of options
–

1) Including closely related physical and legal persons' holdings.

Consolidated income statement

AMOUNTS IN SEK M	Note	2019	2018
Operating income			
Net sales	2, 3	5,692	4,414
Other operating income		70	39
Total operating income		**5,762**	**4,454**
Operating expenses			
Materials and purchased services		–2,937	–2,295
Other external costs	4, 5	–338	–241
Personnel costs	6, 7, 8	–1,836	–1,438
Depreciation of property, plant and equipment		–95	–74
Other operating expenses		–64	–73
Total operating expenses		**–5,270**	**–4,120**
Operating profit/loss (EBIT)		**492**	**334**
Profit (loss) from financial items			
Financial income	9	5	2
Financial expenses	10	–24	–21
Earnings before taxes		**473**	**315**
Income tax	11	–101	–67
Loss for the year		**372**	**249**
Profit (loss) attributable to:			
Parent Company shareholders		370	249
Non-controlling interests		2	0
Earnings per share			
Basic earnings per share, SEK	12	7.58	5.20
Diluted earnings per share, SEK		7.30	5.10

Consolidated statement of comprehensive income

LOSS FOR THE YEAR		**372**	**249**
Items that could be reclassified to profit or loss			
Translation effect for the year of foreign operations		17	14
Other comprehensive income after tax		17	14
Total comprehensive income for the year		**390**	**263**
Comprehensive income attributable to:			
Non-controlling interests		2	0
Parent Company shareholders		388	263

Consolidated balance sheet

AMOUNTS IN SEK M	Note	2019-12-31	2018-12-31
ASSETS			
Fixed assets			
Intangible assets	13		
Goodwill		2,189	1,582
Other intangible assets		4	1
Total intangible assets		**2,193**	**1,583**
Property, plant and equipment	14		
Equipment and tools		35	22
Right-of-use assets		222	149
Total property, plant and equipment		**257**	**171**
Financial assets			
Shares in associated companies and jointly run companies	17	1	0
Receivables from associated companies and jointly run companies	17	1	1
Other securities held as non-current assets	18	5	0
Other non-current receivables	20	1	1
Total financial assets		**8**	**3**
Deferred tax receivable	19	3	7
Total non-current assets		**2,461**	**1,763**
Current assets			
Inventories, etc.	21		
Finished goods and goods for resale		45	29
Total inventories		**45**	**29**
Current receivables			
Accounts receivable	22	874	698
Current tax asset		32	26
Other receivables		32	22
Claims on clients	23	322	205
Prepaid expenses and accrued income	24	93	55
Cash and cash equivalents	25	317	218
Total current receivables		**1,669**	**1,224**
Total current assets		**1,715**	**1,253**
TOTAL ASSETS		**4,176**	**3,016**

Consolidated balance sheet

AMOUNTS IN SEK M	Note	2019-12-31	2018-12-31
EQUITY AND LIABILITIES			
Equity	26		
Share capital		1	1
Other contributed capital		702	603
Reserves		22	5
Accumulated profit or loss incl. profit (loss) for the year		757	460
Non-controlling interests		2	0
Total equity		**1,485**	**1,068**
Non-current liabilities	15		
Liabilities to credit institutions	28	971	732
Lease liabilities	28	129	78
Deferred tax liabilities	19	86	63
Total non-current liabilities		**1,186**	**874**
Current liabilities	15		
Provisions	27	14	10
Liabilities to credit institutions	28	0	0
Lease liabilities	28	84	65
Accounts payable	29	420	317
Current tax liabilities		34	34
Other liabilities		242	164
Liabilities to clients	23	357	212
Accrued expenses and deferred income	30	354	272
Total current liabilities		**1,504**	**1,074**
Total liabilities		**2,690**	**1,948**
TOTAL EQUITY AND LIABILITIES		**4,176**	**3,016**

Consolidated statement of changes in equity

AMOUNTS IN SEK M	Note	Share capital	Other contributed capital	Translation reserves	Accumulated profit or loss incl. profit (loss) for the year	Non-controlling interests	Total equity
Opening balance 2018-01-01		1	536	–9	266	–	793
Adjustment as per IFRS 16		–	–	–	–2	–	–2
Opening equity, after restatement as per IFRS 16		1	536	–9	264	–	791
Loss for the year		–	–	–	248	0	248
Translation effect for the year of foreign operations		–	–	14	–	–	14
Other comprehensive income		–	–	14	–	–	14
Total comprehensive income for the year		–	–	14	248	0	263
Transaction with owners							
Dividends		–	–	–	**–52**	**0**	–52
New issue [1)]		0	67	–	–	–	67
Issue warrants		–	0	–	–	–	0
Total transactions with owners		**0**	**67**	–	**–52**	–	**14**
Closing balance 2018-12-31	26	**1**	**603**	**5**	**460**	**0**	**1,068**
Opening balance 2019-01-01		1	603	5	460	0	1,068
Loss for the year		–	–	–	370	2	373
Translation effect for the year of foreign operations		–	–	17	–	–	17
Other comprehensive income		–	–	17	–	–	17
Total comprehensive income for the year		–	–	17	370	2	390
Transaction with owners							
Dividends		–	–	–	**–73**	–	–73
New issue [1)]		0	100	–	–	–	100
Total transactions with owners		**0**	**100**	–	**–73**	–	**27**
Closing balance 2019-12-31	26	**1**	**702**	**22**	**757**	**3**	**1,485**

1) Transaction costs for new issues are so low that they have no significant impact on the change in equity which was SEK 220 thousand in 2019 and SEK 150 thousand in 2018.

Consolidated cash flow statement

AMOUNTS IN SEK M	Note	2019	2018
Operating activities			
Earnings before taxes		473	315
Adjustment for items not included in cash flow, etc.	34	105	98
Paid income tax		–103	–79
Cash flow from operating activities before changes in working capital		**474**	**333**
Changes in working capital:			
Change in inventories		6	2
Change in accounts receivable and other receivables		–83	–27
Change in accounts payable and other liabilities		98	30
Cash flow from operating activities		**495**	**338**
Investing activities			
Acquisition of shares in subsidiaries, before deduction for cash/cash equivalents	35	–560	–369
Acquisition of intangible assets		–2	0
Acquisition of property, plant and equipment		–10	–7
Disposal of property, plant and equipment		4	4
Decrease/increase in financial assets		6	5
Cash flow from investing activities		**–562**	**–368**
Financing activities			
New issue		100	67
Dividends		–73	–52
Redemption of preference shares		–	0
Borrowings	15	331	185
Repayment of loan	15	–198	–168
Cash flow from financing activities		**159**	**32**
CASH FLOW FOR THE YEAR		**93**	**2**
Cash and cash equivalents at the beginning of the year		218	211
Exchange difference in cash and cash equivalents		5	5
Cash and cash equivalents at the end of the year		**317**	**218**
Cash and cash equivalents from continuing operations		**317**	**218**
Cash flow for the year from interest:			
Interest paid		–17	–16
Interest received		3	2

Interest paid is attributable to financing activities. Interest received is attributable to operating activities.

Parent Company income statement

AMOUNTS IN SEK M	Note	2019	2018
Operating income			
Net sales		23	24
Total operating income		**23**	**24**
Operating expenses			
Other external costs	4.5	–7	–8
Personnel costs	6.7, 8	–14	–14
Total operating expenses		**–21**	**–22**
Operating profit/loss		**3**	**2**
Profit (loss) from financial items			
Interest expense and similar profit or loss items	10	–2	–3
Profit (loss) after financial items		**0**	**–1**
Group contributions received		5	27
Earnings before taxes		**5**	**26**
Tax on profit for the year	11	–1	–
Loss for the year		**4**	**26**

The Parent Company does not have any items included in other comprehensive income, which is why the total for other comprehensive income is equal to profit or loss for the year.

Parent Company balance sheet

AMOUNTS IN SEK M	Note	2019-12-31	2018-12-31
ASSETS			
Fixed assets			
Financial assets			
Participations in Group companies	16	1,315	1,315
Total financial assets		**1,315**	**1,315**
Total non-current assets		**1,315**	**1,315**
Current assets			
Current receivables			
Other receivables		5	27
Prepaid expenses and accrued income	24	0	0
Total current receivables		**5**	**27**
Cash and bank balances		**102**	**46**
Total current assets		**107**	**73**
TOTAL ASSETS		**1,422**	**1,388**

Parent Company balance sheet

AMOUNTS IN SEK M	Note	2019-12-31	2018-12-31
EQUITY AND LIABILITIES			
Equity	26		
Restricted equity			
Share capital		1	1
		1	**1**
Non-restricted equity	37		
Share premium reserve		979	879
Accumulated profit or loss		286	333
Loss for the year		4	26
		1,269	**1,238**
Total equity		**1,270**	**1,239**
Non-current liabilities			
Liabilities to credit institutions	28	142	141
Total non-current liabilities		**142**	**141**
Current liabilities			
Accounts payable	29	0	1
Other liabilities		5	3
Accrued expenses and deferred income	30	6	5
Total current liabilities		**10**	**8**
Total liabilities		**152**	**149**
TOTAL EQUITY AND LIABILITIES		**1,422**	**1,388**

Parent Company statement of changes in equity

AMOUNTS IN SEK M	Note	Share capital	Share premium reserve	Accumulated for the year	Profit or loss for the year	Total equity
Opening balance 2018-01-01		**1**	**812**	**406**	**–21**	**1,198**
Dividends		–	–	–52	–	–52
Reversal of previous year's earnings		–	–	–21	21	–
New issue [1]		–	67	–	–	67
Issue warrants		–	–	0	–	0
Loss for the year		–	–	–	26	26
Closing balance 2018-12-31	26	**1**	**879**	**333**	**26**	**1,239**
Opening balance 2019-01-01		**1**	**879**	**333**	**26**	**1,239**
Dividends		–	–	–73	–	–73
Reversal of previous year's earnings		–	–	26	–26	–
New issue [1]		0	100	–	–	100
Loss for the year		–	–	–	4	4
Closing balance 2019-12-31	26	**1**	**979**	**286**	**4**	**1,270**

1) Transaction costs for new issues are so low that they have no significant impact on the change in equity which was SEK 220 thousand in 2019 and SEK 150 thousand in 2018.

Parent Company cash flow statement

AMOUNTS IN SEK M	Note	2019	2018
OPERATING ACTIVITIES			
Earnings before taxes		0	–1
Adjustment for items not included in cash flow, etc.	34	1	1
Paid income tax		0	0
Cash flow from operating activities before changes in working capital		**1**	**0**
Changes in working capital:			
Change in accounts receivable and other receivables		23	–18
Change in accounts payable and other liabilities		1	1
Net cash flow from ongoing operations		**25**	**–17**
Cash flow from operating activities		**25**	**–17**
Investing activities			
Contribution made	16	–	–25
Cash flow from investing activities		**0**	**–25**
Financing activities			
New issue		100	67
Dividends		–73	–52
Group contributions		5	27
Issue warrants		–	0
Cash flow from financing activities		**32**	**42**
CASH FLOW FOR THE YEAR		**56**	**–1**
Cash and cash equivalents at the beginning of the year		46	46
Cash and cash equivalents at the end of the year		**102**	**46**
Cash flow for the year from interest			
Interest paid		–2	–2
Interest received		–	–

Note 1. Accounting and valuation principles

General information

The main operations of Instalco AB (Publ) and its subsidiaries (all of which make up the Group) are to, via the subsidiaries, run contracting, consulting, sales and service activities in the electrical, climate, ventilation, heating & plumbing and pipe installation industries along with related activities.

Instalco AB (Publ), CIN: 559015-8944, is domiciled in Sweden. The Head Office and primary place of business is located at Lilla Bantorget 11, 111 23 Stockholm, Sweden.

The consolidated financial statements for the reporting period ending on 31 December 2019 (including comparative figures) were approved for issuance by the Board of Directors on 19 March 2020.

The consolidated statement of comprehensive income, other comprehensive income, report on financial position and the Parent Company's income statement and balance sheet will be brought forth for adoption by the AGM that will be held on 7 May 2020.

Summary of important accounting principles

The most important accounting and valuation principles used to prepare the financial statements are summarised below. In cases where the Parent Company applies different principles, information on that is provided under the heading "Parent Company" below.

Basis for preparation of reports

The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and RFR 1 Additional Accounting Regulations for Groups and the International Financial Reporting Standards (IFRS) that have been adopted by the EU. Assets and liabilities are valued at historical cost, except for contingent consideration (valued at fair value through profit or loss), and other long-term securities holdings that fall within the category of financial assets at fair value through profit or loss.

Preparing financial reports in accordance with IFRS requires the use of a number of important estimates for accounting purposes. Furthermore, management must make certain assessments when applying the Group's accounting principles. The areas that include a high degree of assessment, which are complex, or areas where assumptions and estimates are of significant importance for preparing the consolidated financial statements, are stated in the separate section below "Significant assessments and estimates when applying accounting principles".

New and updated standards that enter into force for financial years starting on 1 January 2019 and later

Standards, amendments and interpretations of existing standards that entered into force and are not applied prematurely by the Group

IFRS 16 Leases

The Group applies the new standard, IFRS 16 Leases, which entered into force on 1 January 2019. Instalco applies the full retroactive method. Accordingly, financial information has been restated in accordance with the new standard as of 2018. The Group applies the standard on leases that were previously identified as leases as per IAS 17 and IFRIC 4 in accordance with simplified approach that is allowed in the standard.

The Group's lease agreements include properties (rent of premises), car rentals, tools and machinery. Implementation of this method means that all leases are reported in the balance sheet, except for short-term leases (duration of 12 months or less) and lease assets with a low underlying asset value. At year-end 2018, the transition effects of IFRS 16 was an increase in lease assets of SEK 141 million, which is SEK 29 million lower than what was initially reported in the 2018 Annual Report for the Instalco Group. It does not result in any change to the effect on equity.

CONSOLIDATED BALANCE SHEET

	2017-12-31	Effect from IFRS 16	Restated as per IFRS 16
Assets			
Fixed assets			
Property, plant and equipment	19	120	139
Total property, plant and equipment	**19**	**120**	**139**
Deferred tax receivable	0	0	1
Total non-current assets	**1,282**	**120**	**1,403**
Current assets			
Current receivables	61	–6	55
Total current receivables	**1,001**	**–6**	**995**
Total current assets	**1,015**	**–6**	**1,009**
Total assets	**2,297**	**115**	**2,412**
Equity and liabilities			
Equity			
Accumulated profit or loss incl. profit (loss) for the year	266	–2	264
Total equity	**793**	**–2**	**791**
Non-current liabilities	649	68	717
Total non-current liabilities	**700**	**68**	**768**
Current liabilities	0	48	48
Total current liabilities	**805**	**48**	**853**
Total liabilities	**1,504**	**116**	**1,621**
Total equity and liabilities	**2,297**	**115**	**2,412**

Continuation Note 1. Accounting and valuation principles

CONSOLIDATED INCOME STATEMENT

	2018-01-01 2018-12-31	Effect from IFRS 16	Restated as per IFRS 16
Operating expenses			
Other external costs	–308	67	–241
Depreciation of property, plant and equipment	–9	–64	–73
Total operating expenses	**–4,123**	**3**	**–4,120**
Operating profit/loss	**331**	**3**	**333**
Profit (loss) from financial items			
Financial income	2		2
Financial expenses	–18	–3	–21
Earnings before taxes	**315**	**0**	**315**
Income tax	–67	0	–67
Loss for the year	**249**	**0**	**249**

CONSOLIDATED BALANCE SHEET

	2018-12-31	Effect from IFRS 16	Restated as per IFRS 16
Assets			
Fixed assets			
Property, plant and equipment	22	149	171
Total property, plant and equipment	**22**	**149**	**171**
Deferred tax receivable	6	1	7
Total non-current assets	**1,614**	**150**	**1,764**
Current assets			
Current receivables	63	–9	54
Total current receivables	**1,232**	**–9**	**1,223**
Total current assets	**1,261**	**–9**	**1,252**
Total assets	**2,875**	**141**	**3,016**
Equity and liabilities			
Equity			
Accumulated profit or loss incl. profit (loss) for the year	462	–2	460
Total equity	**1,070**	**–2**	**1,068**
Non-current liabilities	732	78	810
Total non-current liabilities	**795**	**78**	**873**
Current liabilities	0	65	65
Total current liabilities	**1,010**	**65**	**1,075**
Total liabilities	**1,805**	**143**	**1,948**
Total equity and liabilities	**2,875**	**141**	**3,016**

Accounting principles, Leases

When entering into an agreement, the Group assesses the extent to which the agreement carries with it the right to control the use of an identified asset for a period of time in exchange for payment and if it does, the agreement is classified as a lease.

The Group reports a right-of-use (lease asset) and a lease liability at the start date of the lease. The right-of-use is initially measured at cost, which includes the initial amount of the lease liability adjusted for any lease payments paid before the start date plus any initial direct costs and an estimate of costs for restoring the underlying asset, less any discounts received.

The lease asset is thereafter depreciated on a straight-line basis over its useful life, which corresponds to the lease term. The duration of the Group's lease agreements is typically 3-5 years. The carrying amount of the lease asset is periodically adjusted for certain revaluations of the lease liability or to recognise any impairment.

The lease liability is initially estimated as the present value of the remaining lease fees, discounted using the rate implicit in the lease or, if it is not possible to determine that rate, using the Group's marginal lending rate. In most cases, the Group uses its marginal lending rate as the discount rate, with the addition of a risk premium for each asset category.

The lease fee is valued at amortised cost using the effective interest method and is revalued when changes in future leasing fees arise through changes in the index or if the Group changes its assessment of whether it will constitute a purchase, extension or termination of the lease. A corresponding adjustment is made to the reported amount of the value-in-use, with any surplus over the asset's carrying amount recognised in profit or loss.

The Group has elected not to report lease assets and lease liabilities for short-term leases (i.e. those with a lease term of 12 months or less). Nor does it report leasing of assets with a low underlying asset value. The Group recognises and expenses the rental costs in connection with these leases on a straight-line basis over the lease term. We do not take advantage of options to extend, which is why the lease calculations are based on the right-of-use assets contractual duration.

New and updated standards that enter into force for financial years starting on 1 January 2020 and later

As of the date that these financial reports were approved, no other new standards, amendments and interpretations of existing standards that have not yet entered into force or have been published by the IASB have been early-adopted by the Group.

OVERVIEW OF ACCOUNTING PRINCIPLES

Overall considerations

The most important accounting principles that have been applied in preparing the consolidated financial statements are summarised below.

Basis for consolidation

Included in the consolidated financial statements are subsidiaries where the Group has direct or indirect control. The Group controls a company when it is exposed to, or is entitled to, variable returns resulting from its holding in the company and is able to influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. Subsid-

Continuation Note 1. Accounting and valuation principles

iaries are removed from the consolidated financial statements as of the date when the Group no longer has a controlling influence.

All intra-group transactions and balance sheet items are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. In cases where unrealised losses on intra-group sales of assets are reversed during consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts that are reported in the financial statements of subsidiaries have been adjusted where necessary to ensure compliance with the Group's accounting principles.

Earnings and other comprehensive income for subsidiaries that were acquired or sold during the year are reported from the date that the acquisition or disposal takes effect, according to what is applicable.

The Group attributes comprehensive income from its subsidiaries to the Parent Company's shareholders and non-controlling interests based on their respective ownership shares.

Business combinations

The acquisition method is used for reporting the Group's business combinations. The remuneration transferred by the Group to obtain a controlling influence over a subsidiary is calculated as the sum of the fair values at the acquisition date of the transferred assets, the assumed liabilities and the equity shares issued by the Group, which includes the fair value of an asset or liability that arose in conjunction with an agreement on conditional consideration. Subsequent changes in the fair value of conditional consideration that has been classified as a financial liability are recognised in profit or loss (as a component of other operating expenses). More information on this is provided in the section on financial liabilities.

Acquisition-related costs are expensed as incurred and reported in other operating expenses.

Acquired assets and assumed liabilities are measured at fair value as of the acquisition date.

Participations in associated companies

Associated companies are companies over which the Group has a significant, but not controlling, influence over the operational and financial management, usually through shareholdings between 20 and 50 percent of the voting rights.

Shares in associated companies are reported according to the equity method.

The carrying amount of holdings in associated companies is increased or decreased by the Group's share of the associated company's or joint venture's earnings and other comprehensive income. This is adjusted as required to ensure compliance with the Group's accounting principles. The Group's carrying amount of holdings in associated companies includes goodwill identified upon acquisition.

When the Group's share of reported losses in the associated company exceeds the carrying amount of the shares in the Group, the value of the shares is reduced to zero. Losses are also deducted from long-term financial transactions without collateral for which the economic substance comprises part of the owner's net investment in the associated company. Losses thereafter are not recognised provided that the Group has not provided guarantees to cover losses that arise in the associated company.

Unrealised gains and losses on transactions between the Group and its associated companies are eliminated corresponding to the Group's share in these companies. In cases where unrealised losses are eliminated, the underlying asset is also tested for impairment.

FOREIGN CURRENCY TRANSLATION

Functional currency and presentation currency

The consolidated financial statements are presented in SEK, which is also the Parent Company's functional currency.

Transactions and balance sheet items in foreign currency

Transactions in foreign currency are converted to the functional currency of each Group company, based on the prevailing exchange rates on the transaction date (spot rate). Gains and losses in foreign currency as a result of the settlement of such transactions and as a result of revaluation of monetary items at the closing day rate are reported in the income statement.

Non-monetary items are not translated at the closing date. Instead, they are valued at historical cost (translated at the exchange rate on the transaction date), except for non-monetary items measured at fair value, which are translated at the exchange rate as of the date the fair value was determined.

Foreign operations

In the consolidated financial statements, all assets, liabilities and transactions in Group companies that have a different functional currency than SEK (the Group's reporting currency) are translated to SEK upon consolidation. The functional currency of Group companies remained unchanged during the reporting period.

At the time of consolidation, assets and liabilities have been restated to the closing day rate. Adjustments to goodwill and fair value arising from the acquisition of a foreign operation have been reported as assets and liabilities in the foreign operations and translated to SEK at the closing day rate. Revenue and expenses have been translated into SEK at an average rate during the reporting period. Exchange rate differences are recognised directly against other comprehensive income and are reported in the currency translation reserve in equity. Upon divestment of a foreign operation, the attributable accumulated translation differences that have been recognised in equity are transferred to profit or loss and recognised as part of the gain or loss on disposal.

Segment reporting

> NOTE 3

The Group has two operating segments: Sweden and Rest of Nordic. When identifying operating segments, Group management typically considers the Group's geographic business areas, which are its main segments.

"Other" includes Group-wide revenues and expenses.

Each operating segment is managed separately, since they require different types of resources and marketing methods. All transactions between the segments are carried out on a commercial basis and are based on prices charged to customers who are not related parties in connection with independent sales of identical goods or services.

The Group uses the same valuation principles in its segment reporting according to IFRS 8 as in its financial statements.

Furthermore, joint assets that are not directly attributable to an operating segment's business activities in a particular segment are not allocated. This applies primarily to the Group's head office.

Segment reporting is based on internal reporting to the highest decision maker. At Instalco, that person is the Group CEO and the KPIs that are monitored for each business area.

Continuation Note 1. Accounting and valuation principles

Revenue

Revenue is derived from the sale of installation services. Revenue is measured at the fair value of remuneration that the Group has received or will receive for the goods and services it delivers, not including VAT and less any discounts offered or approved deductions.

Instalco's revenue primarily consists of contracts, along with a smaller portion of service. For the first category, invoicing is based on contract work along with any charges for modifications and extras regulated in the contract. The second category is service and smaller projects, along with other items that are not regulated via a contract. The company has two categories of revenue: Contract revenue and Service revenue.

Instalco's payment terms are typically 30 days net.

Performance of service contracts

The Group generates revenue from contracts involving various types of installations. Remuneration for such services is reported in accordance with the principle for recognition over time.

When the Group recognises revenue from contracts, an estimate is made of the percentage of completion for each project. Revenue and expenses are thus recognised at the rate of completion (percentage-of-completion method). Revenue from service activities is recognised when the services are rendered based on the level of completion for the assignment as of the closing date. In other words, revenue recognition is the same as with construction contracts, as described below.

Construction contracts

When it is possible to assess the outcome with reasonable certainty, revenue from construction contracts is recognised based on the percentage of completion for the contract as of the closing date (recognition over time). The contracted revenue is measured at the fair value of remuneration that has been, or will be, received.

When it is not possible for the Group to estimate the outcome of the contract with reasonable certainty, revenue will only be recognised to the extent that expenditure already incurred can be reimbursed. Costs associated with the contract are expensed in the period incurred.

In all instances where it is likely that the total expenses for the contract will exceed the total income, the expected loss will immediately be recognised in the income statement.

The percentage of completion for construction contracts is calculated by project managers by comparing the costs recorded to date with the total estimated amount of costs that will be incurred for that contract (cost-to-cost method). Only the costs associated for work that has been executed will be expensed in each period.

The gross amount to be paid by customers for contracts is reported in "Claims on clients" for all ongoing assignments where the contract expenditures and reported profits (after deduction for reported losses) exceed the invoiced amount. Liabilities to clients that are reported in "Liabilities to clients" pertain to all ongoing assignments for which the invoiced amount exceeds the contract expenditures plus reported profits (less any recognised losses).

Interest and dividends

> NOTE 9

Interest income and interest expenses are recognised as incurred in each reporting period by applying the effective interest method. Dividends, besides those derived from holdings in associated companies, are recognised when the right to receive payment has been established.

Operating expenses

Operating expenses are recognised in profit or loss when the service has been rendered or when the event occurs.

Borrowing costs

Borrowing costs that are directly attributable to acquisitions are capitalised during the period required for completing and preparing the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they arise and are reported in the item "Financial expenses".

Goodwill

> NOTE 13

Goodwill represents future economic benefits arising from a business combination, but which are not individually identified and reported separately. Goodwill is reported at cost less accumulated impairment losses.

In order to test the need for impairment, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group for which the goodwill in question is monitored in the internal governance.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible decrease in value. The carrying amount of the cash-generating unit to which the goodwill is attributed is compared with the recoverable amount, which is the value-in-use or the fair value less selling expenses, whichever is higher. Impairment losses are recognised immediately whenever they arise and they are never reversed. Goodwill is monitored and tested at the segment level.

Other intangible assets and property, plant & equipment

> NOTE 13, 14

Intangible assets and property, plant & equipment are reported by the Group at cost less accumulated amortisation/depreciation and any impairment losses. Cost includes the purchase price and any expenditure directly attributable to bringing the asset to its intended location and condition for its intended use.

Additional expenses are added to the asset's carrying amount or recognised as a separate asset, whichever is appropriate, only when it is probable that the future financial benefits associated with the asset will come to the benefit of the Group and the asset's cost of acquisition can be measured reliably. The carrying amount for the replaced portion is removed from the balance sheet. All other forms of reparation and maintenance are expensed as incurred in the income statement.

Gains or losses arising from the disposal of property, plant & equipment are calculated as the difference between what has been received and the carrying amount of the asset. The gain or loss is then reported in the income statement as part of "Other operating income" or "Other operating expenses", respectively.

Other intangible assets and items of property, plant & equipment are amortised/depreciated over the assessed useful life. The following amortisation and depreciation periods have been applied:

Customer relations 5 years
Equipment and tools 5-10 years
Computer systems, licenses, etc 3-5 years
Right-of-use assets 3-5 years

Continuation Note 1. Accounting and valuation principles

Test of impairment of goodwill, other intangible assets and property, plant & equipment
Assets are grouped by segment when testing for impairment. A cash generating unit is a segment with independent payment streams. Goodwill is allocated to the cash-generating units that are expected to benefit from synergy effects in related business combinations and represent the lowest level in the Group where Group Management monitors goodwill.

An impairment loss is recognised for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of the fair value less cost of disposal and the value-in-use. In order to determine the value-in-use, Group Management estimates the expected future cash flows from each cash-generating unit and determines an appropriate discount rate in order to calculate the present value of these cash flows. The information used for impairment testing is directly linked to the Group's most recent approved forecast, adjusted as needed to exclude the effects of future reorganisations and improvements of assets.

The discount rate is established for each individual cash-generating unit and it reflects the current market assessments of the time value of money, along with risk factors specific to the asset type.

Impairment of a cash-generating unit lowers the carrying amount of any goodwill that has been recognised and allocated to it. Any remaining impairment is deducted proportionally from the other assets in the cash generating units. With the exception of goodwill, a new assessment is made of all assets to determine whether prior recognised impairment loss is no longer motivated. An impairment loss is reversed if the asset’s or cash-generating unit’s recoverable amount exceeds its carrying amount.

FINANCIAL INSTRUMENTS

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Group becomes a party to the contract for the financial instrument. At initial recognition, a financial asset or a financial liability is measured at its fair value plus or minus (in the case of a financial asset or a financial liability not at fair value through profit or loss) transaction costs. Such are measured at fair value at initial recognition. Subsequent measurement of financial assets and financial liabilities is explained below.

Financial assets are removed from the report on financial position when the contractual rights associated with the financial asset no longer exist, or when the financial asset and all of the significant risks and advantages have been transferred. A financial liability is removed from the report on financial position when it has been extinguished, completed, cancelled or terminated.

Classification and subsequent measurement of financial assets
> NOTE 15
Subsequent measurement of financial assets is based on the category in which it was initially classified. The Group has the following categories of financial assets:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through profit or loss

Impairment testing for all financial assets, except those measured at fair value through profit or loss, must be tested for impairment at the end of every reporting period to determine whether there is objective evidence of impairment of the financial asset or group of financial assets. Various criteria are used for each category of financial assets to determine whether it is necessary to recognise an impairment loss. This is explained below.

All income and expenses relating to financial assets recognised in profit or loss are classified as "Financial expenses", "Financial income" or "Other financial items", except for impairment of accounts receivable, which is classified as "Other expenses".

Financial assets measured at amortised cost
Loan receivables and accounts receivable are financial assets that are not derivative instruments, with fixed or determinable payments and which are not listed on an active market. After initial recognition, they are valued at amortised cost, using the effective interest method, after deductions for any impairment. Discounting is not applied when the effect of it is insignificant. The Group's cash & cash equivalents, accounts receivable and most of its other receivables/claims belong to this category of financial instruments.

Only significant receivables/claims are tested for impairment after they have fallen due or when there is other objective evidence that the counterparty is unable to pay. Receivables/claims which, individually are not tested for impairment, are grouped together and tested for impairment, with such grouping based on the industry, region or other credit risks that they have in common. The estimated write-down is then based on the latest information on payment trends for doubtful debts in each respective category of accounts.

Financial assets measured at fair value through profit or loss
Financial assets that are held in a business model category other than “hold to collect” or “hold to collect and sell” are measured at fair value through profit or loss. And, regardless of the business model, financial assets for which the contractual cash flow does not solely consist of principal and interest are also measured at fair value through profit or loss. All financial derivative instruments (except those designated hedging instruments) fall into this category. Shares in long-term securities holdings in the Group also fall into this category. Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

Classification and subsequent measurement of financial liabilities
The Group’s financial liabilities include loans, accounts payable and other liabilities.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. However, this does not apply to financial liabilities in the category of measured at fair value through profit or loss. They are measured at fair value, with any gains or losses recognised in profit or loss after initial recognition. The Group is party to contracts on conditional consideration that has arisen in conjunction with acquisitions that are reported at fair value through profit or loss.

All interest-related fees and, if applicable, changes in an instrument’s fair value that are recognised in profit or loss are included in “Financial expenses” or “Financial income”.

Inventories
Inventories are measured at the lower of cost or net realisable value. The cost of acquisition includes all costs that are directly attributable to the purchase. Costs for commonly exchangeable

Continuation Note 1. Accounting and valuation principles

items are allocated according to the FIFO principle. Net realisable value is the estimated sales price in the ordinary course of business less any applicable sales costs.

Income taxes

The tax expense reported in the income statement consists of the sum of deferred tax and current tax that is not reported in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax rules that have been decided or in practice decided at the end of the reporting period. Deferred tax is calculated using the liability method.

A deferred tax asset is recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. This is assessed on the basis of the Group's forecast of future operating profit, adjusted for significant non-taxable income and expenses, and specific restrictions on the utilisation of unused tax losses or credits.

The general principle in IAS 12 is that a deferred tax liability is recognised for all taxable temporary differences. However, there are a few exceptions. In accordance with those exceptions, the Group does not recognise deferred tax liabilities on temporary differences arising from goodwill or investments in subsidiaries.

Cash and cash equivalents

Cash and cash equivalents consist of cash and disposable balances with banks and corresponding institutions, together with other short-term liquid investments that fall due within 90 days from the date of acquisition and which can easily be converted into known amounts of cash and which are exposed to only a minor risk of value changes.

Equity, reserves and dividends

Share capital represents the quotient value of issued shares. Issued options are classified as equity if they are not mandatorily redeemable, or contain agreements for mandatory payments to the holder.

Premiums include any premiums received in connection with a new share issue. Any transaction costs associated with the issue of new shares are deducted from the premium, taking into account any income tax effects.

Other components of equity include:

- Retained earnings are all capitalised gains and share-based payments for current and previous periods.
- All transactions with the Parent Company's owners are reported separately in equity.

POST-EMPLOYMENT BENEFITS AND SHORT-TERM EMPLOYEE BENEFITS

Post-employment benefits

The Group provides post-employment benefits through various pension plans that are essentially defined contribution plans.

For a few employees who are not senior executives, there is a pension solution in the form of endowment insurance that has been pledged for pension commitments. The asset is defined as a financial instrument at fair value through profit or loss (see the separate section on financial instruments). The liability, i.e. the pension obligation, has the same value as the asset, plus additional special payroll tax. The obligation is reported in the consolidated financial statements at net amount.

Short-term employee benefits

Short-term employee benefits, including vacation pay, are current liabilities measured at the undiscounted amount that the Group is expected to pay resulting from the unused right.

Provisions, contingent liabilities and contingent assets

Provisions for product guarantees, legal processes, loss contracts or other requirements are reported when the Group has a legal or informal obligation as a result of an earlier event, it is probable that an outflow of financial resources will be needed and the amounts can be estimated reliably. The time or amount of the outflow may still be uncertain.

Provisions are measured at the estimated amount required to settle the existing obligation, based on the most reliable information available on the closing date, including the risks and uncertainties associated with the existing obligation. In cases where there are a number of similar obligations, the probability of an outflow is determined by making an overall assessment of the obligations. Provisions are discounted to their present value whenever the time value of money is significant.

Any reimbursement that the Group is essentially certain that it will be able to obtain from an external party regarding the obligation is reported as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is reported if the outflow of financial resources as a result of existing obligations is unlikely. Such situations are reported as contingent liabilities unless the probability of an outflow of resources is extremely low.

SIGNIFICANT ASSESSMENTS AND ESTIMATES WHEN APPLYING ACCOUNTING PRINCIPLES

Estimates and assessments are continuously evaluated and based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing circumstances.

Significant assessments by the Group management team

> NOTE 36

When preparing the financial statements, the Group's Board of Directors and CEO make a number of assessments, calculations and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

For the following, there is a significant risk of significant adjustments to the carrying amount during the coming financial year. Assessments made by Group management in the application of IFRS that have a significant impact on the financial statements, along with estimates that entail significant adjustments in subsequent financial statements are described in more detail in Note 36.

Recognition of revenue from construction contracts

Revenue recognition from construction contracts requires management to make significant assessments when determining the actual incurred and anticipated costs for completing the work, along with follow-up of the forecast compared to the final outcome.

Continuation Note 1. Accounting and valuation principles

Uncertainty in estimates

Below is information about estimates and assumptions that have the most significant impact on the recognition and measurement of assets, liabilities, revenue and expenses. The actual outcome can deviate significantly.

Impairment of non-financial assets and goodwill > NOTE 13

When testing for impairment, Group management must calculate the recoverable amount for each asset or cash-generating unit based on expected future cash flows and using an appropriate discount rate for the future cash flows. Uncertainty exists in the assumptions on future operating profit and when establishing an appropriate discount rate.

As of the closing date on 2019-12-31, goodwill amounted to SEK 2,189 (1,582) million. For more information on impairment testing, please see Note 13.

Business combinations and measurement at fair value > NOTE 35

When calculating fair values, the Group management team uses various measurement techniques for the specific assets and liabilities acquired in a business combination. The fair value of conditional consideration, for example, depends on several outcomes, such as the acquired company's future profitability.

Group management engages valuation specialists when calculating the fair value of financial instruments (whenever prices are not available on active markets) and for non-financial assets. It involves making estimates and assumptions that are consistent with how the instrument would be priced in the market. To the extent possible, Group management bases its assumptions on observable data. However, such data is not always available. When observable data is not available, Group management uses the best information that is available. An estimated fair value may differ from the actual price that could possibly be achieved in a transaction on business terms on the closing date.

Conditional consideration is included in the item "other liabilities" in the balance sheet and the amount reported on 2019-12-31 was SEK 106 (68) million. For more information on conditional consideration, please see Note 35.

Revenue from construction contracts > NOTE 23

The amount of recognised revenue and associated claims on contracts reflects Group management's best assessment of the outcome and percentage of completion for each contract. For more complex contracts, there is a considerable amount of uncertainty when assessing the costs for completion and profitability. The Group recognizes revenue in its projects over time in accordance with the percentage of completion method. This involves comparing actual expenditure to the total expected expenditure at any given time. The Group has a well-established process for following up on the percentage of completion and total expected costs of each project. It includes monitoring and assessing the risk of losses that could occur in the project.

As of the closing date on 2019-12-31, claims on construction contracts reported in the balance sheet amounted to SEK 322 (205) million. For more information on construction contracts, please see Note 23.

The Parent Company's accounting and valuation principles

The Parent Company's annual report has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 requires the Parent Company to, in its annual report for the legal entity, apply all of the EU-approved IFRS and opinions, to the extent possible without deviating from the Annual Accounts Act and taking into consideration the relationship between accounting and taxation. The recommendation states which exceptions and additions shall be made to IFRS.

The Parent Company's annual report is presented in the company's reporting currency, which is SEK.

The Parent Company's accounting and valuation principles are the same as those for the Group, with the exception of what is stated below.

Presentation of the financial statements

The income statement and balance sheet are presented as required by the Annual Accounts Act. Presentation of the statement of changes in equity is the same as for the Group, but it must contain the columns specified in the Annual Accounts Act. Furthermore, there are differences in certain terminology compared to the consolidated financial statements, primarily for financial income, expenses and equity.

Shares in subsidiaries

Shares in subsidiaries are recognised at cost less any impairment losses. The acquisition cost includes acquisition-related costs and any additional consideration.

When there is an indication that shares in subsidiaries have decreased in value, a calculation is made of the recoverable amount. An impairment loss is recognised if the recoverable amount is lower than the carrying amount. Impairment losses are recognised in "Profit or loss from participations in Group companies".

Group contributions

All Group contributions made and received are reported as appropriations.

Financial instruments

At each closing date, the Parent Company assesses whether there is an indication of impairment for any of its financial assets. An impairment loss is recognised if the decline in value is expected to be lasting. Impairment losses on interest-bearing financial assets reported at amortised cost are calculated as the difference between the asset's carrying amount and the present value of management's best estimate of the future cash flows, which have been discounted using the asset's original effective interest rate. The amount of impairment loss for other financial assets is calculated as the difference between the carrying amount and either the fair value less selling expenses or the present value of management's best estimate of the future cash flows, whichever is higher.

Note 2. Distribution of revenue[1)]

	Group	
	2019	2018
Invoicing	5,692	4,474
Change in work-in-progress	0	–59
Net sales	**5,692**	**4,414**

	2019		2018	
Revenue by significant category	Contract	Service	Contract	Service
Sweden	3,566	656	3,005	307
Rest of Nordic	1,203	267	915	187
Net sales	**4,769**	**922**	**3,920**	**494**

1) For more detailed information, please see Note 1 Accounting and valuation principles, under the heading, Revenue, page 64.

Note 3. Segment reporting

The Group management team currently categorises the Group's two operating segments geographically. These operating segments are monitored by the Group's executive decision maker and strategic decisions are made based on the operating profit or loss for each segment.

According to IFRS, the part of the business that does not constitute its own operating segments is called "Other segments".

At Instalco, the Parent Company and its two holding companies comprise the highest level of the Group. These companies do not meet the definition of an operating segment.

The earnings KPI that Instalco monitors is EBITA.

Net sales for the segments consist of external revenue from customers, all of which is recognised over time. There are no sales between the segments.

The breakdown of segments is as follows for the current reporting periods:

2019	Sweden	Rest of Nordic	Other	Elim	Total
Net sales	4,221	1,470	–	–	5,692
EBITA	418	121	–40	–7	493
EBITA margin, %	9.9	8.2	–	–	8.7
Adjusted EBITA	418	121	–40	0	500
Adjusted EBITA margin, %	9.9	8.2	–	–	8.8

2018	Sweden	Rest of Nordic	Other	Elim	Total
Net sales	3,312	1,102	–	–	4,414
EBITA	348	51	–63	–2	334
EBITA margin, %	10.5	4.6	–	–	7.6
Adjusted EBITA	348	51	–23	0	375
Adjusted EBITA margin, %	10.5	4.6	–	–	8.5

Revenue from external customers by country, based on where customers are located:

	2019	2018
Sweden	4,221	3,312
Norway	942	795
Finland	529	307
Total	**5,692**	**4,414**

Property, plant and equipment, other than financial instruments and deferred tax assets (there are no assets in connection with post-employment benefits or rights under insurance contracts), are distributed by country as follows:

	2019-12-31	2018-12-31
Sweden	198	123
Norway	42	31
Finland	16	17
Total	**257**	**171**

The Instalco Group does not have revenue from any single customer amounting to 10 percent or more, which is why no information on that has been provided.

Note 4. Remuneration to auditor

Expensed amount and other remuneration amounts to:	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Grant Thornton				
Audit assignment	9	7	2	2
Audit activities in addition to the audit assignment	1	0	0	0
Tax advice	0	0	0	0
Other services	0	2	0	0
Other audit companies				
Audit assignment	0	0	–	–
Audit activities in addition to the audit assignment	0	–	–	–
Tax advice	0	–	–	–
Other services	1	0	–	–
Total	**12**	**10**	**3**	**3**

Note 5. Leases

	Parent Company 2019	Parent Company 2018
The year's expensed lease fees:	0	0
Future agreed fees		
Maturity in year 1	0	0
Maturity in year 2	0	0
Maturity in year 3	0	0
Maturity in year 4	0	0
Maturity in year 5	0	0
Maturity in year 6–	0	0
Total future agreed lease fees	**1**	**1**

Leases refer to operating leases in the Parent Company, which are primarily for premises and cars. In accordance with RFR2, the Parent Company has elected not to apply reporting of leases in accordance with IFRS 16. As of 2019, the Group reports all of its leases in the balance sheet in accordance with IFRS 16, applying the full retrospective approach. For more information, please see Note 1, Accounting and valuation principles, Note 14 Property, plant & equipment and Note 28 Liabilities to credit institutions /Lease liabilities.

Note 6. Salaries and remuneration to employees

The distribution of costs recognised for remuneration to employees is as follows:	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Salaries – Board and CEO	5	4	3	3
Salaries – other employees	1,307	1,019	6	6
Share-based remuneration	–	–	–	–
Pensions, defined contribution – Board and CEO	1	1	1	1
Pensions, defined contribution – other employees	110	81	1	1
Other social security contributions	352	270	3	3
Total	**1,775**	**1,375**	**13**	**14**

Expensed remuneration and other benefits to the Board of Directors, CEO and other senior executives, along with prior Board members:

SEK 000s	Basic salary/ Board fee[2]	Variable remuneration	Other benefits[1]	Total
Olof Ehrlén	500	–	–	**500**
Jonny Alvarsson	250	–	–	**250**
Camilla Öberg	400	–	–	**400**
Per Leopoldsson	300	–	–	**300**
Carina Qvarngård	300	–	–	**300**
Carina Edblad	250	–	–	**250**
Per Sjöstrand, CEO	2,466	–	66	**2,532**
Other senior executives (7)	7,386	2,870	415	**10,671**
Total	**11,852**	**2,870**	**481**	**15,203**

1) Other benefits consist of company car, fuel subsidy and health insurance.
2) Board fees have been paid out as salary.

Continuation Note 6. Salaries and remuneration to employees

Benefits to Board of Directors, CEO and other senior executives
See the Directors' report on page 46 for more information.

Long-term incentive program
At Instalco's AGM on 27 April 2017, it was decided to implement an incentive program for the Group's senior executives and other key individuals at the company. In total, the scope of the program is, at most, 1,954,504 warrants, issued at market value, where each warrant entitles the holder to subscribe for one new ordinary Series A share in the company. The aim of the program is to promote and stimulate employee loyalty to the company by uniting their interests with those of our shareholders. The program runs through the second quarter of 2020.

Participation in the program requires that the employee is employed at the company throughout the entire period.

Note 7. Employees

	Group		Parent Company	
	2019	2018	2019	2018
Average number of employees	2,630	2,065	4	4
Of which women	143	114	1	1
Of which women, %	5	6	25	25

Average number of employees by country is as follows:

	Group			
	2019	2019	2018	2018
	Total	Of which women	Total	Of which women
Sweden	1,961	107	1,522	87
Norway	429	25	371	23
Finland	240	11	172	4

Note 8. Gender breakdown

Of the total number of Board members, 3 (3) are women.
Of the total number of senior executives, 1 (1) is a woman.

Note 9. Financial income/Other interest income and similar profit or loss items

	Group		Parent Company	
	2019	2018	2019	2018
Profit or loss from disposal of financial assets	0	0	–	–
Interest income	3	2	–	–
Other items	1	1	–	–
Total	**5**	**2**	**0**	**0**

Note 10. Financial expenses/Interest expenses and similar profit or loss items

Interest expenses, borrowing at amortised cost	Group		Parent Company	
	2019	2018	2019	2018
Credit institutions	14	12	2	2
Right-of-use assets	4	3	–	–
Other	6	5	0	0
Total	**24**	**21**	**2**	**3**

Note 11. Tax on profit for the year

The most important components of the tax expense for the financial year and the relationship between the expected tax expense based on the Swedish effective tax rate of 21.4 (22) percent and the reported tax expense in the income statement are as follows:

	Group		Parent Company	
	2019	2018	2019	2018
Earnings before taxes	**473**	**315**	**5**	**26**
Tax according to the current tax rate in Sweden, 21,4 %	–101	–69	–1	–6
Difference attributable to foreign tax rates	0	0	–	–
Effect of changed tax rate	1	0	–	–
Adjustment of prior years' tax	1	0	–	–
Adjustment tax expense acquired companies	–	–	–	–
Non-taxable income	12	7	–	–
Non-deductible expenses	–17	–16	0	0
The year's loss for which deferred tax asset has not been recognised	–	–	–	–
Unutilised loss carry-forward for the year, not previously recognised as an asset	1	12	0	6
Other	1	0	0	0
Reported tax in the income statement	**–101**	**–67**	**–1**	**0**

Tax expense is comprised of the following components:

	Group		Parent Company	
	2019	2018	2019	2018
Current tax				
On profit for the year	–90	–66	–1	–
Adjustment of prior years' tax	1	0	–	–
Deferred tax expense/revenue				
Change in temporary differences	0	8	–	–
Untaxed reserves	–13	–9	–	–
Change in tax loss carryforwards	1	0	–	–
Reported tax in the income statement	**–101**	**–67**	**–1**	**0**

For the Group and Parent Company, there is no deferred tax expense/revenue in other comprehensive income.

Note 12. Earnings per share

Earnings per share

Both earnings per share before and after dilution have been calculated by using the profit attributable to the shareholders of the Parent Company as a numerator, i.e. no adjustments to the earnings needed to be made in 2019 or 2018.

Reconciliation of the weighted average number of shares used to calculate earnings per share after dilution can be reconciled with the weighted average number of ordinary shares used in the calculation of earnings per share before dilution as follows:

Profit (loss) attributable to ordinary shareholders	2019	2018
Profit (loss) attributable to Parent Company shareholders as per the income statement	370	248
Effect of cumulative interest for the period attributable to preference shareholders	–	–
Profit (loss) attributable to ordinary shareholders, before dilution and after dilution	**370**	**248**

Number of shares, SEK 000s	2019	2018
Weighted average number of shares used for calculating earnings per share before dilution	48,844	47,844
Weighted average number of shares used for calculating earnings per share after dilution	50,704	48,773

Note 13. Goodwill and other intangible assets

Changes in the carrying amounts for goodwill are:

	Group	
	2019-12-31	2018-12-31
Opening accumulated cost	1,582	1,260
Investments for the year	5	–
Acquisition of subsidiaries	589	342
Sales/disposals	–	–29
Exchange differences	12	10
Closing accumulated cost	**2,189**	**1,582**
Carrying amount	**2,189**	**1,582**

By segment, the amounts recognised are as follows: Sweden SEK 1,524 (1,056) million and Rest of Nordic SEK 665 (526) million.

Impairment testing

The Group's goodwill of SEK 2,189 (1,582) million has arisen from the acquisition of subsidiaries. Impairment testing of goodwill occurs at the segment level.

Testing for impairment involves assessing whether the unit's recoverable amount is higher than the carrying amount. The recoverable amount was calculated on the basis of the unit's value-in-use, which consists of the fair value of the expected future cash flows, without consideration given to possible future expansion of operations or restructuring. The same significant assumptions were made for all segments.

Significant assumptions used for calculating value-in-use are the same for both segments and, unless otherwise stated, the following applies:

- Annual growth volume in year 1 has been assessed as 0 percent, and thereafter as 2 percent. These calculations are based on estimated future cash flows before tax based on financial forecasts approved by the management covering a five-year period and which have a significant effect on the valuation.
- The weighted-average growth rate for extrapolating cash flows beyond the forecast period has been assessed as 2 (2) percent. The long-term growth rate corresponds to the forecasts in the industry reports.
- The discount rate before tax used for the calculation of the present value of future cash flows is 9.1 (9.0) percent for segment "Sweden" and 9.2 (8.7) percent for segment "Rest of Nordic".

No reasonable possible change in the significant assumptions would result in the carrying amount of any cash generating unit specified above exceeding the recoverable amount.

Computer systems, licenses, customer relations, etc.

Changes in carrying amounts for computer systems, licenses and customer relations are:

	Group	
	2019-12-31	2018-12-31
Opening accumulated cost	2	2
Investments for the year	–	0
Acquisition of subsidiaries	4	0
Closing accumulated cost	**6**	**2**
Opening accumulated depreciation	–1	0
Depreciation for the year	**–1**	**–1**
Exchange differences	**0**	**0**
Closing accumulated depreciation	**–2**	**–1**
Carrying amount	**4**	**1**

Note 14. Property, plant and equipment

Changes in carrying amounts for other fixed assets and right-of-use assets are:

	Group		
2019-12-31	Other non-current assets	Right-of-use assets	Total
Opening accumulated cost	34	298	332
Investments for the year	10	117	127
Acquisition of subsidiaries	15	48	63
Sales/disposals	–11	–60	–71
Exchange differences	1	2	3
Closing accumulated cost	**49**	**405**	**454**
Opening accumulated depreciation	–12	–150	–162
Depreciation for the year	–11	–83	–94
Sales/disposals	9	51	60
Exchange differences	0	–1	–2
Closing accumulated depreciation	**–14**	**–183**	**–197**
Carrying amount	**35**	**222**	**257**

	Group		
2018-12-31	Other non-current assets	Right-of-use assets	Total
Opening accumulated cost	26	225	251
Investments for the year	7	99	106
Acquisition of subsidiaries	6	–	6
Sales/disposals	–7	–27	–33
Exchange differences	0	2	2
Closing accumulated cost	**34**	**292**	**325**
Opening accumulated depreciation	–7	–109	–117
Depreciation for the year	–8	–65	–73
Sales/disposals	4	25	29
Exchange differences	0	–1	–1
Closing accumulated depreciation	**–12**	**–150**	**–162**
Carrying amount	**22**	**149**	**171**

The carrying amount of other fixed assets consists of equipment and tools SEK 14 (12) million, cars SEK 14 (10) million and buildings SEK 7 (0) million.

Right-of-use assets are leased assets in accordance with IFRS 16, which consist of buildings (leased premises) SEK 130 (81) million, cars SEK 88 (62) million and other (tools/machinery) SEK 4 (4) million. Depreciation for the year on right-of-use assets was: buildings SEK 38 (31) million, cars SEK 43 (32) million, Other (tools and machinery) SEK 2 (1) million. Total interest expense amounts to SEK 4 (3) million. Total cash flow from leasing amounts to SEK 90 (71) million. The Group has excluded short-term leases and leases of low-value assets totalling SEK 27 (23) million. For information on options to extend, please see Note 1, Accounting principles, Leases.

Note 15. Financial assets and liabilities

Categories of financial assets and liabilities

The information on accounting principles contains a description of each category of financial assets and liabilities, along with the accounting principles used for them. The carrying amounts for financial assets and liabilities are as follows.

Financial assets

2019-12-31	Amortised cost	Fair value via profit or loss	Total
Other securities held as non-current assets	–	5	5
Other non-current receivables	1	–	1
Accounts receivable	874	–	874
Prepaid expenses and accrued income	105	–	105
Cash and cash equivalents	317	–	317
Total	**1,297**	**5**	**1,301**

Financial liabilities

2019-12-31	Fair value via profit or loss[1)]	Other liabilities (amortised cost)	Total
Long-term borrowing	–	971	971
Short-term borrowing	–	0	0
Accounts payable and other liabilities	–	420	420
Conditional additional consideration	106	–	106
Accrued income and prepaid expenses	–	1	1
Total	**106**	**1,392**	**1,498**

1) The liability measured at fair value via profit or loss is for conditional consideration. For more information, please see Note 35.

Financial assets

2018-12-31	Available-for-sale financial assets	Loan receivables and accounts receivable	Total
Other securities held as non-current assets	–	0	0
Other non-current receivables	1	–	1
Accounts receivable	698	–	698
Prepaid expenses and accrued income	63	–	63
Cash and cash equivalents	218	–	218
Total	**980**	**0**	**980**

Financial liabilities

2018-12-31	Liabilities fair value	Other liabilities	Total
Long-term borrowing	–	732	732
Short-term borrowing	–	0	0
Accounts payable and other liabilities	–	317	317
Conditional additional consideration	68	–	68
Accrued income and prepaid expenses	–	1	1
Total	**68**	**1,051**	**1,118**

Borrowing

Borrowing includes the following financial liabilities:

Long-term borrowing	2019-12-31	2018-12-31
Liabilities to credit institutions	971	732
	971	**732**

Short-term borrowing	2019-12-31	2018-12-31
Liabilities to credit institutions	0	0
	0	**0**

The Group has a bank loan for SEK 401 million with a maturity date of 2022-03-24. The interest rate is STIBOR 6 months. In addition to the bank loan, the Group has revolving credit of SEK 800 (800) million, which also includes overdraft of SEK 90 (90) million linked to the Group's cash pool.

The loans have been issued with covenants (KPIs that the Group must fulfil). The covenants are customary for these types of loan agreements. At year end, Instalco had met all of the covenants with a good margin.

At 31 December 2019, total granted credit, including overdraft, amounted to SEK 1,201 (1,201) million. Of the amount of revolving credit granted, SEK 971 (732) million had been utilised and of the bank overdraft amount, SEK 0 (0) had been utilised. The remaining period of time until maturity of the revolving credit is 27 (39) months.

Fair value

Financial instruments measured at fair value, is based on how the classification in the fair value hierarchy was made. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Other observable data for the asset or liability than quoted prices included in Level 1, either direct (e.g. quoted market prices) or indirect (e.g. derived from quoted market prices) (Level 2).
- Data for the asset or liability that is not based on observable market data (e.g. unobservable inputs) (Level 3).

Financial instruments measured at fair value in the balance sheet and classified as Level 2 in the fair value hierarchy include current receivables and other long-term security holdings. These fair values have been established by calculating discounted cash flows.

Conditional consideration that has been measured at fair value in the balance sheet is classified as Level 3 in the fair value hierarchy. For information on measurement techniques and changes in fair value, please see Note 35.

Fair value for long-term borrowing as below

Long-term borrowing	2019-12-31	2018-12-31
Fair value	1,000	771
	1,000	**771**

Continuation Note 15. Financial assets and liabilities

Fair value is based on discounted cash flows using a discount rate based on a lending rate of 1.10 - 1.65 (1.10 - 1.65) percent and it is at Level 2 in the fair value hierarchy.

The fair value of short-term borrowing and other financial instruments is essentially the same as the carrying amounts because the discounting effect is insignificant.

Reconciliation of liabilities arising from financing activities

	Non-current liabilities	Current liabilities	Total
2019-01-01	**732**	**0**	**732**
Affecting cash flow			
New loans	331	0	331
Repayment of loan	–116	–	–116
Not affecting cash flow:			
Acquisitions	23	–	23
Exchange differences	0	–	–
2019-12-31	**971**	**0**	**971**

	Non-current liabilities	Current liabilities	Total
2018-01-01	**649**	**0**	**649**
Affecting cash flow:			
New loans	185	–	185
Repayment of loan	–103	0	–103
Not affecting cash flow:			
Acquisitions	2	–	2
Exchange differences	0	–	0
2018-12-31	**732**	**0**	**732**

Note 16. Participations in Group companies

Composition of the Group

The Group includes direct holdings in subsidiaries, Instalco Holding AB with a carrying amount of SEK 1,315 million and indirect holdings in subsidiaries as follows:

Name/registered office	Segment	Number of shares	Holding, % 2019	Holding, % 2018
Instalco Holding AB	Other	437,730	100	100
Instalco Nordic AB	Other	50,000	100	100
PoB:s Elektriska AB / Uppsala	Sweden	6,000	100	100
Klimatrör i Stockholm AB / Stockholm	Sweden	1,000	100	100
Rörgruppen AB / Stockholm	Sweden	2,500	100	100
ORAB Entreprenad AB / Gävle	Sweden	10,000	100	100
VVS Metoder i Stockholm AB / Stockholm	Sweden	5,000	100	100
OTK Klimat Installationer AB / Uppsala	Sweden	501	100	100
Aktiebolaget Rörläggaren / Malmö	Sweden	5,000	100	100
Tofta Plåt & Ventilation AB / Lidköping	Sweden	1,000	100	100
LG Contracting AB / Karlstad	Sweden	100	100	100
El-Pågarna i Malmö AB / Malmö	Sweden	5,000	100	100
Bi-Vent AB / Helsingborg	Sweden	4,500	100	100
VallaCom AB / Linköping	Sweden	1,000	100	100
Voltmen OY / Helsinki	Rest of Nordic	100	100	100
Elexpressen i Lund AB / Lund	Sweden	1,000	100	100
Ohmegi Elektro AB / Stockholm	Sweden	3,000	100	100
Romerike Elektro AS / Klöfta	Rest of Nordic	1,000,000	100	100
AR Elektro Prosjekt AS / Klöfta	Rest of Nordic	200	100	100
Inkon Sverige AB / Borås	Sweden	50,000	100	100
Trä och inredningsmontage Kylteknik i Bandhagen AB / Stockholm	Sweden	5,000	100	100
Tunabygdens VVS Installatör AB / Borlänge	Sweden	2,000	100	100
Dalab Sverige AB / Borlänge	Sweden	1,000	100	100
Rörteft AS / Kjeller	Rest of Nordic	50	100	100
Vito Teknisk Entreprenör AS / Drammen	Rest of Nordic	1,000	100	100
Ventilationsförbättringar i Malmö AB / Malmö	Sweden	300	100	100
JN Elinstallatörer AB / Stockholm	Sweden	1,000	100	100

Continuation Note 16. Participations in Group companies

Name/registered office	Segment	Number of shares	Holding, % 2019	Holding, % 2018
Andersen og Aksnes Rørleggerbedrift AS / Hvalstad	Rest of Nordic	10,753	100	100
Uudenmaan LVI-Talo OY / Vantaa	Rest of Nordic	100	100	100
Uudenmaan Sähkötekniikka JP OY / Helsinki	Rest of Nordic	120	100	100
Rodens Värme & Sanitet AB / Norrtälje	Sweden	1,000	100	100
Frøland & Noss Elektro AS / Bergen	Rest of Nordic	200	100	100
Elektrisk AS / Oslo	Rest of Nordic	600	100	100
Telefuusio OY / Helsinki	Rest of Nordic	100	100	100
Elkontakt i Borås AB / Borås	Sweden	1,000	100	100
Elektro-Centralen Entreprenad Hisings Backa AB / Gothenburg	Sweden	1,000	100	100
LVI-Talo Kannosto OY / Parkano	Rest of Nordic	62	100	100
Jalasjärven Vesijohtoliike OY / Jalasjärvi	Rest of Nordic	62	100	100
Sprinklerbolaget Stockholm AB / Västerås	Sweden	1,200	100	100
Trel AB / Västerås	Sweden	51,000	100	100
Rikelektro AB / Umeå	Sweden	1,000	100	100
VVS-Kraft Teknikservice i Stockholm AB / Stockholm	Sweden	2,000	100	100
Dala Kylmecano AB / Borlänge	Sweden	1,000	100	100
APC Elinstallatören AB / Linköping	Sweden	2,000	100	100
Teknisk Ventilasjon AS / Trondheim	Rest of Nordic	1,800,000	100	100
LVI-Urakointi Paavola OY / Helsinki	Rest of Nordic	100	100	100
Insta El Syd AB / Skåne	Sweden	50,000	60	60
Sprinklerbolaget Syd i Helsingborg AB / Helsingborg	Sweden	50,000	100	100
Rörman i Svedala AB / Svedala	Sweden	1,000	100	100
KWA-Rör i Ystad AB / Ystad	Sweden	27,500	55	55
MSI- El Motala Ströms Installations AB / Motala	Sweden	5,040	100	100
Larm & Teleteknik i Motala AB / Motala	Sweden	5,000	100	100
MSI-Järn AB / Motala	Sweden	1,000	100	100
MSI-Rör AB / Motala	Sweden	1,000	100	100
Twinputki OY / Helsinki	Rest of Nordic	110	100	100
Sähkö-Buumi OY / Helsinki	Rest of Nordic	60	100	100
El Kraft Teknik & Konsult i Sala AB / Sala	Sweden	1,000	100	–
Aquadus VVS AB / Eskilstuna	Sweden	100	100	–
Aircano AB / Stockholm	Sweden	1,000	100	–
El & Säkerhet Sörmland AB / Katrineholm	Sweden	1,000	100	–
Moi Rør AS / Kristiansand	Rest of Nordic	500	100	–
Instamate AB / Södertälje	Sweden	500	80	–
Bogesunds El & Tele AB / Ulricehamn	Sweden	1,000	100	–
Rörtema i Nyköping AB / Nyköping	Sweden	1,000	100	–
Milen Ventilation AB / Gävle	Sweden	500	100	–
OVAB Optimal Ventilation AB / Östersund	Sweden	1,000	100	–
Pohjanmaan Talotekniikka Oy / Oulu	Rest of Nordic	3,111	100	–
VIP-Sähkö Oy / Helsinki	Rest of Nordic	100	100	–
Medby AS / Lillehammer	Rest of Nordic	100	100	–
AB Tingstad Rörinstallation / Gothenburg	Sweden	1,000	100	–
Henningsons Elektriska AB / Falun	Sweden	2,000	100	–
Henningsons El Service AB / Falun	Sweden	1,000	100	–
Ventec AS / Grimstad	Rest of Nordic	189,205	100	–
Elovent AB / Kalmar	Sweden	4,000	100	–
AB Borås Rörinstallationer / Borås	Sweden	2,000	100	–

All of the subsidiaries run operations in the installation industry.

Continuation Note 16. Participations in Group companies

Change during the year:	Parent Company 2019-12-31	2018-12-31
Opening accumulated cost	1,315	1,290
Acquisition/contribution made	–	25
Closing accumulated cost	**1,315**	**1,315**
Carrying amount	**1,315**	**1,315**

Note 17. Shares/receivables in associated companies and jointly run companies

Holdings in jointly owned companies

The Group includes the following jointly owned companies, none of which is, on its own, of significant importance to the Group.

Name/registered office	CIN	Holding, %	Carrying amount
Nya sjukhusområdet i Malmö VS HB / Malmö	969781-5158	50	1

Claim in jointly controlled companies	CIN	Carrying amount
Nya sjukhusområdet i Malmö VS HB / Malmö	969781-5158	2

	Group 2019-12-31	2018-12-31
Opening accumulated cost	0	0
Profit participation	1	0
Closing accumulated cost	2	0
Carrying amount	2	0

Note 18. Other securities held as non-current assets

The Group's long-term securities holdings primarily consist of pension provision funds and co-ownership in endowment insurance. The maturity dates for endowment insurance depend on the date when the person insured takes retirement.

	Group 2019-12-31	2018-12-31
Opening accumulated cost	0	1
Added through acquisitions	4	0
Sales	–	–1
Closing accumulated cost	**5**	**0**
Carrying amount	**5**	**0**

Note 19. Deferred tax assets and tax liabilities

Deferred tax arising from untaxed reserves, temporary differences and unutilised loss carry forwards is summarised below:

Change during the year:	2019-01-01	Reported in associated with acquisitions	Reported in income statement	2019-12-31
Untaxed reserves	–54	–8	–12	–74
Temporary differences	–3	–	–8	–11
Unutilised loss carryforward	0	–	1	1
Total	**–57**	**–8**	**–19**	**–83**

Change during the year:	2018-01-01	Reported in associated with acquisitions	Reported in income statement	2018-12-31
Untaxed reserves	–51	0	–3	–54
Temporary differences	0	–	–3	–3
Unutilised loss carryforward	0	–	0	0
Total	**–51**	**0**	**–6**	**–57**

A deferred tax asset is recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The Group reported deferred tax assets of SEK 3 (6) million that may be possible to utilise against future taxable profit.

Loss carryforwards have no limitation in time.

Note 20. Other non-current receivables

	Group 2019-12-31	2018-12-31
Opening accumulated cost	1	1
New receivables	0	1
Payments/amortisation	0	0
Closing accumulated cost	**1**	**1**
Carrying amount	**1**	**1**

Note 21. Inventories, etc.

Inventories consist of:	Group 2019-12-31	2018-12-31
Finished goods	45	29
Total	**45**	**29**

Note 22. Accounts receivable

Ageing analysis of accounts receivable and expected credit losses on doubtful debts.

	Group	
	2019-12-31	2018-12-31
Accounts receivable, gross	896	701
Provision for doubtful debts	–23	–4
Accounts receivable	**874**	**698**

	Group	
	2019-12-31	2018-12-31
Accounts receivable, not yet due for payment	689	531
Accounts receivable, 0-3 months overdue	148	152
Accounts receivable, 4-6 months overdue	22	9
Accounts receivable, more than 6 months overdue	37	9
Expected credit losses	–23	–4
Total	**874**	**698**

Changes in the provision for doubtful debts for the Group are as follows:

	Group	
	2019	2018
As of 1 January	**4**	**12**
Acquired doubtful debts	6	3
Provision for doubtful debts	17	1
Receivables written off during the year as bad debts	–2	–7
Reversal of unutilised amount	–1	–4
As of 31 December	**23**	**4**

Carrying amounts for the Group's accounts receivables, breakdown by currency:

	Group	
	2019-12-31	2018-12-31
SEK	621	526
NOK	207	141
EUR	47	31
Total	**874**	**698**

Note 23. Construction contracts

	Group	
	2019-12-31	2018-12-31
Claims on clients	322	205
Liabilities to clients	–357	–212
Net amount in the balance sheet	**–35**	**–7**

Note 24. Prepaid expenses and accrued income

	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Prepaid insurance	4	2	–	–
Accrued annual sales discounts, etc.	67	31	0	0
Other items	22	17	0	0
Carrying amount	**93**	**55**	**0**	**0**

Note 25. Cash and cash equivalents

	Group	
Cash and cash equivalents consist of:	2019-12-31	2018-12-31
Cash held in bank accounts and on hand:		
- SEK	–73	–58
- EUR	194	127
- NOK	196	149
Total	**317**	**218**

Note 26. Equity – Share capital

Share capital in the Parent Company consists entirely of fully paid ordinary shares at a nominal value (quotient value) of SEK 0.015 per share. The company has 49,393,448 Class A shares that are ordinary shares.

Subscribed and paid shares (in thousands):	2019-12-31	2018-12-31
At the beginning of the year	48,214	47,023
Bonus issue/cancellation of shares	–	–
New issue	1,179	1,191
Subscribed and paid shares	49,393	48,214
Total decided at year end	**49,393**	**48,214**

Reserves

	Translation reserve	Available-for-sale financial assets	Total
As of 31 December 2017 / 1 January 2018	**–9**	**0**	**–10**
Exchange differences, Group companies	14	–	14
Revaluation of available-for-sale assets, gross	–	–	0
Revaluation of available-for-sale assets, tax	–	–	0
As of 31 December 2018	5	0	5
As of 1 January 2019	5	0	5
Exchange differences, Group companies	17	–	17
As of 31 December 2019	**22**	**0**	**22**

If all of the 1,929,650 warrants are exercised, the company's share capital will increase by at most SEK 28,944.75 allocated across 1,929,650 shares, each of which with a quotient value of SEK 0.015, corresponding to a dilutive effect of at most 4 percent based on the share capital and votes in the company.

The incentive scheme is divided into two sub-programmes (Series 2017/2020:1 and Series 2017/2020:2). A total of 964,825 have been transferred to each of these sub-programmes at a price corresponding to the option's market value according to external valuation.

The exercise price for warrants belonging to Series 2017/2020:1 is SEK 66.00 per new share and the exercise price for warrants belonging to Series 2017/2020:2 is SEK 71.50 per new share.

The warrants can be exercised to subscribe for new shares as of the date following the publication of the Company's quarterly report for the first quarter of 2020 through 30 June 2020.

There are no outstanding share-related incentive programmes besides the warrants described above.

Note 27. Provisions

All provisions are reported as current by the Group and Parent Company in the item, "Provisions". The carrying amounts and changes in provisions are as follows:

Group	Other	Total
Carrying amount on 1 January 2018	9	9
Additional provisions	3	3
Reversed amount	–2	–2
Carrying amount on 31 December 2018	**10**	**10**
Additional provisions	4	4
Carrying amount on 31 December 2019	**14**	**14**

Parent Company	Other	Total
Carrying amount on 31 December 2018	–	–
Carrying amount on 31 December 2019	–	–

Provisions are reported as of the acquisition date of a business combination are included in "Additional provisions" above.

Other provisions consist of various legal and other claims from customers, such as guarantees where the customers receives compensation for repair costs.

Typically, these claims are settled within 3 to 18 months of when they are made, depending on the claims settlement process for each type of claim. Because the settlement dates on these claims largely depends on how quickly negotiations are carried out with the various counterparties and legal authorities, the Group is not able to reliably assess the amounts that eventually will be paid out more than 12 months from the closing date. For this reason, the amount is classified as "current" in the consolidated financial statements.

None of the provisions will be described in more detail here because it should not adversely affect the Group's position in these disputes.

Note 28. Liabilities to credit institutions /Lease liabilities

Of the liability items listed below, the amounts owed to credit institutions and most of the lease liabilities fall due for payment within five years. Of the total lease liability, SEK 13 million falls due for payment later than five years.

The average implicit interest rate at the date of transition to IFRS 16 was 2.10 percent.

	Group		Parent Company	
Non-current	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Liabilities to credit institutions	971	732	142	141
Lease liabilities	129	78	–	–
Total	**1,100**	**811**	**142**	**141**

Current	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Liabilities to credit institutions	0	0	–	–
Lease liabilities	84	65	–	–
Total	**84**	**65**	**-**	**-**

Note 29. Accounts payable

Carrying amounts for accounts payable categorised by currency are as follows:

	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
SEK	328	246	0	1
NOK	67	47	0	0
EUR	26	24	0	0
Total	**420**	**317**	**0**	**1**

Note 30. Accrued expenses and deferred income

	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Employee-related costs	334	241	4	4
Interest	1	1	0	0
Other items	19	30	1	1
Carrying amount	**354**	**273**	**6**	**5**

Note 31. Pledged assets and contingent liabilities

	Group		Parent Company	
Pledged assets	2019-12-31	2018-12-31	2019-12-31	2018-12-31
For own provisions and liabilities:				
Liabilities to credit institutions				
Chattel mortgages	27	0	–	–
Pledged accounts receivable	73	67	–	–
Other pledged assets	25	26	–	–
Pledged assets for Group companies:				
Other pledged assets	5	–	–	–
Other pledged assets:				
Chattel mortgages	13	18	–	–
	142	**112**	**–**	**–**
Contingent liabilities				
Performance guarantees	187	115	–	–
	187	**115**	**–**	**–**

Note 32. Transactions with related parties

Agreement of services rendered to related parties is at the going market rate. There were no receivables or liabilities with related parties as of the closing date. No transactions that significantly impacted the Group's position or earnings have occurred between the company and related parties. As regards other transactions, no significant changes have occurred compared to last year.

For information on remuneration to senior executives, please see Note 6.

Note 33. Subsequent events

In January 2020, Instalco acquired 100 percent of the shares in Elinstallationer Ullsand Bengtsson AB (Elub) in Växjö with estimated annual sales of SEK 69 million and 30 employees. It will be a part of segment Sweden. In February 2020, Instalco acquired 100 percent Haug og Ruud VVS AS with estimated annual sales of SEK 75 million and 31 employees. It will belong to segment Other Nordic. The acquisition analysis below was still preliminary as of the date when the annual report was issued.

Preliminary details on business combination are as follows:

Fair value of consideration at the time of acquisition	
Conditional consideration	6
Cash and cash equivalents	94
Total consideration	**100**

Carrying amount of identifiable net assets	
Fixed assets	6
Other current assets	27
Cash and cash equivalents	24
Deferred tax liability	–1
Other liabilities	–28
Total identifiable net assets	**28**
Goodwill from acquisitions	73
Exchange rate difference	0
Total	**100**

Acquisition-related costs preliminarily amount to SEK 1 million.

In accordance with agreements on conditional consideration, the Group must pay cash for future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 33 million. The fair value of the conditional consideration is at Level 3 in the fair value hierarchy.

The surplus of SEK 73 million that has arisen via acquisitions consists entirely of goodwill. No other intangible assets have been identified that meet the requirements for separate reporting.

The Board of Directors has assessed that the outbreak of COVID-19 could have a negative impact on the company's financial position and earnings in 2020. At present, the Board is unable to assess the size, but is carefully monitoring events and implementing measures to limit the effect.

Note 34. Adjustments not impacting cash flow and changes in working capital

The following adjustments not impacting cash flow and adjustments for changes in working capital have been made to earnings before tax in order to arrive at the cash flow from operating activities:

	Group		Parent Company	
Depreciation/amortisation of non-financial items	**2019**	**2018**	**2019**	**2018**
Depreciation/amortisation	95	74	–	–
Change in accrued interest	0	0	0	0
Provisions	0	0	–	–
Impairment losses	18	–6	–	–
Capital gain (loss) from financial items	–1	29	–	–
Capital gain (loss) from non-financial items	–8	0	–	–
Other adjustments	1	0	1	1
Total	**105**	**98**	**1**	**1**

Note 35. Business combinations

Instalco made the following acquisitions of installation companies in 2019:

Acquired business	Country	Acquisition date	Share of equity, %	Assessed annual sales, SEK m	Number of employees
Electrical / Sala	Sweden	January	100	87	38
Heating & plumbing / Eskilstuna	Sweden	January	100	80	36
Ventilations-verksamhet /Stockholm	Sweden	February	100	60	25
Electrical / Sala	Sweden	April	100	110	80
Heating & plumbing / Kristiansand	Norway	April	100	75	32
Electrical / Gävle	Sweden	April	100	18	15
Heating & plumbing / Södertälje	Sweden	May	80	135	51
Electrical / Ulricehamn	Sweden	June	100	92	40
Heating & plumbing / Nyköping	Sweden	July	100	50	30
Ventilation / Gävle	Sweden	July	100	70	17
Ventilation / Östersund	Sweden	July	100	40	13
Heating & plumbing / Oulu	Finland	July	100	105	23
Electrical / Helsinki	Finland	July	100	94	42
Heating & plumbing / Lillehammer	Norway	October	100	59	35
Heating & plumbing / Gothenburg	Sweden	October	100	65	24
Electrical / Falun	Sweden	October	100	135	72
Ventilation / Grimstad	Norway	November	100	70	32
Electrical / Kalmar	Sweden	December	100	40	25
Heating & plumbing / Borås	Sweden	December	100	75	48

Instalco made the following acquisitions of installation companies in 2018:

Acquired business	Country	Acquisition date	Share of equity, %	Assessed annual sales, SEK m	Number of employees
Heating & plumbing / Västerås	Sweden	January	100	75	26
Electrical / Västerås	Sweden	January	100	77	45
Ventilation / Malmö	Sweden	January	100	18	11
Electrical / Umeå	Sweden	February	100	85	37
Heating & plumbing / Stockholm	Sweden	February	100	60	30
Cooling / Borlänge	Sweden	April	100	31	15
Electrical / Linköping	Sweden	April	100	50	27
Ventilation / Trondheim	Norway	May	100	57	17
Heating & plumbing / Helsinki	Finland	June	100	100	45
Heating & plumbing / Svedala	Sweden	October	100	31	15
Electrical / Motala	Sweden	October	100	65	52
Electrical / Motala	Sweden	October	100	12	4
Heating & plumbing / Motala	Sweden	October	100	13	8
Heating & plumbing / Motala	Sweden	October	100	10	10
Heating & plumbing / Helsinki	Finland	November	100	27	10
Electrical / Helsinki	Finland	November	100	48	25

Continuation Note 35. Business combinations

None of the acquisitions is, on its own, of significant importance to the Group, which is why the disclosures below cover them as a whole.

Because of the acquisitions, the Group expects to increase its presence in these domestic and international markets.
All acquisition analyses were established prior to the end of 2019.

Details on the business combinations are as follows:

	2019	2018
Fair value of consideration at the time of acquisition		
Conditional consideration	138	77
Cash and cash equivalents	669	412
Total consideration	**807**	**489**
Carrying amount of identifiable net assets		
Intangible assets	8	–
Property, plant and equipment	27	8
Financial assets	0	–
Deferred tax assets	–	0
Other current assets	310	221
Cash and cash equivalents	203	121
Deferred tax liabilities	–7	–5
Other liabilities	–323	–199
Total identifiable net assets	**219**	**146**
Goodwill from acquisitions	589	342
Total	**808**	**489**
Transfer of remuneration in cash & cash equivalents	669	412
Less: Acquired cash & cash equivalents	–203	–121
Net cash flow from acquisitions	**466**	**291**
Settled conditional consideration attributable to acquisitions in the current year and prior years	94	78
Exchange rate difference	0	0
Total impact on cash & cash equivalents	**560**	**369**

Acquisition-related costs of SEK 10 (11) million are included in "Other operating expenses" in the consolidated income statement.

In accordance with agreements on conditional consideration, the Group must make a cash payment of additional consideration based on future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 163 million, of which SEK 116 million pertains to acquisitions that were made in 2019. The fair value of the conditional consideration is at Level 3 in the fair value hierarchy.

Conditional consideration is included in "Other liabilities" in the balance sheet and the amount reported on 2019-12-31 was SEK 105 (68) million.

The table presented below shows changes in carrying amounts of conditional consideration:

	2019	2018
As of 1 January	68	68
Gains and losses reported in the income statement	–3	–1
Paid conditional consideration	–94	–77
Added through acquisitions made during the year	135	77
Exchange rate difference	0	–
As of 31 December	**106**	**68**

The surplus of SEK 589 (342) million that has arisen via acquisitions made in 2019 consists entirely of goodwill. No other intangible assets have been identified that meet the requirements for separate reporting.

Revenue from acquisitions made in 2019 that has been included in the consolidated income statement after the date of each acquisition amounts to SEK 678 million. Companies acquired in 2019 contributed SEK 76 million to earnings in 2019.

Note 36. Risk associated with financial instruments

Risk management targets and principles

The Group is exposed to various risks associated with financial instruments. The main types of risks are market risks (interest rate risk and currency risk), credit risk and liquidity risk.

The Group's risk management activities are coordinated at its head office in close collaboration with the Board of Directors. Focus is on ensuring that the Group has adequate cash flow over the short and medium-term by minimising its exposure to the volatility of financial markets. Long-term financial investments are managed with the aim of generating significant returns.

The most significant financial risks that the Group is exposed to are described below. All of these figures are undiscounted amounts.

Market risk

The Group is exposed to market risk due to both currency risk and interest rate risk arising from its operating activities and investing activities.

Currency risk

Transaction risk arises when future business transactions are in a currency other than the company's functional currency. The companies belonging to the Group do not have significant transactions in currencies other than their functional currency, which is why the Group's transaction risk is insignificant.

In 2019, the Group had several holdings in foreign operations for which the net assets are exposed to currency risk. The Group has decided not to hedge its currency exposure associated with the net assets of its foreign operations as it is not significant. The table below shows the translation risk by calculating how a reasonably possible change in the exchange rate for each respective foreign operation, holding all other variables constant, would impact the translation difference in other comprehensive income, which is included in the item "Reserves" in equity.

	2019	2018
EUR/SEK +/– 10%	7	3
NOK/SEK +/–10%	9	7

Interest rate risk

The Group's interest rate risk arises from long-term borrowing. Loans with a variable interest rate expose the Group to interest rate risk relating to cash flow. The Group's exposure to variable interest rate fluctuations was insignificant during the year, which is why no risk management measures have been taken. In 2019 and 2018, the Group's loans with a variable interest rate were in SEK.

The table below shows the effect on the Group's profit after tax due to a reasonably possible change in the interest rate for its loans in SEK, holding all other variables constant. All earnings impact stems from the effect of higher/lower interest expense for loans with a variable rate of interest. There is no additional impact on equity.

	2019	2018
25 base points higher/lower	2	2

For more information on the Group's borrowing, please see Note 15.

Analysis of credit risk

Credit risk is the risk that a counterparty will not meets its obligations to the Group. The Group is exposed to this type of risk via various financial instruments, such as accounts receivable. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets as of 31 December, which is detailed in the table below:

Types of financial assets – carrying amounts	2019	2018
Cash and cash equivalents	317	218
Accounts receivable and other receivables	874	698
Total	**1,190**	**916**

The Group applies the simplified approach in IFRS 9 when reporting the expected credit losses over the remaining term for all accounts receivable since these items do not have any significant financing component.

When assessing the expected credit losses, accounts receivable have been assessed collectively because they have the same credit risk characteristics. They have been grouped based on the number of days overdue.

The Group continually monitors overdue accounts receivable and other overdue claims, both individually and by category. The Group also uses this information in its credit risk control procedures. If external credit ratings/reports on customers and other counterparties are available at a reasonable cost, the Group will collect that information and use it. The Group's policy is to only do business with creditworthy counterparties.

Group management is of the opinion that all of the financial assets specified below, which have not been written down or overdue as of 31 December have a high creditworthiness. Given the short period of time that accounts receivable are exposed to credit risk, the effects of these factors during the reporting period are considered to be insignificant.

As of 31 December, the Group had a number of accounts receivable that had not been settled by the due date. However, they are not considered to be doubtful debts. Grouping is by number of days overdue.

Maturity structure of accounts receivable

2019-12-31	Not yet due for payment	Overdue, less than 90 days	More than 90 days overdue	More than 180 days overdue	Total
Expected credit loss (%)	0%	0%	0%	0%	
Carrying amount, gross	689	148	22	37	897
Expected credit loss for remaining term	0	0	0	0	0

2018-12-31	Not yet due for payment	Overdue, less than 90 days	More than 90 days overdue	More than 180 days overdue	Total
Expected credit loss (%)	0%	0%	0%	0%	
Carrying amount, gross	531	152	9	9	701
Expected credit loss for remaining term	0	0	0	0	0

For accounts receivable and other receivables, the Group is not exposed to any significant credit risks with any individual counterparty or group of counterparties with similar characteristics. Accounts receivable are made up of a large number of customers in a variety of industries and geographic locations. Based on

Continuation Note 36. Risk associated with financial instruments

historical information on overdue payments from customers, Group management has assessed that its accounts receivable not yet due for payment or which have not been written down, have a high creditworthiness.

The credit risk associated with cash and cash equivalents is considered to be negligible since the counterparties are large banks with high credit ratings that have been awarded by external assessors.

Analysis of liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations. The Group manages its liquidity needs by monitoring planned payments on its non-current financial liabilities, along with forecasted payments to be made and received as part of daily operations. Information that is used to analyse these cash flow is consistent with what is used in the analysis of agreed maturities below. Liquidity need is monitored for various periods of time, which includes daily, weekly and rolling 30-day forecasts. Long-term liquidity need for a period of 180 days and 360 days is assessed monthly. The net cash requirements are compared to available credit facilities in order to establish the safety margin or any shortfalls. This analysis shows that available credit facilities are adequate during this period.

The Group's goal is to have cash and cash equivalents, along with marketable securities, that meet its liquidity requirements for periods of at least 30 days. That goal was fulfilled during the reporting periods. Financing of long-term liquidity needs is also met by having an adequate amount of granted credit facilities and the possibility of selling non-current financial assets.

The Group considers expected cash flows from financial assets when assessing and managing liquidity risk, particularly cash reserves and accounts receivable. The Group's existing cash reserves and accounts receivable exceed its current payment obligations by a wide margin. Most of the cash flow from accounts receivable and other receivables falls due for payment within one month. All of it, however, falls due within six months. In most cases, accounts payable fall due for payment within one month.

As of 31 December 2019, the Group's financial liabilities (that are not derivatives) including interest, where applicable, had the following agreed maturities:

	Current		Non-current			
2019-12-31	Within 6 months	6-12 months	1-5 years	Longer than 5 years	Total contractual cash flows	Carrying amount receivables/liabilities
Liabilities to credit institutions	–	–	1,000	–	1,000	971
Lease liabilities	48	39	120	13	220	213
Accounts payable and other liabilities	528	–	–	–	528	528
Total	**576**	**39**	**1,120**	**13**	**1748**	**1,712**

A comparison of the same for prior years is as follows:

	Current		Non-current			
2018-12-31	Within 6 months	6-12 months	1-5 years	Longer than 5 years	Total contractual cash flows	Carrying amount receivables/liabilities
Liabilities to credit institutions	–	–	771	–	771	732
Lease liabilities	40	28	73	8	149	143
Accounts payable and other liabilities	386	–	–	–	386	386
Total	**426**	**28**	**844**	**8**	**1,306**	**1,261**

Note 37. Proposed appropriation of the Parent Company's profit or loss

The following retained earnings shall be appropriated by the Annual General Meeting (SEK t):

	2019-12-31
Share premium reserve	978,667
Retained earnings	286,262
Loss for the year	4,218
	1,269,147
The Board and CEO recommend that	
To be distributed as dividends, SEK 2.30 per share	113,764
carried forward	1,155,383
	1,269,147

The dividend amount has been calculated on the number of outstanding shares as of 2019-02-28, which was 49,462,794 shares. The total dividend amount may change up until and including the reconciliation date due to new share issues and any new acquisitions that are made.

Note 38. Non-recurring items

	2019	2018
Additional consideration	–3	–1
Acquisition costs	10	11
Loss on divestment of subsidiaries	–	30
Other	–	2
Total	**7**	**41**

Note 39. Quarterly information

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
KPIs on sales								
Net sales	1,652	1,416	1,406	1,218	1,264	998	1,174	979
Growth in net sales, %	30.7	41.9	19.8	24.4	35.1	40.8	50.2	42.2
KPIs on earnings								
EBIT (Operating profit or loss)	144	113	145	90	125	68	101	40
EBITA	145	113	145	90	125	68	101	40
EBITDA	171	139	166	111	145	87	119	56
Adjusted EBITA	157	127	123	92	120	75	107	73
Adjusted EBITDA	183	153	144	114	140	94	126	89
KPIs on margins								
EBIT margin, %	8.7	8.0	10.3	7.4	9.9	6.8	8.6	4.1
EBITA margin, %	8.8	8.0	10.3	7.4	9.9	6.8	8.6	4.1
EBITDA margin, %	10.3	9.8	11.8	9.1	11.5	8.7	10.1	5.8
Adjusted EBITA margin, %	9.5	9.0	8.8	7.6	9.5	7.5	9.2	7.4
Adjusted EBITDA margin, %	11.1	10.8	10.3	9.3	11.1	9.4	10.7	9.1
Capital structure								
Working capital	–22	–40	2	–36	25	64	–31	–20
Working capital as a percentage of net sales, % (12-months rolling)	–0.4	–0.7	0.1	–0.8	0.6	1.6	–0.8	–0.6
Interest-bearing net debt	872	785	763	649	663	714	672	629
Gearing ratio, %	58.8	57.7	60.5	54.7	62.1	72.3	71.5	71.3
Interest-bearing net debt in relation to EBITDA (12-months rolling), times	1.5 times	1.4 times	1.5 times	1.4 times	1.6 times	2.0 times	2.1 times	2.3 times
Other								
Order backlog	4,865	4,418	4,508	4,391	4,063	3,724	3,875	3,736
Number of operational units at the end of the period	80	75	69	67	62	54	57	52
Average number of employees	2,972	2,719	2,524	2,306	2,212	2,067	2,039	1,943
Number of employees at the end of the period	3,103	2,798	2,655	2,379	2,283	2,139	2,119	1,985
Sweden								
Net sales	1,236	1,039	1,041	906	944	719	901	749
EBITA	133	114	89	82	99	72	105	71
EBITA margin, %	10.7	11.0	8.6	9.1	10.5	10.1	11.7	9.4
Adjusted EBITA	133	114	89	82	99	72	105	71
Adjusted EBITA margin, %	10.7	11.0	8.6	9.1	10.5	10.1	11.7	9.4
Number of operational units at the end of the period	53	50	47	46	41	35	38	35
Rest of Nordic								
Net sales	416	377	365	312	320	279	273	230
EBITA	31	39	35	15	22	8	11	9
EBITA margin, %	7.6	10.4	9.7	4.9	6.8	3.0	4.0	4.0
Adjusted EBITA	31	39	35	15	22	8	11	9
Adjusted EBITA margin, %	7.6	10.4	9.7	4.9	6.8	3.0	4.0	4.0
Number of operational units at the end of the period	24	22	19	18	18	16	16	14

Note 40. Reconciliation of KPIs not defined in accordance with IFRS

	2019	2018
KPIs on sales		
Net sales	5,692	4,414
Growth in net sales, %	28.9	41.8
Organic growth in net sales, %	4.0	6.6
Acquired growth in net sales, %	24.5	33.6
Change in exchange rates	–22	–46
KPIs on earnings		
EBIT (Operating profit or loss)	492	334
EBITA	493	334
EBITDA	587	407
Adjusted EBITA	500	375
Adjusted EBITDA	594	449
KPIs on margins		
EBIT margin, %	8.6	7.6
EBITA margin, %	8.7	7.6
EBITDA margin, %	10.3	9.2
Adjusted EBITA margin, %	8.8	8.5
Adjusted EBITDA margin, %	10.4	10.2
KPIs on cash flow and returns		
Operating cash flow	613	450
Cash conversion, %	103.2	100.2
Return on equity, %	29.0	26.7
Capital structure		
Working capital	–22	25
Working capital as a percentage of net sales, %	–0.4	0.6
Interest-bearing net debt	872	663
Gearing ratio, %	58.8	62.1
Other		
Order backlog	4,865	4,063
Number of units at the end of the period	80	62
Average number of employees	2,630	2,065
Number of employees at the end of the period	3,103	2,283

Note 41. Reconciliation tables, per year

Calculation of organic growth in net sales	**2019**	**2018**
Net sales	5,692	4,414
Acquired net sales	–1,081	–1,048
Changes in exchange rates	–22	–46
A) Comparative figures for the previous year	4,589	3,320
B) Net sales for the previous year	4,414	3,114
(A/B) Organic growth in net sales, %	**4.0**	**6.6**
KPIS FOR EARNINGS AND MARGINS		
(A) Operating profit/loss (EBIT)	**492**	**334**
Amortisation and impairment of acquisition-related intangible assets	1	0
(B) EBITA	**493**	**334**
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	95	74
(C) EBITDA	**587**	**407**
Non-recurring items		
Additional consideration	–3	–1
Acquisition costs	10	11
Loss on divestment of subsidiaries	–	30
Other	–	2
Total adjustments	**7**	**41**
(D) Adjusted EBITA	**500**	**375**
(E) Adjusted EBITDA	**594**	**449**
(F) Net sales	**5,692**	**4,414**
(A/F) EBIT margin, %	8.6	7.6
(B/F) EBIT margin, %	8.7	7.6
(C/F) EBIT margin, %	10.3	9.2
(D/F) Adjusted EBITA margin, %	8.8	8.5
(E/F) Adjusted EBITDA margin, %	10.4	10.2
KPIS ON CASH FLOW AND RETURNS		
Calculation of operating cash flow and cash conversion		
(A) Adjusted EBITDA	594	449
Net investments in property, plant & equipment, financial assets and intangible assets	–2	–3
Changes in working capital	21	4
(B) Operating cash flow	**613**	**450**
(B/A) Cash conversion, %	**103.2**	**100.2**

Continuation Note 41. Reconciliation tables, per year

Calculation of return on equity	2019	2018
(A) Profit or loss for the year	372	249
Equity at the beginning of the period	1,068	793
Equity at the end of the period	1,483	1,068
(B) Average total equity	1,276	931
(A/B) Return on total equity, %	**29.2**	**26.7**

CAPITAL STRUCTURE

Calculation of working capital and working capital in relation to net sales		
Inventories	45	29
Accounts receivable	874	698
Claims on clients	322	205
Prepaid expenses and accrued income	93	55
Other current assets	64	48
Accounts payable	–420	–317
Liabilities to clients	–357	–212
Other current liabilities	–289	–208
Accrued expenses and deferred income, including provisions	–354	–272
(A) Working capital	**–22**	**25**
(B) Net sales	5,692	4,414
(A/B) Working capital as a percentage of net sales, %	**–0.4**	**0.6**

Calculation of interest-bearing net debt, gearing ratio and interest-bearing net debt as a percentage of EBITDA		
Non-current, interest-bearing financial liabilities	1,104	817
Current, interest-bearing financial liabilities	84	65
Other marketable securities	–	–
Cash and cash equivalents	–317	–218
(A) Interest-bearing net debt	**872**	**663**
(B) Equity	1,483	1,068
(A/B) Gearing ratio, %	**58.8**	**62.1**
(C) EBITDA	587	407
(A/C) Interest-bearing net debt in relation to EBITDA, times	**1.5**	**1.6**

Note 42. Reconciliation tables, per quarter

Earnings measures and margin measures	In accordance with IFRS							
Amounts in SEK m	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
(A) Operating profit/loss (EBIT)	**144**	**113**	**145**	**90**	**125**	**68**	**101**	**40**
Amortisation and impairment of acquisition-related intangible assets	0	0	0	0	0	0	0	0
(B) EBITA	**145**	**113**	**145**	**90**	**125**	**68**	**101**	**40**
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	26	26	21	21	20	19	18	17
(C) EBITDA	**171**	**139**	**166**	**111**	**145**	**87**	**119**	**56**
Non-recurring items								
Additional consideration	10	10	–24	1	–10	6	4	–
Acquisition costs	3	4	2	2	3	1	3	3
Costs associated with refinancing	–	–	–	–	–	–	–	–
Listing costs	–	–	–	–	–	–	–	–
Loss on divestment of subsidiaries	–	–	–	–	–	–	0	30
Other	–	–	–	–	2	–	–	–
Total, non-recurring items	**13**	**14**	**–22**	**2**	**–5**	**7**	**7**	**33**
(D) Adjusted EBITA	**157**	**127**	**123**	**92**	**120**	**75**	**107**	**73**
(E) Adjusted EBITDA	**183**	**153**	**144**	**114**	**140**	**94**	**126**	**89**
(F) Net sales	**1,652**	**1,416**	**1,406**	**1,218**	**1,264**	**998**	**1,174**	**979**
(A/F) EBIT margin, %	*8.7*	*8.0*	*10.3*	*7.4*	*9.9*	*6.8*	*8.6*	*4.1*
(B/F) EBIT margin, %	*8.8*	*8.0*	*10.3*	*7.4*	*9.9*	*6.8*	*8.6*	*4.1*
(C/F) EBIT margin, %	*10.3*	*9.8*	*11.8*	*9.1*	*11.5*	*8.7*	*10.1*	*5.8*
(D/F) Adjusted EBITA margin, %	*9.5*	*9.0*	*8.8*	*7.6*	*9.5*	*7.5*	*9.2*	*7.4*
(E/F) Adjusted EBITDA margin, %	*11.1*	*10.8*	*10.3*	*9.3*	*11.1*	*9.4*	*10.7*	*9.1*

Continuation Note 42. Reconciliation tables, per quarter

Capital structure	In accordance with IFRS							
Amounts in SEK m	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Calculation of working capital and working capital in relation to net sales								
Inventories	45	31	29	27	29	23	23	20
Accounts receivable	874	785	793	724	698	684	666	597
Earned, but not yet invoiced revenue	322	402	278	256	205	210	248	178
Prepaid expenses and accrued income	93	48	50	33	55	36	40	40
Other current assets	64	54	49	46	48	52	54	41
Accounts payable	–420	–493	–433	–417	–317	–349	–371	–329
Invoiced, but not yet earned income	–357	–366	–286	–231	–212	–172	–203	–140
Accrued expenses and deferred income, including provisions	–289	–231	–190	–183	–208	–195	–241	–187
Other current liabilities	–354	–271	–287	–290	–272	–226	–246	–241
(A) Working capital	**–22**	**–40**	**2**	**–36**	**25**	**64**	**–31**	**–20**
(B) Net sales (12-months rolling)	5,692	5,304	4,886	4,653	4,414	4,086	3,797	3,404
(A/B) Working capital as a percentage of net sales, %	**–0.4**	**–0.7**	**0.1**	**–0.8**	**0.6**	**1.6**	**–0.8**	**–0.6**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	1,104	1,081	1,057	869	817	808	815	775
Current, interest-bearing financial liabilities	84	78	72	66	65	57	57	55
Short-term investments	–	–	–	–	–	–	–	–
Cash and cash equivalents	–317	–374	–366	–287	–218	–151	–200	–202
(A) Interest-bearing net debt	**872**	**785**	**763**	**649**	**663**	**714**	**672**	**629**
(B) Equity	1,483	1,362	1,261	1,185	1,068	988	940	882
(A/B) Gearing ratio, %	**58.8**	**57.7**	**60.5**	**54.7**	**62.1**	**72.3**	**71.5**	**71.3**
(C) EBITDA (12-months rolling)	587	562	510	462	407	358	325	268
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	**1.5 times**	**1.4 times**	**1.5 times**	**1.4 times**	**1.6 times**	**2.0 times**	**2.1 times**	**2.3 times**
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	183	153	144	114	140	94	126	89
Net investments in property, plant and equipment and intangible assets	1	–2	0	0	–1	–1	–2	0
Changes in working capital	**2**	**–13**	**–18**	**49**	**54**	**–68**	**18**	**0**
(B) Operating cash flow	**186**	**138**	**126**	**163**	**193**	**25**	**142**	**90**
(B/A) Cash conversion, %	**102**	**90**	**87**	**143**	**138**	**27**	**113**	**100**

Note 43. Approval of the financial statements

The consolidated financial statements for the reporting period ending on 31 December 2019 (including comparative figures) were approved by the Board of Directors on 19 March 2020.

Board of Directors' assurance:

The consolidated financial statements and annual report, respectively, have been prepared in accordance with the International Financial Reporting Standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on application of IFRS and with generally accepted accounting principles, respectively, and they provide a true and fair view of the Group's and the Parent Company's position and earnings.

The Directors' report for the Group and Parent Company provides a fair overview of the Group's and the Parent Company's operations, position and earnings, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

The Group's and Parent Company's earnings and position in general are disclosed in the income statement and balance sheets, cash flow statements and notes included in this report.

Stockholm, 19 March 2020

Olle Ehrlén
Chairman of the Board

Johnny Alvarsson
Director

Carina Edblad
Director

Per Leopoldsson
Director

Carina Qvarngård
Director

Camilla Öberg
Director

Per Sjöstrand
CEO

Our audit report was submitted on 19 March 2020

Grant Thornton Sweden AB

Camilla Nilsson
Authorised Public Accountant

Auditor’s report

To the general meeting of the shareholders for Instalco AB
CIN: 559015-8944

Report on the Annual Report and Consolidated Financial Statements

Opinions

We have conducted an audit of the annual report and consolidated financial statements for Instalco AB (publ) for the year 2019 with the exception of the corporate governance report on pages 44-51. The annual report and consolidated financial statements can be found on pages 41 - 91 of this document.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and in all material respects, it gives a true and fair view of the Parent Company's financial position as at 31 December 2019 and of its financial performance and cash flow for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and in all material respects, they give a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance and cash flow for the year in accordance with the International Financial Reporting Standards (IFRS) that have been adopted by the EU, and the Annual Accounts Act. Our opinions do not apply to the corporate governance report on pages 44 - 51. The Directors' report is consistent with the other parts of the annual report and the consolidated financial statements.

We therefore recommend that the general meeting of shareholders should adopt the income statements and balance sheets for the Parent Company and the Group.

Our opinions in this report on the annual report and consolidated financial statements are consistent with the content in the additional report that has been submitted to the Parent Company’s Audit Committee in accordance with Article 11 of Regulation (EU) 537/2014 (audit legislation).

Basis for the opinions

We conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden. Our responsibility as per these standards is described in the section, “Auditor's responsibility”. We are independent of the Parent Company and the Group in accordance with the professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities under these requirements. This means that, based on best knowledge and belief, no prohibited services, as stipulated in Article 5.1 of Regulation (EU) 537/2014, have been provided to the audited company or, where applicable, its Parent Company or its controlling company within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

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.

Revenue and percentage-of-completion from installation assignments (Group)

Revenue and profit from installation assignments are recognised over time based on the percentage of completion. A project’s percentage-of-completion is assessed by making a comparison between costs incurred and the total estimated costs for the project. Consideration is also given to unforeseen costs attributable to any project risks or claims by the client. Revenue recognition from installation assignments requires management to make significant assessments and assumptions when determining the actual incurred and anticipated costs for completing the project. It also includes monitoring and assessing the risk of losses that could occur in the project, which, in turn, affects revenue recognition.

Our audit has included an evaluation of the processes and routines for the Group's assessments and conclusions regarding revenue recognition for installation assignments, including identification and reporting of loss contracts. Our audit has included assessing Group management’s ability to make forecasts by comparing actual results to both calculations and budgets. We also audited forecasts for the projects, with a particular focus on unforeseen costs and claims from the client. In addition, we audited how revenue recognition for installation assignments from projects is reflected and whether it provides a true and fair view in the report.

For more information on this, please see the Group’s accounting and valuation principles on pages 65 and 68 of the annual report.

Valuation of goodwill (Group) and shares in subsidiaries (Parent Company)

The Group’s carrying amount for intangible assets in the form of goodwill as of 2019-12-31 amount to SEK 2,189 million, which corresponds to approximately 52 percent of total assets. Intangible assets with an indefinite useful life must be tested annually for impairment. Testing for impairment involves making calculations that are based on assumptions and assessments of such things as discount rates, growth factors and forecasted cash flows. The Parent Company also tests for impairment in this way on the value of its shares in subsidiaries. A test of impairment is complex and much of it is based on assessments and assumptions on future operating profit and an appropriate discount rate.

Our audit has involved an assessment of the Group's testing of impairment to ensure that it has been carried out in accordance with what is stipulated in IFRS. Our audit has included an assessment of the reasonableness of future cash flows and the assumed discount rate by reviewing the assumptions and forecasts made by Group management and by comparing prior years’ assessments with actual results. We have also engaged our own valuation specialists to review the methods and discount rates applied, along with macroeconomic aspects. Our audit has also involved an assessment of the Group’s sensitivity analysis based on reasonably likely changes in the assumptions made. We have also ensured that note disclosures have been made for such sensitivity analyses.

For more information on this, please see the Group’s accounting and valuation principles on pages 65, 66 and 68, along with Note 13 Goodwill.

Other information than the annual report and consolidated financial statements

This document also contains other information than the annual report and consolidated financial statements, which is provided on pages 1 – 40 and 96 - 98. The Board and the CEO are responsible for this other information.

Our opinion on the annual report and consolidated financial statements does not cover this other information, and we do not express any form of assurance regarding this other information.

In connection with our audit of the annual report and consolidated financial statements, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual report and consolidated financial statements. During this review, we also take into account knowledge we obtained during the audit and we assess whether the information otherwise appears to be materiallly misstated.

If, based on the work that has been conducted on this information, we conclude that the other information contains a material misstatement, we are obliged to report it. We have nothing to report in that regard.

The Board of Directors' and CEO's responsibilities

The Board and the CEO are responsible for ensuring that the annual report and consolidated financial statements and have been prepared and that they provide a true and fair view in accordance with the Annual Accounts Act and with regard to the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and CEO are also responsible for any internal control they deem necessary for preparing and annual report and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual report and consolidated financial statements, the Board and CEO are responsible for assessing the ability of the Company and Group to continue as a going concern. They must disclose, when applicable, any circumstances that may affect the ability to continue operations and apply the assumption of continued as a going concern. However, the assumption of continued operations is not applied if the Board and CEO intend to liquidate the company, cease as a going concern, or if they have no realistic alternatives than either of these two options.

The Audit Committee must monitor the company’s financial reporting without it impacting the Board's responsibilities and tasks in general.

Auditor's responsibility

Our goals are to achieve a reasonable degree of assurance about whether the annual report and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to submit an audit report containing our opinions. Reasonable assurance is a high degree of assurance. However, it does not guarantee that an audit performed in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement if one exists. Errors may occur due to fraud or error, and they are deemed material if, individually or together they can reasonably be expected to influence the economic decisions that users make based on the annual report and consolidated financial statements.

As part of an audit in accordance with ISA, we use professional judgement and apply professional scepticism throughout the entire audit. We also:

- identify and assess the risks of material misstatement in the annual report and consolidated financial statements, whether due to fraud or error, designing and performing audit procedures including on the basis of these risks and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the part of the company's internal controls that is important to our audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of internal control.
- evaluate the appropriateness of the accounting policies that have been applied and the reasonableness of the Board’s and CEO’s accounting estimates and related disclosures.
- draw a conclusion on the appropriateness of the Board and CEO using the going concern assumption in preparing the annual report and consolidated financial statements.
  We also draw a conclusion, on the basis of the obtained audit evidence, on whether there is any material uncertainty concerning events or conditions that may lead to significant doubt about the Company's and Group’s ability to continue operations. If we conclude that there is a substantial element of uncertainty, we must in the auditor's report draw attention to the information in the annual report and consolidated financial statements on the essential element of uncertainty, or, if such information is inadequate, modify our opinion on the annual report and consolidated financial statements. Our conclusions are based on the audit evidence gathered up until the date of the audit report. However, future events or circumstances could arise such that the company is no longer able to going concern.

- we evaluate the overall presentation, structure and content of the annual report and consolidated financial statements, including disclosures, and whether the annual report and consolidated financial statements reflect the underlying transactions and events in a way that gives a true and fair view.
- we collect sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for the management, supervision and performance of Group audit. We are solely responsible for our opinions.

We must inform the Board of, among others, the planned audit scope, focus and timing of it. We must also inform about significant findings during the audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board with a statement that we have complied with relevant professional ethical requirements regarding independence, and to address all relationships and other circumstances that can reasonably affect our independence, and, if applicable, related safeguards.

Of the areas communicated with the Board, we determine which of these areas have been the most important for the audit of the annual report and the consolidated financial statement, including the most important assessed risks for material misstatements, and are therefore the key audit mattters. We describe these areas in the auditor's report unless laws or other regulations prevent disclosure of the issue.

Report on other requirements in accordance with laws and other regulations

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 Instalco AB for the year 2019 and the proposed appropriations of the company’s profit or loss.”

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for the opinions

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in accordance with this is described in the section, “Auditor's responsibility”. We are independent of the Parent Company and the Group in accordance with the professional ethics for accounts in Sweden and have otherwise fulfilled our ethical responsibilities under these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

The Board of Directors' and CEO's responsibilities

The Board of Directors is responsible for the proposed appropriation of the profit or loss. With proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the demands that the nature of operations, scope 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 is responsible for the organisation and administration of the company’s affairs. This includes regular assessment of the Company's and the Group's financial situation and ensuring that the company's organisation is designed so that accounting, cash management and financial affairs are controlled in a satisfactory manner. The CEO is responsible for ongoing management that is in accordance with the Board's guidelines and instructions, including taking the actions necessary to ensure that the company’s accounting complies with law and that assets are managed in a satisfactory manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission, which could give rise to liability to the Company,
- or in any other way acted in contravention of the Swedish Companies the Annual Accounts Act or the Articles of Association.

Our goal regarding the audit of the proposed appropriation of the profit or loss, and thus our statement on this, is to, with a reasonable degree of assurance, assess whether the proposal is consistent with the Swedish Companies Act.

Reasonable certainty is a high level of assurance, but no guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that could give rise to a liability to the company or that a proposal for the appropriation of the profit or loss is not consistent with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we use professional judgement and apply professional scepticism throughout the entire audit. The audit of the administration and the proposed appropriation of the profit or loss is primarily based on the audit of the financial statements. We decide what additional procedures to perform based on our professional judgement, and having considered both risks and materiality. It means that we focus the audit on such measures, areas and conditions that are essential for operations and where deviations or transgressions would significantly impact the company's situation. We review and test decisions, supporting documentation for decisions, measures taken and other factors that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board's proposed appropriation of the profit or loss, we examined the Board's reasoned opinion and a selection of the supporting documents for this in order to be able to assess whether the proposal is consistent with the Companies Act.

Auditor's examination of the corporate governance report

The Board is responsible for the corporate governance report on pages 44 - 51 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

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

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, items 26 of the Swedish Companies Act, along with Chapter 7, Section 31, second paragraph of the Swedish Companies Act are consistent with the annual report and consolidated financial statements and they are in accordance with the Annual Accounts Act.

Grant Thornton Sweden AB was appointed as the auditor for Instalco AB (publ) at the general meeting of shareholders on 2019-05-08 and has been the company's auditor since 2015-09-07.

Stockholm, 19 March 2020

Grant Thornton Sweden AB

Camilla Nilsson
Authorised Public Accountant

Definitions

General	Unless otherwise indicated, all amounts in the tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.	
Key figures	**Definition/calculation**	**Purpose**
Adjusted EBITA	EBITA adjusted for non-recurring items.	Adjusted EBITA increases comparability of EBITA.
Adjusted EBITA margin	EBITA adjusted for non-recurring items, as a percentage of net sales.	Adjusted EBITA margin excludes the effect of items affecting non-recurring items, which facilitates a comparison of the underlying operational profitability.
Adjusted EBITDA	EBITDA adjusted for non-recurring items.	Adjusted EBITDA increases comparability of EBITDA.
Adjusted EBITDA margin	EBITDA adjusted for non-recurring items, as a percentage of net sales.	Adjusted EBITDA margin excludes the effect of non-recurring items, which facilitates a comparison of the underlying operational profitability.
Acquired growth in net sales	Change in net sales as a percentage of net sales during the comparable period, fuelled by acquisitions.	Acquired net sales growth reflects the acquired units' impact on net sales.
Cash conversion	Operating cash flow as a percentage of adjusted EBITDA.	Cash conversion is used to monitor how effective the Group is in managing ongoing investments and working capital.
Change in exchange rates	The period's change in net sales that is attributable to the change in exchange rates (start of the period compared to the end of the period), as a percentage of net sales during the comparison period.	The change in exchange rates reflects the impact that exchange rate fluctuations has had on net sales during the period.
EBITA	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets.	EBITA provides an overall picture of the profit generated from operating activities.
EBITA margin	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets, as a percentage of net sales.	EBITA margin is used to measure operational profitability.
EBITDA	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets and depreciation/amortisation and impairment of property, plant and equipment and intangible assets	EBITDA, together with EBITA provides an overall picture of the profit generated from operating activities.
EBITDA margin	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquisition-related intangible assets and depreciation/amortisation and impairment of property, plant and equipment and intangible assets, as a percentage of net sales.	EBITDA margin is used to measure operational profitability.
Gearing ratio	Interest-bearing net debt as a percentage of total equity.	Gearing ratio measures the extent to which the Group is financed by loans. Because cash and other short-term investments can be used to pay off the debt on short notice, net debt is used instead of gross debt in the calculation.
Growth in net sales	Change in net sales as a percentage of net sales in the comparable period, prior year.	The change in net sales reflects the Groups realised sales growth over time.
Interest-bearing net debt	Non-current and current interest bearing liabilities less cash and other short-term investments.	Interest-bearing net debt is used as a measure that shows the Groups total debt.

Key figures	Definition/calculation	Purpose
Net debt in relation to adjusted EBITDA	Interest-bearing net debt at the end of period divided by adjusted EBITDA, on a 12-month rolling basis.	Net debt in relation to adjusted EBITDA provides an estimate of the company's ability to reduce its debt. It represents the number of years it would take to pay back the debt if the net debt and adjusted EBITDA is kept constant, without taking into account the cash flows relating to interest, taxes and investments.
Non-recurring items	Non-recurring items, like additional consideration, acquisition costs, the costs associated with refinancing, sponsorship costs and listing costs.	By excluding non-recurring items, it is easier to compare earnings between periods.
Operating cash flow	Adjusted EBITDA less investments in property, plant and equipment and intangible assets, along with an adjustment for cash flow from change in working capital.	Operating cash flow is used to monitor the cash flow generated from operating activities.
Operating profit/loss, adjusted	Operating profit or loss adjusted for non-recurring items.	Operating profit/loss, adjusted facilitates comparability of operating profit/loss.
Order backlog	The value of outstanding, not yet accrued project revenue from received orders at the end of the period.	Order backlog provides an indication of the Group's remaining project revenue from orders already received.
Organic growth in net sales	The change in net sales for comparable units after adjustment for acquisition and currency effects, as a percentage of net sales during the comparison period.	Organic growth in net sales does not include the effects of changes in the Group's structure and exchange rates, which enables a comparison of net sales over time.
Return on equity	Earnings for the period on a rolling 12-month basis divided by average total equity at the end of the period.	Return on equity is used to analyse profitability, based on how much equity is used.
Working capital	Inventories, accounts receivable, earned but not yet invoiced income, prepaid expenses and accrued income and other current assets, less accounts payable, invoiced but not yet earned income, accrued expenses and deferred income and other current liabilities.	Working capital is used to measure the company's ability to meet short-term capital requirements.
Working capital as a percentage of net sales	Working capital at the end of the period as a percentage of net sales on a 12-month rolling basis.	Working capital as a percentage of net sales is used to measure the extent to which working capital is tied up.

Shareholder information

Additional information

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Financial calendar

Interim report January-March	7 May 2020
AGM	7 May 2020
Interim report January-June	19 August 2020
Interim report January-September	9 November 2019
Year-end report	February 2021

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