Instalco annual report 2017

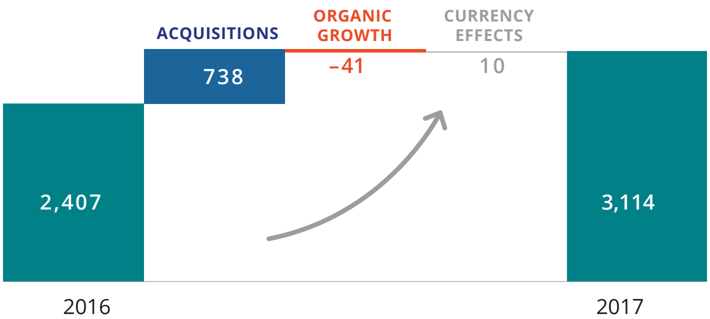
Instalco offers complete heating, plumbing, electricity, ventilation, cooling and industrial solutions in the Nordic market. We work closely with customers, offering all the advantages of a local company, along with efficient collaboration and mature leadership.

INSTALCO

Instalco in brief

Instalco is a leading Nordic installation supplier of heating, plumbing, electricity, ventilation, cooling and industrial solutions, which, via its more than 40 local companies, is represented throughout most of Sweden, and in expanding metropolitan regions of Norway and Finland. We prioritise innovative thinking and close, efficient collaboration in our interaction with customers.

REVENUE GROWTH, SEK M



KEY FIGURES

SEK m	2017	2016
Net sales	3,114	2,407
EBITA	244	140
EBITA margin, %	7.8	5.8
Adjusted EBITA[1]	264	156
Adjusted EBITA margin, %	8.5	6.5
Earnings before taxes	229	132
Cash flow from operating activities	160	230
Order backlog	3,194	1,999
Earnings per share (SEK)	3.69	1.96
Dividends per share (SEK)	1.10[2]	–

1) Adjusted for costs associated with, for example, acquisitions and preparations for the IPO.
2) Proposed dividend.

2017 Q1–Q4

January – March

- The Instalco companies Ohmegi and Rörgruppen win assignments to participate in the expansion of Stockholm South General Hospital.
- Instalco becomes established in Roslagen via the acquisition of Rodens Värme & Sanitet.
- Stronger offering in Finland via the acquisition of two companies specialised in heating, ventilation and electricity.

April – June

- Instalco becomes listed on Nasdaq Stockholm's Mid Cap segment.
- Expansion in Norway via the acquisition of the electricity company Fröland & Noss in Bergen.

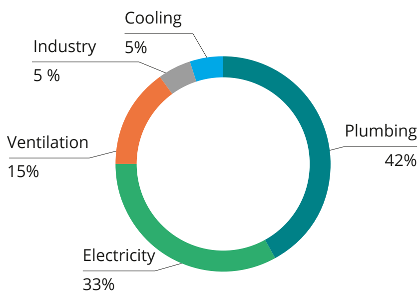
July – September

- Stronger offering in the Oslo region via the acquisition of AS Elektrisk.
- Instalco's companies Klimatrör, PoB:s Elektriska and OTK win the assignment for all of the pipe, electrical and ventilation installations in conjunction with converting Ericsson's prior head office in Stockholm into housing units.

September – December

- The Instalco companies Rörläggaren and ORAB are engaged to participate in the second stage of installation work at ESS, European Spallation Source in Lund.
- Instalco's company DALAB opens a new division focused on electrical installations.
- Stronger offering in the area of electrical installation via the acquisition of Elkontakt in Borås and Elektro-Centralen in Gothenburg.
- Expansion in Finland via the acquisition of Telefuusio, an electrical installation company.

NET SALES BY AREA OF OPERATION



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"Our goal with every project is to help our customers lower their environmental impact and we have noticed an increasing demand for energy efficient solutions."

Per Sjöstrand, CEO, pages 2-3

"Our decentralised structure makes it possible for us to maintain the entrepreneurial spirit at each company, with a strong desire to deliver the highest possible results."

Lotta Sjögren, CFO, pages 4-5

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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.

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Our offering, pages 12-13

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The Group has a shared Code of Conduct, along with policies and guidelines in several areas, such as environment, sustainability and work environment.

Sustainability report, pages 23-28

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Instalco is one of Sweden's leading hospital contractors for electrical and heating installations.

Higher number of assignments in the area of public facilities, page 32

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Financial information

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

The growth journey continues

Instalco continues its journey to become one of the Nordic region's leading installation companies for heating, plumbing, electricity, ventilation, cooling and industrial solutions.

I am both proud and happy to be able to summarise a fantasic year for Instalco. We have had an intensive, exciting year that involved a great deal of change, not least of which was becoming listed on Nasdaq Nordic Mid Cap.

Instalco started its journey in 2013, when five companies merged to form Instalco. 2017 is thus the company's fourth year of operation. We've had a rapid journey of growth and we now consist of more than 40 companies and just over 1,800 employees with sales in excess of SEK 3 billion.

Stronger presence in the Nordic region

During the year, we strengthened our presence considerably in our Nordic neighbouring countries, having acquired three companies in Norway and four in Finland. In Finland, we are starting to realise clear synergy effects between our companies and in Norway, we employed a new Business Area Manager during the year, who will be responsible for coordination between the companies. We also started up our internal training programme there, Instalco Academy, which has been successfully operating in Sweden for some time.

"Each day, Instalco adds benefits to society in the form of lower environmental impact, lower energy consumption and greater sustainability."

One of the biggest milestones for Instalco in 2017 was becoming listed on the stock exchange. Interest in our business and business model among investors and other stakeholders throughout this process has been high and I am convinced that the listing will be of great benefit to us as we further develop the Group.

Benefits to society a key component

During the year, Instalco companies won many interesting assignments, large and small. All of them have one thing in common however, which is adding benefits to society in form of lower environmental impact, lower energy consumption and greater sustainability. Our goal with every project is to help our customers lower their environmental impact and we have noticed an increasing demand for energy efficient solutions.

Ways that we help benefit society include replacement of existing electric fittings with energy-efficient luminaires, installed heat pumps, geothermal heating and solar heating. We have improved the quality of indoor air, have been involved in water treatment projects and at all times, we apply a life cycle perspective.

Our specialist expertise in installations at public facilities is another way that we benefit society. Instalco is one of Sweden's leading hospital contractors for electrical and heating installations. Each day, we perform qualified installations at schools, preschools, police stations, retirement homes, sports facilities and other public facilities.

Our plan is to ramp up our efforts in this area even more, so that we can continue benefiting society, increase resource efficiency and lower environmental impact.

I am also proud that we help facilitate integration in society. One example of this is the project at Rosengård in Malmö, where Rörläggaren, El-Pågarna and Bi-Vent have been enlisted to help train and facilitate entry into the workforce for newly arrived people that would like to work in our industry.

Many exciting projects

Instalco primarily focuses on installation projects in the mid-size segment, which means assignments ranging from SEK 1 to SEK 75 million. Most of our projects fall within this range, such as installation assignments at schools and preschools.

Among the larger projects in this segment during 2017 was the start-up of "The Brick" housing project in Stockholm, where Ericsson's prior head office is being converted into 350 new housing units. PoB, Klimatrör, OTK and INKON are involved in this effort. Another examples is ORAB's two assignments to install pipes for StoraEnso and BillerudKorsnäs at the Skutskär and Gruvön paper mills.

The largest assignments in 2017 were Rörläggarens and ORAB's contract for the second stage of installation at the ESS research facility in Lund. Another was Ohmegi and Rörgruppen's assignment to participate in the expansion of Stockholm South General Hospital.

"We will continue our growth journey by expanding and acquiring profitable companies that can contribute to the Group's strategy and development."

Growth journey continues

Instalco continues to grow in all of our markets and we've noticed a high demand for installation services in all areas, as well as many entrepreneurs showing interest in our model. We have not noticed any slowdown in housing construction, but there are signs of a shift in focus from the construction of condominiums to rental units, which does not have any significant impact Instalco. Our exposure in the housing market is approximately 20 percent, of which about half is new production and half is renovations.

We will continue our growth journey by expanding and acquiring profitable companies that can contribute to the Group's strategy and development. We have a very strong acquisition pipeline and our aim is to acquire companies with combined annual sales totalling SEK 600-800 million.

In conclusion, I would like to thank all our professional colleagues for their excellent efforts during the year. I'd also like to take this opportunity to welcome the new companies that Instalco acquired during the year. With the Instalco model and its decentralised management philosophy, we are motivated and prepared for future profitable growth.

Per Sjöstrand
President and CEO

Stable financial performance

The Nordic market for installation services once again delivered a strong performance in 2017. At the same time, Instalco strengthened its position via several acquisitions and profitability that exceeded the Group's goals.

Instalco also continued to grow its sales via the high rate of acquisitions during year. Organic growth was slightly negative, which is primarily attributable to a few unusually large projects that were completed in 2016. When calculating organic growth, we only include companies that were part of Instalco throughout the entire comparison period (16 in total). In 2018, the basis of calculation will be much larger (26 companies), which will increase stability going forward.

Business model facilitates high profitability

Profitability continued to improve during the year and the EBITA margin for the full year is on a par with the Group's goal of 8 percent. Underlying it all is Instalco's model, which has been a key success factor behind the high margins. Our decentralised structure makes it possible for us to maintain the entrepreneurial spirit in each company, with a strong desire to deliver the highest possible results. Another reason behind our success is our high level of specialisation, which tends to facilitate a higher level of profitability than what can be achieved by only offering generalist services. Finally, we are further developing our programme for continual improvement, IFOKUS, and sharing best practice between companies, which leads to higher efficiency in our projects.

"The Instalco model and our high level of specialisation have been key success factors behind the high margins.

Progress towards our financial objectives

Besides exceeding our margin objective, Instalco's performance in meeting the other financial goals was also good. Our objective for organic growth is 5 percent over time and on average, it has been 16 percent for the last three years. Another objective is to achieve adjusted EBITA (pro forma) of SEK 450 million by the end of 2019. We are working hard to achieve that via our high rate of acquisition. The debt-to-equity ratio was 1.8 times EBITDA, compared to the goal of a maximum of 2.5 times. Cash conversion was 84 percent, compared to the goal of 100 percent. The Board of Directors has also proposed dividends in line with the policy of 30 percent of net profit for the year.

Net sales

In 2017, net sales increased by 29.4 percent. Organic growth was -1.7 percent and acquired growth was 30.7 percent. Ten subsidiaries were acquired during the year, with estimated annual sales of SEK 471 million in Sweden. Three subsidiaries were acquired in Norway with estimated annual sales of SEK 334 million and five subsidiaries were acquired in Finland with estimated annual sales of SEK 226 million. Thus, during the year, we acquired companies with total sales of just over SEK 1 billion.

Order backlog

At year end, outstanding orders totalled SEK 3,194 million. This is 59.8 percent higher than the corresponding figure at the end of 2016. For comparable units, order backlog increased by 22.0 percent and acquired growth was 39.1 percent. The level of outstanding orders is equivalent to production of 1.0 times on a 12-month rolling basis for relevant units.

Administrative costs

Instalco actively strives to optimise the company's costs. The overall low cost level creates conditions for continued good margins and thereby profitable growth.

EBITA

EBITA increased by SEK 104 million to SEK 244 million and EBITA margin improved from 5.8 percent to 7.8 percent. Adjusted for costs associated with, for example, acquisitions and preparations for the IPO, the EBITA margin was 8.5 percent.

Strong balance sheet

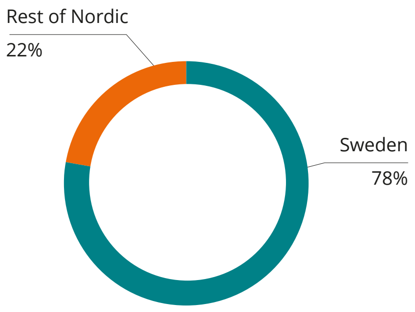
During the year, the balance sheet was strengthened with an increase in equity from SEK 553 million to SEK 793 million. The increase in goodwill is attributable to the multiple acquisitions that were made. Other increases in specific balance sheet posts are primarily associated with growth in sales.

Improved cash flow

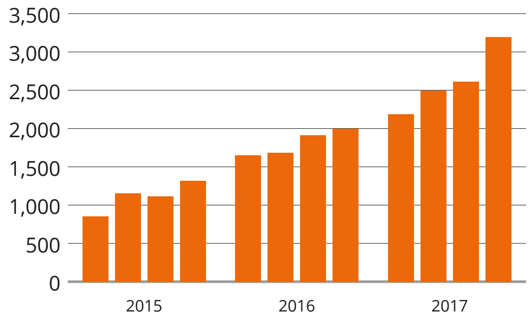
Cash flow improved during the year thanks to the overall higher earnings and streamlining of capital deployment. Cash conversion was 84.5 percent.

Lotta Sjögren
CFO

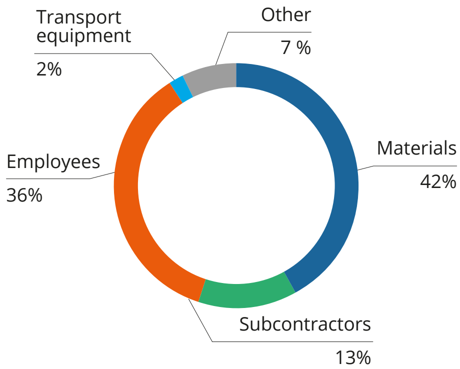
NET SALES BY MARKET AREA



ORDER BACKLOG PER QUARTER, SEK M



COST STRUCTURE



Value creation

Vision

Instalco's vision is to, by 2020, become one of the leading Nordic installation companies for heating, plumbing, electricity, ventilation, cooling and industrial solutions. We shall be a world-class player with high technical expertise.

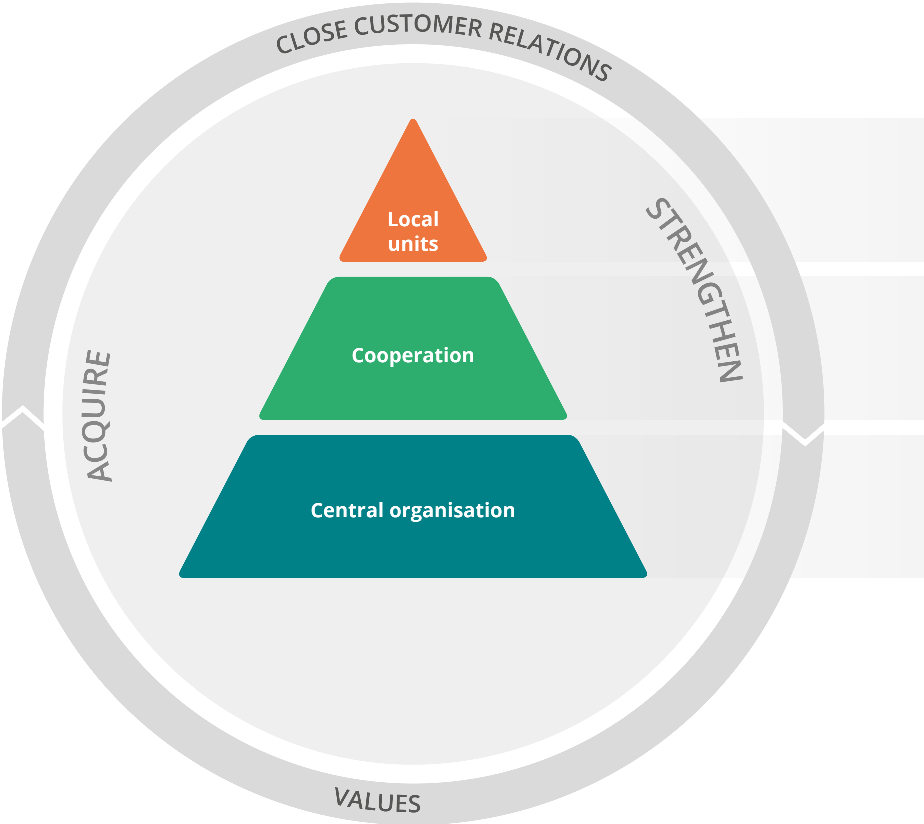
RESOURCES → **BUSINESS MODEL**

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

Equity
- SEK 793 million in equity

Employees
- 1,844 competent and qualified employees

Expertise
- Specialist expertise in all areas of technology



Values

Instalco's values are based on three core concepts which, together, comprise our values. It is also our customer promise.

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 heating, plumbing, electricity, 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

BENEFITS TO SOCIETY

Customers
- Attractive offering to customers
- Efficient solutions

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

Suppliers & business partners
- Long-term business relations
- Responsible business methods

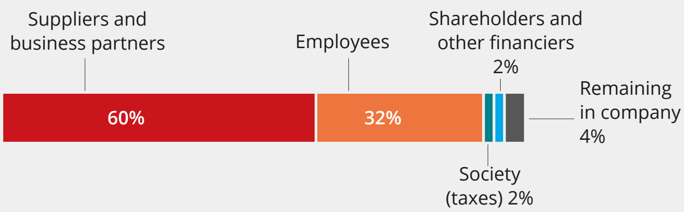
Society
- Job opportunities
- Engaged in local society
- Contributes to higher resource efficiency
- Contribute to integration

Shareholders
- Profitable growth
- Dividends

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*

Distribution of economic value



Strategies and goals

STRATEGIES

Sustainable growth

Instalco will grow both organically and via acquisitions. 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 must be fuelled by such things as higher collaboration 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 Instalco's focus on sustainable installation services, which are becoming increasingly important to both clients and end users.

Customers

At Instalco, operations are conducted in close cooperation with customers. By being highly specialised in a specific method or technique in our individual units, we are able to achieve a strong position in each local market and can offer competitive and sustainable solutions to 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.

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 units and developing the talent of our employees in order to increase profitability. 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.

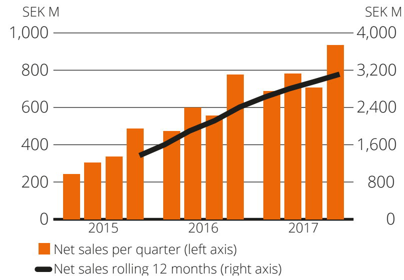
Profitability

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.

SHORT-TERM PRIORITIES

RESULTS

The installation market is highly fragmented. Consolidation benefits are prevalent and Instalco aims to continue playing a leading role in doing just that. We have a competitive offering to contractors who are interested in selling their company and we typically have discussions underway with five to ten potential acquisition candidates at any given time. Rapid implementation of the Instalco model creates the conditions for more cross-selling and collaboration, all of which fuels organic growth. We also intend to increase our focus on generating benefits to society via our services, which increase Instalco's competitiveness and facilitates long-term growth.



Sales for the year increased by 29 percent. Acquired growth represented 31 percent and organic growth was responsible for -2 percent.

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

80 %

Approximately 80 percent of Instalco's revenue for 2017 was attributable to repeat customers.

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 talent and future leaders.

Besides Instalco Academy, there is also a trainee system, along with courses, certificates and other necessary training. In addition, there is an aluminium network for retaining and improving knowledge sharing and collaboration after training has been completed.

246

During the year, 246 employees participated at various levels in Instalco Academy.

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.

- *Adjusted EBITA margin should be at least 8.0 percent. For 2017, it was 8.5 percent.*
- *On a rolling 12-month basis, the cash conversion ratio should be 100 percent. For 2017, it was 84 percent.*
- *Net debt, in relation to pro forma adjusted EBITDA should not exceed a ratio of 2.5. For 2017, the ratio was 1.8.*

Driving forces in the market

The market's demand for technical installation and services is being fuelled by several megatrends. Instalco is well-positioned to act on the market opportunities that arise.

URBANISATION

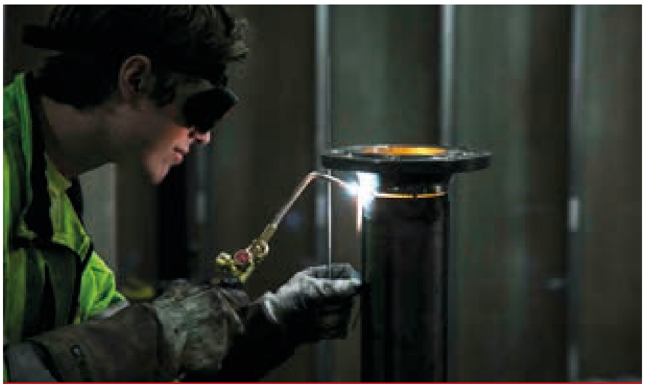
General trends	Sweden is currently one of the countries in Europe with the highest rate of population growth. There is a high rate of migration to Stockholm, Gothenburg and Malmö in particular. There is a similar situation in Norway and for several years, Oslo has been one of the fastest growing cities in Europe. Urbanisation is also occurring in Finland, where the population of Helsinki in particular is growing.
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.
Instalco's actions	Instalco has established a strong position in the major metropolitan areas and capital cities 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 order complete solutions that meet their needs in conjunction with new construction, renovation and conversion projects.

ENVIRONMENTAL AWARENESS

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. At political level, for example, two EU Directives have been adopted, which essentially serve as legislation to lower the energy consumption of buildings. One of the Directives states the goal of lowering the energy consumption of buildings by 20 percent by 2020.

Property owners of both newly constructed and older properties are currently putting more focus on investments in energy efficient installations. In part, the aim 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 consumers as regards energy efficiency and sustainability.

Instalco's offering is on the cutting edge as regards both energy efficiency and environmental awareness. Our technical installations and solutions help our customers achieve efficient energy use. Photovoltaic systems, LED lighting and energy savings programmes are all examples of products that help lower the environmental impact.



TECHNOLOGICAL DEVELOPMENT

IT solutions, alarm and security systems and systems for more efficient use of energy are very prevalent in new construction projects, which results in more complex installations. 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.

Complex installations place high demands on service suppliers. They must have a broad knowledge base, the right technical expertise and also the capacity to install and service integrated systems. Projects are becoming increasingly complex, with a greater need for planning prior to project start, along with project management throughout the duration of the project. This trend is expected to benefit the major players with broader technical expertise in the market.

The Instalco model enables the company to offer multidisciplinary expertise in coordinated projects that cover several areas of technical expertise, which makes things easier for the client. We actively work to spread 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.

Offering

Instalco offers technical installation services, maintenance and service in five main areas. We collaborate across companies and areas of technology in order to provide long-term, holistic solutions.

Instalco has a specific acquisition strategy and our aim is to grow into one of the largest 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. Our companies typically maintain their local identity, which encourages and promotes a strong entrepreneurial spirit. Our companies are highly specialised in methods or technologies and via collaboration and sharing best practice, we are always able to offer customers competitive, customised solutions while benefiting from economies of scale. Keywords for Instalco are cooperation, mature leadership and efficient processes.

Market for mid-sized projects

Instalco primarily focuses on mid-sized projects. Approximately 80 percent of our revenue is currently derived from this segment. The strategic choice to focus on this segment enables us to avoid 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.

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 tends to be a shortage of housing and an ageing property stock in need of major investments, which is advantageous to our business. Increased regulation of energy use, and a higher level of complexity in buildings and installation services are other factors that have a positive impact on the installation market.

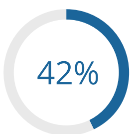
HEATING & PLUMBING

Services:

- installation of district heating
- pipe replacement and preventative maintenance
- new construction
- ongoing repairs
- service and maintenance

Customers:

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



% of sales

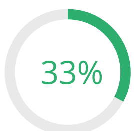
ELECTRICITY

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



% of sales

VENTILATION

Services:

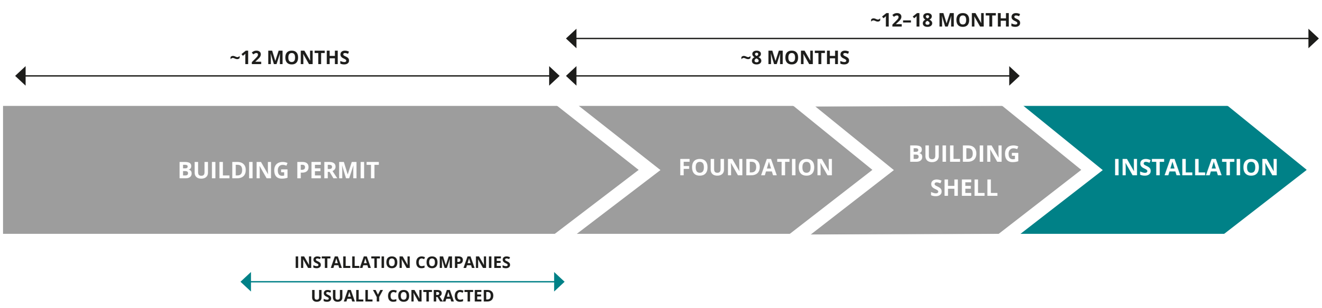
- installation and solutions for outdoor and indoor climate
- heat pumps
- mandatory ventilation inspection
- service and maintenance

Customers:

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

% of sales

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



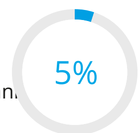
COOLING

Services:

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

Customers:

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



% of sales

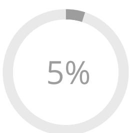
INDUSTRIAL

Services:

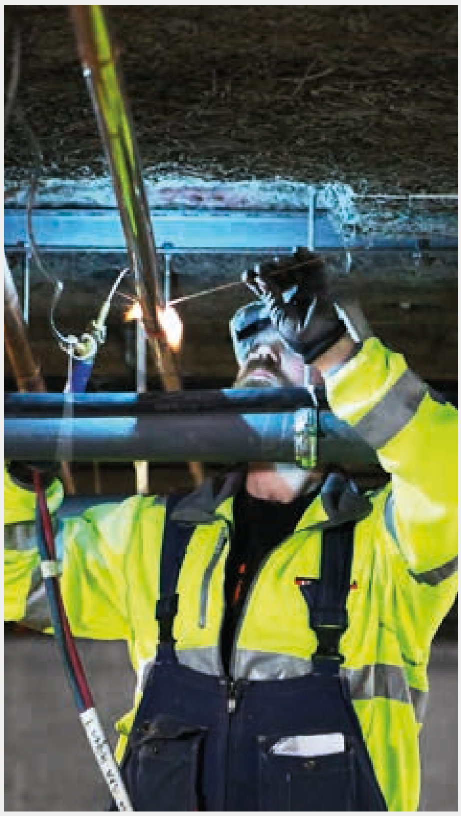
- pipe installations
- cooling installations

Customers:

- industrial companies
- municipal companies
- county councils
- administrations



% of sales



Bright future for wooden buildings with solar energy

The Instalco company Vallacom specialises in the installation of solar energy systems. As part of the Valla Berså project in Linköping, Vallacom installed solar panels on the roof and façade of this round, wooden building.

Valla Berså is Linköping's first apartment building constructed of solid wood. It has a round design, with an inner courtyard opening out towards Johannesborg Park. The building is five stories high, with 70 apartments. The Valla Berså project aims to offer personal, sustainable housing that appeals to residents who are passionate about energy, environmental and sustainability issues.

"Valla Berså is a prestigious project in Linköping and we are very proud to be a part of it. The entire project has been designed with the environment and sustainability in mind, which is also a high priority for Vallacom," says Peter Andersson, CEO at Vallacom.

Vallacom's installation of solar panels on the façade and roof make it possible for the building to be partially run on its own locally produced solar energy.

The solution that Vallacom chose for Valla Berså has involved placement of of the solar panels in several different directions and angles, which fit with the design of the building. The solar energy system at Valla Berså enable energy production that is up to 25 percent higher than conventional systems, which stems from optimal use of the roof and façade surfaces.

Tofta Plåt & Ventilation's project for public health

Instalco's efforts to benefit society have taken new form with Tofta Plåt & Ventilation's involvement in the construction of an official centre in Skövde for the Vasaloppet cross-country ski race. The work is done within the scope of the Billinge project, where Skövde municipality is the client.

Skövde municipality is making a major investment to develop Billingen as one of southern Sweden's largest summer and winter recreation areas. Paths will be built for running, walking, cycling and skiing. And, it will offer Sweden's longest cross-country ski trails (10 km) with artificial snow.

The Instalco company Tofta Plåt & Ventilation in Lidköping is involved in both project planning and development for the Billinge recreation centre project.

"We are very excited to be a part of the planning and installation efforts at Billingen. This prestigious project will also greatly benefit public health in the region. We are responsible for installation of entirely new ventilation and control systems at several buildings including Billingecentret, Billingeportalen, Billingebadet and Billingebacken," says Kristian Grönskog, CEO at Tofta Plåt & Ventilation.

Vasaloppscentret will be the central meeting point for the Billingen recreation area. This is where the information centre will be located along with changing rooms (with showers and sauna), ski waxing rooms, stores, ski rental and restaurants.

The Billinge project also includes renovation of the existing indoor pool facility, Billingebadet, that will include three pools. Investments will also be made at the Billingebacken downhill skiing facility.

Sweden

Since its inception, Instalco has grown to become one of Sweden's leading suppliers of technical installation services, maintenance and service. We currently have more than 30 companies in Sweden collaborating to provide long-term, holistic solutions.

Operations

The Swedish market is divided into four business areas: North, West, East and South, each with 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.

Market development and competition

According to Industrifakta, the Swedish market for technical installation and services amounts to SEK 120 billion. The largest service area is for electrical installations, with it representing more than half of the total market. In absolute numbers, electrical installations are expected to grow the most during the coming years, primarily fuelled by the higher level of complexity in buildings, where more time-consuming, comprehensive electrical installations are required.

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

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 Instalco's services varies across customer groups, which helps stabilise the demand over a business cycle.

Within the construction sector, installation services are required when building residential property, public facilities (like hospitals and schools), 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.

Driving forces

Besides the megatrends of urbanisation, environmental awareness and technological development (see page 10) there are two additional important driving forces in the Swedish market that will fuel the demand for installation services over the medium-term:

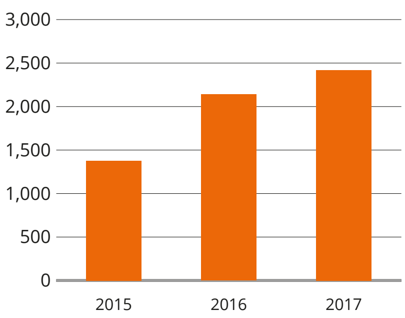
Ageing property holdings

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.

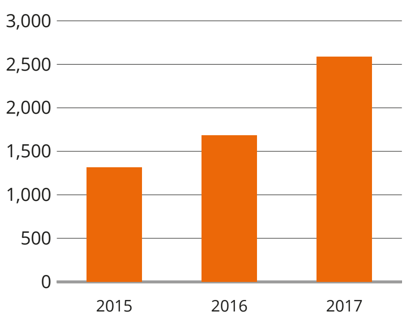
Investments in infrastructure

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.

SALES, SEK M



ORDER BACKLOG, SEK M



KEY FIGURES

SEK m	2017	2016
Net sales	2,418	2,139
EBITA	236	165
EBITA margin, %	9.8	7.7
Adjusted EBITA[1)]	236	165
Adjusted EBITA margin, %	9.8	7.7
Order backlog	2,587	1,685

World-class lighting enables savings that benefit society

Vallacom's installation of new, modern lighting at the Saab Arena in Linköping has saved energy for Linköping municipality, which has freed up resources for other activities that will benefit society.

The Instalco company, Vallacom has installed a brand new lighting system with energy efficient LED luminaires with DMX control. The flexibility of the solution and ability to individually program the lighting strength makes it easy to adapt lighting in the arena to different types of events, like ice hockey, concerts and more.

"We replaced 494 old fluorescent tube fittings with 88 modern LED luminaires over the ice. We also installed new LED lighting over the grandstand. The new lighting provides 30 percent more light and 50 percent energy savings," says Peter Andersson, CEO at Vallacom.

Vallacom previously installed façade lighting at Saab Arena with new RGB (red, blue, green) LED lighting. The outdoor lightening system is controlled and synchronised with what is happening inside the arena. So, the lighting can flash and move when, for example the home team scores a goal.

"We do quite a lot of work with sustainable, modern and energy efficient lighting in Linköping, in close cooperation with Vallacom," says Joacim Tjädermo, Director of Administration at Lejonfastigheter, which owns and manages municipal property in Linköping.

Project examples in Sweden

- Heating and process installations at ESS, European Spallation Source in Lund.
- Electrical installations for expansion of Stockholm South General Hospital.
- Pipe installations for expansion of the Skutskär and Gruvön paper mills.

Examples of customers

- NCC
- Skanska
- Stora Enso
- BillerudKorsnäs

Rest of Nordic

Rest of Nordic is the Instalco market area that consists of electricity, heating and ventilation services in Norway and Finland. Our goal is to increase our offering by adding more areas of technical expertise. We also want to add more companies via acquisition.

Instalco's operations

Instalco initiated operations in Norway and Finland in 2016. At the end of 2017, there were 7 companies in Norway and 5 in Finland. In both countries, the companies offer electrical and heating installations and they are involved in projects primarily in the expansive metropolitan areas of Oslo, Bergen and Helsinki. Just like in Sweden, these companies have strong positions in their local markets. In both markets, it has been determined that the number of companies is now sufficient for being able to benefit from synergy effects. Therefore, a Business Area Manager was appointed in each market, with responsibility for coordinating efforts and ensuring implementation of the Instalco model at each company.

Market development and competition

According to Industrifakta, the market for technical installation and services in Norway amounted to NOK 45 billion in 2016. The corresponding figure for Finland was EUR 3 billion. Electrical installation is the largest service area in both markets.

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

Customers

Instalco's customer base in Rest of Nordic consists primarily of customers active in the construction industry 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 Instalco's revenue.

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

Driving forces

Besides the megatrends of urbanisation, environmental awareness and technological development (see page 10) there are two additional important driving forces that will fuel the demand for installation services over the medium-term:

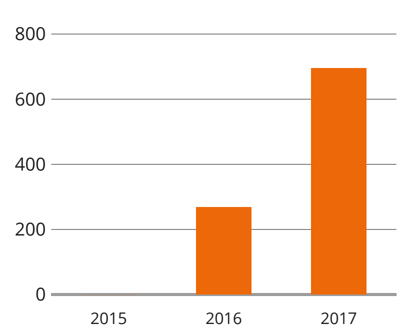
Investments in infrastructure

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.

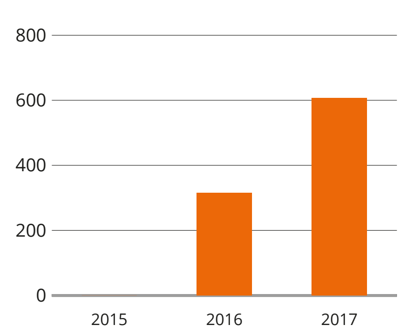
Investments in healthcare

Public investments in healthcare are another 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 decrease the pressure on publicly financed hospitals and clinics.

SALES, SEK M



ORDER BACKLOG, SEK M



KEY FIGURES

SEK m	2017	2016
Net sales	695	268
EBITA	48	11
EBITA margin, %	6.9	4.3
Adjusted EBITA[1)]	48	11
Adjusted EBITA margin, %	6.9	4.3
Order backlog	607	315

More companies in Finland are collaborating and creating value

Instalco is strengthening its presence in Finland and it acquired four Finnish companies during the year. With five companies now in total, all are collaborating to achieve synergies and create value. A broad platform is now in place for offering competitive multi-disciplinary solutions.

Collaboration between the companies is created by, among others, sharing personnel and achieving maximum utilisation of facilities. For example, Telefuusio will be moving in to Uudenmaan Sähkötekniikka's facilities. Close collaboration also creates opportunities for joint projects, development and customer value.

"As in other markets, our focus is on identifying leading, stable players with good profitability. We are very satisfied with how our offering on the Finnish market is now starting to take shape. We now have six companies, which means that we can increase collaboration even more and continue expanding in Finland," says Robin Boheman, Business Area Manager for Finland.

Telefuusio, which is one of the most recently acquired companies in Finland, specialises in telecom installations such as fiber, server halls and entry systems.

"With Instalco's support, we have entirely new opportunities for continued growth. Now, we will be able to collaborate with the other units and we also have a stable platform for operations and our employees. We can maintain our unique profile, but with the support of a central organisation, we now have access to expertise throughout the Group," says Ruslan Vassiljev, CEO and founder of Telefuusion.

Examples of projects, Rest of Nordic

- Heating installations associated with renovation of Scandic Hotel Simonkenttä in Helsinki
- Electrical installations in conjunction with new construction of Ellingsrud-hjemmet Hospital in Oslo
- Heating installation at Drammen Psychiatric Center (DPS)

Examples of customers

- Veidekke (Norway)
- NCC (Norway, Finland)
- Backe Gruppen (Norway)
- Olav Thun Gruppen (Norway)

Acquisitions

A distinct component of Instalco's growth strategy is acquisition of profitable companies with a strong local presence. In their local markets, these companies are leaders in a specific method or technology. Since Instalco was established in 2014 through to the end of 2017, more than 40 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 both growth and skill development.

Besides our current technical disciplines, there are growth opportunities from acquiring businesses in related segments like 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 preserve local identity. At the same time, companies benefit from having shared accounting/finance functions, purchasing agreements, cross-selling, sharing of resources, spreading best practice and access to Instalco's business development function and communication.

Being a part of Instalco also means that the acquired companies can participate in the kinds of multi-disciplinary projects that they would not have access to on their own.

At year-end 2017, Instalco had an active pipeline of around 35 potential acquisition candidates. Instalco has the goal of acquiring businesses with sales totalling SEK 600-800 per year.

ACQUISITON 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 profitability, growth and a steady cash flow

Management

- Skilled entrepreneurs and/or management teams that would like to remain with the company

Company acquisitions

Instalco made the following company acquisitions during the period January – December 2017.

Access gained	Acquisitions	Segment	Assessed annual sales, SEK m	Number of employees
February	SwedVvs AB	Sweden	26	18
February	Andersen og Aksnes Rørleggerbedrift AS	Rest of Nordic	102	35
March	Uudenmaan Sähkötekniikka JP OY	Rest of Nordic	42	36
March	Rodens Värme och Sanitet AB	Sweden	38	16
March	Uudenmaan LVI-Talo OY	Rest of Nordic	107	53
June	Frøland & Noss Elektro AS	Rest of Nordic	167	130
July	AS Elektrisk	Rest of Nordic	65	41
November	Telefuusio OY	Rest of Nordic	35	28
December	Elkontakt i Borås AB	Sweden	107	30
December	Elkontakt Entreprenad i Stockholm AB	Sweden	16	8
December	Elkontakt i Göteborg AB	Sweden	61	27
December	Elkontakt i Syd AB	Sweden	16	6
December	Elektro-Centralen Service Hisings Backa AB	Sweden	51	26
December	Elektro-Centralen IT Hisings Backa AB	Sweden	7	10
December	Elektro-Centralen Entreprenad Hisings Backa AB	Sweden	110	37
December	Elektro-Centralen Communication Hisings Backa AB	Sweden	39	21
December	Jalasjärven Vesijohtoliike Kannosto OY	Rest of Nordic	21	10
December	LVI-Talo Kannosto OY	Rest of Nordic	21	13
Total			**1,031**	**545**

SwedVvs AB

offers heating installations in Gothenburg. It was acquired by Instalco's subsidiary, LG-Contracting.

Andersen og Aksnes Rørleggerbedrift AS

offers heating installations with main focus on new production and renovation of technical refrigeration and heating systems in the Oslo region The company's head office is in Asker.

Uudenmaan Sähkötekniikka JP OY

electrical installation company specialised in electrical, telephony and communication solutions. The company also runs CAD-based consulting activities and has operations in the Helsinki region.

Rodens Värme och Sanitet AB

a heating installation company in Norrtälje that provides all types of heating services and solutions required with new construction, renovation, extensions and service.

Uudenmaan LVI-Talo OY

a heating and ventilation company that has newly established an electrical division that runs mid-sized projects in the Helsinki region.

Frøland & Noss Elektro AS

one of the largest electrical installation companies in the Bergen area. Many of its projects are run as turnkey projects, where other areas of specialisation such as ventilation and heating are added.

AS Elektrisk

a full-range supplier of electrical and telecom installations in Oslo offering all types of electrical installations within industry and in the public sector.

Telefuusio OY

an electrical installation company in Helsinki specialised in telecommunication solutions including fiber, server halls and entry systems.

Elkontakt-koncernen

A full-range supplier of electrical, telecom and data installations. The company specialises in new construction, primarily logistics centres, warehouses and production halls. Elkontakt has operations in Gothenburg, Stockholm, Borås and the Skåne region. Its head office is in Borås.

Elektro-Centralen-koncernen

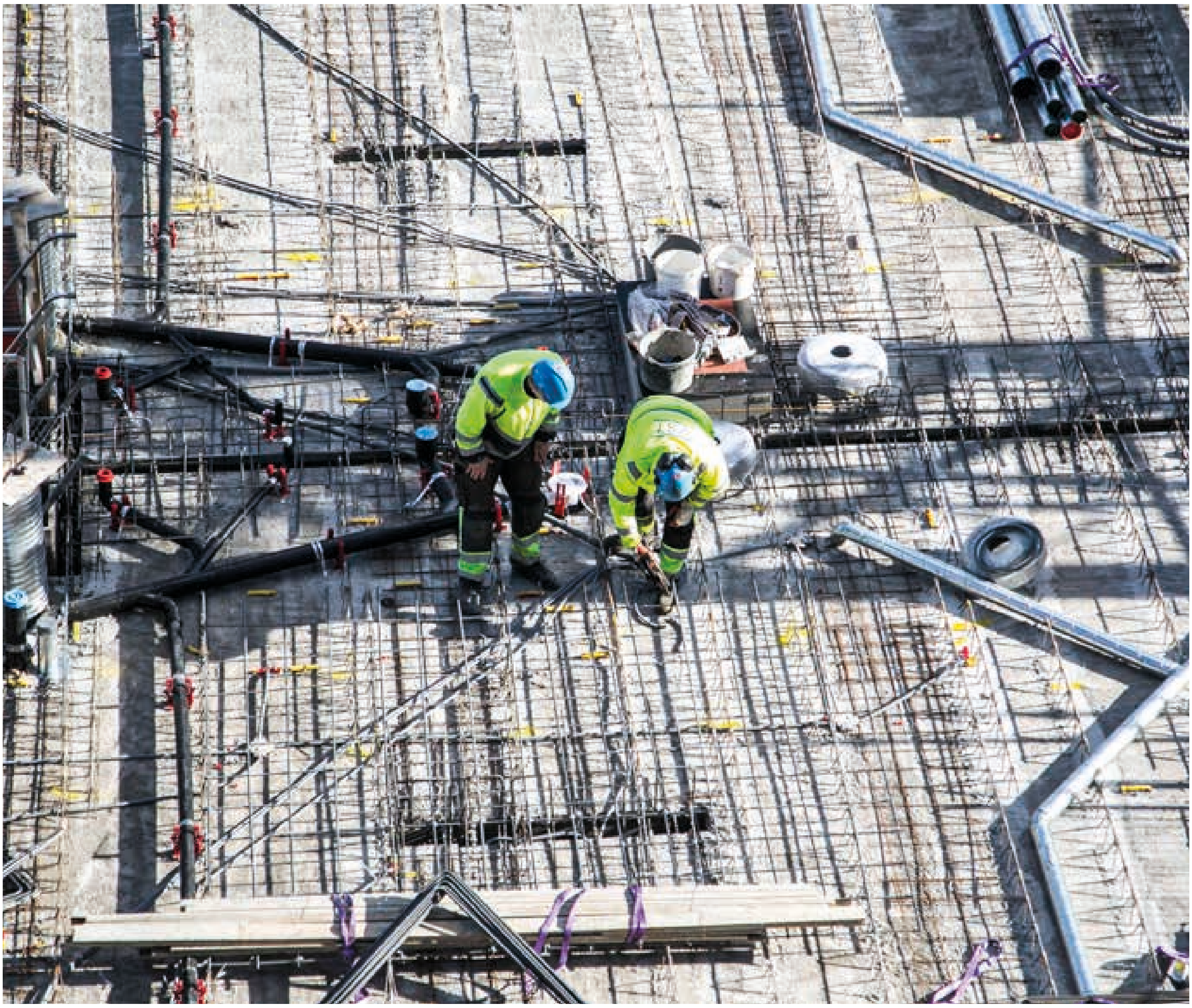
Provides electrical, data/telecom and security solutions, with head office in Gothenburg. The company's operations range from electrical/telecom/data service assignments to contract work in automation, construction projects and high voltage.

Jalasjärven Vesijohtoliike Kannosto OY

offers heating and ventilation installations in the area around Seinäjoki outside Vasa.

LVI-Talo Kannosto OY

offers heating and ventilation installations and service in the Tammerfors region.



Sustainability Report

Together with our customers and employees we help create benefits for society.

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.

Sustainability efforts at Instalco

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. In 2017, Instalco set up a central sustainability council for the purpose of collecting good examples of sustainability efforts at our companies and spreading that information to the rest of the Group. We are also striving to more clearly prioritise sustainable services and societal benefits at the Group level.

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 and owners. End-users are also impacted by Instalco's operations because they either live or work in buildings where Instalco has performed installation work.

Stakeholder engagement

Instalco regularly engages in dialogue with its main stakeholders.

Stakeholder group	Forms of engagement	Main issues in 2017
Customers • Existing customers • Future customers	• Ongoing dialogue during projects • Evaluation meetings • Tenders	• Energy and environmental efficiency • Quality
Other business partners • Developers • Collaborating contractors • Subcontractors • Suppliers	• Ongoing dialogue during projects • Evaluation meetings	• Energy and environmental efficiency • Efficiency
Capital market and the media • Shareholders • Investors • Analysts • Journalists	• Individual meetings • Presentations • Annual General Meeting • Email • Press releases • Website • Interviews	• Initial public offering • Growth strategy • Acquisitions
Employees • CEOs at subsidiaries • Existing employees • Future employees	• Weekly telephone meetings • Intranet • Employee survey • Work-related training/education • Instalco Academy • Interviews	• Initial public offering • Shared policies and code of conduct • Instalco Academy • Spreading best practice throughout the Group • Profitability-enhancing activities and IFOKUS
Acquisition candidates	• Individual meetings • Site visits • Email	• The Instalco model • Profitability • Best practice and local leadership

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 demands of the market and consumers. 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 with commitment throughout the entire value chain. Instalco continually monitors customer satisfaction and a large share of its business is repeat customers. In 2017, approximately 80 percent of revenue was derived from repeat customers.

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.

The Group aims to continually lower its environmental impact from travel, purchasing, waste management and the handling of hasardous substances. One prioritised area is an assessment 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. In 2017 carbon dioxide emissions per 100 kilometres fell by 1 percent.

Purchasing

Instalco strives to establish long-term relations with its suppliers. At the start of cooperation, we make sure that the supplier meets our 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, Instalco works with companies that offer efficient, environmentally conscious logistics solutions. Instalco also lowers environmental impact via efficient internal logistics.

Social perspective

Code of conduct

Instalco's 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 compliance with the code. 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 in the code.

All suppliers and subcontractors must commit to following the principles in the code of conduct, or, they must have their own code of conduct that has been approved by Instalco. With lack of compliance, business relations are terminated with the supplier or subcontractor.

Employees

Instalco strives to offer an attractive workplace with interesting tasks, competent leaders, short decision paths, along with 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 to promote best practice throughout the organisation. Instalco also offers trainee positions aimed at building strong relations with future technicians and assemblers.

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 2017 survey was 59 percent, of which 71 percent were assemblers and 29 percent were office staff.

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.

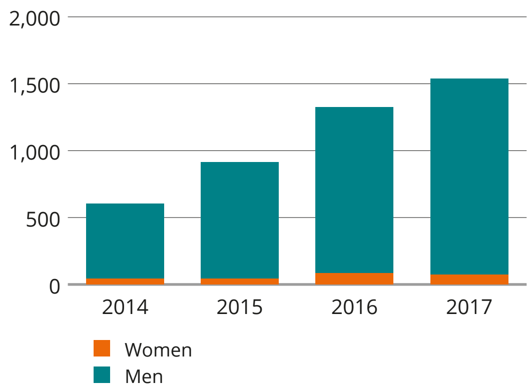
Work environment

Instalco's work environment policy aims to ensure a work environment that prevents any risk of ill health or accidents. Work environment issues are an integral part of operations, to be considered during ongoing and planned operations, and in conjunction 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.

Instalco has a vision of zero workplace accidents. A higher number of employees has also meant that the number of occupational injuries has increased. In 2017, there were 60 (19) occupational injuries.

	Goal	2017	2016
Occupational injuries	0	60	19
Absence due to illness	<5%	3.7%	5%
Employee satisfaction	>90%	86%	87%
Employee turnover	2-5%	1.4%	2.3%

AVERAGE NUMBER OF EMPLOYEES



Response rate for the 2017 employee survey

83%
that there is no bullying or offensive behaviour

88%
that it is possible to contribute suggestions for improvement and own experience

92%
that they have not been a victim of bullying or offensive behaviour

82%
that they would recommend the company as employer

Industry-specific training for newly arrived immigrants at Rosengård

Skilled employees are one of Instalco's most important resources. Instalco's subsidiaires, Rörläggaren, El-Pågarna and Bi-Vent got involved in the CSR project at Rosengård in Malmö with the purpose of finding new, talented assemblers among the country's newly arrived immigrants.

"This is the norm for us. Many of our employees at Rörläggaren have come to Sweden from other countries. Being a part of this project has been a natural way for us to interact with newly arrived people and help them establish careers in our industry," says Patrik Persson, CEO at Rörläggaren.

The Botildenborg Foundation at Rosengård strives to achieve a more inclusive society, which promotes everyone's opportunity for a socially sustainable future.

One of the project tasks was to renovate the Botildenborg estate from the 1800s so that it could be used as the base for the foundation's integration efforts. Rörläggaren, El-Pågarna and Bi-Vent have provide guidance and supervision to newly arrived immigrants involved in renovating the property. They have also set up an irrigation system for a large herb garden at Rosengård.

Instalco companies provide supervision via project managers and assemblers who are also involved in the renovation efforts. The Foundation provides workers from among the group of newly arrived immigrants to Sweden. Instalco companies have also set up field trips and site visits for new immigrants who have construction skills aimed at giving them insight into how the industry works in Sweden.

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 an iterative 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 a 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.

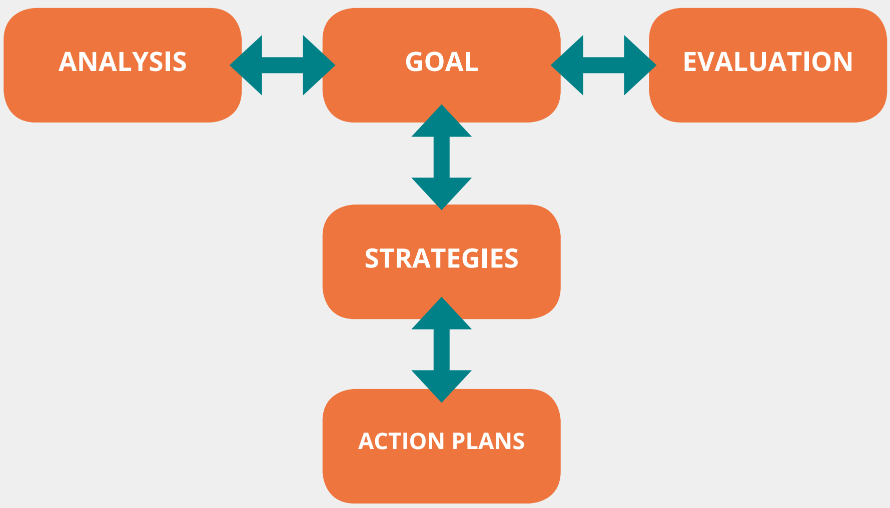
IFOKUS

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



Instalco Academy promotes expertise and pride

Instalco Academy is Instalco's own training programme aimed at increasing motivation, expertise and pride among the Group's employees. Training is run as a company-internal school. Its purpose is to train future leaders so that we can attract and retain skilled employees. Another goal is to ensure that all Instalco employees have the right prerequisites for being able to deliver in their respective roles.

"Instalco Academy has really given me a boost. I've received specific training that will definitely benefit me at work and help me perform at the highest possible level. It has also given me the chance to meet the other CEO's of Instalco companies, which is incredibly helpful to me in leading and developing the company further," says Daniel Fili, CEO at VVS-Metoder, who participated in training at Instalco Academy during the year.

Instalco Academy runs three types of courses: leading assemblers, project managers and managers, where the actual training is run by teachers from IHM and EGA. In 2017, 246 employees participated in various courses.

Leading assemblers are offered training in project collaboration, communication, leadership and contractual law. Project managers are offered more comprehensive training in areas like project management, project accounting, procurement, negotiation and presentation techniques.

For management, training is offered in such areas as in-depth leadership, customer relations and sales. At this level, Instalco Academy also strives to identify talented leaders who would be suitable candidates for taking over as CEO at local units in the future.

Training is carried out in 2-day sessions and it runs over a period of two to three years.

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 half 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-term 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 25 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. In addition, there is an aluminium network for retaining and improving knowledge sharing and collaboration after training has been completed.
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 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 its 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 stimulating 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 compensation 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.

More assignments at public facilities

Installations at public facilities are an important component of Instalco's business and many of the Group's companies have specialist expertise in this area. Each day, we perform qualified installations at hospitals, schools, preschools, police stations, retirement homes, adapted living facilities, sports facilities and other public facilities.

This special focus reflects Instalco's priority of creating benefits for society.

Several of Instalco's companies specialise in installations at public facilities. Instalco is one of Sweden's leading hospital contractors for electrical and heating installations. Examples include the project at Stockholm South General Hospital, the New Hospital Area in Malmö, Karlstad Central Hospital, and Skaraborg Hospital in Skövde. The Instalco companies involved in these projects included Rörgruppen, Ohmegi, LG Contracting and Rörläggaren.

During the year, Rörläggaren and ORAB were also engaged for the second stage of pipe installation work at the ESS research facility in Lund, which is scheduled for completion in 2025.

During the fall Rörgruppen and Ohmegi, won the assignment to install plumbing and electrical installations during construction of a new police station in Rinkeby, in northern Stockholm.

Share information

The Instalco share became listed on Nasdaq Stockholm Mid Cap on 11 May 2017.

Share capital

As of 31 December 2017, share capital amounted to SEK 705,349, allocated across a total of 47,023,270 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)
2017-07-31	46,418,368 (+106,760)
2017-12-31	47,023,270 (+604,902)

Share trading

The closing rate on 29 December 2017 was SEK 49.50 kronor, corresponding to a market cap of SEK 2.3 billion. In total, just over 13 million shares were traded since the IPO in May, corresponding to a value of SEK 785 million. The average number of shares traded per trading day amounted to 80,352. On the last trading day of the year, the price had fallen by SEK 5.50 per share compared to the price set in the IPO, which corresponds to a decrease of 10.0 percent. OMX Stockholm PI fell by 4.8 percent during the period 11 May – 29 December.

Shareholders

At year-end, Instalco had 1,654 known shareholders. The company's ten largest owners represented 52.2 percent of the share capital and votes. 72.0 percent of the capital is attributable to owners based in Stockholm. FSN Capital is the company's largest owner and since the listing date, it has decreased its holding by an amount corresponding to 6.5 percent of the of total share capital through an off-market bookbuilding process.

Dividends

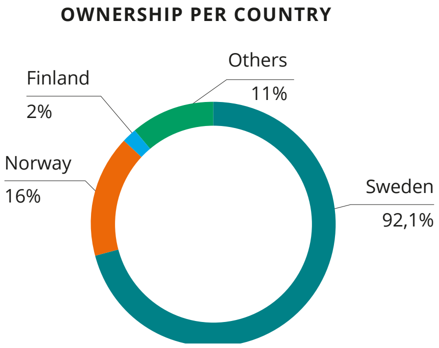
The Board of Directors proposes that the 2018 Annual General Meeting resolves to issue dividends for the 2017 fiscal year of SEK 1.10 per share, corresponding to a dividend share of 30 percent. The company's dividend policy is to distribute 30 percent of its profit after tax.

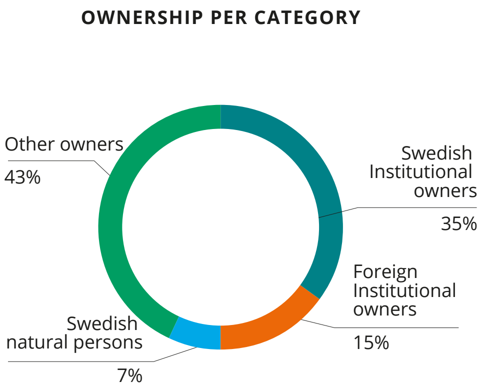
Instalco's ten largest shareholders, 2017-12-31	Share of capital and votes, %
Herakles Holding Ltd (FSN Capital)	10.8
Per Sjöstrand	9.1
Handelsbanken Fonder	5.6
Swedbank Robur Fonder	4.9
The Third Swedish National Pension Fund (AP3)	4.8
Tommy Larsson	4.7
Nordstjernan	3.6
AFA Försäkring	3.5
RAM Fonder	2.9
Carnegie Fonder	2.4

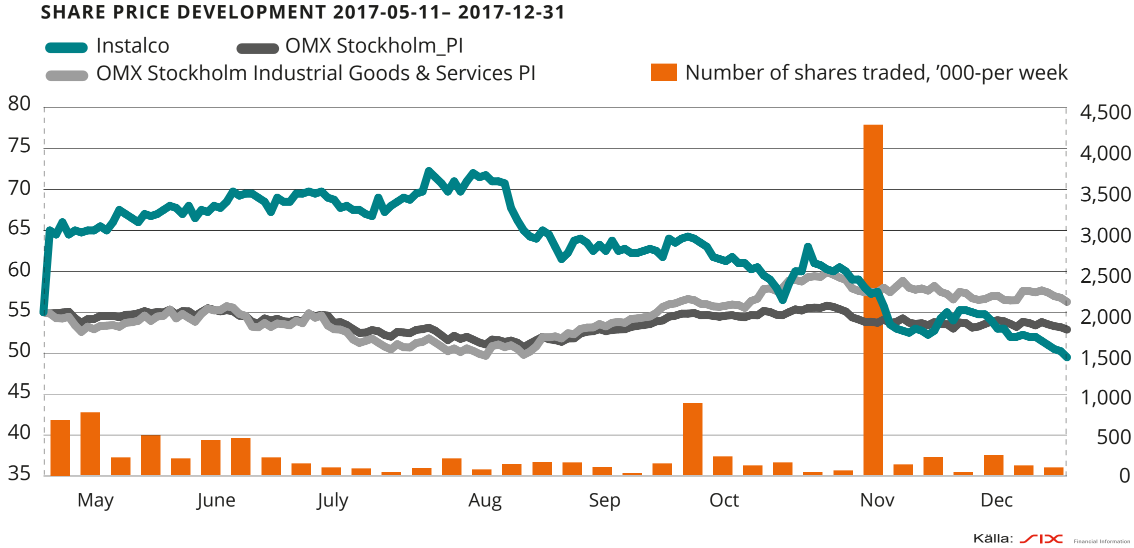
Data compiled by Monitor. Sources: Euroclear, Morningstar, FI, Nasdaq, Millistream

Shareholder statistics, 2017-12-31	Number of known shareholders	Holding, %
1–1,000	1,333	0.7
1,001-10,000	167	1.3
10,001-100,000	94	6.7
100,001-500,000	43	18.6
500,001-1,000,000	7	10.1
1,000,001–	10	52.2
Anonymous ownership	–	10.4
Total		100

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







FIVE REASONS FOR INVESTING IN INSTALCO

1. **Attractive positioning in the market for medium-sized projects, fuelled by global megatrends**

2. **Strong local market positions with good synergies at the Group level**

3. **Attractive offering to contractors and proven experience of successful acquisitions**

4. **High visibility and stability for future revenue**

5. **Combination of healthy growth, attractive margins and high rate of cash conversion**

Directors' report

The Board of Directors and CEO for Instalco Intressenter AB, CIN 559015-8944, hereby present the annual report and consolidated financial statements for the 2017 financial year.

Operations

Instalco offers complete heating, plumbing, electricity, ventilation, cooling and industrial solutions. Instalco is represented throughout most of Sweden, and in the expanding metropolitan regions of both Norway and Finland. The Group runs its operations 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 new and upgraded technical systems at buildings and facilities.

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. In the area of ventilation, Instalco offers complete solutions for air conditioning, air treatment and climate control. In the area of cooling, Instalco offers complete solutions for properties and stores. And as regards industrial solutions, Instalco offers pipe installations and machine assembly.

The company is domiciled in Stockholm.

Significant events during the financial year

The company's shares became listed on Nasdaq Nordic Mid Cap on 11 May 2017.

In 2017, the company acquired the following subsidiaries: SwedVVS AB, CIN 556814-3860,
Andersen og Aksnes Røleggerbdrift AS, CIN 911 978 261,
Uudenmaan LVI-Talo OY, CIN 2195970-4,
Uudenmaan Sähkötekniikka JP OY, CIN 0864414-2,
Rodens Värme & Sanitet AB CIN 556258-8029,
Frøland & Noss Elektro AS, CIN 977 349 990,
Elektrisk AS, CIN 970 994 149,
Telefuusio OY, CIN 2214285-1,
Elkontakt i Borås AB, CIN 556573-4463,
Elkontakt i Göteborg AB, CIN 556790-6556,
Elkontakt Entreprenad i Stockholm AB, CIN 556888-4919,
Elkontakt Syd AB, CIN 559006-2575,
Elektro-Centralen Entreprenad Hisings Backa AB, CIN 556777-7890,
Electro-Centralen Communication Hisings Backa AB, CIN 556705-4761,
Electro-CentralenService Hisings Backa AB, CIN 556820-4837,
Elektro-Centralen IT Hisings Backa AB, CIN 556924-7728,
LVI-Talo Kannosto OY, CIN 2214285-1, and
Jalasjärven Vesijohtoliike Kannasto OY, CIN. 2461741-9. For more information on acquisitions, please see Note 34.

Significant events after the end of the financial year

During the first quarter of 2018, Instalco acquired the following companies: Trel AB in Västerås, with expected annual sales of SEK 75 million and 26 employees; Sprinklerbolaget Stockholm AB with expected annual sales of SEK 77 million and 45 employees; Vent och Värmeteknik VVT AB with expected annual sales of SEK 18 million and 11 employees; RIKELEKTRO AB with expected annual sales of SEK 60 million and 30 employees; and VVS-Kraft Teknikservice i Stockholm AB with expected annual sales of SEK 85 million and 37 employees. For more information on acquisitions, please see Note 32.

During the first quarter of 2018, Instalco divested AB Expertkyl HH with sales in 2017 of SEK 102 million and 35 employees.

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 and business development.

Ownership structure

At the end of the year, Instalco had 1,654 known shareholders. The company's ten largest owners represented 52.2 percent of the share capital and votes. The three largest shareholders were FSN Capital with an equity holding of 10.8 percent, Per Sjöstrand privately and via company with an equity holding of 9.1 percent and Handelsbanken Fonder with an equity holding of 5.6 percent.

Performance during the year

	2017	2016
Net sales, SEK m	3,114	2,407
Adjusted EBITA, SEK m	264	156
EBITA, SEK m	244	140
Adjusted EBITA margin, %	8.5	6.5
EBITA margin, %	7.8	5.8
Profit after financial items, SEK m	229	132
Total capital employed, SEK m	2,297	1,525
Equity ratio, %	35	36
Average number of employees	1,539	1,240

Net sales
The Group's net sales amounted to SEK 3,114 (2,407) million. Organic growth was -1.7 percent and acquired growth was 30.7 percent.

EBITA
Adjusted EBITA amounted to SEK 264 (156) million, which corresponds to an operating margin of 8.5 (6.5) percent.

Information on adjustments is provided in Note 37.

Operating profit amounted to SEK 244 (140) million, which corresponds to an operating margin of 7.8 (5.8) percent.

Financial position and cash flow
The Group has a strong financial position with an equity ratio of 35 (36) percent. Cash and cash equivalents at the end of the year amounted to SEK 211 (155) million.

The Group's cash flow from operating activities was SEK 160 (230) 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 and this is dealt with in the company's environmental goals.

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 hasardous 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 23-28 and page 31 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.

Employees
At the end of the year, there were 1,844 (1,295) employees and the average number of employees for the year was 1,539 (1,240).

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 uses the percentage-of-completion method for revenue recognition in projects. 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 35 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.

Significant disputes

The subsidiary company, OTK Klimat Installationer AB was involved in a dispute that was resolved after the end of the reporting period. The resolution was on a par with the provision that was made against 2017 profit.

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. In the building sector, the market is expected to remain stable during the foreseeable future, which we expect will support steady organic growth over time. In all countries where we have operations, public sector investments are expected to be at a good level. The need for energy efficiency improvements and lower operating costs fuel installation investments in current property holdings. Housing construction in the metropolitan regions of Sweden is expected to remain at a high level.

Appropriation of profit or loss

The following retained earnings shall be appropriated by the AGM (SEK t):	
Share premium reserve	811,913
Accumulated profit or loss	405,939
Loss for the year	–20,611
	1,197,241

The Board and CEO recommend that	
the following amount is distributed as dividends	52,129
the following amount is carried forward	1,145,112
	1,197,241

The dividend amount has been calculated on the number of outstanding shares as of 2018-02-28, which was 47,390,144 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.

In 2017, Instalco deviated from item 4.3 of the Code due to the fact that two of its Board members (Anders Eriksson and Göran Johnsson) worked in senior management positions at company subsidiaries. In accordance with the Code, no more than one of the Board's AGM elected members may work in company management or in a senior management position at one of its subsidiaries.

Instalco has determined that the size of the Board is appropriate and that the composition and stated deviation from the Code is motivated. Because of these circumstances, the Board has decided to report the deviation from the Code in this portion of the report and refer the issue of the Board's size and composition to the election committee for the 2018 AGM with the new shareholder group following the company's listing on Nasdaq Stockholm.

Share capital and shareholders

Share capital amounts to SEK 0.7 million allocated across a total of 47,023,270 shares with a quotient value of SEK 0.015 per share. All shares have equal voting rights. At the end of 2017, Instalco had 1,654 known shareholders. At year-end, the ten largest shareholders controlled 52 percent of share capital. The percentage of shares owned by Instalco employees amounted to 36 percent. The percentage of shares owned by Swedish institutional owners at year-end amounted to 35 percent of share capital and votes. The percentage of shares owned by foreign institutional owners amounted to 15 percent of share capital and votes.

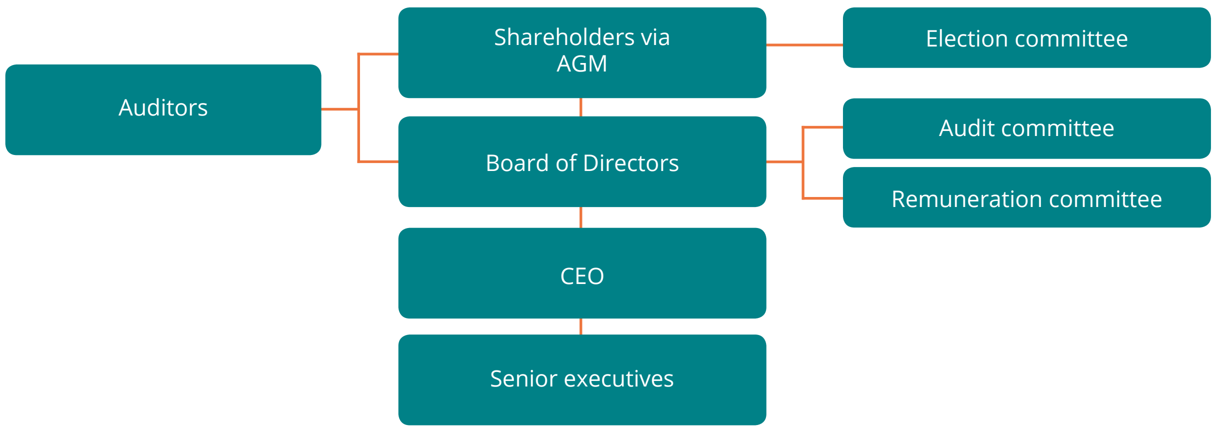
Annual General Meeting

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.

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). (An announcement in Svenska Dagbladet that notice of the AGM has been given is also required).

GOVERNANCE STRUCTURE



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.

In accordance with instructions adopted at the extraordinary general meeting for Instalco Intressenter AB that was held on 10 April 2017, 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 decline 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.

The election committee for the 2018 AGM was made public on 3 November 2017 and it consists of Peter Möller (appointed by FSN Capital), Helen Fasth Gillstedt (Handelsbanken fonder), Magnus Skåninger (Swedbank Robur fonder) and Olof Ehrlén, Chairman of the Board.

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 in terms of 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 43. Information on remuneration to the Board of Directors is provided in Note 5 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 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

Board of Directors 2017

			Independent in relation to:		Participation out of total number of meetings		
Board member	Position	Elected	Company and senior executives	Major shareholders	Board meetings[1)]	Audit committee	Remuneration committee
Olof Ehrlén	Chairman of the Board	2014	yes	no	24 out of 26	7 out of 7	4 out of 4
Anders Eriksson	Board member	2016	no	yes	19 out of 19	–	–
Göran Johnsson	Board member	2016	no	yes	18 out of 19	–	–
Peter Möller	Board member	2013	yes	no	26 out of 26	7 out of 7	4 out of 4
Johnny Alvarsson	Board member	2016	yes	yes	17 out of 17		4 out of 4
Kennet Lundberg	Board member	2016	yes	yes	17 out of 17	7 out of 7	–

1) Per capsulam not included

purpose of evaluating the work done by the Board and its members. In 2017 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: Olof Erhlén, Peter Möller and Kennet Lundberg. Olof Erhlén 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 three members: Olof Erhlén, Peter Möller and Johnny Alvarsson. Olof Erhlén is chairman of the committee.

The main tasks of the remuneration committee are to:

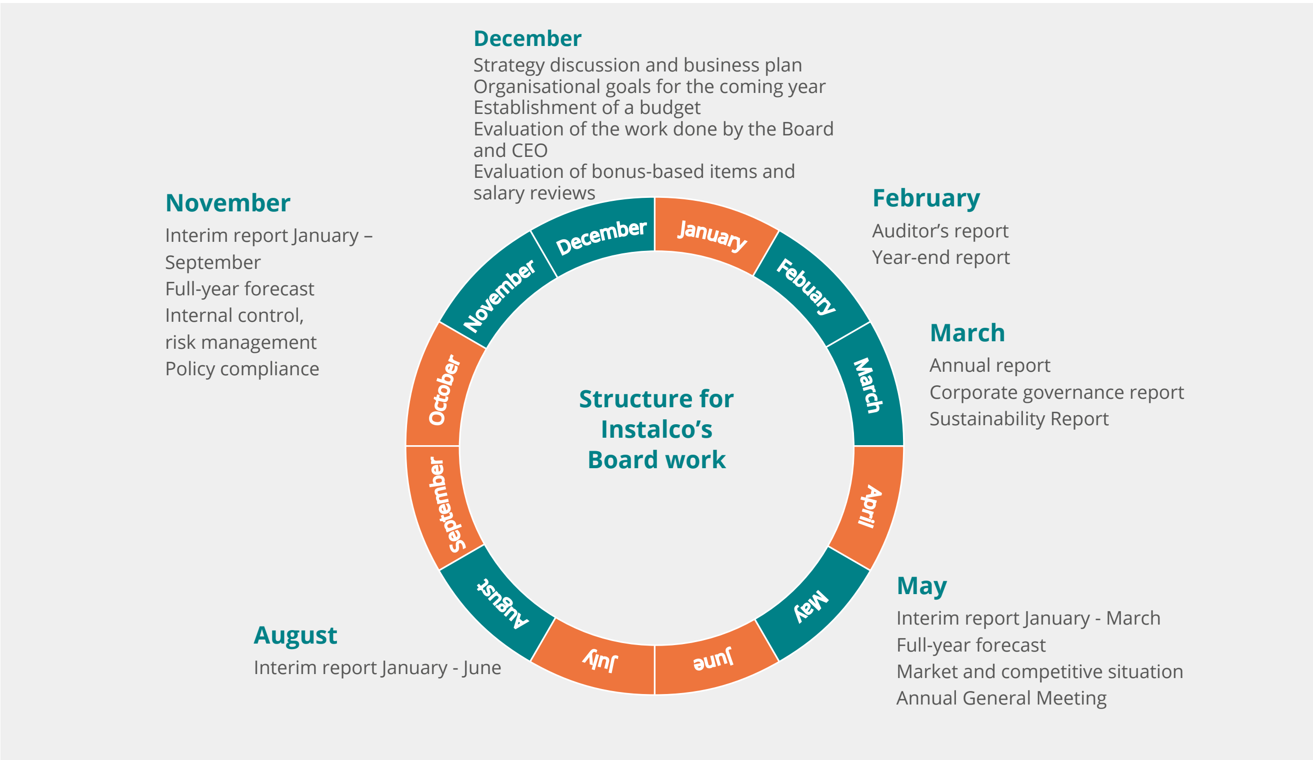
(i) prepare the Board's decisions on issues of remuneration principles, remuneration and other terms of employment for senior executives,

(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 44.

Guidelines for remuneration to senior executives

At the extraordinary general meeting that was held on 10 April 2017, 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 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 to deviate from the guidelines in specific cases if there are special reasons for doing so.

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 most SEK 28,944.75 allocated across 1,929,650 shares, each of which with a quotient value of SEK 0.015 kronor, 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 company’s shares became listed.

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

The exercise price for warrants belonging to Serie 2017/2020:1 is SEK 66.00 per new share and the exercise price for warrants belonging to Serie 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 will be published on the company's website (www.instalco.se) in the near future.

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 Jörgen Sandell as the chief auditor.

As of 2016, the Group’s financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

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 Instalco 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 (if such a function has been set up) and risk management, along with reviewing and monitoring the auditor's impartiality and independence.

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
Dependent 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
Board member: Indutrade,VBG Group, Dacke Industri, 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

Anders Eriksson

Born 1966
Member since 2016

Current position
CEO: PoBs Elektriska

Other Board assignments
–

Work experience
Extensive experience from the electrical installation sector.

Education
Management education, IHM Business School
Certified Electrician

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

Shareholding in Instalco[1)]
146,636

Göran Johnsson

Born 1966
Member since 2016

Current position
CEO: Rörgruppen

Other Board assignments
–

Work experience
Extensive experience from the heating and pipe installation industry.

Education
Various education programmes in management and law

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

Shareholding in Instalco[1)]
285,438

Kennet Lundberg

Born 1957
Member since 2016

Other Board assignments
–

Work experience
Extensive experience as senior executive in both private and listed companies, including Hasselblad and SKF.

Education
MBA, Gothenburg School of Business, Economics and Law

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

Shareholding in Instalco[1)]
15,819

Peter Möller

Born 1972
Member since 2014

Current position
Partner: FSN Capital Partners

Other Board assignments
Chairman: FSN Capital Partners, Bygghemma Sverige, Bygghemma Group Nordic
Board member: Gimara Invest, Kjell Koncern, Issake Invest, Bygghemma First Holding

Work experience
Extensive experience in company development.

Education
MBA, Stockholm School of Economics and The Wharton School, USA

Independent in relation to Instalco and its senior executives
Dependent 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
Manager of major projects at the Swedish Transport Administration, CEO NEA-gruppen,
CEO Midroc Electro, CEO Peab Nord

Education
MSc Engineering, Chalmers University of Technology, Gothenburg

Shareholding in Instalco[1)]
4,217,538

Lotta Sjögren
Born 1964
CFO

Work experience
Business area manager and head of purchasing for NEA-gruppen, CEO of Bohusläns Elektriska, CFO of Effpower

Education
Economics studies at University of Gothenburg

Shareholding in Instalco[1)]
239,319

Robin Boheman
Born 1984
Head of Business Development
Business Area Manager for Finland

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

Education
Masters degree in accounting and finance, Uppsala University

Shareholding in Instalco[1)]
333,901

Adrian Westman
Born 1985
Head of Investor Relations (consultant)

Work experience
Partner at Fogel & Partners, Head of IR Evolution Gaming Group, Head of Corporate Communications SBAB, Head of IR and Communications Nordnet

Education
Degree in strategic communications and PR from Berghs School of Communication

Shareholding in Instalco[1)]
–

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

Extended management team

Johan Larsson, Peter Westman, Per Sjöstrand, Robin Boheman, Klas Larsson, Adrian Westman, Lotta Sjögren, Roger Aksnes and Patrik Persson.

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

Shareholding in Instalco[1)]
166,032

Robin Boheman
See page 44

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

Shareholding in Instalco[1)]
391,307

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

Shareholding in Instalco[1)]
666,748

Patrik Persson
Born 1964
Business Area Manager, South

Work experience
Deputy CEO and CEO Rörläggaren

Education
PHS technician, technical college

Shareholding in Instalco[1)]
166,163

Per Sjöstrand
See page 44

Lotta Sjögren
See page 44

Adrian Westman
See page 44

Peter Westman
Born 1966
Business Area Manager, East

Work experience
Project Manager and CEO Rörgruppen, CEO VVS-Metoder

Education
PHS technician, technical college

Shareholding in Instalco[1)]
721,161

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

Consolidated income statement

AMOUNTS IN SEK M	Note	2017	2016
Operating income			
Net sales	2	3,114	2,407
Other operating income		33	4
Total operating income		**3,147**	**2,411**
Operating expenses			
Materials and purchased services		–1,589	–1,362
Other external costs	3, 4	–256	–168
Personnel costs	5, 6	–1,031	–725
Depreciation of property, plant and equipment		–6	–4
Other operating expenses		–21	–12
Total operating expenses		**–2,903**	**–2,271**
Operating profit/loss (EBIT)		**244**	**140**
Profit (loss) from financial items			
Financial income	8	4	1
Financial expenses	9	–18	–9
Earnings before taxes		**229**	**132**
Income tax	10	–58	–41
Profit (loss) for the year from continuing operations		**171**	**91**
Loss for the year		**171**	**91**
Profit (loss) attributable to:			
Parent Company shareholders		171	91
Non-controlling interests		–	–
Earnings per share			
Basic earnings per share, SEK	11	3.69	1.96
Diluted earnings per share, SEK		3.54	1.89

Consolidated statement of comprehensive income

LOSS FOR THE YEAR	**171**	**91**
Items that could be reclassified to profit or loss		
Translation effect for the year of foreign operations	–15	6
Fair value adjustment of available-for-sale financial assets	–	0
Tax attributable to fair value adjustment	–	0
Other comprehensive income after tax	–15	6
Total comprehensive income for the year	**156**	**97**
Comprehensive income attributable to:		
Parent Company shareholders	156	97

Consolidated balance sheet

AMOUNTS IN SEK M	Note	2017-12-31	2016-12-31
ASSETS			
Fixed assets			
Intangible assets	12		
Goodwill		1,260	826
Other intangible assets	13	2	–
Total intangible assets		**1,262**	**826**
Property, plant and equipment			
Equipment and tools	13	19	13
Total property, plant and equipment		**19**	**13**
Financial assets	14		
Participations in associated companies	16	0	0
Other securities held as non-current assets	17	1	0
Other non-current receivables	19	1	0
Total financial assets		**2**	**1**
Deferred tax receivable	18	0	0
Total non-current assets		**1,282**	**840**
Current assets			
Inventories, etc.	20		
Finished goods and goods for resale		14	6
Total inventories		**14**	**6**
Current receivables			
Accounts receivable	21	549	404
Current tax asset		23	12
Other receivables		15	10
Receivables on clients	22	142	57
Prepaid expenses and accrued income	23	61	38
Other marketable securities		–	4
Cash and cash equivalents	24	211	155
Total current receivables		**1,001**	**679**
Total current assets		**1,015**	**685**
TOTAL ASSETS		**2,297**	**1,525**

Consolidated balance sheet

AMOUNTS IN SEK M	Note	2017-12-31	2016-12-31
EQUITY AND LIABILITIES			
Equity	25		
Share capital		1	1
Other contributed capital		536	453
Reserves		–9	6
Accumulated profit or loss incl. profit (loss) for the year		266	95
Total equity		**793**	**553**
Non-current liabilities	14		
Liabilities to credit institutions	27	649	392
Deferred tax liabilities	18	51	30
Total non-current liabilities		**700**	**422**
Current liabilities			
Provisions	26	9	9
Liabilities to credit institutions	14	0	8
Accounts payable	28	262	212
Current tax liabilities		27	11
Other liabilities		144	46
Liabilities to clients	22	136	63
Accrued expenses and deferred income	29	226	201
Total current liabilities		**805**	**550**
Total liabilities		**1,504**	**972**
TOTAL EQUITY AND LIABILITIES		**2,297**	**1,525**

Consolidated statement of changes in equity

AMOUNTS IN SEK M	Note	Share capital	Other contributed capital	Reserves	Accumulated profit or loss incl. profit (loss) for the year	Total equity
Opening balance 2016-01-01		**1**	**265**	**–**	**1**	**266**
Loss for the year					91	91
Translation effect for the year of foreign operations				6	–	6
Total comprehensive income for the year		0	0	6	91	97
Transactions with owners						
New issue		0	188			188
Profit (loss) from merged subsidiaries					2	2
Total transactions with owners		**0**	**188**		**2**	**190**
Closing balance 2016-12-31	25	**1**	**453**	**6**	**95**	**553**
Opening balance 2017-01-01		1	453	6	95	553
Loss for the year					171	171
Translation effect for the year of foreign operations				–15		–15
Other comprehensive income				–15		–15
Total comprehensive income for the year		0	0	–15	171	156
Transactions with owners						
New issue		0	76			76
Issue of warrants			8			8
Other consolidation adjustments			0			0
Total transactions with owners		**0**	**83**	**–**	**–**	**84**
Closing balance 2017-12-31	25	**1**	**536**	**–9**	**266**	**793**

Consolidated cash flow statement

AMOUNTS IN SEK M	Note	2017	2016
Operating activities			
Earnings before taxes		229	132
Adjustment for items not included in cash flow, etc.	33	21	8
Paid income tax		–50	–43
Cash flow from operating activities before changes in working capital		**201**	**97**
Changes in working capital:			
Change in inventories		3	0
Change in accounts receivable and other receivables		–81	46
Change in accounts payable and other liabilities		37	86
Cash flow from operating activities		**160**	**230**
Investing activities			
Acquisition of shares in subsidiaries, before deduction for cash/cash equivalents	34	–426	–325
Acquisition of intangible assets		–2	–
Acquisition of property, plant and equipment		–5	–5
Disposal of property, plant and equipment		2	1
Disposal of financial assets		2	0
Cash flow from investing activities		**–429**	**–329**
Financing activities			
New issue		76	188
Redemption of preference shares		8	–
Borrowings	14	745	20
Repayment of loan	14	–499	–8
Cash flow from financing activities		**329**	**200**
CASH FLOW FOR THE YEAR		**60**	**100**
Cash and cash equivalents at the beginning of the year		155	52
Exchange difference in cash and cash equivalents		–4	3
Cash and cash equivalents at the end of the year		**211**	**155**
Cash and cash equivalents from continuing operations		**211**	**155**
Cash flow for the year from interest:			
Interest paid		–9	–9
Interest received		0	1

Parent Company income statement

AMOUNTS IN SEK M	Note	2017	2016
Operating income			
Net sales	2	15	3
Other operating income		0	–
Total operating income		**15**	**3**
Operating expenses			
Other external costs	3, 4	–23	–3
Personnel costs	5, 6	–9	–1
Total operating expenses		**–32**	**–5**
Operating profit/loss		**–17**	**–1**
Profit (loss) from financial items			
Interest expense and similar profit or loss items	9	–4	–3
Profit (loss) after financial items		**–21**	**–4**
Tax on profit for the year	10	–	–1
Loss for the year		**–21**	**–5**

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

Parent Company balance sheet

AMOUNTS IN SEK M	Note	2017-12-31	2016-12-31
ASSETS			
Fixed assets			
Financial assets			
Participations in Group companies	15	1,290	1,270
Total financial assets		**1,290**	**1,270**
Total non-current assets		**1,290**	**1,270**
Current assets			
Current receivables			
Other receivables		9	0
Prepaid expenses and accrued income	23	0	0
Total current receivables		**9**	**0**
Cash and bank balances	24	46	6
Total current assets		55	6
TOTAL ASSETS		**1,346**	**1,277**

Parent Company balance sheet

AMOUNTS IN SEK M	Note	2017-12-31	2016-12-31
EQUITY AND LIABILITIES			
Equity	25		
Restricted equity			
Share capital		1	1
		1	**1**
Non-restricted equity	36		
Share premium reserve		812	736
Accumulated profit or loss		406	403
Loss for the year		–21	–5
		1,197	**1,134**
TOTAL EQUITY		**1,198**	**1,135**
Non-current liabilities			
Liabilities to credit institutions	27	141	131
Total non-current liabilities		**141**	**131**
Current liabilities			
Liabilities to credit institutions	14	–	8
Accounts payable	28	1	0
Other liabilities		4	1
Accrued expenses and deferred income	29	2	1
Total current liabilities		**7**	**10**
Total liabilities		**148**	**142**
TOTAL EQUITY AND LIABILITIES		**1,346**	**1,277**

Parent Company statement of changes in equity

AMOUNTS IN SEK M	Note	Share capital	Share premium reserve	Accumulated profit or loss	Profit or loss for the year	Total equity
Opening balance 2016-01-01		**1**	**549**	**402**	**1**	**951**
Shareholder contributions						
Reversal of previous year's earnings				1	–1	–
New issue			188			188
Loss for the year					–5	–5
Closing balance 2016-12-31	25	**1**	**736**	**403**	**–5**	**1,134**
Opening balance 2017-01-01		**1**	**736**	**403**	**–5**	**1134**
Reversal of previous year's earnings				–5	5	–
New issue			76			76
Issue of warrants				8		8
Other adjustments			0			0
Loss for the year					–21	–21
Closing balance 2017-12-31	25	**1**	**812**	**406**	**–21**	**1197**

Parent Company cash flow statement

AMOUNTS IN SEK M	Note	2017	2016
OPERATING ACTIVITIES			
Earnings before taxes		–21	–4
Adjustment for items not included in cash flow, etc.	33	1	–
Paid income tax		0	–
Cash flow from operating activities before changes in working capital		**–20**	**–4**
Changes in working capital:			
Change in accounts receivable and other receivables		–9	0
Change in accounts payable and other liabilities		4	2
Net cash flow from ongoing operations		**–25**	**–2**
Cash flow from operating activities		**–25**	**–2**
Investing activities			
Contribution made	5	–20	–172
Cash flow from investing activities		**–20**	**–172**
Financing activities			
New issue		76	188
Issue of warrants		8	–
Borrowings		140	–
Repayment of loan		–139	–8
Cash flow from financing activities		**85**	**180**
CASH FLOW FOR THE YEAR		**40**	**6**
Cash and cash equivalents at the beginning of the year		6	0
Cash and cash equivalents at the end of the year		**46**	**6**
Cash flow for the year from interest			
Interest paid		–2	–3
Interest received		–	–

Note 1. Accounting and valuation principles

General information

The main operations of Instalco Intressenter AB (Publ) and its subsidiaries (the Group) are, via the subsidiaries, engaging in contract work, consulting, sales and services within the electrical, climate, ventilation, heating and pipe installation sector, along with related activities.

Instalco Intressenter AB (Publ), CIN 559015-8944, has its registered office in Sweden. The head office and primarily place of establishment is located at Lilla Bantorget 11, 111 23 Stockholm, Sweden.

The consolidated financial statements for the reporting period ending on 31 December 2017 (including comparison figures) was approved by the Board on 20 March 2018.

The consolidated statement of earnings, other comprehensive income and statement of financial position, along with the Parent Company's income statement and balance sheet will be put forth for adoption at the AGM on 8 May 2018.

Summary of important accounting policies

The most important accounting and valuation principles used in preparing the financial statements are summarised below. In instances where the Parent Company has applied deviating principles, it will be specified in the section on the Parent Company, below.

Basis for preparing the report

The consolidated financial statements have been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board, RFR 1 Supplementary Accounting Rules for Groups and with the International Financial Reporting Standards (IFRS) that have been endorsed by the European Commission for application within the EU. Assets and liabilities are valued at historical cost, with the exception of conditional consideration (valued at fair value via profit or loss), along with marketable securities belonging to the category available-for-sale financial assets (valued at fair value via other comprehensive income).

The preparation of reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Management must also make certain assessments when applying the Group's accounting policies. Areas that require a great deal of assessment, which are complex or areas where assumptions and estimates are essential for the consolidated accounts are explained in the section below, "Significant assessments and estimates made when applying the accounting policies".

New and updated standards applicable to fiscal years commencing January 1, 2018 and later

Standards, amendments and interpretations regarding existing standards that have not yet come into force and where the Group has not elected for early adoption

As of the date that these financial reports were approved, certain new standards, amendments and interpretations of existing standards have been published by the IASB. They have not yet entered into force and the Group has not elected for early adoption. Disclosures are provided below on those that are expected to have a significant impact on the consolidated financial statements.

The Board of Directors and CEO anticipate that all relevant statements will be included in the Group's accounting policies during the first accounting period beginning after the date the statement enters into force.

IFRS 9 Financial instruments

The new statement on financial instruments, IFRS 9, involves comprehensive changes to IAS 39 as regards classification and measurement of financial assets. It also introduces a new model for expected credit losses that is applied to impairment of financial assets. IFRS 9 also introduces new guidelines on the application of hedge accounting.

The Group's assessment is that the introduction of IFRS 9 will primarily have a possible impact on the Group's financial position and earnings, based on the possible need to change the impairment model for financial receivables (accounts receivable) in order to meet the requirements of IFRS 9 as regards expected credit losses and forward-looking macroeconomic factors. The effects of IFRS 9 have been considered and it has been determined that there is very little impact on Instalco's financial statements.

IFRS 9 is applicable to fiscal years commencing January 1, 2018 and later.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 introduces new requirements on revenue recognition and it replaces IAS 18 Revenue, IAS 11 Construction Contracts and several of the interpretations issued on revenue recognition. The new standard introduces a new control-based accounting model for revenue and it provides more detailed guidance on many areas that were ambiguous in the existing IFRS. This includes, for example, how to report agreements containing several performance obligations, variable pricing, the customer's right of return, repurchase rights towards suppliers, and other typical complexities.

IFRS 15 is applicable to fiscal years commencing January 1, 2018 and later. The Board and CEO intend to apply the standard retrospectively and report the cumulative effects of initial application of this standard as an adjustment to the opening balance for retained earnings for the financial year in which the first day of application is required. According to this standard, it is only necessary to apply IFRS 15 on agreements that have not yet been concluded as of 1 January 2018.

The Group's Board of Directors and CEO have started to assess the effects of the new standard and have identified the following as areas that could be impacted:

- Contracts containing multiple services – the Group's contract work focuses on the design, installation and sales of customised installation solutions. A typical agreement combines elements of developing customised solutions, delivering materials, and installation of various types of systems. The existing IFRS lack detailed guidance on how to report multiple element arrangements. The Group's accounting policies are described in detail under the heading, Revenue. IFRS 15 introduces new guidelines that will require the Group to identify the various types of obligations contained in its agreements, based on whether or not they are distinct. An agreed good or service is distinct if it meets the following two requirements:
  - the customer can benefit from the product or service separately or together with other resources available to the customer, and
  - the good/service is "separately identifiable" (which means that the Group does not deliver a service that integrates, modifies or adjusts it significantly).

The following allocation of remuneration on individual performance obligations is based on their independent sales prices.

Continuation Note 1. Accounting and valuation principles

An evaluation of the effects on Instalco's financial statements has been conducted. IFRS 15 is not expected to have any significant impact on the company's income statement or balance sheet, but it will require more extensive disclosures.

IFRS 16 Leasing

IFRS 16 replaces 17 and the three associated interpretations. The standard requires that assets and liabilities attributable to all leases, with some exceptions, are reported in the balance sheet. This reporting requirement is based on the view that the lessee has a right to use an asset during a specific period of time and simultaneously, has an obligation to pay for this right. Reporting for the lessor remains essentially unchanged. The standard is applicable to fiscal years commencing January 1, 2019 and later. Early adoption is allowed provided that IFRS 15 Revenue from Contracts with Customers is applied at the same time. The EU has not yet adopted the standard.

The Board of Directors and CEO have not yet assessed the effects of the standard and are thus unable to provide quantified information. To assess the effect, the Board is doing the following:

- Conducting a complete review of all agreements to assess whether there are additional agreements that will be regarded as leasing agreements under the new definition contained in IFRS 16. At present, the Group primarily has operating leases associated with its facilities.
- deciding which transition rules to apply, either full retrospective application or partial retrospective application (which means that it will not be necessary to recalculate the comparison figures). Partial retrospective application also contains voluntary simplified options such as not needing to make a new assessment of whether ongoing agreements are, or contain a leasing agreement, and other simplifications. Determining which transition rule to apply is important, since it is a one-time choice.
- assessing the current disclosures on finance leases and operating leases, since they will provide the basis for the amount that will likely need to be capitalised and reported as a right-of-use asset.
- Assessing the additional disclosures that will be required.

For information on the Group's current operating leases, see Note 4.

OVERVIEW OF ACCOUNTING POLICIES

Overall considerations

The most important accounting principles used in the preparation of the consolidated accounts are summarised below.

Basis for consolidation

The consolidated accounts include subsidiaries in which the Group has a direct or indirect controlling influence. The Group controls a company when it is exposed to or is entitled to variable returns from its holding in the company and is able to impact 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. Subsidiaries are removed from the consolidated financial statements from the date on which the controlling influence ceases to exist.

All intra-Group transactions and balance sheet items are eliminated upon consolidation, including unrealised gains and losses on transactions between Group companies. In the event that any unrealised losses on intra-Group sales of assets are reversed upon consolidation, there will also be a test of impairment on the underlying asset based on a Group perspective. The amount reported in the financial statements for subsidiaries has been adjusted as required to ensure consistency with the Group's accounting policies.

Earnings and other comprehensive income for subsidiaries that were acquired or divested during the year are included as of the date when the acquisition or exit entered into force, in accordance with what is applicable.

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

Business combinations

The Group applies the acquisition method to accounting for business combinations. The remuneration transferred by the Group to acquire a controlling influence over a subsidiary is calculated as the sum of the fair values as of the acquisition date of the transferred assets, the liabilities assumed and the equity interests issued by the Group, which includes the fair value of an asset or liability that has arisen via an agreement on conditional consideration. Subsequent changes to the fair value of conditional consideration are classified as a financial liability and reported via profit or loss (as part of Other operating expenses). More information is provided in the section, Financial liabilities.

Acquisition costs are expensed as incurred an included in the item, Other operating expenses.

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

Participations in associated companies

Associated companies are companies in which the Group has a significant, but not a controlling interest over the company's operational and financial management. Typically, this corresponds to control of between 20 and 50 percent of the votes.

Participations in associated companies are reported in accordance with the equity method.

The carrying amount of holdings in associated companies increases or decreases with the Group's share of the associate company's or joint venture's earnings and other comprehensive income. It is adjusted as required to ensure consistency with the Group's accounting policies. The Group's carrying amount of a holding in an associated company includes any goodwill identified and recognised in conjunction with the acquisition.

When the Group's share of recognised losses in the associated company exceeds the carrying amount of the Group's holding, that amount will be reduced to zero. There is also a recognition of losses on long-term financial dealings without collateral, the economic significance of which comprises the portion of the owner company's net investment in the associated company. Additional losses are not recognised unless the Group has provided guarantees to cover any 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 will also be tested for impairment.

Continuation Note 1. Accounting and valuation principles

TRANSLATION OF FOREIGN CURRENCIES

Functional currency and reporting currency

The reporting currency for the consolidated financial statements is SEK, which is also the Parent Company's functional currency.

Transactions and balance sheet items in foreign currency

Transactions in foreign currency are translated to the functional currency for each Group company using the exchange rate on the date of the transaction (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 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 spot rate), except for non-monetary items measured at fair value, which are translated at the exchange rate on the date that fair value was established.

Foreign operations

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

Upon consolidation, assets and liabilities are translated at the closing rate on the closing date. Adjustments to goodwill and fair value arising from the acquisition of foreign operations have been reported as assets and liabilities in foreign operations and translated to SEK at the closing rate. Revenue and expenses have been translated to SEK at the average rate for the reporting period. Exchange rate differences are recognised directly in other comprehensive income and reported in the currency translation reserve in equity. When foreign operations are divested, there is reclassification of the attributable accumulated translation differences that have been reported in equity to profit or loss, where they are reported as part of the gain or loss on the divestiture.

Segment reporting

The Group has two operating segments Sweden and Rest of Nordic When identifying operating segments, Group Management generally considers the Group's geographical business areas which correspond to the main segments.

"Other" includes Group-wide income and expenses.

Each operating segment is run separately since each one requires different resources and marketing methods. All transactions between segments are at the going market rate and based on prices charged to ordinary customers 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.

In addition, there is no allocation of shared assets that are not directly attributable to an operating segment's business activities in any segment. This pertains primarily to the Group's head office.

Segment reporting is based on internal reporting to the highest decision-maker. At Instalco, this is the Group CEO and the key figures that are reported for each business area.

Revenue

Revenue is generated from the sale of installation services. Revenue is measured at the fair value of remuneration that the Group receives or will receive for goods and services that have been delivered, not including VAT and after a deduction for any discounts or approved deductions.

Performance of service assignments

The Group generates revenue from contracts for installation services. Revenue for such services is recognised in accordance with the percentage-of-completion method.

When the Group recognises revenue for an installation project, it first assesses the percentage of completion on each individual project based on the actual costs of the project up until that time. Revenue from consulting services is recognised when the services have been provided, having considered the percentage of completion as of the closing date, in the same way as with contract work, which is described below.

Contracts

When it is possible to reliably assess the outcome, revenue will be recognised on contracts, along with recognition of the attributable expenses, based on the contract's percentage of completion as of the closing date. The contracted revenue is measured at the fair value of the consideration that has been received or will be received.

When the Group cannot reliably assess the outcome an assignment, revenue will be recognised only to the extent that the incurred assignment expenses can be recovered. Assignment expenses are recognised in the period that they arise.

Whenever it is probable that the total assignment expenses will exceed the total income from the assignment, the anticipated loss will immediately be recognised in the income statement.

The percentage of completion for a contract is assessed by the project manager by comparing the capitalised costs to date with the total estimated costs for the contract (i.e. the cost-to-cost method). Only the costs corresponding to work that has been performed up until that date will be expensed.

The gross amount to be paid by the customer for an assignment is reported in "Receivables from clients" for all ongoing assignments where the recognised expenses and gains (after a deduction for the recognised losses) exceeds the invoiced amount. Liabilities to customers for assignments are reported in "Liabilities to clients" for all ongoing assignments for which the invoiced amount exceeds the assignment fees plus the recognised gains (after a deduction for the recognised losses).

Interest and dividends

Interest income and expenses are allocated to the correct period using 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 utilised or when the event occurs.

Continuation Note 1. Accounting and valuation principles

Borrowing costs

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

Goodwill

Goodwill represents future economic benefits that arise in conjunction with a business combination, but which are not separately identifiable and separately reported. Goodwill is reported at cost less accumulated impairment losses.

When testing for impairment, the goodwill acquired from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies resulting from the acquisition. Each unit or group of units to which goodwill has been allocated correspond to the lowest level in the Group for which the goodwill in question is being monitored as part of the internal control systems that are in place.

Goodwill is tested for impairment on an annual basis or more often if events have occurred or there are indications of a possible decrease in value. The carrying amount of the cash-generating unit to which goodwill has been allocated is compared to the recoverable amount, which is its value-in-use or fair value less selling costs, whichever is higher. Any impairment losses are immediately expensed and they are never reversed. Goodwill is monitored and tested at the segment level.

Other intangible assets and property, plant and equipment

Intangible assets and items of property, plant and equipment are reported by the Group at cost less accumulated amortisation/depreciation and any impairment losses. Cost includes the purchase price along with expenses directly attributable to the asset to get the item in place and in condition for its intended use.

Additional expenses are added to the asset's carrying amount, or reported as a separate asset, depending on which is most appropriate, only if it is likely that the future economic benefits associated with the asset will be allocated to the Group and that the asset's cost of acquisition can be measured reliably. The carrying amount of 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 and losses that arise upon the disposal of an item of property, plant and equipment are established as the difference between what has been received and the asset's carrying amount. This is then recognised in the income statement in either "Other operating income" or "Other operating expenses".

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

Equipment and tools 5-10 years.
Computer systems, licenses etc. 3-5 years

LEASED ASSETS

Operating leases

The Group only has operating leases. When the Group is the lessee, leasing fees for operating leases are expensed on a straight-line basis over the leasing period. The associated costs, such as maintenance and insurance are expensed as incurred.

Test of impairment on goodwill, other intangible assets and property, plant and equipment

When testing for impairment, the assets are grouped in a segment. A cash-generating unit is a segment with independent payments. Goodwill is allocated to the cash-generating units that are expected to benefit from synergy effects resulting from the business combination and represent the lowest level in the Group where the Group management team monitors goodwill.

An impairment loss is recognised for the amount that the cash-generating unit's carrying amount exceeds its recoverable amount, which is the fair value less the cost of disposal or its value-in-use, whichever is higher. In order to establish the value-in-use, Group management must assess the anticipated future cash flow from each cash-generating unit, along with an appropriate discount rate so that it is possible to calculate the present value of these future cash flows. The information used for impairment testing is directly linked to the Group's most recently approved budget, adjusted as needed to exclude the effects of future reorganisations and asset improvements.

Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses on cash-generating units involve first reducing the carrying amount of any goodwill distributed on the cash-generating unit. Any remaining impairment is applied proportionally to the other assets in the cash-generating units. With the exception of goodwill, a new assessment is made of all assets for signs that a previous impairment is no longer motivated. In such instances, the impairment losses will be reversed if the asset's or the cash-generating unit's recoverable amount exceeds its carrying amount.

FINANCIAL INSTRUMENTS

Recognition and measurement at initial recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual terms of the financial instrument. At initial recognition, it is measured at fair value less transaction costs, except for financial instruments belonging to the category of financial assets or financial liabilities valued at fair value via profit or loss. These are measured at fair value upon initial recognition. Subsequent measurement of financial assets and liabilities is described below.

Financial assets are removed from the statement of financial position when the contractual rights regarding the financial asset cease or when the financial asset and all significant risks and benefits are transferred. A financial liability is removed from the statement of financial position when it is extinguished, which means that the obligation has been discharged, cancelled or has expired.

Continuation Note 1. Accounting and valuation principles

Classification and subsequent measurement of financial assets

For subsequent measurement, financial assets are measured based on the category in which they were originally classified. The Group has the following categories of financial assets:

- loan receivables and accounts receivable
- available-for-sale financial assets

Impairment testing is performed on all financial assets, except those measured at fair value via profit or loss, on each closing date (or more often, if necessary) in order to assess if there is objective evidence that the financial asset or group of financial assets has become impaired. Various criteria are used to establish whether a financial asset has become impaired, based on the category it belongs to. This is described below.

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

Loan receivables and accounts receivable

Loans and receivables 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 measured at amortised cost using the effective interest method, less any impairment losses. Discounting is omitted in cases where the effect of discounting is insignificant. The Group's cash and cash equivalents, accounts receivable and most of its other receivables belong to this category of financial instruments.

Only receivables of significance are tested for impairment when they have fallen due, or when there is other objective evidence that a particular counterparty will not settle the amount that is due. For receivables which, individually, are assessed as not having any need for impairment, the impairment testing is performed on the group via reference to the counterparty industry and region as well as other common credit risk characteristics. The assessed impairment amount is then based on recent information on the proportion of doubtful accounts for the counterparties in each respective identified group.

Available-for-sale financial assets

Available-for-sale financial assets are assets that are not derivatives and where the assets have been identified as being available for sale, or have not been classified in any of the other categories. They are subsequently reported at fair value in the balance sheet and any changes in fair value are reported via other comprehensive income. When a financial asset in this category is sold or written down, the accumulated adjustments to fair value are transferred from equity to profit or loss as gains and losses from financial instruments. Interest on financial assets in this category are calculated in accordance with the effective interest method and are reported in the income statement as part of Financial income.

The Group's available-for-sale financial assets consist of marketable securities and other securities held as non-current assets.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities consist of loans, accounts payable and other liabilities.

At initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities that have been identified as measured at fair value via profit or loss. These are measured at fair value and the gains or losses are recognised in profit or loss after initial recognition. The Group is a party to agreements on conditional consideration that have arisen in conjunction with acquisitions valued at fair value via 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 cost or net realisable value, whichever is lower. Cost includes all costs directly attributable to the manufacturing process and the appropriate proportion of associated manufacturing costs, based on normal capacity. Costs for commonly exchangeable items are distributed according to the first-in, first-out principle. Net realisable value is the estimated sales price used in ongoing operations less any applicable selling costs.

Income taxes

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

The calculation of current tax is based on tax rates and tax regulations that have been decided or announced at the end of the reporting period. Deferred income tax is calculated in accordance with the liability method.

Deferred tax assets are recognised to the extent that it is likely that the underlying tax loss or deductible temporary differences can be utilised against future taxable surpluses. This is assessed based on the Group's forecast of future operating income, adjusted for significant non-taxable income and expenses as well as specific restrictions on the utilisation of unutilised tax losses or credits.

Deferred tax liabilities are generally recognised as a whole, although IAS 12 Income Taxes stipulates certain exceptions to this rule. Because of these exceptions, the Group does not report deferred tax on temporary differences attributable to goodwill or investments in subsidiaries.

Cash and cash equivalents

Cash and cash equivalents consists of cash-on-hand and available balances with banks and similar institutions, together with other short-term liquid investments with maturity within 90 days of acquisition and which can easily be converted into known amounts of cash and are only exposed to a minimal risk of changes in value.

Equity, reserves and dividends

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

Continuation Note 1. Accounting and valuation principles

Premium includes any premium that has been received in conjunction with a new share issue. Any transaction costs associated with a new share issue are deducted from the premium, taking into consideration any income tax effects.
Other components of equity include the following:

- Retained earnings is comprised of all retained earnings and share-related remuneration for the current and previous periods.
- All transactions with the parent company's owners are reported separately in equity.

POST-EMPLOYMENT BENEFITS AND SHORT-TERM BENEFITS TO EMPLOYEES

Post-employment benefits

The Group provides post-employment benefits through various types of significant defined-contribution pension plans.

For a few employees who are not senior executives, there is a pension solution in the form of capital insurance that has been pledged for pension commitments. The asset is categorised as a financial instrument valued at fair value via 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 any special payroll tax. The net amount of the obligation is reported in the consolidated financial statements.

Short-term benefits

Short-term employee benefits, including vacation pay, are current liabilities, valued at the undiscounted amount that the Group is expected to pay as a consequence of the unutilised right.

Provisions, contingent liabilities and contingent assets

Provisions for product guarantees, legal processes, loss contracts or other claims are recognised when the Group has a legal or informal obligation as a result of a prior event, when it is likely that an outflow of financial resources will be needed and when the amounts can be estimated reliably. The timing of the payment, however, may still be uncertain.

Provisions are valued at the estimated amount required to settle the existing obligation based on the most reliable data available as of the closing date, including the risks and uncertainties associated with the existing obligation. If there are a number of similar obligations, the likelihood of an outflow is determined via an overall assessment of the obligations. Provisions are discounted to their present value when the time value of money is a significant factor.

Any remuneration that the Group is quite certain to receive 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 in instances where the outflow of financial resources associated with the existing obligation is unlikely. Such situations are reported as contingent liabilities unless the likelihood of an outflow of resources is extremely small.

SIGNIFICANT ASSESSMENTS AND ESTIMATES MADE WHEN APPLYING THE ACCOUNTING POLICIES

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

Significant assessments made by Group management

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

The following are significant assessments that the Board and the CEO make when applying the accounting principles that have the most significant effect on the Group's financial statements.

Recognition of revenue from contracts

Recognition and reporting of revenue from contracts requires significant assessments to ascertain the actual amount of work that has been done and the estimated future expenses to complete the work.

Uncertainty in estimates

Information is provided below on the estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses. The actual outcome could deviate significantly.

Impairment of non-financial assets and goodwill

When testing for impairment, the Group management team calculates the recoverable amount for each asset or cash-generating unit based on anticipated future cash flows and using an appropriate interest rate to discount the cash flows. There is uncertainty in assumptions about future operating income and establishing an appropriate discount rate.

As of the year-end closing on 2017-12-31 goodwill amounted to SEK 1,260 (826) million. For more information on impairment testing, see Note 12.

Business combinations and measurement at fair value

When assessing fair value, the Group management team applies valuation methods for the specific assets and liabilities that were acquired in a business combination. The fair value of conditional consideration, in particular, depends on the outcome of several variables, including the acquired company's future profitability.

Group management uses valuation methods when calculating the fair value of financial instruments (in instances where quoted prices on active markets are not available) and for non-financial assets. It means that estimates and assumptions must be made that are consistent with how market participants would price the instrument. To the extent possible, Group management bases their assumptions on observable data, but such information is not always available. In such instances, Group management uses the best information that is available. An estimated fair value could differ from the actual price that would be obtained in a transaction on market terms as of the closing date.

Continuation Note 1. Accounting and valuation principles

Conditional consideration is included in “Accrued expenses and deferred income” in the balance sheet and the amount reported as of 2017-12-31 was SEK 68 (226) million. For more information on conditional consideration and acquisitions, see Note 34.

Revenue from contracts

Reported revenue and related receivables pertaining to construction contracts reflect Group Management's best estimate of the outcome and percentage of completion for each contract. For more complex contracts, there is considerably more uncertainty when assessing the costs for completion and profitability. At the year-end closing on 2017-12-31 receivables on contracts were reported in the balance sheet for SEK 142 (57) million. For more information on contracts, see Note 22.

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. In accordance with RFR 2, the Parent Company must, in the annual report for the legal entity, apply all of the EU-approved IFRS and statements to the extent possible within the scope of the Annual Accounts Act and taking into consideration the relationship between accounting and taxation. The recommendation specifies which exceptions and additions are to be made from 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 applied by the Group, except for the items specified below.

Presentation

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

Participations in subsidiaries

Participations in subsidiaries are reported at cost less any impairment losses. Cost includes acquisition-related costs and any additional consideration.

A calculation of the recoverable amount is performed whenever there is any indication that the participation in the subsidiary has decreased in value. An impairment loss is recognised if the recoverable amount is less than the carrying amount. Impairment losses are reported in “Profit or loss from participations in Group companies”.

Group contributions

All Group contributions made and received are reported as appropriations.

Financial instruments

IAS 39 is not applied in the Parent Company and financial instruments are measured at cost. In subsequent periods, financial assets that have been acquired for short-term purposes are reported in accordance with the LCM (lower of cost or market) accounting rule.

At each closing date, the Parent Company assesses whether there is any indication of impairment for any of its financial assets. An impairment less is recognised if the decrease in value is assessed as being permanent. Impairment on interest-bearing financial assets reported at amortised cost is calculated as the difference between the asset’s carrying amount and the present value of management’s best estimate of the future cash flows, discounted using the asset’s original effective interest rate. The impairment amount for other financial assets is calculated as the difference between the carrying amount and either the fair value less selling costs or the present value of future cash flows (based on management’s best estimate), whichever is higher.

Note 2. Segment reporting

At present, Group management has established that the Group has two operating segments, which are geographical. The operating segments are monitored by the Group's executive decision makers and strategic decisions are made based on the operating profit or loss for each segment.

In accordance with IFRS, the portion of operations that cannot be regarded as its own operating segment is called "Other".

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

EBITA is the performance measure that Instalco monitors.

The net sales of a segment are comprised of external revenue from customers. No sales occur between segments.

The Group is of the opinion that it delivers a service to its customers, i.e. installations, which is why no further breakdown of revenue has been done.

Segment reporting is specified as follows for the current reporting periods:

2017	Sweden	Rest of Nordic	Other	Elim	Total
Net sales	2,418	695	0	0	3,114
EBITA	236	48	–39	0	244
EBITA margin, %	9.8	6.9	–	–	7.8
Adjusted EBITA	236	48	–20	0	264
Adjusted EBITA margin, %	9.8	6.9	–	–	8.5

2016	Sweden	Rest of Nordic	Other	Elim	Total
Net sales	2,139	268	0	–	2,407
EBITA	165	11	–36	–	140
EBITA margin, %	7.7	4.3	–	–	5.8
Adjusted EBITA	165	11	–20	–	156
Adjusted EBITA margin, %	7.7	4.3	–	–	6.5

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

	2017	2016
Sweden	2,418	2,139
Norway	563	248
Finland	133	20
Total	**3,114**	**2,407**

Fixed assets, other than financial instruments and deferred tax assets (there are no assets associated with post-employment benefits or rights in accordance with insurance agreements) distributed by country as follows:

	2017-12-31	2016-12-31
Sweden	10	8
Norway	5	5
Finland	4	0
Total	**19**	**13**

The Instalco Group does not have revenue from any single customer representing 10 percent or more of total revenue, which is why nothing has been reported for this.

Note 3. Remuneration to auditors

Expensed and other remuneration amounts to:	The Group 2017	The Group 2016	Parent Company 2017	Parent Company 2016
Grant Thornton				
Audit assignment	5	3	1	0
Audit activities in addition to the audit assignment	1	0	0	0
Tax advice		0	0	–
Other services	6	4	1	–
Other audit firms				
Audit assignment	0	0	–	–
Audit activities in addition to the audit assignment	0	0	–	–
Tax advice	–	0	–	–
Other services	0	0	–	–
Total	**12**	**8**	**3**	**0**

Note 4. Operating leases

	The Group 2017	The Group 2016	Parent Company 2017	Parent Company 2016
Expensed leasing fees for the year:	55	32	0	0
Future contractual fees				
Maturity year 1	52	33	0	0
Maturity year 2	41	27	0	0
Maturity year 3	24	19	0	0
Maturity year 4	10	6	0	–
Maturity year 5	5	1	0	–
Maturity year 6–	5	1	0	–
Total future contractual leasing fees	**137**	**88**	**1**	**1**

Operating leases (rent) for both the Parent Company and Group are primarily for facilities. The Group does not have any individual significant operating leases where the leasing agreement covers a large number of subsidiaries.

Note 5. Salaries and remuneration to employees

Costs that have been recognised for remuneration to employees are categorised as follows:	The Group 2017	The Group 2016	Parent Company 2017	Parent Company 2016
Salaries – Board and CEO	5	2	2	0
Salaries – other employees	731	500	3	1
Share-related remuneration	–	–	–	–
Pensions, defined contribution – Board and CEO	1	1	0	0
Pensions, defined contribution – other employees	57	35	1	0
Other social security contributions	198	157	2	0
Total	**992**	**694**	**8**	**1**

Costs and obligations pertaining to pensions and similar items for the Board of Directors, CEO, along with prior Board members and prior CEOs:

SEK t	Basic salary/ Board fee	Variable remuneration	Other benefits[1)]	Other[2)]	Total
Olof Ehrlén	210				**210**
Anders Eriksson	835	362	42		**1,239**
Göran Jonsson	751	1,173	59		**1,983**
Peter Möller	0				**0**
Johnny Alvarsson	184				**184**
Kennet Lundberg	140				**140**
Per Sjöstrand, CEO	1,888		63		**1,951**
Other senior executives (7)	5,629	1,369	280	960	**8,238**
Total	**9,637**	**2,904**	**444**	**960**	**13,945**

1) Other benefits consist of car benefits and health insurance
2) Other consists of consulting fees.
3) The Board fee has been invoiced. Invoiced fees include compensation for social security contributions.

Continuation Note 5. Salaries and remuneration to employees

Benefits to the Board, CEO and senior executives

See the Directors' Report on page 35 for more information.

Long-term incentive scheme

At Instalco's AGM on 27 April 2017, it was decided to implement an incentive scheme for the Group's senior executives and other key individuals at the Company. In total, the scope of the scheme is, at most, 1,954,504 warrants, where each warrant entitles the holder to subscribe for one new ordinary Series A share in the Company. The incentive scheme aims to promote and stimulate employee loyalty to the company by aligning the participants' interests with the interests of shareholders. The incentive scheme runs until the first quarter of 2020.

Participation in the incentive scheme requires that the participant is employed at the company throughout the entire period.

Note 6. Employees

	The Group		Parent Company	
	2017	2016	2017	2016
Average number of employees	1,539	1,240	3	1
Of which women, %	5	7	31	–

Average number of employees by country is shown below:

	The Group	
	2017	2016
Sweden	1,162	1,035
Norway	289	182
Finland	88	23
Total	**1,539**	**1,240**

Note 7. Gender distribution

There are 0 (0) women on the Board of Directors.
There is 1 (1) woman that belongs to the team of senior executives.

Note 8. Financial income/Other interest income and similar profit or loss items

	The Group		Parent Company	
	2017	2016	2017	2016
Interest income, other	3	0	–	–
Interest income, cash and cash equivalents	1	–	0	–
Total interest income financial assets that are not measured at fair value via profit or loss.	0	1	–	–
Total				
	4	**1**	**0**	**0**

Note 9. Financial expenses/Interest expenses and similar profit or loss items

Interest expenses, loans at amortised cost	The Group		Parent Company	
	2017	2016	2017	2016
Bank loans	9	9	2	3
Other	9	0	2	0
Total	**18**	**9**	**4**	**3**

Note 10. Tax on profit for the year

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

	The Group		Parent Company	
	2017	2016	2017	2016
Earnings before taxes	**229**	**132**	**–21**	**–4**
Tax in accordance with the applicable tax rate in Sweden, 22 %	–50	–29	5	–1
The difference is attributable to foreign tax rates	0	–	–	–
Effect of changed tax rate	0	–	–	–
Adjustment of prior year's tax	0	–	–	–
Adjustment tax expense acquired companies	–	–2	–	–
Non-taxable income	7	0	0	–
Non-deductible expenses	–6	–11	0	–
The year's losses for which deferred tax asset had not been activated	–8	–	–5	–
Utilised loss carry-forward during the year that was not previously reported as an asset	0	–	–	0
Other	0	0	0	–
Reported tax in the income statement	**–58**	**–41**	**0**	**–1**

Tax expense consists of the following components:

	The Group		Parent Company	
Current tax	2017	2016	2017	2016
Current tax on profit for the year	–53	–35	–	–
Adjustment of prior year's tax				
Deferred tax expense/revenue				
Change in temporary differences	–		–	–
Untaxed reserves	–6	–5	–	–
Change in tax loss carryforwards	–	–1	–	–1
Reported tax in the income statement	**–58**	**–41**	**0**	**–1**
Deferred tax expense/revenue reported in other comprehensive income	–58	–41	0	–1

Note 11. Earnings per share

Earnings per share

Both basic and diluted earnings per share have been calculated using profit attributable to the Parent Company shareholders in the numerator. In other words, it was not necessary to make any adjustments to earning for 2017 or 2016.

The weighted average number of shares used to calculate diluted earning per share can be reconciled against the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Profit (loss) attributable to ordinary shareholders	2017	2016
Profit attributable to the Parent Company's owner according to the income statement	171	91
Effect of cumulative interest for the period attributable to preference shareholders	–	–24
Profit attributable to ordinary shareholders, basic	**171**	**67**
Profit attributable to ordinary shareholders, diluted	**171**	**67**

Number of shares, thousands	2017	2016
Weighted average number of shares used to calculate basic earnings per share	46,377	46,312
Weighted average number of shares used to calculate diluted earnings per share	48,307	48,254

For a better comparison, the number of shares in 2016 have been recalculated with consideration given to the change in the structure of share capital that occurred when the shares became listed in 2017.

Note 12. Goodwill and other intangible assets

Changes in the carrying amounts for goodwill are:

	The Group	
	2017	2016
Opening accumulated cost	826	515
Acquisition of subsidiaries	446	307
Adjustment for acquisition of subsidiaries prior years	–2	–
Sales/disposals	–	0
Exchange rate differences	–11	4
Closing accumulated cost	**1,260**	**826**
Carrying amount	**1,260**	**826**

Impairment testing

Consolidated goodwill of SEK 1,260 (826) million arose via the acquisition of subsidiaries. Goodwill is tested for impairment at the segment level. The Group has two segments.

Impairment testing consists of assessing whether the units recoverable amount is higher than its carrying amount. The recoverable amount has been calculated on the basis of the unit's value-in-use, which is comprised of the present value of the unit's expected future cash flows, without taking into consideration any future expansions of operations or restructuring. The same significant assumptions have been made for all segments

Significant assumptions that have been used to calculate value-in-use are presented below:

- Annual growth volume for the first year has been assessed at 0 percent and thereafter at 2 percent. The calculations are based on the estimated future cash flows before tax, according to the financial budgets that were approved by company management and which cover a five-year period.
- Weighted average growth rate to extrapolate cash flows beyond the budget period have been set at 2 (2) percent. The long-term growth rate is consistent with the forecasts published in industry reports.
- The discount rate before tax used in present value calculations of the estimated future cash flows is 9.0 (9.1) percent for segment Sweden and 8.7 (9.1) percent for segment Rest of Nordic.

No plausible potential change in important assumptions would result in the carrying amount for any of these CGUs exceeding the recoverable amount.

Computer systems, licenses etc.

Changes in the carrying amount for equipment and tools are:

	The Group	
	2017-12-31	2016-12-31
Opening accumulated cost	–	–
The year's investments	2	–
Closing accumulated cost	**2**	**–**
Opening accumulated depreciation/ amortisation	–	–
Depreciation/amortisation for the year	0	–
Closing accumulated depreciation/ amortisation	**0**	**–**
Carrying amount	**2**	**–**

Note 13. Equipment and tools

Changes in the carrying amount for equipment and tools are:

	The Group	
	2017-12-31	2016-12-31
Opening accumulated cost	17	8
The year's investments	5	5
Acquisition of subsidiaries	8	7
Sales/disposals	–3	–4
Reclassifications	0	–
Exchange rate differences	0	0
Closing accumulated cost	**26**	**17**
Opening accumulated depreciation/ amortisation	–4	–2
Depreciation/amortisation for the year	–5	–4
Sales/disposals	1	2
Reclassifications	0	–
Exchange rate differences	0	0
Closing accumulated depreciation/ amortisation	**–8**	**–4**
Carrying amount	**19**	**13**

Note 14. Financial assets and liabilities

Categories of financial assets and liabilities

Among the accounting policies is a description of the respective categories of financial assets and liabilities and the associated accounting policies. The carrying amounts for financial assets and liabilities are as follows:

Financial assets

2017-12-31	Available-for-sale financial assets	Loan receivables and accounts receivable	Total
Other securities held as non-current assets	1	–	1
Other non-current receivables	–	1	1
Accounts receivable	–	549	549
Prepaid expenses and accrued income	–	61	61
Short-term investments	0	–	0
Cash and cash equivalents	–	211	211
Total	**1**	**822**	**823**

Financial liabilities

2017-12-31	Liabilities fair value[1]	Other liabilities	Total
Non-current loans	–	649	649
Current loans	–	0	0
Accounts payable and other liabilities	–	262	262
Conditional additional consideration	68	–	68
Accrued expenses and deferred income	–	1	1
Total	**68**	**912**	**981**

Continuation Note 14. Financial assets and liabilities

Financial assets

2016-12-31	Available-for-sale financial assets	Loan receivables and accounts receivable	Total
Other securities held as non-current assets	0	–	0
Other non-current receivables	–	0	0
Accounts receivable	–	404	404
Prepaid expenses and accrued income	–	24	24
Short-term investments	4	–	4
Cash and cash equivalents	–	155	155
Total	**5**	**582**	**587**

Financial liabilities

2016-12-31	Liabilities fair value[1)]	Other liabilities	Total
Non-current loans	–	392	392
Current loans	–	8	8
Accounts payable and other liabilities	–	212	212
Conditional additional consideration	26	–	26
Accrued expenses and deferred income	0	1	1
Total	**26**	**613**	**639**

1) The liability valued at fair value via profit or loss is conditional consideration. For more information, see Note 34.

Loans

Loans include the following financial liabilities:

Non-current loans	2017-12-31	2016-12-31
Other bank loans	649	392
	649	**392**

Current loans	2017-12-31	2016-12-31
Other bank loans	0	8
	0	**8**

The Group has a bank loan for SEK 401 million that matures on 2022-03-24, Interest is 6-month STIBOR. Besides the bank loan, the Group has bank overdraft of SEK 60 (75) million associated with the Group's cash pool and a revolving facility of SEK 800 (300) million.

Loan agreements contain covenants that the Group must comply with, which are standard for this type of loan agreement. As of year-end, Instalco met all of the covenants with a good margin.

As of 31 December 2017, total credit commitments, including bank overdraft amounted to SEK 860 (375) million. Of the granted revolving credit commitments SEK 509 (262) million had been utilised and for bank overdraft, the amount utilised was SEK 0 (0) million. The remaining maturity of the revolving credit is 51 (69) months.

Fair value

Financial instruments valued at fair value are classified in a fair value hierarchy. The different levels are defined as follows:

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

Financial instruments that are valued at fair value in the balance sheet and that are classified as Level 2 according to the fair value hierarchy include short-term receivables and other long-term securities. These fair value have been established via a calculation of discounted cash flows.

Conditional consideration valued at fair value in the balance sheet is classified as Level 3 in accordance with the fair value hierarchy. For information on valuation techniques and changes in fair value, see Note 35.

Fair value for non-current loans is specified below

Non-current loans	2017-12-31	2016-12-31
Fair value	699	441
	699	**441**

Fair value based on discounted cash flows with an interest rate based on the borrowing rate of 1.65 (1.81) percent and in Level 2 of the fair value hierarchy.

The fair value of current loans and other financial instruments essentially corresponds to the carrying amounts, since the discounting effect is insignificant.

Reconciliation of liabilities attributable to financing activities	2017-12-31	2016-12-31
Opening accumulated cost	400	384
Cash flow	246	12
Acquisition of subsidiaries	3	4
Closing accumulated cost	**649**	**400**

Note 15. Participations in Group companies

Composition of the Group

The Group includes a direct holding in the subsidiary, Instalco Holding AB with a carrying amount of SEK 1,290 million and indirect holdings in subsidiaries as follows:

Name/registered office	Segment	Number of shares/ units of participation	Share, % 2017	Share, % 2016
Instalco Holding AB	Other	437,730	100	100
Instalco Sverige 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
AB Expertkyl HH / Göteborg	Sweden	10,000	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	Sweden	50,000	100	100
Trä och inredningsmontage Kylteknik i Bandhagen AB / Stockholm	Sweden	5,000	100	100
Tunabygdens VVS Installatör AB / Dalarna	Sweden	2,000	100	100
Dalab Sverige AB / Dalarna	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 / Skåne	Sweden	300	100	100
JN Elinstallatörer AB / Stockholm	Sweden	1,000	100	100
Andersen og Aksnes Rørleggerbedrift AS / Hvalstad	Rest of Nordic	10,753	100	–
Uudenmaan LVI-Talo OY / Vantaa	Rest of Nordic	100	100	–
Uudenmaan Sähkötekniikka JP OY / Helsinki	Rest of Nordic	120	100	–
Rodens Värme & Sanitet AB / Norrtälje	Sweden	1,000	100	–
Frøland & Noss Elektro AS / Bergen	Rest of Nordic	200	100	–
Elektrisk AS / Oslo	Rest of Nordic	600	100	–
Telefuusio OY / Helsinki	Rest of Nordic	100	100	–
Elkontakt i Borås AB / Borås	Sweden	1,000	100	–
Elkontakt i Göteborg AB / Borås	Sweden	1,000	100	–
Elkontakt Entreprenad i Stockholm AB / Borås	Sweden	500	100	–
Elkontakt Syd AB / Borås	Sweden	500	100	–
Elektro-Centralen Entreprenad Hisings Backa AB	Sweden	1,000	100	–
Elektro-Centralen Communication Hisings Backa AB	Sweden	1,000	100	–
Elektro-Centralen Service Hisings Backa AB	Sweden	500	100	–
Elektro-Centralen IT Hisings Backa AB	Sweden	500	100	–
LVI-Talo Kannosto OY / Parkano	Rest of Nordic	62	100	–
Jalasjärven Vesijohtoliike OY / Jalasjärvi	Rest of Nordic	62	100	–

All subsidiaries run operations in the installation sector.

Continuation Note 15. Participations in Group companies

Change during the year:	Parent Company 2017-12-31	2016-12-31
Opening accumulated cost	1,270	1,098
Acquisition/contribution made	20	172
Closing accumulated cost	**1,290**	**1,270**
Carrying amount	**1,290**	**1,270**

Note 16. Shares and participations reported in accordance with the equity method/ Participations in associated companies

Holding in associated companies

The Group has the following associated companies. No individual company is of significant importance to the Group:

Name/registered office	CIN	Holding, %	Carrying amount
Nya sjukhus-området i Malmö VS HB	969781-5158	50	–

Receivable from associated company	CIN	Carrying amount
Nya sjukhus-området i Malmö VS HB	969781-5158	1

	The Group 2017-12-31	2016-12-31
Opening accumulated cost	0	0
Acquisitions	–	–
Disposal	0	–
Closing accumulated cost	**–**	**0**
Carrying amount	**–**	**0**

Note 17. Other securities held as non-current assets

The Group's securities held as non-current assets primarily consist of pension provision funds and holdings in endowment insurance. The maturity dates on endowment insurance depends on the date when the individuals who are insured will take retirement.

	The Group 2017-12-31	2016-12-31
Opening accumulated cost	0	–
Added via acquisition	1	0
Sale	0	–
Closing accumulated cost	**1**	**0**
Carrying amount	**1**	**0**

Note 18. Deferred tax assets and tax liabilities

Deferred taxes arising from untaxed reserves, temporary differences and unutilised loss carryforwards are summarised as follows:

Change during the year:	2017-01-01	Reported in other comprehensive income	Reported in income statement	2017-12-31
Untaxed reserves	–30	–	–21	–51
Temporary differences	0	–	0	0
Unutilised loss carryforward	0	–	0	0
Total	**–30**	**–**	**–21**	**–51**

Change during the year:	2016-01-01	Reported in other comprehensive income	Reported in income statement	2016-12-31
Untaxed reserves	–20	–	–10	–30
Temporary differences	–1	–	1	0
Unutilised loss carryforward	2	–	–1	0
Total	**–19**	**–**	**–10**	**–30**

Deferred tax assets are reported for tax loss carryforwards to the extent that they are likely to be utilised through future taxable profits. The Group has reported deferred tax assets amounting to SEK 59 (479) thousand that can be utilised against future taxable profits.

Loss carryforwards do not have an expiration date.

Note 19. Other non-current receivables

	The Group 2017-12-31	2016-12-31
Opening accumulated cost	0	0
New receivables	1	0
Payments/amortisation	0	0
Closing accumulated cost	**1**	**0**
Carrying amount	**1**	**0**

Note 20. Inventories, etc.

Inventories consist of the following:	The Group 2017-12-31	2016-12-31
Finished goods	14	6
Total	**14**	**6**

Note 21. Accounts receivable

Ageing analysis of accounts receivable and provision for doubtful debts:

	The Group	
	2017-12-31	2016-12-31
Accounts receivable, gross	560	407
Provision for bad debt losses	–12	–4
Accounts receivable	**549**	**404**

	The Group	
	2017-12-31	2016-12-31
Accounts receivable not yet due	424	342
Accounts receivable, overdue 0-3 months	102	54
Accounts receivable, overdue 4-6 months	27	2
Accounts receivable, overdue more than 6 months	8	9
Provision for doubtful debts	–12	–4
Total	**549**	**404**

Change in the provision for doubtful debts for the Group is as follows:

	2017	2016
As of 1 January	4	1
Provision for doubtful debts	3	
Acquired doubtful debts	11	3
Receivables that have been written off as bad debt losses during the year	–1	0
Reversed unutilised amount	–5	0
As of 31 December	12	4

The carrying amounts, by currency, for the Group's accounts receivable are as follows:

	The Group	
	2017-12-31	2016-12-31
SEK	401	341
NOK	129	61
EUR	19	2
Total	**549**	**404**

Note 22. Contracts

	The Group	
	2017-12-31	2016-12-31
Receivables on clients	142	57
Liabilities to clients	–136	–63
Net amount in balance sheet	**6**	**–6**

Note 23. Prepaid expenses and accrued income

	The Group		Parent Company	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Prepaid rent	5	5	–	–
Prepaid insurance	5	2	–	–
Accrued income, bonuses, etc.	38	24	–	–
Other items	13	8	0	0
Carrying amount	**61**	**38**	**0**	**0**

Note 24. Cash and cash equivalents

Cash and cash equivalents includes the following:	2017-12-31	2016-12-31
Cash on hand and in bank accounts:	211	155
Short-term investments	–	4
Total	**211**	**159**

Note 25. Equity – Share capital

Share capital in the Parent Company consists entirely of fully paid ordinary shares with a quotient value of SEK 0.015 per share. The company has 47,023,270 Series A shares that are ordinary shares.

Subscribed and paid shares (thousands of shares):	2017-12-31	2016-12-31
At the beginning of the year	322	280
Bonus issue/withdrawal of shares	45,979	
New issue	722	42
Subscribed and paid shares	47,023	322
Total decided at year-end	**47,023**	**322**

Reserves

	Translation reserve	Available-for-sale financial assets	Total
As of 31 December 2015 / 1 January 2016	–	–	–
Exchange rate differences, Group companies	6	–	6
Revaluation of available-for-sale assets, gross		0	0
Revaluation of available-for-sale assets, tax		0	0
As of 31 December 2016	6	0	6
As of 1 January 2017	6	0	6
Exchange rate differences, Group companies	–15		–15
As of 31 December 2017	**–9**	**0**	**–9**

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 kronor, 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 company's 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 as per an 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 26. Provisions

All provisions are reported as "current" for the Group and Parent Company under "Provisions". The carrying amounts and changes in these are as follows:

The Group	Other	Total
Carrying amount 1 January 2016	7	7
Additional provisions	2	2
Carrying amount 31 December 2016	**9**	**9**
Additional provisions	0	0
Carrying amount 31 December 2017	**9**	**9**

Parent Company	Other	Total
Carrying amount 31 December 2016	–	–
Carrying amount 31 December 2017	–	–

Provisions that are reported as of the date of acquisition for a business combination are included in "Additional provisions" above. Provisions that are classified as "held-for-sale" are included in "Utilised amount" above.

Other provisions pertain to various legal requirements and other demands from customers, such as guarantees where the customer would be reimbursed for repair costs.

Typically, these claims are settled within 3 to 18 months from the time they are made, depending on the negotiating methods used to settle the claim. Because the settlement date for such claims depends, to a great extent, on how quickly the negotiations proceed with the various counterparties and government authorities, the Group is unable to reliably estimate the amounts that will eventually be paid to settle such claims more than 12 months from the closing date. Accordingly, the amount is classified as "current" in the consolidated financial statements.

Most of the other provisions reported as of 31 December 2016 are associated with claims presented in 2016 and settled in 2017. Management does not expect, based on the legal advice it has obtained, that the outcome for any of the remaining cases will result in significant losses exceeding the amount reported as of 31 December 2017. None of the provisions will be reported in more detail here for the purpose of avoiding an adverse effect on the Group's position in these disputes.

Note 27. Liabilities to credit institutions

Of the liability items listed below, the following amounts fall due for payment within five years.

	The Group		Parent Company	
Non-current	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Liabilities to credit institutions	649	360	141	98
Total	**649**	**360**	**141**	**98**

Note 28. Accounts payable

The carrying amounts for accounts payable are specified for each currency as follows:

	The Group		Parent Company	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
SEK	189	184	1	0
NOK	59	28	0	0
EUR	14	0	0	0
Total	**262**	**212**	**1**	**0**

Note 29. Accrued expenses and deferred income

	The Group		Parent Company	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Employee-related expenses	199	159	2	1
Interest	1	1	0	0
Other items	26	41	0	0
Carrying amount	**226**	**201**	**2**	**1**

Note 30. Pledged assets and contingent liabilities

	The Group		Parent Company	
Pledged assets	2017-12-31	2016-12-31	2017-12-31	2016-12-31
For own provisions and liabilities:				
Liabilities to credit institutions				
Pledged shares in Group companies	–	1,063	–	–
Chattel mortgages	1	233	–	–
Pledged accounts receivable	4	1,800	–	–
Other pledged assets	23	104	–	–
Other pledged assets:				
Chattel mortgages	58		–	–
Other pledged assets	7	1,039	–	–
	92	**4,239**	**0**	**0**
Contingent liabilities				
Performance guarantees	80	33	–	–
	80	**33**	**0**	**0**

Note 31. Transactions with related parties

The Instalco share became listed on Nasdaq Nordic Mid Cap on 11 May 2017. The largest shareholder is Herakles Holding Ltd (FSN Capital) with 10.8 (60.6) percent of the votes. Instalco Intressenter AB is no longer subject to a controlling interest by FSN Capital IV Limited Partnership. No transactions have occurred between them.

Any agreements pertaining to services rendered with related partier are on market terms. As of the closing date, there were no payables or receivables with related parties. No transactions that have significantly impacted the company's position and 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, see Note 5.

Note 32. Events after the closing date

The subsidiary company, OTK Klimat Installationer AB was involved in a dispute that was resolved after the end of the reporting period. The resolution was on a par with the provision that was made against 2017 profit.

During the first quarter of 2018, Instalco acquired Trel AB in Västerås with expected annual sales of SEK 75 million and 26 employees, Sprinklerbolaget i Stockholm AB with expected annual sales of SEK 77 and 45 employees and Vent och Värmeteknik VVT AB with expected annual sales of SEK 18 million and 11 employees. The companies belong to segment Sweden. The acquisition analysis is, as of the date of issue of the annual report, still preliminary.

Preliminary details on business acquisitions as follows:

Fair value of consideration at the time of acquisition	
Conditional consideration	9
Cash and cash equivalents	91
Non-controlling interests	0
Total consideration	**101**

Carrying amount of identifiable net assets	
Property, plant and equipment	2
Other current assets	38
Cash and cash equivalents	27
Deferred tax liability	–2
Other liabilities	–42
Total identifiable net assets	**23**
Goodwill from acquisitions	77
Total	**101**

Acquisition-related costs amount to, preliminarily, 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 13 million. The fair value of the conditional consideration is at Level 3 in the fair value hierarchy.

Goodwill of SEK 77 million that has arisen from the acquisition is not attributable to any particular balance sheet item and it is not expected to generate any synergy effects.

At the end of February, two additional companies were acquired, RIKELEKTRO AB with sales in 2017 of SEK 60 million and 30 employees. The acquisition date was 27 February and Instalco acquired 100 percent of the equity. The other acquisition was VVS-Kraft Teknikservice i Stockholm AB with sales in 2017 of SEK 85 million and 37 employees. The acquisition occurred on 28 February and Instalco acquired 100 percent of the equity. Both companies belong to segment Sweden. The preliminary acquisition analysis will be presented in the quarterly report for Q1 2018.

Note 33. Non-cash-flow-impacting adjustments and changes in working capital

The following non-cash-flow-impacting adjustments and changes in working capital have been made in earnings before tax in order to arrive at the cash flow from operating activities:

	The Group		Parent Company	
Amortisation and impairment of non-financial items	**2017**	**2016**	**2016**	**2016**
Amortisation	6	4	–	–
Change in accrued interest	0	1	0	–
Provisions	–1	1	–	–
Impairment losses	1	–	–	–
Capital gains (losses) from financial items	–3	–1	–	–
Capital gains (losses) from non-financial items	2	0	–	–
Other adjustments	17	2	0	–
Total	**21**	**8**	**1**	**0**

Note 34. Business combinations

In 2017, Instalco made the following acquisitions:

Acquired entities	Country	Acquisition date	Share of equity, %	Assessed annual sales, SEK m	Number of employees
VS-verksamhet / Gothenburg	Sweden	February	100	26	18
VS-verksamhet / Hvalstad	Norway	February	100	102	35
El-verksamhet / Helsinki	Finland	March	100	42	36
VS-verksamhet / Norrtälje	Sweden	March	100	38	16
VS-verksamhet / Helsinki	Finland	March	100	107	53
El-verksamhet / Bergen	Norway	June	100	167	130
El-verksamhet / Oslo	Norway	July	100	65	41
El-verksamhet / Helsinki	Finland	November	100	35	28
El-verksmahet / Borås	Sweden	December	100	107	30
El-verksamhet / Stockholm	Sweden	December	100	16	8
El-verksamhet / Gothenburg	Sweden	December	100	61	27
El-verksamhet / Malmö	Sweden	December	100	16	6
El-verksamhet / Gothenburg	Sweden	December	100	51	26
El-verksamhet / Gothenburg	Sweden	December	100	7	10
El-verksamhet / Gothenburg	Sweden	December	100	110	37
El-verksamhet / Gothenburg	Sweden	December	100	39	21
VS-verksamhet / Parkano	Finland	December	100	21	10
VS-verksamhet / Jalasjärvi	Finland	December	100	21	13

In 2016, Instalco made the following acquisitions:

Acquired entities	Country	Acquisition date	Share of equity, %	Assessed annual sales, SEK m	Number of employees
El-verksamhet / Helsinki	Finland	February	100	15	16
El-verksamhet / Klöfta	Norway	March	100	58	40
El-verksamhet / Klöfta	Norway	March	100	49	8
Kylverksamhet / Stockholm	Sweden	June	100	66	44
VS-verksamhet / Arboga	Sweden	July	100	36	35
Ventialtion- och VS-verksamhet / Mockfjärd	Sweden	July	100	93	41
VS-verksamhet/ Kjeller	Norway	July	100	52	26
Ventilationsverksamhet / Drammen	Norway	September	100	154	85
Ventilationsverksamhet / Malmö	Sweden	November	100	49	30
El-verksamhet / Södertälje	Sweden	December	100	104	49

No acquisition is individually significant for the Group, which is why the disclosures have been aggregated, below. Because of the acquisitions, the Group expects to increase its presence in these national and international markets. All of the acquisition analyses were established prior to the end of 2017.

Continuation Note 34. Business combinations

The details on business acquisitions are as follows:

	2017	2016
Fair value of consideration at the time of acquisition		
Conditional consideration	88	26
Cash and cash equivalents	554	409
Total consideration	**642**	**435**
Carrying amount of identifiable net assets		
Property, plant and equipment	18	7
Financial assets	–	5
Deferred tax assets	0	1
Other current assets	215	184
Cash and cash equivalents	160	102
Deferred tax liabilities	–4	–4
Other liabilities	–195	–166
Total identifiable net assets	**194**	**127**
Goodwill from acquisitions	446	307
Total	**640**	**435**
Transferred consideration in cash	554	409
Less: Acquired cash and cash equivalents	–160	–102
Net cash flow from acquisition	**394**	**306**
Settled conditional consideration attributable to acquisitions in prior years	31	19
Exchange rate difference	1	0
Total impact on cash and cash equivalents	**426**	**325**

Acquisition-related costs of SEK 10 (6) million are included in the item “Other operating expenses” in the consolidated income statement. Translation to IFRS gave an effect of SEK 0 (19) million attributable to additional consideration and acquisition costs compared to the cash flow analysis of SEK 0 (0) million.

In accordance with agreements on conditional consideration, the Group must pay additional consideration for future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 103 million. The fair value of the conditional consideration is at Level 3 in the fair value hierarchy. Conditional consideration is included in “Accrued expenses and deferred income” in the balance sheet and the amount reported as of 2017-12-31 was SEK 68 (26) million.

The table below shows changes in the reported amounts of conditional consideration:

	2017	2016
As of 1 January	26	3
Gains and losses reported in the income statement	–15	6
Paid conditional consideration	–31	–9
Added due to acquisitions during the year	88	26
Exchange rate difference	1	–
As of 31 December	**68**	**26**

The surplus value of SEK 446 million that arose in conjunction with 2017 acquisitions is entirely attributable to goodwill. Goodwill of SEK 307 million that arose in conjunction with 2016 acquisitions is attributable to goodwill in the Group. No other intangible assets have been identified that meet the requirements for separate reporting.

The revenue from 2017 acquisitions that is included in the consolidated income statement resulting from each individual acquisition amounts to SEK 344 million. Acquired entities in 2017 contributed SEK 51 million to earnings in 2017.

If entities acquired during the year had been consolidated as of 1 January 2017, the consolidated income statement would show additional revenue of SEK 759 million and additional earnings of SEK 102 million.

Note 35. Risks associated with financial instruments

Risk management goals and principles

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

The Group's risk management is coordinated at its headquarters in close cooperation with the Board and it actively focuses on securing the Group's short to medium-term cash flows by minimising exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The most significant financial risks that the Group is exposed to are described below.

Market risk

The Group is exposed to market risk through currency risk and interest rate risk as a result of operating activities and investing activities.

Currency risk

Transaction risk arises when future business transactions are expressed in a currency that is not the entity's functional currency. The Group's entities do not have significant transactions in currencies other than their functional currency, so the Group's transaction risk is insignificant.

In 2017, the Group had a number of holdings in foreign operations where the net assets of these are exposed to currency risks. The Group has elected not to hedge currency exposure that arises from the net assets in the Group's foreign operations because the risk has been assessed as insignificant. The table below presents the translation risk by showing how a possible change in the exchange rate for the currency of each foreign operation, holding all other variables constant, would impact the translation difference in other comprehensive income, which is reported as "Reserves" in equity.

	2017	2016
EUR/SEK +/– 10%	1	0
NOK/SEK +/–10%	3	1

Interest rate risk

The Group's interest rate risk is attributable to its non-current loans. Loans with a variable rate of interest expose the Group to interest rate risk in its cash flows. The Group's exposure to variable interest rates has not been significant during the year, which is why no risk management measures have been implemented. In 2017 and 2016, the Group's loans with a variable interest rate were in SEK.

The table below reveals the effect on the Group'e earnings after tax that would result from a possible change in interest rates on loans in SEK, holding all other variables constant. All earnings' effects pertain to the effect of higher/lower interest expenses on loans with a variable rate of interest. There is no additional impact on equity.

	2017	2016
25 base points higher/lower	2	1

For more information on the Group's borrowings, see Note 14.

Analysis of credit risk

Credit risk is the risk that a counterparty does not fulfil a commitment to the Group. The Group is exposed to this risk for various financial instruments, such as through its accounts receivable. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets on 31 December, as summarised below:

Types of financial assets – carrying amounts	2017	2016
Cash and cash equivalents	211	159
Accounts receivable and other receivables	549	404
Total	**760**	**563**

The Group continually monitors suspended payments from customers and other counterparties, identified individually or as a group by the Group, and incorporates this information into its credit risk controls. If external credit ratings and/or reports regarding customers and other counterparties are available at a reasonable cost, they are obtained and used. The Group's policy is to only do business with creditworthy counterparties.

The Group's management believes that all of the above financial assets that have not been written down or expired on 31 December have a high level of creditworthiness.

As of 31 December, the Group had certain accounts receivable that had not been settled on the agreed maturity date, but which are not considered to be doubtful accounts. The amounts as of 31 December, by length of time overdue, are specified below:

Overdue:	2017	2016
Not more than three months	102	54
More than three months but not more than six months	27	2
More than six months	8	9
Total	**136**	**66**

For accounts receivable and other receivables, the Group is not exposed to any significant credit risks in respect of any individual counterparty or group of counterparties with similar characteristics. Accounts receivable consist of a large number of customers in various sectors and geographic areas. Based on historical information on the customer's suspended payments, Group management has determined that accounts receivable that have not yet fallen due for payment or been written down still have a high level of creditworthiness.

Credit risk for cash and cash equivalents is negligible, since the counterparties are reputable banks with high credit ratings from external assessors.

Analysis of liquidity risk

Liquidity risk is the risk that the Group is unable to fulfil its obligations. The Group manages its liquidity needs by monitoring planned payments on non-current financial liabilities and forecast payments to be made and received in daily operations. The data used to analyse these cash flows is consistent with the data used in the analysis of agreed maturities below. Liquidity needs are monitored for various periods of time, i.e. daily and weekly, as well as in a rolling thirty-day forecast. Long-term

Continuation Note 35. Risks associated with financial instruments

liquidity needs for a period of 180 days and 360 days are identified monthly. The net cash requirements are compared with available credit facilities to determine the safety margin or any deficits. This analysis shows that available loan facilities are expected to be sufficient during this period.

The Group's goal is to have liquid assets and marketable securities that meet liquidity requirements for periods of at least 30 days. This goal was achieved during the reporting periods. The financing of long-term liquidity needs is also hedged by an appropriate amount of granted credit facilities and the ability to sell long-term financial assets.

The Group takes into account the expected cash flows from financial assets in assessing and managing liquidity risk, in particular cash reserves and accounts receivable. The Group's existing cash reserves and accounts receivable significantly exceed the current requirements for cash outflows. All of the cash flow from accounts receivable and other receivables falls due within six months.

As at December 31, 2017, the Group's financial liabilities that are not derivative contracts have maturities (including interest payments if applicable) that can be summarised as follows:

	Current		Non-current	
2017-12-31	Within 6 months	6-12 months	1-5 years	More than 5 years
Liabilities to credit institutions	–	–	649	–
Accounts payable and other liabilities	332	–	–	–
Total	**332**	**–**	**649**	**–**

This can be compared with the maturities of previous reporting periods for the Group's financial liabilities that are not derivatives as follows:

	Current		Non-current	
2016-12-31	Within 6 months	6-12 months	1-5 years	More than 5 years
Liabilities to credit institutions	4	4	–	392
Accounts payable and other liabilities	250	–	–	–
Total	**254**	**4**	**–**	**392**

Note 36. Proposed disposal of Parent Company's profit or loss

The following retained earnings shall be appropriated by the AGM (SEK t):

	2017-12-31
Share premium reserve	811,913
Retained earnings	405,939
Loss for the year	–20,611
	1,197,241
The Board and CEO recommend that	
SEK 1.10 per share is paid as dividends	52,129
the following amount is carried forward	1,145,112
	1,197,241

The dividend amount has been calculated on the number of outstanding shares as of 2018-02-28, which was 47,390,144 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 37. Items affecting comparability

	2017	2016
Additional consideration	–15	6
Acquisition costs	9	6
Costs associated with refinancing	1	2
Preparation costs associated with IPO	25	2
Total	**20**	**16**

Note 38. Quarterly information

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Sales figures								
Net sales	935	708	781	689	777	556	599	474
Growth in net sales, %	20.3	27.3	30.5	45.2	59.7	65.6	97.0	95.7
Performance measure								
EBIT	94	52	61	37	58	11	49	23
EBITA	94	52	61	37	58	11	49	23
EBITDA	96	54	62	38	60	12	49	23
Adjusted EBITA	101	48	69	45	61	15	55	25
Adjusted EBITDA	103	50	71	46	63	16	56	26
Margins								
EBIT margin, %	10.0	7.4	7.8	5.3	7.4	2.0	8.1	4.8
EBITA margin, %	10.0	7.4	7.8	5.3	7.4	2.0	8.1	4.8
EBITDA margin, %	10.2	7.6	8.0	5.5	7.7	2.2	8.2	4.9
Adjusted EBITA margin, %	10.8	6.8	8.9	6.5	7.8	2.7	9.2	5.3
Adjusted EBITDA margin, %	11.0	7.0	9.1	6.7	8.1	2.9	9.3	5.5
Capital structure								
Working capital	–1	15	–26	–69	–17	3	15	35
Working capital in relation to net sales,% (12-months rolling)	0.0	0.5	–0.9	–2.6	–0.7	0.1	0.8	2.2
Interest-bearing net debt	446	392	346	302	241	210	265	293
Gearing ratio, %	56.2	55.9	52.8	49.5	43.5	40.6	78.0	99.3
Interest-bearing net debt in relation to EBITDA (12-months rolling)	1.8 times	1.8 times	2.0 times	1.9 times	1.7 times	1.7 times	2.5 times	4.4 times
Other								
Order backlog	3,194	2,611	2,496	2,189	1,999	1,911	1,683	1,650
Number of operating entities at the end of the period	46	33	32	34	29	27	19	18
Average number of employees	1,781	1,594	1,578	1,466	1,240	1,221	1,082	1,043
Number of employees at the end of the period	1,844	1,631	1,590	1,470	1,295	1,257	1,120	1,060
Sweden								
Net sales	663	530	633	593	663	492	532	452
EBITA	72	49	63	52	62	23	54	26
EBITA margin, %	10.8	9.2	10.0	8.8	9.4	4.7	10.1	5.7
Adjusted EBITA	72	49	63	52	62	23	54	26
Adjusted EBITA margin, %	10.8	9.2	10.0	8.8	9.4	4.7	10.1	5.7
Number of operating entities at the end of the period	30	21	21	24	22	20	16	15
Rest of Nordic								
Net sales	273	179	149	95	115	64	67	22
EBITA	33	3	13	–2	10	–5	6	2
EBITA margin, %	12.3	1.9	8.7	–2.1	8.5	8.4	8.2	7.1
Adjusted EBITA	33	3	13	–2	10	–5	6	2
Adjusted EBITA margin, %	12.3	1.9	8.7	–2.1	8.5	8.4	8.2	7.1
Number of operating entities at the end of the period	13	12	11	10	7	7	3	3

Note 39. Key figures not defined in accordance with IFRS

	2017	2016
Sales figures		
Net sales	3,114	2,407
Growth in net sales, %	29.4	75.8
Organic growth in net sales, %	–1.7	22.0
Acquired growth in net sales, %	31.1	53.9
Change in exchange rates	–9	–
Performance measure		
EBIT	244	140
EBITA	244	140
EBITDA	250	144
Adjusted EBITA	264	156
Adjusted EBITDA	270	160
Margins		
EBIT margin, %	7.8	5.8
EBITA margin, %	7.8	5.8
EBITDA margin, %	8.0	6.0
Adjusted EBITA margin, %	8.5	6.5
Adjusted EBITDA margin, %	8.7	6.7
Cash flow and returns		
Operating cash flow	228	289
Cash conversion, %	84.5	180.0
Return on equity, %	25.4	22.2
Capital structure		
Working capital	–1	–17
Working capital as a percentage of net sales, %	0.0	–0.7
Interest-bearing net debt	446	241
Gearing ratio, %	56.2	43.4
Other		
Order backlog	3,194	1,999
Number of entities at the end of the period	46	29
Average number of employees	1,539	1,240
Number of employees at the end of the period	1,844	1,295

Note 40. Reconciliation tables, by year

Calculation of organic growth in net sales	2017	2016
Net sales	3,114	2,407
Acquired net sales	748	737
Changes in exchange rates	–9	–
A) Comparison figures with last year	2,366	1,670
B) Net sales last year	2,407	1,369
(A/B) Organic growth in net sales, %	**–1.7**	**22.0**
PERFORMANCE AND MARGIN MEASURES		
(A) Operating profit/loss (EBIT)	**244**	**140**
Depreciation/amortisation and impairment of acquisition-related intangible assets	–	–
(B) EBITA	**244**	**140**
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	6	4
(C) EBITDA	**250**	**144**
Items affecting comparability		
Additional consideration	–15	6
Acquisition costs	9	6
Costs associated with refinancing	1	2
Listing costs	25	2
Sponsoring costs	–	–
Total adjustments	**20**	**16**
(D) Adjusted EBITA	**264**	**156**
(E) Adjusted EBITDA	**270**	**160**
(F) Net sales	**3,114**	**2,407**
(A/F) EBIT margin, %	7.8	5.8
(B/F) EBIT margin, %	7.8	5.8
(C/F) EBIT margin, %	8.0	6.0
(D/F) Adjusted EBITA margin, %	8.5	6.5
(E/F) Adjusted EBITDA margin, %	8.7	6.7
CASH FLOW AND RETURNS		
Calculation of operating cash flow and cash conversion		
(A) Adjusted EBITDA	270	160
Net investments in property, plant and equipment, financial assets and intangible assets	–1	–4
Changes in working capital	–41	132

Continuation Note 40. Reconciliation tables, by year

(B) Operating cash flow	**228**	**289**
(B/A) Cash conversion %	**84.5**	**180.0**
Calculation of return on equity	**2017**	**2016**
(A) Profit (loss) for the year	171	91
Equity at the beginning of the period	553	266
Equity at the end of the period	793	553
(B) Average total equity	673	410
(A/B) Return on total equity, %	**25.4**	**22.2**

CAPITAL STRUCTURE		
Calculation of working capital and working capital in relation to net sales		
Inventories	14	6
Accounts receivable	549	404
Receivables on clients	142	57
Prepaid expenses and accrued income	61	38
Other current assets	38	10
Accounts payable	–262	–212
Liabilities to clients	–136	–63
Other current liabilities	–180	–46
Accrued expenses and deferred income, including provisions	–226	–210
(A) Working capital	**–1**	**–17**
(B) Net sales	3,114	2,407
(A/B) Working capital as a percentage of net sales, %	**0.1**	**–0.7**

Calculation of interest-bearing net debt, gearing ratio and interest-bearing net debt as a percentage of EBITDA		
Non-current, interest-bearing financial liabilities	657	392
Current, interest-bearing financial liabilities	0	8
Other marketable securities	0	–4
Cash and cash equivalents	–211	–155
(A) Interest-bearing net debt	**446**	**241**
(B) Equity	793	553
(A/B) Gearing ratio, %	**56.2**	**43.4**
(C) EBITDA	250	144
(A/C) Interest-bearing net debt in relation to EBITDA, times	**1.8**	**1.7**

Note 41. Reconciliation tables, by quarter

Earnings measures and margin measures	In accordance with IFRS							
SEK t	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
(A) Operating profit/loss (EBIT)	**94**	**52**	**61**	**37**	**58**	**11**	**49**	**23**
Depreciation/amortisation and impairment of acquisition-related intangible assets	–	–	–	–	–	–	–	–
(B) EBITA	**94**	**52**	**61**	**37**	**58**	**11**	**49**	**23**
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	2	1	1	1	2	1	1	1
(C) EBITDA	**96**	**54**	**62**	**38**	**60**	**12**	**49**	**23**
Items affecting comparability								
Additional consideration	7	–9	–16	4	–	–	6	–
Acquisition costs	1	2	4	2	1	3	–	2
Costs associated with refinancing	–	–	–	1	1	–	–	–
Listing costs	–	2	20	2	1	1	–	–
Total, items affecting comparability	**7**	**–4**	**8**	**8**	**3**	**4**	**6**	**3**
(D) Adjusted EBITA	**101**	**48**	**69**	**45**	**61**	**15**	**55**	**25**
(E) Adjusted EBITDA	**103**	**50**	**71**	**46**	**63**	**16**	**56**	**26**
(F) Net sales	**935**	**708**	**781**	**689**	**777**	**556**	**599**	**474**
(A/F) EBIT margin, %	*10.0*	*7.4*	*7.8*	*5.3*	*7.4*	*2.0*	*8.1*	*4.8*
(B/F) EBIT margin, %	*10.0*	*7.4*	*7.8*	*5.3*	*7.4*	*2.0*	*8.1*	*4.8*
(C/F) EBIT margin, %	*10.2*	*7.6*	*8.0*	*5.5*	*7.7*	*2.2*	*8.2*	*4.9*
(D/F) Adjusted EBITA margin, %	*10.8*	*6.8*	*8.9*	*6.5*	*7.8*	*2.7*	*9.2*	*5.3*
(E/F) Adjusted EBITDA margin, %	*11.0*	*7.0*	*9.1*	*6.7*	*8.1*	*2.9*	*9.3*	*5.5*

Continuation Note 41. Reconciliation tables, by quarter

Capital structure	In accordance with IFRS							
Amounts in SEK m	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Calculation of working capital and working capital in relation to net sales								
Inventories	14	9	10	10	6	5	4	4
Accounts receivable	549	457	416	353	404	349	296	264
Earned, but not yet invoiced revenue	142	144	117	115	57	54	48	45
Prepaid expenses and accrued income	61	31	23	24	38	17	18	29
Other current assets	38	35	36	20	10	9	9	9
Accounts payable	–262	–249	–231	–223	–212	–221	–175	–151
Invoiced, but not yet earned income	–136	–137	–116	–98	–63	–24	0	0
Accrued expenses and deferred income, including provisions	–180	–105	–82	–54	–46	–18	–30	–20
Other current liabilities	–226	–170	–199	–215	–210	–169	–155	–145
(A) Working capital	**–1**	**15**	**–26**	**–69**	**–17**	**3**	**15**	**35**
(B) Net sales (12-months rolling)	3,114	2,956	2,804	2,621	2,407	2,116	1,896	1,601
(A/B) Working capital as a percentage of net sales, %	**0.0**	**0.5**	**–0.9**	**–2.6**	**–0.7**	**0.1**	**0.8**	**2.2**
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	657	618	615	493	392	444	321	375
Current, interest-bearing financial liabilities	0	0	0	8	8	0	40	40
Short-term investments	0	0	–4	–4	–4	–4	–4	–4
Cash and cash equivalents	–211	–226	–265	–194	–155	–229	–92	–118
(A) Interest-bearing net debt	**446**	**392**	**346**	**302**	**241**	**210**	**265**	**293**
(B) Equity	793	702	656	611	553	518	340	295
(A/B) Gearing ratio, %	**56.2**	**55.9**	**52.8**	**49.5**	**43.4**	**40.6**	**78.0**	**99.3**
(C) EBITDA (12-months rolling)	250	214	172	159	144	124	105	66
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	**1.8**	**1.8**	**2.0**	**1.9**	**1.7**	**1.7**	**2.5**	**4.4**

Note 42. Approval of the financial statement

The consolidated financial statement for the reporting period ending on 31 December 2017 (including comparison figures) was approved by the Board on 20 March 2018.
Board of Directors' assurance:
The Board of Directors and the CEO ensure that the consolidated accounts and the annual accounts have been prepared in accordance with IFRS and generally accepted accounting principles, and that they give 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, 20 March 2018

Olle Ehrlén Board member	Peter Möller Board member	Johnny Alvarsson Board member
Kennet Lundberg Board member	Göran Johnsson Board member	Anders Eriksson Board member

Per Sjöstrand
CEO

Our auditor's report was submitted on 20 March 2018

Grant Thornton Sweden AB

Jörgen Sandell

Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Instalco Intressenter AB (publ), corporate identity number 559015-8944

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Instalco Intressenter AB (publ) for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 35-84 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position the financial position of parent company as of December 31, 2017, and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2017, and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not include the corporate governance report in pages 38-45. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for opinions

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

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgement, 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 whole, but we do not provide a separate opinion on these matters.

Revenues and income recognition from installation contracts (group)

The group reports revenue and income recognition from installation contracts based on percentage of completion method, as the degree of completion. The degree of completion is assessed on actual costs in relation to the total projected costs for each project. Furthermore, unforeseen costs that are due to individual project risks and requirements are considered.

The reporting of revenue from installation contracts requires significant assessments and assumptions in determining actual processing and calculation for completing the project. This affects revenue and income recognition from installation contracts and may therefore have a significant impact on the Group's revenue and earnings.

The audit has included evaluating processes and procedures for the Group's assessments and considering regarding revenue recognition for installation contracts. We have, among other things, assessed the Group's forecasting ability by evaluating the financial performance compared to budget and historical outcome. Furthermore, we have reviewed forecasts for the projects regarding unforeseen costs and identified claims from customers.

For further information, please refer to the Group's accounting principles on pages 58 and 61 of the annual report.

Valuation of goodwill (group) and participation in group companies (parent company)

The Group's reported value for intangible fixed assets in terms of goodwill amounts to MSEK 1,260 at 2017-12-31, which is approximately 55 percent of total assets. Intangible assets with an indefinite utilisation period shall be subject to impairment testing, annually or upon indication of impairment. When testing impairment, calculations are made based on assumptions and assessments including discount rates, growth and forecasted cash flow. A similar impairment assessment is performed by the parent company regarding the value of shares in subsidiaries. An impairment test is complex and contains significant elements of assessments and assumptions.

The audit has included assessing the Group's impairment tests to ensure that it has been conducted in accordance with the regulatory framework of the IFRS. As part of our review, we assessed the fairness of future cash flows and the assumed discount rate by taking part in and assessing Group Management’s assumptions and forecasts as well as previous years assessments in relation to actual outcomes.

Furthermore, we have involved our own valuation specialists in terms of methodology and discount rates as well as macroeconomic aspects. The review also includes assessing the Group’s sensitivity analysis based on reasonably possible changes in the Group’s assumptions and providing required disclosures.

For further information, please refer to the Group’s accounting policies on pages 59, 61 and 62 and disclosure 12 Goodwill of the annual report.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1 – 34 and 89 – 92. The board of directors and the managing director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The audit committee shall, without prejudice of the board of director´s responsibilities and tasks in general, among other things oversee the company´s financial reporting process.

Auditor's responsibility

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

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

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company’s and the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the

related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the mattes communicated with the board of directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor´s report unless law and regulation preclude disclosure about the matter of when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor´s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Instaclo Intressenter AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:
- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor´s examination of the corporate governance statement

The board of directors is responsible for that the corporate governance statement on pages 38 – 45 has been prepared in accordance with the Annual Accounts Act.

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

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

The auditor´s opinion regarding the statutory sunstainability report

The board of directors is responsible for the statutory sustainability report on pages 23 – 28 and 30, and that it its prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

Grant Thornton Sweden AB was appointed auditor of Instalco Intressenter AB (publ) by the general meeting of shareholders on the April 10, 2017 and has been the company´s auditors since September 7, 2015.

Stockholm March 20, 2018

Grant Thornton Sweden AB

Jörgen Sandell
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**
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.
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.
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.
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 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.
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.
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.
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.
Adjusted EBITA	EBITA adjusted for items affecting comparability.	Adjusted EBITA increases comparability of EBITA.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Adjusted EBITDA increases comparability of EBITDA.
Adjusted EBITA margin	EBITA adjusted for items affecting comparability, as a percentage of net sales.	Adjusted EBITA margin, excluding the effect of items affecting comparability, which facilitates a comparison of the underlying operational profitability.
Adjusted EBITDA margin	EBITDA adjusted for items affecting comparability, as a percentage of net sales.	Adjusted EBITDA margin, excluding the effect of items affecting comparability, which facilitates a comparison of the underlying operational profitability.

Key figures	Definition/calculation	Purpose
Items affecting comparability	Items affecting comparability, like additional consideration, acquisition costs, the costs associated with refinancing, sponsorship costs and listing costs.	By excluding items affecting profitability, it is easier to compare earnings between periods.
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.
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.
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.
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.
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.
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.
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.
Operating profit/loss, adjusted	Operating profit/loss adjusted for items affecting comparability.	Operating profit/loss, adjusted, facilitates comparability of operating profit/loss.

Shareholder information

Additional information

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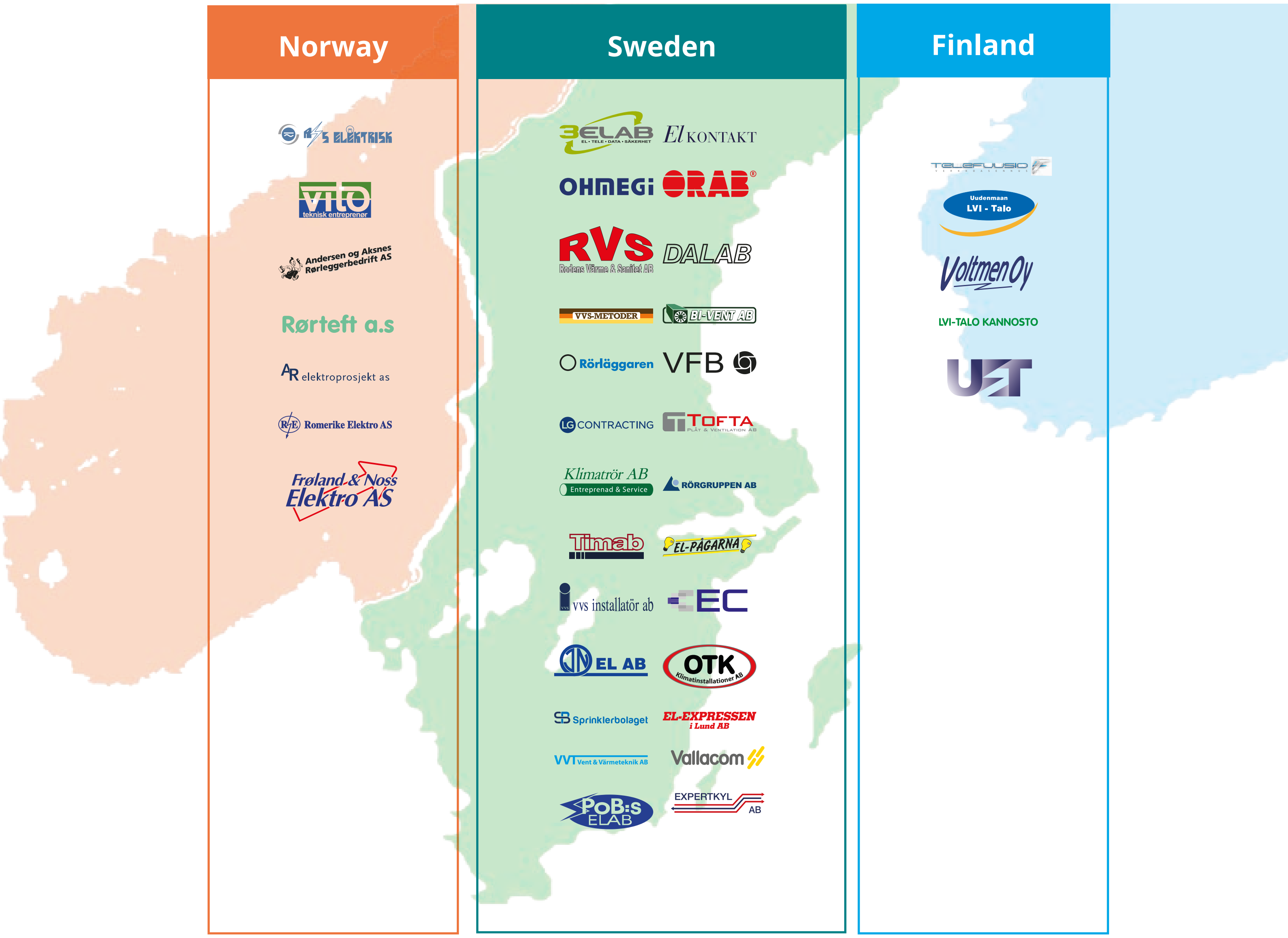
Lotta Sjögren CFO lotta.sjogren@instalco.se +46 70-999 62 44

Financial calendar

Interim report January-March	8 May 2018
AGM	8 May 2018
Interim report January-June	23 August 2018
Interim report January-September	8 November 2018
Year-end report	February 2019

Instalco's subsidiaries as of 16 February 2018



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