

Annual report 2020

Instalco
offers complete heating
& plumbing, electrical,
ventilation, cooling and
industrial solutions, as well
as technical consulting in the
Nordic market.

INSTALCO



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What

Instalco offers technical design, installation services, maintenance and service of properties and plants in six main areas:



HEATING & PLUMBING



ELECTRICITY



VENTILATION



COOLING



INDUSTRIAL

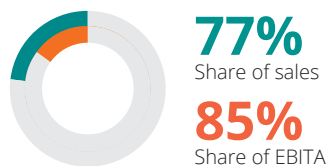


TECHNICAL CONSULTING

Where

In the Nordic region, Instalco is a leader in its sector and, via its more than 85 companies, is represented in Sweden, Norway and Finland.

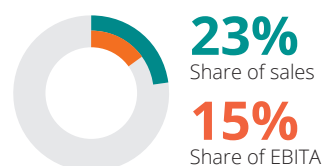
SWEDEN



SWEDEN

SEK m	2020	2019	Change, %
Sales	5,451	4,221	+29
EBITA	537	418	+28
Number of companies	59	47	+25
Number of employees	2,891	2,316	+25

REST OF NORDIC



REST OF NORDIC

SEK m	2020	2019	Change, %
Sales	1,671	1,470	+14
EBITA	94	121	-22
Number of companies	25	21	+19
Number of employees	950	774	+23

To whom

Instalco's customers are primarily construction companies and property owners working with commercial facilities, as well as offices and residential property. Some of Instalco's major customers are government authorities engaged in the construction of schools, preschools, nursing homes, clinics and hospitals. Other customers include major retailers, refrigeration companies, caterers, companies in the food industry, county councils, municipalities, municipal companies, public administration organisations, shipping companies and industrial companies.



2020 in brief

January – March

- El-Pågarna, Rörläggaren and Bi-Vent collaborate with JM in Malmö on a project for new construction of 105 apartments. They are responsible for the electrical, heating & plumbing and ventilation work.
- Acquisition of Elinstallationer Ullsand Bengtsson AB, Haug og Ruud VVS AS, and Östersjö Elektriska AB.

April – June

- PoB:s Elektriska and El-Pågarna sign a new 3-year framework agreement with JM for electrical installations in conjunction with future construction projects.
- Acquisition of the Avent Group, Norrtech VVS och Industri AB, Teampipe Sweden AB i Uppsala, Miljöventilation i Mellannorrland AB and Sähkö-Arktia Oy.

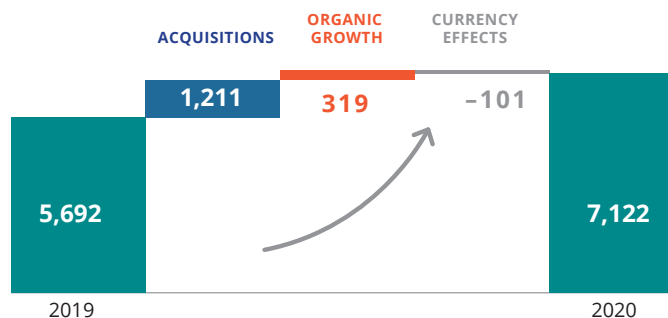
July – September

- Instalco signs a new credit agreement with Danske Bank that is linked to Instalco's new sustainability programme, Sustainable Installations.
- Acquisition of FTX Teknik & Service AB, Uudenmaan Lämpöteknikka Oy, VentPartner Group, Boman El och Larmtjänst AB, Tornby El AB and MR Rör i Storstockholm AB.

October – December

- ELUB completes the comprehensive lighting project at Fortnox headquarters in Växjö.
- Acquisition of M.E. Solutions AB, High Pressure Welding Sweden AB, Selek Elentreprenad AB and Metro Rörleggerservice AS.

REVENUE GROWTH, SEK M



KEY FIGURES

SEK m	2020	2019	Change, %
Net sales	7,122	5,692	+25
Operating profit/loss (EBIT)	604	492	+23
Operating profit/loss (EBIT), %	8.5	8.6	
EBITA	605	493	+23
EBITA margin, %	8.5	8.7	
Adjusted EBITA ¹⁾	625	500	+25
Adjusted EBITA margin, %	8.8	8.8	
Earnings before taxes	594	473	+26
Cash flow from operating activities	689	495	+39
Order backlog	6,625	4,865	+36
Earnings per share (SEK)	9.00	7.58	+19
Dividends per share (SEK)	2.70 ²⁾	2.30	+17

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

2) Proposed dividend.



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

CEO Comments

Sustainable installations that create value

During the year, Instalco continued its growth journey by, among other things, expanding the scope of its operations and putting more focus on sustainability efforts.

2020 was an unusual year in many ways. The COVID-19 pandemic has been foremost on everyone's mind, which we have all had to cope with and manage. Instalco has adapted to the situation and continued its intensive growth journey. The Group now consists of 84 companies and nearly 3,900 employees, with total annual sales of SEK 7.1 billion.

I am very proud of how we have dealt with the pandemic, both in our sector overall and Instalco specifically. Despite the crisis, we have been able to successfully adapt, implementing our projects and assignments with the same quality and tempo as in ordinary circumstances. We have also continued delivering a very strong performance and earnings to our shareholders. Thanks to Instalco's structure, we have enormous flexibility and the ability to adapt to changes in the market situation.

Neither has the Corona pandemic impacted our rate of acquisition. We have continued acquiring high-quality companies, each of which injects energy and new expertise to the Group. During the year, we made 18 acquisitions, of which 14 were in Sweden, 2 in Norway and 2 in Finland.

My conclusion is that interest in Instalco is growing all the time and that applies to entrepreneurs, customers, investor and

shareholders alike. Joining the Instalco Group has proven to be beneficial, so our good reputation spreads, like ripples in water. I continue to be impressed by the enormous energy and entrepreneurial spirit that thrives in our subsidiaries, along with the power and motivation it generates.

Despite the pandemic, we have been able to successfully adapt, implementing our projects and assignments with the same quality and tempo as before.

Expansion to Technical Consulting and Industrial

I have frequently mentioned how important it is for an installation company get involved in a construction project in the early stages so that we can suggest the most sustainable, technical and financially advantageous solutions to the customer based on our specialist expertise. In 2020, we made significant progress in this area by starting up our new discipline and business area, Technical Consulting.

Here, we see great potential to develop the installation and construction sector by integrating design and planning with

technical execution and service. With our own technical consultants, we will be able to get involved at an even earlier stage, with a wider offering, to even more customers. It is a move that brings project design and planning into the realm of the installation sector, which is where I feel it belongs.

Our Technical Consulting team consists of engineers with expertise in the following areas: electrical, ventilation, heating & plumbing, industrial and fire protection. Although the core business here is project planning and design, we offer a range of other services including inspection, coordination of installation work, environmental coordination, risk management, cost estimates and surveys. Our Instalco subsidiary, Intec, plays a key role in all of this and it currently has around one hundred technical consultants working throughout most of Sweden. The goal is for Intec to offer a full range of installation consulting services throughout the Nordic region.

During the year, we also expanded our Industrial business area. This was done primarily by acquiring companies that are specialised in installations for the industrial sector, such as Teampipe, Selekt and HP Welding. The acquisition of Mesab also strengthened our offering in the Industrial discipline. It specialises in installation and



retrofitting of Ballast Water Treatment Systems and Exhaust Gas Cleaning Systems for the marine sector.

Sustainability is an integral part of our everyday life

We know, too, that environmental awareness, generating benefits to society and sustainable entrepreneurship are of growing importance for us, our clients, end customers and not

least among the general public. I am happy that interest in ESG issues and sustainability keeps

“ We strive to, each day, contribute to a sustainable world through our local presence and our technical and efficient solutions in all disciplines.”

rising all the time because it is vital to the future of our planet and society. For Instalco, as an installation company, we can make a significant contribution by offering solutions that reduce the burden on the climate and environment. We can play a key role here, using our knowledge and expertise to suggest the most energy-efficient and energy-saving installations to customers for their new construction and renovation projects. Because, that's what we know best.

For us, sustainability means running operations responsibly and applying a holistic approach to the economic, environmental and social aspects. We strive to, each and every day, contribute to a sustainable world through our local presence and technical, efficient solutions in all disciplines. Providing safe, sustainable installations is a high priority for us. We also put much emphasis on having a safe, stimulating work environment.

I am very proud of our new sustainability programme which was launched during the

year. A key component of it is our certification system, “Sustainable Instalco Project”, which we have developed ourselves. Sustainability certification serves as a stamp of quality for the project, customer, Instalco and our subsidiaries involved in the project. By year-end we had executed 27 Sustainable Instalco Projects. In 2021, we will continue implementing the sustainability programme throughout the Group and introducing it to both new

companies and employees that join us. For each and every one of us at Instalco, sustainability is an integral part of our everyday life.

Synergies and cross-selling

Creating synergies and cross-selling between our companies are fundamental cornerstones of Instalco's business model. We frequently have situations where two or more Instalco companies are working on the same project, which simplifies things for the customer and provides value added. The most prominent example of this during the year is the large project where hospitals in Eskilstuna, Katrineholm and Nyköping will be expanded and modernised. We have six Instalco companies participating in the project under the leadership in Rögruppen and Ohmegi. The clients are NCC and Region Södermanland and it is also Instalco's biggest project to date.

We are certainly proud of being engaged in such prestigious projects as this, but I must still point out that the backbone for our healthy margins is the large quantity of very well-run small and medium-sized projects that we carry out on a daily basis.

I also frequently talk about the scalability of the Instalco model. An example of that is how we divided one of our business areas into two parts during the year. It demonstrates how the model works in the same way, regardless of how much we grow. Going forward, we will continue expanding our offering and widening our geographic scope as well.

High demand despite an uncertain future

The market for technical installations and service in Sweden, Norway and Finland has been stable for quite some time and demand is high. Nevertheless, it is difficult to assess the market outlook due to the ongoing pandemic. In general, the rate of growth for construction in the public sector (e.g. schools, preschools, hospitals, clinics and nursing homes) is still high.

Production of new rental apartments and condominiums remains at a relatively stable level. Still however, the level of new development for residential property is below what is needed to satisfy the long-term needs. Basic industry is on the brink of a major transition to more climate-neutral production, which will increase the demand for our services.

I look forward to 2021 as yet another exciting and eventful year for Instalco. In conclusion, I would like to thank each and every employee at our subsidiaries for your dedication and efforts. You create our value and are the reason for our success.

Per Sjöstrand
President and CEO



CFO Comments

Continued high rate of acquisition and high earnings

Despite the pandemic, Instalco has continued delivering high earnings, high profitability and a strong cash flow. It creates the conditions for continued growth, both organically and through acquisitions.

In 2020, Instalco reported net sales of SEK 7,122 million, EBITA of SEK 605 million and an EBITA margin of 8.5 percent. Growth was good and order backlog is very strong. The Board of Directors is proposing to the AGM a dividend of SEK 2.70, which is an increase of 17 percent compared to the year before. It is also in line with our dividends policy of distributing 30 percent of net profit.

During the year, we continued successfully pursuing our acquisition strategy and acquired 18 companies. All of the acquired companies are profitable, with strong brands and each of them contributes in their own unique way to the Instalco Group.

Continued high acquisition potential

Our assessment is that there is still high growth potential via acquisitions throughout the Nordic region. We still have several geographic areas to focus on and in places where we already are established, our aim is to become multidisciplinary. Instalco also became established at new locations during the year, such as Växjö, Sundsvall, Norrköping, Avesta, Örebro and Bärums (near Oslo) along with strengthening its pres-

ence in Norrtälje, Linköping, Lillehammer, Uleåborg and Helsinki and adding new disciplines in Kalmar, Umeå, Uppsala and Stockholm.

As we continue acquiring companies, our own network also grows. Our Business Area Managers are increasingly getting involved in the acquisition process and the CEOs of our 84 subsidiaries are also involved in the effort since, in their market, they know who would be a nice fit with the Instalco family and our model, and who wouldn't.

“With our good earnings and high cash flow, Instalco stands financially strong. It creates the conditions for continuing to actively pursue our acquisition agenda.”

Evidence that the model works

We've now gotten several years under our belt, at times good, at times more challenging. Through it all, we've been able to prove that the Instalco model works. Instalco's highly decentralised organisation triggers entrepreneurial spirit and a high level of enthusiasm and dedication. With our model, the owners of companies that we acquire

become part-owners of Instalco, which creates a strong incentive for everyone to act in their own and each other's best interests. If anyone should need help or assistance, the others are there to provide it.

Financially strong

With our good earnings and high cash flow, Instalco stands financially strong. It creates the conditions for continuing to actively pursue our acquisition agenda. We will continue acquiring the best companies, aligning them and creating synergies. There is a great deal of entrepreneurial spirit at Instalco, along with healthy competitiveness between our subsidiaries. They compete among themselves to be best, but still support and encourage each other's development.

Exceeding our financial targets

One of Instalco's financial targets is for average sales growth to be at least 10 percent per year over one business cycle. Growth shall occur through a combination of organic growth and successful acquisitions. Another target is for us to achieve an adjusted EBITA margin of 8.0 percent.



Furthermore, Instalco's ratio of net debt/adjusted EBITDA should not exceed 2.5. Instalco strives to achieve a cash conversion rate of 100 percent on a rolling 12-month basis over one business cycle. And lastly, Instalco's goal is to distribute 30 percent of its profit after tax as dividends.

Instalco achieved and surpassed all of its financial targets in 2020. For more details on our targets and results, please see below, along with the information on pages 8 and 9.

Net sales

In 2020, net sales increased by 25.1 percent. Organic growth was 5.6 percent and acquired growth was 21.3 percent. Fourteen subsidiaries were acquired during the year, with estimated annual sales of SEK 1,148 million in Sweden. Two subsidiaries were acquired in Norway with estimated annual sales of SEK 136 million and two subsidiaries were acquired in Finland with estimated annual sales of SEK 158 million. Thus, during the year, we acquired companies with total sales of just over SEK 1,440 million.

EBITA

EBITA increased by SEK 112 million to SEK 605 million and EBITA margin was 8.5 percent. Adjusted for costs associated with, for example, acquisitions, the EBITA margin was 8.8 percent.

Segment Sweden delivered a very strong performance, but the results for Rest of Nordic were somewhat weaker than we would have liked, in part because of the pandemic.

Order backlog

At year end, outstanding orders totalled SEK 6,625 million. This is 36.2 percent higher than the corresponding figure at the end of 2019.

For comparable units, order backlog increased by 16.0 percent and acquired growth was 22.3 percent. The level of outstanding orders is equivalent to production of 0.93 times on a 12-month rolling basis for relevant units.

Improved cash flow

Cash flow improved during the year thanks to the overall higher earnings and stream-

lining of capital deployment. We are continually working within the Group to maintain a healthy cash flow that makes it possible for Instalco to use own funds for the acquisition of new companies. In 2020, cash conversion exceeded 100 percent.

Strong balance sheet

During the year, the balance sheet was strengthened with an increase in equity from SEK 1,485 million to SEK 1,973 million. The increase in goodwill is attributable to the many acquisitions that were made. Other increases in specific balance sheet posts are primarily associated with growth in sales.

Cost discipline

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

Robin Boheman
CFO

+25%

growth in net sales

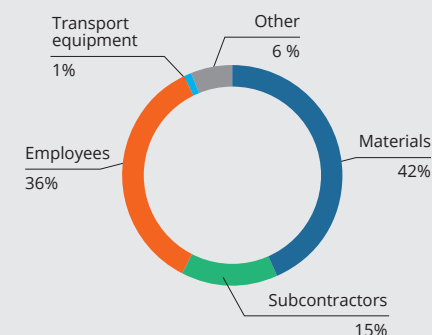
+39%

Growth in cash flow
from operating activities

+36%

growth in order backlog

COST STRUCTURE



Value creation

Vision

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

Business concept

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

RESOURCES

Operations

- 84 companies in three countries
- Six areas of technology

Equity

- 1,973 SEK million in equity

Employees

- 3,856 competent and qualified employees

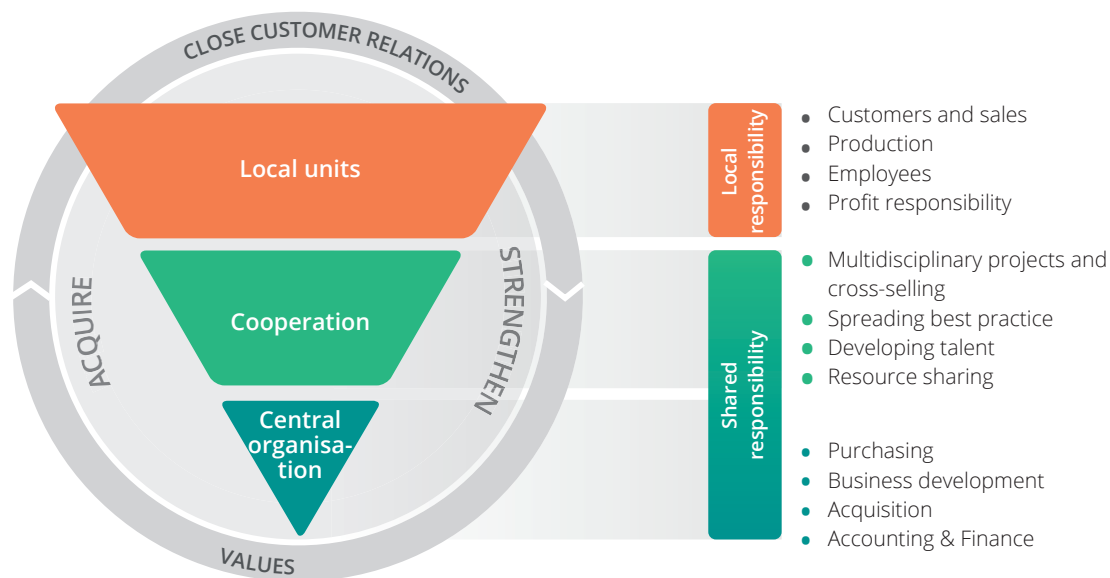
Expertise

- Specialist expertise in all areas of technology

Suppliers

- Carefully selected suppliers who deliver sustainable products

BUSINESS MODEL



- Customers and sales
- Production
- Employees
- Profit responsibility

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

- Purchasing
- Business development
- Acquisition
- Accounting & Finance

Values

New way of thinking

- Simple forms of interaction and complete solutions across areas of technology
- Focus on quality and sustainability

Efficiency

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

Cooperation

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

BENEFITS TO SOCIETY

Customers

- Attractive offering to customers
- Efficient and sustainable solutions

Employees

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

Suppliers & business partners

- Long-term business relations
- Responsible business methods

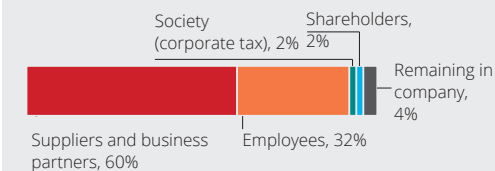
Society

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

Shareholders

- Profitable growth
- Dividends

Distribution of economic value



Targets and results

FINANCIAL TARGETS	EXPLAIN	RESULTS IN 2020
<p>Growth</p> <p>>10% annually over one business cycle</p>	<p>Demonstrates the company's ability to increase its market share via an attractive offering of its full range of expertise to customers.</p>	<p>25.1%</p> <p>With our high rate of acquisitions during the year and good organic growth, we have achieved sales growth of 25.1 percent, of which 5.6 percent was organic.</p>
<p>Margin</p> <p>>8%</p>	<p>Measures the company's ability to generate profit so that it can create value to its shareholders, customers, employees and other stakeholders.</p>	<p>8.8%</p> <p>Adjusted EBITA margin amounted to 8.8 percent, which exceeds the target by 0.8 percentage points.</p>
<p>Capital structure</p> <p><2,5 times</p>	<p>A low net debt/adjusted EBITDA is an indication of the company's ability to use own funds for new acquisitions.</p>	<p>1.2 times</p> <p>Net debt/adjusted EBITDA was 1.2 times.</p>
<p>Cash conversion rate</p> <p>100% on a rolling 12-month basis over one business cycle</p>	<p>Measures the company's ability to generate cash for making new acquisitions without taking on more debt.</p>	<p>109.3%</p> <p>Cash conversion increased to 109.3 percent, which is an improvement of 6.1 percentage points compared to 2019.</p>
<p>Dividend policy</p> <p>30% of profit after tax</p>	<p>Demonstrates the company's ability to generate returns.</p>	<p>30%</p> <p>The proposed dividend is SEK 2.70 (2.30) per share.</p>

SUSTAINABILITY GOALS	EXPLAIN	RESULTS IN 2020
<p>Customer satisfaction</p> <p>100%</p> <p>A measure of customer satisfaction in conjunction with their purchase of Instalco's installation services.</p>	<p>Satisfied customers are typically recurring customers and they serve as references for Instalco when it engages new customers. High customer satisfaction is a prerequisite for growth.</p>	<p>81%</p> <p>Strong and solid relationships with customers is very important to Instalco and the level of customer satisfaction is 81% (84%). A large portion of our sales is derived from repeat customers.</p>
<p>Employee satisfaction</p> <p>>90%</p> <p>A measure of how satisfied Instalco employees are with such things as their assigned tasks and the workplace.</p>	<p>Instalco strives to be an attractive employer that offers its employees interesting assignments, input and skill development so that it can attract the best talent in the labour pool.</p>	<p>85%</p> <p>Employee satisfaction is at a high level within the Instalco Group, 85% (85%), and over the last few years, we have been just below our target of 90 percent.</p>
<p>Absence due to illness</p> <p><5%</p> <p>A measure of employee absence due to illness.</p>	<p>Instalco's target is for absence due to illness to be less than 5 percent. Part of that effort involves creating a work environment that does not have a negative impact on our employees' health.</p>	<p>4.6%</p> <p>In 2020, absence due to illness was somewhat higher than normal, 4.6% (3.5%) due to the pandemic.</p>
<p>Employee turnover</p> <p><10%</p> <p>A measure of the extent to which employees are replaced during a single work year.</p>	<p>Instalco's goal is to have employee turnover less than 10 percent. There should be some turnover, so that we continually gain new expertise. Yet, we must simultaneously keep our recruitment costs at a reasonable level.</p>	<p>12.4%</p> <p>The lack of skilled labour in our industry results in an employee turnover rate that is higher than we would like, 12.4% (13.2%).</p>
<p>Occupational injuries</p> <p>0%</p> <p>A measure of occurrence of injuries and accidents that occur during working hours and are reported to insurance companies.</p>	<p>Instalco strives to have a safe work environment and we have a vision of zero workplace accidents.</p>	<p>3.2%</p> <p>The percentage of occupational injuries in relation to the average number of employees is at the same level as in 2019, 3.2% (3.2%).</p>

Strategies

To achieve the established goals, Instalco is working with clear strategies for sustainable growth, profitability, customers, employees and leadership.

SUSTAINABLE GROWTH

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

Organic growth is generated by such things as higher collaboration and synergies between the various units of the Group. By matching specialist expertise from various units, opportunities for upselling to existing customers are created, along with the ability to take on larger projects requiring several disciplines. Organic growth is also fuelled by our focus on sustainable installation services, which are becoming increasingly important to both clients and end users. Organic growth is also stimulated when we use our start-up model to set up our own new Instalco companies (see page 21).

Priorities

The installation market is highly fragmented. Consolidation benefits are prevalent and going forward, Instalco aims to play a leading role in doing just that. We have an attractive offering to entrepreneurs who would like to join the Instalco Group. At the end of 2020, Instalco was in contact with more than 20 potential acquisition candidates, of which 5-10 were further along in the process and moving closer to an acquisition decision.

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

Activities in 2020

Environmental awareness, generating benefits to society and sustainable entrepreneurship are of growing importance for us, our clients and end customers. In 2020, we launched our new sustainability programme, which is called Sustainable Installations. It aims to raise the bar even higher for the Group's sustainability work in order to be able to propose and deliver world-class sustainable installations our customers. There are three main focus areas for the sustainability programme: Safe and modern work environment, Sustainable installations and Mature leadership.



PROFITABILITY

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

Priorities

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

To further strengthen our existing relationships with customers and benefit from our knowledge of completed projects, we have continued focusing on expanding our offering of service and maintenance after installation work has been completed.

Activities in 2020

During the year, we worked actively with IFOKUS and initiated an action plan for raising the profitability of our Norwegian subsidiaries in the Rest of Nordic segment since they have had lower profitability than companies in the Sweden segment.

One key component of the new Sustainability Programme is our certification system, Sustainable Instalco Project, which we have developed ourselves. To achieve this certification, one of the requirements is that the subsidiary in charge of the project offers the customer a sustainability/service agreement after the installation work has been completed.

CUSTOMER STRATEGY

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

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

Priorities

In the installation business, strong customer relations are essential and a significant share of Instalco's sales is derived from repeat customers. With more collaboration between disciplines, we are able to package and expand our offering, thereby attracting new categories of customers.

Activities in 2020

At the end of the year, we started up our new discipline and business area, Technical Consulting. In order to be able to offer customers the most sustainable, energy-efficient and cost-effective solutions, we now offer project planning and design. With our own technical consultants, we will be able to get involved at an earlier stage, with a wider offering, to even more customers. It also makes it easier for us to offer customised solutions.

We are striving to execute our largest projects in the form of partnering together with the client, end customer and the subcontractors. All parties are involved in planning, budgeting and design, with the aim of agreeing on a target cost for the entire assignment. One example of this is the assignment for the electrical, heating & plumbing installations in the expansion of three hospitals in Södermanland where six Instalco companies collaborates with the client and end customer.

EMPLOYEES AND LEADERSHIP

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

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

Priorities

Instalco Academy is the Group's internal training programme for the purpose of attracting, retaining, and developing skilled em-

ployees. Instalco Academy has a clear plan for developing talent and future leaders. Another goal is to ensure that all Instalco employees have the right expertise for being able to deliver in their respective roles. The Instalco Academy has leadership programs for three categories of employee: leading assemblers, project managers and executives (CEOs and branch managers).

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

Activities in 2020

One part of the sustainability programme that was launched in 2020 is the training module called Safe Employee. In order to obtain certification as a Sustainable Instalco Project, managers are required to go through the Safe Employee course with their employees at the start of each new project. Safe Employee covers the social perspective and psychosocial workplace, thereby supplementing the rules and routines for avoiding physical injury and accidents in the workplace.



Driving forces in the market

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



TECHNOLOGICAL DEVELOPMENT



ENVIRONMENTAL AWARENESS



URBANISATION AND HOUSING SHORTAGE

General trends

In new construction projects, there are many types of technical systems and applications of digital technology in the form of IT solutions, alarm & security systems and systems for more efficient use of energy. Accordingly, the installations themselves have become more complex. Technical installations are thus 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.

There is a strong trend of increasing environmental awareness among consumers and decision-makers alike. We see it, for example, via active environmentally conscientious choices from consumers and in procurement processes. Two EU Directives have been adopted aimed at lowering the energy consumption of buildings. One of the Directives has set a target of, by 2030, lowering the energy consumption of buildings by 22 percent compared to the 2020 level.

The population of Sweden is growing and in particular, the population distribution across regions is also changing. There is a similar situation in Norway and for several years, Oslo has been one of the fastest growing cities in Europe. Urbanisation is a clear trend in Finland, where the population of Helsinki in particular is growing. It creates new needs for housing and workplaces.

How it affects Instalco

Complex installations place high demands on service suppliers. They must have a broad knowledge base, the right technical expertise and also the capacity to both complete the installations and provide services. Projects are becoming increasingly complex, with a greater need for planning and coordination prior to the start, and management activities throughout the duration of the project. This trend is expected to benefit companies with broader technical expertise.

Property owners of both newly constructed and older properties are currently putting more focus on investments in energy efficient installations. In part, it is to lower the energy costs of properties, which typically account for a large portion of total operating costs. However, these investments are also required to meet the increasingly high demands of end customers as regards both energy efficiency and sustainability.

Population growth, urbanisation and redistribution 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. Investments are being made within Swedish basic industry as well.

Instalco's actions

The Instalco model enables us to offer multidisciplinary expertise in coordinated projects covering several areas of technical expertise, which makes things easier for the client. We share best practice throughout the organisation so that we are able to offer customers the best possible project planning and management expertise, which ensures a high level of quality and delivery assurance for our services. With our new business area, Technical Consulting, we are able to offer customers an integration of project planning, technical execution and service.

Instalco's offering is on the cutting edge as regards both energy efficiency and environmental awareness. Our technical solutions help customers achieve efficient energy use. Examples of products and solutions that help lower the environmental impact are: photovoltaic systems, technical installations with renewable energy, LED lighting, charging stations, heat exchangers, geothermal heating solutions and energy-saving programmes.

Instalco has established a strong position in all regions of Sweden, Norway and Finland. By offering installation services for electrical, heating & plumbing, cooling and ventilation, along with technical consulting and industrial solutions, property owners in both the private and public sectors can easily obtain complete solutions that meet their needs in conjunction with new construction, renovation and conversion projects.

General trends



INVESTMENTS IN INFRASTRUCTURE

Infrastructure in the Nordic region is in great need of repair due to many years of disregard for making the necessary investments. Addressing this will require major investments in such things as communication systems and safety. There is also a growing need for new grids and increased pressure on energy supply.



AGEING PROPERTY HOLDINGS

A large proportion of property holdings in the Nordic region were built in the late 1960s and early 1970s, which is typically referred to as the period of the Million Homes Programme. This is particularly noticeable in Sweden, where 25 percent of property holdings were built during this era. Many hospitals, clinics and schools were also built during that same era.



SUSTAINABLE ENTREPRENEURSHIP AND BENEFITS TO SOCIETY

There is increased awareness of the importance of sustainable entrepreneurship and societal development among both companies and consumers. It results in requirements that companies take responsibility in generating long-term benefits to society and lowering both climate and environmental impact.

How it affects Instalco

Major new investments in infrastructure are expected to make a positive contribution to the construction industry, installation market and increased opportunity for industries to establish themselves. Furthermore, investments in infrastructure open up more commuting options with surrounding areas. That, in turn, sparks development in regions surrounding our largest cities.

Ageing property holdings also result in a higher need for renovation, upgrades and modernisation in order to create sustainable and healthy indoor environments.

The demand for energy-efficient solutions and demands on sustainability from clients, customers and suppliers is increasing. The installation sector plays a pivotal role in generating solutions for sustainability and energy efficiency.

Instalco's actions

Instalco has constructed a model that consists of knowledge and technical expertise in installation services for electrical, heating & plumbing, cooling and ventilation, as well as technical consulting and industrial solutions in conjunction with infrastructure projects. Instalco is also represented in areas surrounding major cities.

Via its subsidiaries, Instalco has specialist expertise in technical installations at buildings. This applies to renovation work, upgrades and new construction. Instalco has completed many assignments at public sector properties and in doing so, it has acquired specialist expertise and become a leading player for installations at, for example, hospitals and schools.

Each day, Instalco generates benefits to society and sustainable solutions via such things as energy efficiency, energy saving, property automation and air & water purification. Instalco has also created its own sustainability programme for certification of projects, called Sustainable Instalco Project. It serves as a stamp of quality for the project, customer and Instalco. And, with our new business area, Technical Consulting, we can already at the project start, offer customers the most sustainable and energy-efficient installation solutions.

Offering

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

Instalco has a specific acquisition strategy and our goal is to grow into one of the largest and leading installation companies in the Nordic region. We acquire the best companies and integrate them into our Group, where we create both collaboration and synergies. Operations are highly decentralised and they are run in close proximity to customers, with support from a small, central organisation. Companies that we acquire may keep their own name, brand and local identity, which encourages and promotes a strong entrepreneurial spirit.

The companies are specialised in specific methods or technologies and together, we create collaboration and synergies and share best practice throughout the organisation. With our technical expertise, experience and brand, we are able to participate in the construction process at an early stage, offering customers competitive, sustainable and customised solutions, while achieving efficiencies and benefits from coordination. Instalco's core values are: new way of thinking, efficiency and collaboration.

Well positioned

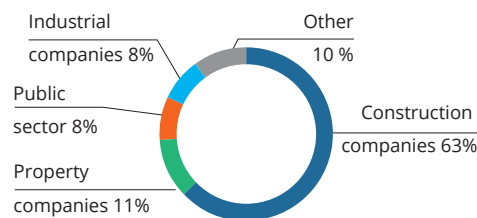
Instalco has operations in Sweden, Norway and Finland, where we primarily focus on metropolitan regions with a higher growth rate than the market as a whole. In these regions, there is a trend of urbanisation, with a shortage of housing and ageing property stock in need of major investments, which is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

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

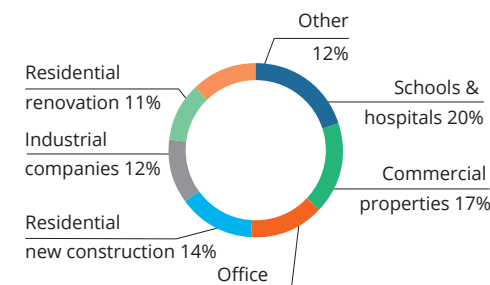
Market for medium-sized projects

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

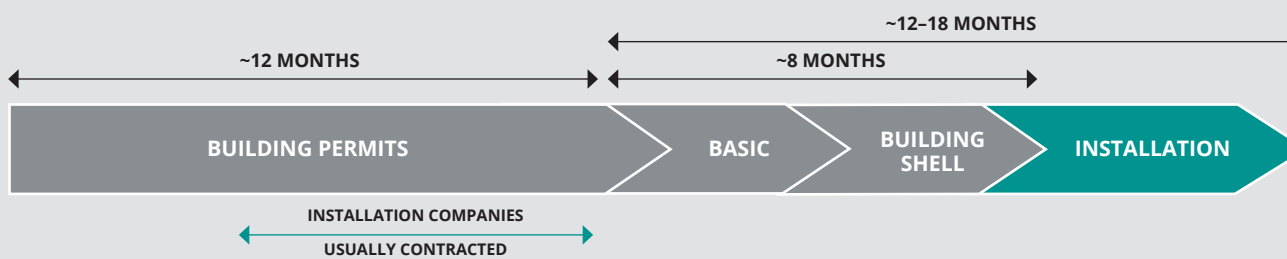
SALES BY CUSTOMER GROUP



SALES BY TYPE END PRODUCT



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





HEATING & PLUMBING

Services:

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

Customers:

- construction firms
- property companies
- government agencies, local authorities & regions
- housing companies
- industrial companies



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:

- construction firms
- property companies
- government agencies, local authorities & regions
- housing companies
- industrial companies



of sales



VENTILATION

Services:

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

Customers:

- construction firms
- property companies
- government agencies, local authorities & regions
- housing companies
- industrial companies



of sales



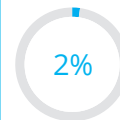
COOLING

Services:

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

Customers:

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



of sales



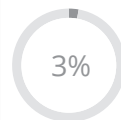
INDUSTRIAL

Services:

- pipe installations
- cooling installations
- electric power installations
- infrastructure
- automation
- instrumentation
- emission control
- exhaust gas cleaning
- project planning
- energy
- safety

Customers:

- industrial companies
- shipping companies
- maritime transport companies
- local authorities & regions
- administrations



of sales



TECHNICAL CONSULTING

Services:

- Project planning, studies inspection and coordination of:
- electricity
 - communications
 - safety
 - heating & plumbing
 - cooling
 - BIM
 - automation
 - ventilation
 - energy-efficiency
 - fire and risk
 - sustainable construction
 - simulations calculation and certification

Customers:

- government agencies, local authorities & regions
- installation companies
- property owners
- industrial companies
- energy companies
- industrial construction companies



of sales



First of its kind in the world

In 2021, Hurum Helsehus near Drammen (west of Oslo) will be completed. It will become Norway's, and probably the world's, first energy-plus building retirement home, producing more energy than it consumes. The Instalco subsidiary, AS Elektrisk, has been engaged for the electrical and telecommunications installations.

The new retirement home will be certified BREEAM-NOR "Excellent" and it will be a plus-energy building, in accordance with the FutureBuilt standard, which means that the building will produce more energy than it consumes. Solutions that will be installed to achieve this include solar cells, solar panels and energy wells.

"We got involved in this rather unique project already in the very early stages. Because of that, we have been able to suggest the most sustainable solutions and energy-efficient electrical systems. It's a major milestone for us and Asker municipality," says Trond Brustad, CEO of AS Elektrisk.

The new retirement home (approximately 11,000 sq. m.) will be able to accommodate 110 residents providing them with cafeteria/meals, care, physical fitness, rehabilitation, daytime activities and a variety of other services/activities.

The outdoor areas are also being designed and build in accordance with the UN Sustainable Development Goals. Consideration is being taken to have as little impact as possible on the surrounding nature.

Besides the high energy and environmental requirements, very high level welfare technologies are being used for construction of Hurum Helsehus. The building will facilitate safe and simple everyday living for patients, employees and relatives through such things as keyless entry and a sophisticated alarm system. AS Elektrisk is responsible for those solutions.

AS Elektrisk has been contracted for this work by HENT.

Renovation and integration go hand-in-hand

Renovation of one of the Million Homes housing projects, Vivalla in Örebro, has offered unemployed residents six-month apprenticeships in construction and installation. The Instalco subsidiary, LG Contracting has been contracted for the pipe installations, during which it has supervised many of the trainees and vouched for the success of this model for integration and social sustainability.

Vivalla was built in the late 1960s and it currently has more than 7,000 residents representing at least 60 nationalities. Vivalla is one of the areas where exclusion is a problem. There is a high level of unemployment and welfare dependency.

As with many of the Million Homes housing projects, Vivalla is in great need of renovation and the work to achieve that has been underway for several years. The goal of the renovation work is to transform it into a more safe and positive living environment.

Örebrobostäder, Skanska and the Swedish Public Employment Service have collaborated on a labour market initiative for the unemployed in the area, whereby they are offered apprenticeships as part of the programme called Boendebbyggarna. Apprenticeships are offered with both contractors and subcontractors so that the trainees can gain valuable experience that will help open up opportunities for them in the labour market.

LG Contracting has supervised several trainees within the scope of this project.

"We've been able to offer many who are trapped by exclusion and alienation opportunities that simply weren't available to them in the past. They have gotten to try a new trade, build a new network of contacts and participate in the work that goes on at a construction site. All of it too, in a friendly environment, without prejudices," says Mattias Hellman, Project Manager at LG Contracting.

For eight weeks, Samer Awar, of Syrian origin, worked as an apprentice in the Boendebbyggare program under the supervision of LG Contracting. Having previously worked with pipe installation in Syria, he had already acquired some skills and experience. Samer wanted to gain additional work-related skills and also improve his Swedish.

"It's an exciting project, where we have been able to get involved and build up everything right from the start. I like being a part of something that helps people and gives them a chance to succeed in the labour market," says Henrik Lindgren, who was Samer Awar's supervisor at LG Contracting.



Sweden

Instalco is one of Sweden's leading suppliers of technical installation services, design, maintenance and service. We currently have more than 60 companies in Sweden collaborating to provide energy-efficient holistic solutions for long-term use.

Operations

Instalco's Swedish market is divided into five geographic areas: North, West, East, South and Stockholm along with Technical Consulting, which serves customers throughout Sweden. Instalco's business covers six main areas: electrical, heating & plumbing, ventilation, cooling, technical consulting and industrial solutions. Each one has a Business Area Manager who is responsible for coordinating and ensuring implementation of the Instalco model at each company. Each company is strongly positioned in their local markets. They don't need to be the biggest, but should be a leader in their specific area of expertise or method.

Customers

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

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

Performance in 2020

During the year, we started up our new discipline and business area, Technical Consulting. It has been established so that we can get involved at an early stage of the project, expand our offering and combine our extensive experience in installation work with technical expertise in not only planning and design, but also inspection,

coordination and a wide range of other services. Another goal is to increase the use of digital technology and speed up that transition in our industry.

During they year, we also expanded our Industrial business area. In that area we find companies that are specialised in installations for the industrial sector. It comprises primarily Swedish basic industry, like paper and pulp, mining, steel and the automotive industry. It also includes heating plants, infrastructure and various types of treatment plants.

Instalco also became established at new locations in Sweden, including Växjö, Sundsvall, Norrköping, Avesta and Örebro, along with expanding the scope of its operations in Kalmar, Umeå, Uppsala and Stockholm.

Priorities in 2021

During 2021, we will focus on adding even more projects to our sustainability programme, Sustainable Instalco Project, which is the certification system that we developed ourselves and launched in 2020.

Our assessment is that the market for project planning and installation of products that help lower the environmental impact is growing. Examples of such are charging posts and stations for both electric/hybrid vehicles and photovoltaic systems. In industry, much change is taking place as well, with major investments being made in renewable energy, emission treatment, infrastructure and new logistics centres. Within healthcare too, large investments are being made to renovate and expand hospitals, so this will also remain as one of our focus areas. We will also continue adding new technical disciplines.

Instalco feels that there is great potential for expanding operations in installation service. A natural step is to offer more comprehensive service contracts upon completion of a project.

MARKET DEVELOPMENT AND COMPETITION

According to the latest report from Navet Analytics, the Swedish market for technical installation and services amounts to approximately SEK 124 billion. The largest area is for electrical installations, with it representing more than half of the total market. One of the main reasons for the size of the electrical installations area is the higher level of complexity in buildings, where more time-consuming, comprehensive electrical installations are required.

In some major metropolitan regions, new investments in residential construction have slowed down, but started showing signs of stabilising in 2020. The rate of growth for construction in the public sector (e.g. schools, preschools and hospitals) is still high. The same applies to conversion of commercial property, such as offices and business facilities.

Competition

The market is highly fragmented, consisting primarily of small companies with less than 10 employees and focus on a single area of technology. Only a few players, Instalco being one of them, have the resources, expertise and size required for delivering services in several regions and within several areas of technology. Accordingly, our competition comes from just a few other big players and from small, local suppliers at each location.

Investments in infrastructure

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

Ageing property holdings

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

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

Industry investments

Swedish basic industry is on the brink of a major transition to more climate-neutral production. To achieve that, major investments are being made in the forestry, mining, steel and other industries. Sweden's power supply also needs to be updated and expanded in order to ensure good access to climate-neutral energy throughout the country. Instalco therefore assesses that the demand for our services within the industrial sector will increase and we are preparing ourselves to meet that demand.

NET SALES, SEK M

5,451

2019: 4,221

ADJUSTED EBITA, SEK M

536

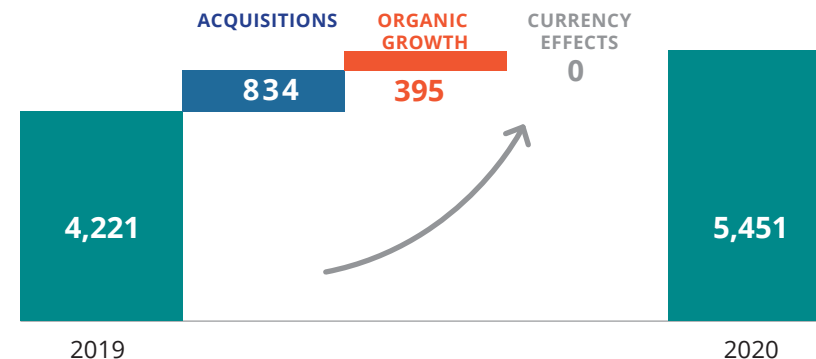
2019: 379

ORDER BACKLOG, SEK M

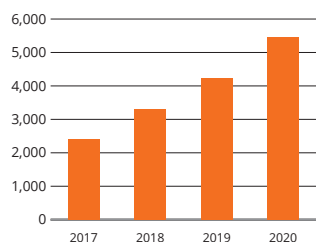
5,387

2019: 3,741

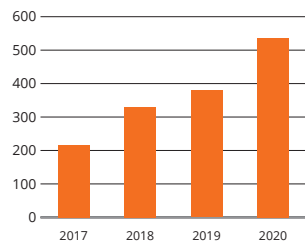
REVENUE GROWTH, SEK M



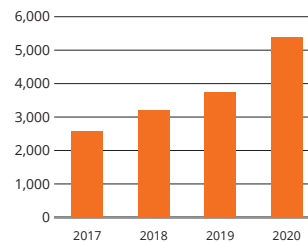
SALES, SEK M



ADJUSTED EBITA, SEK M



ORDER BACKLOG, SEK M



PROJECT EXAMPLES IN SWEDEN

- Partnering project called Hangar 5 in Bromma with NCC for the heating & plumbing installations. Four new buildings are being constructed, totalling 80,000 sq. m.
- Total renovation of the men's department of Ähléns City Stockholm (shopping center). Instalco was contracted for the electrical installations, carpentry and painting.
- Installation of ventilation systems associated with the renovation and expansion of Nord-Lock's premises in Mattmar and construction of residential property at Storsjö Strand in Östersund.
- Heating & plumbing installations in a partnering project with Skanska and Platzer at Gothenburg's new landmark, Kineum.

LARGEST CUSTOMERS

NCC
Skanska
PEAB
JM

KEY FIGURES

SEK m	2020	2019	Change, %
Net sales	5,451	4,221	+29
EBITA	537	379	+42
EBITA margin, %	9.9	9.0	
Order backlog	5,387	3,741	+44

IMPORTANT EVENTS DURING THE YEAR

FEBRUARY

Launch of Instalco's new sustainability programme, which focuses on these areas: Safe and modern work environment, Sustainable installations and Mature leadership. One key component of the new Sustainability Programme is our certification system, Sustainable Instalco Project.

MARCH

Six Instalco companies have won a joint assignment for the electrical, heating & plumbing installations in conjunction with the expansion of three hospitals in Södermanland. The work will be carried out as a partnering project with NCC and the total order value is approximately SEK 700 million during the period 2020-2026.

APRIL

Bi-Vent and Sprinklerbolaget Syd have been contracted by Skanska and Castellum for installation of the complete ventilation and sprinkler systems for E.ON's new Nordic head office in Malmö. The size of the new building will be approximately 36,000 sq. m.

NOVEMBER

Four Instalco companies gets in a joint project to build the community property called Gyllehemmet in Borlänge. They have been engaged for installation of the ventilation and heating & plumbing systems, as well as refrigeration and a commercial kitchen. It is a turnkey project together with Peab, Magnolia Bostad and Borlänge Municipality.

DECEMBER

Launch of the new discipline and business area, Technical Consulting. The aim is to become more involved with customers during the early stages of a project by integrating project planning with technical execution and service. The Instalco subsidiary, Intec, will play a key role in all of this.

Rest of Nordic

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

Operations

Instalco set up operations in Norway and Finland in 2016 and by year-end 2020, we had 13 companies in Finland and 13 in Norway. In both countries, companies offer electrical installations, heating & plumbing and ventilation solutions and they are involved in projects primarily in the expansive metropolitan areas of Oslo, Bergen, Trondheim, Kristiansand, Helsinki, Uleåborg and Tammerfors. These companies have strong positions in their local markets. Collaboration between companies occurs each day via joint, multi-disciplinary projects and by sharing both personnel and facilities.

Customers

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

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

Performance in 2020

The same trends as in Sweden are occurring in Norway and Finland. New business models are gaining ground and the percentage of partnering projects is increasing.

During the year, we appointed a business developer for Norway and put a great deal of effort into our action plan for raising the level of profitability to the same high level that we have in Sweden. In Finland, we also hired a person in a support function for coordination of the business area and acquisition activities.

During the year, Instalco established the business in Bårum (near Oslo) and expanded the scope of operations in Lillehammer, Uleåborg and Helsinki.

Priorities in 2021

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



MARKET DEVELOPMENT AND COMPETITION

According to the most recent report from Navet Analytics, the market for technical installation and services in Norway amounted to approximately SEK 50 billion in 2020. The corresponding figure for Finland was SEK 30 billion. Electrical installation is the largest service area in both markets.

The Norwegian market has stabilised but there has, however, been an overall downturn in Norway since the start of 2020. With interest rates still low, housing prices have been rising which, in turn, has resulted in a higher percentage of new housing projects. During 2020, the market in Finland started to level off, with growth primarily fuelled by the Helsinki and Uleåborg regions.

Competition

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

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

Driving forces

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

Investments in education and healthcare

Public investments in healthcare are an important driving force in both Norway and Finland. 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. In 2021 and 2022, the Norwegian government will be making major investments in the construction of new schools as part of a nationwide initiative in that area.

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 making major investments throughout the 2020s. The investments will, among others, expand public transport systems.

NET SALES, SEK M

1,671

2019: 1,470

ADJUSTED EBITA, SEK M

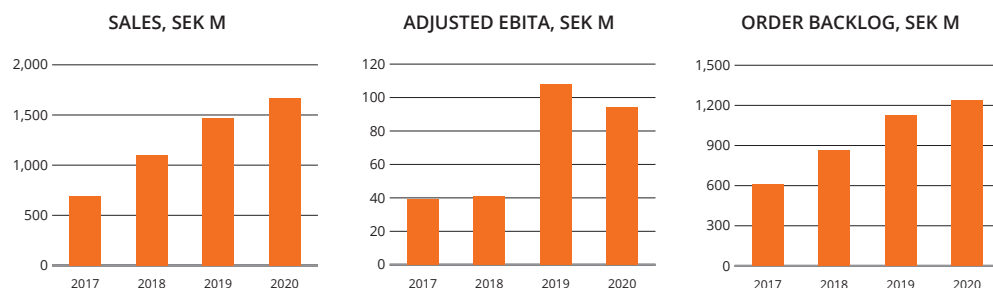
94

2019: 108

ORDER BACKLOG, SEK M

1,238

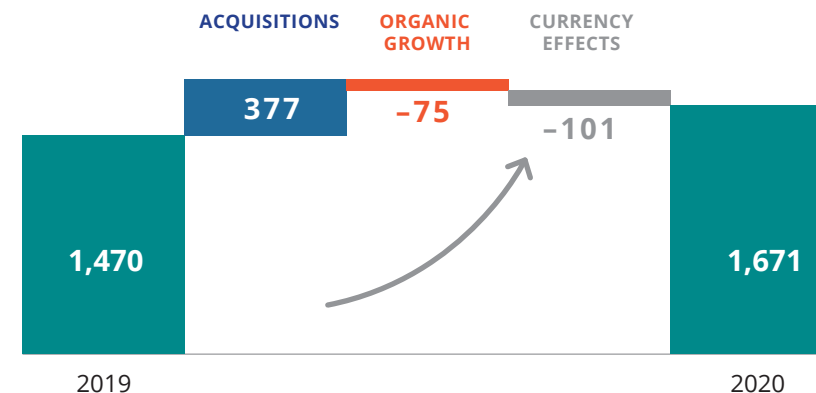
2019: 1,124



EXAMPLES OF PROJECTS, REST OF NORDIC

- Two Instalco companies are participating in a major sustainability project to build a new daycare centre entirely of solid wood at Esbo. The work will involve heating & plumbing installations, along with a sprinkler system.
- Contract for electrical installations at the new apartment complex, Løren Botaniska, in Oslo. Development of modern, energy-efficient and sustainable housing.
- Instalco companies engaged for installation of the heating & plumbing and ventilation systems at Gasum's biogas plant at Lohja, near Helsinki. The project contributes to circular economy and sustainability.
- Partnering project in conjunction with construction of the new Lillehammer fire station. Instalco has been engaged for all of the heating & plumbing installations.

REVENUE GROWTH, SEK M



LARGEST CUSTOMERS

Constructa
Veidekke
Hent
NCC

KEY FIGURES

SEK m	2020	2019	Change, %
Net sales	1,671	1,470	14
EBITA	94	108	-13
EBITA margin, %	5.6	7.3	
Order backlog	1,238	1,124	10

IMPORTANT EVENTS DURING THE YEAR



Acquisition

Instalco's growth strategy is primarily based on acquisition of profitable companies with strong local ties. In their local markets, Instalco subsidiaries are leaders in one or more disciplines. As part of Instalco, the acquired companies become part of a strong team.

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

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 the authority to continue fostering an entrepreneurial spirit and maintain a strong local presence. At the same time, companies benefit from having opportunities for cross-selling, allocation of resources and access to Instalco's business development, marketing, communications/PR, purchasing, sustainability and accounting/finance functions, as well as training via Instalco Academy.

Growth opportunities in related areas of operation

By joining Instalco, new companies gain access to the knowledge accumulated in our other subsidiaries, via "Sharing Best Practice". It is aimed at creating the best possible conditions for everyone in the Group to become even better. It opens up opportunities for reaching new customers participating in the kinds of multi-disciplinary projects that they would not have access to on their own. In many instances, several Instalco companies collaborate in the same project. We also coordinate tendering processes and resource allocation between companies.

Besides our current technical disciplines, there are growth opportunities from acquiring businesses in related segments like sprinkler systems, security, fire safety, energy and automation. In 2020, Instalco set up its new discipline and business area, Technical Consulting, for which its subsidiary, Intec, will play a key role. Intec has already made its first acquisitions and recruitments, now with more than one hundred technical consultants working throughout most of Sweden.

Instalco is divided into seven geographic business areas, five of which are in Sweden, one in Norway and one in Finland. In addition to that, there is the Technical Consulting discipline. There is close collaboration among the local companies within each business area and they are supported by their Business Area Manager. Instalco has a flat organisational structure and a highly decentralised governance model, whereby each subsidiary is responsible for its strategy, customers, employees, recruitment and results.

At the end of 2020, Instalco was in contact with more than 20 potential acquisition candidates, of which around a dozen were further along in the process and moving closer to an acquisition decision.

Sustainable companies are a priority

Instalco has a well-established, standardised acquisition process, which offers security to the existing companies in the Group and the new companies that join us. During the acquisition process and selection, priority is given to companies that have a clear focus on sustainability work, which is also an important parameter that is considered during the company valuation. Instalco typically conducts acquisitions using a three-pronged approach: strategic, opportunistic and complementary. Besides acquiring companies, Instalco sometimes establishes new ones, as start-ups.

- **Strategic acquisitions** involve an active decision to become established at a certain location or expand operations to new disciplines.
- **Opportunistic acquisitions** are made when an opportunity to acquire a company arises spontaneously.
- **Complementary acquisitions** are when one of our existing companies acquires a company to supplement its own operations.
- **A start-up** is when a new company is set up together with a local entrepreneur. Start-ups occur primarily when Instalco is interested in setting up operations, but a suitable acquisition candidate does not exist.

ACQUISITION CRITERIA

Net financial items

- High profitability
- High performance
- Long trend of stability and/or growth
- High cash flow

Market

- Specialisation
- High customer satisfaction
- Competitiveness
- High % of repeat customers

Management

- Mature leadership
- Proven ability to create value
- Commitment & decisiveness

Instalco fit

- Team player
- Desire to collaborate with other Instalco companies
- Ability to generate cross-selling opportunities
- Interest in sharing best practice

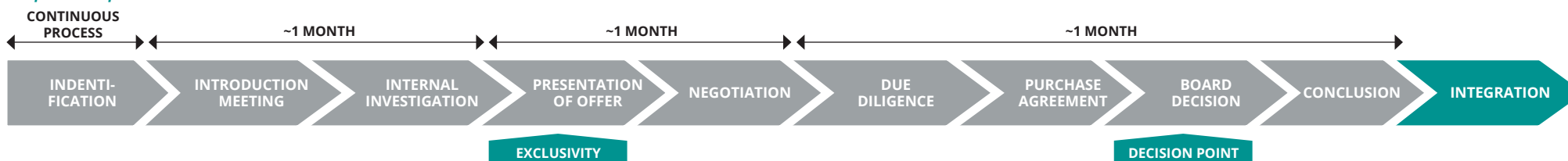


Instalco made the following company acquisitions during the period January – December 2020.

Access gained	Acquisition	Area of technology	Segment	Share of votes	Assessed annual sales, SEK m	Number of employees
January	Elinstallationer Ullsand Bengtsson AB	Electricity	Sweden	100%	69	30
February	Haug og Ruud VVS AS	Heating & plumbing	Rest of Nordic	100%	71	32
March	Östersjö Elektriska AB	Electricity	Sweden	100%	25	17
April	Avent companies	Ventilation	Sweden	100%	108	60
April	Norrtech VVS and Industri AB	Heating & plumbing	Sweden	100%	36	16
April	Teampipe Sweden AB in Uppsala	Industrial	Sweden	100%	49	35
June	Miljöventilation i Mellannorrland AB	Ventilation	Sweden	100%	60	23
June	Sähkö-Arkia Oy	Electricity	Rest of Nordic	100%	83	39
July	FTX Teknik & Service AB	Ventilation	Sweden	100%	45	30
July	Uudenmaan Lämpöteknikka Oy	Heating & plumbing	Rest of Nordic	100%	75	46
July	VentPartner Group	Ventilation	Sweden	100%	250	100
August	Boman El och Larmtjänst AB	Electricity	Sweden	100%	73	54
August	Tornby El AB	Electricity	Sweden	100%	18	12
September	MR Rör i Storstockholm AB	Heating & plumbing	Sweden	100%	35	13
October	M.E. Solutions AB	Industrial	Sweden	70%	160	16
November	High Pressure Welding Sweden AB	Industrial	Sweden	100%	90	20
December	Selek Elentreprenad AB	Industrial	Sweden	100%	130	73
December	Metro Rørleggerservice AS	Heating & plumbing	Rest of Nordic	100%	65	22
Total					1,442	638



Acquisition process



Elinstallationer Ullsand Bengtsson AB

Located in Växjö, the company provides electrical installations for high-voltage current, telecommunications, TV and computer networks. Its customers are both in the private and public sectors, including construction companies, property owners and municipalities.

Haug og Ruud VVS AS

Haug og Ruud provides ventilation, automation, heating & plumbing, cooling and sprinkler services for both companies and individuals. The company is based in Lillehammer, Norway.

Östersjö Elektriska AB

Located in Norrtälje, the company provides electrical installations and service to companies and public sector authorities. The company was acquired with the intention of merging it with Rodens Värme & Sanitet AB.

Avent companies

Located in Kalmar, it offers overall solutions for heating, ventilation and cooling. The company works with installation and maintenance of heating, cooling and air treatment solutions. It also offers the associated technical administration of such systems.

Norrtech VVS and Industri AB

Located in Umeå, it offers a full range of services in heating and pipe work for property owners, private sector companies and individual households. It also offers complete installations for industrial companies.

Teampipe Sweden AB

Located in Uppsala, the company specialises in advanced welding in sensitive environments, such as the pharmaceutical, food and nuclear power industries.

Miljöventilation i Mellannorrland AB

Located in Sundsvall, the company works with both heating and ventilation, offering project planning, installation, service and maintenance. Miljöventilation primarily serves Sundsvall, but it also does business in the region around Härnösand, Kramfors and Sollefteå.

Sähkö-Arktia Oy

Located in Uleåborg in Finland, the company specialises in electrical installations at residential property and municipal buildings. Its largest customers are the construction companies, PEAB, YIT, Temotek, Hartela and Pohjola Rakennus.

FTX Teknik & Service AB

Located in Norrköping, the company provides installation and service of ventilation, heating and cooling systems. FTX is specialised in technical installations and services, primarily at public premises, factories and industrial facilities.

Uudenmaan Lämpötekniikka Oy

An electrical installation company specialised in electrical, telephony and communication solutions. The company also runs CAD-based consulting activities. It serves customers in the Helsinki region.

VentPartner Group

The company works with complete ventilation solutions and service. It has offices in Linköping, Norrköping, Katrineholm and Västerås, with its head office in Örebro. VentPartner is specialised in indoor climate and the services it offers include solutions for energy efficiency, cooling & heating, ventilation, control & regulation technology, service, and ventilation control.



Boman El och Larmtjänst AB

Located in Norrköping, its primary focus is on electrical installations, large contracts and service. The company also offers a complete range of network and fibre installations.

Tornby El AB

Located in Linköping, the company offers installation of electrical systems at residential property, commercial facilities and other types of buildings. The company was acquired with the intention of merging it with APC Elinstallatören AB.

MR Rör i Storstockholm AB

Located in Stockholm, the company primarily works with municipal authorities and their housing companies via framework agreements. The company performs contract work and service in heating, water, cooling and sanitation.

M.E. Solutions AB (Mesab)

The company works with installations for the marine industry and its head office is located in Stockholm. It specialises in installation and retrofitting of Ballast Water Treatment Systems (BWTS) and Exhaust Gas Cleaning Systems (EGGS), as well as other services.

High Pressure Welding Sweden AB

Located in Sundsvall, the company is specialised in the installation of process equipment for industrial companies, along with the design, manufacturing, welding and assembly of boilers and pipelines. It provides maintenance services to power plants and manufacturing of boiler installations.

Selek Elentreprenad AB

The company is domiciled in Avesta and it specialises in electric power installations and instrumentation. It primarily works with electric power, design for the industrial and energy sectors and instrumentation, which involves installation of such things as pressure sensors and meters.

Metro Rørleggerservice AS

Located in Baerum, near Oslo, the company provides pipe installations, along with the installation of heating, plumbing and cooling systems, as well as service and maintenance. The company primarily serves customers in the area of Akershus/Oslo/Drammen, west of Oslo.



Ballast Water Treatment Systems lowers the burden on ecosystems

Ship transports account for more than 90 percent of the world's freight and they consume up to five billion tons of ballast water each year to stabilise ships. But, if the pumped-in water comes from one part of the world and is pumped out in another, microorganisms may be released that put ecosystems at risk. Mesab is an Instalco subsidiary specialised in Ballast Water Treatment Systems that address this problem.

The marine sector is undergoing a significant transformation resulting from current and future regulations on emissions. According to new environmental regulations, all ships of 300 gross registered tons or more are required to have Ballast Water Treatment Systems by 2024.

Throughout 2020 and through the first half of 2021, Mesab will be installing such systems on six vessels from P&O Ferries, which travel between England and France. Each ferry is equipped with ballast water tanks that have a total volume of 3,000 cubic metres.

"The common denominator for all of Mesab's operations is that they are beneficial to the environment. And BWT systems are incredibly important when it comes to the health of our aquatic ecosystems," says Nicklas Rylin, CEO at Mesab.

The ballast water treatment systems that Mesab has installed for P&O Ferries were manufactured by Alfa Laval and in brief, this is how they work: When a vessel pumps in ballast water, it is first purified using a mechanical filter so

that larger aquatic species and organisms are removed. It then passes through a UV chamber where ultra-violet light is used to disinfect the water prior to it entering the ballast tank, so that organisms will not be able to reproduce there. The outgoing ballast water is treated once again before it is discharged into the sea at the deballasting site.

Mesab installs BWT systems on ferries, cargo ships and cruise ships. The company also installs Exhaust Gas Cleaning Systems, primarily on cruise ships.

Sustainability Report

Each day, throughout the Nordic region, we design and install electrical, heating & plumbing, ventilation and cooling solutions at properties and plants. Our climate-smart installations lower energy and resource consumption to help future-proof society. Our installations benefit schools & preschools, hospitals, nursing homes and other critical public services, helping them function optimally, every day, year round. Instalco strives to ensure that its approach to sustainability is aligned with the UN Sustainable Development Goals.

At Instalco, sustainability means running operations responsibly and applying a holistic approach to the economic, environmental and social aspects. We strive to, each day, contribute to a sustainable world through our local presence and by offering technical, efficient solutions in all disciplines. Providing safe, sustainable installations that help generate benefits to society is a high priority for us. We also put much emphasis on having a safe, stimulating work environment. Each day, in collaboration with customers and employees, Instalco generates benefits to society. We offer world-class, sustainable heating & plumbing, electrical, ventilation, cooling and industrial installations along with technical consulting.

Instalco's sustainability contribution

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

We want to create a sustainable society by contributing what we know best. For example, we design and install photovoltaic systems and more energy-efficient, environmentally-friendly heat pumps, geothermal heating systems, heat exchangers, LED lighting, charging stations and sprinkler systems. We also take part in a variety of air and water purification projects.

We help the end clients of construction projects apply a holistic approach to sustainability, at all stages, providing them with more knowledge of what is possible, from an environmental perspective, when undertaking new construction or renovation.

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, along with a Code of Conduct for Suppliers, which are reviewed at least annually and decided by the Board of Directors. The Group CEO ensures that all of Instalco's subsidiaries are informed of our joint policies and initiatives, along with monitoring the work that is being carried out in different areas of sustainability at the subsidiaries. All companies belonging to the Group 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 its own initiative and set its own goals that benefit local society and create attractive workplaces.

Sustainability goals

As in prior years, Instalco worked with its five central sustainability goals in 2020, which are: we are aiming for a customer satisfaction rate of 100 percent, employee satisfaction above 90 percent, absence due to illness below 5 percent, employee turnover below 10 percent and zero occupational injuries. Our performance on the sustainability goals is presented on page 8.

Sustainable Installations

In 2020, Instalco launched its sustainability programme, which is called Sustainable Installations. It aims to raise the bar even higher for the Group's sustainability work in order to be able to deliver world-class sustainable installations. We aim to, every single day, generate benefits to society via climate-smart, energy-efficient installations that lead to lower consumption of resources and thus a more sustainable planet. The Sustainable Installations programme is centred on the core issues that are closest to our heart, namely, offering a safe and modern work environment for all of our employees, sustainable installations that generate benefits to society and mature leadership that prioritises social responsibility.





Main areas of the Sustainability Programme

1. Safe and modern work environment

- **Vision of zero occupational injuries**

Instalco shall have a safe, secure workplace that is healthy, promotes good health and is drug-free. We work continuously with safety-related issues and to ensure that we have a safe, secure work environment, with the vision of zero occupational injuries.

- **Happiness, health and safety**

We care about the health and safety of our employees, striving to create a work environment where people thrive and there is team spirit. Instalco shall offer a stimulating work environment our employees. One important part of that is Instalco Club, which is an employee fund aimed at encouraging and sponsoring employee activities that promote social interaction and health/well-being.

- **Development opportunities**

By providing good development opportunities, we can offer our employees good career development at all companies and simultaneously ensure that we have the right level of specialist expertise and a strong customer offering. Working at Instalco should be stimulating, such that each employee can develop their skills and expertise. Employees should have assigned tasks and training that are challenging, stimulating and help them grow.

2. Sustainable installations

- **Sustainable Instalco Project**

A key component of the sustainability programme is our certification system, "Sustainable Instalco Project", which we have developed ourselves. In order for a project to qualify as a *Sustainable Instalco Project*, it must meet six specific sustainability indicators. Our certification system serves as a stamp of quality for the project, customer and Instalco.

- **Benefits to society**

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

- **Customer satisfaction**

Our goal is to always offer the best possible service to our customers. Satisfied customers are repeat customers and growth is generated from a high level of customer satisfaction.

3. Mature leadership

- **Business ethics**

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

- **Social responsibility**

Instalco is striving to recruit staff from a wide spectrum of society. At all levels, Instalco shall strive for openness and an accepting climate, free of prejudice. Instalco shall offer, regardless of gender and ethnicity, the same opportunities for career and skill development.



The sustainability programme has been implemented throughout the Group by creating comprehensive training material for our subsidiaries and educating them via seminars and presentations. The content of the sustainability programme is based on joint workshops that were conducted together with the subsidiaries in 2019. The entire sustainability programme, including comprehensive training and instruction material, is available to all Instalco employees via the company's intranet.

The Sustainability Programme focuses on three main areas

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

Within these three main areas, a total of eight sustainability indicators were measured during the year. They provide the base line and starting point for where we stand today. In 2021, we will be establishing concrete targets for each of these sustainability indicators, which will become Instalco's new Group-wide sustainability goals. Results from the measurements of these eight sustainability indicators are presented as key performance indicators on page 33.

Sustainable Instalco Project

A key component of the sustainability programme is our certification system, "Sustainable Instalco Project", which we have developed ourselves. Sustainability certification serves as a stamp of quality for the project, customer, Instalco and our subsidiaries involved in the project. During 2020, the year when the programme was launched, a total of 27 Sustainable Instalco Projects were completed. The number is on a par with our expectations and most of those projects came in during the last quarter. During 2021, we will continue implementing the programme, with the hope of increasing the number of Sustainable Instalco Projects even more.

In order for a project to become classified as a Sustainable Instalco Project, its value must correspond to at least 1% of the subsidiary's sales and it must satisfy these six specific sustainability indicators:

1. It must meet the requirements on occupational health and safety via the programme, "Safe Employee".

Instalco shall offer a work environment that is healthy, promotes health and is drug-free. The work environment shall help prevent the risk of ill health or accidents. The project manager must review the Safe Employee programme with employees at the start of each new project.

2. Suppliers are required to have signed the "Instalco Code of Conduct for Suppliers".

One important part of the business involves making smart, sustainable material choices. With that in mind, we want to ensure that our suppliers meet our requirements that products are produced under sustainable and responsible conditions. All suppliers who have a central agreement with Instalco must therefore have signed our Code of Conduct for Suppliers.

3. The project must meet the "climate smart" criteria established by Instalco.

Instalco is always striving to generate benefits to the climate by helping our customers lower their environmental impact through less resource consumption and higher environmental awareness. There are, for example, projects that improve energy efficiency, energy saving, energy recovery, automation, or projects powered by solar or wind power. The project must generate climate benefits in accordance with our established criteria.

4. It must have an established delivery plan with detailed transport and ordering procedures.

Transports typically have a negative environmental and climate impact. To lower the number of transports, each project manager is required to complete a checklist and prepare a delivery plan for the project's transports and ordering routines aimed at both making transports more efficient and lowering their number.

5. There must be adherence to the established routines for waste management and sorting at the source.

One important component of our work involves waste management and sorting at the source. Instalco encourages all employees to follow the routines and rules at each building site that apply for sorting waste at the source. If such rules and routines do not exist, the project manager at the site must establish them. We also encourage recycling and waste sorting at our offices, to the extent possible and based on what each municipality offers to support recycling.

6. The customer must be offered a sustainability contract upon completion of the project.

With an optimised installation and regular service, it is possible to extend its useful life, which saves resources and is beneficial to the environment. In order to further strengthen our existing relationships with customers and benefit from our knowledge of completed projects, Instalco will be expanding its scope of services by, for example, offering service and maintenance agreements after the installation work has been completed.

As part of the new Sustainability Programme, Instalco has become a signatory of the UN Global Compact, which is the world's largest corporate sustainability initiative. Signatories pledge to actively work with sustainability based on the Ten Principles of the UN Global Compact, which have been derived from international conventions on human rights, labour rights, the environment and anti-corruption.

Instalco's environmental efforts

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 the negative environmental impact
- Increase employee knowledge of the environmental aspects of our work
- Comply with laws and other environmental requirements established by the Group

Response from the 2020 Employee Survey was:

84%

responded that there is no bullying or offensive behaviour at their company

91%

responded that they have not been subjected to bullying or offensive behaviour at their company

96%

responded that they have not been subjected to threats or violence at their company



Instalco is an environmentally conscious company, where all employees are responsible for giving as much consideration as possible to the environmental aspects in their everyday work. 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. Active environmental efforts are an important success factor for Instalco's growth.

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

Instalco is also often involved in BREEAM projects (BRE Environmental Assessment Method). It is the world's leading sustainability assessment method, set up and administered by Building Research Establishment (BRE). Sweden Green Building Council has adapted BREEAM to the Swedish market and prerequisites. In 2020, Instalco also launched Sustainable Instalco Project, which is the certification system that we developed ourselves.

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

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

At present, we do not measure the Group's total carbon dioxide emissions. We have, however, implemented measures for lowering our carbon dioxide emissions by, for example, increasing the car fleet of electric and hybrid cars, introducing delivery plans and increasing the use of transport hubs to coordinate transports to building sites.

Purchasing

Instalco strives to establish long-term relations with its suppliers. At the start of cooperation, we make sure that the supplier meets our established environmental requirements. The Group strives to continually improve and streamline suppliers' utilisation of resources

in their operations. When choosing products and components, Instalco prioritises the ones with the lowest environmental impact during their entire lifespan within each product category.

Transports

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

Instalco's social responsibility

Employees

Instalco strives to be an attractive employer that offers interesting assignments, competent leaders, short decision paths and plenty of opportunities to make an impact and develop one's talent. There should be an open atmosphere that stimulates creativity and new ways of thinking that are in line with Instalco's values. Commitment and cooperation are prioritised and we encourage employees to listen and learn from each other. Continual training is also important, along with sharing of expertise in order to promote best practice throughout the organisation. Instalco also offers trainee positions aimed at building strong relations with future technicians and assemblers.

Instalco is striving to recruit staff from a wide spectrum of society. At all levels, we shall strive for openness and an accepting climate, free of prejudice. Regardless of gender, age, ethnicity, religion or other beliefs, we shall offer the same opportunities for career and skill development to everyone.

Instalco's employees must respect and support the UN Declaration of Human Rights and comply with international agreements on child labour. We are actively striving to ensure that no employee or job applicant ever encounters discrimination. Instalco has zero tolerance for all forms of offensive behaviour, lack of respect or sexual harassment.

The main channels for spreading information within the Instalco Group are the company's intranet and Instalco News, which is our newsletter for customers and employees.



2,900
of Instalco's 3,900 employees use the Instalco intranet



Response from the 2020 Employee Survey was:

89%

responded that they like their job

85%

responded that it is possible to contribute suggestions for improvement and experience

86%

responded that they would recommend the company as employer



One of the ways that we monitor this is through the annual employee survey that is sent out to all employees of the Group. The response rate for the 2020 survey was 62 percent, of which 70 percent were assemblers and 30 percent were professionals. The results from parts of the survey are reported on pages 27, 29 and 32.

The main channels for internal information are the Instalco intranet for the Group's employees, which has more than 2,900 users. Another important means of communication is Instalco News, our customer and employee newsletter, the first issue of which was published and distributed in 2020.

Gender equality is given priority at all times, with a particular focus on it during recruitment efforts, skill development and setting salaries. Since Instalco operates in what has been a traditionally male dominated industry, we cooperate with schools, employer organisations and vocational committees to increase the percentage of women in the field. In 2020, the percentage of women working at the Group was slightly more than 5 percent.

The Instalco Club

Instalco should offer all of its employees a stimulating workplace. Instalco Club, set up in 2018, is aimed at stimulating and prioritising activities that promote social interaction and the health/well-being of our employees. With that in mind, we have set up a fund, called Instalco Club, to encourage employee activities. Activities carried out within the scope of Instalco Club should be initiated and run by employees and everyone in the particular subsidiary should be invited to participate. The activities may be social, cultural or physical, which is decided by the one(s) applying for resources from the fund.

In 2020, the Instalco Club has, of course, been affected by the limitations and restrictions caused by the pandemic. Some of the planned activities have been postponed and there have been periods when the number of new applications received has been very low, due to the prevailing circumstances. In 2020, we received 33 applications, of which 30 were approved and 15 were possible to implement.

30
of the 33 applications received were approved

Code of Conduct with whistleblower function

Our Code of Conduct consists of a number of principles that describe the company's shared values. 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 conflicts of interest, gifts, bribery, anti-corruption and entertainment. The Code of Conduct has been adopted by Instalco's Board of Directors. The Group CEO has delegated responsibility to the head of each subsidiary in order to ensure that the Code has been implemented and is being followed.

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

Instalco has a company-internal whistleblower function whereby employees may anonymously report any violations of applicable laws and regulations or lack of compliance with the Code of Conduct. The whistleblower function is part of Instalco's preventive efforts against corruption, improprieties and wrongdoing. Each case is treated in a structured way, in accordance with the established routines. In 2020, no reports were made to our whistleblower function.

Code of Conduct for Suppliers

In 2020, and as part of the new Sustainability Programme, we created a separate Code of Conduct for Suppliers. As a leading company in the installation sector in the Nordic countries, running the business through our subsidiaries, Instalco has a responsibility for ensuring that not only our Group, but also our partners, are engaged in work that promotes sustainable development. Instalco's Code of Conduct for Suppliers provides them with clear guidelines on how they are expected to act and behave in our joint projects. The Code of Conduct for Suppliers applies to all suppliers with whom Instalco has a central contract, with no exception. At the end of 2020, all of the suppliers who had been asked signed Instalco's Code of Conduct for Suppliers, which corresponds to 92 percent of the total purchasing volume from the central supplier agreements.

Instalco's Code of Conduct for Suppliers is based on the UN Declaration of Human Rights, the UN Convention on the Rights of the Child, the UN Convention against Corruption, and the eight fundamental Conventions of the ILO. They provide the foundation for Instalco's values and they guide us in our everyday work. Instalco also has a responsibility to ensure that not only our Group, but also our partners, run operations that promote these conventions and declarations, thereby promoting sustainable development. It is thus important to Instalco that our suppliers meet the requirements that the products they deliver to us have been produced under sustainable and responsible conditions.

Group-wide policies

During 2020, Instalco updated its Group-wide policies and there are now policies that cover: internal control, sustainability, treasury, insurance, GDPR, insider information, communication, quality, employees, company cars and Code of Conduct.

The Group CEO has overall responsibility for ensuring that there is compliance with all policies and that they are updated each year. The CEO of each subsidiary has that same responsibility for ensuring that the company they are in charge of complies with all policies. The executive management team and all of Instalco's employees have shared responsibility for complying with all policies in daily operations. All Instalco employees shall be informed of the policies in force and any changes that are made to them. All new employees shall be informed of Instalco's policies in connection with starting their employment.

Work environment

Instalco's policies aim to ensure a work environment that prevents any risk of ill health or accidents. Instalco shall offer a safe, secure workplace that is healthy, promotes good health and is drug-free. Work environment issues shall be considered during ongoing and planned operations, and in conjunction with any changes that are



Sustainable Instalco Project

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

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



All of the suppliers thus far asked to sign the Code of Conduct for Suppliers have done so, which corresponds to

92%

of the total purchasing volume from the central supplier agreements.

being planned. The Group's employees are jointly responsible for ensuring that no employee is exposed to risks that could lead to serious physical or psychological injury. We work conscientiously and systematically to achieve a good physical and psychosocial work environment. The overall goal is safe, healthy workplaces that help our employees and the company thrive.

Instalco has a vision of zero occupational injuries and it actively strives to achieve that. In 2020, the number of reported occupational injuries was 107, which corresponds to 3.2 percent of the total number of employees. There were no serious personal injuries or deaths in the workplace during the year. For occupational injuries, there are established routines that are followed.

Safe Employee

Work environment issues shall be an integral part of operations and the Group shall actively, conscientiously and systematically strive to ensure that it offers a good physical and psychosocial work environment. The overall goal is to offer a secure, safe, healthy workplace that helps our employees and the company thrive. Instalco fosters an environment where it is natural and easy for employees and managers alike to bring up and discuss any matters related to the work environment.

Instalco shall have a good work environment that encourages cooperation and counters both bullying and harassment. Furthermore, defining characteristics of the workplace should be respect for, and understanding of, each other and our differences. We shall cooperate, care about and help each other whenever problems or crises arise.

As part of the new Sustainability Programme, managers are required to go through the Safe Employee introduction course with their employees at the start of each new project. Safe Employee covers the social perspective and psychosocial workplace, thereby supplementing the rules and routines for avoiding physical injury and accidents in the workplace.

All companies belonging to the Instalco Group have collective agreements in place and they comply with national labour laws, which includes the right of association. All employees are entitled to join and participate in trade unions.

Zero vision: Håll Nollan

Instalco is a member of the building sector's zero vision for occupational injuries. It is called "Håll Nollan". As a member of Håll Nollan, we are part of the effort to improve safety at construction sites and, together with the other members, gather our existing knowledge, develop and share it with each other. It is important that we identify any knowledge gaps and fill them as regards the work environment and safety during all phases of a construction project.

Håll Nollan's vision is zero injuries at construction sites, which is something we wholeheartedly support.

Career opportunities

Instalco strives to offer a stimulating work environment that creates opportunities for personal development.

For this purpose, Instalco has set up a company-internal school called Instalco Academy. We use it to train our future leaders and to ensure that we can attract and retain skilled employees. Another goal is to ensure that all Instalco employees have the right expertise for being able to deliver in their respective roles. The Instalco Academy has leadership programmes for three categories of employee: leading assemblers, project managers and CEOs.

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

In total, 261 employees participated in trainings offered via Instalco Academy in 2020.

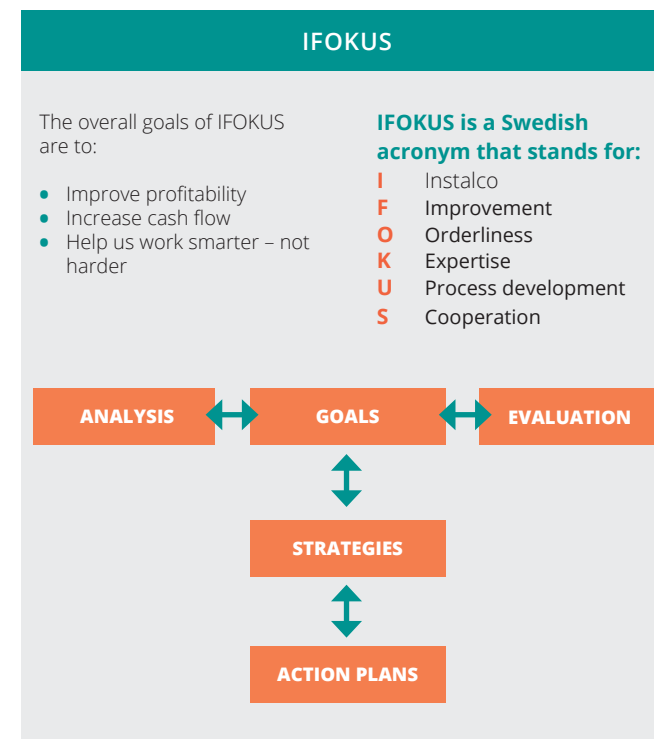
Instalco's responsibility for financial and governance issues Sustainable growth

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



Quality and customer satisfaction

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



Response from the 2020 Employee Survey was:

85%

responded that they are satisfied with the work situation overall

50%

responded that they were offered a performance appraisal

62%

was the Group-wide response rate to the employee survey



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 improvement areas. It also ensures that all units participate in the Group's development. The initiative should not, however, infringe on any unit's autonomy.

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

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

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

Internal control

Instalco's routines for internal control, monitoring and evaluation are clearly regulated and described in the Policy for Internal Control. Twice per year at a meeting of its Board of Directors, each subsidiary reviews its risk profile. Furthermore, the CEO of each subsidiary meets each month for a project review with the company's project managers. Instalco's Business Area Managers also hold group meetings each month with the CEOs in their business area. Three times per year, Business Area Managers meet with the companies in their business area to go over the forecasts and each quarter, the CEO of each subsidiary must provide written confirmation that project reviews and reporting have been carried out in accordance with the instructions. Business Area Managers have a very clear role and responsibility for supporting and coaching the CEOs of the subsidiaries belonging to their business area.

Other formal meetings that are held at Instalco include: meetings of the Group's senior executives, the Group's senior executives' monthly meetings with all of the CEOs of Intalco's subsidiaries, Business Area Manager meetings and CEO conferences. There are also strategy meetings in which the Group's senior executives and both the CEO and Deputy CEO of each subsidiary participate.

COVID-19

The Corona crisis has not hit the construction and installation sector quite as hard as it has other sectors. We've been able to keep our workplaces open. We have also been able to deliver materials to our various ongoing projects and assignments as usual.

During the pandemic, our primary focus has been the health and safety of our employees. We follow the recommendations concerning COVID-19 that have been issued by government authorities and together with our customers, have made adaptations enabling us to run the business essentially as usual. Despite the prevailing circumstances, order intake has been strong during the year and customers have continued placing new orders.

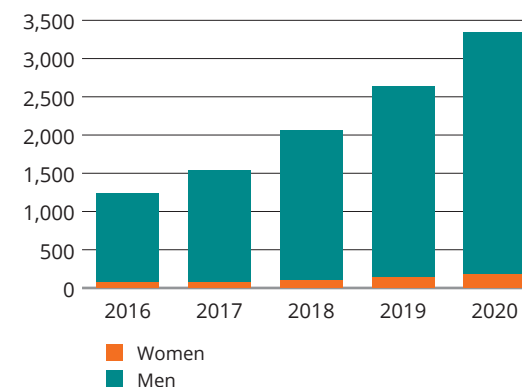
Absence due to illness has been higher during parts of the year and with that, some slight decline in production. In Norway and Finland as well, some employees have had to stay home and care for their children due to the closure of schools and preschools. We have also noticed a bit of a downturn with service assignments, since people have been reluctant to invite others into their homes and workplaces during the pandemic. And, there has been a slight decline in assignments at residential property, such as pipe replacement work.

How the market will develop in the future is uncertain. It is difficult to assess the long-term effects and we are actively following developments. We are monitoring operations in our business areas and subsidiaries so that we can take additional measures to limit any negative consequences.

Despite the ongoing pandemic, we are able to conclude that both our sector, and Instalco specifically, have done very well during the year. Neither has the pandemic affected our rate of acquisition.



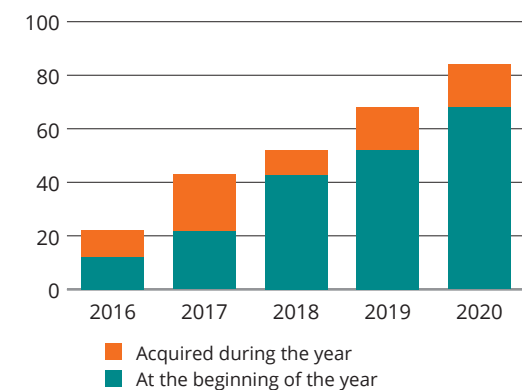
AVERAGE NUMBER OF EMPLOYEES



Results of the 2020 Sustainability Programme

Indicator	Results	Activities
Vision of zero occupational injuries	<ul style="list-style-type: none"> • 107 occupational injuries reported 	<ul style="list-style-type: none"> • In 2020, as stage one, we measured our eight sustainability indicators for the three focus areas. • In 2021, as stage two, we will be establishing targets for each sustainability indicator. • Then, as stage three and going forward from 2022, our aim is to show improvement for each sustainability indicator.
Happiness, health and safety	<ul style="list-style-type: none"> • 85% employee satisfaction • 12.4% employee turnover • 4.6% absence due to illness 	
Development opportunities	<ul style="list-style-type: none"> • 261 employees have attended Instalco Academy • 68% feel that they are offered development opportunities 	
Sustainable Instalco Project	<ul style="list-style-type: none"> • 27 Sustainable Instalco Projects have been certified 	
Benefits to society	<ul style="list-style-type: none"> • Membership of the UN Global Compact sustainability initiative and Håll Nollan, which is the building sector's zero vision for occupational injuries. 	
Customer satisfaction	<ul style="list-style-type: none"> • 81% repeat customers 	
Business ethics	<ul style="list-style-type: none"> • 0 reported breaches to the Code of Conduct via the whistleblower function 	
Social responsibility	<ul style="list-style-type: none"> • 231 apprentices throughout the Group 	

NUMBER OF SUBSIDIARIES



Materiality analysis

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



Stakeholders

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

Stakeholder group	Forms of engagement	Main issues in 2020
Customers <ul style="list-style-type: none"> • Existing customers • Future customers 	<ul style="list-style-type: none"> • Digital meetings • Ongoing dialogue during projects • Evaluation meetings • Tenders • Instalco News (customer magazine) 	<ul style="list-style-type: none"> • Energy and environmental efficiency • Sustainability program • Design, planning and technical solutions • Quality • Specialisation
Other business partners <ul style="list-style-type: none"> • Developers • Collaborating contractors • Subcontractors • Suppliers 	<ul style="list-style-type: none"> • Digital meetings • Ongoing dialogue during projects • Evaluation meetings 	<ul style="list-style-type: none"> • Energy and environmental efficiency • Consulting • Business ethics • Multi-disciplinary activities • Work environment and safety • Code of Conduct for Suppliers
Capital market and the media <ul style="list-style-type: none"> • Shareholders • Investors • Analysts • Journalists 	<ul style="list-style-type: none"> • Individual meetings and interviews • Presentations and road shows • Annual General Meeting • Press releases • Quarterly reports and annual report • Website • Social media 	<ul style="list-style-type: none"> • Expansion of Industrial segment • New business area, Technical Consulting • News reporting • Growth strategy • New projects • Acquisition • Sustainability
Employees <ul style="list-style-type: none"> • CEOs at subsidiaries • Existing employees • Future employees 	<ul style="list-style-type: none"> • Monthly digital meetings • Intranet and employee newsletter • Employee survey • Business area meetings • Instalco Academy and internal trainings • Performance appraisals 	<ul style="list-style-type: none"> • The Instalco Club • Work environment and safety • Shared policies and Code of Conduct • New sustainability program • Spreading best practice throughout the Group • Profitability-enhancing activities and IFOKUS
<ul style="list-style-type: none"> • Acquisition candidates 	<ul style="list-style-type: none"> • Individual meetings • Site visits 	<ul style="list-style-type: none"> • The Instalco model • Profitability • Best practice and local leadership









THE GLOBAL GOALS For Sustainable Development

UN Sustainable Development Goals (SDGs)

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

Instalco has assessed that it can make the most significant contribution to UN Sustainable Development Goals 5-7, 9, 11 and 17.

		Examples of solutions from Instalco		Examples of solutions from Instalco
 <p>5 GENDER EQUALITY</p>	<p>Instalco runs the business via value-based leadership that promotes equal rights and opportunities for all employees. We contribute to the United Nation's SDG 5 by ensuring that all employees, regardless of gender or ethnicity, have access to development opportunities, via further education, apprenticeships and similar initiatives.</p>	<p>Instalco Academy is run as a company-internal school aimed promoting individual development and training future leaders. Another goal is to ensure that all Instalco employees have the right expertise for being able to deliver in their respective roles. The Instalco Academy has leadership programmes for three categories of employee: leading assemblers, project managers and senior executives.</p>	 <p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p>	<p>Through our values and installations, we contribute to SDG 9, Sustainable Industry, Innovation and Infrastructure. We contribute to the United Nation's SDG 9 by enabling more efficient use of resources and promoting the use of environmentally friendly technologies at installations.</p>
 <p>6 CLEAN WATER AND SANITATION</p>	<p>Our core business is based on making both air and water cleaner, along with saving energy. Through our installations, we contribute to United Nation's SDG 6, Clean Water & Sanitation, by making water consumption more efficient, safeguarding the water supply, improving sewage systems and more reuse/recycling.</p>	<p>Like many other Instalco companies working with heating & plumbing solutions, Instalco's subsidiary, Rörläggaren, designs and installs energy-efficient heat pumps, solar panels and energy wells.</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Our core business is based on making both air and water cleaner, along with saving energy. Through our installations, we contribute to the United Nation's SDG 11, Sustainable Cities and Communities.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Our core business is based on making both air and water cleaner, along with saving energy. Through our installations, we contribute to the United Nation's SDG 7, Affordable and Clean Energy, via access to electricity supply and modern energy, a higher percentage of renewable energy and Target 7.3 on higher rate of improvement in energy efficiency.</p>	<p>The Instalco subsidiary, Automationsbolaget, has developed a system for its customers that automatically optimises indoor climate and the energy supply for heating at properties based on a variety of data about the indoor and outdoor environments. The technology makes use of energy that has accumulated within the building in order to avoid supplying more energy than what is needed.</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>We believe that change is most easily achieved via cooperation. We therefore believe that partnerships and collaboration with other stakeholders in society is the best way to contribute to the United Nation's SDGs 5, 6, 7, 9 and 11.</p>
				<p>Sustainable Instalco Project, which is the certification system developed by Instalco, offers customers incentives for choosing solutions that benefit the climate. It also serves as a role model in the industry for making environmentally friendly and long-term sustainable choices for installations.</p>
				<p>Instalco has operations throughout Sweden and in both Norway and Finland. Our subsidiaries are involved in both new production and renovation projects that are designed to make residential buildings safer, more resilient, energy-efficient and sustainable.</p>
				<p>Instalco is a member of the building sector's zero vision for occupational injuries. It is called "Håll Nollan". We are also a signatory of the UN Global Compact.</p>



Rörläggaren carried out the first Sustainable Instalco Project

When Instalco launched its new Sustainability Programme and Sustainable Instalco Project certification system, our subsidiary Rörläggaren in Malmö wasted no time in getting involved. The very first project to be classified as a Sustainable Instalco Project was a renovation assignment in Kristianstad.

The project, which is called Hovrätten 28, is a partnering project with Skanska and Kristianstadsbyggen to renovate a property from the 1950s containing 55 apartments and several office premises with adherence to very stringent environmental requirements.

“When the new Sustainability Programme was presented, we knew that it was a great fit with our way of working. We have been working with many of these aspects for quite some

time and have made good progress with our sustainability work. Now, we’ve added the other elements of the programme in order to meet the requirements for being classified as a Sustainable Instalco Project. It really is a stamp of quality for us, the customer and the entire project,” says Martin Mårtensson, Deputy CEO at Rörläggaren.

The project involves renovation of air treatment systems and installation of exhaust air heat pumps. New pipes are being installed to enable heat recovery for heating systems and hot-water boilers. Radiators will be replaced in all of the units, along with equipping them with integrated outdoor air intake devices. The heating pipes in living rooms will be replaced and upgraded to

meet the new performance requirements.

“We have also made a delivery plan to coordinate transport of the radiators so that they all arrive at once, in a single delivery. Furthermore, we are only using materials and systems that are sustainable and we carefully manage waste at the site, reporting both the quantity and type to Kristianstad Municipality,” explains Martin Mårtensson.

“At the start-up meeting for the project, we also went through the Safe Employee programme with all of our assemblers, which was much appreciated. Sustainability work is so much more than climate and environment. It is also about values and behaviours towards one’s colleagues and fellow employees, not to mention safety in the workplace,” he says.

The following six criteria must be met in order to be certified as a Sustainable Instalco Project.

1. Review of the Instalco program, Safe employee
2. Suppliers are required to have signed the Instalco Code of Conduct for Suppliers
3. The project must help counteract climate change
4. A delivery plan has been prepared
5. Routines have been established for sorting materials and waste
6. The customer has been offered a sustainability contract/service contract

Risks

Business risks	Management	Business risks	Management
<p>Projects</p> <p>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. Strikes and pandemics could impact access to qualified personnel.</p>	<p>Approximately 50 percent of Instalco's projects are based on fixed-price contracts and any error in cost calculations would only have a marginal impact on the project. The risk of an error in calculation is mitigated via a clear delegation of authority that is based on the project size (value). Steering committees are set up for larger projects or projects of a complex nature. The steering committee's task is to monitor the project, share experiences and, as required, initiate concrete action plans and allocate the right resources. Larger projects are typically set up as partnerships, to further limit the risks.</p> <p>Furthermore, Instalco primarily focuses on medium-sized projects, where there is less competition than the larger projects and where competitive advantages come in the form of work quality, long customer relations and short lead times, rather than price.</p>	<p>Attracting and retaining skilled employees</p> <p>Instalco's success very much depends on its ability to recruit, develop, motivate and retain skilled employees.</p>	<p>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.</p>
<p>Customers</p> <p>Instalco has a good risk spread as regards geographic presence and customer segments.</p>	<p>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 17 percent of revenue.</p>	<p>Quality</p> <p>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.</p>	<p>We ensure that our installations and deliveries have a high standard via skilled, competent employees and continual efforts to develop our processes.</p> <p>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.</p>
		<p>Liability, product liability and damages</p> <p>Risks in the area of liability, product liability and damages are associated with Instalco's projects and customer assignments.</p>	<p>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.</p>
		<p>Acquisition</p> <p>There are risks associated with acquisitions having to do with the acquired company's relationships with customers, suppliers and key individuals.</p>	<p>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.</p>

Market risks	Management	Financial risks	Management
<p>Business cycle impact</p> <p>Overall market conditions, less economic activity due to a pandemic and political decisions impact Instalco's existing and potential customers' ability and willingness to invest.</p>	<p>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 are not so dependent on individual customers or contracts. Contracts for installation services are usually 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 ordinarily 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.</p>	<p>Liquidity risk</p> <p>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.</p>	<p>The Parent Company has central responsibility for the Group's financial transactions and risks and it follows a policy established by the Board.</p>
<p>Competitors</p> <p>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.</p>	<p>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.</p>	<p>Financing risk</p> <p>Financing risk is the risk that financing of the Group's capital needs and refinancing of outstanding loans will become more difficult or expensive.</p>	<p>Instalco has a five-year credit agreement that matures in 2025. 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.</p>
		<p>Interest rate risk</p> <p>Interest rate risk is the risk of changes in market interest rates that impact the Group's net interest income/expense and cash flow.</p>	<p>Financing is long-term and the interest rate is linked to STIBOR.</p>
		<p>Currency risk</p> <p>Currency risk is the risk that changes in currency rates will have a negative impact on the income statement, balance sheet and cash flow.</p>	<p>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.</p>
		<p>Credit and counterparty risk</p> <p>Credit risk is the risk that the counterparty in a transaction does not fulfil their financial obligations and that any collateral that has been provided does not cover the Company's claim.</p>	<p>Credit checks are run on all new customers. For installation projects, Instalco offers payment plans.</p>

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. This is described in the Instalco Code of Conduct.

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.

Sustainability risks

Management

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.

Auditor's report on the statutory sustainability report

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 on pages 25-39 and that it has been prepared in accordance with the Annual Accounts Act.

and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing

Stockholm, 18 March 2021

Grant Thornton Sweden AB

Camilla Nilsson
Authorised Public Accountant

Successful renovation of historic building thanks to early involvement in project

With the expansion of the historic property, Åkerblad Gästgiveri in Tällberg, careful renovation and installations were required to preserve the unique environment. The key to success was for Instalco's technical consultants at Intec to get involved in the early stages, with responsibility for design and coordination of the installation work.

Åkerblads Gästgiveri, Hotel & Spa in Tällberg, situated in Dalarna, Sweden, is a family-owned business dating back to the 1400s. It is currently being run by the 19th-22nd generations of the Åkerblad family and it is the oldest farm in Tällberg.

At such an important historical and cultural site as this, extra care was needed when tackling the job of expanding its spa premises with an outdoor pool, winter garden and a new relaxation area.

"For us, the challenge was to preserve the feel and appearance of this important cultural landmark, while offering its visitors a modern experience. It will also still be open and operating the whole time, which requires major adaptations and completing the work in stages," says Ronny Tenggren, Project Manager at Intec.

Intec is responsible for designing the ventilation, electricity and telecommunications systems, along with coordination of the installation work. The project also includes conversion of the existing heating solution (which relies on oil and electricity) to an external boiler plant for pellets. For this, Intec helped put together an application for funding from the Swedish Environmental Protection Agency to help make the property sustainable from an environmental and cost perspective. "Klimatklivet" is the Swedish EPA's programme for supporting local and

regional investments that reduce emissions of carbon dioxide and other gases that affect the climate.

"We have a great deal of experience coordinating projects and installation work and our efforts in this project can greatly benefit everyone involved. We are extremely proud to be a part of such a unique project as this," says Ronny Tenggren.

The project is already underway and is expected to be completed during 2022.



Share Information

Instalco became listed on Nasdaq Stockholm Mid Cap in May 2017 at SEK 55 per share. On the last trading date in 2020, the share price was SEK 251.00.

Share capital

As of 31 December 2020, share capital amounted to SEK 778,979, allocated across a total of 51,931,933 shares, including 62,109 repurchased own 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)
2020-01-31	49,462,794	(+69,346)
2020-03-31	49,497,515	(+34,710)
2020-04-30	49,596,197	(+98,682)
2020-06-30	50,474,022	(+877,825)
2020-07-31	51,778,236	(+1,304,214)
2020-08-31	51,819,378	(+41,142)
2020-10-31	51,842,981	(+23,603)
2020-12-31	51,931,933	(+88,952)

Share trading

The closing rate on 30 December 2020 was SEK 251.00 (135.20) kronor, corresponding to a market cap of SEK 13 billion. In total, just over 33.3 million shares were traded in 2020, corresponding to a value of SEK 5,343 million. The average number of shares traded per trading day amounted to 132,043. During the year, Instalco's share price increased by SEK 115.80 and the closing rate in 2020 was SEK 251.00 (135.20), corresponding to increase of 85.7 percent. Nasdaq's OMXSPI (the OMX Stockholm All Share Index) increased 12.9 (29.6) percent in 2020.

Shareholders

At year-end, Instalco had 11,756 known shareholders. The company's ten largest owners represented 51.8 percent of the share capital and votes. 53.8 percent of the capital is attributable to owners based in Stockholm.

Dividends

The Board of Directors proposes that the 2021 Annual General Meeting resolves to issue dividends for the 2020 fiscal year of SEK 2.70 (2.30) per share, corresponding to a dividend share of approximately 30 percent. The company's dividend policy is to distribute 30 percent of its profit after tax.

Instalco's ten largest shareholders, 2020-12-31	Share of capital and votes, %
Swedbank Robur Fonder	9.8
Per Sjöstrand	8.4
Capital Group	7.7
Paradigm Capital AG	5.4
ODIN Fonder	4.5
Wipunen Varainhallinta Oy	4.0
Heikintorppa Oy	4.0
The Second Swedish National Pension Fund (AP2)	3.4
Handelsbanken Fonder	2.7
Lannebo Fonder	2.0

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

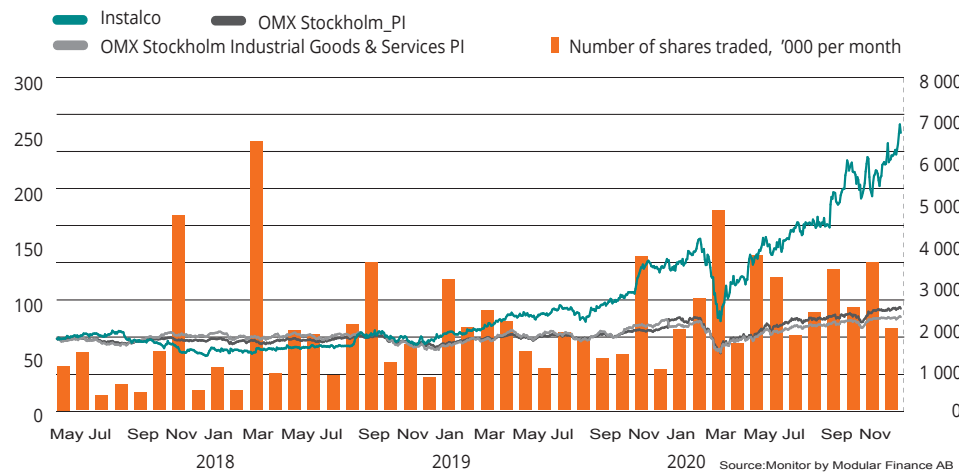
Size categories (number of shares), 2020-12-31	Number of known shareholders	Holding, %
1-1,000	11,154	2.3
1,001-10,000	405	2.4
10,001-100,000	142	9.0
100,001-500,000	37	14.5
500,001-1,000,000	6	8.3
1,000,001-	12	55.7
Anonymous ownership	N/A	7.7
Total	11,756	100

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

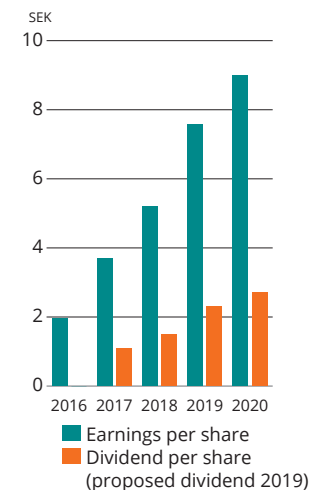
SIX REASONS FOR INVESTING IN INSTALCO

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

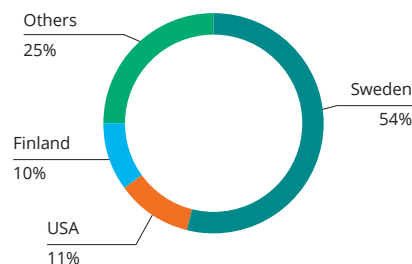
SHARE PRICE DEVELOPMENT 2017-05-11- 2020-12-30



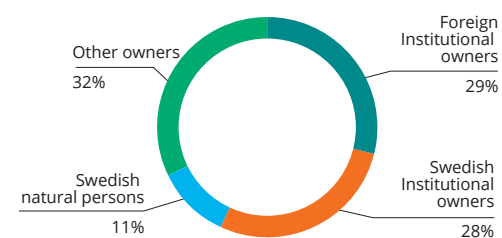
EARNINGS AND DIVIDEND PER SHARE



OWNERSHIP PER COUNTRY



OWNERSHIP PER CATEGORY



Instalco's FAQs

What are the biggest reasons why an entrepreneur sells their company to Instalco?

As part of the Instalco Group, the seller gains opportunities for developing their company and taking it to the next level, working together with our other subsidiaries as part of a strong team. 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. The acquired companies keep their name, identity and culture. When new companies are added to the Instalco Group, it creates both synergies and opportunities for collaboration.

How does the decentralised Instalco model work?

Instalco has a flat organisational structure and a highly decentralised governance model, whereby each subsidiary is responsible for its strategy, customers, employees, recruitment and results. The CEO at each subsidiary retains the authority to continue fostering an entrepreneurial spirit and maintain a strong local presence. At the same time, companies benefit from having opportunities for cross-selling, allocation of resources and access to Instalco's business development, marketing, communications/PR, purchasing, sustainability and accounting/finance functions. Instalco is divided into seven geographic business areas, five of which are in Sweden, one in Norway and one in Finland. In addition to that, there is the Technical Consulting discipline. There is close collaboration among the local companies within each business area and they are supported by their Business Area Manager.

How are synergies created?

At Instalco, we work quite a lot with Best Practice. It involves sharing the best ideas, working methods and solutions of our subsidiaries with each company in the Group, thereby growing the knowledge base. We coordinate business between companies and create both cross-selling and collaboration opportunities, where subsidiaries gain access to customers and projects that they wouldn't have had access to on their own. In many instances, several Instalco companies collaborate in the same project. We also coordinate tendering processes and resource allocation between companies. Instalco subsidiaries may also gain cost advantages by making their purchases on terms that apply in our centrally negotiated supplier agreements.

What types of companies is Instalco interested in acquiring?

Instalco has a well-established, standardised acquisition process, which offers security to the existing companies in the Group and the new companies that join us. In their local markets, Instalco subsidiaries are leaders in one or more disciplines or a particular method. Attractive acquisition candidates are also financially stable, have a high level of customer satisfaction, mature leadership and, not least, make a nice fit with the Instalco family by being a team player. During the acquisition process and selection of companies, we prioritise those that have a clear sustainability profile.

How much can you grow in the Nordic region?

Instalco's annual sales are currently SEK 7.1 billion, with approximately 3,900 employees working in some 85 companies throughout the Nordic region. Our assessment is that we can grow to twice that size in the Nordic market.

Have you considered growing the business outside the Nordic region?

Instalco is now established in Sweden, Norway and Finland. Our assessment is that there is still high growth potential via acquisitions throughout the Nordic region. We still have several geographic areas to focus on and in places where we already are established, our aim is to become multidisciplinary. One of the possible avenues for future growth would be expansion into new geographic areas. The Instalco model would work in several of our neighbouring countries.

Historically, you have exceeded your financial targets and acquisition goals. So why don't you raise them?

We apply a long-term approach to running the business, one that is sustainable over business cycles and resilient not only when times are good, but also when the market conditions become more challenging.

If you were to expand the scope of your operations, which areas would that be?

Instalco is one of the leading Nordic companies for electrical, heating & plumbing, ventilation, cooling, industrial solutions and technical consulting. We offer project planning and design, installation, service and maintenance of these types of solutions at properties and plants. We are continuously investigating opportunities to expand into related areas of operation. We recently expanded in the areas of technical consulting and industrial solutions. Another area for expansion that could be interesting to us is alarm and security systems.

What does your sustainability work look like?

Each day, throughout the Nordic region, we install electrical, heating & plumbing, ventilation and cooling solutions at properties and plants. Our climate-smart installations lower energy and resource consumption to help future-proof society. We want to create a sustainable society by contributing what we know best. For example, we install photovoltaic systems and more energy-efficient, environmentally-friendly heat pumps, geothermal heating systems, heat exchangers, LED lighting, charging stations and sprinkler systems. We also take part in a variety of air and water purification projects. We help the end clients of construction projects apply a holistic approach to sustainability, at all stages, providing them with more knowledge of what is possible, from an environmental perspective, when undertaking new construction or renovation. Our installations benefit schools & preschools, hospitals, nursing homes and other critical public services, helping them function optimally, every day, year round.

What type of contract terms and payment options do you have?

We are typically engaged either for single assignments or as general contractor. For the latter, we also design systems and offer project planning and as part of that, we propose technical solutions. Payment is typically for a fixed price on the total contract. Or, we receive reimbursement for expenses incurred, which is typically how it works for partnering arrangements. Partnering is becoming more common and for this type of arrangement, the customer has insight into the entire cost process and we secure our compensation. All of our larger projects are in the form of partnering.



Intelligent control systems save energy in apartments

VIP Sähkö, an Instalco subsidiary in Finland, is specialised in the design and installation of electrical solutions for newly constructed apartment buildings. One of the most sustainable projects in 2020 was our installation of a KNX system at a large apartment complex in Helsinki. The solution provides security and also saves energy.

KNX is the global standard for home and property automation to automatically control such things as the lighting, sun protection, security system, heating, ventilation, air conditioning, monitoring, alarms, water and energy consumption.

The customer and housing construction company, Lapti, contracted VIP Sähkö for installation of a complete KNX system for a total of 250 newly constructed apartments owned by three separate housing cooperatives in Helsinki. They were also assigned the task of installing photovoltaic systems that will generate electricity for lighting at the properties.

“These types of smart, energy-saving systems for apartments and condominiums are the future for housing production. The system is self-controlling so that electricity consumption is optimised throughout the day and night, making it as energy efficient as possible,” says Antti Juvonen, CEO at VIP Sähkö.

When a resident leaves the unit, electricity consumption is shut down and the level for ventilation, cooling and heating is simultaneously optimised. The system also has a monitoring function that is available to each resident online. If, for example, there is a water leakage, the ventilation system stops working or some other problem arises, the system will automatically generate an alarm.

For this project, the KNX system from ABB was used and VIP Sähkö installed all of the system's components and devices. Programming of the system was done in collaboration with ABB.



Careful renovation for a sustainable theatre future

Stora Teatern in Linköping first opened its doors to theatre lovers in 1903 as one of the first electrified buildings in the city. Now, 120 years later, it is undergoing a careful, total renovation. The Instalco company, Vallacom, has replaced the entire electrical system, which has lowered energy consumption and ensured a sustainable theatre future in Linköping.

In the early 1900s, Stora Teatern was representative of its time, designed in the elegant Art Nouveau style with majestic Baroque features. At the grand opening, the public was entranced by its 600 glittering electric lights. But time has left its mark and after many years of minor electrical renovations, a major overhaul was necessary. Renovation and modernisation of the theatre itself and its technical installations, including an entirely new electrical system, was an absolute necessity.

Vallacom was contracted to create an entirely new electrical and data system and during the year, it removed the old systems, created new housings for the wiring, replaced cables, lighting, fuse boxes and other devices to meet the current requirements. For example, an old five tonne power cable was replaced with 50 kilometres of modern cable. New digital sound and lighting systems have also been installed, along with a new alarm system.

"As an old, historic building of cultural importance, we needed to install the new

systems with great care, which was a challenge. We had no documentation or drawings of the original wiring or updates, so we had to proceed with caution. We found electrical installations from the 1950s and some dating back as early as 1922. We encountered cable ladders that were 50-70 centimetres thick with cable-on-cable of mixed power, lighting, video, data, telephony, etc.," says Mikael Kalm, Supervisor at Vallacom.

Vallacom has now made the building future-proof as regards its electrical systems and it has lowered energy consumption by installing energy-efficient lighting and lighting controls. The renovation has also improved the work environment for those who work at the theatre, and heightened the experience for audiences. It has involved a variety of special installations, such as renovation of the chandeliers, replacing the old bulbs with modern, energy-efficient LED lighting.

"The complete renovation of Stora Teatern is a milestone in Linköping's cultural history. We have both modernised the building and made it more efficient, lowered its energy consumption and made it future-proof. That's what I call sustainability," says Mikael Kalm.

The client was Lejonfastigheter and the tenant is Östgöteatern.

Directors' Report

The Board of Directors and CEO of Instalco AB, CIN 559015-8944, hereby present the annual report and consolidated financial statements for the 2020 financial year.

Operations

Instalco offers project planning and design, technical installation services, service and maintenance of buildings and facilities in Sweden, Norway and Finland, providing complete electrical, heating & plumbing, ventilation, cooling, and industrial solutions, as well as technical consulting. The Group is represented throughout most of Sweden, and in the expanding metropolitan regions of both Norway and Finland. Operations are run through subsidiaries that have close relationships with customers. It also has a small central organisation.

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

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

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

The company is domiciled in Stockholm.

Significant events during the financial year

In 2020, the following companies were acquired by the Group: Einstallationer Ullsand Bengtsson AB, 556669-9509, Haug og Ruud VVS AS, 914737613, Östersjö Elektriska AB, 556575-2929, Avent Drift och Innemiljö AB, 556567-9072

Avent Installation AB, 556168-3870,
 Avent K AB, 556886-5074,
 Norrtech VVS och Industri AB, 556989-4651,
 Teampipe Sweden AB i Uppsala, 556758-1896,
 Miljöventilation i Mellannorrland AB, 556748-3374,
 Sähkö-Arktia OY, 1529580-9,
 FTX Teknik & Service AB, 556738-9357,
 Uudenman Lämpötekniikka OY, 1095707-6,
 Ventpartner Sverige AB, 556980-2084,
 Boman El och Larmtjänst i Norrköping AB, 556740-5948,
 Tornby El AB, 556477-5517,
 MR Rör i Storstockholm AB, 556661-8749,
 M.E. Solutions AB, 556791-4170,
 S.A. Ecomore Ltd, HE 400101,
 High Pressure Welding Sweden AB, 556575-8660,
 Metro Rørleggerservice AS, 888847642,
 Selek Elentreprenad AB, 556504-6876.

For more information on acquisitions, please see Note 28.

In 2020, the company started up the following subsidiaries:

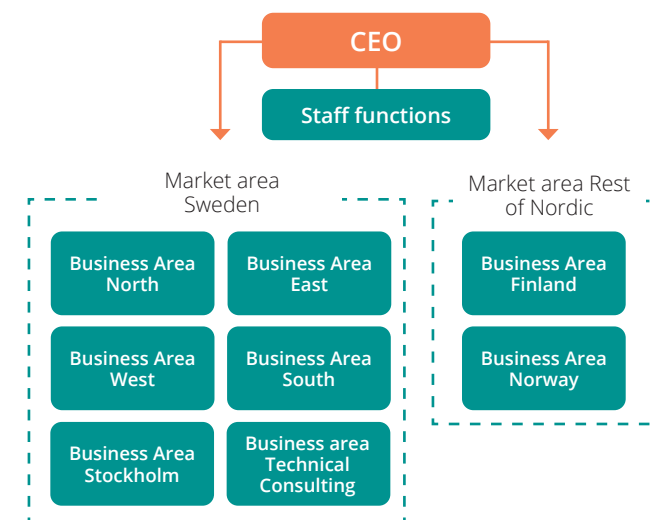
Intec Nordic AB, 559264-9635,
 Intec i Dalarna AB, 559264-9643,
 Intec Mitt AB, 559273-5236.

Significant events after the end of the financial year

During the first quarter of 2021, Instalco acquired JB Elektro AS, with expected annual sales of SEK 40 million and 21 employees, Lincom AB, with expected annual sales of SEK 33 million and 25 employees, Nässjö Teknikprojektering AB, with expected annual sales of SEK 15 million and 10 employees, Stockholm Luftkompetens AB, with expected annual sales of 85 million and 20 employees and Kempes El AB, with expected annual sales of SEK 85 million and 66 employees. For more information on acquisitions, please see Note 26.

Organisation

Operations are organised into two segments, Sweden and Rest of Nordic. They are then organised into seven business areas. The Parent Company runs its activities from the head office in Stockholm and it offers support functions including accounting/finance, purchasing, communications, IR and business development.



Guidelines for remuneration to senior executives

The most recent decided guidelines for remuneration to senior executives are detailed in the Corporate Governance Report, presented in this annual report on page 51.

Share-related information

Share-related information is provided on pages 41, 42 and 49 of this document.

Ownership structure

At the end of the year, Instalco had 11,756 known shareholders. The Parent Company's ten largest owners represented 51.8 percent of the share capital and votes. The three largest shareholders were Swedbank Robur Fonder with an equity holding of 9.8 percent, Per Sjöstrand with an equity holding of 8.4 percent and Capital Group with an equity holding of 7.7 percent. Information on holdings of own shares and additional share information is provided on page 49 of the Corporate Governance Report.

Rounding of functional currency

All amounts are in SEK million unless otherwise stated.

Multi-year comparison

	2020	2019	2018	2017	2016
Net sales	7,122	5,692	4,414	3,114	2,407
Operating profit/loss (EBIT)	604	492	334	244	140
EBITA	605	493	334	244	140
Adjusted EBITA	625	500	375	264	156
Operating profit/loss (EBIT), %	8.5	8.6	7.6	7.8	5.8
EBITA margin, %	8.5	8.7	7.6	7.8	5.8
Adjusted EBITA margin, %	8.8	8.8	8.5	8.5	6.5
Profit (loss) after financial items	594	473	315	229	132
Total assets	5,228	4,176	3,016	2,297	1,525
Equity ratio, %	38	36	35	35	36
Average number of employees	3,340	2,630	2,065	1,539	1,240

Net sales

The Group's net sales amounted to SEK 7,122 (5,692) million. Organic growth was 5.6 percent and acquired growth was 21.3 percent. Currency fluctuations had a negative impact on net sales of -1.4 percent. 18 companies were acquired during the year.

EBITA

Adjusted EBITA amounted to SEK 625 (500) million, which corresponds to an operating margin of 8.8 (8.8) percent.

Information on adjustments is provided in Note 31.

Operating profit amounted to SEK 605 (493) million, which corresponds to an operating margin of 8.5 (8.7) percent.

Financial position and cash flow

The Group has a strong financial position with an equity ratio of 38 (36) percent. Cash and cash equivalents at the end of the year amounted to SEK 386 (317) million.

The Group's cash flow from operating activities was SEK 689 (495) 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 targets, strategies and action plans as part of the annual business planning of each unit. Measurement and monitoring of goals is both ongoing and on an annual basis. Instalco identifies and evaluates annually the impact the company's activities, services and products have on the environment. Management has assessed that Instalco's most significant environmental impact is its carbon dioxide emissions.

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

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

Sustainability Report

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Instalco has elected to prepare the statutory sustainability report separate to the annual report. The Sustainability Report is provided on pages 25-39 of this document.

Work environment

Instalco runs operations in various types of projects, which means that there is variation as regards the types of work environment problems it faces. The Group works systematically to collect information about the work environment and it strives to provide an acceptable physical and psychological work environment for all employees. Instalco promotes activities to increase equality and diversity. The Group routinely considers the work environment in conjunction with change processes and we meet the requirements of the Swedish Work Environment Authority, with continual improvement efforts aimed at ensuring that the company offers a safe work environment. More information is available in the Sustainability Report on pages 30-31 of this document.

Employees

At the end of the year, there were 3,856 (3,103) employees and the average number of employees for the year was 3,340 (2,630).

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. Risks are described in the section called Risks on pages 37-39 and in Note 29 on pages 84-86.

Risk management

There is a 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 subpar performance, incorrect calculations and losses on accounts receivable. For this reason, it is important that these operational risks are well-managed.

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

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

OPERATIONAL RISKS

Tendering

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

Price risks

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

Capacity utilisation

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

Revenue recognition

Instalco recognises revenue in its projects over time. Revenue is recognised based on 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 29 for information on financial risks like interest rate risk, currency risk, financing risk and credit risk.

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

Expected future performance

During the current year, the Group expects to make several company acquisitions in the installation and consulting sector and it also expects sales to increase. Demand for installation services is expected to remain high or even increase, with higher demand for sustainable transition, energy-efficient solutions, renovation of property holdings and reallocation of office premises. The pace of housing construction is slowing down somewhat, despite there being a serious housing shortage, particularly for new construction of condominiums in metropolitan regions. Although there has been a dip in housing construction, the rate of construction for schools, preschools and hospitals remains high. The Norwegian and Finnish markets are relatively stable, with growth in all areas where Instalco is represented. In the Nordic region, major investments are being made in basic industry to transition production such that there is focus on sustainability.

Appropriation of profit or loss

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

Share premium reserve	1,208,254
Accumulated profit or loss	154,797
Profit/loss for the year	4,873
	1,367,924

The Board and CEO recommend that

To be distributed as dividends, SEK 2.70 per share	140,259
the following amount is carried forward	1,227,665
	1,367,924

The dividend amount has been calculated on the number of outstanding shares as of 2021-02-28, which was 52,009,923 shares less a deduction of repurchased own shares equal to 62,109 shares, which equals 51,947,814 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 Parent 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 the Parent Company to deviate from those requirements if, in specific cases, doing so would result in better corporate governance ("comply or explain"). Any such deviations, along with the reasons for the deviation and alternative solution, must be reported annually in a corporate governance report.

Instalco applies the Swedish Corporate Governance Code and there were no deviations from the Code in 2020.

Share capital and shareholders

Share capital amounts to SEK 0.8 million allocated across a total of 51,931,933 shares with a quotient value of SEK 0.015 per share. All shares have equal voting rights. At the end of 2020, Instalco had 11,756 known shareholders. At year-end, the ten largest shareholders controlled 51.8 percent of share capital. The percentage of shares owned by Swedish institutional owners at year-end amounted to 27.7 percent of share capital and votes. The percentage of shares owned by foreign institutional owners amounted to 28.8 percent of share capital and votes.

At the 2020 AGM, the Board of Directors was granted the authority to repurchase own shares, provided that own holdings do not exceed 5 percent of the total number of shares in the Parent Company. The Board was also, at that time, granted the authority to transfer own shares in conjunction with the acquisition of companies or operations. Instalco exercised its authority during 2020 to repurchase own shares and in total, 62,109 (0) shares were repurchased. At year-end the number of repurchased own shares totalled 62,109, which corresponds to 0.1 percent of the total number of shares. The amount paid for repurchase of shares during the financial year is SEK 13,643,998 (0). No transfer of own shares has occurred.

Annual General Meeting

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

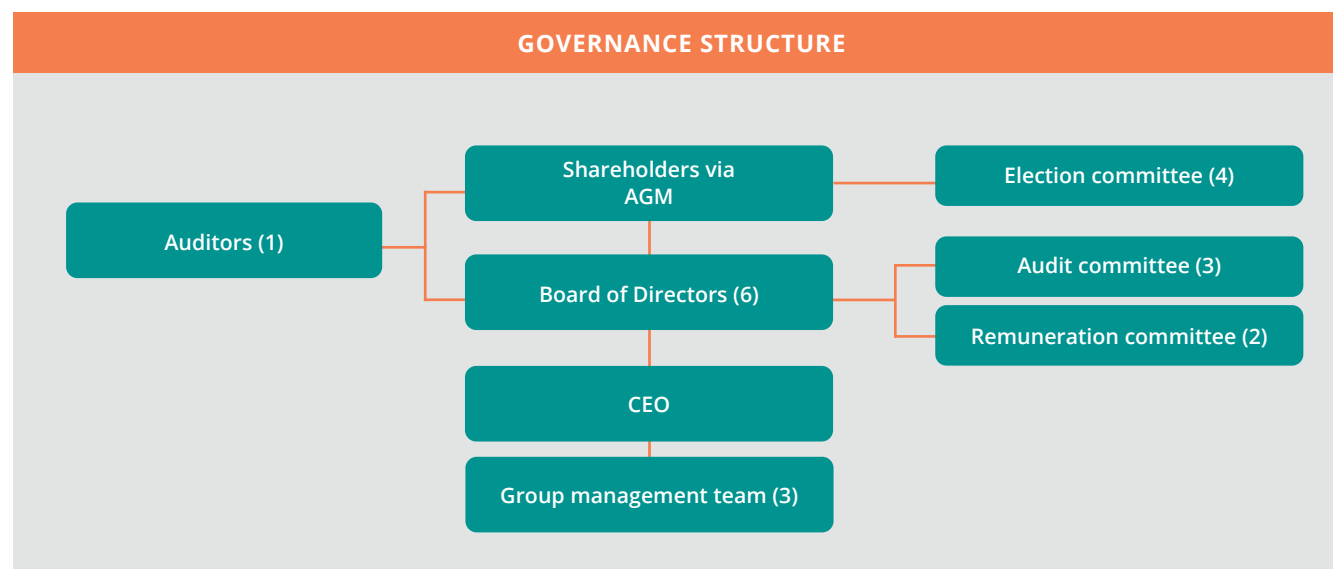
At the Annual General Meeting (AGM), resolutions are passed on adoption of the income statement and balance sheet, disposals of the Parent Company's profit or loss, discharge from liability by

the Parent Company for the members of the Board and the CEO, election of board members and auditors, and remuneration to the Board and the auditor. At the AGM, shareholders also decide on other central issues, such as changes to the Articles of Association, new issue of shares, etc. Information on authorisation for the Board granted by the AGM for the period up until the next AGM is provided on page 41.

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

The right to attend and vote at the Annual General Meeting, either personally or by proxy holder, shall be given to shareholders who are entered in the Parent 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 Parent Company by the date stated in the notice of the AGM.

Notices, minutes and reports from AGMs will be made available on the Parent 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 AB that was held on 7 May 2020, the election committee shall consist of the Chairman of the Board and three members representing the three largest shareholders of the Parent Company in terms of the number of votes that they control. If any of these shareholders declines their right to appoint a director, the option will go to the shareholder with the next largest holding in terms of votes that they control. The names of the members of the election committee and the shareholders that have appointed members shall be made public no later than six months prior to the AGM. The election committee decides for itself which member to appoint as chairman of the committee. The Chairman of the Board may not serve as chairman of the election committee.

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

Composition of the election committee was made public on 5 November 2020. The election committee in place prior to the 2021 AGM consists of: Krister Hansen (appointed by Per Sjöstrand), Jan Hummel (appointed by Paradigm Capital), Niklas Larsson (appointed by Swedbank Robur Fonder) and the Chairman of the Board, Olof Ehrlén.

The election committee shall apply Rule 4.1 of the Swedish Code of Corporate Governance as its diversity policy when making its proposal for members of the Board of Directors, with the aim of

achieving a well-functioning Board of Directors regarding diversity and breadth as regards such things as gender, nationality, age and industry experience.

Board of Directors

The Board of Directors is also the Parent Company's highest executive body and it is responsible for the Parent 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. Directors 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 54. Information on remuneration to the Board of Directors is also provided in Note 5 of the Annual Report.

The Board's tasks include establishing the Parent 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 Parent 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 programme detailed in the rules of procedure. At these meetings, decisions are made on certain standing items along with decisions on other items, as needed.

Evaluation of Board work

To ensure and develop the quality of the work done by the Board of Directors, an evaluation is conducted each year. The effort is led by the Chairman of the Board for the purpose of evaluating the work done by the Board and its members. In 2020 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.

Board of Directors 2020

Director	Position	Elected	Independent in relation to:		Participation out of total number of meetings			Fees in accordance with the 2020 AGM SEK thousands		
			Company and senior executives	Major shareholders	Board meetings ¹⁾	Audit committee	Remuneration committee	Board fee	Audit committee fee	Total fee
Olof Ehrlén	Chairman of the Board	2014	yes	yes	12 out of 12	–	0 out of 0	500	–	500
Johnny Alvarsson	Director	2016	yes	yes	12 out of 12	–	0 out of 0	250	–	250
Camilla Öberg	Director	2018	yes	yes	12 out of 12	5 out of 5	–	250	150	400
Per Leopoldsson	Director	2018	yes	yes	12 out of 12	5 out of 5	–	250	50	300
Carina Qvarngård	Director	2018	yes	yes	12 out of 12	5 out of 5	–	250	50	300
Carina Edblad	Director	2018	yes	yes	12 out of 12	–	–	250	–	250
Total								1,750	250	2,000

¹⁾ Per capsulam not included

Committees

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

Audit committee

The Board has set up an audit committee that consists of the following three members: Camilla Öberg, Per Leopoldson and Carina Qvarngård. Camilla Öberg is chairman of the committee. The audit committee is tasked with, among other things, monitoring the Parent 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 to the Parent Company in addition to the audit.

Remuneration committee

The Board has set up a remuneration committee that consists of the following two members: Olof Ehlén and Johnny Alvarsson. Olof Ehlén 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 Parent 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.

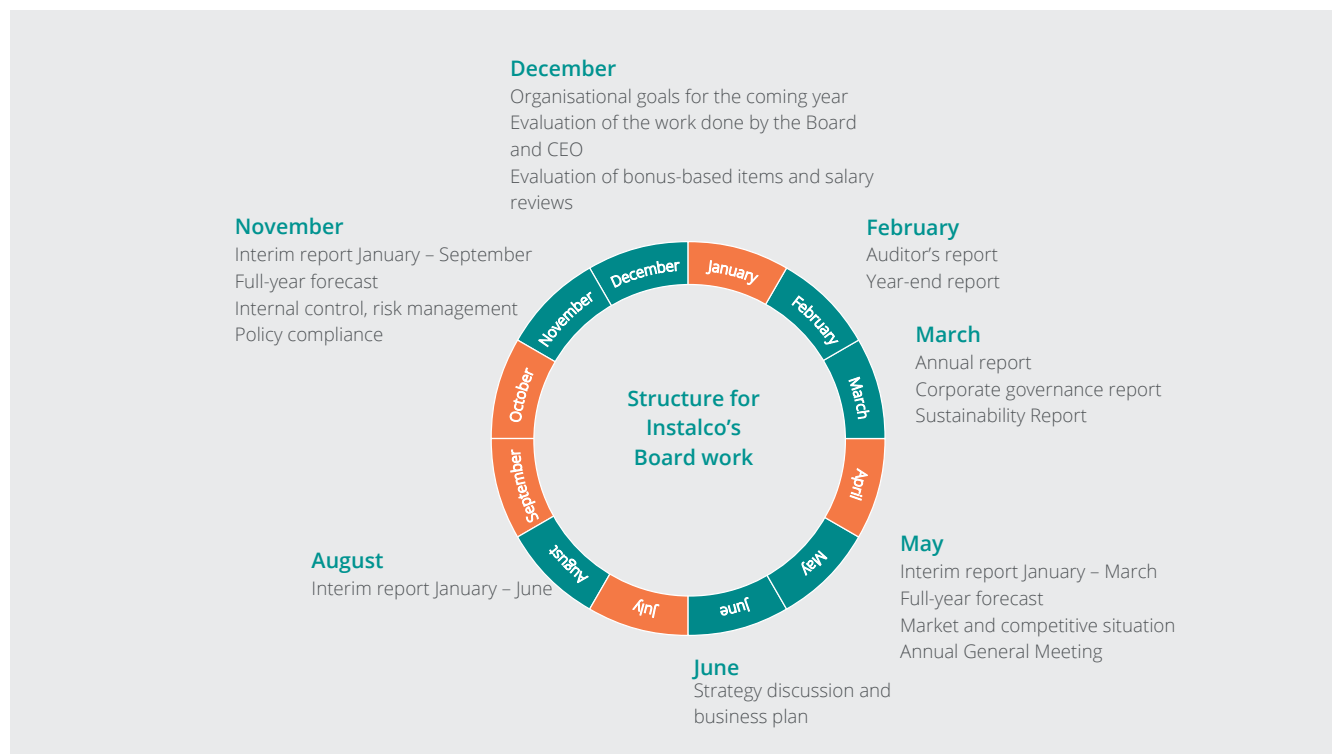
The Parent Company's CEO is Per Sjöstrand. More information on the CEO and other senior executives is provided on page 55.

Guidelines for remuneration to senior executives

At the AGM that was held on 7 May 2020, 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 Parent Company. Remuneration may consist of fixed remuneration, variable remuneration, pension and other benefits. Variable remuneration is paid in cash and based on outcomes in relation to pre-established goals within individual areas of responsibility (Group or business area) and the goals must also be consistent with the interests of shareholders. Unless otherwise agreed, variable remuneration is pensionable salary at an amount not to exceed 50 percent of fixed annual salary for the CEO and not to exceed 50 percent of fixed annual salary for other senior executives.

Pension benefits are associated with defined contribution plans, with individual retirement age not earlier than 60 years of age.



Other benefits, such as company cars, supplementary health insurance or occupational health services shall be for a limited amount in relation to other remuneration and it must also be at the market's going rate.

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

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

The Board of Directors' suggested guidelines for remuneration to the CEO and other senior executives for the period of time until the next AGM shall remain in force as described above. Some additional information is available in Instalco's remuneration report, which will be presented at the AGM on 6 May 2021.

Incentive programme

At the Instalco AGM on 7 May 2020, 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 Parent Company.

If all of the 989,256 warrants are exercised, the Parent Company's share capital will increase by at most SEK 14,838.84 allocated across 989,256 shares, each of which with a quotient value of SEK 0.015 kronor, corresponding to a dilutive effect of at most 2 percent based on the share capital and votes in the company as of the AGM on 7 May 2020.

A total of 989,256 warrants have been transferred at a price corresponding to the option's market value according to external valuation. The exercise price for warrants amounts to SEK 157.78 per new share.

Warrants may be exercised to subscribe for new shares as of 22 May 2023 through 16 June 2023.

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

Internal control and audit

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

As a public company, the Parent Company 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 Parent 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 Parent Company's current audit firm is Grant Thornton Sweden AB with Camilla Nilsson as the chief auditor.

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

The Board's responsibility for internal control is regulated in the Swedish Companies Act, Annual Accounts Act and the Swedish Code of Corporate Governance. The Board must, among others, ensure that 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 Parent 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 Parent 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 Parent Company's internal controls, the internal audit (is such a function has been set up) and risk management, along with reviewing and monitoring the auditor's impartiality and independence. The Parent Company has decided not to have a separate internal audit function. However, the Board of Directors evaluates the need for such on an ongoing basis. As needed, the external auditor has expanded the audit by looking more closely at particularly important areas. The follow-up structure that the company has in the form of its leadership functions, described above, has been assessed as being adequate given Instalco's size and complexity.

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

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

Besides internal follow-up and reporting, the Parent 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 Parent 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 Parent 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 Parent 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 Parent Company's financial reporting complies with Swedish laws and regulations along with the local rules in each country where operations are run. The Parent 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 the Parent Company's 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, Director since 2014

Work experience

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

Education

MSc Engineering, Chalmers University of Technology, Gothenburg

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

*Shareholding in Instalco*¹⁾
49,377



Johnny Alvarsson

Born 1950
Director since 2016

Other Board assignments

Other Board assignments
Chairman: FM Mattsson Mora Group and VBG Group. Director: 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⁾
35,188



Carina Edblad

Born: 1963
Director since 2018

Current position

CEO Thomas Betong

Other Board assignments

Director: Adapteo Group

Work experience

35 years of experience in the construction industry as both specialist and manager in a variety of segments. 10 years of experience serving on the board of directors of listed companies.

Education

MSc Engineering, Chalmers University of Technology

Independent in relation to Instalco and its senior executives

Independent in relation to major shareholders

*Shareholding in Instalco*¹⁾
-



Per Leopoldson

Born 1960
Director since 2018

Current position

Head of Solavik Förvaltning AB

Other Board assignments

Chairman: Nordic Surface Group AB. Director of the City Council for Fastighetsägarna i Stockholm, Brandkontoret, SBC and NAI Svefa

Work experience

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

Education

MBA, Stockholm School of Economics

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

*Shareholding in Instalco*¹⁾
6,000



Carina Qvarngård

Born 1959
Director since 2018

Current position

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

Other Board assignments

Director, XM Reality

Work experience

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

Education

MSc Engineering, KTH Royal Institute of Technology

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

*Shareholding in Instalco*¹⁾
-



Camilla Öberg

Born 1964
Director since 2018

Current position

CFO Yubico

Other Board assignments

Director, Xvivo Perfusion

Work experience

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

Education

MBA, Stockholm School of Economics

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

*Shareholding in Instalco*¹⁾
380

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

Senior executive



Per Sjöstrand

Born 1958
CEO and founder

Work experience

Director 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

Number of shares¹⁾
4,380,372

Number of options
25,000



Fredrik Trahn

Born 1969
Head of Communications and IR

Work experience

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

Education

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

Number of shares¹⁾
1,005

Number of options
10,000



Robin Boheman

Born 1984
CFO

Work experience

Management Consultant M&A Integration and Carve-out PWC, Business Developer Scania

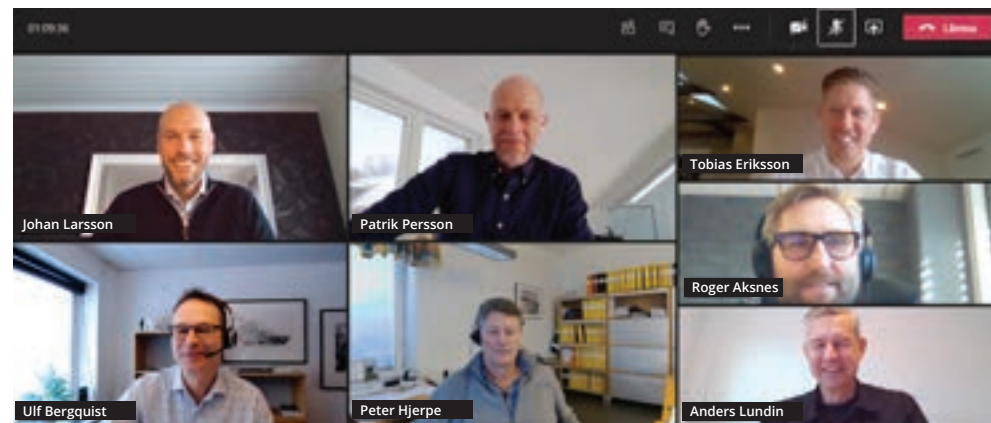
Education

Masters degree in accounting and finance, Uppsala University

Number of shares¹⁾
353,045

Number of options
25,000

Extended management team



Roger Aksnes

Born 1972
Business Area Manager for Norway

Work experience

Project Manager and Head of Department at Bravida, CEO Andersen og Aksnes Rørlegger-bedrift

Education

PHS technician and Pipe Layer, technical college

Number of shares¹⁾ 122,650
Number of options 15,000

Ulf Bergquist

Born 1963
Business Area Manager, West

Work experience

CEO Luftkontroll AB, CEO VentPartner i Närke AB, CEO VentPartner Sverige AB

Education

Operations technician, Örebro University

Number of shares¹⁾ 42,467
Number of options 3,000

Tobias Eriksson

Born 1981
Business Area Manager, Stockholm

Work experience

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

Education

Upper secondary and training in sheet metal and ventilation installations

Number of shares¹⁾ 148,981
Number of options 15,000

Peter Hjerpe

Born 1964
Business Area Manager, East

Work experience

CEO JN EI

Education

High school

Number of shares¹⁾ 21,995
Number of options 15,000

Johan Larsson

Born 1976
Business Area Manager, North

Work experience

CEO DALAB Dala Luftbehandling, CEO DALAB Group AB

Education

Upper secondary and training in sheet metal and ventilation installations

Number of shares¹⁾ 322,366
Number of options 15,000

Anders Lundin

Born 1966
Business Area Manager, Technical Consulting

Work experience

30 years of experience in the consulting industry in a variety of positions. Regional Manager and Business Area Manager at ÅF AO Buildings. CEO INTEC Nordic

Education

Heating & Plumbing Engineer, Marketing and organizational theory at Luleå University of Technology

Number of shares¹⁾ –
Number of options 4,000

Patrik Persson

Born 1964
Business Area Manager, South

Work experience

Deputy CEO and CEO Rörläggaren

Education

PHS technician, technical college

Number of shares¹⁾ 10,376
Number of options 15,000

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

Consolidated income statement

AMOUNTS IN SEK M	Note	2020	2019
Operating income			
Net sales	2, 3	7,122	5,692
Other operating income		63	70
Total operating income		7,184	5,762
Operating expenses			
Materials and purchased services		-3,720	-2,937
Other external costs	4	-398	-338
Employee benefit costs	5, 6, 7	-2,274	-1,836
Depreciation of property, plant and equipment		-135	-95
Other operating expenses		-54	-64
Total operating expenses		-6,580	-5,270
Operating profit/loss (EBIT)		604	492
Profit/loss from financial items			
Financial income		23	5
Financial expenses	8	-32	-24
Earnings before taxes		594	473
Income tax	9	-133	-101
Profit/loss for the year		462	372
<i>Profit (loss) attributable to:</i>			
Parent Company's shareholders		456	370
Non-controlling interests		6	2
Earnings per share	10		
Basic earnings per share, SEK		9.00	7.58
Diluted earnings per share, SEK		8.79	7.30

AMOUNTS IN SEK M	Note	2020	2019
Consolidated statement of comprehensive income			
PROFIT/LOSS FOR THE YEAR		462	372
Items that could be reclassified to profit or loss			
Translation effect for the year of foreign operations		-91	17
Other comprehensive income after tax		-91	17
Total comprehensive income for the year		371	390
Comprehensive income attributable to:			
Non-controlling interests		6	2
Parent Company's shareholders		365	388

Consolidated balance sheet

AMOUNTS IN SEK M	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
<i>Intangible assets</i>	11		
Goodwill		2,780	2,189
Other intangible assets		10	4
Total intangible assets		2,789	2,193
<i>Property, plant and equipment</i>	12		
Equipment and tools		41	35
Right-of-use assets		323	222
Total property, plant and equipment		365	257
<i>Financial assets</i>	13		
Shares in associated companies and jointly run companies	15	4	1
Receivables from associated companies and jointly run companies	15	1	1
Securities held as non-current assets		3	5
Non-current receivables		5	1
Total financial assets		13	8
Deferred tax asset	9	7	3
Total non-current assets		3,174	2,461
Current assets			
<i>Inventories, etc.</i>			
Finished goods and goods for resale		62	45
Total inventories		62	45
<i>Current receivables</i>	13		
Accounts receivable	16	995	874
Current tax asset		60	32
Other receivables		37	32
Contract assets	17	407	322
Prepaid expenses and accrued income		107	93
Cash and cash equivalents	18	386	317
Total current receivables		1,991	1,669
Total current assets		2,054	1,715
TOTAL ASSETS		5,228	4,176

AMOUNTS IN SEK M	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Equity	19		
Share capital		1	1
Share premium reserve		942	702
Reserves		-68	22
Retained earnings including profit/loss for the year		1,085	757
Non-controlling interests		12	2
Total equity		1,973	1,485
<i>Non-current liabilities</i>	13		
Liabilities to credit institutions	21	980	971
Lease liabilities	21	210	129
Deferred tax liabilities	9	119	86
Total non-current liabilities		1,308	1,186
<i>Current liabilities</i>	13		
Provisions	20	22	14
Liabilities to credit institutions	21	0	0
Lease liabilities	21	103	84
Accounts payable	22	588	420
Current tax liabilities		40	34
Other liabilities		369	242
Contract liabilities	17	349	357
Accrued expenses and deferred income	23	476	354
Total current liabilities		1,947	1,504
Total liabilities		3,255	2,690
TOTAL EQUITY AND LIABILITIES		5,228	4,176

Consolidated statement of changes in equity

AMOUNTS IN SEK M	Note	Share capital	Share premium reserve	Translation reserves	Accumulated profit or loss incl. profit (loss) for the year	Non-controlling interests	Total equity
Opening balance 2019-01-01		1	603	5	460	0	1,068
Profit/loss for the year		-	-	-	370	2	373
Translation effect for the year of foreign operations		-	-	17	-	-	17
Other comprehensive income		-	-	17	-	-	17
Total comprehensive income for the year		-	-	17	370	2	390
Transaction with owners							
Dividend		-	-	-	-73	-	-73
New issue ¹⁾		0	100	-	-	-	100
Total transactions with owners		0	100	-	-73	-	27
Closing balance 2019-12-31	19	1	702	22	757	3	1,485
Opening balance 2020-01-01		1	702	22	757	3	1,485
Profit/loss for the year		-	-	-	456	6	462
Translation effect for the year of foreign operations		-	-	-91	-	-	-91
Other comprehensive income		-	-	-91	-	-	-91
Total comprehensive income for the year		-	0	-91	456	6	371
Transactions with owners							
Dividend					-114	-1	-115
Acquisition of non-controlling interests						5	5
New issue ¹⁾		0	222	-	-	-	222
Issue warrants		-	18	-	-	-	18
Repurchase of own shares					-14		-14
Other consolidation adjustments		-	0	-	-	-	0
Total transactions with owners		0	240	0	-128	4	116
Closing balance 2020-12-31	19	1	942	-68	1,085	12	1,973

1) Transaction costs for new issues are so low that they have no significant impact on the change in equity which was SEK 250 thousand in 2020 and SEK 220 thousand in 2019.

Consolidated cash flow statement

AMOUNTS IN SEK M	Note	2020	2019
Operating activities			
Earnings before taxes		594	473
Adjustment for items not included in cash flow, etc.	27	146	105
Income tax paid		-125	-103
Cash flow from operating activities before changes in working capital		615	474
<i>Changes in working capital:</i>			
Change in inventories		-3	6
Change in accounts receivable and other receivables		-28	-83
Change in accounts payable and other liabilities		104	98
Cash flow from operating activities		689	495
Investing activities			
Acquisition of subsidiaries/businesses	28	-582	-560
Acquisition of intangible assets		-3	-2
Acquisition of property, plant and equipment		-14	-10
Disposal of property, plant and equipment		8	4
Decrease/increase in financial assets		6	6
Cash flow from investing activities		-584	-562
Financing activities			
New issue		222	100
Dividend paid		-115	-73
Issue warrants		18	-
Repurchase of own shares		-14	-
Raised loans	13	70	331
Loan amortization	13	-74	-116
Leasing liabilities amortization		-119	-83
Cash flow from financing activities		-12	159
CASH FLOW FOR THE YEAR			
Cash and cash equivalents at the beginning of the year		317	218
Exchange difference in cash and cash equivalents		-22	5
Cash and cash equivalents at the end of the year		386	317
Cash flow for the year from interest:			
Interest paid		-17	-17
Interest received		1	3

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

Parent Company income statement

AMOUNTS IN SEK M	Note	2020	2019
Operating income			
Net sales		23	23
Total operating income		23	23
Operating expenses			
Other external costs	4	-8	-7
Employee benefit costs	5, 6, 7	-13	-14
Total operating expenses		-21	-21
Operating profit/loss		2	3
Profit/loss from financial items			
Interest expense and similar profit or loss items	8	-2	-2
Profit/loss after financial items		-1	0
Group contributions received		7	5
Earnings before taxes		6	5
Tax on profit for the year	9	-2	-1
Profit/loss for the year		5	4

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

Parent Company balance sheet

AMOUNTS IN SEK M	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Participations in Group companies	14	1,465	1,315
Total financial assets		1,465	1,315
Total non-current assets		1,465	1,315
Current assets			
<i>Current receivables</i>			
Other receivables		7	5
Prepaid expenses and accrued income		0	0
Total current receivables		7	5
Cash and bank balances		50	102
Total current assets		57	107
TOTAL ASSETS		1,522	1,422

AMOUNTS IN SEK M	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Equity	19		
<i>Restricted equity</i>			
Share capital		1	1
Total restricted equity		1	1
<i>Non-restricted equity</i>	30		
Share premium reserve		1,208	979
Retained earnings		155	286
Profit/loss for the year		5	4
Total non-restricted equity		1,368	1,269
Total equity		1,369	1,270
Non-current liabilities			
Liabilities to credit institutions	21	142	142
Total non-current liabilities		142	142
Current liabilities			
Accounts payable	22	0	0
Other liabilities		4	5
Accrued expenses and deferred income	23	7	6
Total current liabilities		11	10
Total liabilities		154	152
TOTAL EQUITY AND LIABILITIES		1,522	1,422

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 capital
Opening balance 2019-01-01		1	879	333	26	1,239
Dividend		-	-	-73	-	-73
Reversal of previous year's earnings		-	-	26	-26	-
New issue ¹⁾		0	100	-	-	100
Profit/loss for the year		-	-	-	4	4
Closing balance 2019-12-31	19	1	979	286	4	1,270
Opening balance 2020-01-01		1	979	286	4	1,270
Dividend		-	-	-114	-	-114
Reversal of previous year's earnings		-	-	4	-4	-
New issue ¹⁾		0	230	-8	-	222
Repurchase of own shares		-	-	-14	-	-14
Profit/loss for the year		-	-	-	5	5
Closing balance 2020-12-31	19	1	1,208	155	5	1,369

1) Transaction costs for new issues are so low that they have no significant impact on the change in equity which was SEK 250 thousand in 2020 and SEK 220 thousand in 2019.

Parent Company cash flow statement

AMOUNTS IN SEK M	Note	2020	2019
OPERATING ACTIVITIES			
Profit (loss) after financial items		-1	0
Adjustment for items not included in cash flow	27	0	1
Income tax paid		-1	0
Cash flow from operating activities before changes in working capital		-1	1
<i>Changes in working capital:</i>			
Change in accounts receivable and other receivables		-2	23
Change in accounts payable and other liabilities		0	1
Net cash flow from ongoing operations		-3	25
Cash flow from operating activities		-3	25
Investing activities			
Contribution made	14	-150	-
Cash flow from investing activities		-150	0
Financing activities			
New issue		222	100
Dividend distributed to shareholders in the Parent Company		-114	-73
Group contributions received		7	5
Repurchase of own shares		-14	-
Cash flow from financing activities		101	32
CASH FLOW FOR THE YEAR		-52	56
Cash and cash equivalents at the beginning of the year		102	46
Cash and cash equivalents at the end of the year		50	102
Cash flow for the year from interest			
Interest paid		-2	-2
Interest received		0	-

Note 1. Accounting and valuation principles

General information

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

Instalco AB (Publ), CIN: 5590158944, is domiciled in Stockholm. The Head Office and primary place of business is located at Lilla Bantorget 11, 111 23 Stockholm, Sweden.

The consolidated financial statements for the reporting period ending on 31 December 2020 (including comparative figures) were approved for issuance by the Board of Directors on 18 March 2021.

The consolidated statement of comprehensive income, other comprehensive income, report on financial position and the Parent Company's income statement and balance sheet will be brought forth for adoption by the AGM that will be held on 6 May 2021.

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

Summary of important accounting principles

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

Basis for preparation of reports

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

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

section below "Significant assessments and estimates when applying accounting principles".

The financial statements have been prepared based on the presumption that the Group is able to continue as a going concern.

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

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

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

New and updated standards that enter into force for financial years starting on 1 January 2021 and later

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

OVERVIEW OF ACCOUNTING PRINCIPLES

Overall considerations

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

Basis for consolidation

Included in the consolidated financial statements are subsidiaries where the Group has direct or indirect control. The Group controls a company when it is exposed to, or is entitled to, variable returns resulting from its holding in the company and is able to influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. Subsidiaries are removed from the consolidated financial statements as of the date when the Group no longer has a controlling influence.

All intra-group transactions and balance sheet items are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. In cases where unrealised

losses on intra-group sales of assets are reversed during consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts that are reported in the financial statements of subsidiaries have been adjusted where necessary to ensure compliance with the Group's accounting principles.

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

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

Business combinations

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

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

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

Participations in associated companies

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

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

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

Continuation Note 1. Accounting and valuation principles

the Group's accounting principles. The Group's carrying amount of holdings in associated companies includes goodwill identified upon acquisition.

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

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

FOREIGN CURRENCY TRANSLATION

Functional currency and presentation currency

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

Transactions and balance sheet items in foreign currency

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

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

Foreign operations

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

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

Segment reporting

> NOTE 3

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

"Other" includes Group-wide revenues and expenses.

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

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

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

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

Revenue

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

Instalco's revenue primarily consists of contracts, along with a smaller portion of service. For the first category, invoicing is based

on contract work along with any charges for modifications and extras regulated in the contract. The second category is service and smaller projects, along with other items that are not regulated via a contract. The company has two categories of revenue: Contract revenue and Service revenue.

Instalco's payment terms are typically 30 days net.

Performance of service contracts

The Group generates revenue from contracts involving various types of installations. Remuneration for such services is recognised over time.

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

Construction contracts

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

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

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

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

The gross amount to be paid by customers for contracts is reported in "Contract assets" for all ongoing assignments where the contract expenditures and reported profits (after deduction for

Continuation Note 1. Accounting and valuation principles

reported losses) exceed the invoiced amount. Liabilities to clients that are reported in "Contract liabilities" pertain to all ongoing assignments for which the invoiced amount exceeds the contract expenditures plus reported profits (less any recognised losses).

Interest and dividends

> NOTE 8

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

Operating expenses

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

Borrowing costs

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

Goodwill

> NOTE 11

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

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

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible decrease in value. The carrying amount of the cash-generating unit to which the goodwill is attributed is compared with the recoverable amount, which is the value-in-use or the fair value less selling expenses, whichever is higher. Impairment losses are recognised immediately

whenever they arise and they are never reversed. Goodwill is monitored and tested at the segment level.

Other intangible assets and property, plant & equipment

> NOTE 11, 12

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

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

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

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

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

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

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

An impairment loss is recognised for the amount by which the cash-generating unit's carrying amount exceeds its recoverable

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

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

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

Leases

The Group's lease agreements include properties (rent of premises), car rentals, tools and machinery. Leases are reported in the balance sheet, except for short-term leases (duration of 12 months or less) and lease assets with a low underlying asset value.

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

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

The right-of-use asset is thereafter depreciated on a straight-line basis over its useful life, which corresponds to the lease term. The duration of the Group's lease agreements is typically 3-5 years, except for a limited number of leases for premises, which have a

Continuation Note 1. Accounting and valuation principles

longer duration. The carrying amount of the right-of-use asset is periodically adjusted for certain revaluations of the lease liability or to recognise any impairment.

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

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

The Group has elected not to report lease assets and lease liabilities for short-term leases (i.e. those with a lease term of 12 months or less). Nor does it report leasing of assets with a low underlying asset value. Asset value below the estimated market value of SEK 36,000 is not reported. The Group recognises and expends the rental costs in connection with these leases on a straight-line basis over the lease term. The Group makes use of extension options in cases where the leases are shorter than 3 years. All leases are assessed individually in each company's market plan, which, at most, stretches 3 years into the future.

FINANCIAL INSTRUMENTS

Initial recognition and measurement

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

Financial assets are removed from the report on financial position when the contractual rights associated with the financial asset no longer exist, or when the financial asset and all of the significant

risks and advantages have been transferred. A financial liability is removed from the report on financial position when it has been extinguished, fulfilled or cancelled.

Classification and subsequent measurement of financial assets

> NOTE 13

Subsequent measurement of financial assets is based on the category in which it was initially classified. The Group has the following categories of financial assets:

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

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

Financial assets measured at amortised cost

Financial assets held for the purpose of, within the scope of the Group's business model, collecting their contractual cash flows (consisting of the principal amount and interest on the principal amount) are classified as financial assets at amortised cost. Loan receivables and accounts receivable are financial assets that are not derivative instruments, with fixed or determinable payments and which are not listed on an active market. After initial recognition, they are valued at amortised cost, using the effective interest method, after deductions for any impairment. Discounting is not applied when the effect of it is insignificant. The Group's cash & cash equivalents, accounts receivable and most of its other receivables/claims belong to this category of financial instruments.

Only significant receivables/claims are tested for impairment after they have fallen due or when there is other objective evidence that the counterparty is unable to pay. Receivables/claims which, individually are not tested for impairment, are grouped together and tested for impairment, with such grouping based on the industry, region or other credit risks that they have in common.

The estimated write-down is then based on the latest information on payment trends for doubtful debts in each respective category of accounts.

For accounts receivable and contract assets, expected credit loss is applied.

Financial assets measured at fair value through profit or loss

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

Classification and subsequent measurement of financial liabilities

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

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

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

Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of acquisition includes all costs that are directly attributable to the purchase. Costs for commonly exchangeable items are allocated according to the FIFO principle. Net realisable value is the estimated sales price in the ordinary course of business less any applicable sales costs.

Continuation Note 1. Accounting and valuation principles

Income taxes

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

Calculation of current tax is based on tax rates and tax rules that have been decided or in practice decided at the end of the reporting period. Deferred tax is calculated in accordance with the balance sheet method on all temporary differences.

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

The Group does not recognise deferred tax liabilities on temporary differences arising from goodwill or investments in subsidiaries.

Cash and cash equivalents

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

Equity, reserves and dividends

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

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

Repurchase of own shares includes the value of the share at the time of purchase and the amount is reported as a deduction item in equity.

Other components of equity include:

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

The translation reserve includes all foreign exchange differences arising from the translation of financial statements of foreign operations for which the financial statements have been prepared in a different currency than the currency in which the consolidated financial statements are presented.

POST-EMPLOYMENT BENEFITS AND SHORT-TERM EMPLOYEE BENEFITS

Post-employment benefits

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

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

Short-term employee benefits

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

Provisions, contingent liabilities and contingent assets

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

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

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

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

SIGNIFICANT ASSESSMENTS AND ESTIMATES WHEN APPLYING ACCOUNTING PRINCIPLES

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

Significant assessments by the Group management team

> NOTE 29

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

For the following, there is a significant risk of significant adjustments to the carrying amount during the coming financial year. Assessments made by Group management in the application of IFRS that have a significant impact on the financial statements, along with estimates that entail significant adjustments in subsequent financial statements are described in more detail in Note 29.

Recognition of revenue from construction contracts

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

Continuation Note 1. Accounting and valuation principles

Uncertainty in estimates

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

Impairment of non-financial assets and goodwill > NOTE 11

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

As of the closing date on 2020-12-31, goodwill amounted to SEK 2,780 (2,189) million. For more information on impairment testing, please see Note 11.

Business combinations and measurement at fair value > NOTE 28

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

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

Contingent consideration is included in the item "Other liabilities" in the balance sheet and the amount reported on 2020-12-31 was SEK 210 (106) million. For more information on contingent consideration, please see Note 28.

Revenue from construction contracts

> NOTE 17

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

As of the closing date on 2020-12-31, claims on construction contracts reported in the balance sheet amounted to SEK 407 (322) million. For more information on construction contracts, please see Note 17.

The Parent Company's accounting and valuation principles

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

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

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

Presentation of the financial statements

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

Shares in subsidiaries

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

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

Group contributions

All Group contributions made and received are reported as appropriations.

Financial instruments

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

Note 2. Distribution of revenue¹⁾

	Group	
	2020	2019
Invoicing	7,055	5,692
Change in work-in-progress	66	0
Net sales	7,122	5,692

Revenue by significant category	2020		
	Contract	Service	Total
Sweden	4,367	1,084	5,451
Rest of Nordic	1,302	369	1,671
Net sales	5,669	1,453	7,122

Revenue by significant category	2019		
	Contract	Service	Total
Sweden	3,566	656	4,221
Rest of Nordic	1,203	267	1,470
Net sales	4,769	922	5,692

1) For more detailed information, please see Note 1 Accounting and valuation principles, under the heading, Revenue, page 65. For information on contract assets and contract liabilities, please see Note 17.

Note 3. Segment reporting

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

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

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

The earnings KPI that Instalco monitors is EBITA.

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

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

2020	Sweden	Rest of Nordic	Other	Elim	Total
Net sales	5,451	1,671	–	–	7,122
EBITA	537	94	8	-34	605
EBITA margin, %	9.9	5.6	–	–	8.5
Adjusted EBITA	536	94	9	-14	625
Adjusted EBITA margin, %	9.8	5.6	–	–	8.8
2019	Sweden	Rest of Nordic	Other	Elim	Total
Net sales	4,221	1,470	–	–	5,692
EBITA ¹⁾	379	108	12	-6	493
EBITA margin, % ¹⁾	9.0	7.3	–	–	8.7
Adjusted EBITA ¹⁾	379	108	13	0	500
Adjusted EBITA margin, % ¹⁾	9.0	7.3	–	–	8.8

1) A correction has been made to the allocation between segments of EBITA and Adjusted EBITA, along with the margins, compared to the figures reported for 2019.

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

	2020	2019
Sweden	5,451	4,221
Norway	953	942
Finland	718	529
Total	7,122	5,692

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

	2020-12-31	2019-12-31
Sweden	271	198
Norway	71	42
Finland	23	16
Total	365	257

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

Note 4. Remuneration to auditor

Expensed amount and other remuneration amounts to:	Group		Parent Company	
	2020	2019	2020	2019
Grant Thornton				
Audit assignment	9	9	2	2
Audit activities in addition to the audit assignment	1	1	0	0
Tax advice	0	0	0	0
Other services	0	0	0	0
Other audit companies				
Audit assignment	1	0	-	-
Audit activities in addition to the audit assignment	0	0	-	-
Tax advice	0	0	-	-
Other services	0	1	-	-
Total	11	12	2	3

Note 5. Salaries and remuneration to employees

The distribution of costs recognised for remuneration to employees is as follows:

	Group		Parent Company	
	2020	2019	2020	2019
Salaries – Board and CEO	5	5	3	3
Salaries – other employees	1,647	1,307	6	6
Pensions, defined contribution – Board and CEO	1	1	1	1
Pensions, defined contribution – other employees	131	110	1	1
Other social security contributions	424	352	3	3
Total	2,209	1,775	13	13

Expensed remuneration and other benefits to the Board of Directors, CEO and other senior executives:

SEK t	Basic salary/ Board fee ²⁾	Variable remuneration	Other benefits ¹⁾	Total
Olof Ehrlén	500	-	-	500
Jonny Alvarsson	250	-	-	250
Camilla Öberg	400	-	-	400
Per Leopoldsson	300	-	-	300
Carina Qvarngård	300	-	-	300
Carina Edblad	250	-	-	250
Per Sjöstrand, CEO	2,580	-	66	2,646
Other senior executives (7)	6,404	984	473	7,861
Total	10,984	984	539	12,507

1) Other benefits consist of company car, fuel subsidy and health insurance.

2) Board fees have been paid out as salary.

Benefits to Board of Directors, CEO and other senior executives

See the Directors' report on pages 50 and 51 for more information.

Long-term incentive programme

At Instalco's AGM on 7 May 2020, it was decided to implement an incentive programme for the Group's senior executives and other key individuals at the company. In total, the scope of the programme is,

at most, 989,256 warrants, issued at market value, where each warrant entitles the holder to subscribe for one new ordinary Series A share in the company. The aim of the programme is to promote and stimulate employee loyalty to the company by uniting their interests with those of our shareholders. The programme runs through the second quarter of 2023.

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

Note 6. Employees

	Group		Parent Company	
	2020	2019	2020	2019
Average number of employees	3,340	2,630	4	4
Of which women	183	143	1	1
Of which women, %	5	5	25	25

Average number of employees by country is as follows:

	Group			
	2020	2020	2019	2019
	Total	Of which women	Total	Of which women
Sweden	2,524	136	1,961	107
Norway	497	32	429	25
Finland	318	15	240	11
Total	3,340	183	2,630	143

Note 7. Gender breakdown

Of the total number of Board members, 3 (3) are women.

Of the total number of senior executives, 0 (1) is a woman.

Note 8. Financial expenses/Interest expenses and similar profit or loss items

	Group		Parent Company	
	2020	2019	2020	2019
Interest expenses, external	13	14	2	2
Exchange rate losses	12	0	-	-
Other	8	10	0	1
Total	32	24	2	2

Note 9. Taxes

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

	Group		Parent Company	
	2020	2019	2020	2019
Earnings before taxes	594	473	6	5
Tax according to the current tax rate in Sweden, 21.4 %	-127	-101	-1	-1
Difference attributable to foreign tax rates	1	0	-	-
Effect of changed tax rate	0	1	-	-
Adjustment of prior years' tax	1	1	-	-
Adjustment tax expense acquired companies	0	-	-	-
Non-taxable income	8	12	-	-
Non-deductible expenses	-15	-17	0	0
The year's loss for which deferred tax asset has not been recognised	-1	-	-	-
Unutilised loss carryforward for the year, not previously recognised as an asset	0	1	-	0
Other	1	1	0	0
Reported tax in the income statement	-133	-101	-2	-1

Tax expense is comprised of the following components:

	Group		Parent Company	
	2020	2019	2020	2019
Current tax				
On profit for the year	-114	-90	-2	-1
Adjustment of prior years' tax	1	1	-	-
Deferred tax expense/revenue				
Change in temporary differences	4	0	-	-
Untaxed reserves	-24	-13	-	-
Change in tax loss carryforwards	0	1	-	-
Reported tax in the income statement	-133	-101	-2	-1

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

Continuation Note 9. Taxes

Reported deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to:

Change during the year:	2020-12-31		2019-12-31	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Intangible assets	-	-1	-	-
Property, plant and equipment	0	-	1	-
Financial assets	0	-	-	-
Inventories	0	-	1	-
Current receivables	2	-	2	-
Project provisions	-	-10	-	-16
Warranty provisions	1	-	1	-
Untaxed reserves	-	-106	-	-74
Unutilised loss carryforward	2	-	1	-
Other	-	0	1	-
Total	6	-118	7	-90
Tax assets and liabilities, net		-112		-83

Change during the year:	Reported in			
	2020-01-01	income statement	associated with acquisitions	2020-12-31
Intangible assets	-	-	-1	-1
Property, plant and equipment	1	0	0	0
Financial assets	-	0	-	0
Inventories	1	-1	-	0
Current receivables	2	0	0	2
Project provisions	-16	6	0	-10
Warranty provisions	1	0	0	1
Untaxed reserves	-74	-24	-9	-106
Unutilised loss carryforward	1	0	1	2
Other	1	-1	-	0
Total	-83	-20	-9	-112

Change during the year:	Reported in			
	2019-01-01	income statement	associated with acquisitions	2019-12-31
Property, plant and equipment	1	0	-	1
Inventories	-1	1	-	1
Current receivables	1	1	-	2
Project provisions	-4	-12	-	-16
Warranty provisions	1	0	-	1
Untaxed reserves	-54	-12	-8	-74
Unutilised loss carryforward	0	1	-	1
Other	-1	2	-	1
Total	-57	-19	-8	-83

Note 10. Earnings per share

Earnings per share

Both earnings per share before and after dilution have been calculated by using the profit attributable to the shareholders of the Parent Company as a numerator, i.e. no adjustments to the earnings needed to be made in 2020 or 2019.

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

Profit (loss) attributable to ordinary shareholders	2020	2019
Profit (loss) attributable to Parent Company shareholders as per the income statement	456	370
Profit (loss) attributable to ordinary shareholders, before dilution and after dilution	456	370

Number of shares, SEK 000s	2020	2019
Weighted average number of shares used for calculating earnings per share before dilution	50,610	48,844
Weighted average number of shares used for calculating earnings per share after dilution	51,835	50,704

In 2020, there was a repurchase of own shares totalling 62,109 shares corresponding to SEK 14 million.

Note 11. Goodwill and other intangible assets

Changes in the carrying amounts for goodwill are:

	Group	
	2020-12-31	2019-12-31
Opening accumulated cost	2,189	1,582
Investments for the year	1	5
Acquisition of subsidiaries	648	589
Exchange differences	-57	12
Closing accumulated cost	2,780	2,189
Carrying amount	2,780	2,189

Goodwill is allocated across segments as follows: Sweden: SEK 2,007 (1,524) million and Rest of Nordic: SEK 773 (665) million.

Impairment testing

The Group's goodwill of SEK 2,780 (2,189) million has arisen from the acquisition of subsidiaries. Impairment testing of goodwill occurs at the segment level.

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

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

- The annual growth volume for year 1 is assessed using the forecasts of the companies and for the years after that, using a constant rate of 2 percent. These calculations are based on estimated future cash flows before tax based on financial forecasts approved by the management covering a five-year period and which have a significant effect on the valuation.
- The operating margins are based on historical operating margins.

- The weighted-average growth rate for extrapolating cash flows beyond the forecast period has been assessed as 2 (2) percent. The long-term growth rate corresponds to the forecasts in the industry reports.
- The discount rate before tax used for the calculation of the present value of future cash flows is 8.2 (9.1) percent for Segment Sweden and 8.2 (9.2) percent for Segment Rest of Nordic.

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

Computer systems, licenses, customer relations, etc.

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

	Group	
	2020-12-31	2019-12-31
Opening accumulated cost	6	2
Investments for the year	2	4
Acquisition of subsidiaries	5	-
Closing accumulated cost	14	6
Opening accumulated amortisation/depreciation	-2	-1
Amortisation/depreciation for the year	-2	-1
Exchange differences	0	0
Closing accumulated amortisation/depreciation	-4	-2
Carrying amount	10	4

Note 12. Property, plant and equipment

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

2020-12-31	Group		Total
	Other non-current assets	Right-of-use assets	
Opening accumulated cost	49	405	454
Investments for the year	14	199	213
Acquisition of subsidiaries	14	39	53
Sales/disposals	-12	-94	-105
Reclassifications	0	-	0
Exchange differences	-4	-10	-14
Closing accumulated cost	62	540	602
Opening accumulated amortisation/depreciation	-14	-183	-197
Amortisation/depreciation for the year	-14	-120	-133
Sales/disposals	5	81	86
Reclassifications	0	-	0
Exchange differences	3	5	8
Closing accumulated amortisation/depreciation	-20	-217	-237
Carrying amount	41	323	365

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

The carrying amount of other fixed assets consists of equipment and tools SEK 20 (13) million, cars SEK 18 (13) million and buildings SEK 4 (7) million.

Right-of-use assets are leased assets in accordance with IFRS 16, which consist of buildings (leased premises) SEK 209 (132) million, cars SEK 110 (88) million and other (tools/machinery) SEK 5 (4) million. Depreciation for the year on right-of-use assets was: buildings SEK 57 (38) million, cars SEK 61 (43) million, Other (tools and machinery) SEK 2 (2) million. The Group has excluded short-term leases and leases of low-value assets totalling SEK 25 (27) million. For information on options to extend, please see Note 1, Accounting principles, Leases.

Note 13. Financial assets and liabilities

Categories of financial assets and liabilities

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

Financial assets

2020-12-31	Amortised cost	Fair value via profit or loss	Total
Securities held as non-current assets	-	3	3
Non-current receivables	5	-	5
Accounts receivable	995	-	995
Current receivables (portion of)	122	-	122
Cash and cash equivalents	386	-	386
Total	1,508	3	1,511

Financial liabilities

2020-12-31	Fair value via profit or loss ¹⁾	Other liabilities (amortised cost)	Total
Long-term borrowing	-	980	980
Short-term borrowing	-	0	0
Accounts payable and other liabilities	-	588	588
Contingent consideration	210	-	210
Current receivables (portion of)	-	1	1
Total	210	1,569	1,779

¹⁾ The liability measured at fair value via profit or loss is for contingent consideration. For more information, please see Note 28.

Continuation Note 13. Financial assets and liabilities

Financial assets

2019-12-31	Amortised cost	Fair value via profit or loss	Total
Securities held as non-current assets	–	5	5
Non-current receivables	1	–	1
Accounts receivable	874	–	874
Current receivables (portion of)	105	–	105
Cash and cash equivalents	317	–	317
Total	1,297	5	1,301

Financial liabilities

2019-12-31	Fair value via profit or loss ¹⁾	Other liabilities (amortised cost)	Total
Long-term borrowing	–	971	971
Short-term borrowing	–	0	0
Accounts payable and other liabilities	–	420	420
Contingent consideration	106	–	106
Current receivables	–	1	1
Total	106	1,392	1,498

Borrowing

Borrowing includes the following financial liabilities:

Long-term borrowing	2020-12-31	2019-12-31
Liabilities to credit institutions	980	971
	980	971
Short-term borrowing	2020-12-31	2019-12-31
Liabilities to credit institutions	0	0
	0	0

The Group has revolving credit of SEK 1,501 (800) million, which also includes overdraft of SEK 100 (90) million linked to the Group's cash pool with maturity on 2025-07-03. The interest rate on this revolving credit is STIBOR 6 months.

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

At 31 December 2020, total granted credit, including overdraft, amounted to SEK 1,501 (1,201) million. Of the amount of revolving credit granted, SEK 978 (971) million had been utilised and of the bank overdraft amount, SEK 0 (0) had been utilised. The remaining period of time until maturity of the revolving credit is 54 (27) months.

Fair value

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

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

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

Contingent consideration that has been measured at fair value in the balance sheet is classified as Level 3 in the fair value hierarchy. For information on measurement techniques and changes in fair value, please see Note 28.

Fair value for long-term borrowing as below.

Long-term borrowing	2020-12-31	2019-12-31
Fair value	1,004	1,000
	1,004	1,000

Fair value is based on discounted cash flows using a discount rate based on a lending rate of 1.10 – 1.35 (1.10 – 1.65) percent and it is at Level 2 in the fair value hierarchy.

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

Continuation Note 13. Financial assets and liabilities

Reconciliation of liabilities to credit institutions arising from financing activities

	Non-current liabilities	Current liabilities	Total
2020-01-01	971	0	971
Affecting cash flow			
New loans	70	0	70
Repayment of loan	-74	-	-74
Not affecting cash flow:			
Acquisition	13	-	13
Exchange differences	1	-	-
2020-12-31	980	0	980

Reconciliation of lease liabilities arising from financing activities

	Non-current liabilities	Current liabilities	Total
2020-01-01	129	84	213
Changes during the year			-
Cash flow		-116	-116
New agreements		194	194
Acquired agreements		38	38
Other changes	-7	-5	-12
Exchange differences	-4	-2	-5
Transfer between current and non-current liability	91	-91	0
2020-12-31	210	103	313

Reconciliation of liabilities to credit institutions arising from financing activities

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

Reconciliation of lease liabilities arising from financing activities

	Non-current liabilities	Current liabilities	Total
2019-01-01	79	64	143
Changes during the year			-
Cash flow		-80	-80
New agreements		112	112
Acquired agreements		46	46
Other changes	-4	-5	-9
Exchange differences	0	1	0
Transfer between current and non-current liability	54	-54	-
2019-12-31	129	84	213

Note 14. Participations in Group companies

Composition of the Group

The Group includes direct holdings in subsidiaries, Instalco Holding AB with a carrying amount of SEK 1,465 million and indirect holdings in subsidiaries as follows:

Name/registered office	Segment	Number of shares	Holding, % 2020	Holding, % 2019
Instalco Holding AB	Other	437,730	100	100
Instalco Nordic AB	Other	50,000	100	100
PoB:s Elektriska AB / Uppsala	Sweden	6,000	100	100
Klimatrör i Stockholm AB / Stockholm	Sweden	1,000	100	100
Rörgruppen AB / Stockholm	Sweden	2,500	100	100
ORAB Entreprenad AB / Gävle	Sweden	10,000	100	100
VVS Metoder i Stockholm AB / Stockholm	Sweden	5,000	100	100
OTK Klimat Installationer AB / Uppsala	Sweden	501	100	100
Aktiebolaget Rörläggaren / Malmö	Sweden	5,000	100	100
Tofta Plåt & Ventilation AB / Lidköping	Sweden	1,000	100	100
LG Contracting AB / Karlstad	Sweden	100	100	100
EI-Pågarna i Malmö AB / Malmö	Sweden	5,000	100	100
Bi-Vent AB / Helsingborg	Sweden	4,500	100	100
VallaCom AB / Linköping	Sweden	1,000	100	100
Voltmen OY / Helsinki	Rest of Nordic	100	100	100
Elexpressen i Lund AB / Lund	Sweden	1,000	100	100
Ohmegi Elektro AB / Stockholm	Sweden	3,000	100	100
Romerike Elektro AS / Klöfta	Rest of Nordic	1,000,000	100	100
AR Elektro Prosjekt AS / Klöfta	Rest of Nordic	200	100	100
Inkon Sverige AB / Borås	Sweden	50,000	100	100
Trä och inredningsmontage Kylteknik i Bandhagen AB / Stockholm	Sweden	5,000	100	100
Tunabygdens VVS Installatör AB / Borlänge	Sweden	2,000	100	100
Dalab Sverige AB / Borlänge	Sweden	1,000	100	100
Rörteft AS / Kjeller	Rest of Nordic	50	100	100
Vito Teknisk Entreprenör AS / Drammen	Rest of Nordic	1,000	100	100
Ventilationsförbättringar i Malmö AB / Malmö	Sweden	300	100	100
JN Elinstallatörer AB / Stockholm	Sweden	1,000	100	100
Andersen og Aksnes Rørleggerbedrift AS / Hvalstad	Rest of Nordic	10,753	100	100
Uudenmaan LVI-Talo OY / Vantaa	Rest of Nordic	100	100	100

Name/registered office	Segment	Number of shares	Holding, % 2020	Holding, % 2019
Uudenmaan Sähköteknikka JP OY / Helsinki	Rest of Nordic	120	100	100
Rodens Värme & Sanitet AB / Norrtälje	Sweden	1,000	100	100
Frøland & Noss Elektro AS / Bergen	Rest of Nordic	200	100	100
Elektrisk AS / Oslo	Rest of Nordic	600	100	100
Telefuusio OY / Helsinki	Rest of Nordic	100	100	100
Elkontakt i Borås AB / Borås	Sweden	1,000	100	100
Elektro-Centralen Entreprenad Hisings Backa AB / Gothenburg	Sweden	1,000	100	100
LVI-Talo Kannosto OY / Parkano	Rest of Nordic	62	100	100
Jalasjärven Vesijohtoliike OY / Jalasjärvi	Rest of Nordic	62	100	100
Sprinklerbolaget Stockholm AB / Västerås	Sweden	1,200	100	100
Trel AB / Västerås	Sweden	51,000	100	100
Rikelektro AB / Umeå	Sweden	1,000	100	100
VVS-Kraft Teknikservice i Stockholm AB / Stockholm	Sweden	2,000	100	100
Dala Kylmecano AB / Borlänge	Sweden	1,000	100	100
APC Elinstallatören AB / Linköping	Sweden	2,000	100	100
Teknisk Ventilasjon AS / Trondheim	Rest of Nordic	1,800,000	100	100
LVI-Urakointi Paavola OY / Helsinki	Rest of Nordic	100	100	100
Insta EI Syd AB / Malmö	Sweden	50,000	60	60
Sprinklerbolaget Syd i Helsingborg AB / Helsinki	Sweden	50,000	100	100
Rörman i Svedala AB / Svedala	Sweden	1,000	100	100
KWA-Rör i Ystad AB / Ystad	Sweden	27,500	55	55
MSI- EI Motala Ströms Installations AB / Motala	Sweden	5,040	100	100
Larm & Teleteknik i Motala AB / Motala	Sweden	5,000	100	100
MSI-Järn AB / Motala	Sweden	1,000	100	100
MSI-Rör AB / Motala	Sweden	1,000	100	100
Twinputki OY / Helsinki	Rest of Nordic	110	100	100
Sähkö-Buumi OY / Helsinki	Rest of Nordic	60	100	100
El Kraft Teknik & Konsult i Sala AB / Sala	Sweden	1,000	100	100

Continuation Note 14. Participations in Group companies

Name/registered office	Segment	Number of shares	Holding, % 2020	Holding, % 2019
Aquadus VVS AB / Eskilstuna	Sweden	100	100	100
Aircano AB / Stockholm	Sweden	1,000	100	100
El & Säkerhet Sörmland AB / Katrineholm	Sweden	1,000	100	100
Moi Rør AS / Kristiansand	Rest of Nordic	500	100	100
Instamate AB / Södertälje	Sweden	500	80	80
Bogesunds El & Tele AB / Ulricehamn	Sweden	1,000	100	100
Rörtema i Nyköping AB / Nyköping	Sweden	1,000	100	100
Milen Ventilation AB / Gävle	Sweden	500	100	100
OVAB Optimal Ventilation AB / Östersund	Sweden	1,000	100	100
Pohjanmaan Talotekniikka Oy / Uleåborg	Rest of Nordic	3,111	100	100
VIP-Sähkö Oy / Helsinki	Rest of Nordic	100	100	100
Medby AS / Lillehammer	Rest of Nordic	100	100	100
AB Tingstad Rörinstallation / Gothenburg	Sweden	1,000	100	100
Henningsons Elektriska AB / Falun	Sweden	2,000	100	100
Henningsons El Service AB / Falun	Sweden	1,000	100	100
Ventec AS / Grimstad	Rest of Nordic	189,205	100	100
Elovent AB / Kalmar	Sweden	4,000	100	100
AB Borås Rörinstallationer / Borås	Sweden	2,000	100	100
Elinstallationer Ullsand Bengtsson AB (ELUB) / Växjö	Sweden	1,200	100	-
Haug og Ruud VVS AS / Lillehammer	Rest of Nordic	2,000	100	-
Östersjö Elektriska AB / Norrtälje	Sweden	1,000	100	-
Norrtech VVS och Industri AB / Umeå	Sweden	500	100	-
Teampipe Sweden AB / Uppsala	Sweden	102	100	-
Avent Drift och Innemiljö AB / Kalmar	Sweden	1,250	100	-
Avent Installation AB / Kalmar	Sweden	2,500	100	-
Avent K AB / Kalmar	Sweden	500	100	-
Miljöventilation i Mellannorrland AB / Sundsvall	Sweden	1,000	100	-
Sähkö-Arktia Oy / Uleåborg	Rest of Nordic	123	100	-
VentPartner Sverige AB / Örebro	Sweden	62,000	100	-
FTX Teknik & Service AB / Norrköping	Sweden	1,000	100	-
Uudenmaan Lämpötekniikka Oy / Helsinki	Rest of Nordic	10	100	-
INTEC Nordic / Borlänge	Sweden	25,000	90	-

Name/registered office	Segment	Number of shares	Holding, % 2020	Holding, % 2019
Boman El & Larmtjänst i Norrköping AB / Norrköping	Sweden	1,000	100	-
Tornby El AB / Linköping	Sweden	1,000	100	-
MR Rör i Storstockholm AB / Stockholm	Sweden	1,020	100	-
M.E. Solutions AB / Stockholm	Sweden	66,830	70	-
S.A. Ecomore LTD / Cyprus	Sweden	1,000	100	-
High Pressure Welding Sweden AB / Sundsvall	Sweden	1,000	100	-
Metro Rørleggerservice AS / Hövik	Rest of Nordic	100	100	-
Selek Elentreprenad AB / Avesta	Sweden	1,000	100	-

All of the subsidiaries run operations in the installation industry.

Change during the year:	Parent Company	
	2020-12-31	2019-12-31
Opening accumulated cost	1,315	1,315
Acquisition/contribution made	150	-
Closing accumulated cost	1,465	1,315
Carrying amount	1,465	1,315

Note 15. Shares/receivables in associated companies and jointly run companies

Holdings in jointly owned companies

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

Name/registered office	CIN	Holding, %	Carrying amount
Nya sjukhusområdet i Malmö VS HB	969781-5158	50	2
Shares in associated companies and jointly controlled companies	CIN		Carrying amount
Nya sjukhusområdet i Malmö VS HB	969781-5158		4
Claim in jointly controlled companies	CIN		Carrying amount
Nya sjukhusområdet i Malmö VS HB	969781-5158		1
		Group	
		2020-12-31	2019-12-31
Opening accumulated cost		2	1
Profit participation		2	1
Closing accumulated cost		5	2
Carrying amount		5	2

Note 16. Accounts receivable

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

	Group		
	2020-12-31	2019-12-31	
Accounts receivable, gross	1,035	896	
Provision for doubtful debts	-41	-23	
Accounts receivable	995	874	
		Group	
		2020-12-31	2019-12-31
Accounts receivable, not yet due for payment	806	689	
Accounts receivable, 0-3 months overdue	165	148	
Accounts receivable, 4-6 months overdue	21	22	
Accounts receivable, more than 6 months overdue	43	37	
Expected credit losses	-41	-23	
Total	995	874	

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

	Group	
	2020-12-31	2019-12-31
As of 1 January	23	4
Acquired doubtful debts	3	6
Provision for doubtful debts	23	17
Receivables written off during the year as bad debts	-5	-2
Reversal of unutilised amount	-3	-1
As of 31 December	41	23

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

	Group	
	2020-12-31	2019-12-31
SEK	757	621
NOK	168	207
EUR	70	47
Total	995	874

For more information, please see Note 29.

Note 17. Contract assets and contract liabilities

	Group	
	2020-12-31	2019-12-31
Contract assets – Claims on clients	407	322
Contract liabilities – Liabilities to clients	-349	-357
Net amount in the balance sheet	58	-35

Contract assets primarily relate to the Group's right to compensation for work performed but not invoiced at the balance sheet date regarding service and installation agreements.

Contract assets are transferred to accounts receivables when the right to invoice exists.

Contract liabilities primarily refer to advances that have been received from customers for future service and installation work, for which revenue is recognised over time. All contract liabilities recognised as a contract liability at the start of the period have been recognised as revenue in 2020.

Performance commitments not met at year-end amount to SEK 6,625 million, of which 71 percent of the revenue is expected to be recognised within 1 year, 21 percent within 2 years and 8 percent thereafter.

Note 18. Cash and cash equivalents

Cash and cash equivalents consist of:	Group	
	2020-12-31	2019-12-31
Cash held in bank accounts and on hand:		
– SEK	1	-73
– EUR	189	194
– NOK	195	196
Total	386	317

Note 19. Equity – Share capital

Share capital in the Parent Company consists entirely of fully paid ordinary shares at a nominal value (quotient value) of SEK 0.015 per share. The company has 51,931,933 Class A shares that are ordinary shares.

Subscribed and paid shares (in thousands):	2020-12-31	2019-12-31
At the beginning of the year	49,393	48,214
New issue	2,539	1,179
Subscribed and paid shares	51,932	49,393
Total decided at year end	51,932	49,393

Repurchase of own shares

Repurchased own shares includes the acquisition cost for own shares held by the Parent Company. As of 31 December 2020, the company's holdings of own shares totalled 62,109 (0). The share repurchase is reported as a deduction item from equity. Any transaction costs are reported directly in equity.

Incentive programme

In 2020 all shares were subscribed for in the warrants schemes Series 2017/2020:1 and Series 2017/2020:2 which corresponded to 1,952,426 shares.

At the AGM on 7 May 2020, it was decided that a new warrants scheme would be set up for key employees, totalling 989,256 warrants.

With full subscription of all warrants, at most 989,256 new shares may be issued which corresponds to a dilutive effect of approximately 2 percent of the number of outstanding shares and the maximum number of additional shares from previous programmes based on the share capital and votes at the time of the decision, subject to recalculation of the number of shares that each warrant entitles to subscription.

The warrants have been transferred on market terms at a price (premium) that was established based on an estimated market value of the warrants using the Black & Scholes valuation model calculated by an independent valuation institute.

Each warrant entitles the holder to subscribe for one new share in the Company at a subscription price corresponding to 115 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for the share during the period of five banking days after the 2020 Annual General Meeting.

Warrant holders may notify their intent to subscribe for shares during the period 22 May 2023 through 16 June 2023, or an earlier date that could arise in certain circumstances and which is explained in the terms and conditions that apply to the warrants.

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

Note 20. Provisions

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

Group	
Carrying amount on 1 January 2019	10
Additional provisions	4
Carrying amount on 31 December 2019	14
Additional provisions	8
Carrying amount on 31 December 2020	22
Parent Company	
Carrying amount on 31 December 2019	0
Carrying amount on 31 December 2020	0

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

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

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

Note 21. Liabilities to credit institutions/ lease liabilities

Of the liability items listed below, the amounts owed to credit institutions and most of the lease liabilities fall due for payment within five years. Of the total lease liabilities, SEK 20 million falls due for payment after more than five years. A table showing the maturity structure is provided in Note 29.

	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Non-current				
Liabilities to credit institutions	980	971	142	142
Lease liabilities	210	129	-	-
Total	1,190	1,100	142	142
Current				
Liabilities to credit institutions	0	0	-	-
Lease liabilities	103	84	-	-
Total	103	84	-	-

Note 22. Accounts payable

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

	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
SEK	482	328	0	0
NOK	56	67	0	0
EUR	49	26	0	0
Total	588	420	0	0

Note 23. Accrued expenses and deferred income

	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Employee-related costs	447	334	4	4
Interest	1	1	0	0
Other items	29	19	2	1
Carrying amount	477	354	7	6

Note 24. Pledged assets and contingent liabilities

	Group	
	2020-12-31	2019-12-31
Pledged assets		
<i>For own provisions and liabilities:</i>		
<i>Liabilities to credit institutions</i>		
Chattel mortgages	74	27
Pledged accounts receivable	18	73
Other pledged assets	8	25
<i>Pledged assets for Group companies:</i>		
Other pledged assets	11	5
<i>Other pledged assets:</i>		
Chattel mortgages	14	13
	125	142
Contingent liabilities		
Performance guarantees	304	187
	304	187

Instalco AB has provided a guarantee on behalf of subsidiaries for SEK 834 (829) million. Besides that, the Parent Company does not have any Pledged assets or Contingent liabilities.

Note 25. Transactions with related parties

Agreement of services rendered to related parties is at the going market rate. There were no receivables or liabilities with related parties as of the closing date. No transactions that significantly impacted the Group's position or earnings have occurred between

the company and related parties. As regards other transactions, no significant changes have occurred compared to last year.

For information on remuneration to senior executives, please see Note 5.

Note 26. Subsequent events

During the first quarter of 2021, Instalco acquired JB Elektro AS in Tromsø, with expected annual sales of SEK 40 million and 21 employees, Lincom AB in Norrköping, with expected annual sales of SEK 33 million and 25 employees, Nässjö Teknikprojektering AB, with expected annual sales of SEK 15 million and 10 employees, Stockholm Luftkompetens AB, with expected annual sales of 85 million and 20 employees and Kempes EI AB, with expected annual sales of SEK 85 million and 66 employees. All of the companies were acquired at 100 percent and belong to either the Sweden or Rest of Nordic segments, depending on their location. The acquisition analysis below was still preliminary as of the date when the annual report was issued.

Preliminary details on business combination are as follows:

Fair value of consideration at the time of acquisition	
Contingent consideration	36
Cash and cash equivalents	159
Total consideration	195

Carrying amount of identifiable net assets

Fixed assets	2
Other current assets	35
Cash and cash equivalents	51
Deferred tax liability	-2
Other liabilities	-35
Total identifiable net assets	51
Goodwill from acquisitions	143
Exchange rate difference	0
Total	195

Acquisition-related costs preliminarily amount to SEK 2 million.

In accordance with agreements on contingent consideration, the Group must pay cash for future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 54 million. The fair value of the contingent consideration is at Level 3 in the fair value hierarchy.

The surplus of SEK 143 million that has arisen via acquisitions consists entirely of goodwill. No other intangible assets have been identified that meet the requirements for separate reporting.

COVID-19

It is still difficult to assess the market outlook due to the ongoing pandemic. During the first quarter of 2021, some uncertainty still exists in the market, with ongoing shutdowns that affect us, primarily in the Rest of Nordic segment. Absence due to illness is also still higher than normal. A third wave of COVID-19 could negatively impact the Group.

Note 27. Adjustments not impacting cash flow and changes in working capital

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

Depreciation/ amortisation of non-financial items	Group		Parent Company	
	2020	2019	2020	2019
Depreciation/ amortisation	135	95	-	-
Change in accrued interest	0	0	0	0
Provisions	0	0	-	-
Impairment of accounts receivable	25	18	-	-
Unrealised exchange rate effects	-7	-	-	-
Capital gain (loss) from financial items	-7	-1	-	-
Capital gain (loss) from non-financial items	-2	-8	-	-
Other adjustments	2	1	0	1
Total	146	105	0	1

Note 28. Business combinations

Instalco made the following acquisitions of installation companies in 2020:

Acquired business	Area of technology	Country	Acquisition date	Share of equity, %	Assessed annual sales, SEK m	Number of employees
Elinstallationer Ullsand Bengtsson AB	Electrical / Växjö	Sweden	January	100	69	30
Haug og Ruud VVS AS	Heating & plumbing / Lillehammer	Norway	February	100	71	32
Östersjö Elektriska AB	Electrical / Norrtälje	Sweden	March	100	25	17
Norrtech VVS and Industri AB	Heating & plumbing / Umeå	Sweden	April	100	36	16
Teampipe Sweden AB	Industrial / Uppsala	Sweden	April	100	49	35
Avent companies	Ventilation / Kalmar	Sweden	April	100	108	60
Miljöventilation i Mellannorrland AB	Ventilation / Sundsvall	Sweden	June	100	60	23
Sähkö-Arktia Oy	Electrical / Oulu	Finland	June	100	83	39
VentPartner Group	Ventilation / Örebro	Sweden	July	100	250	100
FTX Teknik & Service AB	Ventilation / Norrköping	Sweden	July	100	45	30
Uudenmaan Lämpötekniikka Oy	VS / Helsinki	Finland	July	100	75	46
Boman El & Larmtjänst i Norrköping AB	Electrical / Norrköping	Sweden	August	100	73	54
Tornby El AB	Electrical / Linköping	Sweden	August	100	18	12
MR Rör i Storstockholm AB	Heating & plumbing / Stockholm	Sweden	September	100	35	13
M.E. Solutions AB	Industrial / Stockholm	Sweden	October	70	160	16
High Pressure Welding Sweden AB	Industrial / Sundsvall	Sweden	November	100	90	20
Metro Rørleggerservice AS	Heating & plumbing / Oslo	Norway	December	100	130	73
Selek Elentreprenad AB	Industrial / Alvesta	Sweden	December	100	65	22

Instalco made the following acquisitions of installation companies in 2019:

Acquired business	Area of technology	Country	Acquisition date	Share of equity, %	Assessed annual sales, SEK m	Number of employees
El Kraft Teknik & Konsult i Sala AB	Electrical / Sala	Sweden	January	100	87	38
Aquadus VVS AB	Heating & plumbing / Eskilstuna	Sweden	January	100	80	36
Aircano AB	Ventilation / Stockholm	Sweden	February	100	60	25
El & Säkerhet Sörmland AB	Electrical / Katrineholm	Sweden	April	100	110	80
Moi Rør AS	Heating & plumbing / Kristiansand	Norway	April	100	75	32
Gävle Elbyggnads i Gävle AB	Electrical / Gävle	Sweden	April	100	18	15
Instamate AB	Heating & plumbing / Södertälje	Sweden	May	80	135	51
Bogesunds El & Tele AB	Electrical / Ulricehamn	Sweden	June	100	92	40
Rörtema i Nyköping AB	Heating & plumbing / Nyköping	Sweden	July	100	50	30
Milen Ventilation AB	Ventilation / Gävle	Sweden	July	100	70	17
OVAB Optimal Ventilation AB	Ventilation / Östersund	Sweden	July	100	40	13
Pohjanmaan Talotekniikka Oy	Heating & plumbing / Uleåborg	Finland	July	100	105	23
VIP-Sähkö Oy	Electrical / Helsinki	Finland	July	100	94	42
Medby AS	Heating & plumbing / Lillehammer	Norway	October	100	59	35
AB Tingstad Rörinstallation	Heating & plumbing / Gothenburg	Sweden	October	100	65	24
Henningsons Elektriska AB	Electrical / Falun	Sweden	October	100	135	72
Ventec AS	Ventilation / Grimstad	Norway	November	100	70	32
Elovent AB	Electrical / Kalmar	Sweden	December	100	40	25
AB Borås Rörinstallationer	Heating & plumbing / Borås	Sweden	December	100	75	48

Continuation Note 28. Business combinations

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

Because of the acquisitions, the Group expects to increase its presence in these domestic and international markets. The acquisition analyses for acquisitions made in 2020 are still preliminary.

Details on the business combinations are as follows:

	2020	2019
Fair value of consideration at the time of acquisition		
Contingent consideration	186	138
Cash and cash equivalents	642	669
Total consideration	828	807
Carrying amount of identifiable net assets		
Intangible assets	4	8
Property, plant and equipment	14	27
Financial assets	5	0
Other current assets	263	310
Cash and cash equivalents	157	203
Deferred tax liabilities	-9	-7
Other liabilities	-255	-323
Total identifiable net assets	180	219
Goodwill from acquisitions	648	589
Total	828	808
Transfer of remuneration in cash & cash equivalents	642	669
Less: Acquired cash & cash equivalents	-157	-203
Net cash flow from acquisitions	484	466
Settled contingent consideration attributable to acquisitions in the current year and prior years	97	94
Exchange rate difference	1	0
Total impact on cash and cash equivalents	582	560

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

In accordance with agreements on contingent consideration, the Group must make a cash payment of additional consideration based on future earnings. The maximum, non-discounted amount that could be paid to prior owners is SEK 307 million, of which SEK 252 million pertains to acquisitions that were made in 2020. The fair value of the contingent consideration is at Level 3 in the fair value hierarchy.

Contingent consideration is included in "Other liabilities" in the balance sheet and the amount reported on 2020-12-31 was SEK 210 (106) million.

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

	2020	2019
As of 1 January	106	68
Gains and losses reported in the income statement	14	-3
Paid contingent consideration	-97	-94
Added through acquisitions made during the year	186	135
Exchange rate difference	1	0
As of 31 December	210	106

The surplus of SEK 648 (589) million that has arisen via acquisitions made in 2020 consists entirely of goodwill. No other significant intangible assets have been identified that meet the requirements for separate reporting.

The net sales from acquisitions made in 2020 that has been included in the consolidated income statement after the date of each acquisition amounts to SEK 583 million. The acquired units have contributed to an operating profit of SEK 65 million for 2020. Pro forma from 1 January 2020 corresponds to net sales of SEK 1,399 million from acquisitions and an operating profit of SEK 138 million.

Note 29. Risk associated with financial instruments

Risk management targets and principles

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

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

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

Market risk

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

COVID-19

The COVID-19 pandemic exposes the Group to risks associated with the health of employees, customers and suppliers, along with possible disturbances in operations and a worsened financial position. Thus far, Instalco has shown resilience during the pandemic. The Group's structure, with diversified, wide-ranging activities limits the various types of aggregated business and financial risks. Instalco is monitoring developments and taking action as necessary. The future remains difficult to assess.

Currency risk

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

In 2020, the Group had several holdings in foreign operations for which the net assets are exposed to currency risk. Because it is significant, the Group has decided to hedge its currency exposure associated with the net assets of its foreign operations.

Continuation Note 29. Risk associated with financial instruments

The table below shows a sensitivity analysis of translation differences in comprehensive income, included in the item "Translation reserve" in equity, calculated on the assumption that the SEK strengthens or weakens against the EUR and NOK.

	2020	2019
EUR/SEK +/- 10%	11	7
NOK/SEK +/-10%	8	9

Interest rate risk

The Group's interest rate risk arises from long-term borrowing. Loans with a variable interest rate expose the Group to interest rate risk relating to cash flow. The Group's exposure to variable interest rate fluctuations was insignificant during the year, which is why no risk management measures have been taken. In 2020 and 2019, the Group's loans with a variable interest rate were in SEK.

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

	2020	2019
25 base points higher/lower	2	2

For more information on the Group's borrowing, please see Note 13.

Analysis of credit risk

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

Types of financial assets – carrying amounts	2020	2019
Cash and cash equivalents	386	317
Accounts receivable and contract assets	995	874
Total	1,381	1,190

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

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

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

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

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

Maturity structure of accounts receivable

	Not yet due for payment	More than 30 days overdue	More than 90 days overdue	More than 180 days overdue	Total
2020-12-31					
Expected credit loss (%)	0%	0%	3%	5%	
Carrying amount, gross	806	165	21	43	1,035
Expected credit loss for remaining term	1	0	1	2	4
2019-12-31					
Expected credit loss (%)	0%	0%	0%	0%	
Carrying amount, gross	689	148	22	37	897
Expected credit loss for remaining term	0	0	0	0	0

For accounts receivable and contract assets, the Group is not exposed to any significant credit risks with any individual counterparty or group of counterparties with similar characteristics. Accounts receivable are made up of a large number of customers in a variety of industries and geographic locations. Based on historical information on overdue payments from customers, Group management has assessed that its accounts receivable not yet due for payment or which have not been written down, have a high creditworthiness.

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

Analysis of liquidity risk

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

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

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

Continuation Note 29. Risk associated with financial instruments

As of 31 December 2020, the Group's financial liabilities (that are not derivatives) including interest, where applicable, had the following agreed maturities:

2020-12-31	Current		Non-current		Total contractual cash flows	Carrying amount receivables/liabilities
	Within 6 months	6-12 months	1-5 years	Longer than 5 years		
Liabilities to credit institutions	-	-	1,004	-	1,004	980
Lease liability	55	57	191	20	323	312
Accounts payable and other liabilities	588	-	-	-	588	588
Total	643	57	1,194	20	1,915	1,881

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

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

Note 30. Proposed appropriation of the Parent Company's profit or loss

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

	2020-12-31
Share premium reserve	1,208,254
Retained earnings	154,797
Profit/loss for the year	4,873
	1,367,924

The Board and CEO recommend that

To be distributed as dividends, SEK 2.70 per share	140,259
carried forward	1,227,665
	1,367,924

The dividend amount has been calculated on the number of outstanding shares as of 2021-02-28, which was 52,009,923 shares less a deduction for repurchased own shares equal to 62,109 shares, which equals 51,947,814 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. No dividends will be paid on the repurchased shares.

Note 31. Non-recurring items

	2020	2019
Contingent consideration	10	-3
Acquisition costs	10	10
Total	20	7

Note 32. Quarterly information

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
KPIs on sales								
Net sales	2,078	1,643	1,725	1,676	1,652	1,416	1,406	1,218
Growth in net sales, %	25.8	16.1	22.7	37.6	30.7	41.9	19.8	24.4
KPIs on earnings								
EBIT (Operating profit or loss)	190	140	154	120	144	113	145	90
EBITA	190	140	154	120	145	113	145	90
EBITDA	231	171	186	150	171	139	166	111
Adjusted EBITA	193	150	150	131	157	127	123	92
Adjusted EBITDA	234	182	182	161	183	153	144	114
KPIs on margins								
EBIT margin, %	9.1	8.5	8.9	7.1	8.7	8.0	10.3	7.4
EBITA margin, %	9.2	8.5	9.0	7.2	8.8	8.0	10.3	7.4
EBITDA margin, %	11.1	10.4	10.8	9.0	10.3	9.8	11.8	9.1
Adjusted EBITA margin, %	9.3	9.2	8.7	7.8	9.5	9.0	8.8	7.6
Adjusted EBITDA margin, %	11.3	11.0	10.6	9.6	11.1	10.8	10.3	9.3
Capital structure								
Working capital	-176	-60	-55	-30	-22	-40	2	-36
Working capital as a percentage of net sales, % (12-months rolling)	-2.5	-0.9	-0.9	-0.5	-0.4	-0.7	0.1	-0.8
Interest-bearing net debt	912	974	903	853	872	785	763	649
Gearing ratio, %	46.5	53.5	56.7	55.2	58.8	57.7	60.5	54.7
Interest-bearing net debt in relation to EBITDA (12-months rolling), times	1.2	1.4	1.4	1.4	1.5	1.4	1.5	1.4

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Other								
Order backlog	6,625	6,263	6,006	5,215	4,865	4,418	4,508	4,391
Number of operational units at the end of the period	114	105	93	81	80	75	69	67
Average number of employees	3,609	3,474	3,202	3,075	2,972	2,719	2,524	2,306
Number of employees at the end of the period	3,856	3,630	3,352	3,180	3,103	2,798	2,655	2,379
Sweden								
Net sales	1,629	1,252	1,309	1,261	1,236	1,039	1,041	906
EBITA	167	117	125	128	120	100	83	77
EBITA margin, %	10.2	9.3	9.6	10.2	9.7	9.6	8.0	8.5
Adjusted EBITA	166	117	125	128	120	100	83	77
Adjusted EBITA margin, %	10.2	9.3	9.6	10.2	9.7	9.6	8.0	8.5
Number of operational units at the end of the period	81	73	62	54	53	50	47	46
Rest of Nordic								
Net sales	449	391	416	415	416	377	365	312
EBITA	25	26	24	18	28	35	32	12
EBITA margin, %	5.7	6.7	5.7	4.5	6.7	9.3	8.9	4.0
Adjusted EBITA	25	26	24	18	28	35	32	12
Adjusted EBITA margin, %	5.7	6.7	5.7	4.5	6.7	9.3	8.9	4.0
Number of operational units at the end of the period	30	29	28	24	24	22	19	18

Note 33. Reconciliation of KPIs not defined in accordance with IFRS

	2020	2019
KPIs on sales		
Net sales	7,122	5,692
Growth in net sales, %	25.1	28.9
Organic growth in net sales, %	5.6	4.0
Acquired growth in net sales, %	21.3	24.5
Change in exchange rates	101	-22
KPIs on earnings		
EBIT (Operating profit or loss)	604	492
EBITA	605	493
EBITDA	739	587
Adjusted EBITA	625	500
Adjusted EBITDA	759	594
KPIs on margins		
EBIT margin, %	8.5	8.6
EBITA margin, %	8.5	8.7
EBITDA margin, %	10.4	10.3
Adjusted EBITA margin, %	8.8	8.8
Adjusted EBITDA margin, %	10.7	10.4

	2020	2019
KPIs on cash flow and returns		
Operating cash flow	829	613
Cash conversion, %	109.3	103.2
Return on equity, %	26.5	29.0
Capital structure		
Working capital	-176	-22
Working capital as a percentage of net sales, %	-2.5	-0.4
Interest-bearing net debt	912	872
Gearing ratio, %	46.5	58.8
Other		
Order backlog	6,625	4,865
Number of units at the end of the period	114	80
Average number of employees	3,340	2,630
Number of employees at the end of the period	3,856	3,103

Note 34. Reconciliation tables, per year

Calculation of organic growth in net sales	2020	2019
Net sales	7,122	5,692
Acquired net sales	-1,211	-1,081
Changes in exchange rates	101	-22
A) Comparative figures for the previous year	6,011	4,589
B) Net sales for the previous year	5,692	4,414
(A/B) Organic growth in net sales, %	5.6	4.0

KPIS FOR EARNINGS AND MARGINS

(A) Operating profit/loss (EBIT)	604	492
Depreciation/amortisation and impairment of acquisition-related intangible assets	1	1
(B) EBITA	605	493
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	135	95
(C) EBITDA	739	587

Non-recurring items

Contingent consideration	10	-3
Acquisition costs	10	10
Total adjustments	20	7
(D) Adjusted EBITA	625	500
(E) Adjusted EBITDA	759	594
(F) Net sales	7,122	5,692
(A/F) EBIT margin, %	8.5	8.6
(B/F) EBIT margin, %	8.5	8.7
(C/F) EBIT margin, %	10.4	10.3
(D/F) Adjusted EBITA margin, %	8.8	8.8
(E/F) Adjusted EBITDA margin, %	10.7	10.4

KPIS ON CASH FLOW AND RETURNS

Calculation of operating cash flow and cash conversion	2020	2019
(A) Adjusted EBITDA	759	594
Net investments in property, plant & equipment, financial assets and intangible assets	-3	-2
Changes in working capital	73	21
(B) Operating cash flow	829	613
(B/A) Cash conversion, %	109.3	103.2
Calculation of return on equity		
(A) Profit or loss for the year	456	372
Equity at the beginning of the period	1,483	1,068
Equity at the end of the period	1,960	1,483
(B) Average total equity	1,722	1,276
(A/B) Return on total equity, %	26.5	29.2

CAPITAL STRUCTURE

Calculation of working capital and working capital in relation to net sales		
Inventories	62	45
Accounts receivable	995	874
Contract assets	407	322
Prepaid expenses and accrued income	107	93
Other current assets	96	64
Accounts payable	-588	-420
Contract liabilities	-349	-357
Other current liabilities	-431	-289
Accrued expenses and deferred income, including provisions	-476	-354
(A) Working capital	-176	-22
(B) Net sales	7,122	5,692
(A/B) Working capital as a percentage of net sales, %	-2.5	-0.4

Calculation of interest-bearing net debt, gearing ratio and interest-bearing net debt as a percentage of EBITDA

	2020	2019
Non-current, interest-bearing financial liabilities	1,196	1,104
Current, interest-bearing financial liabilities	103	84
Cash and cash equivalents	-386	-317
(A) Interest-bearing net debt	912	872
(B) Equity	1,960	1,483
(A/B) Gearing ratio, %	46.5	58.8
(C) EBITDA	739	587
(A/C) Interest-bearing net debt in relation to EBITDA, times	1.2	1.5

Note 35. Reconciliation tables, per quarter

Earnings measures and margin measures SEK t	In accordance with IFRS							
	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
(A) Operating profit/loss (EBIT)	190	140	154	120	144	113	145	90
Depreciation/amortisation and impairment of acquisition-related intangible assets	0	0	0	0	0	0	0	0
(B) EBITA	190	140	154	120	145	113	145	90
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	41	31	32	30	26	26	21	21
(C) EBITDA	231	171	186	150	171	139	166	111
Non-recurring items								
Contingent consideration	1	8	-7	8	10	10	-24	1
Acquisition costs	2	2	2	3	3	4	2	2
Total, non-recurring items	3	10	-4	11	13	14	-22	2
(D) Adjusted EBITA	193	150	150	131	157	127	123	92
(E) Adjusted EBITDA	234	182	182	161	183	153	144	114
(F) Net sales	2,078	1,643	1,725	1,676	1,652	1,416	1,406	1,218
<i>(A/F) EBIT margin, %</i>	<i>9.1</i>	<i>8.5</i>	<i>8.9</i>	<i>7.1</i>	<i>8.7</i>	<i>8.0</i>	<i>10.3</i>	<i>7.4</i>
<i>(B/F) EBIT margin, %</i>	<i>9.2</i>	<i>8.5</i>	<i>9.0</i>	<i>7.2</i>	<i>8.8</i>	<i>8.0</i>	<i>10.3</i>	<i>7.4</i>
<i>(C/F) EBIT margin, %</i>	<i>11.1</i>	<i>10.4</i>	<i>10.8</i>	<i>9.0</i>	<i>10.3</i>	<i>9.8</i>	<i>11.8</i>	<i>9.1</i>
<i>(D/F) Adjusted EBITA margin, %</i>	<i>9.3</i>	<i>9.2</i>	<i>8.7</i>	<i>7.8</i>	<i>9.5</i>	<i>9.0</i>	<i>8.8</i>	<i>7.6</i>
<i>(E/F) Adjusted EBITDA margin, %</i>	<i>11.3</i>	<i>11.0</i>	<i>10.6</i>	<i>9.6</i>	<i>11.1</i>	<i>10.8</i>	<i>10.3</i>	<i>9.3</i>

Continuation Note 35. Reconciliation tables, per quarter

Capital structure	In accordance with IFRS							
	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Amounts in SEK m								
Calculation of working capital and working capital in relation to net sales								
Inventories	62	52	50	48	45	31	29	27
Accounts receivable	995	878	889	818	874	785	793	724
Contract assets	407	452	470	416	322	402	278	256
Prepaid expenses and accrued income	107	56	47	53	93	48	50	33
Other current assets	96	88	87	73	64	54	49	46
Accounts payable	-588	-616	-566	-528	-420	-493	-433	-417
Contract liabilities	-349	-308	-400	-314	-357	-366	-286	-231
Other current receivables	-431	-293	-244	-223	-289	-231	-190	-183
Accrued expenses and deferred income, including provisions	-476	-369	-388	-373	-354	-271	-287	-290
(A) Working capital	-176	-60	-55	-30	-22	-40	2	-36
(B) Net sales (12-months rolling)	7,122	6,696	6,469	6,149	5,692	5,304	4,886	4,653
(A/B) Working capital as a percentage of net sales, %	-2.5	-0.9	-0.9	-0.5	-0.4	-0.7	0.1	-0.8
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	1,196	1,178	1,129	1,040	1,104	1,081	1,057	869
Current, interest-bearing financial liabilities	103	104	86	85	84	78	72	66
Cash and cash equivalents	-386	-308	-313	-272	-317	-374	-366	-287
(A) Interest-bearing net debt	912	974	903	853	872	785	763	649
(B) Equity	1,960	1,820	1,592	1,544	1,483	1,362	1,261	1,185
(A/B) Gearing ratio, %	46.5	53.5	56.7	55.2	58.8	57.7	60.5	54.7
(C) EBITDA (12-months rolling)	739	678	646	626	587	562	510	462
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	1.2 times	1.4 times	1.4 times	1.4 times	1.5 times	1.4 times	1.5 times	1.4 times
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	234	182	182	161	183	153	144	114
Net investments in property, plant and equipment and intangible assets	-1	0	-2	0	1	-2	0	0
Changes in working capital	72	-41	39	2	2	-13	-18	49
(B) Operating cash flow	305	141	220	164	186	138	126	163
(B/A) Cash conversion, %	130	78	121	102	102	90	87	143

Note 36. Approval of the financial statements

The consolidated financial statements for the reporting period ending on 31 December 2020 (including comparative figures) were approved by the Board of Directors on 18 March 2020.

Board of Directors' assurance:

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

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

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

Stockholm, 18 March 2021

Olle Ehrlén
Chairman of the Board

Johnny Alvarsson
Director

Carina Edblad
Director

Per Leopoldsson
Director

Carina Qvarngård
Director

Camilla Öberg
Director

Per Sjöstrand
CEO

Our audit report was submitted on 18 March 2021

Grant Thornton Sweden AB

Camilla Nilsson
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of i Instalco 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 AB (publ) for the year 2020 except for the corporate governance statement on pages 49 – 55. The annual accounts and consolidated accounts of the company are included on pages 46 – 93 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 49 – 55. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the 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 inde-

pendent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

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

Revenue recognition of construction contracts

The Group recognise revenues and results from construction contracts over time, which means that revenues and costs are reported as the assignments are fulfilled. Revenues and results are recognised in relation to the percentage of completion based on actual costs at year end in relation to the total projected cost for completing the project. Anticipated customer losses are recognized as soon as they are known.

Revenue recognition is based on assessments of actual cost, estimated costs to complete the work and follow-up against the forecast of final outcome. A good control environment with ongoing forecast follow-ups of the project's final outcome is thus of great importance to the Group. Changes in assessments during the implementation of the assignment may give rise to a significant impact on the Group's earnings and financial position. The project forecasts are regularly evaluated by the Group during the term of each project and adjusted if necessary.

For further information and description of the area, please see Note 17 and accounting and valuation principles in Note 1 in the annual accounts and consolidated accounts.

Response in the audit

As part of our audit related to revenue recognition of construction contracts, we have performed a number of audit procedures. Our audit procedures included, but were not limited to, the following:

- Audit of the accounting principles and evaluation of the management's processes for review assignments, including routines for identifying loss projects and / or high-risk projects, and the process for assessing revenues and costs, including assessment of alternations and additional work.
- Review and assessment of the Group's forecasting ability by evaluating the actual outcome against calculation and budget. We have also reviewed forecasts for the assignments with respect to unforeseen costs and requirements from customers. Furthermore, we have assessed whether revenue recognition of installation assignments from the projects is reflected and provides a true and fair view of the accounts.
- Audit of information provided in the annual report and that these are in all material respects in accordance with the requirements of the Annual Accounts Act and IFRS.

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

The Group's carrying amount for intangible fixed assets in the form of goodwill as of 31 December 2020 amounts to SEK 2,780 million, which corresponds approximately 53 percent of total assets. Intangible assets with an indefinite useful life shall be subject to impairment testing annually. Testing for impairment involves calculations that are based on assumptions and assessments of such things as discount rates, growth factors, operating margins and forecasted cash flows. The parent company also tests for impairment in this way on the value of its shares in subsidiaries. A test of impairment is complex and contains significant elements of assessments and assumptions about future operating profit and an appropriate discount rate.

For further information and a description of the area, please see Note 11 and accounting and valuation principles in Note 1 in the annual accounts and consolidated accounts.

Response in the audit

As part of our audit related to valuation of goodwill in the Group and participations in Group companies in the Parent Company, we have

performed a number of audit procedures. Our audit procedures included, but were not limited to, the following:

- Review to assess and ensure that the Group's impairment tests are carried out in accordance with what is stipulated in the regulations for IFRS.
- Assessment of the reasonableness of future cash flows and assumed discount rate by taking note of and evaluating Group management's assumptions and forecasts as well as previous years' assessments in relation to actual results.
- Engagement of our own valuation specialists in terms of methodology and discount rates as well as macroeconomic aspects.
- Assessment of the Group's sensitivity analysis based on reasonably possible changes in the Group's assumptions and that the required note information has been provided.
- Audit of information provided in the annual report and that these are in all material respects in accordance with the requirements of the Annual Accounts Act and IFRS.

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 – 45 and 97 – 100. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance

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

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's 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 scepticism 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 I (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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Instalco AB (Publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil 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 scepticism 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 49 – 55 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 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. I (We) believe that the examination has provided us with sufficient basis for our opinions.

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

Grant Thornton Sweden AB was appointed auditor of Instalco AB (publ) by the general meeting of the shareholders on the 7 May 2020 and has been the company's auditor since the 7 September 2015.

Stockholm 18 March 2021

Grant Thornton Sweden AB

Camilla Nilsson
Authorized Public Accountant

Five-year overview

	2020	2019	2018	2017	2016
Income statement SEK m					
Net sales	7,122	5,692	4,414	3,114	2,407
Operating profit/loss (EBIT)	604	492	334	244	140
EBITA	605	493	334	244	140
Non-recurring items	20	7	41	20	16
Adjusted EBITA	625	500	375	264	156
Earnings before taxes	594	473	315	229	132
Tax on profit for the year	-133	-101	-67	-58	-41
Profit/loss for the year	462	372	249	171	91
Profit/loss for the period attributable to parent company shareholders	456	370	248	171	91
Operating profit/loss (EBIT), %	8.5	8.6	7.6	7.8	5.8
EBITA margin, %	8.5	8.7	7.6	7.8	5.8
Adjusted EBITA margin, %	8.8	8.8	8.5	8.5	6.5
Equity, provisions and liabilities, SEK m					
Total equity	1,973	1,485	1,068	793	553
Return on equity before tax, %	30	32	29	29	24
Total assets	5,228	4,176	3,016	2,297	1,525
Interest-bearing net debt	912	872	663	446	245
Key financial performance indicators					
Equity ratio, %	37.7	35.6	35.4	34.5	36.3
Cash flow from operating activities	689	495	338	160	230
Key figures, employees					
Average number of employees	3,340	2,630	2,065	1,539	1,240
Number of employees at the end of the year	3,856	3,103	2,283	1,844	1,295

	2020	2019	2018	2017	2016
Data per share					
Share price as of 31 December, SEK	251.00	135.20	69.30	49.50	N.A.
Market capitalisation as of 31 December, MSEK	12,703	6,604	3,316	2,296	N.A.
Dividend, SEK	2.70	2.30	1.50	1.10	N.A.
Profit/loss (attributable to Parent Company shareholders), SEK	9.00	7.58	5.19	3.69	1.95
Equity, SEK	39.0	30.4	22.3	17.1	11.9
Cash flow from operating activities, SEK	13.6	10.1	7.1	3.5	5.0
Average number of shares, basic, SEK t	50,610	48,844	47,844	46,377	46,312
Number of shareholders as of 31 December	11,756	3,958	2,023	1,654	196
Highest price paid during the year, SEK	258.50	137.00	72.50	72.25	N.A.
Lowest price paid during the year, SEK	81.00	65.90	49.90	49.50	N.A.
Sustainability					
Customer satisfaction, %	81	84	86	80	80
Employee satisfaction, %	85	85	89	83	88
Absence due to illness, %	4.6	3.5	3.4	3.7	5.0
Employee turnover, %	12.4	13.2	15.2	1.4	2.3
Number of occupational injuries	107	85	78	60	19
Percentage women in Group management team, %	0	25.0	33.3	33.3	33.3
Percentage women on Board of Directors, %	50.0	50.0	50.0	50.0	0
Percentage women total in the Group, %	5.5	5.4	6.0	5.0	7.0
Number of employees at the end of the year	3,856	3,103	2,283	1,844	1,295
Number of subsidiaries at the end of the year	84	68	52	43	22

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 is defined as net sales during the period that are attributable to companies that were acquired during the last 12-month period and for these companies, the only amounts that are considered as acquired net sales are their sales up until 12 months after the acquisition date.	Acquired net sales growth reflects the acquired units' impact on net sales.
Organic growth, adjusted for currency effects	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 non-recurring items.	Adjusted EBITA increases comparability of EBITA.
Adjusted EBITDA	EBITDA adjusted for non-recurring items.	Adjusted EBITDA increases comparability of EBITDA.
Adjusted EBITA margin	EBITA adjusted for non-recurring items, as a percentage of net sales.	Adjusted EBITA margin excludes the effect of items affecting non-recurring items, which facilitates a comparison of the underlying operational profitability.
Adjusted EBITDA margin	EBITDA adjusted for non-recurring items, as a percentage of net sales.	Adjusted EBITDA margin excludes the effect of non-recurring items, which facilitates a comparison of the underlying operational profitability.
Non-recurring items	Non-recurring items, like contingent consideration, acquisition costs, the costs associated with refinancing, sponsorship costs and listing costs.	By excluding non-recurring items, it is easier to compare earnings between periods.
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.

Key figures	Definition/calculation	Purpose
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 (EBIT)	Earnings before interest and taxes.	Operating profit/loss (EBIT) provides an overall picture of the profit generated from operating activities.
Return on equity before tax	Earnings before taxes divided by adjusted equity.	Return on equity before tax, used to create an efficient organisation and rational capital structure. It also shows how the Group yields interest on shareholders' capital.
Equity ratio	Equity including non-controlling interests, expressed as a percentage of total assets.	Equity ratio is used to show the proportion of assets that are financed by equity.

Shareholder information

Additional information

Per Sjöstrand, CEO

Robin Boheman, CFO, robin.boheman@instalco.se

Fredrik Trahn, IR, fredrik.trahn@instalco.se 070-913 67 96

Financial calendar

Interim report January-March

6 May 2021

AGM

6 May 2021

Interim report January-June

25 August 2021

Interim report January-September

9 November 2021

Year-end report

February 2022

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