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INSTALCO

Annual Report 2021

Instalco
offers sustainable holistic
electrical, heating &
plumbing, ventilation,
cooling, industrial solutions
and technical consulting.



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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

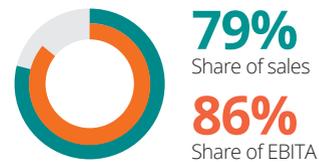


TECHNICAL CONSULTING

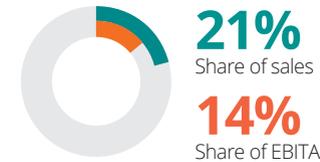
Where

Instalco is represented at more than 100 locations in Sweden, Norway and Finland, with around 110 subsidiaries and 5,000 employees.

SWEDEN



REST OF NORDIC



SWEDEN

SEK m	2021	2020	Change, %
Sales	7,015	5,451	29%
EBITA	640	537	19%
Number of companies	78	59	32%
Number of employees	3,752	2,891	30%

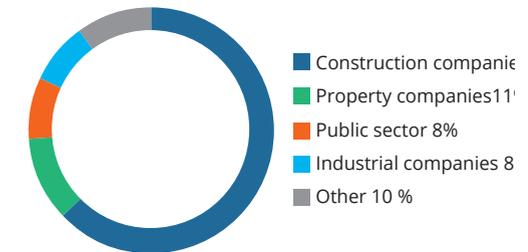
REST OF NORDIC

SEK m	2021	2020	Change, %
Sales	1,875	1,671	12%
EBITA	80	94	-14%
Number of companies	28	25	12%
Number of employees	1,118	950	18%

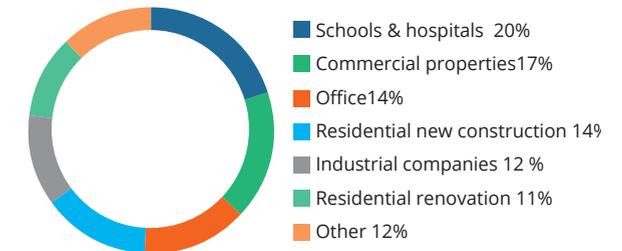
To whom

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.

SALES BY CUSTOMER GROUP



SALES BY TYPE END PRODUCT



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2021 in brief

January – March

- Michaela Masiello took over as the new CEO for Rikelektro AB. She is also the first female CEO for an Instalco subsidiary.
- Acquisition of B Elektro AS, Lincom AB, Nässjö Teknikprojektering AB, Stockholm Luftkompetens AB and Kempes EI AB.

April – June

- Merger of the Avent companies in Kalmar and the Ventec companies in Kristianstad.
- Acquisition of Inva Engineering AS, Calmarsunds WS AB, Rörmokaren i Kolmården AB, Lampans Elinstallationer AB, Elinstallationer i Karlshamn AB, KaVP AB and Karlskoga Tak AB, Nordengen WS AS, PlanProj AB, Nihlén Elmontage and Industriprodukter AB.

July – September

- Robin Boheman, took over as the new CEO after Per Sjöstrand, who took on the role of Chairman of the Board.
- Acquisition of Forsséns Elektriska AB, App Start-up AB, PeMi Ventilation & Montage AB, Installationsservice Nicklas Eriksson AB and Sydsvenska Elanläggningar AB.

October – December

- Christina Kassberg took over as the new CFO.
- Acquisition of Total VVS AS, Kompressorteknik AB, Blomquis Group, MRM Mining AB och EPS Sweden AB, Nordpipe Composite Engineering Oy and Lidingö Elektriska AB.

REVENUE GROWTH, SEK M



KEY FIGURES

SEK m	2021	2020	Change, %
Net sales	8,890	7,122	+25
Operating profit/loss (EBIT)	722	604	+20
Operating profit/loss (EBIT), %	8.1	8.5	
EBITA	748	605	+20
EBITA margin, %	8.4	8.5	
Adjusted EBITA ¹⁾	728	625	+16
Adjusted EBITA margin, %	8.2	8.8	
Earnings before taxes	699	594	+18
Cash flow from operating activities	610	689	-11
Order backlog	6,795	6,625	+3
Basic earnings per share (SEK)	10.50	9.00	+17
Diluted earnings per share (SEK)	10.31	8.79	+17
Dividends per share (SEK)	3.25 ²⁾	2.70	+20

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

2) Proposed dividend before 5:1 split

+24.8%

growth in net sales

27

number of acquired companies

+2.6%

growth in order backlog

8.2%

Adjusted EBITA margin

SEK 3.25

proposed dividend per share

(before 5:1 split)

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CEO Comments

Instalco shall be the best harbour for installation companies

Instalco has dealt with the second year of the pandemic in a very impressive way. It is confirmation that the Instalco model works. We are now optimistically looking forward to a more normal market situation.

We can sum up 2021 as a strong year, with total net sales of SEK 8,890 million and an EBITA margin of 8.4 percent, which is confirmation of our strength and resilience during difficult circumstances like those we faced last year.

The pandemic has been the largest challenge that Instalco has faced thus far and we have coped with it very well. Over the last two years, we have continued delivering high margins and I am proud of how skilfully our subsidiaries have managed the situation and continued to deliver strong performances. They have done so despite the challenges of rising raw material prices, limited access to raw materials and components, restrictions, spread of infection and high absenteeism. It is confirmation that the Instalco model works.

Business as usual

On 1 September, I was entrusted with taking over as the CEO and at the same time, Per Sjöstrand moved over into the role of Chairman of the Board. It has pretty much been "business as usual", even after these changes.

I've had the honour of being with Instalco since the start and what is most important to me right now is making sure that the Instalco spirit remains healthy and strong. I have a burning passion for our company, its unique business model, our special culture and the family spirit with mature leadership. This is the foundation for our success,

which I will strive to nurture and protect as we take our next steps into the future.

Instalco will continue to grow and deliver quality to our customers in the construction and installation sector, as well as our owners. We will continue our efforts to expand geographically, along with looking for new, complementary areas of operation where we can create synergies.

New talent recruited

We added new talent to our streamlined central organisation during the year, which is aimed at ensuring that Instalco can keep growing at the rate we would like. On the purchasing side, we hired a new Head of Purchasing. Purchasing is an important area for ensuring that our subsidiaries can remain competitive. It is particularly crucial in times like these with volatile raw material prices, logistics bottlenecks and shortages of both components and raw materials.

On 1 November, Christina Kassberg took over as the new CFO. She has a background in, and knowledge of, high-acquisition companies. Her experience and professionalism will be a great asset to the company.

In Finland, we appointed two business area managers, with shared responsibility for Instalco Finland, although responsibility for the specific disciplines has been divided among them. These recruitments enable us to confidently keep pursuing our journey of

expansion in the Finnish market.

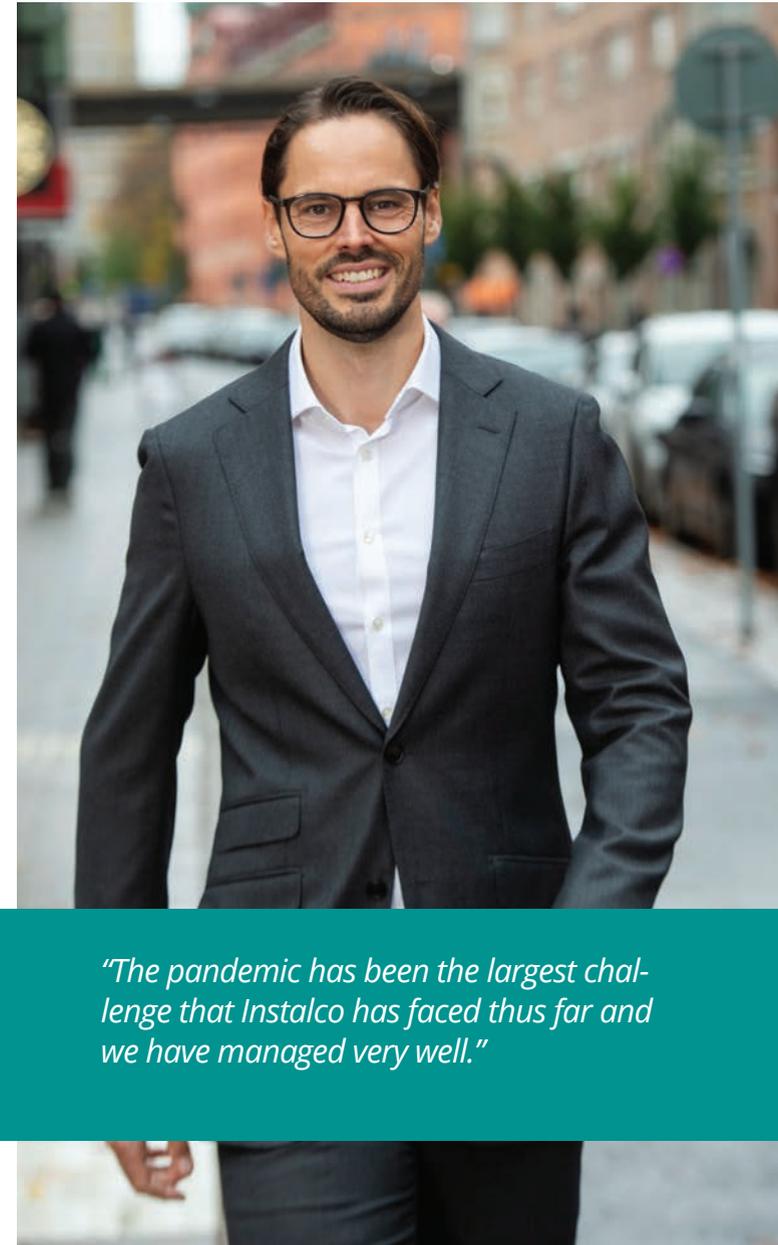
Ready for the green revolution

Instalco is already well-equipped for society's transition to a green economy. We unquestionably have the knowledge and ability to identify and propose the most sustainable and energy-efficient installations for our customers. Instalco is a leader in sustainability and we will continue developing the company in this area, since I am convinced that sustainability will play a crucial role in the construction and installation sector in the future.

Every day, Instalco contributes to a better environment, since each of its installations results in energy savings and efficiencies. As we close out the second year of our sustainability programme, Sustainable Installations, the results on all of our seven sustainability goals are very good. I'm proud to report that we already have 47 Sustainable Instalco Projects.

Exciting sustainability work

During the year, as part of the sustainability programme, we began collaborating on two very exciting sustainability



"The pandemic has been the largest challenge that Instalco has faced thus far and we have managed very well."

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projects with external partners. One is focused on preventing pharmaceuticals from getting into the water supply. With our support, the project can intensify its efforts of lowering the level of water pollution and preventing pharmaceuticals from getting into the water supply, thereby helping make the Nordic region's water cleaner, particularly the Baltic Sea.

The other is collaboration on a project to increase access to clean water in vulnerable areas of the world. We are working with Wayout Water, which manufactures turnkey micro-purification factories for local production and distribution of clean drinking water. They are being sent to areas where water is a scarce resource.

We are supporting these two projects because we care very much about making the water and air cleaner. Each day, we install water and air purification systems and Instalco wants to do its part in improving the environment by contributing where we can. Being able to offer sustainable, energy-efficient solutions to our customers is a big part of what we do every day.

EU Taxonomy Regulation

One important part of our sustainability programme has been its link to the UN Sustainable Development Goals and our participation in the UN Global Compact. We continue pursuing efforts to contribute to the SDGs and being aligned with the principles in the Global Compact. Global collaboration is important if we are to achieve a more sustainable world.

The EU Taxonomy has now entered into force. It is a classification system aimed at

helping investors identify sustainable investments and it serves as a tool for achieving the EU's climate and energy targets. For Instalco, it serves as yet another way of clarifying the environmental benefits that our organisation generates, since our sales are generated from activities that are already very much aligned with the Taxonomy.

Continued expansion

We are now optimistic about the approaching return to more stable circumstances and favourable conditions for offering design, installation and service of various types of projects in the Nordic region. The aim is to widen our base of companies in Norway and Finland in order to create a more solid base that will make it easier for us to create the business synergies that are one of the cornerstones of the Instalco model.

Another element of our strategy is to continue growing the Industrial and Technical Consulting disciplines. We see major opportunities of identifying interesting companies in complementary areas of technology that could be potential acquisition candidates for Instalco. Our subsidiary, Intec, plays a central role in the Technical Consulting area. Through Intec, we are able to offer customers a comprehensive offer, covering everything from design to installation and combining theory with practice in a way that we were not previously able to do.

In general, the market situation is good. There is a high rate of construction in the public sector, along with renovation of commercial facilities. There is also a stable rate of new construction for apartment buildings. Still however, the level of new development

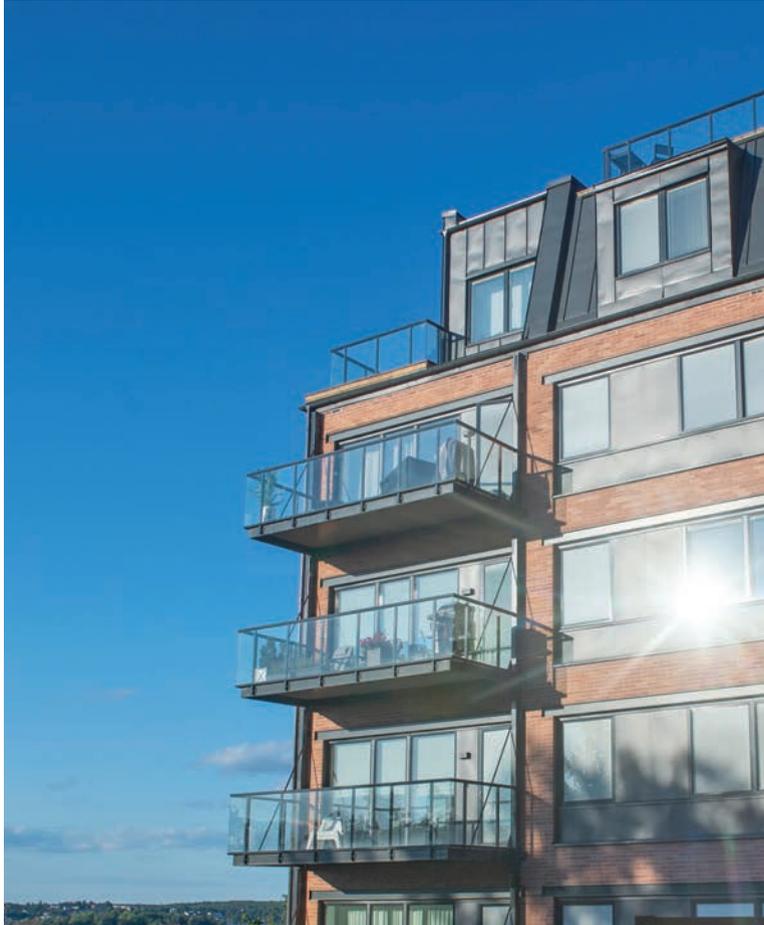
for residential property is below what is needed to satisfy the long-term needs. For technical consulting, we have noticed an increase in demand, primarily for the industrial and energy segments.

We hope that the pandemic will soon be fully over. But uncertainties and concerns remain, not least in the Ukraine. I am deeply concerned and feel enormous compassion for everyone who has been affected.

In 2021, our number of subsidiaries grew to more than 100. We have completed more than 100 acquisitions since the inception, which has given us unique expertise on how to develop these companies in the best possible way. This is why Instalco is the natural choice for high-performing entrepreneurs. We will continue pursuing our acquisition agenda, with an eye on the best companies in our industry. Instalco was, after all, created to be the best harbour for installation companies. We are also financially well-equipped to continue our journey of acquisitions.

Finally, I would like to sincerely thank every employee of the Instalco Group for their hard work and dedication during this challenging year.

Robin Boheman
President and CEO



"We have completed more than 100 acquisitions since the inception, which has given us unique knowledge on how to develop these companies in the best possible way."

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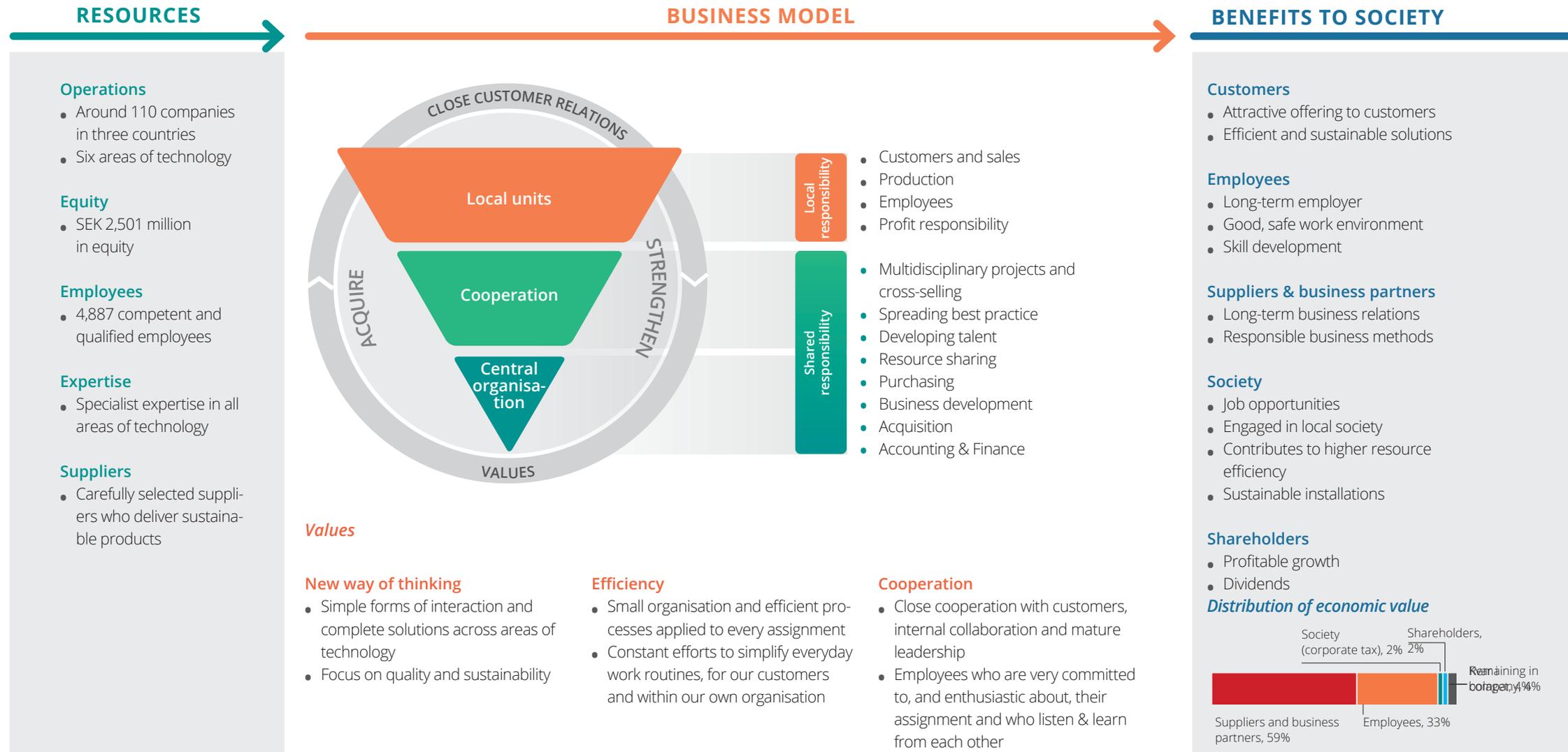
Value creation

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.



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Targets and results

FINANCIAL TARGETS	EXPLAIN	RESULTS IN 2021
<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>24.8%</p> <p>With our high rate of acquisitions during the year and good organic growth, we have achieved sales growth of 24.8 percent, of which 4.2 percent¹⁾ was organic.</p>
<p>Margin</p> <p>>8%</p>	<p>Measures the company's ability to generate profit so that it can create long-term value to its shareholders, customers, employees and other stakeholders.</p>	<p>8.2%</p> <p>Adjusted EBITA margin²⁾ amounted to 8.2 percent, which exceeds the target by 0.2 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>1.8 times</p> <p>Net debt/adjusted EBITDA was 1.8 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>83.6%</p> <p>Cash conversion was 83.6 percent.</p>
<p>Dividend Policy</p> <p>30% of profit after tax</p>	<p>Demonstrates the company's ability to generate returns.</p>	<p>The proposed dividend is SEK 3.25 (2.70) prior to the 5:1 split, which corresponds to a dividend share of 30 (30) percent.</p>

SUSTAINABILITY GOALS

Instalco pursues seven sustainability goals within the scope of its sustainability programme, Sustainable Installations. They are linked to the UN SDGs.

Examples 2021:

47

Projects certified as Sustainable Instalco Projects

84%

of employees are satisfied with their work situation overall.

Read more about Instalco's sustainability work and goals on page 30.

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Strategies

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

SUSTAINABLE GROWTH

Instalco's strategy is to 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 very committed management teams working in our areas of technology primarily in growth regions throughout Sweden, Norway and Finland. Sustainability direction is an important parameter for company valuation.

Organic growth is generated by such things as synergies, cross-selling and higher collaboration between the Group's subsidiaries. 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.

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. Instalco has a strong acquisition pipeline and there are always several companies with whom we have a close dialogue about joining the Group.

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 continuously increasing our focus on energy savings, energy efficiency and generating benefits to society via our services, all of which increases Instalco's competitiveness and facilitates long-term growth. We strive for resource efficiency with energy and water, along with an air quality that creates healthy indoor

environments, which promotes people's well-being and is beneficial to the environment. Environmental awareness, generating benefits to society and sustainability are of growing importance for us, our clients and end customers.

Activities in 2021

In 2021, we applied our start-up model to set up several of our own new subsidiaries. The model involves matching external entrepreneurs with motivated, key individuals to jointly start companies that fit the Instalco model.

During the year, efforts continued with our sustainability programme, Sustainable Installations, with the aim of even more clearly being able to propose and deliver sustainable installations to our customers. There are three main focus areas for the sustainability programme: Safe and modern work environment, Sustainable installations and Mature leadership. We also began collaborating with Wayout Water and the Swedish Society for Nature Conservation.



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. It is aimed at streamlining our processes in production, purchasing, sales, cross-selling and cash management. Cost consciousness permeates every level of the organisation.

Priorities

Efforts with IFOKUS are continuously underway at both existing and newly acquired companies. Special programme 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 via service contracts.

Activities in 2021

During the year, we reshaped the IFOKUS improvement programme by setting up an internal development project. The goal has been to work with areas that are central to all companies and to support them in their efforts to develop and improve profitability, along with strengthening the ties between them. Areas that were prioritised in 2021 were the production process, profitability factors and knowledge-sharing.

We continued pursuing the 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.

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CUSTOMER STRATEGY

At Instalco, operations are conducted in close cooperation with customers. With the Instalco model, acquired companies retain their name and company culture, which facilitates continued close collaboration with customers. When a new company joins Instalco, it brings in its existing customers. All companies of the Group, through cross-selling, have access to each other's networks and customers.

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

Priorities

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

Activities in 2021

During the year, we were able to claim a clear position in the market for our technical consulting discipline, where our subsidiary, Intec, plays a central role. We grew this part of the business by recruiting consultants and acquiring some consulting companies. 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 also enables us to more easily offer customised solutions.

We also expanded our industrial discipline in 2021 by acquiring several companies specialised in installation services for industry. In doing so, we have broadened our customer base and expanded into new customer categories.

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 employees.

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. Instalco Academy offers skill development for five categories of employee: leading assemblers, project managers, service managers, accounting managers and senior executives.

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

Activities in 2021

In 2021, we expanded the range of training courses at Instalco Academy. We identified the need for skill development for employees working with service and accounting, which is why we set up specific courses for the service managers and accounting managers working at our subsidiaries.

At the end of the year, we opened up an internal, digital whistleblower function managed by an external party.



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Acquisition

Instalco's growth strategy is primarily based on acquisition of profitable companies with strong local ties. By belonging to Instalco, the acquired companies become part of a strong team with great opportunities for development and cooperation while retaining their identity and brand.

During the acquisition process, Instalco focuses on companies with high profitability and a very enthusiastic and committed leadership team. Acquisitions are primarily made in growth regions of Sweden, Norway and Finland, but they also occur in other regions and disciplines when companies have a strong local position and meet Instalco's other acquisition criteria.

The acquisition process is led by Instalco's Head of Acquisitions, who closely collaborates with the Business Area Managers of each region. Acquisition tips primarily come from Instalco's internal network, although we also get inquiries from companies outside the Group and from brokers. Instalco has a well-established acquisition process, which creates security for existing companies and newly acquired ones. It has several steps and companies with a clear sustainability focus are prioritised. Sustainability work is also an important parameter for company valuation.

Instalco fosters an entrepreneurial spirit. This is why we allow our acquired companies to keep their original name, brand, identity and culture, in other words, all of the things that made them successful in the first place. As part of the Instalco Group, they also gain access to our cumulative expertise and financial strength, which generates opportunities for growth, profitability improvement and skill development.

Coordination creates opportunities

By giving our subsidiaries opportunities to interact, we create synergies and collaboration between them. We enable our entrepreneurs to run their businesses in a larger context, with access to the coordination benefits that a larger Group can offer. 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, market-

ing, communications/PR, purchasing, sustainability and accounting/finance functions, as well as training via Instalco Academy.

By joining Instalco, new companies gain access to the knowledge and experience accumulated in our other subsidiaries. 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. There is close collaboration among the local companies within each business area and they are supported by their Business Area Manager.

Our organisation has a flat structure and a highly decentralised governance model, whereby each subsidiary is responsible for its strategy, customers, employees, recruitment and results.

Besides our current technical disciplines, there are growth opportunities from acquiring businesses in related segments like sprinkler systems, security, industry, technical consulting, fire safety, energy & automation, solar cells, charging posts, street lighting and traffic light signals.

We have completed more than 100 acquisitions since the inception,



which has given us unique knowledge on how to develop these companies in the best possible way. This is why Instalco is the natural choice for high-performing entrepreneurs.

Different types of acquisitions

Instalco acquires companies using a three-pronged approach: strategic, opportunistic and complementary. Instalco also sometimes sets up new companies, 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			
Financial <ul style="list-style-type: none"> • High profitability • High performance • Long trend of stability and/or growth • Strong cash flow 	Market <ul style="list-style-type: none"> • Specialisation • High customer satisfaction • Competitiveness • High % of repeat customers 	Management <ul style="list-style-type: none"> • Mature leadership • Proven ability to create value • Commitment & decisiveness • Clear sustainability direction 	Instalco fit <ul style="list-style-type: none"> • Team player • Desire to collaborate with other Instalco companies • Ability to generate cross-selling opportunities • Interest in sharing best practice

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JOINING INSTALCO

Companies that join Instalco become part of a **strong team** of elite players, who are all pulling in the same direction. You will gain a network of new colleagues from Instalco's other subsidiaries, who have a strong entrepreneurial spirit and support each other to develop and achieve. Instalco wants to **foster entrepreneurship** at our subsidiaries, not take it away.

We work with **best practice**, which involves sharing knowledge of what works best between subsidiaries and thereby generating knowledge growth throughout the Group. There is close collaboration among the local companies within each business area and they are supported by their Business Area Manager. Most of the collaboration occurs between companies. As part of their local team, they get to participate in various activities, like business development meetings and team building events.

Besides that, we offer skill development via our internal training programme, **Instalco Academy**. We offer training to five categories of employee: leading assemblers, project managers, service managers, accounting managers and senior executives. IFOKUS is another asset that you will have access to. It is our internal programme containing several strategic tools to highlight and develop improvement areas.

You also gain access to Instalco's cumulative **expertise and financial strength** – which generates opportunities for growth and profitability improvement.

Instalco is **the natural choice** for those who would like to take their company to the next level together with others who are like-minded.



Instalco was established in 2014 via the acquisition of five installation companies. In October 2021, we surpassed the milestone of 100 subsidiaries via the acquisition of Kompressorteknik LM AB. From left: Gustaf Larsson Ernefeldt (Head of Acquisitions at Instalco), Jonas Björk (Business Area Manager for Instalco North), Magnus Elnertz (CEO of Kompressorteknik LM), Mathias Lindgren (Head of Business Development at Kompressorteknik LM), Karin Sahlin (CFO at Kompressorteknik LM) and Johan Larsson (Business Area Manager for Instalco North).

"Joining Instalco opens up new opportunities for us in conjunction with the investments Instalco is making in its industrial discipline."

Dan Björkskog, CEO at Nordpipe Composite Engineering

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Instalco made the following company acquisitions during the period January – December 2021.

Access gained	Acquisition	Area of technology	Segment	Assessed annual sales, SEK m	Number of employees
January	JB Elektro AS	Electricity	Rest of Nordic	40	21
January	Lincom AB	Electricity	Sweden	33	25
January	Nässjö Teknikprojektering AB	Technical consulting	Sweden	15	10
February	Stockholm Luftkompetens AB	Ventilation	Sweden	85	20
February	Kempes El AB	Electricity	Sweden	85	66
April	Inva Engineering AS	heating & plumbing	Rest of Nordic	6	10
April	Calmarsunds VVS AB	heating & plumbing	Sweden	68	26
May	Rörmokaren i Kolmården AB	heating & plumbing	Sweden	31	20
May	Lampans Elinstallationer AB	Electricity	Sweden	55	41
May	Elinstallationer i Karlshamn AB	Electricity	Sweden	40	31
June	KaVP AB och Karlskoga Tak AB	Ventilation	Sweden	30	17
June	Nordengen VVS AS	heating & plumbing	Rest of Nordic	13	6
June	PlanProj AB	Technical consulting	Sweden	17	14
June	Nihlén Elmontage AB	Electricity	Sweden	80	19
June	Industriprodukter AB	Electricity	Sweden	20	22
July	Klimateknikk Oslo AS	Ventilation	Rest of Nordic	40	5
July	Forsséns Elektriska AB	Electricity	Sweden	65	40
August	App Start-up AB	Industrial	Sweden	97	63
September	PeMi Ventilation & Montage AB	Ventilation	Sweden	38	13
September	Installationservice Nicklas Eriksson AB	Electricity	Sweden	59	30
September	Sydsvenska Elanläggningar AB	Electricity	Sweden	100	70
October	Total VVS AS	heating & plumbing	Rest of Nordic	114	23
October	Kompressorteknik AB	Industrial	Sweden	37	13
October	Blomquist Group	Heating, cooling and ventilation	Sweden	160	80
November	MRM Mining AB / EPS Sweden AB	Industrial	Sweden	75	21
December	Nordpipe Composite Engineering Oy (NCE)	Industrial	Rest of Nordic	330	120
December	Lidingö Elektriska AB	Electricity	Sweden	27	16
Total				1,760	842

JB Elektro AS

located in Tromsö and Instalco's northernmost subsidiary. The company has extensive expertise in the electrical discipline. It also offers services for operation of road lighting.

Lincom AB

located in Norrköping. It primarily works with design and installation of alarm and security systems. It also has extensive expertise in communication solutions, such as telecom, data and fibre optics.

Nässjö Teknikprojektering AB

a consulting company that designs electrical, ventilation and heating & plumbing solutions, it is an add-on acquisition to Intec.

Stockholm Luftkompetens AB

primarily a ventilation contractor that performs installations for property owners and companies. It also offers mandatory ventilation inspections, airflow adjustments and service.

Kempes El AB

located in Kramfors, it is a prestigious electrical installation company founded in 1931. The company is focused on design and installation of electrical systems for industrial, retail and residential properties.

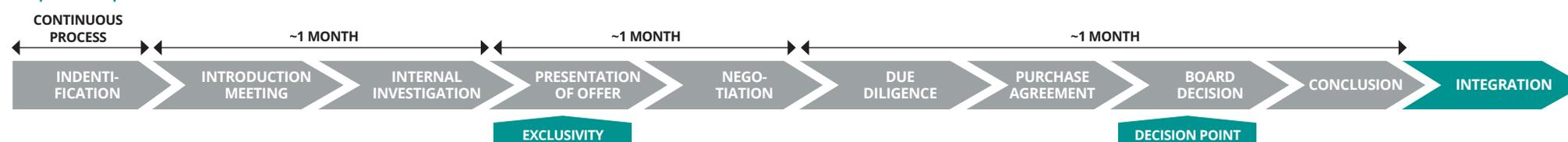
Inva Engineering AS

located in Oslo, offers services such as energy calculations, airflow adjustments and heating & plumbing inspections. It is an add-on acquisition to, and has been merged with, Andersen og Aksnes Rørleggerbedrift.

Calmarsunds VVS AB

located in Kalmar, it is a full-range supplier of electrical, heating & plumbing and is specialised in service jobs for property owners and large-scale heating & plumbing contracts.

Acquisition process



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Rörmokaren i Kolmården AB

has a complete service offering for heating, plumbing and ventilation installations. Its offers turnkey installations for industry, office premises and stores, as well as a full range of service. Its main customers are property companies, construction companies and housing cooperatives.

Lampans Elinstallationer AB

Located in Karlskrona, it offer electrical installations via contracting and service assignments. They are also active in the areas of TV and satellite, data and fibre, as well as security installations.

Elinstallationer i Karlshamn AB

offers electrical installations via contracting and service assignments. Service installations are offered to individuals, industries, private companies and the public sector.

KaVP AB och Karlskoga Tak AB

a sheet metal and ventilation company. It also does the insulation work for roofs and ceilings in new construction and renovation projects. It is an add-on acquisition to, and will be merged with, VentPartner.

Nordengen VVS AS

located in Drammen, it works with all types of pipe installations in the heating & plumbing area, along with service. It is an add-on acquisition to Vito.

PlanProj AB

located in Norrköping, it is niched in construction and project management. PlanProj works with energy efficiency, design management, feasibility studies, time planning, calculations and control technology & automatics. It is an add-on acquisition to Intec.

Nihlén Elmontage AB

it is a family-owned company that primarily focuses on street lighting and charging stations for electric and hybrid vehicles. It has its registered office in Askim, Gothenburg.

Industriprodukter AB

located in Söderhamn, it is a contractor in the industrial and energy sectors. It is an add-on acquisition to Henningsons Elektriska.

Klimateknikk Oslo AS

it offers cooling, ventilation and automation solutions to property owners and construction companies in the Oslo area. The company is specialised in design and installation of ventilation and climate solutions.

Forsséns Elektriska AB

located in Södertälje, it works with control technology & automatics. The company specialises in electrical installations in sensitive environments like hospitals and pharmaceutical manufacturing facilities.

App Start-Up AB

a consulting company in the energy industry that specialises in project implementation and commissioning of energy facilities. It has offices at nine locations in Sweden, with its head office in Stockholm.

PeMi Ventilation & Montage AB

the company is domiciled in Orsa and it offers ventilation services to industries, construction companies and private individuals. PeMi is active throughout Sweden, although most of its customers are located in Dalarna and the mountain areas.

Installationservice Nicklas Eriksson AB

with its head office in Eskilstuna, it is a contractor and service company for technical installations at properties. The company offers installation and service primarily to commercial properties and industries.

Sydsvenska Elanläggningar AB

SSE in Blomstermåla is a full-range supplier for electrical power and electrical installations, with its focus on the process and engineering industries. Historically, it has been strong in the lumber and automotive industries and the company's other customers primarily consist of construction companies, municipalities, county councils and factories.

Total VVS AS

a full-range supplier of heating, plumbing and ventilation solutions and service in conjunction with new construction and renovation projects. Total VVS primarily serves customers in the Oslo region, working most with large projects for a variety of customers in both the public and private sectors.

Kompressorteknik AB

with its head office in Ludvika, it is specialised in compressors for various types of industries, breweries and biogas manufacturers. The company offers installation, sales, service, repairs and monitoring.

Blomquist Group

with its head office in Bollnäs, it primarily offers services in the areas of heating, cooling and ventilation. Most of its customers are in the region of Hälsingland, Sweden. The Blomquist Group consists of five companies.

MRM Mining AB and EPS Sweden AB

MRM Mining in Gällivare is a full-range supplier of industrial services such as installation and service with the mining industry as its main market. EPS Sweden in Gällivare specialises in technical maintenance work in demanding environments and the company collaborates with electricity distribution companies, railways and traffic authorities, among others.

Nordpipe Composite Engineering Oy

located in Jakobstad, the company offers production and installation of composite solutions to industry. It designs, manufactures and installs composite solutions for industries working with processes for aggressive corrosion, high pressure and strong erosion.

Lidingö Elektriska AB

a prestigious family-owned company that started up in the 1920s and has been run under the name of Lidingö Elektriska since 1933. The company is specialised in electrical installations, lighting, heating, floor heating and charging stations for companies and organizations in both the public and private sectors, as well as individuals.

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Lower energy consumption after switching to LED lighting

In 2021, Rikelektro installed new LED lighting at more than 50 Systembolaget stores. This Sustainable Instalco Project has helped significantly lower the energy consumption.

“As part of our sustainability efforts, we have been working for several years with Systembolaget to lower their energy consumption. In 2019, we started working with voltage optimization for them and formulating a plan for the LED conversion at all of its stores,” says Michaela Masiello, CEO at Rikelektro.

In 2021, Rikelektro upgraded all of the lighting to LED at more than 50 Systembolaget stores and another 70 are planned for 2022. At the end of 2025, it is estimated that the work will be complete, with LED lighting installed in all of the Systembolaget stores in Sweden.

“The LED conversion will generate significant cost savings for both service and maintenance. It will also increase the lifespan of the lighting and lower the energy consumption,” says Michaela.

“Systembolaget has a clear sustainability focus that is very much aligned with our way of working and expertise. The collaboration is stimulating and worthwhile for both sides and together, we have arrived at a clear plan for these sustainable projects,” says Michaela.

All of the waste material is sorted and managed in collaboration with the recycling company, PreZero. This Sustainable Instalco Project also involves replacing the suspended ceiling at several stores.

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Optimization at gasification plant

Höganäs is one of the world's largest producers of metal powder used in vehicle components, among other things. The Instalco Company, App Start-Up, has been involved in efforts to optimize operations at a gasification plant that produces pure energy gas for metal powder production.

A large quantity of iron and metal powder is produced each year at the Höganäs plant on Kullahalvön. It is used for manufacturing vehicle components, electric motors and welding materials. Höganäs has its own process for metal powder production. It involves reducing the iron ore to pure iron with coal at high temperature using heat created by the combustion of gas.

Thus far, natural gas has been used in the combustion process, causing unwanted emissions. Now, Cortus Energy has come up with a way of producing "green" energy gas (syngas), which is pure and renewable. Energy gas is created through gasification of biomass, in the form of wood chips.

The process has been tested on a small scale at a plant in Köping, which has now been scaled up and tested on an industrial scale at the Höganäs plant. The Instalco company, App Start-Up helped with the commissioning and technical support at both facilities.

"Our part in this unique project was to assist with optimization, adjustments and commissioning. In other words helping to make sure that all parts of the process were compatible and worked. It's a process with many steps, such as how to dry the wood chips, to how to generate the energy gas and then how to achieve combustion of the gas in a way that generates the right temperature for the metal powder at Höganäs," says Johan Löfström, Process Engineer at App Start-Up.

"At the Cortus facility at Höganäs, we engaged App Start-Up to help evaluate, improve and optimize operations of a new WoodRoll gasifier. Once completed, the plant will be able to produce 6 MW of pure energy gas for Höganäs and replace the natural gas that has thus far been used in their processes. At full capacity, it will lower the CO₂ emissions by 10,000 tonnes per year," says Rolf Ljunggren, Founder and Deputy CEO at Cortus Energi.

App Start-Up is a consulting company focused on the energy sector. It is specialized in project implementation and the commissioning of energy plants. App Start-Up offers services in the areas of automation, electricity design, electrical power, process control and instrumentation.

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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

General trends

The trends that we see in new construction projects are a rising occurrence of technical systems and applications of digital technology such as online IT solutions, alarm & security systems and more efficient use of energy. Accordingly, the installations themselves have become more complex. Technical installations are thus becoming an increasingly important component of the construction process and the share of total construction costs attributable to installation services is rising each year.

How it affects Instalco

Complex installations place high demands on 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 widespread technical expertise.

Instalco's actions

Instalco's subsidiaries keep themselves continuously updated and trained in the technological developments. 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. Through our Technical Consulting business area, we are able to offer customers an integration of project planning, technical execution and service.



ENVIRONMENTAL AWARENESS

Environmental awareness of clients, end customers and decision-makers is continuously rising, which is primarily evident in the form of environmentally conscientious decisions about consumption, procurement. Political decisions reflect this as well. At the end of 2021 for example, the EU Commission presented a new proposal that all buildings in the EU in the energy performance categories of G and F must be renovated to a higher standard no later than 2033.

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.

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. Society's transition to a green economy has led to an increase in the number of installations of EV charging stations.



URBANISATION AND HOUSING SHORTAGE

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 as well, where the population of Helsinki in particular is growing. It creates new needs for housing and workplaces.

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.

Instalco has established a strong position in all growth regions of Sweden, Norway and Finland. By offering installation services for electrical, heating & plumbing, ventilation, cooling, industrial and technical consulting, 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.

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INVESTMENTS IN INFRASTRUCTURE

General trends

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

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.

Instalco's actions

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

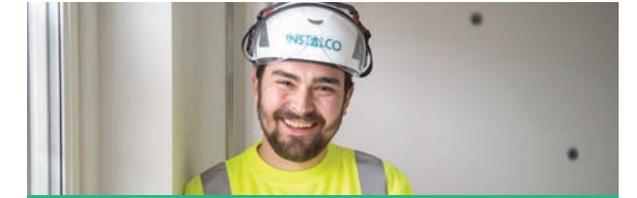


AGEING PROPERTY HOLDINGS

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.

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

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.



SUSTAINABLE ENTREPRENEURSHIP AND BENEFITS TO SOCIETY

Awareness of the importance of sustainable entrepreneurship and creating a sustainable society has increased 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.

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. Nordic industry is currently investing huge amounts in higher automation, solutions that enable sustainable production of goods and services and conversion to green energy.

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. In recent years, Instalco has invested and made many acquisitions in the field of industry and is well equipped to implement the industry's green investments. As part of our sustainability programme, we are also collaborating with the Swedish Society for Nature Conservation and Wayout Water.

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Offering

Instalco offers services in system design, installation and service & maintenance of buildings and facilities in Sweden, Norway and Finland. Instalco's focus in the installation sector is on six disciplines: electrical, heating & plumbing, ventilation, cooling, industrial and technical consulting.

Through close collaboration across subsidiaries and areas of technology, we create attractive and sustainable holistic solutions for long-term use. The business, which is highly decentralised, is run through our 110 subsidiaries, with support from a small, central organisation.

Instalco has a specific acquisition strategy of acquiring the best companies and integrating them into our Group, where we create both collaboration and synergies. Companies that we acquire may keep their own name, brand and local identity, which encourages and promotes a strong entrepreneurial spirit.

Instalco's subsidiaries are all specialised in a particular area and together, we create collaboration and cross-selling opportunities, along with sharing best practice throughout the organisation. With our technical expertise and experience, we are able to participate in the construction process at an early stage, offering 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 and focus on generating benefits to society and sustainability are 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 small assignments. This market strategy provides us with lower risks and greater growth opportunities.



Types of contracts

Instalco's services are procured either as single assignments or as general contractor. The latter means that we are responsible for design and project planning, which enables us to suggest appropriate 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 projects.

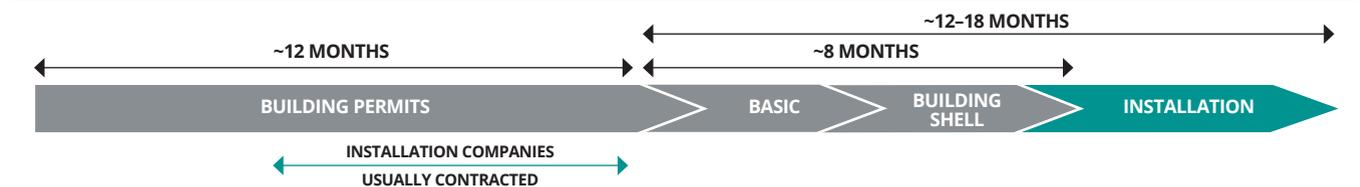
Approximately half of Instalco's projects are run as fixed-price projects, one-third as partnering projects and the remainder is other types of collaboration and payment forms, such as service assignments.

Partnering

Partnering projects are a form of collaboration where Instalco works together with the customer, suppliers and subcontractors in a transparent team, from start to finish. Synergies are created in this way, with each partner contributing their specific expertise to best meet the needs of the project. The financial side is also transparent. Customers have full knowledge of all costs and we are safeguarded by the cost-plus or fixed-price element of these types of contracts.

Partnering is a form of collaboration that is growing in the Nordic region and nearly all of Instalco's major projects involve some form of partnering.

The typical timeline on a construction project leads to high visibility over future installation projects



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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
 - control technology and automatics
 - service and maintenance

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



HEATING & PLUMBING

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

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



VENTILATION

- Services:*
- installation and solutions for indoor climate
 - air treatment
 - energy optimisation
 - mandatory ventilation inspection
 - control technology and automatics
 - property automation
 - service and maintenance
 - project planning

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



COOLING

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

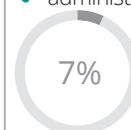
- Customers:*
- retail chains
 - food industry
 - institutional kitchens
 - hotels
 - cold storage companies



INDUSTRIAL

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

- Customers:*
- industrial companies
 - electricity and power companies
 - mining companies
 - shipping companies
 - maritime transport companies
 - local authorities & regions
 - administrations



TECHNICAL CONSULTING

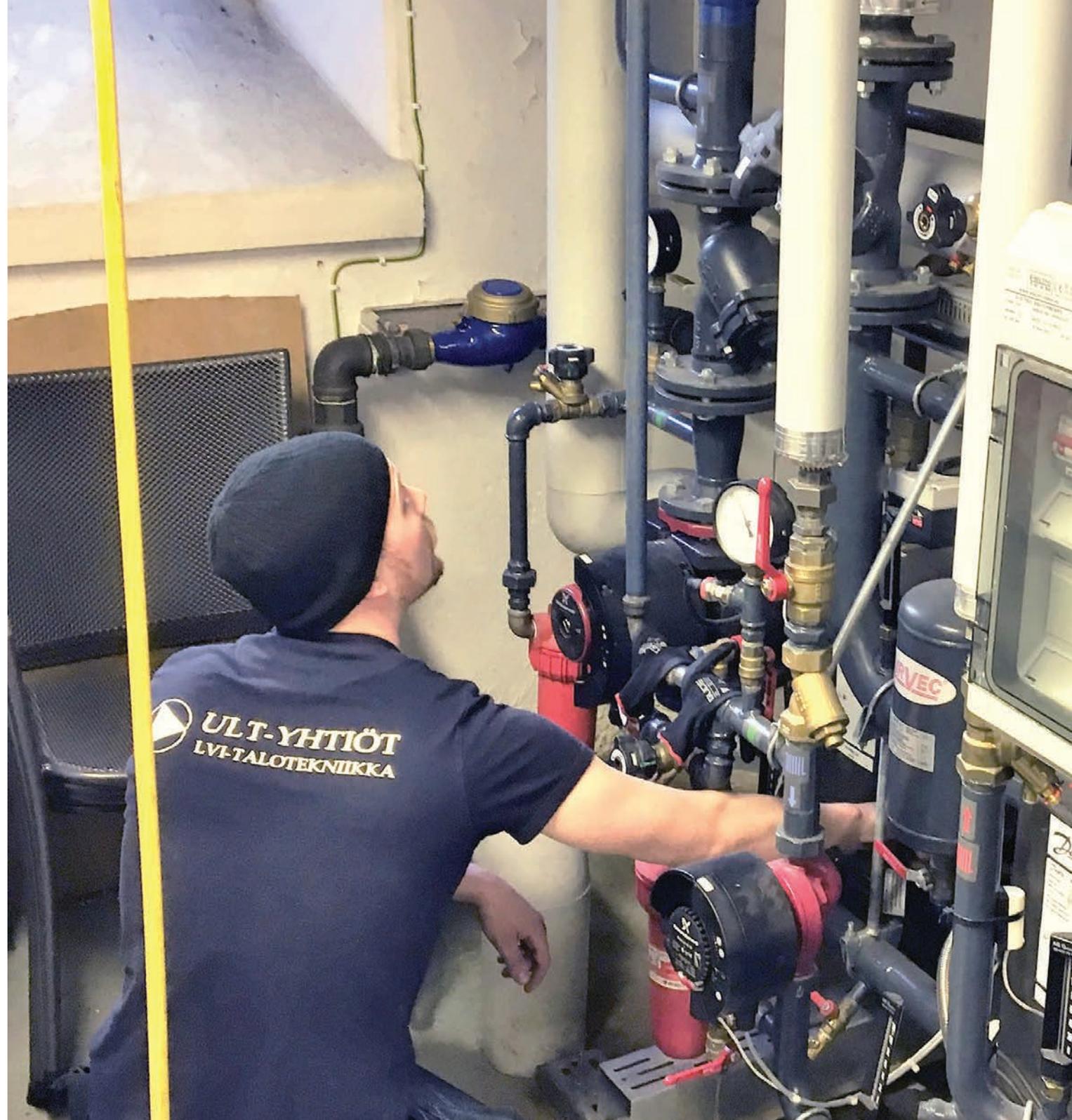
- Services:*
- Project planning, studies inspection and coordination of:
- electricity
 - communications
 - safety
 - heating & plumbing
 - cooling
 - BIM
 - automation
 - ventilation
 - energy-efficiency
 - fire and risk
 - sustainable construction
 - simulations calculation and certification

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



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ULT has full focus on service

The majority of Instalco's services is technical installations of electrical, heating & plumbing and ventilation systems, run in the form of projects. A smaller portion is service and the Instalco company, Uudenmaan Lämpötekniikka (ULT) is a good example of that.

Serving the Helsinki region, it is fully focused on service of heating & plumbing systems, primarily maintenance at residential properties. Its main customers are construction companies, property owners, housing cooperatives and the public sector.

"We have chosen to specialise in service and we have a system that includes the customer such that we can collaborate closely and efficiently with them," says Riku Dahlström, acting CEO at ULT.

ULT has developed a digital system whereby customers submit work orders electronically. The orders are transferred to ULT's business system and then allocated by service managers to the service technicians. Once the work has been completed, the invoices are generated electronically based on information that has been logged by the service technicians.

"Everything is done electronically via our business system, which we use to manage orders, for invoicing, inventory management and purchasing. We have assurance that everything gets invoiced thanks to the mobile app that our pipe assemblers use for inputting data in real time," he says.

The most common types of service assignments are for pipe leakage, clogged drains or to investigate low indoor temperature at residential properties.

"We have an extensive experience in heating and plumbing and are proud of the excellent reputation we and our service system have with customers, as well as the great atmosphere here at the company," says Riku.

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Huge recycling of electronics has been made possible by the installations

At Boliden's smelting plant in Rönnskär, you can find one of the world's largest recycling stations for electronics. The Instalco company, HP Welding has been contracted for manufacturing and installing a hood for the boiler of the furnace.

Boliden's copper smelter near Skellefteå has been recycling waste material since the 1960s. The smelter's current annual capacity for recycling electronics is 120,000 tonnes. All types of electronics material is collected, although most of it is crushed circuit boards, which are sent to a Kaldo furnace that has been specially designed for smelting of electronic materials.

"We have a long-term, successful collaboration with Boliden Mineral to meet their special requirements for this type of unique project. In 2011, we delivered the entire boiler for Boliden's e-Kaldo plant with successful results and are now working with a similar assignment. Because of the pandemic though, we faced

particularly large challenges in this project with manufacturing overseas," says Rickard Långh, CEO at HP Welding Sweden.

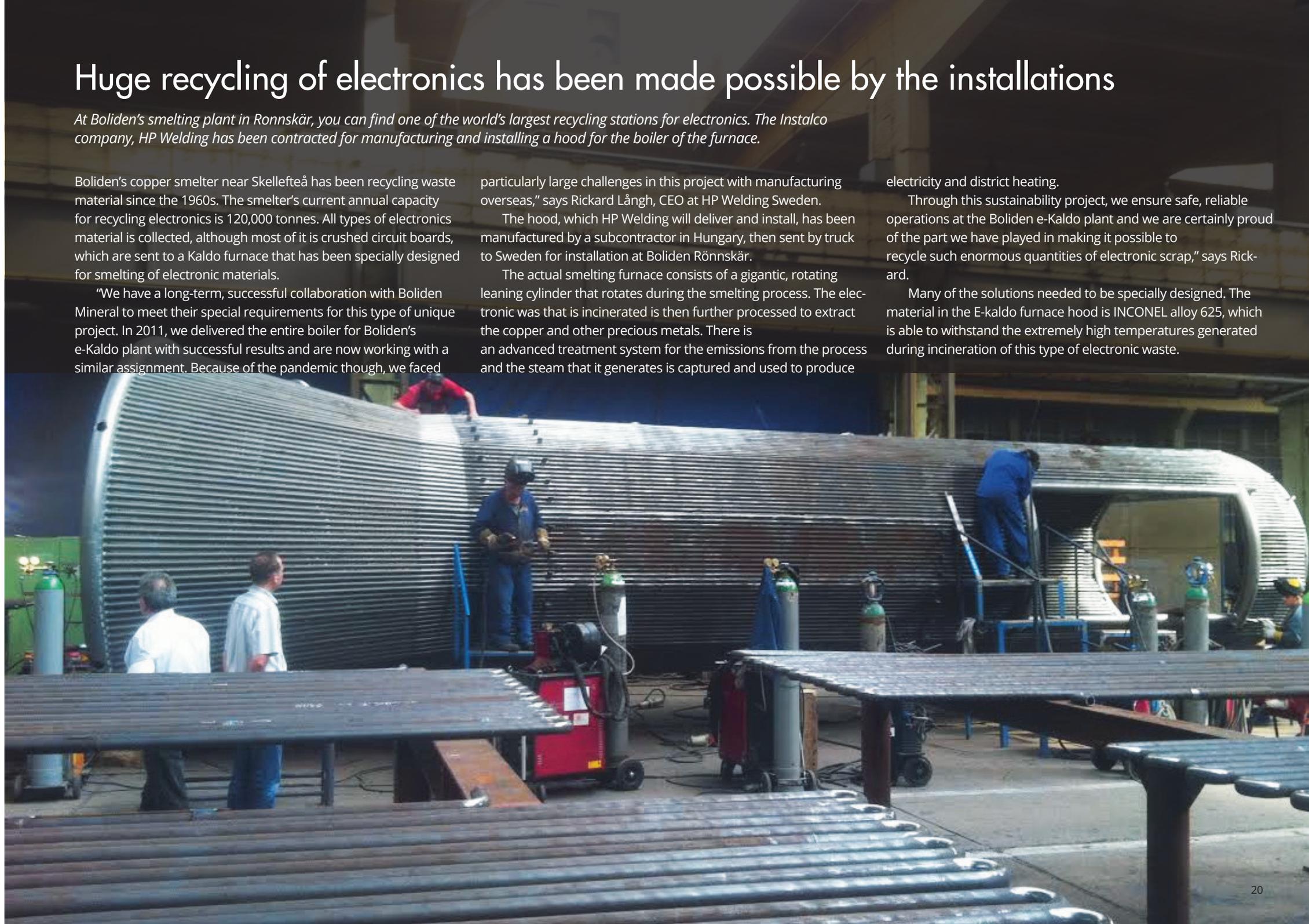
The hood, which HP Welding will deliver and install, has been manufactured by a subcontractor in Hungary, then sent by truck to Sweden for installation at Boliden Rönnskär.

The actual smelting furnace consists of a gigantic, rotating leaning cylinder that rotates during the smelting process. The electronic waste that is incinerated is then further processed to extract the copper and other precious metals. There is an advanced treatment system for the emissions from the process and the steam that it generates is captured and used to produce

electricity and district heating.

Through this sustainability project, we ensure safe, reliable operations at the Boliden e-Kaldo plant and we are certainly proud of the part we have played in making it possible to recycle such enormous quantities of electronic scrap," says Rickard.

Many of the solutions needed to be specially designed. The material in the E-kaldo furnace hood is INCONEL alloy 625, which is able to withstand the extremely high temperatures generated during incineration of this type of electronic waste.



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Market area Sweden

Instalco is one of Sweden's leading suppliers of technical installation services, design, maintenance and service. We currently have more than 80 companies in Sweden collaborating to provide energy-efficient, technological holistic solutions for long-term use.

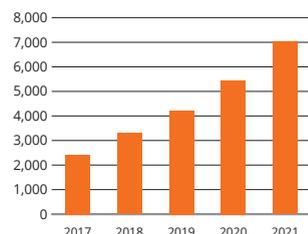


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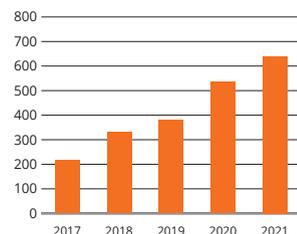
NET SALES, SEK M

7,015
+29%



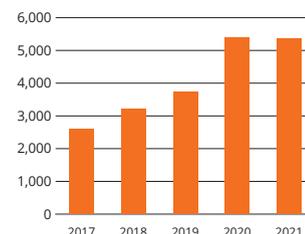
ADJUSTED EBITA, SEK M

640
+19%



ORDER BACKLOG, SEK M

5,363
-0.4%



REVENUE GROWTH, SEK M



PROJECT EXAMPLES

- Rörläggaren, Bi-Vent, Insta El and Sprinklerbolaget are collaborating on a joint assignment for Peab in Malmö. The work involves design and installation of the electrical, heating & plumbing, ventilation and sprinkler systems in conjunction with construction of Oatly's new head office at the property called Gjuteriet in Malmö.
- Miljöventilation and Kempes El are collaborating on a joint assignment involving construction of a new skiing high school in Sollefteå. They are responsible for the design and installation of air handling and control systems as well as the electrical, fire alarms and alarm/lock/entry & exit systems.
- Elektro-Centralen, Tingstad Rörinstallationer and Selek have won a joint assignment for the electrical and heating & plumbing installations for the construction of Sweden's new electromobility test centre in Gothenburg: Swedish Electric Transport Laboratory (SEEL).
- Vallacom has been engaged by Riksbyggen as general contractor for installation of their largest photovoltaic system in Sweden. The size of the installation is 5,000 sq. m.

LARGEST CUSTOMERS

NCC
PEAB
Skanska
ByggDialog
JM

IMPORTANT EVENTS DURING THE YEAR

APRIL

David Alm, 31 years old, appointed new CEO at Elovent in Kalmar. He became the youngest CEO of an Instalco subsidiary to date. He was a part-owner of Elovent and has been with the company since its inception in 2015. Jessica Snygg takes over as the new CEO for Bi-Vent in Helsingborg. She thus became the second female CEO of an Instalco subsidiary to date.

JUNE

Rörgruppen and Ohmegi were contracted by NCC and Region Stockholm to participate in expansion of the Högdalen depot, located in southern Stockholm. It is a partnering project, where they are responsible for the design and installation of the electrical and heating & plumbing systems. Intec was then brought into the project by Rörgruppen and Ohmegi to assist with the design work.

OCTOBER

Instalco is acquired Kompressorteknik ML AB and thus surpassed the milestone of 100 subsidiaries. Kompressorteknik is specialised in compressors for various types of industries, breweries and biogas manufacturers. The company offers installation, sales, service, repairs and monitoring.

DECEMBER

Five Instalco companies were contracted by Peab for a joint assignment. It involved the design and installation of the electrical, heating & plumbing, ventilation and sprinkler systems for the property called Entré in Malmö. It falls into the category of one of our partnering projects. The following Instalco companies are involved: El-pågarna (electrical), Bi-Vent (ventilation), Rörläggarna (heating & plumbing), Sprinklerbolaget (sprinklers) and Intec (design).

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Operations

Instalco's Swedish market is divided into five geographic business areas: North, West, East, South and Stockholm along with the Technical Consulting business area, which serves customers throughout Sweden. Instalco's business covers six main disciplines: electrical, heating & plumbing, ventilation, cooling, industrial and technical consulting. Each business area is coordinated by a Business Area Manager who is responsible for promoting collaboration and ensuring implementation of the Instalco model at each subsidiary. Each subsidiary is strongly positioned in their local markets. They aren't necessarily the largest, but are often leaders in their specific area of expertise or method.

Customers

Within the construction sector, design and installation services are required when building and renovating residential property, public facilities (like hospitals, schools and daycare centres and nursing homes), infrastructure, offices and other business facilities. In the industrial sector, there is a demand for installation services in conjunction with such things as process electronics, industrial pipelines, industrial electricity, automation and flue gas purification. In the marine sector, new regulations in connection with emission treatment have created an interesting market. Many customers are also investing in green technology to reduce the business' environmental and climate impact, which gives rise to a new and growing market.

Instalco has a broad customer base consisting of, among others, construction companies, real estate companies, public sector authorities and industry. 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.

Performance in 2021

During the year, Instalco intensified its efforts with IFOKUS, which is its internal improvement programme aimed at further simplifying and improving opportunities for collaboration and synergies between the subsidiaries.



We have made major investments in the technical consulting business area, where Intec plays a key role. At the end of the year, we had 230 employees in 11 different companies in about 20 locations in Sweden. Through an investment in our own technology consultants, we are able to reach our customers at an earlier stage and then work with them to find the most sustainable and energy-efficient solutions for new construction and renovation projects.

During the year, we prioritised the expansion of our Industrial business area. This was done primarily by acquiring companies that are specialised in installations for the industrial sector. We also expanded our offering by acquiring companies specialised in installation of road and street lighting, installations for the mining industry and manufacturing/installation of tanks in composite materials.

We also became established at these new locations in Sweden: Nässjö, Kramfors, Karlskrona, Karlshamn, Karlskoga, Orsa, Blomstermåla, Söderhamn, Sandviken, Gällivare, Ludvika and Bollnäs, along with adding more companies at these locations: Norrköping, Stockholm, Kalmar, Södertälje and Eskilstuna.

Priorities in 2022

In 2022, we will continue focusing on growth of our Industrial and Technical Consulting business areas. We will also continuously improve the opportunities for collaboration between our subsidiaries.

Society is in the midst of a green revolution and electromobility in many areas. These are trends that benefit Instalco and 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.

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MARKET DEVELOPMENT AND COMPETITION

According to the latest report from Navet Analytics, the Swedish market for technical installation and services amounts to approximately SEK 130 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.

The rate of growth for construction in the public sector (e.g. schools, preschools, hospitals, clinics and nursing homes) remains high. The same applies to redevelopment of commercial premises, such as offices. Production of apartment complexes, both condominiums and rental property, has remained relatively stable. However, the number of new projects that were started up fell slightly during the year. Still however, the level of new development for residential property is below what is needed to satisfy the long-term needs.

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 in the Nordic region, 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 that Instalco is involved in are lighting, safety, electricity ventilation and sewage treatment 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.

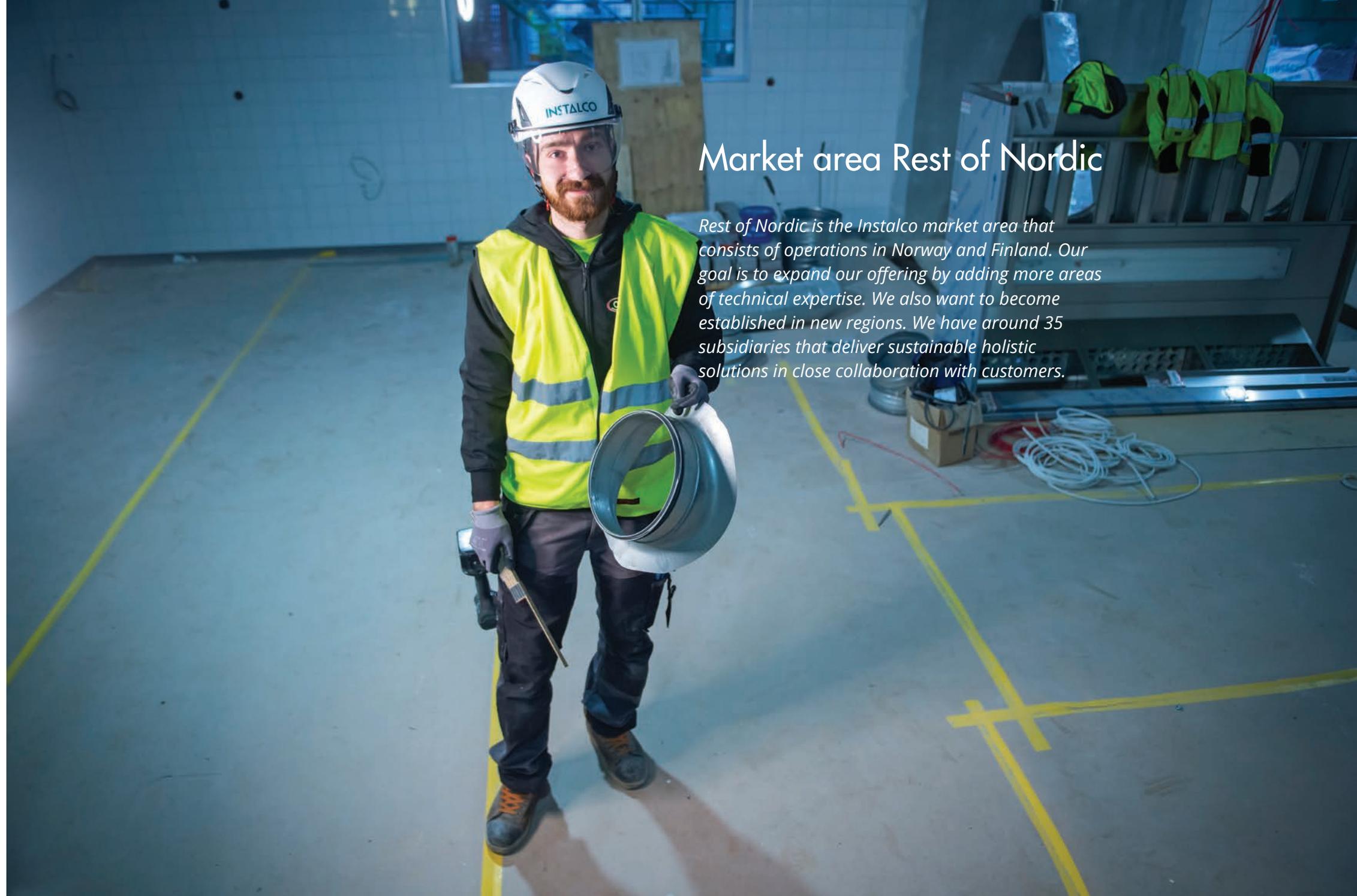
Industry investments

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.



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Market area Rest of Nordic

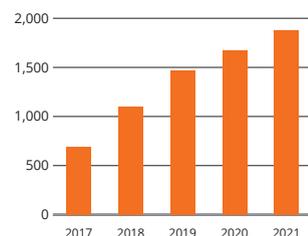
Rest of Nordic is the Instalco market area that consists of operations in Norway and Finland. Our goal is to expand our offering by adding more areas of technical expertise. We also want to become established in new regions. We have around 35 subsidiaries that deliver sustainable holistic solutions in close collaboration with customers.

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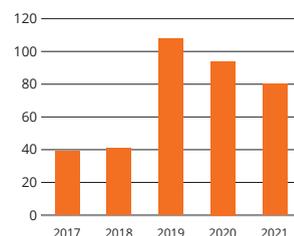
NET SALES, SEK M

1,875
+12%



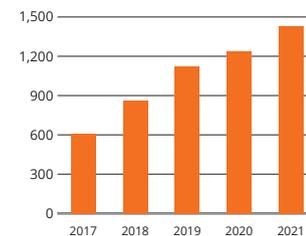
ADJUSTED EBITA, SEK M

80
-15%

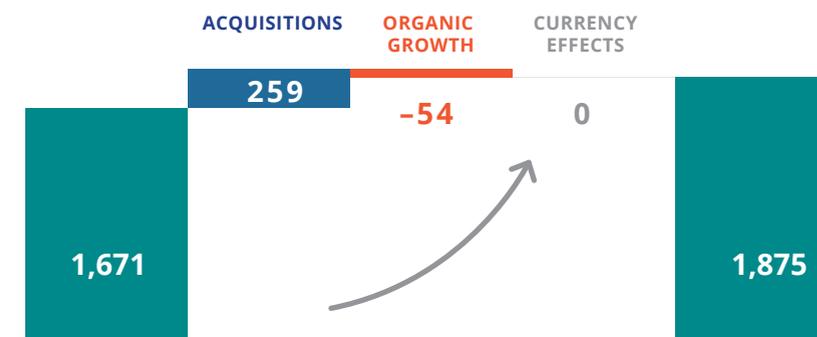


ORDER BACKLOG, SEK M

1,432
+16%



REVENUE GROWTH, SEK M



PROJECT EXAMPLES

- LVI-Urakointi Paavola and Sähkö-Buumi have been engaged for a joint assignment with the Finnish environmental management company, Remeo. It involves installation of both the heating & plumbing and electrical solutions in conjunction with the new construction of a waste management facility at Vanda, in the northern part of Helsinki. The facility will enable increased material reuse and recycling of waste, thereby reducing the need to transport construction waste outside Finland.
- JB Elektro in Tromsø has been contracted by Skjervøy Municipality to replace 1,300 street lamps in a difficult-to-access area with new lighting that has an intelligent control system. A flexible and future-proof lighting system comprising CityTouch's intelligent light management platform and efficient, long-life LED technology. It will cover a large geographic area, which makes the logistics complicated in that some of the installations will be on islands and peninsulas that can only be accessed by boat or ferry.

LARGEST CUSTOMERS

Veidekke
Bonava
Skanska
Energima
BRG Entreprenør

IMPORTANT EVENTS DURING THE YEAR

MAY

Vito Teknisk Entreprenør in Drammen signed a framework agreement for ventilation services with Stortinget, which is the Norwegian Parliament. It pertains to technical services concerning the existing ventilation systems, along with new installations, at parliamentary buildings. The duration of the agreement is two years, with options to extend for a total of four years.

JUNE

In the Oslo region, new CEOs were appointed at both Romerike Elektro in Kløfta and AS Elektrisk through internal recruitment. Succession planning in subsidiaries is part of Instalco's method and Instalco Academy is one of the ways in which new leaders are identified, mentored and trained.

SEPTEMBER

Moi Rör signed a contract for heating & plumbing installations at the project called Baneheia Park in Kristiansand. It involves the new construction of an office building that will house 160 offices.

OCTOBER

LVI-Urakointi Paavola signed an agreement for installation of the heating & plumbing and ventilation systems at the Supreme Administrative Court in Helsinki. It is a historic building from 1903.

NOVEMBER

Tero Viinikka and Sami Vanhamaki joined the company as Business Area Managers for Instalco Finland. Both have many years of experience at Instalco. Tero Viinikka is CEO of the Instalco company, Uudenmaan LVI-Talo and he will remain in that role besides his responsibilities as Business Area Manager. Sami Vanhamaki was previously the CEO of the Instalco company, Sähkö-Buumi.

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Operations

In the Rest of Nordic region, our subsidiaries primarily work with 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, renovation and industry. The customer base is broad, which means that each individual customer typically represents only a small portion of the Instalco's revenue.

Within the construction sector, design and installation services are required when building and renovating residential property, public facilities (like hospitals, schools and daycare centres and nursing homes), infrastructure, offices, retail and industry.

Performance in 2021

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.

In Finland, we appointed two Business Area Managers with shared responsibility for Instalco Finland, one with focus on the electrical area and the other on heating & plumbing and ventilation. Both have many years of experience at Instalco. In Norway, we continued pursuing our action plan to raise profitability in the business area. Collaboration between the companies has been further strengthened by, for example, sharing resources and working with IFOKUS to implement best practice.

We also became established at Tromsø in Norway and Jakobstad in Finland, along with strengthening our presence in Oslo and Drammen.



Priorities in 2022

In Finland, the focus is primarily on getting the organisation going and two Business Area Managers now share responsibility for Instalco Finland to support our subsidiaries there and facilitate collaboration among them.

In Norway, we continue pursuing our action plan to raise profitability. In general, our focus is on continued efforts with strategic

acquisitions to become multi-disciplinary at more locations, along with getting established at new ones.

In both Norway and Finland, we are investigating opportunities for expanding into the areas of Industrial and Technical Consulting there. We will also be prioritising growth in the service area.

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MARKET DEVELOPMENT AND COMPETITIONS

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

In Norway, we can see that demand has risen and there are plans in place for major investments in the construction sector in the coming years, particularly as regards new public buildings like schools and hospitals. We have noticed that there is higher interest in energy efficiency measures for the operation of both existing and new buildings. The Finnish market is still primarily being fuelled by the major metropolitan regions.

Konkurrenssituation

Competition i norska och finska marknaden är fragmenterad, och både den norska och finska marknaden är fragmenterad, consisting primarily of small companies with less than ten employees and focus on a single area of technology: a resurser, kompetens och fokus på en enda teknologisk områdes. 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: sikt:

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 2022, the Norwegian government will be making major investments in the construction of new schools as part of a nationwide initiative in that area.

Investeringar i infrastruktur

Investments in infrastructure and är eftersatt, vilket innebär att infrastrukturen i Norge och Finland har varit försummad, vilket innebär att stora investeringar kommer att krävas under de kommande åren. I Norge, har Transport- och Kommunikationsdepartementet presenterat en plan för att göra stora investeringar under 2020-talet. Investeringarna kommer bland annat att utöka offentliga transportsystem.

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Moisture in the air becomes drinking water

The Uppsala company, Drupps, has collaborated with the Instalco company, Teampipe, to develop a system that collects moisture from the air and turns it into drinking water. Two micro-purification factories designed for this purpose have been sent to areas of the world where drinking water is a scarce resource.

TeamPipe is specialised in advanced welding and pipe installation in sensitive environments. Together with Drupps, they have been involved in developing the pipe system for the first two micro-purification factories. They are able to extract moisture from the air, producing up to 1,000 litres of drinking water per day. The system is designed for capturing moisture from air dehumidifier processes.

"It's an exciting concept and the need for clean drinking water is huge in many areas around the world where it is a scarce resource," says Joakim Lundberg at Teampipe.

In 2021, the first mobile micro-purification factories were sent out in containers: one to the USA and one to Thailand. They were purchased by large companies that work in areas where there is a water shortage. The Drupps micro-purification factories are mobile and easy to transport, which means that they can easily be used in different environments and for many application areas. In the USA, the micro-purification factory will primarily be used to generate water for food and drink production.

If the results from these first two applications in the USA and Thailand are favourable, Drupps expects more orders from other parts of the world, including China and India.

TeamPipes role in the project has been the design and installation of pipe systems, along with the purification steps required for post-treatment of the recovered drinking water. All of it is aimed at ensuring the water quality and generating clean, clear drinking water.

"TeamPipe has the expertise we were looking for and the collaboration has gone well. They delivered the specialist expertise that we needed for everything from the design and welding to pipe installation and assembly," says Fredrik Edström at Drupps.

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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. We want to create a sustainable society by contributing what we know best. Our installations benefit schools & preschools, hospitals, nursing homes and other critical public services, helping them function optimally, every day, year round.

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. Simply put, it is all about sustainable installations, which is also the name of our sustainability programme.

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.

Our contribution to a sustainable society involves, for example, designing and installing 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 annually and decided by the Board of Directors. The Group CEO is ultimately responsible for ensuring that all subsidiaries act in accordance with the Group-wide policies and initiatives. The CEO of each subsidiary is responsible for the implementation of these at their company, with support from the Business Area Manager. 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.

Instalco's sustainability programme: Sustainable Installations

Since 2020, Instalco has been running a Group-wide sustainability programme called Sustainable Installations. The 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.

Training in the sustainability programme is part of the integration programmed for new companies that join the Instalco Group. The entire programme, including comprehensive training and instruction materials, is available to all Instalco employees via the company's intranet.

The sustainability programme has three main areas:

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

Within these three main areas, there are a total of eight sustainability indicators, of which seven can be found among the sustainability goals.



Main areas of the sustainability programme

Instalco's Sustainable Installations programme 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 sustainability programme has three focus areas:

1. Safe and modern work environment

- Vision of zero occupational injuries
- Happiness, health and safety
- Development opportunities

2. Sustainable installations

- Sustainable Instalco Project
- Benefits to society
- Customer satisfaction

3. Mature leadership

- Business ethics
- Social responsibility

Please read more about it at: www.instalco.se

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Sustainability goals and outcome

Area	KPI	GOALS	RESULTS		Global goals
			2021	2020	
Safe and modern work environment	Vision of zero occupational injuries <ul style="list-style-type: none"> Reported workplace injuries resulting in absence 	0	3.4%¹⁾	3.2%¹⁾	
	Happiness, health and safety <ul style="list-style-type: none"> Employees that are satisfied with their work situation overall 	>90%	84%	85%	
	<ul style="list-style-type: none"> Employee turnover 	<10%	13.9%	12.4%	
	<ul style="list-style-type: none"> Absence due to illness 	<5%	5.0%	4.6%	
Sustainable installations	Development opportunities <ul style="list-style-type: none"> Employees who have participated in training via Instalco Academy Employees who feel that they have been offered development opportunities 	200 75%	254 65%	261 68%	    
	Sustainable Instalco Project <ul style="list-style-type: none"> Projects classified at Sustainable Instalco Project 	40	47	27	
Mature leadership	Benefits to society <ul style="list-style-type: none"> Participation is a key initiative that contributes to societal benefits 		Newly started collaboration with Wayout Water and the Swedish Society for Nature Conservation, in addition to UN Global Compact and Håll Nollan	Membership of the UN Global Compact sustainability initiative and Håll Nollan, which is the building sector's zero vision for occupational injuries.	
	Business ethics <ul style="list-style-type: none"> Reported cases of breaches to the Code of Conduct via the whistleblower function 	0	0	0	
Social responsibility <ul style="list-style-type: none"> Apprentices throughout the Group 	200	262	231		

1) Percentage of workplace injuries in relation to the average number of employees.

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Sustainable Instalco Project

A key component of the sustainability programme is our classification system, "Sustainable Instalco Project", which we have developed ourselves. The purpose of certification is to be able to offer our customers a guarantee that we have considered the important sustainability issues in all parts of the project's implementation. The criteria for a project obtaining classification includes questions about work safety, transports and deliveries, climate benefit, waste sorting and recycling, service via sustainability agreements and that the suppliers are expected to sign a Code of Conduct that covers certain values, like equality and anti-discrimination. The certification must be applied to projects corresponding to at least 1 percent of the subsidiaries' sales and to obtain that, at least six criteria must be fulfilled.

Certification as a Sustainable Instalco Project serves as a stamp of quality for the project, customer and the Instalco subsidiary that has executed the assignment.

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

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. We also participate in projects under the WELL Building Standard and in addition to that, we offer our own certification system, Sustainable Instalco Project.

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. In 2021, a total of 80 percent of the newly leased cars in the Group were either electric or hybrids.

Purchasing

Instalco strives to have long-term relationships with its suppliers, who also engage in sustainability efforts. Nearly all of the suppliers that Instalco has signed central contracts with have signed the Code of Conduct, which is also a requirement for being the supplier of a Sustainable Instalco Project. During the year, Instalco has engaged in dialogue with several of the major suppliers concerning possibilities for jointly developing the sustainability aspect of the business.

Instalco complies with the various sector classifications linked to products and to the extent possible, strives to choose the products

Sustainable Instalco Project

In 2021, we conducted and certified 47 Sustainable Instalco Projects. In order for a project to become classified 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.



that result in the lowest possible environmental impact throughout the entire lifecycle. Close collaboration with suppliers is the key to effectively ensuring that Instalco's companies continuously have the information needed for making the right product and material choices, and guiding customers and clients in that area.

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. One requirement for classifying projects as Sustainable Instalco Projects is for there to be a delivery plan right from the project start, along with goals for minimising material deliveries.

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Instalco's social responsibility Employees

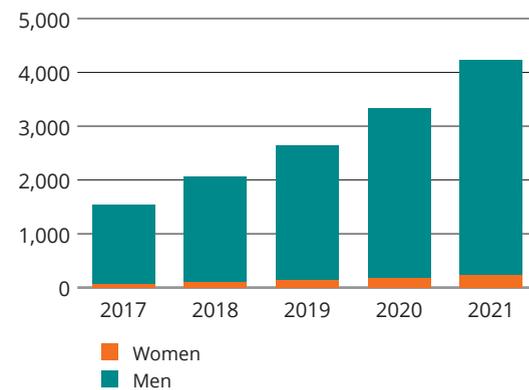
Instalco strives to be an attractive employer that offers interesting assignments, competent leaders, short decision paths and plenty of opportunities to make an impact and develop one's talent. There should be an open atmosphere that stimulates creativity and new ways of thinking that are in line with 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.

One of the ways that we monitor this is through the annual employee

AVERAGE NUMBER OF EMPLOYEES



45
of the 52 applications received were approved

survey that is sent out to all employees of the Group. The response rate for the 2021 survey was 61 percent, of which 65 percent were assemblers and 35 percent were professionals. The results from parts of the survey are reported on page 38.

The main channel for information flow within the Company is the Instalco intranet, which has 3,400 users who are employees of the Group.

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 2021, the percentage of women working at the Group was slightly more than 5.9 percent. Female CEOs were appointed at two subsidiaries during the year.

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. It is a fund that exists within the company for employee-driven 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 2021, the Instalco Club was periodically affected by the limitations and restrictions caused by the pandemic. In general, interest has increased, but because of the pandemic, it has been necessary to postpone many of the activities. In 2021, we received 52 applications, of which 45 were approved and 26 were possible to implement.

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

Apprenticeship programme

As a leader in the installation sector, Instalco has great social responsibility. Societal responsibility is also one of our sustainability goals and we measure it via the number of apprentices in our industry-unique apprenticeship programme.

Apprenticeship programme is an important part of Instalco's existing operations and a way of ensuring the long-term supply of talent to the organisation. Instalco strives to have close collaboration with high schools and vocational schools to ensure that students learn relevant subjects that are consistent with the latest technology, while also obtaining hands-on experience.

Becoming a **Heating & Plumbing Assembler** typically requires studying HVAC and Property Maintenance Programme at high school, or at a vocational college or via labour market training. During this time, students must have at least 15 weeks of on-the-job training (APL, in Swedish). After graduation, they must work at a heating & plumbing company for two years before becoming certified, which involves testing of both theoretical and practical knowledge. Passing those tests will then make them an industry-certified Heating, Plumbing & Ventilation Assembler.

Most **Electrical Assemblers** start out in the Electricity and Energy Programme at high school, but many also obtain this knowledge at a centre for adult education. After graduating, it is necessary to acquire 1,600 hours working as an apprentice. Electrical installation companies need to ensure that the apprenticeship includes a number of specific skill applications so that the training will obtain the breadth of knowledge required for the profession. Afterwards, the apprentice may apply to the Swedish Electrical Safety Agency for certification.

For **Ventilation** there aren't as many formal paths for the profession and neither is there a specific programme at high school or adult education centres. Instalco ventilation companies typically search the labour market in other industries, like car repair shops or industry and train individuals with those skills in ventilation work, under the guidance of skilled employees.

Our goal is to continuously have **at least 200** apprentices working at the Group and **in 2021, the number was 262**.

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Sustainability Report

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 2021, no reports were made to our whistleblower function. At the end of the year, we opened up an internal, digital whistleblower function managed by an external party and in 2022, it will also be available externally.

Code of Conduct for Suppliers

As a leading company in the installation sector in the Nordic countries, 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 2021, all suppliers who had been asked had signed the Code of Conduct. Of the total purchasing volume via central Instalco contracts, a total of 91 percent of suppliers had signed the Code of Conduct.

Instalco's Code of Conduct for Suppliers is based on the UN Declaration of Human Rights, the UN Convention on the Rights of

Instalco Annual Report 2021

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 that is going to be certified as a Sustainable Instalco Project. **The Safe Employee Programme** 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.

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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.

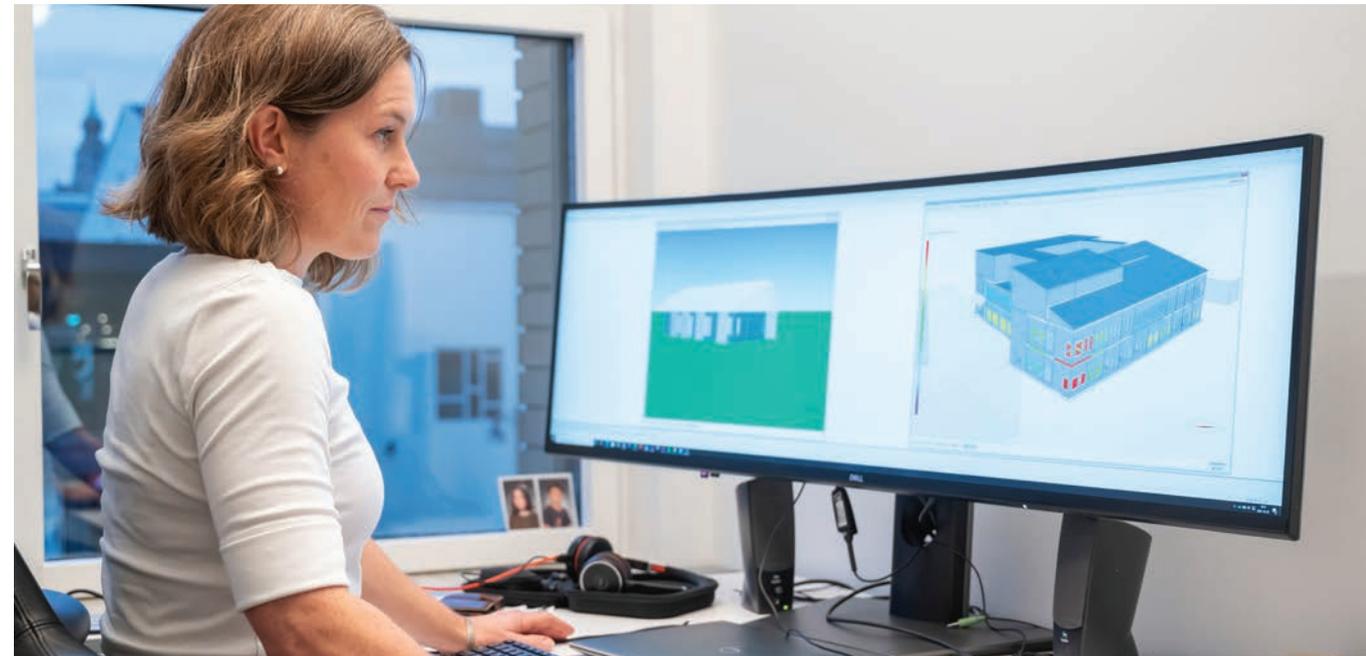
Group-wide policies

Instalco has several overall policies that apply to the entire Group. The Group CEO is responsible for ensuring that there is compliance with all of the policies along with reviewing those policies each year. The CEO of each subsidiary has that same responsibility for ensuring that the company they are in charge of complies with the policies. The executive management team and all of Instalco's employees at each subsidiary have shared responsibility for complying with the

Group-wide policies in daily operations. All Instalco employees shall be informed of the policies in force and any changes that are made to them. New employees shall be informed of Instalco's policies in connection with starting their employment.

Instalco's Group-wide policies (see also page 63):

- Code of conduct
- Internal control
- Sustainability
- Financial
- Insurance
- GDPR
- Insider Information
- Communication
- Quality
- Employees
- Company cars



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.

Instalco Academy has leadership programmes for three categories of employee: leading assemblers, project managers and senior executives. In 2021, we also added training for service managers and accounting managers at our subsidiaries.

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.

Leading assemblers are offered training in project collaboration, communication, leadership and contractual law.

Project managers are offered more comprehensive training in areas like project management, project accounting, procurement, negotiation and presentation techniques.

For management, training is offered in such areas as in-depth leadership, customer relations and sales.

In total, 254 employees participated in trainings offered via Instalco Academy in 2021.

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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 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. The Safe Employee programme clarifies that it is important to report irregularities in the work environment to the manager. 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 2021, the number of reported occupational injuries was 142, which corresponds to 3.4 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.

UN Global Compact

IFOKUS: how it works

IFOKUS is Instalco's programme for running Group-wide improvements. In 2021, much effort was put on developing IFOKUS further by reviewing such things as the production process, profitability factors and knowledge-sharing.

Support for development

The IFOKUS programme was set up in 2015 and since then, it has generated a variety of initiatives and activities resulting in higher efficiency and profitability. The goal has been to work with areas that are central to all companies and to support them in their efforts to develop and improve profitability, along with strengthening the ties between them.

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. The aim is to create international principles on human rights, labour law issues, the environment and anti-corruption. Signatories pledge to actively work with sustainability based on the Ten Principles of the UN Global Compact, which have been derived from international conventions.

Håll Nollan

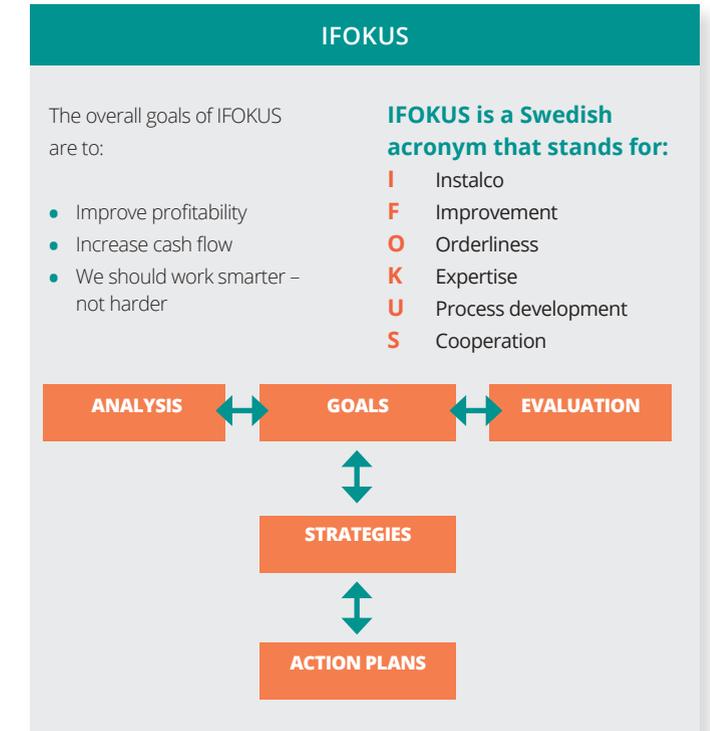
Instalco is a member of the building sector's zero vision for occupational injuries. It is called "Håll Nollan". As a member of Håll Nollan, we are part of the effort to improve safety at construction sites and, together with the other members, gather our existing knowledge, develop and share it with 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.

For the production process, a large number of the Group's companies, from different segments and countries, have participated in recurring working meetings with the aim of establishing and documenting a shared view of what an efficient production process is, which was then established as best practice from an Instalco perspective.

Framework based on case studies

The work with profitability has been carried out with the aim of setting a framework around key areas for achieving high profitability for an installation company such as Instalco. The framework was designed based on case studies of several of the Group's high-performing companies over time. The results serve as support



for the development efforts of companies that need to raise their profitability. They also serve as a governance tool for companies in their work with business and organisational planning.

More knowledge-sharing

Finally, efforts got underway to develop and improve knowledge-sharing between the various companies in the Group. With this in mind, a digital tool is being developed that will facilitate opportunities for closer contact between various professional groups and organisational levels within the company, along with helping to spread best practice.

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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 has established long relationships with many of its customers, many of whom are repeat customers. Satisfied customers are repeat customers. Customer satisfaction is one of Instalco's eight sustainability indicators in the sustainability programme.

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, each subsidiary reviews its risk profile at a meeting of its Board of Directors. 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.

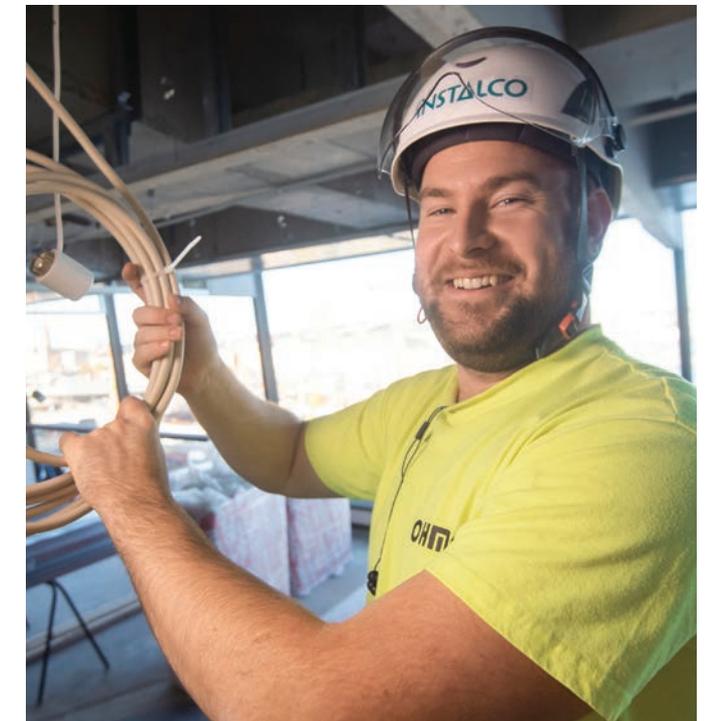
Other formal meetings that are held at Instalco include: meetings of the Group's senior executives, the Group's senior executives' monthly meetings with all of the CEOs of Instalco's subsidiaries, Business Area Manager meetings and CEO conferences. There are also strategy meetings in which the Group's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

COVID-19

During the pandemic, our primary focus has been the health and safety of our employees. We have followed the recommendations concerning COVID-19 and together with our customers, have made adaptations enabling us to run the business essentially as usual.

The COVID-19 pandemic has had a late cyclical effect on the market in the form of a lower demand for service, rising prices for raw materials and higher absenteeism. Also, during parts of the year, employees have had to work from home because schools/preschools were closed.

We have also been affected in our projects by sluggishness in orders of new projects, periodic shut-downs at construction sites and project delays. We have monitored operations in our business areas and subsidiaries and taken measures to limit any negative consequences.



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Results from the Employee Survey 2021

90%
Like their job

86%
Responded that there is no bullying or offensive behaviour

93%
Responded that they have not been bullied or subjected to offensive behaviour

98%
Responded that they have not been subjected to sexual harassment

98%
Responded that they have not been subjected to threats or violence

55%
Stated that they were offered a performance review

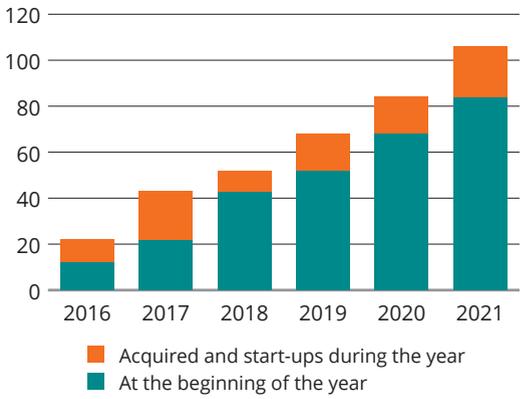
86%
responded that it is possible to contribute suggestions for improvement and experience

85%
Stated that they would recommend the company

83%
Are satisfied with their work situation overall



NUMBER OF SUBSIDIARIES



Examples of Sustainable Instalco Projects

- Instamate participated in the renovation of Ribbyberg School in Västerhaninge. They installed geothermal heating, switched to a more energy-efficient AHU and installed control devices for optimal operations.
- At office premises in Askersundsby, Ventpartner installed an energy-efficient AHU with heat recovery and demand-driven operation.
- At Campus Vipán in Lund, Rörläggaren installed a lead-free tap water system and helped with other material selections in accordance with the SundaHus A or B, which is a system for conscientious material choices in the construction and real estate industry.
- At a recycling plant, Selek installed motors, fans and communication equipment, along with instrumentation to enable sorting.
- Vito Teknisk Entreprenör participated in the construction of Brandenga school. It was built in solid wood and Vito installed heat pumps with natural refrigerant and waterborne heat.
- As Asköy school, Fröland og Noss provided complete installations of LED lighting, photovoltaic system and more efficient air treatment plant with a high degree of recycling.



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Collaboration initiative

Swedish Society for Nature Conservation

Instalco and the Swedish Society for Nature Conservation collaborated on a project to lower the presence of pharmaceuticals in water. It enables the Swedish Society for Nature Conservation to lower the level of water pollution and prevent pharmaceuticals from getting into the water supply, thereby helping make the Nordic region's water cleaner, particularly the Baltic Sea.

The presence of pharmaceuticals in water is a global problem. Pollution from pharmaceuticals in nature can have many detrimental effects, such as inhibiting reproduction, affecting the behaviour of aquatic species and other toxic effects. Antibiotic resistance is another global problem of growing concern, which is exacerbated by this type of pollution.

“Each day, we install water and air purification systems and Instalco wants to do its part in improving the environment by contributing where we can. As part of our sustainability efforts, we will therefore be collaborating with the Swedish Society for Nature Conservation to help reduce pharmaceutical pollution in our waters,” says Robin Boheman, CEO of Instalco.

The support from Instalco will be used to help protect and save the Baltic Sea and ensure that Sweden's lakes and streams are flourishing. The initiative will involve generating reports, implementing information campaigns and political lobbying for sustainable pharmaceutical production.



Wayout Water



Instalco and Wayout Water are collaborating on a project to increase access to clean water in vulnerable areas of the world. The collaboration is being run under the scope of Instalco's sustainability programme.

For many people around the world, clean drinking water is a scarce resource. Wayout Water offers turnkey micro-purification factories for local production and distribution of clean drinking water. They are distributed to vulnerable areas around the world.

“Clean drinking water should be a basic human right. But, unfortunately, it is a scarce resource in many parts of the world. At Instalco, water purification and water management solutions are things we are passionate about. It's an area we know well and

where we want to make a contribution,” says Robin Boheman, CEO at Instalco.

A single micro-purification factory can produce as much as 150,000 litres of drinking water per month. Microfactories also help eliminate negative environmental impacts like bottling, transport and waste management of plastic bottles. At these 15 sq. m. micro-purification factories, water is remineralized and used as drinking water or as the foundation for other drinks. The fully-automated system has been designed to run on solar cells.

The collaboration enables Wayout Water to ramp up its effort with production and distribution of micro-purification factories to areas of the world where clean drinking water is a scarcity. The micro-purification factories are manufactured in Copenhagen and then shipped as turnkey solutions to users worldwide. Instalco is providing financial support and technical expertise to the project.

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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 2021
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 	<ul style="list-style-type: none"> • Energy and environmental efficiency • Sustainable Instalco Project • Design, planning and technical solutions • Quality and specialisation • Multi-disciplinary offering
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 • Business ethics • Multi-disciplinary activities • Work environment and safety • Code of Conduct for Suppliers • Raw material prices
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 • Expansion of Technical Consulting • Sustainability programme • Growth strategy • New projects • Acquisition • Impact of the pandemic
Employees <ul style="list-style-type: none"> • CEOs at subsidiaries • Existing employees • Future employees 	<ul style="list-style-type: none"> • Meetings and conferences • Intranet • Employee survey • Business area meetings • Meetings within the disciplines • Instalco Academy and internal trainings • Performance appraisals 	<ul style="list-style-type: none"> • The Instalco Club • Work environment and safety • Sustainability programme • Spreading best practice throughout the Group • Profitability-enhancing activities and IFOKUS • Impact of the pandemic
<ul style="list-style-type: none"> • Acquisition candidates 	<ul style="list-style-type: none"> • Individual meetings and discussions 	<ul style="list-style-type: none"> • The Instalco model • Profitability • Best practice and local leadership

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EU Taxonomy Regulation

EU Taxonomy Regulation

The statutory sustainability report for 2021 has been expanded to include the EU Taxonomy Regulation in accordance with the requirements in Chapter 6 of the Annual Accounts Act. The EU Taxonomy Regulation is a classification system for identifying environmentally sustainable economic activities to make it easier for investors and companies to steer capital towards the goal of a climate-neutral EU by 2050.

Instalco is covered by the EU Directive on Non-Financial Reporting and must report the extent to which the economic activities that it runs meet the criteria in the EU Taxonomy Regulation. Instalco has analysed its operations to meet current reporting requirements.

Sales

When compiling the Instalco Group's sales as per the Taxonomy Regulation, the Group has made an assessment of which activities the company and its subsidiaries are involved in. The activities included in the Taxonomy Regulation that are relevant to Instalco are installations at buildings and consulting activities in the area of energy coordination. The main economic activities for Instalco related to NACE codes F43 (Specialised construction activities) and M71 (Activities in the realm of technology and science). In order to then assess the proportion of sales that should be included in the Taxonomy, criteria for the selected activities were studied and considered. Also, a representative selection of the Group's subsidiaries, based on project reporting, was analysed against the selected activities to arrive at the percentage of sales that should be included in the Taxonomy for 2021.

The EU Taxonomy Regulation is still being developed and it is important to remember that the current legislation does not cover all sustainable activities in the market. Instalco is not the main target group for the current regulations and thus only has a few activity categories to report. Instalco's main economic activities are associated with the NACE codes for which there is as yet no defined technical review criteria.

Operating expenses (Opex)

Operating expenses relevant to the Taxonomy are assets and economic activities that generate sales, and it includes all direct

development costs to operate the asset that could be distinguished from the others. Salary costs for employees who perform repairs, maintenance and service on the relevant fixed assets are not included. The amount in the denominator includes the Group's total short-term leasing agreements (according to IFRS 16) as well as other materials and services in connection with operations and maintenance. The distribution of Taxonomy-relevant operating expenses (numerator) is determined based on the external sales that are generated. The relevant operating expenses have primarily been allocated in proportion to the Taxonomy-relevant operating expenses. Instalco's business model is easily accessible and it does not require large-scale operating expenses to meet the EU Taxonomy Regulation.

Capital expenditure (Capex)

Capital expenditure relevant to the Taxonomy are assets and economic activities that generate sales, projects where sales are expected in the coming years or activities that limit or adapt to climate change by reducing greenhouse gas emissions. The denominator is the Group's total investments in 2021 as reported in the appendices. Instalco's investments primarily pertain to acquisitions of companies that do not fall under the scope of the Taxonomy. The relevant capital expenditure has been allocated in proportion to the Taxonomy-relevant investments. Instalco's business model is easily accessible and it does not require large-scale investments to meet the EU Taxonomy Regulation. For more information on Instalco's capital expenditure, please see Notes 11 and 12.

Taxonomy compatible activities

Instalco has identified and included the following activities and technical review criteria from the EU Taxonomy Regulation in the calculation:

- 4.16** Installation and operation of electric heat pumps
- 5.1** Water collection, treatment and supply
- 7.3** Installation, maintenance and repair of energy efficiency equipment
- 7.4** Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5** Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6** Installation, maintenance and repair of renewable energy technologies
- 9.3** Professional services related to energy performance of buildings

Instalco has not classified any activities in the categories of 7.1 (Construction of new buildings) and 7.2 (Renovation of existing buildings) because our interpretation of those categories is that they pertain to building construction and renovation activities rather than technical installation services. If Instalco would have included these two items in the calculations, we would have been able to report a much larger portion of revenue that is relevant to the Taxonomy. However, Instalco has interpreted 7.3 (Installation, maintenance and repair of energy efficiency equipment) as sales from projects that are new construction, where energy-efficient installations have been done as relevant to the Taxonomy.

Sustainability work lies at the core of Instalco's business. Each day, we strive to help our customers lower their environmental impact via lower water and energy consumption and through higher environmental awareness. Our climate-smart solutions and installations lower energy and resource consumption to help future-proof society.

The percentage of Taxonomy compatible activities can be seen in the table below:

	Total SEK million	Percentage of economic activities covered by the Taxonomy		Percentage of economic activities not covered by the Taxonomy	
		%	SEK m	%	SEK m
Net sales	8,890	33	2,923	67	5,967
Operating expenses (Opex)	191	1	1	99	189
Capital expenditure (Capex)	288	3	8	97	280

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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.



THE GLOBAL GOALS
For Sustainable Development

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	
	<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 at 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. Instalco also runs an extensive apprenticeship programme.</p>
		<p>Through our values and installations, we contribute to SDG 9, Sustainable Industry, Innovation and Infrastructure. We do so by enabling more efficient use of resources and promoting the use of environmentally friendly technologies in installations.</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>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>In December 2020, Instalco started up a new business area, Technical Consulting, which is run through its subsidiary, Intec. Intec offers design and project planning to the installation sector aimed at offering customers the most sustainable and energy-efficient technical solutions. Instalco's subsidiaries perform the installations. For example, in the area of Heating & Plumbing, Instalco offers installation of heat pumps and wastewater heat exchangers. In the Electrical area, Instalco offers energy optimisation via integrated building automation and solar cells, as well as installation of charging posts and charging stations for electric and hybrid cars.</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>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>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>We believe that change is most easily achieved via cooperation. We therefore believe that partnerships and collaboration with other stakeholders in society (SDG 17) is the best way to contribute to the United Nation's SDGs 5, 6, 7, 9 and 11.</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. In 2021, new collaborations were started up, such as with the Swedish Society for Nature Conservation to help prevent pharmaceuticals from getting into the water supply and with Wayout Water to increase access to clean water in vulnerable areas of the world.</p>

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Female construction team creates carbon neutral building

An all-female construction team is building a carbon-neutral building called VillaZero in Borlänge. The Instalco subsidiaries, Intec and VVS Installatör are involved in the project, where Emma Korsgren and Therese Strand are responsible for the heating & plumbing installations.

"I said yes to this right away, with no hesitation. It's exciting to get the chance to be a part of this unique project, especially since it is an all-female team and the first of its kind in Sweden," says Emma Korsgren.

Project VillaZero started up as a concept with focus on social and ecological sustainability. The purpose has been to identify the future's most sustainable construction solutions and building materials. A small building is being constructed in a carbon-neutral way, entirely of wood. It will be certified with the Nordic Swan Ecolabel and NollCo2. The Swedish Green

Building Council's NollCo2 certification requires reporting on the entire building's lifecycle climate impact, with additional measures for balancing the remaining climate impact down to net zero (offsets).

Fiskarhedenvillan, the initiator of VillaZero, wanted to raise the issue of gender equality in the construction industry and thus landed on the solution of having an all-female team responsible for construction of the building. Emma Korsgren and Therese Strand, assemblers at VVS Installatör, have been involved in the project. They have been responsible for

installation of the water, heating and plumbing solutions for the VillaZero project.

"VillaZero unifies two of the construction sector's most important challenges - sustainability and equality. Allowing an all-female team to build it creates role models for other women and it makes a bold statement," says Johan Karlsson, Construction Manager for ByggPartner.

Since spring 2021, the construction team in charge of the project has been closely collaborating among the various disciplines.

"It's been exciting being a part of this and demonstrating that it is possible to make a

career in this sector and profession, even for women. It also shows other women that they are not alone here in the construction and installation sector," says Emma.

Other women are involved behind the scenes of the project as well, which Emma appreciates. For example, Minna Glemme who works at Intec in Falun did the design work for VillaZero.

Partners in the project are Fiskarhedenvillan, Women Building Sweden, ByggPartner, Structor Byggteknik, Mondo Arkitekter, Dalarnas Försäkringsbolag, Region Dalarna and several sub-contractors.

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Risks

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.</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>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>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 18 percent of revenue.</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>The Group's regular employee surveys are aimed at investigating how employees feel about their employer, work situation and what can be improved and developed.</p>

Business risks	Management
<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 supplier contracts 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 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>IT security and cybersecurity risks</p> <p>Cybersecurity risks are constantly rising throughout all of society. Like most companies, the Instalco Group is dependent on various information systems and other technology to support and develop the business. Unplanned operational disturbances and cybersecurity incidents could lead to lost revenue and a damaged reputation.</p>	<p>To ensure that the IT environments are stable and prevent incidents, Instalco is continuously evaluating the risks, performing maintenance and reviewing IT security. Instalco has a large number of subsidiaries with local IT environments, which lowers its sensitivity to the IT risks.</p>

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Business risks

Acquisitions and goodwill

In this area, the risk is that acquired companies do not live up to expectations on earnings. There are also risks associated with the acquired company's relationships with customers, suppliers and key personnel. There is a risk of goodwill becoming impaired if the business underperforms in relation to the assumptions made upon valuation. Impairment of goodwill could have a negative impact on the Group's financial position and earnings. Additional risks associated with acquisitions are integration risks and exposure to unknown obligations.

Management

Over the years, Instalco has executed many acquisitions and it will continue doing so, since that is an important component of growth. Instalco has extensive experience in acquiring and valuing companies. A thorough due diligence is performed on all companies and their operations prior to acquisition. There are well-established processes and structures for pricing and executing acquisitions, as well as integrating them into the Group. In contracts, emphasis is put on making sure that they contain certain guarantees that limit the risk of unknown obligations.

Because Instalco has such a large number of subsidiaries, there is substantial risk diversification. 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. Acquired companies 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 been able to execute on their own.

Market risks

Macroeconomic and cyclical fluctuations

Overall market conditions, less economic activity due to such things as pandemics, political decisions and instability impact Instalco's existing and potential customers' ability and willingness to invest.

Instalco could continue to be impacted by a pandemic like COVID-19 in the form of absenteeism (among employees, customers and suppliers), operational disturbances and deterioration of its financial position. Disturbance in logistics chains, along with rising prices for raw materials that are not possible to compensate for in our own contracts, could impact some of the subsidiaries in the Group.

Competitors

The competition primarily comes from a large number of smaller players who run their operations in a limited geographic market within a specific area of technology.

Management

Instalco is carefully monitoring events that could have negative consequences via macroeconomic and political factors that impact the market and economic situation. Instalco works continuously with continuity planning for the business based on the potential consequences of various scenarios.

Compared to the rest of the construction sector, the market for technical installations and services is more resilient to economic downturns. 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.

Instalco has a large number of subsidiaries focused on different niche markets, along with opportunities for upselling of technical service, support and consumables. Because of that, it is less sensitive to economic fluctuations in specific industries or geographical areas.

The market is 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.

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Financial risks	Management
<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 a 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. Ensuring payment readiness must be through agreed credit commitments. Excess liquidity is primarily used to repay outstanding loans.</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>Financing consists of long-term credit agreements that ensure financing of the business. In order to limit refinancing risk, negotiations of long-term credit commitments must be initiated no later than nine months prior to when the credit commitment falls due.</p> <p>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>Instalco is primarily exposed to interest rate risk in its debt portfolio. The debt portfolio consists of bank overdraft and outstanding external loans. 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.</p> <p>Instalco's policy is that it does not engage in hedging as a way of lowering its currency exposure. Financing is done in SEK and EUR.</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
<p>Sustainable services</p> <p>Sustainable installation services are in increasingly high demand by property owners and clients. It is an important component of Instalco's competitiveness.</p>	<p>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, which helps lower the climate impact.</p>
<p>Compliance</p> <p>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.</p>	<p>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.</p>
<p>Health and safety</p> <p>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.</p>	<p>Instalco's goal is to ensure that none of its employees are exposed to risks that could cause 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.</p>
<p>Work conditions</p> <p>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.</p>	<p>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.</p>

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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. Subsidiaries are required to sign the Code of Conduct each year.

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. Instalco also has a special Code of Conduct for Suppliers and they are required to sign it in order for a project to be certified as a Sustainable Instalco Project.

Auditor's report on the statutory sustainability report

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2021 on pages 30-47 and that it has been prepared in accordance with the Annual Accounts Act.

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

Stockholm 18 March 2022
Grant Thornton Sweden AB

Camilla Nilsson

Authorized Public Accountant

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Ventilation job became the way into society for Abd

Abd Alrahman Qbiaa moved to Sweden with his family to escape the turmoil in Syria. He found his way into the Swedish society through his job at Milen Ventilation in Gävle. "Abd is a great guy and very skilled ventilation assembler", says Niklas Ulin, CEO at Milen Ventilation.

He was born and raised in Syria, where he learned the trade of ventilation assembler. He worked in that profession for 14 years there, six of which were as an employee and then eight in his own company, where he had six employees.

As a refugee, he travelled via Egypt, Libya and Italy before arriving in Sollefteå and eventually settling in Skutskär, near Gävle, with his family. He got a tip about finding employment with Milen Ventilation.

"The first time he came here, he knocked on the wrong door. The second time, I wasn't here. But when Abd showed up the third time, I quickly understood that he was a very skilled, energetic guy. He had the expertise we needed, which is why we hired him," says Niklas.

Rather quickly, Abd demonstrated that he had high ambitions, both professionally and in his family life, as husband and father. At Milen Ventilation, he quickly was out working at various sites, sometimes together with one of his co-workers, Roger Burman. Renovation of the City Hall in Gävle was one of the major projects that Abd and Roger worked together on.

"Abd is an incredibly skilled guy who is always dependable and wanting to learn. Language was a bit of an issue in the beginning, but I noticed right away how enthusiastic he was, wanting to establish himself in the job as quickly as possible. With his background, expertise and personality, he's been a tremendous asset to the company," says Roger.

Unlike in Sweden, the ventilation conduits in Syria are not round. The ventilation companies there make their own rectangular conduits, specific to each job. Another difference is that in Syria, ventilation companies only do the installation and other companies are responsible for the design, adjustments and function.

"Abd is a very humble person, who is very enthusiastic. I'm very proud of having employed him and how well it has gone. For a long time, I've been wondering about what I could do to help people with a foreign background become integrated in the Swedish society," says Niklas.



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Share Information

Instalco became listed on Nasdaq Stockholm Mid Cap in May 2017 at SEK 55 per share. On the last trading date in 2021, the share price was SEK 434.40.

Share capital

As of 31 December 2021, share capital amounted to SEK 781,692, allocated across a total of 52,112,804 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	Reason	Change	Number of shares
2021-01-08	New issue, acquisition	+34,777	51,966,710
2021-02-01	New issue, acquisition	+21,919	51,988,629
2021-02-01	New issue, acquisition	+21,294	52,009,923
2021-03-09	New issue, acquisition	+11,044	52,020,967
2021-09-15	New issue, acquisition	+21,859	52,042,826
2021-12-21	New issue, acquisition	+69,978	52,112,804

Share trading

The closing rate on 31 December 2021 was SEK 434.40 (251.00) kronor, corresponding to a market cap of SEK 22.6 billion. In total, 29.3 million shares were traded in 2021, corresponding to a value of SEK 10.7 billion. The average number of shares traded per trading day amounted to 115,877. Instalco's share price increased by SEK 183.40 during the year, corresponding to an increase of 73.1 percent. Nasdaq's OMXSPI (the OMX Stockholm All Share Index) increased 35 (12.9) percent in 2021.

Shareholders

At year-end, Instalco had 14,606 known shareholders. The company's ten largest owners represented 52.7 percent of the share capital and votes. 50.9 percent of the capital is attributable to owners based in Stockholm.

Dividends

The Board of Directors proposes that the 2022 Annual General Meeting resolves to issue dividends, for the 2021 fiscal year of SEK 3.25 (2.70) prior to the 5:1 share split, corresponding to a dividend share of approximately 30 (30) percent. The company's dividend policy is to distribute 30 percent of its profit after tax.

Share split after year-end

Subsequent to year-end, at the extraordinary general meeting on 13 January 2022, it was resolved to increase the number of shares in the company via a 1:5 split. To facilitate the split, the EGM also decided to change Section 5 of the company's Articles of Association concerning the limits for the lowest and highest number of shares such that the lowest amount must amount to at least 200,000,000 shares and the highest amount not more than 800,000,000 shares. The reconciliation date for the split was 28 January 2022. In conjunction with the split, the ISN code was changed to SE0017483506.

Instalco's ten largest shareholders, 2021-12-31	Number of shares	Share of capital and votes, %
Swedbank Robur Fonder	4,641,560	8.9
Per Sjöstrand	4,380,372	8.4
Capital Group	4,194,113	8.0
AMF Pension & Fonder	3,145,851	6.0
Odin Fonder	2,351,103	4.5
Wipunen Varainhallinta Oy	2,059,990	4.0
Heikintorppa Oy	2,050,000	3.9
Handelsbanken Fonder	1,649,843	3.2
Vanguard	1,492,445	2.9
Paradigm Capital AG	1,476,143	2.8
Total, 10 largest shareholders	27,441,420	52.7%

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

Size categories (number of shares), 2021-12-31	Number of known shareholders	Holding, %
1-1,000	14,025	2.3
1,001-10,000	398	2.4
10,001-100,000	128	8.2
100,001-500,000	37	15.9
500,001-1,000,000	5	7.4
1,000,001-	13	59.5
Anonymous ownership	N/A	4.3
Total	14,606	100.0

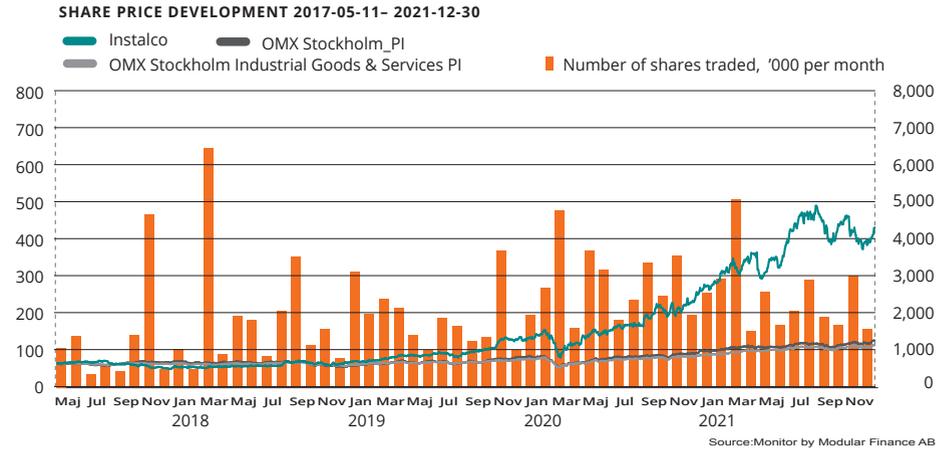
Data compiled by Monitor. Sources: Euroclear, Morningstar, FI, Nasdaq and Millistream.

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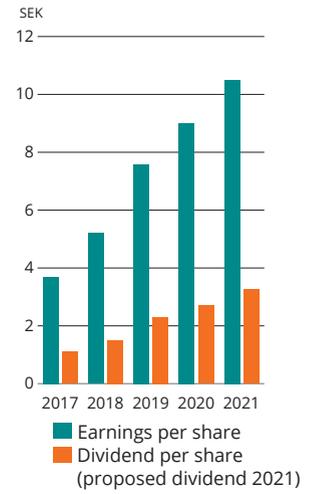
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SIX REASONS FOR INVESTING IN INSTALCO

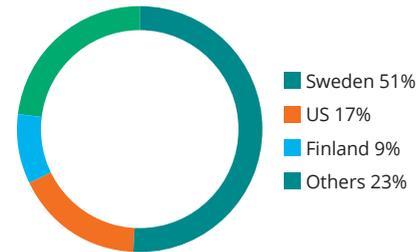
1. Attractive positioning in the market for medium-sized projects, fuelled by global megatrends
2. Focus on services that generate societal benefits, higher energy efficiency and sustainability
3. Strong local market positions with good synergies at the Group level
4. Attractive offering to contractors 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



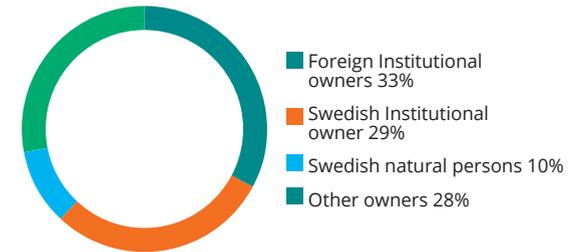
EARNINGS AND DIVIDEND PER SHARE



OWNERSHIP PER COUNTRY



OWNERSHIP PER CATEGORY



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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.

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.

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.

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

Instalco's is one of the leading installation companies in the Nordic region 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. Such areas could, for example, include sprinklers, security, industry, technical consultants, fire safety, alarms, energy and automation, solar cells, charging posts, street lighting and traffic light signals.

How have you been affected by the pandemic?

The COVID-19 pandemic has had a late cyclical effect on us and the entire market in the form of project delays, a demand for service and higher absenteeism. Raw material prices have increased, which has somewhat of a short-term impact on Instalco as an installation provider. More long term, it is expected that the margin impact will level off as companies in this sector apply the mechanisms in their contracts to compensate for this. However, should there be a shortage of raw materials such as copper, steel, plastic, aluminium or cement, it could possibly impact the business.

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.

What are your thoughts on the increasing competition for acquisitions?

It's true, that an increasing number of acquisition-driven companies have become established in recent years, both in our industry and others. Instalco has a unique model and a unique offering. We have completed more than 100 acquisitions since the inception, which has given us unique knowledge on how to develop these companies in the best possible way. This is why Instalco is the natural choice for high-performing entrepreneurs.

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Collaboration is the key to success

When the Instalco company, Haug og Ruud WS finished its work on the construction of Lillehammer's new fire station, here's what they had to say: "Collaboration was the key to the project's success".

Planning for the new fire station in Lillehammer got underway already in 2010. Finding the optimal location was as important as finding the right partners for the project to replace the old fire station with a new, modern 5,000 sq. m. facility.

Haug og Ruud was responsible for the design and installation of the overall heating & plumbing, ventilation and automation system.

"It's been a project with many different players involved, all with their special area of expertise. This is where we really see the strength of the partnering model, and it was absolutely essential to the project's success," says Sigbjørn Dalseghagen, CEO of Haug og Ruud.

"We were part of the partnering project right from the start in its planning and design. Because of that, we were able to suggest robust, rational solutions that facilitated an optimal implementation that was in line with the set budget.

In fact, we were able to lower the budget from NOK 180 to 150 million already prior to the start. That was possible thanks to the partnering model," he says Sigbjørn emphasizes that value of the constructive, solution-oriented approach and interaction that was possible with the client (Lillehammer Municipality), the contractor (Betonmast Innlandet), the architects and the other sub-contractors.

In the project, Haug og Ruud also had a high level of in-house production, with many hours spent on commissioning and adjustments, all of which gave them good insight into the facility. It is knowledge that will be quite useful as they now move on to providing various services there.

"We are proud to have been a part of this project, which will greatly benefit society. The sustainable installations that we delivered will last for many years to come," says Sigbjørn.

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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 2021 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, industrial and 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.

The year in brief: acquisitions, mergers and new start-ups

Instalco is continuously looking for new companies to acquire and to engage in discussion with new, potential acquisition candidates. A total of 27 acquisitions were made during the financial year with estimated annual sales of SEK 1,760 million. For more information on acquisitions, please see Note 28.

During the period January through March, the following companies were acquired: B Elektro AS, Lincom AB, Nässjö Teknikprojektering AB, Stockholm Luftkompetens AB and Kempes El AB.

During the period April through June, the following companies were acquired: Inva Engineering AS, Calmarsunds VVS AB, Rörmokaren i Kolmården AB, Lampans Elinstallationer AB, Elinstallationer i Karlshamn AB, KaVP AB and Karlskoga Tak AB, Nordengen VVS AS, PlanProj AB, Nihlén Elmontage and Industriprodukter AB.

During the period July through September, the following companies were acquired: Forsséns Elektriska AB, App Start-up AB, PeMi Ventilation & Montage AB, Installationservice Nicklas Eriksson AB and Sydsvenska Elanläggningar AB.

And during the period October through December, the following companies were acquired: Total VVS AS, Kompressor-teknik AB, Blomquis Group, MRM Mining AB och EPS Sweden AB, Nordpipe Composite Engineering Oy and Lidingö Elektriska AB.

During the year, the merger of the Avent companies in Kalmar and the Ventec companies in Kristianstad was executed.

Six new companies were started up during the year, five of which in consulting.

The year in brief- organisational changes

In January, Michaela Masiello took over as CEO for Rikelektro AB. She is also the first female CEO for an Instalco subsidiary.

In May, Gustaf Larsson Ernefelt became Head of Acquisitions, responsible for the Group's company acquisitions.

In September, Robin Boheman took over as the new CEO, after Per Sjöstrand who took on the role of Chairman of the Board. Olof Ehrlén, the prior Chairman of the Board, is now a Director, thus still serving on the Board of Directors.

In November, Christina Kassberg took over as the new CFO and both Tero Viinikka and Sami Vanhamaki joined the company as Business Area Managers for Instalco Finland.

Significant events after the end of the financial year

Subsequent to the end of the financial year, Instalco acquired the following companies: TC-Kraft AB and Z-Signaler AB with expected sales of SEK 50 million and 31 employees, Manglerud Rörleggerbedrift AS with expected sales of SEK 25 million and 14 employees and Kyrön Sähkö Oy, with expected sales of SEK 77 million and 50 employees. A contract has also been signed to acquire the majority of Highcon AB with annual sales of approximately SEK 325 million and 120 employees. For more information on acquisitions, please see Note 28.

At the extraordinary general meeting on 13 January 2022, Instalco resolved to increase the number of shares in the company via a 1:5 split, granting the Board the authority to set the record date for the split.

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.

Principles for remuneration to senior executives

For more information on the guidelines for remuneration to senior executives, decided at the 2020 AGM, please see the Corporate Governance Report on pages 58-65. Please see Note 5 for more information on compensation paid to senior executives during the 2021 financial year.

In preparation for the next AGM, in May 2022, the Board has proposed that the guidelines on remuneration to senior executives should remain unchanged, which means the same as what was decided at the AGM in May 2021.

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The guidelines shall apply to remuneration to the CEO and other members of the Group management team for Instalco ("the Company"). The guidelines also apply to Board members, to the extent that they obtain remuneration for services rendered to the company over and above their Board duties. What is stipulated about the company also applies to the Group, as applicable.

The guidelines shall be applied to remuneration that is agreed, and changes that are made to already agreed remuneration, after the guidelines have been adopted by the 2022 Annual General Meeting. The guidelines do not cover remuneration decided by the Annual General Meeting.

How the guidelines promote the Company's strategy, long-term interests and sustainability

A successful implementation of the Company's business strategy and the safeguarding of the Company's long-term interests, including its sustainability agenda, presupposes that the Company can recruit and retain qualified employees. The Company needs to offer competitive remuneration in order to do this. These guidelines make it possible for senior executives to offer competitive total remuneration packages.

Variable cash remuneration that is covered by these guidelines is aimed at promoting the Company's business strategy and long-term interests, which includes its sustainability agenda. This is executed via the financial and non-financial targets upon which variable cash remuneration is based and which are clearly linked to the business strategy and the Company's sustainability agenda. The variable remuneration is described in more detail in the section, "Variable cash remuneration" below.

For more information on the Company's business strategy, please visit the website (www.instalco.se).

Forms of remuneration, etc.

The total remuneration to each senior executive must be competitive and it shall be comprised of: fixed cash salary, variable cash salary, pension benefits and other benefits. The AGM may, in addition to this, and independent of these guidelines, decide on such things as share-based and share-price-based remuneration. Fixed and variable remuneration shall be set in relation to the senior executive's responsibilities and authority.

Directors' Report

Variable cash remuneration

Meeting the criteria for payment of variable cash remuneration shall be measured over one-year periods. There must be an upper limit for variable cash remuneration and it must be set in relation to the fixed salary. The maximum is 50% of the fixed annual cash salary.

The variable cash remuneration must be linked to pre-determined, measurable criteria, which can be financial, or non-financial. Individually-set quantitative and qualitative goals are also allowed. The outcome, in relation to these pre-set targets forms the basis for the total amount of variable cash remuneration that is possible. The criteria must be designed in such a way to promote the Company's business strategy and long-term interests, including the sustainability agenda. For example, there must be a clear link to the business strategy or promoting the senior executive's long-term development.

Once the measurement period upon which variable cash remuneration is based has expired, there will be an evaluation to determine the extent to which the criteria has been fulfilled. The Board is responsible for the assessment of variable cash remuneration to the CEO. For other senior executives, the CEO makes that assessment. For remuneration based on financial targets, the most recent published financial information for the Company shall be used.

Sometimes, additional variable cash remuneration might be paid, in extraordinary circumstances, provided that they are limited in time, at the individual level and only aimed at recruiting or retaining senior executives, or, as remuneration for extraordinary work-related performance over and above the senior executive's regular duties. This type of compensation may not exceed 100% of the fixed annual cash salary and for each person, it may only be paid out once per year. Decisions about this type of remuneration to the CEO may only be made by the Board, based on a proposal by the Remuneration Committee. Decisions about this type of remuneration to other senior executives may only be made by the Remuneration Committee, based on a proposal by the CEO.

Pension and insurance

For senior executives, pension benefits, including health insurance, must be defined-contribution. Variable cash compensation must be pensionable. The pension premiums for defined-contribution pensions shall amount to a maximum of 35 percent of the fixed and variable annual cash salary.

Other benefits

Other benefits may include such things as life insurance, health insurance and company car. These benefits may not exceed 15% of the fixed annual cash salary.

With regard to pension benefits and other benefits in employment relationships that are subject to rules other than what applies in Sweden, appropriate adjustments may be made to comply with mandatory rules or established local practice, whereby the overall purpose of these guidelines shall be met as far as possible.

For senior executives who are stationed in a country other than their home country, additional remuneration and other benefits may be paid to a reasonable extent, taking into account the special circumstances associated with such postings abroad, whereby the overall purpose of these guidelines shall be met as far as possible. These benefits may not exceed 20% of the fixed annual cash salary.

Remuneration to Board members in excess of Board fees

For Board members who do work for the Company over and above their Board responsibilities, it shall be possible for them to receive consultancy fees and other compensation for their efforts. Decisions about consultancy fees and other remuneration to AGM-elected Board members who are not employees of the Company shall be made by the Board.

Termination of employment

The notice period for termination of employment is 12 months. Notice of termination is normally 6 months for the CEO and 3-6 months for other senior executives. For senior executives who wish to terminate their employment, the notice period shall be at most 6 months, without any right to severance pay.

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Fixed cash salary during the notice period and severance pay may not exceed an amount corresponding to the fixed cash salary for 18 months.

It is also possible to pay compensation for commitments to restrict competition. This form of remuneration is meant to compensate for loss of income and it may only be given for the extent to which the senior executive is denied severance pay. The maximum amount for that compensation is 100% of the fixed cash salary at the time of termination, unless otherwise provided by mandatory collective agreement provisions and paid during the period of the commitment to restrict competition, which shall not exceed 12 months after the termination of employment.

Salary and benefits for employees

The Board has considered a variety of things prior to formulating these guidelines and their limitations concerning remuneration and terms of employment for employees of the Company, including the total remuneration package, its various components, salary increases, the rate of such increases over time, etc.

Decision process for establishing, reviewing and implementing the guidelines

The Board has set up a Remuneration Committee. The Remuneration Committee is responsible for proposing the guidelines for remuneration to senior executives and presenting its proposals to the Board. The Board is required to prepare a proposal for new guidelines at least once every 4 years and submit its proposal to the AGM for a decision. Those guidelines shall apply until new guidelines have been adopted by the AGM.

The Remuneration Committee is also responsible for monitoring and evaluating the program for variable remuneration to senior executives, applying the guidelines for remuneration to senior executives, along with the current remuneration structures and levels in the Company.

Members of the Remuneration Committee are independent in relation to the Company and the executive management team. Whenever the Board of Directors makes decisions on remuneration issues, the CEO and other members of the executive management team may not be present, if the matter in any way concerns them.

Deviation from the guidelines

The Board may decide to temporarily deviate from the guidelines, partially or fully, if, in individual cases, there are special reasons for doing so and the deviation is deemed necessary for meeting the Company's long-term interests, including its sustainability agenda and/or ensuring its financial viability. As stated above, the Remuneration Committee is responsible for putting forth proposals to the Board on remuneration issues, which includes decisions to deviate from the guidelines.

Share capital and shareholders

As of the end of the period, share capital amounted to SEK 781,692, allocated across a total of 52,112,804 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. All shares belong to the same class, with equal voting right and share in the company's equity and profits.

In accordance with Chapter 6, Section 2 a of the Annual Accounts Act, companies must provide information about certain conditions that could affect the opportunities to take over the company through a public takeover bid for the shares in the company. If the Company's shares are delisted from Nasdaq Stockholm or one of its current main shareholders obtains an ownership share that exceeds 50 percent of the capital or votes, the granted credit facility will need to be renegotiated.

At the end of the year, Instalco had 14,606 known shareholders. The Parent Company's ten largest owners represented 52.7 percent of the share capital and votes. The three largest shareholders were Swedbank Robur Fonder with an equity holding of 8.9 percent, Per Sjöstrand with an equity holding of 8.4 percent and Capital Group with an equity holding of 8.0 percent. Further information regarding Share capital and shareholders is in the Corporate Governance Report, which can be found in this annual report, pages 58-63. Other share-related information is presented in the Share section on pages 49-50.

Rounding of functional currency

All amounts are in SEK million unless otherwise stated.

Multi-year comparison

	2021	2020	2019	2018	2017
Net sales	8,890	7,122	5,692	4,414	3,114
Operating profit/loss (EBIT)	722	604	492	334	244
EBITA	748	605	493	334	244
Adjusted EBITA	728	625	500	375	264
Operating profit/loss (EBIT), %	8.1	8.5	8.6	7.6	7.8
EBITA margin, %	8.4	8.5	8.7	7.6	7.8
Adjusted EBITA margin, %	8.2	8.8	8.8	8.5	8.5
Profit (loss) after financial items	699	594	473	315	229
Total assets	7,589	5,228	4,176	3,016	2,297
Equity ratio, %	33	38	36	35	35
Average number of employees	4,234	3,340	2,630	2,065	1,539

Net sales

Net sales for the period amounted to SEK 8,890 (7,122) million, which is an increase of 24.8 percent. Adjusted for currency effects, organic growth amounted to 4.2 percent and acquired growth was 20.6 percent.

Earnings

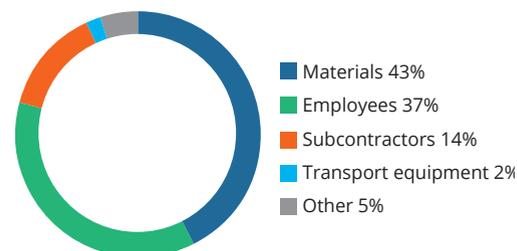
Adjusted EBITA for the period was SEK 728 (625) million. The adjustment in the period of SEK -20 million is attributable to a revaluation of additional consideration and acquisition costs. Operating profit/loss was SEK 722 (604) million. Net financial items for the period amounted to SEK -23 (-9) million, of which the interest expense on external loans amounted to SEK 15 (13)

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million. Earnings for the period were SEK 558 (462) million, which corresponds to earnings per share before dilution of SEK 10.50 (9.00). Information on non-recurring items is provided in Note 31.

COST STRUCTURE



Financial position and cash flow

Equity at the end of the period amounted to SEK 2,501 (1,973) million, with an equity ratio of 33.0 (37.7) percent. Cash and cash equivalents, together with its other short-term investments amounted to SEK 695 (386) million at the end of the period. Interest-bearing debt at the end of the period were SEK 2,346 (1,298) million. In September, Instalco signed a supplementary agreement with Danske Bank to increase the credit facility by SEK 500 million. The agreement reflects the prior existing terms. As of the end of the period, Instalco's total credit facility amounted to SEK 2,001 million, of which SEK 1,896 million had been utilised. As of the end of the period, interest-bearing net debt amounted to SEK 1,651 (912) million, with a gearing ratio of 66.5 (46.5) percent and net debt in relation to adjusted EBITDA was 1.8 (1.2). Currency changes impacted net debt for the period by SEK 15 (-21) million.

Cash flow from operating activities amounted to SEK 610 (689) million, with a change in working capital of SEK -130 (73) 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 on pages 30-47 of this Annual Report.

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 30-47 of this Annual Report.

Employees

At the end of the year, there were 4,887 (3,856) employees and the average number of employees for the year was 4,235 (3,340).

Risks and uncertainties

A business is always associated with risks. Instalco's earnings and financial position, as well as its strategic position, are affected by a number of internal factors that Instalco has control over, as well as a number of external factors where the ability to impact the outcome is limited. An effective risk assessment unifies Instalco's business opportunities and earnings with the requirements of shareholders and other stakeholders on stable, long-term value growth and control. When assessing Instalco's future growth, it is thus important to, in addition to the opportunities for growth, also consider the various risks. For obvious reasons, it is not possible to describe all risk factors, which is why an overall evaluation must also include a general assessment of the surrounding world.

Instalco works with risk management at both the strategic and operational levels. Risk management involves identifying, measuring and preventing risks from arising, along with continuously making improvements to minimise the future risks. Instalco has the policies, instructions and a management system for preventing and counteracting risks. The risk level in the business is systematically monitored at Board meetings by identifying deviations or risks and taking necessary action.

The most significant risk factors are the state of economy and market situation, along with structural changes and competition, which impact the demand for new construction of homes and offices, as well as investments from the public sector and industry. The demand for service and maintenance work is less impacted by these risk factors. Instalco could continue to be impacted by the COVID-19 pandemic in the form of absenteeism (among employees, customers and suppliers), operational disturbances and deterioration of its financial position. Disturbance in logistics chains, along with rising prices for raw materials that are not possible to compensate for in our own contracts, could impact some of the subsidiaries in the Group. The risks in the Parent Company are essentially the same as those for the Group.

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Risks and how they are managed is described in the section, Risks, on pages 44-47 and in Note 29.

Dividends

Instalco's dividends policy is to distribute 30% of the prior year's net profit to shareholders as dividends. When proposing the amount of dividends, consideration is given to the size of the Group's equity, long-term financing and investing needs, growth plans and other factors that the Company's Board of Directors consider to be important.

For the AGM in May 2022, the Board has proposed dividends of SEK 3.25 (2.70) per share prior to the 5:1 split. The dividend corresponds to a total of SEK 169 (141) million, which is 30 (30) percent of the net profit.

Expected future performance

Instalco's strategy is to continue acquiring companies in the installation and consulting sector, thereby increasing its sales.

The market for installation services is expected to, on the whole, remain strong, with a high rate of construction for residential property and investments in the public sector, particularly for schools, preschools and hospitals. The market trend also indicates that there will be a rising demand for sustainable installations, energy-efficient solutions, renovation of property holdings and reallocation of office premises. In the Nordic region, major investments are being made in basic industry to transition production such that there is focus on sustainability and this is also beneficial to the installation market.

Instalco could continue to be impacted by the COVID-19 pandemic in the form of the health of its employees, customers and suppliers. Disturbance in logistics chains, along with rising prices for raw materials that are not possible to compensate for in our own contracts, could also impact some of the subsidiaries in the Group.

Russia's invasion of the Ukraine is impacting the geopolitical situation and increasing uncertainty about future development of the market. Instalco does not have any operations in the Ukraine or Russia, so the direct business exposure is otherwise quite small. So far, we cannot see any negative impact on demand but are monitoring the situation closely.

Appropriation of profit or loss

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

Share premium reserve	1,261,474
Accumulated profit or loss	19,381
Profit/loss for the year	5,544
	1,286,400

The Board and CEO recommend that

To be distributed as dividends, SEK 3.25 per share	169,165
the following amount is carried forward	1,117,235
	1,286,400

The dividend amount has been calculated on the number of outstanding shares as of 2021-12-31, prior to the 5:1 split, which was 52,112,804 shares less a deduction for repurchased own shares equal to 62,109 shares, which equals 52,050,695 shares. The total dividend amount may change up until and including the reconciliation date due, depending on decisions about any share splits or new issues in conjunction with acquisitions.



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Corporate governance report



We started Instalco in 2014 with the vision of becoming the leading company in the Nordic region of electrical, heating & plumbing, ventilation and cooling installations. We are soon there and well-positioned for the future. With more than 100 subsidiaries, Instalco is the natural choice for high-performing entrepreneurs.

Comment from the Chairman

In the first year of the pandemic, the construction and installation sector coped much better than many sectors. In 2021 however, there was a late cyclical effect in our market in the form of project delays, a lower demand for service, high absenteeism and rising prices for raw materials.

Driving trends

Finally, we can see the light at the end of the tunnel with this pandemic and can raise our sights to the long-term trends that drive our market, such as technology development, infrastructure investments, urbanization, housing shortages, ageing property holdings and an ageing population. The major driving forces are environmental awareness, societal benefits and sustainability. The latest developments in the Ukraine worry me however, and I feel a great deal of compassion and concern for the victims of this war.

Robin Boheman, new CEO

These seven years since Instalco's inception have gone quickly and in 2021, I was entrusted with taking over as Chairman of the Board. I confidently handed over the role of CEO to Robin Boheman, who has been with Instalco right from the start. Together with my fellow co-workers, we have built up a decentralised organisation that has a modern, mature leadership that generates value via our unique, Instalco model.

As Chairman, I am able to now focus more on strategic matters and the direction to pursue for the exciting future that lies ahead. Instalco has a very competent Board, which I am delighted to lead. It has broad expertise and extensive experience. In fact, each Director has at least four years of experience at Instalco, which facilitates cohesion and understanding for the strategic work that the Board is responsible for.

Promoting entrepreneurship

In a decentralised organisation like Instalco's, the Board's responsibility is to ensure governance with well-functioning processes that promote entrepreneurship in each subsidiary, while still ensuring that the Group as a whole delivers on its goals. From that perspective, risk management and acquisitions are key issues for the Board to focus on.

The previous adopted strategies for Instalco remain in place. The Instalco model proved to be very successful in 2021 despite the challenging circumstances stemming from the pandemic. Some of the things that the Board focused on during the year were further development of our most recently added business areas: Industrial and Technical Consulting. The logic behind that is to achieve a natural integration of the various parts of the installation business so that we can offer our customers more integrated, efficient solutions.

Active sustainability efforts

Finally, I would like to address one of the strongest mega trends in our industry – sustainability. There have been many new political initiatives, along with higher awareness among property owners and end users, all of which has driven the demand for climate-smart solutions. Society is thus in the midst of a green revolution and Instalco's offering lies at the forefront as regards both energy efficiency and environmental awareness. Sustainability is now an integral part of the entire organisation – from governance to the offering and actual provision of services.

Per Sjöstrand
Chairman of the Board

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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 2021.

Share capital and shareholders

Share capital at the end of the period amounted to SEK 0.8 million allocated across a total of 52,112,804 shares with a quotient value of SEK 0.015 per share. All shares have equal voting rights. At the end of 2021, Instalco had 14,606 known shareholders. At year-end, the ten largest shareholders controlled 52.7 percent of share capital. The percentage of shares owned by Swedish institutional owners at year-end amounted to 29.5 percent of share capital and votes. The percentage of shares owned by foreign institutional owners amounted to 35.8 percent of share capital and votes.

At the 2021 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. There was no repurchase of own shares during 2021. At the end of the period, holdings of own shares amounted to 62,109 (62,109), which is equivalent to 0.1 (0.1) percent of the total number of shares. The amount paid for repurchase of shares during the financial year amounted to SEK 0 (13,643,998).

Annual General Meeting

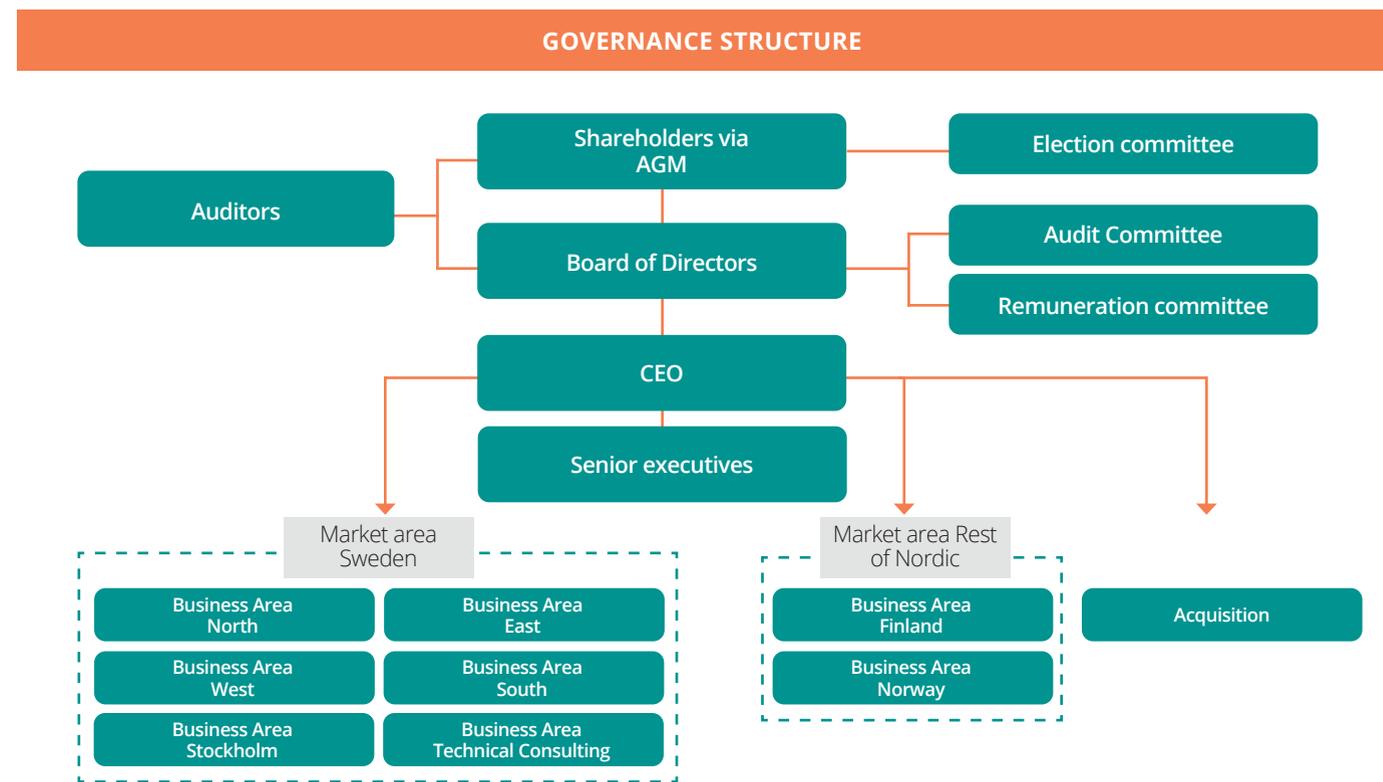
Shareholders exercise their influence at the AGM, which is the Parent Company's highest decision making body.

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 49.

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.



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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 6 May 2021, 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 2021. The Election Committee for the 2022 AGM consists of: Lennart Francke (appointed by Swedbank Robur), Angelica Hanson (appointed by AMF) and Per Sjöstrand. Because Per Sjöstrand is the next largest owner of Instalco, as well as the Chairman of the Board, the Election Committee for the 2022 AGM has three members. 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 7 (6) ordinary members. More information on the Board of Directors is provided on page 64. 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.

Each year, the Board adopts written rules of procedure that clarify the Board's responsibilities and regulates how it allocates work and responsibilities among its members.

This includes the Chairman's role, the Board's decision-making process, the Board's meeting plan, summons to Board meetings, the agenda at Board meetings and minute-taking. 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.

In total during the 2021 financial year, there were 10 Board meetings, of which 4 were held prior to the 2021 AGM and 6 after. The attendance of Board members at the meetings is provided in the table below.

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

Board of Directors 2021

Director	Position	Elected	Independent in relation to:		Participation out of total number of meetings			Fees in accordance with the 2021 AGM SEK thousands		
			Company and senior executives	Major shareholders	Board meetings ¹⁾	Audit Committee	Remuneration Committee ²⁾	Board fee	Audit Committee fees	Total fee
Per Sjöstrand ³⁾	Chairman of the Board	2021	no	yes	2 out of 2	–	–	400	–	400
Olof Ehrlén ³⁾	Director	2014	yes	yes	10 out of 10	–	2 out of 2	400	–	400
Johnny Alvarsson	Director	2016	yes	yes	10 out of 10	–	2 out of 2	300	–	300
Camilla Öberg	Director	2018	yes	yes	10 out of 10	5 out of 5	2 out of 2	300	150	450
Per Leopoldsson	Director	2018	yes	yes	10 out of 10	5 out of 5	2 out of 2	300	50	350
Carina Qvarngård	Director	2018	yes	yes	10 out of 10	5 out of 5	2 out of 2	300	50	350
Carina Edblad	Director	2018	yes	yes	10 out of 10	–	2 out of 2	300	–	300
Total								2,550	250	2,550

1) Per capsulam not included

2) The Remuneration Committee is run as an integral part of Board work at ordinary Board meetings.

3) The 2021 AGM decided initially to elect Per Sjöstrand as an ordinary member of the Board of Directors, with Olof Ehrlén as the Chairman of the Board up until the date when Per Sjöstrand would formally leave the position of CEO for Instalco, which was 1 September 2021.

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the work done by the Board and its members. In 2021, an evaluation was carried out by following up on last year's survey. The results of the evaluation were discussed by the Board at a meeting in December. The Election Committee also used this information when proposing Board members. Each Board member was also interviewed by the Election Committee.

Committees

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

Audit Committee

The Board has set up an audit committee that consists of the following three members: Camilla Öberg, Per Leopoldsson and Carina Qvarngård. Camilla Öberg is chairman of the committee. The audit committee is tasked with, among other things, monitoring the 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 and it carries out its work as an integral part of Board work at regular Board meetings.

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

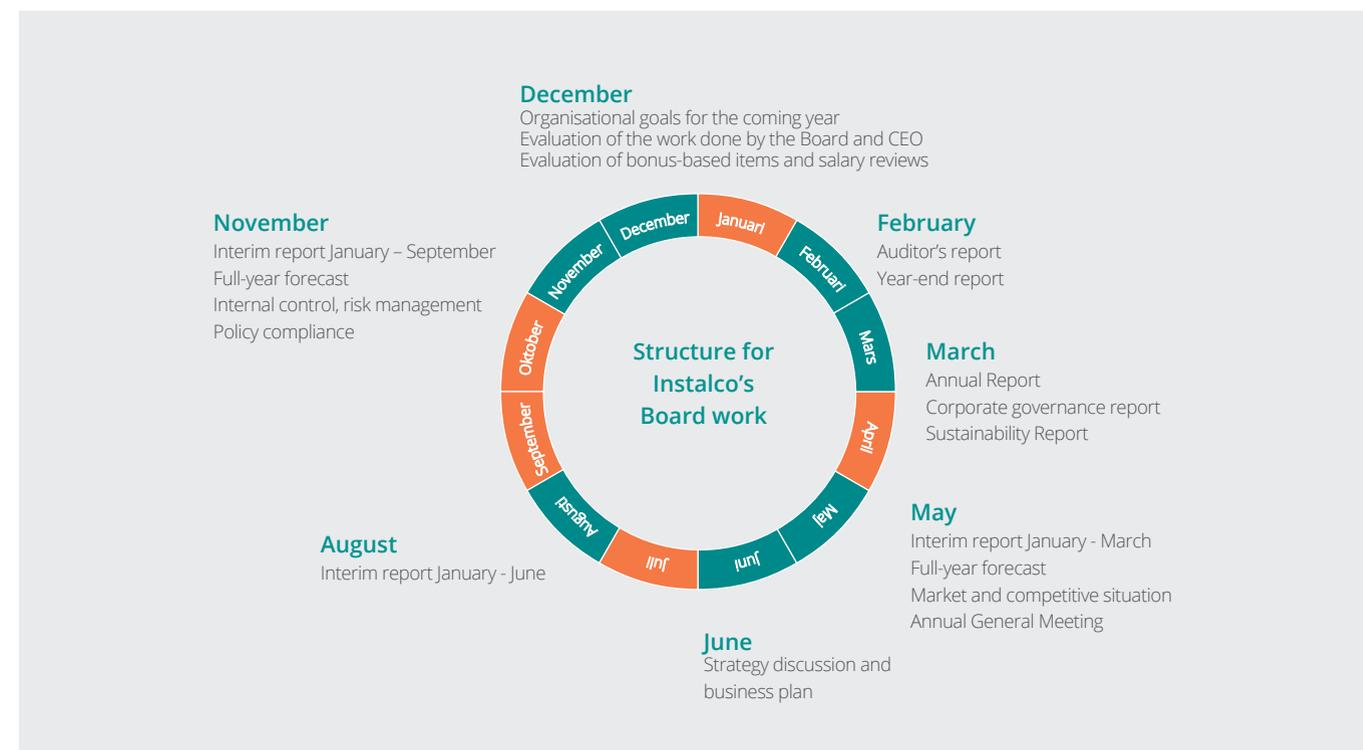
The Parent Company's CEO is responsible for ongoing management in accordance with the Board's guidelines and instructions. The CEO's role and responsibilities, along with the division of duties between the Board and CEO, are detailed in a written document issued by the Board (the CEO instructions). The Board regularly evaluates the work done by the CEO.

The Parent Company's CEO is Robin Boheman. Robin Boheman took over as the CEO on 1 September 2021. The position of CEO had previously been held by Per Sjöstrand, who took over as the Chairman of the Board at that same time. More information on the CEO and other senior executives is provided on page 65.

Guidelines for remuneration to senior executives

At the AGM that was held on 6 May 2021, 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.



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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 5 May 2022.

Long-term 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 primarily report to the Business Area Managers. Besides internal follow-up and reporting, the Parent Company's external auditor reports on the financial year to the CEO and

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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 Group'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.

GROUP-WIDE POLICIES

Code of conduct

The aim is to communicate our shared ethical values and guidelines on professional behaviour to our employees, customers, suppliers, other business partners and owners, along with providing guidance for carrying out our daily tasks. Instalco's Code of Conduct for Suppliers contains clear guidelines on how they are expected to act and behave in our joint projects.

Sustainability Policy

The purpose of the Sustainability Policy is to communicate that the business is being run responsibly with a holistic approach to the economic, environmental and social aspects. Instalco shall choose materials and work methods that result in a lower impact on the internal and external environment, along with providing a safe and thriving work environment.

Information and Communications Policy

This policy aims to ensure correct and good quality, along with managing information, both externally and internally, primarily with focus on the applica-

ble laws, regulations and other rules that apply to listed companies in Sweden and consistent with the Swedish Code of Corporate Governance. The communication should be open and helpful to the Company's stakeholders.

Financial Policy

The purpose of this policy is to state the rules and regulations for financing activities, establish the allocation of responsibility and create good control over the financial risks. The financial organisation must manage the financial risks that arise from the business, secure both short-term and long-term financing and minimise the financial costs.

Internal Control Policy

The purpose of this policy is to create a general approach that facilitates a uniform way of evaluating all parts of the internal control, along with clarifying Instalco's basis principles for internal control. Good internal control ensures that there is efficient, cost-effective and secure operations, reliable financial reporting and compliance with applicable laws and regulations.

GDPR Policy

This is aimed at ensuring that personal data administration is in accordance with GDPR. It covers all registration and processing of data in Instalco's IT systems where personal data is managed. The policy covers both structured and unstructured data.

Dividend Policy

The purpose of this policy is to provide information on how much profit should be distributed to the company's owners as dividends. When proposing the amount of dividends, consideration is given to the size of the Group's equity, long-term financing and investing needs, growth plans and other factors that the Company's Board of Directors consider to be important.

Other policies

- Insurance
- Quality
- Employees
- Company cars

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Board of Directors



Per Sjöstrand

Born 1958
Chairman of the Board, Director since 2021

Other Board assignments

Chairman: Green Landscaping AB (publ), Fasadgruppen AB (publ) and Åhlin & Ekeröth AB

Work experience

Founder of Instalco and CEO 2014-2021. CEO of several companies and both Director and Manager of major projects at the Swedish Transport Administration.

Education

MSc Engineering, Chalmers University of Technology, Gothenburg
Dependent in relation to Instalco and its senior executives

Shareholding in Instalco¹⁾
26,901,860

Number of options
25,000



Olof Ehrlén

Born 1949
Director since 2014, Chairman 2014-2021

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

Shareholding in Instalco¹⁾
146,410



Johnny Alvarsson

Born 1950
Director since 2016

Other Board assignments

Chairman: FM Mattsson Mora Group and VBG Group. Director: Beijer Alma, Sdiptech and Rotundgruppen.

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

Shareholding in Instalco¹⁾
85,940



Carina Edblad

Born: 1963
Director since 2018

Current position

CEO Thomas Betong

Other Board assignments
Director: Purmo 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

Shareholding in Instalco¹⁾
-



Per Leopoldsson

Born 1960
Director since 2018

Current position

Head of Solavik Förvaltning AB

Other Board assignments

Director of Layer Group AB, Director of the City Council for Fastighetsägarna Stockholm, Brandkontoret, SBC and NAI Svefa

Work experience

Extensive experience in the property and construction industry. CFO Fastighets AB Närkebro, 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 Instalco¹⁾
30,000



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
Chairman of Ability2Sustain

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 Instalco¹⁾
1,000



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

Shareholding in Instalco¹⁾
1,900

¹⁾ Holding as of 28 February 2022. Including closely related physical and legal persons' holdings.

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Standing: Anders Lundin, Christina Kassberg, Tobias Eriksson
Sitting from left, front row: Robin Boheman, Fredrik Trahn, Gustaf Larsson Ernefelt
Middle row: Patrik Persson, Ulf Bergquist, Roger Aksnes Back row: Peter Hjerpe, Johan Larsson

Senior executive

Robin Boheman

Born 1984
CEO

Work experience

CFO and Head of Acquisitions at Instalco, Management Consultant M&A Integration and Carve-out PWC, Business Developer Scania

Education

Masters degree in accounting and finance, Uppsala University

Number of shares:¹⁾ 1,746,980
Number of options 25,000

Christina Kassberg

Born 1968
CFO

Work experience

CFO Climeon, Addtech, Resurs Holding, Stim and Medivir. Auditor Öhring PricewaterhouseCoopers

Education

B.Sc. in Business & Economics, Stockholm University

Number of shares:¹⁾ 18,250
Number of options –

Fredrik Trahn

Born 1969
Head of Communications and IR

Work experience

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

Education

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

Number of shares:¹⁾ 5,175
Number of options 10,000

Extended management team

Roger Aksnes

Born 1972
Business Area Manager for Instalco Norway

Work experience

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

Education

PHS technician and Pipe Layer, technical college

Number of shares:¹⁾ 395,000
Number of options 20,000

Ulf Bergquist

Born 1963
Business Area Manager for Instalco West

Work experience

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

Education

Operations technician, Örebro University

Number of shares:¹⁾ 179,730
Number of options 8,240

Tobias Eriksson

Born 1981
Business Area Manager for Instalco 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 shares:¹⁾ 745,135
Number of options: 15,000

Peter Hjerpe

Born 1964
Business Area Manager for Instalco East

Work experience

CEO JN EI

Education

High school

Number of shares:¹⁾ 109,975
Number of options 20,000

Johan Larsson

Born 1976
Business Area Manager for Instalco North

Work experience

CEO DALAB Dala Luftbehandling, CEO DALAB Group AB

Education

Upper secondary and training in sheet metal and ventilation installations

Number of shares:¹⁾ 1,611,830
Number of options 20,000

Gustaf Larsson Ernefelt

Born: 1987
Head of Acquisitions

Work experience

Acquisitions and Business Development at Werksta Group, Management Consultant M&A Grant Thornton, Finance/Treasury at Findus

Education

Masters degree from Lund University in Corporate Finance

Number of shares:¹⁾ 6,520
Number of options 25,000

Anders Lundin

Born 1966
Business Area Manager for 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 shares:¹⁾ –
Number of options 9,000

Patrik Persson

Born 1964
Business Area Manager for Instalco South

Work experience

Deputy CEO and CEO Rörläggaren

Education

PHS technician, technical college

Number of shares:¹⁾ 41,880
Number of options 20,000

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Consolidated income statement

AMOUNTS IN SEK M	Note	2021	2020
Operating income			
Net sales	2, 3	8,890	7,122
Other operating income		115	63
Total operating income		9,005	7,184
Operating expenses			
Materials and purchased services		-4,552	-3,720
Other external costs	4	-521	-398
Employee benefit costs	5, 6, 7	-2,975	-2,274
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		-198	-135
Other operating expenses		-37	-54
Total operating expenses		-8,283	-6,580
Operating profit/loss (EBIT)		722	604
Profit (loss) from financial items			
Financial income		23	23
Financial expenses	8	-46	-32
Earnings before taxes		699	594
Income tax	9	-142	-133
Profit/loss for the year		558	462
<i>Profit (loss) attributable to:</i>			
Parent Company's shareholders		546	456
Non-controlling interests		12	6
Earnings per share	10		
Basic earnings per share, SEK		10.50	9.00
Diluted earnings per share, SEK		10.31	8.79

Consolidated statement of comprehensive income

AMOUNTS IN SEK M	Note	2021	2020
PROFIT/LOSS FOR THE YEAR		558	462
Items that could be reclassified to profit or loss			
Translation effect for the year of foreign operations		69	-91
Other comprehensive income after tax		69	-91
Total comprehensive income for the year		627	371
Comprehensive income attributable to:			
Non-controlling interests		12	6
Parent Company's shareholders		615	365

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Consolidated balance sheet

AMOUNTS IN SEK M	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
<i>Intangible assets</i>	11		
Goodwill		3,847	2,780
Other intangible assets		176	10
Total intangible assets		4,023	2,789
<i>Property, plant and equipment</i>	12		
Other non-current assets		92	41
Right-of-use assets		446	323
Total property, plant and equipment		538	365
<i>Financial assets</i>	13		
Shares in associated companies and jointly run companies	15	10	4
Receivables from associated companies and jointly run companies	15	1	1
Securities held as non-current assets		11	3
Non-current receivables		7	5
Total financial assets		30	13
Deferred tax asset	9	2	7
Total non-current assets		4,593	3,174
Current assets			
Inventories, etc.			
Finished goods and goods for resale		104	62
Total inventories		104	62
<i>Current receivables</i>	13		
Accounts receivable	16	1,448	995
Current tax asset		61	60
Other receivables		66	37
Contract assets	17	519	407
Prepaid expenses and accrued income		101	107
Other marketable securities		1	-
Cash and cash equivalents	18	695	386
Total current receivables		2,891	1,991
Total current assets		2,996	2,054
TOTAL ASSETS		7,589	5,228

AMOUNTS IN SEK M	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity	19		
Share capital		1	1
Share premium reserve		996	942
Reserve		1	-68
Accumulated profit or loss incl. profit (loss) for the year		1,485	1,085
Equity attributable to the Parent Company's shareholders		2,482	1,960
Non-controlling interests		19	12
Total equity		2,501	1,973
<i>Non-current liabilities</i>	13		
Liabilities to credit institutions	21	1,903	980
Lease liabilities	21	295	210
Deferred tax liabilities	9	192	119
Total non-current liabilities		2,390	1,308
<i>Current liabilities</i>	13		
Provisions	20	23	22
Liabilities to credit institutions	21	4	0
Lease liabilities	21	137	103
Accounts payable	22	788	588
Current tax liabilities		33	40
Other liabilities		730	369
Contract liabilities	17	403	349
Accrued expenses and deferred income	23	580	476
Total current liabilities		2,698	1,947
Total liabilities		5,088	3,255
TOTAL EQUITY AND LIABILITIES		7,589	5,228

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Consolidated statement of changes in equity

AMOUNTS IN SEK M	Note	Share capital	Share premium reserve	Translation reserve	Accumulated profit or loss incl. profit (loss) for the year	Non-controlling interests	Total equity
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							
Dividends		-	-	-	-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
Opening balance 2021-01-01		1	942	-68	1,085	12	1,973
Profit/loss for the year		-	-	-	546	12	558
Translation effect for the year of foreign operations		-	-	69	-	-	69
Other comprehensive income		-	-	69	-	-	69
Total comprehensive income for the year		-	-	69	546	12	627
Transactions with owners							
Dividends		-	-	-	-140	-1	-141
Acquisition of non-controlling interests		-	-	-	-	-1	-1
Change in non-controlling interests		-	-	-	-10	-4	-14
New issue ¹⁾		0	53	-	-	-	53
Issue warrants		-	-	-	3	-	3
Repurchase of own shares		-	-	-	-	-	0
Other consolidation adjustments		-	-	-	0	-	0
Total transactions with owners		0	53	0	-147	-5	-99
Closing balance 2021-12-31	19	1	996	1	1,485	19	2,501

¹⁾ Transaction costs for new issues are so low that they have no significant impact on the change in equity, which was SEK 100 (250) thousand.

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Consolidated cash flow statement

AMOUNTS IN SEK M	Note	2021	2020
Operating activities			
Earnings before taxes		699	594
Adjustment for items not included in cash flow, etc.	27	190	146
Paid income tax		-150	-125
Cash flow from operating activities before changes in working capital		740	615
<i>Changes in working capital:</i>			
Change in inventories		-5	-3
Change in accounts receivable and other receivables		-195	-28
Change in accounts payable and other liabilities		70	104
Cash flow from operating activities		610	689
Investing activities			
Acquisition of shares in subsidiaries, before deduction for cash/cash equivalents	28	-953	-582
Acquisition of intangible assets		-3	-3
Acquisition of property, plant and equipment		-23	-14
Disposal of property, plant and equipment		15	8
Decrease/increase in financial assets		-6	6
Cash flow from investing activities		-971	-584
Financing activities			
New issue		53	222
Issue warrants		3	18
Change in non-controlling interests		-15	0
Repurchase of own shares		-	-14
Dividends		-141	-115
Borrowings	13	917	70
Repayment of loan	13	-10	-74
Amortisation of lease liability		-150	-119
Cash flow from financing activities		657	-12
CASH FLOW FOR THE YEAR		297	92
Cash and cash equivalents at the beginning of the year		386	317
Exchange difference in cash and cash equivalents		12	-22
Cash and cash equivalents at the end of the year		695	386
Cash and cash equivalents from continuing operations		695	386
Cash flow for the year from interest:			
Interest paid		-21	-17
Interest received		1	1

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

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Parent Company income statement

AMOUNTS IN SEK M	Note	2021	2020
Operating income			
Net sales		22	23
Total operating income		22	23
Operating expenses			
Other external costs	4	-7	-8
Personnel costs	5, 6, 7	-16	-13
Total operating expenses		-22	-21
Operating profit/loss		-1	2
Profit (loss) from financial items			
Interest expense and similar profit or loss items	8	-2	-2
Profit (loss) after financial items		-3	-1
Group contributions received		10	7
Earnings before taxes		7	6
Tax on profit for the year	9	-2	-2
Profit/loss for the year		6	5

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

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Parent Company balance sheet

AMOUNTS IN SEK M	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Participations in Group companies	14	1,375	1,465
Total financial assets		1,375	1,465
Total non-current assets		1,375	1,465
Current assets			
<i>Current receivables</i>			
Other receivables		10	7
Prepaid expenses and accrued income		0	0
Total current receivables		10	7
Cash and bank balances		54	50
Total current assets		64	57
TOTAL ASSETS		1,440	1,522

AMOUNTS IN SEK M	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity	19		
<i>Restricted equity</i>			
Share capital		1	1
		1	1
<i>Non-restricted equity</i>	30		
Share premium reserve		1,261	1,208
Accumulated profit or loss		19	155
Profit/loss for the year		6	5
		1,286	1,368
Total equity		1,287	1,369
Non-current liabilities			
Liabilities to credit institutions	21	143	142
Total non-current liabilities		143	142
Current liabilities			
Accounts payable	22	0	0
Other liabilities		3	4
Accrued expenses and deferred income	23	6	7
Total current liabilities		10	11
Total liabilities		152	154
TOTAL EQUITY AND LIABILITIES		1,440	1,522

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Parent Company statement of changes in equity

AMOUNTS IN SEK M	Note	Share capital	Share premium reserve	Accumulated Profit or loss	Profit or loss Profit or loss	Total equity capital
Opening balance 2020-01-01		1	979	286	4	1,270
Dividends		-	-	-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
Opening balance 2021-01-01		1	1,208	155	5	1,369
Dividends		-	-	-140	-	-140
Reversal of previous year's earnings		-	-	5	-5	-
New issue ¹⁾		0	53	-	-	53
Profit/loss for the year		-	-	-	6	6
Closing balance 2021-12-31	19	1	1,261	19	6	1,287

1) Transaction costs for new issues are so low that they have no significant impact on the change in equity which was SEK 100 thousand in 2020 and SEK 250 thousand in 2019.

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Parent Company cash flow statement

AMOUNTS IN SEK M	Note	2021	2020
OPERATING ACTIVITIES			
Profit (loss) after financial items		-3	-1
Adjustment for items not included in cash flow	27	0	0
Paid income tax		-2	-1
Cash flow from operating activities before changes in working capital		-5	-1
<i>Changes in working capital:</i>			
Change in accounts receivable and other receivables		-3	-2
Change in accounts payable and other liabilities		-1	0
Net cash flow from ongoing operations		-9	-3
Cash flow from operating activities		-9	-3
Investing activities			
Contribution made/repaid	14	90	-150
Cash flow from investing activities		90	-150
Financing activities			
New issue		53	222
Dividends		-140	-114
Group contributions		10	7
Repurchase of own shares		-	-14
Cash flow from financing activities		-77	101
CASH FLOW FOR THE YEAR		4	-52
Cash and cash equivalents at the beginning of the year		50	102
Cash and cash equivalents at the end of the year		54	50
<i>Cash flow for the year from interest</i>			
Interest paid		-2	-2
Interest received		0	0

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Note 1. Accounting and valuation principles

General information

The consolidated financial statements been prepared in accordance with EU-approved International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretative statements from the IFRS Interpretations Committee. The recommendations from the Swedish Financial Reporting Board, RFR 1 Supplementary Accounting Rules for Groups have also been applied.

The annual report for the Parent Company has been applied in accordance with the Annual Accounts Act (1995:1554) and the recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. In cases where the Parent Company applies different principles, information on that is provided under the heading "Parent Company" below. The consolidated financial statements are presented in SEK, which is the Parent Company's reporting currency.

The Parent Company's annual report and consolidated financial statements were approved for issuance by the Board on 18 March 2022. The Parent Company's and the Group's income statements and balance sheets will be put forth for adoption by the AGM on 5 May 2022.

New and updated standards that enter into force for financial years starting on 1 January 2021 and later New standards that have been applied as of 1 January 2021

Certain changes that came into force on 1 January 2021 and which have therefore begun to be applied this year have not had any significant effect on the Group's earnings and position.

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.

The Board of Directors and CEO assume that all relevant statements will be included in the Group's accounting principles when the statement enters into force. New standards, amend-

ments and clarifications that have not been applied are not expected to have a significant impact on the Group's financial reports.

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 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.

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Continuation **Note 1.** Accounting and valuation principles

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.

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. Common assets that are not directly attributable to a business segment are not distributed but are allocated under Group-wide income and expenses. This applies primarily to the Group's head office.

Revenue

Revenue primarily stems from sales of the execution of installations, construction contracts and service contracts. The Group applies a 5-step process for revenue recognition:

- 1 Identification of the contract with a customer
- 2 Identification of the performance obligation
- 3 Establishing the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognizing revenue at the point when the performance obligation has been fulfilled.

Contracts with customers

A contract is defined by the Group as an oral or written agreement between two or more parties. In cases where the Group has two or more contracts with the same customer, the contracts are analysed and in some certain situations, combined such that they are reported a single, larger contract. This is done only when it is the same customer (counterparty) even if the contracts refer to different projects.

Contract modifications (changes and additions)

If there is a change or addition to an existing contract, how the change is reported depends on its substance. Modifications to contracts frequently occur within the Group. One example is a change of the contract's scope (e.g. adding more products, services or changing the existing products/services), modification of the agreed price, or both. The modification to the contract is either reported as:

- Part of the original contract or
- A new, separate contract

Performance obligations

The Group enters into agreements with customers which means that the Group provides a combination of products and services, e.g. installation work and associated service agreements. An assessment is then made of the agreement to determine whether it contains one performance commitment or several performance commitments. The Group has identified the following separate performance commitments:

- Installation work including design together with associated goods and materials.
- Service work. The type of service Instalco companies perform is to address temporary needs at customer premises, not contractual.

Accounting for warranty obligations

Contracts contain guarantees on the work that is performed, in accordance with what is standard for the industry. The warranty is never an income-generating transaction. Warranties are managed by making a provision to a warranty reserve that is the average of the last three years' costs for warranty work. If a major claim arises, it is immediately recognized.

Transaction price and allocation

The transaction price for an assignment is established at the inception of the contract. The Group's assignments are typically fixed-price contracts, but sometimes it also has cost-plus contracts. Cost-plus contracts are reported in accordance with the expected value method, by calculating the sum of probabilistic

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amounts for contracts with similar terms. Typically, the Group does not have any variable components in its contracts, except for fines. The Group updates its assessments of the transaction price at the end of each reporting period and adjusts revenues in accordance with those assessments.

Contract work

Revenue must be recognized at a specific time or over time, depending on when control over the item sold is transferred to the customer. The Group recognizes revenue when its performance creates or improves an asset that the customer controls, which is the case with contract work, since the work is performed on a property or premises owned by the customer. The customer thus benefits from the Company's performance gradually, as the work is performed. It means that the Group fulfils its obligations gradually and reports revenue over time using the percentage of completion method. The percentage of completion of a contract is calculated based on the expenses incurred as of the closing date in relation to the total estimated expenses that will be incurred in order to complete the assignment. This serves as the basis for earned income based on project calculations.

Service assignments

The revenue from service work is recognized when the services have been provided based on the percentage of completion for the assignment as of the closing date. For revenue recognition on service assignments, an estimate is made of the percentage of completion for each project, thereafter recognizes revenue against the expenses thus far incurred in the project.

Contract balances

The Group recognizes a contract liability for remuneration it has received pertaining to unfulfilled performance obligations and it reports those amounts as "Other liabilities" in the Consolidated statement of comprehensive income. If the Group meets a performance obligation before receiving compensation for it, the Group will report a contract asset in the Consolidated statement of comprehensive income, provided that nothing other than the time aspect is decisive for when that compensation is due.

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. More information on this is provided in the description of the method for impairment testing.

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 3-5 years

Equipment and tools 3-5 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

For impairment testing, assets are grouped together as cash generating units (CGUs) which is the smallest identifiable group of assets that generates largely independent cash inflows. Goodwill is allocated to the CGUs 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. CGUs to which goodwill has been allocated (which the Group management that established as being its operating segments) are tested for impairment at least once per year. All other individual assets or CGUs are tested for impairment whenever there are events or circumstances indicating that the carrying amount is not recoverable.

An impairment loss is recognised for the amount by which the asset's (or CGU'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 the Group, the recoverable amount consists of the value-in-use. In order to determine the value-in-use, Group Management estimates the expected future cash flows from each CGU 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

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the Group's most recent approved budget, adjusted as needed to exclude the effects of future reorganisations and improvements of assets. The discount rate is established for each CGU 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 CGU 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 CGU. 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 (but not for goodwill) if the asset's or CGU'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 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 chosen to report short-term lease agreements (agreements with a contract period of less than 12 months) and leasing agreements for which the underlying asset has a low value by utilizing the practical expedient found in IFRS 16. These are lease agreements for such things as office equipment and certain types of IT equipment. Rather than reporting a right-of-use asset and a lease liability, the lease fees for these types of lease agreements are expensed on a straight-line basis over the lease term.

The Group makes use of extension options in cases where the leases on premises are shorter than 3 years. The basis for assessment of each lease is each company's marketing plan, which extends for a maximum of three years. The Group considers it reasonably certain that the extension option will be utilized in leases with a duration shorter than three years.

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.

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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.

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.

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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.

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. 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.

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 2021-12-31, goodwill amounted to SEK 3,847 (2,780) million. For more information on impairment testing, please see Note 11.

Business combinations and measurement at fair value

> NOTE 28

The Group is continuously acquiring companies, which are primarily small companies. For each acquisition, the acquired company is assessed based on IFRS 3 Business combinations and IAS 38 Intangible assets in order to establish whether there are other acquired intangible assets that should be assigned a value over and above what is recognized as goodwill. An intangible asset, in accordance with IAS 38 is one that has an intangible value, such as customer relations or backlog of orders. However, an item with intangible value will not always meet the definition of an intangible asset as per IAS 38. When that happens, the value is instead assigned to goodwill. The Group carefully assesses the likelihood of acquired future economic benefits based on reasonable, well-

founded assumptions that constitute the best assessment of the economic conditions.

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

The Group 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, assumptions are based on observable data. However, such data is not always available. When observable data is not available, the best information that is available is used instead. 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 2021-12-31 was SEK 518 (210) million. For more information on contingent consideration, please see Note 28.

Revenue from construction contracts

> NOTE 17

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.

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

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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 2021-12-31, claims on construction contracts reported in the balance sheet amounted to SEK 519 (407) 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⁾

Revenue by significant category	2021		
	Contract	Service	Total
Sweden	5,389	1,625	7,015
Rest of Nordic	1,418	457	1,875
Net sales	6,808	2,082	8,890

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

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

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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".

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

2021	Sweden	Rest of Nordic	Other	Elim	Total
Net sales	7,015	1,875	-	-	8,890
EBITA	640	80	-3	30	748
EBITA margin, %	9.1	4.3	-	-	8.4
Adjusted EBITA	640	80	-3	10	728
Adjusted EBITA margin, %	9.1	4.3	-	-	8.2
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

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

	2021	2020
Sweden	7,015	5,451
Norway	1,180	953
Finland	695	718
Total	8,890	7,122

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, most of which is recognised over time.

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:

	2021-12-31	2020-12-31
Sweden	409	271
Norway	78	71
Finland	51	23
Total	538	365

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	
	2021	2020	2021	2020
Grant Thornton				
Audit assignment	12	9	2	2
Audit activities in addition to the audit assignment	0	1	0	0
Tax advice	0	0	0	0
Other services	0	0	-	0
Other audit companies				
Audit assignment	1	1	-	-
Audit activities in addition to the audit assignment	0	0	-	-
Tax advice	0	0	-	-
Other services	1	0	-	-
Total	14	11	2	2

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Note 5. Salaries and remuneration to employees

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

	Group		Parent Company	
	2021	2020	2021	2020
Salaries – Board and CEO	6	5	6	5
Salaries – other employees	2,119	1,647	5	6
Pensions, defined contribution – Board and CEO	1	1	1	1
Pensions, defined contribution – other employees	179	131	1	1
Other social security contributions	583	424	3	3
Total	2,888	2,209	15	15

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, Chairman through 31 August, Director as of 1 September 2021	500	–	–	500
Per Sjöstrand, Chairman as of 1 September 2021 ³⁾	200	–	28	228
Jonny Alvarsson	275	–	–	275
Camilla Öberg	425	–	–	425
Per Leopoldsson	325	–	–	325
Carina Qvarngård	325	–	–	325
Carina Edblad	275	–	–	275
Per Sjöstrand, CEO through 31 August 2021	2,188	–	59	2,247
Robin Boheman, CEO as of 1 September 2021	1,082	–	31	1,113
Other senior executives (11)	12,242	10,638	667	23,547
Total	16,755	10,638	754	28,147

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

2) Board fees have been paid out as salary.

3) In addition to Board fees, a consulting fee in accordance with agreement was paid to Kreativo AB (Per Sjöstrand) of SEK 400 thousand.

Outstanding share-related incentive programs

Outstanding program	Number of options	Corresponding number of shares	Percentage in relation to the total	Redemption rate per share	Redemption period
2020/2023	989,256	989,256	2.00%	SEK 157.78	22 May 2023 - 16 June 2023

Remuneration to the Board, CEO and other senior executives along with information about decision processes

The guidelines that applied during the financial year 2021 for remuneration to senior executives were adopted at the 2021 Annual General Meeting and essentially correspond to the guidelines outlined in the proposal included in the Directors' report for the coming years. The principle for remuneration to the Board of Directors, CEO and Group Management is that it must be competitive. The Election Committee submits a proposal to the AGM on Board fees. Board fees are then based on the AGM decision.

For remuneration to the CEO, Group management and other senior executives of the Group, the Board has set up a Remuneration Committee, which performs its duties as an integral part of the Board work. Compensation to the CEO and other senior executives consists of fixed salary, variable remuneration and other ordinary benefits of employment. In addition to that, there are pension benefits and an incentive program, as described below. The Remuneration Committee considers the guidelines for remuneration to senior executives that were decided by the AGM of Instalco AB.

In 2021, the Company followed the applicable guidelines and there were no deviations from those guidelines. Neither were there any deviations from the decision process which, according to the guidelines, shall be applied when establishing remuneration. The guidelines are published, in full, on Instalco's website.

Board of Directors

The total for Board fees, SEK 2,650 (2,000) thousand, established by the AGM is distributed in accordance with the AGM decision. In addition to Board fees, a consulting fee in accordance with agreement was paid to Kreativo AB (Per Sjöstrand) of SEK 400 thousand.

CEO and Group management

Salary and other remuneration to the CEO and Group management during the financial year is presented in the table. Besides the obligations to pay ongoing remuneration in the form of salary, pension and other benefits, there are no other previously decided benefits that has not fallen due for payment.

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Continuation Note 5. Salaries and remuneration to employees

Long-term share-related incentive programs

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 company.

With full subscription of all 989,256 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. 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.

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.

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 besides the warrants described above.

Note 6. Employees

	Group		Parent Company	
	2021	2020	2021	2020
Average number of employees	4,235	3,340	4	4
Of which women	249	183	1	1
Of which women, %	6	5	30	25

Average number of employees by country is as follows:

	Group			
	2021	2021	2020	2020
	Total	Of which women	Total	Of which women
Sweden	3,287	197	2,524	136
Norway	572	33	497	32
Finland	375	20	318	15
Total	4,235	249	3,340	183

Note 7. Gender breakdown

At the end of the period, the Board consisted of 7 (6) ordinary members, of which 3 (3) women. At the end of the period, other senior executives consisted of 11 (10) ordinary members, of which 1 (0) women.

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

	Group		Parent Company	
	2021	2020	2021	2020
Interest expenses, external	15	13	2	2
Exchange rate losses	17	12	-	-
Other	13	8	0	0
Total	46	32	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 20.6 (21.4) percent and the reported tax expense in the income statement are as follows:

	Group		Parent Company	
	2021	2020	2021	2020
Earnings before taxes	699	594	7	6
Tax according to the current tax rate in Sweden, 20.6 %	-144	-127	-1	-1
Difference attributable to foreign tax rates	-1	1	-	-
Effect of changed tax rate	0	0	-	-
Adjustment of prior years' tax	-1	1	-	-
Adjustment tax expense acquired companies	3	0	-	-
Non-taxable income	13	8		
Non-deductible expenses	-10	-15	0	0
The year's loss for which deferred tax asset has not been recognised	-3	-1	-	-
Value of prior years' loss carry-forwards	1	-	-	-
Unutilised loss carryforward for the year, not previously recognised as an asset	0	0	-	-
Other	1	1	0	0
Reported tax in the income statement	-142	-133	-2	-2

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Continuation Note 9. Taxes

Tax expense is comprised of the following components:

	Group		Parent Company	
	2021	2020	2021	2020
Current tax				
On profit for the year	-124	-114	-2	-2
Adjustment of prior years' tax	-1	1	-	-
Deferred tax expense/revenue				
Change in temporary differences	5	4	-	-
Untaxed reserves	-20	-24	-	-
Change in tax loss carryforwards	-2	0	-	-
Reported tax in the income statement	-142	-133	-2	-2

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

Reported deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to:

Change during the year:	2021-12-31		2020-12-31	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Intangible assets	-	-35	-	-1
Property, plant and equipment	1	-	0	-
Financial assets	0	-	0	-
Inventories	0	-	0	-
Current receivables	1	-	2	-
Project provisions	-	-15	-	-10
Warranty provisions	1	-	1	-
Untaxed reserves	-	-140	-	-106
Unutilised loss carryforward	0	-	2	-
Other	-	0	-	0
Total	2	-192	6	-118
Tax assets and liabilities, net		-189		-112

Change during the year:	Reported in				
	2021-01-01	income statement	equity	associated with acquisitions	2021-12-31
Intangible assets	-1	5	-	-40	-35
Property, plant and equipment	0	1	-	-1	1
Financial assets	0	0	-	-	0
Inventories	0	0	-	-	0
Current receivables	2	-1	-	0	1
Project provisions	-10	0	-6	-	-16
Warranty provisions	1	0	-	-	1
Untaxed reserves	-106	-20	-	-14	-140
Unutilised loss carryforward	2	-2	-	-	0
Other	0	0	-	-	0
Total	-112	-17	-6	-54	-189

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

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 2021 or 2020.

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	2021	2020
Profit (loss) attributable to Parent Company shareholders as per the income statement	546	456
Profit (loss) attributable to ordinary shareholders, before dilution and after dilution	546	456

Number of shares, SEK 000s	2021	2020
Weighted average number of shares used for calculating earnings per share before dilution	52,023	50,610
Weighted average number of shares used for calculating earnings per share after dilution	53,012	51,835

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Note 11. Goodwill and other intangible assets

2021-12-31	Group			Total
	Goodwill	Customer relations	Other intangible assets	
Opening accumulated cost	2,822	5	9	2,836
Investments for the year	–	–	3	3
Acquisition of subsidiaries	1,041	167	0	1,208
Sales/disposals	–1	–	–	–1
Reclassifications	–21	30	–4	5
Exchange differences	44	0	0	44
Closing accumulated cost	3,886	202	8	4,095
Opening accumulated amortisation/depreciation	–42	0	–4	–46
Amortisation/depreciation for the year	0	–26	–1	–27
Sales/disposals	1	–	–	1
Reclassifications	2	–3	1	0
Exchange differences	0	0	0	0
Closing accumulated amortisation/depreciation	–39	–29	–4	–73
Carrying amount	3,847	172	3	4,023

Impairment testing for goodwill

The Group reported goodwill amounts to SEK 3,847 (2,780) million. Monitoring of goodwill within the Group does not occur at levels lower than the two geographic business areas, which are Sweden and Rest of Nordic. Impairment testing is thus at this level. These geographic business areas are the same as the Group's operating segments. Goodwill is allocated as follows: SEK 2,752 (2,007) million for Sweden and SEK 1,095 (773) million for Rest of Nordic. The most recent impairment testing was in December 2021.

The recoverable amount has been calculated based on the value-in-use, where the starting point is a current assessment of the cash flows for the coming years. Forecasted earnings

2020-12-31	Group			Total
	Goodwill	Customer relations	Other intangible assets	
Opening accumulated cost	2,231	–	7	2,237
Investments for the year	1	–	2	3
Acquisition of subsidiaries	648	5	0	653
Sales/disposals	–	–	–	–
Reclassifications	–	–	–	–
Exchange differences	–57	–	0	–57
Closing accumulated cost	2,822	5	8	2,835
Opening accumulated amortisation/depreciation	–42	–	–2	–45
Amortisation/depreciation for the year	0	0	–1	–2
Exchange differences	0	–	0	0
Closing accumulated amortisation/depreciation	–42	0	–4	–46
Carrying amount	2,780	5	4	2,789

and investments in working capital and fixed assets for the next financial year, 2022, are based on previous outcomes and experiences. The forecast is prepared on the basis of a relatively detailed budgeting process for the various parts of the Group. The important components in cash flow are sales, various operating expenses and investments in working capital. Significant assumptions made when calculating value-in-use are described below:

- The sales forecast is based on assessments based on factors such as order intake, economic situation and market situation. The operating margins are based on historical operating margins.

- The forecast of operating expenses is based on current salary agreements and previous years' levels of gross margin and overheads, adapted to an expectation for the coming year based on aspects such as those mentioned in the sales forecast.
- 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 (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 discount rate before tax used for the calculation of the present value of future cash flows is 7.8 (8.2) percent for segment "Sweden" and 7.7 (8.2) percent for segment "Rest of Nordic".

The important assumptions that have the greatest effect on the recoverable amount are gross margin, discount rate and long-term growth rate, where the gross margin is most important. 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. Neither a 1 percentage point higher discount rate, 1 percentage point reduced long-term growth or a 1 percentage point reduced margin leads to a need for impairment. Thus, the margin for impairment is large for the geographical business areas and no reasonably possible changes in the above-mentioned input data are judged to lead to impairment.

Other impairment testing

When circumstances warrant such, intangible assets are tested for impairment according to the same principles as for goodwill. There have not been any events or other circumstances identified that would motivate recognizing an impairment loss on other intangible assets.

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Note 12. Property, plant and equipment

2021-12-31	Group		
	Other non-current assets	Right-of-use assets	Total
Opening accumulated cost	62	540	602
Investments for the year	23	264	288
Acquisition of subsidiaries	53	26	79
Sales/disposals	-17	-90	-108
Reclassifications	-1	0	-1
Exchange differences	3	8	12
Closing accumulated cost	123	748	871
Opening accumulated amortisation/depreciation	-20	-217	-237
Amortisation/depreciation for the year	-19	-152	-171
Sales/disposals	10	71	81
Reclassifications	1	0	1
Exchange differences	-2	-3	-6
Closing accumulated amortisation/depreciation	-31	-302	-332
Carrying amount	92	446	538

2020-12-31	Group		
	Other non-current assets	Right-of-use assets	Total
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

The carrying amount of other fixed assets consists of equipment and tools SEK 49 (20) million, cars SEK 31 (18) million and build-ings SEK 12 (4) million.

Right-of-use assets are leased assets in accordance with IFRS 16, which consist of buildings (leased premises) SEK 301 (209) million, cars SEK 141 (110) million and other (tools/machinery) SEK 5 (5) million. Depreciation for the year on right-of-use assets was: buildings SEK 73 (57) million, cars SEK 77 (61) million, Other (tools and machinery) SEK 3 (2) million. Total interest expense amounts to SEK 7 (5) million. The Group has excluded short-term leases and leases of low-value assets totalling SEK 34 (25) 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 ac-counting principles used for them. The carrying amounts for financial assets and liabilities are as follows.

Financial assets

2021-12-31	Fair value via profit or loss	Amortised cost	Total
Securities held as non-current assets	11	-	11
Non-current receivables	-	7	7
Accounts receivable	-	1,448	1,448
Current receivables (portion of)	-	121	121
Short-term investments	1	-	1
Cash and cash equivalents	-	695	695
Total	12	2,271	2,284

Financial liabilities

2021-12-31	Fair value via profit or loss ¹⁾	Amortised cost	Total
Long-term borrowing	-	1,903	1,903
Short-term borrowing	-	4	4
Accounts payable and other liabilities	-	788	788
Contingent consideration	518	-	518
Current receivables (portion of)	-	2	2
Total	518	2,698	3,216

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

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Continuation Note 13. Financial assets and liabilities

Financial assets

2020-12-31	Fair value via profit or loss	Amortised cost	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	3	1,508	1,511

Financial liabilities

2020-12-31	Fair value via profit or loss ¹⁾	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

Borrowing

Borrowing includes the following financial liabilities:

Long-term borrowing	2021-12-31	2020-12-31
Liabilities to credit institutions	1,903	980
	1,903	980

Short-term borrowing	2021-12-31	2020-12-31
Liabilities to credit institutions	4	0
	4	0

As of the closing date, the Group's credit facility amounted to SEK 2,001 (1,501) million, consisting of a bank overdraft of SEK 100 (100) million and other agreed credit facilities of SEK 1,901 (1,401) million. During the year, the bank overdraft increased by SEK 0 (0) million and other agreed credit facilities increased by SEK 500 (300) million. As of the closing date, the Group had utilized SEK 0 (0) million of the bank overdraft and SEK 1,896 (978) million of the other agreed credit facilities. Unutilized overdraft facilities and other credit facilities amounted to SEK 105 (523) million.

There are covenants attached to the Group's credit facilities, all of which were met with a good margin. The financial covenants that apply for Instalco are the EBITDA/net financial items and interest coverage. The remaining period of time until maturity on the credit facilities is 42 (54) 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 other long-term security holdings.

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	2021-12-31	2020-12-31
Fair value	1,921	1,004
	1,921	1,004

Fair value is based on discounted cash flows using a discount rate based on a lending rate and it is at Level 3 in the fair value hierarchy.

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

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Continuation Note 13. Financial assets and liabilities

Reconciliation of liabilities to credit institutions arising from financing activities

	Non-current liabilities	Current liabilities	Total
2021-01-01	980	0	980
Affecting cash flow			
New loans	917	0	918
Repayment of loan	-10	-	-10
Not affecting cash flow:			
Acquisition	15	4	19
Exchange differences	1	-	1
2021-12-31	1,903	4	1,908

Reconciliation of lease liabilities arising from financing activities

	Non-current liabilities	Current liabilities	Total
2021-01-01	210	103	313
Changes during the year			0
Cash flow		-147	-147
New agreements		255	255
Acquired agreements		24	24
Other changes	-10	-7	-17
Exchange differences	3	1	4
Transfer between current and non-current liability	92	-92	-
2021-12-31	295	137	432

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

Note 14. Participations in Group companies

Composition of the Group

Instalco AB owns 158 (111) legal entities, either directly or indirectly. Included in the Group is the direct holding in the subsidiary, Instalco Holding AB with a carrying amount of SEK 1,375 (1,465) million.

Name/registered office	Segment	Number of shares	Holding, % 2021	Holding, % 2020
Instalco Holding AB	Other	437,730	100	100

All of the subsidiaries run operations in the installation industry.

Change during the year:	Parent Company	
	2021-12-31	2020-12-31
Opening accumulated cost	1,465	1,315
Contribution made/repaid	-90	150
Closing accumulated cost	1,375	1,465
Carrying amount	1,375	1,465

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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	7
Shares in associated companies and jointly controlled companies	CIN		Carrying amount
Nya sjukhusområdet i Malmö VS HB	969781-5158		10
Claim in jointly controlled companies	CIN		Carrying amount
Nya sjukhusområdet i Malmö VS HB	969781-5158		1
Group			
	2021-12-31	2020-12-31	
Opening accumulated cost	5	2	
Profit participation	5	2	
Closing accumulated cost	10	5	
Carrying amount	10	5	

Note 16. Accounts receivable

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

	Group	
	2021-12-31	2020-12-31
Accounts receivable, gross	1,469	1,035
Provision for doubtful debts	-21	-41
Accounts receivable	1,448	995
Group		
	2021-12-31	2020-12-31
Accounts receivable, not yet due for payment	1,207	806
Accounts receivable, 0-3 months overdue	212	165
Accounts receivable, 4-6 months overdue	12	21
Accounts receivable, more than 6 months overdue	38	43
Expected credit losses	-21	-41
Total	1,448	995

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

	Group	
	2021-12-31	2020-12-31
As of 1 January	41	23
Acquired doubtful debts	2	3
Provision for doubtful debts	4	23
Receivables written off during the year as bad debts	-14	-5
Reversal of unutilised amount	-12	-3
As of 31 December	21	41

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

	Group	
	2021-12-31	2020-12-31
SEK	1,069	757
NOK	231	168
EUR	138	70
Total	1,438	995

For more information, please see Note 29.

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Note 17. Contract assets and contract liabilities

	Group	
	2021-12-31	2020-12-31
Contract assets - Claims on clients	519	407
Contract liabilities - Liabilities to clients	-403	-349
Net amount in the balance sheet	116	58

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 2021.

Performance commitments not met at year-end amount to SEK 6,795 million, of which 77 percent of the revenue is expected to be recognised within 1 year, 18 percent within 2 years and 5 percent thereafter.

Note 18. Cash and cash equivalents and short-term investments

Cash and cash equivalents consist of:	Group	
	2021-12-31	2020-12-31
Cash held in bank accounts and on hand:		
- SEK	332	1
- EUR	104	189
- NOK	259	195
Short-term investments	1	-
Total	696	386

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):	2021-12-31	2020-12-31
At the beginning of the year	51,932	49,393
New issue	181	2,539
Subscribed and paid shares	52,113	51,932
Total decided at year end	52,113	51,932

Repurchase of own shares

Repurchased own shares includes the acquisition cost for own shares held by the Parent Company. As of 31 December 2021, the company's holdings of own shares totalled 62,109 (62,109). The share repurchase is reported as a deduction item from equity. Any transaction costs are reported directly in equity.

Share split

Subsequent to year-end, at the extraordinary general meeting on 13 January 2022, it was resolved to increase the number of shares in the company via a 1:5 split. To facilitate the split, the EGM also decided to change Section 5 of the company's Articles of Association concerning the limits for the lowest and highest number of shares such that the lowest amount must amount to at least 200,000,000 shares and the highest amount not more than 800,000,000 shares. The reconciliation date for the split was 28 January 2022. In conjunction with the split, the ISN code was changed to SE0017483506.

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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 2020	14
Additional provisions	8
Carrying amount on 31 December 2020	22
Additional provisions	0
Carrying amount on 31 December 2021	23
Parent Company	
Carrying amount on 31 December 2020	0
Carrying amount on 31 December 2021	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	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Non-current				
Liabilities to credit institutions	1,903	980	143	142
Lease liabilities	295	210	-	-
Total	2,199	1,190	143	142
Current				
Liabilities to credit institutions	4	0	-	-
Lease liabilities	137	103	-	-
Total	141	103	-	-

Note 22. Accounts payable

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

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
SEK	625	482	0	0
NOK	74	56	-	-
EUR	90	49	-	-
Total	788	588	0	0

Note 23. Accrued expenses and deferred income

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Employee-related costs	540	447	5	4
Interest	2	1	0	0
Other items	38	29	1	2
Carrying amount	580	477	6	7

Note 24. Pledged assets and contingent liabilities

	Group	
	2021-12-31	2020-12-31
Pledged assets		
<i>For own provisions and liabilities:</i>		
<i>Liabilities to credit institutions</i>		
Chattel mortgages	60	74
Pledged accounts receivable	21	18
Other pledged assets	120	8
<i>Pledged assets for Group companies:</i>		
Other pledged assets	-	11
<i>Other pledged assets:</i>		
Chattel mortgages	33	14
	234	125
Contingent liabilities		
Performance guarantees	402	304
	402	304

Instalco AB has provided a guarantee on behalf of subsidiaries for SEK 1,752 (834) million. Besides that, the Parent Company does not have any Pledged assets or Contingent liabilities.

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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.

The Instalco Group's related parties are primarily its senior executives. For information on remuneration to senior executives, please see Note 5.

Note 26. Subsequent events

Subsequent to year-end, at the extraordinary general meeting on 13 January 2022, it was resolved to increase the number of shares in the company via a 1:5 split. To facilitate the split, the EGM also decided to change Section 5 of the company's Articles of Association concerning the limits for the lowest and highest number of shares such that the lowest amount must amount to at least 200,000,000 shares and the highest amount not more than 800,000,000 shares. The reconciliation date for the split was 28 January 2022. In conjunction with the split, the ISN code was changed to SE0017483506.

During the first quarter of 2022, Instalco acquired the following companies: TC-Kraft AB and Z-Signaler AB with expected sales of SEK 50 million and 31 employees, Manglerud Rörleggerbedrift AS with expected sales of SEK 25 million and 14 employees and Kyrön Sähkö Oy, with expected sales of SEK 77 million and 50 employees. All of the companies were acquired at 100% and the first one in the list above belongs to segment Sweden. The others belong to the Rest of Nordic segment. 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	45
Cash and cash equivalents	176
Total consideration	220
Carrying amount of identifiable net assets	
Fixed assets	57
Other current assets	56
Cash and cash equivalents	25
Deferred tax liability	-9
Other liabilities	-63
Total identifiable net assets	62
Goodwill from acquisitions	155
Exchange rate difference	0
Total	220

Acquisition-related costs preliminarily amount to SEK 1 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 72 million. The fair value of the contingent consideration is at Level 3 in the fair value hierarchy.

The surplus of SEK 155 million that has arisen via acquisitions is attributable to goodwill, which is motivated by the companies' future earnings capacity. The amounts allocated to intangible assets such as customer relations were measured at the undiscounted value of future cash flows.

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	
	2021	2020	2021	2020
Depreciation/amortisation	198	135	-	-
Change in accrued interest	1	0	0	0
Provisions	2	0	-	-
Impairment of accounts receivable	-7	25	-	-
Unrealised exchange rate effects	11	-7		
Capital gain (loss) from financial items	-7	-7	-	-
Capital gain (loss) from non-financial items	-7	-2	-	-
Other adjustments	0	2	0	0
Total	190	146	0	0

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Note 28. Business combinations

Instalco made the following acquisitions of installation companies in 2021:

Acquired business	Area of technology	Segment	Acquisition date	Share of equity, %	Assessed annual sales, SEK m	Number of employees
JB Elektro AS	Electricity	Rest of Nordic	January	100	40	21
Lincom AB	Electricity	Sweden	January	100	33	25
Nässjö Teknikprojektering AB	Technical consulting	Sweden	January	100	15	10
Stockholm Luftkompetens AB	Ventilation	Sweden	February	100	85	20
Kempes EI AB	Electricity	Sweden	February	100	85	66
Inva Engineering AS	heating & plumbing	Rest of Nordic	April	100	6	10
Calmarsunds VVS AB	heating & plumbing	Sweden	April	100	68	26
Rörmokaren i Kolmården AB	heating & plumbing	Sweden	May	100	31	20
Lampans Elinstallationer AB	Electricity	Sweden	May	100	55	41
Elinstallationer i Karlshamn AB	Electricity	Sweden	May	100	40	31
KaVP och Karlskoga Tak AB	Ventilation	Sweden	June	100	30	17
Nordengen VVS AS	heating & plumbing	Rest of Nordic	June	100	13	6
PlanProj AB	Technical consulting	Sweden	June	100	17	14
Nihlén Elmontage AB	Electricity	Sweden	June	100	80	19
Industriprodukter AB	Electricity	Sweden	June	100	20	22
Klimateknikk Oslo AS	Ventilation	Rest of Nordic	July	100	40	5
Forsséns Elektriska AB	Electricity	Sweden	July	100	65	40
App Start-Up AB	Industrial	Sweden	August	100	97	64
PeMi Ventilation & Montage AB	Ventilation	Sweden	September	100	38	13
Installationsservice Nicklas Eriksson AB	Electricity	Sweden	September	100	59	30
Sydsvenska Elanläggningar AB	Electricity	Sweden	September	100	100	70
Total VVS AS	heating & plumbing	Rest of Nordic	October	100	114	23
Kompressorteknik AB	Industrial	Sweden	October	100	37	13
Blomquist Group	Heating, cooling and ventilation	Sweden	October	100	160	80
MRM Mining AB / EPS Sweden AB	Industrial	Sweden	November	100	75	21
Nordpipe Composite Engineering Oy (NCE)	Industrial	Rest of Nordic	December	100	330	120
Lidingö Elektriska AB	Electricity	Sweden	December	100	27	16

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.

Notes

Instalco made the following acquisitions of installation companies in 2020:

Acquired business	Area of technology	Segment	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	Rest of Nordic	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 / Uleåborg	Rest of Nordic	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	Sweden	July	100	75	46
Boman EI & Larmtjänst i Norrköping AB	Electrical / Norrköping	Sweden	August	100	73	54
Tornby EI 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	Sweden	December	100	130	73
Selek Elentreprenad AB	Industrial / Alvesta	Sweden	December	100	65	22

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.

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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 value of assets and liabilities included in the acquisitions during the financial year 2020 has been finalized. No significant changes have been made to the cost of acquisition. The acquisition analyses for acquisitions made in 2021 are still preliminary.

Details on the business combinations are as follows:

	2021	2020
Fair value of consideration at the time of acquisition		
Contingent consideration	389	186
Cash and cash equivalents	1,116	642
Total consideration	1,505	828
Carrying amount of identifiable net assets		
Intangible assets	167	4
Property, plant and equipment	53	14
Financial assets	3	5
Deferred tax assets	0	-
Other current assets	412	263
Cash and cash equivalents	215	157
Deferred tax liabilities	-48	-9
Other liabilities	-337	-255
Total identifiable net assets	465	180
Goodwill from acquisitions	1,041	648
Total	1,505	828
Transfer of remuneration in cash & cash equivalents	1,116	642
Less: Acquired cash & cash equivalents	-215	-157
Net cash flow from acquisitions	902	484
Settled contingent consideration attributable to acquisitions in the current year and prior years	51	97
Exchange rate difference	-1	1
Total impact on cash and cash equivalents	953	582

Acquisition-related costs of SEK 11 (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 674 million, of which SEK 438 million is acquisitions that were made in 2021. 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 2021-12-31 was SEK 518 (210) million.

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

	2021	2020
As of 1 January	210	106
Gains and losses reported in the income statement	-28	14
Paid contingent consideration	-51	-97
Added through acquisitions made during the year	389	186
Exchange rate difference	-1	1
As of 31 December	518	210

The surplus of SEK 1,041 (648) million that has arisen via acquisitions made in 2021 consists primarily of goodwill.

The Group's goodwill at the time of acquisition is the amount by which the cost of acquisition exceeds the fair value of expected net assets. Recognition of goodwill is based on the future earnings capacity of companies. Consolidated goodwill is tested each year for impairment by looking at each cash-generating unit. No impairment of goodwill was necessary during the period. The amounts allocated to intangible assets such as customer relations were measured at the undiscounted value of future cash flows. The amortization period is based on an assessment of each asset. More information is provided in Note 1 and Note 11.

The net sales from acquisitions made in 2021 that has been included in the consolidated income statement after the date of each acquisition amounts to SEK 655 million. The acquired units have contributed to an operating profit of SEK 77 million for 2021. Pro forma from 1 January 2021 corresponds to net sales of SEK 1,885 million from acquisitions and an operating profit of SEK 211 million.

Note 29. Risk associated with financial instruments

Goals and policy for financial risk management

Instalco strives to manage its financial risks arising from the running of the business in a structured, effective way, which is expressed in the financial policy that has been adopted by the Board. The objective is to maintain a good financial position that contributes to maintaining investor, lender and market confidence and forms a basis for continued development of business operations. The financial policy describes the types of financial risks that Instalco has identified, along with how responsibility for managing those risks has been allocated within the organization. The risk categories are: transaction exposure, translation exposure, refinancing risk, interest rate risk, liquidity risk and issuer/borrower risk. Operating activities, i.e. the financial risks associated with operating activities, are managed by the management team of each subsidiary in accordance with the principles in the financial policy and subordinate routine descriptions that have been approved by Group's Board of Directors and management. Risks such as translation exposure, refinancing risk and interest rate risk are managed by the Parent Company, with the goal of securing the Group's short to medium-term cash flows by minimizing exposure to the volatile financial markets. Long-term financial investments are managed with the aim of generating significant returns.

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

Market risk

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

Currency risk

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

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Continuation Note 29. Risk associated with financial instruments

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.

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.

	2021	2020
EUR/SEK +/- 10%	16	11
NOK/SEK +/-10%	17	8

Interest rate risk

Instalco is primarily exposed to interest rate risk in its debt portfolio. Interest rate risk is regulated in the financial policy by requiring that at least 50 percent of the net debt has a fixed interest term between 0 and 12 months. Loans with a variable interest rate expose the Group to interest rate risk relating to cash flow. 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.

	2021	2020
25 base points higher/lower	5	2

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

Credit and counterparty risk

Credit risk is the risk that a counterparty will not meet its obligations to the Group. The Group is exposed to credit risk via its financial transactions, in the placement of excess liquidity and in the commercial business in connection with accounts receivable and advance payments to suppliers. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets as of the closing date, which is detailed in the table below:

Types of financial assets – carrying amounts	2021	2020
Cash and cash equivalents	695	386
Accounts receivable and contract assets	1,448	995
Total	2,143	1,381

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.

The assessment is that all of the financial assets specified below, which have not been written down or overdue as of the closing date 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 the closing date, 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
2021-12-31					
Expected credit loss (%)	0%	0%	3%	5%	
Carrying amount, gross	1,207	212	12	38	1,469
Expected credit loss for remaining term	1	0	0	2	4

	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	1035
Expected credit loss for remaining term	1	0	1	2	4

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, it 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 international credit rating agencies.

Capital, financing and liquidity risk

The overall objective is to maintain a strong capital base and a good financial position that contributes to maintaining investor, lender and market confidence and forms a basis for continued acquisitions and the development of business operations.

The goal of Instalco's financing and debt management is to secure financing for the business both in the short and long term, along with minimizing the borrowing costs. The capital requirement shall be secured through active and professional borrowing arrangements in the form of bank overdraft and other credit facilities. Raising external financing is centralized. Ensuring payment readiness must be through agreed credit commitments. Excess liquidity should primarily be used to repay outstanding loans. The Parent Company is responsible for both the Group's long-term financing and its liquidity supply. The Group has a shared cash pool and an internal bank for loans made and received between Group companies.

Liquidity risk is the risk that the Group will not be able to meet its obligations. The Group manages its liquidity needs by moni

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Continuation Note 29. Risk associated with financial instruments

toring 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 forecasts. 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.

2021-12-31	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	-	-	1,925	-	1,925	1,903
Lease liability	83	73	268	20	444	432
Accounts payable and other liabilities	788	-	-	-	788	788
Total	872	73	2,193	20	3,158	3,123

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

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

Refinancing risk

Refinancing risk is the risk that Instalco, at any given time, does not have access to adequate financing. Refinancing risk increases if Instalco's creditworthiness worsens or if it becomes overly reliant on any single source of financing. If all or part of the debt portfolio falls due at the same time, or a few specific times, it

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

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

Note 30. Proposed appropriation of the Parent Company's profit or loss

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

	2021-12-31
Share premium reserve	1,261,474
Retained earnings	19,381
Profit/loss for the year	5,544
	1,286,400
The Board and CEO recommend that	
To be distributed as dividends, SEK 3.25 per share carried forward	169,165
	1,117,235
	1,286,400

The dividend amount has been calculated on the number of outstanding shares as of 2021-12-31, prior to the 5:1 split, which was 52,112,804 shares less a deduction for repurchased own shares equal to 62,109 shares, which equals 50,050,695 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

	2021	2020
Contingent consideration	-31	10
Acquisition costs	11	10
Total	-20	20

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Note 32. Quarterly information

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
KPIs on sales								
Net sales	2,648	1,989	2,311	1,942	2,078	1,643	1,725	1,676
Growth in net sales, %	27.5	21.0	33.9	15.9	25.8	16.1	22.7	37.6
KPIs on earnings								
EBIT (Operating profit or loss)	212	163	197	150	190	140	154	120
EBITA	227	171	199	152	190	140	154	120
EBITDA	275	214	241	189	231	171	186	150
Adjusted EBITA	214	165	195	154	193	150	150	131
Adjusted EBITDA	263	209	237	192	234	182	182	161
KPIs on margins								
EBIT margin, %	8.0	8.2	8.5	7.7	9.1	8.5	8.9	7.1
EBITA margin, %	8.6	8.6	8.6	7.8	9.2	8.5	9.0	7.2
EBITDA margin, %	10.4	10.8	10.4	9.7	11.1	10.4	10.8	9.0
Adjusted EBITA margin, %	8.1	8.3	8.4	8.0	9.3	9.2	8.7	7.8
Adjusted EBITDA margin, %	9.9	10.5	10.3	9.9	11.3	11.0	10.6	9.6
Capital structure								
Working capital	-255	-15	-156	-216	-176	-60	-55	-30
Working capital as a percentage of net sales, % (12-months rolling)	-2.9	-0.2	-2.0	-2.9	-2.5	-0.9	-0.9	-0.5
Interest-bearing net debt	1,650	1,620	1,219	911	912	974	903	853
Gearing ratio, %	66.5	71.4	57.2	42.4	46.5	53.5	56.7	55.2
Interest-bearing net debt in relation to EBITDA (12-months rolling), times	1.8 times	1.9 times	1.5 times	1.2 times	1.2 times	1.4 times	1.4 times	1.4 times

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Other								
Order backlog	6,795	6,494	6,610	6,708	6,625	6,263	6,006	5,215
Number of operational units at the end of the period	153	136	130	118	114	105	93	81
Average number of employees	4,642	4,335	4,085	3,876	3,609	3,474	3,202	3,075
Number of employees at the end of the period	4,887	4,597	4,256	3,993	3,856	3,630	3,352	3,180
Sweden								
Net sales	2,108	1,553	1,825	1,529	1,629	1,252	1,309	1,261
EBITA	200	135	169	136	167	117	125	128
EBITA margin, %	9.5	8.7	9.2	8.9	10.2	9.3	9.6	10.2
Adjusted EBITA	200	135	169	136	166	117	125	128
Adjusted EBITA margin, %	9.5	8.7	9.2	8.9	10.2	9.3	9.6	10.2
Number of operational units at the end of the period	115	101	95	85	81	73	62	54
Rest of Nordic								
Net sales	540	436	486	413	449	391	416	415
EBITA	31	15	25	8	25	26	24	18
EBITA margin, %	5.8	3.5	5.2	2.0	5.7	6.7	5.7	4.5
Adjusted EBITA	31	15	25	8	25	26	24	18
Adjusted EBITA margin, %	5.8	3.5	5.2	2.0	5.7	6.7	5.7	4.5
Number of operational units at the end of the period	35	32	32	30	30	29	28	24

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Note 33. Reconciliation of KPIs not defined in accordance with IFRS

	2021	2020		2021	2020
KPIs on sales			KPIs on cash flow and returns		
Net sales	8,890	7,122	Operating cash flow	752	829
Growth in net sales, %	24.8	25.1	Cash conversion, %	83.6	109.3
Organic growth in net sales, %	4.2	5.6	Return on equity, %	24.6	26.5
Acquired growth in net sales, %	20.6	21.3			
Change in exchange rates	0	101	Capital structure		
KPIs on earnings			Working capital	-255	-176
EBIT (Operating profit or loss)	722	604	Working capital as a percentage of net sales, %	-2.9	-2.5
EBITA	748	605	Interest-bearing net debt	1,650	912
EBITDA	920	739	Gearing ratio, %	66.5	46.5
Adjusted EBITA	728	625			
Adjusted EBITDA	900	759	Other		
KPIs on margins			Order backlog	6,795	6,625
EBIT margin, %	8.1	8.5	Number of units at the end of the period	153	114
EBITA margin, %	8.4	8.5	Average number of employees	4,234	3,340
EBITDA margin, %	10.3	10.4	Number of employees at the end of the period	4,887	3,856
Adjusted EBITA margin, %	8.2	8.8			
Adjusted EBITDA margin, %	10.1	10.7			

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Note 34. Reconciliation tables, per year

Calculation of organic growth in net sales	2021	2020
Net sales	8,890	7,122
Acquired net sales	-1,470	-1,211
Changes in exchange rates	0	101
A) Comparative figures for the previous year	7,419	6,011
B) Net sales for the previous year	7,122	5,692
(A/B) Organic growth in net sales, %	4.2	5.6
KPIs for earnings and margins		
(A) Operating profit/loss (EBIT)	722	604
Depreciation/amortisation and impairment of acquisition-related intangible assets	26	1
(B) EBITA	748	605
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	198	135
(C) EBITDA	920	739
Non-recurring items		
Contingent consideration	-31	10
Acquisition costs	11	10
Total adjustments	-20	20
(D) Adjusted EBITA	728	625
(E) Adjusted EBITDA	900	759
(F) Net sales	8,890	7,122
(A/F) EBIT margin, %	8.1	8.5
(B/F) EBIT margin, %	8.4	8.5
(C/F) EBIT margin, %	10.3	10.4
(D/F) Adjusted EBITA margin, %	8.2	8.8
(E/F) Adjusted EBITDA margin, %	10.1	10.7

KPIs on cash flow and returns

Calculation of operating cash flow and cash conversion	2021	2020
(A) Adjusted EBITDA	900.3	759
Net investments in property, plant & equipment, financial assets and intangible assets	-18	-3
Changes in working capital	-130	73
(B) Operating cash flow	752	829
(B/A) Cash conversion, %	83.6	109.3
Calculation of return on equity		
(A) Profit or loss for the year	546	456
Equity at the beginning of the period	1,960	1,483
Equity at the end of the period	2,482	1,960
(B) Average total equity	2,221	1,722
(A/B) Return on total equity, %	24.6	26.5

Capital structure

Calculation of working capital and working capital in relation to net sales	2021	2020
Inventories	104	62
Accounts receivable	1,448	995
Contract assets	519	407
Prepaid expenses and accrued income	101	107
Other current assets	127	96
Accounts payable	-788	-588
Contract liabilities	-403	-349
Other current liabilities	-784	-431
Accrued expenses and deferred income, including provisions	-580	-476
(A) Working capital	-255	-176
(B) Net sales	8,890	7,122
(A/B) Working capital as a percentage of net sales, %	-2.9	-2.5

Calculation of interest-bearing net debt, gearing ratio and interest-bearing net debt as a percentage of EBITDA

	2021	2020
Non-current, interest-bearing financial liabilities	2,209	1,196
Current, interest-bearing financial liabilities	137	103
Cash and cash equivalents	-695	-386
(A) Interest-bearing net debt	1,650	912
(B) Equity	2,482	1,960
(A/B) Gearing ratio, %	66.5	46.5
(C) EBITDA	920	739
(A/C) Interest-bearing net debt in relation to EBITDA, times	1.8	1.2

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Note 35. Reconciliation tables, per quarter

Earnings measures and margin measures	In accordance with IFRS							
	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
SEK t								
(A) Operating profit/loss (EBIT)	212	163	197	150	190	140	154	120
Depreciation/amortisation and impairment of acquisition-related intangible assets	15	7	2	2	0	0	0	0
(B) EBITA	227	171	199	152	190	140	154	120
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	63	51	44	39	41	31	32	30
(C) EBITDA	275	214	241	189	231	171	186	150
Non-recurring items								
Contingent consideration	-16	-9	-5	0	1	8	-7	8
Acquisition costs	4	4	1	3	2	2	2	3
Total, non-recurring items	-13	-6	-4	3	3	10	-4	11
(D) Adjusted EBITA	214	165	195	154	193	150	150	131
(E) Adjusted EBITDA	263	209	237	192	234	182	182	161
(F) Net sales	2,648	1,989	2,311	1,942	2,078	1,643	1,725	1,676
<i>(A/F) EBIT margin, %</i>	8.0	8.2	8.5	7.7	9.1	8.5	8.9	7.1
<i>(B/F) EBIT margin, %</i>	8.6	8.6	8.6	7.8	9.2	8.5	9.0	7.2
<i>(C/F) EBIT margin, %</i>	10.4	10.8	10.4	9.7	11.1	10.4	10.8	9.0
<i>(D/F) Adjusted EBITA margin, %</i>	8.1	8.3	8.4	8.0	9.3	9.2	8.7	7.8
<i>(E/F) Adjusted EBITDA margin, %</i>	9.9	10.5	10.3	9.9	11.3	11.0	10.6	9.6

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Continuation Note 35. Reconciliation tables, per quarter

Capital structure	In accordance with IFRS							
	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Amounts in SEK m								
Calculation of working capital and working capital in relation to net sales								
Inventories	104	76	76	68	62	52	50	48
Accounts receivable	1,448	1,176	1,093	900	995	878	889	818
Contract assets	519	637	565	570	407	452	470	416
Prepaid expenses and accrued income	101	93	67	54	107	56	47	53
Other current assets	127	118	111	99	96	88	87	73
Accounts payable	-788	-754	-755	-677	-588	-616	-566	-528
Contract liabilities	-403	-322	-296	-344	-349	-308	-400	-314
Other current receivables	-784	-549	-489	-399	-431	-293	-244	-223
Accrued expenses and deferred income, including provisions	-580	-490	-529	-487	-476	-369	-388	-373
(A) Working capital	-255	-15	-156	-216	-176	-60	-55	-30
(B) Net sales (12-months rolling)	8,890	8,319	7,973	7,388	7,122	6,696	6,469	6,149
(A/B) Working capital as a percentage of net sales, %	-2.9	-0.2	-2.0	-2.9	-2.5	-0.9	-0.9	-0.5
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	2,209	1,935	1,423	1,204	1,196	1,178	1,129	1,040
Current, interest-bearing financial liabilities	137	123	120	112	103	104	86	85
Cash and cash equivalents	-695	-438	-323	-404	-386	-308	-313	-272
(A) Interest-bearing net debt	1,650	1,620	1,219	911	912	974	903	853
(B) Equity	2,482	2,269	2,130	2,147	1,960	1,820	1,592	1,544
(A/B) Gearing ratio, %	66.5	71.4	57.2	42.4	46.5	53.5	56.7	55.2
(C) EBITDA (12-months rolling)	920	876	833	778	739	678	646	626
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	1.8 times	1.9 times	1.5 times	1.2 times	1.2 times	1.4 times	1.4 times	1.4 times
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	263	209	237	192	234	182	182	161
Net investments in property, plant and equipment and intangible assets	0	-3	-13	-2	-1	0	-2	0
Changes in working capital	124	-210	-78	34	72	-41	39	2
(B) Operating cash flow	387	-4	146	223	305	141	220	164
(B/A) Cash conversion, %	147	-2	62	117	130	78	121	102

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Note 36. Approval of the financial statements

The consolidated financial statements for the reporting period ending on 31 December 2021 (including comparative figures) were approved by the Board of Directors on 18 March 2022.

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 2022

Per Sjöstrand Chairman of the Board	Johnny Alvarsson Board member	Carina Edblad Board member	Olof Ehrlén Board member
Per Leopoldsson Board member	Carina Qvarngård Board member	Camilla Öberg Board member	Robin Boheman CEO

Our Audit Report was submitted on March, 2022.

Grant Thornton Sweden AB

Camilla Nilsson
Authorized Public Accountant

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Auditor'S Report

To the general meeting of the shareholders of **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 2021 except for the corporate governance statement on pages 58 - 65. The annual accounts and consolidated accounts of the company are included on pages 53 - 102 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 2021 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 2021 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 58 - 65. 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 annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards

in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of 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 2021 amounts to SEK 3,847 million, which corresponds approximately 51 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.

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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 – 52 and 107 - 110. The remuneration report for the financial year 2021, which will be submitted after the date of this auditor's report, also constitutes of other information. 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, individ-

ually 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 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

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- 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

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

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 2021 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 Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Instalco AB for the financial year 2021. Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #[checksum] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

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Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Instalco AB 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), based on the procedures performed. RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements. Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report. The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts. Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 58-65 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. 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 5 May 2021 and has been the company's auditor since the 7 September 2015.

Stockholm March 2022

Grant Thornton Sweden AB

Camilla Nilsson
Authorized Public Accountant

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Five-year overview

	2021	2020	2019	2018	2017
Income statement SEK m					
Net sales	8,890	7,122	5,692	4,414	3,114
Growth in net sales, %	25	25	29	42	29
Operating profit/loss (EBIT)	722	604	492	334	244
EBITA	748	605	493	334	244
Non-recurring items	-20	20	7	41	20
Adjusted EBITA	728	625	500	375	264
EBITDA	920	739	587	407	250
Adjusted EBITDA	900	759	594	449	270
Earnings before taxes	699	594	473	315	229
Tax on profit for the year	-142	-133	-101	-67	-58
Profit/loss for the year	558	462	372	249	171
Profit/loss for the period attributable to parent company shareholders	546	456	370	248	171
Operating profit/loss (EBIT), %	8.1	8.5	8.6	7.6	7.8
EBITA margin %	8.4	8.5	8.7	7.6	7.8
Adjusted EBITA margin, %	8.2	8.8	8.8	8.5	8.5
EBITDA margin %	10.3	10.4	10.3	9.2	8.0
Adjusted EBITDA margin, %	10.1	10.7	10.4	10.2	8.7
Equity, provisions and liabilities, SEK m					
Total equity	2,501	1,973	1,485	1,068	793
Return on equity before tax, %	28	30	32	29	29
Total assets	7,589	5,228	4,176	3,016	2,297
Interest-bearing net debt	1,650	912	872	663	446
Gearing ratio, %	66.5	46.5	58.8	62.1	56.2
Net debt in relation to adjusted EBITDA, times	1.83	1.20	1.47	1.48	1.65
Key financial performance indicators					
Equity ratio, %	33.0	37.7	35.6	35.4	34.5
Cash flow from operating activities	610	689	495	338	160
Working capital	-255	-176	-22	25	-1
Cash conversion %	83.6	109.3	103.2	100.2	84.5
Order backlog, SEK m					
Order backlog	6,795	6,625	4,865	4,063	3,194

	2021	2020	2019	2018	2017
Key figures, employees					
Average number of employees	4,235	3,340	2,630	2,065	1,539
Number of employees at the end of the year	4,887	3,856	3,103	2,283	1,844
Data per share					
Share price as of 31 December, SEK	434.40	251.00	135.20	69.30	49.50
Market capitalisation as of 31 December, MSEK	22,599	12,703	6,604	3,316	2,296
Dividend, SEK	3.25	2.70	2.30	1.50	1.10
Profit/loss (attributable to Parent Company shareholders), SEK	10.50	9.00	7.58	5.19	3.69
Equity, SEK	48.1	39.0	30.4	22.3	17.1
Cash flow from operating activities, SEK	11.7	13.6	10.1	7.1	3.5
Average number of shares, basic, SEK t	52,023	50,610	48,844	47,844	46,377
Number of shareholders as of 31 December	14,606	11,756	3,958	2,023	1,654
Highest price paid during the year, SEK	493.20	258.50	137.00	72.50	72.25
Lowest price paid during the year, SEK	253.00	81.00	65.90	49.90	49.50
Sustainability					
Employee satisfaction, %	84	85	85	89	83
Absence due to illness, %	5.0	4.6	3.5	3.4	3.7
Employee turnover, %	13.9	12.4	13.2	15.2	1.4
Number of occupational injuries	142	107	85	78	60
Percentage women in Group management team, %	9.1	0	25.0	33.3	33.3
Percentage women on Board of Directors, %	42.9	50.0	50.0	50.0	50.0
Percentage women total in the Group, %	5.9	5.5	5.4	6.0	5.0
Number of employees at the end of the year	4,887	3,856	3,103	2,283	1,844
Number of subsidiaries at the end of the year	106	84	68	52	43

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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
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.
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.
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.
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.
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.
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.
Gearing ratio	Interest-bearing net debt as a percentage of total equity.	Gearing ratio measures the extent to which the Group is financed by loans. Because cash and other short-term investments can be used to pay off the debt on short notice, net debt is used instead of gross debt in the calculation.
Growth in net sales	Change in net sales as a percentage of net sales in the comparable period, prior year.	The change in net sales reflects the Groups realised sales growth over time.
Interest-bearing net debt	Non-current and current interest bearing liabilities less cash and other short-term investments.	Interest-bearing net debt is used as a measure that shows the Groups total debt.

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Key figures	Definition/calculation	Purpose
Net debt in relation to adjusted EBITDA	Interest-bearing net debt at the end of period divided by adjusted EBITDA, on a 12-month rolling basis.	Net debt in relation to adjusted EBITDA provides an estimate of the company's ability to reduce its debt. It represents the number of years it would take to pay back the debt if the net debt and adjusted EBITDA is kept constant, without taking into account the cash flows relating to interest, taxes and investments.
Non-recurring items	Non-recurring items, like 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.
Operating cash flow	Adjusted EBITDA less investments in property, plant and equipment and intangible assets, along with an adjustment for cash flow from change in working capital.	Operating cash flow is used to monitor the cash flow generated from operating activities.
Operating profit/loss (EBIT)	Earnings before interest and taxes.	Operating profit/loss (EBIT) provides an overall picture of the profit 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.
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.
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.
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.
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.

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Shareholder information

Additional information

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Financial calendar

Interim report January-March	5 May 2022
AGM	5 May 2022
Interim report January-June	25 August 2022
Interim report January-September	9 November 2022
Year-end report	February 2023

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Except for page 14 App Start-Up, page 19 Uudenmaan Lämpötekniikka, page 20 HP Welding, page 29 Teampipe, page 39 Unsplash and Wayout Water, page 40 Unsplash, page 48 Milen Ventilation and page 52 Haug og Ruud.

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Subsidiaries

Subsidiaries and additional companies as of 31 December 2021

Sweden



Rest of Nordic

Norway



Finland



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