

ANNUAL REPORT 2021



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COVER IMAGE

Fasadgruppen subsidiary Åby Fasad won the 2021 Façade of the Year Award for its careful renovation of Gamla Tullhuset in Norrköping. Photo: Lasse Olsson.



Fasadgruppen Group is the largest façade work company in the Nordics and the only complete provider of sustainable façades operating nationwide in Sweden.

1,485
Number of employees

40
Local businesses



- Head office
- Local subsidiaries

2021 AT A GLANCE

Fasadgruppen enjoyed a very strong 2021 where sales increased 99.7 percent via a combination of acquisitions and organic growth of 6.1 percent. Altogether, 21 new acquisitions were completed spread across Sweden, Denmark and Norway, with estimated annual sales of SEK 1,181 m in total.

Acquisitions in 2021

First quarter

- Mönlycke Mur & Puts
- Mjøndalen Mur & Puss
- Tello Service Partner
- Mur & Puts i Örebro
- Bruske/Delér Fönsterrenoveringar

Second quarter

- RSM Fasade
- Rogaland Blikk
- Engman Tak
- Byens Tag & Façade

Third quarter

- Åby Fasad
- Hans Eklund Glasmästeri
- Er-Jill Byggnadsplåt
- Husby Takplåtslageri & Ventilation

Fourth quarter

- Solid Fasad Stockholm
- Stilpro
- SH-Bygg
- OPN Entreprise
- Kumla Fasadteam
- Haga Plåt
- Ahlins Plåt
- Byggplåt i Landvetter

Other events in 2021

- During the year, Fasadgruppen subsidiary companies were commissioned to perform new renovation projects, including by:
 - Balder** – Exterior renovation of Stjärnhusen in Västra Frölunda. The project, awarded to Johns Bygg & Fasad includes 13 buildings with an order value of around SEK 48 m.
 - Haninge Bostäder** – The commission covers façade plastering, new roof and windows, plus the glazing in of balconies. The order value of the project amounts to around SEK 57 m and will be performed by Sterner stenhus.
 - National Property Board of Sweden** – During the year, no fewer than four separate framework agreements were signed which involve a number of our subsidiaries and multidisciplinary renovation services, primarily cultural heritage properties, split between around ten projects in Sweden.
 - AF Gruppen** – Bricklaying projects for six apartment blocks with a total of 258 apartments in Oslo. The commission went to Mjøndalen M&P, with an order value of around NOK 27 m.
 - Riksbyggen** – Renovation and energy efficiency project by BRF Kungsberget in Linköping. The project is being undertaken by SmartFront and the order value amounts to around SEK 33.5 m.
- In July, Fasadgruppen signed up to the UN Global Compact for Sustainable Development Goals.
- In October, Fasadgruppen entered into new sustainability linked credit facility agreements totalling SEK 1,230 m for continued acquisitions.

Key figures Group 2021

SEK m
2,676
Net sales

87.1%
of sales are
aligned with the
EU Taxonomy

SEK m
301
Adjusted EBITA

11.2%
Adjusted
EBITA margin

FASADGRUPPEN IN BRIEF

Fasadgruppen Group AB is the largest façade work company in the Nordics and the only complete provider of sustainable façades operating nationwide in Sweden. Our operations are based on local entrepreneurial subsidiary companies that maintain a clear focus on cooperation, commitment and expertise.

Fasadgruppen was established via the merger of STARK Fasadrenovering and AB Karlssons Fasadrenovering in 2016. At the end of 2021, the Group consisted of 40 businesses distributed around Sweden, Norway and Denmark. Together with a small, groupwide organisation, we combine the drive and proximity of local companies with the scope a large group has to provide fully comprehensive solutions to customers.

Fasadgruppen possesses expertise in all aspects of exterior work on properties. Our offering includes services within façade renovation, energy efficiency, window replacement, balcony and roof renovation. Our customers are property owners, property management companies, cooperative apartment associations, operations managers, consultants, and construction companies.

Acquisitions are a key part of the Fasadgruppen strategy for profitable growth. Acquisitions enable the Group to expand geographically, broaden its offer, enhance its expertise and achieve economies of scale within existing companies.



Fasadgruppen

Fasadgruppen's history of growth



Our vision

A future with beautiful, sustainable buildings and good living environments for people.

Our mission

With solid craftsmanship, we create buildings with sustainable exteriors.

Our business concept

Fasadgruppen's business concept is to offer competitive, multidisciplinary solutions by enabling collaboration between local leading and specialised subsidiaries to achieve economies of scale and synergy effects between the companies.



Our core values

Fasadgruppen's values describe the core of our operations. These core values guide our work and constitute a clear promise to customers.

Collaboration

Close collaboration within the Group, with customers, suppliers, and other partners.

Commitment

Local knowledge and commitment in every region and market where we are represented

Expertise

Broad expertise and experience accumulated over a long period of time make us a secure partner able to deliver optimum customer value.

Sustainable enterprise

Sustainable enterprise is an integral part of Fasadgruppen's strategy and a necessity for sustainable, profitable growth. We have identified five focus areas in our sustainability work: Gender equality, Reduced climate impact, Responsible supply chain, Health, safety and the work environment plus Ethics and anti-corruption. These focus areas are closely linked to the UN Global Sustainable Development Goals. Below are the goals that Fasadgruppen believes it has the greatest opportunities to influence.



SUCCESSFUL YEAR WITH HIGH GROWTH

I am proud to be able to summarise 2021 as a strong year for Fasadgruppen – our first full year as a listed company. We continued to build our Nordic presence in Sweden, Norway and Denmark during the year, and in so doing strengthened our market leading position. In parallel with this, we have taken a focused approach to fine tuning our business model based on our values of collaboration, commitment and expertise. The result is more, and more efficient internal collaborations, ideas and experience exchanges, that together lay the foundations for the continued development of the Group.

Record year for acquisitions

Fasadgruppen was started with an idea of bringing together the leading local companies in the sector to exchange expertise, enhance opportunities for synergies on the costs side and create added value for our customers between us. This idea remains what guides us when we look for new companies to expand with.

As a year, 2021 broke a new record in terms of number of acquisitions. In total, we have welcomed 21 new businesses with estimated annual sales of SEK 1,181 to the Group. These acquisitions have been made on all our markets and represent either complementary operations in the form of new services or geographical areas, or a further consolidation within an area where we are already active. A common denominator in principle for all acquisitions is that they are headed by driven entrepreneurs who, via Fasadgruppen, now have a new platform to take their enterprise to the next level. We put a great deal of energy into finding the “right” companies that would be a genuine fit with the Group and where clear collaboration is in the cards.

As Fasadgruppen has grown, we have also refined our acquisition model to keep up with the pace. It is based on efficient internal cooperation between our acquisitions team, business area managers and CEOs of our existing subsidiaries, where the latter two groups are the source of the vast majority of acquisition tips to take a closer look at. When our acquisitions team have then completed a deal, the acquired companies are integrated under the management of the business area managers, who together with the central support office functions at Head Office

ensure each new company rapidly gains access to our internal strengths and can start contributing to the Group at the same time.

I am pleased with both the rate and quality of the work we have done to successfully complete our many acquisitions during the year.

Energy efficiency renovations are driving the market

Fasadgruppen’s markets are driven by underlying housing and renovation needs in Nordic property stock. The combination of increased regulatory pressure for more efficient energy use and a broad demand for climate-smart housing, we view Fasadgruppen as favourably placed to take advantage of such market growth.

The most effective energy efficiency renovations are when you can address a property as a whole in the form of its so-called climate shell. This can entail new insulation, window replacement, reroofing and glazing in balconies. As a complete supplier, Fasadgruppen can manage all these work flows simultaneously, and therefore offer smart projects that maximise the environmental gains at the same time. One advantage with our business model is that one subsidiary, in association with offering façade renovation, for example, can also identify other needs and in so doing, include other companies in our Group in the project. We assess that the number of collaborative projects will increase the bigger we become.

As a market leader, we have a particular responsibility to drive our business sustainably. As part of this, we signed up to the Global Compact during the year, and accordingly both support these goals and undertake to operate in accordance with the ten principles of Human Rights, Labour, Environment and Anti-Corruption. In 2021, we have also engaged in SDG Ambition under the leadership of the Global Compact Network Sweden, with the aim of securing and refining the link between our operations and the UN Global Sustainable Development Goals.

Continued consolidation in 2022

Altogether, we have developed a stronger and more effective platform in 2021 to continue to strengthen our market position moving forwards. Despite a high rate of acquisitions, we see significant continuing

» Thanks to our craftsmanship, expertise and professional organisation, we are viewed as an attractive buyer, and for the right entrepreneur, Fasadgruppen can offer a fantastic springboard for development and a larger context in which to operate. «



opportunities to consolidate the Nordic façade market in 2022 and beyond. Thanks to our craftsmanship, expertise and professional organisation, we are viewed as an attractive buyer, and for the right entrepreneur, Fasadgruppen can offer a fantastic springboard for development and a larger context in which to operate.

We are also going to continue to further hone our business model, and now when the pandemic is finally behind us, it will be incredibly exciting to fully unleash the power that arises when people can meet and work together in person again instead of purely digitally.

On a final note, I would like to thank all our fantastic employees for their excellent efforts over the past year, our customers and suppliers for good working relationships, and naturally also our shareholders for the trust they have shown in us. I view our continued work with confidence.

Stockholm April 2022

Pål Warolin
CEO and President of the Group

FINANCIAL TARGETS

Target		Outcome 2021	Comments to the outcome
GROWTH IN NET SALES			
≥15%	We should achieve an average growth in sales of at least 15 percent per year over an entire economic cycle. Growth should be both organic and via acquisitions.	Net growth in sales amounted to 99.7 percent (31.5), of which organic growth accounted for 6.1 percent (-6.9).	The months of January and February were significantly colder than the same period in 2020, which resulted in a weaker start to the first quarter of the year. The following quarters were characterised by a gradual normalisation after the dip created by the Covid-19 pandemic during the 2020 comparison year. From January–December, Fasadgruppen has implemented 21 business acquisitions, including three asset acquisition and they have all been added within the period.
EBITA MARGIN			
≥10%	Our adjusted EBITA margin should be at least 10 percent per year over an entire economic cycle.	Our adjusted EBITA margin was 11.2 percent (11.1).	The improved margin for the current year can be attributed to the strong finish in the fourth quarter, in terms of both sales and profitability, in relation to the comparison period. The effect of increased raw material prices in the economy in general has had a limited effect on profitability in the fourth quarter.
CASH CONVERSION			
≥100%	Our cash conversion ratio should be 100 percent.	Our cash conversion ratio was 75.7 percent (100.0).	The change in working capital was, as expected, positive for the final quarter but remained negative for the full year at SEK -34.0 m (14.3). The lower level of cash conversion in relation to the comparison period is primarily assessed to be due to higher production activity in the final quarter than the same period in the previous year.
DIVIDEND			
30%	The dividend as a percentage of net profit should be 30 percent, taking into account other factors such as financial position, cash flow and growth opportunities.	The proposed dividend as a percentage of net profit amounts to 31.3 percent (30.2).	The Board of Directors proposes a dividend for the year of SEK 1.20 (0.60) per share. The total dividend thus amounts to SEK 54.5 m (27.1). The consolidated equity ratio amounts to 38.0 percent before the dividend and 36.3 percent after the dividend.

BUSINESS MODEL

The Fasadgruppen business model is based on a decentralised structure that unites the entrepreneurial endeavour, closeness to customers, and modest overheads of each local company, enhanced by Group opportunities to achieve economies of scale and offer comprehensive solutions to customers.

The Fasadgruppen business model is based on a decentralised structure with entrepreneurial subsidiaries supported by a groupwide organisation. Three geographical business areas simplify regional coordination through resource sharing and best practice, identification of cross-selling opportunities and joint sales initiatives. In this way, the entrepreneurial endeavour, closeness to customers and modest overheads of each local company,

are enhanced by Group opportunities to achieve economies of scale and to secure and offer comprehensive solutions to customers.

■ Central functions

Our central functions includes purchasing, HR, acquisitions, finance, and other support services. These services are provided from the Fasadgruppen Head Office in Stockholm, known internally as

the Service Office. Negotiating contracts for materials and insurance cover at central level enables significant economies of scale to be achieved, which means lower overhead costs for our subsidiary companies. These subsidiaries also receive support from the Group for financial reporting, employee issues and legal services which means they can put a greater focus on day to day operations.

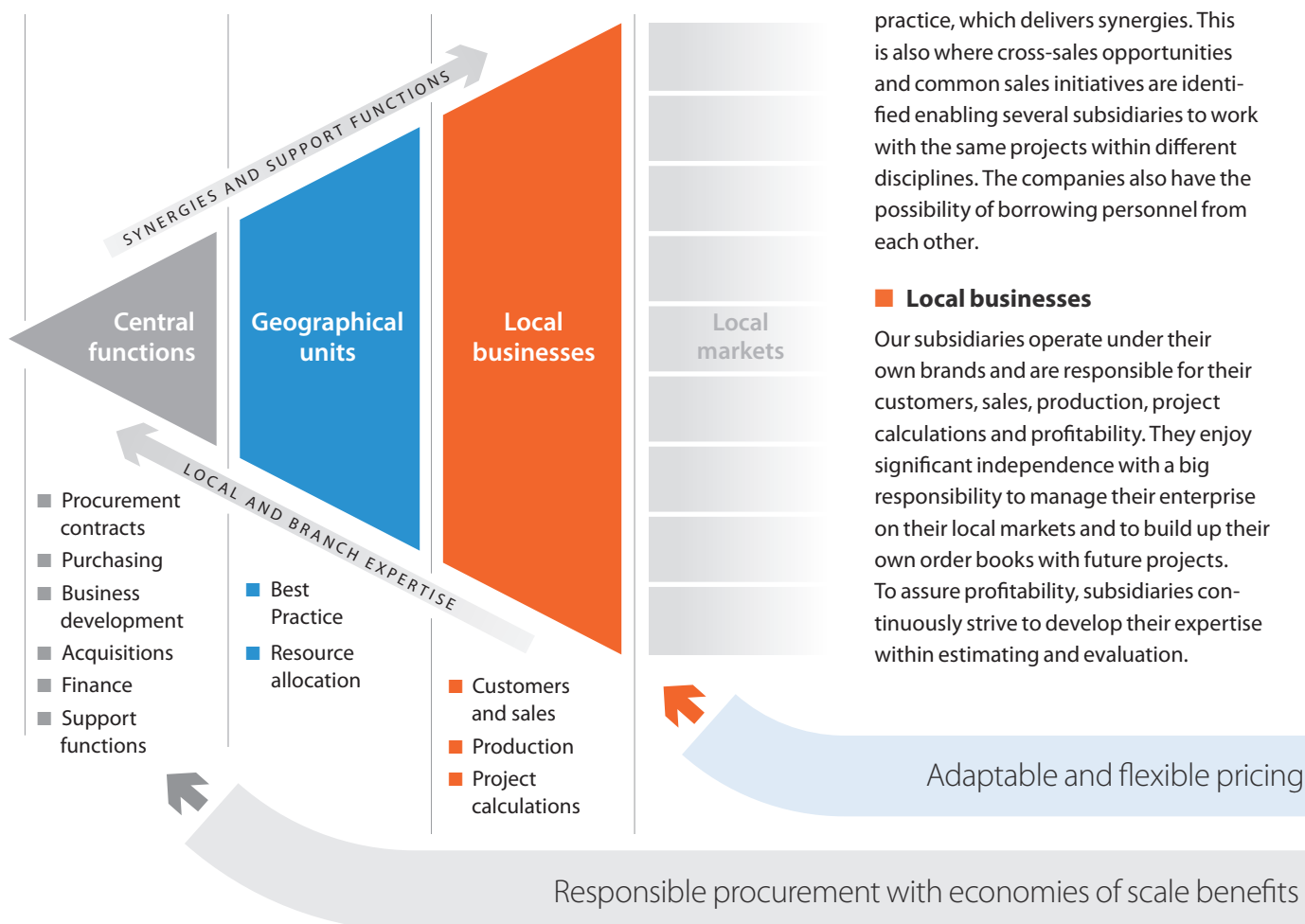
■ Geographical units

Via our geographic business units, our subsidiaries can share resources and best practice, which delivers synergies. This is also where cross-sales opportunities and common sales initiatives are identified enabling several subsidiaries to work with the same projects within different disciplines. The companies also have the possibility of borrowing personnel from each other.

■ Local businesses

Our subsidiaries operate under their own brands and are responsible for their customers, sales, production, project calculations and profitability. They enjoy significant independence with a big responsibility to manage their enterprise on their local markets and to build up their own order books with future projects. To assure profitability, subsidiaries continuously strive to develop their expertise within estimating and evaluation.

A decentralised structure



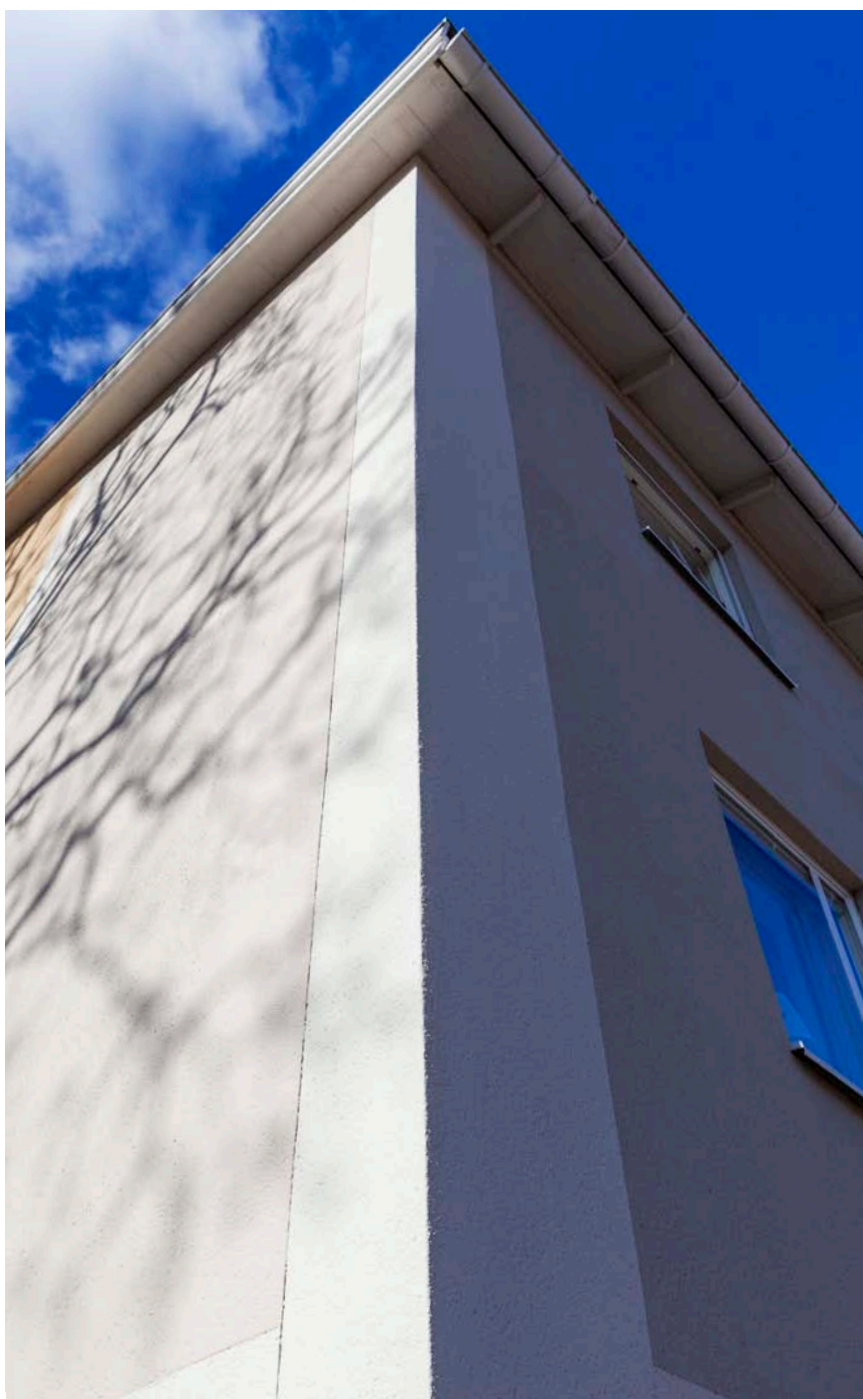
Sustainable value creation

Fasadgruppen offers services that create direct environmental improvements, such as via reduced energy consumption. Owners of both existing and newbuild properties are putting an ever increasing focus on investing in energy efficient solutions to cut operating costs and meet increasingly tough sustainability demands.

Each subsidiary company has a responsibility to drive sustainability efforts including both deliveries to customers and internal aspects such as health, safety, and gender equality. Companies with expertise in services that make especially substantial contributions to energy efficiency share their expertise with our other companies via these geographic business areas.

Central purchasing puts Fasadgruppen in a strong position with purchasing power that means we are able to work closely with the most sustainable suppliers and buy the most sustainable materials.

The Group has common policies and guidelines within areas such as the environment, gender equality, and health and safety, plus a code of conduct that all employees, suppliers and other business partners are required to follow. Central sustainability support services regularly monitor sustainability work within the Group and ensure compliance with policies and guidelines.



Decentralised pricing

Fasadgruppen uses a decentralised pricing strategy where each subsidiary is responsible for its own pricing. Our subsidiaries are able to use central management and central support services as necessary to check their calculations and to achieve profitability targets. Fasadgruppen uses a costs-based pricing model and projects are generally performed on a fixed price basis. This model is adaptable and offers opportunities for flexibility when pricing projects.

Centralised purchasing

Fasadgruppen has a centralised purchasing process that is designed to achieve cost savings for every subsidiary. The process entails ordering large volumes of materials, which puts us in an advantageous position when negotiating prices. These cost savings are particularly substantial for newly acquired companies. The centralised purchasing process is managed by our Purchasing Manager who works continuously to improve the process and negotiate framework agreements. Fasadgruppen procures materials from several different suppliers and is therefore not exposed to individual suppliers. Our Purchasing Manager is also responsible for ensuring Fasadgruppen buys sustainable materials and that suppliers act responsibly and adhere to the Fasadgruppen Code of Conduct.

STRATEGY

Fasadgruppen's strategy is based on acquiring and developing local market-leading companies and leveraging synergies and economies of scale within the Group. The strategy is divided into four areas.

1 Develop local market leaders

Fasadgruppen aims to maintain and grow its position on local markets by attracting and retaining the best managers and personnel on each local market.

A key aspect when acquiring a new company is that the entrepreneur behind the company stays on, and continues to manage operations successfully and with the same entrepreneurial spirit and drive as before the acquisition. With the purchase consideration generally being paid for partly in Fasadgruppen shares, shared incentives are established to continue conducting operations successfully.

To ensure optimum continued operation based on its expertise, customer awareness and local market conditions, each subsidiary is afforded a high degree of autonomy. In addition to which, Fasadgruppen offers a variety of training courses to enable employee development opportunities at all levels in the companies.

2 Promote collaboration between units

Fasadgruppen aims to leverage synergies between the local businesses by building an organisation that shares resources, purchasing agreements and best practice effectively. The Group employs a tried and tested model to achieve economies of scale that rests on seven pillars. On acquiring a new company, this model is implemented as soon as Fasadgruppen gains control, ensuring optimal integration and rapid contributions for Fasadgruppen as a whole.

» Read more about these seven pillars on page 12.



3 Efficient processes

Fasadgruppen works continuously to optimise processes throughout the organisation. These efficient processes mean the Group can be managed professionally and subsidiaries given a platform to increase their profitability. Particular focus is given to procurement and production processes.

4 Growth through acquisitions

Through its established acquisition model and developing local market leaders within façade work, Fasadgruppen aims to continue growing. Our current focus concerns potential targets in Sweden, Denmark and Norway.

» Read about the Fasadgruppen acquisition strategy on page 11.

Organic growth

Fasadgruppen's market is characterised by low single digit growth, which should also be reflected in organic growth over time. In addition to growing in line with the general market, organic growth is generated by gaining market shares. Fasadgruppen intends to gain new market shares by working with local market leaders, sharing and applying best practices within the Group, developing our multidisciplinary offer, and strengthening our sustainability profile. As organic growth can be affected by individual projects, subsidiaries, and specific events, this can also differ between quarters. However, such variations are expected to decrease as Fasadgruppen grows.



ACQUISITIONS

Via acquisitions, Fasadgruppen strengthens its geographical presence, service offering and expertise. Acquired companies continue to operate with a high degree of autonomy and under their own brands, while benefiting from economies of scale.

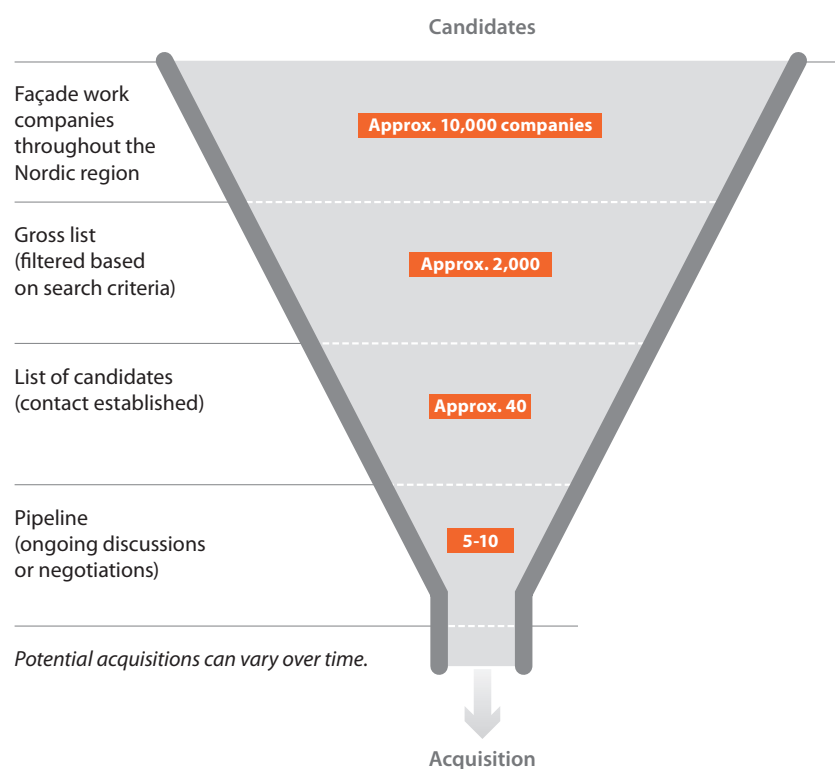
Acquisition strategy

Fasadgruppen had an active acquisition strategy that aims to broaden its geographical presence and strengthen its market offer. Since the start in 2016, over 40 businesses have been acquired. In addition to acquiring new Group companies, asset acquisitions are also made, to complement existing companies to increase expertise and reach critical mass. Fasadgruppen applies a number

of acquisition criteria such as good profitability, geographic location and long-term management. When identifying potential acquisitions, considerable emphasis is placed on a company's craftsmanship and the entrepreneurial skills and expertise of management.

There are around 2,000 potential acquisition candidates in the Nordic countries.

Process of identifying potential acquisitions



Via ongoing contact and evaluation of attractive candidates, the Group can generate a flow of potential acquisitions over time.



Selection criteria for acquisitions include:

The company

Should add structural capital, cross-selling opportunities and a high degree of craftsmanship. At the same time, the company should demonstrate stable historical development with regard to profitability, growth and cash flow, plus ideally a high proportion of income from renovation projects.

Management

Should consist of skilful entrepreneurs that are a natural fit with the Fasadgruppen company culture and prepared to commit to the future plans of the Group.

Market

An acquisition candidate should have a strong position on the local market and operate in a region where the market is growing.



Why Fasadgruppen?

There are a great many companies engaged in façade work in the Nordic countries. Many of these are managed by skilled entrepreneurs with strong positions on their local market and excellent customer relationships. The Fasadgruppen business model is based on companies continuing to operate in the same way as before, but with access to economies of scale advantages such as lower material costs and resource sharing within the Group. Fasadgruppen also provides various support services to these local companies, that are often further developed than those available to the pre-acquisition companies, such as within HR and financial reporting. This enables these local businesses to retain their character while gaining new complementary strengths and advantages.

Acquisition process

Fasadgruppen is active within established sector networks and is known as an attractive buyer among companies on the market. The Group's contacts and partnerships with various sector associations make it easier to quickly identify interesting local companies and acquisition candidates.

The primary sources for potential acquisitions are references from local Fasadgruppen management teams and central management team networks. Each new acquisition tends to create additional acquisition opportunities via contacts and knowledge about the relevant local market possessed by the newly acquired

company. In line with the rate at which Fasadgruppen has grown, such external tips and company brokers have accordingly become less important in finding interesting acquisition candidates.

Integration of new companies

Once a company has been acquired, integration commences immediately, focusing on efficient processes, without risking disruptions to day-to-day operations. The aim is to establish conditions for the new subsidiary to take advantage of the Group's economies of scale, while continuing to develop its local market position and market offer in line with established methods.

Fasadgruppen's integration and synergy model

Quality and environment, IT and purchasing agreements

All new subsidiaries must be certified in accordance with ISO 9001 and ISO 14001, or other equivalent certification, which means that they meet requirements for good control of the quality and environmental impact of their operations.

Focus on order book

Our subsidiaries need to actively strive to maintain an adequate order book to guarantee revenue visibility. The structure of the order book helps our companies to forecast revenues and minimise risks.

Percentage of completion method

All our subsidiaries are required to apply the percentage of completion method, an accounting method used for long-term projects and aimed at ensuring the Company reports revenue corresponding to the proportion of project completion.



Seven pillars for implementing best practice

Clear margin targets

Profitability targets are an important way of ensuring that our subsidiaries have solid resources and are cost efficient.

Weekly coordination discussions

Coordination discussions between business area managers and subsidiaries aim to adapt and consolidate various current subjects, including the status of ongoing projects and ongoing project acquisitions.

Weekly liquidity analysis

Via frequent liquidity analyses, the Group is able to ensure that all subsidiaries have sufficient cash and cash equivalents to perform their day-to-day operations. This analysis is also an important monitoring mechanism to ensure that the subsidiaries are able to take on various project-related responsibilities.

Monthly reporting

Subsidiaries report their financial performance each month, and these reports are then consolidated centrally. The aim is to achieve internal comparability and assure complete control over the Group's financial performance and ensure our organisation is managed in the best way.

Careful renovation named FAÇADE OF THE YEAR



Gamla Tullhus in Norrköping is a former customs house on the north side of Hamnbron bridge in the Saltängen area of Norrköping. Dating from the late 18th Century in the classic style, the building has been **carefully renovated** to restore as much as possible of its original condition.

Aby Fasad was named Façade Contractor of the Year for 2021 for its renovation of Gamla Tullhuset in Norrköping, a pale apricot building in a beautiful waterfront location by Hamnbron. As the property is one of very few preserved customs houses from the 18th Century, it is a listed building, which means none of its original features may be changed.

"It was a careful renovation where we have cleaned the façade, replaced blown plastering and recreated the original strips. We have used lime products, the same type of material that was historically used. As always with cultural heritage buildings, we have maintained a close dialogue with both the client and the cultural heritage department. It is a fantastic building with a fine profile which has given the location a genuine boost," says Christian Carinci, CEO of Åby Fasad.

LIME RENDER PROTECTS OLDER BUILDINGS

In modern times, cement-based render has been used when restoring older buildings, which can cause damage. The restoration of Gamla Tullhuset therefore used lime, a traditional building material that is environment friendly, repairable, and sustainable in the long-term.

The end result was that Gamla Tullhus won the prestigious Façade of the Year Award. The award was made by the sector association and the jury citation read: "The winner of Façade of the Year in the renovation category shows that buildings created at a time long before today's requirements and needs can have its sheen and luminosity restored and while giving the building a key role in our modern living urban environment at the same time. Care for origins and features, solid craftsmanship and the courage to create new opportunities clearly shine through in the work that has gone into the winning project."

"The award is confirmation that what we are doing is genuinely appreciated within our entire sector. Plus, the award itself is a feather in the cap for all of us who are active in the façade sector, as it puts the spotlight on our sector and boosts its reputation," says Carinci.



Christian Carinci
CEO, Åby Fasad

MARKET

Fasadgruppen is active on the façade market in Sweden, Denmark and Norway. The Scandinavian façade market is estimated to be worth around SEK 97,000 m a year. The Swedish market is estimated at around SEK 37,000 m, the Norwegian market 31,000 m and the Danish approx. 29,000 m. The big city regions in Scandinavia account for around half of these sales.

The façade market can be roughly divided into masonry and plastering, windows, balconies, roofing and sheet metal, plus scaffolding. The underlying markets consist of renovation and construction, respectively.

Focus on renovation

Fasadgruppen focuses predominantly on the renovation market and approximately 75 percent of sales in 2021 consisted of renovation of residential and commercial properties. Over the past 15 years, the average annual growth rate on the renovation market was around 2.5 percent. The new build market is more volatile, but has enjoyed a slightly higher annual growth rate of around 2.8 percent. A closer connection to the economic cycle can explain this higher volatility, with macroeconomic factors such as GDP growth and interest rates affecting property prices and vacancies, which all have a knock-on effect on the construction market. The façade market is driven by underlying renovation needs in both residential and commercial proper-

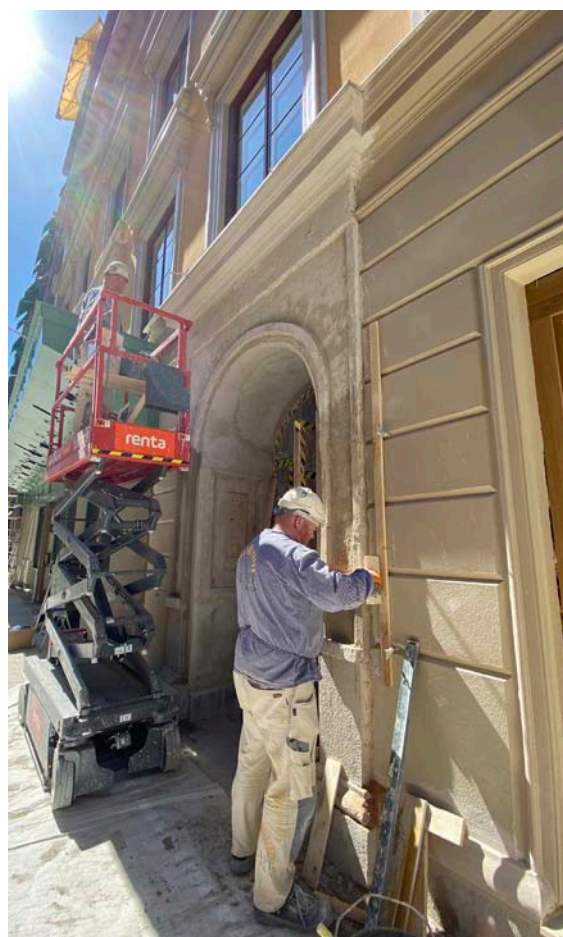
ties. In connection with new construction, façade work also comprises a crucial and specialised activity that construction companies to a large extent are outsourcing. In addition to the underlying need for façade work, the trend towards more energy efficient façade solutions is also assessed as being able to further drive market growth.

Project structure

The façade market is very largely project-based. Each project has its own unique aspects when it comes to the size and complexity of the construction concerned. Fasadgruppen focuses on the mid-size market segment, the spans projects valued at SEK 1–100 m. References, customer relationships, a local presence, short lead times and competitive pricing are key factors in successfully tendering for these projects. There is less risk attached to medium-sized projects compared to larger SEK 100 m+ projects, where there is more uncertainty with regard to estimating costs for time and materials. And this medium segment also offers the potential of higher profitability than with smaller projects of less than SEK 1 m, where tendering is often fiercer involving numerous small companies.

Competitors

The façade market is highly fragmented and mainly consists of a large number of small companies operating on a local market within a particular specialism

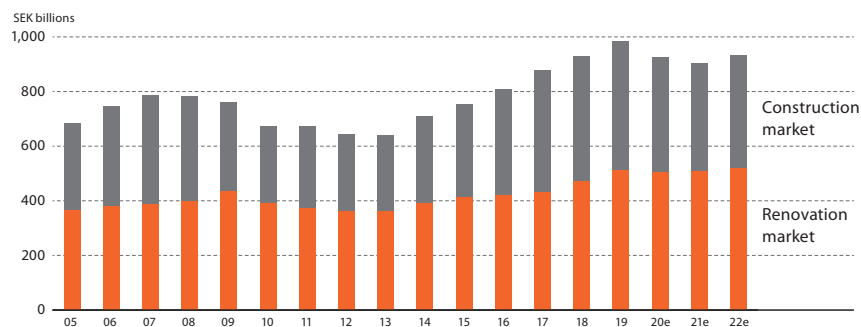


(masonry, plastering, windows, balconies, roofing and sheet metal or scaffolding). Other than Fasadgruppen, only a handful of companies have the capacity to offer multidisciplinary services and tender in several geographical areas. This fragmentation means that larger companies have opportunities to consolidate the market, which is further boosted by increasing customer demand for turnkey solutions.

Impact of Covid-19

The Covid-19 pandemic has only had a limited impact on the growth of the façade market as a whole. As most projects are performed outdoors, the majority of projects could continue as planned except for certain interruptions related to local restrictions or sick leave. The renovation market related to the cooperative housing association customer group experienced a downturn at the start of the pandemic, as association boards cancelled meetings and accordingly put major investment decisions on hold for the time being. As society has gradually returned to normal, most of these housing associations have reverted to their usual decision-making procedures.

The renovation and construction market in Scandinavia



Source: Euroconstruct 2020. The years 2020-2022 are based on estimated outcomes.

Driving forces on the market



■ Increased sustainability focus

According to the Swedish National Board of Housing, Building and Planning, heating accounts for about 20 percent of energy consumption in Sweden. Renovation work using modern insulation techniques is therefore crucial in reducing energy consumption in the future. According to the EU Commission, 75 percent of the EU's property stock is not energy efficient, and the annual renovation rate must be at least doubled, to achieve EU energy efficiency and climate goals. At the same time, the Swedish Environmental Protection Agency reports that public authorities are setting tougher environmental requirements for public procurements.

Significance for the operations

An increased focus on sustainability, further reinforced by new legislation in the area of energy, will drive demand for façade services and the installation of environmentally friendly solutions, such as windows and additional insulation. Fasadgruppen has extensive experience of projects in which the energy efficiency of properties is significantly improved and, with multiple reference projects, is able to demonstrate the benefits. With knowledge sharing and the application of best practice within the Group, the awareness of optimum solutions among all of the subsidiaries is constantly being improved.



■ Urbanisation and a housing shortage

Urbanisation is taking place in all of the Nordic countries, driving needs for more housing in the largest city regions. The National Board of Housing, Building and Planning, and Statistics Sweden report that by 2027, 640,000 new homes will be needed in Sweden and that there is a housing shortage in 212 of the 290 municipalities. Oslo City Council has stated that up to 135,000 new homes will be needed by 2040, and the Danish Ministry of Transport considers that 7,000 new homes will be needed each year for the next 25 years to meet housing needs in the Copenhagen region.

Significance for the operations

This substantial need for housing will drive increased demand for façade work, especially in connection with new builds. As façade work is a specialist area, construction companies often subcontract this work. Via its subsidiaries, Fasadgruppen has a strong local market presence and has established stable relationships with many construction companies, which creates opportunities to be contracted in many projects.



■ Ageing property portfolio

In the 1960s and 70s, a large number of housing blocks were built in Sweden as part of the one million homes programme. Added to which, around 85 percent of apartment blocks were built more than 20 years ago.

Significance for the operations

This ageing property stock will drive demand for exterior renovation work. As maintenance in several areas is often neglected, extensive measures will have to be taken, such as repairs to concrete structures and the renovation of roofs, windows, balconies and open air corridors. As a complete supplier, Fasadgruppen can perform several services within a single project, which means the property owner can avoid having to deal with different contractors and there is less inconvenience to residents.

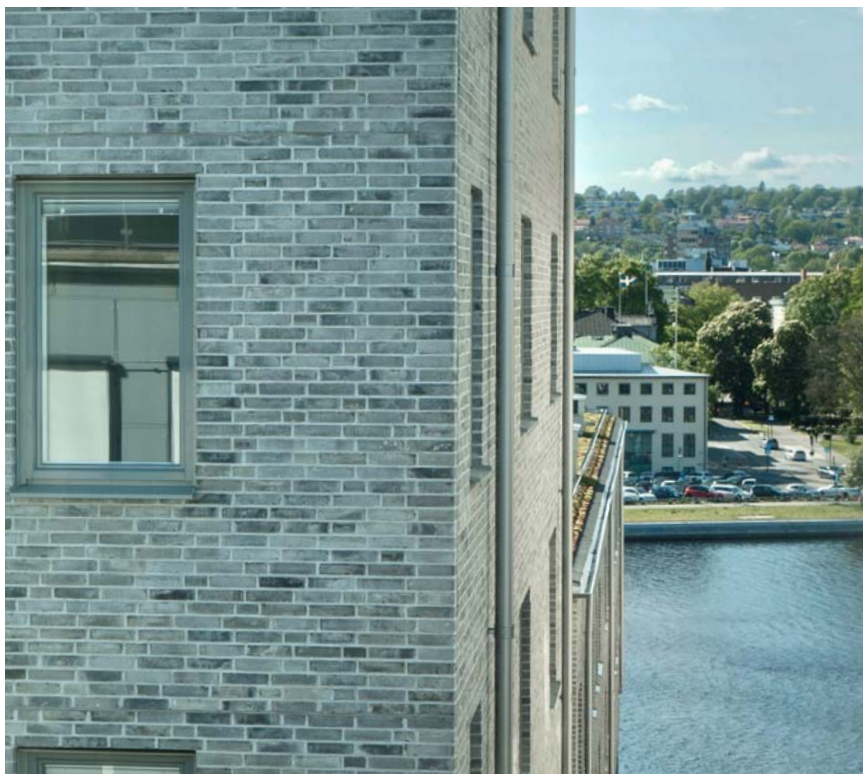
OFFERING

Fasadgruppen offers all types of exterior façade work and is involved in the entire process, from consultation to finished job. The combined expertise and extensive experience we possess as a group, enable us to offer complete solutions of the highest quality to customers.

Plastering

Plastering services include all types of plastering, including smooth finish stucco, rough plaster and fine stucco. Fasadgruppen works sympathetically with original craftsmanship methods and materials, the latter often being mixed on site. Features that can otherwise be at risk, are recreated, such as plinths, mouldings, embrasures, eaves, ornamental features and murals.

In the case of new and relatively new façades, Fasadgruppen can offer innovative and energy smart solutions, plus the very latest façade systems with superior insulation and ventilation.



Masonry

Services within masonry include pointing, anchoring and supplementary insulation of brick façades. Fasadgruppen offers masonry including repair and resurfacing work, plinths, shell walls, interior walls, curtain walls and glass bricks. We can also create stunning indoor finishes.

As Fasadgruppen works independently of suppliers, we can offer customers all types of brick when it comes to size, shape, colour and finish. Bricks are a sustainable and cost-effective choice for façades as they last for hundreds of years with low maintenance costs. Bricks can be recycled in 95 percent of building projects and 100 percent in the production chain. As bricks are a pure material made from clay and water, they do not contain any substances harmful to humans or the environment.



Windows and balconies

Fasadgruppen replaces some 10,000–20,000 windows each year. Modern replacement windows not only significantly extend the life of a building, but also offer environment and energy improvements. Modern windows are both more soundproof and draught-proof, while new technologies and smart insulated glass offer greater protection against sunlight, noise and dirt.

If replacement is not an option, window renovation is an alternative, particularly in heritage listed buildings where Fasadgruppen employs traditional craft-

work methods and materials. Replacing the glass in existing windows or the installation of secondary glazing can also help make a property more energy efficient, which is beneficial in both financial and environment terms.

Fasadgruppen balcony services include renovation, cleaning, reconcreting, replacement of railings and glazing in. With smart measures, such as complementary treatments, including anti-carbonation paint and various types of impregnation and coating, the life of a building can be significantly extended.



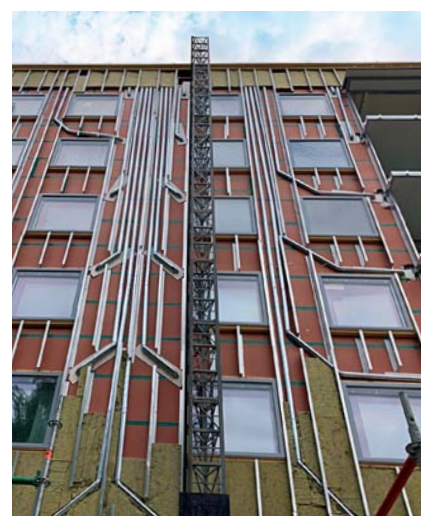
Roofing and sheet metal

Roofs are often described as the fifth façade of a building and make up a large part of the character of the building. Roofing and sheet metal working services include strip roofing, sheet roofing and profiled sheets of copper, steel and aluminium, sedum and weatherproofing. Many climate smart solutions can be used when reroofing, such as additional external insulation, additional insulation and ventilation of roof spaces, roof heating systems and the installation of solar panels. Regular roof maintenance is also important to extend the useful life of a roof, such as via painting.

Energy smart solutions

All energy usage has an environmental impact. According to the Swedish National Board of Housing, Building and Planning, heating properties accounts for about 20 percent of energy consumption in Sweden. Renovation work using modern insulation techniques is therefore crucial in reducing energy consumption in the future.

Renovating buildings in an energy-smart way via supplementary insulation of the façade not only increases the value of a property, but also makes it a better environment in which to live. In addition to supplementary insulation, Fasadgruppen offers energy improvement via Smart-Front, a patented method of upgrading façades, ventilation and windows of existing properties. Such installation delivers significant energy savings and a healthy living environment. On completion, you can achieve energy savings of up to 75 percent with a better living environment and a reduction of radon gases and carbon dioxide emissions.



Other services

Fasadgruppen also offers services such as façade cleaning, glazed façades, concrete work, carbon fibre reinforced polymer strengthening work, plus various kinds of tiling. Fasadgruppen also rents out various types of scaffolding for building work, including lifts, loaders and safety equipment. This range of scaffolding means Fasadgruppen can shorten its own lead times and is independent of external suppliers.

Apartment building refined through **COLLABORATIVE EFFORT**

Kammakargatan 18 in the Normalm district of Stockholm is a classic cooperative housing association building consisting of 24 apartments. The property was built in 1939 and over time, suffered **crack formation in the façade, damage to the roof and draughty windows.**

Via a joint project where no less than five Fasadgruppen subsidiary companies collaborated, Kammakargatan 18 has been modernised with various energy efficiency measures to create a more enjoyable and climate smart place to live.

The renovation of Kammakargatan 18 was done by SmartFront, FRONT, rapid hyrställningar, Karlplans Plåtslageri and Bruske/Delér Fönsterrenoveringar – all of which are part of Fasadgruppen, but with different orientations and specialist areas.

Sustainability has long been a priority area for the housing association. Previous investments include an expanded waste management system to make recycling easier for residents. An updated heating system has recently been installed in the property along with LED lighting with motion sensors in common spaces.

COLLABORATION FOR INNOVATION AND SUSTAINABLE CONSTRUCTION

Collaboration between subsidiary companies in the Group leads to both climate smart and resource efficient projects. A good understanding of how each company works, openness and transparency are the key to good collaboration.

SmartFront was the turnkey contractor in the project and focused in the external shell and ventilation of the property as a whole. FRONT, that specialises in façades, renovated and re-rendered the façade, while Karlplans Plåtslageri cleaned and painted the entire roof and replaced damaged areas as necessary. Bruske/Delér Fönsterrenoveringar renovated the windows and installed energy efficient glass while rapid hyrställningar provided scaffolding for the project.

“The advantage of working in the same group is that you fully understand each other. We are all on the same team and that makes communication easier. We also help each other in achieving the same goal: the best possible end result. Energy efficient renovation saves both our environment and future costs,” says Stefan Forsberg, CEO of SmartFront.



Stefan Forsberg,
CEO, SmartFront

PROJECTS AND CUSTOMERS

Fasadgruppen subsidiaries primarily focus on medium-sized projects in a fragmented market for a large variety of customers.

Focus on medium-sized projects

Fasadgruppen is active in the mid-size segment of the market where projects range from SEK 1–100 m. The average size of a project is around SEK 3–4 m. Based on this, the Group has created a diversified structure with many smaller, flexible companies in most geographic areas. Local subsidiary company CEOs can take quick business decisions independently and adapt to customer requirements.

Broad and diversified customer base

The façade market is highly fragmented and covers both construction and renovation projects. Fasadgruppen customers include owners of public, commercial and residential properties, tenant-owner housing associations, construction companies, and private home owners. Within the renovation market, Fasadgruppen subsidiaries usually manage projects and perform services on behalf of tenant owner housing associations and property management companies, such as HSB and Riksbyggen. Within the construction market, the subsidiaries act as subcontractors to major construction companies, such as PEAB and Skanska.



OUR COMPANIES

Fasadgruppen is active on the façade markets in Sweden, Denmark and Norway. The services we offer are divided into masonry, plastering, windows and balconies, roofing and sheet metal, scaffolding, energy smart solutions, plus other services. Operations are performed via local specialist subsidiary companies. This local presence means our employees are always close to the market, which enables rapid service and short decision-making paths.

Geographical presence





Fasadgruppen companies

Business Area Northeast	Masonry	Plastering	Windows & balconies	Roofing & sheet metal	Scaffolding	Energy smart solutions	Other
Valbo Fasad Entreprenad	●	●	●	●	●	●	●
Stark Fasadrenovering	●	●	●	●	●	●	●
Mälardalens Mur & Puts	●	●			●		
Valvet Fasad	●	●	●				
Simtuna Bygg & Betong			●				●
Fasadteknik	●	●	●				
Karlaplans Plåtslageri				●	●	●	
Sterner Stenhus Fasad	●	●	●	●	●	●	●
SmartFront		●	●		●	●	
Front	●	●	●	●	●	●	●
rapid hyrställningar				●			
Tello Service Partner			●				●
Bruske Delér Fönsterrenovering			●		●	●	
Eklunds Glas			●				●
Husby Takplåtslageri				●	●		
Solid Fasad		●	●				●
Haga Plåt				●	●	●	
Ahlins Plåt				●	●	●	
Kumla Fasadteam	●	●			●	●	

Business Area South	Masonry	Plastering	Windows & balconies	Roofing & sheet metal	Scaffolding	Energy smart solutions	Other
Karlsson Fasadrenovering	●	●	●	●	●		●
Murpoolen	●	●	●		●		
Malmö Mur & Puts	●	●	●	●	●		●
Allt i murning	●	●	●		●		●
P. Andersen & Søn		●		●	●	●	●
Cortex Facaderens							●
Byens Tag & Facade			●	●			
OPN Enterprise	●	●			●		
Helsingborgs Fasad & Kakel	●	●	●				●
Åby Fasad	●	●	●	●		●	●

Business Area West

Johns Bygg & Fasad	●	●	●	●	●	●	●
Mellansvenska Fasad	●	●					●
Frilleås Mur & Puts	●	●					
DVS Entreprenør	●	●	●	●	●	●	●
Mjøndalen Mur & Puss	●	●					
Engman Tak				●		●	●
Er-Jill Byggnadsplåt				●			●
RSM Fasad	●	●					●
Rogaland Blikk			●	●			●
SH-Bygg	●	●	●				●

87.1%

Percentage of sales aligned with the EU Taxonomy

100%

Percentage of suppliers who have signed our Code of Conduct

1.73

Ton CO₂e/ SEK m net sales (scope 1 & 2)

70

Number of female employees

65

Number of workplace accidents

2.7%

Long term sick leave



SUSTAINABILITY REPORT

As the leading Group within façade work in the Nordic countries, Fasadgruppen supports and promotes sustainable development in our daily work. Our overall vision is to create sustainable façades that mean we are contributing to a future with beautiful, sustainable buildings that are good environments in which to live.

The services Fasadgruppen provides have a clear connection to sustainability and the environment. Most façade solutions deliver direct environment improvements, such as reduced energy consumption via façade renovation and replacement windows. Fasadgruppen actively strives to ensure its operations are performed in the most environmentally friendly and sustainable way possible and educates its personnel in these issues.

Our sustainability work is structured within five focus areas and measured against quantifiable goals. These focus areas are closely linked to UN Global Sustainable Development Goals 5, 8, 11, 12 and 13. As part of ongoing monitoring work by the Company in this respect, goal 7 (affordable and clean energy) was replaced during the year by goal 13 (climate action) as this was considered to better match Fasadgruppen operations and contributions.



The five focus areas with associated quantifiable goals for 2021:

Gender equality

- Increase the number of female employees annually

Reduced climate impact

- Increase the number of fossil fuel free company cars and vans annually
- All Fasadgruppen vehicles should be fossil fuel free by 2030
- All transport should be fossil fuel free by 2030

Responsible supply chain

- 100 percent of Fasadgruppen suppliers are to have signed our Code of Conduct

Occupational health and safety

- Zero vision of workplace accidents
- Zero vision long term sick leave

Ethics and anti-corruption

- 100 percent of Fasadgruppen employees are to have signed our Code of Conduct

In spring 2022, Fasadgruppen has performed a strategic review and adopted new future oriented non-financial targets that, together with our financial targets, should steer the Group to becoming the market leader that is best in sustainable enterprise.

» These new non-financial targets are presented on page 7.

Business model

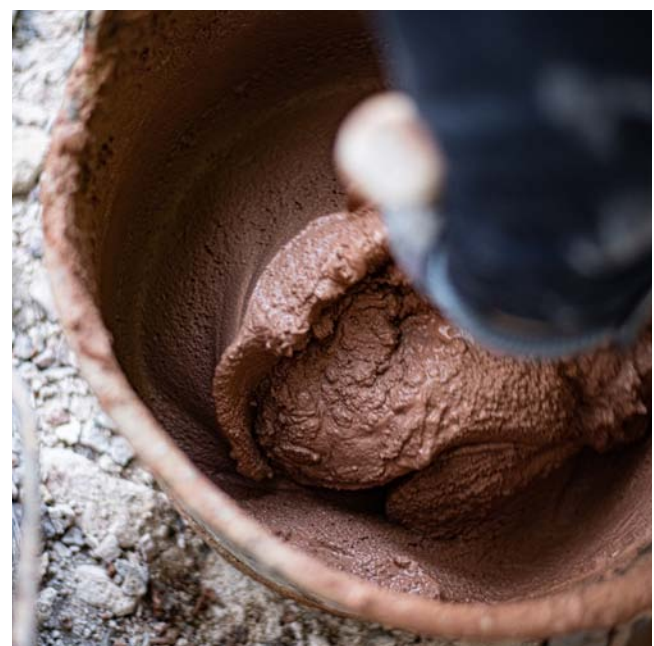
The Fasadgruppen business model is based on a decentralised structure in order to ensure a strong local presence and modest overheads. Our subsidiaries operate under their own brands and are responsible for their customers, sales, production, and project calculations. The allocation between subsidiaries of resources and best practice is based on geographic business areas. Subsidiary companies receive additional support via central support services within areas such as purchasing, business development, acquisitions and finance.

Each subsidiary company has a responsibility to drive sustainability efforts including both deliveries to customers and internal aspects such as health, safety, and gender equality. Certain companies that specialise in services that make particularly substantial contributions to energy efficiency share their expertise with our other companies via these geographic business areas.

» Read more about the Fasadgruppen business model on pages 8–9.

Sustainability governance

The Board of Directors sets Fasadgruppen's overall sustainability goals. Group Management has sustainability work as a permanent agenda item at its meetings and regularly reports back to the Board how sustainability work is progressing. The Group



Deputy CEO is Head of Sustainability and convenes a special sustainability unit comprising selected individuals from the management team that regularly monitor objectives and activities within the various focus areas and report these to Group Management. Group Management further ensures that Fasadgruppen participates in and contributes to relevant sector-wide initiatives within sustainability issues. The Group CEO reports on progress within sustainability work to the Board at each ordinary board meetings.

The Group has a code of conduct, personnel policy, environmental policy, and a number of other guidelines concerning sustainability issues. Health and safety issues are addressed by the Fasadgruppen Health and Safety group on which all business areas are represented. The Group's Personnel Policy and associated Employee Handbook contain guidelines on health and safety issues. Information on Fasadgruppen's whistleblower hotline is in the Employee Handbook, company intranet, and website.

All Fasadgruppen subsidiaries must be certified in accordance with ISO 9001 and ISO 14001, or equivalent. ISO 9001 is a standard for quality management and ensures quality work based on customer focus, leadership, employee engagement, process focus, improvement, fact-based decision-making and relationship management. ISO 14001 is an environmental management system that, when implemented, helps reduce resource consumption and decrease costs for waste management.

In 2021, Fasadgruppen signed up to the UN Global Compact for Sustainable Development Goals. By signing up to the Global Compact, Fasadgruppen supports and undertakes to act in accordance with the ten Global Compact principles on Human Rights, Labour, Environment and Anti-Corruption. These principles are based on the UN Declaration of Human Rights, the ILO Fundamental Principles and Rights at Work, the Rio Declaration and the UN Convention against Corruption. In autumn 2021



and spring 2022, two representatives from Fasadgruppen Group Management are participating in the SDG Ambition programme headed by the Global Compact Network Sweden.

Sustainable financing

In 2021, Fasadgruppen entered into a loan facility agreements linked to the Company's sustainability work for the first time. The agreements with Skandinaviska Enskilda Banken AB (publ) and AB Svensk Exportkredit (publ), for SEK 880 m and SEK 350 m respectively, are linked to specifically selected sustainability indicators where the interest rate T&Cs are adjusted based on Fasadgruppen meeting pre-defined target values. The relevant sustainability indicators concern both a reduction of CO₂ emissions in relation to Group net sales, and a reduction of workplace accidents in relation to Group net sales.

Values

Fasadgruppen' values describe the core of our operations. These core values guide our work and constitute a clear promise to customers.

Collaboration

- Close collaboration within the Group, with customers, suppliers, and other partners.
- Optimise our way of working with others at all times, to develop close and long-term relationships.
- Best practice is regularly shared between companies within the Group with the aim of making work processes more efficient.
- Create scope for new partnerships.

Commitment

- Local knowledge and commitment in every region and market where we are represented.
- We are always customer focused and strive to exceed highly ambitious expectations.
- Personal contact is the most profitable and effective approach for all parties.
- Local presence and regional strength provide security in all our business.

Expertise

- Extensively accumulate experience within the façade sector.
- Broad expertise within façade installation makes us a reliable partner who delivers high quality services.
- Best practice is shared within the Group to further develop our daily operations in the best interests of customers.
- Together, we have over 1,000 years of experience and are masters in the crafts of masonry and plastering in this sector.

Stakeholder dialogue

Fasadgruppen maintains an ongoing dialogue with the Group’s most important stakeholders on issues that concern various sustainability aspects. This dialogue provides guidance on how we should prioritise the work we do within sustainability and setting targets.

STAKEHOLDERS	CHANNELS FOR DIALOGUE	IMPORTANT ISSUES
Customers <ul style="list-style-type: none"> Construction companies Property management companies Property owners Cooperative housing associations Government and municipalities Consultants 	<ul style="list-style-type: none"> Calls, email, meetings Customer events News feed website Presence on social media Trade fairs, networks, industry days Customer newsletter 	<ul style="list-style-type: none"> Quality Delivery reliability Pricing Energy efficiency improvements Clean and tidy workplace Service and good dialogue
Employees <ul style="list-style-type: none"> Subsidiary company CEOs Current employees Potential employees 	<ul style="list-style-type: none"> Business area meetings Monthly newsletter, intranet, customer magazine Employee appraisals Workplace meetings Participation in upper secondary school events and schools Apprenticeship programme 	<ul style="list-style-type: none"> Salaries, employment terms and conditions Code of Conduct Gender equality Skills provision Skills development Opportunities to influence
Suppliers and other partners <ul style="list-style-type: none"> Product suppliers IT Transport Equipment Banks (loan providers) 	<ul style="list-style-type: none"> Procurement Strategic and operational meetings 	<ul style="list-style-type: none"> Long-term partnerships Transparency Product and supplier quality Code of Conduct Supplier strategy and development Sustainability requirements
Capital market <ul style="list-style-type: none"> Shareholders Investors Analysts 	<ul style="list-style-type: none"> Calls, email, meetings Seminars Reports and press releases 	<ul style="list-style-type: none"> Acquisition strategy Business model and synergies Sustainability Impact of Covid-19
Residents <ul style="list-style-type: none"> Residents Neighbouring residents Local communities 	<ul style="list-style-type: none"> Signs at construction sites Information as necessary (housing assoc) 	<ul style="list-style-type: none"> Noise Changes in the local environment Sustainability

Materiality analysis

Via an ongoing stakeholder dialogue, at Fasadgruppen we ascertain what influences stakeholder decision-making and their expectations on us. Key issues are then categorised into social, ecological and financial aspects and ranked based how Fasadgruppen can, if possible, influence these. All important sustainability issues are consolidated by the Board and form the basis for Fasadgruppen’s sustainability work and our Sustainability Report.

Social aspects

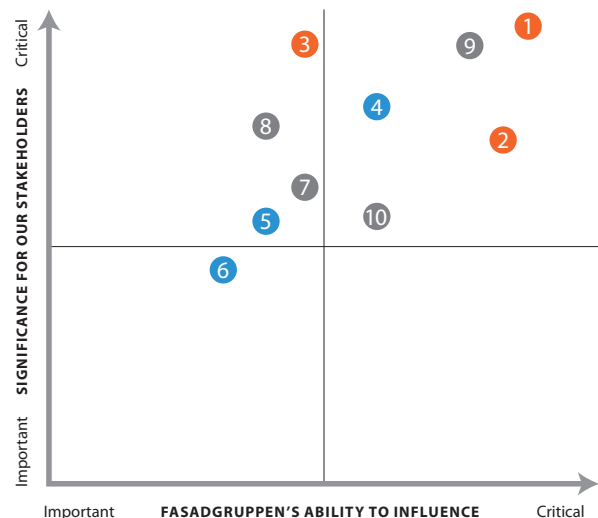
- 1 Occupational health and safety
- 2 Skills provision, skills development
- 3 Gender equality, diversity, and equal treatment

Ecological aspects

- 4 Climate impact and energy efficiency
- 5 Resource efficiency
- 6 Responsible transport and travel

Financial aspects

- 7 Customer and supplier collaboration
- 8 Responsibility in the supply chain (social/environmental i.e. business ethics)
- 9 Anti-corruption/ bribery
- 10 Safer (and more beautiful) societies



Focus areas

Gender equality

Fasadgruppen operates in a sector that historically has been strongly male-dominated, especially on the craftsmanship side. We are therefore actively striving to increase the number of female employees in the Group. One important aspect here is to

In 2021:

4.7%

Proportion of women in the Group

offer inclusive workplaces where no form of discrimination or harassment is acceptable. Fasadgruppen has zero tolerance for discrimination when recruiting, decisions on remuneration, working hours, holidays, work duties, parental leave, performance appraisals, development and

health and wellness benefits. To boost long-term attractiveness for a craftsmanship career, we participate in upper secondary school fairs and work with vocational training courses, as well as offering apprenticeship programmes.

In 2021, a female CEO was recruited by a subsidiary company within Fasadgruppen for the first time. The Group has also entered into a partnership with Sandra Mobaraki, aka Sandra the Builder, an influencer and inspirational figure in the construction industry. Within the parameters of this partnership, Fasadgruppen sponsored #kvinnor i byggbranschen, a women in the construction industry event.

Reduced climate impact

Fasadgruppen strives to reduce our own climate impact through responsible transport, travel, purchasing and energy consumption. The Group's greenhouse gas emissions mainly come from our vehicle fleet, and we have therefore set a goal of an annual increase in the number of fossil-fuel-free company and service vehicles. By 2030, all Group vehicles are to be fossil-fuel-free, as will all other transport services commissioned by Fasadgruppen.

All Fasadgruppen subsidiaries have been certified to ISO 9001 (quality standard) and ISO 14001 (environmental standard),



or equivalent. ISO certification recognises the work the companies are doing to assure good control over the quality of their operations and to reduce the related environmental impact of these activities. ISO certification is necessary to be eligible to tender for certain projects, especially in the case of public pro-

In 2021:

4,617

ton CO₂e, climate impact from Scopes 1 & 2

urements. If a newly acquired company is not certified, we immediately start work to obtain certification as part of the Fasadgruppen integration process.

Via its services, Fasadgruppen helps reduce the climate impact of properties.

According to the Swedish National Board of Housing, Building and Planning, heating accounts for about 20 percent of energy consumption in Sweden. Renovation work using modern insulation techniques is therefore crucial in reducing energy consumption in the future. The most environmentally friendly solutions can also often be the most expensive in the short term, which is why we are keen to explain the long-term benefits of choosing climate-smart alternatives.

Supplementary insulation offers numerous advantages: it increases the value of the property, reduces energy costs and damp in the façade, and creates a better living environment with less noise, higher airflow and no cold draughts. More and more property owners are also seeing the opportunity to organise several façade measures at the same time, such as replacement windows and reroofing. And when you replace the roof, you can achieve additional environment benefits by installing solar panels. Thanks to the breadth of its market offer, Fasadgruppen can manage all these projects at the same time, which adds up to less administration for the property owner and a shorter period of disruption for residents compared to scheduling projects at different times.

In 2021, Fasadgruppen entered into partnership agreements with Aprilice and Svea Solar to be able to offer market leading solar panel solutions to its customers with attractive terms and conditions. Towards the end of the year and start of 2022, Fasadgruppen has also been implementing a joint project with construction sector equipment supplier El-Björn, with the aim of finding more energy efficient solutions and methods that enable the use of more sustainable heating equipment in façade work.

Climate impact per scope

Scope	Description	2021		2020 CO ₂ e, ton	Change %*
		CO ₂ e, ton	Share, %		
Scope 1	Emissions sources that are company-owned, i.e. fuel combustion by vehicles.	4,271	3.2	2,409	-11.2
Scope 2	Emissions associated with the purchase of energy.	346	0.3	205	-15.6
Scope 3	Purchased products and logistics.	129,955	96.6	97,556	-33.3
Total		134,572	100.0	100,171	-32.7

* The percentage change concerns tons of direct and/or indirect emissions of CO₂e per SEK m of net sales.

Waste management in our projects

In addition to contributing to higher energy efficiency in buildings through sustainable façade work, Fasadgruppen seeks to continuously improve our working methods and processes and to reduce material waste in projects.

Workplaces are to have recycling containers to enable waste and construction materials to be sorted. Waste and surplus products arise during renovations when old materials are removed, and during new builds, when unused materials can be surplus to requirements. Harmless old materials are sent for recycling while harmful materials go to landfill. Unused materials are to be used in another project and materials in their original packaging are returned to the supplier. Only approved and environment-certified chemicals are to be used when cleaning façades and water used for this is to be handled in line with applicable directives.

Responsible supply chain

Just as Fasadgruppen aims to contribute to sustainable development with a low environment impact, good working conditions and high ethical values, we require our suppliers to do likewise.

In 2021:
100%
of Fasadgruppen suppliers have signed our Code of Conduct

The Group's Code of Conduct therefore also applies to all suppliers, and we are actively seeking to have all suppliers sign it – or alternatively to show that they have their own code of conduct with equivalent requirements. Fasadgruppen's Purchasing Manager is responsible for this work and in 2021, ensured that all suppliers

have read and agreed to our Code of Conduct. He has also visited our largest suppliers to discuss issues included in the Code.

Occupational health and safety

Fasadgruppen operations are exposed to risks associated with occupational health and safety. Work is often performed at height on scaffolding. We therefore strive to ensure health and safety on our sites with clear health and safety requirements. We have a health and safety group in the Group with representatives from our different business areas that look to ensure we can offer the best and safest work environment for our craftwork personnel. Each subsidiary company has a health and safety officer who reports to the health and safety group.

Injuries and accidents are to be prevented by each company performing an annual health and safety survey to pinpoint potential health and safety risks and formulate a plan to prevent them. This is to be documented by the health and safety group and reported to and monitored by Group Management. All work supervisors are trained in safe working methods and procedures, and this is documented in a skills matrix that is reported annually to Management and the Board.

To prevent accidents, it is important that all employees understand the directives that apply. To this end, each respective work-

place is provided with safety instructions in relevant languages enabling all employees to follow them and take their own personal responsibility for health and safety in the workplace. The Fasadgruppen vision is zero long-term sick leave and accidents.

There were 65 (61) workplace accidents in 2021. Most of these accidents were fall and cut injuries. This figure is a clear improvement on the previous year in relation

In 2021:
65
workplace accidents in operations
2.7%
Proportion of employees with long-term leave of absence

to Fasadgruppen's sales and number of employees. In addition to the above, 75 near accidents were reported. The most common near accidents were due to inadequate scaffolding or tarping over, plus falling objects. In 2021, two cases of sexual harassment were also reported. These cases were investigated by the Fasadgruppen HR function together with the relevant managers at

the subsidiaries concerned, after which measures were taken in accordance with Fasadgruppen's zero tolerance policy concerning harassment.

Sector-wide initiatives

Occupational health and safety is a sector-wide issue, and a great deal of work is being done via common initiatives that span organisations across the entire value chain. Fasadgruppen is a member of Håll Nollan, a member organisation that drives development work within the construction and property sector with the focus on occupational health and safety. Via knowledge sharing, training, common standards and working methods, for example, members receive assistance in improving the work environment and health and safety in the sector. Fasadgruppen is also a member of the cooperative association Byggbranschens säkerhetspark (construction industry safety park), a training facility where subsidiaries can practise safety routines and reflect on approaches and attitudes. Fasadgruppen has also joined Färdplan 2045, that promotes a sustainable, climate-neutral and competitive construction and civil engineering sector by 2045, and to EEF, a stakeholder organisation that promotes energy efficiency with the vision of making Sweden more energy efficient.

Ethics and anti-corruption

Fasadgruppen does not accept any form of corruption, bribery, extortion, or money laundering, and seeks to prevent these types of activities. One important tool is the Code of Conduct that must be accepted by both employees and suppliers, as is our whistle-blower hotline that is available to employees, customers and suppliers.

The Fasadgruppen Code of Conduct is resolved by the Board and reviewed annually or as necessary. It describes the core of Fasadgruppen's ethical rules and how we actively work to improve operations to ensure that they work in a sustainable way. These ethical rules also form the basis for our three core values of collaboration, commitment, and expertise.



The Code of Conduct aims to inform every employee, supplier, and customer, plus shareholders and other stakeholders about the ethical rules the Group applies and the behaviour expected. The Code of Conduct covers areas such as Human Rights, Labor, Environment, Anti-corruption, and business ethics. Each subsidiary is given a copy as part of the integration process after an acquisition is completed. Each respective local managing director is responsible for ensuring that employees at their company comply with the Code of Conduct. The entire Code

of Conduct is published on the Fasadgruppen website.

Fasadgruppen aims to have an open company climate, high business ethics, and to always see what opportunities new improvements can bring. A whistleblower hotline can be contacted if any irregularities, such as bribes, conflicts of interest, environmental crimes or safety failings, are suspected in the workplace. Anyone contacting the hotline can remain anonymous guaranteed by an external and independent adviser. Employees, customers, and suppliers can use the system, and reports can be made via the internet or phone. Other stakeholder groups can also use the system. Guidelines and instructions for the whistleblower hotline are available in all local languages in the Group (Swedish, Danish and Norwegian), plus English. They are also published on the Group intranet and employee handbook. In addition to using the Fasadgruppen whistleblower hotline, suspected irregularities can also be reported to the relevant public authority within a certain area of responsibility, or to any of the EU Institutions, bodies or agencies. Anyone reporting an irregularity has statutory disclosure protection in accordance with Whistleblower legislation.

In 2021, 1 (0) case was reported to the Fasadgruppen whistleblower hotline. The case was thoroughly investigated by relevant personnel within Fasadgruppen that did not find any supporting evidence that any irregularity had occurred.

UN Global Goals for Sustainable Development

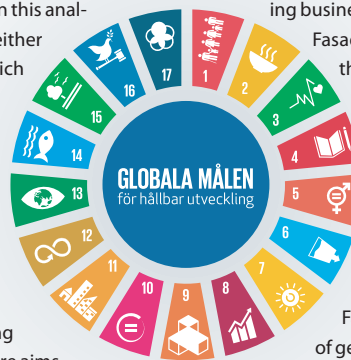
In 2019–2020, Fasadgruppen engaged in analysis and development work to determine which of the 17 UN global goals we are best able to contribute to. This analysis and development work involved several stages within operations, and at Board and in Group Management level, where the 17 goals and 169 sub-goals were discussed and analysed. Based on this analysis, five goals were selected as priorities, that consisted either of areas involving substantial potential risk or areas in which Fasadgruppen has significant opportunities for sustainable development.

Sustainable cities and communities (goal 11)

With our knowledge and market offer, we should promote positive financial, social and environmental connections between urban and rural areas.

Responsible consumption and production (goal 12)

A well insulated façade plays an important role in reducing energy consumption in buildings. Fasadgruppen therefore aims as far as possible, to explain the benefits of improved insulation to our customers. Fasadgruppen actively seeks to promote ethical behaviour in its operations and ensures that all employees are familiar with our Code of Conduct. Fasadgruppen also looks to persuade Group suppliers to sign our Code of Conduct.



Combat climate change and its impacts (goal 13) Fasadgruppen takes great care when choosing materials suppliers to ensure Group sustainability requirements are upheld. We also intend to reduce our climate impact by using fossil fuel free company vehicles and transport in future, and by helping business partners to be as energy efficient as possible. Ultimately, Fasadgruppen services contribute both to sustainable façades that are better able to withstand the effects of climate change and significantly improve the energy efficiency of buildings.

Gender equality (goal 5) Fasadgruppen sustainability goals include increasing diversity. The Group aims to increase the number of female employees each year with a view to having an equal gender balance of administrative personnel by 2030. It is also very important for Fasadgruppen that the salaries of all employees, irrespective of gender, are based on equal grounds and that everyone has good working conditions. One tool to ensure this is via salary surveys.

Decent work and economic growth (goal 8) The Group is continuing work to ensure Fasadgruppen is a safe and healthy place to work with clear health and safety requirements. Our Health and Safety Group works on a continuous basis to ensure employee safety is not at risk and to minimise long-term sick leave within the Group.

Buildings from the 80s in Norway get a **SUSTAINABLE FACELIFT**



Holmlia, in south Oslo, is one of many residential areas built in the late 1980s that was in need of **renovation and energy efficiency enhancement**. DVS Entreprenør is completely renovating Bertramjordet housing association properties, to create both better places to live and enable significant energy savings.

Fasadgruppen subsidiary DVS Entreprenør was contracted to renovate the façades and improve energy efficiency for Bertramjordet housing association in Holmlia. Stage one, an apartment block, has now been completed and we are now working on Stage two, a row of terraced houses. The project is designed to improve the living environment for residents and achieve major energy savings.

The Bertramjordet buildings were built in the late 1980s and are, like many other buildings from the same period, in great need of façade renovation and energy efficiency measures. With the help of DVS Entreprenør, the properties were upgraded to 2020s standard, which will halve energy consumption. The project focused on replacing windows and doors, maintenance-free façades, solar panels, heat recovery and smart home technology.

Stage 1 at Bertramjordet was part of Rexbuild, an EU research project that tests and documents energy efficiency measures. The project was implemented in three different types of homes, in three cities: Oslo,

Madrid and Venice, where different energy efficiency measures were tested and documented over several years. The fine results from this project enabled Bertramjordet to win the OBOS Sustainability Prize for 2021, where the jury citation also highlighted to breadth of the measures, degree of innovation, and long-term work.

Renovating buildings has half the environmental impact of demolishing old to build new properties, according to a new SINTEF report (www.sintef.no).

"We are delighted to have been entrusted with helping Bertramjordet modernise their properties, which we, as a full service supplier, are able to do. Our aim has been to contribute to a pleasant and sustainable living environment," says Leif Erik Mortensen, CEO of DVS Entreprenør.



Leif Erik Mortensen
CEO, DVS Entreprenør

REPORTING IN ACCORDANCE WITH THE EU TAXONOMY REGULATION

The EU Taxonomy Regulation (EU 2020/852) is a classification system to facilitate sustainable investment that came into force in June 2020. The majority of Fasadgruppen investments are assessed as being in alignment with the Taxonomy.

The EU green taxonomy aims to help investors identify and compare environmental investments via a common classification system for environmentally sustainable investment activities. The Taxonomy Regulation has disclosure requirements that entail companies having to present the extent to which their operations are sustainable in relation to sales, operating expenses (OpEx), and capital expenses (CapEx). The taxonomy is still being developed and Fasadgruppen has been assessed as being in alignment based on the documentation that is available at present.

Fasadgruppen operations are covered by the Taxonomy in the sector construction and real estate, and the construction of new buildings (7.1), Renovation of existing buildings (7.2) plus the Installation, maintenance and repair of energy efficiency equipment (7.3). In principle, all Fasadgruppen operations fall into one or other of these three areas and altogether, 87.1 percent of net sales are generated by Taxonomy aligned activities. The part not covered concerns smaller renovations.

83.8 percent of OpEx is assessed as being Taxonomy aligned where administrative expenses and expenses related to smaller renovations have been excluded. 86.5 percent of CapEx is assessed as being Taxonomy aligned where most investments fall under 7.1, 7.2 or 7.3.

Key figures	Total, SEK m	Proportion of financial activities aligned with the Taxonomy, %	Proportion of financial activities not aligned with the Taxonomy, %
Sales ¹	2,726.9	87.1	12.9
OpEx ²	2,372.2	83.8	16.2
CapEx ³	66.2	86.5	13.5

1) See Group report on total comprehensive income on page 55.

2) Total operating costs excluding depreciation and impairment of tangible and intangible non-current assets in the income statement.

3) CapEx related to purchases (Note 11), New agreements (Note 6) and amended agreements in the year (Note 6).

Definitions

Operating expenses Refer to the total costs recognised for research and development, renovation of buildings, short-term lease agreements, maintenance and repair, plus other direct costs necessary for efficient daily operation of material non-current assets.

Capital expenses Refer to total investments in assets that are recognised in accordance with: IAS 16 Property, Plant and Equipment; IAS 38 Intangible Assets; IAS 40 Investment Property; IAS 41 Agriculture (biological assets); plus subsequent right of use in accordance with IFRS 16 Leases.

Description of activities within Fasadgruppen (sector 7. Construction and real estate)

ACTIVITIES	DESCRIPTION	ASSESSMENT
7.1 Construction of new buildings	The development of construction projects for residential housing and other buildings by consolidating financial, technical, and physical resources to implement construction projects for later sale, and similarly the construction of complete apartment blocks or other buildings, for your own account or for sale or against expenses or according to contract.	About 25 percent of Fasadgruppen sales relate to the construction of new buildings, where its subsidiaries are engaged as subcontractors by construction companies. Fasadgruppen subsidiaries then perform services such as façade work, roof laying and window installation in new buildings.
7.2 Renovation of existing buildings	Building and civil engineering work and preparatory work for such.	About 75 percent of Fasadgruppen sales relate to renovation projects. Fasadgruppen subsidiaries perform services such as façade renovation, supplementary insulation, window replacement and reroofing.
7.3 Installation, maintenance and repair of energy efficiency equipment	Individual renovation measures that span the installation, maintenance and repair of energy efficiency equipment.	A smaller part of Fasadgruppen sales concerns the repair of installed solar panels.



RISK MANAGEMENT

Fasadgruppen operations, like all business operations, are associated with different types of risk that can affect the Group's ability to pursue its strategies and achieve its objectives. Well balanced risk management can create opportunities and competitive advantages.

Fasadgruppen defines risk as a future possible event which threatens the organisation's ability to achieve its vision and long-term targets. To minimise risks and their negative impact, the Group applies an established process according to which risks are continuously identified, managed and reviewed. Risks identified are categorised into external risks, operational risks and financial risks and are assessed on the basis of their probability and impact.

As in the previous year, 2021 has been a different year for the Group from several perspectives. The Covid-19 pandemic has continued to have an impact on both society and companies to varying degrees. The initial uncertainty on the market as a consequence of the pandemic has, under the second half of the financial year in particular, turned into a good recovery for Fasadgruppen itself. The high demand for raw materials together with a production and delivery problematic that has resulted in a materials shortage in several sectors, has not impacted Fasadgruppen's operations to any great extent at present. The Group has worked closely with suppliers to ensure materials supply and has also been able to manage the price increases caused by the supply and demand imbalance. Our annual risk assessment has accordingly included the pandemic, with the aim of dealing with any possible long-term impact.

In addition, Fasadgruppen has continued to work proactively to integrate sustainability related risk management into daily operations, including by updating policies, governing documents and further refining non-financial targets set within our organisation.



War in Europe – new external risk

The tragic situation being witnessed in the war between Ukraine and Russia, is currently assessed as having a limited impact from a short-term perspective. Fasadgruppen only has operations in Sweden, Norway and Denmark, and neither personnel, production nor input goods come from the countries at war. Consequences from a longer perspective, that are primarily considered to be of a general economic nature, are difficult to estimate at present.

External risks

External risks are primarily related to factors outside Fasadgruppen's own operations such as macroeconomic growth on the Group's main markets that can come to affect the possibility of achieving targets set.

External risks can be reduced and managed to a certain extent via careful analysis and strategic choices.

RISK DESCRIPTION	RISK MANAGEMENT
<p>A Economic cycle</p> <p>Pricing of and demand for Fasadgruppen services are affected by the general economic cycle and other market conditions.</p>	<p>The market for renovations, which is Fasadgruppen's main market, has historically shown stable growth even during a weaker economic cycle. The Group's broad customer portfolio and geographic diversification contributes to spreading this risk further and so reduce possible economic cycle risks.</p>
<p>B Weather conditions and climate change</p> <p>Fasadgruppen projects very largely concern outdoor work, which can be affected by adverse weather conditions. Cold weather, for example, impedes hardening processes in masonry and plastering work.</p> <p>In the long term, work may be affected by extreme weather caused by global climate change, which could impede project planning and implementation.</p> <p>In addition, there is a need to reduce our emissions of greenhouse gases in relation to the use, resource efficiency, and choice of suitable materials in day to day work.</p>	<p>Fasadgruppen works actively to adjust its personnel force to maximise their utilisation. Given our geographical spread, companies in the north, which generally face harsher weather conditions, could second personnel to companies in the south in winter.</p> <p>Working in extreme weather conditions imposes substantial demands on workplace safety in the form of, for example, weather protection. Extreme weather can also offer opportunities in the form of property exteriors that must be renovated due to greater wear caused by torrential rain and storms, for example.</p> <p>As part of climate related risk management with regard on our own emissions and carbon footprint, Fasadgruppen has further refined both its own Code of Conduct and its Code of Conduct for suppliers. Governing documents also form a framework aimed at minimising the climate impact of the Group and suppliers.</p>
<p>C Pandemics</p> <p>Pandemics, such as Covid-19, can entail increased project costs due to higher raw material prices, that affect the customer orderbook and the postponement or cancellation of contracts. But above all, pandemics pose a serious threat to employee health and the environment in which they work.</p>	<p>Fasadgruppen actively monitors developments in society and maintains a continuous dialog with each respective subsidiary with regard to both needs and possible challenges in logistics, materials, supply chains, and employees in all geographic areas. In addition, developments in each respective country where Fasadgruppen companies operate are also monitored with regard to local measures, restrictions and possible lockdowns.</p>

Operational risks

Operational risks arise within daily operations and are primarily within the control of Fasadgruppen.

Operational risks are managed with the aid of policies and guidelines, plus clear processes and strong common values.

RISK DESCRIPTION	RISK MANAGEMENT
<p>D Projects</p> <p>Fasadgruppen mainly works in project format and is therefore exposed to project risks, such as procurement risks (e.g. incorrect calculations of materials or time required) and production risks (e.g. logistics challenges, complexity and faulty installation work).</p>	<p>Fasadgruppen works actively to identify and prevent project and production risks. The risk of incorrect calculations is mitigated by, for example, requiring duality in project calculations. Before Fasadgruppen enters into a contract and commences a project, efforts are made to try and identify the risks and opportunities associated with the tendering and production processes for the specific project. The Group also works actively to ensure that the right personnel are assigned to the right project – that the employees working on a project have the necessary expertise and experience. Were a problem to arise in a project, this is initially addressed by the relevant subsidiary, but if necessary, the Business Area Manager can be brought in to help resolve the problems.</p>

Operational risks cont.

RISK DESCRIPTION	RISK MANAGEMENT
<p>E Acquisitions</p> <p>Fasadgruppen has an active acquisition strategy that has contributed to the growth of the Group since the start. The Group is therefore exposed to risks related to opportunities to identify and complete acquisitions, and to then integrate these companies.</p>	<p>Fasadgruppen has completed over 20 acquisitions in 2021, and continuously develops its acquisition strategy in line with experiences gained. The Group identifies potential acquisition candidates with the support of the market knowledge that we are an attractive buyer with an established network in the sector. Fasadgruppen's contacts and partnerships with various sector associations make it easier to quickly identify interesting local companies and acquisition candidates. Once a company has been acquired, integration commences immediately, focusing on efficient processes, without risking disruptions to day-to-day operations. Fasadgruppen has a well established integration and synergy model that is based on seven pillars that include ISO certification, purchase agreements, and the percentage of completion method.</p>
<p>F Skills supply</p> <p>Fasadgruppen is dependent on qualified personnel with skills and experience in company acquisitions, sales and cost calculations for various types of contracting assignments, as well as in project and works management. The Group also needs highly skilled craftspeople, such as bricklayers to perform its services.</p>	<p>Fasadgruppen strives to be an attractive employer that offers favourable terms and conditions, professional managers, and safe and secure workplaces that offer employees opportunities for advancement. Being an attractive employer also embraces diversity issues. Fasadgruppen also actively looks to attract future craftspeople to the profession by attending career days at upper-secondary schools and by offering apprenticeship programmes. Where a subsidiary lacks personnel for a project, it is possible to second personnel from other subsidiaries within the Group.</p>
<p>G Supply chain</p> <p>The supply chain is regularly engaged as a complement to our own workforce. Engaging subcontractors entails the risk that Fasadgruppen lacks full insight into, or control over, subcontractor activities or personnel. If the subcontractor does not maintain a sufficiently high standard, this can have an adverse impact on Fasadgruppen.</p> <p>Similarly, there is a quality assurance risk with materials if there is inadequate insight in the supply chain when it comes to the choice of input goods in the manufacturing process.</p>	<p>Fasadgruppen continuously evaluates and increases its control over the supply chain and to assure access to materials that are critical for the work we do. Materials purchasing is done in line with centrally established contracts and quality control templates.</p> <p>As a rule, Fasadgruppen subsidiaries contract the same subcontractors over time, which enables them to become familiar with subcontractor operations and personnel. For quality assurance purposes, all subcontractors are required to adhere to the Fasadgruppen Code of Conduct and all other applicable rules.</p> <p>Fasadgruppen only works with subcontractors that have collective agreements with their personnel to avoid any problematic with the black market and, as far as possible, to prevent any breaches of human rights.</p>
<p>H Warranty undertakings and claims</p> <p>Fasadgruppen agreements with Nordic customers generally include warranty undertakings in accordance with the general provisions for turnkey contracts for construction, civil engineering and installation work. These warranty undertakings usually entail Fasadgruppen being liable for work meeting the agreed functional requirements and for any defects arising within a warranty period of five years.</p>	<p>At the end of 2021, Fasadgruppen had warranty undertakings amounting to SEK 137.9 m, corresponding to 5.2 percent of full-year sales in 2021. Fasadgruppen subsidiaries generally have very extensive experience of performing façade work and taking active quality assurance measures in all projects to minimise the number of claims. In the event a subsidiary receives a warranty case or claim, legal support can be provided by Fasadgruppen central support.</p>
<p>I Workplace accidents and working conditions</p> <p>Façade work often entails working in dirty environments and at height. Accordingly, the work is associated with certain risks, such as the risk of fall accidents and inhaling harmful pollutants. Such risks can entail personal injuries and fatalities, plus severe damage to property and work equipment.</p>	<p>Fasadgruppen work is subject to extensive health and safety legal and regulatory controls. Fasadgruppen has also implemented policies and other measures aimed at reducing the risk of accidents in the workplace. The Group has a health and safety group with representatives from our different business areas that look to ensure the Group can offer the best and safest work environment for our personnel. The Group also has an internal network of health and safety officers who are available for all subsidiary companies and their employees. Injuries and accidents are to be prevented by each company performing an annual health and safety survey to pinpoint potential health and safety risks and formulate a plan to prevent them. All works supervisors are trained in safe working methods and procedures. Each respective workplace is to be provided with safety instructions in relevant languages.</p>

Operational risks cont.

RISK DESCRIPTION	RISK MANAGEMENT
<p>J IT risks</p> <p>Risk of a longer interruption to business critical systems and loss of business critical data.</p>	<p>Managed via back-ups and compliance with IT Policy and control matrix. Relevant personnel are given regular training and information about fraud and information security.</p>
<p>K Compliance</p> <p>Regulatory compliance in a large and decentralised organisation entails a risk for Fasadgruppen. Risk include employees not following internal rules or legal requirements.</p>	<p>Fasadgruppen actively works with the Group values established and training in our Code of Conduct, for both employees and suppliers. This work is primarily based on the Code of Conduct, Code of Conduct for suppliers and whistleblower hotline that is available to all employees.</p>

Financial risks

Financial risks refer to risks in the form of changed financial conditions that are managed by the Group's central finance function in accordance with guidelines in the Group's Finance Policy. By consolidating and controlling these risks centrally, it is possible to reduce the risk level and achieve cost-efficient financing.

RISK DESCRIPTION	RISK MANAGEMENT
<p>L Impairment of acquisition-related intangible assets</p> <p>Acquisitions form a key part of Fasadgruppen's growth strategy, and acquisition-related goodwill is accordingly a significant item on the consolidated balance sheet. The risk of impairment of goodwill and other acquired intangible assets arises if an entity were to underperform in relation to the assumptions applicable when valuing the entity and any impairment may impact the financial position and earnings of the Group.</p>	<p>Fasadgruppen has extensive experience of acquiring and pricing companies. A vital part of our acquisition model is based on creating incentives for continued positive growth in profitability by retaining key persons in the company. All potential candidates are carefully checked and assessed based on clear criteria before an acquisition is implemented. The Group continuously monitors relevant circumstances regarding operations, the general financial situation, and the possible impact such circumstances may have on the valuation of Group goodwill.</p>
<p>M Interest rate risk</p> <p>Fasadgruppen is exposed to interest rate risk through fluctuations in market interest rates that affect Group's earnings and cash flow.</p>	<p>The Fasadgruppen Finance Policy contains established principles, approved by the Fasadgruppen Group AB Board, that provide a framework for managing interest rate risk. See Note 13.</p>
<p>N Finansieringsrisk</p> <p>Risk that current credit facilities will not be extended or it will not be possible to be given new credit facilities, including new share issues to obtain external capital.</p>	<p>The amount the Group has the ability to pay is determined by, and at all times is to be able to cover, 100 percent of estimated net investments and working capital requirements for the next three months.</p> <p>The Fasadgruppen Finance Policy in general contains established principles, approved by the Fasadgruppen Group AB Board, that provide a framework for managing interest rate risk. See Note 13.</p>
<p>O Credit risk</p> <p>Credit risk refers to the risk that the counterparty to a transaction fails to meet its financial obligations and that any collateral fails to cover Fasadgruppen's claim.</p>	<p>All companies within Fasadgruppen are to minimise and avoid exposure to credit risk associated with accounts receivable from customers. To limit this risk, the Group takes out annual credit risk insurance.</p> <p>The Fasadgruppen Finance Policy in general contains established principles, approved by the Fasadgruppen Group AB Board, that provide a framework for managing credit risk. See Note 13.</p>
<p>P Currency risk</p> <p>Currency risk is the risk that changes in exchange rates will have a negative effect on the income statement, balance sheet and cash flow.</p>	<p>The majority of Fasadgruppen transactions are conducted in the respective currency of each country (transaction exposure). Minor exposure to exchange rate changes may arise from balance sheet exposure at Group level from Danish and Norwegian subsidiaries. The Fasadgruppen Finance Policy contains established principles, approved by the Fasadgruppen Group AB Board, that provide a framework for managing currency risk. See Note 13.</p>

THE SHARE

Fasadgruppen was listed on Nasdaq Stockholm on 9 December 2020. The total return on investment in Fasadgruppen shares amounted to 94.5 percent in 2021 and at the end of the year, market capitalisation was just over SEK 7.7 billion.

Development of the share

Fasadgruppen shares were listed on 9 December 2020 at an introductory price of SEK 60.00 per share. Market capitalisation at the time of listing was around SEK 2,700 m. The shares performed favourably in 2021 and had risen by 93.9 percent at the end of the year. Total return on investment, i.e. the return including a dividend of SEK 0.60 per share, amounted to 94.5 percent. On the last trading day, 30 December, the closing price was SEK 170.40 SEK, corresponding to a market capitalisation of SEK 7,734 m.

Trading and turnover

Fasadgruppen shares are traded on the Nasdaq Stockholm Mid Cap list under the symbol FG. In 2021 average turnover was 56,899 shares per trading day, at an average value of around SEK 7.8 m.

Share capital

According to the Articles of Association, Fasadgruppen share capital shall amount to a minimum of SEK 1 m and a maximum of SEK 4 m. In 2021, share capital was increased via two new issues of a combined total of 255,173 shares in association with acquisitions. As of 31 December 2021, share capital amounted to SEK 2.3 m

divided into 45,387,653 shares with a quotient value of SEK 0.05 per share. All shares are of the same class with similar voting rights and share of capital and profit.

Shareholders

Fasadgruppen had 3,360 known shareholders at the end of the year. The ten biggest shareholders in the Company owned 60.2 percent of the share capital and votes. 67.0 percent of the capital is held by shareholders based in Sweden. Fasadgruppen estimates that around 30 percent of the Company's shares are owned by leading executives and personnel within the Group.

Dividend and dividend policy

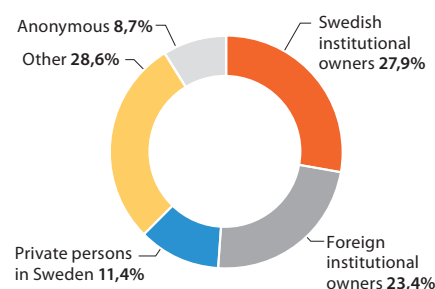
The Fasadgruppen Board of Directors has established a dividend policy, whose aim is to distribute 30 percent of the Group's consolidated net profit, taking into account factors such as financial position, cash flow and growth opportunities. The 2021 AGM resolved on a dividend of SEK 0.60 per share (0.00) for 2020, corresponding to SEK 27.1 m (0,0) or 30.2 percent of net profit for the Company. The Board has proposed a dividend of SEK 1.20 (0.60) per share for 2021 to the 2022 AGM. At the start of 2022, 3,062,790 shares have been issued, which

are entitled to a dividend. The total dividend thereby amounts to SEK 58.1 m (27.1), including newly issued shares in 2022, corresponding to 31.3 percent of net profit for the Company.

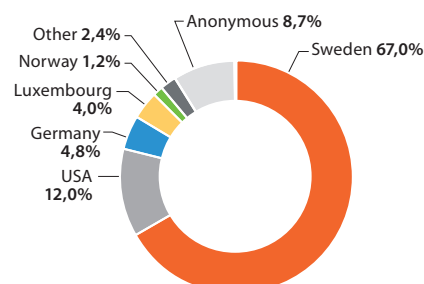
The ten biggest shareholders

Shareholder per 2021-12-31	No. of shares	Share of capital and votes, %
Capital Group	5,209,804	11.5
Connecting Capital	5,033,790	11.1
Swedbank Robur Fonder	3,833,333	8.4
A.M. Karlsson i Kviksund AB	3,532,009	7.8
Sterner Stenhus Holding AB	2,185,841	4.8
KFAB Förvaltning AB	2,021,204	4.5
Paradigm Capital AG	1,589,926	3.5
Danske Invest (Lux)	1,583,428	3.5
Enter Fonder	1,318,080	2.9
Per Sjöstrand	990,280	2.2
Total	27,297,695	60.2
Other shareholders	18,089,958	39.8
Total	45,387,653	100.0

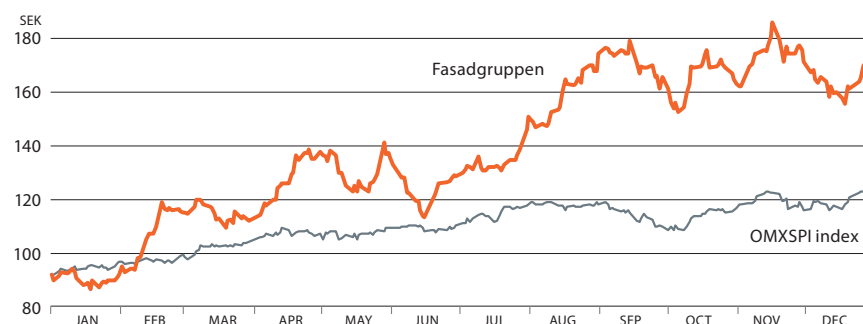
Shareholding per category



Shareholding per country



Share price development in 2021



FIVE reasons to invest in Fasadgruppen

Fasadgruppen Group AB is the largest façade work company in the Nordics and the only complete provider of sustainable façades operating nationwide in Sweden. Our operations are based on local entrepreneurial subsidiary companies with a clear focus on collaboration, commitment and expertise. Fasadgruppen is in an expansive phase and market leading in the sector.

1

Clear exposure to underlying long-term market drivers

The façade market is driven by underlying renovation needs in both residential and commercial properties. In connection with new construction, façade work also comprises a crucial and specialised activity that construction companies to a large extent are outsourcing. In addition, the trend towards more energy efficient façade solutions, which is being partly driven by new legislation, could further drive market growth.

2

Leading-edge expertise with a clear position in the value chain

Fasadgruppen companies have a long history and superior skills sets in façade work. Façade work requires specialist skills and as such is an attractive sub-segment on the renovation and construction market, which offers a diverse customer base and opportunities for economies of scale. Fasadgruppen's breadth also makes it one of few companies with the skills, capacity and experience to perform complex projects – from new construction to projects involving cultural heritage and historic interest buildings.

3

The business model combines local entrepreneurship with economies of scale

The Fasadgruppen business model is based on a decentralised structure. Our projects are performed by local specialist subsidiary companies with leading local market positions and long standing customer relationships. Our subsidiaries work closely with each other to win multidisciplinary projects, and share resources and best practice. Significant economies of scale are achieved by negotiating contracts for materials and other services centrally. These subsidiaries also receive support from the Group for financial reporting and legal services which means they can concentrate on day to day operations.

4

Services contributing to climate goals

The services Fasadgruppen provides have a clear connection to sustainability and the environment. Most façade solutions deliver direct environment improvements, such as reduced energy consumption via façade renovation and the installation of modern windows. With supplementary insulation, energy savings of up to 50 percent can be achieved in individual properties, and via SmartFront, a Fasadgruppen patented ventilation solution, energy savings can be as high as 75 percent.

5

Opportunity for consolidation in a highly fragmented market

Fasadgruppen has an active acquisition strategy, focused on strengthening its geographical presence, its service offer and its expertise. More than 10,000 companies are active in façade work in the Nordic region, generating considerable opportunities for consolidation and long-term growth. When identifying acquisition candidates, Fasadgruppen places great focus on the degree of craftsmanship within a company, profitability, entrepreneurial spirit and market position to ensure each new acquisition can contribute directly to the Group's overall strategy and value creation. Over the years, Fasadgruppen has strengthened its acquisition capacity and by our local businesses working closely with central support services, new acquisition candidates of interest are found.

CORPORATE GOVERNANCE REPORT

Fasadgruppen strives to apply strict standards and effective corporate governance processes to ensure that its operations generate long-term value for shareholders and other stakeholders. This includes maintaining an efficient organisational structure, processes for internal control and risk management, and transparent internal and external reporting.

Principles of corporate governance

Fasadgruppen Group AB is a Swedish public listed company whose shares have been listed on the Nasdaq Stockholm since December 2020. Fasadgruppen's corporate governance is based on the Swedish Companies Act, Nasdaq regulations for issuers and the Swedish Code of Corporate Governance (the Code), plus other applicable laws and regulations. Key internal governance instruments are the Fasadgruppen Articles of Association, Board of Directors Rules of Procedure and other internal policies and instructions. No deviations from the Code occurred in 2021.

Share capital and shareholders

According to the Articles of Association, share capital must be not less than SEK 1,000,000 and not more than SEK 4,000,000, divided into not less than 20,000,000 shares and no more than 80,000,000 shares. As of 31 December 2021, share capital amounted to SEK 2,269,400 divided into 45,387,653 shares with a quotient value of SEK 0.05 per share. All shares have equal voting rights.

At the end of 2021, Fasadgruppen had 3,366 known shareholders. At this same point in time, the ten largest shareholders held 58.0 percent of the shares and votes. The three largest shareholders were Capital Group, Connecting Capital and Swedbank Robur Fonder. Foreign shareholders accounted for 33.0 percent of the shares and votes. Swedish institutional shareholders held 23.4 percent which private individuals in Sweden held 11.4 percent. Fasadgruppen estimates that around 30 percent of the shares and votes are held by Board Members, Management and personnel in Fasadgruppen.

General meeting of shareholders

A general meeting of shareholders is Fasadgruppen's highest decision-making body. At a general meeting, shareholders can exercise their voting rights on key issues, such as approving the income statements and balance sheets, disposal of company profits, discharging members and the CEO from their personal liabilities, electing members and auditors, and on fees to members and auditors.

An Annual General Meeting is to be held within six months of the end of each financial year. In addition to the AGM, extraordinary general meetings can be convened. According to the Articles of Association, notice of the AGM is to be published in Post- och Inrikes Tidningar and on the company website. The Company is also to advertise the convening of a general meeting in Svenska Dagbladet.

Anyone wishing to participate in an AGM must be entered as a shareholder in a printout or other presentation of the entire share register pertaining to circumstances six banking days before the AGM, and must notify the Company of their intention to participate no later than on the date stated in the notice.

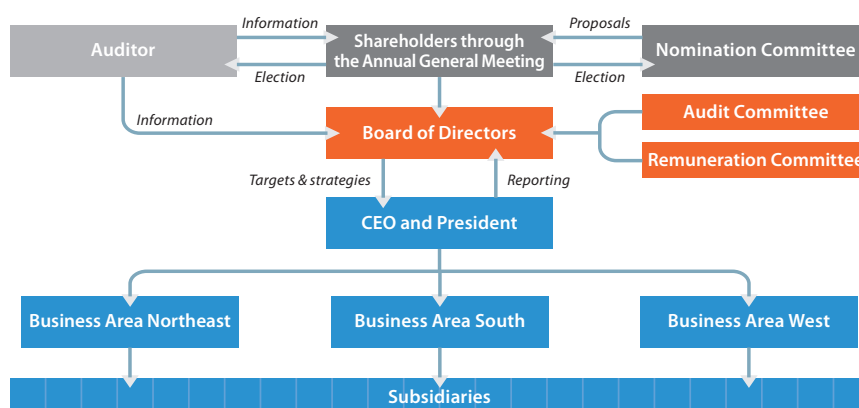
Shareholders wishing to have an issue considered at an AGM must request this to the Board of Directors in writing. The case is to be considered at the AGM if the request has been received by the Board of Directors no later than one week prior to the earliest date on which, in accordance with the Swedish Companies Act, notice may be issued, or after that date, if there is sufficient time to include the case in the notice to shareholders of the AGM.

Notices, communiques and minutes, plus other associated general meeting material, are to be published on the Fasadgruppen website.

Annual General Meeting 2021

The 2021 AGM was held on 18 May 2021. To avoid any risk of the spread of Covid-19, the Board resolved that the AGM would not be held in person with the presence of shareholders, proxies and that shareholders would be given the opportunity to exercise their voting rights by postal

Control structure



vote before the meeting. 19.1 percent of the total number of shares and votes were represented at the meeting, that resolved on issues such as a dividend of SEK 0.60 per share, the reelection of Per Sjöstrand (Chairman), Tomas Ståhl, Ulrika Dellby, Tomas Georgiadis and Gunilla Öhman, and the election of Christina Lindbäck, the introduction of a long-term incentive programme and a mandate to the Board to resolve on share issues and buybacks and transfers of company shares.

Nomination Committee

According to instructions adopted at the Extraordinary General Meeting of 2 October 2020, the members of the Nomination Committee are to be appointed by granting each of the three largest shareholders in the Company (in accordance with the share register maintained by Euroclear Sweden on the last banking day in August) the opportunity each to appoint a member. If fewer than three members have been appointed in accordance with this procedure, other shareholders in the order of voting rights are to be granted the opportunity to appoint one member each until a total of three members have been appointed. The shareholder with the most voting rights in the Company has the right to appoint the Chairman of the Nomination Committee.

The Nomination Committee is tasked with submitting proposals to the AGM regarding:

- election of the Chairman of the Board and other Board Members,
- resolution on fees to Board Members,
- election of auditors,
- resolution on fees to auditors,
- election of Chairman of the AGM, and
- resolutions on changes to Nomination Committee instructions (if the Nomination Committee considers this necessary).

See table right, for the composition of the Nomination Committee for the 2022 AGM.

Diversity on the Board

The Nomination Committee shall apply Rule 4.1 of the Code as a diversity policy when preparing proposals to the Board, with the aim of achieving a good composition in terms of diversity and breadth, with regard to gender, nationality, age and sector experience.

Board of Directors

The Board of Directors is Fasadgruppen's second-highest decision-making body after the AGM. Board duties are mainly regulated by the Swedish Companies Act, the Company's Articles of Association and the Code. In addition, the work of the Board is regulated by AGM instructions and the Board Rules of Procedure. These Rules of Procedure regulate how work is allocated within the Board. The Board also adopts instructions for Board committees, instructions to the CEO and instructions for financial reporting to the Board.

The Board is responsible for Fasadgruppen's organisation and the management of Company business, which includes responsibility for:

- the production of general, long-term strategies and goals, budgets and business plans,
- establishing guidelines to ensure that operations generate long-term value,
- inspecting and approving financial statements,
- resolving on issues concerning investments and sales, capital structure and dividend policy,
- the development and adoption of central policies, ensuring control systems are in place to monitor compliance with policies and strategies, ensuring systems are in place for the monitoring and control of company operations and

risks, material changes in the company organisation and operations.

- appointing a CEO and, in accordance with guidelines adopted by the AGM, setting remuneration and other employment benefits for the CEO and other senior executives.

The Chairman of the Board is to ensure that the Board works efficiently and fulfils its undertakings.

The Board is to meet in accordance with a schedule resolved annually. In addition to these ordinary meetings, additional board meetings can be convened if the Chairman considers it necessary or if a Member or the CEO requests this.

Work of the Board of Directors in 2021

The Board held 19 meetings in 2021, of which 11 were additional board meetings to consider specific acquisitions. Ordinary board meetings always include a review of operations report from the CEO, with information on acquisitions, the organisation, purchases, health and safety, and sustainability, plus a financial report from the CFO with an income statement and budget progress report.

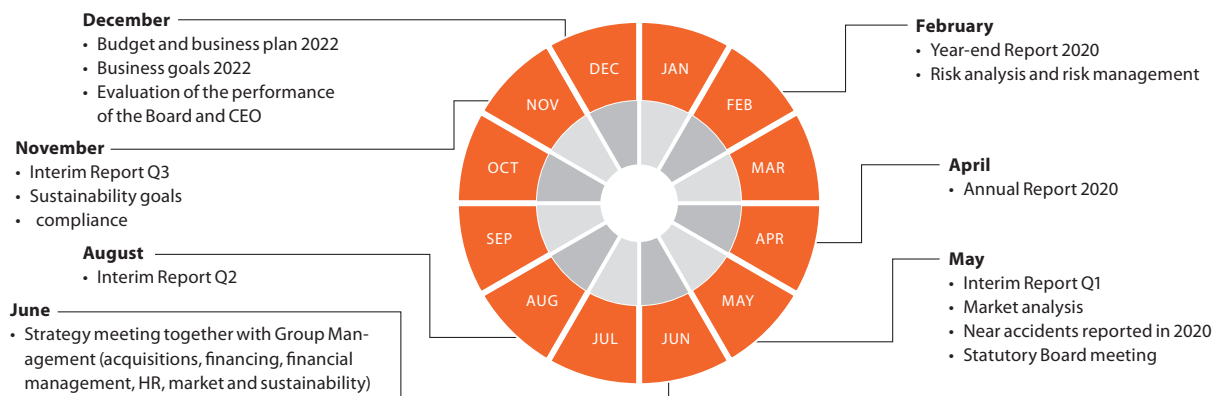
Evaluation of the Board

To assure and develop the work of the Board, an annual evaluation of the work done by the Board and its Members is performed. In 2021, the evaluation was done via an externally sourced online questionnaire that each Member was asked to complete. The results of this evaluation were presented to the Members in writing and discussed at the Board meeting in December. The Chairman of the Board also presented the results of the valuation at a meeting with the Nomination Committee.

Composition of the Nomination Committee

Member	Appointed by shareholder	Shareholder voting rights per 2021-12-31, %
Lars Nordin, Chairman	Connecting Capital	11.1
Marianne Nilsson	Swedbank Robur Fonder	8.4
Mikael Karlsson	A.M Karlsson i Kviksund AB	7.8

Work of the Board of Directors in 2021



Work of the Board in 2021

The Board has established a committee tasked with preparing decisions on specific issues. Cases that are considered at committee meetings are to be minuted and reported to the Board at the next meeting. Members and the Chairman of the committee are appointed at a statutory board meeting that is held immediately after the election of Board Members.

Remuneration Committee

The Remuneration Committee consists of three members: Per Sjöstrand (Chairman), Tomas Ståhl and Tomas Georgiadis. All members of the Committee are independent in relation to the Company and Company Management. The Committee held one minuted meeting during the year.

The Remuneration Committee's main tasks are to:

- prepare Board decisions on issues of remuneration principles, remunerations and other employment terms and conditions for Company Management,
- monitor and evaluate ongoing programmes of variable remuneration for Company Management,
- monitor and evaluate application of the guidelines for remuneration of senior executives, which are by law to be determined by the AGM, as well as current remuneration structures and remuneration levels in the Company,

- prepare and provide the Board with a draft of the Remuneration Report that the Company is required to prepare in accordance with the Swedish Companies Act,
- if the Company implements incentive programmes for its employees, the Remuneration Committee is to ensure that the incentive programme is reviewed annually.

Audit Committee

The Audit Committee consists of three members: Ulrika Dellby (Chairman), Tomas Ståhl and Gunilla Öhman. All members of the Committee are independent in relation to the Company and Company Management. The Committee held four minuted meetings during the year.

The Audit Committee's main tasks are to:

- supervise the Company's financial reporting and submit recommendations and proposals to assure the reliability of such reporting,
- with regard to financial reporting, supervise the efficiency of the Company's internal controls, internal audit and risk management,
- keep abreast of the audit of the annual accounts and consolidated accounts, and on the conclusions of the Swedish Inspectorate of Auditors' quality assurance,
- inform the Board of the results of the audit and in what way the audit contributed to the reliability of the financial reporting and of the role the Audit Committee has had,
- audit and monitor the impartiality and independence of the external auditor with particular attention given to whether the external auditor provides the Company with services other than auditing,
- support the Nomination Committee in producing proposals for resolution on the choice of auditors at the AGM.

Composition and attendance of the Board of Directors

Member	Post	Elected	INDEPENDENT OF		ATTENDANCE AT MEETINGS		
			The Company and Company Management	Larger share holder	Board meetings	Audit Committee	Remuneration Committee
Per Sjöstrand	Chairman	2019	Y	Y	19/19	-	1/1
Christina Lindbäck (from 18 May)	Member	2021	Y	Y	11/11	-	-
Gunilla Öhman	Member	2020	Y	Y	19/19	5/5	-
Tomas Georgiadis	Member	2020	Y	Y	19/19	-	1/1
Tomas Ståhl	Member	2018	Y	N	19/19	5/5	1/1
Ulrika Dellby	Member	2019	Y	Y	19/19	5/5	-
Mikael Karlsson (to 18 May)	Member	2018	N	Y	8/8	-	-



CEO and Group Management

The Chief Executive Officer is subordinate to the Board and is to manage day to day operations in accordance with the Board's guidelines and instructions. The division of work between the Board of Directors and the CEO is stated in the Board's Rules of Procedure and the instructions for the CEO.

The CEO is responsible for ensuring that the Board receives all information and materials necessary for making decisions, heads the work of Group Management, and makes decisions after consulting with other members of Group Management. The CEO also acts as rapporteur at Board meetings and is to ensure that Board Members regularly receive the information required to monitor the financial position, liquidity and development.

Group Management currently comprises the CEO, Deputy CEO, CFO, IR Manager, three Business Area Managers, Marketing Manager, HR Manager and Purchasing Manager. The Fasadgruppen CEO is Pål Warolin.

» Read more about Group Management on pages 46-47.

Board remuneration

The 2021 AGM resolved that fees to Board should be SEK 500,000 to the Chairman and SEK 250,000 to each of the other Members that are elected by the AGM and that the Chairman of the Audit Committee should receive SEK 75,000.

» For further information on fees to the Board, see Note 4.

Guidelines for remuneration to senior executives

Guidelines for remuneration to senior executives were established at the 2021 AGM. The remuneration principles are to assure responsible remuneration decisions that support the Company strategy, long-term interests and sustainable business methods. Salaries and other employment terms and conditions are to enable the Group to retain and recruit skilled senior executives at a reasonable expense. Remuneration to senior executives can comprise a fixed salary, variable salary, pension and other benefits.

» The Fasadgruppen guidelines for remuneration to senior executives are presented in full in the Board of Director's Report in the Annual Report on pages 53-54. For remuneration to the CEO and Group Management plus other benefits and employment terms and conditions, see Note 4.

Incentive programme

The 2021 AGM resolved to introduce a long-term incentive programme consisting of warrants. The incentive programme aims to create a platform to retain and recruit skilled personnel to the Group, to increase the motivation of participants, company loyalty and a community of interests with Company shareholders and to promote individual share ownership in the Company and in so doing, support shareholder value and the Company's long-term value creation.

The programme consists of a maximum 923,010 warrants. Each warrant entitles the holder to subscribe to a new

share in the Company in June 2024. The subscription price for each such share shall be SEK 164.1, which corresponds to 125 percent of the averaged volume weighted price paid for the Company's shares on the Nasdaq Stockholm over the last ten trading days before the 2021 AGM.

At end of 2021, 487,382 warrants have been issued to 64 employees in the Group at a market price calculated in accordance with the Black & Scholes model. Option premiums paid amount to SEK 7.9 m. The remaining 435,628 warrants are held by the Company's wholly owned subsidiary, Fasadgruppen Norden AB, and have been transferred free of charge.

Under certain circumstances, the Company has the right to buy back warrants from holders who cease to be employees of the Group or that wish to transfer their warrants to a third party.

» For more information on the warranty terms and conditions, please see the Company website.

Auditor

The auditors are to review the Fasadgruppen Annual Report and accounting, and the administration of the Board and CEO. As the Company is a Parent Company, the auditors also examine the consolidated accounts and the mutual relationships between Group companies. Audits of Fasadgruppen financial statements and accounts, and of the administration by the Board and CEO, are conducted in accordance with generally accepted accounting principles in Sweden. At the end of each financial year the auditors are to submit an auditor's report and an auditor's report for the Group to the AGM. At the 2021 AGM, accountants Deloitte AB were re-elected as auditors for the period up to the 2022 AGM. Richard Peters, Certified Public Accountant, is primarily responsible for the audit of Fasadgruppen.

The Board's report on internal governance and control regarding financial reporting

Fasadgruppen has established a structure and processes for internal governance and control aimed at achieving an efficient organisation that achieves the targets set by the Board of Directors.

Fasadgruppen's work with internal governance and control aims to ensure that operations are conducted in a correct and efficient manner, that laws and regulations are complied with and that financial reporting is correct and reliable and in accordance with applicable laws and regulations.

The control environment forms the basis for Fasadgruppen's work with internal governance and control. The process itself is structured into: risk assessment, control activities, and assessment and reporting. Providing information and communications about risks, policies, procedures and controls helps ensure good risk management and that correct business decisions can be made.

Control environment

The control environment constitutes the basis for internal governance and control regarding financial reporting. It is defined via policies, instructions and guidelines

and is maintained with the help of the Fasadgruppen organisational structure, with clear responsibilities and powers based on common values.

The Fasadgruppen Board has overall responsibility for the internal governance and control of the Group. Responsibility for maintaining an effective control environment and conducting ongoing work with internal control and risk management is delegated to the CEO. The CFO has overall responsibility for coordinating the management and review of work with internal control regarding financial reporting in the way resolved by the Board. CFO responsibilities also include ensuring that accounting and reporting within the Group comply with applicable laws and standards and that new standards and interpretations are implemented correctly.

Risk assessment

Fasadgruppen performs an annual risk analysis and risk assessment with the aim

of identifying the biggest risks that may prevent the Group from achieving its targets or implementing its business concept. The objective is also to assess these risks based on the probability that they would arise in the future and on the extent to which they could affect Fasadgruppen objectives were they to arise.

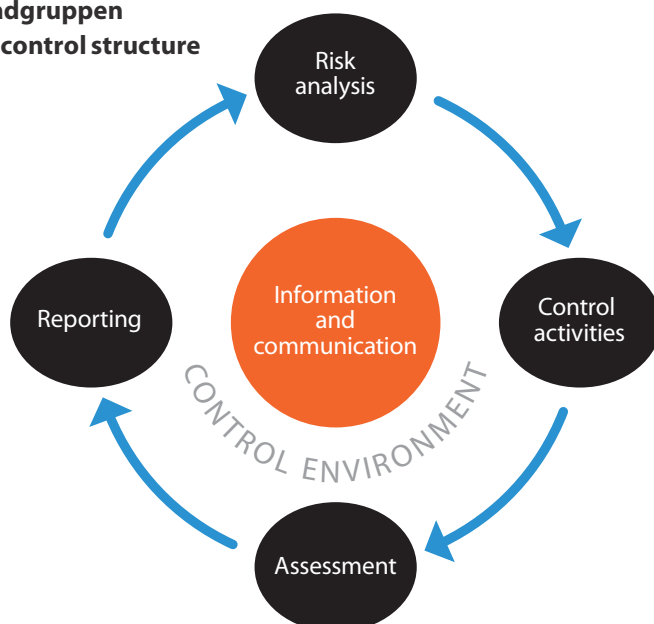
Each individual risk has a so-called risk owner. The risk owner is mandated and is responsible for ensuring that measures and controls are established and implemented. The risk owner is also responsible for monitoring, reviewing and reporting changes in Fasadgruppen's risk exposure to identified risks.

The Company CEO reports identified risks annually to the Audit Committee and the Board. The Board evaluates the Fasadgruppen risk management system, including its risk assessments, and is to submit an annual report that reviews the most important parts of Fasadgruppen's internal control and risk management in detail. This risk work and the risk areas identified are evaluated annually. New risk areas identified for 2021 cover pandemic, IT and compliance risks. The aim of this procedure is to ensure that significant risks are managed and that controls to counteract identified risks are implemented.

Control activities

Fasadgruppen has established a risk management process including a number of control activities for each main process for whatever must be established and function in the risk management processes. The control requirements constitute important tools enabling the Board to lead and evaluate information from Company Management, ensure efficiency in the Group's processes and take responsibility for identified risks.

The Fasadgruppen internal control structure



Assessment and reporting

A self-evaluation of the effectiveness of internal control is to be performed annually by an employee appointed by the Fasadgruppen CEO. The CEO is then responsible for presenting the results to the Audit Committee and Board of Directors. Fasadgruppen has a groupwide monitoring process through which the units and service offices must monitor the effectiveness of controls and report back to the employee appointed by the CEO.

Information and communication

The Fasadgruppen Board has adopted an Information and Insider Policy that includes guidelines for how Fasadgruppen should process and communicate insider information and other external information obligations. Fasadgruppen communications should be long-term and compatible with the Group's brand, vision, business concept, strategies, targets and values. Communications should be open, factual, well-structured and well-planned. Fasadgruppen is to provide correct, relevant and clear information in accordance with applicable rules and legislation.

Activities 2021

The following is a summary of Fasadgruppen's main activities within internal governance and control in 2021:

- All governance documents were updated during the year to meet the specified requirements.
- The financial reporting process has continued to be developed and fine-tuned over the year to enable faster reporting.
- Areas for improvement identified in Deloitte's 2020 audit were developed and completed during the year.
- Processes and procedures based on the stock exchange auditor observations were further developed.
- Work has continued to develop and improve internal control activities with-

in prioritised processes with the aim of increasing the number of automated controls and further develop risk management with the focus on financial reporting.

- Choice of a groupwide business system and a common platform for the companies that need to switch. The system will provide increased opportunities for a more automated control environment and future security of IT support for financial reporting.
- Centralised payroll processing to increase efficiency and a more automated control environment.

Planned activities 2022

In 2022 Fasadgruppen will continue to develop its internal governance and control. The following planned activities are in focus during the coming year:

- Ongoing adaptation of auditor observations and comments.
- Strengthening of the finance organisation via the introduction of a group controller with the aim of increasing harmonisation between companies regarding project accounting, capi-

tal rationalisation and sharing of best practice.

- Start implementation of a groupwide business system.
- Development of a balanced scorecard solution to simplify visualisation and monitoring of common targets (financial and non-financial).

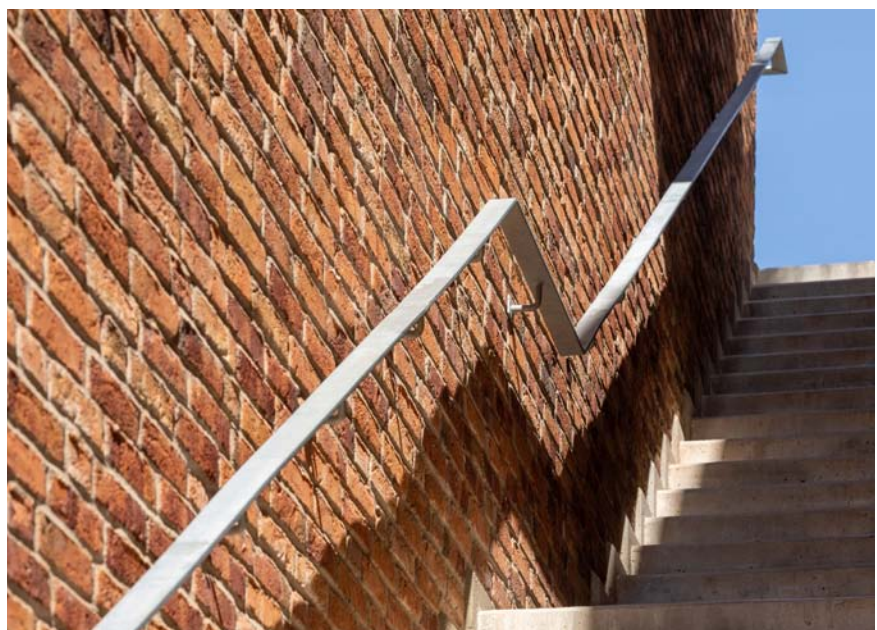
Internal audit

The Board has made the assessment that Fasadgruppen does not need a formalised internal audit beyond the existing processes and services for internal governance and control. Follow-up is performed by the Board and Group Management, and the level of control is currently assessed to meet the Company's needs. An annual assessment is made as to whether an internal audit service is considered necessary to maintain good control within Fasadgruppen.

Stockholm 19 April 2022

Board of Directors

» Auditor's statement on Corporate Governance Report 94–97.



BOARD OF DIRECTORS



PER SJÖSTRAND

Chairman of the Board

Elected: Chairman of the Board since May 2020, Board Member of companies in the Group since 2019. Chairman of the Remuneration Committee.

Born: 1958

Education: Graduate engineer, Chalmers University of Technology.

Other significant posts: Chairman of the Board of Instalco AB, Åhlin & Ekeröth AB and Green Landscaping Group AB (publ). Board Member of Installatörsföretagen Service i Sverige AB.

Experience: Sjöstrand has 25 years experience as a CEO in a number of companies and head of large projects within the Swedish Transport Administration. He founded Instalco AB and was CEO from 2014–2021.

Shareholding: 890,280 shares (via companies).

Dependency: Independent in relation to the Company, Company Management and larger shareholders in the Company.

Favourite façade: Karlberg Palace



GUNILLA ÖHMAN

Board Member

Elected: Board Member since June 2020. Member of the Audit Committee.

Born: 1959

Education: MBA, Stockholm School of Economics.

Other significant posts: Consultant and owner of Carrara Communication AB. Head of IR for NCAB Group AB (publ) and Nimbus Group AB. Board Member of Atvexa AB and Titania Holding AB.

Experience: Former Director of Communications for the SEB Group, Sveriges Riksbank and Bankstödsnämnden. Former Board Member of Hoist Finance AB (publ), SJ AB, Oatly AB and AMF Fonder AB.

Shareholding: 6,350 shares (via companies).

Dependency: Independent in relation to the Company, Company Management and larger shareholders in the Company.

Favourite façade: Tändstickspalatset



TOMAS GEORGIADIS

Board Member

Elected: Board Member since June 2020. Member of the Remuneration Committee.

Born: 1976

Education: Graduate engineer, Linköping University of Technology.

Other significant posts: Deputy CEO & CFO Sterner Stenhus Holding AB and CFO Stenhus Fastigheter i Norden AB (publ).

Experience: Founder and co-owner of the Sterner Stenhus Holding Group and positions in several subsidiaries of the Group.

Shareholding: 4,320,480 shares (via Sterner Stenhus Holding AB).

Dependency: Independent in relation to the Company, Company Management and larger shareholders in the Company.

Favourite façade: The Parthenon

**CHRISTINA LINDBÄCK***Board Member***Elected:** Board Member since May 2021.**Born:** 1963**Education:** LLB., Stockholm University.**Other significant posts:** Director of Sustainability and Communication for the Ahlsell Group. Chairman of the Board of Sustainergies. Board Member and Deputy Chairman of IQ Samhällsbyggnad and Board Member of Stockholms Byggnadsförening, Sveaskog AB and Skogsfond Baltikum.**Experience:** Previously Head of Sustainability at the NCC Group, Environment and QA Manager at Ragn-Sells AB, Assistant under-secretary at the Department of the Environment and Chairman of Miljömärkning Sverige AB.**Shareholding:** 1,000 shares.**Dependency:** Independent in relation to the Company, Company Management and larger shareholders in the Company.**Favourite façade:** Aula Medica Karolinska Institute**TOMAS STÅHL***Board Member***Elected:** Board Member since July 2018. Member of the Remuneration Committee and Audit Committee.**Born:** 1971**Education:** MBA, Lund University.**Other significant posts:** Board Member of United Power AB, VA Nordic AB, Infrastructure Group Nordic AB, El-Björn AB, AB Nesel and AB Axag. Board Member and CEO of Connecting Capital Holding AB and posts with several Connecting Capital Holding AB subsidiaries.**Experience:** Previously CFO for companies such as LBI International and Traction. Accountant Arthur Andersen.**Shareholding:** 200,000 shares (via companies).**Dependency:** Independent in relation to the Company and Company Management. Not independent in relation to a larger shareholder in the Company as Ståhl is an employee of Connecting Capital that owns more than ten percent of all shares and voting rights in the Company.**Favourite façade:** Landsort Lighthouse**ULRIKA DELLBY***Board Member***Elected:** Board Member since May 2020, Board Member of companies in the Group since 2019. Chairman of the Audit Committee.**Born:** 1966**Education:** MBA, Stockholm School of Economics.**Other significant posts:** Board Member of Lifco AB, Linc AB, SJ AB, Werksta Nordic AB, Kavli Holding A/S and IVAs Näringslivsråd. Member of the Advisory Board of Altocumulus Asset Management.**Experience:** Partner Fagerberg & Dellby Fond I AB, Partner Boston Consulting Group, CEO Brindfors Enterprise IG. Deputy Chairman of Norrporten. Board Member Cybercom Group. Founder and Chairman of Hello World Ideell Förening.**Shareholding:** 60,000 shares (via companies).**Dependency:** Independent in relation to the Company, Company Management and larger shareholders in the Company.**Favourite façade:** Stockholm City Library**Auditors**

The 2021 AGM re-elected Deloitte AB as auditors for the period up to and including the 2022 AGM. Richard Peters has been senior auditor since 2018. Peters is a Certified Public Accountant and a member of FAR (sector organisation for auditors). Deloitte AB address: Deloitte AB, 113 79 Stockholm.

GROUP MANAGEMENT



PÅL WAROLIN

CEO and President of the Group

Born: 1974

CEO since 2020. Active in companies in the Group since 2013.

Education: BSc, Technology, Linnaeus University in Kalmar.

Other significant posts: Chairman of the Board of Got Invest AB.

Experience: Warolin has extensive experience from executive positions

in a number of sectors. He was previously CEO of Johns Bygg & Fasad, that was acquired by Fasadgruppen in 2017.

Shareholding: 673,080 shares, 28,671 warrants 2021/2024.

Favourite façade: Palacehuset Gothenburg



MARTIN JACOBSSON

Deputy CEO

Born: 1988

Deputy CEO since 2020. Active in companies in the Group since 2018.

Education: MSc, Engineering, Lund University.

Other significant posts: —

Experience: Jacobsson has headed Fasadgruppen's M&A activities since 2018. He was previously an equities analyst

at Handelsbanken Capital Markets.

Shareholding: 466,630 shares, 28,671 warrants 2021/2024.

Favourite façade: Drottningholm Castle



CASPERTAMM

CFO

Born: 1961

CFO since 2020.

Education: MSc, Economics, Lund University.

Other significant posts: Chairman of the Board of HACEI AB.

Experience: Tamm is a highly experienced CFO including at the international Dow Group, Teracom

and Swedol. He joined the Company from housing development company SSM Holding AB.

Shareholding: 28,575 shares, 28,671 warrants 2021/2024.

Favourite façade: Arvfurstens Palace



MICHÈLE FERRARI

Marketing Manager

Born: 1974

Marketing Manager since 2019.

Education: BSc, in Media and Communications, Uppsala University.

Other significant posts: —

Experience: Ferrari is a highly experienced in marketing, graphic design and project management from the IT and electric wholesale sector with

companies such as the Dustin Group and Rexel.

Shareholding: 500 shares, 6,671 warrants 2021/2024.

Favourite façade: Stenbockska Palace



ANDERS PLANENSTEN

Purchasing Manager

Born: 1964

Purchasing Manager since 2018.

Education: Upper Secondary School Certificate.

Other significant posts: Chairman of the Board Tungt murat och putsat byggande Cooperative Society.

Experience: Planensten has over 30 years' experience in the masonry

and plastering sector, and was previously head of sales and marketing at Randers Tegel AB.

Shareholding: 33,900 shares, 28,671 warrants 2021/2024.

Favourite façade: Anfield Road

**PETER POLLAND**

Business Area Manager Northeast

Born: 1967

Business Area Manager Northeast since 2021.

Education: Upper Secondary School Certificate.

Other significant posts: —

Experience: Polland is highly experienced in the sector as a works manager, for example at

Peab Sverige AB with responsibility for various exterior contracts.

Shareholding: 28,671 warrants 2021/2024.

Favourite façade: Stockholms Stadion

**MATS KARLSSON**

Business Area Manager South

Born: 1973

Business Area Manager South since 2016. Active in companies in the Group since 2004.

Education: Upper Secondary School Certificate.

Other significant posts: Board Member of KFAB Förvaltning AB and Kulturkonsulterna i Småland AB.

Experience: Karlsson has been CEO of Karlssons Fasadrenovering since 2000 and is one of the founders of Fasadgruppen. He has over 25 years experience of the façade sector.

Shareholding: 2,021,204 shares (via companies), 28,671 warrants 2021/2024.

Favourite façade: The Colosseum in Rome

**JOHAN CLAESSION**

Business Area Manager West

Born: 1988

Business Area Manager West since 2020.

Education: BSc Construction and Real Estate Business, Halmstad University.

Other significant posts: —

Experience: Claesson is highly experienced in the sector and has previously been business area manager and product manager

for façade solutions at STO Scandinavia AB.

Shareholding: 494 shares, 2,000 warrants 2021/2024.

Favourite façade: MP09 Black Panther

**ADRIAN WESTMAN**

Head of IR

Born: 1985

Head of IR (consultant) since 2019.

Education: Degree in Strategic Communication and PR, Berghs School of Communication. Studies in Business Administration and Economic History, Stockholm University.

Other significant posts: Board Member of Fogel & Partners i Stockholm AB and

Hypoteket Fondförvaltning Sverige AB.

Experience: Westman has extensive experience from communications and IR. Among his previous positions he had been Head of Corporate Communications at SBAB and Head of Investor Relations at Evolution Instalco and SBB.

Shareholding: 7,600 shares

Favourite façade: Johannes Church

**JENNIE SUNDBERG**

Head of HR

Born: 1976

Head of HR since 2021.

Education: BSc in personnel, work and organisation from Stockholm University.

Other significant posts: —

Experience: Sundberg many years of experience of HR work and health and safety issues at management level. She has previously worked in HR

at AstraZeneca, Lantmännen and Peab.

Shareholding: 14,000 warrants 2021/2024.

Favourite façade: Florence Cathedral



BOARD OF DIRECTOR'S REPORT

The Board of Directors and CEO of Fasadgruppen Group AB (publ), company registration number 559158-4122, hereby present the Annual Report and consolidated financial statements for the financial year 1 January 2021–31 December 2021. Unless otherwise stated, the information refers to the Group (the "Group" or "Fasadgruppen").

Group operations

Fasadgruppen is the leading complete provider of sustainable façades with a local presence in Sweden, Norway and Denmark. Group customers include owners of public, commercial and residential properties, tenant-owner housing associations, construction companies, and private home owners. Fasadgruppen was established via the merger of STARK Fasadrenovering and AB Karlssons Fasadrenovering in 2016.

Fasadgruppen's business concept is to offer competitive, multidisciplinary solutions by enabling collaboration between local leading and specialised subsidiaries to achieve economies of scale and synergy effects between the companies.

Since Fasadgruppen's inception, Group sales have multiplied several times over, driven primarily by acquisitions but also by organic growth. In 2020 and 2021 Fasadgruppen has completed 26 business acquisitions in total, of which 22 were company acquisitions and four asset acquisitions. Acquisitions are an important part of the Group's growth strategy and candidates are carefully chosen based on selected criteria whose requirements include favourable profitability, geographical locations and long-term management. Acquisitions since 2020 have strengthened Group sales by an estimated SEK 2,090 m, and increased its workforce by around 863 employees who have also brought new skills and expertise.

Fasadgruppen has noted many positive effects resulting from the ongoing consolidation of the façade market. In line with the expansion of operations, the Group benefits from the synergies that arise between its subsidiaries, which help build an organisation with low overheads and that can share resources and best practice in an effective way. Fasadgruppen comprises the Parent Company and its subsidiaries, all of which have solid local knowledge and a geographical area responsibility. The Fasadgruppen philosophy is that customers should be able to benefit from contracting a local and trusted partner, thereby spending less time identifying, contacting and hiring separate contractors spread across the country. Although the Group, in its current form, was founded in 2016, the subsidiaries have extensive experience of complex projects in different environments and in multiple disciplines. For example, Ahlins Plåt AB and Haga Plåt i Umeå AB, were founded in 1909 and 1926 respectively.

Market

Fasadgruppen is active on the façade markets in Sweden, Denmark and Norway, with the majority of its operations in Sweden. Companies on the façade market mainly offer services in the following areas: masonry and plastering, windows and balconies, roofing and metal working, scaffolding and other services.

Masonry and plastering: Masonry is a construction technique whereby building blocks (such as bricks or concrete blocks) are laid together, while plastering is the application of a thin surface layer to protect the underlying wall and to give the surface an attractive appearance. These techniques are used in a variety of areas, both in new construction and in renovating existing properties.

Windows: Windows includes installation of new windows during construction, as well as the replacement or renovation of existing windows to minimise energy consumption and reduce noise level.

Balconies: Balcony work includes replacing railings and other features, plus the installation of new units.

Roofing and sheet metal: This includes renovating roofs to better protect buildings, and other roof safety system services.

Energy smart solutions: Includes renovation of façades with modern energy saving insulation techniques and energy efficiency systems such as via SmartFront, a patented method for upgrading façades, ventilation and windows of existing properties. Such installation delivers significant energy savings and a healthy living environment.

Scaffolding: Includes rental agreements, service and consultation plus installation and removal of scaffolding around buildings. Fasadgruppen also rents out lifts, loaders and protective equipment.

Other services: Include façade cleaning, glazed façades, concrete work, carbon fibre reinforced polymer strengthening work, plus various kinds of tiling.

According to a market survey, the Scandinavian façade market is estimated at around SEK 97,000 m. The Swedish market is estimated at around SEK 37,000 m, the Norwegian market SEK 31,000 m and the Danish approx. SEK 29,000 m. Big city regions account for around half of sales.

According to Euroconstruct, growth of the façade market is driven by a number of factors. Factors impacting trends in the façade market positively include a growing and ageing population, urbanisation, housing shortages, the harsh Nordic climate,

the regulation of energy consumption and increased public sector spending during recessions. At the same time, certain factors also impact growth of the façade market negatively, such as labour shortages in the construction industry and lockdown effects on the housing market. Fasadgruppen's markets are characterized by long-term stability, driven by an underlying need to renovate both residential and commercial properties. In connection with new construction, façade work also comprises a crucial and specialised activity that construction companies to a large extent are outsourcing. In addition to the underlying need for façade work, the trend towards more energy efficient façade solutions is also assessed as being able to further drive market growth.

Fasadgruppen is active in the mid-size segment of the market where projects range from SEK 1–100 m. Based on this, the Group has created a diversified structure with many smaller, flexible companies in most geographic areas. Local subsidiary company CEOs can take quick business decisions independently and adapt to customer requirements. This means the Group has a stable platform from which to enjoy sustainable profitable growth moving forward.

Operations in 2021

First quarter

As expected, the first quarter was marked by seasonal low activity, as certain façade services are difficult to perform at low temperatures. This does not affect our ability to deliver for the full year, however, and by March, activity had markedly increased. At the end of March 2021, the order book amounted to SEK 1,410 m, an increase of 70.2 percent. For comparable companies however, the order book had shrunk by -10.4 percent, primarily due to the Covid-19 pandemic during the current period. Sales in the first quarter amounted to SEK 433.1 m, an increase of 64.9 percent compared to the corresponding period in 2020. Organic growth continued to improve compared to the previous quarter but remained negative linked to the low season and the long-term effects of Covid-19. Adjusted EBITA margin amounted to 6.2 percent in the quarter, compared to 8.3 percent in the previous year. The outcome was affected by the colder winter and higher central costs linked to the listing in December 2020.

Significant events during the quarter

- Five new acquisitions were completed in the quarter: Mölnlycke Mur & Puts (asset acquisition), Mjøndalen Mur & Puss, Bruske/Delér Fönsterrenoveringar, Tello Service Partner and Mur & Puts i Örebro.
- New million homes project from Haninge Bostäder, Balder, etc.
- Fasadgruppen subsidiary Bruske/Delér Fönsterrenoveringar was awarded additional framework agreements with the National Property Board of Sweden.

Second quarter

Sales in the second quarter amounted to SEK 676.9 m, an increase of 107.4 percent compared to the corresponding quarter in the previous year. Organic growth was 9.6 percent and growth through acquisitions 97.8 percent. Organic growth figures have gradually improved over the past four quarters and the Group views growth with confidence. In normal circumstances, the market is expected to see stable low growth and this is also where organic growth for the Group should be found when the biggest societal effects of the pandemic have subsided. The order book at the end of June 2021 amounted to SEK 1,745 m, a 99.7 percent increase. The order book for comparable companies shrank by -3.2 percent. Adjusted EBITA margin amounted to 11.0 percent in the quarter, compared to 9.3 percent in the previous year. In the case of the comparison period, the margin was affected by weak sales growth as a consequence of the Covid-19 pandemic.

Significant events during the quarter

- Four new acquisitions were completed in the quarter: RSM Fasade and Rogaland Bliikk in Norway, Byens Tag & Facade in Denmark, plus Engman Tak in Sweden.
- Fasadgruppen subsidiary company SmartFront has been contracted by Riksbyggen to perform comprehensive exterior renovation work and energy efficiency improvements at eight properties with a total of 98 apartments in Linköping.

Third quarter

Fasadgruppen continued to deliver high growth and good profitability, and as in the second quarter, organic growth was positive. Sales in the third quarter amounted to SEK 713.7 m, an increase of 114.7 percent compared to the corresponding quarter in the previous year. Organic growth was 2.5 percent and growth through acquisitions 112.2 percent. The order book at the end of September 2021 amounted to SEK 1,628 m, a 64.8 percent increase. The order book for comparable companies reduced by -0.6 percent. The order book is generally lower in the holiday months. Adjusted EBITA margin amounted to 13.2 percent in the quarter, compared to 15.0 percent in the corresponding quarter in the previous year. The margin in the comparison period was favourably impacted by certain delays in operating activities between the second and third quarters, as a consequence of the outbreak of the Covid-19 pandemic in Q2 2020.

Significant events during the quarter

- Four new acquisitions were completed in the quarter: Åby Fasad, Eklunds Glas, Er-Jill and Husby Takplåtslageri.
- Fasadgruppen subsidiary company DVS Entreprenør was contracted to perform comprehensive renovation work on 142 town houses outside Oslo.

Fourth quarter

The year ended with a strong quarter where the Group delivered high growth in terms of both sales and order book, while profitability was clearly well above our long-term financial targets at the same time. The quarter and the full year were both the best ever in absolute figures since Fasadgruppen started trading. Sales in the fourth quarter amounted to SEK 852.6 m, an increase of 103.5 percent compared to the corresponding quarter in the previous year. Organic growth was 15.3 percent and growth through acquisitions 88.2 percent. The order book at the end of December 2021 amounted to SEK 1,930 m, a 89.0 percent increase, the order book for comparable companies increased by 27.0 percent. Adjusted EBITA margin amounted to 12.3 percent in the quarter, compared to 11.2 percent in the corresponding quarter in the previous year.

Significant events during the quarter

- Eight new acquisitions were completed in the quarter: Solid Fasad, Stilpro, Kumla Fasadteam, Haga Plåt, Ahlins Plåt and Byggplåt i Landvetter in Sweden, SH-Bygg in Norway, plus OPN in Denmark.
- Fasadgruppen has entered into two new sustainability linked credit facility agreements for SEK 880 m respectively SEK 350 m.

Net sales and Profit

Net sales for January–December 2021 amounted to SEK 2,676.3 m (1,340.4), a 99.7 percent increase compared to the same period in the previous year. Exchange rate fluctuations had a negative effect on net sales of -0.4 percent compared to the comparison period. Organic growth amounted to 6.1 percent and growth through acquisitions 93.6 percent. The months of January and February 2021 were significantly colder than the same period in 2020, which resulted in a weaker start to the first quarter of the year. The following quarters were characterised by a gradual normalisation after the dip created by the Covid-19 pandemic during the 2020 comparison year. From January–December 2021, Fasadgruppen has implemented 21 business acquisitions, including three asset acquisition and they have all been added within the period. For more information on acquisitions in the period January–December 2021, please see Note 9.

EBITA for the period January–December 2021 rose to SEK 283.7 m (133.9) and adjusted EBITA to SEK 301.0 m (148.9). EBITA has been negatively affected by items affecting comparability in the current period related to revaluations of earnouts, the net cost of which amounted to SEK 6.7 m. A need for any impairment in general related to these revaluations has not been identified. Items affecting comparability during the period amounted to SEK -17.3 m (-15.0), and the adjusted EBITA margin was 11.2 percent (11.1). The improved margin for the current year can be attributed

to the strong finish in the fourth quarter, in terms of both sales and profitability, in relation to the comparison period. The effect of increased raw material prices in the economy in general has had a limited effect on profitability in the fourth quarter. Net financial items for the period January–December 2021 amounted to SEK -21.5 m (-13.2). Interest expenses on loans from credit institutions amounted to SEK -14.3 m (-11.1). The current period also included costs for rearranging and increasing financing structures with credit providers amounting to SEK -4.3 m concerning earlier financing. Profit for the period amounted to SEK 185.7 m (89.6), corresponding to earnings per share of SEK 4.11 (2.71) before dilution. The effective tax rate was 22.2 percent (21.5). The difference in effective tax between the periods can primarily be explained by a higher proportion of non-deductible costs in the current period.

Order book

At the end of December 2021, the order book amounted to SEK 1,930 m (1,021), an increase of 89.0 percent. The order book for comparable companies at the end of December 2020 had increased by 27.0 percent, while the acquisition growth in the order book amounted to 62.0 percent. Organic growth of the order book has gradually improved in 2021 and order growth for comparable companies was very positive in the fourth quarter. Since year-end, the order book has increased by SEK 909 m, companies acquired and added in the period January–December 2021 had added SEK 634 m to the order book at the end of the period.

Financial position and financing

At the end of the period, shareholders' equity was SEK 1,269.6 m (1,046.5). The change in shareholders' equity between the period ends can primarily be attributed to profit for the period. Offset share issues on acquisitions added SEK 34.7 m in the period January to December 2021, SEK 7.9 m was added as option liquidity and during the second quarter of 2021, a dividend of SEK -27.0 m (0.0), was paid. Interest-bearing net debt on 31 December 2021 amounted to SEK 885.9 m (314.7). The interest-bearing net debt includes shareholder loans amounting to SEK 131.2 m (79.0). Earnouts are not included in interest-bearing net debt. Expanded financing in the period January to December 2021 has primarily been utilised in association with acquisitions completed. The ratio of Fasadgruppen interest-bearing net debt to adjusted EBITDA 12M (not on a proforma basis) was 2.5 (1.8) at the end of the period. On 31 December 2021, the Group held cash and cash equivalents and other short-term investments amounting to SEK 271.6 m (409.3). In addition to cash and cash equivalents and other short-term investments, there were unutilised credit facilities of SEK 205.0 m at the end of the period. The change in working capital was, as expected, positive for the final quarter but remained negative for the full year at SEK -34.0 m (14.3). The lower level of

the change in working capital in relation to the comparison period is primarily assessed to be due to higher production activity in the final quarter than the same period in the previous year.

Investments and cash flow

Cash flow from operating activities amounted to SEK 253.5 m (155.9) for the period January to December 2021. Group net investments in tangible non-current assets amounted to SEK -47.2 m (-25.8) for the same period. Investments in company acquisitions for the period January–December 2021 amounted to SEK -622.0 m (-465.9). This amount mainly concerns businesses acquired in the period January to December 2021. Other than this, the amount consists of contingent considerations related to settlements for acquisitions from previous years, SEK -11.4 m.

Parent Company

Fasadgruppen Group AB had up to 30 June 2020 purely acted as a holding company for the Group without any employees. From 1 July 2020, the business also includes head office functions such as groupwide management, administration and a finance function. The Parent Company accordingly had limited operations in the comparison period. Income comprises management fees from Group companies for groupwide services and costs covered by the Parent Company. The Parent Company has received SEK 45.0 m in dividends during the year, plus SEK 59.3 m in Group contributions from subsidiary companies. Profit for the period January–December 2021 amounted to SEK 71.3 m (13.6). Assets primarily consist of participations in, and receivables from, Group Company Fasadgruppen Norden AB and amounted to SEK 2,036.8 m (1,552.9) at the end of the period. Shareholders' equity amounted to SEK 998.5 m (911.6) on balance sheet date. At the end of the period, the Parent Company had 3 employees (3).

Seasonal variations

Fasadgruppen activities and markets are affected by seasonal variations to a certain degree. As a rule, the first quarter of the year is weaker than the remaining nine month period as the winter conditions can make roof work and other outdoor services for example, more difficult. Low temperatures mean it is more difficult for plastering and masonry to be cured to the expected compressive strength and therefore larger projects involving plastering and masonry are avoided during winter months. The Group's diversified structure with regard to both market offer and geographic presence, limits exposure to seasonal variations to a certain extent, however.

Incentive programme

The 2021 Annual General Meeting resolved to introduce a long-term incentive programme for employees in the Group

consisting of a maximum 923,010 warrants. Each warrant entitles the holder to subscribe to a new share in the Company in June 2024. The subscription price for each such share shall be SEK 164.1, which corresponds to 125 percent of the averaged volume weighted price paid for the Company's shares on the Nasdaq Stockholm over the last ten trading days before the 2021 AGM.

At this moment in time, 487,382 warrants have been issued to 64 employees in the Group at a market price calculated in accordance with the Black & Scholes model. Option premiums paid amount to SEK 7.9 m. The remaining 435,628 warrants are held by the Company's wholly owned subsidiary, Fasadgruppen Norden AB, and have been transferred free of charge.

Under certain circumstances, the Company has the right to buy back warrants from holders who cease to be employees of the Group or that wish to transfer their warrants to a third party. For more information on the warranty terms and conditions, please see the Company website.

The shares and share capital

According to the Articles of Association, share capital must be not less than SEK 1,000,000 and not more than SEK 4,000,000, divided into not less than 20,000,000 shares and not more than 80,000,000 shares. The Company's registered share capital on balance sheet date, 31 December 2021, amounted to SEK 2,269,383 divided into a total of 45,387,65 registered shares with a quotient value of SEK 0.05. The shares are issued in accordance with Swedish law and denominated in SEK. The shares are fully paid and freely transferable. There is one class of shares in the Company, each share entitles the holder to one vote at the general meetings and each shareholder is entitled to vote for all shares in the Company held by that shareholder. All shares convey an equal right to dividends and to the Company's assets, as well as to any surpluses in the event of liquidation.

There has been an increase in the number of shares and voting rights in the second and fourth quarters of 2021, as a consequence of new share issues totalling 255,173 shares as part of the purchase consideration on the acquisitions of Byens Tag & Facade A/S and OPN Enterprise A/S. The number of shares and votes in Fasadgruppen Group AB otherwise remained unchanged in the period January to December 2021. The three largest shareholders in the Company at the end of December 2021 were Capital Group, Connecting Capital and Swedbank Robur Fonder.

See also Note 19 Shareholders' equity for a table showing the growth of shareholders' equity over time via new and offset share issues and the change in the number of shares in 2021.

Risks and uncertainty factors

Fasadgruppen operations are affected by a number of risks whose effects on earnings and our financial position can be

managed to varying degrees. When assessing the Group's future development, it is of importance to consider the risk factors in addition to possible opportunities for earnings growth. The Group is exposed to different types of risk in its business, such as operational risks, financial risks and external risks. External risks are primarily related to factors outside Fasadgruppen's own businesses, such as macroeconomic growth on the Group's main markets. Operational risks are related to day-to-day operations such as tendering, capacity utilisation, percentage of completion and price risks. The financial risks include liquidity and loan financing risks. Risk management is clearly defined in the Fasadgruppen management system, which is designed to prevent and reduce the Group's risk exposure. Risk management in the Group aims to identify, measure, control and limit risks in the business.

Like the rest of society, Fasadgruppen has been affected by the ongoing Covid-19 pandemic in 2020 and the first quarter 2021 in particular. The principal impact took the form of project postponements, particularly related to tenant-owner association customers but also to property owners and new construction. Because most of Fasadgruppen's services are performed outdoors, however, the impact on project implementation has been limited, and employees have been able to follow official recommendations for mitigating the risk of the spread of infection in workplaces without major disruption. Office-based workers have been able to work from home as far as possible. In line with the Fasadgruppen business model, individual subsidiaries have been able to adapt their operations locally and at their own discretion. The Group continues to monitor developments closely as part of its ongoing risk management work, making adjustments when necessary. The ongoing war between Ukraine and Russia is assessed as having a limited impact from a short-term perspective. The background is primarily that Fasadgruppen only operates in the three Nordic countries Sweden, Norway and Denmark from both a market and production perspective, and that only a very limited number of personnel and input goods for production come from either of the warring countries. The possible consequences from a longer term perspective, that are primarily considered to be of a general economic nature, are difficult to estimate at present. No additional risks and uncertainties, beyond those presented, are deemed to have arisen during the period.

For further information on the Group's risks, please see pages 32–35.

Sustainability Report

Sustainability is an integral part of Fasadgruppen operations and therefore also an integral part of the Annual Report. In accordance with the Annual Reports Act 6 chap 11§ the Group has chosen to produce a sustainability report that is separate to the Board of Director's Report. The statutory Sustainability Report is

integrated in the Annual Report on pages 22–30. Information in accordance with the EU Taxonomy Regulation is presented in the Sustainability Report on page 30. The risk analysis concerning sustainability issues is included in the combined risk section on pages 32–35. The Diversity Policy is described in the Corporate Governance Report on page 39.

Employees

Fasadgruppen has a decentralised and dedicated organisation to drive the business forward. The Group had 1,485 employees (812) on 31 December 2021, of whom 70 were women (32). The average number of employees for the period January–December 2021 was 1,206 (654).

For further information, see Note 4 Remuneration to employees. Fasadgruppen fosters a workplace that values gender equality and diversity. The Group Code of Conduct and Diversity Policy provide the framework for the Group's work for inclusion and equal treatment. Employee appraisals are conducted to map and assure skills and expertise, personal development and job satisfaction. Fasadgruppen engages in extensive health and safety work throughout the organisation in accordance with systematic health and safety work.

Guidelines for remuneration to senior executives

The Board of Directors proposes that the 2022 AGM resolves that the following guidelines for the remuneration of senior executives applies until the 2023 AGM, unless circumstances arise requiring an earlier review.

In these guidelines, senior executives refer to the CEO, Deputy CEO, CFO, IR manager, Business Area Managers, Marketing Manager, Purchasing and Sales Manager and Board Members in the Company who have entered into an employment or consulting agreement with the Company or another Group Company. The guidelines do not cover remuneration resolved on by the AGM.

The remuneration principles are to assure responsible remuneration decisions that support the Company strategy, long-term interests and sustainable business methods. Salaries and other employment terms and conditions are to enable the Group to retain and recruit skilled senior executives at a reasonable expense. Remuneration to senior executives can comprise a fixed salary, variable salary, pension and other benefits.

Fixed salaries should be in line with market rates and based on the senior executive's responsibilities, expertise and performance.

Variable salaries (e.g. cash bonuses) should be in line with market rates and based on the senior executive's responsibilities, expertise and performance. Payment of variable remuneration should be conditional on a number of pre-determined financial or personal targets being achieved. The assessment of whether

the payment targets are met is to be made when the relevant measurement period for the targets has ended. The Board's Remuneration Committee is responsible for assessing variable remuneration for both the CEO and Deputy CEO. The CEO is responsible for the assessment with regard to variable remuneration for other senior executives.

Variable remuneration may not exceed 50 percent of annual fixed salary (i.e. annual fixed salary excluding pensions, benefits and similar).

Agreements regarding pensions are, where possible, to be contribution-based and structured in accordance with the levels and practices applicable in the country where the senior executive is employed. Pension premiums for defined contribution pensions may not exceed 40 percent of annual fixed salary (i.e. annual fixed salary excluding pensions, benefits and similar).

Other benefits may include life insurance, health insurance and a company car, for example. Premiums and other costs related to such benefits may not exceed 15 percent of annual fixed salary (i.e. annual fixed salary excluding pensions, benefits and similar).

Fixed salary during the notice period and severance pay, including compensation for any non-compete clause, shall not exceed in total an amount corresponding to two-years' fixed salary.

If a Board Member performs work for the Group in addition to ordinary Board work, market-based consulting fees can be payable.

These guidelines have been adopted by the Board of Directors after having been prepared by the Board's Remuneration Committee. In the Remuneration Committee's preparation of whether the guidelines and the restrictions applicable under the guidelines are reasonable, the Remuneration Committee has taken into account information on the total remuneration of all Company employees, including various remuneration components and remuneration increases and the rate of such increases over time.

The Remuneration Committee is to monitor and assess programmes for variable salaries to senior executives, the application of these guidelines and the applicable remuneration structures and remuneration levels in the Company.

All members of the Remuneration Committee are independent in relation to the Company and Company Management. The CEO, Deputy CEO and other members of Group Management do not participate in the consideration and determination of remuneration-related matters insofar as they are affected by those issues.

The Board is entitled to partially or fully deviate from these guidelines, if it makes the assessment that specific reasons justify doing so and a deviation is necessary to meet the Company's long-term interests, including sustainability, or to ensure the Company's financial viability.

The guidelines for the remuneration of senior executives comply with the guidelines approved at the AGM of 18 May 2021.

Corporate Governance Report

The Corporate Governance Report is presented as a separate part of Fasadgruppen's 2021 Annual Report and does not form part of the formal annual report documents, see pages 38–43.

Significant events after the end of the year

For significant events after the end of the financial year, see Note 27 Events after balance sheet date.

Future projections

The Nordic market is expected to continue to have stable underlying renovation requirements in the future. Underlying driving forces such as urbanisation, housing shortage, the tough Nordic weather climate, energy consumption regulation and attractive interest rates for the foreseeable future, are assessed as leading to a continuing willingness to invest among the Group's customer groups, which points to continued long-term growth potential for Fasadgruppen.

The Group has a well underpinned acquisition strategy and future acquisition opportunities are assessed as continuing to be good. Business operations in the rest of the Nordic region are under development and talks about acquisitions are being held with a number of companies outside Sweden. The Group's financial base creates the stability that aids both investments and acquisitions.

Fasadgruppen continues to develop its sustainability work with the focus on profitability and products that are being developed for the sustainable façade solutions of the future that should boost the competitiveness of customers. The Group is firmly resolved to drive both daily improvement work in the business and the transformation of the façade sector towards safe and more sustainable solutions.

The Covid-19 pandemic had a braking effect on sales growth in the first quarter 2021. A normalisation is assessed to have gradually occurred during the remaining quarters of 2021. The tragic situation being witnessed in the war in Ukraine is assessed as having a limited impact from a short-term on Fasadgruppen operations. It is still too early to say what the full scale effects will be in the longer term for Fasadgruppen. Read more about how the Group is working to counter possible risks as a consequence of the Covid-19 pandemic and war in Ukraine in the section on Risks and uncertainty factors.

Proposed appropriation of profits

The Board's proposal to the 2021 AGM for the appropriation of profit is set out in Note 26 Proposed appropriation of profit.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	2021	2020
Net sales	2	2,676.3	1,340.4
Other operating income		50.7	36.8
Operating income		2,726.9	1,377.2
Materials and consumables		-1,361.7	-672.5
Remuneration to employees	4,5	-827.2	-432.0
Depreciation and impairments of tangible and intangible non-current assets	6	-74.5	-28.5
Other operating costs	3	-203.4	-116.8
Operating costs		-2,466.7	-1,249.8
Operating profit/loss		260.2	127.4
Financial income	7	0.1	0.0
Financial costs	7	-21.6	-13.2
Profit/loss from financial items		-21.5	-13.2
Profit/loss after financial items		238.8	114.2
Tax on profit for the year	8	-53.0	-24.6
Profit/loss for the year		185.7	89.6
Other comprehensive income for the year			
<i>Items that can be reclassified to income statement</i>			
Exchange rate differences on recalculation of foreign activities		21.8	-5.5
<i>Items that will not be reclassified to income statement</i>			
Other comprehensive income for the year, net after tax		21.8	-5.5
Comprehensive income for the year		207.5	84.1
Comprehensive income for the year attributable to:			
Shareholders in the Parent Company		207.5	84.1
Holdings without controlling interest		-	-
Earnings per share for the year before dilution, SEK		4.11	2.71
Earnings per share for the year after dilution, SEK		4.11	2.65
Average no of shares before dilution*		45,243,830	33,124,594
Average no of shares after dilution*		45,243,830	33,876,146
Actual no of shares at the end of the period		45,387,653	45,132,480

* Recalculated in respect of the share split in 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK m	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	10	1,953.6	1,258.3
Brands	10	264.5	119.8
Customer relationships	10	13.6	13.6
Other intangible assets		0.5	0.6
Total intangible assets		2,232.3	1,392.2
Property, plant and equipment			
Right-of-use assets	6	133.3	81.4
Buildings and land	11	2.2	0.9
Inventory	11	79.2	45.0
Total tangible non-current assets		214.7	127.3
Financial non-current assets			
Non-current securities holdings		1.3	0.5
Deferred tax assets	8	1.4	0.2
Other non-current receivables		0.9	0.6
Total financial non-current assets		3.7	1.3
Total non-current assets		2,450.6	1,520.8
Current assets			
Inventories	14	16.0	6.5
Accounts receivable	13,15	410.8	187.0
Revenues from contracts with customers and similar receivables	16	128.0	74.7
Prepaid costs and accrued income	16	27.2	18.9
Current receivables	17	41.3	5.4
Cash and cash equivalents	18	271.6	409.3
Total current assets		894.9	701.8
TOTAL ASSETS		3,345.5	2,222.6

SEK m	Note	31 Dec 2021	31 Dec 2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	19		
Share capital		2.3	2.3
Other contributed capital		887.3	844.7
Retained earnings		172.5	115.5
Profit/loss for the year		207.5	84.1
Total shareholders' equity		1,269.6	1,046.5
Non-current liabilities	13,14		
Liabilities to credit institutions	21	911.7	513.7
Non-current lease liabilities		96.5	59.2
Deferred tax liabilities	8	74.5	30.3
Appropriations	20	4.6	3.5
Other non-current liabilities	14	153.4	96.8
Total non-current liabilities		1,240.8	703.5
Current liabilities	13,14		
Liabilities to credit institutions	21	114.6	131.2
Short-term lease liabilities	6	34.7	19.9
Accounts payable		180.4	88.5
Current tax liabilities		41.0	31.3
Contract and similar liabilities	22	302.5	100.5
Accrued costs and prepaid income	23	162.0	101.1
Total current liabilities		835.1	472.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,345.5	2,222.6

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK m	Note	Share capital	Other contributed capital	Retained earnings including profit/loss for the year	Reserves	Total equity
Shareholders' equity 01 January 2020		1.2	34.0	116.2	-0.71	150.7
Comprehensive income						
Profit/loss for the year				89.6		89.6
<i>Other comprehensive income for the year</i>						
Exchange rate differences on recalculation of foreign activities					-5.5	-5.5
Total comprehensive income		-	-	89.6	-5.5	84.1
Transactions with owners						
New share issue		1.1	810.6			811.7
Total transactions with owners		1.1	810.6	0.0	-	811.7
Shareholders' equity 31 December 2020	19	2.3	844.7	205.8	-6.2	1,046.5
Shareholders' equity 01 January 2021		2.3	844.7	205.8	-6.2	1,046.5
Comprehensive income						
Profit/loss for the year				185.7		185.7
<i>Other comprehensive income for the year</i>						
Exchange rate differences on recalculation of foreign activities					21.8	21.8
Total comprehensive income		-	-	185.7	21.8	207.5
Transactions with owners						
Dividend				-27.1		-27.1
Options liquidity			7.9			7.9
New share issue		0.0	34.7			34.7
Total transactions with owners		0.0	42.7	-27.1	-	15.6
Shareholders' equity 31 December 2021	19	2.3	887.3	364.4	15.6	1,269.6

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK m	Note	2021	2020
OPERATING ACTIVITIES			
Profit/loss after financial items		238.8	114.2
Adjustments for items not included in cash flow	24	81.4	15.9
<i>Changes in working capital:</i>			
Change in inventory		7.8	-1.1
Change in receivables		-57.2	52.7
Change in liabilities		15.4	-37.2
Cash flow from operations		286.2	144.4
Interest paid	24	-8.8	-9.7
Tax paid		-75.7	-9.4
Cash flow from operating activities		201.7	125.2
INVESTMENT ACTIVITIES			
Acquisition of subsidiaries and businesses	9	-622.0	-465.9
Net investments in other non-current assets	11	-47.2	-25.8
Property sales		-	11.5
Net investments in financial assets		0.2	-0.4
Cash flow from investment activities		-669.0	-480.6
FINANCING ACTIVITIES			
New share issue	9,19	-	379.0
Payment of warrants		7.9	0.0
Dividend paid		-27.1	-
Proceeds from borrowings	24	1,370.0	910.9
Repayment of loans	24	-988.7	-555.0
Repayment of lease liability	24	-36.5	-16.8
Cash flow from financing activities		325.6	718.1
Cash flow for the year		-141.7	362.7
Cash and cash equivalents at start of year		409.3	48.4
Calculation difference cash and cash equivalents		3.9	-1.8
Cash and cash equivalents at end of the year		271.6	409.3

PARENT COMPANY INCOME STATEMENT

SEK m	Note	2021	2020
Operating income		9.7	5.9
Operating costs	3,4	-22.8	-13.7
Operating profit/loss		-13.2	-7.7
Financial income	7	46.9	1.4
Financial costs	7	-18.1	-7.8
Profit/loss from financial items		28.8	-6.4
Profit/loss after financial items		15.7	-14.1
Appropriations	8	59.3	31.5
Profit/loss before tax		75.0	17.3
Tax on profit for the year	8	-3.7	-3.7
Profit for the year*		71.3	13.6

*There are no items recognised in other comprehensive income in the Parent Company and therefore the statement of comprehensive income is the same as for the period.

PARENT COMPANY BALANCE SHEET

SEK m	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Property, Plant & equipment			
Right-of-use assets	6	0.2	-
Total tangible non-current assets		0.2	-
Financial non-current assets			
Participations in Group companies	12	450.0	450.0
Receivables from Group companies		939.2	789.1
Other intangible assets		0.1	0.0
Total financial non-current assets		1,389.3	1,239.1
Total non-current assets		1,389.5	1,239.1
Current assets			
Current receivables	14	0.0	0.1
Receivables from Group companies		1.0	1.4
Prepaid costs and accrued income	17	0.2	0.0
Cash and bank	18	646.1	312.3
Total current assets		647.3	313.8
TOTAL ASSETS		2,036.8	1,552.9
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	19	2.3	2.3
Total restricted shareholders' equity		2.3	2.3
Unrestricted shareholders' equity			
Share premium reserve		879.4	844.7
Retained earnings		45.5	51.0
Profit/loss for the year		71.3	13.6
Total unrestricted shareholders' equity		996.2	909.3
Total shareholders' equity		998.5	911.6
Non-current liabilities			
Liabilities to credit institutions	13,14 21	908.7	513.7
Shareholder loans	21	-	-
Total non-current liabilities		908.7	513.7
Current liabilities			
Liabilities to credit institutions	13,14 21	113.1	116.7
Shareholder loans	21	-	-
Accounts payable		1.3	2.0
Current tax liabilities		5.9	4.8
Accrued costs and prepaid income	23	8.6	3.5
Other current liabilities		0.7	0.7
Total current liabilities		129.6	127.7
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,036.8	1,552.9

CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

SEK m	Note	Restricted shareholders' equity	Unrestricted shareholders' equity		Total equity
		Share capital	Share premium fund	Retained earnings	
Shareholders' equity 01 January 2020		1.2	34.0	51.0	86.2
Comprehensive income					
Profit/loss for the year				13.6	13.6
Total comprehensive income				13.6	13.6
Transactions with owners					
New share issue		1.1	810.6		811.7
Total transactions with owners		1.1	810.6	0.0	811.7
Shareholders' equity 31 December 2020	19	2.3	844.7	64.6	911.6
Shareholders' equity 01 January 2021		2.3	844.7	64.6	911.6
Comprehensive income					
Profit/loss for the year				71.3	71.3
Total comprehensive income				71.3	71.3
Transactions with owners					
Dividend				-27.1	-27.1
Option liquidity			7.9		7.9
New share issue		0.0	34.7		34.7
Total transactions with owners		0.0	42.6	-27.1	15.6
Shareholders' equity 31 December 2021	19	2.3	887.3	108.9	998.5

PARENT COMPANY CASH FLOW STATEMENT

SEK m	Note	2021	2020
OPERATING ACTIVITIES			
Profit/loss after financial items		15.7	-14.1
Adjustments for items not included in cash flow	24	13.9	1.1
<i>Change in working capital:</i>			
Change in inventory		-	-
Changes in receivables		-55.8	-500.9
Changes in liabilities		-0.6	20.6
Cash flow from operations		-26.9	-493.3
Interest paid	24	-8.8	-6.7
Tax paid		-3.8	-0.4
Cash flow from operating activities		-39.4	-500.4
INVESTMENT ACTIVITIES			
Net investments in non-current assets		-0.4	-
Cash flow from investment activities		-0.4	0.0
FINANCING ACTIVITIES			
New share issue		-	379.0
Payment of warrants		7.9	-
Dividend paid		-27.1	-
Proceeds from borrowings		1,370.0	630.4
Repayment of loans	24	-977.3	-199.1
Cash flow from financing activities		373.6	810.4
Cash flow for the year		333.8	310.0
Cash and cash equivalents at start of year		312.3	2.3
Cash and cash equivalents at end of the year		646.1	312.3

NOTES

Note 1 Accounting and valuation principles

General information

Fasadgruppen Group AB and its subsidiaries conduct operations in construction, property and contracting and do various kinds of exterior shell work. The service offering includes masonry and plastering, windows and balconies, roofing and sheet metal, energy smart solutions, scaffolding and other work.

Fasadgruppen Group AB (559158-4122) is a public limited company that was formed and has its registered address in Sweden. Head Office is located at Drottninggatan 81A in Stockholm, Sweden. Group operations are active on the façade markets in Sweden, Denmark and Norway, with the majority of its operations in Sweden.

ESEF data

Registered address:	Sweden
Description of the character and principal activities:	Work on the external façades of properties, such as: masonry and plastering, windows and balconies, roofing and sheet metal, energy smart solutions, scaffolding and other work.
Country of Registration:	Sweden
Legal structure of company:	Limited company
Name of reporting company:	Fasadgruppen Group AB (publ)
Address of company head office:	Drottninggatan 81 A, SE 111 60 Stockholm
Name of parent company:	Fasadgruppen Group AB

From the start of the 2021 financial year, Fasadgruppen applies the EU Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format (ESEF). This new technical standard shall apply for the financial year starting on 1 January 2021 or later. ESEF is aimed at creating a single reporting format that simplifies the analysis and comparison of information. For Fasadgruppen, compliance with the new standard requirements means that the 2021 Annual Report is produced in an XHTML format (Extensible Hypertext Markup Language) and that the financial statements that are produced in accordance with the International Financial Reporting Standards (IFRS) are tagged in accordance with a specific ESEF taxonomy.

Compliance with regulations and the going concern principle

The consolidated financial statements were prepared in accordance with the Annual Accounts Act, Swedish Financial Reporting Board recommendation RFR 1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as adopted by the EU. The Parent Company Annual Report has been prepared in compliance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act.

The financial statements have been prepared on condition that the Group conducts its operations according to the going concern principle.

The financial statements for the financial year that ended on 31 December 2021 (including comparison figures) were approved for publication by the Board of Directors on 19 April 2022 and will be presented to the AGM of Shareholders on 12 May 2022 for adoption.

The most important accounting and valuation principles used in the preparation of the financial statements are summarised below. In cases where the Parent Company applies deviating principles, these are stated at the end of this note under the heading Parent Company Accounting and Valuation Principles.

New and amended accounting principles

No new or amended standards or interpretations of existing standards the initial application of which is compulsory for financial years beginning on or after 1 January 2021 are deemed to be of any material significance to the Group.

New and amended accounting principles not yet applied

IFRS 3 Business Combinations

IASB has implemented changes to IFRS 3 that means the standard refers to the 2018 Conceptual Framework not the 1989 one. The change also adds to the requirements in IFRS 3 that, for transactions or other events within the application area of IAS 37 or IFRIC 21, the acquiring company is to apply IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities that arise in the business combination. Finally IFRS 3 has been amended with an explicit indication that an acquiring company may not report a possible asset acquired in a business combination.

The Company has not yet performed a detailed analysis of the effects and cannot therefore quantify them. The amendments are to be applied for the financial year starting on or after 1 January 2022, provided the EU approves the amendments.

IAS 1 Presentation of Financial Statements

In February 2021, IASB published amendments to IAS 1 that mean companies are required to present information on its basic accounting principles, instead of its significant accounting principles. A supplement has also been added to IAS 1 that aims to give companies guidance on how basic accounting principles can be identified and a number of examples have been added to explain when an accounting principle is probably basic.

The Company has not yet performed a detailed analysis of the effects and cannot therefore quantify them. The amendments are to be applied for the financial year starting on or after 1 January 2022, provided the EU approves the amendments. Previous application is permitted.

IAS 12 – Deferred tax attributable to assets and liabilities arising in association with an individual transaction

In May 2021, IASB published amendments to IAS 12. According to the current IAS 12, companies are to report deferred tax on all temporary differences. An exception is made, however, for temporary differences arising on the first reporting of an asset or liability, provided certain conditions are met. Amendments to the standard mean that this exception is not applied when reporting transactions that give rise to both an asset and a liability at the same time, most often applied with regard to right of use assets and leasing liabilities that arise when reporting lease contracts (when IFRS 16 is applied) but also for acquisition value for tangible non-current assets where provision is made for estimated future costs for restoration. The changes mean that an express requirement will arise in future to report deferred tax on these transactions. Amendments to the standard are to be applied retroactively.

The Company has not yet performed a detailed analysis of the effects and cannot therefore quantify them. The amendments are to be applied for the financial year starting on or after 1 January 2022, provided the EU approves the amendments. Previous application is permitted.

Amended accounting principles not yet applied for the Parent Company

The amendments in RFR 2 Accounting for legal entities that have come into force and apply for the 2021 financial year, have not had any significant impact on the Parent Company financial statements.

Basis for preparation

The consolidated financial statements have been prepared with the application of the accruals concept and based on acquisition value. The financial statements are presented in Swedish kronor (SEK), which is the Parent Company's functional currency. Amounts are rounded to the nearest million (SEK m) with one decimal place unless otherwise stated. As a consequence of rounding, figures presented in the financial statements may not add up to the exact total in certain cases and percentage figures can differ from the exact percentage figures.

Basis of consolidation

In the consolidated financial statements, operations of the Parent Company and subsidiaries are consolidated to the end of 31 December 2021.

All intra-Group transactions and balance sheet items are eliminated upon consolidation, including unrealised gains and losses on transactions between Group companies. If the unrealised losses on intra-Group sales of assets are reversed upon consolidation, the underlying asset's impairment requirements are also tested based on a Group perspective. Amounts recognised in subsidiary company annual accounts have been adjusted where required to ensure compliance with the Group's accounting and valuation principles.

Earnings and other comprehensive income for subsidiaries acquired during the year are recognised as of the date the acquisition enters into effect according to what is applicable.

Internal pricing

Marked based pricing, i.e. pricing based on market prices, is applied on delivery between companies in the Group.

Significant assessments in the application of accounting and valuation principles and uncertainty in estimates

When financial statements are prepared, Management makes a number of assessments, estimates and assumptions regarding the recognition and measurement of assets, liabilities, income and expenses.

The following are significant assessments, estimates and assumption that Group Management makes in the application of the accounting principles that have the most significant effect on the consolidated financial statements.

Impairment testing of acquired intangible assets

In order to assess an impairment requirement, Group Management calculates the recoverable amount (value in use) for every cash-generating unit (the Group's three business areas) based on expected future cash flows and with the use of a suitable interest rate to be able to discount these cash flows. There are uncertainties in the assumptions regarding future operating profit and the determination of a suitable discount rate. To date, the Group has assessed that the value in use of goodwill, brands and customer relationships exceeds their carrying amount. For more information, see Note 10.

Business combinations

In the calculation of fair values, Group Management uses valuation techniques for the assets and liabilities acquired in a business combination. Above all, fair value of conditional earnouts is dependent on the outcome of several variables including the acquired company's future profitability. For more information, see Note 9.

Leasing

The Group holds leases on premises. These include a number of assumptions when calculating the leasing liability and the right of use (ROU) asset, such

as the assessment of a leasing period. The Group takes into account if there is reasonable certainty that an extension option will be exercised, primarily with regard to the circumstances that apply for the lease in question. With regard to Group leases that expire within a five-year period, the Company considers whether it is reasonable to assume an extension period, depending on the character of the respective asset and the length of the respective extension period. No extension has been assumed for leases that run beyond 2026. What operations will look like beyond this period is difficult to assess and the Company assessment is therefore that further extensions cannot be assumed with reasonable probability at the moment. This assessment will be continuously reviewed. For more information, see Note 6.

Income from construction contracts

Recognised income and associated contract assets for contracts in façade, roof and scaffolding assignments reflect Group Management's best estimate of the outcome and degree of completion for each contract. In more complex contracts, there is an uncertainty in the assessment of the costs for completion and the assessment of profitability. For more information, see Note 16.

Business combinations

The Group applies the acquisition method of accounting for business combinations. The compensation transferred by the Group to obtain control over a subsidiary is calculated as the sum of the fair values on the acquisition date of the transferred assets, the liabilities assumed and the equity instrument that was issued by the Group, which includes the fair value of an asset or liability that arose in an agreement on a contingent earnout. Acquisition costs are expensed as they arise.

The acquisition value is calculated as the sum of the fair value on the transaction date for the paid assets, liabilities arising or assumed, and the equity instruments that the acquirer issued in exchange for control over the acquired units.

Contingent earnouts are valued at fair value on the acquisition date and constitute part of the consideration for the acquisition. The earnout is recognised as a financial liability until it has been settled. The earnout is valued at fair value as of each balance sheet date. Any revaluation effects are recognised in the consolidated income statement. The valuation of the earnout is based on the terms and conditions stipulated by the respective purchase agreements. The earnout is usually based on the financial growth of the acquired company.

Changes in fair value for a contingent earnout that arise due to additional information being obtained within 12 months of the acquisition date regarding facts and circumstances that existed on the acquisition date qualify as adjustments during the valuation period and are adjusted retroactively, with a corresponding adjustment of goodwill. All other changes in fair value for a contingent earnout are recognised in the income statement.

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

Foreign currency translation

Functional currency and presentation currency

The consolidated financial statements are presented in the currency SEK, which is also the Group functional currency and the Parent Company accounting currency. Amounts in parentheses refer to figures for the preceding year.

Transactions and balance sheet items in foreign currencies

Transactions in foreign currency are translated to the functional currency for the respective Group Company based on the current exchange rates on the transaction date (spot rate). Exchange rate gains and losses as a result of the settlement of such transactions and as a result of the revaluation of monetary items to the balance sheet date rate are recognised in the income statement.

Non-monetary items are not translated on the balance sheet date, but rather valued at historical cost (translated at the rate on the transaction date),

except for non-monetary items valued at fair value that are translated at the exchange rate on 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 functional currency other than SEK (the Group functional currency) are translated to SEK upon consolidation. The functional currency of Group companies was unchanged during the reporting period.

On consolidation, assets and liabilities were translated at the balance sheet date rate. Adjustments of goodwill and fair value that arise in the acquisition of a foreign operation have been recognised as assets and liabilities in foreign operations and translated to SEK at the balance sheet date rate. Income and expenses have been translated to SEK according to an average rate over the reporting period. Exchange rate differences are recognised directly against other comprehensive income and are recognised in the foreign currency translation reserve in shareholders' equity. On divestment of a foreign operation, the attributable accumulated translation differences recognised in shareholders' equity are reclassified to the income statement and recognised as a part of the gain or loss on divestment.

Segment reporting

Group segment information is presented based on Group Management's perspective and operating segments are identified based on the internal reporting to the Group's highest executive officer. The Group has identified the Parent Company CEO, the Group CEO, as its highest executive officer.

The internal reporting used by the CEO to monitor the operations and make decisions on resource allocation is presented in the financial information for the Group as a whole. As no subsidiary reaches the quantitative limit of 10% of total Group sales, they are recognised as an operating segment in consolidated statements. As our customers and services are similar, i.e. work on the external façade of buildings and where the end customer is the property owner in some form, subsidiary company accounts are merged and reported as one segment. The Group accordingly consists of one single operating segment.

Income

Group income mainly pertains to income from the performance of construction contracts for façade work on properties. In addition to this, there is also a small percentage of sales of goods related to the construction contracts and a small number of services.

In the assessment of whether income will be recognised, the Group follows the IFRS 15 five-step model:

1. Identify the contract with the customer
2. Identify the performance commitments
3. Determine the transaction price
4. Allocate the transaction price to the performance commitments
5. Recognise the revenue at the time of the fulfilment of the performance commitment

In **step 1** the contract with the customer is identified. Group contracts are always and agreed with the customer. If two or more contracts have been entered into at the same time or in close connection with one another, they should be merged together under certain conditions. It rarely occurs in the Group for several contracts to be signed in close connection with the same customer and combinations of contracts are therefore rarely relevant. A contract modification is a change in the scope or price (or both) of a contract that has been approved by both parties.

Contract change due to changes or additions are common in the Group and sector.

Additional work in the form of more or other work than calculated, e.g. metal work or similar, can be added during the course of a project. Pricing for this is done separately and usually regulated by ABT06 (or equivalent in Denmark and Norway), in accordance with market rates. Additions are made in writing. Changes and additions in contracts, are always part of a contract, they are not distinct and do not therefore comprise a separate new contract.

They are therefore recognised as part of the existing contract, with a cumulative catch up method. Fasadgruppen recognises them in this way.

When they arise, they become part of the turnkey contract, inserted in the project calculations which are then updated and form the basis for the time and materials expenses as income (margin) that are affected by a catch up effect.

In **step 2** separate performance commitments are to be identified, i.e. an assessment is made of the promises to transfer goods and services as to whether or not these promises constitute separate or combined performance commitments. A performance commitment is a promise to transfer to the customer a product or service that is distinct or a series of distinct products/services. The product or service is distinct if the customer can benefit from the product or service separately or together with other readily available resources and if the Group's promise to transfer the product/service can be distinguished from other promises in the agreement. Usually, construction contracts constitute one performance commitment as the parts of the assignment cannot be distinguished from one another, but rather they constitute a combined commitment.

All construction contracts include a guarantee on work done. These do not constitute expanded guarantee commitments, but rather they are so-called statutory guarantees, issued according to industry practice, usually for five years.

In addition, some contracts include an option for the customer to add new services. These possible additional assignments are priced on market-based grounds and do not contain any discount option for the customer. They thereby do not constitute an independent performance commitment.

In **step 3**, the transaction price is determined. Here, fixed and variable prices should be taken into consideration. The Group has assignments on a time and materials basis, but fixed price contracts are the dominant type. The Group usually does not have any variable components except for penalties. Penalty clauses for delays are usual in all contracts. The Group estimates the penalty outcome in accordance with the rules in IFRS 15 Revenue from Contracts with Customers regarding variable compensation and recognises penalties as a deduction from income. Financing components with a credit period in excess of 12 months do not arise in the Group.

In **step 4**, the transaction price is to be allocated to the performance commitments identified in step 2. The Group commonly has a single performance commitment as a whole, so this step is not relevant.

In **step 5**, income is recognised. Income should be recognised when control over what is sold passes from the seller to the buyer. This takes place at one point in time or over time. Income is recognised in the Group when the Group's performance creates or improves an asset that the customer controls. In this way, the customer receives the benefit of the Company's performance as the work is done. This is usually the case in construction contracts as renovation and improvement work is done on the customer's property. The degree of completion in the contract is calculated based on expenditures made as of the balance sheet date in relation to the total calculated expenditures for completing the contract and this constitutes the basis for earned income. If a performance commitment is not fulfilled over time, it is fulfilled at one point in time. This takes place at a point in time when the customer gains control over the asset sold. Indications of a transfer of control may be a right to payment, legal ownership, the Company having transferred the physical asset to the buyer, the customer bearing the significant risks and benefits associated with the asset or the customer having approved of the asset.

In connection with construction contracts, the Group incurs items in the balance sheet related to the status in the relationship between work performed and payment received from the customer. Work performed but not invoiced, is recognised in the balance sheet as earned income and recognised as Contract assets and similar receivables. Contract assets are the subject of impairment testing in accordance with IFRS 9 Financial Instruments in the same way as accounts receivable. If advance payments are received from customers before the Group has carried out its performance, they are recognised in the item Contract liabilities and similar liabilities on the balance sheet.

Operating expenses

Operating expenses are recognised in the income statement when the service is utilised or when the event occurs.

Government grants

Due to Covid-19, the Swedish parliament and government have introduced temporary rules under which all employers received full compensation for sick pay expenses. In the case of sick pay expenses recognised in the periods August 2020–September 2021 and December 2021–March 2022, a calculation using different percentage rates applies, depending on the size of such expenses the employer has had. Payment received comprises a government grant in accordance with both IFRS and RFR 2 and is reported in line with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Such payments are recognised when there is reasonable certainty that the Group will meet the conditions for the grant and grants will be received with reasonable certainty. Government grants are systematically recognised in the income statement over the same periods as the costs the grants are intended to compensate for. Sick pay is presented in the financial statements as other income and claims.

Acquired intangible assets

Surplus values in acquisition analyses are allocated to the Company brands and customer relationships while unallocated surplus values are attributed to goodwill.

Brands

The brands consist of the acquired company brands that are retained and utilised indefinitely, which is a key part of the Fasadgruppen strategy. Brands have an indeterminable usage period and are not depreciated but tested for impairment annually or if such is indicated. Brands are recognised at acquisition value less accumulated impairment.

Customer relationships

Customer relationships derive from the written agreements comprising the order book at the time of acquisition. Most of the agreements have a shorter term than 12 months and all are deemed to have been terminated within a maximum of 24 months. The assessed value of customer relationships is depreciated over the term of the order book.

Goodwill

Goodwill is primarily attributable to the growth expectations of the business, expected future profitability, the significant knowledge and expertise possessed by the personnel and synergies on the costs side. Goodwill have an indeterminable usage period and are not depreciated but tested for impairment annually or if such is indicated. Goodwill is recognised at acquisition value less accumulated impairment.

Other intangible non-current assets

Licenses for software

Licences for software that meet the conditions for capitalisation are recognised as intangible assets and initially valued at fair value.

All intangible assets with finite useful lives are valued based on their acquisition value whereby expenses are amortised straight-line over the estimated useful life, which amounts from three to five years. Useful life is reviewed on each balance sheet date. Impairment testing is also done on indication of a decrease in value.

Impairment is included in depreciation and impairments of tangible and intangible non-current assets. Additional charges for maintenance of software are expensed when they arise.

When intangible assets are divested, the capital gain/loss is determined as the difference between the selling price and the asset's carrying amount and is recognised in the income statement in either other operating income or Other operating expenses.

Tangible non-current assets

Land

Land is recognised at acquisition value less possible impairment.

Equipment, tools, fixtures and fittings

Equipment, tools, fixtures and fittings are initially recognised at cost and thereafter at cost less accumulated depreciation and impairment.

Equipment, tools, fixtures and fittings are depreciated straight-line from acquisition cost with a useful life of five to ten years.

With regard to the ROU asset (leasing), an expected useful life is determined through reference to comparable owned assets or set at the leasing period if this is shorter. Material estimates of useful lives are updated as necessary, although at least once a year.

Gains or losses that arise in the divestment of tangible assets are determined as the difference between what has been received and the carrying amount of the assets and are recognised in the items Other operating income or Other operating expenses.

Leased assets

Group as lessee

For all contracts, the Group assesses whether the contract is a lease or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a certain period of time in exchange for consideration". To apply this definition, the Group assesses whether or not the contract meets the requirements in three evaluations, which are whether or not:

- The contract contains an identified asset that is either specifically identified in the contract or implicitly specified by being identified at the time the asset was made available to the Group.
- The Group has the right to essentially all of the financial benefits that arise through the use of the identified asset over the entire period of tenure in consideration of the Group's rights within the defined area of application of the contract.
- The Group has the right to govern the use of the identified asset during the entire period of tenure. The Group assesses whether or not it has the right to govern "how and for what purpose" the asset shall be used during the entire period of tenure.

The Group's ROU assets consist primarily of vehicles and premises.

Valuation and recognition of leases

At the beginning of the lease, the Group recognises an ROU asset and a leasing liability on the balance sheet. The ROU asset is valued at cost, which comprises the amount that the leasing liability is originally valued at, any initial direct expenses that the Group incurs and leasing fees that were paid before the beginning of the lease agreement (less any benefits received). The respective Group companies have been questioned primarily regarding the rent of premises and any extension of the current contractual period. In the cases the rental agreement includes an extension option, an assessment is made agreement by agreement whether it is reasonably certain that the option will be exercised. In this assessment, all relevant facts and circumstances are weighed in that create financial incentives, such as contractual terms for extension periods compared with market interest rates, significant improvements made (or expected to be made) to the property during the agreement period, costs that arise when the lease is terminated, such as negotiation expenses and relocation costs and the importance of the underlying asset to operations.

With regard to Group leases that expire within a five-year period, the Company considers whether it is reasonable to assume an extension period, depending on the character of the respective asset and the length of the respective extension period. No extension has been assumed for leases that run beyond 2026. What operations will look like beyond this period is difficult to assess and the Company assessment is therefore that further extensions cannot be assumed with reasonable probability at the moment. This assessment will be continuously reviewed.

The Group depreciates the ROU asset straight-line from the beginning of the lease agreement to the earlier point in time of the ROU useful life and the end of the lease agreement. The Group also makes an assessment of whether there is any impairment requirement for the ROU asset when there is an indication of a decrease in value.

At the beginning of the lease, the Group measures the lease liability at the present value of the lease payments that have not been paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined or the Group's marginal loan rate.

Leasing fees included in the valuation of the leasing liability include fixed fees (including fixed fees in substance), variable leasing fees that are based on an index, amounts that are expected to be paid by the Group in accordance with residual value guarantees and payments according to options that the Group is reasonably certain will be exercised. An assessment of the utilisation of extension options has been made per lease agreement.

After the start date, the liability is reduced with payments and increased with interest. The liability is revalued to reflect a potential new assessment or change or if there are changes in the fixed fees in substance. When the leasing liability is revalued, a corresponding adjustment shall be made regarding the right of use or in the income statement if the right of use has already been assigned a zero value.

The Group has chosen to recognise short-term lease agreements and lease agreements for which the underlying asset has a low value by utilising the practical solution in IFRS 16 Leases. Instead of recognising a right of use and a lease liability, leasing fees are expensed with regard to these leases straight-line over the leasing period.

Right of use assets are reported separately in the balance sheet under Tangible assets while the leasing liability is reported separately under liabilities.

Impairment testing of acquired intangible assets, and other intangible assets

In impairment testing, the assets are grouped into cash-generating units. A cash-generating unit is a group of assets that gives rise to inward payments, which are essentially independent of other assets, which for the Group are comprised of the respective business areas. The result is that impairment requirements for certain assets are tested individually while others are tested at business area level. Acquired intangible assets are allocated to the business areas that are expected to benefit from synergies in the respective business combinations and represent the lowest level in the Group where the CEO monitors goodwill and brands.

Any impairment requirement at the cash-generating units to which acquired intangible assets have been allocated (established by the CEO as equivalent to Group business areas) is tested at least twice per year. All other individual assets or cash-generating units are impairment tested when events or changed circumstances indicate that the carrying amount cannot be recovered.

An impairment is recognised for the amount by which the asset's or the cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less divestment expenses and value in use. To determine value in use, Management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate to be able to calculate the present value of these cash flows. The data used in the impairment testing are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and improvements to assets. Discount rates are established individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairments regarding cash-generating units first reduce the carrying amount of an acquired intangible asset that is allocated to the cash-generating unit. Any remaining impairment proportionally reduces the other assets in the cash-generating unit.

Except for acquired intangible assets, a new assessment is done of all assets for an indication that a previous impairment is no longer justified. An

impairment is reversed if the asset or the cash-generating unit's recoverable value exceeds the carrying amount.

Financial instruments

General principles

Financial assets and liabilities are recognised when the Group becomes a party to the financial instrument's contractual terms.

Financial assets are removed from the balance sheet when the contractual rights for the financial asset expire or when the financial asset and all significant risks and benefits are transferred. A financial liability is removed from the balance sheet when it has been extinguished, i.e. when it is fulfilled, annulled or expires.

Classification and valuation of financial assets at initial recognition

All financial assets are initially valued at fair value adjusted for transaction costs (where applicable). Financial assets are purely classified in the category accrued cost. Classification consists of both:

- the Group business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

All financial assets are valued at accrued cost as:

- they are held within the framework of a business model the goal of which is to hold the financial assets and collect contractual cash flows (in most cases amounts according to agreement with the customer)
 - the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the capital amount outstanding
- After initial recognition, these financial assets are valued at accrued cost with the use of the effective interest method. Discounting is excluded if the effect of discounting is immaterial. Group cash and cash equivalents, accounts receivable and most other receivables belong to this category of financial instruments.

Impairment of accounts receivable and other receivables and contract assets

The IFRS 9 impairment rules use future-oriented information to apply the model with expected credit losses. Financial assets include accounts receivable, contract assets and other receivables at accrued cost.

Recognition of credit losses means that the Group takes into account more extensive information in the assessment of credit risk and the valuation of expected credit losses including earlier events, current circumstances and reasonable and substantiated forecasts that affect the expected possibility of obtaining future cash flows from the asset.

Accounts receivable and other receivables, as well as contract assets, are covered by the simplified model in IFRS 9 Financial Instruments. Expected credit losses are valued with a provision matrix beginning in historical credit losses, adjusted for factors for general economic conditions and an assessment of both the current and forecast factors at the end of the reporting period.

The Group assesses the impairment of accounts receivable collectively where the receivables have been grouped based on the number of days overdue since they have common credit risk characteristics.

The assets are covered by a loss reserve for expected credit losses, see Note 13.

Classification and valuation of financial liabilities

Group financial liabilities include loans, accounts payable, and other liabilities.

Financial liabilities are initially valued at fair value. After initial recognition, Group financial liabilities are valued at accrued cost using the effective interest rate method.

All interest-related fees are included in the item Financial expenses.

Contingent earnouts are valued at fair value on the acquisition date and constitute part of the consideration for the acquisition. The earnout is recognised as a financial liability until it has been settled. The earnout is valued at fair value as of each balance sheet date. Any revaluation effects are recognised in the consolidated income statement. The valuation of the earnout is based on the terms and conditions stipulated by the respective purchase

agreements. The earnout is usually based on the financial growth of the acquired company.

Inventories

Inventories are valued at the lower of cost and net realisable value. Expenses for commonly replaceable articles are distributed according to the first-in, first-out principle. The net sale value is the estimated sale price in operating activities less any applicable sale expenses.

Income tax

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

The calculation of current tax is based on tax rates and tax regulation enacted or practically enacted at the end of the financial year. Deferred income tax is calculated on temporary differences according to the balance sheet method.

Deferred tax assets are recognised to the extent it is likely that the underlying tax loss carry-forward or the deductible temporary differences will be able to be used against future taxable surpluses. This is assessed based on the Group's forecast regarding future operating income and expenses, adjusted for significant non taxable income and expenses and specific limitations in the utilisation of unutilised tax loss carry-forwards or credits.

Deferred tax liabilities are essentially recognised in their entirety even if IAS 12 Income Taxes allows limited exceptions. As a result of these exceptions, the Group does not recognise deferred tax on temporary differences attributable to goodwill or investments in subsidiaries.

Cash and cash equivalents

Cash and cash equivalents consist of cash and disposable balances in banks and corresponding institutes and short-term liquid investments and bank certificates with a maturity date of 90 days or less from the acquisition date, that can readily be converted into a known amount and subject to a insignificant risk of value fluctuations. In the report on financial position, a utilised bank overdraft facility is recognised as borrowing in current liabilities.

Shareholders' equity, reserves and dividends

Share capital represents the quotient value for issued shares.

Share premium reserve includes a possible premium received upon the new issue of share capital. Any transaction costs related to a new issue of shares is deducted from the proceeds, considering any income tax effects. Retained earnings include all retained earnings and share-based payments to employees for current and earlier financial years.

All transactions with the Parent Company's owner are recognised separately in shareholders' equity.

Dividends to be paid to shareholders are included in the item Other current liabilities when the dividends have been approved at a General Meeting before the balance sheet date.

Post-employment benefits and short-term employee benefits

Post-employment benefits

The Group provides post-employment benefits solely through defined contribution pension plans.

The Group pays fixed fees to independent companies for several state pension plans and insurance policies for individual employees. The Group has no legal or informal obligations to pay further fees beyond payments of the fixed fee that is expensed in the period in which the relevant personnel service is rendered. Commitments for retirement pensions and survivor pensions for administrative employees in Sweden are secured via insurance with Alecta. According to a statement by the Swedish Financial Reporting Board, UFR 10 Recognition of the ITP 2 pension scheme financed via insurance from Alecta, this is a defined benefit plan that covers several employers. According to the ITP 2 agreement, the size of the retirement pension is determined

by the employee's number of years in service and final salary at the time of retirement. The size of the survivor pension is determined by the employee's estimated number of years of service (calculated as the number of years of service from employment date to retirement date) and salary at time of death. The size of the employee's and survivor's pension is not dependent on the premiums the Company pays to the plan, including the capital returns these premiums provide. Retirement pension and survivor pension thereby do not meet the definition of defined-contribution plans in IAS 19 Employee Benefits. For administrative personnel in Sweden, defined benefit pension undertakings for retirement and survivor pensions are secured via insurance with Alecta. According to a statement by the Swedish Financial Reporting Board, UFR 10 Recognition of the ITP 2 pension scheme financed via insurance from Alecta, this is a defined benefit plan that covers several employers. For the 2021 financial year, the Company has not had access to information on how to recognise its proportional share of pension scheme obligations, asset management and costs, which meant it has not been possible to recognise this as a defined benefit scheme. The ITP 2 pension scheme secured via insurance with Alecta is therefore recognised as a defined-contribution pension plan. Premiums for the defined-contribution retirement and survivors pension plan are calculated individually and are dependent on factors such as salary, previously earned pension and expected remaining period of service.

The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial assumptions, which do not coincide with IAS 19. The collective consolidation level, shall normally be permitted to vary between 125 and 175 percent. If the collective consolidation level is assessed as too low, one measure can be to raise the agreed price for new subscriptions and expand existing benefits. If the collective consolidation level exceeds 150 percent, reduced premiums can be introduced.

Short-term employee benefits

Short-term employee benefits, including holiday pay, that are not paid out are classified as current liabilities. These are valued at the undiscounted amount that the Group is expected to pay as a consequence of the unutilised right.

Related-party transactions

Board Members, senior executives and close family members of such key individuals are defined as related physical persons. Related companies are defined as the companies included in the Group, companies where related physical persons have a controlling, joint controlling or significant influence and other companies on behalf of whom key individuals perform services for the Group. Transactions with related parties arise in current operations and are based on business terms and conditions and market prices. Information is provided as to whether transactions with related parties have occurred, meaning a transfer of resources, services or obligations regardless of whether or not compensation was paid.

Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal processes, lost contracts or other claims are recognised when the Group has a legal or informal obligation as a result of an earlier event, and it is likely that an outflow of financial resources will be required and a reliable estimate of the amount can be made. The time or amount for the outflow may still be uncertain.

Provisions are valued in the amount estimated to be required to settle the existing obligation, based on the most favourable information available on the balance sheet date, including the risks and uncertainties related to the existing obligation. If there are a number of similar obligations, the probability is determined for an outflow in a collective assessment of the obligations. Provisions are discounted to their present value where the time value of money is significant.

Potential compensation that the Group is virtually certain of being able to receive from an external party for the obligation is recognised as a separate asset. However, this asset cannot exceed the amount for the attributable

provision. No liability is recognised if the outflow of financial resources as a result of existing obligations is unlikely. Such situations are recognised as contingent liabilities insofar as the likelihood of an outflow of resources is very small.

Parent Company accounting policies and valuation principles

Parent Company accounting and valuation principles are in line with the Group's except for that stated below.

Presentation

The income statement and balance sheet follow the presentation forms in the Swedish Annual Accounts Act (ÅRL). These differences related to designations primarily with regard to financial items in the income statement and shareholders' equity. The statement of changes in shareholders' equity has been adapted to the items that should be in the balance sheet according to the Annual Accounts Act.

Acquisition analysis

Intangible assets with indeterminate useful life are depreciated in the Parent Company accounts. The Parent Company values financial instruments according to the cost method and therefore values contingent earnouts at the value established in the acquisition analysis. No revaluation at fair value is done.

Contingent earnouts are recognised as a part of the cost if it is likely that they will be paid. The cost is adjusted if the initial assessment of contingent earnouts changes.

Group contributions

All Group contributions paid and received are recognised as appropriations.

Anticipated dividend

The Parent Company recognises anticipated dividends from subsidiaries if the Parent Company is entitled to solely decide on the size of the transfer of value and the Parent Company decides on the size of the transfer of value before its financial statements are published.

Subsidiaries

Holdings in subsidiaries are valued according to the cost method.

Reclassification of holdings for sale is not done.

Financial instruments

All financial instruments are valued based on cost in accordance with the Annual Accounts Act.

Cash and bank

The definition of cash and bank comprises cash funds and unappropriated balances at banks and corresponding institutions.

Deferred income tax

The deferred tax liability attributable to untaxed reserves is not recognised in the Parent Company. These are accordingly recognised as the gross amount on the balance sheet. The appropriations are recognised in the gross amount in the income statement.

Note 2 Operating income

Geographic areas	Order book		Net sales		Non-current assets*	
	2021	2020	2021	2020	2021	2020
Group, SEK m						
Sweden	1,252.3	843.4	1,923.4	1,249.2	1,816.9	1,320.5
Denmark	226.9	17.4	318.6	54.2	253.6	79.1
Norway	450.8	160.2	434.3	37.0	376.5	119.9

* Concerns non-current assets (including right of use assets) that are not financial instruments, deferred tax assets, assets concerning post employment or post employment and rights that arise in accordance with insurance policies.

Group sales are generated from the performance of services on building exteriors in Sweden, Denmark and Norway. The service offering includes plastering, masonry and other services, such as windows, balconies, roofing and sheet metal, plus the letting of scaffolding intended for new construction and renovation. The Group mainly has customer agreements with a maturity of 12 months, which means disclosure is not necessary. Income is recognised over time on line with work performed (percentage of completion). Invoicing is done on an ongoing basis during the course of a project. Net sales outside Sweden comprise 28 percent of Group's total sales. The order book is expected to be recognised over the next 24 months with the majority in the coming year.

Income

Group, SEK m	2021	2020
Work performed but not invoiced	122.3	72.6
Invoiced but not performed work	-67.6	-29.8

In 2021, recognised income from work performed in 2020 is assessed as not amounting to significant amounts. Invoiced but not performed work, as of 31 December 2020 is assessed to have been performed in 2021.

Operating segments

Sales come from external customers, of which no individual customer accounts for ten percent or more of sales. Group Management currently identifies operations as one operating segment, which is the breakdown that Fasadgruppen itself follows in its internal reporting. The operating segment is monitored by the Group's senior executives and strategic decisions are made on the basis of operating profit for the segment.

Note 3 Remuneration of auditors

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Deloitte AB				
Audit assignments	4.2	2.9	1.3	0.8
Accounting services in addition to audit assignments	0.1	0.6	0.1	0.6
Tax advice	-	-	-	-
Other services	0.0	-	-	-
Mazars Statsautoriseret Revisionspartnerselskab				
Audit assignments	0.5	0.2	-	-
Accounting services in addition to audit assignments	0.0	-	-	-
Tax advice	0.0	0.0	-	-
Other services	0.1	0.4	-	-
Other companies				
Audit assignments	0.2	0.0	-	-
Accounting services in addition to audit assignments	0.0	0.1	-	-
Tax advice	0.1	-	-	-
Other services	0.0	0.1	-	-
Total	5.1	4.4	1.3	1.4

The audit assignment refers to fees charged for the statutory audit, review of the annual report and consolidated financial statements, the accounting, the Board's and CEO's management, i.e. such work as was necessary to prepare the Auditors' Report, and so-called auditing advice provided in connection with the audit assignment. The assignment also includes audit and other review performed in accordance with the agreement or contract.

Audit activities in addition to the audit assignment entail other quality assurance services that are performed in accordance with regulations, the Articles of Association, statutes or agreements. Tax advice includes both advice and auditing of compliance in the tax area. Any other services are referred to as Other services.

Note 4 Remuneration to employees and the Board

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Salaries and other benefits	615.6	317.6	7.4	4.3
Social security contributions	149.0	87.6	2.1	1.4
Pension costs (defined contribution plans)	62.7	26.8	1.4	-
Total	827.2	432.0	10.9	5.7

Government grants for sick leave expenses

In 2021, the Group did not receive any government grants for sick leave expenses as a consequence of the Covid-19 pandemic. For 2020, total payment in accordance with IAS 20 amounted to SEK 4.2 m.

Salaries and other benefits plus social security contributions

2021 SEK m	Group		
	Salaries and other benefits	Pension expenses	Social security contributions
Board Members, CEO and other senior executives	14.4	2.7	4.1
Other employees	601.2	60.0	144.9
Total	615.6	62.7	149.0
2020 SEK m	Group		
	Salaries and other benefits	Pension expenses	Social security contributions
Board Members, CEO and other senior executives	10.2	2.0	2.9
Other employees	307.4	24.8	84.6
Total	317.6	26.8	87.6

Remuneration to the Board and senior executives

SEK m	Group	
	2021	2020
Salaries and other short-term benefits	14.4	10.2
Severance pay	0.0	0.0
Post-employment benefits	0.0	0.0
Other long-term benefits	2.7	2.0
Total	17.1	12.2

2021, SEK	Basic salary	Variable remuneration	Other benefits	Pension benefits	Total
Board of Directors					
Per Sjöstrand, Chairman of the Board	391,728	-	-	-	391,728
Ulrika Dellby	300,064	-	-	-	300,064
Tomas Georgiadis	166,666	-	-	-	166,666
Christina Lindbäck	166,664	-	-	-	166,664
Tomas Ståhl	166,666	-	-	-	166,666
Gunilla Öhman	225,064	-	-	-	225,064
Senior executives					
Pål Warolin, CEO	2,104,690	700,000	119,253	423,476	3,347,419
Martin Jacobsson, Deputy CEO	1,464,000	360,000	56,263	298,745	2,179,008
Other senior executives (9)	7,315,218	500,000	440,760	1,945,060	10,201,038
Total	12,300,760	1,560,000	616,276	2,667,281	17,144,317

Remuneration of senior executives consists of fixed salary, other benefits and defined-contribution pension, and can additionally consist of variable remuneration based on fixed target indicators. 2021 provided a bonus outcome for senior executives totalling SEK 1,560,000. Other benefits refer to normal, non-monetary benefits, such as a company car and occupational health cover. The retirement age for all senior executives is 65. Notice of termination by

the Company is normally three to six months, and for resignation by a senior executive, three months, or six months in exceptional cases. Severance pay does not arise. Notice period by the Company for the CEO is six months and by the CEO is likewise six months. In 2021, remuneration to other senior executives includes individuals that had been employed for part of the year (2 executives) when the number of senior executives increased from 9 to 11.

2020, SEK	Basic salary	Variable remuneration	Other benefits	Pension benefits	Total
Board of Directors					
Per Sjöstrand, Chairman of the Board	325,050	-	-	-	325,050
Ulrika Dellby	337,550	-	-	-	337,550
Tomas Georgiadis	-	-	-	-	0
Mikael Karlsson	-	-	-	-	0
Tomas Ståhl	-	-	-	-	0
Gunilla Öhman	102,150	-	-	-	102,150
Senior executives					
Pål Warolin, CEO	1,680,400	855,000	100,213	402,795	3,038,408
Martin Jacobsson, Deputy CEO	1,123,680	150,000	43,665	221,329	1,538,674
Other senior executives (7)	5,239,077	-	263,514	1,392,181	6,894,772
Total	8,807,907	1,005,000	407,392	2,016,305	12,236,604

Remuneration of senior executives consists of fixed salary, other benefits and defined-contribution pension, and can additionally consist of variable remuneration based on fixed target indicators. 2020 provided a bonus outcome for senior executives totalling SEK 1,005,000. Other benefits refer to normal, non-monetary benefits, such as a company car and occupational health cover. The retirement age for all senior executives is 65. Notice of termination by the Company is normally three to six months, and for resignation by a senior executive, three months, or six months in exceptional cases. Severance pay does not arise. Notice period by the Company for the CEO is six months and by the CEO is likewise six months.

Warrants of series 2021 / 2024

The 2021 Annual General Meeting resolved to introduce a long-term incentive programme for employees in the Group consisting of a maximum

923,010 warrants. Each warrant entitles the holder to subscribe to a new share in the Company in June 2024. The subscription price for each such share shall be SEK 164.1, which corresponds to 125 percent of the averaged volume weighted price paid for the Company's shares on the Nasdaq Stockholm over the last ten trading days before the 2021 AGM.

At this moment in time, 487,382 warrants have been issued to 64 employees in the Group at a market price calculated in accordance with the Black & Scholes model. Option premiums paid amount to SEK 7.9 m. The remaining 435,628 warrants are held by the Company's wholly owned subsidiary, Fasadgruppen Norden AB, and have been transferred free of charge.

Under certain circumstances, the Company has the right to buy back warrants from holders who cease to be employees of the Group or that wish to transfer their warrants to a third party. For more information on the warranty terms and conditions, please see the Company website.

Exercise period	Number of warrants	Subscription price per warrant	Acquisition value	Allocation date
1 June 2024 to 30 June 2024	487,382	SEK 16.29	SEK 7,940,901	2021
Average number of employees		2021		
Group	Average number of employees	Of which men	Of which women	2020
Sweden	887	856	31	598
Other Nordics countries	319	304	15	56
Total	1,206	1,160	46	654
				632
				22

Average number of employees	2021			2020		
	Average number of employees	Of which men	Of which women	Average number of employees	Of which men	Of which women
Parent Company						
Sweden	3	3	0	2	2	0
Total	3	3	0	2	2	0

Average number of employees calculated as full time equivalents

Gender balance of senior executives

The gender balance of the Board and senior executives on balance sheet date 31 December 2021 and 2020 is presented in the table below:

Group	2021			2020		
	Number of	Of which men	Of which women	Number of	Of which men	Of which women
Board of Directors	6	4	2	6	4	2
Senior executives	11	9	2	9	8	1

Note 5 Related party transactions

The Group has related-party transactions with persons on the Board and in Group Management, their relatives and companies that are under their controlling influence. Other related parties are comprised of companies on behalf of which the aforementioned persons perform services for the Group. The Parent Company, Fasadgruppen Group AB, has related party relationships with its subsidiaries. As of 31 December 2021, shares corresponding to 11.1 percent of the Fasadgruppen Group share capital and voting rights were held by Connecting Capital Sweden AB. The company is considered to be a

related party to the Group. As of 31 December 2021, no other shareholder owned shares corresponding to more than ten percent of the Fasadgruppen Group share capital and voting rights.

Transactions with related parties are based on commercial terms and market prices.

Remuneration of Board Members and the senior executives is described in Note 4 Remuneration to employees and the Board.

Related-party transactions

Sales of services, SEK m	Group		Parent Company	
	2021	2020	2021	2020
AB Karlsson Fasadrenovering	3.9	3.5	-	-
Ahlins Plåt AB	0.1	-	-	-
Allt i Murning i Karlshamn AB	1.2	1.3	-	-
Bruske/Delér Fönsterrenoveringar AB	0.4	-	-	-
Byens Tag & Façade A/S	3.2	-	-	-
Cortex Facaderens ApS	0.8	1.6	-	-
DVS ENTREPRENØR AS	2.6	-	-	-
Engman Tak AB	0.4	-	-	-
Er-Jill Byggnadsplåt AB	0.2	-	-	-
Fasadgruppen Norden AB	10.0	6.5	9.8	5.9
Fasadteknik i Nyköping AB	3.8	2.5	-	-
Frillesås Mur och Puts AB	1.7	2.1	-	-
Front RK AB	54.6	0.1	-	-
Haga Plåt i Umeå AB	0.1	-	-	-
Hans Eklund Glasmästeri AB	0.3	-	-	-
Husby Takplåtslageri & Ventilation AB	4.3	-	-	-
Johns Bygg & Fasad AB	3.5	2.3	-	-
Karlaplans Plåtslageri AB	13.5	3.2	-	-
Kumla Fasadteam AB	1.1	-	-	-
Malmö Mur & Puts AB	5.0	7.5	-	-
Mellansvenska Fasad, Lars Svensson AB	1.8	0.5	-	-
Mjøndalen Mur & Puss AS	2.1	-	-	-
Murpoolen i Skåne AB	3.1	2.9	-	-
Mälardalens Mur & Puts AB	4.0	9.1	-	-
OPN Entreprise A/S	0.3	-	-	-
P. Andersen & Søn Entreprise A/S	0.7	0.3	-	-
Rapid Hyrställningar AB	5.1	1.5	-	-
Rogaland Blikk AS	0.2	-	-	-
RSM Fasade AS	0.4	-	-	-
SH-Bygg Tegl AS	0.1	-	-	-
Simtuna Betong & Byggteknik AB	2.7	2.5	-	-
SmartFront AB	2.3	-	-	-
Solid Fasad Stockholm AB	0.2	-	-	-
STARK Fasadrenovering i Sverige AB	27.0	22.8	-	-
Sterner Stenhus Fasad AB	6.2	1.0	-	-

Tello Service Partner AB	1.4	-	-	-
V Fasad AB (Valvet)	2.5	2.9	-	-
Ume Fasad AB	-	0.4	-	-
V Fasad AB (Valvet)	2.5	2.9	-	-
Valbo Fasad Entreprenad AB	7.4	4.6	-	-
<i>Companies controlled by senior executives:</i>				
Sterner Stenhus Entreprenad AB	37.3	-	-	-
Sterner Stenhus Fastigheter AB	0.5	0.5	-	-
Sterner Stenhus Förvaltning AB	1.6	1.6	-	-
Sterner Stenhus Services AB	1.1	0.0	-	-
Botkyrka Kornet 6 & 15 AB	4.6	6.0	-	-
Stenhus Kungens Kurva Diagonalen AB	0.5	0.5	-	-
Stenhus Tumba Samariten AB	0.2	18.1	-	-
Stenhus Köping Njord AB	0.6	2.2	-	-
Stenhus Södertälje Företagaren 1 AB	-	0.1	-	-
Total	225.6	107.9	9.8	5.9

The transactions pertain to sales of services between Group companies as a part of operating activities.

Purchase of services, SEK m	Group		Parent Company	
	2021	2020	2021	2020
Within the Group	225.6	107.9	-	-
<i>Companies controlled by senior executives:</i>				
Bendrik Invest AB	0.8	0.7	-	-
KFAB Förvaltning AB	0.6	0.6	-	-
A.M Karlsson i Kviksund AB	-	1.9	-	-
Connecting Capital Holding AB	0.1	0.6	-	-
Connecting Capital Sweden AB	-	0.1	-	-
KB Träflöjten	0.4	0.4	-	-
Sterner Stenhus Services AB	0.8	0.4	-	-
Bygg & Städtjänst AB	0.4	0.4	-	-
Stenhus Tumba Samariten AB	0.1	0.1	-	-
Stenhus Kungens Kurva Diagonalen AB	0.1	-	-	-
Sterner Stenhus Fastigheter AB	-	0.2	-	-
Total	228.9	113.3	-	-

Transactions within the Group pertain to purchases of services between Group companies as a part of operating activities. Transactions with companies controlled by senior executives are primarily comprised of invoiced consultancy fees for acquisition-related consulting services, financial advisory services, management fees and rent for office premises.

After the resolution of 8 May 2020 on a directed share issue, new subscriptions to ordinary shares by senior executives amounted to SEK 1.2 m and new subscriptions by companies controlled by senior executives amounted to SEK 37.5 m.

Dealings

The following dealings concerning transactions with related parties are outstanding as of the balance sheet date:

Receivables from related parties, SEK m	Group		Parent Company	
	2021	2020	2021	2020
Subsidiaries	17.4	28.9	-	-
<i>Companies controlled by senior executives:</i>				
Sterner Stenhus Entreprenad AB	17.7	-	-	-
Sterner Stenhus Services AB	0.0	0.0	-	-
Bygg & Städtjänst AB	-	0.0	-	-
Sterner Stenhus Fastigheter AB	-	0.6	-	-
Sterner Stenhus Förvaltning AB	-	1.9	-	-
Botkyrka Kornet 6 & 15 AB	-	7.5	-	-
Stenhus Kungens Kurva Diagonalen AB	-	0.6	-	-
Stenhus Tumba Samariten AB	-	22.6	-	-
Stenhus Köping Njord AB	-	2.8	-	-
Stenhus Köping Montören AB	-	0.0	-	-
Stenhus Södertälje Företagaren 1 AB	-	0.1	-	-
Total	35.1	65.2	-	-

On 8 May 2020, a new issue was also resolved on, via the conversion of shareholder loans to new shares. During the month of May, shareholder loans amounting to SEK 0.3 m (including accrued market-based interest) from senior executives and amounting to SEK 192.6 m from companies controlled by senior executives were converted into shareholders' equity via an offset share issue. During the fourth quarter of 2020, the remaining shareholder loans from companies controlled by senior executives, amounting to SEK 87.1 m, were repaid in full.

	Group		Parent Company	
	2021	2020	2021	2020
Liabilities to related parties, SEK m				
Subsidiaries	17.4	28.9	-	-
<i>Companies controlled by senior executives:</i>				
Bendrik Invest AB	0.1	0.1	-	-
Sterner Stenhus Services AB	0.2	0.5	-	-
Stenhus Tumba Samariten AB	0.1	0.1	-	-
Strukturen AB	0.0	-	-	-
Bygg & Städtjänst AB	-	0.4	-	-
Sterner Stenhus Fastigheter AB	-	0.1	-	-
Total	17.8	30.2	-	-

Receivables from related parties are attributable to internal accounts receivable and mature 30 days after the sale date. The Group does not hold any collateral for these receivables and no interest is payable. Liabilities to related

parties are attributable to purchase transactions that mature 30 days after the purchase date. The liabilities accrue without interest.

	Group		Parent Company	
	2021	2020	2021	2020
Loans from related parties, SEK m				
<i>Shareholder loans from senior executives and companies controlled by senior executives</i>				
At start of year	-	294.1	-	294.1
Interest expenses	-	4.3	-	4.3
Repaid amounts	-	-298.4	-	-298.4
At end of year	-	0.0	-	0.0

Note 6 Leases

Leasing liabilities are presented in the statement of financial position as follows:

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Non-current	96.5	59.2	0.2	-
Current	34.7	19.9	-	-
Total	131.2	79.0	0.2	-

Interest expenses for leases in the 2021 financial year amounted to SEK 1.97 m (1.2). The Group leases premises for offices and warehouses, plus vehicles. Except for short-term leases and for leases for which the underlying asset has a low value, rights of use and lease liabilities are recognised in the balance sheet. Variable lease charges that are not indexed are excluded in the initial calculation of the leasing liability and asset. The Group recognises its right of use assets under Tangible assets. In general, the leases are limited

in terms of lessee rights, insofar as there is no contractual right for the Group to rent out the asset to another party so that only the Group can utilise the asset. The leases are either interminable or can only be terminated for a material termination fee. The Group must keep rented premises for offices and warehouses in good condition. In addition, the Group must insure the leased assets and pay expenses for maintenance for them in accordance with the lease agreement.

The table below describes the Group's leases based on type of ROU asset that is recognised in the balance sheet:

Right-of-use assets	Offices and warehouses	Vehicles	Other
No. of right of use assets	57	212	16
Range remaining lease term	0–9	0–6	1–5
Average remaining lease period	3.9	1.8	3.0

Leases for offices and warehouses generally include an extension option and the possibility of termination. In most cases, they also include index-based variable fees.

Leases for vehicles and other assets do not usually include any extension

options, possibilities of termination or index-based charges.

A lease liability is guaranteed by the underlying asset being issued as collateral for the liability.

The Group's future minimum lease payments as of 31 December 2021 and 31 December 2020 amounted to the following:

Minimum lease payments

31 December 2021, SEK m	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Lease fees excluding financial expenses	36.6	32.2	24.0	15.3	8.7	8.0
31 December 2020, SEK m						
Lease fees excluding financial expenses	21.5	17.0	14.0	11.4	9.1	10.7

Leases that are not recognised as a liability

The Group has chosen not to recognise a leasing liability for short-term leases (leases with an expected leasing term of 12 months or less) and for leases for which the underlying asset has a low value. Payments for such leases are

expensed on a straight-line basis. In addition, certain variable leasing fees are not permitted to be recognised as a leasing liability which is why they are also continuously expensed.

The cost for leasing fees not included in the calculation of the leasing liability amounts to SEK 67.8 m (47.8).

Changes in carrying amounts in right of use assets in the Group are:

2021, SEK m	Offices and warehouses	Vehicles	Other	Total
Opening accumulated cost	74.7	29.2	2.3	106.2
New leases	4.1	22.6	0.7	27.4
Purchases via business combinations	43.5	24.1	0.6	68.2
Changed leases for the year	1.4	0.6	0.0	2.0
Terminated leases	-5.9	-14.3	0.0	-20.2
Exchange rate differences	1.0	0.2	0.0	1.2
Closing accumulated cost	118.9	62.4	3.6	184.9
Opening accumulated depreciation	-12.6	-11.6	-0.6	-24.8
Terminated leases	3.8	12.0	0.0	15.8
Depreciation for the year	-17.8	-24.1	-0.6	-42.5
Exchange rate differences	-0.1	0.0	0.0	-0.1
Closing accumulated depreciation	-26.7	-23.7	-1.2	-51.6
Carrying amount	92.2	38.7	2.4	133.3

2020, SEK m	Offices and warehouses	Vehicles	Other	Total
Opening accumulated cost	39.1	19.8	1.8	60.6
New leases	11.3	8.3	0.5	20.0
Purchases via business combinations	24.4	3.7	0.0	28.1
Changed leases for the year	0.6	0.9	0.0	1.5
Terminated leases	-0.4	-3.4	0.0	-3.8
Exchange rate differences	-0.3	0.0	0.0	-0.3
Closing accumulated cost	74.7	29.2	2.3	106.2
Opening accumulated depreciation	-5.2	-6.4	-0.2	-11.9
Terminated leases	0.0	2.9	0.0	3.0
Depreciation for the year	-7.4	-8.1	-0.4	-15.9
Exchange rate differences	0.0	0.0	0.0	0.0
Closing accumulated depreciation	-12.6	-11.6	-0.6	-24.8
Carrying amount	62.1	17.6	1.7	81.4

Total cash flow for leasing in the Group in 2021 amounted to SEK -36.4 m (-16.8).

Note 7 Profit/loss from financial items

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Interest income	0.1	0.0	1.9	1.4
Dividend Group Company			45.0	-
Other	0.0	0.0	-	-
Financial income	0.1	0.0	46.9	1.4
Interest expenses, borrowing at accrued cost	-14.3	-11.1	-18.1	-7.8
Interest expenses for leases	-2.3	-1.2	-	-
Other financial expenses	-5.0	-0.9	-	-
Financial costs	-21.6	-13.2	-18.1	-7.8

Note 8 Tax and appropriations

The most important components in the tax expense for the financial year and the relationship between expected tax expense based on the effective Swedish tax rate for the Group of 22.2 percent (21.5) and for the Parent Company of 5.0 percent (21.4) and the recognised tax expense in the income statement are as follows:

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Profit/loss before tax	238.8	114.2	75.0	17.3
Tax according to applicable tax rate (20.6%)	-49.2	-24.4	-15.4	-3.7
Adjustment for tax-free income	0.1	1.9	11.7	0.0
Non-deductible expenses	-5.4	-1.4	0.0	0.0
Different in foreign tax rates	-1.1	0.0	0.0	0.0
Effect of changed tax rate	0.1	0.0	0.0	0.0
Standard income on tax accrual reserve	0.0	-0.1	0.0	0.0
Temporary differences	0.3	0.0	0.0	0.0
Other	2.2	-0.6	0.0	0.0
Recognised tax in income statement	-53.0	-24.6	-3.7	-3.7
The tax expense comprises the following components:				
Current tax on net profit/loss for the year	-56.2	-42.4	-3.7	-3.7
Change in temporary differences	3.2	17.8	0.0	0.0
Recognised tax in income statement	-53.0	-24.6	-3.7	-3.7

Deferred taxes that arise as a result of temporary differences are summarised as follows:

Changes during the year, SEK '000	1 January 2021	From acquisitions	Recognised in		31 December 2021
			Other comprehensive income	income statement	
Intangible non-current assets	-30.3	-40.1	0.0	5.3	-65.1
Leasing, net	0.2	0.0	0.0	0.3	0.5
Tax accrual reserves	0.0	-2.5	0.0	2.5	0.0
Other temporary differences	0.0	-3.6	0.0	-4.9	-8.5
Total	-30.1	-46.2	0.0	3.2	-73.1

Changes during the year, SEK '000	1 January 2020	From acquisitions	Recognised in		31 December 2020
			Other comprehensive income	income statement	
Intangible non-current assets	0.0	-47.1	0.0	16.8	-30.3
Leasing, net	0.2	0.0	0.0	0.0	0.2
Tax accrual reserves	-1.0	0.0	0.0	1.0	0.0
Total	-0.8	-47.1	0.0	17.8	-30.1

All deferred tax assets (including tax loss carry-forwards and other tax deductions) have been recognised in the balance sheet.

Appropriations, SEK '000	Parent Company	
	2021	2020
Group contributions received	59.3	31.5
Group contributions paid	0.0	0.0
Total	59.3	31.5

Note 9 Acquisitions

Business combinations 2021

Company acquisitions January–December 2021

During the period, Fasadgruppen has completed acquisitions of and added all shares in Mjøndalen Mur & Puss AS, Bruske/Delér Fönsterrenoveringar AB, Tello Service Partner AB, Mur & Puts i Örebro AB, Engman Tak AB, Rogaland Blikk AS, RSM Fasade AS, Byens Tag & Façade A/S, Åby Fasad I Sverige AB, Hans Eklund Glasmästeri AB, Er-Jill Byggnadsplåt AB, Husby Takplåtslageri & Ventilation AB, Ahlins Plåt AB, Haga Plåt i Umeå AB, Kumla Fasadteam AB, OPN Entreprise A/S, SH-Bygg AS and Solid Fasad Stockholm AB.

The acquisitions were made to strengthen the Group's position within façade, window and roof work. Mjøndalen that complements our business in Norway with a specific focus on new construction, Bruske/Delér and Tello that bring specialist expertise within window renovation and roof services respectively, plus Mur & Puts i Örebro that strengthens our position in Närke. The latter was merged with Mellansvenska Fasad in the fourth quarter. Engman Tak is a complete roofing supplier that offers both new build and renovation services. Fasadgruppen is continuing to expand in Norway and Denmark, and has gained a footing in Stavanger via the acquisition of RSM Fasade and Rogaland Blikk, plus the acquisition of Byens Tag & Facade in Copenhagen with the focus on roof, window and façade renovations. Åby Fasad mainly works with windows and roofing, plus balcony glazing, while Eklund Glasmästeri focuses on the production and installation of aluminium and glass façades. With the acquisitions of Er-Jill, Husby, Haga Plåt and Ahlins Plåt, the Group is further honing its offer within roof and architectural sheet metal working. Façade companies Kumla Fasadteam and Solid Fasad strengthen the Group's presence in Central Sweden and the Stockholm region. Our offer in the Copenhagen area and Oslo region have been complemented by the acquisition of masonry and plastering company OPN Entreprise and façade renovation company SH-Bygg.

The acquired companies reported total earnings of around SEK 1,168 m and EBITA amounted to around SEK 146 m for the 2020 calendar year. Since the time of the acquisitions and up to 31 December 2021, the companies have contributed SEK 705.0 m to Group net sales and SEK 97.3 m to Group EBITA.

The combined purchase consideration amounted to SEK 982.0 m, of which SEK 598.3 m has been paid via cash and cash equivalents on gaining possession and SEK 34.8 m via new shares issued. The outcome of the earnouts that are dependent on future operating profits achieved by the companies concerned has been valued via a probability assessment where it is assessed that the agreed amount will be paid within the term of the earnout period that is 1–3 years.

Acquisition costs totalling SEK 18.2 m are recognised as other operating costs for January–December 2021.

Other business acquisitions January–December 2021

Asset acquisitions

Three asset acquisitions were completed in 2021 where business operating subsidiary companies within the Group complemented their business operations. Subsidiary company Frillesås Mur & Puts AB has acquired business operations in Mölnlycke Mur & Puts AB, Sterner Stenhus Fasad AB has acquired business operations in Stilpro AB and Er-Jill Byggnadsplåt AB has acquired business operations in AB Byggplåt i Landvetter. The acquired businesses have annual sales of around SEK 25 m and 18 employees. SEK 12.2 m has been paid via cash and cash equivalents on access. As a consequence of their size, asset acquisitions are not considered significant in relation to the Group's financial position and earnings.

Earnouts resolved

During the period, earnouts have been settled in a total of SEK 11.4 m attributable to the acquisitions of Karlaplans Plåtslageri AB and P. Andersen & Søn Entreprise A/S. Settlement of the earnouts was SEK 0.7 m above assessments previously made.

Acquisition analyses

Some of the overvalues in the preliminary acquisition analyses have been allocated to the Company brand and customer relationships while unallocated overvalues have been attributed to goodwill. The brands consist of the acquired company brands that are retained and utilised indefinitely, which is a key part of the Fasadgruppen strategy. Goodwill is primarily attributable to the growth expectations of the business, expected future profitability, the significant knowledge and expertise possessed by the personnel and synergies on the costs side. Customer relationships derive from the written agreements comprising the order book at the time of acquisition. Most of the agreements have a shorter term than 12 months and all are deemed to have been terminated within a maximum of 24 months. Goodwill and brands have an indeterminable usage period and are not depreciated but tested for impairment annually or if such is indicated. The assessed value of customer relationships is depreciated over the term of the order book.

Acquisitions of companies

Access	Acquisitions	Country	Estimated annual sales at time of acquisition, SEK m	No. of employees
November 2021	AB Byggplåt i Landvetter (asset acquisition)	Sweden	9	5
November 2021	SH-Bygg AS (incl SH Tømmer AS and SH-Bygg Tegl AS)	Norway	74	43
November 2021	Ahlins Plåt AB	Sweden	42	18
November 2021	Haga plåt i Umeå AB	Sweden	36	22
November 2021	Kumla Fasadteam AB	Sweden	65	25
October 2021	OPN Entreprise A/S	Denmark	41	31
October 2021	Stilpro AB (asset acquisition)	Sweden	4	2
October 2021	Solid Fasad Stockholm AB	Sweden	50	16
July 2021	Husby Takplåtslageri & Ventilation AB	Sweden	58	38
July 2021	Er-Jill Byggnadsplåt AB (incl Er-Jill Service AB)	Sweden	27	20
July 2021	Hans Eklund Glasmästeri AB	Sweden	44	26
July 2021	Åby Fasad I Sverige AB	Sweden	55	44
May 2021	Byens Tag & Façade A/S	Denmark	220	69
May 2021	Engman Tak AB	Sweden	59	29
May 2021	Rogaland Blikk AS	Norway	18	10
May 2021	RSM Fasade AS	Norway	49	19
March 2021	Mur & Puts i Örebro AB	Sweden	23	18
February 2021	Tello Service Partner AB	Sweden	60	22
February 2021	Bruske/Delér Fönsterrenoveringar AB	Sweden	60	38
January 2021	Mjøndalen Mur & Puss AS	Norway	175	95
January 2021	Mölnlycke Mur & Puts AB (asset acquisition)	Sweden	12	11
			1,181	601

Value according to acquisition analysis**– Share transfers January–December 2021**

SEK m	Carrying amount	Fair value adjustment	Fair value
Brand	-	140.7	140.7
Customer relationships	-	23.0	23.0
Right-of-use assets	-	55.6	55.6
Tangible non-current assets	35.3	-	35.3
Financial non-current assets	1.4	-	1.4
Inventories	17.3	-	17.3
Customer receivables and other receivables	231.8	-	231.8
Cash and cash equivalents	153.4	-	153.4
Deferred tax liabilities	-5.1	-35.0	-40.1
Lease liabilities	-	-55.6	-55.6
Appropriations	-5.2	-	-5.2
Other liabilities	-20.9	-	-20.9
Accounts payable and other payables	-224.5	-	-224.5
Identifiable net assets	183.4	128.7	312.1
Goodwill			669.9
Consideration			982.0
Of which earnout			195.5
Of which new share issue			34.8
Of which cash and cash equivalents transferred			-751.7
Acquired cash and cash equivalents			153.4
Change in Group cash and cash equivalents			-598.3

Note 10 Intangible assets

Group intangible assets primarily arose through acquisitions of wholly owned companies and are allocated to cash-generating units (CGU). The Group's assessment is that the business areas each constitute their own cash-generating unit. Each business area manager manages a group of underlying companies with a natural geographic identity, similar customer group and synergies. Together, the business area companies generate income and cash flows that are greater than the sum of the individual companies if they were to be

operated completely independently. Acquired intangible assets are tested for impairment at the three CGU that the Company resolved on for 2021. The three business areas are West, Northeast, and South. There were previously four business areas in the Group but they were reduced to three in 2021. The former North business area and CGU, only had one subsidiary company and this was allocated to the new Northeast business area. The Northeast BA accordingly consists of the previous North and East BAs.

Goodwill, brands and customer relationships are allocated according to the table below:

Goodwill, brands and customer relationships per BA, SEK m	Group	
	2021	2020
BA North	-	78.6
BA East	-	852.0
BA West	477.6	214.1
BA South	453.8	251.3
BA Northeast	1,283.1	-
Total	2,214.5	1,396.0
Exchange rate differences	17.3	-4.4
Closing accumulated cost	2,231.7	1,391.6

Changes in carrying amounts for goodwill, brands and customer relationships are as follows:

Goodwill, SEK m	Group		Parent Company	
	2021	2020	2021	2020
Opening cost	1,258.3	634.3	-	-
Purchases	682.5	627.9	-	-
Exchange rate differences	12.8	-3.9	-	-
Closing accumulated cost	1,953.6	1,258.3	-	-
Opening depreciation	-	-	-	-
Depreciation for the year	-	-	-	-
Closing accumulated depreciation	-	-	-	-
Carrying amount	1,953.6	1,258.3	-	-
Brands, SEK m				
Opening cost	119.8	0.0	-	-
Purchases	140.7	120.2	-	-
Exchange rate differences	4.0	-0.4	-	-
Closing accumulated cost	264.5	119.8	-	-
Opening depreciation	-	-	-	-
Depreciation for the year	-	-	-	-
Exchange rate differences	-	-	-	-
Closing accumulated depreciation	-	-	-	-
Carrying amount	264.5	119.8	-	-
Customer relationships, SEK m				
Opening cost	20.0	0.0	-	-
Purchases	23.0	20.1	-	-
Exchange rate differences	0.5	0.0	-	-
Closing accumulated cost	43.5	20.0	-	-
Opening depreciation	-6.4	0.0	-	-
Depreciation for the year	-23.5	-6.5	-	-
Exchange rate differences	0.0	0.0	-	-
Closing accumulated depreciation	-29.9	-6.4	-	-
Carrying amount	13.6	13.6	-	-
Other intangible assets, SEK m				
Opening cost	0.9	0.8	-	-
Purchases	-	-	-	-
Acquisitions	0.3	0.1	-	-
Closing accumulated cost	1.1	0.9	-	-
Opening depreciation	-0.3	0.0	-	-
Depreciation for the year	-0.3	-0.3	-	-
Closing accumulated depreciation	-0.6	-0.3	-	-
Closing carrying amount	0.5	0.6	-	-

The useful life of goodwill and brands is deemed to be indefinite and is not amortised, but impairment tested upon indication of a decrease in value and annually at the year-end closing. The assessed value of customer relationships is depreciated over the term of the order book. For 2021 and 2020 the recoverable amount for each cash-generating unit was determined by the value in use being calculated and then compared with the carrying amount. The impairment testing shows that the recoverable amounts per cash-generating unit exceed by a good margin the carrying amounts and no impairment requirement has been indicated for either of the years.

Assumptions

The calculation of the value in use means that a number of critical assumptions must be made. These are described below. The calculation of the value in use is based on a cash flow forecast of five years, which is determined by Group Management. Cash flows for the period beyond the five-year forecast period are extrapolated with the use of a long-term growth rate in the industry Group Management is not aware of any other reasonably possible changes in the important assumptions made that could lead to a cash-generating unit carrying amounts exceeding its recoverable amounts and an impairment requirement thereby arising.

A sensitivity analysis is performed by the model where the right of use value is stress tested against the carrying amount in different scenarios of WACC and Growth for a specific year. The sensitivity analysis based on carrying amounts for the end of December 2021 shows that a WACC of more than 12 percent would be required and zero to negative growth for an impairment need to arise. Accordingly there is significant scope for variation (head room), which means a lower risk of impairment.

The following variables are significant and common to all cash-generating units when calculating right of use value. Sales, competitiveness of a business, expected economic cycle for building production, general socio-economic development, investment plans of public sector and municipal clients, interest rates and local market conditions.

Operating margin: Historic profitability level and efficiency for the operation, access to key personnel and skilled labour, customer relationships, access to internal resources, cost development for wages, materials and subcontractors.

Working capital requirements: Assessment based on individual cases whether the level of working capital reflects the operations' needs or needs to be adjusted for the forecast periods. For future development, a reasonable and cautious assumption is that it follows sales growth.

Investment requirement: Operational investment needs are assessed based on the investments required to achieve forecast cash flows at the beginning, meaning without expansion investments. Normally, the level of investment has corresponded to the rate of depreciation on tangible non-current assets.

Terminal value: Forecast cash flows and residual values are discounted to present value with a weighted average cost of capital (WACC). The interest level on borrowed capital is set at the average interest rate on the Group's net debt. The required rate of return on shareholders' equity is built up according to the Capital Asset Pricing Model. The following applies for all CGU:

Group	2021	2020
Discount rate (WACC), before tax, %	8.0	9.3
Discount rate (WACC), after tax, %	6.7	7.9
Growth rate during forecast period (1–5 yr), %	10.0	10.9
Growth rate beyond forecast period, %	2.0	2.6

Note 11 Tangible non-current assets

Changes in carrying amounts for land and buildings are:

Land and buildings, SEK m	Group		Parent Company	
	2021	2020	2021	2020
Opening accumulated cost	0.9	6.4	-	-
Sales/disposals	0.0	-6.4	-	-
Purchases via business combinations	1.9	0.9	-	-
Closing accumulated cost	2.8	0.9	-	-
Opening accumulated depreciation	0.0	-0.1	-	-
Sales/disposals	0.0	0.1	-	-
Depreciation for the year	-0.6	0.0	-	-
Closing accumulated depreciation	-0.6	0.0	-	-
Carrying amount	2.2	0.9	-	-

Buildings are depreciated over 50 years

Changes in carrying amounts for equipment, tools, fixtures and fittings are:

Equipment, tools, fixtures and fittings, SEK m	Group		Parent Company	
	2021	2020	2021	2020
Opening accumulated cost	50.4	26.8	-	-
Purchases via business combinations	32.8	23.0	-	-
Purchases	15.9	5.1	-	-
Sales/disposals	-7.1	-4.4	-	-
Exchange rate differences	0.7	-0.1	-	-
Closing accumulated cost	92.7	50.4	-	-
Opening accumulated depreciation	-5.4	-2.7	-	-
Sales/disposals	5.6	3.1	-	-
Exchange rate differences	-0.1	0.0	-	-
Depreciation for the year	-13.6	-5.8	-	-
Closing accumulated depreciation	-13.5	-5.4	-	-
Carrying amount	79.2	45.0	-	-

Note 12 Participations in Group companies

SEK m	Parent Company	
	2021	2020
Opening cost	450.0	450.0
Closing carrying amount	450.0	450.0

According to impairment testing for the Parent Company's carrying amount in the Group companies, there is no impairment requirement as of 31 December 2021.

The Group's direct and indirect holdings in subsidiaries as of 31 December 2021 are presented in the table below. Unless otherwise stated, they have a share capital consisting solely of ordinary shares, which are held directly by the Group, and the participating interest is the same as the share of votes.

Parent Company direct holdings of participations in subsidiaries and associated companies

Subsidiaries	Co no.	Reg address	Capital Participation, % ¹⁾	No. of participations ²⁾	Carrying amount on 31 December 2021, SEK m	Carrying amount on 31 December 2020, SEK m
Fasadgruppen Norden AB	556949-8271	Stockholm	100	8,633	450.0	450.0
Total participations in Group companies					450.0	450.0

1) Owner participation agrees with capital participation.

2) Number of shares, '000s.

Note 13 Financial risk management

Financial strategy and target

The Group's activities expose it to various financial risks: market risk (extensive interest rate risk and currency risk), credit risk and financing risk. Summary information on the Group's financial assets and financial liabilities divided into categories is in Note 14. Fasadgruppen has clearly stated that the operating profit from the core business shall be the dominant source of revenue. The Group's goal is to minimise the financial risks that operations create. Finance operations are to be centralised to achieve proper control, leverage economies of scale advantages and obtain favourable terms and conditions on financial markets. Negative effects on earnings and cash flow from short-term movements on financial markets are to be limited as a basic principle, via natural hedging, normal hedging should only be applied in specific cases on large exposures. Capital efficiency is to be achieved in association with non-current assets in operations and in the composition of the capital structure.

The general financial goal is to ensure the Group's payment capacity and financial preparedness, and to increase return on equity based on a cost effective and commercial financial management. Financing activities are to be conducted in a safe and effective manner without speculative elements and such that adequate security is always maintained. The Group is to ensure it has cash and cash equivalents at all times to conduct its operating activities. The finance department is to support Group acquisition and investment activities with short and long-term financing at a cost and level of risk that supports the set goals for operation in the best way in the long-term. Speculation on financial markets, i.e. transactions that increase the financial risks that arise from operating activities, is not permitted.

The capital structure is key to the creation of shareholder value and for long-term financial risks. These factors should therefore act as a guide in all decisions concerning long-term capital provision. The Group's financing structure should meet the following general goals. The Group is to have a financing structure that assures the financing needs of operations, and at the same time delivers a robust risk-adjusted return, optimised for shareholders. Low refinancing risk should be aimed for in the credit portfolio. The business plan should include satisfactory shareholders' equity and credit flexibility for planned undertakings. In the long-term, the Group should seek a capital structure that enables the Company to have a well-balanced payment capacity in the short and long-term, and to be perceived externally as a financially strong company. The Group should be an attractive borrower with a forward planning approach that means we can always be offered financing on favourable terms for comparable borrowers and security.

Risk management is managed centrally by the Group CFO in line with the financial policy resolved by the Board. All external financial transactions are to be the preserve of, or coordinated with the CFO. Subsidiaries do not have the right to enter into financial transactions with the express approval of the Group CFO. The CFO identifies, evaluates and hedges financial risk in close consultation with the Group operating units.

The Group has well-developed internal procedures and control systems to minimise the risk of mistakes, late payments, theft and fraud. Financial transactions agreed are to be documented internally. Transaction confirmations from banks are to be reconciled against this internal documentation. The Group employs segregation-of-duties, i.e. there should be a clear demarcation between transaction and control/accounting. This means that the person who entered into a financial transaction may not control or post the same transaction. Reports are produced both to provide support for planning and decisions, and for control purposes to check how well the financial policy goals and guidelines are complied with. Actual and forecast financial exposure and status are reported on an ongoing basis. Reporting is done in association with normal monthly reports or as necessary.

Market risk

The Group is exposed to market risk through its use of financial instruments and particularly to currency risk, interest-rate risk and certain other price risks, as a result of both operating and investment activities.

Currency risk

An absolute majority of Group transactions are conducted in the currency of each respective country, namely SEK, DKK and NOK, where the Group operates. Transactions between the countries are limited and can primarily be attributed to payment of management fees to owner companies in association with acquisition transactions. Minor exposure to exchange rate fluctuations can arise from purchases in EUR (transaction exposure) and from Danish and Norwegian subsidiaries with 100 percent exposure in DKK or NOK respectively (transaction and balance exposure). Currency exposure primarily consists of translation exposure at Group level of Danish and Norwegian subsidiaries. As the percentage of sales outside Sweden amounted to 28 percent, translation exposure from the income statement remains limited. Exchange rate fluctuations in 2021 had a negative effect on net sales of -0.4 percent compared to the comparison period. Balance exposure gave rise to a positive translation impact of SEK 21.8 m (-5.5).

Fasadgruppen should strive to minimise the effect of changed exchange rates on the consolidated income statement by limiting its exposure to foreign currencies. Companies in the Group are as a starting point to aim for optimal matching between the purchasing and sales currency to minimise the net exposure in a currency. Group policy is to reduce exposure via natural hedging as a basic principle, normal hedging should only be applied in specific cases on larger exposures, with fixed payment times with regard to transaction exposure. As the balance exposure is limited as a proportion of the consolidated balance sheet and does not impact Group financial covenants in approved credit facilities, it is not Group policy to hedge balance exposure for the time being.

Interest rate risk

Interest-bearing assets are to be used in the first instance to reduce existing borrowing with consideration given to the need to maintain our ability to pay at all times or liquidity reserve and fixed interest rates ought accordingly not be for longer than the nearest time a Group loan can be repaid. Group consolidated interest rate exposure is to be managed by the Group CFO. Interest-bearing liabilities to creditors carry a variable interest rate and amounted to SEK 1,026.2 m (645.0) as of the balance sheet date.

The following table shows the profit sensitivity upon a reasonably possible change in interest rate levels of +/- 1% and is calculated based on interest-bearing liabilities from creditors at the end of the year. These changes are considered to be reasonable based on observations of current market rates. The calculations are based on a change in the average market interest rate for each period and the financial instruments that are held every respective balance sheet date that are sensitive to changes in interest rates. All other variables remain unchanged.

Group 2021, SEK m	Change, %	Impact on Profit/loss before tax	Return on shareholders' equity
Interest-bearing liabilities	+/- 1.0	+/- 10.3 (6.4)	+/- 8.1 (5.1)

Credit loss provision Group:

31 December 2021, SEK m	Not overdue	Overdue <31 days	Overdue 31–90 days	Overdue 91–180 days	Overdue >180 days	Total
Expected loss level %	0.6%	0.5%	5.4%	22.0%	73.1%	2.8%
Amount accounts receivable - gross	329.7	59.2	16.6	7.6	9.6	422.7
Credit loss reserve	-2.0	-0.3	-0.9	-1.7	-7.0	-11.9
Carrying amount accounts receivable	327.7	58.9	15.7	5.9	2.6	410.8
31 December 2020, SEK m						
Expected loss level %	0.2%	0.7%	4.1%	39.6%	88.2%	4.5%
Amount accounts receivable - gross	136.7	43.2	3.8	5.3	6.6	195.7
Credit loss reserve	-0.3	-0.3	-0.2	-2.1	-5.9	-8.7
Carrying amount accounts receivable	136.4	42.9	3.7	3.2	0.8	187.0

Approx, 78 percent (70) of Group accounts receivables were not overdue on 31 December 2021.

Financing risk

It is Group policy to achieve stability in its long-term capital provision and thereby limit financing risk. This means the Group should maintain a sufficiently large liquidity reserve, have an even payment due date structure on loans and facilities over time so they can be harmonised with expected cash flows as far as possible over time, and achieve diversification between financing forms and markets. Short-term capital provision aims to ensure the Group's ability to pay at all time by maintaining adequate payment preparedness or liquidity reserve. Ability to pay is defined as cash and cash equivalents, financial investments that can be converted into liquid funds within three banking days, and approved unutilised credit facilities with an outstanding term of at least three months. Here, approved credit means approval with an agreed interest rate margin. The amount the Group has the ability to pay is determined by, and at all times is to be able to cover, 100 percent of estimated net investments and working capital requirements for the next three months.

Credit risk

The credit risk with regard to cash and cash equivalents in banks and bank deposits is managed via assessment of the counterparty risk before every transaction. Assessment is made with regard to net exposure and total Group involvement with the counterparty. The Group strives to spread counterparty risks. To reduce counterparty risk, only approved counterparties are used. Approved counterparties on signing credit approvals, derivative instruments and investments, are Nordic counterparties with a minimum rating A (S&P) or A2 (Moody's). Cash and cash equivalents are covered by the general model for credit checking in IFRS 9. The calculation is based on the probability of default based on the counterparty's credit rating, due date is well under 12 months and the amount on the balance sheet date. With short due dates and stable counterparties, the provision is assessed as totally insignificant.

All companies within Fasadgruppen are to minimise and avoid exposure to credit risk associated with accounts receivable from customers. The Group takes out credit insurance policies for protection against losses in the event of insolvency and unmade payments. The credit insurance covers all companies in the Group and for 12 months with a possibility of an extension. Customers that are excluded from credit insurance are to be specified in a list that is to be continuously updated. Accounts receivable are written off (i.e. removed from the accounts) when there is no reasonable expectation of receiving payment. Failure to make payments within 180 days of the invoice date and failure to agree with the Group on an alternative payment plan are to be considered as indicators that there is no likely expectation of receiving payment.

Bank guarantees may not be issued by companies in Fasadgruppen. Parent Company guarantees shall primarily be used for normal business operations if required by a customer. Subsidiaries can enter into an insurance guarantee if the Parent Company guarantee is not accepted by a client. Accounts receivable are covered by the simplified model in IFRS 9. Expected credit losses are valued with a provision matrix beginning in historical credit losses, adjusted for factors for general economic conditions and an assessment of both the current and forecast factors at the end of the reporting period. The reserve amounts to an insignificant sum.

Liquidity risk

The strategy for liquidity management is to centralise all available liquidity in the Group CashPool in order to strengthen the financial position and reduce financing needs. All companies in the Group are to ensure that they have sufficient funds to be able to pay expected or unforeseen expenses. This should be managed in the first instance via the Company's own cash flow via rolling forecasts for cash flow, secondly by the Group cashpool or in exceptional cases, loans from the Parent Company. Surplus liquidity is defined as all liquidity in addition to the liquidity reserve. Surplus liquidity is to be used to repay interest-bearing external borrowing in the first instance. Surplus liquidity that cannot be used to repay external borrowing is to be invested in accordance with the Investment Policy.

The Group manages liquidity requirement by monitoring planned loan payments for long-term financial liabilities and forecast incoming and outgoing payments in daily operations. To identify payment flows, forecasts

are made of liquidity/cash flow every two weeks on a one month rolling basis per company and Group, and on a weekly basis for immediate liquidity needs. A full year forecast is done on a quarterly basis for the current year

at Group level and a full year forecast is done on an annual basis for the next 5 years at Group level.

Credit facilities Group:

31 December 2021, SEK m	Nominal	Utilised	Available	31 December 2020, SEK m	Nominal	Utilised	Available
Overdraft facility	31.5	1.5	30.0	Overdraft facility	30.0	0.0	30.0
RCM	600.0	570.0	30.0	RCM	45.0	45.0	0.0
Approved borrowing other	603.0	458.0	145.0	Approved borrowing other	888.0	588.0	300.0
Total unutilised borrowing	1,234.5	1,029.5	205.0	Total unutilised borrowing	963.0	633.0	330.0
Available cash and cash equivalents			271.6	Available cash and cash equivalents			409.3
Disposable liquidity			476.6	Disposable liquidity			739.3

As of 31 December 2021 the Group's financial liabilities have contractual maturities (including interest payments where applicable) as follows:

Group, SEK m	Current		Non-current		Total
	Within 6 months	6–12 months	1–5 years	Longer than 5 years	
Bank loans	58.5	57.3	968.9	0.0	1,084.8
Accounts payable and other payables	312.6	0.0	153.4	0.0	466.0
Total	371.1	57.3	1,122.3	0.0	1,550.8

This can be compared with maturity times on 31 December for Group financial liabilities that are not derivatives:

Group, SEK m	Current		Non-current		Total
	Within 6 months	6–12 months	1–5 years	Longer than 5 years	
Bank loans	101.2	56.1	499.3	0.0	656.6
Accounts payable and other payables	88.5	10.6	96.8	0.0	195.9
Total	189.7	66.7	596.1	0.0	852.5

Amounts above reflect the agreed undiscounted cash flows that can differ from the carrying amounts of the liabilities as of the balance sheet date.

Note 14 Financial instruments

Categorisation of financial assets and liabilities

The carrying amounts of financial assets and liabilities per category are presented in the tables below.

Group 2021, SEK m	Financial assets are valued at accrued cost	Financial liabilities are valued at accrued cost	Total carrying amount	Fair value		Total statement of financial position
				Fair value	Leasing liability	
Assets						
Accounts receivable	410.8		410.8			410.8
Other receivables	128.0		128.0			128.0
Cash and cash equivalents	271.6		271.6			271.6
Total	810.4		810.4			810.4
Liabilities						
Non-current interest-bearing liabilities		911.7	911.7			911.7
Other non-current liabilities					96.5	96.5
Current interest-bearing liabilities		114.6	114.6			114.6
Earnouts				285.6		285.6
Accounts payable		180.4	180.4			180.4
Other liabilities					34.7	34.7
Total		1,206.7	1,206.7	285.6	131.2	1,623.5

Group 2020, SEK m	Financial assets are valued at accrued cost	Financial liabilities are valued at accrued cost	Total carrying amount	Fair value	Leasing liability	Total statement of financial position
Assets						
Accounts receivable	187.0		187.0			187.0
Other receivables	74.7		74.7			74.7
Cash and cash equivalents	409.3		409.3			409.3
Total	671.0		671.0			671.0
Liabilities						
Non-current interest-bearing liabilities		513.7	513.7			513.7
Other non-current liabilities					59.2	59.2
Current interest-bearing liabilities		131.2	131.2			131.2
Earnouts				107.5		107.5
Accounts payable		88.5	88.5			88.5
Other liabilities					19.9	19.9
Total		733.5	733.5	107.5	79.0	920.0

Parent Company 2021, SEK m	Financial assets are valued at accrued cost	Financial liabilities are valued at accrued cost	Total carrying amount	Fair value	Non-financial assets and liabilities	Total statement of financial position
Assets						
Receivables from Group companies	940.2		940.2			940.2
Cash and cash equivalents	646.1		646.1			646.1
Total	1,586.3		1,586.3			1,586.3
Liabilities						
Accounts payable		1.3	1.3			1.3
Liabilities to credit institutions		1,021.8	1,021.8			1,021.8
Total		1,023.1	1,023.1			1,023.1

Parent Company 2020, SEK m	Financial assets are valued at accrued cost	Financial liabilities are valued at accrued cost	Total carrying amount	Fair value	Non-financial assets and liabilities	Total statement of financial position
Assets						
Receivables from Group companies	789.1		789.1			789.1
Cash and cash equivalents	312.3		312.3			312.3
Total	1,101.4		1,101.4			1,101.4
Liabilities						
Accounts payable						
Shareholder loans		2.0	2.0			2.0
Liabilities to credit institutions		630.4	630.4			630.4
Total		632.4	632.4			632.4

A description of the Group's risks regarding financial instruments, including risk management targets, is found in Note 13.

Fair value of financial instruments

The Group reports financial instruments measured at fair value in the statement of financial position.

Fair value of Group financial assets and liabilities is estimated as equal to their book value. The Group does not apply netting for any of its significant assets or liabilities. No transfers between levels or valuation categories occurred in the period.

Valuation hierarchy

All of the Group's financial instruments are deemed to belong to level 3 according to the current standard (see definition of levels below) and fair value is determined through the calculation of discounted cash flows.

Level 1: Fair value of financial instruments traded on an active market is based on listed market prices on the balance sheet date. The listed market price used for Group financial assets is the current bid price.

Level 2: Fair value of financial assets not traded on an active market is determined using valuation techniques that to the furthest possible extent are based on market information while company-specific information is used to the least extent possible. All material input data required for fair value measurement of an instrument are observable.

Level 3: If one or more items of material input data is not based on observed market information. E.g. unlisted instruments.

Earnouts

Earnouts attributable to business combinations are measured at fair value according to level 3. In all these cases, the earnout amounts were based on either EBITDA, EBIT or post-tax profits for the years 2021, 2022 and/or 2023. Financial liabilities are measured at fair value via the income statement concerning contingent earnouts not yet resolved, and as of 1 January 2021, amounted to SEK 107.5 m. For the period January–December 2021,

earnouts of SEK 11.4 m were settled. Additional new earnouts amounted to SEK 195.5 m from the acquisitions of Mjøndalen Mur & Puss AS, Engmans Tak AB, Byens Tag & Façade A/S, Hans Eklund Glasmästeri AB, Er-Jill Byggnadsplåt AB, Husby Takplåtslageri & Ventilation AB, Solid Fasad Stockholm AB, Ahl-ins Plåt AB, Haga Plåt i Umeå AB, Kumla Fasadteam AB, OPN Entreprise A/S, SH-Bygg AS. At the end of the period, earnouts not yet resolved amounted to SEK 285.6 m. The earnouts are valued using a probability assessment where it is assessed that they will be paid in the agreed amount. Management has here considered the risk on the outcome of future cash flows, where the time factor given the prevailing interest situation, has not been assessed as important. In the assessed valuation as of 31 December 2021, the values of yet to be resolved earnouts have been revised down by a net SEK -6.7 m.

Changes in contingent earnouts, SEK m

Opening contingent earnouts 1 Jan 2021	107.5
Contingent earnouts added in	195.5
Earnouts resolved	-11.4
Earnouts resolved above the assessed valuation	0.7
Changed assessment contingent earnouts	-6.7

Closing contingent earnouts 31 December 2021 **285.6**

Expected disbursements in, SEK m

Expected disbursements in 2022	-132.2
Expected disbursements in 2023	-153.4

Note 15 Accounts receivable and other receivables

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Accounts receivable - gross	422.7	195.7	0.0	0.0
Reserve for expected credit losses/doubtful receivables	-11.9	-8.7	0.0	0.0
Accounts receivable, carrying amount	410.8	187.0	0.0	0.0

All amounts are short-term. Net carrying amount for accounts receivable is considered a reasonable estimate of fair value. Maximum credit exposure amounted to SEK 422.7 m on 31 December 2021 (195.7).

Impairment of accounts receivables in the year amounted to SEK 2.4 (2.7) and 0 (0) in the Parent Company. These accounts receivable writedowns are primarily attributable to business customers in financial difficulty.

Provisions for doubtful receivables are based on customer payment history over a period of 24 months before the start of the financial year. Historic losses are then adjusted to take into account current and forward looking

information on factors that can affect a customer's ability to pay the receivable.

Provision for doubtful receivables amounted to SEK 11.9 m on 31 December 2021 (8.7) The change in the reserves for receivables is essentially due to increased balances.

Note 13 contains disclosures regarding credit risk exposures and analyses regarding the reserve for expected credit losses. Both the current and previous year's reserves for impairment losses are attributable to the loss model applied in accordance with IFRS 9, which is a model with expected losses.

Note 16 Contract assets and other receivables

Contract assets and other receivables consist of the following:

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Completed but not invoiced performance commitments	122.3	72.6	–	–
Other	5.7	2.1	–	–
Total	128.0	74.7	–	–

Changes in contract assets are due partly to settlement within operating activities, but also to business combinations conducted during the period. However, there are no individual material changes.

Note 17 Prepaid costs and accrued income

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Prepaid leasing expenses	0.6	1.1	-	-
Prepaid insurance premiums	2.0	0.6	0.1	-
Accrued bonus income	9.8	10.9	-	-
Other accrued income	4.6	-	-	-
Other prepaid costs and accrued income	10.2	6.3	-	-
Total	27.2	18.9	0.1	-

Note 18 Cash, cash equivalents and bank balances

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Cash and bank balances				
SEK	164.6	356.5	646.1	312.3
NOK (recalculated from NOK to SEK)	76.7	30.5	0.0	0.0
DKK (recalculated from DKK to SEK)	30.3	22.4	0.0	0.0
Total	271.6	409.3	646.1	312.3

Note 19 Shareholders' equity

The Group's objective with regard to the capital structure is to safeguard the Group's ability to continue its operations so it can generate a return for its shareholders and benefits for other stakeholders and to maintain an optimum capital structure in order to keep capital costs down.

Capital is comprised of shareholders' equity.

Management assesses the Group's capital requirements with the aim of maintaining an effective overall financing structure and at the same time avoiding excessively large leverage effects. The Group manages the capital structure and makes adjustments in the light of changed economic conditions and with regard to the underlying assets' risk properties. To maintain or adjust its capital structure, the Group can adjust the amount for dividends issued to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

The Group assesses the capital on the basis of the net debt/equity ratio. This key ratio is calculated as interest-bearing net debt as a percentage of

total shareholders' equity. Interest-bearing net debt et debt is calculated as total borrowing (comprising current and non-current interest-bearing liabilities plus short and long-term lease liabilities with deductions for liquid assets). Earnouts are not included in the key ratios.

Share capital

At the end of 2020, share capital in the Parent Company consists solely of fully paid shares with a nominal value (quotient value) of SEK 0.05 per share after the 20:1 share split in the fourth quarter 2020. All shares have the same right to a dividend and repayment of paid-in capital. Following a resolution at an Extraordinary General meeting, all shares were converted into one share class corresponding to 1 vote per share at Parent Company AGM.

At the end of 2021, share capital in the Parent Company consists solely of fully paid shares with a nominal value (quotient value) of SEK 0.05 per share. All shares have the same right to a dividend and repayment of paid-in capital. The share class corresponding to 1 vote per share at a Parent Company AGM.

SEK	31 December 2021	31 December 2020
Subscribed and paid shares:		
- At start of year	45,132,480	1,181,775
- New and offset share issues	255,173	782,744
Subscribed and paid shares before split	-	1,964,519
Number of shares after split (20:1)	-	39,290,380
- Utilisation of warrants	-	842,100
- New issues in association with IPO	-	5,000,000
Subscribed and paid shares at year-end	45,387,653	45,132,480
No. of shares and dividend		
Number of shares	2021	2020
One share class	45,387,653	45,132,480
	45,387,653	45,132,480

Dividend

No dividend was paid in the 2020 financial year. A dividend of SEK 0.60 per share was paid in 2021.

For 2021, the Board has proposed a dividend of SEK 1.20 per share at the AGM. Shares issued in 2022 also have the right to a dividend.

Note 20 Provisions

Provisions are recognised as current liabilities in the Group and under the heading Provisions in the Parent Company. The carrying amounts for provisions and changes to them are as follows:

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Guarantee provisions	4.5	3.2	–	–
Pension provisions	0.1	0.3	–	–
Total	4.6	3.5	–	–

SEK m	Group	Parent Company
Opening balance as per 1 January 2021	3.2	–
Acquired provision	1.9	–
Additional provisions	0.8	–
Utilised provisions	–	–
Reversal of unused provisions	-1.4	–
Closing balance, 31 December 2021	4.5	–
Opening balance as per 1 January 2020	0.8	–
Acquired provision	2.6	–
Additional provisions	0.3	–
Utilised provisions	-0.3	–
Reversal of unused provisions	-0.2	–
Closing balance, 31 December 2020	3.2	–

Provisions that are recognised at the time of acquisition in a business combination are included in Additional provisions above.

Normally, guarantee claims are settled within 3 to 18 months from start depending on the approaches used in negotiation on the claims. As the point in time for the settlement of these claims is largely dependent on how quickly the negotiation progresses with different counterparties and legal authorities, the Group or Parent Company cannot reliably estimate

the amounts that may eventually be paid out after more than 12 months from the balance sheet date. The amount is therefore classified as a current liability in the consolidated financial statements.

Group Management has no knowledge of any on-going or potential disputes that may entail an outflow of cash and cash equivalents from the Group.

Provisions for pensions in Danish subsidiaries amount to the equivalent of SEK 0.1 m (0.3) as of 31 december 2021.

Note 21 Interest-bearing liabilities

The tables present information on the Group's contractual conditions regarding interest-bearing liabilities. For more information on the Company's exposure to interest-rate risk, please see Note 13.

SEK m	2021				2020			
	Nominal interest rate, %	Maturity	Nominal value	Carrying amount	Nominal interest rate, %	Maturity	Nominal value	Carrying amount
Non-current interest-bearing liabilities								
Liabilities to credit institutions facility A1 (SEB)					1.50	14 Nov 2023	383.1	380.7
Liabilities to credit institutions facility A2 (SEB)					1.25	14 Nov 2023	88.0	88.0
Liabilities to credit institutions, RCF (SEB)	1.50	16 Nov 2025	570.0	568.4	1.50	14 Nov 2023	45.0	45.0
Liabilities to credit institution (SEB)	1.50	16 Nov 2025	187.5	187.0				
Liabilities to credit institution (SEK)	1.50	16 Nov 2025	153.8	153.3				
Liabilities to credit institutions, (several independent creditors)			3.0	3.0				
Total non-current interest-bearing liabilities			914.3	911.7			516.1	513.7
Current interest-bearing liabilities								
Overdraft facilities (several independent creditors)		31 Dec 2022	1.4	1.4		31 Dec 2021	14.4	14.4
Liabilities to credit institutions facility A1 (SEB)					1.50	31 Dec 2021	116.8	116.8
Liabilities to credit institution (SEB)	1.50	31 Dec 2022	62.5	62.1				
Liabilities to credit institution (SEK)	1.50	31 Dec 2022	51.3	51.0				
Total current interest-bearing liabilities			115.2	114.6			131.2	131.2
Total non-current liabilities to credit institutions and shareholder loans			1,029.5	1,026.2			647.4	645.0

Fasadgruppen entered into two new sustainability linked credit facility agreements for SEK 880 m and 350 m respectively with SEB and SEK respectively in October 2021. The first of these primarily replaced existing financing from SEB while the second expands our credit facility parameters from SEK.

The external, interest-bearing financing from SEB and SEK is subject to a covenant requiring that the key debt/equity ratio (external interest-bearing net debt in relation to adjusted EBITDA for a rolling 12-month period) does not exceed a multiple of 3.5 on a pro forma basis.

Note 22 Contract liabilities and similar liabilities

Contract and similar liabilities comprise the following:

SEK m	Group	
	2021	2020
Current liabilities		
Advances from customers for construction contracts	67.6	29.8
Earnouts	132.2	10.6
Social security contributions, VAT and other items	102.7	60.0
Total	302.5	100.5

Changes in contract assets are due partly to settlement within operating activities, but also to business combinations conducted during the period. However, there are no individual material changes. Income recognised in

2021 includes SEK 29.8 m (27.6) that is included in contract liabilities at the start of the financial year. The Group primarily has agreements that mean that contracts are performed within twelve months.

Note 23 Accrued costs and prepaid income

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Employee-related expenses	140.4	94.9	0.0	2.1
Accrued interest expenses	5.7	1.0	0.0	1.0
Other	15.8	5.2	0.0	0.4
Total	162.0	101.1	0.0	3.5

Note 24 Cash flow statement

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

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Depreciation, amortisation and impairment of non-financial assets	74.5	28.6	0.1	-
Financial costs	14.3	3.5	13.8	1.1
Capital gain from non-financial items	-	-5.3	-	-
Change in provisions	-1.4	-10.9	-	-
Reevaluation TKS	-6.0	-	-	-
Total adjustments	81.4	15.9	13.9	1.1
Interest received	0.0	0.0	1.9	1.4
Interest paid	-8.8	-9.7	-8.8	-6.7

Changes of the Group's liabilities from financial activities can be classified as follows:

Group, SEK m	Non-current liabilities	Current liabilities	Leasing liabilities	Total
1 January 2021	610.6	131.2	79.0	820.8
Cash flow				
- Repayment of shareholder loans and loans to credit institutions	-857.5	-131.2	-	-988.7
- Repayment of other financial liabilities	-	0.0	-36.5	-36.5
- Proceeds from borrowings from credit institutions	1,255.4	114.6	-	1,370.0
Non-cash flow				
- Assumed via acquisitions	-	-	55.6	-
- Additional leases	-	-	33.1	33.1
- Additional contingent earnouts	63.3	132.2	-	195.5
- Valuation of contingent earnouts	-6.7	0.0	-	-6.7
31 December 2021	1,065.1	246.8	131.2	1,387.5

Group, SEK m	Non-current liabilities	Current liabilities	Leasing liabilities	Total
1 January 2020	234.8	297.0	46.7	578.4
Cash flow				
- Repayment of shareholder loans and loans to credit institutions	-298.9	-256.1		-555.0
- Repayment of other financial liabilities	-	-22.8	-16.8	-39.6
- Proceeds from borrowings from credit institutions	588.0	322.9	-	910.9
Non-cash flow				
- Repayments	-	-207.0		-207.0
- Assumed via acquisitions	-	-	27.8	27.8
- Additional leases	-	-	21.4	21.4
- Additional contingent earnouts	91.5	-	-	91.5
- Valuation of contingent earnouts	-4.8	-2.7	-	-7.5
31 December 2020	610.6	131.2	79.0	820.8

Parent Company, SEK m	Non-current liabilities	Current liabilities	Leasing liabilities	Total
1 January 2021	513.7	116.7	0.0	630.4
Cash flow				
- Repayment of shareholder loans and loans to credit institutions	-860.4	-116.9	-	-977.3
- Repayment of other financial liabilities	-	-1.3	-	-1.3
- Proceeds from borrowings from credit institutions	1,255.4	114.6	-	1,370.0
Non-cash flow				
- Additional leases	-	-	0.2	0.2
31 December 2021	908.7	113.1	0.2	1,022.0

Parent Company, SEK m	Non-current liabilities	Current liabilities	Leasing liabilities	Total
1 January 2020	199.1	207.0	0.0	406.1
Cash flow				
- Repayment of shareholder loans and loans to credit institutions	-199.1	-	-	-199.1
- Proceeds from borrowings from credit institutions	513.7	116.7	-	630.4
Non-cash flow				
- Repayments	-	-207.0	-	-207.0
31 December 2020	513.7	116.7	0.0	630.4

Not 25 Pledged securities and contingent liabilities

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Pledged securities:				
Company mortgages	38.9	78.6	-	-
Pledged assets	54.3	17.2	-	-
Other pledged securities	2.8	1.6	-	-
Total	96.0	97.4	-	-
Contingent liabilities				
Guarantee commitment	169.7	122.4	-	-
Other contingent liabilities	0.0	0.0	-	-
Total	169.7	122.4	-	-

Pledged assets in the form of company mortgages pertain mainly to credit limits from credit institutions to operating subsidiaries, mainly overdraft facilities. Guarantee commitments primarily pertain to operating subsidiary's advance and completion guarantees for customer contracts.

Note 26 Proposed appropriation of profits

The following profits are at the disposal of the Annual General Meeting:

SEK	2021
Share premium reserve	887,312,190
Retained earnings	37,550,293
Profit/loss for the year	71,321,950
Total	996,184,433

With reference to the above and what otherwise has come to the awareness of the Board, the Board's view is the following:

A comprehensive assessment of the financial position of the Parent Company and Group indicates that the dividend is justified with regard to the demands that this type of business, its scope and risks make on share-

The Board and the CEO propose that the unappropriated earnings of SEK 996,184,433 be appropriated as follows:

SEK	
To be paid to shareholders as dividends:	
SEK 1.20 per share	58,140,532
To carry forward	938,043,901
Total	996,184,433

holders' equity and liquidity of the Parent Company and Group. The consolidated equity ratio amounts to 38.0 percent before the dividend and 36.2 percent after the dividend. This is deemed to be a fully adequate equity ratio even considering the upcoming developments.

Note 27 Events after the balance sheet date

- Fasadgruppen has acquired decontamination specialist Miljø-Sanering AS i Stavanger and thereby strengthens its presence in west Norway. To optimise our market offer, Miljø-Sanering will be merged with Fasadgruppen subsidiary RSM Fasade in 2022. Miljø-Sanering has six full time employees had preliminary sales of about NOK 6.7 m in the 2021 financial year. An acquisition analysis is currently being prepared.
- Fasadgruppen has agreed to acquire Helsingborgs Fasad & Kakel AB and will thereby establish a presence in the Helsingborg area. Helsingborgs Fasad has 14 full time employees and had preliminary sales of circa SEK 30 m in the 2021 financial year. The acquisition was entered into in February and an acquisition analysis is currently being prepared.
- Fasadgruppen subsidiary Karlplans Plåtslageri AB is strengthening its offer within sheet metal working and roofing via asset acquisitions of Herångens Plåtslageri AB, Vantörs Bleck och Plåtslageri and E.P.M. Elektra Plåt och Maskin AB. The companies have 13 full time employees and had preliminary sales of circa SEK 30 m in the 2021 financial year. An acquisition analysis is currently being prepared.
- Fasadgruppen is acquiring balcony specialist Alnova Balkongssystem AB, a leading supplier of turnkey solutions for balconies in Sweden. The Company has 64 full-time employees and generated sales of approximately SEK 165 m in the 2021 financial year. The acquisition was entered into in February and an acquisition analysis is currently being prepared. A smaller proportion of the purchase consideration is being paid via an offset emission of 62,790 shares to the sellers of Alnova Balkongssystem AB.
- Fasadgruppen continues to grow on the Norwegian market via the acquisitions of Malercompagniet Oslo, Murpartnern and Meyer-Mørch. The companies have 115 full time employees and had preliminary sales of circa NOK 215 m in the 2021 financial year. The acquisition was entered into in February and an acquisition analysis is currently being prepared.
- Fasadgruppen completed a directed new issue of 3,000,000 shares in March that added circa SEK 405 m net of issue costs. With the support of the issue mandate from the 2021 AGM, Fasadgruppen resolved on a directed new issue of 3,000,000 shares at a subscription price of SEK 140 per share. After the directed issue, the total number of shares in Fasadgruppen will be 48,450,443. The directed issue entails a dilution effect of about 6.2 percent, based on the total number of shares in Fasadgruppen after the directed issue. In association with the directed issue, the Company has undertaken, with the usual exceptions, not to issue additional shares in the period up to the time the Company publishes the next quarterly report, on 12 May 2022.

In addition, all members of Company Management and the Board, have undertaken, with the usual exceptions, not to sell shares in the Company in the period until the Company publishes its next quarterly report.

- Fasadgruppen is expanding to Uppsala via the acquisition of ACO Tak & Montage. The acquisition is in the form of a transfer of assets and liabilities whereby Fasadgruppen subsidiary Karlplans Plåtslageri is acquiring all operations that ACO are currently engaged in, including customer agreements, work tools and equipment, brands plus employees. ACO has seven full-time employees and generated sales of approximately NOK 19.7 m in the 2021 financial year. An acquisition analysis is currently being prepared.
- Fasadgruppen is growing in Denmark via the acquisition of Kjør Knudsen. The company focuses on the renovation market and has built up a strong position within façade, roof and window services in Copenhagen and on Zealand. Kjør Knudsen has 56 full-time employees and generated sales of approximately DKK 136 m in the 2021 financial year. An acquisition analysis is currently being prepared.
- The Nomination Committee of Fasadgruppen Group AB proposes that Ulrika Dellby be elected a new Board Member. Dellby has been a Board Member of the Fasadgruppen Group since 2019 and is Chairman of the Board Audit Committee. Dellby has extensive experience of M&A work in private equity and as a Board Member of Lifco AB since 2015. She is also a Board Member of Linc AB, SJ AB, Werksta Nordic AB, Kavli Holding A/S and a member of the IVA Näringslivsråd.
- Fasadgruppen is expanding its offer within construction industry steel structures with the acquisition of GAJ Stålkonstruktioner AB. This family-owned company is managed by the third generation today, and offers the manufacture, installation, and maintenance of steel constructions, such as framework, stairs, railings, and structures in weathering steel for outdoor environments. GAJ works out of Eskilstuna and Katrineholm, and serves the whole of the Mälardalen area. Its customers are primarily construction companies, property owners, and municipalities. GAJ has 35 full time employees and had sales of around SEK 57 m in the 2021 financial year. An acquisition analysis is currently being prepared.
- Fasadgruppen continues to grow in Skåne via the acquisition of cultural heritage building specialist Mur o Puts i Kristianstad AB. The acquisition of MPK is being made via existing Fasadgruppen subsidiary Allt i Murning. MPK has 15 full time employees and had sales of around SEK 24.9 m in the 2021 financial year. An acquisition analysis is currently being performed.

KEY PERFORMANCE INDICATOR OVERVIEW

Net sales, profit and order book	2021	2020	2019
Net sales*, SEK m	2,676.3	1,340.4	1,019.0
EBITA, SEK m	283.7	133.9	121.3
EBITA margin, %	10.6	10.0	11.9
Adjusted EBITA, SEK m	301.0	148.9	129.3
Adjusted EBITA margin, %	11.2	11.1	12.7
Profit/loss before tax*, SEK m	238.8	114.2	109.2
Order book, SEK m	1,930.0	1,021.0	803.0
Cash flow	2021	2020	2019
Operating cash flow, SEK m	253.5	155.9	98.2
Cash conversion, %	75.7	100.0	73.1
Financial position and return	2021	2020	2019
Capital employed, SEK m	2,427.1	1,770.5	693.5
Return on capital employed, %	12.4	10.3	19.3
Return on capital employed excluding goodwill etc., %	90.7	58.1	184.7
Shareholders' equity, SEK m	1,269.6	1,046.5	150.7
Return on shareholders' equity, %	16.0	15.0	95.6
Interest-bearing net debt, SEK m	885.9	314.7	510.2
Net debt to adjusted EBITDA ratio (R12)	2.5	1.8	3.5
Net debt to equity ratio %	69.8	30.1	328.0
Employees	2021	2020	2019
Number of employees at year-end	1,485	812	532
Average number of employees	1,206	654	519
Key data per share	2021	2020	2019
Profit/loss before dilution*, SEK m	4.11	2.71	3.81
Profit/loss after dilution*, SEK m	4.11	2.65	3.67
Dividend*, SEK	1.20	0.60	0.00
Shareholders' equity before dilution, SEK	28.06	31.59	6.68
Operating cash flow before dilution, SEK	5.60	4.71	4.35
Average no of shares, before dilution	45,243,830	33,124,594	22,552,553
Average no of shares after dilution	45,243,830	33,876,146	23,394,653
Actual no of shares at the end of the period	45,387,653	45,132,480	23,635,500

* Predefined in accordance with IFRS.

SIGNATURES OF THE BOARD OF DIRECTORS

The Group's and Parent Company's income statements and balance sheets will be submitted to the Annual General Meeting on 12 May 2022 for adoption.

The Board of Directors and the CEO certify that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and provide a true and fair view of the financial position and performance of the Group. The Annual Report was prepared in accordance with generally accepted accounting principles and

provides a true and fair view of the Parent Company's financial position and performance. The Board of Director's Report for the Group and Parent Company gives a true and fair view of the Parent Company's and the Group's operations, financial position and performance, and describes significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm 19 April 2022
Fasadgruppen Group AB

Per Sjöstrand
Chairman of the Board

Ulrika Dellby
Board Member

Tomas Georgiadis
Board Member

Christina Lindbäck
Board Member

Tomas Ståhl
Board Member

Gunilla Öhman
Board Member

Pål Warolin
CEO and President of the Group

Our Auditors' Report was submitted on 19 April 2022.

Deloitte AB

Richard Peters
Authorised Public Accountant

AUDITORS' REPORT

To the General Meeting of Fasadgruppen Group AB (publ), corporate identity number 559158-4122

Statement on the annual accounts and consolidated financial statements

Opinions

We have conducted an audit of the annual accounts and consolidated financial statements of Fasadgruppen Group AB (publ) for the financial year 1 January 2021–31 December 2021. The annual accounts and consolidated financial statements of the Company are included on pages 49–93 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the 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 financial statements 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 its 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. The administration report is consistent with the rest of the annual accounts and the consolidated financial statements.

We therefore recommend the General Meeting of shareholders to adopt the income statement and balance sheet for the Parent Company and the Group.

Our opinions in this statement on the annual accounts and consolidated financial statements are consistent with the content of the supplementary report submitted to the Parent Company's Audit Committee in accordance with Article 11 of the Audit Regulation (537/2014).

Basis for opinions

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

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

Particularly significant areas

Areas of particular significance to the audit are those that in our professional opinion were the most significant to the audit of the annual accounts and consolidated financial statements for the period in question. These areas are addressed within the scope of the audit of, and in our opinion on, the annual accounts and consolidated financial statements as a whole, but we provide no separate opinions regarding these areas.

Revenue recognition of construction contracts

Description of particularly significant area

Fasadgruppen's revenues are recognised over time, meaning with the

application of percentage of completion. This means that revenues and profit are recognised in relation to the degree of completion based on expenses paid as of the closing date in relation to the total costs as forecast for the assignment's completion. The forecasts include assessments of costs for e.g. labour, materials and subcontractors. The elements of estimates and assessments mean that final results may deviate from those presented now. Given elements of estimates and assessments, this constitutes a particularly significant area for the audit. Accounting principles and disclosures related to revenues are found in Note 1 and Note 2.

Our auditing procedures

Our audit comprised the following auditing procedures, but was not limited to them:

- Review of accounting principles and evaluation of processes, procedures and methodology for estimate decisions and project forecasts.
- Review of recognised revenues and margins, as well as follow-up against estimates.
- Spot check review of revenues and recognised project costs as a basis for determination of degree of completion.
- Test of mathematical accuracy in the calculation of percentage of completion.

Acquisitions and identification of surplus values

Description of particularly significant area

In 2021, Fasadgruppen conducted acquisitions for a total consideration of SEK 969.2 m, whereof SEK 182.6 m was related to additional considerations. Reporting of acquisitions entails significant estimates and assessments made by Management to determine the fair value of the acquired assets and liabilities and allocating these to the appropriate cash-generating units. Accounting principles and disclosures related to acquisitions are found in Note 9.

Our auditing procedures

Our audit comprised the following auditing procedures, but was not limited to them:

- Review of acquisition calculations including the Group's material assumptions and assessments in the valuation of acquired assets and assumed liabilities.
- Review of the completeness in relevant notes to the financial statements.

Valuation of goodwill and brands with indefinite useful lives

Description of particularly significant area

In the balance sheet as at 31 December 2021, Fasadgruppen recognises goodwill in an amount of SEK 1,953.6 m and brands with an indefinite useful life amounting to SEK 264.5 m and customer relations amounting to SEK 13.6 m, which together comprises around 67 percent of the total assets. Intangible assets with an indefinite useful life must be impairment tested annually. In an impairment test, calculations are made that are based on assumptions and assessments regarding discount rates, growth factors and forecast cash flows, among others.

Valuation of goodwill and brands is a particularly significant area in the audit due to the management's material assumptions and assessments to estimate the recoverable amount. Accounting principles and disclosures related to goodwill and brands are found in Note 1 and Note 10.

Our auditing procedures

Our audit comprised the following auditing procedures, but was not limited to them:

- Review of the Management's assumptions, mainly linked to the variables that have the greatest impact on the impairment testing, that they are consistently applied and that there is integrity in the calculations made.
- Verification of input data in calculations against budget and business plans for the forecast period.
- Involvement of our own valuation specialist with regard to methodology and discount rates and macro-economic aspects.
- Review of the completeness and accuracy in relevant notes to the financial statements.

Information other than the annual accounts and consolidated financial statements

It is the Board of Directors and CEO who have the responsibility for this other information. This other information consists of the remuneration report and pages 1-48 and 98-100 in this document, but does not include the annual accounts, consolidated financial statements and our auditors' report regarding them.

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

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. 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 Chief Executive Officer

It is the Board of Directors and the CEO that are responsible for the preparation of the annual accounts and consolidated financial statements and that they provide a true and fair view according to the Annual Accounts Act and, with regard to the consolidated financial statements, according to International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they deem necessary for the purpose of preparing annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the CEO are responsible for the assessment of the Company's and the Group's ability to continue as a going concern. They indicate, where applicable, whether there are any circumstances that may

affect the ability to continue operations and to apply the going concern assumption. The going concern assumption is, however, not applied if the Board of Directors and the CEO intend to liquidate the Company, to cease operations, or have no realistic alternative, but to do so.

The Board's Audit Committee shall, without it affecting the Board of Director's responsibilities and tasks in general, monitor the Company's financial reporting process among other things.

Auditor's responsibilities

Our objectives are to achieve a reasonable degree of certainty whether or not the annual accounts and consolidated financial statements as a whole contain any material misstatements, whether due to fraud or error, and to provide an auditors' report that contains our opinions. Reasonable certainty is a high degree of certainty, but is no guarantee that an audit done according to ISA and generally accepted auditing standards in Sweden will always discover a material misstatement if such exists. Misstatements can arise due to fraud or error and are considered to be material if they individually or together can reasonably be expected to affect financial decisions that users make based on the annual accounts and consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and the consolidated financial statements is available on the website of the Supervisory Board of Public Accountants: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the auditors' report.

Statement on other legal and statutory requirements

Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the administration of the Board of Directors and the CEO of Fasadgruppen Group AB (publ) for the financial year 1 January 2021–31 December 2021 and the proposed appropriations of the Company's profit or loss.

We recommend that the General Meeting appropriate the profit as proposed in the administration report and discharge from liability the members of the Board of Directors and the CEO in respect of the financial year.

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposed 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 is responsible for the Company's organisation and the administration of the Company's affairs. This includes regular assessment of the Company's financial position, to ensure that the Company's organisation is designed so that accounting, cash management and financial affairs are controlled in a satisfactory manner. The CEO shall take care of the operating management according to the Board's guidelines and instructions and take the actions necessary for the Company's bookkeeping to be performed in accordance with law and for cash management to be conducted in a satisfactory manner.

Auditor's responsibilities

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

- took any action or committed any negligence that may lead to a liability to pay damages to the Company, or
- in any other way acted counter to the Swedish 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 to this regard, is to assess with reasonable degree of certainty whether the proposal is in accordance with the Swedish Companies Act.

Reasonable certainty is a high level of certainty, 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 Swedish 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 has 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 Fasadgruppen Group AB for the financial year 2021. Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report 5c552ed3cf48825bb3cc82cacb7d919cbf53e0a649ceef8ee4efe18c3fec9dc has been prepared in a format that, in all material respects, enables uniform electronic reporting.

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 Fasadgruppen Group 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

The Board of Directors is 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 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 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements 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, 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.

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.

Deloitte AB was elected Fasadgruppen Group AB's auditor by the General Meeting on 18 May 2021 and has been the Company's auditor since 12 June 2018.

Stockholm 19 April 2021

Deloitte AB

Richard Peters

Authorised Public Accountant

The auditor's opinion regarding the statutory sustainability report

Assignment and division of responsibility

It is the Board of Directors that is responsible for the sustainability report for the year 2021 on pages 22–31 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Review's focus and scope

Our review has been conducted in accordance with FAR's recommendation RevR 12 Auditor's statement on the statutory sustainability report. This means that our review of the sustainability report has a different focus and is substantially limited in scope compared to the focus and scope of an audit conducted in accordance with the Standards on Auditing in Sweden (ISA) and generally accepted auditing practice. We believe that this examination has provided us with sufficient basis for our opinion.

Opinion

A sustainability report has been prepared.

Stockholm 19 April 2021

Deloitte AB

Richard Peters

Authorised Public Accountant

Auditor's statement on corporate governance report

Assignment and division of responsibility

The Board of Directors is responsible for the corporate governance report for the financial year 1 January 2021– 31 December 2021 on pages 38–43 and for it being prepared in accordance with the Annual Accounts Act.

Review's focus and scope

Our review has been conducted in accordance with FAR's statement RevU 16 Auditor's review of the corporate governance report. This means that our review of the corporate governance report has a different focus and is substantially limited in scope compared to the focus and scope of an audit conducted in accordance with the Standards on Auditing in Sweden (ISA) and generally accepted auditing practice. We consider that this review provides us adequate grounds for our opinions.

Opinion

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, Paragraph 2, Items 2–6 of the Annual Accounts Act and Chapter 7, Section 31, Paragraph 2 of the same Act are consistent with the annual accounts and consolidated financial statements and are in accordance with the Annual Accounts Act.

Stockholm 19 April 2021

Deloitte AB

Richard Peters

Authorised Public Accountant

ALTERNATIVE KEY RATIOS

Fasadgruppen reports key ratios to describe the underlying profitability of the business and to improve comparability. The Group applies the ESMA guidelines on alternative performance measures. A reconciliation of alternative performance measures is available at www.fasadgruppen.se

Adjusted EBIT

EBIT adjusted for items affecting comparability.

Adjusted EBIT improves comparability between periods

Adjusted EBITA

EBITA adjusted for items affecting comparability.

Adjusted EBITA improves comparability between periods.

Adjusted EBITA margin

Adjusted EBITA as a percentage of net sales.

The EBITA margin is used to measure operating profitability.

Adjusted EBITDA

EBITDA adjusted for items affecting comparability.

Adjusted EBITDA improves comparability between periods.

Capital employed

Total capital with or without goodwill minus non-interest-bearing liabilities and appropriations.

Capital employed shows by how much company assets are financed by the return on this capital.

Cash conversion

Cash flow from operating activities as a percentage of EBITDA.

Cash conversion ratio is used to monitor how efficiently the Group manages investment activities and working capital.

Cash flow from operating activities

EBITDA with deductions for net investments in tangible and intangible non-current assets plus adjustments for cash flow from change in working capital.

Cash flow from operating activities is used to monitor cash flow from operating activities.

EBITA

Earnings before interest and taxes (EBIT) before depreciation, amortisation and impairment of goodwill, brands and customer relationships.

EBITA provides a picture of earnings generated from current operations

EBITA margin

EBITA as a percentage of net sales.

The EBITA margin is used to measure operating profitability.

EBIT margin

Earning (EBIT) as a percentage of net sales

The EBIT margin is used to measure operating profitability.

EBITDA

Net earnings (EBIT) before depreciation and impairments of tangible and intangible non-current assets.

EBITDA provides a picture of a company's current operating profitability before depreciation.

Growth in net sales

Change in net sales as a percentage in the comparison period, previous year.

The change in net sales reflects the sales growth achieved by the Group over time.

Interest-bearing net debt²

Current and non-current interest-bearing liabilities minus cash and cash equivalents. Earnouts are not included in the key ratios.

Interest-bearing net debt is used as a measure showing the Group's total indebtedness.

Items affecting comparability¹

Items affecting comparability are, property sales, acquisition related costs, costs in association with refinancing, preparatory costs floatation and floatation costs, restructuring costs and revaluations of earnouts.

Excluding items affecting comparability, makes it easier to compare earnings between periods.

Order book

The value of outstanding, not yet accrued project income from orders received at the end of the period.

The order book is an indicator of the Group's outstanding project income from orders already received.

Organic growth

Change in net sales as a percentage of net sales during the comparison period, previous year, for the companies that were part of the Group throughout the comparison period and the current period unadjusted for any currency effects.

Organic growth reflects the Group's realised sales growth, excluding acquisitions, over the measurement period.

Net debt to adjusted EBITDA ratio

Net debt at the end of the period divided by adjusted EBITDA for a rolling 12-month period.

The net debt to adjusted EBITDA ratio, provides an estimate of the company's ability to reduce its debt. It represents the number of years it would take to repay the debt if the net debt and adjusted EBITDA were to remain constant, without taking into consideration cash flow related to interest, tax and investments.



Net debt to equity ratio

Interest-bearing net liabilities as a percentage of total shareholders' equity.

The net debt to equity ratio measures the extent to which the Group is financed by loans. As cash and cash equivalents and other current investments can be used to pay off debt at short notice, net debt is used instead of gross debt in the calculation.

Return on capital employed

Total earnings before tax plus financial costs over the last twelve months as a percentage of capital employed under the corresponding period (sum of capital employed at the start and end of the period respectively, divided by two).

Return on capital employed is important to assess profitability on externally financed capital and shareholders' equity.

Return on capital employed, excluding goodwill

Total earnings before tax plus financial costs for the last twelve months as a percentage of capital employed with deductions for goodwill and other acquisition related intangible non-current assets over the same period (the sum of capital employed minus goodwill and other acquisition related intangible non-current assets at the start and end of the period, divided by two).

The return on capital employed, excluding goodwill and other acquisition related intangible non-current assets is important to assess profitability on externally financed capital and shareholders' equity adjusted for goodwill arising via acquisitions.

Return on shareholders' equity

Total earnings for the last 12 months as a percentage of average shareholders' equity during the corresponding period (shareholders' equity at the start and end of the period respectively divided by two).

Return on shareholders' equity is important for investors who want to be able to compare their investment with alternative investments.

Definitions

CO₂e

Carbon dioxide equivalents.

eNPS

Employee Net Promoter Score measures how likely your employees are to recommend your organisation to others.

LTIF

Lost Time Incident Frequency measures the number of accidents that result in at least one day of sick leave per million hours worked.

1) The definition of items affecting comparability has been adjusted as of the fourth quarter 2020 inclusive to also include revaluations of earnouts. The adjustment has no effect on the comparison periods and has thus not caused any recalculation of comparison figures.

2) The definition of key ratios has been changed from quarter one, 2021 and now includes leasing liabilities, unlike previously. Comparison figures have been recalculated.

SHAREHOLDER INFORMATION

Financial calendar

Reports

Interim Report Jan–Mar 2022	12 May 2022
Interim Report Apr–June 2022	16 August 2022
Interim Report Jul–Sept 2022	15 November 2022
Year-end Report 2022	14 February 2023

General meeting of shareholders

2022 Annual General Meeting	12 May 2022
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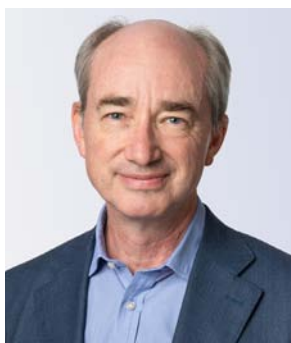
Annual General Meeting 2022

The Fasadgruppen AGM will take place on 12 May 2022 at Venue 81, Drottninggatan 81 in Stockholm at 12.00. For other information on the 2022 AGM please see the notice to shareholders.

Go to www.fasadgruppen.se

Fasadgruppen financial statement, press releases, share information and other relevant company information can be found at www.fasadgruppen.se. At the website you can also subscribe to receive press releases, financial statements and other relevant information. All financial statements and press releases are published in both Swedish and English. To any shareholders who wish to receive the Fasadgruppen Annual Report by post.

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Please note that the English text in this document is a translation of the Swedish version.
If there are any discrepancies, the Swedish version shall take precedence.



Production: Fasadgruppen and Kanton. Photo: Fasadgruppen and Shutterstock. Printing: Ätta.45 Tryckeri.

