



Annual Report 2020

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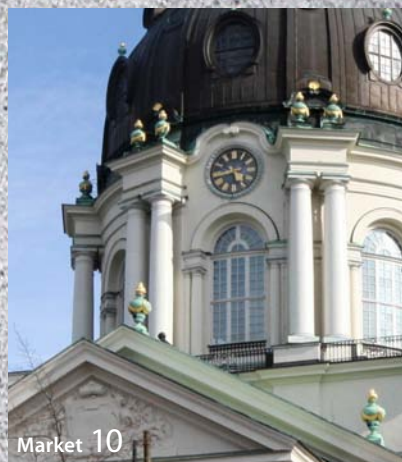
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Our vision

Fasadgruppen aims to create sustainable façades and so contribute to a more sustainable and enduring society with beautiful buildings and a good living environment for people.

Our mission

Fasadgruppen's mission is to improve the world, one sustainable façade at a time.

Our business concept

Fasadgruppen's business concept is to offer competitive, multi-disciplinary 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 value terms describe the core of our operations. The 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

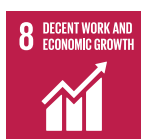
Local knowledge and commitment in each region and market where we are represented.

Expertise

Broad expertise and experience accumulated over a long period of time provide a secure partner delivering optimum customer value.

Sustainable enterprise

Sustainable enterprise is an integral part of Fasadgruppen's strategy and a prerequisite 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 work environment; and Ethics and anti-corruption. These focus areas are strongly associated with the UN's global goals for sustainable development. Stated below are the goals that Fasadgruppen believes it has the greatest opportunities to influence.



Fasadgruppen in brief

Fasadgruppen Group AB is the largest façade work company in the Nordics and the only nationwide complete provider of sustainable façades in Sweden. The foundation of the business are the entrepreneurial subsidiaries operating with a clear focus on cooperation, commitment and competence.

Fasadgruppen was founded through the merger of STARK Fasadrenovering and AB Karlsson's Fasadrenovering in 2016. Today, we encompass 27 operations in Sweden, Norway and Denmark. Combined with a small Group-wide organisation, we unite the drive and convenience of local companies with the Group's ability to offer comprehensive solutions to customers.

Fasadgruppen possesses expertise in everything related to property façades. Our offer includes services within façade renovation, energy efficiency, window replacement, balcony and roof renovation. Our customers consist of private property owners, property companies, tenant-owner associations, operations managers, consultants and construction companies.

Acquisitions play a central role in Fasadgruppen's strategy for profitable growth. Acquisitions enable the Group to expand geographically, broaden its offer and enhance its expertise and achieve economies of scale within existing companies.

Fasadgruppen's history of growth

1963

Long tradition

STARK Fasadrenovering was founded as far back as in 1963 and AB Karlsson Fasadrenovering was founded in 1970.

2016

Fasadgruppen is formed

Fasadgruppen is formed through the merger of STARK Fasadrenovering and AB Karlsson Fasadrenovering.

2017

Expansion in Sweden

With the vision of becoming a market leader in façade work in the Nordic region, expansion in Sweden commences with a number of acquisitions.

2018-19

Market leader

Through a combination of organic growth and acquisitions, revenues exceed SEK 1,000 million. Expansion in other parts of the Nordic region commences.

2020

Continued growth

Five acquisitions are made, with the Front Group being Fasadgruppen's largest acquisition to date. In December, the Company is listed on the Mid Cap list of the Nasdaq Stockholm exchange.

2020 at a glance

Over the year, Fasadgruppen continued to grow through acquisitions. Five acquisitions were completed, adding operations with a total estimated annual turnover of SEK 909 million. Like most businesses, Fasadgruppen was affected by the Covid-19 pandemic, mainly with projects being postponed. The year concluded with a major milestone – the listing of the Company on the Nasdaq Stockholm exchange.

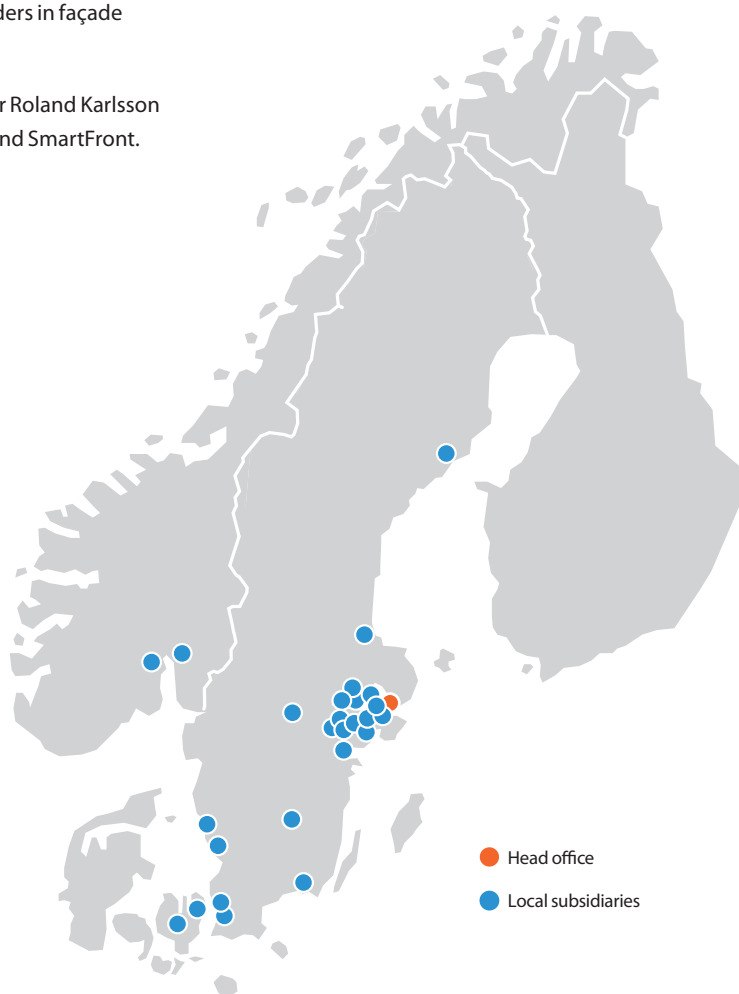
Fasadgruppen's acquisitions in 2020

- June: **Sterner Stenhus Fasad** – A full-service supplier of façade works, dating back to the 1960s.
- July: **Proos Mur & Puts** – The operations were acquired by Fasadgruppen subsidiary Mälardalen's Mur & Puts, which thereby strengthened its position in the Mälardalen valley.
- September: **DVS Entreprenør** – Fasadgruppen established itself in Norway by acquiring one of Norway's largest façade renovation companies.
- September: **Cortex** – Fasadgruppen strengthened its presence in Denmark by acquiring three Cortex brand companies that together are leaders in façade maintenance and renovation.
- November: **The Front Group** – Comprising Fasadrenoveringar Roland Karlsson i Mälardalen and its companies Front RK, rapid hyrställningar and SmartFront. The acquisition is Fasadgruppen's largest to date.

Key figures Group 2020



Geographical presence



Stable platform for sustainable growth

This is our first annual report as a listed company and I am very pleased to be able to summarise 2020 as a successful year for Fasadgruppen – despite the effects of the pandemic both on our operations and on society at large. Given that most of our work is performed outdoors, our day-to-day operations have generally been able to continue uninterrupted, although postponed projects did contribute to negative organic growth. At the same time, we delivered on our acquisition strategy and strengthened our market-leading position, and we have now also established a presence in Norway. We are continuously refining the business model, with the companies in the Group increasingly benefiting from one another.

Fasadgruppen was born of the notion of bringing leading local companies in the industry together to exchange expertise, strengthen opportunities for cost synergies and together generate additional value for customers. What most local market-leading companies share is that they are run by skilled entrepreneurs with extensive experience and a desire to continuously improve. Put simply, Fasadgruppen is a platform on which entrepreneurs can attain a further level and a broader context in which to operate.

Nordic consolidation on the agenda

Today, we encompass 27 operations in Sweden, Norway and Denmark. However, we have merely scratched the surface when it comes to consolidation in the Nordic region. We seek profitable companies in complementary geographies or with complementary operations where we perceive opportunities to achieve sustainable growth and synergies. Key to this approach is the readiness of founders, managers and salespeople to continue developing their companies within the broader context offered by Fasadgruppen.

In 2020, we acquired four new companies and completed one acquisition of assets. We completed two acquisitions in Sweden that were unusually large by Fasadgruppen's standard – Sterner Stenhus Fasad and the Front Group. Both have quickly become part of the Group and I perceive substantial opportunities in their future development. In Denmark, we completed our second acquisition in the form of Cortex, a leading player in façade maintenance and renovation. Finally, during the year, we also took our first step in Norway with the acquisition of DVS Entreprenør, one of the

market's largest companies in façade renovation. Combined, the achievements of 2020 mean that we now have a stable Nordic platform on which to continue growing. Moving forward, our efforts continue and, to date, we have made five additional acquisitions in 2021.

Sustainable services contributing to climate goals

By their nature, exterior renovations are a sustainable service, as they help to increase properties' energy performance. That said, sustainability is an integral and central part of our offering, and one that also weighs increasingly heavily when customers choose us. Sustainability criteria are becoming more commonplace in public procurement, and for private customers the issue is prioritised by several different incentives – a well-executed façade renovation saves energy costs while increasing the well-being of residents, for example. Demand is further strengthened by political initiatives with clearer demands for reduced energy consumption.

Additional insulation and window replacements are among the services that generate the clearest value. The façades of older buildings generally have a thinner layer of insulation than is standard today. With additional external insulation, the building is protected from moisture and thermal bridges are removed. At the same time, by replacing windows with energy glass windows, energy values are greatly improved. Fasadgruppen also offers a particularly interesting service offered by no one else – the patented SmartFront method, which we acquired as part of the Front Group. Applying this, the energy saved in connection with renovation can be as high as 75 percent, while heating costs are reduced to a corresponding degree.

Structural drivers generate long-term demand

The pandemic has had an estimated short-term impact on our sales in the form of postponed projects, particularly in connection with new production. The boards of some property owners and tenant-owner associations also postponed maintenance measures for the future. Underlying housing and renovation needs nonetheless remain and will drive market growth for a long time to come. There is a big shortage of housing in growth

» I view with confidence our opportunities to continue expanding the Group, as I do our capacity to maximise the benefits of our business model, under which we combine local entrepreneurial spirit with the exchange of experience and certain centralised functions. «



regions in the country, while a clear majority of existing residential housing was built more than 20 years ago and will therefore need to be renovated within the not too distant future. Fasadgruppen's breadth and market position generate favourable conditions for benefiting from these driving forces.

At the very beginning of our journey

This year, Fasadgruppen turns five years old. That may not sound like a lot, but it should be borne in mind that most of our companies already have several decades of history behind them on joining the Group. During our years in the market, we have built a leading player in façade work, with a clear offering both for customers and local contractors. With the stock exchange listing in December, interest has increased significantly, and

we entered 2021 with a long list of potential acquisition candidates. I view with confidence our opportunities to continue expanding the Group, as I do our capacity to maximise the benefits of our business model, under which we combine local entrepreneurial spirit with the exchange of experience and certain centralised functions.

In conclusion, I would like to thank all of our employees, customers, partners and, naturally, all of our new shareholders for the past year. Together, we will continue to create sustainable façades for the future.
Stockholm in April 2021

Pål Warolin
Group CEO and President

Financial targets

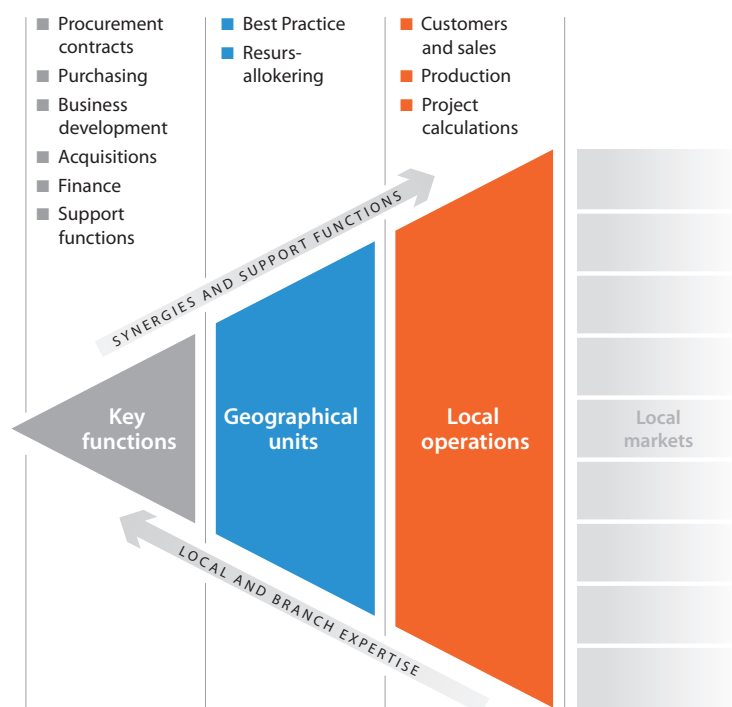


Target		Outcome in 2020	Comments on the outcome
GROWTH IN NET SALES			
≥15%	We should achieve an average net growth in net sales of at least 15 percent per year over an entire economic cycle. Growth should be both organic and via acquisitions.	Net sales growth amounted to 31.5 percent , of which organic growth was negative in the amount of 6.9 percent .	All growth for the year was acquired growth. The ongoing pandemic had a restraining effect on the sales trend with postponed projects expected to have a negative impact in the short term.
PROFITABILITY			
≥10%	The adjusted EBITA margin should be at least 10 percent annually throughout an economic cycle.	The adjusted EBITA margin amounted to 11.1 percent (12.7).	The lower margin for the year can partly be explained by the expanded central organisation associated with the requirements of a listed environment.
CASH CONVERSION			
100%	Cash conversion shall amount to 100 percent.	Cash conversion amounted to 100.0 percent (73.1).	The positive trend over the year was driven by a strong increase in operating cash flow, which can mainly be explained by a decrease in the Group's accounts receivable in the fourth quarter.
DIVIDEND			
30%	Dividend as a percentage of net profit shall amount to 30 percent, taking into account other factors such as financial position, cash flow and growth opportunities.	As a percentage of net profit, the proposed dividend amounts to 30.2 percent (0.0).	The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 0.60 per share (0.00) be paid for 2020. The total dividend thus amounts to SEK 27.1 (0.0). The consolidated equity/assets ratio amounts to 47.1 percent before the dividend and 45.9 percent after the dividend. This is considered an adequate equity/assets ratio, even when taking upcoming developments into account.

Business model



Fasadgruppen's business model builds on a decentralised structure, enabling a strong local presence with limited overheads. The business model is divided between three parts: central functions, geographical units and local operations.



Key functions

The Group's key functions include purchasing, business development, acquisitions, finance and support functions. By procuring contracts for materials and insurance at a central level, economies of scale are achieved that enable the subsidiaries to reduce their costs. Through the Group, the subsidiaries also receive support in, for example, financial reporting and legal issues to ensure that they are able to focus on their day-to-day operations.

Geographical units

Resources and best practices are shared via the geographical units (business areas), resulting in synergies between the local operations. Cross-selling opportunities and joint sales initiatives are identified here, allowing several subsidiaries to collaborate on the same project but in different disciplines. The companies also have opportunities to borrow personnel from one another.

Local operations

The subsidiaries operate under their own brands and are responsible for customer relations, sales, production and project calculations. They enjoy considerable independence in managing the operations in their local markets and building their own order books with upcoming projects. The subsidiaries also safeguard their profitability by continuously developing their expertise in calculations and assessments.



Strategy

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

1 Developing local market leaders

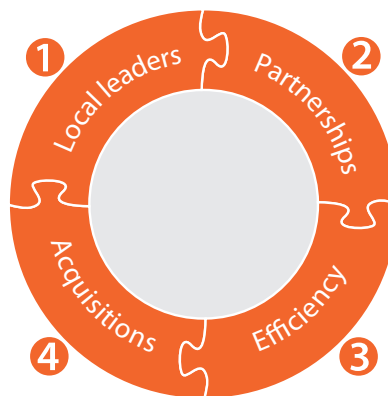
Fasadgruppen strives to maintain and develop its position in the local markets by attracting and retaining the best managers and personnel in each local market.

A key aspect when acquiring a new company is that its founder stays on, continuing to run the 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. Additionally, Fasadgruppen offers several courses to safeguard favourable employee development at all levels in the companies.

2 Foster partnerships between units

Fasadgruppen seeks to derive synergies between the local operations by building an organisation that efficiently shares resources, purchasing agreements and best practices. To achieve economies of scale, the



Group applies a well-proven model resting on seven fundamental 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 the seven pillars on page 8.

3 Efficient processes

Fasadgruppen works continuously to optimise processes throughout the organisation. By means of efficient processes, the Group can be managed appropriately and the subsidiaries are afforded the conditions for increasing their profitability. Particular attention is paid to procurement and production processes.

4 Growth through acquisitions

Through its established acquisition model, Fasadgruppen seeks to continue growing and to develop local market leaders in façade work. The focus is currently on Swedish, Danish and Norwegian players.

» Read more about Fasadgruppen’s acquisition strategy on page 7.

Organic growth

Fasadgruppen’s market is characterised by slow but stable growth that will, over time, also be reflected in organic growth. In addition to growing in line with the general market, organic growth is generated by capturing market shares. Fasadgruppen intends to capture new market shares by working with local market leaders, sharing and applying “best practices” within the Group, and by developing our multidisciplinary offer. Organic growth can be affected by individual projects, subsidiaries and specific events, and can therefore also differ between quarters. However, this variation is expected to decrease as Fasadgruppen grows.

Acquisitions

By means of acquisitions, Fasadgruppen strengthens its geographical presence, service offering and expertise throughout the Nordic region. Acquired companies continue to operate with a high degree of autonomy and under their own brands, while benefiting from central functions and knowledge sharing to become leading local players benefiting from economies of scale.

Acquisition strategy

Fasadgruppen applies an active acquisition strategy aimed at broadening the Group geographically and to strengthen the offering. Since the outset in 2016, a total of 24 units have been acquired. Besides acquiring new Group companies, acquisitions are also made (usually as asset acquisitions) to complement existing companies to increase expertise and attain critical mass.

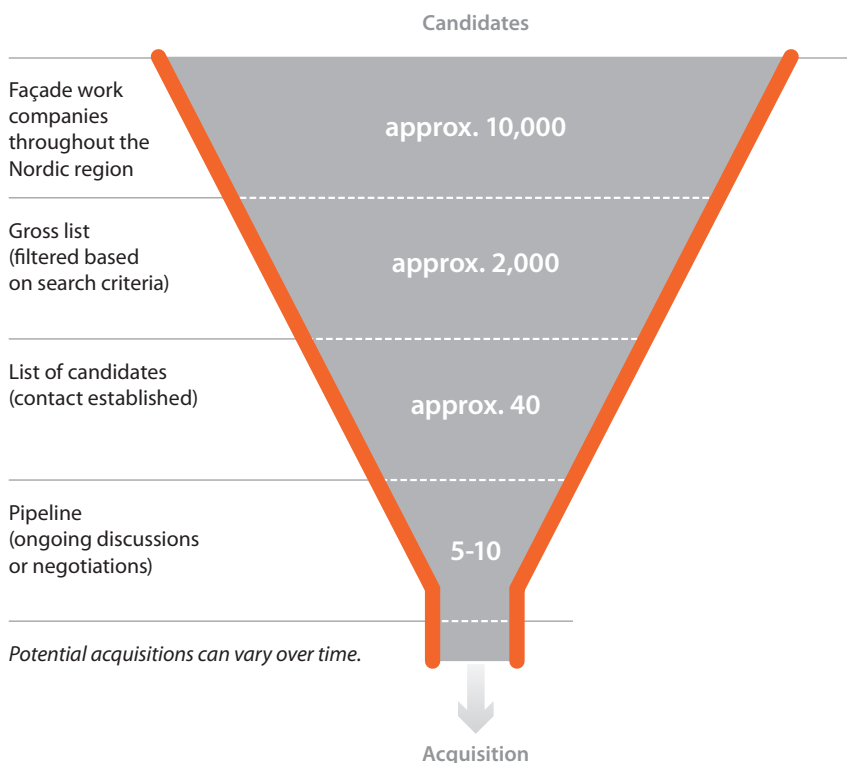
Fasadgruppen applies a number of

acquisition criteria, including requirements on favourable profitability, geographic presence and long-term management. In identifying potential acquisitions, considerable emphasis is placed on the Company's craftsmanship and its management's business acumen and expertise.

In Sweden, over 500 potential acquisition candidates have been identified. The corresponding figure for the other Nordic countries is over 1,800 potential companies.



Process for identifying potential acquisitions



Through continuous contact with attractive candidates, and by assessing them, the Group is able to 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 show a stable historical trend in terms of profitability, growth and cash flow.

Management

Should comprise skilled entrepreneurs who fit in naturally with Fasadgruppen's corporate culture and who are committed to the Group's future plans.

Market

An acquisition candidate should hold a strong position in the local market and should operate in a region with a growing market.



Why Fasadgruppen?

In the Nordic countries, a very large number of companies is active in façade work. Many are run by skilled entrepreneurs with strong local market positions and customer relationships. Fasadgruppen's business model is based on the companies being permitted to continue as previously, albeit with access to economies of scale, such as lower material costs and resource sharing within the Group. Fasadgruppen also provides the local companies with various support functions that are often more developed than the contractors' own, for example in financial reporting. In this way, the character of the local activities is preserved while they become part of Fasadgruppen as a whole.

Acquisition process

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

The primary sources for potential acquisitions are references from Fasadgruppen's local management teams, the central management team's networks, external tips and company brokers. The process for identifying potential acquisitions is designed to generate a mix of companies that could be of interest for Fasadgruppen.

Integration of new companies

Once a company has been acquired, integration commences immediately, focusing on efficient processes, without risking disruptions in day-to-day operations. The objective 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 offering in accordance with previously established methods.

Fasadgruppen's integration and synergy model rests on seven pillars and is further explained below.

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, meaning that they meet requirements for good control of the quality and environmental impact of their operations.

Focus on order book

The subsidiaries must work actively to maintain a sufficient order book to guarantee revenue visibility. The structure of the order book aids the forecasting of revenues and minimizes risk for the companies.

Percentage of completion method

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



Clear margin targets

Profitability targets are an important way of ensuring that the subsidiaries are resourceful and cost-efficient.

Weekly coordination discussions

Coordination discussions between business area managers and the subsidiaries are aimed at adapting and anchoring various current topics, including the status of ongoing projects and ongoing project acquisitions.

Weekly liquidity analysis

By means of 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. The analysis is also an important monitoring mechanism to ensure that the subsidiaries are able to assume various project responsibilities.

Monthly reporting

Each month, the subsidiaries report their financial results, which are then consolidated centrally. The purpose is to achieve internal comparability and full control over the Group's financial results to be able to manage the organisation optimally.

Growth in Denmark

At the end of 2019, the Danish company P. Andersen & Søn was acquired, and Fasadgruppen's first acquisition outside Sweden was thus a fact.

P. Andersen & Søn is a façade company with a good reputation in the Danish market. The Company specialises in plastering and works primarily with renovation projects. CEO Peter Andersen is involved in various Danish industry organisations and has also built up a strong network to Sweden on both the contractor and supplier sides. In this way, he came into contact with Fasadgruppen.

"We became interested in Fasadgruppen's model and expressed Nordic growth ambitions, and that's the way it was. As part of the Group, we have maintained our strong local identity while, at the same time, benefiting from

central purchasing agreements, among other things. We have also established a cross-border collaboration with Malmö Mur & Puts," says Peter Andersen.

Together with Peter Andersen, Fasadgruppen has intensified its acquisition work in Denmark. In 2020, three new companies were acquired under the Cortex brand, which work with façade maintenance, renovation and environmental remediation.

"The Danish façade market is as fragmented as the Swedish, and I see great opportunities for us to continue growing with well-run and entrepreneurial companies," Peter Andersen concludes.



Peter Andersen, VD, P. Andersen & Søn



Market

Fasadgruppen conducts operations in the façade markets in Sweden, Denmark and Norway, with the majority of its operations in Sweden. The Scandinavian façade market is estimated to generate sales of approximately SEK 97,000 million annually. The Swedish market is estimated at about SEK 37,000 million, the Norwegian market at SEK 31,000 million, and the Danish at about SEK 29,000 million. Of the total sales in Scandinavia, metropolitan regions account for about half.

The façade market can be divided into masonry and plastering, windows, balconies, roofing and sheet metal, as well as scaffolding. The underlying markets comprise renovation and construction respectively.

Focus on renovation

Fasadgruppen focuses predominantly on the renovation market and approximately 75 percent of sales in 2020 consisted of renovations of residential and commercial properties. Over the past 15 years, the average annual growth rate in the renovation market was 2.5 percent. The market for new construction is more volatile, but has shown a slightly higher annual growth rate of 2.8 percent. The higher volatility is explained by a stronger connection to the economic cycle, with macroeconomic factors such as GDP growth and interest rates affecting property prices and vacancies, which, in turn, affects the construction market.

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 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

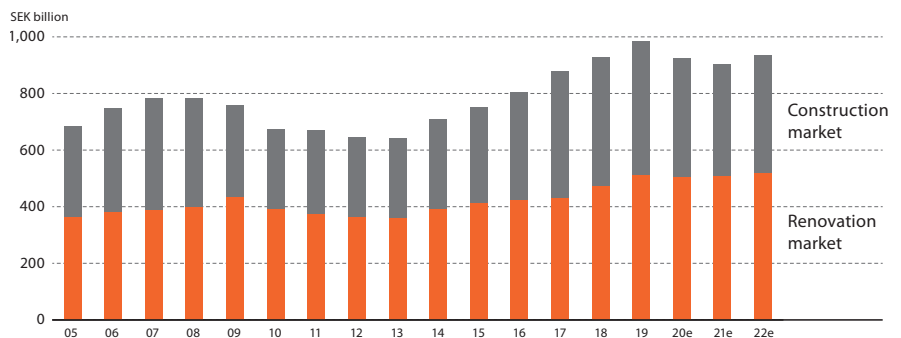
The façade market is largely project-based. Each project has unique characteristics depending on the size and complexity of the design involved. Fasadgruppen focuses on the market's intermediate segments, including projects with contract values of SEK 1–100 million. In these projects, references, customer relationships, local presence, short lead times and competitive pricing are important factors in securing contracts.

Medium-sized projects entail lower risk than large projects of more than SEK 100 million, where it can be difficult to estimate costs for labour and materials, but also greater profitability than in smaller projects of less than SEK 1 million, where competition between many small players is often fierce.

Competitors

The façade market is highly fragmented and mainly comprises a large number of small companies operating in a local market within a particular area of services (masonry, plastering, windows, balconies, roofing and sheet metal or scaffolding). Besides Fasadgruppen, only a small number of companies have the capacity to offer multidisciplinary services and to operate in several geographical areas. Because of the fragmentation, larger companies have the opportunity to consolidate the market, which is further driven by increasing customer demand for complete solutions.

The renovation and construction market in Scandinavia



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

The market's driving forces



Increased sustainability focus

According to the National Board of Housing, Building and Planning, heating of properties accounts for about 20 percent of Sweden's energy consumption and renovations applying modern insulation techniques are therefore crucial in reducing future energy consumption. According to the European Commission, 75 percent of the EU's building stocks are not energy efficient, and the annual renovation rate must double, at least, to achieve the EU's energy efficiency and climate goals. Moreover, the Swedish Environmental Protection Agency reports that authorities set increased environmental requirements for public procurement. In 2019, the authorities set environmental requirements for 86 percent of the total procurement value.

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 installations 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. Thanks to knowledge sharing and the application of best practices within the Group, the awareness of optimum solutions among all of the subsidiaries is constantly being improved.



Urbanisation and housing shortages

Urbanisation is taking place in all of the Nordic countries, driving needs for additional housing in the largest urban regions. The National Board of Housing, Building and Planning, and Statistics Sweden report that by 2027 there will be demand for 640,000 new homes in Sweden and that housing is in short supply in 212 of the 290 municipalities. Oslo City Council has determined that up to 135,000 new homes will be needed by 2040, and the Danish Ministry of Transport believes that 7,000 new homes will be needed each year for the next 25 years to cover 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 construction. As façade work involves specialist skills, the construction companies often subcontract such work to others. Through its subsidiaries, Fasadgruppen holds strong local market positions and has established and stable relationships with many construction companies, fostering conditions for involvement in numerous projects.



Ageing property portfolio

In the 1960s and 70s, a large number of residential buildings were constructed in Sweden within the framework of the "one million-homes programme". Furthermore, about 85 percent of apartment buildings were built more than 20 years ago.

Significance for the operations

The ageing property portfolio will drive demand for exterior renovations. As maintenance in several areas is often neglected, extensive measures will have to be taken, including concrete repairs and renovations of roofs, windows, balconies and access balconies. As a complete supplier, Fasadgruppen is able to undertake several steps within the same project, meaning that property owners avoid having to deal with separate contractors and that residents are less exposed to disturbances.

Modernisation of public housing



The Bro-Råby area, outside Stockholm, is one of many residential areas built within the framework of the “one million homes programme” in the late 1960s. The area comprises 23 apartment buildings and four shares premises. Over time, the homes and the area have been neglected. With the help of STARK Fasadenovering, all properties have been completely renovated, which has created both a more pleasant living environment and energy savings.

Bro-Råby is a classic apartment building area which, like many other programme properties, was in great need of renovation after years of wear and tear. The buildings had problems with ventilation systems, windows, façades and thermal bridges from balconies and attics, resulting in major energy losses.

Fasadgruppen’s subsidiary STARK Fasadenovering has improved the entire outer shell of the residential buildings by renovating and additionally insulating the façades, replacing all of the windows, entrances and balcony doors. All attics have been additionally insulated and a new layer of waterproofing has been laid on the roofs.

To create a safer and more pleasant outdoor environment, all storage rooms, laundry rooms and common areas in the neighbourhood have also been renovated, as have playgrounds and other common areas.

“Buildings account for 30 percent of energy consumption and there are great opportunities for intelligent energy renovations million program areas. Renovating energy efficiently saves both our environment and future costs,” says Stefan Karlsson, CEO of STARK Fasadenovering.



Stefan Karlsson, CEO, STARK Fasadenovering

MILLION HOMES PROGRAMME – STANDARDISED BUILDINGS

During the years 1965 to 1974, more than one million homes were built, ie approximately 100,000 homes per year. There was a period in Swedish housing construction that we generally refer to as the one million homes programme. The purpose of the programme was to eliminate a huge housing shortage with modern housing at reasonable prices. All building types would be built in a standardised and rational manner.

Substantial renovation needs

Apartments from the “One million homes programme” are often well-planned and practical. However, many are in great need of technical upgrading and energy efficiency in order not to reach the end of their technical service life. This includes replacing windows, roofing, balconies and façades. Several Fasadgruppen subsidiaries are currently working on renovations of this type.

Offering

Fasadgruppen offers all types of exterior façade work and participates in the entire process from consultation to the finished product. Thanks to the Group's combined expertise and extensive experience, customers can be offered complete solutions and assured the highest level of quality.



Plastering

Plastering services include all types of plastering, including smooth finish stucco, rough plaster and fine stucco. Fasadgruppen carefully applies original craftsmanship methods and materials, the latter often being mixed on site. Details that may otherwise be lost are recreated, such as plinths, mouldings, embrasures, eaves, ornaments and plaster murals.

For new and younger façades, Fasadgruppen can offer innovative and energy-smart solutions, and the very latest façade systems that often include additional seals and ventilation.



Masonry

Masonry services include, joining, anchoring and additional insulation of brick façades. Fasadgruppen builds, repairs and resurfaces plinths, shell walls, interior walls, curtain walls and glass brick walls, and are also able to create striking indoor environments.

As Fasadgruppen works independently of suppliers, it is able to offer customers all types of brick in terms of size, shape, colour and structure. Brick is a sustainable and cost-effective choice for façades because it has a life expectancy of hundreds of years and low maintenance costs. In construction projects, 95 percent of bricks are recycled, and, in the production chain as a whole, 100 percent of bricks are recycled. Because it is a pure material made from clay and water, nor does it contain any substances harmful to either people or the environment.



Other exterior work

In addition to masonry and plastering, Fasadgruppen also works with other aspects of exterior façades, including windows, balconies, roofs and sheet metal. Projects include renovations and new construction alike. Fasadgruppen also rents out several different types of scaffolding for construction work, including lifts, loaders and protective equipment. With its offering of scaffolding, Fasadgruppen is able to shorten its own lead times and to operate independently of external suppliers.

In addition to the core operations, Fasadgruppen also performs concrete work, waterproofing, carbon fibre reinforcement, additional insulation and tiling, for example.

Sustainable services

Fasadgruppen's services have a clear connection with sustainability and the environment. Most façade solutions provide direct environmental improvements, with energy consumption being reduced

when façades are renovated and when windows are installed. Fasadgruppen works actively to ensure that its operations are conducted in a manner that is as environmentally friendly and sustainable as possible

and trains its staff in these matters. This strengthens Fasadgruppen's position as an important player in efforts for a more sustainable future.

» Read more in our Sustainability Report on pages 18–23.

Projects and customers

Fasadgruppen's subsidiaries conduct operations that are mainly focused 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 are on the magnitude of SEK 1–100 million. The average size of a project is approximately SEK 3–4 million. Based on this, the Group has created a diversified structure with many smaller, flexible companies in a large number of 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 includes both construction and renovation customers. Fasadgruppen's customers include owners of public, commercial and residential properties, tenant-owner housing associations, construction companies, and private homeowners. In the renovation market, Fasadgruppen's subsidiaries usually assume responsibility for projects and perform services on behalf of tenant-owner housing associations and property management companies, such as HSB and Riksbyggen. In the construction market, the subsidiaries act as subcontractors to major construction companies, such as PEAB and Skanska.





Organisation

Fasadgruppen is organised to promote entrepreneurship while benefiting from overarching strategic management and economies of scale.

Companies run by entrepreneurs with central support

Fasadgruppen is structured to enable the central organisation to effectively support the local subsidiaries. Each subsidiary is responsible for its customers, products, personnel, projects and revenues. A relatively small Group-level organisation is supported by the four geographical business areas: North, East, South and West. The business areas simplify the regional coordination of the subsidiaries, with the Business Area Managers reporting directly to the CEO, who, alongside others in Group Management can manage Fasadgruppen as an efficient unit.

Centralised purchasing process

Fasadgruppen has a centralised purchasing process designed to achieve cost savings for each subsidiary. The process entails ordering large volumes of materials, providing conditions for a favourable negotiating position. Such cost savings are particularly significant for newly acquired companies. The centralised purchasing process is handled by the 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.

Pricing

Fasadgruppen applies a decentralised pricing strategy in which each subsidiary is responsible for its pricing. When necessary, the subsidiaries have the opportunity to use the central management and support functions to verify their calculations and to achieve their profitability goals. The pricing model applied by Fasadgruppen is cost-based and projects are usually performed at a fixed price. This model is adaptable and allows opportunities for flexibility in pricing.

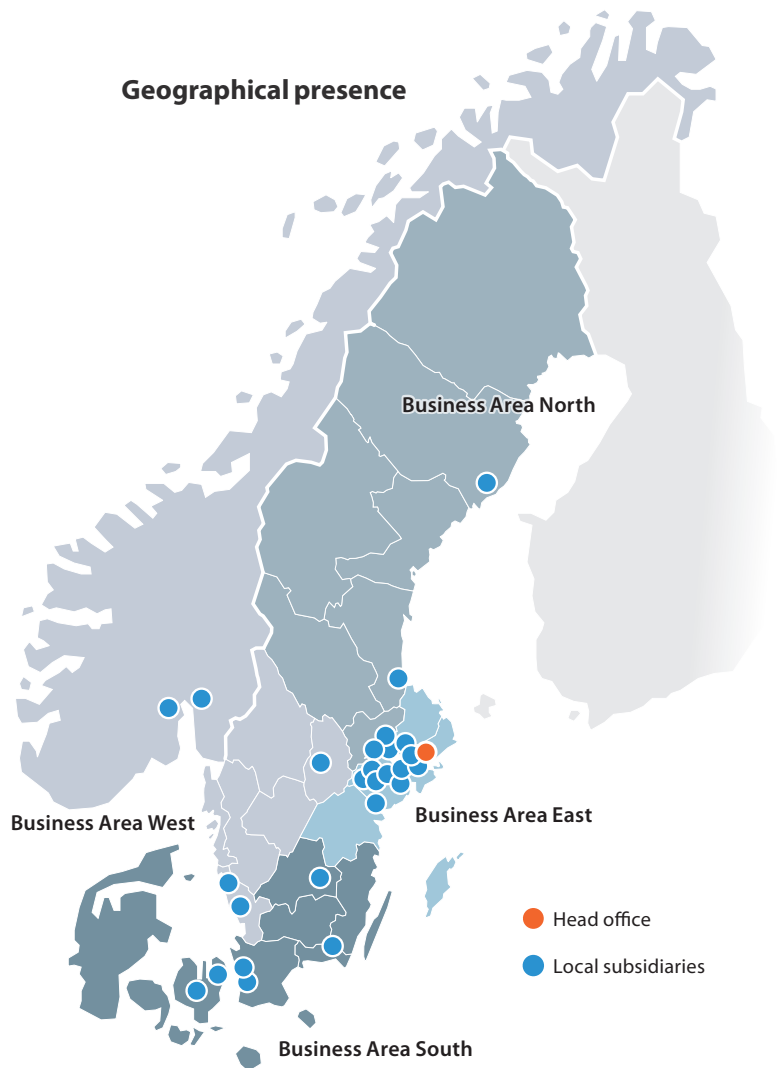
Our companies

Fasadgruppen's operations are performed through local subsidiaries with specialist skills. Our local presence means that our employees are always located close to the market, ensuring rapid service and short decision-making paths.

Business Area North	Masonry	Plastering	Windows & balconies	Roofing & sheet metal	Scaffolding	Other
Valbo Fasad Entreprenad	●	●	●	●	●	●
Ume fasad	●	●	●			
Robust Hyrställningar					●	
Business Area East	Masonry	Plastering	Windows & balconies	Roofing & sheet metal	Scaffolding	Other
Stark Fasadenovering	●	●	●	●		●
Mälardalens Mur & Puts	●	●				
Valvet Fasad	●	●	●			
Simtuna Bygg & Betong			●			●
Fasadteknik	●	●	●			
Karlaplans Plåtslageri				●		
Sterner Stenhus Fasad	●	●	●	●		●
SmartFront ¹		●	●			●
Front	●	●	●	●		●
rapid hyrställningar					●	
Tello Service Partner				●		
Bruske Delér Fönsterrenovering			●			●
Business Area South	Masonry	Plastering	Windows & balconies	Roofing & sheet metal	Scaffolding	Other
Karlsson Fasadenovering	●	●	●	●	●	●
Murpoolen	●	●	●		●	
Malmö Mur & Puts	●	●	●	●	●	
Allt i murning	●	●	●		●	●
P. Andersen & Søn		●		●	●	●
Cortex ²						●
Business Area West	Masonry	Plastering	Windows & balconies	Roofing & sheet metal	Scaffolding	Other
Johns Bygg & Fasad	●	●	●	●	●	●
Mellansvenska Fasad	●	●				●
Frilleås Mur & Puts	●	●				
DVS Entreprenør	●	●	●	●	●	●
Mjøndalen Mur & Puss	●	●				

¹ SmartFront offers a patented ventilation solution for saving energy.
² Cortex's offer includes maintenance, renovation and cleaning of façades.

Geographical presence



Restoration the old-fashioned way



Construction of Borgholm Castle began in the 12th century and today it is one of Öland's biggest tourist attractions. Within the framework of a careful restoration, Fasadgruppen's subsidiary Karlsson's Fasadrenovering has been given the prestigious task of renovating the castle ruin's walls. The lime mill has been produced in the traditional way, by burning lime in a kiln.

Borgholm's castle ruins are a valuable part of Sweden's cultural heritage and are today managed by the Swedish Property Agency (SFV). As the old castle ruins undergo extensive restoration work, it is a basic prerequisite to proceed carefully, applying appropriate methods.

Lime plaster protects the castle ruins

In modern times, plaster containing cement has been used in the restoration of older buildings, which can cause damage. The restoration work conducted at Borgholm Castle used lime – a traditional building material that is environmentally friendly, repairable and sustainable in the long-term. SFV has had its own lime kiln built at which it can burn limestone and recreate historic lime plaster. During the restoration, Karlsson's Fasadrenovering has used this oven for traditional tile bonding. It is a time-consuming job that requires great care and craftsmanship.

"Burning limestone is a fun and different job that feels very rewarding, as well as being very important for preserving our cultural heritage," says Billy Sjöstrand, supervisor at Karlsson's Fasadrenovering.



LIME BURNING – STEP BY STEP

Deposit

First, limestones are placed in the bottom of the kiln and then limestone slabs are placed on a high edge along the edges of the kiln. Between the stones are wooden logs that form traction channels when they burn. Limestones are then stacked in the entire kiln in such a way that the individual stones are surrounded by air. This stacking method affects the firing process and the temperature distribution in the kiln.

Burning

The limestone is heated to about 1,000°C and the firing lasts for about three days, without interruption.



Quenching

When the lime is extinguished, water is added to the burnt lime. As it cures and generates heat, the lime absorbs the water to form lime slake, which is used to make mortar and plaster. Quenching causes the volume of lime to double. The finished lime is stored in airtight plastic barrels to preserve its hydraulic properties.

Sustainability report



Estimated share of sales compatible with EU taxonomy **~50%**

Proportion of suppliers having signed the Code of Conduct **81%**

Tonnes CO₂e (Scopes 1 & 2)/revenue **0.53**

Number of female employees **32**

Proportion of female white-collar workers **13%**

Number of workplace accidents **61**

Long-term absence **9%**

As the Nordic region’s leading group in façade work, Fasadgruppen seeks to foster sustainable development in our day-to-day work. Our overarching vision is to create sustainable façades and so contribute to a more sustainable and enduring society with beautiful buildings and a good living environment for people.

The services provided by Fasadgruppen have a clear connection to sustainability and the environment. Most façade solutions provide direct environmental improvements, such as reduced energy being reduced when façades are renovated and when windows are installed. Fasadgruppen works actively to ensure that its operations are conducted in a manner that is as environmentally friendly and sustainable as possible and trains its staff in these matters. We estimate that about 50 percent of sales in 2020 were compatible with the EU taxonomy, in accordance with the criteria set out in Chapter 7 of the latest available draft of the Taxonomy Regulation.

Our sustainability work is structured into five focus areas and is followed up against quantifiable goals. These focus areas also have a clear association with the UN’s global goals for sustainable development numbers 5, 7, 8, 11 and 12.

Five focus areas with associated quantifiable goals:

Equality

- Increase the number of female employees annually
- The proportion of female employees in white-collar positions shall amount to 50 percent by 2030

Reduced climate impact

- Increase the number of fossil-fuel-free company cars and service vehicles on an annual basis
- All of Fasadgruppen’s vehicles shall be fossil-fuel-free by 2030
- All transports are to be fossil-fuel-free by 2030

Responsible supply chain

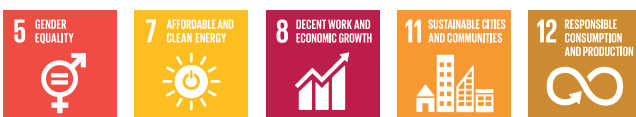
- 100 percent of Fasadgruppen’s suppliers shall have signed the Code of Conduct

Safety, the work environment and health

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

Ethics and anti-corruption

- 100 percent of Fasadgruppen’s employees shall have signed the Code of Conduct



Business model

Fasadgruppen's business model builds on a decentralised structure, enabling a strong local presence with limited overheads. Our subsidiaries operate under their own brands and are responsible for customers relations, sales, production and project calculations. With business areas that are divided geographically, resources and best practices are shared between the subsidiaries. The subsidiaries receive additional support via the central group functions in areas such as purchasing, business development, acquisitions and finance.

Each subsidiary is responsible for conducting sustainability work that both includes the delivery to the customer, as well as internal aspects, including the work environment and gender equality. Certain companies are experts in services that contribute particularly strongly to energy efficiency and they share their expertise with others through the geographical business areas.

Sustainability governance

Group Management sets Fasadgruppen's overarching sustainability goals and keeps sustainability work as a fixed agenda item at its meetings. The Group's Deputy CEO holds the role of Sustainability Manager and convenes a special sustainability function comprising selected individuals from the management team who continuously monitor objectives and activities within the various areas of focus and report these to Group Management. Group Management further ensures that Fasadgruppen participates in, and contributes to, relevant industry-wide initiatives within sustainability issues. The Group's CEO reports on developments in sustainability work to the Board at each ordinary Board meeting.

The Group has a Code of Conduct, an Environmental Policy, a Gender Equality Policy and a number of other policy documents addressing sustainability issues. Work environment issues are addressed by Fasadgruppen's work environment group with representatives from all of the business areas. The Group's Personnel



Policy and the associated Personnel Handbook contain guidelines on work environment issues. The Personnel Handbook also provides information on Fasadgruppen's whistle-blower function.

All of Fasadgruppen's subsidiaries are required to 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 decisions and relationship management. ISO 14001 is an environmental management system that, when implemented, helps reduce resource consumption and decrease costs for waste management.

Core values

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

Collaboration:

- Close collaboration within the Group, with customers, suppliers and other partners.
- Continuously optimising our collaborative approach to develop close, long-term relationships.
- Best practices are shared on an ongoing basis between the companies within the Group to streamline work processes.
- Fostering conditions for new collaborations.

Commitment:

- Local knowledge and commitment in each region and market where we are represented.
- The customer is always in focus and we strive to exceed high expectations.
- Personal contact is the most profitable and effective for all parties.
- Local presence and regional strength provide security throughout the transaction.

Expertise:

- Extensive accumulated experience in the façade industry.
- Broad expertise in façade installation provides a secure partner that delivers superior quality.
- Best practices are shared within the Group to develop our day-to-day operations to provide optimum customer benefit.
- Combined, we have more than 1,000 years of experience and know our craft in the masonry and plastering industry inside out.

Stakeholders and materiality

Stakeholder dialogue

Fasadgruppen maintains a continuous dialogue with key stakeholders on various sustainability aspects of sustainability. The stakeholder dialogue provides guidance on how we should prioritise and target our sustainability work. With Fasadgruppen having been listed

on the Nasdaq Stockholm exchange in December 2020, in 2021, the Company intends to conduct an intensified dialogue with its new shareholders and with other capital market players who affect, or are affected by, Fasadgruppen.

STAKEHOLDER	DIALOGUE CHANNELS	KEY ISSUES
Customers <ul style="list-style-type: none"> • Building companies • Property managers • Property owners • Tenant-owner housing associations • Central governments and municipalities • Consultants 	<ul style="list-style-type: none"> • Calls, e-mails, meetings • Customer events • Website news feed • Social media presence • Trade fairs, networks, industry days • Customer magazine 	<ul style="list-style-type: none"> • Quality • Reliability of delivery • Price scenario • Energy efficiency enhancement • Clean and tidy building sites • Service and favourable dialogue
Employees <ul style="list-style-type: none"> • Subsidiaries' CEOs • Existing employees • Potential employees 	<ul style="list-style-type: none"> • Business area meetings • Monthly news letter, intranet, customer magazine • Employee interviews • Workplace meetings • Participation in school and upper-secondary school events • Apprenticeship programme 	<ul style="list-style-type: none"> • Salary, working conditions • Code of Conduct • Equality • Skills development • Opportunity to influence
Suppliers and partners <ul style="list-style-type: none"> • Product suppliers • IT • Transport • Machines • Banks (lenders) 	<ul style="list-style-type: none"> • Procurements • Strategic and operational meetings 	<ul style="list-style-type: none"> • Long-term partnership • Transparency • Product and delivery quality • Code of Conduct • Supplier strategy and development • Sustainability requirements
Residents <ul style="list-style-type: none"> • Residents • Neighbours • Local communities 	<ul style="list-style-type: none"> • Signs at construction sites • Information as needed (tenant-owner housing associations) 	<ul style="list-style-type: none"> • Noise • Changes in the local environment • Sustainability

Materiality analysis

By means of an ongoing stakeholder dialogue, we at Fasadgruppen ensure that we understand what influences stakeholders' decision-making and their expectations of us. Significant issues have since been categorised into social, ecological and economic aspects and ranked on the basis of Fasadgruppen's ability to influence them. The approval of the Board of Directors is sought for the essential sustainability issues and these then form the basis for Fasadgruppen's sustainability work and the contents of the Sustainability Report.

Social aspects

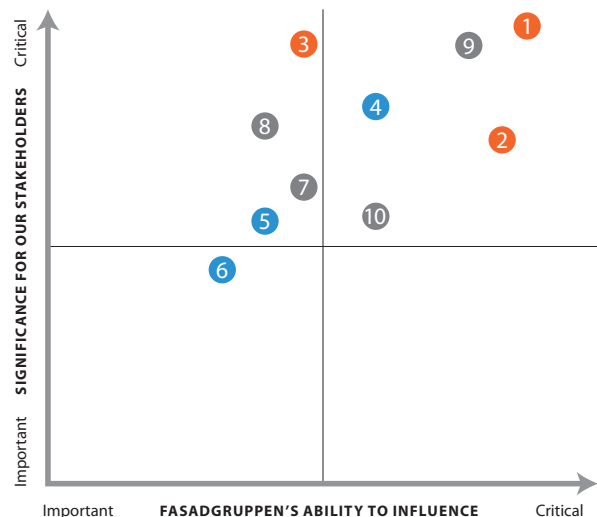
- 1 Safety, work environment and health
- 2 Skills supply, skills development
- 3 Gender equality, diversity and equal treatment

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, that is, business ethics)
- 9 Anti-corruption/bribery
- 10 Safer (and more beautiful) societies



Focus areas



Equality

Fasadgruppen is active in an industry that has historically been strongly male-dominated, especially on the artisan side. We therefore work actively to increase the number of female employees in the Group. An important aspect of this work is to offer inclusive

In 2020:

4%

Proportion of women in the Group

13%

Proportion of female white-collar workers

This work will take time and is considered difficult with regard to setting short-term goals. For this reason, Group has adopted the goal of increasing the number of female employees annually and that the proportion of female employees on the white-collar side should reach 50 percent by 2030.

workplaces where no forms of discrimination or harassment are permitted. Fasadgruppen has zero tolerance for discrimination in recruitment, decisions on compensation, working hours, holidays, tasks, parental leave, performance assessment, development and health and wellness benefits.

To strengthen the long-term attraction among the craftsman profession, we participate in high school fairs and collaborate with vocational training courses, as well as offering apprenticeship programmes.

Reduced climate impact

Fasadgruppen strives to reduce its own climate impact through responsible transport, travel, purchasing and energy consumption. The Group's greenhouse gas emissions derive mainly from our vehicle fleet, and we have therefore adopted the goal of increasing the number of fossil-fuel-free company and service vehicles annually. By 2030, all of the Group's cars will be fossil-fuel-free, as will other transports ordered by Fasadgruppen.

All Fasadgruppen subsidiaries have been approved in accordance with ISO 9001 (quality certification) and ISO 14001 (environmental certification), or equivalent. The ISO certifications serve as recognition of the companies' efforts to maintain good control

In 2020:

730

Tonnes CO₂e, climate impact from Scopes 1 & 2

over the quality of their operations and are working to reduce the environmental impact that the operations entail. The ISO certifications are necessary to secure certain projects, particularly in public procurement. If a newly acquired company lacks certifications, efforts to obtain these commence immediately as part of Fasadgruppen's integration process.

Fasadgruppen's services contribute to reducing properties' impact on the climate. According to the National Board of Housing, Building and Planning, heating of properties accounts for about 20 percent of Sweden's energy consumption and renovations applying modern insulation techniques are therefore crucial in reducing future energy consumption. The most environmentally friendly solutions are also often the most expensive in the short term, which is why we work to spread information about the long-term benefits of choosing climate-intelligent alternatives.

The benefits of additional insulation are several: it increases the value of the property, provides lower energy costs, reduces moisture in the façade and creates a better living environment with quieter buildings, greater air flow but without chilly drafts. Increasingly, property owners also realise the opportunity to implement several façade measures at the same time, including window replacement and roofing replacement. When installing new roofing, additional environmental benefits can be achieved by installing solar panels. Thanks to the breadth of its offer, Fasadgruppen can handle all of these projects at the same time, meaning reduced administration for property owners and briefer disruptions for the residents than if they were to schedule projects at different times.

Climate impact per scope according to the GHG protocol

Estimated measured values 2020	CO ₂ e, ton	Share, %
Scope 1 (the operations' proprietary emissions, e.g. from the combustion of fuel by company vehicles)	561	1
Scope 2 (emissions due to energy purchased in operations)	169	0
Scope 3 (purchased goods and logistics)	99,441	99



Waste management in our projects

Besides contributing to higher energy efficiency in buildings through sustainable façade work, Fasadgruppen works to constantly streamline working methods and processes and to reduce material waste in connection with project implementation.

Workplaces must be provided with recycling bins so that waste and building materials can be sorted at source. In renovations, waste and residual products arise when old materials are removed, and in new production when unused materials may be left over. Harmless old materials are to be recycled, while hazardous materials are sent to landfill. Unused materials are to be used for another project and unbroken packs of materials are to be returned to the supplier. When washing façades, only approved and environmentally declared chemicals may be used and the washing water is to be handled in accordance with current regulations.

Responsible supply chain

Just as Fasadgruppen seeks to contribute to sustainable development with a low environmental impact, favourable working conditions and high ethical values, we also demand that our suppliers do the same.

In 2020:
81%
of Fasadgruppen's suppliers have signed the Code of Conduct

Accordingly, the Group's Code of Conduct also applies to all suppliers, and we are working actively to have all suppliers sign it – or alternatively to show that they implement their own codes of conduct with requirements of an equivalent level.

Fasadgruppen's Purchasing Manager is responsible for this work and will, commencing in 2021, visit the largest suppliers to discuss issues addressed in the Code of Conduct.

Safety, the work environment and health

Fasadgruppen's operations are exposed to risks associated with safety and the work environment. The work is often performed on scaffolding and at high altitudes. We therefore work for a safe and healthy work environment with clear safety requirements at our construction sites. Fasadgruppen has a work environment group comprising representatives of the various business areas who endeavour to ensure that we are able to offer an optimum work environment for our craftsmen. Each subsidiary has a safety representative who reports to the work environment group.

In 2020:

61
workplace accidents in operations

9%
Proportion of employees with long-term leave of absence

Injuries and accidents must be prevented by annually mapping potential work environment risks in each company and formulating a plan for how these are to be prevented. This must be documented by the work environment group and reported to, and followed up, by Group management. All supervisors are trained in safe working methods and procedures, and this is documented in a skills matrix reported annually to management and the Board of Directors.

To prevent accidents, it is important that all employees understand the regulations that apply. Accordingly, each workplace shall therefore be provided with safety instructions in relevant languages enabling all employees to follow them and to assume a personal responsibility for health and safety in the workplace.

Fasadgruppen applies a zero vision for long-term absence and accidents.

Fasadgruppen applies a zero vision for long-term absence and accidents.

Industry-wide initiatives

Safety and the work environment are issues shared throughout the industry, and a great deal of work is being conducted through joint

UN Global Goals for Sustainable Development



initiatives, including actors throughout the value chain. In 2020, Fasadgruppen joined the member organisation Håll Nollan, which conducts development work in the construction and real estate industry with a focus on safety and the working environment. By means of knowledge sharing, training, common standards and working methods, for example, members in the industry receive assistance in improving the work environment and their safety work. Fasadgruppen is also a member of the cooperative association Byggbranschens säkerhetspark (the construction industry's safety park), an educational facility at which the subsidiaries have the opportunity to practice safety in groups and to reflect on behaviours and attitudes. Fasadgruppen has also joined Färdplan 2045, which works for a sustainable, climate-neutral and competitive construction and civil engineering sector by 2045.

Ethics and anti-corruption

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

Fasadgruppen's Code of Conduct is adopted by the Board of Directors 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 function sustainably. The ethical rules also form the basis for our three core values of cooperation, commitment and competence. The purpose of the Code of Conduct is to inform every employee, supplier and customer, as well as shareholders and other stakeholders, of the Group's ethical rules and attitudes. The Code of Conduct includes topics such as human rights, the work environment, the environment, anti-corruption and business ethics. Each subsidiary receives a copy as part of the integration process following the completion of an acquisition. The responsibility for ensuring that employees at each subsidiary comply with the Code of Conduct rests with the local CEOs. The Code of Conduct can be found in its entirety on Fasadgruppen's website.

Fasadgruppen strives to maintain an open business climate, a high level of business ethics and to always see the opportunities in new improvements. If any irregularities, such as bribes, conflicts of interest, environmental crimes or safety deficiencies, are suspected in the workplace, a whistle-blower function is provided, making it possible with the possibility of anonymity by an external and independent actor. Employees, customers and suppliers can use the system where reporting takes place either via the internet or telephone. Guidelines and instructions for the whistle-blower function are available in all of the Group's local languages (Swedish, Danish and Norwegian) and can also be found on the Group's intranet and in the personnel manual.

In 2019–2020, Fasadgruppen performed a process of analysis and development to determine which of the UN's 17 global goals we are best placed to contribute to. The process of analysis and development took place involved several stages within the operations, as well as on the Board and in Group Management, where the 17 goals and 169 sub-goals were discussed and processed. Based on the analysis, five goals have been selected as priorities, either representing areas involving substantial potential risk or as areas in which Fasadgruppen enjoys substantial opportunities to pursue sustainable development.

Sustainable cities and communities (goal 11) With our knowledge and through our offering, we shall 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. For this reason, Fasadgruppen endeavours, as far as possible, to inform its customers of the benefits of improved insulation. Fasadgruppen works actively to promote ethical behaviour in its operations and ensures that all employees are familiar with the Code of Conduct. Fasadgruppen also endeavours to have its suppliers sign the Code of Conduct.

Affordable and clean energy (goal 7) Fasadgruppen selects suppliers of materials with care to ensure that the Group's sustainability requirements are upheld. We also intend to reduce our climate impact by using fossil-fuel-free company cars and transports in the future and by helping partners to be as energy efficient as possible.

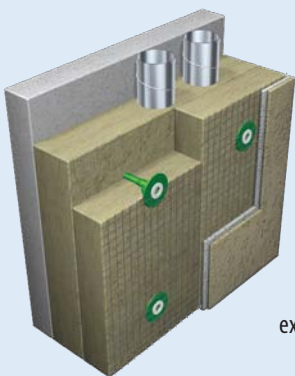
Gender equality (goal 5) One of Fasadgruppen's goals with its sustainability work is to increase diversity. The Group aims to increase the number of female employees each year, and strives to increase the proportion of female white-collar workers to 50 percent by 2030. For Fasadgruppen, it is also very important that all employees, regardless of gender, have salaries determined on equal grounds and favourable working conditions.

Decent work and economic growth (Goal 8) The Group continues its work to ensure that Fasadgruppen offers a healthy work environment with clear safety requirements. Our work environment group continuously endeavours to ensure that employee safety is not jeopardised and aims to ensure that long-term absence within the Group is non-existent.

Energy savings of up to 75 percent



Through the acquisition of the Front Group in November 2020, Fasadgruppen strengthened its offering with SmartFront, a patented method for upgrading façades, ventilation and windows on existing properties. After the renovation, an energy saving of up to 75 percent is achieved with a better living environment, reduced amount of radon gases and reduced carbon dioxide emissions.



The purpose of the SmartFront method is to help property owners create energy-efficient buildings. Occurring problems are lack of ventilation, poor windows and worn façades. Older buildings often have a solid basic design but highly inadequate insulation and leaky windows with low u-values, making for expensive and problem-ridden buildings

with very high operating costs. After installation, energy consumption is reduced by up to 75 percent and heating costs are reduced accordingly. Completed measurements show savings values between 63 and 75 percent.

“Heating of properties accounts for more than 20 percent of Sweden’s energy use, and in the EU as a whole, 75 percent of all properties are energy efficient. As a result, a much higher rate of renovation is required to reach the EU’s 2030 climate target. SmartFront will therefore be part of the solution to the climate issue, and a way for property owners to contribute to the climate goals,” says Stefan Forsberg, CEO of SmartFront.

Through Fasadgruppen’s business model, SmartFront will be made available to all the Group’s subsidiaries in Sweden in the coming years.



Stefan Forsberg, CEO, SmartFront

Risk management

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

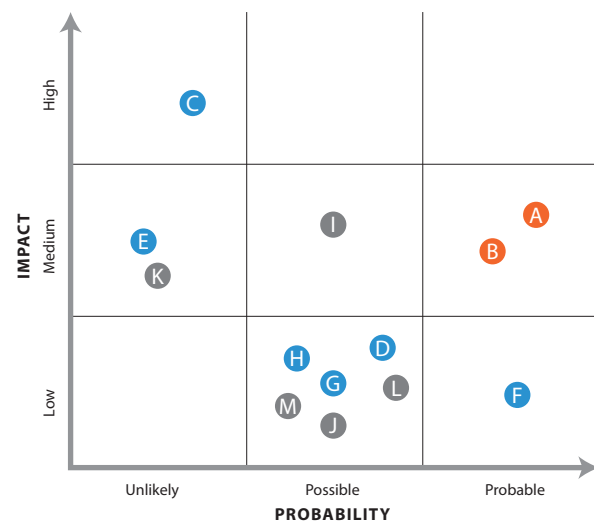
Fasadgruppen defines a risk as a future possible event which threatens the organisation's ability to achieve its mission and long-term targets. To minimise risks and their negative impact, the Group applies an established process according to which risks are continuously identified, managed and reviewed.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

Effects of Covid-19

Like the rest of society, Fasadgruppen was affected by the ongoing Covid-19 pandemic in 2020. The principal impact took the form of project postponements, particularly related to tenant-owner housing association customers. Because most of Fasadgruppen's services are performed outdoors, however, the impact on project execution has been limited, and employees have been able to follow the authorities' recommendations for mitigating workplace contagion without major disruption to their work. For white-collar workers, teleworking from home as much as possible has been advocated. In line with Fasadgruppen's business model, the 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.

External risks

External risks derive mainly from factors outside Fasadgruppen's operations, such as macroeconomic trends in the Group's principal markets, which may affect the likelihood of achieving set targets. External risks can be mitigated to a certain extent and managed through careful analysis and strategic choices.



External risks

- A Economic impact
- B Weather conditions

Operational risks

- C Projects
- D Acquisitions
- E Skills supply
- F Subcontractors
- G Warranty undertakings and complaints
- H Workplace accidents and working conditions

Financial risks

- I Acquisition-related goodwill
- J Interest rate risk
- K Liquidity risk
- L Credit risk
- M Currency risk

RISK DESCRIPTION	RISK MANAGEMENT
<p>A Economic impact</p> <p>Pricing and demand for Fasadgruppen's services are affected by the general economic trend and other market circumstances.</p>	<p>Historically, the renovation market, Fasadgruppen's foremost market, has shown stable development even during economic downturns. The Group's broad customer portfolio and geographical diversification contribute to further risk diversification.</p>
<p>B Weather conditions and climate change</p> <p>To a large extent, Fasadgruppen's work is conducted outdoors, meaning it 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, for example.</p>	<p>Fasadgruppen works actively to adjust its labour force to maximise the utilisation rate. Given the geographical spread, companies in the north, which generally face harsher weather conditions, could lend personnel to companies in the south during the winter.</p> <p>Coping with extreme weather imposes substantial demands on workplace safety in the form of, for example, weather protection. Extreme weather may also offer opportunities, with building exteriors requiring renovation due to damage caused by torrential rain and storms, for example.</p>

Operational risks

Operational risks arise within the day-to-day operations and are mainly within Fasadgruppen's control. Operational risks are managed with the help of policies and guidelines, as well as clear processes and strong shared values.

RISK DESCRIPTION	RISK MANAGEMENT
<p>C Projects</p> <p>Fasadgruppen mainly performs work in project format and is therefore exposed to project risks, such as procurement risks (e.g. incorrect calculations of the materials or time consumed) and production risks (e.g. logistics challenges, complexity and faulty installations).</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 acquisition and production processes for the specific project. The Group also works actively to ensure that appropriate personnel work with the appropriate project – that the employees working on a project have the necessary expertise and experience. Should a problem arise in a project, this is initially addressed by the relevant subsidiary – if necessary, however, the Business Area Manager can be brought in to help resolve the issues.</p>
<p>D Acquisitions</p> <p>Fasadgruppen's maintains an active acquisition strategy that has contributed to the Group's growth from the outset. The Group is therefore exposed to risks associated with opportunities to identify and implement acquisitions, and to integrate them following implementation.</p>	<p>Fasadgruppen has completed more than 20 acquisitions since its inception and is continuously developing its acquisition strategy as experience is gained. The Group identifies potential acquisition candidates based on its awareness of the market as an attractive buyer and through established networks in the industry. Fasadgruppen's contacts and partnerships with various industry associations facilitate efforts to quickly identify interesting local players and acquisition candidates. Once a company has been acquired, integration commences immediately, focusing on efficient processes, without exposing the day-to-day operations to disruptions. Fasadgruppen applies a well-established integration and synergy model built on seven pillars, including ISO certifications, purchasing agreements and percentage of completion revenue recognition.</p>
<p>E 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 qualified craftsmen, such as masons, to be able to perform its services.</p>	<p>Fasadgruppen strives to be an attractive employer with favourable terms, competent managers, and safe and secure workplaces that afford employees opportunities for development. Fasadgruppen also works actively to attract future craftsmen to the profession by attending career days at upper-secondary schools and by offering apprenticeship programmes. In the event that a subsidiary lacks personnel for a project, it is possible to borrow personnel from other subsidiaries within the Group.</p>
<p>F Subcontractors</p> <p>Subcontractors are regularly engaged to supplement our own labour force. Engaging a subcontractor entails the risk that Fasadgruppen lacks full insight into, or control over, the subcontractor's activities or personnel. If the subcontractor does not maintain a sufficiently high standard, this can have a negative impact on Fasadgruppen.</p>	<p>Fasadgruppen's subsidiaries generally engage the same subcontractors over time, allowing them to become acquainted with the subcontractors' operations and personnel. All subcontractors are required to comply with Fasadgruppen's Code of Conduct and otherwise applicable regulations. Fasadgruppen does not cooperate with subcontractors without collective labour agreements.</p>
<p>G Warranty undertakings and complaints</p> <p>Fasadgruppen's agreements with Swedish customers typically include warranty undertakings in accordance with the general provisions for turnkey contracts for construction, civil engineering and installation work (ABT 06). These warranty undertakings usually entail Fasadgruppen being responsible for the work fulfilling the agreed functional requirements and for any defects arising within a warranty period of five years.</p>	<p>At the end of 2020, Fasadgruppen held warranty undertakings amounting to SEK 96.0 million, corresponding to 7.2 percent of full-year sales in 2020.</p> <p>Fasadgruppen's subsidiaries generally have very extensive experience of performing façade work and actively assure the quality of all projects. In the event that a subsidiary receives a warranty claim or complaint, legal support can be obtained from Fasadgruppen's central functions.</p>

Operational risks cont.

RISK DESCRIPTION	RISK MANAGEMENT
<p>H Workplace accidents and working conditions</p> <p>Façade work often involves working in dusty environments and at height. Accordingly, the work is associated with certain risks, such as the risk of accidental falls and of inhaling quartz dust. Such risks can result in personal injuries and fatalities, as well as in serious damage to properties and equipment.</p>	<p>Fasadgruppen's operations are subject to extensive laws and regulations aimed at upholding a safe working environment. Fasadgruppen has also implemented policies and other measures aimed at reducing the risk of workplace accidents. The Group has a work environment group comprising representatives of the various business areas who endeavour to ensure that the Group is able to offer an optimum work environment for the craftsmen. Each subsidiary has a safety representative who reports to the work environment group. Injuries and accidents must be prevented by annually mapping potential work environment risks in each subsidiary and formulating a plan for how these are to be prevented. All supervisors are trained in safe working methods and procedures. Each workplace must be provided with safety instructions in relevant languages.</p>

Financial risks

Financial risks refer to risks in the form of altered 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 the risks centrally, it is possible to reduce the risk level and achieve cost-efficient financing.

RISK DESCRIPTION	RISK MANAGEMENT
<p>I Impairment of acquisition-related intangible assets</p> <p>Acquisitions form a central part of Fasadgruppen's growth strategy, and acquisition-related goodwill therefore constitutes a significant part of the Group's balance sheet. The risk of goodwill and other acquired intangible assets becoming impaired arises if an entity underperforms in relation to the assumptions applicable when valuing the entity and any impairment may adversely affect the Group's financial position and earnings.</p>	<p>Fasadgruppen has extensive experience of acquiring and pricing companies. All potential candidates are examined carefully and assessed applying clear criteria before the acquisition is made. The Group continuously monitors relevant circumstances regarding the operations, the general financial situation, and the possible impact such circumstances may have on the valuation of the Group's goodwill.</p>
<p>J Interest rate risk</p> <p>Fasadgruppen is exposed to interest rate risk through fluctuations in market interest rates that affect the Group's earnings and cash flow.</p>	<p>The Group applies set principles for managing interest rate risks, meaning that the debt portfolio is subject to variable interest rates. In the fourth quarter of 2020, a new, advantageous and comprehensive financing agreement was reached with SEB at the Group level.</p>
<p>K Liquidity risk</p> <p>Liquidity risk entails the Group finding itself in a situation where cash funds for the payment of immediate commitments are lacking.</p>	<p>The availability of sufficient liquid funds for the operations is safeguarded for all of the companies and for the Group as a whole. This is managed by means of rolling weekly forecasts for cash flows and liquidity. The Group was able to maintain a favourable liquidity status over the year thanks to liquidity-strengthening measures such as new share issues.</p>
<p>L 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 shall minimise and pre-empt their exposure to credit risk associated with accounts receivable from customers. To limit the risk, an annual credit insurance agreement is signed.</p>
<p>M 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's transactions are conducted in each country's local currency (transaction exposure). Minor exposures to exchange rate changes may arise from balance sheet exposure at the Group level from the Danish and Norwegian subsidiaries. Fasadgruppen's total currency exposure is currently very low, but expected to increase as the Group grows geographically in accordance with the strategy.</p>

The share

Fasadgruppen was listed on the Nasdaq Stockholm exchange on 9 December 2020. The share has enjoyed a positive trend since its introduction and, at the end of the year, the market capitalisation amounted to approximately SEK 4,000 million.

Development of the share

Fasadgruppen's share was listed on 9 December 2020 at an introductory price of SEK 60.00 per share. The market capitalisation at the time of listing amounted to approximately SEK 2,700 million. The share has had a positive development since its introduction and, by the end of the year, it had risen by 46.5 percent. On the final trading day on 30 December, the year's highest closing price of SEK 87.90 was noted, corresponding to a market capitalisation of approximately SEK 4,000 million.

Trading and turnover

Fasadgruppen's share trades on the Nasdaq Stockholm exchange's Mid Cap under the ticker FG. From the stock exchange listing on 9 December 2020 until the end of the year, approximately 3 million shares were traded at a value of approximately SEK 220 million. The average turnover per trading day amounted to approximately SEK 16 million.

Share capital

According to the Articles of Association, Fasadgruppen's share capital shall amount to a minimum of SEK 1 million and a maximum of SEK 4 million. During 2020, the share capital increased through new issues in connection with acquisitions, conversion of shareholder loans and subscriptions for shares through the exercise of warrants and through new issues in connection with the listing. Prior to the listing, the shares were converted into a single share class, in addition to which a (20:1) split was implemented to facilitate trading as a listed company. As of 31 December 2020, the share capital amounted to SEK 2,256,624, distributed between 45,132,480 shares, corresponding to a quota value of SEK 0.05.

Incentive programme

In spring 2019, it was decided to introduce an incentive programme for Group senior executives and other key personnel in the Company. The programme comprised a total of maximum 42,105 warrants, each of which conveyed the right to subscribe for a new series B ordinary share in the Company (series A from May 2020). In November 2020, 842,100 shares were acquired at a subscription price of SEK 15,345 through the exercise of all warrants in the programme. At year-end, Fasadgruppen had no outstanding option programmes.

Dividend and Dividend Policy

Fasadgruppen's Board of Directors has established a dividend policy, according to which the objective 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 Board of Directors proposes to the Annual General Meeting that a dividend of SEK 0.60 per share (0.00) be paid for 2020. The total dividend thus amounts to SEK 27.1 (0.0). The proposed dividend corresponds to 30.2 percent of the Company's net profit.

Lock-up commitment and shareholder agreement

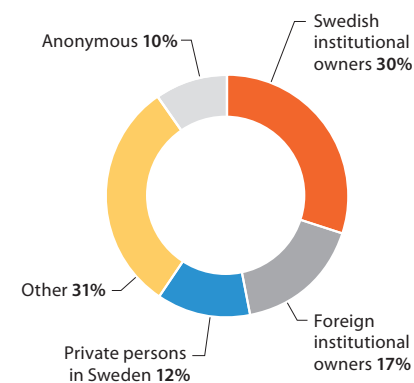
On the date of the prospectus, 30 November 2020, all shareholders in Fasadgruppen have undertaken not to sell their shares for a certain period after trading in the Company's share has commenced. The so-called lock-up period is 360 days for Board Members and senior executives and 180 days for other shareholders. The lock-up commitments are subject to certain customary exceptions.

As far as the Board is aware, there are no shareholder agreements between the shareholders in Fasadgruppen.

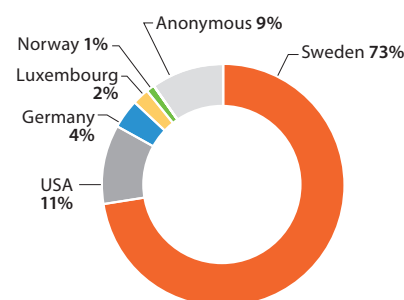
The ten largest shareholders

Shareholder per 31 Dec 2020	Number shares	Share of capital and votes, %
Connecting Capital	6,833,790	15.1
Capital Group	4,314,504	9.6
A.M. Karlsson i Kvicksund AB	3,392,009	7.5
Swedbank Robur Fonder	3,253,333	7.2
Sterner Stenhus Holding AB	2,160,241	4.8
KFAB Förvaltning AB	1,998,704	4.4
Paradigm Capital AG	1,675,000	3.7
Danske Invest (Lux)	1,103,988	2.4
Per Sjöstrand	990,280	2.2
Norron Fonder	973,859	2.2
Total	26,695,708	59.1
Others (1,863)	18,436,772	40.9
Total:	45,132,480	100.0

Distribution by shareholder category



Shareholder distribution by country



Five reasons to invest in Fasadgruppen

Fasadgruppen is the Nordic region's largest, and Sweden's only, comprehensive supplier of sustainable façades with a local presence, competitive prices and solid experience of façades. The foundation of the business is the entrepreneurial local units operating with a clear focus on cooperation, commitment and competence. Fasadgruppen is in an expansive phase and leads the market in its industry.

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. The trend towards more energy-efficient façade solutions, driven by new legislation, is judged to be able to drive market growth further.

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

Fasadgruppen comprises companies with extensive history and superior craftsmanship in façade work. Façade work is a specialist expertise and thus an attractive sub-segment for the renovation and construction market, which offers a diverse customer base and opportunities for economies of scale. Fasadgruppen's breadth makes it one of few players possessing the skills, capacity and experience required to perform complex projects – from new construction to projects involving culturally and historically listed properties.

3 The business model combines local entrepreneurship with economies of scale

Fasadgruppen's business model is based on a decentralised structure. The operations are conducted through local subsidiaries with specialist craftsmanship and with leading positions in their local markets and long-term customer relationships. The subsidiaries collaborate with one another to secure multi-disciplinary projects, and to share resources and best practices. By procuring contracts for materials and insurance at a central level, economies of scale are achieved at the same time. Through the Group, the subsidiaries also receive support in financial reporting and legal issues to ensure that they are able to focus on their day-to-day operations.

4 Service contributing to climate goals

The services provided by Fasadgruppen have a clear connection to sustainability and the environment. Most façade solutions provide direct environmental improvements, such as reduced energy being reduced when façades are renovated and when windows are installed. With additional insulation, energy savings of up to 50 percent can be achieved in individual properties, and via Fasadgruppen's patented SmartFront ventilation solution, energy savings can be as high as 75 percent.

5 Opportunity for consolidation in a highly fragmented market

Fasadgruppen applies an active acquisition strategy, focused on strengthening its geographical presence, its service offering 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 the company, as well as its profitability, entrepreneurial spirit and market position, ensuring that each new acquisition can contribute directly to the Group's overall strategy and value creation.

Corporate governance report

Fasadgruppen strives to apply strict standards and effective corporate governance processes to ensure that the 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 limited company whose shares have been listed on the Nasdaq Stockholm exchange since December 2020. Fasadgruppen's corporate governance is based on the Swedish Companies Act, Nasdaq's regulations for issuers and the Swedish Code of Corporate Governance (the Code), as well as other applicable laws and regulations. Central internal control instruments include Fasadgruppen's Articles of Association, the Board of Directors' Rules of Procedure and other internal policies and instructions.

Deviations from the Code

The Code establishes a standard for good corporate governance that is more ambitious than the minimum requirements of the Swedish Companies Act and other rules. Fasadgruppen does not intend to deviate from any of the rules set out in the Code. For the 2020 financial year, from the time at

which the Company was listed on the Nasdaq Stockholm exchange there was, however, a deviation from item 2.1 requiring the Company to have a Nomination Committee. With Fasadgruppen being listed in December 2020, it had, for practical reasons, been determined at an Extraordinary General Meeting on 2 October 2020 to appoint a Nomination Committee based on the share register as per the last banking day in December 2020. The Nomination Committee was subsequently appointed in January 2021. According to the instructions for the Nomination Committee, future Nomination Committees will be appointed on the last banking day in August.

Share capital and shareholders

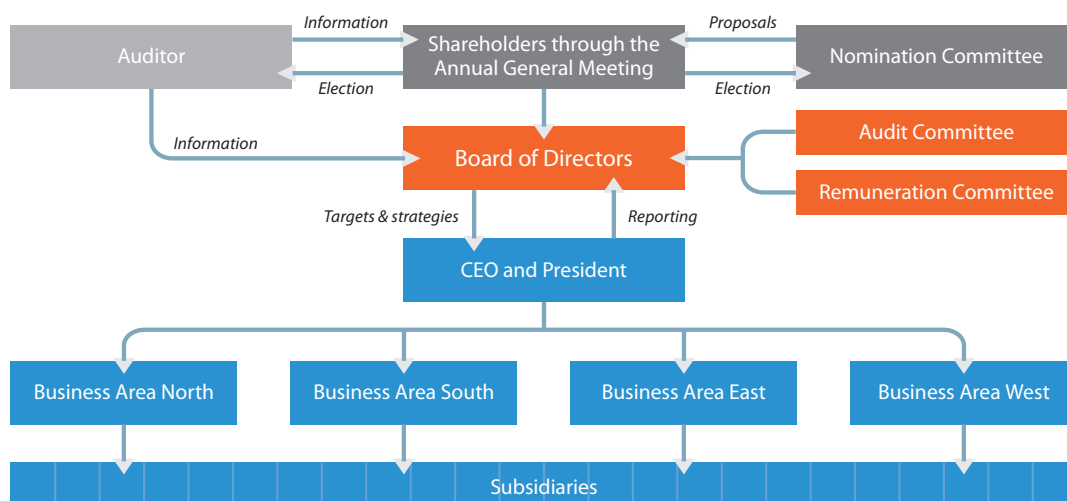
According to the Articles of Association, the share capital must be at least SEK 1,000,000 and at most SEK 4,000,000, divided between at least 20,000,000 shares and at most 80,000,000 shares. As of 31 December 2020, the share capital amounted to SEK 2,256,624

divided between 45,132,480 shares with a quota value of SEK 0.05 per share. All shares have equal voting rights. At the end of 2020, Fasadgruppen had 1,866 known shareholders. At that time, the ten largest shareholders controlled 59.7 percent of the total shares and votes. The three largest owners were Connecting Capital, Capital Group (USA) and A.M. Karlsson i Kvicksund AB. Foreign ownership amounted to 27.4 percent of the total shares and votes. Swedish mutual fund companies controlled 13.6 percent, while Swedish private individuals held 12.4 percent of the shares. Fasadgruppen estimates that some 30 percent of the total shares and votes is controlled by the Board of Directors, management and personnel of Fasadgruppen.

Annual General Meeting

The Annual General Meeting (AGM) is Fasadgruppen's highest decision-making body. At the AGM, shareholders exercise their voting rights on key matters, including approving

Control structure



the income statements and balance sheets, the disposition of the Company's profits, granting discharge from liability for Board Members and the CEO, the election of Board Members and auditors and fees to Board Members and auditors.

The AGM shall be held within six months of the end of each financial year. In addition to the AGM, Extraordinary General Meetings may be convened. According to the Articles of Association, notice of the AGM shall be issued by means of an advertisement in Post- och Inrikes Tidningar (Swedish official gazette) and by keeping the notice available on the Company's website. The Company shall also place an advertisement in Svenska Dagbladet (Swedish national daily newspaper) stating that notice of the Meeting has been issued.

Anyone wishing to participate in an AGM must be entered as a shareholder in a print-out 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 a matter considered at an AGM must request this of the Board of Directors in writing. The matter shall 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, the notice may be issued, or after that date, albeit in sufficient time that the matter can be included in the notice.

Notices, communiqués and minutes, as well as other materials associated with AGMs are kept available on Fasadgruppen's website.

Nomination Committee

According to instructions adopted at the Extraordinary General Meeting on 2 October 2020, the members of the Nomination Committee shall be appointed by affording 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 to appoint a member. (Prior to the 2021 AGM, however, the Nomination Committee was appointed based on the share register as per the last banking day in December 2020.) If fewer than three members have been appointed in accordance with this procedure, other shareholders in the order of voting status shall be afforded the opportunity to appoint one member each until a total of three members has been appointed. The shareholder controlling most votes in the Company is entitled to appoint the chairman of the Nomination Committee.

The Nomination Committee's task is to submit proposals to the AGM regarding:

- the election of the Chairman of the Board and other Board Members,
- resolutions regarding Board fees,
- the election of an auditor,
- resolutions regarding auditors' fees,
- the election of a chairman for the Meeting, and
- resolutions on amendments to the instructions for the Nomination Committee (if the Nomination Committee deems such to be necessary).

The composition of the Nomination Committee prior to the 2021 AGM was announced on 22 February 2021 and is shown in the table below.

Composition of the Nomination Committee

Member	Appointed by shareholder	Shareholder's share of votes per 30 Dec 2020
Lars Nordin, chairman	Connecting Capital	15.1%
Mikael Karlsson	A.M. Karlsson i Kvicksund AB	7.5%
Marianne Nilsson	Swedbank Robur Fonder	7.2%

Diversity on the Board of Directors

The Nomination Committee shall apply Rule 4.1 of the Code as a diversity policy when preparing the proposal to the Board, with the aim of achieving a well-functioning Board composition in terms of diversity and breadth, with regard to gender, nationality, age and industry experience, for example.

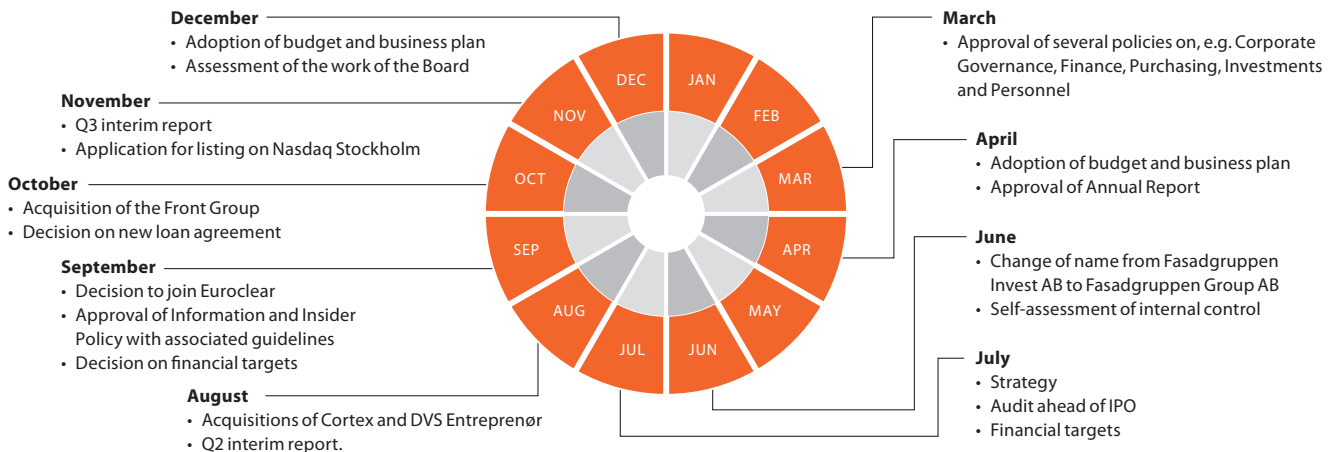
Board of Directors

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

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

- preparing overarching, long-term strategies and targets, budgets and business plans,
- establishing guidelines to ensure that the operations generate long-term value,
- reviewing and approving financial statements,
- making decisions on matters involving investments and disposals, capital structure and dividend policy,
- developing and adopting central policies, ensuring that control systems are in place for monitoring compliance with policies and guidelines, ensuring that systems are in place for monitoring and controlling the Company's operations and risks, significant changes in the Company's organisation and operations,

Work of the Board of Directors in 2020



- appointing the CEO and, in accordance with the guidelines adopted by the AGM, determining the salary and other employment benefits of the CEO and other senior executives.

The Chairman of the Board shall ensure that the work of the Board of Directors is conducted efficiently and that the Board fulfils its duties. The Board meets according to an annually established schedule. In addition to these ordinary meetings, additional Board meetings may be convened if the Chairman of the Board deems it necessary or if a Board Member or the CEO so requests.

Work of the Board of Directors in 2020

In 2020, the Board of Directors held 15 meetings. In addition to the usual matters, considerable work was devoted to acquisitions and preparations for the listing on the Nasdaq Stockholm exchange in December 2020.

The Board's working methods

The Board has established committees tasked with preparing decisions on specific matters. The matters dealt with at committee meetings shall be recorded in minutes and reported to the Board at its next meeting. The members and chairmen of the committees are appointed at the statutory Board meeting held immediately following the election of Board Members.

Remuneration Committee

The Remuneration Committee was appointed after the 2020 AGM and currently comprises three members: Per Sjöstrand (chairman), Tomas Ståhl and Tomas Georgiadis. All of the members are independent of the Company and its management. The Committee held one minuted meeting during the year, at which all members participated.

The main tasks of the Remuneration Committee are to:

- prepare the Board's decisions on matters of remuneration principles, remunerations and other terms of employment for Company management,
- monitor and evaluate ongoing programmes of variable remuneration for Company management, and programmes completed during the year,
- follow and evaluate the application of the guidelines for remuneration of senior executives, which shall by law be determined by the AGM, as well as current remuneration structures and levels within the Company,
- prepare and provide the Board with a draft of the Remuneration Report that the Company must prepare in accordance with the Swedish Companies Act,
- If the Company implements incentive programmes for its employees, the Remuneration Committee shall ensure

that the incentive programmes are assessed annually.

Audit Committee

The Audit Committee appointed following the 2020 AGM currently comprises three members: Ulrika Dellby (chairman), Tomas Ståhl and Gunilla Öhman. All of the members are independent of the Company and its management. The Committee held three minuted meetings during the year, with all members participating at all meetings.

The main tasks of the Audit Committee are to:

- monitor the Company's financial reporting and to make recommendations and proposals to safeguard the reliability of the reporting,
- with regard to financial reporting, monitor the efficiency of the Company's internal control, internal audit and risk management,
- keep itself informed regarding the audit of the annual and consolidated accounts, as well as regarding the conclusions of the Swedish Inspectorate of Auditors' quality control,
- inform the Board of Directors of the results of the audit and in what way the audit contributed to the reliability of the financial reporting and of the function of the Audit Committee,

- review and monitor the impartiality and independence of the external auditor, paying particular attention to whether the external auditor provides the Company with services other than auditing,
- assist the Nomination Committee in preparing proposals for the resolution by the AGM on the election of auditors.

CEO and Group Management

The CEO is subordinate to the Board of directors and shall handle the day-to-day administration in accordance with the Board's guidelines and instructions. The division of labour 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 the information and materials necessary for making decisions, leads 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 must ensure that Board Members regularly receive the information required to monitor the financial position, liquidity and development of the Company and the Group.

Group Management currently comprises the CEO, the Deputy President, the CFO, the IR Manager, the four Business Area Managers, the Marketing Manager, the HR Manager and the Purchasing Manager.

Fasadgruppen's CEO is Pål Warolin.

» More information about Group Management can be found on page 38.

Board remuneration

The AGM on 17 June 2020 resolved that the remuneration of Board Members for the period until the end of the 2021 AGM should amount, at most, to a maximum of SEK 600 thousand, divided between the Board Members as follows: SEK 175 thousand each to Per Sjöstrand, Ulrika Dellby and Gunilla Öhman in their capacity as ordinary Board Members, and an additional SEK 75 thousand to Ulrika



Dellby in her capacity as Chairman of the audit committee board's. Board members Mikael Karlsson, Tomas Ståhl and Tomas Georgiadis do not currently receive any Board fees or any other remuneration from Fasadgruppen. In 2020, however, through his company AM Karlsson in Kvikksund AB, Mikael Karlsson, performed acquisition-related advisory services outside the framework of the Board assignment, receiving remuneration of SEK 1,700 thousand for this. Mikael Karlsson's consulting assignment for Fasadgruppen ended on 30 November 2020.

» Further information on remuneration of the Board of Directors can be found in Note 4.

Guidelines for remuneration of senior executives

Guidelines for the remuneration of senior executives were established at the Extraordinary General Meeting on 2 October 2020 and apply for the period up until the 2021 AGM. The Company shall apply these guidelines to the remuneration of the Company's senior executives agreed on by the Company following the admission of the Company's shares for trading on the Nasdaq Stockholm exchange.

The Company's remuneration principles are to ensure responsible remuneration decisions supporting the Company's strategy, long-term interests and sustainable

business methods. Salaries and other terms of employment shall enable the Group to retain and recruit capable senior executives at a reasonable cost. Remunerations of senior executives may comprise fixed salary, variable salary, pension and other benefits.

» Fasadgruppen's guidelines for the remuneration of senior executives are presented in full in the Board of Directors' Report on page 45. Remuneration of the CEO and Group Management, as well as other benefits and terms of employment, are stated in Note 4.

Auditor

The auditor shall review Fasadgruppen's annual report and accounting, as well as the administration of the Board and the CEO. As the Company is a parent company, the auditor must also examine the consolidated accounts and the mutual relationships between the Group companies. Audits of Fasadgruppen's financial reports and accounts, as well as of the administration by the Board and the CEO, are conducted in accordance with generally accepted accounting principles in Sweden. Following each financial year the auditor shall submit an auditor's report and an auditor's report for the Group to the AGM. At the 2020 AGM, auditing company Deloitte AB was re-elected as auditor for the period up until the 2021 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 shall 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 actual process is structured into the actions: risk assessment, control activities, and assessment and reporting. Informing and communicating about risks, policies, procedures and controls helps ensure good risk management and that appropriate business decisions are made.

Control environment

The control environment constitutes the basis for the internal governance and control regarding financial reporting. It is defined

through policies, instructions and guidelines and is maintained with the help of Fasadgruppen's organisational structure, with clear responsibilities and powers based on common values.

Fasadgruppen's Board of Directors bears the overall responsibility for the Group's internal governance and control. The responsibility for maintaining an effective control environment and conducting the ongoing work with internal control and risk management is delegated to the CEO. The CFO bears the overall responsibility for coordinating the management and review of the work with internal control regarding financial reporting in the manner determined by the Board. The CFO's responsibility includes 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 conducts an annual risk analysis and risk assessment with the aim of identifying the foremost 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 will arise in the future and on the extent to which they could affect Fasadgruppen's objectives if they were to occur.

Each individual risk has a "risk owner". The risk owner is afforded the mandate and responsibility to ensure 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's CEO reports annually to the Audit Committee and the Board of Directors on the risks that have been identified. The Board of Directors assesses Fasadgruppen's risk management system, including its risk assessments, and shall annually submit a report in which the most important parts of Fasadgruppen's internal control and risk management are examined in detail. The purpose of this procedure is to ensure that significant risks are managed and that controls counteracting identified risks are implemented.

Control activities

Fasadgruppen has set up 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.

Fasadgruppen's internal control structure



Assessment and reporting

A self-assessment of the effectiveness of internal control shall be performed annually by an employee appointed by Fasadgruppen's CEO. The CEO is then responsible for presenting the results to the audit committee and the Board of Directors. Fasadgruppen applies a Group-wide monitoring process through which the units and functions must follow up on the effectiveness of the controls and report back to the employee appointed by the CEO.

Information and communication

Fasadgruppen's Board has adopted an Information and Insider Policy that, among other things, contains guidelines for Fasadgruppen's handling and communication of insider information and other external information obligations. Fasadgruppen's communications must be long-term and compatible with the Group's brand, vision, business concept, strategies, targets and values. The communications must be open, factual, well-structured and well-planned.

Fasadgruppen must provide correct, relevant and clear information in accordance with applicable laws and regulations.

Activities 2020

The following is a summary of Fasadgruppen's main activities within internal governance and control during 2020:

- A new control framework was put in place in the spring of 2020 and a first inventory of status was performed at company level through a self-assessment of all controls within the control matrix.
- All governance documents were updated and new ones were developed during the year to meet the requirements in a listed environment.
- The interim reporting process was gradually developed and fine-tuned over the year to meet the requirements in a listed environment.
- It was possible to develop areas for improvement identified in Deloitte's 2019 audit and to mark these as completed during the year.

Planned activities 2021

In 2021, Fasadgruppen will continue to develop its internal governance and control processes. The following planned activities are in focus during the coming year:

- Continued work to further develop and improve control activities within prioritised processes to increase the number of automated controls and further develop risk management with a focus on financial reporting.
- Choose a Group-wide business system in the long term and a common platform for the companies that need to change in the short term. The system will provide increased opportunities for a more automated control environment and future security of the IT support for financial reporting.
- Increased harmonisation between the companies with regard to project accounting through the sharing of best practices.

Internal audit

The Board has made the assessment that, Fasadgruppen does not need a formalised internal audit beyond the existing processes and functions 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 function is considered necessary to maintain good control within Fasadgruppen.

Stockholm, 21 April 2021

Board of Directors

» The auditor's opinion on the Corporate Governance Report can be found on page 89.



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 Technical University.

Other assignments: Chairman of the Board of Åhlin & Ekeröth AB, Green Landscaping Group AB (publ). Board Member of Installatörsföretagen Service i Sverige AB. CEO of Instalco AB and assignments at several of its subsidiaries.

Background: Assignments at several of Instalco AB's subsidiaries.

Shareholding: 990,280 shares (through companies).

Dependency: Independent of the Company and its management, as well as of major shareholders.

Favourite façade: Karlberg Palace, Stockholm



GUNILLA ÖHMAN

Board Member

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

Born: 1959

Education: MBA, Stockholm School of Economics.

Other assignments: Board Member of Atvexa AB and Carrara Communication AB. IR Manager for NCAB Group AB (publ).

Background: Board Member of Hoist Finance AB (publ), SJ AB, Oasmia Pharmaceutical AB, Oatly AB, Cereal Base CEBA Aktiebolag and AMF Fonder AB. IR Manager for Edgeware AB (publ), Resurs Holding AB (publ), Eltel AB and Elekta AB (publ).

Shareholding: 5,200 shares (through companies).

Dependency: Independent of the Company and its management, as well as of major shareholders.

Favourite façade: Tändstickspalatset (Matchstick Palace), Stockholm



MIKAEL KARLSSON

Board Member

Elected: Board Member since July 2018.

Born: 1964

Education: Upper-secondary school graduate.

Other assignments: Chairman of the Board of Bo Bra Nyköping AB. Board Member of A.M. Karlsson i Kvikksund AB, Trifilon AB, Kviktorp Holding AB and Maison Forte AB. Board Member and CEO of Linrak bygg AB. Assignments at several of Kviktorp Holding AB's subsidiaries.

Background: Entrepreneur and co-founder of Fasadgruppen.

Shareholding: 5,486,680 shares (through A.M. Karlsson i Kvikksund AB).

Dependency: Not independent of the Company and its management. Independent of major shareholders as Mikael's shareholding in the Company is less than 10 percent of all shares and votes in the Company following its listing.

Favourite façade: Grand Hôtel, Stockholm



TOMAS GEORGIADIS

Board Member

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

Born: 1976

Education: Graduate engineer, Linköping University.

Other assignments: Deputy CEO and CFO of Sterner Stenhus Holding AB. CFO of Stenhus Fastigheter i Norden AB (publ). Assignments at several subsidiaries of the Sterner Stenhus Holding AB and Stenhus Fastigheter i Norden AB groups.

Background: Assignments at several subsidiaries of Sterner Stenhus Holding AB.

Shareholding: 2,160,241 shares (through Sterner Stenhus Holding AB).

Dependency: Independent of the Company and its management, as well as of major shareholders.

Favourite façade: The Parthenon, Athens



TOMAS STÅHL

Board Member

Elected: Board Member since July 2018. Member of the Remuneration and Audit Committees.

Born: 1971

Education: MBA, Lund University.

Other assignments: Board Member of Logistea AB (publ), Infrastructure Group Nordic AB, United Power AB and Rovalin AB. Board Member and CEO of Connecting Capital Holding AB, as well as assignments at several subsidiaries of Connecting Capital Holding AB.

Background: Assignments at several subsidiaries of Connecting Capital Holding AB.

Shareholding: 200,000 shares (through companies).

Dependency: Independent of the Company and its management. Not independent of the Company's major shareholders as Tomas is employed by Connecting Capital, which owns more than 10 percent of all shares and votes in the Company.

Favourite façade: Landsort Lighthouse, south of Stockholm



ULRIKA DELLBY

Board Member

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

Born: 1966

Education: MBA, Stockholm School of Economics.

Other assignments: Partner at Fagerberg & Dellby. Board Member of Lifco AB (publ), SJ AB, Cybercom Intressenter AB, Kavli Holding A/S and Linc AB. Member of the Advisory Board of Altocumulus Kapitalförvaltning.

Background: Partner Boston Consulting Group. CEO Brindfors Enterprise IG. Deputy Chairman of Fastighetsaktiebolaget Norrporten. Board Member of Big Bag Group AB, Yrkesakademin AB samt Hagströmska Gymnasiet AB.

Shareholding: 60,000 shares (through companies).

Dependency: Independent of the Company and its management, as well as of major shareholders.

Favourite façade: Stockholm Public Library, Stockholm

Auditor

The 2020 Annual General Meeting re-elected Deloitte AB as auditor for the period until the end of the 2021 Annual General Meeting. Richard Peters has been the principal auditor since 2018. Richard Peters is a Certified Public Accountant and a member of FAR (the industry association for auditors). Deloitte AB's address is Deloitte AB, SE-113 79 Stockholm, Sweden.

Group Management



PÅL WAROLIN

CEO and President

Born: 1974

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

Education: BSc, Technology, Linnaeus University, Kalmar.

Other assignments: Chairman of the Board of Got Invest AB. Board Member of Warolin Vision AB and Fiskaregården Holding AB.

Background: Extensive experience of

leading positions in several sectors. Previously CEO of Johns Bygg & Fasad, acquired by Fasadgruppen in 2017.

Shareholding: 672,580 shares (through companies).

Favourite façade: Palacehuset Building, Gothenburg



MARTIN JACOBSSON

Deputy CEO

Born: 1988

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

Education: MSc, Engineering, Lund University.

Other assignments: Board Member of Martin Capital AB.

Background: Martin has headed Fasadgruppen's M&A activities since 2018. He has previously worked as an equities

analyst at Handelsbanken Capital Markets.

Shareholding: 931,180 shares.

Favourite façade: Drottningholm Palace, outside Stockholm



CASPER TAMM

CFO

Born: 1961

CFO since 2020.

Education: MSc, Economics, Lund University.

Other assignments: Chairman of the Board of HACEI AB.

Background: Casper has extensive experience of CFO positions, including at the international Dow Group, Teracom and Swedol. Most recently he worked at

property development company SSM Holding AB.

Shareholding: 38,100 shares.

Favourite façade: Arvfurstens Palace, Stockholm



MICHÈLE FERRARI

Marketing Manager

Born: 1974

Marknadschef since 2019.

Education: BSc, Media and Communications, Uppsala University.

Other assignments: —

Background: Michèle has extensive experience from marketing, graphic design and project management from IT and electronics wholesale at companies such as Dustin Group and Rexel.

Shareholding: 500 shares.

Favourite façade: Stenbockska Palace, Stockholm



ANDERS PLANENSTEN

Purchasing Manager

Born: 1964

Purchasing and Sales Manager since 2018.

Education: Upper-secondary school graduate.

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

Background: Anders has more than 30 years from the masonry and plastering business, and has previously worked as

marketing and sales manager at Randers Tegel AB, among other positions.

Shareholding: 33,900 shares.

Favourite façade: Anfield Stadium, Liverpool



ANDREAS BENDRIK

Business Area Manager North

Born: 1973

Business Area Manager North since 2019. Active in companies within the Group since 1988.

Education: Upper-secondary school graduate.

Other assignments: Chairman of the Board and CEO of Ramis 42:200 AB. Board Member and CEO of Näringen Fastigheter AB and Bendrik Invest AB. Board Member of Bendrik Högström Invest AB.

Background: Andreas is CEO of Valbo Fasad in Gävle and has been in the façade industry for many years, with extensive experience from façade installations.

Shareholding: 1,110,200 shares (through companies).

Favourite façade: St. Erik's tower, Stockholm

**PETER POLLAND***Business Area Manager East***Born:** 1967

Business Area Manager East since 2021.

Education: Upper-secondary school graduate.**Other assignments:** —**Background:** Peter has many years of experience from the industry and was most recently Works Manager at Peab Byggservice with responsibility for various construction contracts.**Shareholding:** —**Favourite façade:** Saint Basil's Cathedral, Moscow**MATS KARLSSON***Business Area Manager South***Born:** 1973

Business Area Manager South since 2016.

Active in companies within the Group since 2004.

Education: Upper-secondary school graduate.**Other assignments:** Board Member of KFAB Förvaltning AB, MAMO Fastigheter AB, S.Edström logistics Malmö AB and Kulturkonsulterna i Småland AB.**Background:** Mats has been CEO of Karlssons Fasadrenovering since 2000 and is one of the founders of Fasadgruppen. He has more than 25 years of experience from the façade industry.**Shareholding:** 2,498,380 shares (through KFAB Förvaltning AB).**Favourite façade:** The Colosseum, 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 assignments:** —**Background:** Johan has many years of experience from the industry and was previously Business Area Manager and Product Manager for façade

solutions at STO Scandinavia AB.

Shareholding: 200 shares.**Favourite façade:** MP09 Black Panther, Graz**ADRIAN WESTMAN***Head of IR***Born:** 1985

Head of Investor Relations (consultant) since 2019.

Education: Degree in Strategic Communication and PR, Berghs School of Communication. Studies in Business Administration and Economic History, Stockholm University.**Other assignments:** Board Member of Fogel & Partners i Stockholm AB and

Hypoteket Fondförvaltning Sverige AB.

Background: Adrian has extensive experience from communications and IR work. Among his previous positions he had been Head of Corporate Communications at SBAB and Head of Investor Relations at Evolution and Instalco.**Shareholding:** 7,600 shares.**Favourite façade:** St. John's Church, Stockholm**JENNIE SUNDBERG***Head of HR***Born:** 1976

HR-chef since 2021.

Education: BSc in personnel, work and organisation from Stockholm University.**Other assignments:** —**Background:** Jennie has many years of experience of HR work and work environment matters at management level. Among other positions, she has worked with HR related

matters at AstraZeneca, Lantmännen and Peab.

Shareholding: —**Favourite façade:** Cattedrale di Santa Maria del Fiore, Florence



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Board of Directors' 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 2020 – 31 December 2020. Unless otherwise stated, the information refers to the Group (the "Group" or "Fasadgruppen").

The Group's operations

Fasadgruppen is a leading complete supplier of sustainable façades with a local presence in Sweden, Norway and Denmark. The Group's main customers are property owners, construction companies, property management companies, consultants, cooperative apartment associations, government, municipalities and county council authorities. Fasadgruppen was formed through the merger of STARK Fasadrenovering and AB Karlsson's Fasadrenovering in 2016.

Fasadgruppen's business concept is to offer competitive, multi-disciplinary 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, the Group's sales have multiplied several times over, driven primarily by acquisitions but also by organic growth. During 2019 and 2020, Fasadgruppen completed a total of 15 acquisitions, of which 12 were company acquisitions and three were asset acquisitions. Acquisitions are an important part of the Group's growth strategy and candidates are carefully chosen based on selected criteria with requirements for, among other things, favourable profitability, geographical locations and long-term management. Since early 2019, acquisitions have strengthened the Group's sales by an estimated SEK 1,441 million and increased its labour capacity with some 530 new employees who have also contributed new skills.

Fasadgruppen has noted many positive effects resulting from the ongoing consolidation of the façade market. Among the benefits derived by Fasadgruppen are synergies such as reduced purchasing costs for newly acquired companies benefiting from the Group's purchasing agreements, sharing of best practices, resource allocation and low overheads. Fasadgruppen comprises the Parent Company and its subsidiaries, all of which have a solid local awareness and geographical responsibility. Fasadgruppen's philosophy is that customers should be able to benefit from hiring 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. The operations of STARK Fasadrenovering and AB Karlssons Fasadrenovering were, for example, founded in 1963 and 1970, respectively.

Market

Fasadgruppen conducts operations in the façade markets in Sweden, Denmark and Norway, with the majority of the operations in Sweden. Players in the façade market mainly offer services in five areas: masonry and plastering, windows, balconies, roofing and sheet metal, as well as scaffolding.

Masonry and plastering: Masonry is a construction technique whereby building blocks (such as bricks or concrete blocks) are joined to form e.g. walls, while plastering entails 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: Work with 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 levels.

Balconies: Balcony work includes replacing railings and other details, as well as assembling and attaching completely new units.

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

Scaffolding: Projects encompass leasing, service and consultation, as well as assembling and dismantling scaffolding.

According to a market survey, the scope of the Scandinavian façade market is estimated at about SEK 97,000 million. The Swedish market is estimated at about SEK 37,000 million, the Norwegian market at SEK 31,000 million, and the Danish at about SEK 29,000 million. Big city regions account for around half this turnover. In Fasadgruppen's view the Swedish market can be divided into masonry and plastering (approximately 13 percent), windows (approximately 16 percent), balconies (approximately 18 percent), roofing and sheet metal (approximately 41 percent) and scaffolding (approximately 12 percent).

According to Euroconstruct, trends in the façade market are driven by several 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 spending during recessions. At the same time, certain factors impact the development of the façade market negatively, such as labour shortages in the

construction industry and lock-in effects in the housing market.

Fasadgruppen is active in the mid-size segment of the market where projects are on the magnitude of SEK 1-100 million. Based on this, the Group has created a diversified structure with many smaller, flexible companies in a large number of 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 profitable growth moving forward.

Development of the operations in 2020

First quarter

In February 2020, it was announced that Fasadgruppen had signed an agreement to acquire the façade operations of Sterner Stenhus Holding AB. The transaction was approved by the Swedish Competition Authority in May. All of the shares in Sterner Stenhus AB were transferred on 5 June 2020. The purchase consideration amounted to SEK 355.8 million. The acquisition was financed through a combination of a private placement and a bank loan. Sterner Stenhus Holding AB thus became one of the major shareholders in Fasadgruppen.

At the end of the first quarter, the Covid-19 pandemic struck with full force around the world. For Fasadgruppen, the effects were relatively limited in the first quarter.

Second quarter

Per Sjöstrand, former member of Fasadgruppen's Board of Directors, was elected as the new Chairman of the Board by the Extraordinary General Meeting of the Company in May. This represented part of intensifying the work of the Board of Directors and preparing the Company for the next growth phase.

On 8 May 2020, a new share issue was approved, to be achieved by converting shareholder loans into new shares. In the month of May, shareholder loans amounting to SEK 213.3 million were converted into shareholders' equity via an offset issue. The remaining shareholder loans were then repaid in full during the fourth quarter of 2020 and replaced with external financing.

In the second quarter of 2020, the impact of Covid-19 became more noticeable, with projects being postponed among parts of the customer base.

Third quarter

On 1 July 2020, the subsidiary Mälardalens Mur & Puts AB acquired the operations of Proos Mur & Puts AB through a property acquisition. At the end of the third quarter, Fasadgruppen established itself in Norway through the acquisition of DVS Entreprenør A/S. The entry into the Norwegian market was an important step in line with Fasadgruppen's growth strategy. The Norwegian market is as

fragmented as the markets in Sweden and Denmark, with many well-managed entrepreneurial companies.

Around the same time as the acquisition in Norway, three companies in Denmark were acquired under the Cortex brand; Cortex Facaderens ApS, Cortex Membran ApS and All-Tech ApS.

The third quarter of 2020 showed a similar impact from Covid-19 as the second quarter in the form of deferred projects among parts of the customer base.

Fourth quarter

On 2 October, the acquisition of all shares in Fasadrenovering Roland Karlsson i Mälardalen AB with subsidiary companies Front RK AB, rapid hyrstillningar AB and SmartFront AB was announced. The acquisition was approved by the Swedish Competition Authority on 6 November and completed on 20 November. The purchase consideration amounted to SEK 300.8 million.

Fasadgruppen was listed on Nasdaq Stockholm on 9 December. In connection with the listing, new shares in the company were issued for a value of SEK 300.0 million. Via its subsidiary, AB Karlssons Fasadrenovering, Fasadgruppen has signed a three-year, nationwide agreement with JSB Construction AB.

The pandemic also continued to make its mark on operations in the fourth quarter, mainly due to delayed project starts in new construction and a reduced number of assignments from property owners and tenant-owner housing associations whose boards have postponed maintenance measures. The assessment is, however, that underlying housing and renovation needs are structural driving forces that will generate demand for façade services for a long time to come.

Net sales and profit

Net sales for the period January-December 2020 amounted to SEK 1,340.4 million (1,019.0), a 31.5 percent increase compared with the corresponding period in the preceding year. Organic growth was a negative 6.9 percent and growth through acquisitions amounted to 39.9 percent. For more information on the period's acquisitions, see Note 9 Acquisitions. The ongoing pandemic has had a restraining effect on the year's sales trend in the form of an assessed short-term negative effect of postponed projects.

EBITA for the period January-December 2020 amounted to SEK 133.9 million (121.3) and adjusted EBITA was SEK 148.9 million (129.3). Items affecting comparability for the period can mainly be attributed to a capital gain of SEK 5.3 million from the sale of a property, IPO costs of SEK 17.0 million, acquisition-related costs of SEK 9.4 million, and the positive revaluation of contingent purchase considerations of SEK 7.5 million. The adjusted EBITA margin for the period January-December 2020 amounted to 11.1 percent (12.7). The lower

margin in 2020 is partly explained by the expanded central organisation necessitated by the requirements of a listed environment. Net financial items for the period amounted to an expense of SEK 13.2 million (12.1), of which interest expenses on loans from credit institutions amounted to SEK 6.8 million (3.8). Profit for the period increased to SEK 89.6 million (85.9), corresponding to earnings per share of SEK 2.71 (3.81) before dilution and to SEK 2.65 (3.67) after dilution. The effective tax rate amounted to 21.5 percent (21.4).

Order book

At the end of December 2020, the order book amounted to SEK 1,021 million (803), an increase of 27.0 percent. At the end of December 2020, the organic order book had decreased by 22.9 percent, while the acquired growth in the order book amounted to 64.7 percent.

Financial position and financing

At the end of the period, shareholders' equity was SEK 1,046.5 million (150.7). During the year, new and offset share issues increased shareholders' equity by SEK 811.7 million (see Note 19 Shareholders' equity for an account of the increase in shareholders' equity over time through new and offset share issues, as well as the change in the number of shares over 2020). As a step in listing the share on Nasdaq Stockholm in December 2020, a new share issue was implemented, raising SEK 288.8 million in shareholders' equity and cash and cash equivalents, after issue costs of SEK 11.2 million. Interest-bearing net liabilities on 31 December 2020 amounted to SEK 235.7 million (447.7). The interest-bearing net liabilities include shareholder loans amounting to SEK 0.0 million (294.0). In the month of May, shareholder loans amounting to SEK 213.3 million were converted into shareholders' equity via an offset issue. The remaining shareholder loans were repaid in full during the fourth quarter of 2020 and replaced with external financing. The external, interest-bearing financing 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) not exceed a multiple of 3.5 on a pro forma basis. In the period January-December 2020, new financing was primarily raised in connection with the acquisition of Sterner Stenhus Fasad AB in June, amounting to SEK 155.0 million, the acquisitions of DVS Entreprenør AS and the three Cortex companies amounting to SEK 50.0 million, and the acquisition of Fasadrenoveringar Roland Karlsson i Mälardalen AB with subsidiaries for SEK 136.7 million. At the end of the period, Fasadgruppen's external, interest-bearing net debt in relation to adjusted EBITDA for a rolling 12-month period amounted to a multiple of 1.4 (3.1), which is within the parameters of the Group's target debt/equity ratio (not exceeding a multiple of 2.5). On 31 December 2020, the Group held cash and cash equivalents and other short term investments amounting to SEK 409.3 mil-

lion (48.4). In addition to cash and cash equivalents and other short term investments, there were unutilised credit facilities of SEK 330.0 million at the end of the period. For the period January-December, the change in working capital was SEK 14.3 million (negative 26.5). The positive change during the period can mainly be attributed to a decrease in the Group's accounts receivable in the fourth quarter.

Investments and cash flow

Operating cash flow increased to SEK 155.9 million (98.2) for full-year 2020. The Group's net investments in tangible fixed assets in 2020 amounted to SEK 25.8 million (9.6). In the first quarter 2020, one property was divested which delivered positive cash flow of SEK 11.5 million. Depreciation of fixed assets for full-year 2020 amounted to SEK 28.5 million (13.1), of which amortisation of acquired intangible assets amounted to SEK 6.5 million (0.0). Investments in company acquisitions for 2020 amounted to SEK 465.9 million (51.5). This amount pertains to the acquisition of Sterner Stenhus Fasad AB in June 2020, which resulted in a liquidity effect of SEK 202.8 million, following deductions for acquired cash and cash equivalents. At the end of September 2020, DVS Entreprenør AS in Norway and the three Cortex companies in Denmark were also acquired, which had a combined liquidity effect of SEK 48.9 million, following deductions for acquired cash and cash equivalents. Finally, in November 2020, Fasadrenoveringar Roland Karlsson i Mälardalen AB (with subsidiaries) was acquired, resulting in a change in consolidated cash and cash equivalents of SEK 183.5 million, following deductions for acquired cash and cash equivalents. Other than this, the amount for 2020 primarily comprises contingent considerations related to settlements for acquisitions from previous years.

Parent Company

Until 30 June 2020, the Parent Company, Fasadgruppen Group AB, headquartered in Stockholm, only conducted holding operations for the Group and had no employees of its own. The Parent Company thus had limited operations during both financial year 2020 and the comparison year 2019. Since 1 July 2020, the Company's operations also include head office functions such as Group-wide management, administration and a finance function. Revenues consist of invoiced management fees to Group companies for Group-wide services provided by the Parent Company and Parent Company costs. Profit for the period January-December 2020 amounted to SEK 13.6 million (3.9). The Parent Company's assets primarily consist of participations in, and receivables from the Group company Fasadgruppen Norden AB, as well as cash and cash equivalents, and amounted to SEK 1,552.9 million (501.2) at the end of the period. The Parent Company's liabilities consist mainly of liabilities to credit institutions and amounted to SEK 641.3 million (415.0) at the end of the period.

Shareholders' equity amounted to SEK 911.6 million (86.2) on the balance sheet date. At the end of the period, the Parent Company had 3 employees (0).

Seasonal variations

Fasadgruppen's operations and market are affected by seasonal variations to some extent. The initial quarter of the year is generally weaker than the remaining nine-month period, as winter conditions can impede roofing work and other outdoor services, for example. At low temperatures, the conditions deteriorate for plaster and mortar to harden to the expected durability, which is why extensive projects in masonry and plastering are avoided in winter. However, the Group's diversified structure with regard to both the offering and geographical presence, limits exposure to seasonal effects, to some extent.

Listing and shareholders

Fasadgruppen's share was listed on Nasdaq Stockholm's Mid Cap list on 9 December 2020. The listing included a new issue of shares in the company for a value of SEK 300.0 million and a sale of shares offered by existing shareholders for a value of SEK 697.6 million. At the end of 2020, the company's three largest shareholders were Connecting Capital, Capital Group and A.M. Karlsson i Kvicksund AB.

» A detailed description of the offer and its outcome can be found under "IPO" on the company's website, <https://fasadgruppen.se/en/investors/>. A summary of the company's shareholder structure can be found at [https://fasadgruppen.se/en/investors/under "Stock information"](https://fasadgruppen.se/en/investors/under/Stock%20information).

Shares and share capital

According to the Articles of Association, the share capital must be at least SEK 1,000,000 and at most SEK 4,000,000 divided between at least 20,000,000 shares and at most 80,000,000 shares. The Company's registered share capital on the balance sheet date of 31 December 2020 amounted to SEK 2,256,624 divided between a total 45,132,480 registered shares with a quota value of SEK 0.05 each. The shares are issued in accordance with Swedish law and are 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 Annual General Meeting 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.

In December, the number of shares and votes in Fasadgruppen Group AB increased as a result of the new issue of 5,000,000 shares implemented in connection with the admission to trading of the company's shares on Nasdaq Stockholm. See also Note 19 Shareholders' equity for an account of the increase in shareholders' equity over time through new and offset share issues, as well as the change in the number of shares over 2020.

Risks and uncertainty factors

Fasadgruppen's business is affected by a number of risks whose effects on earnings and our financial position can be controlled to varying degrees. When assessing the Group's future development, it is of importance to consider the risk factors in addition to opportunities for earnings growth. The Group is exposed to different types of risk in its operations, categorised as operational, financial and external risks. External risks derive mainly from factors outside Fasadgruppen's operations, such as macroeconomic trends in the Group's principal 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 was affected by the ongoing Covid-19 pandemic in 2020. 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 execution has been limited, and employees have been able to follow the authorities' recommendations for mitigating workplace contagion without major disruption to their work. For white-collar workers, teleworking from home as much as possible has been advocated. In line with Fasadgruppen's business model, the 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. No additional risks and uncertainties, beyond those presented, are deemed to have arisen during the period.

Further details of the Group's risks are presented on pages 25-27.

Sustainability Report

Sustainability is an integral part of Fasadgruppen's operations and strategy and, accordingly, it is also an integral part of the Annual Report. In accordance with Chapter 6, Section 11 of the Annual Accounts Act, the Group has chosen to prepare the Sustainability Report as separate from the Administration Report. The statutory Sustainability Report is integrated into the Annual Report on pages 18-23. The risk analysis regarding sustainability issues is included in the overall risk section on pages 25-27. The Diversity Policy is described in the Corporate Governance Report on page 31.

Employees

Fasadgruppen has a decentralised and dedicated organisation to drive the business forward. As of 31 December 2020, the Group had 812 employees (532), of whom 32 were women (14). The average number of employees for the period January-December 2020 was 654 (431).

For further information, see Note 4 Remuneration of employees..

Fasadgruppen fosters workplaces that value gender equality and diversity. The Group's Code of Conduct and Diversity Policy set the framework for the Group's work for inclusion and equal treatment. Employee interviews are conducted to map and safeguard skills and expertise, development and well-being. Fasadgruppen conducts solid health and safety work throughout the organisation in accordance with systematic work environment processes.

Guidelines for the remuneration of senior executives

The Board of Directors proposes that the 2021 Annual General Meeting resolves that the following guidelines for the remuneration of senior executives applies until the 2022 Annual General Meeting, unless circumstances arise requiring earlier revision:

In these guidelines, "senior executives" refers 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 determined by the Annual General Meeting.

The Company's remuneration principles are to ensure responsible remuneration decisions supporting the Company's strategy, long-term interests and sustainable business methods. Salaries and other terms of employment shall enable the Group to retain and recruit capable senior executives at a reasonable cost. Remunerations of senior executives may comprise fixed salary, variable salary, pension and other benefits.

Fixed salaries must be market-based and based on the senior executive's responsibilities, expertise and performance.

Variable salaries (such as cash bonuses) must be market-based and based on the senior executive's responsibilities, expertise and performance. Payment of variable salaries shall be conditional on a number of predetermined financial or personal targets being met. The assessment of whether the payment targets are met shall be made when the relevant measurement period for the targets has been completed. The Board's Remuneration Committee is responsible for assessing variable remuneration of the CEO and the Deputy CEO. The CEO is responsible for the assessment with regard to variable salary for other senior executives.

Variable salary shall not exceed 50 percent of annual fixed salary (that is, annual cash salary excluding pensions, benefits and the like).

Agreements regarding pensions shall, where possible, be contribution-based and be designed in accordance with the levels and practices applicable in the country where the senior executive is employed. The pension premiums for defined-contribution pensions shall not exceed 40 percent of annual fixed salary (that is, annual cash salary excluding pensions, benefits and the like).

Other benefits may include life insurance, health insurance and a company car, for example. Premiums and other costs attributable to such benefits may not exceed 15 percent of annual fixed salary (that is, annual cash salary excluding pensions, benefits and the like).

Fixed salary during the notice period and severance pay, including compensation for any restriction of competition, shall combined not exceed 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 shall 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 the remuneration and rate of increase over time.

The Remuneration Committee shall 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.

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

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 Extraordinary General Meeting on 2 October 2020.

Corporate governance report

The Corporate Governance Report is available as a separate part of Fasadgruppen's 2020 Annual Report and does not form part of the formal annual report documents. See pages 30–35.

Significant events after the end of the year

Significant events after the end of the financial year are shown in Note 27 Events after the balance sheet date.

Future projections

Stable underlying renovation needs are expected to persist in the Nordic market. Underlying driving forces such as low interest rates for the foreseeable future, urbanisation, housing shortages, the harsh Nordic weather and the regulation of energy consumption 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 strength creates the stability that aids both investments and acquisitions.

Fasadgruppen continues to develop its sustainability work with the focus on profitability and those products that are being developed for the sustainable façade solutions of the future to 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 industry towards safe and more sustainable solutions.

The ongoing pandemic put a brake on sales growth over the second, third and fourth quarters in the form of an assessed short-term negative effect of postponed projects. It is too early to say what the full 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 ongoing Covid-19 pandemic in the section on Risks and uncertainty factors.

Proposed distribution of profit

The Board's proposal to the 2020 Annual General Meeting for the distribution of profit is set out in Note 26 Proposed distribution of profit.

Consolidated statement of comprehensive income

SEK million	Note	2020	2019
Net sales	2	1,340.4	1,019.0
Other operating income		36.8	17.0
Operating income		1,377.2	1,036.0
Materials and consumables		-672.5	-521.3
Remuneration to employees	4, 5	-432.0	-309.2
Depreciation and impairments of tangible and intangible non-current assets	6	-28.5	-13.1
Other operating costs	3	-116.8	-71.3
Operating costs		-1,249.8	-914.8
Operating profit/loss		127.4	121.3
Financial revenue	7	0.0	0.6
Financial expenses	7	-13.2	-12.6
Profit/loss from financial items		-13.2	-12.1
Profit/loss after financial items		114.2	109.2
Tax on profit for the year	8	-24.6	-23.3
Profit for the year		89.6	85.9
Other comprehensive income for the year:			
<i>Items that can be reclassified to income statement</i>			
Exchange rate differences on recalculation of foreign activities		-5.5	-0.7
<i>Items that will not be reclassified to income statement</i>			
		-	-
Other comprehensive income for the year, net after tax		-5.5	-0.7
Comprehensive income for the year		84.1	85.1
Comprehensive income for the year attributable to:			
Shareholders in the Parent Company		84.1	85.1
Holdings without controlling interest		-	-
Earnings per share for the year before dilution, SEK		2.71	3.81
Earnings per share for the year after dilution, SEK		2.65	3.67
Average no of shares, before dilution		33,124,594	22,552,552
Average no of shares after dilution		33,876,146	23,394,652
Actual number of shares at the end of the period		45,132,480	23,635,500*

* Recalculated to take the share split in 2020 into account.

Consolidated statement of financial position

SEK million	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	10	1,258.3	634.3
Brands	10	119.8	-
Customer relationships	10	13.6	-
Other intangible assets		0.6	0.8
Total intangible assets		1,392.2	635.2
Property, plant and equipment			
Right-of-use assets	6	81.4	48.8
Buildings and land	11	0.9	6.3
Equipment	11	45.0	24.1
Total tangible non-current assets		127.3	79.1
Financial non-current assets			
Non-current securities holdings		0.5	0.1
Deferred tax assets	8	0.2	0.2
Other non-current receivables		0.6	0.6
Total financial assets		1.3	0.9
Total non-current assets		1,520.8	715.2
Current assets			
Inventories	14	6.5	4.1
Accounts receivable	13, 15	187.0	131.2
Current receivables		5.4	-
Revenues from contracts with customers and similar receivables	16	74.7	59.1
Prepaid costs and accrued income	17	18.9	13.0
Cash and cash equivalents	18	409.3	48.4
Total current assets		701.8	255.8
TOTAL ASSETS		2,222.6	971.0

SEK million	Note	31 Dec 2020	31 Dec 2019
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	19		
Share capital		2.3	1.2
Other contributed capital		844.7	34.0
Retained earnings		115.5	30.3
Profit for the year		84.1	85.1
Total shareholders' equity		1,046.5	150.7
Provisions			
Deferred tax liabilities	8	30.3	1.0
Other provisions	20	3.5	0.8
Total provisions		33.8	1.8
Non-current liabilities	13, 14		
Liabilities to credit, institutions	21	513.7	112.0
Shareholder loans	21	-	87.1
Lease liabilities	6	59.2	35.8
Other non-current liabilities	14	96.8	35.7
Total non-current liabilities		669.7	270.6
Current liabilities	13, 14		
Liabilities to credit, institutions	21	131.2	90.0
Shareholder loans	21	-	207.0
Lease liabilities	6	19.9	10.8
Accounts payable		88.5	64.5
Current tax liabilities		31.3	10.1
Contract liabilities	22	100.5	91.5
Accrued costs and prepaid income	23	101.1	70.4
Other current liabilities		-	3.5
Total current liabilities		472.5	547.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,222.6	971.0

For information on pledged collateral and contingent liabilities, see Note 25 Pledged collateral and contingent liabilities.

Consolidated statement of changes in shareholders' equity

SEK million	Note	Share capital	Other contributed capital	Profit brought forward, incl. profit for the year	Reserves	Total equity
Shareholders' equity 1 Jan 2019		1.1	-	27.9	-	29.0
Comprehensive income						
Profit for the year				85.9		85.9
<i>Other comprehensive income for the year:</i>						
Exchange rate differences on recalculation of foreign activities					-0.7	-0.7
Total comprehensive income		-	-	85.9	-0.7	85.1
Transactions with owners						
Warrants				2.4		2.4
New share issue		0.1	34.0			34.1
Total transactions with owners		0.1	34.0	2.4	-	36.6
Shareholders' equity 12 Jan 2019	19	1.2	34.0	116.2	-0.7	150.7
Shareholders' equity 01 Jan 2020						
		1.2	34.0	116.2	-0.7	150.7
Comprehensive income						
Profit 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	-	-	811.7
Shareholders' equity 12 Jan 2020	19	2.3	844.7	205.8	-6.2	1,046.5

Consolidated statement of cash flows

SEK million	Note	2020	2019
OPERATING ACTIVITIES			
Profit/loss after financial items		114.2	109.2
Adjustments for items not included in cash flow	24	15.9	25.7
<i>Changes in working capital:</i>			
Change in inventory		-1.1	-0.7
Change in receivables		52.7	16.1
Change in liabilities		-37.2	-41.9
Cash flow from operations		144.4	108.4
Interest paid	24	-9.7	-5.2
Tax paid		-9.4	-23.5
Cash flow from current operations		125.2	79.7
INVESTMENT ACTIVITIES			
Acquisition of subsidiaries and businesses	9	-465.9	-51.5
Net investments in other non-current assets	11	-25.8	-9.6
Property sale		11.5	-
Net investments in financial assets		-0.4	1.3
Cash flow from investment activities		-480.6	-59.8
FINANCING ACTIVITIES			
New share issue	9, 19	379.0	0.6
Payment of warrants		-	2.5
Proceeds from borrowings	24	910.9	55.1
Repayment of loans	24	-555.0	-63.5
Repayment of lease liability	24	-16.8	-8.0
Cash flow from financing activities		718.1	-13.4
Cash flow for the year		362.7	6.5
Cash and cash equivalents at beginning of year		48.4	41.9
Calculation difference cash and cash equivalents		-1.8	-
Cash and cash equivalents at year-end		409.3	48.4

Parent Company balance sheet

SEK million	Note	2020	2019
Operating income		5.9	-
Operating costs	3, 4	-13.7	-0.1
Operating profit/loss		-7.7	-0.1
Financial revenue	7	1.4	0.4
Financial expenses	7	-7.8	-10.0
Profit/loss from financial items		-6.4	-9.6
Profit/loss after financial items		-14.1	-9.7
Appropriations	8	31.5	15.0
Profit/loss before tax		17.3	5.3
Tax on profit for the year	8	-3.7	-1.4
Profit for the year*		13.6	3.9

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

Parent Company balance sheet

SEK million	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Fixed assets			
Financial non-current assets			
Participations in Group companies	12	450.0	450.0
Receivables from Group companies		789.1	47.2
Total financial assets		1,239.1	497.2
Total non-current assets		1,239.1	497.2
Current assets			
Current receivables	14	0.1	-
Receivables from Group companies		1.4	1.4
Prepaid costs and accrued income	17	-	0.3
Cash and bank	18	312.3	2.3
Total current assets		313.8	4.0
TOTAL ASSETS		1,552.9	501.2
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital		2.3	1.2
Total restricted equity		2.3	1.2
Unrestricted shareholders' equity			
Share premium reserve		844.7	34.0
Retained earnings		51.0	47.1
Profit for the year		13.6	3.9
Total non-restricted equity		909.3	85.0
Total shareholders' equity		911.6	86.2
Non-current liabilities			
Liabilities to credit, institutions	13, 14 21	513.7	112.0
Shareholder loans	21	-	87.1
Total non-current liabilities		513.7	199.1
Current liabilities			
Liabilities to credit, institutions	13, 14 21	116.7	-
Shareholder loans	21	-	207.0
Accounts payable		2.0	-
Current tax liabilities		4.8	1.4
Accrued costs and prepaid income	23	3.5	7.5
Other current liabilities		0.7	-
Total current liabilities		127.7	215.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,552.9	501.2

For information on pledged collateral and contingent liabilities, see Note 25 Pledged collateral and contingent liabilities.

Changes in Parent Company shareholders' equity

SEK million	Note	Restricted shareholders' equity	Unrestricted shareholders' equity		Total equity
		Share capital	Share premium reserve	Retained earnings	
Shareholders' equity 1 Jan 2019		1.1	0.0	44.7	45.7
Comprehensive income					
Profit for the year				3.9	3.9
Total comprehensive income				3.9	3.9
Transactions with owners					
Warrants				2.5	2.5
New share issue		0.1	34.0		34.1
Total transactions with owners		0.1	34.0	2.5	36.6
Shareholders' equity 31 Dec 2019	19	1.2	34.0	51.0	86.2
Shareholders' equity 1 Jan 2020		1.2	34.0	51.0	86.2
Comprehensive income					
Profit 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 Dec 2020	19	2.3	844.7	64.6	911.6

Parent Company cash flow analysis

SEK million	Note	2020	2019
OPERATING ACTIVITIES			
Profit/loss after financial items		-14.1	-9.7
Adjustments for items not included in cash flow	24	1.1	-
<i>Change in working capital:</i>			
Changes in receivables		-500.9	29.6
Changes in liabilities		20.6	15.9
Cash flow from operations		-493.3	35.8
Interest paid	24	-6.7	-10.0
Tax paid		-0.4	-
Cash flow from operating activities		-500.4	25.8
INVESTMENT ACTIVITIES			
Cash flow from investment activities		-	-
FINANCING ACTIVITIES			
New share issue	19	379.0	0.6
Payment of warrants		-	2.5
Proceeds from borrowings	24	630.4	1.5
Repayment of loans	24	-199.1	-32.0
Cash flow from financing activities		810.4	-27.5
Cash flow for the year		310.0	-1.6
Cash and cash equivalents at beginning of year		2.3	3.9
Cash and cash equivalents at year-end		312.3	2.3

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 façade work. The service offering includes façade renovation, energy efficiency, window replacement, balcony and roof renovation and the letting and assembly of scaffolding.

Fasadgruppen Group AB (559158-4122) is a public limited liability company that was formed and has its registered offices in Sweden. The head office is located at Drottninggatan 81A in Stockholm, Sweden. The Group's operations are conducted in the façade market in Sweden, Denmark and Norway, with the majority of the operations in Sweden.

Compliance with regulations and the going concern principle

The consolidated financial statements were prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as adopted by the EU. The Parent Company's financial statements have 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 2020 (including comparative figures) were approved for publication by the Board of Directors on 21 April 2021 and will be presented to the Annual General Meeting of Shareholders on 18 May 2021 for adoption. The 2020 financial year is the second year for which the Parent Company prepares and publishes consolidated financial statements. The consolidated financial statements as of 31 December 2019 were also prepared in accordance with IFRS.

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 different principles, these are provided 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 2020 are deemed to be of any material significance to the Group.

New and amended accounting principles not yet applied

No new or amended standards or interpretations of existing standards to be applied to financial years beginning after 1 January 2020 are deemed to be of any material significance to the Group.

Basis for preparation

The consolidated financial statements have been prepared with the application of the accruals concept and based on costs. The financial statements are presented in the Swedish krona (SEK), which is the Parent Company's functional currency. The amounts are rounded down to the nearest million (SEK million) with one decimal unless otherwise stated. As a result of rounding down, figures presented in the financial statements may in some cases not exactly sum to the total and percentages may deviate from the exact percentages.

Basis of consolidation

In the consolidated financial statements, the operations of the Parent Company and subsidiaries are consolidated to the end of 31 December 2020.

All intra-Group transactions and balance 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 subsidiaries' annual reports have been adjusted where required to ensure compliance with the Group's accounting and valuation principles.

Profit 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.

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

When financial statements are prepared, the management makes a number of assessments, estimates and assumption 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 the impairment requirement, Group management calculates the recoverable amount (value in use) for every cash-generating unit (the Group's four 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.

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, air value of conditional earnouts is dependent on the outcome of several variables including the acquired company's future profitability.

Leases

The Group holds leases for premises. In them, a number of assumptions are made in the calculation of the leasing liability and the right of use (ROU) asset, such as the assessment of a lease's term. The Group takes into account if it with reasonable certainty will utilise an extension option primarily with regard to premises in consideration of the circumstances that apply to the situation of the lease in question.

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 the more complex contracts, there is a not insignificant uncertainty in the assessment of the costs for completion and in the assessment of profitability.

Business combinations

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

The cost of acquisition is calculated as the sum of the fair values on the transaction date of paid assets, arising or assumed liabilities and the equity instruments that the acquirer issued in exchange for the controlling influence over the acquired units, and all expenses directly attributable to the acquisition.

Contingent earnouts are valued at fair value on the acquisition date and constitute a 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 consolidated profit. The valuation of the earnout is based on the terms and prerequisites stipulated by the respective purchase agreements. The earnout is usually based on the financial development in 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. A contingent consideration classified as equity is not revalued and its subsequent settlement is recognised within equity. All other changes to the fair value of a contingent earnout are recognised in profit or loss.

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's functional currency and the Parent Company's presentation 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 of exchange). 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 closing day rate are recognised in profit or loss.

Non-monetary items are not translated on the closing 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's functional currency) are translated to SEK upon consolidation. The Group companies' functional currency was unchanged during the reporting period.

In the consolidation, assets and liabilities were restated at the closing day rate. Adjustments of goodwill and fair value that arise in the acquisition of a foreign operation have been recognised as assets and liabilities in the foreign operations and translated to SEK at the closing day 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 equity. Upon the divestment of a foreign operation, the attributable accumulated translation differences recognised in equity are reclassified to profit or loss and recognised as a part of the gain or loss in the divestment.

Segment reporting

The 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 chief operating decision maker. The Group has identified the CEO as its chief operating decision maker.

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. The Group therefore consists of one single operating segment, which is why Fasadgruppen does not present any separate segment information.

Income

The Group's 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 assignments and a small number of services.

In the assessment of whether an income will be recognised, the Group follows IFRS 15's 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 shall be identified. The Group's contracts are always in writing 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. In the Group, it rarely occurs that several contracts are 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. A contract change shall be recognised as a separate contract when the scope of the contract increases due to additions of promised goods or services that are distinct and when the price in the contract increases by an amount equivalent to standalone selling prices for the additional goods/services. If the goods or products are not considered to be distinct, the change is recognised as a part of the existing contract.

Contractual changes, so-called modifications and supplementary work, are commonly occurring in the Group. In most cases, added goods and services are not distinct and they thereby do not constitute standalone performance commitments, but rather are seen as part of a single performance commitment that at the time of the contract change is partly fulfilled and recognised as if it were a part of the existing contract from the beginning.

In **step 2**, separate performance commitments shall be identified, i.e. an assessment shall be 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 good or service that is distinct or a series of distinct goods/services. The good or service is distinct if the customer can benefit from the good or service separately or together with other readily available resources and if the Group's promise to transfer the good/service can be distinguished from other promises in the agreement. Usually, the construction contracts constitute one performance commitment as the parts of the assignment cannot be distinguished from one another, but rather they constitute a cohesive 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 accordance with ABT06.

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

In **step 3**, the transaction price shall be determined. In this step, consideration shall be taken to fixed prices and to variable prices. The Group has assignments on current account, but the fixed price assignments are the dominant type. The Group usually does not have any variable components except for penalties. Penalty clauses for delays are usually 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 revenue. Financing components with a credit period in excess of 12 months do not exist in the Group.

In **step 4**, the transaction price shall be allocated to the performance commitments identified in step 2. As the Group commonly has one performance commitment, the construction assignment as a whole, this step is not relevant.

In **step 5**, the revenue is recognised. A revenue shall be recognised when control over what is sold shifts from the seller to the buyer. This takes place at one point in time or over time. The revenue 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 assignments as renovation and improvement work is done on the customer's property. The degree of completion in the assignments is calculated based on expenditures made as of the closing date in relation to the total calculated expenditures for completing the assignment and this constitutes the basis for an earned income.

If a performance commitment is not fulfilled over time, it is fulfilled at one point in time, which is the case for product sales that take place in the Group. 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. However, this occurs to a very small extent.

In connection with construction assignments, the Group incurs items in the balance sheet related to the status in the relationship between work done and payment received from the customer. Performed, non-invoiced work is recognised on the balance sheet as earned income and is recognised in the item *Contract assets and similar receivables*. Contract assets are subject to impairment testing according to 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 profit or loss 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 during the period April-July 2020. A different calculation applies to sick pay expenses reported during the period August-December 2020. Sick pay expenses are reimbursed in accordance with different percentages depending on the scale of the employer's expenses. 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 reports as other income and claims.

Total intangible assets

The surplus values in the acquisition analyses are allocated to the company brands and customer relationships while unallocated surplus values have been 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. The brands have an indeterminable usage period and are not depreciated but tested for impairment annually or if such is indicated. Brands are recognised at cost less accumulated impairment losses.

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 has an indeterminable usage period and are not depreciated but tested for impairment annually or if such is indicated. Goodwill is recognised at cost less accumulated impairment losses.

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.

Other intangible assets

Licences 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 definite useful lives are valued based on the cost whereby expenses are amortised straight-line over the estimated useful life, which amounts to three years. The useful life is reviewed at every closing date. In addition, impairment testing is done upon an indication of a decrease in value.

Amortisation is included in the item *Depreciation and impairments of tangible and intangible non-current assets*. Additional expenses for maintenance of software are expensed as 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 one of the items *Other operating income* or *Other operating expenses*.

Tangible non-current assets

Land

Land is recognised at cost 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 the cost with a useful life of five, eight or 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 it 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". In order 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 contract's defined area of application.
- 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 by agreement whether it is reasonably certain that the option will be utilised. 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 in the operations.

Regarding the Group's rental agreements that expire within a five-year period, the company has decided that it is reasonable to assume an extension period depending on the respective asset's nature and the length of the respective extension period. For agreements that continue beyond 2025, no extensions have been assumed. What the operations look like and how they develop beyond this period are difficult to assess and the company's assessment is thereby that it cannot be assumed with reasonable certainty that further extensions will be made. This assessment will be revised continuously.

The Group depreciates the ROU asset straight-line from the beginning of the lease agreement to the earlier point in time of the right of use's useful life and the end of the lease agreements. 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 are not 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 the substantially fixed fees), 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 essentially fixed fees. When the leasing liability is revalued, a corresponding adjustment shall be made regarding the right of use or in profit or loss if the right of use has already been assigned a nil 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, other intangible assets and tangible assets

In impairment testing, the assets are grouped into the smallest possible cash-generating units. A cash-generating unit is a group of assets that gives rise to received payments, which are essentially independent of other assets, which for the Group are comprised of the respective business areas. The result is that some assets' impairment requirements are tested individually while others are tested at the 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 management monitors goodwill.

The impairment requirement at the cash-generating units to which acquired intangible assets have been allocated (established by the management as equivalent with the Group's business areas) is tested at least once per year. All other individual assets or cash-generating units are impairment tests 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 the 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 is 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 only classified in the category of amortised cost.

The classification is determined by:

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

All financial assets are measured at amortised cost because:

- 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 principal amount outstanding

After initial recognition, these financial assets are valued at amortised cost with the use of the effective interest method. Discounting is excluded if the effect of discounting is immaterial. The Group's 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

IFRS 9's impairment rules use future-oriented information to apply the model with expected credit losses. Financial assets include accounts receivable, contract assets and other receivables that are valued at amortised 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. The expected credit losses are valued with a provision matrix beginning in the 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.

Classification and valuation of financial liabilities

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

Financial liabilities are initially valued at fair value. After the initial recognition, the Group's financial liabilities are measured at amortised 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 a 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 consolidated profit. The valuation of the earnout is based on the terms and prerequisites stipulated by the respective purchase agreements. The earnout is usually based on the financial development in the acquired company.

Inventories

Inventories are measured 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 selling price is the estimated selling price in the operating activities less any applicable selling expenses.

Income tax

The tax expense recognised in profit or loss consists of the sum of deferred tax and current tax that is not recognised in other comprehensive income or directly in 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 deemed based on the Group's forecast regarding future operating profit, 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.

Cash and cash equivalents are covered by the general model for credit provisions in IFRS 9. The calculation is based on a probability of default based on the counterparty's rating, a maturity of well-below 12 months and the amount on the balance sheet date. With a short maturity and stable counterparties, the provision is deemed to be entirely immaterial.

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 the 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 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 closing 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 national pension plans and insurance for individual employees. The Group has no legal or constructive 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 family pensions for white-collar employees in Sweden are secured through 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 comprises 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 family pension's size is determined by the employee's estimated number of years of service (calculated as the number of years of service from the employment date to the retirement date) and salary at the 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 family pension thereby do not meet the definition of defined-contribution plans in IAS 19 Employee Benefits. Commitments for retirement pensions and family pensions according to ITP 2 that are financed through insurance in Alecta are therefore classified as defined-benefit commitments.

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 comply with IAS 19 Employee Benefits. A collective reserve, in the form of a collective consolidation level, shall normally be permitted to vary between 125 and 155 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 155 percent, actions must be taken to create the conditions enabling the consolidation level to revert to the normal interval. Alecta's surplus can be allocated to the insurance policyholders and/or the insured if the collective consolidation level exceeds 155 percent. Alecta applies premium reductions to keep a surplus from arising.

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 result of the unutilised right.

Related-party transactions

Board members, senior executives and close family members of such key individuals are counted as related natural persons. Related companies are defined as the companies included in the Group, companies where related natural 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 compensation was paid or not.

Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal processes, loss contracts or other claims are recognised when the Group has a legal or constructive 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

The Parent Company's accounting and valuation principles agree with the Group's except for that stated below.

Presentation

The income statement and balance sheet follow the presentations in the Swedish Annual Accounts Act. Here are differences in designations primarily with regard to financial items in the income statement and equity. The statement of changes in equity has been adapted to the items that are to be in the balance sheet according to the Annual Accounts Act.

Acquisition analysis

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 remeasurement at fair value is done.

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

Group contributions

All Group contributions paid and received are recognised as appropriations.

Anticipated dividends

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. No reclassification is made of holdings to sales.

Financial instruments

All financial instruments are valued based on the 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 amounts transferred to untaxed reserves constitute taxable temporary differences. However, due to the connection between accounting and taxation, the deferred tax liability on untaxed reserves is recognised in a legal entity as a part of the untaxed reserves. The appropriations in the income statement are also recognised including deferred tax.

Note 2 Operating income

Net sales per category

Group, SEK million	2020	2019
Sweden	1,249.2	1,011.9
Other Nordic countries	91.2	7.1
Total	1,340.4	1,019.0

The Group's sales are generated from the performance of services in exterior façade work in Sweden and the Rest of the Nordic Region. The service offering includes plastering, masonry and other services, such as windows, balconies, roofs and flashing, as well as the letting of scaffolding intended for new construction and renovation.

Sales come from external customers, of which no individual customer accounts for 10 percent or more. Net sales outside Sweden constitute less than 10 percent of the Group's total sales. The Group recognises income from fulfilled performance commitments over time (percentage of completion).

The Group's non-current assets that are not financial instruments, deferred tax assets, assets regarding post-employment benefits and rights that arise according to insurance contracts distributed to a geographic area are presented by the table below:

Group, SEK million	2020	2019
Sweden	1,504.5	710.8
Other Nordic countries	15.0	3.5
Total	1,519.5	714.3

Operating segments

Group management currently identifies the 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. The earnings measurement followed up in the Fasadgruppen was EBITA.

Note 3 Remuneration of auditors

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Deloitte AB				
Audit assignment	2.9	1.5	0.8	0.0
Audit procedures not included in audit assignment	0.6	-	0.6	-
Tax advisory services	-	-	-	-
Other services	-	-	-	-
Mazars Statsautoriseret Revisionspartnerselskab				
Audit assignment	0.2	0.1	-	-
Audit procedures not included in audit assignment	-	-	-	-
Tax advisory services	0.0	-	-	-
Other services	0.4	0.0	-	-
Other companies				
Audit assignment	0.0	-	-	-
Audit procedures not included in audit assignment	0.1	-	-	-
Tax advisory services	-	-	-	-
Other services	0.1	-	-	-
Total	4.4	1.6	1.4	0.0

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 administration, 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 or agreements. Tax consultancy includes both advice and auditing of compliance in the tax area. Any other services rendered are referred to as "Other services".

Note 4 Remuneration of employees and the Board

Remuneration of employees

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Salaries and other benefits	317.6	220.0	4.2	-
Social security contributions	87.6	71.3	1.4	-
Pension expenses (defined contribution plans)	26.8	17.9	-	-
Total	432.0	309.2	5.7	-

Government grants for sick pay expenses

As a result of the prevailing coronavirus pandemic, the Group received government grants for sick pay expenses. The total payment for sick pay expenses reported according to IAS 20 in 2020 amounted to SEK 4.2 million (0.0).

Salaries, other remuneration and social security contributions

2020, SEK million	Group		
	Salaries and other benefits	Pension expenses	Social security contributions
Board members, CEO and other senior executives	9.7	2.0	2.9
Other employees	307.9	24.8	23.8
Total	317.6	26.8	26.8
2019, SEK million	Salaries and other benefits	Pension expenses	Social security contributions
Board members, CEO and other senior executives	7.0	1.0	2.0
Other employees	213.0	17.0	69.0
Total	220.0	18.0	71.0

Remuneration of the Board and senior executives

SEK million	Group	
	2020	2019
Salaries and other short-term benefits	9.7	7.0
Termination benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	2.0	1.0
Total	11.7	8.0

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	-	-	-	-	-
Mikael Karlsson	-	-	-	-	-
Tomas Ståhl	-	-	-	-	-
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 people)	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 a variable salary 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 services. The

pension age for other senior executives is 65 years. Upon termination by the company, three to six months should normally apply, and for resignation by the senior executive, three months should normally apply, or six months in exceptional cases. Severance pay does not exist. The period of notice by the company for the CEO is six months and by the CEO is likewise six months.

2019, SEK	Basic salary	Variable remuneration	Other benefits	Pension benefits	Total
Board of Directors					
Lars Nordin, Chairman	-	-	-	-	-
Tomas Ståhl	-	-	-	-	-
Mikael Karlsson	-	-	-	-	-
Pål Warolin (until 31 January 2019)	-	-	-	-	-
Mats Karlsson	-	-	-	-	-
Jim Jonsson	-	-	-	-	-
Per Sjöstrand	-	-	-	-	-
Ulrika Dellby	-	-	-	-	-
Senior executives					
Pål Warolin, CEO (from 1 February 2019)	1,114,000	-	71,042	236,186	1,421,228
Mikael Karlsson, CEO (to 31 January 2019)	-	-	100,000	-	100,000
Martin Jacobsson, Deputy CEO	862,000	-	49,108	128,832	1,039,940
Other senior executives (7 people)	4,233,791	200,000	205,549	785,453	5,424,793
Total	6,209,791	200,000	425,699	1,150,471	7,985,961

Remuneration of senior executives consists of fixed salary, other benefits and defined-contribution pension, and can additionally consist of a variable salary based on fixed target indicators. 2019 provided a bonus outcome for senior executives totalling SEK 200,000. Other benefits refer to normal, non-monetary benefits, such as a company car and occupational health services. The pension age for other senior executives is 65 years. Upon termination by the company, three to six months should normally apply, and for resignation by the senior executive, three months should normally apply, or six months in exceptional cases. Severance pay does not exist. The period of notice by the company for the CEO is six months and by the CEO is likewise six months.

Warrants

The Group has issued warrants to four senior executives. The individuals have acquired the warrants at a market price (calculated according to Black

& Scholes with assumptions on a share price on the award date of SEK 279, expected volatility in the share price of 30.0% and an expected yield of SEK 0). The warrants entitle the holder to subscribe for a total of 42,105 new shares in the company during the period 1 January – 31 March 2023 for a subscription price of SEK 306.90 per share. The company has a right, but no obligation to buy back the warrants if the holder chooses to end his/her employment before the warrant is exercised. Such a buyback shall in such cases take place at market price. According to the terms for the warrants, the holders are entitled to immediately utilise the warrants in advance if the company's shares are taken up for trade on Nasdaq Stockholm. In accordance with the terms, the holders utilised the warrants during the month of November 2020 before the company's shares were taken up for trade on Nasdaq Stockholm. The issue amount in connection with redemption amounted to a total of SEK 12.9 million.

SEK	Number of options	Subscription price per option	Acquisition cost	Allocation date
23 November 2020	42,105	58.54	2,464,827	11 March 2019

Average number of employees	2020			2019		
	Average number of employees	Of which men	Of which women	Average number of employees	Of which men	Of which women
Group						
Sweden	598	579	19	499	480	19
Other Nordic countries	56	53	3	20	18	2
Total	654	632	22	519	498	21

Parent Company						
Sweden	2	2	-	-	-	-
Total	2	2	-	-	-	-

The average number of employees is translated to full-time positions.

Gender distribution among senior executives

The gender distribution in the Board and among other senior executives as of the balance sheet dates of 31 December 2020 and 2019 is presented in the table below:

Group	2020			2019		
	No. of	Of which men	Of which, women	No. of	Of which men	Of which, women
Board of Directors	6	4	2	2	2	-
Senior executives	9	8	1	8	7	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. At 31 December 2020, shares were owned equivalent to 15.1% of Fasadgruppen Group's share capital and number of votes in Connecting Cap-

ital Sweden AB. The company is considered to be a related party to the Group. As of 31 December 2020, no other shareholder owned shares corresponding to more than 10% of Fasadgruppen Group's share capital and number of votes.

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.

Related-party transactions

Sales of services, SEK million	Group		Parent Company	
	2020	2019	2020	2019
AB Karlsson Fasadrenovering	3.5	9.1	-	-
All-Tech ApS	-0.2	-	-	-
Allt i Murning i Karlshamn AB	1.3	-	-	-
Cortex Facaderens ApS	-1.4	-	-	-
Cortex Membran ApS	3.1	-	-	-
Fasadgruppen Norden AB	6.5	-	5.9	-
Fasadteknik i Nyköping AB	2.5	-	-	-
Frillesås Mur och Puts AB	2.1	-	-	-
Front RK AB	0.1	-	-	-
Johns Bygg & Fasad AB	2.3	1.2	-	-
Karlaplans Plåtslageri AB	3.2	-	-	-
Malmö Mur & Puts AB	7.5	0.6	-	-
Mellansvenska Fasad, Lars Svensson AB	0.5	0.4	-	-
Murpoolen i Skåne AB	2.9	6.0	-	-
Mälardalens Mur & Puts AB	9.1	12.5	-	-
P. Andersen & Søn Entreprise A/S	0.3	-	-	-
Rapid Hyrställningar AB	0.9	-	-	-
Robust Hyrställning Sverige AB	0.6	30.9	-	-
Simtuna Betong & Byggteknik AB	2.5	-	-	-
STARK Fasadrenovering i Sverige AB	22.8	6.6	-	-
STARK Hyrställningar i Sverige AB	0.0	-0.2	-	-
Sterner Stenhus Fasad AB	1.0	-	-	-
Ume Fasad AB	0.4	-	-	-
V Fasad AB (Valvet)	2.9	6.6	-	-
Valbo Fasad Entreprenad AB	4.6	2.9	-	-

Related-party transactions, cont.

Sales of services, SEK million	Group		Parent Company	
	2020	2019	2020	2019
<i>Companies controlled by senior executives:</i>				
Sterner Stenhus Fastigheter AB	0.5	-	-	-
Sterner Stenhus Förvaltning AB	1.6	-	-	-
Botkyrka Kornet 6 & 15 AB	6.0	-	-	-
Stenhus Kungens Kurva Diagonalen AB	0.5	-	-	-
Stenhus Tumba Samariten AB	18.1	-	-	-
Stenhus Köping Njord AB	2.2	-	-	-
Stenhus Södertälje Företagaren 1 AB	0.1	-	-	-
Stenhus Köping Montören AB	0.0	-	-	-
Sterner Stenhus Services AB	0.0	-	-	-
Bygg & Städtjänst AB	0.0	-	-	-
Total	107.9	76.6	5.9	-

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

Purchases of services, SEK million	Group		Parent Company	
	2020	2019	2020	2019
Intra-Group	107.9	76.6	-	-
<i>Companies controlled by senior executives:</i>				
Bendrik Invest AB	0.7	0.7	-	-
KFAB Förvaltning AB	0.6	0.6	-	-
A.M Karlsson i Kvicksund AB	1.9	7.3	-	-
Connecting Capital Holding AB	0.6	0.9	-	-
Connecting Capital Sweden AB	0.1	-	-	-
KB Träflöjten	0.4	-	-	-
Sterner Stenhus Services AB	0.4	-	-	-
Bygg & Städtjänst AB	0.4	-	-	-
Stenhus Tumba Samariten AB	0.1	-	-	-
Sterner Stenhus Fastigheter AB	0.2	-	-	-
Total	113.3	86.1	-	-

The transactions within the Group pertain to purchases of services between Group companies as a part of the 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 million and new subscriptions by companies controlled by senior executives amounted to SEK 37.5 million.

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 million (including accrued market-based interest) from senior executives, and amounting to SEK 192.6 million 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 million, were repaid in full.

Dealings

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

Receivables from related parties, SEK million	Group		Parent Company	
	2020	2019	2020	2019
Subsidiaries	28.9	9.8	-	-
<i>Companies controlled by senior executives:</i>				
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	-	-	-
Sterner Stenhus Services AB	0.0	-	-	-
Total	65.2	9.8	-	-

	Group		Parent Company	
	2020	2019	2020	2019
Liabilities to related parties, SEK million				
Subsidiaries	28.9	9.8	-	-
<i>Companies controlled by senior executives:</i>				
KFAB Förvaltning AB	-	0.1	-	-
Bendrik Invest AB	0.1	0.1	-	-
Sterner Stenhus Services AB	0.5	-	-	-
Bygg & Städtjänst AB	0.4	-	-	-
Stenhus Tumba Samariten AB	0.1	-	-	-
Sterner Stenhus Fastigheter AB	0.1	-	-	-
Total	30.2	10.0	-	-

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 purchasing transactions that mature 30 days after the purchase date. The liabilities accrue without interest.

	Group		Parent Company	
	2020	2019	2020	2019
Loans to related parties, SEK million				
<i>Shareholder loans from senior executives and companies controlled by senior executives</i>				
At start of year	294.1	292.6	294.1	292.6
Interest expenses	4.3	1.5	4.3	1.5
Repaid amount	-298.4	-	-298.4	-
At year-end	-	294.1	-	294.1

Note 6 Leases

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

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Non-current	59.2	35.8	-	-
Current	19.9	10.8	-	-
Total	79.0	46.7	-	-

Interest expenses for leases in the 2020 financial year amounted to SEK 1.2 million (0.9). The Group leases premises for offices and warehouses, as well as 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 dependant on an index 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 the lessee's 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 the 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 rental agreements.

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 warehouse	Cars	Other
Number of ROU assets	40	161	6
Range of remaining duration	0-9	0-6	1-5
Average remaining lease period	4.6	1.5	3.3

Leases for offices and warehouses generally include an extension option and a possibility of termination. In most cases, they also include variable fees related to indexes.

options, possibilities of termination or variable fees linked to indexes.

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

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

The Group's future minimum lease payments as of 31 December 2020 and 31 December 2019 amounted to the following:

Minimum lease payments

31 December 2020, SEK million	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years
Lease fees excluding financial expenses	21.5	17.0	14.0	11.4	9.1	10.7
31 December 2019, SEK million						
Lease fees excluding financial expenses	11.8	9.4	6.8	5.8	4.8	11.2

Leases that are not recognised as a liability

The Group has chosen to not 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. Moreover, 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 47.8 million (17.8).

Changes in carrying amounts for ROU assets in the Group are:

2020, SEK million	Offices and warehouse	Cars	Other	Total
Opening accumulated cost	39.1	19.8	1.8	60.6
New contracts	11.3	8.3	0.5	20.0
Purchases through business combinations	24.4	3.7	-	28.1
Changed agreements for the year	0.6	0.9	-	1.5
Completed contracts	-0.4	-3.4	-	-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/amortisation	-5.2	-6.4	-0.2	-11.9
Completed contracts	0.0	2.9	-	3.0
Depreciation/amortisation 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/amortisation	-12.6	-11.6	-0.6	-24.8
Carrying amount	62.1	17.6	1.7	81.4

2019, SEK million	Offices and warehouse	Cars	Other	Total
Opening accumulated cost	28.0	10.3	-	38.3
New contracts	-	6.0	1.5	7.5
Purchases through business combinations	11.1	4.0	0.2	15.4
Completed contracts	-	-0.5	-	-0.5
Exchange rate differences	0.0	-	0.0	0.0
Closing accumulated cost	39.1	19.8	1.8	60.6
Opening accumulated depreciation/amortisation	-1.4	-1.5	-	-2.9
Completed contracts	-	0.5	-	0.5
Depreciation/amortisation for the year	-3.8	-5.4	-0.2	-9.4
Closing accumulated depreciation/amortisation	-5.2	-6.4	-0.2	-11.9
Carrying amount	33.8	13.4	1.5	48.8

The total cash flow for leasing in the Group amounted to an outflow of SEK 16.8 million (8.0) in 2020.

Note 7 Profit/loss from financial items

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Interest income	0.0	0.0	1.4	0.4
Other	0.0	0.6	-	-
Financial income	0.0	0.6	1.4	0.4
Interest expenses, borrowing at amortised cost	-11.1	-11.4	-7.8	-10.0
Interest expenses, leases	-1.2	-0.9	-	-
Other interest expenses	-0.9	-0.3	-	-
Financial expenses	-13.2	-12.6	-7.8	-10.0

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 21.5% (21.4%) and for the Parent Company of 21.4% (27.0%) and the recognised tax expense in profit/loss are as follows:

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Profit/loss before tax	114.2	110.2	17.3	5.3
Tax according to applicable tax rate (21.4%)	-24.4	-23.4	-3.7	-1.1
Adjustment for tax-free income	1.9	-	-	-
Non-deductible expenses	-1.4	-0.4	-	-1.4
Effect of changed tax rate	-	-0.5	-	-
Standard income on tax allocation reserve	-0.1	-	-	-
Valuation of non-recognised tax loss carry-forwards	-	1.1	-	1.1
Other	-0.6	-0.2	-	-
Recognised tax in profit/loss	-24.6	-23.4	-3.7	-1.4
The tax expense comprises the following components:				
Current tax on net profit/loss for the year	-42.4	-24.4	-3.7	-1.4
Change in temporary differences	17.8	1.0	-	-
Recognised tax in profit/loss	-24.6	-23.3	-3.7	-1.4

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

Changes during the year, SEK thousands	1 January 2020	From acquisitions of	Recognised in		31 December 2020
			other comprehensive income	profit or loss	
Intangible non-current assets	-	-47.1	-	16.8	-30.3
Leasing, net	0.2	-	-	0.0	0.2
Tax allocation reserves	-1.0	-	-	1.0	-
Total	-0.8	-47.1	-	17.8	-30.1

Changes during the year, SEK thousands	1 January 2019	From acquisitions of	Recognised in		31 December 2019
			other comprehensive income	profit or loss	
Leasing, net	0.1	-	-	0.1	0.2
Tax allocation reserves	-0.8	-1.1	-	0.9	-1.0
Total	-0.7	-1.1	-	1.0	-0.8

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

Appropriations, SEK thousands	Parent Company	
	2020	2019
Group contributions received	31.5	15.0
Group contributions paid	-	-
Total	31.5	15.0

Note 9 Business acquisitions

Business combinations 2020

Share transfers

During the year, Fasadgruppen made acquisitions of all shares in Sterner Stenhus Fasad AB, DVS Entreprenør AS and three companies under the brand Cortex; Cortex Facaderens ApS, Cortex Membran ApS and All-Tech ApS, as well as Fasadreoveringar Roland Karlsson i Mälardalen AB with the subsidiaries Front RK AB, rapid hyrställningar AB and SmartFront AB.

Other acquisitions

On 1 July 2020, Fasadgruppen Norden AB completed the acquisition of the business from Proos Mur & Puts AB via the transfer of agreed assets and liabilities. The combined purchase consideration amounted to SEK 1.5 million. As a consequence of their size, the assets and liabilities are not considered substantial in relation to the Group's financial position and earnings.

Acquisition analyses

Some of the surplus values in the preliminary acquisition analyses have been allocated to the company brand and customer relationships while unallocated surplus values 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. 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 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 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.

Sterner Stenhus Fasad AB

On 5 June, Fasadgruppen Norden AB completed the acquisition of the façade business of Sterner Stenhus Holding AB via the acquisition of Sterner Stenhus Fasad AB. Sterner Stenhus, founded in 1960, offers complete solutions for new build and renovation façade projects, from planning to end product. Sterner Stenhus strengthens the Group's façade platform with professional property services and knowledgeable workforce and assures Fasadgruppen's continued development in offering sustainable turnkey solutions to a broader market.

The acquisition of Sterner Stenhus Fasad AB complements and strengthens the Fasadgruppen portfolio of subsidiary companies in line with the Group's stated acquisition strategy. In Sterner Stenhus, the Group is adding a well-established and stable business within an important service area.

Sterner Stenhus Fasad AB's net sales in 2019 amounted to SEK 271.0 million and EBITA amounted to SEK 49.8 million. Since the time of the acquisition on 5 June and until 31 December 2020, Sterner Stenhus has contributed SEK 103.4 million to the Group's net sales and SEK 25.5 million to Group EBITA. If Sterner Stenhus Fasad AB had been acquired 1 January 2020, the Group's income for 2020 would have increased by SEK 88.6 million and profit for the year would have increased by SEK 18.4 million.

The combined purchase consideration amounted to SEK 355.8 million, of which SEK 204.1 million has been paid via cash and cash equivalents on access, and was subsequently adjusted by SEK -0.2 million, SEK 61.4 million via the transfer of a Parent Company issued promissory note and SEK 90.5 million via shares issued. The consideration includes a contingent performance-based element that means that the vendors can be required to repay part of the consideration if Sterner Stenhus does not achieve an average EBITDA of SEK 50 million per year, SEK 150 million in total, during a qualification period extending to the end of the 2021 financial year. The theoretical repayment lies in the range SEK 0-300 million, but based on the history of the acquired company, Fasadgruppen assesses it unlikely that any repayment will be made.

Acquisition costs totalling SEK 0.8 million are recognised as other external costs.

Value according to acquisition analysis - Sterner Stenhus Fasad AB

SEK million	Book value	Fair value, adjustment	Fair value
Brand	-	33.9	33.9
Customer relationships	-	8.3	8.3
Tangible non-current assets	0.8	-	0.8
Trade receivables and other receivables	96.5	-	96.5
Cash and cash equivalents	1.2	-	1.2
Deferred tax liabilities	-7.1	-9.0	-16.1
Other liabilities	-28.8	-	-28.8
Accounts payable and other payables	-14.1	-	-14.1
Identifiable net assets	48.5	33.2	81.7
Goodwill			274.2
Consideration			355.8
Of which cash and cash equivalents transferred			204.2
Acquired cash and cash equivalents			-1.2
Change in group cash and cash equivalents			-203.0

DVS Entreprenør AS

On 22 September, Fasadgruppen Norden AB completed the acquisition of DVS Entreprenør AS. The company was founded in 1998 and offers renovation services for façades, windows, balconies and roofs, plus consulting and planning services for renovation projects. The business primarily operates in the Oslo area where it has its head office.

DVS Entreprenør is one of Norway's largest companies within façade renovation, with around 70 employees and a broad customer portfolio including cooperative apartment associations, construction companies and public authorities. Via the acquisition, Fasadgruppen has become established in Norway and thereby strengthened its position as the largest façade group in the Nordic region in line with the Group's growth strategy.

DVS Entreprenør AS's net sales in 2019 amounted to SEK 175.3 million and EBITA amounted to SEK 18.1 million. The business only made a marginal contribution to the Group's net sales and EBITA in the fourth quarter. If DVS Entreprenør AS had been acquired 1 January 2020, the Group's income for 2020 would have increased by SEK 99.7 million and profit for the year would have increased by SEK 1.7 million.

The combined purchase consideration amounted to SEK 122.2 million, of which SEK 59.4 million has been paid via cash and cash equivalents on gaining possession and SEK 43.1 million via shares issued. SEK 19.1 million comprised an earnout. The outcome of the earnout that is dependent on future operating profits achieved by the company 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 three years.

Acquisition costs totalling SEK 3.5 million are recognised as other external costs.

Value according to acquisition analysis - DVS Entreprenør AS

SEK million	Book value	Fair value, adjustment	Fair value
Brand	-	30.8	30.8
Customer relationships	-	6.6	6.6
Right-of-use assets	-	8.6	8.6
Tangible non-current assets	0.8	-	0.8
Trade receivables and other receivables	19.5	-	19.5
Cash and cash equivalents	26.0	-	26.0
Deferred tax liabilities	-	-8.2	-8.2
Lease liabilities	-	-8.6	-8.6
Appropriations	-1.8	-	-1.8
Other liabilities	-14.5	-	-14.5
Accounts payable and other payables	-12.4	-	-12.4
Identifiable net assets	17.6	29.2	46.8
Goodwill			75.4
Consideration			122.2
Of which earnout			19.1
Of which cash and cash equivalents transferred			59.4
Acquired cash and cash equivalents			-26.0
Change in group cash and cash equivalents			-33.4

Cortex

On 25 September, Fasadgruppen Norden AB concluded the acquisition of three companies under the brand Cortex: Cortex Facaderens ApS, Cortex Membran ApS and All-Tech ApS. The company was founded in 1991 and is the market leader in façade maintenance and property renovation in Denmark. Cortex also offers a membrane system, where they insert stainless steel moisture barriers in brick foundations to prevent damp damage in the property. The business covers the whole of Denmark with a head office in Hvidovre. The three companies have around 40 employees in total.

Via the acquisition, Fasadgruppen has strengthened its presence in Denmark and thereby its position as the largest façade group in the Nordic region in line with the Group's growth strategy. The acquisition is fully in line with Fasadgruppen's sustainability profile via Cortex's sustainable renovation and environmental remediation services.

Cortex had net sales in 2019 of SEK 55.3 million and EBITA of SEK 9.5 million. The business only made a marginal contribution to the Group's net sales and EBITA in the fourth quarter. If Cortex had been acquired 1 January 2020, the Group's income for 2020 would have increased by SEK 42.2 million and profit for the year would have increased by SEK 8.8 million.

The combined purchase consideration amounted to SEK 73.9 million, of which SEK 25.8 million has been paid via cash and cash equivalents on gaining possession and SEK 25.8 million via shares issued. SEK 22.3 million comprised an earnout. The outcome of the earnout that is dependent on future operating profits achieved by the company 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 three years.

Acquisition costs totalling SEK 0.4 million are recognised as other external costs.

Value according to acquisition analysis – Cortex

SEK million	Book value	Fair value, adjustment	Fair value
Brand	-	5.5	5.5
Right-of-use assets	0.5	-	0.5
Tangible non-current assets	1.8	-	1.8
Inventories	1.1	-	1.1
Trade receivables and other receivables	14.5	-	14.5
Cash and cash equivalents	10.2	-	10.2
Deferred tax liabilities	-	-1.2	-1.2
Lease liabilities	-0.5	-	-0.5
Appropriations	-0.4	-	-0.4
Other liabilities	-11.2	-	-11.2
Accounts payable and other payables	-0.8	-	-0.8
Identifiable net assets	15.2	4.3	19.5
Goodwill			54.4
Consideration			73.9
Of which earnout			22.3
Of which cash and cash equivalents transferred			25.8
Acquired cash and cash equivalents			-10.3
Change in group cash and cash equivalents			-15.5

Fasadrenoveringar Roland Karlsson i Mälardalen

On 20 November, Fasadgruppen Norden AB completed the acquisition of all shares in Fasadrenoveringar Roland Karlsson i Mälardalen AB with subsidiary companies Front RK AB, rapid hyrstillningar AB and SmartFront AB was announced. The company is based in Eskilstuna. The business in Front RK includes façade, balcony and roof work. Via rapid hyrstillningar rental and assembly of façade scaffolding, climbing platforms and weather protection are offered. SmartFront offers a patented ventilation solution that, in connection with renovations of facades, ventilation and windows, can provide substantial energy savings. The companies have about 120 employees and their customers are mainly property owners, construction companies and tenant-owner associations.

Via the acquisition, Fasadgruppen is strengthening its position in Mälardalen, and at the same time the Group as a whole will have the opportunity to expand its sustainability offer as all companies in the Group can gain access to SmartFront, a patented system that offers greater energy savings and at the same time gives Fasadgruppen a unique product on the market.

Fasadrenoveringar Roland Karlsson i Mälardalen's net sales in 2019 amounted to SEK 400.2 million and EBITA amounted to SEK 35.4 million. The business only made a marginal contribution to the Group's net sales and EBITA in the fourth quarter. If Roland Karlsson i Mälardalen had been acquired 1 January 2020, the Group's income for 2020 would have increased by SEK 346.3 million and profit for the year would have increased by SEK 13.1 million.

The combined purchase consideration amounted to million 300.8 million, of which SEK 200.0 million has been paid in cash and cash equivalents on gaining possession and SEK 50.0 million in shares issued. SEK 50.0 million comprises an earnout. The outcome of the earnout that is dependent on future operating profits achieved by the company has been valued via a probability assessment where it is assessed that the agreed amount will be paid no later than in June 2023.

Acquisition costs totalling SEK 0.6 million are recognised as other external costs.

Value according to acquisition analysis

– Fasadrenoveringar Roland Karlsson i Mälardalen

SEK million	Book value	Fair value, adjustment	Fair value
Goodwill	2.8	-2.8	-
Brands	-	49.9	49.9
Customer relationships	-	5.2	5.2
Right-of-use assets	-	18.1	18.1
Tangible non-current assets	19.9	-	19.9
Inventories	0.2	-	0.2
Trade receivables and other receivables	62.3	-	62.3
Cash and cash equivalents	17.2	-	17.2
Appropriations	-1.6	-	-1.6
Lease liabilities	-	-18.1	-18.1
Deferred tax liabilities	-9.7	-11.8	-21.5
Accounts payable and other payables	-43.8	-	-43.8
Other liabilities	-9.4	-	-9.4
Identifiable net assets	37.9	40.5	78.4
Unallocated surplus values			222.4
Consideration			300.8
Of which earnout			50.0
Of which cash and cash equivalents transferred			200.8
Acquired cash and cash equivalents			17.2
Change in group cash and cash equivalents			-183.5

Business combinations 2019

Acquisition analyses

For 2019, the surplus values for the acquisition analysis were allocated to goodwill in their entirety. 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 has an indeterminable usage period and are not depreciated but tested for impairment annually or if such is indicated.

Simtuna Bygg och Betong Teknik AB

On 29 March 2019, Fasadgruppen Norden AB completed the acquisition of all shares in Simtuna Bygg och Betong Teknik AB. The company performs turnkey contracts of all kinds of concrete projects. The operations are conducted in the Greater Stockholm area and are specialised on concrete renovation with a primary focus on balcony work and landing work, as well as renovation of car parks. Through the acquisition, Fasadgruppen strengthens its position in concreting work in Sweden in line with the Group's growth strategy.

Simtuna Bygg och Betong Teknik has around 27 employees and the customer portfolio consists of both public service and private landlords, management companies and tenant owners associations.

Simtuna Bygg & Betongteknik reported a profit of SEK 16.7 million for the nine months from 1 April 2019 to the balance sheet date. If Simtuna Bygg & Betong Teknik had been acquired 1 January 2019, the Group's income for 2019 would have increased by SEK 69.9 million and profit for the year would have increased by SEK 17.6 million.

The combined purchase consideration amounted to SEK 84.6 million, of which SEK 56.4 million has been paid via cash and cash equivalents on gaining possession and SEK 9.6 million via shares issued. SEK 18.6 million comprised an earnout. The outcome of the earnout that is dependent on future operating profits achieved by the company 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 three years.

Acquisition costs of SEK 0.3 million are recognised as other external costs.

Value according to acquisition analysis – Simtuna Bygg och Betong Teknik AB

SEK million	31 Dec 2019
Fair value of transferred consideration	
Amounts settled in cash	30.0
Amounts settled with equity instruments in Fasadgruppen Group AB	9.6
Supplement against promissory note that was settled in 2019	26.4
Earnouts	18.6
Total	84.6
Carrying amount of identifiable net assets	
Tangible non-current assets	7.3
Right-of-use assets	0.3
Total non-current assets	7.7
Inventories	7.3
Trade receivables and other receivables	4.0
Cash and cash equivalents	26.5
Total current assets	37.8
Lease liabilities	-0.3
Accounts payable and other payables	-17.8
Total liabilities	-18.1
Identifiable net assets	27.4
Goodwill upon acquisition	57.2
Transferred cash remuneration	56.4
Acquired cash and cash equivalents	-26.5
Net cash flow upon acquisition	29.9
Acquisition expenses that are expensed in profit or loss	0.3

Acquisition-related expenses of SEK 0.3 million are not included as part of the transferred compensation and have been expensed in the consolidated income statement as part of Other external expenses. Goodwill of SEK 57.2 million is not expected to be tax deductible.

Other acquisitions

In 2019, the subsidiary Fasadgruppen Norden acquired all of the shares in Allti Murning i Karlshamn AB (29 September 2019), Mellansvenska Fasad, Lars Svensson AB (4 July 2019), Fasadteknik i Nyköping AB (5 July 2019), Ume Fasad AB (28 August 2019), Karlplans Plåtslageri AB (9 December 2019) and P Andersen & Søn A/S (11 November 2019). The acquisitions were made to strengthen the Group's position in façade and concrete work, primarily in Sweden, but also in the rest of the Nordic region.

The acquired companies reported total revenues of SEK 268.3 million and a profit of SEK 19.5 million for the 2019 calendar year.

Total liability for earnouts amounted to SEK 28.8 million. The outcome of the earnouts that is dependent on future profits achieved by the company 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 normally three years.

The Group incurred no acquisition-related expenses.

In addition to the acquisitions above, the Group also made a minor asset acquisition of the operation in Åsälvs Mureri AB in September 2019. As a consequence of their size, assets and liabilities are not considered substantial in relation to the Group's financial position and earnings and are not presented below.

Value according to acquisition analysis – Other acquisitions

SEK million	31 Dec 2019
Fair value of transferred consideration	
Amounts settled in cash	37.7
Amounts settled through equity instruments in Fasadgruppen Group AB	23.9
Compensation against promissory note that was settled in 2019	3.1
Compensation against promissory note	10.0
Earnouts	28.8
Supplement on booked earnouts for acquisitions made in 2018	4.2
Total	107.8
Carrying amount of identifiable net assets	
Tangible non-current assets	2.3
Intangible non-current assets	0.1
Right-of-use assets	15.0
Financial non-current assets	0.4
Total non-current assets	17.9
Inventories	1.7
Trade receivables and other receivables	85.9
Cash and cash equivalents	23.4
Total current assets	111.0
Lease liabilities	-14.2
Deferred tax liabilities	-1.0
Accounts payable and other payables	-85.8
Total liabilities	-101.0
Identifiable net assets	27.9
Goodwill upon acquisition	79.9
Transferred cash remuneration	45.0
Acquired cash and cash equivalents	-23.4
Net cash flow upon acquisition	21.6

Fair value of accounts receivable and other receivables acquired as part of the business combination largely amounted to the figure above since reserved amounts for possible bad debt losses in the acquired companies were negligible. Goodwill of SEK 79.9 million is not expected to be tax deductible.

Note 10 Intangible assets

The Group's intangible assets primarily arose through acquisitions of wholly owned companies and are allocated to cash-generating units. The Group's assessment is that the four business areas, BA North, BA East, BA West and BA South 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's companies generate income and cash flows that are greater than the sum of the individual companies if they were to be operated completely independently.

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

Goodwill, brands and customer relationships per business area, SEK million	Group	
	2020	2019
BA North	78.6	29.1
BA East	852.0	311.0
BA West	214.1	102.7
BA South	251.3	191.6
Total	1,396.0	634.3
Exchange rate differences	-4.4	-
Closing accumulated cost	1,391.6	634.3

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

Goodwill, SEK million	Group		Parent Company	
	2020	2019	2020	2019
Opening cost	634.3	497.8	-	-
Purchases	627.9	136.5	-	-
Exchange rate differences	-3.9	-	-	-
Closing accumulated cost	1,258.3	634.3	-	-
Opening amortisation	-	-	-	-
Depreciation/amortisation for the year	-	-	-	-
Closing accumulated depreciation/amortisation	-	-	-	-
Carrying amount	1,258.3	634.3	-	-
Brands, SEK million	2020	2019	2020	2019
Opening cost	-	-	-	-
Purchases	120.2	-	-	-
Exchange rate differences	-0.4	-	-	-
Closing accumulated cost	119.8	-	-	-
Opening amortisation	-	-	-	-
Depreciation/amortisation for the year	-	-	-	-
Exchange rate differences	-	-	-	-
Closing accumulated depreciation/amortisation	-	-	-	-
Carrying amount	119.8	-	-	-
Customer relationships, SEK million	2020	2019	2020	2019
Opening cost	-	-	-	-
Purchases	20.1	-	-	-
Exchange rate differences	0.0	-	-	-
Closing accumulated cost	20.0	-	-	-
Opening amortisation	-	-	-	-
Depreciation/amortisation for the year	-6.5	-	-	-
Exchange rate differences	0.0	-	-	-
Closing accumulated depreciation/amortisation	-6.4	-	-	-
Carrying amount	13.6	-	-	-
Other intangible assets, SEK million	2020	2019	2020	2019
Opening cost	0.8	-	-	-
Purchases	-	0.8	-	-
Acquisitions	0.1	-	-	-
Closing accumulated cost	0.9	0.8	-	-
Opening amortisation	-	-	-	-
Depreciation/amortisation for the year	-0.3	-	-	-
Closing accumulated depreciation/amortisation	-0.3	-	-	-
Carrying amount	0.6	0.8	-	-

Intangible assets are monitored by management at the business-area level, which is also the cash-generating units. 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 2020 and 2019, 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 takes into account all known and reasonably possible changes in the important assumptions made that could lead to a cash-generating unit's carrying amounts exceeding its recoverable amounts and an impairment requirement thereby arising.

The following variables are material and common to all cash-generating units in calculations of the value in use: Sales, the operations' competitiveness, expected economic development for building production, the general economic development, investment plans for public and municipal clients, the interest rate situation and local market conditions. All assumptions are

evaluated and reviewed as necessary. To-date, covid-19 has not had any material impact on the calculation of value in use.

Operating margin: Historic profitability level and efficiency for the operation, access to key personnel and qualified 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 the future development, a reasonable and cautious assumption is that it follows the sales growth.

Investment requirement: The operations' 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 corresponded to the rate of depreciation on tangible assets.

Discount rate: 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 equity is built up according to the Capital Asset Pricing Model. For all business areas, the following applies:

Group	2020	2019
WACC, before tax, %	9.3	10.0
WACC, after tax, %	7.9	9.7
Growth rate during the forecast period (1-5 years), %	10.9	28.1
Growth rate beyond the forecast period, %	2.6	2.6

Implemented sensitivity analyses show that an increase in the discount rate (WACC) by 2% does not entail any impairment requirement for any of the cash-generating units.

Note 11 Tangible assets

Changes in carrying amounts for land and buildings are:

	Group		Parent Company	
	2020	2019	2020	2019
Land and buildings, SEK million				
Opening accumulated cost	6.4	-	-	-
Sales/disposals	-6.4	-	-	-
Purchases through business combinations	0.9	6.4	-	-
Closing accumulated cost	0.9	6.4	-	-
Opening accumulated depreciation/amortisation	-0.1	-	-	-
Sales/disposals	0.1	-	-	-
Depreciation/amortisation for the year	0.0	-0.1	-	-
Closing accumulated depreciation/amortisation	0.0	-0.1	-	-
Carrying amount	0.9	6.3	-	-

Buildings are depreciated over 50 years.

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

	Group		Parent Company	
	2020	2019	2020	2019
Equipment, tools, fixtures and fittings, SEK million				
Opening accumulated cost	26.8	15.9	-	-
Purchases through business combinations	23.0	3.3	-	-
Purchases	5.1	8.9	-	-
Sales/disposals	-4.4	-1.3	-	-
Exchange rate differences	-0.1	-0.1	-	-
Closing accumulated cost	50.4	26.8	-	-
Opening accumulated depreciation/amortisation	-2.7	-0.1	-	-
Sales/disposals	3.1	0.8	-	-
Exchange rate differences	0.0	-	-	-
Depreciation/amortisation for the year	-5.8	-3.5	-	-
Closing accumulated depreciation/amortisation	-5.4	-2.7	-	-
Carrying amount	45.0	24.1	-	-

Note 12 Participations in Group companies

SEK million	Parent Company	
	2020	2019
Opening cost	450.0	450.0
Acquisitions	-	-
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 2020.

The Group's direct and indirect holdings in subsidiaries as of 31 December 2020 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.

Subsidiaries	Corp. ID no.	Domicile	Percentage, % 2020	Percentage, % 2019	Carrying amount
					as of 31 December, SEK million
Fasadgruppen Norden AB	556949-8271	Stockholm	100	100	450.0
STARK Fasadrenovering i Sverige AB	556691-3033	Stockholm	100	100	
V Fasad AB	556861-1924	Stockholm	100	100	
AB Karlssons Fasadrenovering	556656-9603	Stockholm	100	100	
Mälardalens Mur och Puts AB	556599-0248	Enköping	100	100	
Robust Hyrställning i Sverige AB	559108-6185	Stockholm	100	100	
Murpoolen i Skåne AB	556666-0212	Malmö	100	100	
Johns Bygg & Fasad AB	556764-8679	Gothenburg	100	100	
Malmö Mur & Puts AB	556675-5574	Malmö	100	100	
Allt i Murning i Karlshamn AB	556192-4985	Karlshamn	100	100	
Valbo Fasad Entreprenör AB	556296-6258	Gävle	100	100	
Frillesås Mur och Puts Aktieföretag	556351-8025	Varberg	100	100	
Simtuna Bygg och Betong Teknik AB	556332-5975	Enköping	100	100	
Mellansvenska Fasad, Lars Svensson AB	556551-4881	Kumla	100	100	
Fasadteknik i Nyköping AB	556491-4579	Nyköping	100	100	
Ume Fasad AB	559030-5792	Umeå	100	100	
Karlaplans Plåtslageri AB	556115-0326	Stockholm	100	100	
P Andersen & Søn A/S	26475732	Denmark	100	100	
Sterner Stenhus Fasad AB	556736-8740	Stockholm	100	-	
DVS ENTREPRENØR AS	979677863	Norway	100	-	
All-Tech ApS	26764203	Denmark	100	-	
Cortex Facaderens ApS	19373096	Denmark	100	-	
Cortex Membran ApS	28325118	Denmark	100	-	
Roland Karlsson I Mälardalen AB (RKM)	556685-4245	Eskilstuna	100	-	
Front RK AB (subsidiary of RKM)	556518-7506	Eskilstuna	100	-	
SmartFront AB (subsidiary of RKM)	559054-6031	Eskilstuna	100	-	
Rapid Hyrställningar AB (subsidiary of RKM)	556623-3069	Eskilstuna	100	-	
					450.0

Note 13 Financial risk management

Risk management goals and principles

The Group's activities expose it to various financial risks: market risk (extensive interest-rate 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 the business creates. The active finance handling neither provides for nor permits the taking of positions as a purpose in itself to create added value, which means that borrowing and investment for speculative purposes is not permitted.

The overall financial objective 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. The financing activities shall

be conducted in a safe and effective manner without speculative elements and so that adequate security is always maintained. At all times, it is ensured that the Group has cash and cash equivalents to conduct the operating activities. Capital acquisition and capital use shall take place in observation of risk and expenses shall be minimised. The Group shall strive to achieve the best possible terms for payment routines and other financial services.

Risk management is taken care of centrally by the Group's CFO according to the finance policy established by the Board. All external financial transactions are carried out by or coordinated with the CFO. Subsidiaries are not entitled to enter into external financial transactions without it expressly being approved by the Group's CFO. The CFO identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

For the Group's risk management, the following general criteria apply.

- Daily liquidity needs and payment obligations are managed primarily with existing cash assets, bank overdraft facilities and RCF.
- The subsidiaries' cannot raise their own external loans more than as a part of the Group's cash pool.
- Subsidiaries cannot take up bank guarantees.
- Leases concerning vehicles can only be entered into with cooperative partners.
- The Group's consolidated interest exposure has been managed by the Group's CFO.
- CFO reports rolling EBITA and net indebtedness on a monthly basis.
- Subsidiaries report rolling forecasts for cash flow on a weekly basis.
- The refinancing risk is managed by the CFO in cooperation with the Board of Directors.
- Fasadgruppen took out a credit insurance policy to protect against losses in the event of insolvency and unpaid payments that applied to all companies.
- No derivatives can be used except for options in the Parent Company.

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 the operating activities and investment activities.

Currency risk

The majority of the Group's transactions are conducted in SEK. Minor exposures to exchange rate fluctuations may arise from purchases in EUR (transaction exposure) and from Danish and Norwegian subsidiaries with 100% exposure in DKK and NOK, respectively (transaction and balance exposure). The currency exposure primarily consists of a translation exposure at the Group level of the Danish and Norwegian subsidiaries. As the percentage of sales outside Sweden did not amount to more than 6.8%, the translation exposure from the income statement is still low. The balance exposure gave rise to a negative translation impact of SEK 5.5 million (0.7).

Fasadgruppen shall strive to minimise the effect of changed exchange rates on consolidated profit by limiting its exposure to foreign currencies. The companies in the Group shall as a starting point strive for optimal matching between the purchasing and sales currency to minimise the net exposure in a currency. The Group will not use financial instruments in its activities to hedge commercial flows that are exposed to exchange rate fluctuations.

Interest rate risk

Fasadgruppen has the goal that the debt portfolio will carry a variable interest rate unless otherwise specially decided by the Board. The Group's consolidated

interest exposure will be managed by the Group's CFO. Interest-bearing liabilities to creditors carry a variable interest rate and amounted to SEK 645.0 million (496.1) 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. These changes are considered to be reasonable and possible 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 closing date that are sensitive to changes in interest rates. All other variables are kept unchanged.

Group 2020, SEK million	Change, %	Impact on profit/ loss before tax	Impact on share- holders' equity
Interest-bearing liabilities	+/- 1.0	+/- 6.4 (5.0)	+/- 5.1 (3.9)

Credit risk

All companies in the Group shall minimise and prevent their exposure to credit risk linked to accounts receivable towards customers.

The Group takes out credit insurance policies for protection against losses in the event of insolvency and unpaid payments. The credit insurance applies for all companies in the Group and for 12 months with a possibility of an extension. Customers that are exempt from the credit insurance shall be specified in a list that is to be continuously updated.

The credit risk with regard to cash and cash equivalents in banks and bank deposits is managed through diversification of bank deposits and only with large, well-renowned financial institutions. Cash and cash equivalents are covered by the general model for credit checks in IFRS 9. The calculation is based on a probability of default based on the counterparty's rating, a maturity of well-below 12 months and the amount on the balance sheet date. With a short maturity and stable counterparties, the provision is deemed to be entirely immaterial.

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 to receive payment.

Bank guarantees shall 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 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. The expected credit losses are valued with a provision matrix beginning in the 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.

Credit loss reserve, Group:

31 December 2020, SEK million	Not overdue	Overdue < 31 days	Overdue by 31-90 days	Overdue by 91-180 days	Overdue > 180 days	Total
Expected loss level in %	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
31 December 2019, SEK million						
Expected loss level in %	0.6	0.0	4.4	5.7	41.9	1.3
Amount, accounts receivable – gross	100.2	18.1	10.1	3.1	1.3	132.9
Credit loss reserve	-0.6	-	-0.4	-0.2	-0.6	-1.8
Carrying amount, accounts receivable	99.6	18.1	9.7	3.0	0.8	131.1

Around 70% (75) of the Group's accounts receivable were not overdue as of 31 December 2020.

Financing risk**Liquidity risk**

Liquidity risk is the risk that the Group cannot fulfil its obligations. The Group manages liquidity requirements by monitoring planned loan payments for long-term financial liabilities and forecast payments and receipts in the daily operations. The data used to analyse these cash flows agrees with the data used in the analysis of agreed maturities below. The liquidity requirements are monitored in different time spans, daily and weekly, and in a rolling 30-day forecast. Long-term liquidity requirements for a period of 180 days and 360 days are identified monthly. The net requirements in liquidity are compared with available credit facilities to establish the safety margin or possible deficit. This analysis shows that available loan facilities are expected to be adequate during this period.

The Group's goal is to have cash and cash equivalents and saleable securities that meet the liquidity requirements in periods of at least 30 days. This goal was achieved during the financial years. The financing of long-term liquidity needs is also secured by an appropriate amount of granted credit facilities and the possibility of selling long-term financial assets. The Group takes into account expected cash flows from financial assets in the assessment and management of the liquidity risk, primarily access to cash and cash equivalents and accounts receivable. The Group's existing cash reserves and accounts receivable sub-

stantially exceed the current requirements on cash outflows. Cash flows from accounts receivable and other receivables all mature within six months.

Credit facilities, Group:

31 December 2020, SEK million	Nominal	Utilised	Available
Overdraft facilities	30.0	-	30.0
RCM	45.0	45.0	-
Granted borrowing, other	888.0	588.0	300.0
Total borrowing distribution	963.0	633.0	330.0
Available cash and cash equivalents			409.3
Disposable liquidity			739.3

31 December 2019, SEK million	Nominal	Utilised	Available
Overdraft facilities	20.0	-	20.0
Shareholder loan	294.1	294.1	-
Granted borrowing, other	202.0	202.0	-
Total borrowing distribution	516.1	496.1	20.0
Available cash and cash equivalents			48.4
Disposable liquidity			68.4

As of 31 December 2020, the Group's financial liabilities have agreed maturities (including interest payments where applicable) as follows:

Group, SEK million	Current		Non-current		Total
	within 6 months	6-12 months	1-5 years	After 5 years	
Bank loan	101.2	56.1	499.3	-	656.6
Shareholder loan	-	-	-	-	-
Accounts payable and other payables	88.5	10.6	96.8	-	195.9
Total	189.7	66.7	596.1	-	852.5

This can be compared with the maturities on 31 December 2019 for the Group's financial liabilities, which are not derivatives:

Group, SEK million	Current		Non-current		Total
	within 6 months	6-12 months	1-5 years	After 5 years	
Bank loan	64.5	60.9	80.8	-	206.2
Shareholder loan	209.1	-	96.3	-	305.4
Accounts payable and other payables	64.5	3.5	35.7	-	103.7
Total	338.1	64.4	212.8	-	615.3

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 2020, SEK million	Financial assets measured at amortised cost	Financial liabilities measured at amortised 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

Group 2019, SEK million	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount	Fair value	Leasing liability	Total statement of financial position
Assets						
Accounts receivable	131.2		131.2			131.2
Other receivables	59.1		59.1			59.1
Cash and cash equivalents	48.4		48.4			48.4
Total	238.7		238.7			238.7
Liabilities						
Non-current interest-bearing liabilities		199.1	199.1			199.1
Other non-current liabilities					35.8	35.8
Current interest-bearing liabilities		297.0	297.0			297.0
Earnouts				52.6		52.6
Accounts payable		64.5	64.5			64.5
Other liabilities					10.8	10.8
Total		560.6	560.6	52.6	46.7	659.8

Parent Company 2020, SEK million	Financial assets measured at amortised cost	Financial liabilities measured at amortised 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		2.0	2.0			2.0
Liabilities to credit institutions		630.4	630.4			630.4
Total		632.4	632.4			632.4

Parent Company 2019, SEK million	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount	Fair value	Non-financial assets and liabilities	Total statement of financial position
Assets						
Receivables from Group companies	48.6		48.6			48.6
Cash and cash equivalents	2.3		2.3			2.3
Total	50.9		50.9			50.9
Liabilities						
Accounts payable						
Shareholder loan		294.0	294.0			294.0
Liabilities to credit institutions		112.0	112.0			112.0
Total		406.0	406.0			406.0

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 and 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: The 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 piece of material input data is not based on observed market information. For example, unlisted instruments.

Earnouts

Earnouts attributable to business combinations are measured at fair value according to level 3. In all cases, the earnouts are based on either EBIT or EBITDA. Financial liabilities are measured at fair value via the income statement concerning contingent earnouts not yet resolved, and as of 2020-01-01, amounted to SEK 52.6 million. For the period January-December 2020, earnouts of SEK 29.2 million were settled. New additional earnouts from the

acquisitions of DVS Entreprenør A/S, Cortex Facaderens ApS, Cortex Membran ApS, All-Tech ApS and Fasadrenoveringar Roland Karlsson i Mälardalen AB amounted to SEK 91.5 million. At the end of the period, earnouts not yet resolved amounted to SEK 107.5 million. The earnouts are valued using a probability assessment where it has been 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 2020, the values of earnouts yet to be resolved have been revised down by a net SEK 7.5 million. 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.

Changes in contingent earnouts, SEK million

Opening contingent earnouts, 1 Jan 2020	52.6
Contingent earnouts added in 2020	91.5
Contingent earnouts disbursed in 2020	-29.2
Estimated contingent earnouts in 2020	-7.5
Closing contingent earnouts, 31 Dec 2020	107.4

Expected disbursements, SEK million

Expected disbursements in 2021	-10.6
Expected disbursements in 2022 -	-96.9

Note 15 Accounts receivable and other receivables

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Accounts receivable, gross	195.7	133.3	-	-
Reserve for expected credit losses/doubtful receivables	-8.7	-2.1	-	-
Accounts receivable, carrying amount	187.0	131.2	-	-

All amounts are current. The carrying amount net for accounts receivable is considered a reasonable estimate of fair value. Maximum credit exposure amounted to SEK 195.7 million (133.3) as of 31 December 2020.

Impairment losses on accounts receivable amounted to SEK 2.7 million (reversal: 0.1) and SEK 0 million (0) in the Parent Company during the year. The impaired accounts receivable are primarily attributable to business customers with financial difficulties.

Reserves for doubtful receivables are based on the customers' payment history for a period of 24 months before the beginning of the financial year. Historical losses are then adjusted to take into consideration current and

prospective information about factors that can affect the customers' possibilities of paying the receivable.

The reserve for doubtful receivables amounted to SEK 8.7 million at 31 December 2020 (2.1). The change in 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 million	Group		Parent Company	
	2020	2019	2020	2019
Completed but not invoiced performance commitments	72.6	57.5	-	-
Other	2.1	1.6	-	-
Total	74.7	59.1	-	-

Changes in contract assets are due partly to settlement within the 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 million	Group		Parent Company	
	2020	2019	2020	2019
Prepaid leasing expenses	1.1	0.8	-	-
Accrued bonus income	10.9	9.1	-	-
Other prepaid costs and accrued income	6.9	3.2	-	0.3
Total	18.9	13.0	-	0.3

Note 18 Cash, cash equivalents and bank balances

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Cash, cash equivalents and bank balances				
SEK	356.5	46.7	312.3	2.3
NOK	30.5	0.0	-	-
DKK	22.4	1.7	-	-
Total	409.3	48.4	-	-

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.

The capital is comprised of 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 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 ratio is calculated as net debt divided by shareholders' equity. Net debt is calculated as total borrowing (comprising the items short-term borrowing and

long-term borrowing in the Group's balance sheet) less cash and cash and cash equivalents.

Share capital

At the end of 2019, share capital in the Parent Company consists solely of fully paid shares with a nominal value (quotient value) of SEK 1.00/share. All shares carry the same right to dividends and repayment of paid-in capital. Class A shares correspond to 1.0 votes at the Parent Company's General Meeting. Class B shares correspond to 0.1 votes at the Parent Company's General Meeting.

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/share after the share split (20:1) in the fourth quarter of 2020. All shares carry the same right to dividends and repayment of paid-in capital. After a resolution by the Extraordinary General Meeting, all shares were converted to a share class that corresponds to 1.0 votes at the Parent Company's General Meeting.

SEK	31 Dec 2020	31 Dec 2019
Subscribed and paid shares		
At start of year	1,181,775	1,079,620
New share issues	782,744	102,155
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 share issue in connection with IPO	5,000,000	
Subscribed and paid shares at year-end	45,132,480	1,181,775

No. of shares

Prior to the IPO in December 2020, the company's shares were converted to one share class. At 31 December 2020, the number of shares amounted to 45,132,480. At 31 December 2019, the number of shares amounted to 1,181,775 of which 1,000,000 were of Class A and 181,775 shares were of Class B.

Dividends

No dividends were paid in the 2020 or 2019 financial years. For 2020, the Board of Directors proposed a dividend of SEK 0.60 per share to the Annual General Meeting.

Changes in shareholders' equity due to new and offset share issues 2020

Group	Date	No. of shares*	Issue amount, SEK million
New share issue, acquisition	31 Jan 2020	359,940	10.1
New share issue	31 May 2020	2,891,400	75.9
Offset share issue, shareholder loan	31 May 2020	8,126,660	213.3
New share issue, acquisition	30 June 2020	2,408,760	90.5
New share issue, acquisition	22 Sep 2020	739,880	44.5
New share issue, acquisition	25 Sep 2020	378,060	25.8
New share issue, acquisition	19 Nov 2020	750,180	50.0
Redemption of warrants	23 Nov 2020	842,100	12.9
New share issue in connection with listing	9 Dec 2020	5,000,000	288.7
		21,496,980	811.7

*Number of shares adjusted for 20/1 split on 9 December 2020.

Note 20 Provisions

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Warranty provisions	3.2	0.8	-	-
Pension provisions	0.3	-	-	-
Total	3.5	0.8	-	-

Provisions are recognised as current liabilities in the Group.

The carrying amounts for provisions and changes to them are as follows:

Guarantee provisions, SEK million	Group	Parent Company
Opening balance as per 1 January 2020	0.8	-
Acquired provisions	2.6	-
Additional provisions	0.3	-
Utilised provisions	-0.3	-
Reversal of unused provisions	-0.2	-
Closing balance, 31 December 2020	3.2	-
Opening balance as per 1 January 2019	0.7	-
Additional provisions	0.1	-
Closing balance, 31 December 2015	0.8	-

Normally, guarantee claims are settled within 3 to 18 months from start depending on the approaches used in negotiation on the claims. Since 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 0.3 million as of 31 December 2020.

Note 21 Liabilities to credit institutions and shareholder loans

The tables present information on the Group's contractual conditions regarding interest-bearing liabilities to credit institutions and shareholder loans. For more information on Fasadgruppen's exposure to interest-rate risk, please refer to Note 13.

SEK million	2020				2019			
	Nominal interest rate, %	Maturity	Nominal amount	Carrying amount	Nominal interest rate, %	Maturity	Nominal amount	Carrying amount
Non-current liabilities to credit institutions and shareholder loans								
Liabilities to credit institutions facility A1 (SEB) ¹	1.50	14 Nov 2023	383.1	380.7				
Liabilities to credit institutions facility A2 (SEB) ²	1.25	14 Nov 2023	88.0	88.0				
Liabilities to credit institutions, RCF (SEB)	1.50	14 Nov 2023	45.0	45.0				
Liabilities to credit institutions (SEB)					2.00		112.0	112.0
Shareholder loan					2.53		294.0	294.0
Total non-current liabilities to credit institutions and shareholder loans			516.1	513.7			406.0	406.0

SEK million	2020				2019			
	Nominal interest rate, %	Maturity	Nominal amount	Carrying amount	Nominal interest rate, %	Maturity	Nominal amount	Carrying amount
Current liabilities to credit institutions								
Overdraft facilities (several independent credits)		31 Dec 2021	14.4	14.4				
Liabilities to credit institutions facility A1 (SEB) ¹	1.50	31 Dec 2021	116.8	116.8				
Liabilities to credit institutions (SEB)					1.97	17 June 2020	41.0	41.0
Liabilities to credit institutions (SEB)					1.97	6 July 2020	7.4	7.4
Liabilities to credit institutions (SEB)					1.97	6 July 2020	3.1	3.1
Liabilities to credit institutions (SEB)					1.97	19 Oct 2020	14.4	14.4
Liabilities to credit institutions (SEB)					1.97	19 Oct 2020	9.6	9.6
Liabilities to credit institutions (SEB)					1.97	11 Nov 2020	7.0	7.0
Liabilities to credit institutions (SEB)					1.97	9 Dec 2020	7.5	7.5
Total current liabilities to credit institutions			131.2	131.2			90.0	90.0
Total liabilities to credit institutions and shareholder loans			647.4	645.0			496.1	496.1

¹ Repayment of the facility A1 loan shall be made through equal quarterly payments beginning 31 March 2021, which results in annual repayments of 20% on the amount of the outstanding loans. All outstanding loans on facility A1 shall be repaid in full by 14 November 2023.

² Repayment of the facility A2 loan shall be made through equal quarterly payments beginning 14 November 2022, which results in annual repayments of 20% on the amount of the outstanding loans. All outstanding loans on facility A2 shall be repaid in full by 14 November 2023.

In the month of May 2020, shareholder loans amounting to SEK 213.3 million were converted into shareholders' equity via an offset issue. The remaining shareholder loans were repaid in full during the fourth quarter of 2020 and replaced with external financing (SEB). The new external, interest-bearing financing from SEB 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) not exceed a multiple of 3.5 on a pro forma basis. All liabilities to the credit institution SEB were refinanced during the month of November 2020. Initial borrowing costs are allocated to periods and expensed over the duration of the loan.

Note 22 Contract liabilities

Contract liabilities and similar liabilities consist of the following:

SEK million	Group	
	2020	2019
Current liabilities		
Advances from customers for construction contracts	29.8	27.6
Earnouts	10.6	20.9
Social security contributions, VAT and other items	60.0	43.0
Total	100.5	91.5

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

Of the income recognised in 2020, SEK 27.6 million (19.9) includes income included in contract liabilities at the beginning of financial year. The Group primarily has agreements that mean that the assignments are carried out within 12 months.

Note 23 Accrued costs and prepaid income

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Employee-related expenses	94.9	55.5	2.1	-
Accrued interest expenses	1.0	11.1	1.0	7.5
Other	5.2	3.8	0.4	-
Total	101.1	70.4	3.5	7.5

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 million	Group		Parent Company	
	2020	2019	2020	2019
Depreciation, amortisation and impairment of non-financial assets	28.6	13.1	-	-
Financial expenses	3.5	12.5	1.1	-
Capital gain from non-financial items	-5.3	-0.1	-	-
Change in provisions	-10.9	0.3	-	-
Total adjustments	15.9	25.7	1.1	-
Interest received	0.0	0.6	1.4	0.4
Interest paid	-9.7	-5.2	-6.7	-10.0

Changes of the Group's liabilities from financial activities can be classified according to the following:

Group, SEK million	Non-current liabilities	Current liabilities	Leasing liability	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
Earnouts	91.5	-	-	91.5
Assessment of earnout	-4.8	-2.7	-	-7.5
31 December 2020	610.6	131.2	79.0	820.8

Group, SEK million	Non-current liabilities	Current liabilities	Leasing liability	Total
1 January 2019	512.6	-	34.1	546.6
Cash flow				
Repayments	-33.0	-30.6	-8.0	-71.5
Receipts	8.0	47.1	-	55.1
Non-cash flow				
Assumed via acquisitions	-	-	14.5	14.5
Additional leases	-	-	6.1	6.1
Reclassification	-280.4	280.4	-	-
Earnouts	27.7	-	-	27.7
31 December 2019	234.8	297.0	46.7	578.4

Note 25 Pledged securities and contingent liabilities

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Pledged securities				
Company mortgages	78.6	13.7	-	-
Participations in subsidiaries	-	-	-	450.0
Group value of net assets	-	574.4	-	-
Other pledged assets	18.8	1.1	-	-
Total	97.38	589.2	-	450.0
Contingent liabilities				
Guarantee commitment	122.4	3.9	-	-
Other contingent liabilities	-	-	-	-
Total	122.4	3.9	-	-

Pledged assets in the form of company mortgages pertain mainly to credit limits from credit institutions to operating subsidiaries, mainly overdraft facilities. It was possible to negotiate the removal of pledged assets from external primary financing agreements to the Parent Company in connection

with the signing of a new financing agreement in the fourth quarter of 2020. 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	2020
Share premium reserve	844,677,283
Retained earnings	51,007,949
Profit/loss for the year	13,621,832
Total	909,307,064

The Board and the CEO propose that the unappropriated earnings of SEK 909,307,064 be appropriated as follows:

SEK	
To be paid to shareholders as dividends:	
SEK 0.60 per share	27,079,488
To carry forward	882,227,576
Total	909,307,064

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 the equity and liquidity of the Parent Company and Group. The Group's equity/assets ratio is 47.1% before the dividend and 45.9% after the dividend. This is deemed to be a fully adequate equity/assets ratio even considering the upcoming development.

Note 27 Events after the balance sheet date

- Fasadgruppen's subsidiary Frillesås Mur & Puts AB has acquired the operations of Mölnlycke Mur & Puts AB as an asset acquisition. For the 2019/2020 financial year, net sales amounted to approx. SEK 12 million and the number of employees to 11. Fasadgruppen gained possession of the acquisition in January 2020.
- Fasadgruppen has acquired Mjøndalen Mur & Puss AS, one of Norway's largest masonry companies, with a strong market position in Oslo and its environs. The company has 95 full-time employees and generated sales of approx. NOK 180 million in the 2020 financial year. Fasadgruppen gained possession of the acquisition in January 2021.
- Fasadgruppen's subsidiary Johns Bygg & Fasad was contracted by Balder to conduct exterior renovations of the Stjärnhusen in Västra Frölunda. The project comprises 13 buildings and the renovations are scheduled for completion at the beginning of 2022.
- Fasadgruppen's subsidiary Sterner Stenhus Fasad has been contracted by the municipal housing company Haninge Bostäder to renovate four residential buildings in Jordbro that were built in the Million Homes Programme at the end of the 1960s. The project will be under way for two years.
- Fasadgruppen has acquired Bruske/Delér Fönsterrenoveringar AB, a specialist window renovator with operations primarily in Stockholm. The company has 38 full-time employees and generated sales of more than SEK 60 million in the 2020 financial year. Fasadgruppen gained possession of the acquisition in February 2021.
- Fasadgruppen acquired Tello Service Partner AB ("Tello"), a roof service company with a focus on roofing, renovations and painting of roofs. Tello has 22 full-time employees and generated sales of approx. SEK 60 million in the 2020 financial year. Fasadgruppen gained possession of the acquisition in February 2021.
- Fasadgruppen acquired Mur & Puts i Örebro AB ("M&P"), a well-established actor with a strong local connection in Närke. M&P has 18 full-time employees and generated sales of approx. SEK 23 million in the 2020 financial year. Fasadgruppen gained possession of the acquisition in March 2021. Fasadgruppen plans to merge M&P with Mellansvenska Fasad to create a stronger local actor.
- The combined considerations for the acquisitions of all shares in the three companies Mjøndalen Mur & Puss AS, Bruske/Delér Fönsterrenoveringar AB and Tello Service Partner AB amounted to SEK 243.9 million, of which earnings amount to SEK 38.9 million. According to preliminary acquisition analyses, the combined intangible surplus values amount to SEK 190.6 million.

Key performance indicator overview

Net sales, profit and order book	2020	2019	Δ
Net sales, SEK million	1,340.4	1,019.0	31.5%
EBITA, SEK million	133.9	121.3	10.4%
EBITA margin, %	10.0	11.9	-1.9
Adjusted EBITA, SEK million	148.9	129.3	15.1%
Adjusted EBITA margin, %	11.1	12.7	-1.6
Profit/loss before tax, SEK million	114.2	109.2	4.5%
Order book, SEK million	1,021.0	803.0	27.1%
Cash flow	2020	2019	Δ
Operating cash flow, SEK million	155.9	98.2	58.8%
Cash conversion, %	100.0	73.1	26.9
Financial position and return	2020	2019	Δ
Capital employed, SEK million	1,770.5	693.5	155.3%
Return on capital employed, %	10.3	19.3	-9.0
Return on capital employed excluding goodwill etc., %	58.1	184.7	-126.6
Shareholders' equity, SEK million	1,046.5	150.7	594.4%
Return on shareholders' equity, %	15.0	95.6	-80.6
Interest-bearing net debt, SEK million	235.7	447.7	-47.4%
Ratio of net debt to adjusted EBITDA (R12), multiple	1.4	3.1	-1.7
Net debt to equity ratio, %	22.5	297.0	-274.5
Employees	2020	2019	Δ
Number of employees at year-end	812	532	280
Average number of employees	654	519	223
Key data per share	2020	2019	Δ
Earnings before dilution, SEK	2.71	3.81	-1.10
Earnings after dilution, SEK	2.65	3.67	-1.02
Dividend, SEK	0.60	0.00	0.60
Equity before dilution, SEK	31.59	6.68	24.91
Operating cash flow before dilution, SEK	4.71	4.35	0.36
Average no of shares, before dilution	33,124,594	22,552,553	10,572,041
Average no of shares after dilution	33,876,146	23,394,653	10,481,493
Actual no of shares at the end of the period	45,132,480	23,635,500	21,496,980

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 18 May 2021 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 Administration 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, 21 April 2021

Fasadgruppen Group AB

Per Sjöstrand
Chairman of the Board

Ulrika Dellby
Board Member

Tomas Georgiadis
Board Member

Mikael Karlsson
Board Member

Tomas Ståhl
Board Member

Gunilla Öhman
Board Member

Pål Warolin
President and CEO

Our auditors' report was submitted on 22 April 2021
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 2020 - 31 December 2020. The annual accounts and consolidated financial statements of the company are included on pages 41-85 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 2020 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 2020 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 2020, Fasadgruppen concluded acquisitions for a total consideration of SEK 854.2 million.

The reporting of acquisitions entails significant estimates and assessments being 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 2020, Fasadgruppen recognises goodwill in an amount of SEK 1,258.3 million and brands with an indefinite useful life amounting to SEK 119.8 million, which together comprises around 62 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 1-40 and 86-92 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 2020 to 31 December 2020 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 of Directors 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.

A more detailed description of our responsibility for the auditing of the administration can be found on the website of the Swedish Supervisory Board of Public Accountants: www.revisorsinspektionen.se/revisorns-ansvar. This description is a part of the auditors' report.

Deloitte AB was elected Fasadgruppen Group AB's auditor by the General Meeting on 17 June 2020 and has been the company's auditor since 12 June 2018.

Stockholm 22 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 2020 on pages 18-24 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 22 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 2020– 31 December 2020 on pages 30-35 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 22 April 2021

Deloitte AB

Richard Peters

Authorised Public Accountant

Definitions

Fasadgruppen reports key ratios to describe the underlying profitability of the business and to improve comparability. Some of the financial measurements used in the annual report are not defined in IFRS. Fasadgruppen considers these key figures to be relevant for the users of the financial statements as a complement to assess the Group's performance.

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.

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.

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.

EBITA

Earnings before interest and taxes (EBIT) before depreciation of goodwill and brands.

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.

Items affecting comparability*

Items affecting comparability are, property sales, acquisition related costs, costs in association with refinancing, preparatory costs prior to listing and listing costs, restructuring costs and revaluations of earnouts.

Excluding items affecting comparability, makes it easier to compare earnings between periods.

* The definition of items affecting comparability has been adjusted as of the fourth quarter of 2020 to also include revaluations of earnouts. The adjustment has no effect on the comparison periods and has thus not caused any recalculation of comparative figures.

Adjusted EBITDA

EBITDA adjusted for items affecting comparability.

Adjusted EBITDA 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 adjusted EBITA margin is used to measure operating profitability.

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 follow the cash flow from operating activities.

Cash conversion

Cash flow from operating activities as a percentage of EBITDA.

Cash conversion is used to follow how efficiently the Group manages investment activities and working capital.

Order book

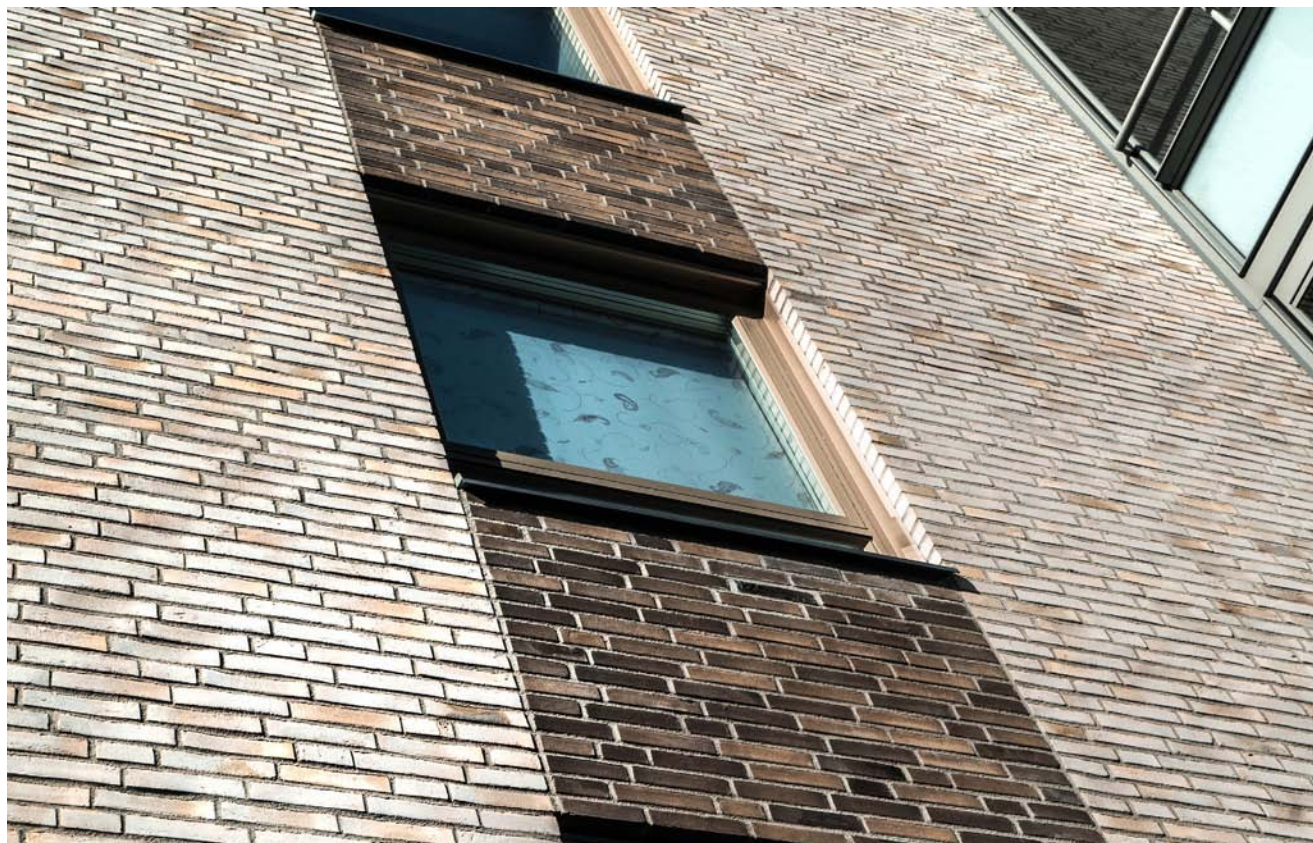
The value of outstanding, not yet accrued project income from orders received at the end of the period.

The order book is an indicator of the Group's outstanding project income from orders already received.

Return on shareholders' equity

Earnings for the period as a percentage of average shareholders' equity, (shareholders' equity at the start and end of the period respectively divided by two). Calculated return during the period annualised by adjusting to a return on an annual basis. The return for the first three months of the year is multiplied by four, the first six months multiplied by two, etc.

Return on shareholders' equity is important for investors who want to be able to compare their investment with alternative investments.



Return on capital employed

Earnings before tax increased by financial costs on an annual basis as a percentage of capital employed (sum of capital employed at the start and end of the period respectively, divided by two). Calculated return during the period annualised by adjusting to a return on an annual basis. The return for the first three months of the year is multiplied by four, the first six months multiplied by two, etc.

Return on capital employed is important to assess profitability on externally financed capital and shareholders' equity.

Return on capital employed, excluding goodwill

Earnings before tax plus financial costs on an annual basis as a percentage of capital employed with deductions for goodwill and other acquisition related intangible non-current assets (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). Calculated return during the period annualised by adjusting to a return on an annual basis. The return for the first three months of the year is multiplied by four, the first six months multiplied by two, etc.

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 the goodwill arising via acquisitions.

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.

Interest-bearing net liabilities

Current and non-current liabilities to credit institutes, bonds and interest-bearing appropriations for pensions minus cash and cash equivalents.

Interest-bearing net liabilities are used as a measure showing the Group's total indebtedness.

Net debt to adjusted EBITDA ratio

Interest-bearing net liabilities at the end of period divided by adjusted EBITDA, for a rolling 12 months.

Net debt to adjusted EBITDA ratio provides an estimate of the Group's ability to reduce its debt. It represents how many of the past 12-month period's adjusted EBITDA it would take to pay back the net debt.

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 short-term investments can be used to pay off debt at short notice, net debt is used instead of gross debt in the calculation.

Fasadgruppen applies the ESMA guidelines on alternative performance measures.

» A reconciliation of alternative performance measures is available at www.fasadgruppen.se

Information to shareholders

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Financial calendar

Reports

Interim report Jan-Mar 2021 18 May 2021

Interim report Apr-Jun 2021 19 August 2021

Interim report Jul-Sept 2021 18 November 2021

Annual General Meeting

2021 Annual General Meeting 18 May 2021

Annual Report 2021

Fasadgruppen will hold its Annual General Meeting on 18 May 2021. With the aim of combating the spread of covid-19, the Board of Directors has decided that the General Meeting will be conducted without the physical presence of shareholders, proxies or outsiders and that the shareholders before the Meeting shall have an opportunity to exercise their voting rights through postal voting in accordance with Sections 20 and 22 of the Act (2020:198) regarding Temporary Exceptions to Facilitate the Implementation of Annual General Meetings in Companies and Associations. Convening notice, instructions for postal voting and other documentation are available on Fasadgruppen's website.

Financial information

Fasadgruppen's financial statements, press releases, share information and other relevant company information are available at www.fasadgruppen.se. Here, there is also a subscription service through which there is a possibility to monitor press releases, financial statements and other current information. All financial statements and press releases are published in both Swedish and English. For the shareholders who would like, Fasadgruppen provides annual reports by post.

NOTE: This English version of the Fasadgruppen Group AB annual report 2020 is a translation of the original Swedish version and is intended for information purposes only. In case of a discrepancy, the Swedish original will prevail.

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