Annual Report and Sustainability Report 2019

Assemblin

CONTENTS

In this section, we describe our operations and what we want to achieve – vision and ambition, market and offering – and how we work. Our five business areas are also presented here.

Our Sustainability Report describes how, by focusing on our thirteen material sustainability topics, we take responsibility and create value in relation to our key stakeholder groups and society at large.

The Board of Directors’ Report and associated statements and notes provide an account of our financial performance during the financial year.

The Corporate Governance Report presents policies and structures for corporate governance in Assemblin. Assemblin’s Board of Directors and Group Management are also presented here.

Assemblin designs, installs and maintains technical systems for air, water and energy — systems you often don't see, but that make buildings work and people comfortable. Installed by skilled, committed employees. Our vision is to create smart and sustainable installations in assignments both large and small. Through close collaboration at the local level and with a strong organisation at our back, we will make this possible.

BUSINESS CONCEPT

We design, install and maintain technical systems for buildings.

MISSION

We use air, energy, and water to make buildings work and make people feel comfortable.

VISION

Smart and sustainable installations.
By people, for people.

2019 was our best year ever. Sales increased while profitability and cash flow were strengthened. We can close the books on a great year, which will help us manage our new challenges.

Mats Johansson, President and CEO – from the comments on pages 6–7

Photo: Anna-Lena Lundqvist

The year in brief

SIGNIFICANT EVENTS DURING THE YEAR

Healthy growth and a record-breaking order backlog

Sales for the full year increased 12.3 per cent to SEK 9,978 million (8,885), of which 8.3 percentage points were organic. A strong order intake enabled an increase of SEK 8,478 million (6,971) in the order backlog at the end of the year.

Improved profitability and strong cash flow

Adjusted EBITA for the full year increased 28.9 per cent to SEK 516 million (401), and the adjusted EBITA margin rose to 5.2 per cent (4.5). Cash flow from operating activities remained strong at SEK 485 million (516).

Strategic acquisitions

Nine operations with aggregate annual sales of over SEK 500 million were acquired in 2019.

Stronger culture and committed employees

Several internal improvement initiatives were carried out in 2019, including a joint safety week and the launch of a new mandatory online course in Assemblin's Code of Conduct. The employee survey for the year showed that employee commitment and satisfaction among the company's employees had increased.

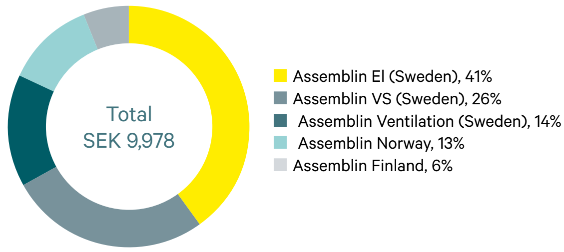
Improved corporate governance

Assemblin's corporate governance and internal control initiatives were updated during the second half of the year.

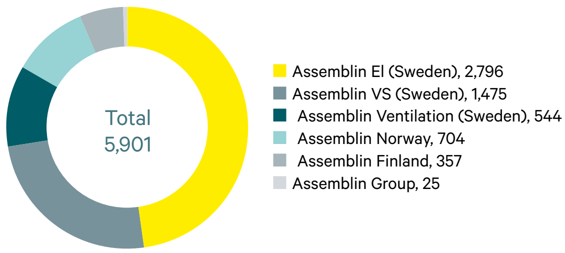
Successful listing of a Eurobond

In December, Assemblin issued senior secured notes of EUR 250 million, which were listed on the International Stock Exchange (Channel Islands) securities market in February 2020.

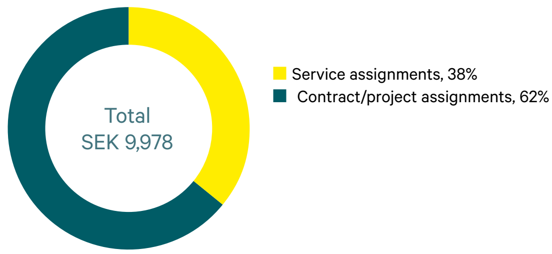
SALES PER BUSINESS AREA

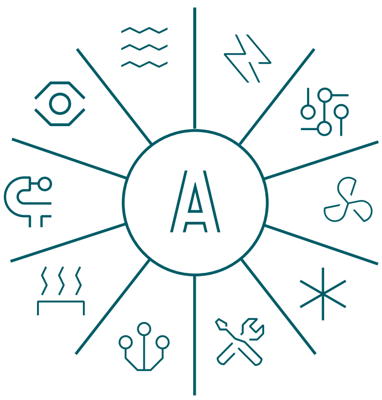


EMPLOYEES PER BUSINESS AREA



SALES PER ASSIGNMENT TYPE





Market leader with end-to-end technical expertise

Electricity, heating and sanitation (VS in Swedish), ventilation and automation are our largest technology areas. In addition, we have a high degree of competence in electrical repair shops and field service, sprinklers, data and telecoms, security, district heating, cooling, instruments and industrial piping.

KEY FIGURES	2019	2018	2017
Net sales, SEK m	9,978	8,885	8,169
Adjusted EBITA*, SEK m	516	401	252
Adjusted EBITA margin*, %	5.2	4.5	3.1
EBITA, SEK m	270	417	210
EBITA margin, %	2.7	4.7	2.6
Order backlog, SEK m	8,478	6,971	6,223
Order intake, SEK m	11,258	9,459	9,899
Average number of employees, FTE	5,901	5,630	5,693

*Adjusted for costs affecting comparability. For definitions, refer to page 102.

This annual report and sustainability report relates to operations in Assemblin Financing AB (publ) Group, corporate ID number 559077-5952.

All amounts are in SEK million unless otherwise indicated. Differences in the totals may occur due to rounding.

Strength in uncertain times

Though the start of 2020 has been a dramatic one, we can take heart in the fact that 2019 was our best year ever. Sales increased while profitability and cash flow were strengthened. Our projects progressed well to our customers' satisfaction. Employee commitment increased, and our brand was strengthened. We can close the books on a great year, which will help us manage our new challenges.

Sustainable value development

Assemblin is to be a responsible operator that adds value from a broad and long-term perspective. By this, we mean that by being an attractive employer and supplier, we will leverage profitable growth with controlled risks and minimal negative impact on the environment and society.

We want to achieve long-term sustainable value development. For a few years now, we have been working on improving our operating model and structure as well as on defining our culture and our brand. This is long-term process, of course, but I am delighted to say that we have now created a clear profile and a business model that we believe in and will drive us forward.

An intense year filled with many internal development projects

With a stable platform and well functioning operations as a foundation, we took the next step in our evolution in 2019. During the year, we implemented several internal improvement projects aimed at making us an even better company. One example I was personally deeply involved with was a package of measures for a stronger safety culture, including a joint safety week in May. In August 2019, we also conducted our first Group-wide employee survey, which showed a high level of satisfaction and commitment among our employees. We are still a relatively young company, but Assemblin's reputation as an exciting and stimulating employer is spreading. In light of our successful sales performance, we have a great need for personnel and during the year we conducted several marketing efforts directed at potential employees – with solid results.

Last but not least, I would like to highlight the review of corporate governance at Assemblin carried out during the financial year, which resulted in a new procedure for internal control, a new procedure for risk management and updated shared policy documents. The results, which will be fully implemented in 2020, are intended to ensure that we work efficiently and with controlled risks in our decentralised environment. These procedures are described in more detail in the *Corporate Governance Report* on page 90.

Increased market share

With a high degree of skills, excellent references and successful marketing activities, Assemblin has enjoyed strong organic growth for several years – and 2019 was no exception. Our sales for the full year increased 12.3 per cent to SEK 9,978 million (8,885), of which 8.8 percentage points were organic growth. Two major assignments – the ventilation assignment for the Stockholm Bypass tunnel project and the multi-tech assignment at the new health care building in the Malmö hospital district – meant that our order intake for 2019 hit record highs. Order backlog at the end of the year was SEK 8,478 million (6,971).

Assemblin is also taking an active part in the ongoing consolidation in the industry, and we are constantly looking for acquisitions that supplement and match our operations. In light of our strong organic growth, however, we are being highly selective in our choices. In 2019, we acquired nine companies in Sweden and Norway with aggregate annual sales of over SEK 500 million. All the acquisitions have been properly integrated into Assemblin and are making positive contributions to our profitability.

With profitability in focus

I am deeply proud of the fact that, while we have grown so successfully, we have also improved our margins and successfully maintained our robust cash flow. Adjusted EBITA for the full year increased a full 28.9 per cent to SEK 516 million (401), which resulted in an adjusted EBITA margin of 5.2 per cent (4.5).

This is good, but we have not yet really reached the levels we are aiming at. That is why we launched a project to improve profitability during the autumn, which included the closure of branches with weak potential and a general reduction in operating expenses. Some of these

Photo: Fond & Fond

activities have meant that we recognised relatively large items affecting comparability in 2019, and thus lower EBITA and EBIT. At the same time, we could note a number of positive effects from this programme at the end of the year, which means that we are on the right track.

Opportunities and risks

We live in a time of great change, which became especially clear in the spring of 2020. In 2019, the biggest global challenges were climate change and the transition to new technology, which we addressed by adopting a new digitalisation and climate strategy. As regards climate change, we conducted a climate change analysis at the end of the year on behalf of our owners, which summarised both the opportunities and the risks in climate change. The analysis, which is summarised in our sustainability report, shows that our operations have a relatively low exposure to climate change and that we have a healthy level of adaptability.

Even if climate challenges on the global level are a major issue, they did not qualify for a place at the top of the list in the business-specific survey we conducted in late 2019 in which Assemblin's major risks were deemed to be changes in the economy, erroneous project risk assessments and deficient cost accounting, planning and implementation (see more on page 44).

A new era of uncertainty

Conditions for everyone changed in the first months of 2020, in conjunction with the spread of and fight against the new Covid-19 virus. To minimise the spread of infection and safeguard our deliveries, we have taken several precautionary measures in line with government recommendations. The effects of Covid-19 cannot yet be quantified, and I am incredibly humbled by the trials we face – but compared with many others, our industry has managed relatively well. Our assignments going forward run for a longer period, we have a healthy order backlog and several of our customers are trying to keep production going. To ensure continued success, it is of course important to be attentive and continually monitor what is happening in order to adapt to new needs and conditions.

Even if uncertainty at the moment is high, I would still like to point out some of the drivers that indicate a growing installation market over the longer term: increased technological saturation, for example, as well as ageing property stock and population growth. The increased focus on climate and energy also entail opportunities for Assemblin over time. Demand for energy-efficient solutions, charging posts and smart, sustainable installation solutions is increasing, and we can of course deliver.

In conclusion

Continuing to strengthen profitability is a top priority also for 2020. We are extremely proud of the project portfolio we have today, and we will do our utmost to manage the confidence our customers show in us in every assignment. In this difficult situation in our society just now, we are firmly determined to fight to keep production up despite a temporary increase in sick leave. Success requires hard work from all of our 5,900 employees. I would like to thank all of you who, day after day, put in impressive efforts and continually show that we can, we want to and that we care – even in these difficult times. You are all fantastic.

And, finally, I would like to welcome our new financial backers. On 6 December, we completed a refinancing through a successful issue of a warrant that was later listed on the International Stock Exchange (Channel Islands) securities market – which means we have a new stakeholder group to manage. We will, of course, do our utmost to exceed your expectations as well.

Stockholm, May 2020

Mats Johansson
President and CEO of Assemblin

A clear itinerary

Assemblin's ambition is to create long-term, sustainable value, which can be achieved using a shared strategic platform and a shared business plan.

Business concept, vision and mission

Everyone has a right to access to water, electricity and a good indoor climate — at work, at home and in public spaces. Efficient, energy-optimised and customised installation solutions designed from a life-cycle perspective, with a minimal environmental impact. Smart and sustainable installations — by people, for people. That is our vision, and that is what we want to achieve in all our assignments.

Our mission describes the purpose of our operations and what drives us forward. Our mission is as strong as it is simple: using air, energy and water, to make buildings work and people feel comfortable. Our work can improve daily life for millions, and that is what motivates us.

Our business idea describes what we do and what we know how to do: design, install and maintain technical systems for various types of buildings. Through our aggregate competence in various areas of technology, we can take responsibility for all technical installations from a life-cycle perspective — from design, planning and installation to routine operation and maintenance.

High ambitions

Assemblin intends to be the best installation company in the Nordic region. We start from being a responsible player that adds value with regard to not only all our most important stakeholders, but also to society as a whole.

Our overall ambitions are:

- to deliver stable, profitable growth with controlled risk
- to be our customers' first choice when selecting an installation partner
- to be perceived as the most attractive employer in the industry
- to pursue sustainable operations with minimal negative impact on the environment and society

Read more about our value-creating business model and work in relation to our primary stakeholders in our *Sustainability Report*.

Strategies, business plan and budget

Assemblin's vision and overall ambition form the foundation of the company's strategy in the areas seen as particularly important for ensuring continued success. Assemblin also works based on a shared business plan adopted by the Board of Directors. The current business plan was prepared in 2018 and is divided into three areas: employees, market and efficiency.

Operational governance takes place through annual budgets and action plans. The budget is set for the Group and for each business area, and is then broken down and supplemented with local action plans for each region and division/branch. The budget is ultimately established by the Board and then monitored on a monthly basis against actual outcomes. Two updated forecasts are also issued during the year.

SHARED VALUES

Our values form the foundation of Assemblin's culture and identity, and describe our shared approach. Our values are designed to guide individual employees in their daily work while supporting our mission and vision.

With the right skills, experience and equipment, we can do our job with pride. In this way, we all help to make our customers happy.

Our dedication and curiosity drive us forward. By constantly improving ourselves and our operations, we create smart and sustainable solutions for our customers.

Together, we do our work with the utmost respect for one another and our customers. We take responsibility for the environment and society around us.

STRATEGIES FOR SUCCESS

Customer and market strategy

Assemblin is to have a complete offering and market-leading know-how in its largest technological areas. We strive for a strong local presence with a position as market leader in selected locations in Sweden, Norway and Finland. We want a broad customer base, with the capacity to manage both small installation assignments and large, complex multi-tech assignments. For stability, we also strive for a balanced mix of project and service assignments.

Acquisition strategy

Assemblin is actively looking for companies that supplement our operations geographically or technologically. The most important selection criteria are documented earning capacity and an organisational and cultural match. The objective is to find companies that can be quickly integrated into Assemblin's operations and make a positive contribution to earnings. We work based on a clearly defined acquisition and integration process.

Operational strategy

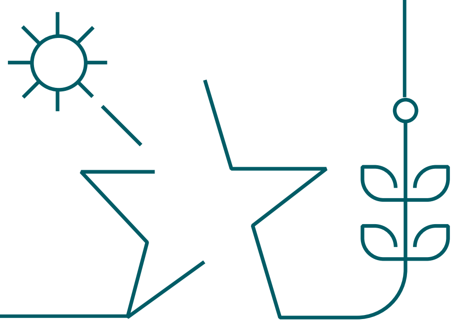
With the insight that most installation assignments are local, and in order to ensure market-leading know-how, Assemblin has a firmly decentralised and technology-oriented organisation. However, to leverage economies of scale, minimise risks and ensure efficiency and a sound culture, there is a clearly defined Group-wide platform based on a framework of shared values, policies and guiding principles.

Climate strategy

Assemblin must keep pace with the transition in its business environment to a carbon-neutral society. Over time, we will minimise fossil-based sources of energy in heating our premises as well as fossil fuel for our vehicle fleet, and minimise products that use fossil-based materials. We will also actively make use of the opportunities that arise in climate adaptation by offering climate-smart products and solutions from a life-cycle perspective.

Digitalisation strategy

Assemblin will make use of the opportunities in new technology, primarily for the purpose of improving the customer experience and/or increasing efficiency. This means that our core business (contract and service assignments), our operations and our employees' work day are central starting points in Assemblin's digital transformation. We are following developments carefully and are open to collaborating with other players in our innovation ecosystem.

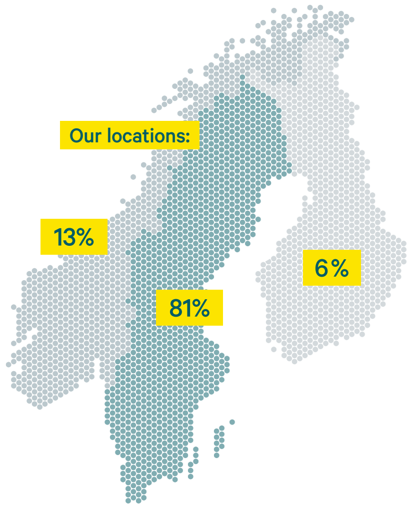


MONITORING OF OVERALL AMBITIONS

Group-wide ambition	Key performance indicators (KPIs)	Outcome 2019	Outcome 2018	Trend
Deliver stable, profitable growth with controlled risk	• Adjusted EBITA margin, % • Stable growth, % • Robust cash generation, %	5.2 12.3 101	4.5 8.8 132	Positive Positive Stable
Our customers' preferred partner	• Increased market share in selected locations in Sweden, Norway, Finland, %	4.40	3.91	Positive
The most attractive employer in our industry	• Decreased accident frequency (IF rate) • Increased commitment index • Increased Net Promotion Score (NPS)	7.6 76 18	9.9 n.d. n.d.	Positive Positive* Positive*
Pursue sustainable operations with minimal negative impact on the environment and society	• Reduced carbon emissions from own operations (scopes 1 and 2 and part of scope 3, business travel), kg/FTE	1,632	1,728**	Positive

* Increased earnings compared with previous surveys conducted in parts of our operations on different occasions, which is why aggregate information for 2018 cannot be presented.

** Assignments for 2018 are pro forma in which we estimated emissions from vehicles in the same manner as for 2019 – more on this in our reporting of key sustainability figures on page 38.



A market with potential

Growth in the Nordic installation and service market has been healthy for several years, driven by a number of positive underlying trends.

Market and trends

The installation markets in Sweden, Norway and Finland are estimated at approximately SEK 227 billion, and have enjoyed robust growth for several years. The trends in the installation market correlate strongly with the trends in the construction market, with a certain amount of lag. Reduced housing construction in certain regions since 2017 has negatively impacted the Nordic construction and installation industry, which has however been largely offset by increased public investments, primarily in major infrastructure projects, hospitals and schools. Industrial investments have also increased. In addition, increasing interest in enhancements to energy efficiency have proven favourable to the installation industry.

Assemblin's assignment portfolio has a large and growing share of service assignments that counteract the sensitivity to changes in the construction business cycle. The RCE and service markets are relatively unaffected by the business cycle, and have enjoyed stable growth for several years. In early 2020, the global economy was impacted by measures taken to reduce the spread of the Covid-19 virus, which meant that the future market forecast is highly uncertain, even if the underlying trend is positive.

Large and small customers provide stability

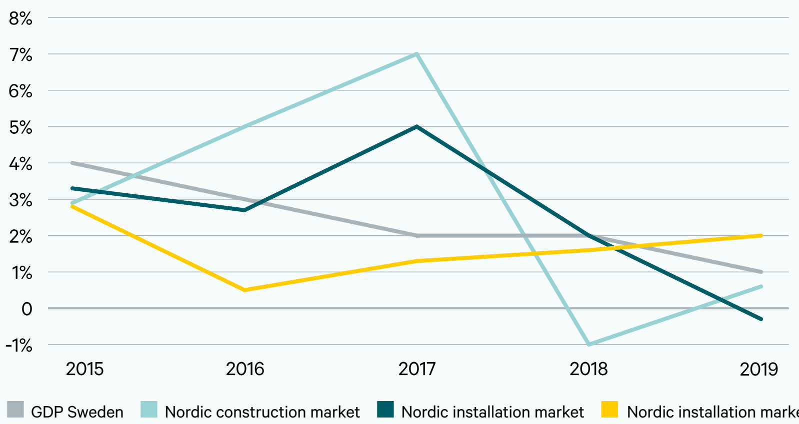
Assemblin performs installation and service assignments for over 20,000 customers, large and small, in various industries. Our customer base is broad, and includes construction companies, property owners and property managers, industrial and energy companies, the public sector, small companies and – to some extent – private individuals. Compared to other installation companies, Assemblin's exposure to the housing market is relatively low. The category in Assemblin's customer portfolio that grew the most in 2019 was public sector projects. At the same time, a large share of Assemblin's sales still comes from numerous small, local projects. They create a stable flow, balancing the more uneven flow of large assignments.

A stronger market position

The Nordic installation and service market is local and fragmented. There are approximately 25,000 installation companies in the Nordic region. The majority are small and privately owned, and often specialise in an individual technology segment in a small geographical area. These are Assemblin's main competitors. At the Nordic and national level, there are only a few installation companies with the capacity to manage major, complex multi-tech assignments.

Local market presence is entirely decisive in competing for the smaller assignments. Assemblin strives to be the first or second largest in strategic locations. In 2019, Assemblin strengthened its market position across the entire Nordic region.

RATE OF GROWTH, 2015–2019



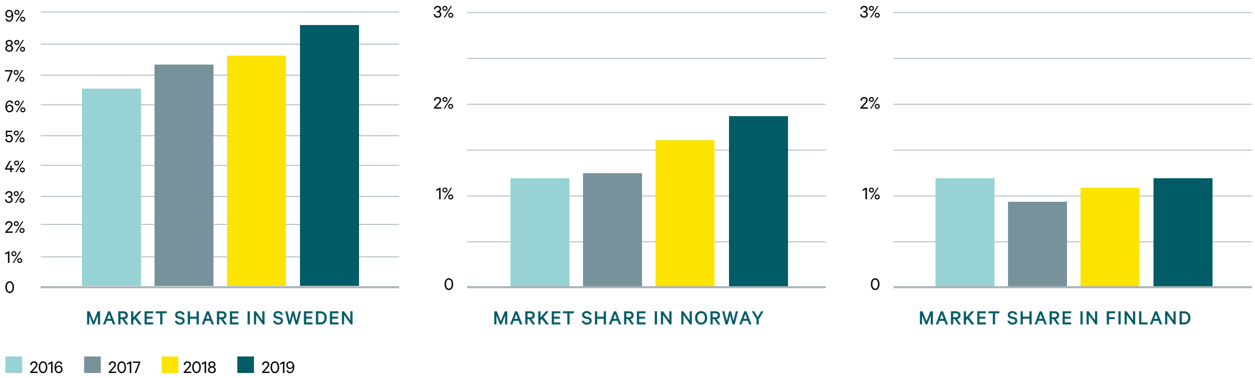
The installation market corresponds strongly with the construction market. In the period from 2015 to 2019, the average rate of growth on the construction market lay just under 3 per cent, which is slightly higher than the installation market average of 2.5 per cent.

There was a clear slowdown in the construction market in 2018, primarily in new housing construction, which to some extent also impacted the installation market but not to the same extent.

The Nordic RCE and service markets are relatively unaffected by the business cycle, and reported a stable performance during the period. The forecast for growth in early 2020 was positive, but the consequences of the spread of and fight against covid-19 have made the short-term outlooks uncertain.

Source: Prognoscentret AB, January 2020

MARKET SHARES, 2016–2019



Assemblin's customer and market strategy is to have a strong local presence with a position as market leader in selected locations in Sweden, Norway and Finland. Since 2016, Assemblin's market share has grown in several locations in all countries. At year end, Assemblin's total market share was 4.40 per cent (3.91).

UNDERLYING TRENDS AND DRIVERS

Increased technological density and digital transformation
Modern properties and industrial facilities are becoming increasingly tech-heavy and connected, which requires more advanced property technology systems. Some of the larger areas of development in focus within the industry are automation, the Internet of Things (IoT), building information modelling (BIM) systems, robotics, artificial intelligence (AI) and, to a certain extent, augmented reality (AR).

Population increase and new needs
The population in the Nordic countries is growing, and growing older – which creates new housing needs. At present, the pressure is greatest for smaller, less expensive housing for young people and economically less stable groups. Solutions such as industrially manufactured housing can be a solution here, which places new demands on installations. A growing population also places requirements on more efficient and modernised hospitals, schools and transport systems.

Partnering projects and multi-tech procurements
Partnering is becoming a more frequent approach in the Nordic countries. The increased need in the public sector for investment means that interest in public-private partnerships – privately financed public projects – is increasing. This places demands on increased responsibility and in-depth collaborations among all parties involved.

Greater need for renovations
The existing property stock is becoming antiquated, and large portions need to be renovated and upgraded to current standards. This often places demands for adapting installations.

Climate change and the energy issue
Climate challenges and tightened legislation mean increased demands for environmentally effective and energy-efficient solutions. At present, several development projects are under way aimed at a more climate-smart production process for long-term sustainable buildings. At the same time, the power grid and fossil fuel-free sources of energy are expanding, as is the need for charging poles.

Examples of exciting assignments

Illustration: White

Illustration: Tirsén & Aili Arkitekter

Illustration: Kraftstaden/Serneke/Contekton

Illustration: Falugruppen

1

FLEXIBLE MEDICAL CARE PREMISES

A unique installation contractor group of which Assemblin is a part, has been given responsibility for all installations at the new health care building in the Malmö hospital district. In close collaboration with the client, Skanska, and the building contractor, Region Skåne, we have created sustainable solutions for modern and flexible medical care premises.

2

KIRUNA'S NEW CITY CENTRE

Assemblin is responsible for all the installations in the construction of three new city blocks in the new Kiruna town centre. This includes deliveries of electricity, heating, sanitation, ventilation and property automation. The new construction covers a total of 69,000 square metres with housing, commercial properties and an underground car park.

3

BUILDING 103 AT INNOVATUM

One of the latest construction projects in the exciting Innovatum development area in Trollhättan is Building 103, a seven-storey office property. Assemblin is responsible for planning and installing all electrical installations at this site. The assignment also includes installations for automation, security, data and telecommunications.

4

COORDINATED INSTALLATIONS

Assemblin is responsible for installations concerning heating, sanitation, ventilation and automation in the construction of a full-service car dealership for Rolf Ericson Bil in Falun. One of the reasons Assemblin was chosen was the possibility of offering co-ordinated installations in various areas of technology.

An end-to-end installation and service partner

We make properties, facilities and industries work through smart, sustainable installation solutions designed by the industry's best and most committed employees.

The property's best friend

Assemblin is a committed installation and service partner that is passionate about finding the optimal solutions in each assignment. We have a great deal of experience in various types of contracts, and can make contributions throughout the entire process from idea to complete installation. We carry out both simple and complex installations in conjunction with new construction or renovation.

In addition to installation assignments, we also deliver service for installations in existing buildings and facilities. We have dedicated service operations that work at both national and local level.

Our assignments are adapted to our customers' needs and desires but the objective is, together with our clients, to design and maintain energy-efficient, stable and environmentally friendly property technology solutions optimised from a life-cycle perspective. This creates value for our customers through reduced energy and operating costs, increased operating stability, a better indoor climate and well-managed buildings.

Local commitment combined with economies of scale

In all our assignments, we take far-reaching responsibility for function, quality and efficiency, and work safely in accordance with proven methods. Our customer surveys show that we distinguish ourselves through a high degree of skill, excellent accessibility and being flexible and easy to work with.

Our operations are conducted locally while we have the muscles needed to guarantee our customers the best, most innovative solutions. We routinely monitor market trends, stay updated on the latest technology and have thorough knowledge of new legal requirements, standards, materials and methods.

Customers and assignments

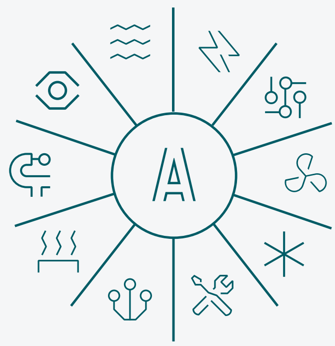
Assemblin has a diverse customer base with over 20,000 large and small customers. Among the larger clients are construction companies, the public sector, property owners and industrial companies. We have experience with various types of buildings, for example residential and office properties, shopping centres, hotels and restaurants, logistics facilities, parking areas, travel centres and stations as well as exhibition and conference halls. We also have documented experience in premises for sensitive operations and complicated infrastructure projects.

Contract/project assignments

Our installation assignments can run anywhere from a few months up to several years depending on scope. The contracts are often for fixed amounts, with the possibility of price adjustments if conditions change. Large, complex projects are more frequently carried out as partner contracts, in which several parties collaborate throughout the entire construction process. In these assignments, the partners assume joint responsibility for achieving the project's goals, reducing costs and enhancing efficiency and quality. Over the last few years, Assemblin has taken part in a large number of partnering assignments.

Service assignments

Service assignments often run for several years, either as a framework agreement (in which assignments are bid on and invoiced on an open account basis) or as an operation and maintenance agreement in which the volumes agreed on are invoiced in advance. Our service assignments often include routine maintenance, emergency measures and minor conversions.



FOCUS ON TECHNICAL EXPERTISE

Assemblin has market-leading expertise in several areas of technology, the largest of which include electricity, heating, sanitation, ventilation and automation. In addition, we are leading experts in sprinklers, data & telcom, security, district heating, cooling, and industrial piping as well as electrical repair shops and field service. We will gladly collaborate in multi-tech assignments, and assignments both large and small.

Well structured operations and healthy culture

Our operating activities are decentralised and governed through a shared platform, clear allocation of responsibilities and structured monitoring.

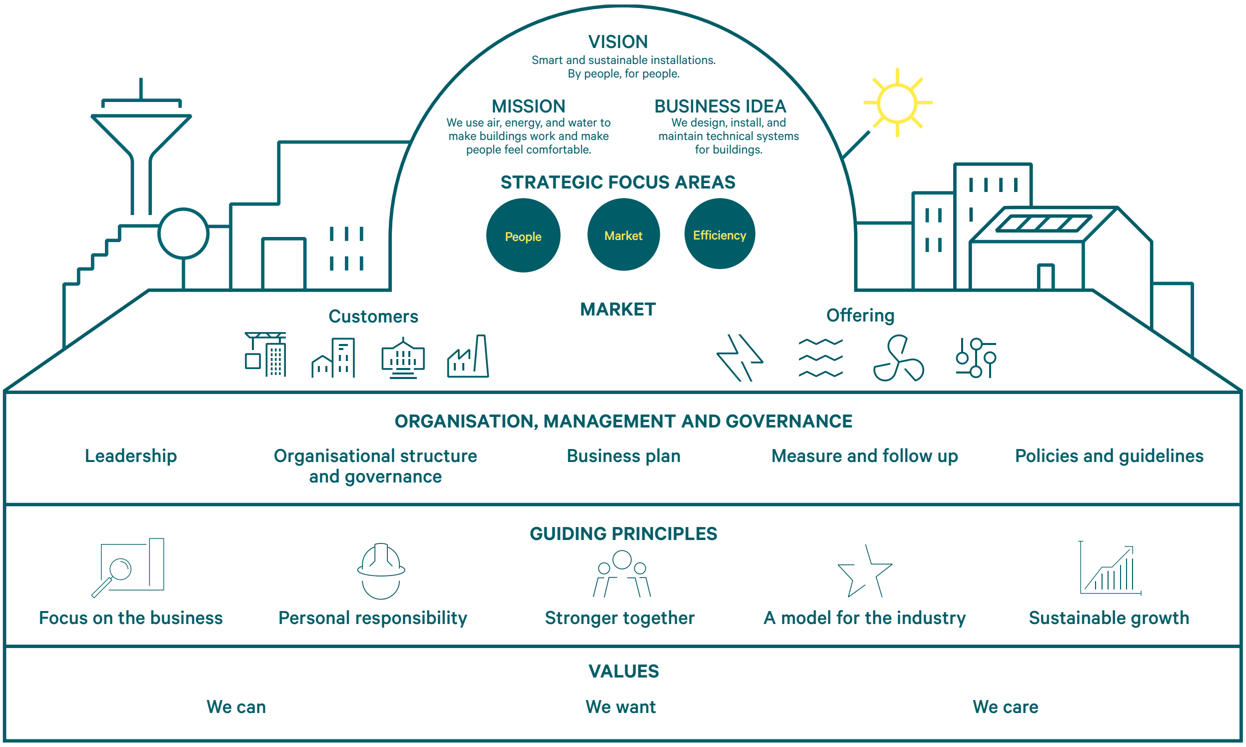
Operating organisation

Operations at Assemblin are decentralised, which is a strategic choice based on the insight that installation business is often conducted locally. Assemblin's operations are divided into five business areas focusing on technology and country, then into geographical regions and finally into branches and divisions. The natural starting point for Assemblin's operations are the local branches and divisions, which are responsible for earnings, staff, sales and customer relations.

As support for the local branch or division, there are specialist functions at the regional or business area level, and to some extent at Group level as well. There are shared Group functions for accounting and finance, legal, communication and sustainability, and IT as well as risk and internal control. Other important issues such as purchasing, HR, business and operations development and digitalisation are coordinated through special forums that report to Group Management.

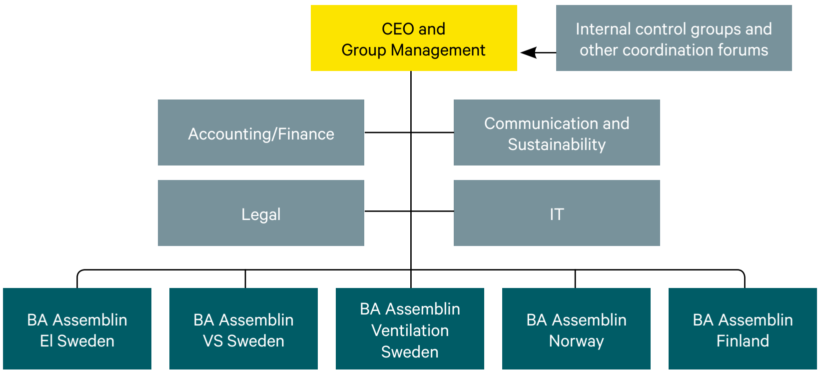
Group Management and management teams

In addition to the President and CEO and the five Business Area Managers, Group



Assemblin's framework summarises what the company's business areas have in common. The objective is to make use of the power in decentralised contractor operations while ensuring efficiency, economies of scale and a sound corporate culture that does not compromise on ethical principles.

OPERATING ORGANISATION



Assemblin's operations are decentralised; responsibility for earnings, personnel, sales and customer relations lies with the local divisions and branches.

Management includes the Group's CFO and the Head of Communications and Sustainability. The responsibilities and activities of Group Management are described in the separate *Corporate Governance Report*, which also contains a more detailed presentation of its members.

The Business Area Managers, together with their management groups, are responsible for operations and earnings in their respective organisations.

Operational governance and monitoring

Responsibilities and authority in the Group's operating organisation are decentralised in accordance with a clear delegation policy. Operations are monitored through a structured reporting and control system. To elucidate what the business areas have in common, Assemblin has defined a shared framework. An important part of this framework is Assemblin's Group-wide policies and instructions, which describe a minimum standard for all operations in crucial areas such as business ethics, bribery and corruption, information security and communication. A comprehensive review and update of all Group-wide policy documents was carried out in 2019. There may be local, more thoroughgoing policy documents as a supplement to the Group-wide policy documents.

Assemblin's operational procedures and processes are specific to each business area. All policy documents and procedures, with the associated tools and systems, are available to employees on the company intranet. More on Assemblin's corporate governance can be found in the *Corporate Governance Report*.

Another important governance tool is the Group's three-year business plan, as well as the annual budgets and action plans. More information can be found in *Vision and strategies*.

Culture and values

Working methods in Assemblin's decentralised operations differ both within and among the business areas. We have a few vital cornerstones in common, however: our shared values and ethical approach, as well as our guiding principles. These form the foundation of all our work and of how we act towards our customers and one another. Our ethical approach is described in our Group-wide Code of Conduct. To ensure that all employees are familiar with and understand the contents of the Code of Conduct, an online course that is mandatory for all employees at Assemblin was developed in 2019.

Leadership is a success factor

Our managers are entirely crucial to creating a healthy working climate where people are satisfied, can work together, take initiatives and take Assemblin forward. Recruiting and retaining the right managers is therefore an important area of focus. As support for this work, a shared leadership model describing the characteristics that distinguish a successful Assemblin manager was developed in 2019. A second round of the qualified leadership development programme for young people with potential was also conducted during the year, with excellent results. The programme was developed in partnership with the Stockholm School of Economics.

GUIDING PRINCIPLES

Business in focus

All our work starts with our customers and assignments, and we proudly solve their problems with a solution-oriented approach — on time, with the promised quality.

Personal responsibility

We are responsible for our work tasks, our safety and our personal development.

Stronger together

We help and support each other. Together, we are the best we can be.

An example in the industry

We will be an example as regards work environment, sustainability and profitability. We will be a company that others are impressed by, want to work with and work for.

Long-term growth

With proximity to the markets and sensitivity to the business environment, we create conditions for organic growth that we supplement with acquisitions.

With a stable platform and well functioning operations as a foundation, we took the next step in our evolution in 2019.

Mats Johansson, President and CEO – from the comments on pages 6–7

Photo: Anna-Lena Lundqvist

Fredrik Allthin, President and
Business Area Manager for Assemblin El

Assemblin El

"Owing to our active work with committed leadership, we now have fantastic, focused teamwork in Assemblin El. This has resulted in continual growth and margin improvements, which is a priority even in 2020."

Operations

Assemblin El has extensive experience in installation and service, primarily in electricity as well as property and industrial automation, but also in safety and industrial service. The business area also has its own electrical repair shops with sales, service and repairs. The business area is organised into ten regions and 60 branches, with operations in 66 locations around Sweden. The main office is located in Stockholm. Its operations are ISO 9001 and 14001 certified.

The project portfolio consists of a number of large and small assignments in various types of buildings, especially sensitive environments such as hospitals, public swimming pools and industrial buildings. In its market, Assemblin El has distinguished itself through its qualified planning skills and experience in complex projects. The two largest ongoing projects are the electricity and automation assignments at the new medical care building in the Malmö hospital district, and the ESS research facility (both on behalf of Skanska). Other ongoing major projects include parts of the urban renewal in Kiruna (on behalf of Nåiden Bygg), the terminal project at Landvetter airport and the renovation and new construction in the Älvsborg Psychiatric Clinic (on behalf of Västfastigheter and others).

The share of services increased during the year. The larger service contracts include the assignments at Nya Karolinska Hospital, the Swedish Defence Materiel Administration, Akademiska hus and a number of nuclear power stations and industrial companies.

Trends in 2019

Sales for the full year increased 15.6 per cent to SEK 4,151 million (3,592), which makes Assemblin El one of Sweden's leading electricity companies. Growth in 2019 was primarily organic. Norrlands Industrimontage AB (NIAB), with operations in the Sundsvall region and annual sales of approximately SEK 50 million, was acquired in January.

Order intake was strong at SEK 4,507 million (4,214) and comprised small and medium-sized projects and service assignments. Order backlog at year end amounted to SEK 3,029 million (2,590).

Adjusted EBITA for the full year increased 34.3 per cent to SEK 222 million (165), and the adjusted EBITA margin rose to 5.3 per cent (4.6).

Development projects completed in 2019 in addition to the programme to improve profitability include a major wholesaler procurement, automation of the planning and production process for Assemblin Automation, new establishments in Nyköping and Växjö, and continued training initiatives. To safeguard the need for competence, Assemblin El also recruited 111 new apprentices.

Assemblin El is the preferred partner for telecommunications security systems at seven airports in Sweden through a new framework agreement with Swedavia. The four-year agreement has an estimated value of approximately SEK 130 million, with an option for a four-year extension. This covers services such as access control and break-in alarm systems, electromechanical locks and CCTV.

Photo: Daniel Nilsson

KEY FIGURES	2019	2018	2017
Net sales, SEK m	4,151	3,592	3,560
Adjusted EBITA*, SEK m	222	165	103
Adjusted EBITA margin*, %	5.3	4.6	2.9
Order backlog, SEK m	3,029	2,590	2,026
Order intake, SEK m	4,507	4,214	4,128
Average number of employees, FTE	2,796	2,754	2,936
Share of service assignments, %	46	48	45

* Adjusted for items affecting comparability. For definitions, refer to page 102.

Andreas Aristiadis, President and Business Area Manager for Assemblin VS

Assemblin VS

"Our operations are functioning well, and I am proud of the tremendous amount of job satisfaction and faith in the future among our employees. For the coming year, we will be focusing particularly on enhancing efficiency at every stage."

Operations

Assemblin VS has market-leading competence and authority in heating and sanitation, as well as cooling, sprinklers and industrial piping. Operations are conducted through 45 branches in five regions and 50 locations in Sweden, with the main office located in Stockholm. 25 per cent of the operations are ISO 9001, ISO 14001, and OHSAS 18001/ISO 45001 certified.

Over the last few years, Assemblin VS has established itself as one of Sweden's leading heating and sanitation companies, with a high degree of expertise and tremendous capacity. Its project portfolio contains a good mix of small, medium-sized and large assignments. The largest ongoing projects are the new medical care building in Malmö's hospital district (on behalf of Skanska), a new production facility for Scania Södertälje (on behalf of Skanska), the new main office for Geely in Gothenburg (on behalf of Bra Bygg) and city blocks 7, 8 and 9 in the new Kiruna town centre (on behalf of Nåiden Bygg).

The share of service assignments – primarily in sprinklers – continued to grow during the financial year, totalling 35 per cent (33) at year end.

Trends in 2019

Assemblin VS leveraged growth in 2019, driven by both completed acquisitions and organic growth. For the full year, net sales increased 10.7 per cent to SEK 2,642 million (2,388). Acquisitions included Värmesvets Entreprenad i Eslöv AB, Industri- och Värmemontage Werme AB and KP Svets & Smide AB. The companies acquired have combined annual sales of approximately SEK 190 million. Order intake was SEK 3,007 million (2,606) and comprised small and medium-sized projects and service assignments. Order backlog at the end of the period increased to SEK 2,005 million (1,602).

Adjusted EBITA for the full year increased 30.9 per cent to SEK 139 million (107), and the adjusted EBITA margin rose to 5.3 per cent (4.5). The improvement compared with the preceding year is due to measures taken to improve profitability, as well as acquisitions.

In 2019, Assemblin VS focused on the work environment and safety. There is a well developed training programme in the operations, and employee satisfaction is high. The operations have also started an initiative in online sales that was expanded during the year.

Assemblin played a central role in the construction of the clean-tech company CirChem's unique facility for purifying mixtures of chemical solvents, which was inaugurated in Vänersborg in 2019. The facility was constructed in partnership with Assemblin, which was also procured as a package deal contractor. Mixtures of chemical solvents that were previously incinerated are purified and recycled here, which yields major environmental benefits. At full operation under the current environmental permits, this entails an annual reduction of 10,000 tonnes of carbon emissions.

Photo: Maria Västlund

KEY FIGURES	2019	2018	2017
Net sales, SEK m	2,642	2,388	2,258
Adjusted EBITA*, SEK m	139	107	64
Adjusted EBITA margin*, %	5.3	4.5	2.8
Order backlog, SEK m	2,005	1,602	1,381
Order intake, SEK m	3,007	2,606	2,374
Average number of employees, FTE	1,475	1,428	1,385
Share of service assignments, %	35	33	31

* Adjusted for items affecting comparability. For definitions, refer to page 102.

Assemblin Ventilation

"Satisfied employees and satisfied customers are a crucial explanation for our growth and our record high order backlog. In 2020, we will continue to develop our operations and improve our performance, from planning to installation and after-sales service."

Håkan Ekvall, President and Business Area Manager for Assemblin Ventilation

Operations

Assemblin Ventilation is Sweden's largest ventilation operation, with extensive experience in ventilation and cooling installation and service in medium-size to large assignments. Operations are conducted in 19 locations in Sweden, divided into five regions, with the head office in Malmö. All locations have qualified planning expertise. In Malmö and Linköping, there are also proprietary production units for manufacturing rectangular channel systems. This is something that distinguishes Assemblin Ventilation from its competitors, and that ensures control and efficiency in our installation projects, from planning to finished solution.

The project portfolio consists of a number of large projects as well as a large number of smaller projects. The large ongoing projects include the new medical care building in Malmö's hospital district (on behalf of Skanska), tunnel construction in the Stockholm Bypass project (on behalf of the Swedish Transport Administration), parts of the Kiruna urban renewal project (on behalf of Nåiden Bygg) and the ESS research facility outside Lund (on behalf of Skanska).

The service portion has increased over the past few years, and larger assignments include SAAB in Linköping, Wihlborgs Fastigheter and Scania Södertälje.

Trends in 2019

Net sales in 2019 increased to SEK 1,367 million (1,317). Order intake was strong and amounted to SEK 1,956 million (1,204), which enabled an order backlog at the end of the period totalling SEK 1,805 million (1,338).

Assemblin Ventilation has a number of large projects in the early stages, which has a temporary negative impact on profitability. Despite this, the business area successfully retained its earnings, leveraging an adjusted EBITA of SEK 73 million (73). The adjusted EBITA margin was 5.3 per cent (5.6).

The development initiatives for the year included a major effort in digital information tools, including expanded use of BIM 360 and a shared service system. For success in this digital transition, Assemblin Ventilation introduced digital coordination resources in all locations. Product control was also introduced in 2019 through "Assemblin Best Choice."

The results for Assemblin Ventilation in the employee survey for the year were positive. A major work environment and health initiative was carried out through the Safety Week. The business area also launched a new project manager training programme.

The Swedish Transport Administration awarded Assemblin an extensive ventilation assignment in the Stockholm Bypass infrastructure project in 2019. The contract, with an order value of SEK 520 million, covers planning and installation as well as operation and maintenance of ventilation in the tunnels. Stockholm Bypass, and the new extension of the E4 motorway that will unburden the Essinge Link and the inner city, is one of Sweden's largest ever infrastructure projects.

Photo: Assemblin

KEY FIGURES	2019	2018	2017
Net sales, SEK m	1,367	1,317	1,072
Adjusted EBITA*, SEK m	73	73	50
Adjusted EBITA margin*, %	5.3	5.6	4.7
Order backlog, SEK m	1,805	1,338	1,527
Order intake, SEK m	1,956	1,204	1,836
Average number of employees, FTE	544	515	475
Share of service assignments, %	20	17	11

* Adjusted for items affecting comparability. For definitions, refer to page 102.

Torkil Skancke-Hansen, President and Business Area Manager for Assemblin Norway

Assemblin Norway

"I experience that we have an even stronger brand among both customers and employees, which is very positive. We have a well filled order book, and for 2020 we will focus above all on quality in our performance as well as on sourcing and recruitment."

Operations

Assemblin's Norwegian operations have competence primarily in heating and sanitation, but efforts are under way in ventilation and electricity as well. The operations are uniquely positioned in the market as regards major heating and sanitation contracts, and Assemblin Norway's total market share increased in 2019.

Its operations are marked by a flat organisation, divided at year end into three regions (Planning, Service and Inland) with 13 branches in twelve locations. The main office is located in Drammen, outside Oslo. All Norwegian operations are ISO 9001, ISO 14001, and OHSAS 18001/ISO 45001 certified. Ongoing projects include a commercial property at Ruseløkkveien 26 (on behalf of Veidekke) and the hospital in Vestfold county (on behalf of Skanska), the two absolute largest, followed by the national emergency centre for the Norwegian Police and an office project at Universitetsgatan 2 (both on behalf of Skanska) and the M17 housing project (on behalf of Veidekke).

The service portion at the end of the year was 36 per cent. New service assignments in 2019 include a framework agreement with Avinor at Oslo Gardermoen airport and the assignments in the Municipal Undertaking for Social Service Buildings, the Norwegian Defence Estates Agency and the Municipal Undertaking for Educational Buildings and Property in Oslo.

Trends in 2019

Net sales for the full year increased 19.8 per cent to SEK 1,285 million (1,073). Growth in Norway was both organic and through acquisitions, the largest of which were the Arve Hagen AS and Gjøvik Varme og Sanitær AS heating and sanitation companies as well as Ramsøy AS with operations north of Oslo. The companies acquired have combined annual sales of approximately SEK 260 million. Order intake amounted to SEK 1,296 million (963), and order backlog at year end was SEK 1,367 million (1,097).

Adjusted EBITA for the full year increased to SEK 70 million (71) and the adjusted EBITA margin was 5.4 per cent (6.6). The change is attributable primarily to project impairments in early 2019.

Development activities in 2019 included a new BI tool for the accounting function as well as several environmental improvement projects, especially the transition to green energy produced in-house on Svalbard and an accelerated phase-out of fossil fuel-driven vehicles. The Norwegian version of the Group's online course in the Code of Conduct was also launched late in the year.

In 2019, Assemblin Norway was assigned responsibility for all installations in heating and sanitation, including sprinklers and cooling, in the Middelthunet housing project in central Oslo. Veidekke is the primary contractor for the project, which encompasses 329 apartments, a preschool, a car park and business premises. The apartments will be optimised for smart home technology, and in addition a newly developed, innovative and energy-efficient drencher system will be installed.

Photo: Veidekke

KEY FIGURES	2019	2018	2017
Net sales, SEK m	1,285	1,073	856
Adjusted EBITA*, SEK m	70	71	55
Adjusted EBITA margin*, %	5.4	6.6	6.4
Order backlog, SEK m	1,367	1,097	965
Order intake, SEK m	1,296	963	1,102
Average number of employees, FTE	704	595	551
Share of service assignments, %	36	37	37

* Adjusted for items affecting comparability. For definitions, refer to page 102.

Magnus Eriksson, President and Business Area Manager for Assemblin Finland

Assemblin Finland

"After a difficult start to 2019, we successfully reversed the trend and improved profitability for the full year. We are now wholeheartedly continuing to deliver excellent quality in all our assignments and further strengthening our profitability."

Operations

A distinguishing quality of Assemblin's Finnish operations is its comprehensive offering. Competence in all areas of technology is gathered here, primarily in automation and energy efficiency but also in electricity, ventilation, heating and sanitation. Operations are conducted in five regions at eight major locations: Helsinki, Hyvinkää, Turku, Oulu, Rovaniemi, Tornio, Tampere and Pori. The Finnish main office is located in Helsinki.

Assemblin Finland's market share increased slightly during the financial year. In automation, Assemblin Finland is one of the market's leading players. Its customers include numerous construction companies, pension companies and major property owners. The largest ongoing projects in 2019 included the Olympic stadium in Helsinki, the alliance project in Turku (together with the Seafarers' Pension Fund) and a new construction project for Technopolis in Espoo (on behalf of Fira).

The business area has a high proportion of service assignments, totalling 44 per cent (46) at year end. Major ongoing projects include the ITIS shopping centre.

Trends in 2019

Sales for the full year increased 10.8 per cent to SEK 598 million (539). Order intake totalled SEK 492 million (472), comprising primarily small installation projects and service assignments. A minor asset acquisition of the cooling operations in Suomen Kylmäpiste was completed in October.

Order backlog at the end of the period was SEK 272 million (344). After a weak start in 2019, earnings had recovered by the end of the year. Adjusted EBITA for the full year totalled SEK 12 million (11). The adjusted EBITA margin was 1.9 per cent (2.0).

Major internal development projects in 2019 included the launch of a new leadership programme for managers, in which over 20 employees took part. Assemblin Finland also conducted a Safety Week, which was very popular. A structured initiative into activities to enhance well-being contributed to increased employee satisfaction.

When the property automation system in the National Museum of Finland in Helsinki needed to be replaced at the end of 2019, the assignment went to Assemblin. The system is vital for protecting the delicate objects in the more than a century-old building while optimising the indoor climate for visitors and staff. The museum stayed open throughout the renovations, and the work was completed without disturbing visitors.

Photo: Museiverket

KEY FIGURES	2019	2018	2017
Net sales, SEK m	598	539	492
Adjusted EBITA*, SEK m	12	11	-21
Adjusted EBITA margin*, %	1.9	2.0	-4.2
Order backlog, SEK m	272	344	324
Order intake, SEK m	492	472	459
Average number of employees, FTE	357	314	319
Share of service assignments, %	44	46	55

* Adjusted for items affecting comparability. For definitions, refer to page 102.

SUSTAINABILITY

CONTENTS

About Assemblin’s Sustainability Report

The Board of Directors of Assemblin Financing AB (publ), corporate ID number 559077-5952, hereby submits its sustainability report for the Assemblin Group for the period from 1 January to 31 December 2019. The sustainability report describes Assemblin’s operations from a sustainability perspective, based on the issues deemed most significant for the company and its stakeholders. This report is inspired by Global Reporting Initiative (GRI) G4, the international sustainability standard, which also forms the basis for the definitions and calculations of the sustainability data presented here. In all other respects, the report complies with relevant reporting and consolidation principles in accordance with the financial accounting.

This sustainability report is a part of Assemblin’s 2019 Annual Report and Sustainability Report, which is available in its entirety on the company’s website. This explains why the pagination begins on page 22. This report can be read separately, but occasionally contains references to other parts of Assemblin’s 2019 Annual Report and Sustainability Report.

All amounts are in SEK million unless otherwise indicated. Differences in the totals may occur due to rounding.

The year in sustainability, in figures

EMPLOYEES

5,901
EMPLOYEES

4.6%
SICK LEAVE

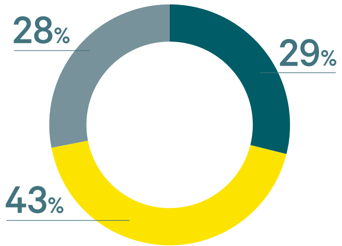
14.1%
STAFF TURNOVER

7.6
INCIDENT FREQUENCY (IF)

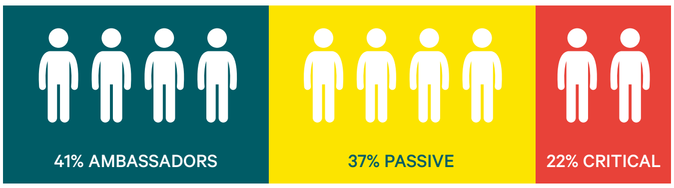
77%
RESPONSE RATE, EMPLOYEE SURVEY

18
LOYALTY INDEX EMPLOYEE SURVEY

AGE DISTRIBUTION



Loyalty index, distribution 2019



A strong loyalty index
In 2019, Assemblin conducted a Group-wide employee survey in which 77 per cent of all those employed for longer than one month participated. Compared with previous surveys, the results in several areas had improved. Particularly gratifying was the thoroughly strong loyalty index (Net Promotion Score, or NPS) of 18, which can be compared with an average of 9 for other companies in the Nordic countries and 12 for the construction and installation industry.

CUSTOMERS

>20,000
CUSTOMERS

61%
ISO 9001, ISO 14001 ADHERENCE

19%
OHSAS 18001/ ISO 45001 ADHERENCE

OWNERS

33% PERCENTAGE OF WOMEN ON THE BOARD OF DIRECTORS

INCREASE IN PROFIT (ADJUSTED EBITA) **28.9%**

56% TRAINED IN THE CODE OF CONDUCT IN SWEDEN

SOCIETY & ENVIRONMENT

387
APPRENTICES

1,571 kg/FTE
CO2 EMISSIONS FROM VEHICLES

Long-term, sustainable value creation

Thirteen key sustainability topics, grouped from a stakeholder perspective, form the basis of Assemblin's value-creating sustainability initiatives.

Our view of sustainability

A responsible long-term approach is a precondition for stable, profitable growth over time. The challenge is to conduct sound, competitive operations today without compromising the possibility of doing so in the future.

For Assemblin, sustainability is a broad, long-term perspective that involves the company trying to understand and take responsibility for the full consequences of the decisions it makes – both in our own operations and in our immediate environment, over the short and long term. In our ambition to create smart, sustainable installations, we must be prudent with the resources we use and take into account the impact caused by our operations. As a starting point for our value-creating sustainability initiatives, we have chosen a stakeholder perspective: Assemblin is to generate value not only for its customers, employees and owners, but also for society and the environment in general.

Internal and external regulations

Laws and regulations in the Nordic region around such issues as work environment, the environment, the management of chemicals, bribery and corruption are highly developed. Human rights and freedoms are respected in many aspects. Compliance with legislation and practices in the countries where we operate is a natural starting point, but we have higher ambitions than that. To ensure we meet the requirements and expectations of our business environment, we have developed internal regulations governing our sustainability initiatives. In 2019, a new Group-wide sustainability policy was adopted, which functions as a wide umbrella for the broad area of sustainability. This policy contains principled positions in Assemblin's thirteen key sustainability topics (refer to the next section for more details). Together, Assemblin's sustainability policy, values and Code of Conduct are the most important governing documents in the area of sustainability, setting the minimum level for all operations. In addition, there are a number of supplemental policies and instructions on such subjects as bribes and corruption, restrictions on competition and information security. This sustainability policy, published on Assemblin's website, also indicates the international standards and agreements Assemblin has chosen to support. One example is the ten principles of the UN Global Compact, even though we are not a formal signatory. The Global Compact is an international framework founded on documents including the UN Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration and the UN's Convention against Corruption. Other important international agreements that impact Assemblin are the Paris Agreement and the UN Sustainable Development Goals ("Agenda 2030"/"SDG").

Responsibility and governance

Together with Group Management, the President and CEO bears ultimate responsibility for the sustainability initiatives at Assemblin. Responsibility for operating activities is decentralized to each business area, however, to ensure a holistic perspective and coordination there is a central Sustainability Committee that reports directly to Group Management. This Committee consists of the Group's Head of Communications and Sustainability (the convenor), the Chief Legal Officer, and eight representatives from the five business areas. The Sustainability Committee is tasked
with monitoring legislation, following up on shared sustainability initiatives, channelling and disseminating good ideas and preparing documentation for decisions by Group Management.

In 2019, the Committee held two meetings, between which there were routine discussions by telephone and video.

Monitoring and reporting

Assemblin routinely monitors the results of its sustainability initiatives in a structured manner. Especially important key indicators are identified in the regular monthly reporting, and a more comprehensive sustainability report is compiled twice a year. This reporting takes place through a special reporting tool that then presents relevant sustainability data.

Since 2017, Assemblin has presented a selection of sustainability-related key figures in an annual external sustainability report. The results for 2019 can be found at the end of this sustainability report.

Risks and opportunities from a sustainability perspective

From a sustainability perspective, the Nordic installation industry is regarded as an industry with a low to moderate risk profile. Each year, Assemblin conducts a risk assessment that also includes sustainability risks. The result is summarised in a top risk report, which is presented in the *Board of Directors' Report*.

There are no operations that require permits, and the environmental effects of the small amount of manufacturing that occurs are limited. From an environmental perspective, the greatest risk is that poorly completed technical installations could negatively impact people and the environment. This risk can be balanced in part through insurance.

Promoting improvements to the environmental and energy performance of a property is a business opportunity that Assemblin tries to utilise by offering services in energy efficiency enhancement and long-term sustainable installation solutions. Another business opportunity is new needs that arise in conjunction with climate change and the ongoing switch to a fossil fuel-free society.

Adaptation to ongoing climate changes

At the request of the company's owners, Assemblin's Sustainability Committee conducted a climate change analysis in 2019 inspired by the international Task Force on Climate-related Financial Disclosure (TCFD) framework. This effort resulted in a survey of the risks and opportunities arising as a consequence of the ongoing climate changes in the short, medium and long term, based on different scenarios. Based on Assemblin's low level of dependence on fossil-based products and fuels, its high degree of flexibility and small real estate holdings that could be destroyed, our climate risks are deemed to be limited in scope. Our type of operations has relatively low exposure to climate changes, and our adaptability is strong. At the same time, the need for installation services is perceived to be increasing in conjunction with the need for renovation and rebuilding as the result of damages caused by extreme weather, which is an opportunity for Assemblin. Over the short and medium term, we can also expect increased demand for projects in enhancing energy efficiency, re-use of grey water and rainwater, charging poles and solar panels alongside increased investments in biofuel plants, hydroelectric stations and wind farms.

The results of the analysis were presented to Group Management and the Board of Directors, who adopted a new climate strategy for Assemblin in December. This climate strategy means Assemblin must keep pace with climate trends and the ongoing change to a fossil fuel-free society. We must make use of the business opportunities that arise, and limit risks to acceptable levels by taking the necessary actions early on.

Thirteen key sustainability topics

In 2017, Assemblin's Sustainability Committee identified thirteen sustainability topics that, based on our operations and geographical locations, were deemed to be the most significant for the company. In our sustainability report, we have chosen to group our significant sustainability topics from a stakeholder perspective. These sustainability topics are presented in the summary on the right, where they are also linked to the UN Sustainable Development Goals (SDGs), the GRI sustainability standard and the triple bottom line (3BL) framework. This mapping was updated and expanded against the UN SDGs in 2019.
In 2019, Assemblin's Sustainability Committee conducted a review of Assemblin's key sustainability topics. The review resulted in the existing topics being kept. The Committee also ranked the importance of the topics both internally and externally, which resulted in small differences compared with the corresponding ranking from 2018. The largest change was that the climate topic is perceived to have increased in importance, both internally and externally.

Priority sustainability topics for 2019

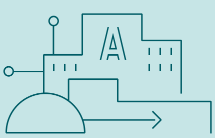
Starting with our stakeholder dialogue and business environment analysis on the one hand, and the outcome of our selected key figures on the other, the Sustainability Committee annually evaluates the need for increased efforts in any area. The results were submitted to Group Management, which based on the Committee's recommendations, the company's performance and the priorities of the Board of Directors produces a collective assessment of which issues the Group will jointly focus on for the forthcoming financial year. The business areas can also themselves choose to highlight more aspects in their work.

The sustainability topics jointly prioritised in 2019 were profitability, work environment and safety, corporate governance and risk management, as well as leadership development.

ASSEMBLIN'S VALUE CREATION MODEL

Resource needs

- CUSTOMERS
- EMPLOYEES
- FINANCIAL CAPITAL
- DIRECT MATERIALS
- INDIRECT MATERIALS
- SERVICES



Operations

BUSINESS MODEL

Market/sale/tender

Planning/preparation/project

Installation/service

Monitoring/control

BUSINESS CONCEPT

VISION

MISSION

Outcome

OFFERING
Smart and sustainable service and installation solutions in different areas of technology — primarily electricity, heating and sanitation, ventilation, and automation.

LIMITED ENVIRONMENTAL IMPACT
- Small volumes of by-products and waste
- Little direct CO2 impact, primarily from transportation and business travel

Value creation

CUSTOMERS
Innovative, sustainable installations that make buildings work and people feel comfortable.

EMPLOYEES
A responsible, stimulating employer that offers exciting assignments in a positive, safe and non-discriminating work environment.

OWNERS
Strong yield through stable financial development, with controlled risks and a sound approach grounded in business ethics.

SOCIETY
Healthy citizens in buildings with good indoor climates. Job opportunities and tax revenue. Local community involvement. Limited environmental impact.

Our objective is to create value for our most important stakeholders as well as for society as a whole. This means we are to be prudent with the resources we need, to be efficient and responsible, and to deliver sustainable installation solutions with minimal environmental impact.

KEY SUSTAINABILITY TOPICS

Assemblin has defined thirteen sustainability topics that, based the operations we conduct, are deemed as the most significant to work on. These topics are shown in the table below. In the table at the bottom of the page, they are also mapped based on the triple bottom line (3BL) international framework, the GRI reporting standard and the UN Sustainable Development Goals (SDGs).

CUSTOMER Assemblin as a responsible business partner that adds value	EMPLOYEES Assemblin as a responsible employer that adds value	OWNER Assemblin as a responsible investment that adds value	SOCIETY Assemblin as a responsible member of the community that adds value
IMPORTANT SUSTAINABILITY TOPICS 1 Safe, efficient methods (quality) 2 Innovative, energy-efficient solutions 3 Strong supplier management	IMPORTANT SUSTAINABILITY TOPICS 4 Development and education 5 Health and safety (work environment) 6 Human rights, diversity and equality	IMPORTANT SUSTAINABILITY TOPICS 7 Growth and profitability 8 Corporate governance and risk management 9 Business ethics	IMPORTANT SUSTAINABILITY TOPICS 10 Production control and chemicals 11 Climate and energy (carbon emissions) 12 Resource use and waste management 13 Public welfare and community involvement

KEY SUSTAINABILITY TOPICS SORTED BY PRIORITY STAKEHOLDER GROUPS, TRIPLE BOTTOM LINE (3BL), RELEVANT GRI TOPIC AND UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Key sustainability topic	Mapped to stakeholder group	Mapped to 3BL	Mapped to GRI topic	Mapped to SDG
1 Safe, efficient methods (working method)	Customer	Finances	GRI 103: Management Approach	8 12
2 Innovative, energy-efficient solutions	Customer	Finances, environment	GRI 305-3 (CO2 impact and energy use, goods sold); G4 sector disclosures for Electric Utilities and Construction/Real Estate	6 7 8 9 11 12
3 Strong supplier management	Customer	Finances, social, environment	GRI 308: Supplier Environmental Assessment; GRI 414: Supplier Social Assessment); GRI 204: Procurement Practices	5 8 12
4 Development and education	Employees	Social	GRI 404: Training and Education	4 8
5 Health and safety (work environment)	Employees, (customer)	Social	GRI 403: Occupational Health and Safety	3 8
6 Human rights, diversity and equality	Employees	Social	GRI 405: Diversity and Equal Opportunity; GRI 406: Non-discrimination; GRI 408: Child Labour	5 8 16
7 Growth and profitability	Owners	Finances	GRI 201: Economic performance; GRI 103: Management Approach	8
8 Corporate governance and risk management	Owners	Finances	GRI 103: Management Approach	8 9 13
9 Business ethics	Owners, (customer)	Finances, social	GRI 103: Management Approach; GRI 205: Anti-Corruption; GRI 206: Anti-competitive Behaviour; GRI 417: Marketing and Labelling; GRI 418: Customer Privacy	10 16
10 Production control and chemicals	Society & environment	Environment	GRI 301: Materials; GRI 302: Energy; GRI 306: Effluents and Waste	3 6 8 12
11 Carbon emissions (climate and energy)	Society & environment	Environment	GRI 305: Emissions; GRI 301: Materials	3 7 12 13 15
12 Resource use and waste management	Society & environment	Environment	GRI 306: Effluents and Waste	3 6 8 12 15
13 Public welfare and community development	Society & environment	Social	–	11 16

Stakeholder monitoring and stakeholder dialogue

To ensure our development in pace with society, our stakeholders' changing needs and demands are routinely analysed.

Through an active stakeholder dialogue, Assemblin routinely identifies changing needs and demands in our business environment. The stakeholder analysis is founded in an active and structured stakeholder dialogue conducted at various levels in the company. The results of the stakeholder dialogue are an important starting point for Assemblin's work with continuous improvements.

One of the most important tools in the stakeholder dialogue is the personal meeting, which is supplemented by other communication channels and surveys.

The most important forms of stakeholder dialogue, and which issues were in focus in 2019, are reported in the table below. More information on Assemblin's interaction with its primary stakeholders during the financial year is presented in the *Sustainability/Efforts 2019* section.

PRIORITY STAKEHOLDER GROUPS

CUSTOMERS

Issues in focus for 2019
- Specific customer requirements
- Collaboration/partnering
- Energy efficiency and environment
- Safety and work environment
- Local community involvement

Primary form of dialogue
- Continual customer dialogue
- Delivery monitoring
- Customer surveys
- Market surveys
- Activities promoting relationships

EMPLOYEES

Issues in focus for 2019
- Remuneration and benefits
- Safety and work environment
- Opportunities for development
- Exciting projects

Primary form of dialogue
- Continual employee dialogues
- Internal channels (intranet, newsletters, text messages, e-mail, etc.)
- Employee surveys
- Activities that encourage well-being

OWNERS

Issues in focus for 2019
- Business community trends
- Earnings trends
- Corporate governance
- Climate change
- Cyber risks
- Digitalisation

Primary form of dialogue
- Board meetings
- Continual dialogue with owner representatives

SOCIETY

Issues in focus for 2019
- Climate change
- Chemicals
- Equality/diversity
- Local community involvement

Primary form of dialogue
- Sustainability reporting
- Information and contact paths on website and in social media

OTHER STAKEHOLDER GROUPS

SUPPLIERS

Issues in focus for 2019
- Prices and terms
- Safety and work environment
- Ethics and values
- Chemicals

Primary form of dialogue
- Continual supplier dialogues
- Local supplier meetings
- Delivery monitoring

TRADE UNIONS

Issues in focus for 2019
- Labour law issues
- Remuneration
- Work environment, health and safety

Primary form of dialogue
- Meetings
- Negotiations

GOVERNMENT AUTHORITIES

Issues in focus for 2019
- Personal data (new GDPR)
- Sustainability (reporting requirements)
- General compliance with laws, ordinances and regulations

Primary form of dialogue
- Structured monitoring
- Specialist network

INDUSTRY ORGANISATIONS, STAKEHOLDER ORGANISATIONS AND SPECIALIST NETWORKS

Issues in focus for 2019
- Digitalisation
- Safety in the work environment
- Other relevant special issues

Primary form of dialogue
- Membership/participation on the Board
- Conferences, courses, etc.
- Network meetings

> *To ensure continued success, it is of course important to be attentive and continually monitor what is happening in order to adapt ourselves to new needs and conditions.*

Mats Johansson, President and CEO – from the comments on pages 6–7

Photo: Lauri Hytti

Active participation in networks and trade associations

To affect and pursue priority issues and to actively promote a more sustainable society and a healthier industry, Assemblin is a member and active partner in several industry organisations and other stakeholder organisations. In Sweden, Assemblin is a member of the Swedish Installation Federation, the "Håll Nollan" and "Jämnt på jobbet" industry initiatives, and the Ethical Council for the Swedish Construction Sector. In Norway, Assemblin is a member of the Confederation of Norwegian Enterprise (NHO), the Norwegian Association of Plumbing, Heating and Ventilating Contractors, the Nelfo trade association and a gold sponsor of the Ingeborg industry network. In Finland, Assemblin is a member of the Technology Industries of Finland, the Finnish Association of HPAC Technical Contractors, and STTA.

Value creation as supplier

Assemblin is to be a responsible business partner that adds value. This is achieved through being close to our customers, being attentive and continually developing our deliveries and our offering.

OVERALL SUSTAINABILITY AMBITION	KEY SUSTAINABILITY TOPICS
We will offer the market's best and most attractive solutions, which we deliver safely and efficiently based on our customers' requirements.	1 Safe, efficient methods 2 Innovative, energy-efficient solutions 3 Strong supplier management

Safe, efficient methods (quality)

The starting point in our assignments is the requirements our customers impose, which are expressed in joint agreements. Assemblin's deliveries are to be carried out efficiently, with the right quality, at the right time and the right price. At the same time, we can never compromise on the requirements that laws, various industry standards and certificates impose. That is why there are guidelines, tools, instructions and checklists gathered into the business areas' management systems as support for this continual work, available to all employees on the company intranet.

Assemblin also conducts all its operations based on the requirements imposed in the ISO 9001 international quality management standard, and 61 per cent of the operations (Assemblin El, Assemblin Norway and, in part, also Assemblin VS) have also chosen to sign on to this certification.

Innovative, customised and energy-efficient solutions

Assemblin strives to offer the best solutions in the market. In close partnership with our clients, we want to create value-adding, long-term, sustainable installation solutions that minimise not only project costs but also the life cycle costs of the property. This is why we regularly monitor market trends, and keep ourselves updated on new materials, methods and the latest technology. One example of the new methods currently being evaluated are prefabricated modules, which are sometimes purchased prefabricated but can also be manufactured and installed on site. Purchasing prefabricated is not always the best solution, however; a qualified assessment is required from case to case. Another example is grooved pipe systems, that are common in sprinklers but can be used in water and sanitation systems.

There is a robust increase in the use of digital tools in the construction sector, especially various tools for building information modelling (BIM). Assemblin has a great deal of knowledge concerning a number of different BIM-based digital tools. Which ones are used depends on the project and the customer. Most often, BIM can be used all the way to the installer stage.

Another exciting ongoing digitalisation project is the development of a new digital production tool for bilding automation, which aims at enhancing the efficiency of production and working in a more standardised manner, with high quality and customer benefit in focus. The idea is to create "building blocks" with information that can be combined in different ways to create complete function texts, protocols, order lists and more.

Assemblin can also promote optimising its customers' facilities and properties from an environmental and climate perspective by actively proposing climate-smart and energy-efficient project and service solutions. We also have solid knowledge of what is expected of installers to meet the requirements in various environmental certifications for buildings such as Leed, BREEAM, the Nordic Swan ecolabel, Miljöbyggnad and EU Green Building.

Sourcing and supplier management

Assemblin purchases both direct and indirect materials, as well as services. Purchases are made locally but steered towards selected suppliers and partners, which creates the conditions for strict control and quality as well as optimised purchase prices and joint development.

Sourcing and sourcing governance

To ensure efficient, professional sourcing, each business area has a separate sourcing function. The sourcing work is coordinated in a shared sourcing forum and in Group Management, which also decides on any Group-wide sourcing projects. In 2019 a new Group-wide purchasing policy was adopted that describes Assemblin's overall approach to sourcing issues and defines a minimum level for sourcing work throughout our operations.

The largest part of Assemblin's purchases is direct material, for example, cables, couplings, pipes and terminals. The largest indirect purchases are vehicles, fuel and work uniforms. Materials

NEW ROLES INCREASE BIM SKILLS

The use of building information modelling (BIM) is constantly increasing, even among installation companies. Assemblin has a great deal of experience in working with various BIM tools, which results, for example, in a more efficient working process using digital blueprints updated in real time and rapid channels of communication. To further increase these skills, Assemblin's Ventilation business area has trained a number of BIM coordinators who will support their colleagues in BIM issues. Pictured is Mattias Davidsson, BIM coordinator and project manager in Norrköping.

Foto: Lasse Hejdenberg

are sourced from selected framework suppliers, and the process is governed through a quality-assured product range: "Assemblin Bästa Val" (Assemblin Best Choice). The product range contains only products that comply with the relevant laws and requirements. Three of Assemblin's business areas (Assemblin Norway, El and VS) provide their product ranges via digital purchasing systems through which all tenders are to be submitted. All our operations work actively to increase contract loyalty, increasing electronic data interchange (EDI) and reducing the number of cash and carry orders. EDI increased in all business areas during 2019.

Insulation work and consulting services were among the services purchased. These assignments are often procured locally.

Supplier management

Responsibility for signing agreements with major suppliers and establishing a product offering lies with the purchasing functions specific to each business area. Before a framework agreement is signed, a supplier assessment is always conducted that evaluates such aspects as delivery capacity, accessibility, warranties, product responsibility, occupational health and safety, environmental efforts, finances and prices. The supplier must also verify that its operations meet the requirements in Assemblin's Code of Conduct for suppliers, which is an appendix to our purchasing agreements. A violation of the Code of Conduct could lead to termination of the partnership.

During the contract period, the purchasing function also monitors the supplier partnership and conducts supplier checks as needed. The main emphasis in supplier monitoring is developing the shared partnership, with the needs of the operations in focus. In most of the business areas there are specific checklists used when monitoring suppliers. More comprehensive supplier audits are conducted in the event of shortcomings in the supplier's performance or if improprieties are suspected.

CLOSE COLLABORATION WITH CUSTOMERS AND SUPPLIERS

Meetings are the hub of Assemblin's customer dialogue. For larger projects, there are a clear meeting structure and standardised forms for start-up meetings, routine meetings and transfer meetings. All business areas also offer digital customer portals with information on hours worked, invoicing, and so on. Local evaluations are conducted after a large project has been completed. Regular customer surveys are conducted sporadically, at the central or local level. Generally, the market surveys show that Assemblin ranks highly as regard technical skills, the ability to keep to schedules, local strength and documented experience in specific buildings.

Assemblin also keeps in close dialogue with its suppliers, with a focus on joint development. For the major suppliers, Assemblin assigns a contact person with responsibility for that particular customer. In addition to regular supplier monitoring supplier meetings are sometimes arranged, the purpose of which is to provide our suppliers with greater opportunities to understand Assemblin's operations and needs, as well as to increase interaction.

CERTIFICATES

Our clients place strict requirements on quality and sustainability. Assemblin's operations comply with the requirements in a number of authorisations and certifications.

ISO 9001 Quality Management
All work at Assemblin is conducted in line with the requirements in the ISO 9001 international quality management standard, and 61 per cent of the operations have chosen to formally sign on to this certification.

ISO 14001 Environmental Management
Assemblin conducts qualitative, systematic environmental work in accordance with the requirements in the ISO 14001 international environmental management standard, and 61 per cent of the Group's operations have also chosen to sign on through an official certification.

Work environment under ISO-EN 45001/ OHSAS 18001
The Assemblin Norway VS business area, and part of Assemblin VS, are certified under the ISO-EN 45001/OHSAS 18001 international occupational health and safety standard.

Welding operations under ISO 3834-2
The operations in Assemblin VS and Assemblin Norway are also certified under ISO 3834-2.

Industry-specific certifications and environmental standards
There are several systems in the construction and installation industry to reduce the energy and environmental impact of installed products. Assemblin is thoroughly familiar with the requirements in these systems, and also has documented experience in existing certification systems for buildings.

Local and personal certificates
In addition to these, Assemblin of course has the authority and authorisations required to perform its work securely and safely. All business areas have well developed training systems for this purpose.

Value creation as employer

We must be a responsible employer who adds value, which we achieve by offering development and exciting work tasks in a positive work environme-nt with an inclusive work climate.

OVERALL SUSTAINABILITY AMBITION	KEY SUSTAINABILITY TOPICS
We want to be a responsible, stimulating employer that offers exciting work tasks. We also work actively to create a safe, positive work environment as well as an open and inclusive work climate.	4 Development and training for all employees, and strong leadership 5 Focus on occupational health and safety (work environment) 6 Actively promote human rights, diversity and equality

Development and education

Training and continued development of employees and managers is a priority issue throughout Assemblin. All business areas have well structured introductory and training programmes that target primarily installers, project managers and managers. In addition, other skill development activities such as mentoring programmes and internal apprenticeships are offered. A shared learning management system is used in all business areas as support for administering, distributing and monitoring completed courses. The platform also supports practical online guides that are increasing in use.

To promote a shared culture, there are also a number of Group-wide courses under the name Assemblin Academy. For example, there is a Group-wide qualified management programme here, launched in 2018, that was developed in partnership with the Stockholm School of Economics. In 2019 a second round of this management programme was carried out and was very popular.

Assemblin's first shared online course in its Code of Conduct was also launched in 2019. For more information on this course, refer to page 35.

There is a clear career ladder at Assemblin, and the proportion of internal recruitment in appointing project managers, specialists and managers is high. For senior executives, there is a well documented succession plan that is updated annually in each business area. Assemblin's Group-wide continuity plan was also updated and developed during the year.

To ensure the skills supply, there are also structured apprentice programmes in all business areas. In 2019, Assemblin helped 387 young people (441) join the labour market as apprentices or interns.

Health and safety

Active health and wellness initiatives

Assemblin's business areas conduct active health and wellness initiatives, for example, subsidised physical training, step counter challenges and campaigns. All employees are offered some form of medical examinations as well as health and accident insurance. Employee well-being is monitored in part through routine employee dialogue and in regular employee surveys, as well as through analysis of, for example, figures showing absence due to illness and personnel turnover. Absence due to illness in 2019 totalled 4.6 per cent (4.6). Absence due to illness remained unchanged in Assemblin El, increased slightly in Assemblin Ventilation and Assemblin Norway, but fell in Assemblin VS and Assemblin Finland. Measures to reduce sick leave are routinely implemented, for example, through structured rehabilitation measures. Together with company health insurance, an action plan is prepared every year with objectives for work environment and health initiatives.

Assemblin's voluntary personnel turnover (excluding retirements and terminations by the employer) totalled 14.1 per cent (12). In Assemblin VS, Ventilation and Norway, voluntary personnel turnover was between 10 and 11 per cent, while Assemblin El and Assemblin Finland brought the average up. Total personnel turnover (including retirements and terminations by the employer) increased during the financial year, primarily as a result of Assemblin closing down a number of site offices and branches with low profitability.

Assemblin's personnel turnover is considered to be on a level with the industry as a whole, which generally has a high level of movement. To ensure proper access to skilled employees, Assemblin conducted a major marketing campaign targeted at potential employees in 2019 to build up its employer brand, with strong results.

Safety in the work environment

Many of Assemblin's employees work in hazardous environments, and certain work elements are particularly high risk. That is why Assemblin works actively to prevent and reduce the number of accidents, with

STRUCTURED HR EFFORTS

There are HR functions in every business area as support for the local branches. In 2019 a new Group-wide HR policy was adopted that describes Assemblin's overall approach to HR issues and defines a minimum level for HR efforts throughout our operations. The objective is to ensure professional, efficient HR through similar HR processes and some basic, shared fundamental principles. HR is coordinated to some extent, and Group Management takes decisions on Group-wide initiatives when it is deemed reasonable.

A shared leadership model was also worked out in 2019 that summarised the characteristics that distinguish a successful manager at Assemblin. This leadership model is an important tool used in recruiting, developing and evaluating the company's managers

Foto: Anna-Lena Lundqvist

THE HR PROCESS AT ASSEMBLIN

Attracting → Recruiting → Introducing → Leading & developing → Concluding

Goals that promote attracting, recruiting and developing skilled and committed employees who ensure the skills supply for today and tomorrow.

a clear zero-tolerance vision as regards serious workplace accidents. For the purpose of increasing risk awareness at all levels in the company, a joint Safety Week was held in May 2019.

One problem for Assemblin is that different clients have different safety requirements. To ensure a strong minimum standard, a minimum level applicable to work at construction sites was introduced in 2019.

The most common types of incidents in Assemblin are injuries from falling, slipping and cutting. To minimise the number of cutting injuries, Assemblin VS introduced a "knife amnesty" during the financial year, in which work knives with sharp tips were replaced with safer blunt-tipped knives and new special gloves were brought into use.

Assemblin's safety efforts are monitored by analysing near misses, incidents and accidents. There are opportunities for our employees in all business areas to easily report observations and deviations.

Human rights, diversity and equality

Assemblin supports the principles of the UN Global Compact, which is an international framework for responsible companies around issues of human rights, labour, the environment and anti-corruption.

The freedom of association is a matter of course throughout Assemblin, and there are union representatives in the Boards of most of the business areas. Assemblin also has a clear zero-tolerance vision regarding all forms of discrimination and bullying. One particularly critical issue in the construction and installation industry is equality, since the proportion of men has historically been extremely high. Assemblin tries in various ways to call attention to and to encourage female employees. Assemblin Norway is a Gold-level sponsor in the "Ingeborg" industry initiative, and Assemblin's Swedish operations have been part of the "Jämnt på jobbet" industry initiative since 2017. In 2019, the total proportion of women in Assemblin was 5.5 per cent (5.9). This proportion decreased in all business areas except Assemblin Ventilation, where it increased from 6.8 per cent to 7.6.

The proportion of senior female executives is higher, and increased year-on-year to 13.7 per cent (13.5). The proportion of women on the Board of Directors increased to 33.3 per cent (20.0).

WHAT DO OUR EMPLOYEES THINK?

Our employees' perception of Assemblin as an employer is monitored in part through routine employee dialogue, especially at the annual performance reviews, as well as through regular surveys and "pulse measurements." In 2019, a comprehensive employee survey was conducted throughout our operations. The survey was anonymous, and conducted by an external survey company. The total response rate was 77 per cent. The results differ from work group to work group, but in total it can be stated that satisfaction and commitment are increasing. The commitment index rose to 78 and the loyalty index (Net Promotion Score, NPS) to 18, which can be compared favourably with the average of 12 for the building and construction industry.

The results of the survey are analysed both centrally and locally, and action plans are drawn up in every business area.

The Group-wide measurement is conducted every other year.

Value creation as investment

Assemblin intends to be an responsible investment object that adds value, which we achieve by leveraging stable and profitable growth with controlled risk and a strong business ethics standard.

OVERALL SUSTAINABILITY AMBITION	KEY SUSTAINABILITY TOPICS
We will leverage stable financial development with controlled risks and a sound approach grounded in business ethics.	7 Stable growth and healthy profitability 8 Active corporate governance and risk management, and correct information 9 Sound business ethics

Stable growth and healthy profitability

Stable profitability is a form of security for employees as well as customers, owners and suppliers. Assemblin has had a high level of growth, increased profitability and a strong cash flow for a period of time, which is a positive trend that strengthened in 2019 as well. For the full year, sales increased 12.3 per cent to SEK 9,978 million (8,885). Adjusted EBITA increased to SEK 516 million (401), which meant that the adjusted EBITA margin rose from 4.5 per cent to 5.2 per cent. This is good, but with the ambition of being best in class, profitability in general must be further improved. That is why a profitability improvement programme with a number of measures was launched during the year. The programme entailed a number of non-recurring temporary costs that are expected to yield a positive boost to earnings going forward. More on our financial performance can be read in the *Board of Directors' Report*.

Corporate governance, risk management and transparency

Assemblin's main owner is the private equity group Triton. Assemblin's owners, and to a certain extent Assemblin's customers as well, place demands on Assemblin's corporate governance, risk management and work on internal control. An extensive review of these policies and governance tools was conducted in 2019. The review was conducted in partnership with an external consultant, with results that included an updated procedure for internal control and risk management as well as supplements and updates to the Group's shared governing documents. Assemblin's ambition is for its corporate governance to essentially meet the requirements in the Swedish Corporate Governance Code.

The owners' governance is exercised through the Board of Directors, which works in accordance with established rules of procedure. The Board of Directors regularly receives information on the company's performance. This routine reporting is supplemented twice a year with comprehensive sustainability reporting. More information on corporate governance and internal control can be found in the *Corporate governance* section, and more on Assemblin's risk management can be found in the *Board of Directors' Report*.

Alongside the dialogue with the Board of Directors, Triton has a number of coordinating groups in particular function areas such as communication/market, HR and procurement, as well as environmental, social and governance (ESG). Issues that are not company-specific are pursued through these forums. In 2019, Triton's ESG network focused in particular on climate change, cyber security, supplier management and business ethics.

Assemblin has an objective of being transparent in its communication and financial reporting. In conjunction with Assemblin issuing a Euro bond in December 2019, an updated Communication Policy and a new Insider Policy were adopted that together ensure that Assemblin's disclosure of information meets the requirements for listed securities.

Swedish accounting policies are applied in financial reporting, and the consolidated financial statement is issued in accordance with the International Financial Reporting Standards (IFRS). The accounts are reviewed by external auditors.

Sound business ethics

Assemblin promotes a strong, sound corporate culture through shared values and a shared Code of Conduct. These values were updated in 2018 and are designed to guide individual employees in their daily work while supporting our mission and vision. The Code of Conduct describes our fundamental ethical principles. For issues of particular importance such as limiting competition as well as bribes and corruption, there are also more in-depth supplementary policies with appurtenant instructions that were updated in late 2019. There is a special Code of Conduct for Assemblin's suppliers, which is an

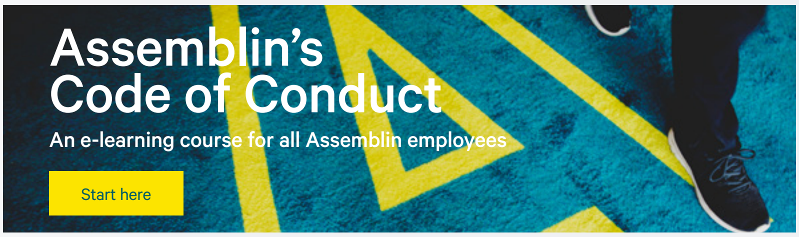
Photo: Lauri Hytti

important tool in the company's supplier management.

Our values and Code of Conduct have been translated into all local languages and are brought to life in courses and ongoing internal communication. An online course in the Code of Conduct was also launched in 2019, and is mandatory for all employees at Assemblin. Supplementary online guides are planned for 2020 as an introduction to the updated instructions on bribes and corruption, as well as limits to competition.

Assemblin also has a whistle-blower service where employees can anonymously report suspected violations of the Code of Conduct. All reported incidents are investigated. If a crime is verified, it could form the basis for termination and/or a police report. In 2019, six suspected violations were reported via the whistle-blower service. All the cases were investigated, one of which led to actions. The other five turned out to be misunderstandings that could be cleared up with relative ease.

MANDATORY EDUCATION IN THE CODE OF CONDUCT



Assemblin's first shared digital course in its Code of Conduct was launched in 2019. The course was designed using a pedagogical tool, and is an introduction to the five main sections of the Code of Conduct: business ethics (including bribes and corruption, and limits to competition), work environment, the environment and communication. There are two versions of the course: one for blue collars, and one for white collars. The Swedish version was launched in May, and the Finnish and Norwegian versions were launched in late December. At year end, 82 per cent of the white collars and 48 per cent of the blue collars in the Swedish business areas had completed the course.

WHAT DO RATINGS INSTITUTIONS THINK?

A rating is a grade that a borrower can obtain from independent credit rating institutions that shows the ability to meet financial commitments (or "creditworthiness").

In conjunction with Assemblin listing a Eurobond in December 2019, credit assessments were obtained from three independent institutions: Standard & Poor (B rating), Moody's (B2 rating) and Fitch (B+ rating). Some examples of positive assessments:

"[We view] Assemblin's business profile as solid, supported by good customer and end-market diversification, a brand that is appreciated for strong technical expertise and committed skilled employees." (Fitch, November 2019)

"In view of management's proven ability to steer the company towards higher margins, there is a possibility that the company could exceed our conservative assumptions on the effects of the efficiency programme." (Moody's, November 2019)

"We view positively the company's ability to generate stable funds from operations (FFO)." (S&P, January 2020)

Value creation as member of the community

Assemblin wants to be a responsible member of the community that adds value. We can do this by minimising our environmental impact and actively contributing to community development locally.

OVERALL SUSTAINABILITY AMBITION	KEY SUSTAINABILITY TOPICS
We assume responsibility for the environmental impact of our operations, and will actively promote community development in the locations where we operate.	10 Proper product control and chemicals management 11 Minimised resource use and waste management 12 Reduced carbon emissions (climate and energy) 13 Local community involvement

Efficient use of resources and waste management

In a circular economy, optimising sourced material and working actively on waste management are important. This work is conducted locally. In parts of its operations, Assemblin manages a certain amount of hazardous wastes in accordance with applicable ordinances.

In large installation assignments, the contractor often provides sections for sorting waste at the construction site. In service assignments, waste is normally managed via external environmental control companies. Even at most of its local offices, Assemblin has its own sections for sorting waste.

Production control and chemical management

In our assignments, Assemblin installs ventilation equipment, heating and water pipes, electric cables and other equipment. The Swedish operations manufacture their own rectangular ventilation channels, which means full product control. Other production materials are sourced locally, but purchasing is governed by a controlled product range that is determined by the purchasing divisions of the business areas, who are knowledgeable about product requirements imposed in various systems such as BASTA, Byggvarubedömningar

and Sunda Hus.

To make climate-smart choices easy for local purchasing, parts of Assemblin's operations have chosen to label these products in the product range with "Assemblin Bästa Val" (Assemblin Best Choice).

Assemblin's employees are exposed to a number of chemicals-related health risks such as quartz dust, asbestos, isocyanates, and fumes from soldering and welding. Chemicals in the business areas are managed using various chemicals management systems.

Under REACH, the European chemicals legislation, Assemblin is classified as a downstream consumer.

Climate and energy (carbon emissions)

Assemblin is a player that produces services with relatively low climate impact. Immediate carbon dioxide emissions that we can control ourselves are primarily emissions from transportation (Scope 1), heating of own offices (Scope 2) and emissions from business travel (part of Scope 3). Total carbon emissions from these areas for the full year were approximately 1,663 kg (1,728) per full-time equivalent (FTE). During the financial year, Assemblin changed its policy for reporting emissions from vehicles, which means that the comparison figure for 2018 has been recalculated.

Carbon emissions from transportation

Assemblin's largest immediate impact is emissions from its own service cars and vehicles. The vehicle fleet consists of a mix of cars that run on diesel (HVO), gas and electricity. Total fuel consumption for the Group's vehicles in 2019 was reported as 33,862 kWh (34,534), which recalculated as carbon impact corresponds to 1,571 kg (1,648) per employee (average FTE). During the year, several business areas transitioned to direct reporting of carbon impact from vehicles. To achieve comparability, the figures from the preceding year have been adjusted.

The decrease in carbon emissions compared with 2018 was primarily an effect of the ongoing replacement of older vehicles and a greater share of electric cars. Assemblin's objective over the long term is to switch to electric and gas-driven vehicles. Since electric vehicles are developing so rapidly and currently encouraged by tax initiatives, Assemblin Norway decided

GREEN LOCAL ENERGY POWERS ELECTRIC SNOW-MOBILES ON SVALBARD

The Hurtigruten Svalbard tourism agency uses battery driven, emission-free snow-mobiles to transport tourists to the wilds of the Arctic. This was made possible by Assemblin's innovative customised energy solution, which uses wind and solar power from the summer midnight sun. Over the long term, this solution will provide for most of the electricity and heating needs in Hurtigruten's snowmobile depot. A similar energy solution permits Assemb-lin's own office and workshop on Svalbard to be nearly self-sufficient for electricity during the summer.

a few years ago on a faster transition to electric vehicles to a great extent, and at year end Assemblin El and Ventilation also signed on to the same line. However, the transition requires investments in local charging stations and a gradual phase-out in pace with the existing fleet becoming obsolete, which means that this transition is expected to take a few years.

Carbon emissions from own premises

To a great extent, Assemblin's operations are conducted at construction sites, but are administrated from our own offices. There is active work under way to co-lo-cate operations situated close to each other and to optimise the use of space in existing offices, which will reduce the car-bon impact from heating of own premises. In most of the offices, fossil-free electricity is used for heating. Total carbon emissions from own premises in 2019 was reported as 18 kg (24) per employee (average FTE). The decrease was primarily due to Assem-blin Norway starting its own solar energy production in Svalbard in 2019, which is reducing its carbon emissions.

Carbon emissions from business travel

Assemblin's operations are spread out ge-ographically, which gives rise to a certain amount of business travel. By investing in modern technology for remote meetings, Assemblin seeks to reduce these trips. Assemblin has excellent video technology installed in its largest offices. These are used assiduously alongside Microsoft Teams and Skype for Business.

Total carbon emissions for the full year from business trips booked through our travel portal were 44 kg (56) per employee (average FTE). The decrease is due in part to reduced travel but also to reduced use of air travel in favour of more train travel.

Public welfare and community development

One of Assemblin's largest contributions to society is bringing young people into working life through a well-developed apprenticeship system. In 2019, Assemblin brought in 387 apprentices (441), primarily in the Swedish VS and El business areas as well as Assemblin Norway.

Assemblin also contributes to society through tax payments. As regards tax-re-lated issues, the tax laws in effect and the prevailing practice in the countries where we conduct operations are applied.

And finally, the company can contribute to society through local sponsorships and community involvement, for example, part-nerships with sporting clubs, environmen-tal projects and mentoring programmes. One common local activity is sponsorship of local youth sports.

EXAMPLES OF COMMITMENTS TO COM-MUNITY IMPROVEMENT

Examples of local community improve-ment projects carried out in 2019 include:

- In 2019, Assemblin Ventilation joined as a sponsor of Team Rynkeby, Europe's largest international charity cycling team, in support of the Barncan-cerfonden children's cancer fund.
- For the second year in a row, Assemblin Norway chose to help a village in rural Zimbabwe. A well for drinking water by the village school was financed in 2018, and in 2019 Assemblin contributed pan-els for the Solvatten solar water heater system to contribute to the village's energy supply.
- In March 2019, Assemblin Finland do-nated to Amnesty International's annual Women's Week campaign to fight violence against women. Finnish operations also arranged an internal competition where employees were encouraged to propose measures for reduced carbon impact.

Reporting of 2019 key figures

The energy data presented here has been defined and calculated under the policies of the GRI international sustainability standards and the Greenhouse Gas Protocol. In all other respects, the report complies with relevant reporting and consolidation principles in accordance with the policies in financial accounting.

KEY FIGURES	Group[1]	El	VS	Ventilation	Norway	Finland
EMPLOYEE FIGURES						
Average number of employees, FTE	5,901	2,796	1,475	544	704	357
– of which women, %	5.5	4.6	5.5	7.6	5.0	8.1
Number of senior executives, FTE	51	14	9	5	8	8
– of which women, %	13.7	7.1	22.2	40.0	12.5	0.0
Average age, total	40.3	39.6	41.0	43.8	37.5	42.7
Sick leave, %	4.6	4.5	4.0	5.6	5.8	4.8
– of which long-term	1.6	0.9	1.7	2.2	3.2	3.4
Frequency of serious injuries (IF)	7.6	7.3	5.1	7.5	10.1	17.1
Minor accidents, number	273	21	130	54	34	34
Incidents and near misses, number	122	62	20	16	24	N/A
Fatal accidents, number	0	0	0	0	0	0
KEY FINANCIAL FIGURES						
Sales, SEK m	9,978	4,151	2,642	1,367	1,285	598
Adjusted EBITA, SEK m	516	222	139	73	70	12
Adjusted EBITA margin, %	5.2	5.3	5.3	5.3	5.4	1.9
KEY ENVIRONMENTAL FIGURES						
Fuel consumption of vehicles in operations, MWh	33,863	11,824	12,489	5,371	3,256	831
Carbon impact from vehicles, kg/FTE[2]	1,571	1,140	2,283	2,936	1,235	623
Carbon impact from electricity in operations, kg/FTE	17.5	0.9	0	0	52	181
Carbon impact from business travel, kg/FTE	44	57	40	24	13	32
OTHER KEY FIGURES						
Share of ISO 14001 certified operations, %	61	100	25	0	100	0
Share of ISO 9001 certified operations, %	61	100	25	0	100	0
Share of OHSAS 18001/ISO-EN 45001 certified operations, %	19	0	25	0	100	0
Number of apprentices	387	110	167	8	100	2

FOOTNOTES
1) The Group also includes Group staff, who are however not reported separately in this list.
2) As of 2019, more business areas are reporting the carbon impact from vehicles based on fuel consumption, in contrast to 2018 when carbon impact was reported to a greater extent based on a standard calculation using kilometres driven. For better comparability, the information from 2018 has been adjusted in a similar manner.

Definitions of selected key sustainability figures

Average number of employees, FTE
Refers to the number of employees, recalculated into full-time equivalents.

Senior executives
Members of the Group and business area management groups at year end.

Sick leave
Total sick leave (short- and long-term). Sick leave is commented on under Occupational health and safety on pages 32–33.

Injury frequency (IF)
A sudden, serious incident during working hours that caused personal injury with more than one day of sick leave, divided by the number of hours worked × 1,000,000. For the number of hours work, a standard rate of 1,800 hours per average number FTE is used. Injury frequency is commented on under Occupational health and safety on pages 32–33.

Incidents and near misses
The total number of near misses and incidents during working hours.

Minor accidents
Total number of minor accidents during working hours.

Fuel consumption of vehicles in operations
The key figure corresponding to GRI 302-1A. Direct reporting of carbon dioxide or fuel consumption from Assemblin's lease company, recalculated to energy based on fuel type, was used as the basis for this calculation. This information is commented on under Climate and energy on pages 36–37.

Carbon impact from vehicles (Scope 1)
Information corresponding to GRI 305-4. Direct reporting of carbon dioxide or fuel consumption from Assemblin's lease company, recalculated to carbon dioxide based on fuel type, was used as the basis for this calculation. This information is commented on under Climate and energy on pages 36–37.

Carbon impact from electricity in operations (Scope 2)
The key figure corresponding to GRI 301-1C. Invoicing and/or consumption information on fuel purchased, and carbon calculations based on the reported key figures for the environmental impact of electricity. This information is commented on under Climate and energy on pages 36–37.

Carbon impact from business travel (part of Scope 3)
The key figure corresponding to GRI 305-4. Information on business travel booked via the travel agencies Assemblin has a framework agreement with was used as the basis for this calculation. Travel may have been booked outside the travel portal. This information is commented on under Climate and energy on pages 36–37.

Share of ISO 9001, ISO 14001 and OHSAS 18001/ISO 45001 certified operations
This information reflects the share of certified operations in Assemblin's total sales.

Auditor's opinion regarding the statutory sustainability report

KPMG

To the general meeting of the shareholders in Assemblin Financing AB (publ), corporate identity number 559077-5952

Engagement and responsibility
It is the board of directors who is responsible for the sustainability report for the year 2019 on pages 22 – 39 and that it is prepared in accordance with the Annual Accounts Act.

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

Opinion
A statutory sustainability report has been prepared.

Stockholm 12 May 2020
KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

FINANCIAL STATEMENTS

CONTENTS

The Board of Directors of Assemblin Financing AB (publ), corporate ID number 559077-5952, hereby submits its annual accounts and consolidated financial statements for the Assemblin Group for the period from 1 January to 31 December 2019. As of 2019, the Board of Directors also submits a separate corporate governance report (refer to page 92).

These financial statements are part of Assemblin's 2019 Annual Report, which is available in its entirety on the company's website. This explains why the pagination begins on page 48. These statements can be read separately, but occasionally contains references to other parts of the report on operations.

All amounts are in SEK million unless otherwise indicated. Differences in the totals may occur due to rounding.

Board of Directors' Report

Assemblin produced healthy growth in 2019. Order intake remained high while earnings rose and cash flow remained strong. Several internal improvement projects were conducted for the purpose of strengthening the company's culture and improving its governance. Refinancing was carried out at the end of the year through the issuance of a bond.

About the operations

Assemblin is a leading end-to-end installation and service partner with operations in Sweden, Norway and Finland. The company designs, installs and maintains technical systems for electricity, heating and sanitation, and ventilation in offices, arenas, shopping centres, private homes and industries.

Assemblin has a strong local presence in approximately 100 locations in the Nordic region, with its head office in Hägersten, Stockholm. The Group was formed in November 2015. Its operations are divided into five business areas, which also form the Group's primary segments: Assemblin El (Sweden), Assemblin VS (Sweden), Assemblin Ventilation (Sweden), Assemblin Norway and Assemblin Finland.

Market and order intake

Growth in the Nordic service and installation markets continued during 2019. Several drivers offset the slowing construction business cycle – in particular the increased technological saturation in new properties; public investments, primarily in hospitals and infrastructure projects; and the need for conversions and renovations in housing units, offices and public premises. The climate transition also drove demand for investments in sources of renewable energy and in electric vehicle charging across the Nordic region.

Order intake for the period increased 19.0 per cent year-on-year to SEK 11,258 million (9,459). The largest new assignments in 2019 were the multiple assignments in the new medical care building in the Malmö hospital district totalling SEK 867 million (Assemblin El, VS and Ventilation) and the new ventilation assignment in the Stockholm Bypass tunnel project totalling SEK 520 million. The large order intake meant that total order backlog at the end of the period was SEK 8,478 million (6,971).

Service assignments also increased during the year. At year end, the proportion of service assignments was 38 per cent (38) of the Group's sales. The larger new service assignments in 2019 included a framework agreement with Swedavia.

Significant events during the year

A number of acquisitions were also completed in Sweden and Norway in 2019. The major Swedish acquisitions were Norrlands Industrimontage AB (NIAB, with electrical operations in Sundsvall), Värmesvets Entreprenad i Eslöv (with heating and sanitation operations in southern Sweden), and Industri och värmemontage Werme AB (IVM) and KP Svets och Smide AB (both with operations in the Lake Mälar valley). The major Norwegian acquisitions were three heating and sanitation companies in Innlandet County: Arve Hagen AS, Ramsøy AS, and Gjøvik Varme og Sanitær AS. All together, the companies acquired correspond to an annual increase in sales of more than SEK 500 million.

In April 2019, Susanne Ekblom was elected as a new member of the Board of Directors of Assemblin. A Group-wide Safety Week was also conducted that month.

A programme to improve profitability was launched during the fourth quarter, which included the closer of unprofitable branches and a general reduction in overhead.

A number of culture promotion activities were conducted in 2019, including the launch of a new Group-wide online course in Assemblin's Code of Conduct and a new leadership model. A comprehensive employee survey was also conducted in September, which showed an increase in employee commitment and employee well-being.

Activities in preparation for listing were carried out during the fourth quarter, including a review of Assemblin's corporate governance, which resulted in an adjusted risk management procedure and a harmonised procedure for internal control.

In December, Assemblin successfully issued senior secured notes of EUR 250 million.

Sales and earnings

Sales for the full year increased 12.3 per cent to SEK 9,978 million (8,885), of which 8.3 percentage points were organic, 3.7 were driven by acquisitions and 0.3 percentage points were currency effects. In total, growth was particularly strong in Assemblin Norway and Assemblin

KEY FIGURES		2019	2018	2017
Net sales	SEK m	9,978	8,885	8,169
Adjusted EBITA*	SEK m	516	401	252
Adjusted EBITA margin*	%	5.2	4.5	3.1
EBITA	SEK m	270	415	202
EBITA margin	%	2.7	4.7	2.5
Average number of employees,	FTE	5,901	5,630	5,693

* Adjusted for costs affecting comparability. For definitions of key figures, refer to page 102.

KEY FIGURES BY SEGMENT	Net sales, SEK m		Adjusted EBITA*, SEK m		Adjusted EBITA margin*, %		Average number of employees, FTE	
	2019	2018	2019	2018	2019	2018	2019	2018
Assemblin El	4,151	3,592	222	165	5.3	4.6	2,796	2,754
Assemblin VS	2,642	2,388	139	107	5.3	4.5	1,475	1,428
Assemblin Ventilation	1,367	1,317	73	73	5.3	5.6	544	515
Assemblin Norway	1,285	1,073	70	71	5.4	6.6	704	595
Assemblin Finland	598	539	12	11	1.9	2.0	357	314
Group-wide functions and eliminations	-65	-23	0	-27		–	25	24
Total	9,978	8,885	516	401	5.2	4.5	5,901	5630

* Adjusted for costs affecting comparability. For definitions of key figures, refer to page 102.

El. Compared year-on-year, installation assignment operations increased 11 per cent and service assignment operations increased 14 per cent. At year-end, the proportion of service assignments totalled 38 per cent (38) of the Group's sales. Adjusted EBITA for the full year increased 28.9 per cent to SEK 516 million (401), and the adjusted EBITA margin rose to 5.2 per cent (4.5). The adjusted EBITA margin was highest in Assemblin El and Norway at 5.4 per cent each, followed closely by Assemblin VS and Ventilation, both of which delivered 5.3 per cent. The adjusted EBITA margin in Assemblin Finland was 1.9 per cent.

EBITA for the period fell from SEK 417 million to SEK 270 million, and the EBITA margin from 4.7 per cent to 2.7 per cent. The reduction is attributable to items affecting comparability, driven primarily by (i) a profitability improvement programme; (ii) a bond issue and refinancing; (iii) costs of acquisitions and newly started branches; and (iv) activities in preparation for listing.

Cash flow and financial position

Cash flow from operations for the full year totalled SEK 485 million (516).

Consolidated net debt at the end of the period was SEK 2,931 million (1,582), primarily the result of the refinancing through the issuance of senior secured notes and the implementation of IFRS 16.

Equity at the end of the period totalled SEK -803 million (238). The negative equity is attributable to a Group-wide internal restructuring in conjunction with the refinancing. The consequences from an accounting standpoint mean that the market-based acquisition price was not taken into consideration; instead, the earlier Group-wide values were taken over from the previous Group.

Cash and cash equivalents amounted to SEK 407 million (411). Unutilised available credit facilities at the end of the period totalled SEK 450 million.

Employees

At year-end, the average number of full-time equivalents (FTEs) totalled 5,901 (5,632), corresponding to an increase of 4.8 per cent year-on-year.

Risks and uncertainties

Assemblin's primary risks can be divided into four main categories:

1. Market and business risks

This includes risks such as changes in the business cycle, cost accounting risks and customer risks (for more information, refer to Note 17).

2. Operating risks

This includes risks in the work environment and in safety, skill supply and deficiencies in quality.

3. Financial risks

The Group is exposed to various types of financial risks such as interest rate risk, finance risks, currency risks and credit risks (for more information, refer to Note 17).

4. Other risks

These include, for example, legal risks, risks of damage to confidence, IT risks and cyber risks and pandemics as well as environmental and climate risks.

The objective of Assemblin's risk management efforts is to safeguard long-term earnings trends and the values found in the company. In 2019, Assemblin established a new risk management procedure and a new risk management policy. Under this risk management procedure, each business area and staff function will survey, analyse and assess existing risks and report them to the Group. The risks that are deemed to be greatest based on likelihood and impact are summarised in a top risk report that is presented to the Audit Committee and the Board of Directors along with a description of measures to control these risks (refer to the following page for more information).

Sustainability

Assemblin has prepared a separate sustainability report for 2019 that includes areas such as the environment, social relations, personnel, respect for human rights and counteracting corruption. It describes such aspects as the Group's key sustainability topics and sustainability risks, how the company is working on these and how its sustainability efforts are governed. The report also presents central earnings indicators that are relevant to the operations. The report covers the Group as a whole, and is presented as a separate section in Assemblin's integrated 2019 Annual Report and Sustainability Report.

Ownership

Assemblin Financing AB (publ) is a wholly owned subsidiary of Ignition MidCo S.a.r.l, and the ultimate principal owner is Triton Fund IV.

Parent Company

The Parent Company of the Group was changed as a result of the issuance of a bond in December 2019. The transaction was structured so that Assemblin Financing AB (publ) acquired Assemblin Holding AB at market value, financed through the bond issue and shareholders' contributions. The actual principal remained unchanged, however, which means that predecessor accounting can be applied retroactively. The historical consolidated financial statement of the new Parent Company, Assemblin Financing AB (publ), thus corresponds to the consolidated financial statement of its predecessor, Assemblin Holding AB.

The Parent Company's operations consist of the Group's management functions and financing services. The company has two employees. The balance sheet primarily comprises shares in Group companies and equity, as well as senior secured notes.

The Parent Company's loss after tax

Assemblin's top risk report, December 2019

RISK	COMMENTS	KEY CONTROLS
Major business cycle changes	Dramatic downturn caused by decrease in new construction, reduced public investments or other socio-economic disruptions.	Continual market monitoring, rapid adaptation upon early indications of concern, a strong order book.
Erroneous project risk assessments	Wrong customer type, wrong conditions for implementation, project risks too great.	Clear decision-making matrix for tenders, mandatory risk reviews for tenders.
Deficient cost accounting, planning and implementation	Incorrect cost accounting, deficient planning/monitoring, lack of resources.	Structured forecasts and project reviews, structured monitoring of operational key figures.
Insufficient expertise	Loss of key persons, insufficient succession planning, poor reputation as employer.	Leadership development. Active work in a comfortable environment, with a sound and safe culture. Monitoring through performance reviews, employee survey.
Serious workplace injuries	Deficient safety culture, wrong approach either in-house or among customers or suppliers.	Active safety measures and strong safety training. Correct equipment and proper workwear for all employees. Monitoring through accident statistics.
Cyber attacks, unauthorised access and information leaks	Insufficient IT security protection, poor knowledge. Changes in business environment, vulnerability in the cloud and numerous mobile devices.	Virus protection, spam filters, etc. Increased protection for key persons, properly communicated IT security policy and clear guidelines for mobile devices.
Unethical conduct among employees or suppliers	Unethical actions by individuals (e.g. as regards bribery or unlawful price fixing	Clear, properly communicated principles and customised courses, as well as active cultural work. Structure onboarding procedure for employees and suppliers, as well as continual monitoring.
Acquisition of wrong type of company	Acquisitions of companies with poor cultural match or ability to earn profits.	Clear acquisition and decision-making procedures, and external financial due diligence.
New market players and working methods that challenge the industry's traditional business model	New methods and approaches that challenge the industry's traditional approach.	Active business intelligence and partnerships with innovative players.

for the year totalled SEK 4 million (0). The bulk of the Parent Company's assets at 31 December 2019 totalled SEK 6,748 million (0). Equity in the Parent Company totalled SEK 4,085 million (0), which indicates the existing value in the Group.

Significant events after the end of the financial year

- In January 2020, Assemblin announced its acquisition of Projektuppdrag Syd AB, a technical consulting company based in Malmö.
- In February 2020, the bond issued in December was listed on TISE (CI).
- In March 2020, the departure of CEO Lennart Petersson from the Group was announced.
- The spread of, and fight against, the new COVID-19 virus has affected the global economy, and thus Assemblin as well. The tremendous amount of uncertainty means that the consequences over time are difficult to quantify.

Outlook

Assemblin has had strong organic growth for some time. Uncertainty in the global economy makes the future hard to predict, but Assemblin is expected to grow in 2020 as well – with the market, at the least. The programme of measures to improve earnings that was launched in the autumn is expected to yield positive full-year results on earnings for 2020.

Proposal for appropriation of profits

The following amount, in SEK, is at the disposal of the Annual General Meeting:

Retained earnings	4,088,955,609
Loss for the year	-4,493,669
Total	4,084,461,940

The Board of Directors proposes that the following profit be appropriated as follows:

To be carried forward	4,084,461,940
Total	4,084,461,940

As otherwise regards the company's earnings and financial position, please refer to the following financial reports with appurtenant notes.

With a high degree of competence, excellent references and focused marketing activities, Assemblin has enjoyed strong organic growth for several years – and 2019 was no exception.

Mats Johansson, President and CEO – from the comments on pages 6–7

Consolidated statement of profit or loss (SEK m)

	Note	1 Jan 2019 – 31 Dec 2019	1 Jan 2018 – 31 Dec 2018
Net sales	2, 3	9,978	8,885
Cost of production		-8,131	-7,186
Gross profit		1,848	1,699
Sales and administrative expenses		-1,595	-1,285
Operating profit	4, 5, 6, 7, 8	252	414
Financial income		59	7
Financial expenses		-179	-201
Net financial items	9	-120	-193
Profit before tax		133	220
Tax	10	-54	-48
Profit for the year		78	172
Profit for the year attributable to:			
Parent Company owners		78	172
Non-controlling interests		–	–
		78	172

Consolidated statement of comprehensive income (SEK m)

	Note	1 Jan 2019 – 31 Dec 2019	1 Jan 2018 – 31 Dec 2018
Profit for the year		78	172
Other comprehensive income			
Items that have been, or can be, transferred to profit/loss for the year			
Translation differences for the year in translation of foreign operations	11	11	11
Changes to fair value of hedge reserve		-6	–
Tax attributable to items that have been, or can be, transferred to profit/loss for the year		1	–
Items that cannot be transferred to profit/loss for the year			
Revaluation of defined-benefit pension plans	8, 11	-111	-49
Tax attributable to items that cannot be transferred to profit/loss for the year		23	10
Other comprehensive income for the year		-82	-29
Comprehensive income for the year		-4	144
Comprehensive income for the year attributable to:			
Parent Company owners		-4	144
Non-controlling interests		–	–
		-4	144

Consolidated statement of financial position (SEK m)

	Note	31 Dec 2019	31 Dec 2018
Assets	12, 13, 19		
Goodwill	14	2,640	2,411
Other intangible fixed assets	14	22	9
Property, plant and equipment	15	95	402
Right-of-use assets	5	693	–
Financial investments	16, 17	34	33
Long-term receivables	18	3	16
Deferred tax assets	10	134	112
Total fixed assets		3,621	2,982
Inventory		66	41
Contract assets	20	441	408
Tax assets	10	30	12
Trade receivables	21	1,410	1,315
Prepaid expenses and accrued income	22	158	170
Other receivables	18	109	90
Cash and cash equivalents		407	411
Total current assets		2,621	2,447
Total assets		6,242	5,429
Equity	11		
Share capital		1	0
Other capital contributions		-625	366
Reserves		11	5
Retained earnings, incl. profit/loss for the year		-188	-132
Total equity		-803	238
Liabilities	12, 13, 19		
Non-current interest-bearing liabilities	5, 17, 23	2,599	1,911
Lease liabilities	5	583	–
Provisions for pensions	8	703	576
Other provisions	24	172	135
Deferred tax liabilities	10	13	4
Other non-current liabilities		5	–
Total non-current liabilities		4,075	2,626
Short-term interest-bearing liabilities	23, 17	1	81
Lease liabilities	5	193	–
Trade payables	17	861	835
Current tax liabilities	10	88	36
Contract liabilities	25	712	638
Other liabilities	26	88	81
Accrued expenses and prepaid income	27	952	845
Current receivables	24	76	49
Total current liabilities		2,970	2,564
Total liabilities		7,045	5,191
Total equity and liabilities		6,242	5,429

Information on the Group's assets pledged and contingent liabilities, refer to Note 13.

Consolidated statement of changes in equity (SEK m)

	Share capital	Other capital contributions	Acquisition reserve	Other reserves	Retained earnings, incl. profit/loss for the year	Total equity
Opening equity, 1 Jan 2018	0	366		-6	-254	106
Comprehensive income for the year						
Profit for the year					172	172
Other comprehensive income				11	-39	-29
Total comprehensive income for the year				11	133	144
Transactions with Group owners:						
Dividend					-12	-12
Closing equity, 31 Dec 2018	0	366		5	-132	238
Opening equity, 1 Jan 2019	0	366		5	-132	238
Transition to IFRS 16					-45	-45
Adjusted equity, 1 Jan 2019	0	366		5	-178	193
Comprehensive incom for the year						
Profit for the year					78	78
Other comprehensive income				6	-88	-82
Total comprehensive income for the year				6	-10	-4
Effect of acquisitions*			-992			-992
Transactions with Group owners:						
New share issue	0					0
Closing equity, 31 Dec 2019	1	366	-992	11	-187	-803

* The acquisition reserve consists of shareholder contributions of SEK 4,089 million and new value of shares in subsidiaries of SEK 5,081 million.
For additional information on equity, refer to Note 11.

Consolidated statement of cash flow (SEK m)

	Note	1 Jan 2019 – 31 Dec 2019	1 Jan 2018 – 31 Dec 2018
Operating activities			
Profit before tax		133	220
Adjustments for items not included in the cash flow, etc.	28	484	228
Tax paid		-12	-48
Cash flow from operating activities before changes in working capital		605	400
Cash flow from changes in working capital			
Increase/decrease in inventory		-9	11
Increase/decrease in operating receivables		-47	-90
Increase/decrease in operating liabilities		-65	195
Cash flow from operating activities		485	516
Investment activities			
Acquisitions of subsidiaries	12	-211	-63
Sales of subsidiaries		0	–
Acquisitions of intangible fixed assets	14	-2	0
Acquisitions of property, plant and equipment	15	-14	-41
Sales of property, plant and equipment		13	15
Dividends received		19	2
Decrease/increase in financial fixed assets		-1	-1
Cash flow from investment activities		-197	-88
Financing activities			
New share issue		0	–
Borrowings	12	2,591	1,700
Amortisation of loans	12	-2,717	-2,033
Amortisation of lease liabilities		-170	-97
Dividend paid		–	-12
Cash flow from financing activities		-297	-442
Cash flow for the period		-8	-14
Cash and cash equivalents at start of year		411	420
Exchange rate difference in cash and cash equivalents		4	5
Cash and cash equivalents at end of year		407	411

Cash flow from finance leases has been adjusted for the comparison year 2018 as follows: items not included in the cash flow (operating activities) +48; divestment of property, plant and equipment (investment activities) -12; amortisation of finance leases (financing activities) -36.

Parent Company income statement (SEK m)

	Note	1 Jan 2019 – 31 Dec 2019	1 Jan 2018 – 31 Dec 2018
Net sales		22	–
Gross profit		22	–
Administrative expenses		-31	–
Operating profit	4, 6, 7	-9	–
Financial income		7	2
Financial expenses		-11	-2
Net financial items	9	-5	–
Earnings after financial items		-14	–
Appropriations	29	10	–
Loss before tax		-4	–
Tax	10	0	–
Profit/loss for the year	30	-4	0

Net profit for the year corresponds to comprehensive income for the year.

Parent Company balance sheet (SEK m)

	Note	31 Dec 2019	31 Dec 2018
Assets	13		
Participations in Group companies	31	5,081	–
Receivables in Group companies	18	1,616	–
Total fixed assets		6,697	–
Receivables in Group companies		33	–
Cash and bank balances		18	0
Total current assets		51	0
Total assets		6,748	0
Equity	11		
Restricted equity			
Share capital		1	0
Non-restricted equity			
Retained earnings		4,089	–
Loss for the year		-4	–
Total equity		4,085	0
Liabilities			
Non-current interest-bearing liabilities	17, 23	2,621	–
Total non-current liabilities		2,621	–
Liabilities to Group companies		0	–
Tax liabilities		0	–
Other liabilities	26	7	–
Accrued expenses and prepaid income	27	35	–
Total current liabilities		42	–
Total liabilities		2,663	–
Total equity and liabilities		6,748	0

For information on the Parent Company's assets pledged and contingent liabilities, refer to Note 13.

Parent Company statement of changes in equity (SEK m)

	Share capital	Retained earnings, incl. profit/loss for the year	Total equity
Opening equity, 1 Jan 2018	0	0	0
Profit for the year*		–	–
Closing equity, 31 Dec 2018	0	0	0
Opening equity, 1 Jan 2019	0	0	0
New share issue	0		0
Shareholders' contribution		4,089	4,089
Loss for the year*		-4	-4
Closing equity, 31 Dec 2019	1	4,084	4,085

* Profit/loss for the year corresponds to comprehensive income for the year.
For additional information on equity, refer to Note 11.

Parent Company statement of cash flow (SEK m)

	Note	1 Jan 2019 – 31 Dec 2019	1 Jan 2018 – 31 Dec 2018
Operating activities			
Loss before tax		-4	–
Adjustment for items not included in the cash flow, etc.	28	-5	
Cash flow from operating activities before changes in working capital		-9	–
Cash flow from changes in working capital			
Increase/decrease in operating receivables		-26	–
Increase/decrease in operating liabilities		31	–
Cash flow from operating activities		-4	–
Investment activities			
Decrease in receivables in Group companies		–	91
Increase in receivables in Group companies		-1,577	–
Cash flow from investment activities		-1,577	91
Financing activities			
New share issue		0	–
Borrowings		2,591	–
Amortisation of loans		-992	-91
Cash flow from financing activities		1,599	-91
Cash flow for the period		18	–
Cash and cash equivalents at start of year		0	0
Cash and cash equivalents at end of year		18	0

Notes

Note 1 Significant accounting policies

Statement of compliance
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and as adopted by the EU. Further, the Financial Reporting Board's recommendation, RFR 1 Supplementary Accounting Rules for Corporate Groups, has been applied.

The Parent Company applies the same accounting policies as the Group, except in the cases indicated below under Parent Company accounting policies.

The Annual Report and consolidated financial statements were approved for issue by the Board of Directors on 12 May 2020. The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, and the Parent Company income statement and balance sheet were adopted at the Annual General Meeting of 12 May 2020.

Measurement policies used when preparing the financial statements
Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of unlisted shares and participations, as well as derivatives. A defined-benefit pension liability or asset is recognised at the net of fair value of plan assets and the present value of the defined-benefit liability, adjusted for any asset ceilings.

Functional currency and reporting currency
The Parent Company's functional currency is the Swedish krona, which also constitutes the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish kronor. All amounts are rounded to the nearest million, unless otherwise indicated.

Assessments and estimates in the financial statements
Preparing the financial statements in accordance with IFRS requires company management to make assessments and estimates, and make assumptions that affect the application of the accounting policies and the recognised amounts for assets, liabilities, revenue and costs. Actual outcomes may deviate from these estimates and assessments.

The estimates and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period the change is made, if the change only affected that period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

Assessments made by company management when applying IFRS that have significant impact on the financial statements, and estimates made that could entail significant adjustments in the financial statements for the following year, are described in more detail in Note 32.

New Parent Company
The Parent Company of the Group has been changed from Assemblin Holding AB (559025-2952) to Assemblin Financing AB (publ) (559077-5952) in conjunction with the issuance of a bond. The internal restructuring was deemed not to be a business acquisition. From a reporting perspective, this means that predecessor accounting has been applied. Accordingly, the assets and liabilities in the former Group were not restated. The new legal Parent Company, Assemblin Financing AB (publ), has chosen to present the historical consolidated financial statement of its predecessor, Assemblin Holding AB. For the Group and the Parent Company, the same accounting policies and bases for calculation have been applied as in the latest annual report, with the exception of the amended accounting policies described below in accordance with the transition rules in IFRS 16.

Amended accounting policies attributable to new or amended IFRS
In its 2019 consolidated financial statements and as of 1 January 2019, Assemblin has applied IFRS 16 Leases.

IFRS 16
As of 1 January 2019, Assemblin applies IFRS 16 Leases. This reporting standard replaces IAS 17 Leases. The Group has selected the modified retrospective approach as the transition method, which means that the comparison figures for 2018 and earlier periods are not restated, and that the difference between right-of-use assets and lease liabilities are recognised in equity adjusted for pre-paid lease expenses and reserves for onerous contracts as at 1 January 2019. The effects of IFRS 16 are recognised at the Group level. The Group recognises a right-of-use asset and a lease liability on the commencement date of a lease. The right-of-use asset is initially measured at cost, which consists of the original value of the lease liability plus lease expenses paid on or before the commencement date and any initial direct expenses. The right-of-use asset is thereafter depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the asset and the end of the lease term.

The lease liability is initially measured at the present value of the future lease expenses over the term of the lease that have not been paid on the commencement date. The lease expenses are discounted with the incremental borrowing rate or implicit interest rate of the lease. The term of the lease comprises the non-cancellable period, with the addition of further periods in the contract if, on the commencement date, it is deemed reasonably certain that these will be exercised.

The lease liability is measured at amortised cost using the effective rate method. The lease liability is remeasured if the future lease expenses change as the result of such factors as changes to an index or price. When the lease liability is remeasured this way, an equivalent adjustment is made to the carrying amount of the right-of-use asset.

Leases where the Group is lessee
Previously, the Group determined whether an agreement contained a lease in accordance with IFRIC 4 Determining Whether an Arrangement Contains a Lease. As of 1 January 2019, the Group determines whether an agreement contains a lease based on the definition of leases in IFRS 16.

At the transition to IFRS 16, the Group chose to apply the relief rule of "inheriting" the previous definition of leasing in conjunction with the transition. This means that IFRS 16 is applied to agreements that were previously identified as leases, and that IFRS 16 is not applied to agreements that previously were deemed not to contain leases. Consequently, the definition of leases under IFRS 16 is applied only the agreements that were amended or signed after 1 January 2019.

Previously, the Group classified leases as operating or finance leases based on whether the lease transferred the risks and rewards of ownership of the underlying asset. In accordance with IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases (i.e. the lease is included in the statement of financial position); exemptions from this are indicated below.

Leases previously classified as operating leases under IAS 17
At the transition, the lease liabilities were measured at the present value of the remaining lease expenses, discounted by the Group's incremental borrowing rates on the initial date of application (1 January 2019). Each right-of-use asset was measured at an amount corresponding to the lease liability, adjusted for any prepaid or accrued lease expenses and reserves for onerous contracts.

The Group has chosen to apply the following solutions in practice:
- Applied a discount rate based on the Group's financing expenses on various maturities.
- Adjusted the right-of-use asset by an amount recognised as a provision for operating leases that constituted onerous leases, immediately before the first date of application, as an alternative to performing an impairment review.
- Right-of-use assets and lease liabilities have not been recognised for leases for which the lease term finishes within 12 months or earlier (short-term leases).
- Excluded initial direct payments from the measurement of right-of-use assets on the initial date of application.

Effect on the financial statements
At the transition to IFRS 16, the Group recognised right-of-use assets of SEK 723 million and lease liabilities of SEK 760 million, of which SEK 80 million are short-term lease liabilities. The difference between assets and liabilities is due to the reclassification of pre-paid lease expenses, and moreover, rights of use being recognised based on IFRS 16 having been applied since the start of the agreement as well as the right-of-use assets being reduced by reserves for onerous leases recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately prior to the transition to IFRS 16 on 31 December 2018.

When measuring the lease liability, the Group discounted its lease expenses at the incremental borrowing rate at 1 January 2019. The interest rate used in discounting future flows lies between 1.7 and 4.8 per cent, depending on the tenor of the contract. Previous financial leases have been reclassified from Property, plant and equipment to Right-of-use assets. The right-of-

Transition effects on assets, liabilities and equity as of 1 January 2019:

MSEK	Carrying amounts as of 1 January 2019	Re-classification as of 1 January 2019	Translation IFRS 16	Translated amounts as of 1 January 2019
Fixed assets	2 982	-291		2 691
Right-of-use assets		291	432	723
Deferred tax assets			12	12
Current assets	2 447		-20	2 427
Total assets	5 429	0	425	5 853
Equity	238		-45	193
Non-current liabilities	2 626	-210		2 416
Lease liabilities		210	470	680
Current liabilities	2 564	-80		2 484
Lease liabilities		80		80
Total liabilities	5 191	0	470	5 661
Total equity and liabilities	5 429	0	425	5 853

Bridge between operating leases under IAS 17 and lease liability under IFRS 16	2019
Operating leases under IAS 17 as of 31 December 2018	625
Discounting effect	-132
Financially classified leases as of 31 December 2018	291
Other	-4
Short-term leases expensed in the profit or loss	-12
Low value leases expensed in the profit or loss	-9
Lease liabilitiy under IFRS 16 as of 1 Januari 2019	670

use assets recognised are attributable to the following types of assets:

Amounts in SEK m	1 Jan 2019
Leased premises	408
Vehicles	315
Total right-of-use assets	723

Classification, etc.
Fixed assets and non-current liabilities essentially consist of amounts that are expected to be recovered or settled more than twelve months after the balance-sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or settled within twelve months of the balance-sheet date.

Operating segment reporting
An operating segment is a part of the Group that conducts operations from which it can generate revenue and incur costs, and for which independent financial information is available. Earnings from an operating segment are further monitored by the company's chief operating decision maker in order to evaluate results and to allocate resources to the operating segment. Refer to Note 3 for additional descriptions of the divisions, and the presentation of the operating segments.

Consolidation principles and business combinations
Subsidiaries are companies that are subject to a controlling interest from the Parent Company. A controlling interest exists if the Parent Company has influence over the investment object, is exposed to or has the right to a variable yield from its involvement and can use its influence over the investment to affect the yield. In determining whether controlling influence exists, shares that are potentially entitled to vote — and whether de facto control exists — are taken into account.

Subsidiaries are recognised using the acquisition method, which involves the acquisition of a subsidiary being regarded as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquisition analysis establishes the fair value, on the acquisition date, of identifiable assets acquired and liabilities assumed, as well as any holdings with a non-controlling interest. Transaction expenditures that arise, except transaction expenditures attributable to the issue of equity instruments or debt instruments, are recognised directly in profit or loss.

In the event of business combinations in which transferred remuneration, any holdings with a non-controlling interest and the fair value of previously owned participations (in conjunction with step acquisitions) exceed the value of assets acquired and liabilities assumed that are recognised separately, the difference is recognised as goodwill. When the difference is negative (bargain purchase), this is recognised directly in profit or loss for the year.

Transferred remuneration in connection with the acquisition does not include payments relating to settlement of previous business relationships. These types of settlement are usually recognised in earnings.

Contingent considerations are measured at fair value at the acquisition date. In cases where the contingent consideration is classified as an equity instrument, no restatement is performed and settlement is made within equity. Other contingent considerations are restated at every reporting date, and the change is recognised in profit or loss.

Transactions eliminated in consolidation
Intra-Group receivables and liabilities, revenue or costs and unrealised profit or loss that arise from intra-Group transactions among Group companies are eliminated entirely in preparing the consolidated financial statements. Unrealised profits arising from transactions with joint ventures are eliminated to the extent corresponding to the Group's ownership share in the company. Unrealised losses are eliminated in the same manner as unrealised profits, but only to the extent there is no impairment requirement.

Joint ventures
In the accounts, joint ventures are those companies for which the Group, through partnership agreements with one or more parties, has a joint controlling interest in which the Group has the right to net assets instead of a direct right to assets and commitments in liabilities. Holdings in joint ventures are consolidated in the consolidated financial statements in accordance with the equity method. The equity method is applied from the date that joint controlling interest was obtained, up until the point when the joint controlling interest is dissolved.

Equity method
The equity method means that in the Group, the carrying amount of the shares in joint ventures corresponds to the Group's share of equity in joint ventures. The Group's share in joint ventures is recognised in profit or loss. These shares of profits constitute the primary change in the carrying amount of shares in joint ventures.

Transaction expenditures that arise, except transaction expenditures attributable to the issue of equity instruments or debt instruments, are included in cost.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are restated in the functional currency at the exchange rate in effect on the transaction date. Functional currency is the currency in which the primary financial environments where the companies conduct their operations. Monetary assets and liabilities in foreign currency are restated in the functional currency at the exchange rate in effect on the balance-sheet date. Exchange rate differences arising in the translations are recognised in profit or loss. Non-monetary assets and liabilities recognised at historical cost are restated at the exchange rate on the transaction date. Non-monetary assets and liabilities measured at fair value are restated in the functional currency at the exchange rate in effect on the date of measurement at fair value.

Financial statements from operations abroad

Assets and liabilities in operations abroad, including goodwill and other Group-related surpluses and deficits, are restated from the functional currency of the operations abroad in the Group's reporting currency at the exchange rate in effect on the balance-sheet date. Long-term loans to subsidiaries designated, by the parent, as part of its net investment in the foreign operation are treated as equity for translational purposes in line with IAS 21.15 with differences recognised in consolidated comprehensive income. Revenue and expenses in operations abroad are restated in Swedish kronor at an average rate that constituted an approximation of the exchange rates that were in effect on the respective transaction dates. Translation differences arising in connection with currency translations are recognised in Other comprehensive income, and are accumulated in a separate component in equity, designated as translation reserves. In the event the operations abroad are not wholly owned, the translation difference is allocated to holdings with a non-controlling interest based on its proportional ownership share. When controlling interest, significant interest or joint controlling interest for operations abroad are dissolved, the accumulated translation differences attributable to the operations are realised, at which point they are reclassified from the translation reserves in equity to profit or loss. In the event a sale occurs but controlling interest remains, a proportional share of accumulated translation differences from the translation reserve is transferred to holdings with a non-controlling interest. In the event of a sale of portions of joint ventures where significant interest or joint controlling interest remains, a proportional share of the translation differences are reclassified to profit or loss.

Revenue

Revenue is recognised in earnings when control over goods and services is transferred to the customer. The company's revenue consists primarily of revenue from construction and service assignments. This revenue is recognised over time; it is described below under Installation assignments. Interest income is recognised in revenue over the duration, with application of the effective rate method. Dividend revenue is recognised when the right to receive payment has been established.

The operations are divided into three areas of operation: electricity, ventilation, and heating and sanitation. In all the areas of operation, the revenue streams consist of revenue from installation assignments and service assignments, respectively.

Installation assignments

As regards the installation assignments, they are fixed price and revenue from ongoing contracts is recognised over time on the basis of assignment expenditures incurred in relation to the total estimated assignment fees of the assignment. Costs associated with this are recognised in earnings as they arise. Revenue is based on a contractual fixed price; the remuneration amount is wmer and can be reliably measured.

A fundamental condition for reporting revenue over time is that the course of events can reasonably be measured against completion of the performance obligation. For projects in which the outcome of a performance obligation cannot reasonably be measured, but coverage is expected for the expenditures that arise from completing the performance obligation, only revenue for expenditures incurred up until the result of the performance obligation can reasonably be measured is reported.

Contract assets from clients in installation assignments for which project costs and recognised profits (less recognised losses) exceed the invoiced amounts are recognised as assets by the Group. Partially invoiced amounts that have not yet been settled by the customer, and amounts held by the client are included in Trade receivables. The Group reports as liabilities (balance-sheet item Contract liabilities) all liabilities to clients in ongoing installation assignments for which invoiced amounts exceed project costs and recognised profits (less recognised losses).

Service assignments

As regards service assignments, revenue and the appurtenant costs are recognised over time (i.e. in pace with the service being provided to the customer). Measurement of the course of events is established on the basis of assignment expenditures incurred in relation to the total estimated assignment expenditures. A number of service assignments are charged by the hour on open account; in such cases, the customer normally receives the services provided on an hour-by-hour basis. In other service assignments, payment is normally received after the assignment is completed.

Financial income and expenses

Financial income consists of interest income on invested funds, dividend income, and gains on changes in value of financial assets measured at fair value through profit or loss. Dividend income is recognised when the right to receive dividends has been established. Financial expenses consist of interest charged on loans, and the effect of unwinding the present value of provisions. Foreign exchange gains and foreign exchange losses are recognised net.

Tax

Income tax consists of current tax and deferred tax. Income tax is recognised in profit or loss, except when underlying transactions were recognised in other comprehensive income or in equity, whereupon the appurtenant tax effect is recognised in other comprehensive income or in equity.

Current tax is tax that is to be paid or received as regards the current year, with application of the tax rates determined in fact or in practice on the balance-sheet date. Adjustment of current tax attributable to earlier periods also belongs to current tax.

Deferred tax is calculated using the balance-sheet method, starting from temporary differences between the recognised and taxable values of assets and liabilities. Temporary differences are not taken into account in Group goodwill, or for differences that arose at initial recognition of assets and liabilities that are not business combinations, and that at the transaction date do not impact either recognised or taxable earnings. Moreover, temporary differences attributable to participation in subsidiaries and associates that are not expected to cancelled within the foreseeable future are not taken into account. Measurement of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using application of the tax rates and tax regulations determined in fact or in practice on the balance-sheet date.

Deferred tax assets regarding deductible temporary differences and tax loss carryforwards are only recognised to the extent it is likely they will be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised.

Any future income tax that arises in connection with a dividend is reported on the same date as when the dividend is recognised as a liability.

Financial assets and financial liabilities

Financial instruments

Measurement at initial recognition

Financial instruments are initially measured at fair value with the addition of or less transaction expenditures except those regarding instruments that are measured on an ongoing basis at fair value through profit or loss, for which transaction expenditures are instead expensed as they arise. Trade receivables (without a significant finance component) are initially measured at the transaction price established under IFRS 15.

Classification and subsequent measurement of financial assets

All of the Group's financial assets, except for holdings of unlisted shares and participations and derivatives, are measured at amortised cost. This is because they are held as part of a business model whose goal is to obtain the contractual cash flows, while the cash flows from assets consist only of payments of principal and interest.

The Group's holding of unlisted shares and participations is measured at fair value through other comprehensive income.

Classification and subsequent measurement of financial assets

All of the Group's financial assets, except for holdings of unlisted shares and participations and derivatives, are measured at amortised cost. The Group's holding of unlisted shares and participations is measured at fair value through other comprehensive income. Derivatives with a negative fair value for Assemblin are recognised as derivative liabilities; refer further to 'Hedge accounting'.

Hedge accounting of derivatives, and hedge accounting
The Group holds derivatives to hedge its foreign currency. Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value.

The Group identifies certain derivatives as hedge instruments to ensure variability in the cash flow associated with highly likely transactions arising from changes in foreign currency exchange rates.

New accounting principles for 2020 and going forward
The group applies, from 1 January 2020, the simplified standards that IASB has published concerning hedge accounting, where the underlying basis interest rates can be affected by the IBOR reform. In accordance with the additions to IFRS 9, the presumption is that the EURIBOR based payments made on the currency interest swap as well as on the senior secured notes are unchanged during the duration of the hedge and the group therefore can continue to apply hedge accounting (IFRS 9.6.8.4 – 6.8.6) .

Cash flow hedges
When a derivative is identified as a cash flow hedging instrument, the effective portion of the changes in fair value in the derivative is recognised in other comprehensive income and accumulates in the hedge reserve. The effective portion of the changes in fair value in the derivative recognised in other comprehensive income is limited to the cumulative change in fair value in the hedged item, determined on a percentage basis, from the start of the hedge. Ineffective portions of changes in fair value in the derivative are recognised immediately in earnings.

For the hedged forecast transactions, the accumulated amount in the hedge reserve is reclassified to earnings in the same period(s) that the hedged anticipated cash flow impacts earnings.

If the hedged cash flow is no longer expected to arise, the amount that has accumulated in the hedge reserve is immediately reclassified to earnings.

Classification and subsequent measurement of financial liabilities
All financial liabilities except derivatives are recognised at amortised cost. Any difference between the amount received (net after transaction costs) and the repayment amount recognised in profit or loss, is allocated over the period of the loan using the effective interest-rate method. Financial liabilities are classified as current liabilities if the Group does not have an unconditional right to defer payment of the liability for at least twelve months after the balance-sheet date.

Derivatives with a negative fair value for Assemblin are recognised as derivative liabilities and measured at fair value through profit or loss, since hedge accounting is not applied.

Derecognition of financial assets and financial liabilities
A financial asset is derecognised from the statement of financial position when the contractual rights to the cash flow from the financial asset expire, or if Assemblin transfers the right to receive the contractual cash flows through a transaction in which essentially all risks and benefits are transferred to the counterparty.

The Group derecognises a financial liability from the statement of financial position when the commitments indicated in the agreement have been extinguished or annulled, or expire. The Group also derecognises a financial liability when the terms of the contract are modified and the cash flows from the modified liability are materially different. In this case, a new financial liability is measured at fair value based on the modified conditions.

Offsetting
A financial asset and a financial liability are offset and recognised with a net amount in the statement of financial position only when there exists a legal right to offset the amount, and there is an intent to settle the items with a net amount or to simultaneously realise the asset and settle the liability.

Property, plant and equipment
Property, plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairment. The cost includes the purchase price and expenditures directly attributable to the asset for bringing it on site and in usable condition in accordance with the purpose for which it was procured. Borrowing costs directly attributable to purchase, construction or production of assets that takes a significant amount of time to complete for their intended use or for sale are included in the cost. Accounting policies for impairment are shown below.

Leased assets
In accordance with the above, the Group has amended its accounting policies for leases in the cases where the Group is lessee. The process of change is described under Amended accounting policies attributable to new or amended IFRS.

As of 1 January, the Group leases primarily premises and vehicles. Leases are recognised as rights of use and a corresponding liability as of the date the leased asset is available for use by the Group. Lease liabilities are initially recognised at the present value of remaining lease expenses over the term of the lease. Lease expenses include fixed expenses and variable lease payments that depend on an index or a rate. The lease term consists of the non-cancellable period of the agreement. Lease payments have been discounted by the incremental borrowing rate as regards leased premises, and by the implicit interest rate as regards vehicles.

When an agreement is signed, the Group judges whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Similarly, the value of the liability and the asset are adjusted in conjunction with a reassessment of the lease term. This occurs in conjunction with the passing of the final cancellation date in a previously assessed lease term, or alternately when significant events take place or when circumstances have changed significantly within the control of the Group and impact the existing assessment of the lease term.

The Group is exposed to any future increases of variable lease payments that depend on an index or a rate that are not included in the lease liability before they enter force. When adjustments of lease payments that depend on an index or a rate enter force, the lease liability is restated against the right-of-use asset.

Lease payments are divided between amortisation of the liability and interest. The interest is recognised in profit or loss over the term of the lease. Rights of use are normally depreciated on a straight-line basis over the shorter of the useful life and the lease term. Payments for agreements of less than one year and low-value leases are expensed on a straight-line basis in the balance sheet.

Leased assets under IAS 17
Up until 31 December 2018, leases were classified as finance or operating leases. Finance leases exist where the financial risks and benefits associated with ownership are essentially transferred to the lessee. If this is not the case, it is an operating lease.

Assets leased under finance leases are recognised as non-current assets in the statement of financial position, and are initially measured at the lower of the lease object's fair value and the present value of the minimal lease expenditures when the contract was signed. The obligation to pay future lease expenses is recognised as long-term and current liabilities. The leased assets are depreciated over the useful lives of the respective assets, whereas lease payments are recognised as interest and repayment of the liabilities.

As a rule, assets leased under operating leases are not recognised as assets in the statement of financial position. Nor do operating leases give rise to a liability, and payments are expensed on a straight-line basis in profit or loss over the term of the lease. Operating leases are recognised on a straight-line basis in profit for the year over the term of the lease.

Subsequent expenditures
Subsequent expenditures are added to the cost only if it is likely that the future economic benefits associated with the asset will flow to the company and if the cost can be reliably calculated. All other subsequent expenditures are recognised as costs in the period they arise. A subsequent expenditure is added to the cost if the expenditure relates to the replacement of identified components or parts thereof. Even in cases where new components are created, the expenditure is added to the cost. Any unimpaired carrying amounts on replaced components or parts of components are disposed of and expensed in conjunction with replacement. Repairs are expensed on a running basis.

Depreciation policies
Depreciation occurs on a straight-line basis over the estimated useful life of the asset; land is not impaired. Leased assets are also impaired over the estimated useful life, or the contracted lease term if it is shorter.

Estimated useful life:
• plant and machinery, 5–12 years
• equipment, tools, fixtures and fittings 5–10 years
The depreciation methods used, residual values and useful lives are reviewed at the end of every year.

Intangible assets

Goodwill
Goodwill is measured at cost less any accumulated impairment. Goodwill is allocated to cash-generating units and is tested on at least a yearly basis for impairment requirements.

Other intangible assets
Other intangible assets acquired by the Group consist of order backlog, and are recognised at cost less accumulated amortisation (see below) and any impairment.

Costs incurred for internally generated goodwill and internally generated brands are recognised in profit or loss when the cost arises.

Subsequent expenditures
Subsequent expenditures for capitalised intangible assets are recognised as an asset in the statement of financial position only when they increase the future financial advantages for the specific asset they are attributable to. All other expenditures are expensed when they arise.

Amortisation policies
Amortisation is recognised on a straight-line basis over the estimated useful lives of the intangible assets, provided that such useful lives are not indeterminate. The useful lives are reviewed at least yearly. Goodwill and other intangible assets with indeterminate useful lives, or that are not yet ready for use, are reviewed for impairment requirements on a yearly basis and additionally as soon as indications arise showing that the asset in question has decreased in value. Intangible assets with determinate useful lives are amortised from the date they are available for use.

The estimated useful lives are:
- order backlog 1–2 years
- capitalised development expenditure 3–5 years

Impairment
The Group's recognised assets are assessed on every balance-sheet date to determine if there are indicators of impairment requirements.

If there is an indicator of impairment requirements, the recoverable amount of the asset is calculated (see below). For goodwill, other intangible assets with indeterminate useful lives and intangible assets that are not yet ready for use, the recoverable amount is calculated yearly. If materially independent cash flows cannot be determined for an individual asset, and its fair value less the cost to sell cannot be used, the assets are grouped when testing the for impairment requirements at the lowest level where it is possible to identify materially independent cash flows; this is known as a cash-generating unit.

An impairment is recognised when the carrying amount of an asset or cash-generating unit (group of units) exceeds the recoverable amount. An impairment is recognised as a cost in profit or loss for the year. When an impairment requirement is identified for a cash-generating unit (group of units), the impairment amount is allocated first of all to goodwill. Subsequently, a proportional impairment is made of other assets included in the unit (group of units).

The recoverable amount is the higher of fair value less the cost to sell and value-in-use. In calculating value-in-use, future cash flows are discounted by a discount factor that takes into account the risk-free interest rate and the risk associated with the specific asset.

Reversal of impairment losses
An impairment of assets included in the field of application for IAS 36 is reversed if there is both an indication that impairment requirements no longer exist and a change has occurred in the assumptions that formed the basis for calculating the recoverable amount. Goodwill impairment, however, is never reversed. A reversal only occurs to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less amortisation where appropriate, if no impairment had occurred.

Impairment of financial assets

Impairment of financial assets
Reserves for expected credit losses are calculated and reported for the financial assets measured at amortised cost, and for the financial assets measured at fair value through other comprehensive income. Reserves for credit losses are initially calculated and reported based on twelve months of expected credit losses. If the credit risk has significantly increased since the financial asset was first recognised, reserves for credit losses are calculated and reported based on expected credit losses for the entire remaining life of the asset. For trade receivables that do not contain a significant finance component, a simplified method is applied and reserves for credit losses are calculated and reported based on expected credit losses for the entire remaining life, regardless of whether or not the credit risk has substantially increased. Calculation of expected credit losses is primarily based on information about historical losses for similar receivables and counterparties. The historical information is continually evaluated and adjusted based on the current situation, and the Group's expectations regarding future events.

Payment of capital to the owners

Dividends
Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Employee benefits

Short-term benefits
Short-term benefits for employees are calculated without discount and recognised as an expense when the related services are received.

A provision is recognised for the anticipated cost of bonus payments when the Group has a valid legal or informal obligation to make such payments as a result of services being received from employees and the obligation can be reliably calculated.

Post-employment benefits
In defined-contribution plans, the company pays fixed fees to a separate legal entity, and has no obligation to pay additional fees. The Group's earnings are expensed for costs in pace with the benefits being vested.

Defined-benefit plans are other plans for post-employment benefits than defined-contribution plans. The Group's net obligation regarding defined-benefit plans is calculated separated for each plan through an estimate of the future benefits the employee has earned through their employment in both current and previous periods. The Group bears the risk for the plan providing the benefits offered.

The net of the estimated present value of the obligations and the fair value of the plan assets is recognised in the statement of financial position either a provision or a long-term financial receivable.

The pension cost and pension obligation for defined-benefit pension plans are calculated annually by independent actuaries. The discount rate corresponds to the interest rate on mortgage bonds, with a tenor corresponding to the Group's pension obligations. When there is no functioning market for such bonds, the market rate on government bonds with an equivalent tenor is used instead. The calculation is performed by a qualified actuary using the projected unit credit method. Moreover, the fair value of any plan assets is estimated as of the reporting date. Net interest expenses/income on the defined-benefit obligation/asset are recognised in profit or loss for the year under Net financial items. Net interest items are based on the interest rate that arises when discounting the net obligation (i.e. interest rate on the obligation, plan assets, and interest rate on the effect of any asset ceilings.

Other components are recognised in operating profit. Translation effects consist of actuarial gains and losses, the difference between the actual return on plan assets and the sum included in net interest items, and any changes in the effects of asset ceilings (excluding interest included in net interest items). The translation effects are recognised in Other comprehensive income. When the calculation results in an asset for the Group, the net carrying amount for the asset is restricted to the lower of the surplus in the plan and the asset ceiling calculated using the discount rate.

The asset ceiling consists of the present value of the future financial benefits in the form of reduced future fees or cash repayment. Any requirements for minimum funding are taken into account in calculating the present value of future repayments or receipts.

Changes to or reductions in a defined-benefit plan are recognised at the earliest of the following: a) when the change or reduction in the plan occurs; or b) when the company recognises related restructuring costs and termination benefits. The changes and reductions are recognised directly in profit or loss for the year.

The special employer's contributions constitute a part of the actuarial assumptions and are therefore recognised as part of the net obligation or asset. For reasons of simplification, that part of the special employer's contribution in a legal entity that is calculated based on the Pension Obligations Vesting Act is recognised as an accrued cost instead of as a part of the net obligation or asset.

Tax on returns is recognised on an ongoing basis in profit or loss for the year for the period the tax relates to, and is therefore not included in the liability calculation. With funded plans, the tax is charged to the return on plan assets and is recognised in Other comprehensive income. With unfunded or partially funded plans, the tax is charged to profit or loss for the year.

Termination benefits
A cost for benefits in connection with termination of personnel is recognised when the company can no longer withdraw the offer to the employee or when the company recognises costs for restructuring, whichever is earlier. The benefits that are expected to be settled after twelve months are recognised at their present value. Benefits that are not expected to be fully settled within twelve months are recognised under long-term benefits.

Provisions
A provision is distinguished from other liabilities in that there is uncertainty around the payment date or the amount to settle the provision. A provision is recognised in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred, it is probable that an outflow of financial resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are made with the amount that is the best estimation of what will be required to settle the existing obligation on the balance-sheet date. Where the effect of the timing of the payment is substantial, provisions are calculated through discounting the anticipated future cash flow at an interest rate before tax that reflects the current market assessments of the time value of the money and, if appropriate, the risks associated with the liability.

Warranties
A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a comparison of potential outcomes in relation to the likelihoods associated with each outcome.

Fulfilment warranties are included in monetary terms until the contract is surrendered to the client, which normally occurs in connection with an approved final inspection. If the warranty covers all or most of the contract sum, the amount of the contingency is calculated as the contract sum less the value of the completed portion. In cases where the warranty covers only a smaller part of the contract sum, the amount of the guarantee contract is carried as an unchanged amount up until the contract is surrendered to the client.

In connection with the surrender of the contract, a security in the form of warranties from the bank or insurance institution is pledged for completion. In turn, the issuer of the warranty normally receives a counter obligation from the contracting company or other Group company. Such counter obligations relating to own contracts are not recognised as contingencies, since they contain no increased responsibility compared with the contract commitment.

Restructuring
A provision for restructuring is recognised when there is an established, detailed and formal restructuring plan and the restructuring has either begun or been publicly announced. No provision is made for future operating costs.

Onerous leases
A provision for onerous leases is recognised when the anticipated benefits that the Group expects to receive from a contract are lower than the inevitable costs for fulfilling the obligations under the contract.

Contingent liabilities
Information on a contingent liability is submitted when there is a possible obligation, attributable to past events, whose existence is confirmed only by one or more uncertain future events outside the Group's control or when there is a obligation that is not recognised as a liability or provision owing to the fact that it is not likely an outflow of resources will be required or cannot be calculated with sufficient reliability.

Parent Company's accounting policies
The Parent Company has prepared its annual report in accordance with the Annual Accounts Act (SFS 1995:1554) and the Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for legal entities. The statements issued by the Swedish Financial Reporting Board relating to listed companies have also been applied. RFR 2 means that the Parent Company, in its Annual Report for the legal entity, is to apply all IFRS and statements as adopted by the EU as much as possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation. The recommendation indicates which exceptions and additions to the IFRS are to be made.

Differences between the Group's and the Parent Company's accounting policies
The differences between the Group's and the Parent Company's accounting policies are shown below. The Parent Company's accounting policies indicated below have been consistently applied to all periods presented in the Parent Company's financial reports.

Financial instruments
The Parent Company has chosen not to apply IFRS 9 for financial instruments. Portions of the policies in IFRS 9 — such as those regarding impairment, recognition and derecognition, and the effective rate method for interest revenue and interest expenses — are, however, still applicable.

Financial fixed assets in the Parent Company are measured at cost less any impairment, and current financial assets are measured under the principle of lowest value. The impairment rules in IFRS 9 are applied to financial assets recognised at amortised cost.

Amended accounting policies
If not otherwise indicated, the Parent Company's accounting policies for 2019 have been amended in accordance with the indications for the Group above.

Classification and presentation
The Parent Company uses the designations "Balance sheet", "Income statement" and "Change in equity" for reports that for the Group are titled "Statement of profit and loss", Statement of financial position" and "Statement of changes in equity".
The income statement and balance sheet for the Parent Company have been prepared in accordance with the Annual Accounts Act, while the statements of comprehensive income, changes in equity and cash flow analysis are based on IAS 1, Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively.

Subsidiaries
Participations in subsidiaries are recognised in the Parent Company at cost. This means that transaction expenditures are included in the net carrying amount for holdings in subsidiaries. Transaction expenditures attributable to subsidiaries are recognised, when these arise, in the consolidated financial statements directly in profit or loss.

Tax
In contrast to the Group, in the event the Parent Company recognises untaxed reserves in the balance sheet, this takes place without being divided into equity and deferred tax liability. Similarly, no portions of the appropriations are allocated to deferred tax expenses in the Parent Company's income statement.

Group contributions
Group contributions are recognised as appropriations.

Note 2 Revenue allocation

Revenue per principal income type (SEK m)

	2019	2018
Group		
Net sales		
Installation assignments with associated services	6,170	5,538
Service assignments	3,808	3,348
	9,978	8,885

Note 3 Operating segments.

The Group's operating segments are based primarily on the main operational orientation the segments have. The following five operating segments have been identified:

- Electricity — offers comprehensive solutions for planning, installation, service and maintenance in electricity and automation. The operations also cover services in security and industrial servicing. A portion of production takes place in the company's proprietary electrical repair shops.
- Heating & sanitation — designs, installs and maintains technical systems for heating, sanitation, sprinklers, industry, energy and cooling in all types of buildings.
- Ventilation — specialists in construction, installation, service and maintenance of energy-smart ventilation facilities.
- Norway — possesses a high degree of competency in primarily electricity, heating and sanitation, and automation.
- Finland — operations offer services in electricity, ventilation, heating and sanitation, and in automation and energy efficiency as well.

This division into segments is the primary division that the company's primary operational decision maker (Group management) observes as regards earnings, capital requirements and cash flows.

Each operating segment has a director who drives operating activities and reports the outcome from the segment to Group management, which they are also a part of.

The earnings, assets and liabilities of the operating segments have included directly attributable items, as well as items that can reasonably and reliably be allocated to the segments. The internal price among the Group's various segments is set under the "arm's length" principle (i.e. between parties that are independent of each other, well-informed and with a shared interest in performing the transactions).

Group operating segments (SEK m)

1 Jan 2019 – 31 Dec 2019	Electricity	Heating & sanitation	Ventilation	Norway	Finland	Group -wide	Eliminations and other	Total
Revenue								
External net sales*	4,088	2,565	1,462	1,285	597	0	-19	9,978
Internal net sales	63	77	-94	–	0	–	-46	–
Net sales	4,151	2,642	1,367	1,285	598	0	-65	9,978
Of which servicing	46%	35%	20%	36%	44%			38%
Operating costs	-3,878	-2,474	-1,276	-1,211	-586	-12	218	-9,219
Depreciation and impairment of property, plant and equipment	-51	-29	-18	-4	-0	-3	-138	-243
Adjusted EBITA	222	139	73	70	12	-15	15	516
Adjusted EBITA margin, %	5.3%	5.3%	5.3%	5.4%	1.9%			5.2%
Amortisation and impairment of intangible assets								-18
Items affecting comparability								-246
Operating profit								252
Financial income								59
Financial expenses								-178
Net financial items								-120
Profit before tax								133
Tax								-54
Profit after tax								78

* Sales in the Electricity, H&S and Ventilation segments add up to net sales in Sweden.

Other disclosures	Electricity	Heating & sanitation	Ventilation	Norway	Finland	Group -wide	Eliminations and other	Total
Goodwill	967	527	491	611	44	–	–	2,640
Other intangible assets	–	2	1	19	–	0	–	22
Property, plant and equipment	230	114	62	15	2	2	362	788
Trade receivables	608	332	162	225	84	–	-2	1,410
Contract assets	168	104	70	74	25	–	-0	441
Contract liabilities	260	237	107	91	17	–	-1	712
Net contract liabilities	-92	-133	-37	-17	7	0	1	-271

* The assets in Electricity, H&S and Ventilation relate to operations in Sweden.

Note 3 Operating segments *cont.*

Group operating segments (SEK m)

1 Jan 2018 – 31 Dec 2018	Electricity	Heating & sanitation	Ventilation	Norway	Finland	Group -wide	Eliminations and other	Total
Revenue								
External net sales*	3,560	2,327	1,399	1,073	539	0	-13	8,885
Internal net sales	32	61	-82	0	0	0	-10	0
Net sales	3,592	2,388	1,317	1,073	539	0	-23	8,885
Of which servicing	48%	33%	17%	37%	46%			38%
Operating costs	-3,385	-2,254	-1,228	-998	-528	-26	23	-8,396
Depreciation and impairment of property, plant and equipment	-42	-27	-16	-4	0	-2	2	-88
Adjusted EBITA	165	107	73	71	11	-29	2	401
Adjusted EBITA margin, %	4.6%	4.5%	5.6%	6.6%	2.0%			4.5%
Amortisation and impairment of intangible assets								-3
Items affecting comparability								16
Operating profit								414
Financial income								7
Financial expenses								-200
Net financial items								-193
Profit before tax								220
Tax								-48
Profit after tax								172

* Sales in the Electricity, H&S and Ventilation segments add up to net sales in Sweden. One customer represents 10 per cent of net sales.

Other disclosures								
Goodwill	960	430	490	489	42	–	–	2,411
Other intangible assets	–	–	0	6	–	2	–	9
Property, plant and equipment	215	112	55	16	1	3	–	402
Trade receivables	585	312	188	185	48	–	-3	1,315
Contract assets	153	111	62	55	27	–	–	408
Contract liabilities	273	186	98	68	13	–	–	638
Net contract liabilities	-120	-75	-36	-13	14	–	0	-230

* The assets in Electricity, H&S and Ventilation relate to operations in Sweden.

Note 4 Operating expenses by nature

Parent Company (SEK m)	2019	2018
Other external costs	-30	–
Personnel costs	-1	–
	-31	–

Group (SEK m)	2019	2018
Materials	-3,404	-3,271
Subcontractors and services purchased in production	-1,366	-1,083
Other external costs	-561	-377
Personnel costs	-4,134	-3,648
Depreciation, amortisation and impairment	-261	-92
	-9,726	-8,472

Note 5 Leases

Group (SEK m)	2019
Depreciation, vehicles	-86
Depreciation, premises	-87
Impairment	-43
Interest expenses, lease liabilities	-18
Total expenses for the year	-235

Total cash flow for leases is SEK 196m

Lease expenses not classified as right of use or lease liability	
Lease expenses, short-term (under 12 months)	-5
Lease expenses, low-value assets	-3
Costs regarding variable lease expenses (property tax)	-3
Revenue from subletting of right of use	8
Total expenses for the year	-3

Rights of use and lease liabilities	2019
Vehicles reclassified from property, plant and equipment, 1 Jan 2019	421
Opening depreciation, vehicles reclassified from property, plant and equipment, 1 Jan 2019	-130
Opening carrying amount, vehicles, 1 Jan 2019	24
Opening carrying amount, premises, 1 Jan 2019	408
Rights of use added during the year, vehicles	129
Rights of use added during the year, premises	60
Depreciation and impairment during the year	-218
Total rights of use	693
– of which, premises	336
– of which, vehicles	356
Total lease liabilities in the Group	776
Of which, current	193

Operating leases

Leases where the company is lessee
Non-cancellable lease payments total:

Group (SEK m)	2018
Future commitments, leases	
Within one year	16
Between one and five years	28
Longer than five years	0
	43
Future commitments, premises rentals	
Within one year	110
Between one and five years	278
Longer than five years	194
	582

Office equipment and IT equipment are classified as operating leases. The duration of the leases normally varies between three and five years. Acquisitions of objects or extensions of leases require a separate agreement.

Expensed fees for operating leases total:

Group (SEK m)	2018
Assets held via operating leases	
Minimum lease expenses	135
Variable expenses	–
Total lease expenses	135
Costs are allocated among the following contracts	
Lease expenses, cars	15
Lease expenses, IT	4
Premises rentals	113
Lease expenses, other	2
Total lease expenses	135

Note 6 Fees and reimbursements to auditors

(SEK m)	2019	2018
Parent Company		
KPMG		
Audit assignments	0	–
Total	0	–
Group		
KPMG		
Audit assignments	5	5
Audit activities in addition to audit assignments	3	0
Tax advice	0	0
Other assignments	7	0
Total	15	5

Audit assignments refer to the statutory audit of the annual report, consolidated financial statements and accounting, as well as of the administration by the Board of Directors and the CEO, and audits and other reviews performed under agreement or other contract. This includes other work tasks incumbent upon the company's auditor to perform, and advice or other assistance brought about by observations in conjunction with such review or performance of such other work tasks.

Note 7 Employees, personnel costs and remuneration to senior executives

Average number of employees	2019	of whom men	2018	of whom men
Parent Company				
Sweden	0		–	
Total Parent Company	0	0%	–	0%
Subsidiaries				
Sweden	4,840	95%	4,721	94%
Norway	704	95%	595	95%
Finland	357	92%	314	91%
Total in subsidiaries	5,901	95%	5,630	94%
Group total	5,901	95%	5,630	94%

Gender distribution in Group management	2019 Proportion of women	2018 Proportion of women
Parent Company		
Board of Directors	33%	17%
Group		
Boards of Directors	33%	17%
Other senior executives	13%	11%

Salaries, other remuneration and social security expenses (SEK m)	2019 Salaries and remuneration	Social security expenses	2018 Salaries and remuneration	Social security expenses
Parent Company	1	0	–	–
(of which pension costs)	0	0	–	–
Subsidiaries	3,043	849	2,735	758
(of which pension costs)	248	58	220	46
Group total	3,043	849	2,735	758
(of which pension costs)	248	58	220	46

Note 7 Employees, personnel costs and remuneration to senior executives *cont.*

Salaries and other remuneration allocated by country and among senior executives and other employees, and Parent Company social security expenses (SEK m)	2019 Senior executives	Other employees	2018 Senior executives	Other employees
Parent Company				
Sweden	1	–	–	–
(of which bonuses and similar payments)	(0)	–	–	–
(of which pension costs)	(0)	–	–	–
Subsidiaries				
Sweden	24	2,340	26	2,117
(of which bonuses and similar payments)	(5)	(38)	(6)	(44)
(of which pension costs)	(5)	(202)	(6)	(165)
Norway	2	490	3	429
(of which bonuses and similar payments)	(1)	(13)	(1)	(8)
(of which pension costs)	(0)	(28)	(0)	(22)
Finland	2	185	2	159
(of which bonuses and similar payments)	(0)	(2)	(0)	(1)
(of which pension costs)	(0)	(13)	(0)	(27)
Subsidiaries total	28	3,016	31	2,705
(of which bonuses and similar payments)	(6)	(54)	(7)	(53)
(of which pension costs)	(5)	(243)	(6)	(214)
Group total	29	3,016	31	2,705
(of which bonuses and similar payments)	(7)	(54)	(7)	(53)
(of which pension costs)	(5)	(243)	(6)	(214)

Remuneration, Group Management
Remuneration and conditions of employment to senior executives are to be at market rates to attract capable leadership. Remuneration consists of fixed salaries, variable remuneration and other benefits. Variable remuneration can total a maximum of 75 per cent of the fixed annual salary. The notice period for termination by the company is six months, with benefits retained. Pension benefits relate to both defined-benefit and defined-contribution plans. Other benefits relate to service vehicles, extra health care insurance, or alternately company health insurance, and has a limited value as regards fixed salary.

CEO
Remuneration to the CEO consists of fixed salary, variable remuneration and other benefits. Variable remuneration totals a maximum of 75 per cent of the fixed annual salary. The notice period for termination by the company is twelve months, with benefits retained. Pension benefits relate to both defined-benefit and defined-contribution plans. Other benefits relate to service vehicles, extra health care insurance, or alternately company health insurance, and has a limited value as regards fixed salary.

Parent Company
Employment of the CEO and CFO transferred to Assemblin Financing AB in December 2019. Board fees of SEK 3.1m (3.2) including social security expenses were paid from Assemblin AB. The senior executive group pertains to 8 (9) persons in Group Management.

Note 8 Pensions

Group
Of the total number of employees in the Assemblin Group, approximately 30 per cent (24) have pensions recognised as defined-benefit. Other employees have pensions that are recognised as defined-contribution. The Swedish plan is unfunded and based on final salary, which provides employees with benefits in the form of a guaranteed level of pension disbursements over their lifetimes.

Group (SEK m)	31 Dec 2019	31 Dec 2018
Obligations in the statement of financial position for:		
Pension benefits, defined-benefit	703	576
Other pension obligations, insured	–	–
Total pension obligations	703	576
Recognition in the income statement regarding:		
Costs for defined-benefit pension plans	30	17
Costs for defined-contribution pension plans	218	204
Total pension costs	248	220
Costs are allocated among the following income statement items:		
Cost of production	112	125
Sales and administrative expenses	135	95
Financial expenses	2	–
Total profit	248	220

Note 8 Pensions *cont.*

Number of persons covered by IAS 19 calculations	Parent Company	Rest of Sweden	Norway	Finland	Total
2019 Active		396			396
Paid-up policy holders		1,015			1,015
Pensioners		400			400
Total	–	1,811	–	–	1,811
2018 Active		392			392
Paid-up policy holders		615			615
Pensioners		365			365
Total	–	1,372	–	–	1,372

Defined-benefit pensions (SEK m)	2019	2018
Present value of unfunded obligations	626	524
Total present value of defined-benefit obligations	626	524
Payroll tax	77	52
Net of present value of obligations and fair value of plan assets	703	576
Net carrying amounts for defined-benefit plans	703	576

Change in present value of obligations for defined-benefit plans (SEK m)	2019	2018
Obligations for defined-benefit plans as at 1 January	508	456
Cost of vested benefits during the period	28	26
Interest expense	13	12
Pension disbursements	-12	-11
Actuarial (gain)/loss, financial commitments	90	40
Obligations for defined-benefit plans as at 31 December	626	524

Overview of defined-benefit plans

The Group has a defined-benefit plan that provides remuneration to employees when they retire. The plan relates only to Sweden. The defined-benefit plan is exposed to actuarial risks such as life expectancy, currency, interest rate and investment risks. Payments to the plan are expected to total SEK 13.6 million (12.1) over the next few years. The defined-benefit plan is primarily attributable to men. In 2018, pension funds regarding endowment insurance were recognised as a gross amount but were recognised net in 2019. Accordingly, the opening obligation decreased between the comparative years.

Assumptions for defined-benefit obligations	2019	2018
Discount rate as at 31 December	1.40%	2.40%
Future salary growth	2.20%	2.50%
Inflation	1.70%	2.00%

The life expectancy assumption is based on published statistics and mortality rates. The current life expectancy on which the obligation is calculated is based on DUS14. The remaining life expectancy for a 65-year-old woman with this life expectancy assumption is 24 years (24) and 22 years (22) for a man. The total duration of the obligation is 19 years (19) to establish a discount rate of 1.40 per cent (2.40).

Sensitivity analysis

The table below presents possible changes to actuarial assumptions as at the period end, other assumptions unchanged, and how these would affect the defined-benefit obligation.

Change in the assumptions regarding 2019	Increase	Decrease
Discount rate (0.5% change)	-9.0%	10.3%
Expected mortality (1 year change)	4.3%	-4.2%
Future salary growth (0.5% change)	6.0%	-5.3%
Increase/decrease in inflation (0.5% change)	7.2%	-6.5%

Change in the assumptions regarding 2018	Increase	Decrease
Discount rate (0.5% change)	-8.6%	9.8%
Expected mortality (1 year change)	4.0%	-4.0%
Future salary growth (0.5% change)	5.8%	-5.1%
Increase/decrease in inflation (0.5% change)	6.9%	-6.3%

Note 8 Pensions *cont.*

Alecta

For salaried employees in Sweden, the defined-benefit pension obligations in the ITP-2 plan for retirement and family pensions are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, this is a defined-benefit plan that covers several employees. For the financial year, the company did not have access to such information as would make it possible to recognise this plan as a defined-benefit plan. The pension plan under ITP secured through insurance with Alecta is thus recognised as a defined-contribution plan.

The premium at Alecta is calculated individually and is based on such factors as salary, previously vested pension and expected remaining length of service. Anticipated ITP 2 fees for Alecta over the coming year total SEK 29.2 million (26.7). The Group's share of the total fees for the pension system are 0.07 per cent (0.09), while its share of the total number of active members in the system is 0.06 per cent (0.06).

Annual fees for pension insurance contracted with Alecta totals SEK 55.5 million (51.5). Alecta's surplus can be allocated to policy holders and/or the insured. At year-end, Alecta's surplus in the form of the collective consolidation level totalled 148 per cent (142). The collective consolidation level consists of the market value of Alecta's actuarial calculations, which do not correspond with IAS 19. In the event of low consolidation levels, one measure could be raising the contracted price for new policies and expanding existing benefits. In the event of high consolidation levels, one measure could be introducing premium reductions.

Note 9 Net financial items

Group (SEK m)	2019	2018
Interest income	1	1
Dividend	19	2
Exchange differences	39	–
Other financial income	1	5
Financial income	59	7
Interest expenses	-110	-121
Cross currency swap - amount reclassified to profit or loss	-32	0
Exchange differences	0	-9
Arrangement fees, loans	-25	-53
Impairment	0	0
Other financial expenses	-12	-17
Financial expenses	-179	-201
Net financial items	-120	-193

Parent Company (SEK m)	2019	2018
Interest income	–	2
Interest income, Group Companies	7	–
Financial income	7	2
Interest expenses	-11	-2
Arrangement fees, loans	0	–
Financial expenses	-12	-2
Net financial items	-5	–

Interest income and interest expenses originate from financial assets and financial liabilities measured at amortised cost.

Not 10 Tax

Recognised in the statement of profit or loss and other comprehensive income/statement of profit or loss

Group (SEK m)	2019	2018
Current tax expense		
Tax expense for the year	-33	-25
Adjustment of tax attributable to previous years	-6	0
	-39	-25
Deferred tax		
Deferred tax relating to temporary differences	-4	13
Deferred tax relating to tax loss carryforwards	-11	-35
Adjustment of deferred tax attributable to previous years	–	0
	-15	-23
Total reported tax expense (+) tax revenue (-) tax expense	-54	-48

Reconciliation of effective tax

Group (SEK m)	2019	2018
Profit before tax	133	220
Tax under applicable tax rate for Parent Company	-28	-48
Effect of foreign operations with tax rates other than 21.4% (22%)	0	0
Expenses not deductible for tax purposes	-4	-14
Income not subject to tax	15	2
Capitalisation of previously uncapitalised tax loss carryforwards	0	14
Impairment of previously capitalised tax loss	-11	–
Increase in tax loss carryforwards without corresponding capitalisationof deferred tax	-6	-1
Revenue not recognised in profit or loss	-8	–
Adjustment of tax attributable to previous years	-6	0
Other	-6	0
	-54	-48

Reconciliation of effective tax rate

Parent Company (SEK m)	2019	2018
Loss before tax	-4	–
Tax under applicable tax rate for Parent Company	1	–
Expenses not deductible for tax purposes	0	–
Income not subject to tax	-1	–
Total effective tax	0	–

Not 10 Tax *cont.*

Deferred tax on temporary differences and tax loss carryforwards

Group (SEK m)	31 Dec 2019 Deferred tax asset	Deferred tax liability	Net deferred tax	31 Dec 2018 Deferred tax asset	Deferred tax liability	Net deferred tax
Intangible assets	0	-4	-4	2	-1	0
Property, plant and equipment	14	0	14	0	-2	-2
Inventory	0	–	0	6	0	6
Trade receivables	2	–	2	2	–	2
Ongoing projects	3	-5	-2	3	–	3
Current liabilities	0	-1	0	1	–	1
Pension provisions	82	–	82	59	–	59
Warranty provisions	9	–	9	8	–	8
Untaxed reserves	–	-2	-2	–	–	–
Other	10	-1	9	7	0	6
Capitalised tax loss carryforwards	14	–	14	25	–	25
Netting	0	0	0	0	0	–
Net deferred tax assets (+)/liabilities (-)	134	-13	122	112	-4	108

Sweden has a corporate tax rate of 21.4 per cent (22). Norway has a corporate tax rate of 22 per cent (23). Finland has a corporate tax rate of 20 per cent (20).

Unrecognised deferred tax assets
At year end, the total tax loss in the Group was SEK 310 million (297), of which SEK 68 million (120) has been capitalised. Deferred tax on uncapitalised tax losses totalled SEK 50 million (34); this is attributable to Norway and Finland and matures according to the table below.

(SEK m)	2019
2019	–
2020	–
2021	–
2022	3
2023	–
After 2023	277
No due date	31
Total tax loss	310
Of which capitalised	68

Net changes in deferred tax in temporary differences and tax loss carryforwards, 2019

Group (SEK m)	Opening balance	Recognised in profit for the year	Recognised in other comprehensive income	Translation differences and other	Acquisition/ Sale of business	Balance as of 31 Dec 2019
Intangible assets	0	0	–		-6	-6
Property, plant and equipment	-2	5	12		–	15
Inventory	6	-5	–		–	0
Trade receivables	2	0	–		–	2
Ongoing projects	5	-4	–		–	0
Current liabilities	1	-2	–		–	0
Pension provisions	59	0	23		–	83
Warranty provisions	8	1	–		–	9
Untaxed reserves	–	-2	–		–	-2
Other	3	4	1		-2	7
Capitalisation of tax loss carryforwards	25	-11	–		–	14
Total	108	-15	37	–	-7	122

Not 10 Tax *cont.*

Net changes in deferred tax in temporary differences and tax loss carryforwards, 2018

Group (SEK m)	Opening balance	Recognised in profit for the year	Recognised in other comprehensive income	Translation differences and other	Acquisition/ Sale of business	Balance as of 31 Dec 2018
Intangible assets	3	-2	–	0		0
Property, plant and equipment	-3	1	–	0		-2
Inventory	-3	8	–			6
Trade receivables	2	1	–	0		2
Ongoing projects	-6	9	–	-1	2	5
Current liabilities	5	-3	–	0		1
Pension provisions	51	-2	10			59
Warranty provisions	9	-1	–	0		8
Untaxed reserves	-3	3	–			–
Other	3	0	–	0	1	3
Capitalisation of tax loss carryforwards	60	-36	–			25
Summa	118	-23	10	-1	3	108

Note 11 Equity

Parent Company	2019	2018
Shares outstanding		
Opening number of shares	50,000	50,000
New share issue	450,000	–
Number of shares at end of year	500,000	50,000

Share capital in Assemblin Financing AB totals SEK 500,000 (50,000) with a quotient value per share of SEK 1.00 (1.00). All shares outstanding own an equal participation in the Parent Company's assets and gains, and are paid in full. Each share carries the right to one vote.

Dividends paid in 2019 totalled SEK 0 million (12), corresponding to SEK 0 (233.79) per share.

Group ***Reserves for accumulated other comprehensive income (SEK m)***	Translation reserve	Hedge reserve	Retained earnings and profit/l oss for the year	Total other comprehensive income
Opening carrying amount, 1 Jan 2018	-6		-53	-59
Translation differences in translation of foreign subsidiaries	11			11
Revaluation of defined-benefit pension plans			-40	-40
Employer's contribution, defined-benefit pension plans			-10	-10
Tax attributable to items that cannot be transferred to profit/loss for the year			10	10
Closing carrying amount, 31 Dec 2018	5		-92	-88
Opening carrying amount, 1 Jan 2019	5		-92	-88
Translation differences in translation of foreign subsidiaries	11			11
Hedge reserve		-6		-6
Tax attributable to items that can be transferred to profit/loss for the year		1		1
Revaluation of defined-benefit pension plans			-90	-90
Employer's contribution, defined-benefit pension plans			-21	-21
Tax attributable to items that cannot be transferred to profit/loss for the year			23	23
Closing carrying amount, 31 Dec 2019	16	-5	-181	-170

Translation reserve
The translation reserve includes all exchange differences that arise in translating the financial reports from operations abroad that have prepared their own financial statements in a currency other than the one that the Group's financial reports are presented in. The Parent Company and the Group present their financial reports in Swedish kronor.

Hedge reserve
Assemblin applies hedge accounting for financial derivatives that have been raised for the purpose of hedging loans in foreign currency. Changes to the market value of hedging instruments are recognised in other comprehensive income and accumulate in the hedging reserve until the hedged transaction is completed, when the earnings are recognised in profit or loss.

Capital management
The Group strives for a long-term healthy capital structure that promotes financial stability and supports the Group's possibilities for expansion via acquisitions and creating the foundation for solid performance for the Group's stakeholders – employees, suppliers and customers as well as owners and creditors. Capital is defined as the Parent Company's equity attributable to holders of shares in the Parent Company.

Note 12 Acquisition of business

The following acquisitions were completed in 2019:

Unit acquired	Division	Type	Participation	Date of acquisition	Number of employees	Sales for the year, 2019
Norrlands Industrimontage AB	ELECTRICITY	Company	100%	January	40	50
Värmesvets Entreprenad i Eslöv AB	Heating & sanitation	Company	100%	March	44	90
Industri och Värmemontage Werme AB	Heating & sanitation	Company	100%	June	38	75
KP Svets & Smide AB	Heating & sanitation	Company	100%	June	15	25
Bygg og Varme	Norway	Assets and liabilities	–	October	1	2
Suomen Kylmäpiste	Finland	Assets and liabilities	–	October	3	10
Hagen Holding AS (Arve Hagen AS)*	Norway	Company	100%	November	43	100
Hagen Holding AS (Gjövik Värme og Sanitär AS)	Norway	Company	100%	November	55	132
Hagen Holding AS (Ramsöy AS)	Norway	Company	100%	November	12	28
					251	512

The acquisitions are deemed immaterial on an individual basis, which is why the information is presented at an aggregate level. The acquisition analyses regarding companies acquired in 2019 are preliminary. If the acquisition had occurred on 1 January 2019, the Group's sales would have increased by SEK 270 million (200) and the companies acquired would altogether have brought in an operating profit of approximately SEK 31 million (4). The acquisition of Projektuppdrag Syd AB was announced on 15 January. The company is based in Malmö, and provides consulting services with eight employees. * The acquisition Hagen Holding AS has changed its name to Assemblin Innlandet AS.

The following acquisitions were completed in 2018:

Unit acquired	Division	Type	Participation	Date of acquisition	Number of employees	Sales for the year, 2018
Söderby Rör i Uppsala AB	Heating & sanitation	Assets and liabilities		1 January	14	22
Svenssons Rörinstallation i Kinna AB	Heating & sanitation	Company	100%	2 May	15	25
JVT Vent AB	Ventilation	Company	100%	3 September	30	68
Wennevolds Elektro AS	Norway	Company	100%	15 October	36	151
Trentec Team Oy	Finland	Company	100%	14 December	14	21
					109	288

The acquisitions are deemed immaterial on an individual basis, which is why the information is presented at an aggregate level.

In late 2018, Assemblin El AB acquired the shares in Norrlands Industrimontage AB (NIAB), with 1 January 2019 as the date of possession. This acquisition strengthens its market presence in northern Sweden and strengthens its service operations.

On 1 March, Assemblin VS AB acquired Värmesvets Entreprenad i Eslöv AB through a share transfer. The company operates across the country, but with its primary focus in the Malmö region and in Jönköping and environs, where it offers services in heating and sanitation, licensed piping and process installations for industry, and district heating distribution. The company's competence, primarily in district heating, and presence in the industrial sector gives Assemblin even more breadth in an already extensive customer offering.

On 1 June, Assemblin VS AB acquired all shares in Industri och Värmemontage Werme AB to increase its market presence in the Uppsala region. The company specialises in conversion and new construction as well as maintenance of district heating substations, gas and steam substations and conduit work for customers primarily in energy and industrial companies. The acquisition is a part of Assemblin's continuing strategy to increase its presence in the industrial sector and to strengthen its competence in district heating.

On 1 June, Assemblin VS AB acquired all shares in KP Svets & Smide AB, a former subsidiary of Industri och Värmemontage Werme AB. The company specialises in cast ironwork and repairs, and collaborates to a great extent with Industri och Värmemontage Werme AB on constructing steel and ironwork solutions for their projects. The acquisition of the company ensures a secure partner for Assemblin as regards deliveries of welding and ironwork solutions, which will lead to shorter turnaround times with an increase in production quality and thus a better customer delivery throughout.

In October 2019, Assemblin AS acquired Bygg og Varme through an assets and liabilities transaction that will mean an expanded service offering in the Oslo area.

In October 2019, Assemblin Oy acquired the cooling operations of Suomen Kylmäpiste Oy through an assets an liabilities transaction. With cooling operations primarily in the Uusimaa region of Finland, the company strengthens Assemblin Oy's offering in cooling and property services.

Hagen Holding AS (now rechristened Assemblin Innlandet AS) and its three subsidiaries were acquired in October, with 1 November 2019 as the date of possession. The company supplements existing heating and sanitation operations in Norway, and strengthens market presence north of Oslo.

Note 12 Acquisition of business *cont.*

Effects of acquisitions (SEK m)	2019	2018
The acquisitions have the following effects on the Group's assets and liabilities:		
Intangible assets	0	–
Property, plant and equipment	7	4
Right-of-use assets	6	–
Other fixed assets	14	0
Contract assets – revenue generated, uninvoiced	18	7
Trade receivables	65	41
Other current assets	57	28
Provisions	-7	-15
Non-current liabilities	-19	-2
Contract liabilities – invoiced revenue not generated	-6	-3
Trade payables	-24	-18
Current liabilities	-78	-22
Order backlog	25	8
Deferred tax on surplus	-3	-2
Net identifiable assets and liabilities	55	27
Group goodwill	212	61
Consideration	267	89
Cash and cash equivalents acquired	32	20
Net effect on cash and cash equivalents	235	69
Consideration settled, cash	238	82
Consideration entered as liability	29	7
Consideration	267	89

Receivables
The gross value of the receivables corresponds with their fair value.

Goodwill
The value of goodwill includes the value of synergy effects in the form of more efficient production processes, as well as the technical knowledge of personnel. No part of the goodwill is tax-deductible.

Order backlog
Order backlog includes the value of existing orders on the acquisition date. The majority of the Group's order backlog has a short duration.

Expenditures related to acquisitions

Expenditures related to acquisitions totalled SEK 1.9 million (1.6) and relate to fees to consultants in conjunction with due diligence. These expenditures were recognised in sales and administrative expenses in the statement of profit or loss and other comprehensive income.

Note 13 Assets pledged, contingent liabilities and contingent assets

Group (SEK m)	31 Dec 2019	31 Dec 2018
Assets pledged		
In the form of assets pledged for own liabilities and provisions		
Endowment insurance as security for direct pensions	14	13
Shares in subsidiaries	238	238
Bank accounts	17	–
Total	269	251
Contingent liabilities		
Warranty commitments, PRI	6	6
Total contingent liabilities	6	6

Parent Company (SEK m)	31 Dec 2019	31 Dec 2018
Assets pledged		
In the form of assets pledged for own liabilities and provisions		
Shares in subsidiaries	5,081	–
Internal Group loan	1,577	–
Bank accounts	17	–
Total	6,675	–

Note 14 Intangible assets

	Goodwill		Order backlog		Capitalised development costs		Total	
Group (SEK m)	2019	2018	2019	2018	2019	2018	2019	2018
Accumulated cost								
At start of year	2,411	2,340	150	142	116	116	2,677	2,598
Business combinations	212	61	26	8	0	–	237	70
Investments	–	–	1	–	1	0	2	0
Disposals	–	–	0	–	–	-1	0	-1
Transfers	–	–	–	–	4	–	4	–
Exchange differences	17	10	1	0	0	–	19	10
At year end	2,640	2,411	178	150	120	116	2,939	2,677
Accumulated amortisation								
At start of year	–	–	-143	-141	-22	-20	-165	-161
Amortisation for the year*	–	–	-15	-1	-3	-2	-18	-3
Disposals	–	–	0	–	–	–	0	–
Transfers	–	–	–	–	-1	–	-1	–
Exchange differences	–	–	-1	-1	0	–	-1	-1
At year end	–	–	-159	-143	-25	-22	-185	-165
Accumulated impairment								
At start of year	–	–	-1	-1	-91	-91	-92	-92
Disposals	–	–	1	–	–	–	1	–
At year end	–	–	–	-1	-91	-91	-91	-92
Carrying amount, 31 December	2,640	2,411	19	6	4	2	2,663	2,420

* Amortisations for the year were charged to Sales and administrative expenses in profit or loss.

Impairment requirements for intangible assets
Assessing the value of the Group's goodwill items and other intangible assets occurs annually based on the value-in-use of the cash-generating units. The value-in-use for the respective units is based on a forecast of future cash flows. These are based on the 2020 budget and the business plans for 2021 and 2022, and subsequently on the business area-specific assumptions of yearly sales growth, EBITA margin and working capital requirements for the period from 2023 to 2024. These assumptions are set based on the history of the operations, the objectives in the business plan, the competitiveness of the operations and an assessment of future trends in the business cycle. Annual growth for the period after 2024 is assumed to be 2.0 per cent (2.0). The present value of the forecast cash flows has been calculated with a discount rate of 8.0 per cent (9.0) before tax, based on a weighted average of the company's cost for externally borrowed capital and a theoretical yield requirement on equity. As of 31 December 2019, the value-in-use exceeds the carrying amount for all units tested. There is thus no impairment requirement, and no reasonable changes in the material assumptions would give rise to impairment.

Goodwill per cash-generating unit, 2019	Electricity	Heating & sanitation	Ventilation	Norway	Finland	Groupwide	Total
Goodwill	967	527	491	611	44	–	2,640

Goodwill per cash-generating unit, 2018	Electricity	Heating & sanitation	Ventilation	Norway	Finland	Groupwide	Total
Goodwill	960	430	490	489	42	–	2,411

Note 15 Property, plant and equipment

	Land and buildings		Leasehold improvements		Plant, machinery and equipment		Total	
Group (SEK m)	2019	2018	2019	2018	2019	2018	2019	2018
Accumulated cost								
At start of year	8	7	67	59	665	604	740	669
Business combinations	–	–	1	–	5	6	5	6
Investments	–	0	2	12	12	188	14	200
Disposals	–	–	-1	-4	-38	-74	-39	-78
Transfers	-3	1	4	–	-425	-60	-425	-59
Exchange differences	0	0	0	–	1	0	-1	0
At year end	5	8	72	67	220	665	296	740
Depreciation								
At start of year	-4	-3	-22	-22	-312	-321	-338	-347
Business combinations	–	–	–	–	–	-3	–	-3
Depreciation for the year	0	-1	-5	-3	-21	-84	-26	-88
Disposals	–	–	0	4	33	53	33	56
Transfers	1	–	-1	–	131	44	131	44
Exchange differences	0	0	0	–	-1	0	-1	0
At year end	-4	-4	-28	-22	-169	-312	-201	-338
Impairment								
At start of year	–	–	0	0	0	0	0	0
Impairment for the year	–	–	0	–	–	–	0	–
Exchange differences	–	–	–	–	–	–	0	–
At year end	–	–	0	0	0	0	-1	0
Carrying amount, 31 December	1	3	44	45	51	354	95	402

Group

Finance leases through 31 December 2018

Leased vehicles were included in the category plant, machinery and equipment in 2018, and have been reclassified to Right-of-use assets at a value of SEK 291 million.

Note 16 Financial investments

Group (SEK m)	31 Dec 2019	31 Dec 2018
At start of year	33	32
Business combinations	0	–
Investments	0	–
Impairment	–	0
Share of profits*	1	1
Exchange differences	0	0
Financial assets at year-end	34	33
Breakdown of securities		
Elajo	30	30
Other	4	2
Total securities	34	33

* Shares in profits in NSM EL HB and NSM VS HB.

The securities above largely pertain to shares in Elajo, for which the fair value at year-end was SEK 30 million (30). The share is classified as a Level 3 asset; for further information refer to Note 19.

Not 17 Financial risks and risk management

Through its operations, the Group is exposed to various types of financial risks.

- Liquidity risk
- Refinancing risk
- Currency risk
- Interest rate risk
- Credit risk

Framework for financial risk management

Responsibility for the Group's financial transactions and risks is managed centrally by the Group's treasury function, which is part of the Assemblin Sweden subsidiary. The overall objective for the treasury function is to provide cost-effective financing and to minimise negative effects on the Group's earnings arising from financial risks.

Liquidity risk

Liquidity risk is defined as the risk that the Group cannot meet its immediate payment obligations. To ensure this, the Group has measures including three-month liquidity planning covering all of the Group's units. There is also a routine for continually ensuring the holding of suitable credit facilities.

Maturity structure, financial liabilities – undiscounted cash flows

Maturity structure

Maturity structure relating to future contractual interest payments, based on current interest rate levels and amortisation.

Group (SEK m) **2019**	Currency	Nominal amt. original currency	Total (SEK)	<1 year	1–5 yrs	>5 yrs
Bond loans *	EUR	250	2,640	–	–	2,640
Trade payables	SEK	861	861	860	1	–
Lease liabilities	SEK	776	776	193	583	–
Total			4,277	1,053	584	2,640
Interest payment**	SEK		837	151	626	60
Total			5,114	1,204	1,210	2,700

* The bond loan was raised in EUR. For the purpose of eliminating the currency risk, the capital liability and coupons were swapped to SEK and the STIBOR rate with the same maturity structure as the bond

** The interest rate calculation is based on the STIBOR/swap rate on the balance-sheet date.

Credit facilities	Nominal	Used	Available
Other bank credits, incl. bank overdrafts	450	0	450
Warranty facility	200	71	129
Warranty facility, PRI	240	240	0
Total	890	311	579
Cash and cash equivalents available	407	–	407
Liquidity reserve	1,297	311	986

Note 17 Financial risks and risk management *cont.*

Group (SEK m) 2018	Currency	Nominal amt. original currency	Total (SEK)	<1 year	1–5 yrs	>5 yrs
Bank borrowings	SEK	1,725	1,725	–	1,725	–
Trade payables	SEK	835	835	835	–	–
Finance lease liabilities	SEK	291	291	81	210	–
Total			2,851	916	1,935	–
Interest payment**	SEK		342	72	270	–
Total			3,193	989	2,205	–

* The interest rate calculation is based on the highest interest rate level on the interest rate tier, which is impacted by various conditions in the loan agreement (covenants). This loan was repaid in its entirety during the 2019 financial year.

Credit facilities	Nominal	Used	Available
Bank borrowings	1,725	1,725	–
Other bank credits, incl. bank overdrafts	435	–	435
Warranty facility	885	713	172
Total	3,045	2,438	607
Cash and cash equivalents available	411		411
Liquidity reserve	3,456	2,438	1,018

Parent Company
The Parent Company has no long-term internal Group liabilities to subsidiaries.

Refinancing risk
Refinancing risk related to the risk that the Group does not have sufficient funds available when these are needed to refinance loans that fall due, or that the Group encounters difficulties in obtaining new facilities at a given point in time. Ensuring these needs requires both a strong financial position and active measures to ensure access to credits. The refinancing risk is managed through such measures as long-term borrowing.

Currency risk
Currency risk means the risk that fluctuations in exchange rates will have a negative impact on profit or loss, financial position and cash flows. Currency risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of the net of operating and finance in- and outflows in currencies. The Group's EUR financing is hedged with a derivative that eliminates the currency risk as regards interest payments and capital liability for which hedge accounting is applied. Translation exposure consists of the net assets of the Norwegian and Finnish subsidiaries, and their earnings in foreign currencies.

Sensitivity analysis — currency risk (translation exposure)
An increase of five per cent in the EUR/SEK exchange rate would positively impact the Group's equity by SEK 3.4 million, while a similar increase in the NOK/SEK exchange rate would positively impact equity by SEK 2.8 million.

Interest rate risk
Interest rate risk means the risk that changes in interest rate levels negatively impact the Group's net interest items and cash flows. Interest rate exposure arises primarily as a consequence of the Group's external interest-bearing borrowings.

Sensitivity analysis — interest rate risk
The impact of an interest rate hike of 1 percentage point at the balance sheet date on interest revenue and interest expenses during the coming twelve-month period would total SEK 17.6 million, given the interest-bearing assets and liabilities existing on the balance-sheet date.

Credit risk
Credit risks in finance operations
Financial credit risk arises when cash and cash equivalents are invested, and in conjunction with trading in financial instruments. These are primarily counterparty risks in connection with receivables in banks and other counterparties that arise when purchasing derivative financial instruments. There are no receivables in counterparties regarding derivatives on 31 December 2019 and 31 December 2018 respectively. For other financial assets, the credit risk is assumed to correspond to the carrying amounts.

Credit risks in trade receivables
The risk that the Group's or company's customers cannot fulfil their commitments (i.e. payment is not received from customers) constitutes a customer credit risk. The Group's customers are subject to credit checks, in which information about the customers' financial position is obtained from various credit bureaus. The Group has prepared a credit policy for how customer credits are to be managed. It indicates, for example, where decisions are made on credit limits of various sizes, and how credits and doubtful receivables are to be managed. No individual customer represents 10 per cent of sales. The requirements under IFRS 9 state that expected credit losses must be recognised as income earlier than under IAS 39. The Groups companies have historically had low credit losses, and there are no indications that this will change. For the purpose of assessing the risk in trade receivables, they are divided into various risks depending on how many days have passed since the due date. Invoices are routinely sent over the course of the project and in advance. Trade receivables are additionally divided among a great many customers in various industries and have a broad geographical spread.

Effect of hedge accounting
The impact of hedge accounting on the consolidated statements of profit or loss and financial position is shown below.

Group	31 Dec 2019			January – December 2019		
	Nominal amount (EURm)	Carrying amount	Item in statement of financial position containing hedging instruments	Change in hedging instruments recognised in other comprehensive incomel	Amount reclassified from hedge reserve to profit or loss	Items in profit or loss affected by the reclassification
Crosscurrency swap	250	38	Other long term liabilities	38	-32	Financial costs

Note 17 Financial risks and risk management *cont.*

Age analysis, trade receivables (SEK m) 2019	Trade receivables, gross	Loss allowance	Net
Current trade receivables	1,189	–	1,189
Past due trade receivables, 0–30 days	163	0	163
Past due trade receivables, >30–90 days	50	-1	49
Past due trade receivables, >90–180 days	6	-2	4
Past due trade receivables, >180–360 days	9	-6	3
Past due trade receivables >360 days	5	-2	3
Total	1,423	-11	1,412

Age analysis, trade receivables (SEK m) 2018	Trade receivables, gross	Loss allowance	Net
Current trade receivables	1,093	-2	1,091
Past due trade receivables, 0–30 days	201	-2	199
Past due trade receivables, >30–90 days	15	-3	12
Past due trade receivables, >90–180 days	14	-6	8
Past due trade receivables, >180–360 days	1	-1	0
Past due trade receivables >360 days	7	-2	5
Total	1,331	-17	1,315

Age analysis, trade payables (SEK m)	2019	2018
Current trade payables	730	702
Past due trade payables, 0–30 days	123	126
Past due trade payables, >30–90 days	4	7
Past due trade payables, >90–180 days	2	1
Past due trade payables, >180–360 days	2	2
Past due payables >360 days	1	-3
Total	861	835

12-month expected credit losses (SEK m)	2019	2018
Opening balance at 1 January	17	25
Revaluation of loss allowances, net	-13	-20
Acquisition of financial assets	1	1
Verified credit losses	-2	-2
Provisions for the year	7	13
Closing balance as of December 31	11	17

Note 18 Non-current receivables and other receivables

Parent Company (SEK m)	31 Dec 2019	31 Dec 2018
Non-current receivables that are non-current assets		
Receivables in Group companies	1,616	–
Total	1,616	–
Other receivables that are current assets		
Receivables in Group companies	33	–
Total	33	–

Group (SEK m)	31 Dec 2019	31 Dec 2018
Non-current receivables that are non-current assets		
Deposit, premises rentals	1	1
Receivables, pension funds	–	14
Other	2	1
Total	3	16
Other receivables that are current assets		
VAT receivables	14	10
Tax assets	67	45
Other	29	35
Total	109	90

No individual item under Other exceeds 10 per cent of the total amount.

Note 19 Measuring financial assets and liabilities at fair value

Measurement at fair value contains a measurement hierarchy regarding input data for the valuations. This measurement hierarchy is divided into three levels corresponding with the levels indicated in IFRS 13 Fair Value Measurement.

The three levels consist of:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the company has access to on the measurement date.

Level 2: Inputs other than the quoted prices included in Level 1, which are directly or indirectly observable for the asset or liability. This can also relate to inputs other than quoted prices that are observable for the asset or liability, such as interest rate levels, yield curves, volatility and multiples.

Level 3: Unobservable inputs for the asset or liability. At this level, the assumptions that market players would make use of in pricing the asset or liability, including risk assumptions, must be taken into consideration.
Derivatives are measured under Level 2 and measured at fair value as interest-bearing liabilities measured through other comprehensive income. Financial assets measured at fair value through other comprehensive income pertain primarily to Elajo and classed in accordance with Level 3 since they are not listed on a regulated market and no observable transactions have occurred in the near term. The holdings are recognised through other comprehensive income. For all other items, excluding borrowings, the carrying amount is an approximation of the fair value. Accordingly, these items are not divided into levels under the measurement hierarchy. Borrowings belong to Level 2.

Since loans to credit institutions and borrowing via bond loans run with variable interest rates, their carrying amount is also deemed to essentially correspond to the fair values.

Classification and fair value, and level in the measurement hierarchy

Group (SEK m) **31 Dec 2019**	Note	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Total
Financial investments	16, 17	–	34	34
Non-current receivables	18	3	–	3
Contract assets	20	441	–	441
Trade receivables	21	1,410	–	1,410
Other receivables	18	109	–	109
Accrued income	22	7	–	7
Total		1,970	34	2,005

Note 19 Measuring financial assets and liabilities at fair value *cont.*

Group (SEK m) **31 Dec 2019**	Note	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through other comprehensive income	Financial liabilities measured at fair value through the income statement	Total carrying amount
Bond loans	23, 17	2,608	–		2,608
Other non-current interest-bearing liabilities		1	–		1
Derivatives	23, 17	–	38		38
Trade payables		861	–		861
Provisions (additional purchase price)				29	29
Other liabilities	26	22	–		22
Accrued costs	27	11	–		11
Total		3,505	38		3, 571

Group (SEK m) **31 Dec 2018**	Note	Finance assets/liabilities measured at amortised cost	Financial assets/liabilities measured at fair value through other comprehensive income	Total carrying amount
Financial investments	16, 17	–	33	33
Non-current receivables	18, 19	16	–	16
Contract assets	20	408	–	408
Trade receivables	21	1,315	–	1,315
Other receivables	18	90	–	90
Accrued income	22	0	–	0
Total		1,828	33	1,861
Bank borrowings	23, 17	1,725	–	1,725
Other interest-bearing liabilities (leases)		291	–	291
Trade payables		835	–	835
Other liabilities	26	23	–	23
Accrued costs	27	53	–	53
Total		2,927	–	2,927

Note 20 Contract assets

Group (SEK m)	31 Dec 2019	31 Dec 2018
Revenue generated on work not concluded	5,225	4,393
Invoicing on work not concluded	-4,784	-3,985
Total contract receivables	441	408

Note 21 Trade receivables

Trade receivables are recognised after taking customer losses totalling SEK 2 million (2) in the Group into account.

Note 22 Prepaid expenses and accrued income

Group (SEK m)	31 Dec 2019	31 Dec 2018
Accrued income	7	0
Accrued supplier bonuses	120	112
Prepaid rent	2	24
Prepaid licenses	12	11
Prepaid insurance premiums	2	11
Other items	15	12
Total	158	170

Note 23 Interest-bearing liabilities

The following section provides information on the company's contractual terms regarding interest-bearing liabilities. Major refinancing took place during the year, including of bank loans being paid off. For more information on the company's exposure to interest rate risk and for changes in exchange rates, refer to Note 17.

Group	2019	2018
Non-current liabilities		
Bond loans	2,640	–
Remeasurement of loan	-32	–
Value of derivatives	38	–
Bank borrowings	–	1,725
Capitalised funding costs *	-49	-24
Other interest-bearing external liabilities	1	–
Lease liabilities/finance lease liabilities	583	210
	3,182	1,911
Current liabilities		
Short-term interest-bearing liabilities	1	–
Current portion of lease liabilities/finance lease liabilities	194	81
	195	81

Group				2019	
Terms and repayment periods	Currency	Nominal interest rate	Maturity	Nominal value	Carrying amount
Bond loans	EUR	5.66%	15 May 2025	2,640	2,640
Capitalised funding costs	SEK	*		-49	-49
Current portion of lease liabilities **	SEK	**	31 Dec 2020	194	194
Non-current portion of lease liabilities **	SEK	**	**	583	583
Total interest-bearing liabilities				3,368	3,368

The liabilities are linked with certain conditions associated with earnings and financial position (known as covenants).
* Capitalised funding costs (SEK 49 million) paid on 6 December 2019.
** The finance leases are amortised over three to five years with interest rates of 1–1.8 per cent.

Note 23 Interest-bearing liabilities *cont.*

Group				2018	
Terms and repayment periods	Currency	Nominal interest rate	Maturity	Nominal value	Carrying amount
Bank borrowings	SEK	4.25%	7 Nov 2023	1,725	1,725
Capitalised funding costs *	SEK	*		-24	-24
Current portion of finance lease liabilities **	SEK		31 Dec 2019	81	81
Non-current portion of financial lease liabilities	SEK			210	210
Total interest-bearing liabilities				1,993	1,993

The liabilities are linked with certain conditions associated with earnings and financial position (known as covenants).
* Capitalised funding costs (SEK 25 million) paid on 7 November 2018.
** The finance leases are amortised over three to five years with interest rates of 1–1.3 per cent.

Parent Company	2019	2018
Non-current liabilities		
Bond loans	2,640	–
Bank borrowings		–
Capitalised funding costs *	-20	–
Total	2,621	–
Current liabilities		
Current portion of bank loan	–	–
Current portion of lease liabilities/finance lease liabilities	–	–
Total	–	–

Parent Company				2019	
Terms and repayment periods	Currency	Nominal interest rate	Maturity	Nominal value	Carrying amount
Bond loans	EUR	5.66%	15 May 2025	2,640	2,640
Capitalised funding costs		*		-20	-49
Total interest-bearing liabilities				2,621	2,592

The liabilities are linked with certain conditions associated with earnings and financial position (known as covenants).
* Capitalised funding costs (SEK 20 million) paid on 6 December 2019.

Credit limits	2019	2018
Group and Parent Company		
Credit limit granted	450	435
Unused portion	450	435
Credit amount used	–	–
Credit limit granted, by country		
Sweden	450	435
Total credit limit granted	450	435

Note 24 Provisions

Group (SEK m)	**31 Dec 2019**	**31 Dec 2018**
Provisions that are non-current liabilities		
Warranty commitments	98	105
Onerous leases	25	26
Other	48	4
Total	172	135
Provisions that are current liabilities		
Warranty commitments	10	15
Onerous leases	14	30
Other	53	5
Total	76	49

Group provisions for warranty commitments (SEK m)	**31 Dec 2019**	**31 Dec 2018**
Carrying amount at start of period	119	125
Amount acquired	2	1
Provisions made during the period	11	18
Amount utilised during the period	-14	-9
Unused amount reversed during the period	-11	-21
Transfers	–	3
Translation difference/other	0	1
Carrying amount at end of period	108	119

Provisions for onerous leases (SEK m)	31 Dec 2019	31 Dec 2018
Carrying amount at start of period	56	106
Amount acquired	0	18
Provisions made during the period	6	12
Amount utilised during the period	-21	-51
Unused amount reversed during the period	-2	-25
Transfers	–	-4
Translation difference/other	0	0
Carrying amount at end of period	39	56

Other provisions (SEK m)	31 Dec 2019	31 Dec 2018
Carrying amount at start of period	9	26
Amount acquired	–	–
Provisions made during the period	219	12
Amount utilised during the period	-120	-28
Unused amount reversed during the period	-7	-1
Transfers	–	0
Translation difference/other	0	0
Carrying amount at end of period	101	9

Note 24 Provisions *cont.*

Total Group provisions (SEK m)	31 Dec 2019	31 Dec 2018
Total carrying amount at start of period	184	257
Amount acquired	2	19
Provisions made during the period	235	41
Amount utilised during the period	-155	-88
Unused amount reversed during the period	-19	-46
Transfers	–	-1
Translation difference/other	0	1
Total carrying amount at end of period	248	184
Of which total non-current portion of provisions	172	135
Of which total current portion of provisions	76	49

Warranty commitments
Provisions for warranties relate to assumed expenditures in the future for rectifying errors and shortcomings regarding concluded projects that arise during the warranty period for the projects. Provisions for warranties are primarily attributable to projects concluded in 2018 and 2019 whose warranty period is up to five years. The provision is based on calculations of historical warranty costs and known complaints. The present values of the provisions are not calculated. Further information concerning important assessments and estimates is provided in Note 32.

Onerous leases
For construction contracts where it is likely that the total contract costs will exceed total contract revenue, the anticipated loss is immediately recognised in its entirety as a cost. An obligatory agreement is a contract where the unavoidable costs for meeting the obligations under the agreement exceed the anticipated financial benefits. In addition, the Group has several rental agreements for premises with long notice periods that remain unused as a result of reorganisations. Provisions have been made for the commitment to pay peripheral costs over and above rental costs during the remainder of the contract period.

Other provisions
These provisions are based on individual risk evaluation and are primarily related to acquisitions and adjustments of acquisition balances. Future close-down costs related to the closure of unprofitable branches as a result of the profitability improvement projects last autumn are also included.

Note 25 Contract liabilities

Group (SEK m)	31 Dec 2019	31 Dec 2018
Invoicing on work not concluded	8,715	6,101
Revenue generated on work not concluded	-8,004	-5,463
Total contract liabilities	712	638

Note 26 Other liabilities

Parent Company (SEK m)	31 Dec 2019	31 Dec 2018
Other current liabilities		
VAT liability	4	–
Other	3	–
Total	7	–

Group (SEK m)	31 Dec 2019	31 Dec 2018
Other current liabilities		
VAT liability	63	57
Other	25	23
Total	88	81

Note 27 Accrued expenses and prepaid income

Parent Company *(SEK m)*	31 Dec 2019	31 Dec 2018
Deferred income	17	–
Personnel-related items	2	–
Accrued interest expenses	11	–
Other	5	–
Total	35	–

Group (SEK m)	31 Dec 2019	31 Dec 2018
Personnel-related items	879	793
Accrued interest expenses	11	12
Other	62	41
Total	952	845

Note 28 Specification of cash flow analyses

Cash and cash equivalents — Group (SEK m)	31 Dec 2019	31 Dec 2018
The following subcomponents are included in cash and cash equivalents:		
Cash in hand and bank deposits	70	-173
Deposits in cash pooling	337	584
Total cash and cash equivalents	407	411

Cash and cash equivalents – Parent Company (SEK m)	31 Dec 2019	31 Dec 2018
The following subcomponents are included in cash and cash equivalents:		
Cash in hand and bank deposits	18	-173
Deposits in cash pooling	0	584
Total cash and cash equivalents	18	411

Interest paid and dividends received (SEK m)	1 Jan 2019 – 31 Dec 2019	1 Jan 2018 – 31 Dec 2018
Group		
Dividends received	19	2
Interest received	1	1
Interest paid	-126	-69
Total	-106	-66

Note 28 Specification of cash flow statement *cont.*

Interest paid and dividends received (SEK m)	1 Jan 2019 – 31 Dec 2019	1 Jan 2018 – 31 Dec 2018
Parent Company		
Interest received from Group companies	7	2
Interest paid	-11	-2
Total	-5	–

Adjustments for items not included in the cash flow — Group (SEK m)	1 Jan 2019 – 31 Dec 2019	1 Jan 2018 – 31 Dec 2018
Group		
Depreciation and amortisation of tangible and intangible assets	261	92
Capital loss on sale of non-current assets	-7	-7
Interest capitalised	–	59
Expensed arrangement fees, loans	25	53
Share of profits from partnerships	-1	-1
Provisions for pensions	30	38
Other provisions	198	-14
Other	-2	9
Dividends received	-19	-2
	484	228

Adjustments for items not included in the cash flow — Parent Company (SEK m)	31 Dec 2019	31 Dec 2018
Deferred interest income	-7	–
Accrued interest expenses	11	–
Group contributions	-10	–
	-5	–

Opening/closing balance analysis for liabilities whose cash flows are recognised in financing activities

					Non-cash changes		
Group	31 Dec 2018	IFRS 16 adjustment	Effect of acquisition	Cash flows	Currency effect	Other	31 Dec 2019
Bank borrowings	1,725	–		-1,725	–	–	–
Bond loans	–	–		2,591	6	–	2,597
Acquisition loans			992	-992			
Lease liabilities	–	761		-170	-4	189	776
Finance leases	291	-291		–	–	–	–
Total liabilities attributable to financing activities	2,016	470		-296	3	189	3,374

			Non-cash changes		
Group	31 Dec 2017	Cash flows	Currency effect	Interest capitalisation	31 Dec 2018
Bank borrowings	1,280	432	12		1,725
Shareholder loans	582	-657	14	60	0
Loans from related parties	91	-91	0	0	0
Finance leases	253	38			291
Total liabilities attributable to financing activities	2,206	-278	27	60	2,016

			Non-cash changes		
Parent Company	31 Dec 2018	Cash flows	Currency effect	Interest capitalisation	31 Dec 2019
Bond loans	–	2,640			2,640
Loans to subsidiaries	–	-1,577	–	–	-1,577
Total liabilities attributable to financing activities	–	1,063	–	–	1,063

Note 29 Appropriations

Parent Company (SEK m)	2019	2018
Group contributions received	10	–
Appropriations	10	–

Note 30 Proposal for appropriation of profits

The following amount, in SEK, is at the disposal of the Annual General Meeting:

Retained earnings	SEK 4,088,955,609
Profit for the year	SEK -4,493,669
Total	SEK 4,084,461,940

The Board of Directors proposes that the retained earnings and unrestricted equity be managed as follows:

To be carried forward	SEK 4,084,461,940
Total	SEK 4,084,461,940

Note 31 Group companies

Parent Company (SEK m)	2019	2018
Accumulated cost		
At start of year	–	–
Acquisitions	5,081	–
At year end	5,081	–

Note 31 Group companies *cont.*

Breakdown of Parent Company's direct holding of participations in subsidiaries

Subsidiaries	Corp. ID no.	Domicile	Participation, %	Number of shares	Carrying amount 31 Dec 2019	31 Dec 2018
Assemblin Holding AB	559025-2952	Stockholm	100	50,000	5,081	–
Assemblin AB	559020-2551	Stockholm	100			
Assemblin Sweden AB	556768-1530	Stockholm	100			
Assemblin VS AB	556053-6194	Stockholm	100			
– Bankeryds Rör AB	556276-5270	Bankeryd	100			
– TKI Invest AB	556724-2234	Stockholm	100			
– TKI Teknikinstallationer AB	556518-2176	Stockholm	100			
– Ivarssons Rörläggeri AB	556541-8679	Gothenburg	100			
– Lindahls Rör i Göteborg AB	556332-3186	Gothenburg	100			
– Svenssons Rörinstallation i Kinna AB	556440-2377	Land	100			
– Värmesvets Entreprenad i Eslöv AB	556485-5806	Eslöv	100			
– Industri och Värmemontage Werme AB	556548-6411	Uppsala	100			
– KP Svets & Smide AB	556345-3736	Uppsala	100			
– NSM VS HB	969781-5158	Malmö	50			
Assemblin El AB	556013-4628	Stockholm	100			
– NIAB Norrlands Industrimontage AB	556896-6906	Sundsvall	100			
– NSM EL HB	969780-9847	Malmö	50			
Assemblin Ventilation AB	556728-9177	Malmö	100			
– HVAC AB	556778-9010	Malmö	100			
– Ventilation Totalplåt AB	556597-9092	Malmö	100			
– Ventilation Östergötland AB	556510-3933	Linköping	1)			
– Sydtotal AB	556131-6745	Jönköping	2)			
– Polarluft AB	556944-6072	Malmö	100			
– Assemblin Installation Vent AB	559077-5747	Solna	100			
– JVT Vent AB	556680-2541	Stenungsund	100			
Assemblin Holding AS	943623341	Oslo	100			
Assemblin AS	965808752	Oslo	100			
– Wennevolds Elektro AS	920860583	Oslo	1)			
– Assemblin Innlandet AS	912543005	Oslo	100			
Arve Hagen AS	998491487	Oslo	100			
Ramsøy AS	979125321	Oslo	100			
Gjøvik Varme og Sanitær AS	917593663	Oslo	100			
Assemblin Oy	2064618-3	Helsinki	100			
– Trentec Team Oy	0850712-1	Helsinki	1)			
Assemblin Installation AB	556224-0944	Stockholm	100			
Assemblin Umeå Ventilation AB	556627-6753	Umeå	100			
Assemblin Umeå Holding AB	556595-6090	Umeå	100			
Trignition 1 AB	559025-3026	Stockholm	100			
Trignition 2 AB	559028-2900	Stockholm	100			
Total						

1) Merged
2) Divested

Note 32 Critical accounting estimates and judgements

Company management has discussed the development and choice of the Group's critical accounting policies and estimates, the information concerning them, and the application of these policies and estimates with the Audit Committee.

Estimates on recognition
Certain critical accounting judgements made when applying the Group's accounting policies are described below.

Recognition of revenue over time (percentage of completion)
The reported earnings in ongoing contract projects are recognised over time on the basis of assignment expenditures incurred in relation to the total estimated assignment fees of the assignment. Costs associated with this are recognised in earnings as they arise. This requires reliable calculation of project revenue and project costs. The precondition is a properly functioning system for cost accounting, forecasting procedures and project monitoring. The forecast regarding the project's final outcome is a critical judgement that is material to the operating report over the course of the project. There may be a risk that the final result as regards the project could deviate from what is reported over time.

Pensions
Assemblin has partial defined-benefit pension plans. The pension obligations are calculated used actuarial assumptions, and plan assets are marked to market on the balance-sheet date. A change in any of these assumptions and measurements could have a significant impact on calculated pension commitments and pension costs.

Intangible assets
Impairment testing of goodwill
The recoverable amounts of cash-generating units is based on the assumption of future conditions and estimates of various parameters. Changes in these assumptions and estimates could have an effect on the carrying amount of goodwill. A recession in the rate of growth and operating margin would yield a lower recoverable amount. The reverse applies if the recoverable amount were calculated based on a higher rate of growth or margin. If future cash flows are discounted at a higher interest rate, the recoverable amount would be lower. The reverse would apply if the recoverable amount were to rise in conjunction with discounting at a lower discount rate.

Warranty provisions
In the Assemblin Group, warranty provisions are made for the warranty obligations found in the installation assignments being performed. A warranty expenditure arises in a project when a Group company performs extra work as a result of shortcomings that emerged in the original contract, in work performed or in materials. A warranty reserve is calculated based on the probable costs of correcting the faults that arose in the contract. The scope of the warranty provision is established based on:

a) previous experiences in similar projects;
b) the anticipated scope of the extra work; and
c) the estimated cost.

Onerous leases
When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as an expense in its entirety. An onerous lease is a contract in which the unavoidable costs for meeting the obligations under the contract exceed the anticipated financial benefits. The expected loss is immediately recognised as a cost in its entirety.

Note 33 Related parties

Relationship with related parties
The Parent Company has a related party relationship with its subsidiaries. The breakdown of participations in subsidiaries is presented in Note 31.

Summary of related party transactions in the Group.

Purchase of goods/services (SEK m)	2019	2018
Triton Advisers Ltd.	0	3
West Park Mgmnt Services Ltd.	6	6
Total	6	9

Other (e.g. interest rate, dividend)	2019	2018
Shareholder loans	0	50
Lån Assemblin Financing AB	0	2
Total	0	52

Parent Company
On 6 December 2019, Assemblin Financing AB (publ), corporate ID number 559007-5952, acquired all shares in Assemblin Holding AB (559025-2952) for SEK 5,081 million. Ignition MidCo S.à.r.l. (B 190534) financed the acquisition of the shares against a promissory note, whereupon SEK 4,089 million was converted to shareholder contributions and the remaining SEK 992 million was amortised in conjunction with the issuance of a bond.

Transactions with key persons in executive positions
Information on remunerations to key persons in executive positions, refer to Note 7.

Note 34 Events after the balance-sheet date

On 15 January, Assemblin Ventilation AB acquired Projektuppdrag Syd AB, which was consolidated into the Group as of 1 February 2020. The company is based in Malmö, and provides consulting services with eight employees.

In February 2020, the bond issued in December 2019 was listed on TISE (CI).

Owing to the global spread of COVID-19 and the measures being taken around the world to fight the infection, the short-term market situation has become more uncertain. Assemblin Group is not among the section of industry that is most heavily affected, but is carefully monitoring the situation and adjusting its operations in accordance with developments. Over the long term, it is judged that demand for Assemblin's services will remain strong.

Note 35 Parent Company information

The Parent Company of the Group is new, and was changed in conjunction with the issuance of a bond. From a reporting perspective, this internal restructuring entailed the application of predecessor accounting. The historical consolidated financial statement of the new Parent Company, Assemblin Financing AB (publ), corporate identity number 559077-5952, thus corresponds to the consolidated financial statement of its predecessor, Assemblin Holding AB (559022-2952).

Assemblin Financing AB is a Swedish limited company incorporated and domiciled in Stockholm. Its registered office is located at Västberga Allé 1, SE-126 30 Hägersten, Sweden.

The consolidated financial statement for 2019 consists of the Parent Company and its subsidiaries, together designated the Group. Assembling Financing AB is owned primarily by Ignition MidCo S.à.r.l. Its final owner is Triton Fund IV.

Assurance by the Board of Directors

The Board of Directors and the President hereby affirms that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden, and the consolidated financial statement has been prepared in accordance with the international accounting standards indicated in Regulation (EC) 1606/2002 of 19 July 2002 on the application of international accounting standards. The Annual Report and consolidated financial statement, respectively, provide a true and fair view of the financial position and earnings of the Parent Company and the Group. The respective Board of Directors' and the President's Reports for the Parent Company and the Groups provide a true and fair overview of the trends in the Parent Company's and Group's operations, financial position and earnings, and describe the material risks and uncertainties facing the Parent Company and the companies forming the Group.

As indicated above, the Annual Report and consolidated financial statements were approved for issue by the Board of Directors on 12 May 2020. The consolidated statement of earnings and other comprehensive income, the consolidated statement of financial position, and the Parent Company income statement and balance sheet were adopted at the Annual General Meeting of 12 May 2020.

Stockholm, 12 May 2020

Matts Väppling
Chairman of the Board

Susanne Ekblom

Leif Gustafsson

Mats Jönsson

Young Kim

Anders Thulin

Mats Johansson
President

Our Auditor's Report was submitted on 12 May 2020

KPMG AB

Helena Arvidsson Älgne
Auktoriserad revisor

KPMG

Auditor's Report

To the general meeting of the shareholders of Assemblin Financing AB (publ), corp. id 559077-5952

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Assemblin Financing AB (publ) for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 40-87 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 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-39 and 99-102. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process

Auditor's responsibility

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

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

– Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

– Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Assemblin Financing AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

– has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

– in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

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

Stockholm 12 May 2020

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

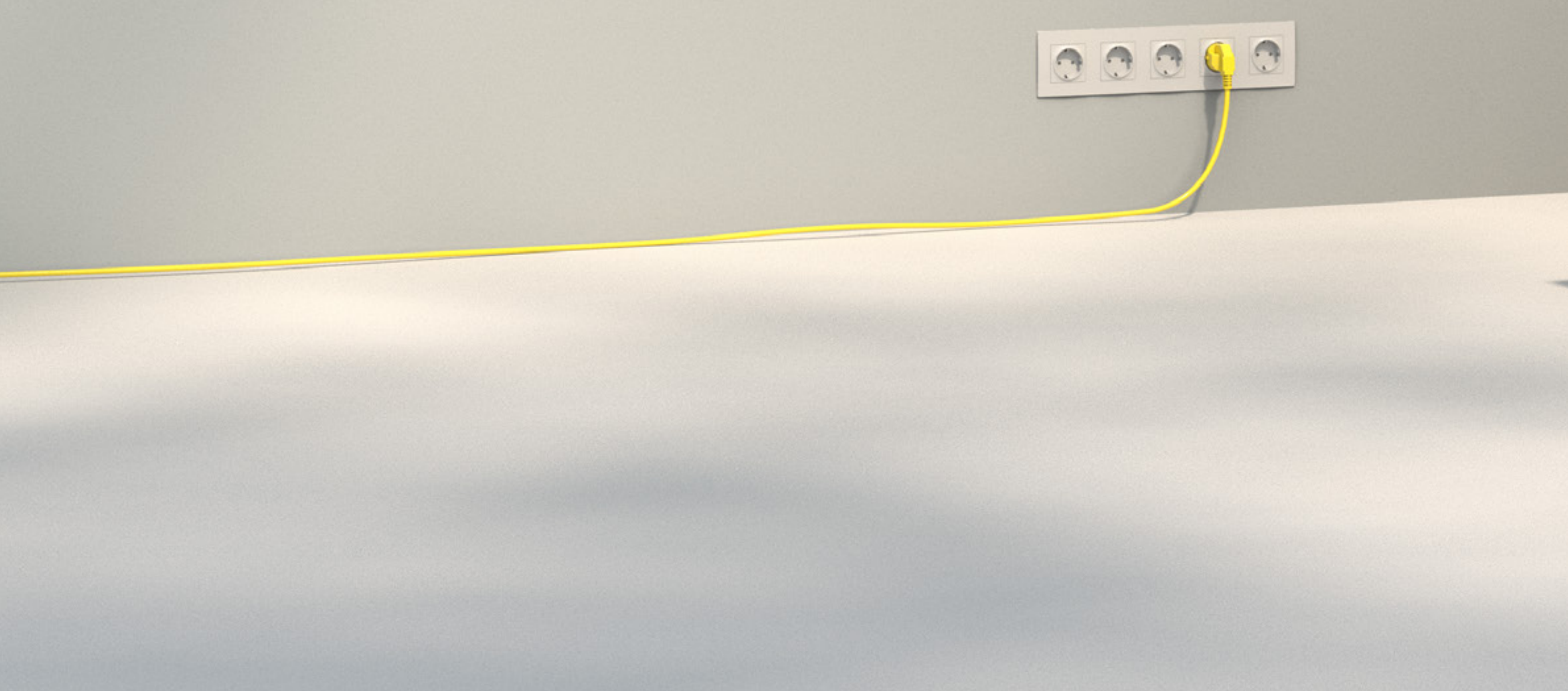
CORPORATE GOVERNANCE

CONTENTS

About Assemblin’s Corporate Governance Report

The Board of Directors of Assemblin Financing AB (publ), corporate ID number 559077-5952, hereby submits its corporate governance report for the Assemblin Group for the period from 1 January to 31 December 2019. This Corporate Governance Report complies in all essentials with the requirements under the Swedish Corporate Governance Code.

This corporate governance report is a part of Assemblin’s 2019 Annual Report and Sustainability Report, which is available in its entirety on the company’s website. This explains why the pagination begins on page 90. This report can be read separately, but occasionally contains references to other parts of the 2019 Annual Report and Sustainability Report.

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Strengthened corporate governance

Well structured operations, active control mechanisms and a sound corporate culture ensure sustainable value creation with limited risk. In 2019, corporate governance at Assemblin was reviewed and updated.

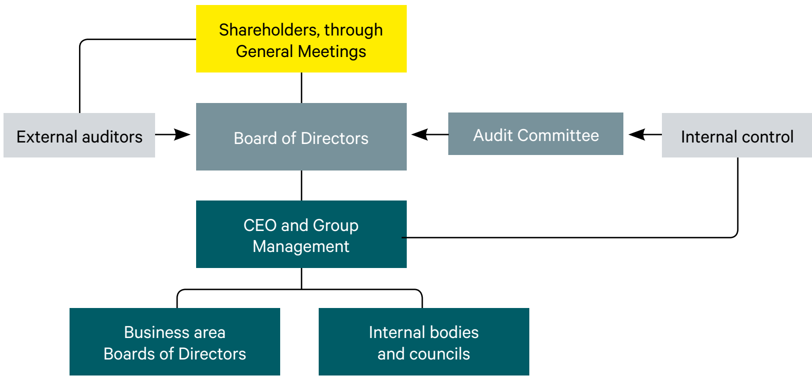
Assemblin strives for efficient corporate governance procedures aimed at utilising future opportunities with controlled risks. This implies a clear allocation of responsibilities among different corporate bodies, an efficient and well structured operating organisation, effective systems for risk management and internal control, and transparent internal and external reporting.

Starting point for Assemblin's corporate governance

Assemblin comprises nearly 30 legal companies in five operating business areas in the Swedish, Norwegian and Finnish installation markets. Since 4 November 2019, the Parent Company has been the Swedish company Assemblin Financing AB (publ), corporate ID number 559077-5952, domiciled in Stockholm, Sweden (address Västberga Allé 1, SE-126 30 Stockholm). Prior to that, the Parent Company of the Group was Assemblin Holding AB, corporate ID number 559025-2952 (domicile and address as above).

Assemblin Financing AB (publ) is a subsidiary of Ignition MidCo S.a.r.l, and the ultimate principal owner is Triton Fund IV. A portion of the company's shares are also owned by senior executives in Assemblin. On 6 December 2019, Assemblin Financing AB issued a Eurobond that was later listed on the International Stock Exchange (Channel Islands) securities market.

CORPORATE GOVERNANCE STRUCTURE AND KEY CORPORATE BODIES



The starting point for corporate governance at Assemblin is the Swedish Companies Act, Swedish reporting legislation, regulations for issuers on TISE (CI) and other applicable laws and regulations in the countries where operations are conducted. In addition, Assemblin applies the Swedish Corporate Governance Code (the "Code") and the principles of the UN Global Compact. In addition to these external regulations, Assemblin has well developed internal regulations. Assemblin's Articles of Association are available on the company website.

KEY CORPORATE BODIES

An important starting point for corporate governance is a clear allocation of responsibilities among Assemblin's corporate bodies.

Shareholders, through the General Meeting

Assemblin Financing AB (publ) has 500 shares. The company's shareholders can exercise their influence at the General Meeting, which is the highest decision-making body. Each share carries the right to one vote. There are no limits regarding the number of shares a share-

✪ Key external regulations:

- The Swedish Companies Act
- Other laws, regulations and ordinances in Sweden, Norway and Finland
- TISE (CI) Rules for Issuers
- The Swedish Corporate Governance Code (the "Code")
- The UN Global Compact

✪ Key internal regulations:

- Articles of Association
- Rules of procedure for the Board of Directors
- Communication Policy, Financial Policy, the Financial Handbook
- Risk management and internal control procedures
- Code of Conduct, Anti-corruption and bribery Policy
- Shared values

Deviations from the Code

Since Assemblin's ownership sphere is limited, the following deviations from the Code apply: (i) no Nomination Committee has been established; (ii) remuneration to senior executives is not reported in detail; and (iii) notice to attend the Annual General Meeting and minutes from the Meeting are not published on Assemblin's website.

BOARD MEMBER ATTENDANCE, INDEPENDENCE AND REMUNERATION

	Meeting attendance		*Dependence*	
	Board of Directors	Audit Committee	Independent of the company	Independent of major shareholders
Total number of scheduled meetings	**5**	**5**		
Board members				
Mats Wäppling, Chairman	5		YES	NO
Susanne Ekblom [1)]	4	4	YES	YES
Leif Gustafsson	5		YES	YES
Mats Jönsson	5	5	NO	NO
Young Kim	5	5	YES	NO
Anders Thulin	5		YES	NO

1) Susanne Ekblom took up her post as Board member on 29 April 2019.

holder can represent. Under the Swedish Companies Act, the Annual General Meeting (AGM) must be held within six months of the end of the financial year. The Companies Act and the Articles of Association regulate what decisions can be made at the AGM. The most recent AGM for Assemblin Financing AB (publ) was held on 5 June 2019 in Stockholm, Sweden.

Extraordinary General Meetings are held if the Board of Directors considers it necessary, if any owner of at least 10 per cent of all shares requests one, or if Assemblin's auditors request one.

Board of Directors

Composition of the Board of Directors

Under the Articles of Association, the Board of Directors must comprise at least three and at most ten members, with at most five deputies. The representatives of the Board are nominated by the principal owner and elected by the General Meeting. The Board of Directors was expansed in 2019 by one member, which means at the end of the year the Board consisted of six ordinary members, two of whom (33 per cent) are women. More information on the members of the Board is presented in more detail at the end of this Corporate Governance Report. In addition to the members of the Board, the company's CEO and CFO – and other persons from the Company as needed – attend Board meetings.

The composition of the Board is considered to be appropriate in terms of Assemblin's operations, stage of development and ownership. It is characterised by diversity and breadth as regards the skills, experience and background of its members.

Tasks and responsibilities of the Board

The Board of Directors is responsible to the General Meeting, and is tasked with safeguarding the interests of the owners as regards external and internal governing documents. This includes the Board's overall responsibility for Assemblin's organisation and administration.

Some of the Board's most important tasks are establishing Assemblin's long-term strategy, governance and monitoring, routinely assessing the Group's financial situation and ensuring the company has a high level of internal control. The Board is also tasked with appointing and routinely evaluating operational management and the activities of the CEO.

The Board annually establishes rules of procedures for its activities, which also regulate the areas of responsibility of the Audit Committee and the CEO. In December 2019, the rules of procedure were revised to further strengthen risk management and internal control activities in the Group.

Under the rules of procedure, a statutory Board meeting must be held immediately after the AGM. Members of the Audit Committee, signatories for the company, and other roles are appointed at this meeting. In addition to the statutory meeting, the Board going forward will normally hold six scheduled meetings per year. Four of these meetings are held quarterly in conjunction with the company's financial reports. One meeting is set aside for strategic discussions, at which risks are also evaluated.

The role and tasks of the Chairman of the Board are described in the rules of procedure for the Board. These tasks include monitoring the Board's fulfilment of its work tasks in accordance with applicable laws and regulations, ensuring that committee meetings are held when needed, receiving viewpoints from the owners and conveying them to the Board, checking that Board decisions are efficiently implemented and annually evaluating the Board's activities.

Board activities in 2019

In 2019, the Board of Directors had five scheduled and a number of extraordinary Board meetings in Assemblin Holding AB/Assemblin Financing AB (publ). At these meetings, the Board addressed such matters as strategic issues, financial performance, financial reports and issues related to customers, personnel, sustainability and risk management. A decision on issuing and listing a bond on TISE (CI) was also taken in 2019. Attendance at Board meetings for the year was acceptable, and is presented in the table above.

An evaluation of Board activities was also conducted in 2019, under the management of the Chairman of the Board. This evaluation is being used as a tool for developing the activities of the Board.

Additionally, an in-depth review of Assemblin's corporate governance and internal control was conducted in 2019. This work resulted in the Board taking a decision at the end of the year on revising the rules of procedure and updating the procedures for risk management and internal control.

Audit Committee

In accordance with its rules of procedure, the Board of Directors must have an Audit Committee. The activities of this committee include:

- monitoring the company's financial reporting, as well as internal control and risk management;
- monitoring the impartiality of the auditor and staying informed about the audit of the Annual Report; and
- monitoring the Group's short- and long-term cash flow trends and financing opportunities.

The Audit Committee includes three ordinary Board members and is led by Susanne Ekblom. The rapporteur for the Committee is the CFO of Assemblin.

The Committee held five meetings in 2019. The auditors took part on three occasions, which included discussion of the company's financial reports, the year-end report, the scope of the audit and Assemblin's risks and internal control.

CEO and Group management

The Board appoints Assemblin's CEO (who is also the President), who is responsible for administration of the company in accordance with the guidelines and instructions of the Board. Furthermore, the CEO is responsible for planning the company's operations so that the established goals are reached, that the control environment is adequate and that the risks the Group takes are compatible with the guidelines of the Board. Any deviations must be reported to the Board. The Board also routinely receives information from the CEO via monthly reports.

Mats Johansson has been President and CEO of Assemblin since 2018, and he has the mandate of the Board to lead the company's operational activities alongside the company's Group Management. Group Management consists of five Heads of Business Area, the CFO and the Head of Communications and Sustainability, and is presented at the end of this Corporate Governance Report.

As a rule, Group Management meets every other month. Matters addressed at these meetings are earnings trends and forecasts, the market situation, Group-wide initiatives, important recruitments, ongoing business and acquisition opportunities, as well as other urgent and current issues.

Nine Group Management meetings were held in 2019. Issues of particular importance addressed were profitability improvement measures, work environment and safety, decisions on new policies, decisions on a new leadership model, conducting a Group-wide employee survey, acquisition opportunities and monitoring ongoing major projects.

External auditors

In accordance with the Articles of Association, the meeting must appoint at least one and at most two external, independent authorised public accountants, with or without deputies. Since 2015, KPMG has been Assemblin's external auditor, with Helena Arvidsson Älgne as auditor in charge. In addition to this audit engagement, Helena Arvidsson Älgne is also involved in several other companies including ICA Gruppen AB, LKAB, Knowit AB (publ), HiQ International AB, AQ Group, FM Mattsson Mora Group AB and Beijer Alma AB.

The task of the external auditor is to review Assemblin's annual financial statements, annual report and consolidated financial statement as well as administration by the Board of Directors and Group Management. The auditors also conduct a review of the September interim report and an examination of the company's internal control. The external audit of the Group's accounts is conducted in accordance with the Companies Act, the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

The auditor reports to the Audit Committee and the CEO, as well as to management of the local companies. In conjunction with the annual financial statements, the auditor also presents her conclusions from the audit to the Board.

The auditors must also keep the Audit Committee updated on the planning, scope and content of the annual audit, and inform them of services performed in addition to audit services, remuneration for such services and other circumstances that could be of significance for the auditor's independence.

The auditor takes part in several Audit Committee meetings, and attends at least one Board meeting per year. Audit fees received for 2019 are reported in Note 6, in the separate section on *Financial reporting*.

In addition to this, parts of Assemblin's operations are also reviewed from the perspective of the environment, quality and work environment by independent certification companies. The result of these audits is reported to the management groups of each business area. More information can be found in Assemblin's *Sustainability Report*.

OPERATIONAL GOVERNANCE

Assemblin's operations are firmly decentralised and governed through a shared framework, clear allocation of roles and responsibilities and structured monitoring. Assemblin's operating organisation is described in the section on *Operations/Organisation and governance*.

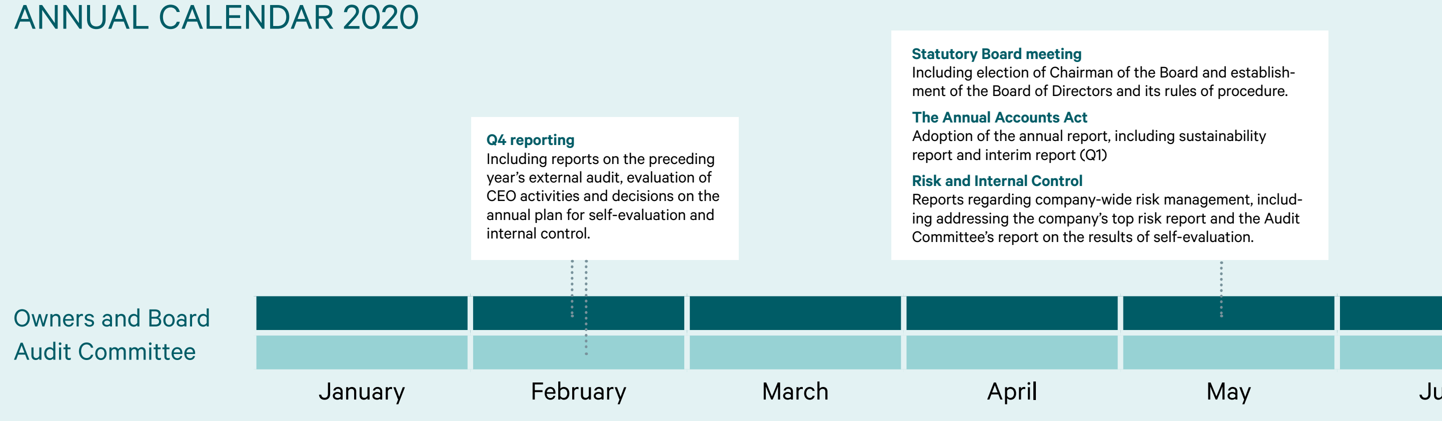
Remuneration to the Board of Directors and senior executives

Assemblin's Board of Directors has chosen not to establish a Remuneration Committee, but instead to address issues of remuneration in the Board, including policies for bonus systems and incentive programmes for senior executives.

Remuneration and conditions of employment to senior executives are to be reasonable, and at market rates to attract highly skilled leaders. Remuneration consists of fixed salaries, variable remuneration and other benefits. Variable remuneration totals a maximum of 75 per cent of the fixed annual salary and is pensionable. Remuneration to senior executives is approved in accordance with the grandfather principle, which means that remuneration to Group Management must be approved by the Board of Directors.

Remuneration to Group Management and the Board of Directors is reported in Note 7, in the separate section on *Financial statements*.

ANNUAL CALENDAR 2020



INTERNAL CONTROL REGARDING FINANCIAL REPORTING

The Board has overall responsibility for the company's internal control system. Assemblin's work on internal control is grounded in the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Control environment

The starting point for internal control is Assemblin's control environment, with a clear organisation, clear decision-making paths and a clear allocation of responsibilities based on properly communicated and suitable governing documents. The control environment also encompasses the culture and values that both the Board of Directors and Group Management communicate and work from, which are described in Assemblin's Code of Conduct.

Assemblin's Board of Directors has overall responsibility for establishing an efficient system for internal control. Assemblin's Board of Directors has established rules of procedure, with clear instructions as to its work. This also includes the Audit Committee, the allocation of responsibilities between the CEO and the Board, and financial reporting requirements. Furthermore, the Board of Directors has adopted a number of Group-wide policies and created an organisational structure with clear roles and responsibilities. Within the Group, there is a delegation policy with levels of decision-making and authorisation that follow the organisational structure.

Group Management, which is responsible for implementing internal control in accordance with the Board's guidelines, reports regularly to the Audit Committee and the Board in accordance with established procedures.

Risk assessment

The Board of Directors and management of the Group are ultimately responsible for Assemblin's risk management, and as of 2019 there is a Group-wide risk management policy and risk management procedure. In accordance with the risk management procedure, a joint risk catalogue and risk assessment based on probability and impact will be conducted once a year. The risk catalogue will be summarised into a top risk report that will be presented to the Audit Committee and the Board. Assemblin's top risks for 2019 are described in the company's *Board of Directors' Report*.

Assemblin's risks linked to financial reporting are surveyed based on the consolidated balance sheet and income statement, as well as on key procedures identified.

Control activities

For the purpose of limiting identified risks and ensuring correct and reliable financial reporting, various control activities linked to the Group's key procedures are conducted. The controls are routinely assessed as to whether they are sufficient. If needed, additional compensatory controls can be introduced to reduce the risk to an acceptable level. A specific procedure owner will be appointed for each key activity and a manager for each control activity. The responsibility for the control activities in financial reporting lies with the Group's accounting function, and these activities take place through both automatic controls and manual analysis. Examples of controls to be carried out are project and agreement approvals in accordance with the decision-making matrix established by the Group's Board of Directors.

The procedure for financial reporting is continually subject to evaluation, and the need for control activities is routinely reviewed. The procedure is documented in Assemblin's Financial Handbook.

Information and communication

Guidelines for financial reporting are communicated to employees through policies, instructions, manuals and other governing documents published on the Group-wide intranet. To ensure both internal and external reporting are correct and released correctly, a communication and insider policy has been adopted. The authority to act as spokesperson for the Group's financial information and consolidated earnings is limited to the CFO, the CEO and the Head of Investor Relations. Assemblin publishes interim financial reports for the company's owners and bond holders, after approval by the Board.

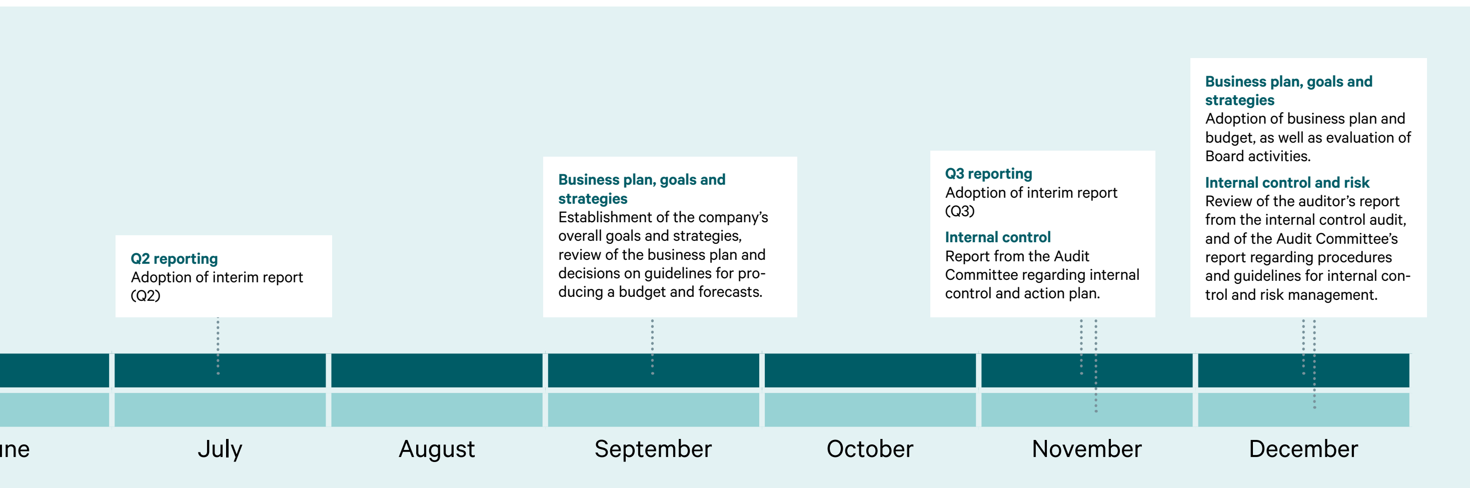
Monitoring and routine improvements

The Audit Committee routinely follows up on the internal controls for the purpose of ensuring the quality of the procedures. The Group's CFO is responsible for monitoring internal control of financial reporting, and must report any deviations. An annual self-evaluation procedure has been implemented with the results reported to the Board of Directors, the Audit Committee and Group Management.

Assemblin's external auditors also regularlyb report the results of their audit to the CFO and the Audit Committee. Both internal reporting and the auditor's report form the basis for improvements to procedures, increased compliance and adaptation of the Group's control environment to a changing reality.

Assemblin also has a whistle-blower function that the company's employees can use if they suspect any impropriety or crime. Assemblin's chief legal officer is tasked with addressing issues of impropriety and insufficient regulatory compliance in the company. Reports are submitted annually to the Board.

In 2019, the Board of Directors evaluated the need for a separate internal audit function, but concluded that the procedure described above is sufficient based on the company's current financial position and needs.



Board of Directors

Mats Wäppling (Matts Väppling)[1]

BORN: 1956
ROLE: Chairman of the Board since 2017
EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology.
PROFESSIONAL EXPERIENCE: From 2007 to 2012, Mats was President and CEO of Sweco. Prior to that, he worked as Vice President at NCC after many years at Skanska, where he finished his career as Vice President.
OTHER CURRENT APPOINTMENTS: Chairman of the Board of PKM Invest, Ramudden and Vectura. Board member of Chevron, Campus X and Vesper.

Susanne Ekblom

BORN: 1966
ROLE: Board member since 2019
EDUCATION: B.Sc. in Finance, Stockholm University
PROFESSIONAL EXPERIENCE: Consultant through own company since 2020. Previously worked as the President and CEO of Vectura Fastigheter AB, CFO of Investor AB, CFO at Sveriges Television, and various roles in the Scania Group.
OTHER CURRENT APPOINTMENTS: –

Leif Gustafsson

BORN: 1967
ROLE: Board member since 2017
EDUCATION: Construction engineer, marketing economist, IHM Business School.
PROFESSIONAL EXPERIENCE: CEO of Cramo Group, 2016–2020. CEO of Stena Recycling International, 2012–2016; President of Stena Recycling AB, 2008–2012. President of YIT Sverige, 2003–2008. Division Manager at ABB, 1999–2003.
OTHER CURRENT APPOINTMENTS: CEO of Cramo Group. Board member of European Rental Association (ERA).

Mats Jönsson

BORN: 1957
ROLE: Board member since 2017
EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology.
PROFESSIONAL EXPERIENCE: President and CEO of Coor Service Management. Various positions at Skanska, including President of Skanska Services.
OTHER CURRENT APPOINTMENTS: Chairman of the Board of Tengbom and Lekolar. Board member of Coor Service Management and NCC.

Young Kim

BORN: 1985
ROLE: Board member since 2015
EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology.
PROFESSIONAL EXPERIENCE: Young Kim is currently an Investment Professional at Triton. Prior experience includes positions at Credit Suisse and Stella Capital Advisors.
OTHER CURRENT APPOINTMENTS: Board member of Aleris.

Anders Thulin

BORN: 1963
ROLE: Board member since 2017
EDUCATION: Master in Economics and Business Administration from Stockholm School of Economics, including MBA studies at the Western University, Ivey Business School, Canada.
PROFESSIONAL EXPERIENCE: Anders is currently Head of Triton Digital Practice. His previous experience includes the role of Senior Vice President and CIO at Ericsson, and Senior Partner at McKinsey.
OTHER CURRENT APPOINTMENTS: Board member of Ramudden AB, Chevron Traffic Management, Proact AB and Sunweb Group.

1) Mats Wäppling is registered in Sweden as Matts Väppling.

Group Management

Mats Johansson

BORN: 1967
ROLE: CEO of Assemblin AB sedan 2018
EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology; SEP Stanford (US).
PROFESSIONAL EXPERIENCE: Various senior positions at Skanska, 1994–2018; latest as COO, Skanska USA Building.
OTHER CURRENT APPOINTMENTS: –

Fredrik Allthin

BORN: 1970
ROLE: President of Assemblin El since 2016
EDUCATION: B.Sc. in Engineering and Economics, with graduate education in management and contract law.
PROFESSIONAL EXPERIENCE: Regional Manager, deputy President and President of Imtech Elteknik AB, 2013–2015. NEA, 1998–2013.
OTHER CURRENT APPOINTMENTS: Deputy Board member at the Swedish Installation Federation.

Andreas Aristiadis

BORN: 1978
ROLE: President of Assemblin VS since 2017
EDUCATION: HVAC engineer
PROFESSIONAL EXPERIENCE: Regional Manager, deputy President of Assemblin VS AB, 2015–2017. Various executive roles at NVS, 2001–2013, and at Imtech VS-teknik AB, 2013–2015.
OTHER CURRENT APPOINTMENTS: Board member of Säker Vatten.

Åsvor Brynnel

BORN: 1966
ROLE: Head of Communications and Sustainability since 2017
EDUCATION: Business Administration and Economics, Mid Sweden University
PROFESSIONAL EXPERIENCE: Communications and Sustainability Director at Coor Service Management, 2005–2017. Head of Communications at Drott/Fabege, 2001–2005. Senior Consultant Strategic Communications at Askus, 1997–2001.
OTHER CURRENT APPOINTMENTS: –

Philip Carlsson

BORN: 1978
ROLE: CFO since 2017
EDUCATION: M.Sc. in Business Administration and Economics, Uppsala University; Finance, Emlyon Business School.
PROFESSIONAL EXPERIENCE: CFO at Coromatic, Director of EY Transaction Services (Stockholm and London). Auditor at Previsor Revisionsbyrå.
OTHER CURRENT APPOINTMENTS: –

Håkan Ekvall

BORN: 1966
ROLE: President of Assemblin Ventilation since 2013
EDUCATION: HVAC engineer with training in control and regulator technology, fire prevention and contract law.
PROFESSIONAL EXPERIENCE: President of Imtech Ventilation AB, 2013–2015. Co-founder of Sydtotal AB, 2000; Head of Business Development, 2011–2013.
OTHER CURRENT APPOINTMENTS: –

Magnus Eriksson

BORN: 1971
ROLE: President of Assemblin Finland since 2017
EDUCATION: B.A. in Economics
PROFESSIONAL EXPERIENCE: Financial Manager at Consti Talotekniikka Oy, 2011–2017. CFO at Datacenter Finland Oy, 2010–2011. Accounting Manager at ELFA Elektroniikka Oy, 2005–2010.
OTHER CURRENT APPOINTMENTS: –

Torkil Skancke-Hansen

BORN: 1969
ROLE: President of Assemblin Norway since 2009
EDUCATION: Ingenjörshögskola, Machinery/HVAC. Ekonomisk Högskola, bachelor's degree. Trained plumber (trade certificate).
PROFESSIONAL EXPERIENCE: Various positions at Assemblin since 1996 (formerly Drammens rør, NVS and Imtech).
OTHER CURRENT APPOINTMENTS: –

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Assemblin Financing AB (publ), corporate identity number 559077-5952

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2019 on pages 90–97 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

Stockholm 12 May 2020
KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

Multi-year overview

Income statement (SEK m)	2019	2018	2017
Net sales	9,978	8,885	8,169
Costs of production	-8,131	-7,186	-6,666
Gross profit	1,848	1,699	1,503
Sales and administrative expenses, incl. other operating costs	-1,595	-1,285	-1,388
Operating profit (EBIT)	252	414	115
Adjustment for items affecting comparability	246	-16	42
Amortisation and impairment, intangible fixed assets	-18	3	95
Adjusted EBITA	516	401	252
Net financial items	-120	-193	-142
Profit/loss before tax	133	220	-27
Tax	-54	-48	53
Profit for the period	78	172	25

Balance sheet (SEK m)	2019	2018	2017
Goodwill	2,640	2,411	2,340
Other fixed assets	981	571	505
Current assets	2,214	2,036	1,886
Cash and cash equivalents	407	411	420
Total assets	6,242	5,429	5,150
Equity	-803	238	106
Long-term interest-bearing liabilities	2,599	1,911	2,028
Other long-term liabilities	1,476	715	668
Current liabilities	2,970	2,564	2,348
Total equity and liabilities	6,242	5,429	5,150

Cash flow (SEK m)	2019	2018	2017
Cash flow from operating activities	485	516	26
Cash flow from investment activities	-197	-88	1
Cash flow from financing activities	-297	-442	-28
Cash flow for the period	-8	-14	-2

Assemblin presents certain financial measurements in its Annual Report that are not fully defined under IFRS. These financial measurements should be seen as supplementary information for external stakeholders and the company's management, which in this connection facilitates evaluation of relevant trends. Assemblin's definitions of these measurements may differ from other companies' definitions of the same terms.

Definitions of the measurements not defined under IFRS and not mentioned elsewhere in the Annual report are presented at right. These measurements are reconciled in the table on page 101. Since the amounts in the table below have been rounded to the nearest SEK million, the calculations do not always sum up. For definitions of key figures, refer to page 102.

In 2018, the company changed the classification of indirect costs in profit or loss. Indirect costs were previously reported in overhead operating costs, but have now been categorised as costs of production; refer to Note 1, Significant accounting policies. The comparison year has been restated in a corresponding manner.

Key figures	2019	2018	2017
EBITA	270	417	210
EBITA margin, %	2.7	4.7	2.6
Adjusted EBITA	516	401	252
Adjusted EBITA margin, %	5.2	4.5	3.1
Adjusted EBITDA	606	489	330
Adjusted EBITDA margin, %	6.1	5.5	4.0
Profit margin, %	0.8	1.9	0.3
Net debt	2,969	1,582	1,735
Leverage ratio	4.9	3.2	5.3
Debt/equity ratio, %	-12.9	4.4	2.1
Working capital	-486	-398	-236
Working capital as % of sales	-4.9	-4.5	-2.9
Order intake	11,258	9,459	9,899
Order backlog	8,478	6,971	6,223
Average number of employees, FTE	5,901	5,630	5,693
Growth, %	12.3	8.8	15.5

Reconciliation of key metrics

Reconciliation of key metrics	2019	2018	2017
Net debt			
Long-term interest-bearing liabilities	3,182	1,911	2028
Short-term interest-bearing liabilities	194	81	128
Cash and cash equivalents	-407	-411	-420
Net debt	2,969	1,582	1,735
EBITA			
Operating profit (EBIT)	252	414	115
Amortisation and impairment, intangible fixed assets	18	3	95
EBITA	270	417	210
Adjusted EBITA			
EBITA	270	417	210
Adjustments for items affecting comparability	246	-16	42
Adjusted EBITA	516	401	252
Adjusted EBITDA			
Adjusted EBITA	516	401	252
Depreciation and impairment, property, plant and equipment and right-of-use assets	243	88	78
IFRS 16 Leases adjustments	-153	–	–
Adjusted EBITDA	606	489	330
Working capital			
Current assets	2,621	2,447	2,306
Cash and cash equivalents	-407	-411	-420
Current liabilities	-2,970	-2,564	-2,348
Short-term interest-bearing liabilities	194	81	128
Current receivables	76	49	99
Working capital	-486	-398	-236

Definitions

FINANCIAL DEFINITIONS

Leverage ratio
Net debt at the end of the period in relation to adjusted EBITDA for the last twelve months.

Acquired growth
Net sales from units acquired during the period and the preceding period, less net sales from units acquired in the preceding period, divided by net sales for the equivalent period of the preceding year.

EBITA
Earnings before tax, net financial items, and amortisation and impairment of intangible assets, adjusted for items affecting comparability.

EBITA margin, %
Earnings before tax, net financial items, and amortisation and impairment of intangible assets, adjusted for items affecting comparability and divided by net sales.

Adjusted EBITDA
Operating profit/loss (EBITA) before planned depreciation, amortisation and impairment excluding the effect of the application of IFRS 16 and adjusted for items affecting comparability. Adjusted EBITDA improves the comparison over time.

Adjusted EBITDA margin, %
Operating profit/loss (EBITA) before planned depreciation, amortisation and impairment, adjusted for items affecting comparability and divided by net sales.

Average number of employees, FTE
Average number of employees during the period, taking full or part-time employment into account.

Net sales
Sales recorded in accordance with the Group's accounting policies as described in Note 1.

Net debt
Long- and short-term interest-bearing liabilities, excluding pension liabilities, less cash and cash equivalents at the end of the period.

Organic growth
Growth including currency effect less acquired growth.

Order intake
The value of projects received and changes to existing projects in the current period.

Order backlog
The value of the remaining production value in all projects not generated at the end of the period.

Working capital
The sum of current assets, reduced by cash and cash equivalents minus the sum of current liabilities, reduced by current provisions and short-term interest-bearing liabilities.

Working capital as % of sales
Working capital divided by net sales for the current period.

EBITA
Earnings before tax, net financial items, and amortisation and impairment of intangible assets. EBITA is used as the primary key earnings figure in the operational monitoring of the Group.

EBITA margin, %
Earnings before tax, net financial items, and amortisation and impairment of intangible assets, divided by net sales.

Operating profit (EBIT)
Earnings before tax and net financial items.

EBITDA
EBITA before planned depreciation, amortisation and impairment. EBITDA is a measurement the Group considers relevant for an investor who wishes to understand earnings generation before making investments in fixed assets.

Debt/equity ratio
Total equity divided by total assets, expressed as per cent.

Growth
Changes to net sales for the period, divided by net sales from the year-earlier period (including currency effects).

Items affecting comparability
Primarily costs for acquisitions and integration of acquisitions, as well as more comprehensive restructuring programmes and new establishments. These occur on an irregular basis, and thus make comparison over time difficult.

Profit margin
Earnings for the period, divided by net sales for the period.

DEFINITIONS OF SUSTAINABILITY TERMS

Refer to page 39.

OTHER DEFINITIONS

Installation assignments/Project assignments
New construction and reconstruction of technical systems in buildings, facilities and infrastructure.

Service assignments
Operation and maintenance assignments, including maintenance-related reconstruction of technical systems in buildings, facilities and infrastructure.

> *Assemblin is to be a responsible operator that adds value from a broad and long-term perspective. By this, we mean that by being an attractive employer and supplier, we will leverage profitable growth with controlled risks and minimal negative impact on the environment and society.*

Mats Johansson, President and CEO – from the comments on pages 6–7

Assemblin