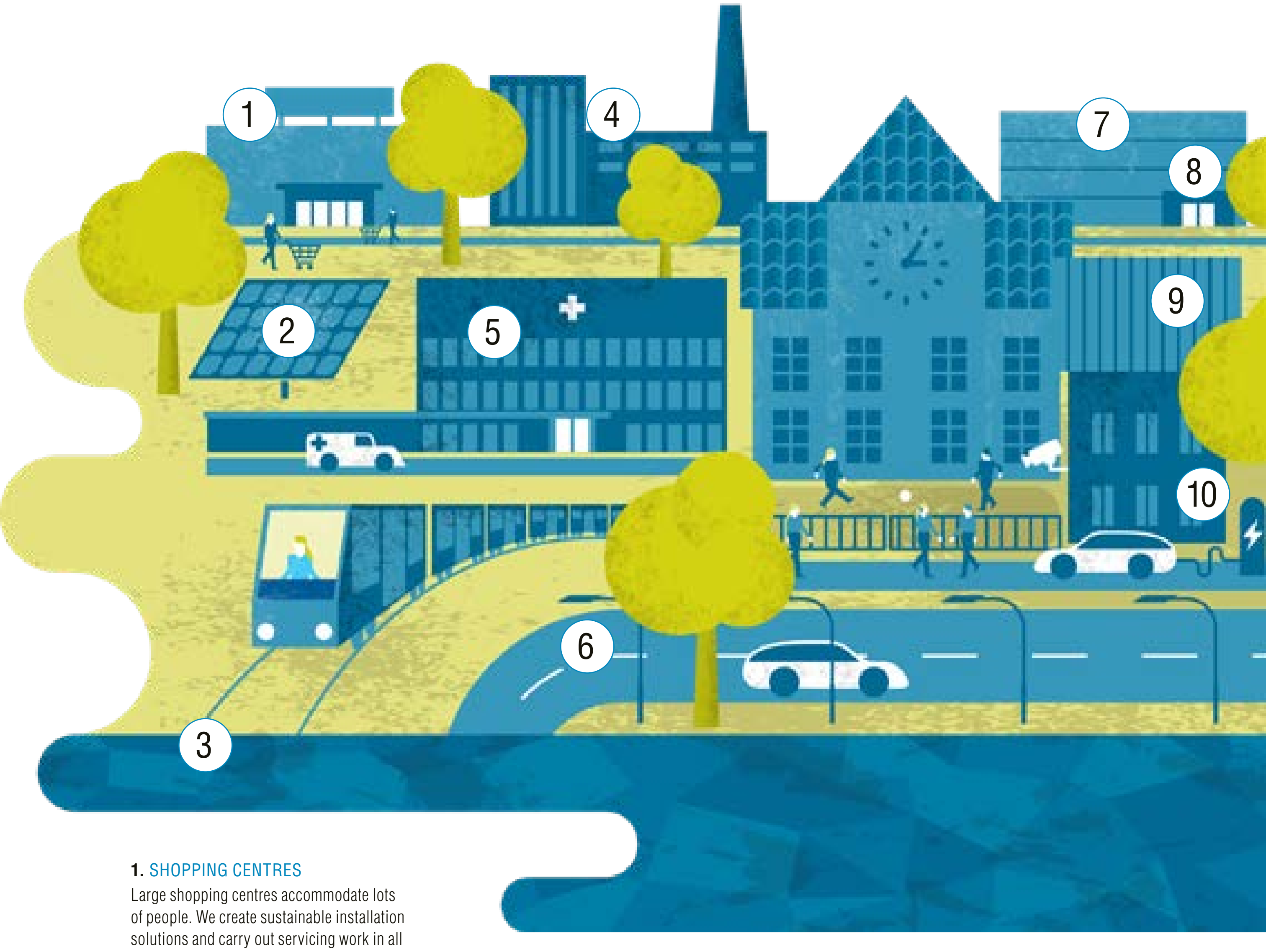
WE BRING BUILDINGS TO LIFE

Bravida
Annual Report including Sustainability Report 2019

bravida
WE BRING BUILDINGS TO LIFE

Technology solutions for a thriving society

Bravida provides all the functions that bring buildings to life. Most of us use them every day without even thinking about it – at home, at work and in our communities.



1. SHOPPING CENTRES
Large shopping centres accommodate lots of people. We create sustainable installation solutions and carry out servicing work in all our areas of technology.

2. SOLAR PANELS
Interest in renewable energy has grown significantly in recent years. Bravida helps customers with both the installation and servicing of solar energy facilities.

3. RAILWAY POWER SUPPLY
These systems include overhead contact lines and substations where AC is converted to 15,000 V DC for train services.

4. INDUSTRY
We have extensive experience of installation assignments in industrial environments with ongoing production. Bravida offers comprehensive installation solutions, operation and energy efficiency services.

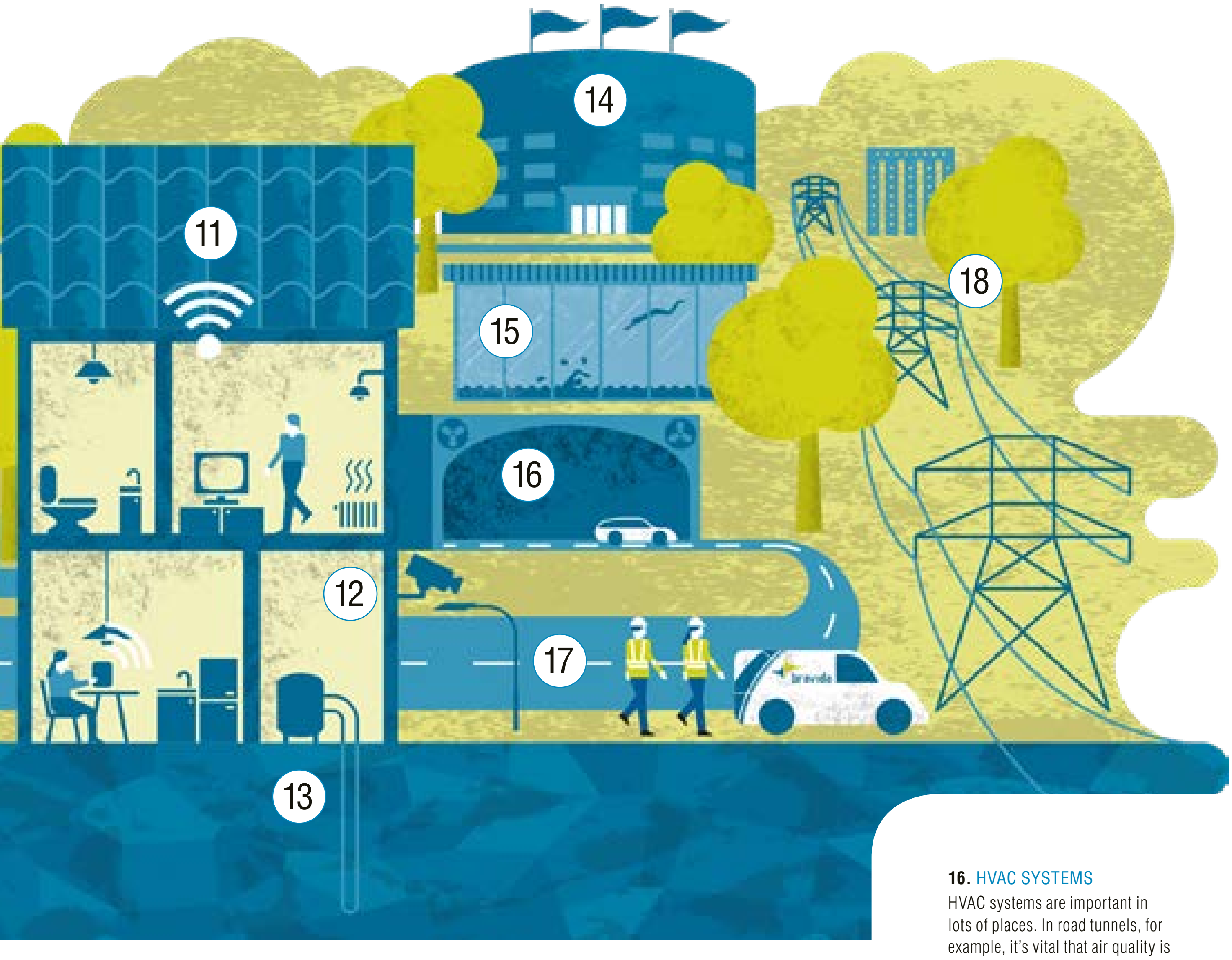
5. HOSPITALS
Hospitals are examples of buildings with some of the highest concentrations of installations. They also have extremely strict requirements on safety and functionality.

6. INFRASTRUCTURE
We work on a wide range of large infrastructure projects, including road tunnels, railway technology and underground rail systems.

7. DATA CENTRES
The equipment in data centres and server rooms radiates heat. Creating a stable indoor climate and minimising energy consumption requires cooling and efficient installation solutions.

8. PROCESS COOLING
Our cooling solutions can be used for industrial processes, food storage and ice rinks, among other things.

9. AUTOMATION
Automated control of industrial processes, and the management and regulation of a property's technical systems. The aim is to achieve optimal operational reliability and energy efficiency.



16. HVAC SYSTEMS
HVAC systems are important in lots of places. In road tunnels, for example, it's vital that air quality is maintained at a stable level.

10. CHARGING POINTS
The electric car market offers significant potential, but it needs charging stations. We are helping both install and maintain charging points.

11. COMPREHENSIVE RESIDENTIAL SOLUTIONS
Our installation solutions for homes include electrical, heating and plumbing, and HVAC functions, but also energy recovery, lifts, fire prevention and security systems, as well as telecom and data networks.

12. SECURITY SYSTEMS
We supply security functions such as entry control, video surveillance, intrusion alarms and fire alarms, as well as integrated end-to-end solutions.

13. GEOTHERMAL HEATING
This utilises the stable temperature of groundwater (6–8°C) to produce space heating and hot water using a heat pump.

14. ARENAS AND STADIUMS
We provide installations and maintenance at a number of arenas and stadiums. They have significant installation demands, in terms of adapting to requirements and accommodating events with large audiences.

15. INDOOR SWIMMING POOLS
Technical solutions for indoor swimming pools have to meet stringent requirements. Bravida has extensive experience of installations and maintenance of swimming pools.

17. LIGHTING
We install lighting solutions in places such as arenas and stadiums, car parks and road tunnels, from electricity supply to installing fittings.

18. ELECTRICAL SUBSTATIONS
Electrical substations direct electrical power safely to various regions and consumers in society. Where necessary, the voltage is transformed from higher to lower levels.

Bravida brings buildings to life, 24 hours a day, 365 days a year.

Bravida is the Nordic region’s leading provider of electrical, heating and plumbing, HVAC and other technical functions in properties. We have over 11,700 employees, 297 branches across the Nordics, and sales of approximately SEK 20 billion. Bravida shares are listed on Nasdaq OMX in Stockholm.

This is Bravida.

Robin and Rickard, service technicians, Bravida Sweden

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Bravida Annual Report 2019 including Sustainability Report

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Oxenstierna & Partners AB
Photos: Petter Karlberg
Cover image: Eveline, service technician, Bravida Sweden

The Annual Report is prepared in Swedish and translated into English. Should differences occur between the Swedish Annual Report and the English translation, the Swedish version shall prevail.

THIS IS BRAVIDA

Magnus and Adam,
fitters,
Bravida Sweden

SERVICING
47%

INSTALLATION
53%

Operation & maintenance	Refurbishment & extension work	New-builds

Electrical
Heating & plumbing
HVAC

Power
Cooling
Technical service management
Project management
Security
Sprinklers
Lifts

20 billion
Sales in 2019, SEK

6.0%
EBITA margin

2.5%
Dividend yield

11,700
employees

WHAT WE DO

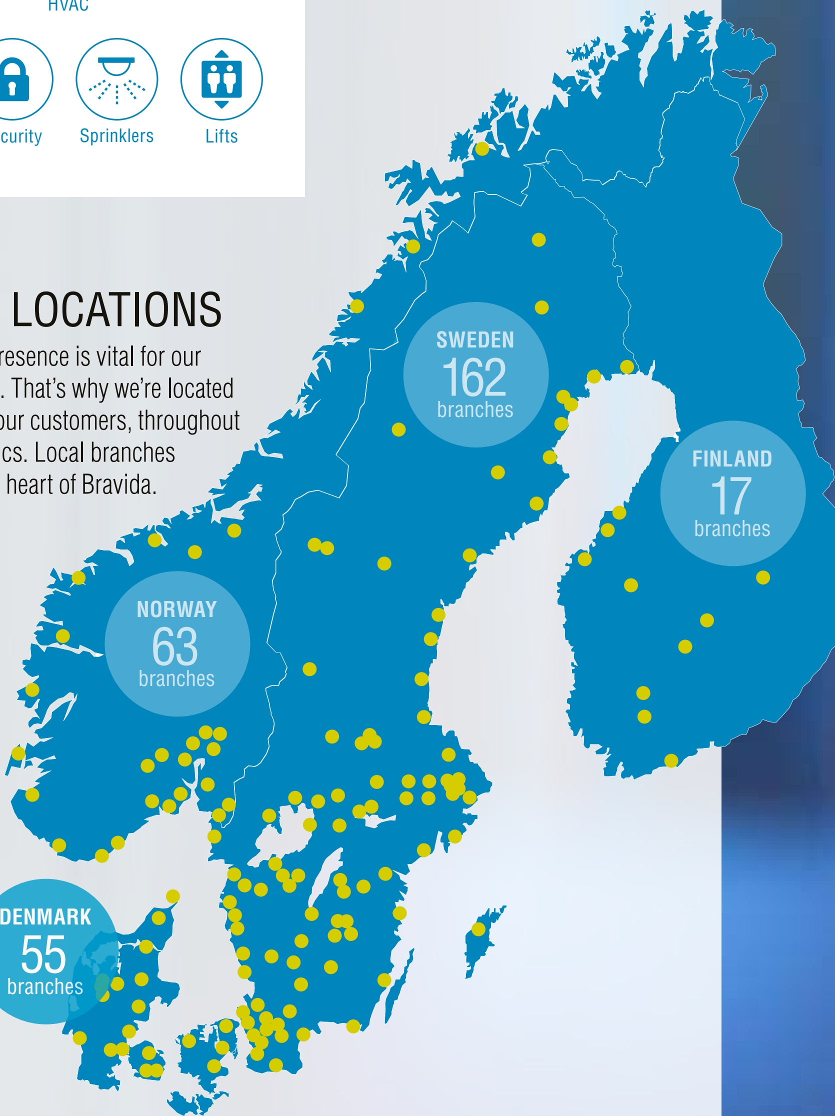
Bravida's employees are experts in the vital functions that bring buildings to life: electrical systems, heating and plumbing, HVAC (heating, ventilation and air conditioning) and much more. The things that need to work. Our aim is for each servicing and installation project to make a property better and more energy efficient.

OUR CUSTOMERS

Bravida has over 55,000 customers. Most of our service customers are property owners or tenants in both the private and public sectors. Installation assignments mainly come from construction firms and the public sector.

OUR LOCATIONS

A local presence is vital for our business. That's why we're located close to our customers, throughout the Nordics. Local branches are at the heart of Bravida.



THE YEAR IN BRIEF

54%

HIGH TOTAL SHAREHOLDER RETURN

2019 was the best year yet to own Bravida shares. Total shareholder return, i.e. share price growth plus dividend, was 54%.

SEK 14.5 billion

STRONG ORDER BACKLOG

Order backlog rose during the year across almost the entire Nordic region, and by year-end was at a record SEK 14.5 billion.

20

NUMEROUS ACQUISITIONS IN 2019

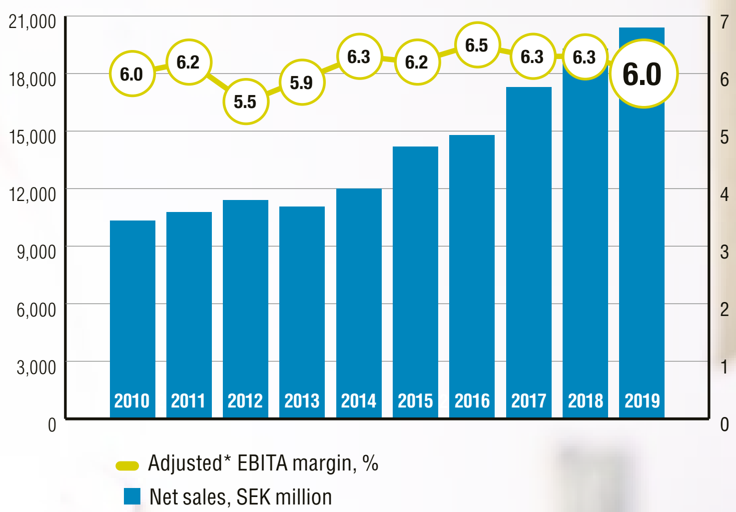
During the year Bravida made 20 acquisitions, adding annual sales totalling just over SEK 1 billion.

115%

GOOD CASH CONVERSION

One of Bravida's financial targets is cash conversion of more than 100%. 2019 was a strong year for cash conversion, which was 115%.

GROWTH AND EARNINGS PERFORMANCE
2010–2019



SOLID EBITA MARGIN

Over the past 10 years Bravida has delivered a stable EBITA margin. Over the past five years, our average sales growth has been 11 percent a year, 3 percent of which was organic growth.

*Adjusted for specific costs 2012–2017.

Kenneth, HVAC fitter, Bravida Sweden

THE YEAR IN FIGURES

KEY FIGURES

SEK MILLION	2015	2016	2017	2018	2019
Net sales	14,206	14,792	17,293	19,305	20,404
Operating profit (EBIT)	782	944	1,072	1,207	1,224
Operating margin, %	5.5	6.4	6.2	6.3	6.0
Adjusted* EBITA	880	958	1,086	1,211	1,226
Adjusted* EBITA margin, %	6.2	6.5	6.3	6.3	6.0
Profit/loss after tax	287	674	820	956	884
Cash flow from operating activities	841	428	1,038	1,052	1,599
Order backlog	7,092	8,644	10,271	11,992	14,485

*Adjusted for specific costs 2015–2017.

INCREASE IN EBITA

1%

NET SALES GROWTH

6%

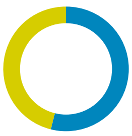
BRAVIDA IN FIGURES

	SWEDEN		NORWAY		DENMARK		FINLAND	
SEK MILLION	2018	2019	2018	2019	2018	2019	2018	2019
Net sales	10,279	10,664	4,777	4,867	3,171	3,773	1,114	1,182
EBITA	692	723	285	245	185	206	22	22
EBITA margin, %	6.7	6.8	6.0	5.0	5.8	5.4	2.0	1.9
Share of Group's net sales 2019	52%		24%		18%		6%	
Share of the Group's 2019 EBITA	59%		20%		17%		2%	

BREAKDOWN OF INCOME

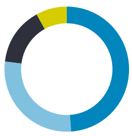
Share of Bravida's sales in 2019

INSTALLATION/SERVICING



- **53%** Installation
- **47%** Servicing

TECHNICAL AREAS

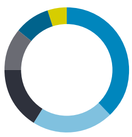


- **49%** Electrical
- **28%** heating and plumbing
- **15%** Ventilation
- **8%** Other

TYPES OF FACILITIES

- **18%** Apartment buildings
- **16%** Offices
- **13%** Industry
- **11%** Health and social care
- **6%** Infrastructure
- **9%** Education
- **5%** Retail
- **22%** Other

CUSTOMER GROUPS



- **38%** Construction companies
- **21%** Other commercial
- **16%** Public sector
- **11%** Property companies
- **9%** Industry
- **5%** Other

FIRM FOUNDATIONS PROVIDE RESILIENCE IN UNSTABLE MARKET

Our ability to maintain profitability despite a challenging 2019 demonstrates the firm foundations of Bravida's business. This will be crucial going forward. As a result of the coronavirus situation, we are facing an unstable market and a more uncertain future.

"

Our business will always have its feet firmly on the ground.

As I recap on 2019 my sense is that it was an intermediate year for Bravida. Our proven business model is helping us deliver continued solid profitability, growth of 6 percent and good cash flow, despite local challenges in organic growth and unprofitable projects. Our CFO Åsa Neving provides further details of the past year's financial performance on page 50.

Personally, I want to take a closer look at our business model, the Bravida Way. At the time of writing, it looks as though the spread of coronavirus will cause major economic shockwaves worldwide. It is therefore important to have firm foundations. This will help Bravida cope with the challenges ahead.

FIRM FOUNDATIONS

I work for a great company. For many years we have had stable profitability and average cash conversion of over 100 percent. Thanks to a healthy bank balance, we have been able to make acquisitions, reduce our debt and pay dividends to our shareholders. At the same time, over the past five years we have almost doubled our sales.

I believe the basis of our success is our conviction that margin is more important than volume. It's exciting when a company grows, but it's not sustainable without profitability. Our success has been based on achieving growth, but only if it is profitable. Our strategy is based on two key elements: the Bravida Way and the strong acquisition machine that we have developed.

THE BRAVIDA WAY; OUR METHOD FOR CREATING PROFITABLE BRANCHES

Bravida's profitability and growth are fuelled by our 297 branches across the Nordic region. At the heart of our entrepreneurial corporate culture is what we call the Bravida Way. We deliver on what we promise, we follow up what we do and we constantly improve. Branch managers have a key role and are responsible for branches performing well.

Each branch operates and sets targets based on its particular circumstances. We divide our branches into different levels of profitability. We help the least profitable branches to get the basics right; choosing the right projects, having the right kind of customers and using our group-wide tools to generate profitability. Only highly profitable branches focus on growth, whether organic or through acquisitions. This approach may also require us to close branches that are not profitable enough, as we have done in 2019.

AN ESTABLISHED ACQUISITION PROCESS

The Nordic servicing and installation market is consolidating and Bravida is one of the companies that has led this trend. Over the past five years we have made 60 acquisitions, increasing sales by a total of SEK 5.7 billion. In 2019, we made 20 acquisitions totalling SEK 1.1 billion. Although we are the largest operator on the Nordic market, our market share is only around 7%; the industry consists of 25,000 companies.

Over the years we have developed a systematic acquisition process that delivers solid growth each year. We have also become effective at integrating new businesses into our organisation. Once our acquired companies have gained access to the Bravida Way and our economies of scale, they have increased both profitability and growth.

UNCERTAIN MARKET AHEAD

As a result of the impact of Covid-19, the installation market is uncertain going forward. But there are some reasons for encouragement: our previous experience shows that in a weaker market more companies invest in repairing and maintaining rather than new construction. We therefore believe that our servicing business will have a more

ABOUT

MATTIAS JOHANSSON

CEO and Group President

CEO since: 2015
Comes from: Osby in Skåne, Sweden
Family: Wife and three children
Passionate about: Sport for young people and my children's sporting activities.
Best thing about 2019: 2019 was the year when sustainability seriously took off in our business and society
Goal for 2020: Make it clearer how we, together with our customers, can contribute to a more sustainable society, while also creating value for our shareholders

stable journey ahead. Our service technicians ensure that technical installations in properties, such as electricity, water, heating and ventilation, work properly. That need will not disappear.

In addition, we see a number of trends that we believe in the long term will lead to further growth for our industry; primarily carbon reduction, sustainability and digitalisation.

BRAVIDA'S FUTURE FOCUS

The impact of the coronavirus situation is hard to assess at the time of writing. But looking ahead and trying to think longer-term, despite the current situation, we foresee long-term growth in servicing, with greater stability, higher margins and higher growth than installation. So our aim is to gradually increase servicing sales. Alongside our traditional servicing of electrical, heating and plumbing, and ventilation systems, we have recently seen increased demand for environmentally sustainable installation solutions. Our focus will be on customer solutions in which renewable energy, energy optimisation, digitalisation and proactive maintenance are an important aspect.

Helping support sustainable development for our customers will be key as we look ahead. But our own sustainability work is just as important. We're already doing a lot, particularly with regard to the work environment, our product range and our vehicle fleet. But that's not enough. Expectations from customers, employees and society are constantly increasing.

I want Bravida to be a role model for the sector, developing more sustainable working lives for its employees, using resources more efficiently and adopting an all-round sustainable approach. Taking responsibility and spearheading our sector will also give us a competitive edge.

Another crucial area is digitalisation. Bravida wants to lead innovation through digital transformation, within both servicing and installation. We are using digital solutions to simplify and streamline our own processes. This is improving both cost effectiveness and the customer experience. In addition, remote servicing solutions are beginning to appear on the market, and we are already offering these in areas such as security. However, we will always have a clear purpose for using these digital tools, working with customers to improve the service we provide.

BRAVIDA WAY PROVIDES SOLID PLATFORM, NOW AND FOR THE FUTURE

There is a lot happening in the market at present and the future is uncertain. But Bravida has a solid platform and our current primary focus is profitability and good cash flow. This gives us both the security and ability to continue developing and expanding our customer offering, becoming more sustainable and pursuing our digital development, even in challenging times.

Our business will always have its feet firmly on the ground. Cabling is needed for electricity, piping for water, while fans, valves and ducting are required for ventilation in our customers' properties.

The key to our stability and resilience is what sets us apart: we deliver on what we promise, we follow up and we constantly improve. Those foundations are still the Bravida Way, now and in the future.

Mattias Johansson,
CEO
Stockholm, March 2020

BRAVIDA'S STRATEGIES

Bravida is the leading servicing and installation company in the Nordics. And we want to remain so in the future. To achieve this we use a number of core strategies based around profitable growth, stability, employees and sustainability.

Eveline,
service technician,
Bravida Sweden

OUR VISION

Bravida is the best in the Nordics at providing sustainable servicing and installation of the functions that bring buildings to life. We are the first choice for customers and the most attractive employer in the industry.

OUR MISSION

We offer technical end-to-end solutions over the life of a property, from consulting and design to installation and servicing.

We are a large company with a local presence across the Nordics.

We meet customers locally and take long-term responsibility for our work.

Our employees are our most important resource. Through shared values, working methods and tools, together we create a sustainable and profitable business for us and our customers.

TARGET	STRATEGIES
Market leader with satisfied customers	
• **MARKET LEADER, 1ST OR 2ND ON THE LOCAL MARKET**	Maintaining our position as a Nordic market leader requires a strong local market position in each of our operating locations. The basis is a well-organised, profitable business, across all aspects of the company. It's the combined commitment of the branches that drives Bravida forward. That's why all branches are responsible for their own earnings and the Bravida Way provides them with a structured way of reviewing and improving their work. Good organisation in our assignments means satisfied customers and a strong brand. We also undertake proactive initiatives to secure our future market position.
Financial stability	
• **GOOD PROFITABILITY** • **STRONG CASH FLOW**	Maintaining financial stability is essential to Bravida. Our diverse business provides an effective platform: we combine servicing and installation, work across a range of technical areas and have an extensive geographical presence. We have a broad, recurrent customer base and are not dependent on individual customers. Good profitability is our top priority. Margin always takes precedence over volume in our business. We coordinate our purchasing and minimise fixed costs to secure cost-effectiveness. Regular monitoring of billing, payment plans and processes allows us to create strong cash flows and a sound capital structure. In addition, we are proactive in limiting the amount of capital that is tied up.
Profitable growth	
• **ACQUISITIONS** • **ORGANIC GROWTH**	At branches that are already profitable, we focus on growth, both organic and through acquisitions. We place particular emphasis on growth in servicing, as recurring servicing assignments boost the stability of our business. To grow organically we adopt a proactive approach on sales, end-to-end solutions and developing our customer offerings. Acquisitions are another key element of our growth strategy and we continually evaluate possible acquisition candidates. Each acquisition should contribute to strengthening our local offering, complementing our technical offering or providing geographical expansion.
Most attractive employer	
• **INCREASE THE NUMBER OF EMPLOYEES AS WE GROW** • **SATISFIED EMPLOYEES**	As a market leader we have to offer the best expertise in the industry, in every location where we operate. That's why each branch endeavours to retain, develop and attract the right employees and managers for Bravida. Recruitment takes place locally using group-wide specifications and support from the Group. To ensure that our employees want to stay with us long term, we offer numerous opportunities to grow and develop professionally within the company.
A sustainable business	
• **MINIMISE SICKNESS ABSENCE AND OCCUPATIONAL INJURIES** • **MINIMISE OUR CARBON FOOTPRINT** • **ENSURE GOOD BUSINESS ETHICS**	Bravida wants to operate a business that's sustainable for the long term. Our ultimate aim is to eliminate all occupational injuries, and we adopt a systematic approach to physical, social and organisational work environment and strengthening our safety culture. We also take measures to ensure sustainable use of resources, both in our own operations and our customers' properties. We use training and codes of conduct for employees and suppliers to ensure a healthy corporate culture with positive values.

TARGETS AND OUTCOMES

TARGET	DESCRIPTION	OUTCOME FOR 2019

GROWTH

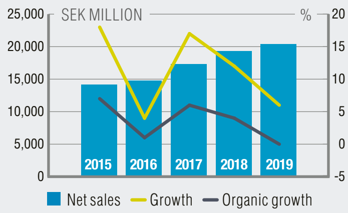
> 10%*

*New target from 2020:
> 5 %.
Read more on page 50.

Bravida aims to increase its sales by more than 10 percent per year, of which 5 percent organically and 5–7 percent through acquisitions. But margin should always take precedence over volume.

6%

(growth, 0 percent of which is organic)



ADJUSTED* EBITA MARGIN

> 7%*

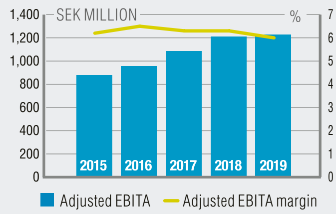
*New target from 2020:
EBITA margin > 7%.

Bravida aims to achieve an adjusted* EBITA margin exceeding 7 percent, including the dilutive effect of acquisitions.

*Adjusted for specific costs.

6%

Over the past five years Bravida has delivered a stable EBITA margin.



CASH CONVERSION

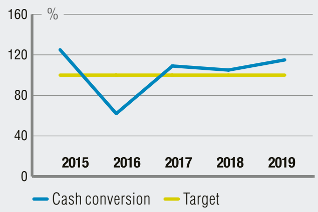
> 100%

12-month EBITDA* +/- change in working capital and investment in machinery and equipment in relation to 12-month EBIT.

*Under IAS 17.

115%

Average cash conversion for the past five years totalled 104 percent.



NET DEBT/ADJUSTED* EBITDA

2.5*

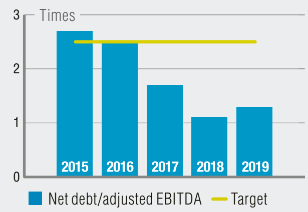
*New target from 2020:
<2.5 x net debt/EBITDA.

Bravida's capital structure should enable a high degree of financial flexibility and provides scope for acquisitions. The company's target is a net debt/equity ratio of approximately 2.5x net debt/adjusted EBITDA.

*Adjusted for specific costs.

1.3

Bravida has reduced its debt/equity ratio in recent years.



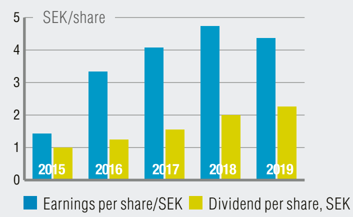
DIVIDEND POLICY

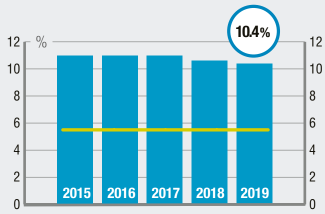
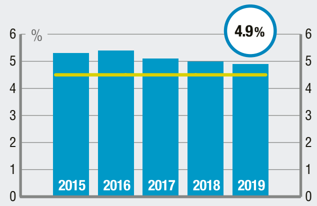
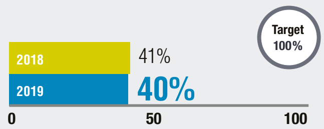
> 50%

Bravida's target is to pay out a minimum of 50 percent of the Group's consolidated net earnings while also taking account of other factors such as financial position, cash flow and growth opportunities.

52%

Proposed dividend of SEK 2.25 per share corresponds to a total of SEK 456 million.



TARGET	DESCRIPTION	OUTCOME FOR 2019
OCCUPATIONAL INJURY RATE*		
< 5.5	No Bravida employee should suffer from work-related physical or mental ill health; our long-term aim is to eliminate this. *LTIR, lost time injury rate – the number of injuries that lead to at least one day of sickness absence per million working hours.	**10.4** 
SICKNESS ABSENCE*		
< 4.5%	No Bravida employee should suffer from work-related physical or mental ill health; our long-term aim is to eliminate this. *Total hours of sickness absence in relation to planned working hours.	**4.9%** 
CHANGE IN FUEL-BASED CO_2 EMISSIONS PER KM		
-3% compared with the previous year		**-6%** 2019 **+0.4%** 2018
GOOD BUSINESS ETHICS		
100% Percentage of key suppliers in Sweden that have carried out a sustainability self-assessment.		**40%** Follow-up is carried out every other year, most recently in 2019. 
ENPS – EMPLOYEE NET PROMOTER SCORE*		
10		**8** Our employee survey is conducted every two years, most recently in 2019. *eNPS, employee Net Promoter Score, replaces Bravida's previous MMI. The eNPS scale ranges from -100 to 100. The industry average is 9.

BRAVIDA'S CUSTOMER OFFERING

Joakim, service manager,
and Jonas, service technician,
Bravida Sweden

Bravida's employees are specialists in all the functions that bring buildings to life. The main servicing and installation areas we operate in are electrical, heating and plumbing, and HVAC. We are also a major operator in security, sprinklers, cooling, power, project management and technical service management.

SERVICING EXTENDS THE USEFUL LIFE OF FITTINGS AND CUTS ENERGY USE

A significant part of Bravida's business involves the servicing and maintenance of the technical functions of our customers' properties and industrial facilities.

Every year huge amounts of energy are consumed unnecessarily because of old or poorly maintained fittings. Regular servicing and maintenance allows us to optimise energy usage. Servicing also ensures installations both work better and last longer.

Typical examples of servicing assignments are the inspection of electrical and security systems, calibration of heating systems and the upgrading of cooling, water, sprinklers and HVAC systems.

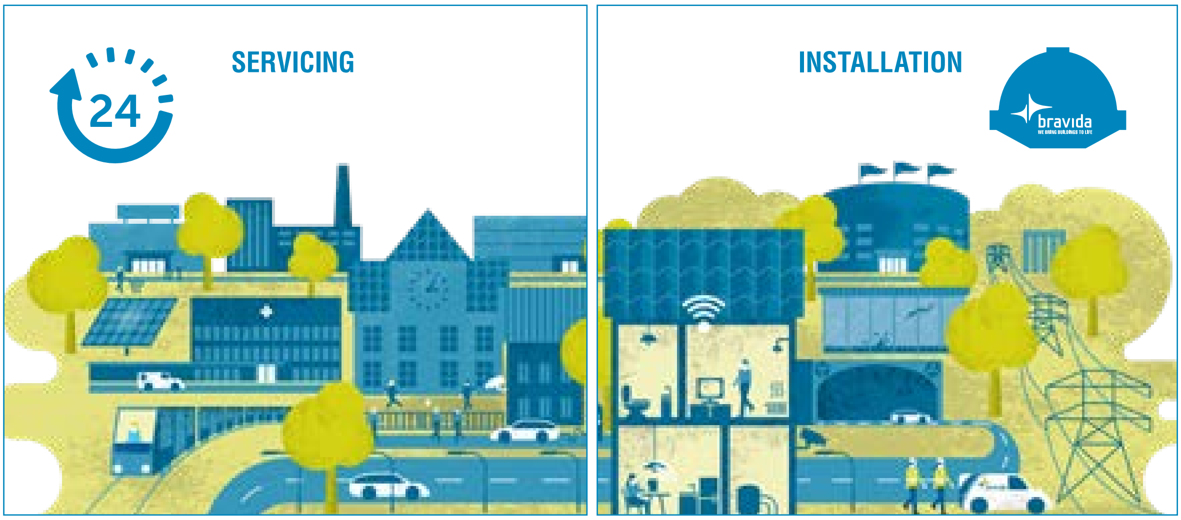
MAINLY STANDARD INSTALLATIONS...

The other major part of our business is the installation of new, energy-saving technology, in both new-builds and older properties and facilities. The vast majority of Bravida's installation assignments are short and might involve installing electrical systems, fitting new energy-efficient heat pumps or installing ventilation solutions.

...AS WELL AS LARGE, COMPLEX PROJECTS

Bravida is also involved in large, complex installation projects, such as the construction of hospitals and road tunnels. We offer customers end-to-end solutions and turnkey management that can encompass fittings from all our technical areas. Bravida also takes responsibility for purchasing high-quality, sustainable materials. This enables us to help create energy-efficient properties and industrial facilities that last a long time.

We are specialists in all the technical functions of properties



Operation & maintenance

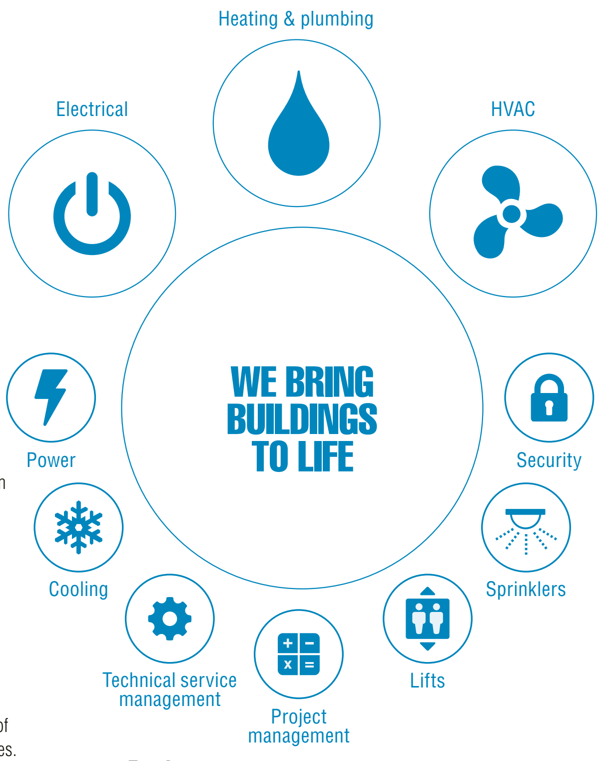
Refurbishment & extension work

New-builds

Heating & plumbing Installation and servicing of all types of heating and plumbing solutions, both basic fittings in homes or offices, and more complex systems for industry, hospitals or leisure centres.

Electrical. All types of electrical installations and electrical servicing, both in existing properties and new-builds, whether they are offices, housing, hospitals, industrial facilities or large infrastructure projects.

HVAC. Installation and servicing of all types of HVAC (heating, ventilation and air conditioning) solutions, such as air treatment, process ventilation and control and monitoring. We also help with calibration and mandatory ventilation checks.



Power. High-voltage services across the electrical network, including for electrical installations, power stations, the power grid and substations.

Fire safety and security. Fire alarms, intrusion alarms, access control systems, CCTV and overarching platforms. Consulting, project services and security servicing solutions.

Cooling. Design, installation and servicing for all types of cooling systems, including systems based on HFCs, CO_2, propane and ammonia , as well as energy optimisation.

Sprinklers. Everything relating to sprinkler systems: project planning, design and documentation, remodelling and expansion, and regular maintenance.

Technical service management. Ongoing technical management of all types of properties and facilities. We prevent breakdowns and step in if problems arise.

Lifts. Installation, servicing and maintenance of passenger and goods lifts. Project planning and coordination.

Project management. Project, build and design management for the construction and property, energy, infrastructure and urban planning sectors.

We bring buildings to life

Bravida's vision is to be the best in the Nordic region at providing sustainable servicing and installation of the functions that bring buildings to life. But what does that mean in reality? The following pages describe some of our projects for customers.

Bravida's energy optimisation cut electricity usage by 96 %

Printing company Mekoprint Graphic Electronics has had a servicing agreement with Bravida Denmark for many years. So when they wanted to optimise their facilities' energy efficiency they chose Bravida. Replacing the heat exchanger in the company's machine cut energy usage by 96 percent, and it's now quicker to start up production each day.

"The recycling of excess heat from the machine also provides us with a significant financial saving every year. All these energy savings mean that the pay-back period for the project is less than one and a half years," says Charlotte Mulbjerg, Team Leader Production Printed Electronics at Mekoprint.

Bravida oversees gold-class installations

The city of Växjö in Sweden is building a new railway station and new council building, all under one roof. The building, due for completion in 2021, is being constructed entirely from wood and glass and complies with Miljöbyggnad Gold certification. The project is a partnership with Skanska and Vöfab. Bravida was involved from the planning stage and is responsible for the installation of electrical, heating and plumbing, HVAC, sprinkler and control systems.

"It's been an advantage to have one installation company overseeing all installations. The benefit of a partnering is that everyone is working towards the same goals, and we really have done that in this project," says Jon Lindskog, Installation Manager at Skanska.

"Together we've identified the best solutions both for this project and in terms of costs. It's reassuring to be working with a reliable partner in such a complex project that requires close coordination and lots of resources," he adds.

Bravida provides security at new National Museum in Oslo

Oslo's Vestbanen district is the site for Norway's new National Museum. Bravida is providing the security solution to protect the museum and its collections.

"At the National Museum we'll be protecting some of Norway's most important treasures, over 400,000 items ranging from antiquity to modern day. The security installations Bravida is fitting are unique and we're using the very latest technology on the market," says Tore Kirkerød, Technical Integrator at Bravida.

"We're fitting around 2,000 alarms and sensors, 600 cameras and access control for 350 doors. Using the overarching Bravida Integra security system, we're combining individual elements to create an advanced security solution."

The new museum is due to open in 2021, and at 54,000 square metres it will be the Nordic region's largest art museum.

Photo: Saarioinen

Multi-year electrical and HVAC servicing in Finland

Saarioinen is one of Finland's leading food industry companies. For more than 20 years Bravida has been responsible for servicing electrical and HVAC systems in their 40,000-square metre production plant in Kangasala. Jari Savolainen, Maintenance Manager at Saarioinen, is pleased with the service provided by Bravida:

"The cooperation with Bravida is working well. They get to know our premises better every year, both the production conditions and the technology we use," says Jari Savolainen.

To reduce the risk of outages, Bravida conducts regular maintenance and repairs of ventilation and electrical systems.

"As the customer operates in the food industry, hygiene is really important and the installations need to work 24/7. So we have a contingency plan and if something unexpected happens we respond rapidly and find a solution," says Jan Pelttari, Key Account Manager at Bravida.

BRAVIDA'S MARKET

Bravida operates on the Nordic servicing and installation market. In 2019, the market remained stable. In 2020, we are entering a more uncertain market as a result of the covid-19 pandemic.

Murat, fitter,
Bravida Sweden

The servicing and installation market in the Nordics

The effects of the pandemic on the servicing and installation market are still difficult to estimate. In the long term, however, Bravida believes that the servicing of technical functions in properties will be an increasingly important part of our market.

Bravida operates on the Nordic market for the servicing and installation of technical functions in buildings, industrial facilities and infrastructure. Bravida's core market was worth around SEK 280 billion in 2019. Bravida has 7% of the Nordic market.

THE INSTALLATION MARKET TRACKS ECONOMIC FLUCTUATIONS, WHILE THE SERVICING BUSINESS IS MORE STABLE.

Construction volumes in the Nordic region have been healthy in recent years. New-build housing, offices, hospitals and public-services properties have contributed to a positive installation market. All new properties and industrial facilities require the installation of technical functions such as electrical, heating and plumbing, and HVAC.

But amid the virus outbreak in spring 2020, the market outlook is very uncertain. It is positive that all technical installations in buildings and industrial facilities require servicing: operation, maintenance and refurbishment. Servicing will therefore remain in demand regardless of economic conditions, adding stability to the sector. The growing interest in energy-efficient solutions and increased digitalisation of properties and industrial facilities could further stabilise demand.

Future growth of the installation market is more uncertain, as it is affected by overall construction output in the Nordic region. Commercial investment is generally more dependent on the overall economy and interest rate levels. Public investment is normally less sensitive to fluctuations in economic activity, as it is governed by political decisions.

25,000 LOCAL COMPANIES AND A FEW LARGE OPERATORS

The Nordic servicing and installation sector is a local market. There are around 25,000, mainly small and privately owned, companies operating in this field in the Nordic region. Only a few companies in this sector are present throughout the Nordics.

Bravida's main competitors on local markets are mainly small and medium-sized local companies. The majority of these are family owned with few employees, and operate in geographically limited areas usually within a single area of technology.

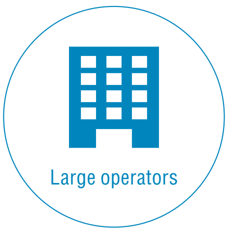
Competition for large installation contracts mainly comes from other international companies with offerings across several areas of technology, a high level of technical expertise and sufficient financial capacity.

Bravida's competitors

Lots of small companies and a few large operators
The Nordic servicing and installation market is fragmented and consists of around 25,000 small companies specialising in a single technical area and a few larger operators with wider offerings.

On local markets we mainly compete with local companies

- Few employees
- Privately owned
- Geographically limited areas
- Often only one technical area

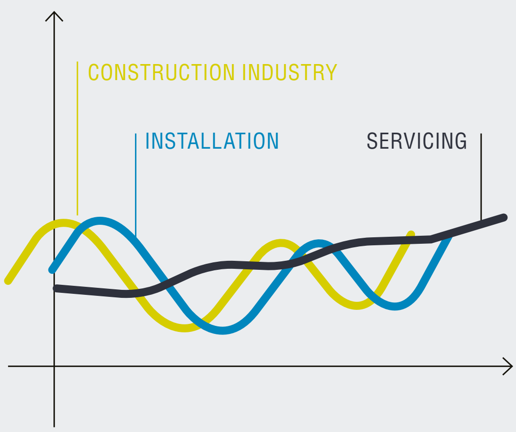


Large companies compete for major contracts

- National or international
- Multiple technical areas
- Financial capacity
- Economies of scale

Servicing is needed regardless of economic conditions

The installation market follows the fluctuations of the local construction industry in each location and country, with some time lag. Servicing and maintenance of properties and industrial facilities is in demand whatever the economic conditions, which creates stability in the market.



Bravida's market position

Bravida has a strong position on the Nordic market. A local presence, broad customer base, economies of scale and a high level of technical expertise allow us to compete with operators of all sizes.

BRAVIDA'S CUSTOMERS AND ASSIGNMENTS

Bravida is selected for servicing and installation projects at all types of facilities and buildings. This includes commercial premises, infrastructure projects, sports arenas and stadiums, hospitals, schools and industrial properties. A typical installation project takes between six and nine months from start to final delivery, but projects may also span several years. Service assignments comprise everything from 1–2 hour emergency call-outs to multi-year maintenance contracts.

Most of our customers belong to one of three large categories:

- **Property owners and private- and public-sector tenants**, which are key to our servicing business. Private property owners and industry are our other major servicing customers.
- **Building contractors** are key customers for our installation business. They purchase installation services as part of construction contracts.
- **The public sector** is an important client within both servicing and installation, for projects such as infrastructure, hospitals and schools. Income from customers in the public sector still accounts for a sizeable proportion of Bravida's sales.

BROAD CUSTOMER BASE PROVIDES SOLIDITY

Bravida has a broad customer base, providing the business with stability. We are not dependent on any one sector, customer or project.

Bravida's sales mainly consist of a large number of small and medium-sized projects and assignments. Of Bravida's more than 55,000 customers, no individual customer accounts for more than 4 percent of Bravida's sales, which provides for significant risk diversification.

In 2019, our four largest customers accounted for 14 percent of net sales. All four are large construction firms with numerous different projects and points of contact. Many of our clients are recurrent customers: of those customers that accounted for sales over SEK 5 million, over 93 percent were also customers in 2018.

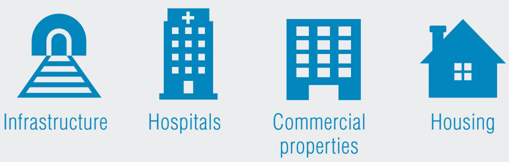
Additional stability is provided by our numerous orders from the public sector, which is less dependent on economic conditions.

WE AIM TO BE THE LARGEST OR SECOND-LARGEST OPERATOR IN EACH LOCAL MARKET

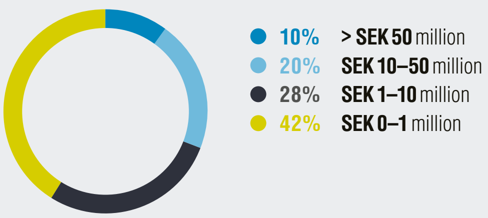
Our local market position in each location is key to retaining and enhancing our position in the Nordic region. Locally, Bravida's branches compete against small and medium-sized local businesses, but backed by the Group's economies of scale. Moreover, with its size and coverage, the Bravida Group is also able to compete against other major international operators for large projects.

We therefore adopt a strategic, targeted approach to be the largest or second-largest in every location where we operate.

Lots of different projects and assignments



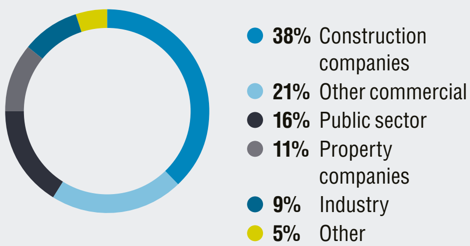
SALES BY PROJECT SIZE



Wide-ranging and diverse customer base

> 55,000 customers

CUSTOMER GROUPS



Trends affecting our market

The servicing and installation market is constantly evolving. A number of significant trends are impacting our industry: towns and cities are growing, the emphasis on sustainability is increasing and technological development is creating new opportunities.

Growing towns and cities are boosting installation and servicing demand.

Trend: Cities in the Nordic region are growing, both through immigration and population growth. As the population rises, so too does the need for new buildings and installations for uses such as housing, offices, retail, schools and care. This is leading to greater pressure on infrastructure such as power supply, railways, roads, tunnels and rail-based public transport.

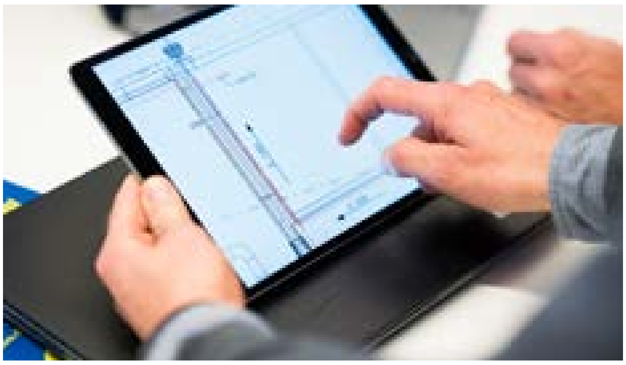
How this affects Bravida going forward: As towns and cities grow they need both new construction and public investment. For Bravida this offers opportunities for more servicing and installation assignments across all our technical areas.

Increased requirements for low-carbon solutions are creating business opportunities for the sector.

Trend: The focus on sustainability and climate change has increased globally in recent years. Properties have a significant carbon footprint, both from when they are constructed (materials and transportation) and when in use (energy consumption and emissions). Increased demand for sustainable and energy-efficient buildings is an important growth driver in our industry. A large percentage of properties in the Nordic region require refurbishment to achieve the energy efficiency requirements set in EU directives.

How this affects Bravida going forward: For our sector this trend both poses challenges and offers opportunities. Challenges because our own business needs to adapt to new conditions. But above all there are opportunities, as we are able to help reduce the carbon footprint of our customers' properties. In new-build and refurbishment projects we create energy-efficient and long-lasting installation solutions. In existing properties we can both increase sustainability and reduce energy consumption through regular servicing and maintenance.

Technical developments and digitalisation are expanding possibilities for managing properties.



Trend: Technological developments offer new opportunities for the servicing and installation industry. In particular, the ability to control technical systems automatically has increased in recent years. Sensor technology enables property systems to be monitored and energy efficiency optimised remotely. What's more, digitalisation is boosting opportunities to cooperate more effectively, both within companies and with customers and suppliers. This presents both opportunities and challenges in the form of new ways of working.

How this affects Bravida going forward: As technology develops, Bravida is seeing greater demand for consulting, installation solutions and servicing assignments relating to automated technical systems control. The possibilities offered by sensor technology will have an effect on our customer offering: in the future digital operational monitoring will allow us to conduct a greater share of proactive service work remotely. In recent years Bravida has established digital methods that boost efficiency in both servicing and installation. One example of this is Dalux, a mobile tool that links and streamlines work in a growing number of Bravida's installation projects.

Bravida's local markets

Sweden

SEK 95 billion	11%	# 1
Market sales	Bravida's market share	Bravida's market position

THE MARKET IN SWEDEN 2019

The Swedish market remained good in 2019, with stable demand. However, there are some local variations in the market. Bravida has generally seen some shift in demand from housing projects to commercial properties and public investment, such as hospitals. We have also noted some growth in the number of partnering projects, in which the installation company is involved at an early stage and develops the project together with the customer. Customers increasingly want to work closely with their suppliers.

SUSTAINABILITY TREND IN SWEDEN

Sweden is seeing generally growing interest in sustainability issues, which is now also being felt in the servicing and installation industry. Many businesses are adapting their requirements on all sorts of sustainability issues, as Bravida is already seeing in some tendering processes. This is expected to increase. Some growth in demand for sustainability projects and solutions for efficient energy usage is also being seen.

COMPETITORS

At local level, competition in Sweden primarily consists of small and medium-sized local businesses. The main national competitors on the servicing and installation market are Caverion, Assemblin, Instalco, Eitech and Midroc Electro, which compete for major customer contracts.

Norway

SEK 72 billion	7%	# 1
Market sales	Bravida's market share	Bravida's market position

MARKET AND TRENDS IN 2019

In Norway, the market for Bravida's services remained solid in 2019. Prices in installation projects remain under pressure, despite a lack of capacity in the sector. Customers are increasingly looking for sustainable solutions that ensure efficient energy usage and low carbon dioxide emissions. Another trend is the growth in partnering projects. The servicing business is seeing greater demand for service agreements and preventive maintenance. Digitalisation accelerated in Norway in 2019, impacting both installations and servicing.

SUSTAINABILITY TREND IN NORWAY

Over the year, the issue of sustainability became increasingly important for both servicing and installation customers in Norway. Norway has high sales of electric cars. Bravida focused at an early stage on developing expertise and capacity in expanding electric vehicle charging infrastructure, and now frequently provides these services in both servicing and installation. Demand for sustainable solutions such as solar arrays and heat pumps is also growing.

COMPETITORS

At a local level, Bravida mainly competes with small and local businesses. The industry is fragmented, and overall it is the medium-sized operators that are Bravida's main competitors. The key national competitors are OneCo, Assemblin, Caverion and GK.

Denmark

SEK 56 billion
Market sales

7%
Bravida's market share

2
Bravida's market position

MARKET AND TRENDS IN 2019

The Danish servicing and installation market grew by around 3% over the past year. There are signs of a decrease in installation projects, particularly in smaller urban areas. However, servicing and maintenance increased from mid-2019, and this is expected to continue over the next few years. Bravida Denmark is seeing growing demand for technical end-to-end solutions, both for installation and servicing assignments. Meanwhile, the sector is continuing to consolidate. Factors contributing to this are greater demand for digitalisation in construction processes (BIM) and service (Internet of Things).

SUSTAINABILITY TREND IN DENMARK

Recent years have generally seen a greater focus on carbon emissions and sustainability in Denmark, and this is also being felt in the construction and installation sectors. The Danish Parliament has passed a law that will result in Denmark having to cut its total carbon emissions by 70% by 2030, which is expected to affect requirements and recommendations for business operations in Denmark.

COMPETITORS

The main local competition comes from small businesses. Kemp & Lauritzen and Wicotek Kirkebjerg are among the principal direct competitors in both installation and servicing. Medium-sized installation firms such as Caverion, Elcon and GK are mostly active on the servicing market.

Finland

SEK 57 billion
Market sales

2%
Bravida's market share

4
Bravida's market position

MARKET AND TRENDS IN 2019

The installation market in Finland was solid in 2019, with a decline in new-build projects that was offset by an increase in refurbishments. The technical servicing market decreased slightly during the year. 2019 was Bravida's fourth year operating in Finland. The brand is becoming better known and Bravida is now the fourth-largest servicing and installation company on the market.

SUSTAINABILITY TREND IN FINLAND

The Finnish servicing and installation market has traditionally had a strong emphasis on quality and cost-efficiency. There are now signs of trends in energy efficiency and digitalisation that are expected to impact competition in the future. The Finnish construction industry also has numerous development projects in the fields of energy efficiency, recycling, and health and safety.

COMPETITION

The main local competition comes from small and medium-sized businesses. Bravida's principal national competitors in both servicing and installation in Finland are Caverion, Are, Quatro Mikenti Group, Consti and Assemblin.

BRAVIDA'S BUSINESS

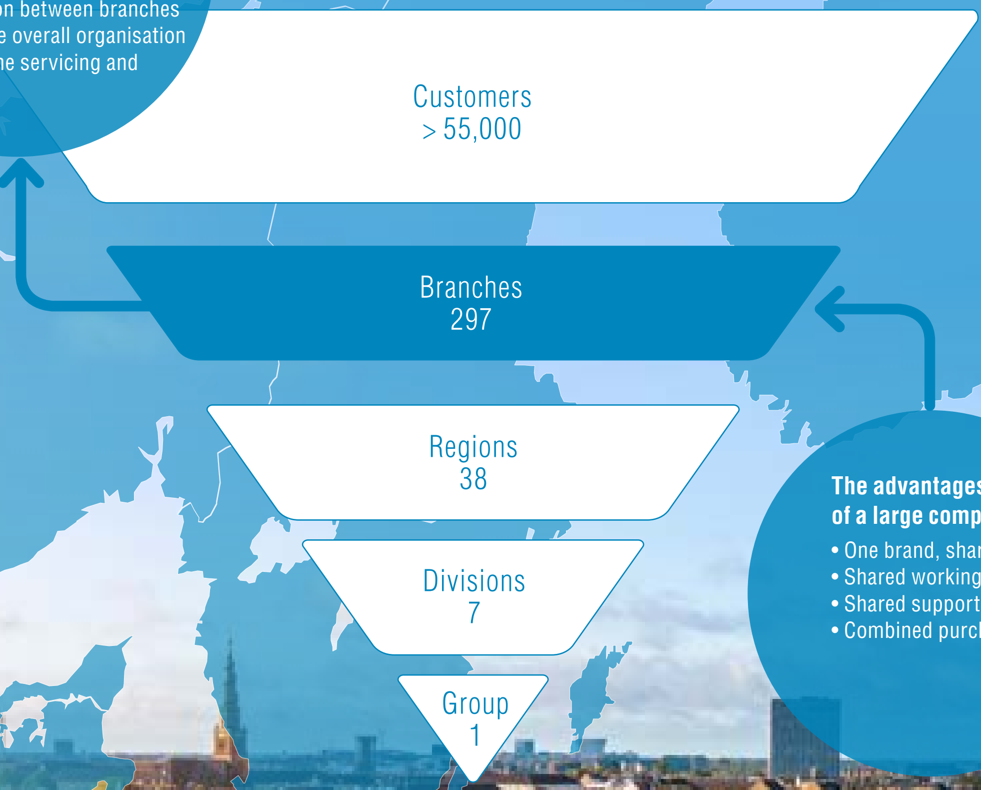
Business model

We are based where our customers are, but with the advantages of a large company

Bravida's many local branches are the basis of our business. They are in touch with customers, that's where our fitters and technicians are, and that's where our earnings are generated. Branches have the entire Bravida Group's resources at their disposal for support.

The local presence of our branches

- We are always located close to customers
- Each branch specialises in a particular technical area
- Cooperation between branches is vital to the overall organisation
- We combine servicing and installation



The advantages of a large company

- One brand, shared values
- Shared working methods
- Shared support functions
- Combined purchasing

Our values

Our shared values create the corporate culture that brings us together and provides us with guidelines about what is right and wrong. We want our corporate culture to meet the expectations of the society in which we live.

Professionalism
– clear responsibility for financial performance

In all parts of the organisation, there are opportunities and paths that lead the company forward. All our employees take responsibility for the company's finances through all stages of our projects and assignments.

Good conduct
– reliability and correct behaviour

Bravida has a clear style of business conduct that is based on reliability and correct behaviour. Employees take personal responsibility and deliver what they promise. A friendly and accommodating approach is self-evident in all customer contact.

Skills
– knowledge, will and ability

Bravida always ensures that the right competence is in the right place for every assignment. Bravida is a step ahead and thinks in new ways. Employees collaborate between branches and technical areas, and between divisions and countries.

Simplicity
– a uniform and straightforward approach

Simple and clear routines and work processes ensure day-to-day operations run smoothly and efficiently. With the aid of a uniform approach, all of our local branches solve similar issues in the same way. Our motto in this respect is 'same needs – same solution'.

The Bravida Way; our approach to creating successful branches

What sets us apart from our competitors is the Bravida Way: our corporate culture, our shared values and our way of working. The Bravida Way has helped us create a profitable and solid business.

The Bravida Way is about taking responsibility and using common sense; we do what we promise, we follow up and we constantly improve. It's our recipe for success and we know it works.

SUSTAINABILITY AND EFFICIENCY GO HAND IN HAND

Our priority sustainability issues are sustainable use of resources, a good work environment and good business ethics. Working with these issues helps us create an organisation that's both sustainable and efficient for the long term.

WE CREATE SUCCESSFUL BRANCHES

Bravida has 297 branches in the Nordics, and the Group's profitability depends on the performance of its branches. Branches that apply the Bravida Way always focus on business with a good margin, and control costs well. Branches that are already profitable can focus on growth.

THE BASIS FOR PROFITABLE GROWTH

Bravida has many profitable and well-organised branches. But there are also some branches that need to change their procedures to improve profitability. In these cases we use the Bravida Way to help them get back on track.

Quarterly reviews create continuity

An important element of Bravida's business is our quarterly reviews, in which managers at all levels participate, all the way from the Board to local branches. The purpose is to monitor the business and see what can be done to become even better. These meetings also strengthen Bravida's corporate culture and encourage pride in our performance.

Approval process before important decisions

Another cornerstone at Bravida is the 'grandfather principle'. This means that a manager must consult with their immediate superior before taking important decisions. This relates, for example, to key recruitment decisions and bids for major tenders, as well as significant matters of principle such as entertainment expenses.

The Bravida Way

Three important principles govern how we run Bravida

ENTREPRENEURSHIP

Our approach is based on an important principle: each local branch is responsible for its own earnings. Branch managers are responsible for creating, together with their employees, a successful business with stable profitability, growth and good local market relations. It's the combined commitment of the branches and employees that drive Bravida forward.

FOLLOW-UP AND SUPPORT

Together, the branches create economies of scale, supported by Bravida's shared tools and working methods. Employees are responsible for continually making use of these. Regular follow-ups together help us create the stable profitability that is distinctive for our organisation. The business is supported by central Group departments.

CONTINUOUS IMPROVEMENT

We have established shared best-practice working methods. But we constantly endeavour to further improve procedures, both at Group level and locally at our branches.

Martin Lindberg Larsen with colleagues

Photo: Lisbeth Hjorslev

Bravida Way helped turn profitability around

When Martin started as manager, the branch had faced problems for some time, the employees weren't happy and profitability was down. One year on and the branch is back on track, thanks to effective leadership and the Bravida Way.

He's sitting with colleagues in the office. After more than 20 years in a variety of roles at Bravida, he knows how important good leadership is.

"I try to encourage enthusiasm, a positive atmosphere and a team spirit at the branch. And it seems to be working. Our employees support one another and enjoy coming to work now," notes Martin Lindberg Larsen, Manager of Bravida's Copenhagen branch for heating and plumbing and industrial servicing.

A TALL ORDER

When Martin took up the role of manager in 2018, he found a branch that had lost its spark.

"The employees were very capable, but there was no real motivation. The business lacked targets, structure, coordination and division of responsibility. This resulted in a decline in the branch's profitability."

MOTIVATION BOOSTED BY TARGETS AND REVIEWS

Things have improved markedly since Martin Lindberg Larsen became branch manager in 2018. It's little wonder, as Martin is tenacious.

"I think a lot in terms of profitability, and I try to communicate that to the employees. Targets and follow-up are key, both with regard to sales and the rest of the business. And that also generates motivation.

"The branch now has a much more structured approach to both planning and follow-up. I use a lot of the Bravida Way methods and procedures. That includes system support for producing quotes, project plans, schedules and purchasing plans, which are really useful.

"We also take a structured approach to finding new customers. I have a plan for how many new customers we should contact each month.

GOOD LEADERSHIP WAS KEY

During the year Martin attended Bravida's leadership training course, where he learnt more about how to operate in a leadership role at Bravida. This included the importance of inclusiveness.

"That's also the way I approach leadership, and it works. For example, I get the whole branch together every Friday to update everyone on key things that are happening. The course provided me with a lot of good leadership tools. You have to adapt your leadership to the situation.

The branch's profitability has leapt under Martin's management, thanks largely to methods take from the Bravida Way and the leadership course.

"It's not just that we're now taking a more structured approach. The atmosphere is better, and our employees enjoy coming to work!"

How we achieve organic growth

Bravida's objective is to be the largest or second-largest player in all the locations where we choose to operate. However, margin always takes precedence over volume. Once a branch has achieved profitability, we focus on growth, both organic and through acquisitions.

We want our profitable branches to grow organically. The aim is to take on more profitable installation projects and servicing assignments, if the conditions on the local market are right. We prioritise servicing sales, end-to-end solutions and cross-selling involving several technical areas. We are also upping our recruitment efforts.

Bravida's objective is to grow profitably, within both servicing and installation. But growth requires resources, and if we have to choose we prioritise growth in servicing. This is because servicing, operation and maintenance is recurring business that creates long-term stability in our organisation. What's more, servicing is less sensitive to fluctuations in the economy than installation projects.

GROWTH IN SERVICING

We are currently investing in our servicing business to become the Nordic region's leading service partner. Key goals include bolstering the servicing organisation, enhancing our offering and increasing servicing agreement sales. We are also endeavouring to encourage more completed installation projects to turn into long-term servicing assignments.

END-TO-END SOLUTIONS BOOST COMPETITIVENESS

Bravida differs from most of our local competitors through our ability to carry out end-to-end projects comprising multiple technical fields. Together our branches have the capacity to plan and carry out major servicing and installation assignments throughout the Nordics. We conduct group-wide marketing initiatives and offer solutions comprising more than one technical area. Together, we endeavour to sign more national agreements with major customers that have operations across several regions.

COOPERATION BETWEEN BRANCHES IS VITAL

Our objective is to gain more group-wide installation projects and servicing assignments involving multiple technical areas and branches. We use shared systems and methods to make it easier for our branches to work together. It's also important for Bravida to be able to grow and train new employees quickly, as well as integrate acquired businesses.

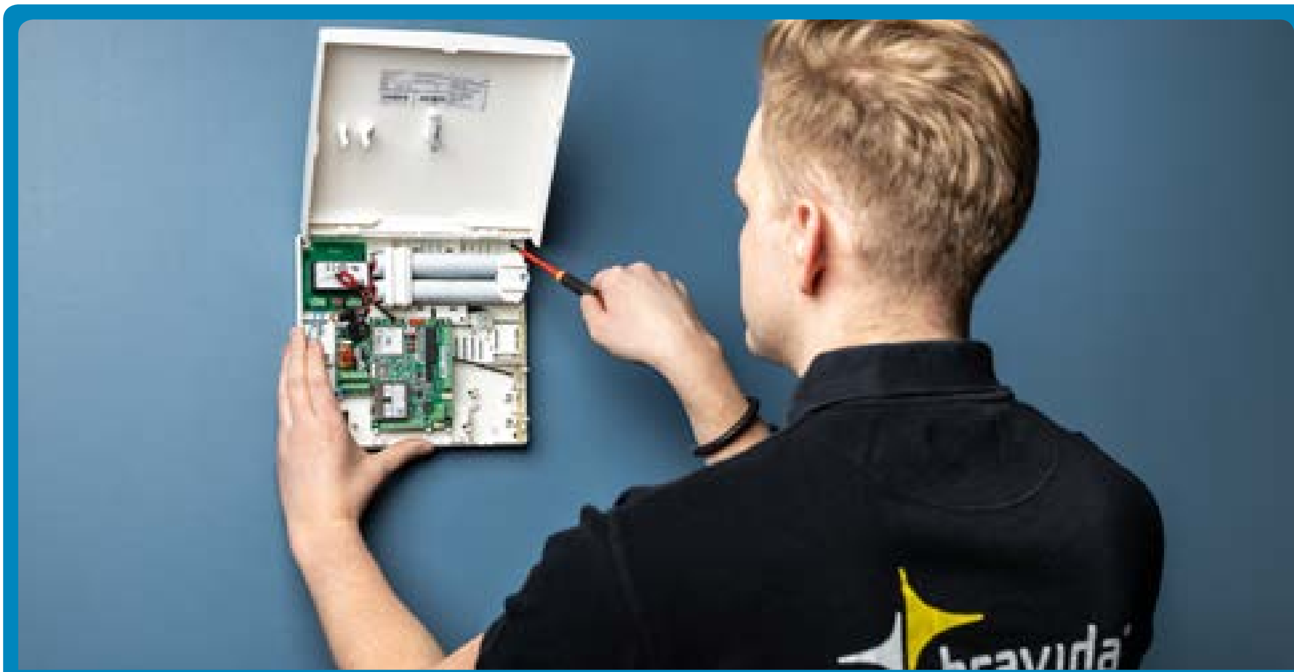
GREATER FOCUS ON RECRUITMENT

As a branch grows, so does its need for personnel. Bravida works at various levels to find and attract the right expertise Find out more on page 30.

EVENTS IN 2019

Overall, Bravida achieved no organic growth in 2019. There were, however, significant local variations, both within and between countries. The business grew organically in Denmark by 3 percent and in Norway by 2 percent. In both Sweden and Finland growth was negative.

Rickard,
service technician,
Bravida Sweden



Bravida and AddSecure future-proof alarm sensors throughout Norway

The 5G network is currently being rolled-out in many countries. Meanwhile, old technology is being phased out; in Norway the 2G and 3G networks will be switched off entirely in 2025, which will affect systems handling data critical for society. Consequently, many of AddSecure's customers are now replacing old transmitters in their security systems. Bravida is helping with this changeover.

Norway-based data and communications company AddSecure has just launched a customer offering together with Bravida. Over the next five years some 40,000 alarm transmitters will need to be replaced by customers across Norway, and Bravida will be assisting with this as a preferred partner. Sten Olsson, Head of Business Development and CEO of AddSecure explains:

"As the 5G network is rolled out, the slower 2G and 3G networks in Norway will be phased out. If no action is taken, this critical communication will stop working when the networks are turned off. That could affect key functions in society, such as fire alarms that can no longer contact the fire service. To avoid being affected by this, those customers with alarm systems that don't support the new networks (which is a lot of customers) need to replace their alarm transmitters," says Sten Olsson.

BRAVIDA HELPS ADDSECURE CUSTOMERS UPGRADE HARDWARE

We live in an ever more connected world in which IT security is increasingly important. AddSecure's solutions enable connected units to easily and securely transfer data and communicate with one another, in alarms, buildings, power grids and much more. The forthcoming technical upgrade presents both challenges and opportunities for AddSecure's customers.

"The upgrade will not only provide customers with a future-proof solution, they'll also gain access to a raft of new services. But given the number of transmitters that need replacing, AddSecure depends entirely on strategic partnerships to meet the demand," continues Sten Olsson.

AddSecure has chosen Bravida as its preferred partner and to be part of AddSecure's partner programme. This means they will recommend their customers use Bravida to replace transmitters.

SIGNIFICANT POTENTIAL FOR BRAVIDA

This cooperation initiative offers Bravida significant opportunities. Frode Andersen, Manager of Bravida Norway's Oslo-based Security and Fire Safety branch, explains why:

"For us, AddSecure choosing Bravida as a preferred partner is a major acknowledgement and it's positive that we're receiving so many new assignments this way. But above all it's important because we're getting out there and meeting customers we've not met before. This also gives us the opportunity to offer new customers other services.

"Bravida's branches in Norway are contacting those customers concerned in cooperation with local AddSecure representatives. We inform our own customers and AddSecure offers Bravida as an option to replace the equipment.

To make things easy for customers, AddSecure and Bravida have created a joint website where customers can easily order replacement with future-proof equipment. The first orders have started coming in, and AddSecure is positive about the cooperation going forward."

"We've been working with Bravida for a long time, and they have both the expertise and geographical coverage needed to help our customers. Customers appreciate the service and reliability that Bravida offers," adds Sten Olsson.

Acquisitions an important element of growth

Acquisitions are one of the fundamental elements of Bravida's growth strategy. Local involvement and integration into Bravida are key to ensuring the success of acquisitions.

SECTOR OFFERS SIGNIFICANT POTENTIAL

There are a large number potential acquisition candidates in our industry across the Nordics. In recent years we have a made a significant number of acquisitions, which has made a considerable contribution to our increased growth and boosting our offering on local markets. Over the years we have also established a robust process and organisation for carrying out successful acquisitions.

AQCUISITIONS TAKE PLACE LOCALLY

Bravida's acquisitions take place locally and have the endorsement of the local organisation. A successful acquisition depends on local involvement, both at regional level and by the relevant branch.

Potential acquisitions are regularly identified in locations where we want to grow. Acquisition candidates must have a long, stable history and strong management who, through incentives, are encouraged to remain in businesses after acquisitions. And acquisitions have to contribute one of the following:

- **Enhanced local offering:** the acquisition makes Bravida a local market leader in a technical area
- **Enhanced technical offering:** the acquisition results in an expanded local technical offering for Bravida
- **Geographical expansion:** Bravida establishes itself through acquisitions in new locations

SUCCESSFUL INTEGRATION IS KEY

Once an acquisition has been made, it's vital that the acquired business is effectively integrated into Bravida. Having been an independent company, the business now becomes part of Bravida, along with everything that involves. The crucial aspects of integrating acquired businesses are:

- **Group-wide purchasing:** acquired companies can use Bravida's purchasing platform, which provides advantages for purchasing
- **Group-wide systems:** new companies switch to using Bravida's IT platform as soon as possible to generate administrative synergies
- **The Bravida Way:** acquired companies are provided with training and know-how about Bravida's corporate culture and procedures, and an action plan for the transition
- **Group-wide brand:** acquired companies gradually switch to using Bravida's brand and brand identity

Successful integration is key to achieving synergies, and it lays the groundwork for both improved visibility and a stronger position on the local market.

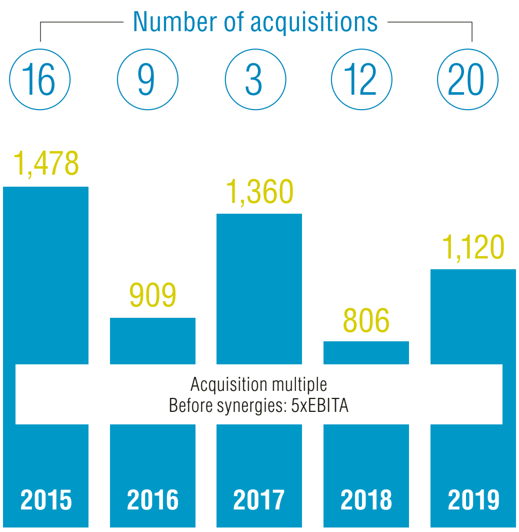
EVENTS IN 2019

We made a total of 20 acquisitions in 2019. In addition, we have strengthened the acquisition organisation at Group level, further boosting acquisition capacity and improving the integration process.

Strong history of acquisitions

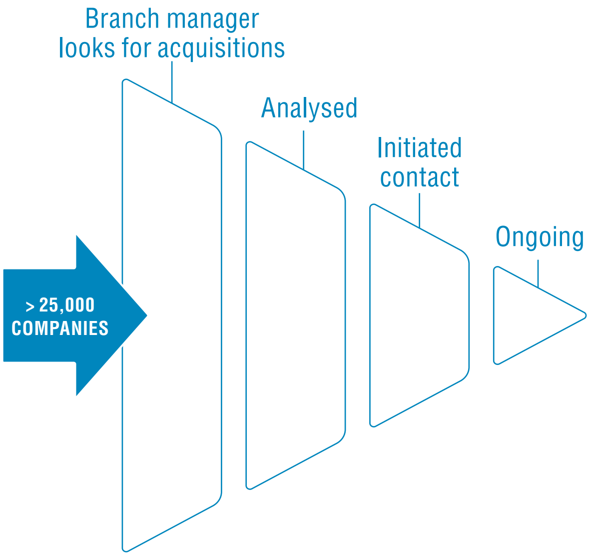
Over the past five years Bravida has made 60 acquisitions, which have increased annual sales by SEK 5,673 million.

ANNUAL SALES, ACQUIRED COMPANIES, SEK million



Large number of potential acquisitions

In order to identify and assess small, local acquisitions as well as acquisitions of major companies, Bravida conducts a continual acquisition process, with potential acquisitions being identified within the organisation and then analysed and possibly carried out by the Group.



Johnny Petré
with colleagues

Photo: Andreas Offesson

"We wanted to develop and refresh the business"

One of 2018's acquisitions was Lindsténs Elektriska, which was integrated into Bravida in 2019. Johnny Petré, former partner, describes the journey from family business to becoming part of a larger group.

Lindsténs Elektriska was founded in 1965 in Tomelilla, southern Sweden, by Bertil Lindstén and his father. Over the course of more than half a century the business developed into a strong player in electrical services and automation in southern Skåne. Johnny Petré took over as CEO in 2005 when his father-in-law Bertil passed away.

A DESIRE TO CREATE BETTER OPPORTUNITIES

In 2018, by which time the company had grown to 175 employees, the four partners in the family took the joint decision to sell the company. But it wasn't a straightforward decision, notes Johnny Petré:

"Being a business owner is a lifestyle. For many years I didn't give a thought to selling up, and we worked hard to improve and develop the business. But when we wanted to take the business to the next level, I felt it would be easier within a larger organisation. It would provide better opportunities for both the business and the employees.

So the partners contacted a number of larger operators in the sector.

"We wanted to have the advantages of a large organisation, but without the top-down central control. And a professional approach was important, as were values like work environment and professional development. Bravida was a good fit."

A SURPRISE FOR MANY

Johnny Petré says the decision to sell came as a surprise for many. The family-owned business had been a leader on the local market for three generations.

"Of course the change was emotional for our employees as they were suddenly part of a large company. It was a challenge at first, but the transition was faster than expected. After six months we felt like Bravida employees. Clothing, vans, offices and coffee cups all now have the Bravida logo. Most employees have stayed and several have already progressed within Bravida.

"The biggest challenge was changing business systems. But we now have access to Bravida's entire purchasing range and support functions. And we're able to offer customers much more. Before we just offered electrical and automation, whereas now we can install everything for customers."

PLEASED WITH THE DECISION

Johnny Petré is still working at Bravida, becoming regional manager for the Malmö region in the summer. He says he's pleased with the decision to sell to Bravida.

"Bravida has very much kept to what was promised. For those of us selling, the most important thing was for the business to continue being run locally, supported by the opportunities offered by the larger company. And that's just how it is at Bravida."

Development and recruitment key to growth

Access to skilled employees is key to Bravida's success. Our organic growth is important, so we want to continue focusing on recruiting, retaining and developing the best leaders and employees.

There is fierce competition for recruiting skilled fitters, service technicians and engineers throughout the Nordics. We therefore adopt a structured approach to attracting, retaining and developing the best employees and leaders in the industry.

RECRUITMENT TAKES PLACE LOCALLY USING GROUP-WIDE JOB PROFILING

Bravida works at various levels to find and recruit the right skills. Recruitment takes place locally at each branch. The Group provides support, including job profiling, professional recruitment assistance and a group-wide recruitment and HR system.

Bravida's local branches regularly employ apprentices across all technical areas, and this is facilitated by our cooperation with local colleges. We also have a presence, for example, at institutes of technology and vocational colleges, in order to raise the visibility of both the industry and Bravida as an employer.

LOTS OF OPPORTUNITIES FOR EMPLOYEES

We want our employees to stay with us. That's why we offer opportunities for every employee to grow and develop with the company. The best way to learn is through work, but we also offer further training through our in-house Bravida School.

There are a number of possible career paths within Bravida; as a specialist, a project manager, lead fitter, service manager or business manager. Most employees who have worked for us for a long time have had a number of different roles over the years. We try to fill management positions internally, which creates opportunities, stability and continuity in the organisation.

STRUCTURED LEADERSHIP TRAINING

Our leaders play an important role in developing both employees and the business. That's why we have both clear expectations of our leaders and a structured process to recruit, assess, develop and support leaders within the organisation. Activities include Bravida's Bra-Ingenjör trainee programme and Bravida's Talent Review, which help identify Bravida's future leaders.

A WORKPLACE THAT WELCOMES AND RESPECTS DIFFERENCE

Bravida should be a workplace for everyone. We want to promote gender equality and diversity to make the most of employees' differences, skills and experience. Our HR processes ensure that we

Adam, Martin, Jörgen, Mikael and Stefan, Bravida Sweden

AGE STRUCTURE, %

	2018	2019
Over 60 years	7.9	7.9
51–60 years	19.3	18.8
41–50 years	19.8	19.5
31–40 years	22.6	22.4
21–30 years	26.3	26.5
Under 20 years	4.1	4.7

NUMBER OF EMPLOYEES, AVERAGE

	2018	2019
Total in Group	11,475	11,722
Of whom women	759	914
Sweden	6,052	5,978
Norway	2,994	2,975
Denmark	1,830	2,173
Finland	599	596

comply with legislation, collective agreements and codes of conduct regarding human rights, skills and experience.

To further ensure we are the company we want to be, we also have:

- Policies, training courses and plans on equal rights and opportunities
- Training courses, targets and initiatives to increase gender equality and diversity
- Cooperation with employer organisations and training boards to increase the proportion of women in the industry;
- Regular employee surveys
- Internal audits and external inspections that monitor our compliance.

Bravida has zero tolerance of all harassment and discrimination. Leaders and managers have particular responsibility, both in terms of setting an example and in terms of taking action if anyone feels discriminated against. If harassment is suspected or identified, measures are taken based on our action plan.

EVENTS IN 2019

Correlation analyses at Bravida clearly show that involvement and profitability go hand in hand. In 2019, Bravida had a strong focus on developing leadership and employee engagement. For example, we continued leader development initiatives, training both existing and new leaders to strengthen their leadership skills, boost their involvement in the group and create a good work environment.

We have also switched to measuring eNPS, employee Net Promoter Score, in our employee survey. eNPS is a measure that provides us with a clear understanding of the level of ambassadorship and involvement in the organisation. This new measurement method helps our leaders work continually and in a targeted way with employee engagement.

During the year we also focused on recruitment in order to grow at the pace we want. For example, we have worked a lot on presence at institutes of technology and training through apprentice programmes. Recruitment and a high pace of acquisitions is resulting in us having many new employees and leaders in the organisation. It's important that they feel welcome. So over the year we further enhanced the induction process for new employees. The Bravida School, our internal training organisation, is continually updated and we are continuing our strong focus on e-learning.

Over the year we also continued implementing our BraPeople initiative, our new employee data management system.

The end of 2019 saw the start of work to update Bravidas's code of conduct for employees.

Follow-up for 2019

8 (8)
eNPS (employee Net Promoter Score) Replaces MMI. Scale -100 to 100. Industry average is 9,
Bravida's target 10. The survey is conducted every other year. Conducted most recently in 2019.

1,345 (1,170)
apprentices worked at Bravida during the year

35 (32)
'BraIngenjör' graduates received diplomas from our trainee programme

Number of apprentices at Bravida in 2019

1,345

About Bravida's code of conduct for employees

The basis for Bravida's ethical values is provided by our code of conduct. It lays the foundations for how we behave and act day to day and also contains practical examples. The code of conduct covers important issues such as gender equality and diversity, human rights, working conditions, the environment, sustainability, leadership and business ethics.

It's important we have a group-wide approach to this issues, and our aim is for everyone at Bravida to comply with the code of conduct. Training on our code of conduct is now part of manager training and induction activities for new employees.

Ethical values are also regularly discussed in internal information, training courses and meetings. We take follow-up measures and internal controls to ensure that no one disregards the code of conduct. Anyone not complying with the code of conduct and current legislation not only puts themselves but also the whole of Bravida at significant risk. Breaches of current legislation could result in high penalties, fines and prison, as well as damage to Bravida's reputation.

Whistleblower function

If anyone feels that we are not adhering to our values, suspects that something isn't right or if someone feels they have been wrongly treated, Bravida has a whistleblower function to report such issues anonymously.

Group-wide purchasing generates significant economies of scale

Every year Bravida purchases large quantities of materials, components and services for projects and assignments. This makes us a significant operator with considerable opportunities to make a difference and develop the market.

Purchasing is an important part of our customer offering. Each year Bravida purchases approximately SEK 10 billion of materials, components and supplier services, which corresponds to around half our sales. As a major operator we achieve large purchasing volumes by grouping together our branches' purchases. This allows us to offer a competitive range of materials, components and services. To ensure we work with the right suppliers we have a supplier assessment process, part of which involves evaluating how suppliers meet the requirements of Bravida's code of conduct.

Bravida's branches have a strong emphasis on purchasing. The purchasing of local branches is crucial to ensure customers receive a good end-product and to underpin the profitability of our projects and assignments. To support our branches we have a group-wide purchasing organisation in each division and at Group level that develops our range of products and services and strengthens cooperation with suppliers, distributors and subcontractors.

A purchasing organisation at Group level and our group-wide purchasing system allows us to work together and organise local branches' purchasing. We also have tools and portals for the purchase of tender-based and specialist materials to make branches' purchasing easier. These tools increase our transparency and coordinate our purchasing within the company.

THE BRAVIDA ASSORTMENT AND BRAVAL LABELLING

Bravida's product and sector council, together with the purchasing organisation, has developed a standardised selection of suppliers and products. It's called the Bravida Assortment and is used by all our branches. The product range is based on function, quality, environmental impact, price and ease of installation. The range is an important part of our purchasing and our customer offering. A large percentage of installed materials are from the Bravida Assortment, and we're working on increasing that percentage further.

We have also created our own labelling for environmentally assessed items in the Bravida Assortment. We call it BraVal, and it helps our branches make more sustainable product choices. Cooperation with our suppliers on BraVal also contributes to more products being environmentally assessed.

MORE EFFECTIVE PURCHASING THROUGH NEW TECHNOLOGY

Bravida is endeavouring to make material flow more efficient and sustainable. We're cutting transportation of materials and waste by improving our planning and long-term organisation of projects and combining purchases. This is made easier using new technical solutions.

Bravida is already seeing the purchasing of the future in the form of the BIM method, with projects being planned down to the smallest detail using virtual technical plans shared by the project partners. It's used to determine the choice of materials at an early stage at the design phase. It makes for more efficient material flow as materials can be ordered well in advance. The technology is already available and has started being used in large projects such as hospitals and infrastructure.

PURCHASING STRENGTH OFFERS ADVANTAGE IN ACQUISITIONS

Bravida's purchasing strength is a significant success factor in relation to acquisitions. When acquired companies are integrated into Bravida they gain access to our purchasing platform, including contracts, systems and product assortment. This allows the company to rapidly streamline its purchasing and increase quality in the execution of projects and servicing assignments.

EVENTS IN 2019

Digitalisation and sustainability are increasingly important for both customers and us. This affects requirements regarding purchasing processes and product range. Over the year we assessed system support for purchasing in order to simplify and streamline our operations. The objective is to create a platform that covers all of Bravida's purchasing, encompassing direct materials and services.

We have also expanded the Bravida Assortment with new categories and increased the number of central agreements in new areas, such as automation.

In addition, we have improved our management of purchasing records. We can now track more of the items and product groups in the purchasing system that aren't part our own range. This has resulted in the estimated share of purchasing from the Bravida Assortment being lower than last year, at 52 percent (58). Another reason for this is an increase in projects with specific requirements regarding manufacture. In these cases, where we cannot use purchasing from the Bravida Assortment, we have instead used Bravida's central purchasing agreements to obtain better prices.

Another important activity has been our continued efforts to increase the percentage of BraVal items in the Bravida Assortment. We do this in part through continual dialogue and specified requirements for our suppliers. Over 50 percent of purchasing volumes in the Swedish Bravida Assortment for electrical, heating and plumbing, and HVAC/cooling is environmentally assessed in our system.

Follow-up for 2019

52 (58%)
of purchasing is from the Bravida Assortment, our own recommended range.*

*Only applies to groups of products relevant to the assortment.


Per and Alexei at Bravida's purchasing department

SUSTAINABILITY

Alexander,
supervisor,
Bravida Sweden

Sustainability – an integral part of our business

Sustainability is important to Bravida. We have more than 55,000 customers and our servicing and installation solutions help them contribute to a more sustainable society. But the issue of sustainability is bigger than that; it's about everything we do in our business.

Bravida wants to be a responsible business; a profitable organisation that is sustainable in the long term and doesn't compromise on the future. Sustainability work is part of Bravida's business and its day-to-day activities.

OUR PRIORITY SUSTAINABILITY ISSUES

In order to focus our work, we have prioritised our key sustainability issues. In so doing we have weighed up the expectations of various stakeholders with Bravida's own objectives, priorities and opportunities to make a difference. We have arrived at three priority sustainability areas in which we need to make the biggest improvements in our business over the next few years: good health and safety, sustainable use of resources and good business ethics.

ORGANISATION AND MONITORING OF SUSTAINABILITY WORK

Bravida aims to conduct long-term, responsible and sustainable business that integrates economic, environmental and social considerations into the business operations.

The Board is responsible for the company's overall strategic focus. Strategies for our sustainability work are developed and set by Group management, and ultimate responsibility lies with the CEO. Operationally, sustainability work is led by the Head of Business Development, with day-to-day responsibility decentralised to respective units. This work is supported by Group departments in the areas of work environment, environment/health and safety, legal services and HR.

The sustainability issues that Bravida has identified as most significant relate to the company's strategies and business plan.

An important aspect of Bravida's approach is our regular follow-up of the business, from individual cost centres up to Group level. Follow-up takes place every quarter and also includes some of our most important sustainability targets. The results are published in Bravida's annual report.

STAKEHOLDER ENGAGEMENT

Bravida's business affects and is affected by a wide range of stakeholders. We interact closely with customers, employees suppliers and shareholders. Much of this engagement takes place through meetings in person in our day-to-day work.

Our priority sustainability issues

GOOD HEALTH AND SAFETY

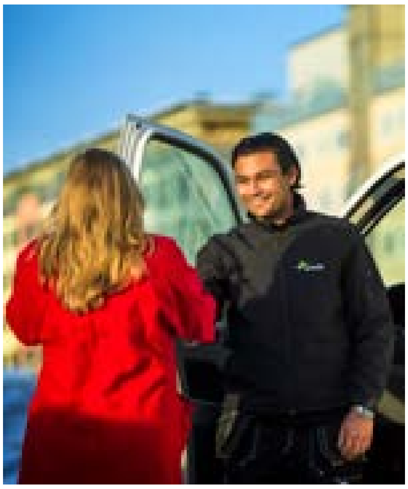
Employee safety, and physical and mental health

No employee should suffer from work-related physical or mental ill health – our long-term aim is to eliminate this.

SUSTAINABLE USE OF RESOURCES

Efficient production and energy-efficient offerings

We aim to offer our customers energy-efficient and environmentally sustainable solutions, and to reduce our own environmental impact.



GOOD BUSINESS ETHICS

In relation to customers, employees and suppliers

All our business relationships should be managed in a responsible and proper manner.

In addition, Bravida holds regular surveys and forums to understand the needs and expectations of stakeholders. Stakeholder engagement allows us to find out what's important for stakeholders and what we're doing well in our business, as well as what we can improve.

WE COMPLY WITH INTERNATIONAL PRINCIPLES AND AGREEMENTS

The Group's code of conduct, policies and values provide the basis for Bravida's business and strategies. Our work is also based on the laws, requirements and regulations that apply in the countries in which we operate.

The code of conduct and our policies are consistent with the UN Global Compact on issues concerning human rights, labour conditions, the environment and corruption.

Bravida also endeavours to comply with:

- The UN Declaration of Human Rights;
- The ILO's Declaration on Fundamental Principles and Rights at Work;
- The OECD's principles and standards for multinational enterprises
- The Rio Declaration on the Precautionary Approach, which means that Bravida commits to take a preventive approach and minimise risks in environmental issues.

Additional references to laws, codes and regulations that are material to the company's governance can be found in the Corporate Governance Report.

Group-wide policies

- Bravida's code of conduct
- Code of conduct for suppliers
- Environmental policy
- Quality assurance policy
- Health and safety policy
- Personnel policy
- Equal rights and opportunities policy
- Policy against harassment and discriminatory treatment

Action plans and guidelines provide further guidance on how Bravida personnel should act within the company and in relation to our stakeholders.

Overview of stakeholders

Stakeholder	Engagement channels	Important issues
Customers	• Customer interaction through day-to-day work • Customer and market surveys • Review by customers	• Work environment– health and safety • Energy and resource efficiency • Suppliers and purchasing • Gender equality and diversity • Employee skills and development
Employees	• Daily checks • Annual employee discussions • Training and conferences • Employee survey • Intranet and social platforms • Engagement with trade unions	• Long-term stability and development • Work environment– health and safety • Remuneration and benefits • Opportunities for development • Values, diversity and other ethical issues
Suppliers and cooperation partners	• Supplier meetings • Supplier evaluation • Contract negotiations	• Anti-corruption and bribery • Work environment, labour conditions, health and human rights • Environment and energy efficiency
Shareholders and investors	• Financial reporting • Webcasts/conference calls • Presentations • Annual general meeting • Investor meetings	• Good sustainable development and growth • Corporate governance • Health and safety • Anti-corruption and bribery • Attract and professionally develop employees
External environment – Our industry – Society – Potential customers – Prospective employees	• Trade associations • Traditional and social media • Vocational colleges and universities • Trade fairs • Meetings in person – sales and recruitment • Brand surveys	• Installations in social functions • Energy and resource efficiency • Health and safety • Job opportunities, training, apprentices • Laws and taxes

Fredrik,
HR officer,
and Gustaf,
business developer,
Bravida Sweden

PRIORITY SUSTAINABILITY ISSUES

Work environment – health and safety

At Bravida our vision is to eliminate occupational injuries entirely. Every employee should be unharmed at the end of each working day. We therefore adopt a systematic approach to the physical, social and organisational work environment to achieve a sustainable working life.

STRUCTURED PROCESS TO PREVENT OCCUPATIONAL INJURIES

Bravida operates in an industry with significant health and safety challenges. Some of our most significant risks are the large number of operators involved in construction projects, high-risk environments and tasks, and a culture that doesn't always prioritise a safety mindset. And we know that both employees and the company benefit from a good work environment.

Bravida's vision is to eliminate occupational injuries entirely. Initially our target is to halve the number of occupational injuries and reduce the lost time incident rate, i.e. the number of occupational injuries resulting in at least one day's sickness absence per million working hours, to below 5.5.

Over the years we have developed resources and systems to promote health and prevent injury at work. This is based on the Bravida Way; we plan work in a way that creates a sense of security and orderliness. And we work constantly on improving our efforts to prevent injuries.

CULTURE IS KEY TO HEALTH AND SAFETY

But change takes time. Rules, procedures and requirements aren't enough to achieve our health and safety goals. This is shown by the figures for the year. The next stage is to take measures to further strengthen our safety culture. Everyone at Bravida has a collective responsibility to contribute to a pleasant and safe work environment, both for themselves and for their colleagues.

A HEALTHIER WORKPLACE

Another important strategic target for Bravida is to reduce absence due to sickness to below 4.5 percent. In recent years we have got closer to this target but we still have important work to do.

One of our initiatives includes training all our managers on organisational and social work environment issues. Employees perform better when they are happy and healthy at work.

We also endeavour to reduce sickness absence by making contact at an early stage, following up and supporting colleagues on sick leave, and through a structured rehabilitation process.

EVENTS IN 2019

Bravida had a strong emphasis on work environment issues and health and safety culture over the year. Our basic principle is that we work safely, or not at all. To implement this throughout the organisation, in 2019 we focused on health and safety training:

- We launched an introductory safety course at Bravida, which is mandatory for all employees. It is part of the induction process for all new Bravida employees.
- To increase knowledge about work environment issues, we launched several new in-house courses, including on organisational and social work environment, asbestos risks, working with silica dust and risk assessment.

Health and Safety Week 2019

The theme for the year's Health and Safety Week was risk assessment, with an emphasis on each employee getting into the habit of identifying and eliminating risks before every work task. One tool for this is Bravida's 'STOP' approach, which helps employees stop and think: Stop, Think, Observe, Plan/Proceed. If, despite having the correct equipment and protective measures in place, an employee assesses that a task is not safe to carry out, he or she has to say 'stop'. The risk assessment course that was launched during Work Environment week was undertaken by 93% of our branches.

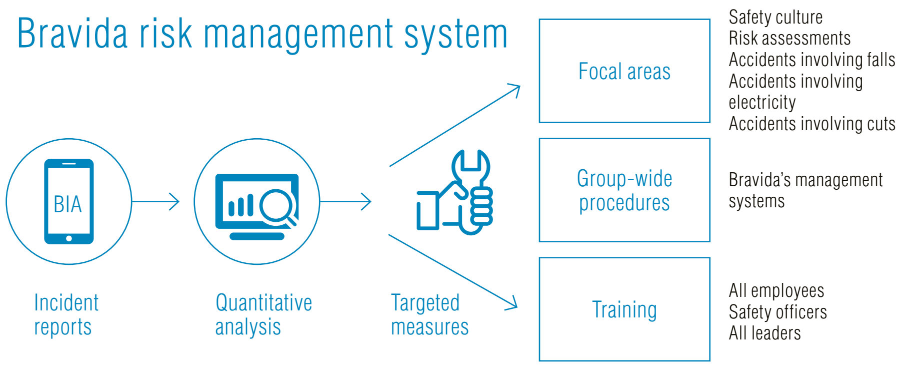
Follow-up for 2019

OCCUPATIONAL INJURY RATE*	2018	2019
Sweden	9.9	9.1
Norway	5.1	4.5
Denmark	16.2	17.0
Finland	31.6	29.9
Group	11.0	10.4

*Occupational injuries that lead to at least one day of sickness absence per million working hours.

SICKNESS ABSENCE* %	2018	2019
Sweden	4.9	4.9
Norway	5.9	5.5
Denmark	4.2	4.3
Finland	4.8	5.1
Group	5.0	4.9

*Total hours of sickness absence in relation to planned working hours.



Bravida's BIA risk management system allows Bravida employees to easily report incidents, accidents, risk observations, occupational injuries and preventive activities using an app. We regularly analyse data from the system to establish focal areas and effective targeted measures.

'Håll Nollan': Initiative to eliminate accidents in the construction industry

Bravida is a founding member of the organisation 'Samverkan för noll olyckor i byggbranschen' (joint action for zero accidents in the construction industry) and the 'Håll Nollan' initiative. The organisation covers the entire construction, building services and energy sector in Sweden and promotes cooperation between all parties involved in the different phases of construction projects, both contractors and developers. The aim is for no one to be injured on construction sites.

Culture, work environment and good leadership in our industry are vital for safety. Anna Bergström, Head of Health and Safety at Bravida Sweden, explains why Bravida says 'stop' if we can't guarantee the safety of our employees.


Anna Bergström, Head of Health and Safety at Bravida Sweden

Bravida endeavours to ensure everyone at our workplaces, both our own employees and colleagues from other companies, leaves work uninjured. But, as a subcontractor, we don't always have control over safety. On a number of occasions over the past year Bravida has chosen to leave worksites that have inadequate safety. Anna Bergström, Head of Health and Safety at Bravida Sweden, explains why.

"Many of our customers make stringent requirements of us with regard to safety, which I think is great. But we also have lots of other customers who think Bravida is creating difficulties when we talk about safety or set our own requirements," says Anna Bergström.

"When we come across a health and safety issue, we always try to solve it with our client. That usually works. But if we can't guarantee that it's safe for our employees to carry out the work, we say 'stop'. In a few individual cases, we've had to put our foot down. We don't do so lightly.

"Saying stop takes both courage and good leadership. We have to support our leaders in doing the right thing. I personally back any Bravida manager who says 'stop'. It's better to do so once too often than once too little.

"Because that's how things work; ultimately, we create our own work environment. If you see a risk, take action! Whether you're an employee or a manager, a subcontractor or tradesperson, a property developer or a customer. It's together that we create a safe and secure work environment. Everyone has to contribute to these efforts," concludes Anna Bergström.

PRIORITY SUSTAINABILITY ISSUES

Sustainable use of resources

Every day, Bravida's employees service and install energy-efficient technology in properties and industrial facilities. We are also endeavouring to cut the environmental footprint of our own business operations.

WE CAN MAKE A DIFFERENCE IN OUR CUSTOMERS' PROPERTIES

Our customer offering is a key aspect of Bravida's sustainability efforts. The right installations and regular servicing improve the energy efficiency and useful life of fittings in properties and industrial facilities.

Our service technicians are getting ever better at identifying and suggesting improvement measures, such as energy audits, or switching to more efficient products and systems enabling greater control.

During installation projects we are keen to recommend fittings that are cost effective, reliable and good for the environment. We work with our suppliers to ensure more installation products undergo environmental assessment and for this data to be easily accessible.

One such specific initiative in Sweden is BraVal, whereby we use our purchasing system to highlight those materials and components that are rated by indices such as BASTA-listan, Byggvarubedömningen and SundaHus Miljödata. This makes it easier for our employees to evaluate products' energy and environmental performance.

WE'RE WORKING TO REDUCE OUR OWN ENVIRONMENTAL IMPACT

Bravida is also endeavouring to reduce the environmental footprint of its own business operations. Bravida is a service company, and our main business takes place at customer premises. We have a large number of small offices across the Nordic region, which in most cases are rented. Our operations are not subject to notification or licence requirements for environmentally hazardous activities.

The direct negative environmental impact relating to such things as water consumption, air pollution and use of land is limited. Our most significant internal environmentally related aspects are instead travel, transportation and waste.

Bravida's goal is to reduce fuel-related carbon dioxide emissions. The Group leases over 6,000 vehicles, both service vehicles and company cars. We regularly review our vehicle fleet and monitor emissions centrally. Using a vehicle policy and fuel choices, we aim to provide the business with cost-effective vehicles that contribute to gradually reducing our environmental footprint.

At local level, we are working with the planning of assignments and purchasing to reduce distances travelled and make our work more efficient. Good planning allows us to cut the percentage of collection orders, i.e. unplanned purchases made directly from wholesalers. Planning is also a key aspect in cutting the amount of surplus materials and the occurrence of waste. And waste that does occur needs to be managed correctly. In the first instance, we handle waste on site using the customer's waste management system.

Our management system includes procedures that contribute to minimising the risk of pollution or other detriment to human health or the environment.

EVENTS IN 2019

In 2019 we introduced a new company car policy to guide Bravida's choice of vehicles towards lower-carbon options. We have now put in place financial incentives for users to choose low-emissions electric or hybrid vehicles.

During the year Bravida also set a target for 30% of our service vans to be fossil-free by 2025. Development of fossil-free vehicles has progressed significantly, and models are starting to appear that can cope with the loads and distances that Bravida's assignments demand. We are gradually investing in environmentally sustainable alternatives to reorganise our vehicle fleet and sharply reduce our carbon footprint. As part of this transformation we are expanding the infrastructure for charging electric cars at Bravida offices. We are already seeing the results of our efforts, with our carbon dioxide emissions per kilometre driven falling by 6% in 2019.

We are also taking our BraVal programme forward to increase the percentage of environmentally assessed items in the Bravida Assortment. Find out more on page 32.

Follow-up for 2019

-6% (+0.4%)

▶ Change in fuel-related CO_2 emissions/km*

compared with previous year

23,634 (23,376)

▶ Total CO_2 emissions from service vehicles and company cars, tonnes*

Increase in total CO_2 emissions reflects growth in the business.

21% (23%)

▶ Percentage of collection orders

Percentage of the total number of purchase orders we make on site at wholesalers.

Johan Johnsson, Bravida Prenad, Åstorp

Mattias Vendel, E.ON

Photo: Martin Olson

Fitting fast charging points

Bravida Prenad in Åstorp has teamed up with E.ON and Danish company Clever to build Sweden's first ultra-fast charging points for electric vehicles, in Löddeköpinge, southern Sweden.

At first glance, the car park outside Dahls Hotell in Löddeköpinge looks just like any other. But look a little closer and you'll see four futuristic-looking charging stations with glowing green lighting dotted about. In less than half an hour drivers can turn off the adjacent E20 motorway, stop for a while at one of the points, before continuing on their way refreshed and recharged. The four charging points are already seeing a lot of use.

48 ULTRA-FAST CHARGING STATIONS ACROSS THE NORDIC REGION

"It all started a couple of years ago when, together with Clever, we applied for funding from the EU's CEF programme to invest in ultra-fast charging stations along Nordic motorways. E.ON will be establishing a total of 48 ultra-fast stations in Sweden, Denmark and Norway," says Mattias Vendel, E-mobility Programme Manager at E.ON.

The charging stations are the result of a Nordic cooperation initiative between E.ON and Denmark-based Clever called Powered by E.ON Drive & Clever. The first Nordic charging station was inaugurated in 2019 in Halsskov, Denmark, while Löddeköpinge is the site of the first station in Sweden. The site next to Dahls Hotell was a strategic choice, by the motorway in order to serve a reasonable number of vehicles.

E.ON and Clever's rapid-charge points each provide 175 kW and are seven times faster than standard charging stations. When higher-capacity vehicles appear on the market the charging points will be able to supply up to 350 kW.

GOOD COOPERATION THROUGH DIALOGUE

Of the 48 stations, 28 will be in Sweden and Denmark and 20 will be in Norway. The plan is for all 48 of the project's charging sites to be up and running in 2020. In Löddeköpinge, Bravida was in charge of fitting the facilities' electrical installations and will also be responsible for operation and servicing. A number of challenges had to be solved over the course of the technology's development.

"We've had regular status updates involving all parties in the project. We've discussed construction issues with Peab, the land owner has been involved and continually provided their views, and we've discussed all electrical issues with Bravida. There's constantly been active dialogue, which is key to efficiency when working to a tight schedule," says Mattias Vendel.

BRAVIDA AN OBVIOUS CHOICE

Mattias is pleased with how well the cooperation with Bravida has gone. And the choice of supplier was straightforward.

"We had a tendering process, which Bravida and Peab won. And we'd also had a good experience when working with Bravida on previous charging projects. It's important to be prepared to adapt when you're doing something for the first time. We've had constructive dialogue with Bravida and they've constantly solved issues and quickly provided answers. And the end results meets expectations.

"Together with Peab and Bravida, we have delivered Sweden's largest and probably most advanced charging station yet. And we've done it on schedule and within budget, despite unexpected costs," adds Mattias Vendel.

PRIORITY SUSTAINABILITY ISSUES

Good business ethics

Good business ethics are vital for Bravida. This means that all employees are expected to act professionally and with good judgement in relationships with customers, other employees and suppliers.

A fundamental aspect of Bravida's corporate culture is that we grow and learn from each other; we keep to our commitments, we follow up and we constantly improve. We call it the Bravida Way. Together with Bravida's code of conduct and values, the Bravida Way provides guidance on how we should behave towards each other and towards others.

CUSTOMERS: OUR WORK SHOULD REFLECT A HIGH LEVEL OF PROFESSIONALISM AND ETHICS

At Bravida we always safeguard our relationships with business partners, principally by always delivering what we promise. We believe in competition and that all decisions should be commercially based without any personal benefit for those involved. The following guidelines are therefore included in our code of conduct:

- We should always avoid acting in a way that results in us and business partners becoming dependent on one another;
- We should take a very restrictive approach to gifts to and from business partners, including travel and hospitality;
- We should never use Bravida's resources for private use.

Ethical issues can be difficult to assess. That's why we have a structured approval process at Bravida: a manager must always consult their line manager before decisions are taken on issues of business ethics, such as expensive meals, events or travel. We have also established a business ethics committee that is responsible for providing guidance and training in this area.

SUPPLIERS: SAME REQUIREMENTS AS BRAVIDA

As a leading operator in our industry, we set high standards for ourselves and our suppliers. Together we can and want to make a difference throughout the supply chain and take responsibility for people, the environment and society. We therefore place the same requirements on our business partners as we place on ourselves. Bravida has a large number of suppliers, and we have measures in place to ensure that our key suppliers meet Bravida's requirements. Suppliers and subcontractors undergo a supplier assessment before being entered into the purchasing system. The assessment, which is partly a self-assessment, indicates how well they meet the requirements of our code of conduct. To further reduce risk and increase efficiency, we largely focus purchasing on established operators on the Nordic market. In cases where Bravida imports items, the supplier assessment is conducted centrally.

The area that is most difficult to monitor is local subcontractors that carry out work. In this regard, regular training, follow-up and support are important in ensuring that our subcontractors work correctly.

EVENTS IN 2019

Our supplier criteria are vital in ensuring our suppliers comply with the requirements we make. An important part of this work are the supplier self-assessments that we have been using for several years in Sweden. And we're also endeavouring to implement this approach in other countries. Issues in Bravida's supplier code of conduct are also followed up and discussed annually at the supplier meetings that we arrange.

Follow-up for 2019

40% (41%)

▶ Percentage of key suppliers* in Sweden that have carried out a sustainability self-assessment**.

68% (68%)

▶ Percentage of materials purchased from contract suppliers, all of which have signed Bravida's code of conduct.

*Supplier with which we have a purchasing volume of over SEK 100,000.

**Follow-up is carried out every other year. The most recent took place in 2019.

Adam and Alexei,
Bravida Sweden

About Bravida's code of conduct for suppliers

Our code of conduct for suppliers focuses on the values and approaches that we believe should apply to issues such as human rights, employment conditions, product responsibility, environmental impact, health and safety, and business ethics. Bravida's code of conduct is binding and extends to all Bravida's suppliers.

HOW WE CREATE VALUE

Using our resources...

REVENUE

> SEK 20 billion

EMPLOYEES

> 11,700

CUSTOMERS

> 55,000

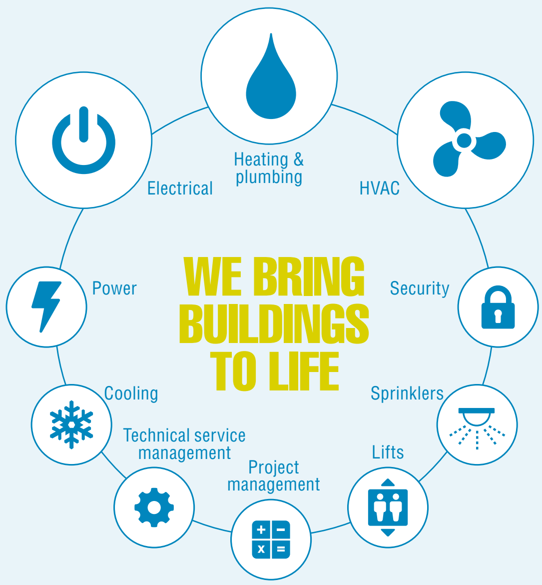
> 93% recurrent customers*

SUPPLIERS

> 550**

*Customers invoiced > SEK 5 million.
**Suppliers invoiced > SEK 1 million.

...we conduct business...



SERVICING 47% | **INSTALLATION 53%**

Operation & maintenance | Refurbishment & extension work | New-builds

...that creates both financial value...

EMPLOYEES
Wages, benefits and pensions, SEK billion
7.5

SUPPLIERS
Purchase of materials, products and services, SEK billion
10.5

SOCIETY
Social security costs and corporation taxes paid, SEK billion
1.4

SHAREHOLDERS
Proposed dividend to shareholders, SEK billion
0.5

THE BUSINESS
Profit reinvested in the business, SEK billion
1.1

...and added value for our stakeholders

EMPLOYEES
We offer plenty of opportunities for our employees, including daily development, training and career opportunities. We're also making significant efforts in the areas of work environment, and health and safety.

CUSTOMERS
Bravida creates energy-efficient installation solutions in customers' properties. With the right installations and regular servicing, we contribute to better operation of fittings and reduced energy consumption.

SUPPLIERS
Our purchases create long-term business opportunities and jobs for both small and large suppliers.

SOCIETY
Bravida helps customers reduce their properties' emissions. And we employ over 11,700 people in four countries. Every year we train a large number of apprentices within the professional trades.

SHAREHOLDERS
We endeavour to increase shareholder value by operating a business that is both profitable and sustainable in the long term.

Bravida's sustainability work: summary

The table provides details of how Bravida satisfies the requirements under the Swedish Annual Accounts Act regarding sustainability reporting.

Legal requirement	Environment	Personnel & social conditions	Human rights	Anti-corruption
Business model	Find out more in the Bravida's Business section, pages 22–32			
Policies	● Environmental policy	● Personnel policy ● Equal rights and opportunities policy ● Policy against harassment and discriminatory treatment ● Health and safety policy	● Bravida's code of conduct ● Code of conduct for suppliers ● Policy against harassment and discriminatory treatment	● Bravida's code of conduct ● Code of conduct for suppliers ● Sponsorship policy ● Foreign travel policy
Audit procedures	● Internal audits ● Regular follow-up of key figures (percentage of BraVal items, collection orders, etc.) ● CO_2 reports from leasing suppliers ● External ISO audit	● Employee survey ● Employee discussions & engagement with trade unions ● Regular follow-up of key figures (occupational injuries, sickness absence, etc.)	● Employee survey ● Employee discussions & engagement with trade unions ● Supplier assessment	● Follow-up and internal control ● The purchases ledger is centralised and fulfils an investigative function ● Supplier assessment
Results of policy	Sustainable use of resources, page 40.	Employees, pages 30–31. Work environment, health and safety, pages 38–39. Good business ethics, pages 42–43.	Good business ethics, pages 42–43.	Good business ethics, pages 42–43.
Risks	Deficiencies in environmental work may affect Bravida's credibility as a responsible company and attractive workplace. In the long run this could lead to higher costs, damage to reputation and loss of business.	Accidents in the work environment at Bravida's worksites can lead to people being injured or suffering ill health, and to fines, legal sanctions and damage to our brand. Find out more under Risk and Risk Management on pages 60–61.	Risk and risk management, pages 60–61.	Risk and risk management, pages 60–61.
Risk management	Sustainable use of resources, page 40.	Risk and risk management, pages 60–61. Find out more on pages 30–31, 38–39 and 42–43.	Risk and risk management, pages 60–61. Find out more on pages 30–31 and pages 42–43.	Risk and risk management, pages 60–61. Find out more on pages 30–31 and pages 42–43.
Performance indicators	● Reduce theoretical CO_2 emissions from service vehicles and company cars ● Total CO_2 emissions in tonnes from vehicles ● Reduce the percentage of collection orders ● Increase the percentage of BraVal products in the Bravida Assortment.	● Employee survey results ● Reduction of occupational injuries ● Reduction of sickness absence ● Percentage of women in the Group ● Employee Net Promoter Score	● Employee survey results ● Number of suppliers that have signed up to Bravida's code of conduct	● Percentage of suppliers that have signed up to the code of conduct and responded to assessments

Anton,
project developer,
Bravida Sweden

SHAREHOLDER INFORMATION

Bravida Holding was listed on the Stockholm Stock Exchange in October 2015 at a price of SEK 40 per share; the price paid on 30 December 2019 was SEK 90.95. The shares are listed on Nasdaq Stockholm Large Cap under the tickersymbol BRAV.

Alexandra, business developer and Nima, supervisor, Bravida Sweden

SHARE PRICE PERFORMANCE AND SHARE TURNOVER

Nasdaq Stockholm (OMXPI) rose by around 30 percent in 2019. During the year, Bravida's share price increased by 50.8 percent to SEK 90.95 (60.30). The market capitalisation was SEK 18,429 million (12,393). Total shareholder return, including the dividend, was 54.15 percent (14.60). The highest price paid during the year was SEK 93.20 and the lowest was SEK 59.85. A total of 94 million shares were traded during 2019.

SHARE CAPITAL

Bravida's share capital is distributed over 202,625,490 ordinary shares and 691,108 class C shares, with a quotient value of SEK 0.02 per share. In April 2019 the Board took the decision to convert 458,892 class C shares into ordinary shares for allocation to participants in the 2016 long-term incentive programme. Ordinary shares carry one voting right and entitlement to dividend payment, while class C shares carry one-tenth of a voting right and no dividend entitlement. Through their conversion, class C shares are aimed at securing the provision of ordinary shares to Group employees participating in the performance-based incentive programme operating since 2017. The class C shares are not publicly listed.

SHAREHOLDERS

The number of shareholders at year-end totalled 9,304 (9,587). At 31 December 2019 the five largest shareholders were Mawer Investment Management funds, Lannebo funds, Capital Group funds, Swedbank Robur funds and AP4. Mawer Investment Management funds owns 10.4 percent of the shares and a corresponding number of votes in Bravida. The number of Swedish natural persons owning Bravida shares decreased in the year from 8,623 to 8,385.

The percentage of foreign owners decreased during the year to 52 percent (55) of capital at year-end. The largest foreign ownership is in the US and Canada.

DIVIDEND POLICY AND DIVIDEND

Bravida's target is to pay out a minimum of 50 percent of the Group's consolidated net earnings while also taking account of other factors such as financial position, cash flow and growth opportunities. The Board of Directors has proposed a dividend of SEK 2.25 (2.00) per share for the 2019 financial year. If calculated using the closing price on 30 December 2019 (SEK 90.95), the proposed dividend constitutes a yield of 2.5 (3.3) percent. Group net profit was SEK 4.36 (4.73) per share, so the proposed dividend corresponds to 52 percent (42) of consolidated net profit.

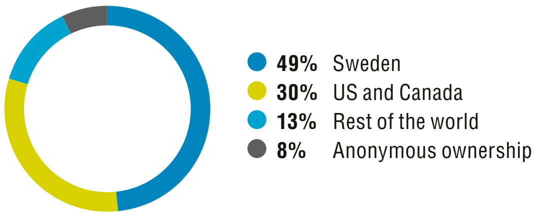
2020 ANNUAL GENERAL MEETING

The AGM of Bravida Holding AB will take place on Friday 24 April at 1 p.m. CET at the company's headquarters Mikrofonvägen 28 in Stockholm.

DISTRIBUTION OF BRAVIDA'S SHARES AT 31 DEC 2019

Categories, number of shares per shareholder	Number of shareholders	Shareholders and votes, %
1–500	7,002	0.5%
501–1,000	1,061	0.4%
1,001–5,000	784	0.9%
5,001–10,000	141	0.5%
10,001–15,000	43	0.3%
15,001–20,000	32	0.3%
20,001 –	241	97.1%
Total	**9,304**	**100.0%**

OWNERSHIP PER COUNTRY, %



BRAVIDA'S 10 LARGEST SHAREHOLDERS

31 Dec 2019	Percentage of capital, %
Mawer Investment Management Funds	10.4%
Lannebo Funds	8.3%
Capital Group Funds	7.9%
Swedbank Robur Funds	7.8%
Fourth Swedish National Pension Fund (AP4)	7.0%
SEB Funds	6.0%
Handelsbanken Funds	3.9%
Didner & Gerge Funds	3.3%
Vanguard	3.2%
JP Morgan Asset Management	2.3%
Total	**60%**

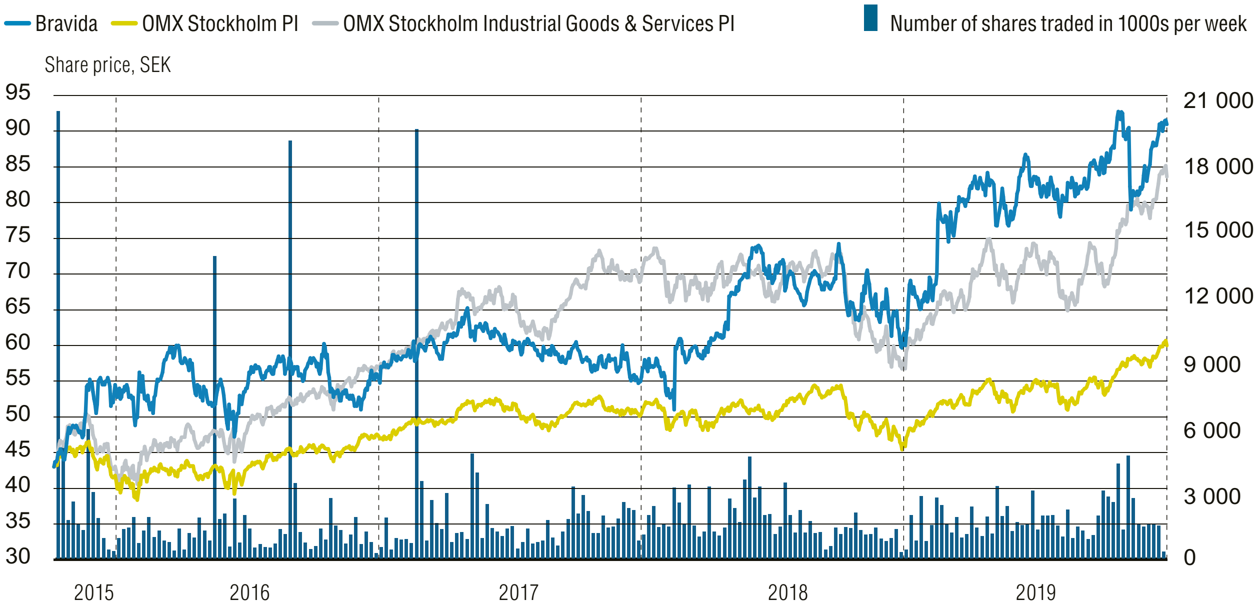
SHARE DATA

Price-related share data	2018	2019
Share price at year-end, SEK	60.3	90.95
Highest share price in the year, SEK	74.6	93.2
Lowest share price in the year, SEK	50.6	59.85
Market capitalisation at year-end, SEK million	12,393	18,429
Number of ordinary shares outstanding	202,166,598	202,625,490
Number of shares traded	90,720,016	94,053,112
Turnover ratio, %	45	47
P/E ratio	12.75	20.86
Yield, %	3.3	2.5
Total shareholder return, proposed dividend, %	14.60	54.15
Data per share		
Net profit, SEK	4.73	4.36
Equity, SEK	25.91	27.57
Cash flow from operating activities, SEK	5.21	7.90
Proposed dividend, SEK	2.00	2.25

ANALYSTS COVERING BRAVIDA

Company	Analyst
Carnegie	Robin Nyberg
Deutsche Bank	Lucas Ferhani
Handelsbanken	Mika Karpinen
Nordea	Henrik Mawby
SEB	Stefan Andersson

BRAVIDA SHARE PERFORMANCE SINCE IPO



Source: SIX Financial information.

BRAVIDA ENTERS UNCERTAIN PERIOD IN ROBUST SHAPE

Bravida is a solid company. It demonstrated this once again in 2019, posting a 6 percent EBITA margin and overall growth of 6 percent despite some challenges. This is reassuring now that the market suddenly appears more uncertain than it has been for some time.

ABOUT

ÅSA NEVING
CFO

CFO since: 2019
Comes from: Luleå
Family: Husband, two children, a cat and a horse
Passionate about: Horses, equestrian sports and devoted supporter of all the children's activities
Best thing about 2019: That I had the privilege of starting work at Bravida – and that we delivered stable earnings and cash flow despite challenges
Goal for 2020: That in the current situation we get through the year with healthy results and a healthy balance sheet

The 2019 financial year was a test for Bravida's business model, which coped without any major problems. Despite local challenges in various locations in the Nordics, we posted an EBITA margin of 6.0 percent (6.3) and sales of SEK 20.4 billion (19.3). As in recent years, our cash conversion rate was over 100 percent. Our good cash flow has long provided opportunities for acquisition-based growth, lower debt, and, in particular, dividends for our shareholders.

We are facing a new economic reality in 2020. We don't yet know what this means, but we know our business model has coped with previous challenges.

MARGIN BEFORE VOLUME IS ALWAYS OUR APPROACH, WHATEVER THE ECONOMIC CONDITIONS

'Margin before volume' has long been Bravida's mantra. It forms the basis for how we run our business and our long-term success. We always endeavour to work on projects with a good margin. If we have to choose, we always prioritise profitability over growth. It's our way of securing growth for the long term.

We faced challenges in 2019 with unprofitable projects in several locations within our business. A couple of branches in the Stockholm region have been unprofitable for some time. We have now taken action by closing these branches and accepting the costs to complete ongoing projects. Two large projects in Norway were also completed during the year at a loss. These were inherited from the acquisition of Oras. We have also been selective regarding new projects in loss-making branches. Overall, these events had a negative impact on organic growth in 2019. However, there were significant local variations, both between and within the countries in which we operate.

SERVICING PROVIDES STABILITY GOING FORWARD

The market outlook ahead is uncertain. But historically, servicing has been a stable part of the business even when the market for new construction declines. In 2019, Bravida's servicing business grew by 9 percent. This is the result of long-term efforts, which will continue in the future. Service contracts have a good margin and provide valuable continuity in our business.

WE ARE UPDATING OUR FINANCIAL TARGETS

Since 2014 our sales have grown from SEK 12 billion to just over SEK 20 billion. We have also maintained a stable EBITA margin of over 6 percent. We will continue growing, both organically and through acquisitions. But as we grow it's natural that growth relative to sales will be lower. We have therefore recently adjusted our long-term growth target to > 5 percent a year. The target includes both organic growth and growth through acquisitions.

DIVERSE PORTFOLIO PROVIDES STRONG BASIS FOR FUTURE

Bravida is a long-term investment. We have a wide-ranging business across a variety of disciplines, large and small projects at various phases of completion, a large servicing division and a presence in numerous regions across several countries.

After almost a year as CFO, I know we have a strong basis from which to progress. There's always lots to get to grips with in a large business: branches to improve, projects to manage, strategic issues to address. At the time of writing, we don't know what challenges we face. But we will respond to changes with a business that has a solid financial position and firm foundations, providing us with the ability to ride out the storm.

Stockholm
Åsa Neving
CFO

"If we have to choose, we always prioritise profitability over growth."

Five-year overview*)

INCOME STATEMENT, SEK MILLION	2015	2016	2017	2018	2019
Net sales	14,206	14,792	17,293	19,305	20,404
Production costs	-12,081	-12,562	-14,718	-16,502	-17,503
Gross profit/loss	**2,124**	**2,230**	**2,575**	**2,803**	**2,901**
Selling and administrative expenses	-1,342	-1,286	-1,502	-1,596	-1,678
Operating profit/loss	**782**	**944**	**1,072**	**1,207**	**1,224**
Adjustments relating to specific costs	96	10	8	–	–
Adjusted operating income	**878**	**954**	**1,080**	**1,207**	**1,224**
Net financial income/expense	-360	-67	-54	-16	-73
Profit/loss after financial items (EBT)	**422**	**877**	**1,019**	**1,191**	**1,151**
Tax	-135	-203	-199	-235	-267
Profit/loss for the period	**287**	**674**	**820**	**956**	**884**
BALANCE SHEET, SEK MILLION					
Goodwill	7,211	7,599	7,844	8,210	8,731
Right-of-use assets	–	–	–	–	1,029
Other non-current assets	218	144	154	168	179
Current assets	3,394	3,933	4,523	5,211	5,599
Cash and cash equivalents	573	286	839	735	972
Total assets	**11,396**	**11,962**	**13,360**	**14,324**	**16,510**
Equity	3,555	4,079	4,662	5,238	5,596
Long-term loans	2,700	2,700	1,700	1,300	500
Other non-current liabilities	177	245	356	667	1,001
Lease liabilities	–	–	–	–	1,040
Current interest-bearing liabilities	–	–	1,000	800	1,495
Current liabilities	4,964	4,938	5,642	6,319	6,879
Total equity and liabilities	**11,396**	**11,962**	**13,360**	**14,324**	**16,510**
CASH FLOW, SEK MILLION					
Cash flow from operating activities	841	428	1,038	1,052	1,599
Cash flow from investing activities	-262	-280	-231	-249	-503
Cash flow from financing activities	-767	-504	-254	-914	-881
Cash flow for the period	**-189**	**-356**	**553**	**-111**	**215**
KEY RATIOS					
Operating margin, %	5.5	6.4	6.2	6.3	6.0
Adjusted operating margin, %	6.2	6.5	6.2	6.3	6.0
EBITA margin, %	5.5	6.4	6.2	6.3	6.0
Adjusted EBITA margin, %	6.2	6.5	6.3	6.3	6.0
Return on equity, %	8.4	17.5	18.3	18.7	16.1
Net debt	-2,433	-2,417	-1,862	-1,365	-2,063
Capital structure (net borrowings/adj. EBITDA)	2.7	2.5	1.7	1.1	1.3
Cash conversion, %	125	62	109	105	115
Interest coverage, multiple	2.5	15.5	22.9	38.6	23.5
Equity/assets ratio, %	31.2	34.1	34.9	36.6	33.9
Order intake	14,249	15,990	17,972	20,652	22,534
Order backlog	7,092	8,644	10,271	11,992	14,485
Average number of employees	9,359	9,730	10,643	11,475	11,722
Administrative expenses as % of sales	9.4	8.7	8.6	9.2	8.2
Working capital as % of sales	-7.9	-5.8	-5.5	-4.9	-5.6
Basic earnings per share, SEK	1.42	3.34	4.07	4.73	4.36
Diluted earnings per share, SEK	1.42	3.34	4.06	4.72	4.35

*) IFRS 16 Leases has been introduced from 1 January 2019. The financial statements for previous periods and key ratios presented in this report have not been restated.

CONTENTS

DIRECTORS' REPORT

The Group in brief

SEK million unless stated otherwise	2019	2018	2017	2016	2015
Net sales	20,404	19,305	17,293	14,792	14,206
Operating profit/loss	1,224	1,207	1,072	944	782
Operating margin, %	6.0	6.3	6.2	6.4	5.5
EBITA	1,226	1,211	1,078	948	784
EBITA margin, %	6.0	6.3	6.2	6.4	5.5
Adjusted EBITA	1,226	1,211	1,086	958	880
Adjusted EBITA margin, %	6.0	6.3	6.3	6.5	6.2
Profit/loss after tax	884	956	820	674	287
Cash flow from operating activities	1,599	1,052	1,038	428	841
Interest coverage, multiple	23.5	38.6	22.9	15.5	2.5
Cash conversion, %	115	105	109	62	125
Net debt/adjust. EBITDA, 12 m	1.3	1.1	1.7	2.5	2.7
Order intake	22,534	20,652	17,972	15,990	14,249
Order backlog	14,485	11,992	10,271	8,644	7,092
Average number of employees	11,722	11,475	10,643	9,730	9,359

The Board of Directors and Chief Executive Officer of Bravida Holding AB (publ), corporate identity number. 556891-5390, with registered office in Stockholm, herewith present the annual accounts and consolidated financial statements for the 2019 financial year.

THE BUSINESS

Bravida is the leading end-to-end provider of technical servicing and installation services for buildings and industrial facilities in the Nordic region. Bravida brings buildings to life – 24 hours a day, 365 days a year. Bravida's main business is technical servicing and installation of electrical, heating and plumbing, and ventilation. Bravida also offers servicing and installation of security and sprinkler systems, cooling, power, lifts and services in project management and technical property servicing. Bravida provides end-to-end solutions in its different areas as it operates across the entire process, from consulting and project management to installation and servicing. Operations are organised according to four countries – Sweden, Norway, Denmark and Finland – with a presence across 160 regions. The Group's head office is located in Stockholm and provides common support functions in finance, HR, purchasing, IT, legal affairs, communication and business development.

Installation involves new construction and refurbishment of technical systems in buildings, facilities and infrastructure. Bravida coordinates technicians and fitters from our areas of technology and provides customers with access to a partner who can successfully coordinate and take responsibility for the entire installation.

Servicing consists of operation and maintenance assignments, as well as minor upgrades of technical installations.

SIGNIFICANT EVENTS DURING THE YEAR

In January, Lars Täuber took over as new Head of Division Stockholm.

In May, Åsa Neving took over as new CFO.

In October, refinancing agreements for loan and credit facilities of SEK 2.5 billion were signed.

During November, the operations of the Stockholm Division were restructured.

ACTIVITIES IN 2019

During the year, Bravida achieved growth of 6%. EBITA increased by 1% and the EBITA margin was lower than in 2018. EBITA was negatively affected by two major project write-downs in Norway and by restructuring costs in Sweden for the Stockholm Division. Net financial income and expense deteriorated in comparison with the previous year and tax expense was higher. Net income decreased by 8% in comparison with 2018.

Order intake was strong and the order backlog, which consists solely of installation projects, is at a historic high.

During the year 20 acquisitions were made, adding sales of around SEK 1,120 million.

NET SALES

Net sales increased by 6% to SEK 20,404 million (19,305). Organic growth was 0%. Currency fluctuations had a positive impact of 1%, while acquisitions increased net sales by 5%. Net sales increased in all countries. Organic growth was positive in Denmark and Norway, while it was negative in Sweden and Finland. Compared with the same period in 2018, net servicing sales increased by 9% while installation sales rose by 3%.

The servicing business accounted for 47% (46) of total net sales increase. The growth in servicing business is a result of the Group's initiatives to increase servicing sales.

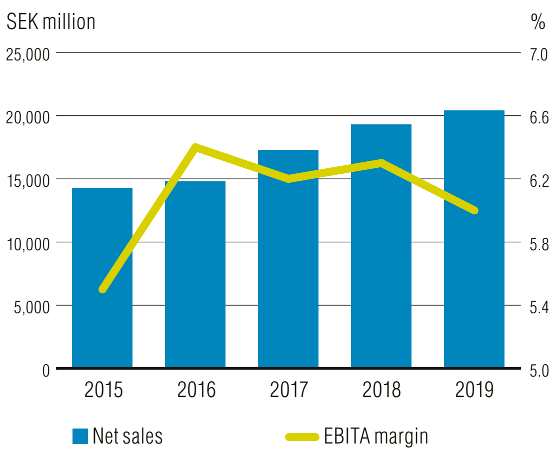
PROFIT/LOSS

Operating profit was SEK 1,224 million (1,207). EBITA increased by 1% to SEK 1,226 million (1,211), resulting in an EBITA margin of 6.0% (6.3). EBITA increased in Sweden and Denmark, decreased in Norway and was unchanged in Finland. In Sweden the EBITA margin improved, while the margin was lower in the other countries. Group-wide profit was SEK 30 million (27).

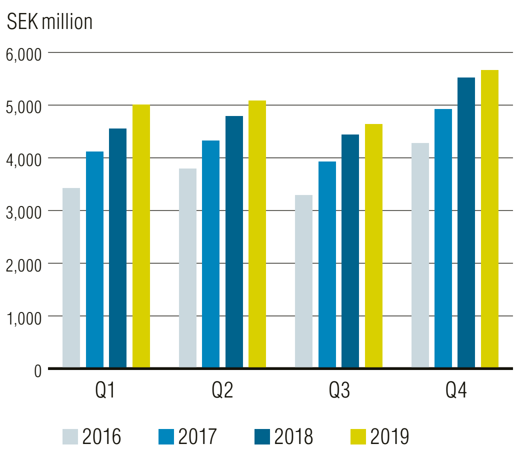
DEPRECIATION AND AMORTISATION

Depreciation and amortisation in the quarter totalled SEK -417 million (-33), SEK -382 million of which related to the amortisation of right-of-use assets under IFRS 16.

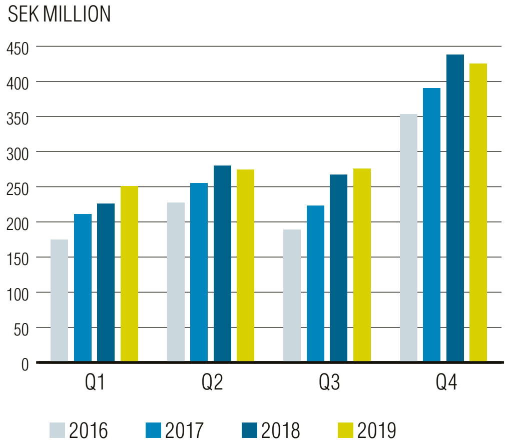
Net sales and EBITA margin



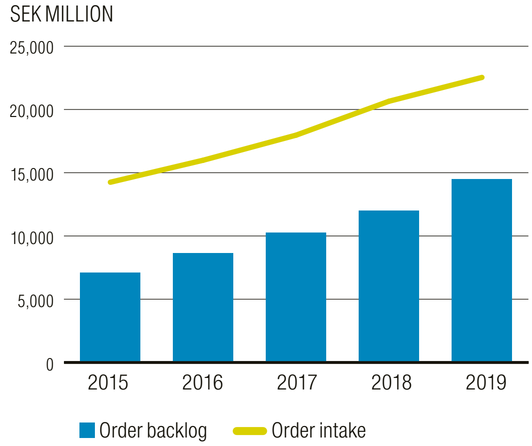
Net sales by quarter



EBITA by quarter



Order intake and order backlog



NET FINANCIAL INCOME/EXPENSE

Net financial income/expense totalled SEK -73 million (-16), the deterioration being due to negative foreign exchange effects in the Group's cash pool, which was positive in 2018, the impact of the introduction of IFRS 16 and higher interest expense for the Group's pension liability. Profit after financial items was SEK 1,151 million (1,191).

PROFIT/LOSS AFTER TAX

The tax expense for the year was SEK -267 million (-235), which equates to an effective tax rate of 23% (20) in the previous year including the use of loss carry-forwards. Tax paid totalled SEK 154 million (219).

Profit for the year after tax was SEK 884 million (956).

EARNINGS PER SHARE

Profit for the year, attributable to owners of shares in the parent company, decreased by 8% to SEK 884 million (956), which equates to basic earnings per share of SEK 4.36 (4.73). Diluted earnings per share was SEK 4.35 (4.72).

ORDER INTAKE AND ORDER BACKLOG

Order intake for the year increased by 9% to SEK 22,534 million (20,652). The order backlog, which solely consists of installation projects, totalled SEK 14,485 million (11,992), an increase of 21%.

ACQUISITIONS

During the year, Bravida made 20 acquisitions, all in line with Bravida's strategy to expand within its priority markets. Twelve acquisitions were made in Sweden, six in Denmark, one in Finland and one in Norway.

The combined annual sales of the acquisitions made is estimated at around SEK 1,120 million. See Note 4 for further information on acquisitions.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities was SEK 1,599 million (1,052). The improved cash flow was due to the change in working capital and a positive impact from the introduction of IFRS 16, as well as lower tax payments.

Cash flow from investing activities was SEK -503 million (-249), while acquisitions of subsidiaries and businesses totalled SEK -469 million (-237).

Cash flow from financing activities was SEK -881 million (-914) and was affected by a change in borrowing and the repayment of a lease liability, as well as dividend payment.

Cash flow for the period was SEK 215 million (-111).

Cash flow	**2019**	**2018**
Cash flow from operating activities	1,599	1,052
Cash flow from investing activities	-503	-249
Cash flow from financing activities	-881	-914
Cash flow for the year	**215**	**-111**

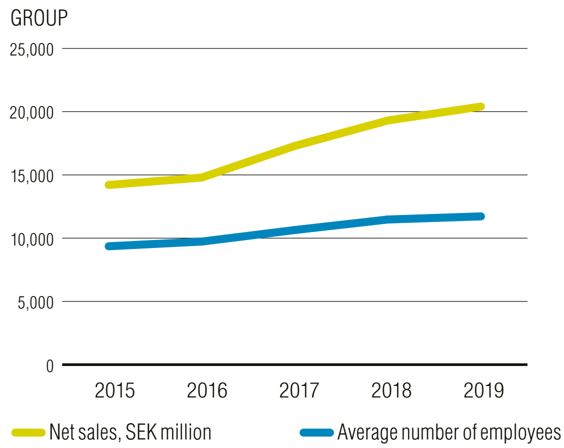
FINANCIAL POSITION

Bravida's net debt at 31 December was SEK -2,063 million (-1,365), corresponding to a capital structure ratio (net debt/EBITDA) of 1.3 (1.1). The higher net debt was due to changed accounting policies for leases under IFRS 16. Lease liabilities included in net debt totalled SEK 1,040 million (–). Consolidated cash and cash equivalents were SEK 972 million (735). Interest-bearing liabilities totalled SEK 3,035 million (2,100), of which SEK 895 million (1,000) was commercial papers and SEK 1,040 million (–) was lease liabilities. Total credit facilities were SEK 3,000 million (2,900), of which SEK 1,900 million (1,568) was unused at 31 December. Credit facilities only include credit agreements with credit institutions. At the end of the period, equity totalled SEK 5,596 million (5, 238). The equity/assets ratio was 33.9% (36.6).

EMPLOYEES

The average number of employees at 31 December was 11,722 (11,475), an increase of 2%. See Note 5 for further information about employees.

Average number of employees in relation to net sales



GEOGRAPHICAL MARKETS

Operations in Sweden

Net sales increased by 4% to SEK 10,664 million (10,279). The growth was due to acquisitions. Organic growth was negative at -1%. Servicing business increased by 5% and installation business by 2%. EBITA was SEK 723 million (692), resulting in an EBITA margin of 6.8% (6.7).

Order intake rose by 3% compared with the same period of the previous year, and totalled SEK 12,358 million (11,978). The order backlog was SEK 9,020 million (7,094), which was 27% higher than the previous year.

Sweden	2019	2018
Net sales	10,664	10,279
EBITA	723	692
EBITA margin, %	6.8	6.7
Order intake	12,358	11,978
Order backlog	9,020	7,094
Average number of employees	5,887	5,971

Operations in Norway

Net sales increased by 2% to SEK 4,867 million (4,777). The growth is attributable to servicing business. Servicing business increased by 5% and installation business declined by 1. %. Organic growth was 2%. Currency fluctuations did not have any impact on net sales. EBITA was SEK 245 million (285), resulting in an EBITA margin of 5.0% (6.0). The lower earnings were due to a write-down on two large projects that were included in the order backlog when Oras was acquired.

Order intake increased by 8% compared with the same period in the previous year, and totalled SEK 4,867 million (4,525). The order backlog was virtually unchanged at SEK 2,553 million (2,552).

Norway	2019	2018
Net sales	4,867	4,777
EBITA	245	285
EBITA margin, %	5.0	6.0
Order intake	4,867	4,525
Order backlog	2,553	2,552
Average number of employees	2,975	2,994

Operations in Denmark

Net sales increased by 19% to SEK 3,773 million (3,171). The growth in sales, which was due to acquisitions and organic growth, was attributable to both servicing and installation business. Organic growth was 3%. Currency translation had a positive 3% impact on net sales. EBITA was SEK 206 million (185), resulting in an EBITA margin of 5.4% (5.8).

Order intake increased by 28% to SEK 4,049 million (3,164). The order backlog was SEK 2,196 million (1,787), which was 23% higher than the previous year.

Denmark	2019	2018
Net sales	3,773	3,171
EBITA	206	185
EBITA margin, %	5.4	5.8
Order intake	4,049	3,164
Order backlog	2,196	1,787
Average number of employees	2,173	1,830

Operations in Finland

Net sales increased by 6% to SEK 1,182 million (1,114), due to acquisitions. The growth in sales is attributable to the servicing business. Organic growth was negative at -7%. Currency translation had a positive impact of 3% on net sales. EBITA was SEK 22 million (22), resulting in an EBITA margin of 1.9% (2.0). Some restructuring of the business has been carried out to improve future earnings performance.

Order intake increased by 31% to SEK 1,340 million (1,022). The order backlog was SEK 716 million (559), which was 28% higher than the previous year.

Finland	2019	2018
Net sales	1,182	1,114
EBITA	22	22
EBITA margin, %	1.9	2.0
Order intake	1,340	1,022
Order backlog	716	559
Average number of employees	596	599

SIGNIFICANT DISPUTES

There were no significant disputes at year-end. It is difficult to predict the outcome of legal proceedings and disputes. Actual outcomes may differ from the assessments made.

FUTURE OUTLOOK

Over the past five years Bravida has made 60 acquisitions, increasing net sales by approximately SEK 5.7 billion. The market for acquisitions remains strong, and the Group will continue to grow through acquisition.

In recent years, Bravida has restructured and streamlined its activities in sales, purchasing, production and administration. Bravida is implementing far-reaching training programmes across all branches, which are designed to improve profitability through more efficient operations, better pricing and more efficient purchasing and increased servicing sales.

Due to the Covid-19 situation in spring 2020, short-term market developments are uncertain. The company's management believes that both demand for Bravida's services and the potential for continued growth are good in the long term. Our focus on 'margin before volume' aims to balance resource shortages and pricing pressure against demand. A meticulous approach and correct pricing are key to continued profitable growth.

GUIDELINES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES

Senior executives means those persons who, together with the Chief Executive Officer, make up Group Management. The current guidelines for remuneration of senior executives were adopted at the 2019 AGM. The company applies market rates for salaries and remuneration based on a fixed element and a variable element. The breakdown between the basic salary and variable remuneration is in proportion to an executive's responsibilities and authority. Variable remuneration is based on a combination of the earnings of the business and the Group's acquisition activity.

The Chief Executive Officer's total remuneration is determined by the Board. Guidelines on remuneration for other senior executives are proposed by the Remuneration Committee and determined by the Board. Senior executives' total remuneration consists of fixed cash salary, variable cash salary, long-term incentive programmes, pension and other remuneration and benefits.

Fixed cash salary

Fixed cash salaries are reviewed annually and provide the basis for calculating the variable salary component.

Variable cash salary component

The variable cash salary component is dependent on individuals meeting annually predetermined financial targets. The actual short-term variable cash salary paid is followed up annually. For the management team, the maximum possible variable cash salary component may vary depending on position held. As a rule, heads of Group staff units in Group management may receive variable salary corresponding to a maximum of 8 months of their fixed cash salary, while the Heads of Division may receive variable salary corresponding to 15 months' salary. For the Chief Executive Officer, short-term variable salary is a maximum of 10 months' salary. Actual variable cash salary paid is linked both to the individual and overall target achievement at Group level. This ensures that remuneration is clearly linked to both the performance of individuals and the performance of Bravida as a whole.

Long-term incentive programmes

Key personnel at Bravida, principally line managers, have been offered long-term share-based incentive programmes. The purpose of a share-based incentive programme is to reward performance, increase and broaden share ownership among managers and other key personnel, and to encourage them to stay at the company. Decisions regarding the structure of long-term incentive programmes are taken by the Board and approved by the AGM. The approved long-term incentive programmes are described in more detail in Note 5 and at www.bravida.se.

Pension

Senior executives resident in Sweden are entitled to pension benefits equivalent to between 28 and 35% of their respective salary, or in accordance with an occupational pension plan. For senior executives resident outside Sweden, the company aims to apply comparable pension benefits to those applied for senior executives resident in Sweden, although variations due to local circumstances may occur.

Other remuneration and benefits

Other remuneration and benefits should be competitive and contribute to making it easier for senior executives to fulfil their work duties.

Notice and severance pay

Senior executives are entitled to six to twelve months' notice if employment is terminated by the employer and four to six months if the employee resigns. In the event of the company terminating employment, a senior executive is entitled, in addition to their fixed monthly salaries, to severance pay of between six and twelve months' salary during the notice period. All employees are subject to a non-competition clause if they resign. The Board is entitled to deviate from these guidelines if special reasons exist. Detailed information regarding salaries and other remuneration of the Board, Chief Executive Officer and senior executives is provided in Note 5. Bravida's website, www.bravida.se, also contains the assessments and reports that are required to be reported under the Swedish Corporate Governance Code.

THE BOARD OF DIRECTORS' PROPOSAL FOR GUIDELINES FOR EXECUTIVE REMUNERATION

These remuneration guidelines cover the company's CEO and other members of the management. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting. It is noted that since the members of Bravida's board of directors only receive remuneration resolved upon by the general meeting, these guidelines do not cover the members of the board of directors.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

In short, the company's business strategy is to offer technical end-to-end solutions over the life of a property, from consulting to installation and service. Bravida is a large company with a local presence across the Nordics. Bravida meets customers locally and take long-term responsibility for its work. The employees are the company's most important resource. With common values, working methods and tools, together the employees create a sustainable and profitable business for the company and its customers. Bravida's vision is to be the best in the Nordics at providing sustainable service and installation of the functions that bring buildings to life. Bravida is to be the first choice for customers and the most attractive employer in the industry.

For more information regarding the company and the company's business strategy, please see https://www.bravida.se/en/.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Long-term share-related incentive plans have been implemented in the company. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. The long-term share-related incentive plan proposed by the board of directors and submitted to the annual general meeting 2020 for approval is excluded for the same reason. The proposed plan essentially corresponds to existing plans. The plans include the group management, regional managers, department managers, other managers and other identified key persons in the company. The performance criteria used to assess the outcome of the plans are distinctly linked to the business strategy and thereby to the company's long-term value creation. The performance criteria used in all plans is the group's profit (Ebita) for the third calendar year after the adoption of the plan. Thus, all participants have the same performance goals. The plans are further conditional upon the participant's own investment and holding periods of several years. For more information regarding these incentive plans, including the criteria which the outcome depends on, please see note 5 of the group's annual report for 2019.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration for the CEO may amount to not more than 125 per cent of the fixed annual cash salary. The variable cash remuneration to the other executives varies depending on their position in the company but may amount to not more than 200 per cent of the fixed annual cash salary.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. For other executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall not qualify for pension benefits.

The executives who are Swedish residents are entitled to pension benefits corresponding to between 28-35 per cent of their respective annual fixed cash salary, or in accordance with the applicable pension plan (Sw: tjänstepensionsplan). The company shall strive for equivalent pension benefits for executives who reside outside of Sweden, but variations motivated by local conditions may occur. In such cases, the overall purpose of these guidelines shall, to the extent possible, be satisfied.

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits may amount to not more than 10 per cent of the fixed annual cash salary.

Termination of employment

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for one year. The period of notice may not to exceed six months without any right to severance pay when termination is made by the executive.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall mainly be based on profit (Ebita), acquisition activity and individual goals. This model aims at improving the operating profit and create a profitable growth and thus contributes to the company's business strategy and long-term interests, including its sustainability.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and employment conditions for employees

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is a separate document from the annual accounts that is published in conjunction with publication of the annual accounts.

THE WORK OF THE BOARD

According to the Articles of Association, the Board of Bravida Holding AB is to consist of not fewer than three and not more than ten full members. In addition to this, there are four employee representatives as full members and two deputy Board members. Bravida's legal officer acts as secretary to the Board. The Chief Executive Officer is not a Board member but reports to the Board at its meetings. The Board is responsible for the organisation of the company and the Group and the administration of the company's affairs. No Board members are members of the senior management. During the 2019 financial year, the Board held 12 Board meetings, one of which was an extraordinary Board meeting and one was a constitutive Board meeting. The meetings addressed matters such as strategic issues, business operations including the business plan, internal control, risk management, acquisitions, financial statements, the annual accounts and sustainability report and related reports.

The Board has an Audit Committee and a Remuneration Committee. The Audit Committee is tasked, among other things, with responsibility for preparing the Board's work to ensure the quality of the company's financial statements and to maintain ongoing dialogue with the company's auditors. The Remuneration Committee is tasked with preparing issues regarding remuneration and other terms of employment for senior executives. Further information about the company's governance, the composition of the Board and internal control is provided by the Corporate Governance Report.

NOMINATION ACTIVITIES

The Nomination Committee for the 2020 AGM is made up of the following members: Peter Lagerlöf, Lannebo funds (chair), Marianne Flink, Swedbank Robur funds, John Wilson, Mawer Investment Management funds and Fredrik Arp, Chairman of the Board of Bravida Holding. No remuneration was paid for Nomination Committee work. The Nomination Committee's proposals, report on the Nomination Committee's work for the 2020 AGM and additional information about proposed Board members are published in conjunction with the convening notice and are to be presented at the 2020 AGM. All documentation relating to the AGM will be available at www.bravida.se

SUSTAINABILITY REPORT

Bravida aims to operate a responsible business and ensure efficient management of its own and others' resources. Sustainability work encompasses the entire organisation and we constantly endeavour to conduct responsible business practices: – a profitable, long-term business that does not compromise on the future. Bravida has published sustainability and follow-up reporting since 2015. Bravida's priority sustainability goals relate to the sustainable use of resources, a good working environment and sound business ethics. Bravida has clear interim targets for occupational injuries, absence due to sickness, carbon dioxide emissions, environmentally sound selection of materials, collection orders and compliance with Bravida's code of conduct.

The sustainability report is distinguished from from the annual accounts and is published separately. The sustainability report can be found on pages 34-47 and at www.bravida.se.

PARENT COMPANY

Bravida Holding AB's net sales for the year were SEK 184 million (173). All sales are internal. Operating profit was SEK 46 million (63). Profit after financial items was SEK 21 million (57). Cash and cash equivalents were SEK 811 million (624). At year-end, equity totalled SEK 4,448 million (4,809).

BRAVIDA SHARES

Bravida Holding AB's ordinary shares are listed on the Nasdaq Stockholm Large Cap list. At 31 December Bravida had 9,304 shareholders, according to Euroclear. At 31 December, the largest shareholders were Mawer Investment Management funds, Lannebo funds, Capital Group funds, Swedbank Robur funds and the Fourth National Pension Insurance Fund (AP4). Mawer Investment Management funds holds just over 10% of the voting rights. 51% of the shares are held by foreign shareholders. The listed price the ordinary shares at 30 December 2019 was SEK 90.95 (61.30) which equates to a market capitalisation of SEK 18,429 million. Total shareholder return, including dividends, over the past 12 months was 54.15%.

Share capital totals SEK 4 million, divided among 203,316,598 shares, of which 202,625,490 are ordinary shares and 691,108 are class C shares. Ordinary shares entitle holders to one vote and a dividend payment, while C shares entitle holders to one-tenth of a vote and no dividend.

Apart from the credit agreements, the company has no knowledge of any agreements of material significance that are due to come into force or be amended or invalidated if the majority ownership in the company changes as a result of a takeover offer. Neither are there any agreements between the company and the Board members that result in compensation if such persons leave, are dismissed without reasonable grounds or are dismissed as a result of an offer to acquire their shares in the company.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 2 January Bravida completed the acquisition of ICS Industrial Cooling System A/S in Denmark.

On 1 January Bravida acquired the installation business of Rakkestad Energi in Norway.

Bravida has signed an agreement to acquire Rörteamet Själevad AB in Sweden on 1 March 2020.

Bravida has signed an agreement to acquire Ventilationskontroll & Plåt i Kiruna AB in Sweden on 1 March 2020.

PROPOSED ALLOCATION OF PROFIT

The Board of Directors proposes that the parent company's non-restricted equity of SEK 4,443,623,898 be allocated as follows:

Shareholders receive a dividend of SEK 2.25 per ordinary share	455,826,983*
Share premium reserve	3,517,757,028
Carried forward	470,039,887
Total	**4,443,623,898**

* The company's holding of treasury shares is 35,720, which has reduced the total amount of dividend by SEK 80,370.

For further information about the company's earnings and financial position, see the following income statements and balance sheets and the notes to the accounts.

ANNUAL GENERAL MEETING

The AGM of Bravida Holding AB (publ) will take place on 24 April 2020 at Bravida's headquarters at Mikrofonvägen 28 in Stockholm. The notice convening the 2020 AGM has been available on the Group's website, www.bravida.se, since 26 March 2020.

SIGNIFICANT RISKS AND UNCERTAINTIES

All business operations are associated with and entail risk. If correctly managed, risks can be turned into opportunities and add value to the business, while risks that are not correctly managed can lead to incidents and losses.

Bravida has a model and process for identifying and evaluating the Group's risks. In its operations Bravida is exposed to various types of risk – operational, financial and market risk.

Risk management

The Chief Executive Officer is ultimately responsible for ensuring good risk management throughout the Group in accordance with the Board's guidelines and instructions. Heads of Division and Heads of Group services are responsible for implementing risk management in their respective divisions and areas of responsibility. Ownership with regard to the management of risks identified by a risk audit lies with the division concerned. The results of the risk audit are reported continuously to Group management and the Board.

A number of areas of risk have been identified in Bravida's risk management process. A selection of these and an overall description of each area of risk are set out overleaf. Financial risk management is described in further detail in Note 25.

Risk management is also defined to some extent in Bravida's management system. The Group's systematic work on quality and environmental issues as well as occupational health and safety issues are key elements of the management system.

Market risk

Bravida continually assesses and evaluates the risks to which the Group is and may be exposed. Critical external risks are mainly managed through strategic business planning, but are also managed operationally in the organisation. Changes in market conditions, financial turmoil and political decisions are the external factors that mainly affect demand for new construction of housing and commercial property, as well as investment from industry and the public sector. Demand for servicing and maintenance is less sensitive to economic fluctuations.

AREA OF RISK	DESCRIPTION	MANAGEMENT
Economic downturn	Changes in economic conditions affect the installation industry, which is sensitive to changes in the market and political decisions. These can impact demand for new-build housing and business premises, as well as investment by industry and the public sector. Demand for servicing and maintenance work is not as sensitive to fluctuations in the economic cycle.	Almost half of Bravida's sales come from its servicing business, which has historically been relatively little affected by fluctuations in economic conditions. In addition, refurbishment and maintenance account for around 15% of sales. Bravida is not dependent on any individual customers, as the Group has more than 55,000 customers across a range of segments. Bravida has a diversified customer structure with a large percentage of relatively small projects, and is consequently not dependent on individual customers or assignments.
Changes in the value chain	There may, for example, be new entrants, customers buying directly from the supplier, or a supplier moving down the value chain.	Bravida aims to offer customers competitive solutions. Bravida's delivery and services now include logistics solutions that increase the level of service.
Not keeping up with digitalisation and technological development	Buildings are becoming increasingly connected, which means that regular servicing can be switched from timed servicing to demand-driven servicing. This could offer opportunities for new operators in the market.	Bravida is developing its organisation and systems to take advantage of these new business opportunities. A few pilot projects are being conducted to gain knowledge and experience in this field.

Financial risk

Through its operations Bravida is exposed to various types of financial risk. Financial risk mainly includes interest rate, currency, financing and credit risk. The Group's financial operations and management of financial risk are centralised within Group Finance. Business is conducted based on a financial policy adopted by the Board and reviewed and adopted by the Board annually. Its purpose is to minimise the Group's cost of capital through effective financial solutions and effective management and control of the Group's financial risks. Credit risk in business operations is managed locally, on the other hand, supported by a joint credit monitoring and analysis system. For further information about the management of financial risk, see Note 25.

AREA OF RISK	DESCRIPTION	MANAGEMENT
Interest rate risk	Changes in the market interest rate affect the Group's net interest income and cash flow.	Bravida has established principles for managing interest rate risk in its financial policy, which stipulates short fixed-interest periods.
Currency risk	Exchange rate fluctuations can adversely affect the Group's income statement, balance sheet and cash flow. Currency risk can be divided into transaction exposure and translation exposure.	Bravida's transaction exposure is relatively limited because the majority of sales and expenditure are in local currency, with minor exposure to imported components. Bravida's translation exposure policy is not hedged for currency risk, and a strengthening of the Swedish krona against the NOK, EUR and DKK has a negative effect on sales and operating profit. All financing takes place in SEK.
Financing and liquidity risk	This is the risk of not being able to raise new, or refinance existing, loans on acceptable terms. The Group is also exposed to liquidity risk, which is defined as the risk of being unable to meet immediate payment obligations.	Responsibility for Bravida's financial transactions and risk lies centrally with the Group treasury unit, which works based on a financial policy set by the Board. Financing consists of long-term credit agreements in place until 2020 and the issuing of short-term commercial papers.
Credit risk	There is always a risk that a counterparty will be unable to meet its commitments. Deficient control of customer creditworthiness poses a risk of Bravida carrying out work for customers who cannot meet their commitments, possibly resulting in bad debts.	The credit rating of all customers is checked before a project begins. In those countries in which it operates, Bravida has a customer credit department that operates according to established risk assumption guidelines. Bravida has historically had a low level of bad debts.

Operational risk

Operational risks relate to day-to-day operations and are often possible to influence, and this is therefore usually dealt with through policies, guidelines and instructions. Management of this risk is part of Bravida's ongoing business process.

AREA OF RISK	DESCRIPTION	MANAGEMENT
Safety	The risk of injury to employees or other persons at Bravida's workplaces.	Bravida has a zero vision for occupational injuries, and adopts a systematic approach to the physical, social and organisational work environment and to strengthening its safety culture.

AREA OF RISK	DESCRIPTION	MANAGEMENT
Bravida does not succeed in attracting, recruiting and retaining the right staff	The present-day labour market means keen competition for skilled employees, such as engineers, technicians and fitters. Retaining and recruiting the right staff is a key issue for Bravida.	Over the past year, Bravida has continued working on its employment offering and has developed a competitive offering to attract employees. The Group invests in continuous training, skills enhancement and leadership development through initiatives such as the Bravida School with the aim of retaining and encouraging employees.
Willingness to change	Risk in a relatively traditional industry of not having the ability to change in step with the outside world, such as lack of customer focus and business development as well as the ability to switch the organisation.	Bravida increasingly focuses on change management in the roll-out of new activities. Furthermore, training efforts are underway to strengthen leadership and respond to changes in the market.
Business ethics	Bravida is a decentralized organisation where transactions and purchasing are largely done locally, increasing the risk of undue influence. There is a risk of individual employees not adhering to our values and harming Bravida's reputation and brand.	All Bravida employees must read and be familiar with the code of conduct. Training is carried out on a regular basis. In addition, Bravida also takes a reactive approach in the form of monitoring and internal controls.
Projects	As the majority of Bravida's installation projects are based on fixed-price contracts, any errors in the calculation of costs could have an adverse effect on margins. Extended framework agreements that specify hourly rates and the price of materials.	Bravida has a an established procedure for managing tenders, and for some years now has adopted a 'grandfather' principle, where major projects have to be presented to and approved by a superior.
Risks associated with complex and large contracts	Wrong skills, market or customer and shortcomings in project implementation. One of the major operational risks is deficiencies in costing, start-up, planning and management of projects. Deficiencies in contract administration can quickly entail a high risk of not obtaining the required time extension or compensation for work performed.	Bravida has a well-defined way of working with clear milestones from costing to completed project. Major and more complex projects always have a clear project organisation and structure as well as steering group.
Acquisition risks	Risk that Bravida acquires companies that do not fulfil expectations of results, are not integrated into Bravida's culture or in some other way harm the company or the brand.	In addition, we have strengthened the acquisition organisation at Group level, further boosting acquisition capacity and improving the integration process. Bravida's acquisitions take place locally and have the endorsement of the local organisation. A successful acquisition depends on local involvement, both at regional level and in the relevant branch.
Environment – sustainable use of resources	Environmental impact in the form of CO_2 emissions or other environmentally harmful emissions, both in the customer offering and in the customer's operations.	Bravida works to reduce the environmental impact in its own operations. We regularly review our vehicle fleet and monitor emissions centrally. Working on vehicle policy and fuel choices, we aim to provide the business with cost-effective vehicles that contribute to gradually reducing our environmental impact.
Subcontractor risk	The conduct of subcontractors could have an adverse impact on Bravida's reputation and brand if a subcontractor does not comply with Bravida's code of conduct.	Quality assurance of Bravida's subcontractors is carried out continuously.
Material risks	Deficiencies in the quality of the products that Bravida installs could have an adverse impact on reputation among customers and lead to increased costs.	Bravida has warranties from the suppliers of the products it uses.
Information security and cyber-risks	Risk of information theft and sabotage of information assets. In recent years, there has been an increased trend of hijacking of information through 'social engineering' where users, for example, are faced with various fraud attempts via email with the aim of inducing them to carry out financial transactions.	During the year Bravida conducted a maturity evaluation of the company's information security and cybersecurity. The company works on this basis to achieve a higher level of security and reduce the risk of information theft.
Not complying with data protection under GDPR	The risk of not meeting GDPR requirements can lead to heavy fines and harm the brand.	Bravida has established guidelines to meet current requirements. Prepared instructions and information materials are available to all employees. There are also educational films about GDPR and support centrally in the established GDPR group consisting of representatives from central staff functions.

Consolidated income statement

AMOUNT IN SEK MILLION	NOTE	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018
Net sales	2, 3	20,404	19,305
Production costs		-17,503	-16,502
Gross profit/loss		**2,901**	**2,803**
Administrative and selling expenses		-1,678	-1,596
Operating profit/loss	3, 5, 6, 7, 28	**1,224**	**1,207**
Financial income		7	32
Financial expenses		-80	-48
Net financial income/expense	8	**-73**	**-16**
Profit/loss before tax		**1,151**	**1,191**
Tax on profit/loss for the year	9	-267	-235
Profit/loss for the year		**884**	**956**
Profit/loss for the year attributable to:			
Owners of the parent company		882	951
Non-controlling interests		2	5
Profit/loss for the year		**884**	**956**
Basic earnings per share, SEK	10	4.36	4.73
Diluted earnings per share, SEK	10	4.35	4.72

Consolidated statement of comprehensive income

AMOUNT IN SEK MILLION	NOTE	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018
Profit/loss for the year		**884**	**956**
Other comprehensive income			
Items that have been or can be transferred to profit/loss for the year			
Translation differences for the year from the translation of foreign operations	20	15	44
Items that cannot be transferred to profit/loss for the year			
Revaluation of defined-benefit pensions		-204	-172
Tax attributable to the revaluation of pensions		44	37
Other comprehensive income for the year		**-145**	**-91**
Comprehensive income for the year		**739**	**865**
Comprehensive income for the year attributable to:			
Owners of the parent company		737	860
Non-controlling interests		2	5
Comprehensive income for the year		**739**	**865**

Consolidated balance sheet

AMOUNT IN SEK MILLION	NOTE	31 Dec 2019	31 Dec 2018
ASSETS			
Intangible assets	11	8,734	8,216
Right-of-use assets	12	1,029	–
Property, plant and equipment	13	102	87
Interests in associates	14	0	0
Pension assets	15	3	6
Securities held as non-current assets	16	12	12
Non-current receivables	17	18	18
Deferred tax asset	9	40	38
Total non-current assets		**9,939**	**8,378**
Inventories		122	108
Current tax assets		82	93
Trade receivables	25	3,540	3,378
Contract assets	18	1,514	1,235
Other receivables	19	341	396
Cash and cash equivalents		972	735
Total current assets		**6,571**	**5,946**
TOTAL ASSETS	24	**16,510**	**14,324**
EQUITY	20		
Share capital		4	4
Other contributed capital		3,518	3,518
Reserves		65	50
Retained earnings including profit/loss for the year		2,000	1,651
Equity attributable to owners of the parent company		**5,587**	**5,223**
Non-controlling interests		9	15
Total equity		**5,596**	**5,238**
LIABILITIES			
Non-current interest-bearing liabilities	21	500	1,300
Lease liability	21	700	–
Non-current non-interest-bearing liabilities		89	48
Pension provisions	15	577	292
Other provisions	22	77	77
Deferred tax liabilities	9	258	249
Total non-current liabilities		**2,200**	**1,967**
Current interest-bearing liabilities	21	1,495	800
Lease liability	21	340	–
Trade payables		2,239	2,058
Tax liabilities		127	65
Contract liabilities	18	2,004	1,803
Other liabilities	23	2,365	2,225
Provisions	22	144	169
Total current liabilities		**8,714**	**7,120**
Total liabilities	24	**10,914**	**9,086**
TOTAL EQUITY AND LIABILITIES		**16,510**	**14,324**

For information on Group pledged assets and contingent liabilities, see Note 27.

Consolidated statement of changes in equity

AMOUNT IN SEK MILLION	Share capital	Other contributed capital	Translation reserve	Retained earnings, incl. profit/loss for the year	Non-controlling interests	Total equity
2018						
Opening equity at 1 Jan 2018	4	3,518	6	1,124	10	4,662
Profit/loss for the year	–	–	–	951	5	956
Other comprehensive income for the year	–	–	44	-136	–	-91
Total comprehensive income for the year	–	–	**44**	**815**	**5**	**865**
Dividend	–	–	–	-312	–	-312
Change in non-controlling interests	–	–	–	1	-1	0
Shareholder programme	–	–	–	23	–	23
Closing equity at 31 Dec 2018	**4**	**3,518**	**50**	**1,651**	**15**	**5,238**
2019						
Opening equity at 1 Jan 2019	4	3,518	50	1,651	15	5,238
Profit/loss for the year	–	–	–	882	2	884
Other comprehensive income for the year	–	–	15	-160	–	-145
Total comprehensive income for the year	–	–	**15**	**722**	**2**	**739**
Dividend	–	–	–	-404	–	-404
Change in non-controlling interests	–	–	–	7	-7	0
Shareholder programme	–	–	–	24	–	24
Closing equity at 31 Dec 2019	**4**	**3,518**	**65**	**2,000**	**9**	**5,596**

Further information on equity is provided in Note 20.

Consolidated cash flow statement

AMOUNT IN SEK MILLION	NOTE	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018
OPERATING ACTIVITIES			
Profit/loss before tax		1,151	1,191
Adjustments for non-cash items	30	423	105
Income taxes paid		-154	-219
Cash flow from operating activities before changes in working capital		**1,420**	**1,077**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/Decrease (+) in inventories		3	7
Increase (-)/Decrease (+) in operating receivables		-87	-476
Increase (+)/Decrease (-) in operating liabilities		263	444
Cash flow from operating activities		**1,599**	**1,052**
INVESTING ACTIVITIES			
Acquisition of subsidiaries	4, 29	-469	-237
Acquisition of assets and liabilities	4	–	0
Acquisition of intangible assets	11	0	0
Acquisition of property, plant and equipment	13	-34	-12
Cash flow from investing activities		**-503**	**-249**
FINANCING ACTIVITIES			
Loans raised	21, 30	600	–
Repayment of loans	30	-705	-600
Repayment of lease liabilities		-372	–
Change in utilisation of overdraft facility	21, 30	–	-1
Dividend paid		-404	-312
Cash flow from financing activities		**-881**	**-914**
Cash flow for the year		**215**	**-111**
Cash and cash equivalents at start of year		735	839
Exchange gains/losses on cash and cash equivalents		22	7
Cash and cash equivalents at year-end		**972**	**735**

Parent company income statement

AMOUNT IN SEK MILLION	NOTE	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018
Net sales		184	173
Administrative and selling expenses	5, 6, 7	-139	-111
Operating profit/loss		**46**	**63**
Income from financial items			
Interest and similar income		23	35
Interest and similar expenses		-48	-41
Net financial income/expense	8	**-25**	**-5**
Profit/loss after financial items		**21**	**57**
Appropriations			
Provision for tax allocation reserve		-6	-84
Group contributions		11	275
Profit/loss before tax		**26**	**248**
Tax	9	-7	-55
Profit/loss for the year[1)]		**20**	**193**

[1)] Profit/loss for the year corresponds to comprehensive income for the year.

Parent company balance sheet

AMOUNT IN SEK MILLION	NOTE	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Investments in Group companies	29	7,341	7,341
Non-current receivables		0	0
Deferred tax asset		0	0
Total non-current assets		**7,342**	**7,341**
Current assets			
Current receivables			
Receivables from Group companies	28	1,629	1,608
Current tax assets		–	51
Other receivables	19	21	9
Cash and bank balances		811	624
Total current assets		**2,461**	**2,292**
TOTAL ASSETS	24	**9,803**	**9,634**
EQUITY AND LIABILITIES			
Equity	20		
Restricted equity			
Share capital		4	4
Total restricted equity		**4**	**4**
Non-restricted equity			
Share premium reserve		3,518	3,518
Retained earnings		906	1,094
Profit/loss for the year		20	193
Total non-restricted equity		**4,444**	**4,804**
Total equity		**4,448**	**4,809**
Untaxed reserves			
Tax allocation reserves		480	474
Provisions			
Pension provisions	15	1	1
Non-current liabilities			
Interest-bearing liabilities	21	500	1,300
Current liabilities			
Liabilities to credit institutions	21	1,495	800
Trade payables		4	3
Liabilities to Group companies	28	2,838	2,212
Tax liabilities		7	–
Other liabilities	23	31	36
Total current liabilities		**4,374**	**3,051**
TOTAL EQUITY AND LIABILITIES	24	**9,803**	**9,634**

For information on parent company pledged assets and contingent liabilities, see Note 27.

Parent company statement of changes in equity

		Non-restricted equity			
AMOUNT IN SEK MILLION	**Share capital**	**Share premium reserve**	**Retained earnings**	**Profit/loss for the year**	**Total equity**
2018					
Opening equity at 1 Jan 2018	4	3,518	1,013	370	4,905
Profit/loss for the year	–	–	–	193	193
Appropriation of profits	–	–	370	-370	–
Dividend	–	–	-312	–	-312
Shareholder programme	–	–	23	–	23
Closing equity at 31 Dec 2018	**4**	**3,518**	**1,094**	**193**	**4,809**
2019					
Opening equity at 1 Jan 2019	4	3,518	1,094	193	4,809
Profit/loss for the year	–	–	-	20	20
Appropriation of profits	–	–	193	-193	-1
Dividend	–	–	-404	–	-404
Shareholder programme	–	–	24	–	24
Closing equity at 31 Dec 2019	**4**	**3,518**	**906**	**20**	**4,448**

Further information on equity is provided in Note 20.
Profit/loss for the year corresponds to comprehensive income for the year.

Parent company cash flow statement

AMOUNT IN SEK MILLION	NOTE	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018
OPERATING ACTIVITIES			
Profit/loss after financial items		21	57
Adjustments for non-cash items	30	24	24
Income taxes paid		-35	-198
Cash flow from operating activities before changes in working capital		**10**	**-118**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/Decrease (+) in operating receivables		645	710
Increase (+)/Decrease (-) in operating liabilities		31	25
Cash flow from operating activities		**685**	**617**
FINANCING ACTIVITIES			
Loans raised	21, 30	600	–
Repayment of loans	21	-705	-600
Dividend paid		-404	-312
Group contributions paid		-53	-15
Group contributions received		64	290
Cash flow from financing activities		**-498**	**-638**
Cash flow for the year		187	-20
Cash and cash equivalents at start of year		624	644
Cash and cash equivalents at year-end		**811**	**624**

NOTES

TO THE FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

ACTIVITIES

Bravida Holding AB, company reg. 556891-5390, is a Swedish public limited company with registered office in Stockholm, Sweden. The address of the head office is Mikrofonvägen 28, 126 81 Stockholm. The company's shares are listed on Nasdaq Stockholm's Large Cap list. This report refers to the Bravida Group as Bravida or the Group, and the parent company Bravida Holding AB in full or as the parent company. The consolidated accounts for 2019 consist of the parent company and its Group companies; the Group also incudes the portion of holdings in associates. The Group also conducts development operations at a branch office in Slovakia.

CONDITIONS FOR THE PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. Recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups of the Swedish Financial Reporting Board has also been applied.

The parent company applies the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities. In cases where the parent company applies other accounting policies than the Group this is stated at the end of this Note.

The Group and parent company's reporting is in millions of Swedish kronor (SEK million) without decimals unless otherwise specified. Swedish kronor are referred to as SEK and thousands of Swedish kronor are referred to as SEK thousand. In certain cases, the amounts reported have been rounded off. Where amounts are less than SEK 1 million and are rounded down, this is shown with a zero (0). Where there is no value, a dash (–) is used. This means that tables, charts and calculations do not always tally. Figures in brackets refer to actual figures for the previous year.

MEASUREMENT BASIS APPLIED IN PREPARING THE FINANCIAL STATEMENTS

Assets and liabilities are essentially recognised at historical cost.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparing financial statements in accordance with IFRS requires that management make estimates and judgements as well as assumptions which affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and a number of other factors that, under prevailing circumstances, are considered reasonable. Actual outcomes may differ from these estimates. Judgements and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period when the change is made if the change only affects this period, or in the period when the change is made and future periods if the change affects both the current period and future periods.

Company management's best assessment is also taken into account in the reporting of disputed amounts as legal proceedings and disputes are by nature unpredictable.

Below are the estimates and judgements which, according to company management's understanding, are significant for reported amounts in the financial statements and for which there is a material risk of future events or new information resulting in a change in them.

Recognition over time (previously percentage-of-completion accounting)

Earnings from ongoing installation projects are recognised over time based on accrued project expenses. This requires project revenues and project expenses to be able to be calculated reliably. This is dependent on effective costing systems, forecast procedures and project monitoring. Forecasts relating to the final outcome for the project are a critical assessment that is material to the reporting of earnings during the course of the project. There is a risk that the final earnings for projects may differ from earnings as reported in accordance with the percentage-of-completion method.

Impairment testing of goodwill

In estimating recoverable amounts for cash-generating units for the purpose of testing for impairment of goodwill, several assumptions about future circumstances and estimates of parameters have been made. These are described in Note 11.

Pension assumptions

Bravida has some defined-benefit pension plans. The pension obligation is calculated using actuarial assumptions and the plan assets are valued at the market value at the balance sheet date. A change in any of these assumptions and valuations may have a significant impact on the estimated pension obligations and pension costs. See also Note15 for further information about utilised pension commitments.

NEW OR AMENDED RELEVANT IFRS STANDARDS

Bravida has applied IFRS 16 Leases in the 2019 Annual Report, and since 1 January 2019.

IFRS 16 Leases

Bravida has applied IFRS 16 Leases since 1 January 2019. This standard replaces the previous rules for the recognition of leases, such as IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Group has chosen a simplified transition method where the comparison year, 2018, is not restated as though IFRS 16 had been applied. This means that comparative figures for 2018 and prior periods are presented in accordance with previously applied accounting policies. The effects of the transition to IFRS 16 are recognised at 1 January 2019.

IFRS 16 mainly affects lessees, with the main effect being that all leases previously recognised as operating leases are now recognised in a way that is similar to the previous recognition of finance leases. This means that assets and liabilities are also recognised for operating leases, with related recognition of costs for depreciation/amortisation and interest, in contrast to the previous situation in which leased assets and related liabilities were not recognised and lease payments were accrued on a straight-line basis as a lease expense.

The Group has chosen to apply the options in IFRS 16 not to recognise right-of-use assets and lease liabilities for leases with an assessed lease term of 12 months or less (short-term leases) and for low-value assets (SEK 50,000). Upon transition to IFRS 16, leases ending in 2019 that were not short-term leases when they were entered into are included. In addition, Bravida has chosen to make entries and adjustments relating to IFRS 16 at Group level. Segment reporting is therefore not affected but is presented according to previous accounting policies.

Group leases that are capitalised mainly relate to leased premises and vehicles. The lease liability has been calculated as the net present value of remaining lease payments, less marginal loan interest at 1 January 2019. Marginal loan interest has been set for each country. The Group has used a weighted average margin loan interest of 2% in establishing the lease liability in the opening balance at 1 January 2019.

Right-of-use assets have been calculated as the value of the liability at 1 January 2019 plus prepaid lease payments, which were recognised in the balance sheet at 31 December 2018.

Upon transition to IFRS 16 the Group recognised right-of-use assets of SEK 1,045 million and lease liabilities of SEK 1,018 million, SEK 326 million of which are current lease liabilities. The difference between assets and liabilities is due to prepaid lease payments that were recognised as current assets at 31 December 2018, which were classified as right-of-use assets at 1 January 2019. Under IAS 17 operating leases were not recognised in the balance sheet; instead, the disclosure was made in the notes. The recognised lease liabilities under IFRS 16 at the point of transition exceeds the net present value of the minimum lease payments for operating leases, about which information was provided in Note 26 to the 2018 annual accounts. In Note 26 'Lease payments under operating leases' the nominal value of future lease payments is SEK 927 million. Lease liabilities recognised in the balance sheet at the transition date of 1 January 2019 total SEK 1,018 million. The main reason is that the assessment of the length of the lease terms in accordance with IFRS 16 in some cases has included extension periods, whereas the Note 26 only includes the non-cancellable term. The difference is also due to future lease payments in Note 26 being recognised at nominal value.

The recognised right-of-use assets are attributable to the following types of asset:

SEK million	1 Jan 2019
Properties	654
Vehicles	391
Total right-of-use assets	**1,045**

Transition effects on assets and liabilities, 1 January 2019

SEK million	Recognised balance sheet items 1 January 2019	Restatement to IFRS 16	Restated balance sheet items 1 January 2019
Non-current assets	8,378	1,045	9,423
Current assets	5,946	-27	5,919
Total assets	**14,324**	**1,018**	**15,342**
Equity	5,238	–	5,238
Non-current liabilities	1,967	692	2,659
Current liabilities	7,120	326	7,446
Total liabilities	**9,086**	**1,018**	**10,104**
Total equity and liabilities	**14,324**	**1,018**	**15,342**

NEW ACCOUNTING POLICIES FROM 2020

A number of new or amended standards and interpretations enter into force for financial years beginning on or after 1 January 2020, which have not been applied early in the preparation of this financial report. These new standards and interpretations are not expected to have a material impact on the Group's financial statements in current or future periods, nor on future transactions.

SEGMENT REPORTING

An operating segment is a component of the Group which engages in business from which it may earn revenues and incur expenses, for which independent financial information is available. Earnings of each operating segment are analysed further by the company's senior executive decision-maker in order to evaluate the earnings and to allocate resources to the operating segment. Geographical markets constitute Bravida's operating segments, i.e. the countries of Sweden, Norway, Denmark and Finland. See Note 3 for additional information on the itemisation and presentation of operating segments.

CONSOLIDATION PRINCIPLES

Group companies

Group companies are companies in which the parent company has a controlling influence. A controlling influence is assumed to exist where the parent company directly or indirectly has an ownership interest amounting to more than 50% of the votes, but may also be achieved if a controlling influence is able to be exerted over operational and financial management.

The purchase method is used in accounting for the Group's acquisition of subsidiaries. The cost of an acquisition is the fair value of all assets provided as compensation, issued equity instruments and liabilities incurred or assumed at the transfer date. Transaction costs are expensed directly. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are initially stated at fair value at the acquisition date regardless of the size of any non-controlling interests. In a business combination where the transferred compensation, any non-controlling interests and the fair value of the previously owned interest (in incremental acquisitions) exceed the fair value of the acquired assets and assumed liabilities which are recognised separately, the difference is recognised as goodwill. Where the difference is negative, in a 'bargain purchase', the difference is recognised in profit/loss for the year.

Group companies are included in the consolidated accounts from the date that controlling influence is obtained and are excluded from the consolidated accounts from the date that controlling influence ceases. Where necessary, Group companies' accounting is adjusted to adapt their accounting policies to those of the Group.

Intra-Group transactions and balance sheet items and unrealised gains on transactions between Group companies are eliminated.

Unrealised losses are also eliminated but any losses are viewed as an indication of a possible impairment requirement.

Associates

Associates are those companies in which the Group exercises a significant, but not a controlling, influence.

Associates are recognised in accordance with the equity method. This means that the carrying amount in the Group of investments in the company corresponds to the Group's share of equity and any carrying amounts of Group surplus values following the change to Group accounting policies. The share in the companies' profits after tax is recognised in operating profit/loss together with amortisation of the acquired surplus values.

Elimination of transactions

Gains and losses arising from transactions between Group companies are eliminated in full in the preparation of the consolidated accounts.

Gains arising from transactions with associates are eliminated to an extent corresponding to the Group's ownership of the company. Losses are eliminated in the same way as gains, but only insofar as there is no impairment requirement.

FOREIGN CURRENCIES

Functional currency and presentation currency

Items included in the financial statements for the various units of the Group are valued in the currency used in the economic environment in which each company primarily operates (functional currency). The Swedish krona (SEK), the functional and presentation currency of the parent company, is used in the consolidated financial statements.

Transactions and balance sheet items

Transactions in foreign currencies are translated to the functional currency at the exchange rates applying at the transaction date. Foreign exchange gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currencies at the balance sheet date rate are recognised in the income statement. Foreign exchange differences on borrowing are recognised under financial items while other foreign exchange differences are included in operating profit/loss.

Financial statements of foreign operations

The earnings and financial position of all foreign operations included in the consolidated financial statements that have a different functional currency than the presentation currency are translated into the Group's presentation currency as follows:

- assets and liabilities for each of the balance sheets are translated at the balance sheet date rate
- income and expenses for each of the income statements are translated at the average rate
- all resulting foreign exchange differences are recognised through other comprehensive income as a separate part of equity (translation reserve)

Upon consolidation, foreign exchange differences arising from the translation of net investments in foreign operations are transferred to equity through other comprehensive income. Upon divestment, wholly or partially, of a foreign operation, the foreign exchange differences recognised in equity through other comprehensive income are transferred to profit/loss for the year. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities in such operation and translated at the balance sheet date rate.

CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with the indirect method, which means that adjustments are made for transactions that do not result in incoming or outgoing payments.

REVENUE

The company's revenue consists of service and installation services and sales of services and materials take place on a combined basis. Sales of materials only take place to a very minor extent, and in such cases revenue is recognised when the goods have been delivered to the customer, which is deemed to be the point in time when control over the goods is transferred to the customer.

Servicing and installation services, including related materials, are recognised over time (previously called the percentage-of-completion method) as project expenses are incurred in relation to forecast project expenses. Servicing and installation services are performed at the customer's property. Initial assessment of the IFRS 15 criteria for recognition over time or at a particular date indicate that in most of these cases the goods are deemed to be controlled by the customer as they are installed, where they will also be recognised over time rather than at the date when installation is completed.

Interest income is recognised over the term of the loan by applying the effective interest method. Dividend income is recognised when the right to receive payment has been established.

Recognition over time (previously percentage-of-completion accounting)

Recognition over time involves earnings being recognised according to the degree of a project's completion. Determining the earnings accrued at any given time requires information about the following components:

- Project revenue – the value of all revenue attributable to the contract.
- Project expenses – all expenses corresponding to project revenues that are attributable to the project.
- Degree of completion (work-up rate) – expenses accrued in relation to estimated total project costs.

Expenses that have been incurred during the year but that relate to future work are not included in project expenses when determining the degree of completion. These are recognised as materials and inventories, advances or other assets depending on their nature. Changes to the scope of the project, claims and incentive pay are included in project revenue to the extent that they have been agreed with the customer and can be reliably measured. A fundamental condition for application of recognition over time is that project revenues and project expenses can be reliably measured and that the degree of completion is determined in a way that is relevant with respect to the reliability requirement.

For projects where revenues and expenses cannot be reliably measured at the closing date, the zero recognition method is applied. This means that revenue equal to the incurred costs is recognised for the project, i.e. the profit is zero until such time as it is possible to determine the earnings. As soon as this is possible, transition to recognition over time takes place.

Bravida recognises as contract assets receivables (balance sheet item 'Contract assets') from buyers of installation projects for which the project costs and recognised profits (after deducting recognised losses) exceed the invoiced amount. Partially invoiced amounts that have not yet been paid by the customer and amounts withheld by the buyer are included in the item 'Trade receivables'. Bravida recognises as contract liabilities (balance sheet item 'contract liabilities') any liabilities to buyers of installation contracts for projects in progress for which the invoiced amount exceeds the project costs and recognised profits (after deducting recognised losses).

INTANGIBLE ASSETS

The Group's non-current intangible assets principally consist of goodwill, as well as other intangible assets. Goodwill represents the difference between the cost of a business combination and the fair value of the Group's share of the acquired operation's identifiable net assets at the time of acquisition. Goodwill is recognised at cost, less any impairment. Goodwill has an indefinite useful life and is tested for impairment at least annually. Goodwill impairment losses are not reversed. Any gain or loss from the sale of a unit includes the divested portion of the recognised value of goodwill. In testing for any impairment, goodwill is allocated to cash-generating units.

Other non-current intangible assets mainly consist of licenses. Additional expenditure on an intangible asset is added to the asset's cost only if it increases the future financial benefits and the expenditure can be reliably estimated. All other expenditure is recognised as it is incurred. Depreciation/amortisation is based on the asset's original cost less any residual value. Amortisation is recognised in the income statement on a straight-line basis over the useful life of the intangible asset, unless the asset has an indefinite useful life. Assets are amortised from the date at which they became available for use. Other intangible assets are amortised according to plan over five years. Useful lives are reassessed annually or more frequently.

PROPERTY, PLANT AND EQUIPMENT

Land and buildings mainly comprise warehouses and offices. Property, plant and equipment is recognised at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Any additional expenditure is added to the carrying amount of the asset or recognised as a separate asset only when it is probable that the future financial benefits associated with the asset will accrue to the Group and the cost can be reliably measured. The carrying amount of the replaced portion is derecognised from the balance sheet. All other forms of repairs and maintenance are recognised as expenses in the income statement for the periods in which they are incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis to allocate the cost down to the estimated residual value over the assets' estimated useful lives, as follows:

Depreciation policies for property, plant and equipment

	Useful life
Buildings	20 years
Expenditure on property not owned by the company	During remaining term of lease
Machinery and other technical facilities	3–5 years
Equipment, tools and installations	3–10 years

Residual values and useful lives of assets are tested at each closing date and adjusted where required. Any gain or loss from the sale of an asset is determined by comparing the sale proceeds and the carrying amount, and is recognised in other operating income or other operating expenses in the income statement.

IMPAIRMENT LOSSES

At each balance sheet date, the carrying amounts of property, plant and equipment and intangible fixed assets and rights of uses for leases are analysed to determine whether there is any indication that these assets have decreased in value. If there is any indication of this, the recoverable amount of the asset or the smallest cash-generating unit to which the asset belongs is calculatedto be able to determine the value of any impairment loss.

An impairment loss is recognised in the income statement. If an impairment loss is reversed, this is only done insofar as the asset's carrying amount does not exceed the value that would have been recognised, less depreciation/amortisation, if no impairment had been made. A reversal of an impairment loss is recognised in the income statement. Goodwill impairment losses are never reversed.

LEASES

As explained above, the Group has changed its accounting policies for leases in cases where the Group is a lessee. The new policy is described below and the effect of the transition above.

Until 31 December 2018, all leases were classified as operating leases. Payments to be made during the lease period were expensed in the income statement on a straight-line basis over the lease period. The policies applied since 1 January 2019 are indicated below.

The Group primarily leases offices and vehicles. Contracts can contain both lease and non-lease components. The Group breaks the remuneration in the contract down into lease and non-lease components.

The leases are recognised as rights of use and a corresponding liability, as of the date on which the leased asset is available for use by the Group.

The lease liability is initially recognised at the present value of the remaining lease payments during the lease period. Lease payments include fixed payments and variable lease payments that depend on an index or interest rate, initially based on the index or interest rate applicable at the start date. The lease term consists of the non-terminable period of the contract plus extension periods that are initially considered reasonably safe to use.

Lease payments are discounted at the implicit interest rate of the lease. If this interest rate cannot be easily determined, as is normally the case for the Group's leases, the company's marginal borrowing rate is used, which is the interest that would have to be paid to borrow in the currency of the lease to purchase a corresponding asset with similar conditions and collateral.

The Group is exposed to any future increases in variable lease payments based on an index or interest rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or interest rate take effect, the lease liability is revalued and adjusted against the right of use.

The assessed lease period is mainly adjusted when the last period of notice in the previously assessed lease period is passed; or if a significant event occurs or circumstances change significantly in a way that is within the company's control. In these cases, the liability is revalued, based on an updated discount rate, with counter-posting of the revaluation amount against the right of use.

Leasing payments are broken down between repayment of the liability and interest. The interest is recognised in the income statement over the lease period in a way that entails a fixed interest rate for the lease liability recognised during each period.

Right of use is measured at cost and includes the following:
- the amount at which the lease liability was originally measured
- lease payments made on or before the start date, after deduction of any benefits received in connection with the signing of the lease contract
- initial direct expenditure
- expenditure to restore access to the condition provided for in the terms of the lease.

Rights of use are usually amortised on a straight-line basis over the shorter of useful life and lease period.

Payments for short-term and small-value leases are expensed on a straight-line basis in the income statement. Short contracts are contracts with a lease term of 12 months or less. Small-value contracts include IT equipment and office furniture.

FINANCIAL INSTRUMENTS

Recognition and initial measurement

Trade receivables and issued debt instruments are recognised when they are issued. Other financial assets and financial liabilities are recognised when the Group becomes party to the contractual terms of the instrument.

A financial asset or financial liability is initially measured at fair value, which usually amounts to the transaction amount less directly attributable transaction expenses for admission of the Group's financial instruments that are not recognised at fair value through profit/loss (see below).

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

Financial assets

Upon initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income – debt instrument investment; fair value through other comprehensive income – equityinstrumentinvestment or fair value through profit or loss. The categories that are applicable to the financial assets held by Bravida are amortised cost and fair value through other comprehensive income.

A financial asset is measured at amortised cost if it is held in order to receive contractual cash flows and, at set dates, it gives rise to cash flows that are solely payment of capital amounts and interest on such outstanding capital amount. Bravida's financial assets in the form of cash and cash equivalents, other receivables, accrued revenues, trade receivables and non-current receivables belong to this category. Non-current receivables are recognised at amortised cost using the effective interest rate method. The other assets are recognised at nominal amount because the duration is short.

Financial assets recognised by Bravida at fair value through other comprehensive income consist of relatively small investments in securities held as non-current assets (Note 24). In the event of changes in the value of such holdings, the effect is recognised in other comprehensive income. No earnings effect is recognised in profit/loss or upon realisation.

Those financial assets that are measured at amortised cost are recognised after a provision is made for expected credit losses. The Group applies the simplified method for calculating expected credit losses on trade receivables. This method involves expected losses over the duration of a claim being used as the basis for trade receivables. See Note 25 for further information on the impairment model.

An impairment loss or reversal of an impairment loss on trade receivables is recognised in the income statement under 'Other operating expenses' while on loans it is recognised in financial items.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit/loss. Those financial liabilities that Bravida has belong to the category of measured at amortised cost. Measurement is carried out using the effective interest rate method. Interest costs and gains or losses upon removal from the balance sheet are recognised in profit or loss. This category mainly includes the Group's interest-bearing liabilities. Trade payables and other short-term operating liabilities constituting financial liabilities are recognised at nominal amount because of the short duration.

Borrowing and other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date.

Removal from the statement of financial position (derecognition)

Financial assets

The Group derecognises a financial asset from the statement of financial position when the contractual rights to cash flows from the financial asset cease or if it transfers the right to receive contractual cash flows through a transaction in which essentially all risks and benefits of ownership have been transferred or in which the Group does not transfer or retain essentially all the risks and benefits of ownership and it does not retain control over the financial asset.

Financial liabilities

The Group derecognises a financial liability from the statement of financial position when the obligations specified in the agreement are fulfilled, cancelled or cease. The Group also derecognises a financial liability when the contractual terms and conditions are modified and cash flows from the modified liability are materially different. In such a case, a new financial liability is recognised at fair value based on the modified terms.

Where a financial liability is derecognised, the difference between the carrying amount that has been derecognised and the compensation paid (including transferred non-monetary assets or liabilities assumed) is recognised in profit/loss.

Offsetting

A financial asset and a financial liability are offset and recognised as a net amount in the statement of financial position only when there is a legal right to offset amounts and there is the intention to settle the items as a net amount or simultaneously realise the asset and settle the liability. The Group currently has no financial assets and liabilities that are offset.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. This also takes into account the risk of obsolescence. Cost is determined using the first-in/first-out method (FIFO). Net realisable value is the estimated selling price in the company's operating activities less any applicable variable selling expenses. The cost of company-produced semi-finished and finished goods consists of direct costs of production plus a reasonable portion of indirect costs of production. Normal capacity utilisation is also taken into account in the valuation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances, and other short-term investments maturing within three months of the acquisition date which can easily be converted into cash and cash equivalents into a known amount and which are exposed to an insignificant risk of fluctuations in value.

DIVIDEND PAID

Dividends paid are recognised as a liability upon approval of the dividend by the Annual General Meeting.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income on bank deposits, receivables and interest-bearing assets, interest expenses on loans, dividend income, foreign exchange gains/losses on assets and liabilities of a financial nature.

INCOME TAX

Recognised income tax includes tax that is payable or receivable in respect of the current year, adjustments relating to current tax for previous years and changes in deferred tax. All tax liabilities and assets are valued at their nominal amounts and based on the tax rules and tax rates that have been adopted or that have been announced and are highly likely to be confirmed. Income taxes are recognised in profit/loss for the year except where the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effects are recognised in other comprehensive income or in equity. Deferred tax is calculated in accordance with the balance sheet method for all temporary differences between the carrying amounts and taxable values of assets and liabilities. Temporary differences are not taken into account for differences arising from the recognition of consolidated goodwill. Deferred tax assets relating to unused loss carry-forwards or other future tax deductions are recognised to the extent that it is probable that such deductions can be used to offset future taxable profits.

EARNINGS PER SHARE

The calculation of earnings per share is based on consolidated profit for the year attributable to owners of the parent company and on the weighted average number of shares outstanding during the year.

In calculating diluted earnings per share, the average number of shares is adjusted to take account of the effects of dilutive potential ordinary shares. Over the reported periods, potential ordinary shares consist of rights to receive shares in Bravida as part of the long-term incentive programmes. Rights to matching shares held by employees at the reporting date are deemed to be dilutive. Entitlement to receive shares with performance conditions is dilutive only insofar as profit targets (EBITA) have been met at the reporting date. Adjustment of the number of dilutive shares is made for the hypothetical number of shares that could have been purchased with the value of remaining services as part of each incentive programme.

EMPLOYEE BENEFITS

Post-employment benefits

In Sweden most employees are covered by a defined-contribution plan, but defined-benefit plans also exist. In Norway virtually all employees are covered by a defined-contribution pension plan. In Denmark and Finland all employees are covered by defined-contribution plans.

In a defined-contribution plan the company makes fixed contributions to a separate legal entity and has no obligation to make any further contributions. Costs are charged to the consolidated income statement as the benefits are earned.

Defined-benefit plans are plans for post-employment benefits other than defined-contribution plans. The Group's net liability relating to defined-benefit plans is calculated separately for each plan by estimating the future compensation earned by the employees through their employment in the current and previous periods. The Group bears the risk for ensuring that the plan provides the promised compensation.

The defined-benefit pension plans are both funded and unfunded. In a funded plan the assets have been segregated, mainly in pension funds. These plan assets can only be used to make payments in accordance with the terms of the pension agreements.

The estimated present value of the obligations less fair value of the plan assets is recognised in the balance sheet as a provision or a non-current financial asset, as appropriate.

The pension cost and the pension obligation for defined-benefit pension plans is calculated annually by independent actuaries. The discount rate is the interest rate on mortgage bonds, with a term corresponding to the average term of the Group's pension obligations. If there is no functioning market for such corporate bonds, the market interest rate on government bonds with a corresponding term is used instead. The calculation is made by a qualified actuary using the projected unit credit method. The fair value of any investment assets at the reporting date is also calculated. Net interest expense/income on the defined-benefit obligation/asset is recognised in profit/loss for the year under net financial income/expense. Net interest income is based on the interest arising from the discounting of the net obligation, i.e. interest on the obligation, plan assets and interest on the effect of any asset restrictions. Other components are recognised in operating profit.

Revaluation effects comprise actuarial gains and losses, the difference between the actual return on plan assets and the sum included in the net interest income and any changes to the effects of asset restrictions (excluding interest included in net interest income). The revaluation effects are recognised in other comprehensive income. If the calculation results in an asset for the Group, the carrying amount of the asset is limited to the lower of the plan surplus and the asset restriction calculated using the discount rate. The asset restriction consists of the present value of the future financial benefits in the form of reduced future contributions or cash repayments. Any requirements for minimum funding are taken into account in the calculation of the present value of future repayments or contributions.

Changes to or reductions in a defined-benefit plan are recognised at the earlier of the following times: a) when the change to the plan or the reduction takes place, or b) when the company recognises related restructuring costs and termination benefits. Changes/reductions are recognised directly in profit and loss for the year.

Special payroll tax forms part of the actuarial assumptions and is therefore recognised as part of the net obligation/asset. For reasons of simplicity, the element of special payroll tax that is calculated on the basis of the Swedish Act on Safeguarding Pension Obligations at legal entities is recognised as accrued cost instead of as part of the net obligation/asset.

Pension yield tax is recognised on an ongoing basis in the profit and loss for the period to which the tax relates and therefore is not included in the calculation of the liability. For funded plans, the tax is payable on the return on plan assets and is recognised in other comprehensive income. For unfunded or partially unfunded plans, the tax is charged to profit/loss for the year.

Termination benefits

A cost for payments in connection with termination of staff employment is recognised when the company is no longer able to withdraw the offer to the employees or when the company recognises costs for restructuring, whichever is the earlier. 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 as long-term remuneration.

Short-term benefits

Short-term employee benefits are calculated without discounting and are recognised as a cost when the related services are received.

Share-based payments

Share-based payments relate to employee benefits in accordance with the long-term incentive programmes approved by the AGM. Personnel costs are recognised at the value of services received, accrued over the vesting periods of the programmes, calculated as the fair vale of the assigned equity instruments. The fair value is established at the date of assignment, i.e. when Bravida and the employees entered into an agreement on the terms and conditions of the programmes. As the programmes are paid using equity instruments, they are classified as 'paid with equity' and an amount corresponding to the recognised personnel cost is recognised directly in equity.

The programmes mean that the participants need to purchase and retain shares in Bravida during the vesting period. At the end of the vesting period, participants receive additional shares in Bravida provided that the shares they purchased were retained, that their employment continued throughout the period and, with regard to performance target-related shares, that Group EBITA reached specified target levels. The recognised cost is initially based on and continually adjusted according to the number of additional shares expected to be earned, taking account of how many participants are expected to remain employed during the vesting period and taking account of the expected achievement of the EBITA conditions. No adjustment is made with regard to whether participants lose the entitlement to shares owing to their sale of the shares they needed to purchase and need to retain; in such case, the entire remaining cost is recognised immediately.

When rights to shares are earned and shares assigned, social security costs must be paid in certain countries for the value of the benefit to the employee. A cost and provision are recognised, accrued over the vesting period, for such social security costs. The provision for social security costs is based on the number of rights to shares expected to be earned and on the fair value of the rights to shares at the reporting date and eventually upon allocation of the shares.

PROVISIONS

A provision is recognised on the balance sheet when the company has a legal or constructive undertaking as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are divided into a long-term and short-term portion.

Warranty provision

A provision is recognised when the underlying product or service has been sold. Upon completion of the installation work a warranty period of 24 months normally applies. The warranty provision is calculated on the basis of previous years' warranty expenditure and an assessment of future warranty risks.

Restructuring provision

A provision is recognised when a detailed restructuring plan has been adopted and the restructuring has been initiated or publicly announced. No provision is made for future operating expenses.

CONTINGENT LIABILITIES

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by one or more uncertain future events, not entirely outside the company's control, occurring or not occurring, or an obligation arising from past events but that is not recognised as a liability or a provision because it is unlikely that an outflow of resources will be required to settle the obligation, or the size of the obligation cannot be estimated with sufficient accuracy. No recognition is required where an outflow of resources is highly unlikely.

PARENT COMPANY ACCOUNTING POLICIES

The parent company prepares its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. Differences between the Group and parent company accounting policies are described below. The stated accounting policies of the parent company have been applied consistently for all periods presented in the parent company's financial statements.

Subsidiaries

Interests in subsidiaries are recognised in the parent company using the cost method. This means that transaction costs are included in the reported value of interests in subsidiaries. In the consolidated financial statements, transaction costs attributable to subsidiaries are recognised directly in the consolidated income statement when they are incurred.

Contingent considerations are valued based on the probability that the consideration will be paid. Any changes to the provision or receivable are added to or reduce the cost. In the consolidated financial statements, contingent considerations are stated at fair value while changes in value are recognised in profit/loss.

Bargain purchases which relate to future expected losses and expenses are eliminated in the periods when the expected losses and expenses are incurred. Bargain purchases that arise for other reasons are recognised as a provision to the extent that they do not exceed the fair value of the acquired identifiable non-monetary assets. Any portion exceeding this value is recognised as income immediately. The portion which does not exceed the fair value of the acquired identifiable non-monetary assets is recognised as income systematically over a period which is calculated based on the remaining weighted average useful life of those acquired identifiable assets that can be depreciated/amortised. In the consolidated financial statements, bargain purchases are recognised directly in profit/loss.

Leases

The parent company does not apply IFRS 16 for leases, in accordance with the exemption contained in RFR 2. As a lessor, lease payments are recognised as an expense on a straight-line basis over the lease period and rights of use and lease liabilities are therefore not recognised in the balance sheet.

Group contributions and shareholder contributions

In the parent company, shareholder contributions are recognised in shares and interests, insofar as no impairment is required, and directly in equity in the receiving entity. Group contributions received/paid are recognised as appropriations.

Presentation of the income statement and balance sheet

The parent company applies the form of presentation for income statements and balance sheets prescribed in the Swedish Annual Accounts Act, which means, among other things, a separate form of presentation for equity and that provisions are recognised under a separate main heading on the balance sheet.

NOTE 2. DISTRIBUTION OF REVENUES

	1 Jan 2019 –31 Dec 2019			1 Jan 2018 –31 Dec 2018		
Distribution of revenues by category	**Servicing**	**Installation**	**Total**	**Servicing**	**Installation**	**Total**
Sweden	5,285	5,378	10,664	5,032	5,247	10,279
Norway	2,452	2,414	4,867	2,330	2,447	4,777
Denmark	1,592	2,180	3,773	1,241	1,931	3,171
Finland	282	900	1,182	207	907	1,114
Eliminations	**-40**	**-41**	**-81**	**6**	**-43**	**-36**
Group	**9,572**	**10,832**	**20,404**	**8,816**	**10,490**	**19,305**

	Group	
Contract balances	31 Dec 2019	1 Jan 2019
Receivables included in trade receivables and other receivables	3,559	3,390
Contract assets – accrued but not invoiced	1,514	1,235
Contract liabilities – invoiced but not accrued	-2,004	-1,803

Contract assets primarily relate to the Group's right to compensation for work performed but not invoiced at the balance sheet date regarding servicing and installation agreements. The sum of contract assets at year-end is affected by an impairment of SEK 0 million. Contract assets are transferred to receivables when rights are unconditional.

Contract liabilities mainly refer to those advances received from customers for future service and installation work, for which revenue is recognised over time. All contract liabilities recognised as a contract liability at the start of the period have been recognised as revenue in 2019.

Revenue recognised during the period ended 31 December 2019 from performance commitments fulfilled (or partially fulfilled) in previous periods amount to SEK -22 million. This is mainly due to changes in the calculation of the percentage of completion for ongoing projects and the difference in estimated contribution margin at the end of the previous year and the final contribution margin upon completion of the project.

Performance commitments that are not met at year-end in respect of projects over more than 1 year total SEK 6,136 million, 31% of revenue is expected to be recognised within 1 year and 24% within 2 years, the remaining part thereafter.

NOTE 3. SEGMENT REPORTING

The Group's operations are monitored and reviewed on a geographical market basis by the most senior executive decision-maker. Bravida's segments consist of geographical markets. Bravida has a transfer pricing policy that sets out the rules for financial transfers between the Group companies. Internal pricing charged between the various segments of the Group are set on an arm's length basis, between parties that are independent of one another, are well informed and have an interest in ensuring that the transaction is completed. None of the companies' customers generate more than 5 percent of total consolidated income.

GEOGRAPHICAL MARKETS

Geographical markets are the Group's operating segments, i.e. the countries of Sweden, Norway, Denmark and Finland. In each geographical market, activities are conducted mainly in servicing and installation of electrical systems, heating & plumbing and ventilation. Bravida also offers servicing and installation of security and sprinkler systems, cooling, power, lifts and services within project management and technical servicing management.

2019	**Sweden**	**Norway**	**Denmark**	**Finland**	**Group-wide**	**Eliminations and other**	**Total**
External net sales	10,590	4,861	3,770	1,179	4	–	20,404
Internal net sales	74	6	2	3	1	-482	–
Net sales	**10,664**	**4,867**	**3,773**	**1,182**	**5**	**-482**	**20,404**
Operating expenses	-9,940	-4,621	-3,567	-1,160	-371	482	-19,178
Amortisation of non-current intangible assets	-3	–	0	0	–	–	-3
Operating profit/loss	**720**	**245**	**205**	**22**	**-367**	**–**	**1,224**
Net financial income/expense	-11	9	-1	-2	-67	–	-73
Profit/loss before tax	**709**	**254**	**204**	**20**	**-433**	**–**	**1,151**
Other information							
Goodwill	5,375	1,817	1,158	382	–	–	8,731
Other non-current assets*	647	296	197	26	3	–	1,168
Total non-current assets	**6,021**	**2,113**	**1,354**	**407**	**3**	**–**	**9,899**

2018	**Sweden**	**Norway**	**Denmark**	**Finland**	**Group-wide**	**Eliminations and other**	**Total**
External net sales	10,232	4,777	3,170	1,113	14	–	19,305
Internal net sales	47	0	2	1	368	-418	–
Net sales	**10,279**	**4,777**	**3,171**	**1,114**	**382**	**-418**	**19,305**
Operating expenses	-9,588	-4,492	-2,986	-1,092	-355	418	-18,094
Amortisation of non-current intangible assets	-3	–	-1	–	–	–	-4
Operating profit/loss	**689**	**285**	**184**	**22**	**27**	**–**	**1,207**
Net financial income/expense	-3	11	0	-4	-19	–	-16
Profit/loss before tax	**686**	**296**	**184**	**18**	**8**	**–**	**1,191**
Other information							
Goodwill	5,108	1,788	973	341	–	–	8,210
Other non-current assets*	45	20	43	10	12	–	130
Total non-current assets	**5,153**	**1,807**	**1,016**	**352**	**12**	**–**	**8,340**

*Excluding deferred tax asset.

NOTE 4. ACQUISITION OF OPERATIONS

The acquisitions made in 2019 and 2018 are reported in aggregate form in the tables below as individually they are not of sufficient size to justify separate recognition of each acquisition.

Bravida normally uses an acquisition structure with a fixed purchase price and contingent consideration, which is based on future performance. The contingent consideration is initially valued at the likely final amount, which for the year's acquisitions is SEK 85 million (55). The contingent considerations are due for payment within three years.

Acquired values correspond to fair value in accordance with IFRS 3. Acquired goodwill is attributable to synergistic effects that are estimated to be possible to achieve through further coordination of purchasing and central costs.

2019

Bravida made the following acquisitions in 2019:

Acquired unit	**Country**	**Technical area**	**Type**	**Date**	**Percentage of votes**	**No. of employees**	**Estimated annual sales, SEK million**
Insight Building Automation A/S	Denmark	Automation	Company	January	100%	22	35
Carrier Refrigeration Sweden	Sweden	Cooling	Assets and liabilities	January	–	37	50
Elbolaget Glödlampan AB	Sweden	Electrical	Company	January	100%	18	20
Cura VVS A/S	Denmark	Heating and plumbing, ventilation	Company	March	100%	60	130
H.Helbo Hansen A/S	Denmark	Electrical	Company	March	100%	75	110
Bylunds Elektriska AB	Sweden	Electrical	Company	April	100%	43	40
Buchreitz A/S	Denmark	Electrical	Company	April	100%	45	55
San Tek Kameraövervakning AB	Sweden	Safety	Company	May	100%	20	30
MIH VVS ApS	Denmark	Heating and plumbing, ventilation	Company	May	100%	70	100
Jyväskylän LVI-Palvelu Oy	Finland	Heating and plumbing, ventilation	Company	May	100%	10	20
Herberts Rör AB	Sweden	Heating and plumbing, ventilation	Company	June	100%	37	55
El-teknik i Gävle AB	Sweden	Electrical	Company	June	100%	34	40
AB Venair	Sweden	Ventilation	Company	July	100%	11	200
Karby VVS AB	Sweden	Heating and plumbing, ventilation	Company	September	100%	14	40
Sprinklerinstallationer Sverige AB	Sweden	Sprinklers	Company	September	100%	9	5
Östervåla VVS AB	Sweden	Heating and plumbing, ventilation	Assets and liabilities	September	–	14	20
NPI Ventilation AB	Sweden	Ventilation	Company	November	100%	16	45
AM Elektriska AB	Sweden	Power	Company	November	100%	29	50
Alpedalens VVS A/S	Denmark	Electrical	Assets and liabilities	December	100%	35	55
Orkdal Installasjon AS	Norway	Electrical, safety	Assets and liabilities	December	–	14	20

If the acquisitions had taken place at 1 January 2019, consolidated sales for 2019 would have increased by around 2%..

Assets and liabilities included in acquisition	**Fair value recognised in the Group, SEK million**
Intangible assets	0
Property, plant and equipment	12
Trade receivables [1]	146
Income accrued but not invoiced	37
Other current assets	54
Cash and cash equivalents	109
Non-current liabilities	-23
Trade payables	-80
Income invoiced but not accrued	-20
Other current liabilities	-105
Net identifiable assets and liabilities	**129**
Consolidated goodwill	**466**

Consideration	-594
Cash and cash equivalents, acquired	109
Net effect on cash and cash equivalents	**-485**
Cash consideration paid	-457
Consideration recognised as a liability [2]	-138
Consideration	**-594**

2018

Bravida made the following acquisitions in 2018 :

Acquired unit	Country	Technical area	Type	Date	Percentage of votes	No. of employees	Estimated annual sales, SEK million
Electric Viborg A/S	Denmark	Electrical	Company	January	100%	30	26
El & Tele Installation AB	Sweden	Electrical	Company	January	100%	10	16
Adison Oy	Finland	Electrical, heating and plumbing, ventilation	Company	January	100%	70	190
Inomhusklimat i Stockholm AB	Sweden	Cooling	Company	April	100%	12	30
Sala Elektriska	Sweden	Electrical	Company	May	100%	18	20
Telesupport i Hökåsen AB	Sweden	Safety	Company	May	100%	14	18
Orkla Elektriker AS	Norway	Electrical	Assets and liabilities	July	-	10	11
VVS-Firma P. Hermansen A/S	Denmark	Heating and plumbing, ventilation	Company	July	100%	28	75
Lindstens Elektriska AB	Sweden	Electrical	Company	October	100%	137	200
Ab Hangö Elektriska - Hangon Sähkö Oy	Finland	Electrical, heating and plumbing, ventilation	Company	October	100%	90	160
Nyheden Fällfors El AB	Sweden	Electrical	Company	November	100%	27	40
Karlshamn Rörmontage AB	Sweden	Heating & plumbing	Company	November	100%	12	20

If the acquisitions had taken place at 1 January 2018, consolidated sales for 2018 would have increased by around 2%.

Effects of acquisitions in 2018

Acquisitions have the following effects on consolidated assets and liabilities.

Assets and liabilities included in acquisition	Fair value recognised in the Group, SEK million
Intangible assets	0
Property, plant and equipment	30
Trade receivables [1]	100
Contract assets – revenue accrued but not invoiced	8
Other current assets	46
Cash and cash equivalents	89
Non-current liabilities	-22
Trade payables	-46
Contract liabilities – revenue invoiced but not accrued	-5
Other current liabilities	-74
Net identifiable assets and liabilities	**126**
Consolidated goodwill	**254**
Consideration	-380
Cash and cash equivalents, acquired	-89
Net effect on cash and cash equivalents	**-292**
Cash consideration paid	-292
Consideration recognised as a liability [2]	-88
Consideration	**-380**

[1] There are no material impairments of trade receivables.
[2] Of the total consideration recognised as a liability, SEK 85 million (55) consists of contingent consideration.

NOTE 5. EMPLOYEES AND PERSONNEL COSTS

Average number of employees	2019 Total	2019 Percentage women	2019 Percentage men	2018 Total	2018 Percentage women	2018 Percentage men
PARENT COMPANY						
Sweden	15	66%	34%	14	50%	50%
Total in parent company	**15**	**66%**	**34%**	**14**	**50%**	**50%**
GROUP COMPANIES						
Sweden[1]	5,963	9%	91%	6,038	6%	94%
Norway	2,975	6%	94%	2,994	6%	94%
Denmark	2,173	7%	93%	1,830	9%	91%
Finland	596	7%	93%	599	7%	93%
Total in Group companies	**11,707**	**8%**	**92%**	**11,461**	**7%**	**93%**
Group total	**11,722**	**8%**	**92%**	**11,475**	**7%**	**93%**

[1] Bravida Sweden conducts development operations at a branch office in Slovakia. These employees are reported in Sweden and total 14 (13) persons, of whom 2 (2) are women.

Distribution in senior management[2]	31 Dec 2019 Proportion of women	31 Dec 2019 Proportion of men	31 Dec 2018 Proportion of women	31 Dec 2018 Proportion of men
PARENT COMPANY				
Board of Directors	33%	67%	33%	67%
Other senior executives	15%	85%	8%	92%
GROUP, TOTAL				
Board of Directors	33%	67%	33%	67%
Other senior executives	15%	85%	8%	92%

[2] Board members elected by the AGM and where the CEO is included in other senior executives.

Salaries, other remuneration and social security contributions	2019 Salaries and remuneration	2019 Social security contributions	2018 Salaries and remuneration	2018 Social security contributions
PARENT COMPANY	47	12	47	11
(of which pension)	(6)	(1)	(6)	(1)
GROUP COMPANIES	7,403	1,231	6,715	1,260
(of which pension)	(556)	(66)	(489)	(57)
Group total	**7,450**	**1,242**	**6,762**	**1,271**
(of which pension)	(561)	(67)	(494)	(58)

Salaries and other remuneration	2019 CEO and other senior executives[3]	2019 Other employees	2018 CEO and other senior executives[3]	2018 Other employees
PARENT COMPANY				
Sweden	33	14	35	12
(of which bonuses, etc.)	(10)	(0)	(11)	(0)
GROUP COMPANIES				
Sweden	25	3,437	23	3,174
(of which bonuses, etc.)	(9)	(87)	(7)	(62)
Norway	5	1,938	4	1,860
(of which bonuses, etc.)	(1)	(35)	(0)	(42)
Denmark	6	1,604	4	1,337
(of which bonuses, etc.)	(2)	(27)	(1)	(17)
Finland	4	382	2	312
(of which bonuses, etc.)	(1)	(3)	(–)	(1)
Total for Group companies	**40**	**7 361**	**33**	**6,683**
(of which bonuses, etc.)	(14)	(152)	(8)	(122)
Group total	**73**	**7 376**	**68**	**6,694**
(of which bonuses, etc.)	(23)	(152)	(20)	(122)

[3] At year-end the group of senior executives, including the CEO, numbered 13 (13) persons.

Remuneration and other benefits for the Board

SEK thousand	Board remuneration	Committee fee[4]	Other fees	Total recognised cost for 2019	Total recognised cost for 2018
CHAIRMAN OF THE BOARD					
Fredrik Arp	1,150	110	–	1,260	787
Monica Caneman[5]	–	–	–	–	560
OTHER BOARD MEMBERS					
Jan Johansson	450	100	–	550	550
Mikael Norman	450	180	–	630	630
Marie Nygren	450	100	–	550	367
Staffan Påhlsson	450	80	–	530	530
Cecilia Daun Wennborg	450	80	–	530	560
	3,400	**650**	**–**	**4,050**	**3,983**

[4] Relates to remuneration for work on Board committees.
[5] Monica Caneman stepped down from the Board at the 2018 AGM.

Board remuneration

The Chairman and members of the Board are paid a fee as determined by the AGM on 26 April 2019. No pension is paid to the Board. Employee representatives or deputy members of the Board do not receive a Board fee. Board fees are paid as salary.

Payment of the Audit Committee is made as determined by the AGM on 26 April 2019. Since the constitutive Board meeting in 2019, the Audit Committee has consisted of Mikael Norman as Chairman and Jan Johansson and Marie Nygren as members.

Payment of the Remuneration Committee is made as determined by the AGM on 26 April 2019. Since the constitutive Board meeting in 2019, the Remuneration Committee has consisted of Fredrik Arp as Chairman and Cecilia Daun Wennborg and Staffan Påhlsson as members.

CEO and senior executives' benefits
See page 57-58 of the Directors' Report for further information.

Remuneration and other benefits of senior executives

2019 SEK thousand	Basic salary	Variable remuneration	Other benefits	Pension expense	Total
CEO and Group President Mattias Johansson	6,217	5,729	1,820	1,968	15,734
Other senior executives [6)]	23,730	17,636	9,464	6,185	57,015
	29,946	**23,365**	**11,285**	**8,153**	**72,749**

2018 SEK thousand	Basic salary	Variable remuneration	Other benefits	Pension expense	Total
CEO and Group President Mattias Johansson	5,788	5,558	2,389	1,870	15,605
Other senior executives [6)]	24,307	14,370	7,543	6,137	52,357
	30,095	**19,929**	**9,931**	**8,007**	**67,962**

[6)] The group 'Other senior executives' refers to Group management, excluding the CEO. At year-end the group of senior executives, including the CEO, numbered 13 (13) persons.

Long-term incentive programmes
For a number of years, Bravida Holding AB's AGM has approved long-term incentive programmes for selected employees. The background to and purpose of these programmes is to encourage personnel's loyalty to the company and, consequently, long-term growth in the company's value.

LTIP 2019
An Extraordinary General Meeting in 2019 resolved upon a new long-term incentive programme to run from 2019 until the 2022 AGM.

Participation in LTIP 2019 requires participants to hold a certain number of shares in Bravida throughout the term of the programme and for participants to be employed by Bravida for the entire period. For each share held under the programme, participants may be assigned a minimum of one and a maximum of five new shares in Bravida Holding AB. The Chief Executive Officer may participate with shares ('Bravida shares') corresponding to a value of up to SEK 300,000 at the start date, the Chief Financial Officer may participate with shares corresponding to a value of up to SEK 240,000, other members of Group management may participate with shares corresponding to a value of up to SEK 200,000.

In addition, a number of regional managers, branch managers, other Group staff personnel and other identified key personnel have been invited to invest in the programme.

The number of shares allocated depends on the extent to which the set performance target is met. The set performance target is Group EBITA for 2021. All participants therefore have the same performance targets. Any allocation takes place after the first-quarter report for 2022 has been published.

LTIP 2018
The 2018 AGM approved a new long-term incentive programme to run from 2018 until the 2021 AGM.

Participation in LTIP 2018 requires participants to own a certain number of shares in Bravida throughout the term of the programme and for participants to be employed by Bravida for the entire period. For each share held under the programme, participants may be assigned a minimum of one and a maximum of five new shares in Bravida Holding AB. The Chief Executive Officer may participate with shares ('Bravida shares') corresponding to a value of up to SEK 300,000 at the start date, the Chief Financial Officer may participate with shares corresponding to a value of up to SEK 240,000, other members of Group management may participate with shares corresponding to a value of up to SEK 200,000.

In addition, a number of regional managers, branch managers, other Group staff personnel and other identified key personnel have been invited to invest in the programme.

The number of shares allocated depends on the extent to which the set performance target is met. The set performance target is Group EBITA for 2020. All participants therefore have the same performance targets. Any allocation takes place after the first-quarter report for 2021 has been published.

LTIP 2017
The 2017 AGM resolved upon another incentive programme (LTIP 2017), to run from 2017 until the 2020 AGM.

Participation in LTIP 2017 requires participants to own a certain number of shares in Bravida throughout the term of the programme and for participants to be employed by Bravida for the entire period and at the point of allocation. For each share held under the programme, participants may be assigned a minimum of one and a maximum of five new shares in Bravida Holding AB. The Chief Executive Officer may participate with shares ('Bravida shares') corresponding to a value of up to SEK 300,000 at the start date, the Chief Financial Officer may participate with shares corresponding to a value of up to SEK 240,000, other members of Group management may participate with shares corresponding to a value of up to SEK 200,000.

In addition, a number of regional managers, branch managers, other Group staff personnel and other identified key personnel have been invited to invest in the programme.

For each share held under the LTIP 2017, participants may be assigned, at no cost, a minimum of one and a maximum of five new shares in Bravida. The number of shares allocated depends on the extent to which the set performance target is met. The set performance target for all participants is Group EBITA for 2019. Any allocation takes place after the first-quarter report for 2020 has been published.

LTIP 2016
The 2016 AGM approved an additional incentive programme (LTIP 2016) to run from 2016 to the end of 2018.

Participation in LTIP 2016 requires participants to own a certain number of shares in Bravida throughout the term of the programme and for participants to be employed by Bravida for the entire period and at the point of allocation. For each share held under the programme, participants may be assigned a minimum of one and a maximum of five new shares in Bravida Holding AB. The Chief Executive Officer may participate with shares ('Bravida shares') corresponding to a value of up to SEK 300,000 at the start date, the Chief Financial Officer may participate with shares corresponding to a value of up to SEK 240,000, other members of Group management may participate with shares corresponding to a value of up to SEK 200,000.

In addition, a number of regional managers, branch managers, other Group staff personnel and other identified key personnel have been invited to invest in the programme.

For each share held under the LTIP 2016, participants may be assigned, at no cost, a minimum of one and a maximum of five new shares in Bravida. The number of shares allocated depends on the extent to which the set performance target is met. The set performance target for all participants is Group EBITA for 2019. Final allocation took place in May 2019, which as a result of achieved EBITA under the programme amounted to 90.83% of maximum allocation. Of the 123 initial participants, 108 participants received an allocation. The applicable share price at the date of the final allocation of shares at the end of the programme was SEK 75.30.

Number of rights to shares at start of programme	Number of shares	Number of participants	Maximum number: Matching shares	Maximum number: Performance shares
LTIP 2019	604,530	185	132,732	471,798
LTIP 2018	606,000	155	131,100	474,900
LTIP 2017	591,078	147	128,924	462,154
LTIP 2016	573,500	123	123,300	450,200

Share savings programme, LTIP	2016	2017	2018	2019
Number of rights to shares at 1 January 2016	–	–	–	–
Allocated during the year	573,500	–	–	–
Forfeited during the year	-24,000	–	–	–
Number of rights to shares at 31 December 2016	**549,500**	**–**	**–**	**–**
Number of rights to shares at 1 January 2017	549,500	–	–	–
Allocated during the year	–	591,078	–	–
Forfeited during the year	-22,750	-15,384	–	–
Number of rights to shares at 31 December 2017	**526,750**	**575,694**	**–**	**–**
Number of rights to shares at 1 January 2018	526,750	575,694	–	–
Allocated during the year	–	–	606,000	–
Forfeited during the year	-31,500	-38,308	-31,950	–
Performance shortfall	–	–	–	–
Final allocation at end of programme	–	–	–	–
Number of rights to shares at 31 December 2018	**495,250**	**537,386**	**574,050**	**–**
Number of rights to shares at 1 January 2019	495,250	537,386	574,050	–
Allocated during the year	20,000	–	–	604,530
Forfeited during the year	-8,500	-40,155	-38,850	–
Performance shortfall	-45,920	–	–	–
Final allocation at end of programme	-460,830	–	–	–
Number of rights to shares at 31 December 2019	–	**497,231**	**535,200**	**604,530**

Share savings programme, LTIP	2017	2018	2019
Number of participants still-employed at 31 December 2019	126	141	184
Vesting period	Jan 2017 –Dec 2019	Jan 2018 –Dec 2020	Jan 2019 –Dec 2021
Performance target	EBITA 2019	EBITA 2020	EBITA 2021
Fair value per right to share	58.25	62.72	75.63

The fair value of the rights to shares is calculated as the share price at the start of the programme, less the present value of expected dividends over the vesting period.

Recognised cost of the above programmes.

SEK million	2019	2018
Share savings programme, LTIP 2015	–	5
Share savings programme, LTIP 2016	5	11
Share savings programme, LTIP 2017	12	10
Share savings programme, LTIP 2018	10	5
Share savings programme, LTIP 2019	7	–
	35	**31**

Costs for the share programmes are included in operating profit and recognised in the balance sheet as equity and accrued costs (social security contributions).

The cost is based on the fair value of the share rights that are expected to be allotted. Fair value is established at the point of participants' investment as the share price adjusted for the dividend not payable to the employee over the vesting period. The fair value of cost of social security charges is calculated at the respective period-end.

NOTE 6. AUDITORS' FEES AND REIMBURSEMENT OF EXPENSES

	Group		Parent company	
	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018
KPMG				
Audit engagement	5	6	2	2
Audit work in addition to audit engagement	0	0	–	–
Tax advice	0	0	–	–
Other services	1	0	0	0
Other audit firms				
Audit engagement	0	1	–	–
Other services	–	–	–	–
	7	**7**	**2**	**2**

Audit engagements refer to fees for the statutory audit, i.e. the work necessary to publish the audit report, and 'audit consulting' provided in connection with the audit engagement.

Audit work in addition to the audit engagement refers to fees for the reports and other engagements that are relatively closely associated with the audit and that are usually conducted by the external auditor, including consulting regarding advisory and reporting requirements, internal control and review of interim reports.

Other services refers to such costs not classified as audit assignments, audit work in addition to the audit assignment or tax consulting.

NOTE 7. OPERATING EXPENSES BY COST TYPE

	Group		Parent company	
	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018
Costs of materials	5,732	5,491	–	–
Subcontractors and purchased services in production	2,906	2,875	–	–
Employee costs	8,692	8,033	59	45
Depreciation and amortisation	417	33	–	–
Vehicle expenses	335	488	0	1
Premises expenses	125	285	–	0
IT expenses and telecoms	124	112	0	0
Other operating expenses	849	781	80	65
	19,181	**18,098**	**139**	**111**

NOTE 8. NET FINANCIAL ITEMS

	Group		Parent company	
	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018
FINANCE INCOME				
Interest income, external	2	3	2	3
Interest income, internal	–	–	21	17
Foreign exchange gains	–	17	–	15
Other	5	13	–	–
	7	**32**	**23**	**35**
FINANCIAL EXPENSES				
Interest expenses, external	-27	-32	-23	-3
Interest expenses, leases	-24	–	–	–
Interest expenses, internal	–	–	-5	-28
Foreign exchange losses	-10	0	-10	–
Other	-19	-16	-9	-9
	-80	**-48**	**-48**	**-41**
Net financial items	**-73**	**-16**	**-25**	**-5**

NOTE 9. TAX

	Group		Parent company	
	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018
CURRENT TAX				
Tax expense for the period	-207	-147	-7	-55
Adjustment of tax in respect of prior years	-16	-1	0	–
	-224	**-148**	**-7**	**-55**
DEFERRED TAX				
Deferred tax expense	-43	-88	–	0
Total recognised tax expense	**-267**	**-235**	**-7**	**-55**

	Group		Parent company	
	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018	1 Jan 2019 –31 Dec 2019	1 Jan 2018 –31 Dec 2018
RECONCILIATION OF EFFECTIVE TAX				
Profit/loss before tax	1,151	1,191	26	248
Tax at tax rate applying to parent company	-246	-262	-6	-54
Effect of different tax rates for foreign subsidiaries	-2	-3	–	–
Non-deductible expenses	-12	-8	0	0
Deductible items not affecting earnings	8	8	–	–
Non-taxable income	3	16	–	–
Tax in respect of prior years	-16	-1	0	–
Effect of changed tax rates	–	1	–	–
Effects of utilised loss carry-forwards	0	14	–	–
Deferred tax asset attributable to previous years	0	1	–	–
Other	-1	0	-1	0
Recognised effective tax	**-267**	**-235**	**-7**	**-55**
Effective tax	23.2%	19.8%	25.3%	22.2%

Corporate tax rate in each country: Sweden 21.4% (22.0%), Norway 22.0% (23.0%), Denmark 22% (22%), Finland 20.0% (20.0%).

From 1 January 2019 the tax rate in Sweden is 21.4% and in Norway is 22% for companies with financial years starting 1 January 2019 or later. In Sweden the tax rate is also being reduced to 20.6% for financial years starting 1 January 2021 or later.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable as follows:

	31 Dec 2019		31 Dec 2018	
Group	**Deferred tax asset**	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**
Intangible non-current assets	35	–	42	–
Property, plant and equipment	5	–	3	–
Trade receivables	12	–	10	–
Pension provisions	108	–	53	–
Provisions for projects	–	-260	–	-240
Warranty provisions	27	–	31	–
Untaxed reserves	–	-165	–	-132
Loss carry-forwards	10	–	11	–
Other	10	–	11	–
Tax assets/liabilities	**207**	**-425**	**161**	**-372**
Net tax assets/liabilities	**-218**		**-211**	

Deferred tax assets amounted to SEK 207 million, SEK 10 million of which is expected to be used within 12 months. Deferred tax liabilities amounted to SEK 425 million, SEK 0 million of which is due within 12 months.

Change in deferred tax in temporary differences and loss carry-forwards

Group 2019	**Amount at 1 Jan 2019**	**Recognised in profit/loss for the year**	**Recognised in other comprehensive income**	**Translation differences and other**	**Acquisitions/ disposals of companies**	**Amount at 31 Dec 2019**
Intangible non-current assets	42	-8	–	2	–	35
Property, plant and equipment	3	2	–	-1	–	5
Trade receivables	10	1	–	1	0	12
Pension provisions	53	13	44	-2	–	108
Provisions for projects	-240	-9	–	-8	-4	-260
Warranty provisions	31	-5	–	1	–	27
Untaxed reserves	-132	-35	–	2	–	-165
Loss carry-forwards	11	-1	–	0	–	10
Other	11	-2	–	1	–	10
Total	**-211**	**-43**	**44**	**-4**	**-4**	**-218**

Group 2018	**Amount at 1 Jan 2018**	**Recognised in profit/loss for the year**	**Recognised in other comprehensive income**	**Translation differences and other**	**Acquisitions/ disposals of companies**	**Amount at 31 Dec 2018**
Intangible non-current assets	54	-16	–	4	–	42
Property, plant and equipment	5	0	–	0	-3	3
Trade receivables	9	2	–	-1	–	10
Pension provisions	4	11	37	2	–	53
Provisions for projects	-209	-26	–	-7	2	-240
Warranty provisions	26	4	–	3	-2	31
Untaxed reserves	-93	-36	–	–	-2	-132
Loss carry-forwards	39	-31	–	3	–	11
Other	11	5	–	-6	–	11
Total	**-154**	**-88**	**37**	**-2**	**-4**	**-211**

NOTE 10. EARNINGS PER SHARE

	2019	2018
Profit/loss for the year attributable to parent company shareholders, SEK thousand	884,040	956,028
Weighted average number of ordinary shares outstanding:		
basic	202,472,526	201,966,598
Effect of long-term incentive programme	492,117	602,253
diluted	202,964,643	202,568,851
Basic earnings per share, SEK	4.36	4.73
Diluted earnings per share, SEK	4,35	4.72

Basic earnings per share

Basic earnings per share is calculated by dividing income attributable to owners of the parent company by a weighted average number of outstanding ordinary shares in the period.

Diluted earnings per share

To calculate diluted earnings per share, the weighted average number of outstanding ordinary shares is adjusted for the dilutive effect of all dilutive potential ordinary shares. These potential ordinary shares are attributable to the long-term incentive programme introduced in 2017 (LTIP 2017). Rights to shares in LTIP 2018 and 2019 are not yet dilutive but could be if the performance terms are met. With regard to LTIP 2016, these rights to shares were dilutive until allocation in May 2018. See also Note 5 'Employees and personnel costs' for a description of approved long-term incentive programmes.

NOTE 11. NON-CURRENT INTANGIBLE ASSETS

Group 31 Dec 2019	Goodwill	Other intangible assets	Total
ACCUMULATED COST			
At start of year	8,218	31	8,248
Business combinations	494	0	494
Foreign exchange differences for the year	27	–	27
At year-end	**8,739**	**31**	**8,769**
ACCUMULATED SCHEDULED AMORTISATION			
At start of year	–	-25	-25
Scheduled amortisation for the year	–	-3	-3
Foreign exchange differences for the year	–	0	0
At year-end	**–**	**-28**	**-28**
ACCUMULATED IMPAIRMENT			
At start of year	-8	–	-8
At year-end	**-8**	**–**	**-8**
Carrying amount at start of period	**8,210**	**6**	**8,216**
Carrying amount at end of period	**8,731**	**3**	**8,734**

Group 31 Dec 2018	Goodwill	Other intangible assets	Total
ACCUMULATED COST			
At start of year	7,851	29	7,880
Purchases	–	0	0
Business combinations	328	0	328
Foreign exchange differences for the year	39	1	40
At year-end	**8,218**	**31**	**8,248**
ACCUMULATED SCHEDULED AMORTISATION			
At start of year	–	-19	-19
Scheduled amortisation for the year	–	-4	-4
Foreign exchange differences for the year	–	-1	-1
At year-end	**–**	**-25**	**-25**
ACCUMULATED IMPAIRMENT			
At start of year	-8	–	-8
At year-end	**-8**	**–**	**-8**
Carrying amount at start of period	**7,844**	**10**	**7,854**
Carrying amount at end of period	**8,210**	**6**	**8,216**

Impairment tests for cash-generating units containing goodwill

The following cash-generating units have significant recognised goodwill values in relation to total recognised consolidated goodwill:

Group	31 Dec 2019	31 Dec 2018
Sweden	5,375	5,108
Norway	1,817	1,788
Denmark	1,158	973
Finland	382	341
	8,731	**8,210**

Impairment of goodwill

For those cash-generating units where the recoverable amount has been calculated and no impairment has been identified, management deems that no reasonably possible changes in key assumptions would cause the recoverable amount to fall below the carrying amount.

Method for calculating the recoverable amount

For all goodwill values, the recoverable amount has been determined by calculating value in use for the cash-generating unit. The model of calculation is based on the discounting of future expected cash flows in relation to carrying amounts for the unit. Future cash flows are based on five-year forecasts produced by the management for each cash-generating unit. Impairment tests of goodwill are based on the assumption of a perpetual horizon and the extrapolation of cash flows for the years after the forecasting period has been based on a growth rate of 2% (2). Leasing payments are treated in calculating value in use as cash flows in operations. As a consequence, lease liabilities have not affected the discount rate, as in previous years. The lease liability is deducted from the carrying amount of the units – because the value in use has been reduced by the present value of future leasing payments – in which the right-of-use assets are included.

Key variables for calculating value in use:
The following variables are material and common for all cash-generating units in calculating value in use.

Sales: The competitiveness of the business, expected trends in the construction sector, general economic trends, central and local government investment plans, interest rates, and local market conditions.

Operating margin: Historical profitability levels and efficiency in the business, access to key individuals and qualified labour, skills in dealing with customers/customer relationships, access to internal resources, trends in expenses for salaries, materials and subcontractors.

Working capital requirements: An assessment in each individual case of whether the working capital reflects the operational requirements or needs to be adjusted for the forecasting periods. For the trend going forward, a reasonable or cautious assumption is that working capital will track sales growth.

Investment needs: Investment needs in the businesses are assessed based on the investments required to achieve the forecast cash flows from the baseline, i.e. without investments for expansion. Normally, the level of investment has corresponded to the rate of depreciation of property, plant and equipment.

Tax burden: The tax rate in the forecasts is based on Bravida's expected tax situation in each country.

Discount rate: Forecast cash flows and residual values are discounted to present value using the weighted average cost of capital (WACC). The interest rate paid on borrowed capital is defined as the average interest rate on consolidated net debt. The required rate of return on equity is defined using the capital asset pricing model (CAPM). Calculations of value in use are based on a weighted discount rate before tax of 7.1–7.7% (6.5–7.2), with the range being due to the variation in the nominal interest rate in the different segments.

NOT 12. RIGHT-OF-USE ASSETS

Group 31 Dec 2019	Buildings and land	Vehicles	Total
At start of year	627	391	1,018
New contracts	205	174	380
Extension option	32	42	74
Contracts terminated	-68	-7	-75
Depreciation/impairment	-182	-200	-382
Foreign exchange differences for the year	10	5	14
At year-end	**624**	**405**	**1,029**

Other lease disclosures can be found in Note 26.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

Group 31 Dec 2019	Buildings and land	Machinery and equipment	Total
ACCUMULATED COST			
At start of year	21	246	267
Purchases	3	31	34
Acquisition of subsidiaries	–	12	12
Divestments and disposals	-1	-14	-16
Reclassification	2	-2	–
Foreign exchange differences for the year	0	3	3
	25	**276**	**301**
ACCUMULATED SCHEDULED AMORTISATION			
At start of year	-2	-179	-180
Divestments and disposals	1	14	16
Reclassification	-1	1	–
Scheduled amortisation for the year of acquisition costs.	-2	-31	-32
Foreign exchange differences for the year	0	-2	-2
	-3	**-195**	**-199**
Carrying amount at end of period	**22**	**80**	**102**

Group 31 Dec 2018	Buildings and land	Machinery and equipment	Total
ACCUMULATED COST			
At start of year	10	259	268
Purchases	1	27	27
Acquisition of subsidiaries	18	12	30
Divestments and disposals	-7	-58	-65
Foreign exchange differences for the year	0	7	7
	21	**246**	**267**
ACCUMULATED SCHEDULED AMORTISATION			
At start of year	-1	-196	-197
Divestments and disposals	1	50	51
Scheduled amortisation for the year of acquisition costs.	-1	-28	-29
Foreign exchange differences for the year	0	-5	-5
	-2	**-179**	**-180**
Carrying amount at end of period	**19**	**68**	**87**

NOTE 14. INTERESTS IN ASSOCIATES

Group	31 Dec 2019	31 Dec 2018
ACCUMULATED COST		
At start of year	0	2
Share in profit of associates	–	0
Withdrawals for the year	–	-2
Foreign exchange differences for the year	0	0
Carrying amount at end of period	**0**	**0**

Specification of investments in associates

31 Dec 2019 Associate, Company reg. no., Reg. office	Profit/ loss for the year	Owned share	Value of investment	Book value
Kraftkompaniet Sweden HB, 969740-4755, Stockholm, Sweden	–	50%	0	0
MT Højgaard ApS, CVR 36905026, DK-2605 Brøndby, Denmark	–	50%	0	0
			0	**0**

31 Dec 2018 Associate, Company reg. no., Reg. office	Profit/ loss for the year	Owned share	Value of investment	Book value
Kraftkompaniet Sweden HB, 969740-4755, Stockholm, Sweden	0	50%	0	0
MT Højgaard ApS, CVR 36905026, DK-2605 Brøndby, Denmark	–	50%	0	0
			0	**0**

NOTE 15. PENSION ASSETS AND PROVISIONS AND SIMILAR OBLIGATIONS

The Group has both defined-contribution and defined-benefit pension commitments. The majority of the Group's pension commitments are defined-contribution plans.

Sweden

The Group's most extensive defined-benefit plans are in Sweden.

KTP

The largest pension plan is the Swedish KTP plan, which accounts for approximately 91% of the total obligation and assets. In 2014, the KTP plan was closed to new employees, but those people who belonged to the KTP plan continue to have vesting and remain in this plan. Salaried employees covered by the KTP plan have a defined-benefit pension plan, which is recognised in the Group in accordance with IAS 19.

The KTP plan is structured in a similar way to the ITP plan and the pension benefit is based on a theoretical final salary. The pension plan has a share of KP-stiftelsen, which overall is one of the largest pension funds in Sweden. This pension fund, like all pension plans, is subject to the supervision of the County Administrative Board. For further information, seehttp://arbetsgivare.folksam.se/pensionsstiftelsen. Bravida has chosen a medium risk portfolio, in which the assets are approximately 30% equities, 60% interest-bearing securities and 10% property. The pension plan requires 107% consolidation and is reinsured with PRI. No payments are expected to be made to the KP fund in the next year.

ITP

Since 1 July 2014 all new employees in Sweden are covered by the ITP plan, as the KTP plan was closed to new employees. The defined-contribution ITP 1 plan covers employees born in 1979 or later. Employees born in 1978 or earlier are covered by ITP 2. The old-age pension under ITP 2 can be funded in two ways; either the employer provides the pension under its own management or premiums are paid to Alecta.

From August 2018, Bravida has changed the funding method to choosing ITP 2 under its own management, which means the company will itself manage the old-age pension through liability accounting on the balance sheet. This portion is recognised as a liability in the Group in accordance with IAS 19.

Until August 2018, for salaried employees in Sweden covered by the ITP 2 plan's defined-benefit pension obligations for old-age and family pension, this was secured through an insurance policy with Alecta. According to a statement by the Swedish Financial Reporting Board (UFR 10 Classification of ITP plans financed by insurance with Alecta), this is a multi-employer defined-benefit pension plan. Bravida does not have sufficient access to the information required in order to report its proportional share of the plan obligation and of the plan assets and costs and has therefore been unable to report the plan as a defined-benefit plan. The ITP 2 pension plan, which is secured by insurance with Alecta, is therefore recognised as a defined-contribution plan. The premium for old-age and family pensions is individually calculated and is dependent, among other things, on salary, pension previously earned and expected remaining period of service. The fees for the year for ITP 2 insurance policies taken out with Alecta amount to SEK 0 million (0). The collective funding level is the market value of Alecta's assets as a percentage of the insurance commitments, calculated in accordance with Alecta's calculation methods and assumptions for insurance purposes, which do not comply with IAS 19. The collective funding level is normally permitted to range between 125 and 155%. If Alecta's collective consolidation level falls below 125% or exceeds 155%, measures must be taken in order to create the conditions for the consolidation level to return to within the normal range. If consolidation is too low, measures include increasing the agreed price for new subscriptions and extending existing benefits. If consolidation is too high, measures include applying premium reductions. At year-end 2019, Alecta's surplus in the form of the collective consolidation level was 148% (142).

Other countries

In Norway, the majority of pension plans are defined-contribution, although a few employees have a defined-benefit plan.

Denmark and Finland have defined-contribution pension plans.

Defined-benefit obligations and the value of plan assets

Group	31 Dec 2019	31 Dec 2018
Present value of fully or partly funded obligations	-1,866	-1,502
Fair value of plan assets	1,464	1,305
Total fully or partly funded obligations	**-399**	**-197**
Present value of unfunded defined-benefit obligations	-176	-88
Net obligations	**-574**	**-286**
The net amount is recognised in the following items on the balance sheet:		
Pension assets	3	6
Provisions for pensions and similar obligations	-577	-292
Total	**-574**	**-286**
Distribution of net amount by country:		
Sweden	-574	-291
Norway	0	5
Total	**-574**	**-286**

Changes in the present value of the obligation for defined-benefit plans

Group	31 Dec 2019	31 Dec 2018
Obligation for defined-benefit plans at 1 January	1,590	1,366
Cost of vested benefits during period	74	69
Liability taken over	108	–
Interest expense	40	38
Pension payments	-67	-61
Actuarial gains (-) and losses (+)		
- Changes in financial assumptions	289	168
- Experience-based adjustments	2	10
Foreign exchange differences	5	1
Obligation for defined-benefit plans at 31 December	**2,042**	**1,590**
- of which funded obligations	-1,866	-1,502

The average maturity period for obligations is 18 years (15).

Changes in fair value of plan assets

Group	31 Dec 2019	31 Dec 2018
Fair value of plan assets at 1 January	1,305	1,324
Acquired asset	106	–
Interest income recognised in the income statement	33	37
Withdrawn	-66	-60
Insurance premium (-) paid from plan assets	0	-1
Paid in	0	1
Return on plan assets excluding interest income	86	4
Foreign exchange differences	5	1
Fair value of plan assets at 31 December	**1,468**	**1,305**

Defined-benefit pension plans

The cost for benefit-based pensions is recognised as an administrative expense in the income statement.

The number of individuals covered by the IAS 19 calculation regarding defined-benefit pension plans, Denmark and Finland are not covered.

31 Dec 2019	Parent company	Other Sweden	Norway	Total
Active	10	1,161	13	1,184
Holders of paid-up policies	–	2,417	59	2,476
Retired	–	3,280	375	3,655
Total	**10**	**6,858**	**447**	**7,315**

31 Dec 2018	Parent company	Other Sweden	Norway	Total
Active	10	1,156	27	1,193
Holders of paid-up policies	–	3,084	67	3,151
Retired	–	2,298	–	2,298
Total	**10**	**6,538**	**94**	**6,642**

Sensitivity analysis

Effects of possible changes in the Group's defined-benefit pension plans, according to IAS 19 calculation.

Group	Increase	Decrease
Change in discount rate	0.5 percentage point	0.5 percentage point
Effect on obligation	-183	209
Change in inflation assumption	0.5 percentage point	0.5 percentage point
Effect on obligation	179	-144
Change in life expectancy	+1 year	
Effect on obligation	138	

Actuarial assumptions

The following significant actuarial assumptions have been applied in calculating the obligations.

	Sweden		Norway	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Discount rate	1.40%	2.30%	1.80%	2.60%
Assumed long-term salary increases	2.20%	2.30%	2.25%	2.75%
Long-term increase in income base amount	2.20%	2.30%	2.00%	2.75%
Assumed long-term inflation	1.80%	1.90%	0.70%	0.80%
Expected increase in base amount (price base amount)	–	–	2.50%	2.50%
Future increases in pensions	–	–	1.00%	0.80%

The actuarial assumptions are based on commonly used assumptions relating to demographic factors and termination of employment. Life expectancy assumptions used for the Swedish pension plans are based on DUS 2014. For the Norwegian pension plans, life expectancy assumptions according to K2013 are used.

NOTE 16. OTHER SECURITIES HELD AS NON-CURRENT ASSETS

	Group	
	31 Dec 2019	31 Dec 2018
ACCUMULATED COST		
At start of year	12	12
Acquisition of subsidiaries	0	0
Divestments and disposals	0	–
Changes in value	0	0
Foreign exchange differences for the year	0	0
Carrying amount at end of period	**12**	**12**
BREAKDOWN OF SECURITIES		
Tenant-owner property	7	7
Other	6	6
	12	**12**

NOTE 17. NON-CURRENT RECEIVABLES

Long-term receivables that are non-current assets

	Group		Parent company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Deposit for rental of premises	16	17	–	–
Other	1	1	0	0
	18	**18**	**0**	**0**

NOTE 18. CONTRACT ASSETS AND CONTRACT LIABILITIES

CONTRACT ASSETS

Group	31 Dec 2019	31 Dec 2018
Accrued income from work not yet completed	12,459	9,399
Invoicing of work not yet completed	-10,945	-8,164
	1,514	**1,235**

CONTRACT LIABILITIES

Group	31 Dec 2019	31 Dec 2018
Invoicing of work not yet completed	15,912	11,381
Accrued income from work not yet completed	-13,908	-9,578
	2,004	**1,803**

Accrued income for incomplete work and from ongoing installation projects is recognised over time (previously percentage-of-completion method). Calculation of the work-up rate is made on the basis of accrued project expenses at the end of the period in relation to project revenue corresponding to project expenses for the entire installation.

On the balance sheet, installation projects are recognised gross on a project by project basis, either as 'Contract assets' in current assets or as 'Contract liabilities' in current liabilities. Projects for which accrued revenue exceeds the amount invoiced are recognised as an asset, while projects for which the amount invoiced exceeds accrued revenue are recognised as a liability.

NOTE 19. OTHER RECEIVABLES

Other receivables that are non-current assets

	Group		Parent company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Other operating receivables	65	60	11	2
Prepaid rents	29	27	–	–
Prepaid insurance premiums	5	5	–	0
Prepaid credit facility charge	9	7	9	7
Accrued income	165	241	–	–
Prepayments and accrued income	69	56	1	0
	341	**396**	**21**	**9**

NOTE 20. EQUITY

Parent company	31 Dec 2019 Ordinary shares	C shares	Total	31 Dec 2018 Ordinary shares	C shares	Total
SHARES OUTSTANDING						
Opening number of shares	202,166,598	1,150,000	202,127,484	201,566,598	1,750,000	203,316,598
Consolidation	458,892	-458,892	–	600,000	-600,000	–
Number of shares at year-end	**202,625,490**	**691,108**	**203,316,598**	**202,166,598**	**1,150,000**	**203,316,598**
- of which held by Bravida Holding AB	-35,720	-691,108	-726,828	-39,114	-1,150,000	-1,189,114
Total shares outstanding at year-end	**202,589,770**	**–**	**202,589,770**	**202,127,484**	**–**	**202,127,484**

*Custodial, intended for long-term incentive programme.

Share capital totals SEK 4,066,332. The quotient value of one share is SEK 0.02. The share capital is divided into 202,625,490 ordinary shares and 691,108 class C shares. Ordinary shares entitle holders to one vote and a dividend payment, while C shares entitle holders to one-tenth of a vote and no dividend.

Specification of equity item reserves:

Group	31 Dec 2019	31 Dec 2018
TRANSLATION RESERVE		
Opening translation difference	50	6
Translation differences for the year, foreign subsidiaries	15	44
Closing translation difference	**65**	**50**

Translation reserve
The translation reserve includes all foreign exchange differences arising from the translation of financial statements of foreign operations for which the financial statements have been prepared in a different currency than the currency in which the consolidated financial statements are presented. The parent company and Group present their financial statements in Swedish kronor. The translation reserve also includes foreign exchange differences arising from expanded investments in foreign operations.

Retained earnings including profit/loss for the year
Retained earnings including profit/loss for the year include earnings generated in the parent company and its subsidiaries and associates. Previous provisions for statutory reserve, excluding transferred share premium reserves, as well as previous equity method reserves, are included in this equity item.

Dividend
After the balance sheet date, the Board proposed the following dividend. The dividend will be put forward for adoption at the Annual General Meeting on 24 April 2020.

A cash dividend of SEK 2.25 (2.00) per ordinary share, totalling SEK 455,826,983 (404 254 968) calculated on the number of registered shares less the company's holding of treasury shares. The total dividend payment is calculated on the basis of the number of outstanding shares at the dividend date.

Capital management
Bravida aims to maintain a good capital structure and financial stability. This creates a stable foundation for the company's continued business activities, which creates opportunities to retain existing owners and attract new shareholders. A good capital structure should also help to ensure that relationships with the Group's creditors evolve in a way that is beneficial for all parties. Capital is defined as equity and refers to equity attributable to holders of interests in the parent company.

Bravida's capital structure should enable a high degree of financial flexibility and provides scope for acquisitions. The company's target is to have a debt ratio of around 2.5 times net debt/adjusted EBITDA. At 31 Dec 2019 it was 1.3.

Bravida's target is to pay out a minimum of 50% of the Group's consolidated net earnings while also taking account of other factors such as financial position, cash flow and growth opportunities.

Bravida's loan agreements specify key financial performance indicators (covenants) that the Group is required to meet, which is customary for this type of loan. At year-end, Bravida met these covenants by a wide margin.

PARENT COMPANY
Restricted funds
Restricted funds may not be reduced through the payment of dividends.

Non-restricted equity
Share premium reserve
Comprises the value of shares issued to the share premium reserve, i.e. more than the shares' quotient value has been paid for the shares.

The amount received in excess of the quotient value has been transferred to the share premium reserve.

Retained earnings
Comprises the previous year's unrestricted equity after any payment of a dividend.

Retained earnings and profit/loss for the year make up non-restricted equity, i.e. the amount that is available for dividend payments to the shareholders.

Proposed allocation of profit
The Board proposes that the parent company's non-restricted equity of SEK 4,443,623,898 be allocated as follows:

Shareholders receive a dividend of SEK 2.25 per ordinary share	455,826,983
Share premium reserve	3,517,757,028
Carried forward	470,039,887
Total	**4,443,623,898**

NOTE 21. INTEREST-BEARING LIABILITIES

The following is a presentation of the contractual terms applying to the company's interest-bearing liabilities. For further information about the company's exposure to interest rate risk and the risk of changes in exchange rates, see Note 25.

	Group		Parent company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
NON-CURRENT LIABILITIES				
Credit institution loans	500	1,300	500	1,300
Lease liability	700	–	–	–
	1,200	**1,300**	**500**	**1,300**
CURRENT LIABILITIES				
Utilised facility	600	800	600	800
Commercial papers	895	–	895	–
Lease liability	340	–	–	–
	1,835	**800**	**1,495**	**800**
Amount out of liability item that is expected to be paid within 12 months from balance sheet date	1,835	800	1,495	800
Amount out of liability item that is expected to be paid later than 5 years from balance sheet date	–	–	–	–

On 14 October 2019, Bravida signed a new Multicurrency Revolving Credit Facility of SEK 2,500 million. The term is 3 years with an option for an additional 1+1 year. Bravida has a Swedish commercial paper programme. The size of this programme is SEK 2,000 million (2,000) and total borrowings under this programme are SEK 895 million (800). For terms and repayment times see table below.

	2019				2018	
	Maturity	**Nominal interest**	**Nominal value**	**Carrying amount**	**Nominal value**	**Carrying amount**
Utilised bank facility	2022	0.95%	600	600	–	–
Credit institution loans	2022	0.92%	500	500	1,300	1,300
Commercial papers	2020	0.43%	895	895	800	800
Total interest-bearing liabilities			**1,995**	**1,995**	**2,100**	**2,100**

The liabilities are subject to certain covenants relating to the company's earnings and financial position. For further information about loans, see also Note 25.

Credit facilities/limits	Group		Parent company	
SEK million	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Credit facilities/limits granted	2,500	2,900	2,500	2,900
Undrawn portion	-1,900	-1,568	-1,900	-1,568
Drawn credit facilities	**600**	**1,332**	**600**	**1,332**
CREDIT LIMIT GRANTED, BY COUNTRY				
Sweden	2,500	2,900	2,500	2,900
Total credit limit granted, SEK million	**2,500**	**2,900**	**2,500**	**2,900**

Drawn credit facility includes SEK 0 million (31.6) allocated for a warranty facility. For further information about credit facilities, see also Note 25.

Assets pledged as collateral for liabilities to credit institutions	Group		Parent company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Floating charges	43	43	–	–
	43	**43**	**–**	**–**

For information regarding assets pledged as collateral, see also Note 27.

NOTE 22. PROVISIONS

	Group	
	31 Dec 2019	31 Dec 2018
PROVISIONS THAT ARE NON-CURRENT LIABILITIES		
Warranties	70	70
Other	7	7
	77	**77**
PROVISIONS THAT ARE CURRENT LIABILITIES		
Warranties	70	70
Disputes	15	26
Restructuring costs	6	3
Provision for project losses	15	23
Other	38	47
	144	**169**
Total provisions	**221**	**246**

Warranties
Refers to the expected cost of correcting faults and defects in respect of completed projects that occur during the warranty periods for the projects. The outflow of resources takes place during the warranty periods for the projects, which normally range from two to five years. As the effect of when payment is made is not material, expected future outgoing payments are not discounted to present value.

Disputes
The provision is based on an individual risk assessment for unresolved disputes at the balance sheet date.

Restructuring measures
Restructuring measures include items such as costs for staff reductions.

A provision is recognised when a detailed restructuring plan has been adopted and the restructuring has been initiated or publicly announced. No provision is made for future operating expenses.

Loss provision, contracts
Installation projects are recognised over time (previously percentage-of-completion method). Individual provisions are made for expected losses, i.e. when the project costs are expected to exceed the total project income.

Change in provisions in 2019	**Warranty commitments**	**Disputes**	**Restructuring measures**	**Provision for project losses and other**	**Total**
Carrying amount at start of period	140	26	3	78	247
Provisions made during the period	73	2	7	77	159
Amount used during the period	-78	-14	-4	-106	-202
Provisions in acquired companies	4	–	–	10	14
Foreign exchange difference	1	1	–	1	3
Carrying amount at year-end	**140**	**15**	**6**	**60**	**221**

Change in provisions in 2018	**Warranty commitments**	**Disputes**	**Restructuring measures**	**Provision for project losses and other**	**Total**
Carrying amount at start of period	143	31	4	72	250
Provisions made during the period	73	0	0	45	118
Amount used during the period	-81	-6	-2	-51	-140
Provisions in acquired companies	3	–	–	11	14
Foreign exchange difference	2	1	0	1	4
Carrying amount at year-end	**140**	**26**	**3**	**78**	**246**

NOTE 23. OTHER LIABILITIES

	Group		Parent company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Value-added tax liability	254	208	–	–
Employee withholding taxes	151	159	1	1
Other operating liabilities	281	288	0	0
Accrued holiday pay and salaries	1,216	1,094	21	18
Accrued social security contributions	422	409	7	11
Accrued interest expenses	2	4	2	4
Accrued expenses and deferred income	39	64	1	2
	2,365	**2,225**	**31**	**36**

NOTE 24. VALUATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

The following table shows carrying amounts and fair values for financial instruments. For interest-bearing assets and liabilities, fair value has been determined by discounting future payment flows at the market interest rate applying at the balance sheet date. The carrying amounts of trade receivables and trade payables are assessed to be the same as the fair values. The discount rate is the market interest rate for similar instruments at the balance sheet date.

Fair value hierarchy

- Level 1 refers to fully observable data, unadjusted listed prices on an active market for identical assets and liabilities to which the company has access at the time of valuation.
- Level 2 refers to observable data, other than the listed prices of level 1, which is directly or indirectly observable.
- Level 3 refers to non-observable data for assets or liabilities.

An asset or liability is included in its entirety in one of the three levels, based on the lowest level of input data that is material to the valuation.

Group 31 Dec 2019	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
Securities held as non-current assets	12	–	–	12	12
Non-current receivables	–	13	–	13	13
Trade receivables	–	3,540	–	3,540	3,540
Accrued income	–	165	–	165	165
Other receivables	–	1	–	1	1
Cash and cash equivalents	–	972	–	972	972
Total assets	**12**	**4,691**	**–**	**4,703**	**4,703**
Non-current liabilities to credit institutions	–	–	500	500	500
Current liabilities to credit institutions	–	–	600	600	600
Commercial papers	–	–	895	895	895
Overdraft facilities	–	–	–	–	–
Trade payables	–	–	2,239	2,239	2,239
Other liabilities	–	–	370	370	370
Accrued expenses	–	–	41	41	41
Total liabilities	**–**	**–**	**4,645**	**4,645**	**4,645**

Group 31 Dec 2018	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
Securities held as non-current assets	12	–	–	12	12
Non-current receivables	–	13	–	13	13
Trade receivables	–	3,378	–	3,378	3,378
Accrued income	–	241	–	241	241
Other receivables	–	0	–	0	0
Cash and cash equivalents	–	735	–	735	735
Total assets	**12**	**4,368**	**–**	**4,380**	**4,380**
Non-current liabilities to credit institutions	–	–	1,300	1,300	1,300
Commercial papers	–	–	800	800	800
Overdraft facilities	–	–	–	–	–
Trade payables	–	–	2,058	2,058	2,058
Other liabilities	–	–	336	336	336
Accrued expenses	–	–	68	68	68
Total liabilities	**–**	**–**	**4,562**	**4,562**	**4,562**

Parent company 31 Dec 2019	Loan and trade receivables measured at amortised cost	Other financial liabilities measured at amortised cost	Total carrying amount	Fair value
Current receivables from Group companies	1,629	–	1,629	1,629
Cash and cash equivalents	–	811	811	811
Total assets	**1,629**	**811**	**2,440**	**2,440**
Non-current liabilities to credit institutions	–	500	500	500
Current liabilities to credit institutions	–	600	600	600
Commercial papers	–	895	895	895
Current liabilities to Group companies	–	2,838	2,838	2,838
Trade payables	–	4	4	4
Other liabilities	–	1	1	1
Accrued expenses	–	3	3	3
Total liabilities	**–**	**4,840**	**4,840**	**4,840**

Parent company 31 Dec 2018	Loan and trade receivables measured at amortised cost	Other financial liabilities measured at amortised cost	Total carrying amount	Fair value
Current receivables from Group companies	1,608	–	1,608	1,608
Cash and cash equivalents	–	624	624	624
Total assets	**1,608**	**624**	**2,232**	**2,232**
Non-current liabilities to credit institutions	–	1,300	1,300	1,300
Commercial papers	–	800	800	800
Current liabilities to Group companies	–	2,212	2,212	2,212
Trade payables	–	3	3	3
Other liabilities	–	1	1	1
Accrued expenses	–	6	6	6
Total liabilities	**–**	**4,322**	**4,322**	**4,322**

NOTE 25. FINANCIAL RISKS AND FINANCIAL POLICIES

Financial risks and financial policies

Through its operations the Group is exposed to various types of financial risks. Financial risk refers to fluctuations in the company's earnings and cash flow as a result of changes in exchange rates, interest rates, and refinancing and credit risks. The Group's financial management is governed by the applicable financial policy, which is adopted by Bravida's Board of Directors and constitutes a framework of guidelines and rules in the form of risk mandates and limits for the company's financial activities. The Treasury Unit is responsible for coordinating the Group's financial activities. The overall objective for the Treasury Unit is to provide cost-effective financing and to minimise negative effects on the Group's earnings that derive from financial risk.

Market risk

Market risk is the Group's risk that the fair value of financial instruments or future cash flows from financial instruments will fluctuate as a result of changes in market prices. The Group's main market risks are interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk of interest rate changes having an adverse effect on the Group's future earnings and cash flow. The Group is primarily exposed to interest rate risk through cash and cash equivalents and through interest-bearing liabilities. The average fixed-rate period for all interest-bearing assets was 0 years (0). The interest rate for interest-bearing assets at year-end was 0% in SEK, DKK and EUR, and in NOK the interest rate was 1.48% (0.91). Of the Group's total interest-bearing financial assets, 0% (0) have fixed interest rates and 100% (100) have variable interest rates. The average fixed-rate period for all interest-bearing liabilities, excluding pension liabilities, was 0 years (0). The interest rate for interest-bearing liabilities at year-end was 0.71% (0.84). Of total interest-bearing financial liabilities, 0% (0) have fixed interest rates and 100% (100) have variable interest rates.

Currency risk

Currency risk is defined as the risk that changes in exchange rates will have a negative impact on the consolidated income statement and cash flow. This risk can be divided into transaction exposure, i.e. the net operating and financial (interest/repayments) flows, and translation exposure, which relates to net investments in foreign Group companies.

Bravida's transaction exposure is low, as both sales and purchases are largely made in local currency. Translation exposure arises when assets and liabilities are denominated in different currencies, and when the earnings and net assets of foreign subsidiaries are translated to Swedish kronor. For the Group, translation risk arises for subsidiaries in Norway, Denmark and Finland. Assets and liabilities in foreign currency are translated at the rate at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that the Group will face problems meeting its obligations associated with financial liabilities. The Group has a rolling three-month liquidity planning system that covers all units in the Group. The plans are updated continuously. The Group's forecasts also comprise medium-term liquidity planning. Liquidity planning is used to manage liquidity risk and the costs of funding the Group. The goal is to ensure that the Group is able to meet its financial obligations regardless of economic climate without incurring significant unforeseen expenses. Liquidity risk throughout the Group is managed by the central Treasury Unit.

Credit facilities

The Group has bank loans of SEK 500 million (1,300) and a revolving facility of SEK 2,500 million (1,500). SEK 600 million of the revolving facility was used at the turn of the year. The loan and revolving facility agreements specify key financial performance indicators (covenants) that the Group is required to meet. At year-end, Bravida met these covenants by a good margin. At year-end, the Group's cash and cash equivalents totalled SEK 972 million (735).

Nominal liquidity reserve totalled SEK 3,972 million (3,635), of which the portion utilised was SEK 1,100 million (1,332). The available liquidity reserve was SEK 2,872 million (2,303). The remaining term of the revolving credit is 34 (22) months.

Maturity structure of financial liabilities

Group 31 Dec 2019*	2020	2021	2022	2023
Borrowings	614	5	503	–
Overdraft facilities	–	–	–	–
Trade payables	2,239	–	–	–
Commercial papers	895	–	–	–
Accrued expenses	2	–	–	–
Total	**3,750**	**5**	**503**	**–**

*Lease maturity structure can be found in Note 26

Group 31 Dec 2018	2019	2020	2021	2022
Borrowings	17	1,314	–	–
Overdraft facilities	–	–	–	–
Trade payables	2,058	–	–	–
Commercial papers	800	–	–	–
Accrued expenses	4	–	–	–
Total	**2,880**	**1,314**	**–**	**–**

Parent company 31 Dec 2019	2020	2021	2022	2023
Borrowings	614	5	503	–
Overdraft facilities	–	–	–	–
Trade payables	4	–	–	–
Commercial papers	895	–	–	–
Accrued expenses	2	–	–	–
Total	**1,515**	**5**	**503**	**–**

Parent company 31 Dec 2018	2019	2020	2021	2022
Borrowings	17	1,314	–	–
Overdraft facilities	–	–	–	–
Trade payables	3	–	–	–
Commercial papers	800	–	–	–
Accrued expenses	4	–	–	–
Total	**824**	**1,314**	**–**	**–**

Credit facilities

Group 31 Dec 2019	Nominal	Drawn	Available
Credit institution loans	500	500	–
Revolving facilities	2,500	600	1,900
Overdraft facilities	–	–	–
Cash and cash equivalents	972	–	972
Liquidity reserve	**3,972**	**1,100**	**2,872**

Group 31 Dec 2018	Nominal	Drawn	Available
Credit institution loans	1,300	1,300	–
Revolving facilities	1,500	32	1,468
Overdraft facilities	100	–	100
Cash and cash equivalents	735	–	735
Liquidity reserve	**3,635**	**1,332**	**2,303**

Fixed-rate period for drawn credit	31 Dec 2019	31 Dec 2018
Amount	1,995	2,100
Average effective interest rate, %	0.71%	0.84%
Share, %	100	100
Fixed-rate period	Variable	Variable

Exposure of net assets in foreign currency

The translation exposure that arises through investments in foreign net assets is not hedged.

Foreign net assets

	Group	
Local currency	31 Dec 2019	31 Dec 2018
NOK	1,468	1,323
DKK	293	267
EUR	12	12

A 10% strengthening of the Norwegian krone at 31 December 2019 would have a positive translation effect on equity of SEK 155 million. The same increase in the value of the Danish krone would have a positive translation effect on equity of SEK 41 million. The same increase in the value of the euro would have a positive translation effect on equity of SEK 13 million.

The foreign exchange difference for the year in comprehensive income was SEK 15 million (44).

Commercial exposure

International purchases and sales of goods and services in foreign currencies are limited in scope but can be expected to increase as the Group expands and in response to mounting competition in respect of purchasing of goods and services.

Credit risk

Credit risk refers to the risk of losing money due to the inability of a counterparty to meet its obligations.

Credit risk in financing activities

The credit risk in the Group's financing activities is very small, as Bravida only concludes agreements with counterparties with the highest creditworthiness. Credit risk refers mainly to counterparty risks in connection with receivables from banks and other counterparties. The Group's financial policy contains a set of counterparty regulations specifying maximum credit exposures for different counterparties. The estimated gross exposure to counterparty risk in respect of cash and cash equivalents and short-term investments was SEK 972 million (735).

Credit risk in trade receivables and contract assets

The risk that the company's customers will not fulfil their commitments, i.e that it will not receive payment from its customers, constitutes a customer credit risk. Credit losses are normally small thanks to the very large number of projects and customers, which are invoiced regularly during the period of production. The credit risk of customers is assessed, where information about the customer's financial position is obtained from various credit information companies. The Group has a credit policy for the management of customer credits. The policy states, among other things, where decisions should be made on credit limits of various sizes and how doubtful receivables should be handled. A bank guarantee or other security is required for customers with low creditworthiness or an insufficient credit history. The maximum credit exposure is stated in the consolidated balance sheet. Total credit losses for the year were SEK 7 million (17). There was no significant concentration of credit risk at the balance sheet date.

The Group applies the simplified method for calculating expected credit losses. This method involves expected losses over the duration of a receivable being used as the basis for trade receivables and contract assets. Expected credit loss levels are based on customers' payment history. Historical losses are then adjusted to take account of current and forward-looking information that could affect customers' ability to pay a receivable. Based on historical data, the Group makes the assessment that no significant impairment of trade receivables that are not yet past due has been made at the balance sheet date.

Contract assets refer to revenue accrued but not invoiced and are assessed to have the same properties as revenue already invoiced. As a result, the same weighted loss percentage is used for contract assets as is used for trade receivables.

2019

	Group			
Loss matrix – trade receivables and contract assets	**Trade receivables, gross**	**Contract assets**	**Weighted loss percentage**	**Loss provision**
Not past due	2,788	1,514	0.01	-1
Past due 1–15 days	355	–	0.32	-1
Past due 16–30 days	68	–	4.49	-11
Past due 31–60 days	67	–	12.03	-31
Past due > 60 days	376	–	26.92	-70
Total	**3,654**	**1,514**		**-114**

2018

	Group			
Loss matrix – trade receivables and contract assets	**Trade receivables, gross**	**Contract assets**	**Weighted loss percentage**	**Loss provision**
Not past due	2,539	1,235	0.03	-1
Past due 1–15 days	427	–	0.21	-1
Past due 16–30 days	95	–	0.94	-1
Past due 31–60 days	53	–	9.59	-5
Past due > 60 days	345	–	21.23	-73
Total	**3,459**	**1,235**		**-81**

	Group	
Loss provision/impaired trade receivables	31 Dec 2019	31 Dec 2018
Opening balance	-81	-84
Change for the year	-33	3
Closing balance	**-114**	**-81**

	Group	
Sensitivity analysis	**Change +/-**	**Effect on profit before tax +/-**
Sales	1%	11
EBITA margin	1 percentage point	204
Payroll costs	1%	73
Materials and subcontractors	1%	86
Share of productive installer time	1 percentage point	100
Interest rate on loans	1 percentage point	20
Exchange rate DKK	10%	20
Exchange rate NOK	10%	24
Exchange rate EUR	10%	2

NOT 26. LEASES

The Bravida Group leases mainly properties and vehicles. For a specification of the rights-of-use assets see Note 12 Right-of-use assets. Interest expenses for the year attributable to leases totalled SEK 24 million, see also Note 8 Net financial income/expense. For carrying amounts, amortisation and additional values of right-of-use assets, see Note 12 Right-of-use assets. Costs of leases that are short and of low value total insignificant amounts.

The disclosures below are in accordance with IFRS 16 Leases for 2019 and IAS 17 Leases for 2018, as the application of IFRS 16 is forward-looking from 2019.

Property leases

The Group leases properties mainly for office and warehouse premises. Leases normally have a term of between three and five years, and there are also leases with a longer term. It is usual for it to be possible for the lease period to be extended by additional periods if the Group does not terminate the agreement with 6 to 12 months' notice.

Where possible, the Group attempts to include such options in new leases. Whether it is reasonably certain that additional periods will be used is determined on the start date of the lease. Most premises that are leased are not of such significance to the Group and it is not so costly to find and move to other premises that it is reasonably certain that the Group will use additional periods, and it is therefore most common for the lease period to correspond to the agreed lease term without extensions. The Group reconsiders whether it is reasonably certain that an extension option will be exercised if an important event takes place or significant circumstances arise that are within the Group's control.

Some leases contain lease payments that are based on changes in local price indices. The lease liability and the right-of-use asset are revalued when any indexation of lease payments takes effect. There are variable property tax charges in most of the leases.

Vehicle leasing

The Group leases vehicles, company cars and service vans, with lease periods of three to five years. In some cases there are extension options, mainly linked to service vans. With regard to vehicles, most of the vehicles are covered by residual value guarantees.

Maturity structure of lease debt at 31 Dec 2019	Properties	Cars	Total
2020	158	195	352
2021	140	111	251
2022	107	72	179
2023	67	34	101
2024	46	9	54
After 2024 and not later than 2029	108	0	108
After 2029	16	–	16
Total payments	**641**	**420**	**1,061**

Total liability according to the balance sheet	**1,040**
of which short liability	340
of which long liability	700

The disclosures below refer to 2018 when IAS 17 was applied Operating leases	Group	Parent company
	1 Jan 2018 –31 Dec 2018	1 Jan 2018 –31 Dec 2018
ASSETS HELD UNDER OPERATING LEASES		
Minimum lease payments	370	0
Total lease costs	**370**	**0**
BREAKDOWN OF LEASE PAYMENTS BY AGREEMENT		
Lease payments, rent for premises	160	–
Lease payments, vehicles	208	0
Lease payments, IT	0	–
Lease payments, other	2	–
Total lease costs	**370**	**0**

	Group	Parent company
	1 Jan 2018 –31 Dec 2018	1 Jan 2018 –31 Dec 2018
FUTURE LEASE COMMITMENTS		
Nominal value of future minimum lease payments regarding non-cancellable contracts due for payment:		
- Within 1 year	166	0
- Between 1 and 5 years	235	0
- After 5 years	0	–
	402	**1**
		–
FUTURE COMMITMENTS, RENT FOR PREMISES		
Nominal value of future commitments in respect of rent for premises fall due for payment:		
- Within 1 year	162	–
- Between 1 and 5 years	335	–
- After 5 years	28	–
	525	**–**

Rents for premises, vehicles, office equipment and IT equipment are classified as operating leases. In Sweden, Norway, Denmark and Finland Bravida has framework agreements covering operating leases for vehicles and related administrative services. The terms of the leases normally range from three to five years. The purchase of leased assets and the extension of leases require a separate agreement.

NOTE 27. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
PLEDGED ASSETS				
For own liabilities and provisions				
Floating charges	43	43	–	–
Funds, endowment policies	27	29	–	–
	70	**72**	**–**	**–**
CONTINGENT LIABILITIES				
For own liabilities and provisions				
Guarantee commitments, FPG/PRI	24	23	–	–
Guarantee commitments, for Group companies	–	–	1,148	1,138
	24	**23**	**1,148**	**1,138**

Bravida Holding AB has acted as guarantor for Bravida Sverige AB's pension liabilities, which in turn are guaranteed by PRI. Bravida Sverige AB also has a pension fund containing assets that more than cover the liability.

NOTE 28. TRANSACTIONS WITH RELATED PARTIES

Relationships

The parent company's subsidiaries are reported in Note 29, 'Investments in Group companies'. Investments in associates are reported in Note 14, 'Investments in associates'. Information about Board members and Group management, along with their remuneration, is presented in Note 5, 'Employees and personnel costs and remuneration of senior executives,' and in the Corporate Governance Report.

Transactions

Transactions with related parties are priced on market terms.
The parent company Bravida Holding AB is the primary account holder of the Group's cash pool.

The table below lists the parent company's transactions with subsidiaries:

	Parent company	
	31 Dec 2019	31 Dec 2018
Revenue		
Sales	184	173
Dividend	86	231
Group contributions	64	290
Interest income	21	17
Costs		
Operating expenses	-8	-7
Group contributions	-53	-15
Interest expense	-5	-3
Receivables	**1,629**	**1,608**
Liabilities	**2,838**	**2,212**

NOTE 29. INVESTMENTS IN GROUP COMPANIES

	Parent company	
The parent company's investments in Group companies	31 Dec 2019	31 Dec 2018
ACCUMULATED COST		
At start of year	7,341	7,341
Carrying amount at end of period	**7,341**	**7,341**

Bravida Holding AB owns shares directly in Bravida AB. The other Group companies listed below are indirectly owned. Carrying amounts are in SEK thousand, unless otherwise stated.

Itemisation of investments in Group companies

Group company / Company reg. no. / Reg. office		No. of shares	Proportion in, % [1]	Book value
		31 Dec 2019		
Bravida AB, 556713-6519, Stockholm		1,012,429,900	100.0	7,341,332
Bravida Sverige AB, 556197-4188, Stockholm		20,000	100.0	2,543,983
Bravida Prenad AB, 556454-1315, Malmö		50,000	100.0	103,044
Bravida Säkerhet AB, 556193-1832, Stockholm		5,100	100.0	24,961
San Tek Kameraövervakning AB, 559197-4570, Jönköping		50,000	100.0	1,000
Byggnadsaktiebolaget Konstruktör, 556012-3670, Stockholm		1,485,417,130	100.0	502
Erfator Projektledning AB, 556401-7795, Stockholm		1,000	100.0	14,022
E/S Intressenter AB, 556564-6741, Skellefteå		1,000	100.0	15,238
E/S Elconsult AB, 556311-0633, Skellefteå		1,000	100.0	432
E/S Installation AB, 556306-0838, Skellefteå[2]		1,000	100.0	415
E/S Styromatic AB, 556111-9248, Skellefteå		1,000	100.0	1,028
Juhl Air Control AB, 556308-0356, Kävlinge		2,000	100.0	229
R. Nilssons Elektriska Aktiebolag, 556074-1745, Kristianstad[2]		10,000	100.0	20,497
OCM Vent AB, 556861-6303, Gothenburg[2]		715	100.0	7,612
El & Tele Installation AB, 556753-4507, Enköping		1,000	100.0	3,896
Inomhusklimat i Stockholm AB, 556341-9851, Stockholm		25,000	100.0	6,090
Sala Elektriska AB, 556676-8965, Sala		1,000	100.0	3,020
Telesupport i Hökåsen AB, 556582-4140, Västerås		2,500	100.0	1,052
Nyheden Fällfors El AB, 556837-0448, Ersmark		6,000	100.0	6,684
ABEKA El & Kraftanläggningar AB, 556515-7012, Nyköping		6,000	87.5	96,720
Lindstens Elektriska AB, 556097-8255, Tomelilla		100	100.0	42,046
Karlshamn Rörmontage AB, 556703-2627, Karlshamn		1,000	100.0	1,300
Elbolaget Glödlampan AB, 556455-3666, Flen		750	100.0	4,306
Strängnäs Elmän AB, 556557-3432, Strängnäs		1,000	100.0	1,300
Bravida Örnsköldsvik El AB, 556416-0371, Örnsköldsvik		1,000	100.0	5,405
Herberts Rör Aktiebolag, 556409-5221, Stenungsund		1,000	100.0	5,463
El-teknik i Gävle AB, 556281-3948, Gävle		4,000	100.0	1,900
AB Venair, 556127-2948, Stockholm		500	100.0	22,537
Karby VVS AB, 556627-5151, Stockholm		1,000	100.0	8,943
Sprinklerinstallationer Sverige AB, 556886-1404, Säffle		500	100.0	107
NPI Ventilation AB, 556833-0871, Kristinehamn		50	100.0	7,600
AM Elektriska AB, 556515-5529, Gothenburg		1,000	100.0	11,965
Bravida Danmark A/S, 14769005, Brøndby, Denmark		4	100.0	260,859
Bravida Norge Holding AS, 998 121 221, Oslo, Norway		30	100.0	909,021
Bravida Norge AS, 987 582 561, Oslo, Norway	NOK thousand	10,796,137	100.0	788,678
Oras AS, 922070679, Oslo, Norway	NOK thousand	30	100.0	30,000
Oras Industrirör AS, 934541588, Oslo, Norway	NOK thousand	200	100.0	200
Oslo Rörleggerbedrift AS, 947880675, Oslo, Norway	NOK thousand	100	100.0	100
Bravida Finland Oy, 2528874-1, Helsinki, Finland		2,500	100.0	172,509
Ab Hangö Elektriska - Hangon Sähkö Oy, 1998764-2, Hanko, Finland	EUR thousand	1,000	100.0	6,469

[1] Refers to the proportion of ownership of equity, which is also consistent with the share of voting rights for the total number of shares.
[2] Merger initiated in 2019 and completed in the first quarter of 2020.

NOTE 30. STATEMENT OF CASH FLOWS

	Note	Group 1 Jan 2019 –31 Dec 2019	Group 1 Jan 2018 –31 Dec 2018	Parent company 1 Jan 2019 –31 Dec 2019	Parent company 1 Jan 2018 –31 Dec 2018
ADJUSTMENTS FOR NON-CASH ITEMS, ETC.					
Depreciation/amortisation and impairment of assets	7, 11, 12, 13	417	33	–	–
Capital gain/loss on disposals of businesses/subsidiaries		–	–	–	–
Pension provisions		17	22	–	0
Change in provisions		-42	24	–	–
Shareholder programme costs		24	23	24	23
Other		7	2	–	–
Total		**423**	**105**	**24**	**24**
INTEREST RECEIVED AND PAID					
Interest received		2	3	23	20
Interest paid		-51	-32	-29	-31
UNDRAWN CREDITS					
Undrawn credit facilities total	21	-1,900	-1,568	-1,900	-1,568

Reconciliation of liabilities attributable to financing activities and reconciliation of net debt

Below is an analysis of liabilities attributable to financing activities and reconciliation of net debt for the periods shown.

Group	Liabilities attributable to financing activities: Non-current liabilities	Current liabilities	Lease liability	Overdraft facility	Total	Cash and cash equivalents	Net debt
Balance at 1 Dec 2018	-1,700	-1,000	–	-1	-2,701	839	-1,862
Cash flow	400	200	–	1	601	-111	490
Foreign exchange differences	–	–	–	–	–	7	7
Balance at 31 Dec 2018	**-1,300**	**-800**	**–**	**–**	**-2,100**	**735**	**-1,365**
Transition to IFRS 16	–	–	-1,018	–	-1,018	–	-1,018
Cash flow	800	-695	372	–	477	215	692
Non-cash items	–	–	-379	–	-379	–	-379
Foreign exchange differences	–	–	-15	–	-15	22	22
Balance at 31 Dec 2019	**-500**	**-1,495**	**-1,040**	**–**	**-3,035**	**972**	**-2,063**

Reconciliation of net debt

Group	31 Dec 2019	31 Dec 2018
Non-current loan liabilities	-500	-1,300
Current loan liabilities	-1,495	-800
Lease liabilities	-1,040	–
Overdraft facilities	–	–
Total	**-3,035**	**-2,100**
Cash and cash equivalents	972	735
Net debt	**-2,063**	**-1,365**

NOTE 31. EVENTS AFTER THE BALANCE SHEET DATE

On 2 January Bravida completed the acquisition of ICS Industrial Cooling System A/S in Denmark.
On 1 January Bravida acquired the installation business of Rakkestad Energi in Norway.
Bravida has signed an agreement to acquire Rörteamet Själevad AB in Sweden on 1 March 2020.
Bravida has signed an agreement to acquire Ventilationskontroll & Plåt i Kiruna AB in Sweden on 1 March 2020.

The Board of Directors and Chief Executive Officer certify that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated financial statements give a true and fair view of the parent company's and Group's financial positions and results. The Directors' Report for the parent company and Group gives a true and fair overview of the development of the parent company's and Group's activities, their financial position and earnings, and describes significant risks and uncertainties faced by the parent company and the companies included in the Group.

Stockholm, 17 March 2020

Fredrik Arp
Chairman

Jan Johansson
Board member

Mikael Norman
Board member

Marie Nygren
Board member

Staffan Påhlsson
Board member

Cecilia Daun Wennborg
Board member

Mattias Johansson
Chief Executive Officer

Jan Ericson
Employee representative

Geir Gjestad
Employee representative

Anders Mårtensson
Employee representative

Örnulf Thorsen
Employee representative

Our audit report was submitted on 19 March 2020.
KPMG AB

Anders Malmeby
Authorised Public Accountant

As stated above, the annual accounts and consolidated financial statements were approved for release by the Board of Directors on 17 March 2020. The consolidated statement of comprehensive income and balance sheet and the parent company income statement and balance sheet will be submitted for adoption at the Annual General Meeting on 24 April 2020.

AUDIT REPORT

To the General Meeting of the Shareholders of Bravida Holding AB (publ), corporate identity number 556891-5390

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Bravida Holding AB (publ) for the year 2019, except for the corporate governance statement on pages 108-113 and the sustainability report on pages 34-47. The annual accounts and consolidated accounts of the company are included on pages 53-104 of 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. Our opinions do not cover the corporate governance statement on pages 108-113 and sustainability report on pages 34-47. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with Article 11 of the Audit Regulation (537/2014).

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on our best knowledge and beliefs, no prohibited services referred to in Article 5(1) of the Audit Regulation (537/2014) have been provided to the audited company or, where appropriate, its parent or its controlled company in the EU.

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

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenues from installation contracting and earnings thereto

See Note 18 and accounting policies on page 72 of the annual accounts and consolidated financial statements for detailed on and description of the matter.

Description of the matter

With effect from 2018, the company applies IFRS 15 Revenue from Contracts with Customers. Performance commitments attributable to installation assignments are usually fulfilled over time. This means that the revenue is recognised over time where the course is measured against full compliance with the performance commitment. The results are presented in line with the project completion rate. The percentage of completion depends on actual costs in relation to the total projected costs for each project. The latter may change during the life cycle of the projects which in turn may have a significant impact on reported revenue and earnings. Unforeseeable costs may also have to be included in the assessments to take project risks or disputed claims into account. These items are regularly assessed by the Group and are adjusted if necessary. Alterations and additional work are taken into account when the Group considers the amounts which will be obtained. Based on the above, there is a large element of assessments from the Group, which in turn affects the recognition of revenue.

Response in the audit

We have evaluated the Group's processes for review and assessment of installation contracts, including the identification and recognition of loss-making projects and/or high-risk projects.

We have further, among other things:

- evaluated the financial performance against budget and historical outcomes to assess the Group's ability to forecast
- challenged management's forecasts take account of unforeseen expenses and identified claims from customers
- assessed whether the risks and opportunities in projects are reflected in a balanced way in the accounts

Valuation of goodwill (Group) and shares in subsidiaries (parent company)

See Note 11 (Group) and Note 29 (parent company) and accounting policies on page 73 (Group) and page 76 (parent company) in the annual accounts and financial statements for detailed information and description of the matter.

Description of the matter

The Group's balance sheet includes goodwill, SEK 8.7 billion, which primarily pertains to historical acquisitions. The risk primarily pertains to any need for impairment of goodwill attributable to a cash-generating unit which may exist. Due to the inherent uncertainty involved in future forecasting and discounted cash flows, which are the basis for impairment testing, this is one of the maters containing material assessment issues.

The Group annually carries out impairment testing of goodwill based on discounted cash flows from the cash-generating units (recoverable amounts are calculated). This is calculated using certain assumptions concerning discount rates, growth rates and cash flow forecasts.

Corresponding impairment test is carried out by the parent company regarding the value of shares in subsidiaries. The calculation conditions are similar to the descriptions above regarding goodwill.

Response in the audit

Our procedures included assessing the key assumptions applied by the Group in determining the recoverable amount of each cash-generating unit. Among other things, we have:

- considered the consistency and appropriateness of the allocation of businesses and related goodwill balances to the various cash-generating units;
- assessed the underlying assumptions in determining the cash flows and growth assumptions applied with reference to historical outcomes and macroeconomic aspects;
- challenged the assumptions regarding discount rates used and compared these against external sources;
- made an assessment of the Group's sensitivity analysis, including a reasonable reduction in growth rates and cash flows for
- identification of audit areas for further focus.

We have also assessed whether the Group's additional information adequately describes the assumptions in the impairment tests.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

This document also contains other information than the annual accounts and consolidated accounts, which can be found on pages 1-52 and 108-118. The Board of Directors and the Chief Executive Officer are responsible for this other information.

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND OF THE CHIEF EXECUTIVE OFFICER

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

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the Chief Executive Officer are responsible for assessment of the company's and Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and apply the going concern basis of accounting. The going concern basis of accounting is not, however, applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, cease operations, or do not have any realistic alternative to doing any of this.

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

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that contains 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 financial statements.

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 applied and the reasonability of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer'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 financial statements. 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 financial statements, including the disclosures, and whether the annual accounts and consolidated financial statements 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 units or business activities within the Group to express an opinion on the consolidated financial statements. 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, focus and timing of the audit. We must also report significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated statements, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless laws or other statutory instruments preclude disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the administration by the Board of Directors and Chief Executive Officer of Bravida Holding 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 Chief Executive Officer 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 section on Auditor's Responsibilities. 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 OF THE CHIEF EXECUTIVE OFFICER

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 demands which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

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

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

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer 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 contraventions 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.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors is responsible for the corporate governance report on pages 108-113 and for it being prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is 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.

A corporate governance statement has been prepared. Information in accordance with Chapter 6. Section 6 second paragraph points 2-6 of the Annual Accounts Act and Chapter 7 Section 31 second paragraph of the same Act is consistent with the other parts of the annual accounts and consolidated financial statements and is in accordance with the Annual Accounts Act.

THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

The Board of Directors is responsible for the sustainability report on pages 34-47 and for it being prepared in accordance with the Annual Accounts Act.

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.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Bravida Holding AB (publ) by the general meeting of shareholders on 26 April 2019. KPMG AB or auditors working at KPMG AB have been the company's auditor since 2012.

Stockholm, 19 March 2020

KPMG AB

Anders Malmeby
Authorised Public Accountant

CORPORATE GOVERNANCE REPORT

For Bravida, which has a decentralised organisational structure, good corporate governance is essential and a very important part of its core business operations. Governance, management and control are distributed between the shareholders, the Board of Directors, the Chief Executive Officer and company management in accordance with applicable laws, rules and recommendations and Bravida's Articles of Association, the Board's rules of procedure, instructions for the Chief Executive Officer and other internal instructions.

Bravida Holding AB (publ) is a Swedish public limited company, with registered office in Stockholm, whose ordinary shares are listed on Nasdaq Stockholm. The Corporate Governance Report is not part of the formal annual accounts documentation.

Corporate governance

The general meeting of the company is the company's highest decision-making body at which shareholders exercise their right to vote. The Board of Directors and the Chairman of the Board are elected by the Annual General Meeting. The Board appoints the Chief Executive Officer (CEO). The Board and CEO's administration and the company's financial reporting are audited by the external auditor appointed by the AGM. In order to streamline and strengthen work on certain issues, the Board has established an Audit Committee and a Remuneration Committee.

Bravida applies the Swedish Corporate Governance Code (the Code) and did not deviate from this in any respect in 2019. Bravida Holding AB complies with Nasdaq Stockholm's Regulations for Issuers and good equity market practice. The most important internal governance instrument is the Articles of Association adopted by the general meeting of the company. In addition to this are the Board's rules of procedure and the Board's instructions for the CEO. Internal policies and instructions that clarify responsibilities and powers within specific areas such as data security, compliance and risk management are key policy documents for the entire company.

Ownership structure

At the end of 2019 Bravida had 9,304 holders of ordinary shares according to the shareholder register maintained by Euroclear Sweden. The five largest shareholders at 31 December 2019 were Mawer Investment Management funds with 10.5 percent of votes, Lannebo funds with 8.3% of votes, Capital Group funds with 7.9% of votes, Swedbank Robur funds with 7.8% of votes and the Fourth National Pension Insurance Fund (AP4) with 7.0% of votes.

CORPORATE BODIES

General meeting of shareholders

The shareholders' right to make decisions on matters relating to the company is exercised at general meetings of the company. This is the highest decision-making body, which all shareholders are entitled to attend. The term 'Annual General Meeting' (AGM) refers to the general meeting of the company that is held within six months of the end of the financial year, at which the consolidated financial statements and the group auditors' report are submitted and decisions are taken regarding the adoption of the income statements and balance sheets of the company and the Group, the appropriation of profits, and the discharge from liability of the Board and the Chief Executive Officer.

Bravida's 2020 AGM will take place on 24 April at Bravida's head office at Mikrofonvägen 28 in Stockholm. Shareholders wishing to submit a proposal to the Nomination Committee or to have a matter addressed by the AGM may submit such proposal to the Nomination Committee and such matter to be addressed to the company by 5 March. Contact information can be found at www.bravida.se.

Each ordinary share (class A share) entitles the holder to one vote at general meetings and each class C share entitles the holder to one tenth of a vote. Shareholders are entitled to vote in proportion to the shares that they own in the company.

Notice convening general meetings should be given no earlier than six weeks and no later than four weeks before the meeting. In accordance with Bravida's Articles of Association, shareholders wishing to attend a general meeting must notify their intention to attend within the time period stated in the convening notice. Such date must be a working day and not fall any earlier than five working days before the stated date of the meeting.

All documentation relating to the AGM can be found at www.bravida.se.

Nomination Committee

Nomination of Board members prior to the election at the AGM takes place through the Nomination Committee. In addition, the Nomination Committee proposes fees for Board members, as well as proposing the election of and fees for the auditor. The current Nomination Committee instructions stipulate that Bravida should have a Nomination Committee consisting of Bravida's Chairman and a representative of each of the three largest shareholders or shareholder groups, by number of votes, who wish to appoint a representative. For the coming year the composition of the Nomination Committee must be based on the list provided by Euroclear Sweden of registered shareholders and shareholder groups and other reliable information as of the last business day in September. Further documentation relating to the AGM can be found at www.bravida.se.

The Nomination Committee up to the 2020 AGM consists of the following members: Peter Lagerlöf, Lannebo funds (Chair), Marianne Flink, Swedbank Robur funds, John Wilson, Mawer Investment Management funds and Fredrik Arp, Chairman of the Board of Bravida Holding AB. Capital Group funds with 7.9% of votes has declined to participate in the Nomination Committee and Swedbank Robur funds has instead been offered the place. No remuneration has been paid for Nomination Committee work. The Nomination Committee's proposals, report on the Nomination Committee's work for the 2020 AGM and additional information about proposed Board members are published in conjunction with the convening notice and will be presented at the 2020 AGM.

Composition of the Board
According to the Articles of Association, Bravida's Board of Directors must consist of not fewer than three and not more than 10 Board members and a maximum of five deputy members, who are appointed by the AGM. The members and deputies are elected at the Annual General Meeting for the period until the end of the next Annual General Meeting. In 2019, six Board members were elected by the AGM. Employees are represented on the Board through representatives appointed by employees. The number of employee representative members was four, with two deputies, throughout the year.

All Board assignments in Bravida are based on merit, with the main aim being to maintain and improve the overall effectiveness of the Board. To fulfil this, the Board aims to achieve a broad range of characteristics and capabilities and it is explicitly stated that diversity regarding aspects such as age, gender, geographical origin, education and professional background are important to respect.

At the Annual General Meeting on 26 April 2019, Fredrik Arp, Jan Johansson, Cecilia Daun Wennborg, Mikael Norman, Staffan Påhlsson and Marie Nygren were re-elected. Fredrik Arp was elected as Chairman for the period until the next AGM. For further information about the Board of Directors, refer to page 114 and www.bravida.se.

The composition of Bravida's Board meets the requirements regarding independent Board members.

The Board's work
The Board held 12 meetings during the year, including one extraordinary Board meeting and one constitutive meeting. Board member attendance is shown in the table on page 111. The secretary at the Board meetings was Bravida's lawyer. Board members received written material about the issues to be addressed before each Board meeting.

The work of the Board mainly comprises strategic issues, annual accounts, the establishment and monitoring of business goals, business plans, internal control, risk management, sustainability issues, acquisitions and other decisions which, according to the procedural rules, should be addressed by the Board. Internal and external presentations were made to the Board about the markets in which Bravida operates and Bravida's local operations. The Board discussed Bravida's performance and opportunities at these meetings. The Board worked actively with company management on various strategic issues, including at a Group strategy meeting in June 2019.

A key aspect of the Board's work is its review of the financial statements that are presented at each ordinary Board meeting, and this includes in-depth analysis of ongoing work by the company. The Board also receives monthly reporting on the Group's financial position.

During the year, the Board followed up business plans submitted by management and the development potential in Bravida's various business areas.

Board committees
The Board has established two Board committees as part of streamlining and strengthening the Board's work with regard to certain issues: the Audit Committee and the Remuneration Committee. The committees' members are appointed at the constitutive Board meeting immediately after the AGM. They are appointed for one year at a time and the work and authority of the committees are regulated by the committee instructions, which are adopted annually.

The committees have a preparatory and administrative role. The issues addressed at the committees' meetings are minuted and a report is submitted at the subsequent Board meeting.

The Audit Committee consists of Mikael Norman (Chair), Jan Johansson and Marie Nygren. This committee is also attended by the company's CFO. The Audit Committee's main tasks are to:
- monitor the company's financial reporting;
- monitor the effectiveness of the company's internal control and risk management with regard to financial reporting;
- keep informed about the audit of the annual accounts and the consolidated financial statements;
- review and monitor the auditor's impartiality and independence and, in so doing, pay particular attention to whether the auditor is providing the company with services other than auditing services;
- assist in the preparation of proposals for the AGM's election of auditor;
- assist in monitoring of the compliance with legal and regulatory requirements that have a material impact on the financial statements;
- assist in monitoring transactions with related parties; and
- assist in monitoring and evaluating selected projects.

In 2019, the Audit Committee held four minuted meetings, as well as a thematic meeting focusing on risks and internal control. The company's external auditors attended those meetings at which performed auditing actions were reported. During the year, the Audit Committee, among other things, addressed the financial statements and the external auditors' reporting of internal control. In addition, the Audit Committee addressed the company's reporting regarding internal control and reviewed the company's refinancing. In addition, the committee examined the project process in depth, particularly project management and project follow-up. The committee also evaluated external auditors, reviewed and monitored the impartiality and independence of the external auditor and verified that the external auditor had not provided advisory services that had affected impartiality. The committee subsequently made a recommendation for the election of an external auditor to the Board of Directors.

The Remuneration Committee comprises Fredrik Arp (Chair), Cecilia Daun Wennborg and Staffan Påhlsson. This committee is also attended by the company's Chief Executive Officer and Chief Legal Officer. The Remuneration Committee's main tasks are to:
- prepare Board decisions on issues regarding remuneration policies, remuneration and other terms of employment for senior executives;
- monitor and evaluate ongoing variable remuneration programmes for senior executives and such programmes concluded during the year; and
- monitor and evaluate application of the guidelines for the remuneration of senior executives that are determined by the AGM and the applicable remuneration structure and remuneration levels in the Group.

The Remuneration Committee held four minuted meetings in 2019. During the year, the Remuneration Committee addressed, among other things, total remuneration and terms of employment for the group of senior executives. In addition, the committee prepared a new proposal for a change in the calculation model for bonuses within the company. In addition, the committee reviewed the results of the company's employee survey and follow-up of action plans as well as the CEO's succession planning and leadership development for senior executives.

Assessment of the Board and the Chief Executive Officer
Under with the Board's rules of procedure, the Chairman of the Board has to initiate an assessment of the Board's work once a year.

An assessment of the Board's work was made in 2019. A questionnaire was sent to all Board members. Their responses were collated and analysed. In addition, the Chairman of the Board conducted individual assessment discussions with all Board members.

The purpose of the assessment was to gain an understanding of Board members' views of the work conducted by the Board and what measures could be taken to streamline the Board's activities. The aim is also to gain an understanding of what type of issues the Board believes should be accorded more scope and what areas may require additional capabilities within the Board. The results of the assessment have been reported to the Board.

The Board also assesses the work of the Chief Executive Officer on an ongoing basis by monitoring the performance of the business against the targets that are set. A formal assessment is carried out once a year.

The Chief Executive Officer, company management and organisation
The Chief Executive Officer's responsibilities include personnel, financial and business management issues, as well as ongoing contact with the company's stakeholders such as authorities and the financial markets. The Chief Executive Officer ensures that the Board receives the information it needs to take well-informed decisions.

Bravida's business operations are divided into four segments, based on geographical markets: Sweden, Norway, Denmark and Finland. These segments are divided into divisions: four for Sweden and one for each of the other countries. Each division has a Head of Division, who reports directly to the CEO. The Heads of Division are responsible for each division's operations and results and are also responsible for ensuring that the division's operations are conducted in accordance with decisions that have been taken. The Heads of Division are supported by their own staffs as well as Group-wide staff functions. Bravida's Group management consists of the CEO, the Heads of Divisions and the Group Staff Heads. For further information about the Chief Executive Officer and Group management, see page 115.

Group management holds meetings once a month, with at least one meeting a year dedicated to addressing forward-looking strategies. Group management meetings discuss and address ongoing Group-wide initiatives, changes in the market, current issues in the divisions and staffs, acquisitions and the follow-up of operating target achievement. Group management is working actively to clarify Bravida's values and to engage employees in this work to further develop Bravida's corporate culture.

During 2019, the focus continued to be on implementing the current business plan and its various initiatives, but the development of a new business plan for the next business plan period was also started. The focus has also been within the project process, mainly project management and project follow-up. In addition, an effort in servicing was given further depth, plans to reduce CO2 emissions in the vehicle fleet were fleshed out, and initiatives in IT and digitalisation progressed. In addition, work continued on making Bravida the most attractive employer. The work environment and employee health continued to be a priority.

HOW BRAVIDA IS GOVERNED

Bravida's business operations are divided into four segments, based on geographical markets: Sweden, Norway, Denmark and Finland. These segments are divided into divisions: four for Sweden (North, Stockholm, South and National) and one for each of the other countries. These divisions are in turn divided into regions, which are themselves divided into branches. The business is decentralised, which means that the main business operations and customer contact take place at branch level. Each branch manager (BM) is responsible for the results of the branch and is consequently responsible for the organisational structure, staffing, and the signing and performance of contracts. The branches are supported by Group-wide business and purchasing systems and other tools for risk assessment, cost estimates and effective performance of signed contracts within their branch. Branches' independence is restricted by instructions and an authorisation procedure. Bravida has clear rules on project approval, with threshold levels governed principally by contract value. This means that a branch manager cannot enter into an agreement above a certain value without approval from the regional manager (RM), neither can a regional manager enter into an agreement above a certain value without the approval of the Head of Division (HD). Contracts over SEK 50 million must always be approved by the CEO.

As a significant part of the President's (also CEO's) management and control of the business, the President and Group CFO meet each Head of Division once a quarter to review the division's financial position, major projects, billing, cash flow, etc. according to the specific points on a scorecard. These meetings are also attended by the division's head of finance and the respective regional manager and financial controller. These quarterly reviews are held in a corresponding manner down through the organisation according to a schedule.

Bravida's annual cycle

The Annual Cycle describes how Bravida works with targets, strategies and action plans during the year.

OCTOBER–DECEMBER
9. Target figures process

OCTOBER
8. Divisional management
Combines these into a common strategy

SEPTEMBER
7. Regions and branches' targets, strategy and action plans are established for the coming year and sent to Divisional Management by the end of September

AUGUST – SEPTEMBER
6. Strategy work in the regions

FEBRUARY – MARCH
1. Regional management meetings
– Assessment/adjustment of targets, strategy and action plan (management review)

APRIL
2. Divisional management meeting
– Assessment/adjustment of targets, strategy and action plan (management review)

3. Group management meeting
– Assessment/adjustment of targets, strategy and action plan

MAY
4. Divisional management conference
– Adjustment of targets, strategy and action plan

JUNE
5. Group management (strategy days)
– Establishment of targets, strategy and action plan for the coming year

Type of meeting	Coordinator	Frequency
Group (CEO, HD, RM)	President	every 3 months
Division (HD, RM, BM)	Head of Division	every 3 months
Region (RM, BM, project/service manager)	Regional Manager	every 3 months
Branch (BM, project/servicing manager, senior fitter)	Branch Manager	every 3 months

These regular meetings enable the relevant responsible person to meet their manager's manager and have the opportunity to report on their business in detail and to point out improvements, but they also have to be accountable, for example, for less successful projects or poor adherence to change management initiatives. This ensures high visibility and clarity of leadership within the company. It is also a highly effective way of managing the business and ensuring and monitoring that decisions that are taken are implemented. In addition, the 'grandfather principle' is also applied to a range of decisions taken within Bravida. This principle means that certain decisions must be taken/approved by the manager's manager. This includes decisions regarding investments, major tenders and projects, new hiring and certain own costs.

In the longer term, Bravida is managed based on a business plan for the coming three years. This is then applied down from Group to department level. Each year target figures are set for all departments and at aggregate level for the Group, along with an action plan for how these targets are to be achieved. Evaluation and any adjustments take place on an ongoing basis according to the annual cycle (see figure above). This work is ongoing throughout the year and at different levels. In addition, twice a year a regional manager conference is held at which Group management meets the regional managers to address important strategic issues.

Under the management of the group-wide acquisition team, the divisions and regions draw up summaries on an ongoing basis of potential and ongoing acquisitions for review by a Decision Group, consisting of the CEO, CFO and acquisitions manager. This enables ongoing control of current activities and prioritisation can be done. No acquisitions are made without first having been dealt with and approved by the Decision Group following a formalised process and decision-making procedure. Large acquisitions must also be approved by the Board.

BOARD OF DIRECTORS

List of Board and committee meetings and attendance in 2019.

Board members elected by the AGM	Year elected	Independent [1]	Attendance of Board-meetings	Attendance of audit committee	Attendance of remuneration committee	Board fees SEK thousand [2]	Committee fees SEK thousand [2]	Number of shares in Bravida
Fredrik Arp	2018	Yes	12/12	–	4/4	1,150	110	20,000
Jan Johansson	2014	Yes	11/12	4/4	–	450	100	37,895
Staffan Påhlsson	2016	Yes	12/12	–	4/4	450	80	1,663,745
Cecilia Daun Wennborg	2016	Yes	12/12	–	4/4	450	80	7,000
Mikael Norman	2016	Yes	12/12	4/4	–	450	180	10 000
Marie Nygren	2018	Yes	11/12	4/4	–	450	100	0

Regular employee representatives	
Anders Mårtensson	12/12
Jan Ericson	12/12
Örnulf Thorsen	11/12
Geir Gjestad	11/12

[1] Independent of the company, company management and owners
[2] Fees set by the 2019 AGM.

Code of Conduct

Correct conduct is important to Bravida, not only in respect of our customers and suppliers but also between everyone who works at Bravida. Bravida has adopted a code of conduct which includes guidelines and rules on how we should behave. Bravida employees receive regular training on business ethics issues. There is also a training programme that includes work relating to different 'typical cases' regarding the code of conduct and related issues, aimed at all managers and administrative personnel at Bravida. Bravida also has a whistleblower function which allows suspected irregularities to be reported anonymously.

REMUNERATION

Board remuneration

The Board fee for 2019 was set by the 2019 AGM. The fee was distributed as shown in the table above.

The Chief Executive Officer's total remuneration is determined by the Board. Guidelines on remuneration for other members of Group management are proposed by the Remuneration Committee and determined by the Board.

THE BOARD OF DIRECTORS' PROPOSAL FOR GUIDELINES FOR EXECUTIVE REMUNERATION

These remuneration guidelines cover the company's CEO and other members of the management. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting. It is noted that since the members of Bravida's board of directors only receive remuneration resolved upon by the general meeting, these guidelines do not cover the members of the board of directors.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

In short, the company's business strategy is to offer technical end-to-end solutions over the life of a property, from consulting to installation and service. Bravida is a large company with a local presence across the Nordics. Bravida meets customers locally and take long-term responsibility for its work. The employees are the company's most important resource. With common values, working methods and tools, together the employees create a sustainable and profitable business for the company and its customers. Bravida's vision is to be the best in the Nordics at providing sustainable service and installation of the functions that bring buildings to life. Bravida shall be the first choice for customers and the most attractive employer in the industry.

For more information regarding the company and the company's business strategy, please see https://www.bravida.se/en/.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Long-term share-related incentive plans have been implemented in the company. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. The long-term share-related incentive plan proposed by the board of directors and submitted to the annual general meeting 2020 for approval is excluded for the same reason. The proposed plan essentially corresponds to existing plans. The plans include the group management, regional managers, department managers, other managers and other identified key persons in the company. The performance criteria used to assess the outcome of the plans are distinctly linked to the business strategy and thereby to the company's long-term value creation. The performance criteria used in all plans is the group's results (Ebita) for the third calendar year after the adoption of the plan. Thus, all participants have the same performance goals. The plans are further conditional upon the participant's own investment and holding periods of several years. For more information regarding these incentive plans, including the criteria which the outcome depends on, please see note 5 of the group's annual report for 2019.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration for the CEO may amount to not more than 125 per cent of the fixed annual cash salary. The variable cash remuneration to the other executives varies depending on their position in the company but may amount to not more than 200 per cent of the fixed annual cash salary.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. For other executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall not qualify for pension benefits.

The executives who are Swedish residents are entitled to pension benefits corresponding to between 28-35 per cent of their respective annual fixed cash salary, or in accordance with the applicable pension plan (Sw: tjänstepensionsplan). The company shall strive for equivalent pension benefits for executives who reside outside of Sweden, but variations motivated by local conditions may occur. In such cases, the overall purpose of these guidelines shall, to the extent possible, be satisfied.

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits may amount to not more than 10 per cent of the fixed annual cash salary.

Termination of employment

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for one year. The period of notice may not to exceed six months without any right to severance pay when termination is made by the executive.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualised, quantitative or qualitative objectives. The criteria shall mainly be based on results (Ebita), acquisition activity and individual goals. This model aims at improving the operating profit and create a profitable growth and thus contributes to the company's business strategy and long-term interests, including its sustainability.

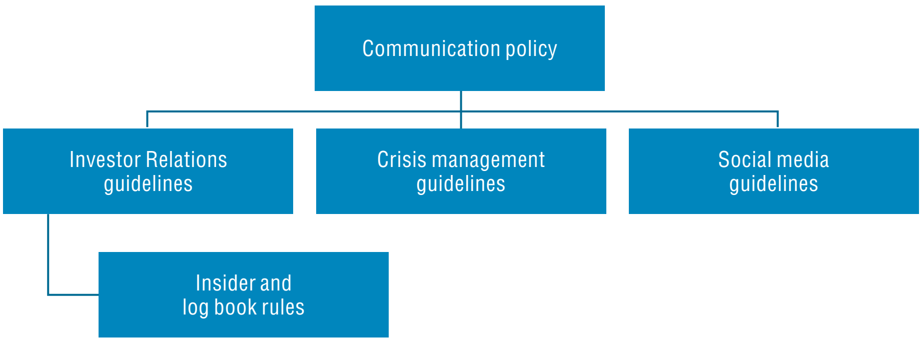
To what extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and employment conditions for employees

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.



Derogation from the guidelines
The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

AUDIT

The auditor is tasked with auditing the annual accounts and consolidated financial statements, as well as the administration by the Board of Directors and the Chief Executive Officer. After each financial year, the auditor submits an auditor's report and a Group auditor's report to the AGM.

Auditor

Under its Articles of Association, Bravida is required to have one or two auditors with up to two deputy auditors. Registered auditing firms may also be appointed as auditor. The auditor is appointed by the AGM for a term of one year, unless otherwise stated in Bravida's Articles of Association.

The 2019 AGM re-elected the registered auditing firm KPMG AB as auditor for the period until the end of the 2020 AGM. Anders Malmeby, authorised public accountant, is the auditor in charge for the company and the Group.

Bravida's auditors: KPMG AB
Auditor in charge: Anders Malmeby, authorised public accountant
Born 1955
Auditor in charge for Bravida since: 2014
Shareholdings in Bravida Holding AB: 0 shares
Other audit engagements: Bauer Media

The auditor's independence in relation to the company is ensured by the elected auditor being allowed only to a limited extent to perform services other than the audit.

THE BOARD'S REPORT ON INTERNAL CONTROL OF FINANCIAL REPORTING

Control environment

The Board of Directors has responsibility for internal control in relation to financial reporting. Internal control regarding financial reporting aims both to provide reasonable assurance on the reliability of external financial reporting, and to ensure that external financial reporting has been prepared in accordance with law, applicable accounting standards and other requirements.

The control environment includes how targets are set, how results are monitored and how risks are managed. A good control environment is based on an organisational structure with clear decision-making paths and a corporate culture with shared values and an awareness among individuals of their role in maintaining good internal control.

The control environment for financial reporting is based on the allocation of roles and responsibilities within the organisation, established and communicated decision-making pathways, instructions relating to powers and responsibilities, and accounting and reporting instructions. The Board of Directors has adopted procedural rules, CEO instructions and instructions for financial reporting. In addition to the Board's rules of procedure, CEO instructions and reporting instruction, there is an overarching authorisation scheme for the entire Group and policies and guidelines in a number of areas for operating activities.

Bravida has established policies, instructions and detailed process descriptions covering all significant aspects of its operations. These policy documents are available on Bravida's intranet for staff. These documents are updated annually or as necessary to reflect applicable laws and regulations and the changes to processes that have been implemented. There is internal auditing and monitoring of compliance with key processes.

Risk assessment

An integral part of the management work of the Board of Directors and the Group management is a broad-based risk assessment. Risks are reported to the Board of Directors on an ongoing basis. During the year, the Board held discussions about various kinds of risk, as well as the risk management process. Risk within Bravida can be divided into operational risks, financial risks and market risks. The most significant operational risks are the management, costing and valuation of current projects. Bravida has developed a model for managing these risks and works continuously to make improvements.

Identification and assessment of risks of not achieving business objectives and reliable financial reporting take place continuously as part of day-to-day processes within Bravida. The Board is responsible for ensuring that material financial risks and risks of errors occurring in financial reporting are identified and addressed. The Board continuously monitors risk exposure.

The Chief Executive Officer is responsible for ensuring that the business applies and monitors established procedures and for ongoing monitoring and management of risks within the organisation.

Data security and communication

Bravida's Board has established a communication policy (see figure) aimed at ensuring that external information is managed correctly. There are internal instructions in the company regarding data security and how financial information should be communicated between management and other employees.

Information about internal policy documents, including for financial reporting, is available to staff concerned through Bravida's intranet.

Control activities

To ensure that the business is conducted effectively and efficiently and that financial reporting at each reporting date provides an accurate picture, control activities are in place, involving all levels of the organisation, from the Board and Group management to other employees.

Within Bravida, these control activities include approval of projects and agreements, checking with external counterparties, daily monitoring of trend of results in projects, daily account reconciliations and monitoring of results, as well as analytical follow-up of decisions.

Bravida's financial statements are analysed and ultimately validated by the control function within Group Finance. Such validation includes both automatic controls, such as non-conformance reporting, and manual controls such as analyses and plausibility assessment of values. The effectiveness of the automatic controls in IT systems is followed up based on information from system managers in the business process. Proposals for improvements are identified and implemented on an ongoing basis.

The Group's control activities, such as authorisation, project approval and implementation, originate at Group level, but are then handled primarily at regional level. The Group has an established approach to the governance and control of Bravida's project activities where all departments and employees are continuously trained.

Follow-up

Bravida's Board and management regularly monitor compliance with and the effectiveness of internal controls for quality assurance of processes. The Group's financial position and strategy regarding financial position is addressed at each Board meeting, with the Board receiving detailed monthly reports on the financial position and the performance of the business. The Audit Committee fulfils an important function in ensuring and monitoring control activities for key risk areas in financial reporting processes. The Audit Committee, management and the financial controller functions at divisional and regional level follow up reported deficiencies on a regular basis.

Bravida does not have a separate internal audit function. The Board evaluates the need for this annually. In Bravida, quarterly reviews fulfil an important function by ensuring that the entire organisation is analysed four times a year. These quarterly reviews use standardised scorecards to measure and monitor key ratios. The branches' operations are reviewed by the financial controllers of the relevant region. The regions are reviewed in turn by the divisions' finance departments, and finally there is a financial controller function at Group level. The accounts payable and accounts receivable ledger is centralised and is intended to provide some oversight. Payments may only be made by using special work order numbers, and each payment must be authorised and approved by a superior.

The Business Development department undertakes an audit of a number of randomly selected projects each year. This audit verifies that the organisation is implementing projects in accordance with the established processes and procedures. If deficiencies are identified, feedback is provided and an action plan is activated.

Board of Bravida Holding AB

From left to right: Cecilia Daun Wennborg, Jan Johansson, Anders Mårtensson, Fredrik Arp, Örnulf Thorsen, Staffan Påhlsson, Geir Gjestad, Jan Ericson, Mikael Norman, Marie Nygren.

FREDRIK ARP
Chairman of the Board since 2018
Year of birth: 1953
Other current positions: Chairman of Nolato AB. Member of the Boards of Vattenfall AB and Swedfund International AB
Previous positions: CEO of companies including Volvo Car Corporation and Trelleborg AB.
Education: MSc in Economics and honorary doctorate in economics, Lund University
Number of shares: 20,000

JAN JOHANSSON
Board member since 2014
Year of birth: 1959
Other current positions: CEO of Centuria AB. Member of the Board of Götenehus Group AB, Starka AB, Eolus Vind AB, Malmö Cityfastigheter AB and Erik Hembergs Fastighets AB
Previous positions: CEO of Peab AB, Malmö Cityfastigheter AB. Member of the Board of Catena AB, Fastighets AB ML 4, Centur AB and Centuria AB
Education: MSc in Civil Engineering from Lund University from Lund University
Number of shares: 37,895

MIKAEL NORMAN
Board member since 2016
Year of birth: 1958
Other current positions: Chairman of the Board of Bonava AB. Member of the Board and Chair of the Audit Committee of Swedavia AB.
Previous positions:
CFO of the Nobia Group.
Education: Bachelor's Degree in Law, Stockholm University.
Number of shares: 10,000

MARIE NYGREN
Board member since 2018
Year of birth: 1965
Other current positions: CEO of KF ekonomisk förening, Chairman of the Board of Coop Sverige AB, Member of the Board of Coop Logistik AB, Coop Online AB and Lyko Group AB.
Previous positions:
Vice President of Systembolaget AB. CEO of companies including Adara AB, Stor & Liten AB. Category Area Director at Coop Sverige AB. Various Board assignments
Education: MSc in Economics and Business, Stockholm University.
Number of shares: 0

STAFFAN PÅHLSSON
Board member since 2016
Year of birth: 1952
Other current positions: Member of the Board of the employers' organisation EFA, One Nordic AB, Båstad Tennis and Hotell AB, Sparbankernas Riksförbund and Elteknikbranschens Utvecklings AB ETU. Deputy Chairman of Laholms sparbank. Chairman of Båstad Fritidshamn Ekonomisk Förening and Laholms Sparbanks Utvecklings-stiftelse. CEO and owner of MOS Advisors AB and S Påhlsson Fastigheter AB and subsidiaries
Previous positions:
Several positions in Bravida, including President and CEO and Head of Division.
Education: Upper-secondary electrical engineering qualification, Tycho Brahe-skolan School.
Number of shares: 1,663,745, directly and through companies

CECILIA DAUN WENNBORG
Board member since 2016
Year of birth: 1963
Other current positions: Member of the Boards of ICA Gruppen AB, Getinge AB, Loomis AB, Hoist Finance AB, Oncopeptides AB, Atvexa AB, Sophia-hemmet, Hotell Diplomat AB and the Oxfam Sweden Foundation. Member of the Swedish Securities Council
Previous positions: Deputy CEO and CFO of Ambea, CEO and CFO of Carema, Head of Sweden for Skandia and CEO of SkandiaLink.
Education: MSc in Economics and Business, Stockholm University.
Number of Shares: 7,000

EMPLOYEE REPRESENTATIVES

JAN ERICSON
Year of birth: 1965
Jan Ericson is a Board member as an employee representative for Bravida and has been employed as an electrician with Bravida since 1985.
Jan Ericson is a representative of the Swedish Electricians Union ('Svenska Elektrikerförbundet').
Number of shares: 500

GEIR GJESTAD
Year of birth: 1964
Geir Gjestad is a Board member in the capacity of employee representative for Bravida and has been employed as an electrician with Bravida since 1997. Board member of Bravida Norway. Geir Gjestad is a representative of the Electrician and IT Workers Union in Norway ('EL og IT Forbundet').
Number of shares: 0

ANDERS MÅRTENSSON
Year of birth: 1965
Anders Mårtensson is a Board member in the capacity of employee representative for Bravida and has been employed as a plumber with Bravida since 1988. Anders Mårtensson is a representative of the Swedish Building Workers' Union (Byggnads).
Number of shares: 250

ÖRNULF THORSEN
Year of birth: 1966
Örnulf Thorsen is a Board member in the capacity of employee representative for Bravida and has been employed as an electrician since 1984, but has been a servicing manager at Bravida since 2018. Örnulf Thorsen represents Ledarna, the organisation for managers in Sweden.
Number of Shares: 0

Bravida Group management

From left to right: Anders Ahlquist, Tore Bakke, Magnus Hamerslag, Åsa Neving, Magnus Liljefors, Lars Täuber, Mattias Johansson, Johnny Hey, Marko Holopainen, Ingegerd Engquist, Lars Korduner, Sven Klockare, Thommy Lundmark.

MATTIAS JOHANSSON
President and CEO since 2015
Year of birth: 1973
Employed by Bravida since: 1998
Previous positions: Many years of experience in Bravida, including as Branch Manager, Regional Manager, and Head of Division South (Sweden) and Division Norge
Board assignments: –
Education: MSc in Engineering
Number of shares: 667,273

ÅSA NEVING
CFO since 2019
Year of birth: 1965
Employed by Bravida since: 2019
Previous positions: CFO Svevia AB, Vattenfall Group – various management positions in Vattenfall Markets and Head of Finance Nordic Heat and SSC
Board assignments: Chairman of the Board of Calefactio Investments AB
Education: MSc in Economics and Business
Number of shares: 4,450

INGEGERD ENGQUIST
Head of Group HR since 2016
Year of birth: 1968
Employed by Bravida since: 2016
Previous positions: HR Director, Holmen. Head of HR, Electrolux Motala and IFS
Board assignments: –
Education: BA in Human Resources and Labour Relations
Number of shares: 19,844

MAGNUS HAMERSLAG
Head of Operations Development since 2011
Year of birth: 1973
Employed by Bravida since: 2008
Previous positions: Group Manager at ÅF & SWECO. CEO of Erfator Projektledning
Board assignments: –
Education: Upper-secondary engineering qualification
Number of shares: 10,000

LARS KORDUNER
Chief Purchasing Officer since 2005
Year of birth: 1966
Employed by Bravida since: 2005
Previous positions: Purchasing Group Manager, Cramo AB Sales. Business Development Manager, Cramo Sverige AB
Board assignments: Chairman of Resultatfabriken AB
Education: Business Administration and Accounting and Finance
Number of shares: 35,762

MAGNUS LILJEFORS
Chief Legal Officer since 2010
Head of Acquisitions since 2017
Year of birth: 1963
Employed by Bravida since: 2005
Previous positions: Lawyer, law firm Glimstedt. Chief Legal Officer, Nordisk Renting AB
Board assignments: –
Education: Bachelor of Laws, Master of Laws
Number of shares: 60,000

THOMMY LUNDMARK
Head of Division North (Sweden) since 2016
Year of birth: 1964
Employed by Bravida since: 1983
Previous positions: Many years of experience in Bravida, including as Project Manager, Branch Manager and Regional Manager.
Board assignments: –
Education: Upper-secondary engineering qualification
Number of shares: 10,000

LARS TÄUBER
Head of Division Stockholm (Sweden) since 2019
Year of birth: 1967
Employed by Bravida since: 2019
Previous positions: Director Communication Eltel Sverige, Head of Business Area/CEO ISS Sverige, Head of Division YIT, Regional Manager ABB Contracting
Board assignments: –
Education: Bachelor of Science (BSc.) in Control and Maintenance
Number of shares: 2,700

ANDERS AHLQUIST
Head of Division South (Sweden) since 2013
Year of birth: 1966
Employed by Bravida since: 2008
Previous assignments: Branch Manager, Wikströms VVS-kontroll. Head of Marketing, Bravida Division South
Board assignments: –
Education: Upper-secondary Mechanical engineering qualification
Number of shares: 203,271

SVEN KLOCKARE
Head of Division National (Sweden) since 2017
Year of birth: 1959
Employed by Bravida since: 2002
Previous positions: Regional Manager, Bravida Specialist Stockholm Region. Planning Manager, Skanska. Project Manager, Byggnads AB Häggmark & Johansson. Branch Manager. consulting group HSB Stockholm. CEO, Erfator projektledning and Bravida Säkerhet
Board assignments: –
Education: Upper-secondary engineering qualification
Number of shares: 10,000

TORE BAKKE
Head of Division Norway since 2015
Year of birth: 1970
Employed by Bravida since: 2009
Previous positions: Branch Manager, Siemens AS. Head of Region East, Bravida Norway
Board assignments: Board member of Bransjeforeningen NELFO and Chairman of HeLa Bakke AS.
Education: BSc in Engineering
Number of shares: 76,683

JOHNNY HEY
Head of Division Denmark since 2017
Year of birth: 1967
Employed by Bravida since: 2007
Previous positions: Regional Manager, Bravida Denmark, Region North. Operational Controller, Falck Securitas AS. Head of emergency centre and several other positions in G4S Denmark
Board assignments: Board member of TEKNIQ
Education: BA in Business Administration, MBA in Change Management
Number of shares: 17,806

MARKO HOLOPAINEN
Head of Division Finland since 2018
Year of birth: 1967
Employed by Bravida since: 2018
Previous positions: CEO of Consti Group Oyj, Consti Talotekniikka Oy and Koja Tekniikkaa Oy.
Board assignments: –
Education: MSc in Engineering
Number of shares: 3,000

Alternative key performance ratios

The company presents certain financial indicators that are not defined under IFRS. The company considers that these indicators provide valuable additional information for investors and the company's management as they allow relevant trends to be assessed. Bravida's definitions of these indicators may differ from other companies' definitions of the same terms. These financial measures should therefore be regarded as complementary rather than replacing the measures defined under IFRS. These measures are defined and reconciled below. Calculations do not always tally because amounts in the table have been rounded to the nearest million Swedish kronor.

The IFRS 16 Leases standard has been introduced from 1 January 2019. The financial statements for previous periods and key ratios presented in this report have not been restated.

		IAS 17				
RECONCILIATION OF KEY RATIOS, NOT DEFINED UNDER IFRS	**2019**	**2019**	**2018**	**2017**	**2016**	**2015**
Net debt						
Interest-bearing liabilities	-3,035	-1,995	-2,100	-2,701	-2,703	-3,006
Cash and cash equivalents	972	972	735	839	286	573
Total net debt	**-2,063**	**-1,023**	**-1,365**	**-1,862**	**-2,417**	**-2,433**
EBITA/adjusted EBITA						
Operating profit, EBIT	1,224	1,209	1,207	1,072	944	782
Amortisation and impairment of non-current intangible assets	3	3	4	6	4	2
EBITA	**1,226**	**1,212**	**1,211**	**1,078**	**948**	**784**
Adjustments relating to specific costs*	–	–	0	8	10	96
Adjusted EBITA	1,226	1,212	1,211	1,086	958	880
EBITDA/adjusted EBITDA						
Operating profit, EBIT	1,224	1,209	1,207	1,072	944	782
Depreciation, amortisation and impairment losses	417	35	33	34	26	21
EBITDA	**1,641**	**1,244**	**1,240**	**1,107**	**970**	**804**
Adjustments relating to specific costs	–	–	0	8	10	96
Adjusted EBITDA	**1,641**	**1,244**	**1,240**	**1,115**	**980**	**900**
Working capital						
Current assets	6,571	6,572	5,946	5,362	4,219	3,965
Cash and cash equivalents	-972	-972	-735	-839	-286	-573
Current liabilities	-8,714	-8,374	-7,120	-6,642	-4,938	-4,964
Finance lease, current liability	340	–	–	–	–	–
Short-term loans	1,495	1,495	800	1,001	3	305
Provisions	144	144	169	172	143	141
Total working capital	**-1,136**	**-1,136**	**-940**	**-946**	**-859**	**-1,126**
Interest coverage ratio						
Profit/loss before tax	1,151	1,161	1,191	1,019	877	422
Interest expense	51	27	32	46	61	289
Total	**1,202**	**1,188**	**1,223**	**1,065**	**938**	**711**
Interest expense	51	27	32	46	61	289
Interest coverage ratio, multiple	**23.5**	**44.0**	**38.5**	**22.9**	**15.5**	**2.5**
Cash conversion						
12-month EBITDA	1,244	1,244	1,241	1,107	970	803
Non-cash items in EBITDA in last 12 months.	-2	-2	69	18	21	60
Change in working capital, last 12 months	179	179	-25	67	-387	150
Investments in machinery and equipment, last 12 months	-34	-34	-12	-21	-19	-34
Total operating cash flow	**1,387**	**1,387**	**1,273**	**1,171**	**585**	**979**
Operating profit/loss, last 12 months	1,209	1,209	1,207	1,072	944	782
Cash generation, last 12 months, %	115	115	105	109	62	125

Definitions

FINANCIAL DEFINITIONS

NUMBER OF EMPLOYEES
Calculated as the average number of employees during the year, taking account of the percentage of full-time employment.

RETURN ON EQUITY
12-month rolling net profit/loss as a percentage of average equity.

EBITA*
Operating profit excluding amortisation and impairment of non-current intangible assets. EBITA is the key ratio and performance indicator that is used for internal operational monitoring. EBITA provides an overall view of profit generated by operating activities.

EBITA MARGIN*
EBITA as a percentage of net sales.

EBITDA*
Earnings before interest, taxes, depreciation, and amortisation. EBITDA is a measure that the Group regards as relevant for investors who wish to understand income generation before investments in non-current assets.

EFFECTIVE TAX RATES
Recognised tax expense as a percentage of profit/loss before tax.

EQUITY PER SHARE, SEK
Equity attributable to equity holders of the parent company divided by the number of ordinary shares outstanding at period end.

NET FINANCIAL INCOME/EXPENSE
Total exchange differences on borrowing and cash and cash equivalents in foreign currency, other financial income and other financial expenses.

ADJUSTED EBITA*
EBITA adjusted for specific costs. Adjusted EBITA item improves the ability to make comparisons over time by excluding items that are irregular in frequency or size.

ADJUSTED EBITDA MARGIN*
EBITA excluding specific costs as a percentage of net sales. The adjusted EBITA margin excludes the effect of specific costs, which improves the ability to make comparisons over time by excluding items that are irregular in frequency or size.

ADJUSTED EBITDA*
Earnings before interest, taxes, depreciation and amortisation, adjusted for specific costs. Improves the ability to make comparisons over time by excluding items that are irregular in frequency or size.

CAPITAL STRUCTURE
Average net debt divided by EBITDA excluding specific costs, based on a rolling 12-month calculation.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE
Cash flow from operating activities for the period, divided by the number of shares at period end.

CASH CONVERSION*
12-month EBITDA +/- change in working capital and investment in machinery and equipment in relation to 12-month EBIT (operating profit). This key ratio measures the percentage of profit that is converted into cash flow. The purpose is to analyse what percentage of earnings can be converted into cash and cash equivalents and, in the longer term, the opportunity for investments, acquisitions and dividends, with the exception of interest-related cash flows.

NET SALES
Net sales are recognised according to the principle of accounting over time, previous revenues are recognised as the projects have been completed.

NET DEBT/EBITDA ADJUSTED FOR SPECIFIC COSTS
Average net debt divided by EBITDA excluding specific costs, based on a rolling 12-month calculation.

NET DEBT*
Interest-bearing liabilities, excluding pension liabilities, less cash and cash equivalents. This key figure is a measure to show the Group's total interest-bearing debt.

ORGANIC GROWTH
The change in sales adjusted for currency effects, as well as acquisitions and disposals compared with the same period of the previous year.

OPERATING CASH FLOW
Operating profit/loss adjusted for non-cash items, investments in machinery and equipment and changes in working capital.

ORDER INTAKE
The value of new projects and contracts received, and changes in existing projects and contracts over the period in question. Includes both installation and servicing business.

ORDER BACKLOG
The value of remaining, not yet accrued project revenues from orders on hand at the end of the period. Order backlog does not include service operations, only installation projects.

DILUTED EARNINGS PER SHARE
Profit/loss for the period attributable to shareholders of the parent company divided by the average number of outstanding ordinary shares after dilution.

BASIC EARNINGS PER SHARE
Profit/loss for the period attributable to shareholders of the parent company divided by the average number of outstanding ordinary shares.

INTEREST COVERAGE RATIO
Profit/loss after financial items plus interest expense, divided by interest expense. This key ratio is a measure of how much earnings may fall by without interest payments being jeopardised or how much interest on borrowing may increase without operating profit turning negative.

WORKING CAPITAL
Total current assets, excluding cash and cash equivalents, minus current liabilities excluding current provisions and borrowing. This measure shows how much working capital is tied up in the business and may be set in relation to sales to understand how efficiently tied-up working capital is being used.

OPERATING MARGIN
Operating profit/loss as a percentage of net sales.

OPERATING PROFIT/EBIT
Earnings before net financial income/expense and tax.

EQUITY/ASSETS RATIO
Equity including non-controlling interests as a percentage of total assets.

SPECIFIC COSTS
Transactions and items that are irregular in occurrence and size and consequently have an impact on earnings and key ratios.

*'Alternative key performance ratios' used by Bravida; see page 116 for reconciliation. From 1 January 2018 Bravida has chosen to report and monitor EBITA and EBITA margin, as well as adjusted EBITA and the adjusted EBITA margin in order to reflect internal monitoring. These key ratios replace operating margin, adjusted operating profit and adjusted operating margin.

OPERATIONAL DEFINITIONS

INSTALLATION/CONTRACTING
The installation and refurbishment of technical systems in properties, facilities and infrastructure.

SERVICING
Operation and maintenance, as well as minor refurbishment of installations in buildings and facilities.

TECHNICAL AREA: ELECTRICAL
Power supply, lighting, heating, control and surveillance systems. Telecom and other low-voltage installations. Fire and intruder alarm products and systems, access control systems, CCTV and integrated security systems.

TECHNICAL AREA: VENTILATION
Comfort ventilation and comfort cooling through air treatment, air conditioning and climate control. Commercial cooling in freezer and cold rooms. Process ventilation, control systems. Energy audits and energy efficiency through heat recovery, heat pumps, etc.

TECHNICAL AREA: H&P (HEATING & PLUMBING)
Water, wastewater, heating, sanitation, cooling and sprinkler systems. District heating and cooling. Industrial piping with expertise in all types of pipe welding. Energy saving through integrated energy systems.

OTHER
Relates to other technical areas such as safety, sprinklers, cooling, power, lifts, and services in project management and technical property management.

HISTORY

Bravida emerged from BPA, a Swedish building and installation company dating back to the 1920s.

Bravida was formed in 2000 through a merger of BPA and the installation business of the Norwegian company Telenor. In 2003, Bravida acquired the Danish company Semco A/S, which is now Bravida's Danish business. In 2005, Bravida's head office was moved to Stockholm. In 2006, the private equity firm Triton became Bravida's new principal shareholder. In 2009, Bravida acquired Siemens Installation AS in Norway. The private equity firm Bain Capital took over the role of principal shareholder in 2012. In 2015, Bravida acquired the Finnish Peko Group and established operations in Finland. In the same year, the company was also listed on Nasdaq Stockholm. April 2017 saw the creation of a new nationwide division in Sweden, National Division, encompassing Bravida's various specialist areas. In May of the same year Bravida acquired the leading heating, plumbing and ventilation operator in Norway, Oras AS.

- **1922** Twelve building guilds laid the foundation for the Swedish company BPA
- **1967** The limited liability company BPA Byggproduktion AB is formed
- **1986** BPA shares are listed on the Stockholm Stock Exchange
- **1993** Installation services become the company's main business area
- **1999** BPA shares are delisted
- **2000** BPA and the Norwegian company Telenor's installation business are merged to form Bravida
- **2003** Bravida establishes operations in Denmark
- **2004** The business is focused on the core areas of electrical, heating and plumbing and ventilation
- **2006** The private equity firm Triton becomes the new principal shareholder
- **2012** Private equity firm Bain Capital becomes the new principal shareholder
- **2015** Bravida establishes business in Finland
- **2015** Bravida is listed on Nasdaq Stockholm

Pranoy,
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Six reasons to invest in Bravida

GOOD OUTLOOK FOR SERVICING AND INSTALLATION THROUGHOUT THE NORDICS

Several trends indicate a greater need for servicing and installation over the coming years: Demands for efficient energy usage are growing and technological developments are creating new opportunities in properties. And significant public investment is being made in the Nordic region, including in infrastructure, health care and education.

A STABLE COMPANY WITH LOW RISK

Bravida has significant risk diversification. Around half of the business consists of recurring servicing and maintenance work. With more than 55,000 customers, we aren't dependent on any one assignment or project. Together, this provides a high degree of predictability and stability for sales.

BRAVIDA IS GROWING, BUT ONLY IF IT'S PROFITABLE

We have excellent growth prospects, but we don't want to grow at any price. We only take on assignments with calculable risks and we always prioritise margins over growth. This generates results. Over the past five years, we have almost doubled our sales while maintaining profitability.

BRAVIDA WAY PROVIDES CONTINUAL IMPROVEMENT AND PROFITABILITY

Bravida's approach, the Bravida Way, is based on the key principle that our local branches are at the heart of our business. Each local branch is responsible for its own earnings. They are supported by Bravida's group-wide tools and methods. Continual follow-up ensures that together we create a profitable business with good cash flow.

ACQUISITIONS MAKE US STRONGER

Our market in the Nordic region largely consists of lots of small companies, giving us a basis for long-term growth through acquisitions. We mainly acquire companies that complement our offering locally. Acquisitions also provide us with greater opportunities to achieve synergies in the business.

STRONG CASH FLOWS PROVIDE BASIS FOR DIVIDENDS

Bravida's cash conversion has remained stable for many years. One of Bravida's financial targets is to distribute at least 50 percent of net profit as dividends to shareholders.

bravida
WE BRING BUILDINGS TO LIFE