



Fasadgruppen

# Invitation to acquire shares in Fasadgruppen

Sole Global Coordinator and Joint Bookrunner



Joint Bookrunner

**Nordea**

## IMPORTANT INFORMATION

In connection with the offering of shares in Fasadgruppen Group AB (publ) ("**Fasadgruppen**" or the "**Company**") to the public in Sweden and certain institutional investors in Sweden and abroad (the "**Offering**") and the admission to trading of Fasadgruppen's shares on Nasdaq Stockholm, Fasadgruppen has prepared a prospectus in Swedish (the "**Prospectus**") which has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**") and this document is the English translation thereof. In the event of any discrepancies between the two language versions, the Swedish version of the Prospectus shall prevail. The approval and registration of the Prospectus do not imply that the SFSA guarantees that the information provided in the Prospectus is accurate or complete.

The Offering is not made to the public in any other jurisdiction than Sweden. In other member states within the European Economic Area in which the Prospectus Regulation applies, directly or by implementation in national legislation, such an offering may be made only in accordance with an exemption under the Prospectus Regulation or national legislation. The shares in Fasadgruppen have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under any securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the United States unless it is pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with the securities legislation in the relevant state or other jurisdiction of the United States. Neither is the Offering made to persons resident in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or Switzerland or any other jurisdictions where participation in the Offering would require additional prospectuses, registrations or other measures than those required by Swedish law or where there is an applicable exemption. Consequently, the Prospectus and other documents relating to the Offering may not be distributed in or into the aforementioned countries or any other country or jurisdiction in which such distribution or the Offering requires such measures or would otherwise be in conflict with applicable rules. Acquisitions of shares in Fasadgruppen in violation of the aforementioned restrictions may be void. Recipients of this Prospectus must inform themselves about and comply with such restrictions. Actions in violation of such restrictions may constitute a violation of applicable securities law.

An investment in securities is associated with certain risks (see section "*Risk factors*"). When investors make an investment decision, they must rely on their own analysis of Fasadgruppen and the Offering, including applicable factual circumstances and risks. Prior to an investment decision, prospective investors should engage their own professional advisers and carefully evaluate and consider the investment decision. No person is authorised to provide any information or make any representation other than those contained in this Prospectus. If such information is provided or such representation is made, it shall not be deemed to have been authorised by Fasadgruppen, Carnegie Investment Bank AB (publ) or Nordea Bank Abp, filial i Sverige, and neither of them takes any responsibility for any such information or representation. Neither the publication nor the distribution of this Prospectus, nor any transaction carried out in respect of the Offering, shall be deemed to imply that information in this Prospectus is accurate and applicable at any time other than on the date of its publication, or that there has not been any change in Fasadgruppen's business since this date. In the event of any material changes in respect of the information contained in the Prospectus, such changes will be announced pursuant to the provisions concerning supplements to prospectuses under the Prospectus Regulation.

The Offering and the Prospectus are governed by Swedish law. Disputes relating to the Offering or the Prospectus shall be settled by a Swedish court.

### Forward-looking statements

This Prospectus contains certain forward-looking statements that reflect the senior management's current view on future events as well as anticipated financial and operational performances. Forward-looking statements can be identified by the use of words as "believe", "expect", "predict", "intend", "can", "plan", "anticipate", "will", "seek", "should", "could", or "may", or in each case their negations or similar expressions. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of several factors. Factors that may result in Fasadgruppen's actual results, performance or efforts significantly deviating from those provided or indicated in the forward-looking statements include, *inter alia*, the factors discussed in section "*Risk factors*".

Forward-looking statements speak only as of the date of this Prospectus. Fasadgruppen undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or other circumstances, except for when it is required by law or other regulations. Accordingly, investors are cautioned not to place undue reliance on any of these forward-looking statements.



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## The Offering in brief

<b>Offering price</b>	SEK 60
<b>Application period</b> for the public	1–8 December 2020
<b>Application period</b> for institutional investors	1–8 December 2020
<b>First day of trading</b> on Nasdaq Stockholm	9 December 2020
<b>Settlement date</b>	11 December 2020

## Other information

ISIN code	SE0015195771
Trading symbol (ticker) on Nasdaq Stockholm	FG

# Summary

## Introduction and warnings

This Prospectus has been prepared due to the admission to trading on Nasdaq Stockholm and the offering to the public in Sweden and certain institutional investors in Sweden and abroad of shares in Fasadgruppen Group AB (publ). The Company's address is Wallingatan 2, SE-111 60 Stockholm, Sweden, its LEI code is 549300E24LG227KCFQ23 and the ISIN code for the shares will be SE0015195771. The Offering is made by the Company as well as by Connecting Capital Sweden AB, A.M. Karlsson i Kvicksund AB and Sterner Stenhus Holding AB (the "Selling Shareholders"). Connecting Capital Sweden AB's address is Wallingatan 2, SE-111 60 Stockholm, Sweden and its LEI code is 549300P3XZRFCSDB783. A.M. Karlsson i Kvicksund AB's address is Bragevägen 1, SE-114 26 Stockholm, Sweden and its LEI code is 5493007XGUD85X8BJ590. Sterner Stenhus Holding AB's address is Årstaängsvägen 11, SE-117 75 Stockholm, Sweden and its LEI code is 549300MN626MMSLWE49.

The Prospectus has been approved and registered by the SFSA on 30 November 2020. The SFSA's postal address is Box 7821, SE-103 97 Stockholm, Sweden. The SFSA's telephone number is +46 (0)8-408 980 00 and its website [www.fi.se](http://www.fi.se).

This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. Investors could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including translations hereof, but only if the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the securities.

## Key information on the issuer

### Who is the issuer of the securities?

Fasadgruppen Group AB (publ), 559158-4122, is the issuer of the securities. The board of directors registered office is in Stockholm, Sweden. The Company is a Swedish public limited liability company. The Company's operations are governed by the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)). The Company's LEI code is 549300E24LG227KCFQ23.

### Principal activities

Fasadgruppen's business concept is to offer multidisciplinary and specialised solutions for façade work. Fasadgruppen divides its operations into three service segments: masonry, plastering and other. Fasadgruppen considers itself to be one of the leading façade companies<sup>1)</sup> in Sweden. Since Fasadgruppen was formed, the Group has multiplied its revenues, mainly driven by acquisitions but also through organic growth. Fasadgruppen experiences several advantages of its active acquisition agenda. Some of the effects arising from the acquisitions of new companies include economies of scale in purchasing, sharing of best practise, resource allocation and lower administrative costs. The parent company and its subsidiaries all have solid local knowledge in the regions in which they operate. The Company's philosophy is to employ a decentralised structure, where customers are offered specialist expertise of façade work at a local level.

### Major shareholders

The table below sets forth the ownership structure in the Company as of the date of this Prospectus and how the ownership structure may change in connection with the Offering.

	Prior to the Offering		After the Offering (assuming that the Over-allotment Option is not exercised)		After the Offering (assuming that the Over-allotment Option is exercised in full)	
	Number of shares	Percentage of shares (%)	Number of shares	Percentage of shares (%)	Number of shares	Percentage of shares (%)
<i>Selling Shareholders and other existing shareholders</i>						
Connecting Capital Sweden AB	14,236,044	35.5%	8,357,017	18.5%	6,833,790	15.1%
A.M. Karlsson i Kvicksund AB <sup>1)</sup>	5,486,680	13.7%	3,781,192	8.4%	3,292,008	7.3%
Sterner Stenhus Holding AB <sup>2)</sup>	4,320,480	10.8%	2,641,750	5.9%	2,160,241	4.8%
KFAB Förvaltning AB <sup>3)</sup>	2,498,380	6.2%	1,998,704	4.4%	1,998,704	4.4%
Other existing shareholders	13,590,896	33.9%	11,727,667	26.0%	11,727,667	26.0%
<i>Cornerstone investors and other investors in the Offering<sup>4)</sup></i>						
Capital Group	0	0.0%	4,583,332	10.2%	4,583,332	10.2%
Swedbank Robur Fonder	0	0.0%	3,333,333	7.4%	3,333,333	7.4%
Other investors in the Offering	0	0.0%	8,709,485	19.3%	11,203,405	24.8%
<b>Total (all shareholders)</b>	<b>40,132,480</b>	<b>100.0%</b>	<b>45,132,480</b>	<b>100.0%</b>	<b>45,132,480</b>	<b>100.0%</b>

1) A.M. Karlsson i Kvicksund AB is 51 per cent owned by the board member Mikael Karlsson.

2) Sterner Stenhus Holding AB is 30 per cent owned by the board member Tomas Georgiadis.

3) KFAB Förvaltning AB is 100 per cent owned by the senior executive Mats Karlsson.

4) Capital Group and Swedbank Robur Fonder have committed to, subject to certain conditions, acquire a certain number of shares in the Offering.

1) "One of the leading façade companies" and similar expressions in the Prospectus, refers to that the Group, according to Fasadgruppen, has an attractive service offering that is broad and available in several locations in Sweden.

### Senior executives

The group management consists of the following senior executives: Pål Warolin (CEO), Martin Jacobsson (deputy CEO), Casper Tamm (CFO), Adrian Westman (Head of Investor Relations), Mats Karlsson (Business Area Manager South), Stefan Karlsson (Business Area Manager East), Andreas Bendrik (Business Area Manager North), Michèle Ferrari (Marketing Manager) and Anders Planensten (Purchasing and Sales Manager).

### Auditor

Deloitte AB is Fasadgruppen's auditor. The authorised public accountant Richard Peters is the auditor in charge. Deloitte AB's address is Deloitte AB, SE-113 79 Stockholm, Sweden.

### Key financial information regarding the issuer

#### Selected income statement items

	Audited		Unaudited	
	1 Jan–31 Dec 2019	8 May–31 Dec 2018	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019
<b>MSEK</b>				
Net sales	1,019.0	389.1	921.3	719.5
Operating profit	121.3	41.6	88.7	86.7
Net profit	85.9	27.9	63.6	62.0
Net sales growth (%)	161.9%	–	28.0%	–

#### Selected balance sheet items

	Audited		Unaudited	
	31 Dec 2019	31 Dec 2018	30 Sep 2020	30 Sep 2019
<b>MSEK</b>				
Assets	971.0	718.0	1,634.4	939.2
Equity	150.7	29.0	673.0	113.5

#### Selected cash flow items

	Audited		Unaudited	
	1 Jan–31 Dec 2019	8 May–31 Dec 2018	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019
<b>MSEK</b>				
Cash flows from operating activities	79.7	43.0	40.1	38.4
Cash flows from investing activities	–59.8	–341.5	–289.5	–44.5
Cash flows from financing activities	–13.4	340.4	243.7	–21.9

#### Selected pro forma income statement items for the period 1 January–31 December 2019<sup>1)</sup>

	Fasad- gruppen	Simtuna	Allt i Murning i Karlshamn	Mellan- svenska Fasad	Fasad- teknik	Ume fasad	P. Andersen & Søn	Karlaplans Plåtslageri
	IFRS 1 Jan– 31 Dec	K2 1 Jan– 28 Mar	K3 1 Jan– 10 Jun	K2 1 Jan– 3 Jul	K2 1 Jan– 4 Jul	Danish Annual K3 1 Jan– 27 Aug	Reports Act 1 Jan– 10 Nov	K3 1 Jan– 8 Dec
<b>MSEK</b>								
Net sales	1,019.0	16.7	10.4	25.1	13.7	7.0	32.5	113.9
Operating profit	121.3	5.3	1.5	3.0	0.9	0.0	3.3	4.9
Profit/loss for the period	85.9	4.2	1.4	1.8	0.6	0.0	2.4	3.0

#### Selected pro forma income statement items for the period 1 January–31 December 2019, cont.

	Sterner Stenhus Fasad	Proos	DVS	Cortex*	Adjustment of accounting Front principle (IFRS 16)	Pro forma adjustment	Pro forma
	K3 1 Jan– 31 Dec	K2 1 Jan– 31 Dec	Norwegian Annual Reports Act 1 Jan– 31 Dec	Danish Annual Reports Act 1 Jan– 31 Dec	K3 1 Jan– 31 Dec		1 Jan– 31 Dec
<b>MSEK</b>							
Net sales	271.0	9.6	175.3	55.3	400.2	–	2,149.7
Operating profit	49.8	0.2	18.1	9.5	35.4	1.1	257.8
Profit/loss for the period	38.3	0.0	14.4	7.2	26.5	–	182.2

\* Cortex consists of the three companies Cortex Facaderens ApS, Cortex Membran ApS and All-Tech ApS.

1) Please note that the pro forma income statement for the period 1 January–31 December 2019 is divided into two tables.

## Selected pro forma income statement items for the period 1 January–30 September 2020

	Fasadgruppen	Sterner Stenhus Fasad	Proos	DVS Norwegian Annual	Cortex* Danish Annual	Adjustment of account- ing principle (IFRS 16)	Pro forma adjustment	Pro forma
	IFRS 1 Jan– 30 Sep	K3 1 Jan– 4 Jun	K2 1 Jan– 30 Jun	Reports Act 1 Jan– 21 Sep	Reports Act 1 Jan– 23 Sep	K3 1 Jan– 30 Sep		1 Jan– 30 Sep
<b>MSEK</b>								
Net sales	921.3	85.9	4.5	99.7	42.2	225.1	–	1,378.8
Operating profit	88.7	24.1	-0.0	5.1	10.7	15.5	0.4	151.3
Profit/loss for the period	63.6	18.4	-0.1	1.7	8.8	11.4	–	106.6

\* Cortex consists of the three companies Cortex Facaderens ApS, Cortex Membran ApS and All-Tech ApS.

## Selected pro forma balance sheet items as of 30 September 2020

	Fasadgruppen	Front	Adjustment of accounting principle (IFRS 16)	Pro forma adjustment	Pro forma
<b>MSEK</b>	IFRS	K3			
Assets	1,634.4	135.3	17.5	229.3	2,016.9
Shareholders' equity	673.0	38.1	–	14.3	725.8

**Key risks specific to the issuer***Fasadgruppen is subject to risks related to construction projects performed at fixed prices*

Since Fasadgruppen to a large extent performs projects at fixed prices, Fasadgruppen's profitability and ability to meet its financial profitability target of an EBITA margin exceeding 10.0 per cent over an business cycle depend on the ability to prepare profitable project calculations (including parameters such as required time expenditure as well as costs for materials, employees and sub-contractors) and to carry out the construction projects in accordance with such calculations. It can be difficult to make assessments of the required time expenditure and costs in the tendering phase of a project. Accordingly, Fasadgruppen may fail at preparing profitable and feasible project calculations. In addition, shortcomings in Fasadgruppen's project management and project control can result in Fasadgruppen failing to carry out projects in accordance with the set calculations. Unforeseen or changed conditions during the course of the projects, which may, in part or in whole, be outside Fasadgruppen's control, can also result in delays and contractual fines or increased costs for, *inter alia*, personnel, sub-contractors and materials. Pursuant to some construction contracts, Fasadgruppen is entitled to, *inter alia*, compensation for profit losses for delays that are not caused by Fasadgruppen or to additional compensation if the scope of the construction contract changes. However, it is not certain that Fasadgruppen is entitled to, or will claim, such compensation in each individual case. If Fasadgruppen fails to prepare and comply with its project calculations or if changed conditions result in increased project related costs, there is a risk that Fasadgruppen's profitability materially decreases and that Fasadgruppen will be unable to meet its financial profitability target.

*Fasadgruppen is subject to risks related to the possibility to identify and carry out acquisitions*

Fasadgruppen has an active acquisition strategy and expects that the growth to a large extent will continue to be driven by acquisitions of companies and businesses. In order for Fasadgruppen's acquisition strategy to be successful and generate profitable growth, Fasadgruppen needs to identify suitable companies or businesses to acquire on relevant geographic markets, perform adequate due diligence reviews, negotiate favourable terms and conditions for each transaction (sometimes in competition with other prospective buyers) as well as obtain financing and necessary permits or governmental approvals (e.g. from competition authorities). However, should one or more other actors – such as construction companies, façade companies or venture capital companies – adopt Fasadgruppen's acquisition strategy, there is a risk that Fasadgruppen will be facing competition in acquisition processes resulting in, for example, higher purchase prices or fewer prospective acquisition candidates. In order to be able to carry out acquisitions, Fasadgruppen is also dependent on the access to financing. The access to external financing is affected by various factors, including market conditions, general access to loan financing as well as Fasadgruppen's credit rating and credit capacity. Accordingly, disruptions and uncertainties in the capital markets and the credit markets can limit the access to the capital needed for Fasadgruppen to be able to acquire companies. If Fasadgruppen is not able to carry out acquisitions in accordance with its active acquisition strategy, it can have a material adverse effect on Fasadgruppen's growth and ability to meet its financial growth target.

*Fasadgruppen is subject to risks related to the integration of acquired companies and businesses*

Fasadgruppen has an active acquisition strategy and expects that the growth to a large extent will continue to be driven by acquisitions of companies and businesses. If Fasadgruppen carries out an acquisition, there is a risk that the profitability or the cash flow that the acquisition is expected to result in will not be generated, or that benefits, including growth or expected synergies, will not be realised within the time frame expected by Fasadgruppen or at all. Fasadgruppen's assessment of, and assumptions regarding, the acquired business may prove to be inaccurate and the actual development of the acquired business may differ significantly from Fasadgruppen's expectations. In addition, acquisitions of companies or businesses may lead to Fasadgruppen becoming subject or exposed to unknown or unexpected liabilities or costs related to, for example, the acquired business' customers and employees as well as to authorities. Given that the sellers of the acquired businesses often possess qualifications and experiences that are important for Fasadgruppen, it is, in general, important for Fasadgruppen to succeed in retaining and motivating such persons after they have become a part of Fasadgruppen. If the actions taken by Fasadgruppen in order to create incentives to keep working for Fasadgruppen involve economic incentives, there is a risk that Fasadgruppen due to incorrect interpretation or application will not comply with applicable tax regulations or practise. For example, Fasadgruppen usually offers the sellers to reinvest a part of the purchase price in new shares in Fasadgruppen. Such new shares are issued at an estimated market value, and if the valuation of the shares later is considered incorrect, it may result in Fasadgruppen being required to pay significant amounts in tax, interests and other fees. There is also a risk that key personnel of the acquired business terminate their employments (and potentially start businesses competing with Fasadgruppen) or that there will be dissatisfaction among the personnel, which may result in Fasadgruppen failing to integrate the acquired business or benefit from the acquired business as Fasadgruppen has expected. In addition, the integration process may require more resources than expected or in other ways interfere with Fasadgruppen's operations, for example due to unforeseen issues of a legal,

### *Key risks specific to the issuer, cont.*

contractual or other nature, issues with the realisation of operational synergies or failure to maintain a good quality of service as well as good internal governance and control. Historically, it has, for example, occurred that acquired companies have had certain shortcomings in their routines for, *inter alia*, internal financial reporting, preparing basic corporate documentation and processing personal data in accordance with applicable laws and regulations. As of yet, these risks have not been realised to any significant extent. However, Fasadgruppen has a relatively short history and has carried out many acquisitions within a short time frame. Consequently, it cannot be ruled out that acquisitions which have been successful or unproblematic up until the date of this Prospectus might not continue to contribute to Fasadgruppen's growth or might result in, for example, any of the aforementioned issues. Given that Fasadgruppen expects that the future growth will continue to be driven by acquisitions of companies and businesses, Fasadgruppen may become exposed to acquisition related risks at repeated occasions. The fact that the risks are not realised in connection with one acquisition does not imply that the risks will not be realised in connection with another acquisition. Should any of the aforementioned acquisition related risks realise, it could have a material adverse effect on Fasadgruppen's growth and ability to meet its financial growth target.

### *Fasadgruppen is subject to risks related to the ability to retain and recruit employees with industry specific qualifications*

Fasadgruppen's growth is to a large extent dependent on Fasadgruppen's ability to successfully carry out acquisitions, and Fasadgruppen's profitability is to a large extent dependent on the subsidiaries' ability to attract customers and to prepare and comply with project calculations for façade projects that are performed at fixed prices. For this reason, Fasadgruppen is dependent on qualified personnel who are competent and have experiences of acquisitions, sales and cost calculations for various types of constructing projects as well as of project management and operational management in the locations where Fasadgruppen operates. The personnel who possess such competence and experience are often sellers or key employees of the businesses that Fasadgruppen acquires. In general, it is important for Fasadgruppen to succeed with retaining and continuing to motivate such persons after they have become a part of Fasadgruppen. If the actions taken by Fasadgruppen in order to create incentives to keep working for Fasadgruppen involve economic incentives, there is a risk that Fasadgruppen due to incorrect interpretation or application will not comply with applicable tax regulations or practice. For example, Fasadgruppen historically has offered the sellers to invest in new shares in Fasadgruppen. Such new shares have been issued at an estimated market value, and if the valuation of the shares is considered incorrect, it may result in Fasadgruppen being required to pay significant amounts in tax, interests and other fees. Should any of the employees of Fasadgruppen who currently have key roles in respect of acquisitions, sales or project calculations fail to or stop providing Fasadgruppen their industry specific expertise, there is a risk of disturbances or disruptions in Fasadgruppen's growth, or that Fasadgruppen's profitability significantly decreases. If such employees terminate their employments for Fasadgruppen and also start working for, or start new, competitors of Fasadgruppen, there is a risk that such negative effects become even more extensive.

### *Fasadgruppen is subject to risks related to general market conditions on the markets where the Group operates*

Fasadgruppen performs construction projects in conjunction with new constructions and renovations of façades in several locations in Sweden, Denmark and Norway. The pricing of and demand for Fasadgruppen's services are affected by changes in general economic conditions and other market conditions in the countries and local markets where Fasadgruppen operates. Fluctuations or other uncertain economic conditions on one or several of Fasadgruppen's markets may have a material adverse effect on the demand for Fasadgruppen's services in general (and in particular services in conjunction with new constructions of properties). In addition to changes in general economic conditions and other market conditions may affecting the demand for Fasadgruppen's services and its ability to grow through acquisitions, and consequently Fasadgruppen's revenues and profitability, such factors may result in fluctuations in the prices of and access to the materials that Fasadgruppen uses in its operations (such as tile), which may have a material adverse effect on Fasadgruppen's operating costs and ability to perform its construction projects within agreed time frames.

### *Fasadgruppen is subject to risks related to sub-contractors*

Fasadgruppen's operating subsidiaries often hire sub-contractors as a complement to their own staff. Accordingly, a significant part of Fasadgruppen's workforce has historically consisted of persons employed by sub-contractors. Consequently, Fasadgruppen is dependent on continuously having access to reliable sub-contractors as well as on the costs for hiring such sub-contractors being acceptable to Fasadgruppen. Fasadgruppen does not have full insight in or control over its sub-contractors' operations and personnel. Accordingly, there is a risk that Fasadgruppen's sub-contractors might not perform their services on time or with a sufficient quality, which may have an adverse effect on Fasadgruppen's ability to comply with its project calculations and Fasadgruppen's customer relationships. There is also a risk that Fasadgruppen's sub-contractors might not comply with applicable laws and regulations in respect of, for example, employees' rights or labour safety and work environment, or otherwise mismanage their assignments, which may damage Fasadgruppen's reputation or result in Fasadgruppen becoming subject to sanctions, penalties and damages. If Fasadgruppen fails to hire sub-contractors on terms acceptable to Fasadgruppen or if there are deficiencies in the sub-contractors' services to Fasadgruppen and Fasadgruppen's customers, it may have a material adverse effect on Fasadgruppen's operating costs and profitability and its ability to attract customers and thereby revenues.

### *Fasadgruppen is subject to risks related to weather conditions and season variations*

Fasadgruppen's construction projects are to a large extent performed outdoors. Consequently, Fasadgruppen is affected by the weather conditions in the geographic areas where Fasadgruppen operates. For example, cold weather conditions complicate hardening processes in connection with masonry and plastering. Snow and rain can also complicate construction projects in general and, consequently, result in delays of the work that Fasadgruppen is to carry out or even in postponed projects. Consequently, there is a risk that Fasadgruppen might not be able to conduct its operations to the desired extent during the winter season. Although Fasadgruppen has extensive experiences of managing weather conditions and season variations, there is a risk that the weather, in particular during the first and fourth quarters of each year, becomes significantly colder than expected, with reduced revenues as a result. It is not certain that Fasadgruppen can compensate for reduced revenues during the winter season by increasing the capacity during periods with milder, and for Fasadgruppen's operations more favourable, weather conditions. Consequently, winter weather and other weather conditions deviating from normal conditions may have a material adverse effect on Fasadgruppen's revenues and results.

### *Fasadgruppen is subject to risks related to public investments and public procurements*

Fasadgruppen does to a large extent participate as a tenderer in public procurements. The exposure to the public sector means that the demand for Fasadgruppen's services can be affected by political decisions on increased or decreased public investments and rules regarding public procurement. Consequently, reduced appropriations for façade renovations of hospitals, schools and other public infrastructure can have a material adverse effect on Fasadgruppen's revenues. Fasadgruppen's customers within the public sector are also often legally obliged to purchase services through public procurement processes. In some public procurement processes, the contract documents contain provisions requiring Fasadgruppen to have personnel with, for example, professional certificates (mainly in respect of masons) or that Fasadgruppen has certain quality certificates or environmental certificates (such as ISO 9001 and ISO 14001). If Fasadgruppen is unable to provide personnel with such professional certificates or if Fasadgruppen does not succeed in obtaining or retaining such quality certificates or environmental certificates, there is a risk that Fasadgruppen will not be awarded contracts in public procurements where such requirements are set. In addition, public procurement processes are associated with certain risks that do not always appear in tender processes with private actors. For example, in public procurement processes, tenderers and prospective tenderers can apply

### Key risks specific to the issuer, cont.

for rectification of the procurement process or the decision to award contracts with reference to actual or alleged procedural errors in the processes. Consequently, there is a risk that other tenderers apply for rectification of a procurement process in which Fasadgruppen has been awarded a contract. Such rectifications can, in addition to result in costs for, *inter alia*, fees for advisers and being time-consuming, lead to a new procurement process being initiated and Fasadgruppen losing the previously awarded contract. Pursuant to applicable legislation on public procurement, procured contracts concluded with the public sector can also in some cases be terminated if the contract has been entered into in violation with the legislation. If any of the aforementioned risks would realise, or if Fasadgruppen would lose public procurements in the future, it could have a material adverse effect on Fasadgruppen's revenues and costs.

#### *Fasadgruppen is subject to risks related to its decentralised business model*

Fasadgruppen has a decentralised business model where the operating subsidiaries of the Group are responsible for preparing project calculations, taking on construction projects, employ personnel and hire any sub-contractors as well as for carrying out the construction projects. Accordingly, the responsible persons of each subsidiary have a significant independence to lead the operations, including, *inter alia*, responsibility for customer relationships, sales, personnel and the profitability of the subsidiary. At group level, it is primarily only overall strategy work, internal governance and control, procurement of suppliers and insurances, acquisitions and external disclosure of information (as regards financial and other information pursuant to applicable laws and regulations) that take place. The decentralised business model places comprehensive requirements on Fasadgruppen's systems and routines for internal governance and control as well as on the internal financial reporting. In order for Fasadgruppen to be able to provide reliable financial information to the market and prevent Fasadgruppen's employees from acting incorrectly (accidentally or fraudulently) in relation to Fasadgruppen or its customers and employees, it is necessary that Fasadgruppen's internal governance and control work efficiently. The decentralised business model entails a risk that Fasadgruppen will not be able to manage internal risks or identify areas where internal controls require improvements. This risk increases with every acquisition carried out by Fasadgruppen. If Fasadgruppen fails to establish, maintain and apply appropriate and effective routines and procedures for internal governance and control, it may result in Fasadgruppen becoming subject to supervisory measures and sanctions from local authorities or in Fasadgruppen's reputation among investors and other stakeholders being damaged, which may have a material adverse effect on Fasadgruppen's revenues and operating costs.

#### *Fasadgruppen is subject to risks related to guarantee commitments and complaints*

Fasadgruppen's construction contracts with Swedish customers typically contain guarantee commitments in accordance with the General Conditions of Contract for Design and Construct Contracts for Building, Civil Engineering and Installation Works (Sw. *Allmänna bestämmelser för totalentreprenader avseende byggnads-, anläggnings- och installationsarbeten*) (ABT 06). These guarantee commitments usually mean that Fasadgruppen is responsible for Fasadgruppen's construction work meeting the agreed functional requirements and liable for any defects arising during a guarantee period of five years. Fasadgruppen is occasionally subject to claims related to such guarantee commitments regarding both structural and aesthetic defects. Disputes relating to guarantee commitments can be time-consuming and disturb Fasadgruppen's daily operations as well as damage Fasadgruppen's relationships with existing customers and its ability to attract new customers. Fasadgruppen typically does not insure its guarantee commitments and if Fasadgruppen needs to fulfil a material guarantee commitment, Fasadgruppen risks being obliged to pay significant amounts as compensation. Consequently, if Fasadgruppen's customers make claims relating to guarantee commitments against Fasadgruppen, it can, regardless of whether Fasadgruppen has made sufficient allowances, have a material adverse effect on Fasadgruppen's costs and liquidity as well as on Fasadgruppen's reputation and consequently the Group's ability to attract customers and generate revenues in accordance with Fasadgruppen's growth targets.

#### *Fasadgruppen is subject to risks related to workplace accidents and work environment issues*

Construction projects on façades often involve work in dusty environments and at high altitudes. Consequently, such work is associated with certain risks, such as the risk of falls and inhalation of so-called quartz dust. Such risks may result in personal injuries and death as well as severe damage to real property and work equipment. Against this background, Fasadgruppen's operations are subject to extensive laws and regulations for the purpose of maintaining a safe work environment. There is a risk that Fasadgruppen violates applicable laws and regulations concerning the maintenance of a safe work environment. If such violations occur, there is a risk that Fasadgruppen or its representatives become subject to claims for damages or to criminal liability. Consequently, workplace accidents in connection with Fasadgruppen's construction projects could have a material adverse effect on Fasadgruppen's costs, but also on Fasadgruppen's reputation and in the long term its ability to attract customers and employees, which subsequently could affect Fasadgruppen's revenues and growth opportunities.

#### *Fasadgruppen is subject to risks related to disputes and other legal proceedings*

Fasadgruppen has historically been, and may in the future become, involved in disputes within the course of its day-to-day operations. There is always a risk that Fasadgruppen becomes subject to claims relating to, *inter alia*, interpretation of customer and supplier agreements, alleged deficiencies or delays in connection with the execution of construction contracts or disagreements regarding whether contract variations shall entitle Fasadgruppen to additional compensation. Disputes can be time-consuming, disrupt the day-to-day operations, involve large amounts and result in significant costs for Fasadgruppen, regardless of whether Fasadgruppen or the other party initiates the dispute. Accordingly, if Fasadgruppen would become involved in disputes, it could have a material adverse effect on Fasadgruppen's revenues and costs.

## Key information on the securities

### *Main features of the securities*

This Prospectus has been prepared due to the admission to trading on Nasdaq Stockholm and the offering to the public in Sweden and certain institutional investors in Sweden and abroad of 16,626,150 shares in Fasadgruppen Group AB (publ). The ISIN code for the shares will be SE0015195771. The shares are denominated in SEK. As of the date of this Prospectus, there are 40,132,480 shares in the Company.

### *Rights attached to the securities*

Each share entitles the shareholder to one vote at general meetings. Each shareholder is entitled to vote for the full number of shares in the Company held by the shareholder. If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue (Sw. *kvittningsemission*), the shareholders will in general have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue. However, the articles of association contain no provisions that restrict the Company from issuing new shares, warrants or convertibles with deviation from the shareholders' preferential rights in accordance with the Swedish Companies Act. All shares carry equal rights to dividends as well as to the Company's assets and any surplus in the event of a dissolution of the Company. The shares are not subject to any transferability restrictions.



*Dividend policy*

Fasadgruppen's aim is to distribute 30 per cent of the Group's consolidated net results, taken into account factors such as financial position, cash flows and growth opportunities.

*Where will the securities be traded?*

The shares will be traded on Nasdaq Stockholm. The trading symbol (ticker) for the shares will be FG.

*What are the key risks that are specific to the securities?**The share price may fluctuate and the share price development is dependent on several factors*

An investment in shares can increase or decrease in value and there is a risk that an investor loses the invested capital. The development of the share price can depend on several factors, some of which are company-specific while others are related to the stock market in general. The share price may, among other things, be affected by supply and demand, variations in actual or expected results, inability to meet analysts' expectations on results, failure to achieve financial and operational targets, changes in general economic or regulatory conditions or by pandemics, such as Covid-19. There is also a risk that there will not be an active and liquid market for trading in Fasadgruppen's shares. These are significant risks to individual investors.

*Future issuances of shares or other securities could dilute the shareholding and have an adverse effect on the share price*

Fasadgruppen may in the future need to raise additional capital in order to finance its operations or to carry out planned investments (such as acquisitions of companies or businesses in accordance with Fasadgruppen's active acquisition strategy). For example, issuances of additional securities or bonds could reduce the market value of Fasadgruppen's shares as well as dilute the financial and voting rights for existing shareholders unless existing shareholders are given preferential rights in the issue or if existing shareholders for some reason are unable, prohibited or unwilling to exercise any preferential rights.

*Fasadgruppen's ability to pay dividends in the future might be limited and is dependent on several factors*

The board of directors of Fasadgruppen has adopted a dividend policy, according to which Fasadgruppen aims to distribute 30 per cent of the Group's consolidated net profits, taking into account factors such as financial position, cash flows and growth opportunities. If the board of directors of Fasadgruppen submits a proposal for dividends to the general meeting, the board of directors shall take into consideration a number of factors, including the demands with respect to the size of the Company's and the Group's equity which are imposed by the nature, scope and risks associated with the operations as well as the Company's and the Group's need to strengthen the balance sheet, liquidity and position in general. Accordingly, Fasadgruppen's ability to pay dividends in the future is dependent on Fasadgruppen's future profits, financial position, cash flows, net working capital requirements, capital expenditures and other factors. Pursuant to Swedish law, there are requirements stating that dividends can only be distributed to the extent that there will be full coverage for the company's restricted capital (Sw. *bundet eget kapital*) after the dividend distribution. In addition, there is a risk that Fasadgruppen resolves to reinvest any future profits in the business, that a general meeting in Fasadgruppen resolves not to pay dividends in the future or that Fasadgruppen will not have sufficient funds to pay any dividends.

## Key information on the offer of securities to the public and the admission to trading on Nasdaq Stockholm

*Under which conditions and timetable can I invest in this security?**The terms and conditions of the Offering and expected timetable*

**The Offering:** The Offering comprises not more than 16,626,150 shares, of which the Selling Shareholders offer 11,626,150 existing shares and the Company offers 5,000,000 newly issued shares. The Offering is divided into two components: (i) the offering to the public in Sweden and (ii) the offering to institutional investors in Sweden and abroad.

**Over-allotment Option:** The Selling Shareholders have provided the Managers with an over-allotment option entitling the Managers, not later than 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm, to request to acquire 2,493,920 existing shares from the Selling Shareholders, corresponding to approximately 15 per cent of the number of shares in the Offering, at a price corresponding to the offering price. The Over-allotment Option may only be exercised in order to cover any over-allotment in the Offering.

**Offering price:** The offering price is SEK 60 per share. The price has been determined by the Company and the Selling Shareholders in consultation with Carnegie based on a number of factors, including discussions with cornerstone investors and certain other institutional investors, a comparison with the market price of other comparable listed companies, an analysis of previous transactions for companies within the same industry, the current market situation as well as estimates regarding Fasadgruppen's business opportunities and future profitability.

**Application period:** The application period for the public in Sweden begins on 1 December 2020 and expires on 8 December 2020. The application period for institutional investors begins on 1 December 2020 and expires on 8 December 2020.

**Application:** Applicants applying to acquire shares through Carnegie must have a securities depository account or an investment savings account with Carnegie. Anyone who applies for acquisition of shares through Nordea must have (i) a bank account (transaction account) with Nordea and a VP account or a service account with Nordea, or (ii) a securities deposit or an investment savings account with Nordea. Persons applying to acquire shares through Avanza must hold a securities depository account or an investment savings account at Avanza. Nordnet clients in Sweden can apply through Nordnet's web service.

**Allotment:** The decision concerning the allotment of shares will be made by the Company and the Selling Shareholders in consultation with Carnegie, whereby the objective will be to achieve a strong institutional ownership base and a wide spread of shares among the public in Sweden to enable regular and liquid trading of the Company's shares on Nasdaq Stockholm.

**Admission to trading on Nasdaq Stockholm:** On 17 November 2020, Nasdaq Stockholm's listing committee made the assessment that the Company fulfils the applicable listing requirements on Nasdaq Stockholm. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm subject to certain conditions, including that the Company submits such an application and that the distribution requirement for the Company's shares is met. The first day of trading is expected to be on 9 December 2020.

### *Dilution effect from the Offering*

The Company's offering of 5,000,000 newly issued shares entails a dilution effect of 11.1 per cent.

### *Expenses relating to the Offering*

Fasadgruppen's expenses relating to the Offering is expected to amount to approximately MSEK 11.3. No commission is payable in connection with the Offering.

### *Who is the offeror and the person asking for admission to trading?*

The Company is Fasadgruppen Group AB (publ), 559158-4122. The board of directors' registered office is in Stockholm, Sweden. The Company is a Swedish public limited liability company incorporated in Sweden under Swedish law. The Company's operations are governed by the Swedish Companies Act. The Company's LEI code is 549300E24LG2Z7KCFQ23.

The Selling Shareholders are Connecting Capital Sweden AB, 556743-8865, A.M. Karlsson i Kvicksund AB, 556638-5794, and Sterner Stenhus Holding AB, 556771-9033. Connecting Capital Sweden AB is a Swedish limited liability company incorporated in Sweden under Swedish law. The board of directors' registered office is in Stockholm, Sweden. The company's operations are governed by the Swedish Companies Act and its LEI code is 549300P3XZRQFCSD8783. A.M. Karlsson i Kvicksund AB is a Swedish limited liability company incorporated in Sweden under Swedish law. The board of directors' registered office is in Stockholm, Sweden. The company's operations are governed by the Swedish Companies Act and its LEI code is 5493007XGUD85X8BJ590. Sterner Stenhus Holding AB is a Swedish limited liability company incorporated in Sweden under Swedish law. The board of directors' registered office is in Stockholm, Sweden. The company's operations are governed by the Swedish Companies Act and its LEI code is 549300MN626MMSSLWE49.

Subject to the Offering being carried out, certain other shareholders (who are not Selling Shareholders in the Offering), including, among others, board members, senior executives and employees in the Company, will sell shares to Connecting Capital Sweden AB who in turn will sell the shares in the Offering.

### *Why is this prospectus being produced?*

#### *Background and reasons and use of net proceeds*

The purpose of the Offering and the listing of Fasadgruppen's shares on Nasdaq Stockholm is to support Fasadgruppen's continued acquisition journey, broaden the Company's shareholder base as well as to provide access to the Swedish and international capital markets. Fasadgruppen's board of directors also believes that a listing of the Company's shares on Nasdaq Stockholm is an important step in Fasadgruppen's development that will increase the awareness of the Group and its operations.

The new issue in the Offering will, upon full subscription, raise MSEK 300 before deduction of expenses relating to the Offering of MSEK 11.3. Fasadgruppen intends to use the net proceeds of MSEK 288.8 from the Offering to reduce its indebtedness and thereby create conditions for a continued active acquisition agenda.

#### *Significant conflicts of interests*

Carnegie and Nordea are Fasadgruppen's and the Selling Shareholders' financial advisers in connection with the Offering. Carnegie is Sole Global Coordinator and Joint Bookrunner and Nordea is Joint Bookrunner. As consideration, Carnegie and Nordea will receive a commission amounting to a certain percentage of the gross proceeds from the sale of shares in the Offering. The total consideration that Carnegie and Nordea will receive depends on the success of the Offering.

In the ordinary course of their daily operations, Carnegie and Nordea (as well as their respective affiliates) have from time to time engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services for Fasadgruppen and the Selling Shareholders, respectively, for which they have received, and may receive, consideration.

# Risk factors

This section contains descriptions of the risks that Fasadgruppen considers to be material to Fasadgruppen's business and future development. The risks are related to Fasadgruppen's operations, industry and market, legal and regulatory conditions as well as Fasadgruppen's shares. The assessment of the materiality of each risk is based on the probability that the risk will be realised and the expected magnitude of negative effects as a result of the risk being realised. In accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council, the risks described by Fasadgruppen in this section are limited to risks that are specific to Fasadgruppen or Fasadgruppen's shares and which are material for making an informed investment decision. The descriptions in this section are based on information available as of the date of this Prospectus. The risks which Fasadgruppen currently considers to be the most material are presented first in each category. The subsequent risks are not presented in any particular order.

## Risks related to Fasadgruppen's business, industry and markets

Fasadgruppen is subject to risks related to construction projects performed at fixed prices. Fasadgruppen's revenues amounted to MSEK 1,019.0 during the financial year 2019 and were mainly attributable to construction projects that Fasadgruppen has performed or performs at fixed prices which were determined when the parties agreed on the construction project. Since Fasadgruppen to a large extent performs projects at fixed prices, Fasadgruppen's profitability and ability to meet its financial profitability target of an EBITA margin exceeding 10.0 per cent over an business cycle (see section "*Business overview—Fasadgruppen's financial targets*") depend on the ability to prepare profitable project calculations (including parameters such as required time expenditure as well as costs for materials, employees and sub-contractors) and to carry out the construction projects in accordance with such calculations. It can be difficult to assess the required time expenditure and costs in the tendering phase of a project. Accordingly, Fasadgruppen may fail at preparing profitable and feasible project calculations. In addition, shortcomings in Fasadgruppen's project management and project control can result in Fasadgruppen failing to carry out projects in accordance with the set calculations. Unforeseen or changed conditions during the course of the projects, which may, in part or in whole, be outside Fasadgruppen's control, can also result in delays and contractual fines or increased costs for, *inter alia*, personnel, sub-contractors and materials. Pursuant to some construction contracts, Fasadgruppen is entitled to, *inter alia*, compensation for profit losses for delays that are not caused by Fasadgruppen or to additional compensation if the scope of the construction contract changes. However, it is not certain that Fasadgruppen is entitled to, or will claim, such

compensation in each individual case. During the financial year 2019, Fasadgruppen's EBITA margin amounted to 11.9 per cent. If Fasadgruppen fails to prepare and comply with its project calculations or if changed conditions result in increased project related costs, there is a risk that Fasadgruppen's profitability materially decreases and that Fasadgruppen will be unable to meet its financial profitability target.

Fasadgruppen is subject to risks related to the possibility to identify and carry out acquisitions. Fasadgruppen has since the Group was formed in 2016 carried out 20 acquisitions, which to a large extent have contributed to the Group's growth. Fasadgruppen has an active acquisition strategy and expects that the growth to a large extent will continue to be driven by acquisitions of companies and businesses. In order for Fasadgruppen's acquisition strategy to be successful and generate profitable growth, Fasadgruppen needs to identify suitable companies or businesses to acquire on relevant geographic markets, perform adequate due diligence reviews, negotiate favourable terms and conditions for each transaction (sometimes in competition with other prospective buyers) as well as obtain financing and necessary permits or governmental approvals (*e.g.* from competition authorities). Fasadgruppen is of the opinion that the façade work market in Scandinavia is highly fragmented and mainly consists of a large number of companies that only operate on one or a few local markets. According to Fasadgruppen, this results in larger companies, such as Fasadgruppen, having the possibility to grow by acquiring smaller companies and thereby consolidating the market. Currently, Fasadgruppen has few competitors who actively work with acquiring façade companies, and Fasadgruppen considers the access to potential acquisition targets to be good. However, should one or more other market players – such as

construction companies, façade companies or private equity companies – adopt Fasadgruppen's acquisition strategy, there is a risk that Fasadgruppen will face competition in acquisition processes resulting in, for example, higher purchase prices or fewer potential acquisition targets. In order to be able to carry out acquisitions, Fasadgruppen is also dependent on the access to financing. The access to external financing is affected by various factors, including market conditions, general access to loan financing as well as Fasadgruppen's credit rating and credit capacity. Accordingly, disruptions and uncertainties in the capital markets and the credit markets can limit the access to the capital needed for Fasadgruppen to be able to acquire companies. If Fasadgruppen is not able to carry out acquisitions in accordance with its active acquisition strategy, it could have a material adverse effect on Fasadgruppen's growth and ability to meet its financial growth target (see section *"Business overview–Fasadgruppen's financial targets"*).

#### Fasadgruppen is subject to risks related to the integration of acquired companies and businesses

If Fasadgruppen carries out an acquisition, there is a risk that the profitability or the cash flow that the acquisition is expected to result in will not be generated, or that benefits, including growth or expected synergies, will not be realised within the time frame expected by Fasadgruppen or at all. Fasadgruppen's assessment of, and assumptions regarding, the acquired business may prove to be inaccurate and the actual development of the acquired business may differ significantly from Fasadgruppen's expectations. In addition, acquisitions of companies or businesses may lead to Fasadgruppen becoming subject or exposed to unknown or unexpected liabilities or costs related to, for example, the acquired business' customers and employees as well as to authorities. Given that the sellers of the acquired businesses often possess skills and experiences that are important for Fasadgruppen, it is, in general, important for Fasadgruppen to succeed in retaining and motivating such persons after they have become a part of Fasadgruppen. If the actions taken by Fasadgruppen in order to create incentives to keep working for Fasadgruppen involve economic incentives, there is a risk that Fasadgruppen due to incorrect interpretation or application will not comply with applicable tax regulations or practise. For example, Fasadgruppen usually offers the sellers to reinvest a part of the purchase price in new shares in Fasadgruppen. Such new shares are issued at an estimated market value, and if the valuation of the shares later is considered incorrect, it may result in Fasadgruppen being required to pay significant amounts in tax, interests and other fees. There is also a risk that key personnel of the acquired business terminate their employments (and potentially start businesses competing with Fasadgruppen) or that there will be dissatisfaction among the personnel, which may result in Fasadgruppen failing to integrate the acquired business or benefit from the acquired business as Fasadgruppen has expected. In addition, the integration process may require more

resources than expected or in other ways interfere with Fasadgruppen's operations, for example due to unforeseen issues of a legal, contractual or other nature, issues with the realisation of operational synergies or failure to maintain a good quality of service as well as good internal governance and control. Historically, there are examples of acquired companies having certain deficiencies in their routines for, *inter alia*, internal financial reporting, preparing basic corporate documentation and processing personal data in accordance with applicable laws and regulations. As of the date of this Prospectus, these risks have not materialised to any significant extent. However, Fasadgruppen has a relatively short history and has carried out many acquisitions during a short period of time. Consequently, it cannot be ruled out that acquisitions that have been successful or unproblematic up until the date of this Prospectus will not continue to contribute to Fasadgruppen's growth or will result in, for example, any of the issues mentioned above. Given that Fasadgruppen expects that the future growth will continue to be driven by acquisitions of companies and businesses, Fasadgruppen may become exposed to acquisition related risks at repeated occasions. The fact that the risks are not materialised in connection with one specific acquisition does not imply that the risks will not materialise in connection with another acquisition. Should any of the acquisition related risks mentioned above materialise, it could have a material adverse effect on Fasadgruppen's growth and ability to meet its financial growth target (see section *"Business overview–Fasadgruppen's financial targets"*).

#### Fasadgruppen is subject to risks related to the ability to retain and recruit employees with industry specific skills

Fasadgruppen's growth is to a large extent dependent on Fasadgruppen's ability to successfully carry out acquisitions, and Fasadgruppen's profitability is to a large extent dependent on the subsidiaries' ability to attract customers and to prepare and comply with project calculations for façade projects that are performed at fixed prices. For this reason, Fasadgruppen is dependent on qualified personnel who are skilled and have experiences of acquisitions, sales and cost calculations for various types of constructing projects as well as of project management and operational management in the locations where Fasadgruppen operates. The personnel who possess such skills and experience are often sellers or key employees of the businesses that Fasadgruppen acquires. In general, it is important for Fasadgruppen to succeed in retaining and continuing to motivate such persons after they become a part of Fasadgruppen. If the actions taken by Fasadgruppen in order to create incentives to keep working for Fasadgruppen involve economic incentives, there is a risk that Fasadgruppen due to incorrect interpretation or application will not comply with applicable tax regulations or practice. For example, Fasadgruppen historically has offered the sellers to invest in new shares in Fasadgruppen. Such new shares have been issued at an estimated market value, and if the



valuation of the shares is considered incorrect, it may result in Fasadgruppen being required to pay significant amounts in tax, interests and other fees. Historically, Fasadgruppen has not had any significant issues in respect of personnel in acquired companies terminates their employments in connection with or after completed acquisitions. However, given that Fasadgruppen has a relatively short history and intends to continue to grow through acquisitions, it cannot be ruled out that such issues occur in relation to already acquired businesses or future acquisitions. Should any of the employees of Fasadgruppen who currently have key roles within the fields of mergers and acquisitions, sales or project calculations fail to or stop providing Fasadgruppen their industry specific expertise, there is a risk of disturbances or disruptions in Fasadgruppen's growth, or that Fasadgruppen's profitability significantly decreases. If such employees terminate their employments for Fasadgruppen and start working for, or establish new, competitors of Fasadgruppen, there is a risk that such negative effects become even more extensive.

#### Fasadgruppen is subject to risks related to general market conditions on the markets where the Group operates

Fasadgruppen performs construction projects in conjunction with new constructions and renovations of façades at several locations in Sweden, Denmark and Norway. The pricing of and demand for Fasadgruppen's services are affected by changes in general economic conditions and other market conditions in the countries and local markets where Fasadgruppen operates. Fluctuations or other uncertain economic conditions on one or several of Fasadgruppen's markets may have a material adverse effect on the demand for Fasadgruppen's services in general (and in particular services regarding new constructions of properties). One example of the effects of such uncertain conditions is the temporary reduced demand for new construction of properties in Scandinavia after the financial crisis that erupted in 2008, which subsequently resulted in a reduced demand for façade services and an increase of competition in certain parts of Scandinavia (see also section "*Market overview—Fasadgruppen's main markets—Market size and growth*"). Another example of the effects of uncertain market conditions is the effect of the Covid-19 outbreak, which was a contributing factor to several of Fasadgruppen's construction projects being postponed, that there were some price pressure and increased competition in the procurement phase of certain projects as well as to Fasadgruppen's organic growth being negative during the period 1 January–30 September 2020 (–4.7 per cent). In addition to changes in general economic conditions and other market conditions may affecting the demand for Fasadgruppen's services and its ability to grow through acquisitions, and consequently Fasadgruppen's revenues and profitability, such factors may result in fluctuations in the prices of and access to the materials that Fasadgruppen uses in its operations (such as brick), which may have a material adverse effect on Fasadgruppen's operating costs

and ability to perform its construction projects within agreed time frames.

#### Fasadgruppen is subject to risks related to potential expansions to new geographic markets

Fasadgruppen may in the future try to expand its operations into new geographic markets, both within Sweden and abroad, which Fasadgruppen has no or only limited experiences of, and in which Fasadgruppen does not have an established or well-known brand. Fasadgruppen considers itself to have a solid knowledge of the regulatory requirements and established market practice on Fasadgruppen's Swedish markets. Although the markets in, for example, Denmark and Norway in many ways are similar to the Swedish markets, and relevant knowledge and experiences of such markets to some extent already exist within Fasadgruppen, there is a risk that expansions to such or other markets require significant resources in terms of investments and required time expenditure. Accordingly, there is a risk that Fasadgruppen will not succeed as expected in new geographic markets within the expected time table or at all, and the investments made by Fasadgruppen as regards, for example, acquisitions outside Sweden might not generate the growth or profitability expected by Fasadgruppen. If these risks materialise, it could have a material adverse effect on Fasadgruppen's growth and profitability.

#### Fasadgruppen is subject to risks related to sub-contractors

Fasadgruppen's operating subsidiaries often hire sub-contractors as a complement to their own staff. During the financial year 2019, Fasadgruppen's costs for sub-contractors amounted to MSEK 312.5 (compared to Fasadgruppen's costs for remuneration to employees of MSEK 309.2 during the same period). As of 30 September 2020, Fasadgruppen had 723 employees, while the Group engaged about twice as many persons (including employees of Fasadgruppen and employees of the sub-contractors). Accordingly, a significant part of Fasadgruppen's workforce has historically consisted of persons employed by sub-contractors. Consequently, Fasadgruppen is dependent on continuously having access to reliable sub-contractors as well as on the costs for hiring such sub-contractors being acceptable to Fasadgruppen. Fasadgruppen does not have full insight in or control over its sub-contractors' operations and personnel. Accordingly, there is a risk that Fasadgruppen's sub-contractors do not perform their services on time or with a required quality, which may have an adverse effect on Fasadgruppen's ability to comply with its project calculations and Fasadgruppen's customer relationships. There is also a risk that Fasadgruppen's sub-contractors do not comply with applicable laws and regulations in respect of, for example, employees' rights or labour safety and work environment, or otherwise mismanage their assignments, which may damage Fasadgruppen's reputation or result in Fasadgruppen becoming subject to sanctions, penalties and damages. If Fasad-

gruppen fails to hire sub-contractors on terms acceptable to Fasadgruppen or if there are deficiencies in the sub-contractors' services to Fasadgruppen and Fasadgruppen's customers, it may have a material adverse effect on Fasadgruppen's operating costs and profitability and its ability to attract customers and thereby revenues.

#### Fasadgruppen is subject to risks related to weather conditions and seasonal variations

Fasadgruppen's construction projects are to a large extent performed outdoors. Consequently, Fasadgruppen is affected by the weather conditions in the geographic areas where Fasadgruppen operates. For example, cold weather conditions complicate hardening processes in connection with masonry and plastering. Snow and rain can also complicate construction projects in general and, consequently, result in delays of the work that Fasadgruppen is to carry out or even in postponed projects. Accordingly, there is a risk that Fasadgruppen is not be able to conduct its operations to the desired extent during the winter season. In order to mitigate negative effects on Fasadgruppen's revenues and results, Fasadgruppen is actively working to adapt its workforce so that the utilisation rate is as high as possible. Although Fasadgruppen has extensive experiences of managing weather conditions and seasonal variations, there is a risk that the weather, in particular during the first and fourth quarters of each year, is significantly colder than expected, with reduced revenues as a result. It is not certain that Fasadgruppen can compensate for reduced revenues during the winter season by increasing the capacity during periods with milder, and for Fasadgruppen's operations more favourable, weather conditions. Consequently, winter weather and other weather conditions deviating from normal conditions may have a material adverse effect on Fasadgruppen's revenues and results.

#### Fasadgruppen is subject to risks related to public investments and public procurements

Fasadgruppen does to a large extent participate as a tenderer in public procurements. Fasadgruppen estimates that approximately 20 per cent of Fasadgruppen's revenues during the financial year 2019 were attributable to construction projects for customers within the public sector in Sweden (such as municipalities, regions and governmental authorities as well as public real estate and housing companies in the public utility). The exposure to the public sector means that the demand for Fasadgruppen's services can be affected by political decisions on increased or decreased public investments and rules regarding public procurement. Consequently, reduced appropriations for façade renovations of hospitals, schools and other public infrastructure can have a material adverse effect on Fasadgruppen's revenues. Fasadgruppen's customers within the public sector are also often legally obliged to purchase services through public procurement processes. In some public procurement processes, the tender terms and conditions require Fasadgruppen to have personnel with, for example, professional certificates (mainly regarding

masonry) or that Fasadgruppen has certain quality certificates or environmental certificates (such as ISO 9001 and ISO 14001). If Fasadgruppen is unable to provide personnel with such professional certificates or if Fasadgruppen does not succeed in obtaining or retaining such quality certificates or environmental certificates, there is a risk that Fasadgruppen will not be awarded contracts in public procurements where such requirements are set. In addition, public procurement processes are associated with certain risks that do not always appear in tender processes with private actors. For example, in public procurement processes, tenderers and prospective tenderers can apply for rectification of the procurement process or the decision to award contracts with reference to actual or alleged procedural errors in the processes. Consequently, there is a risk that other tenderers apply for rectification of a procurement process in which Fasadgruppen has been awarded a contract. Such rectifications can, in addition to result in costs for, *inter alia*, fees for advisers and being time-consuming, lead to a new procurement process being initiated and Fasadgruppen losing the previously awarded contract. Pursuant to applicable legislation on public procurement, procured contracts concluded with the public sector can also in some cases be terminated if the contract has been entered into in violation with the legislation. If any of the aforementioned risks materialise, or if Fasadgruppen would lose public procurements in the future, it could have a material adverse effect on Fasadgruppen's revenues and costs.

#### Fasadgruppen is subject to risks related to its decentralised business model

Fasadgruppen has a decentralised business model where the operating subsidiaries of the Group are responsible for preparing project calculations, taking on construction projects, employ personnel and hire any sub-contractors as well as for carrying out the construction projects. Accordingly, the responsible persons of each subsidiary have a significant independence to lead the operations, including, *inter alia*, responsibility for customer relationships, sales, personnel and the profitability of the subsidiary. At group level, it is primarily only overall strategy work, internal governance and control, procurement of suppliers and insurances, acquisitions and external disclosure of information (as regards financial and other information pursuant to applicable laws and regulations) that take place. The decentralised business model places significant requirements on Fasadgruppen's systems and routines for internal governance and control as well as on the internal financial reporting. In order for Fasadgruppen to be able to provide reliable financial information to the market and prevent Fasadgruppen's employees from acting incorrectly (accidentally or fraudulently) in relation to Fasadgruppen or its customers and employees, it is necessary that Fasadgruppen's internal governance and control work efficiently. The decentralised business model entails a risk that Fasadgruppen will not be able to manage internal risks or identify areas where internal controls require improvements. This

risk increases with every acquisition carried out by Fasadgruppen. If Fasadgruppen fails to establish, maintain and apply appropriate and effective routines and procedures for internal governance and control, it may result in Fasadgruppen becoming subject to supervisory measures and sanctions from local authorities or in Fasadgruppen's reputation among investors and other stakeholders being damaged, which may have a material adverse effect on Fasadgruppen's revenues and operating costs.

### Legal risks

#### Fasadgruppen is subject to risks related to guarantee undertakings and complaints

Fasadgruppen's construction contracts with Swedish customers typically contain guarantee undertakings in accordance with the General Conditions of Contract for Design and Construct Contracts for Building, Civil Engineering and Installation Works (Sw. *Allmänna bestämmelser för totalentreprenader avseende byggnads-, anläggnings- och installationsarbeten*) (ABT 06). These guarantee undertakings usually mean that Fasadgruppen is responsible for Fasadgruppen's construction work meeting the agreed functional requirements and liable for any defects arising during a guarantee period of five years. Fasadgruppen is from time to time subject to claims related to such guarantee undertakings regarding both structural and aesthetic defects. As of 30 September 2020, Fasadgruppen reported other appropriations (mainly consisting of appropriations for guarantee commitments) of MSEK 3.2.

Disputes concerning guarantee undertakings can be time-consuming and disturb Fasadgruppen's daily operations as well as damage Fasadgruppen's relationships with existing customers and its ability to attract new customers. Typically, Fasadgruppen does not insure its guarantee undertakings and if Fasadgruppen needs to fulfil a material guarantee undertaking, Fasadgruppen risks being obliged to pay significant amounts in compensation. Consequently, if Fasadgruppen's customers make claims relating to guarantee undertakings against Fasadgruppen, it could, even if Fasadgruppen has made sufficient reserves, have a material adverse effect on Fasadgruppen's costs and liquidity as well as on Fasadgruppen's reputation and consequently the Group's ability to attract customers and generate revenues in accordance with Fasadgruppen's growth targets.

#### Fasadgruppen is subject to risks related to workplace accidents and work environment issues

Construction projects on façades often involve work in dusty environments and at high altitudes. Consequently, such work is associated with certain risks, such as the risk of falls and inhalation of so-called quartz dust. Such risks may result in personal injuries and death as well as severe damage to real property and work equipment. Against this background, Fasadgruppen's operations are subject to extensive laws and regulations for the purpose of maintaining a safe work environment. In addition, Fasadgruppen has

implemented policies and other measures for the purpose of reducing the risks of workplace accidents. However, the risks associated with construction projects on façades cannot be completely eliminated. During the period 1 January–30 September 2020, Fasadgruppen was, despite safety measures taken, involved in a total of 25 workplace accidents resulting in minor personal injuries (no accident resulted in death). Workplace accidents are often caused by employees deviating from established policies and safety measures. However, there is a risk that Fasadgruppen violates applicable laws and regulations concerning the maintenance of a safe work environment. If such violations occur, there is a risk that Fasadgruppen or its representatives become subject to claims for damages or to criminal liability. Consequently, workplace accidents in connection with Fasadgruppen's construction projects could have a material adverse effect on Fasadgruppen's costs, but also on Fasadgruppen's reputation and in the long term its ability to attract customers and employees, which subsequently could affect Fasadgruppen's revenues and growth opportunities.

#### Fasadgruppen is subject to risks related to disputes and other legal proceedings

The Gothenburg-based subsidiary Johns Bygg & Fasad has previously been involved in a dispute in Gothenburg district court, in which the customer claimed a contractual fine from Johns Bygg & Fasad due to alleged delays whereas Johns Bygg & Fasad claimed a time extension and compensation from the customer due to a number of contract variations (Sw. *ÄTA-arbeten*). The dispute took place in 2018–2019 and resulted in the parties reaching a settlement on a lower amount of compensation than what was originally claimed by Johns Bygg & Fasad. Fasadgruppen has historically been, and may in the future become, involved in similar or other types of disputes within the course of its day-to-day operations. There is always a risk that Fasadgruppen becomes subject to claims relating to, *inter alia*, interpretation of customer and supplier agreements, alleged deficiencies or delays in connection with the execution of construction contracts or disagreements regarding whether contract variations shall entitle Fasadgruppen to additional compensation. Disputes can be time-consuming, disrupt the day-to-day operations, involve large amounts and result in significant costs for Fasadgruppen, regardless of whether Fasadgruppen or the other party initiates the dispute. Accordingly, if Fasadgruppen would become involved in disputes, it could have a material adverse effect on Fasadgruppen's revenues and costs.

### Financial risks

#### Fasadgruppen is subject to risks related to changes in assumptions underlying the valuation of goodwill

Since the Group was formed in 2016, Fasadgruppen has completed 20 acquisitions of businesses and companies. In connection with acquisitions, Fasadgruppen carries out a purchase price analysis through which Fasadgruppen values

the acquired entity's identifiable assets and liabilities at fair value. If there is a discrepancy between this value and the purchase price paid by Fasadgruppen, Fasadgruppen reports the difference as goodwill. As of 30 September 2020, Fasadgruppen had goodwill of MSEK 1,050.6, corresponding to approximately 64.4 per cent of Fasadgruppen's assets. Fasadgruppen's goodwill has an indefinite useful life and is not amortised. However, Fasadgruppen tests goodwill for impairment annually or more frequently if changes in circumstances indicate that the carrying amount may not be recoverable. Fasadgruppen did not record any impairment losses during the financial years 2018–2019. However, there can be no assurance that Fasadgruppen will not need to make impairments of goodwill in the future. If Fasadgruppen is required to recognise impairment of goodwill, it is recorded in the income statement. Accordingly, any significant impairment of goodwill could have a material adverse effect on Fasadgruppen's costs and financial position.

#### Fasadgruppen is subject to risks related to revenue recognition in accordance with the percentage-of-completion method

Fasadgruppen reports its revenues from construction projects regarding façade work over time, so-called percentage-of-completion. This method means that Fasadgruppen reports revenues over the project period in proportion to the actual costs' share of the estimated project costs. The method also means that Fasadgruppen reports profits on individual projects based on estimates of the projects' profits, costs and degree of completion. Unforeseen delays and costs may arise during ongoing projects due to, *inter alia*, a lack of manpower or if sub-contractors fail with their services to Fasadgruppen. If Fasadgruppen fails to correctly estimate such costs, Fasadgruppen may need to adjust previously booked (and sometimes reported) revenues. Accordingly, although Fasadgruppen makes monthly reconciliations, the accounting method entails a risk that Fasadgruppen reports profits in projects over several reporting periods and later, often in the end of the projects, realises that previously reported profits, in whole or in part, have been reported with an excessive amount. If this occurs, the excessive profit amount reported will be reported as a loss during the reported period when Fasadgruppen has determined the correct amount. Given the uncertainty associated with the accounting method, Fasadgruppen's actual costs may deviate from previous estimates, which can result in reductions or reversals of previously reported revenues and profits.

#### Risks related to the shares, the admission to trading on Nasdaq Stockholm and the Offering

##### The share price may fluctuate and the share price development is dependent on several factors

An investment in shares can increase or decrease in value and there is a risk that an investor loses the invested capital. The development of the share price can depend on several factors, some of which are company-specific while others are related to the stock market in general. The share price may, among other things, be affected by supply and demand, variations in actual or expected results, inability to meet analysts' expectations on results, failure to achieve financial and operational targets, changes in general economic or regulatory conditions or by pandemics, such as Covid-19. There is also a risk that there will not be an active and liquid market for trading in Fasadgruppen's shares. These are significant risks to individual investors.

##### Selling of shares may affect the share price

The price of Fasadgruppen's shares could decline if there are substantial sales of shares. This could in particular be the case in the event of sales by Fasadgruppen's board members, senior executives and major shareholders or when a large number of shares is being sold (or in the event of rumours that such sales may take place). The Selling Shareholders as well as the board members and senior executives of Fasadgruppen will undertake to, with certain exemptions and during a certain period after the first day of trading in Fasadgruppen's shares on Nasdaq Stockholm, not sell their shares in Fasadgruppen or otherwise carry out transactions with similar effects without prior written consent from the Managers (so-called lock-up undertakings). Following the expiry of the applicable lock-up period, the persons covered by the lock-up undertakings will be free to sell their shares in Fasadgruppen.

##### Future issuances of shares or other securities could dilute the shareholding and have an adverse effect on the share price

Fasadgruppen may in the future need to raise additional capital in order to finance its operations or to carry out planned investments (such as acquisitions of companies or businesses in accordance with Fasadgruppen's active acquisition strategy). For example, issuances of additional securities or bonds could reduce the market value of Fasadgruppen's shares as well as dilute the financial and voting rights for existing shareholders unless existing shareholders are given preferential rights in the issue or if existing shareholders for some reason are unable, prohibited or unwilling to exercise any preferential rights.



Fasadgruppen's ability to pay dividends in the future might be limited and is dependent on several factors

The board of directors of Fasadgruppen has adopted a dividend policy, according to which Fasadgruppen aims to distribute 30 per cent of the Group's consolidated net profits, taking into account factors such as financial position, cash flows and growth opportunities (see section "*Dividends and dividend policy—Dividend policy*"). If the board of directors of Fasadgruppen submits a proposal for dividends to the general meeting, the board of directors shall take into consideration a number of factors, including the demands with respect to the size of the Company's and the Group's equity which are imposed by the nature, scope and risks associated with the operations as well as the Company's and the Group's need to strengthen the balance sheet, liquidity and position in general. Accordingly, Fasadgruppen's ability to pay dividends in the future is dependent on Fasadgruppen's future profits, financial position, cash flows, net working capital requirements, capital expenditures and other factors. Pursuant to Swedish law, there are requirements stating that dividends can only be distributed to the extent that there will be full coverage for the company's restricted capital (Sw. *bundet eget kapital*) after the dividend distribution. There is also a risk that Fasadgruppen is subject to limitations in, or uncertainties regarding, the possibility to resolve upon or carry out dividends during certain periods of time due to, for example, new laws or regulations, decisions by governmental authorities or other regulatory requirements. For example, as of the date of this Prospectus, the Swedish Agency for Economic and Regional Growth (Sw. *Tillväxtverket*) is of the opinion that companies that pay dividends or carry out other types of value transfers during a period when the company is receiving financial support pursuant to the Short-Time Working Allowance Act (Sw. *lagen (2013:948) om stöd vid korttidsarbete*) or in close connection to such period, there is a presumption that the company is not in such serious financial difficulties that are required to being entitled to financial support. As of the date of this Prospectus, Fasadgruppen does not receive any such financial support but may potentially receive such support in the future. In addition, there is a risk that Fasadgruppen resolves to reinvest any future profits in the business, that a general meeting in Fasadgruppen resolves not to pay dividends in the future or that Fasadgruppen will not have sufficient funds to pay any dividends.

#### Specific risks for shareholders outside Sweden

Fasadgruppen's share will be admitted to trading on Nasdaq Stockholm in SEK and Fasadgruppen will pay any dividends in SEK. Consequently, shareholders domiciled outside Sweden can be negatively affected by a fall in the value of SEK in relation to the shareholders reference currency in respect of share investments and dividends. Certain jurisdictions, including but not limited to, Australia, Canada, Japan and the United States, can also have securities legislation that may result in shareholders domiciled in such jurisdiction not being able to participate in new issuances and other public offerings of securities. Accordingly, if Fasadgruppen in the future issues new shares with preferential rights for the Company's shareholders, shareholders in such jurisdictions might become subject to restrictions resulting in, *inter alia*, such shareholders not being able to exercise their preferential rights or their participation otherwise being obstructed or subject to restrictions. Such restrictions constitute a significant risk for shareholders in the United States and in other jurisdictions where such restrictions apply.

#### The Cornerstone Investors' commitments are subject to certain conditions

Capital Group and Swedbank Robur Fonder (the "**Cornerstone Investors**") have committed to acquire, at the offering price, a number of shares in the Offering equivalent to 10.2 per cent and 7.4, respectively, of the shares in the Company following completion of the Offering (based on full subscription in the Offering). The Cornerstone Investors' undertakings are conditional upon, among other things, (i) the first day of trading in the shares occurring not later than on 31 December 2020 and (ii) each Cornerstone Investor receiving full allocation of its commitment. If these conditions are not satisfied, the Cornerstone Investors will not be required to acquire any shares in the Offering. The Cornerstone Investors' undertakings are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement. Accordingly, there is a risk that payment of the purchase price and settlement of the shares in the Offering for the Cornerstone Investors may not occur in connection with the closing of the Offering as anticipated, which could have a material adverse effect on the completion of the Offering. In addition, the Cornerstone Investors' shares will not be subject to any lock-up undertakings. As a result, it is possible that the Cornerstone Investors divest part of all of their respective shareholdings at any time. Any sales of substantial amounts of the shares could cause the market price of the shares to decline (compare with section "*Selling of shares may affect the share price*" above).



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# Invitation to acquire shares in Fasadgruppen

Pursuant to the terms and conditions set out in this Prospectus, investors are invited to subscribe for and acquire 16,626,150 shares in Fasadgruppen, of which the Selling Shareholders are offering 11,626,150 existing shares and Fasadgruppen is offering 5,000,000 newly issued shares.

The offering price is SEK 60 per share. The price has been determined by the Company and the Selling Shareholders in consultation with Carnegie based on a number of factors, including discussions with the Cornerstone Investors and certain other institutional investors, a comparison with the market price of other comparable listed companies, an analysis of previous transactions for companies within the same industry, the current market situation as well as estimates regarding Fasadgruppen's business opportunities and future profitability.

The board of directors of Fasadgruppen will resolve upon Fasadgruppen's issuance of 5,000,000 new shares based on an authorisation to issue shares. An issuance of 5,000,000 shares will increase the total number of shares and votes in the Company from 40,132,480 shares and votes to 45,132,480 shares and votes (corresponding to a dilution effect of 11.1 per cent) and provide Fasadgruppen with MSEK 300, before deduction for transaction costs.

In order to cover any over-allotments in connection with the Offering, the Selling Shareholders will grant the Managers an option to acquire 2,493,920 existing shares from the Selling Shareholders, corresponding to approximately 15 per cent of the total number of shares in the Offering, at the price per share in the Offering. If the Managers exercise the Over-allotment Option in full, the Offering will comprise 19,120,070 shares, corresponding to approximately 42.4 per cent of the total number of shares in the Company after the completion of the Offering.

The total value of the Offering amounts to approximately MSEK 997.6 (approximately MSEK 1,147.2 if the Managers exercise the Over-allotment Option in full).

The Cornerstone Investors (Capital Group and Swedbank Robur Fonder) have committed to acquire shares in the Offering to a total amount of MSEK 475, equivalent to 17.5 per cent of the shares in the Company following the Offering. See also section "*Legal considerations and supplementary information—Commitments by Cornerstone Investors*".

30 November 2020

**Fasadgruppen Group AB (publ)**

*The board of directors*

Connecting Capital Sweden AB

A.M. Karlsson i Kvicksund AB

Sterner Stenhus Holding AB

# Background and reasons

Fasadgruppen was formed in 2016<sup>1)</sup> through a merger of STARK Fasadenovering and AB Karlssons Fasadenovering, which in turn were formed in 1963 and 1970, respectively. Although Fasadgruppen in its current form was formed recently, many of its subsidiaries have a long history and experiences of complex façade projects in a number of disciplines. Fasadgruppen considers itself to be one of the leading façade companies in Sweden<sup>2)</sup>. Fasadgruppen's business concept is to offer multidisciplinary and specialised solutions for façade work. Since Fasadgruppen was formed, the Group has multiplied its revenues, mainly driven by acquisitions but also through organic growth. Since it was formed in 2016, Fasadgruppen has carried out a total of 20 acquisitions of varying size and character. The acquisitions have been carried out in order to, *inter alia*, strengthen Fasadgruppen's presence in key markets, such as through the acquisition of the Gothenburg-based subsidiary Johns Bygg & Fasad, or to broaden Fasadgruppen's service offering, such as through the acquisition of the subsidiary Karlplans Plåtslageri. Fasadgruppen has also carried out acquisitions in order to expand into new markets, such as through the acquisitions of the Danish subsidiary P. Andersen & Søn and the Norwegian subsidiary DVS Entreprenør. During the financial year 2017, Fasadgruppen carried out four acquisitions, in 2018 three acquisitions and in 2019 eight acquisitions. As of the date of this Prospectus, Fasadgruppen has carried out five acquisitions in 2020.

Fasadgruppen experiences several advantages of its active acquisition agenda. Some of the effects arising from the acquisitions of new companies include economies of scale in purchasing, sharing of best practise, resource allocation and lower administrative costs. The parent company and its subsidiaries all have solid local knowledge in the regions in which they operate. Fasadgruppen's philosophy is to employ a decentralised structure, where customers are offered specialist expertise of façade work at a local level.

During the financial year 2019, Fasadgruppen's net sales amounted to MSEK 1,019.0, with an adjusted EBITA of MSEK 129.3, corresponding to an adjusted EBITA margin of 12.7 per cent. During the nine-month period ended on 30 September 2020, Fasadgruppen's net sales amounted to MSEK 921.3 with an adjusted EBITA of MSEK 102.0, corresponding to an adjusted EBITA margin of 11.1 per cent.<sup>3)</sup>

The principal owner, Connecting Capital, acquired a majority stake in Fasadgruppen in 2018 and has since then actively worked with strategic and operational development of the Group. Fasadgruppen's goal is to continue its expansion, primarily through continued acquisitions. The purpose of the Offering and the listing of Fasadgruppen's shares on Nasdaq Stockholm is to support Fasadgruppen's continued acquisition journey, broaden the Company's shareholder base as well as to provide access to the Swedish and international capital markets. Fasadgruppen's board of directors also believes that a listing of the Company's shares on Nasdaq Stockholm is an important step in Fasadgruppen's development that will increase the awareness of the Group and its operations.

The new issue in the Offering will, upon full subscription, raise MSEK 300 before deduction of expenses relating to the Offering of MSEK 11.3. Fasadgruppen intends to use the net proceeds of MSEK 288.8 from the Offering to reduce its indebtedness and thereby create conditions for a continued active acquisition agenda.

*The board of directors of Fasadgruppen is responsible for the information in this Prospectus. To the best of the board of directors' knowledge, the information contained in the Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.*

30 November 2020

**Fasadgruppen Group AB (publ)**

*The board of directors*

1) Fasadgruppen Group AB (publ) was formed in 2018 and acquired the parent company of Fasadgruppen at the time.

2) "One of the leading façade companies" and similar expressions in the Prospectus, refers to that the Group, according to Fasadgruppen, has an attractive service offering that is broad and available in several locations in Sweden.

3) See sections "Selected historical financial information–Reconciliations" and "Selected historical financial information–Definitions of alternative performance measures" for definitions, explanations and reconciliations of adjusted EBITA and adjusted EBITA margin.



# Terms and instructions

## The Offering

The Offering comprises not more than 16,626,150 shares, of which 11,626,150 existing shares are offered by the Selling Shareholders and 5,000,000 newly issued shares are offered by the Company. The Offering is divided into two components: (i) the Offering to the public in Sweden<sup>1)</sup> and (ii) the Offering to institutional investors in Sweden and abroad<sup>2)</sup>.

## Over-allotment option

The Selling Shareholders have provided the Managers with an over-allotment option (the “**Over-allotment Option**”) entitling the Managers, not later than 30 days from the first day of trading in the Company’s shares on Nasdaq Stockholm, to request that a maximum of 2,493,920 additional existing shares are to be acquired from the Selling Shareholders, corresponding to approximately 15 per cent of the number of shares in the Offering, at a price corresponding to the offering price. The Over-allotment Option may only be exercised in order to cover any over-allotment in the Offering.

## Distribution of shares

Distribution of shares between the respective components of the Offering will be based on demand. The distribution will be determined by the Company and the Selling Shareholders in consultation with Carnegie.

## Offering price

The offering price is SEK 60 per share. The price has been determined by the Company and the Selling Shareholders in consultation with Carnegie based on a number of factors, including discussions with the Cornerstone Investors and certain other institutional investors, a comparison with the market price of other comparable listed companies, an analysis of previous transactions for companies within the same industry, the current market situation as well as estimates regarding Fasadgruppen’s business opportunities and future profitability.

No commission is payable in connection with the Offering.

## Application

### The offering to the public

Applications from the public in Sweden to acquire shares must be made during the period 1–8 December 2020 and pertain to a minimum of 200 shares and a maximum of 15,000 shares<sup>3)</sup>, in even lots of 50 shares. Only one application per investor may be made.

Late applications, as well as applications that are incomplete or incorrectly filled out, may be disregarded. No additions or adjustments may be made on the pre-printed text on the application form. Only one application per investor may be made. If more than one application is submitted, Carnegie reserves the right to consider only the first application received. Applications are binding. The Company and the Selling Shareholders, in consultation with Carnegie, reserve the right to extend the application period. Such an extension will be disclosed by way of a press release before the end of the application period.

All legal entities need a global identification code (a so-called Legal Entity Identifier (LEI)) in order to carry out a securities transaction. To be entitled to participate in the Offering and be allotted shares, a legal entity must hold and state their LEI code. Registration for a LEI code must take place in ample time prior to application since the code must be stated on the application. More information about LEI requirements is available on the SFSA’s website ([www.fi.se](http://www.fi.se)).

Anyone wishing to use an account/a deposit with specific rules for securities transactions, such as endowments, for the acquisition of shares in the Offering must check with the bank or institution providing the endowment if this is possible.

Applications to acquire shares shall be made in accordance with the instructions for each bank as described below. The Prospectus is available on Fasadgruppen’s website ([www.fasadgruppen.se](http://www.fasadgruppen.se)) and Carnegie’s website ([www.carnegie.se](http://www.carnegie.se)). The Prospectus will also be available on the SFSA’s website ([www.fi.se](http://www.fi.se)).

### Applications via Carnegie

Applicants applying to acquire shares through Carnegie must have a securities depository account or an investment savings account with Carnegie. For customers with an investment savings account with Carnegie, Carnegie will, if the application results in allotment, acquire the corresponding number of shares in the Offering for further sale to the customer at the price specified in the Offering. Applicants may submit their applications by contacting their adviser at Carnegie. If the applicant does not have an adviser, the applicant may contact Carnegie Private Banking.

### Applications via Avanza

Persons applying to acquire shares through Avanza must hold a securities depository account or an investment savings account at Avanza. Persons who do not hold an

1) The term “public” refers to private individuals and legal entities in Sweden applying to acquire a maximum of 15,000 shares.

2) The term “institutional investors” refers to private individuals and legal entities applying to acquire for more than 15,000 shares.

3) To acquire more than 15,000 shares, the Managers should be contacted in the manner presented in section “Application—The offering to institutional investors”.

account at Avanza must open such account prior to submission of the application form. Opening a securities depository account or an investment savings account at Avanza is free of charge and takes approximately three minutes.

Depository account customers with Avanza can apply to acquire shares via Avanza's Internet service. Applications via Avanza can be submitted from 1 December 2020 up to and including 8 December 2020. To ensure that they do not lose their right to any allotment, Avanza depository account customers must have sufficient funds available in their account from 8 December 2020 until the settlement date, which is expected to be on 11 December 2020. Only one application per investor may be made. Full details of the application procedure via Avanza are available on Avanza's website ([www.avanza.se](http://www.avanza.se)).

#### *Application via Nordnet*

Nordnet clients in Sweden can apply through Nordnet's web service. Application to acquire shares is made via Nordnet's web service and can be submitted from 1 December 2020 up to and including 8 December 2020. To ensure that they do not lose their right to any allotment, Nordnet customers must have sufficient funds available in their account from 8 December 2020 until the settlement date, which is expected to be on 11 December 2020. Full details of how to become a Nordnet customer and the application procedure via Nordnet are available on Nordnet's website ([www.nordnet.se](http://www.nordnet.se)). For customers that have an investment savings account at Nordnet, should an application result in allotment, Nordnet will purchase the equivalent number of shares to the Offering and resell the shares to the customer at the price in the Offering.

#### *The offering to institutional investors*

The application period for institutional investors in Sweden and abroad is between 1–8 December 2020. The Company and the Selling Shareholders, in consultation with Carnegie, reserve the right to shorten or extend the application period for the offering to institutional investors. Notification of any such shortening or extension will be disclosed by Fasadgruppen by way of a press release. Expressions of interest from institutional investors in Sweden and abroad are to be submitted to Carnegie or Nordea according to special instructions.

#### *The offering to employees*

Employees of Fasadgruppen who wish to acquire shares in the Offering shall follow specific instructions provided by the Company. Employees will only be allotted shares sold by the Selling Shareholders.

## Allotment

The decision concerning the allotment of shares will be made by the Company and the Selling Shareholders in consultation with Carnegie, whereby the objective will be to achieve a strong institutional ownership base and a wide spread of shares among the public in Sweden to enable regular and liquid trading of the Company's shares on Nasdaq Stockholm.

#### *The offering to the public*

The allotment is not dependent on when during the application period the application was submitted. In the event of over-subscription, allotment may be withheld or scaled back to a lower number of shares than stated in the application, in which case allotment may be carried out entirely or partly through random selection. Allotment may also be made to employees of Carnegie and Nordea, however without these being prioritised. In such cases, allotment will be made in accordance with the rules of the Swedish Securities Market Association's and the SFSA's regulations.

#### *The offering to institutional investors*

When determining the allotment of shares in the Offering to institutional investors the objective will, as referred to above, be to achieve a strong institutional ownership. The allotment of shares to institutional investors that have submitted applications is entirely discretionary. However, the Cornerstone Investors are guaranteed allocation in accordance with their respective undertakings.

## Information regarding allotment and payment

#### *The offering to the public*

Allotment is expected to take place on or around 9 December 2020. As soon as possible thereafter, contract notes will be sent to those who have been allotted shares in the Offering. Those who have not been allotted shares will not be notified.

#### *Applications received by Carnegie*

Those who applied via Carnegie can receive information on allotment through their adviser or customer manager from 9 December 2020 at 9:00 a.m. Funds for payment are to be available in the stated securities depository account or the investment savings account from 9 December 2020.

#### *Applications received by Avanza*

Those who applied via Avanza's Internet service will receive information on allotment by the allotted number of shares being booked against payment of funds in the specified account, which is expected to take place on or around 9:00 a.m. on 9 December 2020. For Avanza customers, funds for allotted shares will be drawn not later than the settlement date on 11 December 2020. Note that funds for the payment of allotted shares are to be available from 8 December 2020 up to and including 11 December 2020.

### *Applications received by Nordnet*

Those who applied via Nordnet's Internet service will receive information on allotment by the allotted number of shares being booked against payment of funds in the specified account, which is expected to take place on or around 9:00 a.m. on 9 December 2020. For Nordnet customers, funds for allotted shares will be drawn not later than the settlement date on 11 December 2020. Note that funds for the payment of allotted shares are to be available from 8 December 2020 up to and including 11 December 2020.

### *The offering to institutional investors*

Institutional investors are expected to receive information regarding allotment according to a special procedure on or around 9 December 2020, after which contract notes will be sent. Full payment for allotted shares must be made in accordance with the instructions on the contract note not later than on 11 December 2020.

### *Insufficient or incorrect payment*

If full payment is not made within the prescribed time, the allotted shares may be transferred to another party. If the selling price for such transfer would be less than the price in the Offering, the one who was originally allotted these shares may have to pay the difference.

### **Registration and reporting of allotted and paid shares**

Registration of allotted and paid shares with Euroclear Sweden, for both institutional investors and the public in Sweden, is expected to take place on or around 11 December 2020, after which Euroclear Sweden will distribute a notice stating the number of shares in the Company that have been registered in the recipient's securities account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the respective nominee.

### **Listing on Nasdaq Stockholm**

On 17 November 2020, Nasdaq Stockholm's listing committee made the assessment that the Company fulfils the applicable listing requirements on Nasdaq Stockholm. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm subject to certain conditions, including that the Company submits such an application and that the distribution requirement for the Company's shares is met.

The first day of trading is expected to be on 9 December 2020. This means that trading will commence before the shares have been transferred to the acquirer's securities account, service account, securities depository account or investment savings account and, in certain cases, before a contract note has been received. This also means that trading will commence before the conditions for completion of

the Offering have been met. If the Offering is not completed, any trading in the Company's shares that occurs before the Offering becomes unconditional will be rescinded.

The ticker for the Company's share on Nasdaq Stockholm will be FG.

### **Important information regarding the possibility to sell allotted shares**

As soon as payment for the allotted shares has been processed by Carnegie, Nordea, Avanza and Nordnet, paid shares will be transferred to the securities depository account, investment savings account or securities account specified by the acquirer. Due to the time required for transferring payment and transferring paid shares to such acquirers, the acquirer will be unable to access such shares in the specified securities depository or specified account until on or around 11 December 2020 at the earliest. Trading in the Company's shares on Nasdaq Stockholm is expected to commence on 9 December 2020. Given that the shares will not be available in the acquirer's account or securities depository until on or around 11 December 2020 at the earliest, the acquirer may not be able to sell these shares from and including the first day of trading on Nasdaq Stockholm. Instead, they may only be able to sell the shares once they are available in the securities account, investment savings account or securities depository account. Investors will be able to receive a notification of allotment from 9 December 2020. See also section "*Information regarding allotment and payment*" above.

### **Stabilisation**

In connection with the Offering, Carnegie may carry out transactions for the purpose of supporting the market price of the Company's shares above that which might otherwise prevail in the market. Such stabilisation transactions may be effected on Nasdaq Stockholm, the OTC market or otherwise, and may be carried out at any time during the period beginning on the first day of trading in the share on Nasdaq Stockholm and ending not later than 30 calendar days thereafter.

Carnegie is not obliged to carry out stabilisation transactions and there is no assurance that stabilisation will take place. Commenced stabilisation may be discontinued at any time. Stabilisation transactions will not be effected at a price higher than the offering price. Not later than by the end of the seventh trading day after a stabilisation transaction has been undertaken, Carnegie shall disclose information on the stabilisation transaction in accordance with Article 5(4) of the Market Abuse Regulation (EU) 596/2014. Within one week after the end of the stabilisation period, Carnegie shall disclose whether stabilisation transactions have been carried out, the dates on which stabilisation transactions were carried out (where applicable), including

the date at which such actions last occurred, and the price range within which the stabilisation transactions were carried out, for each of the dates on which stabilisation transactions were carried out.

### Announcement of the outcome of the Offering

The final outcome of the Offering is expected to be announced through a press release on or around 9 December 2020. The press release will also be made available on Fasadgruppen's website ([www.fasadgruppen.se](http://www.fasadgruppen.se)).

### Right to dividends

The shares offered in the Offering carry a right to dividends for the first time on the record date for dividends occurring immediately after completion of the Offering. For more information, see section "Dividends and dividend policy".

### Conditions for completion of the Offering

The Offering is conditional upon the Company, the Selling Shareholders, Carnegie and Nordea entering into a placing agreement, which is expected to take place on 9 December 2020. The Offering is conditional on the Company, the Selling Shareholders, Carnegie and Nordea believing there to be sufficient interest in the Offering to enable trading in the share, the placing agreement being signed, certain terms and conditions in the placing agreement being fulfilled and the placing agreement not being terminated. The placing agreement stipulates that Carnegie's and Nordea's undertakings to serve as intermediaries for buyers in the acquisition of shares in the Offering are conditional upon, *inter alia*, the Company's representations and warranties being correct and no events occurring that have such a material adverse effect on the Company that it would be inappropriate to carry out the Offering. If any material adverse events occur, if the warranties and representations that the Company has issued to Carnegie and Nordea should fall short or if any of the other conditions pursuant to the placing agreement are not fulfilled, Carnegie and Nordea are entitled to terminate the placing agreement up to and including the settlement date on 11 December 2020. If these conditions are not fulfilled and if Carnegie or Nordea terminates the placing agreement, the Offering may be terminated. In such cases, neither delivery nor payment of shares will be carried out under the Offering. Under the placing agreement, the Company will undertake to indemnify the Managers against certain claims subject to certain conditions.

### Other information

Although Carnegie is Sole Global Coordinator and Joint Bookrunner and Nordea is Joint Bookrunner, this does not necessarily mean that Carnegie or Nordea considers applicants for the Offering to be customers of the respective banks for the investment. For the investment, an acquirer is

considered a customer only if the bank has provided advisory services about the investment to the acquirer or otherwise has contacted the acquirer about the investment. Should the bank not consider the acquirer to be a customer for the investment, the investment will not be subject to the rules on investor protection stipulated in the Swedish Securities Market Act (Sw. *lagen (2007:528) om värdepappersmarknaden*). This means, *inter alia*, that neither customer categorisation nor a suitability assessment will be applied to the investment. Accordingly, the acquirers themselves are responsible for ensuring that they have sufficient experience and knowledge to understand the risks associated with the investment.

### Information about the processing of personal data

#### Carnegie

Personal data that is submitted to Carnegie, for example contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the Offering, is processed by Carnegie, as controller of the personal data, for the administration and execution of the offer. Processing of personal data also takes place to enable Carnegie to comply with its statutory duties.

Personal data may for a defined purpose, in observance of bank secrecy rules, occasionally be disclosed to other companies within the Carnegie Group or to undertakings which co-operate with Carnegie, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases Carnegie is also under a statutory duty to provide information, *e.g.* to the SFSA and the Swedish Tax Agency.

Similarly to the Swedish Securities Market Act, the Swedish Banking and Financing Business Act (Sw. *lagen (2004:297) om bank- och finansieringsrörelse*) contains confidentiality provisions according to which all of Carnegie's employees are bound by a duty of confidentiality with regard to clients of Carnegie and other parties to whom services are provided. The duty of confidentiality also applies between and within the various companies in the Carnegie Group.

Information regarding what personal data is processed by Carnegie, deletion of personal data, limitation on the processing of personal data, data portability or the rectification of personal data can be requested from Carnegie's Data Protection Officer. It is also possible to contact the data protection officer to obtain further information about how Carnegie processes personal data. If the investor wishes to make a complaint regarding Carnegie's processing of personal data, the investor is entitled to turn to the Swedish Data Protection Authority in its capacity as supervisory authority.



Personal data shall be deleted if it is no longer needed for the purposes for which it was originally collected or otherwise processed, provided that Carnegie has no legal obligation to preserve the personal data. The normal storage time for personal data is ten years. Address to Carnegie's data protection officer: dpo@carnegie.se.

#### Nordea

Investors in the Offering will disclose personal information to Nordea. The personal data submitted to Nordea will be processed in computer systems to the extent necessary to provide services and administer customer engagement in Nordea. Personal data collected from other than the customer to whom the processing relates may also be processed. It may also occur that personal data is processed in computer systems of companies or organisations with which Nordea cooperates. Information regarding the processing of personal data is provided by Nordea's branch office, which also accepts requests for correction of personal data. Nordea can obtain information about addresses through automatic data collection at Euroclear Sweden. For detailed information on the processing of personal data, please refer to Nordea's data protection policy, which is available on Nordea's website ([www.nordea.se/dataskyddspolicy](http://www.nordea.se/dataskyddspolicy)).

#### Avanza

Avanza processes its customers' personal data in accordance with current personal data legislations. Personal data submitted to Avanza will be processed in data systems to the extent required to provide services and manage customer arrangements. Personal data obtained from sources other than the applicant may also be processed. The personal data may also be processed in the data systems of companies or organisations with whom Avanza cooperates. More information can be found on Avanza's website ([www.avanza.se](http://www.avanza.se)).

#### Nordnet

In connection with acquiring shares in the Offering through Nordnet's online service personal data may be submitted to Nordnet. Personal Data submitted to Nordnet will be processed and stored in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from other than the customer in question may also be processed. The personal data may also be processed in the data systems of companies or organisations with which Nordnet cooperates. All relevant personal data will be deleted when the customer relationship ends, in accordance with applicable law. Information on processing of personal data is provided by Nord-

net, which also accepts requests for correction of personal data. For further information on how Nordnet processes and stores personal data, please contact Nordnet's customer service (telephone +46-10-583 30 00, email: [info@nordnet.se](mailto:info@nordnet.se)).

#### Information to distributors

In consideration of the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments ("**MiFID II**"), (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) Chapter 5 of the SFSA's regulations regarding investment services and activities (FFFS 2017:2) (jointly referred to below as "**MiFID II's product governance requirements**"), and with no liability to pay damages for claims that may rest with a "**manufacturer**" (in accordance with MiFID II's product governance requirements) that may otherwise be relevant, the Company's shares have been subject to a product approval process whereby the target market for the Company's shares comprises (i) retail clients, and (ii) investors who meet the requirements for non-retail clients and equivalent counterparties, each in accordance with MiFID II (the "**target market**"). Notwithstanding the assessment of the target market, distributors are to note the following: the value of the Company's shares may decline and it is not certain that investors will recover all or portions of the amount invested; the Company's shares offer no guaranteed income and no protection of capital; and an investment in the Company's shares is suitable only for investors who do not require a guaranteed income or protection of capital, who (either themselves or together with an appropriate financial advisor or other type of advisor) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The assessment of the target market does not impact the requirements in the contractual, statutory, regulatory or sales restrictions in relation to the Offering.

The assessment of the target market is not to be considered to be: (a) an assessment of suitability and appropriateness under MiFID II, or (b) a recommendation to any investors or group of investors to invest in, procure or take any other action regarding shares in the Company.

Each distributor is responsible performing their own assessment of the target market regarding the Company's shares and for deciding on suitable channels of distribution.



# Market overview

The information provided in the Prospectus on the market environment, market development, growth rates, market trends and on the competitive situation in the markets and regions in which Fasadgruppen operates is based on data, statistical information and reports by third parties and/or prepared by Fasadgruppen based on its own information and information derived from publicly available sources, such as Euroconstruct, SCB, Boverket and other third party sources. Fasadgruppen has compiled the information on the market and competitive situation based on historical data as well as assumptions, estimates and methods that Fasadgruppen believes to be reasonable. This information has been accurately reproduced and as far as Fasadgruppen is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, Fasadgruppen has not independently verified the information and therefore, its accuracy and completeness cannot be guaranteed. Additional factors to be considered when assessing the market and industry information are described in other parts of the Prospectus, including in section “Risk factors”.

## Fasadgruppen’s main markets

### The façade market

Fasadgruppen operates in the façade market in Sweden, Denmark and Norway, with the majority of its operations being conducted in Sweden. Companies active in this market, including Fasadgruppen, mainly perform operations within five market segments: masonry and plastering, windows, balconies, roof and sheet metal as well as scaffolding.

- **Masonry and plastering:** Whereas masonry refers to the layering of building blocks (*e.g.* with bricks or concrete blocks), plaster is a thin surface layer used to protect the underlying wall and to give the surface layer an appealing appearance. These techniques are used for a wide variety of application areas, including construction of new buildings and renovation.
- **Windows:** Includes new window installation in conjunction with construction work as well as replacements of windows to reduce energy consumption and noise levels.
- **Balconies:** Balcony work includes replacement of railings and other details as well as full installation of new units.
- **Roof and sheet metal:** Includes renovation of roofs in order to improve protection of buildings as well as other services performed within roof safety arrangements.
- **Scaffolding:** Includes rental contracts, service and consultation within the scaffolding service segment as well as assembling and the disassembling scaffoldings.

The services above are referred to in the Prospectus as façade work. Companies that perform one or more of the services are referred to in the Prospectus as façade companies.

### Market size and growth

Since a majority of Fasadgruppen’s operations is conducted in Sweden, the information below will mainly focus on the Swedish façade market. Should Fasadgruppen assess that the Swedish market conditions differ significantly from those in Denmark and/or Norway, such information will be explicitly stated. Fasadgruppen believes that the Swedish, Danish and Norwegian façade market generally exhibit significant similarities. The Swedish, Danish and Norwegian markets combined will be referred to as the Scandinavian market.

According to Euroconstruct<sup>1)</sup>, the façade market is driven by a number of underlying drivers. Drivers that have a positive impact on the development of the façade market include, *inter alia*, a growing and ageing population, urbanisation, housing shortages, the Nordic weather climate, energy consumption regulations and increased public expenditures in recessions. At the same time, there are factors that have a negative impact on the development of the façade market, such as labour shortages within the construction industry and lock-in effects on the housing market.

1) Euroconstruct (2020). *Euroconstruct Country Report Summer 2020*.

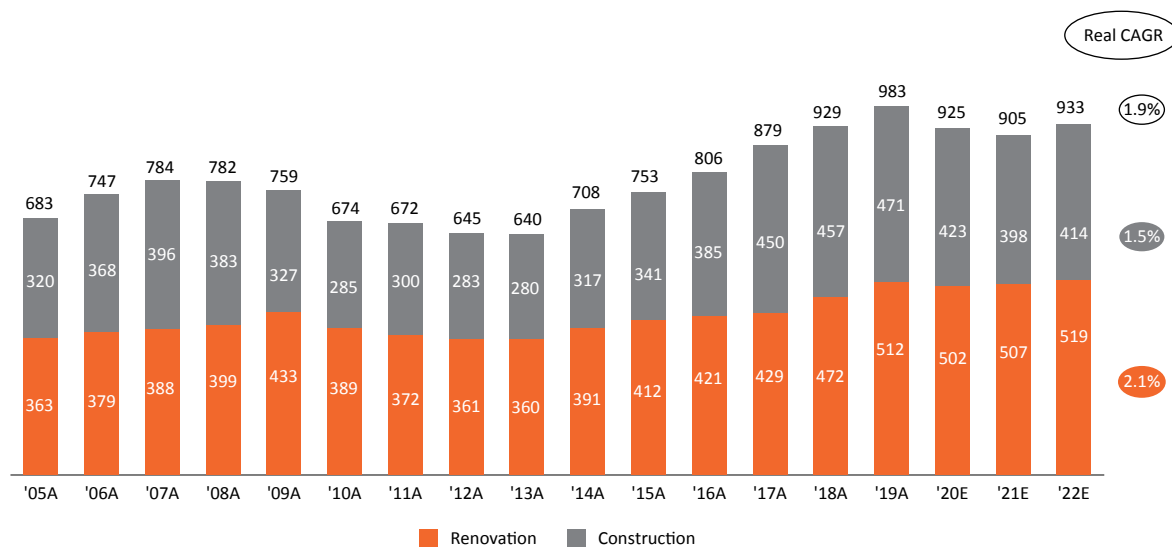


According to Cavendi, the Scandinavian façade market was estimated to approximately BSEK 100 in 2019.<sup>1)</sup> Fasadgruppen believes that the addressable market in Sweden can be segmented into masonry and plastering (approximately 13 per cent), windows (approximately 16 per cent), balconies (approximately 18 per cent), roof and sheet metal (approximately 41 per cent) and scaffolding (approximately 12 per cent).

The relevant underlying markets consist of construction and renovation of buildings. These are referred to in the Prospectus as the construction market and the renovation market, respectively. According to Euroconstruct<sup>2)</sup>, the Scandinavian construction and renovation markets combined have shown steady growth in recent years. During the period 2005–2019, the average annual growth rate of the renovation market (CAGR) was 2.5 per cent. During the period, the renovation market experienced limited volatility, with the largest annual decrease being 10.1 per cent (from 2008 to 2009 as a result of the global financial crisis). The renovation market is expected to reach an average annual growth rate of 0.5 per cent during the period 2019–2022. During the period 2005–2022, the renovation market is expected to display an average annual growth rate (CAGR) of 2.1 per cent.

According to Euroconstruct<sup>3)</sup>, the construction market has been more volatile than the renovation market. However, the construction market has experienced a higher average annual growth rate (CAGR), which during the period 2005–2019 amounted to 2.8 per cent. The largest annual decrease was measured during the period 2009–2010 when the market, in the aftermath of the global financial crisis, decreased by 14.8 per cent. The construction market is expected to experience an average decrease of 4.2 per cent annually from 2019 to 2022. During the period 2005–2022, the construction market is expected to reach an annual average growth (CAGR) of 1.5 per cent.

Total renovation and construction market in Scandinavia



Source: Euroconstruct (2020). Euroconstruct Database June 2020.

1) Market estimate from Cavendi AB (September 2020).

2) Euroconstruct (2020). Euroconstruct Database June 2020.

3) Euroconstruct (2020). Euroconstruct Database June 2020.



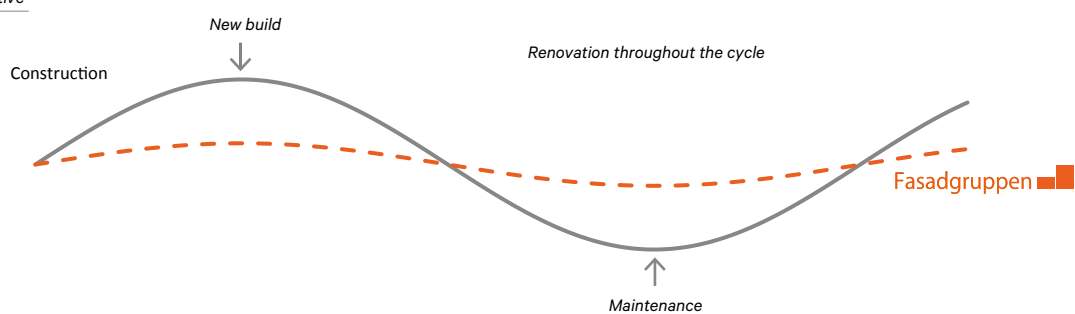


According to Euroconstruct<sup>1)</sup>, the construction market has been more volatile than the renovation market due to a stronger link to the economic cycles. Macroeconomic factors such as GDP growth and interest rate level affect property prices and vacancies, which in turn affect the construction market. Other factors such as demographic

development and urbanisation also affect the market to a large extent.

The renovation market is subject to a limited cyclicity and is driven by factors such as energy efficiency, GDP growth and general interest rate level. The market cycles are illustrated by the graph below.

*Illustrative*



Source: The Company.

1) Euroconstruct (2020). *Euroconstruct Summary Report Summer 2020*.

## Trends and drivers

Fasadgruppen divides the façade market into two main segments: residential properties and commercial properties. There are a number of drivers and trends that Fasadgruppen considers to be specific to each segment as well as several drivers that affect the façade market in general and thus both segments. These drivers and trends are described below.

### Specific drivers

#### Residential buildings

Fasadgruppen has identified the following key drivers for the residential properties segment of the façade market:

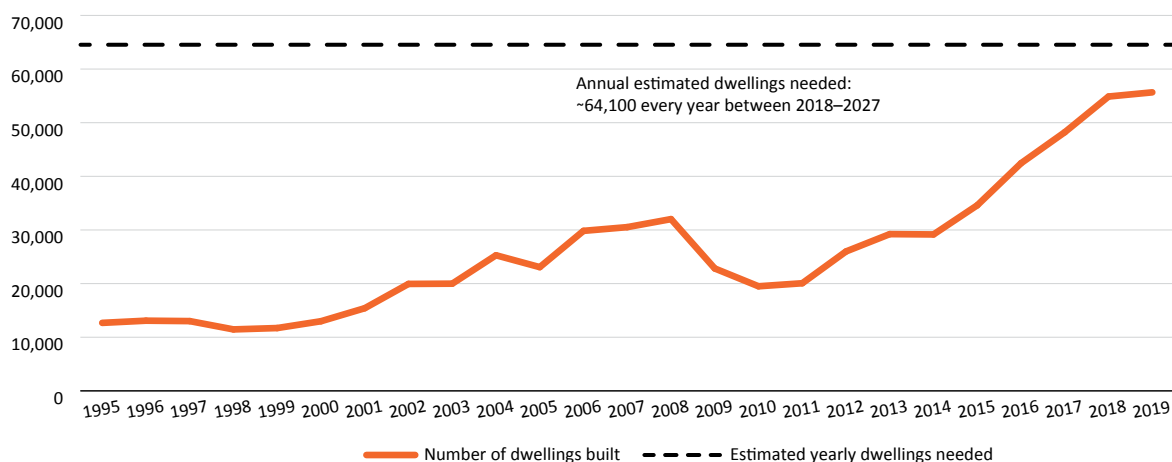
- According to Statistics Sweden (Sw. *Statistiska centralbyrån*) ("**SCB**")<sup>1)</sup>, the number of dwellings in Sweden has increased by more than 23 per cent since 1990. SCB<sup>2)</sup> states that the number of new residential properties built per year is increasing rapidly. On the other hand, the current rate for housing construction is still lower than the rate of construction that, according to Boverket<sup>3)</sup>, is required to cover the housing demand. Fasadgruppen estimates that the increasing number of, and the great need for, new housing buildings are expected to contribute to an increased demand for façade work in the future.

#### Commercial properties

Fasadgruppen has identified the following drivers for the commercial properties segment of the façade market:

- According to SCB<sup>4)</sup>, approximately 87 per cent of the Swedish population lives in urban regions and the country is still seeing urban growth. According to Fasadgruppen, this is a trend that is expected to increase demand for commercial properties in the urban regions and that is likely to promote new construction in Sweden.
- According to Fasadgruppen, a large number of public facilities are in need of renovation, which is expected to benefit Fasadgruppen. Historically, the market for commercial properties has had a positive development in Sweden with a long-term growth trend.<sup>5)</sup> The continuously growing market is characterised by strong growth periods followed by periods of slower development.

Number of dwellings built in Sweden



Sources: Boverket (2020). *Regionala byggbehovsberäkningar 2018–2027*. SCB (2020). *Number of dwellings by type of building, tenure and year*.

1) SCB (2020). *Number of dwellings by type of building, tenure and year*.

2) SCB (2020). *Dwellings in newly constructed buildings by region and type of building. Quarterly 1975K1–2020K2*.

3) Boverket (2020). *Regionala byggbehovsberäkningar 2018–2027*.

4) SCB (2018). *Localities and urban areas 2018*.

5) Euroconstruct (2020). *Euroconstruct Database June 2020*.

## General drivers of the façade work market

### Ageing building stock

Fasadgruppen has identified the ageing building stock as a key driver for the façade work demand:

- According to SCB<sup>1)</sup>, a large number of residential buildings were built in the 1960s and 1970s (the million program) that require for exterior renovation. Moreover, approximately 85 per cent of apartment houses were built more than 20 years ago, which further increase the demand for renovation.

### Urbanisation and housing shortage

Fasadgruppen believes that there are several key drivers connected to urbanisation and housing shortage that drive the demand for façade work:

- According to SCB<sup>2)</sup>, Sweden reached a population of ten million inhabitants in 2017, and the population is expected to reach eleven million by 2029.
- According to Fastighetsägarna,<sup>3)</sup> half of the Swedish population lives in the three largest regions: Stockholm, Gothenburg and Malmö-Lund. These regions are expected to absorb more than half of the projected population growth. Boverket<sup>4) 5)</sup> reports that there is a demand for 640,000 new residences in Sweden by 2027 and that there is a housing shortage in 212 out of 290 municipalities, which corresponds to 38 of 60 regions in need of new constructions in Sweden.

- Boverket<sup>6)</sup> also states that the three largest urban regions combined account for 76 per cent of the total demand for new construction and the ten regions with the highest demand account for 89 per cent of the total demand for new construction.
- Similar trends can be observed in Denmark and Norway. The Oslo City Council<sup>7)</sup> has determined that close to 135,000 new homes will be needed by 2040, and the Danish Ministry of Transport<sup>8)</sup> estimates that there is a need for 7,000 new homes per year for 25 years to cover the housing needs in the Copenhagen region.

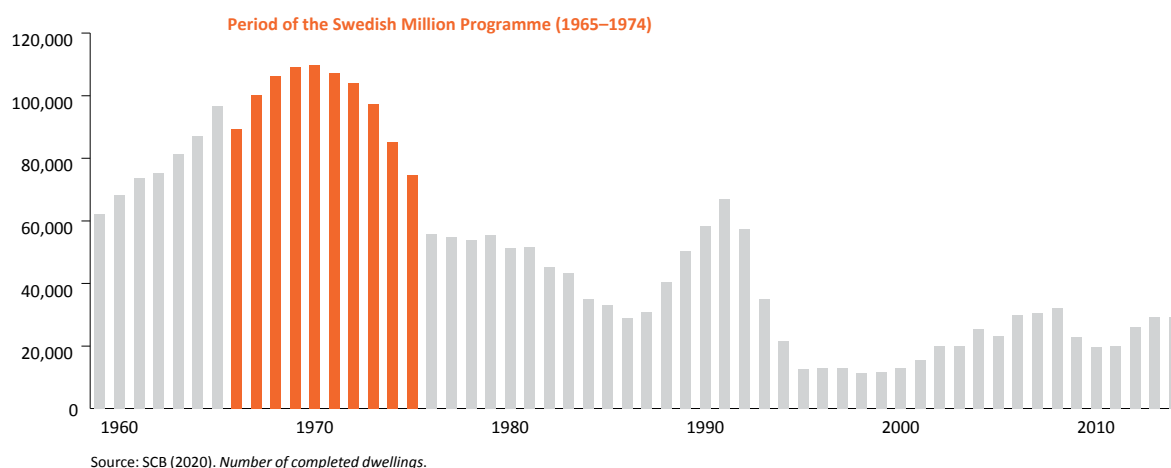
Fasadgruppen believes that this urbanisation trend and the housing shortage will create an increased demand for façade work in the future.

### Increasing sustainability focus

Fasadgruppen considers the following drivers to be likely to drive the demand for façade work as a result of an increasing sustainability focus:

- According to Boverket<sup>9)</sup>, heating of properties accounts for approximately 20 per cent of the energy consumption in Sweden and, consequently, renovation with modern insulation techniques will be crucial to reduce the energy consumption in the future.
- According to the U.S. Department of Energy<sup>10)</sup>, 25–30 per cent of residential energy usage is wasted through windows. Modern windows can reduce energy loss and significantly streamline energy consumption in homes.

## Total output



1) SCB (2020). Number of completed dwellings.

2) SCB (2020). Befolkningsprognos för Sverige.

3) Fastighetsägarna (2016). Sveriges rekordsnabba befolkningstillväxt.

4) Boverket (2020). Regionala byggbehovsberäkningar 2018–2027.

5) Boverket (2020). Bostadsmarknadsenkäten 2020.

6) Boverket (2018). Regionala byggbehovsberäkningar 2018–2027.

7) The city of Oslo (2018). Byrådet Kommuneplan for Oslo.

8) Danish Ministry of Transport, Building, and Housing (2018). Housing market analysis of greater Copenhagen: Housing shortage, urban development potentials and strategies.

9) Boverket (2017). Bygg- och fastighetssektorns energianvändning uppdelat på förnybar energi, fossil energi och kärnkraft.

10) U.S. Department of Energy (2020).



In addition, according to an EU directive on the energy performance of buildings<sup>1)</sup>, all new buildings after December 2020 should be near zero-energy buildings. According to Fasadgruppen, upgrading windows is one of the most cost-effective ways of ensuring this target being met.

- Boverket<sup>2)</sup> also states that the importance of environmental certifications for buildings is increasing, which benefits companies with knowledge and expertise within the area.
- According to the European Commission<sup>3)</sup>, 75 per cent of the EU building stock is energy efficient, and the annual renovation rate must be at least twice as high in order to be able to meet the EU's energy efficiency and climate goals.
- The Swedish Environmental Protection Agency<sup>4)</sup> reports that authorities are raising the standards of environmental requirements in connection with public procurements. In 2019, the authorities included environmental requirements in 86 per cent of the total procurement value, which is a significant increase compared to 2012 when the corresponding figure was 63 per cent.

Fasadgruppen believes that an increased focus on sustainability is expected to drive the demand for installation of environmentally friendly solutions, such as installation of new windows and energy-efficient façade renovations.

#### *Additional drivers for the façade market*

Fasadgruppen has observed the following market specific drivers for the façade market:

- Fasadgruppen has observed an increased demand for serviced provided by large façade companies with specialist competence and a full-service offering. The large number of early twentieth century buildings in Stockholm and other major Nordic cities requires specialist skills for exterior renovation. Fasadgruppen considers the Group's holistic approach, *i.e.* its ability to service the entirety of the exterior of buildings, including masonry and plaster, windows and balconies, roofs and sheet metal as well as providing scaffolding, is a competitive advantage that will drive customer retention.
- Fasadgruppen believes that one of the Group's core customer groups, real estate operators, are more likely to contract the same company if it can provide a service offering satisfying the various renovation needs of their property asset portfolio.
- Fasadgruppen assesses that the façade market is driven by façades needing to be inspected and renovated on a regular basis. In general, Fasadgruppen assesses that mason and plaster need to be inspected every fifteen years and replaced every thirty years, balconies every thirty and fifty years, roofs every fifteen and thirty years and windows every twenty and forty years, respectively.

1) Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency.

2) Boverket (2019). *Vilka mervärden ger en LCA?*

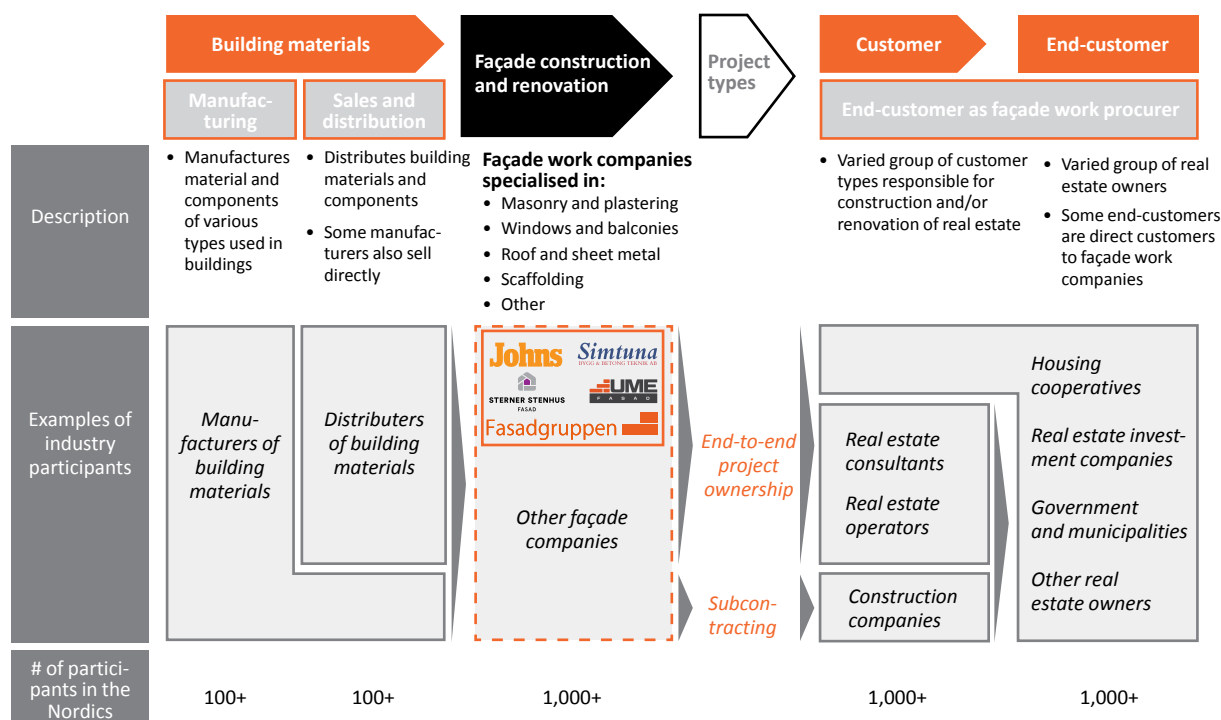
3) European Commission (2019). *European Green Deal*. European Commission (2020). *In focus. Energy efficiency in buildings*.

4) Swedish Environmental Protection Agency (2019). *Miljöledning i staten 2019*.



## Value chain

The value chain of the façade market includes several players, such as material manufacturers, distributors, façade companies, customers (e.g. construction companies and real-estate operators) as well as end-customers (e.g. housing cooperatives and real estate investment companies). According to the Company, the value chain for the façade market can be illustrated by the figure below.



Façade companies' material suppliers comprise manufacturers and wholesalers of the products used in conjunction with renovation and construction projects. The majority of these products are delivered from the manufacturers via wholesalers, which carry out large-scale purchases and offer façade companies a wide range of masonry material, window frames and other components. Façade companies, including Fasadgruppen and its competitors, specialise within several disciplines and service areas in relation to construction and renovation of properties.

The type of work carried out by façade companies will vary depending on the customer. For example, customers may be owners or operational managers of properties or building contractors. Sub-contracting services are most common when the contractor is a construction company. In other cases, the façade company assumes end-to-end project ownership and delivers the agreed upon service to, e.g. real-estate operators.

## Business forms

The façade market is primarily project-based, and there are significant variations between different projects with regard to the way in which project procurement is carried out, the allocation of areas of responsibility between the parties involved in the project, the procurement process and the compensation structure. Examples of commonly occurring forms of business on the market are described below.

### Procurement forms

The contract award process on the façade market varies depending on customer and type of project. Contracts are normally awarded through one of the following four processes:

- **Public procurement:** Tenders that are governed public procurement regulations (in Sweden: the Swedish Public Procurement Act (*Sw. lagen (2016:1145) om offentlig upphandling*)) in which the state, a region, a public authority, a municipal company or a municipality is the customer.
- **General tendering:** The customer distributes a request for quotation to a limited number of companies, which is answered and priced by the contractor. In general, there is a flexibility to propose one's own technical solutions and choice of materials in connection with a general tendering.
- **Negotiated procurement:** The customer and the contractor negotiate an agreement regarding the scope and price for the contract work at an early stage in the project.
- **Direct framework agreement procurement:** Framework agreements are executed on a regular basis (usually annually) with one or more façade companies. Orders are then placed regularly within the scope of the agreement.

### Contract forms

Contract forms regulate the division of responsibilities and the scope of the project. There are several types of contracts, of which turnkey contracts and performance contracts are the most common. In a turnkey contract, the customer often possesses specialist expertise and is responsible for the project. In these types of projects, the contracting assignments are carried out in accordance with detailed instruction documents.

### Collaboration formats

Collaboration formats are aimed at describing the allocation of responsibilities and collaboration arrangement between façade work companies and other service providers, building contractors and the end customer. Collaboration formats are used in all forms of contracting, including partnerships. In partnerships, the partners involved work very closely together and usually a common budget is

developed and technical solutions are also developed jointly. There are several different types of collaboration, including coordinated performance projects, joint construction and partnerships.

### Compensation structures

There are several types of compensation structures for façade work projects. The most common compensation structures are fixed price, per unit price and cost plus contracts. Fixed price is most frequently used and means that the façade companies and the customer have agreed upon a predetermined price. Per unit price means that the different parts of the project are priced separately, and the façade companies are paid after each completed part. The different parts of the project are negotiated and priced prior to the project beginning. Cost plus contract means that the price of the project is based on the time spent and the material used.

### Project structure

The façade market is to a large extent project-based. Each project has unique characteristics, depending on the size and complexity of the construction involved. Depending on the size of the projects, there are some distinguishing features. Fasadgruppen divides projects into large projects, mid-sized projects and small projects as follows.

- **Large projects (contract value of more than MSEK 100):** Include work with the exterior of e.g. large arenas, airports and shopping malls. Fasadgruppen estimates that this type of project is rarer than the other project types. There is usually low competition for these projects as few façade companies possess the expertise and resources required to carry out such projects. Fasadgruppen has chosen to undertake large projects only in exceptional cases since such projects may be associated with difficulties in estimating e.g. labour and material costs as well as the scope of the work, which results in that the risks may exceed the potential profit.
- **Mid-sized projects (contract value of MSEK 1–100):** Include commercial properties, schools, churches, housing cooperatives and industrial buildings, etc. The competition for mid-sized projects is more intense than for large projects because there are more players with the right skills and resources who are able to undertake these projects. Fasadgruppen assesses that the factors primarily determining which contractor wins these projects are references, customer relationships, local presence, short lead times and efficient processes that enable competitive pricing. As a result of lower labour and material costs, Fasadgruppen assesses that mid-size projects carry less risk than large projects.
- **Small projects (contract value of less than MSEK 1):** Include residential housing and private homes as well as smaller commercial properties. There is usually intense competition for these projects because there are many

façade companies with the right competence and resources to undertake the projects. Fasadgruppen assesses that the factors that mainly determine who wins these assignments are the degree of local presence and previous relationships with the customers. Fasadgruppen considers that this type of projects carry a low earnings potential due to the fragmented market with a large number of small, local players, which reduces the profitability of the projects.

Fasadgruppen has made the assessment that mid-sized projects are most advantageous for the Group, considering the risk-reward profile of each segment.

## Competition structure

### Competition and market fragmentation

According to Fasadgruppen, the market for façade work is highly fragmented and mainly comprise a large number of small companies operating on a local geographic market within a single service area (masonry and plaster, windows, balconies, roof and sheet metal or scaffolding). According to Fasadgruppen, only a small number of companies, including Fasadgruppen, possesses the capacity to offer services in several geographic locations in Sweden. Other players that Fasadgruppen considers having such capacity to some extent are, *inter alia*, Sehed Tresson, Libergs, LW Sverige and Puts & Tegel i Örebro.

According to Fasadgruppen, the fragmented market has resulted in large companies being able to consolidate the market, for example through acquisitions. Fasadgruppen believes that this consolidation is a result of the increasing customer demand for companies that can offer a full-service offering and of the façade market being fragmented. An additional aspect that strengthens the consolidation trend is the pursuit of increased economies of scale, see also section “—Competitive advantages” below. Fasadgruppen believes that these trends will continue to drive the consolidation trend in the market, and Fasadgruppen strives to be an active player in the ongoing market consolidation.

### Competitive advantages

Fasadgruppen believes that there are several factors within the façade market that entail significant competitive advantages for certain players active on the market. Examples of such factors are described below.

- **Economies of scale:** Fasadgruppen believes that large players active on the façade market are able to achieve significant economies of scale advantages. These companies can achieve reduced costs through purchasing agreements, knowledge sharing and training, sharing of best practice and resource distribution between different parts of the organisation as needed.
- **Demand for a broader range of services:** Fasadgruppen assesses that there is an increased demand for companies that provide a full-service offering. Fasadgruppen also believes that companies that are able to provide a full-service offering, such as Fasadgruppen, have a competitive advantage because it results in a simplified procurement process for the customer who will not need to hire several different contractors to carry out a project. Instead, the customer can rely on one resourceful company and significantly streamline communication. Developing an organisation that can provide a wide range of services is costly, which benefits existing and already established players on the market.
- **Need for local relations:** Strong local knowledge and local relations are important success factors in the façade market. This is reflected in, amongst other things, many customers being recurring customers and that customers emphasise the façade companies’ previous experiences of contractors. Fasadgruppen believes that there is a Nordic standard on how façade work should be carried out on the façade market, which may lead to difficulties for foreign players when competing with local players.
- **Reference projects:** Reference projects are important factors as they, for example in procurement processes, reassure the customer that the service provider has the competence and capacity required to carry out the project in a satisfactory manner.
- **Certifications:** According to Fasadgruppen, there is an increased demand for players on the market having certain certifications, such as ISO 9001 and ISO 14001, especially in connection with public procurements. Foreign players may therefore need to obtain these certifications in order to have better opportunities to establish themselves on the market.
- **Sustainability focus:** Fasadgruppen assesses that customers in the façade market are increasingly demanding companies with a pronounced environmental focus and which have sustainability integrated into their operations.





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# Business overview

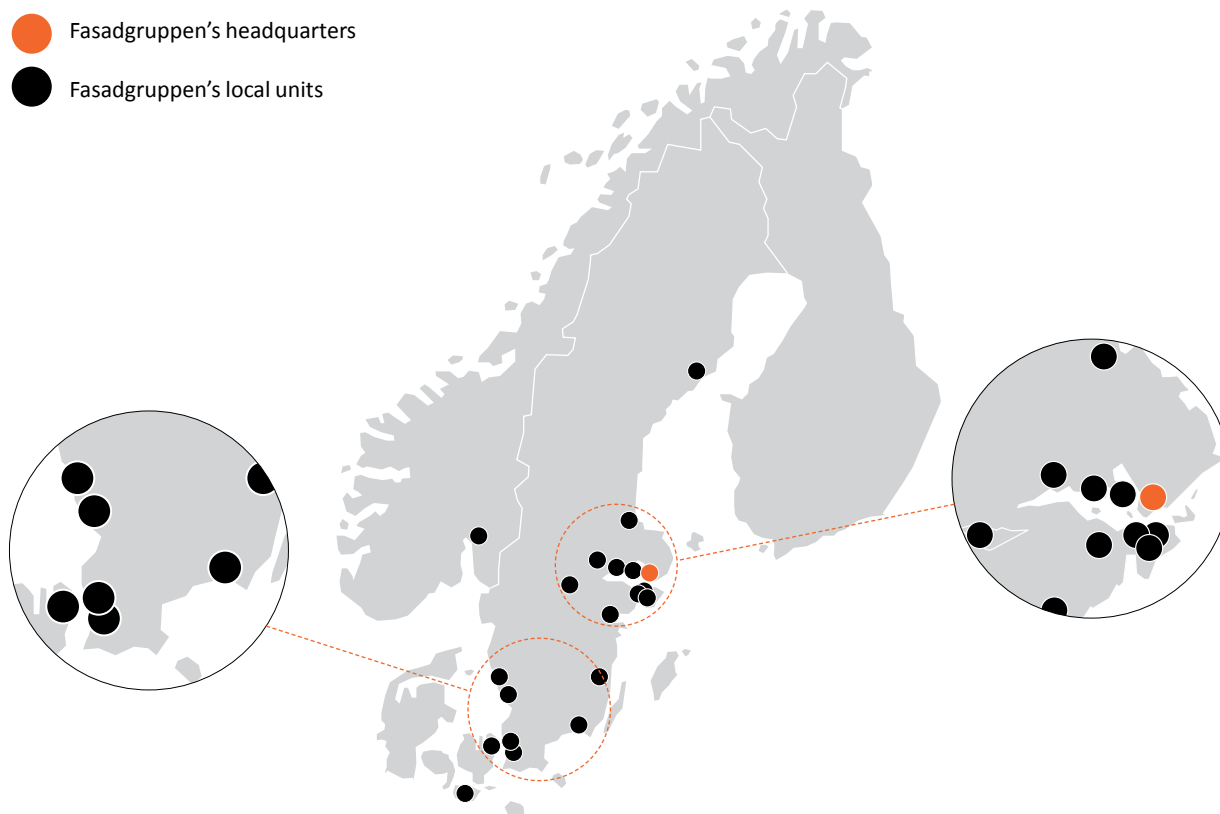
## Introduction to Fasadgruppen

Fasadgruppen considers itself to be one of the leading façade companies in Sweden. Fasadgruppen was formed through the merger of STARK Fasadrenovering and AB Karlssons Fasadrenovering in 2016. Fasadgruppen's business concept is to offer competitive multidisciplinary solutions through enabling cooperation between locally leading and specialised subsidiaries in order to achieve economies of scale and synergies between the companies. Since Fasadgruppen was formed, the Group has multiplied its revenues, mainly driven by acquisitions but also through organic growth. Since Fasadgruppen was formed and up until the date of this Prospectus, the Group has acquired companies with accumulated earnings of approximately SEK 1.6 billion at the respective date of acquisition<sup>1)</sup>.

Fasadgruppen has observed many positive effects as a result of the ongoing consolidation of the façade market. Some of the benefits that Fasadgruppen has observed are reduced purchasing costs for newly acquired companies that have gained access to the Group's purchasing agreements, sharing of best practice, resource allocation and low overhead costs.

Fasadgruppen consists of the parent company and its subsidiaries, all of which have extensive local knowledge and a geographical responsibility. Fasadgruppen's philosophy is that customers should be able to benefit from hiring a local and trusted partner and thereby spend less time identifying, contacting and hiring separate contractors across the country. Although the Group in its current form was founded recently, its subsidiaries have extensive experience of complex projects in different environments and in several disciplines. For example, STARK Fasadrenovering and AB Karlssons Fasadrenovering founded their operations in 1963 and 1970, respectively.

During the financial year 2019, Fasadgruppen's net sales amounted to MSEK 1,019.0 with an adjusted EBITA of MSEK 129.3, which corresponds to an adjusted EBITA margin of 12.7 per cent. During the nine-month period ended on 30 September 2020, Fasadgruppen's net sales amounted to MSEK 921.3 with an adjusted EBITA of MSEK 102.0, which corresponds to an adjusted EBITA margin of 11.1 per cent.<sup>2)</sup>



1) The acquired companies' respective revenues for the most recent financial year before the acquisition.

2) See sections "Selected historical financial information–Reconciliations" and "Selected historical financial information–Definitions of alternative performance measures" for definitions, explanations and reconciliations of adjusted EBITA and adjusted EBITA margin.

## Fasadgruppen's history

Fasadgruppen's history starts with the founding of STARK Fasadenovering in 1963 and AB Karlssons Fasadenovering in 1970. STARK Fasadenovering and AB Karlssons Fasadenovering operated as separate entities for many years, establishing themselves as trusted companies offering craftsmanship at the highest level. Historically, the large construction companies offered plastering and masonry as a part of their service offerings. However, after the real estate crisis in the 1990s, the market structurally changed, with many former employees from the construction companies starting their own local businesses. This resulted in a fragmented market, consisting of several small businesses operating across Sweden. In 2016, STARK Fasadenovering and AB Karlssons Fasadenovering merged with the vision of creating a Nordic market leader within façade work, which laid the foundation for Fasadgruppen as it is known today. The idea was, and still is, that the companies within Fasadgruppen should continue to operate in an independent manner, but at the same time be able to offer customers the comfort of having a large and professional counterparty.

Since 2016, more companies have joined Fasadgruppen, and collaboration within purchasing, sustainability and marketing has been further developed. Fasadgruppen has since then successively reinforced the senior management, the board of directors and the regional governance to create a platform for continued growth and increased operational efficiency.

## Fasadgruppen's service offering

Fasadgruppen divides its operations into three service segments: masonry, plastering and other.

### Masonry

Fasadgruppen performs a number of different services in the renovation market, from extensive restorations of façades with Grade II listing, murals and stucco to mortar of building façades. Fasadgruppen provides a comprehensive service offering in masonry, including jointing, anchoring and additional insulation of brick façades. In addition, Fasadgruppen also performs, *inter alia*, masonry of plinths, shell walls, interior walls and unfolding walls.

For the construction market, Fasadgruppen performs brick services with and without insulation.

### Plastering

Fasadgruppen has a broad competence in plastering and works with façades on both old and new buildings. Fasadgruppen offers several types of plastering services, including classic techniques and new modern insulation methods to reduce energy consumption. Fasadgruppen works with modern façade systems where extra seals and ventilation often are included.

For the construction market, Fasadgruppen performs plastering services with and without insulation.

### Other

In addition to masonry and plaster, Fasadgruppen works with other parts of façade exterior, such as windows, balconies, roofs and sheet metal as well as with scaffolding. For the renovation market, Fasadgruppen replaces old windows with modern windows to e.g. reduce energy consumption as well as carry out renovations of windows and balconies. Fasadgruppen also performs extensions and glazing of existing balconies. For the construction market, Fasadgruppen performs full installation of both windows and balconies.

In the renovation market, Fasadgruppen performs e.g. renovations of existing roofs with modern solutions to protect buildings. For the construction market, Fasadgruppen performs complete installations of property exteriors, including roofs.

Fasadgruppen rents out several different types of scaffolding for construction work, including lifts, loaders and protective equipment. Through its offering, Fasadgruppen can shorten its own lead times and be independent of external suppliers.

In addition to Fasadgruppen's core operations, Fasadgruppen also performs concrete work, waterproofing layers, carbon fibre reinforcements as well as tile and clinker work for both the renovation market and the construction market.

## Fasadgruppen's business model

Fasadgruppen's business model is based on a decentralised structure to enable a strong local presence with limited overhead costs. The business model is split into three parts: local units, geographical units and central functions.

### Local units and responsibilities

- **Customer and sales responsibility:** Good relationships are built and maintained at a local unit level. Local presence is ensured through the Group's structure of subsidiaries. Fasadgruppen believes that it is important to cover several major areas in Sweden in order to deliver a maximum customer value for the customers who operates in several geographical areas.
- **Production responsibility:** Completion and monitoring of projects takes place locally. The subsidiaries have a significant independence to lead the business in their local markets. The subsidiaries build their own pipelines of projects to ensure that they remain competitive.
- **Project calculation:** The subsidiaries evaluate their own projects and prepare cost calculations. The subsidiaries ensure that they remain financially profitable by developing competence in project calculations and evaluation.

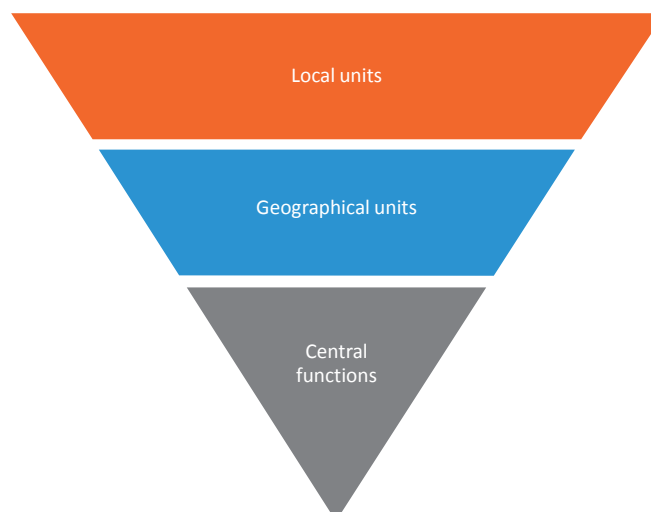
### Geographical units and responsibilities

- **Best practice:** The Group's best practice model includes a synchronised pricing model, routines for internal control and risk analysis, liquidity analyses, profitability targets and financial reporting. The model is a central component in Fasadgruppen's strategy.
- **Resource allocation:** Through resource allocation, the Group ensures that capacity is used in an efficient manner. This is important to ensure that materials are moved and knowledge is transferred between subsidiaries when necessary in order to optimise the degree of utilisation and development.
- **Framework agreements:** By developing framework agreements for purchasing at a central level, the local units' material costs are reduced at the same time as the purchasing process is streamlined.

### Central functions and responsibilities

- **Purchasing:** By procuring contracts for materials and insurances at a central level, economies of scale can be realised. This benefit the subsidiaries since they can reduce their cost bases without having to make material changes. Centralisation of certain activities within the Group is a key aspect for maintaining profitability and reducing overhead costs.

- **Business development:** The central management will act as a discussion partner and support local units in, for example, strategic planning. The senior management is a central function that monitors developments at a local level and ensures that the subsidiaries are equipped with the knowledge required to be able to make the right decisions.
- **Acquisitions:** Fasadgruppen believes that it has developed a well-functioning process for identifying, evaluating, acquiring and integrating new companies within the Group. Acquisitions are managed centrally with support from local units when needed. Fasadgruppen believes that this is important in order to create a strong platform in the Scandinavian market.
- **Finance:** Central functions manage financing and assist with financial reporting. The purpose of this is to ensure that the subsidiaries can focus on day-to-day operations, guarantee customer satisfaction and build their own pipelines of future projects as well as to achieve synergies and reduce local costs.
- **Support functions:** Available support staff such as lawyers, designers and marketing managers enable the local units to handle complex issues without having to consult external parties.



## Fasadgruppen's strengths and competitive advantages

Fasadgruppen believes that several different factors have contributed to Fasadgruppen's development and performance. Below is a brief description of Fasadgruppen's strengths and competitive advantages.

### Well positioned in the value chain with cutting-edge expertise within Fasadgruppen

Fasadgruppen believes that the Group has positioned itself strategically in an attractive sub-segment of the construction market as façade work is a critical activity that is often outsourced. Fasadgruppen believes that the Group can benefit from the growth that the market is showing at the same time as the Group is subject to relatively low project risks. Fasadgruppen focuses on the renovation market, which according to Euroconstruct<sup>1)</sup> has historically shown low cyclicity and stable demand. Fasadgruppen believes that the Group through close contact with sub-suppliers, and through economies of scale when purchasing, can obtain purchase discounts. Finally, Fasadgruppen has access to a large and diverse customer base that includes private property owners, real estate companies, housing cooperatives, operations managers, consultants and construction companies. According to Fasadgruppen, the distribution of customers during the twelve-month period ended on 30 September 2020 was approximately 30 per cent housing cooperatives, approximately 30 per cent construction companies, approximately 20 per cent municipalities and regions, approximately 15 per cent real estate companies and approximately 5 per cent other customers. Fasadgruppen estimates that in 2019, approximately 47 per cent of Fasadgruppen's revenues were attributable to renovation of residential properties, approximately 24 per cent to renovation of commercial properties, approximately 20 per cent to new construction of commercial properties and approximately 8 per cent to new construction of residential properties.

Fasadgruppen believes that the Group possesses the competence, capacity and experience required to carry out complex projects. Fasadgruppen also believes that there are few competitors who have the same type of competence, size and experience to be able to compete with Fasadgruppen, whose solid experience extends from large new constructions to Grade II listed houses.

Several subsidiaries within the Group have been approved in accordance with ISO 9001 (quality certification) and ISO 14001 (environmental certification). The ISO certificates are a recognition of the subsidiaries' work in maintaining good control over the quality of their operations and the work to reduce the environmental impact that the operations entail. The ISO certificates are necessary to be awarded certain projects, especially in public procurement. In cases where acquired companies have not yet been approved in accordance with ISO 9001 and ISO 14001,

Fasadgruppen's ambition is that such approvals shall be obtained in connection with the companies being integrated into the Group.

### Attractive market position in the middle segment

Fasadgruppen assesses that it is well positioned in the façade market because Fasadgruppen focuses on mid-sized projects, which the Group defines as a projects with a contract value of MSEK 1–100. The projects include façade work ranging from residential properties to commercial properties and industrial properties. Fasadgruppen believes that this market position enables a better negotiating position towards suppliers. It also provides an opportunity to focus on projects with a high margin, which ensures that resource utilisation is maximised.

Fasadgruppen's main customer group, property managers, are included in the part of the value chain that is less cyclical. Unlike the construction market, the renovation market requires low capital investments. Weather and wind continuously wear down façades, which according to Fasadgruppen's assessment contribute to the recurring demand for façade renovations.

### Service offering with a strong connection to sustainability and the environment

Economic, social and ecological sustainability are part of Fasadgruppen's core values. The services that Fasadgruppen provides have a clear connection to sustainability and environmental work. Many of the façade solutions that the Group offers provide direct environmental improvements, such as reduced energy consumption through façade renovation and installation of windows. The Group works actively to ensure that Fasadgruppen's operations are conducted as environmentally friendly and sustainable as possible and educates its staff in these matters. This strengthens Fasadgruppen's position as an important player in the work for a more sustainable future.

Fasadgruppen's environmental work can be exemplified by the extensive renovation of two properties in Svedala that began in 2014. The extensive façade renovations began as a replacement of roofs and windows of the properties, but during the initial phase of the project it was noted that there were additional renovation needs, whereby Malmö Mur & Puts, today one of Fasadgruppen's subsidiaries, was contacted. In connection with the window replacement, the obsolete stone slabs were replaced with modern additionally insulated plaster. The façade of older buildings is often about 10 centimetre thick, which differs significantly from today's standard of 20 centimetre. By replacing the old stone slabs with additional insulated plaster, it is possible to generate energy savings, which usually results in the cost of the investments being paid off in the long run through energy cost savings, and potentially additional savings. In addition, additional insulation can contribute to increased value of the property, reduced environmental

1) Euroconstruct (2020). *89th Country Report Summer*.



impact, less moisture in the façade and a better living environment thanks to quieter houses, higher air flow and without cold drafts. The Company estimates that approximately 41 per cent of the Group's subsidiaries' revenues are related to additional insulation, approximately 12 per cent to window replacements and approximately 1 per cent to sedum roofs.<sup>1)</sup>

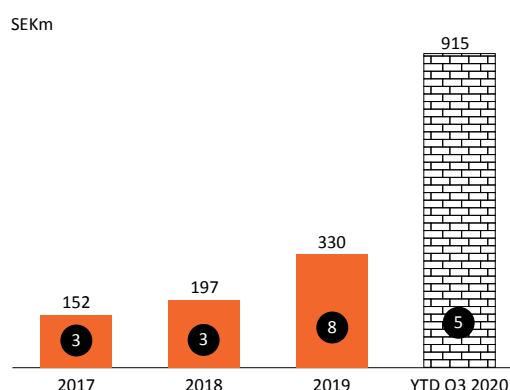
### Strong local market positions with centralised support functions

Fasadgruppen strives to combine its strong local presence with its significant size. A strong local market position and presence refers to the fact that the Company and its subsidiaries have a well-known reputation and attractive customer offering as Fasadgruppen. The Group's subsidiaries have solid experience and have developed close relationships with customers in their respective geographic areas. This, combined with the Group's centralised functions, such as legal support, purchasing, project support, strategic planning and acquisition related operations, have enabled Fasadgruppen to offer a comprehensive range of services and remain competitive. The Group can also use the central support functions to ensure that each local unit's operations are conducted efficiently. This is done through monthly reports, ISO certifications, a common IT system, centralised purchasing agreements, focus on order backlog, successive profit recognition, weekly liquidity analyses, margin targets and weekly coordination meetings. The subsidiaries within the Group have varying profitability, which is illustrated in the graph below, which shows the EBITDA margin for each company in the Group during the twelve-month period that ended on 30 June 2020. Fasadgruppen believes that the varying profitability of the subsidiaries is due to differences in operational efficiency and temporary fluctuations resulting from the type of project that each subsidiary carries out

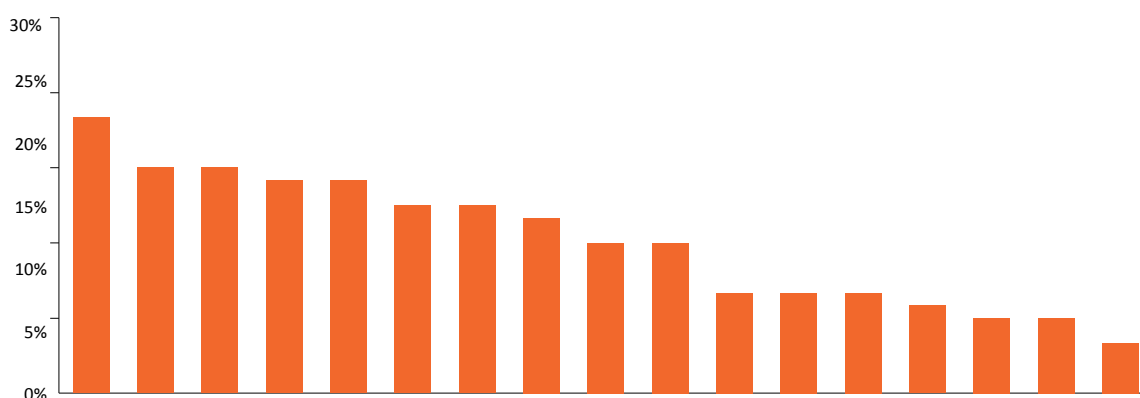
varying from time to time and the different types of projects sometimes having different profitability.

### Good consolidation opportunities in a highly fragmented market with an established acquisition model

Fasadgruppen has established a model for acquisition-driven growth and believes that this model constitutes a strong platform for continued market consolidation. Historically, Fasadgruppen's order backlog growth has been driven by acquisitions and not organic growth. Since the Group was formed and up until the date of this Prospectus, Fasadgruppen has acquired companies with accumulated earnings of approximately SEK 1.6 billion at the respective date of acquisition<sup>2)</sup>.



Note: The information has been derived from the acquired companies' respective annual reports, excluding the subsidiaries P. Andersen & Søn Entreprense A/S and Cortex Membran ApS, which are Danish private limited companies and thus do not report revenues in their respective annual reports. For these companies, the revenue figures constitute unaudited information from each company's internal reporting systems.



Note: Unaudited information which has been derived from Fasadgruppen's internal reporting system for companies that were a part of the Group as of 30 June 2020. See section "Selected historical financial information—Definitions of alternative performance measures" for a description of how Fasadgruppen calculates EBITDA margin and the purpose of presenting the measure.

1) Including all companies within the Group as of the date of this Prospectus.

2) The acquired companies' respective revenues for the most recent financial year before the acquisition.



Fasadgruppen's acquisition activity and the number of acquisitions that Fasadgruppen carries out can vary over time. As of 30 September 2020, Fasadgruppen had identified over 10,000 potential acquisition objects, analysed approximately 2,000 companies, initiated first contacts with approximately 40 companies and initiated active discussions with 5–10 companies. Through the continuous search for new potential acquisitions, Fasadgruppen strives to ensure a flow of interesting acquisitions over time. Since Fasadgruppen was formed up to and including 2019, Fasadgruppen has completed acquisitions

at an average, volume-weighted EV/EBITDA multiple (based on the last twelve months before each acquisition) below 4x. Fasadgruppen believes that synergy effects generally have been realised in connection with previous acquisitions. When accounting for such synergy effects in the EBITDA figure, Fasadgruppen estimates that the average, volume-weighted EV/EBITDA multiple historically has been approximately 3x. Historically, the acquisition multiple generally has been higher for larger companies than for smaller companies.

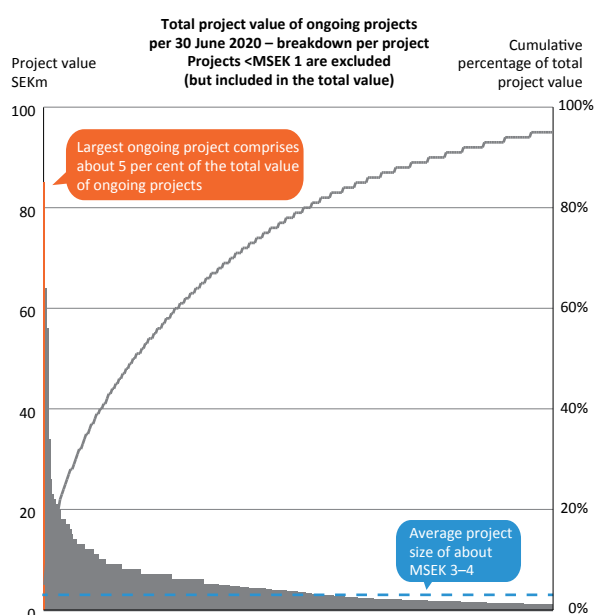


### Stable earnings power with a diversified customer base and high visibility

Fasadgruppen is usually involved in a large number of projects at the same time. This contributes to high visibility and stable earnings power and reduces the overall project risk. Fasadgruppen has established customer relationships with several major players in the market, including the Church of Sweden, Riksbyggen, Balder, JM, PEAB and Wallenstam. Fasadgruppen believes that a focus on mid-sized projects provides long-term stability for revenue streams and a diversified portfolio of sources of income. Fasadgruppen has also carried out several prestigious reference projects, including the Grand Hôtel and Karlbergs Slott in Stockholm, which strengthens Fasadgruppen's reputation as a serious and credible player in the façade market.

### A combination of strong growth, high margins and high cash conversion

Since Fasadgruppen was formed in 2016, the Group has multiplied its revenues. During the period 1 January–30 September 2020, an adjusted EBITA margin of 11.1 per cent was achieved. Growth during the period 1 January–30 September 2020 amounted to 28.0 per cent. The naturally low need for investments in the industry, the limited need for inventories and the attractive payment cycles contributed to Fasadgruppen achieving a cash conversion of 66.6 per cent during the period.<sup>1)</sup>



Note: Unaudited information that has been collected from Fasadgruppen's internal reporting system for the companies which was part of the Group as of 30 June 2020 except Sterner Stenhus Fasad AB and Robust Hyrställning Sverige AB.

1) See sections "Selected historical financial information–Reconciliations" and "Selected historical financial information–Definitions of alternative performance measures" for definitions, explanations and reconciliations of adjusted EBITA margin and cash conversion.

## Fasadgruppen's growth strategy

Fasadgruppen's strategy is based on acquiring and developing local market leaders as well as taking advantage of cooperation and economies of scale within the Group. The strategy can be divided into four sections:

- **Develop local market leaders:** Fasadgruppen strives to maintain and develop its position in the local markets by attracting and retaining the best managers and the best personnel in each local market.
- **Promote cooperation between units:** Fasadgruppen's ambition is to achieve synergies between the local units by creating an organisation that efficiently shares resources, purchasing agreements and best practices between themselves.
- **Efficient processes:** Fasadgruppen intends to optimise the processes within the organisation with a specific focus on procurements and production processes.
- **Continued growth through acquisitions:** Fasadgruppen aims to continue growing through its established acquisition model and to develop local market leaders within façade work, currently with a main focus on Swedish, Danish and Norwegian players.

Fasadgruppen intends to grow both organically and through acquisitions. Fasadgruppen intends to achieve organic growth partly by growing with the market, and partly by winning market shares while maintaining good margins. Fasadgruppen believes that this can be achieved by continuing to work with subsidiaries that are local market leaders and that have a good financial history. Fasadgruppen also believes that the active collaboration, including sharing of best practices and development of the multidisciplinary offering within the Group, can contribute to continued organic growth and can contribute positively to Fasadgruppen's development.

Another part of Fasadgruppen's growth strategy is to expand its presence in Sweden, Denmark and Norway. Even in regions where Fasadgruppen considers itself having a strong presence, Fasadgruppen believes that there is ample opportunity for further acquisitions. Fasadgruppen also believes that in the future, there may be an opportunity to expand to other countries, such as Finland.

Fasadgruppen's assessed presence within the different business areas in each region is illustrated by the table below.

	Masonry and plastering	Windows and balconies	Roofs and sheet metal	Scaffolding
Sweden North	✓✓	✓	✓	✓
Sweden East	✓✓✓	✓✓	✓✓✓	✓✓
Sweden South	✓✓✓	✓	✓	✓
Sweden West	✓✓✓	✓	✓	–
Denmark	✓	–	–	–
Norway	✓	✓	✓	–
<b>Presence</b>	✓✓✓ Stong	✓✓ Medium	✓ Limited	– None

## Fasadgruppen's mission, vision and objective

### Mission

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

### Vision

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

### Values

Fasadgruppen's core values are cooperation, commitment and competence.

- **Cooperation:** Close cooperation within the Group, with customers, suppliers and other partners.
- **Commitment:** Local commitment in each region and market where Fasadgruppen is present.
- **Competence:** Long experience makes for a safe collaboration partner for maximum customer value.



## Fasadgruppen's financial targets

Fasadgruppen's board of directors has decided on the following financial targets:

**Net sales growth:** Fasadgruppen's target is to achieve an average net sales growth of at least 15 per cent per year over a business cycle. The growth should be achieved organically as well as through acquisitions.

**Profitability:** Fasadgruppen's target is to achieve an EBITA margin of at least 10 per cent per year over a business cycle.

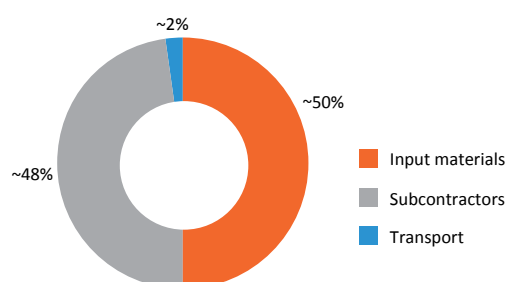
**Cash conversion:** Fasadgruppen's target is to achieve a cash conversion of 100 per cent.

**Capital structure:** Fasadgruppen's net debt in relation to adjusted EBITDA shall not exceed a ratio of 2.5. Indebtedness can temporarily be higher, for example in connection with larger acquisitions.

**Dividend policy:** Fasadgruppen's target is to distribute 30 per cent of the Group's consolidated net income, taking into consideration other factors such as financial position, cash flow and growth opportunities.

## Purchasing process

Fasadgruppen believes that the Group's centralised purchasing process, which is designed to achieve cost savings for each local unit, is a competitive advantage. Fasadgruppen aims to achieve cost savings through a structured purchasing process that includes orders for large volumes of material, which is intended to result in an advantageous negotiating position. Historically, these cost savings have generally become particularly significant for newly acquired companies in areas where Fasadgruppen already is a major purchaser. Purchases during the period 1 January–30 June 2020 are described as a percentage of the cost of raw materials and consumables in the figure below.



Note: Unaudited information retrieved from Fasadgruppen's internal reporting system.

The centralised purchasing process is handled by the Purchasing Manager, who continuously works to improve the processes and negotiate framework agreements that the Group can utilise. Fasadgruppen purchases materials from several suppliers and is therefore not exposed to individual suppliers. Fasadgruppen estimates that the material costs during the financial year 2019 consisted of approximately 35 per cent brick, approximately 35 per cent plaster, approximately 15 per cent components such as windows and balconies and approximately 15 per cent

sheet metal. Historically, the cost allocation has varied between companies and depended on the types of construction projects carried out. Fasadgruppen has entered into framework agreements with several large suppliers in Sweden for the purpose of reducing purchasing costs. The existing framework agreements do not any include volume commitments. When purchasing materials from some distributors, Fasadgruppen may receive compensation in return from the material manufacturer, so-called "kickback".

The acquisition of Allt i Murning i Karlshamn is one example of the positive effects of Fasadgruppen's centralised purchasing process. Allt i Murning i Karlshamn was able to almost double its operating profit after becoming a part of Fasadgruppen, which Fasadgruppen believes was largely due to Allt i Murning i Karlshamn gaining access to Fasadgruppen's purchase prices. Fasadgruppen estimates that acquired companies historically have been able to reduce their purchasing costs corresponding to a general increase in the EBITA margin by approximately one or a couple of percentage units when they have gained access to Fasadgruppen's purchase prices, depending on, inter alia, the acquired company's size and purchasing routines.

Future potential in the purchasing process can be achieved, for example, by utilising regional price discrepancies at different suppliers, using the increasing size of Fasadgruppen to reduce purchasing costs, carrying out certain purchases of materials directly from manufacturers as well as by centralising other purchases within the Group (such as workwear and corporate car leasing). In addition, Fasadgruppen continuously evaluates its suppliers in order to ensure that the Group only uses the best suppliers for Fasadgruppen.

## Fasadgruppen's customers and sales

The façade market is highly fragmented and consists of both construction and renovation customers. Fasadgruppen has a broad customer base that includes owners of public, commercial and residential properties, housing cooperatives, construction companies and private homeowners. In the renovation market, façade companies usually take responsibility for projects and perform services on behalf of housing cooperatives and property managers, such as HSB and Riksbyggen. In the construction market, façade companies act as sub-contractors to large construction companies, such as PEAB and Skanska.

For sizable construction projects involving large contractors, the customer base is less fragmented than for small and mid-sized projects, where property-owners and homeowners are typical customers. As a consequence of the level of fragmentation amongst customers in the market, each individual customer typically represents a limited part of a contractor's total revenues, especially in the case of large contractors. Fasadgruppen makes the assessment that even the largest customers have a decentralised decision-making process where local and individual circumstances are decisive factors when contracts are being awarded. The need for Fasadgruppen's services varies depending on the customer

group, which is a factor that stabilises demand during a business cycle. During periods of less favourable macro-economic conditions, investments in the public sector often tend to increase. During periods of strong economic growth, investments from construction and industrial companies tend to increase instead. Fasadgruppen's assessment is that the profitability for renovation projects and for new construction projects is similar.

### Project execution

Depending on which customer Fasadgruppen works with, project execution differs somewhat in terms of duration and execution. Execution of projects for Fasadgruppen can generally be divided into two phases: sales and preparation, and execution.

**Sales and preparation:** During this phase, Fasadgruppen works to win contracts and to prepare projects. Fasadgruppen believes that a crucial factor in winning contracts in the façade market is to have well-developed customer relationships and having earned the trust from the customer. Fasadgruppen believes that this is of great importance for all processes, except in public procurement, where the main requirement is to meet a number of formal criteria.

At the beginning of the process, the customer distributes a request for quotation which is received by Fasadgruppen. This request contains details about the project and its design. In public procurement, these requests for quotation are available for all interested companies, but in other processes, only a limited number of companies are typically contacted according to Fasadgruppen. This entails that the companies that have established networks have an increased probability of winning contracts. The contacted companies then prepare an offer which is sent to the customer. After this step, either the contract is awarded directly to a company chosen by the customer, or final negotiations are initiated, whereby a supplier ultimately wins the contract. After that, the final preparations begin, such as applying for a permit to set up scaffolding and construction sheds if necessary. In procurements regarding new production that is to be performed by construction companies, Fasadgruppen usually works actively to be selected as a sub-contractor for several of the construction companies involved in the procurement process. This is to increase the probability that Fasadgruppen will be chosen to perform the façade work on the building that is to be constructed.

**Execution:** The next phase consists of project execution. This phase begins with preparing the worksite, setting up scaffolding when needed and transporting materials to the worksite. In cases where the project concerns a publicly procured renovation, or a renovation where the customer is a consultant or a homeowner, Fasadgruppen's assessment is that the start date is usually very flexible. In these cases, the parties involved often agree on a desired start date, which is usually within one year. Fasadgruppen considers this to be positive since it makes it possible to

adjust the start dates of different projects so that the desired utilisation rate is achieved. In cases where the project concerns a new construction and the customer is a construction company, Fasadgruppen assesses that it is instead more common to have a fixed start and end date for the project. This is usually more than one year from the time of the contract signing. The time required for execution of the projects varies depending on the scope and complexity, but Fasadgruppen believes that an average project is completed in approximately 20 weeks after it is started. During the execution of a project, inspections of the completed work are carried out continuously in order to identify and correct any problems at an early stage.

### Pricing

Fasadgruppen uses a decentralised pricing strategy where each local unit is responsible for its pricing. The local units have the opportunity to use the central management and the central support functions when needed to control their calculations and to achieve the desired profitability. The pricing model that Fasadgruppen uses is cost-based, and projects are usually carried out at a fixed price. One advantage that Fasadgruppen experiences with this pricing model is that it is adjustable, which means that the subsidiaries have the opportunity to be slightly flexible in their pricing depending on their current utilisation rate.

Historically, Fasadgruppen has had few loss-making projects (*i.e.* projects with a negative contribution margin). Fasadgruppen mainly works with the following three initiatives to minimise the proportion of loss-making projects:

- **Experience:** Each subsidiary within the Group is run by persons with extensive experience from the façade market.
- **One line of subcontractors:** In general, Fasadgruppen believes that only one line of sub-contractors is required to conduct Fasadgruppen's core operations. These sub-contractors are chosen with great care and each subsidiary has great experience of different sub-contractors and their respective performances. These experiences are actively shared within the Group. Fasadgruppen believes that the fact normally only one line of sub-contractors is required results it being possible to avoid complex logistical challenges, which in turn reduces the risk for costly delays.
- **Sharing of best practice:** Sharing of best practice, routines and structural coordination within the Group entail an opportunity for profitability improvements for the subsidiaries. For example, the subsidiary Murpoolen i Skåne was able to greatly increase its profitability by obtaining help with project calculations from another subsidiary after it was acquired by Fasadgruppen.

As of 30 June 2020, 8 out of more than 500 ongoing projects were loss-making, with a projected project-loss corresponding to approximately 0.1 per cent of the total project value as of that date.<sup>1)</sup>

1) Including all companies within the Group that were consolidated as of 30 June 2020 except for Sterner Stenhus Fasad AB and Robust Hyrställning Sverige AB.

## Acquisitions

### Acquisition strategy

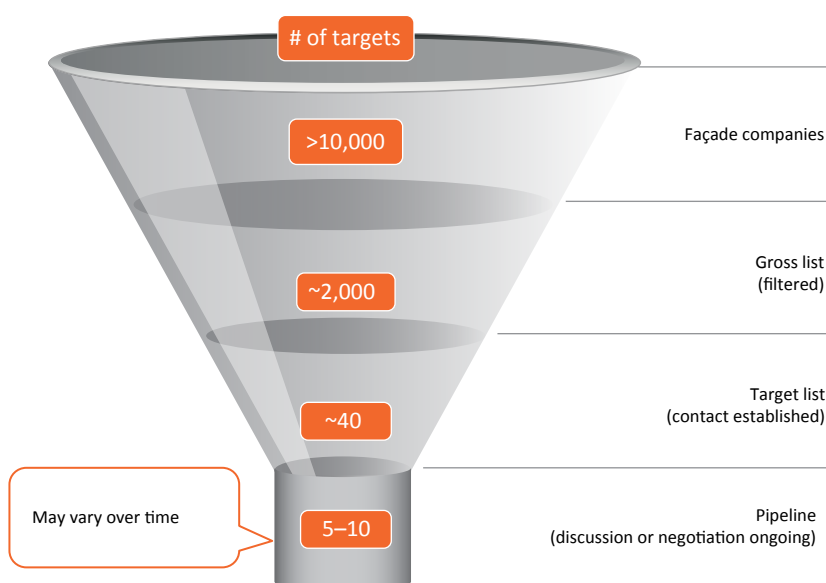
Fasadgruppen's strategy for identifying potential acquisitions places great emphasis on the degree of craftsmanship competence within the company and on the company's management. The selection criteria include an assessment of the company, the management and the market:

- **Company:** Should add structured capital, cross-selling opportunities and a high degree of craftsmanship competence. At the same time, the company should show a stable historical development in terms of profitability, growth and cash flow.
- **Management:** Should consist of competent entrepreneurs who fit in naturally with Fasadgruppen's corporate culture and who are committed to the Group's future plans.
- **Market:** The acquisition targets should have a strong position in the local market and be active in a region with a growing market.

### Acquisition process

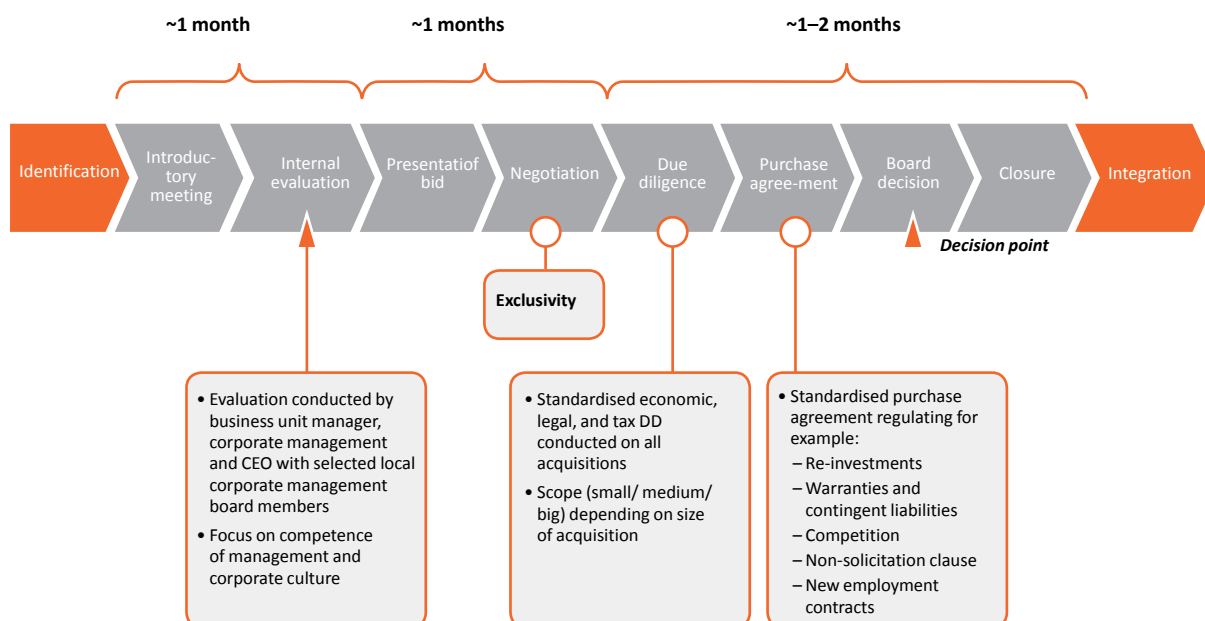
Fasadgruppen's acquisition history and established network within the sector have resulted in Fasadgruppen being able to identify potential acquisition candidates. The Group's contact and collaboration with various industry associations makes it easier for Fasadgruppen to quickly identify interesting local players and prospective acquisition candidates. The primary sources for prospective acquisitions are references from Fasadgruppen's local management teams, the central management's network, external tips and business brokers. The process for identifying prospective acquisitions is designed to generate a mix of companies that may be of interest to Fasadgruppen. Historically, 84 per cent of the acquisitions have come from organic leads, 11 per cent from business brokers and 5 per cent from a structured process.

Through the continuous contact with and evaluation of interesting companies, the Group intends to generate a flow of prospective acquisitions over time.



Fasadgruppen has implemented a standardised process consisting of predetermined acquisition criteria that should be met in the event of prospective acquisitions. The first screening of prospective acquisition targets that Fasadgruppen conducts includes, inter alia, a review of the prospective acquisition target's revenues, growth, profitability, depreciation, equity and assets. The process

includes a thorough analysis and a so-called due diligence process. If the company in question still appears to be an attractive acquisition object after the analysis has been completed, negotiations will be initiated. In general, the acquisition process is completed in approximately 3–4 months. A typical example of an acquisition process is illustrated in the figure below.

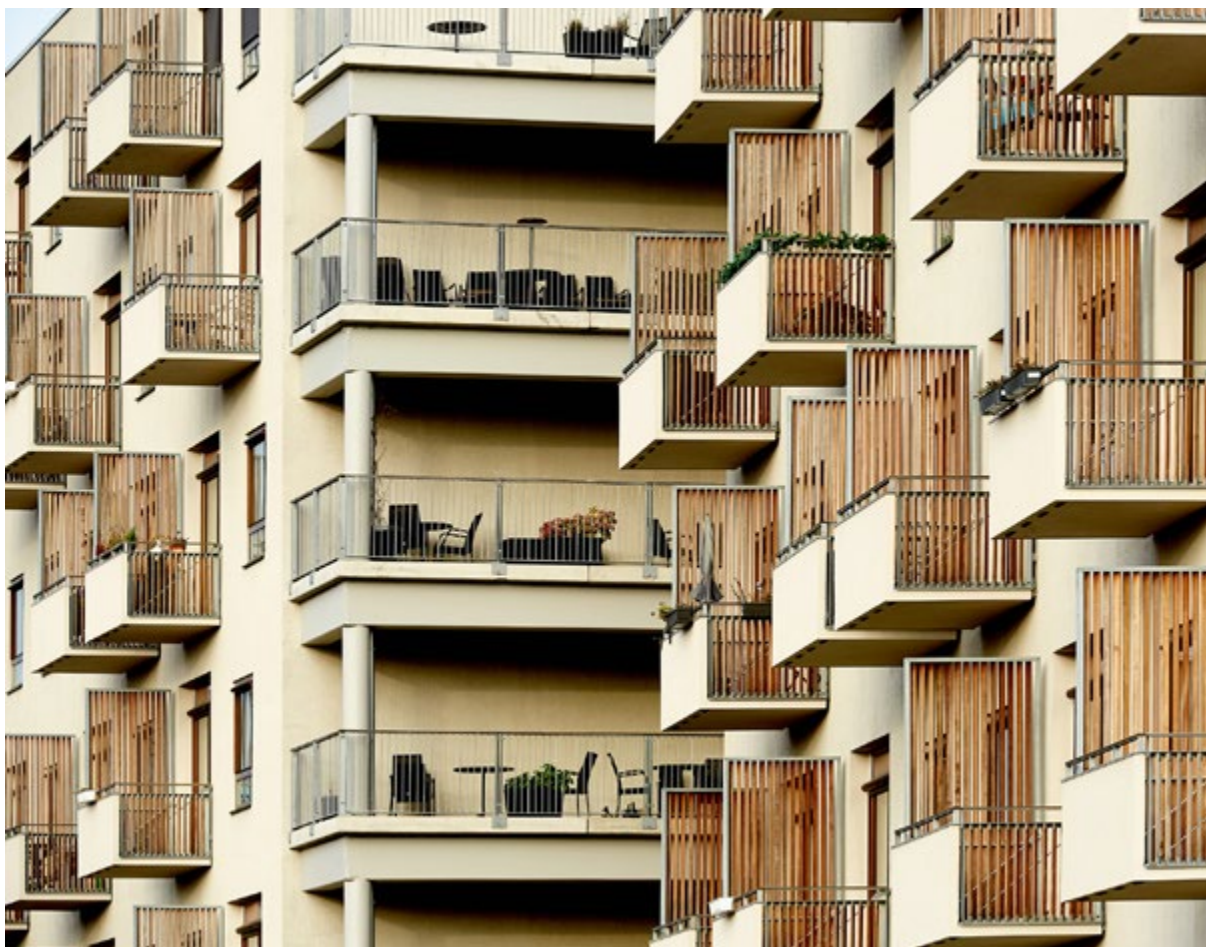


### Integration process after acquisition

When a company has been acquired, it is of great importance that the integration with Fasadgruppen is frictionless. This is to ensure that the acquired company can continue its daily operations without disruptions. As the local units' entrepreneurship is considered to be one of the keys to Fasadgruppen's success, Fasadgruppen provides the right conditions and resources required for each acquired company to adapt to the Group's structure. Fasadgruppen has developed an internal checklist that is used to ensure that the integration process is carried out efficiently and correctly.

- **Press release:** A press release is published that announces the acquisition by Fasadgruppen.
- **Strategy:** Fasadgruppen's vision is presented and a strategy and business plan for the subsidiary is prepared.
- **Business area integration:** The acquired company is integrated into the relevant business area and future cooperation is coordinated within the business area.
- **Purchasing:** The purchasing manager informs the acquired company about the Group's purchasing strategy and the existing framework agreements.
- **Finance:** The Group's CFO assists the acquired company with internal reporting, bank contacts, insurance and successive profit recognition.
- **Marketing:** The marketing manager informs the acquired company about, among other things, Fasadgruppen's marketing, logo, website and intranet. The acquired company shares its logo and graphic profile to be used on Fasadgruppen's website.
- **IT/IS:** A review of the acquired company's IT and IS systems is carried out.
- **ISO certification:** If the acquired company is not ISO certified, the certification process is immediately initiated.





### An attractive buyer

Fasadgruppen considers itself to be an attractive buyer able to offer added value to the sellers in form of a secure future for their companies as well as for the companies' employees, customers and other stakeholders. As a part of Fasadgruppen, the entrepreneurs can also benefit from economies of scale, such as lower material costs and resource sharing within the Group. In addition, Fasadgruppen provides the local units with certain support functions that are often more developed than the companies' own, for example within financial reporting. Fasadgruppen's decentralised business model means that a complete integration of the acquired units is not required. In this way, the characteristics of the units are preserved at the same time as they become part of Fasadgruppen as a whole. Fasadgruppen uses an integration model that helps to streamline the integration of the new units and to maximise

the benefits of the synergies arising. Another advantage of Fasadgruppen's value offering is considered to be the possibility for the entrepreneurs to reinvest parts of the purchase price in Fasadgruppen, which creates common incentives for the parties involved. Historically, a portion of the purchase price has often consisted of shares in Fasadgruppen and several of the completed acquisitions have had an earn-out. Historically, Fasadgruppen has also offered employees other than the sellers of acquired companies the opportunity to acquire shares in Fasadgruppen for the purpose of achieving a mutual interest for a positive development of each unit in Fasadgruppen.

Fasadgruppen ensures the opportunity to continue to grow in a profitable way by continuously searching for new acquisition targets and building relationships with key persons for prospective acquisitions.

Through the continuous contact that Fasadgruppen has with prospective acquisition objects, the Group intends to generate a flow of acquisitions. Fasadgruppen considers itself to have established a proven synergy and integration model that rests on seven pillars. The model aims to be clear and to ensure optimal integration in order to take benefit from economies of scale. The synergy and integration model is further explained below.

- **ISO certifications, IT and purchasing agreements:** All new subsidiaries must be certified in accordance with ISO 9001 and ISO 14001. This means that the subsidiaries meet the requirements of the international ISO standards by having good control over the quality and environmental impact of their operations. In addition, a common IT system is implemented for all subsidiaries and they gain access to the centralised purchasing agreements.
- **Focus on order backlog:** The subsidiaries shall work actively to have a sufficient order backlog to guarantee revenue visibility. The order backlog helps to forecast revenues and minimise risks for the companies.
- **Successive profit recognition:** Successive profit recognition is an accounting method used for long-term project and aims to ensure that the company reports revenue corresponding to the share of the total completed project. All subsidiaries in the Group must apply successive profit recognition.
- **Weekly liquidity analysis:** Frequent liquidity analyses are important for the Group to ensure that all subsidiaries have sufficient cash and cash equivalents to run the day-to-day operations. The liquidity analysis is also an important monitoring mechanism to ensure that the subsidiaries can take on different project responsibilities.
- **Clear margin targets:** Profitability targets are important for the Group to ensure that the subsidiaries are resourceful and cost-effective.
- **Weekly coordination discussions:** Coordination discussions between the central organisation and the subsidiaries aim to adapt and anchor certain current topics, including the status of ongoing projects and ongoing project acquisitions.
- **Monthly reporting:** The subsidiaries report their financial results every month, which are subsequently centrally consolidated. The purpose is to achieve internal comparability and full control over the Group's financial results in order to be able to manage the organisation in the best possible way.



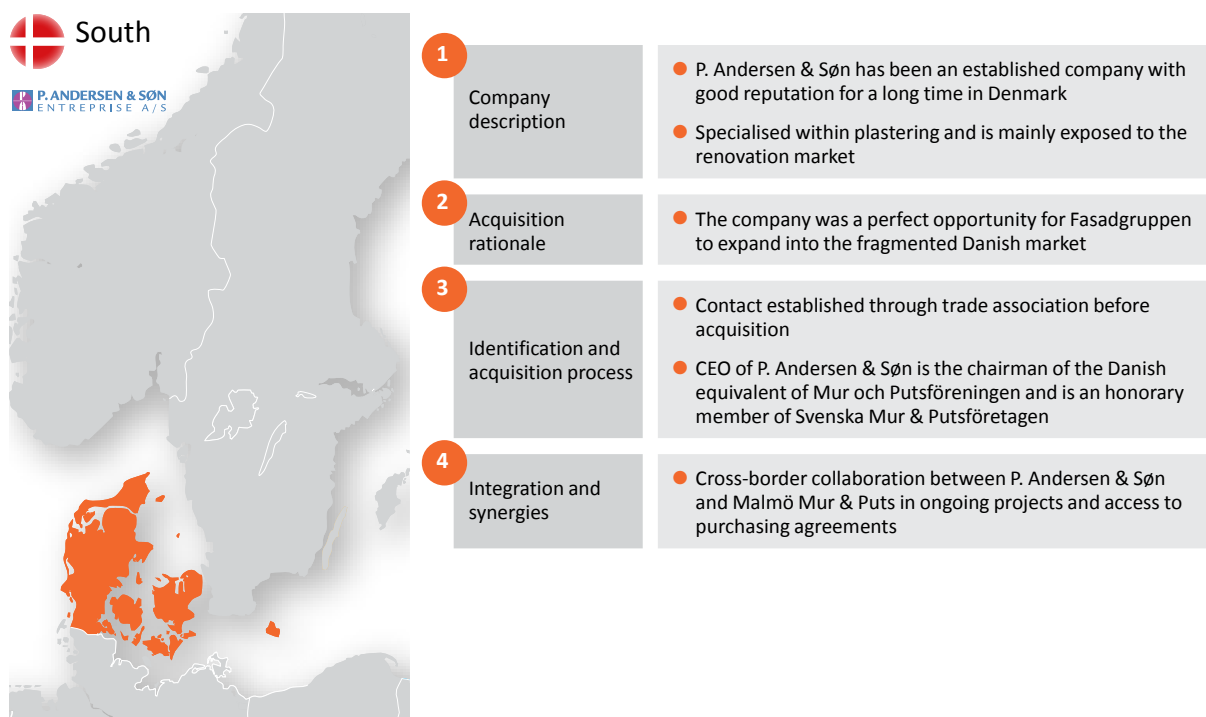
## Case studies



1	Company description	<ul style="list-style-type: none"> <li>Performs extensive work within façade renovation and turnkey contracts around the metropolitan area of Gothenburg</li> <li>Broad competence within masonry, plastering, roofs, windows and balconies</li> </ul>
2	Acquisition rationale	<ul style="list-style-type: none"> <li>Establish Fasadgruppen through a strong player in the west with good margins and excellent growth history</li> </ul>
3	Identification and acquisition process	<ul style="list-style-type: none"> <li>Contact established through trade association before acquisition</li> </ul>
4	Integration and synergies	<ul style="list-style-type: none"> <li>Well integrated with the Group and currently the headquarter of Fasadgruppen West</li> <li>Significant synergies in finance, purchasing and structural coordination</li> <li>Group CEO Pål Warolin was CEO for Johns when the company was acquired</li> </ul>



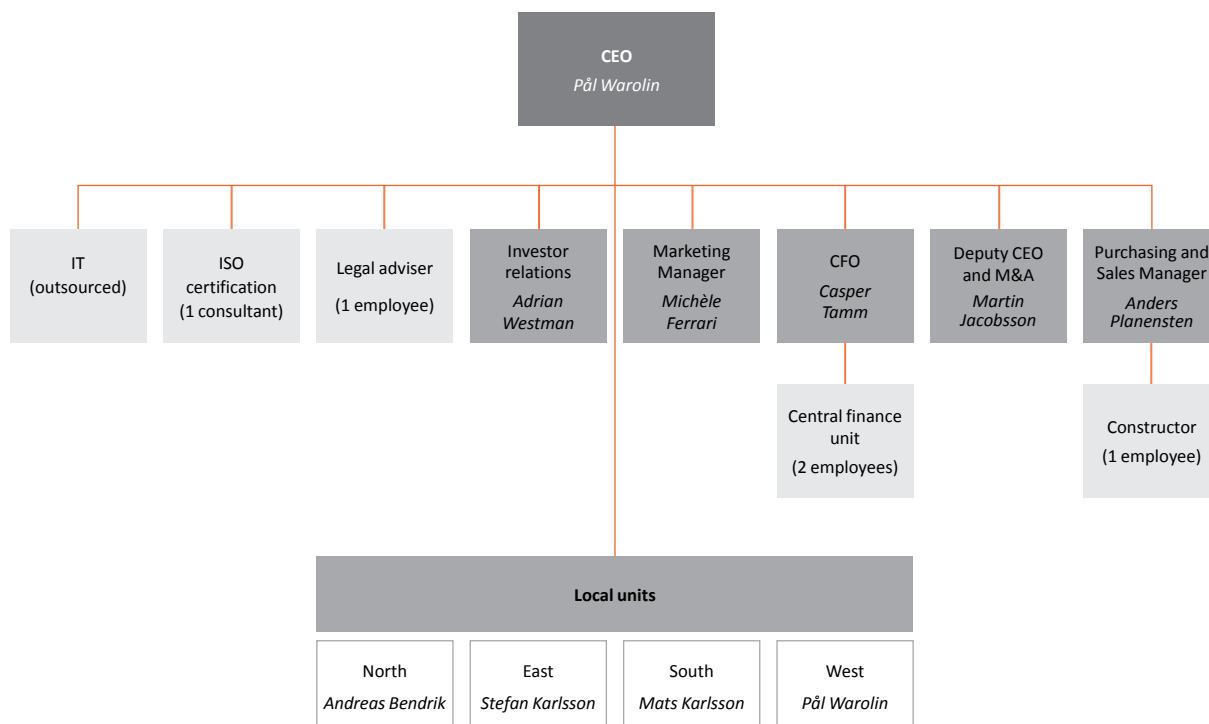
1	Company description	<ul style="list-style-type: none"> <li>Focuses on façade renovation and turnkey contracts on the growing Stockholm market</li> <li>Extremely competent within masonry, plastering, roofs, windows and balconies</li> </ul>
2	Acquisition rationale	<ul style="list-style-type: none"> <li>Complement Fasadgruppen's offering in Stockholm by acquiring an established and well-known player</li> <li>History of high profitability and with favourable exposure to the attractive renovation segment</li> </ul>
3	Identification and acquisition process	<ul style="list-style-type: none"> <li>Contact established through trade association before acquisition</li> </ul>
4	Integration and synergies	<ul style="list-style-type: none"> <li>Integration of Sterner Stenhus into Fasadgruppen East is almost completed, with significant synergies within purchasing and structural coordination</li> </ul>



### Fasadgruppen's organisation

The structure of Fasadgruppen's makes it easy for the central organisation to support the local units. The Group has divided its operations into four geographical business areas (North, East, South and West)<sup>1)</sup>, each with a business

area manager. Each business area covers one region, and the day-to-day operations are managed individually by each local unit. The central organisation focus on central group functions and consists of just over ten employees and consultants located in Stockholm.

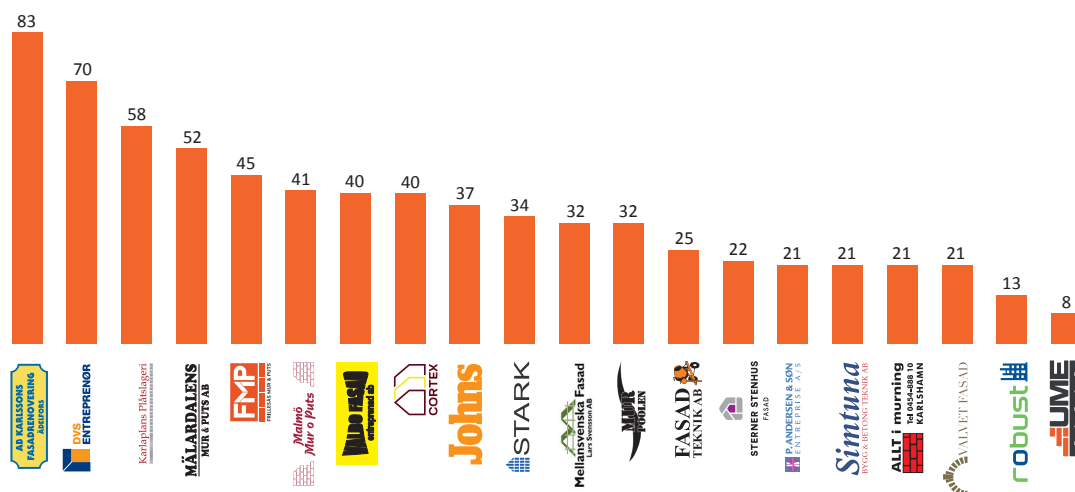


1) Fasadgruppen's financial reporting is not based on, and Fasadgruppen does not in the future intend to base its financial reporting on, this division of geographical business areas.



The main part of Fasadgruppen's organisation consists of local units that operates within a certain geographical area. These units are responsible for their own customers, products, personnel, projects and revenues. The day-to-day operations are run by the CEO and the management team of each unit. Coordination discussions and liquidity analyses are weekly occurrences. These are combined with monthly reports, all of which are important parts of the

local units' interactions with the central organisation. As of 30 September 2020, the local units had a total of over 700 employees. Fasadgruppen estimates that approximately 90 per cent of the employees are craftsmen, approximately 7 per cent project managers and approximately 3 per cent work at the headquarters or with finance. The number of employees per subsidiary as of 30 September 2020 is illustrated in the figure below.



The senior management consists of nine senior executives: one CEO, one deputy CEO, one CFO, one Marketing Manager, one Purchasing Manager, one IR Manager and three business area managers. Apart from the core of the management team, the central organisation consists of a handful of employees and includes, inter alia, an IT function, one consultant working with ISO certifications and one constructor. The areas of responsibility for central management include finance, acquisitions, purchasing agreements, strategic and business development as well as the development of best practice. The business area managers are responsible for coordinating the local units within their respective geographical areas as well as for discussing active and future projects, each unit's performance and the cooperation between the local units. Each business area manager reports directly to Fasadgruppen's CEO.

The financial results of each local unit are monitored via monthly reports produced by each unit. The reports focus on reconciling the status of each individual project. The units' performances are evaluated primarily based on revenues, EBITDA, order backlog and cash flow. When budgeting, Fasadgruppen considers each local unit's ongoing projects, order backlog and pipeline of prospective acquisitions.

Fasadgruppen regularly schedules meetings within the organisation at a local, regional and central level. The meetings aim to ensure that the operations are conducted optimally and that the flow of information within Fasadgruppen is well-functioning.

## Project management and risk management

Fasadgruppen works actively to identify and prevent project risks, such as procurement risks (e.g. incorrect calculations of the materials required or time expenditure for a project) and production risks (e.g. logistics challenges, complexity and incorrect installations). The risk of incorrect calculations is reduced, for example, by requiring duality in project calculations. Before Fasadgruppen enters into a contract and begins a project, work is carried out to identify the risks and opportunities associated with the purchasing process and production process of the specific project. Fasadgruppen also works actively to ensure that the right persons work with the right project, i.e. that the employees who work on a project have the expertise and experience required.

Should a problem occur in connection with a project, it is initially managed by the subsidiary concerned, but if necessary, the business area manager can intervene and help solve such problems.

## Personnel

Apart from the recruitment for the central organisation, the recruitment is decentralised and managed by each individual unit. Fasadgruppen estimates that the Group employs approximately twice as many people as the number of full-time employees, since the Group also uses sub-contractors who are not employed within the Group. The average number of employees within the Group during the financial years 2018 and 2019, respectively, as well as the periods 1 January–30 September 2020 and 1 January–30 September 2019, respectively, are set forth below.

Average number of employees	2018	2019	1 Jan–30 Sep 2019	1 Jan–30 Sep 2020
The Group	294	519	424	606

## Sustainability work

Fasadgruppen believes that sustainability is of great importance, and Fasadgruppen works actively with a sustainability thinking that should permeate all parts of the Group. This includes, for example, the type of operations that Fasadgruppen conducts and how the operations are conducted. Fasadgruppen believes that the Group's current operations contribute to creating a more sustainable society by, for example, being able to increase the energy efficiency of buildings through façade renovations. Fasadgruppen also works actively to further develop the internal sustainability work. In order to concretise Fasadgruppen's sustainability work, the Group has established sustainability goals. The Group's sustainability goals shall ensure that Fasadgruppen takes environmental responsibility as well as social and ethical responsibility. To drive the Group forward, Fasadgruppen has also developed a sustainability program with the intention of increasing awareness and

competence in the area. The purpose of the program is to gain a better understanding of what sustainability means in the façade market. The Group believes that this will create opportunities for better decision-making and enable Fasadgruppen to identify business opportunities and reduce risks, both from an economical and an environmental perspective. The Group has established both environmental and social targets, such as not having any work-related accidents.

For the sustainability work to function in practice, and deliver maximum benefit, it must be well integrated with Fasadgruppen's overall strategy. Fasadgruppen's sustainability work has been divided into five areas, which correspond to five of the UN's global goals for sustainable development.

- **Sustainable cities and communities (goal 11):** By using its knowledge and offering, Fasadgruppen aims to promote positive economic, social and environmental connections between urban areas and the countryside.
- **Responsible consumption and production (goal 12):** A well-insulated façade is important for reduced energy consumption in buildings. Therefore, Fasadgruppen strives to, to the greatest possible extent, inform its customers about the benefits of improved insulation. Fasadgruppen works actively to promote ethical activities within Fasadgruppen and to ensure that all employees within the Group sign Fasadgruppen's code of conduct. Fasadgruppen is also working to encourage the Group's suppliers to sign the code of conduct.
- **Affordable and clean energy (goal 7):** Fasadgruppen carefully selects material suppliers to ensure that the Group's sustainability requirements are maintained. In addition, the Group intends to reduce its climate impact by using fossil-free company cars and transports in the future as well as by helping its collaboration partners to be as energy efficient as possible.
- **Gender equality (goal 5):** A part of Fasadgruppen's goal with the Group's sustainability work is to increase diversity. The Group aims to increase the number of female employees each year as well as to increase the number of female employees by 50 per cent by 2030. Fasadgruppen also believes that it is of great importance that all employees, regardless of gender, have wages determined on equal grounds and have good working conditions.
- **Decent work and economic growth (goal 8):** The Group continues its work to ensure that Fasadgruppen offers a healthy work environment with clear safety requirements. Fasadgruppen's work environment team continuously strives to ensure that the Group's employees' safety is not endangered in any way and aims to ensure that long-term absence within Fasadgruppen is non-existent.



### Work environment

Fasadgruppen works actively with the work environment and has developed a policy for the purpose of minimising the risk of workplace injuries, both physical and mental. The work environment is an important aspect within Fasadgruppen's operations, and each employee shares the responsibility of ensuring that the policy is complied with. Fasadgruppen considers itself to be a workplace with a high standard, clear guidelines and few work-related accidents. Despite safety measures taken, Fasadgruppen was involved in 25 work accidents that resulted in minor injuries during the period 1 January–30 September 2020.

### Code of conduct

The code of conduct describes the core of Fasadgruppen's ethical rules and how the Group actively works to improve the operations and to ensure that they are conducted in a sustainable manner. These ethical rules aim to guide Fasadgruppen and form the basis for the Group's three core values: cooperation, commitment and competence. The purpose of the code of conduct is also to inform every employee, supplier and customer as well as shareholders and other stakeholders about the Group's ethical values. The code of conduct includes topics such as human rights, work environment, environment, anti-corruption and business ethics. The code of conduct has been reviewed by Fasadgruppen's management team and each local unit receives a copy as a part of the integration process after a completed acquisition. The responsibility for ensuring that employees at each local unit follow the code of conduct lies with the local CEOs.







# Selected historical financial information

This section contains selected historical financial information for the financial years 2018 and 2019 as well as for the period 1 January–30 September 2020 with comparison figures for the corresponding period 2019.

The financial information for the financial years 2018 and 2019 has been derived from Fasadgruppen's consolidated financial statements, which have been audited by Deloitte AB in accordance with the auditor's report included in section "*Historical financial information– Auditor's report on financial reports for historical financial information*". Fasadgruppen's consolidated financial statements for the financial years 2018 and 2019 have been prepared in accordance with the Swedish Annual Reports Act (Sw. *årsredovisningslagen (1995:1554)*) as well as International Financial Reporting Standards ("**IFRS**") and interpretative statements of the IFRS Interpretation Committee (IFRIC) as adopted by the EU. Since the Company was incorporated on 24 April 2018 and registered with the Swedish Companies Registration Office (the "**SCRO**") on 8 May 2018, the financial year 2018 is limited to the period 8 May–31 December 2018. The financial year 2019 refers to the period 1 January–31 December 2019.

The financial interim information for the period 1 January–30 September 2020, with comparison figures for the corresponding period 2019, has been derived from Fasadgruppen's interim report for the period 1 January–30 September 2020. The financial interim information for the period 1 January–30 September 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Reports Act and has been reviewed by Deloitte AB.

## Consolidated income statement

	Unaudited		Audited	
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>MSEK</b>				
Net sales	921.3	719.5	1,019.0	389.1
Other operating income	21.1	9.7	17.0	–
<b>Total operating income</b>	<b>942.4</b>	<b>729.2</b>	<b>1,036.0</b>	<b>389.1</b>
Materials and consumables	–465.3	–380.8	–521.3	–196.0
Remuneration to employees	–291.3	–210.0	–309.2	–117.0
Depreciation and impairments of tangible and intangible non-current assets	–14.8	–8.9	–13.1	–4.1
Other operating costs	–82.3	–42.8	–71.3	–30.4
<b>Total operating costs</b>	<b>–853.7</b>	<b>–642.5</b>	<b>–914.8</b>	<b>–347.5</b>
<b>Operating profit</b>	<b>88.7</b>	<b>86.7</b>	<b>121.3</b>	<b>41.6</b>
Net financial income/expense	–8.4	–8.3	–12.1	–6.0
<b>Profit/loss after financial items</b>	<b>80.3</b>	<b>78.5</b>	<b>109.2</b>	<b>35.6</b>
Tax on profit for the period	–16.7	–16.5	–23.3	–7.7
<b>Profit/loss for the period</b>	<b>63.6</b>	<b>62.0</b>	<b>85.9</b>	<b>27.9</b>
<b>Other comprehensive income for the period:</b>				
<i>Items that can be reclassified to income statement:</i>				
Exchange rate differences on recalculation of foreign activities	–1.3	0.0	–0.7	0
<b>Other comprehensive income for the period, net after tax</b>	<b>–1.3</b>	<b>0.0</b>	<b>–0.7</b>	<b>0</b>
<b>Comprehensive income for the period</b>	<b>62.3</b>	<b>62.0</b>	<b>85.1</b>	<b>27.9</b>
<i>Comprehensive income for the period attributable to:</i>				
Shareholders in the parent company	62.3	62.0	85.1	27.9
Holdings without controlling interest	–	–	–	–
Earnings per share for the year before dilution, SEK	41.58	55.67	76.14	31.31
Earnings per share for the year after dilution, SEK	40.47	53.64	73.40	31.31
Average number of shares, before dilution	1,528,564	1,113,006	1,127,628	891,203
Average number of shares after dilution	1,570,669	1,155,111	1,169,733	891,203
Actual number of shares before dilution at the end of the period	1,927,010	1,161,212	1,181,775	1,079,620
Actual no of shares after dilution at the end of the period	1,969,115	1,203,317	1,223,880	1,079,620

## Consolidated balance sheet

MSEK	Unaudited		Audited	
	30 Sep 2020	30 Sep 2019	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	1,050.6	583.9	634.3	497.8
Other intangible assets	70.6	0.6	0.8	–
<i>Total intangible assets</i>	<i>1,121.3</i>	<i>584.5</i>	<i>635.2</i>	<i>497.8</i>
Right-of-use assets	63.7	42.8	48.8	35.4
Other tangible non-current assets	25.7	28.4	30.3	15.8
<i>Total tangible non-current assets</i>	<i>89.5</i>	<i>71.2</i>	<i>79.1</i>	<i>51.1</i>
Financial non-current assets	1.1	0.7	0.9	1.8
<b>Total non-current assets</b>	<b>1,211.8</b>	<b>656.4</b>	<b>715.2</b>	<b>550.8</b>
<b>Current assets</b>				
Inventories	6.2	2.9	4.1	1.6
Accounts receivable	208.4	147.3	131.2	89.4
Revenues from contracts with customers and similar receivables	150.4	94.6	59.1	32.1
Prepaid costs and accrued income	13.0	6.9	13.0	2.2
Other receivables	2.7	17.2	–	–
Cash and cash equivalents	41.8	13.9	48.4	41.9
<b>Total current assets</b>	<b>422.6</b>	<b>282.8</b>	<b>255.8</b>	<b>167.2</b>
<b>TOTAL ASSETS</b>	<b>1,634.4</b>	<b>939.2</b>	<b>971.0</b>	<b>718.0</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>	<b>673.0</b>	<b>113.5</b>	<b>150.7</b>	<b>29.0</b>
<b>Appropriations</b>	<b>26.4</b>	<b>2.1</b>	<b>1.8</b>	<b>1.5</b>
<b>Non-current liabilities</b>				
Non-current interest-bearing liabilities	175.6	413.5	199.1	507.6
Long-term lease liabilities	47.5	32.3	35.8	28.1
Other non-current liabilities	50.5	9.2	35.7	5.0
<b>Total non-current liabilities</b>	<b>273.6</b>	<b>455.0</b>	<b>270.6</b>	<b>540.7</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities	290.2	77.6	297.0	–
Short-term lease liabilities	14.7	8.5	10.8	6.0
Accounts payable	99.3	88.1	64.5	47.2
Contract liabilities	163.3	124.7	91.5	42.8
Accrued costs and prepaid income	85.5	56.6	70.4	42.1
Other current liabilities	8.2	13.1	13.6	8.7
<b>Total current liabilities</b>	<b>661.3</b>	<b>368.6</b>	<b>547.9</b>	<b>146.8</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,634.4</b>	<b>939.2</b>	<b>971.0</b>	<b>718.0</b>

## Consolidated cash flow statement

	Unaudited		Audited	
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>MSEK</b>				
<b>Operating activities</b>				
Profit/loss after financial items	80.3	78.5	109.2	35.6
Adjustments for items not included in cash flow	15.6	18.2	25.7	11.0
Interest paid	–4.8	–3.7	–5.2	–2.2
Tax paid	–23.5	–30.4	–23.5	–5.5
Changes in working capital	–27.4	–24.1	–26.5	4.1
<b>Cash flow from operating activities</b>	<b>40.1</b>	<b>38.4</b>	<b>79.7</b>	<b>43.0</b>
<b>Investment activities</b>				
Acquisition of subsidiary companies	–282.0	–32.4	–51.5	–337.9
Net investments in non-current assets	–7.2	–13.3	–9.6	–2.3
Net investments in financial assets	–0.2	1.1	1.3	–1.3
<b>Cash flow from investment activities</b>	<b>–289.5</b>	<b>–44.5</b>	<b>–59.8</b>	<b>–341.5</b>
<b>Financing activities</b>				
New share issue	77.4	0.6	0.6	–
Payment of warrants	–	–	2.5	–
Proceeds from borrowings	265.9	12.0	55.1	385.9
Repayment of loans	–89.2	–28.5	–63.5	–43.2
Repayment of lease liability	–10.3	–6.1	–8.0	–2.3
<b>Cash flow from financing activities</b>	<b>243.7</b>	<b>–21.9</b>	<b>–13.4</b>	<b>340.4</b>
<b>Cash flow for the period</b>	<b>–5.6</b>	<b>–28.0</b>	<b>6.5</b>	<b>41.9</b>
<b>Opening cash and cash equivalents</b>	<b>48.4</b>	<b>41.9</b>	<b>41.9</b>	<b>–</b>
Calculation difference cash and cash equivalents	–1.0	–	0.0	–
<b>Closing cash and cash equivalents</b>	<b>41.8</b>	<b>13.9</b>	<b>48.4</b>	<b>41.9</b>



## Selected key ratios

Key ratios in accordance with IFRS

	Unaudited		Audited	
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>MSEK</b>				
Net sales	921.3	719.5	1,019.0	389.1
Profit/loss after financial items	80.3	78.5	109.2	35.6

## Alternative performance measures

	Unaudited			
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>MSEK</b>				
Net sales growth (%)	28.0%	–	161.9%	–
EBITA	88.7	86.7	121.3	41.6
EBITA margin (%)	9.6%	12.1%	11.9%	10.7%
Adjusted EBITA	102.0	90.3	129.3	41.6
Adjusted EBITA margin (%)	11.1%	12.5%	12.7%	10.7%
Operating cash flow	68.9	58.2	98.2	47.5
Cash conversion (%)	66.6%	60.9%	73.1%	103.9%
Backlog of orders	988.0	721.0	803.0	727.0
Return on capital employed excluding goodwill, etc. (%)	169.6%	173.6%	184.7%	114.8%
Return on equity (%)	20.6%	116.0%	95.6%	92.4%

## Reconciliations

### Net sales growth

	Unaudited			
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>MSEK</b>				
Net sales for the period	921.3	719.5	1,019.0	389.1
Net sales for the corresponding period of the preceding year	719.5	–	389.1	–
<b>Net sales growth (%)</b>	<b>28.0%</b>	<b>–</b>	<b>161.9%</b>	<b>–</b>

### EBITA

	Unaudited			
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>MSEK</b>				
Profit/loss	88.7	86.7	121.3	41.6
Impairment of goodwill	–	–	–	–
<b>EBITA</b>	<b>88.7</b>	<b>86.7</b>	<b>121.3</b>	<b>41.6</b>
Net sales	921.3	719.5	1,019.0	389.1
<b>EBITA margin (%)</b>	<b>9.6%</b>	<b>12.1%</b>	<b>11.9%</b>	<b>10.7%</b>
Items affecting comparability	+13.3	+3.6	+8.0	–
<b>Adjusted EBITA</b>	<b>102.0</b>	<b>90.3</b>	<b>129.3</b>	<b>41.6</b>
Net sales	921.3	719.5	1,019.0	389.1
<b>Adjusted EBITA margin (%)</b>	<b>11.1%</b>	<b>12.5%</b>	<b>12.7%</b>	<b>10.7%</b>

### Operating cash flow and cash conversion

	Unaudited			
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>MSEK</b>				
Operating profit	88.7	86.7	121.3	41.6
Depreciation and impairments of tangible and intangible non-current assets	+14.8	+8.9	+13.1	+4.1
<b>EBITDA</b>	<b>103.5</b>	<b>95.6</b>	<b>134.4</b>	<b>45.7</b>
Net investments in non-current assets	–7.2	–13.3	–9.6	–2.3
Changes in working capital	–27.4	–24.1	–26.5	+4.1
<b>Operating cash flow</b>	<b>68.9</b>	<b>58.2</b>	<b>98.2</b>	<b>47.5</b>
<b>Cash conversion (%)</b>	<b>66.6%</b>	<b>60.9%</b>	<b>73.1%</b>	<b>103.9%</b>

### Return on capital employed excluding goodwill, etc.

	Unaudited			
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>MSEK</b>				
Profit/loss after financial items	80.3	78.5	109.2	35.6
Financial expenses	+8.5	+8.9	+12.7	+6.2
Goodwill and other acquisition-related intangible non-current assets	–1,120.6	–583.9	–634.3	–497.8
Return on capital employed excluding goodwill, closing of period	80.4	61.5	59.1	72.8
Return on capital employed excluding goodwill, opening of period	59.1	72.8	72.8	0.0
<b>Return on capital employed excluding goodwill, etc. (%)</b>	<b>169.6%</b>	<b>173.6%</b>	<b>184.7%</b>	<b>114.8%</b>

### Return on equity

	Unaudited			
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>MSEK</b>				
Profit/loss for the period	63.6	62.0	85.9	27.9
Equity, closing	673.0	113.5	150.7	29.0
Equity, opening	150.7	29.0	29.0	0.0
<b>Return on equity (%)</b>	<b>20.6%</b>	<b>116.0%</b>	<b>95.6%</b>	<b>92.4%</b>

## Definitions of alternative performance measures

In this Prospectus, Fasadgruppen presents certain key performance metrics, including certain key performance metrics that are not measures of financial performance or financial position defined under IFRS (so-called alternative performance measures). The alternative performance measures that Fasadgruppen presents are not recognised measures of financial performance under IFRS, but measures used by Fasadgruppen to monitor the underlying performance of Fasadgruppen's business and operations. Alternative performance measures should not be viewed as substitutes for income statement, balance sheet statement or cash flow items computed in accordance with IFRS. The alternative performance measures do not necessarily indicate whether Fasadgruppen's cash flow will be sufficient or available to

meet Fasadgruppen's cash requirements and are not necessarily indicative of Fasadgruppen's historical results, nor are the alternative performance measures meant to be predictive of Fasadgruppen's future results. Fasadgruppen uses IFRS metrics and alternative performance measures for many purposes in managing and directing Fasadgruppen and presents these key metrics because the Company believes that they are important and helpful for an investor to understand Fasadgruppen's performance from period to period as well as facilitate comparisons with similar companies. Since not all companies compute these and other alternative performance measures in the same way, the manner in which Fasadgruppen has chosen to compute the alternative performance measures presented in this Prospectus may result in these key metrics not being compatible with similar measures presented by other companies.

### Alternative

Alternative performance measure	Definition	Reason for use
<b>Net sales growth</b>	Change in net sales as a percentage of the net sales during the corresponding period of the preceding year.	Fasadgruppen uses the measure since it illustrates the Group's realised sales growth over time.
<b>EBITA</b>	Operating profit (EBIT) before impairment of goodwill and brands.	Fasadgruppen uses the measure since it illustrates the profits generated by the operating activities.
<b>EBITDA</b>	Operating profit (EBIT) before amortisation and depreciations of tangible and intangible non-current assets.	Fasadgruppen uses the measure since it illustrates profits generated by the operating activities before amortisation.
<b>EBITA margin</b>	EBITA as a percentage of the net sales.	Fasadgruppen uses the measure to assess operational profitability.
<b>EBITDA Margin</b>	EBITDA as a percentage of the net sales.	Fasadgruppen uses the measure to assess operational profitability.
<b>Items affecting comparability</b>	Items affecting comparability in form of sales of real properties, acquisition-related costs, costs in connection with re-financing, preparatory IPO costs as well as IPO costs and restructuring costs.	–
<b>Adjusted EBITA</b>	EBITA adjusted for items affecting comparability.	Fasadgruppen uses the measure since it increases the comparability between periods.
<b>Adjusted EBITA margin</b>	Adjusted EBITA as a percentage of the net sales.	Fasadgruppen uses the measure to assess operational profitability.
<b>Operating cash flow</b>	EBITDA less net investments in non-current assets and adjusted for changes in working capital.	Fasadgruppen uses the measure to monitor cash flow generated by operating activities.
<b>Cash conversion</b>	Operating cash flow as a percentage of EBITDA.	Fasadgruppen uses the measure to monitor how efficiently the Group manages operating investments and working capital.
<b>Backlog of orders</b>	The value of the remaining, not yet accrued project revenues from orders received at the end of the period.	Fasadgruppen uses the measure to quantify remaining project revenues from orders received.
<b>Return on capital employed excluding goodwill, etc.</b>	Profit/loss before tax plus financial costs on an annual basis as a percentage of capital employed excluding goodwill and other acquisition-related intangible non-current assets (sum of employed capital less goodwill and other acquisition-related intangible non-current assets at the beginning and end of the period, divided by two). Return during the period is annualised by being adjusted to a return on an annual basis. The return for the first three months of the year is multiplied with four, the first six months multiplied with two, etc.	Fasadgruppen uses the measure since it is considered to be important to assess the profitability of externally financed capital and equity adjusted for goodwill generated in connection with acquisition.
<b>Return on equity</b>	Profit/loss for the period as a percentage of average shareholders' equity (shareholders' equity at the beginning and end of the period divided by two). Return during the period is annualised by being adjusted to a return on an annual basis. The return for the first three months of the year is multiplied with four, the first six months multiplied with two, etc.	Fasadgruppen uses the measure since it is considered to be important for an investor to be able to compare its investment with alternative investments.

# Pro forma financial information

## Background and reasons for the pro forma financial information

Fasadgruppen has acquired the following companies and businesses during 2019 and 2020 until the date of this Prospectus. The acquisitions have had a material effect on the Group's financial position, results and cash flows.

Acquisition	Country	Acquisition date	Estimated annual turnover as at the acquisition date (MSEK)	Number of employees
Simtuna Bygg och Betong Teknik AB (below " <b>Simtuna</b> ")	Sweden	29 March 2019	70	13
Allt i Murning i Karlshamn Aktiebolag (below " <b>Allt i Murning i Karlshamn</b> ")	Sweden	11 June 2019	25	15
Mellansvenska Fasad, Lars Svensson AB (below " <b>Mellansvenska Fasad</b> ")	Sweden	4 July 2019	50	30
Fasadteknik i Nyköping AB (below " <b>Fasadteknik</b> ")	Sweden	5 July 2019	25	18
Ume fasad AB (below " <b>Ume fasad</b> ")	Sweden	28 August 2019	10	6
Certain assets in Åsälvs Mureri AB (below " <b>Åsälvs Mureri</b> ")	Sweden	17 September 2019	5	4
P. Andersen & Søn Entreprise A/S (below " <b>P. Andersen &amp; Søn</b> ")	Denmark	11 November 2019	40	21
Karlaplans Plåtslageri AB (below " <b>Karlaplans Plåtslageri</b> ")	Sweden	9 December 2019	120	54
Sterner Stenhus Fasad AB (below " <b>Sterner Stenhus Fasad</b> ")	Sweden	5 June 2020	270	22
Certain assets in Proos Mur & Puts AB (below " <b>Proos</b> ")	Sweden	1 July 2020	9	10
DVS Entreprenør AS (below " <b>DVS</b> ")	Norway	22 September 2020	175	70
Cortex Facaderens ApS, Cortex Membran ApS and All-Tech ApS (below " <b>Cortex</b> ")	Denmark	25 September 2020	55	40
Fasadrenoveringar Roland Karlsson i Mälardalen AB (below " <b>Front</b> ")	Sweden	19 November 2020	400	120

Through the acquisitions, Fasadgruppen's net sales and profits have increased significantly. The acquisitions have been financed through a combination of Fasadgruppen's own funds and external funds in form of raised loans and issues of new shares in the Company.

The pro forma information is only intended to illustrate the hypothetical effects of the acquisitions on Fasadgruppen's consolidated income statement for the financial year 2019, consolidated income statement for the period 1 January 2020–30 September 2020 and consolidated balance sheet as of 30 September 2020, as if each acquisition had been carried out on 1 January 2019, 1 January 2020 and 30 September 2020, respectively (to the extent the acquisition was not completed at such time). The hypothetical result and the hypothetical financial position presented in the pro forma information may deviate from Fasad-

gruppen's actual results and financial position during the periods covered by the pro forma information. The pro forma information is not intended to be predictive of Fasadgruppen's future results or financial position. Persons who read the Prospectus should therefore not put undue reliance on the pro forma information in connection with any decision to invest in shares in the Company.

The pro forma information should be read together with the other information presented in the Prospectus.

## Objectives of the pro forma information

### Accounting principles

Fasadgruppen's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Reports Act and the Swedish Financial Reporting Board's



(Sw. *Rådet för finansiell rapportering*) recommendation RFR 1 Complementary Accounting Principles for Consolidated Accounts. The information for the financial year 2019 is derived from Fasadgruppen's audited financial statements for the financial year 2019. The information for the period 1 January–30 September 2020 and as of 30 September 2020 is derived from Fasadgruppen's reviewed interim report for the period 1 January–30 September 2020, which has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act. The acquired Swedish companies have reported financial information in accordance with either K3 or K2. The acquired Danish and Norwegian companies have reported financial information in accordance with the respective country's Annual Reports Act.

Fasadgruppen and the acquired companies use different forms of presentation and principles for classifying income statement items. When preparing the pro forma income statements, the acquired companies' income statements have been adjusted to align with Fasadgruppen's presentation and classification of income statement items.

When preparing the pro forma information, the acquired companies' accounting principles have been analysed for the purpose of identifying any differences in relation to the accounting principles applied by Fasadgruppen. The material difference that has been identified is that IFRS 16 Leases has not been applied in the acquired companies. This accounting difference has been adjusted in a separate column in the pro forma financial statements.

Other than the aforementioned differences, no other material differences in accounting principles or calculation bases have been identified. All companies have applied percentage-of-completion consistent with Fasadgruppen's application of percentage-of-completion. Fasadgruppen's accounting principles are the same as those presented in section "*Historical financial information*" of this Prospectus.

#### Supporting information and certain assumptions for the preparation of the pro forma income statement for the financial year 2019

The pro forma income statement for the financial year 2019 has been prepared on the basis of Fasadgruppen's and the respective acquired company's audited financial state-

ments. However, the pro forma information has been adjusted to only include the part of 2019 during which the respective acquired company was not a part of Fasadgruppen. For example, information regarding the first acquisition in 2019 (Simtuna) has been included for the period from and including 1 January 2019 up to and including 28 March 2019. From and including the acquisition date 29 March 2019, Simtuna is already included in Fasadgruppen's income statement. The recalculation of the information for the entire financial year 2019 has been performed based on the share of the revenues that was generated before the acquisition was reported for the acquired subsidiary, and the remaining share is already reported as a part of Fasadgruppen's revenues.

Ume fasad had a deviating financial year which in the pro forma income statement for the financial year 2019 comprised eleven months, from 1 February 2019 to 31 December 2019. The calculation of the period's share of the income statement, from February up until the closing date 28 August, has been performed through placing the figures of the period in relation to eleven months instead of twelve months.

At the acquisition date, Proos was a part of a company that had a financial year starting on 1 July and ending on 30 June. There is no information on revenues attributable to Proos for the period 1 January–31 December 2019. Therefore, an average of the company's financial statements for 2018/2019 and 2019/2020 has been used when preparing the pro forma financial statements.

Figures in currencies other than SEK have been converted based on the Swedish Riksbank's currency rates. For the Danish company P. Andersen & Søn, a conversion has been made from DKK to SEK, based on the average currency rate during 2019 up to the acquisition date. For the Norwegian company DVS Entreprenør AS, a conversion has been made from NOK to SEK, based on the average currency rate during 2019 and during 2020 up to the acquisition date, respectively. For the Danish companies under the Cortex brand, a conversion has been made from DKK to SEK, based on the average currency rate during 2019 up to the acquisition date. The applied currency rates are presented in the table below.

P. Andersen & Søn Entreprenør A/S	DKK/SEK	1 January–11 November 2019	1.4191
DVS Entreprenør AS	NOK/SEK	1 January–31 December 2019	1.0747
DVS Entreprenør AS	NOK/SEK	1 January–21 September 2020	0.9879
Cortex	DKK/SEK	1 January–31 December 2019	1.4183
Cortex	DKK/SEK	1 January–24 September 2020	1.4153

Financial information regarding the assets acquired from Åsälvs Mureri AB, which is attributable to the period before the acquisition on 17 September 2019, is not included in the pro forma income statement for the financial year 2019 since Åsälvs Mureri AB did not prepare any separate report in respect of the acquired assets, and Fasadgruppen does not assess that the acquired assets had a material effect on Fasadgruppen's revenues or results during the financial year 2019. The business' revenues amounted to approximately MSEK 5 during the financial year 2019.

#### Supporting information and certain assumptions for the preparation of the pro forma income statement for the period 1 January–30 September 2020

The pro forma income statement for the period 1 January–30 September 2020 has been prepared on the basis of the reviewed interim information for Fasadgruppen and unaudited interim information for the acquired companies Sterner Stenhus Fasad, Proos, DVS, Cortex and Front. The other subsidiaries were a part of Fasadgruppen during the entire period.

#### Supporting information and certain assumptions for the preparation of the pro forma balance sheet as of 30 September 2020

The pro forma balance sheet as of 30 September 2020 has been prepared on the basis of unaudited interim information for Fasadgruppen and Front. The other subsidiaries were a part of Fasadgruppen as of the balance sheet date.

#### Other

No synergy effects or integration costs have been considered when preparing the pro forma financial statements.

### Pro forma adjustments in the pro forma income statement for the financial year 2019

#### Acquisition-related costs

Fasadgruppen's income statement has been charged with costs incurred in connection with the acquisitions. The acquisition-related costs are assumed to have arisen during the period before the acquisition and are adjusted in the income statement. During the financial year 2019, the acquisition-related costs amounted to MSEK 0.8. The adjustment is non-recurring.

#### Financing

During the financial year 2019 and the period 1 January – 30 September 2020, Fasadgruppen financed acquisitions with loans amounting to a total of MSEK 368.6. The interest for these loans was 2.25 per cent per year. The interest costs for the loans have been weighted in order to avoid doubling the interest cost with Fasadgruppen's already expensed interests. Additional interest costs due to the acquisitions amounted to MSEK 8.1 during the financial year 2019. The additional interest costs in the pro forma financial statements are lasting and increase the Group's future interest costs.

Loan funding costs for the borrowings are 0.4 per cent of the principal loan amount, resulting in loan funding costs of MSEK 0.1 during the financial year 2019. The loan funding costs have been expensed during the period in which they arose and are not accrued. In the pro forma financial statements, these have been assumed to have arisen during the period before the acquisition and the income statement has been adjusted based on this assumption. The adjustment is non-recurring.

#### Adjustments for IFRS 16

When preparing the pro forma income statement for the financial year 2019, adjustments for IFRS 16 have been made. As a result of IFRS 16 Leases, costs which have been reported as other external costs in the acquired companies have been reallocated to depreciations and interest costs. For the financial year 2019, lease liabilities amounting to a total of MSEK 17.7 were reallocated in the pro forma financial statements, of which MSEK 16.6 were reallocated as depreciations and MSEK 1.1 reallocated as interest costs. The effects of IFRS 16 are lasting.

#### Tax

There are no capitalised deficit deductions in the Group. Tax effects arising as a result of pro forma adjustments are calculated at applicable tax rates for the Group, *i.e.* 21.4 per cent in Sweden, 22.0 per cent in Denmark and 22.0 per cent in Norway. The pro forma adjustments for the financial year 2019 have entailed a positive tax effect of MSEK 1.0. The increased interest costs have lasting effects on the taxable results.

#### Purchase price analysis

Goodwill of MSEK 3.3 in Front has been adjusted in the purchase price analysis. As a result, impairments of goodwill of MSEK 2.7 have been reversed, which has a positive lasting effect on the income statement for the financial year 2019.

### Pro forma adjustments in the pro forma income statement for the period 1 January–30 September 2020

#### Acquisition-related costs

Fasadgruppen's income statement has been charged with costs incurred in connection with the acquisitions. The acquisition-related costs are assumed to have arisen during the period before the acquisition and are adjusted in the income statement. During the period 1 January–30 September 2020, the acquisition-related costs amounted to MSEK 1.2. The adjustment is non-recurring.

#### Financing

During the financial year 2019 and the period 1 January – 30 September 2020, Fasadgruppen financed acquisitions with loans amounting to a total of MSEK 368.6. The interest for these loans was 2.25 per cent per year. The interest costs for the loans have been weighted in order to avoid doubling the interest cost with Fasadgruppen's already expensed interests. Additional interest costs due to the

acquisitions amounted to MSEK 4.6 during the period 1 January – 30 September 2020. The additional interest costs in the pro forma financial statements are lasting and increase the Group's future interest costs.

Loan funding costs for the borrowings are 0.4 per cent of the principal loan amount, resulting in loan funding costs of MSEK 1.4 during the period 1 January–30 September 2020. The loan funding costs have been expensed during the period in which they arose and are not accrued. In the pro forma financial statements, these have been assumed to have arisen during the period before the acquisition and the income statement has been adjusted based on this assumption. The adjustment is non-recurring.

### Adjustments for IFRS 16

When preparing the pro forma income statement for the period 1 January–30 September 2020, adjustments for IFRS 16 have been made. As a result of IFRS 16 Leases, costs which have been reported as other external costs in the acquired companies have been reallocated to depreciations and interest costs. During the period 1 January–30 September 2020, lease liabilities of a total of MSEK 5.5 were reallocated, of which MSEK 5.2 were reallocated as depreciations and MSEK 0.8 reallocated as interest costs. The effects of IFRS 16 are lasting.

### Tax

There are no capitalised deficit deductions in the Group. Tax effects arising as a result of pro forma adjustments are calculated at applicable tax rates for the Group, *i.e.* 21.4 per cent in Sweden, 22.0 per cent in Denmark and 22.0 per cent in Norway. The pro forma adjustments for the period 1 January–30 September 2020 have entailed a positive tax effect of MSEK 0.8. The increased interest costs have lasting effects on the taxable results.

### Purchase price analysis

Goodwill of MSEK 3.3 in Front has been adjusted in the purchase price analysis. As a result, impairments of goodwill of MSEK 2.7 have been reversed, which has a positive lasting effect on the income statement for the period 1 January–30 September 2020.

## Pro forma adjustments in the pro forma balance sheet as of 30 September 2020

### Goodwill

The acquisition of Front has entailed an unallocated surplus of MSEK 262.2, which corresponds to the difference between the purchase price of MSEK 297 and the net assets.

Reported goodwill of MSEK 3.3 in Front has been adjusted in the purchase price analysis since a new goodwill item arose in connection with Fasadgruppen's acquisition of the company.

A preliminary purchase price analysis is presented in the table below.

MSEK	Book value	Fair value adjustment	Fair value
Intangible assets	3.3	–3.3	–0.0
Right-of-use assets	–	22.0	22.0
Tangible non-current assets	26.8		26.8
Inventories	0.2		0.2
Accounts receivables and other receivables	53.2		53.2
Revenues from contracts with customers and similar receivables	6.2		6.2
Prepaid costs and accrued income	1.6		1.6
Other receivables	5.9		5.9
Cash and cash equivalents	38.1		38.1
Appropriations	–1.6		–1.6
Non-current interest-bearing liabilities	–4.4		–4.4
Long-term lease liabilities	–	–17.5	–17.5
Other non-current liabilities	–9.9		–9.9
Current interest-bearing liabilities	–1.0		–1.0
Short-term lease liabilities	–	–4.5	–4.5
Accounts payable	–17.4		–17.4
Contract liabilities	–1.9		–1.9
Accrued costs and prepaid income	–19.8		–19.8
Other current liabilities	–41.2		–41.2
<b>Identifiable net assets</b>	<b>38.1</b>	<b>–3.3</b>	<b>34.8</b>
Unallocated surplus			262.2
<b>Purchase price</b>			<b>297.0</b>
Of which attributable to earn-outs			47.0
Of which deferred purchase price			30.0
Of which attributable to transferred cash and cash equivalents			170.0
Acquired cash and cash equivalents			–38.1
<b>Changes in the Group's cash and cash equivalents</b>			<b>131.9</b>

### Adjustments for IFRS 16

When preparing the pro forma balance sheet as of 30 September 2020, adjustments for IFRS 16 have been made. The application of IFRS 16 has resulted in right-of-use assets and lease liabilities which Front did not report prior to becoming a part of Fasadgruppen. The right-of-use assets amount to MSEK 17.5, long-term lease liabilities amount to MSEK 13.1 and short-term lease liabilities amount to MSEK 4.5. The effects of IFRS 16 are lasting.

### Financing

The fair value for the purchase price amounts to MSEK 297.0, of which MSEK 170.0 were paid in cash upon closing and MSEK 50 as a promissory note which was set off against new shares in Fasadgruppen through a set-off issue (*Sw. kvittningsemission*) increasing shareholders' equity with MSEK 50.0. A promissory note for deferred purchase price of MSEK 30.0 has been issued (the debt is due for payment on 15 December 2020). In the pro forma financial statements, the promissory note is reported as MSEK 30.0 under current liabilities. The remaining part of the purchase price consist of a potential earn-out of MSEK 50.0 to be paid not later than in June 2023. Full payment is considered probable and the earn-out is reported as a non-current liability at fair value. The net present value of the earn-out is estimated at MSEK 47.0 as of 30 September 2020.

For the financing of the Front acquisition, Fasadgruppen has raised new loans of a total of MSEK 138. The loan funding costs, amounting to MSEK 0.55, is considered to have arisen during the period before the acquisition and have been adjusted against cash and cash equivalents as well as shareholders' equity. The pro forma adjustments total effects on shareholders' equity corresponds to an increase of MSEK 14.6.

Pro forma income statement for the period 1 January–31 December 2019<sup>1)</sup>

	Fasadgruppen	Simtuna	Allt i Murning i Karlshamn	Mellansvenska Fasad	Fasadteknik	Ume fasad	P. Andersen & Søn	Karlplans Plåtslageri
	IFRS	K2	K3	K2	K2	K3	Danish Annual Reports Act	K3
MSEK	1 Jan–31 Dec	1 Jan–28 Mar	1 Jan–10 Jun	1 Jan–3 Jul	1 Jan–4 Jul	1 Jan–27 Aug	1 Jan–10 Nov	1 Jan–8 Dec
Net sales	1,019.0	16.7	10.4	25.1	13.7	7.0	32.5	113.9
Other operating income	17.0	0.1	0.0	0.6	0.1	0.0	–	0.6
<b>Total operating income</b>	<b>1,036.0</b>	<b>16.7</b>	<b>10.4</b>	<b>25.7</b>	<b>13.7</b>	<b>7.1</b>	<b>32.5</b>	<b>114.5</b>
Materials and consumables	–521.3	–7.1	–3.9	–10.2	–4.2	–3.0	–13.6	–65.9
Remuneration to employees	–309.2	–3.5	–3.9	–10.7	–5.7	–3.5	–10.9	–32.6
Depreciation and impairments of tangible and intangible non-current assets	–13.1	–0.1	–0.0	–0.0	–0.1	–0.0	–0.2	–0.7
Other operating costs	–71.3	–0.7	–1.0	–1.8	–2.8	–0.5	–4.5	–10.5
<b>Total operating costs</b>	<b>–914.8</b>	<b>–11.4</b>	<b>–8.8</b>	<b>–22.7</b>	<b>–12.9</b>	<b>–7.0</b>	<b>–29.2</b>	<b>–109.6</b>
<b>Operating profit</b>	<b>121.3</b>	<b>5.3</b>	<b>1.5</b>	<b>3.0</b>	<b>0.9</b>	<b>0.0</b>	<b>3.3</b>	<b>4.9</b>
Financial income	0.6	0.0	0.3	–	–	–	0.0	0.1
Financial costs	–12.7	–0.0	–0.0	–0.0	–0.0	–0.0	–0.1	–0.0
<b>Profit/loss financial items</b>	<b>–12.1</b>	<b>0.0</b>	<b>0.3</b>	<b>–0.0</b>	<b>–0.0</b>	<b>–0.0</b>	<b>–0.1</b>	<b>0.0</b>
<b>Profit/loss after financial items</b>	<b>109.2</b>	<b>5.3</b>	<b>1.8</b>	<b>3.0</b>	<b>0.8</b>	<b>0.0</b>	<b>3.2</b>	<b>4.9</b>
Tax on profit for the period	–23.3	–1.1	–0.4	–1.2	–0.2	–0.0	–0.7	–1.9
<b>Profit/loss for the period</b>	<b>85.9</b>	<b>4.2</b>	<b>1.4</b>	<b>1.8</b>	<b>0.6</b>	<b>0.0</b>	<b>2.4</b>	<b>3.0</b>

## Pro forma income statement for the period 1 January–31 December 2019, cont.

	Sterner Stenhus Fasad	Proos	DVS	Cortex*	Front	Adjustment of accounting principle (IFRS 16)	Pro forma adjustment	Note	Pro forma
	K3	K2	Norwegian Annual Reports Act	Danish Annual Reports Act	K3				
MSEK	1 Jan–31 Dec	1 Jan–31 Dec	1 Jan–31 Dec	1 Jan–31 Dec	1 Jan–31 Dec				1 Jan–31 Dec
Net sales	271.0	9.6	175.3	55.3	400.2	–	–		2,149.7
Other operating income	2.3	0.1	0.1	0.1	3.9	–	–		24.8
<b>Total operating income</b>	<b>273.3</b>	<b>9.7</b>	<b>175.4</b>	<b>55.3</b>	<b>404.2</b>	<b>–</b>	<b>–</b>		<b>2,174.5</b>
Materials and consumables	–195.6	–2.6	–98.5	–13.7	–259.6	–	–		–1,199.2
Remuneration to employees	–15.8	–5.8	–48.8	–21.8	–76.3	–	–		–548.5
Depreciation and impairments of tangible and intangible non-current assets	–1.0	–	–0.5	–0.6	–9.2	–16.6	2.7	1, 6	–39.3
Other operating costs	–11.0	–1.2	–9.6	–9.6	–23.8	17.7	0.8	1, 4	–129.8
<b>Total operating costs</b>	<b>–223.4</b>	<b>–9.5</b>	<b>–157.4</b>	<b>–45.8</b>	<b>–368.8</b>	<b>1.1</b>	<b>3.5</b>		<b>–1,916.7</b>
<b>Operating profit</b>	<b>49.8</b>	<b>0.2</b>	<b>18.1</b>	<b>9.5</b>	<b>35.4</b>	<b>1.1</b>	<b>3.5</b>		<b>257.8</b>
Financial income	0.0	–	0.5	0.3	0.0	–	–		1.9
Financial costs	–0.9	–0.2	–0.1	–0.3	–0.6	–1.1	–8.0	1, 2, 5	–24.1
<b>Profit/loss financial items</b>	<b>–0.9</b>	<b>–0.2</b>	<b>0.5</b>	<b>0.0</b>	<b>–0.6</b>	<b>–1.1</b>	<b>–8.0</b>		<b>–22.2</b>
<b>Profit/loss after financial items</b>	<b>49.0</b>	<b>0.0</b>	<b>18.5</b>	<b>9.5</b>	<b>34.8</b>	<b>–</b>	<b>–4.5</b>		<b>235.5</b>
Tax on profit for the period	–10.7	–0.0	–4.1	–2.3	–8.3	–	1.0	3	–53.3
<b>Profit/loss for the period</b>	<b>38.3</b>	<b>0.0</b>	<b>14.4</b>	<b>7.2</b>	<b>26.5</b>	<b>–</b>	<b>–3.6</b>		<b>182.2</b>

\* Cortex consists of the three companies Cortex Facaderens ApS, Cortex Membran ApS and All-Tech ApS.

## Notes

**Note 1:** Lease liabilities of MSEK 17.7 have been reallocated with MSEK 16.6 to depreciations and MSEK 1.1 to interest costs as a result of IFRS 16 Leases.

**Note 2:** Interest cost of a total of MSEK 8.1 are charged to the period due to increased borrowing for financing of the acquisitions. The interest rate on the new loans amounts to 2.25 per cent.

**Note 3:** As a result of the pro forma adjustments, the taxable result decreases which has entailed a positive tax effect of MSEK 1.0.

**Note 4:** Acquisition-related costs of MSEK 0.8 have been assumed to be charged to the period before the acquisition and have been adjusted under other operating costs. The adjustment is non-recurring.

**Note 5:** The loan funding costs of MSEK 0.1 during 2019 are not accrued and have been assumed to arise during the period before the acquisition. The adjustment is non-recurring.

**Note 6:** Goodwill of MSEK 3.3 has been adjusted in the purchase price analysis. Consequently, impairment of goodwill of MSEK 2.0 has been reversed, which gives a positive lasting effect on the income statement.

1) Please note that the pro forma income statement for the period 1 January–31 December 2019 is divided into two tables. Figures presented in the pro forma income statement for the period 1 January–31 December 2019 deviate from audited financial statements/internally prepared reporting as regards presentation of year-end appropriations as a result of adjustments to the Group's presentation and classification of income statement items.



## Pro forma income statement for the period 1 January–30 September 2020

	Fasad- gruppen	Sterner Stenhus Fasad	Proos	DVS	Cortex*	Front	Adjustment of accounting principle (IFRS 16)	Pro forma adjustment	Note	Pro forma
	IFRS	K3	K2	Norwegian Annual Reports Act	Danish Annual Reports Act	K3				
MSEK	1 Jan– 30 Sep	1 Jan– 4 Jun	1 Jan– 30 Jun	1 Jan– 21 Sep	1 Jan– 23 Sep	1 Jan– 30 Sep				1 Jan– 30 Sep
Net sales	921.3	85.9	4.5	99.7	42.2	225.1	–	–		1,378.8
Other operating income	21.1	2.7	0.1	–	–	2.5	–	–		26.3
<b>Total operating income</b>	<b>942.4</b>	<b>88.6</b>	<b>4.6</b>	<b>99.7</b>	<b>42.2</b>	<b>227.6</b>	<b>–</b>	<b>–</b>		<b>1,405.1</b>
Materials and consumables	–465.3	–57.4	–0.9	–57.0	–9.2	–134.4	–	–		–724.2
Remuneration to employees	–291.3	–4.5	–2.9	–32.3	–16.4	–55.7	–	–		–403.2
Depreciation and impair- ments of tangible and intangible non-current assets	–14.8	–0.1	–0.2	–0.2	–0.5	–7.8	–5.2	2.0	1, 6	–26.7
Other operating costs	–82.3	–2.4	–0.6	–5.2	–5.4	–14.2	5.5	4.8	1, 4	–99.8
<b>Total operating costs</b>	<b>–853.7</b>	<b>–64.5</b>	<b>–4.6</b>	<b>–94.7</b>	<b>–31.5</b>	<b>–212.1</b>	<b>0.4</b>	<b>6.8</b>		<b>–1,253.8</b>
<b>Operating profit</b>	<b>88.7</b>	<b>24.1</b>	<b>–0.0</b>	<b>5.1</b>	<b>10.7</b>	<b>15.5</b>	<b>0.4</b>	<b>6.8</b>		<b>151.3</b>
Financial income	0.1	–	–	0.3	0.1	–	–	–		0.4
Financial costs	–8.5	–0.6	–0.1	–2.5	–0.2	–0.5	–0.4	–3.3	1, 2, 5	–16.0
<b>Profit/loss financial items</b>	<b>–8.4</b>	<b>–0.6</b>	<b>–0.1</b>	<b>–2.2</b>	<b>–0.1</b>	<b>–0.5</b>	<b>–0.4</b>	<b>–3.3</b>		<b>–15.5</b>
<b>Profit/loss after financial items</b>	<b>80.3</b>	<b>23.5</b>	<b>–0.1</b>	<b>2.9</b>	<b>10.6</b>	<b>15.0</b>	<b>–</b>	<b>3.6</b>		<b>135.8</b>
Tax on profit for the period	–16.7	–5.1	–	–1.2	–1.8	–3.7	–	–0.8	3	–29.2
<b>Profit/loss for the period</b>	<b>63.6</b>	<b>18.4</b>	<b>–0.1</b>	<b>1.7</b>	<b>8.8</b>	<b>11.4</b>	<b>–</b>	<b>2.8</b>		<b>106.6</b>

\* Cortex consists of the three companies Cortex Facaderens ApS, Cortex Membran ApS and All-Tech ApS.

## Notes

**Note 1:** Lease liabilities of MSEK 5.5 have been reallocated with MSEK 5.2 to depreciations and MSEK 0.4 to interest costs as a result of IFRS 16 Leases.

**Note 2:** Interest cost of a total of MSEK 4.6 are charged to the period due to increased borrowing. The annual interest rate on the loans raised amounts to 2.25 per cent.

**Note 3:** As a result of the pro forma adjustments, a tax effect of MSEK –0.8 arises.

**Note 4:** Acquisition-related costs of MSEK 4.8 have been assumed to be charged to the period before the acquisition and have been adjusted under other operating costs. The adjustment is non-recurring.

**Note 5:** The loan funding costs of MSEK 1.4 are not accrued and have been assumed to arise during the period before the acquisition. The adjustment is non-recurring.

**Note 6:** Goodwill of MSEK 3.3 has been adjusted in the purchase price analysis. Consequently, impairment of goodwill of MSEK 2.0 has been reversed, which gives a positive lasting effect on the income statement.

## Pro forma balance sheet as of 30 September 2020

	Fasadgruppen	Front	Adjustment of accounting principle (IFRS 16)	Pro forma adjustment	Note	Pro forma
MSEK	IFRS	K3				
<b>ASSETS</b>						
<b>Non-current assets</b>						
<i>Intangible non-current assets</i>						
Goodwill	1,050.6	3.3	–	261.9	1	1,315.8
Brands	70.0	–	–	–		70.0
Other intangible non-current assets	0.7	–	–	–		0.7
<b>Total intangible non-current assets</b>	<b>1,121.3</b>	<b>3.3</b>	<b>–</b>	<b>261.9</b>		<b>1,386.4</b>
<i>Tangible non-current assets</i>						
Right-of-use assets	63.7	–	17.5	–	2	81.3
Buildings and land	–	0.9	–	–		0.9
Equipment	25.7	25.9	–	–		51.6
<b>Total tangible non-current assets</b>	<b>89.5</b>	<b>26.8</b>	<b>17.5</b>	<b>–</b>		<b>133.8</b>
<i>Financial non-current assets</i>						
Long-term investments	0.5	–	–	–		0.5
Deferred tax assets	0.3	–	–	–		0.3
Other non-current receivables	0.3	–	–	–		0.3
<b>Total financial non-current assets</b>	<b>1.1</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>1.1</b>
<b>Total non-current assets</b>	<b>1,211.8</b>	<b>30.1</b>	<b>17.5</b>	<b>261.9</b>		<b>1,521.6</b>
<b>Current assets</b>						
Inventories	6.2	0.2	–	–		6.5
Accounts receivable	208.4	53.2	–	–		261.6
Revenues from contracts with customers and similar receivables	150.4	6.2	–	–		156.6
Prepaid costs and accrued income	13.0	1.6	–	–		14.6
Other receivables	2.7	5.9	–	–		8.6
Cash and cash equivalents	41.8	38.1	–	–32.6	3, 4	47.4
<b>Total current assets</b>	<b>422.6</b>	<b>105.2</b>	<b>–</b>	<b>–32.6</b>		<b>495.2</b>
<b>TOTAL ASSETS</b>	<b>1,634.4</b>	<b>135.3</b>	<b>17.5</b>	<b>229.6</b>		<b>2,016.9</b>

## Pro forma balance sheet as of 30 September 2020, cont.

	Fasadgruppen	Front	Adjustment of accounting principle (IFRS 16)	Pro forma adjustment	Note	Pro forma
MSEK	IFRS	K3				
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>						
<b>Shareholders' equity</b>						
Share capital	1.9	1.0	–	–1.0	5	1.9
Other contributed capital	493.3	–	–	50.0	3	543.3
Reserves	–2.0	–	–	–		–2.0
Retained profit	116.2	25.8	–	–34.4	4, 5	107.6
Profit/loss for the year	63.6	11.4	–	–		74.9
<b>Total shareholders' equity</b>	<b>673.0</b>	<b>38.1</b>	<b>–</b>	<b>14.3</b>		<b>725.8</b>
<b>Appropriations</b>						
Deferred tax liabilities	23.3	9.9	–	–		33.2
Other appropriations	3.2	1.6	–	–		4.8
<b>Total appropriations</b>	<b>26.4</b>	<b>11.6</b>	<b>–</b>	<b>–</b>		<b>38.0</b>
<b>Non-current liabilities</b>						
Liabilities to credit institutions	88.5	4.4	–	138.0	4	230.9
Shareholder loans	87.1	–	–	–		87.1
Long-term lease liabilities	47.5	–	13.1	–	2	65.0
Other non-current liabilities	50.5	–	–	47.0	3	97.5
<b>Total non-current liabilities</b>	<b>273.6</b>	<b>4.4</b>	<b>13.1</b>	<b>185.0</b>		<b>476.1</b>
<b>Current liabilities</b>						
Liabilities to credit institutions	290.2	1.0	–	–		291.2
Short-term lease liabilities	14.7	–	4.5	–	2	19.2
Accounts payable	99.3	17.4	–	–		116.7
Current tax liabilities	8.2	2.8	–	–		11.0
Contract liabilities	163.3	1.9	–	–		165.2
Accrued costs and prepaid income	85.5	19.8	–	–		105.3
Other current liabilities	–	38.4	–	30.0		68.4
<b>Total current liabilities</b>	<b>661.3</b>	<b>81.2</b>	<b>4.5</b>	<b>30.0</b>		<b>777.0</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,634.4</b>	<b>135.3</b>	<b>17.5</b>	<b>229.6</b>		<b>2,016.9</b>

## Notes

**Note 1:** The difference between the purchase price and the net assets is reported as goodwill of MSEK 262.2.

**Note 2:** As for the new Group, IFRS 16 has resulted in right-of-use assets and lease liabilities which have not previously been reported. The right-of-use assets amount to MSEK 17.5, long-term lease liabilities amount to MSEK 13.1 and short-term lease liabilities amount to MSEK 4.5.

**Note 3:** The purchase price of MSEK 300 was paid by MSEK 170 in cash upon closing. MSEK 50 consist of payment in shares through a set-off issue. A promissory note for deferred purchase price of MSEK 30.0 has been issued (the debt is due for payment on 15 December 2020). In the pro forma financial statements, the promissory note is reported as MSEK 30.0 under current liabilities. The remaining MSEK 50 consist of an earn-out which is reported as a non-current liability. The net present value of the earn-out is estimated at MSEK 47.0 as of 30 September 2020.

**Note 4:** For the financing of the acquisition, the Group has raised new loans of a total of MSEK 138. The loan funding costs are 0.4 per cent of the loan amount as standard, which correspond to MSEK 0.55. The loan funding costs are assumed to have arisen during the period before the acquisition and are adjusted against cash and cash equivalents as well as shareholders' equity.

**Note 5:** The acquisitions total effect on shareholders' equity result in an increase of MSEK 14.6, consisting of payments of own shares through a set-off issue of MSEK 50.0, loan funding costs of MSEK –0.6, and elimination of shareholders' equity in the acquired company of MSEK –34.8. The shareholders' equity in the acquired company is replaced by the fair value of the acquired net assets, including unallocated surplus pursuant to the purchase price analysis, of the Group.

# Auditor's report on the pro forma financial information

## **Independent auditor's assurance report on the compilation of pro forma financial information included in a prospectus**

To the Board of Directors of Fasadgruppen Group AB, corporate identity number 559158-4122

### **Report on the compilation of pro forma financial information included in a prospectus**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Fasadgruppen Group AB ("the company") by the Board of Directors. The pro forma financial information consists of the pro forma balance sheet as at 30 September 2020, the pro forma income statement for the period 1 January 2020 – 30 September 2020 and the pro forma income statement for the period 1 January 2019 – 31 December 2019, and related notes as set out on pages 66-69 of the prospectus issued by the company. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Delegated Regulation (EU) 2019/980 and described on pages 62-65.

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the transactions set out on page 62 on the company's financial position as at 30 September 2020 and the company's financial performance for the period ended 30 September 2020 and 31 December 2019 respectively as if the transactions had taken place at 30 September 2020, 1 January 2020 and 1 January 2019 respectively. As part of this process, information about the company's financial position and financial performance has been extracted by the Board of Directors from the company's financial statements for the period ended 30 September 2020, on which a review report has been published, and for the period ended 31 December 2019, on which an auditor's report has been published.

#### *Responsibilities of the Board of Directors for the pro forma financial information*

The Board of Directors is responsible for compiling the pro forma financial information in accordance with the requirements of the Delegated Regulation (EU) 2019/980.

#### *Our independence and quality control*

We have complied with the independence and other ethical requirements in Sweden, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Auditor's responsibility*

Our responsibility is to express an opinion about whether the pro forma information, in all material respects, has been compiled correctly by the Board of Directors in accordance with the Delegated Regulation (EU) 2019/980, on the bases given and that these bases are consistent with the company's accounting policies.

We have conducted the engagement in accordance with International Standard on Assurance Engagements ISAE 3420 Assurance engagements to report on the compilation of pro forma financial information included in a prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable



assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information in accordance with the delegated regulation.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on the company's unadjusted financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient and appropriate audit evidence about whether:

- The pro forma adjustments have been compiled correctly on the specified basis.
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information
- The stated basis comply with the company's accounting policies.

The procedures selected depend on the auditor's judgment, having regard to his or hers understanding of nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

#### *Opinion*

In our opinion the pro forma financial information has been compiled, in all material respects, on the bases stated on pages 62-69 and these bases are consistent with the accounting policies applied by the company.

Stockholm 30 November 2020

Deloitte AB

*Signature on Swedish original*

Richard Peters

Authorized Public Accountant

# Operational and financial review

The financial information in this section should be read together with sections “*Selected historical financial information*”, “*Pro forma financial information*”, “*Capitalisation and indebtedness*” as well as Fasadgruppen’s audited consolidated financial statements with related notes for the financial years 2018 and 2019 and the interim report for the period January–September 2020 (and comparative information for the corresponding period 2019) which are included in section “*Historical financial information*” and incorporated in the Prospectus by reference, respectively. The information below contains forward-looking statements which are subject to different risks and uncertainties. Fasadgruppen’s actual results may deviate significantly from what is implied in the forward-looking statements as a result of many different factors, including but not limited to, what is stated in section “*Risk factors*” and other sections of the Prospectus.

## Overview

Fasadgruppen considers itself to be one of the leading façade companies in Sweden and the largest in respect of revenues. Fasadgruppen was formed through the merger of STARK Fasadrenovering and AB Karlssons Fasadrenovering in 2016. Fasadgruppen’s business concept is to offer competitive multidisciplinary solutions by enabling collaboration between locally leading and specialised units in order to achieve economies of scale and synergies between the companies. Since Fasadgruppen was formed, the Group has multiplied its revenues, mainly driven by acquisitions but also through organic growth. Since the Group was formed and up until the date of this Prospectus, the Group has acquired companies with accumulated earnings of approximately SEK 1.6 billion at the respective date of acquisition<sup>1)</sup>.

## Fasadgruppen’s financial profile

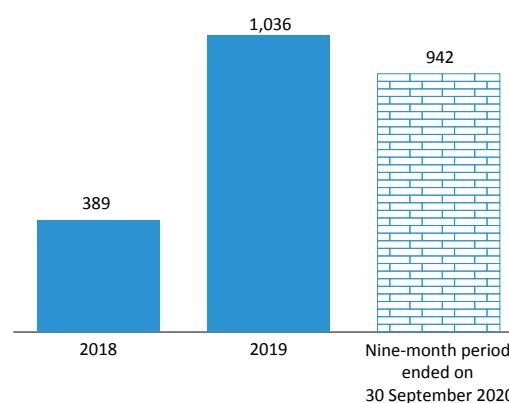
Fasadgruppen considers the Group’s financial profile to be characterised by:

- Strong growth driven both organically and through acquisitions.
- Strong profitability.
- Strong cash generation.

### Strong growth driven both organically and through acquisitions

Fasadgruppen’s growth has mainly been driven by the acquisitions carried out since the Group was formed, but also through organic growth. In recent years, Fasadgruppen’s has grown significantly and the revenue grew 161.9 per cent between 2018 and 2019, from MSEK 389.1 in 2018 to MSEK 1,019.0 in 2019. The growth during 2019 was, *inter alia*, due to the financial year 2018 consisting of barely eight months while the financial year 2019 comprised a full calendar year, and partially due to the Group carrying out several acqui-

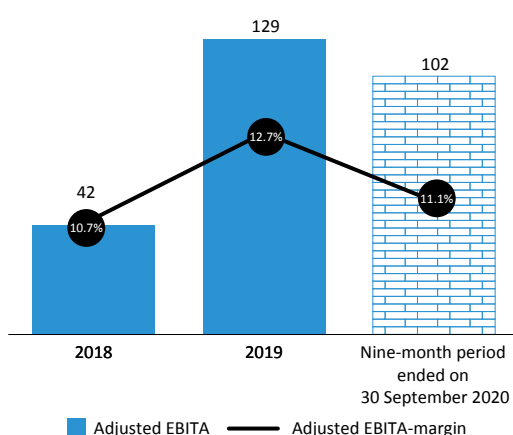
sitions. The organic growth during 2019 was positive. Of the total growth for the nine-month period ended on 30 September 2020, –4.7 percentage units were organic growth. The organic growth during 2019 was partially due to several of the local units having a strong underlying development and a large order backlog at the beginning of the year. The negative organic growth for the nine-month period ended on 30 September 2020 was partly attributable to several of the subsidiaries experiencing a weaker development during the period compared to the corresponding period the preceding year. The Company has noted that Covid-19 to a certain extent has had a negative impact on the sales (including price pressure and increased competition) to certain customer segments, such as housing cooperatives, and that certain projects have been postponed, but otherwise believes that there have not been any significant changes in the sales trends during 2020. Fasadgruppen’s target is to achieve an average net sales growth of at least 15 per cent per year over a business cycle. The growth should be achieved organically as well as through acquisitions. The figure below illustrates operating income.



1) The acquired companies’ respective revenues for the most recent financial year before the acquisition.

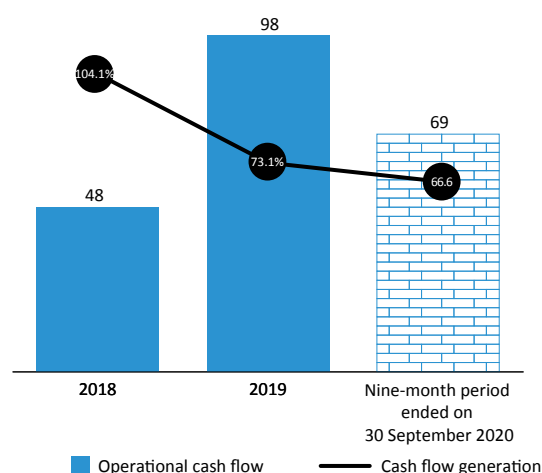
### Strong profitability

The EBITA margin during 2018 amounted to 10.7 per cent, compared to 9.6 per cent for the nine-month period ended on 30 September 2020. The adjusted EBITA margin during 2018 amounted to 10.7 per cent, compared to 11.1 per cent for the nine-month period ended on 30 September 2020. The change in profitability was, *inter alia*, attributable to the acquisitions which Fasadgruppen carried out during the period 1 January 2019–30 September 2020. The Company has to a certain extent expanded the cost base in order to professionalise the organisation further, but estimates that there has not been any significant changes in other cost trends during 2020. Fasadgruppen's target is to achieve an EBITA margin of at least 10 per cent per year over a business cycle.



### Strong cash conversion

Fasadgruppen's operations require a relatively low investment rate, which combined with the about neutral working capital results in a cash conversion that Fasadgruppen considers to be competitive. The about neutral working capital is attributable to the operations' limited need of inventory and attractive payment cycles. The cash conversion during 2018, 2019 and the nine-month period ended on 30 September 2020 amounted to 103.9 per cent, 73.1 per cent and 66.6 per cent, respectively. The change in cash conversion from 2018 to the nine-month period ended on 30 September 2020 was a result of, *inter alia*, the acquisitions that the Group carried out during the period 1 January 2019–30 September 2020. Fasadgruppen's target is to achieve a cash conversion of 100 per cent.



### Factors affecting Fasadgruppen's results

Fasadgruppen's results have been affected by, and Fasadgruppen's results and consequently future prospects will continue to be affected by, a number of factors and challenges of which some are outside Fasadgruppen's control. The main factors and challenges that Fasadgruppen considers having affected the operating results during the periods described in this section and which can also be expected to continue to affect Fasadgruppen's results and future prospects are described below:

- Demand for façade work.
- Ability to drive further growth through acquisitions.
- Order backlog and implementation of large projects.
- Project mix.
- Competition and the price level of projects and services.
- Project management and operational efficiency.
- Costs for materials and equipment.
- The Group's ability to attract and retain co-workers.
- Seasonality effects.
- Currency fluctuations.
- Interest expenses.
- Tax expenses.

### Demand for façade work

The demand for façade work and thereby Fasadgruppen's services are dependent on the overall macroeconomic situation, primarily in Sweden. The demand from the construction sector in particular, but also the renovation market, correlate to a large extent with general macroeconomic factors such as GDP growth, demographic development, urbanisation, interest rates and housing prices. The renovation market, however, has historically been more resistant to business cycles and shown smaller variations. For a more detailed description of the trends driving the markets that Fasadgruppen operates in, see section "Market overview—Trends and drivers".

*Ability to drive further growth through acquisitions*

An important component of Fasadgruppen's growth strategy is the Company's active acquisition strategy. Since Fasadgruppen was formed and up until the date of this Prospectus, the Group has acquired 20 companies with accumulated earnings of approximately SEK 1.6 billion at the respective date of acquisition<sup>1)</sup>. The active acquisition strategy has contributed with increased growth and geographic spread as well as added additional areas of expertise. Acquisitions, completed as well as future, have had and are expected to continue to have a significant effect on Fasadgruppen's revenues, operating profit and cash flow.

*Order backlog and implementation of large projects*

The size of Fasadgruppen's order backlog is an important metric, which the Group uses in order to evaluate the operations. The order backlog shows the value of the ongoing projects and the remaining service revenues that the projects are expected to generate. Through having a sufficient order backlog, future revenues and cash flows are secured. As of 31 December 2018, 31 December 2019 and 30 September 2020, respectively, the order backlog amounted to MSEK 727.0, MSEK 803.0 and MSEK 988.0, respectively. Fasadgruppen also considers the order backlog to be well divided between the subsidiaries. As of 30 June 2020, the subsidiary with the largest order backlog had an order backlog corresponded to approximately 15 per cent of the Group's total order backlog. The order backlogs for the five subsidiaries with the largest order backlog corresponded to approximately 55 per cent of the Group's total order backlog. Fasadgruppen considers that this division entails a limited dependence of the order backlogs of the individual units and contributes to the visibility of the local units' earning capacity.

A large portion of Fasadgruppen's operations comprises long projects that extend across several accounting periods and where the so-called percentage of completion method is used to a large extent. The assessment of total costs is critical in the percentage of completion method and appropriations for loss-making projects as well as when valuating inventories. Changed estimates of the project's total costs can have retroactive effects on the results, which can affect Fasadgruppen's results. To execute projects in line with Fasadgruppen's calculations and thereby to turn over the order backlog into revenues is thereby an important factor which affects Fasadgruppen's results.

*Project mix*

Fasadgruppen's results are affected by the types of projects that Fasadgruppen wins and by what phase the projects are in. Fasadgruppen strives to maintain a contract portfolio containing a good mix of project in terms of type of service, customer category and building phase (new constructions

or renovations). A diversified project mix with respect to terms and phase enables an advantageous distribution of costs and revenues over time.

*Competition and price levels of projects and services*

Fasadgruppen considers the Swedish façade market to be highly fragmented, with few players of the same size and similar geographical spread as Fasadgruppen. Fasadgruppen considers the competitive situation and price levels to differ depending on the region and area of operations, where contract awarding often is determined on a local level. The ability to win contracts and maintain an adequate price level are factors that directly affect the Group's net sales, operating profit and cash flow. An increase in competition may entail that prices will decrease which consequently would affect Fasadgruppen's results negatively.

*Project management and operational efficiency*

Fasadgruppen considers well-executed project management and operational efficiency to be important factors in order to achieve the desired profitability within the Group. Fasadgruppen's group structure enables the local units to collaborate regarding lending of personnel to optimise capacity. The Group has also established a process to facilitate project management and for trying to reducing risks associated with projects of which Fasadgruppen has committed to carry out. Poorly executed project management can result in costs, which affect the profitability of the Group negatively. On the contrary, good project management improves profitability. Accordingly, Fasadgruppen's ability to manage projects efficiently and the operational efficiency affect Fasadgruppen's operating profit.

*Costs for material and equipment*

Purchases of materials constitute a large cost category for Fasadgruppen. Through economies of scale and active work with a centralised purchasing process, the profitability can be improved. This includes entering into frame agreements, purchasing coordination on a central level and standardisation of processes. Fasadgruppen believes that the Group can benefit from its size in order to lower prices and thereby improve the profitability. In addition, external factors, such as commodity prices and total demand on the market, affect the price of materials and equipment and consequently Fasadgruppen's costs.

*The Group's ability to attract and retain co-workers*

Since Fasadgruppen's business model is based on attracting and developing local market leaders, the Group's ability to attract and retain employees is of great importance to drive the long-term organic growth. Historically, Fasadgruppen has offered re-investment opportunities for the managers in the subsidiaries who have sold their companies to Fasadgruppen in order to create shared incentives for the business to be operated successfully. The Group offers a high degree

1) The acquired companies' respective revenues for the most recent financial year before the acquisition.



of self-governance for the entrepreneurs and provides an opportunity to run their operations as they prefer. In addition, Fasadgruppen offers the opportunity to attend several educational programs in order to ensure a satisfactory level of personnel development within the Group.

#### Seasonality effects

There is a certain seasonality effect on the operations of the Group. The most significant seasonality variations occur during the first and third quarter when the revenues generally decrease due to a decreased demand in the market. The low activity during the first quarter is due to the weather conditions during the winter making it more difficult to carry out façade work, and the third quarter is negatively affected by the vacation season. In order to mitigate the decrease in revenues resulting from these seasonality effects, Fasadgruppen works on enabling the local units to collaborate on lending personnel in order to optimise capacity, where for example units in northern Sweden during the winter months can relocate their personnel to units in other parts of Scandinavia that generally has a milder climate.

#### Currency fluctuations

The Group's current currency exposure is limited, whereby currency fluctuations do not have a considerable effect on Fasadgruppen's net sales and cash flow. This applies to both

operations conducted and purchases made by Fasadgruppen. Because of the expansion to Denmark and Norway, there is some exposure to the Danish krone (DKK) and the Norwegian krone (NOK). Currently, the revenues and purchases exposed to DKK and NOK comprise a relatively small share of Fasadgruppen's total revenues and purchases. The main effect of currency fluctuations is related to the conversion exposure when Fasadgruppen's Danish respective Norwegian subsidiaries report their income statements and balance sheets that are to be recalculated to SEK in the consolidated accounts. Accordingly, Fasadgruppen considers currency fluctuations to have a limited impact on the Group's operating profit.

#### Interest expenses

Fasadgruppen finances part of its operations through interest-bearing liabilities. The Group's net financial income/expense consists of interest expenses on cash and cash equivalents and bank loans as well as interest income. Given that Fasadgruppen is exposed to interest-bearing financial liabilities, there is an exposure to interest risks which can affect the Group's results and cash flow.

#### Tax expenses

Fasadgruppen operates and pays taxes in Sweden, Denmark and Norway. Fasadgruppen is exposed to the risk of increased tax expenses in these countries, which could affect the Group's results and cash flow.

### Key income statement items

	Unaudited		Audited	
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>MSEK</b>				
Net sales	921.3	719.5	1,019.0	389.1
Other operating income	21.1	9.7	17.0	–
<b>Total operating income</b>	<b>942.4</b>	<b>729.2</b>	<b>1,036.0</b>	<b>389.1</b>
Materials and consumables	–465.3	–380.8	–521.3	–196.0
Remuneration to employees	–291.3	–210.0	–309.2	–117.0
Depreciation and impairments of tangible and intangible non-current assets	–14.8	–8.9	–13.1	–4.1
Other operating expenses	–82.3	–42.8	–71.3	–30.4
<b>Total operating expenses</b>	<b>–853.7</b>	<b>–642.5</b>	<b>–914.8</b>	<b>–347.5</b>
<b>Operating profit/loss</b>	<b>88.7</b>	<b>86.7</b>	<b>121.3</b>	<b>41.6</b>
Net financial income/expense	–8.4	–8.3	–12.1	–6.0
<b>Profit/loss after financial items</b>	<b>80.3</b>	<b>78.5</b>	<b>109.2</b>	<b>35.6</b>
Tax on profit for the period	–16.7	–16.5	–23.3	–7.7
<b>Profit/loss for the period</b>	<b>63.6</b>	<b>62.0</b>	<b>85.9</b>	<b>27.9</b>

**Net sales:** Include the total revenue for the Group's operations. The metric is reported in accordance with the percentage-of-completion method, which entails that revenue from a project is successively reported throughout the project.

**Materials and consumables:** Consist of the costs from purchases of raw commodities and materials as well as costs for sub-contractors.

**Remuneration to employees:** Consists of salaries, social fees, pension costs and other costs related to Fasadgruppen's employees.

**Depreciation and impairments of tangible and intangible non-current assets:** Mainly consist of depreciation of inventories and tools.

**Other operating expenses:** Consist of expenses such as rental expenses, transport expenses, expenses related to consumables and costs for corporate car leasing.

**Net financial income/expense:** Constitutes interest expenses for interest-bearing financial liabilities and interest income from cash and cash equivalents as well as other financial items.

**Tax on profit for the period:** Consists of the Groups tax expenses and deferred tax liabilities.

## January–September 2020 compared to January–September 2019

### *Net sales*

Net sales for the nine-month period ended on 30 September 2020 was MSEK 921.3 (719.5), which corresponds to an increase of 28.0 per cent. Of the total growth of 28.0 per cent, –4.7 per cent were attributable to organic growth and the rest from acquisition driven growth. The negative organic growth was mainly driven by a weaker market development during the period, compared to the preceding year, which the Company believes to be related to Covid-19. The acquisition driven growth is attributable to the twelve acquisitions that were carried out during the period January 2019–September 2020.

### *EBITA and EBITA margin*

Fasadgruppen's EBITA for the nine-month period ended on 30 September 2020 was MSEK 88.7 (86.7), which corresponds to an increase of 2.3 per cent. The EBITA margin decreased from 12.1 per cent to 9.6 per cent during the period. The growth in EBITA mainly came from acquisitions carried out during the period January 2019–September 2020. The EBITA margin was negatively affected due to, *inter alia*, several of the subsidiaries performing a number of relatively large and profitable projects during the comparison period and that the Group acquired companies with a lower profitability between the current period and the comparison period.

### *Adjusted EBITA and adjusted EBITA margin*

Fasadgruppen's adjusted EBITA for the nine-month period ended on 30 September 2020 was MSEK 102.0 (90.3), which corresponds to an increase of 13.0 per cent. The adjusted EBITA margin decreased from 12.5 per cent to 11.1 per cent during the period. The growth in adjusted EBITA primarily comes from acquisitions carried out during the period January 2019–September 2020. The adjusted EBITA margin was negatively affected due to, *inter alia*, that several of the subsidiaries performing a number of relatively large and profitable projects during the comparison period and that the Group acquired companies with a lower profitability between the current period and the comparison period.

### *Profit/loss after financial items*

Fasadgruppen's profit after financial items for the nine-month period ended on 30 September 2020 was MSEK 80.3 (78.5), which corresponded to an increase of 2.3 per cent. The increase was mainly a result of acquisitions carried out during the period January 2019–September 2020.

### *Profit/loss for the period*

Fasadgruppen's results from the nine-month period ended on 30 September 2020 was MSEK 63.6 (62.0), which corresponds to an increase of 2.6 per cent. The increase was mainly a result of acquisitions carried out during the period of January 2019–September 2020. Tax on profit for the period after financial items increased.

## Financial year 2019 compared to financial year 2018

### *Net sales*

Revenues for the financial year 2019 was MSEK 1,019.0 (389.1), which corresponds to an increase of 161.9 per cent compared to the financial year 2018. Both the organic and acquisition driven growth were positive. The organic growth was primarily driven by several of the local units experiencing a strong underlying development and a large order backlog at the beginning of the year. The acquisition driven growth was attributable to the eight acquisitions that Fasadgruppen carried out during the financial year 2019.

### *EBITA and EBITA margin*

Fasadgruppen's EBITA for the financial year 2019 was MSEK 121.3 (41.6), which corresponds to an increase of 191.6 per cent compared to the financial year 2018. The growth in EBITA mainly came from acquisitions carried out during the financial year 2019. The EBITA margin increased from 10.7 per cent during the financial year 2018 to 11.9 per cent during the financial year 2019. The EBITA margin was positively affected by, *inter alia*, several units experiencing a strong underlying development and that the Group acquired companies with a high profitability.

### *Adjusted EBITA and adjusted EBITA margin*

Fasadgruppen's adjusted EBITA for the financial year 2019 was MSEK 129.3 (41.6), which corresponds to an increase of 211.0 per cent compared to the financial year 2018. The adjusted EBITA margin increased from 10.7 per cent during the financial year 2018 to 12.7 per cent during the financial year 2019. The growth in adjusted EBITA was mainly due to acquisitions carried out during the financial year 2019. The adjusted EBITA margin was positively affected by, *inter alia*, several units experiencing a strong underlying development and that the Group acquired companies with a high profitability.

### *Profit/loss after financial items*

Fasadgruppen's profit before tax for the financial year 2019 was MSEK 109.2 (35.6), which corresponds to an increase of 206.7 per cent compared to the financial year 2018. The increase was mainly attributable to acquisitions carried out during the financial year 2019.

### *Profit/loss for the period*

Fasadgruppen's profit for the financial year 2019 was MSEK 85.9 (27.9), which corresponds to an increase of 207.9 per cent. The increase was mainly attributable to acquisitions carried out during the financial year 2019.

## Liquidity and capital resources

### Financing of Fasadgruppen's operations

Fasadgruppen's main sources of liquidity have historically been cash flow from operating activities, bank loans and shareholder loans. After the Offering, Fasadgruppen expects to be able to mainly rely on cash flow from operating activities and utilising facilities from the new facilities agreement in order to obtain necessary means for its operations (see section "*Indebtedness*" below).

### Fasadgruppen's capital requirements

Fasadgruppen's profit amounted to MSEK 85.9 for the financial year 2019 and MSEK 63.6 for the period 1 January–30 September 2020. Fasadgruppen's cash flows from the operating activities amounted to MSEK 79.7 for the financial year 2019 and MSEK 40.1 for the period January–September 2020. Fasadgruppen has no material investments in progress nor made any firm commitments to make any investments in addition to the deferred purchase price of MSEK 30 for the acquisition on Fasadenövergången Roland Karlsson i Mälardalen AB that is to be paid in connection with the Offering and the potential earn-outs of not more than MSEK 114.9 for completed acquisitions as described in section "*Investments*" below and which Fasadgruppen may be obliged to pay during the financial years

2021–2024. As of 30 September 2020, Fasadgruppen's current liabilities amounted to MSEK 661.3 (371.1 after adjustment for the effects from entering into the new facilities agreement with SEB on 16 November 2020, see also section "*Legal considerations and supplementary information–Financing agreements*") and the accounts receivable amounted to MSEK 208.4. As of the date of the Prospectus, Fasadgruppen has unutilised credit facilities of MSEK 30 under a revolving credit facility of MSEK 75 and unutilised credit facilities under a so-called acquisition facility of MSEK 150 (which may be increased to MSEK 300 following the Offering).

### Working capital statement

Fasadgruppen considers the current working capital being sufficient for the coming twelve months following the date of this Prospectus. In this context, working capital refers to Fasadgruppen's ability to access cash and cash equivalents in order to meet Fasadgruppen's liabilities as they fall due.

### Cash flow

The table below presents the main components in Fasadgruppen's cash flow for the financial years 2018 and 2019 as well as the period January–September 2020 with comparison figures for the corresponding period during 2019.

	Unaudited		Audited	
	1 Jan–30 Sep 2020	1 Jan–30 Sep 2019	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>MSEK</b>				
Cash flow from operating activities	40.1	38.4	79.7	43.0
Cash flow from investing activities	–289.5	–44.5	–59.8	–341.5
Cash flow from financing activities	243.7	–21.9	–13.4	340.4
<b>Cash flow for the period</b>	<b>–5.6</b>	<b>–28.0</b>	<b>6.5</b>	<b>41.9</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>41.8</b>	<b>13.9</b>	<b>48.4</b>	<b>41.9</b>

### Cash flow from operating activities

Fasadgruppen's cash flow from the operating activities for the period January–September 2020 was MSEK 40.1 (38.4), which corresponds to an increase of 4.4 per cent compared to the period January–September 2019. The increase was mainly attributable to acquisitions carried out during the period January 2019–September 2020.

Fasadgruppen's cash flow from the operating activities for the financial year 2019 was MSEK 79.7 (43.0), which corresponds to an increase of 85.3 per cent compared to the financial year 2018. The increase of cash flow from the operating activities was mainly attributable to acquisitions carried out during the financial year 2019.

### Cash flow from investing activities

Fasadgruppen's cash flow from the investing activities for the period January–September 2020 was MSEK –289.5 (–44.5), which corresponds to an increase of 550.6 per cent compared to the period January–September 2019. The increase was mainly attributable to the Group carrying out several large acquisitions during the period January–September 2020.

Fasadgruppen's cash flow from the investing activities for the financial year 2019 was MSEK –59.8 (341.5), which corresponded to a decrease of 117.5 per cent compared to the financial year 2018. The decrease was mainly due to that the Group acquired Fasadgruppen Norden AB in 2018, which had a negative effect on the cash flow from the investing activities.

### Cash flow from financing activities

Fasadgruppen's cash flow from the financing activities for the period January–September 2020 was MSEK 243.7 (–21.9). The increase was mainly attributable to the Group raising a large loan during the period January–September 2020.

Fasadgruppen's cash flow from the financing activities for the financial year 2019 was MSEK –13.4 (340.4), which corresponds to a decrease of MSEK 353.8 from the financial year 2018 when the cash flow amounted to MSEK 340.4. The decrease was mainly attributable to the Group raising a large loan in 2018.

### Indebtedness

Fasadgruppen's indebtedness mainly consists of Fasadgruppen's debt pursuant to the facilities agreement with SEB and

a shareholder loan from Connecting Capital. The shareholder loan is intended to be repaid in connection with the Offering. For a description of the facilities agreement, see section “*Legal considerations and supplementary information—Financing agreements*”. For more information on Fasadgruppen’s indebtedness, see section “*Capitalisation and indebtedness*”.

### Arrangement outside the balance sheet

As of 30 September 2020, Fasadgruppen had no items outside of the balance sheet as defined under IFRS.

### Investments

The table below presents the cash flow from Fasadgruppen’s investing activities during the financial year 2018 and 2019 as well as the period January–September 2020.

MSEK	Unaudited	Audited	
	1 Jan–30 Sep 2020	1 Jan–31 Dec 2019	8 May–31 Dec 2018
Acquisitions of subsidiaries and businesses	–282.0	–51.5	–337.9
Net investments in non-current assets	–7.2	–9.6	–2.3
Net investments in financial assets	–0.2	1.3	–1.3
<b>Cash flow from investing activities</b>	<b>–289.5</b>	<b>–59.8</b>	<b>–341.5</b>

The investments during the financial year 2018 were mainly attributable to the acquisition of Fasadgruppen Norden AB, which at that time was the parent company in the former group and to the acquisitions of the subsidiaries Malmö Mur & Puts AB, Valbo Fasad Entreprenad AB and Frillesås Mur och Puts AB. The initial purchase prices for the acquisitions of the subsidiaries amounted to MSEK 62.9 in total (consisting of cash and newly issued shares in Fasadgruppen).

The investments during the financial year 2019 were mainly attributable to the acquisitions of the subsidiaries Simtuna Bygg och Betong Teknik AB, Allt i Murning i Karlshamn Aktiebolag, Mellansvenska Fasad, Lars Svensson AB, Fasadteknik i Nyköping AB, Ume fasad AB, Åsälvs Mureri AB, P. Andersen & Søn Entreprise A/S and Karlaplans Plåtslageri AB. The initial purchase prices amounted to MSEK 130.7 in total (consisting of cash and newly issued shares in Fasadgruppen).

The investments during the period 1 January–30 September 2020 were mainly attributable to the acquisitions of Sterner Stenhus Fasad AB, Proos Mur & Puts AB, DVS Entreprenör AS, Cortex Facaderens ApS, Cortex Membran ApS and All-Tech ApS. The initial purchase prices amounted to MSEK 512.0 in total (consisting of cash and newly emitted shares in Fasadgruppen), of which MSEK 355.8 (consisting of cash and newly issued shares in Fasadgruppen) were attributable to the acquisition of all shares in Sterner Stenhus Holding AB.

After 30 September 2020 up until the date for this Prospectus, Fasadgruppen has acquired Fasadrenoveringar Roland Karlsson i Mälardalen AB for an initial purchase price of MSEK 220, of which MSEK 170 were paid in cash and MSEK 50 were paid in newly issued shares in the Company. Fasadgruppen is to pay a deferred purchase price of MSEK 30 in connection with the Offering.

Pursuant to several of the share purchase agreements for the acquisitions referred to above, Fasadgruppen may have to pay earn-outs during the financial years 2021–2024. As of the date for this Prospectus, Fasadgruppen’s commitments to pay earn-outs (*i.e.* financial liabilities valued at fair value via the results) amount to MSEK 114.9 (subject to the occurrence of certain events). Fasadgruppen intends to

finance the earn-outs mainly through cash flow from the operating activities and Fasadgruppen’s loan facility pursuant to the facilities agreement with SEB.

### Tangible and intangible non-current assets

As of 30 September 2020, Fasadgruppen had tangible non-current assets with a carrying amount of MSEK 89.5.

As of 30 September 2020, Fasadgruppen had intangible non-current asset with a carrying amount of MSEK 1,121.3, of which MSEK 1,050.6 was goodwill and MSEK 70.6 was other intangible assets.

### Quantitative and qualitative accounting of financial risk management

Fasadgruppen’s operations are affected by a number of financial risks and uncertainties, including market risk, currency risk, interest risk, credit risk and liquidity risk. See note 34 in section “*Historical financial information*” for additional information on these risks.

### Significant accounting principles

See note 1 in section “*Historical financial information*” for a description of accounting principles and an assessment of their impact on Fasadgruppen’s reported results. See also the risk factor “*Fasadgruppen is subject to risks related to revenue recognition in accordance with the percentage-of-completion method*” for a description of risks related to Fasadgruppen’s application of the percentage-of-completion accounting method (IFRS 15).

### Significant events since 30 September 2020

After 30 September 2020, Fasadgruppen has acquired Fasadrenoveringar Roland Karlsson i Mälardalen AB and entered into a new facilities agreement with SEB. For additional information about the acquisition’s effect on Fasadgruppen’s financial results and financial position, see section “*Investments*” and “*Pro forma financial information*” above as well as section “*Capitalisation and indebtedness*” below. For further information on the facilities agreement and how it affects Fasadgruppen’s financial position, see sections “*Legal considerations and supplementary information—Financing agreements*” and “*Capitalisation and indebtedness*” below.



# Capitalisation and indebtedness

## Background

The following tables present Fasadgruppen's capitalisation and indebtedness as of 30 September 2020, both on an actual basis (*i.e.* reflecting amounts reported in Fasadgruppen's consolidated balance sheet) and on an adjusted basis to reflect the effects of the following events.

### Events during November 2020

- Raise of non-current debt of MSEK 545 in total pursuant to the new facilities agreement with SEB.
- Repayment in cash of current debt of MSEK 290.2 and non-current debt of MSEK 88.5 to SEB.
- Completion of the acquisition of Fasadrenoveringar Roland Karlsson i Mälardalen AB. Payment in cash of purchase price of MSEK 170 and issuance of a promissory note for deferred purchase price of MSEK 30 to be paid by Fasadgruppen in connection with the Offering.
- Issuance of 37,509 new shares as a part of the total purchase price for the acquisition of Fasadrenoveringar Roland Karlsson i Mälardalen AB.
- Subscription of 842,100 shares through the exercise of 42,105 warrants.

### Events in connection with the Offering

- Issuance of 5,000,000 new shares in the Company as a part of the Offering.
- Raise of non-current debt of MSEK 88 pursuant to the new facilities agreement with SEB in connection with completion of the Offering.
- Repayment in cash of non-current debt in form of a shareholder loan of MSEK 87.1 in connection with the Offering.

For more information about the Company's shares and share capital as well as the changes in the capital structure in connection with the Offering referred to above, see section "*Shares and share capital*". For more information about the new facilities agreement, see section "*Legal considerations and supplementary information—Financing agreements*". The information presented below should be read together with sections "*Selected historical financial information*", "*Operational and financial review*" and Fasadgruppen's consolidated financial statements with related notes in section "*Historical financial information*" as well as Fasadgruppen's interim report for the period 1 January–30 September 2020 which is incorporated in the Prospectus by reference.

## Capitalisation

MSEK	30 September 2020	Adjustments	30 September 2020 as adjusted
<b>Current debt*</b>			
Guaranteed	–	–	–
Secured <sup>1)</sup>	290.2	–290.2 <sup>2)</sup>	–
Unguaranteed/unsecured	371.1	– <sup>3)</sup>	371.1
<b>Total current debt</b>	<b>661.3</b>	<b>–290.2</b>	<b>371.1</b>
<b>Non-current debt**</b>			
Guaranteed	–	–	–
Secured	88.5	544.5 <sup>4)</sup>	633.0
Unguaranteed/unsecured	185.1	–87.1 <sup>5)</sup>	98.0
<b>Total non-current debt</b>	<b>175.6</b>	<b>457.4</b>	<b>731.0</b>
<b>Shareholders' equity***</b>			
Share capital	1.9	0.3 <sup>6)</sup>	2.2
Legal reserve	493.3	351.4 <sup>7)</sup>	844.7
Other reserves	177.8	–	177.8
<b>Total shareholders' equity</b>	<b>673.0</b>	<b>351.7</b>	<b>1,024.7</b>

\* The item "Secured" in the column "30 September 2020" corresponds to the item "Current interest-bearing liabilities" in Fasadgruppen's unaudited consolidated balance sheet as of 30 September 2020. The item "Unguaranteed/unsecured" corresponds to the sum of the following current liabilities items in Fasadgruppen's unaudited consolidated balance sheet as of 30 September 2020: "Short-term lease liabilities", "Accounts payable", "Contract liabilities", "Accrued costs and prepaid income" and "Other current liabilities".

\*\* The item "Secured" in the column "30 September 2020" corresponds to the part of the item "Non-current interest-bearing liabilities" in Fasadgruppen's unaudited consolidated balance sheet as of 30 September 2020 that refers to bank loans from SEB. The item "Unguaranteed/unsecured" in the column "30 September 2020" corresponds to the part of the item "Non-current interest-bearing liabilities" in Fasadgruppen's unaudited consolidated balance sheet as of 30 September 2020 that refers to shareholder loans as well as the items "Long-term lease liabilities" and "Other non-current liabilities".

\*\*\* The item "Share capital" in the column "30 September 2020" corresponds to the part of the item "Shareholders' equity" in Fasadgruppen's unaudited consolidated balance sheet as of 30 September 2020 that refers to the Company's registered share capital. The item "Legal reserve" in the column "30 September 2020" corresponds to the part of the item "Shareholders' equity" in Fasadgruppen's unaudited consolidated balance sheet as of 30 September 2020 that refers to other contributed capital. The item "Reserves" in the column "30 September 2020" corresponds to the sum of the items "Retained earnings including profit/loss for the period" and "Reserves" as presented in Fasadgruppen's unaudited consolidated financial interim report for the period 1 January–30 September 2020.

1) The security consists of pledges of shares in subsidiaries.

2) Repayment in cash of current liabilities of MSEK 290.2 to SEB in November 2020.

3) The sum of the issuance of a promissory note for the deferred purchase price for the acquisition of Fasadrenoveringar Roland Karlsson i Mälardalen in November 2020 (MSEK +30) and settlement of the debt through payment of the deferred purchase price in connection with the Offering (MSEK –30).

4) The sum of the raised non-current liabilities pursuant to the new facilities agreement with SEB (MSEK +545) and non-current liabilities pursuant to the new facilities agreement with SEB in connection with the Offering (MSEK +88) as well as repayment of existing non-current liabilities to SEB in November 2020 (MSEK –88.5).

5) Repayment of non-current liabilities in form of shareholder loans of MSEK 87.1 in connection with the Offering.

6) The sum of the share capital increase in connection with the issuance of 37,509 new shares as a part of the total purchase price for the acquisition of Fasadrenoveringar Roland Karlsson i Mälardalen AB in November 2020 (MSEK +0.0), subscription of 842,100 shares through exercise of 42,105 warrants in November 2020 (MSEK +0.0) and issuance of 5,000,000 new shares as a part of the Offering (MSEK +0.3).

7) The sum of proceeds from the issuance of 37,509 new shares as a part of the total purchase price for the acquisition of Fasadrenoveringar Roland Karlsson i Mälardalen AB in November 2020 (MSEK +50), proceeds from subscription of 842,100 shares through exercise of 42,105 warrants in November 2020 (MSEK +12.9) and expected net proceeds from the issuance of 5,000,000 new shares as a part of the Offering (MSEK +288.8), with deduction for the part of the proceeds that is contributed to the share capital in connection with the issuances of new shares (MSEK –0.3).

## Net indebtedness\*

MSEK	30 September 2020	Adjustments	30 September 2020 as adjusted
(A) Cash	–	–	–
(B) Cash equivalents**	41.8	317.5 <sup>1)</sup>	359.3
(C) Trading securities	–	–	–
<b>(D) Liquidity (A) + (B) + (C)</b>	<b>41.8</b>	<b>317.5</b>	<b>359.3</b>
(E) Current financial receivables	–	–	–
(F) Current bank debt***	290.2	–290.2 <sup>2)</sup>	–
(G) Current portion of non-current debt	–	–	–
(H) Other current interest-bearing debt	–	–	–
<b>(I) Current interest-bearing debt (F) + (G) + (H)</b>	<b>290.2</b>	<b>–290.2</b>	<b>–</b>
<b>(J) Net current financial indebtedness (I) – (E) – (D)</b>	<b>248.4</b>	<b>–607.7</b>	<b>–359.3</b>
(K) Non-current bank loans****	88.5	544.5 <sup>3)</sup>	633.0
(L) Bonds issued	–	–	–
(M) Other non-current interest-bearing debt*****	87.1	–87.1 <sup>4)</sup>	–
<b>(N) Non-current interest-bearing debt (K) + (L) + (M)</b>	<b>175.6</b>	<b>457.4</b>	<b>633.0</b>
<b>(O) Net financial indebtedness (J) + (N)</b>	<b>424.0</b>	<b>–150.3</b>	<b>273.7</b>

\* The net indebtedness table only includes interest-bearing debt.

\*\* The item "Cash equivalents" in the column "30 September 2020" corresponds to the item "Cash and cash equivalents" in Fasadgruppen's unaudited consolidated balance sheet as of 30 September 2020. Cash and cash equivalents consist of cash and available facilities from banks and other institutes.

\*\*\* The item "Current bank debt" in the column "30 September 2020" corresponds to the item "Current interest-bearing liabilities" in Fasadgruppen's unaudited consolidated balance sheet as of 30 September 2020.

\*\*\*\* The item "Non-current bank loans" in the column "30 September 2020" corresponds to the part of the item "Non-current interest-bearing liabilities" in Fasadgruppen's unaudited consolidated balance sheet as of 30 September 2020 that refers to bank loans from SEB.

\*\*\*\*\* The item "Other non-current interest-bearing debt" in the column "30 September 2020" corresponds to the part of the item "Non-current interest-bearing liabilities" in Fasadgruppen's unaudited consolidated balance sheet as of 30 September 2020 that refers to shareholder loans.

1) The sum of payment in cash of the purchase price for the acquisition of Fasadrenoveringar Roland Karlsson i Mälardalen AB in November 2020 (MSEK –170), payment in cash of the deferred purchase price for the acquisition of Fasadrenoveringar i Mälardalen AB in connection with the Offering (MSEK –30), cash held by Fasadrenoveringar Roland Karlsson i Mälardalen AB at the acquisition in November 2020 (MSEK +30), anticipated net proceeds from the issuance of new shares in connection with the Offering (MSEK +288.8), raise of non-current liabilities pursuant to the new facilities agreement with SEB in November 2020 (MSEK +545), repayment in cash of liabilities to SEB in November 2020 (MSEK –360), proceeds from subscription of 842,100 shares through exercise of 42,105 warrants in November 2020 (MSEK +12.9), raise of non-current liabilities pursuant to the new facilities agreement with SEB in connection with the Offering (MSEK +88) and repayment in cash of non-current liabilities in form of shareholder loans in connection with the Offering (MSEK –87.1).

2) Repayment in cash of current liabilities of MSEK 290.2 to SEB in November 2020.

3) The sum of raise of non-current liabilities pursuant to the new facilities agreement with SEB in November 2020 (MSEK +545) and non-current liabilities pursuant to the new facilities agreement with SEB in connection with the Offering (MSEK +88) as well as repayment of existing non-current liabilities to SEB in November 2020 (MSEK –88.5).

4) Repayment of non-current liabilities in form of shareholder loans of MSEK 87.1 in connection with the Offering.

*The information on Fasadgruppen's capitalisation and indebtedness on an adjusted basis in this section constitutes forward-looking statements. Although Fasadgruppen believes that the expectations reflected in these forward-looking statements are reasonable, Fasadgruppen cannot give any assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual result or outcome could differ materially from those set out in the forward-looking statements as a result of many factors outside Fasadgruppen's control. Several of these factors are described in section "Risk factors". The forward-looking statements in this section speak only as of the date of this Prospectus. Fasadgruppen undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or other regulations. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements in this section.*

# Board of directors, senior executives and auditor

## The board of directors

According to the Company's articles of association, the board of directors shall consist of three to ten members. The board of directors currently consists of the following six members, appointed for the period until the close of the annual general meeting 2021.



### Per Sjöstrand

*Chairman since March 2020 (board member in companies within the Group since 2019). Chairman of the remuneration committee.*

**Born:** 1958.

**Principal education:** MSc, Engineering, Chalmers University of Technology.

**Other current positions outside Fasadgruppen:** Chairman of the board of directors of Åhlin & Ekeröth AB, Åhlin & Ekeröth Byggnads AB, Green Landscaping Group AB (publ), Voltage AB, Ohmslag AB, VentPartner Sverige AB, J.N. Kraftinstallatörer Aktiebolag and Istamate AB. Board member of Installatörsföretagen Service i Sverige AB. CEO of Instalco AB and positions in several of its subsidiaries.

**Previous positions outside Fasadgruppen (last five years):** Chairman of the board of directors of IMEC Kraftteknik Aktiebolag, Elektro-Centralen Communication Hisingen Backa AB and Kullastrand Kök & Interiör AB. Board member of Markona Maskin AB, Arkösunds Hotell AB and Kanenas 16 AB. Positions in several of Instalco AB's subsidiaries.

**Shareholding in Fasadgruppen:** 990,280 shares (through a company).

### Independence pursuant to the Swedish Corporate Governance

**Code:** Independent in relation to the Company, the senior management and the Company's major shareholders.



### Mikael Karlsson

*Board member since July 2018 (board member in companies within the Group since 2014).*

**Born:** 1964.

**Principal education:** High school diploma.

**Other current positions outside Fasadgruppen:** Chairman of the board of directors of Bo Bra Nyköping AB. Board member of A.M. Karlsson i Kvicksund AB, Trifilon AB, Kvicktorp Holding AB, Maison Forte AB, Maison Forte Sverige AB, AB Slägghus 5, AB Slägghus 6, AB Slägghus 8, AB Slägghus 9, Good Future Foundation AB, Fastighets AB Gillet, AB Gillet bostad 1, AB Gillet bostad 2, Fastighets AB Marieberg, Fastighets AB Hagaholm, Brandkärr Bostad AB, Brandkärr Småhus AB, Strix Aluco AB, 3 Kattugglor AB, Nykop Bostad AB, Torshälla Boutveckling AB, AB Växthusgränd, Ökna Holding AB, Ökna Bostad AB, Hällby Holding AB, AB Hällby bostad, Tuna Gille AB, Fastighets AB Nyge, Förvaltnings Aktiebolaget A.M. Karlsson and Bostadsrättsföreningen Näktergalen 23. Board member and CEO of Linrak bygg AB. Positions in several of Kvicktorp Holding AB's subsidiaries.

**Previous positions outside Fasadgruppen (last five years):** Board member of Fastighets Djupåsvägen AB, Sista versen 29051 AB, Sista versen 40584 AB, Sista versen 44632 AB, Sista versen 44634 AB, Sista versen 59104 AB, Nytt Hus 4 AB, Nytt Hus 5 AB, Nytt Hus 6 AB and Nytt Hus 7 AB. Chairman of the board of directors and CEO of Fyra Byggare Aktiebolag and STARK i Sverige AB. Board member and CEO of Fasadrenoveringar Roland Karlsson i Stockholm AB, Sista versen 21953 AB and Sista versen 30828 AB.

**Shareholding in Fasadgruppen:** 5,486,680 shares (through A.M. Karlsson i Kvicksund AB).

### Independence pursuant to the Swedish Corporate Governance

**Code:** Not independent in relation to the Company and the senior management. Independent in relation to the Company's major shareholders since A.M. Karlsson i Kvicksund AB's shareholding in the Company will be less than ten per cent of all shares and votes in the Company following the Offering.



**Tomas Ståhl**

*Board member since July 2018. Member of the remuneration committee and the audit committee.*

**Born:** 1971.

**Principal education:** MSc, Economics, Lund University.

**Other current positions outside Fasadgruppen:** Board member of AB Axag, AB Nesel, Logistea AB (publ), Logistea PropCo AB and Infrastructure Group Nordic AB. Board member and CEO of Connecting Capital Holding AB as well as positions in several of Connecting Capital Holding AB's subsidiaries.

**Previous positions outside Fasadgruppen (last five years):** Positions in several of Connecting Capital Holding AB's subsidiaries.

**Shareholding in Fasadgruppen:** 400,000 shares (through a company).

**Independence pursuant to the Swedish Corporate Governance**

**Code:** Independent in relation to the Company and the senior management. Not independent in relation to the Company's major shareholders since Tomas is employed by Connecting Capital who owns more than ten per cent of all shares and votes in the Company.



**Ulrika Dellby**

*Board member since May 2020 (board member in companies within the Group since 2019). Chairman of the audit committee.*

**Born:** 1966.

**Principal education:** MSc, Economics, Stockholm School of Economics.

**Other current positions outside Fasadgruppen:** Chairman of the board of directors of Fagerberg & Dellby AB, Fagerberg & Dellby Fond I Invest AB and Hello World! Ideell Förening med firma Hello World!. Board member of SJ AB, Lifco AB (publ), Krysopras AB, Fagerberg & Dellby Fond I AB, Cybercom Intressenter AB, Abstrus AB and Bostadsrättsföreningen Sulitelma 9, Kavli Holding A/S. Deputy board member of Nya Resultat AB. Advisory board member of Altocumulus Kapitalförvaltning.

**Previous positions outside Fasadgruppen (last five years):** Board member of Castellum Norr AB, Castellum Norr 2 AB, Cybercom Holding AB, CYBERCOM GROUP AB, BIG BAG Group AB, BIG BAG AB, Enskede Transport & Logistik AB, Hagströmska Holding AB, Hagströmska Gymnasiet AB, Kopparakademin AB, Malakit AB, Vitrio AB and Zifro AB.

**Shareholding in Fasadgruppen:** 60,000 shares (through a company).

**Independence pursuant to the Swedish Corporate Governance**

**Code:** Independent in relation to the Company, the senior management and the Company's major shareholders.





**Tomas Georgiadis**

*Board member since June 2020. Member of the remuneration committee.*

**Born:** 1976.

**Principal education:** MSc, Engineering, The Institute of Technology at Linköping University.

**Other current positions outside Fasadgruppen:** Chairman of the board of directors of Pallas Athena Group AB. Board member of Sterner Stenhus Holding AB and Samstern Bromma Beckomberg 1:1 AB. Deputy board member of Stenhus Botkyrka Kyrkbyn 2 AB, Stenhus Köping Njord AB, Stenhus Botkyrka Kumlakneken 2 AB, Stenhus Kungens Kurva Diagonalen 1 AB, Stenhus Tumba Samariten 1 AB, Stenhus Utveckling Tumba Samariten 1 AB, Stenhus Tumba Läkarhuset AB, Stenhus Södertälje Företagaren 1 AB, Sterner Stenhus Services AB, Stenhus FSH Sågen 14 AB, Stenhus Kungens Kurva Cirkeln 1 AB, Stenhus Norsborg Alby Kvarn AB, Köping Midgård AB, Botkyrka Korner 6 och 15 AB, A-P Records AB, Substantia Förvaltning AB, Via Futura Holding AB, Via Futura AB and Apollo Services Sverige AB. Positions in several of Sterner Stenhus Holding AB's subsidiaries.

**Previous positions outside Fasadgruppen (last five years):** Board member of Danielssons Sanering AB and SPEF Service AB. Deputy board member of Amasten Fenja Agne AB, Amasten Köping Saga & Ale AB, Amasten Umeå 2 AB, Amasten Umeå 3 AB, Amasten Köping Stadskanten AB, Murarnas Hus Aktiebolag, Skövde Vidar 1 AB, Fastighets AB Turdus, Kalasgott i Kungens Kurva AB, Estea Cirkeln 2 AB, Ale 5 i Köping AB, FSH Köping Förvaltning AB, WF i Ödeshög AB, Stenhus FSH Midgård AB, Stenhus FSH Fenja & Agne AB, Stenhus FSH Ale & Saga AB, Stenhus FSH Älvsjö Murarnas Hus AB, Stenhus FSH Köping Midgård 14 AB, Stenhus FSH Botkyrka Kyrkbyn 2 AB, Stenhus FSH Köping Stadskanten AB, Stockholm Sågen 14 AB, SBB Växjö Solen AB and Skövde Blocks AB. Positions in several of Sterner Stenhus Holding AB's subsidiaries.

**Shareholding in Fasadgruppen:** 4,320,480 shares (through Sterner Stenhus Holding AB).

**Independence pursuant to the Swedish Corporate Governance**

**Code:** Independent in relation to the Company and the senior management. Independent in relation to the Company's major shareholders since Sterner Stenhus Holding AB's shareholding in the Company will be less than ten per cent of all shares and votes in the Company following the Offering.



**Gunilla Öhman**

*Board member since June 2020. Member of the audit committee.*

**Born:** 1959.

**Principal education:** MSc, Economics, Stockholm School of Economics.

**Other current positions outside Fasadgruppen:** Board member of Atvexa AB and Carrara Communication AB. Deputy board member of Tiferia AB. Head of Investor Relations of NCAB Group AB (publ).

**Previous positions outside Fasadgruppen (last five years):** Board member of Hoist Finance AB (publ), HOIST Kredit Aktiebolag, SJ AB, Oasmia Pharmaceutical AB, Oatly AB, Cereal Base CEBA Aktiebolag and AMF Fonder AB. Deputy board member of Svenska Ridsportsförbundets Service Aktiebolag. Head of Investor relations of Edgware AB (publ), Resurs Holding AB (publ), Eltel AB and Elekta AB (publ).

**Shareholding in Fasadgruppen:** 5,200 shares (through a company).

**Independence pursuant to the Swedish Corporate Governance**

**Code:** Independent in relation to the Company, the senior management and the Company's major shareholders.

## Senior executives

Fasadgruppen's senior management currently consists of the following nine senior executives.



### Pål Warolin

CEO since 2020 (active in companies within the Group since 2013).

**Born:** 1974.

**Principal education:** BSc, Technology, Linnaeus University in Kalmar.

**Other current positions outside Fasadgruppen:** Chairman of the board of directors of Got Invest AB. Board member of Warolin Vision AB, Fiskaregården Holding AB, Fiskaregården Investment AB, Fiskaregårdens Projektutveckling AB, Fiskaregården Förvaltning AB and Fiskaregården Projekt Gulan AB. Deputy board member of Hisingfastigheter i Göteborg AB, Förvaltning Von Utfallsgatan AB, Warolin Invest AB, Ulf Sparregatan Projektutveckling AB and Vaggeryd Logistikpark AB.

**Previous positions outside Fasadgruppen (last five years):** Board member of I Dig Denim AB. Deputy board member of Slutplattan PADRO 103452 AB, Sörhallstorget Holding AB, Sörhallstorget Förvaltning AB and Tryckfärgen Fastighet AB.

**Shareholding in Fasadgruppen:** 672,580 shares (through a company).



### Casper Tamm

CFO since 2020.

**Born:** 1961.

**Principal education:** MSc, Economics, Lund University.

**Other current positions outside Fasadgruppen:** Chairman of the board of directors of HACEI AB.

**Previous positions outside Fasadgruppen (last five years):** Board member of SSM Bygg & Fastighets Aktiebolag, Swedol Förvaltning AB, SSM Fastigheter AB, SSM Property Services AB and MS Bygg Stockholm AB. CFO of SSM Holding AB.

**Shareholding in Fasadgruppen:** 38,100 shares.



### Martin Jacobsson

Deputy CEO since 2020 (active in companies within the Group since 2018).

**Born:** 1988.

**Principal education:** MSc, Engineering, Lund University.

**Other current positions outside Fasadgruppen:** Board member of Martin Capital AB.

**Previous positions outside Fasadgruppen (last five years):** Board member of Tryckfärgen Fastighets AB and Bostadsrättsföreningen Surbrunn nr 8. Deputy board member of AMK Projektutveckling AB. Partner of Crepundia Handelsbolag.

**Shareholding in Fasadgruppen:** 931,180 shares (through a company).



### Adrian Westman

Head of Investor Relations (consultant) since 2019.

**Born:** 1985.

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

**Other current positions outside Fasadgruppen:** Chairman of the board of directors of Sjöborgs Båtklubb Ekonomiska förening. Board member of Fogel & Partners i Stockholm AB, Hypoteket Fondförvaltning Sverige AB, SSW Holding AB and Kumla Fritidsområdes Samfällighetsförening. Head of Investor Relations of Samhällsbyggnadsbolaget i Norden AB (ending in December 2020).

**Previous positions outside Fasadgruppen (last five years):** Board member of Insiderfonder AB and Jonbur Invest AB. Head of Investor Relations of Instalco Intressenter AB.

**Shareholding in Fasadgruppen:** 7,600 shares.



**Mats Karlsson**

*Business Area Manager South since 2016 (active in companies within the Group since 1991).*

**Born:** 1973.

**Principal education:** High school diploma.

**Other current positions outside Fasadgruppen:** Board member of KFAB Förvaltning AB, MAMO Fastigheter AB, S.Edström logistics Malmö AB and Kulturkonsulterna i Småland AB.

**Previous positions outside Fasadgruppen (last five years):** –

**Shareholding in Fasadgruppen:** 2,498,380 shares (through KFAB Förvaltning AB).



**Andreas Bendrik**

*Business Area Manager North since 2019 (active in companies within the Group since 1988).*

**Born:** 1973.

**Principal education:** High school diploma.

**Other current positions outside Fasadgruppen:** Chairman of the board and CEO of Ramis 42:200 AB. Board member and CEO of Näringen Fastigheter AB and Bendrik Invest AB. Board member of Bendrik Högström Invest AB. Deputy board member of PLOJ Holding AB.

**Previous positions outside Fasadgruppen (last five years):** Chairman of the board of Bostadsrättsföreningen Solsidan i Ramundberget.

**Shareholding in Fasadgruppen:** 1,110,200 shares (through a company).



**Stefan Karlsson**

*Business Area Manager East since 2016 (active in companies within the Group since 1994).*

**Born:** 1972.

**Principal education:** High school education.

**Other current positions outside Fasadgruppen:** Board member and CEO of Stefan Karlsson Konsult & Fastighets AB.

**Previous positions outside Fasadgruppen (last five years):** Chairman of the board of directors of Bostadsrättsföreningen Stubben 7. Board member of Leda Snygg AB.

**Shareholding in Fasadgruppen:** 703,820 shares (through a company).



**Michèle Ferrari**

*Marketing Manager since 2019.*

**Born:** 1974.

**Principal education:** BSc, Media and Communications, Uppsala University.

**Other current positions outside Fasadgruppen:** Deputy board member of Bostadsrättsföreningen Tryckeriet i Nacka.

**Previous positions outside Fasadgruppen (last five years):** Deputy board member of Anders Ferrari Consulting AB.

**Shareholding in Fasadgruppen:** –



**Anders Planensten**

*Purchasing and Sales Manager since 2018.*

**Born:** 1964.

**Principal education:** High school diploma.

**Other current positions outside Fasadgruppen:** Chairman of the board of directors of Tungt murat och putsat byggande Ekonomisk förening.

**Previous positions outside Fasadgruppen (last five years):** –

**Shareholding in Fasadgruppen:** 33,900 shares.

### Additional information regarding the board of directors and senior executives

All members of the board of directors and senior executives can be reached at the Company's address: Wallingatan 2, SE-111 60 Stockholm, Sweden.

There are no family ties between any of the board members and the senior executives. No board member nor any senior executive has any private or other interests that may conflict with the Company's interests. However, some board members and senior executives own shares in the Company. There are no arrangements between the Company and major shareholders, customers, suppliers or other parties pursuant to which any board member has been elected to the board of directors or any senior executives have been appointed as senior executives.

The board member Mikael Karlsson was a board member of Fyra Byggare Aktiebolag when the company's bankruptcy was initiated in 2012 (the bankruptcy was completed in 2016), Fasadrenoveringar Roland Karlsson i Stockholm AB when the company's bankruptcy was initiated in 2012 (the bankruptcy was completed in 2016) and of STARK i Sverige AB when the company's bankruptcy was initiated in 2012 (the bankruptcy was completed in 2017).

During the past five years, none of the board members or the senior executives have been convicted for fraudulent offences, involved in or represented any company which has been declared bankrupt or placed under receivership (except for what has been stated in the paragraph above) or filed for compulsory liquidation or disqualified by a court from acting as a member of the administrative, management or supervisory body of a company or from acting in the management or conduct the affairs of a company. Neither has any statutory or regulatory authority (including designated professional bodies), during the past five years, publically incriminated, and/or sanctioned, any board member or senior executive for a crime.

### Auditor

The annual general meeting on 17 June 2020 re-elected Deloitte AB, 556271-5309, as auditor for the period until the close of the annual general meeting 2021. Richard Peters has been the auditor in charge since 2018. Richard Peters is an authorised public accountant and member of FAR (the Institute for the Accountancy Profession in Sweden). Deloitte AB's address is Deloitte AB, SE-113 79 Stockholm, Sweden.

# Corporate governance

## Corporate governance in Fasadgruppen

The Company is a Swedish public limited liability company. Fasadgruppen's corporate governance is mainly based on Swedish law, primarily the Swedish Companies Act, the articles of association and internal rules, including policies and instructions. In connection with the admission to trading of the Company's shares on Nasdaq Stockholm, the Company will also apply, *inter alia*, Nasdaq Stockholm's Rule book for Issuers and the Swedish Corporate Governance Code (the "Code"). The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The Code sets a higher standard for good corporate governance than the minimum standards of the Swedish Companies Act and other rules. Fasadgruppen is not required to comply with all rules in the Code. Fasadgruppen may decide on alternative solutions which are deemed to be more suitable for the specific circumstances, provided that any such deviations and the alternative solutions chosen by Fasadgruppen are described and the reasons therefore are explained by Fasadgruppen in the corporate governance report (according to the "comply or explain" principle). Fasadgruppen will apply the Code from the first day of trading in the Company's shares on Nasdaq Stockholm. Fasadgruppen does not intend to deviate from any of the rules of the Code (however, see section "*Nomination committee*" below).

## General meetings of shareholders

### General

According to the Swedish Companies Act, the general meeting is the ultimate decision-making body of the Company. At the general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and statements of financial position, appropriation of the Company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and auditor as well as remuneration to the board of directors and the auditor.

An annual general meeting must be held within six months from the end of each financial year. In addition to the annual general meeting, extraordinary general meetings may be convened. According to the articles of association, general meetings are convened by publication of the notice convening the meeting in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company's website. The Company shall also advertise in Svenska Dagbladet that notice has been made.

## Right to attend general meetings

Those who wish to participate in a general meeting must be listed as a shareholder in a printout or other presentation of the share register relating to the circumstances six business days prior to the meeting, and notify the Company of their participation not later than on the date set out in the notice convening the meeting. In addition to notifying the Company, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares be temporarily registered in their own names in the share register not later than four business days prior to the general meeting in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date. Shareholders may attend general meetings in person or by proxy and may be accompanied by not more than two advisers.

## Shareholder initiatives

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the board of directors. The matter shall be addressed at the general meeting, provided that the request was received by the board of directors not later than one week prior to the earliest date on which notice to attend the general meeting may be issued pursuant to the Swedish Companies Act, or after that date but in due time for the matter to be included in the notice to attend the general meeting.

## Nomination committee

As of the date of this Prospectus, the Company does not have a nomination committee. Pursuant to the Code, Swedish companies whose shares are listed on a regulated market in Sweden shall have a nomination committee. An extraordinary general meeting on 2 October 2020 resolved to adopt the following instruction for the appointment of the nomination committee and for the nomination committee's work, which shall apply until further notice.

### Instruction for the nomination committee in Fasadgruppen

#### *The members of the nomination committee*

The company shall have a nomination committee. The members of the nomination committee shall be appointed through the three largest shareholders in the company in terms of voting rights, according to the shareholders' register maintained by Euroclear Sweden as of the last business day of December 2020 for the annual general meeting 2021 (and thereafter as of the last business day in August each year), being given the opportunity to appoint one member each. If less than three members have been appointed through this procedure, the right to appoint one member of the nomination committee is transferred to the shareholder next in line in terms of voting rights until a total of



three members has been elected (however, the company is not obliged to consult more than three additional shareholders). The shareholder who controls the largest number of votes in the company is entitled to appoint the chairman of the nomination committee.

When the members of the nomination committee are appointed through the procedure described above, it shall be taken into account that the majority of the members of the nomination committee are to be independent of the company and its senior management. Neither the CEO nor other members of the senior management are to be members of the nomination committee. At least one member of the nomination committee is to be independent of the company's largest shareholder in terms of votes or any group of shareholders who act in concert in the governance of the company. Members of the board of directors may be members of the nomination committee but may not constitute a majority thereof. Neither the chairman of the board of directors nor any other member of the board of directors may be chairman of the nomination committee. If more than one member of the board of directors is on the nomination committee, no more than one of these may be dependent of a major shareholder in the company.

The chairman of the board of directors shall be a member of the nomination committee (without voting rights) and shall coordinate the procedure for appointing the members of the nomination committee.

#### *Changes in the nomination committee*

Changes in the composition of the nomination committee may be made in the following events.

- A shareholder who has appointed one member sells its entire holding in the company, whereby the shareholder's representative shall be dismissed with immediate effect.
- A shareholder wishes to change the shareholder's representative, whereby a request shall be sent to the chairman of the nomination committee (or in case the request concerns the chairman, to another member of the nomination committee) and the request shall be effective upon receipt.
- There has been a significant change in the ownership structure of the company, whereby the nomination committee is entitled to resolve, at its own discretion, to offer the largest shareholder in terms of voting rights (provided that such shareholder has not already appointed a member of the nomination committee) an opportunity to appoint one member in order for the composition of the nomination committee to reflect the ownership structure of the company.

In the event of changes in the composition of the nomination committee, the provisions concerning the members' independence pursuant to the second paragraph in section "*The members of the nomination committee*" above shall be taken into consideration. Changes in the nomination committee shall be disclosed by the company as soon as possible.

The nomination committee's mandate period expires when the company has disclosed the composition of a new nomination committee.

#### *The nomination committee's tasks*

The chairman of the nomination committee shall convene the first meeting of the nomination committee. The nomination committee shall prepare and, in due time before the board of directors issues the notice for the annual general meeting, provide the chairman of the board of directors with the nomination committee's proposals for:

- election of chairman and other members of the board of directors;
- resolution on remuneration to the board of directors;
- election of auditor;
- resolution on remuneration to the auditor;
- election of chairman at the general meeting; and
- resolution on changes of this instruction (if deemed necessary by the nomination committee).

The nomination committee's proposals shall be included in the notice of the annual general meeting. In connection with the board of directors issuing the notice of the annual general meeting, the nomination committee shall ensure that the company publishes the nomination committee's proposals and reasoned statement as well as information on how the nomination committee has performed its assignments on the company's website.

At least one member of the nomination committee should attend each annual general meeting and present the reasons on which the nomination committee's proposals are based.

In addition, the nomination committee shall fulfil the tasks for the nomination committee set out in the Swedish Corporate Governance Code.

The nomination committee is quorate where more than one-half of the total number of members are present. The nomination committee's decision is the opinion supported by at least half of the members present. In the event of a tied vote, the chairman of the nomination committee shall have the casting vote.

#### *Remuneration and expenses*

No remuneration shall be paid to the members of the nomination committee. However, the nomination committee shall be entitled to incur costs for the company for, *inter alia*, recruitment consultants or other costs necessary for the nomination committee to be able to fulfil its assignments.

### **The board of directors**

#### *Composition and independence*

Members of the board of directors are normally appointed by the annual general meeting for the period until the close of the following annual general meeting. According to the Company's articles of association, the general meeting shall appoint not less than three and not more than ten board

members. Pursuant to the Code, the chairman of the board of directors shall be appointed by the general meeting. Not more than one board member elected by the general meeting may be a member of the senior management of the Company or a subsidiary of the Company. The majority of the board members elected by the general meeting shall be independent in relation to the Company and its senior management. At least two of the board members who are independent in relation to the Company and the senior management shall also be independent in relation to the Company's major shareholders. See section "*Board of directors, senior executives and auditor—Board of directors*" for an account of the board members' independence in relation to the Company, the senior management and the Company's major shareholders.

### Responsibilities and work

The board of directors is the Company's second-highest decision making body after the general meeting. The duties of the board of directors are primarily set forth in the Swedish Companies Act, the Company's articles of association and the Code. In addition, the work of the board of directors is guided by the instructions from the general meeting as well as the rules of procedure of the board of directors. The rules of procedure of the board of directors govern the division of work within the board of directors. The board of directors also adopts instructions for the committees of the board of directors, an instruction for the CEO and an instruction for the financial reporting to the board of directors.

The board of directors is responsible for the organisation and the management of the Company's matters, which, among other things, entails a responsibility for outlining overall, long-term strategies and objectives, budgets and business plans, establishing guidelines to ensure that the operations create value in the long term, reviewing and establishing the accounts, making decisions on issues regarding investments and sales, capital structure and dividend policy, developing and adopting central policies, ensuring that control systems exist for monitoring that policies and guidelines are followed, ensuring that there are systems for monitoring and controlling the Company's operations and risks, significant changes in the Company's organisation and operations, appointing the CEO and, in accordance with the guidelines adopted by the general meeting, setting remuneration and other terms of employment benefits for the CEO and other senior executives. The chairman of the board of directors is responsible for ensuring that the board of directors' work is carried out efficiently and that the board of directors fulfils its obligations.

The board of directors meets according to an annual predetermined schedule. In addition to these ordinary board meetings, additional board meetings may be convened when the chairman considers it to be necessary or if a board member or the CEO so requests.

### Remuneration committee

The board of directors has established a remuneration committee. The remuneration committee currently consists of three members: Per Sjöstrand (chairman), Tomas Ståhl and Tomas Georgiadis. All members of the remuneration committee are independent in relation to the Company and the senior management.

The remuneration committee's main tasks are to:

- prepare the board of directors' decisions on issues concerning principles for remuneration, remunerations and other terms of employment for the senior management;
- monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the senior management;
- monitor and evaluate the application of the guidelines for remuneration to the senior executives that the annual general meeting is legally obliged to establish, as well as the current remuneration structures and levels in the Company;
- prepare and submit to the board of directors a draft of the remuneration report that the Company is to prepare pursuant to the Swedish Companies Act; and
- if the Company implements incentive programs for the employees of the Company, ensure that the incentive programs are annually evaluated.

### Audit committee

The board of directors has established an audit committee. The audit committee currently consists of three members: Ulrika Dellby (chairman), Tomas Ståhl and Gunilla Öhman.

The audit committee's main tasks are to:

- monitor the Company's financial reporting as well as provide recommendations and proposals to ensure the reliability of the reporting;
- in respect of the financial reporting, monitor the effectiveness of the Company's internal control, internal audit and risk management;
- keep itself informed about the audit of the annual report for the Company and the Group as well as the conclusions of the Swedish Inspectorate of Auditors' (Sw. *Revisorsinspektionen*) quality control;
- inform the board of directors of the result of the audit and the way in which the audit contributed to the reliability of the financial reporting as well as the function filled by the audit committee;
- review and monitor the impartiality and independence of the external auditor and, in conjunction therewith, pay special attention to whether the external auditor provides the Company with services other than auditing services; and
- assist the nomination committee in conjunction with the preparation of proposals to the general meeting's resolution regarding election of auditor.

### Remuneration to the board of directors

Fasadgruppen did not pay any board fees to the members of the board of directors during the financial year 2019. However, the board member Mikael Karlsson received a consulting fee for primarily acquisition-related advisory services (outside the scope of the board assignment) which amounted to SEK 1,131.

The annual general meeting on 17 June 2020 resolved on fees for the members of the board of directors for the period until the close of the annual general meeting 2021 amounting to not more than SEK 600, to be paid to the members of the board of directors in accordance with the following: SEK 175 each to Per Sjöstrand, Ulrika Dellby and Gunilla Öhman in their capacity as ordinary members of the board of directors as well as an additional amount of SEK 75 to Ulrika Dellby in her capacity as chairman of the audit committee of the board of directors. The board members Mikael Karlsson, Tomas Ståhl and Tomas Georgiadis currently do not receive any board fees or other remuneration from Fasadgruppen. However, Mikael Karlsson has during 2020 (through his company A.M. Karlsson i Kvicksund AB) performed acquisition-related advisory services (outside the scope of the board assignment), for which he has received compensation amounting to SEK 1,900. Mikael Karlsson ceased to perform consulting services for Fasadgruppen on 30 November 2020.

Fasadgruppen has not entered into any agreements with the members of the board of directors regarding benefits upon termination of the board assignment.

### The CEO and other senior executives

#### Responsibilities and work of the senior executives

The CEO is subordinated to the board of directors and responsible for the day-to-day management and operations of the Company in accordance with guidelines and instructions from the board of directors. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the instructions for the CEO.

The CEO is responsible for providing the board of directors with information and necessary documentation for decision making. The CEO leads the work of the senior management and makes decisions after consulting the other members of the senior management. Further, the CEO reports at meetings of the board of directors and shall ensure that the members of the board of directors regularly receive the information required to follow the Company's and the Group's financial position, liquidity and development.

The CEO and the other senior executives are presented in section "Board of directors, senior executives and auditor–Senior executives".

#### Remuneration to the senior executives

The following table presents the remuneration paid by Fasadgruppen to the CEO and other senior executives during the financial year 2019.

(SEK)	Base salary	Variable salary	Other benefits*	Pension benefits	Total
CEO, Pål Warolin (from and including 1 February 2019)	1,114,000	0	71,042	236,186	1,421,228
CEO, Mikael Karlsson (up to and including 31 January 2019)	0	0	100,000	0	100,000
Deputy CEO, Martin Jacobsson	862,000	0	49,108	128,832	1,039,940
Other senior executives (7 persons)	4,233,791	200,000	205,549	785,453	5,424,793
<b>Total</b>	<b>6,209,791</b>	<b>200,000</b>	<b>425,699</b>	<b>1,150,471</b>	<b>7,985,961</b>

\* Other benefits include non-monetary benefits such as car benefits and occupational health services.

### Current employment terms for the CEO and other senior executives

The CEO is entitled to a monthly fixed salary of SEK 150 and pension benefits corresponding to 30 per cent of the fixed salary. Provided that certain performance measures set in advance by the board of directors are met, the CEO may also receive an annual bonus. The bonus can amount to a maximum of six monthly salaries. For the CEO, a notice period of six months applies in case of termination of employment by the Company as well as by the CEO.

For the other senior executives (excluding the Head of Investor Relations who is a consultant), a notice period of three–six months applies in case of termination of employ-

ment by the Company as well as by the respective senior executive.

The Company has entered into a consulting agreement with Fogel & Partners i Stockholm AB regarding the Head of Investor Relations' services for Fasadgruppen. The services comprise part-time work with an estimated workload of 50 per cent of full-time. The consulting agreement initially runs for twelve months after the first day of trading in the Company's shares on Nasdaq Stockholm and thereafter with a notice period of three months.

Fasadgruppen has not entered into any agreements with senior executives regarding benefits upon termination of employment.

## Guidelines for remuneration to senior executives

An extraordinary general meeting on 2 October 2020 resolved to adopt the following guidelines for remuneration to senior executives for the period until the annual general meeting 2021.

### Introduction

The company shall apply these guidelines on remuneration to the company's senior executives that the company agrees upon following the admission to trading of the company's shares on Nasdaq Stockholm. In these guidelines, senior executives comprise the CEO and deputy CEO, CFO, Head of Investor Relations, Business Area Managers, Marketing Manager, Purchasing and Sales Manager as well as board members of the company who have entered into an employment agreement or a consulting agreement with the company or a company within the group. The guidelines do not cover remuneration resolved upon by the general meeting.

### General principles for remuneration and other terms and conditions

The company's remuneration principles shall ensure responsible remuneration decisions that support the company's strategy, long-term interests and sustainable business practices. Salaries and other terms of employment shall enable the group to retain and recruit skilled senior executives at a reasonable cost. Remuneration to senior executives may consist of a fixed salary, variable salary, pension and other benefits.

### Principles for fixed salary

Fixed salaries shall be in line with market conditions and based on the senior executive's responsibility, expertise and performance.

### Principles for variable salary

Variable salaries (*i.e.* cash bonuses) shall be in line with market conditions and based on the senior executive's responsibility, expertise and performance. Payment of variable salaries shall be conditional upon the fulfilment of a number of predetermined financial or individual objectives. The evaluation of whether the objectives for payment have been satisfied shall be made when the relevant measurement period of the objectives has ended. The remuneration committee of the board of directors is responsible for the evaluation of variable salaries to the CEO and deputy CEO. The CEO is responsible for the evaluation of variable salaries to other senior executives.

Variable salary may not amount to more than 50 per cent of the annual fixed salary (*i.e.* annual cash salary excluding pensions, benefits and similar).

### Principles for pensions

Agreements regarding pensions shall, where applicable, be defined contribution pensions and designed in accordance with the level and practice applicable in the country in

which the senior executive is employed. The pension premiums for premium defined pension may amount to a maximum of 40 per cent of the annual fixed salary (*i.e.* annual cash salary excluding pensions, benefits and similar).

### Principles for other benefits

Other benefits may include, for example, life insurance, medical insurance (Sw. *sjukvårdsförsäkring*) and company cars. Premiums and other costs related to such benefits may not amount to more than 15 per cent of the annual fixed salary (*i.e.* annual cash salary excluding pensions, benefits and similar).

### Principles for salary during periods of notice and severance pay

Fixed salary during notice periods and severance pay, including payments for any competition restrictions, shall in aggregate not exceed an amount equivalent to the fixed salary for two years.

### Principles for consulting fees to board members

If a board member performs work for the group outside the scope of the ordinary board assignment, consulting fees in line with market conditions may be paid.

### Preparation and review of matters relating to remuneration to senior executives

These guidelines have been prepared by the board of directors after being processed in the remuneration committee of the board of directors. In connection with the remuneration committee's evaluation of the guidelines and whether the limitations set out in the guidelines are reasonable, the remuneration committee has considered information regarding the total compensation to all employees of the company, including different remuneration components as well as the remuneration's increase and growth over time.

The remuneration committee shall monitor and evaluate programs for variable salary to senior executives, the application of these guidelines as well as current remuneration structure and compensation levels in the company.

The members of the remuneration committee are independent in relation to the company and the senior management. The CEO, the deputy CEO and the other members of the senior management do not participate in the preparations of and decisions regarding remuneration-related matters if they are affected by such matters.

### Principles for deviations from the guidelines

The board of directors may resolve to deviate from the guidelines, in whole or in part, if the board of directors, in an individual case, is of the opinion that there are specific circumstances justifying a deviation and a deviation is necessary in order to serve the company's long-term interests and sustainability or to ensure the company's financial viability.

## Internal control

### General

Fasadgruppen has established a framework for internal control for the purpose of creating an efficient organisation that meets the targets set by the board of directors. This framework includes routines to ensure that Fasadgruppen's operations are conducted correctly and efficiently, that laws and regulations are complied with and that the financial reporting is accurate and reliable and in accordance with applicable laws and regulations. Fasadgruppen's internal control includes the following elements: risk assessment, control activities as well as evaluation and reporting.

### Risk assessment

Fasadgruppen has established a risk assessment procedure, meaning that Fasadgruppen conducts annual risk analyses and risk assessments. In accordance with this framework, risks are identified and categorised in the following four areas:

- Strategic risks
- Operational risks
- Compliance risks
- Financial risks

Fasadgruppen's objective with the risk analyses is to identify the most significant risks that may prevent Fasadgruppen from achieving its targets or realising its business idea. The objective is further to evaluate these risks based on the probability that they will realise in the future and to what extent the risks would affect Fasadgruppen's targets if they were to realise.

Each individual risk is assigned a so-called risk owner. The risk owner has a mandate and responsibility to ensure that actions and controls are established and implemented. The risk owner is also responsible for monitoring, following up and reporting changes in Fasadgruppen's risk exposure in relation to identified risks.

Identified risks are reported annually by the Company's CEO to the audit committee and the board of directors. The board of directors evaluates Fasadgruppen's risk management system, including risk assessments, and shall annually submit a description in which the most important elements of Fasadgruppen's internal control and risk management are examined in detail. The purpose of this procedure is to ensure that significant risks are managed and that controls that counteract identified risks are implemented.

### Control activities

Fasadgruppen has established a risk management procedure that includes a number of control activities of matters that must be in place and function in the risk management procedures. The control requirements constitute important tools that enable the board of directors to lead and evaluate information from the senior management as well as to take responsibility for identified risks.

## Evaluation and reporting

A self-assessment of the internal control's effectiveness shall annually be performed by an employee appointed by the Company's CEO. The Company's CEO is responsible for presenting the results to the audit committee and the board of directors. Fasadgruppen has a group-wide monitoring process through which the entities and functions shall follow up the efficiency of the controls and report back to the employee appointed by the Company's CEO.

## Information and communication

The board of directors of Fasadgruppen has adopted an information and insider policy which includes, *inter alia*, guidelines for Fasadgruppen's handling and communication of inside information and other external information obligations. Fasadgruppen's communication shall be long-term and compatible with Fasadgruppen's brand, vision, business idea, strategies, objectives and values. The communication shall be transparent, factual, well-structured and well-planned. Fasadgruppen shall provide correct, relevant and clear information in accordance with applicable laws and regulations.

## External audit

The auditor shall review Fasadgruppen's annual report and accounting as well as the management of the board of directors and the CEO. Since the Company is a parent company, the auditor shall also review the consolidated accounts and the group companies' relations to each other. The audit of Fasadgruppen's financial reports and accounts as well as of the management by the board of directors and the CEO is conducted in accordance with generally accepted auditing standards in Sweden. Following each financial year, the auditor shall submit an auditor's report and a consolidated auditor's report to the annual general meeting.

Fasadgruppen's auditor is Deloitte AB. Richard Peters is the auditor in charge. For more information about the auditor, see section "*Board of directors, senior executives and auditor—Auditor*".

During the financial year 2019, the total remuneration to Fasadgruppen's auditor amounted to SEK 1,533, of which SEK 19 related to the Company. The remuneration only related to Deloitte AB's audit services for Fasadgruppen.



# Ownership structure and selling shareholders

## Ownership structure

The following table presents the ownership structure of the Company as of the date of this Prospectus and how this may change in connection with the Offering. As of the date of this Prospectus, there are no persons or legal entities owning five per cent or more of all shares and votes in the Company, except as stated in the table below.

	Prior to the Offering		After the Offering (assuming that the Over-allotment Option is not exercised)		After the Offering (assuming that the Over-allotment Option is exercised in full)	
	Number of shares	Percentage of shares (%)	Number of shares	Percentage of shares (%)	Number of shares	Percentage of shares (%)
<i>Selling Shareholders and other existing shareholders</i>						
Connecting Capital Sweden AB	14,236,044	35.5%	8,357,017	18.5%	6,833,790	15.1%
A.M. Karlsson i Kvicksund AB <sup>1)</sup>	5,486,680	13.7%	3,781,192	8.4%	3,292,008	7.3%
Sterner Stenhus Holding AB <sup>2)</sup>	4,320,480	10.8%	2,641,750	5.9%	2,160,241	4.8%
KFAB Förvaltning AB <sup>3)</sup>	2,498,380	6.2%	1,998,704	4.4%	1,998,704	4.4%
Other existing shareholders	13,590,896	33.9%	11,727,667	26.0%	11,727,667	26.0%
<i>Cornerstone Investors and other investors in the Offering<sup>4)</sup></i>						
Capital Group	0	0.0%	4,583,332	10.2%	4,583,332	10.2%
Swedbank Robur Fonder	0	0.0%	3,333,333	7.4%	3,333,333	7.4%
Other investors in the Offering	0	0.0%	8,709,485	19.3%	11,203,405	24.8%
<b>Total (all shareholders)</b>	<b>40,132,480</b>	<b>100.0%</b>	<b>45,132,480</b>	<b>100.0%</b>	<b>45,132,480</b>	<b>100.0%</b>

1) A.M. Karlsson i Kvicksund AB is 51 per cent owned by the board member Mikael Karlsson.

2) Sterner Stenhus Holding AB is 30 per cent owned by the board member Tomas Georgiadis.

3) KFAB Förvaltning AB is 100 per cent owned by the senior executive Mats Karlsson.

4) The Cornerstone Investors have committed to, subject to certain conditions, acquire shares up to a certain amount in the Offering (see section "Legal considerations and supplementary information—Commitments by Cornerstone Investors").

## Selling shareholders

The Company offers 5,000,000 newly issued shares in connection with the Offering, corresponding to 30.1 per cent of the total number of shares in the Offering if the Over-Allotment Option is not exercised and 26.2 per cent of the total number of shares in the Offering if the Over-Allotment Option is exercised in full (see sections "Invitation to acquire shares in Fasadgruppen" and "Share and share capital—Changes in the number of shares and the share capital in connection with the Offering").

The table below presents the Selling Shareholders, other shareholders in Fasadgruppen who will sell shares in connection with the Offering and the number of shares that is offered for sale. See section "Terms and instructions—Over-allotment Option" for more information regarding the Managers right to exercise the Over-allotment Option.

	Shares offered for sale (if the Over-allotment Option is not exercised)		Shares offered for sale (if the Over-allotment Option is exercised in full)	
	Number	Percentage (%) <sup>*</sup>	Number	Percentage (%) <sup>*</sup>
<i>Selling Shareholders</i>				
Connecting Capital Sweden AB	5,879,027	35.4%	7,402,254	38.7%
A.M. Karlsson i Kvicksund AB <sup>1)</sup>	1,705,488	10.3%	2,194,672	11.5%
Sterner Stenhus Holding AB <sup>2)</sup>	1,678,730	10.1%	2,160,239	11.3%
<i>Other shareholders</i>				
Board members, senior executives, employees in Fasadgruppen, etc. <sup>3)</sup>	2,362,905	14.2%	2,362,905	12.4%
<b>Total (all shareholders)</b>	<b>11,626,150</b>	<b>69.9%</b>	<b>14,120,070</b>	<b>73.8%</b>

<sup>\*</sup> Percentage of the total number of shares in the Offering.

1) A.M. Karlsson i Kvicksund AB is 51 per cent owned by the board member Mikael Karlsson.

2) Sterner Stenhus Holding AB is 30 per cent owned by the board member Tomas Georgiadis.

3) Provided that the Offering is completed, certain other shareholders (who are not Selling Shareholders for the purpose of the Offering), including, among others, board member Tomas Ståhl (200,000 shares), CFO Casper Tamm (9,525 shares), Business Area Manager North Andreas Bendrik (277,550 shares, of which 100,000 shares through a partly owned company), Business Area Manager East Stefan Karlsson (175,955 shares), Business Area Manager South Mats Karlsson (499,676 shares through KFAB Förvaltning AB) and certain employees of Fasadgruppen (1,200,199 shares), will sell shares to Connecting Capital Sweden AB who subsequently will sell the shares in the Offering.

# Shares and share capital

## Shares and share capital

All shares in the Company are issued in accordance with Swedish law and are denominated in SEK. According to the Company's articles of association, the share capital shall be not less than SEK 1,000,000 and not more than SEK 4,000,000 divided on not less than 20,000,000 shares and not more than 80,000,000 shares. As of the date of the last balance sheet (*i.e.* 30 September 2020), the Company's registered share capital amounted to SEK 1,927,010 divided on 1,927,010 shares, with a quota value of SEK 1 per share. As of the date of this Prospectus, the Company's registered share capital amounts to SEK 2,006,624 divided on 40,132,480 shares, with a quota value of SEK 0.05 per share.

## Changes in the number of shares and the share capital in connection with the Offering

In order to carry out the Company's offering of not more than 5,000,000 shares (see section "*Invitation to acquire shares in Fasadgruppen*"), Fasadgruppen's board of directors will resolve upon an issuance of not more than 5,000,000 shares based on an authorisation to issue shares. The issue of new shares in connection with the Offering will increase the Company's share capital with not more than SEK 250,000 (from SEK 2,006,624 to not more than SEK 2,256,624). The number of shares will increase with not more than 5,000,000 shares (from 40,132,480 shares to not more than 45,132,480 shares).

For more information on the development of the share capital since the Company was formed, see section "*Share capital development*" below.

## CSD affiliation

At the time of the admission to trading of the Company's shares on Nasdaq Stockholm, the shares will be registered in a central securities depository (CSD) register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*Sw. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). The CSD register will be operated by Euroclear Sweden (Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden). The ISIN code for the shares will be SE0015195771.

## Certain rights attached to the shares

### Voting rights at general meetings of shareholders

Each share in the Company entitles to one vote at general meetings. Each shareholder is entitled to vote for the full number of shares in the Company held by the shareholder. Shares held by the Company itself may not be represented at general meetings.

### Preferential rights to new shares

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, the shareholders will in general have preferential rights to subscribe for such securities in proportion to the percentage of the Company's share capital held by each shareholder prior to the issue. However, the articles of association contain no provisions that restrict the Company from issuing new shares, warrants or convertibles with deviation from the shareholders' preferential rights in accordance with the Swedish Companies Act.

### Right to dividends and surplus in the event of liquidation

All shares in the Company carry equal rights to dividends as well as to the Company's assets and any surplus in the event of a dissolution of the Company. See also section "*Dividends and dividend policy*".

### Transferability of the shares

The shares in the Company are freely transferable and the Company's articles of association do not contain any provisions restricting the transferability of the shares.

## Share capital development

The table below summarises the historic development of the Company's share capital since the Company was formed in 2018 (up until the date of this Prospectus) as well as the changes in the number of shares and the share capital that the Company intends to carry out in connection with the Offering.

Year	Event	Change in the number of shares	Total number of shares	Change in the share capital (SEK)	Share capital (SEK)	Quota value (SEK)
2018	Incorporation	–	50,000	–	50,000	1.00
2018	Share issue <sup>1)</sup>	950,000	1,000,000	950,000	1,000,000	1.00
2018	Share issue <sup>2)</sup>	79,620	1,079,620	79,620	1,079,620	1.00
2019	Share issue <sup>3)</sup>	36,000	1,115,620	36,000	1,115,620	1.00
2019	Share issue <sup>4)</sup>	10,905	1,126,525	10,905	1,126,525	1.00
2019	Share issue <sup>5)</sup>	5,633	1,132,158	5,633	1,132,158	1.00
2019	Share issue <sup>6)</sup>	17,241	1,149,399	17,241	1,149,399	1.00
2019	Share issue <sup>7)</sup>	6,834	1,156,233	6,834	1,156,233	1.00
2019	Share issue <sup>8)</sup>	1,500	1,157,733	1,500	1,157,733	1.00
2019	Share issue <sup>9)</sup>	3,479	1,161,212	3,479	1,161,212	1.00
2019	Share issue <sup>10)</sup>	20,563	1,181,775	20,563	1,181,775	1.00
2020	Share issue <sup>11)</sup>	17,997	1,199,772	17,997	1,199,772	1.00
2020	Share issue <sup>12)</sup>	406,333	1,606,105	406,333	1,606,105	1.00
2020	Share issue <sup>13)</sup>	144,570	1,750,675	144,570	1,750,675	1.00
2020	Conversion <sup>14)</sup>	–	1,750,675	–	1,750,675	1.00
2020	Share issue <sup>15)</sup>	120,438	1,871,113	120,438	1,871,113	1.00
2020	Share issue <sup>16)</sup>	35,802	1,906,915	35,802	1,906,915	1.00
2020	Share issue <sup>17)</sup>	1,192	1,908,107	1,192	1,908,107	1.00
2020	Share issue <sup>18)</sup>	18,903	1,927,010	18,903	1,927,010	1.00
2020	Share issue <sup>19)</sup>	37,509	1,964,519	37,509	1,964,519	1.00
2020	Share split (20:1)	37,325,861	39,290,380	–	1,964,519	0.05
2020	Exercise of warrants <sup>20)</sup>	842,100	40,132,480	42,105	2,006,624	0.05
2020	Share issue <sup>21)</sup>	5,000,000	45,132,480	250,000	2,256,624	0.05

1) Cash issue of 950,000 shares. The subscription price was SEK 1 per share.

2) Set-off issue of 79,620 shares of series B. The subscription price was SEK 1 per share of series B. In connection with the issue, the general meeting resolved upon changes in the articles of association and implementation of two series of shares (shares of series A and series B). Following the issue, there were 1,000,000 shares of series A and 79,620 shares of series B in the Company.

3) Set-off issue of 36,000 shares of series B. The subscription price was approximately SEK 267 per share of series B.

4) Set-off issue of 10,905 shares of series B. The subscription price was approximately SEK 275 per share of series B.

5) Set-off issue of 5,633 shares of series B. The subscription price was approximately SEK 275 per share of series B.

6) Set-off issue of 17,241 shares of series B. The subscription price was approximately SEK 261 per share of series B.

7) Set-off issue of 6,834 shares of series B. The subscription price was approximately SEK 263 per share of series B.

8) Set-off issue of 1,500 shares of series B. The subscription price was approximately SEK 396 per share of series B.

9) Set-off issue of 3,479 shares of series B. The subscription price was approximately SEK 409 per share of series B.

10) Set-off issue of 20,563 shares of series B. The subscription price was approximately SEK 567 per share of series B.

11) Set-off issue of 17,977 shares of series B. The subscription price was approximately SEK 558 per share of series B.

12) Set-off issue of 406,333 shares of series A. The subscription price was approximately SEK 525 per share of series A. Following the issue, there were 1,406,333 shares of series A and 199,772 shares of series B in the Company.

13) Cash issue of 144,560 shares of series A. The subscription price was approximately SEK 525 per share of series A.

14) Resolution on conversion of all shares of series B to shares of series A in accordance with an provision in the Company's articles of associations. Following the conversion, there were 1,750,675 shares of series A and no shares of series B in the Company. In connection with the conversion, the general meeting resolved upon changes in the articles of association and that there shall only be one series of shares (the shares of series A at the time).

15) Set-off issue of 120,438 shares. The subscription price was approximately SEK 750 per share.

16) Set-off issue of 35,802 shares. The subscription price was SEK 1,220 per share.

17) Cash issue of 1,192 shares. The subscription price was SEK 1,220 per share.

18) Set-off issue of 18,903 shares. The subscription price was SEK 1,346 per share.

19) Set-off issue of 37,509 shares. The subscription price was SEK 1,333 per share.

20) Share subscription through exercise of warrants. The subscription price was SEK 15.345 per share.

21) Issue of not more than 5,000,000 new shares in connection with the Offering (see section "Changes in the number of shares and the share capital in connection with the Offering" above). Due to technical reasons pertaining to the issue and in order to facilitate delivery of shares to investors in connection with the Offering, the issue will, with deviation from the shareholders' preferential rights, be subscribed for by Carnegie at a subscription price corresponding to the quotient value of the shares of SEK 0.05. Following payment by, and delivery of shares to, investors who have been allotted shares in the Offering, Carnegie will be obligated to, as an additional consideration for the issue, transfer to the Company an amount per share offered by the Company corresponding to the difference between the subscription price of SEK 0.05 and price per share in the Offering. The new shares will, subject to the completion of the Offering, be registered with the SCRO on or around 9 December 2020.

### Net asset value per share as of 30 September 2020 compared to the price per share in the Offering

As of 30 September 2020, Fasadgruppen's net asset value per share amounted to SEK 359.7 (based on a shareholders' equity of MSEK 673.0 and 1,871,113 shares). Adjusted for the share split of each share to 20 shares that an extraordinary general meeting on 2 October 2020 resolved upon, Fasadgruppen's net asset value per share on 30 September 2020 amounted to SEK 18.0. The price per share in the Offering amounts to SEK 60 (see section "Terms and instructions–Offering price").

### Authorisation for the board of directors to resolve upon the issuance of new shares

An extraordinary general meeting in the Company on 2 October 2020 resolved to authorise the board of directors to, during the period until the annual general meeting 2021, at one or several occasions, resolve upon the issuance of shares in the Company against payment in cash, by set-off or in kind. The total number of shares that the board of directors resolves to issue based on the authorisation shall not exceed 4,513,248 shares (*i.e.* not more than ten per cent of all shares in the Company after the Offering). If the board of directors resolves upon issuances of shares with deviation from the shareholders' preferential rights, the reason for such deviation shall be to use shares as consideration for, or financing of, acquisitions of companies or businesses.

The extraordinary general meeting 2 October 2020 also resolved to authorise the board of directors to resolve on the issuance of the shares that the Company offers in connection with the Offering.

### Information regarding public offers, mandatory public offers and compulsory buy-out

After the admission to trading of the Company's shares on Nasdaq Stockholm, the Swedish Act on Public Takeovers on the Stock Market (*Sw. lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*) (the "**Swedish Takeover Act**"), Nasdaq Stockholm's Takeover Rules and the Swedish Securities Council's rulings regarding interpretation and application of Nasdaq Stockholm's Takeover Rules and, where applicable, the Swedish Securities Council's interpretations of the Swedish Industry and Commerce Stock Exchange Committee's former rules on public offers, will be applicable on public offers regarding the shares in the Company.

In accordance with the Swedish Takeover Act, a party who holds no shares or holds shares representing less than three-tenths of the voting rights of all shares in the Company and who, through acquisition of shares in the Company, alone or together with another closely related party pursuant to the Swedish Takeover Act, achieves a shareholding representing at least three-tenths of the voting rights of all shares in the Company shall (i) immediately announce the size of his or her shareholding in the Company and (ii) within four weeks from the announcement, submit a public offer in respect of the remaining shares in the Company (a so-called mandatory public offer).

Pursuant to the Swedish Companies Act, a shareholder who holds more than nine-tenths of the shares in a Swedish limited liability company is entitled to buy-out the remaining shares of the other shareholders in the company. Any person whose shares may be bought out is entitled to compel the majority shareholder to purchase its shares.

The shares in the Company are not subject to any mandatory public offer nor any offers due to buy-out rights or sell-out obligations. No public offer has occurred in respect of the Company's shares during the current or last financial year.

# Dividends and dividend policy

## Dividends during the last two years

The Company did not pay any dividends for the financial years 2018–2019.

## Dividend policy

Fasadgruppen's aim is to distribute 30 per cent of the Group's consolidated net profits, taken into account factors such as financial position, cash flows and growth opportunities.

## Dividends under Swedish law

Resolutions regarding dividends are passed by the general meeting. Dividends may only be distributed to the extent that there will be full coverage for the Company's restricted equity after the dividend distribution and only to the extent that such distribution is prudent, taking into consideration the demands with respect to the size of the equity which are imposed by the nature, scope and risks associated with the operations of the Company and the Group as well as the need to strengthen the statement of the financial position, liquidity and financial position of the Company and the Group. The general meeting may, as a general rule, not resolve upon dividends in an amount higher than what has been proposed or approved by the board of directors.

Pursuant to the Swedish Companies Act, minority shareholders that together represent at least ten per cent of all outstanding shares in the Company have the right to request a payment of dividends (to all shareholders) from the Company's profits. Following such a request, the annual general meeting is required to resolve to distribute 50 per cent of the remaining profits for the relevant year as reported in the statement of financial position adopted at the annual general meeting, after deductions made for (i) losses carried forward that exceed unrestricted reserves (Sw. *fria fonder*), (ii) amounts which, by law or the articles of association, must be transferred to restricted equity, and (iii) amounts which, pursuant to the articles of association, are to be used for any purpose other than distribution to the shareholders. However, the general meeting is not obliged to declare dividends in excess of five per cent of the Company's shareholders' equity. Moreover, the dividends must comply with the rules set out in Chapter 17, Section 3 of the Swedish Companies Act.

## Payment of dividends

All holders of shares in the Company that are registered as shareholders in the share register maintained by Euroclear Sweden on the record date determined by the general meeting are entitled to receive dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid on a manner other than cash (a so-called dividend in kind). If a shareholder cannot be reached through Euroclear Sweden, such shareholder still retains its claim on the Company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the limitation period, the dividend amount shall pass to the Company. Neither the Swedish Companies Act nor the Company's articles of association contain any restrictions as regards the right to dividends for shareholders domiciled outside Sweden. For information on potential dividend taxation, see section "*Certain tax issues*".



# Legal considerations and supplementary information

## Approval and registration of the Prospectus

This Prospectus (in Swedish) has been approved and registered by the SFSA in accordance with the Prospectus Regulation. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. This approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subjects of this Prospectus. Investors should make their own assessment as to the suitability of investing in these securities. The SFSA's visiting address is Brunnsgatan 3, SE-111 38 Stockholm, Sweden. The SFSA's phone number is +46 (0)8-408 980 00 and its website is [www.fi.se](http://www.fi.se).

This Prospectus is valid for twelve months as from 30 November 2020. The obligation to prepare supplements to this Prospectus in the event of significant new factors, material mistakes or material inaccuracies expires when the shares in Fasadgruppen have been admitted to trading on Nasdaq Stockholm.

## General corporate information

The Company is a Swedish public limited liability company. The Company was incorporated on 24 April 2018 and registered with the SCRO on 8 May 2018. The Company's current company name, Fasadgruppen Group AB (publ), was registered with the SCRO on 30 November 2020. The board of directors of the Company has its registered office in Stockholm, Sweden. The operations are conducted in accordance with the Swedish Companies Act. The Company's corporate registration number is 559158-4122 and its LEI code is 549300E24LG2Z7KCFQ23. The Company's telephone number is +46 (0)73-820 00 07 and its website is [www.fasadgruppen.se](http://www.fasadgruppen.se). The information on the Company's website does not form a part of this Prospectus unless such information explicitly has been incorporated by reference in the Prospectus.

## The group companies

Fasadgruppen Group AB (publ) is the parent company of the Group which also comprises the following directly or indirectly wholly-owned subsidiaries.

Subsidiary	Country
Fasadgruppen Norden AB	Sweden
STARK Fasadrenovering i Sverige AB	Sweden
STARK Hyrställningar i Sverige AB	Sweden
V Fasad AB	Sweden
AB Karlssons Fasadrenovering	Sweden
AB Karlssons Fasadrenovering i Skåne	Sweden
Murpoolen i Skåne AB	Sweden
Mälardalens Mur och Puts AB	Sweden
Robust Hyrställning Sverige AB	Sweden
Johns Bygg & Fasad AB	Sweden
Malmö Mur & Puts AB	Sweden
Valbo Fasad Entreprenad AB	Sweden
Frillesås Mur och Puts AB	Sweden
Simtuna Bygg och Betong Teknik AB	Sweden
Allt i Murning i Karlshamn Aktiebolag	Sweden
Mellansvenska Fasad, Lars Svensson AB	Sweden
Fasadteknik i Nyköping Aktiebolag	Sweden
Ume fasad AB	Sweden
Karlaplans Plåtslageri Aktiebolag	Sweden
Sterner Stenhus Fasad AB	Sweden
Roland Karlsson i Mälardalen AB	Sweden
Rapid Hyrställningar AB	Sweden
Front RK AB	Sweden
SmartFront AB	Sweden
P. Andersen & Søn Entreprise A/S	Denmark
Cortex Facaderens ApS	Denmark
Cortex Membran ApS	Denmark
All-Tech ApS	Denmark
DVS Entreprenør AS	Norway

## Business related agreements

### Share purchase agreements

For information on share purchase agreements entered into by Fasadgruppen in connection with acquisitions, see sections “*Business overview–Acquisitions*” and “*Operational and financial overview–Investments*”.

### Customer agreements

For information on Fasadgruppen’s customer agreements, see section “*Business overview–Fasadgruppen’s customers and sales*”.

### Supplier agreements

For information on Fasadgruppen’s supplier agreements, see section “*Business overview–Purchasing process*”.

## Financing agreements

On 16 November 2020, the Company entered into a facilities agreement with Skandinaviska Enskilda Banken AB (publ) (“SEB”) (the “**Facilities Agreement**”) which provides the Company with the following facilities:

- A term loan facility of MSEK 500, which shall be repaid with 20 per cent per annum in quarterly instalments and thereafter in full at the maturity date (“**Facility A1**”).
- A term loan facility of MSEK 88, which shall be repaid in accordance with the same terms as for Facility A1 (“**Facility A2**”).
- A term loan facility of MSEK 150 (prior to the Offering having been completed in accordance with the terms and conditions of the Facilities Agreement (the “**Qualifying Event**”)<sup>1)</sup> and MSEK 300 after the Qualifying Event which shall be repaid, starting two years from signing of the Facilities Agreement, with 20 per cent per annum of the prior quarter’s drawn amount in quarterly instalments and thereafter in full at the maturity date (“**Facility B**”).
- A revolving credit facility of a total of MSEK 75 which shall be repaid at the end of each interest period, with customary rollover mechanisms (“**Facility C**”).

Facility A1, Facility A2, Facility B and Facility C will hereinafter jointly be referred to as the “**Facilities**”.

In addition to the Facilities, the Facilities Agreement entitles the Company to an additional increase of the Facilities up to a maximum amount of MSEK 400, subject to certain conditions. The Facilities Agreement will mature (subject to an option to extend the Facilities) three years from the signing of the Facilities Agreement. The Company may submit a request for extension of each Facility for one year at a time and two years in total.

The interest rate under the Facilities Agreement is the aggregate of the applicable STIBOR rate (with a floor of zero percentage units if STIBOR is less than zero) and a margin of 1.1–2.35 percentage units. The margin interest varies dependent on whether the Qualifying Event has occurred or not, meaning that the margin rate for the Facilities is higher prior the Qualifying Event having occurred. The margin rate for the Facilities is determined based on the relation between total net debt and adjusted EBITDA (determined in accordance with the Facilities Agreement). The Company is also obliged to pay a commitment fee, upfront fee and any extension fees to SEB in accordance with the Facilities Agreement.

The Company has, as a security for its obligations under the Facilities Agreement, pledged the shares in Fasadgruppen Norden AB. Such pledge shall be released when the Qualifying Event occurs. If the Qualifying Event has not occurred prior to 31 March 2021, security shall be granted over any outstanding intra-group debt with the Company as creditor. The Facilities Agreement contains certain financial undertakings and other undertakings (so-called covenants), among others an undertaking meaning that the Company’s net debt ratio, calculated as the ratio of net debt to adjusted EBITA (determined in accordance with the Facilities Agreement), may not exceed the level stated in the Facilities Agreement. The Facilities Agreement also contains certain undertakings such as, *inter alia*, information undertakings, compliance with laws, negative pledge as well as certain restrictions on, among other things, disposals and future acquisitions, changes in the Group’s business, mergers, additional indebtedness, any granting of loans and guarantees and sanctions.

The Facilities Agreement also contains provisions on cancellation and prepayment of the Facilities. The Company is entitled to, *inter alia*, repay the outstanding Facilities, in whole or in part, in advance. In addition, SEB is entitled to terminate the Facilities Agreement for immediate repayment of the Facilities if a change of control event occurs resulting in (i) Connecting Capital, prior to the Qualifying Event, ceases to, directly or indirectly, own and control shares representing at least thirty per cent of the voting rights and share capital of the Company, (ii) any person (with the exception of Connecting Capital) or group of persons acting in concert, after the occurrence of the Qualifying Event, acquires at least thirty per cent of the total number of shares and voting rights of the Company, or gains control of the Company, or (iii) the Company’s shares cease to be admitted to trading on Nasdaq Stockholm after the occurrence of the Qualifying Event.

1) For the Qualifying Event being considered having occurred pursuant to the terms and conditions of the Facilities Agreement, it is required that SEB has received certain documents as well as that certain conditions related to the admission to trading of the Company’s shares on Nasdaq Stockholm are met and that proceeds of at least MSEK 250 is received in connection with the admission to trading of the Company’s shares on Nasdaq Stockholm. In addition, at least 30 per cent of the shares that are admitted to trading shall be free float.

## Legal proceedings and arbitration proceedings

During the last twelve months, Fasadgruppen has not been a party in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Fasadgruppen is aware) which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

## Insurances

Fasadgruppen has insurances covering risks related to Fasadgruppen's operations as well as liability insurances for the board members and the CEO. Fasadgruppen considers its insurance coverage to be sufficient and in line with market practice.

## Related party transactions

See note 30 in section "Historical financial information—Historical financial information for the financial years 2018 and 2019" for a description of Fasadgruppen's transactions with related parties during the financial years 2018–2019 and note 4 in Fasadgruppen's interim report for the period January–September 2020, which is incorporated in the Prospectus by reference, for a description of Fasadgruppen's transactions with related parties during the financial year 2020.

For more information on remuneration to board members and senior executives, see sections "Corporate governance—Remuneration to the board of directors" and "Corporate governance—Remuneration to the senior executives".

## Placing agreement

The Selling Shareholders, the Company, Carnegie and Nordea intend to enter into a placing agreement on 9 December 2020. For more information on certain principal terms and conditions in the placing agreement, see section "Terms and instructions—Conditions for completion of the Offering".

## Commitments by Cornerstone Investors

The Cornerstone Investors have committed to acquire shares in the Offering at the offering price. The Cornerstone Investors' undertakings are conditional upon, among other things, (i) the first day of trading in the shares occurring not later than on 31 December 2020 and (ii) each Cornerstone Investor receiving full allocation of its commitment. If these conditions are not satisfied, the Cornerstone Investors will not be required to acquire any shares in the Offering.

The Cornerstone Investors will not receive any compensation for their respective commitments. The Cornerstone Investors' undertakings are not secured through a bank

guarantee, blocked funds or pledge of collateral or any other similar arrangement. Accordingly, there is a risk that payment of the purchase price and settlement of the shares in the Offering for the Cornerstone Investors may not occur in connection with the closing of the Offering.

The Cornerstone Investors have not made any lock-up undertakings.

Cornerstone Investor	Commitment in relation to the total number of shares in the Company following completion of the Offering	Number of shares
Capital Group	10.2%	4,583,332
Swedbank Robur Fonder	7.4%	3,333,333
<b>Total</b>	<b>17.5%</b>	<b>7,916,665</b>

## Lock-up undertakings

All shareholders in the Company as of the date of the Prospectus as well as the board members and senior executives of Fasadgruppen will undertake to not sell their respective shareholdings in the Company or otherwise carry out transactions with similar effects during a certain period after the first day of trading in the Company's shares on Nasdaq Stockholm. The lock-up period will be 180 days for shareholders who are not board members or senior executives and 360 days for those who are board members or senior executives as of the date for this Prospectus. The lock-up period for the board member Mikael Karlsson will expire after 180 days if he is no longer a board member of Fasadgruppen. The lock-up undertakings are subject to certain customary exemptions, such as acceptances of public offerings, acceptances of repurchase offers from the Company or situations where a transfer is necessary due to legal requirements. In addition, the Managers may jointly, at their own discretion and at any time, decide to grant exemptions for restrictions during the lock-up period for other reasons than the exemptions already agreed upon.

The Company will undertake towards the Managers not to, without prior written consent, resolve upon or propose to the general meeting to resolve upon issuances or transfers of shares or other financial instruments during a period of 180 days from the first day of trading in the Company's shares on Nasdaq Stockholm. The undertaking is subject to certain customary exemptions, such as the possibility to issue and transfer shares or other financial instruments as a part of an incentive program for employees as well as new issuances of shares as a part of the purchase price for acquiring companies or businesses (provided that the number of newly issued shares is less than ten per cent of the total number of shares in the Company after the Offering).

### Advisers' interests

Carnegie and Nordea are Fasadgruppen's and the Selling Shareholders' financial advisers in connection with the Offering. Carnegie is Sole Global Coordinator and Joint Bookrunner and Nordea is Joint Bookrunner. As consideration, Carnegie and Nordea will receive a commission amounting to a certain percentage of the gross proceeds from the sale of shares in the Offering. The total consideration that Carnegie and Nordea will receive depends on the success of the Offering.

In the ordinary course of their daily operations, Carnegie and Nordea (as well as their respective affiliates) have from time to time engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services for Fasadgruppen and the Selling Shareholders, respectively, for which they have received, and may receive, consideration.

### Fasadgruppen's expenses relating to the Offering

Fasadgruppen estimates that the total expenses relating to the Offering will amount to MSEK 11.3.

### Documents available for inspection

Copies of the following documents are available for inspection on Fasadgruppen's office at Wallingatan 2, SE-111 60 Stockholm, Sweden during regular office hours on weekdays:

- The Company's articles of association and certificate of registration.
- The Company's historical financial information for the financial years 2018–2019.

The documents referred to above are also available in electronic form on Fasadgruppen's website ([www.fasadgruppen.se](http://www.fasadgruppen.se)).

# Certain tax issues

Below is a summary of certain Swedish tax issues relating to the Offering and public trading of shares in Fasadgruppen on the Nasdaq Stockholm Stock Exchange for private individuals and limited liability companies that are resident in Sweden for tax purposes, if not otherwise stated. The summary is only intended as general information relating to the shares in Fasadgruppen per when the shares are traded on the Nasdaq Stockholm Stock Exchange.

The summary does not address:

- situations where shares are held as current assets (*i.e.* stock) in business operations;
- situations where shares are owned by partnerships or limited partnerships;
- situations where shares are held in a so-called investment savings account (*Sw. investeringssparkonto*), through endowment insurance (*Sw. kapitalförsäkring*) or similar;
- specific rules for tax-exempt capital gains (including non-deductible capital losses) and dividends in the company sector which applies if the investor holds shares in Fasadgruppen under the Swedish participation exemption rules;
- specific rules that may apply to shares in companies that are or have been closely held companies or to shares that have been acquired by means of such shares;
- specific rules that may apply to individuals who make or reverse so-called investor deductions (*Sw. investeraravdrag*);
- foreign companies conducting business from a permanent establishment in Sweden
- foreign companies that have been Swedish companies; or
- certain categories of taxable entities, such as investment companies.

The tax consequences will depend on the circumstances applicable to each individual shareholder. Shareholders are advised to consult with a tax adviser the specific tax consequences that may arise in each individual case as a result of the Offering and the trading of shares in Fasadgruppen on the Nasdaq Stockholm Stock Exchange, including the applicability and effect of foreign income tax rules, provisions contained tax treaties and other rules which may be applicable.

## Private individuals

For private individuals tax resident in Sweden capital income such as interest, dividends and capital gains will be subject to capital income taxation.

The capital gain or loss is normally calculated as the difference between the sales proceeds, after deduction for sales costs, and the acquisition cost for tax purposes. The acquisition cost for all shares of the same class and type is aggregated and calculated jointly by applying an average cost method. Alternatively, in the case of listed shares, the so-called standard method may be used. This method means that the cost basis may be determined at 20 per cent of the sales proceeds after deduction of sales costs.

Capital losses on listed shares can be fully deducted against taxable capital gains that arise in the same year on shares and other listed securities that are taxed as shares (but not shares in mutual funds or special funds that contain only Swedish receivables, so-called Swedish fixed income funds). For capital losses on listed shares that have not been offset against capital gains, a deduction of 70 per cent of the loss is allowed against other capital income.

In case of a net capital loss, such loss may be used as a reduction on earned income tax as well as central government and municipal property taxes. The tax reduction is granted with 30 per cent of the net capital loss up to SEK 100,000 and 21 per cent of any loss exceeding SEK 100,000. An excess net loss cannot be carried forward to future years.



Private individuals that are resident in Sweden for tax purposes are taxed for capital income, including dividends, a tax rate of 30 per cent. Preliminary tax of 30 per cent is withheld on the dividend amount. The preliminary tax deduction is normally made by Euroclear or, in the case of nominee-registered shares, by the nominee.

### Limited liability companies

Swedish limited liability companies are taxed on capital income, including dividends, as business income at a tax rate of 21.4 per cent tax (20.6 per cent for fiscal years beginning on 1 January 2021 at the earliest).

Capital gains and losses are taxed in the same manner as for private individuals in accordance with what has been described above under "Private individuals".

Deductible capital losses from the sale of shares and other securities that are taxed as shares can only be offset against taxable capital gains on such shares and other securities that are taxed as shares. A capital loss on shares or other securities taxed as shares can, to the extent it is not deductible one year, be carried forward (in the limited company incurring the loss) and used to offset taxable capital gains on shares and other securities taxed as shares in subsequent fiscal years without any limitation in time. If a capital loss assignable to shares or other securities cannot be deducted by the company incurring the loss, such loss can, if certain conditions are met, also be offset against taxable capital gains assignable to shares and securities in another company within the same group, provided that the companies are able to exchange group contributions and both companies request it for a tax year that has the same tax assessment date (or, if any of the companies' accounting liability ceases, would have had).

### Shareholders not resident in Sweden for tax purposes

Dividends on shares in a Swedish limited liability company that are paid to a shareholder not resident in Sweden for tax purposes are subject to withholding tax. Withholding tax is also levied on certain other payments from a Swedish limited liability company, for example in the case of repayment to shareholders in the event of a reduction of the share capital or in the case of a share redemption directed to all shareholders or all shareholders at shares of a certain series. The tax rate is 30 per cent. The tax rate is, however, generally reduced through tax treaties for the avoidance of double taxation. The tax is normally withheld by Euroclear or, in the case of nominee-registered shares, the nominee. Sweden's tax treaties generally allow a reduction of the withholding tax in accordance with treaty's tax rate directly at the time of dividend, provided that Euroclear or the nominee have received the required information about the person entitled to the dividend. Investors entitled to the reduction under an applicable tax treaty can request repayment from the Swedish Tax Agency in case of withholding tax amounting to 30 per cent.

Private individuals and legal entities not resident in Sweden for tax purposes are normally not taxed in Sweden on capital gains on the sale of shares in Swedish companies. The shareholder may, however, be subject to taxation in his state of residence.

A shareholder who is a private individual not tax resident in Sweden for tax purposes may, however, be liable to tax in Sweden for capital gains if the person during the year of the disposal, or the ten calendar years preceding the year of the disposal, has been resident or permanently stayed in Sweden. In practice, however, the applicability of this rule is often limited by the applicable tax treaty.

# Articles of association

## § 1 Company name

The company's name is Fasadgruppen Group AB (publ).

## § 2 Registered office

The company shall have its registered office in Stockholm.

## § 3 Object of the company

The objects of the company's business is to purchase, divest, own and administer shares and securities as well as to conduct other activities compatible therewith.

## § 4 Share capital

The share capital shall be not less than SEK 1,000,000 and not more than SEK 4,000,000.

## § 5 Number of shares

The number of shares shall be not less than 20,000,000 shares and not more than 80,000,000 shares.

## § 6 Board of directors

The board of directors shall consist of not less than three members and not more than ten members without deputy members.

## § 7 Auditor

The company shall have one auditor. A registered accounting firm may be appointed as auditor.

## § 8 Notices of general meetings

Notice of a general meeting shall be made by an announcement in the Swedish Official Swedish Gazette and by making the notice available on the company's website. The company shall advertise in Svenska Dagbladet that notice has been made.

## § 9 Right to participate at general meetings

Shareholders who wish to attend a general meeting must give notice of attendance to the company not later than the day set out in the notice to attend the general meeting.

Shareholders may be accompanied by not more than two advisers at the general meeting, however, only if the shareholder has notified the company of the number of advisers in the manner stated in the previous paragraph.

## § 10 Matters to be addressed at annual general meetings

The following matters shall be addressed at annual general meetings:

1. Election of chairman of the meeting
2. Preparation and approval of the voting register
3. Approval of the agenda
4. Election of one or two persons to verify the minutes
5. Determination of whether the meeting has been duly convened
6. Submission of the annual report and the auditor's report and, where applicable, the consolidated financial statements and the auditor's report for the group
7. Resolutions regarding:
  - a) Adoption of the income statement and the balance sheet and, where applicable, the consolidated income statement and the consolidated balance sheet
  - b) Allocation of the company's profit or loss according to the adopted balance sheet
  - c) Discharge from liability for the members of the board of directors and the CEO
8. Determination of the number of members of the board of directors
9. Determination of the fees to be paid to the members of the board of directors and the auditor
10. Election of members of the board of directors and auditor

## § 11 Financial year

The company's financial year shall be the calendar year.

## § 12 CSD clause

The company's shares shall be registered in a central securities depository register pursuant to the Swedish Central Securities Depositories and Financial Instruments Accounts Act.

# Historical financial information

## Historical financial information for the financial years 2018 and 2019

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## Historical financial information incorporated by reference

### *Fasadgruppen's interim report for the period January–September 2020*

The following financial information regarding Fasadgruppen is incorporated by reference and is a part of this Prospectus. The information is available on Fasadgruppen's website, [www.fasadgruppen.se](http://www.fasadgruppen.se). The non-incorporated parts of the following document are either not relevant for the investor or covered elsewhere in the Prospectus.

- Fasadgruppen's interim report for the period January–September 2020. The reference only refers to the income statement on page 8, the balance sheet on page 9, the statement of changes in shareholders' equity on page 10, the cash flow statement on page 11, the notes on pages 13–18 and the auditor's review report on page 20.

### *Sterner Stenhus Fasad's and the Front group's annual reports for the financial years 2017, 2018 and 2019*

The following financial information regarding the subsidiaries Sterner Stenhus Fasad AB and Fasadrenoveringar Roland Karlsson i Mälardalen AB is, in accordance with Article 18 regarding complex financial history in the Commission Delegated Regulation 2019/980, incorporated by reference and is a part of this Prospectus. The information is available on Fasadgruppen's website, [www.fasadgruppen.se](http://www.fasadgruppen.se). The non-incorporated parts of the following documents are either not relevant for the investor or covered elsewhere in the Prospectus.

- Sterner Stenhus Fasad AB's annual report for the financial year 2019. The reference only refers to the income statement on page 4, the balance sheet on pages 5–6, the cash flow statement on page 7, the notes on pages 8–18 and the auditor's report on pages 21–22.

- Sterner Stenhus Fasad AB's annual report for the financial year 2018. The reference only refers to the income statement on page 5, the balance sheet on pages 6–7, the cash flow statement on page 8, the notes on pages 9–16 and the auditor's report on pages 19–20.
- Sterner Stenhus Fasad AB's annual report for the financial year 2017. The reference only refers to the income statement on page 5, the balance sheet on pages 6–7, the cash flow statement on page 8, the notes on pages 9–16 and the auditor's report on pages 18–19.
- Fasadrenoveringar Roland Karlsson i Mälardalen AB's annual report for the financial year 2019. The reference only refers to the income statement on page 5, the balance sheet on pages 6–7, the cash flow statement on page 8, the notes on pages 12–25 and the auditor's report on pages 26–27.
- Fasadrenoveringar Roland Karlsson i Mälardalen AB's annual report for the financial year 2018. The reference only refers to the income statement on page 5, the balance sheet on pages 6–7, the cash flow statement on page 8, the notes on pages 12–25 and the auditor's report on pages 26–27.
- Fasadrenoveringar Roland Karlsson i Mälardalen AB's annual report for the financial year 2017. The reference only refers to the income statement on page 5, the balance sheet on pages 6–7, the cash flow statement on page 8, the notes on pages 12–23 and the auditor's report on pages 24–25.

## Historical financial information for the financial years 2018 and 2019

### Consolidated income statement

MSEK	Note	1 Jan–31 Dec 2019	8 May–31 Dec 2018
Net sales	2, 3	1,019.0	389.1
Other operating income	2	17.0	–
<b>Total operating income</b>		<b>1,036.0</b>	<b>389.1</b>
Materials and consumables		–521.3	–196.0
Remuneration to employees	6, 7	–309.2	–117.0
Depreciation and impairments of tangible and intangible non-current assets		–13.1	–4.1
Other operating costs	4, 5	–71.3	–34.0
<b>Total operating costs</b>		<b>–914.8</b>	<b>–347.5</b>
<b>Operating profit/loss</b>		<b>121.3</b>	<b>41.6</b>
Financial income		0.6	0.2
Financial costs		–12.7	–6.2
<b>Profit/loss financial items</b>		<b>–12.1</b>	<b>–6.0</b>
<b>Profit/loss after financial items</b>		<b>109.2</b>	<b>35.6</b>
Tax on profit for the year	10	–23.3	–7.7
<b>Profit/loss for the year</b>		<b>85.9</b>	<b>27.9</b>

### Consolidated statement of other comprehensive income

MSEK	Note	1 Jan–31 Dec 2019	8 May–31 Dec 2018
Profit/loss for the year		85.9	27.9
<b>Other comprehensive income for the year:</b>			
<i>Items that may be reclassified to income statement</i>			
Exchange rate differences on recalculation of foreign activities		–0.7	0
<b>Other comprehensive income for the year, net after tax</b>		<b>–0.7</b>	<b>0</b>
<b>Comprehensive income for the year</b>		<b>85.1</b>	<b>27.9</b>
<b>Comprehensive income for the year attributable to:</b>			
Shareholders in the parent company		85.1	27.9
Holdings without controlling interest		–	–
Earnings per share for the year before dilution SEK		76.14	31.31
Earnings per share for the year after dilution SEK		73.40	31.31
Average number of shares before and after dilution		1,127,628	891,203
Average number of shares after dilution		1,169,733	891,203
Actual number of shares before dilution at the end of the year		1,181,775	1,079,620
Actual number of shares after dilution at the end of the year		1,223,880	1,079,620

## Consolidated balance sheet

MSEK	Note	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible non-current assets</i>			
Goodwill	12	634.3	497.8
Brands		–	–
Other intangible non-current assets		0.8	–
<b>Total intangible non-current assets</b>		<b>635.1</b>	<b>497.8</b>
<i>Tangible non-current assets</i>			
Right-of-use assets	14	48.8	35.4
Buildings and land	13	6.3	–
Equipment	15	24.1	15.8
<b>Total tangible non-current assets</b>		<b>79.1</b>	<b>51.1</b>
<i>Financial non-current assets</i>			
Long-term investments		–	1.7
Deferred tax assets	18	0.2	0.1
Other non-current receivables		0.6	–
<b>Total financial non-current assets</b>		<b>0.9</b>	<b>1.8</b>
<b>Total non-current assets</b>		<b>715.2</b>	<b>550.8</b>
<b>Current assets</b>			
Inventories		4.1	1.6
Accounts receivable	19	131.2	89.4
Revenues from contracts with customers and similar receivables	20	59.1	32.1
Prepaid costs and accrued income	21	13.0	2.2
Other receivables		–	–
Cash and cash equivalents	22	48.4	41.9
<b>Total current assets</b>		<b>255.8</b>	<b>167.2</b>
<b>TOTAL ASSETS</b>		<b>971.0</b>	<b>718.0</b>



## Group balance sheet, cont.

MSEK	Not	31 Dec 2019	31 Dec 2018
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	23		
Share capital		1.2	1.1
Other contributed capital		34.0	–
Reserves		–0.7	–
Retained profit		30.3	–
Profit/loss for the year		85.9	27.9
<b>Total shareholders' equity</b>		<b>150.7</b>	<b>29.0</b>
<b>Appropriations</b>			
Deferred tax liabilities	18	1.0	0.8
Other appropriations	24	0.8	0.7
<b>Total appropriations</b>		<b>1.8</b>	<b>1.5</b>
<b>Non-current liabilities</b>	25		
Liabilities to credit institutions	34	112.0	215.0
Shareholder loans	34	87.1	292.6
Long-term lease liabilities	5	35.8	28.1
Other non-current liabilities	34	35.7	5.0
<b>Total non-current liabilities</b>		<b>270.6</b>	<b>540.7</b>
<b>Current liabilities</b>	34		
Liabilities to credit institutions		90.0	–
Shareholder loans		207.0	–
Interest-bearing liabilities to the parent company		83.8	–
Other interest-bearing liabilities		123.2	–
Short-term lease liabilities	5	10.8	6.0
Accounts payable		64.5	47.2
Current tax liabilities		10.1	8.4
Contract liabilities	26	91.5	42.8
Accrued costs and prepaid income	27	70.4	42.1
Other current liabilities		3.5	0.3
<b>Total current liabilities</b>		<b>547.9</b>	<b>146.8</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>971.0</b>	<b>718.0</b>

## Consolidated statement of changes in shareholders' equity

MSEK	Note	Share capital	Other contributed capital	Retained earnings, incl. profit/loss for the year	Reserves	Total shareholders' equity
<b>Shareholders' equity 8 May 2018</b>		–	–	–	–	–
Profit/loss for the year				27.9		27.9
Comprehensive income for the year		–	–	–	–	–
<b>Total comprehensive income</b>		–	–	<b>27.9</b>	–	<b>27.9</b>
Formation of companies		0.1				0.1
New share issue		1.0				1.0
<b>Transactions with owners</b>		<b>1.1</b>	–	–	–	<b>1.1</b>
<b>Shareholders' equity 31 December 2018</b>	23	<b>1.1</b>	–	<b>27.9</b>	–	<b>29.0</b>
<b>Shareholders' equity 1 January 2019</b>		<b>1.1</b>	–	<b>27.9</b>	–	<b>29.0</b>
Profit/loss for the year				85.9	–	85.9
Comprehensive income for the year					–0.7	–0.7
<b>Total comprehensive income</b>		–	–	<b>85.9</b>	<b>–0.7</b>	<b>85.2</b>
Warrants		–		2.5		2.5
New share issue		0.1	34.0			34.1
<b>Transactions with owners</b>		<b>0.1</b>	<b>34.0</b>	<b>2.5</b>	–	<b>36.6</b>
<b>Shareholders' equity 31 December 2019</b>	23	<b>1.2</b>	<b>34.0</b>	<b>30.3</b>	<b>85.1</b>	<b>150.7</b>

## Consolidated statement of cash flow

MSEK	Note	1 Jan–31 Dec 2019	8 May–31 Dec 2018
<b>Operating activities</b>			
Profit/loss after financial items		109.2	35.6
Adjustments for items not included in cash flow	31	25.7	11.0
Changes in working capital	31		
Change in inventories		–0.7	0.1
Change in receivables		16.1	–2.0
Change in liabilities		–41.9	6.0
<b>Cash flow from operations</b>		<b>108.4</b>	<b>50.7</b>
Interest paid		–5.2	–2.2
Tax paid		–23.5	–5.5
<b>Cash flow from operating activities</b>		<b>79.7</b>	<b>43.0</b>
<b>Investing activities</b>			
Acquisition of subsidiaries	33	–51.5	–337.9
Net investments in non-current assets	15	–9.6	–2.3
Net investments in financial assets		1.3	–1.3
<b>Cash flow from investing activities</b>		<b>–59.8</b>	<b>–341.5</b>
<b>Financing activities</b>			
New share issue		0.6	–
Payment of warrants		2.5	–
Proceeds from borrowings	32	55.1	385.9
Repayment of loans		–63.5	–43.2
Repayment of lease liability	32	–8.0	–2.3
<b>Cash flow from financing activities</b>		<b>–13.4</b>	<b>340.4</b>
<b>Cash flow for the year</b>		<b>6.5</b>	<b>41.9</b>
Opening cash and cash equivalents		41.9	–
Calculation difference cash and cash equivalents		–	–
<b>Closing cash and cash equivalents</b>		<b>48.4</b>	<b>41.9</b>

## Notes

### NOTE 1: ACCOUNTING AND VALUATION PRINCIPLES

#### *The nature of the business*

Fasadgruppen and its subsidiary companies engage in business within construction, property and contracting, which includes performing façade renovation work and renting out and erecting scaffolding.

The most important accounting and valuation principles used when preparing these financial reports are summarised below.

#### *General information and compliance with IFRS and as a going concern*

Fasadgruppen, the parent company of the Group, was a private company during the 2018–2019 financial years. The company was formed in Sweden, where it has its registered address. The head office is at Wallingatan 2 in Stockholm, Sweden. During the 2018–2019 financial years, the Group traded in a number of locations in Sweden, including Stockholm, Malmö and Gothenburg, and also in Denmark.

The Group's financial statements have been prepared in accordance with the Annual Accounting Act, Swedish Financial Reporting Board recommendation RFR 1 *Supplementary accounting rules for groups* and the International Financial Reporting Standards (IFRS) as adopted by the EU. These are the first Group financial statements in line with IFRS.

The financial statements have been prepared on the basis that the Group manages its business as a going concern. To enable comparisons with other groups that apply IFRS 16 *Leases* from the beginning of 2019, the Group has chosen to also apply the standard to the comparison year, i.e. from the date the Group was established.

#### *Significant accounting and valuation policies*

##### *Basis of preparation*

The Group financial statements have been prepared using the principle of periodicity and based on acquisition value. Monetary amounts are expressed in Swedish kronor (SEK) and rounded to the nearest thousand.

##### *Basis of consolidation*

All group internal transactions and balance sheet items are eliminated via consolidation, including unrealised profits and losses on transactions between group companies. In the event unrealised profits on group internal sales of assets are reversed on consolidation, any impairment need on the underlying asset is to be viewed from a group perspective. Amounts that are reported in subsidiary company annual accounts have been adjusted where necessary to ensure compliance with Group accounting and valuation policies.

Profit/loss and other comprehensive profit/loss for subsidiary companies that have been acquired during the year are recognised from the date the acquisition came into force, according to what is applicable.

##### *Acquisition of business combinations*

The Group applies the acquisition method when reporting business combinations. The payment transferred by the Group to obtain a controlling influence over a subsidiary company is calculated as the total of actual value on the date of acquisition, liabilities assumed and shareholders' equity instruments that have been issued by the Group, which covers the actual value of an asset or liability that has arisen on an agreement on a contingent purchase price. Acquisition costs are expensed when they arise.

The acquisition value is calculated as the actual value on the date of the transaction of the purchase consideration paid for assets, liabilities arising or assumed, and for the shareholders' equity

instruments issued by the acquiring party in exchange for a controlling influence over the acquired units, plus all costs directly attributable to the acquisition.

Contingently payable earn-outs are valued at fair value on the date of acquisition and comprise one part of the purchase price for the acquisition. The earn-out is reported as a financial liability until such time it is settled. The earn-out is valued at fair value on each closing day. Possible revaluation effects are recognised in the Consolidated income statement. The valuation of the earn-out is based on the terms and conditions and circumstances stipulated in the respective purchase agreements. The earn-out is usually based on the financial performance of the acquired company.

Changes in fair value for a contingent purchase price that arise due to the receipt of further information within twelve months of the acquisition time point, qualify as adjustments during the valuation period and are adjusted retroactively, with a corresponding adjustment of goodwill. A contingent purchase price that is classified as shareholders' equity is not revalued and subsequent settlement is recognised within shareholders' equity. All other changes in actual value of a contingent purchase price are recognised in the income statement.

Acquired assets and liabilities assumed are valued at the actual value at the acquisition time point.

#### *Foreign currency translation*

##### *Functional currency and reporting currency*

The consolidated accounts are reported in SEK that is also the functional currency of the Group and reporting currency of the parent company.

##### *Transactions and balance sheet items expressed in foreign currency*

Transactions expressed in foreign currency are translated to the functional currency of each respective group company, based on the spot exchange rates on the transaction date (spot rate). Exchange rate gains and losses arising on settlement of such transactions and as a consequence of a revaluation of monetary items at the closing day rate are recognised in the income statement.

Non-monetary items are not recalculated on closing day and are valued at historic acquisition value instead (recalculated to the transaction day spot rate), except for non-monetary items valued at fair value that are recalculated to the exchange rate as of the date fair value was adopted.

##### *Foreign businesses*

In the consolidated accounts, all assets, liabilities and transactions in group companies that have a functional currency other than SEK (the Group's functional currency) are translated to SEK on consolidation. The functional currency of the Group has been unchanged during the reporting period.

On consolidation, assets and liabilities are translated at the closing day spot rate. Adjustments of goodwill and fair value that arise on acquisitions of a foreign business have been recognised as assets and liabilities in the foreign business and translated to SEK at the closing day rate. Income and costs have been translated to SEK using an average exchange rate over the reporting period. Foreign currency translation differences are recognised directly against comprehensive income and recognised in the foreign currency translation reserve in shareholders' equity. On the sale of a foreign business, the accumulated translation differences attributable to the business in shareholders' equity are reclassified to the income statement and recognised as a profit or loss on divestment.

### Segment reporting

Group segment information is presented from a group management perspective based on internal reporting to the Group CEO. The Group has identified the parent company CEO, i.e. the Group CEO as its highest executive decision-maker. Fasadgruppen's business is performed as one segment.

In the internal reporting used by the CEO to monitor the business and make decisions on resource allocation, financial information is presented for the Group as a whole. The Group therefore consists of one single operating segment, which is why Fasadgruppen does not present any separate segment information.

### Income

Group income mainly concerns income from the performance of contracts with customers related to façade work on properties, together with a smaller number of sales of goods and services related to such contracts.

When assessing whether income should be recognised, the Group uses the five-step model in IFRS 15.

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies the performance obligation.

In **step 1** the contract with the customer is identified. Group contracts are always in writing and agreed with the customer. If two or more contracts have been entered into at the same time or close to each other, these are to be combined in certain circumstances. It is rare for the Group to sign contracts in close succession with one and the same customer and a combination of agreements is therefore seldom an issue. A variation in the contract means a variation in performance obligations or price (or both together) in a contract that has been approved by both parties. A variation in the contract is to be recognised as a separate contract when the performance obligations are increased due to the addition of promised goods or services that are distinct and when the price in the contract increases by an amount corresponding to a separate sale price for the additional services/goods. If the goods or products are not considered to be distinct, the variation is recognised as part of the existing contract.

Contract variations, (additions, substitutions or omissions from the original scope of works), are a common occurrence in the Group. In most cases, such additional goods and services are not distinct and therefore do not entail a separate performance obligation and are viewed as part of one single performance obligation that at the time of the contract variation has been partially fulfilled and recognised as though it were part of the existing contract from the start.

In **step 2** separate performance obligations are to be identified, i.e. an assessment is to be made of whether the promises to transfer goods and services to the customer form separate or combined performance obligations. A performance obligation is a promise to transfer a product or service to the customer that is distinct or a series of distinct goods/services. A product or service is distinct if the customer can benefit from the goods or services on its own or in conjunction with other readily available resources; and if the Group's promise to transfer the product or service is separately identifiable from other promises in the contract. The contract with the customer usually consists of one performance obligation as the elements in the contract cannot be separately identified and form a combined obligation.

All contracts with customers include a warranty on work performed. They do not comprise expanded warranty undertakings and are issued in accordance with sector practice, usually for five years, in accordance with ABT06.

Certain contracts also include an option for the customer to add new services. These enable additional work to be priced on a market basis and do not include any scope for a discount to the customer. They do not therefore comprise a separate performance obligation.

In **step 3** the transaction price is determined. In this step, consideration is to be given to fixed prices and variable prices. The Group has contracts on a Cost Reimbursable basis but fixed price contracts dominate. The Group does not usually have any variable price components with the exception of penalties. Penalty clauses for delays are usually included in all contracts. The Group estimates penalty outcomes in accordance with the rules in IFRS 15 on variable remuneration and recognises fines as an income reduction. Financing components with a credit period of longer than 12 months are not applicable in the Group.

In **step 4** the transaction price is to be allocated to the performance obligations identified in step 2. As the Group usually has a performance obligation, the contract as a whole, this step is not relevant.

In **step 5** income is to be recognised. Income is recognised as control having passed from seller to buyer. This occurs either over time or at a point in time. Income is recognised by the Group when the Group's performance creates or enhances an asset that the customer controls. In so doing, the customer receives the benefit of the company's performance as the work is being performed. This is usually the case in contracts with customers as renovation and improvement work is performed on the customer's building/property. The degree of completion of the contract is estimated based on the costs incurred on closing day in relation to the total estimated costs to complete the contract and this forms the basis for work in progress income.

If a performance obligation is not fulfilled over time, it is fulfilled at a point in time, which is the case in sales of goods that occur in the Group. This happens at the time point when the customer gains control over the asset sold. Indications of transfer of control can be right to payment, legal right of ownership, the physical asset has been transferred to the buyer, the customer bears the significant risks and benefits associated with the asset or that the customer has approved the asset. However, this happens on a very small scale.

In association with the contract with the customer, the Group incurs items on its balance sheet related to the relationship between work performed and payment received from the customer. Work performed but not invoiced, is recognised in the balance sheet as accrued revenue and reported under Contract Assets. Contract assets are subject to impairment remeasurement in accordance with IFRS 9 is the same way as accounts receivables. In cases where advance payments are received from customers before the Group has performed its obligation, these are recognised as Contract Liabilities in the balance sheet.

### Operating costs

Operating costs are recognised in the income statement when a service has been utilised or when the event occurs.

### Borrowing costs

Borrowing costs are expensed in the period they arise and are recognised in *Interest costs and similar profit/loss items*.

### Goodwill

Goodwill represents future financial benefits that arise in a business combination, but that are not separately identified and recognised. Goodwill is recognised as acquisition value minus accumulated impairments.

### Other intangible non-current assets

#### Licenses for software

Licenses for software that satisfy the terms and conditions for activation, are recognised as intangible non-current assets and initially valued at fair value.

All intangible non-current assets with a limited life are valued based on acquisition value whereby charges are depreciated linearly over the estimated useful life which amounts to three years. Utilisation periods are remeasured on each closing day. An impairment remeasurement is done if a reduction in value is indicated.

Depreciation is included in the item *Depreciations and impairments of intangible and tangible non-current assets*. Additional charges for maintenance of software are expensed when they arise.

When intangible assets are divested, the capital gain or loss is determined as the difference between the sale price and the book value of the asset and recognised in the income statement under either *Other operating income* or *Other operating costs*.

### Tangible non-current assets

#### Land

Land is recognised at acquisition value with deductions for possible impairments.

#### Fixtures and fittings, tools and installations

Fixtures and fittings, tools and installations are initially recognised at acquisition value and thereafter as acquisition value minus accumulated depreciation and impairments.

Fixtures and fittings, tools and installations are depreciated linearly from acquisition value over a useful life of five years.

In the case of right-of-use assets (leases) the expected useful life is determined by reference to comparable owned assets or to the lease term if this is shorter. Significant estimates of useful life periods are updated as necessary, however at least once a year.

Gains or losses arising on the divestment of tangible non-current assets are established as the difference between the amount received and the book value of the assets and recognised in the income statement in *Other operating income* or *Other operating costs*.

### Leased assets

#### The Group as lessee

The Group assesses all contracts to determine if the contract is a lease agreement or contains a lease agreement. A lease agreement is defined as “an agreement, or part of an agreement, that transfers an asset (the underlying asset) for a certain time in exchange for payment”. To apply this definition, the Group assesses whether the agreement meets the requirements in three assessments as to whether:

- The agreement contains an identified asset that is either specifically identified in the agreement or implicitly specified by being identified at the time access to the asset was made available to the Group.
- The Group effectively has the right to all the financial benefits that arise by using the identified asset throughout the lease period with respect to the Group's rights within the defined application area of the agreement.
- The Group has the right to control the use of the identified asset throughout the entire lease period. The Group assesses whether it is entitled to control the “how and for what purpose” the asset is to be used during the entire lease period.

The Group's right-of-use assets primarily consist of cars and premises.

#### Valuation and recognition of leases

At the start of a lease agreement, the Group recognises a right-of-use asset and a lease liability in the balance sheet. The right-of-use asset is valued at acquisition value, which includes the amount the

lease liability is originally valued at, possible initial direct charges that the Group incurs and lease costs that are paid before the start of the lease agreement (minus possible benefits received). Each respective group company has been asked about the leasing of premises and a possible extension of current leases in particular. In cases where a lease includes an extension option, an assessment is made on a lease by lease basis of whether it is reasonably certain that the option will be exercised. As part of this assessment, all relevant facts and circumstances are considered that create financial incentives in such as, for example, agreement terms and conditions for extension periods compared to market rates, significant improvements that have been made (or are expected to be implemented) to the property during the lease period, costs that arise when notice to terminate the lease is given, such as procurement costs and removal costs and the importance of the underlying asset in the business.

With regard to Group leases that expire within a five-year period, the company has taken the position that it is reasonable to assume an extension period depending on the nature of each respective asset and the length of each respective extension period. No extensions have been assumed for leases that run beyond 2025. What the business will look like and be developed beyond this period is difficult to judge and in the company's assessment, further extensions cannot be assumed with any reasonable probability at this moment in time. This assessment will be regularly reviewed.

The Group depreciates right-of-use assets linearly from the start of the lease up to and including the earliest point in time when the right-of-use period of the right-of-use and lease end. The Group also makes an assessment of a possible impairment need of the right-of-use asset when a decrease in value is indicated.

At the start of the lease, the Group values the lease liability at the present value of the lease charges that have not been paid at that point in time. Lease charges are discounted with the use of the implicit interest rate of the lease if this rate can be readily determined, or the Group's incremental borrowing rate, if not.

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

After the start date, the liability is decreased by payments and increased with interest. The liability is re-evaluated to reflect a possible new assessment or change or if there are any changes to in-substance fixed payments. When the lease liability is re-evaluated, a corresponding adjustment is made concerning the right-of-use or in the income statement if the right-of-use has already been assigned zero value.

The Group has elected to recognise short-term leases and leases where the underlying asset is of low value by utilising the practical solution found in IFRS 16. Instead of recognising a right-of-use and a lease liability, lease charges for such leases are expensed on a straight line over the lease period.

Right-of-use assets are disclosed on the balance sheet under *Tangible non-current assets* while the lease liability is disclosed under liabilities.

### Consideration of impairment needs for goodwill, other intangible assets and tangible non-current assets

When considering impairments, the assets are grouped in as small as possible cash-generating units. A cash-generating unit is a group of assets that give rise to incoming payments that, to all extents and purposes are independent of other assets which in the case of the Group, consist of one respective business area. As a consequence, the need to impair certain assets is considered individually, while



others are considered at business area level. Goodwill is allocated to the business areas that are expected to benefit from synergy effects in the respective business combination and represent the lowest level in the Group where management monitors goodwill.

Any need for impairment at cash generating units to which goodwill has been allocated (deemed by management to correspond to the Group's business areas) is considered at least once a year. All other impairment needs of individual assets or cash-generating units are considered when events or changed circumstances indicate the recognised value will not be able to be recovered.

An impairment is recognised in the amount by which the asset or cash-generating unit's recognised value exceeds its recovery value, that is higher than the fair value minus the cost for disposal and right-of-use value. To establish right-of-use value, management estimates the expected future cash flows from each cash-generating unit and sets an appropriate discount rate to be able to calculate the present value of these cash flows. The data that are used when considering impairment needs are directly linked to the Group's most recently approved budget, adjusted as necessary to avoid the effects of future reorganisations and improvements of assets. Discount rates are set individually for each cash-generating unit and reflect current market assessments of the time value of the money and asset specific risk factors.

Impairments related to cash-generating units first reduce the recognised value of possible goodwill that is allocated to the cash-generating unit. Any remaining impairment proportionally reduces the other assets in the cash-generating unit.

With the exception of goodwill, a new assessment of all assets is performed to gain an indication of whether a previous impairment is no longer motivated. An impairment is reversed if the asset or the recoverable value of the cash-generating unit exceeds the recognised value.

### Financial instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are removed from the balance sheet when the contractual rights related to the financial asset expire or when the financial asset and all significant risks and rewards are transferred. A financial liability is removed from the balance sheet when it is extinguished, i.e. when it is satisfied, cancelled or expires.

#### Initial classification and valuation of financial assets

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

- The Group's business model for the management of the financial asset and
- the characteristics of the contractual cash flows from the financial asset.

All financial assets are valued at accrued acquisition value as

- they are held within the parameters of a business model the aims of which are to hold the financial assets and collect contractual cash flows (in the vast majority of cases, amounts contractually agreed with the customer)
- the contractual terms of the financial assets give rise to cash flows that are purely payments of capital amounts and interest on the outstanding capital amount.

After initial recognition, these financial assets are valued at accrued acquisition value via the effective interest method. Discounting is excluded if the effect of discounting is negligible. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

### Impairment of trade and other receivables and contract assets

The impairment rules in IFRS 9 use forward looking information to apply the model for expected credit losses. Financial assets include accounts receivables, contract assets and other receivables that are valued at accrued acquisition value.

Recognition of credit losses means that the Group is taking account of more comprehensive information in the assessment of credit risk and the valuation of expected credit losses including earlier events, current conditions and reasonable and substantiated forecasts that affect the anticipated possibility of receiving future cash flows from the asset.

The simplified model in IFRS 9 is used for accounts receivables and other receivables plus contract assets. Expected credit losses are valued using a provision matrix starting with historic credit losses, adjusted for factors concerning general financial circumstances and an assessment of both the present and forecast factors at the end of the reporting period. The provision amounts to negligible amounts.

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

#### Classification and valuation of financial liabilities

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

Financial liabilities are initially valued at fair value. Financial liabilities are initially valued at accrued acquisition value using the effective interest method.

All interest related costs are included in *Interest costs and similar profit/loss items*.

Contingently payable earn-outs are valued at fair value on the date of acquisition and comprise one part of the purchase price for the acquisition. The earn-out is recognised as a financial liability until it is settled. The earn-out is valued at fair value on each closing day. Possible revaluation effects are recognised in the Consolidated income statement. The valuation of the earn-out is based on the terms and conditions and circumstances stipulated in the respective purchase agreement. The earn-out is usually based on the financial performance of the acquired company.

### Inventories

Inventories are valued at the lower of acquisition value and net sales value. Costs for commonly replaced products are allocated on a first in first out principle. The net sales value is the estimated sales price in current operations minus possible sales costs applicable.

### Income tax

Tax charges recognised in the income statement consist of the sum of deferred tax and tax payable not recognised in other comprehensive profit/loss or directly in shareholders' equity.

Calculation of tax payable is based on tax rates and tax rules that are resolved or applicable in practice at the end of the financial year. Deferred income tax is calculated using temporary differences according to the balance sheet method.

Deferred tax claims are recognised to the extent it is probable that the underlying tax related deficit or deductible temporary differences will be able to be exercised against future taxable surpluses. This is assessed based on the Group's forecast for future operating profits, adjusted for significant non taxable income and costs, plus specific restrictions on the utilisation of unutilised carry back losses or credits.

Deferred tax liabilities are recognised in their entirety in principle, even though IAS 12 *Income taxes* allows limited exceptions. As a result of these exceptions, the Group does not recognise deferred tax on temporary differences attributable to goodwill or investments in subsidiary companies.

### *Cash and cash equivalents*

Cash and cash equivalents consist of cash and available facilities from banks and other institutes.

Cash and cash equivalents are subject to the general model for credit provisions in IFRS 9. The calculation is based on the probability of default based on the counterparty's rating, duration of less than twelve months and the amount on closing day. The provision is assessed as entirely insignificant in the case of short term and stable counterparties.

### *Shareholders' equity, reserves and dividends*

*Share capital* represents the quota value of issued shares.

*Share premium reserve* contains a possible premium that is received from a new issue of share capital. Possible transaction costs associated with the new issue of shares are deducted from the capital, bearing in mind possible income tax effects.

*Profit brought forward* includes all profits brought forward and share-based remuneration to employees for the current and previous financial years.

All transactions with parent company owners are recognised separately in shareholders' equity.

Dividends that are to be paid to shareholders are included in the item *Other liabilities* when the dividends have been approved at a general meeting of shareholders before closing day.

### *Post employee benefits and short-term employee benefits*

#### *Post employment benefits*

The only post employment benefits provided by the Group are via defined contribution pension plans. The Group pays defined contributions to independent companies towards several government pension plans and pension plans for individual employees. The Group has no legal or informal obligations to pay additional contributions in addition to the payment of the fixed contribution that is expensed in the period the associated personnel services are received.

Undertakings for retirement pensions and survivors' pensions for employees in Sweden are secured via a policy with Alecta. According to a statement from the Swedish Financial Reporting Board, *UFR 10 Reporting of ITP 2 pension plan financed via insurance with Alecta*, this is a defined benefit plan that covers several employers. According to the ITP 2 agreement, the size of retirement pension is based on the number of years the employee has served and their final salary at time of retirement. The size of the survivor's pension is determined by calculating the number of years the employee has served from first joining to time of retirement and salary at time of death. The size of the employee and survivor's pension is not dependent on the premiums that the company pays into the plan, and the return on investment these premiums make. The old age pension and survivor's pension do not therefore meet the definition of defined contribution plans in IAS 19. According to ITP 2, old age pension and survivor's pension commitments that are financed via insurance with Alecta are therefore classified as defined benefit commitments.

The collective consolidation level consists of the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial and underwriting calculation commitments, which is not in line with IAS 19. Collective consolidation, in the form of collective consolidation level, should normally be allowed to vary between 125 and 155%. If Alecta's collective consolidation level falls below 125% or goes above 155%, actions should be taken with the aim of creating the conditions to return the consolidation level to the normal range. Alecta's surplus can be allocated to insurance policy holders and/or the insured if the collective consolidation level goes above 155%. Alecta applies premium reductions to avoid a surplus arising.

### *Short-term benefits*

Short-term benefits to employees, including holiday pay, that has not been paid, are classified as current liabilities. These are valued at the non discounted amount the Group expects to pay as a consequence of the unutilised benefit.

### *Related party transactions*

Related party persons are defined as board members, senior executives and close family members of such key persons. Related party entities are defined as companies that are part of the Group where related parties have controlling, joint controlling or a significant influence and other companies on whose account key persons perform services for the Group. Transactions with related parties arise in current operations and are based on business terms and conditions and market prices. Information is provided that a related party transaction has occurred, i.e. a transfer of resources, services or obligations whether or not payment has been made.

### *Provisions, contingent liabilities and contingent assets*

Provisions for product guarantees, legal processes, loss contracts or other claims are recognised when the Group has a legal or informal obligation as a consequence of an earlier event, where a draw down of financial resources will be needed and such amounts can be estimated in a reliable way. The point in time or the amount for the draw down can still be uncertain.

Provisions are valued at the amount that is expected to be required to settle the existing obligation, based on the most reliable data available on closing day, including the risks and uncertainties that are linked with the existing obligation. In cases where there are a number of similar obligations, the probability of a draw down is established by a combined assessment of the obligations. Provisions are discounted to their current value where the time value of the money is significant.

Possible inflow of benefits of which the Group is virtually certain of receiving from an external party in relation to an obligation, is recognised as a separate asset. This asset cannot, however, exceed the amount of the provision to which it is related.

No liability is recognised in the event the draw down of financial resources as a consequence of existing obligations is unlikely. Such situations are recognised as contingent liabilities unless the probability of a draw down of resources is extremely low.

### *Significant assessments by group management on the application of accounting and valuation policies and uncertainty in estimates*

When preparing financial statements, management makes a number of assessments, calculations and assumptions on accounting for and the valuation of assets, liabilities, income and costs.

Group management has made the following significant assessments, estimates and assumptions in the application of the accounting policies that have the most significant effects on the financial statements for the Group.

#### *Impairment consideration of goodwill*

To assess any need for impairment, group management estimates the recovery value (right-of-use value) for each cash-generating unit (the Group's four business areas), based on expected future cash flows and the use of an appropriate interest rate to be able to discount these cash flows. Uncertainties reside in the assumptions about future operating profits and establishing an appropriate discount rate. To date, the Group has assessed that the right-of-use value of goodwill exceeds its book value.

#### *Acquisitions of business combinations*

When calculating fair values, group management uses valuation techniques for the assets and liabilities acquired with a business combination. Fair value is dependent above all on contingent earn-outs that are dependent on the outcome of several variables including the future profitability of the acquired company.

## Leases

The Group leases premises and various assumptions are made about these when calculating lease liabilities and right-of-use assets. One of the more critical assessments that is made is the assessment of the lease term of a contract. The Group considers whether it will be able to exercise an extension option with reasonable certainty, especially in the case of premises bearing in mind the circumstances that apply for the situation of the lease in question.

## Income from contracts with customers

Recognised income and associated contract assets for contracts for façade, roof and scaffolding work, reflect group management's best estimate of the outcome and the degree of completion of each contract. More complex contracts contain not insignificant uncertainty concerning the estimate of the costs for completion and assessment of profitability.

## NOTE 2: INCOME

The Group's total income divided into the different service areas and the Group's operating segments is as follows:

MSEK	2019			
	Contracting	Services	Other	Total
The Group	1,000.5	18.5	17.0	1,036.0
MSEK	2018			
	Contracting	Services	Other	Total
The Group	375.7	5.9	7.5	389.1

*Other* includes smaller amounts related to carbon fibre reinforcement, snow clearing and sheet metal services. For information on how income within *Contracting* is recognised, see note 1 above. Income within *Services* and *Other* are normally recognised at one point in time.

## NOTE 3: SEGMENTS

Management currently identifies the business as one operating segment, which is the breakdown that Fasadgruppen itself uses in its internal reporting. The operating segment is monitored by the Group's chief executive officer and strategic decisions are made based on the operating profit for the segment. Fasadgruppen measured its financial performance via EBITDA. Income consists of external income from customers. No one customer made up more than 10% of total income for the Group, and there is therefore no report concerning this.

The Group also has a smaller income in Denmark. As this is not of a substantial nature, information on income by geographic area is not provided.

MSEK	2019	2018
Total income	1,036.0	389.1
EBITDA	134.3	45.7
EBITDA margin, %	13.0%	11.7%
Adjusted EBITDA	142.4	45.7
Adjusted EBITDA margin, %	13.7%	11.7%

## NOTE 4: AUDITOR'S FEES

MSEK	The Group		The parent company	
	2019	2018	2019	2018
Expensed and other payments amount to:				
<i>Deloitte AB</i>				
accounting services	1.5	0.7	0.0	0.0
<i>Mazars Statsautoriseret</i>				
accounting services	0.1	–	–	–
other services	0.0	–	–	–

Here, accounting services concern auditing the annual report and accounts and management by the board of directors and chief executive officer, other work that falls to the company's auditor to perform, plus advice or other support that is occasioned by observations during such auditing or implementation of other work. Everything else is other services.

## NOTE 5: LEASES

Lease liabilities presented in this report on our financial position are as follows:

MSEK	The Group	
	31 December 2019	31 December 2018
Long-term	10.8	6.0
Short-term	35.8	28.1
	<b>46.7</b>	<b>34.1</b>

Interest costs concerning lease contracts in the 2019 financial year amounted to MSEK 0.943 (2018: MSEK 0.3).

The Group leases office and storage space plus cars. With the exception of short-term leases and leases for which the underlying asset is of low value, right-of-use and lease liabilities are recognised in the balance sheet. Variable lease charges that are not indexed are excluded in the initial calculation of lease liabilities and assets. The Group recognises its right-of-use assets under *Tangible non-current assets*.

Leases are limited in general with regard to the lessee's rights, provided the Group does not have a contractual right to let the asset to another party, such that only the Group can utilise the asset. Leases either cannot be terminated or notice to terminate can only be given on payment of a substantial termination fee. The Group must keep premises leased for office and storage space in good order. Furthermore, the Group must insure the leased assets and pay maintenance costs for these in accordance with the lease.

The table below describes Group leases based on the type of right-of-use asset that is recognised in the balance sheet.

Right-of-use asset	TSEK		
	Office and storage space	Cars	Other
Number of right-of-use assets	23	132	4
Range of remaining lease terms	5–10	1–6	1–2
Average remaining lease terms	5	2	2
No of contracts with extension option	23	0	0
No of contracts with indexed variable charges	17	0	0
No of leases that can be terminated	23	0	0

**NOTE 5: LEASES, CONT.**

The lease liability is guaranteed by pledging the underlying asset as security for the liability. Future minimum lease charges as of 31 December 2019 and 31 December 2018 amount to the following:

MSEK	Minimum lease payments					
	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	After 5 years
<b>31 December 2019</b>						
Lease charges excl financial costs	11.8	9.4	6.8	5.8	4.8	11.2
<b>31 December 2018</b>						
Lease charges excl financial costs	6.7	7.0	4.4	3.7	3.7	12.6

**Leases that are not recognised as liabilities**

The Group has chosen not to recognise a lease liability in the case of short-term leases (leases with an expected term of 12 months or less) and for leases where the underlying asset is of low value. Payments related to such leases are expensed linearly. Certain variable lease charges are also not permitted to be recognised as lease liabilities and are therefore expensed as they arise.

The cost of lease charges that are not included in the calculation of lease liabilities amounted to MSEK 17.8 in the 2019 financial year (2018: MSEK 5.7).

**NOTE 6: COSTS FOR EMPLOYEE BENEFITS****Employee benefits**

MSEK	The Group	
	2019	2018
Salaries and other payments	220	80
Social security costs	71	30
Pension costs (defined contribution plans)	18	7
<b>Total</b>	<b>309</b>	<b>117</b>

The charges for the next reporting period for pension plans with Alecta are expected to amount to MSEK 1,787,432 (2018: 2,146,432).

**Remuneration to the board and senior executives**

MSEK	The Group	
	2019	2018
Salaries and other short-term benefits	7	2
Redundancy payments	0	0
Post employment benefits	0	0
Other long-term benefits	1	0
<b>Total</b>	<b>8</b>	<b>2</b>

**Salaries, other remuneration and social security costs****2019**

MSEK	The Group		
	Salaries and other payments	Pension costs	Social security costs
Directors, CEO and other executives	7	1	2
Other employees	213	17	69
<b>Total</b>	<b>220</b>	<b>18</b>	<b>71</b>

**2018**

MSEK	The Group		
	Salaries and other payments	Pension costs	Social security costs
Directors, CEO and other executives	2	0	1
Other employees	78	7	29
<b>Total</b>	<b>80</b>	<b>7</b>	<b>30</b>

## NOTE 6: COSTS FOR EMPLOYEE BENEFITS, CONT.

2019 SEK	Basic salary	Bonus payments	Other benefits	Pension benefits	Total
<b>Board of directors</b>					
Lars Nordin, chair	0	0	0	0	0
Tomas Ståhl	0	0	0	0	0
Mikael Karlsson	0	0	0	0	0
Pål Warolin (up to 31 January 2019)	0	0	0	0	0
Mats Karlsson	0	0	0	0	0
Jim Jonsson	0	0	0	0	0
Per Sjöstrand	0	0	0	0	0
Ulrika Dellby	0	0	0	0	0
<b>Senior executives</b>					
CEO, Pål Warolin (from 1 February 2019)	1,114,000	0	71,042	236,186	1,421,228
CEO, Mikael Karlsson (until 31 January 2019)	0	0	100,000	0	100,000
Deputy CEO, Martin Jacobsson	862,000	0	49,108	128,832	1,039,940
Other senior executives (7 persons)	4,233,791	200,000	205,549	785,453	5,424,793
<b>Total</b>	<b>6,209,791</b>	<b>200,000</b>	<b>425,699</b>	<b>1,150,471</b>	<b>7,985,961</b>

Remuneration to senior executives consists of fixed salary, other benefits and defined contribution pension and can also consist of performance-based bonuses based on set target indicators. In 2019, senior executives received a total of SEK 200,000 in bonus payments. Here, other benefits means normal non-monetary benefits such as a company car and company healthcare. The retirement age for all senior executives is 65. The company is normally required to give three to six months notice to terminate employment and employees to give three months notice, or up to six months in exceptional cases. Severance pay does not arise. The company is required to give the CEO six months notice of termination and similarly the CEO must give six months notice.

2018 SEK	Basic salary	Bonus payments.	Other benefits	Pension benefits	Total
<b>Board of directors</b>					
Lars Nordin, chair	0	0	0	0	0
Tomas Ståhl	0	0	0	0	0
Mikael Karlsson	0	0	0	0	0
Pål Warolin	0	0	0	0	0
Mats Karlsson	0	0	0	0	0
Jim Jonsson	0	0	0	0	0
<b>Senior executives</b>					
Chief Executive Officer, Mikael Karlsson	0	0	150,000	0	150,000
Deputy CEO, Martin Jacobsson	354,400	0	27,682	75,152	457,234
Other senior executives	1,494,528	0	120,507	232,717	1,847,752
<b>Total</b>	<b>1,848,928</b>	<b>0</b>	<b>298,189</b>	<b>307,869</b>	<b>2,454,986</b>

Remuneration to senior executives consists of fixed salary, other benefits and a defined contribution pension. Here, other benefits means normal non-monetary benefits such as a company car and company healthcare. The retirement age for all senior executives is 65. The company is normally required to give three to six months notice to terminate employment and employees to give three months notice, or up to six months in exceptional cases. Severance pay does not arise.

## Warrants

As of 31 December 2019, the Group had issued warrants to four senior executives. The individuals vested the warrants at the market price (calculated according to Black & Scholes based on an assumption of a share price at the date of allocation of SEK 279, expected volatility in the share price of 30.0 per cent and an expected yield of SEK 0).

SEK	No of options	Subscription price per option	Acquisition value	Time point of allocation
31 december 2019	42,105	SEK 58.54	2,465	11 March 2019

The warrants entitled the holders to subscribe to a combined total of 42,105 new shares in the Company at a subscription price of SEK 306.90 per share.



## NOTE 7: AVERAGE NUMBER OF EMPLOYEES

	The Group			
	31 December 2019		31 December 2018	
	Average no of employees	Of which male	Average no of employees	Of which male
Sweden	499	480	294	288
Other Nordic countries	20	18	–	–
<b>Total</b>	<b>519</b>	<b>498</b>	<b>294</b>	<b>288</b>

## NOTE 8: GENDER BALANCE

There were no female directors on the board in the 2019 financial year (2018: 0).

## NOTE 9: OTHER INTEREST COSTS AND SIMILAR INCOME STATEMENT ITEMS

MSEK	The Group	
	2019	2018
Interest costs, borrowing at accrued acquisition value		
Borrowing at accrued acquisition value	11.4	6.1
<b>Total</b>	<b>11.4</b>	<b>6.1</b>
Interest costs, leases	0.9	0.3
<b>Total interest costs</b>	<b>12.3</b>	<b>6.4</b>
Other interest costs	0.3	–0.2
<b>Total financial costs</b>	<b>12.7</b>	<b>6.2</b>

## NOTE 10: TAX ON PROFIT FOR THE YEAR

The most important elements in the tax costs for the financial year and the relationship between the expected tax cost based on the effective interest rate in Sweden for the Group of 21.4% (2018: 22%) and the recognised tax cost in the income statement is as follows:

MSEK	The Group	
	2019	2018
Profit/loss before tax	110.1	35.6
Applicable tax for parent company	21.4%	22%
Expected tax cost	–23.4	–7.8
Adjustment for tax free income	–	0
Non-deductible expenses	–0.4	–0.1
Effect of change in tax rate	–0.5	–
Standard income allocations	–0	–
Tax free income	–	–
Valuation of non recognised deficit deductions	1.1	–
Other	–0.2	0.2
Recognised tax in income statement	–23.3	–7.7
The tax cost consists of the following elements:		
Current tax		
On profit/loss for the year	–24.4	–7.3
Deferred tax cost/income		
Change in temporary differences	1.0	–0.4
Recognised tax in income statement	–23.3	–7.7

## NOTE 11: NO OF SHARES AND DIVIDEND

No. of shares	2019	2018
A class	1,000,000	1,000,000
B class	181,775	79,620
	<b>1,181,775</b>	<b>1,079,620</b>

See also Note 26 *Shareholders' equity* for voting rights, quota value etc.

## Dividend

No dividend has been paid in financial years 2018 and 2019. For 2019, the board proposed no dividend at the AGM.

## NOTE 12: INTANGIBLE ASSETS

The Group's goodwill has mainly arisen via the acquisition of wholly owned companies and been allocated to cash-generating units. The Group assesses that the four business areas, BA North, BA East, BA West and BA South, each comprise a cash-generating unit. Each business area has a manager who manages a group of underlying companies with a natural geographic affinity, similar customer circle and synergy effects. Together, the business area companies generate income and cash flows that are greater than the sum of the individual companies were these to be managed entirely independently. Goodwill is allocated in accordance with the table below:

MSEK	The Group	
	2019	2018
<b>Goodwill per business area</b>		
BA North	29.1	27.8
BA East	311.0	221.5
BA West	102.7	77.4
BA South	191.6	171.1
<b>Total Group</b>	<b>634.3</b>	<b>497.8</b>

Changes in recognised value for goodwill are as follows:

MSEK	The Group	
	2019	2018
<b>Goodwill</b>		
Opening acquisition value	497.8	–
Acquisitions	136.5	497.8
Exchange rate differences	–	–
<b>Closing cumulative acquisition value</b>	<b>634.3</b>	<b>497.8</b>

MSEK	The Group	
	2019	2018
<b>Other intangible assets</b>		
Opening acquisition value	–	–
Acquisitions	–	–
Reclassifications	–	–
Sales and disposals	–	–
<b>Closing cumulative acquisition value</b>	<b>–</b>	<b>–</b>
Opening balance depreciation	–	–
Depreciation for the year	–	–
Reclassifications	–	–
Sales and disposals	–	–
<b>Closing balance accumulated depreciation</b>	<b>–</b>	<b>–</b>
<b>Closing book value</b>	<b>–</b>	<b>–</b>

Goodwill is monitored by management at business area level, which are also the cash-generating units. The amortisation period for goodwill is assessed as indeterminable and is not depreciated, but is tested for impairment needs on indication of a fall in value and annually when preparing the annual accounts. For 2019 and 2018, the recovery value for each cash-generating unit is determined by calculating the right-of-use value and then comparing this with the book value. Implementation of IFRS 16 Leases has been observed. Impairment consideration shows whether recovery values of cash-generating units with good margins exceed book values and no impairment needs have been demonstrated for any of the years.

**NOTE 12: INTANGIBLE ASSETS, CONT.****Assumptions**

When calculating a right-of-use value, a number of critical assumptions must be made. These are described below. Right-of-use value calculations are based on a five-year cash flow forecast that is established by management. Cash flows for the period beyond the five-year forecast period are extrapolated using long-term growth rate within the sector. Management is not aware of any other reasonable possible changes in the important assumptions that are made that could lead to the book value of a cash-generating unit exceeding its recovery value and thereby triggering a need for impairment.

The following are variable, significant and common to all cash-generating units when calculating right-of-use values; sales, competitiveness of the business, expected economic cycle of the construction industry, general socio-economic developments, investment plans of public and private sector customers, interest rate changes and local market conditions.

Operating margin: Historic profitability level and how efficient the business is, access to key personnel and skilled labour, customer relationships, access to internal resources, cost developments for salaries, materials and subcontractors.

Working capital needs: An individual case by case assessment is made whether the level of working capital reflects the needs of the business or needs to be adjusted for the forecast periods. When it comes to future growth, a reasonable or cautious assumption is that this will be in line with sales growth.

Investment needs: The investment needs of the businesses are assessed based on the investments required to achieve the cash flows forecast from the starting position, i.e. based on expansion investments. In normal cases, the investment level will have corresponded to the rate of depreciation of tangible non-current assets.

Discount rate: Forecast cash flows plus residual value discounted to present value with the weighted average cost of capital. The interest level on the borrowed capital is set at the average interest level of the Group's net debt. The return on shareholders' equity requirement is based on the Capital Asset Pricing Model.

The following applies for all business areas:

(%)	The Group	
	2019	2018
Discount rate (WACC), pre tax	10.0%	10.0%
Discount rate (WACC), after tax	9.7%	9.7%
Rate of growth during forecast period (1–5 years)	147.7%	131.5%
Rate of growth beyond forecast period	2.6%	2.6%

**NOTE 13: BUILDINGS AND LAND**

Changes in book values for buildings and land are:

MSEK	The Group	
	31 December 2019	
Opening cumulative acquisition values		–
Purchase via business combination		6.4
Closing balance accumulated historic value		6.4
Opening accumulated depreciation		–
Depreciation for the year		–0.1
Closing balance accumulated depreciation		–0.1
<b>Book value</b>		<b>6.3</b>

Buildings are depreciated over 50 years.

**NOTE 14: RIGHT-OF-USE ASSETS**

Changes in book values for right-of-use assets are:

MSEK	The Group	
	31 December 2019	31 December 2018
Opening cumulative acquisition values	38.3	–
Purchase via business combination	15.4	28.1
New contracts	7.5	10.2
Completed contracts	–0.5	–
Exchange rate differences	–0	–
Closing balance accumulated historic value	60.6	38.3
Opening accumulated depreciation	–2.9	–
Sales/disposals		–
Exchange rate differences	0	–
Completed contracts	0.5	–
Depreciation for the year	–9.4	–2.9
Closing balance accumulated depreciation	–11.9	–2.9
<b>Book value</b>	<b>48.8</b>	<b>35.4</b>

**NOTE 15: FIXTURES AND FITTINGS, TOOLS AND INSTALLATIONS**

Changes in book values for fixtures and fittings, tools and installations are:

MSEK	The Group	
	31 December 2019	31 December 2018
Opening cumulative acquisition values	15.9	–
Purchase via business combination	3.3	15.6
Purchasing	8.9	2.3
Sales/disposals	–1.3	–2.0
Exchange rate differences	–0.1	–
Reclassifications	–	–
Closing balance accumulated historic value	26.8	15.9
Opening accumulated depreciation	–0.1	–
Sales/disposals	0.8	1.6
Exchange rate differences	0	–
Reclassifications	–	–
Depreciation for the year	–3.5	–1.7
Closing balance accumulated depreciation	–2.7	–0.1
<b>Book value</b>	<b>24.1</b>	<b>15.8</b>

**NOTE 16: FINANCIAL ASSETS AND LIABILITIES***Categorisation of financial assets and liabilities*

The principles describe the respective categories of financial assets and liabilities plus associated accounting and valuation policies. The book values for financial assets and liabilities per category are as follows:

MSEK	The Group	
Financial assets at accrued acquisition value	31 December 2019	31 December 2018
Trade receivables and other receivables	190.3	121.5
Cash and cash equivalents	48.4	41.9
<b>Total financial assets</b>	<b>238.7</b>	<b>163.4</b>
	The Group	
Financial liabilities at accrued acquisition value	31 December 2019	31 December 2018
<b>Financial liabilities</b>		
Long-term loans	238.9	535.7
Short-term loans	307.8	6.0
Accounts payable and other payables	138.6	89.1
<b>Total financial liabilities</b>	<b>685.3</b>	<b>630.7</b>
<b>Financial liabilities recognised at fair value via the income statement.</b>		
Earn-out	52.6	6.2

In the case of long-term liabilities, the market value and book value are effectively assessed to be equal as no significant effects have affected the credit risk or interest rate risk and the contract interest and as such they are effectively the same as what could be achieved on closing day.

Please see note 37 for a description of the Group's risks related to financial instruments, including risk management goals and principles.

The methods that are used to calculate the fair value of financial assets and liabilities are described in note 38.

The book value of the following financial assets and liabilities has been assessed as a reasonable estimate of fair value.

- Trade receivables and other receivables
- Cash and cash equivalents
- Accounts payable and other payables

**NOTE 17: PARTICIPATIONS IN GROUP COMPANIES**

The Group has the following direct and indirect holdings in subsidiary companies:

Name	Org. no.	Reg address	No of participations	Participation % 2019	Participation % 2018	Book value
Fasadgruppen Norden AB	556949-8271	Stockholm	86,327	100	100	450,000
STARK Fasadrenovering i Sverige AB	556691-3033	Stockholm	1,000	100	100	
STARK Hyrstillningar i Sverige AB	556949-8388	Stockholm	500	100	100	
V Fasad AB	556861-1924	Stockholm	500	100	100	
AB Karlssons Fasadrenovering	556656-9603	Stockholm	3,000	100	100	
Mälardalens Mur och Puts AB	556599-0248	Enköping	1,000	100	100	
Robust Hyrstillning Sverige AB	559108-6185	Stockholm	1,000	100	100	
Murpoolen i Skåne AB	556666-0212	Malmö	1,000	100	100	
AB Karlssons Fasadrenovering i Skåne	556764-8679	Malmö	1,000	100	100	
Johns Bygg & Fasad AB	556764-8679	Göteborg	5,000	100	100	
Malmö Mur & Puts AB	556675-5574	Malmö	1,000	100	100	
Allt i Murning i Karlshamn AB	556192-4985	Karlshamn	1,000	100	–	
Valbo Fasad Entreprenör AB	556296-6258	Gävle	6,000	100	100	
Frillesås Mur och Puts Aktieföretag	556351-8025	Varberg	1,000	100	100	
Simtuna Bygg och Betong Teknik AB	556332-5975	Enköping	10,000	100	–	
Mellansvenska Fasad, Lars Svensson AB	556551-4881	Kumla	1,000	100	–	
Fasadteknik i Nyköping AB	556491-4579	Nyköping	1,000	100	–	
Ume Fasad AB	559030-5792	Umeå	500	100	–	
Karlaplans Plåtslageri AB	556115-0326	Stockholm	2,000	100	–	
P Andersen & Søn A/S	26475732	Denmark	500	100	–	
						<b>450,000</b>

All group companies pursue business within façade, concrete and brickwork.

**NOTE 18: DEFERRED TAX CLAIMS AND TAX LIABILITIES**

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

TSEK	Recognised in				31 December 2019
	1 January 2019	From acquisitions	Other comprehensive income	Income statement	
Changes during the year:					
Tangible non-current assets	0.0	–	–	–0.0	–0.0
Leases, net	0.1	–	–	0.1	0.2
Allocations	–0.8	–1.1	–	0.9	–1.0
	<b>–0.7</b>	<b>–1.1</b>	<b>–</b>	<b>1.0</b>	<b>–0.8</b>

Changes during the year:	Recognised in				31 December 2018
	5 May 2018	From acquisitions	Other comprehensive income	Income statement	
Tangible non-current assets	–	–	–	0.0	0.0
Leases, net	–	–	–	0.1	0.1
Allocations	–	–0.3	–	–0.5	–0.8
	<b>–</b>	<b>–0.3</b>	<b>–</b>	<b>–0.4</b>	<b>–0.7</b>

All deferred tax claims (including deficit deduction and other tax deductions) have been recognised in the balance sheet.

**NOTE 19: TRADE RECEIVABLES AND OTHER RECEIVABLES**

Accounts receivables and other receivables consist of the following:

MSEK	The Group	
	31 December 2019	31 December 2018
Accounts receivables, gross	133.3	89.4
Provisions for expected credit losses	–2.1	0
<b>Accounts receivables, book value</b>	<b>131.2</b>	<b>89.4</b>

All amounts are current. Net book value for accounts receivables is considered a reasonable approximation of fair value. Maximum credit exposure amounted to MSEK 133.3 on 31 December 2019 (2018: MSEK 89.4).

All Group accounts receivables and other receivables that are recognised in the comparison period have been audited for any indication of impairment needs. Impaired accounts receivables are attributable above all to business customers with financial difficulties.

Note 39 includes information on credit risk exposure and analyses moving the provision for expected credit losses. Both current and previous year provisions for impairments are related to the loss model that is applied in accordance with IFRS 9, which is a model with expected losses.

**NOTE 20: CONTRACT ASSETS AND OTHER RECEIVABLES**

Contract assets and other receivables consist of the following:

MSEK	The Group	
	31 December 2019	31 December 2018
Performed but not invoiced	57.5	28.1
Other	1.6	4.0
	<b>59.1</b>	<b>32.1</b>

Changes in contract assets are partly due to settlement within current operations but also on business combinations completed during the period. There are no significant individual changes, however.

**NOTE 21: PREPAID COSTS AND ACCRUED INCOME**

MSEK	The Group	
	31 December 2019	31 December 2018
Prepaid lease costs	0.8	–
Accrued bonus income	9.1	0.6
Other prepaid costs and accrued income	3.2	1.6
<b>Book value</b>	<b>13.0</b>	<b>2.2</b>

**NOTE 22: CASH AND CASH EQUIVALENTS**

MSEK	The Group	
	31 December 2019	31 December 2018
Cash and bank deposits:		
SEK	46.7	41.9
DKK	1.7	–
	<b>48.4</b>	<b>41.9</b>

**NOTE 23: SHAREHOLDERS' EQUITY***Share capital*

Share capital in the parent company solely consists of fully paid shares with a nominal value (quota value) of SEK 0.01 per share. All shares have the same rights to dividends and repayment of paid up capital. A series shares carry one vote at parent company general meetings. B series carry 0.1 vote at company general meetings.

SEK	31 December 2019	31 December 2018
Subscribed and paid up shares:		
– At start of year	1,079,620	
– New issue	102,155	1,079,620
<b>Subscribed and paid up shares at end of year</b>	<b>1,181,775</b>	<b>1,079,620</b>

**NOTE 24: APPROPRIATIONS**

Appropriations are recognised as current liabilities in the Group and under the heading *Appropriations* in the parent company. The book value of appropriations and changes to these are as follows:

	The Group
MSEK	Warranty appropriations
Book value 8 May 2018	–
Additional appropriations	0.7
Book value 31 December 2018	0.7
Additional appropriations	0.1
Amounts utilised	
Book value 31 December 2019	0.8

Appropriations that are recognised at time of acquisition in a business combination are included in *Additional appropriations* above.

Guarantee claims are normally settled within 3 to 18 months from the start, depending on what approach is used when negotiating the claim. As the time of settlement of these claims largely depends on how fast negotiations continue with different counterparties and judicial authorities, the Group or parent company cannot estimate in a reliable way the amounts that will eventually be paid out more than 12 months after closing day. The amount is therefore classified as a current liability in the Group financial reports.

Group management has no knowledge of any ongoing or potential disputes that would entail an outflow of cash and cash equivalents from the Group.

**NOTE 25: INTEREST-BEARING LIABILITIES**

	2019				2018			
MSEK	Nominal interest	Due	Nominal value	Book value	Nominal interest	Due	Nominal value	Book value
<i>Non-current interest-bearing liabilities</i>								
Overdraft facility			0	0			0	0
Liabilities to credit institutions (SEB)			112.0	112.0			144.0	144.0
Shareholder loans	2.57%		123.2	123.2	2.57%		121.7	121.7
Shareholder loans to parent company	2.50%		170.9	170.9	2.50%		170.9	170.9
Liabilities to credit institutions (SEB)					1.57%	17 June 2019	41.0	41.0
Liabilities to credit institutions (SEB)					1.57%	24 October 2019	12.0	12.0
Liabilities to credit institutions (SEB)					1.57%	11 October 2019	18.0	18.0
<b>Total non-current interest-bearing liabilities</b>			<b>406.0</b>	<b>406.0</b>			<b>507.6</b>	<b>507.6</b>
<i>Current interest-bearing liabilities</i>								
Liabilities to credit institutions (SEB)	1.97%	17 June 2020	41.0	41.0				
Liabilities to credit institutions (SEB)	1.97%	6 July 2020	7.4	7.4				
Liabilities to credit institutions (SEB)	1.97%	6 July 2020	3.1	3.1				
Liabilities to credit institutions (SEB)	1.97%	19 October 2020	14.4	14.4				
Liabilities to credit institutions (SEB)	1.97%	19 October 2020	9.6	9.6				
Liabilities to credit institutions (SEB)	1.97%	11 November 2020	7.0	7.0				
Liabilities to credit institutions (SEB)	1.97%	9 December 2020	7.5	7.5				
<b>Total current interest-bearing liabilities</b>			<b>90.0</b>	<b>90.0</b>			<b>0.0</b>	<b>0.0</b>
<b>Total interest-bearing liabilities</b>			<b>496.1</b>	<b>496.1</b>			<b>507.6</b>	<b>507.6</b>

**NOTE 26: CONTRACT LIABILITIES AND SIMILAR LIABILITIES**

Contract liabilities and similar liabilities consist of the following:

	The Group	
MSEK	31 December 2019	31 December 2018
<b>Current liabilities</b>		
Prepayments from customers for contracts	27.6	19.9
Earn-out	20.9	1.2
Social security charges, VAT and other items	43.0	21.7
	<b>91.5</b>	<b>42.8</b>

Changes in contract liabilities are partly due to settlement within current operations, but also to business combinations completed during the period. There are no significant individual changes, however.

Income recognised in 2019 includes MSEK 19.9 (2018: 0) that is included in contract liabilities at the start of the financial year.

The Group mainly has contracts that are completed within twelve months.

**NOTE 27: ACCRUED COSTS AND PREPAID INCOME**

	The Group	
MSEK	31 December 2019	31 December 2018
Employee related costs	55.5	34.6
Accrued interest costs	11.1	3.8
Other	3.8	3.8
<b>Book value</b>	<b>70.4</b>	<b>42.1</b>

**NOTE 28: PLEDGED SECURITIES AND CONTINGENT LIABILITIES**

	The Group	
MSEK	31 December 2019	31 December 2018
<b>Pledged securities</b>		
<i>For own appropriations and liabilities:</i>		
<i>Relate in their entirety to securities pledged to credit institutions</i>		
Company mortgages	13.7	6.5
Shares in subsidiary companies	–	–
Consolidated value net assets	574.4	546.5
Other pledged securities	1.1	–
	<b>589.2</b>	<b>553.0</b>
<b>Contingent liabilities</b>		
Pledged securities	3.9	0



**NOTE 29: GROUP INFORMATION**

Fasadgruppen had 54 shareholders on 31 December 2019 of which Connecting Capital Sweden AB and A.M. Karlsson i Kvicksund AB each owned over ten per cent of the shares and voting rights. Fasadgruppen was a subsidiary company of Connecting Capital Sweden AB, org. no. 556743-8865, on 31 December 2019.

**NOTE 30: RELATED PARTY TRANSACTIONS**

The Group has related party transactions with board directors and group executives, their related parties and companies where these persons have a controlling influence. Other related parties consist of companies on whose account, the above named persons perform services for the Group. The parent company is a related party to its subsidiary companies. As of 31 December 2019, shares corresponding to approximately 45 per cent of the Company's share capital and voting rights were owned by Connecting Capital Sweden AB and shares corresponding to approximately 20 per cent of the Company's share capital and voting rights were owned by A.M. Karlsson i Kvicksund AB. Both companies are considered to be related parties to Fasadgruppen. As of 31 December 2019, no other party owned shares corresponding to more than ten per cent of the Company's share capital and voting rights.

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

See note 6 (Costs for employee benefits) for remuneration to board directors and senior executives.

**Related party transactions**

MSEK	The Group	
	2019	2018
<b>Sales of services</b>		
AB Karlsson Fasadenovering	9.1	4.6
Malmö Mur & Puts AB	0.6	0.0
STARK Fasadenovering i Sverige AB	6.6	4.4
V Fasad AB	6.6	3.7
Valbo Fasad Entreprenad AB	2.9	0.0
STARK Hyrställningar i Sverige AB	-0.2	0.0
Johns Bygg & Fasad AB	1.2	0.0
Robust Hyrställning Stockholm AB	30.9	37.5
Simtuna Betong och Bygg teknik AB	0.0	0.0
Mälardalens Mur & Puts AB	12.5	7.4
Murpoolen i Skåne AB	6.0	4.1
Mellansvenska Fasad, Lars Svensson AB	0.4	0.0
<b>Total</b>	<b>76.7</b>	<b>61.7</b>

Transactions concern sales of services between Group companies that are part of the operating business.

**Purchase of services**

MSEK	The Group	
	2019	2018
<b>Within the Group</b>	<b>76.7</b>	<b>61.7</b>
<i>From companies controlled by senior executives:</i>		
Bendrik Invest AB	0.7	0.6
KFAB Förvaltning AB	0.6	0.6
A.M. Karlsson i Kvicksund AB	7.3	0.3
Connecting Capital Holding AB	0.9	0.6

Transactions with companies controlled by senior executives primarily consist of invoiced consulting fees for acquisition-related advisory services, financial advice services, management fees and rent for office space.

**NOTE 30: RELATED PARTY TRANSACTIONS, CONT.****Direct intermediaries in relation to the sale/purchase of services**

MSEK	The Group	
	2019	2018
<b>Related party claims</b>		
Subsidiary companies	9.8	9.4
<b>Liabilities to related parties</b>		
Subsidiary companies	9.8	9.4
<i>Companies controlled by senior executives:</i>		
KFAB Förvaltning AB	0.1	0.1
Bendrik Invest AB	0.1	0.1

Claims on related parties are attributable to internal accounts receivables and fall due for payment 30 days from time of sale. The Group does not hold any security for these claims and no interest is charged. Liabilities to related parties are attributable to purchase transactions that fall due for payment 30 days after time of purchase. Liabilities do not attract interest.

**NOTE 31: CASH FLOW STATEMENT**

The following non cash adjustments and adjustments for changes in working capital have been made in the income statement before tax to show cash flow from current operations:

MSEK	The Group	
	31 December 2019	31 December 2018
Depreciation and impairment of non-financial assets	13.1	4.4
Interest costs	7.3	3.8
Capital gain/loss from non-financial items	-0.1	0.7
Change to appropriations	0.3	0.1
Acquisition of subsidiary companies	-	-
<b>Total adjustments</b>	<b>20.5</b>	<b>8.8</b>
Interest received	0.6	0.7
Interest paid	-5.4	-2.4

**NOTE 32: RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Changes in Group liabilities from financing activities can be classified as follows:

MSEK	The Group		
	Non-current liabilities	Current liabilities	Lease liabilities
<b>1 January 2019</b>	512.6	0	34.1
<b>Cash flow:</b>			
- Repayments	-33.0	-30.6	-8.0
- Assumed via acquisitions	0		14.5
- Additional leases			6.1
- Payments received	8.0	47.1	-
<b>Non cash flow</b>			
- Reclassification	-280.4	280.4	-
- Earn-out	27.7		0
<b>31 December 2019</b>	<b>234.8</b>	<b>297.0</b>	<b>46.7</b>

**NOTE 32: RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES, CONT.**

MSEK	The Group			Total
	Non-current liabilities	Current liabilities	Lease liabilities	
<b>8 May 2018</b>	0	0	0	0
<b>Cash flow:</b>				
– Repayments	–43.2	–	–2.3	–45.5
– Assumed via acquisitions	43.2	–	27.0	70.1
– Additional leases			9.4	9.4
– Payments received	385.9	0	–	385.9
<b>Non cash flow</b>				
– Promissory note on acquisition	121.7	–	–	121.7
– Earn-out	5.0	–	–	5.0
<b>31 December 2018</b>	512.6	0	34.1	546.6

**NOTE 33: ACQUISITIONS OF BUSINESS COMBINATIONS****Acquisitions in 2019**

Simtuna Bygg och Betong AB

Subsidiary company Fasadgruppen Norden acquired all shares in Simtuna Bygg och Betong AB on 29 March 2019. The acquisition was made to strengthen the Group's position within concrete work in Sweden.

The details in the business combination are as follows:

MSEK	31 December 2019
<b>Fair value of consideration transferred</b>	
Amount settled in cash	30.0
Amount settled via shareholders' equity instruments in Fasadgruppen	9.6
Promissory Note and Supplement that was settled in 2019	26.4
Earn-out	18.6
<b>Total</b>	<b>84.6</b>
<b>Recognised amounts in identifiable net assets</b>	
Tangible non-current assets	7.3
Right-of-use assets	0.3
<b>Total non-current assets</b>	<b>7.7</b>
Inventories	7.3
Trade receivables and other receivables	4.0
Cash and cash equivalents	26.5
<b>Total current assets</b>	<b>37.8</b>
Lease liabilities	–0.3
Borrowing	–0
Accounts payable and other payables	–17.8
<b>Total liabilities</b>	<b>–18.1</b>
Identifiable net assets	27.4
Goodwill on acquisitions	57.2
Cash consideration transferred	56.4
Acquired cash and cash equivalents	–26.5
<b>Net cash flow on acquisition</b>	<b>29.9</b>
Acquisition costs that are expensed in the income statement	0.3

Liability related to earn-out amounts to MSEK 18.6. The outcome of the earn-out that is contingent on future operating profits achieved by the company has been valued via a probability assessment where it is assessed that the agreed amount will be paid within the term of the earn-out period that is normally three years.

Acquisition related costs of MSEK 0.3 are not included as part of the consideration transferred and have been recognised as a cost in the Group income statement, as part of *Other external costs*.

**NOTE 33: ACQUISITIONS OF BUSINESS COMBINATIONS, CONT.**

Goodwill of MSEK 57.2 primarily relates to growth expectations, expected future profitability, the significant knowledge and expertise possessed by Simtuna Bygg & Betongteknik personnel and expected synergies on the costs side. Goodwill is not expected to be tax deductible.

Simtuna Bygg & Betongteknik reported a profit of MSEK 16.7 for the nine months from 1 April 2019 to closing day.

If Simtuna Bygg & Betongteknik had been acquired on 1 January 2019, Group income for 2019 would have increased by MSEK 343.7 and profit for the year would have increased by MSEK 17.6.

**Other acquisitions in 2019**

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

MSEK	31 December 2019
<b>Fair value of consideration transferred</b>	
Amount that has been settled in cash	37.7
Amounts that have been settled via shareholders' equity instruments in Fasadgruppen	23.9
Payment against promissory note was settled in 2019	3.1
Payment against promissory note	10.0
Earn-out	28.8
Supplement to posted earn-outs for acquisitions completed in 2018	4.2
<b>Total</b>	<b>107.8</b>
<b>Recognised amounts in identifiable net assets</b>	
Tangible non-current assets	2.3
Intangible non-current assets	0.1
Right-of-use assets	15.0
Financial non-current assets	0.4
<b>Total non-current assets</b>	<b>17.9</b>
Inventories	1.7
Trade receivables and other receivables	85.9
Cash and cash equivalents	23.4
<b>Total current assets</b>	<b>111.0</b>
Lease liabilities	–14.2
Deferred tax liabilities	–1.0
Accounts payable and other payables	–85.8
<b>Total liabilities</b>	<b>–101.0</b>
Identifiable net assets	27.9
Goodwill on acquisitions	79.9
Cash consideration transferred	45.0
Acquired cash and cash equivalents	–23.4
<b>Net cash flow on acquisition</b>	<b>21.6</b>

Total liability for earn-outs amounts to MSEK 28.8. The outcome of these earn-outs that are contingent on future profits achieved by the Company, has been valued via a probability assessment where it is assessed that the agreed amount will be paid within the term period that is normally three years.

The Group did not incur acquisition related costs.

**NOTE 33: ACQUISITIONS OF BUSINESS COMBINATIONS, CONT.**

Fair value of accounts receivables and other receivables that have been acquired as part of the business combination largely amounted to the amount above as provisions for feared credit losses in the acquired companies were negligible.

Goodwill of MSEK 79.9 primarily relates to growth expectations, expected future profitability, the significant knowledge and expertise possessed by subsidiary company personnel and expected synergies on the costs side. Goodwill is not expected to be tax deductible.

The acquired companies report total income of MSEK 268.3 and profits of MSEK 19.5 for the 2019 calendar year.

**Acquisitions in 2018****Fasadgruppen Norden AB**

On 12 June 2018, the parent company acquired all shares in Fasadgruppen Norden AB plus associated group. The acquisition was made to strengthen the Group's position within façade and concrete work, especially within Sweden, but also in the rest of the Nordic region.

<b>MSEK</b>	<b>31 December 2018</b>
<b>Fair value of consideration transferred</b>	
Amount that has been settled in cash	328.3
Payment has been settled via promissory note.	121.7
<b>Total</b>	<b>450.0</b>
<b>Recognised amounts in identifiable net assets</b>	
Tangible non-current assets	14.7
Right-of-use assets	18.6
Financial non-current assets	0.5
<b>Total non-current assets</b>	<b>33.8</b>
Inventories	1.5
Trade receivables and other receivables	97.0
Cash and cash equivalents	27.9
<b>Total current assets</b>	<b>126.4</b>
Appropriations	-0.3
Borrowing	-43.1
Deferred tax liabilities	-0.3
Lease liabilities	-17.9
Accounts payable and other payables	-105.5
<b>Total liabilities</b>	<b>-166.8</b>
Identifiable net assets	-6.9
Goodwill on acquisitions	456.9
Cash consideration transferred	328.3
Acquired cash and cash equivalents	-27.9
<b>Net cash flow on acquisition</b>	<b>300.4</b>

No acquisition costs have been recognised for this acquisition.

Fair value of accounts receivables and other receivables that have been acquired as part of the business combination largely amounted to the amount above as provisions for feared credit losses in the acquired companies were negligible.

Goodwill of MSEK 456.9 primarily relates to growth expectations, expected future profitability, the significant knowledge and expertise possessed by subsidiary company personnel and expected synergies on the costs side. Goodwill has been allocated to business areas and is not expected to be tax deductible. Fasadgruppen Norden Group reported a profit of MSEK 33.2 for the period from time of acquisition to the end of the financial year. If Fasadgruppen Norden Group had been acquired on 1 January 2018, Group income for 2019 would have amounted to MSEK 697 and profit for the year would have increased by MSEK 70.

**Other acquisitions 2018**

After the acquisition of the Fasadgruppen Norden Group, two acquisitions were made of the Fasadgruppen Norden subsidiary company Valbo Fasad Entreprenad AB (18 October 2018) and Frillesås Mur och Puts AB (23 October 2018). The acquisitions were made to strengthen the Group's position within concrete work in Sweden.

<b>MSEK</b>	<b>31 December 2018</b>
<b>Fair value of consideration transferred</b>	
Amount that has been settled in cash	62.8
Amounts that have been settled via shareholders' equity instruments in Fasadgruppen	0.1
Payment against promissory note	0.1
<b>Total</b>	<b>62.9</b>
<b>Recognised amounts in identifiable net assets</b>	
Tangible non-current assets	0.8
Right-of-use assets	9.5
<b>Total non-current assets</b>	<b>10.2</b>
Inventories	0.2
Trade receivables and other receivables	23.6
Short term investments	2.9
Cash and cash equivalents	24.3
<b>Total current assets</b>	<b>51.1</b>
Appropriations	-0.1
Deferred tax liabilities	-0.3
Lease liabilities	-9.1
Accounts payable and other payables	-29.8
	<b>-39.2</b>
Identifiable net assets	22.0
Goodwill on acquisitions	40.9
Cash consideration transferred	62.8
Acquired cash and cash equivalents	-24.3
<b>Net cash flow on acquisition</b>	<b>38.5</b>

No acquisition costs have been recognised for this acquisition.

Fair value of accounts receivables and other receivables that have been acquired as part of the business combination largely amounted to the amount above as provisions for feared credit losses in the acquired companies were negligible.

Goodwill of MSEK 40.9 primarily relates to growth expectations, expected future profitability, the significant knowledge and expertise possessed by subsidiary company personnel and expected synergies on the costs side. Goodwill has been allocated to business areas and is not expected to be tax deductible.

The acquired companies report total income of MSEK 157.8 and profits of MSEK 12.6 for the 2018 calendar year.

**NOTE 34: RISKS RELATED TO FINANCIAL INSTRUMENTS*****Risk management goals and principles***

The Group is exposed to various financial risks via its business: market risks (wide-ranging interest rate and foreign exchange risks), credit risks and financing risks. See note 16 for summarised information on the Group's financial assets and liabilities broken down by category. Fasadgruppen has clearly stated that continuous operating profits from core activities should be the dominant source of income. The Group aim is to minimise any financial risks created by operations. Active financial management does not include nor permits taking positions as a dedicated means of creating added value, which means borrowing and investing for speculative purposes are not permitted.

The general financial goal is to assure the Group's ability to pay and financial readiness, and to increase return on shareholders' equity based on cost effective and professional financial management. Financing activities are to be performed in a secure and efficient way without any speculative elements and such that reassuring security is always maintained. Current operations are to be secured at all times. Capital is to be raised and employed such that risks and costs are minimised. The Group should endeavour to achieve the best possible terms for payment routines and other financial services.

Risk management is managed centrally by the Group CFO in accordance with the finance policy established by the board. All external financial transactions are to be executed by or coordinated with the CFO. Subsidiary companies are not entitled to enter into external financial transactions without the express authorisation of the Group CFO. The CFO identifies, evaluates and secures financial risks in close cooperation with the Group's operating units.

The following general criteria apply for Group risk management:

- Daily liquidity needs and payment obligations are managed in the first instance via existing cash and cash equivalents and our overdraft facility.
- Subsidiary companies cannot take out their own external loans other than as part of the Group's cashpool.
- Subsidiary companies cannot take out bank guarantees.
- Leases for vehicles can only be entered into with business partners.
- The Group's consolidated risk exposure is managed by the Group CFO.
- The CFO reports EBITDA and the net debt-to-EBITDA ratio on a monthly basis.
- Subsidiary companies report rolling forecasts of cash flow on a weekly basis.
- Refinancing risks are managed by the CFO in consultation with the board.
- Fasadgruppen has signed credit insurance agreements to protect against losses on insolvency and missed payments that cover all companies.
- No derivatives can be used other than options in the parent company.

***Market risks***

The Group is exposed to market risks via its use of financial instruments and especially to currency risks, interest rate risks and certain other price risks, as a consequence of both current operations and investment activities.

***Currency risks***

The majority of Group transactions are in SEK. Smaller exposure to exchange rate changes can arise on purchases in EUR (transaction exposure) and from the Danish subsidiary company with 100% exposure in DKK (transaction and balance sheet exposure). However, the total exchange rate exposure is very low.

Fasadgruppen should seek to minimise the effects of changing exchange rates in the Group's income statement by limiting its exposure to foreign currencies. Companies within the Group should seek as a starting point, optimal matching between purchase and sales currencies to minimise net exposure to currency risks. The Group should not use financial instruments in its activities to hedge commercial flows that are exposed to changes in exchange rates.

***Interest rate risk***

Fasadgruppen has a goal of its debt portfolio having a variable rate unless specifically resolved otherwise by the board. The Group's consolidated interest rate exposure is to be managed by the Group CFO. Interest-bearing liabilities to credit institutions and to parent company and minority shareholders have a variable rate and amounted to MSK 496.1 (507.8) on closing day.

The following table shows income statement sensitivity to a reasonably possible change in rate levels of +/- 1% in 2019 (2018) and is calculated based on liabilities to credit institutions and the parent company and minority shareholders. These changes are considered to be reasonably possible based on observation of current market conditions. These calculations are based on an average market interest rate for each period and the financial instruments that are held on closing day that are sensitive to changes in rates. All other variables remain unchanged.

MSEK	Profit/loss for the year	
	+1 %	-1 %
31 December 2019	3.9	-3.9
31 December 2018	4.0	-4.0

***Credit risk***

All companies within Fasadgruppen are to minimise and avoid exposure to credit risk linked to customer accounts receivables.

The Group takes out credit insurance contracts to protect against losses due to insolvency and missed payments. The credit insurance covers all companies within the Group and for twelve months with the possibility of extension. Customers that are excluded from such credit insurance are to be specified in a list that is updated regularly.

Credit risk associated with cash and cash equivalents in banks and bank deposits are managed via diversification of bank deposits and only with large and reputable finance institutions. Cash and cash equivalents are covered by the general model for considering credit losses in IFRS 9. The calculation is based on the probability of default based on the counterparty's rating, duration of less than twelve months and the amount on closing day. The provision is assessed as entirely insignificant in the case of short term and stable counterparties.

**NOTE 34: RISKS RELATED TO FINANCIAL INSTRUMENTS, CONT.**

Accounts receivables are written off (i.e. removed from the accounts) when there is no reasonable expectation that payment will be received. Failure to make payments within 180 days of date of invoice and inability to reach agreement with the Group on an alternative payment plan are to be considered as indicators that there is no probable expectation of receiving payment.

Bank guarantees are not to be provided by companies within Fasadgruppen.

Parent company surety should primarily be used for normal business activities, if the customer requires such. Subsidiary companies can provide a surety bond if the parent company surety is not accepted by the customer.

The simplified model in IFRS 9 is used for accounts receivables. Expected credit losses are valued using a provision matrix starting with historic credit losses, adjusted for factors concerning general financial circumstances and an assessment of both the present and forecast factors at the end of the reporting period. The provision amounts to insignificant sums.

**Analysis of liquidity risk**

Liquidity risk is the risk that the Group cannot fulfil its obligations. The Group manages its liquidity needs by monitoring planned loan payments on long-term financial liabilities and inward and outward

payment forecasts in daily activities. The data used to analyse these cash flows match the data used in the analysis on the agreed maturity dates below. Liquidity needs are monitored over different time spans, daily and weekly, and in a rolling 30 day forecast. Long-term liquidity needs for a period of 180 and 360 days are identified monthly. Net needs for liquidity are compared with available credit facilities to determine the margin of security or possible deficit. This analysis shows that available loan facilities are expected to be adequate in this period.

The Group goal is to have cash and cash equivalents and marketable securities that meet liquidity needs for periods of at least 30 days. This goal was achieved during the financial years. The financing of long-term liquidity needs is also secured via an appropriate amount of granted credit facilities and the possibility of selling long-term financial assets.

The Group observes expected cash flows from financial assets when assessing and managing liquidity risks, and in particular, access to cash and accounts receivables. The Group's existing cash reserves and accounts receivables significantly exceed current demands for outward cash flows. Cash flows from accounts receivables and other receivables all fall due within six months.

As of 31 December 2019, the contractual maturities of the Group's financial liabilities (including interest payments in applicable cases) were as follows:

MSEK	Short-term		Long-term		Total
	Within 6 months	6 to 12 months	1–5 years	Longer than 5 years	
Bank loans	64.5	60.9	80.8	–	206.2
Shareholder loans	209.1	–	96.3	–	305.4
Accounts payable and other payables	64.5	3.5	35.7	–	103.7
<b>Total</b>	<b>338.2</b>	<b>64.4</b>	<b>212.8</b>	<b>–</b>	<b>615.3</b>

This can be compared with the maturity terms as of 31 December 2018 for Group liabilities that are not derivatives.

MSEK	Short-term		Long-term		Total
	Within 6 months	6 to 12 months	1–5 years	Longer than 5 years	
Bank loans	20.9	21.1	180.7	–	222.7
Shareholder loans	–	–	329.5	–	329.5
Accounts payable and other payables	47.2	0.3	5.0	–	52.5
<b>Total</b>	<b>68.1</b>	<b>21.4</b>	<b>515.2</b>	<b>–</b>	<b>604.7</b>

The amounts above reflect the contractual undiscounted cash flows that can differ from the recognised values of liabilities on closing day.

**NOTE 35: VALUATION AT FAIR VALUE**

Earn-outs attributable to business combinations are valued at fair value according to level 3 (see definition of levels below). In all cases, the earn-outs are based on one or other of the operating performance metrics EBIT and EBITDA. The assessment has been made that the earn-outs are expected to result in the amounts stated below. These assessments have been made on each respective acquisition occasion. The earn-outs are valued using a probability assessment where it has been assessed that they will be paid in the agreed amount. Management has here considered the risk for the outcome of future cash flows, where the time factor given the prevailing interest situation, has not been assessed as important.

The following table shows financial liabilities valued at fair value, there are no financial assets at fair value:

MSEK	31 December 2019		Total
	Short-term	Long-term	
<b>Financial liabilities</b>			
Earn-outs	20.9	31.7	52.6
<b>Total liabilities fair value</b>	<b>20.9</b>	<b>31.7</b>	<b>52.6</b>

MSEK	31 December 2018		Total
	Short-term	Long-term	
<b>Financial liabilities</b>			
Contingent consideration	1.2	5.0	6.2
<b>Total liabilities fair value</b>	<b>1.2</b>	<b>5.0</b>	<b>6.2</b>

Fair value of the Group's financial liabilities is estimated to be the same as their book value. No transfers between levels or valuation categories occurred in the period.



#### NOTE 35: VALUATION AT FAIR VALUE, CONT.

Fair value hierarchy:

- Level 1: Fair value of financial instruments that are traded on an active market is based on listed market prices on closing day. The listed market price used for the Group's financial assets is the relevant bid price.
- Level 2: Fair value of financial assets that are not traded on an active market is established with the help of valuation techniques that are based as far as possible on market information while company specific information is used to the least possible extent. All significant input data that are required for fair value measurement of an instrument are observable.
- Level 3: In cases where significant input data of various kinds are not based on observable market information. For example, unlisted instruments.

#### NOTE 36: PRINCIPLES AND PROCEDURES FOR CAPITAL MANAGEMENT

The Group's goals regarding its capital structure is to secure the Group's capacity as a going concern, such that it can generate a return to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to keep costs of capital down.

Capital consists of shareholders' equity. Management assesses the Group's capital requirements for the purpose of maintaining an efficient general financing structure and at the same time avoiding excessive leveraging effects. The Group manages its capital structure and makes adjustments to this in the event of changing financial circumstances and with regard to the risk profile of the underlying assets. To maintain or adjust the capital structure, the Group can adjust the size of dividend to shareholders, engage in share buy backs, issue new shares or sell assets to reduce liabilities.

The Group assesses capital on the basis of the net debt-to-equity ratio. This key figure is calculated as net debt divided by shareholders' equity. Net debt is calculated as total borrowing (including both short-term loans and long-term loans on the Group balance sheet) minus cash and cash equivalents.

#### NOTE 37: EVENTS AFTER THE REPORTING PERIOD

In late 2019, a pandemic in the form of coronavirus/Covid-19 broke out. Fasadgruppen was affected to a lesser extent in the short term, *inter alia*, by projects being postponed. It is too early to say what the full effects will be in the longer term for Fasadgruppen (November 2020). To minimise possible risks, Fasadgruppen follows all recommendations from the Swedish Public Health Agency in Sweden for all Swedish companies in the Group and the corresponding agency in Denmark for all Danish companies in the Group.

An extraordinary general meeting of the Group parent company Fasadgruppen was held on 8 May 2020, which resolved on a new share issue, primarily via the conversion of shareholder loans into new shares. The new issue meant that Fasadgruppen was no longer a subsidiary company of Connecting Capital Sweden AB even though the company remained the largest shareholder. The general meeting also resolved on a new board of directors for the parent company, consisting of chair Per Sjöstrand, Lars Nordin, Ulrika Dellby, Mikael Karlsson, Mats Karlsson and Tomas Ståhl.

Fasadgruppen Norden AB acquired the façade business of Sterner Stenhus Holding AB via the acquisition of Sterner Stenhus Fasad AB. Sterner Stenhus will strengthen the Group's façade platform with professional property services and a knowledgeable workforce and secure Fasadgruppen's continued development in offering sustainable complete solutions to a broader market. Sterner Stenhus AB was effectively purchased on 5 June 2020. The consideration amounted to around MSEK 300 corresponding to an agreed value of the company adjusted with the total of net working capital. The acquisition is being financed via a combination of a directed share issue and bank loans. Sterner Stenhus Holding AB will thereby become one of the largest shareholders in Fasadgruppen and will actively participate in the development of the Group.

On 22 September 2020, Fasadgruppen Norden AB completed the acquisition of DVS Entreprenør AS. Through the acquisition, Fasadgruppen has established itself in Norway and thereby strengthened its position as the largest façade group in the Nordic region in line with the group's growth strategy. The combined purchase price amounted to MSEK 122.2, of which MSEK 60.0 have been paid in cash and cash equivalents at closing and MSEK 43.1 in issued shares. MSEK 19.1 consist of an earn-out. The outcome of the earn-out, which is dependent on future operating profits achieved by the company, has been valued via a probability assessment where it has been assessed that the agreed amount will be paid within the earn-out period that is three years.

On 25 September 2020, Fasadgruppen Norden AB completed the acquisition of three companies under the Cortex brand; Cortex Facerens ApS, Cortex Membran ApS and All-Tech ApS. Through the acquisition, Fasadgruppen has strengthened its presence in Denmark and thereby its position as the largest façade group in the Nordic region in line with the group's growth strategy. The acquisition is fully in line with Fasadgruppen's sustainability profile given Cortex' sustainable renovation and environmental remediation services. The combined purchase price amounted to MSEK 73.9, of which MSEK 25.8 have been paid in cash and cash equivalents at closing and MSEK 25.8 in issued shares. MSEK 22.3 consist of an earn-out. The outcome of the earn-out, which is dependent on future operating profits achieved by the company, has been valued via a probability assessment where it has been assessed that the agreed amount will be paid within the earn-out period that is three years.

Fasadgruppen Norden AB has acquired all shares in Fasadrenoveringar Roland Karlsson i Mälardalen AB, including the subsidiaries Front RK AB, rapid hyrställningar AB and SmartFront AB. Through the acquisition, Fasadgruppen will strengthen its position in Mälardalen, and at the same time Fasadgruppen as a whole will have the opportunity to expand its sustainability offer as all companies in the group gain access to SmartFront, a patented system that offers greater energy savings and at the same time gives Fasadgruppen a unique product on the market. Closing occurred on 19 November 2020. The combined purchase price amounts to MSEK 300.0. 50.0 MSEK consist of an earn-out. The outcome of the earn-out, which is dependent on future operating profits achieved by the company, has been valued via a probability assessment where it has been assessed that the agreed amount will be paid not later than in June 2023.

## Auditor's report on financial reports for historical financial information

### Independent auditor's report

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

#### Report on the consolidated accounts

##### *Opinions*

We have audited the consolidated accounts of Fasadgruppen Group AB (publ) for the period of two years ended 31 December 2019. The consolidated accounts of the company are included on pages F-2–F-24 in this document.

In our opinion, the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present, in all material respects, the financial position of the group as of the 31 December 2019 and 31 December 2018 and their financial performance and cash flow for each of the two financial years ending the 31 December of 2019 in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

##### *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 group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

##### *Responsibilities of the Board of Directors and the Managing Director*

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

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

##### *Auditor's responsibility*

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

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

- Identify and assess the risks of material misstatement of the 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, misrepresentation, or the override of internal control.
- Obtain an understanding of the group'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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the 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 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 consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Stockholm 30 November 2020

Deloitte AB

*Signature on Swedish original*

Richard Peters

Authorized Public Accountant

# Historical financial information regarding Fasadgruppen's subsidiaries

## Introduction

Fasadgruppen was formed through the merger of STARK Fasadrenovering and AB Karlssons Fasadrenovering in 2016. Since then, Fasadgruppen has carried out 20 acquisitions. STARK Fasadrenovering and AB Karlssons Fasadrenovering as well as the acquired companies and businesses conducted façade related operations prior to becoming a part of Fasadgruppen. In order to enable an evaluation of Fasadgruppen's financial development and assess Fasadgruppen's profitability over a longer period than the period covered by the consolidated historical financial information contained in this Prospectus, Fasadgruppen presents information on the Swedish respective Norwegian subsidiaries' net sales during the years 2005–2007 in this section. The information is based on the net sales according to the subsidiaries' adopted and published annual reports and is not audited or otherwise reviewed by Fasadgruppen's auditor. Neither is the information prepared in accordance with IFRS and Fasadgruppen has not made any adjustments for differences in accounting principles. Since Fasadgruppen's Danish subsidiaries are Danish private limited liability companies, they do not report revenues in their respective annual reports and are therefore not included in the compilation. Fasadgruppen's financial year is the calendar year and in the event an acquired company had a split financial year during the period 2005–2007, a recalculation has been made based on the proportion of the months of the financial year that has fallen within the calendar year stated below. For a company whose financial year ended on 31 August 2010, the net sales during the calendar year 2010 has been calculated as the sum of 8/12 of the net sales for the financial year ended on 31 August 2010 and 4/12 of the net sales for the financial year ended on 31 August 2011. The above means that the information in this section does not necessarily reflect the net sales Fasadgruppen would have had if the group companies had conducted their operations within Fasadgruppen during the presented calendar years. Neither is the information indicative for Fasadgruppen's future net sales.

## Net sales during the period 2005–2017

MSEK	Note	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Subsidiary</b>														
AB Karlssons Fasadrenovering		53	48	56	64	61	54	63	71	72	73	101	109	135
Allt i Murning i Karlshamn Aktiebolag		10	10	10	10	9	12	12	12	12	11	16	14	16
DVS Entreprenør AS (MNOK)		34	36	72	75	63	81	108	107	100	87	94	109	123
Fasadgruppen Norden AB		–	–	–	–	–	–	–	–	–	–	–	1	5
Fasadteknik i Nyköping AB		3	4	5	10	8	11	18	17	16	13	17	19	21
Fasadrenovering Roland Karlsson i Mälardalen AB	1	63	59	97	142	115	138	182	160	137	163	168	215	282
Frillesås Mur och Puts AB		17	21	23	24	19	20	27	19	17	18	31	41	46
Johns Bygg & Fasad AB	2	36	40	55	56	56	46	59	37	63	94	84	82	114
Karlaplans Plåtslageri AB		10	11	13	15	10	21	23	35	39	55	74	90	93
Malmö Mur & Puts AB		–	5	7	9	13	18	17	23	31	27	30	39	45
Mellansvenska Fasad, Lars Svensson AB		27	24	27	32	35	43	46	46	50	65	48	59	60
Murpoolen i Skåne AB	3	11	7	7	7	9	9	12	15	28	22	33	6	19
Mälardalens Mur och Puts AB		16	23	31	32	35	32	36	37	36	54	59	69	71
Proos Mur & Puts AB		–	–	–	–	–	4	4	6	7	8	8	8	9
Robust Hyrställning Sverige AB		–	–	–	–	–	–	–	–	–	–	–	–	16
Simtuna Bygg och Betong Teknik AB		22	18	16	12	15	20	22	24	26	31	32	39	51
Stark Fasadrenovering i Sverige AB	4	–	–	–	–	8	62	113	125	131	139	143	144	168
STARK Hyrställningar i Sverige AB		–	–	–	–	–	–	–	–	–	5	11	13	12
Sterner Stenhus Fasad AB		–	–	–	26	40	52	91	105	135	127	164	221	283
Ume fasad AB		–	–	–	–	–	–	–	–	–	–	–	2	5
V Fasad AB		–	–	–	–	–	–	–	–	–	–	8	12	14
Valbo Fasad Entreprenad AB		36	41	52	50	29	46	44	40	40	48	67	87	104
Åsälvs Mureri AB		–	–	–	5	6	4	9	5	5	4	6	6	6

## Notes

### NOTE 1

2005–2011 include consolidated figures for Entreprenörfirma Roland Karlsson AB (556640-5402).

### NOTE 2

2005–2014 include Johns Holding AB (556667-2977).

### NOTE 3

2005–2015 include Murpoolen Morgan Olsson AB (556621-0059).

### NOTE 4

Was until 23 October 2009 a part of Stark Entreprenad i Sverige AB (556660-6157), meaning that net sales information for Stark Fasad-renovering i Sverige AB is not available prior to this date.



# Definitions and glossary

<b>CAGR</b>	Compound annual growth rate.
<b>Capital Group</b>	Funds advised by Capital World Investors and funds advised by Capital Research Global Investors.
<b>Carnegie</b>	Carnegie Investment Bank AB (publ).
<b>The Code</b>	The Swedish Corporate Governance Code.
<b>The Company</b>	Fasadgruppen Group AB (publ).
<b>Cornerstone Investors</b>	Capital Group and Swedbank Robur Fonder.
<b>Deloitte</b>	Deloitte AB.
<b>Euroclear Sweden</b>	Euroclear Sweden AB.
<b>Fasadgruppen</b>	The Company or the Group, depending on the context. The Group was formed in 2016 through a merger of STARK Fasadrenovering and AB Karlssons Fasadrenovering. The Company was formed in 2018 and acquired the parent company of Fasadgruppen at the time.
<b>Façade work</b>	Work performed on or in connection with masonry and plastering, windows, balconies, roof and sheet metal as well as scaffolding (see section “ <i>Market overview–Fasadgruppen’s main markets–The façade market</i> ”).
<b>Façade companies</b>	Companies that perform one or more types of façade work.
<b>The Group</b>	The group in which the Company is the parent company.
<b>Managers</b>	Carnegie and Nordea.
<b>Nordea</b>	Nordea Bank Abp, filial i Sverige.
<b>Over-allotment Option</b>	An option granted by the Selling Shareholders to the Managers to, at a price corresponding to the offering price, acquire 2,493,920 shares at the offering price, corresponding to approximately 15 per cent of the total number of shares in the Offering. The purpose of the Over-allotment Option is to cover any over-allotments in connection with the Offering.
<b>Selling Shareholders</b>	Connecting Capital Sweden AB, reg. no 556743-8865, Wallingatan 2, SE-111 60 Stockholm, Sweden. LEI code: 549300P3XZRQFCSD8783. A.M. Karlsson i Kvicksund AB, reg. no 556638-5794, Bragevägen 1, SE-114 26 Stockholm, Sweden. LEI code: 5493007XGUD85X8BJ590. Sternor Stenhus Holding AB, reg. no 556771-9033, Årstaängsvägen 11, SE-117 75 Stockholm, Sweden. LEI code: 549300MN626MMSSLWE49.

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