WE BRING BUILDINGS TO LIFE

BRAVIDA ANNUAL REPORT 2016 INCLUDING SUSTAINABILITY REPORT

bravida
BRINGING BUILDINGS TO LIFE

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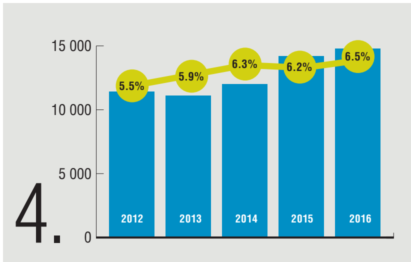
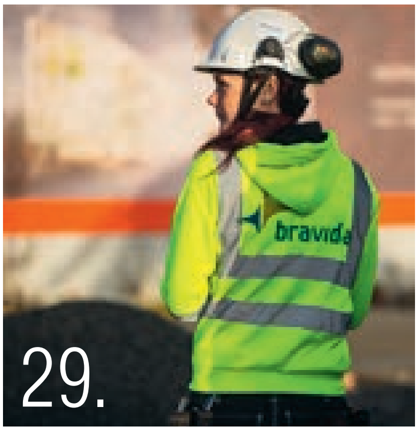
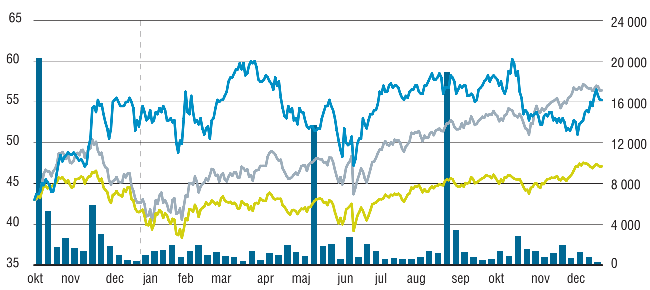
Bravida Annual Report 2016 including sustainability report

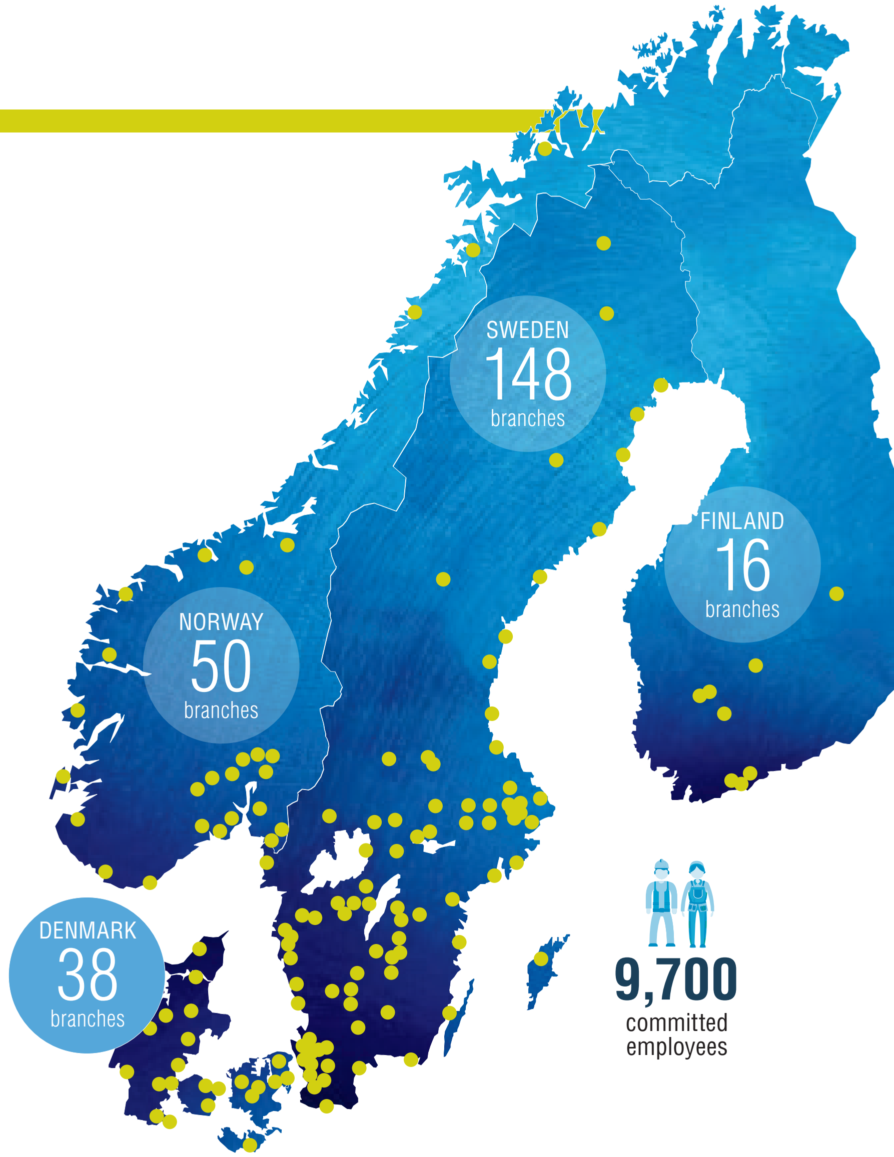






39.

WE BRING BUILDINGS TO LIFE – ACROSS THE NORDICS



Leader in installation and service

Bravida brings buildings to life – 24 hours a day, 365 days a year. We work primarily with electricity, heating & plumbing, and HVAC, but we also offer services in security, sprinklers, cooling, power and technical service management.

After every installation or service assignment we want properties and systems to work a little better, be more energy-efficient and for those people that live or work there to feel safe and healthy. In other words, we bring buildings to life.

SERVICES

INSTALLATION
New-builds or redevelopment of technical systems in buildings, facilities and infrastructure.

SERVICE
Operation and maintenance, as well as minor refurbishment of installations in buildings and facilities.

AREAS OF TECHNOLOGY

ELECTRICAL

HEATING & PLUMBING

HVAC (HEATING, VENTILATION AND AIR CONDITIONING)

Security – Sprinklers – TSM* – Power – Cooling

*Technical Service Management.

TECHNOLOGY SOLUTIONS FOR A LIVING SOCIETY

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

● SECURITY SYSTEMS
We supply security functions such as entry control, video surveillance, intrusion alarms and fire alarms both as individual systems and as integrated end-to-end solutions.

● COMPREHENSIVE RESIDENTIAL SOLUTIONS
Our installation solutions for homes include not only the basic electrical, heating and plumbing, and HVAC functions, but also energy recovery, lifts, fire prevention and security systems, as well as telecom and data networks.

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

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

● GEOTHERMAL HEATING
This utilises the relatively stable temperature of groundwater (6–8°C) to produce space heating and hot water using a heat pump. The depth of the borehole is 50-200 metres.

● LIGHTING
We install lighting solutions in arenas and stadiums, car parks, road tunnels and elsewhere. Projects include everything from electricity supply to installing light fittings.

SWIMMING POOLS

Technical solutions for swimming pools have to meet stringent requirements. Bravida has extensive experience of providing installations and maintenance for swimming pools throughout the Nordics.

COMPREHENSIVE OFFICE SOLUTIONS

Electrical, heating and plumbing, and HVAC are the core of our solutions for offices. As well as basic installations, we can include functions like comfort cooling, air purification, communication networks, fire prevention and security.

INDUSTRY

We have extensive experience of installation assignments in industrial environments with ongoing production. Bravida offers complete installation solutions, operation, and energy efficiency improvement measures – without disruption to parallel production operations.

AUTOMATION

This includes both industrial and building automation, which involves automatic control of industrial processes, and control and regulation of buildings' technical systems. The aim is to achieve optimal operational reliability and energy efficiency.

PROCESS COOLING

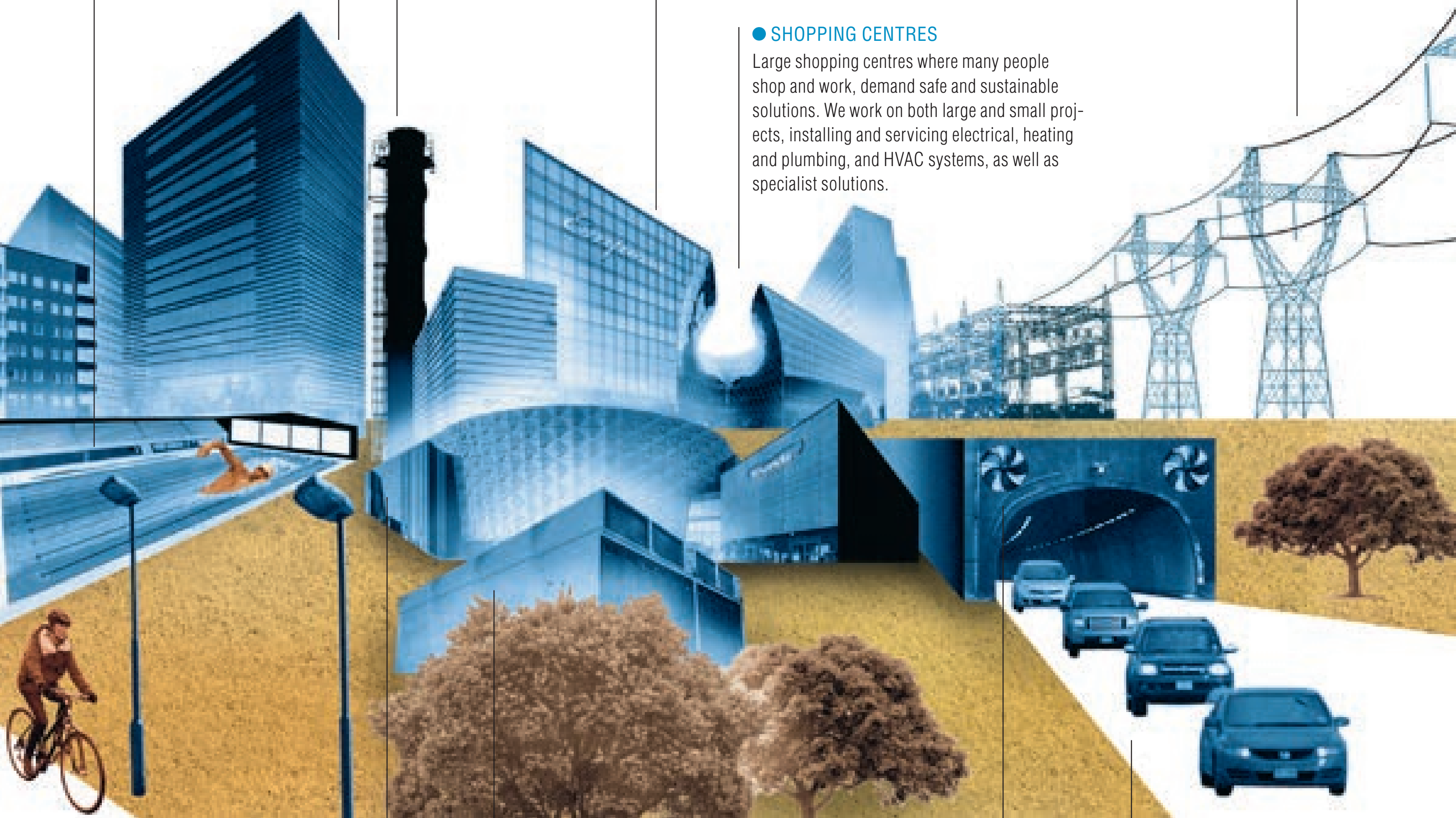
Our solutions for cooling can be used in industrial processes, for the storage of food, temperature control of data centres and ice rinks.

ELECTRICAL SUBSTATIONS

We direct electrical power safely to various regions and consumers in society. Where necessary, the voltage is transformed from higher to lower levels.

SHOPPING CENTRES

Large shopping centres where many people shop and work, demand safe and sustainable solutions. We work on both large and small projects, installing and servicing electrical, heating and plumbing, and HVAC systems, as well as specialist solutions.



ARENAS AND STADIUMS

We provide installation and maintenance at a number of arenas and stadiums. These large buildings place significant demands on installations, in particular in terms of being adapted as required and accommodating events with large audiences.

DATA CENTRES

Although modern data centres and server halls are energy-efficient, they consume lots of energy and their equipment generates a lot of heat. Continuous cooling is needed to create a stable indoor climate, and the high energy consumption means that efficient installation solutions play a key role.

HVAC SYSTEMS

In road tunnels, it's important that the air quality is maintained at a stable level under normal traffic conditions, and that in the event of a fire, toxic smoke and fumes can be rapidly vented.

INFRASTRUCTURE

We work on a wide range of large infrastructure projects that contribute to the growth and development of society. Projects currently include road tunnels, railway technology and underground rail systems.

END-TO-END PROVIDER OF INSTALLATION AND SERVICE

SERVICES

INSTALLATION

New-builds or the redevelopment of technical systems in buildings, facilities and infrastructure.

SERVICE

Operation and maintenance, as well as minor refurbishment of installations in buildings and facilities.

Installation

Bravida installs and upgrades electrical, heating and plumbing, and HVAC systems in all types of properties and facilities. We also provide solutions for security systems, sprinklers, cooling and power facilities. Most of Bravida's installation assignments are straightforward, but we also work with large, complex installation projects comprising a number of technical areas. This might involve a hospital building new operating theatres or the refurbishment of a road tunnel.

We view all installations in a building or facility as parts of a whole. By working as part of a cohesive project, we ensure installations are fitted systematically and efficiently so that customers are happy with the result. Our uniform working methods ensure high and consistent quality in all our projects. And our strong purchasing organisation guarantees that customers have access to quality products at competitive prices.

Service

Regular service increases the useful life of installations and reduces operating costs. Bravida offers operation, maintenance and minor refurbishment of installations in properties, facilities and infrastructure. Typical examples of service assignments include inspection of electrical fittings, refurbishment or replacement of water and heating systems and management of HVAC systems.

A service agreement with Bravida makes life easier for property owners and managers. With operations across the Nordics, we can help customers coordinate the operation and maintenance of all their facilities and properties. One contract, one contact, same solution – wherever the customer is located.

We want to contribute to a living society

Bravida has more than 50,000 customers. Every day we help them contribute to a sustainable society. After every installation or service assignment we want properties and systems to be more energy-efficient. One of our aims is to be a leading provider of energy-efficient and environmentally sustainable services in the Nordics.

Find out more on page 24.

Specialists in electricity, heating & plumbing and HVAC

AREAS OF TECHNOLOGY

ELECTRICAL

HEATING & PLUMBING

HVAC

Security – Sprinklers
TSM* – Power – Cooling
*Technical service management.

Electrical

Bravida carries out all sorts of electrical installations, both large and small, for offices, homes, hospitals, industrial facilities and major infrastructure projects. We install electrical solutions in both existing properties and new-builds.

Regular service of electrical installations helps prevent outages and other unpleasant surprises. Bravida checks distribution boards, electrical load distribution and cabling, as well as electrical standards in properties. We also review energy consumption and identify cost savings.

Heating & plumbing

Bravida provides all types of heating and plumbing installations,whether it's basic fittings in homes or offices, or more complex systems for industry, hospitals or leisure centres.

We offer heating & plumbing service and provide repairs when necessary. We also help cut water and energy consumption where possible, for example by calibrating heating systems, switching to energy-efficient pumps and replacing thermostats.

HVAC

Fresh air indoors is inexpensive and quickly pays off. Bravida installs all types of HVAC (heating, ventilation and air conditioning) solutions, such as air treatment, process ventilation and control and monitoring. And we can provide support for calibration and mandatory ventilation checks. Bravida has also developed custom ventilation solutions for sheltered housing, hospitals, sports centres and shopping malls, as well as high-tech industries.

Ventilation systems use more energy if they're not serviced and checked regularly. Bravida's technicians can often take basic steps to improve ventilation systems and save energy.

Specialist areas complete the picture

Bravida's main areas are electrical, heating & plumbing, and HVAC, but we also offer services in security, sprinklers, cooling, power and technical service management.

Security

● Bravida Fire & Security offers fire and intruder alarms, access control systems, CCTV and overarching platforms. We can also provide consulting, project services and service for security systems, with the aim of ensuring peace of mind for our customers 24 hours a day.

Sprinklers

● A sprinkler system with automatic fire protection can save a property from being extensively damaged in a fire. Bravida covers all aspects of sprinkler systems, and both the company and its staff are certified for sprinkler installation and service under Swedish Fire and Security Certification.

Cooling

● Bravida offers turnkey contracts for most cooling systems. We install systems that use traditional refrigerants, as well as systems based on CO_2, propane and ammonia. We can also help improve system operating strategy to reduce energy consumption.

Power

● Bravida offers high-voltage services throughout the power grid, from power source to wall sockets. Our assignments include electrical installations, the design of power stations, the operation and maintenance of power stations and electricity grids, and the construction of electrical substations.

Technical service management

● Bravida provides ongoing technical management of all types of properties and facilities. Our service technicians ensure optimal interaction between all systems, prevent disruptions and take action if problems arise.

IMPORTANT EVENTS IN 2016

MARGINS CONTINUE TO STRENGTHEN
Bravida's adjusted* operating margin improved by 6.5 percent over the year.

IMPROVED PRODUCTIVITY
The Group's improvement programmes are continuing to progress and provided the basis for enhancements in productivity and profitability during the year.

ACQUISITIONS
Nine companies were acquired during the year, boosting annual sales by approximately SEK 900 million.

NUMEROUS HOSPITAL PROJECTS
Bravida began a number of large hospital-related projects, such as in Tromsø, Norway, in Värnamo, Sweden and in Gødstrup, Denmark.

FOCUSSING ON OUR OFFERING AS AN EMPLOYER
During the year, we place a strong emphasis on our offering as an employer. We have also strengthened our HR department and concentrated on recruitment.

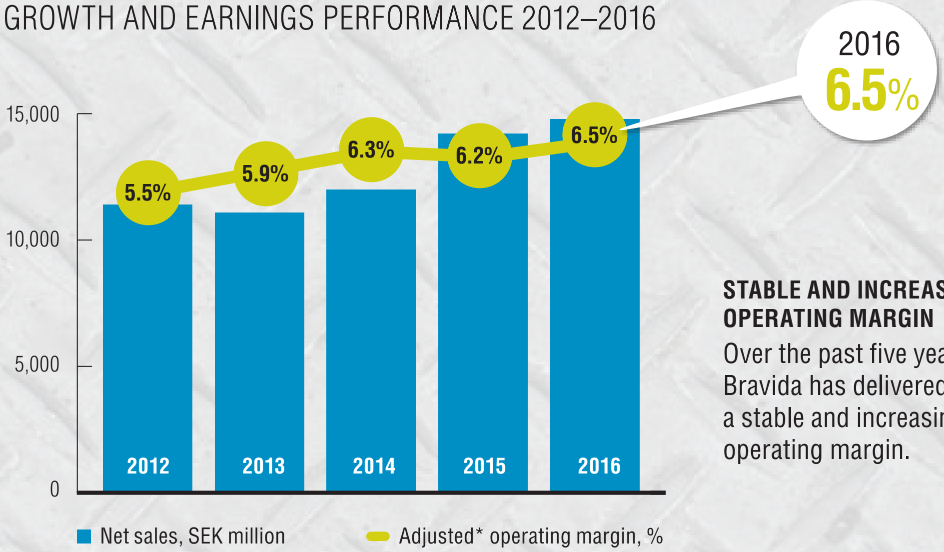
THE YEAR IN FIGURES

KEY PERFORMANCE INDICATORS, SEK MILLION	2012	2013	2014	2015	2016
Net sales	11,400	11,080	12,000	14,206	14,792
Operating profit/loss (EBIT)	570	600	705	782	944
Profit/loss after financial items (EBT)	539	221	440	422	877
Operating margin, %	5.0	5.4	5.9	5.5	6.4
Adjusted* operating profit/loss	624	649	759	878	954
Adjusted* operating margin, %	5.5	5.9	6.3	6.2	6.5
Cash flow from operating activities	424	457	659	841	428
Order backlog	4,809	6,075	6,580	7,092	8,644

INCREASE IN NET SALES
4%

ADJUSTED* IMPROVEMENT IN OPERATING PROFIT
9%

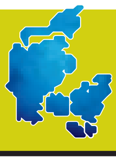
GROWTH AND EARNINGS PERFORMANCE 2012–2016



STABLE AND INCREASING OPERATING MARGIN
Over the past five years Bravida has delivered a stable and increasing operating margin.

*Adjusted for specific costs

BRAVIDA IN FIGURES

	SEK MILLION	2015	2016	SHARE OF BRAVIDA'S NET SALES	SHARE OF BRAVIDA'S OPERATING PROFIT/LOSS
SWEDEN 	Net sales	8,583	8,760	59%	61%
	Operating profit/loss	480	574		
	Operating margin	5.6%	6.6%		
NORWAY 	Net sales	3,173	3,124	21%	24%
	Operating profit/loss	256	224		
	Operating margin	8.1%	7.2%		
DENMARK 	Net sales	2,116	2,278	15%	12%
	Operating profit/loss	108	114		
	Operating margin	5.1%	5.0%		
FINLAND 	Net sales	358	662	4 %	1 %
	Operating profit/loss	0	7		
	Operating margin	0.0%	1.1%		

BREAKDOWN OF INCOME

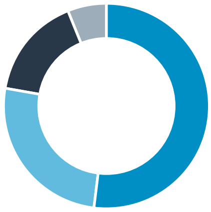
INSTALLATION/SERVICE

Breakdown of Bravida's sales

- **53%** Installation
- **47%** Service

AREAS OF TECHNOLOGY

Breakdown of Bravida's sales



- **52%** Electrical
- **26%** Heating and plumbing
- **16%** HVAC
- **6%** Specialist areas

BREAKDOWN OF BRAVIDA'S TOTAL SALES

TYPES OF FACILITIES

- **17%** Apartment buildings
- **15%** Offices
- **13%** Industry
- **11%** Health and social care
- **10%** Infrastructure
- **7%** Education
- **5%** Retail
- **22%** Other

CUSTOMER GROUPS

- **35%** Construction companies
- **20%** Other commercial
- **17%** Public sector
- **10%** Property companies
- **10%** Industry
- **8%** Other

TARGETED EFFORTS CREATE BASIS FOR SUCCESS

Bravida is continuing to develop rapidly, and we are also strengthening our position on the Nordic market. Our long-term, targeted efforts are creating the basis for our success as a supplier and employer and in contributing to a living society.

THE BRAVIDA WAY MAKES US UNIQUE

Bravida is one of only a few Nordic companies with an end-to-end installation and service offering for customers. I view this as a key strength, but we're not the only company to offer this. What really makes us unique is the Bravida Way, our corporate culture and way of working. The Bravida Way combines the strength of local contractors with the systematic approach and economies of scale of a large company. A key tenet of the Bravida Way is that we are growing while maintaining profitability and financial stability. When we have to prioritise, margin always takes precedence over volume.

The Bravida Way gives us the power to continue developing to achieve our goals. And this is reflected in our results for 2016.

MARGINS CONTINUE TO INCREASE

In 2016, our adjusted operating profit rose by 21 percent to SEK 944 million (782), which we are very pleased with. This is confirmation that we are consistently trying to choose margin over volume and not taking on unprofitable projects.

Our success is founded on our structured approach, from tendering to delivery. We begin each project with a detailed analysis of risks. This allows us to set the right price, with the right margin, from the outset.

HIGH PACE OF ACQUISITIONS, BUT CHALLENGES FOR ORGANIC GROWTH

In 2016, we grew primarily through acquisitions. Over the year, we purchased nine companies with combined annual sales of

“What really makes us unique is the Bravida Way, our corporate culture and way of working.”

approximately SEK 900 million. Our decentralised structure and strong brand make us an attractive buyer for many contractors. And they are able to quickly leverage our economies of scale, as we believe in integrating our acquisitions quickly.

Organic growth, however, was more of a challenge than expected, particularly in the first half of the year. The challenges were greatest in the Stockholm region, where we faced increased price competition for large projects. Our emphasis on choosing profitable projects resulted in low growth.

Nevertheless, we had one of our strongest ever ends to the year. Performance improved markedly in the final quarter, with good sales growth and strong order intake at healthy margins.

However, despite a strong fourth quarter, we were disappointed with the full-year growth for 2016. An important measure to promote our growth is that we will establish a new division, Riks, during the spring of 2017. The division will include operations within security, sprinkler, cooling, technical service management and power in Sweden. The purpose is to improve our opportunities for growth and profitability.

A SUSTAINABLE COMPANY

The sector in which we operate is an industry of the future. As energy and environmental issues grow in importance, part of their solution lies in the installation and service sector. This year our sustainability report is an integral part of our annual report, describing how we manage our responsibilities. These are reflected throughout our business, but three areas are a particular priority: sustainable use of resources, good health and safety and good business ethics.

SUSTAINABLE USE OF RESOURCES

Bravida’s vehicles are a common sight on roads throughout the Nordic region. Our transport activities offer the greatest opportunity to reduce our environmental impact. When replacing old vehicles we choose more environmentally sustainable options, and we have also started assessing electric vehicles as a long-term alternative for our service business.

We are also always trying to work smarter, in order to both boost customer value and ensure sustainable use of resources. An example of this is our Group-wide purchasing. Coordinating purchases allows us to generate considerable savings and provide better logistics, as well as making it easier for our branches to consciously choose suppliers that meet our quality and sustainability requirements. Our purchasing initiative also resulted in marked improvements in our margins in 2016.

Another example is our service initiative, which involves gradually encouraging customers to switch from urgent service to planned, regular maintenance. This offers customers a number of benefits, including greater energy efficiency, lower running costs and fewer outages. And it also improves Bravida’s organic growth in the service sector.

GOOD HEALTH AND SAFETY

Two years ago, we saw a break in the positive trend of declining occupational accident frequency and sickness absence. Behind these statistics are Bravida’s 9,700 employees. My highest priority is for our employees to be fit and healthy at work every day. This issue has involved the entire Group and we have undertaken important activities to rectify it. These have included improving reporting and follow-up work so we can better understand the causes and take preventive measures. I hope that 2017 will manage a positive turnaround in this trend.

GOOD BUSINESS ETHICS

Long-term business relations and sustainable development are based on good values and good conduct. There are numerous issues in our industry that we need to consider. Bravida has increased its efforts to constantly ensure our code of conduct is up to date and is relevant to the organisation. In my meetings with colleagues, we are discussing how to address various issues, both large and small.

OUR BRAND AS AN EMPLOYER ATTRACTS TALENTED PEOPLE

Our offering as an employer is a factor in our long-term ability to develop the business, and in the short term, too, the issue of human resources is key to our growth. We have therefore boosted efforts in recent years to raise our profile and attract both young and more experienced employees. In 2016, an impressive 1,044 apprentices were learning their trade with us!

THE MARKET IS CONTINUING TO GROW

We are looking to the future with confidence. The Nordic construction and infrastructure sector is experiencing significant activity. This is also leading to sustained stable growth for the installation and service market, as reflected in our order backlog, which grew to a record high at year-end. With a good pipeline of potential projects, most indications suggest these developments will continue in 2017.

Overall, Bravida is well positioned. But there is a lot more to do to take the company forward. We have a strong platform for continued profitable, sustainable growth. It’s now up to us just how much we want to achieve. I look forward to an exciting year of both opportunities and challenges.

Mattias Johansson, President and CEO

Fact file:

MATTIAS JOHANSSON

President and CEO

CEO since: 2015
From: Osby, Sweden
Family: Wife and three kids
Passionate about: Sport for young people and my children’s sporting activities.
Best thing about 2016: Confirmation once again that our model is working and that the initiatives we have invested in are bearing fruit.
Goals for 2017: The same as for 2016. Consistency and perseverance will take Bravida to a new level.

OUR VISION

Our vision is to be the leading partner in the Nordics for efficient technical solutions in installation and service. Our comprehensive knowledge will increase our customers' competitiveness.

OUR MISSION

We offer installation and service of electrical, heating & plumbing and HVAC systems.

Our skills and efficiency add value and benefit for our customers on a daily basis.

We combine a local presence with the resources of a large company.

THE BRAVIDA WAY

Our corporate culture and way of working make us unique in the market

ENTREPRENEURSHIP

Bravida's approach is based on an important principle: our local branches are at the heart of the business. Each Bravida branch knows its local customers best. So each branch is responsible for taking decisions regarding its local market. It's the commitment of the local branches and employees that drive the company forward.

FOLLOW-UP AND SUPPORT

But there are also advantages in being a large company. Together we have created working practices, templates and systems to provide support, follow up and help local branches move forward. Our central Group departments like financial management, legal services, purchasing and HR help create economies of scale and support local branches.

CONTINUOUS IMPROVEMENT

We want to constantly improve and simplify the way we operate. Our motto is 'same needs – same solution'. Our Group-wide working model designed to create constant improvement helps local branches continually share experiences and learn from each other.

Our values

PROFESSIONALISM – Clear responsibility for economy and profitability

In all parts of the organisation, we identify opportunities and paths that lead the company forward. All our employees take responsibility for the company's finances through all stages of a project.

SIMPLICITY – A uniform and straightforward approach

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

COMPETENCE – Knowledge, will and ability

Bravida always ensures that the right competence is in the right place for every assignment. The competence is organised in the best interests of both the company and the customer. Bravida is a step ahead and thinks in new ways. Employees collaborate between branches and technical areas.

GOOD CONDUCT – Reliability and correct behaviour

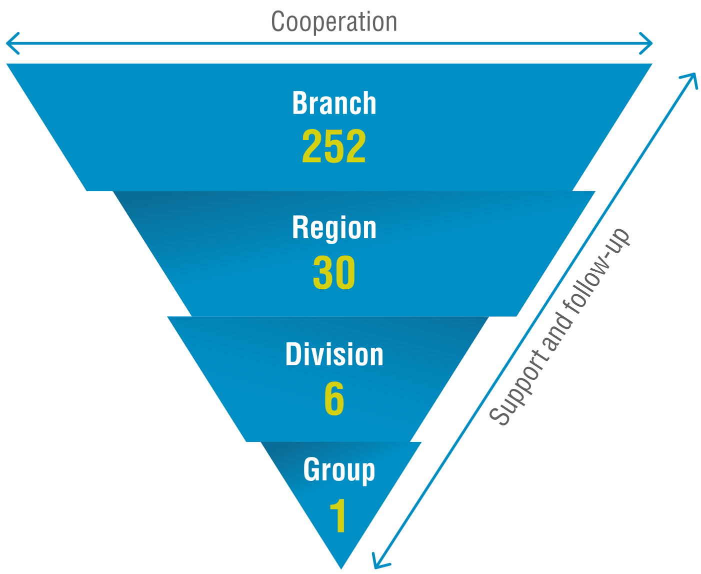
Bravida has a clear style of business conduct that is based on reliability and correct behaviour. Employees take personal responsibility and deliver what they promise. A friendly and accommodating approach is self-evident in all meetings.

A decentralised organisation

Bravida wants to be where its customers are. We want our customers to be the most satisfied in the market and we want to be the leading provider in those regions where we have a presence.

That is why we have created a decentralised organisation with businesses across a large number of locations throughout the Nordic region. Our branches, all of which specialise in a particular technical area, decide how they work with their customers and how to market themselves in their area. In large projects, we coordinate operations between branches. Local branches can rely on central Group departments such as financial management, purchasing and IT for support and follow-up.

Our organisation has four main levels – branch, region, division and Group.



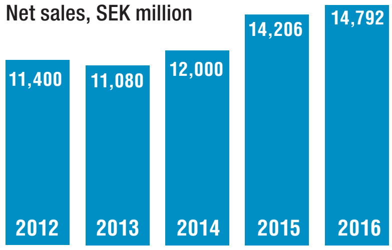
TARGETS AND OUTCOMES

To achieve our vision of becoming the leading company in our industry in the Nordics, we guide our business towards key targets that reflect our ambitions on profitable growth, financial stability, being a sustainable company and having the sector's strongest brand.

Profitable growth

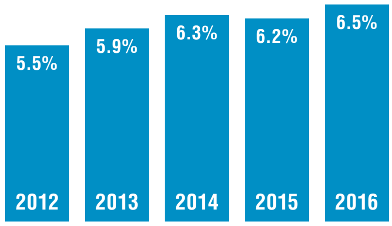
TARGETS	OUTCOME FOR 2016
● Profitable growth	
10% Bravida aims to increase its sales by more than 10 percent per year, of which 5 percent organically and 5–7 percent through acquisitions. But margin should always take precedence over volume.	**4.1%** (growth, of which -1% was organic)

Net sales, SEK million

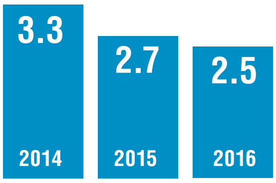


Financial stability

TARGETS	OUTCOME FOR 2016
● Good profitability	
Adjusted* operating margin **7%** Bravida aims to achieve an adjusted* EBITA margin exceeding 7 percent, including the dilutive effect of acquisitions. *Adjusted for specific costs.	**6.5%** Over the past five years Bravida has delivered a stable operating margin.



● Stable cash flow	
Cash conversion **> 100%** 12-month EBITDA +/- change in working capital and investments in machinery and equipment in relation to 12-month EBIT.	**60%** Average cash conversion for the past three years totalled 104%.
Net debt/adjusted* EBITDA **2.5** Bravida's capital structure should enable a high degree of financial flexibility and provide scope for acquisitions. The company's target is a debt/equity ratio of about 2.5x net debt/adjusted EBITDA. *Adjusted for specific costs.	**2.5** Over the past three years Bravida has reduced its net debt/adjusted EBITDA ratio, which is now in line with the target.



Dividend policy **> 50%** Bravida's target is to pay out a minimum of 50 percent of the Group's consolidated net earnings while also taking account of other factors such as financial position, cash flow and growth opportunities.	**37%** The proposed dividend of SEK 1.25 per share corresponds to a total of SEK 252 million.

A sustainable company

TARGETS	OUTCOME FOR 2016
● **Sustainable use of resources** – efficient production and energy-efficient offerings	

Fuel-related CO_2 emissions*

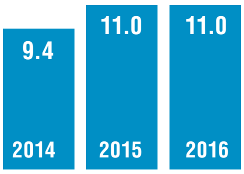
TARGETS	OUTCOME FOR 2016
-3% CO_2/km compared with previous year	**-6.5%** CO_2/km

● **Good health and safety** – employee safety, physical and mental health

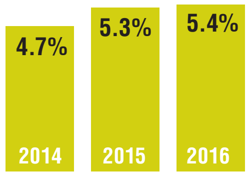
Occupational injury frequency**	Sickness absence
< 7	< 4%

No Bravida employee should suffer physical or mental illness because of work. Our long-term aim is to zero this.

Occupational injury frequency**



Sickness absence



● **Good business ethics** – in relation to customers, employees and suppliers

The percentage of our significant suppliers in Sweden that accept our code of conduct for suppliers.

TARGETS	OUTCOME FOR 2016
100%	**34%** This work started in 2016

*Emissions per km for 2015 are restated with new emissions factors for comparison.
**The number of accidents that lead to at least one day of sickness absence per million working hours.

A strong brand

TARGETS	OUTCOME FOR 2016
● **The strongest brand in the Nordics**	
#1	According to our own brand survey (conducted in spring 2015), Bravida is the most recognised brand in Scandinavia for installation, while the recognition of our brand is slightly weaker for service (survey not conducted in Finland). The next survey is planned for 2017.
● **The most satisfied customers**	
Customer satisfaction index (0–100) **75**	Installation **72** Service **75**
Customer loyalty index (0–100) **85**	Installation **80** Service **80**
	Bravida enjoys a high level of customer satisfaction, and four out of five customers would consider recommending Bravida to others.
● **The most attractive employer**	
Motivated employer index (MEI) **75**	Office-based employees **70** Employees under collective agreement **65**

OUR STRATEGIES

How we generate profitable growth

Bravida's objective is to be the largest or second-largest player in all the locations where we choose to operate. We aim to grow both organically and via acquisitions in our various key geographical markets. To ensure long-term stable growth, we are increasing our focus on service and proactive sales.

Organic growth provides a stable platform

Bravida has a number of Group-wide initiatives to promote organic growth, with proactive sales and growth in service being important aspects. We also want to increase the number of end-to-end solutions covering several areas of technology, which requires greater cooperation between our branches.

GROWTH IN SERVICE AND PROACTIVE SALES

Service, operation and maintenance represent recurring business that boosts the stability of our business and reduces cyclicality. Combining installation and service provides more long-term business. A key strategy for boosting organic growth is therefore to make sales more proactive, particularly for service.

We aim to encourage closer dialogue with our customers to better understand their needs and strengthen customer relations. We contact existing and new customers to present Bravida's offering and suggest improvements. We also have training initiatives to increase our employees' ability to identify needs when they are on site with customers. Service grew by 7 percent in 2016.

END-TO-END SOLUTIONS BOOST COMPETITIVENESS

Our ability to also carry out end-to-end projects that include electrical, heating and plumbing, and HVAC solutions, as well as security, sprinklers, TSM (Technical Service Management), power and cooling, distinguishes Bravida from most of our local competitors.

As the local company with the resources and economies of scale of a large corporate group, we have the capacity to perform major installation and service assignments throughout the Nordics. We also conduct Group-wide marketing initiatives and develop packaged services comprising more than one area of technology. And we endeavour to gain more nationwide agreements with major customers that have operations across several regions.

GREATER COOPERATION BETWEEN BRANCHES

Using shared systems and working practices makes it easier for our branches to cooperate. It's also important for Bravida to be able to grow and train new employees quickly, as well as integrate new businesses. We are therefore increasing collaboration between local branches in joint projects where this results in greater competitiveness, better use of resources and skills transfer between different parts of the organisation.

Acquisitions are an important element of growth

The Nordic installation and service market is fragmented and a large proportion of the approximately 25,000 companies are small with few employees. The sector is consolidating, offering good opportunities for acquisitions.

ACQUISITIONS TO CONTRIBUTE 5–7 PERCENT GROWTH

Acquisitions are one of the fundamental elements of Bravida's growth strategy. Our aim is to grow by 5-7 percent a year through acquisitions. In 2016, sales increased by 6 percent as a result of acquisitions.

THE ACQUISITION PROCESS

Bravida has a constant ongoing process to identify and carry out new acquisitions. These acquisitions are intended to strengthen Bravida's local market position, add an additional area of technology or expand into a new area.

Acquisition candidates must have a long, stable history and strong management who, through incentives, are encouraged to remain in businesses after acquisitions. Acquisitions are quickly integrated into Bravida's organisation, business systems and our Group brand.

ORGANIC GROWTH

Focus on growth in service and proactive sales
Recurring business reduces our cyclicality. Combining installation and service provides longer-term business.

Focus on end-to-end solutions and packaged solutions

Greater cooperation between branches

GROWTH THROUGH ACQUISITIONS

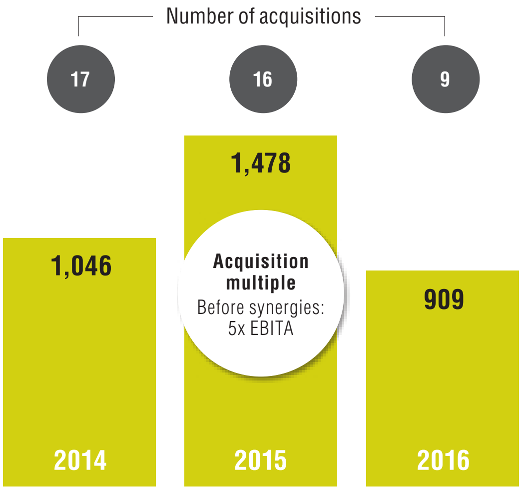
We acquire companies that help us become the local market leader in priority growth regions

Acquisitions should contribute at least one of the following:
- Strengthening our local offering
- Complementing our technical offering
- Providing geographical expansion
- Boosting expertise and improving offerings, for example in resource-efficient solutions

STRONG ACQUISITION HISTORY

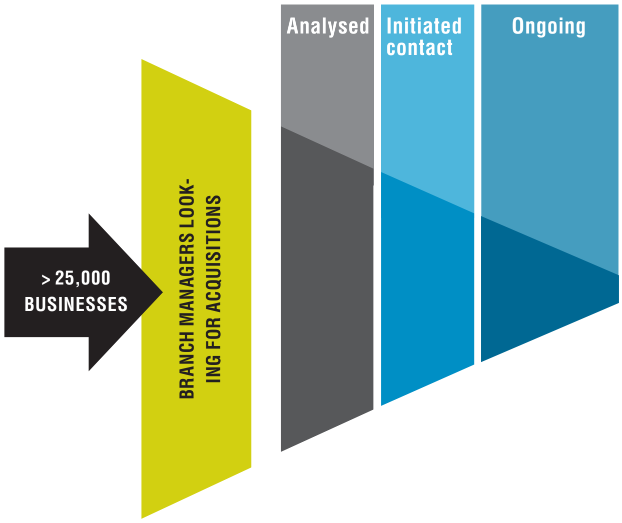
Over the past three years Bravida has carried out around 40 acquisitions that have increased annual sales by almost SEK 3.5 billion.

ANNUAL SALES, ACQUIRED COMPANIES, SEK million



LARGE NUMBER OF POTENTIAL ACQUISITIONS

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



BRAVIDA CARRIES OUT VARIOUS TYPES OF ACQUISITIONS

In 2016, Bravida completed nine acquisitions which together increased annual sales by approximately SEK 900 million. The acquisitions strengthen Bravida in various ways:

Stronger local offering:
In 2016, Bravida undertook six acquisitions that strengthened its local presence in Sweden, Norway and Denmark.

Comprehensive technology offering:
In June 2016, Bravida acquired Almqvist & Brunskog AB to bolster Bravida's recently established electrical business in Ljungby, Sweden, by adding security services. October saw the acquisition of OCM Vent, which adds HVAC services to Bravida's offering in Småland.

Geographical expansion:
In November 2016, Bravida established operations in the Ostrobothnia region of Finland through the acquisition Asentaja Group, the leading end-to-end provider of electrical, heating and plumbing and HVAC services in the region.

Bravida Finland

Acquisition of Finland-based Asentaja Group.
In November 2016, Bravida acquired the installation firm Asentaja Group Ab Oy based in Finland's Ostrobothnia region. The company is a leading end-to-end provider of electrical, heating and plumbing and HVAC services, employs around 100 people and has sales corresponding to around SEK 130 million.

"This is a strategically important step for Bravida. Ostrobothnia is a market offering good growth, and we've now strengthened our role as a supplier to industry in northern Finland," said Marcus Karsten, Head of Bravida Finland.

"We now have a strong and experienced owner, which supports our customer offering," says Jonas Björkskog, President and CEO of Asentaja Group.

Bravida entered the Finnish market in the summer of 2015 by acquiring Peko Group and Halmesvaara Oy.

How we create financial stability

Maintaining good financial stability is essential to Bravida. Margin always takes precedence over volume in our operations, with cost effectiveness being a corner stone of our business and we continually endeavour to maintain stable cash flow.

LOTS OF SMALL PROJECTS

Bravida has a diversified customer structure with a large percentage of relatively small projects, and consequently does not depend on individual customers or assignments. Bravida has numerous relatively small projects and a few large projects, with the majority of assignments worth up to SEK 1 million. Only around 8 percent of sales come from projects with an order value of over SEK 50 million.

SERVICE, REFURBISHMENT AND EXTENSION WORK MEANS LESS CYCLICALITY

Our service business, which accounts for nearly half our sales, is stable because of its recurring nature. In addition, refurbishment and extension work, which are less cyclical than new-builds, account for nearly 18 percent of our sales. All in all, around two-thirds of our business is less cyclical than the overall construction industry.

MARGIN OVER VOLUME – FOCUS ON PROFITABLE GROWTH

Bravida always prioritises profitability over volumes in projects, which is a fundamental consideration when we undertake a project. We do not take on projects in which the margin is low or risk too high.

Ongoing projects are reviewed each month with regard to costs incurred, current cost estimates and cash flow. A steering group is established for large projects to reduce the risk of incorrect estimates.

COST EFFECTIVENESS IS FUNDAMENTAL

A high level of cost awareness is a success factor for Bravida. We focus on limiting increases in administrative expenses as we grow.

With good financial monitoring at all levels of our organisation, Bravida conducts stable operations with controlled risk assumption. Our cost structure, with a low proportion of fixed costs, gives us flexibility if the market for new-build-related projects were to weaken. In addition, Bravida continually endeavours to leverage the economies of scale offered by a large organisation, in terms of administrative functions, purchasing and system support.

STRONG CASH FLOWS AND SOUND CAPITAL STRUCTURE

Bravida's ability to generate stable cash flows is fundamental to our ability to grow both organically and via acquisitions. Stable cash flow is also necessary for us to fulfil our dividend policy of distributing at least 50 percent of profit after tax.

To achieve this, our local branches continually take measures to maintain control of invoicing, payment plans and processes and to restrict cost levels. For example, we lease our offices and our vehicles, making it easier to adjust production capacity and administrative costs according to sales volumes.

In conjunction with our IPO in 2015, we refinanced our loans, totalling SEK 4,000 million with a five-year maturity. The interest terms and long maturity mean we have secured the financing required for the Group's further expansion over the coming years.

STABLE CASH FLOW

Focus on cash flow
Long-term efforts to maintain strong cash flow and a healthy capital structure.

Continual monitoring
Continual monitoring of cash flow at all levels of the company.

GOOD PROFITABILITY

Margin over volume
Growth, but not at any price. We only take on assignments with a healthy margin and calculable risks.

Focus on cost effectiveness
- Minimise fixed costs. We adapt production capacity and administrative expenses according to sales volumes.
- Coordination of purchasing generates economies of scale and cost effectiveness.

Continual financial monitoring
Continual financial monitoring at all levels of the company.

How we create a sustainable company

Bravida aims to operate a responsible business and manage its own and others' resources efficiently. We take focussed measures to achieve clear results in our sustainability work.

SUSTAINABLE USE OF RESOURCES – EFFICIENT PRODUCTION AND ENERGY-EFFICIENT OFFERINGS

Huge amounts of natural resources are consumed every day to build, maintain, heat and cool buildings and facilities. We work with our customers to offer solutions that cut energy and resource consumption. We also endeavour to improve our sustainability impact assessment of the materials and components that we use in order to reduce our long-term environmental impact.

Bravida's most significant internal environmentally related aspects consist of travel, transportation and waste. Bravida uses around 5,800 vehicles in its business. A priority in our work is therefore to reduce carbon emissions from our transports.

Bravida takes long-term, systematic measures to encourage all employees to consider energy use and the environment. We also endeavour to cut resource usage within the company through efficient processes in our projects.

GOOD HEALTH AND SAFETY – EMPLOYEE SAFETY, AND PHYSICAL AND MENTAL HEALTH

We believe no employee should suffer ill-health as a result of work. That is why Bravida has systematic health and safety measures in place. We want to constantly learn as an organisation, and we view each risk assessment and incident as an opportunity to learn and improve.

Initiatives are undertaken throughout the Group to improve health and safety and employee health. Everyone at Bravida has a collective responsibility to contribute to a safe and pleasant work environment. The Bravida School offers training on health and safety for all employees. We also have professional development initiatives for managers.

GOOD BUSINESS ETHICS – IN RELATION TO CUSTOMERS, EMPLOYEES AND SUPPLIERS

Bravida endeavours to create a culture in which all employees contribute to our continuous improvement. Together with Bravida's code of conduct, this forms the basis for how we operate and how we develop in the future. The code contains our values and our approach to issues such as business ethics, human rights and health and safety, customers, quality management issues and the environment. The code is based on the UN Global Compact.

The code of conduct is an important element of our leadership programme and the induction of new employees. We have continual initiatives to increase awareness of the code of conduct within our organisation.

All our business relationships should be managed in a responsible and proper manner. We place the same requirements on our business partners as we place on ourselves with regard to safety, environmental impact, human rights, quality and business ethics. Our suppliers and subcontractors must comply with our code of conduct.

SUSTAINABLE USE OF RESOURCES
– efficient production and energy-efficient offerings

Greater efficiency in our own operations and resource usage

Cooperation with customers to reduce energy and resource consumption in their properties and facilities

Sustainability impact assessment of installation products

GOOD HEALTH AND SAFETY
– employee safety, and physical and mental health

Active health and safety work

Focus on leadership

GOOD BUSINESS ETHICS
– in relation to customers, employees and suppliers

Active measures to maintain a healthy corporate culture with positive values

Continual sustainability assessment of suppliers

BRAVIDA'S MARKET

The installation and service market in the Nordics

255 SEK* billion
SALES IN 2016

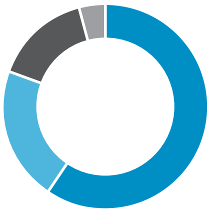
4 %
GROWTH IN 2016

*The forecast base used as a source has changed calculation model compared with the previous year.

THE NORDIC INSTALLATION AND SERVICE MARKET

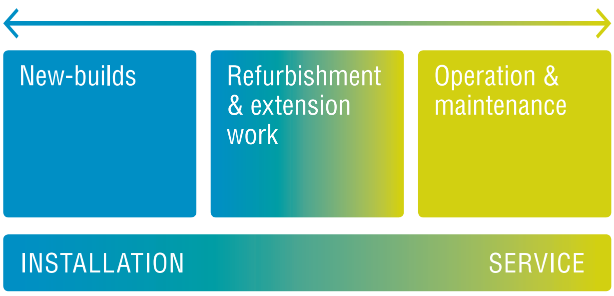
- **34%** Sweden
- **28%** Norway
- **18%** Denmark
- **19%** Finland

SHARE OF BRAVIDA'S NET SALES



- **59%** Sweden
- **21%** Norway
- **15%** Denmark
- **4%** Finland

The installation and service market



Combination of installation and service provides stable market
The installation and service market is made up of a number of submarkets, the more volatile market for new-builds and the more stable markets for refurbishment, extension work, and operation and maintenance.

A stable and growing sector

Bravida is the leading integrated supplier of installation and service for buildings and facilities in the Nordics. The industry continued to grow in 2016, and several factors indicate that growth in the market will persist in the future.

Bravida's core market is technical service of properties and facilities and the installation of electrical, heating and plumbing, and HVAC systems in all types of buildings and sites. This accounts for about 90 percent of Bravida's net sales, with the remaining 10 percent relating to infrastructure projects. Bravida's geographical market consists of Sweden, Norway, Denmark and Finland. Customers comprise construction companies, central government and local authorities, county councils, other businesses and private individuals.

Bravida's market in the Nordic region grew by around 4 percent in 2016 and is valued at an estimated SEK 255 billion*. Nordic market growth for 2017 is expected to be 4 percent. Bravida's market share in the Nordics is just over 5 percent.

COMBINATION OF INSTALLATION AND SERVICE PROVIDES STABLE MARKET

Electrical, heating and plumbing, and HVAC installations are an important part of construction projects, and the concentration of installations involved varies depending on the type of project. In commercial facilities and properties, the proportion of installations in relation to building costs is about 30 percent. The proportion of installations is lower in residential properties, while in hospitals, for example, it is much higher. All technical installations require service and maintenance, which means the greater the concentration of installations the higher the service volume. Aftermarket service agreements ensure a repeat flow of customers, which contributes to stability and growth for the industry.

A LATE-CYCLE MARKET

The installation and service market is late-cycle with about a year's lag behind general economic developments, depending on the nature and length of construction projects undertaken. Construction of homes and commercial property follows fluctuations in the economy, while public investment is controlled by political decisions.

The cyclical aspects of the technical services market are reduced because assignments for the installation and service industry span different types of projects and the demand for service is continuous. The need for refurbishment and maintenance work also tends to increase in more difficult times. Aftermarket service agreements ensure a repeat flow of customers, which contributes to stability and growth in the market.

*The forecast base used as a source has changed calculation model compared with the previous year.

Fragmented Nordic market

The Nordic market for installation and service is fragmented and consists of around 25,000 companies.

The Nordic installation and service market is local and highly fragmented. The industry is characterised by low barriers to entry, and in the Nordic region there are around 25,000, mainly small and privately owned, companies operating in this area. There are only a few companies with a presence throughout the Nordic region.

SMALL COMPANIES COMPETE ON LOCAL MARKETS

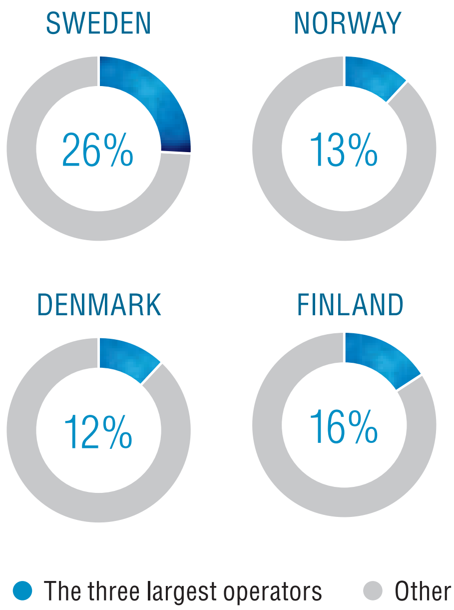
Bravida's main competitors in its core market are mainly the small and medium-sized companies on local markets. The majority of these companies are family-owned with few employees operating in geographically limited areas within a single area of technology.

Bravida's advantage over these smaller companies is its combination of installation and service across a number of areas of technology. Our group organisation allows us to offer more extensive and in-depth expertise in areas such as sustainability, technological developments, quality assurance and purchasing. Bravida also has significant resources offering expertise and staffing of large projects.

LARGE COMPANIES COMPETE FOR MAJOR CONTRACTS

Competition for large contracts mainly comes from other international companies with offerings across several areas of technology and sufficient financial capacity. Large competitors include international companies such as Assemblin and Caverion, as well as national operators like Gunnar Karlsen in Norway, Are in Finland and Kemp & Lauritzen and Wicotec Kirkebjerg in Denmark and Midroc Electro in Sweden. These companies have end-to-end offerings across a number of areas of technology for installations and service for buildings in many regions.

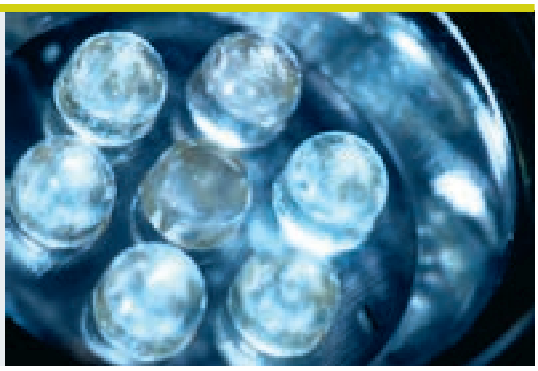
Largest companies' share of installation and service market



Several strong growth drivers affect Bravida's market

1 Increasing demand for efficient and sustainable solutions

Increasing demand for energy efficiency is an important growth driver in the installation and service sector. Property owners are investing in increasingly advanced installations and construction techniques to reduce costs. There is also growing interest in sustainable electrical, heating and plumbing, and HVAC solutions.



2 Increasing complexity in buildings' installations

Today's information society makes quite different demands of IT environments, security and capacity compared with the past, in both residential settings and public environments such as workplaces. Cooled server rooms, broadband installations and automatic control of technical systems are examples of this. This increases the need for installation and service expertise.

3 Need for new homes and refurbishments

A large percentage of property stock in the Nordics is in need of refurbishment. More than 500,000 Swedish homes built in the 1960s and 1970s now need renovating. At the same time, the demand for new dwellings is increasing, particularly in Sweden. The long-term projection estimates that 558,000 new homes need to be built between 2012 and 2025, mainly in the metropolitan areas.

4 Investment in infrastructure

Major infrastructure investment involving a high concentration of installations, such as railways, roads and electricity supply, are contributing to a growing Nordic installation and service net debt/adjusted EBITDA market. Public investment in hospitals, universities and leisure centres are also driving growth in the industry.

Market development in the Nordics

The Nordic installation and service market is stable. A strong construction market in Sweden and public investment in Norway and Denmark are helping boost installation volumes. The construction sector in Finland is gradually improving, albeit from a low level.

Two important trends affecting demand for construction in the Nordics are urbanisation and energy efficiency. This is currently leading to significant public investment and the refurbishment and new-build of homes. These types of investments require strong public finances, a stable labour market and low interest rates, all of which are in place in the Nordic market.

Overall construction is important to growth in the installation industry and for future growth in technical service. Construction in the Nordics increased in 2016 by 11 percent in Sweden, around 4 percent in Norway, around 6 percent in Denmark and by around 6 percent in Finland.

Technical service is less sensitive to economic fluctuations. More properties and more complex installations are gradually increasing volumes. Low interest rates and a stable labour market contribute to growing demand for technical service.

Market development by country

Värnamo Hospital

SWEDEN

The Swedish installation and service market experienced healthy growth in 2016 and is estimated to be worth SEK 88 billion. The market is driven by good demand for public-sector construction, energy efficiency, new-builds, and the repair and maintenance of housing. For example, a number of large public-sector construction and facility projects are underway, such as the relocation of Kiruna city and the Stockholm Bypass project. The extensive construction of housing is expected to continue in metropolitan regions and university towns.

Bravida's market share in Sweden is around 10 percent. Key competitors are Caverion and Assemblin.

Bravida Sweden's largest customer groups are construction companies and public-sector customers, which in 2016 accounted for 42 percent and 12 percent of net sales, respectively.

During the year, Bravida Sweden gained a number of large installation projects relating to the refurbishment and new-build of hospitals, including Uppsala University Hospital, Kungälv Hospital and Värnamo Hospital.

MARKET SHARE

PROPORTION OF GROUP

NORWAY

The Norwegian installation and service market experienced healthy growth in 2016 and is estimated to be worth SEK 71 billion. Owing to increased investments in public-sector construction and infrastructure as well as housing, the Norwegian market was stable in 2016. Infrastructure projects and public-sector new-builds and refurbishments are expected to contribute to continued growth in the market.

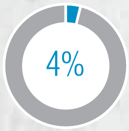
Bravida's market share in Norway is around 4 percent. Key competitors are Caverion and Gunnar Karlsen.

Bravida Norway's largest customer groups are building contractors and public-sector customers, which in 2016 accounted for 25 percent and 19 percent of net sales, respectively.

During the year Bravida gained two significant installation projects; electrical installations in a road tunnel in Stavanger and installation work for the extension of Tønsberg Hospital.

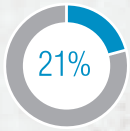
MARKET SHARE

Norway

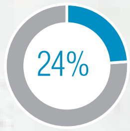


PROPORTION OF GROUP

Sales



Operating profit/loss




Contracts have been signed for installation work on the Eiganes and Hundvåg tunnels in Stavanger

DENMARK

The Danish installation and service market experienced stable growth in 2016 and is estimated to be worth SEK 46 billion. Public investment will continue to drive growth. A large forthcoming project is the immersed tube tunnel between Denmark and Germany. In addition, several new data centres are being planned.

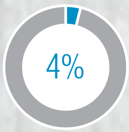
Bravida's market share in Denmark is around 4 percent. Key competitors are Kemp & Lauritzen and Wiotec Kirkebjerg.

Bravida Denmark's largest customer groups are public-sector customers and construction companies, which in 2016 accounted for 16 percent and 34 percent of net sales, respectively.

In 2016 Bravida Denmark received a large installation order for the newly built Gødstrup Hospital on Jutland, with an order value of SEK 390 million. A large service contract has been signed to provide service and maintenance of the Great Belt Fixed Link.

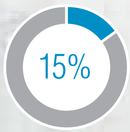
MARKET SHARE

Denmark

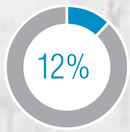


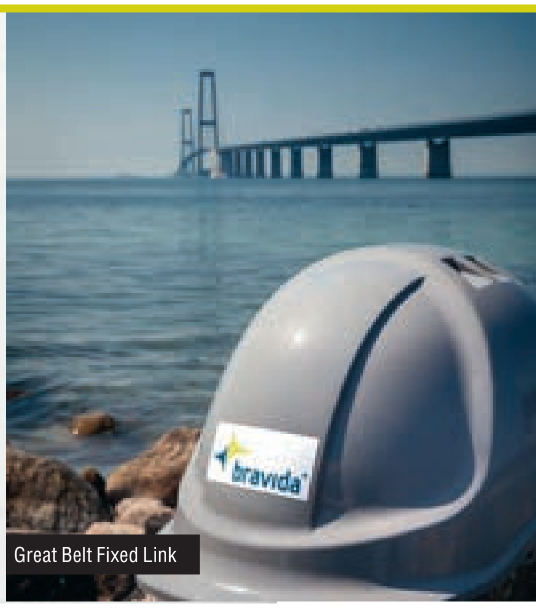
PROPORTION OF GROUP

Sales



Operating profit/loss





Great Belt Fixed Link

FINLAND

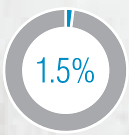
The Finnish installation and service market experienced healthy growth in 2016 and is estimated to be worth SEK 50 billion. The construction industry has gradually improved over the past year. Building firms' sales have increased by around 10 percent, which is contributing to greater demand for technical installations. Investments in infrastructure and commercial premises are expected to drive growth over the next few years.

Bravida's market share in Finland is around 1.5 percent. Key competitors are Caverion and Are.

Bravida Finland was established in 2015 through two large acquisitions in southern Finland. These were followed by the acquisition of Asentaja Group in Ostrobothnia in 2016. In 2016, Bravida Finland obtained orders including two large installation projects regarding the newly built Aalto University campus in Helsinki and the newly renovated Tampere City Library.

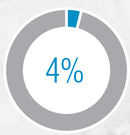
MARKET SHARE

Finland

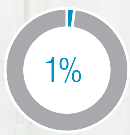


PROPORTION OF GROUP

Sales



Operating profit/loss




Tampere City Library

BRAVIDA'S CUSTOMERS

Bravida has more than 50,000 customers. These can be divided into two main groups – building contractors and end-customers, who operate in a wide range of sectors. No customer accounts for more than five percent of Bravida's total sales, which means Bravida is not reliant on any single customer, project or sector.

Two main customer groups – construction companies and end-customers

▶ **Our customers can be divided into two main groups: end-customers and construction companies.** The largest customer group comprises building contractors, who purchase installation services as part of a construction contract. End-customers – professional tenants and property owners – are key to our service activities. Income from customers in the public sector still accounts for a sizeable proportion of Bravida's sales. Private property owners and industry are other major customer groups.

CUSTOMER GROUPS

- **35%** Construction companies
- **20%** Other commercial
- **17%** Public sector
- **10%** Property companies
- **10%** Industry
- **8%** Other

A wide range of different projects and assignments

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

Examples of assignments:

TYPES OF FACILITIES

- **17%** Apartment buildings
- **15%** Offices
- **13%** Industry
- **11%** Health and social care
- **10%** Infrastructure
- **7%** Education
- **5%** Retail
- **22%** Other

TYPES OF ASSIGNMENT

- **47%** Service
- **35%** New-builds
- **18%** Refurbishment and modernisation work

Extensive and diverse customer base

▶ **Bravida's sales mainly consist of a large number of small and medium-sized projects.** Of Bravida's more than 50,000 customers, no individual customer accounts for more than five percent of Bravida's sales, which provides for significant risk diversification. In 2016, the five largest customers accounted for 13 percent of net sales. The median value of the installation contracts in the order backlog was SEK 354,000. Of customers with annual sales of SEK 5 million or higher, 94 percent were also customers in 2015.

> 50,000 customers

SEK 354,000
– average contract size

SALES BY PROJECT SIZE, 2016

- 8% > **SEK 50** million
- 19% **SEK 10–50** million
- 31% **SEK 1–10** million
- 42% **SEK 0–1** million

A sustainable company

Sustainability is important to Bravida. We have more than 50,000 customers and every day we help them contribute to a sustainable society. But the issue of sustainability is wider than that. It relates to everything we do in our day-to-day work, how we conduct business and how we cooperate with other stakeholders.

Bravida published a sustainability and monitoring report in 2015 and since 2016 this has been an integral part of our annual report. We are constantly looking to make progress in improving measures, monitoring and metrics with regard to sustainability.

OUR PRIORITY SUSTAINABILITY GOALS

Bravida aims to operate a responsible business and manage its own and others' resources efficiently. We take focussed measures to achieve clear results in our sustainability work. That is why we have prioritised our key sustainability issues.

BRAVIDA'S PRIORITY SUSTAINABILITY GOALS

SUSTAINABLE USE OF RESOURCES

– Efficient production and energy-efficient offerings.
We aim to be an industry leader on energy and the environment. We aim to offer our customers energy-efficient and environmentally sustainable solutions, and to reduce our own environmental impact.

Intermediate goals
- Reduced internal resource consumption: fuel-related CO_2 emissions should decrease by 3% CO_2/km compared with the previous year.

GOOD HEALTH AND SAFETY

– Employee safety, and physical and mental health
No employee should have a work-related physical or mental illness.

Intermediate goals
- Occupational injury frequency* < 7
- Sickness absence < 4%

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

GOOD BUSINESS ETHICS

– in relation to customers, employees and suppliers
All our business relationships should be managed in a responsible and proper manner.

Intermediate goals
- All our employees, suppliers and subcontractors must comply with our code of conduct, which is based on the UN Global Compact.

Sustainability work in a number of areas

Bravida's priority sustainability targets are the sustainable use of resources, good health and safety and good business ethics. Sustainability measures are part of regular operating activities and are undertaken across a number of areas.

Employees and health and safety
Our success as a service company depends on the expertise of our employees – and on good leadership. We aim to offer a stimulating workplace with safe conditions and good opportunities for professional development.

Working methods
We always work based on a structured process in implementing projects and assignments. This enables us to create customer value, profitability and opportunities to establish good health and safety, and also helps us use our own resources and those of others in an efficient manner.

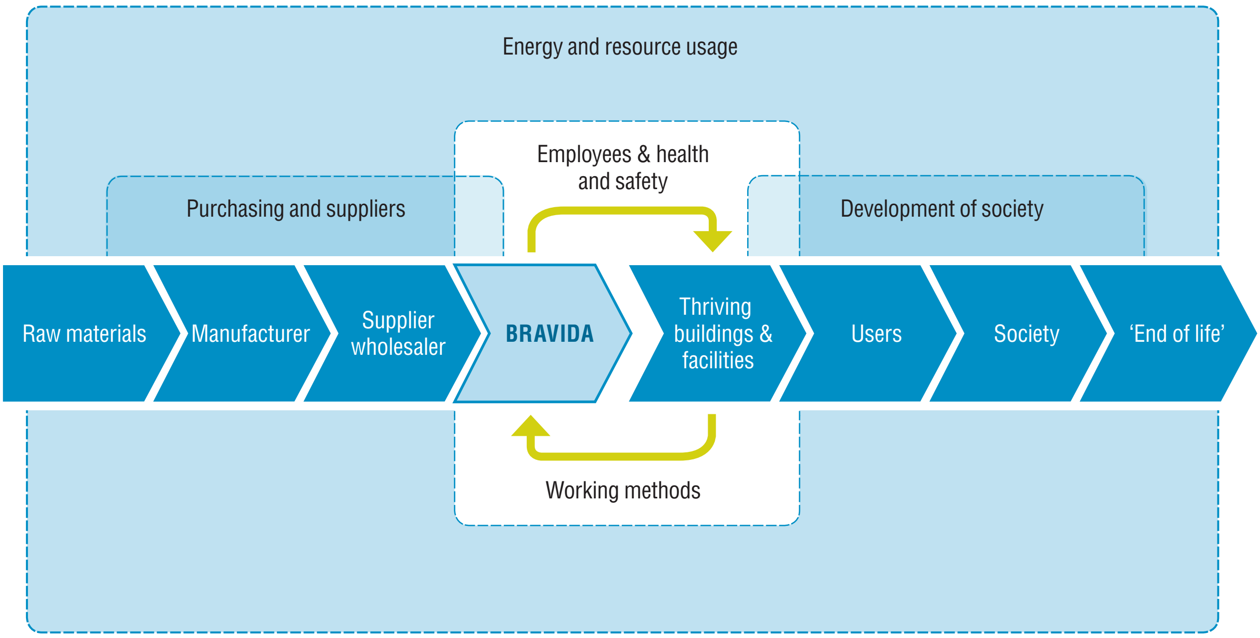
Purchasing and suppliers
Purchasing is an important part of our business. We place the same requirements on our business partners that we place on ourselves in terms of safety, environmental impact, human rights, quality and business ethics.

Energy and resource usage
Bravida has significant opportunities to help customers save energy in their properties and facilities. Bravida takes long-term, systematic measures to integrate energy and environmental issues in our own business.

Development of society
Bravida is involved in helping develop society, both as an installation and service provider and as a large employer. We want to offer environmentally sustainable and reliable solutions, train future fitters, support research and contribute to the development of our industry and society.

Bravida's value chain and sustainability areas

The main part of our sustainability work focuses on improving sustainability in our own operations and those of our cooperation partners. And we also want to have an influence on aspects of our value chain where possible.



STAKEHOLDER ENGAGEMENT

Bravida's business affects and is affected by a wide range of stakeholders. These principally include customers, employees, suppliers and shareholders. We continually engage with stakeholders to understand their needs and expectations in order to take Bravida's business forward.

Stakeholder engagement takes place in our day-to-day contact with customers and suppliers, the analysis of development and improvement initiatives, investor meetings and other channels. We also conduct employee appraisals and employee surveys, as well as annual customer satisfaction surveys.

In 2015, Bravida undertook increased stakeholder engagement with a number of parties in Sweden, Norway and Denmark. In 2016, Bravida carried out a materiality analysis to prioritise its sustainability work in the short and long term.

ORGANISATION, GOVERNANCE AND MONITORING OF SUSTAINABILITY WORK

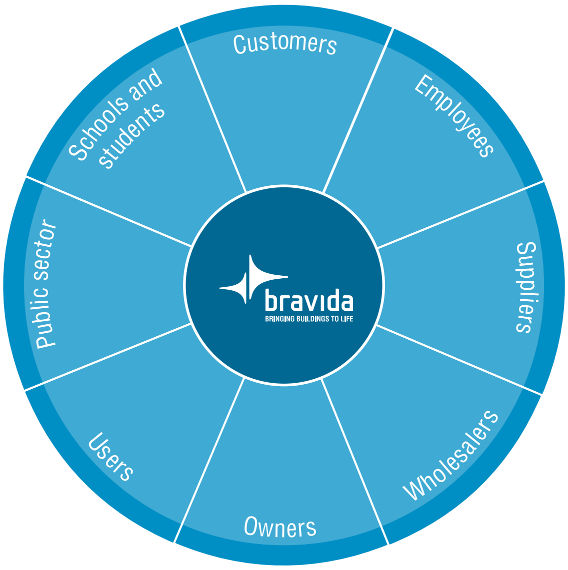
The overall strategies for Bravida's sustainability work are set by Group management.

Ultimate responsibility for sustainability issues lies with the Chief Executive Officer. Sustainability work is led by the Head of Business Development. Governance and monitoring take place via the well-established management process at Bravida. Sustainability is also reported as an integral part of the annual report.

Bravida's operations and our strategies for future development are governed by the Group's code of conduct, policies* and our values: professionalism, simplicity, competence and good conduct. The code of conduct is consistent with the UN Global Compact.

*Including policies on the environment, health and safety and quality management.

Bravida's stakeholders



Bravida Denmark

Bravida provides energy-efficient installations at Danish university

When the University of Southern Denmark constructed a new building for its Faculty of Engineering, Bravida carried out all technical installation work and performance testing. The building is considered to be one of the most energy-efficient in the world.

When the new building was constructed, Bravida installed all electrical, heating and plumbing, sprinkler, automation, HVAC and solar panels. The installation contract included extensive performance testing of all technical fittings prior to delivery.

The University of Southern Denmark is very happy with both the building and the installations. The building was delivered on schedule, without faults or defects and with fittings that worked from day one. The building also has very low energy consumption and is considered to be among the top 20 most energy-efficient buildings in the world.

Employees

Bravida is a large employer – we are the largest employer in electrical, heating and plumbing, and HVAC in the Nordics. Our goal is to be the most attractive employer in the industry.

Bravida has around 9,700 employees working together. We are trade professionals, service technicians, project managers, service managers, cost accountants, business managers, business developers and economists who are all experts in their own areas.

The installation and service sector is an industry of the future that is constantly evolving. The installations in demand today are increasingly complex and require clear coordination between different disciplines, such as electrical, heating and plumbing and HVAC. This increases demand for our knowledge and skills in the efficient management of projects. Significant competition for labour places strong demands on our offering as an employer and our efforts to retain, develop and attract the best talent.

RECRUITMENT AND PLANNING FOR THE FUTURE

Recruitment is a key issue for Bravida's future growth. The need for talented engineers, technicians and fitters is increasing. We are therefore focussing on recruiting the best skills in the industry. Recruitment and planning are carried out by our local branches, but support is provided at Group level with central recruitment expertise and tools to boost efficiency and a long-term approach to planning. We also have a trainee programme, known as 'BraIngengör', in which talented young employees spend a year learning about Bravida's working practices and developing their leadership and business skills.

We are raising the profile of and interest in the sector and of Bravida as an employer through a strong presence at institutes of technology, vocational colleges and other forums. Bravida's local branches work with apprentices across all areas of technology. Our apprentice programmes are supported by a number of cooperation initiatives with colleges.

Bravida employees can choose from numerous career paths, as a specialist, a project or service manager or other form of manager. We try to fill management positions internally, which creates opportunities, stability and continuity in the organisation. With operations in 150 locations throughout the Nordic region, employees also have the opportunity to gain experience from projects in different regions.

RESPONSIBLE LEADERSHIP MAKES FOR A STRONGER ORGANISATION

Under Bravida's decentralised structure, our local branch managers are responsible for the performance of their branch. This plays an important role in the development of our employees and our business. Since 2007, the majority of Bravida's managers have attended the Group leadership training programme. We also encourage the transfer of experience and interaction between managers to bolster skills and the corporate culture within the Group.

THE BRAVIDA SCHOOL PROVIDES PROFESSIONAL DEVELOPMENT

The Bravida school plays a vital role in ensuring Bravida is at the forefront of the industry both in terms of working practices and our technical solutions. It offers an extensive and attractive range of courses for all employees and professional trades. Much of the programme consists of our own courses, such as

IMPROVEMENTS IN 2016

Strengthening Bravida's offering as an employer
Bravida is moving up the list of Sweden's best employers according to a survey of employees.

Training in ethics, gender equality and diversity
All managers have attended training on our code of conduct. And our local branches have undertaken reviews and discussions about our approach to various issues on ethics, our values, gender equality and diversity.

The Bravida School expands
Bravida Denmark is starting its own Bravida School and increasing the range of its in-house training courses.

Manager survey provides feedback
Bravida's managers have evaluated the way we work with leadership skills. The survey is an important part of our work to further develop leadership in the Group.

FOLLOW-UP

67	Motivated employee index 67 (66). Target: > 75, scale 0–100
100%	of Bravida's managers have attended code of conduct training
#12	Bravida was ranked in 12th place (15th) among Sweden's best employers (Universum survey)
24	BraIngenjör programme trainees received their certificates
1,044	apprentices were working at Bravida during the year

on leadership, business skills and health and safety. But we also make use of external training, particularly for various types of certification for fitters and technicians.

A CORPORATE CULTURE THAT EVERYONE CONTRIBUTES TO

A fundamental aspect of Bravida's corporate culture is that we grow and learn from each other – we keep our commitments, we follow up and we constantly improve. We call it the Bravida Way. We endeavour to create a culture in which all employees contribute to our continual improvement. Together with Bravida's code of conduct, this forms the basis for how we operate and how we develop in the future. The code contains our values and our approach to issues such as business ethics, human rights and health and safety, customers and quality issues and the environment. It is an important aspect of our leadership programme and the induction of new employees. We have continual initiatives to increase the organisation's awareness of the code of conduct.

GENDER EQUALITY AND DIVERSITY

Gender equality and diversity are important issues for Bravida. Employees with different backgrounds and experiences bring skills that help develop both employees and the business as a whole. We are working with employer organisations and training boards to increase the proportion of women in the industry. The Group maintains a plan for equal rights and opportunities, with measures and objectives designed to increase gender equality and diversity.

NUMBER OF EMPLOYEES, AVERAGE

	2015	2016
Group total	9,359	9,730
Of whom women	600	627
Sweden	5,160	5,392
Norway	2,359	2,349
Denmark	1,446	1,602
Finland	387	380
Slovakia*	7	7

*Bravida Fire & Security is developing software and hardware for its own security platform, Bravida Integra.

AGE STRUCTURE, %	2015	2016
Over 60	7.5	7.2
51–60	19.7	19.6
41–50	22.7	22.4
31–40	20.5	20.5
21–30	25.3	25.3
Under 20	4.3	5.0

MOTIVATED EMPLOYEE INDEX

67 Bravida's ambitious target is 75.

Work environment, health and safety

Bravida wants to eliminate occupational injuries and harm as a result of mental or physical ill-health. We want every employee to be healthy at the end of each working day – and at the beginning of the next one. That is why we have systematic health and safety measures in place.

Bravida operates in an industry with significant health and safety challenges. And we also know that good health and safety has a beneficial effect on productivity, quality and wellbeing, as well as making a positive contribution to our performance. That's why we have resources and systems in place to promote health and prevent injuries, and we are continually working to improve efforts, including by planning work to ensure safety and good organisation. Everyone at Bravida has a collective responsibility to contribute to a pleasant and safe work environment.

SICKNESS ABSENCE AND OCCUPATIONAL INJURY FREQUENCY

Over a number of years Bravida has successfully reduced both the level of sickness absence and occupational injury frequency, but this positive trend was broken in 2015. So in 2016 we increased our long-term initiatives to improve employee health, but these have not yet had the desired effect and our sickness absence figures and level of occupational injuries remain at the same level as the previous year.

However, there are a number of positive signs in our health and safety work. To reduce the number of occupational injuries, we first need to highlight risks and opportunities. In 2016, we therefore introduced the Group-wide incident and risk management BIA system, which allows employees to easily report incidents and preventive activities using a mobile app. There was a significant increase in incident reporting throughout Bravida in 2016. The frequency of accidents is already declining in Norway and Denmark.

To reduce sickness absence, our divisions continually conduct follow-up discussions with employees on sick leave to provide better conditions for recovery and good health at work.

FUTURE INITIATIVES

Additional initiatives are planned for 2017.

- A 'safety week at Bravida' which will involve all employees in the Group.
- Bravida is becoming an active member of the Swedish organisation "Samverkan för noll olyckor i branschen", which is a new initiative to create conditions to eliminate accidents in construction work environments. This initiative covers the entire Swedish construction industry.
- Health insurance for all Bravida employees in Sweden is being improved in 2017 through better opportunities, for example, for rehabilitation assistance, psychologist appointments and compensation for medication costs.

Bravida Norway

Bravida's Trondheim branch recognised for its health and safety work

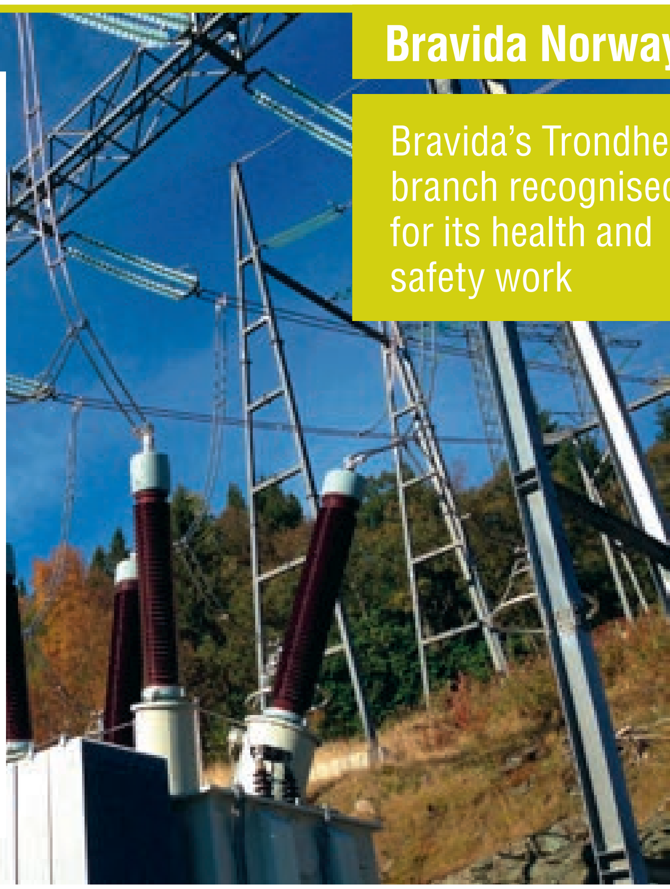
ABB is a large and important customer for Bravida Norway. They have always been clear about their health and safety requirements for suppliers.

That is why Bravida's Energy & Industry branch in Trondheim was especially proud to receive the Health & Safety Contractor of the Year 2016 award (for quality management, the environment and health and safety) from ABB's Norwegian Power Grids division.

Bravida Energy & Industry in Trondheim received the prize for its work on the Statnett Central Norway Voltage Upgrade project, which involved the construction of six new electrical substations from the central region of the country all the way up to northern Norway.

Motivation from the judging panel:

- The Health and Safety Contractor of the Year has contributed to an increased focus on health and safety issues at the facilities where they work for ABB.
- They have implemented new procedures and reported almost 100 incidents and suggested improvements via its database.
- They have been a partner we can trust and have been active in developing health and safety measures.



IMPROVEMENTS IN 2016

Group-wide incident management system introduced
All Bravida employees can report accidents, incidents and suggested improvements. Bravida Sweden, Norway and Denmark now have a shared system, and Finland will be added next.

Local initiatives focussing on safety
Our different divisions have various ongoing initiatives to maintain a strong safety culture. For example, Bravida Denmark introduced the 'When is it dangerous?' campaign. Bravida Finland held a safety week, and introduced the Group-wide occupation health care.

Helping employees return to work
In Sweden, Norway and Denmark, Bravida has introduced various initiatives to provide support and to contact employees on sick leave at an early stage to provide the conditions for recovery and better health at work.

Improved health insurance
For 2017, the health insurance to which all Swedish employees have access was improved, with opportunities for psychologist appointments and compensation for medication costs.

FOLLOW-UP

OCCUPATIONAL INJURY FREQUENCY*

	2015	2016
Sweden	7.6	9.5
Norway	9.6	7.6
Denmark	26.2	17.6
Finland	43.5	41.3
Group	11.0	11.0

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

SICKNESS ABSENCE*, %

	2015	2016
Sweden	5.1	5.1
Norway	6.4	6.5
Denmark	4.1	4.1
Finland	5.5	6.7
Group	5.3	5.4

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

Working methods

Bravida aims to contribute to sustainable construction through efficient working methods and tools. We always work based on a structured process in implementing projects and assignments. This enables us to create customer value, profitability and the conditions to establish good health and safety.

GOOD ORGANISATION ENSURES EFFICIENT USE OF RESOURCES

Bravida constantly endeavours to achieve good organisation in its projects and assignments. We always aim to simplify the way we work and be more efficient. Clear planning and well-structured work processes allow us to achieve a high level of quality for customers. Good organisation provides efficient resource usage for customers, society and ourselves. And it also results in good health and safety, providing for job satisfaction and good performance by employees.

GROUP SYSTEMS ALLOW FOR SUSTAINABLE WORKING METHODS

All of the Group's branches use the same business systems. Bravida's BravidaBas management system, which is ISO 9001/14001-certified, provides the basis for sustainable working methods. The system ensures that quality management, environmental sustainability and health and safety are integrated into customer projects and assignments, as well as management of the company at all levels.

The Group also has shared systems for financial management, HR, purchasing and administration. Together, these systems provide significant operational support for our local branches. They also facilitate cooperation between Bravida's different departments and branches.

DEVELOPING OUR WORKING METHODS

Between 2012 and 2015 an extensive productivity programme was implemented throughout the Group to improve working methods and tools in order to achieve more efficient customer projects and assignments. We were able to improve Group working methods by learning from how the best parts of Bravida operate. Most of Bravida's local branches have undergone an extensive training programme in order to adopt and start using these improved working methods.

Between 2016 and 2017, this work is continuing by realising the full potential of this programme in all branches. And we are also enhancing our purchasing platform and training our employees, which has resulted in fewer orders requiring collection in Sweden and improved contract compliance.

We are also undertaking initiatives to strengthen Bravida's service operations. This has led to a number of service agreements and created opportunities to recruit new staff. Transferring from 'emergency/call-out' service to planned service offers advantages such as lower operating costs, environmental benefits and fewer outages.

IMPROVEMENTS IN 2016

Two new purchasing and service courses at the Bravida School
These courses aim to strengthen our employees' knowledge of our Group-wide practices.

Simpler reporting of suggested improvements
A module in the new incident reporting system improves reporting and follow-up. All employees can access the system using an app on their mobiles.

Improved portable IT support
A number of improvements have been introduced to improve the efficiency of the service process, both for field service technicians and at the office.

FOLLOW-UP

86% of local branches have PP7 certification, Bravida's basic training programme for Group-wide working methods.

43% of service branches have undergone training on the programme to improve service working methods.

157 suggested improvements were generated via our in-house case management system during the year.

Purchasing and suppliers

Bravida's purchases of materials, components and services constitute an important part of our customer offering. That's why Bravida supports the purchasing activities of its local branches and develops cooperation with suppliers, wholesalers and subcontractors.

Purchasing in the installation and service industry is highly complex. There is a wide range of materials and components from various suppliers that have to be selected for each individual project and assignment. In 2016, Bravida's total purchasing amounted to approximately SEK 8 billion.

STRONG GROUP PURCHASING PLATFORM

The purchasing expertise and skills of the branches are crucial to ensure that the customers receive good end-products and to support the profitability of our projects and assignments. Each local branch is responsible for planning and implementing its own purchasing. To support them, Bravida has purchasing coordinators and our Group-wide purchasing platform, Bravis. It allows the Group's purchasing to be coordinated, creating larger purchase orders, lower prices and efficiency benefits. The purchasing platform provides transparency and facilitates the selection of items, sustainability impact assessment and quality management of suppliers, services and products. Bravida has also developed a standardised range of products, known as the Bravida Range, used by all our branches. This constitutes an important part our purchasing and our offering for customers.

OUR CODE OF CONDUCT APPLIES TO ALL SUPPLIERS

We place the same requirements on our business partners as we place on ourselves in terms of safety, environmental impact, human rights, quality and business ethics. Our most significant suppliers and subcontractors have committed to comply with our code of conduct.

COOPERATION WITH SELECTED SUPPLIERS

Bravida's partnerships with selected suppliers create opportunities to enhance products and identify better solutions. Our aim is to achieve greater cooperation in order to better manage our purchasing and create better working practices that provide more efficient purchasing, less transportation and reduced CO_2 emissions.

INTEGRATION OF ACQUIRED COMPANIES

When Bravida acquires new companies they gain access to Bravida's purchasing platform covering aspects such as contracts, systems and product range. This enables acquired companies' purchasing costs to be reduced while maintaining or increasing quality.

IMPROVEMENTS IN 2016

Coordinated purchasing
Over the year, Bravida strengthened its purchasing organisation by appointing purchasing coordinators, who support the purchasing work of local branches. This is leading to lower costs and fewer suppliers.

Imports
We are becoming better at carrying out quality-assured international purchasing to boost our competitiveness and our customer offering. Since 2016, we have had resources in place to coordinate direct imports.

Improved purchasing
Our 'Best Purchasing' programme aimed at improving purchasing had a significant impact in 2016. It resulted in better working methods, allowing projects to benefit more from Bravida's size and purchasing power.

FOLLOW-UP

85% of local branches have undergone Best Purchasing training.

34% of key suppliers have so far carried out a self-assessment on sustainability using the supplier assessment tool, which was introduced in 2016.

57% of products sold are included in our own recommended range, known as the Bravida Range.

-2% reduction in the number of orders requiring collection (visits to wholesalers).

Energy and resource usage

Every day, Bravida's employees provide installation and service of new, energy-efficient technology in our customers' properties and facilities. Our aim is to be an industry leader on energy and the environment. This imposes high standards, both on our customer offering and our efforts regarding our own environmental impact.

GREATER AWARENESS OF HOW WE CAN MAKE A DIFFERENCE

We endeavour to increase employees and customers' awareness of how we can create energy- and resource-efficient solutions. Our service business offers the greatest potential in this regard. Bravida has significant opportunities to optimise our customers' properties and facilities in terms of energy consumption.

We are strengthening the involvement and capabilities of our service managers and fitters by providing training. The aim is for them to be able to proactively identify, suggest and carry out improvement measures at customers' properties. Important areas include energy audits, energy-efficient pumps and HVAC, as well as more efficient lighting through greater use of LED lighting.

ACTION TO REDUCE ENVIRONMENTAL IMPACT OF OUR INSTALLATIONS

The construction and installation industry has various systems to reduce the energy consumption and environmental impact of the products we install, such as BASTA, SundaHus and Byggvarubedömningen.

There are also a number of certification systems for buildings that impose requirements, such as Breeam, Leed, Nordic Ecolabel, Sweden Green Building Council and EU Green Building. The use of evaluated materials is important for energy and environmental performance. We want to increase the percentage of these types of products that are used in 2017 by highlighting which offer the best performance.

OUR OWN ENVIRONMENTAL IMPACT

Bravida's most significant internal environmental aspects are travel, transportation and waste. Our most important goal is to reduce fuel-related CO_2 emissions per kilometre by a minimum of 3 percent annually. The Group has over 5,800 leased vehicles. Total carbon dioxide emissions* from domestic transportation in Sweden, Norway and Denmark was 18,589 tonnes and average emissions per vehicle were 181 g CO_2/km. In 2016, total carbon dioxide emissions from Bravida's vehicle fleet in Sweden decreased by 6.5%, from 187 g CO_2/ km to 175 g CO_2 /km.

Bravida's operations are conducted in accordance with laws and regulations based on management systems and Group-wide working practices that reduce the risk of pollution or other detriment to human health or the environment. Bravida's operations are not subject to notification or license requirements for environmentally hazardous activities.

IMPROVEMENTS IN 2016

Electric vehicles
During the year, a pilot study using electrically powered service vehicles was initiated in Sweden. Bravida also uses some electric vehicles in Norway.

The number of projects with a strong focus on energy and the environment is increasing, but has been difficult to measure. Around 80 projects have been identified and reported, but more projects are being undertaken than are reported. Awareness of the opportunities offered in this area is growing among customers and employees.

Payback estimates are increasing interest in energy efficiency
New tools were launched in Norway and Denmark to make it easy for customers to calculate the payback period for energy improvement measures.

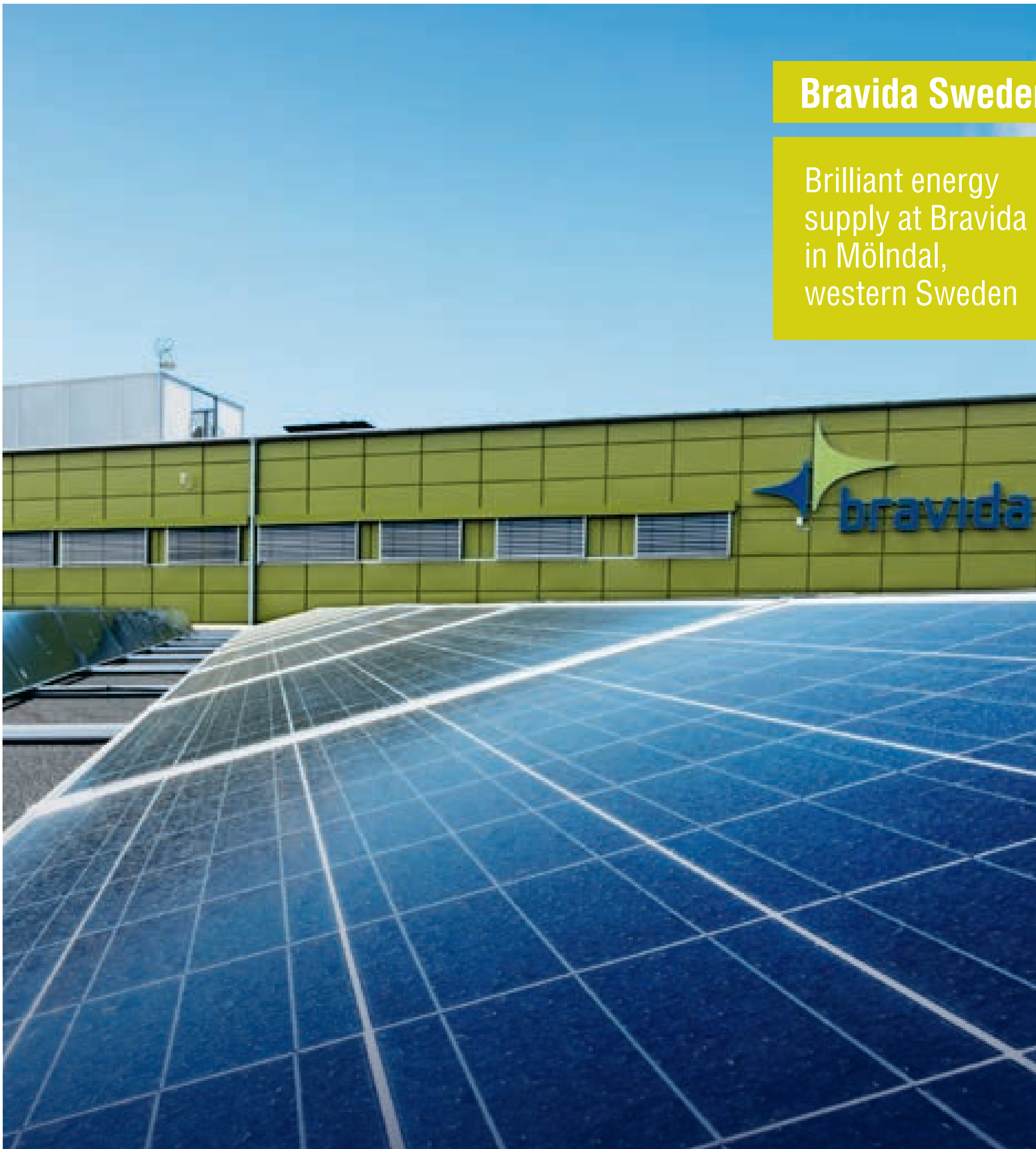
Two research projects with KTH Royal Institute of Technology
- Optimisation of heat recovery from exhaust air and wastewater in apartment buildings.
- Adaptation of radiators for the future.

FOLLOW-UP

6.5% reduction in CO_2 emissions/km* from Bravida's vehicle fleet in Sweden

18,589 tonnes – Total carbon dioxide emissions from Bravida's domestic transport*

*Carbon dioxide emissions calculated under Greenhouse Gas Protocol Scope 1. Actual emissions are lower than those reported as the emissions factors for fuel under the European standard excluding biofuel blends was used. In practice, a significant percentage of fuel includes a small amount of bioethanol/biodiesel which produces lower carbon dioxide emissions. Bravida has chosen this reporting method to make it easier to see our own impact on carbon dioxide emissions over time. Emissions calculations have been made for operations in Denmark, Norway and Sweden. The data collection system is currently being established for Finland. Emissions per km for 2015 are restated with the above emissions factors for comparison.



Bravida Sweden

Brilliant energy supply at Bravida in Mölndal, western Sweden

132 solar panels now provide electricity for Bravida's regional office in Mölndal, western Sweden.

Bravida Mölndal's solar electricity initiative generates around 35,000 kWh a year, saving branch manager Johan Friberg and his colleagues almost SEK 40,000 annually and helping to protect the environment.
"I suggested the idea of installing solar panels on the roof and our landlord agreed to make the investment if we extended our lease. So it really was a win–win situation," says Johan Friberg.
"When you calculate how much the solar panels can generate you have to factor in the geographical location, so we included rainy Gothenburg in our estimate. The first week was really overcast and gloomy, but we still generated quite a lot of kilowatt hours. The electricity produced is also used to charge Bravida's electrically powered service vans."

Development of society

As the leading installation and service provider, Bravida wants to contribute to developing society both today and in the future.

Bravida's aim is to create a long-term healthy return for its shareholders by operating our business in a way that is profitable, responsible and transparent. We also want to offer our staff secure employment and to develop our business and contribute to society as a whole.

ADDED VALUE FOR OUR VARIOUS STAKEHOLDERS

Society

Bravida supports the development of society by paying taxes and other public fees, as well as through our employees paying income tax. Bravida has a transfer policy that clearly sets out the rules for financial transfers between the Group's companies. We comply with local tax legislation in all countries in which we operate and we pay the requisite tax on our earnings in each country.

Employees

Bravida employs over 9,700 people in four countries. With businesses in around 150 locations throughout the Nordic region, we are a significant local employer. We provide professional development for employees and offer a range of career opportunities, as well as investing in job security and job satisfaction.

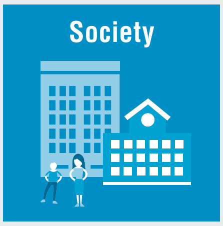
Our suppliers and cooperation partners

We purchase materials, products and services from both large and small partners. Our local branches purchase significant amounts of services, creating job opportunities and generating new business opportunities in the locations where they operate. We look to sign long-term cooperation agreements that give our suppliers and partners the opportunity to develop their businesses over the long term.

Shareholders and debtors

Bravida pays a dividend to its shareholders. We endeavour to increase shareholder value by operating a business that has long-term profitability. We ensure our position as a reliable debtor by meeting our payment obligations.

FINANCIAL CONTRIBUTION TO OUR STAKEHOLDERS

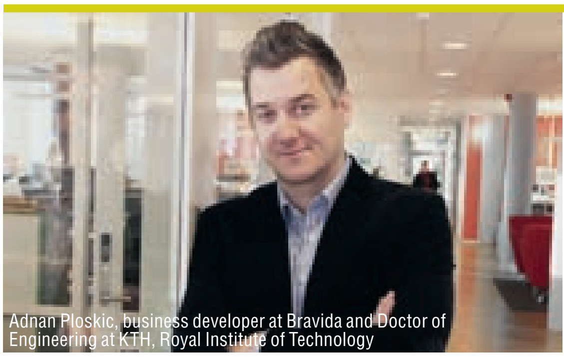


~ SEK 1 billion
(social security costs and corporation taxes paid)

~ SEK 5 billion
(wages, benefits and pension)

~ SEK 8 billion

SEK 0.25 billion
(proposed dividend)



Adnan Ploskic, business developer at Bravida and Doctor of Engineering at KTH, Royal Institute of Technology

BRAVIDA IS DEVELOPING ENERGY-EFFICIENT SOLUTIONS WITH KTH ROYAL INSTITUTE OF TECHNOLOGY

We want to contribute to the efficient use of energy in society. That's why we have begun two research projects in cooperation with KTH Royal Institute of Technology in Stockholm. One of the projects is investigating how to optimise heat recovery from exhaust air and wastewater in apartment buildings. The other is examining how conventional hot-water radiators can be adapted for new operating conditions and more energy-efficient buildings.

WE ARE ENDEAVOURING TO INCREASE YOUNG PEOPLE'S INTEREST IN THE INDUSTRY

Fewer people are applying for installation and service-related courses at vocational colleges and institutes of technology. We make lots of visits to colleges to meet students and teachers to help boost interest in the sector among young people. We also run a course in installation engineering at KTH Royal Institute of Technology in Stockholm.

BRAVIDA HAS OVER 1,000 APPRENTICES

The installation of fittings is becoming an increasingly important part of buildings, facilities and society in general. But who will do this work in the future? Every year, Bravida takes on lots of apprentices who learn the job from experienced trade professionals. In 2016, there were 1,044 apprentices working at Bravida across the Nordic region.

BRAVIDA SUPPORTS WATERAID

Access to clean water and functioning toilets is essential to the development of all societies. Bravida is a cooperation partner of the charity WaterAid, which works in the world's poorest communities to ensure all people have sustainable access to water and sanitation.

Image: Ernest Randriarimalala, WaterAid

GOTHIA CUP

Bravida is a proud sponsor of the Gothia Cup, the world's largest international youth football tournament. Bravida supplied all participants with clean water at 10 water stations around Gothenburg during the 2016 Gothia Cup.

SHARE PERFORMANCE AND TURNOVER

Bravida Holding was listed on Nasdaq Stockholm in October 2015 at a price of SEK 40 per share. The share was listed on Nasdaq Stockholm's Mid Cap list through 31 December 2016 and are included under the Industrial Goods & Services index. The shares have been quoted on Nasdaq Stockholm's Large Cap List since 2 January 2017.

Global stock markets were volatile in 2016 and major events such as financial turmoil in China, Brexit and the presidential election in the US contributed to large fluctuations on the Stockholm equities market. The Stockholm stock exchange rose by 5.8 percent in 2016. Bravida's share price decreased by SEK 0.25 for the year, and closed at SEK 55.25 (55.50), which corresponded to a market capitalisation SEK 11,137 million. Total shareholder return including the 2016 dividend was 1.35 percent. The highest price paid for Bravida shares was SEK 61.50 and the lowest price paid over the period was SEK 47.20. During 2016, a total of 91,845,370 Bravida shares were sold. The Bravida share's turnover was equivalent to 45.6 percent, calculated on the basis of the total number of shares traded. The number of share trades during the period reached 108,056, with an average daily volume of 363,025.

SHARE CAPITAL

Bravida's share capital is distributed over 201,566,598 ordinary shares and 1,200,000 class C shares, with a quotient value of SEK 0.02. The ordinary shares carry voting rights and rights to the company's profits and capital, while the class C shares are entitled to one-thenth of a vote per share and do not carry rights to the company's profits. 1,200,000 of class C shares were issued on 31 March 2016 and are held by Bravida Holding AB. The class C shares are not publicly listed.

OWNERSHIP STRUCTURE

The number of shareholders at year-end totalled 10,126 (11,270). Bravissima Holding AB (Bain Capital's funds) is the largest single owner of Bravida, and at year-end held 30.44 percent (56.25) of votes and 30.28 (56.25) percent of capital. Bravissima Holding AB reduced its holding on two occasions in the year via book building after close of trading. During the year, the Fourth Swedish National Pension Fund (AP4) and US fund management company Capital Group became two of the largest shareholders. The number of shareholders who are Swedish private individuals decreased during the year from 10,364 to 8,907 people.

Several Swedish and foreign fund management companies became shareholders in 2016. The percentage of foreign shareholders increased during the year and held 25 percent (15) of capital at year-end. The largest foreign ownership is in the US and the UK.

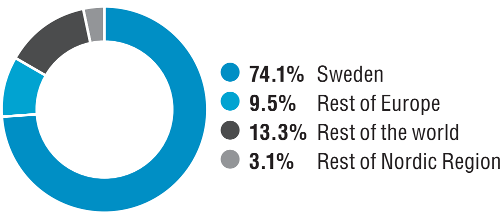
DIVIDEND POLICY

Bravida's target is to pay out a minimum of 50 percent of the Group's consolidated net earnings while also taking account of other factors such as financial position, cash flow and growth opportunities. The Board of Directors has proposed a dividend of SEK 1.25 per share for the 2016 financial year. If calculated using the closing price on 30 December 2016 (SEK 55.25), the dividend proposal constitutes a dividend yield of 2.3 percent.

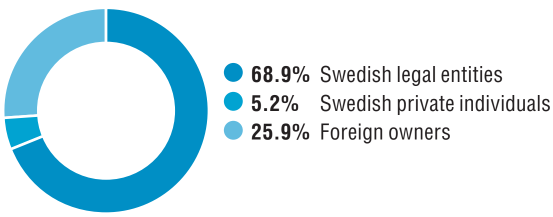
BRAVIDA SHARES IN 2016

Total number of ordinary shares	201,566,598
Voting rights	1
Number of shares traded	91,845,370
Turnover ratio, %	45.60
Share price at start of year, SEK	55.50
Share price at year-end, SEK	55.25
Highest price, SEK	61.50
Lowest price, SEK	47.20
Beta value	0.59
Dividend per share paid, SEK	1.00
Total return, %	1.35

OWNERSHIP PER COUNTRY, %



OWNERSHIP PER CATEGORY, %



DISTRIBUTION OF BRAVIDA'S SHARES*

CATEGORIES	SHAREHOLDERS, NUMBER	SHAREHOLDERS, %	PERCENTAGE OF VOTES, %
1–500	6,901	0.66	0.66
501–1,000	1,492	0.59	0.60
1,001–5,000	1,150	1.37	1.38
5,001–10,000	206	0.78	0.78
10,001–15,000	58	0.36	0.36
15,001–20,000	57	0.52	0.52
20,001–	219	95.73	96.24

*at 31 December 2016.

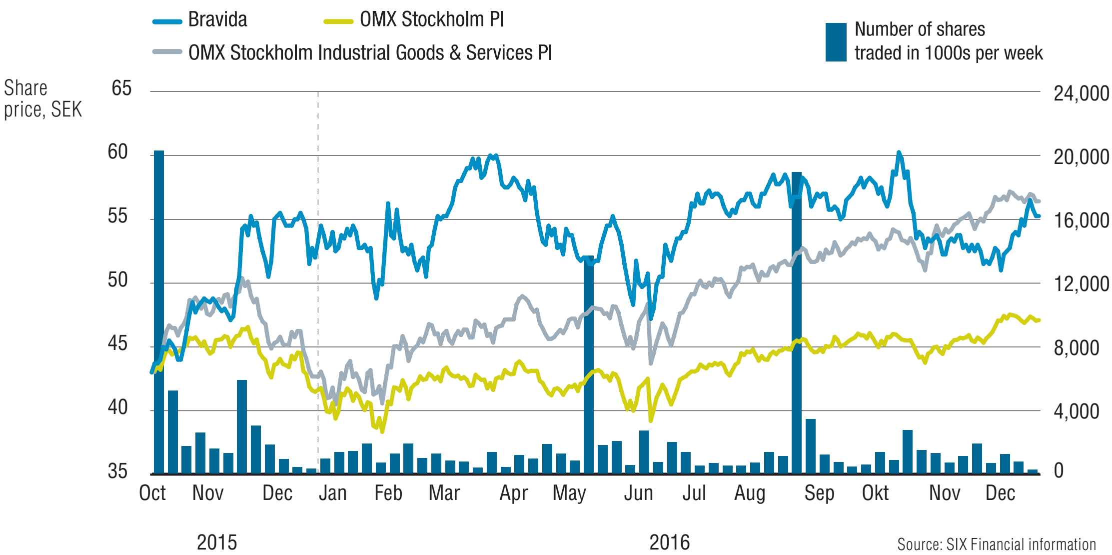
BRAVIDA'S 10 LARGEST SHAREHOLDERS*	PERCENTAGE OF CAPITAL, %
Bravissima Holding AB**	30.28
Swedbank Robur Funds	9.55
Lannebo Funds	7.00
Fourth Swedish National Pension Fund	6.18
Capital Group	5.71
Vanguard	3.11
SEB Funds incl. Lux	2.58
Länsförsäkringar Funds	2.19
Norges Bank	1.95
Handelsbanken Funds	1.83
Total	**70.38**

*at 31 December 2016.

**Bravissima Holding AB is controlled indirectly by certain investment funds advised by Bain Capital Partners LLC, with related parties.

ABOUT THE SHARES	
Marketplace	XSTO
Industry classification	Industrial Goods & Services
Ticker symbol	BRAV
Abbreviation	BRAV
ISIN code	SE0007491303
ICB code	2,700

BRAVIDA SHARE PERFORMANCE SINCE IPO



Source: SIX Financial information

OPERATING AND FINANCIAL RISKS

In its operations Bravida is exposed to various types of risk, both operational and financial. Risk management is clearly defined in Bravida's management system, which is designed to prevent risks and reduce the company's risk exposure. The company's systematic work on quality and environmental issues as well as occupational health and safety issues are key elements of the management system.

Operating risks are associated with day-to-day operations relating to economic conditions, tendering, capacity utilisation, price risks and revenue recognition. Financial risks arise from the amount of capital tied up, the company's capital requirements, and currencies. Bravida is exposed to greater operational risks than financial risks.

Bravida does not depend on any one specific customer or any single project. We have over 50,000 customers and the majority of revenues relate to projects and service assignments with an order value of up to SEK 1 million.

OPERATING RISKS

RISKS	DESCRIPTION	MANAGEMENT
Projects	The majority of Bravida's installation projects are based on fixed-price contracts, and any errors in costing have a negative or positive impact on the margin. Extended and large service assignments are governed by framework agreements in which the price per hour and the price of materials is set.	Bravida has an established procedure for tender management. Tenders must be approved by the relevant manager. There are various levels of decision-making depending on the size of the project. Tenders exceeding SEK 50 million must be authorised by the CEO. The CEO and CFO review all ongoing projects worth SEK 5 million or more, four times a year.
Customers	Limited dependence on individual customers.	Bravida does not depend on individual customers. The Group has more than 50,000 customers. The five largest customers accounted for less than 15 percent of net sales in 2016.
Market	Changes in general market conditions in the markets where Bravida operates may affect pricing and demand for the company's services.	Bravida ensures that local conditions are updated by having all cost centres draw up one budget and three forecasts each year.
Employees	Strong demand for suitably qualified employees puts added pressure on Bravida to be an attractive employer. There is a risk of skilled employees leaving Bravida.	Sizeable resources are earmarked each year for recruitment and induction activities. The Group invests in continual training, skills enhancement and leadership development through initiatives such as the Bravida School with the aim of retaining and encouraging recruited employees. Bravida has an established remuneration system for the company's branch, regional and division managers, based on profitability and cash flow. Since the IPO in 2015, two share savings programmes have been in place for senior executives which are linked to their employment at Bravida.

OPERATING RISKS

RISKS	DESCRIPTION	MANAGEMENT
IT	Bravida uses information systems and other technology to manage and administer the business. Unplanned disruptions may lead to loss of income.	Bravida has secured its IT operations by having resources available both internally and externally so any unplanned disruptions to IT operations can be quickly rectified.
Quality management	Bravida is responsible for the quality delivered in its own work, that of its subcontractors and its own selected products.	Trained, skilled staff and consistent use of our Group-wide business systems and methods ensure a high standard in the work we deliver. Our purchasing system ensures that our local branches receive support in making purchases that meet customer quality requirements.
Liability, product liability and damage	Risks relating to liability, product liability and damage linked to Bravida's customer projects and assignments.	Bravida has general insurance that covers its business operations. This insurance covers such things as harm to Bravida's contracting, damage to Bravida's property, business interruption, damage to third-party property, and product liability.

FINANCIAL RISKS

RISKS	DESCRIPTION	MANAGEMENT
Interest rate	Interest rate risk refers to the risk of changes in the market interest rate affecting the Group's net interest income and expense and cash flow.	The financing is long term and the interest rate is linked to STIBOR. The average fixed interest period at 31 December 2016 was less than a month.
Currency	Currency risk refers to the risk of exchange rate fluctuations adversely affecting the Group's income statement, balance sheet and cash flow. Currency risk can be divided into transaction exposure and translation exposure.	Bravida's transaction exposure is relatively limited because the majority of sales and expenditure are in local currency, with a minor exposure to imported components. Bravida's translation exposure policy is not hedged for currency risk and a strengthening of the Swedish krona against the NOK, EUR and DKK has a negative effect on sales and operating profit. All financing takes place in SEK.
Liquidity and financing	Bravida's financing risk comprises the risk of not being able to raise new, or refinance existing, loans with acceptable conditions. The Group is also exposed to a liquidity risk, which is defined as the risk of not being able to fulfil immediate payment obligations.	The responsibility for Bravida's financial transactions and risks lies with the finance department of the parent company, which works according to a policy established by the Board of Directors. Bravida has a five-year credit agreement maturing in 2020, which secures the financing of current operations.
Credit	There is always a risk that a counterparty will not be able to fulfil its obligations.	The credit rating of all customers is checked.

SIX REASONS TO INVEST IN BRAVIDA

The Nordic service and installation market is growing

The Nordic countries have enjoyed strong government finances in recent years, making for considerable public investment in infrastructure and housing. In addition, demand for energy efficiency and complex installations is growing. This means excellent prospects for the Nordic service and installation sector.

Bravida is growing – but only if it's profitable

We have excellent growth prospects, but we don't want to grow at any price. We only take on assignments with calculable risks and we always prioritise margins over growth. This generates results. Over the past three years we have achieved annual organic growth of around 4 percent, and our operating margin has remained at over 6 percent.

Acquisitions make us stronger

Our market in the Nordic region largely consists of lots of small companies, giving us a basis for long-term growth through acquisitions. Bravida has acquired a large number of companies in recent years and has become a major player in the consolidation taking place in the industry. We mainly acquire companies that complement our offering locally. Our objective is to achieve economies of scale and synergies between our companies.

50,000
customers

A stable company with low risk

Bravida has significant risk diversification. Most of our 50,000 customers are small – our median project is worth around SEK 354,000 and no single customer accounts for more than 4 percent of our sales. Around half of our business consists of service and maintenance work, making us less dependent on economic fluctuations. And much of our operations consist of recurring business. That provides a high degree of predictability and stability for sales.

The Bravida Way provides continuous improvement and profitability

Bravida's clear and decentralised approach provides a basis for continuous improvement and profitability. Our branches are the real engine of the business, with their entrepreneurial spirit, local market knowledge and proactive approach. And they receive support from the Group both in terms of operations and follow-up.

Strong cash flow provides basis for growth, acquisitions and dividends

For many years, Bravida's cash conversion* has been stable. One of Bravida's financial targets is to distribute at least 50 percent of net profit as dividends to shareholders.

*12-month cash conversion = 12-month EBITDA +/- change in working capital and investments in machinery and equipment in relation to EBIT.

Five-year overview

INCOME STATEMENT, SEK MILLION	2012	2013	2014	2015	2016
Net sales	11,400	11,080	12,000	14,206	14,792
Production costs	-9,740	-9,420	-10,173	-12,081	-12,562
Gross profit/loss	**1,660**	**1,660**	**1,827**	**2,124**	**2,230**
Administrative and selling expenses	-1,057	-1,061	-1,123	-1,342	-1,286
Other operating expenses	-33	–	–	–	–
Operating profit/loss	**570**	**600**	**705**	**782**	**944**
Adjustments of specific costs	55	49	54	96	10
Adjusted operating profit/loss	**624**	**649**	**759**	**878**	**954**
Net financial items	-31	-378	-265	-360	-67
Profit/loss after financial items (EBT)	**539**	**221**	**440**	**422**	**877**
Tax	-145	-47	-120	-135	-203
Profit/loss for the period	**394**	**174**	**320**	**287**	**674**
BALANCE SHEET, SEK MILLION					
Goodwill	6,745	6,733	6,940	7,211	7,599
Other non-current assets	291	354	386	218	144
Current assets	2,939	2,785	2,911	3,394	3,933
Cash and cash equivalents	97	838	828	573	286
Total assets	**10,072**	**10,710**	**11,064**	**11,396**	**11,962**
Equity	3,378	3,701	3,306	3,555	4,079
Loans	2,854	3,312	3,441	2,700	2,700
Other non-current liabilities	246	182	420	177	245
Current liabilities	3,594	3,514	3,897	4,964	4,938
Total equity and liabilities	**10,072**	**10,710**	**11,064**	**11,396**	**11,962**

CASH FLOW, SEK MILLION	2012	2013	2014	2015	2016
Cash flow from operating activities	424	457	659	841	428
Cash flow from investing activities	-37	-54	-136	-262	-280
Cash flow from financing activities	-408	344	-545	-767	-504
Cash flow for the period	**-21**	**746**	**-22**	**-189**	**-356**
KEY PERFORMANCE INDICATORS					
Operating margin, %	5.0	5.4	5.9	5.5	6.4
Adjusted operating margin, %	5.5	5.9	6.3	6.2	6.5
Profit margin, %	4.7	2.0	3.7	3.0	5.9
Return on equity, %	14.3	4.9	9.1	8.4	17.5
Net debt	–	2,468	2,595	2,433	2,417
Capital structure (net debt/adj. EBITDA)	–	3.7	3.3	2.7	2.5
Cash conversion, %	100.0	146.0	128.0	125.0	60
Interest coverage ratio, x	15.4	1.7	2.2	2.5	15.5
Equity/assets ratio, %	33.5	34.6	29.9	31.2	34.1
Order intake	11,564	12,346	12,149	14,249	15,990
Order backlog	4,809	6,075	6,580	7,092	8,644
Average no. of employees	8,139	7,967	8,188	9,359	9,730
Sales per employee	1,401	1,391	1,466	1,518	1,520
Administrative expenses as % of sales	9.3	9.6	9.4	9.4	8.7
Working capital as % of sales	-4.2	-5.5	-7.1	-7.9	-5.8
Earnings per share for the period, SEK, after reverse split	–	0.86	1.59	1.42	3.34

A GOOD RESULT WITH FURTHER POTENTIAL

Bravida is delivering good earnings growth. However, 2016 posed challenges for organic growth, which was checked by increased competition in the first half of the year, and our cash conversion was lower than usual. We had a strong end to the year for both billing and order intake, which bodes well for the future.

Fact file:

NILS-JOHAN ANDERSSON
CFO

CFO since: 2014
From: Jönköping, Sweden
Family: Wife and two sons
Passionate about: Sports in general, Formula 1 and Rögle Ice Hockey in particular.
Best thing about 2016: Our strong end to the year.
Goals for 2017: A positive development in Finland and continued improvement in our margin.

“Growth potential remains strong and our strategic profitability initiatives have more to offer for our margins going forward.”

INCREASED PROFIT BUT LOWER SALES GROWTH

In 2016, Bravida's adjusted operating margin increased to 6.5 percent (6.2). This meant we were close to our targeted margin of 7 percent. The increase in the margin is the result of our initiatives to make improvements in productivity and purchasing, which are intended to make better use of economies of scale. Another key reason is our careful project selection, with consistent prioritisation of margin over volume.

Net sales grew by 4 percent as a result of our acquisitions. Organic growth, however, was clearly a challenge in the first nine months of the year, in part due to tough comparative figures in Sweden. We experienced increased pricing competition in the Stockholm region on installation projects. We chose to prioritise margin over volume, which resulted in lower volumes particularly in the third quarter. After the summer, we noted some stabilisation in pricing and towards the end of the year the order backlog in Stockholm improved with acceptable margins. Despite this, we did not deliver on our organic growth target.

At year end we had a record breaking order backlog, which provides a good starting position for the organic growth in 2017.

The new division, Riks, which includes our Swedish operations within security, sprinkler, cooling, technical service management and power, and which will be established during the year, will also add to improved growth and profitability in the long run.

CASH FLOW AFFECTED BY BUSINESS MIX

Our cash conversion decreased during the year to 60 percent of operating profit, which was below our target of at least 100 percent. This was due to a lower percentage of large installation orders than previously. These types of orders are usually associated with positive cash flow. Combined with an increasing share of service, which is normally invoiced after the work is done, this has a negative effect on cash flow. For 2017, we will be focussing strongly on achieving this target.

WELL-BALANCED BUSINESS RISK

Bravida's business risk is limited by our fragmented customer structure and the consequent limited size of orders. Our service business, which accounts for around half of sales, offers stability with its even demand for services. In addition, refurbishment and extension work account for nearly 20 percent of our sales, and this part of the business is also relatively unaffected by general economic conditions.

BRAVIDA LEADING SECTOR CONSOLIDATION

Bravida is leading the consolidation in the Nordic installation sector. Over the past 2.5 years we have acquired over 40 businesses, adding approximately SEK 3.5 billion to annual sales. This has cemented our leading market position in the Nordic region.

There is significant potential for continued growth through acquisitions as the sector remains fragmented. When making acquisitions, clear synergies and a strong local market position are the key criteria. This has generated results: overall, we are pleased with the outcome of integrating and realising synergies with the companies we have acquired.

A GOOD TRANSITIONAL YEAR

Given the lack of organic growth and slightly lower cash flow, 2016 should be regarded as a good transitional year. But things are bright as we look ahead. Growth potential remains strong and our strategic initiatives have more to offer both in terms of growth and our margins going forward.

Nils-Johan Andersson, CFO

ANNUAL ACCOUNTS, AUDIT REPORT, CORPORATE GOVERNANCE REPORT, ETC.

Contents

DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of Bravida Holding AB, company no. 556891-5390, hereby present their annual accounts and consolidated financial statements for the 2016 financial year.

THE BUSINESS

Bravida is one of the Nordic region's leading end-to-end providers of technical installations and service for buildings and industrial facilities, with over 9,700 employees. We offer specialist expertise and integrated solutions in electrical, heating and plumbing, and HVAC (heating, ventilation and air conditioning). We provide end-to-end services within these three areas, from consulting and project planning, to installation and service. We are present in around 150 locations in Sweden, Norway, Denmark and Finland.

The Group's electrical installation business offers integrated solutions for lighting, heating and energy supply. Alarms, surveillance and security systems are operations that are an important addition to traditional electrical installation business.

The company's heating and plumbing segment provides integrated solutions for water, waste water, energy, heating and cooling. This part of the business also has specialist expertise in sprinkler systems, an area in which Bravida has special certification.

The HVAC segment offers customised ventilation solutions and all the technology required for air treatment and air conditioning. In response to the growing demand for energy-efficient buildings, Bravida is prioritising installation solutions that ensure improved functionality and more efficient use of energy, resulting in lower running costs and reduced environmental impact.

Bravida also has qualified staff in certain specialist areas. Bravida Fire & Security specialises in fire and security technology. Bravida Technical Service Management (TSM) offers technical property services comprising supervision, maintenance and on-call services. ABEKA El and kraftanläggningar AB provides installation of power facilities of up to 400 kW. Friginor Kylmontage och Service offers specialist services within cooling. Erfator Projektledning offers project management services in the construction and property sectors. Bravida takes an integrated approach to the entire installation and service process, from advice and planning to execution and maintenance.

Installation

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

Service

Service at Bravida consists of operation and maintenance assignments, as well as minor refurbishment work. Regular monitoring and maintenance increase the lifespan of an installation.

Bravida's aim is for service to account for more than half of its sales.

Organisation

Operations are organised according to four countries, Sweden, Norway, Denmark and Finland, and divided into six divisions across 30 regions and 252 branches.

The Group's head office is located in Stockholm and provides support functions including purchasing, business development, IT, communications, HR, legal services and finance.

ACTIVITIES IN 2016

The Group reported strong earnings for the year, with higher sales, better margins, lower net financial items and significantly lower specific costs. Specific costs are costs primarily relating to improvement programmes, acquisition costs, the IPO and final settlement of disputes.

Demand in the Nordic installation and service market is stable. For hospital, care, retail, housing and infrastructure projects, demand is good. The overall market is strong in Sweden, stable in Denmark and Norway and has improved in Finland.

Order intake was strong and the order backlog, which only contains installation projects, has never been higher.

In 2016, a total of nine businesses were acquired with combined sales of approximately SEK 900 million.

Group, SEK million	2016	2015	Change
Net sales	14,792	14,206	4%
Operating profit/loss	944	782	21%
Operating margin, %	6.4	5.5	–
Net financial items	-67	-360	81%
Tax expense	-203	-135	50%
Profit/loss after tax	674	287	135%
Order intake	15,990	14,249	12%
Order backlog	8,644	7,092	22%
Net debt	2,417	2,433	-1%
Cash flow from operating activities	428	841	-49%
Equity	4,079	3,555	15%
Equity/assets ratio, %	34.1	31.2	–
Number of employees	9,730	9,359	4%

NET SALES

Net sales increased by 4 percent to SEK 14,792 million (14,206). The installation business accounted for 53 percent (54) of net sales and the service business for the remaining 47 percent (46). In Sweden, net sales were SEK 8,760 million (8,583), an increase of 2 percent. In Norway, net sales were SEK 3,124 million (3,173). In local currency, sales increased by 1 percent. In Denmark , net sales were SEK 2,278 million (2,116). In local currency, sales increased by 6 percent. In Finland, net sales were SEK 662 million (358). Operations in Finland were established in June 2015.

OPERATING PROFIT/LOSS

Operating profit rose by 21 percent to SEK 944 million (782), resulting in an operating margin of 6.4 percent (5.5). Adjusted operating profit was SEK 954 million (878), which represents an adjusted operating margin of 6.5 percent (6.2). Operating profit in Sweden increased by 20 percent to SEK 574 million (480). Operating profit in Norway was SEK 224 million (256), a decrease of 10 percent in local currency. Operating profit in Denmark was SEK 114 million (108), an increase of 4 percent in local currency. In Finland, operating profit improved to SEK 7 million (0).

The operating margin for the Swedish business was 6.6 percent (5.6). In Norway, the operating margin was 7.2 percent (8.1) and in Denmark it was 5.0 (5.1) percent. In Finland, the operating margin was 1.1 (0.0) percent.

PROFIT/LOSS BEFORE TAX AND NET FINANCIAL ITEMS

Net financial items were SEK -67 million (-360). The cost for the year was significantly lower following refinancing in connection with the IPO in October 2015. Net financial items for the previous year were also reduced by an effect on earnings of SEK -133 million relating to the market valuation of currency and interest rate hedges. Profit before tax was SEK 877 million (422).

PROFIT/LOSS AFTER TAX

The tax expense for the year was SEK -203 million (-135). The tax expense comprised SEK -138 million (-127) of current tax and SEK -65 million (-9) of deferred tax. Profit after tax for the period was SEK 674 million (287).

COMPREHENSIVE INCOME FOR THE YEAR

Other comprehensive income includes translation differences from the translation of foreign operations and the revaluation of defined-benefit pensions. The previous year also included a revaluation of financial derivatives, which were terminated in connection with the refinancing in October 2015.

Total other comprehensive income for the year was SEK 42 million (238). Comprehensive income for the year was SEK 715 million (525).

ORDER INTAKE AND ORDER BACKLOG

Order intake for the year increased by 12 percent to SEK 15,990 million (14,249). Order backlog, which only contains installation projects, continued to rise and amounted to SEK 8,644 million (7,092), an increase of 22 percent.

ACQUISITIONS

Bravida carried out nine acquisitions in 2016. All acquisitions are in line with Bravida's strategy to expand in its priority markets. The combined annual sales of these acquisitions amounted to approximately SEK 900 million at the time the acquisitions were made. For more information about the acquisitions, see Note 4.

REGIONAL MARKETS

Operations in Sweden

The construction industry in Sweden remains stable. The confidence indicator for the construction industry is at historical highs. Bravida believes demand for technical installations and service is strong in metropolitan regions and university towns and healthy in the rest of Sweden.

Net sales increased by 2 percent to SEK 8,760 million (8,583). Operating profit rose by 20 percent to SEK 574 million (480), resulting in an operating margin of 6.6 percent (5.6). The order intake for the year was SEK 9,566 million (8,886). At year-end, the order backlog was SEK 4,944 million (3,999). The average number of employees was 5,330 (5,102).

Sweden	2016	2015	Change
Net sales	8,760	8,583	2%
Operating profit/loss	574	480	20%
Operating margin, %	6.6	5.6	–
Order intake	9,566	8,886	8%
Order backlog	4,944	3,999	24%
Number of employees	5,330	5,102	4%

Operations in Norway

The Norwegian economy has stabilised after several years' economic downturn and the next few years are expected to show a gradual improvement. Increased investments in public-sector construction and infrastructure and housing, however, have resulted in a stable Norwegian construction sector. Construction starts for housing and commercial facilities increased in 2016. Bravida believes demand for technical installations and service is strong around Oslo and in northern Norway and healthy in the rest of the Norway, except for the south-west of the country where overall demand remains weak.

Net sales were SEK 3,124 million (3,173), a decrease in local currency of 1 percent. Operating profit was SEK 224 million (256), which represents an operating margin of 7.2 percent (8.1). The order intake for the year was SEK 3,507 million (3,018). At year-end, the order backlog was SEK 1,677 million (1,295). The average number of employees was 2,349 (2,359).

Norway	2016	2015	Change
Net sales	3,124	3,173	-2%
Operating profit/loss	224	256	-13%
Operating margin, %	7.2	8.1	–
Order intake	3,507	3,018	16%
Order backlog	1,677	1,295	29%
Number of employees	2,349	2,359	0%

Operations in Denmark

The Danish construction market is stable. The market is being driven by new-builds and renovation of public-sector buildings such as hospitals, universities and schools, as well as increased new-builds and renovation of housing. However, the confidence indicator for the Danish construction sector is still slightly below the normal level. Bravida believes demand for technical installations and service is healthy in major cities.

Net sales amounted to SEK 2,278 million (2,116), an increase in local currency of 6 percent. Operating profit was SEK 114 million (108), which represents an operating margin of 5.0 percent (5.1). The order intake for the year was SEK 2,412 million (2,014). At year-end, the order backlog was SEK 1,689 million (1,432). The average number of employees was 1,602 (1,446).

Denmark	2016	2015	Change
Net sales	2,278	2,116	8%
Operating profit/loss	114	108	6%
Operating margin, %	5.0	5.1	–
Order intake	2,412	2,014	20%
Order backlog	1,689	1,432	18%
Number of employees	1,602	1,446	11%

Operations in Finland

The construction sector in Finland has gradually improved over the past year and building companies are reporting increased sales and better order levels. The confidence indicator for the Finnish construction industry is stable. Bravida believes demand for technical installations and service is growing.

Net sales amounted to SEK 662 million (358). The Finnish operations were established in June 2015. Operating profit was SEK 7 million (0), which equates to an operating margin of 1.1 percent (0.0). Order intake for the year amounted to SEK 538 million (355). At year-end, the order backlog was SEK 334 million (367). The average number of employees during the year was 380 (387).

Finland	2016	2015	Change
Net sales	662	358	n.a.
Operating profit/loss	7	0	n.a.
Operating margin, %	1.1	0.0	–
Order intake	538	355	n.a.
Order backlog	334	367	-9%
Number of employees	380	387	-2%

CASH FLOW AND INVESTMENTS
Cash flow from operating activities was SEK 428 million (841). Cash flow includes SEK -112 million (-10) in taxes paid. Cash flow from investment activities was SEK -280 million (-262), which was largely attributable to acquisitions of companies and businesses. Cash flow from financing activities was SEK -504 million (-767), which related to the repayment of loans and the payment of a dividend. The dividend paid was SEK -202 million (-277).

FINANCIAL POSITION
Bravida's net debt amounted to SEK 2,417 million (2,433) at 31 December. Consolidated cash and cash equivalents at year-end were SEK 286 million (573). Interest-bearing liabilities amounted to SEK 2,703 million (3,005). Bravida's total credit facilities amounted to SEK 4,003 million (4,220), of which SEK 1,300 million (1,215) was unused at 31 December.

At year-end, equity was SEK 4,079 million (3,555), resulting in an equity/assets ratio of 34.1 percent (31.2).

EMPLOYEES
The average number of employees was 9,730 (9,359).

RISKS
Significant risks and uncertainties for the Group and parent company
In its operations Bravida is exposed to various types of risk, both operational and financial. Operating risks are associated with day-to-day operations relating to economic conditions, tendering, capacity utilisation, price risks and revenue recognition. Financial risks arise from the amount of capital tied up, the company's capital requirements, and currencies. Bravida is exposed to greater operational risks than financial risks.

Risk management
Fluctuations in general market conditions, financial turmoil and political decisions are the main external factors that can have an impact on demand for residential and commercial new builds and industrial and public-sector investment. Demand for service and maintenance work is less sensitive to economic fluctuations. Operating risks are associated with day-to-day operations such as tendering, price risks, capacity utilisation and revenue recognition. Management of these risks is part of Bravida's ongoing business processes.

Bravida's projects carry a risk of loss due to incorrect cost calculation, deficient execution and bad debts. Effective management of operational risks in each project is consequently extremely important. The management of operational risks is a continuous process covering a large number of ongoing projects and service assignments.

Risk management is clearly defined in Bravida's management system, which is designed to prevent risks and reduce the company's risk exposure. The company's systematic work on quality and environmental issues as well as occupational health and safety issues are key elements of the management system. The Group's financial risks are managed centrally in order to minimise and control the risk exposure, while credit risks in the business operations are managed locally.

OPERATIONAL RISKS
Economic conditions
Fluctuations in the economy affect the building services sector, which is sensitive to market fluctuations and political decisions that can have an impact on demand for residential and commercial new builds and industrial and public-sector investment. Demand for service and maintenance work is not as sensitive to economic fluctuations. The service business accounts for nearly half of Bravida's sales.

Tendering
A building services company is exposed to commercial and production-related risks, which need to be identified and managed during the tendering process. To ensure that this is done, Bravida has drawn up process descriptions and checklists that are aimed at identifying and pricing the risks in the company's cost estimates and tenders.

Tenders are submitted by a tender manager and his/her manager. A tender may only be submitted if at least one of the people submitting the tender is authorised to submit tenders for such amount. Tendering authorisation: Project Manager SEK 0.5 million, Branch Manager SEK 5 million, Regional Manager SEK 15 million, Head of Division SEK 50 million, CEO and President over SEK 50 million.

Capacity utilisation
Capacity utilisation is heavily dependent on demand on Bravida's local markets. An unforeseen decline in capacity utilisation generally results in a loss of revenue which in the short term cannot be offset by a corresponding cost reduction. Bravida seeks to mitigate these risks through continuous resource planning and by using subcontractors during periods of peak production.

Price risks
Unforeseen variations in input prices and prices charged by subcontractors constitute a risk. Bravida seeks to offset the risk of rising prices through the use of contract forms that are appropriate for the project, indexation for fixed-price agreements and efficient purchasing procedures.

Revenue recognition
Bravida recognises revenue in accordance with the percentage-of-completion method. The recognition of revenue is based on the degree of completion of the project and the final forecast. Bravida continually monitors the financial status of its projects to limit the risk of incorrect forecasts and consequently of incorrect revenue recognition over the course of projects. Bravida's quality assurance system specifies the processes to be used from the beginning to the end of the project, in order to ensure efficient operations. In large projects the company also performs continuous project assurance activities to ensure high quality in the implementation of its projects.

Insurance
Bravida has adequate insurance cover for its operations, including liability, contract and property insurance.

FINANCIAL RISKS
Bravida is exposed to financial risks, which arise partly as a result of changes in debt levels and interest rates. For information about financial risks, including interest rate, currency, financing and credit risks, see Note 26.

Risks in the parent company are essentially the same as for the Group.

SIGNIFICANT DISPUTES
There were no significant disputes at the closing date.

OUTLOOK
Over the past 2.5 years, Bravida has made over 40 acquisitions, which have strengthened our platform and added further technical expertise. Overall, the acquisitions made represent sales of SEK 3.5 billion. The market remains highly fragmented, which offers significant acquisition opportunities.

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

We see continued healthy demand for Bravida's services and conditions for sustained growth are good. Demand, a lack of resources and pricing pressure will be balanced by prioritising margin over volume. A meticulous approach and correct pricing are key to continued healthy profitable growth.

The strong order backlog and healthy demand provide a solid platform for the coming year.

BRAVIDA SHARES

Bravida Holding AB's shares have been publicly listed on Nasdaq Stockholm since 16 October 2015. At 31 December 2016, the share price was SEK 55.25 and the number of ordinary shareholders was 10,125. The shares are traded on Nasdaq Stockholm under the ticker symbol BRAV. Since 2 January 2017, the shares have traded on the Large Cap list. Total market capitalisation at year-end was SEK 11,137 million. At 31 December 2016, there were a total of 201,566,598 ordinary shares and 1,200,000 C shares. Ordinary shares entitle holders to one vote and a dividend payment, while C shares entitle holders to one-tenth of a vote and no dividend. The single largest shareholder is Bravissima Holding AB, which owned 30.28 percent of the shares at year-end (see also significant events after the balance sheet date). No other shareholder has a direct or indirect shareholding exceeding 10 percent of the votes for all shares in the company. There are no restrictions of the transferability of the shares due to restrictions in law or the articles of association.

Information regarding public takeover offers

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

GUIDELINES FOR REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND OTHER MEMBERS OF GROUP MANAGEMENT

The Chief Executive Officer's total remuneration is determined by the Board. Guidelines on remuneration for other members of Group management are proposed by the Remuneration Committee and determined by the Board.

Bravida endeavours to offer competitive overall remuneration that allows the Group to recruit and retain the right senior executives. In order to determine what is competitive overall remuneration and to evaluate prevailing levels, each year comparative studies are conducted with relevant sectors and markets. Total remuneration shall be based on factors such as position, performance and individual profile.

Total remuneration for the Group management consists of:

- fixed cash salary;
- variable cash salary component;
- a long-term incentive programme;
- pension;
- other remuneration and benefits.

Fixed cash salary

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

Variable cash salary component

Variable cash salary components are dependent on both individuals fulfilling annually set targets and the achievement of predetermined financial targets. The actual short-term variable cash salary paid is followed up annually. For members of Group management, the maximum possible variable cash salary component may vary depending on the position held by the individual concerned. As a rule, heads of Group staff units in Group management may receive variable salary corresponding to a maximum of 9 months of fixed cash salary while the CFO and heads of division may receive variable salary corresponding to 20 months' salary.

For the Chief Executive Officer, short-term variable cash salary is a maximum of 10 months' salary. Actual variable cash salary paid is linked both to the individual and overall target achievement at Group level. This ensures that remuneration is clearly linked to both the performance of individuals and the performance of Bravida as a whole.

Long-term incentive programmes

Key personnel in Bravida, particularly line managers, have been offered share-based incentive programmes. The aim of share-based incentive programmes is to reward performance, increase and spread share ownership among managers and senior executives and encourage them to stay at the company. Decisions regarding the design of long-term incentive-programmes are taken by the Board and approved by the AGM. Further details of the long-term incentive programmes approved in 2015 and 2016 can be found at the company website, www.bravida.se.

Pension

Senior executives who are resident in Sweden are entitled to pension benefits corresponding to between 28 and 35 percent of their respective fixed salaries, or otherwise in accordance with their occupational pension plans. Comparable terms and conditions shall be offered to senior executives resident outside Sweden, in so far as is possible with regard to local conditions.

Other remuneration and benefits

Other remuneration and benefits should be competitive and contribute to making it easier for senior executives to perform their work duties, for example a company car and occupational health care.

Notice and severance pay

Senior executives are entitled to 6–12 months' notice if employment is terminated by the employer and 4–6 months if the employee resigns. If notice is given by the employer, additional severance pay corresponding to 6–12 months' fixed salary may be paid. A restriction on competition applies to all senior executives if they resign.

If there are specific grounds in an individual case, the Board is entitled to deviate from the above guidelines. A breakdown of salaries and other remuneration to the Board, the CEO and senior executives can be found in Note 5 on page 68. Assessments and reports that are required to be reported under the the Code can be found on the company website.

CORPORATE GOVERNANCE

Bravida prepares a corporate governance report as a separate document from the legal annual accounts. The corporate governance report can be found on pages 98-103.

Nomination activities

The Nomination Committee consisted of the following representatives for the 2017 AGM: Halvor Horten, Bain Capital, Peter Lagerlöf, Lannebo fonder, Håkan Berg, Swedbank Robur, Monica Caneman, Chairwoman of Bravida Holding AB. No remuneration was paid for work on the Nomination Committee. The Nomination Committee's proposals, report on on the Nomination Committee's work for the 2017 AGM, as well as additional information about the proposed Board members is published in conjunction with Notice of the AGM and will be presented at the 2017 AGM. All documentation relating to the AGM can be found at the company website, www.bravida.se.

PARENT COMPANY

Bravida Holding AB's net sales for the year were SEK 82 million (71). All sales were internal.

Operating profit was SEK -1 million (-32) and income after net financial items were SEK -34 million (-143). Cash and cash equivalents were SEK 184 million (456). Equity was SEK 4,764 million (4,599) and the equity/assets ratio was 51.1 percent (47.2). The average number of employees at the parent company was 12 (11).

At 31 December 2016, there were a total of 201,566,598 ordinary shares and 1,200,000 C shares. Ordinary shares entitle holders to one vote and a dividend payment, while C share entitle holders to one-tenth of a vote and no dividend.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Bravida signed a credit agreement with the Swedish Export Credit Corporation for SEK 500 million, maturing on 21 October 2020. The loan will be used to reduce existing long-term borrowing by SEK 500 million.

Using an 'accelerated bookbuilding' process aimed at institutional investors, the principal owner Bravissima Holding AB has divested 30 million shares. This occurred after publication of the year-end report on 22 February 2017, and following this it now owns approximately 15.5 percent of Bravida Holding AB.

Bravida Denmark has entered into an agreement to acquire all the shares in the Danish companies JFE A/S, JPE Materialudlejning ApS and JL A/S, with total sales of just over SEK 130 million.

PROPOSED ALLOCATION OF PROFIT

The Board proposes that the parent company's non-restricted equity of SEK 4,760,373,181 be allocated as follows:

Shareholders receive a dividend of SEK 1.25 per share	SEK 251,958,248
Share premium reserve	SEK 3,517,757,028
Carried forward	SEK 990,657,905
Total	**SEK 4,760,373,181**

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

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	NOTE	1 Jan 2016 –31 Dec 2016	1 Jan 2015 –31 Dec 2015
Net sales	2	14,792	14,206
Production costs		-12,562	-12,081
Gross profit/loss		**2,230**	**2,124**
Administrative and selling expenses		-1,286	-1,342
Operating profit/loss	3, 5, 6, 7, 29	**944**	**782**
Finance income		7	415
Finance costs		-74	-775
Net financial items	8	**-67**	**-360**
Profit/loss before tax		**877**	**422**
Tax on profit for the year	9	-203	-135
Profit/loss for the year		**674**	**287**
OTHER COMPREHENSIVE INCOME			
Items that have been transferred or can be transferred to profit/loss for the year			
Translation differences for the year from the translation of foreign operations	19	92	-89
Changes in the fair value of financial derivatives for the year		–	171
Tax attributable to the fair value of financial derivatives		–	-38
Items that cannot be transferred to profit/loss for the year			
Revaluation of defined-benefit pensions		-65	248
Tax attributable to the revaluation of pensions		14	-54
Other comprehensive income for the year		**42**	**238**
Comprehensive income for the year		**715**	**525**
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent company		715	519
Non-controlling interests		1	5
Comprehensive income for the year		**715**	**525**
Earnings per share	19	3,34	1,42

CONSOLIDATED BALANCE SHEET

SEK MILLION	NOTE	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current intangible assets	10	7,611	7,223
Property, plant and equipment	11	65	63
Investments in associates	12	2	2
Pension assets	13	2	93
Other securities held as non-current assets	14	11	10
Non-current receivables	15	13	13
Deferred tax asset	9	39	26
Total non-current assets		**7,743**	**7,429**
Inventories		102	86
Current tax assets		100	19
Trade receivables	16	2,544	2,165
Income accrued but not invoiced	17	875	813
Prepayments and accrued income	18	271	256
Other receivables	15	42	53
Short-term investments and blocked funds		–	2
Cash and cash equivalents		286	573
Total current assets		**4,219**	**3,967**
TOTAL ASSETS	25	**11,962**	**11,396**
EQUITY	19		
Share capital		4	4
Other contributed capital		3,518	3,518
Reserves		31	-61
Retained earnings including profit/loss for the year		514	82
Equity attributable to owners of the parent company		**4,067**	**3,543**
NON-CONTROLLING INTERESTS		11	11
Total equity		**4,079**	**3,555**
LIABILITIES			
Non-current interest-bearing liabilities	20, 25, 26	2,700	2,700
Pension provisions	13	20	15
Other provisions	21	80	76
Deferred tax liabilities	9	146	87
Total non-current liabilities		**2,945**	**2,877**
Current interest-bearing liabilities	20	–	302
Overdraft facilities	20	3	3
Trade payables		1,468	1,399
Current tax liabilities		171	69
Income invoiced but not accrued	22	1,318	1,287
Other liabilities	23	524	517
Accrued expenses and deferred income	24	1,311	1,247
Provisions	21	143	141
Total current liabilities		**4,938**	**4,964**
Total liabilities		**7,883**	**7,842**
TOTAL EQUITY AND LIABILITIES	25	**11,962**	**11,396**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK MILLION	Share capital	Other contributed capital	Translation reserve	Hedge reserve	Retained earnings, incl. profit/loss for the year	Total Equity
Opening balance of equity at 1 Jan 2015	4	3,518	28	-133	-111	3,306
Profit/loss for the year					287	287
Other comprehensive income for the year			-89	133	193	238
Total comprehensive income for the year			**-89**	**133**	**480**	**525**
Dividend					-277	-277
Shareholder programme					1	1
Closing balance of equity at 31 Dec 2015	**4**	**3,518**	**-61**	**–**	**94**	**3,555**
Profit/loss for the year					674	674
Other comprehensive income for the year			92	–	-51	42
Total comprehensive income for the year			**92**	**–**	**623**	**715**
Dividend					-202	-202
Shareholder programme					10	10
Closing balance of equity at 31 Dec 2016	**4**	**3,518**	**32**	**–**	**526**	**4,079**

Further information on equity is provided in Note 19.

CONSOLIDATED CASH FLOW STATEMENT

SEK MILLION	NOTE	1 Jan 2016 –31 Dec 2016	1 Jan 2015 –31 Dec 2015
OPERATING ACTIVITIES			
Profit/loss before tax		877	422
Adjustments for non-cash items	31	50	278
Income taxes paid		-112	-10
Cash flow from operating activities before changes in working capital		**815**	**690**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/Decrease (+) in inventories		4	0
Increase (-)/Decrease (+) in operating receivables		-266	-42
Increase (+)/Decrease (-) in operating liabilities		-124	191
Cash flow from operating activities		**428**	**841**
INVESTING ACTIVITIES			
Acquisition of subsidiaries	4, 30	-258	-233
Acquisition of assets and liabilities	4	-4	-2
Disposal of assets and liabilities		2	2
Acquisition of non-current intangible assets	10	–	-10
Acquisition of property, plant and equipment	11	-19	-24
Disposal/reduction of financial assets	12	0	5
Cash flow from investing activities		**-280**	**-262**
FINANCING ACTIVITIES			
Loans raised	20	–	3,002
Repayment of loans	20	-302	-3,441
Payments in connection with refinancing		–	-46
Change in utilisation of overdraft facility	20	0	-6
Dividend paid		-202	-277
Cash flow from financing activities		**-504**	**-767**
Cash flow for the year		-356	-189
Cash and cash equivalents at start of year		573	828
Exchange gains/losses on cash and cash equivalents		69	-66
Cash and cash equivalents at year-end		**286**	**573**

PARENT COMPANY INCOME STATEMENT

SEK MILLION	NOTE	1 Jan 2016 –31 Dec 2016	1 Jan 2015 –31 Dec 2015
Net sales		82	71
Administrative and selling expenses	5, 6, 7	-83	-103
Operating profit/loss		**-1**	**-32**
Income from financial items			
Interest and similar income		38	463
Interest and similar expenses		-72	-574
Net financial items	8	**-34**	**-111**
Profit/loss after financial items		**-34**	**-143**
Appropriations			
Provision for tax allocation reserve		-153	-78
Group contributions		644	490
Profit/loss before tax		**456**	**269**
Tax	9	-99	-81
Profit/loss for the year[1)]		**357**	**188**

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

PARENT COMPANY BALANCE SHEET

SEK MILLION	NOTE	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Non-current financial assets			
Investments in Group companies	30	7,341	7,341
Total non-current assets		**7,341**	**7,341**
Current assets			
Current receivables			
Receivables from Group companies	29	1,755	1,897
Other receivables	15	26	0
Prepayments and accrued income	18	25	45
		1,806	**1,942**
Cash and bank balances		184	456
Total current assets		**1,990**	**2,397**
TOTAL ASSETS	25	**9,331**	**9,739**
Equity	19		
Restricted equity			
Share capital		4	4
		4	**4**
Non-restricted equity			
Share premium reserve		3,518	3,518
Retained earnings		886	889
Profit/loss for the year		357	188
		4,760	**4,595**
		4,764	**4,599**
Untaxed reserves			
Tax allocation reserves		231	78
Non-current liabilities			
Non-current interest-bearing liabilities	20, 25, 26	2,700	2,700
Current liabilities			
Liabilities to credit institutions	20	–	300
Trade payables		4	34
Liabilities to Group companies	29	1,496	1,920
Tax liabilities		98	50
Other liabilities	23	5	6
Accrued expenses and deferred income	24	32	52
		1,636	**2,362**
TOTAL EQUITY AND LIABILITIES	25	**9,331**	**9,739**

For information on Group pledged assets and contingent liabilities, see Note 28.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

		Non-restricted equity			
SEK MILLION	**Share capital**	**Share premium reserve**	**Retained earnings**	**Profit/loss for the year**	**Total**
Opening balance of equity at 1 Jan 2015	4	3,518	974	190	4,686
Profit/loss for the year				188	188
Appropriation of profits			190	-190	–
Dividend paid			-277		-277
Shareholder programme			1		1
Closing balance of equity at 31 Dec 2015	**4**	**3,518**	**889**	**188**	**4,599**
Profit/loss for the year				357	357
Appropriation of profits			188	-188	–
Dividend			-202		-202
Shareholder programme			10		10
Closing balance of equity at 31 Dec 2016	**4**	**3,518**	**886**	**357**	**4,764**

Further information on equity is provided in Note 19.
Profit/loss for the year corresponds to comprehensive income for the year.

PARENT COMPANY CASH FLOW STATEMENT

SEK MILLION	NOTE	1 Jan 2016 –31 Dec 2016	1 Jan 2015 –31 Dec 2015
OPERATING ACTIVITIES			
Profit/loss after financial items		-34	-143
Adjustments for non-cash items	31	10	-5
Income taxes paid		-101	–
Cash flow from operating activities before changes in working capital		**-125**	**-148**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/Decrease (+) in operating receivables		-135	31
Increase (+)/Decrease (-) in operating liabilities		-1	16
Cash flow from operating activities		**-261**	**-101**
FINANCING ACTIVITIES			
Loans raised	20	–	3,000
Repayment of loans	20	-300	-3,441
Dividend paid		-202	-277
Group contributions received		490	528
Cash flow from financing activities		**-12**	**-190**
Cash flow for the year		-272	-291
Cash and cash equivalents at start of year		456	746
Cash and cash equivalents at year-end		**184**	**456**

NOTES

TO THE FINANCIAL STATEMENTS

Amounts in millions of Swedish kronor (SEK) unless stated otherwise.

Notes contents

NOTE 01. SIGNIFICANT ACCOUNTING POLICIES

GENERAL ACCOUNTING POLICIES

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

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

REGISTERED OFFICE, ETC.

The company is a limited liability company with its registered office in Stockholm, Sweden. The address of the head office is Mikrofonvägen 28, 126 81 Stockholm, SWEDEN.

VALUATION PRINCIPLES APPLIED IN PREPARING THE FINANCIAL STATEMENTS

Assets and liabilities are stated at historical cost.

ESTIMATES AND JUDGEMENTS IN THE FINANCIAL STATEMENTS

Preparing financial statements in accordance with IFRS requires that management make estimates and judgements as well as assumptions which affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. Actual outcomes may differ from these estimates.

Judgements and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period when the change is made if the change only affects this period, or in the period when the change is made and future periods if the change affects both the current period and future periods.

Assessments made by management in applying IFRS which have a significant impact on the financial statements and estimates that can have a significant effect on the financial statements for the following year are described in greater detail in Note 33.

NEW OR AMENDED RELEVANT IFRS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED

The Group has chosen not to apply any new standards or interpretations in advance in preparing these financial statements and is currently not planning to apply standards or interpretations in advance in coming years.

FUTURE CHANGES TO ACCOUNTING POLICIES

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement from 2018. Bravida does not plan to apply IFRS 9 in advance. IFRS 9 involves changes to the way financial assets are classified and measured for an amortisation model based on expected credit losses instead of incurred losses and changes to hedge accounting principles, in part to simplify and increase consistency with a company's internal risk management strategies.

The effects on Bravida's accounting from the introduction of IFRS 9 are currently being evaluated. The effects have not yet been able to be quantified, but will become clearer as the implementation project proceeds in 2017. The estimates of the effects described below are based on the information currently known or estimated. Transition methods will be chosen once the analysis of IFRS 9 has reached a phase that provides a more comprehensive basis than at present.

The new amortisation rules, based on expected credit losses, are expected to slightly increase the reservation for losses on trade receivables. Losses on trade receivables have historically been very low (see the credit risk section of Note 26) and the effect of reporting expected instead of incurred losses is expected to only have minor effects. Quantifiable estimates have not yet been made.

IFRS 9 has resulted in subsequent changes to the disclosure requirements of IFRS 7 Financial Instruments: Disclosures, which will affect the disclosures that are provided. The extent of these changes for Bravida is not yet known or estimated. IFRS 15 Revenue from Contracts with Customers replaces, from 2018, existing IFRS-related revenue recognition, such as IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Bravida does not plan to apply IFRS 15 in advance. IFRS 15 is based on revenue being recognised when control over a good or service is transferred to the customer, which differs from the existing base in the transfer of risks and benefits. IFRS 15 introduces new ways of establishing how and when revenue should be recognised, which results in new approaches compared with how revenue is currently recognised.

The effects on accounting from the introduction of IFRS 15 are currently being evaluated. It has not yet been possible to quantify the effects other than at the overall level, as mentioned below. The estimates of the effects described below are based on the information currently known or estimated. Transition methods will be chosen once the analysis of IFRS 15 has reached a phase that provides a more comprehensive basis than at present.

Bravida currently applies IAS 11 Construction Contracts to all revenue. IFRIC 13 Customer Loyalty Programmes is not applied. Revenue consists of service and installation services and sales of services and materials take place on a combined basis. Sales of material only take place to a very minor extent, and in such cases and these are currently recognised when the goods have been delivered at the customer, which is deemed to be the point in time when risks and benefits associated with the goods are transferred to the customer.

Service and installation services, including related materials, are currently recognised as revenue using the percentage-of-completion method as costs are incurred in relation to forecast costs. Service and installation services are performed on customer property. Initial assessment of the IFRS 15 criteria for recognition over time or at a particular date indicate that in most of these cases the goods are deemed to be controlled by the customer as they are installed, whereupon they will also be recognised over time rather than at the date when installation is completed. This implies no difference in revenue recognition compared with the current situation.

Based on estimates thus far, the accrual of revenue is not expected to have any other effects. Finally, it is noted that IFRS 15 contains expanded disclosure requirements regarding revenue, which will increase the content of note disclosures.

IFRS 16 Leases replaces, from 2019, existing IFRSs relating to the recognition of leases, such as IAS 17 Leases, and IFRIC 4 Determining Whether an Arrangement Contains a Lease. Bravida has not yet determined whether IFRS 16 should be applied in advance from 2018, at the same time as IFRS 9 and IFRS 15 change recognition, or whether it will be applied from 2019.

IFRS 16 mainly affects lessees and its main effect is that all leases currently recognised as operating leases will be recognised in a way that is similar to current recognition of financial leases. This means that assets and liabilities must also be recognised for operating leases, with associated recognition of costs for depreciation, amortisation and interest – unlike the current situation, whereby no recognition takes place of leased assets and related liabilities, and whereby lease payments are accrued on a straight-line basis as a leasing cost.

As a lessee of operating leases, Bravida will be affected by the introduction of IFRS 16. Quantification of the estimates of the effect of IFRS 16 and the choice of transitional methods have not yet been carried out. The information provided in Note 27 regarding operating leases provides an indication of the type and extent of the agreements that currently exist.

The amended IAS 7 Report on Cash Flow will be applied by Bravida from the annual report for 2017. Information will be added, with the change for the year in liabilities attributable to financing activities being reconciled against the itemisation of such items as new borrowing, repayments, changes related to disposals/acquisitions of subsidiaries and currency effects.

SEGMENT REPORTING

An operating segment is a component of the Group which engages in business from which it may earn revenues and incur expenses, for which separate financial information is available. Earnings of an operating segment are reviewed by the company's chief operating decision-maker for the purpose of evaluating earnings and allocating resources to the operating segment. With effect from 2015, Bravida's segments are countries, i.e.: Sweden, Norway, Denmark and Finland. See Note 3 for additional information on the itemisation and presentation of operating segments.

CONSOLIDATED ACCOUNTS

Subsidiaries

Subsidiaries are companies in which the parent company has a controlling influence. A controlling influence exists where the parent company has influence over the investment object, is exposed or entitled to a variable return on its investment and is able to exert its influence over the investment in such a way as to affect the return.

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

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

Unrealised losses are also eliminated but any losses are viewed as an indication of a possible impairment requirement. Where applicable, the accounting policies for subsidiaries have been amended to guarantee consistent application of the Group's policies.

ASSOCIATES

Associates are those companies in which the Group exercises a significant, but not a controlling, influence, which normally applies for shareholdings representing between 20 and 50 percent of the votes.

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

TRANSLATION OF FOREIGN CURRENCIES

Functional currency and reporting currency

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

Transactions and balance sheet items

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

Financial statements of foreign operations

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

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

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

CASH FLOW STATEMENT

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

REVENUE

Revenue is recognised in the income statement when it is possible to reliably estimate the revenue and it is probable that the financial benefits will accrue to the Group. The company's revenue primarily consists of revenue from service and installation contracting. Revenue is recognised in accordance with the percentage-of-completion method. This method is described below in the 'Installation contracting' section. Interest income is recognised over the term of the loan by applying the effective interest method. Dividend income is recognised when the right to receive payment has been established.

Installation assignments

Bravida applies the percentage-of-completion method. Under this method, earnings are recognised in accordance with the degree of completion of the project. Determining the earnings accrued at any given time requires information about the following components:

- Project revenue – the value of all revenues attributable to the contract.
- Project cost – all costs corresponding to the project revenues that are attributable to the project.
- Degree of completion – recognised costs in relation to estimated total project costs.

Expenditure that has been incurred during the year but that relates to future work is not included in project costs incurred at the time of determining the degree of completion. These are reported as materials and inventories, advances or other assets depending on their character. Changes to the scope of the project, claims and incentive pay are included in project revenue to the extent that they have been agreed with the customer and can be reliably measured. A fundamental condition for application of the percentage-of-completion method is that project revenues and project costs can be reliably measured and that the degree of completion is determined in a way that is relevant with respect to the reliability requirement.

For projects where revenues and costs cannot be reliably measured at the balance sheet date, the zero recognition method is applied. This means that revenue equal to the incurred costs is recognised for the project, i.e. the profit is zero until such time as it is possible to determine the earnings. As soon as this is possible the percentage-of-completion method is applied. Provisions are made for expected losses, i.e. when the project costs are expected to exceed the total project revenues, and these amounts are charged to profit/loss for the year.

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

INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between the cost of a business combination and the fair value of the Group's share of the acquired operation's identifiable net assets at the time of acquisition. Goodwill from the acquisition of operations is recognised as an intangible asset. Goodwill is tested annually for impairment and stated at cost less accumulated impairment losses. Goodwill impairment losses are not reversed. Any gain or loss from the sale of a unit includes the divested portion of the recognised value of goodwill. In testing for impairment, goodwill is allocated to cash-generating units.

Goodwill is thereby allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination giving rise to the goodwill item.

Additional expenditure

Additional expenditure on an intangible asset is added to the asset's cost only if it increases the future financial benefits and the expenditure can be reliably estimated. All other expenditure is recognised as it is incurred.

Depreciation and amortisation

Depreciation/amortisation is based on the asset's original cost less any residual value. Amortisation is recognised in the income statement on a straight-line basis over the useful life of the intangible asset, unless the asset has an indefinite useful life.

Assets are depreciated/amortised from the date at which they became available for use. Other intangible assets are amortised according to plan over 5 years. Useful lives are reassessed annually or more frequently.

PROPERTY, PLANT AND EQUIPMENT

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

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

Depreciation policies for property, plant and equipment

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets with indefinite useful lives are tested annually to determine whether the recoverable amount, i.e. the higher of fair value less selling expenses and value in use, exceeds the carrying amount. For other non-financial assets a similar test is performed as soon as there is an indication that the carrying amount is too high. The value of an asset is written down to the recoverable amount as soon as this is shown to be lower than the carrying amount.

LEASES

Leases are classified in the consolidated accounts either as financial leases or as operating leases.

The Bravida Group classifies all leases as operating leases. Payments made during the lease term are charged to the income statement on a straight-line basis over the term of the lease.

FINANCIAL ASSETS

Bravida classifies its financial assets as loans and trade receivables. The classification depends on the purpose for which the financial asset was acquired. The classification of financial assets is determined by management upon initial recognition.

General principles
A receivable is recognised when the company has performed a service and the counterparty is contractually obliged to pay, even if an invoice has not yet been issued. Trade receivables are recognised in the balance sheet when the invoice has been sent.

At each balance sheet date the Group assesses whether there is objective evidence of impairment of a financial asset or group of financial assets, for instance that it is unlikely that the debtor will be able to fulfil its obligations. Impairment tests of trade receivables are described below. Examples of objective evidence include significant financial difficulties for a debtor, a breach of contract such as non-payment or delayed payment of interest or principal, or the likelihood that the borrower will become bankrupt or enter into another form of financial reorganisation.

Hedge accounting
A final item attributable to previous hedge accounting was reversed to profit/loss for the year via other comprehensive income during the comparative year and the Group no longer uses hedging.

Loans and trade receivables
Loans and trade receivables are financial assets that are not derivatives. They have specified or specifiable payments and are not listed on an active market. They are included in current assets, with the exception of items maturing later than 12 months from the balance sheet date, which are classified as non-current assets. Loans and trade receivables are initially recognised at fair value and subsequently at amortised cost by applying the effective interest method, less any provisions for impairment. A provision for impairment of trade receivables is posted when there is objective evidence that the Group will not be able to recover all overdue amounts in accordance with the original terms and conditions for the receivables. The size of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows. An impairment loss on trade receivables is recognised in the income statement in the item 'Other operating expenses' while an impairment loss on loans is recognised in financial items.

Reversal of impairment losses
Impairment losses on loan receivables and trade receivables stated at amortised cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event occurring after the impairment loss was recognised.

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

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash and bank balances, and other short-term investments maturing within three months of the acquisition date.

FINANCIAL LIABILITIES
The Bravida Group's financial liabilities are divided into borrowing and other financial liabilities, e.g. trade payables.

General principles
A liability is recognised when the company has a contractual obligation to pay, even if a supplier invoice has not yet been received. Supplier invoices are recognised in the statement of financial position when an invoice is received. The liability is removed when payment is made or when a contractual obligation to pay no longer exists.

Offsetting
A financial asset and a financial liability are offset and recognised as a net amount in the statement of financial position only when there is a legal right to offset amounts and there is the intention to settle the items as a net amount or simultaneously realise the asset and settle the liability.

Financial liabilities measured at amortised cost
Loans and other financial liabilities, e.g. trade payables, are included in this category. Financial liabilities are initially stated at fair value, net of transaction costs. Subsequently financial liabilities are measured at amortised cost and any difference between the amount received (net of transaction costs) and the amount repayable is recognised in the income statement over the term of the loan by applying the effective interest method. Compensation for any difference in interest upon early redemption of a loan is recognised in the income statement at the date of redemption. Dividends paid are recognised as a liability upon approval of the dividend by the Annual General Meeting.

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

Finance income and costs
Finance income and costs comprise interest income on bank deposits, receivables and interest-bearing securities, interest expenses on loans, dividend income, unrealised and realised gains and losses on financial assets and liabilities.

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

EMPLOYEE BENEFITS
Post-employment benefits
In Sweden most employees are covered by a defined-contribution plan, but a significant number are covered by a defined-benefit plan. In Norway virtually all employees are covered by a defined-contribution pension plan. In Denmark and Finland all employees are covered by defined-contribution plans.

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

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

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

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

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

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

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

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

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

Termination benefits

A cost for payments in connection with termination of staff employment is recognised when the company is no longer able to withdraw the offer to the employees or when the company recognises costs for restructuring, whichever is the earlier. Benefits that are expected to be settled after 12 months are recognised at their present value. Benefits that are not expected to be fully settled within 12 months are recognised as long-term remuneration.

Short-term benefits

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

Share-based payments

Share-based payments related to employee benefits in accordance with the long-term incentive programmes that Bravida established in 2015–2016. Personnel costs are recognised at the value of services received, accrued over the vesting periods of the programmes, calculated as the fair vale of the assigned equity instruments. The fair value is established at the date of assignment, i.e. when Bravida and the employees entered an agreement on the terms and conditions of the programmes. As the programmes are paid using equity instruments, they are classified as 'paid with equity' and an amount corresponding to the recognised personnel cost is recognised directly in equity.

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

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

PROVISIONS

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

Warranty provision

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

Restructuring provision

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

Contingent liabilities

A contingent liability is recognised when there is a possible obligation arising from past events and whose existence will be confirmed only by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required.

PARENT COMPANY ACCOUNTING POLICIES

The parent company prepares its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. RFR 2 states that the parent company's annual accounts for the legal entity should be prepared by applying all EU-adopted IFRS statements insofar as this is possible under the Swedish Annual Accounts Act and with regard to the relationship between accounting and taxation. The parent company prepares a statement of comprehensive income.

Differences between the Group and parent company accounting policies

Differences between the Group and parent company accounting policies are described below. The stated accounting policies have been applied consistently for all periods presented in the parent company's financial statements.

Subsidiaries

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

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

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

Group contributions and shareholder contributions

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

Presentation of the income statement and balance sheet

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

INFORMATION ABOUT THE GROUP

Bravida Holding AB's shares have been publicly listed on Nasdaq Stockholm since 16 October 2015. At 31 December 2016, the largest shareholder, with approximately 30.44 percent of the votes, was Bravissima Holding AB (company no. 556930-5625), which has its registered office in Stockholm.

Of the parent company's total purchases and sales in Swedish kronor, - (-) percent of purchases and 100 percent (100) of sales refer to other companies in the corporate group to which the company belongs.

NOTE 02. DISTRIBUTION OF REVENUES

Group	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015
Invoicing	14,755	14,164
Change in work in progress on behalf of third parties	37	42
Net sales	**14,792**	**14,206**

Revenue by significant revenue type

Group	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015
Installation contracting	7,822	7,678
Service	6,970	6,528
Net sales	**14,792**	**14,206**

NOTE 03. SEGMENT REPORTING

The Group's operations are monitored and reviewed on a geographic market basis by the chief operating decision-maker. With effect from 2015, Bravida's segments are countries, i.e.: Sweden, Norway, Denmark and Finland. Internal prices charged between the various segments of the Group are set on an arm's length basis, i.e. between parties that are independent of one another, are well informed and have an interest in ensuring that the transactions are completed. None of the companies' customers account for more than 5 percent of total consolidated income.

GEOGRAPHIC MARKETS

Geographic markets constitute the company's operating segments. The Group's geographic markets comprise Sweden, Norway, Denmark and Finland. In each geographic market, activities are conducted in the areas of electrical, heating and plumbing, HVAC and other.

2016	Sweden	Norway	Denmark	Finland	Group-wide	Eliminations and other	Total
REVENUE							
External net sales	8,718	3,136	2,277	660	1	–	14,792
Internal net sales	42	-12	1	2	299	-331	–
Net sales	**8,760**	**3,124**	**2,278**	**662**	**299**	**-331**	**14,792**
Operating expenses	-8,186	-2,900	-2,163	-654	-273	331	-13,844
Amortisation of non-current intangible assets	0	0	-1	0	-2	–	-4
Operating profit/loss	**574**	**224**	**114**	**7**	**25**	**–**	**944**
Other information							
Goodwill	4,973	1,547	859	219	–	–	7,599
Other non-current assets	25	16	39	9	16	–	105
Total non-current assets	**4,998**	**1,564**	**898**	**229**	**16**	**–**	**7,705**

2015	Sweden	Norway	Denmark	Finland	Group-wide	Eliminations and other	Total
REVENUE							
External net sales	8,554	3,173	2,116	358	5	–	14,206
Internal net sales	29	0	0	0	275	-304	–
Net sales	**8,583**	**3,173**	**2,116**	**358**	**280**	**-304**	**14,206**
Operating expenses	-8,103	-2,917	-2,007	-358	-342	304	-13,422
Amortisation of non-current intangible assets	0	–	-1	–	–	–	-1
Operating profit/loss	**480**	**256**	**108**	**0**	**-62**	**–**	**782**
Other information							
Goodwill	4,764	1,480	811	156	–	–	7,211
Other non-current assets	31	15	36	7	183	-80	193
Total non-current assets	**4,795**	**1,496**	**846**	**162**	**183**	**-80**	**7,403**

AREAS OF TECHNOLOGY

The Group comprises the following areas of technology; electrical installations, heating and plumbing, HVAC and other.

2016	Electrical	Heating and plumbing	HVAC	Other	Total
External sales	7,754	3,837	2,297	905	14,792

2015	Electrical	Heating and plumbing	HVAC	Other	Total
External sales	7,545	3,478	2,298	884	14,206

NOTE 04. ACQUISITION OF OPERATIONS

2016

Bravida made the following acquisitions in 2016:

Acquired unit	Country	Type	Acquisition date	Share of equity	No. of employees	Estimated annual sales
Heating and plumbing business, Oslo	Norway	Company	January	100%	35	69
Electrical business, Jutland	Denmark	Assets and liabilities	March	100%	25	38
Heating and plumbing business, Sandnes	Norway	Company	April	25%		
Electrical business, Sandnes	Norway	Company	April	25%		
Electrical business, Copenhagen	Denmark	Company	May	100%	52	70
Specialist business, Ljungby	Sweden	Assets and liabilities	June	100%	8	12
Heating and plumbing business, Stockholm	Sweden	Company	July	100%	179	290
HVAC business, Växjö	Sweden	Company	October	100%	18	40
Electrical business, Kristianstad	Sweden	Company	November	100%	35	40
Electrical business, Östlandet	Norway	Company	December	100%	160	220
Electrical, heating and plumbing, HVAC business in Ostrobothnia	Finland	Company	December	100%	100	130

If the acquisitions had taken place at 1 January 2016, consolidated net sales would have increased by around 4 percent.

Effects of acquisitions in 2016

Acquisitions have the following effects on consolidated assets and liabilities.

	Fair value recognised in Group
Intangible assets	3
Other non-current assets	23
Other current assets	151
Cash and cash equivalents	18
Provisions	-17
Current liabilities	-176
Net identifiable assets and liabilities	**2**
Consolidated goodwill	**338**
Cost	339
Cash and cash equivalents (acquired)	18
Net effect on cash and cash equivalents	**-321**
Calculation of cost	
Cash consideration paid	239
Consideration recognised as a liability	101
Cost	**339**

2015

Bravida made the following acquisitions in 2015:

Acquired unit	Country	Type	Acquisition date	Share of equity	No. of employees	Estimated annual sales
Heating and plumbing business, Västerås	Sweden	Company	January	100%	6	7
Electrical business, Nyköping	Sweden	Company	January	75%	39	211
Electrical business, Skellefteå	Sweden	Company	February	100%	11	15
Electrical business, Östersund	Sweden	Company	March	100%	22	27
Heating and plumbing business, remaining minority holding	Sweden	Company	March	30%		
Heating and plumbing business, Gothenburg	Sweden	Company	April	100%	45	87
Operations in Finland	Finland	Company	June	100%	320	620
Electrical business, Malmö	Sweden	Company	June	100%	20	40
Operations in Finland	Finland	Company	July	100%	110	210
Heating and plumbing business, Sundsvall	Sweden	Assets and liabilities	July	100%	9	12
Electrical business, Klippan	Sweden	Company	July	100%	16	20
HVAC business, Tromsø	Norway	Company	October	100%	32	70
Cooling business, Luleå	Sweden	Company	November	100%	50	73
Security business, Linköping	Sweden	Company	November	100%	5	10
Electrical business, Falun	Sweden	Company	December	100%	9	20
Electrical and security business, Långshyttan	Sweden	Company	December	100%	40	40
Electrical business, Randers	Denmark	Assets and liabilities	December	100%	13	16

If the acquisitions had taken place at 1 January 2015, consolidated net sales would have increased by around 5 percent.

Effects of acquisitions in 2015

Acquisitions have the following effects on consolidated assets and liabilities.

	Fair value recognised in Group
Intangible assets	2
Other non-current assets	14
Other current assets	492
Cash and cash equivalents	70
Provisions	-19
Non-current liabilities	-10
Current liabilities	-497
Net identifiable assets and liabilities	**53**
Consolidated goodwill	**319**
Cost	372
Cash and cash equivalents (acquired)	70
Net effect on cash and cash equivalents	**-301**
Calculation of cost	
Cash consideration paid	280
Consideration recognised as a liability	92
Cost	**372**

NOTE 05. EMPLOYEES, PERSONNEL COSTS AND REMUNERATION TO SENIOR EXECUTIVES

Average number of employees	1 JAN 2016 –31 DEC 2016	of whom women	1 JAN 2015 –31 DEC 2015	of whom women
PARENT COMPANY				
Sweden	12	41.7%	11	27.3%
Total at parent company	**12**	**41.7%**	**11**	**27.3%**
SUBSIDIARIES				
Sweden	5,380	6.4%	5,149	6.8%
Norway	2,349	5.5%	2,359	5.2%
Denmark	1,602	7.4%	1,446	7.3%
Finland	380	7.4%	387	5.7%
Slovakia	7	0.0%	7	0.0%
Total at subsidiaries	**9,718**	**6.4%**	**9,348**	**6.4%**
Total, Group	**9,730**	**6.4%**	**9,359**	**6.4%**

Breakdown of men and women in management	31 DEC 2016	31 DEC 2015
	Female representation	
PARENT COMPANY		
Board of Directors[1)]	16.8%	11.1%
Other senior executives	4.6%	0.0%
TOTAL, GROUP		
Board of Directors[1)]	16.8%	11.1%
Other senior executives	4.6%	0.0%

[1)] Calculated in accordance with the EU calculation model in which the CEO is excluded and trade union representatives are included.

Salaries, other remuneration and social security contributions	1 Jan 2016–31 Dec 2016 Salaries and remuneration	1 Jan 2016–31 Dec 2016 Social security costs	1 Jan 2015–31 Dec 2015 Salaries and remuneration	1 Jan 2015–31 Dec 2015 Social security costs
PARENT COMPANY	53	11	32	8
(of which pension costs)	(7)	(2)	(8)	(2)
SUBSIDIARIES	5,334	1,015	5,122	925
(of which pension costs)	(395)	(50)	(358)	(45)
Total, Group	**5,387**	**1,026**	**5,154**	**933**
(of which pension costs)	(402)	(52)	(365)	(47)

Salaries and other remuneration	1 Jan 2016–31 Dec 2016 Board, CEO, and other senior executives[1]	1 Jan 2016–31 Dec 2016 Other employees	1 Jan 2015–31 Dec 2015 Board, CEO, and other senior executives[1]	1 Jan 2015–31 Dec 2015 Other employees
PARENT COMPANY				
Sweden	23	30	16	15
(of which bonuses, etc.)	(11)	(2)	(10)	(0)
SUBSIDIARIES				
Sweden	18	2,780	30	2,716
(of which bonuses, etc.)	(9)	(47)	(17)	(67)
Norway	5	1,317	7	1,377
(of which bonuses, etc.)	(4)	(28)	(5)	(29)
Denmark	6	986	5	861
(of which bonuses, etc.)	(2)	(11)	(2)	(10)
Finland	2	217	2	121
(of which bonuses, etc.)	(–)	(–)	(–)	(–)
Slovakia	–	5	–	3,199
(of which bonuses, etc.)	(–)	(–)	(–)	(–)
Subsidiaries, total	**31**	**5,303**	**44**	**5,078**
(of which bonuses, etc.)	(15)	(86)	(24)	(106)
Total, Group	**54**	**5,333**	**60**	**5,093**
(of which bonuses, etc.)	(26)	(88)	(33)	(106)

[1)] During these years, the Group's other senior executives consisted of 12 persons (11).

Remuneration and other benefits for the Board

SEK THOUSAND Chairwoman of the Board	Board fees	Committee fees	Other fees [1]	Total recognised cost in 2016	Total recognised cost in 2015
Monica Caneman [2]	1,500	–	–	1,500	750
OTHER BOARD MEMBERS					
Jan Johansson [2]	450	100	–	550	550
Mikael Norman [2]	300	67	–	367	–
Staffan Påhlsson [2]	300	53	910	1,263	–
Ivano Sessa	–	–	–	–	–
Michael Siefke	–	–	–	–	–
Cecilia Daun Wennborg [2]	300	53	–	353	–
Jeffery Scherer	–	–	–	–	–
	2,850	**273**	**910**	**4,033**	**1,300**

Mikael Norman, Staffan Påhlsson and Cecilia Daun Wennborg were elected to the Board in May 2016, when Jeffery Scherer left the Board.
[1] Refers to invoiced consulting fees.
[2] The Board and committee fees have been invoiced. The fees invoiced include compensation for social security costs.
The employee representatives do not receive fees.

Remuneration and other benefits for senior executives

2016 SEK THOUSAND	Basic salary	Variable remuneration	Other benefits	Pension cost	Total
President and CEO Mattias Johansson	5,592	4,750	104	1,774	12,220
Former Senior Vice President, Staffan Påhlsson [2]	–	456	–	–	456
Other senior executives [1]	20,954	21,047	1,281	5,222	48,504
	26,546	**26,253**	**1,385**	**6,996**	**61,180**

[1] 'Other senior executives' refers to Group management excluding the President and Senior Vice President, and comprised 12 people during the year.
[2] In addition to this, Staffan Påhlsson invoiced SEK 2,519,000 in consulting fees.

2015 SEK THOUSAND	Basic salary	Variable remuneration	Other benefits	Pension cost	Total
President and CEO Mattias Johansson	2,908	5,834	99	1,085	9,926
Former Senior Vice President, Staffan Påhlsson [2]	3,349	4,369	80	1,048	8,846
Other senior executives [1]	19,400	23,150	1,179	5,958	49,687
	25,657	**33,353**	**1,358**	**8,091**	**68,459**

Board, CEO and other senior executives' benefits

See page 47-51 of the directors' report for further information.

Long-term incentive programme

There are two long-term incentive programmes (LTIP); LTIP 2015 and LTIP 2016.

LTIP 2015

In conjunction with the IPO, 248 employees, principally line managers, accepted an offer from the company to participate in a long-term incentive programme ('LTIP 2015'). The programme aims to promote and encourage staff loyalty to the business by linking participants' interests with shareholders' interests. The programme runs until year-end 2017.

Participation in LTIP 2015 requires participants to own a certain number of shares in Bravida throughout the term of the programme and for participants to be employed by Bravida for the entire period. The Chief Executive Officer may participate with a maximum of 7,500 shares, the CFO with a maximum of 6,000 shares, other members of Group management with 5,000 shares, regional managers with 1,250 shares and branch managers with 750 shares.

For every Bravida share that participants hold under the LTIP 2015, the company will allocate participants up to three new Bravida shares at no cost. The Chief Executive Officer, however, may receive up to five shares and the Chief Financial Officer may receive up to four shares. The number of shares allocated depends on the extent to which the set performance target is met. The set performance target is Group EBITA for 2017. All participants consequently have the same performance target. The highest possible value for each share that a participant can receive is limited to SEK 120. Any allocation takes place after the first-quarter report for 2018 has been published.

In the event of 50 percent achievement of the performance target, expected annual staff turnover of 5 percent, an annual share price increase of 10 percent and average social security costs of 20 percent, the company's total LTIP cost for the duration of the programme is expected to amount to around SEK 17.4 million.

Personnel costs for the programme amounted to approximately SEK 11.2 million (1.2) for the year.

LTIP 2016

The 2016 AGM approved an additional programme to run from 2016 through 31 December 2018.

Participation in LTIP 2016 requires participants to own a certain number of shares in Bravida throughout the term of the programme and for participants to be employed by Bravida for the entire period. For each share held under the programme, participants may be assigned a minimum of one and a maximum of five new shares in Bravida Holding AB. The Chief Executive Officer may participate with shares ('Bravida shares') corresponding to a value of up to SEK 300,000 at the start date, the Chief Financial Officer may participate with shares corresponding to a value of up to SEK 240,000, other members of Group management may participate with shares corresponding to a value of up to SEK 200,000, regional managers and branch managers, whose branches have sales of at least SEK 50 million and an EBITA margin over 7%, may participate with shares corresponding to a value of up to SEK 50,000, and branch managers whose branches have sales of at least SEK 30 million and an EBITA margin over 4% may participate with shares corresponding to a value of up to SEK 30,000.

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

A total of 124 people have accepted the offer.

For each Bravida share that participants hold under the LTIP 2016, the company will allocate participants a minimum of one and a maximum of five new Bravida shares at no cost. The number of shares allocated depends on the extent to which the set performance target is met. The set performance target is Group EBITA for 2018. All participants consequently have the same performance target. Any allocation takes place after the first-quarter report for 2019 when the results for 2018 have been published.

In the event of 50 percent achievement of the performance target, expected annual staff turnover of 5 percent, an annual share price increase of 10 percent and average social security costs of 20 percent, the company's total LTIP 2016 cost is expected to amount to around SEK 20 million.

Personnel costs for the programme amounted to approximately SEK 2.8 million for the year.

	LTIP 2015
Number of participants who are still employed	233
No. of savings shares	238,935
Allocation of number of performance shares	3–5
Maximum number of performance shares	737,805
Vesting period	Oct 2015–Dec 2017
Performance target	2017 EBITA

Outstanding rights to shares under share savings programme (LTIP 2015)

	LTIP 2015
At 16 October 2015	803,805
Forfeited	0
At year-end 2015	803,805
Forfeited	-66,000
At year-end 2016	737,805

	LTIP 2016
Number of participants who are still employed	119
No. of savings shares	118,100
Allocation of number of matching shares	1
Maximum number of matching shares	118,100
Allocation of number of performance shares	3–5
Maximum number of performance shares	431,400
Vesting period	July 2016–Dec 2018
Performance target	2018 EBITA

Outstanding rights to shares under share savings programme (LTIP 2016)

	LTIP 2016
At 1 July 2016	573,500
Forfeited	-24,000
At year-end 2016	549,500

NOTE 06. AUDITORS' FEES AND EXPENSES

	Group		Parent company	
	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015
KPMG				
Audit assignment	4	4	1	1
Audit assignments in addition to audit engagement	0	0	–	–
Tax advice	0	1	0	0
Other assignments	1	4	1	4
Other				
Audit assignment	0	0	–	–
Other assignments	0	0	–	–
	5	**10**	**2**	**5**

NOTE 07. OPERATING EXPENSES BY COST TYPE

	Group		Parent company	
	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015
Costs of materials	4,184	4,071	–	–
Subcontractors and purchased services in production	1,881	1,763	–	–
Personnel costs	6,413	6,087	64	40
Depreciation and amortisation	26	21	–	–
Vehicle expenses	356	362	0	1
Premises expenses	228	216	–	0
Consulting fees	79	108	13	35
IT expenses and telecoms	86	94	0	0
Travel expenses	32	28	2	0
Other operating expenses	563	675	3	27
	13,848	**13,423**	**83**	**103**

NOTE 08. NET FINANCIAL ITEMS

	Group		Parent company	
	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015
FINANCE INCOME				
Interest income, Group companies	–	2	37	61
Interest income, other	1	83	1	83
Foreign exchange gains	0	323	–	319
Interest on overdue payments	3	4	–	–
Other	3	4	–	–
	7	**415**	**38**	**463**
FINANCE COSTS				
Interest expense, Group companies	–	–	-3	-4
Interest expense, other	-61	-466	-59	-464
Foreign exchange losses	0	-94	0	-88
Interest on overdue payments	-2	-1	0	0
Revaluation of derivatives	–	-57	–	–
Reversal of hedging reserve	–	-133	–	–
Other	-12	-25	-10	-18
	-74	**-775**	**-72**	**-574**
Net financial items	**-67**	**-360**	**-34**	**-111**

NOTE 09. TAX

	Group		Parent company	
	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015
CURRENT TAX EXPENSE (-)/TAX INCOME (+)				
Tax expense for the period	-140	-105	-101	-51
Adjustment of tax in respect of prior years	2	-22	2	-22
	-138	**-127**	**-99**	**-73**
DEFERRED TAX EXPENSE (-)/TAX INCOME (+)				
Deferred tax arising from temporary differences	29	32	–	–
Deferred tax relating to changes in tax rates	3	6	–	–
Deferred tax income in loss carry-forwards recognised during the year	-13	-2	–	–
Deferred tax liability resulting from utilisation of previously recognised taxable value in loss carry-forwards	-48	-20	–	-8
Deferred tax relating to untaxed reserves	-36	-25	–	–
	-65	**-9**	**–**	**-8**
Total recognised tax expense/tax income	**-203**	**-135**	**-99**	**-81**

	Group		Parent company	
	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015
RECONCILIATION OF EFFECTIVE TAX				
Profit/loss before tax	877	422	456	269
Tax at tax rate applying to parent company	-193	-93	-100	-59
Effect of different tax rates for foreign subsidiaries	-7	-15	–	–
Other non-deductible expenses	-15	-12	-1	0
Deductible items not affecting earnings	3	2	–	–
Non-taxable income	5	2	0	0
Increase in loss carry-forwards without corresponding recognition of deferred tax	–	-2	–	–
Recognition of loss carry-forwards in respect of prior years	0	1	–	–
Use of loss carry-forwards not previously recognised	-4	0	–	–
Tax in respect of prior years	2	-22	2	-22
Standard interest on tax allocation reserve	0	0	0	–
Effect of changed tax rates	3	6	–	–
Revaluation of deferred tax asset	3	-2	–	–
Recognised effective tax	**-203**	**-135**	**-99**	**-81**

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable as follows:

Group	31 Dec 2016 Deferred tax asset	31 Dec 2016 Deferred tax liability	31 Dec 2015 Deferred tax asset	31 Dec 2015 Deferred tax liability
Non-current intangible assets	66	–	47	–
Property, plant and equipment	3	–	3	–
Inventories	1	–	1	–
Trade receivables	8	–	4	–
Pension provisions	1	–	–	-21
Provisions for projects	–	-216	–	-179
Warranty provisions	28	–	28	–
Other provisions	3	–	2	–
Untaxed reserves	–	-66	–	-34
Other	28	–	20	–
Loss carry-forwards	38	–	67	–
	175	**-282**	**172**	**-234**
Net asset	**-107**		**-61**	

	Group 31 DEC 2016	Group 31 DEC 2015	Parent company 31 DEC 2016	Parent company 31 DEC 2015
SPECIFICATION BY COUNTRY				
Sweden	-11	-12	–	–
Norway	-72	-17	–	–
Denmark	-63	-58	–	–
Finland	39	26	–	–
	-107	**-61**	**–**	**–**

Corporation rate in respective country: Sweden 22.0% (22.0%), Norway 25.0% (25.0%), Denmark 22.0% (23.5%), Finland 20.0% (20.0%)

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

Group 2016	Amount at 1 Jan 2016	Reported in profit/loss for the year	Reported in other comprehensive income	Translation differences and other	Acquisitions/ disposals of companies	Amount at 31 Dec 2016
Loss carry-forwards	67	-34		7	-1	38
Untaxed reserves	-34	-36		–	5	-66
Property, plant and equipment	3	1		0	-1	3
Trade receivables	4	3		0	0	8
Provisions for projects	-179	-31		-9	2	-216
Warranty provisions	28	0		1	0	28
Pensions	-21	7	14	0	–	1
Other	70	26		3	-2	97
Total	**-61**	**-65**	**14**	**3**	**2**	**-107**

Group 2015	Amount at 1 Jan 2015	Reported in profit/loss for the year	Reported in other comprehensive income	Translation differences and other	Acquisitions/ disposals of companies	Amount at 31 Dec 2015
Loss carry-forwards	101	-22		-13	–	67
Untaxed reserves	-4	-25		–	-5	-34
Property, plant and equipment	4	0		-1	0	3
Trade receivables	7	-2		-1	0	4
Provisions for projects	-133	-61		19	-3	-179
Warranty provisions	22	7		-1	–	28
Pensions	20	13	-54	0	0	-21
Derivatives	-5	42	-38	–	–	–
Other	31	39		0	0	70
Total	**44**	**-9**	**-92**	**3**	**-7**	**-61**

NOTE 10. NON-CURRENT INTANGIBLE ASSETS

Group 31 Dec 2016	Goodwill	Other intangible assets	Total
ACCUMULATED COST			
At start of year	7,218	20	7,238
Business combinations	324	4	329
Foreign exchange differences for the year	64	0	65
At year-end	**7,607**	**25**	**7,632**
ACCUMULATED SCHEDULED AMORTISATION			
At start of year	–	-8	-8
Business combinations	–	-1	-1
Scheduled amortisation for the year	–	-4	-4
Foreign exchange differences for the year	–	0	0
At year-end	**–**	**-13**	**-13**
ACCUMULATED IMPAIRMENT			
At start of year	-8	–	-8
At year-end	**-8**	**–**	**-8**
Carrying amount at start of period	**7,211**	**13**	**7,223**
Carrying amount at end of period	**7,599**	**12**	**7,611**

Group 31 Dec 2015	Goodwill	Other intangible assets	Total
ACCUMULATED COST			
At start of year	6,948	8	6,956
Purchases	–	10	10
Business combinations	326	2	328
Foreign exchange differences for the year	-55	0	-56
At year-end	**7,218**	**20**	**7,238**
ACCUMULATED SCHEDULED AMORTISATION			
At start of year	–	-5	-5
Business combinations	–	-1	-1
Scheduled amortisation for the year	–	-1	-1
Foreign exchange differences for the year	–	0	0
At year-end	**–**	**-8**	**-8**
ACCUMULATED IMPAIRMENT			
At start of year	-8	–	-8
At year-end	**-8**	**–**	**-8**
Carrying amount at start of period	**6,940**	**3**	**6,943**
Carrying amount at end of period	**7,211**	**13**	**7,223**

Impairment tests for cash-generating units containing goodwill

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

Group	31 DEC 2016	31 DEC 2015
Sweden	4,973	4,764
Norway	1,547	1,480
Denmark	859	811
Finland	219	156
	7,599	**7,211**

Impairment of goodwill

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

Method for calculating the recoverable amount

For all goodwill values, the recoverable amount has been determined by calculating value in use for the cash-generating unit. The model of calculation is based on the discounting of future expected cash flows in relation to carrying amounts for the unit. Future cash flows are based on five-year forecasts produced by the management for each cash-generating unit. Impairment tests of goodwill are based on the assumption of a perpetual horizon and the extrapolation of cash flows for the years after the forecasting period has been based on a growth rate of 2 percent from year 6.

Key variables for calculating value in use:

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

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

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

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

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

Tax burden: The tax rate in the forecasts is based on Bravida's expected tax situation in each country in respect of tax rates, loss carry-forwards, etc.

Discount rate: Forecast cash flows and residual values are discounted to present value using the weighted average cost of capital (WACC). The interest rate paid on borrowed capital is defined as the average interest rate on consolidated net debt. The required rate of return on equity is defined using the capital asset pricing model (CAPM). Calculations of value in use are based on a weighted discount rate before tax of 6.5–6.9 percent.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

Group 31 Dec 2016	Buildings and land	Machinery and equipment	Total
ACCUMULATED COST			
At start of year	3	220	223
Purchases	–	19	19
Acquisition of subsidiaries	0	12	12
Sales and disposals	–	-22	-22
Foreign exchange differences for the year	–	12	12
	3	**241**	**244**
ACCUMULATED SCHEDULED DEPRECIATION			
At start of year	-1	-159	-160
Acquisition of subsidiaries	–	-4	-4
Sales and disposals	–	15	15
Scheduled depreciation of cost for the year	0	-22	-22
Foreign exchange differences for the year	0	-7	-7
	-1	**-177**	**-178**
Carrying amount at end of period	**2**	**64**	**65**

Group 31 Dec 2015	Buildings and land	Machinery and equipment	Total
ACCUMULATED COST			
At start of year	3	188	191
Purchases	–	24	24
Acquisition of subsidiaries	11	26	37
Sales and disposals	-11	-9	-20
Foreign exchange differences for the year	–	-9	-9
	3	**220**	**223**
ACCUMULATED SCHEDULED DEPRECIATION			
At start of year	-1	-141	-142
Acquisition of subsidiaries	-2	-11	-13
Sales and disposals	2	6	8
Scheduled depreciation of cost for the year	0	-20	-20
Foreign exchange differences for the year	–	7	7
	-1	**-159**	**-160**
Carrying amount at end of period	**2**	**61**	**63**

NOTE 12. INVESTMENTS IN ASSOCIATES

Group	31 DEC 2016	31 DEC 2015
ACCUMULATED COST		
At start of year	2	5
Acquisitions of associates	–	0
Share in profit of associates	2	2
Withdrawals for the year	-2	-5
Adjustments for previous years	–	0
Foreign exchange differences for the year	0	0
Carrying amount at end of period	**2**	**2**

Specification of investments in associates

31 Dec 2016

Associate, company no., regd office	Profit/loss for the year	Percentage owned	Consolidated value of capital share	Carrying amount
Kraftkompaniet Sweden HB, 969740-4755, Stockholm	2	50%	2	2
Forenede & Mosness Installasjon AS, 991 008 195, Oslo, Norway	–	50%	0	0
MT Højgaard ApS, CVR 36905026, DK-2605 Brøndby, Denmark	0	50%	0	0
			2	**2**

31 Dec 2015

Associate, company no., regd office	Profit/loss for the year	Percentage owned	Consolidated value of capital share	Carrying amount
Kraftkompaniet Sweden HB, 969740-4755, Stockholm	2	50%	2	2
Forenede & Mosness Installasjon AS, 991 008 195, Oslo, Norway	–	50%	0	0
MT Højgaard ApS, CVR 36905026, DK-2605 Brøndby, Denmark	–	50%	0	0
			2	**2**

NOTE 13. PENSION ASSETS AND PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Defined-benefit pension plans

Number of people covered by the IAS 19 calculation

31 Dec 2016	Parent company	Other Sweden	Norway	Denmark	Finland	Total
Active	–	673	34	–	–	707
Former employees, not retired	–	2,318	–	–	–	2,318
Retired	–	3,048	69	–	–	3,117
Total	**–**	**6,039**	**103**	**–**	–	**6,142**

31 Dec 2015	Parent company	Other Sweden	Norway	Denmark	Finland	Total
Active	–	784	47	–	–	831
Former employees, not retired	–	2,379	–	–	–	2,379
Retired	–	3,074	64	–	–	3,138
Total	**–**	**6,237**	**111**	**–**	–	**6,348**

Defined-benefit obligations and the value of plan assets

Group	31 DEC 2016	31 DEC 2015
Present value of fully or partly funded obligations	-1,360	-1,257
Fair value of plan assets	1,357	1,332
Total fully or partly funded obligations	**-2**	**75**
Present value of unfunded defined-benefit obligations	-14	-15
Net obligations before adjustments	**-17**	**60**
Adjustments:		
Payroll tax/employer's contribution	-1	18
Total	**-17**	**78**
The net amount is recognised in the following items on the balance sheet:		
Pension assets	2	93
Provisions for pensions and similar obligations	-20	-15
Total	**-18**	**78**
The net amount is distributed among plans in the following countries:		
Sweden	-19	72
Norway	1	6
Total	**-18**	**78**

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

Group	31 DEC 2016	31 DEC 2015
Obligation for defined-benefit plans at 1 Jan	1,272	1,439
Cost of vested benefits during period	27	37
Interest expense	41	36
Pension payments	-60	-51
Actuarial (gain)/loss resulting from financial assumptions	89	-184
Foreign exchange differences	5	-5
Obligation for defined-benefit plans at 31 Dec	**1,374**	**1,272**

The average maturity period for the obligations is 13–15 years.

Changes in fair value of plan assets

Group	31 DEC 2016	31 DEC 2015
Fair value of plan assets at 1 Jan	1,332	1,339
Interest income recognised in the income statement	43	34
Withdrawn	-59	-50
Insurance premium (-) paid from plan assets	0	-1
Paid in	0	0
Return on plan assets excluding interest income	36	15
Foreign exchange differences	5	-6
Fair value of plan assets at 31 Dec	**1,357**	**1,332**

Cost recognised in profit/loss for the year

Group	31 DEC 2016	31 DEC 2015
Costs relating to service during current period	-27	-37
Insurance premium (-) paid from plan assets	0	-1
Interest expense on obligation	2	-2
Payroll tax	-6	-10
Net expense in profit/loss for the year	**-32**	**-50**

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

Group	31 Dec 2016 Pension assets	31 Dec 2016 Pension obligations	31 Dec 2015 Pension assets	31 Dec 2015 Pension obligations
Defined-benefit pension plans	2	–	93	–
PRI	–	-20	–	-15
Other	–	–	–	–
	2	**-20**	**93**	**-15**

Sensitivity analysis, pensions

The table below shows the effect of possible changes to the Swedish KTP plan.

	Current liability	+ 0.5%	- 0.5%
Change in discount rate	1,308	1,212	1,418
	Current assets	**+ 1%**	**- 1%**
Change in return	1,304	1,317	1,291

Actuarial assumptions

The following significant actuarial assumptions have been applied in calculating the obligations: (weighted average values)

	Sweden 31 DEC 2016	Sweden 31 DEC 2015	Norway 31 DEC 2016	Norway 31 DEC 2015
Discount rate	2.80%	3.30%	2.50%	2.50%
Expected return on plan assets for coming year	2.80%	3.30%	3.30%	3.30%
Assumed long-term salary increases	3.00%	3.00%	2.50%	2.50%
Long-term increase in income base amount	3.00%	3.00%	–	–
Assumed long-term inflation	2.00%	2.00%	–	–
Expected increase in base amount	–	–	2.25%	2.25%
Future increase in pensions	–	–	0.10%	0.10%

The actuarial assumptions are based on commonly used assumptions relating to demographic factors and termination of employment. As of the actuarial calculations for 2007, new mortality assumptions (longer life expectancy) have been taken into account.

Group	31 DEC 2016	31 DEC 2015
Of which credit-insured via FPG/PRI	22	21

In Sweden there are pension plans covering all employees. The majority of these are defined-contribution plans. During 2014, Bravida Sverige AB closed the pension plan that was part of the KP Foundation to new employees. As of 1 July 2014, all new employees are registered with the ITP plan, while those who were previously with the KTP plan remain with that plan. For salaried employees in Sweden, the pension obligations for all new employees at Bravida Sverige AB as of 1 July 2014 and for employees of other companies are therefore secured with the ITP plan at Alecta.

For salaried employees in Sweden covered by the ITP 2 plan's defined-benefit pension obligations for old-age and family pension, this is secured through an insurance policy with Alecta. According to a statement by the Swedish Financial Reporting Board (UFR 10 Classification of ITP plans financed by insurance with Alecta), this is a multi-employer defined-benefit pension plan. Bravida has not had sufficient access to the information required in order to report its proportional share of the plan obligation and of the plan assets and costs and has therefore been unable to report the plan as a defined-benefit plan. The ITP 2 pension plan, which is secured through an insurance policy at Alecta, is therefore reported as a defined-contribution plan. The premium for defined-benefit old-age and family pensions is individually calculated and is dependent, among other things, on salary, pension previously earned and expected remaining period of service. The fees for the year for ITP 2 insurance policies taken out with Alecta amount to SEK 24 million (15). The collective funding level is the market value of Alecta's assets as a percentage of the insurance commitments, calculated in accordance with Alecta's calculation methods and assumptions for insurance purposes, which do not comply with IAS 19. The collective funding level is normally permitted to vary between 125 and 155 percent. If Alecta's collective funding level falls below 125 percent or exceeds 155 percent, measures must be taken in order to create the conditions for the funding level to return within the normal range. If funding is too low, measures include increasing the agreed price for new subscriptions and extending existing benefits. If funding is too high, measures include applying premium reductions. At year-end 2016, Alecta's surplus in the form of collective funding level 1 was 153 percent (143).

The premiums paid to Alecta are determined on the basis of assumptions about interest rates, longevity, operating costs and yield tax, and are calculated such that the payment of a consistent premium until the time of retirement will cover the entire target benefit to have been earned by then, which is based on the current pensionable salary of the insured. No rules have been established for the handling of any shortfalls that may arise, but in the first instance losses are to be covered by Alecta's collective funding capital, thus avoiding increased costs in the form of higher agreed premiums. There are also no rules on how any surplus or shortfall is to be allocated on the liquidation of the plan or if the company withdraws from the plan.

Salaried employees covered by the KTP plan have a defined-benefit pension plan, which is accounted for in the Group in accordance with IAS 19.

In Norway there are pension plans covering all employees. Most of these are defined-contribution plans. A few have a defined-benefit plan. Denmark and Finland have a defined-contribution pension plan.

The largest pension plan is the Swedish KTP plan, which accounts for approximately 95 percent of the total obligation and assets for the defined-benefit pension plans. The KTP plan is structured in a similar way to the ITP plan and the pension benefit is based on a theoretical final salary. This pension plan has a share of the KP Foundation, which overall is one of the largest pension foundations in Sweden. The foundation, like all foundations, is subject to the supervision of the County Administrative Board. For further information see http://arbetsgivare.folksam.se/pensionsstiftelsen Bravida has chosen a medium risk portfolio, in which the assets are approximately 30 percent shares, 60 percent interest-bearing securities and 10 percent property. The pension plan requires 107 percent funding and is reinsured with PRI.

NOTE 14. OTHER SECURITIES HELD AS NON-CURRENT ASSETS

	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
ACCUMULATED COST				
At start of year	10	8	–	–
Purchases	–	0	–	–
Acquisition of subsidiaries	1	0	–	–
Sales and disposals	–	0	–	–
Changes in value	0	1	–	–
Foreign exchange differences for the year	0	0	–	–
Carrying amount at end of period	**11**	**10**	**–**	**–**
BREAKDOWN OF SECURITIES				
Tenant-owner property	7	7	–	–
Other	4	3	–	–
	11	**10**	**–**	**–**

The above securities are not stated at market value with changes in earnings recognised through profit/loss.

NOTE 15. NON-CURRENT RECEIVABLES AND OTHER RECEIVABLES

	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
LONG-TERM RECEIVABLES THAT ARE NON-CURRENT ASSETS				
Deposit for rental of premises	12	11	–	–
Other	1	2	–	–
	13	**13**	**–**	**–**
OTHER RECEIVABLES THAT ARE NON-CURRENT ASSETS				
Receivable, pension funds	1	9	–	–
Value-added tax receivable	1	10	–	–
Other	40	34	26	0
	42	**53**	**26**	**0**

NOTE 16. TRADE RECEIVABLES

Trade receivables are recognised after taking account of bad debts, which were SEK -14,9 million (-5,4) in the Group. Bad debts in the parent company were SEK 0 (0).

Bad debts consist of actual and expected bad debts. See also Note 26 for information on credit risks and maturity structure.

NOTE 17. INCOME ACCRUED BUT NOT INVOICED

Group	31 DEC 2016	31 DEC 2015
Accrued income from work not yet completed	6,372	6,771
Invoicing of work not yet completed	-5,496	-5,958
	875	**813**

Accrued income from installation projects in progress is recognised in accordance with the percentage-of-completion method. The degree of completion is defined as project expenditure incurred at the end of the period compared with the total project cost corresponding to the project income.

On the balance sheet, installation projects are recognised gross on a project by project basis, either as 'Income accrued but not invoiced' in current assets or as 'Income invoiced but not accrued' in current liabilities. Projects for which the accrued income exceeds the amount invoiced are recognised as an asset, while projects for which the amount invoiced exceeds the accrued income are recognised as a liability.

NOTE 18. PREPAYMENTS AND ACCRUED INCOME

	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Prepaid rents	26	25	–	–
Prepaid insurance premiums	4	14	1	12
Prepaid leasing fees	1	6	–	–
Prepaid credit facility charge	23	31	23	31
Accrued income	186	157	–	–
Other items	31	23	–	1
	271	**256**	**25**	**45**

NOTE 19. EQUITY

Parent company	31 DEC 2016	31 DEC 2015
NUMBER OF SHARES		
Opening number of ordinary shares	201,566,598	403,133,196
Merger	–	-201,566,598
New issue of C shares*	1,200,000	–
Closing number of shares	**202,766,598**	**201,566,598**

Bravida's share capital is distributed over 201,566,598 ordinary shares and 1,200,000 class C shares.

Ordinary shares entitle holders to one vote and a dividend payment, while C shares entitle holders to one-tenth of a vote and no dividend.

*Custodial, intended for long-term incentive programme.

Specification of equity item reserves:

Group	31 DEC 2016	31 DEC 2015
TRANSLATION RESERVE		
Opening translation difference	-61	28
Translation differences for the year, foreign subsidiaries	92	-89
Closing translation difference	**32**	**-61**

Specification of equity item reserves:

Group	31 DEC 2016	31 DEC 2015
HEDGING RESERVE		
Opening translation difference	–	-133
Hedging reserve for the year	–	133
Closing translation difference	**–**	**–**

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

Retained earnings including profit/loss for the year
Retained earnings including profit/loss for the year includes profits earned at the parent company and its subsidiaries and associates. Previous transfers to the statutory reserve, excluding transfers from share premium accounts, and previous equity method reserves are included in this equity item.

Dividend
After the balance sheet date, the Board of Directors proposed the following dividend payment. The dividend will be put forward for adoption at the Annual General Meeting on 10 May 2017.

A cash dividend of SEK 1.25 per ordinary share (1.00), totalling SEK 251,958,248 (201,566,598), calculated on the basis of the number of registered ordinary shares. The total dividend payment is calculated on the basis of the number of outstanding ordinary shares at the dividend date.

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

Bravida's capital structure should enable a high degree of financial flexibility and provide scope for acquisitions. The company's target is to have a debt ratio of around 2.5x net debt/adjusted EBITDA. At 31 December 2016, this ratio was 2.5 (2.7).

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

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

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

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

Retained earnings
Retained earnings consist of retained earnings from previous years plus profit/loss less dividends paid during the year.

Earnings per share

Group	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015
Profit/loss for the year, SEK Thousand	673,624	286,997
Number of ordinary shares	201,566,598	201,566,598
Earnings per ordinary share, SEK	3.34	1.42
Proposed dividend, SEK	251,958,248	201,566,598
Proposed dividend per ordinary share, SEK	1.25	1.00

Matching shares may be assigned to employees within the scope of the Group's long-term incentive programme (LTIP 2016), as may shares conditional on Group EBITA in 2017 and subsequent years (LTIP 2015 and 2016). The rights to receive performance shares are not yet dilutive, but could become dilutive if/when Group EBITA in 2017 reaches a level that could lead to shares being assigned. The dilutive effect of matching share rights is negligible, owing to a low basic number of rights which are further reduced by the number that could hypothetically have been purchased at the value of remaining services during the vesting period.

Proposed allocation of profit
The Board proposes that the parent company's non-restricted equity of SEK 4,760,373,181 be allocated as follows:

Shareholders receive a dividend of SEK 1.25 per ordinary share	251,958,248
Share premium reserve	3,517,757,028
Carried forward	990,657,905
Total	**4,760,373,181**

NOTE 20. INTEREST-BEARING LIABILITIES

The following is a presentation of the contractual terms applying to the company's interest-bearing liabilities. For further information about the company's exposure to interest risk and the risk of changes in exchange rates, see Note 26.

	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
NON-CURRENT LIABILITIES				
Bank borrowings	2,700	2,700	2,700	2,700
	2,700	**2,700**	**2,700**	**2,700**
CURRENT LIABILITIES				
Overdraft facilities	3	3	–	–
Current bank borrowings	–	302	–	300
	3	**305**	**–**	**300**
Amount out of liability item that is expected to be paid within 12 months of balance sheet date	3	305	–	300
Amount out of liability item that is expected to be paid later than 5 years from balance sheet date	–	–	–	–

See table below for covenants and repayment periods.

	2016				2015	
	Maturity	**Nom. interest**	**Nom. value**	**Carry. amount**	**Nom. value**	**Carry. amount**
Bank loans, SEK	2020	1.65%	2,700	2,700	2,700	2,700
Bank loans, SEK	2016	1.65%	–	–	302	302
Overdraft facilities	2017	1.65%	3	3	3	3
Total interest-bearing liabilities				**2,703**		**3,005**

The liabilities are subject to certain covenants relating to the company's earnings and financial position.

Credit limits	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Credit limit granted	4,003	4,220	4,000	4,200
Undrawn portion	1,300	1,215	1,300	1,200
Credit drawn	**2,703**	**3,005**	**2,700**	**3,000**
CREDIT LIMIT GRANTED, BY COUNTRY				
Sweden, SEK MILLION	4,000	4,211	4,000	4,200
Norway, SEK MILLION	3	–	–	–
Finland, SEK MILLION	–	9	–	–
Total credit limit granted, SEK MILLION	**4,003**	**4,220**	**4,000**	**4,200**

Assets pledged as collateral for liabilities to credit institutions	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Floating charges	32	142	–	–
Shares in subsidiaries	–	50	–	–
	32	**192**	**–**	**–**

For pledged assets, see also Note 28.

NOTE 21. PROVISIONS

	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
PROVISIONS THAT ARE NON-CURRENT LIABILITIES				
Warranties	73	68	–	–
Other	7	8	–	–
	80	**76**	**–**	**–**
PROVISIONS THAT ARE CURRENT LIABILITIES				
Warranties	73	68	–	–
Disputes	27	15	–	–
Provision for vacant premises	1	3	–	–
Restructuring costs	6	3	–	–
Provision for project losses	10	12	–	–
Other	25	41	–	–
	143	**141**	**–**	**–**

Change in provisions 2016	Warranties	Disputes	Empty premises	Restructuring measures	Provision for project losses and other	Total
Carrying amount at start of year	135	15	3	3	61	216
Provisions made during the period	83	13	1	6	31	134
Amount used during the period	-80	-2	-2	-3	-63	-150
Provisions in acquired companies	3	–	–	–	14	17
Foreign exchange differences	4	2	0	0	1	6
Carrying amount at year-end	**145**	**27**	**1**	**6**	**43**	**223**

Change in provisions 2015	Warranties	Disputes	Empty premises	Restructuring measures	Provision for project losses and other	Total
Carrying amount at start of year	105	12	3	8	63	190
Provisions made during the period	97	10	1	3	67	179
Amount used during the period	-65	-7	-1	-9	-73	-154
Provisions in acquired companies	0	–	–	–	5	5
Foreign exchange differences	-3	-1	0	0	-1	-5
Carrying amount at year-end	**135**	**15**	**3**	**3**	**61**	**216**

	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Amount out of provision that is expected to be paid within 12 months.	143	141	–	–

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

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

Empty premises
Linked to the restructuring and coordination of operations, a provision has been made for empty premises. Account has been taken of the possibility of subletting the premises or terminating the contracts prematurely.

Restructuring measures
Restructuring measures include items such as costs for staff reductions. A provision is recognised when a detailed restructuring plan has been adopted and the restructuring has been initiated or publicly announced. No provision is made for future operating expenses.

Loss provision, contracts
Installation projects are accounted for in accordance with the percentage-of-completion method. Individual provisions are made for expected losses, i.e. when the project costs are expected to exceed the total project income.

NOTE 22. INCOME INVOICED BUT NOT ACCRUED

Group	31 DEC 2016	31 DEC 2015
Invoicing of work not yet completed	11,773	9,610
Accrued income from work not yet completed	-10,455	-8,323
	1,318	**1,287**

Accrued income from installation projects in progress is recognised in accordance with the percentage-of-completion method. The degree of completion is defined as project expenditure incurred at the end of the period compared with the total project cost corresponding to the project income.

On the balance sheet, installation projects are recognised gross on a project by project basis, either as 'Income accrued but not invoiced' in current assets or as 'Income invoiced but not accrued' in current liabilities. Projects for which the accrued income exceeds the amount invoiced are recognised as an asset, while projects for which the amount invoiced exceeds the accrued income are recognised as a liability.

NOTE 23. OTHER LIABILITIES

	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
OTHER CURRENT LIABILITIES				
Value-added tax liability	148	171	4	5
Employee withholding taxes	130	120	1	1
Other	246	227	0	1
	524	**517**	**5**	**6**

NOTE 24. ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Accrued holiday pay and salaries	906	855	16	15
Accrued social security contributions	333	312	7	3
Accrued interest expenses	5	10	5	10
Other items	67	69	4	25
	1,311	**1,247**	**32**	**52**

NOTE 25. VALUATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (PAGE 84)

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

Fair value hierarchy

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

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

The valuation of bank loans of the Group and the parent company is based on data from level 2.

Group 31 Dec 2016	Loans and trade receivables	Other financial liabilities	Total carrying amount	Fair value
Trade receivables	2,544	–	2,544	2,544
Other receivables	1	–	1	1
Total assets	**2,544**	**–**	**2,544**	**2,544**
Non-current liabilities to credit institutions	–	2,700	2,700	2,700
Overdraft facilities	–	3	3	3
Trade payables	–	1,468	1,468	1,468
Total liabilities	**–**	**4,171**	**4,171**	**4,171**

Group 31 Dec 2015	Loans and trade receivables	Other financial liabilities	Total carrying amount	Fair value
Trade receivables	2,165	–	2,165	2,165
Other receivables	9	–	9	9
Total assets	**2,174**	**–**	**2,174**	**2,174**
Non-current liabilities to credit institutions	–	2,700	2,700	2,700
Current liabilities to credit institutions	–	302	302	302
Overdraft facilities	–	3	3	3
Trade payables	–	1,399	1,399	1,399
Total liabilities	**–**	**4,404**	**4,404**	**4,404**

Parent company 31 Dec 2016	Loans and trade receivables	Other financial liabilities	Total carrying amount	Fair value
Current receivables from Group companies	1,755	–	1,755	1,755
Total assets	**1,755**	**–**	**1,755**	**1,755**
Non-current liabilities to credit institutions	–	2,700	2,700	2,700
Current liabilities to Group companies	–	1,496	1,496	1,496
Trade payables	–	4	4	4
Total liabilities	**–**	**4,200**	**4,200**	**4,200**

Parent company 31 Dec 2015	Loans and trade receivables	Other financial liabilities	Total carrying amount	Fair value
Current receivables from Group companies	1,897	–	1,897	1,897
Total assets	**1,897**	**–**	**1,897**	**1,897**
Non-current liabilities to credit institutions	–	2,700	2,700	2,700
Current liabilities to Group companies	–	1,920	1,920	1,920
Trade payables	–	34	34	34
Total liabilities	**–**	**4,654**	**4,654**	**4,654**

NOTE 26. FINANCIAL RISKS AND FINANCIAL POLICIES

Financial risks and financial policies

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

Market risk

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

Interest rate risk

The interest rate risk is the risk of interest rate changes having an adverse effect on the Group's future earnings and cash flow. The Group is primarily exposed to interest rate risk through cash and cash equivalents and through interest-bearing liabilities. The average fixed-rate period for all interest-bearing assets was 0 years (0). The interest rate for these at year-end was 0.6 percent (0.5). Of the Group's total interest-bearing financial assets, 0 percent (0) have fixed interest rates and 100 percent (100) have variable interest rates.

The average fixed-rate period for all interest-bearing liabilities, excluding pension liabilities, was 0 years (0). The interest rate for interest-bearing liabilities at year-end was 1.65 percent (1.65). Of total interest-bearing financial liabilities, 0 percent (0) have fixed interest rates and 100 percent (100) have variable interest rates.

Currency risk

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

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

Liquidity risks

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

FINANCIAL LIABILITIES

Financial liabilities comprise bank loans, utilised overdraft facilities, trade payables and accrued interest. In 2015, the Group raised a bank loan of SEK 2,700 million which is due for repayment by 16 October 2020. The bank loan is subject to interest rates tied to 3-month STIBOR. At 31 December 2016, financial liabilities totalled SEK 4,171 million (4,404).

Credit facilities

In addition to bank borrowings of SEK 2,700 million (2,700), the Group has a revolving facility of SEK 1,300 million (1,300). SEK 300 million of the revolving facility is linked to the Group's cash pool. Overdrafts totalled SEK 303 million (218). The loan agreements specify key financial performance indicators (covenants) that the Group is required to meet, which is customary for this type of loan. At year-end, Bravida met these covenants by a good margin.

The total credit granted, including overdraft facilities, was SEK 1,303 million (1,518) at 31 December 2016. Of the total credit granted, SEK 303 million (303) was utilised.

The remaining term for the overdraft facility was 46 months (3), and for the revolving credit facility it was 46 months (58).

Maturity structure of financial liabilities

Group 31 Dec 2016	2017	2018	2019	2020	2021
Loans	42	41	41	2,733	–
Overdraft facilities	3	–	–	–	–
Trade payables	1,468	–	–	–	–
Accrued expenses	5	–	–	–	–
Total	**1,518**	**41**	**41**	**2,733**	**–**

Group 31 Dec 2015	2016	2017	2018	2019	2020
Loans	347	42	41	41	2,733
Overdraft facilities	3	–	–	–	–
Trade payables	1,399	–	–	–	–
Accrued expenses	10	–	–	–	–
Total	**1,758**	**42**	**41**	**41**	**2,733**

Parent company 31 Dec 2016	2017	2018	2019	2020	2021
Loans	42	41	41	2,733	–
Trade payables	4	–	–	–	–
Accrued expenses	5	–	–	–	–
Total	**51**	**41**	**41**	**2,733**	**–**

Parent company 31 Dec 2015	2016	2017	2018	2019	2020
Loans	345	42	41	41	2,733
Trade payables	34	–	–	–	–
Accrued expenses	10	–	–	–	–
Total	**388**	**42**	**41**	**41**	**2,733**

Credit facilities

Group 31 Dec 2016	Nominal	Drawn	Available
Bank borrowings	2,700	2,700	–
Revolving facilities	1,300	300	1,000
Overdraft facilities	303	3	300
Cash and cash equivalents	828	–	828
Liquidity reserve	**4,831**	**3,003**	**1,828**

Group 31 Dec 2015	Nominal	Drawn	Available
Bank borrowings	2,702	2,702	–
Revolving facilities	1,300	300	1,000
Overdraft facilities	218	3	215
Cash and cash equivalents	573	–	573
Liquidity reserve	**4,793**	**3,005**	**1,788**

Fixed-rate period for utilised credit, 31 Dec 2016

	Amount	Average effective interest rate, %	Share, %
2016	2,703	1.65	100
Total	**2,703**	**1.65**	**100**

Fixed-rate period for utilised credit, 31 Dec 2015

	Amount	Average effective interest rate, %	Share, %
2015	3,005	1.65	100
Total	**3,005**	**1.65**	**100**

Exposure of net assets in foreign currency

The translation exposure that arises through investments in foreign net assets is not hedged.

Foreign net assets

	Group	
Local currency	31 DEC 2016	31 DEC 2015
NOK	660	640
DKK	220	211
EUR	6	6

A 10 percent strengthening of the Norwegian krone at 31 December 2016 would have a positive translation effect on equity of SEK 70 million. The same increase in the value of the Danish krone would have a positive translation effect on equity of SEK 28 million. The same increase in the value of the euro would have a positive translation effect on equity of SEK 6 million. The effects of corresponding exchange rate fluctuations on earnings for the year are limited.

The foreign exchange difference for the year in comprehensive income was SEK 92 million (-89).

Commercial exposure

International purchases and sales of goods and services in foreign currencies are limited in scope but can be expected to increase as the Group expands and in response to mounting competition in respect of purchasing of goods and services.

Credit risk

Credit risk refers to the risk of losing money due to the inability of a counterparty to meet its obligations.

Credit risks in financing activities

The credit risk in the Group's financing activities is very small, as Bravida only concludes agreements with counterparties with the highest creditworthiness. Credit risks refer mainly to counterparty risks in connection with receivables from banks and other counterparties. The Group's financial policy contains a set of counterparty regulations specifying maximum credit exposures for different counterparties. The estimated gross exposure to counterparty risk in respect of cash and cash equivalents and short-term investments was SEK 286 million (573).

Credit risks in trade receivables

The risk that the company's customers will not fulfil their commitments, i.e that it will not receive payment from its customers, constitutes a customer credit risk. Credit losses are normally small thanks to the very large number of projects and customers, which are invoiced regularly during the period of production. Before a project is initiated, the credit risk of the customer is assessed, whereby information about the customer's financial position is obtained from various credit information companies. The Group has adopted a credit policy for the management of customer credits. The policy states, among other things, where decisions should be made on credit limits of various sizes and how bad debts should be handled. A bank guarantee or other security is required for customers with low creditworthiness or an insufficient credit history. The maximum credit exposure is stated in the consolidated balance sheet. Total credit losses for the year were SEK -15 million (-5). There was no significant concentration of credit risks at the balance sheet date. Based on historical data, the Group makes the assessment that no impairment of trade receivables that are not yet due is necessary at the balance sheet date.

Maturity analysis, trade receivables past due but not impaired

	Group	
Carrying amount, unimpaired receivables	31 DEC 2016	31 DEC 2015
Trade receivables not yet due	2,221	1,900
Trade receivables past due 1–15 days	193	153
Trade receivables past due 16–30 days	24	43
Trade receivables past due 31–60 days	46	20
Receivables past due > 60 days	129	113
Total	**2,613**	**2,228**

	Group	
Impaired trade receivables	31 DEC 2016	31 DEC 2015
Opening balance	-63	-65
Change for the year	-6	2
Closing balance	**-69**	**-63**

There are no past-due receivables in other financial receivables.

	Group	
Sensitivity analysis	**Change +- %**	**Effect on profit before tax +- SEK mn**
Sales	1%	9
Operating margin	1 percentage unit	148
Payroll costs	1%	54
Materials and subcontractors	1%	60
Share of productive installer time	1 percentage unit	75
Interest rate on loans	1 percentage unit	27
Exchange rate DKK	10%	12
Exchange rate NOK	10%	23
Exchange rate EUR	10%	1

NOTE 27. LEASE PAYMENTS UNDER OPERATING LEASES

	Group		Parent company	
	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015
ASSETS HELD UNDER OPERATING LEASES				
Minimum lease payments	164	153	0	1
Variable payments	–	–	–	–
Total lease costs	**164**	**153**	**0**	**1**
BREAKDOWN OF LEASE PAYMENTS BY AGREEMENT				
Lease payments, vehicles	161	151	0	1
Lease payments, IT	0	0	–	–
Lease payments, other	2	2	–	–
Total lease costs	**164**	**153**	**0**	**1**
FUTURE LEASE COMMITMENTS				
Nominal value of future minimum lease payments relating to non-cancellable contracts fall due for payment:				
– Within 1 year	144	114	0	0
– Between 1 and 5 years	240	143	0	0
– After 5 years	0	1	–	–
	384	**257**	**0**	**0**
FUTURE COMMITMENTS, RENT FOR PREMISES				
Nominal value of future commitments in respect of rent for premises fall due for payment:				
– Within 1 year	148	100	–	–
– Between 1 and 5 years	202	142	–	–
– After 5 years	3	6	–	–
	353	**248**	**–**	**–**

Cars, office equipment and IT equipment are classified as operating leases. In Sweden, Norway, Denmark and Finland Bravida has framework agreements covering operating leases for cars and related administrative services. The terms of the leases normally range from three to five years. The purchase of leased assets and the extension of leases require a separate agreement.

NOTE 28. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
PLEDGED ASSETS				
For own liabilities and provisions				
Floating charges	32	142	–	–
Shares in subsidiaries	–	50	–	–
Funds, endowment policies	30	33	–	–
	62	**225**	**–**	**–**
CONTINGENT LIABILITIES				
For own liabilities and provisions				
Guarantee commitments, FPG/PRI	22	21	–	–
Guarantee commitments, for Group companies	–	–	1,086	1,056
	22	**21**	**1,086**	**1,056**

Bravida Holding AB has acted as guarantor for Bravida Sverige AB's pension liabilities, which in turn are guaranteed by PRI. Bravida Sverige AB also has a pension fund containing assets that more than covers the liability.

NOTE 29. RELATED PARTIES

The Group was publicly listed on 16 October 2015. The principal owner, with 30.44 percent (56.25) of votes, is Bravissima Holding AB.

Bravida Holding AB is no longer under the controlling influence of Bravissima Holding AB or its owners. No transactions other than the payment of dividends have occurred with these parties, with Bravissima Holding AB receiving its share of the dividend paid.

	Group		Parent company	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
TRANSACTIONS WITH PG ADVISORS SWEDEN AB				
Purchases from PG Advisors Sweden AB	–	16	–	16
	–	**16**	**–**	**16**
TRANSACTIONS WITH BRAVISSIMA HOLDING AB				
Dividend paid to Bravissima Holding AB	–	-277	–	-277
Interest received from Bravissima Holding AB	–	2	–	2
	–	**-275**	**–**	**-275**
TRANSACTIONS WITH BRAVIDA AB				
Sales to Bravida AB	–	–	82	71
Interest received from Bravida AB	–	–	33	56
Interest paid to Bravida AB	–	–	0	0
Group contribution made to Bravida AB	–	–	-27	-76
Receivable from Bravida AB	–	–	1,550	1,895
	–	**–**	**1,638**	**1,947**
TRANSACTIONS WITH BRAVIDA SVERIGE AB				
Interest received from Bravida Sverige AB	–	–	3	3
Group contribution received from Bravida Sverige AB	–	–	670	566
Liability to Bravida Sweden AB	–	–	-317	-762
	–	**–**	**356**	**-194**
TRANSACTIONS WITH BRAVIDA NORGE HOLDING AS				
Interest received from Bravida Norge Holding AS	–	–	0	1
Interest paid to Bravida Norge Holding AS	–	–	0	0
Receivable from Bravida Norge Holding AS	–	–	2	1
	–	**–**	**3**	**2**
TRANSACTIONS WITH BRAVIDA NORGE AS				
Interest received from Bravida Norge AS	–	–	0	0
Interest paid to Bravida Norge AS	–	–	-3	-3
Liability to Bravida Norge AS	–	–	-517	-484
	–	**–**	**-519**	**-488**
TRANSACTIONS WITH BRAVIDA DANMARK A/S				
Interest paid to Bravida Danmark A/S	–	–	0	–
Liability to Bravida Danmark A/S	–	–	-285	-313
	–	**–**	**-285**	**-313**
TRANSACTIONS WITH BRAVIDA FINLAND OY				
Interest received from Bravida Finland Oy	–	–	1	–
Receivable from Bravida Finland Oy	–	–	203	0
	–	**–**	**204**	**0**
TRANSACTIONS WITH OTHER SUBSIDIARIES				
Interest received from other subsidiaries	–	–	0	0
Interest paid to other subsidiaries	–	–	0	0
Liability to other subsidiaries	–	–	-377	-361
	–	**–**	**-377**	**-361**

In addition to the related-party relationships indicated for the Group, the parent company has related-party relationships involving a controlling influence with its subsidiaries. See Note 30. Bravida Holding AB is the primary account holder of the Group's cash pool, which gives rise to significant dealings and interest-bearing transactions with the subsidiaries.

Senior executives

For information on salaries and other remuneration, expenses and obligations in respect of pensions and similar benefits, and agreements on severance pay for the Board of Directors, Chief Executive Officer and other senior executives, see Note 5.

NOTE 30. INVESTMENTS IN GROUP COMPANIES

	Parent company	
	31 DEC 2016	31 DEC 2015
ACCUMULATED COST		
At start of year	7,341	7,341
Carrying amount at end of period	**7,341**	**7,341**

Bravida Holding AB owns shares directly in Bravida AB. The other subsidiaries listed below are indirectly owned.

Specification of investments in associates

	31 Dec 2016		
Subsidiary / Company no. / Regd office	**No. of shares**	**Share, %[1]**	**Carrying amount**
Bravida AB, 556713-6519, Stockholm, Sweden	1,012,429,900	100.0	7,341
Bravida Sverige AB, 556197-4188, Stockholm, Sweden	20,000	100.0	2,544
Bravida Prenad AB, 556454-1315, Malmö, Sweden	50,000	100.0	103
Jihå Automation AB, 556651-4054, Landskrona, Sweden	60,000	100.0	2
Jihå El & Automation AB, 556607-4190, Landskrona, Sweden	140,000	100.0	3
MO-Service El & Hushåll AB, 556796-6246, Klippan, Sweden	1,000	100.0	3
Bravida Säkerhet AB, 556193-1832, Stockholm, Sweden	5,100	100.0	25
Erfator Projektledning AB, 556401-7795, Kista, Sweden	1,000	100.0	14
C2M Sprinkler AB, 556684-9021, Mark, Sweden	2,100	100.0	55
Rörspecialisten i Stockholm AB, 556353-5227, Stockholm, Sweden	1,000	100.0	9
Bravida Service Mellersta AB, 556181-4020, Norrköping, Sweden	1,000	100.0	0
E/S Intressenter AB, 556564-6741, Skellefteå, Sweden	1,000	100.0	15
E/S Elconsult AB, 556311-0633, Skellefteå, Sweden	1,000	100.0	0
E/S Installation AB, 556306-0838, Skellefteå, Sweden	1,000	100.0	0
E/S Styromatic AB, 556111-9248, Skellefteå, Sweden	1,000	100.0	1
Juhl Air Control AB, 556308-0356, Kävlinge, Sweden	2,000	100.0	0
Byggnadsaktiebolaget Konstruktör, 556012-3670, Stockholm, Sweden	1,485,417,130	100.0	1
Vega Energi AB, 556484-7506, Stockholm, Sweden	2,040	100.0	29
Friginor Kylmontage och Service AB, 556309-1940, Haparanda, Sweden	4,000	100.0	25
ABEKA El & Kraftanläggningar AB, 556515-7012, Nyköping, Sweden	6,000	75.0	62
VVS Teknik Rör i Väst AB, 556442-4694, Mölndal, Sweden	2,500	100.0	19
Electi El AB, 556817-5045, Malmö, Sweden	1,000	100.0	1
Electi El Service AB, 556913-9685, Malmö, Sweden	500	100.0	0
RTS Lås & Larm AB, 556452-9385, Linköping, Sweden	2,000	100.0	2
Dala Elmän i Falun AB, 556715-0403, Falun, Sweden	1,000	100.0	5

Subsidiary / Company no. / Regd office		No. of shares	Share, %[1]	Carrying amount
		31 Dec 2016		
Elinstallatörer i Dalarna AB, 556283-7095, Hedemora, Sweden		1,000	100.0	4
OCM Vent AB, 556861-6303, Gothenburg, Sweden		715	100.0	13
R. Nilssons Elektriska Aktiebolag, 556074-1745, Kristianstad, Sweden		10,000	100.0	30
Fastigheten Mjölet 4 AB, 556078-9185		500	100.0	0
Vavtrudner AB, 556232-6008, Stockholm, Sweden		8,320,240	100.0	164
Aktiebolaget CJ Björnberg, 556232-6008, Stockholm, Sweden		1,000	100.0	59
Bravida Danmark A/S, 14769005, Brøndby, Denmark		4	100.0	261
Bravida Norge Holding AS, 998 121 221, Oslo, Norway		30	100.0	909
Bravida Norge AS, 987 582 561, Oslo, Norway	NOK thousand	10,796,137	100.0	789
El Team Drift AS, 981 402 561, Bodø, Norway	NOK thousand	46,410	91.0	11
VVS Engineering AS, 991 952 799, Oslo, Norway	NOK thousand	600	100.0	12
Moelven Elektro AS, 917 097 321, Ringsaker, Norway	NOK thousand	76,666	100.0	26
Bravida Finland Oy, 2528874-1, Helsinki, Finland		2,500	100.0	71
Bravida Tampere Oy, 2691029-9, Tampere, Finland	EUR thousand	100	100.0	2
Kuopion Talotekniikka Oy, 0988651-4, Kuopio, Finland	EUR thousand	26	100.0	0
Asentaja Group Finland Ab Oy, 2359360-3, Pietarsaari, Finland	EUR thousand	1,000	100.0	6
Asentaja Group Jakobstad Ab Oy, 1731585-0, Pietarsaari, Finland	EUR thousand	600	100.0	3
Asentaja Group Vasa Ab Oy, 2388625-4, Vasa, Finland	EUR thousand	100	100.0	0
Asentaja Group Kokkola Ab Oy, 2425765-2, Kokkola, Finland	EUR thousand	100	100.0	0
Asentaja Group Tornio Ab Oy, 25502473-8, Tornio, Finland	EUR thousand	100	100.0	0
Asentaja Group Security Ab Oy, 2541702-1, Pietarsaari, Finland	EUR thousand	100	100.0	0

[1] Refers to the proportion of ownership of equity, which is also consistent with the share of voting rights for the total number of shares.

Subsidiary / Company no. / Regd office	No. of shares	Share, %[1]	Carrying amount
	31 Dec 2015		
Bravida AB, 556713-6519, Stockholm, Sweden	1,012,429,900	100.0	7,341
Bravida Sverige AB, 556197-4188, Stockholm, Sweden	20,000	100.0	2,544
Bravida Prenad AB, 556454-1315, Malmö, Sweden	50,000	100.0	103
Jihå Automation AB, 556651-4054, Landskrona, Sweden	60,000	100.0	2
Jihå El & Automation AB, 556607-4190, Landskrona, Sweden	140,000	100.0	3
MO-Service El & Hushåll AB, 556796-6246, Klippan, Sweden	1,000	100.0	4
Bravida Säkerhet AB, 556193-1832, Stockholm, Sweden	5,100	100.0	25
Erfator Projektledning AB, 556401-7795, Kista, Sweden	1,000	100.0	14
C2M Sprinkler AB, 556684-9021, Mark, Sweden	2,100	100.0	55
Rörspecialisten i Stockholm AB, 556353-5227, Stockholm, Sweden	1,000	100.0	50
Bravida Service Mellersta AB, 556181-4020, Norrköping, Sweden	1,000	100.0	0
E/S Intressenter AB, 556564-6741, Skellefteå, Sweden	1,000	100.0	15
E/S Elconsult AB, 556311-0633, Skellefteå, Sweden	1,000	100.0	0
E/S Installation AB, 556306-0838, Skellefteå, Sweden	1,000	100.0	0
E/S Styromatic AB, 556111-9248, Skellefteå, Sweden	1,000	100.0	1
Juhl Air Control AB, 556308-0356, Kävlinge, Sweden	2,000	100.0	0
Appelgrens Elektriska Mölndal AB, 556296-9435, Mölndal, Sweden	30,000	100.0	0
Byggnadsaktiebolaget Konstruktör, 556012-3670, Stockholm, Sweden	1,485,417,130	100.0	1
AV-line Vitvaruservice AB, 556762-1643, Stockholm, Sweden	1,000	100.0	1
Belab Ventilation AB, 556305-5507, Borlänge, Sweden	1,000	100.0	2
Masens Kyl- och Frys AB, 556226-7558, Falun, Sweden	1,000	100.0	1

Subsidiary / Company no. / Regd office		No. of shares	Share, %[1]	Carrying amount
				31 Dec 2015
Bravida Östersund AB, 556026-9937, Östersund, Sweden		1,000	100.0	1
Niwentec AB, 556621-7278, Östersund, Sweden		1,000	100.0	1
Nicopia VVS AB, 556288-2307, Nyköping, Sweden		1,000	100.0	2
Vega Energi AB, 556484-7506, Stockholm, Sweden		2,040	100.0	29
Friginor Kylmontage och Service AB, 556309-1940, Haparanda, Sweden		4,000	100.0	28
Perra Bloms VVS AB, 556812-2823, Sala, Sweden		1,000	100.0	2
Skellefteå Elektriska AB, 556553-3592, Skellefteå, Sweden		1,000	100.0	5
Elservice Din Elinstallatör AB, 556327-1153, Östersund, Sweden		1,000	100.0	7
ABEKA El & Kraftanläggnungar AB, 556515-7012, Nyköping, Sweden		6,000	75.0	62
VVS Teknik Rör i Väst AB, 556442-4694, Mölndal, Sweden		2,500	100.0	25
Electi El AB, 556817-5045, Malmö, Sweden		1,000	100.0	5
Electi El Service AB, 556913-9685, Malmö, Sweden		500	100.0	1
RTS Lås & Larm AB, 556452-9385, Linköping, Sweden		2,000	100.0	2
Dala Elmän i Falun AB, 556715-0403, Falun, Sweden		1,000	100.0	13
Elinstallatörer i Dalarna AB, 556283-7095, Hedemora, Sweden		1,000	100.0	10
Bravida Danmark A/S, 14769005, Brøndby, Denmark		4	100.0	261
Selskabet av 7 oktober 2003 ApS, 10035422, Brøndby, Denmark	DKK thousand	2,211	100.0	3
Bravida Norge Holding AS, 998 121 221, Oslo, Norway		30	100.0	909
Bravida Norge AS, 987 582 561, Oslo, Norway	NOK thousand	10,796,137	100.0	789
El Team Drift AS, 981 402 561, Bodø, Norway	NOK thousand	46,410	91.0	11
HS: Vagle Elektro AS, 89104740822, Stavanger, Norway	NOK thousand	740,284	75.0	31
HS: Vagle Rör AS, 994 706 152, Stavanger, Norway	NOK thousand	10,000	75.0	14
Nord-Klima AS, 892 515 212, Tromsø, Norway	NOK thousand	1,000	100.0	12
Bravida Finland Oy, 2528874-1, Helsinki, Finland		2,500	100.0	71
Bravida Tampere Oy, 2691029-9, Tampere, Finland	EUR thousand	100	51.0	3
Kiinteistötekniikka KS Kitek Oy, 1583875-4, Jämsä, Finland	EUR thousand	595	100.0	5
Kuopion Talotekniikka Oy,0988651-4, Kuopio, Finland	EUR thousand	26	100.0	0
Sähköpeko Etelä-Suomi Oy,1907980-4, Helsinki, Finland	EUR thousand	100	100.0	0
Trison Oy,1946770-0, Järvenpää, Finland	EUR thousand	2,300	100.0	1
Sähkö-Toleva Oy,0434034-4, Akaa, Finland	EUR thousand	920	100.0	1
RAU Tekniikka Oy,1945770-5, Pirkkala, Finland	EUR thousand	100	100.0	0
Halmesvaara Oy,2218790-2, Espoo, Finland	EUR thousand	1,350,000	100.0	7
Kiinteistöpalvelut Halmesvaara Oy, 2656259-7, Espoo, Finland	EUR thousand	1,000	100.0	0
Vesijohtoliike Halmesvaara Oy,0870294-7, Espoo, Finland	EUR thousand	1,000	100.0	2
Ilmastointiliike Halmesvaara Oy,0870299-8, Espoo, Finland	EUR thousand	1,000	100.0	1
Sähköliike Halmesvaara Oy,2015078-0, Espoo, Finland	EUR thousand	1,000	100.0	1
Rakennusliike Halmesvaara Oy, 1004839-0, Espoo, Finland	EUR thousand	1,000	100.0	1

[1]Refers to the proportion of ownership of equity, which is also consistent with the share of voting rights for the total number of shares.

NOTE 31. STATEMENT OF CASH FLOWS

	Note	Group		Parent company	
		1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015	1 JAN 2016 –31 DEC 2016	1 JAN 2015 –31 DEC 2015
INTEREST PAID AND DIVIDEND RECEIVED					
Interest received		2	85	38	144
Interest paid		-62	-466	-62	-468
ADJUSTMENTS FOR NON-CASH ITEMS, ETC.					
Depreciation/amortisation and impairment of assets	7, 10, 11	26	21	–	–
Unrealised foreign exchange differences		–	138	–	–
Hedge accounting in net financial items		–	60	–	–
Capital gain/loss on disposals of businesses/subsidiaries		0	-2	–	–
Pension provisions		-1	47	–	–
Change in provisions		16	14	–	-6
Shareholder programme costs		10	1	10	1
Other		-2	–	–	–
		50	**278**	**10**	**-5**
UNUSED CREDITS					
Unused credit facilities were	20	-1,300	-1,215	-1,300	-1,200

NOTE 32. EVENTS AFTER THE BALANCE SHEET DATE

Bravida signed a credit agreement with Swedish Export Credit Corporation for SEK 500 million, maturing on 21 October 2020. The borrowings will be used to reduce existing long-term borrowings by SEK 500 million.

Using an 'accelerated bookbuilding' process aimed at institutional investors, the principal owner Bravissima Holding AB has divested 30 million shares. This occurred after publication of the year-end report on 22 February 2017, and following this it now owns approximately 15.5 percent of Bravida Holding AB.

Bravida Denmark has entered into an agreement to acquire all the shares in the Danish companies JFE A/S, JPE Materialudlejning ApS and JL A/S, with total sales of just over SEK 130 million.

NOTE 33. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The following is a description of certain significant accounting estimates and assessments that have been made in applying the Group's accounting policies.

Percentage-of-completion accounting

Reported earnings for installation projects in progress are accounted for in accordance with the percentage-of-completion method based on the degree of completion of the project. Use of this method requires that project income and project expenses can be reliably estimated, which in turn requires a well-functioning system for cost estimates, forecasting procedures and project review. Forecasts relating to the final outcome for the project are a critical assessment that is material to the reporting of earnings during the course of the project. There is a risk that the final earnings for the project may differ from earnings as reported in accordance with the percentage-of-completion method.

Impairment tests of goodwill

In estimating recoverable amounts for cash-generating units for the purpose of testing for impairment of goodwill, several assumptions about future circumstances and estimates of parameters have been made. These are described in Note 10.

Pension assumptions

Bravida has some defined-benefit pension plans. The pension obligation is calculated using actuarial assumptions and the plan assets are measured at the market value at the balance sheet date. A change in any of these assumptions and valuations may have a significant impact on the estimated pension obligations and pension costs.

NOTE 34. INFORMATION ABOUT THE PARENT COMPANY

Bravida Holding AB is a Swedish-registered limited liability company with its registered office in Stockholm. Bravida Holding AB's shares have been publicly listed on Nasdaq Stockholm since 16 October 2015. The address of the head office is Mikrofonvägen 28, SE-126 81 Stockholm.

The consolidated financial statements for 2016 comprise the parent company and its subsidiaries, which together comprise the Group. The Group also includes the owned portion of investments in associates.

SIGNATURES OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer certify that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated financial statements give a true and fair view of the parent company's and Group's financial positions and results. The Directors' Report for the parent company and Group gives a true and fair overview of the development of the parent company's and Group's activities, their financial position and earnings, and describes significant risks and uncertainties faced by the parent company and the companies included in the Group.

Stockholm, 24 March 2017

Monica Caneman
Chairwoman of the Board

Jan Johansson
Board member

Mikael Norman
Board member

Staffan Påhlsson
Board member

Ivano Sessa
Board member

Michael Siefke
Board member

Cecilia Daun Wennborg
Board member

Mattias Johansson
Chief Executive Officer

Jan Ericson
Employee representative

Geir Gjestad
Employee representative

Anders Mårtensson
Employee representative

Örnuld Thorsen
Employee representative

Our audit report was submitted on 7 April 2017.
KPMG AB

Anders Malmeby
Authorised Public Accountant

As stated above, the annual accounts and consolidated financial statements were approved for release by the Board of Directors on 24 March 2017. The consolidated statement of comprehensive income and balance sheet and the parent company income statement and balance sheet will be submitted for adoption at the Annual General Meeting on 10 May 2017.

AUDITOR'S REPORT

To the general meeting of the shareholders of Bravida Holding AB (publ), corp. id 556891-5390

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Bravida Holding AB (publ) for the year 2016, except for the corporate governance statement on pages 98-103. The annual accounts and consolidated accounts of the company are included on pages 47-94 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 98-103. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

BASIS FOR OPINIONS

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

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

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenues from installation contracting and earnings thereto

See disclosure 17 and 22 and accounting principles on page 62 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The Group reports revenues from installation contracting and earnings thereto, based on percentage of completion method.
The percentage of completion depends on actual costs in relation to the total projected costs for each project. The latter may change during the life cycle of the projects which in turn may have a significant impact on reported revenue and earnings. Unforeseeable costs may also have to be included in the assessments to take project risks or disputed claims into account. These items are regularly assessed by the Group and are adjusted if necessary. Alterations, and additional work are taken into account when the Group considers the amounts which will be obtained. Based on the above, there is a significant measure of judgement involved which impacts the accounting of revenue and earnings.

Respons in the audit

We have evaluated the Group's processes for review and assessment of installation contracts, including the identification of loss-making projects and / or high-risk projects and the process of assessing income and project costs for these.

We have, among other things:

- evaluated the financial performance against budget and historical outcomes to assess the Group's ability to deliver the forecasted margins
- challenged management's forecasts take into account unforeseen expenses and identified claims from customers
- assessed whether the risks and opportunities in projects seems to have been reflected in a balanced way.

Valuation of goodwill (Group) and Participations in group companies (parent company)

See disclosure 10 (Group) and 30 (parent company) and accounting principles on page 62 (Group) and pages 64-65 (parent company) in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The Group's balance sheet includes goodwill amounting to SEK 7,3 billlion, principally arising from historical acquisitions. The risk is that the goodwill allocated to cash generating units ('CGU') is not recoverable and should be impaired. Due to the inherent uncertainty involved in forecasting and discoun¬ting future cash flows, which are the basis of the assessment of recoverability, this is one of the key judgemental areas for our audit.

The Group annually carries out an impairment assessment of goodwill using a value-in-use model which is based on the net present value of the forecast earnings of the cash-generating unit ('value-in-use'). This is calculated using certain assumptions around discount rates, growth rates and cash flow forecasts.

A similar impairment assessment is performed by the parent company for the ownership in subsidiaries ("Shares in subsidiaries") where the conditions are similar to the ones described above for goodwill.

Respons in the audit

Our procedures included assessing the key assumptions applied by the Group in determining the recoverable amounts of each CGU. In particular, we:

- considered the consistency and appropriateness of the allocation of businesses and related goodwill balances into CGUs;
- considered the underlying assumptions in determining the cash flows and growth assumptions applied with reference to historical forecasting accuracy and wider macro environment conditions;
- challenged the assumptions used in the calculation of the discount rates

used by the Group, including comparisons with external data sources and consideration of the potential risk of management bias;
- assessed the Group'ssensitivity analysis, including a reasonably possible reduction in assumed growth rates and cash flows to identify areas to focus our procedures on.

We also assessed whether the Group's disclosures appropriately describes the assumptions made in the impairment test.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-46 and 98-107. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

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

AUDITOR'S RESPONSIBILITY

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.
- We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Bravida Holding AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

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

BASIS FOR OPINIONS

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

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

AUDITOR'S RESPONSIBILITY

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

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

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 98-103 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts are in accordance with the Annual Accounts Act.

Stockholm 7 April 2017

KPMG AB
Anders Malmeby
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

This corporate governance report, which has been prepared by the company's Board of Directors, is submitted in accordance with the Swedish Annual Reports Act and the Code and sets out Bravida's corporate governance for the 2016 financial year. The corporate governance report does not constitute part of the formal annual accounts documents.

Corporate governance at Bravida

Bravida Holding AB (Bravida) is a Swedish public limited company with its registered office in Stockholm and ordinary shares listed on Nasdaq Stockholm. For Bravida, which has a decentralised organisational structure, good corporate governance is essential and a very important part of its core business operations. Governance, management and control are divided between the shareholders, the Board, the Chief Executive Officer and company management in accordance with applicable laws, rules and recommendations, as well as Bravida's articles of association, the Board's procedural rules, the instruction for the Chief Executive Officer and other internal instructions .

The general meeting of the company is the company's highest decision-making body, where shareholders exercise their voting rights. The Board of Directors and the Chairperson are elected at the annual general meeting (AGM). The Board of Directors appoints the CEO. The Board and the CEO's management of the company's financial reporting is audited by external auditors appointed by the AGM. In order to streamline and strengthen its work on certain matters, the Board has established an Audit Committee and a Remuneration Committee.

Bravida applies the Swedish Corporate Governance Code (see www.bolagsstyrning.se) and did not deviate from the Code in any way in 2016. Bravida Holding AB complies with Nasdaq Stockholm's Regulations for Issuers and good stock market practice. The articles of association, established by the general meeting of the company, constitute the most important internal governance instrument. This is complemented by the Board's procedural rules and the Board's instruction for the CEO. Internal policies and instructions that clarify responsibilities and powers within specific areas, such as data security, compliance and risk management, constitute important guideline documents for the entire company.

Ownership structure

At year-end 2016 Bravida had 10,125 holders of ordinary shares according to the shareholder register maintained by Euroclear Sweden. The largest shareholder at 30 December 2016 was Bravissima Holding, owned by Bain Capital funds, with 30.44 percent of the votes. Swedbank Robur funds had 9.60 percent of the votes, Lannebo funds had had 6.58 percent of the votes and the Fourth Swedish National Pension Fund (AP4) had 6.22 percent of the votes.

CORPORATE BODIES

General meetings of the company

The shareholders' right to make decisions on matters relating to the company is exercised at general meetings of the company. This is the highest decision-making body, which all shareholders are entitled to attend. The term 'annual general meeting' (AGM) refers to the general meeting of the company that is held within six months of the end of the financial year, at which the consolidated financial statements and the group auditors' report are submitted and decisions are taken regarding the adoption of the income statements and balance sheets of the company and the Group, the appropriation of profits and the discharge from liability of the Board and the Chief Executive Officer.

Bravida's 2017 AGM will take place on 10 May at Bravida's head office at Mikrofonvägen 28, Stockholm. Shareholders who wish to submit a proposal to the Nomination Committee or have a matter addressed by the AGM may submit such proposal to the Nomination Committee by 22 March and such matter to be addressed to the company by 29 March 2017. Contact information can be found on the company website.

Each ordinary share (class A share) entitles the holder to one vote at general meetings and each class C share entitles the holder to one-tenth of a vote. Shareholders are entitled to vote in proportion to the shares that they own in the company.

Notice convening general meetings shall be given no earlier than six weeks and no later than four weeks before the meeting. In accordance with Bravida's articles of association, shareholders wishing to attend a general meeting must give notification of their attendance within the time period stated in the notice convening the meeting. Such date must be a working day and not occur any earlier than five working days before the stated date of the meeting.

All documentation relating to the annual general meeting can be found at the company website, www.bravida.se.

Nomination Committee

Nomination of Board members prior to the election at the general meeting takes place by means of a Nomination Committee. In addition, the Nomination Committee proposes fees for Board members, as well as proposing the election of and fees for the auditor. The current Nomination Committee instruction stipulates that Bravida should have a Nomination Committee consisting of Bravida's Chairperson and a representative for each of the three largest shareholders or shareholder groups, by number of votes, that wish to appoint a representative. For the forthcoming year the Nomination Committee shall be based on the list provided by Euroclear Sweden of registered shareholders and shareholder groups and other reliable information as of the last business day of September. See the company website for further information about the Nomination Committee.

The Nomination Committee consisted of the following for the 2017 AGM: Halvor Horten, Bain Capital, Peter Lagerlöf, Lannebo fonder, Håkan Berg, Swedbank Robur, Monica Caneman, Chairwoman of Bravida Holding AB. No remuneration was paid for work on the Nomination Committee. The Nomination Committee's proposals, report on the Nomination Committee's work for the 2017 AGM, as well as additional information about the proposed Board members is published in conjunction with Notice of the AGM and will be presented at the 2017 AGM. All documentation relating to the annual general meeting can be found at the company website, www.bravida.se.

Board of Directors

According to the articles of association, Bravida's Board of Directors shall consist of no less than three and no more than ten Board members and a maximum of five deputy members, who are appointed by the AGM. Board members are elected for a period of one year. In 2016, seven Board members were elected by the AGM. Employees are represented on the Board by employee representatives. The number of employee representative members was four throughout the year, with two deputies.

The AGM of 3 May 2016 re-elected Board members Monica Caneman, Jan Johansson, Ivano Sessa and Michael Siefke. Cecilia Daun Wennborg, Mikael Norman and Staffan Påhlsson were elected as new Board members. Monica Caneman was elected by the AGM as Chairwoman until the end of the next AGM. Further details of Board members are provided in the table further down, on page 104, and on the company website.

The composition of Bravida's board meets the requirements regarding independent Board members.

The Board's work in 2016

Twelve Board meetings were held during the year, comprising eight ordinary meetings, one constitutive meeting and three extraordinary Board meetings. Board member attendance is shown in the table on page 100. The company's general counsel Magnus Liljefors acted as secretary at the Board meetings. Board members received written material about the issues being addressed before each Board meeting.

The Board's work consists mainly of strategic issues, financial reporting, establishing and monitoring business objectives, business plans, acquisitions and other decisions which, according to the procedural rules, must be handled by the Board. Internal and external presentations were made to the Board about the markets in which Bravida operates and Bravida's local operations. The Board discussed Bravida's performance and opportunities at these meetings. The Board worked actively with company management on various strategic issues.

A key aspect of the Board's work is its review of the financial statements that are presented at each ordinary Board meeting and this also encompasses in-depth analysis of ongoing work by the company's divisions. The Board also received monthly reporting on the Group's financial position.

During the year, the Board followed up business plans submitted by management and the development potential across Bravida's business areas.

Board committees

The Board has established two Board committees as part of streamlining and strengthening the Board's work with regard to certain issues: The Audit Committee and the Remuneration Committee. The committees' members are appointed at the constitutive Board meeting immediately after the AGM. They are appointed for one year at a time and the work and authority of the committees is regulated by the committee instructions, which are established annually.

The committees have a preparatory and administrative role. The issues addressed at the committees' meetings are minuted and a report is submitted at the subsequent Board meeting.

The Audit Committee consists of Ivano Sessa (Chairman), Jan Johansson, Monica Caneman and Mikael Norman. This committee is also attended by the company's CFO and general counsel. The Audit Committee's main tasks are to:

- monitor the company's financial reporting;
- monitor the effectiveness of the company's internal control and risk management with regard to financial reporting;
- stay informed about the audit of the annual accounts and the consolidated financial statements;
- review and monitor the auditor's impartiality and independence and, in so doing, pay particular attention to whether the auditor is providing the company with services other than auditing services;
- assist in the preparation of proposals for the AGM's election of auditor;
- assist in monitoring the compliance with legal and regulatory requirements that have a material impact on financial statements;
- assist in monitoring transactions with related parties; and
- assist in monitoring and evaluating selected projects.

The Remuneration Committee consists of Michel Siefke (Chairman), Monica Caneman, Cecilia Daun Wennberg and Staffan Påhlsson. This committee is also attended by the company's general counsel. The company's CEO and CFO attend as required. The Remuneration Committee's main tasks are to:

- prepare Board decisions on issues regarding remuneration policies, remuneration and other terms of employment for senior executives;
- monitor and evaluate ongoing variable remuneration programmes for senior executives or such programmes that conclude during the year; and
- monitor and evaluate application of the guidelines for the remuneration of senior executives that are determined by the AGM and the applicable remuneration structures and remuneration levels in the Group.

Evaluation of the Board of Directors and the Chief Executive Officer

In accordance with the Board's procedural rules, the Chairperson of the Board shall initiate an evaluation of the Board's work once a year.

In 2016, the Board's work was evaluated in cooperation with StyrelseAkademien. A questionnaire was sent to all Board members. Responses were compiled and analysed. The purpose of the evaluation was to gain an understanding of Board members' views of the work conducted by the Board and what measures could be taken to streamline the Board's activities. It is also intended to gain an understanding of what type of issues the Board should give more attention to and what areas may require additional expertise among Board members. The results of the evaluation have been reported to the Board.

The Board also assesses the work of the Chief Executive Officer on an ongoing basis by monitoring the performance of the business against the targets that are set. A formal assessment is carried out once a year.

Chief Executive Officer, management and organisation

The President and Chief Executive Officer is Mattias Johansson. The Chief Executive Officer's responsibilities include personnel, financial and business management issues, as well as ongoing contact with the company's stakeholders such as authorities and the financial markets. The Chief Executive Officer ensures that the Board receives the information it needs to take well-informed decisions.

Bravida's business operations are divided in four segments; Sweden, Norway, Denmark and Finland. These segments are divided into divisions; three for Sweden and one for each of the other countries. Each division has a Head of Division, who reports directly to the CEO. The Heads of Division are responsible for each division's operations and earnings and are also responsible for ensuring that the division's operations are conducted in accordance with decisions that have been taken. The Heads of Division are supported by their own staffs as well as Group-wide staff functions. Bravida's Group managements consists of the CEO, the heads of each division and the Group staff heads. For further information about the Chief Executive Officer and Group management, see page 105.

The Group management hold meetings once a month, with at least one meeting a year dedicated to addressing forward-looking strategies. Group management meetings discuss and address ongoing Group-wide initiatives, changes in the market, current issues in divisions and staffs, acquisitions and the follow-up of operating target achievement.

Group management works actively to encourage the involvement of employees in developing the corporate culture and following its values. In 2016, a lot of effort was put into implementing various initiatives regarding Pricing, Operations, Purchasing and Service, as well as developing Bravida further as a modern employer and in terms of sustainability issues.

GOVERNANCE AT BRAVIDA

Bravida's business operations are divided in four segments; Sweden, Norway, Denmark and Finland. These segments are divided into divisions; three for Sweden (North, Stockholm and South) and one for each of the other countries. These divisions are in turn divided into a total of 30 regions, which are themselves divided into 252 local branches. The business is decentralised, which means that the main business operations and customer contact take place at local branch level. Each branch manager (BM) is responsible for the earnings of the local branch and is consequently responsible for the organisational structure, staffing, and the signing and performance of contracts. The branches are supported by Group-wide business and purchasing systems and other tools for risk assessment, cost estimates and effective performance of signed contracts. Branches' independence is restricted by instructions and an authorisation procedure. Bravida has clear rules on project approval, with threshold levels governed principally by contract value. This means that a branch manager cannot enter into an agreement above a certain value without approval from the regional manager (RM) and neither can a regional

BOARD OF DIRECTORS

Board and committee meetings and attendance in 2016

Board members elected by the AGM	Year elected	Independent of the company and company management	Fee SEK thousand*	Attendance at Board meetings	Audit Committee	Remuneration Committee	Committee fees	Number of shares in Bravida at 31 Dec 2016
Monica Caneman	2015	Yes	1,500	12/12	x	x	180	24,143
Michael Siefke	2012	No	–	11/12		x		–
Jeffery Scherer	2014	No	–	4/12**				–
Ivano Sessa	2012	No	–	10/12	x			–
Jan Johansson	2014	Yes	450	12/12	x		100	37,895
Staffan Påhlsson	2016	Yes	450	8/12***		x	80	1,902,745
Cecilia Daun Wennborg	2016	Yes	450	7/12***		x	80	7,000
Mikael Norman	2016	Yes	450	8/12***	x		100	2,500
ORDINARY EMPLOYEE REPRESENTATIVES								
Anders Mårtensson			–	12/12				
Peter Sjöquist			–	9/12****				
Kai-Otto Helmersen			–	7/12****				
Jan Ericson			–	12/12				
Örnulf Thorsen			–	2/12****				
Geir Gjestad			–	2/12****				

*According to the minutes of the 2016 AGM.
**Left the Board at the 2016 AGM.
***Newly elected Board member at the 2016 AGM.
**** Peter Sjöquist and Kai-Otto Helmersen were replaced by Örnulf Thorsen and Geir Gjestad, respectively, after summer 2016.

manager enter into an agreement above a certain value with the approval of the Head of Division (HD). Contracts over SEK 50 million must always be approved by the CEO.

As a significant part of the President's (CEO's) management and control of the business, the President and Group CFO meet each Head of Division once a quarter to review the division's financial position, large projects, billing, cash flow, etc. according to the specific points of a scorecard. These meetings are also attended by the division's head of finance and the respective regional manager and financial controller. These quarterly reviews are held in a corresponding manner down throughout the organisation according to a schedule.

Type of meeting	Chaired by	Manager
Group (CEO, HoD, RM)	President	every 3 months
Division (HoD, RM, BM)	Head of Division	every 3 months
Region (RM, BM, proj./serv. manager)	Regional Manager	every 3 months
Branch (BM, proj./serv. manager, lead fitter)	Branch Manager	every 3 months

These regular meetings enable the person responsible to meet his/her manager's manager and provide them with the opportunity to report on their business in detail and highlight improvements, but they must also account for things such as less successful projects or poor adherence to change initiatives. This ensures high visibility and clarity of leadership within the company. It is also a highly effective way of managing the business and ensuring and monitoring that decisions that are taken are implemented. In addition, the 'grandfather principle' is also applied to a range of decisions taken within Bravida. This principle means that certain decisions must be taken/approved by a manager's manager. This includes decisions regarding investments, new hirings and certain costs.

Over the longer term, Bravida is managed based on a business plan for the next three years. This is then applied down from Group to local level. Each year target figures are set for all branches and at aggregate level for the Group, along with an action plan for how these targets are to be achieved. Evaluation and any adjustments take place on an ongoing basis according to the 'annual cycle' (see image). This work is ongoing throughout the year and at different levels. In addition, twice a year a regional manager conference is held at which Group management meets the regional managers to address important strategic issues.

All divisions continually compile summaries about potential and ongoing acquisitions for review at Group management meetings. This enables ongoing control of current activities and prioritisations to be made. No acquisitions can be made without first having been dealt with and approved by the 'Acquisition Group' following a formalised process and decision-making procedure. Large acquisitions must also be approved by the Board.

Code of conduct

Correct behaviour is important to Bravida, not only in respect of our customers and suppliers but also between everyone who works at Bravida. Bravida has adopted a revised code of conduct which includes guidelines and rules on how we should behave. There is a training programme that also covers work on various 'typical cases' regarding the code of conduct and related issues, aimed at all managers at Bravida. Bravida also has a whistle-blower function which allows suspected irregularities to be reported anonymously.

REMUNERATION

Board remuneration

The Board fees for 2016 were established at the AGM on 3 May 2016. The fees were allocated as per the table above.

BRAVIDA'S ANNUAL CYCLE

The Annual Cycle describes how Bravida works with goals, strategies and action plans during the year.

OCTOBER – DECEMBER
9. Target process

OCTOBER
8. Divisional management
Compiles these into a common strategy

SEPTEMBER
7. Regions and branches' Targets, Strategy and Action Plans are established for the coming years and sent to Divisional Management by the end of September

AUGUST – SEPTEMBER
6. Strategy work in the regions

FEBRUARY – MARCH
1. Regional management meetings
– Assessment/adjustment of Targets, Strategy and Action Plan (management review)

APRIL
2. Divisional management meeting
– Assessment/adjustment of Targets , Strategy and Action Plan (management review)

3. Group management meeting
– Assessment/adjustment of Targets, Strategy and Action Plan

MAY
4. Divisional management conference
Adjustment of Targets, Strategy and Action Plan

JUNE
5. Group management (Strategy days)
– Establishment of Targets, Strategy and Action Plan for coming years.

The Chief Executive Officer's total remuneration is determined by the Board. Guidelines on remuneration for other members of Group management are proposed by the Remuneration Committee and determined by the Board.

The Board's proposed guidelines for salaries and other remuneration for the Chief Executive Officer and other members of Group management

Bravida endeavours to offer competitive overall remuneration that allows the Group to recruit and retain the right senior executives. In order to determine what is competitive overall remuneration and to evaluate prevailing levels, each year comparative studies are conducted with relevant sectors and markets. Total remuneration shall be based on factors such as position, performance and individual profile.

Total remuneration for the Group management consists of:
- fixed cash salary;
- variable cash salary component;
- a long-term incentive programme;
- pension; and
- other remuneration and benefits.

Fixed cash salary

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

Variable cash salary component

Variable cash salary components are dependent on both individuals fulfilling annually set targets and the achievement of predetermined financial targets. The actual short-term variable cash salary paid is followed up annually. For members of Group management, the maximum possible variable cash salary component may vary depending on the position held by the individual concerned. As a rule, heads of Group staff units in Group management may receive variable salary corresponding to a maximum of 9 months' fixed cash salary while the CFO and heads of division may receive variable salary corresponding to 20 months' salary.

For the Chief Executive Officer, short-term variable salary is a maximum of 10 months' salary. Actual variable cash salary paid is linked both to the individual and overall target achievement at Group level. This ensures that remuneration is clearly linked to both the performance of individuals and the performance of Bravida as a whole.

Long-term incentive programme

Key personnel in Bravida, particularly line managers, have been offered long-term share-based incentive programmes. The aim of share-based incentive programmes is to reward performance, increase and spread share ownership among managers and senior executives and encourage them to stay at the company. Decisions regarding the design of long-term incentive-programmes are taken by the Board and approved by the AGM. Further details of the long-term incentive programmes approved in 2015 and 2016 can be found at the company website, www.bravida.se.

Pension

Senior executives who are resident in Sweden are entitled to pension benefits corresponding to between 28 and 35 percent of their respective fixed salaries, or otherwise in accordance with their occupational pension plans. Comparable terms and conditions are offered to senior executives resident outside Sweden in so far as possible with regard to local conditions.

Other remuneration and benefits

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

Notice and severance pay

Senior executives are entitled to 6-12 months' notice if employment is terminated by the employer and 4-6 months if the employee resigns. If notice is given by the employer, additional severance pay corresponding to

6-12 months' fixed salary may be paid. A restriction on competition applies to all senior executives if they resign.

If there are specific grounds in an individual case, the Board is entitled to deviate from the above guidelines. A breakdown of salaries and other remuneration to the Board, the CEO and senior executives can be found in Note 5 on page 68. The company website has the assessments and reports that are required to be reported under the the Code.

AUDIT

The auditor is tasked with auditing the annual accounts and the financial statements, as well as the administration by the Board of Directors and the Chief Executive Officer. After each financial year, the auditor submits an auditor's report and a Group auditor's report to the AGM.

Auditors

Pursuant to the articles of association, Bravida shall have one or two auditors with up to two deputy auditors. Registered auditing firms may also be appointed as auditor. The auditor is appointed by the AGM for a term of one year, unless otherwise stated in Bravida's articles of association.

The 2016 AGM re-elected registered auditing firm KPMG AB as auditor for the period until the end of the 2017 AGM. Authorised Public Accountant Anders Malmeby is the principal auditor for the company and the Group.

Bravida's auditors: KPMG AB
Principal auditor: Anders Malmeby, Authorised Public Accountant
Year of birth 1955
Principal auditor of Bravida since 2014.
Shareholdings in Bravida AB: 0 shares
Other audit assignments: Listed companies Concentric Group and East Capital Explorer, as well as Bankgirocentralen, Fujitsu Sweden, Gamla Livförsäkringsbolaget SEB Tryggliv and RISE.

The auditor's independence in relation to the company is ensured by the elected auditor being only allowed to a limited extent to carry out services other than the audit.

THE BOARD'S REPORT ON INTERNAL CONTROL OF FINANCIAL REPORTING

Control environment

The Board of Directors has responsibility for internal control in relation to financial reporting. Internal control of financial reporting aims to both provide reasonable certainty in terms of the reliability of external financial reporting, and to ensure that external financial reporting has been prepared in accordance with the law, applicable reporting standards and other requirements.

The control environment includes how targets are set, how earnings are monitored and how risks are managed. A good control environment is based on an organisation with clear decision-making paths and a corporate culture with shared values and awareness among individuals about their role in maintaining good internal control.

The control environment for financial reporting is based on the allocation of roles and responsibilities within the organisation, established and communicated decision-making pathways, instructions relating to powers and responsibilities, and accounting and reporting instructions. The Board of Directors has adopted rules of procedure, a CEO instruction and an instruction for financial reporting. In addition to the Board's rules of procedure, the CEO instruction and the reporting instruction, there is an overarching authorisation instruction for the entire Group and policies and guidelines in a number of areas for operational activities.

Bravida has established policies, instructions and detailed process descriptions covering all significant aspects of its operations. These policy documents are available on the intranet for staff. The documents are updated annually or as required to reflect applicable laws and rules and changes to processes that are implemented. There is internal auditing and monitoring of compliance with key processes.

Risk assessment

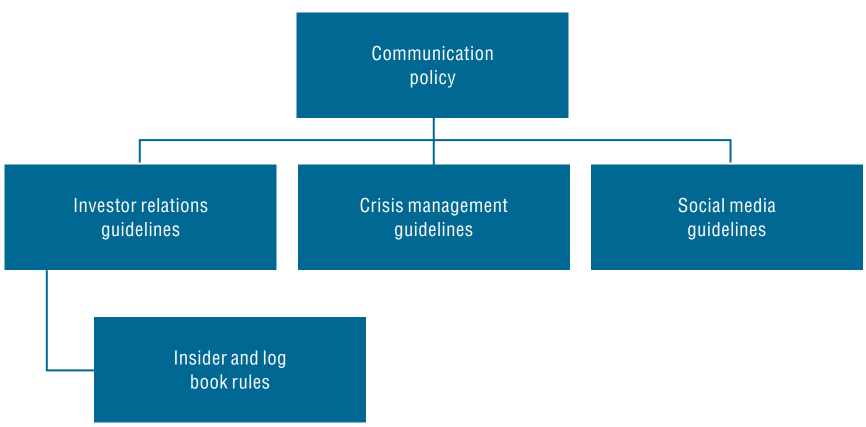
An integral part of the management work of the Board of Directors and the Group management is a broad-based risk assessment. Risks are reported to the Board of Directors on a continual basis. During the year, the Board held ongoing discussions about various kinds of risk, as well as the company's risk management process. Risks within Bravida can be divided into operational risks and financial risks. The single most significant operational risks are the management, costing and valuation of current projects. Bravida has developed a model for managing these risks and works continually to make improvements.

Identification and assessment of risks of not achieving business objectives and reliable financial reporting take place continually as part of day-to-day processes within Bravida. The Board is responsible for ensuring that material financial risk and risks of errors occurring in financial reporting are identified and addressed. The Board continually monitors risk exposure.

The Chief Executive Officer is responsible for ensuring that the business applies and monitors established procedures and for ongoing monitoring and management of risks within the organisation.

Information security and communication

Bravida's Board has established a communication policy aimed at ensuring that external information is managed correctly. Instructions exist within the company regarding information security and how financial information



should be communicated between management and other employees. The instruction regarding information security was updated during the year and training has been held for staff, mainly with regard to the new public environment following the IPO.

Information about internal policy documents, including for financial reporting, is available to the relevant staff via Bravida's intranet. Information and training on the internal policy documents is provided through internal seminars and meetings, etc.

Control activities

To ensure that the business is conducted effectively and efficiently and that financial reporting at each time of reporting provides an accurate picture, control activities are in place, involving all levels of the organisation, from the Board and Group management to other employees.

Within Bravida, these control activities include approval of projects and agreements, checking with external counterparties, daily monitoring of earnings performance in projects, daily account reconciliations and monitoring of earnings, as well as analytical follow-up of decisions.

Bravida's financial statements are analysed and ultimately validated by the control function within Group finance. Such validation includes both automatic controls, such as deviation reporting, and manual controls such as analyses and plausibility assessment of values. The effectiveness of the automatic controls in IT systems are followed up based on information from system managers in the business process. Proposals for improvements are identified and implemented on an ongoing basis.

The Group's control activities, such as authorisation, project approval and implementation, originate at Group level, but are then handled primarily at regional level. Starting in 2014, on behalf of the Board of Directors, Group management began implementing partially modified working practices for the control and monitoring of Bravida's project activities, with the primary aim of further improving production, cost estimates and system compliance. All local branches will receive training, with certification on successful completion.

Monitoring

Bravida's Board and management continually monitor compliance with and the effectiveness of internal controls for quality assurance of processes. The Group's financial position and strategy regarding financial position is addressed at each Board meeting, with the Board receiving detailed monthly reports on the financial position and the performance of the business. The Audit Committee fulfils an important function in ensuring and monitoring control activities for key risk areas in financial reporting processes. The Audit Committee, management and the financial controller functions at divisional and regional level follow up reported deficiencies on a regular basis.

Bravida does not have a separate internal audit function. The Board assesses the need for this annually. Within Bravida, 'quarterly reviews' fulfil an important function by ensuring that the entire organisation is analysed four times a year. These quarterly reviews use standardised scorecards to measure and monitor important key performance indicators (KPIs). Branches' operations are reviewed by the financial controllers of the relevant region. The regions are reviewed in turn by the divisions' finance departments, and finally there is a financial controller function at Group level. The accounts payable and accounts receivable ledger is centralised and is intended to provide some supervisory support. Payments may only be made by using special work order numbers and each payment must be authorised and approved by a superior.

Business Development undertakes an audit of a number of randomly selected projects each year. This audit verifies that the organisation is conducting projects in accordance with the established processes and procedures. If deficiencies are identified, feedback is provided and an action plan is activated.

From left to right: Jan Ericson, Ivano Sessa, Geir Gjestad, Jan Johansson, Staffan Påhlsson, Michael Siefke, Monica Caneman, Mikael Norman, Örnulf Thorsen, Anders Mårtensson, Cecilia Daun Wennborg.

BOARD OF DIRECTORS OF BRAVIDA HOLDING AB

MONICA CANEMAN

Chairwoman of the Board since 2016
Year of birth: 1954
Other current assignments: Chairwoman of BIG BAG Group AB, Arion Bank hf. Board member of SAS AB (publ), Com Hem Holding AB (publ) and Nets AS.
Previous assignments: Chairwoman of Frösunda Omsorg AB, Allenex AB (publ), Electronic Transaction Group Nordic Holding AB and Electronic Transaction Group Nordic AB, Fjärde AP-fonden and VIVA Media Group AB. Board member of Investment AB Öresund (publ), Poolia AB (publ), Orexo AB (publ), mySafety Försäkringar AB, SPP Pension & Försäkring AB (publ), SPP Livförsäkring AB (publ), Storebrand ASA, Schibsted Sverige AB, Schibsted ASA (publ), mySafety Group AB and Intermail AS.
Education: MSc in Business Administration from Stockholm School of Economics.
Number of shares: 24,143

JAN JOHANSSON

Board member since 2014.
Year of birth: 1959
Other current assignments: CEO of Malmö Cityfastigheter AB. Member of the board of Götenehus Group AB, Starka AB, and Centuria AB.
Previous assignments: CEO of Peab AB (publ). Member of the board of Catena AB (publ), Fastighets AB ML 4, and Centur AB.
Education: MSc in Civil Engineering from Lund University.
Number of shares: 37,895

MICHAEL SIEFKE

Board member since 2016 (Chairman of the Board 2012–2016)
Year of birth: 1967
Other current assignments: Managing Director of Bain Capital Beteiligungsberatung GmbH. Member of the Board of FTE Automotive, IMCD, and Wittur.
Previous assignments: Member of the Board of FCI.
Education: Education: PhD in Accounting & Finance from University of Muenster. MBA from University of Muenster.
Number of shares: 0

MIKAEL NORMAN

Board member since 2016.
Year of birth: 1958
Other current assignments: Board member of Cloetta AB och Byggmax Group AB
Previous assignments: CFO of the Nobia Group
Education: Bachelor's degree in Law, Stockholm University
Number of shares: 5,000

STAFFAN PÅHLSSON

Board member since 2016.
Year of birth: 1952
Other current assignments: Board member of the employer organisation EIO, the employer organisation Installatörerna, One Nordic AB and Båstad Tennis och Hotell AB. Deputy Chairman of Laholms sparbank. Chairman of Båstad Fritidshamn Ekonomisk Förening. CEO and owner of MOS Advisors AB och S Påhlsson Fastigheter AB, along with subsidiaries.
Previous assignments: Several positions within Bravida, including President and CEO and Head of Division.
Education: Upper-secondary electrical engineering qualification, Tycho Braheskolan
Number of shares: 1,952,745

IVANO SESSA

Board member since 2012.
Year of birth: 1977
Other current assignments: Managing Director of Bain Capital Europe, LLP. Chair man of Autodistribution S.A. and MSXI. Board member of Fintyre Group.
Previous assignments: Board member of Teamsystem Azzurra Sarl, IMCD and TeamSystem.
Education: BA in Business Administration from Bucconi University.
Number of shares: 0

CECILIA DAUN WENNBORG

Board member since 2016.
Year of birth: 1963
Other current assignments: Board member of companies including ICA Gruppen AB, Getinge AB, Loomis AB and Sophiahemmet.
Previous assignments: CEO and CFO of Carema, Head of Sweden for Skandia and CEO of SkandiaLink.
Education: MSc in Economics and Business, Stockholm University
Number of shares: 7,000

EMPLOYEE REPRESENTATIVES

JAN ERICSON

Year of birth: 1965
Jan Ericson is a member of the board of directors in the capacity of employee representative for Bravida and has been employed as an electrician with Bravida since 1985. Jan Ericson is a representative of the Swedish Electricians Union ('Svenska Elektrikerförbundet').
Number of shares: 500

GEIR GJESTAD

Year of birth: 1964
Geir Gjestad is a member of the Board in the capacity of employee representative for Bravida and has been employed as an electrician with Bravida since 1997. Geir Gjestad is a representative of the Electrician and IT workers union in Norway ('EL og IT Forbundet i Norge').
Number of shares: 0

ANDERS MÅRTENSSON

Year of birth: 1965
Anders Mårtensson is a member of the Board in the capacity of employee representative for Bravida and has been employed as a plumber with Bravida since 1988. Anders Mårtensson is a representative of The Swedish Building Workers' Union ('Byggnads').
Number of shares: 250

ÖRNULF THORSEN

Year of birth: 1966
Örnulf Thorsen is a member of the Board in the capacity of employee representative for Bravida and has been employed as an electrician since 1984. Örnulf Thorsen has been a Project Manager at Bravida since 1993. Örnulf Thorsen represents 'Ledarna' (Swedish Organisation for Managers).
Number of shares: 500

From left to right: Magnus Hamerslag, Anders Ahlquist, Magnus Liljefors, Nils-Johan Andersson, Lars Korduner, Mattias Johansson, Bent Andersen, Filip Bjurström, Ingegerd Engquist, Thommy Lundmark, Marcus Karsten, Tore Bakke.

BRAVIDA GROUP MANAGEMENT

MATTIAS JOHANSSON
President and CEO since 2015.
Year of birth: 1973
Employed at Bravida since: 1998
Previous assignments: Many years of experience within Bravida, including as Branch Manager, Regional Manager, and Head of Division South (Sweden) and Division Norway.
Education: MSc in Civil Engineering
Number of shares: 833,698

NILS-JOHAN ANDERSSON
CFO since 2014.
Year of birth: 1962
Employed at Bravida since: 2014
Previous assignments: Business Area Manager – HVAC and CFO, Lindab Group.
Education: MSc in Economics and Business
Number of shares: 430,624

THOMMY LUNDMARK
Head of Division North (Sweden) since 2016.
Year of birth: 1964
Employed at Bravida since: 1983
Previous assignments: Many years' experience within Bravida, including as Project Manager, Branch Manager and Regional Manager.
Board assignments: Board member of Friginor och E/S intressenter AB. Deputy board member for VVS Företagen.
Education: Upper-secondary engineering qualification
Number of shares: 4,950

FILIP BJURSTRÖM
Head of Division Stockholm since 2009.
Year of birth: 1969
Employed at Bravida since: 2009
Previous assignments: Regional Manager at NCC Boende.
Board assignments: Board member of AB Svensk Byggtjänst. Board member of VVS Företagen.
Education: MSc in Civil Engineering
Number of shares: 238,704

ANDERS AHLQUIST
Head of Division South (Sweden) since 2013.
Year of birth: 1966
Employed at Bravida since: 2008
Previous assignments: Branch Manager at Wikströms VVS-kontroll, Marketing Director with Bravida Division South.
Education: Upper-Secondary Mechanical Engineering qualification
Number of shares: 274,510

TORE BAKKE
Head of Division Norway since 2015.
Year of birth: 1970
Employed at Bravida since: 2009
Previous assignments: Branch Manager at Siemens AS. Regional Manager of Region East with Bravida Norway.
Board assignments: Board member of the trade organisation NELFO. Charmain of HeLa Bakke AS.
Education: BSc in Engineering
Number of shares: 115,922

BENT ANDERSEN
Head of Division Denmark since 2007.
Year of birth: 1961
Employed at Bravida since: 2003
Previous assignments: Regional Manager at Fyn och Jylland, Bravida Denmark.
Board assignments: Board member of Danløft A/S.
Education: MSc in Engineering and Executive MBA
Number of shares: 261,977

MARCUS KARSTEN
Head of Division Finland sedan 2015.
Year of birth: 1966
Employed at Bravida since: 2014
Previous assignments: CEO of Tekmanni Service Oy. CEO of Lemminkäinen Talotekniikka Oy.
Board assignments: Board member of Corbel Oy. Board member of the Finnish Handball Association.
Education: MSc in Economics
Number of shares: 40,347

INGEGERD ENGQUIST
Head of Group HR since 2016
Year of birth: 1968
Employed at Bravida since: 2016
Previous assignments: HR Manager at IFS, HR Manager at Electrolux, HR Manager and Director of HR at Holmen.
Board assignments: Board member of Länsförsäkringar Östgöta
Education: BA in Human Resources and Labour Relations
Number of shares: 4,000

MAGNUS HAMERSLAG
Head of Business Development since 2011.
Year of birth: 1973
Employed at Bravida since: 2008
Previous assignments: Group Manager at ÅF & SWECO. CEO of Erfator Projektledning. Head of Production Systems and Interim Head of Group HR at Bravida.
Education: Upper-secondary Engineering qualification
Number of shares: 9,242

LARS KORDUNER
Chief Purchasing Officer since 2005.
Year of birth: 1966
Employed at Bravida since: 2005
Previous assignments: Purchasing Group Manager, Cramo AB. Sales and Business Development Manager, Cramo Sverige AB.
Board assignments: Chairman of Resultatfabriken AB.
Education: Business Administration, Accounting and Financing
Number of shares: 122,865

MAGNUS LILJEFORS
General counsel since 2010.
Year of birth: 1963
Employed at Bravida since: 2005
Previous assignments: Lawyer at Advokatfirman Glimstedt, General Counsel at Nordisk Renting AB.
Education: Bachelor of Laws, Master of Laws.
Number of shares: 140,578

DEFINITIONS

FINANCIAL DEFINITIONS

NUMBER OF EMPLOYEES
Calculated as the average number of employees during the year, taking account of the percentage of full-time employment.

RETURN ON EQUITY
12-month rolling net profit/loss as a percentage of average equity.

EFFECTIVE TAX RATES
Recognised tax expense as a percentage of profit/loss before tax.

EQUITY PER SHARE, SEK
Equity attributable to equity holders of the parent company divided by the number of shares outstanding at period end.

NET FINANCIAL ITEMS
Total exchange differences on borrowing and cash and cash equivalents in foreign currency, other financial revenue and other finance costs.

ADJUSTED OPERATING MARGIN
Operating profit/loss excluding specific costs as a percentage of net sales.

ADJUSTED OPERATING PROFIT/LOSS
Earnings before financial items and taxes adjusted for specific costs.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE
Cash flow from operating activities for the period, divided by the number of shares at period end.

12-MONTH CASH CONVERSION
12-month EBITDA (operating profit/loss plus depreciation and amortisation) +/- change in working capital and investment in machinery and equipment in relation to 12-month EBIT (operating profit/loss).

NET SALES
Net sales are recognised in accordance with the principle of percentage-of-completion method. These revenues are recognised in proportion to the degree of completion of projects.

NET DEBT/EBITDA ADJUSTED FOR SPECIFIC COSTS
Average net debt divided by EBITDA excluding specific costs, based on a rolling 12-month calculation.

NET DEBT
Interest-bearing liabilities, excluding pension liabilities, less cash and cash equivalents.

ORGANIC GROWTH
The change in sales adjusted for currency effects, as well as acquisitions and disposals compared with the same period of the previous year.

OPERATING CASH FLOW
Operating profit/loss adjusted for noncash items, investments in machinery and equipment and changes in working capital.

ORDER INTAKE
The value of projects received and changes to existing projects during the period in question.

ORDER BACKLOG
The value of remaining, not yet accrued project revenues from orders on hand at the end of the period. Order backlog does not include service operations, only installation projects.

EARNINGS PER SHARE
Earnings for the period in relation to the average number of shares in the period.

INTEREST COVERAGE RATIO
Profit/loss after financial items plus interest expense, divided by interest expense.

WORKING CAPITAL
Total current assets, excluding cash and cash equivalents, minus current liabilities excluding current provisions and borrowing.

OPERATING MARGIN
Operating profit/loss as a percentage of net sales.

OPERATING PROFIT/EBIT
Earnings before financial items and taxes.

OPERATING PROFIT/LOSS BEFORE DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES/EBITDA
Operating profit/loss before scheduled depreciation, amortisation and impairment losses.

EQUITY/ASSETS RATIO
Equity including non-controlling interests as a percentage of total assets.

SPECIFIC COSTS
Items not included in standard business transactions, and where respective amounts are significant and consequently have an effect on earnings and key figures, are classified as non-recurring items.

PROFIT MARGIN
Profit/loss after financial items, as a percentage of net sales.

OPERATIONAL DEFINITIONS

INSTALLATION/CONTRACTING
The installation and refurbishment of technical systems in properties, facilities and infrastructure.

SERVICE
Operation and maintenance, as well as minor refurbishment of installations in buildings and facilities.

ELECTRICAL
Power supply, lighting, heating, automatic control and surveillance systems. Telecom and other low-voltage installations. Fire and intruder alarm products and systems, access control systems, CCTV and integrated security systems.

HVAC (HEATING, VENTILATION AND AIR CONDITIONING)
Comfort ventilation and comfort cooling through air treatment, air conditioning and climate control. Commercial cooling in freezer and cold rooms. Process ventilation control systems. Energy audits and energy efficiency through heat recovery ventilation, heat pumps, etc.

HEATING AND PLUMBING
Water, waste water, heating, sanitation, cooling and sprinkler systems. District heating and cooling.
Industrial piping with expertise in all types of pipe welding. Energy saving through integrated energy systems.

BRAVIDA'S HISTORY

Bravida emerged out of BPA, a Swedish building and installation company dating back to the 1920s.

The company was formed in 2000 through a merger of BPA and the installation division of Telenor. In 2003, Bravida acquired the Danish company Semco A/S, which formed what is now Bravida's Danish division. In 2005, Bravida's head office relocated to Stockholm. In 2012, private equity firm Bain Capital became the owner of Bravida. In 2015, Bravida acquired Finland-based Peko Group and established operations in Finland. The company was also listed on Nasdaq Stockholm.

- **1922** Twelve building guilds form the basis for Sweden-based BPA
- **1967** Aktiebolaget BPA Byggproduktion AB is formed
- **1986** BPA's shares are listed on the Stockholm Stock Exchange
- **1993** Installation services become the company's main business area
- **1994** Ventilationsunion is acquired from Trelleborg AB
- **1995** Danish plumbing company Ludvigsen & Herman A/S is acquired
- **1999** BPA's shares are delisted
- **2000** BPA and Telenor's installation services operations are merged
- **2003** Bravida acquires Denmark-based Semco A/S – Prenad
- **2004** The business is focussed on the core areas of electrical, heating and plumbing, and HVAC
- **2006** The private equity firm Triton becomes the new principal owner
- **2009** Bravida acquires Siemens Installation AS in Norway
- **2012** The private equity firm Bain Capital becomes the new owner of Bravida
- **2015** Bravida enters the Finnish market by acquiring Peko Group and Halmesvaara Oy
- **2015** Bravida is listed on Nasdaq Stockholm

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bravida

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