Green landscaping

Interim Report January – December 2018

Q4

"Focus on the integration of Svensk Markservice and continued high growth"

October – December 2018

- Sales for the quarter amounted to SEK 375.0 (264.2) million, which corresponds to an increase of 42 percent.
- Organic growth amounted to 3 percentage points and acquired growth to 39 percentage points.
- Adjusted EBITDA amounted to SEK 33.3 (21.4) million.
- Adjusted EBITDA margin amounted to SEK 8.9 (8.1) percent.
- Cash flow from operating activities amounted to SEK 25.1 (35.2) million.
- Earnings per share were SEK –0.42. Diluted earnings per share were SEK –0.42.
- Adjusted earnings per share were SEK 0.29.
- Items affecting comparability amounted to SEK –25.2 (–3.2) million and they are primarily attributable to the acquisition of Svensk Markservice.
- The acquisitions of Svensk Markservice and Mark & Miljö Projekt i Sverige were completed.

January – December 2018

- Sales amounted to SEK 1,180.1 (799.3) million, which corresponds to an increase of 48 percent, of which 8 percentage points is organic growth and 40 percentage points is acquired growth.
- Adjusted EBITDA amounted to SEK 97.2 (65.9) million, which is an increase of 47 percent.
- Adjusted EBITDA margin amounted to SEK 8.2 (8.2) percent.
- Cash flow from operating activities amounted to SEK 3.5 (17.1) million.
- Earnings per share were SEK –0.19. Diluted earnings per share were SEK –0.19.
- Adjusted earnings per share were SEK 1.23.
- Items affecting comparability amounted to SEK –41.9 (–10.2) million and they are primarily attributable to issue costs and the acquisition of Svensk Markservice.
- The Group transitioned to IFRS as of the interim report for January-September. See Note 2 for more information.
- Green Landscaping's shares became listed for trading on Nasdaq First North on 23 March 2018.
- The Board proposes that no dividends shall be paid for the 2018 financial year.

Key performance indicators

SEK m	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Sales	375.0	264.2	1,180.1	799.3
EBITDA	8.0	18.2	55.3	55.8
EBITA	–2.2	7.5	17.9	30.1
Earnings before tax	–13.3	0.8	–12.0	8.3
Items affecting comparability [1)]	–25.2	–3.2	–41.9	–10,2
Adjusted EBITDA	33.3	21.4	97.2	65.9
Adjusted EBITDA margin, %	8.9	8.1	8.2	8.2
Adjusted EBITA	23.0	10.7	59.8	39.9
Adjusted EBITA margin, %	6.1	4.0	5.1	5.0
Cash flow from operating activities	25.1	35.2	3.5	17.1
Order backlog	3,880	1,856	3,880	1,856
Basic earnings per share, SEK	neg	neg	neg	0.64
Diluted earnings per share, SEK	neg	neg	neg	0.64
Adjusted earnings per share, SEK	0.29	0.10	1.23	2.18
Average number of shares, before dilution	35,567,535	7,017,409	29,482,905	6,597,360

1) See Note 7 for details, page 23

CEO comments

We ended the year with continued strong growth. Sales for the fourth quarter were SEK 375 million, which is 42 percent higher than the same quarter last year. Sales got an additional boost in December when the acquisition of Svensk Markservice (a nationwide provider of Ground Maintenance & Landscaping services in Sweden) was completed. Organic growth was 3 percent for the quarter and 8 percent for the full year, which is higher than the average for the market. The acquisition of Svensk Markservice means a significant increase in size and our predicted sales for 2019 are approaching SEK 2 billion.

However, the pace of our growth in 2018 has resulted in an unsatisfying impact on our profit margin. In 2019, we intend to increase focus on the profit margin and customer satisfaction. Above all, this will involve completing the integration of Svensk Markservice. We will also continue pursuing our efforts to consolidate the industry in accordance with our stated strategy.

In our industry, as with many others, there is strong correlation between a high profitability margin and satisfied customers. We believe that more decentralization and decision-making at the local level are key to understanding our customers' needs and fulfilling them.

New acquisition in Skåne

Our consolidation efforts continue and besides our acquisition of Svensk Markservice, we also acquired Mark & Miljö. Its main area of operations is surface planning of outdoor environments in Malmö. Mark & Miljö is an excellent example of the type of business we are interested in acquiring. We focus on easy attainable synergies and profitable contract portfolios, where we can work together with the acquired companies to increase value to customers.

Integration of Svensk Markservice

We completed the acquisition of Svensk Markservice in December following approval by the Swedish Competition Authority. Our integration efforts began immediately thereafter. The main synergies that we have identified are improved sourcing, efficiency and a larger service offering, all of which will benefit customers.

We have a clear plan for the integration work, which is now being implemented. The integration is extensive and involves consolidating facilities and collaborating in areas where we previously had overlapping activities. All of the prerequisites exist for realizing the stated synergies of SEK 25 million by 2020, at the prior stated costs.

New regions

We added two new regions to our organizational structure following the acquisition of Svensk Markservice. This will facilitate more efficient management and control of our operations.

The project to become listed on Nasdaq Stockholm is proceeding as planned and we hope to have the change of marketplace completed during the first half of 2019.

Johan Nordström
CEO

The Group's performance

Sales and earnings in the fourth quarter

Sales for the fourth quarter amounted to SEK 375.0 (264.2) million, which is an increase of 42.5 percent.

EBITDA for October – December was SEK 8.0 (18.2) million. Net financial items amounted to SEK –5.8 (–4.4) million. The interest expense on our external loans was SEK 4.1 (5.3) million. Loss for the period amounted to SEK –14.9 (–2.4) million, which means that earnings per share are negative. Tax expense for the quarter was SEK –1.6 (–3.3) million.

The Group consists of three segments. Ground Maintenance & Landscaping, Sports Landscaping and Arborist Services.

Sales and earnings, January – December

Sales for the full year amounted to SEK 1,180.1 (799.3) million, which is an increase of 47.6 percent.

EBITDA for the full year was SEK 55.3 (55.8) million. There was a negative impact on earnings from the costs associated with the IPO (SEK 16 million) along with interest expenses on a higher level of debt prior to the IPO and the acquisition of Svensk Markservice. See Note 7 for details on items affecting comparability. Net financial items amounted to SEK –15.7 (–17.2) million. The interest expense on our external loans was SEK –10.9 (–15.9) million. Reported earnings were a loss of SEK –5.7 (4.2) million, which means that earnings per share were negative. Diluted earnings per share were negative. Tax expense for the year amounted to SEK 6.3 (–4.1) million.

Order backlog

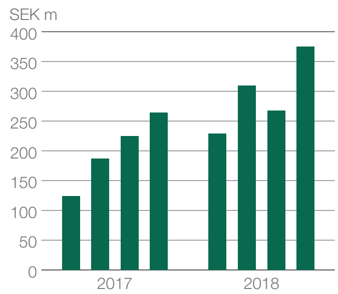
At the end of the fourth quarter, order backlog amounted to SEK 3,880 (1,856) million, which is an increase of 109 percent compared to last year.

Over time, there is a correlation between the size of order backlog and sales. But this is not necessarily the case over the short term. The reason is that large, long-term contracts are procured with intervals of 5-10 years. When customers renew contracts with Green Landscaping it has a major impact on the order backlog. Sales, however, are expected to be the same per year.

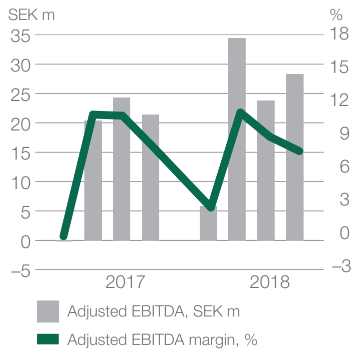
Conversion to IFRS

This interim report has been prepared in accordance with IAS 34 and RFR 1 issued by the Swedish Financial Reporting Board. The parent company's report has been prepared in accordance with RFR 2. This is the second time that the Group is issuing a report in accordance with International Financial Reporting Standards (IFRS).

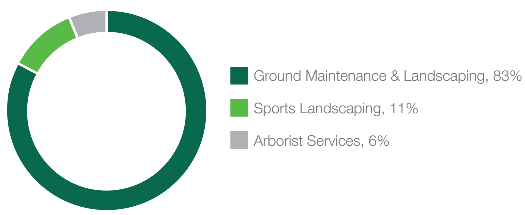
Sales per quarter



Adjusted EBITDA



Sales per business area, %
January – September



Ground Maintenance & Landscaping

In the area of Ground Maintenance, the company offers a complete range of green area maintenance services, including cleaning, lawn mowing, pruning, planting, harvesting and road maintenance. During winter, the company offers snow and ice removal services. In the area of Landscaping, the company offers a wide range of services that includes project planning, surface planing and renovation of green areas, along with minor construction projects like playgrounds, sedum roofs and other outdoor structures.

Sales and earnings in the fourth quarter

Sales for the fourth quarter amounted to SEK 331.6 (235.4) million, which is an increase of 41 percent.

The increase in sales was primarily fueled by the acquisition of Svensk Markservice.

Adjusted EBITDA amounted to SEK 42.5 (29.1) million, which is an increase of 46 percent.

Focus is further intensifying on improving efficiency and increasing the margin. Synergy benefits derived from collaboration between Green Landscaping and Svensk Markservice are expected to increase value to customers and our margin.

Sales and earnings, January – December

Sales for the full year amounted to SEK 980.9 (686.0) million, which is an increase of 43 percent.

The high level of activity for snow and ice removal had a positive impact on sales during the first quarter. New contracts and high demand from existing customers has fueled organic growth as of the second quarter. A portion, however, is acquired growth.

Adjusted EBITDA amounted to SEK 112.4 (85.7) million, which is an increase of 31 percent.

The change is primarily attributable to higher volume.

Order backlog

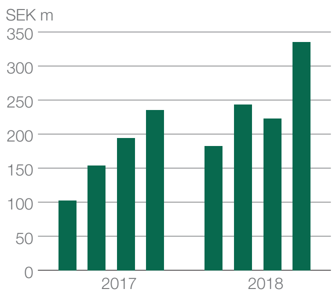
Order backlog amounted to SEK 3,686 (1,675) million, which is an increase of 120 percent.

Several new orders were won during the quarter from many customers including: Kungälv Municipality, Region Halland, Umeå Municipality, Salem Municipality, Haninge Municipality, Rinkeby-Kista, SFV's Vadstena-Linköping Castle and new orders from Micasa Fastigheter.

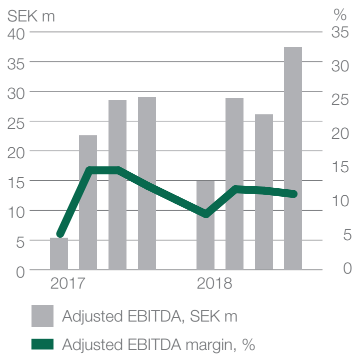
Key performance indicators

SEK m	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Sales	331.6	235.4	984.7	686.0
Adjusted EBITDA	42.5	29.1	107.4	85.7
Adjusted EBITA	34.4	22.3	80.1	67.3
Order backlog	3,900	1,675	3,900	1,675

Sales per quarter



Adjusted EBITDA



Sports Landscaping

The Sports Landscaping business area offers consultancy, product sales and maintenance of sports and leisure facilities, such as golf courses and football fields. Other services are offered as well, such as planting and renovation of natural grass and hybrid grass pitches.

Sales and earnings in the fourth quarter

Sales for the fourth quarter amounted to SEK 17.1 (18.0) million, which is on a par with last year.

The warm summer had a negative impact on the volume of facility projects in the quarter. Product sales, however, were slightly higher than budget.

Adjusted EBITDA for the quarter amounted to SEK –3.7 (2.8) million, which is an decrease of SEK 6.5 million.

The change is primarily attributable to our larger mix of property projects with a lower margin.

Sales and earnings, January – December

Sales for the full year amounted to SEK 141.1 (66.2) million, which is an increase of 131 percent. The increase is primarily attributable to the acquisition of Jordelit.

Adjusted EBITDA for the full year amounted to SEK 9.8 (8.2) million, which is an increase of SEK 1.6 million.

The change in volume is attributable to the acquisition of Jordelit. The lower margin is also attributable to higher purchasing costs resulting from a weak SEK. The larger mix of facility projects with a lower margin also explain the change in margin.

Order backlog

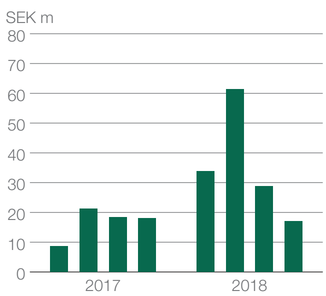
Order backlog amounted to SEK 83 (70) million, which is an increase of 19 percent.

Subsequent to the end of Q4, we won a contract to complete a new football field for Malmö FF prior to the Europa League game against Chelsea.

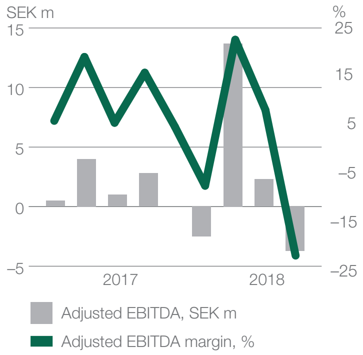
Key performance indicators

SEK m	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Sales	17.1	18.0	141.1	66.2
Adjusted EBITDA	–3.7	2.8	9.8	8.2
Adjusted EBITA	–5.8	1.5	2.4	4.3
Order backlog	83	70	83	70

Sales per quarter



Adjusted EBITDA



Arborist Services

The Arborist Services business area offers consultation, tree trimming, care of forests in the vicinity of densely populated areas and biomass management. Contracts are typically long-term framework agreements or smaller assignments where an hourly fee is charged.

Sales and earnings in the fourth quarter

Sales for the fourth quarter amounted to SEK 25.2 (16.0) million, which is an increase of 58 percent.

Adjusted EBITDA amounted to SEK 4.7 (1.7) million, which is an increase of SEK 2.9 million.

The improvement primarily results from strong demand in all of our business areas, particularly Arborist Services. Delivery efficiency continued to improve in the segment as well.

Sales and earnings, January – December

Sales for the full year amounted to SEK 71.6 (51.5) million, which is an increase of 39.0 percent.

Adjusted EBITDA amounted to SEK 9.0 (5.5) million, which is an increase of SEK 3.5 million.

The improvement is primarily attributable to strong organic growth (22 percentage points) and the acquisition of Trädexperterna (17 percentage points) in July. The higher operating profit was mainly a result of an improvement in invoiced hours and the new organizational structure with business areas that was implemented in 2018.

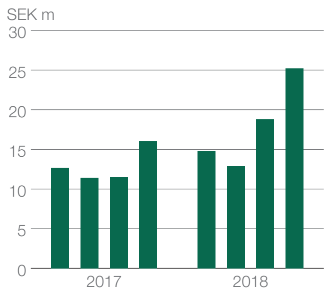
Order backlog

Order backlog amounted to SEK 112 (111) million, which is on a par with last year.

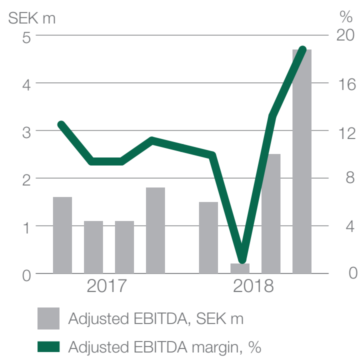
Key performance indicators

SEK m	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Sales	25.2	16.0	71.6	51.5
Adjusted EBITDA	4.7	1.7	9.0	5.5
Adjusted EBITA	3.5	1.2	5.1	3.5
Order backlog	112	111	112	111

Sales per quarter



Adjusted EBITDA



OTHER FINANCIAL INFORMATION

Financial position

Consolidated equity amounted to SEK 202.8 (34.4) million, which corresponds to an increase of SEK 168.4 million compared to 2017-12-31. In conjunction with becoming listed on Nasdaq First North, there was a new share issue which generated SEK 72.9 million for the company. There was also a set-off issue, whereby convertible debt of SEK 92.3 million was converted to equity. (Interest on the convertible debt amounted to SEK 2.3 million for the first quarter but because it was converted to equity, it will not impact earnings in the future)

Available liquidity amounts to SEK 106.0 million.

Cash flow, investments and depreciation/amortization

Consolidated cash flow from operating activities for the quarter was SEK 25.1 (35.2) million.

The need for working capital varies with the season and it fell by SEK 23.6 million in the quarter because many projects were completed and invoiced.

Net investments during the period (Q4) amounted to SEK –12.3 (–10.0) million.

Depreciation of property, plant and equipment during the period was SEK –10.2 (–10.7) million.

Amortization of intangible assets during the period was SEK –5.3 (–2.3) million.

Employees

The average number of employees for the period was 742, compared to 509 employees during the same period last year.

Risks and uncertainties

Operational risks

Operating activities involve several risk factors that could impact the company's business and financial position. The risks are primarily associated with operating activities such as quality of supply, tendering, and delivery efficiency. Weather is another external risk that could impact earnings. To counter such risks, the company strives to have a mix of agreements with fixed and variable remuneration. It also strives to share the risks with customers and subcontractors.

Financial risks

Through its operations, the Group is exposed to a variety of financial risks, such as credit risk, market risks (interest rate risk and other price risks) and liquidity risk. The Group's overall risk management is focused on unpredictability in the financial markets and efforts are aimed at minimizing the potential negative effects on the Group's financial results.

The Group's financial transactions and risks are managed by the CFO and the company's other senior executives, along with the board of directors. The Group's overall goal for financial risks is to minimize the negative effects on the Group's earnings due to market changes or other changes in the surrounding world.

Significant events after the end of the period

There have not been any significant events after the end of the reporting period.

Transactions with related parties

During the first quarter, FSN Capital III L.P. and Johan Nordström converted their convertible loans to shares. The conversion was executed at the going market rate. No other significant transactions with related parties occurred besides ordinary salaries and remuneration to the Board of Directors and senior executives.

Parent Company

The Parent Company's net sales for the period amounted to SEK 17.0 (0.3) million. Operating profit (loss) amounted to SEK –8.8 (–0.4) million. The change is primarily attributable to higher costs associated with the IPO, acquisition costs and investments to strengthen internal controls.

Accounting policies

The interim report was prepared in accordance with International Financial Reporting Standards (IFRS).
This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Disclosures in accordance with IAS 34.16A are provided in the financial statements, notes and other parts of the interim report.

Seasonal variations

Operations are affected by seasonal variations. The service offering also varies with each season. During summer, the company offers a complete range of green area maintenance services, including cleaning, lawn mowing, pruning, planting, harvesting and road maintenance. During winter, the company offers snow and ice removal services. Sales and earnings in any given quarter are affected by the season. For Green Landscaping's operations, the first quarter of the year is low season. Sales are lower then, which has a negative impact on earnings. The level of activity increases starting in April and through to the end of the year. The highest sales and earnings are typically generated in the fourth quarter, because that is when the year's projects are wrapped up.

Share information

The company became listed on Nasdaq First North on 23 March 2018. The Certified Adviser is Pareto Securities AB.

Share-based incentive program

The company has established a share-based incentive program for key employees of the Group. With full utilization of the company's incentive program, a total of 1,672,723 shares will be issued, which would have a maximum dilutive effect of approximately 4.5 percent of share capital. The subscription price for shares that are subscribed to via the warrants is SEK 27.30 per share. The premium per warrant, which has been calculated in accordance with the Black & Scholes model amounted to SEK 1.53. Subscription of shares may occur during the period 23 March 2021 through 23 June 2021. With full utilization of the warrants, the company's share capital will increase by SEK 118,763.

Consolidated statement of comprehensive income, in summary

SEK m	Note	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2016
Revenue from contracts with customers	3.4	373.3	263.2	1,176.1	796.6	680.7
Other operating income		1.7	1.1	4.0	2.7	0.9
Sales	2	**375.0**	**264.3**	**1,180.1**	**799.3**	**681.6**
Operating costs						
Cost of goods and services sold		–189.8	–127.4	–586.6	–373.9	–348.7
Other external expenses		–42.1	–33.2	–124.3	–93.1	–53.6
Employee benefit expenses		–122.6	–85.4	–386.3	–276.4	–252.5
Other operating costs		–12.4	0.0	–27.6	–0.1	0.0
Depreciation of PPE		–10.2	–10.7	–37.4	–25.7	–17.8
Amortization of intangible assets		–5.3	–2.3	–14.2	–4.6	0.0
Operating profit (loss)	2	**–7.5**	**5.3**	**3.7**	**25.5**	**9.0**
Profit (loss) from financial items						
Financial income		0.2	2.2	0.3	2.5	0.6
Financial expenses		–6.0	–6.6	–16.0	–19.7	–12.8
Total profit (loss) from financial items	2	**–5.9**	**–4.4**	**–15.7**	**–17.2**	**–12.2**
Profit (loss) after financial items		**–13.3**	**0.9**	**–12.0**	**8.3**	**–3.2**
Tax	2	**–1.6**	**–3.3**	**6.3**	**–4.1**	**–1.3**
PROFIT (LOSS) FOR THE PERIOD		**–14.9**	**–2.4**	**–5.7**	**4.2**	**–4.5**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the period		**–14.9**	**–2.4**	**–5.7**	**4.2**	**–4.5**

All net profit and comprehensive income for the period is attributable to the Parent Company's shareholders.

Consolidated statement of financial position, in summary

SEK m	Note	31 Dec 2018	31 Dec 2017	31 Dec 2016
Assets				
Intangible assets	6	557.4	179.1	79.3
Property, plant and equipment		165.5	81.8	43.1
Financial assets		21.5	16.7	17.4
Inventories		23.7	31.2	9.6
Contract assets		41.6	36.0	23.5
Current receivables		372.1	213.0	133.9
Cash and cash equivalents		96.3	33.7	6.1
TOTAL ASSETS		**1,278.1**	**591.6**	**312.9**
Equity and liabilities				
Equity	2	202.8	34.4	0.7
Non-current liabilities		605.7	160.1	83.6
Contract liabilities		15.3	16.5	9.5
Current liabilities		454.3	380.6	219.2
TOTAL EQUITY AND LIABILITIES		**1,278.1**	**591.6**	**312.9**

Consolidated statement of changes in equity

SEK m	Share capital	Other contributed capital	Retained earnings including profit/loss for the year	Total
Opening balance 2017-01-01	**1.9**	**191.0**	**–192.2**	**0.7**
Correction of present value calculation on convertible loans, prior years		–6.5		–6.5
New share issue	0.2	19.8		20.0
New share issue	0.1	15.9		16.0
Comprehensive income for the period			4.2	4.2
Closing balance 2017-12-31	**2.2**	**220.2**	**–188.0**	**34.4**
New share issue	0.3	84.7		85.0
Issue costs		–2.1		–2.1
Set-off issue	0.4	88.4		88.8
Withdrawal of shares	–0.6		0.6	0.0
Bonus issue	0.2		–0.2	0.0
Premiums for warrants			2.4	2.4
Comprehensive income for the period			–5.7	–5.7
Closing balance 2018-12-31	**2.5**	**391.3**	**–191.0**	**202.8**

All equity is attributable to the parent company's shareholders

Consolidated cash flow statement, in summary

SEK m	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2016
Operating profit (loss)	–7.5	5.2	3.8	25.5	9.0
Adjustment for depreciation/amortization	15.7	13.1	51.6	30.2	17.8
Other non-cash items	–5.4	–1.9	–6.4	–1.9	0.4
Interest received and paid	–6.7	–2.1	–16.8	–7.4	–5.5
Paid income tax	5.4	1.5	–3.0	–0.4	–0.2
Cash flow from operating activities before changes in working capital	**1.5**	**15.8**	**29.2**	**46.0**	**21.5**
Cash flow from changes in working capital	23.6	19.4	–25.7	–28.9	–18.9
Cash flow from operating activities	**25.1**	**35.2**	**3.5**	**17.1**	**2.6**
Acquisition of subsidiaries and operations	–211.1	–47.9	–212.8	–75.8	–
Acquisition of property, plant and equipment and intangible assets	–16.7	–13.2	–52.3	–34.2	–12.4
Sale of non-current assets	1.9	3.1	4.4	3.1	2.7
Cash flow from investing activities	**–225.9**	**–58.0**	**–260.7**	**–106.9**	**–9.7**
New share issue	–	–	72.9	–	–
New loans	492.0	55.1	522.6	129.0	17.2
Loan amortization	–223.6	–14.1	–278.1	–11.6	**–7.9**
Options	**0**	**–**	2.4	**–**	**–**
Cash flow from financing activities	**268.4**	**41.0**	**319.8**	**117.4**	**9.3**
Cash flow for the period	**67.6**	**18.2**	**62.6**	**27.6**	**2.2**
Cash and cash equivalents at the beginning of the period	28.7	15.5	33.7	6.1	3.9
Cash and cash equivalents at the end of the period	96.3	33.7	96.3	33.7	6.1

Parent Company income statement, in summary

SEK m	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2016
Net sales	17.0	0.3	18.3	1.4	1.9
Operating costs					
Other external expenses	–23.4	–0.6	–41.4	–1.1	–1.6
Employee benefit expenses	–2.4	–0.1	–5.9	–0.4	–0.3
Depreciation of property, plant and equipment and amortization of intangible assets	0.0	0.0	0.0	0.0	0.0
Operating profit (loss)	**–8.8**	**–0.4**	**–29.0**	**–0.1**	**0.0**
Financial items	–2.5	–3.9	–11.1	–11.1	–6.3
Appropriations	27.1	–	27.1	–	–
Tax	4.2	0.0	4.2	0.0	0.0
Profit (loss) for the year	**19.9**	**–4.3**	**–8.8**	**–11.2**	**–6.3**

Parent Company balance sheet, in summary

SEK m	31 Dec 2018	31 Dec 2017	31 Dec 2016
Assets			
Intangible assets	0.5	0.0	0.0
Financial assets	781.9	362.9	208.4
Total non-current assets	**782.4**	**362.9**	**208.4**
Current receivables	62.4	1.9	0.5
Cash and bank	0	2.4	0.3
Total current assets	**62.4**	**4.3**	**0.8**
TOTAL ASSETS	**844.8**	**367.2**	**209.2**
Equity	285.1	116.2	99.2
Non-current liabilities	444.7	132.6	81.3
Current liabilities	115.0	118.4	28.7
TOTAL EQUITY AND LIABILITIES	**844.8**	**367.2**	**209.2**

KPIs for the Group

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sales, SEK m	375.0	267.1	309.3	228.8	264.2	224.6	186.8	123.7
Adjusted EBITDA, SEK m	33.3	23.8	34.4	5.8	21.4	24.3	20.4	–0.2
Adjusted EBITDA margin, %	8.9	8.9	11.1	2.5	8.1	10.8	10.9	–0.1
Adjusted EBITA, SEK m	23.0	14.4	26.3	–3.8	10.7	16.4	16.9	–4.1
Adjusted EBITA margin, %	6.1	5.1	8.5	–1.7	4.0	7.3	9.0	–3.3
Working capital, SEK m	42.2	63.2	13.1	–6.7	–30.5	–11.9	2.2	–30.4
Adjusted working capital, SEK m	42.2	63.2	13.1	–6.7	14.9	29.2	30.5	–2.4
Items affecting comparability, SEK m [1]	25.2	0.0	0.4	16.3	3.2	1.8	4.7	0.5
Equity, SEK m	202.8	207.6	191.1	171.1	34.4	20.9	0.1	7.4
Interest-bearing net debt, SEK m	–540.5	–126.6	–73.8	–75.5	–145.2	–143.6	–92.9	–71.2
Net debt/Adjusted EBITDA RTM, times [2]	–5.6	–1.5	–0.9	–1.1	–2.2	–2.7	–1.9	–1.5
Average number of employees	742	584	605	463	509	492	419	329

1) See Note 7, page 23
2) Net debt/Adjusted EBITDA RTM PF is –3.5 as of 2018-12-31.

Reconciliation of KPIs not defined in accordance with IFRS

The company presents certain financial measures in its interim report that are not defined in accordance with IFRS. The company feels that these measures provide valuable, supplementary information to investors and company management. Accordingly, the measures should be regarded as a supplement, rather than a replacement for measures defined in accordance with IFRS. Because Green Landscaping's definitions of these measures might differ from other companies' definitions of the same concepts, an explanation of how they are calculated is provided below. For more information on the purpose of each measure, please see "Definitions and explanations" on page 25.

EBITDA	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Operating profit (loss)	–7.5	11.2	23.0	–23.0	5.1	12.7	12.3	**–4.6**
Depreciation/amortization	15.5	12.6	11.0	12.6	13.1	9.8	3.4	**4.0**
Total EBITDA	**8.0**	**23.8**	**34.0**	**–10.4**	**18.2**	**22.5**	**15.7**	**–0.6**

Adjusted EBITDA	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
EBITDA	8.0	23.8	34.0	–10.5	18.3	22.5	15.7	–0.7
Items affecting comparability	25.2	0.0	0.4	16.3	3.2	1.8	4.7	0.5
Total Adjusted EBITDA	**33.3**	**23.8**	**34.4**	**5.8**	**21.4**	**24.3**	**20.4**	**–0.2**

Adjusted EBITDA margin is calculated as Adjusted EBITDA in relation to sales.

Adjusted EBITA	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Adjusted EBITDA	33.3	23.8	34.4	5.8	21.4	24.3	20.4	–0.2
Depreciation of PPE	–10.2	–9.4	–8.1	–9.6	–10.9	–7.9	–3.5	–3.9
Total Adjusted EBITA	**23.1**	**14.4**	**26.3**	**–3.8**	**10.5**	**16.4**	**16.9**	**–4.1**

Adjusted EBITA margin is calculated as Adjusted EBITA in relation to sales.

Working capital	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Inventories	23.7	25.8	25.2	33.5	31.2	7.7	8.6	8.8
Current receivables	413.7	254.0	246.0	223.5	249.0	206.5	159.0	120.4
Accounts payable	–169.6	–81.2	–107.2	–108.8	–131.8	–79.7	–60.7	–49.2
Other liabilities	–60.0	–15.1	–18.8	–13.3	–21.8	–27.7	–9.5	–12.8
Contract liabilities	–15.3	–17.0	–29.3	–33.2	–16.5	–13.1	–5.8	–5.0
Accrued expenses	–150.3	–103.3	–102.8	–108.4	–140.6	–105.6	–89.4	–92.6
Total working capital	**42.2**	**63.2**	**13.1**	**–6.7**	**–30.5**	**–11.9**	**2.2**	**–30.4**

Adjusted working capital	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Inventories	23.7	25.8	25.2	33.5	31.2	7.7	8.6	8.8
Current receivables	413.7	254.0	246.0	223.5	249.0	206.5	159.0	120.4
Accounts payable	–169.6	–81.2	–107.2	–108.8	–131.8	–79.7	–60.7	–49.2
Other liabilities	–60.0	–15.1	–18.8	–13.3	–21.8	–27.7	–9.5	–12.8
Contract liabilities	–15.3	–17.0	–29.3	–33.2	–16.5	–13.1	–5.8	–5.0
Accrued expenses	–150.3	–103.3	–102.8	–108.4	–140.6	–105.6	–89.4	–92.6
Interest convertible loans	0.0	0.0	0.0	0.0	45.4	41.1	28.3	28.0
Total adjusted working capital	**42.2**	**63.2**	**13.1**	**–6.7**	**14.9**	**29.2**	**30.5**	**–2.4**

Net debt	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Bank overdraft	–17.6	–50.4	–9.3	–43.7	–43.5	–57.6	–41.8	–32.3
Liabilities to credit institutions (non-current)	–453.7	–42.3	–41.6	–37.6	–51.1	–52.0	–23.8	–5.9
Liabilities pertaining to finance leases	–112.7	–56.1	–45.1	–45.8	–45.9	–45.0	–31.6	–34.7
Liabilities to credit institutions (current)	–52.8	–6.4	–8.9	–36.3	–38.5	–4.6	–0.4	0.0
Cash and cash equivalents	96.3	28.7	31.2	88.0	33.8	15.6	4.7	1.7
Total Net debt	**–540.5**	**–126.6**	**–73.8**	**–75.5**	**–145.2**	**–143.6**	**–92.9**	**–71.2**

Adjusted EBITDA	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Adjusted EBITDA for the quarter	33.3	23.8	34.4	5.8	21.4	24.3	20.4	–0.2
Total, last 4 quarters	97.3	85.4	85.9	71.9	65.9	52.6	48.4	47.0
Total Adjusted EBITDA RTM	**97.3**	**85.4**	**85.9**	**71.9**	**65.9**	**52.6**	**48.4**	**47.0**
Net debt/Adjusted EBITDA RTM, times	–5,6	–1,5	–0.9	–1.1	–2.2	–2.7	–1.9	–1.5

Adjusted earnings per share	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Profit (loss) for the period	–14.9	16.6	19.9	–27.2	–2.5	7.4	7.3	–8.0
Non-Recurring Items	25.2	0	0.4	16.3	3.2	1.8	4.7	0.5
Adjusted earnings	**10.3**	**16.6**	**20.3**	**–10.9**	**0.7**	**9.2**	**12.0**	**–7.5**
Average number of shares	**35,567,535**	**35,498,909**	**35,498,909**	**11,030,518**	**7,017,409**	**6,891,000**	**6,234,600**	**6,234,600**
Adjusted earnings per share, SEK	**0.29**	**0.47**	**0.57**	**neg**	**0.10**	**1.33**	**1.93**	**neg**

Note 1 Accounting policies

1.1 Basis for preparation of financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Financial Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act.

The Parent Company's financial statements have been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The application of RFR 2 means that in the interim report the legal entity, the Parent Company applies all of the IFRS adopted by the EU and the interpretations, to the extent possible without deviating from what is stipulated in the Annual Accounts Act and with consideration given to the relationship between accounting and taxation.

The consolidated financial statements incorporate the results of the Parent Company and all subsidiaries. The Parent Company's functional currency is SEK, which is also the reporting currency for the Parent and the Group.

The consolidated financial statements have been prepared under the going concern assumption. Unless otherwise stated, assets and liabilities have been measured at historic cost. The consolidated financial statements have been prepared in accordance with the acquisition method and all subsidiaries where there is a controlling interest, have been consolidated as of the date when the controlling interest was obtained.

In order to prepare reports in accordance with IFRS, management must make a number of estimates for accounting purposes. The areas where many assessments are required, which are complex, or areas where assumptions and estimates are significant to the consolidated financial statements, are described in Note 1.2. These assumptions and estimates are based on past experience and other factors deemed reasonable under the prevailing circumstances. Actual results may differ from the assessments that were made, if assessments change, or if other conditions arise.

Gross amounts are reported for all assets and liabilities. However, offsetting is used when there is a receivable and a payable on the same counterparty and when there is both legal basis and intent to settle on a net basis. Gross reporting is used for revenue and expenses, unless otherwise stated.

Fixed assets, non-current liabilities and provisions are expected to be reclaimed or settled more than twelve months from the closing date. Current assets and current liabilities are expected to be reclaimed or settled less than twelve months from the closing date.

The applied accounting policies include new and revised standards issued by IASB and adopted by the EU that are in effect as of the reporting date. New standards will be used as soon as they enter into force and an evaluation of the anticipated effects on the financial statements will be made as soon as a change is known.

1.2 Important assessments and assumptions

Senior executives and the Board of Directors make assessments and assumptions about the future. These assessments and assumptions impact the amounts reported for assets, liabilities, revenue and expenses, along with other information that is disclosed, such as contingent liabilities. These assessments are based on past experience and assumptions deemed reasonable under the prevailing circumstances. Conclusions made from this are used as the basis for deciding the amounts reported for assets and liabilities when the amounts cannot be derived from other information. Actual outcome may deviate from these assessments if other assumptions are made or if other conditions arise. Areas that require assessments and assumptions of that kind and which could have a significant impact on the Group's earnings and financial position include:

- Other PPE and intangible assets reported at cost less accumulated depreciation/amortization and any impairment losses. Depreciation/amortization is over the estimated useful life down to the estimated residual value. The carrying amounts of the Group's fixed assets are tested for impairment whenever circumstances change such that there is a write-down requirement. For impairment testing of goodwill, it is necessary to make a number of significant assumptions and assessments in order to calculate the cash-generating unit's value-in-use. These assumptions and assessments are of the expected future discounted cash flows. Forecasts for future cash flows are based on the best possible assessments of future revenue and operating expenses, based on historical trends, general market conditions, developments in, and prognoses for, the sector and other available information. Senior executives compile their assumptions, which are then reviewed by the Board of Directors.
- Calculation of deferred tax asset and deferred tax liability: Assessments are made to determine both current and deferred tax assets and liabilities. This applies in particular to deferred tax assets. For the latter, an assessment is made of the likelihood that the deferred tax assets will be available to be used against future taxable profits. The fair value of these future taxable profits may deviate based on the future business climate, earnings capacity or revised tax rules.
- Calculations pertaining to legal disputes and contingent liabilities: The Group is a party to a number of minor disputes and legal proceedings within the scope of its operating activities. Management engages legal expertise for these issues. When the financial outcome of legal disputes has been assessed as significant, it is reported separately.
- Calculation of warranty provisions and contract assets that are based on a project forecast.

1.3 Revised accounting policies

IFRS 16 Leasing entered into force on 1 January 2019 and the Group will apply the simplified transition approach, which means it will not restate comparative figures. The Group will apply the relief rule, thereby reporting the asset at the same amount as the liability. For the lease agreements that the Group has entered into, right-to-use amounts to SEK 234 million as of 1 January 2019 and leasing liabilities amount to SEK 234 million. If these had been included in net debt at year-end 2018, net debt would have increased from SEK 540 million to SEK 662 million.

In the Parent Company, the exception in RFR 2 on leases will be applied. It means that the Parent Company's accounting policies for reporting leases will remain unchanged.

Consolidated financial statements

Subsidiaries are those companies in which the Parent Company, directly or indirectly, has a controlling influence based on ownership of more than 50 percent of the voting rights of the shares or otherwise has the right to design financial and operational strategies in the company. All subsidiaries are consolidated using the acquisition method.

Business combinations

The cost amount of an acquisition is calculated as the fair value of assets that have been provided as payment along with any liabilities taken over or which have arisen at the acquisition date. With the acquisition method, the fair value of acquired, identifiable assets, assumed liabilities and contingent liabilities in a business combination, regardless of the scope of any minority interest, are measured at fair value as of the acquisition date. Any surplus arising from the difference between cost and fair value on the Group's share of identifiable acquired assets, liabilities and contingent liabilities is reported as goodwill. If the cost amount is less than the fair value of the acquired net assets, it is reported as a negative difference in profit or loss.

Subsidiaries that were acquired during the financial year are included in the consolidated financial statements as soon as the controlling interest has been transferred to the Group. Subsidiaries that were divested during the financial year are included in the consolidated financial statements up until the date when the controlling interest no longer exists.

All intra-Group transactions, balance sheet items, unrealized gains and Group contributions have been eliminated. Unrealized losses are also eliminated unless the transaction is evidence that a write-down requirement exists for the transferred asset.

Segment reporting

Segment reporting is based on the segments used for internal management reporting to the chief operating decision maker, which is the CEO.

Transactions and balance sheet items in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction dates. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of closing day rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Monetary assets and liabilities denominated in foreign currency are converted to the functional currency at the exchange rate prevailing on the closing date.

Revenue recognition

IFRS 15 uses a five-step model for recognizing revenue from contracts with customers. Revenue is recognized when control of the goods and services is transferred to the customer.

The transaction price is allocated to each performance obligation in the contract based on a standalone selling price. It means that each performance obligation must allocate its share of the revenue based on its standalone selling price in relation to the sum of all the standalone selling prices on all performance obligations. Variable remuneration is typically allocated proportionally to the identified performance obligations, unless there are clear indications that the variable remuneration does not pertain to the identified obligations in the contract.

Revenue is recognized over time when any of the three indicators of control stated in IFRS 15 have been satisfied. Both input methods and output methods are applied to measure progress towards complete satisfaction of the Group's performance obligations and how revenue is recognized.

Revenue is recognized at a specific point in time, when control has been transferred to the customer. Typically, transfer of control is assessed as having been transferred when any of the five indicators have been fulfilled, when there is an unconditional obligation to pay, a legal ownership right, physical possession, transfer of significant risks and benefits, or when the good has been accepted.

Operations are primarily service assignments and sale of goods. The Group’s revenue is allocated across three segments, where revenue is recognized as follows:

Ground Maintenance & Landscaping,

Revenue in this segment is primarily recognized over time as services, based on the percentage of completion. Maintenance contracts typically stretch over 3-4 years, with the option to extend. The services rendered are ground maintenance in accordance with agreed principles (frequency/function-based) and periodicity. Extension periods are not recognized until the option has been utilized. Facility contracts typically have a shorter duration, up to 2 years, and they are for more specific assignments, such as building playgrounds, courtyards, etc.

Sports Landscaping

Revenue in this segment is recognized at a specific point in time, or gradually over time. The method applied depends on the business event which has occurred. There are two types of service assignments: maintenance over a longer period of time and with a fixed invoicing plan; and shorter service assignments that are on a running basis. The sale of goods pertains to machinery, materials and spare parts. The sales price is taken from a fixed price list.

Arborist Services

This segment is primarily comprised of services rendered on a running basis. Revenue in this segment is primarily recognized based on the percentage of completion, gradually, over the duration of the contract.

Seasonal variations

Operations are affected by seasonal variations. The service offering also varies with each season. During summer, the company offers a complete range of green area maintenance services, including cleaning, lawn mowing, pruning, planting, harvesting and road maintenance. During winter, the company offers snow and ice removal services. The earnings trend for any given quarter is thus affected by which season it is. For Green Landscaping’s operations, the first quarter of the year is low season. Sales are lower then, which has a negative impact on earnings. The level of activity increases starting in April and through to the end of the year. The highest sales and earnings are typically generated in the fourth quarter, because that is when the year’s projects are wrapped up.

Tax

Tax reported in profit or loss includes both current tax and deferred tax.

Current tax is tax that is paid or refunded for the current year. It also includes adjustments to current tax that are attributable to prior periods.

Deferred tax is recognized on the closing date in accordance with the balance sheet method for temporary differences between assets’ and liabilities’ tax and accounting values. Deferred tax is measured at the nominal amount and it is calculated using the tax rates and legislation in effect or decided as of the closing date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available. Deferred tax assets and deferred tax liabilities are offset when there is a legal right to settle the current tax assets and tax liabilities on a net basis and the tax liabilities relate the same unit in the Group and to taxes levied by the same taxation authority.

Financial instrument – general

Financial assets and liabilities are reported in the statement of financial position when the company becomes party to the instrument’s contractual terms. A financial asset is removed from the statement of financial position when the rights in the contract are realized, mature, or when the company loses control over them. At each reporting occasion, an assessment is made of whether there are objective indicators that a financial asset needs to be written down. A financial liability is removed from the statement of financial position when the stated obligations in the contract have been fulfilled.

Classification and valuation

All financial instruments reported in the balance sheet must be classified in different measurement categories. Measurement of financial instruments is based on this classification. According to IFRS 9, classification of a financial instrument is based on the Group’s business model (the objective for holding the financial asset) along with the financial asset's contractual cash flows. The categories of financial assets in accordance with IFRS 9 are:

- Financial assets measured at amortized cost
- Financial assets measured at fair value via other comprehensive income
- Financial assets measured at fair value via profit or loss

Financial liabilities are measured at amortized cost or fair value via profit or loss.

Receivables

Receivables, including accounts receivable, are measured at amortized cost. IFRS 9 requires that a loss allowance is set up for expected credit losses. Allowance for credit losses is based on historical data and ratings. Any impairment of receivables is recognized in operating costs. Because the expected maturity for accounts receivables is short, they are typically reported at the nominal amount, without any discounting.

Liabilities

Liabilities to credit institutions (non-current and current) that pertain to finance leases, bank overdraft and accounts payable are classified as other financial liabilities measured at amortized cost. At acquisition, other financial liabilities are measured at fair value plus transaction costs. Afterwards, other financial liabilities are measured at amortized cost using the effective interest method.

The Group's liabilities that are measured at fair value via profit or loss consist of additional consideration associated with the acquisition of subsidiaries.

Amortized cost is the amount at which the asset or liability was originally recognized less amortization and any impairment losses, plus accruals for the initial difference between the cost of acquisition and the amount expected to be received on the maturity date.

Fair value is the price which, as of the valuation date, would have been received from sale of an asset or paid with transfer of a liability in an orderly transaction between market participants. If market prices are not available, the fair value for an individual instrument is established using various measurement techniques.

Cash and cash equivalents

Cash and cash equivalents consist of cash-on-hand and deposits with banks and similar institutions that mature within three months of the date of acquisition.

Liabilities to credit institutions

Liabilities to credit institutions are initially recognized at fair value, less transaction costs. Afterwards, they are recognized at cost. Liabilities to credit institutions are classified as current or non-current interest-bearing liabilities in the balance sheet.

Accounts payable

Accounts payable are recognized at amortized cost when the invoice has been received.

Impairment

At the end of each reporting period, an assessment is made of whether there is objective criteria indicating that there is a write-down requirement for a financial asset or group of assets. An impairment loss is recognized only if the objective criteria changes due to one or more events that occurred after the asset was initially recognized. The event(s) must also have a significant impact on the anticipated future cash flows for the asset or group of assets.

An impairment loss is recognized for the amount that the asset's carrying amount exceeds its recoverable amount, which is fair value less selling expenses or value-in-use, whichever is higher. Value-in-use is the present value of estimated future cash flows plus the estimated residual value at the end of the useful life. When calculating value-in-use, future cash flows are discounted using a rate that considers the market's assessment of risk-free interest along with the risk associated with the specific asset. Whenever possible, assessment of impairment is made for individual assets or cash-generating units. The Group bases its calculation on achieved results, forecasts, business plans, economic forecasts and market data.

Reversal of a prior impairment loss occurs when the objective criteria from a future event indicate that a write-down requirement no longer exists.

Intangible assets

Goodwill

Goodwill is made up of the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. There is no amortization of goodwill. Goodwill is allocated to cash-generating units when assessing any impairment need. Allocation is to the cash-generating units that are expected to benefit from the business combination that gave rise to the goodwill.

Brands

Values identified in acquisition analyses that are associated with brands are assessed as having a lifespan equal to the time over which they are actually used. If a brand is discarded, its value will be written off.

Customer relations and contracts with customers

Values identified in acquisition analyses that are associated with customer relations have been assessed as having a life of 1.5-5 years and they are amortized on a straight-line basis.

Other intangible assets

Other intangible assets are externally acquired assets like capitalized expenditure for software, patents, trademarks and licenses. The assets that have a finite useful life are recognized at cost less accumulated amortization and any impairment losses. Other intangible assets are amortized on a straight-line basis over the estimated useful life, which is typically five years. Amortization of intangible assets with a finite useful life starts on the date when they are available for use.

Impairment

Impairment assessment for intangible assets occurs whenever there is an indication that an asset has declined in value. Impairment is recognized if the carrying amount for an asset or its cash-generating unit exceeds the recoverable amount. The recoverable amount is the value-in-use or fair value less selling expenses, whichever is higher. Value-in-use is calculated as the present value of the estimated future cash flows, after tax. At each closing date, an assessment is made of impairment losses recognized in prior periods to see if there are indications that the write-down requirement has declined or if it no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that the asset would have had if impairment losses hadn't been recognized, along with the amortization that would have occurred.

An impairment assessment is made each year of the cash-generating units to which goodwill has been allocated and whenever there are indications of a write-down requirement. Impairment assessment and recognition of impairment losses on goodwill occurs in the same way as with intangible assets. However, impairment losses on goodwill are not reversed.

Property, plant and equipment

Property, plant and equipment primarily consists of machinery and vehicles. Property, plant and equipment are reported at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is based on the cost of acquisition for the asset and it is on a straight-line basis over the estimated useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and they are reported under 'other operating income' or 'other operating expenses'.

Property, plant and equipment with a value that is less then half the price base amount is not capitalized based on the concept of materiality.

The residual value of an asset, its useful life and the depreciation method are reviewed at the end of each financial year and an adjustment is made prospectively, when needed, at the end of each reporting period. Ordinary expenditure for maintenance and repairs is expensed as incurred, but expenditure for significant renewals and improvements is capitalized and reported in the balance sheet. It is then depreciated over the remaining useful life of the underlying asset.

The following depreciation periods are used:

- Expenditure for improvement on unowned property 5 years
- Plant and machinery:
  - Landscaping machinery 5 years
  - Vehicles 5 years
- Equipment, tools, fixtures and fittings 5 years

Leases, as lessee

Finance leases are recognized at the start of the lease term at the lower of the leased asset's fair value and the present value of the minimum lease payments. The leased asset is reported as a fixed asset. Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The corresponding payment obligation, less financial expenses, is included in interest-bearing liabilities. The interest portion of the financial expenses is recognized in the income statement.

Items of property, plant and equipment that are obtained through a finance lease agreement are depreciated over the asset's useful life Lease agreements not classified as finance leases fall into the category of operating leases. The leasing payments for operating leases are expensed on a straight-line basis as operating expenses over the lease term.

Inventories

Inventories are measured at the lower of cost and net realizable value on the closing date. Net realizable value is the estimated sales price of the goods less selling expenses. Cost is calculated using the FIFO method. Initial recognition of raw materials and finished products is at the cost of acquisition. The cost amount of inventories may need to be adjusted if it exceeds the net realizable value. This method of valuation means that any obsolescence in inventories has been considered.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are measured at the closing day rate. Any exchange differences on operating receivables and operating liabilities is included in operating profit or loss. However, exchange differences on financial receivables and liabilities are recognized in financial items.

Provisions, contingent liabilities and contingent assets

Provisions are reported when the Group has a legal or informal obligation resulting from past events, it is probable that payments will be required to settle the obligation and when a reliable estimate of the amount can be made. Provisions are reported in two categories: non-current liabilities and current liabilities.

A contingent liability/asset is a possible liability/asset resulting from past events and which only can be ascertained when one or more uncertain future events occur that are not within the company's control. No liability/asset is reported if the likelihood is very low that an outflow of resources will result from existing obligations.

Employee benefits

Pension plans

The company only has defined contribution plans. Expenditure for defined contribution plans is expensed in the period when the employee performs the services underlying the obligation.

A provision is made in conjunction with terminating employment only if the company is obliged to terminate an employment before the normal date or when compensation is given as an offer to encourage voluntary resignation. In cases where the company issues notice of termination, the provision is calculated after a detailed plan has been drawn up, specifying the workplace, positions and approximate number of employees affected along with the remuneration for each employment category or position and the time frame for implementing the plan.

Short-term employee benefits

Salary and remuneration, along with the associated social security contributions are expensed in the period that the remuneration pertains to and they are reported in the income statement.

Variable salary

Accruals are made on an ongoing basis for variable salary in accordance with the economic substance of the agreement.

Parent company accounting policies

The Parent Company's financial statements have been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The Parent Company applies different accounting policies than the Group in the following instances:

When allowed, Group contributions are made between Swedish companies belonging to the Group to minimize the Group's tax expense.

Any additional consideration is reported against shares in the subsidiary.

All lease agreements are reported as operating leases.

Participations in subsidiaries are measured before any write-down to cost.

Financial assets and liabilities are measured at cost.

Note 2 Effects of the transition to IFRS for the Group

The Group has changed its accounting policies and as of the Q3 interim report for 2018 it applies IFRS. The annual report for the 2018 financial year will be the first complete consolidated financial statements prepared in accordance with IFRS. The transition date for reporting in accordance with IFRS has been set as 2016-01-01.

IFRS 1 First-time Adoption of IFRS has been applied, which means that all of the applicable standards are applied retrospectively on the periods included in this report. However, the company has elected to apply the allowable exception to this rule by only applying IFRS 3 Business Combinations prospectively as of the transition date. Application of the exception, to not restate prior acquisitions, means that goodwill is frozen as of 2016-01-01 and goodwill amortization after that date is added back.

The annual reports for 2009 and 2010 have been prepared in accordance with IFRS. However, since none of the items restated in this report existed at those times, it is assessed as having no effect.

Reconciliation between prior applied accounting policies and IFRS

The table below shows differences in equity and total comprehensive income between previously applied accounting policies and IFRS.

Statement of comprehensive income		Oct-Dec 2017			Jan-Dec 2017		
SEK m	Note	As per prior policies	Effect of IFRS	**As per IFRS**	As per prior policies	Effect of IFRS	**As per IFRS**
Revenue from contracts with customers		279.5	–16.3	**263.2**	790.9	5.7	**796.6**
Change in work-in-progress		–10.6	10.6	**0.0**	11.5	–11.5	**0.0**
Other operating income		1.1	0.0	**1.1**	2.7		**2.7**
Sales		**270.0**	**–5.7**	**264.3**	**805.2**	**–5.8**	**799.3**
Operating costs							
Goods for resale and subcontractors		–133.1	5.7	**–127.4**	–379.7	5.8	**–373.9**
Other external expenses		–29.0	–4.2	**–33.2**	–87.3	–5.8	**–93.1**
Employee benefit expenses		–85.4	0.0	**–85.4**	–276.4		**–276.4**
Other operating costs		0.0	0.0	**0.0**	–0.1		**–0.1**
Depreciation of PPE		–10.4	0.0	**–10.4**	–25.7		**–25.7**
Amortization of intangible assets		–6.4	3.8	**–2.6**	–20.9	16.3	**–4.6**
Operating profit (loss)		**5.8**	**–0.4**	**–5.3**	**15.0**	**11.4**	**25.5**
Profit (loss) from financial items							
Financial income		2.3	0.0	**2.3**	2.5		**2.5**
Financial expenses		–6.7	0.1	**–6.6**	–18.8	–0.9	**–19.7**
Total profit (loss) from financial items		**–4.4**	**0.1**	**–4.4**	**–16.3**	**–0.9**	**–17.2**
Profit (loss) after financial items		**1.4**	**–0.3**	**0.8**	**–1.2**	**10.5**	**8.3**
Tax		**–3.8**	**0.5**	**–3.3**	**–5.0**	**0.9**	**–4.1**
PROFIT (LOSS) FOR THE PERIOD		**–2.4**	**0.2**	**–2.5**	**–6.2**	**10.4**	**4.2**
Total comprehensive income for the period		**–2.4**	**0.2**	**–2.5**	**–6.2**	**10.4**	**4.2**

Effect on equity SEK m	2016-01-01	2016-12-31	2017-12-31
As per prior policy	**4.1**	**–17.2**	**5.3**
Adding back of prior amortization in 2016 on acquisitions made prior to the transition date to IFRS	0.0	17.8	38.3
Amortization on acquisitions made in 2017 as per IFRS			–4.1
Adding back of prior capitalized acquisition costs			–6.7
Tax effect			0.9
Total equity	**4.1**	**0.7**	**34.3**

Note 3 Revenue from contracts with customers

SEK m	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Services transferred over time				
Ground Maintenance & Landscaping	331.6	235.4	980.9	684.3
Sports Landscaping	7.4	11.0	44.6	41.3
Arborist Services	25.2	16.0	71.6	45.9
Total	**364.2**	**262.4**	**1,097.1**	**771.5**
Goods transferred at a specific point in time				
Sports Landscaping	9.7	7.0	96.5	24.9
Total	**9.7**	**7.0**	**96.5**	**24.9**
Total revenue from contracts with customers	**373.9**	**269.4**	**1,193.6**	**796.4**

All revenue is attributable to the Swedish market.

Note 4 Segment reporting

SEK m	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Ground Maintenance & Landscaping	331.6	235.4	980.9	686.0
Sports Landscaping	17.1	18.0	141.1	66.2
Arborist Services	25.2	16.0	71.6	51.5
Intra-Group sales	–1.1	–5.2	–13.6	–4.4
Total revenue from contracts with customers	**375.0**	**264.2**	**1,180.0**	**799.3**
Ground Maintenance & Landscaping	37.5	29.1	107.4	85.7
Sports Landscaping	–3.7	2.8	9.8	8.2
Arborist Services	4.7	1.8	9.0	5.5
Group-wide expenses	–10.2	–11.3	–34.0	–42.7
Total Adjusted EBITDA	**28.3**	**22.4**	**92.2**	**56.7**

Note 5 Effects of the transition to IFRS for the Parent Company

The transition to IFRS has only involved reclassification of a refinancing expense that arose in Q1 2018 and amounted to SEK 3.1 million. Accruals are made over the duration of the contract. The effect of reclassification affects interest expenses and liabilities. No other effects have arisen, which is why no tables are provided.

Note 6 Segment reporting

Green Landscaping Holding made two acquisitions in the fourth quarter: Svensk Markservice Holding AB and Mark & Miljö Projekt i Sverige AB. The acquisitions resulted in recognition of goodwill for SEK 278 million. Synergy effects are expected to amount to approximately SEK 25 million per year by 2020.

Contingent consideration to be paid by the Group based on future results is a maximum of SEK 5.25 million (undiscounted amount). The fair value of contingent consideration is at Level 3 of the fair value hierarchy in accordance with IFRS.

Goodwill arising from acquisitions is not attributable to any specific balance sheet item, rather, the companies' position in the market.

Costs for the acquisition of Svensk Markservice Holding in Q4 amount to SEK 14.1 (2.7) million.

The acquisition of Mark & Miljö Projekt i Sverige AB was partially executed via a directed new share issue. The subscription price amounted to 28.495, which was a weighted average, 30-day rate.

Company name	Operations	Acquisition date	Acquired ownership share	Sales during the holding period	Operating profit during the holding period	Full-year sales	Full-year operating profit
Svensk Markservice Holding AB	Ground Maintenance & Landscaping	November 2018	100%	73.1	–2.3	813.4	12.5
Mark & Miljö Projekt i Sverige AB	Surface planning of outdoor environments	December 2018	100%	3.90	0.2	53.5	7.0
Svensk Jordelit AB	Trade in soil improvement products	December 2017	100%	8.8	0.9	87.2	8.2
JE Mark	Surface planning of outdoor environments	December 2017	100%	5.3	–1.3	71.8	6.2

	Fair value Svensk Markservice	Fair value of Mark & Miljö	Fair value of Jordelit JE Mark
The assets and liabilities arising from the acquisition are:			
Cash and cash equivalents	25.7	9.7	–0.8
Cash and cash equivalents (liability)		–8.7	
Total	**25.7**	**1.0**	**0.8**
Non-current assets	71.3	2.7	4.9
Brands	41.0	1.5	5.3
Customer relations/contracts	53.0	13.1	13.8
Net operating assets	14.3	–1.6	21.7
Deferred tax liability	–20.1	–3.6	–5.0
Total identifiable assets	**159.5**	**12.1**	**40.7**
Goodwill	**256.2**	**21.3**	**28.0**

	2018-12-31	2017-12-31	
Consideration (included in cash flow from investing activities)	–264.9	–154.5	
Cash equivalents from company acquisitions (included in cash flow from investing activities)	35.3	21.5	
Total	**–229.6**	**–133.0**	

Note 7 NRI (Non-Recurring Items) Jan-Dec 2018

Green Landscaping specifies NRI to give its stakeholders insight into the underlying profitability without the one-off costs. The impact of NRI on cash flow is approximately the same amount.

Item	Jan-Sept	Oct-Dec	Jan-Dec
IPO and listing change	16.0	0.8	16.7
Acquisition costs for Svensk Markservice (SvMS)	0.0	13.3	13.3
Integration costs for SvMS and previously acquired companies	0.7	11.2	11.9
Total	**16.7**	**25.2**	**41.9**

SHARE AND SHAREHOLDERS

Green Landscaping has 720 shareholders. The company has a series of ordinary shares listed on Nasdaq First North. As of 31 December 2018 there were 35,849,663 registered shares. Market Cap as of 31 December 2018 was SEK 1,038 million compared to SEK 1,022 million on 30 September 2018.

Largest shareholders as of 31 December 2018	No. of shares	% of equity
Byggmästare Anders J Ahlström Holding AB	7,385,599	20.6%
Staffan Salén and family via company	6,745,839	18.8%
Johan Nordström via company	3,626,738	10.1%
AFA Försäkring	2,261,000	6.3%
Per Sjöstrand via company	1,668,886	4.7%
AP3, Third Swedish National Pension Fund	1,651,000	4.6%
Peter Lindell via company	1,140,000	3.2%
Nordnet Pensionsförsäkring	801,627	2.2%
Roger Carlsson via company	781,727	2.2%
Jenny and Janne Pettersson via company	699,718	2.0%
Total, 10 largest shareholders	**26,762,134**	**74.7%**
Other shareholders	9,087,529	25.3%
Total	**35,849,663**	**100%**

Green Landscaping 29 March – 31 December, 2018

Signatures

The report has not been subject to review by the company's auditors.

This report contains information that Green Landscaping Holding AB is required to disclose in accordance with the EU Market Abuse Regulation. The information was made available for publication by the contact person set out below on 25 February 2019 at 08.00 CET.

Stockholm, 25 February 2019

Johan Nordström
CEO

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Definitions and explanations

General	All amounts shown in tables are in SEK million, unless otherwise stated. All values in parentheses () are comparison figures for the same period last year, unless otherwise stated.	
Key performance indicators	**Definition/calculation**	**Purpose**
EBITA	Operating profit/loss before depreciation, amortization and impairment of property, plant and equipment and intangible assets	EBITA is used to gauge the company's operating profitability.
EBITDA	Operating profit/loss before amortization and impairment of acquisition-related intangible assets along with depreciation, amortization and impairment of property, plant and equipment and intangible assets.	EBITDA and EBITA are used together to gauge the company's operating profitability.
EBITA margin	Operating profit/loss before depreciation, amortization and impairment of acquisition-related intangible assets as a percentage of sales.	EBITA margin is a measure of operating profitability.
EBITDA margin	Operating profit/loss before amortization and impairment of acquisition-related intangible assets along with depreciation, amortization and impairment of property, plant and equipment and intangible assets, as a percentage of sales.	EBITDA margin is a measure of operating profitability.
Adjusted EBITA	EBITA adjusted for items affecting profitability.	Adjusted EBITA increases the comparability of EBITA.
Adjusted EBITDA	EBITDA adjusted for items affecting profitability.	Adjusted EBITDA increases the comparability of EBITDA.
Adjusted EBITDA pro forma	EBITDA adjusted for items affecting comparability including EBITDA of acquired companies for the current year prior to the acquisition date.	It provides an indication of the Group's position in future periods.
Adjusted EBITA margin	EBITA adjusted for items affecting comparability, as a percentage of sales.	Adjusted EBITA margin excluding the effect of items affecting comparability, which makes it possible to compare the underlying operating profitability.
Adjusted EBITDA margin	EBITDA adjusted for items affecting comparability, as a percentage of sales.	Adjusted EBITDA margin excluding the effect of items affecting comparability, which makes it possible to compare the underlying operating profitability.
Items affecting comparability (NRI)	Items that significantly deviate from ordinary business activities and which are limited to a single time (one-off). Examples are the listing on Nasdaq First North in March 2018 and termination of lease agreements in conjunction with acquisitions.	It provides a truer view of the underlying earnings.
Sales (pro forma)	The Group's sales for the current period including sales of acquired companies for the current year prior to the acquisition date.	It provides an indication of the Group's position in future periods.
Order backlog	This is the amount of contracts not yet delivered and potential add-on years.	It provides an indication of the company's future performance.
Organic growth	Sales increase of legal entities owned for the entire financial year.	It shows how current operations are performing.
Working capital	Current assets not including cash and cash equivalents, less current liabilities.	Working capital is used to measure the company's ability to meet short-term capital requirements.
Adjusted working capital	Working capital not including accrued interest on shareholder loans.	It shows working capital, along with the underlying operation's working capital needs.

Green Landscaping in brief

Through its nine subsidiaries, Green Landscaping Group offers the market's most comprehensive service portfolio that aims to make cities more beautiful and also safer. The goal is to add real value by creating environments where people can thrive. The business is divided into the following three operating segments: Ground Maintenance & Landscaping, Sports Landscaping and Arborist Services.

We are professional in everything we do. At the center of it all is our skilled, experienced employees who inspire our customers, helping them realize their dreams of creating beautiful, functional outdoor environments. We also offer care and maintenance services that maximize the lifespan of these outdoor environments. We have approximately 1,200 employees and annual sales of just over SEK 2,000 million.

Our history

Green Landscaping Group is Sweden's leading provider for care and surface planning of outdoor environments. Our business concept is to improve the customer's outdoor environment by offering services that focus on high customer value, long-term sustainability and quality. Green Landscaping was established in 2009 via a merger of four companies working with care of outdoor environments. Since then, the company has expanded through both organic growth and acquisitions.

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Future reporting dates

Interim Report Q1	7 May 2019
AGM	15 May 2019
Interim Report Q2	28 August 2019
Interim Report Q3	6 November 2019