VESTUM

Annual report 2022

Specialists for sustainable development of our societies

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About this report

The Annual report for Vestum AB (publ), 556578-2496, comprice of Board of Directors' Report on pages 11-17, 27-34, 36-51, and financial reports on pages 53-95.

The sustainability report can be found on pages 36-51.

The auditors' certification report can be found on pages, 96-101.

This report is a translation of the Swedish original. In the event of discrepancies, the Swedish version shall prevail

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Vesutm in brief

Vestum in brief

Vestum is an industrial group that provides services and products to civic infrastructure. We have the most prominent specialists on the market with extensive industry experience and strong local presence within our business areas.

We develop and acquire entrepreneur-driven specialist companies, with proven business models, sustainable competitive advantages and strong local presence in the Infrastructure, Services and Water segments. Vestum's business model is based on decentralized governance with a strong industry and customer focus. Our ambition is to grow and become the leading Nordic industrial group within niched services and products for the infrastructure sector.

With a strong focus on sustainable business development , we develop and build a climate-adapted, more sustainable and civic infrastructure that meets tomorrow's needs. Through a long-term commitment and an effort to act responsibly throughout the entire value chain, Vestum contributes to sustainable development and long-term value creation.

Vestum's share is traded under the name VESTUM on Nasdaq Stockholm, Mid Cap.

2,323
Employees in the Nordics, Germany and UK

6,930
SEK million in net sales 2022

679
EBITA (SEK million)

Vision

We intend to become leading in sustainable and civic infrastructure development

Business idea

Achieve profitable and sustainable growth by developing and acquiring niche companies with extensive experience in providing specialised services and products to civic infrastructure

Our three segments

Infrastructure

Within Infrastructure, we offer niche work in land & civil engineering, railways and other infrastructure.
>> Read more on page 20

Services

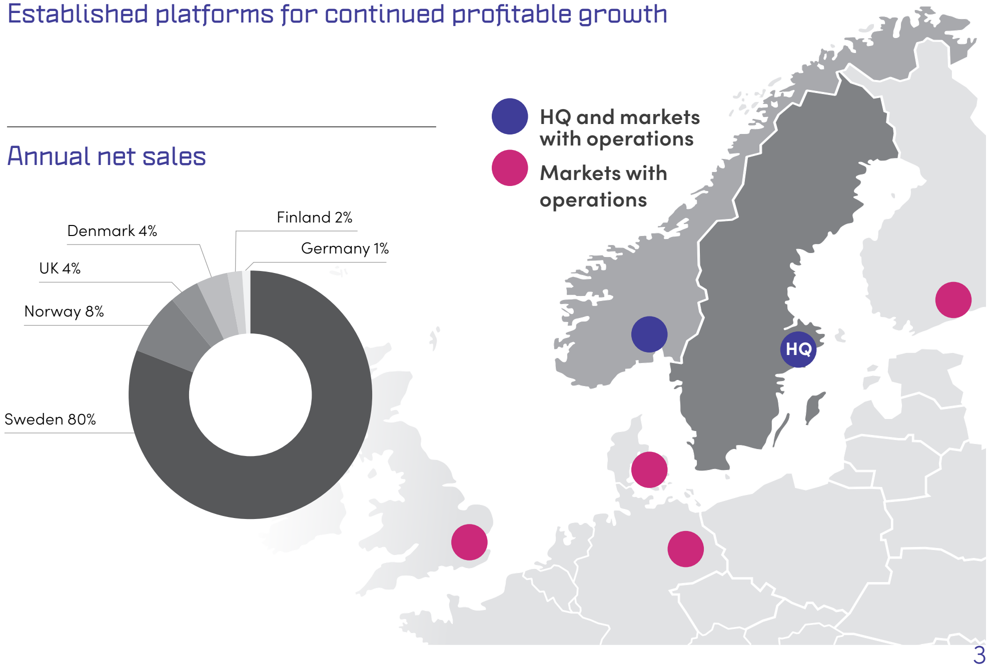
Within Services, we offer specialised services and products for renovation, conversion and extension to mainly commercial properties.
>> Read more on page 22

Water

Within Water, we offer specialised services and products in water technology that focus on improving the water infrastructure
>> Read more on page 24

Established platforms for continued profitable growth

Annual net sales



Performance measures

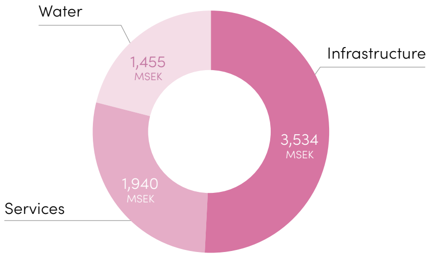
Performance measures

SEK million (unless otherwise stated)	2022	2021
Net sales	6,930	1,316
EBITDA[1]	923	161
EBITA[1]	679	100
Operating profit/loss (EBIT)	378	45
EBITA margin %[1]	9.8	7.6
EBIT margin %	5.5	3.4
Adjusted EBITA[1]	672	116
Adjusted EBITA margin %[1]	9.7	8.8
Financial net debt[1]	2,770	1,486
Pro forma EBITDA[1]	948	643
Number of employees at end of period[1]	2,323	1,764
Average number of shares during the period[2]	364,508,628	188,831,121
EBITA per share, SEK[1]	1.86	0.53
Earnings before tax	188	9
Profit/loss attributable to remaining operations and the Parent company's shareholders per share, SEK	0.41	0.01
Profit/loss attributable to Parent company's shareholders per share, SEK	0.39	0.03
Cashflow from operating activities	421	-10
Operating cashflow[1]	713	-42
Cash conversion %[1]	77	-26
Financial net debt in relation to pro forma EBITDA, times[1]	2.9x	2.3x

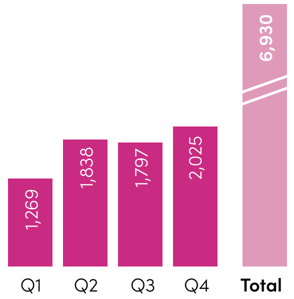
1) The alternative performance measure (APM) is an alternative performance measure according to ESMA's guidelines. For reconciliation of alternative APMs, see note 30 in the Group's notes.

2) Average number of shares is adjusted based on the split 2021

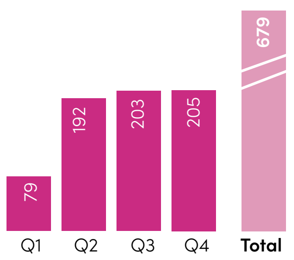
Net sales per segment
(total 6,930 SEK million)



Net sales per quarter 2022
SEK million



EBITA per quarter 2022
SEK million



Significant events during the year

Q1

- **Vestum completed ten acquisitions during the quarter**, six in segment Services, one in segment Water and three in segment Infrastructure with total annual net sales amounting to SEK 1,251 million
- Entered **a new agreement regarding a revolving credit facility** amounting to SEK 600 million with an accordion option of up to SEK 400 million
- In January 2022 Vestum launched a **three-year incentive program**

Q2

- **Vestum completed ten acquisitions during the quarter**, four in the segment Services and six in the segment Infrastructure with total annual net sales amounting to SEK 589 million
- In June 2022 Vestum launched a additional **three-year incentive program**

Q3

- The existing **credit facility** was expanded with an additional bank and thus amounts to SEK 900 million, with an accordion option to increase the facility with up to SEK 100 million
- A **group-wide communication platform**, VeNet, was implemented , which creates the conditions for more effective collaboration between the companies and enables efficiencies and synergies
- **Vestum joined as a member of the UN Global Compact.** The membership means that Vestum follows the UN's ten principles in the areas of human rights, labor law, environment and anti-corruption, and reports its contribution annually
- As a consequence of Vestum's growth, **an organizational change** was carried out with the aim of streamlining operational work, which meant, among other things, shortened reporting routes in the Group
- In consideration of Vestum's strong growth, the board decided in September on **updated medium-term financial targets.** The updated financial targets focus on increased organic development while acquisitions continue to be a growth driver

Q4

- The 13th of December, **Vestum changed its listing** from Nasdaq First North Growth Market to Nasdaq Stockholm's main list, Mid Cap
- In accordance with the company's dividend policy, the Board proposes that **no dividend shall be paid** for the year 2022

Events after the end of the period

- Simon Göthberg has been appointed deputy CEO at Vestum AB and assumed his role on January 16, 2023. Prior to that, Simon was Head of M&A at Vestum since May 2021
- The acquisition of MDT Markvaruhuset AB was completed in January 2023
- Long-term sustainability goals for the Group were adopted by the Board in February 2023
- Vestum has – through Lakers Group AB (publ) – entered into an agreement to divest a portfolio of companies that were previously part of the Lakers Group and which are now part of Vestum's Water segment. Closing of the transaction is expected to take place in the second quarter of 2023 and the transaction is subject to customary closing conditions. In connection with the closing of the transaction, Vestum intends to fully redeem the secured bond of NOK 950 million issued by Vestum's group company Lakers Group AB (publ). Estimated turnover for the Company Portfolio for the financial year 2022 amounts to SEK 838 million, and the assessment is that the divestment does not have any significant earnings impact from gains or losses of disposable assets.

  Vestum's Board has, due to the transaction, decided to update the group's financial targets regarding profitability and capital structure. The Board's decision means that Vestum's profitability target is raised from achieving an EBITA margin of at least 10.0 percent to in the medium term achieving an EBITA margin of at least 12.0 percent. The financial target regarding capital structure is lowered from a financial net debt in relation to EBITDA of 2.5-3.5x to a financial net debt in relation to EBITDA of maximum 2.5x

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Comments by the CEO

In 2022, we have taken further steps toward becoming the Nordic region's leading industrial group within civic infrastructure. We have delivered stable profitability and high growth with a revenue increase of SEK 5,614 million, 426 percent, of which SEK 294 million was organic. We completed the move of our listing to Nasdaq Stockholm's main list during the fourth quarter, which we view as a seal of quality and a natural step on Vestum's growth journey.

During the year, we have built a scalable organisation with efficient group functions, processes and routines. At the same time, Vestum's strong growth has caused us to make certain organisational changes with the aim of streamlining operations. This has resulted in shorter reporting lines within the group and an organisational structure that is optimised for value creation within our operations.

Successful acquisitions

Our acquisition activity was intense during the first half of 2022 with 20 companies acquired, of which 4 were outside Sweden. The acquisitions will strengthen and advance Vestum's position within our segments by adding new expertise and geographic expansion and strengthening the existing offering. A good example of this is our acquisitions in technical insulation, which enable synergies through increased collaborations when it comes to coordination of purchases, skills recruitment, resource allocation and customer collaborations. All our businesses within technical insulation have successfully completed and integrated their own acquisitions prior to Vestum's ownership, which creates a solid platform for continued consolidation. Four of the companies acquired during the period consisted of add-on acquisitions, which is an important part of Vestum's value creation.

Due to the changed market situation, characterised by increased economic unrest and higher cost of capital, we chose to hold off on acquisitions during the second half of 2022. When processing potential acquisition candidates, we switched to focusing primarily on add-on acquisitions and complementary acquisitions to the existing portfolio. We also completed one acquisition after the end of the fourth quarter.

Decentralised business model with exposure to civic infrastructure

We currently have an attractive position within civic infrastructure with underlying organic growth driven by strong market trends such as energy efficiency and other types of measures to reduce the climate footprint, as well as infrastructure projects within railways and public transport that are needed to meet population growth in a sustainable way.

Our exposure to water infrastructure and other forms of civic infrastructure where there are continuous investments regardless of economic conditions, spread across six countries, creates good conditions for continued stability. It is these factors, in combination with our industry experience and decentralised business model, that give us all the necessary conditions to prove ourselves as a niche group in a challenging market climate.

Progress within sustainability

Sustainability work is of great strategic importance for Vestum, and during the year we initiated collaborations to make sustainability reporting easier for our operations, and with greater quality assurance. Since the end of the year, Vestum's Board has set long-term sustainability targets for Vestum's operations. The purpose of the sustainability targets is to create clarity for Vestum's stakeholders, both internal and external, regarding Vestum's long-term sustainability work. The targets extend to 2040 and focus on issues that are deemed particularly important from a sustainability perspective given the operations that Vestum conduct.

Increased focus on collaboration and margin improvements

We are continuously striving for collaborations between the businesses within Vestum and have accelerated this work during the beginning of 2023 with the aim of extracting synergies. The focus going forward will primarily be on driving margin improvements, but also capital structure efficiencies, and there are good conditions for increasing the margins and cash flow generation in the Group in the coming years. During the year, we implemented VeNet, a communication platform for digital networking within Vestum. The purpose of VeNet is to create collaborations between the companies, strengthen the sense of community and increase the Group's efficiency. With VeNet, we can achieve positive synergies through collaborations in areas such as projects, sustainability issues, purchase agreements for cars, leasing and insurance.

To some extent, we are experiencing continued disruptions on the cost side with high inflation, as well as challenges within certain customer segments where the challenging macro situation has been evident. At the same time, we have carried out price adjustments since the end of the year, which are expected to be reflected in profitability during the year. Several of our larger operations have gained market shares during the year and thus strengthened their market positions. We believe this can also have positive effects on profitability when the market situation stabilises.

After the end of the year, Vestum announced a strategic divestment, declared its intention to redeem one of its bonds, and updated the financial targets regarding profitability and capital structure. We believe we can generate higher returns by allocating capital to reduce debt, which substantially lowers our interest expenses and increases the efficiency and flexibility of our capital structure. We also strengthen the group's margin and cash flow while also increasing our resource efficiency.

We see continued solid demand for our services and products within civic infrastructure and look back on a year with high growth and stable profitability. The long-term trend looks good with an increasing need for our niche services, but in the short term we are humble about the state of the economy and effects such as high inflation and energy prices. We look forward to 2023 with both vigilance and confidence.

Stockholm, April 2023

Conny Ryk
CEO, Vestum AB (publ)

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The Vestum model: How we create value

World trends drive change

Trends that affect the outside world drive change and affect the market, customers and Vestum. Vestum collaborates with customers and business partners to take advantage of trends and challenges and create business opportunities that aim to contribute to sustainable development.

Adaptation to climate change

Global warming and increased occurrences of extreme weather conditions put a greater strain on aging and underfunded infrastructure. This contributes to an increased need for maintenance and for new resilient and climate adapted infrastructure that can handle both stricter environmental requirements and extreme weather conditions.

How Vestum meets the trend

Vestum has market-leading specialists with extensive industry experience within our segments and a strong local presence. With a long-term commitment and a strong focus on business development and sustainability as a business driver, Vestum helps develop and build infrastructure that is climate-adapted, more sustainable and resilient and can meet extreme weather conditions and environmental requirements.

Transparency and accelerated climate work

Climate change and other global challenges make it increasingly clear that powerful measures are needed to create sustainable development, and stricter regulatory requirements are being introduced as a result. Stricter requirements for using resources more efficiently and reducing the climate footprint helps drive improvements within energy efficiency, which is also increasingly important in a market with volatile and high electricity prices. There is growing demand for climate-friendly and energy-efficient solutions that reduce customers' energy use and climate footprint, which also drives the demand for sustainable services and products within infrastructure. Customers and stakeholders have higher expectations and demands for responsible sustainability efforts, and companies are increasingly striving to provide sustainable operations throughout the value chain.

How Vestum meets the trend

The Group's expertise within sustainable solutions creates business benefits, increased competitiveness and generates long-term value for customers as well as owners and society.

The Infrastructure segment offers a broad range of solutions within service and maintenance of railways, subways, footpaths and cycle lanes that provide transport options with reduced climate impact.

Within the Services segment, Vestum's offering includes installation and maintenance of climate control systems, solar cells, LED lighting and insulation, which contribute to reducing customers' energy use and climate impact.

Within the Water segment, Vestum offers products and services that improve water infrastructure and enable efficient consumption of energy and water, which contributes to reduced energy use and climate impact.

Vestum is a member of the UN Global Compact and supports Agenda 2030 and the global targets for sustainable development. Sustainability is integrated into our business model and the Group has set clear sustainability targets that extend to 2040. Sustainability reporting is done continuously for the Group and is reported externally on a quarterly basis and in the annual sustainability report. Vestum strives to maintain strong business ethics and transparency and to minimise the negative impact of its operations on people and the environment. Vestum contributes to sustainable development through a long-term commitment and a stated aspiration to act responsibly throughout the entire value chain.

>> Read more about Vestum's sustainability work on page 36.

Urbanisation and population growth

Urbanisation and population growth increase the need for infrastructure and water supply, which demand expansion and increased capacity. Urbanisation and the transition to green solutions increase the use of electricity, while the need to reduce the climate impact and energy use helps drive improvements in energy efficiency. The digitalisation and electrification of the transport sector, coupled with a lack of capacity in the power grid and within water supply, also place new demands on infrastructure. Overall, this drives investments in infrastructure that meet increased environmental and accessibility requirements as well as the need for new infrastructure.

How Vestum meets the trend

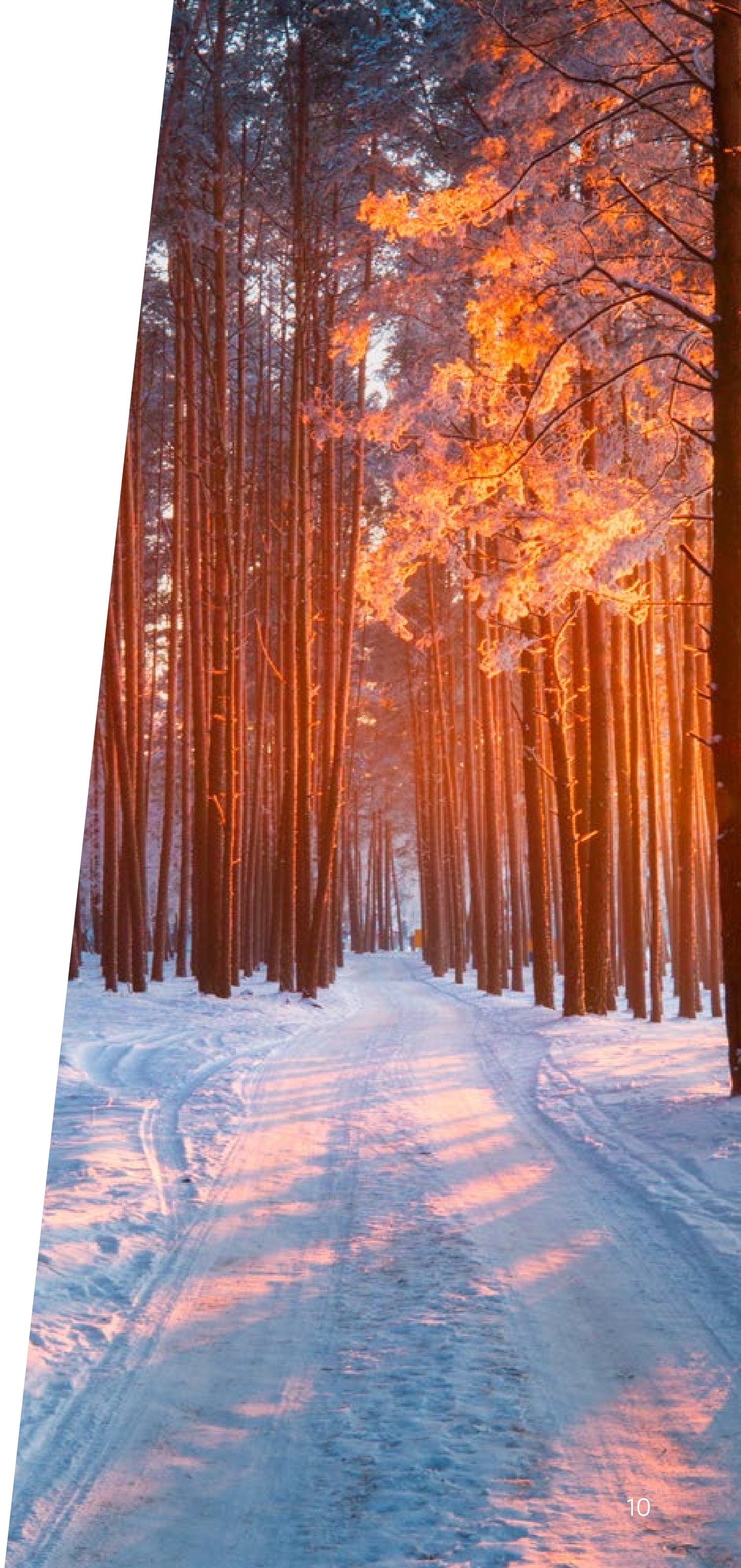
With a portfolio of niche companies with operations within infrastructure in the Nordics, Germany and Great Britain, Vestum is well positioned to meet the structurally growing demand in the infrastructure sector.

Globalisation and increased geopolitical uncertainty

The societal challenges seen in recent years with the pandemic and increased geopolitical uncertainty have contributed to a challenging global business climate. Russia's full scale invasion of Ukraine has increased geopolitical tensions and triggered an energy crisis. High inflation and tightening monetary policy have led to rising interest rates and an uncertain economic outlook. Continued disruptions in global supply chains create logistical challenges and increase the need for regional and local production, flows and business relationships.

How Vestum meets the trend

The Group consists of entrepreneur-driven niche companies with proven business models, sustainable competitive advantages and strong positions in regional markets. Our businesses are driven by structural growth with stable earning power and cash flow generation over time. Vestum's portfolio of niche companies within three segments with significant exposure to the infrastructure industry provides a good platform for organic growth. Solid underlying demand for the Group's products and services in combination with Vestum's long-term approach and responsible management of the balance sheet means that we can meet our customers' needs across economic cycles. Local operations enable regional supply chains, which can reduce dependence on the outside world and improve the efficiency of projects, enabling cost savings and reduced climate impact.



Long-term, sustainable value creation

Vestum creates long-term sustainable value by developing and acquiring profitable niche companies within civic infrastructure.

Vision
- Vestum intend to become leading in sustainable and civic infrastructure development

Business model
- Eight guiding principles for decentralised management

Strategy for profitable sustainable growth
- Strategy for business development
- Acquisition strategy

Financial and sustainability related goals
- Create long-term profitable sustainable growth

Decentralised business model driven by entrepreneurship

Vestum's business model is based on developing, identifying and acquiring niche companies with operations driven by structural growth with stable earning capacity and cash flow generation over time. The Group companies specialise in one or a few niche areas and have a strong local presence in their respective segments.

The business model is the foundation for the Group's profitable growth and value creation and is based on entrepreneurship and long-term views with a strong industry and customer focus and decentralised management, where the business drivers consist of business development, sustainability and acquisitions. Vestum's ownership and development philosophy is based on maintaining the local entrepreneurship.

Entrepreneurship is part of Vestum's DNA, and entrepreneurial energy and customer focus permeate the entire organisation. An acquired company will continue to be run the local management under the same company name, culture and brand, supported by the Vestum Group's combined resources. Operational decisions are made internally by companies close to the customers, based on industry experience and strong knowledge of the local market. At the same time, Vestum works closely with the entrepreneurs in collaborations where our knowledgeable representatives can be involved in making strategic decisions, and thereby free up more time for business development. The decentralised leadership model with strong local anchoring enables quick business decisions and strengthens the customer relationship, and also has a central role in spreading the culture.

Vestum supports the Group companies within areas such as training staff and senior executives, and provides technical and industrial know-how. Vestum also offers support through active ownership and in matters such as organisation and management, sustainability, HR, financing & financial management, IT and communication.

Eight guiding principles for decentralised management

Vestum's business model is based on decentralised management and is founded on the following principles:

- **Entrepreneurship:** One of the most important key words within Vestum that should permeate the entire organisation.
- **Long-term view:** Vestum has a long-term approach to value creation.
- **Acquisitions:** Acquisitions should strengthen and advance Vestum's position within each segment.
- **Industry focus:** Vestum operates within civic infrastructure.
- **Decentralised business model:** Decisions are made internally in the companies with support from relevant individuals from Vestum.
- **Profitable and sustainable growth:** The main focus is on profitable and healthy growth for both the organisation and its turnover.
- **Geographic markets:** Vestum's main markets are Sweden and Norway. Within the Water segment, Vestum is also present in Denmark, Finland, Germany and Great Britain.
- **Sustainability:** Sustainability is an integral part of Vestum's management models and is monitored and reported on an ongoing basis.

Strategy for profitable, sustainable growth

Vestum's ambition is to grow into the leading Nordic industrial Group within niche services and products for civic infrastructure.

Our strategy is to create profitable sustainable growth by acquiring well-managed and profitable businesses and to work together with the Group companies on continued business development. The strategy is geared toward reaching the Group's financial targets and sustainability targets.

Vestum has undergone a strong acquisition-driven growth phase and is now an industrial Group with more than 2,300 employees in six countries. We employ market-leading specialists with extensive industry experience and a strong local presence within our segments. The development of infrastructure is driven by structural growth and the Group's portfolio of niche companies within three segments with significant exposure to the infrastructure industry creates a solid platform for organic growth.

In light of Vestum's strong growth, the Board decided during the financial year to update its medium-term financial targets. The updated financial targets place an increased focus on organic development, while business acquisitions continue to be an important part of Vestum's growth strategy, where the acquisition model and pace of acquisitions are adapted to the market climate. **>> Read more** about the Group's targets on page 15.

Strategy for business development

The strategy for business development is based on combining entrepreneurial drive with the Group's collective skills and resources.

Business development is aimed at creating the conditions for profitable growth so that each business develops and reaches its respective targets, with the overall aim of contributing to the achievement of the Group's financial and sustainability-related targets. Vestum works together with the companies' corporate management to develop the Group companies. The work is largely based on preserving and strengthening the local entrepreneurship in the acquired companies while Vestum contributes skills, experience, processes, leadership and financial resources. The decentralised business model helps the Group companies maintain a great deal of personal responsibility and keeps the decision-making close to the customer. By having a portfolio of niche companies with operations that complement each other within the same segment, conditions are also created for collaborative effects and synergies.

Value-creating initiatives

Systematic work is carried out within the Group to extract collaborative effects and synergies, such as cross-selling and project collaborations as well as skills transfer between the companies. By focusing

Vestum has identified four parameters for fulfilling the strategy

- **Positioning:** Vestum's operations shall provide specialised services and products to selected niche areas within the infrastructure industry, have proven business models, extensive industry experience and stable cash flows.
- **Management:** Vestum's operations shall act quickly and flexibly through decentralised leadership with strong local roots.
- **Value creation:** Vestum shall contribute with leadership, knowledge, experience, processes and financial resources.
- **Acquisitions:** Vestum's acquisitions shall strengthen and advance Vestum's position within each segment by adding new skillsets and geographic expansion and by strengthening the existing offering.

on value-creating initiatives, such as best practice and taking advantage of unique skills, new business opportunities and additional sales are created.

Collaborations between the group companies intensified during the financial year, with a focus on business benefits and synergies. A group-wide communication platform, VeNet, was implemented during the third quarter, which creates the conditions for more effective collaboration between the companies. The platform enables synergies through collaboration around, for example, projects, sustainability issues, purchase agreements, leasing and insurance. As a consequence of Vestum's growth, an organisational change was also made during the third quarter with the aim of streamlining operational work, which included benefits such as shortened reporting lines within the Group.

Vestum's value-creating initiatives

Vestum bases its work on the following four initiatives for business development and value creation in the group companies.

Motivated and committed company managements

- Motivated and committed company managements
- A long-term view on personal development
- Incentives are based on performance
- Succession planning begins, where applicable, well ahead of time

Striving for "best practice"

- Proven methods and professional standards are applied and implemented in the Group companies
- Continuous exchange of experiences and working methods between the Group companies

Strategic focus

- Continuous efforts within business development and geographic expansion
- Add-on acquisitions and complementary acquisitions are evaluated continuously
- Board meetings focus on financial development, organisational and process development as well as price strategies

"Lean"

- Focus on value creation in the Group companies and for their employees
- Avoid activities that are not value creating
- Business decisions are made within the business unit, with support from Group functions

Acquisition strategy

Our acquisition strategy is aimed toward acquiring profitable niche companies with extensive industry experience, who strengthen Vestum's position within each segment.

Business acquisitions form a central part of the Group's growth strategy and Vestum works systematically to continuously evaluate acquisition candidates. The screening of potential acquisition candidates is mainly geared towards add-on acquisitions to existing businesses and complementary acquisitions to the existing portfolio. The acquisitions are meant to strengthen and advance Vestum's position within each segment by providing new skillsets, geographic expansion and strengthening the existing offering.

The main focus is on acquiring profitable entrepreneur-driven niche companies with a proven business model and highly motivated management, with exposure to the infrastructure industry and with operations in the Nordic region. By acquiring niche companies with related operations within the same segment, synergies are created in the form of collaborations, skills sharing and cross-selling, which leads to improved margins and increased organic growth.

Vestum's acquisition criteria

Segment size:
Small and medium-sized profitable companies with turnover of SEK 40–400 million.

Industry segment:
We only acquire businesses within civic infrastructure.

Financial profile:
Proven business model with clear stability and double-digit profit margin.

Decentralised business model:
Business decisions are made inside the companies with the support of Group-wide resources.

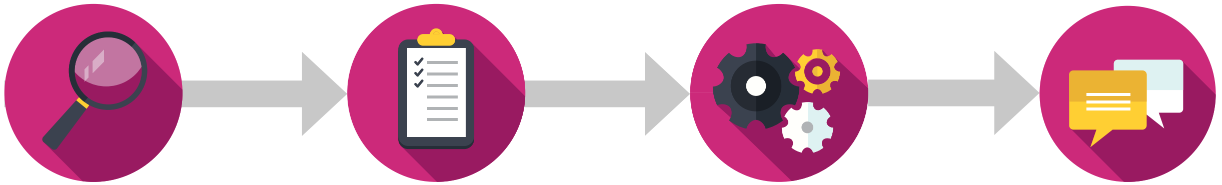
Geographic market:
Main focus on companies with headquarters in Sweden or Norway, but also on companies in Denmark, Finland, Great Britain and Germany within the Water segment.

Strong acquisition agenda and acquisition organisation

Vestum is an established player with extensive experience in the acquisition market. Since Vestum started operations in March 2021, 51 acquisitions have been completed. The Group's strong industry focus and extensive in-house experience of the acquisition market combined with a wide network of contacts create competitive advantages, and a majority of acquisition candidates are recommended by entrepreneurs within the Group companies' local management teams. Vestum's business model with decentralised management and entrepreneurial values also attracts entrepreneurs who want to develop their businesses and be part of a Group that offers deep industry knowledge, support and resources. As Vestum has grown, the Group companies' ability to make their own acquisitions has also increased. Add-on acquisitions to existing operations contribute to geographic expansion and a broader range of services and/or customer base. During the financial year, a total of 20 acquisitions were completed with a total annual turnover of SEK 1,839 million, of which 4 acquisitions were add-on acquisitions to existing businesses with a total annual turnover of SEK 131 million.

Efficient scalable acquisition model

Vestum's acquisition model aims to identify, screen, analyse and acquire companies that meet Vestum's key criteria regarding acquisition candidates. The acquisition model is efficient and is based on four steps: identification of potential acquisitions, evaluation, implementation and follow-up of the acquired company. New acquisition candidates are sourced both centrally and through Vestum's network of company managers and entrepreneurs, which creates scalability in the acquisition process. Since Vestum started its operations in March 2021, the group has completed a total of 51 acquisitions, of which 20 acquisitions were made in 2022. Approximately 80 percent of Vestum's completed acquisitions have been generated through its own channels, centrally or via Group companies, through direct contact with acquisition candidates.



The identification phase

Vestum strives to continuously engage in ongoing discussions with acquisition candidates, both directly and through business advisers. In total, a hundred companies are evaluated annually.

The evaluation phase

Potential acquisitions are evaluated based on several parameters, including business model, risks, market position, competitive landscape, financial history and prospects, as well as the continued commitment of key personnel. In connection with the evaluation, a value creation hypothesis is formulated about how Vestum can contribute to continued profitable growth.

The execution phase

In this phase, a complete commercial, legal and financial due diligence of the acquired company is carried out. This is followed by negotiations and the signing of an agreement.

The follow-up phase

After the acquisition has been completed, a plan is created for how to integrate the business into Vestum in the best possible way. Together with the acquired company, a roadmap for the continued operations is formalised and the development work begins, focusing on day-to-day governance, growth, profitability and tied-up capital.

Financial and sustain-ability-related targets

Financial targets

The financial targets are based on the business plan and Vestum intends to reach the targets primarily through organic profit growth in existing operations, acquisition-driven profit growth through continued acquisitions and a strengthened capital structure.

Updated financial targets

In light of Vestum's strong growth, the Board decided in September to update the Group's medium-term financial targets. The decision means that Vestum's medium-term target is to achieve an average annual growth in EBITA per share of at least 15 percent and to achieve an EBITA margin of at least 10 percent, and that financial net debt in relation to EBITDA should be 2.5–3 .5x.

After year end, Vestum's board decided to update the group's financial targets. The Board's decision means that Vestum's profitability target is raised to in the medium term achieving an EBITA margin of at least 12.0 percent and the financial net debt in relation to EBITDA should be 2,5x.

Among the underlying assumptions for the financial targets is that Vestum's Group companies achieve organic growth corresponding to historical levels and that Vestum can make acquisitions in accordance with the acquisition strategy, and that the capital structure can be strengthened, partly through profit growth with maintained margins, partly through more efficient cash flows, including by reducing the level of tied up working capital.

Sustainability-related targets

After the end of 2022, Vestum's Board has set long-term sustainability targets for Vestum's operations. The targets extend to 2040 and are based on essential sustainability issues related to the operations that Vestum conduct, and clarify Vestum's long-term sustainability commitment.

Profit Growth

Profit growth: Vestum's target in the medium term is to generate a average annual growth in EBITA per share of at least 15.0 percent.

EBITA per share

≥15%

Profitability

Vestum' target in the medium term is to achieve an EBITA margin of at least 12.0 percent.

EBITA-margin

≥12%

Capital structure

The financial net debt in relation to EBITDA should be 2,5x.

Financial net debt in relation to adjusted EBITDA

≤2,5x

Dividend policy

Vestum's profits and available cash flows will be 100% reinvested in the business and/or used for new acquisitions

Sustainability targets, to achieve up to and including the year 2040

- Net zero climate impact
- Net zero impact on biodiversity
- No serious work accidents
- Even gender balance
- Create 1,000 internships and apprenticeships

Financial development

The Vestum Group in summary

SEK million (unless otherwise stated)	2022	2021
Net sales	6,930	1,316
EBITA[1]	679	100
Operating profit (EBIT)	378	45
EBITA-margin %[1]	9.8	7.6
EBITA per share, SEK[1]	1.86	0.53
Earnings per share attributable to remaining operations and Parent company's shareholders, SEK	0.41	0.01
Operating cash flow[1]	713	-42
Cash conversion %[1]	77	-26
Financial net debt in relation to pro forma EBITDA[1]	2.9x	2.3x

1) The alternative performance measure (APM) is an alternative performance measure according to ESMA's guidelines. For reconciliation of alternative APMs, see note 30 2) Average number of shares is adjusted based on the split 2021

Net sales

The Group's net sales for the remaining operations for the year 2022 amounted to SEK 6,930 (1,316) million. The growth from the same period last year consists of acquired net sales of SEK 5,308 million, organic growth of SEK 294 million, and exchange rate effects of SEK 11 million. The organic growth is driven primarily by high demand but also by price increases.

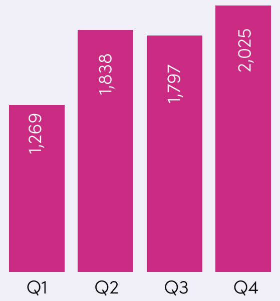
Earnings

Earnings before amortisation and write-downs of acquired surplus value (EBITA) for the remaining operations for 2022 amounted to SEK 679 (100) million, which corresponds to an EBITA margin of 9.8% (7.6%). Adjusted EBITA amounted to SEK 672 (116) million and operating profit (EBIT) amounted to SEK 378 (45) million. EBITA per share for 2022 amounted to SEK 1,86 (0,53), which corresponds to an increase from 2021 of 251 %.

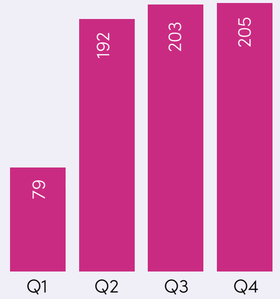
Net financial items amounted to SEK -190 (-37) million of which interest costs for loan and leasing amounted to SEK 190 (39) million. The period's profit aftertax for the remaining operations amounted to SEK 150 (2) million which corresponds to a profit per share attributable to remaining operations and the Parent Company's shareholders before and after dilution of SEK 0.41 (0.01).

Extraordinary items that are adjusted in EBITA affected the year 2022 positively by SEK 7 (-16) million. These consisted of revaluation of contingent consideration which affects the result positively by SEK 32 million, acquisition related transaction costs of SEK 11 million, costs related to preparation for change of listing of SEK 8 million and restructuring costs of SEK 6 million.

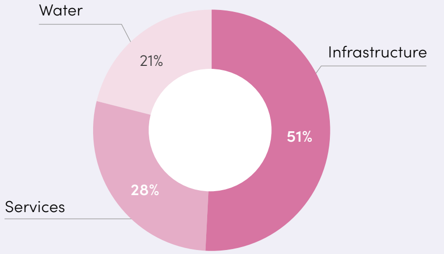
Net sales
SEK million



EBIT
SEK million



Net sales, per segment
Percent



Cash flow

Cash flow from operating activities during the year 2022 amounted to SEK 421 (-10) million, of which changes in working capital amounted to SEK -151 (-128) million. The operating cash flow amounted to SEK 713 (-42) million, which corresponds to a cash conversion of 77 % (-26 %). The increased cash conversion rate is mainly due to the fact that the group has grown through acquisitions compared to 2021, which has led to an increased cash flow.

Investments

The Group's investments during the year 2022 excluding acquisitions amounted to SEK 59 (75) million. During the year 2022, 20 acquisition of subsidiaries have been completed with a total purchase price amounted to SEK 1,874 (4,171) million. For further information, see note 15, notes for the group. Paid contingent consideration amounted to SEK 143 (0) million for the year 2022.

Financial position and liquidity

Equity at the end of the year 2022 amounted to SEK 4 ,377 (3,593) million. Equity in the parent company amounted to SEK 4,266 (3,552) million.

The Group's cash and cash equivalents at the end of the year 2022 amounted to SEK 608 (1,518) million. The interest-bearing liabilities, including lease liabilities, amounted to SEK 3,378 (3,003) at the end of the year. At the end of the year, the Group had a net financial debt, defined as interest-bearing liabilities less cash and cash equivalents, of SEK 2,770 (1,486) million. The net financial debt in relation to pro forma EBITDA was 2.9x (2.3x). Contingent consideration by the end of the year amounted to SEK 399 (465) million. Total liabilities amounted to SEK 5,573 (4,726) million as of December 31, 2022. Vestum has a credit facility agreement with Danske Bank A/S, Denmark, Swedish Branch and Skandinaviska Enskilda Bank AB (publ) and Swedbank AB (publ) as creditors. The facility amounts to a total of SEK 900 million, of which Vestum has utilized SEK 106 million at the end of the year. Total available liquidity at the end of the year, defined as cash and cash equivalents and unutilized credit facilities, amounted to SEK 1,402 million at the end of the year.

Staff

The number of full-time employees as of December 31, 2022 amounted to 2,323 (1,764) people.

Allocation of profits

Proposal for decision on profit allocation.The following profits are available to the Annual General Meeting:

Amount in SEK	
Share premium reserve	4,338,357,478
Retained earnings	-319,774,252
Profit/loss for the year	112,103,955
Total	**4,130,687,181**

The Board of Directors and the CEO propose that the available amount of SEK 4,130,687,181 SEK be allocated as follows:

To be carried forward	**4,130,687,181**

4,377

Equity at the end of the year amounted to SEK 4,377 (3,593) million.

2.9x

Financial net debt in relation to adjusted EBITA

Share information

Vestum's share is traded on Nasdaq Stockholm since December 13, 2022, with the short name VESTUM. Before that, the share was traded on Nasdaq First North Growth Market. The closing price for Vestum's share at the end of the 2022 was SEK 17.27. The price development for Vestum's share during 2022 amounted to -66.65%.

Turnover

During 2022, the number of Vestum shares traded on Nasdaq First North Growth Market and Nasdaq Stockholm amounted to 149,767,720. On average, 591,967 shares were traded per trading day, which corresponds to an average turnover per trading day of SEK 14,394,431. The average turnover per trading day in relation to market capitalization amounted to 0.16 percent.

Additional Vestum shares were traded on other trading venues.

Share capital and ownership structure

At the end of 2022, share capital in Vestum amounted to SEK 122,548,341 divided between 367,645,024 registered shares with a quota value of SEK 0.33 kr. The number of shares increased by 15,737,515 shares during 2022. The increase is attributable to issues in connection with acquisitions. All shares in Vestum are of the same class and have the same voting rights. According to the available ownership statistics from Euroclear Sweden AB, Vestum had 13,827 shareholders at the end of the year. The largest shareholder was Chief Executive Officer Conny Ryk with a capital share of 15.38 percent. Additional ownership statistics are shown in the table and diagram on the right.

Dividend policy

Vestum's dividend policy is that Vestum's profits and available cash flows will be fully reinvested in the business and/or used for new acquisitions. The board is therefore not recommending a dividend for 2022.

The ten largest shareholders as of December 31, 2022:

Name	Number of shares	Percentage
Conny Ryk	56,550,000	15.38%
Anders Rosenqvist	29,686,350	8.07%
Per-Arne Åhlgren	22,897,442	6.23%
Handelsbanken Fonder	22,255,789	6.05%
Swedbank Försäkring	18,724,941	5.09%
Avanza Pension	14,298,148	3.89%
Futur Pension	13,832,429	3.76%
Olle Nykvist	13,577,586	3.69%
Simon Göthberg	13,500,000	3.67%
Olof Andersson	13,500,000	3.67%
Total holdings, the 10 largest shareholders	**218,822,685**	**59.5%**
Total holdings, remaining shareholders	**148,822,339**	**40.5%**
Total holdings	**367,645,024**	**100.0%**

Data compiled by Monitor. Sources: Euroclear, Morningstar, Swedish Financial Supervisory Authority, Nasdaq and Millistream.

Short facts about Vestum

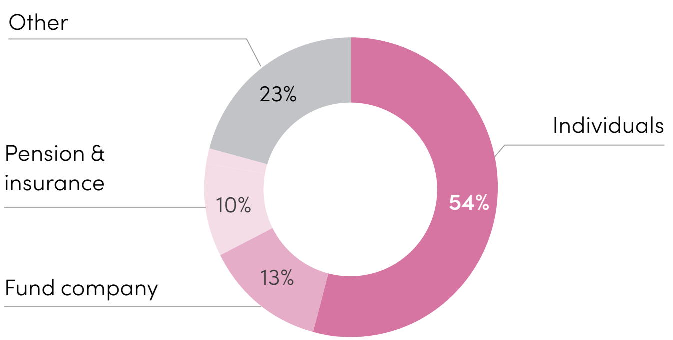
- Traded on Nasdaq Stockholm, Mid Cap
- Short name: VESTUM
- Sector: Industry
- ISIN: SE0017134125

Analysis of Vestum

The following actors publish analysis of Vestum:

- Danske Bank
- Kepler Cheuvreux
- Carnegie

Distribution of ownership structure in Vestum as of 31 December 2022:



Segment overview

Infrastructure

The Infrastructure segment offers niche work in land & civil engineering, railways and other infrastructure. The segment is mainly made up of specialists within areas including maintenance work on railways, work above and below ground, courtyard renovations, laying foundations and concrete renovation in garages, as well as product sales of moisture protection and sewage treatment systems. The customer base is primarily made up of public clients, but also private operators, who invest in and maintain various parts of the infrastructure such as railways, subways, schools, hospitals, perimeter security and water and wastewater systems. The Infrastructure segment contributes to sustainable development through a broad range of services for maintenance of railways, subways, footpaths and cycle lanes that provide transport options with reduced climate impact. **>> Read more** about Vestum's sustainability work on page 36–51.

Development during 2022

Demand remained solid during the year and the businesses within the segment have had high workloads. The Infrastructure segment delivered solid volumes and stable profitability in 2022. Infrastructure also achieved solid organic growth during the financial year, particularly within road maintenance, VA works, railway-related operations and public transport.

The operating year was characterised by a challenging economic climate with high inflation, increased raw material prices and continued supply chain disruptions. The Infrastructure segment has had a strong focus on managing and countering the effects of the challenging global situation, and the increased raw material prices during the year have essentially been passed on to customers through proactive price increases. However, the chilly weather in December had some negative impact on fourth-quarter margins.

Net sales for 2022 amounted to SEK 3,539 million (SEK 704 million) and the increase in net sales compared to the previous year is mainly driven by acquired sales. EBITA for 2022 amounted to SEK 374 million (SEK 87 million), corresponding to an EBITA margin of 10.6% (12.4%). Several acquisitions have been added to the segment since the previous year, and some of the acquisitions that were part of the segment as of December 31, 2021 did not contribute to the segment's results during the entire period, and so the periods are therefore not completely comparable.

A total of nine well-managed and profitable niche companies were acquired during the financial year, of which two were add-on acquisitions. The acquisitions brought in new skillsets and a broader customer base and geographic expansion, helping strengthen both the existing offering and the segment's overall position. The acquired niche companies also enable synergies in the form of increased collaboration, skills sharing, resource allocation and cross-selling between the businesses in the segment and create a solid platform for continued profitable growth.

Acquisitions and add-on acquisitions in 2022

Company name	Yearly net sales (SEK million)	Share
Marbit AB	272	100%
KvalitetsMark R AB	224	100%
Mobile Container Repair AB	120	100%
Østcom A/S	95	100%
Pordrän Sverige AB	82	100%
Spännbalkkonsult SBK AB	80	100%
ABR Mark & Järnväg AB	62	100%
Fibber A/S	45	100%
RockCon AB	11	100%
Total	**991**	

51%
Share of group net sales

3,539
Net sales, SEK million

374
EBITA, SEK million

10.6 %
EBITA margin

Case / Pordrän

The acquisition of Pordrän creates a strong foothold on the Swedish moisture protection market with solid growth potential

Pordrän, which was acquired in April 2022, is a market-leading niche company with high-quality products for moisture protection with an annual turnover of SEK 82 million and an EBIT margin of approximately 26%.

The company is a leading supplier of heat insulation and drainage products for moisture protection with a nationwide network of resellers in Sweden, and also has sales in Norway, Finland and Denmark.

The products are used for house foundations, ground insulation, roof structures and sporting surfaces, etc., and are deemed to have good growth potential in both existing and new application areas and in new geographic markets.

The underlying market is driven by an increased need for energy efficiency and stricter building regulations as well as increased environmental awareness.

Sustainable competitive advantages

Pordrän's ecolabeled heat insulation and drainage products contribute to improved indoor environments and to reduced use of energy and resources, by preventing and reducing moisture damage that can create a need for sanitation and renovations. Pordrän's products thereby help reduce the customers' climate footprint and costs as well as the use of the earth's resources.

Pordrän in summary:

- Niche company with extensive industry experience in a niche area with a proven business model and solid profitability
- Unique technical expertise within heat insulation and drainage products for moisture protection
- Strong market position with nationwide network of resellers in Sweden
- High-quality products and strong brand
- Sustainable competitive advantages with products that contribute to an improved indoor environment and reduced use of energy and resources
- Good growth potential in new application areas and in new geographic markets

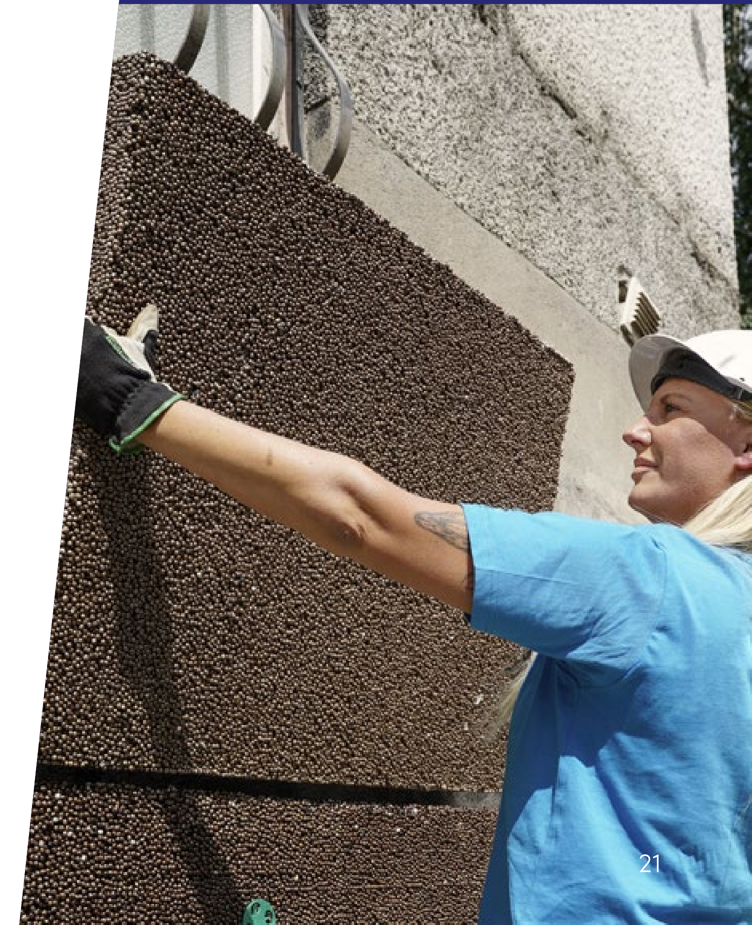
26%
EBITA-margin
(27 % 2021)

82
Net sales, MSEK
(SEK 74 million 2021)

Pordrän has had net sales growth of 11% from 2021 and a growth in EBITA of 4%

"Pordrän possesses unique technical expertise within heat insulation and drainage products for moisture protection with good growth potential in both new application areas and in new geographic markets"

Simon Göthberg,
Deputy CEO and Head of M&A Vestum AB



Services

The Services segment offers niche services and products to commercial properties. The segment consists of prominent specialists with extensive industry experience and a strong local presence in the Nordic region. It mainly offers installation and maintenance within areas such as plumbing, electricity, suspended ceilings, climate control and technical insulation, but also product sales of security doors and glass- and aluminium sections. The end customers are primarily commercial property owners in need of improving energy efficiency and making adjustments to meet stricter environmental and accessibility requirements, but also municipal clients in need of installation work. The Services segment contributes to sustainable development by offering installation and maintenance of climate control systems, solar cells, LED lighting, insulation, etc., which contributes to reduced energy use for customers, and thus reduced climate impact. **>> Read more** about Vestum's sustainability work on the page 36-51.

Development during 2022

Demand for the segment's services and products has remained strong during the financial year, driven in parts by the green transition and the need for energy efficiency improvements and reduced climate impact. However, individual businesses within customer segments with indirect exposure to private customers have seen weaker demand during the year. The Services segment delivered solid volume growth, solid organic growth and stable profitability in 2022.

During the year, the Services segment also focused on meeting and managing the challenging economic climate, which included high inflation, increased material costs and continued supply chain disruptions. The segment's proactive work with price increases combined with finding new supply chain solutions has to some extent counteracted the increased material costs during the year.

Net sales for 2022 amounted to SEK 1,951 million (SEK 400 million) and the increase in net sales compared to the previous year is mainly driven by acquired sales, but also by organic growth. EBITA for 2022 amounted to SEK 211 million (SEK 34 million), corresponding to an EBITA margin of 10.8% (8.5%). .

During the first half of the year, the segment maintained a strong focus on growth through complementary acquisitions and add-on acquisitions. A total of 10 profitable and well-managed niche companies were acquired in 2022, of which two were add-on acquisitions within glass and aluminium. The acquisitions have added a combined annual turnover of SEK 727 million and brought in new skillsets, a broader customer base and new geographical markets, helping strengthen both the existing offering and the segment's overall position. The acquired niche companies also enable synergies through increased collaborations between the companies, such as best practice, skills transfer and project collaborations. Acquisitions made during the year within technical insulation have also enabled increased collaboration when it comes to handling joint purchases, which enables cost synergies.

Acquisitions and add-on acquisitions in 2022

Company name	Yearly net sales (SEK million)	Share
Västsvensk Byggskruv AB	185	100%
KylKontroll Göteborg AB	106	100%
Galore i Uppsala AB	94	100%
ABAX Dörrsystem AB	73	100%
Lerums Tekniska Isolering LTI AB	71	100%
Akershus Elektro A/S	66	100%
Högsbo El AB	41	100%
NA Altanglas AB	35	100%
Kjellgrens El i Tumba AB	34	100%
Mälarmontage Glas & Metall AB	23	100%
Total	**727**	

28%
Share of group net sales

1,951
Net sales, SEK million

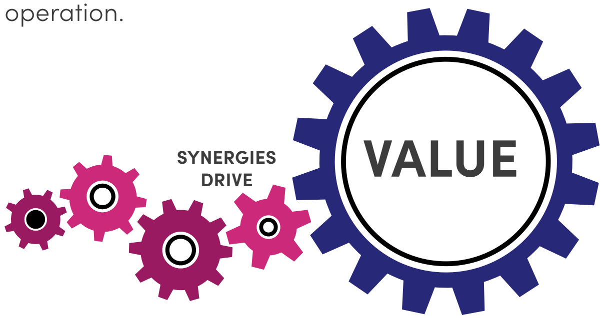
211
EBITA, SEK million

10.8 %
EBITA margin

Case / LTI group

Growth within technical insulation creates synergies and growth potential

The fast-growing insulation group Lerums Tekniska Isolering was acquired in the first quarter of 2022, with an annual turnover of SEK 71 million and an EBITA margin of 16% in 2022. The LTI group is Vestum's third acquisition within technical insulation, and the second in the Gothenburg area. The group provides technical insulation with a focus on heating and ventilation pipes as well as hot and cold water pipes, and the group consists of several companies, including a purchasing operation.



The acquisition of the LTI Group enables synergies through increased collaboration between Vestum's insulation companies, including coordination of purchases, skills transfer, resource allocation, best practice and project collaborations.

All of Vestum's technical insulation companies have successfully completed and integrated their own acquisitions, and the Group's operations within technical insulation creates a solid platform for continued consolidation on the Swedish market.

The insulation market has solid underlying demand driven by the green transition and increased need for energy efficiency improvements.

Sustainable competitive advantage

Vestum's operations within technical insulation offer solutions that reduce customers' energy use, thereby enabling reduced climate impact and cost savings.

The LTI Group has certifications related to the environment, quality management and working environment, and strives to minimise the operations' negative impact on people and the environment. Work is underway to find materials with less impact on the environment and climate, and the LTI Group has also participated in a Vinnova project to develop bioplastics with the aim of reducing the amount of PVC in buildings. However, recycling and reuse of materials is a challenge within the industry, and the group is aiming to find ways of reducing waste by using waste materials to make products.

LTI in summary:

- Niche company with extensive industry experience in a niche area
- Strong market position with local presence
- Proven business model and history of profitable growth
- Enables synergies through increased collaborations, such as coordination of purchases within technical insulation in the Vestum Group
- Proven ability to successfully acquire and integrate companies
- Forms a strong platform for continued consolidation within technical insulation on the Swedish market

"The growth within technical insulation has enabled synergies through increased collaboration between the companies, including when it comes to handling joint purchases."

Simon Göthberg,
Deputy CEO and Head of M&A Vestum AB

Water

The Water segment offers specialised services and products in water technology that focus on improving the water infrastructure. The segment consists of prominent specialists with extensive industry experience and a strong local presence in the Nordics, Germany and Great Britain. A significant part of the segment consists of maintenance, aftermarket services and product sales of water pumps, water filters and irrigation systems. The customer base is partly made up of public clients in need of pumping water from one place to another in wastewater systems and maintaining the water supply of various infrastructure facilities, partly of property owners and HVAC operators responsible for water distribution and wastewater management in commercial properties, and partly of industrial companies in need of water filters, water pumps and irrigation systems for various applications. The Water segment offers pumps and maintenance of pumps that reduce the customers' energy use and water consumption, which contributes to reduced climate impact and sustainable development. **>> Read more** about Vestum's sustainability work on page 36–51.

Development during 2022

The Water segment has seen solid demand for its products and services and achieved solid organic growth in 2022. It also maintained a strong focus on increased collaboration between the companies within the segment.

The operating year 2022 has been characterised by challenging macroeconomic developments with high inflation, cost increases and continued supply chain disruptions. During the year, the Water segment has put major emphasis on meeting and managing these challenges, counteracting negative effects and making the organisation more efficient.

Margins were negatively affected by increased raw material costs during the year, which was offset by price increases and increased volumes within the segment's larger operations, who strengthened their market positions during the year.

Net sales for 2022 amounted to SEK 1,440 million (SEK 211 million) and the increase in net sales compared to the previous year is primarily driven by acquired sales but also by organic growth and, to a lesser extent, exchange rate effects. EBITA for 2022 amounted to SEK 142 million (SEK 8 million), corresponding to an EBITA margin of 9.9% (3.8%). Several acquisitions have been added to the segment since the previous year, and some of the acquisitions that were part of the segment as of December 31, 2021 did not contribute to the segment's results during the entire period, and so the periods are therefore not completely comparable.

The acquisition of a Danish product company within irrigation systems was completed during the first quarter.

The acquired company, Scanregn A/S, supplies pumps and accessories for irrigation systems across the entire VA spectrum with turnover in 2022 of SEK 122 million, and an EBITA margin of 21%. The acquisition brings in new skillsets, a strengthened offering, a broadened customer base and a new geographic market. The acquisition also enables synergies through increased collaboration when it comes to skills transfer, resource allocation, best practice and project collaborations between companies in the same segment.

Acquisitions and add-on acquisitions in 2022

Company name	Yearly net sales (SEK million)	Share
Scanregn A/S	122	100%

21%
Share of group net sales

1,440
Net sales, SEK million

142
EBITA, SEK million

9.9 %
EBITA margin

2

Case / Scanregn

The acquisition of Scanregn establishes a new product area in Denmark with good growth potential.

Scanregn A/S, which was acquired in February 2022, is a market-leader within irrigation systems with an annual turnover in 2022 of SEK 122 million, and an EBITA margin of 21%. The company is a leading supplier of pumps and accessories for irrigation systems across the entire VA spectrum for agriculture and horticulture in Denmark.

Based on its deep expertise in irrigation systems, Scanregn offers products and services and tailored customer solutions that contribute to the optimisation of water systems, with great growth potential both in the existing market and in new segments and new geographic markets.

The market is characterised by strong underlying demand for irrigation systems driven by continued consolidation and optimisation of the agricultural market and by extreme weather conditions, which increase the need for solutions for controlled access and reuse of water that help create the best growing conditions.

The acquisition enables synergies through increased collaboration within skills transfer, resource allocation, best practice and project collaborations between companies within the Water segment.

Sustainable competitive advantages

By offering resource-efficient solutions and optimisation of irrigation systems, Scanregn helps customers make their energy and water consumption more efficient, thereby reducing both costs and the climate footprint. Scanregn also offers solutions for reusing water and thus contributes to a more circular society and to better management of water resources.

Scanregn in summary:

- Niche company with extensive industry experience in a niche area with solid profitability and a strong market position with local presence
- Proven business model and history of profitable growth
- Product company that brings in new skills, a strengthened offering, broadened customer base and new geographic market
- Enables synergies through increased collaboration within skills transfer, resource allocation, best practice and project collaborations between companies within the Water segment
- Product area with solid growth potential within the existing market as well as within new segments and new geographic markets

21%
EBIT margin
(20 % 2021)

122
Net sales, SEK million
(98 SEK million 2021)

Scanregn has had a net sales growth of 25% from 2021 and a growth in EBITA of 32%

"Scanregn offers sustainable and circular solutions within irrigation systems and establishes a new product area with solid growth potential."

Simon Göthberg,
Deputy CEO and Head of M&A Vestum AB

3

Corporate governance

Corporate governance report

Vestum AB (publ) ("Vestum") is a Swedish limited liability company with its registred office in Stockholm, Sweden. Vestum's share is listed on Nasdaq Stockholm.

Corporate governance within Vestum

Vestum strives to apply appropriate and efficient corporate governance processes to ensure that the business creates long-term value for shareholders. Vestum's corporate governance is based on both external and internal control instruments. The external control instruments that form the framework for Vestum's corporate governance include the Swedish Companies Act, the Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the "Code"). The Code is available at www.bolagsstyrning.se, where the Swedish model for corporate governance is also described. The internal control instruments include, but are not limited to, the articles of association adopted by the Annual General Meeting, the Board's rules of procedure and instructions for the Audit Committee and the Remuneration Committee, instructions for the CEO and governing documents adopted by Vestum's board, such as Vestum's Code of Conduct.

This corporate governance report describes Vestum's corporate governance during the business year 2022. The corporate governance report has been reviewed by Vestum's auditor.

Share information

Since December 13, 2022, Vestum's share is traded on Nasdaq Stockholm. Before that, the share was traded on Nasdaq First North Growth Market.

At the end of 2022, there were 367,645,024 shares. Shareholdings that represent at least one-tenth of the number of votes of all shares in Vestum consist of RYK GROUP AB with just over 15 percent of the share capital and votes.

The 2022 Annual General Meeting authorized Vestum's board to, on one or more occasions and with or without deviating from the shareholders' pre-emptive rights, approve an increase in Vestum's share capital through a new issue of shares, warrants and/or convertibles. The authorization is limited in such a way that Vestum's share capital and number of shares, with the support of the authorization, may be increased by no more than an amount or number that fits within the limits of Vestum's articles of association at the time the authorization is used.

The 2023 Annual General Meeting is recommended to give Vestum's board the same authorization as was granted at the 2022 AGM to decide on an increase in Vestum's share capital through a new issue of shares, warrants and/or convertibles, however with the difference that the authorization is limited in such a way that the maximum permitted dilution is not limited by the limits of the articles of association but to a lower level that is in line with good practice on the stock market.

Annual General Meeting

Vestum's Annual General Meeting is held during the first six months of each year. The notice convening the Annual General Meeting is issued no earlier than six and no later than four weeks before the Annual General Meeting. The notice contains information on how shareholders or proxies must register in order to have the right to participate and vote at the Annual General Meeting, as well as a numbered agenda listing the matters to be dealt with at the Annual General Meeting, proposed profit distribution and the main content of other matters to be dealt with at the Annual General Meeting.

The Annual General Meeting for 2022 was held on May 23, 2022. The Annual General Meeting for 2023 is scheduled for May 23, 2023. Each Vestum shareholder who is entitled to vote may vote for the full number of shares owned and represented by the shareholder without limitation in the number of votes. Documents issued ahead of annual general meetings as well as minutes from annual general meetings are available on Vestum's website.

Nomination Committee

In accordance with the instructions adopted by Vestum's Annual General Meeting, Vestum's Nomination Committee shall consist of representatives for the three largest shareholders or groups of shareholders in terms of votes. The meeting will be convened by the Chairman of the Board. The Nomination Committee shall be constituted based on shareholder statistics from Euroclear Sweden AB as of the last banking day in September. If any of the three largest owners waives their right to appoint a member of the Nomination Committee, the next largest owner shall be given the opportunity to appoint a member. Instructions for the Nomination Committee are available on Vestum's website.

The Nomination Committee must carry out the work required of the Nomination Committee according to the Code. The Nomination Committee ahead of the 2023 Annual General Meeting consists of Henrik Westöö (appointed by RYK GROUP AB), Anders Rosenqvist (appointed by Rosenqvist Gruppen AB) and Erik Mitteregger (appointed by GoMobile Nu Aktiebolag). Henrik Westöö is chairman of the Nomination Committee. The Nomination Committee's documents ahead of the Annual General Meeting are available on Vestum's website.

Auditor

Auditors are elected at the Annual General Meeting. The 2022 Annual General Meeting re-elected registered auditing firm Öhrlings PricewaterhouseCoopers AB, with principal auditor Niklas Renström, as auditor until the next annual general meeting. Öhrlings PricewaterhouseCoopers AB has served as Vestum's auditor since 2016, while Niklas Renström has been the principal auditor since 2021.

Board of Directors

Vestum's Board of Directors has the ultimate responsibility for Vestum's organisation and administration. The members of the Board are elected annually by the Annual General Meeting for the period until the next general meeting. The nomination work is handled by the Nomination Committee. According to Vestum's articles of association, the board must consist of a minimum of three and a maximum of seven members and a maximum of seven deputies.

At the 2022 Annual General Meeting, six members and no deputies were elected. The board has consisted of the following people: Per Åhlgren (chairman), Anders Rosenqvist, Johan Heijbel, Olle Nykvist, Helena Fagraeus Lundström and Johannes Lien. Olle Nykvist is Head of Legal at Vestum and the only board member who is employed in the day-to-day operational activities. The board composition of Vestum meets the requirements regarding independent members.

The board held 83 board meetings in 2022 (including board meetings per capsulam). There were no absences at any board meeting. Between the board meetings, there have been ongoing contacts between the company, the chairman of the board and other board members. The board members have continuously been provided with important information about the company and the business.

Vestum's board has created an Audit Committee and a Remuneration Committee. The Audit Committee ensures the quality of Vestum's financial reporting and the effectiveness of Vestum's internal controls, while the Remuneration Committee has the task of following up, evaluating and preparing guidelines for remuneration. The committee members are appointed at the constituent board meeting and for one year at a time. The work in the committees is regulated by the annually established committee instructions. The issues dealt with at the committees' meetings are recorded and a report is submitted at the subsequent board meeting.

The Audit Committee has consisted of Johan Heijbel (chairman), Anders Rosenqvist and Johannes Lien. The Audit Committee held six meetings during 2022. The Remuneration Committee has consisted of Per Åhlgren (chairman) and Helena Fagraeus Lundström. The Remuneration Committee held two meetings during 2022.

The board's work has been subject to systematic and structured evaluation in the manner prescribed by the Code. In addition, the board has continuously evaluated the work of the chief executive officer and the issue has also been subject to annual consideration.

Vestum's Nomination Committee applies rule 4.1 of the Code as a diversity policy when preparing its proposal for the board. The goal is to achieve a well-functioning board composition regarding diversity and breadth in terms of, among other things, gender, nationality, age and industry experience. The current board composition is the result of the Nomination Committee's work ahead of the 2022 Annual General Meeting. The Nomination Committee believes that the board has an appropriate composition and size and that it is characterised by versatility and breadth in terms of the members' competence and experience in areas that are strategically important for Vestum. Regarding gender distribution, the percentage of women on the board is 16.7 percent.

Chief Executive Officer and management

Vestum's Chief Executive Officer is responsible for day-to-day operations. Conny Ryk has been Vestum's CEO since 2021. The CEO's responsibilities include ongoing investments, issues regarding personnel, finances and budget, as well as ongoing contacts with the company's stakeholders and the financial markets. The CEO reports to the Board. The CEO has appointed a management team to help support his work. The management team has consisted of the following people in 2022, in addition to the CEO: Erkan Sen (Deputy CEO and COO), Olof Andersson (CFO), Olle Nykvist (Head of Legal), Simon Göthberg (Head of M&A) and Carl-Johan Callenholm (Head of Vestum International).

Remuneration

The 2022 Annual General Meeting approved the following board fees.

Function	Fee
Chairman of the Board	SEK 500,000
Board member (not employed by Vestum)	SEK 250,000
Chairman of the Audit Committee	SEK 100,000
Member of the Audit Committee	SEK 50,000
Chairman of the Remuneration Committee	SEK 50,000
Member of the Remuneration Committee	SEK 25,000

The 2022 Annual General Meeting approved guidelines for remuneration to senior executives within Vestum. The guidelines can be found on page 31 below. Vestum's board shall draw up proposals for new guidelines at least every four years to be approved at the annual general meeting.

Vestum's board has written a remuneration report to be presented at the 2023 Annual General Meeting, which describes how the guidelines for remuneration, which were adopted at the 2022 Annual General Meeting, have been applied in 2022. The remuneration report also provides information on remuneration to the CEO. The remuneration report is available on Vestum's website.

The 2022 Annual General Meeting approved the introduction of a share-related incentive program through the issue of warrants (series 2022/2025). The warrants were not offered to the board, but Olle Nykvist participated in the program in his capacity as Head of Legal. Others within Vestum's management team also participated in the program.

Internal control regarding financial reporting

This report is limited to internal control in relation to financial reporting, internally to Vestum's Board and externally in the form of interim reports, the yearend report and annual report.

Vestum's Board is responsible for internal control. Internal control and risk management form part of the Board's and the Group Management's governance and monitoring of operations and aim to ensure that they are conducted appropriately and efficiently, that financial reporting is reliable and that laws, regulations and internal regulations are complied with.

Internal control and risk management are integrated into all Vestum's processes. Vestum's internal control and risk management regarding financial reporting is designed to manage risks in the processes related to the preparation of financial reports and to achieve a high level of reliability in external reporting.

Control environment

A good control environment is based on an organisation with clear decision-making paths, powers and responsibilities as well as a corporate culture with shared values and individual awareness of each person's role in maintaining good internal control.

Within Vestum there are governing documents and guidelines for the various steps of the business flow, from transaction management to accounting and preparation of financial reports, which make it clear who is responsible for a specific task. The governing documents and guidelines are updated when necessary, so that they always reflect applicable laws and the activities conducted by Vestum.

Evaluations take place continuously to ensure that the finance department has the required competence. When necessary, external expertise is used to shed light on issues such as accounting, tax and internal control. The finance department receives support from the legal department regarding legal issues. If necessary, external expertise is also used regarding legal issues.

Risk assessment

Vestum's risk assessment is a dynamic process that aims to identify and evaluate significant risks that may affect the Group's ability to meet its goals. The risk assessment is made in the form of a self-evaluation and includes the establishment of action plans for managing identified risks. The Group management is responsible for maintaining the routines and processes required to manage significant risks in day-to-day operations. The risk assessment regarding financial reporting is updated continuously under the direction of the CFO. The focus is on significant profit and loss items.

Control activities

Vestum has established a number of control activities to ensure that operations are conducted efficiently and appropriately and that the financial reporting provides a true and fair picture. The control activities include ongoing follow-ups of risk exposure, certification and approval routines, verifications, bank and account reconciliations, monthly follow-ups of income and balance sheet items at Group level and ongoing controls of Vestum's IT environment.

Information and communication

Information and communication are a prerequisite for Vestum to be able to exercise good internal governance and control and achieve set goals. Governing documents and guidelines are therefore important instruments for ensuring accurate and reliable accounting, reporting and disclosure.

Vestum has a whistle-blower function that can be used by both employees and external stakeholders. The whistle-blower function is available via Vestum's website and can be used anonymously.

Follow-up

Vestum's financial situation and strategy regarding its financial position is discussed at each ordinary Board meeting. Each quarterly report is reviewed by the Board regarding the accuracy and presentation of the financial information. The Board also follows up to ensure that there are control activities for selected risk areas and communicates significant issues to Group management and the auditor.

Internal audit

Vestum's Board has made the assessment that Vestum does not need a formalised internal audit function to supplement existing processes and functions for internal governance and control. Follow-up is carried out by the Board and group management. The level of control is currently deemed sufficient to meet the company's needs. An annual assessment is made as to whether an internal audit function is considered necessary to maintain good control within Vestum.

Guidelines for executive remuneration

The guidelines cover salaries and other remuneration to the CEO and other persons in the Company's management (senior executives). The guidelines shall be applied for remuneration agreed upon, and changes made to existing agreements, after adoption of these guidelines at the AGM 2022. These guidelines do not apply to any remuneration decided or approved by the general meeting.

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

Vestum is a Swedish acquisition-driven group focused on acquiring and developing specialist companies within the segments Infrastructure, Services and Water. Vestum is actively looking for high-quality companies with proven business models, strong market positions and predictable cash flows where Vestum can be involved and contribute to continued positive development. For further information about the Company's business strategy, **>> see** https://www.vestum.se/en/about-vestum/.

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

The Company has established warrant-based incentive programs. The program includes, e.g., the group management. It has been resolved by the general meeting and is therefore excluded from these guidelines. The outcome of the incentive programs are related to the share price development. For further information about the Company's warrant-based incentive program, **>> see** https://www.vestum.se/en.

Types of remuneration

Remuneration and other terms of employment shall be on market terms in order for the Company to be able to retain and recruit competent senior executives. The compensation may consist of a fixed cash salary, variable cash remuneration, pension benefits, insurance and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. To the extent that a member of the Board of Directors performs work on behalf of the Company in addition to the board assignment, market term consultancy fees may be paid to such board member.

Fixed cash salary

The senior executives shall receive a fixed base salary in line with market terms and based on the individual's area of responsibility, competence and experience. The fixed cash salary shall be reviewed annually for each calendar year.

Variable cash remuneration

The senior executives shall be able to receive annual variable cash remuneration and such remuneration must be designed to promote the Company's long-term value creation. The variable remuneration shall be linked to predetermined and measurable criteria. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to a maximum of 25 per cent of the total fixed cash salary during the measurement period.

When the measurement period for meeting the criteria for payment of variable cash remuneration has ended, it shall be determined to what extent the criteria have been met. The Remuneration Committee is responsible for the assessment of variable cash remuneration to the CEO. The CEO is responsible for the assessment of other senior executives. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

Additional variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 25 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

The Board of Directors shall have the possibility, under applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds.

Pension

For the CEO, pension benefits, including health insurance, shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 per cent of the fixed annual cash salary.

For other senior executives, pension benefits, including health insurance, shall be premium defined unless the senior executive concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 30 per cent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Other benefits

Other benefits may include e.g., life insurance, health insurance and wellness allowance. Such benefits may in total amount to a maximum of 10 per cent of the fixed annual cash salary.

Termination of employment

In the event of termination by the Company, the notice period is a maximum of twelve months for the CEO and a maximum of twelve months for other senior executives. Fixed cash salary during the notice period and severance pay, including any compensation for non-compete undertakings, may not in total exceed an amount equivalent to the fixed cash salary for 24 months for the CEO and twelve months for other senior executives. In the event of termination by the executive, the notice period may not exceed twelve months. No severance pay shall be paid in the event of termination by the executive.

Salary and employment conditions for employees

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

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

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

Derogation from the guidelines

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

Risks and risk management

General

There are several factors that affect, or could affect, Vestum's operations, earnings or financial position. However, Vestum has a large number of revenue-generating portfolio companies. These companies operate in different European countries and are divided into three segments: Infrastructure, Services and Water. As a result, Vestum has a broad spectrum of customers and suppliers. One consequence of this broad spectrum is that business risks – on a general level – are limited. Below is an overall, non-exhaustive, presentation of the risks that have been identified in Vestum's operations and how these risks are managed.

Macroeconomic factors

Vestum, like other business operations, is affected by macroeconomic factors such as consumer spending, investments (both private and public), inflation and the strength of the capital market. Vestum closely monitors macroeconomic developments and adjusts its operations when deemed appropriate.

Geopolitical uncertainty

Russia's military intervention in Ukraine has led to growing geopolitical uncertainty. Vestum does not conduct any operations in Russia or Ukraine but is indirectly affected by increased material prices and disruptions in supply chains. Vestum is actively working to limit the negative effects of the situation that has arisen.

Business acquisitions

Business acquisitions are an important part of Vestum's operations. During the acquisition of a company, there is a risk that Vestum will incur costs that are not reimbursed by the seller. For example, Vestum may pay an excessive purchase price for the company being acquired. To manage this risk, Vestum conducts a thorough due diligence investigation of the companies acquired. The due diligence review – which is conducted with the support of external advisers – includes looking at financial and legal issues. Vestum also adapts the acquisition documentation to the outcome of the due diligence investigation, so that adequate contractual protection is obtained.

Financing

Vestum has external financing in the form of bank loans and bonds. Vestum is therefore affected by the climate of the financing market and a more cautious market may mean that Vestum finds it more difficult to finance, or refinance, its outstanding obligations. Vestum takes measures to ensure that the necessary financing can be obtained.

Customer concentration

Individual portfolio companies can to some extent be dependent on one or several customers in order to maintain their sales. However, the Vestum Group as a whole is not dependent on any individual customer. With regards to Vestum's public customers, it should be particularly noted that these consist of government agencies as well as municipalities and municipally owned companies.

Customer and supplier agreements

The customer and supplier agreements that exist within the Vestum Group vary in terms of contract length, pricing, guarantees, limitations of liability and scope. Some jobs are performed at a fixed price. Agreements with a fixed price can have significant negative consequences for the portfolio company's financial position and earnings if the cost of carrying out the work significantly exceeds the fixed price. To manage this risk, Vestum closely monitors the development of material prices and other costs. Vestum also strives for the portfolio companies to have contractual protection to be able to parry issues such as increased purchase prices. There are also customer and supplier agreements within the Vestum Group that are not formalised in writing but where the parties instead rely on oral agreements and common practice between the parties. The content of such agreements can be difficult to pin down if it turns out that the parties disagree about their agreement, which can lead to strained relationships and costly disputes.

Dependence on key people

Vestum is dependent on certain key people, both within the Group management and in the subsidiaries. To attract and retain these key people, Vestum offers market-based salaries. Vestum also offers key people the opportunity to participate in incentive programs. Part of Vestum's acquisition strategy is for sellers to receive part of the purchase price in Vestum shares and that these shares may not be sold for a period of two years, in order for the seller to be motivated to continue running the company even after the acquisition.

Board of Directors

Per Åhlgren

Chairman of the Board

Year of birth: 1960

Elected: Chairman since 2019

Committee work: Chairman of the Remuneration Committee

Main education:
Master of Science (M.Sc.), Business administration

Work experience (selection):
Founder, Mangold Fondkommission
Founder, GoMobile nu

Other assignments: Chairman, Mangold Fondkommission
Board member, GoMobile nu
Board member, Bong

Holdings in Vestum (including related parties):
22,893,444 shares

Independence: Independent in relation to the company, its management and larger shareholders

Johan Heijbel

Board member

Year of birth: 1975

Elected: Board member since 2016

Committee work: Chairman of the Audit Committee

Main education:
Independent courses in business administration and law

Work experience (selection):
CEO, Novestra
CFO, Qbranch

Other assignments: CFO, Strax

Holdings in Vestum (including related parties):
435,435 shares

Independence: Independent in relation to the company, its management and larger shareholders

Olle Nykvist

Board member & Head of Legal

Year of birth: 1984

Elected: Board member since 2021

Committee work: -

Main education: LL.M.

Work experience (selection):
Partner/lawyer, Cirio Law Firm
Group Legal Counsel, Ericsson
Associate Judge, Svea Court of Appeal

Other assignments: -

Holdings in Vestum (including related parties):
13,577,586 shares
84,485 warrants of series 2021/2025
135,959 warrants of series 2022/2025

Independence: Dependent in relation to the company and its management. Independent in relation to larger shareholders

Anders Rosenqvist

Board member

Year of birth: 1968

Elected: Board member since 2021

Committee work: Member of the Audit Committee

Main education:
Elementary school

Work experience (selection):
Founder, Rosenqvist Gruppen
Founder, Rosenqvist Entreprenad

Other assignments: CEO and board member, Rosenqvist Gruppen

Holdings in Vestum (including related parties):
29,686,350 shares

Independence: Independent in relation to the company, its management and larger shareholders

Helena Fagraeus Lundström

Board member

Year of birth: 1981

Elected: Board member since 2021

Committee work: Member of the Remuneration Committee

Main education:
Master of Science (M.Sc.), Engineering Physics

Work experience (selection):
Head of Via Summa, Summa Equity
Senior Director, Arla Foods

Other assignments: Chief Sustainability & Strategy Officer, X Shore

Holdings in Vestum (including related parties): -

Independence: Independent in relation to the company, its management and larger shareholders

Johannes Lien

Board member

Year of birth: 1977

Elected: Board member since 2021

Committee work: Member of the Audit Committee

Main education:
Master of Science (M.Sc.), Finance

Work experience (selection):
Founder, Cretum
Co-founder/Partner, Summa Equity
Director, Altor Equity Partners

Other assignments:
Board member, Cretum
Chairman, Ljusgårda

Holdings in Vestum (including related parties):
3,000,000 shares

Independence: Independent in relation to the company, its management and larger shareholders

Management

Conny Ryk

Founder & CEO

Year of birth: 1983

Main education:
Upper secondary school (economics)

Work experience (selection):
Founder and CEO, Sortera AB
Founder and CEO, RYK GROUP
Board member, Norsk Gjenvinning

Other assignments: Board member, RYK GROUP

Holdings in Vestum (including related parties):
56,550,000 shares
630,176 warrants of series 2021/2025
1,015,961 warrants of series 2022/2025

Olof Andersson

CFO

Year of birth: 1981

Main education:
Master of Science (M.Sc.), Business & Economics

Work experience (selection):
CFO, Max Burgers
CFO, KVD
Vice President of FP&A, Klarna

Other assignments: –

Holdings in Vestum (including related parties):
13,500,000 shares
84,485 warrants of series 2021/2025
135,959 warrants of se-ries2022/2025

Olle Nykvist

Head of Legal

Year of birth: 1984

Main education:
LL.M.

Work experience (selection):
Partner/lawyer, Cirio Law Firm
Group Legal Counsel, Ericsson
Associate Judge, Svea Court of Appeal

Other assignments: –

Holdings in Vestum (including related parties):
13,577,586 shares
84,485 warrants of series 2021/2025
135,959 warrants of series 2022/2025

Simon Göthberg

Deputy CEO & Head of M&A

Year of birth: 1989

Main education:
Bachelor's Degree, Finance

Work experience (selection):
Investment Manager, Helix Kapital
Investment Banking Associate, Danske Bank

Other assignments: –

Holdings in Vestum (including related parties):
13,500,000 shares
84,485 warrants of series 2021/2025
135,959 warrants of series 2022/2025

Carl-Johan Callenholm

Head of Vestum International

Year of birth: 1973

Main education:
Master's Degree, Engineering & Mathematics

Work experience (selection):
Founder and CEO, Lakers Group
Senior positions, Xylem Group
Senior positions, ITT Group

Other assignments: Board member, No Dig Alliance

Holdings in Vestum (including related parties):
416,772 shares
862,447 warrants of series 2021/2025
897,841 warrants of series 2022/2025

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Sustainability report

Sustainability as a business driver

Sustainability is an integral part of Vestum's business model and investment strategy with the aim of developing and building more sustainable civic infrastructure. By working systematically and purposefully to be sustainable, we increase our competitiveness and attract and retain both customers and employees. Vestum's businesses possess vast knowledge and experience regarding environmental issues and work environment issues within their respective specialist areas.

Sustainability challenges within Vestum's business areas

Society faces global sustainability challenges such as climate change, reduced biodiversity and land-use changes. Vestum operates in industries that have large environmental footprints. Vestum can contribute to a reduced environmental impact through the choice of materials and waste , transport, machinery and construction methods. There is an ever-increasing need to use natural resources more efficiently, reduce carbon dioxide emissions and have more circular and non-toxic material flows.

Vestum strives to contribute to a more sustainable society by developing and acquiring businesses that provide specialised services and products for civic infrastructure. By building and maintaining railways, subways, footpaths and cycle lanes as well as working with insulation and solar cells, we contribute to reduced climate impact. At the same time, we strive to reduce the environmental and climate impact within our own operations.

Work environment issues are vitally important within the industries in which Vestum operates. In order to manage safety aspects at construction sites, railways and facilities, we have strict rules that regulate how work is carried out, who can enter workplaces and how many hours employees are allowed to work.

How the Vestum Group manages its sustainability work

Our Group-wide sustainability management is based on clear organisational responsibilities, policies and monitoring processes. Our goal is to work in a systematic and structured way based on long-term sustainability targets. The ongoing sustainability work is assessed quarterly and annually.

Vestum's Board determines the overall sustainability strategy and targets. Vestum's CEO is responsible for ensuring that the Group follows the overall strategy and manages the risks and opportunities presented in regard to sustainability. Vestum's Head of Sustainability leads the Group-wide efforts and ensures that sustainability work is integrated into Vestum's operations. It is up to the CEO of each of Vestum's companies to ensure that strategies are implemented, targets are met and Vestum's internal governing documents – as well as laws and regulations – are followed within the individual company.

Follow-up and reporting is carried out by a sustainability officer within each company and is passed on to the Group level via the Position Green platform. Since the first quarter of 2022, Vestum publishes an external report on its sustainability work on a quarterly basis, and a more detailed report is presented in the Group's annual report. In addition, the Lakers Group, a group of companies within Vestum, annually reports the results of its sustainability work based on certain selected indicators for a sustainability linked bond.

Sustainability forum and sustainability council

The sustainability officer within each Vestum company is a member of Vestum's sustainability forum, which aims to share knowledge about the best way to address relevant sustainability issues. The forum meets quarterly and offers training and networking connected to Vestum's overall sustainability targets, work environment issues, social responsibility, human rights and anti-corruption. Vestum also runs several pilot projects to identify the best ways of working systematically with specific issues. One such pilot project was used to develop the process for ensuring that our reporting is in accordance with the EU taxonomy. Pilot projects focusing on reducing our climate impact will be carried out in 2023.

In addition to the sustainability forum, Vestum has a sustainability council that includes various Group functions. The council serves as a consultation body for sustainability issues and deals with all sustainability issues regarding the environment, personnel, social conditions, human rights and anti-corruption.

Sustainability work integrated into newly acquired companies

One of Vestum's acquisition criteria is that the company shares our values regarding long-term profitability, decentralized decision making and sustainability. When an acquisition is completed, the company becomes part of Vestum's Group-wide sustainability work and a sustainability officer is appointed who is responsible for the company's sustainability reporting and who becomes a member of Vestum's sustainability forum.

Governing documents

Vestum has been a member of the UN's Global Compact since August 2022. The membership means that Vestum follows the ten principles within the areas of human rights, labour, environment and anti-corruption as well as the global sustainability targets. Vestum also adopted a new sustainability policy in 2022 that is based on the principles of the UN's Global Compact. As a signatory company to the UN's Global Compact, Vestum will, from January 2023, report on its compliance with the ten principles and the progress of its work to achieve the global targets.

Vestum's Board adopted a new Group-wide code of conduct during 2022 and a code of conduct for suppliers. The code of conduct provides guidance on how employees should act responsibly in matters relating to the environment, human rights, diversity and non-discrimination, regulatory compliance and bribery and conflicts of interest. The code of conduct is communicated to all companies within the Group and we conduct ongoing training in business ethics and other matters. In addition, the subsidiaries follow their own standards for sustainability strategies, policies and work

processes. These are part of the companies' operational management systems, some of which have been certified by a third party. Third-party reviews are becoming increasingly common and a third-party reviewed certification provides a clearer structure and better communication and contributes to continuous work improvements. Several of Vestum's operations have certifications such as ISO 14001, Environmental management, ISO 9001, Quality management, and ISO 45001, Occupational health and safety management. The code of conduct for suppliers conveys the requirements we place on our suppliers regarding sustainability and we expect them in turn to convey the requirements to their subcontractors.

It is vitally important to Vestum that rules are followed and that business ethics within the Group are strong. Vestum has a Group-wide whistle-blower service that gives everyone the opportunity to report any wrongdoing. The whistle-blower service is managed by an external party.

Governing documents

Vestum's Board has adopted the following Group-wide sustainability-related governing documents:

- Code of conduct
- Code of conduct for suppliers
- Sustainability policy
- Anti-corruption policy
- AML & CTF policy
- Sanctioning policy
- Competition policy

Vestum's material sustainability issues

Vestum's sustainability work is based on materiality and the expectations our most important stakeholders have of us. We have a continuous dialogue with our primary stakeholders to maintain strong and long-term relationships and stay informed of their needs and expectations.

Vestum's primary stakeholders	**Material sustainability issues**
Customers	Gender equality
	Work environment
	Anti-corruption
	Regulatory compliance
	Human rights
	Climate
	Biodiversity
Employees	Work environment
	Gender equality
	Climate
	Anti-corruption
Investors	Business ethics
	Financial development
	Gender equality
	Work environment
	Climate
	Human rights
	Biodiversity
Society	Climate
	Gender equality
	Human rights
	Biodiversity
	Work environment
	Working conditions
	Whistle-blower function
	Business ethics
	Anti-corruption
	Waste

Vestum's materiality assessment is based on interviews and surveys with our stakeholder groups. The identified sustainability issues are divided into four focus areas and form the basis of the Group's sustainability work. Vestum also supports the UN Agenda 2030 and the global targets for sustainable development. Our operations have a bigger impact on some targets than others and our work focuses on increasing our positive impact and reducing our negative impact as much as we can, which we take into account in our sustainability work. Our efforts in relation to the respective relevant targets are reported in connection with the respective focus area.

Depending on our ability to influence, our work on sustainability issues takes place in various parts of Vestum's value chain, ranging from products used by suppliers to how our subsidiaries' goods and services are used by the end consumer. Vestum's ability to make the right company acquisitions, grow while maintaining a strong financial position and meet customers' quality requirements is connected to other parts of the day-to-day operations and is not evaluated within the framework of our sustainability work.

Stakeholders' expectations of Vestum

	High	Very high
Very high	**Fulfill** • Transparency • Business ethics • Healthy competition • Waste	**Focus** • Climate • Biodiversity • Work environment • Equality • Competence supply
High	**Administer** • Whistleblower function • Competence development	**Under supervision** • Anti-corruption • Law enforcement • Human rights

Level of current or potential impact on Vestum

Focus areas	Material topics	Relevant globally sustainability goals	Interim goals
Corporate governance	Anti-corruption Healthy competition	16 Peace, justice and strong institutions	16.5 Substantially reduce corruption and bribery in all their forms
Environment	Climate	13 Climate action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters 13.3 Improve knowledge and capacity to meet climate change
	Biodiversity	15 Life on land	15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems 15.5 Protect the biodiversity and natural habitats
	Resource allocation	6 Clean water and sanitation 9 Industry, innovation and infrastructure	6.3 Improve water quality and wastewater treatment and increase reuse 6.4 Increase water-use efficiency and a safe water supply 9.1 Develop quality, reliable, sustainable and resilient infrastructure
	Waste	12 Responsible consumption and production	12.4 Responsible management of chemicals and waste 12.5 Substantially reduce waste generation
Social responsibility	Work environment	8 Decent work and economic growth	8.5 Achieve full employment and decent work for all and equal pay for work of equal value 8.8 Protect labour rights and promote safe and secure working environments for all workers
	Human rights	17 Partnerships for the goals	17.17 Encourage and promote effective partnerships
	Gender equality	5 Gender equality	5.1 End all forms of discrimination against all women and girls everywhere 5.5 Ensure women's full and effective participation and equal opportunities for leadership and decision-making
	Competence supply	4 Quality education 8 Decent work and economic growth	4.3 Ensure equal access to vocational education 8.6 Substantially reduce the proportion of youth not in employment, education or training

Long-term sustainability targets

Vestum's Board adopted long-term sustainability targets In February 2023 related to five areas: climate, biodiversity, working environment, gender equality and skills recruitment. The purpose of the sustainability targets is to create a clear picture for Vestum's stakeholders, both internal and external, when it comes to Vestum's long-term sustainability work. The targets extend to 2040 and focus on areas that are deemed to be especially important from a sustainability perspective from the viewpoint of Vestum's different segments.

Short-term sustainability targets will also be set during 2023 with the aim of clarifying what must be implemented and achieved in the short term in order for Vestum to have the opportunity to reach its long-term sustainability targets. Our five focus areas based on the materiality analysis are:

- Climate
- Biodiversity
- Work environment
- Gender equality
- Skills recruitment

Net zero climate impact

The climate is one of the biggest challenges of our time and Vestum is active in sectors that are currently responsible for considerable climate emissions. Vestum must therefore act to decrease its negative impact on the climate, and any unavoidable negative impact on the climate must be offset through measures that bind carbon dioxide. The target is for Vestum to reach net zero climate impact by 2040 (applies to scope 1, 2 and 3). Vestum's board has also decided that Vestum shall set science-based climate targets, and a process will be initiated to have these targets approved by the SBTi (Science Based Targets initiative).

- In 2022, we have collected and analysed data for climate impact from scope 1,2 and 3 and developed a framework agreement for fossil-free and renewable electricity for all Vestum companies.
- In 2023, we will focus on setting targets according to the SBTi, collecting more data and increasing the proportion of fossil-free electricity.

Net zero impact on biodiversity

Biodiversity is, along with the climate issue, of central importance to the future stability of society. Vestum's businesses must therefore take the environment, nature and ecosystems into account. Any unavoidable negative impact needs to be offset through measures that promote biodiversity. The target is for Vestum to reach net zero impact on biodiversity by 2040.

- In 2022, we have developed a framework agreement for electricity that is also labelled Good Environmental Choice, which promotes biodiversity.
- In 2023, we will provide training in biodiversity and analyse how Vestum is impacting biodiversity.

No serious work accidents

The framework for Vestum's operations includes jobs that are physically challenging or expose workers to other forms of increased risk. Work environment issues therefore have the highest priority within Vestum. The target is for Vestum to have no serious work-related accidents by 2040.

- In 2022, we have collected and analysed data on work-related accidents.
- In 2023, we will provide work environment training.

Gender equality

It is of central importance to Vestum's success that all available skillsets are utilised and that Vestum provides a gender equal and inclusive work environment. Vestum also operates in industries where there is a general need for improved gender equality, which Vestum wants to actively contribute toward. The target is for Vestum to have an even gender balance by 2040, in terms of the total number of employees in the Group.

- In 2022, we have collected data regarding the gender distribution.
- In 2023, we intend to start a female network, provide training in gender-neutral and inclusive recruitment, and begin developing a female apprenticeship program.

1,000 internships and apprenticeships

Vestum wants to contribute to social sustainability by offering internships and apprenticeships. Vestum can thereby contribute to increased employment and skills recruitment. The target is for Vestum to have created 1,000 internships and apprenticeships by 2040.

- During 2022, Vestum has started collaboration with Yrkesgymnasiet, which provides vocational high school educations.
- During 2023, Vestum will initiate more collaborations to increase the number of trainees and apprentices.

Business ethics and compliance

Business ethics and compliance are important to maintain the trust of customers, employees, the public and other stakeholders.

Business ethics

Healthy competition and reliability are crucial in order to maintain long-term relationships with our customers. Using unfair or illegal anti-competitive measures, associating with unethical business partners and acting against the interests of the assignment or company would damage our reputation and constitute a business risk. This also applies to suspicions of corruption in the relationship with customers, suppliers and subcontractors. Vestum has zero tolerance for bribes and in cases where representation occurs, there must never be any doubt about its business legitimacy.

Vestum's acquisition model strengthens the Group-wide interest in business ethics and anti-corruption by having a mutual focus on values and co-ownership. Our positions on ethics, anti-corruption and other matters are stated in Vestum's code of conduct and the code of conduct for suppliers, and apply to the entire Group.

Suppliers

In total, Vestum's subsidiaries have a large number of suppliers. The premise is that the same standards that apply to Vestum also apply to suppliers and subcontractors. Vestum's code of conduct for suppliers establishes the importance of maintaining good business ethics and that products and services that are purchased are produced under environmentally and socially responsible conditions.

Whistle-blower service

Vestum's whistle-blower service gives both employees and external stakeholders the opportunity to use an encrypted communications channel to anonymously report deviations from Vestum's ethical principles and other irregularities that may harm individuals, Vestum, society or the environment. A whistle-blower does not need to provide proof of their suspicion, but all reports must be made in good faith. The reports are investigated and appropriate measures are then taken. In 2022, one whistle-blower report of suspected corruption within one subsidiary was investigated, and the investigation showed that no irregularities had occurred. Otherwise, there were no other incidents of corruption or significant rule violations. The whistle-blower service can be accessed via Vestum's website.

Data integrity

It is vital to always maintain confidentiality and integrity when handling customer and personal data by making sure data is handled in a correct, legal and fair way, and in compliance with GDPR. In light of increased data breaches suffered by authorities and large companies, work is continuously carried out to ensure that sufficient levels of protection are maintained.

Environment

Environmental issues include several important aspects, from reducing the climate impact and adjusting to a world affected by climate change, to biodiversity, reducing the use of resources, recycling and the use of chemicals.

Vestum's environmental efforts

Climate change and environmental impacts continue to have an impact on society. The industries in which we operate have contributed widely to climate change due to their need for land, resources and fossil fuels. But we see an opportunity to have a positive effect on developments through sustainable and energy efficient methods and products within civic infrastructure.

Vestum's objective is that our efforts should reduce climate impact, reduce the use of natural resources and increase the amount of recycling and thereby reduce the amount of waste. Vestum also aims to reduce the impact on biodiversity and find working methods and solutions that contribute positively to increasing biodiversity.

In addition to investor demands and tightened regulations linked to sustainability, stricter and more extensive requirements are being adopted when it comes to both reduced environmental impact and increased reporting. It goes without saying that Vestum complies with the applicable regulations and requirements in the countries where we operate.

Reduced climate impact

Vestum's long-term target is to reach net zero climate impact by 2040 and to have our climate targets approved according to the SBTi. During 2023, we will set short-term targets and develop activities to help reach our long-term targets.

Vestum offers products that help reduce energy usage, such as water pumps, solar cells, LED lighting and insulation. Our work on railways, subways, footpaths and cycle lanes help create transport options that have low or no climate impact. The objective is also to minimise and optimise Vestum's own resource use with the help of green energy choices, minimised transports and investments in electric service vehicles. Investments in electric construction machinery may also be an option in the future depending on product development and the availability of charging infrastructure.

The Group's companies also help reduce the climate footprint of both Vestum and the end customer by screening essential suppliers based on their climate impact. Vestum intends to initiate dialogue with its largest suppliers regarding their carbon footprint in 2023.

Reduced energy usage

A more limited access to energy and increasingly high energy costs have become a major challenge for companies and public actors. Price fluctuations for electricity as a result of extreme weather changes

and geopolitical conflicts make energy consumption an increasingly big risk and important issue.

Vestum offers various energy-efficient products and solutions that streamline and modernise working methods in the infrastructure sector and contribute to reducing both energy costs and environmental footprints. One example is optimised water pump systems that reduce energy consumption in large water and sewage works.

Vestum wants to increase the proportion of fossil-free and renewable energy used in its own operations. We currently produce a small amount of energy in the form of solar energy through solar cells. Vestum's ambition is that its own production of renewable energy will increase in the coming years.

Reduced use of resources

Material consumption and waste levels can be limited by replacing traditional materials and methods with more environmentally friendly solutions and maximising the use of circular materials. This requires increased precision and innovation from suppliers.

In larger tenders for construction work, material selections and waste management are usually well specified.

Biodiversity

Vestum's long-term target is to reach net zero impact on biodiversity by 2040. In the coming years, Vestum will work on setting interim goals, spreading knowledge, and developing activities to minimise negative impact and increase positive impact on biodiversity.

Estimated climate impact greenhouse gases :

Scope 1

27,600 tCO_2e

Scope 2

17,300 tCO_2e

Scope 3

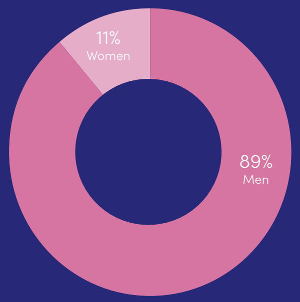
35,600 tCO_2e

Refers to emissions from the purchase of goods and services and emissions related to customers

Social responsibility

For Vestum, social responsibility is about offering a safe workplace for all employees, which is an important issue in the construction and infrastructure industries. It is also about acting responsibly in the local communities we operate in and having control over the materials we use.

Gender distribution within the Group



Vestums employs roughly 2,300 employees, all of whom contribute to the Group's innovative thinking and competitive edge. Vestum sees an obvious connection between business results and having a work environment that is safe and inclusive where people thrive, develop and trust their employees and managers. Vestum's vision is for all employees to be offered healthy and safe workplaces without accidents, injuries or discrimination and with an even gender balance.

Several of our companies operate in smaller towns where they are a significant employer. A long-term presence in these locations creates mutual trust between companies and the local community, and ensures long-term business opportunities and supply of skilled workers.

Vestum also has an indirect social impact as a purchaser and user of raw materials and products. Materials that can potentially have a negative impact on people and societies can include metals that are used in electronics, for example, or in materials and products used for construction work. To get a clear picture of the impact Vestum has, a mapping of material flows needs to be done in 2023.

Diversity and inclusion

The ability to recruit and motivate employees and create loyalty depends largely on whether everyone feels part of the team and has the opportunity to develop on equal terms. It is crucial to Vestum's success that all available skillsets are utilised and that Vestum provides an equal and inclusive workplace. Our starting point is that all employees should feel welcome at our workplaces, and we strive to have employees who feel involved and committed, and to make sure we keep hold of valuable skillsets.

In the sectors where Vestum operates, there is currently few women in operative and senior positions, and we want to help change that. For example, less than 10 percent of people working in the Swedish construction industry are women. An increased proportion of female managers and staff members throughout the Group will help boost our innovative thinking and competitiveness. Studies also show that gender equal workplaces lead to increased wellbeing among employees as well as higher profitability. Vestum's target is to have an even gender distribution in terms of the total number of employees within the group by 2040.

In 2023, we will define milestones and develop a roadmap that includes activities to increase gender equality. In this area we view collaborations with other companies and industry organisations as an important piece of the puzzle. We will also create a network for women at Vestum to increase the sense of community, since one of the reasons for why women who work in male-dominated professions often quit their jobs is the lack of other women. We also see the value of having female role models in all roles, and especially in management, to help increase gender equality.

Vestum will undertake a range of different activities to increase the proportion of women within the Group companies. Some examples:

- Make sure to have both female and male candidates for job openings
- Be visible in schools and offer internships and apprenticeships, and let it be known that we want to see female applicants for advertised positions
- Highlight the women who work in our organisation so that more women will apply for jobs in the industries in which Vestum operates.

Safe workplaces

Within the framework of Vestum's different segments there are jobs that are physically challenging or that in other ways expose workers to an increased risk of injury or ill health. Work environment issues therefore have the highest priority for Vestum. The target is for Vestum to have no serious accidents at work by 2040 at the latest. Working systematically to improve health and safety in the workplace helps motivate employees, which also makes it easier to attract relevant skills and maintain the trust of society and customers.

As employers, we have a responsibility to enact safety measures and other necessary care initiatives, such as monitoring working hours to reduce the risk of injury and protect the health of our employees. Extensive work environment processes are already in place in several of our Group companies, where health, wellbeing and employee development are continuously monitored and promoted in a structured way. Some of the companies have received third-party certifications for their work environment management. During the year, we have implemented a Group-wide reporting tool for incidents and accidents. LTIFR (Lost Time Injury Frequency Rate) shows reported work injuries that led to at least one day of medical leave per one million hours worked.

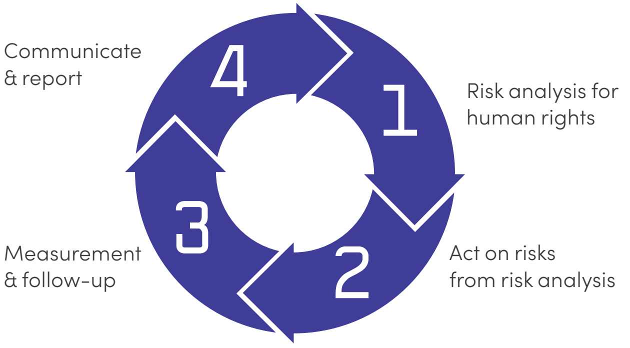
Human rights

To maintain public confidence it is crucial that staff are guaranteed fair working conditions and that their freedom and rights are respected. This means combatting issues such as child labour, unpaid overtime, forced labour and other violations of human freedoms. In Northern Europe, strict occupational health and safety legislation ensures that employees are protected. However, fraud and rule breaches occur in the construction industry in the form of illegal labour, unregulated working hours, unpaid overtime or non-payment of wages, and substandard working conditions.

Our employees are offered contractual working conditions, salaries and working hours. All discrimination based on gender, age, ethnicity, political views, etc. is counteracted. The same demands apply to suppliers and subcontractors. Perceived malpractices and suspicions of regulatory breaches within the Group or by contracted suppliers can be reported anonymously by employees and outsiders via Vestum's whistle-blower function. During 2022, there were no reports of discrimination at Vestum.

Vestum's process for working with human rights is based on making continuous improvements. Vestum supports the UN's principles for human rights and intends to carry out a first Group-wide risk assessment in 2023 based on a risk management process to identify, prevent and manage negative impacts on human rights. The risk assessment intends to focus on risks related to human rights, labour law, the environment and anti-corruption where the work will be led by Vestum's head of sustainability.

Vestum Human Rights Due Dilligence (HRDD) process



61

Number of accidents that led to at least one day sick leave

3

LTIFR (reported occupational injuries that led to at least one day of sick-leave per 200.000 hours worked).

The EU Taxonomy Regulation

The EU Taxonomy Regulation (the taxonomy) is a classification system for sustainable economic activities that was published and entered into force in 2020. The taxonomy consists of six environmental objectives. At the time of publication for this annual report, delegated acts had been established regarding the first two environmental objectives, climate change mitigation and climate change adaptation. To be considered environmentally sustainable, a business must significantly contribute toward at least one objective while not doing harm to any of the other objectives. For the financial year 2022, companies must report on how and to what extent their operations are covered by and compatible with the taxonomy, in order to show they are environmentally sustainable. Vestum has interpreted the requirements of the taxonomy regulation and the associated delegated acts in accordance with current guidelines from the European Commission. During the year, we formed a working group to assess Vestum's operations based on the technical screening criteria. KPMG assisted with support to develop a working method and a template for analysing our operations. Vestum's ambition is to increase the proportion of operations that meet the taxonomy requirements, as a first step, by obtaining more documentation and data to be able to prove compliance.

Assessment of compliance with the taxonomy

Vestum delivers specialised services and products to commercial properties as well as civic infrastructure within water technology, land and construction, railways and other infrastructure. In addition, Vestum has a large fleet of vehicles and owns real estate. Vestum has identified ten economic activities in the delegated acts where the description of operations matches our operations. To be compliant, the respective economic activity must meet technical screening criteria for whether it makes a substantial contribution to at least one of the environmental objectives while at the same time not harming any of the other environmental objectives. The activities must also be carried out in line with so-called minimum safeguards. An assessment regarding minimum safeguards was carried out at Group level.

An economic activity can make a substantial contribution to more than one environmental objective. Vestum's assessment is that our operations only contribute to climate change mitigation. As Vestum owns companies across several industries, the collection of data has been carried out in different ways for the various economic activities. Information has been collected by reviewing invoices and account analyses, as well as orders and project files.

Vestum's assessment has been limited by a lack of supporting evidence for assessing whether the economic activities meet the technical screening criteria, especially regarding not causing any significant harm. Vestum often serves as a subcontractor on projects where it is not yet common practice to carry out climate risk assessments and environmental impact assessments. When it comes to major infrastructure projects such as the construction of railways, subways, bicycle lanes and footpaths, those types of assessments are already being conducted and thus we have been able to assess compliance regarding the economic activities "6.13 Infrastructure for personal mobility, cycle logistics" and "6.14 Infrastructure for rail transport".

Minimum safeguards

Minimum safeguards are procedures implemented to ensure that the operation and its value chain are conducted in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the ILO's eight conventions.

Vestum supports the UN's principles for human rights and is a member of the UN's Global Compact and follows its ten principles in the areas of human rights, labour, environment and anti-corruption. We have governing documents and processes to ensure that the company acts according to business ethics guidelines. Vestum's Group-wide code of conduct and code of conduct for suppliers clarify Vestum's position regarding business ethics and human rights. Vestum also has policies for fair competition and anti-corruption. Vestum has internal governing documents regarding the handling of taxes to ensure that we handle tax matters in a correct manner. Tax issues are also included in an annual risk assessment that forms the basis of our internal control.

In 2023, Vestum will conduct its first Group-wide risk assessment including a risk mapping and will also take risk-reducing measures and follow up on their outcome, in order to identify, prevent and manage negative impacts on human rights.

Perceived misconduct and suspicions of rule violations within the Group or with contracted suppliers can be reported anonymously by employees and outsiders via Vestum's whistle-blower function. In 2022, one report of suspected corruption within one subsidiary was investigated, but there were no other incidents of corruption or significant rule violations. No laws or guidelines were broken during the year.

>> Read more about Vestum's sustainability management on page 37-38.

Activities	Alignment assessments	Substantial Contribution	Do No Significant Harm
5.2 Renewal of water collection, treatment and supply systems 5.4 Renewal of waste water collection and treatment	Within the Water segment, Vestum's operations include optimising pump and irrigation systems, which reduce energy use and are therefore deemed to be aligned with the taxonomy by significantly contributing to mitigating climate change. The pump and irrigation systems are used for both drinking water and wastewater.	We have not been able to assess compliance with the technical screening criteria because we lack supporting data.	We have not been able to assess compliance with the technical screening criteria, especially regarding not causing significant harm, as we lack supporting evidence. This is because climate risk assessments are rarely carried out for smaller projects and service assignments. It is only common practice for those assessments to be carried out for larger projects, and we have not participated in such projects during 2022.
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Vestum's car fleet consists of electric cars, hybrid cars and conventional cars that use different fuels such as HVO, diesel and petrol. Some of the cars are alternatives to fossil-fuel transports and are therefore deemed to be aligned with the taxonomy by significantly contributing to mitigating climate change. We have not been able to assess compliance with the technical screening criteria, especially regarding not causing significant harm, as we lack certain required documentation such as types of tires.	We have not been able to assess compliance with the technical screening criteria because we lack supporting data.	We have not been able to assess compliance with the technical screening criteria, especially regarding not causing significant harm, as we lack supporting evidence. This is because climate risk assessments are rarely carried out for smaller projects and service assignments. It is only common practice for those assessments to be carried out for larger projects, and we have not participated in such projects during 2022.
6.13 Infrastructure for personal mobility, cycle logistics 6.14 Infrastructure for rail transport	Within the Infrastructure segment, Vestum works on projects within in land and construction, railways and other infrastructure. Vestum's operations include building and maintaining railways, subways, footpaths and cycle lanes that provide alternatives to fossil-fuel transports and are therefore judged to be aligned with the taxonomy by significantly contributing to mitigating climate change.	In 2022, Vestum participated in construction projects to create sidewalks/cycle lanes and pedestrian areas, installations for electric charging and hydrogen refuelling, as well as the construction of subway tracks. These economic activities are thus deemed to significantly contribute to mitigating climate change.	The projects are often large and comprehensive and usually include environmental impact assessments and climate risk assessments. For the projects that Vestum participated in during 2022, environmental impact assessments were carried out, including climate risk assessments, from which we assess that the turnover from these projects is compliant with the taxonomy.
7.3 Installation, maintenance and repair of energy efficiency equipment 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings 7.6 Installation, maintenance and repair of renewable energy technologies 7.7 Acquisition and ownership of buildings	Vestum provides services and products for renovations, conversions and extensions, mainly for commercial properties. This includes installation, maintenance and repair of energy-efficient equipment such as replacing older lighting with new LED lighting, as well as technology for measuring energy performance. We also install charging stations and solar cells. These activities are therefore considered to be aligned with the taxonomy as they can significantly contribute to mitigating climate change. We have not been able to assess compliance with the technical screening criteria, especially regarding not causing significant harm as we lack the supporting evidence. Our clients do not carry out climate risk assessments as the contracts often are for smaller construction jobs and renovations. Vestum owns a small number of logistics buildings in industrial areas. No climate risk assessments have been carried out yet for these buildings, and we can therefore not determine compliance with the taxonomy.	We have not been able to assess compliance with the technical screening criteria because we lack supporting data.	We have not been able to assess compliance with the technical screening criteria, especially regarding not causing significant harm, as we lack supporting evidence. This is because climate risk assessments are rarely carried out for smaller projects and service assignments. It is only common practice for those assessments to be carried out for larger projects, and we have not participated in such projects during 2022.

Accounting principles

For the financial year 2022, Vestum will report the proportion of economic activities that are aligned and compliant with the taxonomy based on three KPIs: proportion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx). Vestum's interpretations of the KPI definitions are based on the taxonomy's publications. Double counting in the KPIs is limited by the fact that Vestum only reports the scope and compatibility with an environmental objective and that the calculations are based on consolidated financial data for the entire Group.

Proportion of turnover

Proportion of net turnover derived from products or services associated with taxonomy-aligned economic.

The numerator includes turnover from products and services associated with taxonomy-aligned economic activities. The denominator consists of net sales for the Group. **>> See** the Group's income statement, net sales, on p. 53.

Capital expenditure (CAPEX)

Proportion of capital expenditure relating to assets of processes associated with taxonomy-aligned economic activities.

The numerator in the calculation for capital expenditure refers to self-owned real estate and leasing of vehicles and real estate, where accounting is done according to IFRS 16 Leases. The vehicle fleet and leasing of properties are reported as right-of-use assets according to IFRS 16 and self-owned properties as tangible fixed assets. The investments included in the numerator refer to new purchases and business acquisitions, which are reported in Note 9, Leasing, p. 69 and in Note 14, Tangible fixed assets, p. 74. Denominators include new purchases and business acquisitions of all asset classes of right-of-use assets and all asset classes of tangible fixed assets.

Operating expenditure (OPEX)

Proportion of operating expenditures relating to assets or processes associated with taxonomy-aligned economic activities.

The numerator includes operating costs relating to assets or processes associated with taxonomy-aligned economic activities. The denominator includes direct costs that are not recorded as assets and that relate to building renovations, short-term leases, maintenance and repair, and all other direct expenses related to the daily maintenance of tangible fixed assets that are required to ensure the ongoing and efficient functioning of these assets.

Turnover

				Substantial contribution criteria (%)						DNSH criteria ("Does Not Significantly Harm") (Y/N)										
Economic activities (1)[1]	[2]	Absolute turnover (SEKm)	Proportion of turnover (%)	Climate change mitigation (%)	Climate change adaption (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation (Y/N)	Climate change adaption (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguard (Y/N)	Taxonomy aligned proportion of turnover, year 2022	Taxonomy aligned proportion of turnover, year 2021	Category (enabling activity or) (E)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Infrastructure for personal mobility, cycle logistics	6.13	13	0%	100%						Y	Y	Y	Y	Y	Y	Y	0%		E	
Infrastructure for rail transport	6.14	702	10%	100%						Y	Y	Y	Y	Y	Y	Y	10%		E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**715**	**10%**														**10%**			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Renewal of water collection, treatment and supply systems	5.2	149	2%																	
Renewal of waste water collection and treatment	5.4	231	3%																	
Infrastructure for personal mobility, cycle logistics	6.13	8	0%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	339	5%																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	6	0%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	1	0%																	
Installation, maintenance and repair of renewable energy technologies	7.6	2	0%																	
Total (A.1 + A.2)[4]		**1,452**	**21%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		5,478	79%																	
Total (A + B)		**6,930**	**100%**																	

CapEX

				Substantial contribution criteria (%)						DNSH criteria ("Does Not Significantly Harm") (Y/N)										
Economic activities (1)[1]		Absolute CapEX (SEKm)	Proportion of CapEX (%)	Climate change mitigation (%)	Climate change adaptation(%)	Water and marine resource (%)	Circular economy(%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation (Y/N)	Climate change adaption (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum guard (Y/N)	Taxonomy-aligned proportion of CapEx, year 2022 (Y/N)	Taxonomy aligned proportion of CapEx, year 2021	Category (enabling activity) (E)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) ((A.1)		**0**	**0%**																	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	80	15%																	
Acquisition and ownership of buildings	7.7	326	60%																	
CapEx of Taxonomy-eligible but not environmentally s ustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)[2]		**406**	**75%**																	
B.TAXONOMY-NON-EGIBLE ACTIVITIES																				
CapEx of Taxonomy-noneligible activities (B)		136	25%																	
Total (A + B)		**542**	**100%**																	

OpEx

				Substantial contribution criteria (%)						DNSH criteria ("Does Not Significantly Harm") (Y/N)										
Economic activities (1)[1]		Absolute OpEx (3) (SEKm)	Proportion of OpEx (%)	Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy(%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy aligned proportion of OpEx, year 2022	Taxonomy aligned proportion of OpEx, year 2021	Category (enabling activity (E)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**																	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Renewal of water collection, treatment and supply systems	5.2	1	3%																	
Renewal of waste water collection and treatment	5.4	1	4%																	
Infrastructure for personal mobility, cycle logistics	6.13	0	0%																	
Infrastructure for rail transport	6.14	3	15%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	0	1%																	
Installation, mantenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	0	0%																	
Installation, maintenance and repair of renewable energy technologies	7.6	0	0%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4	22%																	
Total (A.1 + A.2)[2]		**4**	**22%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-noneligible activities (B)		15	78%																	
Total (A + B)		**19**	**100%**																	

5

Financial information

Consolidated income statement

SEK million	Note	2022	2021
Remaining operations			
Operating income			
Net sales	5,6	6,930	1,316
Other operating income		69	0
Total operating income		**7,000**	**1,316**
Operating expenses			
Materials and purchased services		-3,765	-662
Other external costs	7	-600	-128
Personnel costs	8	-1,673	-349
Other operating expenses	15	-37	-16
EBITDA		**923**	**161**
Depreciation excl. acquired surplus values	9, 14	-244	-61
EBITA		**679**	**100**
Amortisation attributable to acquired surplus values	13	-301	-55
Operating profit (EBIT)		**378**	45
Financial income	9, 11	44	43
Financial costs	9, 11	-234	-80
Total financial items		**-190**	**-37**
Earnings before tax		**188**	**9**
Income tax	10	-38	-6
Profit/loss for the year from continuing operations		**150**	**2**
Profit/loss from operations held for sale	12	-7	4
Profit/loss for the year		**142**	**6**

SEK million	Note	2022	2021
Profit/loss attributable to:			
Parent company’s shareholders		141	5
Non-controlling interests		1	1
Average number of shares during the year [1) 2)]	22	364,508,628	188,831,121[1]
Number of shares at the end of the year [1)]	21	367,645,024	351,907,509
Profit/loss attributable to remaining operations and the Parent company’s shareholders per share before and after dilution [2)], SEK	22	0.41	0.01
Profit/loss attributable to Parent company's shareholders per share [2)], SEK		0.39	0.03

1) The average number of shares is adjusted based on the split 2021 2) Before and after dilution

Consolidated statement of comprehensive income

SEK million	Note	2022	2021
Profit/loss for the year		**142**	**6**
Other comprehensive income			
Items that could later be reclassified to the income statement			
Exchange differences on translation of foreign operations		41	25
Other comprehensive income for the year		**41**	**25**
Total comprehensive income for the year		**183**	**31**
Comprehensive income for the year attributable to:			
Parent company's shareholders		182	30
Non-controlling interests		1	1
Total comprehensive income attributable to Parent company's shareholders, originated from:			
Remaining operations		190	27
Operations held for sale		-7	4

Consolidated balance sheet

SEK million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	13	6,276	4,813
Property, plant and equipment	14	304	271
Right-of-use assets	9	740	486
Financial assets	16	8	7
Deferred tax assets	10	24	–
Other non-current assets		3	2
Total non-current assets		**7,354**	**5,580**
Current assets			
Inventories	18	429	197
Accounts receivable	16, 17	1,063	680
Contract assets	5	243	116
Other current assets	16	80	50
Prepaid expenses and accrued income	19	120	133
Cash and cash equivalents	16, 20	608	1,518
Assets held for sale	12	52	45
Total current assets		**2,596**	**2,738**
TOTAL ASSETS		**9,950**	**8,318**

SEK million	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	21	123	117
Share premium reserve		4,335	3,739
Reserves		53	11
Retained earnings including profit/loss for the year		-136	-276
Equity attributable to the Parent company's shareholders		**4,374**	**3,591**
Non-controlling interests		3	2
Total equity		**4,377**	**3,593**
Liabilities			
Non-current provisions	24	22	7
Non-current interest-bearing liabilities	16, 23	2,638	2,510
Non-current lease liabilities	9	543	362
Deferred tax liabilities	10	575	454
Other non-current liabilities	16	160	334
Total non-current liabilities		**3,938**	**3,667**
Current provisions	24	2	1
Current interest-bearing liabilities	16, 23	3	12
Current lease liabilities	9	194	119
Accounts payable	16	528	322
Current tax liabilities		16	46
Contract liabilities	5	119	68
Other current liabilities	16	421	269
Accrued expenses and deferred income	25	340	209
Liabilities related to assets held for sale	12	11	13
Total current liabilities		**1,635**	**1,059**
Total liabilities		**5,573**	**4,726**
TOTAL EQUITY AND LIABILITIES		**9,950**	**8,318**

For information on the Group's pledged assets and contingent liabilities, see Note 26.

Consolidated statement of changes in equity

SEK million	Share capital	Share premium reserve	Reserves	Retained earnings incl. profit/loss for the year	Non-controlling interests	Total equity
	Equity attributable to the Parent company's shareholders					
Opening balance 2021-01-01	13	274	–14	–281	–	**-9**
Profit/loss for the year	–	–	–	5	1	**6**
Other comprehensive income for the year	–	–	25	–	–	**25**
Total comprehensive income	**-**	**-**	**25**	**5**	**1**	**31**
Transactions with owners						
Share issue	104	3,499	–	–	–	**3,603**
Issue costs	–	–34	–	–	–	**-34**
Shares attributable to non-controlling interests arising from the acquisition of subsidiaries	–	–	–	–	1	**1**
Total transactions with owners	**104**	**3,465**	**-**	**-**	**1**	**3,570**
Closing balance 2021-12-31	**117**	**3,739**	**11**	**-276**	**2**	**3,593**
Opening balance 2022-01-01	117	3,739	11	–276	2	**3,593**
Profit/loss for the year	–	–	–	141	1	**142**
Other comprehensive income for the year	–	–	41	–	–	**41**
Transfer to other reserves	–	–	1	–1	–	**-**
Total comprehensive income	**-**	**-**	**42**	**140**	**1**	**183**
Transactions with owners						
Share issue	5	580	–	–	–	**585**
Issue costs	–	–3	–	–	–	**-3**
Incentive program 2021/2025	–	20	–	–	–	**20**
Shares attributable to non-controlling interests originated from the acquisition of subsidiaries	–	–	–	–	–1	**-1**
Total transactions with owners	**5**	**597**	**-**	**-**	**-1**	**601**
Closing balance 2022-12-31	**123**	**4,335**	**53**	**-136**	**3**	**4,377**

Consolidated cash flow statement

SEK million	Note	2022	2021
Operating activities			
Earnings before tax		188	9
Adjustments for items that are not included in the cash flow	28	526	115
Income tax paid		-142	-5
Cash flow before change in working capital		**572**	**119**
Changes in working capital			
Changes in inventories		-83	-15
Changes in current receivables		-255	-35
Changes in current liabilities		187	-78
Changes in working capital		**-151**	**-128**
Cash flow from operating activities		**421**	**-10**
Investment activities			
Investment in intangible assets	13	-2	-33
Investment in property, plant and equipment	14	-58	-42
Acquisition of subsidiaries/operations	15	-1,211	-2,133
Proceeds from other financial assets		1	1
Cash flow from investment activities		**-1,269**	**-2,207**

SEK million	Note	2022	2021
Financing activities			
Proceeds from borrowings	23	108	1,526
Repayment of lease liabilities	9	-169	-37
Proceeds from capital increase		20	2,288
Change in other non-current liabilities		-7	3
Cash flow from financing activities		**-48**	**3,780**
Cash flow from remaining operations		**-896**	**1,563**
Cash flow from operations held for sale	12	-18	-49
Cash flow for the year		**-914**	**1,515**
Cash and cash equivalents at the beginning of the year		1,518	2
Total cash flow for the year		-914	1 515
Exchange rate differences in cash and cash equivalents		4	1
Cash and cash equivalents at the end of the year	20	**608**	**1 518**
Cash flow for the year from interest			
Interest paid		-145	-17
Interest received		2	0

Notes for the Group

Note 1 General information

Vestum AB (publ) and its subsidiaries (the Group) are made up of a cohesive group of niche companies with a focus on the construction services and infrastructure industries.

Vestum AB (publ), corporate registration number 556578-2496, is based in Stockholm. The head office and principal place of business is located at Riddargatan 10, 114 35 Stockholm, Sweden. The consolidated financial statements for the year ended December 31, 2022 (including comparative figures) were approved for issuance by the Board on April 6, 2023.

The Group's annual report on earnings, other comprehensive income and statement of financial position, as well as the Parent company's income statement and balance sheet, will be subject to approval at the Annual General Meeting to be held on May 23, 2023.

Note 2 Summary of key accounting principles

This note contains a summary of the key accounting principles that were applied during the preparation of these consolidated financial statements. These principles have been applied consistently for all years presented, unless otherwise stated. The consolidated financial statements include Vestum AB and its subsidiaries.

All amounts are reported in millions of SEK (SEK million) unless otherwise stated. The information in parentheses refers to the previous year. Rounding can occur in tables and invoices, which means that the stated total amounts are not always an exact sum of the rounded subamounts.

Basis of preparation of the financial statements

Compliance with IFRS

The consolidated accounts for Vestum AB have been prepared in accordance with the Swedish Annual Accounts Act RFR 1, Supplementary Accounting Rules for Groups, as well as International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

Acquisition value method

The consolidated financial statements have been prepared in accordance with the acquisition value method, except for:

- certain financial assets and liabilities, valued at fair value, and
- assets held for sale - valued at fair value less costs to sell.

New standards and interpretations that have not yet been applied by the Group

Several new standards and interpretations enter into force for financial years beginning after 1 January 2023 and have not been applied in the preparation of this financial report. These new standards and interpretations are not expected to have a significant impact on the Group's financial statements in the current or future periods, nor on future transactions.

Consolidated financial statements

Subsidiaries

Subsidiaries are those companies (including structured entities) over which the Group has a controlling influence. The Group has a controlling influence over a company when it is exposed to or is entitled to a variable return from its holding in the company and is able to affect the return by exerting its controlling influence in the company. Subsidiaries are included in the consolidated financial statements as from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as from the date on which the controlling influence ceases.

The acquisition method is used for the reporting of the Group's business acquisitions (see Note 15). Intra-group transactions, balance sheet items and unrealized gains and losses on transactions between Group companies are eliminated. Intra-group losses can be an indication of write-downs that must be included in the consolidated accounts. The accounting principles for subsidiaries have in such cases been changed to ensure a consistent application of the Group's principles.

Discontinued operation

The results from WeSc:s business are reported separately in the income statement in accordance with IFRS 5 regarding discontinued operations. Furthermore, certain assets attributable to the business are reported as assets held for sale.

Segment reporting

The Group's operations are managed and reported primarily according to segment. Segments are consolidated according to the same principles as the Group as a whole. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing the operating segments' results. In the Group, this function is held by the CEO.

Foreign currency translation

Functional currency and reporting currency
Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which each company mainly operates (functional currency). In the consolidated accounts, Swedish kronor (SEK) is used, which is the Parent company's functional currency and the Group's reporting currency.

Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency according to the exchange rates that apply on the date of transaction or the date when the items are revalued. Exchange rate gains and losses that arise from the payment of such transactions and from monetary assets and liabilities that are translated from foreign currency at the exchange rate on the balance sheet date are reported in the income statement.

Exchange rate gains and losses relating to loans and cash and cash equivalents are reported in the income statement as financial income or costs. All other exchange rate gains and losses are reported under operating income in the income statement.

Translation differences for non-monetary financial assets and liabilities, such as shares that are valued at fair value via the income statement, are reported in the income statement as part of fair value gains/losses.

Group companies

Earnings and financial position for all Group companies (none of which have a high-inflation currency as functional currency) 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 exchange rate on the balance sheet date;
- revenues and costs for each of the income statements are translated at the average exchange rate (if this average exchange rate is a reasonable approximation of the cumulative effect of the exchange rates that apply on the transaction date, otherwise revenues and costs are translated at the exchange rate on the transaction date), and
- all exchange rate differences that arise are reported under other comprehensive income.

Goodwill and fair value adjustments that arise in connection with the acquisition of a foreign business are treated as assets and liabilities within that business and are translated at the exchange rate on the balance sheet date.

Revenue recognition

The Group has diversified business operations. Revenue recognition differs depending on the type of business but is based on the principle that the Group reports revenue when it has fulfilled a performance commitment, which is when a promised product or service is delivered to the customer and the customer takes control of the product and service. Control of a performance commitment can be transferred over time or at a set time. Revenue consists of the amount that the Group expects to receive as compensation for the transferred goods or services.

Sales of products

The Group's sales of products include products for commercial properties and water infrastructure and include both framework agreements and individual agreements. The Group's customer base consists of the private sector, the public sector and consumers. In the case of a framework agreement, the agreement with the customer consists of the call-off agreement in combination with the framework agreement. The Group's performance commitments consist of providing the products specified in the agreements. Each product usually constitutes a separate performance commitment that is fulfilled when control is transferred to the customer. For product sales, the control is transferred at a point in time that usually correlates with the time of delivery. If the agreement includes special delivery terms, control passes to the customer in connection with the risk being transferred in accordance with these terms. The transaction price generally consists of a fixed price per quantity sold. Variable parts of the transaction price only occur to a negligible extent. The total transaction price is estimated at the value that the Group expects the company to accrue at the conclusion of the agreement. Invoicing is usually performed upon delivery and is normally due for payment within 30–90 days.

Revenue from service assignments

The Group generates revenue from service assignments related to installations, maintenance and various other services. Both framework agreements and individual contracts are used. Revenue for these services is reported over time.

When the Group reports revenue on service assignments, a forecast is made in which the Group assesses the degree of completion of each individual project, which is gradually recognised in the income statement based on costs incurred in the project. Revenue from service operations is recognised when the services are provided by referring to the degree of completion of the assignment as of the balance sheet date in the same way as for projects as described below.

If the agreement is ongoing and based on price per hour, revenue is reported to the extent that the Group has the right to invoice the customer. Customers are invoiced monthly.

Revenue from projects and ongoing assignments

The Group's revenues from projects and ongoing assignments mainly refer to construction contracts or as a subcontractor in construction contracts. When the outcome can be assessed in a reliable manner, revenues and attributable costs for an assignment are reported according to the degree of completion of the contract on the balance sheet date. The contracted revenue is valued at the fair value of the compensation that has been received or will be received. The Group's agreements usually contain a combination of products and services that are highly dependent or closely linked to each other, and thus these agreements are considered to include a single performance commitment.

When the Group is unable to calculate the outcome of an assignment in a reliable manner, income is reported only to the extent that assignment costs that have been incurred can be recovered. Assignment costs are reported in the period in which they arise.

At all times when it is probable that the total assignment costs will exceed the total commission revenue, the feared loss is reported immediately in the result.

The degree of completion of a project is assessed by the project manager by comparing accrued costs to date with the total estimated costs for the contract. Only those costs that correspond to work carried out are included in costs to date.

The gross amount to be paid by customers for assignments is reported under the item "Contract assets" regarding all ongoing assignments where assignment costs and reported profits (after deductions for reported losses) exceed the invoiced amounts. Liabilities to customers for assignments are reported under the item "Contract liabilities" regarding all ongoing assignments for which invoiced amounts exceed assignment costs plus reported gains.

If the agreement is based on price per hour on an ongoing basis, the revenue is reported to the extent that the Group has the right to invoice the customer. Customers are billed monthly.

Revenue from leasing

The Group generates revenue from leasing, mainly of containers, scaffolding and water pumps. The Group's leasing agreements are covered by IFRS 16. The revenue is reported linearly over the term of the agreement.

Interests and dividends

Interest income and interest costs are reported using the effective interest method. Dividends are reported at the time when the right to receive payment is established.

Current and deferred income tax

The tax expense for the period comprises current tax calculated on the basis of the taxable profit for the period according to current tax rates adjusted for changes in deferred tax assets and liabilities that relate to temporary differences and unused deficits.

The current tax expense is calculated on the basis of the tax rules that are applicable on the balance sheet date or practically applicable in the countries where the Parent company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in tax returns regarding situations where applicable tax rules are subject to interpretation and assesses whether it is probable that tax authorities will accept an uncertain tax treatment. The Group values its reported taxes either based on the most probable amount or the expected value, depending on which method best predicts the outcome of the uncertainty.

Deferred tax is reported on all temporary differences that arise between the tax value of assets and liabilities and their reported values in the consolidated accounts. However, deferred tax liabilities are not reported if they arise as a result of the initial recognition of goodwill.

Deferred tax is also not reported if it arises as a result of a transaction that constitutes the first recognition of an asset or liability that is not a business acquisition and which, at the time of the transaction, does not affect the reported or taxable result. Deferred income tax is calculated using tax rates (and laws) that have been enacted or announced on the balance sheet date and that are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are reported to the extent that it is probable that future taxable surpluses will be available, against which the temporary differences can be utilized.

Deferred taxes relating to temporary differences regarding holdings in subsidiaries are not reported as the Parent company can control the time of reversal of the temporary differences and it is not considered probable that such a reversal will take place in the foreseeable future.

Deferred tax assets and liabilities are reported net when there is a legal right of set-off for current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes debited by one and the same tax authority and refer to either the same tax subject or different tax subjects, where there is an intention to regulate balances through net payments.

Current and deferred tax are reported in the income statement, except when the tax refers to items that are reported under other comprehensive income or directly under equity. In such cases, the tax is also reported under other comprehensive income and equity.

Leasing

According to IFRS 16, a lessee reports a right-of-use asset that represents a right to use the underlying asset and a leasing liability that represents an obligation to pay leasing fees. Each lease payment is divided into interest and amortization of the lease liability. The interest is reported as a financial cost in the income statement distributed over the leasing period so that each period is charged with an amount corresponding to a fixed interest rate on the underlying leasing liability. The right-of-use asset is valued at acquisition value, which corresponds to the value of the lease liability, plus any initial direct costs, plus commitments for e.g. dismantling, removal or restoration after the end of the lease. The main rule is that the right-of-use asset is amortized on a straight-line basis over the term of the contract or the period of time that the lessee is deemed to use the asset if an extension option exists. The Group has decided to apply the concessions for short-term leasing agreements and low-value assets. This means that agreements with a term shorter than 12 months and leases of low value (assets with a value below approx. SEK 45,000 in new condition) will not be included in the calculation of the right-of-use asset or lease liability but will continue to be reported on a straight-line basis over the lease term. Examples of low value assets are computers, printers and copiers. The leasing liability is initially valued at the present value of future leasing fees. Leasing fees shall be discounted using the leasing agreement's implicit interest rate, if this interest rate can be easily determined, but the most common method is for the Group to use incremental borrowing rates. Future leasing fees that are calculated at present value mainly consist of fixed fees and variable leasing fees that depend on an index. Leasing liabilities maturing within 12 months are classified as current liabilities and liabilities maturing beyond 12 months are classified as long-term liabilities. When determining the term of the leasing contract, extension options are taken into account if it is probable that they will be exercised.

Business combinations

The acquisition method is used when reporting the Group's business combinations, regardless of whether the acquisition consists of equity interests or other assets. The purchase price for the acquisition of a subsidiary consists of the fair values of

- transferred assets
- liabilities that the Group incurs to previous owners
- shares issued by the Group
- assets or liabilities that result from an agreement on contingent consideration
- previous equity in the acquired company

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are valued, with a few exceptions, initially at fair value as of the acquisition date. Acquisition-related costs are reported when they arise.

Goodwill refers to the amount by which

- transferred remuneration,
- any non-controlling interest in the acquired company, and
- the fair value at the time of acquisition of the previous equity ratio in the acquired company, (if the business combination was completed gradually) exceeds the fair value of identifiable acquired net assets. If the amount is below the fair value of the acquired net assets, in the event of an acquisition at a low price, the difference is reported directly in the income statement.

Contingent consideration is classified as either equity or financial liability. Amounts classified as financial liabilities are revalued at fair value each period. Any gains and losses from revaluation are reported in the income statement.

Impairment losses on non-financial assets

Goodwill and intangible assets that have an indefinite useful life or intangible assets that are not ready for use are not amortized but are tested annually, or if there is an indication of a decrease in value, regarding any need for impairment. Assets that are written off are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. When assessing impairment, assets are grouped based on the lowest levels at which there are largely independent cash flows (cash-generating units). For assets (other than goodwill) that have previously been written down, an assessment is made on each balance sheet date as to whether a reversal should be made.

Cash and cash equivalents

Cash and cash equivalents in the statement on cash flows include cash and bank balances, other short-term investments and utilized overdraft facilities. Other short-term investments are classified as cash and cash equivalents when they mature within three months from the date of acquisition, can easily be converted into cash at a known amount and are exposed to an insignificant risk of value fluctuations.
Overdraft facilities are reported in the balance sheet as loan liabilities under current liabilities.

Accounts receivable

Accounts receivable are financial instruments that consist of amounts to be paid by customers for goods and services sold in the day-to-day operations. If payment is expected within a year or earlier, they are classified as current assets. If not, they are reported as fixed assets. Accounts receivable are initially reported at fair value and thereafter at accrued acquisition value using the effective interest method, less any credit provision.

Inventories

Raw materials and supplies, work in progress and finished goods

Inventories are reported at the lower of acquisition value and net realizable value. The acquisition value consists of direct cost of goods, direct salary and attributable indirect manufacturing costs (based on normal manufacturing capacity). The acquisition value of individual items in the inventory is distributed on the basis of weighted average costs. The acquisition value of merchandise is determined after discounts are deducted. The net realizable value is the estimated sales price in the day-to-day operations, less applicable variable sales costs.

Fixed assets (or disposal groups) held for sale and discontinued operations

Fixed assets (or disposal groups) are classified as assets held for sale when their carrying amount will mainly be recovered through a sale transaction and a sale is considered highly probable. They are reported at the lower of carrying amount and fair value less costs to sell. However, deferred tax assets, assets attributable to employee benefits, financial assets, investment properties and contractual rights in insurance contracts are exempt from this valuation requirement.

The Group reports a loss due to a decrease in value for each first or subsequent write-down of the asset (or disposal group) to the corresponding fair value after the deduction of sale costs. A gain is reported for each subsequent increase in the fair value after the deduction of sale costs, but not to an amount higher than the accumulated value of impairment losses previously reported. A gain or loss that has not previously been reported when a fixed asset (or disposal group) is sold, must be reported as of the date when the asset or disposal group is removed from the statement of financial position.

Fixed assets (including those that are part of a disposal group) are not written off as long as they are classified as held for sale. Interest and other costs attributable to the liabilities in a disposal group held for sale are reported on an ongoing basis.

Fixed assets held for sale and assets in a disposal group held for sale are reported separately from other assets on the balance sheet. The liabilities attributable to a disposal group held for sale are presented separately from other liabilities on the balance sheet.

A discontinued operation is a part of a company that has either been divested or is classified as being held for sale and which constitutes an independent significant line of business or an operation conducted within a geographical area, is part of a single coordinated plan to divest an independent significant line of business or an activity conducted within a geographical area or is a subsidiary acquired solely for the purpose of being sold. The earnings from discontinued operations is reported separately in the income statement.

Investments and other financial assets

Classification

The group classifies its financial assets in the following categories:
financial assets that are reported at fair value via the income statement, and financial assets that are reported at accrued acquisition value.

The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual terms for the assets' cash flows.

For investments in equity instruments that are not held for trading, the reporting depends on whether the Group, at the time of the instrument's acquisition, has made an irrevocable choice to report the equity instrument at fair value via other comprehensive income.

The Group only reclassifies debt instruments in cases where the Group's business model for the instruments changes.

Recognition in and removal from the balance sheet

Purchases and sales of financial assets are reported on the transaction day, the date on which the Group commits to buy or sell the asset. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred virtually all risks and benefits associated with ownership.

Valuation

Financial assets are initially valued at fair value plus, in cases where the asset is not reported at fair value via the income statement, transaction costs directly attributable to the purchase. Transaction costs attributable to financial assets that are reported at fair value via the income statement are recognised directly in the income statement.

Investments in debt instruments

Subsequent valuation of investments in debt instruments depends on the Group's business model for managing the asset and the type of cash flows the asset gives rise to. The Group classifies its investments in debt instruments at accrued acquisition value. Assets held for the purpose of collecting contractual cash flows and where these cash flows only consist of capital amounts and interest, are reported at accrued acquisition value. Interest income from such financial assets is reported as financial income using the effective interest method. Gains and losses that arise due to derecognition from the balance sheet are reported directly under other gains and losses together with the exchange rate result. Impairment losses are reported on a separate line in the income statement.

Investments in equity instruments

The Group values all equity instruments at fair value.

Changes in the fair value of financial assets that are reported at fair value via the income statement are reported under financial income or costs in the income statement.

Impairment losses

The Group applies the simplified method for calculating expected credit losses. The method uses the expected losses for the entire term of the receivable as a starting point for accounts receivable and contract assets.

To calculate expected credit losses, accounts receivable and contract assets are grouped based on credit risk characteristics and number of days of delay. The contract assets are attributable to work that has not yet been invoiced and have essentially the same risk characteristics as work invoiced for the same type of contract. The Group therefore considers the loss levels for accounts receivable to be a reasonable estimate of the loss levels for contract assets.

Historical losses are then adjusted to take into account current and forward-looking information on macroeconomic factors that may affect customers' ability to pay the claim.

The historical loss level is therefore adjusted based on expected changes in these factors.

Property, plant and equipment

Property, plant and equipment are reported at acquisition value less depreciation. The acquisition value includes expenses that can be directly attributed to the acquisition of the asset.

Additional expenses are added to the asset's carrying amount or are reported as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will benefit the Group and the asset's acquisition value can be measured reliably. The carrying amount of the replaced part is removed from the balance sheet. All other forms of repairs and maintenance are reported as costs in the income statement during the period in which they arise.

The straight-line method of depreciation is used to allocate acquisition value or revalued amounts, less the estimated residual value, over the estimated useful life. For costs of improving someone else property or certain fixed assets held under financial leasing agreements, depreciation is calculated over the shorter of the useful life or leasing period. The periods of use are as follows:

- Buildings 25-40 years
- Machinery, vehicles and other technical facilities 10-15 years
- Equipment, tools and installations 3-10 years

The assets' residual values and useful lives are examined at the end of each reporting period and adjusted if necessary.

The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

Profits and losses on disposals are determined through a comparison between sales revenue and the asset's carrying amount and are reported net in the income statement.

Intangible assets

Goodwill

Goodwill is calculated according to the principles for business acquisitions. Goodwill arising from a business acquisition is included in intangible assets. Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment. Goodwill is reported at acquisition value less accumulated write-downs. When selling a unit, the carrying amount of goodwill is included in the resulting profit/loss.

In order to test the need for impairment, goodwill acquired in a business acquisition is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units that have been allocated goodwill corresponds to the lowest level in the Group at which the goodwill in question is monitored through internal management, which for Vestum is the operating segment level (Note 13).

Trademarks and customer contracts

Trademarks and customer contracts acquired through a business acquisition are reported at fair value on the acquisition date.

The customer contracts have a definable useful life and are reported at acquisition value less accumulated amortization and write-downs. Trademarks have an indefinite useful life and are not amortized but are tested for impairment annually.

In-house software development

Software maintenance costs are reported when incurred. Development costs that are directly attributable to the development and testing of identifiable and unique software products controlled by the Group are reported as intangible assets when the following criteria are met:

- it is technically possible to complete the software so that it can be used,
- the company's intention is to complete the software and to use or sell it,
- the conditions are in place for the software to be used or sold,
- it can be shown how the software generates probable future financial benefits,
- there are adequate technical, financial and other resources available to complete the development and to use or sell the software, and
- the costs that are attributable to the software during its development can be reliably calculated.

Directly attributable costs that are balanced as part of the software include costs for employees and a reasonable share of indirect costs.

Balanced development costs are reported as intangible assets and are amortized from the time the asset is ready for use.

Amortization methods and useful lives

The Group amortizes intangible assets with a definable useful life on a straight-line basis over the following periods:

- IT development and software 5-10 years
- Customer contracts 5–10 years

Accounts payable and other liabilities

Accounts payable are obligations to pay for goods or services that have been acquired from suppliers in the day-to-day operations.

Accounts payable and other liabilities are classified as current liabilities if they fall due within a year or earlier (or during a normal business cycle if this is longer). If not, they are recognized as long-term liabilities. The liabilities are initially reported at fair value and thereafter at accrued acquisition value using the effective interest method.

Borrowings

Borrowings are initially reported at fair value, net after transaction costs. Borrowings are then reported at accrued acquisition value and any difference between the amount received (net after transaction costs) and the repayment amount is reported in the income statement distributed over the loan period, using the effective interest method.

Borrowings are removed from the balance sheet when the obligations have been settled, canceled or otherwise terminated. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the compensation paid, including transferred assets that are not cash or assumed liabilities, is reported in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

Provisions

Provisions for guarantees are recognised when the Group has a legal or informal obligation as a result of previous events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been calculated in a reliable manner. No provisions are made for future operating losses.

If there are a number of similar commitments, the probability that an outflow of resources will be required in the regulation is assessed as a whole for this whole group of commitments. A provision is recognised even if the probability of an outflow regarding a certain item in this group of commitments is low.

The provisions are valued at the present value of the amount that is expected to be required to settle the obligation. A discount rate before tax is used, which reflects a current market assessment of the time-dependent value of money and the risks associated with the provision. The increase in the provision due to the passage of time is recognised as interest costs.

Remuneration to employees

Short-term remuneration to employees

Liabilities for salaries and benefits, including non-monetary benefits and paid absences, which are expected to be settled within 12 months after the end of the financial year, are reported as current liabilities at the undiscounted amount that is expected to be paid when the debts are settled. The cost is reported as the services are performed by the employees. The liability is reported in the balance sheet as a liability regarding remuneration to employees.

Remuneration after termination of employment

The Group companies only have defined contribution pension plans.

For defined contribution pension plans, the Group pays contributions to publicly or privately administered pension schemes on a mandatory, contractual or voluntary basis. The Group has no additional payment obligations once the fees have been paid. The fees are reported as personnel costs when they fall due for payment. Prepaid fees are reported as an asset to the extent that cash repayments or a reduction of future payments can benefit the Group.

Compensation in the event of termination

Termination compensation is paid when an employee's employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary resignation in exchange for such compensation. The Group reports termination compensation at the earliest of the following times: (a) when the Group no longer has the possibility to withdraw the offer of compensation; and (b) when the company recognises expenses for a restructuring that is within the scope of IAS 37 and that involves the payment of severance pay. In the event that the company has submitted an offer to encourage voluntary resignation, termination compensation is calculated based on the number of employees who are expected to accept the offer. Benefits that fall due more than 12 months after the end of the reporting period are discounted to present value.

Share capital

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new shares or options are reported, net after tax, under equity as a deduction from the issue proceeds.

Dividends

Dividends to the Parent company's shareholders are reported as a liability in the consolidated financial statements in the period in which the dividend is approved by the Parent company's shareholders.

Earnings per share

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:
- earnings attributable to the remaining operations of the Parent company's shareholders
- with a weighted average number of outstanding ordinary shares during the period, excluding repurchased shares held as treasury shares by the Parent company (Note 22).

Earnings per share after dilution

To calculate earnings per share after dilution, the amounts used to calculate earnings per share before dilution are adjusted by taking into account:
- the weighted average of the additional ordinary shares that would have been outstanding in a conversion of all potential ordinary shares.

Note 3 Financial risk management

Financial risk management

Financing and financial risks are managed in accordance with guidelines established by Vestum's Board of Directors. The Group's finance function is responsible for making sure that financing, liquidity and financial risks are centralised in the Parent Company. The main types of financial risks affecting Vestum are market risk (interest rate risk and currency risk), credit risk and liquidity risk.

Market risk

The Group is exposed to market risk through currency risk and interest rate risk as a result of both operating activities and investing activities. The market risk is mainly attributable to the development of interest rates for short- and long-term borrowing as well as current discount rates.

i) Currency risk

Currency risk refers to the risk that unfavorable exchange rate changes will affect the Group's earnings and equity positively or negatively measured in SEK:
- Transaction exposure arises as a result of the Group making and receiving payments in foreign currencies
- Translation exposure arises as a result of the Group's currency exposure from the net assets in the Group's foreign operations

Vestum's transaction exposure is limited as most portfolio companies make purchases and sales in their functional currency. Therefore, a reasonable change in the value of the Swedish krona against other currencies does not have any material effect on the group's profit after tax. Sales are made in SEK, NOK, EUR, GBP and DKK. There is some exposure related to imported goods. No derivative instruments or futures contracts have been signed to manage the currency risk.

Translation exposure exists for the parts of the Group's equity that consist of net assets in foreign subsidiaries when converted to SEK. The group has a number of holdings in foreign operations whose net assets are exposed to exchange rate changes. Currency exposure arising from the net assets in the Group's foreign operations is managed to some extent through borrowing in the relevant foreign currencies.

(ii) Interest rate risk

The Group's interest rate risk arises through long- and short-term borrowing. Borrowing with variable interest rates exposes the Group to interest rate risk regarding cash flow. In 2022, the Group's borrowing at variable interest rates was in SEK and NOK.

The Group's average interest rate amounted to 5.7% during the financial year 2022. The Group's borrowing amounted to SEK 2,638 million as of the balance sheet date, see Note 16. A change in the interest rate situation by +/- 0.5 percentage points would have an impact on the year's earnings of +/- SEK 13 million.

Credit risk

Credit risk is the risk that Vestum's counterparties do not fulfil their contractual obligations. The Group is exposed to this risk partly through various financial instruments, such as accounts receivables or advance payments, and partly through its placement of surplus liquidity. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets on December 31, see Note 16 for the compilation of financial assets.

Vestum applies the simplified method in IFRS 9 for the recognition of expected credit losses over the remaining term for all trade receivables.

The Group continuously monitors cancelled payments from customers and other counterparties, identified individually or in groups, and incorporates this information into its credit risk controls.

If external credit ratings and/or reports regarding customers and other counterparties are available at a reasonable cost, these are obtained and used. The Group's policy is to only do business with creditworthy counterparties.

All financial assets that have not been written down or were due for payment on December 31 are deemed to have a high credit quality. Given the short period of time that trade receivables are exposed to credit risk, the effects of these factors during the reporting period have not been considered significant.

Regarding trade receivables and contractual assets, the Group is not exposed to any significant credit risks in respect to any individual counterparty or group of counterparties with similar characteristics. Trade receivables consist of a large number of customers in different industries and geographical areas. Based on historical information about customers' cancelled payments, trade receivables that have not fallen due for payment or been written down are deemed to have a good credit quality. On December 31, the Group had certain trade receivables that were not settled at the agreed maturity date but that are not considered doubtful.

The credit risk for cash and cash equivalents is considered negligible, as the counterparties are well-known banks with high credit ratings.

Liquidity risk

The Group uses prudent liquidity management to ensure that sufficient cash is available to meet the needs of day-to-day operations. Liquidity needs are managed by monitoring planned loan payments for long-term financial liabilities as well as forecasted payments and disbursements in day-to-day operations.

Management monitors rolling forecasts for the Group's liquidity reserve (including unutilised credit facilities) and cash and cash equivalents based on expected cash flows. Long-term liquidity needs for a period of 360 days are identified monthly, and the three following quarters are analysed on a quarterly basis. The Group also monitors balance sheet-based liquidity measures against internal and external requirements to determine the safety margin or any deficits, and ensures access to external financing. This analysis shows that available loan facilities are expected to be sufficient during this period. The financing of long-term liquidity needs is secured by an appropriate amount of approved credit facilities.

As of December 31, the Group has a total credit facility of SEK 900 million, of which Vestum had utilised SEK 106 million as of the end of the period. Available liquidity at the end of the period amounted to SEK 1,402 million.

For the Group's long-term financing, Vestum has issued a bond loan. The bond loan was issued in 2021 and amounts to SEK 1,500 million under a framework of SEK 3,000 million. In addition to the centrally negotiated borrowing, other liabilities include a secured bond loan of NOK 950 million, in acquired companies, which was not subject to refinancing after the acquisition.

The table below analyses the Group's financial liabilities, broken down by the time remaining on the balance sheet date until the contractual maturity date. The amounts stated in the table are the contractual, undiscounted cash flows.

Contractual maturities for financial liabilities

	Maturity analysis						
As of 31 December 2022	**< 6 months**	**6–12 months**	**1–2 years**	**2–5 years**	**5 years >**	**Total contractual cash flows**	**Carrying amount receivables/liabilities**
Accounts payable	527,721,450	–	–	–	–	**527,721,450**	527,721,450
Liabilities to credit institutions	165,837,619	–	2,611,966	–	–	**168,449,585**	161,732,219
Bond loan	90,079,628	113,509,404	1,658,214,309	1,049,645,865	–	**2,911,449,207**	2,479,409,052
Contingent consideration	240,483,579	–	134,011,539	25,000,000	–	**399,495,118**	399,495,118
Lease liability	101,374,516	101,374,516	157,519,200	246,568,023	251,866,695	**858,702,950**	736,913,138
Total financial liabilities	**1,122,000,818**	**214,883,920**	**1,949,745,048**	**1,321,213,888**	**251,866,695**	**4,865,818,310**	**4,305,270,977**

Note 4 Significant estimates and assessments for accounting principles

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under current conditions.

Significant assessments by Group management

The Group makes estimates and assessments about the future. The estimates for accounting purposes that result from these will, by definition, rarely correspond to the actual result. The estimates and assessments that involve a significant risk of significant adjustments in the reported values of assets and liabilities during the next financial year are outlined below.

Impairment losses on non-financial assets and goodwill

To assess the need for impairment, Group management calculates the recoverable amount for each asset or cash-generating unit based on expected future cash flows and using an appropriate interest rate in order to discount the cash flow. Uncertainties involve assumptions about future operating profit and the determination of an appropriate discount rate.

At the balance sheet date 2022-12-31 goodwill amounted to SEK 3,825 (2,699) million. For more information about the impairment test, see Note 13.

Business acquisitions and valuation at fair value

When calculating fair values, Group management uses valuation techniques for the specific assets and liabilities acquired in a business acquisition. In particular the fair value of contingent consideration depends on the outcome of several variables, including the acquired company's future profitability.

Group management uses valuation techniques when calculating the fair value of financial instruments (in cases where there are no prices on active markets) and for non-financial assets. This involves making estimates and assumptions that are consistent with how market participants would price the instrument.

Group management bases its assumptions as much as possible on observable data, but these are not always available. In such cases, Group management uses the best information available. An estimated fair value may differ from the actual price that could be achieved in a transaction on commercial terms on the balance sheet date.

Contingent consideration is included in the item Other liabilities in the balance sheet, and on 2022-12-31 were valued at SEK 399 (465) million. For more information about contingent consideration and acquisitions, see Note 15.

Revenue from projects

Reported revenue and associated contract assets from clients reflect the Group Management's best estimate of the outcome and the degree of completion for each contract. In the case of more complex contracts, there is considerable uncertainty in assessing the costs of completion and profitability. The Group reports revenues for projects over time in line with the degree of completion, which is measured by expenses incurred in relation to total expected expenses at any given time. The Group has a well-developed process for monitoring the degree of completion and the expected total costs per project. This process assesses the risk that a project may result in a loss.

At the balance sheet date 2022-12-31, receivables for construction contracts were recognised in the balance sheet at SEK 243 (116) million and liabilities recognised at SEK 119 (68) million. For more information on construction contracts, see Note 5.

Note 5 Revenue distribution

Revenues distributed by revenue category

MSEK	2022* Water	Services	Infra	Total
Ongoing assignments	132	621	464	**1,217**
Product sales	923	474	328	**1,634**
Projects	118	741	2 412	**3,271**
Service assignments	101	114	290	**505**
Leasing	167	0	136	**303**
Total net sales	**1,440**	**1,951**	**3,539**	**6,930**

MSEK	2021* Water	Services	Infra	Total
Revenue	211	400	704	**1,316**
Total net sales	**211**	**400**	**704**	**1,316**

Revenue category	Description
Ongoing assignments	Income from ongoing assignments with a total income of <1 SEKm. Available in all segments. The income is recognized over time.
Product sales	Sales of products. Available in all segments and refers, for example, to products for commercial properties and for the water infrastructure. The income is reported at a given time..
Projects	Income from projects with a total project income of >1 SEKm. Available in all segments. The income is recognized over time.
Service assignments	Agreements from ongoing service contracts and framework agreements. Available in all segments. The income is recognized over time.
Leasing	Income from leasing activities is found within the Water and Infrastructure segments and refers to, for example, water pumps, containers and weather protection. The income is recognized over time.

Revenues by customer type

MSEK	2022* Water	Services	Infra	Total
Private sector	1,221	1,687	2,518	**5,426**
Public sector	189	139	975	**1,304**
Consumer	30	125	46	**200**
Total income	**1,440**	**1,951**	**3,539**	**6,930**

Revenues by customer type refers to the invoiced customer. Vestum is mainly a subcontractor in the supply chain where the end customer is often in the public sector.

There is no customer that accounts for more than ten percent of the turnover.

*) Information about the distribution of revenue per revenue category and customer type is followed up from 2022 and data for 2021 has not been produced.

Revenues by geographical markets

MSEK	2022 Water	Services	Infra	Total
Sweden	202	1,912	3,428	**5,542**
Other countries	1,239	39	111	**1,389**
Total income	**1,440**	**1,951**	**3,539**	**6,930**

MSEK	2021 Water	Services	Infra	Total
Sweden	39	400	704	**1,143**
Other countries	172	0	0	**172**
Total income	**211**	**400**	**704**	**1,316**

Note 5 Revenue distribution, cont.

Contract assets and contact liabilities

	2022	2021
Contract assets – claims on customers	243	116
Contract liabilities – liabilities to customers	–119	–68
Total contract assets	**124**	**48**

The majority of the contractual debts in 2022 will be returned as income in 2023.

Contract assets primarily relate to the group's right to compensation for work performed but not invoiced at the balance sheet date regarding project and service agreements. The contract assets are transferred to accounts receivable when the right to invoice exists.

Contractual liabilities primarily refer to advances received from customers for future project and service assignments, for which revenue is reported over time.

Note 6 Segment reporting

Vestum divides its operations into three segments: Infrastructure, Services and Water. Vestum has identified these three segments as complementary, both over a business cycle and seasonally. The tables below only include the financial outcome for the periods in which each portfolio company was part of the Vestum Group. Cost for Group functions refers to group management, IT, legal, M&A and group finance functions. Costs related to operating group functions (country- and division managers, business control, HR and sustainability) have been distributed to each segment.All segment's have revenue recognition at a point in time, and over time.

MSEK	2022	2021
Net sales per segment		
Water	1,440	211
Services	1,951	400
Infrastructure	3,539	704
Total net sales	**6,930**	**1,316**
EBITA per segment		
Water	142	8
Services	211	34
Infrastructure	374	87
Group functions	–56	–14
Adjusted EBITA	**672**	**116**
Adjustments	7	–16
EBITA	**679**	**100**
Amortisation attributable to acquired surplus values	–301	–55
Operating profit (EBIT)	**378**	**45**
Financial items net	–190	–37
Earnings before tax	**188**	**9**

Note 7 Remuneration to auditor

	2022	2021
PwC		
Audit assignment	-10	-2
Auditing activities in addition to the audit assignment	0	0
Tax advice	0	0
Other services	-1	0
Total	**-11**	**-3**
Other auditing companies		
Audit assignment	-4	-1
Auditing activities in addition to the audit assignment	0	0
Tax advice	0	0
Other services	-1	0
Total	**-4**	**-1**
Total cost of remuneration to auditor	**-15**	**-4**

Note 8 Remuneration to employees, etc

	2022			
Salaries, other remuneration and social security contributions	**Salaries and other remune-ration**	***Of which vari-able portion***	**Social security contributions**	***Of which pension costs***
Board, CEO, and other senior executives[1]	-96	*-5*	-45	*-16*
Other employees	-1,090	*-25*	-386	*-83*
Total	**-1,186**	***-31***	**-431**	***-99***

1Includes salaries and remuneration to the board, group management and managing directors in the group's subsidiaries

	2021			
Salaries, other remuneration and social security contributions	**Salaries and other remune-ration**	***Of which vari-able portion***	**Social security contributions**	***Of which pension costs***
Board, CEO, and other senior executives[1]	-13	*0*	-4	*-2*
Other employees	-231	*-11*	-71	*-17*
Total	**-245**	***-11***	**-75**	***-19***

1Includes salaries and remuneration to the board, group management and managing directors in the group's subsidiaries

	2022		2021	
Gender distribution within the group (incl. subsidiaries) of Board of directors and other senior executives	**No. at balance sheet date**	***Of which, men***	**No. at balance sheet date**	***Of which, men***
Board members	95	*88*	79	*78*
CEO and other senior executives	81	*78*	39	*39*
Total	**176**	***166***	**118**	***117***

	2022		2021	
Average number of employees, and geographical distribution	**Average no. of employees**	***of which, men***	**Average no. of employees**	***Of which, men***
Sweden	1,721	*1,573*	408	*376*
Norway	209	*193*	25	*22*
Denmark	76	*71*	15	*14*
Germany	67	*59*	17	*17*
UK	75	*70*	19	*17*
Finland	57	*46*	18	*15*
Total	***2,206***	***2,011***	**501**	***460***

Note 8 Remuneration to employees, etc cont.

Incentive program

During the Extraordinary General Meeting in Vestum AB (publ) at December 17, 2021, it was decided to establish a warrant-based incentive program by issuing a maximum of 3,520,193 warrants, to key people in the Group and the portfolio companies. The warrants have been transferred on market terms at a price that was was established based on an estimated market value calculated by an independent valuation institute. The payment of the incentive program starting in the first quarter of 2022, has been recorded against equity and increases equity by SEK 11,475,831. At the annual general meeting in May 23, 2022, it was decided to introduce another incentive program by issuing a maximum of 3,650,000 warrants, to key people in the Group and the portfolio companies. The warrants have been transferred on market terms at a price that was established based on an estimated market value calculated by an independent valuation institute. The payment of the incentive program starting in the second quarter of 2022, has been recorded against equity and increases equity by SEK 8,103,000. As of December 31, 2022 the incentive programs do not have a diluting effect on equity.

Outstanding program	Number of options	Correspon-ding number of shares	Redemption rate per option (SEK)	Redemption period	Maximum increase in share capital (SEK)
2021/2025	3,520,193	3,520,193	70.9	1 Jan 2025 – 31 Mar 2025	1,161,664
2022/2025	3,650,000	3,650,000	31.4	1 Jun 2025 – 31 Aug 2025	1,216,667

Note 9 Leasing

The following amount related to leasing agreements are reported in the balance sheet:

Right-of-use assets	Land and buildings	Cars	Machinery and equip-ment	Other	Total
As of January 1, 2021	**0**	**0**	**0**	**0**	**0**
Acquisitions	21	11	7	6	**45**
Acquisition of businesses	346	69	51	14	**479**
Divestments and disposals	-0	-0	-0	-	**-0**
Translation differences	1	0	0	0	**1**
As of January 1, 2022	**368**	**80**	**57**	**20**	**525**
Acquisitions	147	58	10	14	**229**
Acquisition of businesses	167	22	7	0	**196**
Divestments and disposals	-6	-7	-3	-0	**-16**
Translation differences	5	1	–	0	**6**
As of December 31, 2022	**680**	**153**	**72**	**34**	**940**

Accumulated depreciation					
As of January 1, 2021	**0**	**0**	**0**	**0**	**0**
Depreciation during the year	-19	-11	-7	-2	**-38**
Divestments and disposals	0	0	0	0	**0**
Translation differences	-0	-0	0	-0	**-0**
As of January 1, 2022	**-19**	**-10**	**-7**	**-2**	**-38**
Depreciation during the year	-94	-52	-20	-10	**-176**
Divestments and disposals	6	7	3	0	**16**
Translation differences	-1	-0	-0	-0	**-1**
As of December 31, 2022	**-108**	**-55**	**-25**	**-12**	**-200**
Carrying amount at 31 December 2021	**349**	**69**	**50**	**18**	**486**
Carrying amount at 31 December 2022	**559**	**98**	**47**	**35**	**740**

Lease liabilities	2022	2021
Current	194	119
Non-current	543	362
Total	**737**	**481**

For maturity analysis for lease liabilities, see Note 3.

The following amounts are reported in the income statement related to leasing agreements		
Depreciation charge for right-of- use assets	-178	-38
Interest expense on lease liabilities	-23	-5
Short-term lease and low-value asset lease expense	-30	-8
Gains and losses on ended contracts	0	0

The total cash flow related to leases for 2022 amounts to SEK -169 million (-37).

The group's leasing agreements

The group's leasing agreements are mainly attributable to leases for properties such as office premises and warehouses, as well as vehicles and machinery used in the group's operational activities.

The group is exposed to possible future payments of variable leases which are based on an index. These are not included in the lease liability until the index adjustment occurs and then the lease liability is revalued and adjusted against the right of use.

Leasing agreements for buildings often contain extension options or automatic renewal if the agreement is not terminated. When determining the leasing period, extension options are taken into account and the extension options that will be used with reasonable certainty are included in the leasing period. For all leasing agreements, a regular individual assessment is made of the current leasing period.

Lease payments are distributed between amortization of the debt and interest. The interest is reported in the income statement over the leasing period in a way that results in a fixed interest rate for the reported leasing liability. The right-of-use assets are valued at acquisition value, which corresponds to the amount the lease liability was originally valued at. Rights of use are written off on a straight-line basis over the period of use, which is the same as the lease period.

Note 10 Taxes

The table below describes the significant differences between estimated tax in Sweden based on an effective tax rate at 20.6% and reported tax.

	2022	2021
Earnings before tax	188	8
Tax according to current tax rate 20.6%	-39	-2
Effect of other (foreign) tax rates	-1	0
Adjustment acquired companies	–	0
Non-taxable income	13	5
Non-deductible expenses	-11	-8
Loss carryforward where deferred tax has not been reported	–	-2
Utilized loss carryforward for the year, not previously recognized as an asset	-6	–
Other	6	1
Reported tax in the income statement	**-38**	**-6**

Tax cost divided into sub-items:

	2022	2021
Current tax		
Profit/loss for the year	-74	-29
Adjustment of previous years	0	0
	-74	**-29**
Deferred tax		
Untaxed reserves	-31	2
Temporary difference, Customer relations	62	9
Temporary difference, Fixed assets	1	0
Temporary difference, Acquisition costs	4	3
Temporary difference, Leasing IFRS 16	-1	1
Other temporary differences	4	–
Tax loss carryforward	-3	8
Total deferred tax	36	23
Reported tax in the income statement	**-38**	**-6**

Deferred tax assets/liabilities

	2022-12-31		2021-12-31[1]	
	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
Customer relations	–	316	–	309
Trademarks	–	192	–	130
Machinery	1	5	–	7
Inventory	1	0	1	–
Accounts receivable and other receivables	0	-5	2	–
Provisions	1	1	–	0
Leasing in accordance with IFRS 16	–	–	1	–
Transaction costs in connection with acquisitions	–	-4	3	–
Untaxed reserves	–	71	–	40
Unutilised tax loss carryforward	21	-1	25	0
Tax assets/liabilities	**24**	**575**	**32**	**486**

1) Deferred tax receivable and deferred tax liability are net reported in the annual report for 2021.

Changes in deferred tax assets/liabilities

2022	Opening balance	Reported in income statement	Via acquisitions	Via reclassification	Translation difference	Closing balance
Customer relations	309	-59	91	–	-25	316
Trademarks	130	-3	33	–	33	192
Machinery	7	-1	2	-1	-3	4
Inventory	-1	0	0	–	–	-1
Accounts receivable and other receivables	-2	-3	0	–	–	-5
Provisions	0	-1	1	–	–	0
Leasing in accordance with IFRS	-1	1	–	–	–	0
Transaction costs in connection with acquisitions	-3	-4	–	3	–	-4
Untaxed reserves	40	31	–	–	1	71
Unutilised tax loss carryforward	-25	3	–	–	–	-22
Total	**454**	**-36**	**126**	**2**	**6**	**552**

Note 11 Net financial items

	2022	2021
Interest income	2	0
Exchange rate gains	41	41
Other financial income	1	3
Total financial income	**44**	**43**
Interest costs	-167	-35
Interest costs for leasing liabilities	-23	-5
Exchange rate losses	-37	-32
Other financing costs	-7	-8
Total financial expenses	**-234**	**-80**
Total financial items – net	**-190**	**-37**

Note 12 Operations held for sale

The sales for the full year 2022 relating to the WeSC brand amounted to SEK 118 (98) million. The increase in sales is atributable to the North American market. Due to the change in operations 2021, it has been determined that the WeSC business is no longer part of the core operations. In light of this development and the fact that the operations conducted within the framework of the WeSC brand are not part of Vestum's core operations, the Board has decided that the business will be divested. Due to a challenging macro-economic climate, the process has been delayed. The Board's assessment is that a divestment will take place within twelve months and therefore the result from this business is reported separately in the income statement in accordance with IFRS 5 regarding discontinued operations. Furthermore, assets and liabilities attributable to the business are reported as assets held for sale and liabilities that are related to assets held for sale.

Income statement	2022	2021
Net sales	118	98
Materials and purchased services	-86	-70
Other external costs	-24	-13
Personnel costs	-13	-11
Other operating income	0	1
Other operating expenses	-1	0
EBITDA	**-6**	**5**
Depreciation excl. acquired surplus values	-2	-1
EBITA	**-8**	**3**
Net financial items	0	1
Earnings before tax	**-7**	**4**
Income tax	0	0
Profit/loss from operations under divestment	**-7**	**4**
Net cash flow from operating activities	-5	9
Net cash flow from investing activities	–	0
Net cash flow from financing activities 1	-13	-57 [1]
Net decrease in cash and cash equivalents generated from operations held for sale	**-18**	**-49**

1) Cash flow from financial activities refers to transactions attributable to the Parent company for the period before the change in operations. The cash flow largely refers to the repayment of loans from related parties regarding production in the WeSC business.

Balance sheet	2022-12-31	2021-12-31
Property, plant and equipment	1	1
Right-of-use assets	1	1
Financial assets	1	1
Total fixed assets	**2**	**3**
Inventory	16	4
Accounts receivable	32	24
Receivables from Group companies	1	9
Other current assets	2	15
Cash and cash equivalents	7	11
Total current assets	**57**	**62**
Total assets	**59**	**65**
Equity attributable to the Parent company's shareholders	4	10
Total equity	**4**	**10**
Non-current lease liabilities	-1	-1
Other non-current liabilities	2	2
Total non-current liabilities	**1**	**1**
Current lease liabilities	0	0
Current liabilities to Group companies	45	41
Accounts payable	2	2
Other current liabilities	8	11
Total current liabilities	**55**	**54**
Total liabilities	**56**	**54**
Total equity and liabilities	**59**	**65**

Note 13 Intangible assets

Intangible assets	Goodwill	Trademarks	Other	Customer relations	Total
As of January 1, 2021	**-**	**7**	**-**	**0**	**7**
Acquisitions	–	0	3	–	**3**
Acquisition of business	2,678	765	5	1,386	**4,834**
Revaluation	–	–	–	–	**-**
Divestments and disposals	–	–	–	–	**-**
Translation differences	21	3	–	6	**31**
As of January 1, 2022	**2,699**	**775**	**8**	**1,392**	**4,875**
Acquisitions	–	0	2	–	**1**
Acquisition of business	1,100	156	1	433	**1,690**
Revaluation	27	6	6	10	**49**
Divestments and disposals	–	–	–	–	**-**
Translation differences	-2	9	-0	16	**23**
As of December 31, 2022	**3,825**	**946**	**17**	**1,851**	**6,637**

Accumulated depreciation	Goodwill	Trademarks	Other	Customer relations	Total
As of January 1, 2021	**-**	**-7**	**-**	**-**	**-7**
Depreciation during the year	–	-2	–	-51	**-54**
Divestments and disposals	–	-0	–	–	**-0**
Translation differences	–	0	–	-0	**-0**
As of January 1, 2022	–	**-10**	**-**	**-52**	**-61**
Depreciation during the year	–	-15	-5	-281	**-301**
Divestments and disposals	–	–	-0	–	**-0**
Translation differences	–	-0	–	-2	**-2**
As of December 31, 2022	**-**	**-25**	**-5**	**-334**	**-364**
Carrying amount at 31 December 2021	**2,699**	**765**	**8**	**1,340**	**4,813**
Carrying amount at 31 December 2022	**3,825**	**921**	**12**	**1,517**	**6,276**

Impairment testing

The group's goodwill and intangible assets with an indefinite useful life, in form of trademarks, have accured through the acquisition of subsidiaries. There is no predictable limit to the time period during which the Trademark is expected to generate net payments for the group. Goodwill and trademarks are impairment tested at segment level. Vestum's operating segment is deemed to be a cash-generating unit, i.e. smallest identifiable group of assets which, when used continuously, gives rise to payments which are essentially independent of other assets or groups of assets. Goodwill and trademarks are tested for impairment annually or more frequently if events or changes in conditions indicate a possible decrease in value.

The impairment test consists of assessing whether the segment's recoverable amount is higher than the carrying amount. The recoverable amount has been calculated on the basis of the unit's value in use, which is the present value of the unit's expected future cash flows, without regard to any future business expansion and restructuring.

To determine value in use, management estimates expected future cash flows from each segment and determines a discount rate to be able to calculate the present value of these cash flows. Estimated future cash flows are based on assumptions about growth rate, EBITDA margin, working capital and investments. Discount rates are determined individually for each segment and reflect current market assessments of the time value of money and asset-specific risk factors. The discount rate for the Services segment is 13.6 percent, for the Infra segment 14.3 percent and for the Water segment 13.8 percent.

The impairment test shows that the value-in-use exceeds the reported value of each segment, which is why there is no need for impairment.

Sensitivity analysis

A sensitivity analysis shows that the residual value of goodwill and trademarks for all cash-generating units would continue to be defended if the discount rate increase by 1 percentage point, the annual growth rate or the EBITDA margin decrease by 1 percentage point.

	Goodwill		Trademarks	
MSEK	**2022-12-31**	**2021-12-31**	**2022-21-31**	**2021-12-31**
Infrastructure	1,687	1,113	295	228
Services	1,061	714	221	145
Water	1,077	873	406	393
Total	**3,825**	**2,699**	**921**	**765**

Note 14 Property, plant and equipment

Fixed assets	Land and buil-dings	Plant, machinery and cars	Equipment , tools and other fittings	Total
As of January 1, 2021	**0**	**0**	**0**	**0**
Acquisitions	0	12	37	**49**
Acquisition of business	16	98	138	**252**
Revaluation				**0**
Divestments and disposals	–	-2	-18	**-20**
Translation differences	–	–	2	**2**
As of January 1, 2022	**16**	**108**	**159**	**283**
Acquisitions	9	23	46	**78**
Acquisition of business	4	22	13	**39**
Revaluation	–	10	4	**14**
Divestments and disposals	–	-32	-13	**-46**
Translation differences	–	-8	-10	**-18**
As of December 31, 2022	**29**	**123**	**199**	**351**

Accumulated Depreciation				
As of January 1, 2021	**0**	**0**	**0**	**0**
Depreciation during the year	-1	-3	-19	**-23**
Divestments and disposals	–	2	9	**11**
Translation differences	–	0	0	**0**
As of January 1, 2022	**-1**	**-1**	**-10**	**-12**
Depreciation during the year	-3	-37	-25	**-66**
Divestments and disposals	-1	20	6	**26**
Revaluation	–	3	-3	**0**
Translation differences	–	1	4	**5**
As of December 31, 2022	**-4**	**-14**	**-28**	**-47**

Carrying amount at 31 December 2021	**15**	**107**	**149**	**271**
Carrying amount at 31 December 2022	**25**	**108**	**171**	**304**

Note 15 Business Combinations

Vestum acquired the companies below in 2022. For acquisitions after the balance sheet date, see Note 29 Subsequent events.

Acquired company	Segment	Country	Completed	Share of equity	Etimated annual sales	Number of employees
Mobile Container Repair AB	Infrastructure	Sweden	January 2022	100%	120	36
NA Altanglas AB	Services	Sweden	January 2022	100%	35	14
Mälarmontage Glas & Metall AB	Services	Sweden	January 2022	100%	23	11
KvalitetsMark R AB	Infrastructure	Sweden	January 2022	100%	224	11
Västsvensk Byggskruv AB	Services	Sweden	January 2022	100%	185	19
Galore i Uppsala AB	Services	Sweden	February 2022	100%	94	44
Lerums Tekniska Isolering LTI AB	Services	Sweden	February 2022	100%	71	37
Scanregn A/S	Water	Denmark	February 2022	100%	122	18
KylKontroll Göteborg AB	Services	Sweden	February 2022	100%	106	32
Marbit AB	Infrastructure	Sweden	March 2022	100%	272	49
ABAX Dörrsystem AB	Services	Sweden	April 2022	100%	73	19
Fibber A/S	Infrastructure	Norway	April 2022	100%	45	25
Kjellgrens El i Tumba AB	Services	Sweden	April 2022	100%	34	18
Spännbalkkonsult SBK AB	Infrastructure	Sweden	April 2022	100%	80	24
Østcom A/S	Infrastructure	Norway	April 2022	100%	95	56
Pordrän Sverige AB	Infrastructure	Sweden	April 2022	100%	82	10
Högsbo El AB	Services	Sweden	April 2022	100%	41	23
ABR Mark & Järnväg AB	Infrastructure	Sweden	May 2022	100%	62	13
Rockcon AB	Infrastructure	Sweden	June 2022	100%	11	2
Akershus Elektro A/S	Services	Norway	June 2022	100%	66	35
					1,839	**496**

Note 15 Business combinations cont.

The acquisitions made in 2022 have the following effects on the Group's assets and liabilities. The effects are preliminary in all cases. Any adjustments in connection with the final acquisition analysis are not expected to have a significant impact on the Group's earnings or financial position.

Business combinations, cont.	Total
Intangible assets	588
Other fixed assets	47
Other current assets	419
Cash and cash equivalents	117
Non-current liabilities	-6
Current liabilities	-251
Deferred tax liability	-136
Net assets	**778**
Goodwill	1,095
Purchase price	**1,874**

Purchase price	1,874
Contingent consideration	-104
Equity interests	-585
Cash & cash equivalents in acquired companies	-117
Impact on cash and cash equivalents	**1,068**

Paid contingent consideration	143
Total impact on cash and cash equivalents	**1,211**

Impact on the income statement 2022	
Net sales	1,404
EBITA	186
EBIT	116
Profit/loss before tax	71

Business combinations, cont.	Total
Impact on the income statement if the acquisitions had been part of the Group on January 1, 2022	
Net sales	1,839
EBITA	202
Operating profit (EBIT)	192
Profit loss for the period	115

Equity interests are calculated based on an average share price over 10 days. Acquisition-related costs of SEK 11 (16) million are included in the item Other operating expenses in the consolidated income statement. The goodwill of SEK 1,095 million that was generated by the acquisitions is attributable to synergy effects, employees and future financial benefits that are not individually identified and reported separately. According to agreements on contingent consideration, the Group must pay cash compensation combined with the issue of shares linked to future earnings. The maximum non-discounted amount that may be paid to those owners is SEK 609 million. The fair value of the contingent consideration is at level 3 in the fair value hierarchy. Contingent consideration payments are reported in the item Other current liabilities and Other long-term liabilities in the balance sheet and amounts to SEK 399 (465) million as of 31 December 2022. Below is a table that shows the change in reported contingent consideration:

	2022	2021
As of January, 1	**465**	**0**
Added due to acquisitions during the year	104	467
Paid contingent consideration	-143	-
Revaluation of contingent consideration, via operating profit	-31	-
Exchange rate difference	2	-2
As of December, 31	**399**	**465**

Note 16 Financial assets and liabilities

The Accounting principles include a description of the categories of financial assets and liabilities that exist in the Group, as well as associated accounting principles. The carrying amounts of financial assets and liabilities are as follows:

Financial assets in the balance sheet

2022-12-31	Amortised cost	Fair Value via income statement	Total
Non-current securities holdings	–	8	**8**
Accounts receivable	1,063	–	**1,063**
Current receivables (portion of)	20	–	**20**
Cash and cash equivalents	608	–	**608**
Total	**1,691**	**8**	**1,698**

Financial liabilities in the balance sheet

2022-12-31	Amortised cost	Fair value via income statement	Total
Long-term borrowing	2,638	–	**2,638**
Short-term borrowing	3	–	**3**
Accounts payable	528	–	**528**
Current receivables (portion of)	17	–	**17**
Contingent consideration	–	399	**399**
Total	**3,186**	**399**	**3,586**

Financial assets in the balance sheet

2021-12-31	Amortised cost	Fair value via income statement	Total
Non-current securities holdings	–	7	**7**
Accounts receivable	680	–	**680**
Current receivables (portion of)	12	–	**12**
Cash and cash equivalents	1,518	–	**1,518**
Total	**2,210**	**7**	**2,217**

Financial liabilities in the balance sheet

2021-12-31	Amortised cost	Fair value via income statement	Total
Long-term borrowing	2,510	–	**2,510**
Short-term borrowing	12	–	**12**
Accounts payable	322	–	**322**
Contingent consideration	–	466	**466**
Total	**2,844**	**466**	**3,310**

Fair value

The fair value of financial instruments is determined on the basis of a fair value hierarchy. The different levels are defined as follows:

Level 1 Fair value according to quoted prices in active markets for identical assets or liabilities.

Level 2 Fair value determined on the basis of either directly or indirectly observable market data not included in level 1.

Level 3 Fair value determined on the basis of input data that is not observable on the market.

Contingent consideration that is valued at fair value in the balance sheet is classified in level 3 according to the fair value hierarchy. The debt is valued on the basis of the probable outcome of the conditional purchase price, which is based on the group's forecasts of the future development of the result in each unit. The fair value valuation of the conditional purchase price has had an positive effect on the result of SEK 31 (0) million.

Long-term securities holdings valued at fair value in the balance sheet are classified in level 1 according to the fair value hierarchy. The fair value valuation of long-term securities holdings has affected the result by SEK 0 (0) million.

For assets and liabilities valued at amortized cost, the reported value is considered a good approximation of the fair value.

Note 17 Accounts receivable

	2022-12-31	2021-12-31
Accounts receivable, gross	1,102	689
Provision for doubtful receivables	-39	-9
Total accounts receivable, net	**1,063**	**680**

The age analysis of all accounts receivable is shown below:

	2022-12-31	2021-12-31
Not yet due	841	530
Overdue, 1-30 days	135	101
Overdue, 31-60 days	32	16
Overdue, 61-90 days	51	14
Overdue, more than 90 days	43	28
Expected credit losses	-39	-9
Accounts receivable, net	**1,063**	**680**

Allowance for doubtful receivables

	2022-12-31	2021-12-31
Opening balance	**9**	**0**
Acquired doubtful receivables	4	12
Receivables paid in full or in part during the year	-0	-4
Receivables written off during the year	-3	-1
Provision for doubtful receivables	29	3
Closing balance	**39**	**9**

For information on credit risk linked to accounts receivable, see Note 3.

Note 18 Inventory

	2022-12-31	2021-12-31
Raw materials and other materials	126	165
Finished goods and goods for sale	313	36
Provision for obsolescence	-9	-4
Total	**429**	**197**

The amount of inventories recognized as an expense is included in cost of materials and amounted in 2022 to SEK 2,351 (409) million including the change in the provision for obsolescence of SEK -5 (-4) million.

Note 19 Prepaid expenses and accrued income

	2022-12-31	2021-12-31
Prepaid rent	14	10
Prepaid insurance	8	3
Accrued income from agreements (ongoing projects)	56	80
Bonus from suppliers	16	8
Other	26	31
Total	**120**	**133**

Note 20 Cash and cash equivalents

Cash and cash equivalents, both in the balance sheet and in cash flow statements, consist of the following:

	2022-12-31	2021-12-31
Available bank balances	608	1 518
Total	**608**	**1,518**

Note 21 Share capital

SEK	Number of shares	Share capital	Quota value
As of January 1, 2022	**351,907,509**	**117,302,503**	**0.33**
Newly issued shares during the year – acquisitions	15,737,515	5,245,838	0.33
As of December 31, 2022	**367,645,024**	**122,548,341**	**0.33**

Note 22 Earnings per share

Earnings per share are calculated based on earnings after tax in relation to the number of outstanding shares at the end of the period.

	2022-12-31	2021-12-31
Profit from continuing operations attributable to the Parent company's shareholders, SEK million	148	2
Weighted average number of outstanding ordinary shares before and after dilution	364,508,628	188,831,121*
Earnings attributable to the Parent company's owner per share, SEK	0.41	0.01*

*Weighted average number of outstanding shares for 2021 has been adjusted to take into account the split of 1 to 3 that was implemented on December 29, 2021.

Note 23 Borrowing

	2022			2021		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Secured loans						
Bank loans	–	158	**158**	11	56	**67**
Bond loan	–	993	**993**	–	974	**974**
Leasing	–	543	**543**	–	362	**362**
Total secured loans	**–**	**1,694**	**1,694**	**11**	**1,392**	**1,402**
Unsecured loans						
Accounts payable	528	–	**528**	322	–	**322**
Bond loan	–	1,487	**1,487**	–	1,479	**1,479**
Leasing	194	–	**194**	119	–	**119**
Other loans	3	–	**3**	1	1	**2**
Total unsecured loans	**725**	**1,487**	**2,212**	**443**	**1,480**	**1,923**
Total	**725**	**3,181**	**3,906**	**454**	**2,872**	**3,326**

The secured bond loan stems from loans in an acquired subsidiary and collateral has been pledged in the form of pledged shares in subsidiaries in the acquired subsidiary. Security for financial leasing liabilities consists of the rights to the leased asset, which returns to the lessor in the event of non-payment.

The unsecured bond loan was issued by Vestum AB and is subject to requirements for fulfillment of financial covenants, in the form of a so-called "Incurrence test", which only needs to be fulfilled in cases where the loan is to be extended or for a certain type of payment.

For the Group's borrowing, the carrying amount corresponds in all essential respects to its fair value.

Existing bank loan has been increased by NOK 100 thousand during 2022.

Note 24 Provisions

Refers to provisions for warranty commitments that Vestum has towards customers where the agreement includes guarantees for completed delivery.

	2022-12-31	2021-12-31
As of January, 1	7	–
Acquisition of subsidiaries	3	8
Additional provisions	15	2
Amount utilised during the year	-1	-0
Reserved provisions	-0	-3
As of December, 31	**24**	**7**
Of which:		
Non-current provisions	22	*7*
Current provisions	2	*1*
Total	***24***	***7***

Note 25 Accrued expenses and deferred income

	2022-12-31	2021-12-31
Personnel-related items	225	131
Accrued contractual costs (ongoing projects)	18	2
Accrued costs relating to day-to-day operations	7	12
Accrued audit fee	9	6
Accrued interest expense	22	13
Other	58	45
Total	**340**	**209**

Note 26 Pledged assets and contingent liabilities

	2022	2021
Pledged assets		
For own liabilities and provisions:		
Company mortgages	19	69
Assets with ownership retention	5	20
Shares in Group companies [1]	1,157	997
Other pledged assets	–	2
Total	**1,181**	**1,088**

	2022	2021
Contingent liabilities		
Guarantees	1	8
Bank guarantee	0	10
Total	**2**	**18**

Pledged assets

Pledged assets shows what Vestum has pledged for the company's or Group's liabilities and/or obligations. These can be liabilities and provisions that are shown in the balance sheet, or obligations that are not reported in the balance sheet. The pledges assets can be linked to assets in the balance sheet or mortgages. Assets are stated at their carrying amount and mortgages at nominal value. Shares in group companies are stated to the amount of the liabilities that have been secured with shares in group companies. The group value of pledged shares in group companies exceeds the value of the outstanding liabilities that are secured.

1) Shares pledged for loans are as follows:

The Group
Lakers Group Holding AS
Lakers Holding AS
Lakers Group AS
Lakers Norway AS
AS Kafra
Pumpeteknikk AS
Lakers Sweden AB
Ahlström & Persson AB
MIVA Montage AB
Filtrena AB
A&J Pump Service Lakers Oy
Oy Pumppulohja Ab
Lakers GmbH
Alther Pumpen GmbH
Pump Supplies Ltd
Norsk Pumpeservice AS
Vestum Sweden AB
Vestum Norway AS
Vestum UK Limited
Vestum Denmark APS

Note 27 Transactions with related parties

The Vestum Group's related parties mainly consist of its subsidiaries.

The parent Company has a related party relationship with its subsidiaries, see Note 15 – Business combinations and Note 10 Shares in Group companies in the Parent Company.

No transactions or results have taken place between the company and related parties that have significantly affected the company's position.

No outstanding receivables or liabilities are available on the balance sheet date attributable to related parties.

Note 27 Transactions with related parties, cont.

Remuneration to senior executives

Senior executives include the Board, the CEO of Vestum and managers directly reporting to the CEO who are part of the management team, and remuneration to these amount to:

Remuneration 2022

TSEK	Basic salary incl. benefits/ board fees	Other remune-ration	Pension cost	Social se-curity contribu-tions	Total
Per Åhlgren	550	–	–	173	**723**
Johan Heijbel	350	–	–	110	**460**
Anders Rosenqvist	300	–	–	94	**394**
Johannes Lien	300	–	–	94	**394**
Helena Fagerius	275	–	–	86	**361**
Olle Nykvist	2,541	–	582	940	**4,063**
Conny Ryk	4,235	–	1,046	1,584	**6,865**
Erkan Sen	2,543	–	582	940	**4,066**
Other senior executives, 3 individuals	6,354	–	1,479	2,355	**10,188**

Remuneration 2021

TSEK	Basic salary incl. benefits/ board fees	Other remune-ration	Pension cost	Social se-curity contribu-tions	Total
Per Åhlgren	100	–	–	31	**131**
Johan Heijbel	50	300	–	16	**366**
Anders Rosenqvist	25	–	–	8	**33**
Olle Nykvist	77	–	–	24	**101**
Conny Ryk	188	–	–	59	**246**
Other senior executives, 2 individuals	232	–	–	73	**305**

Note 28 Non-Cash flow items

Adjustment for items that are not included in the cash flow for operating activities:

	2022	2021
Depreciations	545	115
Capital gain or loss on fixed assets	4	–
Provisions	11	–
Other	-34	–
Total	**526**	**115**

Note 29 Subsequent events

Events after the end of the financial year

Subsequent to year-end, Vestum has completed the following acquisitions

Acquisitions completed after the end of the period	Segment	Completed	Estimated annual sales	Number of employ-ees
MDT Markvaruhuset AB	Infrastructure	January	143	19
			143	**19**

Since the end of the year, Vestum has established the group's sustainability strategy uncluding overall sustainability goals. For further information, see chapter 4 Sustainability reporting.

Vestum has – through Lakers Group AB (publ) – entered into an agreement to divest a portfolio of companies that were previously part of the Lakers Group and which are now part of Vestum's Water segment. Closing of the transaction is expected to take place in the second quarter of 2023 and the transaction is subject to customary closing conditions. In connection with the closing of the transaction, Vestum intends to fully redeem the secured bond of NOK 950 million issued by Vestum's group company Lakers Group AB (publ). Estimated turnover for the Company Portfolio for the financial year 2022 amounts to SEK 838 million, and the assessment is that the divestment does not have any significant earnings impact from gains or losses of disposable assets.

Vestum's Board has, due to the transaction, decided to update the group's financial targets regarding profitability and capital structure. The Board's decision means that Vestum's profitability target is raised from achieving an EBITA margin of at least 10.0 percent to in the medium term achieving an EBITA margin of at least 12.0 percent. The financial target regarding capital structure is lowered from a financial net debt in relation to EBITDA of 2.5-3.5x to a financial net debt in relation to EBITDA of maximum 2.5x.

Note 30 Alternative performance measures

Performance measure	Definition	Purpose
EBITDA	Earnings before taxes, financial items and depreciation of tangible and intangible fixed assets and consolidated surplus value.	EBITDA is used to measure profit/loss from operating activities, independent of depreciation.
EBITA	Operating profit before amortisation of consolidated surplus values.	EBITA is used to measure the underlying operating profit/loss before amortisation of consolidated surplus value from operating activities.
EBITA margin	EBITA as a percentage of net sales.	EBITA margin is used to put the underlying operating profit/loss before amortisation on consolidated surplus value in relation to net sales.
Rolling 12 months	Refers to the last twelve months from period end.	Rolling 12 months is used to evaluate the latest twelve-month period.
Adjustment items	Adjustment items refers to acquisition-related transaction costs, revaluation of contingent consideration, cost related to the change of listing to Nasdaq Stockholm, and restructuring costs.	The performance measure is used when calculating adjusted EBITA, adjusted EBITA margin and pro forma EBITDA.
Adjusted EBITA	Refers to EBITA adjusted with adjustment items.	Adjusted EBITA is used by management to measure the underlying earnings development.
Adjusted EBITA margin	Adjusted EBITA as a percentage of net sales.	Adjusted EBITA margin is used to put adjusted EBITA in relation to net sales.
EBIT	Operating profit. Profit before tax on income for the period and financial items.	EBIT is used to measure the underlying operating profit/loss from operating activities.
EBIT margin	EBIT as a percentage of net sales.	EBIT margin is used to put the underlying operating profit/loss in relation to net sales.

Performance measure	Definition	Purpose
Financial net debt	Non-current and current interest-bearing liabilities (including lease liabilities) less cash and cash equivalents.	The performance measure is used to show the size of the debt minus current cash (which in theory could be used to repay loans).
Pro forma EBITDA	EBITDA as if all acquisitions were a part of the Group during the last twelve months, adjusted with adjustment items.	The performance measure is used to provide an indication of the Company's ability to pay its debt.
Financial net debt in relation to pro forma EBITDA	Refers to financial net debt divided by pro forma EBITDA.	The performance measure can be used to assess the Group's financial leverage.
Net sales growth	Refers to net sales growth for one period compared to the same period prior year.	The performance measure is used to follow up the development in net sales between two comparable periods.
Organic net sales growth	Refers to net sales growth, excluding exchange rate and acquisition effects, compared to same period prior year. Acquired companies are included in organic growth from the point they have comparison figures for the actual period.	The performance measure illustrates the underlying net sales development.
Operating cash flow	EBITDA reduced by net investment in intangible and tangible fixed assets and change in working capital.	The performance measure shows the cash flow from operations and is used when calculating cash conversion.
Cash conversion	Operating cash flow as a percentage of EBITDA.	Cash conversion is used to monitor cash generation from operations.

Note 30 Alternative performance measures, cont.

Reconciliation of alternative performance measures

Vestum presents a number of performance measures that are not defined in accordance with IFRS. The Company considers these measures to provide valuable supplementary information to investors and the management as they allow an evaluation of trends and performance. As not all companies calculate these measures in the same way, they are not always comparable with those used by other companies. These measures should therefore not be regarded as replacing measures that are defined in accordance with IFRS. Reconciliation of these measures is presented below. For definitions of performance measures, se previous page.

SEK million	2022	2021
Earnings measures		
(A) Net sales	**6,930**	**1,316**
Operating expenses and other operating income	-6,007	-1,155
(B) EBITDA	**923**	**161**
Depreciation excl. acquired surplus values	-244	-61
(C) EBITA	**679**	**100**
(C/A) EBITA margin	**9.8%**	**7.6%**
Adjustments items		
Acquisition-related transaction costs	11	16
Impact on profit/loss from contingent consideration	-31	0
Costs related to preparations for change of listing	8	-
Restructuring costs	6	-
Total adjustments	**-7**	**16**
(D) Adjusted EBITA	**672**	**116**
(D/A) Adjusted EBITA margin	**9.7%**	**8.8%**
(E) Average number of shares during the period [1]	364,508,628	188,831,121
(C/E) EBITA per share	**1.86**	**0.53**
Net sales growth		
Organic net sales growth	294	-
Exchange rate effect	11	-
Net sales from acquired companies	5,308	1,316
Net sales growth	**5,614**	**1,316**

1) Average number of shares is adjusted based on the split 2021

SEK million	2022	2021
Balance measures		
Non-current interest-bearing liabilities	2,638	2,510
Current interest-bearing liabilities	3	12
Lease liabilities	737	481
Cash and cash equivalents	-608	-1,518
(F) Financial net debt	**2,770**	**1,486**
(G) Pro forma EBITDA	**948**	**643**
(F/G) Financial net debt in relation to pro forma EBITDA , times	**2,9x**	**2,3x**
Cash conversion		
(B) EBITDA	**923**	**161**
Net investment in intangible assets and property, plant and equipment	-59	-75
Change in working capital	-151	-128
(H) Operating cash flow	**713**	**-42**
(H/B) Cash conversion	**77%**	**-26%**

Parent company income statement

SEK million	Note	2022	2021
Operating income			
Net sales	3	23	7
Other operating income		–	0
Total operating income		**23**	**7**
Operating expenses			
Other external costs	4	-27	-15
Personnel costs	5	-44	-6
Other operating expenses		-10	0
Depreciation of property, plant and equipment and intangible assets		-1	0
Total operating expenses		**-82**	**-21**
Operating profit/loss		**-60**	**-15**
Impairment of shares in subsidiaries		-13	–
Other interest income and similar income	7	28	15
Interest expense and similar expenses	7	-93	-41
Net financial items		**-78**	**-26**
Appropriations	8	286	–
Earnings before tax		**149**	**-41**
Income tax	9	-37	8
Profit/loss for the year		**112**	**-32**

The Parent company report on comprehensive income

SEK million	Note	2022	2021
Profit/loss for the year and total comprehensive income for the year		**112**	**-32**

Parent company balance sheet

SEK million	Note	2022	2021
ASSETS			
Non-current assets			
Intangible assets		2	–
Property, plant and equipment		8	2
Financial assets	10	5,712	1,105
Deferred tax assets		–	8
Receivables from Group companies	11	155	3,067
Total non-current assets		**5,877**	**4,183**
Current assets			
Current receivables			
Receivables from Group companies		476	123
Other current receivables		2	1
Prepaid expenses and accrued income		12	1
Total current receivables		**490**	**125**
Cash and cash equivalents	12	443	1,244
Total current assets		**933**	**1,369**
TOTAL ASSETS		**6,810**	**5,552**

SEK million	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	13	123	117
Reserves		13	13
Fund for development expenditure		1	–
Non-restricted equity			
Share premium reserve		4,338	3,741
Retained earnings		-321	-287
Profit/loss for the year		112	-32
Total equity		**4,266**	**3,552**
Untaxed reserves	8	**46**	**-**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	15	1,484	1,479
Other non-current liabilities		111	299
Total non-current liabilities		**1,595**	**1,779**
Current liabilities			
Liabilities to Group companies		677	143
Accounts payable		8	4
Other current liabilities		194	60
Accrued expenses and deferred income	16	26	14
Total current liabilities		**904**	**221**
Total liabilities		**2,544**	**2,000**
TOTAL EQUITY AND LIABILITIES		**6,810**	**5,552**

Parent company statement of changes in equity

SEK million	Restricted equity: Share capital	Restricted equity: Fund for development expenditure	Restricted equity: Reserves	Non-restricted equity: Share premium reserve	Non-restricted equity: Retained earnings	Non-restricted equity: Profit/loss for the year	Total equity
Opening balance 2021-01-01	13	–	13	277	–276	–12	**15**
Reversal of previous year's earnings	–	–	–	–	–12	12	**0**
Profit/loss for the year	–	–	–	–	–	–32	**-32**
Transactions with owners							
Share issue	104	–	–	3,499	–	–	**3,603**
Issue costs	–	–	–	–34	–	–	**-34**
Total transactions with owners	**104**	**–**	**–**	**3,465**	**–**	**–**	**3,569**
Closing balance 2021-12-31	**117**	**–**	**13**	**3,741**	**-287**	**-32**	**3,552**
Opening balance 2022-01-01	117	–	13	3,741	–287	–32	**3,552**
Reversal of previous year's earnings	–	–	–	–	–32	32	**0**
Profit/loss for the year	**-**	**-**	–	–	–	112	**112**
Change in fund for development expenditure	–	1	–	–	–1	–	**0**
Transactions with owners							
Share issue	5	–	–	580	–	–	**585**
Issue costs	–	–	–	–3	–	–	**-3**
Incentive program	–	–	–	20	–	–	**20**
Total transactions with owners	**5**	**–**	**–**	**597**	**–**	**–**	**602**
Closing balance 2022-12-31	**123**	**1**	**13**	**4,338**	**-321**	**112**	**4,266**

Parent company cash flow statement

SEK million	Note	2022	2021
Operating activities			
Earnings before tax		149	-41
Adjustment for items that are not included in the cash flow	17	60	0
Cash flow before changes in working capital		**209**	**-41**
Changes in working capital			
Changes in current receivables		-365	-112
Changes in current liabilities		534	191
Cash flow from operating activities		**378**	**38**
Investing activities			
Investment in intangible assets		-2	-
Investment in property, plant and equipment		-7	-3
Acquisitions of subsidiaries		-	-2,466
Shareholder contributions		-1,039	-38
Investment in financial assets		-61	-37
Cash flow from investing activities		**-1,109**	**-2,543**
Cash flow from financing activities			
Proceeds from borrowings		4	2,271
Repayment of borrowings		-	-792
Repayment of borrowings, Group companies		-94	-
Proceeds from capital increase		20	2,268
Cash flow from financing activities		***-70***	***3,748***
Total cash flow for the year		-801	1,243
Cash and cash equivalents at the beginning of the year		1,244	1
Cash and cash equivalents at the end of the year		**443**	**1,244**
Cash flow for the year from interest			
Interest paid		-70	-8
Interest received		2	0

Notes for the Parent company

Note 1 General information

The parent company, Vestum AB (publ) corp.reg. no 556578-2496, is a limited company registered in Sweden with its registered office in Stockholm with the address Riddargatan 10, 114 35 Stockholm.

Unless otherwise stated, all amounts are reported in millions of SEK (SEK million). Data in parentheses refer to comparison years.

Note 2 The Parent company's accounting and valuation principles

The Parent company's annual report has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 means that the Parent company, in the annual report for the legal entity, must apply all IFRS and statements approved by the EU as far as this is possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation. The recommendation states which exceptions and additions are to be made from IFRS.

The Parent company's annual report and financial reports are presented in the company's reporting currency, which is SEK.

For information on the Parent company's financial risk management as well as important estimates and assessments for accounting purposes, see Note 3 and Note 4, in the notes about the Group. The Parent company's accounting and valuation principles are in accordance with the Group's, except as stated below.

Presentation of the financial statements

The income statement and balance sheet are presented as required by the Annual Accounts Act. The report on changes in equity follows the Group's presentation format but shall include the columns specified in the Annual Accounts Act. In addition, it means a difference in designations, compared with the consolidated accounts, mainly regarding financial income, costs and equity.

Shares in subsidiaries

Shares in subsidiaries are reported at acquisition value after deductions for any write-downs. The acquisition value includes acquisition-related costs and any contingent consideration. When there is an indication that shares in subsidiaries have decreased in value, a calculation of the recoverable amount is made. If this is lower than the carrying amount, a write-down is made. Impairment losses are reported in the items "Profit from shares in Group companies".

Group contribution

All group contributions made and received are recognised as appropriations.

Financial instruments

IFRS 9 is not applied in the Parent company. The Parent company instead applies the sections specified in RFR 2 (IFRS 9 Financial Instruments, p.3-10). Financial instruments are valued based on acquisition value. In subsequent periods, financial assets acquired with the intention of being held in the short term will be recognised in accordance with the principle of lowest value at the lower of acquisition value and net sales value.

When calculating the net sales value of receivables that are recognised as current assets, the principles for impairment testing and loss risk provision in IFRS 9 shall be applied. For a receivable that is recognised at accrued acquisition value at Group level, this means that the loss risk provision that is recognised in the Group in accordance with IFRS 9 must also be recognised in the Parent company.

Operational leasing

The Parent Company has chosen not to apply IFRS 16 Leasing Agreements, but has instead chosen to apply the exemption in RFR 2. All leasing agreements are reported as operating leases, regardless of whether the agreements are financial or operational. The leasing fee is reported as a cost on a straight-line basis over the leasing period..

Note 3 Net sales

	2022	2021
Management revenues	20	7
Other intercompany revenue	2	0
Net sales	**23**	**7**

Distribution of revenues	2022	2021
Sweden	20	6
Norway	2	1
Other countries	0	0
Net sales	**23**	**7**

Note 4 Remuneration to auditor

PwC	2022	2021
Audit assignment	–1	–1
Auditing activities in addition to the audit assignment	0	–
Tax advice	0	–
Other services	0	0
Total cost of remuneration to auditor	**–2**	**–1**

Note 5 Remuneration to employees, etc.

	2022			
Salaries, other remuneration and social security contributions	Salaries and other remuneration	*Of which variable portion*	Social security contributions	*Of which pension cost*
Board, CEO and other senior executives	–17	–	–10	*–4*
Other employees	–11	*0*	–6	*–2*
Total	**–28**	***0***	**–16**	***–6***

	2021			
Salaries, other remuneration and social security contributions	Salaries and other remuneration	*Of which variable portion*	Social security contributions	*Of which pension cost*
Board, CEO and other senior executives	–1	–	0	*0*
Other employees	–3	–	–1	*0*
Total	**–4**	**–**	**–1**	***0***

	2022		2021	
Average number of employees	Average no. of employees	*of which, men*	Average no. of employees	*of which, men*
Sweden	18	*9*	5	*3*

Note 6 Transactions with related parties

Of the Parent company's total sales, 100% (100%) refers to sales to other companies within the Group. Of the Parent company's total purchases, 0% (0%) refers to purchases from other Group companies.

More information regarding transactions with related parties is provided in Note 27 in the consolidated financial statements. Information on remuneration to company management and the Board of Directors can be found in Note 8 in the consolidated financial statements.

Note 7 Other interest income and similar income as well as interest expenses and similar expenses

	2022	2021
Interest income	1	–
Interest income, Group companies	27	3
Exchange rate gains	0	12
Total financial income	**28**	**15**
Interest expenses	-83	-23
Interest expenses, Group companies	-6	-1
Exchange rate losses	–	-10
Other financial costs	-4	-7
Total financial expenses	**-93**	**-41**
Total other interest income and similar income as well as interest expense and similar expenses	**-65**	**-26**

Note 8 Appropriations

	2022	2021
Allocation to untaxed reserves	-46	–
Group contributions received	424	–
Group contributions paid	-92	–
Total appropriations	**286**	**-**

Note 9 Taxes

Recognised tax	2022	2021
Current tax		
Current tax expense	-37	–
Total	**-37**	**0**
Deferred tax		
Tax loss carryforward	–	8
Total	**-**	**8**
Recognised tax in the income statement	**-37**	**8**

Reconciliation of effective tax	2022	2021
Earnings before tax	149	-41
Tax according to current tax rate (20.6%)	*-31*	*8*
Tax effect of:		
Non-deductible expenses	-4	0
Non-taxable income	0	0
Utilisation of tax loss carryforward	2	–
Utilization of previous years' negative net interest	3	–
Change in deferred tax	-8	–
Recognised tax in the income statement	**-37**	**8**

	2022		2021	
Deferred tax assets	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
Unutilised tax loss carryforward	–	–	8	–
Tax receivables/liabilities, net	–	–	8	–

2022	Opening balance	Reported in income statement	Via acquisitions	Closing balance
Unutilised tax loss carryforward	8	-8	–	0
Total	**8**	**-8**	**-**	**0**

Note 10 Shares in Group companies

	2022	2021
Opening carrying amount	1,105	32
Acquisition of subsidiaries	–	4,066
Shareholder contribution	4,643	38
Sale of subsidiaries	–	-3,031
Adjustment of purchase price	-22	–
Impairment	-13	–
Closing carrying amount	**5,712**	**1,105**

Subsidiary	Share of capital and share of voting rights(%)	Corp.reg.no	Registered seat of operations	Book value 2022-12-31	Book value 2021-12-31
Lakers Group Holding AS	100	927 1137 91	Oslo, Norway	1,073	1,073
Vestum Denmark ApS	100	43044346	Frederiksvaerk, Denmark	175	–
Vestum Finland Oy	100	3272751-1	Lojo, Finland	0	–
Vestum Norway AS	100	928649660	Oslo, Norway	101	–
Vestum Sweden AB	100	559339-6962	Stockholm, Sweden	4,357	0
We International AB	100	556581-6484	Stockholm, Sweden	–	13
We Superlative Conspiracy Inc	100	46-4076427	Los Angeles, USA	18	18

Indirectly owned Name	Share of capital and share of voting rights(%)	Corp.reg.no	Registered seat of operations
A&J Pump Service Lakers Oy	100	2976649-9	Helsinki, Finland
Abax Dörrsystem AB	100	556547-1496	Huddinge, Sweden
ABR Mark & Järnväg AB	100	556965-9724	Lerum, Sweden
Ahlström & Persson AB	100	556714-6278	Malmö, Sweden
Akershus Elektro AS	100	976 527 569	Oslo, Norway
Allakustik Under(bara) Tak AB	100	556539-5786	Stockholm, Sweden
Allakustik Under(bara) Tak GBG AB	100	559026-3074	Stockholm, Sweden
Allakustik Under(bara) Tak SYD AB	70	559205-0727	Stockholm, Sweden
Alther Pumpen Gmbh	100	HRB7014	Greifswald, Germany
Alufasad Nordic AB	50	559128-8567	Vetlanda, Sweden
Alugo AB	100	556477-1946	Botkyrka, Sweden
Amsler Hiss AB	100	556505-1314	Huddinge, Sweden
Arctic Infra AB	100	559046-5315	Gällivare, Sweden
AS Kafra	100	920 928 838	Fredrikstad, Norway
Campus AB	100	556551-7116	Vallentuna, Sweden
Conspect AB	100	559105-5982	Göteborg, Sweden
Containertjänst i Tyresö AB	100	556339-5143	Tyresö, Sweden
Driftsteknikk AS	100	984 620 144	Råde, Norway
Driftsteknikk Industrier AS	100	958 925 476	Andebu, Norway
DWS Gmbh & Co	100	HRA3720P	LUDWIGFELDE, Germany
Ekmans Ståldörrar AB	100	556079-0254	Stockholm, Sweden
El & Driftteknik i Strängnäs AB	100	556516-6138	Strängnäs, Sweden
Elcentralen Nacka AB	100	559092-5151	Nacka, Sweden
Electro Care A/S	100	17203401	Frederiksværk, Denmark
Electro Performance A/S	100	17203401	Aarhus, Denmark
Elmodan A/S	100	31578523	København, Denmark
Elmotorservice SYD AB	100	556732-8157	Ystad, Sweden
F Forsman VVS AB	100	556881-8511	Huddinge, Sweden
Fibber AS	100	916 838 816	Oslo, Norway
Filtrena AB	100	556605-8243	Växjö, Sweden

Note 10 Shares in Group companies, cont.

Indirectly owned Name	Share of capital and share of voting rights(%)	Corp.reg.no	Registered seat of operations
FlexiRail AB	100	556816-4296	Nyköping, Sweden
Galore i Uppsala AB	100	556623-2772	Uppsala, Sweden
GGAL Group AB	100	559193-7775	Vetlanda, Sweden
Glamco Containerservice AB	100	556275-8614	Göteborg, Sweden
GW Asfalt och Trädgårdsanläggningar AB	100	556457-8663	Stockholm, Sweden
Gävle Tryckkärl & Vatten AB	100	556893-4698	Gävle, Sweden
Hanell Entreprenad i Gävle AB	100	556886-8011	Gävle, Sweden
Haugestöl Pumpservice AS	100	999 328 954	Bø i Telemark, Norway
Hermann Pumpen-Technik Gmbh	100	HRA3720P	Baunatal, Germany
Hyrex AB	100	556626-9147	Botkyrka, Sweden
Hyrex Holding AB	100	559283-9459	Stockholm, Sweden
Hyrex Industri AB	100	559253-0702	Botkyrka, Sweden
Högsbo EL AB	100	556503-9715	Göteborg, Sweden
InfraCon Maskin AB	100	559235-6538	Örebro, Sweden
InfraCon Sverige AB	100	559020-5869	Örebro, Sweden
Installera SW AB	100	556750-2561	Huddinge, Sweden
Isoleringsgrossisten i Göteborg AB	100	556910-0832	Göteborg, Sweden
Isoleringsgrossisten i Malmö AB	100	559322-8025	Göteborg, Sweden
Isoleringsgrossisten i Växjö AB	100	559322-8033	Göteborg, Sweden
JT Isolering AB	100	556810-4979	Kungälv, Sweden
Kjellgrens El i Tumba AB	100	556503-6794	Botkyrka, Sweden
Kvalitetsmark R AB	100	556800-0151	Stockholm, Sweden
KWA Isolerteknik AB	100	556976-9572	Göteborg, Sweden
Kylkontroll Göteborg AB	100	556494-2158	Göteborg, Sweden
Lakers Denmark ApS	100	40572775	Frederiksværk, Denmark
Lakers Finland Oy	100	2996832-2	Saukkola, Finland
Lakers Gmbh	100	HRB208893	Braunschweig, Germany

Indirectly owned Name	Share of capital and share of voting rights(%)	Corp.reg.no	Registered seat of operations
Lakers Group AB	100	559308-7918	Stockholm, Sweden
Lakers Group AS	100	921 336 152	Oslo, Norway
Lakers Group UK Ltd	100	13142642	Port Talbot, UK
Lakers Holding AS	100	921 423 020	Oslo, Norway
Lakers Norway AS	100	922 413 770	Oslo, Norway
Lakers Sweden AB	100	559036-5689	Stockholm, Sweden
Lerums Tekniska Isolering LTI AB	100	556577-7231	Lerum, Sweden
LFG Pumpeteknikk AS	100	911 948 966	Oslo, Norway
Malte Rutberg Entreprenad AB	100	556563-1834	Sollentuna, Sweden
Malte Rutberg Maskin AB	100	559270-2319	Sollentuna, Sweden
Marbit AB	100	556179-6151	Sundbyberg, Sweden
Markax AB	100	556811-7732	Gävle, Sweden
Miva Montage AB	100	556328-1244	Haninge, Sweden
MCR Holding AB	100	559344-0117	Göteborg, Sweden
Mobile Container Repair AB	100	556236-1591	Göteborg, Sweden
MTB Mark & Trädgårdsbyggarna AB	100	556808-0385	Håbo, Sweden
Mälardalens Spår & Anläggning AB	100	556696-8102	Nykvarn, Sweden
Mälarmontage Glas & Metall AB	100	556882-9724	Strängnäs, Sweden
NA Altanglas AB	100	556506-4358	Bromölla, Sweden
Naturlek AB	100	559171-6377	Sundbyberg, Sweden
Nolanders Byggservice	100	556878-3079	Gråbo, Sweden
Norsk Pumpeservice AS	100	934 814 185	Fetsund, Norway
NVM Akustik AB	85	559295-7574	Stockholm, Sweden
Oceanterminalen Fastighetsförvaltning AB	100	556446-8048	Göteborg, Sweden
Oslo Pumpeservice AS	100	917 383 456	Oslo, Norway
Østcom AS	100	998 469 325	Kongsvinger, Norway
Paradox Security AB	100	556562-2494	Stockholm, Sweden

Note 10 Shares in Group companies, cont.

Indirectly owned Name	Share of capital and share of voting rights(%)	Corp.reg.no	Registered seat of operations
Per Lennartsson Entreprenad AB	100	556815-3042	Gävle, Sweden
Plåtslagaren G.H. Johansson AB	100	556694-9946	Stockholm, Sweden
Pordrän Sverige AB	100	556485-5780	Stockholm, Sweden
Powerstruc AB	100	556844-9697	Göteborg, Sweden
Precisio Mätkonsult AB	100	559136-1620	Sundbyberg, Sweden
Pump & Vattenteknik AB	100	559291-9202	Ystad, Sweden
Pump Supplies Ltd	100	01628083	Port Talbot, UK
Pumpe-service AS	100	926 635 875	Oslo, Norway
Pumpeteknikk AS	100	924 913 835	Oslo, Norway
Pumppulohja Oy	100	083754-4	Saukkola, Finland
Pumpsnabben AB	100	556221-3750	Stockholm, Sweden
RockCon AB	100	556875-8147	Älvsbyn, Sweden
Rosenqvist Entreprenad AB	100	556391-8720	Vallentuna, Sweden
Rönnmarks Undertak AB	100	556464-2253	Stockholm, Sweden
Sanera AB	100	556672-4646	Stockholm, Sweden
Spännbalkkonsult SBK AB	100	556233-9712v	Göteborg, Sweden
Scanregn A/S	100	19611302	Grindsted, Denmark
Skandinaviska områdesskydd AB	100	556684-1853	Stockholm, Sweden
Skåne Montage AB	100	556202-8844	Malmö, Sweden
Sollentuna Isolerings Aktiebolag	100	556303-5335	Stockholm, Sweden
Swerör J Borg AB	100	556449-4564	Mark, Sweden
Takakustik i Stockholm AB	100	556481-3136	Stockholm, Sweden
Tannefors Glas AB	100	556696-9449	Linköping, Sweden
Teknik & Installationssamordning AB	100	559079-7220	Göteborg, Sweden
Universalisolering Fredriksson AB	100	556023-2802	Stockholm, Sweden
Vestum Subco 2 AB	100	559344-0158	Stockholm, Sweden

Indirectly owned Name	Share of capital and share of voting rights(%)	Corp.reg.no	Registered seat of operations
Vestum Subco 3 AB	100	559344-0166	Stockholm, Sweden
Vetri i Laholm AB	100	556049-4758	Vetlanda, Sweden
Vetri i Mariestad AB	100	556872-1301	Vetlanda, Sweden
VG Teknisk Isolering AB	100	559173-7365	Göteborg, Sweden
VPP System AB	100	556346-5854	Vetlanda, Sweden
Västsvensk Byggskruv AB	100	556243-3440	Borås, Sweden
WatMan Engineering Oy	100	2382293-9	Lahti, Finland
We Ar(e) Group AB	100	559198-1492	Stockholm, Sweden
WeSC America Inc.	100	20-1298236	Delaware, USA
WeSC Inc.	100	46-4076427	Los Angeles, USA
Yesman AB	100	559157-0832	Göteborg, Sweden

Note 11 Receivables from Group companies

	2022	2021
Opening carrying amount	3,067	–
Loan issued	152	3,067
Amortisation	-3,064	–
Closing carrying amount	**155**	**3,067**

Note 12 Cash and cash equivalents

	2022	2021
Available bank balances	443	1,244
Total	**443**	**1,244**

Note 13 Share capital

For information on share capital, see Group Note 21.

Note 14 Earnings per share

For information on earnings per share, see Group Note 22.

Note 15 Interest-bearing liabilities

	2022		2021	
	Short-term	Long-term	Short-term	Long-term
Bond loan	–	1,484	–	1,479
Total borrowing	**-**	**1,484**		**1,479**

For further information, see Group Note 23.

Note 16 Accrued expenses and deferred income

	2022-12-31	2021-12-31
Personnel-related items	3	1
Accrued audit fee	2	1
Accrued interest expense	16	0
Other	5	12
Total	**26**	**14**

Note 17 Non-Cash flow items

	2022	2021
Depreciations	1	0
Allocation to untaxed reserves	46	–
Impairment	13	–
Total	**60**	**0**

Note 18 Pledged assets and contingent liabilities

Pledged assets	2022	2021
Shares in Group companies[1]	106	256
Total	**106**	**256**

Contingent liabilities	2022	2021
Issued bank guarantee	–	1
Guarantees for Group companies	1	0
Total	**1**	**1**

1) Shares pledged for loans are as follows: Vestum Sweden AB, Vestum Norway AS, Vestum UK Limited, Vestum Denmark ApS. Shares in Group companies exceeds the value of the outstandning liabilities that are secured.

Note 19 Proposed appropriation of Parent company's earnings

The following retained earnings are available to the Annual General Meeting:

SEK	2022-12-31
Share premium reserve	4,338,357,478
Retained earnings	-319,774,252
Profit for the year	112,103,955
Total	**4,130,687,181**

The Board of Directors and the CEO propose that available earnings of SEK 4,130,687,181 be distributed as follows:

To be carried forward:	4,130,687,181
Total	**4,130,687,181**

Board of Directors and CEO approval

The Board of Directors and the CEO hereby provide assurances that the consolidated accounts and the annual report give a true and fair view of the Parent company's and the Group's operations, position and results and describe the significant risks and uncertainties facing the Parent company and the companies included in the Group.

Stockholm, the day for our electronic signature.

Per Åhlgren
Chairman of the board

Johan Heijbel
Board member

Olle Nykvist
Board member

Johannes Lien
Board member

Anders Rosenqvist
Board member

Helena Fagraeus Lundström
Board member

Conny Ryk
Chief executive officer

Stockholm, the day for our electronic signature
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Vestum AB (Publ), org.nr 556578-2496

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Vestum AB (publ) for the year 2022 with the exception of the sustainability report and Corporate Governance report on the pages 27–31 and 36–51. The annual accounts and consolidated accounts of the company are included on pages 11-17, 27-34, 36-51 and 53-95 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 parent company and the group as of 31 December 2022 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 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

We agreed with the Audit Committee that we should report on identified unadjusted matters exceeding 2,790,000 SEK as well as errors that was below this amount f considered significant for other qualitative reasons.

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.

Key audit matters	How our audit addressed the Key audit matter
Valuation of of goodwill and other acquisition-related intangible assets	
Refer to Note 1 for a description of significant accounting principles and to Note 13 Intangible assets for a description of the yearly impairment test. At 31 December 2022, Vestum had goodwill and other acquisition-related assets, including contracts, of SEK 6 276 million, representing 63 per cent of total assets. The principal risk is the risk that the value of these assets will need to be impaired. Each year, Vestum performs a test to measure goodwill and other intangible assets in order to determine whether any impairment has occurred. The test is complex and relies on management's estimates in respect of material parameters, including future sales performance, cash flows, margins and interest rates (WACC). Vestum has an established process for testing the measurement that is based on cash-generating units (CGU). The process is described in Note 10. For 2022, there were four identified cash-generating units which consist of the three segments. These assumptions are tested annually. The company's conclusion is that no impairment had occurred for the aforementioned assets in 2022.	In testing goodwill and other acquisition-related intangible assets for impairment, we performed a number of audit procedures aimed primarily at confirming the valuation and accuracy. In particular, we: • We have evaluated and assessed the company's models, methods and assumptions. • Through sampling, assessed and challenged the information used in the calculations in relation to the company's financial plan and, where possible, external information. In doing so, we focused on assumed growth rates, margin growth rates and discount rates for each cash-generating unit. We also assessed the accuracy and inherent quality of the company's process for preparing business plans and financial plans based on historical outcomes. • Reviewed the sensitivity of the measurements to negative changes in all parameters which, individually or in the aggregate, could result in impairment. • Assessed whether the disclosures made in the annual report are correct based on tests of the measurements made, with a particular emphasis on disclosures on the sensitivity of the measurements. • Compared the disclosures included in the annual report with the requirements of IAS 36. Based on our work performed, it is our conclusion that the company's valuation and disclosures are in line with IAS 36 and that the assumptions that form the basis of the valuation are deemed reasonable. .

Key audit matters	How our audit addressed the Key audit matter
Accounting of revenue and results in construction contracts.	
We refer to note 1 and to note 5 for the company's accounting principles and nature of income. Total revenue in Vestum for 2022 amounts to 6,930 million sek and where 3,271 million sek refers to projects with a volume > 1 million sek. The projects mainly consist of service projects on an ongoing basis but also to some extent constructions contracts that are reported using percentage of completion. This means that reported income and costs in construction contracts are partly based on assumptions and judgments about future outcomes documented in the projects' end state forecasts. The forecasts contain assessments of costs for e.g. labor, materials, subcontractors and warranty obligations. The latter can from time to time require updated assessments also for finished projects. Where applicable, assessments are also included of requirements presented to the customer for e.g. amendment and additional works and lack of tender conditions. The features of these assumptions and judgments means that final results may deviate from those currently reported. Given the large element of estimates and judgments this constitutes for the audit a key audit matter.	When auditing revenue for constructions contracts, we have to ensure above all the completeness, valuation and accuracy, by performing among other things the following audit measures: • We have performed an analytical review of reported income and margins and evaluated the management's routines for follow-up the projects' financial results and also discussed the latter with management in the local companies as well as in the group. • On a random sample basis, we have audited revenues and those reported project costs that are the basis for determining the percentage of completion. • We have also tested the mathematical accuracy in the calculation of the percentage of completion. • We have discussed with the company the principles, methods and assumptions the manner on which judgments are based, including those which is the basis for guarantee provisions for already completed project. • For selected projects, we have performed measures including, for example, reading contract extracts and discussion down with project managers and controllers regarding assessments, assumptions and estimates. • For selected disputes, we have also obtained statements from Vestums legal expertise. • We have also held a dialogue with the company's management and audit committee on assessments and the principles, methods and assumptions on which these are based. Overall, our understanding that Vestum's assumptions and estimates are within an acceptable range. However, we have communicated that it is an area including difficult assessments and that final outcomes may deviate from currently made assumptions, estimates and assessments.

Other Information than the annual accounts and consolidated accounts

The other information consists of the remuneration report for 2022 and the information found on pages 18-26 and 103. 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 Director's 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

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 Vestum AB (publ) for the year 2022 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' 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Vestum AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Vestum AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

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

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 Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's review of the corporate governance report

The board is responsible for the corporate governance report on pages 27-31 and that the report has been prepared in accordance with the Annual Accounts Act.

Our review has been conducted in accordance with FAR statement RevR 16, The auditor's review of the corporate governance report. This means that our review of the corporate governance report has a different focus and a significant smaller scope compared to the scope of an audit according to International Standards on Auditing and good auditing practice in Sweden has.

We believe that this review provides us with a sufficient basis for our statements.

A corporate governance report has prepared with disclosures in accordance with ch. 6 Section 6, second paragraph, the points 2–6 of the Annual Accounts Act and ch. 7 § 31 second paragraph of the same law are compatible with those of the annual report and the other parts of the consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding it the statutory sustainability report

The board is responsible for the sustainability report on pages 36-51 and that the report has been prepared in accordance with the Annual Accounts Act.

Our review has been conducted in accordance with FAR statement RevR 12,The auditor's opinion on the statutory sustainability report. This means that our review of the sustainability report has a different focus and a significantly smaller scope compared to the scope of an audit according to International Standards on Auditing and good auditing practice in Sweden have. We believe that this review gives us sufficient basis for our statement.

A sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Vestum AB (Publ) by the general meeting of the shareholders on 23 May 2022 and has been the company's auditor since 2016.

Stockholm, the day in accordance with the electronic signature

Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

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Calender and contacts

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Financial calendar

The Annual General Meeting is held 23 May 2023.

The interim report for the first quarter of 2023 will be published on 12 May, 2023.

The interim report for the second quarter of 2023 will be published on 18 August, 2023.

The interim report for the third quarter of 2023 will be published on 17 November, 2023.

For more information, contact:

Shareholder questions

Olle Nykvist +46 72 177 61 54
Head of Communications and IR

Business questions

Conny Ryk +46 70 775 53 10
Chief Executive Officer

Company information
Org nr 556578-2496
Registered office: Stockholm
Vestum's share is traded under the short name VESTUM on Nasdaq Stockholm Main Market

Production:
Vestum and Hallvarsson & Halvarson. Photos: Vestum in-house.

VESTUM

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