

VESTUM

Year-end report

2023

Vestum AB (publ)

Q4



A transformative year

During 2023, divestments were carried out on two occasions. The income statement and cash flow statement in the report have been recalculated based on applicable accounting principles and the companies are reported as operations held for sale and divested operations. Comments from the CEO and comments in the interim report focus on the Group's remaining operations.

October – December 2023

- Net sales amounted to SEK 1,559 (1,509) million
- Operating profit before depreciation attributable to acquired surplus value (EBITA) amounted to SEK 165 (169) million
- Adjusted EBITA amounted to SEK 167 (168) million
- Operating profit (EBIT) amounted to SEK 89 (95) million
- Earnings per share²⁾ before and after dilution amounted to SEK 0.00 (0.00)
- Cash flow from operating activities amounted to SEK 209 (159) million
- During October, bonds of SEK 600 million under a framework of SEK 1,000 million with a maturity of 2.5 year, were issued. The issue proceeds were used exclusively to repurchase previously issued bonds

- As part of the ongoing strategic review four companies within the Infrastructure and Services segments have been divested and one divestment was agreed but not yet completed
- An agreement has been entered to divest the WeSC business

January – December 2023

- Net sales amounted to SEK 5,762 (5,162) million
- Operating profit before depreciation attributable to acquired surplus value (EBITA) amounted to SEK 623 (591) million
- Adjusted EBITA amounted to SEK 622 (587) million
- Operating profit (EBIT) amounted to SEK 318 (314) million

- Earnings per share²⁾ before and after dilution amounted to SEK 0.28 (0.27)
- Cash flow from operating activities amounted to SEK 634 (397) million
- The acquisition of MDT Markvaruhuset AB was completed in January
- The strategic divestment of a portfolio of 20 smaller businesses in the Water segment, was completed in July. In connection with the transaction, the Group's secured bond of NOK 950 million was redeemed
- Existing credit facility with Danske Bank, SEB and Swedbank was increased to SEK 1,200 million in connection with the strategic divestment
- Simon Göthberg has been appointed as new CEO of Vestum – and Conny Ryk as chairman of the board

Vestum in summary

SEK million (unless otherwise stated)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	1,559	1,509	5,762	5,162
EBITA	165	169	623	591
EBITA margin, % ¹⁾	10.6	11.2	10.8	11.5
Adjusted EBITA ¹⁾	167	168	622	587
Adjusted EBITA margin, % ¹⁾	10.7	11.1	10.8	11.4
EBITA per share before/after dilution, SEK ¹⁾	0.44	0.46	1.66	1.62
Earnings per share before/after dilution, SEK ²⁾	0.00	0.00	0.28	0.27
Operating profit (EBIT)	89	95	318	314
Cash flow from operating activities	209	159	634	397
Operating cash flow	228	251	824	685
Cash conversion, %	105	116	98	89

¹⁾ See pages 24–25 for definitions and reconciliation of alternative performance measures
²⁾ Attributable to remaining operations and Parent company's shareholders

10.6%

EBITA margin, October–December 2023

105%

Cash conversion, October–December 2023

2.5x

Net financial debt / EBITDA December 2023



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

Comments by the CEO

Vestum generated net sales of SEK 5,762 million in the full year 2023, representing growth of 12%, of which 4% organic. EBITA amounted to SEK 623 million, corresponding to an EBITA margin of 10.8%. The year ended with a strong fourth quarter where we generated stable net sales and profitability along with reduced debt. Net sales for the quarter amounted to SEK 1,559 million with an EBITA of SEK 165 million, corresponding to an EBITA margin of 10.6%. The quarter generated organic growth of 1%.

Solid demand and profitability as well as strong cash flow

Demand for our products and services remained solid during the quarter with a net sales growth of 3%, of which 1% was organic. Profitability was maintained at stable levels with an EBITA of SEK 165 million, compared to SEK 169 million in the corresponding period last year. Adjusting for items affecting comparability, adjusted EBITA was in line with the previous year.

The Infrastructure segment generated solid growth but slightly weaker margins compared to the same period last year. In terms of earnings, EBITA increased to SEK 91 million, corresponding to an EBITA margin of 10.3%. Within the Services segment, volumes decreased as expected, while the EBITA margin of 11.6% was in line with the same period last year. The Water segment continued its strong development and delivered increased sales and EBITA in all four quarters during 2023. In the fourth quarter, the segment generated organic sales growth of 14% and an EBITA margin of 18.0%.

Operating cash flow amounted to SEK 228 million, which corresponds to a cash conversion rate of 105%. Efforts to improve our levels of tied-up capital has continued in a positive direction with working capital being

freed up, mainly through changes in operating receivables. Vestum's financial net debt decreased by SEK 328 million during the fourth quarter to SEK 2.1 billion, driven by cash flow generation, divestments and cost efficiency improvements. Net financial debt in relation to EBITDA decreased between the third and fourth quarter from 2.8x to 2.5x, which is within our financial target of maximum 2.5x.

A stronger Group after the strategic review

We have continued the process of streamlining our structure during the quarter through divestments to increase the degree of specialisation, and we are a stronger Group after the divestments. We are implementing a shift that is reducing our operational risks and strengthening our financial profile. The reduced operational risks can be seen in the balance sheet where the item for contract assets has decreased from SEK 318 million to SEK 134 million between the third and fourth quarter, or from 4.8% as a share of rolling 12-month net sales to 2.3%. At the same time, the EBITA margin has improved and our organic growth opportunities have increased.



Our market-leading product companies continue to produce an increased share of profits and made up 44% of the Group's EBITA in the full year 2023. These businesses are characterised by scalable business models, strong market positions with price leadership and high margins. When making acquisitions going forward, we will increase our focus on market-leading product companies with high profitability within civic infrastructure.

In addition to the divestments that were already announced in December 2023, we have entered into an agreement to divest the business WeSC. The transaction is expected to close during the first quarter of 2024 and is not expected to have any significant impact on the group's results and financial position.

The strategic review is expected to be completed by the end of the first quarter of 2024. In connection to this, we will clarify how we will refinance upcoming bond maturities of SEK 900 million, which have a maturity in October 2024. We are confident that the refinancing can lead to a more efficient capital structure and an improved free cash flow.

Reduced debt

In terms of capital allocation, we have focused on reducing debt in 2023 to strengthen our cash flow and create the conditions for streamlining our capital structure. The Group's total interest-bearing liabilities including earn-out debt decreased by SEK 1.1 billion, or 29%, in 2023. This is partly driven by a strong free cash flow, defined as cash flow from operating activities, pur-

chase and sale of tangible and intangible fixed assets, and amortisation of leasing debt. During the full year 2023, Vestum generated free cash flow of SEK 421 million and free cash flow per share during the period amounted to SEK 1.12, corresponding to a growth of 70% compared to the full year 2022.

Well equipped for 2024

As we have previously communicated, the market situation remains difficult to assess and concerns about the economy remain. However, we can see that our decentralised business model is standing strong, with operational decisions being made in each operating unit while cash flows are centralised to optimise the group's capital allocation. The infrastructure in our main markets is outdated and underinvested, not least within the water and energy sectors where we have strong market positions. We have resumed the process of evaluating acquisition candidates and expect to be able to carry out acquisitions within selected growth markets during the first half of 2024. We have previously set up focus groups within sustainability and digitalisation and we are aiming to take further steps in these areas during the current year. In summary, we approach the new year with assurance.

Simon Göthberg

CEO, Vestum AB (publ)

“We have resumed the process of evaluating acquisition candidates and expect to be able to carry out acquisitions within selected growth markets during the first half of 2024”

About Vestum

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. With 1,800 employees, we are located in Scandinavia and UK.

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

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

Vestum's share is traded on Nasdaq Stockholm, Mid Cap, with the shortname VESTUM.

Development per quarter



Note: Reported figures are not adjusted according to IFRS 5

¹⁾ The decrease in revenue in Q1 2023 and Q4 2023 is driven by divested operations

Financial targets

Vestum's overall target is to create long-term profitable growth by acquiring and developing high-quality companies with good cash flows and strong market positions.

Profit Growth

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

Profitability

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

Capital structure

The financial net debt in relation to EBITDA shall be maximum 2.5x

Dividend policy

Vestum's dividend policy is that all profits and available cash flows will be reinvested in the business and/or used for new acquisitions

5,762

Net sales
SEKm

623

EBITA
SEKm

824

Operational cash
flow SEKm

2.5x

Financial net
debt / EBITDA

44%

EBITA share of
product compa-
nies

27

Average age in
years of companies

Vestum's sustainability work

Sustainability is a strategically important issue for Vestum and we have made a long term commitment to contribute to a sustainable society. Vestum's quarterly reports describe selected parts of the work that is being carried out to ensure that Vestum reaches its long-term sustainability targets and provide an overview of the progress Vestum has made.

During the fourth quarter, we have continued to focus on implementing a structure and methods linked to the new legal requirements for sustainability reporting. We have spent considerable time on creating conditions that make it easier for our companies to do their reporting. The new reporting requirements and new measuring points mean that extensive work is often required to produce the right numbers and to create a method that ensures high-quality data every year.

We have therefore set aside significant resources during the quarter to collect high-quality data for our reporting, especially in Scope 3 where most of our emissions are generated. The absolute majority of our Scope 3 emissions come from Category 1, purchased goods and services. We therefore see that continued collaboration with our suppliers is crucial to reducing our climate impact.

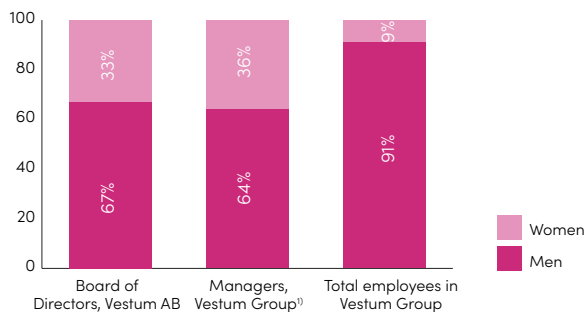
Vestum's target is to have provided 400 internships and apprenticeships by the end of 2026. To achieve this goal, we need at least 100 internships and apprenticeships per year. During 2023, we have had 136 internship and apprenticeship positions.

We had five accidents during the quarter that led to at least one day of sick leave, which is a decrease from the previous quarter. Annually, the trend is also downward.

When it comes to gender equality we can state that we have increased the proportion of women both on Vestum's board and among managers in the Group. During the year, we also exceeded our short-term goal of having 35% female managers within the Group.

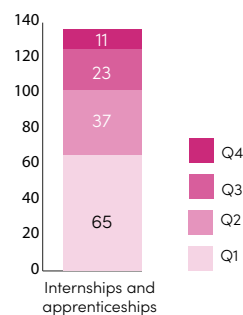
Gender equality

Gender distribution as of December 31, 2023



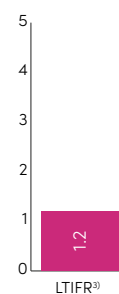
Skills recruitment

Internships and apprenticeships as of December 31, 2023 (accumulated 125 Internships and apprenticeships from January 1, 2023)



Work environment

Serious accidents during the fourth quarter 2023 ²⁾ (6 accidents)



1) Managers in the Vestum Group refers to employees at Group level with personnel or functional responsibilities as well as the CEO and CFO of Vestum's operating companies.
 2) A serious accident refers to work-related accidents that lead to at least one day of medical leave
 3) LTIFR (Lost Time Injury Frequency Rate) refers to the number of accidents per 200,000 hours worked.

Sustainability targets

Climate

- By 2026, Vestum shall reduce CO₂e-emissions by 25%
- By 2040, Vestum shall have net-zero climate impact

Biodiversity

- By 2026, Vestum shall have mapped its impact on biodiversity
- By 2040, Vestum shall reach net zero impact on biodiversity

Work environment

- By 2026, Vestum shall establish a group-wide structure and culture that both ensures accurate reporting of incidents and accidents, and encourages individual employees to speak up if the workplace is perceived as unsafe
- By 2040, Vestum shall eliminate serious work accidents

Gender equality

- By 2026, at least 35% of Vestum managers shall be female and at least 15% of total employees in the Group shall be female
- By 2040, Vestum shall have an even gender distribution

Skills recruitment

- By 2026, Vestum shall have provided at least 400 internship and apprenticeship positions
- By 2040, Vestum shall have provided at least 1,000 internship and apprenticeship positions

Q4
2023

The Vestum Group's Development

Comments on the Vestum Group's development refer to the remaining operations unless otherwise is stated.

Net sales

The Group's net sales for the fourth quarter amounted to SEK 1,559 (1,509) million. The growth from the same period last year consists of acquired net sales of SEK 36 million, organic growth of SEK 11 million, and exchange rate effects of SEK 3 million. The organic growth corresponds to a growth in net sales of 1%.

For the period January - December 2023, the Group's net sales amounted to SEK 5,762 (5,162) million. The growth from the same period last year consists of acquired net sales of SEK 409 million, organic growth of SEK 183 million, and exchange rate effects of SEK 7 million.

Seasonality

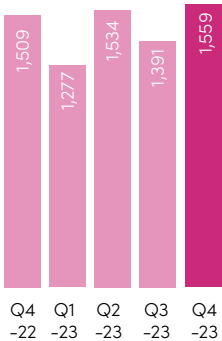
Vestum's activities are affected by seasonality due to weather conditions and number of working days. The Group's diversified structure, regarding both market offering and geographical presence, limits exposure to seasonality to some extent.

Earnings

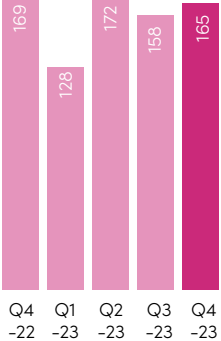
Profit before amortisation and write-downs of acquired surplus value (EBITA) for the fourth quarter amounted to SEK 165 (169) million which corresponds to an EBITA margin of 10.6% (11.2%). Adjusted EBITA amounted to SEK 167 (178) million and operating profit (EBIT) amounted to SEK 89 (95) million.

Extraordinary items that are adjusted in EBITA affected the quarter by SEK -2 (1) million. Net financials for the fourth quarter amounted to SEK -67 (-77) million of which interest costs for loans and leasing amounted to SEK 52 (52) million. Other change of net financials is mainly explained by reduced exchange rate losses. The period's profit after tax for the remaining operations amounted to SEK 1 (-1) million, which corresponds to a profit per share attributable to the Parent company's shareholders before and after dilution of SEK 0.00 (0.00).

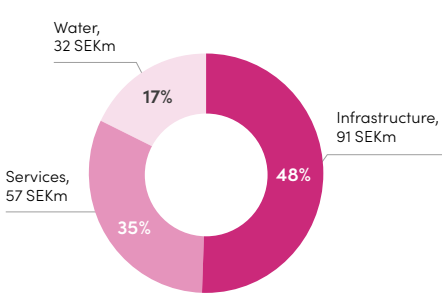
Net sales,
per quarter
SEK million



EBITA
per quarter
SEK million



EBITA
per segment, Q4 2023
Percent



Profit before amortisation and write-downs of acquired surplus value (EBITA) for January - December 2023 amounted to SEK 623 (591) million, corresponding to an EBITA-margin of 10.8% (11.5%). Adjusted EBITA amounted to SEK 622 (587) million and operating profit (EBIT) amounted to SEK 318 (314) million. Net financials amounted to SEK -179 (-176) million of which interest costs for loan and leasing amounted to SEK 228 (185) million. The period's profit after tax for the remaining operations amounted to SEK 104 (97) million, which corresponds to a profit per share attributable to remaining operations and the Parent company's shareholders before and after dilution of SEK 0.28 (0.27).

Extraordinary items that are adjusted in EBITA affected the period January-December positively by SEK 1 (4) million. These consisted of revaluation of contingent consideration which affects the result positively with SEK 11 million, acquisition transaction costs of 2 million and restructuring costs of SEK 8 million.



Segment development: Water

Within Water, we offer specialised services and products in water technology that focus on improving the water infrastructure.

Our market

Customers consist partly 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. A significant part of the segment consists of maintenance, aftermarket services and product sales of water pumps, water filters and irrigation systems.

Development during 2023

Water delivered strong sales and increased EBITA in the fourth quarter, primarily driven by the British operations, while margins were somewhat weaker in the Nordic market. Looking at the year as a whole, demand

for the segment's products and services has largely been strong. Extreme weather in Denmark has led to investments in the market being postponed, which has had some negative impact on margins. At the same time, extreme weather in the UK has had a positive effect on sales and profitability, especially during the second quarter. In other areas, the development has been good and we continue to see positive market signals for the segment as a whole.

Net sales for the fourth quarter amounted to SEK 180 (157) million, and for the period January - December 2023 net sales amounted to SEK 737 (617) million.

EBITA for the fourth quarter amounted to SEK 32 (31) million, corresponding to an EBITA margin of 18.0% (19.7%). EBITA for the period January - December 2023 amounted to SEK 142 (124) million, corresponding to an EBITA margin of 19.3% (20.0%).

Net sales Q4
SEKm

180

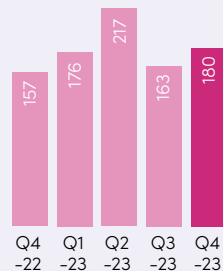
Earnings development

SEKm	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	180	157	737	617
EBITA	32	31	142	124
EBITA-margin	18.0%	19.7%	19.3%	20.0%

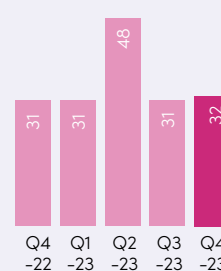
EBITA-margin Q4
%

18.0%

Net sales
per quarter
SEKm



EBITA
per quarter
SEKm





Segment development: Services

Within Services, we offer niche services and products to properties.

Our market

End customers are primarily 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. Products and services primarily consist of installation and maintenance within, for example, plumbing, electricity, suspended ceilings, climate control and technical insulation, but also product sales of security doors and glass and aluminium parts.

Development during 2023

The fourth quarter was weighed down by weaker demand in the installation market compared to the previous year. At the same time, the business adapted to the tougher climate and thereby managed to deliver a margin in line with the previous year.

Looking at the year, sales were slightly higher than the previous year while the margin decreased, partly driven by provisions for doubtful accounts receivable during the second quarter. Demand from housing associations and the consumer segment was weaker. However, the segment's exposure to new residential construction is limited. Investments in energy efficiency remain at a high level, which is expected to have a positive effect on the segment.

Net sales for the fourth quarter amounted to SEK 493 (546) million, and for the period January - December 2023 net sales amounted to SEK 1,880 (1,862) million.

EBITA for the fourth quarter amounted to SEK 57 (64) million, corresponding to an EBITA margin of 11.6% (11.7%). EBITA for the period January - December 2023 amounted to SEK 187 (202) million, corresponding to an EBITA margin of 10.0% (10.8%)

Net sales Q4
SEKm

493

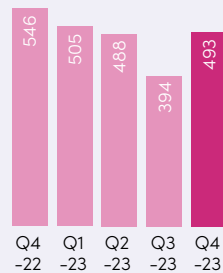
Earnings development

SEKm	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	493	546	1,880	1,862
EBITA	57	64	187	202
EBITA-margin	11.6%	11.7%	10.0%	10.8%

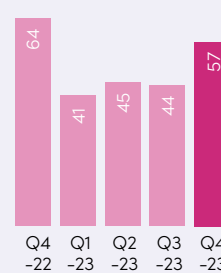
EBITA-margin Q4
%

11.6%

Net sales
per quarter
SEKm



EBITA
per quarter
SEKm





Segment development: Infrastructure

Within Infrastructure, we offer niche work in land & civil engineering, railways and other infrastructure.

Our market

Customers are primarily 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 segment is mainly made up of specialists, which include maintenance work on railways, above and below ground work, courtyard renovations, foundation laying, concrete renovation in garages and product sales of moisture protection and sewage treatment systems.

Development during 2023

Infrastructure delivered strong sales and increased EBITA in the fourth quarter, although the margin was somewhat weaker. Demand has remained strong throughout the year, particularly from public buyers

who constitute the majority of the segment's end customers. Profitability has been somewhat affected by increased competition. Continued weak demand from housing associations has impacted individual companies. However, the general order situation remains stable for the segment as a whole.

Net sales for the fourth quarter amounted to SEK 886 (806) million, and for the period January - December 2023 net sales amounted to SEK 3,144 (2,684) million.

EBITA for the fourth quarter amounted to SEK 91 (88) million, corresponding to an EBITA margin of 10.3% (10.9%). EBITA for the period January - December 2023 amounted to SEK 349 (318) million, corresponding to an EBITA margin of 11.1% (11.9%).

Net sales Q4
SEKm

886

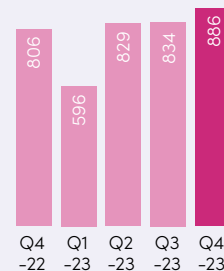
EBITA-margin Q4
%

10.3%

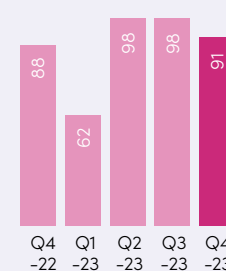
Earnings development

SEKm	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	886	806	3,144	2,684
EBITA	91	88	349	318
EBITA-margin	10.3%	10.9%	11.1%	11.9%

Net sales
per quarter
SEKm



EBITA
per quarter
SEKm



Cash flow

Cash flow from operating activities during the fourth quarter amounted to SEK 209 (159) million, of which changes in working capital amounted to SEK 27 (54) million. The operating cash flow amounted to SEK 228 (251) million, which corresponds to a cash conversion of 105% (116%). For the period January – December 2023, cash flow from operating activities amounted to SEK 634 (397) million, changes in working capital amounted to SEK 54 (-50) million and operating cash flow amounted to SEK 824 (685) million, which corresponds to a cash conversion of 98% (89%). The Group's working capital varies over the quarters, mainly due to fluctuations in the items ongoing projects, accounts receivable and accounts payable.

Investments

The Group's investments during the fourth quarter excluding acquisitions amounted to SEK 16 (20) million, and SEK 68 (35) million for January – December 2023. During the fourth quarter, regulation of additional purchase prices regarding previous years acquisitions amounted to SEK 3 (0) million. Paid contingent consideration regarding previous years acquisitions amounted to SEK 223 (143) million in January – December 2023. For the period January – December 2023, investments in the form of acquisitions of subsidiaries have been completed and total purchase price for the acquisition amounted to SEK 335 (1,874) million. For more information, see the section Acquisitions.

Financial position and liquidity

Equity at the end of the period amounted to SEK 4,057 (4,377) million. Equity in the Parent company amounted to SEK 4,451 (4,266) million.

The Group's cash and cash equivalents at the end of the period amounted to SEK 345 (608) million. In addition, the group's unused credit facility amounted to SEK 700 million at the end of the quarter.

The interest-bearing liabilities, including lease liabilities, amounted to SEK 2,450 (3,378) million at the end of the period. At the end of the period, the Group had a net financial debt, defined as interest-bearing liabilities less cash and cash equivalents, of SEK 2,105 (2,770) million. The net financial debt in relation to reported EBITDA was 2.5x (2.8x).

Total contingent consideration liability amounted to SEK 207 (399) million at the end of the period. The current liability of the total contingent consideration liability amounted to SEK 146 million, for more information, see the section Acquisitions. Total liabilities amounted to SEK 4,322 (5,573) million as of December 31, 2023.

During the quarter, Vestum issued senior unsecured bonds of SEK 600 million under a framework of SEK 1,000 million. The bonds have a maturity of 2.5 years and carry a floating interest rate of 3-month STIBOR plus 637.5 basis points. The purpose of the issuance was to proactively address upcoming maturities, and the entire issued amount was used to repurchase existing bonds.

In addition to the bonds issued during the quarter, Vestum has outstanding bonds totaling SEK 900 million, which are due on October 28, 2024 and carry a floating interest rate of 3-month STIBOR plus 415 basis points.

The bonds are recorded under the items Long-term and Short-term interest-bearing liabilities in the balance sheet.

Vestum has a credit facility totaling SEK 1,140 million, of which Vestum had utilized SEK 440 million at the end of the quarter.

Staff

The number of full-time employees for the remaining operations as of December 31, 2023 amounted to 1,787 (1,806) people.

Incentive program

Vestum has three incentive programs corresponding to a total of 9,920,193 warrants. The warrant programs are aimed at senior executives and 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. As of December 31, 2023 the incentive programs have a diluting effect on equity amounting to SEK 2,750,000.

Outstanding program	Number of options	Corresponding 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
2023/2026	2,750 000	2,750,000	6.46	1 Dec 2026 – 31 Dec 2026	916,667

Parent company

The Parent company's net sales during the fourth quarter amounted to SEK 5 (6) million. Operating profit amounted to SEK -15 (-17) million. Net financial items amounted to SEK -111 (-41) million and consisted of interest costs of SEK 55 million and a write-down cost of an intercompany receivables amounting to SEK 49 million. Profit for the period amounted to SEK 119 (174) million and the decreased result was mainly due to increased interest expenses and the write-down mentioned above.

For January - December 2023, net sales amounted to SEK 17 (23) million, operating profit amounted to SEK -66 (-60) million and net financial items amounted to SEK -170 (-78) million. Profit for January - December amounted to SEK 9 (112) million.

The balance sheet total as of December 31, 2023, amounted to SEK 7,586 (6,810) million, of which equity amounted to SEK 4,402 (4,266) million. Cash and cash equivalents in the Parent Company amounted to SEK 230 (443) million.

Significant events after the end of the period

Vestum announced on December 11, 2023, that an agreement had been made to divest Arctic Infra AB, including subsidiaries, and the divestment was completed on January 5, 2024.

Owners

The ten largest shareholders as of December 31 2023, according to Monitor.

Name	Number of shares	Share of total
Conny Ryk	61,100,000	16%
Anders Rosenqvist	30,000,000	8%
Handelsbanken Fonder	27,616,335	7%
Per-Arne Åhlgren	24,199,390	6%
Nordea Fonder	23,129,081	6%
Swedbank försäkring	16,811,681	4%
Simon Göthberg	13,639,886	4%
Olle Nykvist	13,600,000	4%
Olof Andersson	13,500,000	4%
Erkan Sen	13,202,991	4%
Total for the 10 largest shareholders based on no. of shares	236,799,364	63%
Total number of shares, other shareholders	139,010,104	37%
Total number of outstanding shares at the end of the period	375,809,468	100%

Related party transactions

During the period, there were no transactions between Vestum and related parties that had a significant impact on the Company's financial position or earnings. For more information on related parties, refer to the Annual report for 2022, note 27.

The Group's consolidated income statement in summary

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Remaining operations				
Net sales	1,559	1,509	5,762	5,162
Total operating income	1,559	1,509	5,762	5,162
Materials and purchased services	-840	-800	-3,072	-2,748
Other external costs	-132	-128	-482	-426
Personnel costs	-377	-370	-1,403	-1,244
Other operating income	12	9	47	56
Other operating expenses	-3	-3	-14	-30
Total operating expenses and other operating income	-1,341	-1,292	-4,924	-4,393
EBITDA	218	217	838	770
Depreciation excl. acquired surplus value	-53	-48	-215	-178
EBITA	165	169	623	591
Amortisation attributable to acquired surplus value	-76	-74	-304	-277
Operating profit (EBIT)	89	95	318	314
Financial items net	-67	-77	-179	-176
Earnings before tax	22	18	140	138
Income tax	-21	-19	-36	-40
Profit/loss for the period from continuing operations	1	-1	104	97
Profit/loss from operations held for sale	-9	-10	-39	7
Profit/loss from divested operations	-379	48	-437	38
Profit/loss for the period	-387	38	-373	142

The income statement has been recalculated for all periods based on current accounting principles for divested operations. See page 19 for accounting principles, page 21 for the income statement in summary for the operations held for sale and page 22 for the income statement in summary for the divested operations.

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
The profit/loss for the period attributable to:				
Parent company shareholders	-387	37	-374	141
Non-controlling interests	0	1	1	1
Average number of shares during the period, before dilution	375 809 468	367 645 024	374 978 968	364 508 628
Average number of shares during the period, after dilution	376 586 642	367 645 024	375 174 858	367 645 024
Profit/loss attributable to remaining operations and the Parent company's shareholders per share, before and after dilution. SEK	0.00	0.00	0.28	0.27
Profit/loss attributable to Parent company's shareholders per share, before and after dilution. SEK	-1.03	0.10	-1.00	0.39

Consolidated statement of comprehensive income in summary

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Profit/loss for the period	-387	38	-373	142
Other comprehensive income				
Exchange differences on translation of foreign operations	-69	27	-76	41
Total comprehensive income for the period	-456	65	-448	183
Total comprehensive income for the period attributable to:				
Parent company's shareholders	-456	64	-449	182
Non-controlling interests	0	1	1	1
Total comprehensive income attributable to Parent company's shareholders, originated from:				
Remaining operations	-458	76	-421	190
Operations held for sale	2	-11	-27	-7

The Group's consolidated balance sheet in summary

SEK million	31 Dec 2023	31 Dec 2022
Assets		
Intangible assets	5,522	6,276
Property, plant and equipment	236	304
Right of use assets	520	740
Financial assets	3	8
Deferred tax assets	6	24
Other non-current assets	2	3
Total non-current assets	6,289	7,354
Inventories	318	429
Accounts receivable	867	1,063
Contract assets	134	243
Other current assets	59	80
Prepaid expenses and accrued income	118	120
Cash and cash equivalents	345	608
Assets held for sale	249	52
Total current assets	2,090	2,596
Total assets	8,379	9,950

SEK million	31 Dec 2023	31 Dec 2022
Equity and liabilities		
Equity attributable to owners of the company	4,053	4,374
Non-controlling interests	3	3
Total equity	4,057	4,377
Non-current provisions	21	22
Non-current interest-bearing liabilities	590	2,638
Non-current lease liabilities	392	543
Deferred tax liabilities	512	575
Other non-current liabilities	61	160
Total non-current liabilities	1,575	3,938
Current provisions	2	2
Current interest-bearing liabilities	1,334	3
Current lease liabilities	135	194
Accounts payable	430	528
Contract liabilities	81	119
Other current liabilities	358	437
Accrued expenses and deferred income	293	340
Liabilities that are directly related to assets held for sale	114	11
Total current liabilities	2,747	1,635
Total liabilities	4,322	5,573
Total equity and liabilities	8,379	9,950

The Group's changes in equity in summary

	Equity attributable to the Parent company´s shareholders					
SEK million	Share capital	Share premium reserve	Reserves	Retained earnings incl. profit/loss for the period	Non-controlling interests	Total equity
Opening balance as of 1 January 2022	117	3,739	11	-276	2	3,593
Profit/loss for the period	-	-	-	141	1	142
Other comprehensive income for the period	-	-	41	-	-	41
Transfer to other reserves	-	-	1	-1	-	-
Total comprehensive income	-	-	42	140	1	183
Total transactions with owners	5	597	-	-	-1	601
Closing balance as of 31 December 2022	123	4,335	53	-136	3	4,377
Opening balance as of 1 January 2023	123	4,335	53	-136	3	4,377
Profit/loss for the period	-	-	-	-374	1	-373
Other comprehensive income for the period	-	-	-76	-	-	-76
Transfer to other reserves	-	-	0	0	-	-
Total comprehensive income	-	-	-76	-374	1	-448
Total transactions with owners	3	125	-	-	-1	128
Closing balance as of 31 December 2023	125	4,460	-23	-509	3	4,057

The Group's cash flow statement in summary

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Earnings before tax	22	18	140	138
Adjustment for non-cash items	165	104	531	432
Income tax paid	-6	-17	-90	-122
Cash flow from operating activities before changes in working capital	182	106	581	447
Changes in working capital				
Change in inventories	29	-21	25	-73
Change in operating receivables	99	117	-46	-114
Change in operating liabilities	-101	-42	74	137
Cash flow from changes in working capital	27	54	54	-50
Cash flow from operating activities	209	159	634	397
Purchase and sale of intangible assets	-4	-2	-6	-1
Purchase of property, plant and equipment	-13	-18	-62	-33
Purchase of subsidiaries and activities	-2	-2	-348	-1,188
Divestment of subsidiaries and activities	80	-	371	-
Proceeds from other financial assets net	-1	-	-1	-
Cash flow from investing activities	61	-22	-45	-1,221
Proceeds from borrowings	661	-	1,701	131
Repayments of borrowings	-1,161	-92	-2,417	-
Repayments of lease liabilities	-33	-36	-146	-122
Proceeds from capital increase	2	-	2	20
Changes in other non-current liabilities	-4	-	-	-7
Cash flow from financing activities	-535	-127	-860	21
Net cash flow from continuing operations	-265	10	-271	-803

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net cash flow from operations held for sale	4	9	37	-19
Net cash flow from divested operations	-18	4	-24	-91
Net cash flow for the period	-279	24	-258	-914
Cash and cash equivalents at the beginning of the period	631	581	608	1,518
Cash and cash equivalents from operations held for sale	-6	-	-6	-
Cash flow for the period	-279	24	-258	-914
Exchange rate difference in cash and cash equivalents	-	2	-	4
Cash and cash equivalents at the period end	345	608	345	608
Cash flow regarding interest				
Interest paid	-54	-43	-193	-145
Interest received	5	2	14	2

The cash flow statement has been recalculated for all periods based on current accounting principle for operations held for sale. See page 19 for accounting principles, page 21 for a summarized cash flow statement for the operations held for sale and page 22 for a summarized cash flow statement for the divested operations.

Segment reporting

Vestum divides its operations into three segments: Water, Services and Infrastructure. These three segments complement each other, 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. The Water segment has been recalculated to describe the continuing operations.

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<i>Net sales per geographic market</i>				
Sweden	1,343	1,313	4,907	4,430
Other countries	216	206	855	732
Total net sales	1,559	1,509	5,762	5,162

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<i>Net sales per segment</i>				
Water	180	157	737	617
Services	493	546	1,880	1,862
Infrastructure	886	806	3,144	2,684
Total net sales	1,559	1,509	5,762	5,162

Cost for Group functions refers to group management, IT, legal, M&A and group finance functions. Costs related to operating group functions, such as Division Managers and Business Control, have been distributed to each segment.

All segment's have revenue recognition at a point in time, and over time.

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<i>EBITA per segment</i>				
Water	32	31	142	124
Services	57	64	187	202
Infrastructure	91	88	349	318
Group functions	-13	-15	-56	-56
Adjusted EBITA	167	168	622	587
Adjustments	-2	1	1	4
EBITA	165	169	623	591
Amortisation attributable to acquired surplus value	-76	-74	-304	-277
Operating profit (EBIT)	89	95	318	314
Financial items net	-67	-77	-179	-176
Earnings before tax	22	18	140	138

The Parent company's income statement in summary

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	5	6	17	23
Total operating income	5	6	17	23
Other external expenses	-9	-8	-33	-27
Personnel costs	-10	-11	-45	-44
Other operating income	-	-	-	-
Other operating expenses	-	-4	-3	-10
Depreciation	-1	-	-2	-1
Total operating expenses and other operating income	-20	-23	-83	-82
Operating profit/loss	-15	-17	-66	-60
Financial items net	-111	-41	-170	-78
Appropriations	278	286	278	286
Earnings before tax	152	228	42	149
Income tax	-33	-54	-33	-37
Profit/loss for the period	119	174	9	112

The Parent company report on comprehensive income in summary

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Profit/loss for the period and total comprehensive income for the period	119	174	9	112

The Parent company's balance sheet in summary

SEK million	31 Dec 2023	31 Dec 2022
Assets		
Intangible assets	2	2
Financial assets	6	8
Deferred tax asset	6,043	5,712
Non-current intercompany receivables	734	155
Total non-current assets	6,785	5,877
Current intercompany receivables	565	476
Other current receivables	1	2
Prepaid expenses and accrued income	5	12
Cash and cash equivalents	230	443
Total current assets	801	933
Total assets	7,586	6,810
Equity and liabilities		
Equity attributable to owners of the company	4,402	4,266
Total equity	4,402	4,266
Untaxed reserves	99	46
Non-current interest-bearing liabilities	590	1,484
Other non-current liabilities	20	111
Total non-current liabilities	708	1,641
Current intercompany liabilities	978	677
Current interest-bearing liabilities	1,334	-
Accounts payable	4	8
Other current liabilities	126	194
Accrued expenses and deferred income	33	26
Total current liabilities	2,475	904
Total liabilities	3,184	2,544
Total equity and liabilities	7,586	6,810

Additional information

Accounting principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations provided by the IFRS Interpretations Committee (IFRIC) that have been adopted by the European Commission for use within the EU. The standards and interpretations applied are those adopted by the EU. The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and RFR 1, Supplementary Accounting Rules for Groups. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and RFR 2, Accounting for Legal Entities. The interim report uses the same accounting principles and valuation methods as were used in the annual report for 2022.

Amounts in tables and calculations can be rounded, which means the stated total amounts are not always an exact sum of the rounded individual amounts.

From January 1, 2023, other standards, amendments and interpretations of existing standards that have not yet entered into force or been published by the IASB have also not been applied by the Group.

IFRS 5 - Divested operations and operations held for sale

During 2023, two strategic divestitures were carried out. The income statement and cash flow analysis for these operations are reported as discontinued operations in accordance with IFRS 5.

During the quarter, Vestum entered into agreements to divest Arctic Infra AB and WeSC. Arctic Infra AB was divested on January 5, 2024, and WeSC is expected to be divested in March 2024. The income statement, cash flow statement, and balance sheet for the companies are reported as operations under divestiture in accordance with IFRS 5. Assets and liabilities related to the companies are reported as assets held for sale and liabilities that are directly related to assets held for sale.

Due to the above, Vestum has recalculated the comparative figures for 2022 regarding the income statement and cash flow statement.

Risks and uncertainties

Vestum's main risk factors consist of market risks such as changes in the macro economic environment and/or the current competitive situation. In addition, the Group is exposed to operational risks such as project, customer and quality risks. The Group is also exposed to financial risks such as currency, interest rate, counterparty and credit risks.

The inflation has during 2022, and to some extent during the beginning of 2023, increased significantly on the markets where Vestum operates, which has led to higher prices on materials and labour. Vestum compensates for the main part of these cost increases by increasing prices against customers which, however, takes effect with a certain delay.

The Group's interest-bearing liabilities are to some extent exposed to floating interest rates. Increased policy interest rates affect Vestum's floating interest rates. Vestum strives to, at all times, have a structured and efficient management of financial risks in accordance with the Group's finance policy.

The Parent company is affected by the above risks and uncertainties through its function as owner of the Group's subsidiaries. For more information on Vestum's risks and risk management please refer to the Annual report for 2022.

Acquisitions

During the period January–December 2023, one acquisition was completed, where 100 percent of the shares were acquired. Total purchase price for the acquisition of subsidiaries amounted to SEK 335 million including contingent consideration, of which SEK 111 million has been paid with equity shares, and the remaining part has or will be paid with cash and cash equivalents. Equity interests are calculated based on a volume weighted average share price over ten days for the Vestum share. A total of 7,106,274 shares have been issued to settle these commitments.

Acquisitions completed during the period

Closed by the end of the period (SEKm)	Segment	Completed	Annual net sales	Number of employees
MDT Markvaruhuset AB	Infrastructure	January	143	19
Total			143	19

Transaction costs for the acquisitions of SEK 2 million have been charged to the Group's earnings during the period January–December 2023. These are reported under Other operating expenses in the income statement. The goodwill of SEK 216 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.

Contingent considerations

In accordance with agreements on contingent considerations, the Group must pay cash compensation linked to future earnings. The maximum non-discounted amount that may be paid to the previous owners amounts to SEK 247 million, of which SEK 100 million refers to acquisitions made during 2023. The likely outcome of the contingent consideration is based on the Group's forecast of future development and earnings in each entity. Total contingent consideration liability amounts to SEK 207 million, of which SEK 75 million refers to acquisitions completed in 2023. During the period January – December 2023, contingent consideration of SEK 223 million was paid. Paid and revalued contingent consideration had a positive net impact of SEK 11 (28) million on the period's result, which is reported in Other operating income and Other operating expenses in the income statement. The current part of the liability amounts to SEK 146 million and the likely timing for settlement of this is the second/third quarter of 2024. The fair value of the contingent consideration is at level 3 in the fair value hierarchy. Contingent consideration payments are reported in Other current liabilities and Other long-term liabilities in the balance sheet.

Change in contingent consideration liability

SEK million	31 Dec 2023	31 Dec 2022
Opening balance	399	465
Acquisitions during period	75	104
Paid contingent consideration	-223	-143
Revaluation via operating profit	-11	-28
Exchange rate difference	0	2
Departs: Operations held for sale	-33	-4
Closing balance at period end	207	399

Effects of acquisitions completed at period-end

The acquisitions made during the period January–December 2023 have had the following effects on the Group's assets and liabilities. The effects are preliminary as the Group has not received final audited information from the acquired companies. Any adjustments in connection with the final PPA are not expected to have a significant impact on the Group's earnings or financial position. Equity interests are calculated based on a volume weighted average share price over 10 days for the Vestum share.

SEK million	Totalt	Impact on cash and cash equivalents (SEKm)
Intangible assets	89	Total purchase price 335
Other non-current assets	1	Conditional purchase price -75
Other current assets	45	Settlement in shares -125
Cash and cash equivalents	9	Cash and cash equivalents in acquired units -9
Non-current liabilities	-0	Impact on cash and cash equivalents 126
Deferred tax liabilities	-18	Paid contingent consideration 223
Current liabilities	-7	Total impact on cash and cash equivalents 348
Non-controlling interests	-	
Net assets and liabilities	119	
Goodwill	216	
Total purchase price	335	

Impact on the income statement, Jan-Dec 2023
SEK million

Net sales	137
EBITA	24
Operating profit (EBIT)	12
Profit/loss for the period	10

Impact on the income statement if the acquisitions had been part of the Group on January 1, 2023
SEK million

Net sales	146
EBITA	26
Operating profit (EBIT)	12
Profit/loss for the period	11

Financial assets and liabilities

Contingent consideration that is valued at fair value in the balance sheet amounts to SEK 207 (399) million and is classified in level 3 according to the fair value hierarchy. The section Acquisitions presents how fair value is determined. Revaluation of the contingent consideration recorded in operating profit had a positive effect on the quarter result of SEK 0 (5) million. Financial assets in the form of non-current securities holdings valued at fair value in the balance sheet are classified in level 1 according to the fair value hierarchy. The non-current securities holdings amount to SEK 3 (8) million. For assets and liabilities reported at amortized cost, the carrying value corresponds to its fair value since the interest rate is at par with current market interest rates, or because the item is short-term.

Operations held for sale

Operations held for sale refer to the WeSC brand and Arctic Infra AB (Infrastructure). See section IFRS 5 under accounting principles, page 19.

Net sales for the companies during the fourth quarter amounted to SEK 168 (197) million and the operating profit amounted to SEK -10 (-11) million. For the period January - December 2023, net sales amounted to SEK 590 (552) million and the operating profit amounted to SEK -41 (6) million.

Profit attributable to operations held for sale SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Revenue	168	197	590	552
Costs	-178	-208	-630	-545
Operating profit	-10	-11	-41	6
Income tax	1	2	2	1
Earnings before tax	-9	-10	-39	7

Cash flow attributable to operations held for sale SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Cash flow from operating activities	-6	11	47	-12
Cash flow from investing activities	2	0	1	-2
Cash flow from financing activities	8	-3	-11	-5
Total cash flow from divested operations	4	9	37	-19

Balance sheet attributable to operations held for sale SEK million	31 Dec 2023	31 Dec 2022
Non-current assets	137	0
Current assets	111	52
Non-current liabilities	-17	-1
Current liabilities	-96	-10
Net assets	135	41

Divested operations

During the fourth quarter of 2023, 100% of the shares in Kvalitetsmark R AB (Infrastructure), Hyrex Holding AB including subsidiaries (Infrastructure), Powerstruc AB (Infrastructure), and Amsler Hiss AB (Services), were divested for a cash payment received of SEK 93 million. The sale resulted in a recorded loss on disposal of SEK 358 million.

In July 2023, the sale of 20 smaller businesses within the Water segment was completed for a consideration of SEK 340 million. The sale resulted in a reported realized loss, including transaction costs, of SEK 10 million.

The result and cash flow for the company portfolio for the period January-December 2023, along with comparative figures, are reported as divested operations in accordance to IFRS 5. The results and cash flow in the table below for the divested company portfolio pertain to the period up to the divestment date.

Profit/loss attributable to divested operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Revenue	31	340	710	1,247
Costs	-49	-289	-776	-1,209
Earnings before tax	-18	51	-66	38
Tax for the period	-6	-4	-6	0
Profit/loss from divested operations	-24	48	-72	38
Gain/loss on sale of operation	-355	0	-365	0
Total profit/loss attributable to divested operations	-379	48	-437	38
Attributable to:				
Parent company shareholders	-379	48	-437	38
Earnings per share before/after dilution attributable to Parent company's shareholders, SEK	-1.01	0.13	-1.17	0.10

Cash flow from divested operations SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Cash flow from operating activities	-6	24	23	17
Cash flow from investing activities	-2	-6	-16	-45
Cash flow from financing activities	-9	-14	-31	-64
Total cash flow from divested operations	-18	4	-24	-91

Impact of the company portfolio on the balance sheet at the point of divestment SEK million

	31 December 2023
Intangible assets	577
Property, plant and equipment	68
Right of use assets	107
Other non-current assets	4
Current operating assets	470
Cash and cash equivalents	64
Total assets	1,291
Non-current interest bearing liabilities	-2
Deferred tax liabilities	-19
Non-current lease liabilities	-65
Other non-current liabilities	-23
Current lease liabilities	-43
Current operating liabilities	-346
Total liabilities	-497
Net assets	794

Performance measures

SEK million (unless otherwise stated)	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	1,559	1,509	5,762	5,162
EBITDA ¹⁾	218	217	838	770
EBITA ¹⁾	165	169	623	591
Operating profit/loss (EBIT)	89	95	318	314
EBITA margin % ¹⁾	10.6	11.2	10.8	11.5
EBIT margin %	5.7	6.3	5.5	6.1
Adjusted EBITA ¹⁾	167	168	622	587
Adjusted EBITA margin % ¹⁾	10.7	11.1	10.8	11.4
Financial net debt ¹⁾	2,105	2,770	2105	2,770
Financial net debt in relation to EBITDA ¹⁾	N/A	N/A	2.5x	2.8x
Number of employees at end of period ¹⁾	1,787	1,806	1,787	1,806
Number of shares issued at the end of the period	375,809,468	367,645,024	375,809,468	367,645,024
Average number of shares during the period, before dilution	375,809,468	367,645,024	374,978,968	364,508,628
Average number of shares during the period, after dilution	376,586,642	367,645,024	375,174,858	364,508,628
EBITA per share, before and after dilution, SEK ¹⁾	0.44	0.46	1.66	1.62
Adjusted EBITA per share, before and after dilution, SEK ¹⁾	0.44	0.46	1.66	1.61
Earnings per share attributable to remaining operations and Parent company's shareholders, before and after dilution, SEK	0.00	0.00	0.28	0.27
Earnings per share attributable to Parent company's shareholders, before and after dilution, SEK	-1.03	0.10	-1.00	0.39
Operating cash flow ¹⁾	228	251	824	685
Cash conversion % ¹⁾	105	116	98	89
Free cash flow ¹⁾	159	104	421	241

1) The alternative performance measure (APM) is an alternative performance measure according to ESMA's guidelines.
For reconciliation of alternative APMs, see page 25

N/A: The performance measure cannot be calculated fairly

Definitions of 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 executed 2022, and restructuring costs.	The performance measure is used when calculating adjusted EBITA, adjusted EBITA margin.
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.

Performance measure	Definition	Purpose
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.
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).
Financial net debt in relation to EBITDA	Refers to financial net debt divided by 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.
Free cash flow	Cash flow from operating activities (including taxes and capital costs), reduced by investments in intangible and tangible fixed assets as well as amortization of lease liabilities.	The key figure shows the cash flow that the group can use for dividends, acquisitions, and/or debt repayment

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, see previous page.

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Earnings measures				
(A) Net sales	1,559	1,509	5,762	5,162
Operating expenses and other operating income	-1,341	-1,292	-4,924	-4,393
(B) EBITDA	218	217	838	770
Depreciation excl. acquired surplus values	-53	-48	-215	-178
(C) EBITA	165	169	623	591
(C/A) EBITA margin	10.6%	11.2%	10.8%	11.5%
Adjustments items				
Acquisition-related transaction costs	0	1	2	11
Impact on profit/loss from contingent consideration	0	-5	-11	-28
One-time costs	2	3	8	13
Total adjustments	2	-1	-1	-4
(D) Adjusted EBITA	167	168	622	587
(D/A) Adjusted EBITA margin	10.7%	11.1%	10.8%	11.4%
(E) Average number of shares during the period, before dilution	375,809,468	367 645 024	374,978,968	364 508 628
(C/E) EBITA per share	0.44	0.46	1.66	1.62
Net sales growth				
Organic net sales growth	11	-	183	-
Exchange rate effect	3	-	7	-
Net sales from acquired companies	36	-	409	-
Net sales growth	49	-	600	-

SEK million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Balance measures				
Non-current interest-bearing liabilities	1,334	2,638	1,334	2,638
Current interest-bearing liabilities	590	3	590	3
Lease liabilities	526	737	526	737
Cash and cash equivalents	-345	-608	-345	-608
(F) Financial net debt	2,105	2,770	2,105	2,770
(B) EBITDA	218	217	838	770
(F/B) Financial net debt in relation to EBITDA, times	N/A	N/A	2.5x	2.8x
Cash flow measures				
Operating cash flow				
(B) EBITDA	218	217	838	770
Change in working capital	27	54	54	-50
Net investment in intangible assets and property, plant and equipment	-16	-20	-68	-35
(H) Operating cash flow	228	251	824	685
(H/B) Cash conversion	105%	116%	98%	89%
Free cash flow				
Cash flow from operating activities	209	159	634	397
Net investment in intangible assets and property, plant and equipment	-16	-20	-68	-35
Repayments of lease liabilities	-33	-36	-146	-122
Free cash flow	159	104	421	241

N/A: The performance measure cannot be calculated fairly

Board of Directors and CEO approval

The Board of Directors and the CEO ensure that the interim report gives a true and fair view of the Parent Company’s and the Group’s operations, position and results and describes the significant risks and uncertainties faced by the Parent Company and the companies that are part of the Group.

2024-02-15

Conny Ryk
Board chairman

Johan Heijbel
Board member

Per Åhlgren
Board member

**Helena Fagraeus
Lundström**
Board member

Siri Hane
Board member

Anders Rosenqvist
Board member

Simon Göthberg
CEO

This report has not been subject to review by the company’s auditors

This information is information that Vestum AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation. The information was provided by the contact person below for publication on February 15, 2024 at 07:00 CET

Upcoming reports

The annual report for 2023 will be published on March 27, 2024

Interim report for the first quarter 2024 will be published on May 3, 2024

The Annual General Meeting 2024 will be held in May 17, 2024

Interim report for the second quarter 2024 will be published on August 15, 2024

Interim report for the third quarter 2024 will be published on October 25, 2024

Teleconference

On February 15, 2024 at 11:00 AM CET Simon Göthberg, CEO and Olof Andersson, CFO will present the report and answer questions via a webcasted conference call. The presentation is held in English.

Webcasting of the presentation (opportunity for written questions):

<https://ir.financialhearings.com/vestum-q4-report-2023/register>

Teleconference (opportunity for oral questions):

<https://conference.financialhearings.com/teleconference/?id=5001482>

The presentation slides used will be available during the webcast and will be published on Vestums' website, <https://www.vestum.se/ir/finansiella-rapporter/>, before the start of the presentation.

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Company information

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Registered office: Stockholm

Vestum's share is traded under the short name VESTUM on Nasdaq Stockholm Main Market

VESTUM