VESTUM

Annual report 2021

Establishing a strong platform for continued growth

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About this report

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

The audited annual accounts and consolidated accounts can be found on pages 49-88

The auditors' certification report can be found on pages 89-91.

Vestum will not submit a legal sustainability report for the year 2021. A description of Vestum's sustainability work, risks and opportunities in the area of sustainability and the Group's handling of the issues can be found on pages 35-47.

1

Vestum in brief

Acquisition-driven group with a strong industry focus and long-term value creation

Vestum is a Swedish acquisition-driven group that creates value by acquiring and developing well-managed and profitable niche companies with exposure to the construction services and infrastructure industries, within the segments Water, Services and Infrastructure.

The Group consists of a diversified selection of companies that are characterised by financial stability, sustainable competitive advantages and strong local roots, with the Nordic region as their home market. Vestum's investment and ownership philosophy is based on a strong industry focus, long-term perspective and entrepreneurship with a decentralised business model. Vestum has its roots in organisations that prioritise sustainability and strives to create awareness and knowledge about sustainability issues in the Group's companies, with the ambition of developing leading sustainability work within the companies' respective industries. Vestum's share is traded under the name VESTUM on the Nasdaq First North Growth Market.

BACKGROUND
Vestum was founded in 2021 in connection with changing its operations and name from the previous company WeSC. The Group's goal is to grow by acquiring companies in the construction services and infrastructure industries that are financially and organisationally strong. After the Group was announced on 22 March, 2021, Vestum entered into agreements to make 31 acquisitions in 2021. After the end of 2021 and as of 27 April, 2022, another 18 acquisitions have been announced, of which 16 have been completed.

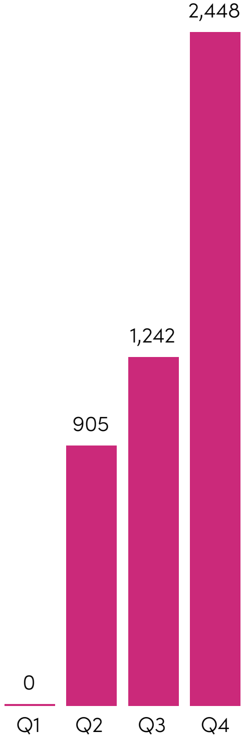
Number of acquired companies during 2021. Estimated annual net sales, SEK million

Q4 **Eleven acquisitions** were completed during the fourth quarter

Q3 **Eleven acquisitions** were completed during the third quarter

Q2 **Nine acquisitions** were completed during the second quarter

Q1 **No acquisitions** were completed during the first quarter



1,316
SEK million in net sales for the year 2021

31
Subsidiaries in three different segments.

1,764
Employees in six different countries.

Vision

Vestum shall become the Nordics' leading acquisition-driven Group within the construction services and infrastructure industries.

Business idea

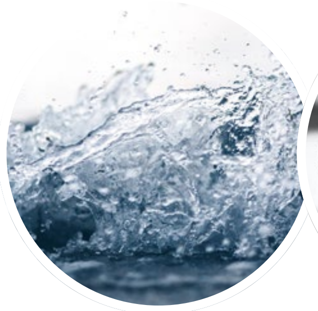
We acquire small and medium-sized, well-managed and profitable companies in the construction services and infrastructure industries where we can work together with ambitious entrepreneurs and company managements to develop the companies in order to drive profitable growth. We do this by jointly addressing issues within strategy, processes and implementation.

Strong platform for continued profitable growth

Vestum acquires and develops niche companies with the aim of creating profitable growth. The Group consists of a diversified selection of entrepreneur-driven niche companies with proven business models and strong positions in regional markets in the Nordic region within the Water, Services and Infrastructure segments.

- Strong industry focus in construction services and infrastructure.
- 31 entrepreneur-driven niche companies within the Water, Services and Infrastructure segments.
- Operations in Northern Europe, with the Nordics as home market.

Our three business areas/accounting segments



Water

Niche companies focusing on improving the service sector for water infrastructure. The companies are characterised by high profitability and structural growth, and specialise in areas such as pump technology and aftermarket services in the wastewater industry.

Services

Niche companies that provide services for the construction services industry, with a special focus on maintenance and renovation. These companies usually act as subcontractors and specialise in areas such as plumbing, cooling, suspended ceilings, electricity, assembly work, floors, facades, etc.

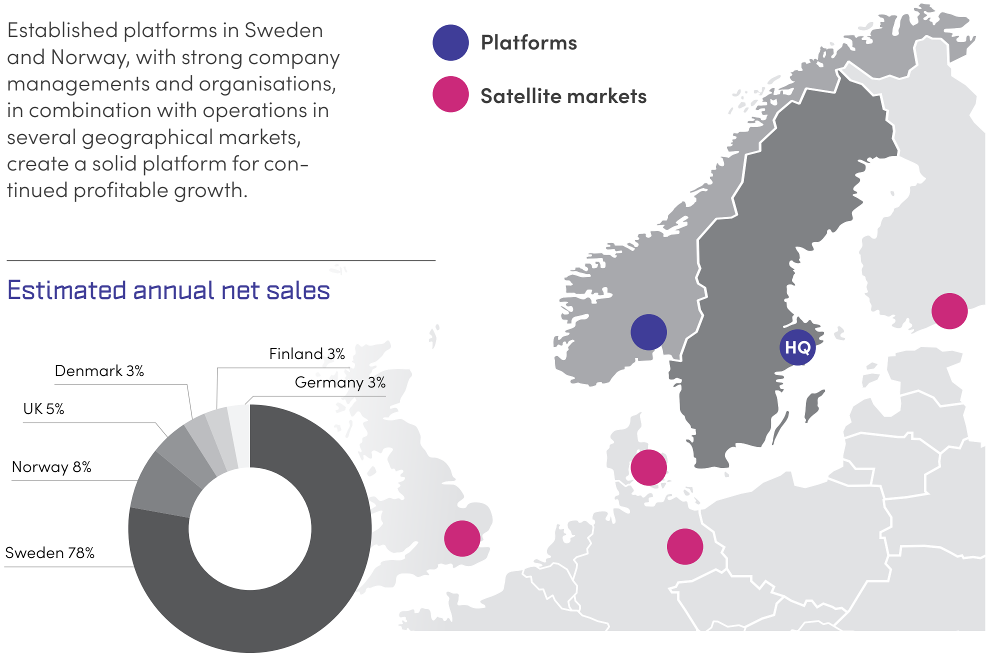
Infrastructure

Niche companies that carry out assignments within civil engineering, railroads and other forms of infrastructure. The market is driven by infrastructure investments and extensive maintenance needs and is characterised by strong local players.

Established platforms for continued profitable growth

Established platforms in Sweden and Norway, with strong company managements and organisations, in combination with operations in several geographical markets, create a solid platform for continued profitable growth.

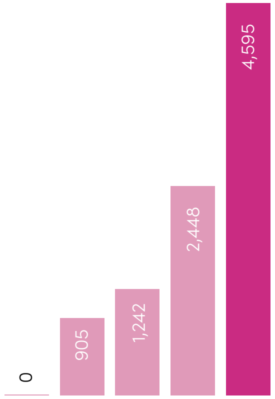
Estimated annual net sales



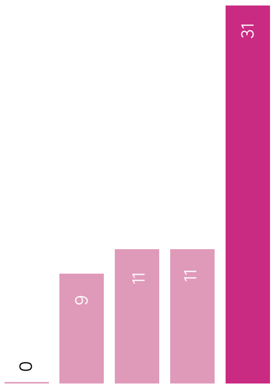
2021 in brief

- Net sales amounted to SEK 1,316 (0) million and EBITA to SEK 100 (–1) million.
- Profit for the year from continuing operations amounted to SEK 2 (–2) million and EBIT to SEK 45 (–1) million.
- Cash flow from operating activities before changes in working capital amounted to SEK 124 (0) million, and EBITA per share amounted to SEK 0.28 (–0.02).
- The adjusted EBITA margin was 8.8 (0)%.
- 31 acquisitions with total annual sales of SEK 4,595 million were made during the year.
- Vestum's financial position and shareholder base were strengthened through a directed new share issue of SEK 2 billion and through the issuance of an unsecured bond loan of SEK 1.5 billion.
- In light of the strong growth and strengthened capital structure, Vestum decided in October to raise its financial growth target and revise its target for capital structure.
- In accordance with the company's dividend policy, the Board proposes that no dividend will be paid for the year 2021.

Estimated annual net sales
SEK million



Acquisitions
Number



Vestum in summary as of December 31, 2021

SEK million (unless otherwise stated)	Jan–Dec 2021	Jan–Dec 2020
Net sales	1,316	–
EBITDA	161	-1
EBITA	100	-1
EBITDA-margin, %	12.2	–
EBITA-margin, %	7.6	–
Adjusted EBITDA[1]	177	-1
Adjusted EBITA[1]	116	-1
Adjusted EBITDA [1]-margin, %	13.4	–
Adjusted EBITA [1]-margin, %	8.8	–
Number of shares at the end of the period, thousands	351,908	38,707
EBITA per share, SEK [2]	0.28	-0.02
Adjusted EBITA per share, SEK [2]	0.33	-0.02

1) Adjusted for acquisition-related transaction costs.
2) Calculated in relation to the number of shares before and after dilution at the end of the reporting period. The warrant program has been launched after the period end.

Significant events during the year

- The Vestum Group was announced publicly in March 2021, in connection with changing its operations and name from the previous company WeSC. The new business operations aim to acquire and develop niche companies within the construction services and infrastructure industries, with the Nordic region as its home market.
- Since the Group was announced in March, Vestum has acquired and integrated 31 niche companies in 2021 with strong regional market positions in the segments Water, Services and Infrastucture, with the Nordic region as the home market.
- In the fourth quarter, the Group established operations in new markets in Northern Europe through the strategic acquisition of Norway-based Lakers Group, with sales of NOK 1.2 billion. The acquisition contributed to a strong platform for continued profitable growth.
- The establishment of a well-structured organisation, with strong company managements and organisations in Sweden and Norway, together with a diversified portfolio of niche companies with operations in several geographical markets, has created a solid platform for continued profitable growth.
- As part of the efforts to strengthen expertise and help subsidiaries develop their sustainability work, a sustainability manager has been recruited and the process has been initiated for sustainability reporting at Group level.
- The board has been expanded during the year with the addition of Anders Rosenqvist, Olle Nykvist, Helena Fagraeus Lundström and Johannes Lien. In connection with this Joseph Janus left the board.
- The clothing business involving the WeSC brand, with sales of SEK 98 million, is no longer part of the core business. In light of this, the board has decided to divest the business and is therefore reported as operations held for sale.

Events after year end 2021

- Since the end of 2021, as of 27 April, 2022, 18 acquisitions have been announced and 16 acquisitions have been completed.
- As part of Vestum's continued expansion outside Sweden, Carl-Johan Callenholm, founder and CEO of Lakers Group, has been appointed Head of Vestum International and a new member of Vestum's Group Management.
- In January 2022, Vestum launched a three-year incentive program. The program covers 89 key people, a vast majority of whom work for the subsidiaries.
- Vestum's operations were affected by the Covid-19 pandemic in 2021. The impact of the pandemic included delayed project starts and increased sick leave. Vestum is closely following the development of the pandemic in 2022.
- 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, among other things, increased material prices and supply chain disruptions. Vestum is actively working to limit the negative effects of the situation that has arisen.
- Vestum has entered into a new agreement regarding a multicurrency revolving credit facility. The facility amounts to SEK 600 million with an accordion option of up to SEK 400 million.

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Comments by the CEO

Transformative year with a high acquisition rate, strong growth and good profitability

In 2021, we have established a well-diversified Group with well-managed and profitable niche companies in the segments Water, Services and Infrastructure and created a strong platform for continued profitable growth.

Vestum's first year of operation has been very eventful. In a short period of time, we have built a strong Group consisting of a diversified portfolio of niche companies with proven business models, strong market positions and predictable cash flows. Vestum completed the acquisitions of 31 companies during the year with combined annual sales of SEK 4.6 billion.

I feel both proud and humble in light of what we have achieved in 2021, a year that has also been marked by organisational development and operational challenges attributable to the effects of the pandemic. In addition to the completion and integration of 31 acquisitions, we have built a highly skilled and scalable organisation with efficient group functions, processes and routines and recruited key people to both the board and group management and to Vestum's national organisations in Sweden and Norway. In the fourth quarter, Vestum established operations in new markets in

"Vestum delivered strong growth and good profitability in 2021, despite the year being characterized by organizational development, integration work and operational challenges attributable to the pandemic"

Northern Europe through the strategic acquisition of Norway-based Lakers Group, which contributed to a strong platform for continued profitable growth. In connection with the acquisition, a directed new share issue of SEK 2 billion was carried out, and an unsecured bond loan of SEK 1.5 billion was also issued during the fourth quarter. There was large interest in both the share issue and the bond, which created a strong capital structure and strengthened the shareholder base with well-known Swedish and international institutional investors. In light of Vestum's strong growth and strengthened capital structure, we adopted a higher financial growth target in October and the target for our capital structure was revised. Vestum's strengthened financial position paves the way for continued expansion and growth.

In February 2022, we formed a third segment, Water. The segment includes those Vestum subsidiaries that focus on pump technology and aftermarket services in the wastewater industry. The Water segment has operations in six markets in Northern Europe and will also be at the forefront of Vestum's acquisitions outside our home markets in the Nordic region. As part of Vestum's continued expansion outside Sweden, Carl-Johan Callenholm, founder and CEO of Lakers Group, has been appointed Head of Vestum International and a new member of Vestum's Group Management. Carl-Johan assumed his role on 4 February, 2022, and has extensive experience in international expansion. Vestum established an office in Oslo in January 2022, and key people have been recruited. Vestum has been met with a positive reception from Norwegian entrepreneurs and we see good opportunities to make key acquisitions that pave the way for continued establishment.

The process of moving our listing to Nasdaq Stockholm, which was announced during the year, has continued according to plan.

Solid profitability despite operational challenges

Vestum has delivered solid profitability in 2021, despite the year being characterised by organisational development and integration work in combination with operational challenges attributable to the pandemic, such as postponed project starts, supply chain disruptions, higher raw material prices and high sick leave. We have put employee safety first and the subsidiaries have handled the challenges and effects of the pandemic very well. This shows the strength of Vestum's decentralised business model, with an efficient organisation, strong leadership culture and decision-makers who are geographically close to the customers. It enables us to adjust and be flexible, efficient and fast-footed and meet the customer needs in the best way possible. Our diversified portfolio of niche companies who operate in industries in which Vestum has extensive experience also contributes to the Group's stable profitability.

Strong focus on value creation and growth

Vestum is an acquisition-driven Group and we create value by acquiring niche companies and developing their operations together with the entrepreneurs and company managements. We have a strong focus on value-creating initiatives and incentives, and during the year we created structures and conditions for the subsidiaries to accelerate the development and growth of their operations. Vestum is an active long-term owner and we work systematically together with the companies to achieve collaborative effects and synergies and increase organic growth. Vestum's value-creating initiatives generate, among other things, add-on acquisitions, project collaborations, new business opportunities and cross-selling.

> ”By combining a skilled and driven organisation with our vast knowledge of the construction services and infrastructure industries and entrepreneur-led companies, we are convinced we are the market-leading Group for developing these niche companies over time.”

Strengthened market position and competitiveness

Vestum has built a large network of industry specialists. This has been made possible by an efficient, scalable and proactive acquisition process. The continued consolidation strengthens our market position and our acquisition process becomes scalable thanks to our network of business leaders who become ambassadors and continuously make proposals for acquisition candidates. Of Vestum's completed acquisitions, about 85 percent have come from our own direct contact with acquisition candidates. We experience continued competition in the acquisition market, but also see confirmation of our competitiveness during the acquisition process, where entrepreneurs say they identify with Vestum and are attracted by our industry knowledge, entrepreneurial values and culture.

Developing sustainable businesses creates long-term values

Vestum has its roots in organisations where sustainability is a priority and we strive to give all our companies a strong awareness and knowledge of sustainability issues. Sustainability is an integral part of Vestum's business model and investment criteria, and strategically important for Vestum's continued growth. Developing sustainable operations creates long-term values and our ambition is to develop leading sustainability work within the companies' respective industries. During the year, we took important initiatives to support our companies' development and have strengthened the expertise within the Group through strategic recruitments. During the fourth quarter, Vestum recruited a sustainability manager and the board was expanded with the addition of Helena Fagraeus Lundström, Chief Sustainability & Strategy Officer at X Shore AB. Sustainability reporting at Group level also began during the year. Read more about Vestum's sustainability work on pages 35–47.

Strong platform for continued profitable growth

Despite the year being marked by operational challenges, Vestum is delivering strong and profitable growth. In summary, we have built a well-diversified group, with strong company managements and organisations in Sweden and Norway, and created a solid platform for continued strong growth and solid profitability.

At the start of 2022, we are seeing a continued impact of the pandemic and increased geopolitical tensions, but at the same time we see that Vestum's companies are standing strong. We believe in a strong 2022 in our home markets as well as internationally. At the start of 2022, as of 27 April, we have entered into agreements to make 18 acquisitions, and we are sticking to our financial target of achieving an EBITA of SEK 3 billion by 2025.

With a well-diversified Group of niche companies, operations in several geographical markets, a strong financial position and a solid organisation, we are entering 2022 well equipped for continued profitable growth, both organically and through acquisitions.

Conny Ryk
CEO, Vestum AB (publ)

2

The Vestum model: How we create value

2

Business model – creating long-term value

With a clear acquisition strategy and a strong industry focus, Vestum creates value by acquiring and developing well-managed and profitable niche companies with the aim of achieving sustainable profitable growth.

> I can proudly state that we have been competitive in the acquisition process and been able to attract so many quality companies to Vestum.
>
> Conny Ryk,
> CEO of Vestum

Vestum's business model is based on identifying, acquiring and developing quality companies in specialist areas of the construction services and infrastructure industries, with business operations driven by structural growth with stable earning capacity and cash flow generation over time. Vestum's companies specialise in one or a few niches and have a strong local presence in their respective business areas. They are companies with strong foundations and clearly defined markets, that are run by motivated management teams characterised by entrepreneurship. Having a diversified selection of companies in different specialist areas in different geographical markets is meant to reduce the Group's sensitivity to temporary fluctuations in certain industry sectors and over business cycles.

Vestum's business model is based on the following corner stones

Vestum's acquisition-driven business model is based on entrepreneurship and long-term perspective with a strong industry focus and decentralised management, with companies characterised by financial stability, sustainable competitive advantages and strong local roots with the Nordic region as their home market.

Vestum's business model is based on eight strategic areas:

1 Acquisition-driven

Our ambition is to grow into the Nordics' leading acquisition-driven group with a distinct focus on the construction services and infrastructure industries. We will achieve this by acquiring well-managed and profitable companies where we can work together with motivated entrepreneurs and company managements to create continued sustainable development and profitable growth. We also strive to grow organically with limited business risk.

2 Entrepreneurship

Vestum's Group Management has extensive experience with founding, operating and acquiring companies. Entrepreneurship is part of our DNA and for us it is important that the entire organisation is permeated by entrepreneurial energy and customer focus. Acquired companies retain their culture and company name, which strengthens the customer relationship, and management has a central role in setting the culture.

3 Long-term view

Through active long-term ownership, Vestum creates value through the acquisition and development of niche companies in the construction services and infrastructure industries. Vestum is a responsible owner that develops the companies together with entrepreneurs and company managements in order to achieve sustainable profitable growth.

4 Industry focus

With a strong industry focus, Vestum acquires niche companies with exposure to the construction services and infrastructure industries. With extensive knowledge of the construction services and infrastructure industries and entrepreneur-led companies, Vestum contributes to the sustainable development and growth of the companies. Vestum's large network of industry specialists is used in connection with new investments and value-creating programs.

5 Decentralised business model

Business decisions are made in the operating unit close to the customers. Vestum supports the companies with solutions for organisation & management, HR, financing and financial management, sustainability issues and communication. The Group companies are responsible for generating business, earnings and cash flow, which contributes to flexibility and a strong entrepreneurial spirit.

6 Profitable growth

Our acquired companies have proven business models, strong market positions and predictable cash flows. Vestum's main focus is on developing each company with the aim of achieving sustainable profitable growth, in terms of both organisation and sales.

7 Geography

The Nordic region is Vestum's home market with platforms in Sweden and Norway. However, Vestum also has operations and makes acquisitions in the rest of Northern Europe.

8 Sustainability

We strive to establish a strong awareness and knowledge of sustainability issues in all our companies. Vestum has its roots in organisations where sustainability is a priority, and our ambition is to develop leading sustainability work within the companies' respective industries. Sustainability is an integral part of Vestum's investment strategy and one of Vestum's investment criteria. Long-term values are created through the development of sustainable operations and Vestum helps the companies develop sustainability work, and creates conditions for sharing best practices and expertise between the companies.

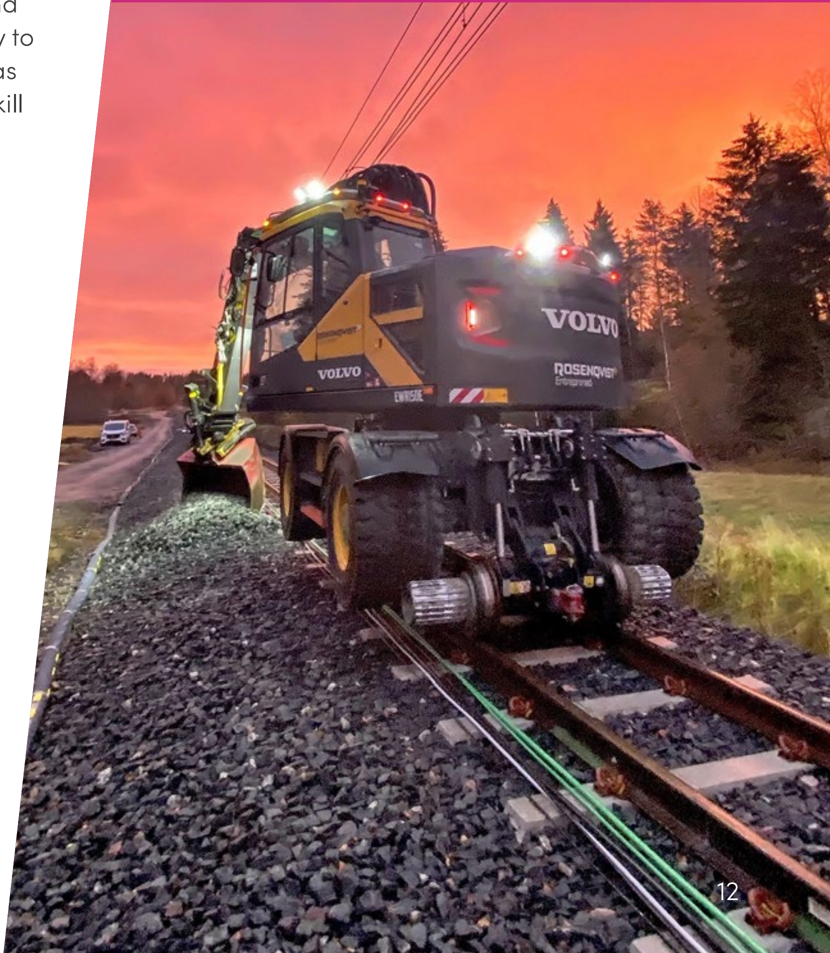
Decentralised business model with entrepreneurial energy

Vestum's ownership philosophy is based on a decentralised business model where each subsidiary's management team makes the business decisions that concern day-to-day operations close to the customers. The companies run their own operations, with their own business strategies and business models, separately and independently of other group companies. Entrepreneurship is part of Vestum's DNA and entrepreneurial energy and customer focus permeate the entire organisation. The acquired companies retain their culture and company name, which strengthens the customer relationship, and the management has a central role in setting the culture. Decentralised decision making and a strong leadership culture enable rapid changes and promote good delivery to customers, suppliers and colleagues. Vestum supports the group companies with active ownership through board work and through group functions that deliver solutions within organisation & management, HR, financing & financial management, sustainability, IT and communication. The subsidiaries are also supported with industrial and technical know-how, skill development and personal development for both senior executives and employees.

Value-creating initiatives generate collaborative effects and synergies

Vestum works with the entrepreneurs and company managements to develop the acquired companies and create conditions for profitable growth. Vestum works systematically with value-creating initiatives and creating structures for collaboration between the companies. By having the companies collaborate, share best practices and take advantage of cutting-edge expertise within the Group, new business opportunities and additional sales are created. We work systematically to to extract collaborative effects and synergies, such as cross-selling and project collaborations as well as skill transfer between the companies.

> ” We believe in decentralised management, but within Vestum we can offer acquired companies both our know-how and strength through collaboration with other companies in the Group. By bringing together companies in the construction services and infrastructure industries under one roof, we can also collaborate on customer value, products and service offerings.
>
> Conny Ryk,
> CEO Vestum



Add-on acquisitions create value

Another value-creating initiative is to make add-on acquisitions to existing group companies, with the aim of creating profitable growth through improved margins and increased organic growth. The decentralised business model generates economies of scale in the acquisition process. In this process, Vestum's entrepreneurs and company leaders in the subsidiaries, who are also shareholders in Vestum, become acquisition ambassadors and continuously make proposals for acquisition candidates. By sourcing new acquisition candidates both centrally and through Vestum's network of business leaders and entrepreneurs, the acquisition process becomes scalable. During the financial year, Vestum completed 31 acquisitions, of which five were add-on acquisitions. Approximately 85 percent of Vestum's completed acquisitions have been generated through its own channels, centrally or via group companies, through direct contact with acquisition candidates.

Vestum's value-creating initiative for sustainable development and profitable growth

When working together with the entrepreneurs and company managements to develop the Group companies, the following value-creating initiatives are applied:

Motivated management teams

- Long-term view of personal development
- Incentives are based on performance (profit)
- Succession planning

Strategic investments

- Investments in business development and geographical expansion
- Add-on acquisitions are evaluated continuously
- Board meetings with a focus on organisation and development

Striving for "best practice"

- Continuous exchange of working methods between the companies with the aim of achieving best practice
- Application of obvious proven methods and professional standards in all companies

"Lean"

- Focus on creating value
- Minimise bureaucracy
- Remove functions that are not part of the core business

2

Acquisition strategy – Strong industry focus and effective acquisition model

Vestum identifies and acquires well-managed and profitable niche companies within the construction services and infrastructure industries, with the Nordic region as its home market.

Vestum has a clearly stated acquisition strategy with the ambition to grow through acquisitions, and continuously evaluates acquisition candidates such as new niche companies and add-on acquisitions to Group companies. For a potential acquisition candidate to be a good fit for Vestum, strong demands are placed on its company management, having a well-managed and profitable business and whether Vestum can identify opportunities to develop the companies with the aim of creating profitable growth. Vestum's keywords are entrepreneurship, decentralisation and long-term perspective, which also provide a clear focus for the strategy.

Acquisition criteria

Vestum's main focus is to acquire profitable entrepreneur-led niche companies, with a proven business model and motivated management, with exposure to the construction services and infrastructure industries and operations in the Nordic region. Add-on acquisitions are also being made to existing Group companies, with the aim of creating profitable growth through improved margins and increased organic growth. Strategic acquisitions in other regions that add value from a growth perspective can also be made if they meet Vestum's other acquisition criteria.

One such example is the acquisition of Norway-based Lakers Group, with net sales of NOK 1.2 billion, which was announced in October 2021. That provided Vestum with a foothold in new markets in Northern Europe, a well-established acquisition organisation, well-developed sustainability work and a competent and experienced management team, and contributed to a solid platform for continued profitable growth.

Fragmented market

The market for sub-contractors in the construction services and infrastructure industries is characterised by local players, where a company can be dominant locally. The market is fragmented and characterised by private ownership. For Vestum's business operations to continue to grow through acquisitions, Vestum must be able to carry out successful acquisitions in line with the Group's acquisition strategy. Vestum's operations are affected by the availability of acquisition candidates, access to financing for acquisitions and by competition from other players.

The market for potential acquisitions

Vestum continuously examines and evaluates companies that could be potential acquisition targets.

Vestum's acquisition criteria

Size segment

Small and medium-sized companies with sales of SEK 40–400 million or EBITA of SEK 5–50 million.

Industry segment

Niche companies within the segments Water, Services, Infrastructure.

Financial profile

Proven business model with clear stability and predictable cash flows.

Partnership

We enter into partnerships with committed and motivated management teams by offering risk diversification on their holdings while 100% of the shares are sold to Vestum.

Geography

Acquired companies have their headquarters in Sweden or Norway. Acquired companies in the Water segment may have their headquarters in Sweden, Norway, Denmark, Finland, UK or Germany.

Vestum's assessment is that there are good opportunities for identifying future acquisition candidates in these segments.

Some companies looking to change ownership use corporate brokers that create interest among potential stakeholders. The competition for these companies will naturally be higher. Vestum has internal methods for identifying companies that meet the Group's acquisition criteria and experience of successfully completing transactions. Vestum mainly focuses on identifying acquisition objects internally in order to optimise the volume of acquisitions and avoid auctions. Vestum's internal resources, with vast experience and a documented history of successfully completing acquisitions, strengthen the company's opportunities to continue to complete successful acquisitions.

Access to financing for acquisitions

During the last quarter of the financial year, Vestum carried out a directed new share issue of SEK 2 billion and issued an unsecured bond loan of SEK 1.5 billion, which strengthened Vestum's capital structure and shareholder base. Vestum's strong financial position in combination with relatively competitive financing costs creates the conditions for maintaining an active acquisition rate.

Competitors

Vestum's competitors consist of other acquisition-driven industry groups, private equity funds and professional investors. Larger industry groups traditionally compete by actively making add-on acquisitions that complement their existing operations. In the acquisition market, Vestum experiences continued competition, but also sees confirmation of the strength of the Vestum model's competitiveness, as entrepreneurs say they identify with Vestum's industry knowledge, entrepreneurial values and culture.

The Vestum companies' markets

Vestum's companies are active in various segments of the construction services and infrastructure industries. The subsidiaries are not connected to each other's operations and the companies' markets and trends vary and change as Vestum makes future acquisitions.

Efficient acquisition process

Vestum's acquisition strategy is based on using a strong industry focus to identify and acquire quality companies in selected segments. Vestum has used the organisation's vast experience and expertise to create its own clear acquisition process to identify, screen, analyse and acquire companies that meet Vestum's key criteria for acquisition candidates. The acquisition process is efficient and scalable and addresses everything from how to identify potential acquisitions to evaluating, executing and following up the acquisition.

> » Vestum's Group Management has extensive experience with founding, operating and acquiring companies. We have been involved in a large number of company acquisitions and founded several of our own companies, and with that knowledge as a basis, we support our acquired companies with both strategies and implementation. We have a long-term approach to value creation and we believe in decentralised management where the acquired companies are given great responsibility.
>
> Simon Göthberg,
> Head of M&A Vestum

The identification phase

Vestum has a large network of contacts and engages in ongoing discussions with acquisition candidates, both directly and through business advisers. Vestum's own evaluation in direct contact with the acquisition candidate is conducted through two channels. Some acquisition candidates are identified by Vestum's central function for company acquisitions, while other possible acquisition are identified by Vestum's group companies. Approximately 85 percent of Vestum's completed acquisitions have been generated from Vestum's direct contact with acquisition candidates. In total, more than 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. Vestum invests significant time in getting to know the company's management and key people in order to get an idea of their driving motivation and continued long-term commitment. 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.

Knowledgeable investment organisation

Vestum's investment organisation consists of Vestum's Group Management and a dedicated M&A team with geographical specialist knowledge, with support from Vestum's operational departments. Vestum's organisation possesses broad expertise in business development of companies in the construction industry, company acquisitions, mergers, organisation and IT, financial management, financing and law. Entrepreneurship permeates all operations in Vestum, and Vestum's founders and its CEO have built a number of companies in the construction industry over the past twenty years and provide broad expertise and experience in how to develop organisations and grow companies.

Long-term owner with much to offer

Vestum's ownership philosophy is based on a long-term approach to value creation, with the goal of owning companies over a long period of time in order to create conditions for value creation and returns. Vestum consists of companies and employees with a strong industry focus and specialist knowledge that help each other develop. Vestum's culture is characterised by competitiveness, team and entrepreneurial spirit and humility.

Vestum's value creation:

- Supports group companies with industrial and technical know-how, and with solutions for organisation & management, HR, financing & financial management, sustainability, IT and communication.
- Works proactively with collaboration, skill development and knowledge transfer between the companies and supports development for both senior executives and other employees.
- Owners with a long-term perspective on value creation and the financial strength to support growth.
- Offers established structures and conditions for best practice, the sharing of experience and skill transfer between the companies.
- Long-term financial incentives for the seller with the opportunity to reinvest part of the purchase price in Vestum.

Case / Water segment: Lakers Group

Accelerating the establishment in Northern Europe through strategic acquisition in Water

The acquisition of Norway-based Lakers Group establishes Vestum in new markets in Northern Europe and contributes to a strong platform for continued high and profitable growth.

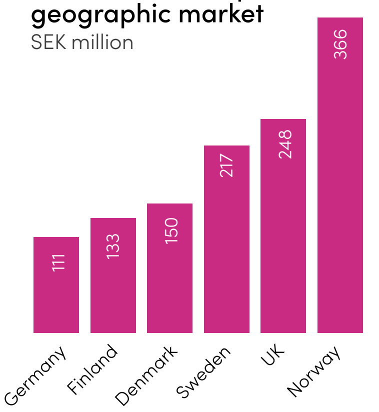
Rationale and customer offering

- Market-leading supplier of aftermarket services and specialist products for wastewater pumps in Northern Europe, with sales of approximately NOK 1.2 billion.
- Acquisition-driven group with strong growth consisting of 26 companies with a high degree of specialisation within a growth market for key components for transporting water in water infrastructure.
- Strong presence in Northern Europe: Operations in Norway, Sweden, Denmark, Finland, the United Kingdom and Germany.
- Proven business model: High degree of specialisation, high degree of recurring revenue from 40,000 customers, strong generation of cash flow, low need for investment and solid profitability.

Added value

- Accelerates Vestum's establishment in the Nordics, with operations in 5 new markets in Northern Europe: Norway, the United Kingdom, Germany, Denmark and Finland.
- Well-established acquisition organisation, well-developed sustainability work and a skilled and experienced management team contribute to a solid platform for continued high growth and solid profitability.
- Forms the base of Vestum's Water segment, which consists of niche companies with a focus on pump technology and aftermarket services in the wastewater industry with operations in 6 markets in Northern Europe.
- Will spearhead acquisitions outside the domestic markets Sweden and Norway.
- Vestum adds value-creating initiatives, financial and strategic support and creates the conditions for continued high and profitable growth, both through acquisitions and organic growth.

Annual net sales per geographic market
SEK million



" The strategic acquisition of Noway-based Lakers Group establishes Vestum in new markets in Northern Europe and contributes to a strong platform for continued high and profitable growth.

European footprint

Market-leading supplier of aftermarket services and specialist products in wastewater pumps in Northern Europe. Since Lakers Group was formed in 2016, it has made a total of 26 acquisitions.

Case / Services segment: Swerör

Strengthened market position in plumbing in Western Sweden

Swerör, which was acquired in September 2021, has a strong market position in plumbing installations in Western Sweden. The company does installations in public and industrial environments and multi-family houses, as well as energy optimisation assignments.

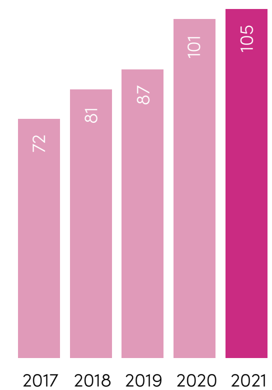
Rationale and customer offering

- Specialist company in a niche area with solid profitability, extensive industry experience and strong local presence in Western Sweden.
- Proven business model with a history of profitable growth.
- Swerör performs installations within heating, water, sanitation, ventilation and cooling in the Gothenburg area. All fitters and workers at Swerör are certified in Safe Water, Hot Work, and heavy lifting. All project managers have an approved project manager education or engineering education.
- Clients include construction companies, contractors and municipalities.

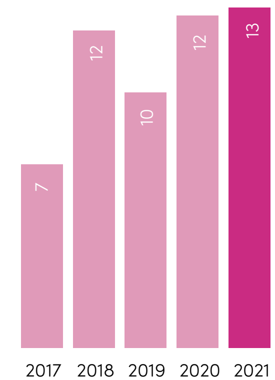
Added value

- Strengthened geographical presence and market position within plumbing in Western Sweden.
- Access to Vestum's broad industry network, which enables access to best practices, a broadened customer base, synergies and add-on acquisitions.
- Access to Vestum's value-creating initiatives, financial and professional support and active board work for continued profitable growth, both organically and through acquisitions.

Net sales
SEK million

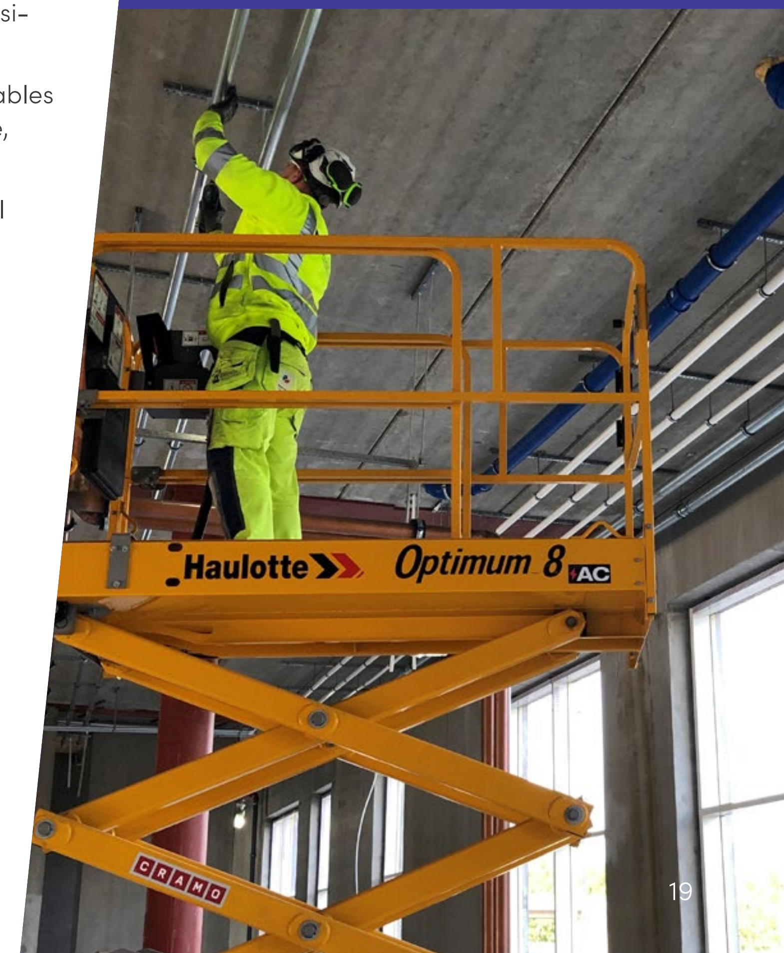


EBIT
SEK million



» Swerör has extensive industry experience with a proven business model and solid profitability and contributes to a strengthened market position in plumbing in Western Sweden.

Conny Ryk,
CEO Vestum AB



Case / Infrastructure segment: GW Asfalt & Trädgårdsanläggningar

Market leader in courtyard renovations

GW Asfalt & Trädgårdsanläggningar, which was acquired in October 2021, is a market leader in courtyard renovations and delivers complete waterproofing solutions.

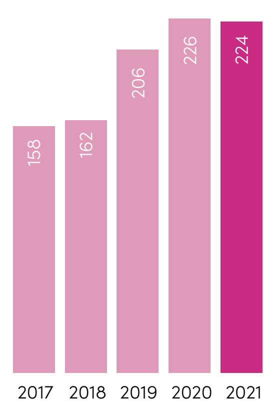
Rationale and customer offering

- Specialist company in a niche area with solid profitability, extensive industry experience and a strong local presence.
- GW Asfalt & Trädgårdsanläggningar offers complete waterproofing solutions with a special focus on the renovation of courtyards.
- The offering includes building weather protection shelters, installation of new beams, thermal insulation, waterproofing, superstructures, detailed planning and garden facilities.
- Clients mainly consist of property owners, construction contractors, municipalities and the Swedish Transport Administration.
- Proven business model with a long history of profitable growth.

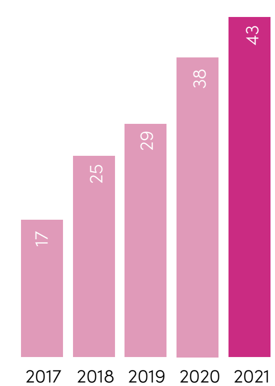
Added value

- Access to Vestum's value-creating initiatives, financial and professional support as well as active board work for continued profitable growth, both organically and through acquisitions.
- Strengthened market position and expanded offering within infrastructure in Mälardalen, with opportunities to collaborate with several of Vestum's other portfolio companies.
- Access to Vestum's broad industry network that enables access to best practices, expanded customer base, synergies and additional acquisitions.

Net sales
SEK million



EBIT
SEK million



» Market-leading GW Asfalt & Trädgårdsanläggningar has a proven business model with a long history of profitable growth and contributes to strengthening Vestum's offering and market position within infrastructure.

Conny Ryk,
CEO Vestum AB

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Financial targets

In connection with changing the company's name and business focus during the year, Vestum adopted financial targets regarding growth, margins, capital structure and dividend policy. In light of Vestum's strong growth, strong capital structure, and the establishment of a solid platform for continued high and profitable growth, the financial targets were revised during the year, with the exception of the dividend policy, which has remained unchanged since its adoption.

» Vestum's overall goal is to create sustainable profitable growth by acquiring and developing quality companies with good cash flows and strong market positions. Vestum's financial targets relate to growth, margins, capital structure and dividend policy.

Olof Andersson
CFO

Growth

Vestum's goal is to achieve an adjusted EBITA of at least SEK 3 billion by the end of 2025, driven by acquisitions in combination with organic growth.

EBITA
SEK million

3,000

Margins

Vestum's goal is to achieve an adjusted EBITA margin of at least 10.0 percent.

Adjusted EBITA-margin

>10%

Capital structure

Vestum's goal is for financial net debt in relation to adjusted EBITDA to be 2.5-3.5x on average over the last four quarters.

Net debt in relation to adjusted EBITDA

2.5-3.5x

Dividend policy

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

Share information

Vestum's share is listed on Nasdaq First North Growth Market with the short name VESTUM. The closing price for Vestum's share at the end of 2021 was SEK 51.77.

Share information

- Listing: Nasdaq First North Growth Market
- Short name: VESTUM
- Sector: Industrials
- ISIN: SE0017134125
- Analysts who follow Vestum: Danske bank

Listing and turnover

Vestum's share has been listed on the Nasdaq First North Growth Market since May 2008. Until June 4, 2021, the share was listed under the name WESC, and during that time, the company's main operations was a clothing business. Vestum's shares are part of the Industrials sector and the majority of share trading takes place on the Nasdaq First North Growth Market. During 2021, 393,556,511 Vestum shares were traded on the Nasdaq First North Growth Market at a value of SEK 6,497,617,997. On average, 1,555,559 shares were traded per day, which corresponds to an average value of SEK 25,687,741. Liquidity, measured as turnover in relation to market capitalisation, amounted to 0.43 percent.

Price development in 2021

Vestum's share price development was significantly stronger than the stock exchange as a whole in 2021, which can probably to a significant extent be attributed to the company's change of business focus and the strong growth of the new business during the year.

The share price rose by 7,864.62 percent during the year. In comparison, NASDAQ OMX Stockholm All-share GR SEK rose 39.26 percent during the same period.

The closing price for Vestum's share at the end of 2021 was SEK 51.77, which corresponds to a market capitalization of SEK 18,218,251,741. The highest price paid during the year was SEK 166.60, which was quoted on 15 November 2021, which correspond to a price of 55,53 SEK taken the split 1:3 into consideration. The lowest price paid for the year was SEK 1.82 and was quoted on January 7, 2021.

Per share data – 2021-12-31	
Number of shares at the end of the year:	351,907,509
Share price at the end of the year	51.77
Earnings per share, SEK	0.01
Adjusted EBITA per share	0.33
Adjusted EBITA-margin, 12 months rolling	1.42
Cash flow	-0.01
Equity per share, SEK	0.33
P/E ratio	1,726

Share capital

The share capital in Vestum amounted to SEK 117,302,503 on December 31, 2021, divided between 351,907,509 shares with a quota value of SEK 0.33. All shares in Vestum are of the same class of shares and are issued in accordance with Swedish law and are denominated in Swedish kronor (SEK), thus all shares have the same voting rights. In December 2021, a decision was made to split shares (so-called share split), whereby each existing share was divided into three (3) shares. The split was made without changes to Vestum's share capital. In connection with the Annual General Meeting in May 2021, decisions were made on two directed new issues and three set-off issues of shares. In October 2021, another directed new share issue was carried out. In connection with acquisitions, 36,947,679 shares have been issued through set-off issues.

Dividend policy

Vestum's dividend policy, which is also discussed in the Financial targets section (see p. 21), is that Vestum's profits and available cash flows will be fully reinvested in the business and/or used for new acquisitions.

Incentive program

During the Extraordinary General Meeting in December 2021, a decision was made to establish a warrant-based incentive program by issuing a maximum of 3,520,193 warrants of series 2021/2025 (calculated after the share split) and to approve the transfer of warrants of series 2021/2025 to certain employees within the Group. The warrants can be used to buy shares during the period from January 1, 2025 to March 31, 2025.

Ownership structure

As of March 31, 2022, Vestum had 14,919 shareholders. The ten largest shareholders are shown in the table to the left. In total, the ten largest owners owned 59.7 percent of all shares.

Shareholdings of senior executives

At the time of publication of the annual report, Vestum's Group Management owned, directly and indirectly, 112,724,921 shares and options in Vestum. At the same time, Vestum's Board of Directors owned, directly and indirectly, 68,785,517 shares and options in Vestum.

Shareholders

The ten largest shareholders as of March 31, 2022 according to Monitor.

Name	Number of shares	Percentage
Conny Ryk	56,400,000	15.5%
Anders Rosenqvist	29,686,350	8.2%
Per-Arne Åhlgren	22,001,661	6.0%
Handelsbanken Fonder	19,605,789	5.4%
Swedbank Försäkring	18,754,826	5.2%
Avanza Pension	16,761,642	4.6%
Olle Nykvist	13,577,586	3.7%
Olof Andersson	13,500,000	3.7%
Erkan Sen	13,500,000	3.7%
Simon Göthberg	13,500,000	3.7%
Total holdings, the 10 largest shareholders	217,287,854	59.7%
Total holdings, remaining shareholders	146,814,708	40.3%
Total holdings	364,030,562	100.0%

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

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Corporate governance report

Corporate governance report

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

Corporate governance within Vestum

Vestum strives to apply strict standards 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 and the Nasdaq First North Growth Market Rulebook. 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 Vestum's Code of Conduct. In addition, Vestum's Board of Directors has adopted policy documents for Vestum's operations, which are subject to annual review.

Vestum is not obliged to comply with the Swedish Code of Corporate Governance, but strives to apply corporate governance that is consistent with the code's principles.

Nomination Committee

At the 2021 Annual General Meeting, it was decided that Vestum's Nomination Committee for the 2022 Annual General Meeting shall consist of a representative for each of 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 of the month that falls six months before the scheduled date for the Annual General Meeting, and other reliable owner information provided to the company at this time. 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.

The Nomination Committee for the 2022 Annual General Meeting consists of Conny Ryk (RYK GROUP AB), Anders Rosenqvist (Rosenqvist Gruppen AB) and Per Åhlgren (GoMobile Nu Aktiebolag). Conny Ryk is chairman of the Nomination Committee.

The Nomination Committee shall prepare proposals regarding the election of the Chairman of the Annual General Meeting, determination of the number of Board members and any deputy Board members, election and remuneration of the Chairman and other Board members, as well as auditors or auditing firms, and regulations concerning the Nomination Committee. No fee shall be paid for the Nomination Committee's work. The Nomination Committee shall have the right, after approval by the Chairman of the Board, to charge the company for costs required for the Nomination Committee to be able to fulfill its assignment.

The Nomination Committee has prepared and presented the following proposals to the 2022 Annual General Meeting:

- Election of chairman of the meeting
- Election of board and chairman (including remuneration)
- Choice of auditing firm (including fee)
- Guidelines for appointing members of the Nomination Committee and instructions for the Nomination Committee

Annual General Meeting

Vestum's Annual General Meeting is held during the first half 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 2021 was held on May 20, 2021. The Annual General Meeting was conducted in accordance with section 20 of the Swedish Act on temporary exemptions to facilitate the execution of general meetings in companies and associations (2020: 198), meaning shareholders were only able to exercise their voting rights at the Annual General Meeting through postal voting in advance. Shareholders representing approximately a combined 53 percent of the number of outstanding shares and votes exercised their voting rights at the Annual General Meeting. The most important AGM resolutions are described below.

- A resolution was passed to to adopt the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet for the financial year 2020
- A resolution was passed to grant the members of the Board of Directors and the CEO discharge from liability for the financial year 2020
- A resolution was passed to accept the Nomination Committee's proposal that the number of ordinary Board members elected by the Annual General Meeting shall amount to four (4) without deputies.
- A resolution was passed to accept the Nomination Committee's proposal that board fees shall be paid in a total amount of SEK 200,000, of which each ordinary member who is not employed by Vestum shall receive SEK 50,000 and the Chairman of the Board shall receive SEK 100,000.
- A resolution was passed to accept the Nomination Committee's proposal that auditors' fees shall be paid on an ongoing basis in accordance with customary billing standards
- A resolution was passed to accept the Nomination Committee's proposal to (i) dismiss Joseph Janus from the Board, (ii) elect Olle Nykvist and Anders Rosenqvist as new members, (iii) re-elect Per Åhlgren as Chairman of the Board and (iv) re-elect Johan Heijbel as a regular member
- A resolution was passed to accept the Nomination Committee's proposal to re-elect Öhrlings PricewaterhouseCoopers AB with principal auditor Niklas Renström as the company's auditing firm
- A resolution was passed to accept the Nomination Committee's proposal to adopt principles for appointing the Nomination Committee
- A resolution was passed to amend the Articles of Association, the amendments mainly consisting of (i) change of the company name from WeSC AB (publ) to Vestum AB (publ), (ii) change of the company's business description to adapt it to the company's new operations, (iii) change of the limits for the company's share capital and number of shares, (iv) a new wording of the provision regarding notification of participation in the general meeting and (v) a number of minor linguistic and structural changes
- A resolution was passed to approve the acquisitions of Sanera Stockholm AB, Skandinaviska Områdesskydd AB, Kenit Produkt AB and Rosenqvist Entreprenad AB
- A resolution was passed on a directed new issue of shares, which can increase the company's share capital by a maximum of SEK 36,200,000
- A resolution was passed on a directed new offset issue of shares, which can increase the company's share capital by a maximum of SEK 10,000,000
- A resolution was passed on a directed new offset issue of shares, which can increase the company's share capital by a maximum of SEK 1,600,000
- A resolution was passed on a directed new offset issue of shares, which can increase the company's share capital by a maximum of SEK 10,000,000
- A resolution was passed on a directed new issue of shares, which can increase the company's share capital by a maximum of SEK 8,600,000
- A resolution was passed to authorize the Board of Directors to decide on a new issue of shares

The Annual General Meeting for 2022 is planned for May 23, 2022. Information about the Annual General Meeting can be found on Vestum's website (www.vestum.se).

Extraordinary general meetings

Two Extraordinary General Meetings were held by Vestum in 2021. The meetings were held on November 5 and December 17.

The Extraordinary General Meeting held on November 5, 2021 was conducted in accordance with Section 20 of the Act on temporary exemptions to facilitate the execution of general meetings in companies and associations (2020: 198), meaning shareholders were only able to exercise their voting rights at the Annual General Meeting through postal voting in advance. Shareholders representing approximately a combined 45 percent of the number of outstanding shares and votes exercised their voting rights at the Annual General Meeting. The most important AGM resolutions are described below.

- A resolution was passed to approve the acquisition of Lakers Group Holding AS

The Extraordinary General Meeting held on December 17, 2021 was conducted in accordance with Section 20 of the Act on temporary exemptions to facilitate the execution of general meetings in companies and associations (2020: 198), meaning shareholders were only able to exercise their voting rights at the Annual General Meeting through postal voting in advance. Shareholders representing approximately a combined 47 percent of the number of outstanding shares and votes exercised their voting rights at the Annual General Meeting. The most important AGM resolutions are described below.

- A resolution was passed to accept the Nomination Committee's proposal that the number of ordinary Board members elected by the Annual General Meeting shall amount to six (6) without deputies.
- A resolution was passed to accept the Nomination Committee's proposal to elect Johannes Lien and

Helena Fagraeus Lundström as new Board members, noting that Johan Heijbel, Olle Nykvist and Anders Rosenqvist will remain as Board members and that Per Åhlgren will remain as Chairman of the Board
- A resolution was passed to accept the Nomination Committee's proposal that the board fees decided at the Annual General Meeting on 20 May 2021 shall continue to apply and that a fee of SEK 50,000 be paid to each incoming board member, however that the fee shall be paid proportionally in relation to the length of the term each board member is serving, calculated from the 2021 Annual General Meeting
- A resolution was passed to change the Articles of Association's limits for number of shares to a minimum of 237,000,000 and a maximum of 948,000,000
- A resolution was passed to increase the number of shares in the company by dividing each share into three (3) shares (share split 3:1)
- A resolution was passed to establish an incentive program through the issue of warrants of series 2021/2025

Board and committees

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.

The current Board consists of six ordinary members elected by the Annual General Meeting. The chairman organizes and leads the work of the board. Olle Nykvist, Head of Legal at Vestum, is a member of the board and is the only board member who has an active role in the ongoing operational activities.

In 2021, the board held 97 board meetings (including board meetings per capsulam). There was no absence 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.

In 2021, the Board's work has included the following.
- Approval of company acquisitions
- Share issue and allotment in connection with company acquisitions
- Updating financial targets
- Approval of financial reports
- Adoption of governing documents
- Issue in connection with a directed cash issue
- Bond issue
- Incentive program, series 2021/2025

After the end of 2021, the Board has decided to appoint an audit committee and a remuneration committee. The Audit Committee consists of Johan Heijbel (chairman), Anders Rosenqvist and Johannes Lien, while the Remuneration Committee consists of Per Åhlgren (chairman) and Helena Fagraeus Lundström.

Board independence, etc.

Name	Function	Elected	Independent in relation to the company and its management	Independent in relation to the company's major shareholders	Shareholding as of December 31, 2021 (including related party holdings and holdings through companies)
Per Åhlgren	Chairman	2019	Yes	Yes	22,001,661
Johan Heijbel	Member	2016	Yes	Yes	435,435
Anders Rosenqvist	Member	2021	Yes	Yes	29,686,350
Olle Nykvist	Member/Head of Legal	2021	No	Yes	13,577,586
Johannes Lien	Member	2021	Yes	Yes	3,000,000
Helena Fagraeus Lundström	Member	2021	Yes	Yes	0

Chief Executive Officer

Vestum's CEO, Conny Ryk, is responsible for day-to-day operations. The CEO's responsibilities include ongoing investments, personnel, financial and budget issues, ongoing contacts with the company's stakeholders and providing the Board with the information it needs to be able to make well-founded decisions. The CEO reports to the Board.

Auditors

Auditors are elected at the Annual General Meeting. Öhrlings PricewaterhouseCoopers AB with principal auditor Niklas Renström was elected as the company's auditing firm at the 2021 Annual General Meeting. The auditor is tasked with examining, on behalf of the shareholders, Vestum's annual report and accounting, as well as the administration of the Board of Directors and the CEO. The auditors also submit an audit report to the Annual General Meeting.

Remuneration to the Board and senior executives as well as share-based payments

Remuneration to the Board members for the coming financial year is decided annually by the Annual General Meeting. Vestum strives to offer market-based remuneration that enables the recruitment and retention of the right senior executives and employees. The Board has proposed that the 2022 Annual General Meeting adopt guidelines for remuneration to senior executives.

In 2021, no senior executives have received variable remuneration. At the Extraordinary General Meeting on December 17, 2021, a decision was made to introduce a share-related incentive program through the issue of warrants (series 2021/2025). The warrants were not offered to the Board, but Olle Nykvist participated in the program in his capacity as Head of Legal. Other senior executives in Vestum - Conny Ryk (CEO), Erkan Sen (Deputy CEO), Olof Andersson (CFO), Simon Göthberg (Head of M&A) and Carl-Johan Callenholm (Head of Vestum International) - also participated in the program.

Internal control and risk management regarding financial reporting

The internal control report is limited to internal control in relation to financial reporting, internally to the Board and externally in the form of interim reports, the year-end report and annual report.

The 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 efficiently and effectively, that financial reporting is reliable and that laws, regulations and internal regulations are complied with.

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

Control environment

A good control environment is a prerequisite for an internal control system to be efficient and effective. A good control environment is created by having an organization where there are clear decision paths and where powers and responsibilities are defined with clear guidelines.

Vestum has 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 right competence. When necessary, external expertise is used to shed light on issues regarding 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 also 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.

An annual assessment of the risk of errors in the financial reporting is made for each line in the income statement and balance sheet. Items that are significant and have an increased risk of errors are identified. Vestum is also working toward making the processes and associated controls more transparent for such items, so that the Board can make well-informed decisions during its annual review about which risks are important to consider in order to ensure good internal control in financial reporting.

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-up of income and balance sheet items at Group level and ongoing controls of Vestum's IT environment.

Information och 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.

Follow-up

Vestum's financial situation and strategy regarding its financial position are 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.

Work is underway within Vestum with the aim of strengthening the efficiency of the internal controls, which will be continuously quality controlled by the Board and Group Management.

Internal audit

The board has made the assessment that Vestum, in addition to existing processes and functions for internal control, does not need a separate internal audit function. The Board of Directors and group management evaluates the need for such. The level of control is currently assessed 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.

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; Water, Services and Infrastructure. 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 can be 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.

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.

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 regard to Vestum's public customers, it should be noted in particular 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 e.g. material prices. Vestum also strives for the portfolio companies to have contractual protection to be able to parry e.g. increased purchase prices. There are also customer and supplier agreements within the Vestum Group that are not formalized 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.

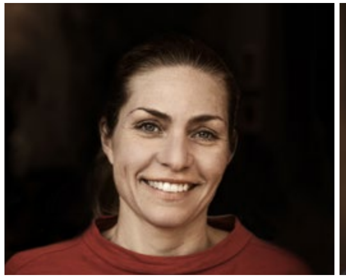
Pandemic

Vestum's operations were affected by the Covid-19 pandemic in 2021. The impact can be seen, among other things, in the form of delayed project starts and increased sick leave. Vestum is closely monitoring the development of the pandemic in 2022.

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.

Board of Directors



Per Åhlgren

Chairman of the board
Born 1960, Insider, Board Chairman since 2019.

Other assignments:
Mangold AB, Chairman
Bong AB, Board member

Previous assignments:
Black Earth Farming LTD (2015-2019)

Holdings in Vestum, including related parties:
22,001,661 shares via company
Independent in relation to the company and its management: Yes
Independent in relation to larger shareholders: Yes

Johan Heijbel

Board member
Born 1975, Insider, Board member since 2016.

Other assignments:
Strax Nordic AB
Urbanista AB
Racing Shield AB
Novestra Financial Services AB
J. Heijbel AB
CFO of Strax AB

Previous assignments:
Qbranch AB, Explorica Inc.
Nordberg Capital Partners Inc.
Nove Capital Master Fund Ltd.
CEO of Novestra AB (2006-2016)
Interim CEO of WeSC AB
CFO and Head of HR, Qbranch AB

Holdings in Vestum, including related parties: 435,435 shares privately and via company
Independent in relation to the company and its management: Yes
Independent in relation to larger shareholders: Yes

Olle Nykvist

Board member & Head of Legal
Born 1984, Insider, Head of Legal since 2021.

Operational experience:
Partner, Cirio Law Firm (2019-2021)
Group Legal Counsel, Ericsson (2017-2018)
Advokat, Advokatfirman Lindahl (2016-2017)
Associate Judge, Svea Court of Appeal (2009-2016)

Board experience:
Board member, Vestum AB (publ) (2021-present)

Holdings in Vestum, including related parties: 13,577,586 shares privately
84,485 warrants of series 2021/2025 privately
Independent in relation to the company and its management: No
Independent in relation to larger shareholders: Yes

Anders Rosenqvist

Board member
Born 1968, Insider, Board member since 2021.

Other assignments:
Rosenqvist Gruppen AB
Rosenqvist Entreprenad AB
Rosenqvist Fastigheter
XYZ Maskin AB
Diagona AB

Previous assignments:
Rosenqvist Rail AB

Holdings in Vestum, including related parties: 29,686,350 shares via company
Independent in relation to the company and its management: Yes
Independent in relation to larger shareholders: Yes

Helena Fagraeus Lundström

Board member
Born 1981, Insider, Board member since 2021.

Other assignments:
Chief Sustainability & Strategy Officer, X Shore AB

Previous assignments
Head of Via Summa, Summa Equity
Board member, Infobric
Board member, Milarex

Holdings in Vestum, including related parties: 0
Independent in relation to the company and its management: Yes
Independent in relation to larger shareholders: Yes

Johannes Lien

Board member
Born 1977, Insider, Board member since 2021.

Other assignments:
Senior Advisor, Summa Equity
Board member, Ljusgårda AB (publ)
Board member, Cretum Invest AB, Cretum AB and Cretum Management AB

Previous assignments:
Co-founder and Partner, Summa Equity
Board member, Byggmax Group AB (publ)
Board member, Lakers Group AB (publ)
Board member, Sortera Group AB
Board member, Pagero Group AB (publ)

Holdings in Vestum, including related parties: 3,000,000 shares privately and via company
Independent in relation to the company and its management: Yes
Independent in relation to larger shareholders: Yes

Management

Conny Ryk

CEO & Founder
Born 1983, Insider,
CEO since 2021.

Operational experience:
Founder of RYK GROUP (2012-present)
Founder and CEO of Sortera Group (2006-2020)
Founder of Sanera Stockholm (2002-2006)
Led more than 30 M&A transactions
More than 10 years' experience within Private Equity in the Nordics

Board experience:
Board member
Lakers Group AB (publ) (2018-present)
Board member
Norsk Gjenvinning (2018-2020)
Board member
Sortera Group AB (2006-present)

Holdings in Vestum, including related parties: 56,400,000 shares via companies
630,176 warrants of series 2021/2025 via companies

Olof Andersson

CFO
Born 1981, Insider,
CFO since 2021.

Operational experience:
CFO of Max Burgers (2020-2021)
CFO of KVD of Sweden (2016-2019)
VP FP&A of Klarna Bank (2015-2016)
Manager FP&A of Klarna Bank (2012-2015)
Global Production Office Controller, Country Controller - Production, Business Controller; H&M (2008-2012)
Accountant, EY (2006-2008)

Holdings in Vestum, including related parties:
13,500,000 shares privately
84,485 warrants of series 2021/2025 privately

Erkan Sen

Deputy CEO
Born 1974, Insider,
Deputy CEO since 2021.

Operational experience:
CCO of Sortera Group (2020-2021)
CSO of Sortera Group (2019-2020)
COO of Sortera Group (2007-2019)

Board experience:
Board member
Sortera Group (2018-2021)

Holdings in Vestum, including related parties:
13,500,000 shares privately
84,485 warrants of series 2021/2025 privately

Olle Nykvist

Head of Legal
Born 1984, Insider, Head of Legal since 2021.

Operational experience:
Partner, Cirio Law Firm (2019-2021)
Group Legal Counsel, Ericsson (2017-2018)
Lawyer, Advokatfirman Lindahl (2016-2017)
Associate Judge, Svea Court of Appeal (2009-2016)

Board experience:
Board member, Vestum AB (publ) (2021-present)

Holdings in Vestum, including related parties:
13,577,586 shares privately
84,485 warrants of series 2021/2025 privately

Simon Göthberg

Head of M&A
Born 1989, Insider,
Head of M&A since 2021.

Operational experience:
Private Equity, Helix Kapital (2017-2021)
Corporate Finance, Danske Bank (2015-2017)
Private Equity, Wynnchurch Capital (2014-2015)

Board experience:
Deputy Sensebit/Trafikia (2020-2021)
Deputy Heda Skandinavien (2018-2021)
Deputy Holms Attachments (2018-2021)

Holdings in Vestum, including related parties:
13,500,000 shares privately
84,485 warrants of series 2021/2025 privately

Carl-Johan Callenholm

Head of Vestum International
Born 1973, Insider, Head of Vestum International since 2022.

Operational experience:
Founder and CEO of Lakers Group (2016-present)
Senior positions, Xylem Group (2011-2016)
Senior positions, ITT Group (2002-2011)

Board experience:
Board member, Lakers Group (2016-2021)
Board member, No Dig Alliance (2022-present)

Holdings in Vestum, including related parties:
416,772 shares via company
862,447 warrants of series 2021/2025 privately

3

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in Vestum AB (publ), corporate identity number 556578-2496

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2021 on pages 25-32 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, the day for our electronic signature

Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

4

Sustainability at Vestum

Sustainable companies as a business idea

With the goal of acquiring and developing specialist companies within the construction and infrastructure industries, Vestum has a holistic perspective on sustainability that is integrated into our business model, investment strategy and investment criteria.

Sustainability is a competitive advantage

We are convinced that all businesses want to contribute to making a difference in society, and that products and solutions that help customers become more sustainable create long-term value and constitute a competitive advantage for our companies.

Vestum's subsidiaries, which vary in size and focus, have reached different stages of maturity in their sustainability work. Some companies are working methodically and continuously measure results and improvements. In other companies, such methods are still being developed. The companies have extensive knowledge and experience of environmental issues within their specialist areas, and know how to ensure good working conditions that both meet customer requirements and contribute to the development of new solutions and standards in the industry.

All of our acquisitions are characterised by having well-managed operations and company managements that are strongly committed to sustainable business solutions in an industry that must handle a multitude of challenges.

Sustainability challenges in the construction and infrastructure industries

There is a growing need to utilize natural resources more efficiently, reduce carbon dioxide emissions and create more circular and non-toxic material flows. For the construction and infrastructure industries, this poses challenges as the sector has one of the largest environmental footprints because of its range of materials and waste, and emissions connected to transport, machinery as well as construction and civil engineering methods.

It is also one of the most high-risk industries in terms of work-related accidents and occupational diseases among employees. At workplaces such as construction sites and railways, it is vital to have security regulations for workers that stipulate how the work should be carried out, who can access the workplace, and the number of hours employees are allowed to work during the day. Confidence in the industry is also threatened by cheating and fraud regarding workers' minimum wages, working hours and taxes. Companies must be able to meet high standards in order to be considered sustainable, which affects both Vestum's subsidiaries and their customers.

Vestum to publish sustainability report from 2022

Work is underway at Vestum to establish structures for purposeful group-wide sustainability work. A transparent annual report will increase public trust in our work and ensure continuous improvements.

For the year 2021, Lakers Group, a group of companies within Vestum, is reporting the results of its sustainability work based on certain selected indicators. From the full year 2022, Vestum intends to report sustainability results

for the entire Group. Key figures will be measured to show the results of the work in the most important areas.

How Vestum manages its sustainability work

Our goal is to develop leading sustainability policies within our companies and the industries we operate in. For a company to become part of the Vestum Group, one of the key criterias is to have shared values when it comes to issues such as long-term profitability, decentralized decisions and sustainability. To reach new customers, it may be necessary to change the companies' working methods. As part of the Vestum Group, company managements are encouraged to make use of the experience and specialist knowledge that exists both within the Parent company and other subsidiaries. We provide additional support to the subsidiary boards for discussions on sustainability issues related to operations. However, it is the companies themselves who determine what constitutes best practice within their own niche.

From the time of acquisition, the subsidiary becomes part of Vestum's group-wide sustainability work. Vestum's overall code of conduct is communicated to all companies. The code is a guide that shows employees how to act responsibly in relation to the environment, diversity and non-discrimination, compliance, bribes

Policies	Person responsible
Code of conduct	Vestum Group CEO
Insider policy	Head of Legal
Finance policy	CFO
Equal treatment policy	HR Director
Anti-corruption	Head of Legal
Sustainability policy	ESG Director
M&A policy	Head of M&A
Company policies	CEO of subsidiary

Organisational responsibility

Vestum Group's Board of Directors establishes the overall sustainability strategy by setting goals and targets for monitoring and performance measurement.

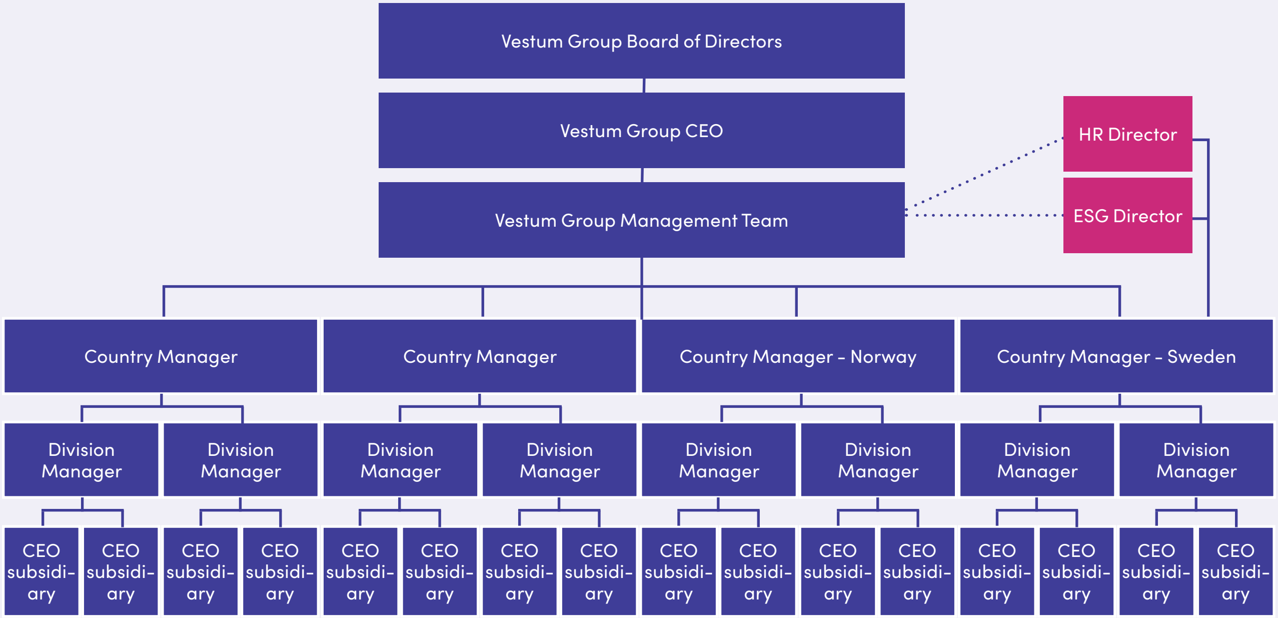
Vestum Group's CEO is ultimately responsible and works with the **Vestum Group Management Team**, **ESG Director** and **HR Director** to ensure that sustainability work is part of the Vestum Group's overall business strategy, that the Group manages its sustainability risks, that Vestum's approach to sustainability issues is implemented and communicated during acquisitions and in the management of subsidiaries so that sustainability becomes an integrated part of the business.

The Country Manager is responsible for the subsidiaries' sustainability results at country level.

The Division Manager serves as board chairman of the subsidiaries and is responsible for ensuring that sustainability risks are controlled, that opportunities within sustainability work are utilised and that results are followed up and measured within the companies.

The ESG Director and **HR Director** support the Group-wide efforts and work with the **Division Managers** to ensure that sustainability issues are integrated in the daily operations of the subsidiaries.

The CEOs of the subsidiaries are responsible for ensuring that environmental work is conducted within the company, that laws and regulations are followed, and that sustainability work is implemented by employees and in the business operations.



and conflicts of interest, both within their own operations and with suppliers. In addition, the subsidiaries often have their own, more detailed, requirements for workers when it comes to sustainability strategies, policies and work processes. In several cases, those consist of well-documented business management systems certified by third parties.

Together with a clear organizational responsibility, a framework of policies and a plan for following up on the progress, this constitutes the foundations of our Group-wide sustainability management.

Vestum's primary stakeholders	Key issues	Opportunity for dialogue
Customers	Quality, security of delivery	Procurements
	Control of environment and work environment	Customer surveys
	Zero tolerance for gifts, risk of bribes	Business deals, long-term relationships
	Human rights	
	Contribute to reducing emissions	
	Environmental competence, innovations	
	Transparency, long-term relationships	
Employees	Good work environment, working conditions	Staff interviews
	Skill development	Staff surveys
	Personal integrity	
	Financial development	
Investors	Business ethics, anti-corruption	Investor meetings
	Financial development	Annual general meeting
	Control of environment and work environment	Earnings reports, news
	Contribute to reducing emissions	
	Competence, transparency	
	Human rights	
Sellers of companies	Competence, support to develop companies	Acquisition
	Good work environment, working conditions	Board-, management meetings
Society	Minimized environmental footprint	Media
	Innovation Environment	
	Good work environment, working conditions	
	Affärsetik, anti-korruption	

Focus areas	Key sustainability issue
Sustainable growth	Controlled expansion in regards to risks and sustainability
	Finances
	Quality control
Business ethics	Anti-corruption, business ethics, conflicts of interest, data integrity
	Complicance
Environment	CO_2
	Energy
	Materials and water
	Waste
Social	Health and safety, work environment, gender equality and diversity
	Working conditions, human rights

Sustainability framework and stakeholders

Sustainability is a business-critical area for Vestum and strategically important for our continued growth. We base our efforts on Global Compact's ten principles and the UN's global development goals, as well as the expectations of our most important stakeholders.

At the end of 2021, we started identifying our most important sustainability issues and to structure our efforts into a framework.

Vestum's initial materiality analysis is based partly on interviews and close collaborations with certain stakeholder groups, and partly on our own hypotheses regarding the expectations of our stakeholders. The analysis and framework will be developed further as we gain in-depth knowledge of the stakeholders' needs and views. For the most important sustainability issues, Vestum has formulated objectives, risks and opportunities and a number of possible key metrics for follow-up and performance measurement. This gives us a starting point for our sustainability work in 2022.

Depending on our ability to influence, we are working on sustainability issues in different parts of Vestum's value chain, from looking at products at suppliers to the way our subsidiaries' goods and services are used by the end consumer. We want to lead the way because even small influences can result in changes.

Our key sustainability issues have been organised into four focus areas. One of the areas, Sustainable Growth, is crucial for driving Vestum's growth and maintaining our stakeholders' long-term trust, and therefore a vital part of the Group's sustainability. Vestum's ability to make the right acquisitions, grow while maintaining a strong financial position and meet customers' quality requirements falls under other parts of the day-to-day operations, and is not evaluated within the framework of sustainability work.

UN Global Development Goals

The world is facing major challenges related to resource use and emissions. In particular, climate change and reduced biodiversity could lead to increased global poverty and conflict.

In 2015, UN member states adopted the most ambitious plan to date for global sustainable development. By working towards 17 global goals, the world will by the year 2030 eliminate extreme poverty, reduce inequalities and injustices in the world, promote peace and justice and solve the climate crisis. The business community and civil society have also committed themselves to adjusting and contributing to the goals.

Seven years later, a great deal remains to be done, and it is essential for all parties in society to contribute. Vestum joins the UN Agenda 2030 and the global goals. Our efforts are reported in connection with each focus area, where we also specify which development goals the Group is contributing significantly toward.

> The acquisition model with a mutual focus on values and co-ownership in Vestum strengthens the Group-wide interest in business ethics.

Business ethics and compliance

Having a code of conduct throughout all parts of Vestum that is characterized by honesty and openness, but also strong integrity and compliance, is vital for maintaining the trust of customers, employees and the public.

Healthy competition and reliability are crucial for Vestum's subsidiaries to maintain long-term relationships with their 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, which can arise in the relationship with customers as well as with suppliers and subcontractors.

Vestum has zero tolerance for bribes, and fully respects customers' wishes to completely refrain from gifts, lunches and dinners. In cases where representation occurs, such as lunches and other events, there must be no doubt about its business legitimacy.

Our acquisition model strengthens the Group-wide interest in business ethics by having a mutual focus on values and co-ownership in Vestum. Our positions on ethics, anti-corruption and other matters are stated in the Code of Conduct and apply to the entire Group. An insider policy details how to handle information that could affect the share price.

Vestum's whistleblower service gives both employees and outsiders the opportunity to use an encrypted communication channel to anonymously report concerns about deviations from Vestum's ethical principles and other irregularities that may harm individuals, Vestum, society or the environment. The notifier does not need to have proof of their suspicion, but all notices must be given in good faith. The reports are investigated and appropriate measures are then taken.

In 2021, a possible conflict of interest was investigated within one of the subsidiaries, but no other incidents of corruption or significant rule breaches were identified.

Evaluating suppliers

In total, our subsidiaries have a large number of suppliers. The starting point is that the same standards that apply to Vestum also apply to suppliers and subcontractors so that business ethics are maintained and the products and services we purchase are produced under environmentally and socially responsible conditions. To ensure sustainable deliveries, many subsidiaries sign warranty contracts with major subcontractors in connection with projects and tenders.

Data integrity

Maintaining confidentiality and integrity is fundamental when handling customer and personal data. Vestum guarantees that the handling of data is done in a correct, legal and fair way, and in compliance with GDPR. In light of increased data intrusions suffered by authorities and large companies, work is being done to support the subsidiaries in this matter.

Vestum's contribution to the UN's global goals

16.5 Fight corruption and bribes. Vestum's zero tolerance for bribes and efforts to counteract unfair competition methods helps reduce the prevalence of corruption in society

Moving forward in 2022

Vestum's Code of Conduct was adopted in 2021. Additional governing documents aimed at ensuring Vestum's compliance will be adopted in 2022. The subsidiaries are continuously educated in business ethics. The need for new policies and guidelines, such as a Group-wide Supplier Code of Conduct for major suppliers, is being evaluated.

Case study / Arctic Infra, segment Infrastructure

A culture of thoroughness and sustainability

Luleå-based company Arctic Infra, acquired in September 2021, builds infrastructure for customers in the Norrbotten and Västerbotten regions. The business started in 2019 and has quickly gained the confidence of customers such as the Swedish Transport Administration, Gällivare municipality, LKAB and Boliden Mineral.

Comments by CEO Mikael Johansson:

What role does sustainability play in Arctic's growth?
– Arctic wants to be involved in shaping the societies of tomorrow through the construction of new roads and facilities in Norrland. That means we must also act like a modern company, where sustainability is high on the agenda.

– From an early stage, Arctic focused on the environment and work environment, which are important issues in our world. With us, the work begins with our own competence and giving employees the conditions to develop. We have also dared to create a culture of thoroughness where all administration, from non-conformance reporting to workplace reports, is handled to the letter. No one is allowed to skirt the rules or think that unfair methods will strengthen Arctic's competitiveness. Once we have gained the trust of our customers, we work hard to maintain it.

How do customers notice that?
– We always deliver what we have promised. Our workplaces are orderly and neat. Everyone complies with safety regulations, work under contractual conditions and carry out the work as we described it to customers. Material requirements are met, waste management is handled and the current environmental requirements and laws are taken into account.

Arctic also shoulders responsibility by preventing pollution, choosing green energy and following developments in electric and hybrid vehicles so we can upgrade the vehicle fleet over time.

What are the main areas of development?
– After each completed project, we do follow-ups to learn lessons and see what can be developed.

- Our work processes are currently being ISO certified. We have also initiated a more structured process to map Arctic's contribution to the 17 global development goals. In the long run, Arctic will have a clear sustainability strategy as part of our quality assurance work.

Environment

As society becomes more environmentally conscious, more and more companies both want and have to contribute to reducing resource use and climate emissions. Vestum's main opportunities to work for environmental improvements are with customers.

» Vestum's goal for its Group-wide environmental work is that our efforts will contribute to minimizing climate emissions, energy consumption and the use of other natural resources, as well as minimizing the amount of waste.

Vestum's contribution to environmental benefits

The public and private actors who are customers of our subsidiaries all strive to improve the environment. In combination with green investor requirements and increased regulations in the environmental area, customers are also placing higher demands on the environmental work of their suppliers. It goes without saying that all our subsidiaries adhere to current laws, regulations and other environmental and energy requirements in the countries where they operate. Vestum's goal for its Group-wide environmental work is that our efforts will contribute to minimizing climate emissions, energy consumption and the use of other natural resources, as well as minimizing the amount of waste. All subsidiaries contribute in their own way. With their own specialist skills, our companies develop new solutions that help improve customers' environmental work. That decreases society's environmental footprint, while increasing customer value and Vestum's competitive advantage.

Vestum also has other business reasons for maintaining a high level of sustainability work. In light of society's focus on the environment and climate, customers who lack environmental ambitions are hardly competitive in the long term and create a clear business risk.

Reduced climate emissions

Climate emissions and their impact have become one of society's major key issues. All companies and actors must reorganize their operations to reduce emissions. It is increasingly common for larger companies and public actors to include specific climate requirements in procurements. To participate in the procurement, suppliers must meet certain criteria regarding fossil-free service vehicles, energy, etc.

Vestum's companies make important contributions to the climate by providing customers with energy-efficient products and solutions. In the companies' own operations, green energy choices, minimized transports and investments in service vehicles contribute to reducing the environmental and climate impact for customers. Investments in electric construction machinery may also be relevant in the future depending on product development, the availability of charging infrastructure, etc.

The subsidiaries' control of their own significant suppliers based on their climate impact also contributes to reducing the end customer's climate footprint. The Lakers Group has decided to enter into a dialogue with its largest suppliers regarding their carbon footprint. For an industry group like Lakers in the water pump industry, there are good opportunities to influence change. For Lakers, those efforts also provide a financing benefit as it has enabled the issuing of a green bond.

Reduced energy consumption

Energy costs and limited energy supply have become a major challenge for companies and public actors. Price fluctuations in electricity as a result of extreme weather changes and geopolitical conflicts make energy consumption an increasing risk and an important issue.

Our companies offer a range of energy-efficient products and solutions that reduce customers' environmental footprint and energy costs while helping to modernize working methods in the construction and infrastructure industries. One example is optimized water pump systems that reduce energy consumption in large water and sewage plants. Other examples are energy-saving working methods in areas where there is currently no energy focus, for example on construction sites.

Reducing resource consumption and hazardous waste

The environmental pressure from the construction and infrastructure industries places greater demands on suppliers' precision and innovation. Material consumption and waste volumes must be limited, preferably by replacing traditional materials and solutions with environmentally friendly materials and methods and maximizing the use of circular materials

Nevertheless, it takes a long time to change a large industry. For a new mindset to be adopted, sometimes companies must be able to sell and educate customers on products and solutions that are not yet in demand. To minimize the environmental footprint, our companies occasionally need to transfer their knowledge about alternative working methods and materials to to rock drilling, where water can replace compressed air as a more environmentally friendly alternative.

The Vestum Group's ESG Director initially maps the Vestum Group's main environmental impact and takes an inventory of the sustainability strategies that various subsidiaries are currently using. The boards of the subsidiaries are also getting more systematic control over environmental violations and environmental risks. In order to evaluate the environmental work within the Vestum Group, data is collected regularly regarding the subsidiaries' environmental work.

EU taxonomy for green investments

As part of its climate and environmental strategy, the EU has enacted a number of measures to channel capital into activities that contribute to a greener economy. From 2022, large companies in the EU of general interest or with more than 500 employees will report the proportion of their revenues, costs and investments that are covered by the EU's green definition and classification system ("Green taxonomy"). For the year 2021, the companies report based on the taxonomy's definition of possible climate adaptations and improvements. In the following years, reporting will be expanded with green activities for water use, circularity, emissions and biodiversity. Then companies must also report the extent to which their activities meet the requirements of the taxonomy.

A prerequisite for an activity to be classified as environmentally sustainable for one of the EU's environmental regions is that it does not adversely affect any other environmental region. It must also meet basic social requirements. Vestum is not required to use the taxonomy reporting for 2021 but is following the development for reporting according to the taxonomy in 2022.

> The earth's climate has become warmer and we are also seeing increased rainfall in the form of torrential rain, which can lead to devastating floods. Society will need to adapt to this change, for example by finding solutions for the increased rainfall. British company Pump Supplies, part of the Lakers Group, has supplied pump systems and equipment to deal with several floods in the UK.

Products that are left in buildings and facilities must normally be reported in project documentation. That means producers and contractors are required to report the origin of the products, both in terms of natural resources that are used and transport routes. For Vestum's construction and service companies, this requires different degrees of documentation regarding origin and transports in connection with the work performed.

In major procurements for construction projects, material selection and waste management are generally well specified. In these, suppliers can often only participate if they possess high levels of competence in regards to environmental regulations and environmental processes for a correct handling of materials, emissions and waste. Handling such matters in a way that results in possible environmental crimes would entail a direct business risk for Vestum, which is why the same demands that apply to our subsidiaries must also apply to any subcontractors. Requirements for process descriptions, reporting and documentation have prompted several of our companies to certify their environmental management work.

Moving forward in 2022

There are risks associated with climate change that have negative consequences for Vestum's business. An increased risk of flooding in areas where Vestum's subsidiaries operate, risk of damage to premises and operations. Risk of extreme heat and thus loss of production in the form of lost working time / productivity. Financial risks in the form of increased costs for natural resources such as raw materials or energy, and long-term risks connected to a lack of important resources for the business.

Risks associated with the fact that materials used today may prove harmful in the future.

Vestum's environmental work, key metrics

- percentage of subsidiaries with certified environmental management systems
- percentage of suppliers evaluated based on environmental aspects
- percentage of trained employees who are trained in environmental knowledge

Climate emissions

- CO_2 (Scope 1,2,3) related to sales/ employee
- share of electric vehicles / green cars of total number of cars
- subsidiaries with 100% green electricity

Energy consumption

- kWh consumption in the subsidiaries
- kWh savings in companies' products

Material and water consumption

- m3 consumed water
- tonnes of material used
- tonnes of material replaced by more environmentally friendly materials/methods

Waste

- tonnes of waste (of which dangerous waste)
- number of random checks within the subsidiaries
- proportion of suppliers / subcontractors with controlled use of environmentally hazardous substances

Vestum's contribution to the UN's global goals

6.3 Improve water quality and sewage treatment and increase recycling

The companies within the segment Water[1] provide services and skills for the expansion of water and sewage infrastructure, which are crucial for managing and reducing wastewater and avoiding water pollution.

6.4 Increase water-use efficiency and ensure sustainable supply of water

The Water segment secures and streamlines the supply of clean water through maintenance and optimization of water treatment systems as well as installation of new water pumps.

9.4 Upgrade industries and infrastructure for increased sustainability

Within their specific niches, Vestum's companies provide knowledge and various innovative solutions such as new working methods and switching to environmentally friendly materials and products, which gives customers more efficient use of resources and more environmentally friendly infrastructure.

13.1 Strengthen resilience and adaptive capacity to climate-related disasters

Climate awareness within Vestum's companies contributes to internal green choices as well as an increased number of products and services that can both help reduce the end customers' climate footprint and serve a supporting role during climate disasters such as floods.

1) The segment Water includes the Lakers Group companies as well as Scanregn acquired in 2022.

Case study: Lakers Group

The hunt for customers' CO_2 emissions enabled green loan

Lakers Group, which consists of 25 companies, was acquired in October 2021. By the turn of the year it accounted for almost half of the Vestum Group's companies and a quarter of its revenue. The Group is a leading Northern European supplier of aftermarket services and specialist products for water infrastructure, such as water and sewage pumps, and operates throughout the Nordic region, the United Kingdom and Germany.

Investments in Northern Europe's water infrastructure have long been neglected, which has resulted in energy-consuming water and sewage systems that will be upgraded in the coming years. With its extensive knowledge of the environmental issues that surround water and sewage systems, Lakers wants to utilise possibilities for environmental improvements and thereby contribute to solving some of society's environmental challenges.

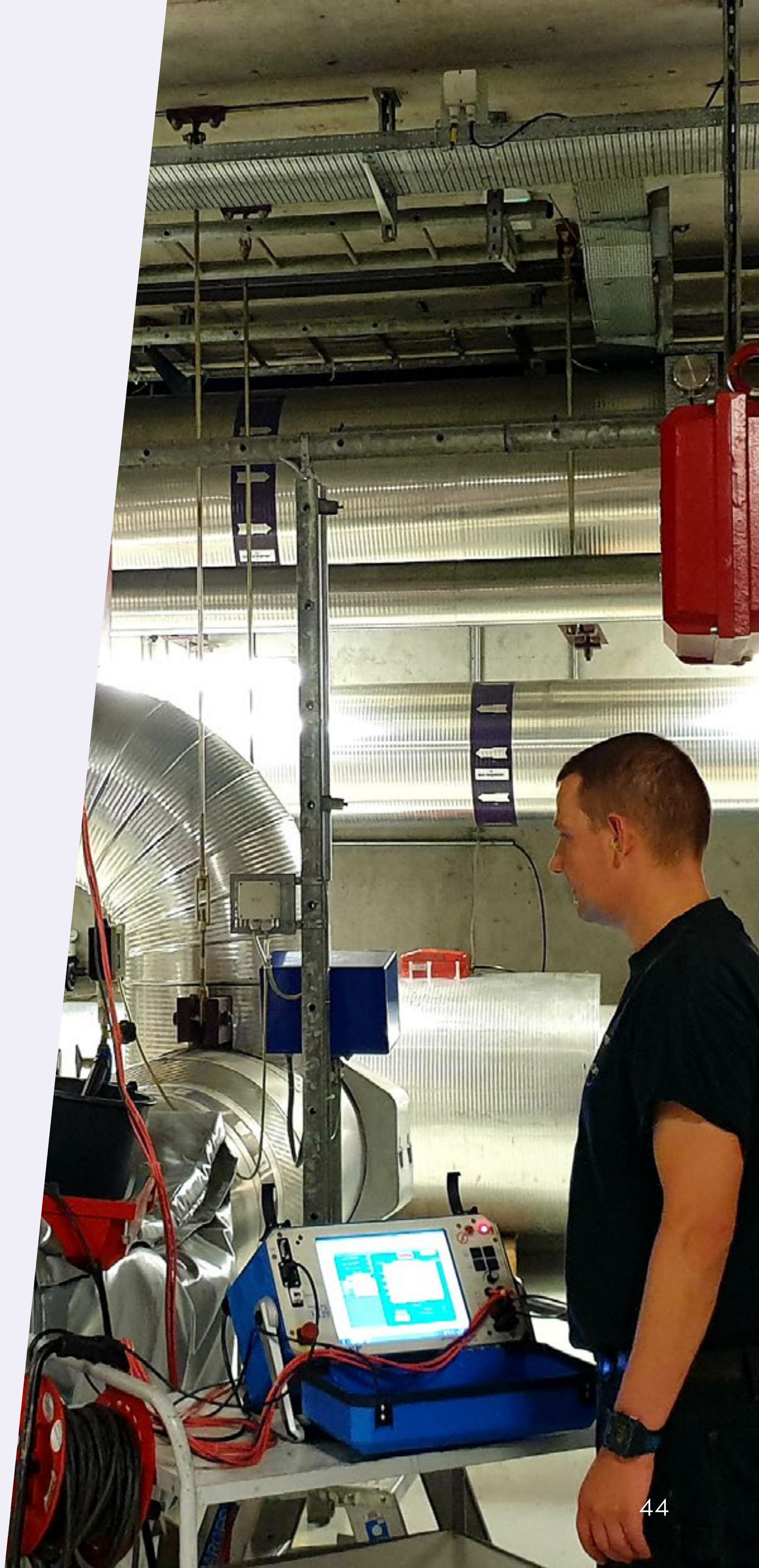
During 2019, Lakers developed a sustainability strategy for those areas where the Group can make the biggest difference. The main area of development that was identified is to help customers reduce their energy consumption and climate footprint. The opportunity to help solve one of society's major issues has also become of strategic importance, as lower electricity consumption contributes to large cost savings for customers.

Lakers' analysis shows that there are great opportunities to repair and optimize current water infrastructure and thereby create energy gains and increase the lifespan of the systems. The methods are based on knowledge of optimization. Employees within the Lakers Group companies are therefore continuously trained in the "Lakers Equipment Optimization Program".

The sustainability strategy also includes reducing the Group's own environmental footprint through internal green investments such as buying green electricity and increasing the use of alternative fuels in company cars. Lakers will also evaluate their suppliers' carbon footprint in order to, where possible, switch to suppliers with a greater environmental focus, more climate-smart solutions and, to an increased extent, engage in dialogue with suppliers on sustainability issues. In addition, Lakers also measures key metrics related to the Group's employees, anti-corruption and business ethics, all of which are of great importance to business deals.

Lakers' extensive sustainability work enabled the Group to issue a sustainabilty linked bond of NOK 750 million in May 2021, which has been increased to NOK 950 million during the year. Lakers will report a number of key metrics annually during the bond's maturity until 2025. Read more about Lakers' sustainability work: https://lakersgroup.com/sv/resource-type/sustainability/

Key metrics Lakers Group	2020	2021	Goals 2025
Total emissions tonnes CO_2 eq Scope 1 + 2 + 3	9,470	20,800	Goals will be decided in 2022
Total emissions tonnes CO_2 eq Scope 1 + 2	975	1,850	Reduce CO_2 (base year 2020) by 25 % to 2025 (Scope 1+2)
Sales SEK million	607,019	1,223,400	Goals will be decided in 2022
Proportion of female	14 %	13.5 %	Increase the proportion of female among employees and in managerial positions
Proportion of female in managerial positions	8%	12%	Increase the proportion of female among employees and in managerial positions
Staff turnover	5,2 %	2,5 %	Maintain a low level of staff turnover



Social responsibility

Workplace safety and diversity are major and important issues in the construction and infrastructure industries. Vestum sees an obvious connection between business results and a safe and inclusive work environment where people thrive, develop and trust their employees and managers.

Vestum continously conducts follow-up assessments with subsidiaries in regards to work environments, education and organization.

Vestum's companies had a total of approximately 1,800 employees at the end of 2021, all of whom contribute to the Group's innovative thinking and competitive edge. The Group's vision is for employees to be offered healthy and safe workplaces in all situations, without accidents, injuries or discrimination and with a more equal gender balance.

Increased diversity and inclusion

The ability of a workplace to recruit and motivate employees and create loyalty largely depends on whether everyone feels part of the team and has the opportunity to develop on equal terms. Our starting point is that all employees should feel welcome at the workplace, to avoid the risk of losing valuable skills. In the sectors where Vestum operates, there is a lack of women in operational and senior positions. For example, less than 10 percent of employees in the Swedish construction industry are women. In 2021, the proportion of women within Vestum was an average of 7.8 percent of employees and 17 percent of the Group's board members. Future efforts to prioritize the proportion of female managers and employees throughout the Group are therefore necessary to promote innovation and competitiveness.

Safe workplaces

Those employed in the construction and infrastructure industries are among the groups most at risk of serious workplace accidents. The risk of accidents creates a responsibility on the part of employers to adopt safety measures and other necessary precautions such as controlled work hours to reduce the risk of injury as well as measures regarding the pandemic to protect employees' health. Systematic efforts to improve health and safety in the work environment contributes to employee loyalty and strengthened motivation, which also makes it easier to attract relevant skills and maintain the trust of society and customers.

Extensive work environment processes are already in place in several of our subsidiaries, where health, well-being 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. Vestum continously conducts follow-up assessments with subsidiaries in regards to work environments, education and organization.

Trust and respect for human rights

Several subsidiaries 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 operations and supply of skilled workers.

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 things such as child labor, unpaid overtime, forced labor 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 labor, unregulated working hours, unpaid overtime or non-payment of wages, and substandard working conditions.

Employees within the Vestum Group are offered contractual working conditions, salaries and working hours. All discrimination based on gender, age, ethnicity, political views, etc. is counteracted. 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 whistleblower function. During 2021, there were no reports of discrimination at Vestum. Vestum supports the UN's principles for human rights and in 2022 will carry out a risk analysis and develop a process for the work with Human Rights Due Diligence (HRDD).

Moving forward in 2022

As a first step toward a group-wide structure, Vestum has adopted an overall code of conduct and a whistleblower function. During 2022, Vestum will do follow-ups with all subsidiaries in order to strengthen the Group's work on health, well-being and development. Priority is given to the internal work with values and establishing certain common policies and governance regarding employees and social issues.

Vestum's social responsibility, key metrics

Diversity
- percentage of women in management positions
- percentage of women in operational roles

Health and work environment
- percentage of subsidiaries with certified systems for work environment management
- sickness rate, %
- number of workplace accidents
- eNPS – employee survey
- number of reported and handled cases of discrimination
- staff turnover

Human rights and working conditions
- proportion of subcontractors for labor who present terms of employment according to collective agreements
- proportion of significant suppliers who have signed a code of conduct for suppliers

Vestum's contribution to the UN's global goals

5.5 Ensure women's participation in leadership and decision-making

Vestum's efforts to increase the proportion of female employees and managers in its companies contributes to ensuring women's participation and equal opportunities for leadership in the business world.

8.8 Protect workers' rights and promote safe and secure working environments for all

The purposeful and systematic efforts by the Vestum Group's companies to improve work environments and offer employment conditions equivalent to collective agreements, while also controlling the working conditions among subcontractors and suppliers, contribute to protecting employees' rights and promoting a safe and secure work environment.

Case study / GGAL, segment Services

Safe work environment motivates employees

GGAL Group is headquartered in Vetlanda and has been part of Vestum since May 2021. The Group continuously acquires smaller manufacturers of aluminium and glass solutions for housing and construction companies, which are sold via resellers and directly to end customers.

Comments by CEO Stefan Persson:

Why are sustainability issues important to GGAL?
– For customers, the decisive factors are quality and environmental aspects, such as the energy efficiency of our window solutions. For us as a company, the work environment is just as important since it is our coworkers who perform the work and develop the business. Our starting point is that for us to do a good job, our people have to feel good.

How do you affect the work environment?
– In a manufacturing industry, there are always health and safety risks for employees. We are constantly working to raise awareness about reporting incidents and potential risks to prevent injuries. In production, safety is part of the daily quality control work. We have special staff meetings to measure the quality of what we've delivered, where we also give a daily report of incidents that either could have resulted in an accident, or did result in an accident.

– In addition, we offer a wellness allowance to employees who undergo a health profile examination every three years.

And how do you strive to improve employees' well-being and motivation?
– The internal culture is crucial! That's why we work continuously with our core values and have conducted a joint workshop around them with all employees. This work becomes especially important when we acquire new businesses.

– For six years, we have conducted annual employee surveys among all employees in the Group. This measures the organization's trust in managers and the workplace, internal pride and camaraderie, and the employees' relationship to our vision and values. The surveys are always followed up with a workshop as we try to find solutions to improve areas with weaker results. Once a week, we gather all employees to discuss improvements, which are then carried out.

– We also do LEAN courses and managers are given leadership training through a partner we have worked with for many years.

How will you develop your sustainability work?
– We are putting together a sustainability strategy for GGAL where we are currently establishing a number of activities within three main areas. During that process we will also specify how how operations contribute to the UN's global goals.

CORE VALUES WITHIN GGAL:

- Focus on the customer at every stage
- Desire to constantly improve
- Strive to develop your skills

5

Directors report and financial information

Directors' Report

The Board of Directors and the CEO of Vestum AB (publ), with corporate identity number 556578-2496, hereby present the annual report and consolidated financial statements for the 2021 financial year. Vestum AB (publ) is headquartered in Stockholm.

General operations

Vestum is a Swedish acquisition-driven Group that acquires and develops niche companies within the segments Water, Services and Infrastructure. The acquired companies are characterised by proven business models, strong market positions and predictable cash flows. Vestum's ambition is to grow into the Nordics' leading acquisition-driven Group with a distinct focus on niche companies in the construction services and infrastructure industries. Vestum is continuously growing through acquisitions of well-managed and profitable companies within its focus areas where Vestum can work together with ambitious entrepreneurs and company managements to develop the companies in order to drive profitable growth and high customer satisfaction. Vestum do this by jointly addressing issues concerning sustainability, strategy, processes and implementation.

In 2021, the Group acquired 31 niche companies in the Nordic region and Northern Europe, with Sweden having the largest share of net sales.

The amounts stated below for the continuing operations exclude WeSC, which is classified as a business under divestment.

Strategy

Vestum's acquisition-driven business model is based on entrepreneurship and long-term perspective with a strong industry focus and decentralised decision making, with companies that are characterised by financial stability, sustainable competitive advantages and strong local roots, with the Nordic region as their home market.

Financial targets

Vestum's overall goal is to create long-term profitable growth by acquiring and developing quality companies with proven business models, strong market positions and predictable cash flows.

Vestum's current financial targets are as follows:

- **Growth**: Vestum's goal is to achieve an adjusted EBITA of at least SEK 3 billion by the end of 2025, driven by acquisitions in combination with organic growth.
- **Margin**: Vestum's goal is to achieve an adjusted EBITA margin of at least 10.0 percent.
- **Capital structure**: Vestum's goal is to have a financial net debt to adjusted EBITDA ratio of 2.5-3.5x in average over the past four quarters.
- **Dividend policy**: All of Vestum's profits and available cash flows will be reinvested in the business and/or used for new acquisitions.

The financial targets are benchmarks and should not be seen as forecasts or estimates of Vestum's future results. The financial targets are based on a number of assumptions about Vestum's industry and operations as well as the macroeconomic environment in which Vestum operates.

Significant events in 2021

Change of operations and name

The Vestum Group was announced publicly in March 2021 in connection with changing the operations and name of the company WeSC. The new business intends to acquire and develop well-managed and profitable niche companies, with exposure to the construction services and infrastructure industries, with the Nordic region as the home market.

In connection with the change in operations, the clothing business WeSC was no longer deemed to be a part of the core business. The Board has decided to divest the business and estimates that a divestment will take place within twelve months. The business is reported as operations held for sale.

Acquisition of companies and development of the organisation

Since the change in operations in March, Vestum has established a thorough acquisition process while also creating internal platforms within organisation & management, HR, financial management & financing, IT and communication. In 2021, Vestum acquired 31 well-managed and profitable niche companies. At the end of the financial year, the company has established an efficient organisation with management teams and organisations in both Sweden and Norway.

As part of strengthening the level of expertise and supporting the companies in their development of sustainability work, a sustainability manager has been recruited and the process of doing sustainability reporting at Group level has been initiated.

During the year, the board of directors was expanded with the addition of Anders Rosenqvist, Olle Nykvist, Helena Fagraeus Lundström and Johannes Lien. Joseph Janus has left the board during the year.

Financing

During the financial year, a directed new share issue of SEK 2 billion was carried out and an unsecured bond loan of SEK 1.5 billion with a framework of SEK 3 billion was issued. The new share issue and the bond loan have contributed to a strengthened financial position and expanded shareholder base.

Vestum in summary

SEK million (unless otherwise stated)	2021	2020
Net sales	1,316	-
EBITDA	161	-1
EBITA	100	-1
EBITDA margin %	12.2	-
EBITA margin %	7.6	-
Adjusted EBITDA	177	-1
Adjusted EBITA	116	-1
Adjusted EBITDA margin %	13.4	-
Adjusted EBITA margin %	8,8	-
EBIT	45	-1
Profit after financial items	9	-2
Number of shares at the end of the year (thousand)	351,908	38,707

The Group

The Group's net sales

The Group's net sales for the remaining operations for the full year 2021 amounted to SEK 1,316 (0) million. Divided by segment, net sales for Water amounted to SEK 211 (0) million, net sales for Services amounted to SEK 400 (0) million and net sales for Infrastructure amounted to SEK 704 (0) million.

Earnings

Profit before amortisation and impairment losses of acquired surplus values (EBITA) for the remaining operations for the full year 2021 amounted to SEK 100 (-1) million. EBITA divided by segment is Water SEK 5 (0) million, Services SEK 34 (0) million and Infrastructure SEK 87 (0) million. EBITA for HQ amounted to SEK -26 (-1) million. Adjusted EBITA, ie. EBITA adjusted for transaction costs attributable to completed acquisitions, amounted to SEK 116 (-1) million. Adjusted EBITA divided by segment is Water SEK 8 (0) million, Services SEK 34 (0) million and Infrastructure SEK 87 (0) million. Adjusted EBITA for HQ amounted to SEK -14 (-1) million. Acquisitions completed during 2021 affected EBITA by SEK 126 (0) million. The Group's profit after tax for the full year amounted to SEK 6 (-19) million.

Financial position and cash flow

Cash flow from operating activities before changes in working capital for the full year 2021 amounted to SEK 124 (0) million. The total current cash flow amounted to SEK -10 (-8) million. The Group's cash and cash equivalents at the end of the year amounted to SEK 1,518 (2) million. At the end of the year, the Group had a net debt of SEK 1,486 million. Total liabilities amounted to SEK 4,726 (35) million as of December 31, 2021. Interest-bearing liabilities, including leasing liabilities, amounted to SEK 3,003 (0) million as of December 31, 2021. Equity at the end of the year amounted to SEK 3,593 (-9) million. Equity in the Parent Company amounted to SEK 3,552 (15) million.

Investments

The Group's investments during the year, excluding acquisitions, amounted to SEK 49 (2) million. The total purchase price for the acquisitions of subsidiaries amounted to a total of SEK 4,171 (0) million for the year.

Employees

The number of full-time employees as of December 31, 2021, amounted to 1,764 (0) people.

Parent company

For the year of 2021 the Parent Company had net sales of SEK 7 (3) million. Operating profit amounted to SEK -15 (2) million. Net financial items amounted to SEK -26 (-1) million. Profit for the year amounted to SEK -32 (-12) million. The balance sheet total as of December 31, 2021 amounted to SEK 5,552 (46) million, of which equity amounted to SEK 3,552 (15) million. Cash and cash equivalents in the Parent Company amounted to SEK 1,244 million (1).

Acquisitions

Vestum's acquisition strategy is based on identifying and acquiring quality companies over time in selected segments with a strong industry focus. In 2021, the following companies were acquired within the Group:

Acquisitions completed by the end of the year	Segment	Completed	Estimated annual sales	Number of employees
Rosenqvist Entreprenad AB	Infra	June	221	62
Skandinaviska Områdesskydd AB & Kenit Produkt AB	Infra	June	128	29
Sanera Stockholm AB	Services	June	42	28
Installera SW AB	Services	June	47	29
MTB Mark & Trädgårdsbyggarna AB	Infra	June	102	28
Mälardalens Spår & Anläggning AB	Infra	June	90	30
GGAL Group AB	Infra	June	151	61
FlexiRail AB	Infra	June	30	15
Containertjänst i Tyresö AB	Infra	June	93	23
We Ar(e) Group AB	Services	July	241	132
F Forsmans VVS AB	Services	July	40	18
Powerstruc AB	Infra	August	48	23
Plåtslagaren GH Johansson AB	Services	August	97	45
Paradox Security AB	Infra	September	9	7
Skåne Montage AB	Services	September	29	20
SweRör J.Borg AB	Services	September	108	52
Hyrex AB	Infra	September	120	87

Acquisitions completed by the end of the year, cont.	Segment	Completed	Estimated annual sales	Number of employees
Hanell Entreprenad i Gävle AB	Infra	September	94	46
Arctic Infra AB	Infra	September	267	52
Markax AB	Infra	September	188	56
Takakustik i Stockholm AB	Services	October	105	66
Universalisolering Fredriksson AB	Services	October	70	49
Ekmans Ståldörrar AB	Services	October	94	13
GW Asfalt & Trädgårdsanläggningar AB	Infra	November	232	84
Lakers Group AS	Water	November	1,224	445
Amsler Hiss AB	Services	November	82	37
Elcentralen Nacka AB	Services	November	24	14
KWA Isolerteknik AB	Services	November	79	57
Malte Rutberg Entreprenad AB	Infra	November	113	17
Infracon Sverige AB	Infra	November	375	108
Tannefors Glas AB	Services	November	51	18
			4,595	**1,751**

Significant events since year end

Continued establishment and more acquisitions

Since year end, Vestum has entered into agreements to acquire 18 companies, three of which are add-on acquisitions to existing holdings. Since the end of the year, 16 acquisitions have been completed.

Acquisitions completed after the end of the year	Segment	Completed	Estimated annual sales	Number of employees
Mobile Container Repair AB	Infra	January	124	36
NA Altanglas AB	Services	January	51	14
Mälarmontage Glas & Metall AB	Services	January	30	11
KvalitetsMark R AB	Infra	January	169	11
Västsvensk Byggskruv AB	Services	January	167	19
Galore i Uppsala AB	Services	February	89	44
Lerums Tekniska Isolering LTI AB	Services	February	54	37

Acquisitions completed after the end of the year	Segment	Completed	Estimated annual sales	Number of employees
Scanregn A/S	Water	February	97	18
Marbit AB	Infra	March	238	49
KylKontroll Göteborg AB	Services	March	86	32
ABAX Dörrsystem AB	Services	March	80	19
Fibber A/S	Infra	April	35	25
Kjellgrens El i Tumba AB	Services	April	30	18
Spännbalkkonsult SBK AB	Infra	April	87	24
Østcom A/S	Infra	April	100	56
Pordrän AB	Infra	April	74	10
			1,511	**423**

Acquisitions yet to be completed	Segment	Completed	Estimated annual sales	Number of employees
Högsbo El AB	Services	April	51	23
RockCon AB	Infra	May	11	2
			62	**25**

Other

As part of Vestum's continued expansion outside Sweden, Carl-Johan Callenholm, founder and CEO of Lakers Group, has been appointed Head of Vestum International and a new member of Vestum's Group Management.

A three-year incentive program aimed at key people in the Group was adopted in December 2021. There was great interest with 89 individuals participating, a majority of whom are key people in the subsidiaries.

Vestum's operations were affected by the Covid-19 pandemic in 2021. The impact included delayed project starts and increased sick leave. Vestum is closely following the development of the pandemic in 2022.

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, among other things, increased material prices and supply chain disruptions. Vestum is actively working to limit the negative effects of the situation that has arisen.

Vestum has entered into a new agreement regarding a multicurrency revolving credit facility. The facility amounts to SEK 600 million with an accordion option of up to SEK 400 million.

Environment and sustainability

Vestum will not present a legal sustainability report for the year 2021. Vestum has begun the process of establishing structures for purposeful group-wide sustainability work. The process is described under the section Sustainability at Vestum. Lakers Group, a group of companies within Vestum, is presenting a sustainability report for 2021 showing the results of its work based on certain selected indicators. From the full year 2022, Vestum intends to submit a Group-wide sustainability report.

When it comes to the environment and energy, Vestum's companies shall, as a minimum, comply with applicable laws, regulations and other requirements in the countries in which they operate. No companies within the Group conduct operations that are impacted by the Swedish Environmental Code.

Future prospects

During 2022, Vestum will continue to acquire companies in both the domestic markets Sweden and Norway, as well as internationally, and the financial goal of achieving an EBITA of SEK 3 billion by 2025 remains. Vestum continues to build and develop its organisation in both Sweden and Norway.

Share capital and ownership

Vestum shares are listed on Nasdaq First North Growth. The share capital on December 31 amounted to SEK 117,302,503 divided between 351,908,509 shares. See more detailed information under the section Share information.

Annual General Meeting 2022

Vestum AB's Annual General Meeting 2022 will be held on Monday, May 23, 2022. Notice of the Annual General Meeting, including the agenda, is available at www.vestum.se.

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	3,741,763,577
Retained earnings	-287,424,927
Profit/loss for the year	-32,349,324
Total	**3,421,989,326**

The Board of Directors and the CEO propose that the available amount of SEK 3,421,989,326 be allocated as follows:

To be carried forward	**3,421,989,326**

Consolidated income statement

SEK million	Note	2021	2020
Remaining operations			
Operating income			
Net sales	5, 6	1,316	–
Other operating income		0	1
Total operating income		**1,316**	**1**
Operating expenses			
Materials and purchased services		-662	–
Other external costs	7	-128	-2
Personnel costs	8	-349	-0
Other operating expenses	15	-16	–
EBITDA		**161**	**-1**
Depreciation excl. acquired surplus values	9, 14	-61	-0
EBITA		**100**	**-1**
Amortisation attributable to acquired surplus values	13	-55	–
Operating profit (EBIT)		45	-1
Financial income	9, 11	43	–
Financial costs	9, 11	-80	-1
Total financial items		**-37**	**-1**
Earnings before tax		**9**	**-2**
Income tax	10	-6	–
Profit/loss for the year from continuing operations		**2**	**-2**
Profit/loss from operations held for sale	12	4	-17
Profit/loss for the year		**6**	**-19**

SEK million	Note	2021	2020
Profit/loss attributable to:			
Parent company's shareholders		5	-19
Non-controlling interests		1	–
Average number of shares during the year before and after dilution (in thousands of shares) [1]	23	188,831	36,787
Number of shares at the end of the year	22	351,907,509	38,706,576
Profit/loss attributable to remaining operations and the Parent company's shareholders per share before and after dilution, SEK	23	0.01	-0.05

1) The average number of shares is adjusted based on the reverse split and split

Consolidated statement of comprehensive income

SEK million	Not	2021	2020
Profit/loss for the year		**6**	**-19**
Other comprehensive income			
Items that could later be reclassified to the income statement			
Exchange differences on translation of foreign operations		25	3
Total		**25**	**3**
Other comprehensive income for the year		**25**	**3**
Total comprehensive income for the year [2]		**31**	**-17**

2) The total comprehensive income is distributed to the Parent company's shareholders and continuing operations SEK 26 million, the Parent company's shareholders and operations held for sale SEK 4 million, and comprehensive income to non-controlling interests SEK 1 million.

Consolidated balance sheet

SEK million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	13	4,813	0
Property, plant and equipment	14	271	–
Right-of-use assets	9	486	–
Financial assets	16	7	–
Other non-current assets		2	–
Total non-current assets		**5,580**	**0**
Current assets			
Inventories	18	197	–
Accounts receivable	16, 17	680	–
Contract assets	19	116	–
Other current assets	16	50	0
Prepaid expenses and accrued income	20	133	–
Assets held for sale	12	45	24
Cash and cash equivalents	16, 21	1,518	2
Total current assets		**2,738**	**26**
TOTAL ASSETS		**8,318**	**26**

SEK million	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	22	117	13
Share premium reserve		3,739	274
Reserves		11	-14
Retained earnings including profit/loss for the year		-276	-281
Equity attributable to the Parent company's shareholders		**3,591**	**-9**
Non-controlling interests		2	–
Total equity		**3,593**	**-9**
Liabilities			
Provisions	25	7	–
Non-current interest-bearing liabilities	16, 24	2,510	–
Non-current lease liabilities	9	362	–
Deferred tax liabilities	10	454	–
Other non-current liabilities	16	334	–
Total non-current liabilities		**3,667**	**–**
Current provisions	25	1	–
Current interest-bearing liabilities	16, 24	12	–
Current lease liabilities	9	119	–
Accounts payable	16	322	1
Current tax liabilities		46	–
Contract liabilities	19	68	–
Other current liabilities	16	269	1
Accrued expenses and deferred income	26	209	–
Liabilities related to assets held for sale	12	13	34
Total current liabilities		**1,059**	**35**
Total liabilities		**4,726**	**35**
TOTAL EQUITY AND LIABILITIES		**8,318**	**26**

For information on the Group's pledged assets and contingent liabilities, see Note 27.

Consolidated statement of changes in equity

	Equity attributable to the Parent company's shareholders					
SEK million	Share capital	Share premium reserve	Reserves	Retained earnings incl. profit/loss for the year	Non-controlling interests	Total equity
Opening balance as of January 1, 2020	10	264	–17	–262	–	**-4**
Profit/loss for the year	–	–	–	–19	–	**-19**
Other comprehensive income for the year	–	–	3	–	–	**3**
Total comprehensive income	**-**	**-**	**3**	**-19**	**-**	**-17**
Transactions with owners						
Share issue	3	11	–	–	–	**13**
Issue costs	–	–1	–	–	–	**-1**
Total transactions with owners	**3**	**10**	**-**	**-**	**-**	**12**
Closing balance as of December 31, 2020	**13**	**274**	**-14**	**-281**	**-**	**-9**
Opening balance as of January 1, 2021	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**	**3,569**
Closing balance as of December 31, 2021	**117**	**3,739**	**11**	**-276**	**2**	**3,593**

Consolidated cash flow statement

SEK million	Note	2021	2020
Operating activities			
Earnings before tax		9	-2
Adjustments for items that are not included in the cash flow	29	115	2
Income tax paid		-5	0
Cash flow before change in working capital		**124**	**0**
Changes in working capital			
Changes in inventories		-15	-6
Changes in current receivables		-35	-48
Changes in current liabilities		-78	46
Changes in working capital		**-128**	**-8**
Cash flow from operating activities		**-10**	**-8**
Investment activities			
Investment in intangible assets	13	-33	-2
Investment in property, plant and equipment	14	-42	-0
Acquisition of subsidiaries/operations		-2,510	-0
Proceeds from other financial assets		1	-
Other		-0	-0
Cash flow from investment activities		**-2,584**	**-2**

SEK million	Note	2021	2020
Financing activities			
Proceeds from borrowings	24	1,526	-
Repayment of lease liabilities	9	-37	-0
Proceeds from capital increase		2,288	0
Change in other non-current liabilities		3	0
Cash flow from financing activities		**3,780**	**0**
Cash flow from remaining operations		**1,187**	**-10**
Cash flow from operations held for sale	12	-49	10
Cash flow for the year		**1,138**	**-0**
Cash and cash equivalents at the beginning of the year		2	3
Total cash flow for the year		1,138	-0
Exchange rate differences in cash and cash equivalents		1	-0
Cash and cash equivalents from acquisitions of subsidiaries		377	-
Cash and cash equivalents at the end of the year	**21**	**1,518**	**2**
Cash flow for the year from interest			
Interest paid		17	0
Interest received		0	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 Birger Jarlsgatan 27, 111 45 Stockholm, Sweden. The consolidated financial statements for the year ended December 31, 2021 (including comparative figures) were approved for issuance by the Board on April 29, 2022.

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, 2022.

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 sub-amounts.

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 2021 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.

New format for results and balance sheet

Due to the company's change in operations, Vestum has changed its presentation format for the income statement and balance sheet. The new form of presentation has involved some reclassifications, but these have no significant impact on the financial statements. The comparative figures for 2020 have been recalculated for the income statement, balance sheet and certain alternative key figures. Vestum is reporting the results from WeSC's operations separately in the income statement in accordance with IFRS 5 regarding discontinued operations. In addition, certain fixed assets are reported as assets held for sale.

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.

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.

Sale of goods

The Group's agreements for the sale of goods to customers include both framework agreements and individual agreements. The Group's customers consist of both private individuals and companies. In the case of a framework agreement, the agreement with the customer consists of the call-off in combination with the framework agreement. The Group's performance commitments consist of providing the goods specified in the agreements. Each item of goods sold usually constitutes a separate performance commitment that is fulfilled when control is transferred to the customer.

The control of sold goods 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 considerations are only part of the transaction price 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.

Execution of service assignments

The Group generates revenue from contracts for installations. Remuneration 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 reference to the degree of completion of the assignment as of the balance sheet date in the same way as for works contracts 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.

Works 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 works contract 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 performed 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 (less reported losses).

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's 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, which is responsible for financing, liquidity and financial risks, is centralised in the Parent Company. The main types of risk are market risk (interest rate risk and currency risk), credit risk and liquidity risk. All amounts are undiscounted.

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 market interest 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

22 percent of the Group's sales were in currencies other than SEK. In total, sales are made in the following six currencies: SEK, NOK, EUR, GBP and DKK. The limited geographical spread provides a limited exposure to transaction risk.

Currency risks are primarily managed through a Group account system with accounts in different currencies where surpluses that exist within this system are used to pay for transactions in a certain currency. No derivative instruments have been subscribed for to manage currency risk. Vestum assesses that the transaction exposure is limited as there is a balance within the Group between purchases and sales in foreign currency. Thus, a reasonable change in the value of the Swedish krona against other currencies has no material effect on the Group's profit after tax. In 2021, exchange rate differences reported in the income statement amounted to a net SEK 25 (1) million.

Virtually all transactions in Vestum's foreign subsidiaries are made in their functional currency, which is why Vestum considers the transaction exposure to be insignificant.

Translation risk exists when translating foreign subsidiaries into the reporting currency SEK. The Group has a number of holdings in foreign operations whose net assets are exposed to currency risks. Currency exposure arising from the net assets of the Group's foreign operations is managed to some extent through borrowing in the relevant foreign currencies.

The Group has a bond loan in NOK, corresponding to SEK 997 (0) million. The Group estimates that the company's translation exposure means that a 5% change in the value of the Swedish krona against NOK would result in an effect on equity of SEK +/- 47 million.

(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 2021, the Group's borrowing at variable interest rates was in SEK and NOK.

The Group's average interest rate was 0.9% during the financial year 2021. The Group's borrowing amounted to SEK 2,522 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 +/- 12 million.

Credit risk

Credit risk is the risk that a counterparty does not fulfill an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example through receivables from customers. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets on 31 December, 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 receivable.

The Group continuously monitors canceled payments from customers and other counterparties, identified individually or in groups by the Group 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.

The Group's management believes that all financial assets that have not been written down or were due for payment on 31 December 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.

With regard to 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' canceled payments, Group management believes that trade receivables that have not fallen due for payment or have been written down have a good credit quality. On 31 December, the Group had certain trade receivables that were not settled at the agreed maturity date but 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 by external assessors.

Liquidity risk

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

Management follows rolling forecasts for the Group's liquidity reserve (including unutilised credit facilities) and cash and cash equivalents based on expected cash flows. Liquidity needs are monitored in different time spans, daily and weekly, as well as in a rolling thirty-day forecast. Long-term liquidity needs for a period of 180 days and 360 days are identified monthly. 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 31 December, the Group has an unutilised credit facility available in the form of an overdraft facility of SEK 100 million. The overdraft facility can be used at any time and can be terminated by the bank without notice.

For the Group's long-term financing, Vestum has issued a bond loan. The bond loan was issued in 2021 and amounted to SEK 1,500 million with a framework of SEK 3,000 million. In addition to the centrally negotiated borrowing, there are also liabilities to credit institutions, including a secured bond loan of NOK 950 million, in Lakers Group AB, which were 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 for non-derivative financial liabilities for which the contractual maturity dates are significant for an assessment of the timing of future cash outflows. The amounts stated in the table are the contractual, undiscounted cash flows.

Contractual maturities for financial liabilities

	Maturity analysis						
December 31, 2021	**< 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**5 years >**	**Total contractual cash flows**	**Carrying amount receivables/liabilities**
Accounts payable	321,935,812					**321,935,812**	321,935,812
Liabilities to credit institutions	4,914,811	10,914,744	8,745,166	44,326,934	5,318,450	**74,220,106**	68,904,560
Bond loan	62,112,969	62,112,969	248,451,875	2,577,738,538	0	**2,950,416,351**	2,453,512,600
Contingent consideration	103,763,033	35,394,052	203,800,000	123,000,000	0	**465,957,085**	465,957,085
Lease liability	69,364,413	63,303,506	235,531,770	132,875,880	48,715,916	**549,791,485**	481,267,808
Total financial liabilities	**562,091,039**	**171,725,271**	**696,528,812**	**2,877,941,351**	**54,034,366**	**4,362,320,839**	**3,791,577,865**

Not 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 2021-12-31 goodwill amounted to SEK 2,699 (0) 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 2021-12-31 were valued at SEK 466 (0) million. For more information about contingent consideration and acquisitions, see Note 15.

Revenue from construction contracts

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 2021-12-31, receivables for construction contracts were recognised in the balance sheet at SEK 116 (0) million and liabilities recognised at SEK 68 (0) million. For more information on construction contracts, see Note 19.

Note 5 Revenue distribution

	2021	2020	Total
Invoicing	1,049	0	**1,049**
Changes in work in progress	267	0	**267**
Net sales	**1,316**	**0**	**1,316,**

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

	2020			
	Water	Services	Infra	Total
Sweden	-	-	-	**-**
Other countries	-	-	-	**-**
Net sales	**-**	**-**	**-**	**-**

Note 6 Segment reporting

Vestum divides its operations into three segments: Water, Services and Infrastructure (Infra). Vestum has identified these three segments as complementary, both over a business cycle and seasonally. Press releases on future acquisitions will clearly state which segment the acquisitions belong to. Vestum's goal is to maintain an even distribution between the segments at Group level and over time. According to IFRS, the part of the business that are not defined as an operating segment shall be classified as 'Other'.

Water

The segment Water includes niche companies with a focus on improving the service sector for water infrastructure. The segment, which is characterised by solid profitability and structural growth, includes Lakers Group, which consists of 26 niche companies that focus on pump technology and aftermarket services in the wastewater industry.

Services

The segment Services includes niche companies that provide various services for the construction services industry. These companies usually act as subcontractors and specialise in areas such as plumbing, suspended ceilings, electricity, assembly work, floors, facades, demolition, etc.

Infrastructure

The segment Infrastructure (Infra) includes niche companies that work in areas such as civil engineering, water & sewage, roads, bridges, etc. The market is driven by large infrastructure investments and extensive maintenance needs and is often characterised by locally strong players.

		2021	2020
Water			
	Net sales	211	0
	EBITA	5	0
Services			
	Net sales	400	0
	EBITA	34	0
Infra			
	Net sales	704	0
	EBITA	87	0
Other (HQ)			
	EBITA	-26	-1

Note 7 Remuneration to auditor

	2021	2020
PwC		
Audit assignment	-2	0
Auditing activities in addition to the audit assignment	0	–
Tax advice	0	–
Other services	0	–
Total	**-3**	**0**
Other auditing companies		
Audit assignment	-1	–
Auditing activities in addition to the audit assignment	0	–
Tax advice	0	–
Other services	0	–
Total	**-1**	**0**
Total cost of remuneration to auditor	**-4**	**0**

Note 8 Remuneration to employees, etc.

	2021	2020
Salaries and other remuneration	-245	0
Social security contribution	-75	–
Pension costs – defined contribution plans	-19	0
Total cost of remuneration to employees	**-339**	**0**

	2021			2020		
Salaries, other benefits, and social security contribution	**Salaries and other remuneration**	***(of which bonuses)***	**Pension costs**	**Salaries and other remuneration**	***(of which bonuses)***	**Pension costs**
Board members, CEOs and other senior executives	-13	*0*	-2	0	–	0
Other employees	-231	*-11*	-17	–	–	–
Total	**-245**	***-11***	**-19**	**0**	**–**	**0**

	2021		2020	
Gender distribution in the Group (incl. Subsidiaries) for board members and other senior executives	**Number on balance sheet date**	***Of which men***	**Number on balance sheet date**	***Of which men***
Board members	109	*108*	2	*2*
CEO and other senior executives	47	*47*	1	*1*
Total	**156**	***156***	**3**	***3***

	2021		2020	
Average number of employees distributed geographically per country	**Average number of employees**	***Of which men***	**Average number of employees**	***Of which men***
Sweden	408	*376*	–	–
Norway	25	*22*	–	–
Denmark	15	*14*	–	–
Germany	17	*17*	–	–
UK	19	*17*	–	–
Finland	18	*15*	–	–
Total	**501**	***460***	**0**	***0***

Note 9 Leasing

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

	2021-12-31	2020-12-31
Right-of-use assets		
Land and buildings	349	–
Machinery and equipment	50	–
Cars	69	–
Other	18	–
Total	**486**	**-**
Lease liabilities		
Current	119	–
Non-current	362	–
Total	**481**	**-**

Additional rights of use during 2021 amounted to SEK 524 (0) million

The following amounts are reported in the income statement related to leasing agreements:

	2021	2020
Depreciation of right-of-use assets		
Land and buildings	-19	–
Machinery and equipment	-7	–
Cars	-11	–
Other	-2	–
Total	**-38**	**-**
Interest costs (included in financial expenses)	-5	–
Costs attributable to current leases or assets of low value	-8	–

The total cash flow relating to leasing agreements during 2021 was SEK 37 (0) million

Note 10 Taxes

The table below describes the significant differences between estimated tax in Sweden based on an effective tax rate of 20.6% and reported tax. The loss carryforward from previous years amounts to SEK 316 million and are attributable to the Parent Company, for which no deferred tax asset has been reported. There is no time limit regarding the loss carryforwards.

	2021	2020
Earnings before tax	8	–
Tax according to current tax rate 20.6%	-2	–
Effect of other (foreign) tax rates	0	–
Adjustment acquired companies	0	–
Non-taxable income	5	–
Non-deductible expenses	-8	–
Loss carryforward where deferred tax has not been reported	-2	–
Other	1	–
Reported tax in the income statement	**-6**	**-**

Tax cost divided into sub-items:

	2021	2020
Current tax		
Profit/loss for the year	-29	–
Adjustment of previous years	0	–
	-29	**-**
Deferred tax		
Untaxed reserves	2	–
Temporary difference, Customer relations	9	–
Temporary difference, Fixed assets	0	–
Temporary difference, Acquisition costs	3	–
Temporary difference, Leasing IFRS 16	1	–
Tax loss carryforward	8	–
Total deferred tax	23	0
Reported tax in the income statement	**-6**	**-**

Deferred tax assets/liabilities

	2021-12-31		2020-12-31	
	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
Customer relations	–	309	–	–
Trademarks	–	130	–	–
Machinery	–	7	–	–
Inventory	-1	–	–	–
Accounts receivable and other receivables	-2	–	–	–
Provisions	–	0	–	–
Leasing in accordance with IFRS 16	-1	–	–	–
Transaction costs in connection with acquisitions	-3	–	–	–
Untaxed reserves	–	40	–	–
Unutilised tax loss carryforward	-25	0	–	–
Tax assets/liabilities	**-32**	**486**	**-**	**-**

Changes in deferred tax assets/liabilities

2021	Opening balance	Via income statement	Via acquisitions	Closing balance
Customer relations	–	-9	318	309
Trademarks	–	–	130	130
Machinery	–	0	7	7
Inventory	–	–	-1	-1
Accounts receivable and other receivables	–	–	-2	-2
Provisions	–	–	0	0
Leasing in accordance with IFRS	–	-1	–	-1
Transaction costs in connection with acquisitions	–	-3	–	-3
Untaxed reserves	–	-2	42	40
Unused tax loss carryforward	–	-8	-17	-25
Total	**-**	**-23**	**477**	**454**

For the year 2020, no deferred tax assets or deferred tax liabilities were reported.

Note 11 Net financial items

	2021	2020
Interest income	0	0
Exchange rate gains	41	0
Other financial income	3	–
Total financial income	**43**	**0**
Interest costs	-35	-1
Interest costs for leasing liabilities	-5	–
Exchange rate losses	-32	–
Other financing costs	-8	–
Total financial expenses	**-80**	**-1**
Total financial items – net	**-37**	**-1**

Note 12 Operations held for sale

The business relating to the WeSC brand has continued to develop positively with sales for the full year 2021 of SEK 98 (21) million. The increase in sales is attributable to the North American market. The profit for the full year 2021 amounted to SEK 4 (–17) million.

Due to the change in operations from a clothing business to an acquisition-driven Group with a focus on niche companies in construction services and infrastructure, 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. 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	2021	2020
Net sales	98	21
Materials and purchased services	–70	–15
Other external costs	–13	–8
Personnel costs	–11	–10
Other operating income	1	2
Other operating expenses	0	0
EBITDA	**5**	**–10**
Depreciation excl. acquired surplus values	–1	–1
EBITA	**3**	**–12**
Net financial items	1	–5
Earnings before tax	**4**	**–17**
Income tax	0	–
Profit/loss from operations under divestment	**4**	**–17**
Net cash flow from operating activities	9	–10
Net cash flow from investing activities	0	0
Net cash flow from financing activities [1]	–57	13
Net decrease in cash and cash equivalents generated from operations held for sale	**–49**	**3**

Balance sheet	2021-12-31	2020-12-31
Property, plant and equipment	1	1
Right-of-use assets	1	2
Financial assets	1	1
Total fixed assets	**3**	**3**
Inventory	4	6
Accounts receivable	24	10
Receivables from Group companies	9	23
Other current assets	15	5
Cash and cash equivalents	11	2
Total current assets	**62**	**45**
Total assets	**65**	**49**
Equity attributable to the Parent company's shareholders	10	8
Total equity	**10**	**8**
Non-current lease liabilities	–1	1
Other non-current liabilities	2	2
Total non-current liabilities	**1**	**3**
Current lease liabilities	0	1
Current liabilities to Group companies	41	22
Accounts payable	2	11
Other current liabilities	11	3
Total current liabilities	**54**	**37**
Total liabilities	**54**	**41**
Total equity and liabilities	**65**	**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.

Note 13 Intangible assets

Fixed assets	Goodwill	Patents, trademarks and other intangible assets	Internally developed software	Customer relations	Total
As of January 1, 2020					
Acquisition value	–	7	–	–	**0**
Accumulated amortisation and write-downs	–	-7	–	–	**-0**
Carrying amount	**-**	**0**	**-**	**-**	**0**
Financial year 2020					
Opening carrying amount	–	0	–	–	**0**
Amortisation	–	-0	–	–	**-0**
Closing carrying amount	**-**	**-0**	**-**	**-**	**-0**
As of December 31, 2020					
Acquisition value	–	0	–	–	**0**
Accumulated amortisation and write-downs	–	-0	–	–	**-0**
Carrying amount	**-**	**0**	**-**	**-**	**0**
Financial year 2021					
Opening carrying amount	–	0	–	–	**0**
Investments/internally developed	–	0	3	–	**3**
Acquisition of businesses	2,678	765	5	1,386	**4,834**
Exchange rate differences	21	3	–	7	**31**
Amortisation	–	-2	–	-52	**-55**
Closing carrying amount	**2,699**	**765**	**8**	**1,340**	**4,813**
As of December 31, 2021					
Acquisition value	2,699	768	8	1,392	**4,867**
Accumulated amortisation	–	-2	–	-51	**-54**
Carrying amount	**2,699**	**765**	**8**	**1,340**	**4,813**

Impairment testing

The Group's goodwill of SEK 2,699 (0) million has been created through the acquisition of subsidiaries. Goodwill is tested for impairment at segment level. Goodwill is divided between Water SEK 873 (0) million, Services SEK 714 (0) million and Infrastructure SEK 1,113 (0) million.

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.

Significant assumptions used for calculations of value in use are the same for the three segments and described below:

- The annual growth volume for the first year has been assessed based on the companies' forecasts and for subsequent years a declining growth over the forecast period. These calculations are based on estimated future cash flows before tax based on financial forecasts approved by management and which cover a ten-year period and have a significant effect on the valuation. As a result of the business areas being judged to have a strong growth rate after five years, five more years have been added to the model with gradually declining growth rates. It is not considered applicable to go from a high growth rate to a significantly lower one directly. Instead it is deemed necessary to do this gradually, and therefore the model has been extended by another five years.
- Operating margins have been developed based on historical operating margins.
- The weighted average growth rate for extrapolating cash flows beyond the forecast period has been estimated at 2 (2) percent. This long-term growth rate is in line with the forecasts contained in industry reports
- The discount rate before tax used in the present value calculation of estimated future cash flows is 14.3 percent for the Services segment, 15.4 percent for the Infra segment and 13.8 percent for the Water segment.

No reasonably possible change in important assumptions would mean that the carrying amount of any of the cash-generating units above would exceed the recoverable amount.

Note 14 Property, plant and equipment

	Land and buildings	Plant, machinery and cars	Equipment, tools and other fittings	Total
Financial year 2021				
Opening carrying amount	–	–	–	**-**
Investments	0	20	29	**49**
Acquisition of businesses	16	94	142	**252**
Exchange rate differences	–	–	2	**2**
Depreciation	-1	-7	-15	**-23**
Divestments	–	-0	-9	**-9**
Closing carrying amount	**15**	**107**	**149**	**271**
As of December 31, 2021				
Acquisition value	16	114	164	**294**
Accumulated depreciation	-1	-7	-15	**-23**
Carrying amount	**15**	**107**	**149**	**271**

Note 15 Business combinations

Vestum acquired the companies below in 2021. For acquisitions after the balance sheet date, see Note 30 Subsequent events.

Acquired company	Segment	Country	Completed	Share of equity	Estimated annual sales	Number of employees
Rosenqvist Entreprenad AB	Infra	Sweden	June 2021	100%	221	62
Skandinaviska Områdesskydd AB & Kenit Produkt AB	Infra	Sweden	June 2021	100%	128	29
Sanera Stockholm AB	Services	Sweden	June 2021	100%	42	28
Installera SW AB	Services	Sweden	June 2021	100%	47	29
MTB Mark & Trädgårdsbyggarna AB	Infra	Sweden	June 2021	100%	102	28
Mälardalens Spår & Anläggning AB	Infra	Sweden	June 2021	100%	90	30
GGAL Group AB	Infra	Sweden	June 2021	100%	151	61
FlexiRail AB	Infra	Sweden	June 2021	100%	30	15
Containertjänst i Tyresö AB	Infra	Sweden	June 2021	100%	93	23
We Ar(e) Group AB	Services	Sweden	July 2021	100%	241	132
F Forsmans VVS AB	Services	Sweden	July 2021	100%	40	18
Powerstruc AB	Infra	Sweden	August 2021	100%	48	23
Plåtslagaren GH Johansson AB	Services	Sweden	August 2021	100%	97	45
Paradox Security AB	Infra	Sweden	September 2021	100%	9	7
Skåne Montage AB	Services	Sweden	September 2021	100%	29	20
SweRör J.Borg AB	Services	Sweden	September 2021	100%	108	52
Hyrex AB	Infra	Sweden	September 2021	100%	120	87
Hanell Entreprenad i Gävle AB	Infra	Sweden	September 2021	100%	94	46
Arctic Infra AB	Infra	Sweden	September 2021	100%	267	52
Markax AB	Infra	Sweden	September 2021	100%	188	56
Takakustik i Stockholm AB	Services	Sweden	October 2021	100%	105	66
Universalisolering Fredriksson AB	Services	Sweden	October 2021	100%	70	49
Ekmans Ståldörrar AB	Services	Sweden	October 2021	100%	94	13
GW Asfalt & Trädgårdsanläggningar AB	Infra	Sweden	November 2021	100%	232	84
Lakers Group AS	Services	Norway	November 2021	100%	1,224	445
Amsler Hiss AB	Services	Sweden	November 2021	100%	82	37
Elcentralen Nacka AB	Services	Sweden	November 2021	100%	24	14
KWA Isolerteknik AB	Services	Sweden	November 2021	100%	79	57
Malte Rutberg Entreprenad AB	Infra	Sweden	November 2021	100%	113	17
Infracon Sverige AB	Infra	Sweden	November 2021	100%	375	108
Tannefors Glas AB	Services	Sweden	November 2021	100%	51	18
					4,595	**1,751**

The acquisitions made in 2021 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.

	Lakers	Other acquisitions	Total
Intangible assets	1,117	1,030	**2,148**
Deferred tax assets	75	206	**281**
Other fixed assets	422	807	**1,229**
Other current assets	90	287	**378**
Cash and cash equivalents	-1,111	-41	**-1,152**
Current liabilities	-226	-253	**-479**
Deferred tax liability	-210	-707	**-917**
Other provisions and liabilities	0	-1	**-1**
Net assets	**157**	**1,329**	**1,487**
Goodwill	914	1,770	**2,684**
Purchase price	**1,071**	**3,100**	**4,171**
Purchase price	1,071	3,100	**4,171**
Contingent consideration	-5	-353	**-358**
Equity interests	-258	-1,043	**-1,301**
Translation difference	-2	0	**-2**
Cash & cash equivalents in acquired companies	-90	-287	**-377**
Impact on cash and cash equivalents	**716**	**1,417**	**2,133**
Impact on the income statement 2021			
Net sales	211	1,104	**1,316**
EBITA	5	121	**126**
EBIT	-13	85	**72**

Equity interests are calculated based on an average share price over 10 days. Acquisition-related costs of SEK -16 (0) million are included in the item Other operating expenses in the consolidated income statement. 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 610 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 466 million as of 31 December 2021. Below is a table that shows the change in reported contingent consideration:

	2021
As of January, 1	**0**
Added due to acquisitions during the year	466
Gains and losses reported in the income statement	-
Exchange rate difference	0
As of December, 31	**466**

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

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**

Financial assets in the balance sheet

2020-12-31	Amortised cost	Fair value via income statement	Total
Non-current securities holdings	–	–	**–**
Non-current receivables	–	–	**–**
Accounts receivable	–	–	**–**
Current receivables (portion of)	–	–	**–**
Cash and cash equivalents	2	–	**2**
Total	**2**	**–**	**2**

Financial liabilities in the balance sheet

2020-12-31	Amortised cost	Fair value via income statement	Total
Long-term borrowing	–	–	**–**
Short-term borrowing	–	–	**–**
Accounts payable	1	–	**1**
Contingent consideration	–	–	**–**
Total	**1**	**–**	**1**

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. Non-current securities holdings that are valued at fair value in the balance sheet are classified in level 1 according to the fair value hierarchy.

Note 17 Accounts receivable

	2021-12-31	2020-12-31
Accounts receivable, gross	689	–
Provision for doubtful receivables	-9	–
Total accounts receivable, net	**680**	**–**

The age analysis of all accounts receivable is shown below:

	2021-12-31	2020-12-31
Not yet due	530	–
Overdue, 1-30 days	101	–
Overdue, 31-60 days	16	–
Overdue, 61-90 days	14	–
Overdue, more than 90 days	28	–
Expected credit losses	-9	–
Accounts receivable, net	**680**	**–**

Allowance for doubtful receivables

	2021-12-31	2020-12-31
Acquired doubtful receivables	12	–
Receivables paid in full or in part during the year	-4	–
Receivables written off during the year	-1	–
Provision for doubtful receivables	3	–
Closing balance	**9**	**–**

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

Note 18 Inventory

	2021-12-31	2020-12-31
Raw materials and other materials	162	–
Finished goods and goods for sale	35	–
Total	**197**	**–**

Note 19 Contract assets and contract liabilities

	2021-12-31	2020-12-31
Contract assets - claims on customers	116	-
Contract liabilities - liabilities to customers	-68	-
Total - net	**48**	**-**

Contract assets primarily relate to the Group's right to compensation for work performed but not invoiced at the balance sheet date regarding service and installation agreements.

The contract assets are transferred to accounts receivables when the right to invoice exists.

Contract liabilities mainly refer to the advances received from customers for future services and installation work, for which revenues are reported over time.

Note 20 Prepaid expenses and accrued income

	2021-12-31	2020-12-31
Prepaid other leasing	10	-
Prepaid insurance	3	-
Accrued income from agreements (ongoing projects)	80	-
Bonus from suppliers	8	-
Other	31	-
Total	**133**	**-**

Note 21 Cash and cash equivalents

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

	2021-12-31	2020-12-31
Available bank balances	1,518	2
Total	**1,518**	**2**

Note 22 Share capital

On 29 December, 2021, Vestum implemented a share split 1 to 3 where existing shareholders received 3 new shares for each owned share

	Number of shares	Share capital	Quota value
As of January1, 2021	**12,902,192**	**12,902,192**	**1,00**
Newly issued shares during the year - other	87,452,632	87,452,632	1,00
Newly issued shares during the year - acquisitions	16,947,679	16,947,679	1,00
Split 1 to 3	234,605,006	-	-
As of December 31, 2021	**351,907,509**	**117,302,503**	**0,33**

A share split means that the number of shares increases without new share capital being added, which has the consequence that the quota value (share capital/number of outstanding shares) decreases. The quota value per share as of December 31, 2021 is SEK 0.33/share.

Note 23 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.

	2021	2020
Profit from continuing operations attributable to the Parent company's shareholders, SEK million	2	-2
Weighted average number of outstanding ordinary shares before and after dilution	188,831,121	36,786,811
Earnings attributable to the Parent company's owner per share, SEK	0.01	-0.05

The number of outstanding shares for 2020 has been adjusted to take into account the split 1 to 3 that was implemented on December 29, 2021.

Note 24 Borrowing

	2021			2020		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Secured loans						
Bank loans	11	56	**67**	–	–	**-**
Bond loan	–	974	**974**	–	–	**-**
Leasing	–	362	**362**	–	–	**-**
Total secured loans	**11**	**1,392**	**1,402**	**-**	**-**	**-**
Unsecured loans						
Accounts payable	322	–	**322**	–	–	**-**
Bond loan	–	1,479	**1,479**	–	–	**-**
Leasing	119	–	**119**	–	–	**-**
Other loans	1	1	**2**	–	–	**-**
Total unsecured loans	**443**	**1,480**	**1,923**	**-**	**-**	**-**
Total	**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 a corporate mortgage 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.

Vestum's financial objective is to have a solid capital structure and financial stability, thereby maintaining the confidence of investors, creditors and the market, while forming a basis for continued development of the business. The Group's goal is to ensure that available funds and share of loans at least meet the stipulated covenants of the creditors.

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

Note 25 Provisions

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

	2021-12-31	2020-12-31
As of January, 1	–	–
Acquisition of subsidiaries	8	–
Additional provisions	2	–
Amount utilised during the year	-0	–
Reserved provisions	-3	–
As of December, 31	**7**	**-**
Of which:		
Non-current provisions	*7*	–
Current provisions	*1*	–
Total	***7***	**-**

Note 26 Accrued expenses and deferred income

	2021-12-31	2020-12-31
Personnel-related items	131	–
Accrued contractual costs (ongoing projects)	2	–
Accrued costs relating to day-to-day operations	18	–
Other	58	–
Total	**209**	**-**

Note 27 Pledged assets and contingent liabilities

	2021	2020
Pledged assets		
For own liabilities and provisions:		
Company mortgages	69	6
Assets with ownership retention	20	–
Shares in Group companies [1]	1,712	–
Other pledged assets	2	–
Total	**1,803**	**6**

	2021	2020
Contingent liabilities		
Guarantees	8	–
Bank guarantee	10	–
Total	**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 recognised at their value in the Group.

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
Rosenqvist Entreprenad AB

Note 28 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 8 Shares in Group companies in the Parent Company.

All transactions between companies in the Group have been eliminated in the consolidated accounts and have taken place on market terms.

The subsidiary Containertjänst in Tyresö Aktiebolag entered into a lease agreement during the financial year regarding the properties Sollentuna Respiten 2 and Kranbilen 1, which at the time were owned by Conny Ryk through companies. During the financial year, Conny Ryk sold the properties Sollentuna Respiten 2 and Kranbilen 1. Loans from Ryk Group AB, which is controlled by Conny Ryk, regarding production financing were raised and resolved. Liabilities including accrued interest amounted to SEK 16.5 million and were resolved through cash payment. Furthermore, all debts to GoMobile.nu AB, which is owned by Per Åhlgren who is chairman of the company, have been repaid including interest. Liabilities including accrued interest amounted to a total of SEK 21.0 million, of which SEK 17.3 million was paid in cash and the remaining part of SEK 3.7 million through set-off issue.

During the financial year, an outstanding debt of SEK 1 million to Johan Heijbel, who is a board member of Vestum AB, was resolved entirely. Johan Heijbel has received compensation for consultation amounting to SEK 300,000. The remuneration is market-based and refers to work that goes beyond what takes place within the framework of the board work for which board fees are paid.

Except for the above, 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.

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 2021

SEK thousand	Basic salary incl. benefits/ board fees	Retirement benefits	Total
Per Åhlgren	100	–	**100**
Johan Heijbel	50	–	**50**
Anders Rosenqvist	25	–	**25**
Olle Nykvist	77	–	**77**
Conny Ryk	188	–	**188**
Other senior executives, 2 individuals	232	–	**232**

Remuneration 2020

SEK thousand	Basic salary incl. benefits/ board fees	Retirement benefits	Total
Per Åhlgren	93	–	**93**
Johan Heijbel	46	–	**46**
Joseph Janus	2,204	–	**2,204**
Other senior executives, 1 individual	769	156	**925**

Note 29 Non-cash flow items

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

	2021	2020
Depreciations	115	2

Note 30 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 employees
Mobile Container Repair AB	Infra	January	124	36
NA Altanglas AB	Services	January	51	14
Mälarmontage Glas & Metall AB	Services	January	30	11
KvalitetsMark R AB	Infra	January	169	11
Västsvensk Byggskruv AB	Services	January	167	19
Galore i Uppsala AB	Services	February	89	44
Lerums Tekniska Isolering LTI AB	Services	February	54	37
Scanregn A/S	Water	February	97	18
KylKontroll Göteborg AB	Services	February	86	32
Marbit AB	Infra	March	238	49
ABAX Dörrsystem AB	Services	April	80	19
Fibber A/S	Infra	April	35	25
Kjellgrens El i Tumba AB	Services	April	30	18
Spännbalkkonsult SBK AB	Infra	April	87	24
Østcom A/S	Infra	April	100	56
Pordrän AB	Infra	April	74	10
			1,511	**423**

Acquisitions yet to be completed	Segment	Completed	Estimated annual sales	Number of employees
Högsbo El AB	Services	April	51	23
RockCon AB	Infra	May	11	2
			62	**25**

Subsequent to year-end, Vestum has established a new segment, Water, which consists of niche companies with a focus on improving the service sector for water infrastructure. Following the establishment of Water, Vestum's operations will be divided into three segments: Water, Services and Infrastructure.

Carl-Johan Callenholm has been appointed Head of Vestum International and a new member of Vestum's Group Management.

A three-year incentive program aimed at key people has been launched and generated great interest with 89 individuals participating, a vast majority of whom are key people in the portfolio companies.

Vestum's operations were affected by the Covid-19 pandemic in 2021. The impact has included delayed project starts and increased sick leave. Vestum is closely following the development of the pandemic in 2022.

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, among other things, increased material prices and supply chain disruptions. Vestum is actively working to limit the negative effects of the situation that has arisen.

Vestum has entered into a new agreement regarding a multicurrency revolving credit facility. The facility amounts to SEK 600 million with an accordion option of up to SEK 400 million.

Parent company income statement

SEK million	Note	2021	2020
Operating income			
Net sales	3	7	3
Other operating income		0	1
Total operating income		**7**	**4**
Operating expenses			
Other external costs	4	-15	-2
Personnel costs	5	-6	0
Other operating expenses		0	–
Depreciation of property, plant and equipment and intangible assets		0	0
Total operating expenses		**-21**	**-2**
Operating profit/loss		**-15**	**2**
Impairment of shares in subsidiaries		–	-12
Other interest income and similar income	7	15	0
Interest expense and similar expenses	7	-41	-1
Financial items net		**-26**	**-13**
Earnings before tax		**-41**	**-12**
Income tax	8	8	–
Profit/loss for the year		**-32**	**-12**

The Parent company report on comprehensive income

SEK million	Note	2021	2020
Profit/loss for the year and total comprehensive income for the year		**-32**	**-12**

Parent company balance sheet

SEK million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets		–	0
Property, plant and equipment		2	–
Financial assets	8, 9	1,113	32
Receivables from Group companies	10	3,067	–
Total non-current assets		**4,183**	**32**
Current assets			
Current receivables			
Receivables from Group companies		123	13
Other current receivables		1	0
Prepaid expenses and accrued income		1	0
Total current receivables		**125**	**13**
Cash and bank balances	11	1,244	1
Total current assets		**1,369**	**14**
TOTAL ASSETS		**5,552**	**46**

SEK million	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	14	117	13
Reserves		13	13
Non-restricted equity			
Share premium reserve		3,741	276
Retained earnings		-287	-275
Profit/loss for the year		-32	-12
Total equity		**3,552**	**15**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	12	1,479	–
Other non-current liabilities		299	–
Total non-current liabilities		**1,779**	**-**
Current liabilities			
Current liabilities to Group companies		143	–
Accounts payable		4	1
Other current liabilities		60	30
Accrued expenses and deferred income		14	0
Total current liabilities		**221**	**31**
Total liabilities		**2,000**	**31**
TOTAL EQUITY AND LIABILITIES		**5,552**	**46**

Parent company statement of changes in equity

	Restricted equity			Non-restricted equity		
SEK million	Share capital	Reserves	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Opening balance 2020-01-01	10	13	267	-218	-58	**14**
Reversal of previous year's earnings	–	–	–	-58	58	**0**
Profit/loss for the year	–	–	–	–	-12	**-12**
Transactions with owners						
Share issue	3	–	11	–	–	**13**
Issue costs	–	–	-1	–	–	**-1**
Total transactions with owners	**3**	**–**	**10**	**–**	**–**	**12**
Closing balance 2020-12-31	**13**	**13**	**277**	**-276**	**-12**	**15**
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**
Closing balance 2021-12-31	**117**	**13**	**3,741**	**-287**	**-32**	**3,552**

Parent company cash flow statement

SEK million	2021	2020
Operating activities		
Earnings before tax	-41	-12
Adjustment for items that are not included in the cash flow	0	12
Cash flow before changes in working capital	**-41**	**0**
Changes in working capital		
Changes in current receivables	-112	-13
Changes in current liabilities	191	-6
Cash flow from operating activities	**38**	**-19**
Investment activities		
Investment in property, plant and equipment	-3	-
Acquisition of subsidiaries	-2,466	-
Shareholder contributions	-38	-
Investment in financial assets	-37	-
Cash flow from investment activities	**-2,543**	**-**
Financing activities		
Proceeds from borrowings	2,271	17
Amortisation of debt	-792	-
Proceeds from capital increase	2,268	3
Cash flow from financing activities	***3,748***	***20***
Cash flow for the year	1,243	1
Cash and bank balances at the beginning of the year	1	0
Cash and bank balances at the end of the year	**1,244**	**1**
Cash flow for the year from interest		
Interest paid	17	-
Interest received	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 Birger Jarlsgatan 27, 111 45 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

	2021	2020
Management revenues	7	3
Net sales	**7**	**3**

Distribution of revenues	2021	2020
Sweden	6	1
Norway	1	–
USA	0	2
Net sales	**7**	**3**

Note 4 Remuneration to auditor

PwC	2021	2020
Audit assignment	–1	0
Auditing activities in addition to the audit assignment	–	–
Tax advice	–	–
Other services	0	–
Total cost of remuneration to auditor	**–1**	**0**

Note 5 Remuneration to employees, etc.

Salaries, other benefits and social security contribution	2021	2020
Salaries and other remuneration	–3	0
Social security contribution	–1	–
Pension costs – defined contribution plans	0	0
Total cost of remuneration to employees	**–5**	**0**

Salaries and other remuneration to board members, CEO and other senior executives	2021	2020
Salaries and other remuneration	–1	0
Pension costs – defined contribution plans	0	0
Total cost of remuneration to employees	**–1**	**0**

	2021		2020	
Average number of employees	Average number of employees	*Of which men*	Average number of employees	*Of which men*
Sverige	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 28 in the consolidated financial statements. Information on remuneration to company management and the Board of Directors can be found in Note 28 in the consolidated financial statements.

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

	2021	2020
Interest income	–	0
Interest income, Group companies	3	–
Exchange rate gains	12	0
Total other interest income and similar income	**15**	**0**
Interest expenses	-23	-1
Interest expenses, Group companies	-1	–
Exchange rate losses	-10	–
Other financial costs	-7	–
Total interest expense and similar expenses	**-41**	**-1**
Total other interest income and similar income as well as interest expense and similar expenses	**-26**	**-1**

Note 8 Taxes

Recognised tax	**2021**	**2020**
Current tax		
Current tax expense	–	–
Total	**0**	**-**
Deferred tax		
Tax loss carryforward	8	–
Total	**8**	**-**
Recognised tax in the income statement	**8**	**-**

Reconciliation of effective tax	**2021**	**2020**
Earnings before tax	-41	-11
Tax according to current tax rate (20.6%)	*8*	*3*
Tax effect of:		
Non-deductible expenses	0	-3
Non-taxable income	0	0
Tax relating to not reported deferred tax assets	–	0
Recognised tax in the income statement	**8**	**0**

	2021		2020	
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	–	–	–

2021	**Opening balance**	**Reported in income statement**	**Via acquisitions**	**Closing balance**
Unutilised tax loss carryforward	–	8	–	8
Total	–	8	–	8

From previous years, there are loss carryforward of SEK 316 million for which no deferred tax asset has been recognised. There is no time limit regarding the loss carryforwards.

Note 9 Shares in Group companies

	2021	2020
Opening carrying amount	**32**	**32**
Acquisition of subsidiaries	4,066	–
Shareholder contribution	38	13
Sale of subsidiaries	-3,031	–
Impairment	–	-12
Closing carrying amount	**1,105**	**32**

Subsidiary	Share of capital and share of voting rights(%)	Corp.reg.no	Registered seat of operations	Book value 2021-12-31	Book value 2020-12-31
We International AB	100	556581-6484	Stockholm, Sweden	13	13
We Superlative Conspiracy Inc	100	46-4076427	Los Angeles, USA	18	18
Lakers Group Holding AS	100	927 1137 91	Oslo, Norway	1,073	-
Vestum Sweden AB	100	559339-6962	Stockholm, Sweden	0	-

Indirectly owned Name	Share of capital and share of voting rights (%)	Corp.org.no	Registered seat of operations
A&J Pump Service Lakers Oy	100	2976649-9	Helsinki, Finland
Ahlström & Persson AB	100	556714-6278	Malmö, Sweden
Allakustik Under(bara) Tak AB	100	556539-5786	Stockholm, Sweden
Allakustik Under(bara) Tak GBG AB	100	559026-3074	Stockholm, Sweden
Allakustik Underbara 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	920928838	Fredrikstad, Norway
Containertjänst i Tyresö AB	100	556339-5143	Tyresö, Sweden
Driftsteknikk AS	100	984 620 144	Råde, Norway
Driftsteknikk Industrier AS	100	958925476	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
Filtrena AB	100	556605-8243	Växjö, Sweden
FlexiRail AB	100	556816-4296	Nyköping, Sweden
GGAL Group AB	100	559193-7775	Vetlanda, 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

Indirectly owned Name	Share of capital and share of voting rights (%)	Corp.org.no	Registered seat of operations
Hyrex AB	100	556626-9147	Botkyrka, Sweden
Hyrex Holding AB	100	559283-9459	Stockholm, Sweden
Hyrex Industri AB	100	559253-0702	Botkyrka, 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
JT Isolering AB	100	556810-4979	Kungälv, Sweden
Kenit AB	100	559004-9333	Norrtälje, Sweden
KWA Isolerteknik AB	100	556976-9572	Göteborg, Sweden
Lakers Denmark ApS	100	40572775	Frederiksværk, Denmark
Lakers Finland Oy	100	2996832-2	Saukkola, Finland
Lakers Gmbh	100	HRB208893	Braunschweig, Germany
Lakers Group AB	100	559308-7918	Stockholm, Sweden
Lakers Group AS	100	921 3361 52	Oslo, Norway
Lakers Group UK Ltd	100	13142642	Port Talbot, UK
Lakers Holding AS	100	921 423 020	Oslo, Norway
Lakers Norway AS	100	922413770	Oslo, Norway
Lakers Sweden AB	100	559036-5689	Stockholm, 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
Markax AB	100	556811-7732	Gävle, Sweden
Markax Maskin AB	100	559051-2793	Gävle, Sweden
Miva Montage AB	100	556328-1244	Haninge, Sweden
MTB Mark & Trädgårdsbyggarna AB	100	556808-0385	Håbo, Sweden
Mälardalens Spår & Anläggning AB	100	556696-8102	Nykvarn, Sweden
Norsk Pumpeservice AS	100	934 814 185	Fetsund, Norway
NVM Akustik AB	100	559295-7574	Stockholm, Sweden
Oslo Pumpeservice AS	100	917383456	Oslo, Norway
Paradox Security AB	100	556562-2494	Stockholm, Sweden
Per Lennartsson Entreprenad AB	100	556815-3042	Gävle, Sweden
Plåtslagaren G.H. Johansson AB	100	556694-9946	Stockholm, Sweden
Powerstruc AB	100	556844-9697	Göteborg, 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
Rosenqvist Entreprenad AB	100	556391-8720	Vallentuna, Sweden
Rönnmarks Undertak AB	100	556464-2253	Stockholm, Sweden
Sanera AB	100	556672-4646	Stockholm, Sweden
Skandinaviska områdesskydd AB	100	556684-1853	Stockholm, Sweden
Skåne Montage AB	100	556202-8844	Malmö, Sweden
Sollentuna Isolerings Aktiebolag	100	556303-5335	Stockholm, Sweden
Stockholms Containertjänst AB	100	556637-4566	Tyresö, 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 Aktiebolag	100	556023-2802	Stockholm, Sweden
Vestum Holding AB	100	559344-0117	Stockholm, Sweden
Vestum Subco 2 AB	100	559344-0158	Stockholm, Sweden
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
VPP System AB	100	556346-5854	Vetlanda, Sweden
WatMan Engineering Oy	100	2382293-9	Lahti, Finland
We Ar(e) Group AB	100	559198-1492	Stockholm, Sweden
WeSC Inc.	100	46-4076427	Los Angeles, USA
WeSC UK Ltd.	100	04096290	Devon, UK
Ålheds Vägprodukter AB	100	556742-4451	Tyresö, Sweden

Note 10 Receivables from Group companies

	2021	2020
Opening carrying amount	–	–
Loan issued	3,067	–
Closing carrying amount	**3,067**	**-**

Note 11 Cash and bank balances

	2021	2020
Available bank balances	1,244	1
Total	**1,244**	**1**

Note 12 Interest-bearing liabilities

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

For further information, see Group Note 24.

Note 13 Non-cash items

	2021	2020
Depreciation and write-downs of fixed assets	0	12
Forgiveness of loans and trade payables	–	-1
Unpaid interest costs	–	1
Total	**0**	**12**

Note 14 Share capital

For information on share capital, see Group Note 22.

Note 15 Earnings per share

For information on earnings per share, see Group Note 23.

Note 16 Pledged assets and contingent liabilities

Pledged assets	2021	2020
Company mortgages	–	6
Shares in the subsidiary Rosenqvist Entreprenad AB	256	–
Total	**256**	**6**

Contingent liabilities	2021	2020
Issued bank guarantee	1	–
Guarantees for subsidiaries	0	–
Total	**1**	**-**

Note 17 Proposed appropriation of Parent company's earnings

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

SEK	2021-12-31
Share premium reserve	3,741,763,577
Retained earnings	-287,424,927
Profit for the year	-32,349,324
Total	**3,421,989,326**

The Board of Directors and the CEO propose that available earnings of SEK 3,421,989,326 be distributed as follows:

To be carried forward:	3,421,989,326
Total	**3,421,989,326**

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
PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Vestum AB (publ), corporate identity number 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 2021. The annual accounts and consolidated accounts of the company are included on pages 49-88 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 2021 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 2021 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 Board of Directors 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 judgement, 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.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-47 and 92-93. 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.

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 Director's and the Managing Director of Vestum AB (publ) for the year 2021 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 Director's 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 Director's 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.

Öhrlings PricewaterhouseCoopers AB, was appointed auditor of Vestum AB (publ) by the general meeting of the shareholders on the 20 May 2021 and has been the company's auditor since the 8 June 2016.

Stockholm, the day for our electronic signature

Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

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Definitions, Calender and Contacts

Definitions

Alternative key figures

Key figure	Definition	Purpose
EBITDA	Earnings before taxes, financial items and depreciation of tangible and intangible fixed assets and consolidated surplus values.	EBITDA is used to measure profit (loss) from operating activities, independent of depreciation.
EBITDA margin	EBITDA as a percentage of net sales.	EBITDA margin is used to put the underlying operating profit (loss), independent of depreciation, in relation to net sales.
Adjusted EBITDA	Refers to EBITDA adjusted for acquisition-related transaction costs.	Adjusted EBITDA is used by company management to measure the underlying earnings development.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	Adjusted EBITDA margin is used to put adjusted EBITDA in relation to net sales.
EBITA	Operating profit before amortisation of consolidated surplus values.	EBITA is used to measure the underlying operating profit (loss) before amortisation of consolidated surplus values 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 values in relation to net sales.
Adjusted EBITA	Refers to EBITA adjusted for acquisition-related transaction costs.	Adjusted EBITA is used by company 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.

Key figure	Definition	Purpose
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.
Net debt	Non-current and current interest-bearing liabilities (including leasing liabilities) less cash and cash equivalents.	Net debt is used to show the size of the debt minus current cash and cash equivalents (which in theory could be used to repay loans).

Financial calendar

The Annual General Meeting is held 23 May 2022.

The interim report for the first quarter of 2022 will be published on 19 May, 2022.

The interim report for the second quarter of 2022 will be published on 26 August, 2022.

The interim report for the third quarter of 2022 will be published on 22 November, 2022.

For more information, contact:

Shareholder questions

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Head of Communications and IR

Business questions

Conny Ryk +46 70 775 53 10
Chief Executive Officer

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Registered office: Stockholm
Vestum's share is traded under the short name VESTUM on Nasdaq First North Growth Market,
the company's Certified Adviser is G&W Fondkommission: phone: +46 (0)8 503 000 50, e-mail: ca@gwkapital.se

VESTUM