VESTUM

ANNUAL REPORT 2023

SPECIALISTS FOR A SUSTAINABLE INFRASTRUCTURE

About this report

The Annual report for Vestum AB (publ), 556578-2496, comprices of:

- **Board of Directors' Report** on pages 13-17, 19-22, 29-35, 37-52, and financial reports on pages 54-91.
- **The sustainability report** can be found on pages 37-52.
- **The auditors' certification report** can be found on pages, 92-96.

CONTENTS

1 ABOUT VESTUM

VESTUM IN BRIEF

The Vestum Group consists of more than 60 niche companies with around 1,800 employees who provide services and products to growing niches within infrastructure. We are specialists in sustainable development and have through our robust presence in Scandinavia and UK, a strong position on the Nothern European market.

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

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

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

5,762
Net sales 2023 (SEK million)

623
EBITA 2023 (SEK million)

10.8%
EBITA-margin 2023 (percent)

Our three segments

Water
The Water segment offers specialised products that enhance water infrastructure and enable the optimisation of energy and water consumption.

Services
The Services segment offers specialised services and products for installation and maintenance in climate control, electricity, technical insulation, and suspended ceilings, which contributes to a reduction of energy consumption.

Infrastructure
The infrastructure segment offers specialised works within railway, water & sewage and other infrastructure. Through maintenance and service of railway, subway, as well as pedestrian and bicycle paths, transportation with reduced climate impact is enabled.

>> Read more about our segments on page 25-27.

Vision
We are to be a leading group that actively works for a sustainable infrastructure.

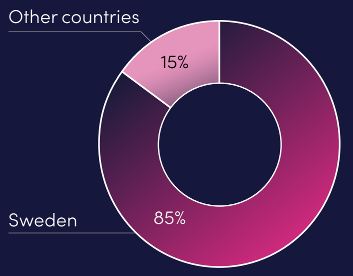
Business idea
Vestum's business idea is to achieve profitable and sustainable growth by developing and acquiring niche companies with extensive experience in providing specialised services and products to civic infrastructure.

27
Average age in years of companies

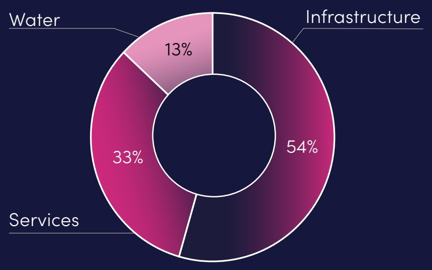
44%
EBITA share of product companies

70%
Growth in free cash-flow per share

Net sales per geographic market
(5,762 SEK million)



Net sales per segment
(total 5,762 SEK million)

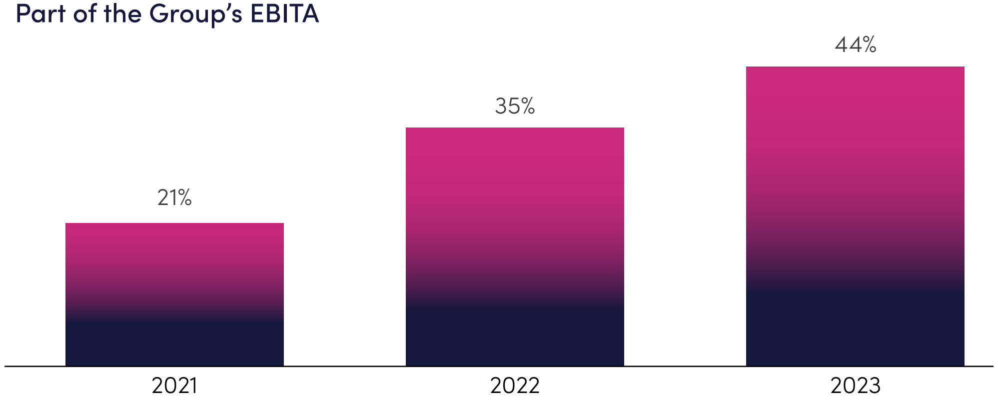


Vestum's offer linked to UNs global goals

MARKET-LEADING PRODUCT COMPANIES – A GROWING PART OF VESTUM

Market-leading product companies are a growing part of Vestum, constituting 44% (35%) of the group's total EBITA in 2023. The growth has been driven by both organic initiatives and acquisitions. These businesses are characterized by scalable business models, strong market positions with price leadership, and high margins. With a high degree of specialisation and a clear focus on improving infrastructure through, among other things, energy and water consumption efficiency, these operations achieve an average EBITA margin over 15%, driven by structural growth influenced by megatrends. The offer includes water pumps, water filters, irrigation systems, drilling equipment, containers, moisture protection, wastewater treatment systems, and fasteners. A significant proportion of the products are used associated to infrastructure investments that are sensitive to economic conditions.

Part of the Group's EBITA



PERFORMANCE MEASURES

Performance measures

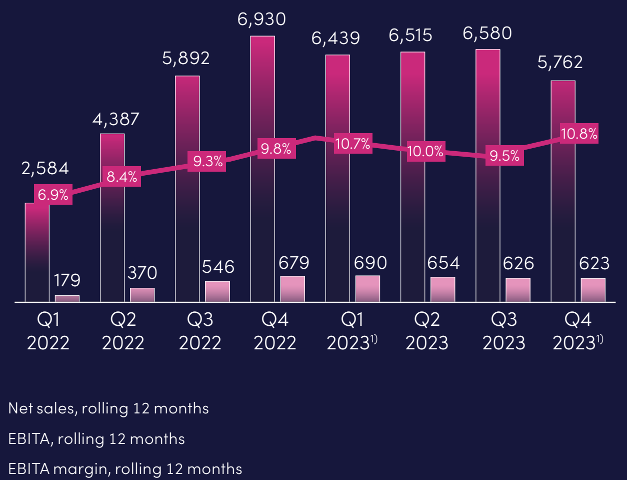
SEK million (unless otherwise stated)	2023	2022
Net sales	5,762	5,162
EBITDA[1]	838	770
EBITA[1]	623	591
Operating profit/loss (EBIT)	318	314
EBITA margin %[1]	10.8	11.5
EBIT margin %	5.5	6.1
Adjusted EBITA[1]	622	587
Adjusted EBITA margin %[1]	10.8	11.4
Financial net debt[1]	2,105	2,770
Financial net debt in relation to EBITDA, times[1]	2.5x	2.8x
Number of employees at end of period[1]	1,787	1,806
Average number of shares during the period, before dilution	374,978,968	364,508,628
Average number of shares during the period, after dilution	375,174,858	364,508,628
EBITA per share before and after dilution, SEK[1]	1.66	1.62
Adjusted EBITA per share before and after dilution, SEK[1]	1.66	1.61
Profit/loss attributable to remaining operations and the Parent company's shareholders per share before and after dilution, SEK	0.28	0.27
Profit/loss attributable to Parent company's shareholders per share, before and after dilution, SEK	-1.00	0.39
Cashflow from operating activities	634	397
Operating cashflow[1]	824	685
Cash conversion %[1]	98	89
Free cashflow[1]	421	241
Free cashflow per share, SEK[1]	1.12	0.66

1) The alternative performance measure (APM) is an alternative performance measure according to ESMA's guidelines. For reconciliation of alternative APMs, see note 31 in the Group's notes.

"In terms of capital allocation, we have focused during 2023 on reducing debt in order to strengthen cash flow and create conditions for streamlining the capital structure"

Development per quarter

SEK million



Note: Reported figures are not adjusted according to IFRS 5

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

SIGNIFICANT EVENTS DURING 2023

Q1

- Simon Göthberg has been appointed deputy CEO of Vestum AB. Prior to that, Simon was Head of M&A at Vestum since May 2021
- The acquisition of MDT Markvaruhuset AB was completed in January 2023
- Long-term sustainability goals for the Group were adopted by the Board in February 2023

Q2

- Vestum entered into an agreement in April to divest a portfolio of 20 smaller businesses that were previously part of the Lakers Group and belonged to segment Water
- On May 23, Vestum held an annual general meeting where it was decided that no dividends would be paid, and election of Per Åhlgren, Johan Heijbel, Olle Nykvist, Anders Rosenqvist, Helena Fagraeus Lundström and Siri Hane as board members
- In connection with the divestment agreement above, the board decided to update the financial target regarding margins and capital structure. Vestum's margin goal was raised from achieving an EBITA margin of at least 10.0 percent to targeting a medium term EBITA margin of at least 12.0 percent. The financial target related to capital structure was adjusted from having financial net debt in relation to EBITDA between 2.5-3.5x to ensuring that financial net debt in relation to EBITDA remains below 2.5x
- Simon Göthberg has been appointed new CEO of Vestum – Conny Ryk is proposed as chairman of the board

Q3

- The board decided in July to conduct a strategic review. The purpose of the review was to evaluate all possibilities for increasing shareholder value
- The strategic divestment of a portfolio of 20 smaller businesses in the Water segment, was completed in July
- The secured bond of NOK 950 million issued by Vestum's group company Lakers Group AB (publ) has, as earlier announced, been redeemed with funds from the purchase price and bank debt. Due to the divestment, Vestum has updated existing credit facility agreement with Danske Bank, SEB and Swedbank, including an increase of the facility volume from SEK 900 million to SEK 1,200 million

Q4

- During October, bonds of SEK 600 million under a framework of SEK 1,000 million with a maturity of 2.5 year, were issued. The issue proceeds were used exclusively to repurchase previously issued bonds
- As part of the ongoing strategic review, four companies within the Infrastructure and Services segments have been divested and one divestment was agreed but not yet completed
- An agreement has been entered to divest the WeSC business

Subsequent events

- In January 2024, the divestment of Arctic Infra AB including subsidiaries, that was announced in December 11, 2023, was completed
- In April 2024, Vestum announced its intention to redeem the SEK 900 million bond due in October 2024 with bank financing and cash. In connection with this, Vestum has updated the existing credit facility with Danske Bank, SEB and Swedbank by adding another lender, Svensk Exportkredit, and increased the credit facility framework from SEK 1,200 million to SEK 1,800 million. The increase in the credit facility has been preceded by an amendment to the terms and conditions of Vestum's outstanding bonds 2023/2026. The refinancing is expected to be completed in April 2024. Overall, the refinancing leads to that no credit facilities or bonds are maturing in 2024 or 2025
- In April 2024, Vestum completed the strategic review which was initiated in August 2023

COMMENTS BY THE CEO

In 2023, we made further progress in establishing ourselves as a leading industrial group within civic infrastructure. We have increased the degree of specialisation, resulting in an improved financial profile and reduced operational risks, which has enabled a more efficient capital structure and stronger balance sheet. Cash flow was strong for the year and was mainly allocated toward driving down the Group's financial net debt, which means we are within our financial target at the end of the year. Despite an increased focus on the balance sheet, we generated revenue growth of 12%, while EBITA growth amounted to 5%. With a stronger balance sheet and a more efficient capital structure, we are once again ready to start processing strategic acquisition candidates in growing niches within infrastructure.

Strategic positioning

Vestum streamlined its structure during 2023 and now consists of more than 60 niche companies with a focus on maintaining, improving,and developing civic infrastructure in Scandinavia and the UK . We have become a more specialised Group, partly through organic initiatives and partly through M&A, where we have divested companies with low margins that no longer meet our requirements and acquired companies with high margins and solid opportunities for strong organic growth. We have a clear strategic focus on continuing to generate sustainable growth through organic initiatives and acquisitions of market-leading niche companies with high margins within the infrastructure sector.

Within the Water segment, we offer specialised products that improve water infrastructure and enable more efficient consumption of energy and water. The businesses are characterised by structural growth with a focus on moving water from one place to another. The segment is represented in all of our of four countries and generated organic EBITA of 15% in 2023. We see good opportunities to add acquired growth to the segment in 2024

Within the Services segment, we offer installations and products that help reduce energy use in properties. We are primarily focused on climate control, technical insulation and electrical installations in Sweden and Norway, where there is a great need for energy measures that lower costs for cooling, heating, and electricity. The segment is characterised by high quality, which can be seen in our industry-leading profitability with an EBITA margin of 10%.

Within the Infrastructure segment, we offer specialised work within selected infrastructure areas where the need for investment is high. This includes work related to railway maintenance, services and products linked to sewage treatment systems and perimeter security. The segment is largely driven by public infrastructure investments, which tend to increase as the economy slows down. In 2023, the segment generated solid growth and a stable EBITA margin of 11%.

Value creation

We acknowledge that our decentralised business model is working well with operational decisions being made internally by each business unit, while cash flows are centralised to optimise the capital allocation. To accelerate growth, profitability, and cash flows within our businesses, we contribute with leadership, knowledge, experience, processes, and financial resources. We have created a highly competent organisation and platform within Vestum that helps our entrepreneur-led companies establish strategic plans, expand geographically, and carry out add-on acquisitions. The ultimate proof of our success is seen in the growth of free cash flow per share which in 2023 amounted to 70%.

When it comes to capital allocation in 2023, we have been focused on reducing debt to strengthen cash flows and create the conditions for streamlining the capital structure. We have succeeded in that. The Group's financial net debt decreased in 2023 from SEK 2.8 billion to SEK 2.1 billion. In April 2024, we have also updated our existing credit facility by adding another lender and increasing the facility space from SEK 1.200 million to SEK 1.800 million. This allows Vestum to refinance outstanding bonds of SEK 900 million, due in October 2024, using bank financing and liquid funds. The significant increase in the share of bank financing provides an increase in free cash flow thanks to more favourable financing terms, while no credit facilities or bonds are maturing in 2024 or 2025.

Sustainability and digitalisation drive value

Sustainability and digitalisation are central topics for Vestum, and we have formed leadership groups within the Board of Directors that focus on these two areas. Over the past year, we have dedicated significant resources to improving our reporting of greenhouse gas emissions within scope 1, 2 and 3, and we have implemented a clear structure to ensure high-quality reports.

We regularly see concrete examples of how good initiatives within sustainability lead to increased productivity and growth. By carrying out meticulous and targeted sustainability work, we have succeeded in winning tenders from municipalities that have environmental requirements for bid documents in connection with infrastructure maintenance. It is gratifying to see the tangible results of our diligent sustainability work even in the short term.

The board has established short-term interim targets during the year that align with our overall long-term sustainability targets. These short-term targets extend to 2026 and aim to create a clear direction for our sustainability work. We have also worked proactively to prepare ourselves to meet the requirements set by the Corporate Sustainability Reporting Directive (CSRD).

Within digitalisation, we are carrying out a number of initiatives aimed at increasing our digital maturity and competence. Our goal is to become more data-driven at Group level and be able to use new modern technology such as AI. We have started a project to collect data from various business solutions to make analyses and find new insights. We are convinced that a data-driven group promotes collaboration and creates positive synergies for the entire Group.

Well positioned in a growing sector

Vestum today consists of market-leading niche companies within the infrastructure sector, which is seeing structural growth driven by increased demand for investments in infrastructure that meet new and increased demands on availability, capacity, and sustainability. We see continued uncertainty around the economy, but also note that our operations are spread across different parts of the cycle and we are strengthened by having a well-diversified customer base with risk spread within different infrastructure areas in several markets. The focus for 2024 is to continue to improve cash flow and maintain profitability at solid levels, while acquisitions are expected to contribute to growth.

The long-term need for our services and products within infrastructure remains high and we feel confident in being able to generate stable profitable growth over time - and look forward to 2024.

Simon Göthberg
CEO, Vestum AB (publ)

"With a stronger balance sheet and a more efficient capital structure, we are once again ready to start processing strategic acquisition candidates in growing niches within infrastructure"

2 THE VESTUM MODEL: HOW WE CREATE VALUE

ENVIRONMENT

GLOBAL TRENDS DRIVE CHANGE

Trends in the outside world drive change and affect the market, customers and Vestum. Vestum collaborates with business partners and customers to create new business opportunities and meet new and increased needs in a way that contributes to the development of a more sustainable society.

CLIMATE CHANGE

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

How Vestum meets the trend

Vestum consists of market-leading specialists with extensive experience in providing services and products to the infrastructure sector. Our operations contribute to help and climate adapt infrastructure and water supply systems to make them more sustainable and capable of withstanding extreme weather and meeting environmental requirements. The demand for our offering is partly driven by investments in energy efficiency improvements, but also by businesses being affected by challenging macro climates. Within the Water segment, offer products for improving water infrastructure and more efficient energy and water consumption, there is a great need for our products. Demand is particularly high in the UK where water infrastructure is outdated and underinvested. Inadequate and aging infrastructure systems drive the demand for urgent and quick solutions in connection with extreme weather, such as removing water with the help of electric pumps in connection with floods.

URBANISATION AND THE GREEN TRANSITION

Urbanisation and population growth in growth regions increase the need for infrastructure and water supply systems and lead to increased demand for both expansion and higher capacity. Urbanisation and the green transition also increase the demand for electricity while the growing need to reduce both energy usage and climate impact helps drive improvements in energy efficiency. Digitalisation and the shift toward a more electrified society, coupled with a lack of capacity in the main power grid, also place new demands on infrastructure solutions. Overall, this increases the need for infrastructure investments that meet new and increased demands on availability, capacity and sustainability.

How Vestum meets the trend

Vestum's niche companies, with operations within infrastructure in Scandinavia and UK, are well positioned to meet the structurally growing demand within the infrastructure sector and create new business opportunities.

The Water segment offers specialised products that improve water infrastructure and enable more efficient consumption of energy and water, which contributes to reduced energy use and water consumption.

The Services segment offers specialised services and products for renovations, conversions and extensions, including installation and maintenance within climate control, electricity, technical insulation and suspended ceilings, which contributes to reducing customers' energy use.

The Infrastructure segment offers specialised services within railways, water and sewerage and other infrastructure. The service and maintenance of railways, subway systems, footpaths and cycleways help create transport options with a reduced climate impact.

>> **Read more** about Vestum's operations on the pages 25-27.

INCREASED FOCUS ON SUSTAINABILITY ISSUES

Global challenges such as climate change and the transition to a circular economy coupled with increased regulatory requirements and expectations from stakeholders create an increased focus on sustainability issues.

How Vestum meets the trend

Vestum's businesses offer sustainable solutions within civic infrastructure and contribute to creating long-term value for customers, society and owners. Vestum supports Agenda 2030 and the global targets for sustainable development and is a member of the UN Global Compact. The sustainability work is integrated into our operations and business model, and the ongoing work is guided by Vestum's long-term and short-term sustainability targets. We strive to minimise the operations' negative impact on people and the environment and to conduct our operations with strong business ethics and transparency. We are continuously working to improve our sustainability work and to develop our operations to meet both new and stricter requirements regarding sustainability. During the financial year, we have strengthened our sustainability reporting to meet the new requirements according to the CSRD, and our sustainability work is reported in Vestum's quarterly reports and annual sustainability report.

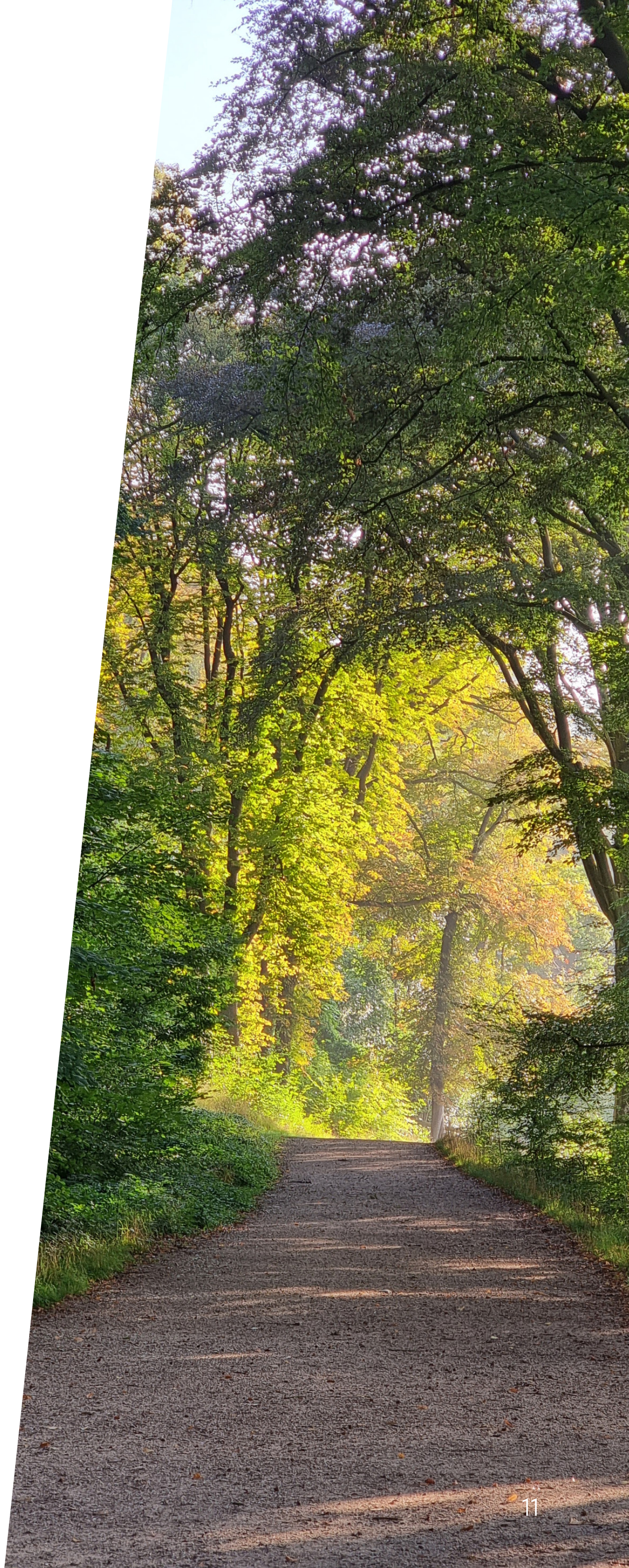
>> **Read more** about Vestum's sustainability workin chapter 4.

DIGITALISATION AND NEW TECHNOLOGY

Digitalisation and the use of new technology create opportunities for business development. The ability to analyse large amounts of data provides a better understanding of the needs of both the end consumers and clients, as well as our portfolio companies, and contributes to the development of new services and products. Digitalisation also creates the conditions for streamlining operations, processes and logistics through the optimisation of workflows and shortening of value chains.

How Vestum meets the trend

Vestum continues to digitalise processes with the overall aim of developing our services and streamlining operations to make things easier for both customers and portfolio companies. Digitalisation enables simpler integrated solutions for both customers and portfolio companies and makes it possible to meet increased demands from clients regarding transparency, quality and sustainability. More efficient projects and operations also contribute to reduced climate impact and cost savings.



MARKET AND TRENDS

GROWING UNDERLYING DEMAND

The demand for infrastructure investments is driven by a structurally increasing need to meet new and stricter requirements for availability, capacity and sustainability.

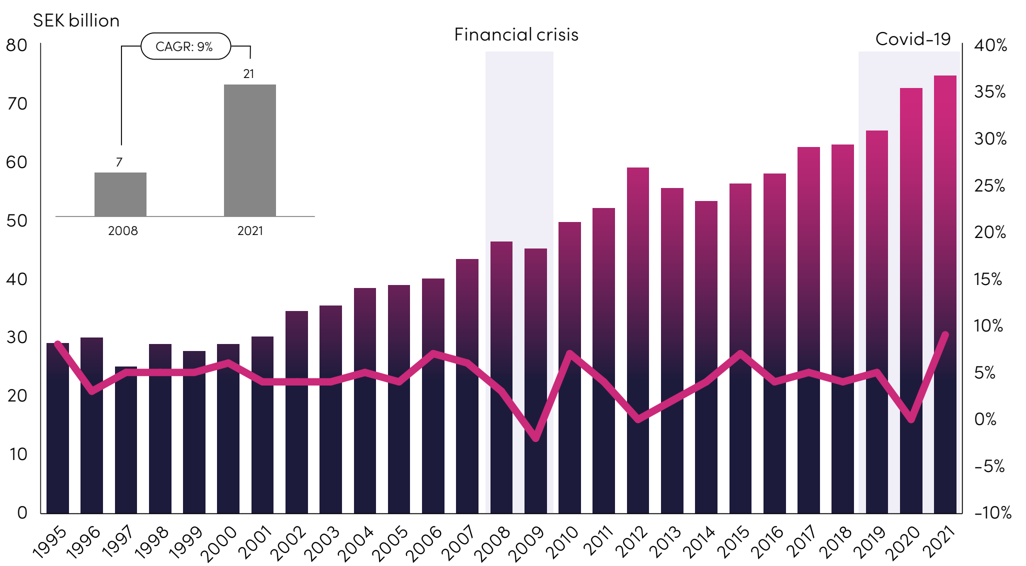
Infrastructure systems for water and energy supply as well as roads and railways are a central part of a country's social development and prosperity. By building, developing and maintaining civic infrastructure we enable access to electricity and water as well as the transportation of people and goods.

Infrastructure development is driven by structural growth

Investments in infrastructure are crucial for maintaining functioning services in society and help create conditions for sustainable economic growth. Urbanisation and population growth in growth regions increase the need for available infrastructure and water supply systems, and create demand for expansion and increased capacity. Global trends such as climate change, the green transition and increased need for energy efficiency as well as the transformation to an increasingly electric future create new needs and contribute to increased demand for infrastructure investment and maintenance.

The infrastructure in Vestum's main markets is outdated and underinvested and characterised by a lack of capacity. Regulatory requirements also increase the demand for more sustainable solutions at the same time as we see increased demands from clients regarding quality, sustainability and digitalisation. Overall, this drives investments in infrastructure that meet both new and increased demands on capacity, availability and sustainability.

Infrastructure investments over time are not significantly affected by economic fluctuations



- Total infrastructure investments, SEK billion[1)]
- YoY growth in nominal GDP, %
- Total water investments, SEK billion[2)]

Public spending on infrastructure investments in Sweden amounts to approximately SEK 75 billion. The chart on the left demonstrates that total infrastructure investments are resilient to economic fluctuations, while the dark grey bars illustrate that water investments have grown most rapidly within the infrastructure sector between 2008 and 2021.

1) New, improvement and maintenance investments in Swedish infrastructure

2) Investments in waterworks and waste management facilities; recycling facilities; installations for remediation, remediation of soil and water and other pollution control activities. 2018–2019 data removed by SCB due to insecurities or missing data.

Note: Original data in EUR and converted to SEK using average L10Y SEK/EUR-exchange rate = 10.03.

Source: OECD International Transport Forum (2023), SCB.

Benefits for Vestum

- Infrastructure Investments are the common market driver across all segments
- Sharing customer networks
- Exchange of organisational knowledge
- Cross-selling between subsidiaries
- Knowledge sharing during recruitment
- Overcoming similar challenges through Information exchange

Potential benefits in the future

- Further increase cross-selling
- Shared purchasing opportunities to reduce costs
- Internationalization
- Shared distribution

"Infrastructure, such as water supply, energy distribution, roads and railways, is a central part of a country's social development and prosperity"

SUSTAINABLE VALUE CREATION

DECENTRALISED MANAGEMENT WITH THE ENTREPRENEURIAL DRIVE

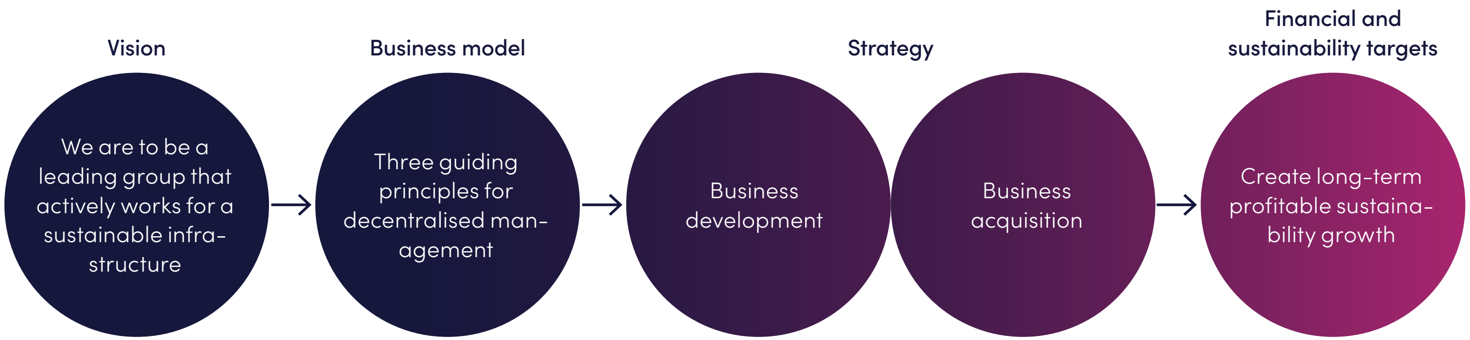
Vestum creates long-term sustainable value by developing and acquiring profitable niche companies within the infrastructure sector.

Vestum creates profitable and sustainable growth by developing and acquiring businesses with extensive experience in providing specialised services and products within the infrastructure sector. The business model is based on entrepreneurship and long-term views with a strong industry and customer focus, decentralised management and business development - with sustainability and acquisitions as the business-driving force.

Strong customer focus and entrepreneurial drive

Vestum has solid experience in starting, running and acquiring businesses. Our acquired companies continue to be operated under the same company name, culture and brand by local management with the support of Vestum's combined resources. The Group's ownership and development philosophy is based on maintaining local entrepreneurship. Entrepreneurial drive and customer focus permeate the entire operation. Sustainability work is integrated into Vestum's governance model and in our businesses, and reporting is done on an ongoing basis.

>> Read more about Vestum's sustainability work in chapter 4.



"Decentralised leadership with a strong local anchoring strengthens the relationship with customers and enables quick business decisions, and has a central role in carrying the culture. The drive of the entrepreneurs and customer focus permeate the entire organisation and are part of Vestum's DNA"

Our core principles and values permeate the organisation, our business model, and everything we do. They aim to achieve our goals and become the organisation we aspire to be.

VESTUM'S CORE PRINCIPLES

Decentralised business model

We are a divisionalised organisation where operational decisions are made by the management in each unit or subsidiary with strategic support from Vestum.

Result-oriented organisation

Vestum's operations focus on achieving profitable and sustainable growth, as well as meeting the return requirements and objectives set at segment and group levels.

Acquisition-driven growth

Acquisitions add knowledge and expertise, expand our customer base, open new geographical markets, and strengthen our existing offering.

VESTUM'S CORE VALUES

Entrepreneurial mindset

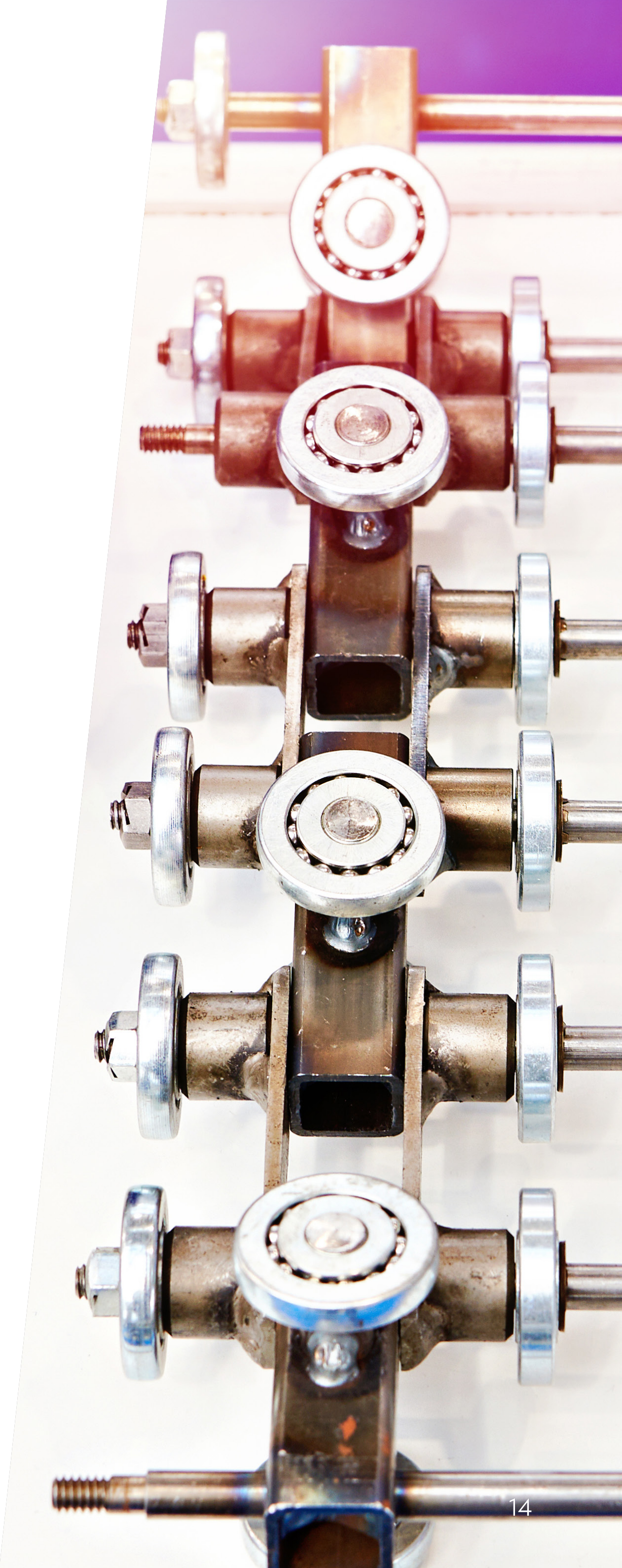
We are primarily entrepreneurs, constantly seeking new opportunities for growth by being resourceful and creative.

Accountability

We believe in freedom with responsibility - and we trust that our colleagues carry out their tasks without micromanagement.

Courage

We dare to question things and are not afraid to make mistakes - we learn and grow from them.



STRATEGY

PROFITABLE AND SUSTAINABLE GROWTH

Vestum's ambition is to be the leading industrial group within sustainable civic infrastructure.

Vestum's guiding strategic principles

Positioning
Vestum's businesses shall provide specialised products or services to selected niches within infrastructure, have proven business models, extensive industry experience and stable cash flows.

Management
Vestum's operations shall act quickly and flexibly through decentralised management with strong local roots.

Value creation
Vestum shall contribute with leadership, knowledge, experience, processes and financial resources.

Acquisitions
Vestum's acquisitions shall strengthen and advance Vestum's position within its segments by adding new competence, expanding the geographic market and strengthening the existing portfolio.

Vestum's strategy is to develop and acquire niche companies that provide products and services to the infrastructure sector. The group today consists of leading businesses driven by structural growth with stable earnings and cash flow generation over time. By bringing together businesses within the same or related industries, we create conditions for value-creating business collaborations relating to customers and product and service offerings. Vestum works closely with the businesses and supports them with expertise in strategic matters with the aim of optimising business development.

Operations driven by structural growth

Vestum's portfolio of niche companies with significant exposure to the infrastructure sector creates a solid platform for organic growth. The companies consists of entrepreneur-driven businesses that are driven by structural growth with stable earning power and cash flow generation over time. The Group companies specialise in one or a few niches with proven business models, sustainable competitive advantages and strong positions in regional markets. A solid underlying demand for the Group's products and services in combination with Vestum's long-term approach and responsible management of the balance sheet means that we can meet our customers' needs across business cycles.

Increased degree of specialisation and strengthened balance sheet

A strategic review was started during the financial year, which was completed in April of 2024. The purpose of the review was to streamline operations, increase the degree of specialisation and strengthen the Group's balance sheet. A review of the Group's operations was also carried out as part of the process. In connection with this work, Vestum identified several businesses whose cash flow generation, profitability level or risk profile no longer meet the Group's requirements, or which for other reasons did not fit into the Group's strategic direction. As a result of the review, six businesses, including subsidiaries, were divested during the duration of the review. Vestum's balance sheet has been strengthened as a result of the divestments and our product companies' share of the Group's total EBITA has increased to 44 percent, in accordance with Vestum's ambition to refine the structure and strengthen the portfolio within specialised products.

" We are streamlining the business to increase the degree of specialisation and we are a stronger Group after the strategic review. We are implementing a shift that is reducing operational risks, strengthening the Group's financial profile while also increasing the focus on market-leading product and service companies with high profitability within growing niches of the infrastructure sector"

STRATEGY FOR BUSINESS DEVELOPMENT

Business development

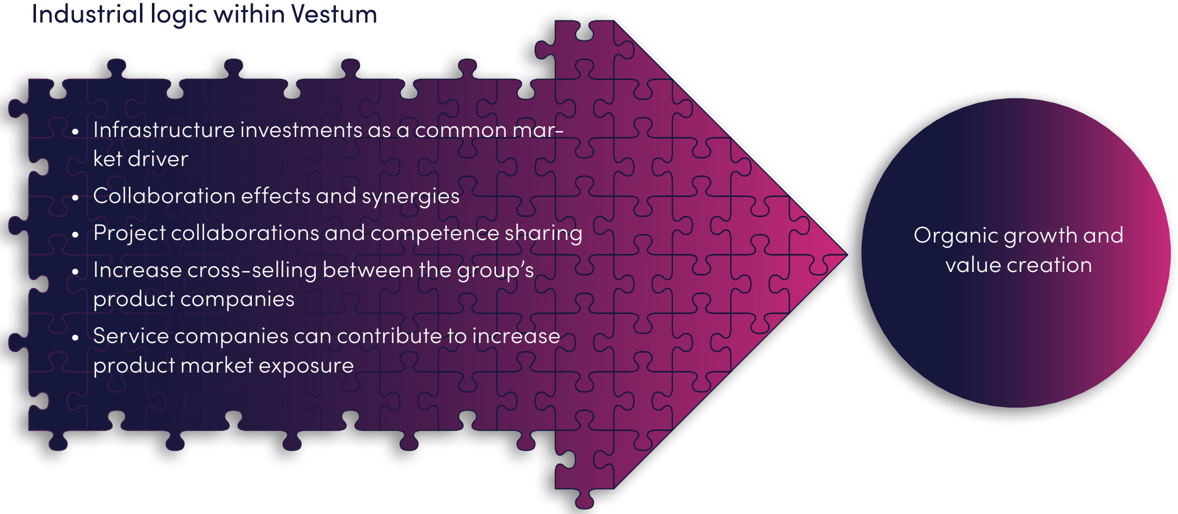
Business development is a central part of Vestum's strategy for sustainable and profitable growth. Vestum works together with the local management teams to develop the Group companies. The process is based on combining entrepreneurial drive and a strong customer focus with the Group's collective skills and resources. Vestum supports the portfolio companies with experience and know-how, processes, leadership and financial resources. The overall aim is to create the conditions for sustainable profitable growth so that each business reaches its individual goals and thereby helps the Group reach its financial and sustainability-related targets. Vestum's portfolio of niche companies with operations that complement each other within the same segment also creates the conditions for taking advantage of collaborative effects and synergies.

Strong focus on value-creating initiatives and collaboration

Vestum works systematically to extract synergies and collaborative effects between the companies, such as project collaborations, skills transfer and cross-selling. New business opportunities and additional sales are also created through value-creating initiatives, such as making use of market-leading expertise and best practices. Vestum currently has 12 product companies that make up 44 percent of the Group's total EBITA in 2023. These companies have nationwide customer networks and market-leading positions in growing niches with the potential to sell their products internationally, which creates a solid platform for organic growth. Vestum works strategically to extract synergies by increasing cross-selling between the Group's product companies, where Vestum's service companies can also help increase the products' market exposure.

>> **Read more** about one of Vestum's product companies on page 18 (Case Product Company Pump Supplies)

Industrial logic within Vestum



STRATEGY FOR BUSINESS ACQUISITIONS

Business acquisitions aim to strengthen and advance Vestum's position by increasing the degree of specialisation and adding new skills, strengthening the existing portfolio, broadening the customer base and contributing to geographic expansion. Acquisitions are also an important growth driver, where the acquisition model and pace of acquisitions are adapted to the market climate. The main focus is on acquisitions that complement the existing portfolio and add-on acquisitions to existing businesses. The acquisition of niche companies with related operations within the same segment creates the conditions for extracting synergies in the form of collaborations, skill sharing and cross-selling, which creates a solid platform for organic and profitable growth.

Broad contact network and strong industry focus create competitive advantages

Vestum is an established player with extensive experience in the acquisition market. Since the Group was established in 2021, Vestum has completed a total of 52 acquisitions. Vestum's broad contact network in combination with a strong industry focus within infrastructure creates competitive advantages in the acquisition process. A majority of the acquisition opportunities have been initiated through recommendations from entrepreneurs and business leaders within the Group. As Vestum grows, the Group companies' ability to carry out their own add-on acquisitions to existing operations also increases, which contributes to geographic expansion and broadens both the range of products and services as well as the customer base. Approximately 85 percent of all Vestum's completed acquisitions have been generated through its own channels, centrally or via Group companies, through direct contact with acquisition candidates.

"Our acquisition strategy aims to increase the degree of specialisation and strengthen Vestum's position within each segment"

Simon Göthberg
CEO Vestum

Acquisition model

Vestum's acquisition model aims to identify, screen, analyse and acquire companies that meet Vestum's key criteria for acquisition candidates. The acquisition model is based on four steps:

1 Identify

Vestum strives to continuously hold discussions with interesting acquisition candidates both directly and through company advisors. In total, over one hundred companies are evaluated annually.

2 Evaluation

Potential acquisitions are evaluated based on a number of parameters that help Vestum develop a deeper understanding of the business model, culture, risks, market position, competitive landscape, financial history and outlook as well as the continued commitment of key personnel. In connection with the evaluation, Vestum produces a value creation hypothesis about how Vestum can contribute to driving sustainable and profitable growth.

3 Implementation

In the implementation phase, Vestum goes through a commercial, legal and financial review of the acquisition candidate. This is followed by negotiations and contract signing.

4 Follow-up

After the acquisition has been completed, a plan is drawn up for the best way to integrate the business into Vestum. The Group works with the acquired company to formalise the structure of the continued collaboration and begin the development process, with a focus on management, growth, profitability and capital returns.

CASE: PRODUCT COMPANY PUMP SUPPLIES

MARKET-LEADING PRODUCT COMPANY WITH SOLID PROFITABILITY AND HIGH GROWTH POTENTIAL

Pump Supplies is a market-leading niche company with strong local presence in several regions in the UK. The company, which was acquired in 2021, offers submersible electric pumps and is a leading supplier to local governments and private operators within infrastructure, with annual net sales in 2023 of SEK 407 million and an EBITA margin of 20.9%. The company was founded in 1982 and is part of the Water segment.

Pump Supplies offers specialised and standardised solutions, from rental and service to sales and installation of pump stations. The company has one of the UK's largest fleets of submersible pumps with a wide range of new pumps, spare parts and accessories.

The market is characterised by strong underlying demand primarily driven by an outdated and underinvested water infrastructure and by extreme weather that causes unexpected floods and droughts. Inadequate and outdated infrastructure systems are driving the demand for urgent and rapid flood solutions, such as using electric pumps to remove water.

Pump Supplies in brief:

- Yearly net sales of SEK 407 million and an EBITA margin of 20.9% in 2023
- Niche product company with extensive industry experience and market leading position in water infrastructure with high profitability
- Proven business model with profitable growth driven by an outdated and underinvested water infrastructure and increasing extreme weather events, such as droughts and floods
- The company provides new skills, a strengthened portfolio of products and a broadened customer base in the UK
- Enables value creation through financial and strategic support from Vestum and synergies created through increased collaboration between companies in the Water segment in terms of skills transfer, resource allocation, best practices and projects
- Product area with solid growth potential in both existing market and new geographical markets

Vestum's product companies create solid platform for profitable growth

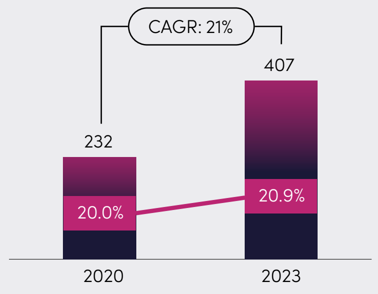
- Vestum has 12 product companies that combined make up to 44% of the Group's total EBITA in 2023.
- Nationwide customer networks and market-leading positions in growing niche areas
- The product companies' ability to sell their products internationally creates a solid platform for organic growth

54% Part of Water-segment's net sales

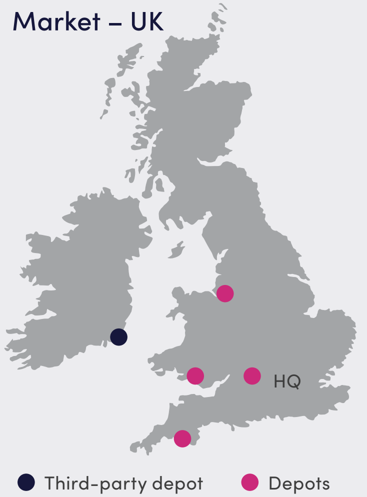
60% Part of Water-segment's EBITA

Net sales an EBITA-margin

SEK million



Market – UK



FINANCIAL TARGETS

Vestum's overall aim is to create long-term and sustainable profitable growth by developing and acquiring profitable businesses with extensive experience in providing specialised services and products to the infrastructure sector.

Vestum's financial targets are based on the Group's and portfolio companies' business plans, and the means for achieving the targets include organic profit growth, cash flow generation, strengthened capital structure and acquisition-driven growth adapted to the market climate. In the second quarter 2023, the board decided to update the financial targets as below.

Vestum's financial targets

- Profit growth: Vestum aims to achieve an average annual growth in EBITA per share of at least 15.0 percent in the medium term.
- Margin: Vestum aims to achieve an EBITA margin of at least 12.0 percent in the medium term.
- Capital structure: Financial net debt in relation to EBITDA shall at most be 2.5x.

The financial targets are based on the underlying assumptions Vestum achieves organic growth corresponding to historical levels and that Vestum can carry out acquisitions in accordance with the acquisition strategy, and that the capital structure is strengthened, partly through profit growth with maintained margins and partly through more efficient cash flow, such as reducing the amount of tied-up working capital.

Profit growth

≥15%

EBITA per share

Profitability

≥12%

EBITA-margin

Capital structure

≤2.5x

Financial net debt in relation to adjusted EBITA

Dividend policy

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

SUSTAINABILITY TARGETS

Vestum has sustainability targets in five areas: workspace, environment, gender equality, skills recruitment, climate and biodiversity.

Sustainability is strategically important for Vestum and we have a long-term commitment to promote and contribute to a sustainable society. Vestum's board has therefore decided on both long-term and short-term sustainability targets for the entire organisation. The purpose of these sustainability targets is to provide clarity to Vestum's stakeholders, both internal and external, regarding Vestum's sustainability efforts. The long-term goals extend to 2040 and focus on aspects that are deemed particularly important from a sustainability perspective based on Vestum's operations. The short-term sub-goals extend to the end of 2026.

Long-term sustainability target:

Vestum's long-term sustainability targets extend to 2040 and are based on essential sustainability questions relevant to Vestum's operations. They emphasize Vestum's long-term commitment to sustainability

Short-term sustainability target:

The short-term targets cover the period until 2026 and serve as sub-goals to our long-term objectives. These short-term targets provide clear direction for our sustainability efforts.

Sustainability targets

Workplace environment

- By 2026, Vestum shall have established, through active measures and educational efforts, a group-wide structure and culture that ensures both accurate reporting of incidents and accidents and encourages individual employees to speak up if the work environment is perceived as unsafe.
- By 2040, Vestum skall eliminate serious work accidents.

Gender equality

- By 2026, Vestum shall have a minimum of 35% female managers and at least 15% female employees throughout the Group
- By 2040, Vestum's shall achieve a net-zero impact on biodiversity.

Skills recruitment

- By 2026, Vestum shall have provided at least 400 internship and apprenticeship positions.
- By 2040, Vestum shall have provided at least 1,800 internship and apprenticeship positions.

Climate

- By 2026, Vestum shall reduce CO_2e-emissions by 25% in scope 1, 2, and 3 by a total of 25% per unit of revenue to contribute to the goals of the Paris Agreement. Vestum's base year for measurement will be 2023.
- By 2040, Vestum shall achieve net-zero climate impact across scope 1, 2, and 3 emissions.

Biodiversity

- By 2026, Vestum shall have assessed its impact on biodiversity.
- By 2040, Vestum's shall achieve a net-zero impact on biodiversity.

FINANCIAL DEVELOPMENT

The Vestum Group in summary

SEK million (unless otherwise stated)	2023	2022	2021[2]
Net sales	5,762	5,162	1,316
EBITA[1]	623	591	100
Operating profit (EBIT)	318	314	45
EBITA-margin %[1]	10.8	11.5	7.6
EBITA per share before/after dilution, SEK[1]	1.66	1.62	0.53
Earnings per share attributable to remaining operations and Parent company's shareholders, SEK	0.28	0.27	0.01
Cash flow from operating activities	634	397	-10
Operating cash flow[1]	824	685	-42
Cash conversion %[1]	98	89	-26
Financial net debt in relation to EBITDA[1]	2.5x	2.8x	2.3x

1) The alternative performance measure (APM) is an alternative performance measure according to ESMA's guidelines. For reconciliation of alternative APMs, see note 31
2) Reported figures are not adjusted according to IFRS 5

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

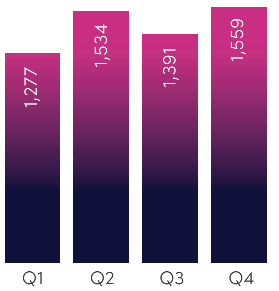
Earnings
Earnings before amortisation and write-downs of acquired surplus value (EBITA) for the remaining operations for 2023 amounted to SEK 623 (591) million, corresponding to an EBITA margin of 10.8% (11.5%). Operating profit (EBIT) amounted to SEK 318 (314) million. EBITA per share amounted in 2023 to SEK 1.66 (1.62), which corresponds to an increase with 2.4% from 2022.

Net financial items amounted to SEK -179 (-176) million of which interest cost for loan and leasing amounted to SEK (185) million. The period's profit after tax for the remaining operations amounted to SEK 104 (97) million which corresponds to a profit per share attributable to remaining operations and the Parent company's shareholders before and after dilution of SEK 0.28 (0.27).

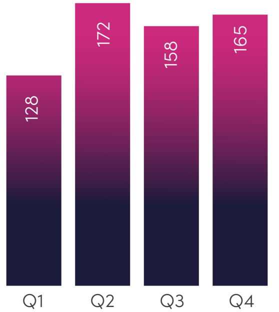
Extraordinary items that are adjusted in EBITA affected the year positively by SEK 1 (4) million. These consisted of revaluation of contingent consideration which affects the result positively with SEK 11 million, acquisition transaction costs of 2 million and restructuring costs of SEK 8 million.

Cashflow
Cash flow from operating activities during the year 2023 amounted to SEK 634 (397) million, change in working capital amounted to SEK 54 (-50) million and the operating cashflow amounted to SEK 824 (685) million, which corresponds to a cash conversion of 98% (89%).

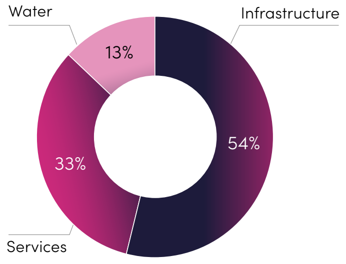
Net sales, 2023
SEK million



EBITA, 2023
SEK million



Net sales, per segment, 2023



Investments

The Group's investments during the year 2023 excluding acquisitions amounted to SEK 68 (35) million. During the year 2023, one acquisition of subsidiaries have been completed with a total purchase price of SEK 335 (1,874) million. For further information, see note 16, notes for the Group. Paid contingent consideration amounted to SEK 223 (143) million.

Financial position and liquidity

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

The Group's cash and cash equivalents at the end of 2023 amounted to SEK 345 (608) million. The interest-bearing liabilities, including lease liabilities, amounted to SEK 2,450 (3,378) million at the end of the year. At the end of 2023, the Group had a net financial debt, defined as interest-bearing liabilities less cash and cash equivalents, of SEK 2,105 (2,770) million. The net financial debt in relation to reported EBITDA was 2.5x (2.8x). Total contingent consideration liability amounted to SEK 207 (399) million at the end of the year. Total liabilities amounted to SEK 4,322 (5,573) million as of December 31, 2023.

During 2023, the secured bond that was issued by Vestum's group company Lakers Group AB (publ), has been redeemed. In relation to this, Vestum has updated existing credit facility agreement with Danske Bank A/S, Swedish Branch, Skandinaviska Enskilda Bank AB (publ) and Swedbank AB (publ), including an increase of the facility volume from SEK 900 million to SEK 1,200 million. Utilized amount at the end of the year was SEK 440 million.

During the year, Vestum issued senior unsecured bonds of SEK 600 million under a framework of SEK 1,000 million. The bonds have a maturity of 2.5 years and carry a floating interest rate of 3-month STIBOR plus 637.5 basis points. The purpose of the issuance was to proactively address upcoming maturities, and the entire issued amount was used to repurchase existing bonds. In addition to the bonds issued during the quarter, Vestum has outstanding bonds totaling SEK 900 million, which are due on October 28, 2024 and carry a floating interest rate of 3-month STIBOR plus 415 basis points.

Staff

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

Allocation of profits

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

Amount in SEK	
Share premium reserve	4,462,823,182
Retained earnings	-208,579,430
Profit/loss for the year	8,995,880
Total	**4,263,239,632**

The Board of Directors and the CEO propose that the available amount of SEK 4,263,239,632 SEK be allocated as follows:

To be carried forward	**4,263,239,632**

4,057
Equity at the end of the year amounted to SEK 4,057 million.

2.5x
Financial net debt in relation to EBITDA

1,787
Number of full time employees at balance day, December 31, 2023

SHARE INFORMATION

Vestum's share is traded on Nasdaq Stockholm under the short name VESTUM. The closing price for Vestum's share at the end of the 2023 was SEK 7.25. The price development for Vestum's share during 2023 amounted to -58.01%.

Trading volume

In 2023, the number of Vestum shares traded amounted to 227,514,741, according to available data from Modular Finance. On average, 906,433 shares were traded per trading day, corresponding to an average volume per trading day of SEK 7,652,827. The average turnover per trading day in relation to market capitalisation amounted to 0.24%.

Share capital and ownership structure

At the end of 2023, share capital in Vestum amounted to SEK 125,269,822.66 distributed over 375,809,468 registered shares. The number of shares increased by 8,164,444 during 2023. The increase is attributable to issues in connection with acquisitions. All shares in Vestum are of the same class and have the same voting rights. According to available ownership statistics from Modular Finance, Vestum had 13,207 known shareholders at the end of the year. The largest shareholder was Vestum's board chairman Conny Ryk with a capital share of 16.26%.

Additional ownership statistics are shown in the table and diagram to the right.

Dividend policy

Vestum's dividend policy is that profits and available cash flows will be fully reinvested in the business and/or used for new acquisitions. The board is therefore not recommending a dividend for 2023.

The ten largest shareholders as of 31 December 2023:

Name	Number of shares	Percentage
Conny Ryk	61,100,000	16.26%
Anders Rosenqvist	30,000,000	7.98%
Handelsbanken Fonder	27,616,335	7.35%
Per Åhlgren	24,199,390	6.44%
Nordea Fonder	23,129,081	6.15%
Swedbank Försäkring	16,811,681	4.47%
Simon Göthberg	13,639,886	3.63%
Olle Nykvist	13,600,000	3.62%
Olof Andersson	13,500,000	3.59%
Erkan Sen	13,202,991	3.51%
Total holdings, the 10 largest shareholders	**236,799,364**	**63.00 %**
Total holdings, remaining shareholders	**139,010,104**	**37.00%**
TOTALT	**375,809,468**	**100.0%**

Data compiled by Monitor. Sources: Modular Finance

Short facts about Vestum

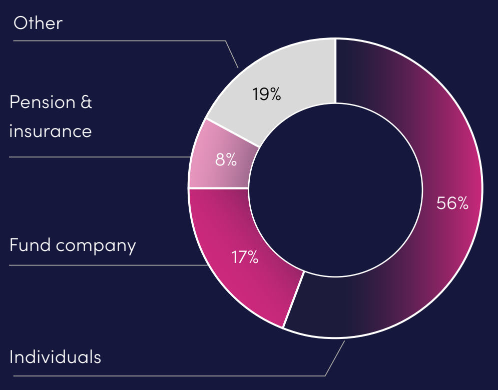
- Traded on Nasdaq Stockholm's main market, Mid Cap
- Short name: VESTUM
- Sector: Industry
- ISIN: SE0017134125

Analyses of Vestum

The following actors publish analyses of Vestum:

- Danske Bank
- Kepler Cheuvreux
- Carnegie
- ABG (commissioned research)

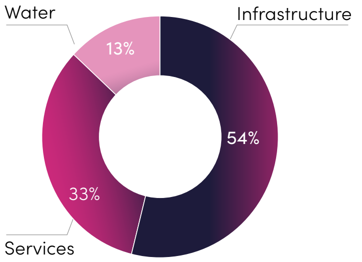
Distribution of ownership structure in Vestum as of 31 December 2023:



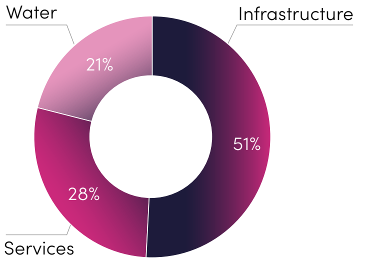
SEGMENT OVERVIEW

Vestum provides specialised products and services to growing niches within infrastructure. Our Group consists of specialised operations within the segments of Water, Services, and Infrastructure, boasting extensive industry experience and strong market positions.

Net sales, per segment
Percent



EBITA per segment
Percent



SEGMENT WATER

The Water segment offers specialised products that enhance water infrastructure and enable the optimization of energy and water consumption.

The Water segment comprises market- leading niche companies focused on improving water infrastructure. These operations are characterised by structural growth and specialise in pump technology, irrigation systems, water filtration, and drilling equipment.

Customers include public authorities in need of pumping water for various infrastructure facilities, property owners, HVAC operators requiring water distribution and sewage management, and industrial firms needing water filters, pumps, and irrigation systems for different applications.

A significant portion of the segment involves product sales of water pumps, drilling equipment, water filters, and irrigation systems. By offering pumps and irrigation systems that reduce customers' energy usage and water consumption, Vestum contributes to mitigating climate impact and fostering a more sustainable societal development.

>> **Read more** about Vestum's sustainability work in chapter 4.

Development in 2023

Throughout the year, demand for the segment's products and services has been generally strong. Extreme weather conditions in Denmark led to delays in market investments, which had some adverse effects on margins. However, extreme weather in the UK positively impacted sales and profitability, particularly during the second quarter. In other regions, development has been favorable, and we continue to observe positive market signals for the segment as a whole.

Net sales for 2023 amounted to SEK 737 (617) million. EBITA for the year reached SEK 142 (124) million, corresponding to an EBITA margin of 19.3% (20.0%).

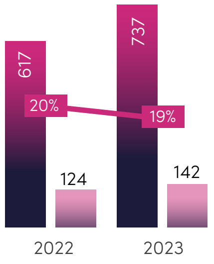
21%
Share of group net sales

737
Net sales, SEK million

142
EBITA, SEK million

19.3%
EBITA-margin

Segment development 2022–2023
SEK million



SEGMENT SERVICES

The Services segment offers specialised services and products for installation and maintenance in climate control, electricity, technical insulation, and suspended ceilings, which contributes to a reduction of energy consumption.

The Services segment offers specialised services and products for primarily private and public property owners and has a strong local presence in the Nordic region.

The product and service portfolio mainly consist of installation and maintenance in areas such as HVAC, electricity, suspended ceilings, climate control, and technical insulation, but also include product sales.

End customers are primarily private and public property owners in need of adaption to meet increased environmental and accessibility requirements, as well as energy efficiency measures.

By offering services and products that reduces customer energy consumption and climate impact, Vestum contributes to a more sustainable infrastructure.

>> Read more about Vestum's sustainability work in chapter 4.

Development in 2023

The sales for the full year were slightly higher than the previous year, while the margin decreased. Demand from housing associations and the consumer segment weakened. However, the segment's exposure to new housing construction is limited. Investments in energy efficiency remain at a high level, which is expected to have a positive effect on the segment.

The net sales for 2023 amounted to SEK 1,880 (1,862) million. EBITA for the year amounted to SEK 187 (202) million, corresponding to an EBITA margin of 10.0% (10.8%).

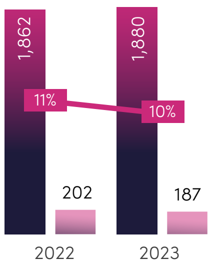
28%
Share of group net sales

1,880
Net sales, SEK million

187
EBITA, SEK million

10.0%
EBITA-margin

Segment development 2022–2023
SEK million



SEGMENT INFRASTRUCTURE

The Infrastructure segment offers specialised works within railway, water & sewage, and other infrastructure. Through maintenance and service of railway, subway, as well as pedestrian and bicycle paths, transportation with reduced climate impact is enabled.

The segment is largely made up of specialists within railway services courtyard renovations, laying foundations, concrete renovations and product sales of sewage treatment systems.

End customers are mainly public clients, but also private operators, who invest in and maintain various parts of infrastructure systems such as railways, subways, schools, hospitals, area security and water & sewage systems.

By offering service and maintenance of railways, subway systems, as well as pedestrian and bicycle paths that enable transportation with reduced climate impact, Vestum contributes to a more sustainable societal development.

>> **Read more** about Vestum's sustainability work in chapter 4.

Development in 2023

Demand has remained strong throughout the year, particularly from public clients, who constitute the vast majority of the segment's end customers. Profitability has been somewhat affected by increased competition. The cautious demand from housing cooperatives has impacted individual companies. However, the general order backlog remains stable for the segment.

Net sales for 2023 amounted to SEK 3,144 (2,684) million. EBITA for the year amounted to SEK 349 (318) million, corresponding to an EBITA margin of 11.1% (11.9%).

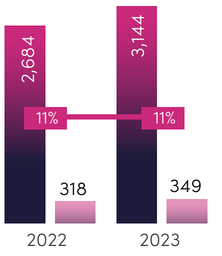
51%
Share of group net sales

3,144
Net sales, SEK million

349
EBITA, SEK million

11.1%
EBITA-margin

Segment development 2022–2023
SEK million



3 MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE REPORT

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

Corporate governance within Vestum

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

This corporate governance report describes Vestum's corporate governance during the business year 2023. The corporate governance report has been reviewed by Vestum's auditor.

Share information

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

At the end of 2023, there were 375,809,468 shares. Shareholdings that represent at least one-tenth of the number of votes of all shares in Vestum consist of RYK GROUP AB with just over 16 percent of the share capital and votes.

The 2023 Annual General Meeting authorized Vestum's board to, on one or more occasions and with or without deviating from the shareholders' pre-emptive rights, approve an increase in Vestum's share capital through a new issue of shares, warrants and/or convertibles. The authorization is limited in such a way that the total number of shares issued or added through the exercise of the warrants or convertibles, may not exceed 10 percent of the total number of shares in the company. The Annual General Meeting also authorised Vestum's board to decide on the acquisition and transfer of own shares in the company.

The 2024 Annual General Meeting is recommended to give Vestum's board the same authorization as was granted at the 2023 Annual General Meeting to decide on an increase in Vestum's share capital through a new issue of shares, warrants and/or convertibles, as well as the acquisition and transfer of their own shares.

Annual General Meeting

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

The Annual General Meeting for 2023 was held on May 23, 2023. The Annual General Meeting for 2024 is scheduled for May 17, 2024. Each Vestum shareholder who is entitled to vote may vote for the full number of shares owned and represented by the shareholder without limitation in the number of votes. Documents issued ahead of annual general meetings as well as minutes from annual general meetings are available on Vestum's website.

Nomination Committee

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

The Nomination Committee shall carry out the work required of the Nomination Committee according to the Code. The Nomination Committee ahead of the 2024 Annual General Meeting consists of Conny Ryk (appointed by RYK GROUP AB), Per Ericsson (appointed by Rosenqvist Gruppen AB) and Suzanne Sandler (appointed by Handelsbanken Fonder). Per Ericsson is chairman of the Nomination Committee. The Nomination Committee's documents ahead of the Annual General Meeting are available on Vestum's website.

Auditor

Auditors are elected at the Annual General Meeting. The 2023 Annual General Meeting re-elected registered auditing firm Öhrlings PricewaterhouseCoopers AB, with principal auditor Niklas Renström, as auditor until the next annual general meeting. Öhrlings PricewaterhouseCoopers AB has served as Vestum's auditor since 2016, while Niklas Renström has been the principal auditor since 2021.

Board of Directors

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

At the 2023 Annual General Meeting, six board members and no deputies were elected: Per Åhlgren (chairman), Anders Rosenqvist, Johan Heijbel, Olle Nykvist, Helena Fagraeus Lundström and Siri Hane. At the extraordinary general meeting on November 1, 2023, Conny Ryk was appointed chairman of the board and thus replaced Per Åhlgren, who remains as a board member. Olle Nykvist left the board at his own request in connection with the extraordinary general meeting. The board composition of Vestum meets the requirements regarding independent members.

The board held 27 board meetings in 2023 (including board meetings per capsulam). There were no absences at any board meeting. Between the board meetings, there have been ongoing contacts between Vestum, the chairman of the board and other board members. The board members have continuously been provided with important information about Vestum and its operations.

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

The Audit Committee has consisted of Johan Heijbel (chairman), Anders Rosenqvist and Siri Hane. The Audit Committee held five meetings during 2023. The Remuneration Committee has consisted of Per Åhlgren (chairman) and Helena Fagraeus Lundström. The Remuneration Committee held one meeting during 2023.

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

Vestum's Nomination Committee applies rule 4.1 of the Code as a diversity policy when preparing its proposal for the board. The goal is to achieve a well-functioning board composition regarding diversity and breadth in terms of gender, nationality, age and industry experience. The current board composition is the result of the Nomination Committee's work ahead of the 2023 Annual General Meeting. The Nomination Committee believes that the board has an appropriate composition and size and that it is characterised by versatility and breadth in terms of the members' competence and experience in areas that are strategically important for Vestum. Regarding gender distribution, the percentage of women on the board is 33 percent.

CEO and management team

Vestum's CEO is responsible for day-to-day operations. Conny Ryk served as Vestum's CEO until November 1, 2023, at which point Simon Göthberg took over as CEO. At the same time, Conny Ryk was appointed as Chairman of the Board. The CEO's responsibilities include ongoing investments, issues regarding personnel, finances and budget, as well as ongoing contacts with the company's stakeholders and the financial markets. The CEO reports to the Board. The CEO has appointed a management team to help support his work. The management team consisted of the following people at the end of 2023, in addition to the CEO: Olof Andersson (CFO) and Olle Nykvist (General Counsel & Head of Group functions).

Remuneration

The 2023 Annual General Meeting approved the following board fees.

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

The extraordinary general meeting on November 1, 2023, decided on the following adjustment regarding the fee for the chairman of the board.

Function	Fee
Chairman of the Board	1,000,000 SEK

The 2022 Annual General Meeting approved guidelines for remuneration to senior executives within Vestum. The guidelines can be found on p.32 below. Vestum's board shall draw up proposals for new guidelines at least every four years to be approved at the annual general meeting.

Vestum's board has produced a remuneration report to be presented at the 2024 Annual General Meeting, which describes how the guidelines for remuneration, which were adopted at the 2022 Annual General Meeting, have been applied in 2023. The remuneration report also provides information on remuneration to the CEO. The remuneration report is available on Vestum's website.

The extraordinary general meeting on November 1, 2023, approved the introduction of a share-related incentive program through the issue of warrants (series 2023/2026). The warrants were not offered to the board.

Internal control regarding financial reporting

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

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

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

Control environment

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

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

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

Risk assessment

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

Control activities

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

Information and communication

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

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

Follow-up

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

Internal audit

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

Guidelines for executive remuneration

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

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

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

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

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

Types of remuneration

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

Fixed cash salary

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

Variable cash remuneration

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

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

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

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

Pension

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

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

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

Other benefits

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

Termination of employment

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

Salary and employment conditions for employees

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

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

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

Derogation from the guidelines

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

RISKS AND RISK MANAGEMENT

General
There are several factors that affect, or could affect, Vestum's operations, earnings, or financial position. However, Vestum has a large number of revenue-generating portfolio companies. These companies operate in different European countries and are divided into three segments: 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 are managed.

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

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

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

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

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

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

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

BOARD OF DIRECTORS

Conny Ryk

Chairman of the Board and founder

Year of birth: 1983

Main education:
Upper secondary school (economics)

Main education:
Founder and CEO, Sortera AB
Founder and CEO, RYK GROUP
Board member, Norsk Gjenvinning

Other assignment:
Board member, RYK GROUP

Holdings in Vestum (including related parties):
61,100,000 shares
630,176 warrants of series 2021/2025
1,015,961 warrants of series 2022/2025

Johan Heijbel

Board member

Year of birth: 1975

Elected: Board member since 2016

Committee work: Chairman of the Audit Committee

Main education:
Independent courses in business administration and law

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

Other assignments:
CFO, Strax

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

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

Per Åhlgren

Board member

Year of birth: 1960

Elected: Chairman since 2019

Committee work: Chairman of the Remuneration Committee

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

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

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

Holdings in Vestum (including related parties):
24,199,390 shares

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

Anders Rosenqvist

Board member

Year of birth: 1968

Elected: Chairman since 2021

Committee work: Member of the Audit Committee

Main education:
Elementary school

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

Other assignments:
CEO and board member, Rosenqvist Gruppen

Holdings in Vestum (including related parties):
30,000,000 shares

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

Helena Fagraeus Lundström

Board member

Year of birth: 1981

Elected: Board member since 2021

Committee work: Member of the Remuneration Committee

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

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

Other assignments:
Chief Sustainability & Strategy Officer, X Shore

Holdings in Vestum (including related parties): -

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

Siri Hane

Board member

Year of birth: 1984

Elected: Board member since 2023

Committee work: Audit Committee och Digitaliserings utskottet

Main education:
Ekonomprogrammet Uppsala Universitet

Work experience (selection):
Director Business Insight
Executive team member in Enento Group

Other assignments:
Board Member Duunitori Oy

Holdings in Vestum (including related parties): -

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

MANAGEMENT

Simon Göthberg

CEO

Year of birth: 1989

Main education:
Bachelor's Degree, Finance

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

Other assignments: –

Holdings in Vestum (including related parties):
13,639,886 shares
84,485 warrants of series 2021/2025
135,959 warrants of series 2022/2025

Olof Andersson

CFO

Year of birth: 1981

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

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

Other assignments: –

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

Olle Nykvist

General Counsel & Head of Group functions

Year of birth: 1984

Main education:
LL.M.

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

Other assignments: –

Holdings in Vestum (including related parties):
13,600,000 shares
84,485 warrants of series 2021/2025
135,959 warrants of series 2022/2025

4 SUSTAINABILITY REPORT

SUSTAINABILITY AS A DRIVING FORCE

Vestum's subsidiaries consist of the market's leading specialists with extensive experience in providing services and products to civic infrastructure.

The Society is facing significant environmental challenges. 2023 was the warmest year on record, according to the EU's Earth observation program Copernicus, and natural disasters have hit many countries around the world. In Sweden, we have seen several cases of floods, landslides, and other direct effects of a changing climate.

Vestum's businesses are contributing to develop and climate-adapt sustainable and resilient infrastructure and water supply systems that can withstand extreme weather and meet environmental requirements. The demand for our services is partly driven by investments in energy efficiency improvements, but also by businesses being affected by a changing climate.

We also operate in industries that face necessary and extensive transformations in the coming years to reduce their climate impact. These challenges mean that we need to actively carry out sustainability work while also developing our business strategies to meet the demands of the market. Vestum strives to be a driving force in promoting a more sustainable future, by addressing and managing these challenges proactively and effectively. By making the necessary adjustments and investments, we position ourselves to meet the demands of the future and create long-term value for both our stakeholders and society.

Within the Water segment, which offers products and services that improve water infrastructure systems and enable more efficient consumption of energy and water, there is a great need for our products. The demand is particularly high in the UK where the water infrastructure is outdated and under-invested. Inadequate and outdated infrastructure drives the demand for urgent and quick solutions in cases of extreme weather, such as removing water with the help of electric pumps during and after flooding.

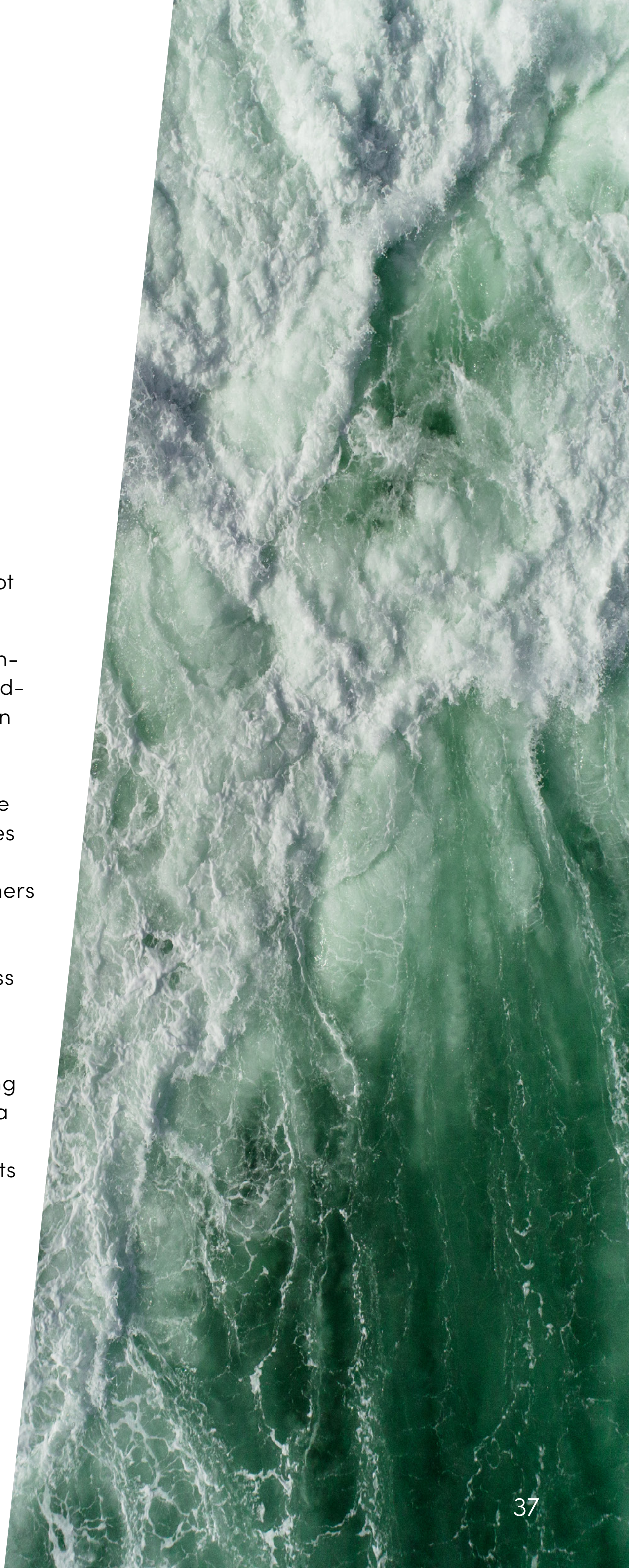
Vestum operates within a wide range of industries where there are various opportunities for climate adaptation. In 2024, we will place great emphasis on identifying and contextualizing these opportunities. By focusing on climate-related adaptations, we strive not only to meet the current challenges but also to be proactive actors in shaping a more sustainable future. This is something that will characterize our business strategies and decisions, with the ambition to create a positive impact while ensuring that our operations are future-proofed for new demands.

CSRD

At the time of publication of Vestum's annual report, it is unclear when the Corporate Social Reporting Directive (CSRD) will come into force in Sweden. At the time of writing, there is a proposal to postpone CSRD, which would mean that Vestum will not be covered by the new requirements until the reporting year 2025. We have already started working on implementing CSRD within the Group and therefore plan to report according to CSRD in the reporting year 2024, even if we are not legally required to do so.

The proposed requirements mean that companies covered by CSRD must report according to the new reporting standard European Sustainability Reporting Standards (ESRS), which includes more reporting data points than Vestum has previously reported on. We see this as an opportunity for our companies to improve their reporting and thereby increase the quality of the data that customers demand. By offering our customers more data, our companies will become more attractive and thereby create more business opportunities.

In 2023, we have been working to prepare for CSRD. We have redesigned our reporting structure and included more reporting data points. We have also put considerable resources into creating clearer requirements for what must be reported, to ensure that we receive high-quality data.



Governance of sustainability work in the Vestum Group

Governing documents, monitoring and a clear organisational responsibility form the cornerstones of Vestum's Group-wide sustainability governance. Our goal is to work in a systematic and structured way to reach our long-term sustainability targets. In 2023, the board adopted short-term interim targets in line with the long-term targets. The ongoing sustainability work is followed up quarterly and annually. Vestum has been a member of the UN Global Compact since 2022, which means that we follow the ten principles in the areas of human rights, labor law, environment, and anti-corruption, as well as the global sustainability development goals.

Vestum has a Group-wide code of conduct and a supplier code of conduct. The codes of conduct provide guidance on how to behave responsibly regarding environmental issues, human rights, diversity and non-discrimination, regulatory compliance, bribery, and conflicts of interest. The codes of conduct are communicated to all companies within the group.

The supplier code of conduct conveys the sustainability requirements we place on our suppliers, who in turn further convey the requirements to their subcontractors. It is of the utmost importance to Vestum that regulations are complied with and that business ethics within the Group are high Vestum has a Group-wide whistleblower service that is administered by an external party, which gives anyone the opportunity allows anyone to report any misconduct.

Vestum's companies have their own sustainability strategies, policies and work processes. These are integrated into the companies' operational management systems, several of which have been certified by third parties. Third-party review is becoming more common and contributes to a clearer structure, better communication, and promote continuous improvement. Several of Vestum's businesses have ISO certifications for environment (ISO 14001), quality (ISO 9001) and work environment (ISO 45001).

Integrating sustainability work into new acquisitions

One of Vestum's acquisition criteria is that the company shares our values regarding, among other things, long-term profitability, decentralised decision making, and sustainability. Upon acquisition, the company becomes part of Vestum's overall sustainability work, and a sustainability responsible is appointed to oversee the company's sustainability reporting.

Governing documents

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

- Code of conduct
- Supplier code of conduct
- Sustainability policy
- Anti-corruption policy
- AML & CTF policy
- Sanctions policy
- Competition policy

Management of Vestum's sustainability work

Vestum's board sets the overall sustainability strategy with clear objectives, follow-up measures and performance measurement.

Vestum's CEO has the overall responsibility for integrating sustainability work into Vestum's overall business strategy and ensuring the management of sustainability risks within the group.

Vestum's division managers, in their capacity as chairman of the board in Vestum's companies, are responsible for controlling sustainability risks, exploiting opportunities within sustainability work and carrying out sustainability follow-up.

Vestum's ESG Manager conducts Group-wide sustainability work and supports Vestum's companies in their sustainability work.

Vestum's management of sustainability risks

Vestum operates in industries with an increased risk of work-related accidents. We see that if our reputation for having a good work environment is damaged, there is a risk that we could have difficulties recruiting competent personnel. We continuously carry out preventive work and training to create a safe working environment for our employees.

A changing climate brings potential risks that could have a negative impact on Vestum. Physical risks linked to the climate include weather phenomena such as floods, drought and increased wind.

Changes in weather conditions can affect our companies' operations directly, but also indirectly through possible material and raw material shortages linked to natural disasters and other events in our supply chains.

We see that there is a transition risk linked to our business. As customers have higher expectations for sustainable operations, there is a risk that we will not have time to adjust our operations to meet our customers' requirements. This could mean that we lose important customers and business.

DOUBLE MATERIALITY ASSESSMENT

Vestum's work in the area of sustainability is based on our double materiality assessment and the expectations that our primary stakeholders have of us.

We maintain a continuous dialogue with our primary stakeholders to build and nurture strong, long-term relationships and to stay well-informed of their needs and expectations.

Our materiality assessment is based on active dialogue with our stakeholder groups. The sustainability issues identified through these conversations thus form the basis for the Group's overall sustainability work. This strategy provides a clear focus on the areas that are most relevant and important to our stakeholders and our business.

Updated materiality assessment and reporting 2023

During the year, we have conducted a new materiality analysis in accordance with CSRD. We have adapted our reporting structure to meet the increasing demands for sustainability reporting and are already introducing reporting on some ESRS data points this year.

By starting to report on selected ESRS data points for the reporting year 2023, we can start implementing the new reporting structure. That means we can create a structure that increases the opportunities to collect high-quality data and then add additional data points for the reporting year 2024.

Our new materiality assessment differs slightly from the previous year's materiality assessment. The new materiality assessment is based on double materiality, which means that impact materiality as well as financial materiality is taken into account. We have also chosen to change the names of the essential questions to match the names in ESRS.

The questions that Vestum considers to be most essential are the same as before but reformulated to match the titles found within the respective areas in ESRS. The six areas that Vestum focuses on are directly linked to our communicated sustainability targets. (See p. 40)

Double materiality assessment

- Corruption and bribery
- Management of relationships with suppliers including payment practices
- Waste
- Protection of whistle-blowers

- Energy
- Climate change mitigation
- Direct impact drivers of biodiversity loss
- Impacts on the extent and condition of ecosystems
- Working conditions
- Equal treatment and opportunities for all

Vestum's primary stakeholders

Internal

- HR
- Sustainability
- Finance
- Procurement
- CEO and management group

External

- Customers
- Investors
- Municipalities
- Suppliers
- Nature

SHORT AND LONG-TERM TARGETS

Vestum has sustainability targets in five areas: workplace environment, gender equality, skills recruitment, climate and biodiversity.

The purpose of Vestum's sustainability targets is to provide clarity for stakeholders, both internal and external, regarding our sustainability work. The targets extend to 2040, with interim goals for 2026, and focus on areas that are deemed particularly important from a sustainability perspective based on Vestum's operations. In addition to our communicated goals regarding climate and biodiversity, Vestum's Board has decided that Vestum shall set scientifically based targets and shall initiate a process to get these approved by the Science Based Target initiative (SBTi).

Workplace environment

The framework for Vestum's operations includes jobs that are physically challenging or expose workers to other forms of increased risk. Work environment issues therefore have the highest priority within Vestum, and we operate based on a zero-accident vision within the group.

- By 2026, Vestum shall have established, through active measures and educational efforts, a group-wide structure and culture that ensures both accurate reporting of incidents and accidents and encourages individual employees to speak up if the work environment is perceived as unsafe.
- By 2040, Vestum shall eliminate serious work accidents.

Gender equality

Utilizing all available talent and providing an equal and inclusive workplace are key components to Vestum's success. Vestum operates in sectors with a general need for increased gender equality, which Vestum wants to contribute to actively.

- By 2026, Vestum shall have a minimum of 35% female managers and at least 15% female employees throughout the group.
- By 2040, Vestum shall have an even gender distribution across all employees.

Skills recruitment

Vestum aims to contribute to social sustainability by providing internship and apprenticeship opportunities. In this way, Vestum can contribute to increased employment, livelihood, and diversity, while simultaneously reducing unemployment.

- By 2026, Vestum shall have provided at least 400 internship and apprenticeship positions.
- By 2040, Vestum shall have provided at least 1,800 internship and apprenticeship positions.

Climate

Climate change is one of the greatest challenges of our time, and Vestum operates in sectors that currently contribute significantly to climate emissions. Therefore, Vestum needs to take action to reduce its adverse climate impact.

- By 2026, Vestum shall reduce CO_2e-emissions by 25% in scope 1, 2, and 3 by a total of 25% per unit of revenue to contribute to the goals of the Paris Agreement. Vestum's base year for measurement will be 2023.
- By 2040, Vestum shall achieve net-zero climate impact across scope 1, 2, and 3 emissions.

Biodiversity

Biodiversity, along with the climate challenge, is crucial in ensuring our societies' stability in the future. Therefore, Vestum's operations must be environmentally conscious, considering nature and ecosystems, and strive to minimize any negative impact on biodiversity within Vestum's operations and throughout our value chain. Any unavoidable negative impact should be offset through measures that promote and support biodiversity.

- By 2026, Vestum shall have assessed its impact on biodiversity.
- By 2040, Vestum's shall achieve a net-zero impact on biodiversity.

VESTUM'S WORK WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

Vestum is actively working on four of the UN sustainable development goals. The four goals that we are actively working on have a clear connection to our sustainability targets. We operate in a broad industry and therefore have a direct impact on another three targets.

Decent work and economic growth
- 8.5 Achieve full and productive employment and decent work for all women and men with equal pay for work of equal value
- 8.6 Substantially reduce the proportion of youth not in employment, education or training
- 8.8 SProtect labor rights and promote safe and secure working environments for all workers

Gender equality
- 5.1 End all forms of discrimination against all women and girls
- 5.5 Ensure women's full and effective participation and equal opportunities for leadership and decision-making

Climate action
- 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters

Life on land
- 15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems
- 15.5 Protect the biodiversity and natural habitats

We also work with...

Clean water and sanitation
- 6.3 Improve water quality and wastewater treatment and increase reuse
- 6.4 Increase water-use efficiency and a safe water supply

Industry innovation and infrastructure
- 9.1 Develop quality, reliable, sustainable and resilient infrastructure

Partnership for the goals
- 17.16 Strengthen domestic resource mobilization

OUTCOME FOR VESTUM'S SHORT-TIME GOALS

Vestum›s short-term goals	Outcome 2023	UN Sustainable Development Goals
By 2026, Vestum shall have established, through active measures and educational efforts, a group-wide structure and culture that ensures both accurate reporting of incidents and accidents and encourages individual employees to speak up if the work environment is perceived as unsafe.	LTIFR[1] 1.5	8 Decent work and economic growth
By 2026, Vestum shall have a minimum of 35% female managers and at least 15% female employees throughout the company.	36% female managers 8% female employees throghout the company	5 Gender equality
By 2026, Vestum shall have provided at least 400 internship and apprenticeship positions.	136 internships and apprenticeship positions	8 Decent work and economic growth
By 2026, Vestum shall reduce CO_2e-emissions by 25% in scope 1, 2, and 3 by a total of 25% per unit of revenue.	Ton Co_2e Scope 1 5,359 Scope 2 553 Scope 3 80,981	13 Climate action
By 2026, Vestum shall have assessed its impact on biodiversity.	N/A	15 Life on land

[1] LTIFR (Lost Time Injury Frequency Rate) refers to the number of accidents per 200,000 hours worked.

BUSINESS ETHICS AND REGULATORY COMPLIANCE

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

Business ethics and fair competition

Fair competition and reliability are essential for maintaining long-term relationships with customers. The use of unfair or illegal anti-competitive measures, collusion with unethical business partners and acting contrary to the best interests of the project or the company all constitute business risk and can damage our reputation. Vestum applies zero tolerance to bribery and there must never be any doubt over the business legitimacy of representation.

Acquisition model and Group-wide interest

Vestum's acquisition model with a focus on values and shared ownership strengthens the Group's common interest in business ethics and anti-corruption. Our stance on ethics and anti-corruption is spelled out in Vestum's code of conduct and code of conduct for suppliers, which are applied throughout the Group.

Suppliers and subcontractors

The same requirements that Vestum places on its own operations are also applied to Vestum's suppliers and subcontractors. The supplier code of conduct emphasizes the importance of maintaining business ethics and ensuring that products and services are procured under environmentally and socially responsible conditions.

Whistleblower service and reporting

Vestum's whistleblower service makes it possible to anonymously report any deviations from ethical principles and other irregularities. Those making a report are not required to present evidence to back up their suspicions, but are expected to act in good faith. All reports are thoroughly investigated before the appropriate action is taken. In 2023, we did not have any reported cases come in via the whistleblower service.

Data integrity and data management

Ensuring confidentiality and integrity is crucial when handling customer and personal data. Processing data in a correct, legal and fair way includes complying with the General Data Protection Regulation (GDPR). With an increased risk of data breaches, continuous work is carried out to maintain sufficient levels of protection.

CLIMATE AND ENVIRONMENT

In 2023, we have set short-term interim targets linked to our long-term targets. Vestum's long-term target is to reach a net zero climate impact by 2040, while our short-term interim target is to reduce our CO_2e emissions by 25% per unit of revenue by 2026.

A first step in reducing our climate impact is to map out where emissions occur in the value chain. We are using the Green House Gas Protocol (GHG protocol) to calculate our emissions.

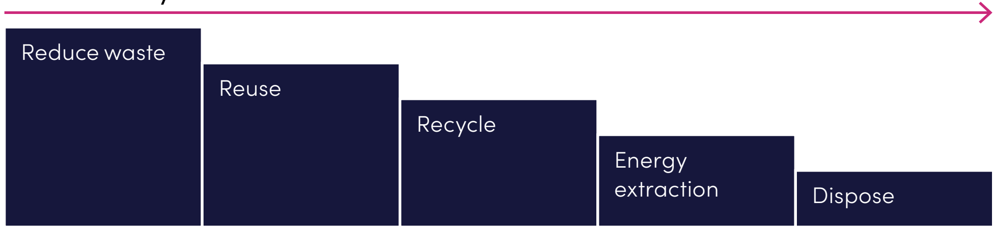
During the year, we have put considerable resources into mapping our impact linked to the emission of greenhouse gases. We have reviewed all companies and redesigned the reporting structure to ensure high-quality data.

Reporting of greenhouse gas emissions (GHG)

We have chosen to initially report on five categories within Scope 3, based on the areas where Vestum as a Group has its biggest impact. We see that 93% of our emissions are generated within Scope 3 and 84% of our total emissions are generated in the category of purchased goods and services. We have reported 75% of the financial value of purchased goods and services. The reporting has been done based on the purchases that have the largest climate footprint. In order to reduce our emissions, it is therefore important to maintain good relationships and contacts with our suppliers, as the largest part of the Group's emissions are linked to our purchases. We see that there are challenges in collecting high-quality data from many of our suppliers as it is difficult for the suppliers themselves to do this reporting.

Just like Vestum, our suppliers will be covered by CSRD in the near future and we therefore have positive expectations that the data quality will improve as the suppliers receive better climate data on their products and services. In the reporting, upstream transportation and distribution also stands out as a category with a big impact. We will therefore place an increased focus on these two categories in 2024. We will also work actively to improve the quality of our data. By working with our suppliers and making strict demands, we hope to be able to bring in more high-quality data. For us, high quality means that the data is based on direct measurement or calculation of emissions from an EPD (Environmental Product Declaration).

Waste hierarchy



Waste

Many of our companies are involved in projects that generate significant amounts of waste. We strive to make our waste management more efficient by following the principles of the waste management ladder in our operations. The first step in reducing our amount of waste is to minimize the purchases of materials for the projects. The second step involves reusing materials as much as possible. The third stage focuses on recycling materials, and those materials that cannot be recycled are turned into energy through combustion. Finally, if the material is not suitable for energy extraction, it is sent to a landfill.

In 2024, we intend to review the entire Group's waste management to identify opportunities to reduce our footprint linked to waste.

Calculation according to the GHG Protocol

Vestum applies the GHG Protocol to quantify and report our emissions of greenhouse gases linked to our operations.

The framework of the GHG Protocol divides the impact into three different scopes, based on the degree of control the reporting company has over the emissions.

Scope 1 covers emissions where the company has direct and significant control opportunities, which include:

- Fugitive emissions
- Mobile combustion
- Stationary combustion

Scope 2 covers indirect emissions arising from the company's consumption of:

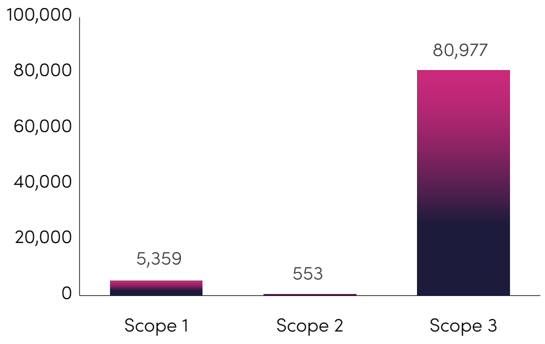
- Purchased electricity
- Purchased heating and cooling

Scope 3 covers the emissions that occur before and after our own operating processes in the value chain. Vestum initially focuses on five categories in Scope 3:

- Purchased goods and services
- Upstream transportation and distribution
- Waste generated in operations
- Upstream leased assets
- Fuel and energy-related emissions linked to reported data.

The categories in Scope 3 have been selected based on where in the value chain Vestum has the biggest impact.

Ton CO_2e scope 1, 2 och 3



Scope 1	
Mobile combustion	4,980
Stationary combustion	355
Fugitive emissions	24
Sum	**5,359**

Scope 2	
Purchased electricity	427
Purchased heating and cooling	126
Sum	**553**

Scope 3	
Purchased goods and services	73,093
Upstream transportation and distribution	5,633
Fuel and energy-related emissions	1,304
Waste generated in operations	943
Upstream leased assets	8
Sum	**80,980**

Sum scope 1, 2 and 3	**86,891**

The 2023 emissions of Co_2e amounted to 0,015 kg Co_2e/ revenue krona.

Västsvensk Byggskruv – leading the way in sustainability

Västsvensk Byggskruv, one of Sweden's leading suppliers of screws and fasteners, has established itself as a pioneer in sustainability through life cycle analysis and ambitious sustainability work. Vestum is proud that one of our companies is the first player in Sweden to offer screws with an environmental product declaration (EPD).

To further reduce its environmental impact, Västsvensk Byggskruv has implemented an intelligent packaging strategy. The packaging is made from paper with a cellulose window, which makes it easy to sort it as paper and promotes efficient recycling.

To reduce unnecessary waste, Västsvensk Byggskruv has also introduced practical buckets that can be refilled with screws. This measure promotes ease of use and means the packing materials can be reused.

Västsvensk Byggskruv not only strives for sustainability in manufacturing and packaging, but also in logistics. By optimizing transportation and packaging the screws close to the customer, Västsvensk Byggskruv has successfully reduced the unnecessary transportation of air, which further reduces the climate impact.

Enablers and climate adaptation

Vestum's companies operate in industries that have a big impact on the climate. Many of our companies also carry out different types of work that enable climate-improving activities and climate adaptations.

At Vestum, several of our companies integrate sustainability as a natural part of their core operations and work as enablers. Some examples of this are companies working with, railroad tracks, insulation, and energy efficiency improvements.

Climate adaptation involves preparing society for the challenges associated with a changing climate. Our companies implement various climate adaptation measures, such as installing water pumps to mitigate floods, irrigation systems to address drought, and ground reinforcement measures to mitigate risks of erosion or landslides.

Biodiversity

Biodiversity is a priority issue for Vestum. Our overall long-term target is to have a net zero impact on biodiversity. To make sure we are on the right track towards this target, we have set a short-term target to map our impact on biodiversity by 2026 at the latest.

We are currently working on finding an effective method to map our impact on biodiversity. It is of utmost importance to use a method that can be applied to all companies in the Group.

Continued work

In 2024, we will focus on monitoring sustainability efforts across all group companies. Through systematic follow-up and development, we strive to make well-founded strategic decisions. We are convinced that an increased focus on sustainability will lead to developments within the area of sustainability within the entire group. This will strengthen our companies and make them competitive. By integrating sustainability as a core principle, we not only want to reduce our impact but also position our companies as leaders within their industries. This will create a stable foundation for a sustainable and future-proof business.

Marbit was commissioned to prevent land erosion

Marbit was commissioned by the city of Sundbyberg to build a jetty in the nature reserve at Lötsjön and erect a palisade to ensure that the ground does not erode and fall into the lake. As the area is part of a nature reserve, the county administration had strict requirements for the project.

One requirement from the county administration was that the parts of the lake where work was not taking place should be protected from turbidity during the project. If the water in the lake becomes too cloudy, there is a great risk that plants and animals will be deprived of sunlight, which can be harmful to marine life. To prevent turbidity, a protective bilge was set up along the work area. The protective bilge could not be removed until the water inside the protective bilge was as clear as the water outside.

Marbit, with its extensive experience of carrying out work in sensitive areas, was able to propose its own measures for how to minimize the impact on the sensitive area where the work was carried out. It turned out to be a successful strategy for meeting the high demands of the county board and at the same time preserving and protecting the precious environment in the nature reserve.

SOCIAL RESPONSIBILITY

In an industry where there are significant risks of work-related accidents, Vestum has made a central commitment to having a safe work environment. Statistics from the Swedish Work Environment Authority show that the number of work-related fatal accidents increased in 2023, which underlines the need to prioritize and improve work environment conditions.

One step in reaching our long-term target of having no serious accidents in the workplace is to clearly emphasize the need for work environment training among our employees. Vestum has therefore, together with the Construction Industry Training Center, provided all group companies with the opportunity to undergo work environment training. These training courses are provided by Vestum at group level. By improving the awareness of risks, implementing best practices and promoting preventive measures, Vestum strives to reduce the number of workplace accidents and create a safe work environment where every employee can thrive and perform at their best.

At Vestum, we use the Lost Time Injury Frequency Rate (LTIFR) to report accidents. The LTIFR shows reported work-related injuries that have resulted in at least one day's absence per 200,000 hours worked. During the year, the number of work-related injuries decreased compared to the previous year.

Several of our operations have comprehensive work environment processes, where health, well-being and employee development are monitored. Some of our companies have also certified their occupational health and safety efforts by third parties.

Vestum employs 1,800 people and it is important for us to take advantage of each employee's skills, which includes making sure everyone feels engaged and essential to the business. We strongly believe that the key to this lies in offering equal opportunities for development for all employees, both at company and Group level.

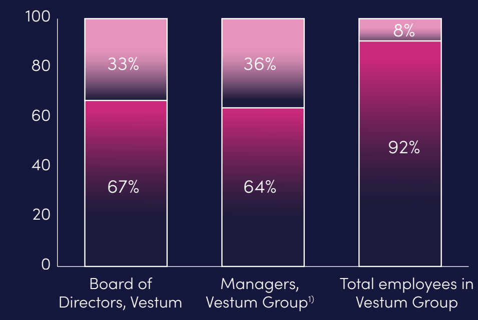
Diversity and equality

In the industries Vestum operates in, women are traditionally underrepresented. We strive to be a driving force to promote a more equal industry and work consistently to increase the proportion of women among our employees at all levels. According to the consulting firm McKinsey, there is a positive correlation between workplaces with diversity, especially when it comes to gender equality, and financial performance. We are convinced that a workplace characterized by equality and inclusion not only promotes innovative thinking, but also gives rise to a corporate culture that is a catalyst for a competitive business.

In the past year, we exceeded our short-term target of having 35% female managers by one percentage point. By being visible in schools and offering apprenticeships, we hope to open the door for a wider female presence in the industry. Our goal is to always include both female and male candidates in all recruitment processes. In a male-dominated industry, it is particularly important to retain our female employees. It has been shown that one of the reasons why women leave the construction industry is the lack of women. By attracting female talents, we can create a positive spiral.

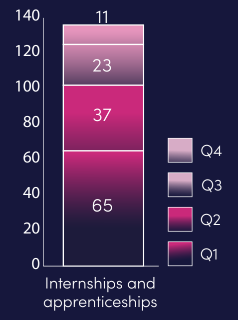
Gender equality

Gender distribution as of December 31 2023



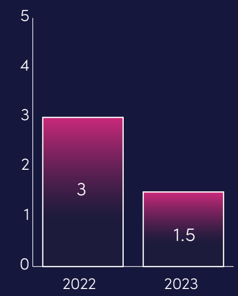
Skills recruitment

Internships and apprenticeships as of December 31, 2023 (accumulated 136 Internships and apprenticeships from January 1, 2023)



Work environment, LTIFR

Serious accidents during 2023[2] (27 accidents)



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

EU TAXONOMY REGULATION

EU's Taxonomy Regulation is a classification system for sustainable economic activities, consisting of six environmental objectives. A business must substantially contribute to one objective while not significantly harming any of the other objectives to be considered environmentally sustainable.

Vestum shall report on and to what extent its activities are covered by and compatible with the taxonomy, thus being environmentally sustainable. Vestum has interpreted the requirements of the Taxonomy Regulation and associated delegated acts in accordance with current guidelines from the European Commission. Vestum's ambition is to increase the proportion of its operations that meet the taxonomy, initially by obtaining more information and data to substantiate compatibility.

Assessment of compliance with the taxonomy

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

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

From 2023, the number of environmental objectives has expanded from two to six. Vestum has assessed that we do not substantially contribute to any of the added environmental objectives since there is insufficient evidence to substantiate that the contribution is substantial.

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

Minimum safeguards

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

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

Activities	Alignment assessments	Substantial Contribution	Do No Significant Harm
5.4 Renewal of waste water collection and treatment	Within the Water segment, Vestum's operations include optimising pump and irrigation systems, which reduce energy use and are therefore deemed to be aligned with the taxonomy by significantly contributing to mitigating climate change. The pump and irrigation systems are used for both drinking water and wastewater.	We have not been able to assess whether our operations contribute significantly to any of the six environmental objectives according to the technical screening criteria because we lack data to support this.	We have been unable to ensure that we do not cause significant harm according to the technical screening criteria, as we lack the necessary basis for making this assessment. Climate risk analyses are conducted for minor projects and services. However, as a practice, these are typically performed only for major projects, in which we did not participate during 2023.
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Vestum's car fleet consists of electric cars, hybrid cars and conventional cars that use different fuels such as HVO, diesel and petrol. Some of the cars are alternatives to fossil-fuel transports and are therefore deemed to be aligned with the taxonomy by significantly contributing to mitigating climate change. We have not been able to assess compliance with the technical screening criteria, especially regarding not causing significant harm, as we lack certain required documentation such as types of tires.	We have not been able to assess whether our operations contribute significantly to any of the six environmental objectives according to the technical screening criteria because we lack data to support this.	We have been unable to ensure that we do not cause significant harm according to the technical screening criteria, as we lack the necessary basis for making this assessment. Climate risk analyses are conducted for minor projects and services. However, as a practice, these are typically performed only for major projects, in which we did not participate during 2023.
6.13 Infrastructure for personal mobility, cycle logistics 6.14 Infrastructure for rail transport	Within the Infrastructure segment, Vestum works on projects within in land and construction, railways and other infrastructure. Vestum's operations include building and maintaining railways, subways, footpaths and cycle lanes that provide alternatives to fossil-fuel transports and are therefore judged to be aligned with the taxonomy by significantly contributing to mitigating climate change.	In 2023, Vestum participated in construction projects to create sidewalks/cycle lanes and pedestrian areas, installations for electric charging and hydrogen refuelling, as well as the construction of subway tracks. These economic activities are thus deemed to significantly contribute to mitigating climate change.	The projects are often large and comprehensive and usually include environmental impact assessments and climate risk assessments. For the projects that Vestum participated in during 2023, environmental impact assessments were carried out, including climate risk assessments, from which we assess that the turnover from these projects is compliant with the taxonomy.
7.3 Installation, maintenance and repair of energy efficiency equipment 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings 7.6 Installation, maintenance and repair of renewable energy technologies 7.7 Acquisition and ownership of buildings	Vestum provides services and products for renovations, conversions and extensions, mainly for commercial properties. This includes installation, maintenance and repair of energy-efficient equipment such as replacing older lighting with new LED lighting, as well as technology for measuring energy performance. We also install charging stations and solar cells. These activities are therefore considered to be aligned with the taxonomy as they can significantly contribute to mitigating climate change. We have not been able to assess compliance with the technical screening criteria, especially regarding not causing significant harm as we lack the supporting evidence. Our clients do not carry out climate risk assessments as the contracts often are for smaller construction jobs and renovations. Vestum owns a small number of logistics buildings in industrial areas. No climate risk assessments have been carried out yet for these buildings, and we can therefore not determine compliance with the taxonomy.	We have not been able to assess whether our operations contribute significantly to any of the six environmental objectives according to the technical screening criteria because we lack data to support this	We have been unable to ensure that we do not cause significant harm according to the technical screening criteria, as we lack the necessary basis for making this assessment. Climate risk analyses are conducted for minor projects and services. However, as a practice, these are typically performed only for major projects, in which we did not participate during 2023.

Accounting principles

For the financial year 2023, Vestum will report the proportion of economic activities that are aligned and compliant with the taxonomy based on three KPIs: proportion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx). Vestum's interpretations of the KPI definitions are based on the taxonomy's publications. Double counting in the KPIs is limited by the fact that Vestum only reports the scope and compatibility with an environmental objective and that the calculations are based on consolidated financial data for the entire Group.

Proportion of turnover

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

The numerator includes turnover from products and services associated with taxonomy-aligned economic activities. The denominator consists of net sales for the Group. See the Group's income statement, net sales, on p. 64.

Capital expenditure (CAPEX)

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

The numerator in the calculation for capital expenditure refers to self-owned real estate and leasing of vehicles and real estate, where accounting is done according to IFRS 16 Leases. The vehicle fleet and leasing of properties are reported as right-of-use assets according to IFRS 16 and self-owned properties as tangible fixed assets. The investments included in the numerator refer to new purchases and business acquisitions, which are reported in Note 9, Leasing (p. 67) and in Note 15, Property, plant and equipment (p. 72). Denominators include new purchases and business acquisitions of all asset classes of right-of-use assets and all asset classes of tangible fixed assets.

Operating expenditure (OPEX)

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

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

Turnover

Economic activities (1)[1)]		Absolute turnover (SEKm)	Proportion of turnover (%)	Substantial contribution criteria (%): Climate change mitigation (%)	Climate change adaption (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	DNSH criteria ("Do Not Significant Harm") (Y/N): Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and eco-systems (Y/N)	Minimum safeguards (Y/N)	Taxonomy aligned proportion of turnover, year 2023	Taxonomy aligned proportion of turnover, year 2022	Category (enabling activity or) (E)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Infrastructure for personal mobility, cycle logistics	6.13	90	2%	100%						Y	Y	Y	Y	Y	Y	Y	2%	0%	E	
Infrastructure for rail transport	6.14	159	3%	100%						Y	Y	Y	Y	Y	Y	Y	3%	10%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**249**	**4%**														**4%**	**10%**		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Renewal of waste water collection and treatment	5.4	44	1%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	40	1%																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	6	0%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	3	0%																	
Installation, maintenance and repair of renewable energy technologies	7.6	5	0%																	
Total (A.1 + A.2)[4)]		**348**	**6%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		5,414	94%																	
Total (A + B)		**5,762**	**100%**																	

During 2022, turnover amounted to SEK 6,930 million, of which 10% was covered by the taxonomy.

CAPEX

				Substantial contribution criteria (%)						DNSH criteria ("Do Not Significant Harm") (Y/N)										
Economic activities (1)[1]		Absolute CapEx (SEKm)	Proportion of CapEx (%)	Climate change mitigation (%)	Climate change adaptation(%)	Water and marine resource (%)	Circular economy(%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and eco-systems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned proportion of CapEx, year 2023	Taxonomy aligned proportion of CapEx, year 2022	Category (enabling activity) (E)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**														**0%**	**0%**		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	75	29%																	
Acquisition and ownership of buildings	7.7	84	33%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)[2]		**159**	**61%**																	
B.TAXONOMY-NON-EGIBLE ACTIVITIES																				
CapEx of Taxonomy-noneligible activities (B)		100	39%																	
Total (A + B)		**259**	**100%**																	

During 2022, CAPEX amounted to SEK 542 million, of which 0% was covered by the taxonomy.

OPEX

				Substantial contribution criteria (%)						DNSH criteria ("Do Not Significant Harm") (Y/N)										
Economic activities (1)[1]		Absolute OpEx (3) (SEKm)	Proportion of OpEx (%)	Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy(%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy aligned proportion of OpEx, year 2023	Taxonomy aligned proportion of OpEx, year 2022	Category (enabling activity (E)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**														0%	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Renewal of waste water collection and treatment	5.4	0	1%																	
Infrastructure for personal mobility, cycle logistics	6.13	0	0%																	
Infrastructure for rail transport	6.14	4	22%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	0	0%																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	0	0%																	
Installation, maintenance and repair of renewable energy technologies	7.6	0	1%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5	25%																	
Total (A.1 + A.2)[2]		**5**	**25%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-noneligible activities (B)		14	75%																	
Total (A + B)		**19**	**100%**																	

During 2022, OPEX amounted to SEK 19 million, of which 0% was covered by the taxonomy.

5 FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

SEK million	Note	2023	2022
Remaining operations			
Operating income			
Net sales	5,6	5,762	5,162
Other operating income		47	56
Total operating income		**5,809**	**5,218**
Operating expenses			
Materials and purchased services		-3,072	-2,748
Other external costs	7	-482	-426
Personnel costs	8	-1,403	-1,244
Other operating expenses	16	-14	-30
EBITDA		**838**	**770**
Depreciation excl. acquired surplus values	9, 15	-215	-178
EBITA		**623**	**591**
Amortisation attributable to acquired surplus values	14	-304	-277
Operating profit (EBIT)		**318**	**314**
Financial income	11	154	42
Financial costs	9, 11	-333	-218
Total financial items		**-179**	**-176**
Earnings before tax		**140**	**138**
Income tax	10	-36	-40
Profit/loss for the year from continuing operations		**104**	**97**
Profit/loss from operations held for sale	13	-39	7
Profit/loss from divested operations	12	-437	38
Profit/loss for the year		**-373**	**142**

SEK million	Note	2023	2022
Profit/loss attributable to:			
Parent company's shareholders		-374	141
Non-controlling interests		1	1
Average number of shares during the year, before dilution	23	374,978,968	364,508,628
Average number of shares during the year, after dilution	23	375,174,858	364,508,628
Profit/loss attributable to remaining operations and the Parent company's shareholders per share before and after dilution, SEK	23	0.28	0.27
Profit/loss attributable to Parent company's shareholders per share, SEK		-1.00	0.39

Consolidated statement of comprehensive income

SEK million	Note	2023	2022
Profit/loss for the year		**-373**	**142**
Other comprehensive income			
Items that could later be reclassified to the income statement			
Exchange differences on translation of foreign operations		-76	41
Other comprehensive income for the year		**-76**	**41**
Total comprehensive income for the year		**-448**	**183**
Comprehensive income for the year attributable to:			
Parent company's shareholders		-449	182
Non-controlling interests		1	1
Total comprehensive income attributable to Parent company's shareholders, originated from:			
Remaining operations		-421	190
Operations held for sale		-27	-7

CONSOLIDATED BALANCE SHEET

SEK million	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	14	5,522	6,276
Property, plant and equipment	15	236	304
Right-of-use assets	9	520	740
Financial assets	17	3	8
Deferred tax assets	10	6	24
Other non-current assets		2	3
Total non-current assets		**6,289**	**7,354**
Current assets			
Inventories	19	318	429
Accounts receivable	17, 18	867	1,063
Contract assets	5	134	243
Other current assets	17	59	80
Prepaid expenses and accrued income	20	118	120
Cash and cash equivalents	17, 21	345	608
Assets held for sale	13	249	52
Total current assets		**2,090**	**2,596**
TOTAL ASSETS		**8,379**	**9,950**

SEK million	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	22	125	123
Share premium reserve		4,460	4,335
Reserves		-23	53
Retained earnings including profit/loss for the year		-509	-136
Equity attributable to the Parent company's shareholders		**4,053**	**4,374**
Non-controlling interests		3	3
Total equity		**4,057**	**4,377**
Liabilities			
Non-current provisions	25	21	22
Non-current interest-bearing liabilities	17, 24	590	2,638
Non-current lease liabilities	9	392	543
Deferred tax liabilities	10	512	575
Other non-current liabilities	17	61	160
Total non-current liabilities		**1,575**	**3,938**
Current provisions	25	2	2
Current interest-bearing liabilities	17, 24	1,334	3
Current lease liabilities	9	135	194
Accounts payable	17	430	528
Current tax liabilities		7	16
Contract liabilities	5	81	119
Other current liabilities	17	351	421
Accrued expenses and deferred income	26	293	340
Liabilities related to assets held for sale	13	114	11
Total current liabilities		**2,747**	**1,635**
Total liabilities		**4,322**	**5,573**
TOTAL EQUITY AND LIABILITIES		**8,379**	**9,950**

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 2022-01-01	**117**	**3,739**	**11**	**-276**	**2**	**3,593**
Profit/loss for the year	–	–	–	141	1	**142**
Other comprehensive income for the year	–	–	41	–	–	**41**
Transfer to other reseves	–	–	1	-1	–	**-**
Total comprehensive income	**-**	**-**	**42**	**140**	**1**	**183**
Transactions with owners						
Share issue	5	580	–	–	–	**585**
Issue costs	–	-3	–	–	–	**-3**
Incentive program 2021/2025	–	20	–	–	–	**20**
Shares attributable to non-controlling interests arising from the acquisition of subsidiaries	–	–	–	–	-1	**-1**
Total transactions with owners	**5**	**597**	**-**	**-**	**-1**	**601**
Closing balance 2022-12-31	**123**	**4,335**	**53**	**-136**	**3**	**4,377**
Opening balance 2023-01-01	**123**	**4,335**	**53**	**-136**	**3**	**4,377**
Profit/loss for the year	–	–	–	-374	1	**-373**
Other comprehensive income for the year	–	–	-76	–	–	**-76**
Transfer to other reserves	–	–	0	0	–	**-**
Total comprehensive income	**-**	**-**	**-76**	**-374**	**1**	**-448**
Transactions with owners						
Share issue	3	123	–	–	–	**126**
Issue costs	–	0	–	–	–	**0**
Incentive program 2023/2026	–	2	–	–	–	**2**
Shares attributable to non-controlling interests originated from the acquisition of subsidiaries	–	–	–	–	-1	**-1**
Total transactions with owners	**3**	**125**	**-**	**-**	**-1**	**128**
Closing balance 2023-12-31	**125**	**4,460**	**-23**	**-509**	**3**	**4,057**

CONSOLIDATED CASH FLOW STATEMENT

SEK million	Note	2023	2022
Operating activities			
Earnings before tax		140	138
Adjustments for items that are not included in the cash flow	29	531	432
Income tax paid		-90	-122
Cash flow before change in working capital		**581**	**447**
Changes in working capital			
Changes in inventories		25	-73
Changes in current receivables		-46	-114
Changes in current liabilities		74	137
Changes in working capital		**54**	**-50**
Cash flow from operating activities		**634**	**397**
Investment activities			
Investment in intangible assets	14	-6	-1
Investment in property, plant and equipment	15	-62	-33
Acquisition of subsidiaries/operations	16	-348	-1,188
Divestment of subsidiaries and activities	12	371	–
Proceeds from other financial assets		-1	–
Cash flow from investment activities		**-45**	**-1,221**

SEK million	Note	2023	2022
Financing activities			
Proceeds from borrowings	24	1,701	131
Repayment of borrowings		-2,417	–
Repayment of lease liabilities	9	-146	-122
Proceeds from capital increase		2	20
Change in other non-current liabilities		–	-7
Cash flow from financing activities		**-860**	**21**
Cash flow from remaining operations		**-271**	**-803**
Cash flow from operations held for sale	13	37	-19
Cash flow from divested operations	12	-24	-91
Cash flow for the year		**-258**	**-914**
Cash and cash equivalents at the beginning of the year		608	1,518
Cash and cash equivalents from operations held for sale		-6	–
Total cash flow for the year		-258	-914
Exchange rate differences in cash and cash equivalents		–	4
Cash and cash equivalents at the end of the year	21	**345**	**608**
Cash flow for the year from interest			
Interest paid		-193	-145
Interest received		14	2

NOTES FOR THE GROUP

Note 1 General information

Vestum AB (publ) and its subsidiaries (the Group) is an industrial group that provides services and products to civic infrastructure. Vestum AB (publ), corporate registration number 556578-2496, is based in Stockholm. The head office and principal place of business is located at Kungsgatan 26, 111 35 Stockholm, Sweden. The consolidated financial statements for the year ended December 31, 2023 (including comparative figures) were approved for issuance by the Board on April 11, 2024.

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 17, 2024.

Note 2 Summary of key accounting principles

This note contains a summary of the key accounting principles that were applied during the preparation of these consolidated financial statements. These principles have been applied consistently for all years presented, unless otherwise stated. The consolidated financial statements include Vestum AB and its subsidiaries. All amounts are reported in millions of SEK (SEK million) unless otherwise stated. The information in parentheses refers to the previous year. Rounding can occur in tables and invoices, which means that the stated total amounts are not always an exact sum of the rounded subamounts.

Basis of preparation of the financial statements

Compliance with IFRS

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

Acquisition value method

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

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

New standards and interpretations with application 2024 or later

Several new standards and interpretations enter into force for financial years beginning after 1 January 2024 and have not been applied in the preparation of this financial report. These new standards and interpretations are not expected to have a significant impact on the Group's financial statements in the current or future periods, nor on future transactions.

Consolidated financial statements

Subsidiaries

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

The acquisition method is used for the reporting of the Group's business acquisitions (see Note 16). Intra-group transactions, balance sheet items and unrealized gains and losses on transactions between Group companies are eliminated. Intragroup losses can be an indication of write-downs that must be included in the consolidated accounts. The accounting principles for subsidiaries have in such cases been changed to ensure a consistent application of the Group's principles.

Discontinued operations

The results from WeSc:s and Arctic Infra:s business are reported separately in the income statement in accordance with IFRS 5 regarding discontinued operations. Furthermore, the balance sheet attributable to the business are reported as assets held for sale and liabilities related to assets held for sale.

Divested operations

A divested operations is a material entity or a substantial portfolio of businesses that have been divested. The consolidated income statement and cash flow statement for the year and comparative year have been recalculated and the divested group of companies are reported as divested operations on separate rows, Profit/loss from divested operations in the income statement and Cash flow from divested operations in the cash flow statement. Comparative figures for the balance sheet has not been recalculated. The accounting of divested operations is in accordance with IFRS 5.

Segment reporting

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

Foreign currency translation

Functional currency and reporting currency

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

Transactions and balance sheet items

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

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

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

Group companies

Earnings and financial position for all Group companies (none of which have a high-inflation currency as functional currency) that have a different functional currency than the reporting currency are translated into the Group's reporting currency as follows:

- assets and liabilities for each of the balance sheets are translated at the exchange rate on the balance sheet date;
- revenues and costs for each of the income statements are translated at the average exchange rate (if this average exchange rate is a reasonable approximation of the cumulative effect of the exchange rates that apply on the transaction date, otherwise revenues and costs are translated at the exchange rate on the transaction date), and all exchange rate differences that arise are reported under other comprehensive income.

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

Revenue recognition

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

Sales of products

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

Revenue from service assignments

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

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

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

Revenue from projects and ongoing assignments

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

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

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

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

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

Revenue from leasing

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

Interests and dividends

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

Current and deferred income tax

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

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

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

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

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

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

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

Leasing

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

Business combinations

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

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

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are valued, with a few exceptions, initially at fair value as of the acquisition date.

Acquisition-related costs are reported when they arise. Goodwill refers to the amount by which

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

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

Impairment losses on non-financial assets

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

Cash and cash equivalents

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

Accounts receivable

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

Inventories

Raw materials and supplies, work in progress and finished goods

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

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

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

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

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

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

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

Investments and other financial assets

Classification

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

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

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

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

Recognition in and removal from the balance sheet

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

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

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

Investments in equity instruments
The Group values all equity instruments at fair value.

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

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

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

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

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

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

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

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

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

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

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

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

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

In order to test the need for impairment, goodwill acquired in a business acquisition is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units that have been allocated goodwill corresponds to the lowest level in the Group at which the goodwill in question is monitored through internal management, which for Vestum is the operating segment level (Note 14).

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 23).

Earnings per *share* after dilution

To calculate earnings per share after dilution, the amounts used to calculate earnings per share before dilution are adjusted by taking into account:

- the weighted average of the additional ordinary shares that would have been outstanding in a conversion of all potential ordinary shares.

Note 3 Financial risk management

Financial risk management

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

Market risk

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

i) Currency risk

Currency risk refers to the risk that unfavorable exchange rate changes will affect the Group's earnings and equity positively or negatively measured in SEK:

- Transaction exposure arises as a result of the Group making and receiving payments in foreign currencies
- Translation exposure arises as a result of the Group's currency exposure from the net assets in the Group's foreign operations

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

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

(ii) Interest rate risk

The Group's interest rate risk arises through long- and short-term borrowing. Borrowing with variable interest rates exposes the Group to interest rate risk regarding cash flow. In 2023, the Group's borrowing at variable interest rates was in SEK and NOK. The Group's average interest rate amounted to 7.4% during the financial year 2023. The Group's borrowing amounted to SEK 1,924 million as of the balance sheet date, see Note 17. A change in the interest rate situation by +/- 0.5 percentage points would have an impact on the year's earnings of +/- SEK 10 million.

Credit risk

Credit risk is the risk that Vestum's counterparties do not fulfil their contractual obligations. The Group is exposed to this risk partly through various financial instruments, such as accounts receivables or advance payments, and partly through its placement of surplus liquidity. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets on December 31, see Note 17 for the compilation of financial assets.

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

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

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

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

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

Liquidity risk

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

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

As of December 31, the Group has a total credit facility of SEK 1,140 million, of which Vestum had utilised SEK 440 million as of the end of the period. Available liquidity at the end of the period amounted to SEK 1,045 million.

Vestum has also issued two bond loans. The first bond was issued in 2021 and has an outstanding volyme of SEK 900 million under a framework of SEK 3,000 million, with maturity in October 2024 and runs at an interest rate of STIBOR plus 415 basis points. The second bond loan was issued in 2023 and amounts to SEK 600 million under a framework of SEK 1,000 million, due in April 2026 and runs at an interest rate of STIBOR plus 637.5 basis points. In March 2024, Vestum requested approval from its bondholders to change the terms of Vestum's outstanding 2023/2026 bonds of SEK 600 million. The amendment to the terms gives Vestum greater scope to take up credit facilities by increasing the current amount limit in the terms SEK 1,400 SEK to SEK 1,800 million, which means that Vestum can refinance outstanding bonds in 2021/2024 of SEK 900 million with bank financing and cash.

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

Contractual maturities for financial liabilities

	Maturity analysis						
As of 31 December 2023	**< 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**5 years >**	**Total contractual cash flows**	**Carrying amount receivables/liabilities**
Accounts payable	430,430,469	-	-	-	-	**430,430,469**	430,430,469
Liabilities to credit institutions	72,733,433	385,579,479	-	-	-	**458,312,912**	440,000,000
Bond loan	69,419,100	969,372,250	63,980,333	631,728,667	-	**1,734,500,350**	1,484,022,262
Contingent consideration	145,988,399	-	47,500,000	14,000,000	-	**207,488,399**	207,488,399
Lease liability	79,565,854	71,295,530	110,775,104	188,408,123	196,717,641	**646,762,252**	526,299,033
Total financial liabilities	**798,137,255**	**1,426,247,260**	**222,255,437**	**834,136,790**	**196,717,641**	**3,477,494,382**	**3,088,240,162**

Note 4 Significant estimates and assessments for accounting principles

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

Significant assessments by Group management

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

Impairment losses on non-financial assets and goodwill

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

At the balance sheet date 2023-12-31 goodwill amounted to SEK 3,498 (3,825) million. For more information about the impairment test, see Note 14.

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 2023-12-31 were valued at SEK 207 (399) million. For more information about contingent consideration and acquisitions, see Note 16.

Revenue from projects

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

At the balance sheet date 2023-12-31, receivables for construction contracts were recognised in the balance sheet at SEK 134 (243) million and liabilities recognised at SEK 81 (119) million. For more information on construction contracts, see Note 5.

Note 5 Revenue distribution

Revenues distributed by revenue category

	2023			
	Water	Services	Infra	Total
Ongoing assignments	12	623	337	971
Product sales	489	432	385	1,306
Projects	38	735	2,022	2,795
Service assignments	2	90	261	353
Leasing	196	0	139	335
Total net sales	**737**	**1,880**	**3,144**	**5,762**

	2022			
	Water	Services	Infra	Total
Ongoing assignments	12	605	393	1,010
Product sales	447	474	233	1,155
Projects	3	693	1,678	2,374
Service assignments	4	90	290	383
Leasing	151	0	90	242
Total net sales	**617**	**1,962**	**2,684**	**5,162**

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

Revenues by customer type

	2023			
	Water	Services	Infra	Total
Private sector	618	1,754	1,931	4,303
Public sector	105	78	1,172	1,354
Consumer	14	49	40	103
Total income	**737**	**1,880**	**3,144**	**5,762**

	2022			
	Water	Services	Infra	Summa
Private sector	606	1,609	1,753	3,968
Public sector	2	129	887	1,018
Consumer	9	125	85	178
Total income	**617**	**1,862**	**2,684**	**5,162**

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

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

Revenues by geographical markets

	2023			
	Water	Services	Infra	Total
Sweden	36	1,842	3,029	4,907
Other countries	701	38	115	855
Total income	**737**	**1,880**	**3,144**	**5,762**

	2022			
	Water	Services	Infra	Summa
Sweden	33	1,823	2,574	4,431
Other countries	584	39	110	732
Total income	**617**	**1,862**	**2,684**	**5,162**

Contract assets and contact liabilities

	31 Dec 2023	31 Dec 2022
Contract assets – claims on customers	134	243
Contract liabilities – liabilities to customers	-81	-119
Total contract assets	**53**	**124**

The majority of the contractual debts in 2023 will be returned as income in 2024.

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

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

Note 6 Segment reporting

Vestum divides its operations into three segments: Infrastructure, Services and Water. Vestum has identified these three segments as complementary, both over a business cycle and seasonally. The tables below only include the financial outcome for the periods in which each portfolio company was part of the Vestum Group. The segments has been recalculated in accordance to IFRS 5, to describe the continuing operations. Cost for Group functions refers to group management, IT, legal, M&A and group finance functions. Costs related to operating group functions, such as division managers and business control, have been distributed to each segment. All segment's have revenue recognition at a point in time, and over time.

	2023	2022
Net sales per segment		
Water	737	617
Services	1,880	1,862
Infrastructure	3,144	2,684
Total net sales	**5,762**	**5,162**
EBITA per segment		
Water	142	124
Services	187	202
Infrastructure	349	318
Group functions	-56	-56
Adjusted EBITA	**622**	**587**
Adjustments	1	4
EBITA	**623**	**591**
Amortisation attributable to acquired surplus values	-304	-277
Operating profit (EBIT)	**318**	**314**
Financial items net	-179	-176
Earnings before tax	**140**	**138**

Note 7 Remuneration to auditor

	2023	2022
PwC		
Audit assignment	-6	-6
Auditing activities in addition to the audit assignment	0	0
Tax advice	0	0
Other services	0	-1
Total	**-7**	**-7**
Other auditing companies		
Audit assignment	-2	-3
Auditing activities in addition to the audit assignment	0	0
Tax advice	0	0
Other services	0	-1
Total	**-2**	**-4**
Total cost of remuneration to auditor	**-9**	**-10**

Note 8 Remuneration to employees, etc

Salaries, other remuneration and social security contributions	2023 Salaries and other remuneration	*Of which variable portion*	Social security contributions	*Of which pension costs*
Board, CEO, and other senior executives[1]	-64	*-4*	-32	*-11*
Other employees	-912	*-16*	-358	*-71*
Total	**-976**	***-20***	**-390**	***-82***

Salaries, other remuneration and social security contributions	2022 Salaries and other remuneration	*Of which variable portion*	Social security contributions	*Of which pension costs*
Board, CEO, and other senior executives[1]	-70	*-5*	-36	*-13*
Other employees	-803	*-19*	-296	*-58*
Total	**-873**	***-24***	**-332**	***-72***

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

Gender distribution within the group (incl. subsidiaries) of Board of directors and other senior executives	2023		2022	
	No. at balance sheet date	*Of which, men*	No. at balance sheet date	*Of which, men*
Board members	72	*67*	78	*72*
CEO and other senior executives	48	*46*	55	*52*
Total	**120**	***113***	**133**	***124***

Average number of employees, and geographical distribution	2023		2022	
	Average no. of employees	*of which, men*	Average no. of employees	*Of which, men*
Sweden	1,599	*1,456*	1,445	*1,326*
Norway	122	*116*	97	*93*
Denmark	18	*16*	18	*16*
UK	79	*74*	75	*70*
Total	**1,817**	***1,662***	**1,636**	***1,505***

Incentive program

Vestum has three incentive programs corresponding to a total of 9,920,193 warrants. The warrant programs are aimed at senior executives and key people in the Group and the portfolio companies. The warrants have been transferred on market terms at a price that was established based on an estimated market value calculated by an independent valuation institute.

During the Extraordinary General Meeting in Vestum AB (publ) at December 17, 2021, it was decided to establish a warrant-based incentive program by issuing a maximum of 3,520,193 warrants. All warrants have been transferred to employees.

At the annual general meeting in May 23, 2022, it was decided to introduce another incentive program by issuing a maximum of 3,650,000 warrants. All warrants have been transferred to employees.

During the Extraordinary General Meeting in November 1, 2023, it was decided to establish a warrant-based incentive program by issuing a maximum of 3,800,000 warrants. Of these, 2,750,000 warrants have been transferred to employees.

Outstanding program	Number of options	Corresponding number of shares	Redemption rate per option (SEK)	Redemption period	Maximum increase in share capital (SEK)
2021/2025	3,520,193	3,520,193	70.9	1 Jan 2025 – 31 Mar 2025	1,161,664
2022/2025	3,650,000	3,650,000	31.4	1 June 2025 – 31 Aug 2025	1,216,667
2023/2026	2,750,000	2,750,000	6.46	1 Dec 2026– 31 Dec 2026	916,667

Note 9 Leasing

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

Right-of-use assets	Land and buildings	Cars	Machinery and equipment	Other	Total
As of January 1, 2022	**368**	**80**	**57**	**20**	**525**
Acquisitions	147	58	10	14	**229**
Acquisition of businesses	167	22	7	0	**196**
Divestments and disposals	-6	-7	-3	0	**-16**
Translation differences	5	1	-	0	**6**
As of January 1, 2023	**680**	**153**	**72**	**34**	**940**
Acquisitions	63	53	20	6	**142**
Acquisition of businesses	17	0	–	–	**17**
Revaluation	-63	–	–	–	**-63**
Divestments and disposals	-16	-32	-5	-3	**-57**
Departs: Divested operations and operations held for sale	-120	-56	-3	-29	**-207**
Translation differences	-2	0	0	0	**-2**
As of December 31, 2023	**559**	**119**	**84**	**8**	**770**
Accumulated depreciation					
As of January 1, 2022	**-19**	**-10**	**-7**	**-2**	**-38**
Depreciation during the year	-94	-52	-20	-10	**-176**
Divestments and disposals	6	7	3	0	**16**
Translation differences	-1	0	0	0	**-1**
As of January 1, 2023	**-108**	**-55**	**-25**	**-12**	**-200**
Depreciation during the year	-91	-40	-23	-1	**-155**
Divestments and disposals	16	32	5	3	**57**
Departs: Divested operations and operations held for sale	26	13	1	8	**48**
Translation differences	0	0	0	0	**0**
As of December 31, 2023	**-156**	**-50**	**-42**	**-2**	**-250**
Carrying amount at 31 December 2022	**572**	**98**	**47**	**22**	**740**
Carrying amount at 31 December 2023	**404**	**68**	**42**	**6**	**520**

Lease liabilities	2023	2022
Current	135	194
Non-current	392	543
Total	**526**	**737**

For maturity analysis for lease liabilities, see Note 3.

The following amounts are reported in the income statement related to leasing agreements	2023	2022
Depreciation charge for right-of- use assets	-155	-125
Interest expense on lease liabilities	-21	-19
Short-term lease and low-value asset lease expense	-32	-26
Gains and losses on ended contracts	-	-

The total cash flow related to leases for 2023 amounts to SEK -146 (-122) million.

The group's leasing agreements

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

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

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

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

Note 10 Taxes

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

	2023	2022
Earnings before tax	140	138
Tax according to current tax rate 20.6%	-29	-28
Effect of other (foreign) tax rates	-1	-1
Adjustment acquired companies	0	–
Non-taxable income	15	10
Non-deductible expenses	-12	-10
Loss carryforward where deferred tax has not been reported	–	–
Utilized loss carryforward for the year, not previously recognized as an asset	-9	-15
Other	0	6
Reported tax in the income statement	**-36**	**-40**

Tax cost divided into sub-items:

	2023	2022
Current tax		
Profit/loss for the year	-76	-74
Adjustment of previous years	-9	0
	-85	**-74**
Deferred tax		
Untaxed reserves	-13	-31
Temporary difference, Customer relations	59	60
Temporary difference, Fixed assets	0	1
Temporary difference, Acquisition costs	0	4
Temporary difference, Leasing IFRS 16	4	-1
Other temporary differences	1	4
Tax loss carryforward	-3	-3
Total deferred tax	**49**	**34**
Reported tax in the income statement	**-36**	**-40**

Deferred tax assets/liabilities

	31 Dec 2023		31 Dec 2022	
	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
Customer relations	–	240	–	316
Trademarks	–	181	–	192
Machinery	0	3	1	5
Inventory	–	–	1	0
Accounts receivable and other receivables	–	–	0	-5
Pension obligations	0	–	–	–
Provisions	2	11	1	1
Leasing in accordance with IFRS 16	4	–	–	–
Transaction costs in connection with acquisitions	–	-4	–	-4
Untaxed reserves	–	82	–	71
Unutilised tax loss carryforward	–	0	21	-1
Tax assets/liabilities	**6**	**512**	**24**	**575**

Changes in deferred tax assets/liabilities

2023	Opening balance	Reported in income statement	Via acquisitions	Via divesments	Via reclas-sification	Transla-tion difference	Closing balance
Customer relations	316	-56	13	-13	0	-19	240
Trademarks	192	-3	6	-15	–	1	181
Machinery	4	0	–	0	-2	0	2
Inventory	-1	1	–	0	–	–	–
Accounts receivable and other receivables	-5	0	–	-1	5	–	–
Pension obligations	–	0	–	0	–	–	0
Provisions	0	-2	–	0	11	–	10
Leasing in accordance with IFRS	0	-4	–	–	–	–	-4
Transaction costs in connection with acquisitions	-4	0	–	–	–	–	-4
Untaxed reserves	71	13	–	-1	–	-1	82
Unutilised tax loss carryforward	-22	3	–	9	10	–	0
Total	**552**	**-49**	**18**	**-20**	**24**	**-19**	**505**

Note 11 Net financial items

	2023	2022
Interest income	12	1
Exchange rate gains	97	38
Other financial income	45	2
Total financial income	**154**	**42**
Interest costs	-207	-161
Interest costs for leasing liabilities	-21	-19
Exchange rate losses	-48	-35
Other financing costs	-56	-4
Total financial expenses	**-333**	**-218**
Total financial items – net	**-179**	**-176**

Note 12 Divested operations

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

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

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

Profit/loss attributable to divested operations	2023	2022
Revenue	710	1 247
Costs	-776	-1 209
Earnings before tax	**-66**	**38**
Tax for the period	-6	0
Profit/loss from divested operations	**-72**	**38**
Gain/loss on sale of operation	-365	0
Total profit/loss attributable to divested operations	**-437**	**38**

Profit/loss attributable to divested operations	2023	2022
Attributable to:		
Parent company shareholders	-437	38
Earnings per share before/after dilution attributable to Parent company's shareholders, SEK	-1.17	0.10

Cash flow from divested operations	2023	2022
Cash flow from operating activities	23	17
Cash flow from investing activities	-16	-45
Cash flow from financing activities	-31	-64
Total cash flow from divested operations	**-24**	**-91**

Impact of the company portfolio on the balance sheet at the point of divestment	
Intangible assets	577
Property, plant and equipment	68
Right of use assets	107
Other non-current assets	4
Current operating assets	470
Cash and cash equivalents	64
Total assets	**1,291**
Non-current interest bearing liabilities	-2
Deferred tax liabilities	-19
Non-current lease liabilities	-65
Other non-current liabilities	-23
Current lease liabilities	-43
Current operating liabilities	-346
Total liabilities	**-497**
Net assets	**794**

Note 13 Operations held for sale

Operations held for sale refer to the WeSC brand and Arctic Infra AB (Infrastructure). The divestment of Arctic Infra was completed in January 5, 2024, and the divestment of the WeSC brand is agreed and expected to be completed in March, 2024.

The result and cash flow for the company portfolio for 2023, along with comparative figures, are reported as operations held for sale in accordance to IFRS 5.

Net sales for the companies amounted to SEK 590 (552) million and the operating profit amounted to SEK -41 (6) million.

Profit attributable to operations held for sale	2023	2022
Revenue	590	552
Costs	-630	-545
Operating profit	**-41**	**6**
Income tax	2	1
Earnings before tax	**-39**	**7**

Cash flow attributable to operations held for sale	2023	2022
Cash flow from operating activities	47	-12
Cash flow from investing activities	1	-2
Cash flow from financing activities	-11	-5
Total cash flow from divested operations	**37**	**-19**

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

Note 14 Intangible assets

Intangible assets	Goodwill	Trademarks	Other	Customer relations	Total
As of January 1, 2022	**2,699**	**775**	**8**	**1,392**	**4,875**
Acquisitions	–	0	2	–	**1**
Acquisition of business	1,100	156	1	433	**1,690**
Reevaluation	27	6	6	10	**49**
Divestments and disposals	–	–	–	–	**-**
Translation differences	-2	9	0	16	**23**
As of January 1, 2023	**3,825**	**946**	**17**	**1,851**	**6,637**
Acquisitions	–	–	2	–	**2**
Acquisition of business	216	28	–	62	**305**
Revaluation	–	–	–	–	**-**
Divestments and disposals	-531	-74	-12	-134	**-751**
Translation differences	-12	-25	–	-55	**-92**
As of December 31, 2023	**3,498**	**875**	**7**	**1,724**	**6,102**
Accumulated depreciation					
As of January 1, 2022	–	**-10**	**-**	**-52**	**-61**
Depreciation during the year	–	-15	-5	-281	**-301**
Divestments and disposals	–	–	0	–	**-0**
Translation differences	–	-0	–	-2	**-2**
As of January 1, 2023	–	**-25**	**-5**	**-334**	**-364**
Depreciation during the year	–	-16	-3	-284	**-302**
Divestments and disposals	–	12	5	40	**58**
Translation differences	–	4	–	20	**24**
As of December 31, 2023	**-**	**-24**	**-2**	**-557**	**-584**
Carrying amount at 31 December 2022	**3,825**	**921**	**12**	**1,517**	**6,276**
Carrying amount at 31 December 2023	**3,498**	**851**	**5**	**1,168**	**5,522**

Impairment testing

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

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

To determine value in use, management estimates expected future cash flows from each segment and determines a discount rate to be able to calculate the present value of these cash flows. Estimated future cash flows are based on assumptions about growth rate, EBITDA margin, working capital and investments. Discount rates are determined individually for each segment and reflect current market assessments of the time value of money and asset-specific risk factors. The discount rate for the Services segment is 15.6 percent, for the Infra segment 17.5 percent and for the Water segment 14.9 percent.

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

Sensitivity analysis

A sensitivity analysis shows that the residual value of goodwill and trademarks for the Services and Infrastructure segments would continue to be defended if the discount rate increase by 1 percentage point, the annual growth rate or the EBITDA margin decrease by 1 percentage point. The same changes for the Water segment would generate an impairment requirement of approximately SEK 110 million per December 31, 2023. Vestum regulary performs impairment testing with current parameters, to evaluate whether a need for impairment exists.

	Goodwill		Trademarks	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Infrastructure	1,602	1,687	265	295
Services	1,039	1,061	214	221
Water	857	1,077	371	406
Total	**3,498**	**3,825**	**851**	**921**

Note 15 Property, plant and equipment

Property, plant & equipment	Land and buildings	Plant, machinery and cars	Equipment , tools and other fittings	Total
As of January 1, 2022	**16**	**108**	**159**	**283**
Acquisitions	9	23	46	**78**
Acquisition of business	4	22	13	**39**
Revaluation	–	10	4	**14**
Divestments and disposals	–	-32	-13	**-46**
Translation differences	–	-8	-10	**-18**
As of January 1, 2023	**29**	**123**	**199**	**351**
Acquisitions	4	34	61	**99**
Acquisition of business	–	1	–	**1**
Revaluation	8	28	-37	**0**
Divestments and disposals	-1	-17	-27	**-44**
Departs: Divested operations and operations held for sale	-17	-47	-27	**-75**
Translation differences	0	1	-5	**-3**
As of December 31, 2023	**24**	**122**	**182**	**328**

Accumulated Depreciation				
As of January 1, 2022	**-1**	**-1**	**-10**	**-12**
Depreciation during the year	-3	-37	-25	**-66**
Divestments and disposals	-1	20	6	**26**
Revaluation	–	3	-3	**0**
Translation differences	–	1	4	**5**
As of January 1, 2023	**-4**	**-14**	**-28**	**-47**
Depreciation during the year	-3	-31	-29	**-63**
Revaluation	–	-2	2	**0**
Divestments and disposals	0	8	1	**9**
Departs: Divested operations and operations held for sale	1	7	-4	**4**
Translation differences	0	-1	5	**4**
As of December 31, 2023	**-6**	**-33**	**-54**	**-92**

Carrying amount at 31 December 2022	**25**	**108**	**171**	**304**
Carrying amount at 31 December 2023	**18**	**90**	**128**	**236**

Note 16 Business combinations

Vestum acquired the companies below in 2023. 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
MDT Markvaruhuset AB	Infrastructure	Sweden	Jan. 2023	100%	143	19
					143	**19**

The acquisitions made in 2023 have the following effects on the Group's assets and liabilities. The effects are preliminary in all cases. Any adjustments in connection with the final acquisition analysis are not expected to have a significant impact on the Group's earnings or financial position.

Business combinations.	**Total**
Intangible assets	89
Other fixed assets	1
Other current assets	45
Cash and cash equivalents	9
Non-current liabilities	-0
Deferred tax liability	-18
Current liabilities	-7
Net assets	**119**
Goodwill	216
Purchase price	**335**

Purchase price	**335**
Contingent consideration	-75
Equity interests	-125
Cash & cash equivalents in acquired companies	-9
Impact on cash and cash equivalents	**126**
Paid contingent consideration	223
Total impact on cash and cash equivalents	**348**

Impact on the income statement 2023	
Net sales	137
EBITA	24
EBIT	12
Profit/loss before tax	10

Impact on the income statement if the acquisitions had been part of the Group on January 1, 2023	**Total**
Net sales	146
EBITA	26
Operating profit (EBIT)	12
Profit loss for the period	11

Equity interests are calculated based on an average share price over 10 days. Acquisition-related costs of SEK 2 (11) million are included in the item Other operating expenses in the consolidated income statement. The goodwill of SEK 216 million that was generated by the acquisitions is attributable to synergy effects, employees and future financial benefits that are not individually identified and reported separately. 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 247 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 207 (399) million as of 31 December 2023. Below is a table that shows the change in reported contingent consideration:

	2023	**2022**
As of January 1	**399**	**465**
Added due to acquisitions during the year	75	104
Paid contingent consideration	-223	-143
Revaluation of contingent consideration, via operating profit	-11	-28
Exchange rate difference	0	2
Departs: Divested operations and operations held for sale	-33	-4
As of December 31	**207**	**399**

Note 17 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

31 Dec 2023	Amortised cost	Fair value via income statement	Total
Non-current securities holdings	–	3	**3**
Accounts receivable	867	–	**867**
Current receivables (portion of)	10	–	**10**
Cash and cash equivalents	345	–	**345**
Total	**1,222**	**3**	**1,225**

Financial liabilities in the balance sheet

31 Dec 2023	Amortised cost	Fair value via income statement	Total
Long-term borrowing	590	–	**590**
Short-term borrowing	1,334	–	**1,334**
Accounts payable	430	–	**430**
Current liabilities (portion of)	15	–	**15**
Contingent consideration	–	207	**207**
Total	**2,370**	**207**	**2,577**

Financial assets in the balance sheet

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

Financial liabilities in the balance sheet

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

Fair value

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

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

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

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

Contingent consideration that is valued at fair value in the balance sheet is classified in level 3 according to the fair value hierarchy. The debt is valued on the basis of the probable outcome of the conditional purchase price, which is based on the group's forecasts of the future development of the result in each unit. The fair value valuation of the conditional purchase price has had an positive effect on the result of SEK 11 (28) million.

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

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

Note 18 Accounts receivable

	31 Dec 2023	31 Dec 2022
Accounts receivable, gross	897	1,102
Provision for doubtful receivables	-30	-39
Total accounts receivable, net	**867**	**1,063**

The age analysis of all accounts receivable is shown below:

	31 Dec 2023	31 Dec 2022
Not yet due	675	841
Overdue, 1-30 days	150	135
Overdue, 31-60 days	24	32
Overdue, 61-90 days	13	51
Overdue, more than 90 days	34	43
Expected credit losses	-30	-39
Accounts receivable, net	**867**	**1,063**

Allowance for doubtful receivables

	2023	2022
Opening balance	**39**	**9**
Acquired doubtful receivables	–	4
Receivables paid in full or in part during the year	-3	-0
Receivables written off during the year	-2	-3
Departs: divested operations	-28	–
Provision for doubtful receivables	24	29
Closing balance	**30**	**39**

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

Note 19 Inventory

	31 Dec 2023	31 Dec 2022
Raw materials and other materials	97	126
Finished goods and goods for sale	227	313
Provision for obsolescence	-6	-9
Total	**318**	**429**

The amount of inventories recognized as an expense is included in cost of materials and amounted in 2022 to SEK 2,060 (1,864) million including the change in the provision for obsolescence of SEK 3 (-5) million.

Note 20 Prepaid expenses and accrued income

	31 Dec 2023	31 Dec 2022
Prepaid rent	13	14
Prepaid insurance	8	8
Accrued income from agreements (ongoing projects)	62	56
Bonus from suppliers	13	16
Other	22	26
Total	**118**	**120**

Note 21 Cash and cash equivalents

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

	31 Dec 2023	31 Dec 2022
Available bank balances	345	608
Total	**345**	**608**

Note 22 Share capital

SEK	Number of shares	Share capital	Quota value
As of January 1, 2023	**367,645,024**	**122,548,341**	**0.33**
Newly issued shares during the year – acquisitions	7,106,274	2,368,758	0.33
Newly issued shares during the year – contingent consideration	1,058,170	352,723	0.33
As of December 31, 2023	**375,809,468**	**125,269,822**	**0.33**

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.

	2023	2022
Weighted average number of outstanding ordinary shares before dilution	374,978,968	364,508,628
Weighted average number of outstanding ordinary shares after dilution	375,174,858	364,508,628
Profit/loss attributable to remaining operations and the Parent company's shareholders, SEK million	**104**	**97**
Earnings attributable to the Parent company's owner per share, SEK before dilution	0.28	0.27
Earnings attributable to the Parent company's owner per share, SEK after dilution	0.28	0.27

Note 24 Borrowing

	31 Dec 2023			31 Dec 2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Secured loans						
Credit facility	440	–	**440**	–	158	**158**
Bond loan	–	–	**-**	–	993	**993**
Leasing	–	392	**392**	–	543	**543**
Total secured loans	**440**	**392**	**832**	**-**	**1,694**	**1,694**
Unsecured loans						
Accounts payable	430	–	**430**	528	–	**528**
Bond loan	894	590	**1,484**	–	1,487	**1,487**
Leasing	135	–	**135**	194	–	**194**
Other loans	–	–	**-**	3	–	**3**
Total unsecured loans	**1,459**	**590**	**2,049**	**725**	**1,487**	**2,212**
Total	**1,899**	**982**	**2,881**	**725**	**3,181**	**3,906**

During the year, the secured bond of NOK 950 million that was issued by Vestum's group company Lakers Group AB (publ), has been redeemed. Due to this, Vestum has updated existing credit facility agreement with Danske Bank A/S, Denmark, Swedish Branch, Skandinaviska Enskilda Bank AB (publ) and Swedbank AB (publ), including an increase of the facility volume from SEK 900 million to SEK 1,200 million. Utilized amount at the end of the year was SEK 440 million.

During the quarter, Vestum issued senior unsecured bonds of SEK 600 million under a framework of SEK 1,000 million. The bonds have a maturity of 2.5 years and carry a floating interest rate of 3-month STIBOR plus 637.5 basis points. The purpose of the issuance was to proactively address upcoming maturities, and the entire issued amount was used to repurchase existing, non-secured bonds. In addition to the bonds issued during 2023, Vestum has outstanding bonds totaling SEK 900 million, which are due in October 28, 2024 and carry a floating interest rate of 3-month STIBOR plus 415 basis points.

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

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

Note 25 Provisions

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

	2023	2022
As of January, 1	24	7
Acquisition of subsidiaries	0	3
Additional provisions	6	15
Amount utilised during the year	-7	-1
Reserved provisions	0	0
As of December, 31	**22**	**24**
Of which:		
Non-current provisions	21	22
Current provisions	2	2
Total	***22***	***24***

Note 26 Accrued expenses and deferred income

	31 Dec 2023	31 Dec 2022
Personnel-related items	191	225
Accrued contractual costs (ongoing projects)	19	18
Accrued costs relating to day-to-day operations	7	7
Accrued audit fee	6	9
Accrued interest expense	26	22
Other	45	58
Total	**293**	**340**

Note 27 Pledged assets and contingent liabilities

	31 Dec 2023	31 Dec 2022
Pledged assets		
For own liabilities and provisions:		
Company mortgages	19	19
Assets with ownership retention	–	5
Shares in Group companies	440[1]	1,157
Other pledged assets	–	-
Total	**459**	**1,181**

	31 Dec 2023	31 Dec 2022
Contingent liabilities		
Guarantees	1	1
Bank guarantee	5	0
Total	**6**	**2**

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

1) Shares pledged for loans are as follows:

The Group
Vestum Sweden AB
Vestum Norway AS
Vestum UK Limited
Vestum Denmark ApS

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 16 – Business combinations and Note 10 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.

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

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

Note 28 *Transactions with related parties, cont.*

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

Remuneration 2023

SEK thousand	Basic salary incl. benefits/ board fees	Other remune-ration	Pension cost	Social security contribu-tions	Total
Conny Ryk, chairman, CEO part of the year	4,393		199	1,429	**6,021**
Per Åhlgren, board member, chairman part of the year	508			160	**668**
Johan Heijbel, board member	350			110	**460**
Anders Rosenqvist, board member	300			94	**394**
Helena Fagreaus, board member	275			86	**361**
Siri Hane, board member part of the year	182			57	**240**
Johannes Lien, board member part of the year	118			37	**154**
Simon Göthberg, CEO, deputy CEO part of the year	3,041		233	1,011	**4,285**
Erkan Sen, deputy CEO part of the year	102		27	38	**167**
Other senior executives, 3 individuals	6,484		1,584	2,422	**10,489**

Remuneration 2022

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

Note 29 Non-Cash flow items

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

	2023	2022
Depreciations	520	450
Capital gain or loss on fixed assets	10	3
Provisions	–1	13
Other	3	–34
Total	**531**	**432**

Note 30 Subsequent events

On January 5, 2024, the divestment of Arctic Infra AB and its subsidiaries was completed.

In April 2024, Vestum announced its intention to redeem the SEK 900 million bond due in October 2024 with bank financing and cash. In connection with this, Vestum has updated the existing credit facility with Danske Bank, SEB and Swedbank by adding another lender, Svensk Exportkredit, and increased the credit facility framework from SEK 1,200 million to SEK 1,800 million. The increase in the credit facility has been preceded by an amendment to the terms and conditions of Vestum's outstanding bonds 2023/2026. The refinancing is expected to be completed in April 2024. Overall, the refinancing leads to that no credit facilities or bonds are maturing in 2024 or 2025.

In April 2024, Vestum completed the strategic review which was initiated in August 2023.

Note 31 Alternative performance measures

Performance measure	Definition	Purpose
EBITDA	Earnings before taxes, financial items and depreciation of tangible and intangible fixed assets and consolidated surplus value.	EBITDA is used to measure profit/ loss from operating activities, independent of depreciation.
EBITA	Operating profit before amortisation of consolidated surplus values.	EBITA is used to measure the underlying operating profit/loss before amortisation of consolidated surplus value from operating activities.
EBITA margin	EBITA as a percentage of net sales.	EBITA margin is used to put the underlying operating profit/loss before amortisation on consolidated surplus value in relation to net sales.
Rolling 12 months	Refers to the last twelve months from period end.	Rolling 12 months is used to evaluate the latest twelve-month period.
Adjustment items	Adjustment items refers to acquisition-related transaction costs, revaluation of contingent consideration, cost related to the change of listing to Nasdaq Stockholm executed 2022, and restructuring costs.	The performance measure is used when calculating adjusted EBITA, adjusted EBITA margin.
Adjusted EBITA	Refers to EBITA adjusted with adjustment items.	Adjusted EBITA is used by management to measure the underlying earnings development.
Adjusted EBITA margin	Adjusted EBITA as a percentage of net sales.	Adjusted EBITA margin is used to put adjusted EBITA in relation to net sales.
EBIT	Operating profit. Profit before tax on income for the period and financial items.	EBIT is used to measure the underlying operating profit/loss from operating activities.
EBIT margin	EBIT as a percentage of net sales.	EBIT margin is used to put the underlying operating profit/loss in relation to net sales.
Financial net debt	Non-current and current interest-bearing liabilities (including lease liabilities) less cash and cash equivalents.	The performance measure is used to show the size of the debt minus current cash (which in theory could be used to repay loans).

Performance measure	Definition	Purpose
Financial net debt in relation to EBITDA	Refers to financial net debt divided by EBITDA.	The performance measure can be used to assess the Group's financial leverage.
Net sales growth	Refers to net sales growth for one period compared to the same period prior year.	The performance measure is used to follow up the development in net sales between two comparable periods.
Organic net sales growth	Refers to net sales growth, excluding exchange rate and acquisition effects, compared to same period prior year. Acquired companies are included in organic growth from the point they have comparison figures for the actual period.	The performance measure illustrates the underlying net sales development.
Operating cash flow	EBITDA reduced by net investment in intangible and tangible fixed assets and change in working capital.	The performance measure shows the cash flow from operations and is used when calculating cash conversion.
Cash conversion	Operating cash flow as a percentage of EBITDA.	Cash conversion is used to monitor cash generation from operations.
Free cash flow	Cash flow from operating activities (including taxes and capital costs), reduced by investments in intangible and tangible fixed assets as well as amortization of lease liabilities.	The key figure shows the cash flow that the group can use for dividends, acquisitions, buyback of shares and/or debt repayment
Free cash flow per share	Cash flow from operating activities (including taxes and capital costs), reduced by investments in intangible and tangible fixed assets as well as amortization of lease liabilities, divided with average number of shares during the period.	The key figure shows the cash flow that the group can use for dividends, acquisitions, buyback of shares and/or debt repayment, per share

Note 31 *Alternative performance measures, cont.*

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

	2023	2022
Earnings measures		
(A) Net sales	**5,762**	**5,162**
Operating expenses and other operating income	-4,924	-4,393
(B) EBITDA	**838**	**770**
Depreciation excl. acquired surplus values	-215	-178
(C) EBITA	**623**	**591**
(C/A) EBITA margin	**10.8%**	**11.5%**
Adjustments items		
Acquisition-related transaction costs	2	11
Impact on profit/loss from contingent consideration	-11	-28
One-time costs	8	13
Total adjustments	**-1**	**-4**
(D) Adjusted EBITA	**622**	**587**
(D/A) Adjusted EBITA margin	**10.8%**	**11.4%**
(E) Average number of shares during the period, before dilution	374,978,968	364,508,628
(C/E) EBITA per share	**1.66**	**1.62**
Net sales growth		
Organic net sales growth	183	-
Exchange rate effect	7	-
Net sales from acquired companies	409	-
Net sales growth	**600**	**-**

	2023	2022
Balance measures		
Non-current interest-bearing liabilities	1,334	2,638
Current interest-bearing liabilities	590	3
Lease liabilities	526	737
Cash and cash equivalents	-345	-608
(F) Financial net debt	**2,105**	**2,770**
(B) EBITDA	**838**	**770**
(F/B) Financial net debt in relation to EBITDA, times	**2.5x**	**2.8x**
Cash flow measures		
Operating cash flow		
(B) EBITDA	**838**	**770**
Change in working capital	54	-50
Net investment in intangible assets and property, plant and equipment	-68	-35
(H) Operating cash flow	**824**	**685**
(H/B) Cash conversion	**98%**	**89%**
Free cash flow		
Cash flow from operating activities	634	397
Net investment in intangible assets and property, plant and equipment	-68	-35
Repayments of lease liabilities	-146	-122
(I) Free cash flow	**421**	**241**
(E) Average number of shares during the period, before dilution	374,978,968	364,508,628
(I/E) Free cashflow per share	**1.12**	**0.66**

N/A: The performance measure cannot be calculated fairly

PARENT COMPANY INCOME STATEMENT

SEK million	Note	2023	2022
Operating income			
Net sales	3	17	23
Other operating income		–	–
Total operating income		**17**	**23**
Operating expenses			
Other external costs	4	-33	-27
Personnel costs	5	-45	-44
Other operating expenses		-3	-10
Depreciation of property, plant and equipment and intangible assets		-2	-1
Total operating expenses		**-83**	**-82**
Operating profit/loss		**-66**	**-60**
Impairment of shares and receivables in subsidiaries		-65	-13
Other interest income and similar income	7	83	28
Interest expense and similar expenses	7	-189	-93
Net financial items		**-170**	**-78**
Appropriations	8	278	286
Earnings before tax		**42**	**149**
Income tax	9	-33	-37
Profit/loss for the year		**9**	**112**

The Parent company report on comprehensive income

SEK million	Note	2023	2022
Profit/loss for the year and total comprehensive income for the year		**9**	**112**

PARENT COMPANY BALANCE SHEET

SEK million	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets		2	2
Property, plant and equipment		6	8
Financial assets	10	6,043	5,712
Receivables from Group companies	11	734	155
Total non-current assets		**6,785**	**5,877**
Current assets			
Current receivables			
Receivables from Group companies		565	476
Other current receivables		1	2
Prepaid expenses and accrued income		5	12
Total current receivables		**571**	**490**
Cash and cash equivalents	12	230	443
Total current assets		**801**	**933**
TOTAL ASSETS		**7,586**	**6,810**

SEK million	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	13	125	123
Reserves		13	13
Fund for development expenditure		1	1
Non-restricted equity			
Share premium reserve		4,463	4,338
Retained earnings		-209	-321
Profit/loss for the year		9	112
Total equity		**4,402**	**4,266**
Untaxed reserves		**99**	**46**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	15	590	1,484
Other non-current liabilities		20	111
Total non-current liabilities		**610**	**1,595**
Current liabilities			
Current interest-bearing liabilities	15	1,334	-
Liabilities to Group companies		978	677
Accounts payable		4	8
Other current liabilities		126	194
Accrued expenses and deferred income	16	33	26
Total current liabilities		**2,475**	**904**
Total liabilities		**3,086**	**2,499**
TOTAL EQUITY AND LIABILITIES		**7,586**	**6,810**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity			Non-restricted equity			
SEK million	**Share capital**	**Fund for development expenditure**	**Reserves**	**Share premium reserve**	**Retained earnings**	**Profit/loss for the year**	**Total equity**
Opening balance 2022-01-01	**117**	**–**	**13**	**3,741**	**-287**	**-32**	**3,552**
Reversal of previous year's earnings	–	–	–	–	-32	32	**0**
Profit/loss for the year	–	–	–	–	–	112	**112**
Change in fund for development expenditure	–	1	–	–	-1	–	**0**
Transactions with owners							
Share issue	5	–	–	580	–	–	**585**
Issue costs	–	–	–	-3	–	–	**-3**
Incentive program	–	–	–	20	–	–	**20**
Total transactions with owners	**5**	**–**	**–**	**597**	**–**	**–**	**602**
Closing balance 2022-12-31	**123**	**1**	**13**	**4,338**	**-321**	**112**	**4,266**
Opening balance 2023-01-01	**123**	**1**	**13**	**4,338**	**-321**	**112**	**4,266**
Reversal of previous year's earnings	–	–	–	–	112	-112	**0**
Profit/loss for the year	–	–	–	–	–	9	**9**
Change in fund for development expenditure	–	0	–	–	0	–	**0**
Transactions with owners							
Share issue	3	–	–	123	–	–	**125**
Issue costs	–	–	–	0	–	–	**0**
Incentive program	–	–	–	2	–	–	**2**
Total transactions with owners	**3**	**–**	**–**	**124**	**–**	**–**	**127**
Closing balance 2023-12-31	**125**	**1**	**13**	**4,463**	**-209**	**9**	**4,402**

PARENT COMPANY CASH FLOW STATEMENT

SEK million	Note	2023	2022
Operating activities			
Earnings before tax		42	149
Adjustment for items that are not included in the cash flow	17	119	60
Paid taxes		-30	–
Cash flow before changes in working capital		**131**	**209**
Changes in working capital			
Changes in current receivables		-104	-365
Changes in current liabilities		522	534
Cash flow from operating activities		**549**	**378**
Investing activities			
Investment in intangible assets		-2	-2
Investment in property, plant and equipment		0	-7
Acquisitions of subsidiaries		–	–
Shareholder contributions		–	-1,039
Paid contingent consideration		-155	-61
Cash flow from investing activities		**-157**	**-1,109**
Cash flow from financing activities			
Proceeds from borrowings		1,033	4
Repayment of borrowings		-592	–
Repayment of borrowings, Group companies		-1,048	-94
Proceeds from capital increase		2	20
Cash flow from financing activities		**-605**	**-70**
Total cash flow for the year		-213	-801
Cash and cash equivalents at the beginning of the year		443	1,244
Cash and cash equivalents at the end of the year		**230**	**443**
Cash flow for the year from interest			
Interest paid		-134	-70
Interest received		9	2

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 Kungsgatan 26, 111 35 Stockholm.

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

Note 2 The Parent company's accounting and valuation principles

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

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

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

Presentation of the financial statements

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

Shares in subsidiaries

Shares in subsidiaries are reported at acquisition value after deductions for any write-downs. The acquisition value includes acquisition-related costs and any contingent consideration.

When there is an indication that shares in subsidiaries have decreased in value, a calculation of the recoverable amount is made. If this is lower than the carrying amount, a write-down is made. Impairment losses are reported in the items "Profit from shares in Group companies".

Group contribution

All group contributions made and received are recognised as appropriations.

Financial instruments

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

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

Operational leasing

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

Note 3 Net sales

	2023	2022
Management revenues	17	20
Other intercompany revenue	–	2
Net sales	**17**	**23**

Distribution of revenues	**2023**	**2022**
Sweden	16	20
Norway	1	2
Other countries	0	0
Net sales	**17**	**23**

Note 4 Remuneration to auditor

PwC	**2023**	**2022**
Audit assignment	–2	–1
Auditing activities in addition to the audit assignment	0	0
Tax advice	0	0
Other services	0	0
Total cost of remuneration to auditor	**–2**	**–2**

Note 5 Remuneration to employees, etc.

	2023			
Salaries, other remuneration and social security contributions	**Salaries and other remu-neration**	***Of which variable portion***	**Social security contribu-tions**	***Of which pension cost***
Board, CEO and other senior executives	–16	–	–7	*–2*
Other employees	–14	–	–9	*–3*
Total	**–29**	**–**	**–16**	***–5***

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

	2023		2022	
Average number of employees	**Average no. of employees**	***Of which, men***	**Average no. of employees**	***Of which, men***
Sweden	18	*10*	18	*9*

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 8 in the consolidated financial statements.

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

	2023	2022
Interest income	9	1
Interest income, Group companies	31	27
Exchange rate gains	44	0
Total financial income	**83**	**28**
Interest expenses	-151	-83
Interest expenses, Group companies	-26	-6
Exchange rate losses	–	–
Other financial costs	-11	-4
Total financial expenses	**-189**	**-93**
Total other interest income and similar income as well as interest expense and similar expenses	**-106**	**-65**

Note 8 Appropriations

	2023	2022
Allocation to untaxed reserves	-53	-46
Group contributions received	560	424
Group contributions paid	-229	-92
Total appropriations	**278**	**286**

Note 9 Taxes

Recognised tax	**2023**	**2022**
Current tax		
Current tax expense	-33	-37
Total	**-33**	**-37**
Deferred tax		
Tax loss carryforward	–	–
Total	**–**	**–**
Recognised tax in the income statement	**-33**	**-37**

Reconciliation of effective tax	**2023**	**2022**
Earnings before tax	42	149
Tax according to current tax rate (20.6%)	-9	-31
Tax effect of:		
Non-deductible expenses	-18	-3
Non-taxable income	0	0
Offset of negative net interest income	-6	-2
Utilisation of tax loss carryforward	–	2
Utilization of previous years' negative net interest	–	3
Change in deferred tax	–	-8
Other tax adjustments	0	–
Recognised tax in the income statement	**-33**	**-37**

2023	**Deferred tax assets**	**Deferred tax liability**	**Via acquisitions**	**Closing balance**
Unutilised tax loss carryforward	–	–	–	–

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

Note 10 Shares in Group companies

	31 Dec 2023	31 Dec 2022
Opening carrying amount	5,712	1,105
Acquisition of subsidiaries	–	–
Shareholder contribution	358	4,643
Sale of subsidiaries	–	–
Adjustment of purchase price	–11	–22
Impairment	–16	–13
Closing carrying amount	**6,043**	**5,712**

Subsidiary	Share of capital and share of voting rights(%)	Corp.reg.no	Registered seat of operations	Book value 31 Dec 2023	Book value 31 Dec 2022
Lakers Group Holding AS	100	927 1137 91	Oslo, Norway	1,171	1,073
Vestum Denmark ApS	100	43044346	Frederiksvaerk, Denmark	175	175
Vestum Finland Oy	100	3272751-1	Lojo, Finland	0	0
Vestum Norway AS	100	928649660	Oslo, Norway	101	101
Vestum Sweden AB	100	559339-6962	Stockholm, Sweden	4,594	4,357
Vestum UK Limited	100	13830595	Port Talbot, UK	–	–
We International AB	100	556581-6484	Stockholm, Sweden	–	–
We Superlative Conspiracy Inc	100	46-4076427	Los Angeles, USA	3	18

Indirectly owned Name	Share of capital and share of voting rights(%)	Corp.reg.no	Registered seat of operations
Abax Dörrsystem AB	100	556547-1496	Huddinge, Sweden
ABR Mark & Järnväg AB	100	556965-9724	Lerum, Sweden
Akershus Elektro AS	100	976 527 569	Oslo, Norway
Allakustik Under(bara) Tak AB	100	556539-5786	Stockholm, Sweden
Allakustik Under(bara) Tak GBG AB	100	559026-3074	Stockholm, Sweden
Allakustik Under(bara) Tak SYD AB	70	559205-0727	Stockholm, Sweden
Alufasad Nordic AB	50	559128-8567	Vetlanda, Sweden
Arctic Infra AB	100	559046-5315	Gällivare, Sweden
Campus AB	100	556551-7116	Vallentuna, Sweden
Conspect AB	100	559105-5982	Göteborg, Sweden
Containertjänst i Tyresö AB	100	556339-5143	Tyresö, Sweden
Ekmans Ståldörrar AB	100	556079-0254	Stockholm, Sweden
Elcentralen Nacka AB	100	559092-5151	Nacka, Sweden
F Forsman VVS AB	100	556881-8511	Huddinge, Sweden
Fibber AS	100	916 838 816	Oslo, Norway
Filtrena AB	100	556605-8243	Växjö, Sweden
FlexiRail AB	100	556816-4296	Nyköping, Sweden
Galore i Uppsala AB	100	556623-2772	Uppsala, Sweden
GGAL Group AB	100	559193-7775	Vetlanda, Sweden
Glamco Containerservice AB	100	556275-8614	Göteborg, Sweden
GW Asfalt och Trädgårdsanläggningar AB	100	556457-8663	Stockholm, Sweden
Hanell Entreprenad i Gävle AB	100	556886-8011	Gävle, Sweden
Högsbo EL AB	100	556503-9715	Göteborg, Sweden
InfraCon Maskin AB	100	559235-6538	Örebro, Sweden
InfraCon Sverige AB	100	559020-5869	Örebro, Sweden
Installera SW AB	100	556750-2561	Huddinge, Sweden
Isoleringsgrossisten i Göteborg AB	100	556910-0832	Göteborg, Sweden
Isoleringsteknik i Malmö AB	100	559322-8025	Göteborg, Sweden
Isoleringsteknik i Växjö AB	100	559322-8033	Göteborg, Sweden
JT Isolering AB	100	556810-4979	Kungälv, Sweden
Kjellgrens El i Tumba AB	100	556503-6794	Botkyrka, Sweden
KWA Isolerteknik AB	100	556976-9572	Göteborg, Sweden
Kylkontroll Göteborg AB	100	556494-2158	Göteborg, Sweden
Lakers Group AB	100	559308-7918	Stockholm, Sweden

Note 10 *Shares in Group companies, cont.*

Indirectly owned Name	Share of capital and share of voting rights(%)	Corp.reg.no	Registered seat of operations
Lakers Group UK Ltd	100	13142642	Port Talbot, UK
Lerums Tekniska Isolering LTI AB	100	556577-7231	Lerum, Sweden
Malte Rutberg Entreprenad AB	100	556563-1834	Sollentuna, Sweden
Marbit AB	100	556179-6151	Sundbyberg, Sweden
Markax AB	100	556811-7732	Gävle, Sweden
MCR Holding AB	100	559344-0117	Göteborg, Sweden
MDT Markvaruhuset AB	100	556718-1440	Skogås, Sweden
Mobile Container Repair AB	100	556236-1591	Göteborg, Sweden
MTB Mark & Trädgårdsbyggarna AB	100	556808-0385	Håbo, Sweden
Mälardalens Spår & Anläggning AB	100	556696-8102	Nykvarn, Sweden
Mälarmontage Glas & Metall AB	100	556882-9724	Strängnäs, Sweden
NA Altanglas AB	100	556506-4358	Bromölla, Sweden
Naturlek AB	100	559171-6377	Sundbyberg, Sweden
Nolanders Byggservice	100	556878-3079	Gråbo, Sweden
Norsk Pumpeservice AS	100	934 814 185	Fetsund, Norway
NVM Akustik AB	85	559295-7574	Stockholm, Sweden
Oceanterminalen Fastighetsförvaltning AB	100	556446-8048	Göteborg, Sweden
Østcom AS	100	998 469 325	Kongsvinger, 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
Pordrän Sverige AB	100	556485-5780	Stockholm, Sweden
Precisio Mätkonsult AB	100	559136-1620	Sundbyberg, Sweden
Pump Supplies Ltd	100	01628083	Port Talbot, UK
RockCon AB	100	556875-8147	Älvsbyn, Sweden
Rosenqvist Entreprenad AB	100	556391-8720	Vallentuna, Sweden
Rönnmarks Undertak AB	100	556464-2253	Stockholm, Sweden
Sanera AB	100	556672-4646	Stockholm, Sweden
Spännbalkkonsult SBK AB	100	556233-9712	Göteborg, Sweden
Scanregn A/S	100	19611302	Grindsted, Denmark
Skandinaviska områdesskydd AB	100	556684-1853	Stockholm, Sweden

Indirectly owned Name	Share of capital and share of voting rights(%)	Corp.reg.no	Registered seat of operations
Skåne Montage AB	100	556202-8844	Malmö, Sweden
Sollentuna Isolerings Aktiebolag	100	556303-5335	Stockholm, Sweden
Swerör J Borg AB	100	556449-4564	Mark, Sweden
Takakustik i Stockholm AB	100	556481-3136	Stockholm, Sweden
Tannefors Glas AB	100	556696-9449	Linköping, Sweden
Teknik & Installationssamordning AB	100	559079-7220	Göteborg, Sweden
Universalisolering Fredriksson AB	100	556023-2802	Stockholm, Sweden
Vestum Subco 2 AB	100	559344-0158	Stockholm, Sweden
Vestum Subco 3 AB	100	559344-0166	Stockholm, Sweden
Vetri i Laholm AB	100	556049-4758	Vetlanda, Sweden
Vetri i Mariestad AB	100	556872-1301	Vetlanda, Sweden
VG Teknisk Isolering AB	100	559173-7365	Göteborg, Sweden
VPP System AB	100	556346-5854	Vetlanda, Sweden
Västsvensk Byggskruv AB	100	556243-3440	Borås, Sweden
We Ar(e) Group AB	100	559198-1492	Stockholm, Sweden
WeSC America Inc.	100	20-1298236	Delaware, USA
Yesman AB	100	559157-0832	Göteborg, Sweden

Note 11 Receivables from Group companies

	31 Dec 2023	31 Dec 2022
Opening carrying amount	155	3,067
Loan issued	863	152
Amortisation	-285	-3,064
Exchange rate adjustment	1	–
Closing carrying amount	**734**	**155**

Note 12 Cash and cash equivalents

	31 Dec 2023	31 Dec 2022
Available bank balances	230	443
Total	**230**	**443**

Note 13 Share capital

For information on share capital, see Group Note 22.

Note 14 Earnings per share

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

Note 15 Interest-bearing liabilities

	31 Dec 2023		31 Dec 2022	
	Short-term	Long-term	Short-term	Long-term
Bond loan	894	590	–	1,484
Credit facility	440	–	–	–
Total borrowing	**1,334**	**590**	**-**	**1,484**

For further information, see Group Note 24.

Note 16 Accrued expenses and deferred income

	31 Dec 2023	31 Dec 2022
Personnel-related items	6	3
Accrued audit fee	2	2
Accrued interest expense	26	16
Other	0	5
Total	**33**	**26**

Note 17 Non-Cash flow items

	2023	2022
Depreciations	2	1
Allocation to untaxed reserves	53	46
Impairment	65	13
Total	**119**	**60**

Note 18 Pledged assets and contingent liabilities

Pledged assets	31 Dec 2023	31 Dec 2022
Shares in Group companies[1]	440	106
Total	**440**	**106**

Contingent liabilities	31 Dec 2023	31 Dec 2022
Issued bank guarantee	5	–
Guarantees for Group companies	1	1
Total	**6**	**1**

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

Note 19 Proposed appropriation of Parent company's earnings

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

SEK	31 Dec 2023
Share premium reserve	4,462,823,187
Retained earnings	-208,579,430
Profit for the year	8,995,880
Total	**4,263,239,632**

The Board of Directors and the CEO propose that available earnings of SEK 4,263,239,632 be distributed as follows:

To be carried forward:	4,263,239,632
Total	**4,263,239,632**

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.

Conny Ryk
Chairman of the board

Johan Heijbel
Board member

Per Åhlgren
Board member

Anders Rosenqvist
Board member

Helena Fagraeus Lundström
Board member

Siri Hane
Board member

Stockholm, the day for our electronic signature
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

AUDIT REPORT

To the general meeting in Vestum AB (publ), org.nr 556578-2496

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinion

We have performed an audit of the annual report and consolidated accounts for Vestum AB (publ) for the year 2023 with the exception of the corporate governance report on pages 29-35 and the sustainability report on pages 37-52. The company's annual report and consolidated report are included on pages 13-17, 19-22, 29-35, 37-52 and 54-91.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and gives a true and fair view in all material respects of the parent company's financial position as of 31 December 2023 and of its financial results and cash flow for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view in all material respects of the group's financial position as of 31 December 2023 and of its financial results and cash flow for the year in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our statements do not include the corporate governance report and the sustainability report on pages 29–35 and 37–52, respectively. The management report is compatible with the other parts of the annual report and consolidated accounts.

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

Our statements in this report on the annual report and the consolidated accounts are consistent with the content of the supplementary report that has been submitted to the parent company's board in accordance with Article 11 of the auditors' regulation (537/2014).

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

Our audit approach

Scope of the audit

We designed our audit by determining the level of materiality and assessing the risk of material misstatement of the financial statements. We particularly considered the areas where the CEO and the board made subjective judgments, for example important accounting estimates that have been made based on assumptions and forecasts about future events, which are inherently uncertain. As with all audits, we have also taken into account the risk of the board and the CEO overriding the internal control, and considered, among other things, whether there is evidence of systematic deviations that have given rise to the risk of material inaccuracies as a result of irregularities.

We adapted our audit to carry out an appropriate review in order to express an opinion on the financial statements as a whole, taking into account the group's structure, accounting processes and controls and the industry in which the group operates.

Materiality

The scope of the audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements contain any material misstatements. Errors may occur as a result of irregularities or mistakes. They are considered material if, individually or together, they can reasonably be expected to influence the financial decisions that users make based on the financial statements.

Based on professional judgment, we determined certain quantitative materiality figures, including for the financial reporting as a whole. Using these and qualitative considerations, we determined the scope of the audit and the nature, timing and scope of our review procedures, as well as assessing the effect of individual and aggregate misstatements on the financial statements as a whole.

We agreed with the audit committee that we would report detected errors that exceeded SEK 2,880,000 as well as errors that were below this amount but which, in our opinion, should be reported for qualitative reasons.

Key audit matters

Key audit matters for the audit are those areas which, according to our professional judgment, were the most significant for the audit of the annual accounts and consolidated accounts for the period in question. These areas were addressed in the context of the audit of, and in our opinion on, the annual accounts and the consolidated accounts as a whole, but we do not make separate statements on these areas.

Key audit matters	How our audit addressed the Key audit matter
Valuation of goodwill and other acquisition-related intangible assets We refer to note 1 for a description of essential accounting principles and to note 14 Intangible assets for a description of the year's impairment test. Goodwill and other acquisition-related assets including customer relations and brand amount to SEK 5,517 million as of December 31, 2023 and correspond to 66 percent of total assets. The main risk is that there is a need to write down the value related to these assets. Vestum annually prepares a test to assess the value of goodwill and other intangible assets and whether or not there is a need for impairment. The test is complex and dependent on management's expectations regarding essential parameters such as future development of sales, margins and discount rate (WACC). Vestum has an established process for testing the valuation, based on identified cash generating units (CGUs), which are deemed to be the group's three segments. The company's conclusion is that there was no need for impairment regarding the above-mentioned assets for 2023. However, as shown in the note, the valuation of the intangible assets related to the Water segment is particularly sensitive to changes regarding assumptions about future development.	When testing the need for impairment for goodwill, as well as other acquisition-related intangible assets, in order to ensure the valuation and accuracy, we have carried out, among other things, the following audit measures: • We have evaluated and tested the company's models, methodology and assumptions. • Through random sampling, we have tested, evaluated and challenged the information used in the calculations visavi the company's financial plan and, where possible, external information. We have then focused on assumed growth figures, the development of margins and discount rate per cash-generating unit. We have also followed the inherent quality of the company's process of establishing business plans and financial plans based on historical outcomes. • Control of the sensitivity of the valuation to negative changes in material parameters which, on an individual or collective basis, could lead to a need for impairment. • Assessment that the information given in the annual report is correct based on the conducted test of valuation, especially based on information about the sensitivity of the valuations. • Comparison of the information included in the annual report against the requirements of IAS 36 (Impairments). Based on our review, it is our conclusion that the company's valuation and disclosures comply with the requirements according to IAS 36 and that the assumptions underlying the valuation are considered reasonable.

Key audit matters	How our audit addressed the Key audit matter
Accounting of income and results in contracting projects We refer to note 1 for a description of essential accounting principles and to note 5 Distribution of income for a description of the company's accounting principles and nature of income. Total revenues in Vestum for 2023 amount to SEK 5,762 million, of which SEK 2,795 million refer to projects with a volume > SEK 1 million. The projects mainly consist of service projects on an ongoing basis, but also to some extent contract projects that are accounted for with the application of successive profit deductions. This means that reported revenues and costs in contracting projects are partly based on assumptions and assessments about future outcomes documented in the projects' end-state forecasts. The forecasts contain assessments of costs for eg labour, materials, subcontractors and warranty obligations. The latter may from time to time require updated assessments even for completed projects. Where applicable, assessments of requirements presented to the customer for eg amendment and additional works and lack of tender conditions. The elements of assumptions and assessments mean that final results may deviate from those currently reported. Given the large element of estimates and assessments, this is a particularly significant area for the audit.	When reviewing the income, in order to ensure above all the completeness, valuation and accuracy, we have carried out, among other things, the following audit measures: • We have carried out an analytical review of reported revenues and margins and evaluated the management's routines for following up the projects' financial results and also discussed the latter with the management of the local companies as well as the group. • On a random sample basis, we have reviewed revenues and the reported project costs that are the basis for determining the degree of processing. • We have also tested the mathematical accuracy of the calculation of the successive profit settlement. • We have discussed with the company the principles, methods and assumptions on which assessments are based, including those that form the basis of guarantee provisions for already completed projects. • For selected projects, we have carried out in-depth review measures including, for example, reading contract extracts and discussions with project managers and controllers regarding assessments, assumptions and estimates. • For selected disputes, we have also obtained statements from Vestum's legal expertise. • We have also held a dialogue with the company's management and the audit committee regarding assessments and the principles, methods and assumptions on which these are based. Overall, our view is that Vestum's assumptions and estimates are within an acceptable range. However, we have communicated that these are often difficult assessment questions and that final outcomes may deviate from the assumptions, estimates and assessments currently made.

Other information than the annual report and consolidated accounts

The other information consists of the remuneration report and pages 1-12, 18, 23-28, 36, 53 and 97 of this document, which also contain other information than the annual report and the consolidated accounts. The board and the CEO are responsible for this other information.

Our statement regarding the annual report and the consolidated accounts does not include this information and we do not make any assurance statement regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts.

During this review, we also take into account the knowledge we have otherwise acquired during the audit and assess whether the information otherwise appears to contain material inaccuracies.

If, based on the work done on this information, we conclude that the other information contains a material misstatement, we are required to report this. We have nothing to report in that regard.

Responsibilities of the Board of Directors and the CEO

It is the board of directors and the managing director who are responsible for the preparation of the annual accounts and the consolidated accounts and that they give a true and fair view in accordance with the Annual Accounts Act and, as far as the consolidated accounts are concerned, in accordance with IFRS, as adopted by the EU, and the Annual Accounts Act. The board and the CEO are also responsible for the internal control they deem necessary to prepare an annual report and consolidated accounts that do not contain any material errors, whether these are due to irregularities or mistakes.

When preparing the annual report and the consolidated accounts, the board and the managing director are responsible for the assessment of the company's and the group's ability to continue operations. They disclose, when applicable, conditions that may affect the ability to continue operations and to use the going concern assumption. However, the assumption of continued operation is not applied if the board and the managing director intend to liquidate the company, cease operations or have no realistic alternative to doing any of this.

Auditor's responsibilities

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 degree of assurance, but is no guarantee that an audit performed in accordance with ISA and good auditing practice in Sweden will always detect a material misstatement if one exists. Misstatements may arise due to irregularities or mistakes and are considered material if individually or collectively they can reasonably be expected to influence the financial decisions that users make based on the annual report and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's review of management and proposals for the disposition of the company's profit or loss

Opinion

In addition to our audit of the annual report and the consolidated accounts, we have also carried out an audit of the management of Vestum AB (publ) by the board and the managing director for the year 2023, as well as the proposal for dispositions regarding the company's profit or loss.

We recommend that the general meeting dispose of the profit according to the proposal in the management report and grant the members of the board and the managing director discharge from liability for the financial year.

Basis for opinion

We have performed the audit in accordance with good auditing practice in Sweden. Our responsibility according to this is described in more detail in the Auditor's responsibility section. We are independent in relation to the parent company and the group in accordance with good accounting practice in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

Responsibilities of the Board of Directors and the CEO

It is the board that is responsible for the proposal for dispositions regarding the company's profit or loss. In the case of a proposal for a dividend, this includes, among other things, an assessment of whether the dividend is justifiable taking into account the requirements that the company's and the group's nature of operations, scope and risks place on the size of the parent company's and the group's equity capital, consolidation needs, liquidity and position in general.

The board is responsible for the company's organization and the management of the company's affairs. This includes, among other things, continuously assessing the company's and the group's financial situation, and ensuring that the company's organization is designed so that the accounting, fund management and the company's financial affairs in general are controlled in a reassuring manner. The managing director must manage the day-to-day management in accordance with the board's guidelines and instructions and, among other things, take the measures necessary for the company's accounting to be completed in accordance with the law and for the fund management to be managed in a reassuring manner.

Auditor's responsibilities

Our goal regarding the audit of the administration, and thus our statement on freedom from liability, is to obtain audit evidence in order to be able to assess with a reasonable degree of certainty whether any board member or the managing director in any material respect:

- has taken any action or been guilty of any negligence that may give rise to liability for compensation against the company

- acted in any other way in violation of the Swedish Companies Act, the Annual Accounts Act or the articles of association.

Our goal regarding the audit of the proposal for dispositions of the company's profit or loss, and thus our statement on this, is to assess with a reasonable degree of certainty whether the proposal is compatible with the Swedish Companies Act.

Reasonable assurance is a high degree of assurance, but no guarantee that an audit carried out in accordance with good auditing practice in Sweden will always discover measures or omissions that may give rise to liability for compensation against the company, or that a proposal for dispositions of the company's profit or loss is not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration can be found on the Inspectorate's website: *www.revisorsinspektionen.se/revisornsansvar*. This description is part of the auditor's report.

THE AUDITOR'S REVIEW OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also carried out an audit of whether the board and the managing director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) according to ch. 16. Section 4 a of the Act (2007:528) on the securities market for Vestum AB (publ) for the year 2023.

Our review and our statement refer only to the statutory requirement.

In our opinion, the Esef report has been prepared in a format which essentially enables uniform electronic reporting.

Basis for opinion

We have performed the review in accordance with FAR's recommendation RevR 18 The auditor's review of the Esef report. Our responsibility according to this recommendation is described in more detail in the Auditor's responsibility section. We are independent in relation to Vestum AB (publ) in accordance with good accounting practice in Sweden and have otherwise fulfilled our professional ethical responsibilities according to these requirements.

We believe that the evidence we have obtained is sufficient and appropriate as a basis for our statement.

Responsibilities of the Board of Directors and the CEO

It is the board and the managing director who are responsible for the Esef report being prepared in accordance with ch. 16. § 4 a of the Act (2007:528) on the securities market, and because there is such an internal control as the board and the managing director deem necessary to prepare the Esef report without material errors, whether these are due to irregularities or mistakes.

Auditor's responsibilities

Our task is to state with reasonable certainty whether the Esef report is, in all essentials, prepared in a format that meets the requirements in ch. 16. Section 4 a of the Act (2007:528) on the securities market, based on our review.

RevR 18 requires us to plan and perform our audit procedures to obtain reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high degree of assurance, but is no guarantee that an audit performed in accordance with RevR 18 and good auditing practice in Sweden will always detect a material misstatement if one exists. Misstatements may arise due to irregularities or mistakes and are considered material if individually or collectively they can reasonably be expected to influence the financial decisions users make based on the Esef report.

The audit firm applies the International Standard on Quality Management 1, which requires the firm to design, implement and manage a quality management system including guidelines or routines regarding compliance with professional ethical requirements, standards for professional practice and applicable requirements in laws and other statutes.

The review includes, through various measures, obtaining evidence that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual report and the consolidated accounts. The auditor chooses which measures are to be carried out, including by assessing the risks of material inaccuracies in the reporting, whether these are due to irregularities or mistakes. In this risk assessment, the auditor takes into account the parts of the internal control that are relevant to how the board and the CEO prepare the basis for the purpose of designing audit measures that are appropriate in the circumstances, but not for the purpose of making a statement about the effectiveness of the internal control . The audit also includes an evaluation of the appropriateness and reasonableness of the board's and CEO's assumptions.

The review measures mainly include validation that the Esef report has been prepared in a valid XHTML and a reconciliation that the Esef report is consistent with the audited annual report and consolidated accounts.

Furthermore, the review also includes an assessment of whether the group's profit and loss, balance sheet and equity statements, cash flow analysis and notes in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's review of the corporate governance report

It is the board that is responsible for the corporate governance report on pages 29-35 and that it is prepared in accordance with the Annual Accounts Act.

Our review has taken place in accordance with FAR's statement RevR 16 The auditor's review of the corporate governance report. This means that our review of the corporate governance report has a different focus and a significantly smaller scope compared to the scope of an audit according to International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with a sufficient basis for our statements.

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

The auditor's opinion regarding the statutory sustainability report

The board is responsible for the sustainability report on pages 37–52 and for it being prepared in accordance with the Annual Accounts Act.

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

A sustainability report has been prepared.

PricewaterhouseCoopers AB, was appointed as Vestum AB (publ)'s auditor by the general meeting on 23 May 2023 and has been the company's auditor since 2016.

Stockholm on the date shown by our electronic signature

Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

Financial calendar

The Annual General Meeting is held 17 May 2024.

The interim report for the first quarter of 2024 will be published on 3 May 2024.

The interim report for the second quarter of 2024 will be published on 15 August 2024.

The interim report for the third quarter of 2024 will be published on 25 October 2024.

For more information, contact:

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

Business questions
Simon Göthberg
+46 70 775 53 10
Chief Executive Officer

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

Production:
Vestum and Hallvarsson & Halvarsson.
Photos: Vestum in-house, iStock and Jann Lipka.

VESTUM

Company address
Vestum AB (publ)
Kungsgatan 26
111 35 Stockholm, Sweden

E-mail: info@vestum.se
Website: www.vestum.se