



Annual report 2021

Novedo acquires and further
develops outstanding
entrepreneur-driven
companies who become
stronger together.



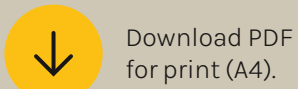
Download PDF
for print (A4).



- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



Content 2021

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability
- Financial statements**
- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



Download PDF
for print (A4).

This is Novedo

Novedo acquires profitable companies with a proven business model, a developed niche position and a sound business culture. The acquired companies are provided with the specific premises needed to further develop over time and to create the best conditions for value growth.

Novedo would like the entrepreneurs to continue to run the company; therefore, all owners are offered the opportunity to become partners in Novedo.

To date, the majority of the entrepreneurs have chosen to become shareholders in Novedo.

Novedo was founded in 2020 by a serial entrepreneur and current main shareholder, Saeid Esmaeilzadeh, who also founded companies such as DiaMorph and Sdiptech. Our vision is to be the preferred home for established entrepreneurial companies wishing to continue to develop their operations with a focus on business expertise and sound values. Since we first started the operations, we have progressed quite a long way on our journey. During 2021, the organisation was built up. Today, there are ten employees in the Parent Company with high levels of competence within industry, business development and transactions. Novedo has had an active acquisition year and during 2021 Novedo signed 12 transfer agreements and since the turn of the year, Novedo has signed two more share transfer agreements. As of April 2022, the Novedo Group had approximately 850 employees, pro forma net sales for the entire year 2021 of SEK 1,465 million and a EBITDA result of SEK 186 million. Novedo's companies offer a broad assortment of services within the business areas infrastructure, installation and services, as well as industry. Novedo has operations specialised in everything from ventilation, painting and construction to natural stone.

Number of employees

850

As of April 2022 Novedo has approximately 850 employees.

Acquisitions

14

Since its establishment in 2020 until April 2022, Novedo has signed 14 share transfer agreements.

Business areas

2

Since the year-end, Novedo reports the following segments:

Infrastructure and installation and services

Industry

We are located in:

Västerås:
ProvideU AB

Gothenburg:
Elforum Göteborg AB
Elinzity AB
Ventilationskontroll Aeolus AB

Helsingborg:
Elarbeten Helsingborg AB

Malmö:
Deramont Entreprenad AB

Gävle:
Hansson & Ekman Isolerings Aktiebolag

Uppsala:
Hansson & Ekman Isolerings Aktiebolag

Stockholm:
Fog & Byggtjänst i Åkersberga AB
GBB Holding AB
Olle Timblads Målerifirma AB
inkl. Tyresö Målericentral AB
Skanstull Måleri Aktiebolag
Uni-vent Rör AB
Valter Eklund Stenentreprenader AB
inkl. VE Sten AB

Norrköping:
Kulturmålarerna i Norrköping AB

Linköping:
Kulturmålarerna i Linköping AB

ProvideU AB also has operations in Tallin.

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



Establishment of Novedo as an enterprise group – from 0 to SEK 1.5 billion in net sales

During 2021, the focus has been on establishing the new enterprise group which, today, comprises Novedo. In spite of the year being challenging in many aspects, with the pandemic, rising raw material prices and a lack of materials, Novedo achieved an entirely stable and positive development during 2021. In 2021, the companies we acquired until April 2022 had sales of approximately SEK 1,465 million pro forma.

I am pleased to lead such an exciting company as Novedo and look forward to, together with my colleagues, building up its operations as we go forward. This is certainly a stimulating journey for me with my roots in the strong entrepreneurial traditions of Anderstorp in Småland.

Successful acquisition model

The acquisition of profitable companies incorporating a strong niche position is a central component of Novedo's growth strategy. To date, we have been successful when it comes to attracting the right companies. I believe an important factor in this has been our main focus on proven business acumen, culture and values, and that we at Novedo see as our major task to be the maintenance and further development of these driving forces. The fact that the owners of the acquired companies are also offered the possibility to become part-owners in Novedo comprises, together with our decentralised approach to management, a strong incentive for entrepreneur-led companies to become a part of Novedo.

During calendar year 2021, we acquired 14 companies with operations within installation and services and since year-end, we have agreed on the acquisition of a further 19 companies. I see the fact that we have succeeded in securing the confidence of these entrepreneurs, in spite of

a relatively short history as a company, as a clear confirmation that our concept as an enterprise group offers an attractive way forward for a number of entrepreneur-driven niche companies looking for new owners.

Focus on business expertise

Building up Novedo in this rather early stage is all about creating a strong, effective team with a competent and driven management group. During last year, a number of key employees were added to the Group who will be important in our continued development and expansion. Common for all of us is that we all share the vision of building an industrial group of entrepreneur-led, profitable companies driven by proven business expertise in the same manner as we, ourselves, are driven.

The companies which, today, comprise Novedo all have stable business models, good profitability and sound values and operate within the "business-to-business" segment. Up until now, we have focused on companies within installation and services, such as electrical installation and painting services, and in the beginning of 2022 also broadened the portfolio with an infrastructure company. The companies we have acquired are situated at a variety of locations in Sweden and have net sales in the range of SEK 30-300 million.

” The companies comprising Novedo to date all have stable business models.



Novedo – a new but “easy to feel at home” environment for expert entrepreneurs

On a number of occasions people have asked me what “Novedo” actually stands for and means as a name. Literally translated from Latin, Novedo means approximately “a new, old house”. And this is how we see the situation, that is, that Novedo clearly comprises a new, innovative environment for expert and successful entrepreneurs but one in which they can very “easily feel at home” when they choose to become a part of our industrial group. Our work is to support the entrepreneurs when they have joined Novedo and help them to further develop their operations without placing a major emphasis on pointing a finger

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
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The fact that the owners of the acquired companies are also offered the possibility to be part-owners in Novedo comprises, together with our decentralised management, a strong incentive for entrepreneur-led companies to become a part of Novedo.



at weaknesses or areas needing improvement etc., and without a large number of directives, instructions or drastic changes.

Secured financing for continued growth

In October 2021, we executed a private placement, a so-called “pre-IPO” whereby we secured SEK 150 million in new capital with the aim of supporting the future growth of Novedo. In November, we issued a first bond loan of SEK 750 million under a framework of a total of SEK 1,500 million undertaken for the refinancing of existing bank loans and in order to finance future acquisitions. I experience the large interest in both our private placement and the bond loan, which included well-renowned Nordic and international investors, as a sign of strength for Novedo. The capital provides us with financial strength and a cash situation implying that we can continue to acquire, at a fast pace, companies we believe will fit in well into our industrial group.

Finally, I wish to take the opportunity to welcome new employees and shareholders who have chosen to become a part of Novedo. I look forward to positive cooperation with you during the forthcoming year, when we now quickly build up a dynamic enterprise group which is to be ready to be listed on the Stockholm stock exchange during the first half year 2023. The response we have had to date has been very positive and strengthens our ambition to continue to grow and develop Novedo during the forthcoming year, in spite of the increased financial turbulence and major geo-political uncertainties we are currently facing in the world just now. We are humble as we face these major challenges.

Per-Johan Dahlgren, CEO Novedo

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
for print (A4).

Strategy

Identifying the right acquisition object

Our acquisition strategy makes up a fundamental part of Novedo's business model and long-term value growth. During its first financial year, Novedo has established a strong position in the acquisition market and has analysed a broad range of acquisition possibilities. Central to Novedo's acquisition strategy is that we place major importance in the acquisition process on analysing the entity's industrial and company culture. Novedo acquires companies managed on the basis of sound commercial competence and who incorporate sound values. These are often companies with a clear entrepreneurial spirit.

Novedo acquires profitable companies with a proven business model and developed niche position within the business-to-business segment and evaluates acquisition candidates on the basis of a number of financial criteria. The acquired companies are to have an EBITA margin of at least 10 percent and strong cash flows. Novedo acquires companies with proven business models and strong customer relationships. Unprofitable companies, "turnaround cases", are not appropriate in terms of them being included in Novedo's enterprise group. Novedo has a balanced revenue flow between construction and service projects and between new production and aftermarket, something that provides the Group with a good risk spread. So far, Novedo's primary focus has been on acquiring companies with their major operations in Sweden and with a good geographical spread between the portfolio companies. In order to create the premises for a long-term successful acquisition strategy incorporating a broad selection area, Novedo will identify acquisition possibilities outside Sweden. By expanding the operations in Europe, Novedo will also achieve geographical diversification.

Long-term development

Novedo is operating on the basis of the conviction that the best business decisions are made close to the operations,

customers and markets by knowledgeable entrepreneurs and personnel with decentralised corporate governance. Novedo's focus is on the creation of the specific premises required for our acquired companies to develop in the best possible manner. Novedo does this by creating an exchange of experience between the entrepreneurs and by providing support as regards strategic issues, which means that the industrial group's companies become stronger together. Novedo complies with corporate governance principles, creating a clear understanding of the necessary premises applying to the cooperation between Novedo and the companies.

Novedo works to ensure that the entrepreneurs continue to lead their companies and, through continual leadership training, helps to make possible the further development of the entrepreneurs' commercial competences. Novedo also encourages entrepreneurs to become part-owners in the Novedo Group.



Financial targets

Novedo's overall target is to continually grow within the selected business areas and markets. This growth is to take place both organically and through acquisitions.

Growth in net sales

50% pro forma annual total growth

Average growth in net sales pro forma is to reach at least 50 percent per year between 2022 up until 2024. Growth is to be both organic and through acquisitions.

3% pro forma annual organic growth

Average organic growth in pro forma net sales is to be at least 3 percent per year over an economic cycle.

EBITA margin

>10% pro forma

Average pro forma EBITA margin is to be at least 10 percent per year over an economic cycle.

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Strategy

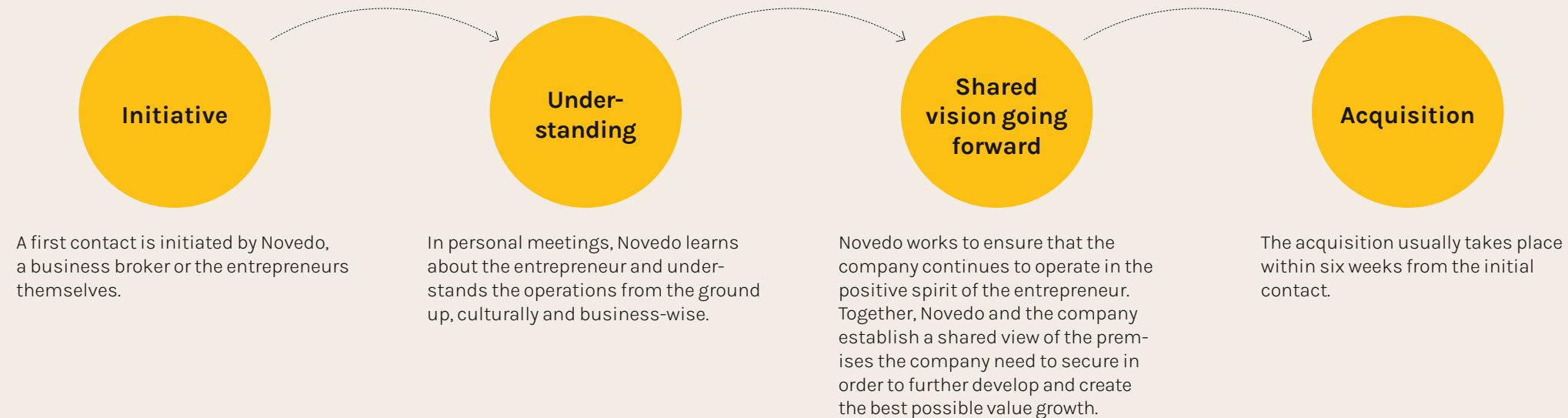
Acquisition model

Our acquisition criteria

Novedo has established seven acquisition criteria determining the types of companies we are seeking to acquire:

- Sound company culture
- Strong entrepreneurs
- Proven business model
- Developed niche position
- Good customer relationships
- EBITA margin of at least 10 percent
- Strong cash flow

Our acquisition process



2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
for print (A4).

Operational targets for our corporate governance

Novedo's main value creation stems from our business model which ensures that we continue to attract the right companies and provide them with the specific premises needed to further develop over time and to create the best possible value growth. At the same time, we see possibilities for value creating synergies in our industrial group. Consequently, Novedo has a number of overall operational goals for our corporate governance.

Sustainability

Novedo and its portfolio companies are guided in their operations through their compliance with the UN Global Compact's 10 Principles. In addition to this, in our work with sustainability within Novedo, we have chosen to focus on the United Nation's Global Sustainability Goals for economic, social and environmentally sustainable development. We have identified Goals 8 (Decent work and economic growth), 9 (Infrastructure and Industry), 10, (Reduced Inequalities), 11 (Sustainable Cities and Communities) and 12 (Responsible Consumption and Production) as focus areas for our positive impact. Read more about this under the Sustainability section on pages 18-20.

Synergies

Novedo is to facilitate synergies within its industrial group, such as economies of scale in purchasing and HR work.

Company culture

Novedo is to ensure that all of the companies within the industrial group are characterised by a positive company culture anchored in the Group's core values.

Leadership

Novedo is to provide leadership training for entrepreneurs and will also give continual strategic support to all of the industrial group's company leaders.

Securing the right competencies

Novedo is to strive to recruit and maintain employees with a high level of competence within industry and business development, and who share Novedo's core values. Novedo is to ensure that there is a succession plan in the event any of the portfolio companies need to appoint a new Managing Director.

Core values

Novedo has determined three core values which will serve as guidance in our work and operations

- Trust
- Business
- Core



- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions

Acquisitions since the founding of the Group

Central to Novedo's business concept is growth through the acquisition of companies incorporating proven business models and who have developed strong niche positions in their markets. Since the establishment of Novedo, we have executed a total of 14 acquisitions (including in total 33 companies) and total net sales pro forma for 2021 for these companies amounted to approximately SEK 1.5 billion.

The companies in the table below refer to the acquisitions closed as per December 31, 2021

Company	Operations	Net sales SEK million, 2021	Number of employees
Deramont Entreprenad AB	Ground contractor	124	45
Elforum Göteborg AB	Electrical installation	57	22
Fog & Byggtjänst i Åkersberga AB incl. subsidiaries	Full-service provider of facade and sealing work	38	40
Hansson & Ekman Isolerings Aktiebolag	Full-service provider of technical insulation, both within HVAC and industry	83	72
Kulturmålarna i Norrköping AB incl. Kulturmålarna i Linköping AB	Painting and decoration	36	37
Olle Timblads Målerifirma AB incl. Tyresö Måleri-central AB	Painting and decoration	243	185
Skanstulls Måleri Aktiebolag	Painting and decoration	37	34
Uni-vent Rör AB	Ventilation contractor	65	34
Valter Eklund Stenentreprenader AB incl. VE Sten AB	Natural stone solutions specialist	124	52
Total		806	521

The companies in the table below refer to acquisitions closed by Novedo as at March 31, 2022

Company	Operations	Net sales SEK million, 2021	Number of employees
Elarbeten Helsingborg AB	Electrical installation	26	13
Elinzity AB incl. subsidiaries	Electrical installation	92	73
Ventilationskontroll Aeolus AB incl. subsidiaries	Installation and repair services for indoor climates	164	103
ProvideU AB incl. subsidiaries	Supplier of custom made components and complete systems	98	59
Total		380	248
Total for all of the above companies		1,186	769

The companies in the table below refer to acquisitions closed by Novedo in April, 2022

Company	Operations	Net sales SEK million, 2021	Number of employees
GBB Holding AB incl. subsidiaries	Rock engineering	279	86
Total		279	86
Total for all companies in April, 2022		1,465	855



Download PDF
for print (A4).

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



Timeline shows acquisition dates of the companies

Skanstulls Måleri Aktiebolag
Skanstulls Måleri offers the majority of services found within painting and decoration and works both with larger and smaller construction companies and with other actors within the real estate industry.

Valter Eklund Stenentreprenader AB inkl. VE Sten AB
Valter Eklund is a leading supplier of natural stone solutions within construction, real estate and interiors. The company works with everything from floors, facades, stairs, and bathroom to landscaping with paving stones or ground facilities in public environments.

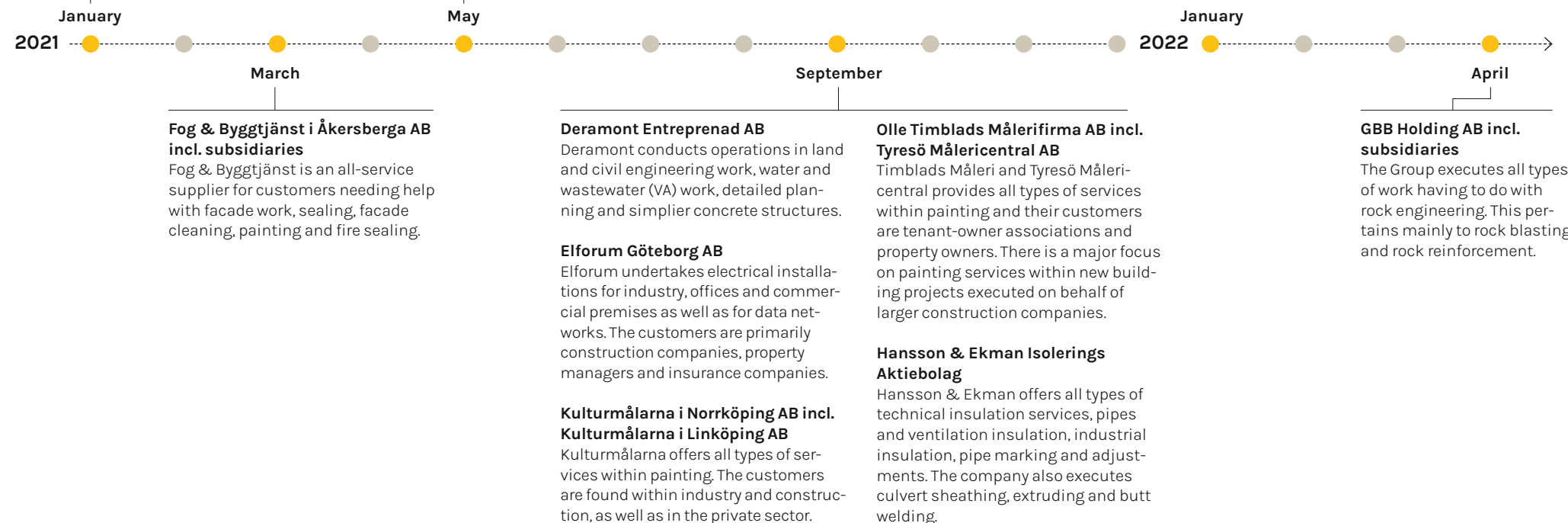
Uni-vent Rör AB
Uni-vent conducts all types of services within ventilation, installation, Obligatory Ventilation Control (OVK) inspections, air flow adjustments, cleaning of ventilation ducts, maintenance and service and has many years of experience working in cooperation with entrepreneurs within building projects, construction, electricity/control and piping. The customers are, amongst others, construction companies, housing companies, the public sector and private individuals.

Elarbeten Helsingborg AB
Elarbeten works with all activities within electricity, from strong current services to data network services, from fault finding and maintenance to large installation projects. The customers are both companies and private individuals.

ProvideU AB incl. subsidiaries
ProvideU works in four main segments when it comes to components: cabling, membrane keyboards, electronic components and mechanical and plast details. The company also offers electronic manufacturing and the assembly of complete systems which takes place in the factory in Estonia.

Elinzity AB incl. subsidiaries
Elinzity offers everything from services, renovation, office adaptations and major construction work with associated design and site supervision.

Ventilationskontroll Aeolus AB incl. subsidiaries
The Group also includes the ventilation-related companies, CX Ventilation, Krovent and Ekoion, as well as the electrical installation company RC El. The Group works with all types of services to do with indoor climates, including pre-engineering, reconstruction, services and energy optimisation.



- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



Five quick questions to Anders Eriksson, Chief Financial Officer (CFO) at Novedo

When did you begin working at Novedo and what was it that attracted you to the Company?

I began about the same time as Per-Johan Dahlgren, that is, in the beginning of 2021. I had previously worked as CFO in various companies during some 20 years, and a number of these were located outside of Sweden, amongst other countries, in the US. I felt that I wanted to get back to the entrepreneurial environment after having worked in larger organisations. The opportunity to work with others in building up a new, dynamic company such as Novedo, was very attractive.

What has your work consisted of to date?

As a recently started company, we are building up our finance department with everything that this involves, working with recruitment, producing policies and establishing the internal control functions, developing our financial reporting and governance. We have recently published our first year-end report for the extended financial year 2020/2021. With the high pace of acquisition activity, there is a lot of work going on in the finance department. We are in the process of incorporating the companies into the Group in an appropriate manner. It is a very inspiring work.

What will be your focus during the forthcoming year?

Last autumn it was financing issues that were in focus. After the New Year when the financing of our bond loan was in place we, instead, prioritised our compliance with the contractual rights incurred by our bondholders as our bond is listed in Germany. Moreover, we are working a lot with the preparations for our forthcoming listing. This will be the major focus during the year to ensure that Novedo is ready for a stock exchange listing.

Geopolitically and financially, global conditions are far from stable right now. How well equipped is Novedo to cope with this?

Should the current troubles spread further throughout Europe, we will, of course, be impacted. But as things appear at the moment we are well-equipped to deal with the situation as it is right now. We secured our financing with a bond loan we undertook last autumn, receiving SEK 750 million, and with a framework twice that amount, we have the possibility of increasing the bond loan if needed to realise interesting acquisition possibilities. We have had a good buffer of capital after our rights issue when we raised SEK 150 million. So our financing up until our listing is secured. In the short and medium term, we do not foresee any possible interest rate increases which could disrupt our plans for the future.

If the financing of the operations has been secured, what, then, are Novedo's greatest challenges, in general?

As we are acquiring entrepreneurial companies in which the entrepreneurs continue to drive their operations, it is of utmost importance that we quickly establish positive and long-term cooperation with them. We have built up confidence between ourselves and the entrepreneurs during the acquisition process and we have to work hard to ensure that we maintain this confidence and enhance it. Another risk is that the companies we acquire do not deliver as originally planned. This, however, is part and parcel of any commercial operation and as long-term owners we will be close at hand to work together with the entrepreneurs to solve the challenges arising as time progresses; thus far, the situation looks very positive. The companies we have acquired, it is true, are all profitable and we have no "turn-around" cases in our enterprise group. This helps the situation considerably.



” As a newly started company, we are in the midst of building up our finance department and are working with all of the various functions and issues that this implies.

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
for print (A4).

Five quick questions to Martin Elm, Chief Operating Officer (COO) at Novedo

What are your responsibilities as COO of Novedo?

As COO my primary role is to be responsible for the companies we acquire after the closing of the acquisition. My task is to ensure that we are a long-term, competent owner of the companies we purchase. This is partly about supporting our companies' management teams and partly about building a well-functioning environment and organisation for our entrepreneurs to work in and be inspired by.

When did you begin at Novedo and what is your background?

I began at Novedo at the end of 2021. One could say that I grew up in an industrial environment. I was fostered in the AQ Group which had a strong entrepreneurial spirit. I had a variety of roles there and learned at an early stage to understand what business is all about. During my last seven years at AQ, I was Managing Director of various manufacturing subsidiaries in Sweden and China, where I also lived for three years. After that I was Managing Director at one of the Axel Johnson International companies, Sverull, which is working with retail trade and advanced services to Swedish industry.

How do you work with the companies Novedo has acquired?

First and foremost, this is about identifying and attracting the right companies – companies who have performed during a long period of time and who have a strong and positive culture in which they take care of their employees and of their customers. When the companies first become a part of Novedo, we make no immediate changes. We get to know the company and their employees to increase our understanding of them. The companies are best led by their own management and perform best with their own personnel. We have no ambition to exercise control of the

daily operations at a distance; we are clear about this. Our job at Novedo is, however, to improve the companies' possibilities to perform and this is to take place on the basis of their specific needs and premises.

What will be the focus of your work during this year?

We are growing rapidly and I will enhance my knowledge of our companies and their people. In order to develop Novedo, we are building structures and processes to strengthen the companies; this is done in cooperation with the companies and with external cooperation partners. This is about, amongst other things, starting our own leadership academy and a talent development program, about utilising our combined purchasing power and also has a lot to do with establishing an infrastructure for communication.

Why should entrepreneurs sell their company to Novedo?

All of them have their own motives, but we are careful to ensure that we acquire entrepreneurs who are actually very passionate about continuing to develop their operations. Many of those who choose to be a part of Novedo have done so because they want to be a part of a larger whole, have new colleagues, get new ideas and new possibilities. I believe that we are experienced as being down-to-earth people to whom the entrepreneurs can actually relate and who understand the entrepreneurs' every-day conditions and challenges. The fact that we do not implement top-down control or standardise our companies but, instead, carefully plant them in more productive soil is, I believe, the reason we will have continued good possibilities to attract expert entrepreneurs.



” First and foremost, this is about identifying and attracting the right companies – companies who have performed during a long period of time and who have a strong and positive culture in which they take care of their employees and of their customers.

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



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External factors & markets

Novedo is an industrial group with companies operating within infrastructure, installation and services and industry. These companies are of a variety of sizes, located at various sites in Sweden, with some also having branches in other European countries. Certain companies in the Group operate within limited geographical areas and others have extensive international links.



Common for the companies is that they all operate within the business-to-business segment and have shared principles in which business expertise, sound values and a decentralised decision-making process form the key-stones of their approach.

External factors impacting the Novedo companies

The companies in the Novedo Group are impacted by various external factors which change society. For example, this can pertain to digitilisation, which impacts both infrastructure and installation when new networks need to be upgraded and extended, and can also refer to sustainability requirements which are continually increasing. Alternatively, this can pertain to new services and new specifications placing demands on buildings, infrastructure and logistics solutions when purchasing patterns change in pace with the increase in e-commerce.

Greater demands are also placed on industry when society switches to fossil-free solutions. The pandemic and the uncertain global geopolitical situation impacts structural change which can indirectly create consequences for the companies in the Novedo Group and as regards future acquisition candidates. With a lack of components, rising raw materials prices, shipping challenges and other bottlenecks, the business premises for many companies can change dramatically and can redraw the commercial conditions for entire branches of industry. This implies challenges but also creates possibilities for companies such as Novedo.

Markets & competitors

Novedo belongs to the group of acquisition-intensive companies usually referred to as “compounders”. Within this group there are, today, a large number of companies listed on the Stockholm stock exchange who have shown a high level of growth and good profitability during a long period of time. Amongst our competitors, there are at one end very niched companies operating in narrow sectors. At the other end are more diversified serial acquirers operating in several different industries. Novedo is a niche actor that is positioned in between these ends with its focus on infrastructure, installation and services, and industry.

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



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Processes to identify potential acquisitions

Potential acquisition objects come to Novedo's knowledge in different ways. Novedo's management and board has an extensive network of contacts who contribute to the process. Potential acquisition objects can also contact Novedo to investigate the possibility of cooperation. Parallel to this, Novedo works proactively to identify companies with the right profile.

Contact is established with the companies which have been identified as being interesting and which meet Novedo's acquisition criteria. Today, there is also a market for various types of business brokers and consultants which has developed over time and which is active in approaching companies such as Novedo with investment possibilities and proposals.

Business expertise, strong values and decentralised decision-making

In the following pages we present some of the companies included in the Novedo Group. These are companies operating in different industries and situated at different locations in Sweden. The common denominator is that they all work within the business-to-business segment, which implies that they do not primarily work vis á vis end consumers and private individuals but, rather, with companies. The companies are also united on the basis of shared principles with Novedo where business expertise, sound values and a decentralised decision-making process are important components in their strategies. In all of the companies acquired by Novedo, to date, the owners have chosen to also become part-owners in Novedo.



- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



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”When I met Novedo in April 2021, everything felt just right. We would continue to run the operations ourselves and this has proven to be true.”

SEK 57 MILLION
Net sales

22
Number of employees

Case: The quickly growing electrical installation company, Elforum

With Sweden rapidly becoming digitalised, the demand for electrical installation has increased dramatically. This is due to the fact that the data networks around the country need to be renewed and expanded. Elforum in Gothenburg is a quickly growing player within electrical installations who has chosen to be part of the Novedo Group in order to gain muscle in its drive to further develop and grow the company.

Elforum is a company which was established in 2018 in Gothenburg. It was started with four employees and has quickly grown to today's net sales of approximately SEK 57 million. The company, which now has 22 employees, has qualified electricians undertaking electrical installation work in industrial, office and commercial properties, as well as in data networks. The customers are primarily construction companies, property managers and insurance companies.

– During a couple of years we were contacted by business brokers hunting for interesting companies. They always represented larger entities with top-down control and where the business concept was to implement their own ideas and systems into the acquired companies.

But we didn't want this type of situation so there was never any deal. However, when I met Novedo in April 2021, everything felt just right. We would continue to run the operations ourselves and this has proven to be true. Novedo gave a serious impression from the very beginning. The communication was straightforward and I felt I could trust them immediately. Otherwise, there would have been no acquisition, states Johan Andersson, Managing Director of Elforum.

Similar company culture: trust without hierarchies

Elforum was a company which Novedo had come into contact with through its own large network of contacts. In this transaction, the sellers chose to become a part-

owner in Novedo. The forthcoming stock market listing was also something that was attractive. The reaction of Elforum's employees as regards the transaction was positive, says Johan Andersson who believes that the company culture in Elforum is very similar to Novedo's culture. Both companies have succeeded in creating a culture of trust without hierarchies.

– Elforum is a company with a strong and solid company culture which is well-suited to the Novedo Group. In addition, the company has continued to be led by Managing Director, Johan Andersson, together with the founders, Per Romvall and Anders Wahlström. This vouches well in terms of continuity, says Per-Johan Dahlgren, CEO of Novedo.

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



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Case: From concept to product delivery from a component manufacturer, ProvideU

With the manufacturing done by high quality and cost effective partners in China and Taiwan, assembly in Estonia and sales in Sweden, the Västerås company, ProvideU, provides its customers with both components and complete systems. With Novedo as new owners, ProvideU can scale up its operations and further strengthen its offering.

ProvideU is a company based in Västerås which Fredrik Forngren started in 2008 together with Mikael Rehnberg. The company supplies drawing-bound components and complete systems, in industry language often called “box-build”. The company has operations in Sweden and Estonia and in 2021 ProvideU achieved a milestone with net sales close to SEK 100 million and good profitability.

– We have built up the operations with a strong team. When we now, together, scale up the company, we know that Novedo will suit us very well. To remain in an owner-



ship role, now as a part-owner in Novedo, and, in addition, to take part in a stock market listing is, of course, extra attractive. We can take part in parallel journeys, states Fredrik Forngren, Managing Director of ProvideU.

ProvideU is an industrial company which Novedo came into contact with through a business broker and where the approach to business and entrepreneurial expertise between the companies is very well matched. ProvideU's industrial focus and international links in both the Baltic and Asia were also something that was attractive to Novedo.

– ProvideU is a notable, reputable industrial company well suited to the Novedo Group. I am pleased that the company will continue to be operated with Fredrik Forngren as Managing Director and that he has also chosen to be part-owner in Novedo, states Per-Johan Dahlgren, CEO of Novedo.

Production in Asia, assembly in Estonia and sales in Sweden

ProvideU works with four main segments as regards components: cabling, membrane keyboards, electronic components and mechanical and plastic details. The manufacturing of the components takes place primarily via production partners in Asia. The company also offers electronic manufacturing and the assembly of complete systems which takes place in the factory in Estonia. The ability to both produce the components and undertake the final assembly of entire products makes ProvideU unique.



” We have built up the company with a strong team. When we now, together, scale up the company, we know that Novedo will prove to suit us very well.”

SEK 99 MILLION
Net sales

59
Number of employees



2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



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Case: Deramont paves the way for warehouses and logistics facilities

With modern and extensive machinery taken care of by competent employees, the Malmö-based entrepreneur Deramont Entreprenad AB executes foundation and construction contracting services for construction companies all over Skåne. With Novedo as a new owner, Deramont can continue to grow on its own terms both with Novedo's support and independently, without having to deal with a major emphasis on pointing a finger at weaknesses or areas needing improvement etc., and without a large number of directives, instructions or drastic changes.

Deramont Entreprenad AB is a ground contractor in Skåne specialised in land and civil engineering work, construction work, water and wastewater works, detailed planning and simpler concrete structures.

The company originates from a well-functioning project group located within a larger corporate entity. This latter group's successful culture was integrated into Deramont at the beginning of 2010 and has been a major keystone in the Deramont's success since that time.



”

We see a good market for ground contractors. For example, the demand for new warehouses and logistics facilities also drives the demand for construction assignments for Deramont”.

Digitalisation leads to increased demand for construction assignments

Today, the company has approximately 45 employees, net sales of approximately SEK 124 million and good profitability. The company owns its machinery which consists, amongst other things, of excavators, wheel loaders and dump trucks and construction vehicles with tilting platforms. In the new conditions in Sweden taking form through digitalisation, which has made huge steps forward during the pandemic, the demand for warehouses and logistics premises has exploded throughout the country as an increasing number of households choose e-commerce to make their purchases. This benefits Deramont.

– We see a good market for ground contractors. For example, the demand for new warehouses and logistics facilities also drives the demand for construction assignments for Deramont, states Petter Flodén, co-founder and Managing Director.

Novedo closed its acquisition of Deramont in September 2021 and the previous owners, Petter Flodén and Lennart Pålsson, chose to become part-owners in Novedo. This was a transaction that had been initiated by a business broker who had contacted Novedo. A positive response arose quickly between the companies as they shared a common view of business operations. This was clear when Deramont's owners understood that they could continue to drive their operations on the basis of its small company culture even if they would be a part of a much larger entity.

– When the stock exchange listing of Novedo takes place, I'll be at home ringing my own bell. Everything considered, it will certainly be a milestone in my career as an entrepreneur, concluded Petter Flodén.



SEK 124 MILLION
Net sales

45
Number of employees



- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



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Case: Ventilationskontroll improves indoor climates

By improving indoor climates, effectivity and productivity is improved and people stay healthier. For nearly 40 years, the Gothenburg company Ventilationskontroll, has helped property owners to optimise their indoor climates with its indoor climate systems. Now, the company has taken the next step by becoming a part of the Novedo Group.



Ventilationskontroll - also known under the brand VK inneklimat - is a Gothenburg-based ventilation company group founded in 1980. The Group, with approximately 100 employees, also includes the ventilation-related companies, CX Ventilation, Krovent and Ekoion AB, as well as the electrical installation company RC El. Total net sales for the corporate group are around SEK 165 million with good profitability during a number of years. With the acquisition, the previous part-owners of Ventilationskontroll will become part-owners in Novedo.

Novedo's acquisition of Ventilationskontroll was

initiated by Novedo which, through its own research, identified the company and became very interested in Ventilationskontroll as a company. The company's profitability, expansion possibilities and company culture were attractive to Novedo. After a first contact, a dialogue was initiated which resulted in the transaction.

- I am pleased that the Ventilationskontroll Group is now a part of Novedo. It is both a well-established and a reputable actor in a well-defined market which makes for a very good match with the Novedo Group, says Per-Johan Dahlgren, CEO of Novedo.

Complete solutions for good indoor climates

Ventilationskontroll provides all types of services within the ventilation industry, everything from pre-engineering, conversions, services and energy optimisation. The company has a complete service and repairs operation for indoor climates and is primarily active within the Gothenburg area.

- This is a milestone in our ongoing journey and we like Novedo's business model. Now when we are shifting up a gear in our ownership role by becoming part-owners in Novedo, we can also continue to push forward the further development of our operations on the basis of our established strategies, without making changes as regards employees or customers. We can continue to benefit from our strong company culture and can keep our promises. A new world with many new options is opening up, not the least the participation in a stock market listing, states Aleksandar Köster, Managing Director of the Ventilationskontroll Group.



” This is a milestone in our ongoing journey and we like Novedo's business model.

SEK **165** MILLION **103**
Net sales Number of employees

Gothenburg



- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



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for print (A4).

Sustainability

Sustainability is a premise for long-term value creation. As a result, sustainability is an integral part of Novedo's business strategy to acquire and develop entrepreneur-driven companies. This applies to both the Parent Company and to our work as active owners. We expect our entrepreneurs to concentrate their sustainability work on those areas where they have the greatest potential to contribute to increased sustainability within their own operations and as regards their customers.

Novedo is a young enterprise group which undertook its first acquisition in 2021. The work with sustainability is of high priority and our ambition is to work for continual improvements as an active owner, as well as driving improvements out in the operations within the portfolio companies.

The starting point of our sustainability work is Novedo's core values, our Code of Ethics, the 10 principles in the United Nation's Global Compact and the United Nation's Sustainability Goals. In order to ensure that sustainability is integrated into the entire operations, we have produced a sustainability policy describing the principles for how we integrate and drive sustainability issues in our business.

Management and governance

Novedo's Board of Directors adopts the Group's sustainability policy and Code of Conduct and assesses the results of the significance analysis providing the basis of our sustainability strategy. The Group CEO has the ultimate responsibility for the management and governance of

the work with sustainability. The Managing Directors of the portfolio companies are responsible for compliance. All employees incur responsibility for sustainability in their daily work.

Sustainability and ESG are important components in the analysis we execute when we make new acquisition. It is important to understand how the business models of potential acquisition objects and their competitive capacity are impacted by ESG trends, today, and in the long-term. In Novedo's role as owner and developer of

entrepreneur-driven companies, we have the ambition to work actively to share knowledge, establish targets and follow-up on sustainability work. Framework, goals and processes for this work are under development and will be of high priority during forthcoming years.

Our commitments

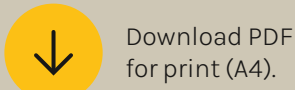
Novedo's sustainability work is driven by business expertise, integrity, competence and respect for the equality of all individuals.



2 This is Novedo
3 CEO Statement
5 Targets & Strategy
12 Operations
18 Sustainability

Financial statements

22 Corporate Governance
26 Board of Directors
27 Group Management
28 Directors’ Report
31 Group
31 Consolidated statement of comprehensive income
32 Consolidated balance sheet
33 Consolidated statement of changes in equity
34 Consolidated statement of cash flow
35 Parent Company
35 Statement of comprehensive income
36 Balance sheet
37 Statement of changes in equity
38 Statement of cash flow
39 Notes – Group and Parent Company
67 Auditor’s Report
69 Annual General Meeting
70 Definitions



Commitments

- We take responsibility for the health of people and their security at our workplaces
- We work to attract, develop and retain talent
- We promote responsible business methods to build long-term relationships
- We strive to minimise negative impacts on the environment

Through a significance analysis we have identified the areas which are important to our stakeholders and the sustainability-related risks and possibilities associated with Novedo’s business. Based on this significance analysis, we have defined a sustainability strategy focusing on four prioritised areas:

- Minimised environmental impact
- Attractive and development-oriented organisation
- Secure and healthy work environment
- Good business ethics

The United Nation’s goals for sustainable development form an important guiding principle for Novedo’s sustainability work. We have identified five goals where Novedo can combine value creation with societal benefit. We work for a lasting, inclusive and sustainable infrastructure, full and productive employment with good working conditions for all, sustainable industry, innovations and infrastructure as well as for sustainable cities and societies.

Minimised environmental impact

We strive to minimise negative effects on the environment

We are to always comply with current laws and regulations referring to the environment. Consequently, we must continually monitor the laws and ordinances applying in the different markets in which we operate. An important target for environmental work is that all of the companies in Novedo’s portfolio are to implement a sustainability/ environmental policy to be in effect until 2030 in order to ensure a good level of governance in which sustainability permeates all aspects of the operations.

Attractive and development-oriented organisation

We work to attract, develop and retain talent

All of the employees in Novedo are to incur the same rights and possibilities. Inclusivity, health and personal development are in focus at our workplaces. Zero tolerance applies to all forms of special treatment, harassment and discrimination. We work to promote all of the employees’ unique capabilities, strengths and differences. In Novedo, employees are to have good access to training, continued education and Novedo’s network of experts. As an employee in Novedo and in our portfolio companies, there are good possibilities to develop and make a career within the Group. Through these activities, Novedo aims at attracting and retaining the best talent in

the market, both in the Parent Company and in the entrepreneur-driven portfolio companies.

Secure and healthy work environment

We work to attract, develop and retain talent

Novedo is to be a secure and reliable workplace where health and a positive company culture are focus areas. We continually work to counter-act accidents, injuries and illness. Novedo values good relationships, high ethical standards, just terms and conditions and security for all employees in the Group. We expect that our employees and the portfolio companies respect the internationally recognised human rights and work standards as defined in the United Nation’s Declaration of Human Rights and

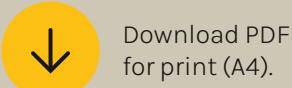
Novedo’s sustainability work

Prioritised area	United Nation's Global Goals		
Minimised environmental impact			
Attractive and development-oriented organisation			
Secure and healthy work environment			
Good business ethics			

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors’ Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor’s Report
- 69 Annual General Meeting
- 70 Definitions



ILO’s Core Conventions. Central to the work with health and security is that we have a zero vision as regards work-related accidents and we strive to promote physical, as well as mental health at our workplaces.

Good business ethics

We promote responsible business methods to build long-term relationships

At Novedo we are to always practice good business ethics, based on competence and professional know-how in order to build long-term and sustainable relationships. Novedo complies with the laws, regulations and ordinances applying in the markets in which we operate and we place demands on our portfolio companies to do the same.

Novedo’s Code of Ethics provides the basis of our business ethics. The Code of Ethics includes our regulations regarding human rights, the whistle blower function, integrity, confidentiality, bribery and corruption, conflicts of interest and just competition. In addition to complying with our Code of Ethics, we also strive to ensure that all

acquisitions within the due diligence process are assessed and reported upon in relation to ESG factors. This is done in order to build up the correct premises for long-term positive conditions and profitability already from day one.

Sustainability-related risks and risk management

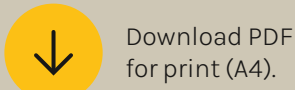
The ongoing identification, prevention and handling of risks is an important component in Novedo’s sustainability work. Risks impacting Novedo also often have a major impact on our suppliers and entrepreneurs and deficient risk management can damage the operations. Below is a description of Novedo’s most important risk areas and risks. Novedo places major importance on identifying and handling these risks. This work takes place on an ongoing basis as the premises for the organisation, industry and society are continually changing. The evaluation of sustainability-related risks is an important part of the analysis work prior to an acquisition.

Risk area	Risks	Possible consequences
Organisation	Non-secure working conditions	Workplace accidents, increased absence due to illness, decreased productivity
	Novedo does not comply with applicable laws and regulations	Legal consequences, increased costs, decline in results
Industry	Suppliers and entrepreneurs do not work according to Novedo’s Code of Ethics	Personal injury, environmental damage, delivery disruptions, increased costs
	Risk for corruption before and during the acquisition negotiations	Legal consequences
Society	Climate changes	Personal injury, damage to society, increased costs
	Emergency preparedness	Economic consequences

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

● Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
 - 31 Consolidated statement of comprehensive income
 - 32 Consolidated balance sheet
 - 33 Consolidated statement of changes in equity
 - 34 Consolidated statement of cash flow
- 35 Parent Company
 - 35 Statement of comprehensive income
 - 36 Balance sheet
 - 37 Statement of changes in equity
 - 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



Content 2021

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
 - 31 Consolidated statement of comprehensive income
 - 32 Consolidated balance sheet
 - 33 Consolidated statement of changes in equity
 - 34 Consolidated statement of cash flow
- 35 Parent Company
 - 35 Statement of comprehensive income
 - 36 Balance sheet
 - 37 Statement of changes in equity
 - 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
for print (A4).

Corporate Governance

The goal of corporate governance is to ensure that the Company is managed in as productive manner as possible on behalf of the shareholders. This includes the establishment of an effective organisational structure, systems for internal control and risk management, as well as transparent internal and external reporting.

Novedo Holding AB (Novedo or the Company) is a Swedish limited liability company. The Company's bond is listed for trading on the Frankfurt Stock Exchange Open Market and during 2023 Novedo intends to apply for a listing of the Company's shares in Stockholm. The Company's corporate governance is primarily regulated on the basis of the stipulations of the Swedish Companies Act and other Swedish laws and regulations. In conjunction with a future listing of its shares, the Company's corporate governance policy will be adapted to the Swedish Corporate Governance Code, the stock exchange's issuer rules, as well as to other applicable laws and regulations.

This corporate governance report has been prepared according to the Swedish Annual Accounts Act.

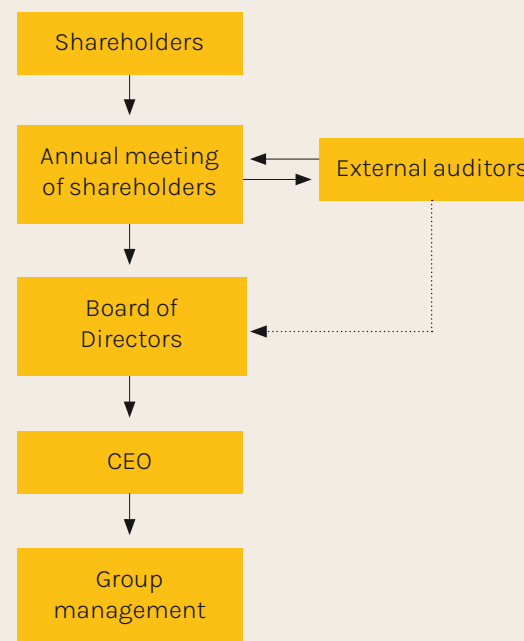
Corporate governance model

In addition to exercising their right to vote at the shareholder meetings of Novedo Holding AB, which is the Parent Company in the Novedo Group, shareholders can also exercise influence by, amongst other things, voting on the composition of Novedo Holding AB's Board of Directors and on the election of auditors.

The Board incurs the ultimate responsibility for Novedo Group's organisation and administration of its operations.

The Board of Directors appoints a CEO for Novedo Holding AB. The CEO leads the Group's ongoing operations in accordance with the Board's instructions.

Novedo's governance, management and control are divided between the shareholders attending the annual meeting of shareholders, the Board of Directors and the CEO, in accordance with Swedish limited liability company law and Novedo's Articles of Association.



Regulatory compliance

External governance system

The external governance system comprising the framework of Novedo's corporate governance is based primarily on the Swedish Companies Act and the Swedish Annual Accounts Act.

Internal governance system

The Articles of Association adopted by the meeting of shareholders and the documents and work plan for the Board adopted by the Board of Directors of Novedo, as well as the instructions for the CEO, comprise the most important internal governance system.

In addition, the Group has a number of policies and instructions with rules and principles for the Group's operations and its employees. During 2021 and the beginning of 2022, Novedo's Board of Directors resolved on the following policies and instructions:

- Work plan for the Board of Directors
- Instructions for the CEO
- Code of Ethics
- Insider policy
- Communication policy

Novedo's Articles of Association

Novedo's Articles of Association was adopted at an extraordinary meeting of shareholders on September 21, 2021 and contains no special regulations regarding the election or dismissal of Board Members or regarding changes in the Articles of Association. See Novedo's website, novedo.se, for the complete text of the Articles of Association.

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
for print (A4).

Shareholders

Novedo's share is not traded on any stock exchange or marketplace. Share capital amounted to SEK 552,000, divided between 30,960 shares. All shares are of the same class and incur equal rights in all respects. The largest shareholders are Spartacus Partners AB, F Holmström PE 3 AB and Esmaeilzadeh Holding AB.

Shareholder meetings

The shareholders' right to resolve on issues concerning Novedo's business affairs is to be exercised at shareholders meetings. The shareholders registered in the share register as at record date, and who have registered to attend the meeting within the time period prescribed in the notice of the meeting, have the right to participate in, and vote at, the meeting, personally or through a representative.

Usually resolutions by a meeting of shareholders are undertaken on the basis of a simple majority. On the other hand, as regards certain matters, the Swedish Companies Act requires a qualified majority and, in certain special cases, also the physical presence of a certain number of shareholders in order to achieve a quorum.

The annual meeting of shareholders is to be held within six months after the end of the financial year. Novedo's annual shareholders meetings are to be held in Stockholm, prior to the end of June.

According to the Articles of Association, notice of shareholders meetings are to be published in Post- och Inrikes Tidningar and through the notice being available on the Company's website. This notice is made public through a press release.

In addition to the annual meeting of shareholders, extraordinary meetings of shareholders can take place if the Board of Directors deems that this is necessary or if shareholders with a minimum of 10% of the share capital in the Company request an extraordinary meeting.

All shareholders registered in the Euroclear Sweden AB's share register six days prior to the meeting of shareholders and who have been registered as participants in the meeting of shareholders within the prescribed time



period, incur the right to participate in and vote at the meeting of shareholders.

Shareholders wishing to have a certain matter addressed at a meeting are required to send in a written request to the Board of Directors. Such request is to have been received by the Board no later than seven weeks prior to the meeting of shareholders.

During 2021, which was the Company's first operational year, no ordinary meeting of shareholders was held. Three extraordinary meeting of shareholders took place during 2021.

Annual meeting of shareholders 2022

The annual meeting of shareholders 2022 will take place in Stockholm on 7 June, 2022 at Novedo's head offices. Notice of the annual meeting of shareholders is expected to take place in the beginning of May 2022.

Board of Directors

The Board of Directors' work is regulated primarily on the basis of the Swedish Companies Act. The Board's work is

also regulated on the basis of the work plan adopted each year by the Board. The work plan regulates the work and division of responsibilities between the Board Members, Board Chairman and CEO. Instructions to the CEO also contain instructions for economic reporting. The Board's duties include the adoption of strategies, presentation of interim reports and the bookclosing, the handling of risks and the adoption of policies and guidelines. The Board is also to monitor the economic development, ensure the quality of the financial reporting and the internal control functions, and is to evaluate the Group's operations based on the established targets and guidelines adopted by the Board. The Board is responsible for appointing the CEO. Finally, the Board takes decisions on larger investments and as regards changes in the organisation and operations.

Board composition

According to Novedo's Articles of Association, the Board is to comprise of no fewer than three, and no more than ten, Members elected by a meeting of shareholders. The union representatives have, in accordance with Swedish law,

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



the right to appoint members to the Board. During 2021, no union organisations were represented in Novedo's Board.

Novedo's CEO and CFO participate in the Board meetings and prepare issues to be addressed by the Board. The CFO serves as secretary for the Board. With special issues, other employees in Novedo can participate in Board meetings.

At an extraordinary meeting of shareholders in Novedo in 2021, Christer Hellström, Saeid Esmaeilzadeh, Mouna Esmaeilzadeh, Fredrik Lidjan, Mona Öljansdotter Johansson and Erik Rune were elected as Board Members in Novedo. Christer Hellström was elected to service as Board Chairman.

As no annual meeting of shareholders was held during 2021, no fees to Board Members have been resolved upon.

Each year, an evaluation of the Board's work will be executed in order to ensure the quality of their work and in order to may any further competencies or experience which could be needed on the Board. The Board's Chair-

man is responsible for the execution of this evaluation. Novedo's Board intends to execute an evaluation of the Board's work during 2023.

Chairman of the Board

The Chairman of the Board leads the work of the Board and ensures that its work takes place in an effective and appropriate manner. The Chairman also ensures compliance with the Swedish Companies Act and other laws and regulations, as well as ensuring that the Board Members receive the training and knowledge required as regards Novedo's operations. The Chairman monitors the operations in close dialogue with the CEO and is responsible for the implementation of the Board's decisions, and also serves as a spokesperson for the Board.

Work of the Board of Directors during 2021

During 2021, three Board meetings were held at which minutes were taken, with one meeting taking place per capsulam. Of these meetings, two were held at the head

offices in Stockholm and one via video link. The Board comprised a quorum at all of these meetings.

Amongst the matters addressed by the Board during 2021 can be noted the appointment of a new CEO and new CFO for Novedo. The Board also resolved on the acquisition of portfolio companies and the raising of new financing, partly in the form of a capital contribution of SEK 150 million, and partly in the form of the issuance of a bond loan of SEK 750 million.

Group management and CEO

The Group management was established during 2021, when the CEO and CFO assumed their roles. A chief operating officer, COO, was recruited at the end of 2021.

The CEO is responsible for the ongoing administration according to the Board's instructions. The CEO is, thereby, responsible for undertaking all necessary measures to ensure that the organisation and control of the Company's bookkeeping takes place according to current regulations and ordinances. The CEO is also to prepare all necessary information and documentation for the Board meetings and, if the Chairman requests, shall also issue notice of the meetings of the Board. The CEO reports to the Board and is to provide motivated statements regarding proposals for resolutions to be decided upon by the Board.

The CEO is to ensure that the Board Members continually receive the information required to be able to assess the Company's economic situation. The reporting is to be of such a nature that the Board can, based on the information provided, execute a well-grounded assessment.

Guidelines for remuneration to senior executives

The guidelines for remuneration to senior executives is proposed by the Board to the annual meeting of shareholders for approval. Remuneration to the CEO is proposed and decided upon by the Board. Remuneration to other senior executives is proposed by the CEO and decided upon by the Board.

A successful implementation of Novedo's long-term strategy and possibilities to achieve the established financial and operational targets presumes that the



2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



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Company can recruit and retain qualified personnel. This requires, in its turn, that Novedo can offer market-based and competitive compensation; this is to be achieved through the Company's established guidelines for remuneration to senior executives. Remuneration can comprise of:

- Fixed annual, cash salary
- Variable annual, cash salary
- Pension benefits
- Other benefits

The Board of Directors will annually evaluate whether a long-term incentive program is to be presented as a proposal to an annual meeting of shareholders. For further information regarding remuneration to senior executives, incentive programs and pension benefits, see Note 9.

Internal control and risk management

External auditors

Novedo's external auditors are elected by the annual meeting of shareholders. The auditor executes a review of the annual financial statements and consolidated accounts. The auditor reports the results of their review in form of an auditor's report. The audit is executed in accordance with the International Standards of Auditing and generally accepted auditing standards in Sweden.

The fees to the auditor for the audit work are paid on an account basis. Öhrlings Pricewaterhouse Coopers AB (PwC) are Novedo's auditors since 2021, and Åsa Eriksson, Authorised Public Accountant and member of FAR (industry organisation for auditors in Sweden) is the Auditor-in-Charge.

For more information regarding the Company's auditor, see Note 8.

Internal control of the financial reporting

Internal control is about clarity, good order and ensuring that what is to be done is done in the manner in which it was intended to be undertaken. Internal control is an overall term for the organisation and the systems, processes and routines contributing to this.

Novedo intends to establish a function for internal con-

trol with the aim of supporting the Group's management so that it can ensure good internal control regarding the financial reporting. The work undertaken in this function is to primarily ensure that directives and guidelines are followed and that processes are established for the financial reporting.

The Board is responsible for establishing an effective system for internal control and for governing this work via the CEO. The Group management contribute to ensuring that information regarding internal control is provided to the employees in the Group. A premise for a well-functioning control environment is clearly defined values as regards ethics and integrity and ensuring that these are communicated through governance documents, such as internal policies, guidelines and manuals. As regards the financial reporting, Novedo has established guidelines for the subsidiaries which are subsequently followed up on an ongoing basis via meetings and through direct control activities.

Risk assessment

Novedo intends to execute annual risk assessments. The aim of such assessments is to identify, document and quantify risks and their consequences and to determine the probability that such risks could prevent Novedo from reaching its goals.

Responsibility for the Company's primary risks is divided between the members of the Group management. Each Managing Director in the subsidiaries is responsible for handling the risks arising in their respective companies. The CFO is responsible for the overview and management of financial risks in the daily operations, and the Board is responsible for assessing whether the Company's risk management takes place in an effective and appropriate manner.

Information and communication

Novedo has information and communication channels aimed at ensuring that information is identified, collected and communicated in a manner, and within a time framework, making it possible for employees to execute their work duties. Instructions and guidelines for reporting are



communicated to the employees concerned and are followed up via regular meetings and via e-mail.

Governance documents in the form of policies, guidelines and manuals for the financial reporting are communicated directly to the employees concerned. Information to external parties is informed upon via press releases and on Novedo's website. Interim reports and annual reports are published and are available on the website and this is supplemented with meetings and presentations for investors.

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Board of Directors



Christer Hellström

Born: 1964

Chairman of the Board since: 2021

Previous experience: Partner Accenture Nordics

Other positions: Burt, Hidden Dreams, Mirovia, Premune

Shareholding including closely related physical and legal persons' holdings: 490



Mona Öljansdotter Johansson

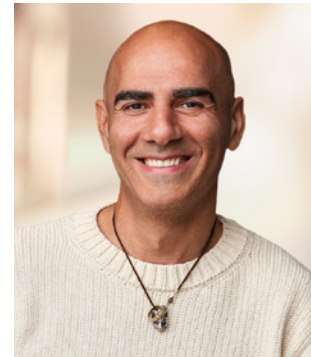
Born: 1969

Board Member since: 2021

Previous experience: JLL Norden, Catella Corporate Finance, Tenzing

Other positions: Founder and CEO Tenzing Invest, Founder and CEO Tenzing Industrihus, Board Member Granit Bostad

Shareholding including closely related physical and legal persons' holdings: 250



Saeid Esmaeilzadeh

Born: 1974

Board Member since: 2021

Previous experience: Founder, Serendipity Group, Founder, Diamorphh

Other positions: Esmaeilzadeh Holding, Dr Saeid, Hidden Dreams, Mirovia, Dentalum

Shareholding including closely related physical and legal persons' holdings: 12 869



Fredrik Lidjan

Born: 1973

Board Member since: 2021

Previous experience: CEO, Magnolia

Other positions: Magnolia Bostad

Shareholding including closely related physical and legal persons' holdings: 76



Mouna Esmaeilzadeh

Born: 1980

Board Member since: 2021

Previous experience: SciLife Clinic, Dr. Mouna

Other positions: Mirovia, Esmaeilzadeh Holding

Shareholding including closely related physical and legal persons' holdings: -



Erik Rune

Born: 1973

Board Member since: 2021

Previous experience: Magnolia Bostad

Other positions: Managing Director, Holmströmgruppen, Magnolia Bostad, Mirovia

Shareholding including closely related physical and legal persons' holdings: 523



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- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



Download PDF
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Group Management



Per-Johan Dahlgren

Born: 1975
CEO since: 2021

Previous positions: CEO S:t Eriks Group, CEO AQ Group

Shareholding including closely related physical and legal persons' holdings: 500



Anders Eriksson

Born: 1969
CFO since: 2021

Previous positions: CEO Tatami, CFO GroupM, CFO Omnicom Media Group

Shareholding including closely related physical and legal persons' holdings: 250



Martin Elm

Born: 1975
COO since: 2021

Previous positions: CEO, Sverull, AQ Group

Shareholding including closely related physical and legal persons' holdings: 72

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Directors' Report

Novedo Holding AB (publ) ("Novedo"), Corp. ID No 559334-4202 with registered offices in Stockholm, Sweden, hereby presents its annual report and consolidated accounts for the extended financial year 28 July 2020 – 31 December 2021.

Operations

Novedo is an enterprise group acquiring and developing companies in which the entrepreneur wishes to both sell their company and to continue to develop it. The Company was formally established in July 2020 with the ambition to become an industrial group with companies operating within infrastructure, installation and services, as well as industry. During 2021, 14 companies were acquired in Sweden within infrastructure, installation and services. During the period January -April 2022, acquisitions of another 17 companies within infrastructure, installation and services were completed as well as two companies within the new industry segment. The owners of the acquired companies have, in all cases, also chosen to become part-owners in Novedo. Novedo acquires companies with stable business models, good profitability and sound valuations and operates within the "business-to-business" segment. The various acquired companies report net sales in the range of SEK 30-300 million.

Novedo's head offices are situated in Stockholm. At the end of December 2021, the Group had 521 employees in Sweden. Novedo has a bond loan traded on the Frankfurt Stock Exchange Open Market. The Company is planning for a listing on Nasdaq Stockholm during the first half year 2023.

Significant events during the financial year

During 2021, the focus has been on establishing the new enterprise group. In spite of the year proving to be challenging in a number of aspects, with the pandemic, rising raw material costs and the lack of materials, the Novedo

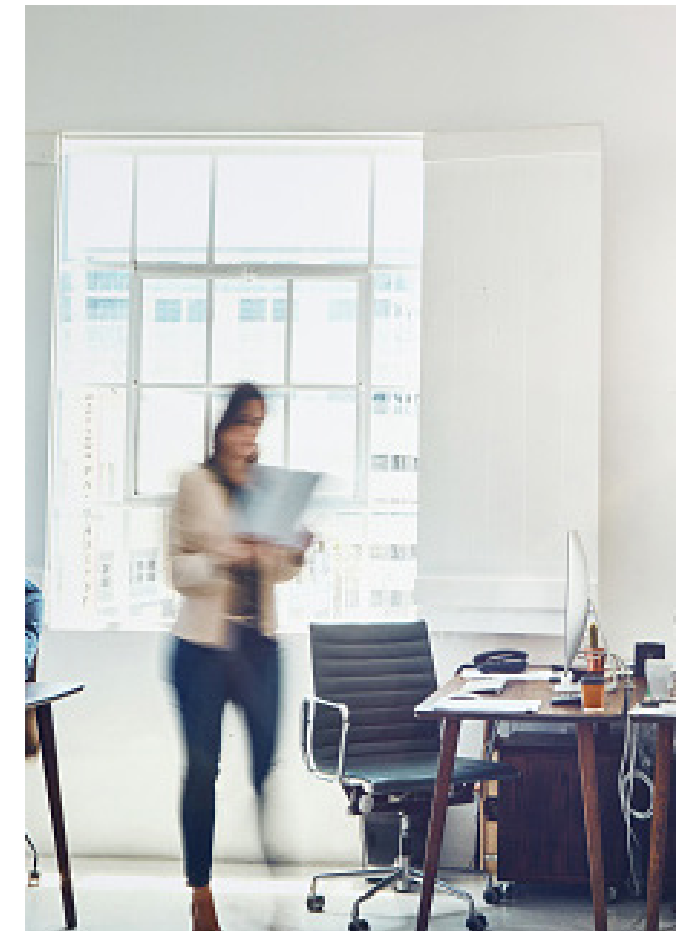
Group achieved an entirely stable and positive development during the year.

In 2021, Novedo finalized acquisitions of companies with a total company value of SEK 516 million. In addition, in January 2022, Novedo acquired companies with a total company value amounting to SEK 263 million. The largest acquisitions were the acquisition of Olle Timblads Målerifirma AB, including Tyresö Målericentral AB, Deramont Entreprenad AB and Valter Eklund Stenentreprenad AB, including VE Sten AB.

In October 2021, Novedo undertook a private placement of SEK 150 million in order to finance future growth. In November 2021, there was also an issue of a first bond loan of SEK 750 million within a framework totalling SEK 1 million executed in order to refinance existing bank loans and to finance future acquisitions.

Net sales and results

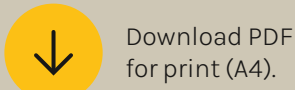
During the extended financial year, July 2020–December 2021, net sales in the Group totalled SEK 371 million. Profit/loss before depreciation and impairment, EBITDA, totalled SEK 40 million, equivalent to a margin of 10.8 percent. Operating profit in the Group totalled SEK 30 million. Net financial income and expenses amounted to SEK -16 million. Profit before tax was SEK 14 million. Income tax totalled SEK -7 million during the period. Profit for the period totalled SEK 6.5 million, equivalent to SEK 253.27 per share.



2 This is Novedo
3 CEO Statement
5 Targets & Strategy
12 Operations
18 Sustainability

Financial statements

22 Corporate Governance
26 Board of Directors
27 Group Management
28 Directors’ Report
31 Group
31 Consolidated statement of comprehensive income
32 Consolidated balance sheet
33 Consolidated statement of changes in equity
34 Consolidated statement of cash flow
35 Parent Company
35 Statement of comprehensive income
36 Balance sheet
37 Statement of changes in equity
38 Statement of cash flow
39 Notes – Group and Parent Company
67 Auditor’s Report
69 Annual General Meeting
70 Definitions



Cash flow

Operating cash flow totalled SEK -82 million during the period July 2020- December 2021. Cash flow from investment activities during the period was SEK -209 million, and cash flow from financing activities totalled SEK 1,112 million.

Balance sheet total

As at 31 December 2021, the balance sheet total for the Group was SEK 1,474 million, of which equity totalled SEK 384 million. The equity/assets ratio was 26.0 percent. During 2021, Novedo took up a bond loan of SEK 750 million and undertook a private placement of SEK 150 million. Cash and cash equivalents and short-term investments totalled SEK 822 million on 31 December 2021. Interest-bearing net debt (net cash) in the Group totalled SEK -22 million at the end of 2021, equivalent to a net debt level of -0.06 percent.

Employees

The average number of employees totalled 486 during the period July 2020-December 2021. For more information regarding employees, see Note 9.

The 10 largest shareholders as of December 31 2021

	Number of shares	Share of capital, %	Share of votes, %
Spartacus Partners AB	18,849	60.88	60.88
F Holmström PE 3 AB	4,207	13.59	13.59
Esmailzadeh Holding AB	1,460	4.72	4.72
Cambo Holding AB	1,337	4.32	4.32
L Ruzgas Invest AB	588	1.90	1.90
Centripetal AB	583	1.88	1.88
Alpcot AB	298	0.96	0.96
Per-Johan Dahlgren	250	0.8	0.81
PJD Invest AB	250	0.81	0.81
Stockholm Miami Home AB	250	0.81	0.81

Parent Company

The operations in the Parent Company, Novedo Holding AB (publ) include the CEO and Group management. The Parent Company was founded in September 2021. During the period September 2021-December 2021, net sales in the Parent Company were SEK 0 million. Profit/loss for the period was SEK -8 million.

Significant events after the end of the reporting period

Novedo completed the acquisition of Elarbeten Helsingborg AB

Elarbeten Helsingborg AB is an electrical installation company operating in Northwestern Skåne. The company was founded in 1992 in Höganäs and now has its registered offices in Helsingborg. Elarbeten offers all types of services from design to consultation, and also performs various types of electrical installation and repair work for both strong and weak currents. The previous owners of Elarbeten Helsingborg AB have become part-owners in Novedo. The acquisition was completed in January 2022.

Novedo completed the acquisition of Ventilationskontroll

Ventilationskontroll Aeolus Aktiebolag executes all kinds of operations within the ventilation industry, including pre-engineering, conversions, service and energy optimisation. The company provides complete service and repair operations for the installation of indoor climates and is primarily active in the Gothenburg area. The Group, founded in 1980 and which today has approximately 100 employees, also includes the ventilation-related companies CX Ventilation, Krovent and Ekoion AB, as well as the electricity company RC El. The previous owners of Ventilationskontroll have become part-owners in Novedo. The acquisition was completed in January 2022.

Novedo completed the acquisition of Elinzity AB

Elinzity provides services, renovation, office adaptation and major contracts with associated design and work management. Elinzity is a Gothenburg-based company in the electrical installation industry founded by Ola Fogelmark and Björn Lundberg in 2005. Elinzity was

Novedo's third acquisition within the electrical installation industry. The previous owners of Elinzity have become part-owners in Novedo. The acquisition was completed in January 2022.

Novedo has entered into a share transfer agreement to acquire ProvideU AB and has completed the acquisition

ProvideU delivers drawing-bound components and complete systems (PCBA and box-build). ProvideU is a company based in Västerås which Fredrik Forngren started in 2008 together with Mikael Rehnberg. The previous owners of ProvideU have become part-owners in Novedo. The acquisition was completed in January 2022.

Novedo has entered into a share transfer agreement to acquire GBB Holding AB

GBB Holding AB is a Group within the rock mining industry which executes all types of work related to rock. The operations were founded in Gnesta in 1996 by Dennis Hedström who, today, operates the Group together with Nenad Blagojevic. The previous owners of GBB Holding AB have become part-owners in Novedo. The acquisition was completed in April 2022.

New segment reporting

From January 2022, Novedo will report segments in two business areas, Infrastructure and installation and services, as well as Industry.

Remuneration to senior executives 2022

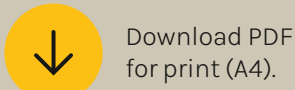
Remuneration to senior executives in Novedo is comprised of cash, fixed salaries, pensions and other benefits. Remuneration is to be market-based, transparent and is to reflect the requirements and responsibilities incurred in the role in question, as well as reflecting individual performance levels. The salaries are to be reviewed annually. In addition, the annual meeting of shareholders can resolve on share-related compensation programmes for the employees in Novedo.

For more information on remuneration, see Note 9.

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors’ Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor’s Report
- 69 Annual General Meeting
- 70 Definitions



Seasonal variations
Novedo’s portfolio of companies operates primarily within infrastructure, installation and services, as well as industry. Seasonally, the third quarter is usually somewhat weaker as a result of the holiday periods.

Risks and factors of uncertainty
The Company’s significant risks and factors of uncertainty include operational risks, such as risks related to local markets, the demand for the companies’ services and products, the capacity to attract and retain the right competence, as well as financial risks linked to future financing and the possibilities to refinance existing loans, interest rate risks, liquidity risks and risks associated with the pricing of the Company’s shares. Investors are recommended to undertake their own assessment of each risk factor and its significance for the Company’s future development. The above risk factors are not stated in any specific order and there is no claim that this list is all inclusive.

Regulatory risks
Impact of the war in Ukraine
Novedo is not directly affected by the war in Ukraine. The Group’s companies have neither customers, suppliers nor manufacturing in Russia, Ukraine or the surrounding countries that have expressed support for Russia and that may be involved in the armed conflict.
However, the Novedo Group may be directly affected by increased prices for fuel and electricity; still, the companies have very few larger and long projects which is the reason any increases in costs should be able to be passed on to the customers over time. Overall, the war and its consequences are not considered to lead to a significant impact on the Group’s earnings.

Future development
Novedo intends to continue its work in building a dynamic enterprise group which will be ready to be listed during the first half year 2023.

Sustainability and the environment
Novedo Holding AB (publ) is not subject to statutory regulation requiring the presentation of a sustainability report as stipulated in the Annual Accounts Act, Chapter 6, §11. Neither does the Company undertake operations subject to a permit application procedure under the Swedish

Environmental Code. Novedo’s work with sustainability issues is described in general on pages 18–20.

Annual General Meeting of shareholders
Novedo’s Annual General Meeting of shareholders 2022 will take place in Stockholm on 7 June, 2022. Notification of the Annual General Meeting is expected to be issued at the beginning of May and will be made public via a press release on the Company’s home page, as well as through publication in Post och Inrikes Tidningar. The notification and other documents in conjunction with the Annual General Meeting will be available on Novedo’s home page, novedo.se.

Proposed appropriation of profits, SEK thousands	
The following profits are available for disposal by the Annual General Meeting:	
Profit/loss brought forward	30
Share premium reserve	143,934
Profit/loss for the year	- 7,891
The Board of Directors proposes that the following amount be carried forward	
	136,073

For information regarding the Company’s results and financial position, please refer to the following income statements and balance sheets, statements of changes in equity, statements of cash flow and Notes. All amounts are expressed in thousands of Swedish kronor unless otherwise stated. Due to rounding of amounts to the nearest thousand Swedish kronor, the total amount may in some cases not be exactly equal to the sum of all the fractional amounts.

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability
Financial statements	
22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Consolidated statement of comprehensive income

SEK thousands	Note	2020/2021 Jul-Dec
Operating income	5	
Net sales	6	370,906
Other operating income	7	3,145
Total operating income		374,051
Operating expenses		
Raw materials and consumables		-69,395
Goods for resale		-82,447
Other external expenses	8	-40,010
Employee benefit expenses	9	-142,479
Depreciation, amortisation and impairment of tangible and intangible assets		-3,040
Depreciation of right-of-use assets		-6,933
Other operating expenses		-130
Total operating expenses		-344,434
Operating profit (EBIT)		29,617
Profit/loss from financial items		
Profit/loss from other securities and receivables that are fixed assets		291
Financial income	10	31
Financial expenses	10	-15,883
Total financial items		-15,561
Pre-tax profit		14,056
Income tax	11	-7,483
Profit/loss for the year		6,573
Attributable to shareholders in the Parent Company		6,522
Attributable to non-controlling interests		51

SEK thousands	Note	2020/2021 Jul-Dec
Profit/loss for the year		6,573
Other comprehensive income:		
Other comprehensive income for the period		-
Total comprehensive income for the year		6,573
Attributable to:		
Shareholders in the Parent Company		6,522
Non-controlling interests		51
Total comprehensive income for the period		6,573
Earnings per share before and after dilution	35	253.27
Average earnings per share before and after dilution	35	25,751

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability
Financial statements	
22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Consolidated balance sheet

SEK thousands	Note	Dec 31, 2021
Intangible fixed assets		
Intangible fixed assets	12	442,373
Total intangible fixed assets		442,373
Tangible fixed assets		
Plant and machinery	13	17,450
Equipment, tools, fixtures and fittings	13	2,545
Improvement costs on other's property	13	155
Total tangible fixed assets		20,150
Right-of-use assets	14	57,440
Financial fixed assets	15	
Other securities held as non-current assets	16	2,895
Other non-current receivables	17	377
Total financial fixed assets		3,272
Total fixed assets	18	523,235
Inventories etc.		
Raw materials and consumables		7,864
Total inventories		7,864
Current receivables		
Accounts receivable – trade	19	85,357
Current tax assets		1,652
Other current receivables		7,755
Contract assets	20	20,138
Prepaid expenses and accrued income	21	6,075
Total current receivables		120,977
Investments in securities, etc.		825
Cash and cash equivalents	22	821,432
Total current assets		951,098
Total assets		1,474,333

SEK thousands	Note	Dec 31, 2021
Equity		
Share capital	23	552
Other contributed capital	23	376,875
Accumulated profit or loss, including net profit for the period		6,522
Equity attributable to shareholders in the Parent Company		383,949
Non-controlling interests		102
Total equity		384,051
Non-current liabilities		
Provisions for pensions and similar obligations	24	3,113
Acquisition-related liabilities	18	102,422
Deferred tax liability	25	3,093
Lease liabilities	14	37,916
Bond loan	26	737,419
Liabilities to credit institutions	26	4,651
Other non-current liabilities		128
Total non-current liabilities		888,742
Current liabilities		
Lease liabilities	14	16,210
Liabilities to credit institutions	26	3,582
Acquisition-related liabilities	18	37,296
Advance payments from customers		603
Accounts payable – trade		40,216
Tax liability		7,459
Liabilities to Group companies		2,492
Other current liabilities	27	24,330
Contract liabilities	20	12,502
Accrued expenses and deferred income	28	56,850
Total current liabilities		201,540
Total liabilities		1,090,282
Total equity and liabilities		1,474,333

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Consolidated statement of changes in equity

SEK thousands	Share capital	Other contributed capital	Accumulated profit or loss, including net profit for the year	Non-controlling interests	Total equity
Opening balance, Jul 28, 2020	-	-	-	-	-
New share issue	52	278,500	-	-	278,552
Formation of Novedo Holding Group	500	-	-	-	500
Minority acquisition	-	-	-	51	51
Shareholders' contributions	-	98,375	-	-	98,375
Profit/loss for the year	-	-	6,522	51	6,573
Other comprehensive income	-	-	-	-	-
Total transactions with shareholders	552	376,875	-	51	377,478
Closing balance, Dec 31, 2021	552	376,875	6,522	102	384,051
					2020/2021 Jul-Dec
Number of ordinary shares at the beginning of the year					25,000
Number of ordinary shares at the end of the year					30,960
Total number of shares at the end of the year					30,960
The ordinary shares have a quota value of SEK 17.83.					



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2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability
Financial statements	
22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Consolidated statement of cash flow

SEK thousands	Note	2020/2021 Jul-Dec
Operating profit		29,617
Adjustments for non-cash items, etc.	29	-129,039
Net interest income/expenses paid		-8,480
Income tax paid		-9,024
Cash flows from operating activities before changes in working capital		-116,926
Change in inventory		-152
Change in accounts receivable – trade		-14,618
Change in other current receivables		-11,506
Change in accounts payable – trade		4,125
Change in other current operating liabilities		57,472
Cash flow from operating activities		-81,605
Acquisition of subsidiaries		-209,682
Investments in tangible assets		-216
Change in other financial assets		521
Change in short-term financial investments		-115
Cash flow from investing activities		-209,492
New share issue		278,552
Shareholder approvals received		98,375
Share capital Novedo Holding AB (publ)		500
Borrowings		930,987
Amortisation of borrowings		-188,506
Amortisation of lease liabilities		-7,379
Cash flow from financing activities		1,112,529
Cash flow for the year		821,432
Cash and cash equivalents – opening balance		-
Cash and cash equivalents – closing balance	30	821,432



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- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions

Statement of comprehensive income – Parent Company

SEK thousands	Note	2021 Sep-Dec
Operating income		
Net sales		-
Total operating income		-
Operating expenses		
Other external expenses	8	-2,165
Other operating expenses		-1
Total operating expenses		-2,166
Operating profit/loss	31	-2,166
Profit/loss from financial items		
Interest expenses	10	-6,002
Profit/loss after financial items		-8,168
Tax on profit for the year	11	277
Profit/loss for the year		-7,891
Profit/loss for the year		-7,891
<i>Other comprehensive income:</i>		
Other comprehensive income for the year		-
Total comprehensive income for the year		-7,891



Download PDF
for print (A4).

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Balance sheet – Parent Company

SEK thousands	Note	Dec 31, 2021
Financial fixed assets		
Participations in Group companies	32, 33	191,155
Deferred tax assets		277
Total financial fixed assets		191,432
Total fixed assets		191,432
Current receivables		
Other current receivables		538
Prepaid expenses and accrued income	21	77
Total current receivables		615
Cash and cash equivalents	22	689,355
Total current assets		689,970
Total assets		881,402

SEK thousands	Note	Dec 31, 2021
Equity		
Share capital	23	552
Total restricted equity		552
Premium reserves		143,934
Profit/loss brought forward		30
Profit/loss for the year		-7,891
Total non-restricted equity		136,073
Total equity		136,625
Non-current liabilities		
Bond loan	26	737,419
Total non-current liabilities		737,419
Current liabilities		
Accounts payable – trade		2,514
Liabilities to Group companies		35
Accrued expenses and deferred income	28	4,809
Total current receivables		7,358
Total liabilities		744,777
Total equity and liabilities		881,402



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2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Statement of changes in equity – Parent Company

SEK thousands	Share capital	Premium reserves	Profit/loss brought forward	Profit/loss for the period	Total equity
Opening balance, Sep 10, 2021	500	-	-	-	500
New share issue	52	143,934	-	-	143,986
Shareholders' contribution, unconditional	-	-	30	-	30
Profit/loss for the year	-	-	-	-7,891	-7,891
Total transactions with shareholders	52	143,934	30	-	144,016
Closing balance, Dec 31, 2021	552	143,934	30	-7,891	136,625

	2021 Sep-Dec
Number of ordinary shares at the beginning of the year	28,045
Number of ordinary shares at the end of the year	30,960
Total number of shares at the end of the year	30,960

The ordinary shares have a quota value of SEK 17.83.



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2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Statement of cash flow – Parent Company

SEK thousands	Note	2021 Sep-Dec
Operating profit/loss		-2,140
Adjustments for non-cash items, etc.		-
Interest expense		-1,194
Income tax paid		-
Cash flows from operating activities before changes in working capital		-3,334
Change in current receivables		-641
Change in accounts payable – trade		2,515
Change in other current operating liabilities		35
Cash flow from operating activities		-1,425
Acquisition of subsidiaries		-191,125
Cash flow from investing activities		-191,125
New share issue		143,986
Issued bond loan		737,419
Cash flow from financing activities		881,405
Cash flow for the year		688,855
Cash and cash equivalents – opening balance		500
Cash and cash equivalents – closing balance		689,355



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- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



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Notes

Note 1 General information

All amounts are in SEK thousands for the Group and Parent Company, unless stated otherwise.

Novedo Holding AB (publ), Corp. ID Nr. 559334-4202, with registered offices in Stockholm and its head office at Biblioteksgatan 29, 114 35 Stockholm. The consolidated accounts include the Parent Company and its subsidiaries. Novedo Holding AB (publ) is an acquisition-driven holding company acquiring entrepreneur-led companies within the segment property-related services and infrastructure and in the industry segment.

As at December 31, 2021, Novedo Holding AB has acquired companies only within the segment property-related services and infrastructure. The two largest operating areas in this segment are painting and ventilation. In addition to this, the companies operating within infrastructure natural stone, technical insulation, electricity and facade services have been acquired.

The Company is the Parent Company in a group with the wholly-owned subsidiary, Novedo AB (559264-9841), with registered offices in Stockholm. Novedo AB owns, in its turn, Novedo OpCo AB (559334-8344).

Novedo OpCo AB, in its turn, owns VE Sten AB (556143-4126), Valter Eklund Stenentreprenader AB (556071-7463), Fog & Byggtjänst i Åkersberga AB (556678-1505), Fog & Byggtjänst i Sverige AB (556802-3690), Fog & Byggtjänst i Östergötland AB (559260-8151), Skanstulls Måleri Aktiebolag (556543-8974), Uni-vent Rör AB (556665-6889), Elforum Göteborg AB (559133-4031), Olle Timblads Målerifirma AB (556688-5488), Tyresö Målericentral AB (556909-8725), Kulturmålarna i Norrköping Aktiebolag (556435-2887), Kulturmålarna i Linköping Aktiebolag (559203-8177), Deramont Entreprenad AB (556803-5421) and Hansson & Ekman Isolerings Aktiebolag (556459-0379).

Note 2 Significant accounting policies

The most significant accounting policies and valuation principles used in the preparation of the financial statements are summarised below. Where the Parent Company applies different policies, these are set out under the heading 'Parent Company's accounting principles' below.

The Group's financial statements have been prepared in accordance with the Annual Accounts Act, the Financial Reporting

Council's Recommendation RFR 1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as adopted by the EU.

Novedo Holding AB was established during 2021 and, therefore, has no history of balance sheets and income statements for the beginning of 2021. The new Group was established by Novedo Holding AB acquiring the former Novedo AB Group by contribution on October 26, 2021. The Novedo AB Group was established in 2020. Immediately after the acquisition, Novedo Holding AB became the owner of the shares in Novedo AB. The shares previously held by, among others, Board Members and Group management, were transferred by means of a contribution so that ordinary shares in Novedo AB were exchanged for ordinary shares in Novedo Holding AB. The acquisition of these shares took place on October 26, 2021. The founding of the Group meant that a new Parent Company, Novedo Holding AB, was established through a share exchange. Due to the fact that a newly established company cannot be considered to comprise an acquirer, and where the primary purpose is a restructuring within the Group (common control), the Group has been established as a continuation of the former Novedo AB Group.

The Consolidated Financial Statements were prepared in accordance with the cost method, except for any financial instruments which are measured at fair value on an ongoing basis. Other assets and liabilities are reported at historical cost of acquisition using the cost method. The financial statements include all the companies making up the Group. The financial statements have been prepared using consistent accounting policies.

All reports prepared in compliance with IFRS require certain accounting estimates to be made. In addition, management is required to make certain judgements in the application of the Group's accounting policies. Those areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant for the Consolidated Financial Statements, are indicated separately under "Important accounting estimates and judgements".

Currency and reporting currency

The Group uses Swedish kronor (SEK) as its reporting currency. The Parent Company's functional currency is Swedish kronor (SEK), which is also the Parent Company's reporting currency. Unless otherwise stated, all amounts are rounded to the nearest thousand SEK (SEK thousand).

New accounting principles

New and revised existing standards, approved by the EU that will enter into force in 2022.

There are no new and revised standards endorsed by the EU or interpretations by the IFRS Interpretation Committee that are currently expected to have a material impact on Novedo's results or financial position. The same applies to Swedish regulations.

Principles for Consolidated Financial Statements

Subsidiaries

Subsidiaries are all companies over which the Group holds a controlling influence. The Group controls a company when it is exposed to, or is entitled to a variable return from its holding in the company, and has the opportunity to affect the return through its influence in the Company. The subsidiaries are included in the Consolidated Financial Statements on the date on which the controlling influence is transferred to the Group. They are excluded from the Consolidated Financial Statements from the date on which the controlling interest ceases.

All transactions between Group companies are carried out at market prices. Intra-group transactions and balance sheet items, as well as unrealised gains on transactions between Group companies, are eliminated. Unrealised losses are eliminated only if the transaction does not provide evidence that the impairment of the asset being transferred is necessary.

The Consolidated Financial Statements were prepared according to the acquisition method, whereby the equity of the subsidiary at acquisition, determined as the difference between the fair values of assets and liabilities, is eliminated in its entirety. The Group's equity includes only the amount of the subsidiaries' equity arising after the acquisition.

Business combinations

The Group applies the acquisition method when accounting for business combinations. The compensation transferred by the Group for obtaining control of a subsidiary is measured as the total of fair values at the acquisition date of the assets transferred, liabilities assumed and equity instruments issued by the Group, which includes the fair value of any asset or liability arising from a conditional purchase price agreement. Subsequent changes in the fair value of a conditional purchase price, which are classified as a financial liability, are recognised in the income statement (under Other operating expenses).

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

In business combinations for which compensation has been transferred, any possible difference between a non-controlling interest and the fair value of the previously owned interest (in the case of step acquisitions) exceeding the fair value of the assets acquired and liabilities assumed, which are recognised separately, is reported as goodwill. When the difference is negative, known as a bargain purchase, it is recognised directly in the income statement.

Acquisition-related costs are expensed as incurred under the heading Other external expenses.

Transactions and balance sheet items in foreign currency

Transactions in foreign currencies are translated using the applicable exchange rates on the date of the transaction (spot rate). Gains and losses in foreign currencies resulting from the revaluation of monetary items at the closing rate are recognised in the profit/loss account. Non-monetary items are not translated at the balance sheet date but are measured at historical acquisition cost (translated at the exchange rate on the date of the transaction), except for non-monetary items measured at fair value which are translated at the exchange rate on the date the fair value was determined.

Segment information

Operating segments are reported according to IFRS 8 in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker is the function responsible for allocating resources and assessing the performance of operating segments. Within the Novedo Group, the Chief Executive Officer has been identified as the Highest Executive Decision-Maker. During the reporting period, the Novedo Group had one operating segment, namely infrastructure and installation and services. From January 2022, Novedo will implement segment reporting based on an additional business segment – Industry. As at December 31, 2021, the Group had not acquired any companies in this segment, but will do so during the first quarter of 2022. More information is provided in Note 5.

Brands and customer relations

Brands and customer relations acquired through a business combination are reported at fair value on the acquisition date. Customer relations and brands have a definable useful life and are reported at acquisition value less accumulated depreciation. Depreciation is made on a straight-line basis to distribute the cost over their estimated useful life of 5-10 years.

Goodwill

Goodwill represents future economic benefits arising from a business combination which is not individually identified and separately recognised. Goodwill is reported as cost of acquisition less accumulated amortisation.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of this combination. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management purposes.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible decline in value. The carrying amount of the cash-generating unit to which the goodwill is allocated is compared to its recoverable amount, which is the higher of its value in use and its fair value less selling costs. Any impairment loss is recognised immediately as an expense and is not reversed. Goodwill is monitored and tested at segment level.

The valuation is based on Novedo's business plan and the analysis of discounted cash flow as the main method to estimate the recoverable amount. A sensitivity analysis of the discount rate, growth assumption and margins is performed after each impairment test to determine whether the residual value is sufficient.

Tangible fixed assets

Tangible fixed assets consist of machinery and equipment, which are stated at acquisition cost less accumulated depreciation and any accumulated impairment losses. The cost of acquisition includes the purchase price and expenses directly attributable to bringing the asset to the location and ensuring it is in the condition required for it to be used for its intended purpose. Depreciation of machinery and equipment is based on historical acquisition cost less any subsequent write-downs. The residual value is deemed to be non-existent. Depreciation is calculated on assets acquired during the year, taking into account the date of acquisition. Depreciation is calculated on a straight-line basis, which means equal depreciation over the useful life, which is normally five years.

Impairment of non-financial assets

Assets which are written off are assessed considering their impairment whenever an event or changes in the circumstances applying indicate that the reported value is not, perhaps, equivalent to the recoverable value. Impairment is reported in the amount whereby the reported value of the asset exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less sales costs and its value in use. In assessing an impairment requirement, assets are grouped at the lowest levels at which, in all significant aspects, there independent cash flows (cash-generating units). For assets (other than goodwill) which have previously been written off, a testing of whether a reversal of the amounts should be undertaken is undertaken on each balance sheet date.

Impairment reversal

An impairment loss is reversed if there is both an indication that the impairment loss no longer applies and a change in the assumptions used to calculate the recoverable amount. A reversal is made only to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, net of depreciation where applicable, if no impairment loss had been recognised. Impairment losses on loans and receivables carried at amortised cost are reversed if a subsequent increase in the recoverable amount can be objectively related to an event occurring after the impairment loss was recognised.

Revenue

Revenues are valued based on the remuneration specified in the contract with the customer. The Group recognises revenue when control of a good or service is transferred to the customer. Control occurs at a point in time or over time depending on the agreed terms.

Novedo Group's revenues are made up of contracting projects and services in equal parts. The former includes invoicing under construction contracts and additional alterations and additions regulated in the contract, while the latter refers to services, minor works, etc. that are not covered by the contract. Construction contracts are not turnkey contracts, but are usually used for smaller projects, which gives a greater spread of risk. The Group's revenues are also made up of new construction and aftermarket/renovations equally, which also provides a good spread of risk.

Novedo Group's payment terms are essentially 30 days net.

Performance of service assignments

The Group generates revenue from service assignments. The remuneration for these services is recognised over time. When the Group is required to recognise revenue from service assignments, a forecast is made in which the Group estimates the stage of completion of each individual project, which is progressively offset against the costs incurred by the project. Revenue from service activities is recognised when the services are provided by reference to the stage of completion of the contract at the balance sheet date in the same way as for construction contracts described below.

Construction contracts

When the outcome can be measured reliably, assignment revenue and related expenses are recognised according to the stage of completion of the contract (i.e. over time) at the balance sheet date. Contract revenue is measured at the fair value of the consideration that has been or will be received.



Download PDF
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2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
for print (A4).

When the Group cannot reliably estimate the outcome of an assignment, revenue is recognised only to the extent that the assignment costs incurred can be recovered. Contract costs are recognised in the period in which they are incurred.

In all cases where it is probable that total contract costs will exceed the total contract revenue, the expected loss is immediately recognised in the profit/loss account.

The stage of completion of a construction contract is assessed by the project manager by comparing the costs incurred to date with the total estimated costs for the contract. Only costs corresponding to work performed are included in costs to date.

The gross amount payable by customers for contract is recognised in the line item "Contract assets" for all contracts in progress where the contract's costs and recognised profits (net of recognised losses) exceed invoiced amounts. Liabilities due under assignments are recognised under the heading 'Contract liabilities' for all assignments in progress for which invoiced amounts exceed contract costs plus recognised profits (less recognised losses).

Government aid

Government grants are recognised at fair value when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant. Government grants relating to costs are accrued and recognised in the income statement over the same periods as the costs they are intended to cover. Government grants are reported under Other operating income.

Employee remuneration

Short-term employee benefits, such as salaries, social security contributions, holiday pay and bonuses, are recognised in the period in which the work is performed by the employees. A liability for the expected cost of bonus payments is recognised when the Group has a legal or informal obligation to make such payments as a result of services performed by employees. The obligation must also be reliably measurable.

Retirement benefit obligations

Pension plans are usually financed through payments to insurance companies or managed funds based on periodic actuarial calculations. These plans may be defined benefit or defined contribution plans.

A defined benefit pension plan is a pension plan characterised by a determined amount of pension benefits which the employee is to receive after retiring, usually based on one or a number of factors such as age, length of service and salary.

A defined contribution plan is a pension plan according to which the Company pays fixed fees to a separate legal entity. The Company therefore has no legal or informal obligations to pay additional fees

if the fund does not have sufficient assets to pay all employee benefits related to employee service during current or previous periods. Prepaid fees are reported as an asset to the degree cash repayment or a reduction in future payments can come to the benefit of the Group. Fees are recognised as employee benefit expenses when they fall due.

The Novedo Group only has defined contribution pension plans.

Remuneration upon termination

Remuneration upon termination is paid when an employment is terminated before the usual date of retirement or when the employee voluntarily accepts terminating their employment in exchange for compensation. The Group recognises any termination benefits when they are demonstrably obligated to, either through the termination of employees under a detailed formal plan without the possibility of retraction, or through the provision of termination benefits as a result of an offer of voluntary redundancy, as a result of restructuring. Benefits that are expected to be settled in more than twelve months are recognised at their discounted present value.

Financial income and costs

Financial income comprises interest income and, where applicable, dividend income, as well as gains on the revaluation or disposal of financial instruments. Financial costs comprise interest expense on borrowings, including accrued transaction costs, loss on changes in value or disposal of financial instruments. Any foreign exchange gains and losses are recognised net. Interest income and interest expenses are recognised using the effective interest method, while dividends are recognised when the right to receive dividends has been established.

Taxes

Income tax consists of current tax calculated on the taxable income, deferred tax and other taxes and adjustment of current tax relating to previous years for Group companies. All of the companies within the Group calculate income taxes in accordance with the applicable tax rules and regulations. Income tax is recognised in profit or loss for the period unless it relates to a transaction recognised directly in equity or in other comprehensive income. Deferred tax is recognised for temporary differences between the carrying amounts and tax bases of assets and liabilities and for tax loss carry-forwards (to the extent that they are expected to be recoverable). The Group uses the balance sheet method to calculate deferred tax liabilities and deferred tax assets. The balance sheet method is based on tax rates at the balance sheet date applied to differences between the carrying amount of an asset or liability and its tax base, and on tax losses carried forward. These tax loss carry-

forwards can be used to reduce future taxable profits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to enable the benefit to be utilised. Under IFRIC23, uncertainties relating to income taxes are taken into account if, and when, income taxes are recognised and measured in the financial statements.

Deferred tax assets and liabilities are recognised net if there is a legal right to set off tax assets against tax liabilities on a net basis and the deferred tax is attributable to the same taxation authority.

Financial instruments

Financial instruments recognised in the balance sheet include, on the asset side, mainly cash and cash equivalents, accounts payable – trade, non-current securities holdings and non-current receivables, and on the liability side, acquisition-related liabilities, accounts payable, accrued expenses and loan liabilities.

A financial asset or financial liability is recognised on the balance sheet when the Company becomes a party under the instrument's contractual terms. A receivable is recognised when the Company has performed and a contractual obligation exists for the counterparty to pay, even if the invoice has not yet been sent. Accounts receivable are recognised once an invoice has been sent. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable – trade are recognised once an invoice has been received.

A financial asset is removed from the balance sheet when the rights in the agreement are realised, expire, or the Company loses control over them. A financial liability is removed from the balance sheet when the contractual obligation is fulfilled or otherwise extinguished. A financial asset and a financial liability are recognised net only when there is a legal right to set off the amounts and an intention to settle the items net. Purchases and sales of financial assets are recognised on the transaction date, which is the date the Company commits to purchasing or selling the asset. Any transaction costs are included in the fair value of assets in addition to those whose changes in value are recognised through profit or loss for the period. Transaction expenses that arise in connection with the recognition of financial liabilities are amortised over the maturity of the loan as a financial expense.

Financial assets and liabilities that are handled within IFRS 9 are classified as follows:

Financial assets:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through profit or loss

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Financial liabilities:

- Financial liabilities measured at amortised cost
 - Financial liabilities measured at fair value through profit or loss
- Within the above categories, there are different types of financial instruments. Financial instruments are classified at initial recognition and the classification determines principles for the valuation of the instruments. The fair values of quoted financial investments and derivatives are based on quoted market prices or interest rates. If official interest rates or market prices are not available, fair value is calculated by calculating the present value of expected future cash flows with the interest rates at the time.

Financial liabilities at amortised cost

Financial assets are classified as recognised at amortised cost if the contractual terms result in payments relating only to principal amounts and interest on the outstanding principal amounts and when the purpose of the holding of the financial asset is to hold the asset to maturity. In subsequent recognition, the asset is measured at amortised cost based on the effective interest method less impairment losses. Interest income and gains/losses from financial assets at amortised cost are recognised under financial income.

Impairment of financial assets recognised at accrued amortised cost

The Group assesses the future expected credit losses linked to assets recognised at amortised cost. The Group recognises a credit reserve for such expected credit losses at each reporting date. For accounts receivable, the Group applies the simplified approach for credit reserves, meaning that the reserve will correspond to the expected loss over the entire lifetime of the accounts receivable. In order to measure the expected credit losses, accounts receivable have been grouped based on allocated credit risk characteristics and days overdue. For the Group's other financial instruments, the general model is applied to calculate the expected credit losses. The Group uses future-oriented variables for expected credit losses. Expected credit losses are recognised in the Group's statement of comprehensive income in the item other external expenses. The Group has historically had insignificant credit losses on receivables.

Financial assets valued at fair value in the income statement

Assets that do not meet the requirements to be recognised at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Interest income and gains/losses from financial assets at fair value are recognised under financial income.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other current investments with maturities of three months or less. At balance sheet date, the Novedo Group had no overdraft facility, which would have been recognised on the balance sheet as borrowing amongst interest-bearing current liabilities.

Borrowing

Borrowing is initially recognised at fair value, net of transaction expenses. Borrowing is subsequently recognised at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the borrowing period using the effective interest method.

Borrowing is eliminated from the statement of financial position when the obligations have been settled, annulled or otherwise expired. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of comprehensive income.

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

Financial liabilities, interest-bearing loans and credits measured at amortised cost

Loans and financial liabilities are initially measured at their respective fair values adjusted for directly attributable transaction expenses. After initial recognition, these items are measured at their accrued amortised costs in accordance with the effective interest rate method.

Financial liabilities valued at fair value in the income statement

The Group's financial liabilities, which are measured at fair value through profit or loss, are contingent purchase considerations. The liability for a contingent purchase consideration is discounted and the effect of discounting is expensed under financial expenses. Measurement is continuously at fair value and changes in value are recognised in profit or loss under financial items. However, if the change in value takes place before acquisition analysis is determined and is of a nature that the event derives from the acquisition date, measurement is made via the balance sheet.

Accounts payable – trade

Accounts payable - trade are recognised at amortised cost, which is assumed to correspond to fair value.

Inventory

Inventory is measured at the lower of cost and net realisable value. Cost includes all expenses that are directly related to purchases. Expenses for commonly replaceable articles are distributed according to the first-in, first-out principle. The net selling price is the estimated selling price in the operating activities less any applicable selling expenses. If the estimated net sales value is below cost, a reserve for inventory obsolescence is made.

Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal processes, loss contracts or other claims are recognised when the Group has a legal or constructive obligation as a result of an earlier event, and it is likely that an outflow of financial resources will be required and a reliable estimate of the amount can be made. The time or amount for the outflow may still be uncertain.

Provisions are valued in the amount estimated to be required to settle the existing obligation, based on the most reliable information available on the balance sheet date, including the risks and uncertainties related to the existing obligation. If there are a number of similar obligations, the probability is determined for an outflow in a collective assessment of the obligations. Provisions are discounted to their present value where the time value of money is significant.

Potential compensation that the Group is virtually certain of being able to receive from an external party for the obligation is recognised as a separate asset. However, this asset cannot exceed the amount for the attributable provision.

No liability is recognised if the outflow of financial resources as a result of existing obligations is unlikely. Such situations are recognised as contingent liabilities insofar as the likelihood of an outflow of resources is very small.

Equity

Equity consists of the following items:

- Share capital which represents the nominal value (quotient value) of issued and registered shares.
- Other contributed capital comprised of premiums received in the new share capital issue and shareholder contributions from the owners. Any transaction expenses associated with new share issues are deducted from capital contributed.
- Retained earnings including profit for the year, i.e. all capitalised gains/losses for the current and previous periods and acquisitions of own shares.
- Other equity including profit for the year, i.e., all capitalised gains/losses for non-controlling interests, refers to earnings attributable to minority ownership.



Download PDF
for print (A4).

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
for print (A4).

Earnings per share

The calculation of earnings per share before dilution is based on consolidated profit attributable to Parent Company shareholders and the weighted average number of shares outstanding during the year. In calculating earnings per share after dilution, earnings and the average number of shares are adjusted to take into account the effects of potential ordinary shares.

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

- profit attributable to the Parent Company's shareholders, by
- the weighted average number of outstanding ordinary shares during the period, adjusted for bonus issue elements in ordinary shares issued during the year and excluding repurchased shares held as treasury shares by the Parent Company.

Earnings per share after dilution

For the calculation of earnings per share after dilution, the amounts used for calculating earnings per share before dilution are adjusted by taking into account:

- the effect, after tax, of dividends and interest expenses on potential ordinary shares, and
- the weighted average of the additional ordinary shares that would have been outstanding in a conversion of all potential ordinary shares.

Leases

The Group acts as a lessee. The Group's leases, where the Group is a lessee, essentially relate to premises, cars and IT equipment.

Leasing – Group as a lessee

For all leases, except for the exceptions mentioned below, a right-of-use (ROU) asset and an equivalent lease liability are recognised on the day on which the leased asset is available for use by the Group. Each lease payment is allocated among the repayment of debt and financial expense. The financial expense is distributed across the leasing period so that each accounting period is charged an amount equal to a fixed interest rate for the liability recognised in each period.

ROU assets are depreciated straight-line over the shorter of the asset's useful life and the term of the lease. The lease agreements run in periods of 3-5 years, but options to extend or terminate the lease exist.

Assets and liabilities arising from leases are initially recognised at the present value of future leasing fees. Leasing liabilities include the present value of the following lease payments:

- Fixed charges
- Variable leasing fees, determined by an index or interest rate
- Residual value guarantees
- Call options (which will be exercised with reasonable certainty)

The lease payments are discounted by the implicit interest if the interest can be determined or, otherwise, on the marginal loan interest rate.

The assets with an ROU are valued at cost and include the following:

- The initial measurement of the lease liability
- Payments made at or before the time when the leased asset is made available to the lessee
- Any initial direct costs incurred by the lessee; and
- An estimate of expenses to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group separates non-leasing components from leasing fees.

The Group applies the exemption in IFRS 16, which means that leasing fees related to short-term lease agreements and lease agreements for which the underlying asset has a low value (asset with a value of USD 5,000 or less when it is new) are not recognised as an asset for use and lease liabilities, but are recognised as an expense straight-line over the term of the lease. Current leases are agreements with a lease term of 12 months or less. Leases for which the underlying asset is of low value, essentially office equipment.

Options to extend or terminate agreements

Options to extend or terminate contracts are included in the Group's lease agreements as regards office premises. The terms are used to maximise flexibility in the handling of the agreements. These options to extend or terminate contracts are included in the asset and the liability when it is reasonably certain that such options will be utilised.

Subsequent recognition

The lease liability is revalued if there are any changes in the lease or if there are changes in the cash flow on which the original lease terms are based. Changes in cash flows based on original contract terms arise when: the Group changes its initial assessment whether options for extension and/or termination will be used, when there are changes in previous assessments as to whether a call option will be utilised, or when leasing fees will change due to changes in indices or interest rates. A revaluation of the lease liability leads to a corresponding adjustment of the ROU asset. If the

carrying amount of the ROU asset has already been reduced to zero, the remaining revaluation is recognised in the income statement. ROU assets are assessed for impairment whenever events or changes in conditions indicate that the carrying amount of an asset cannot be recovered.

Presentation

ROU assets and lease liabilities are reported in a separate line in the balance sheet. In the income statement, depreciation on ROU assets is reported in the line depreciation and interest expenses on leasing liabilities are reported as a financial cost. Leasing fees referring to low-value lease agreements and short-term lease agreements are recognised in the income statement (line dependent on the type of leased asset). Repayment of the lease liabilities is recognised as cash flow from financing operations. Payments of interest and payments of short-term lease agreements and lease agreements of low value are recognised as cash flow from the operating activities.

The rental fee is revalued when changes in future lease fees arise through changes in the index or changed assessment of the agreement as a result of, for example, purchases, extensions of agreements or termination of agreements. A corresponding adjustment is made to the right-of-use.

Cash flow statement

The cash flow statement is prepared using the indirect method. The recognised cash flow only includes transactions that have involved inward or outward payments.

Parent Company's accounting policies

Differences between the consolidated and the Parent Company's accounting principles are presented below. The accounting principles for the Parent Company presented below were consistently applied to all periods presented in the Parent Company's financial reports.

Presentation

The income statement and balance sheet are presented in accordance with the format prescribed in the Swedish Annual Accounts Act. The format for the statement of changes in equity is consistent with the Group's format, but must include the columns stated in the Swedish Annual Accounts Act. Moreover, there is a difference in terms, compared with the Consolidated Financial Statements, mainly with regard to financial income and expense, and equity.

Participations in subsidiaries

Participations in subsidiaries are recognised in the Parent Com-

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
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pany according to the cost method. This means that transaction costs are included in the book value of holdings in the subsidiary. Transaction expenditures attributable to subsidiaries are reported directly in earnings as they arise.

Financial instruments

Due to the connection between accounting and taxation, the rules concerning financial instruments and hedge accounting in IFRS 9 are not applied in the Parent Company as a legal entity. The Parent Company recognises financial fixed assets at cost less any impairment and financial current assets according to the lower of cost or market rule. The cost of interest-bearing instruments is adjusted for the accrual difference between what was originally paid, less transaction costs, and the amount paid on the due date (overprice and discount respectively).

Note 3 Important accounting estimates and judgements

The preparation of financial reports in accordance with IFRS requires that management execute certain estimates and assessments in applying the Company's accounting principles. These estimates and assessments can impact the reported amounts of assets, liabilities, revenue and costs. The actual amounts can deviate from these estimates and assessment. The estimates and underlying assumptions are analysed on an ongoing basis. Changes estimates and assessments are reported on a future-oriented basis.

Fair value measurement

Certain of the Group's accounting principles and disclosures require measurement at fair value. This applies to both financial and non-financial assets and liabilities. The Group has established methods for executing fair value measurements. If information from a third party, for example, a broker or other source of share prices, is available, this is used as the basis for assessing whether the valuation meets the criteria in the various applied standards. This includes the assessment undertaken in applying the valuation hierarchies stipulated in the reporting standards.

With the fair value measurement of an asset or liability, the Group applies, on the first hand, the quoted prices in active markets for identical assets or liabilities. The Group applies the valuation model which categorises data according to a valuation hierarchy. This valuation hierarchy is based on the following levels:

Level 1 – quoted prices for similar assets or liabilities in active markets.
Level 2 – inputs other than quoted prices (according to Level 1) that

are observable for the asset or liability. These can be either directly observable (for example prices) or indirectly observable (for example, deduced from price quotations).

Level 3 – inputs for the valuation of assets or liabilities which are not based on observable market data.

If the inputs for the valuation of an asset or liability at fair value refer to different levels in the valuation hierarchy, the entire valuation is categorised as belonging to one and the same level. The level to which the category refers is the lower of the levels applied in the valuation. At the end of each reporting period, the Group undertakes an assessment of whether there is sufficient data at a higher level.

Impairment of non-financial assets and goodwill

In order to assess the impairment requirement, Group management calculates a recovery value for each asset or cash-generating unit based on the expected future cash flow and applies an appropriate interest rate in discounting the cash flow. There is uncertainty in the assumptions regarding future operating income and the determination of an appropriate discount rate.

As at bookclosing date, December 31, 2021, goodwill totalled SEK 435,197 thousand. For more information on impairment testing, see Note 12.

Business combinations and fair value measurement

In calculating the fair value, Group management applies valuation methods for the specific assets and liabilities which are acquired in conjunction with a business combination. It is primarily the fair value of the conditional purchase price that is dependent on the outcome of a number of different variables, including the acquired company's future profitability.

Group management applies valuation methods in calculating the fair value of financial instruments (if there are no prices in active markets) and non-financial assets. This implies that estimates and judgements are undertaken as regards the manner in which market players would price a given instrument. Group management bases its assumptions, as far as possible, on observable data, but such data is not always available. In such cases, Group management applies the best available information. Estimated fair value can prove to differ from the actual price which could have been achieved in a transaction on commercial terms as at the balance sheet date.

Conditional purchase prices are included in the item acquisition-related liabilities in the balance sheet and as at December 31, 2021 totalled SEK 139,718 thousand. See also Note 18.

Revenue from construction contracts

Recognised revenue and associated contractual assets with the principal reflect the Group management's best estimate of the outcome and degree of completion for each contract. When it comes to more complex contracts, there exists a significant uncertainty in assessing the costs for completing the contract and as regards its profitability. The Group recognises revenue in the projects over time in pace with the degree of completion, which is measured on the basis of costs incurred in relation to total expected costs at each given point in time. The Group has a well-established process for following up the degree of completion and the total costs per project. In this process, the risk of loss which can arise in the projects is both followed up and assessed.

As at December 31, 2021 receivables for construction contracts reported in the balance sheet totalled SEK 20,138 thousand and contract liabilities totalled to SEK 12,502 thousand. For more information regarding construction contracts see Note 20.

Tax losses carried forward

Deferred tax receivables are reported only for tax losses carried forward where it is probable that such amounts can be utilised against future taxable surpluses and against taxable temporary differences. The Group investigates each year if it is appropriate to capitalise new deferred tax receivables on the year's, or previous years', tax losses carried forward. The Novedo Group has capitalised deferred tax receivables on all of its tax losses carried forward.

Note 4 Financial risk management

Through its operations, the Group is exposed to a large number of different financial risks such as: various market risks (currency risk and interest rate risk), credit risk, liquidity risk and refinancing risk. The Group strives to minimise any potentially disadvantageous effects on its financial results. The goal with the Group's finance operations is to:

- ensure that the Group can meet its payment obligations,
- handle financial risks,
- ensure access to the necessary financing, and
- optimise the Group's financial net.

The Group's risk management is handled by the Parent Company who identifies, evaluates and protects against financial risks in close cooperation with the Group's operational units. The Group has a finance policy stipulating the guidelines and framework for the Group's financial operations. The responsibility for handling the Group's financial transactions and risks is centralised in the Parent Company.

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Market risks

Currency risk

The Group is not exposed to any significant currency risks. All of the Group's companies operate on the Swedish market. There may be just a very few accounts payable – trade in foreign currencies, but these are not significant amounts.

Interest rate risk

The Group evaluates, on a case-by-case basis, what is most advantageous – variable or fixed interest rates. At present, all liabilities to credit institutions have a variable interest rate, while the bond loan has an interest rate of STIBOR + 6.5 percent. Liabilities to credit institutions comprises borrowings in SEK at variable interest rates and exposes the Group to an interest rate risk as regards its cash flow. Liabilities to credit institutions amount to SEK 8,233 thousand. The collateral for the Group's liabilities to credit institutions comprises retention of title. The Group's bond loan is subject to debt covenants which are based on the requirement that Net Interest-Bearing Debt (i.e. interest-bearing debt less cash and cash equivalents) divided by EBITDA, must not exceed certain levels. There are also restrictions on how the proceeds from the bond loan may be used – a definition of so-called permitted acquisitions. This definition requires that the acquisitions undertaken should be in the two segments in which the Group operates, namely Infrastructure and Installation & Services, and Industrial companies. It is also a condition that the company being acquired has been profitable for the last 12 months (to be established on the basis of results at the earliest 3 months prior to the acquisition) and that the company was profitable during the last audited financial year. In addition, security has been provided for the bond loan in that the shares in subsidiaries representing at least 85 percent of consolidated EBITDA are to be pledged.

Sensitivity analysis of interest rate risk

If the interest rates on borrowing as at December 31, 2021 had been 100 base points higher/lower, with all other variables being constant, the calculated profit before tax for the period would have been SEK 7,452 thousand lower/higher, mainly as an effect of the higher/lower interest expenses for borrowing on the basis of variable interest rates. In calculating interest rate risk, the starting point has been the liabilities to credit institutions as at balance sheet date.

Credit risk

Credit risk arises from balances placed in banks and credit institutions, as well as in customer credit exposures, including outstanding receivables. Credit risk is handled by Group management. Only banks and credit institutions with a minimum credit rating of "A" granted by independent assessors are accepted.

Credit risk is managed at Group level, with the exception of credit risk related to outstanding accounts receivable – trade and project cost calculations. Each Group company is responsible for monitoring and analysing the credit risk of each new customer. In cases where no independent credit assessment is available, a risk assessment of the customer's creditworthiness is made, taking into account the customer's financial position, as well as past experience and other factors. Individual risk limits are set based on internal or external credit assessments in accordance with the limits determined by the Board of Directors. The application of credit limits is monitored regularly.

No credit limits were exceeded during the reporting period and management does not expect any losses as a result of non-payment from these counterparties. Credit losses in the Group's companies have historically been insignificant and the payment history of customers has been good. Taking this into account, as well as considering forward-looking information on macroeconomic factors that may affect customers' ability to pay their debts, the Group's expected credit losses have also been assessed as insignificant.

Liquidity risk

The Group counteracts this risk through prudent liquidity management to ensure that sufficient cash funds exist to meet the requirements of the ongoing operations. At the same time, it is ensured that the Group has sufficient capacity within established credit facilities in order that the payment of liabilities can take place as they mature. The management follows, on an ongoing basis, forecasts for the Group's liquidity reserve (including unutilised credit facilities) and for cash and cash equivalents based on expected cash flows. These analyses are usually executed by the operating companies with consideration of the guidelines and limitations established by Group management.

The Group is very well-financed with SEK 699,236 thousand in the three Novedo companies' accounts. All of the Group's operating companies have positive cash flows. Novedo Holding AB (publ) is to pay coupon interest of approximately SEK 49 million. With regard to these factors, it has been concluded that there is no actual liquidity risk in the short and medium term. The liquidity situation is followed up on an ongoing basis to identify any possible changes which could impact the above-described conditions.

Refinancing risk

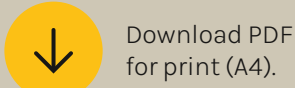
Refinancing risk is defined as the risk that it becomes difficult to refinance the Group, that financing cannot be obtained, or that it

As at Dec 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Reported value
Financial liabilities							
Bond loan	-	-	-	750,000	-	750,000	737,419
Liabilities to credit institutions	895	2,686	2,784	1,867	-	8,232	8,232
Acquisition-related liabilities	-	37,296	-	125,438	-	162,734	139,718
Other non-current liabilities	-	-	-	128	-	128	128
Lease liabilities	3,762	11,286	15,048	18,313	8,721	57,130	54,126
Accounts payable-trade	40,216	-	-	-	-	40,216	40,216
Accrued interest	4,838	-	-	-	-	4,838	4,838
Accrued costs	4,177	-	-	-	-	4,177	4,177
Total	53,888	51,264	17,832	895,746	8,721	1,027,455	988,854



Download PDF
for print (A4).

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability
- Financial statements
- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors’ Report
- 31 Group
 - 31 Consolidated statement of comprehensive income
 - 32 Consolidated balance sheet
 - 33 Consolidated statement of changes in equity
 - 34 Consolidated statement of cash flow
- 35 Parent Company
 - 35 Statement of comprehensive income
 - 36 Balance sheet
 - 37 Statement of changes in equity
 - 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor’s Report
- 69 Annual General Meeting
- 70 Definitions



can only be obtained at an increased cost. This risk is mitigated by the Group’s ongoing evaluation of various financing solutions.

The table below analyses the Group’s financial liabilities specified according to the period remaining after balance sheet date, up to and including, the contractual maturity date. The amounts stated in the table comprise of the contractual, non-discounted cash flows.

Measurement and disclosure of fair value

The various levels of financial instruments measured at fair are defined according to following:

(a) Financial instruments in Level 1

Quoted prices (non-adjusted) in active markets for identical assets and liabilities.

(b) Financial instruments in Level 2

Other observable data for an asset or liability other than quoted prices included in Level 1, either directly observable (that is, as price quotations) or indirectly observable (that is, deduced from price quotations).

(c) Financial instruments in Level 3

In the case one or a number of significant inputs are not based on observable market information, the instrument in question is classified in Level 3.

No transfers between the various fair value levels are deemed to have occurred.

Interest-bearing liabilities

The reported value agrees with the fair value of the Group’s borrowing when the loans incur variable interest rates and when the credit spread is not of such a nature that the reported value deviates significantly from the fair value.

Conditional purchase prices

The fair value of conditional purchase prices is based on the management’s assessment of the amount that will probably be paid given the terms and conditions of the share transfer agreement. Conditional purchase prices are valued in Level 3.

There were no financial assets valued at fair value as at any of the dates presented in this interim report. Additional purchase prices comprise of financial liabilities which are measured at fair value as at balance sheet date.

Capital management

The Group’s goal regarding its capital structure is to secure the Group’s capability to continue its operations so that it can continue to generate a yield to the shareholders and benefit to other stakeholders, and to maintain an optimal capital structure to keep the cost of capital at as low a level as possible.

To maintain or adjust the capital structure, the Group can change the dividend amount paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities.

The Group has a strategy to have a balanced capital structure whereby the debt-to-equity ratio is followed up on an ongoing basis from the perspective of the Group’s requirements.

Debt capital was comprised of:

	Dec 31, 2021
Total borrowings	799,778
Less: cash and cash equivalents	-821,432
Net debt	-21,654
Total equity	384,051
Total capital	384,051

The increase in net debt during 2021 was primarily attributable to the financing of acquisitions.

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Financial notes

Note 5 Operating segments

The Chief Operating Decision-Maker is the function responsible for the allocation of resources and assessment of the results of operating segments. Within the Novedo Group, the CEO has been identified as the Chief Operating Decision-Maker. During the reporting period, the Novedo Group has had one operating segment, that is, Infrastructure and installation and services. In addition, the Group has decided to work within another segment, Industrial companies. From January 2022, Novedo will implement segment reporting regarding a further operating segment – Industrial companies. As at December 31, 2021, the Group had not acquired any industrial companies but will undertake acquisitions in this segment during the first quarter of 2022.

Below is a description of the operations in each reported segment:

- *Infrastructure and installation and services*
Companies delivering installation services, services and maintenance of properties, and infrastructure companies.
- *Industry*
Companies delivering products and systems to industrial customers. The focus is on manufacturing and commercial products.

The segment for Infrastructure and installation and services works with property owners, public housing and larger construction companies and these companies also provide services. The segment Industrial companies works with industrial customers who often have their own manufacturing activities.

The segment information provided is based on the same accounting principles as applied in the Group as a whole. Transactions between segments are based on market-based terms. In addition, Group-wide costs are reported in the category Non-specified items.

SEK thousands	Infrastructure and installation and services	Non-specified items	Segment total
	2020/2021 Jul-Dec	2020/2021 Jul-Dec	2020/2021 Jul-Dec
Operating segment			
Net sales	370,906		370,906
Other operating income	3,145		3,145
Total operating income	374,051	-	374,051
Operating expenses			
Raw materials and consumables	-69,395		-69,395
Goods for resale	-82,447		-82,447
Other external expenses	-29,698	-10,312	-40,010
Employee benefit expenses	-136,991	-5,488	-142,479
Depreciation, amortisation and impairment of tangible and intangible assets	-3,040		-3,040
Depreciation of right-of-use assets	-6,933		-6,933
Other operating expenses	-129	-1	-130
Total operating expenses	-328,632	-15,801	-344,434
Operating profit (EBIT)	45,419	-15,801	29,617
Income from financial items			
Profit/loss from other securities and receivables that are fixed assets	291		291
Financial income	31		31
Financial expenses	-411	-15,473	-15,883
Total financial items	-89	-15,473	-15,562
Pre-tax profit/loss	45,330	-31,274	14,056

Segment assets

All fixed assets are physically located in Sweden.



Download PDF
for print (A4).

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
for print (A4).

Note 6 Net sales

Group	2020/2021 Jul-Dec
Invoiced sales	369,981
Change in contract work in progress	925
Total revenue	370,906

Revenue per significant revenue class 2020/2021 Jul-Dec	Contract work	Services	Total for the Group
Sweden	278,449	92,457	370,906
Total revenue	278,449	92,457	370,906

All of the Company's Group's revenue refers to the Swedish market. The Group has no customer that accounts for more than 10 percent of net sales.

Note 7 Other operating income

Group	2020/2021 Jul-Dec
Rental income	207
Government aid	1,130
Repayment of collective agreement pension contributions	935
Other items	873
Total income	3,145

Note 8 Fees and compensation to auditors

	Group 2020/2021 Jul-Dec	Parent Company 2021 Sep-Dec
Öhrlings Pricewaterhouse Coopers AB		
Audit assignment	655	67
Tax advisory services	11	11
Other services	174	134
	840	212
Prosper Revision AB		
Audit assignment	144	-
Tax advisory services	-	-
Other services	14	-
	158	-
RSM Göteborg KB		
Audit assignment	75	-
Tax advisory services	-	-
Other services	7	-
	82	-
Brandstams Revisionsbyrå Aktiebolag		
Audit assignment	57	-
Tax advisory services	-	-
Other services	-	-
	57	-
Helsingborgs Ekonomi & Revision AB		
Audit assignment	39	-
Tax advisory services	-	-
Other services	-	-
	39	-

By audit assignment is meant the statutory audit of the annual accounts and consolidated accounts, of the bookkeeping and of the administration of the Board of Directors, as well as the audit and other review work executed as agreed upon, or in accordance with written agreements. Other services are such which are not included in an audit assignment and which also do not comprise tax advisory services.

Note 9 Employees, employee benefit expenses and remuneration to senior executives

Group	2020/2021 Jul-Dec
Salaries and compensation	98,548
Pension plan costs- defined contribution plans	7,608
Statutory and contractual social security contributions	32,571
Other employee benefit expenses	3,752
Total, Group	142,479

Salaries and other remuneration

Board Members, CEO and other senior executives	8,297
Other employees	90,251
Total, Group	98,548

Social security contributions (of which pension costs)

Board Members, CEO and other senior executives	4,640 (1,487)
Other employees	35,539 (6,121)
Total, Group	40,179 (7,608)

Average no. of employees, per geographic area

Average no. of employees per country (of which men)	
Sweden	485 (444)
Total, Group	485 (444)

Gender distribution in the Group (including subsidiaries) as regards Board Members and senior executives

Number at balance sheet date (of which men)	
Board Members	75 (66)
CEO and other senior executives	21 (18)
Total, Group	96 (84)

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
for print (A4).

Defined contribution pension plans

The Group has only defined contribution pension plans. Pension costs refer to the cost impacting the year's results.

The occupational pension premium is based on the established ITP level, with a provision of 4.5-30 percent of pensionable income.

No pension commitments exist for Board Members who are not permanently employed in any of the Group's companies.

Remuneration upon termination

Between the Company and CEO, there is a mutual period of termination of employment of 6 months. Between the Company and other members of management there is a mutual period of termination of employment of 6 months. No severance pay applies in addition to the remuneration paid during the cancellation period.

Remuneration to senior executives

Remuneration 2020/2021 Jul-Dec	Basic salary/ Board fee	Variable compensation	Other benefits	Pension costs	Other compensation	Total remuneration
Christer Hellström – Board Chairman	-	-	-	-	-	-
Mouna Ingerslev Esmaeilzadeh – Board Member	-	-	-	-	-	-
Saeid Esmaeilzadeh – Board Member	-	-	-	-	-	-
Fredrik Lidjan – Board Member	-	-	-	-	-	-
Mona Öljansdotter Johansson – Board Member	-	-	-	-	-	-
Erik Rune – Board Member	-	-	-	-	-	-
Per-Johan Dahlgren – CEO	1,081	-	6	-	-	1,087
Other senior executives (2)	959	-	-	-	-	959
Total	2,040	-	6	-	-	2,046

Loans and shareholdings, senior executives

Remuneration 2020/2021 Jul-Dec	Loans to Novedo, Group	No. of ordinary shares ¹⁾	Total no. of shares ¹⁾
Christer Hellström – Board Chairman	-	1,250	1,250
Mouna Ingerslev Esmaeilzadeh – Board Member	-	-	-
Saeid Esmaeilzadeh – Board Member	-	19,432	19,432
Fredrik Lidjan – Board Member	-	165	165
Mona Öljansdotter Johansson – Board Member	-	250	250
Erik Rune – Board Member	-	523	523
Per-Johan Dahlgren – CEO	-	500	500
Other senior executives (2)	-	322	322
Total	-	21,919	21,919

¹⁾ Refers to shareholdings, including closely related physical and legal persons' holdings.

Note 10 Financial items

	Group 2020/2021 Jul-Dec	Parent Company 2021 Sep-Dec
Financial income	31	-
Total financial income	31	-
Interest expenses, bond loan	-6,002	-6,002
Interest expenses, lease liabilities	-621	-
Other interest-related and financial expenses	-9,260	-
Total financial expenses	-15,883	-6,002
Financial items – net	-15,582	-6,002

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Note 11 Tax on profit/loss for the year

	Group	Parent Company
	2020/2021 Jul-Dec	2021 Sep-Dec
Current tax on profit/loss for the year	-9,406	-
Adjustments, previous years	-	-
Total current tax	-9,406	-
<i>Deferred tax</i>		
New and reversed temporary differences	1,923	277
Total deferred tax	1,923	277
Total income tax	-7,483	277

Income tax on the Group's profit/loss before tax differs from the theoretical amount which would have arisen in applying the Swedish tax rate to the results in the consolidated companies as follows:

	Group	Parent Company
	2020/2021 Jul-Dec	2021 Sep-Dec
Pre-tax profit/loss	14,056	-8,168
Tax according to the current tax rate 20.6 percent	-2,896	1,683
Tax effect of non-deductible costs, interest expense deduction limitations	-2,892	-1,406
Tax effect of other non-deductible costs	-2,414	0
Tax effect of non-taxable income	731	0
Tax effect of standard income tax on tax allocation reserves	-12	0
Total reported tax expenses	-7,483	277

Note 12 Intangible fixed assets

	Group			
	Goodwill	Client relationships	Brands	Total
Opening accumulated cost	-	-	-	-
Business combinations	435,197	6,332	2,205	443,734
Closing cost	435,197	6,332	2,205	443,734
Opening accumulated amortisation	-	-	-	-
Year's amortisation	-	-1,160	-201	-1,361
Closing accumulated amortisation	0	-1,160	-201	-1,361
Carrying value	435,197	5,172	2,004	442,373

Goodwill refers to the excess value arising in a business combination. Identified goodwill is primarily attributable to the employees, the expected future potential and the high level of profitability in the acquired operations. All of the Group's goodwill refers to the segment Infrastructure and installation and services.

Impairment testing

Impairment testing is undertaken based on the cash-generating units where such units are equal to the Group's reported segments. The impairment testing comprises of the assessment of whether the unit's recoverable value is greater than its reported value. The recoverable value has been calculated on the basis of the unit's value in use, which is comprised of the present value of the unit's future expected cash flow, without regard to any possible future expansion of the operations or restructuring.

The annual growth volume for the first year has been assessed based on the companies' forecasts, and for subsequent years on the basis of a constant growth rate of 3 percent. These calculations are based on the estimated future cash flows before tax applying financial forecasts covering a five year period. The operating margins have been calculated applying historical operating margins. The weighted annual growth rate applied in extrapolating the cash flows outside the forecast period has been determined at 2 percent.

In calculating the value in use, a discount rate of 11.5 percent before tax has been applied. The major assumptions in this context are comprised, primarily, of a risk free interest rate of 0.5 percent, a stock market premium of 6-7 percent, a beta of 1.17 percent and a calculated lending margin of 1.5 percent.

A sensitivity analysis applied to the growth assumptions and discount rate has been undertaken. This analysis showed that if the discount rate increased by 1 percentage points, the recoverable value decreased by 11.4 percent. If the growth assumption decreased by 1 percentage points during the forecast period, the recoverable value decreased by 4.3 percent. The analysis also included a calculation in which the discount rate increased by up to 5 percentage points without an impairment indication arising. The sensitivity analysis evidences that the risk for an impairment requirement is



Download PDF
for print (A4).

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Note 13 Tangible fixed assets

	Group			
	Machinery	Equip- ment	Improve- ment costs on external property	Total
Opening cost	-	-	-	-
Business combinations	18,397	3,237	167	21,801
Year's acquisitions	79	137	-	216
Sales and disposals	-	-188	-	-188
Closing cost	18,476	3,186	167	21,829
Opening accumula- ted depreciation				
Depreciation for the year	-1,026	-641	-12	-1,679
Closing accumulated depreciation	-1,026	-641	-12	-1,679
Carrying value	17,450	2,545	155	20,150

There were no contracted investments regarding tangible fixed assets as at the end of the reporting period which are yet to be included in the financial reports.

Note 14 Lease contracts

The balance sheet reports the following amounts related to lease contracts:

	Dec 31, 2021
Assets entitling right-of-use:	
Premises	28,336
Cars	23,822
Other	5,282
Total	57,440
Lease liabilities:	
Long-term	37,916
Short-term	16,210
Total	54,126

The income statement reports the following amounts related to lease contracts:

	Dec 31, 2021
Depreciation of right-of-use assets:	
Premises	2,879
Cars	3,240
Other	813
Total	6,932
Interest expenses	621
Expenses attributable to short-term lease contracts	2 068
Expenses attributable to lease contracts where the underlying asset is of a low value	407

There were no contracted investments regarding right-of-use assets at the end of the reporting period which are yet to be reported in the financial reports. The total cash flow for lease contracts was SEK -7,380 thousand.

For information regarding the maturities of the lease liabilities refer to Note 4. The most significant contracts are the lease contracts for premises. The lease contracts for the premises are expected, except for a couple of exceptions, to be extended during a period of three years.

The Group leases cars and in these contracts, there are options for the extension and also the termination of the contract. Generally, the Group does not deem that it is reasonable certain that they will utilise any of the extension or termination options on the leased cars as usually the Group returns the car back to leasing company at the end of the lease contract. The final date has, therefore, been set as the contract's original termination date.



Download PDF
for print (A4).

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Note 15 Financial instruments and financial risks

The reported value of all financial assets and liabilities above comprise a reasonable approximation of their fair value. Novedo Group's operations are exposed to a variety of financial risks which can impact the year's results and equity. This is due, primarily, to changes in interest rate levels, but also to financing and liquidity risks, and counterparty risks.

Refinancing and liquidity risk

Refinancing risk is defined as the risk that it becomes difficult to refinance the Group, that financing cannot be obtained, or that it can only be obtained at an increased cost. This risk is mitigated by the Group's ongoing evaluation of various financing solutions.

Currency risk

The Group is not exposed to any significant currency risks. All of the Group's companies operate on the Swedish market. There may be just a very few accounts payable – trade in foreign currencies, but these are not significant amounts.

Interest rate risk

The Group evaluates, on a case-by-case basis, what is most advantageous – variable or fixed interest rates. At present, all liabilities to credit institutions have a variable interest rate, while the bond loan has an interest rate of STIBOR + 6.5 percent. Liabilities to credit institutions comprises borrowings in SEK at variable interest rates and exposes the Group to an interest rate risk as regards its cash flow. Liabilities to credit institutions amount to SEK 8,233 thousand. The collateral for the Group's liabilities to credit institutions comprises retention of title. The Group's bond loan is subject to debt covenants which are based on the requirement that Net Interest-Bearing Debt (i.e. interest-bearing debt less cash and cash equivalents) divided by EBITDA, must not exceed certain levels. There are also restrictions on how the bond loan may be used – a definition of so-called permitted acquisitions. This definition requires that the acquisitions made should be in the two segments in which the Group operates, namely Infrastructure and installation and services, and Industrial companies. It is also a condition that the company being acquired has been profitable for the last 12 months (to be determined at the earliest 3 months before the acquisition) and that the company was profitable during the last audited financial year. In addition, the bond loan is secured as there is a requirement of the pledge of shares in subsidiaries representing at least 85 percent of their consolidated EBITDA.

	Group			
	Financial assets and liabilities valued at fair value via Other comprehensive income	Financial assets and liabilities valued at amortised cost	Financial assets and liabilities valued at fair value via the income statement	Total
Dec 31, 2021				
Assets reported in the balance sheet				
Cash and cash equivalents	-	821,432	-	821,432
Other long-term securities	-	-	2,895	2,895
Other long-term receivables	-	377	-	377
Accounts receivables	-	85,357	-	85,357
Total	-	907,166	2,895	910,061
Liabilities reported in the balance sheet				
Bond loan	-	737,419	-	737,419
Liabilities to credit institutions (non-current and current)	-	8,233	-	8,233
Other long-term liabilities	-	128	-	128
Acquisition-related liabilities	-	26,020	65,222	91,242
Other acquisition-related liabilities	-	48,476	-	48,476
Lease liabilities	-	54,126	-	54,126
Accounts payable -trade	-	40,216	-	40,216
Accrued costs	-	8,913	-	8,913
Total	-	923,531	65,222	988,753

Credit risk and counterparty risk

Credit risk arises from balances placed in banks and credit institutions, as well as in customer credit exposures, including outstanding receivables. Credit risk is handled by Group management. Only banks and credit institutions with a minimum credit rating of "A" granted by independent assessors are accepted.

Credit risk is managed at Group level, with the exception of credit risk related to outstanding accounts receivable – trade and project cost calculations. Each Group company is responsible for monitoring and analysing the credit risk of each new customer. In cases where no independent credit assessment is available, a risk assessment of the customer's creditworthiness is made, taking into account the customer's financial position, as well as past experience and other factors. Individual risk limits are set based on internal or external credit assessments in accordance with the limits determined by the Board of Directors. The application of credit limits is monitored regularly.

No credit limits were exceeded during the reporting period and management does not expect any losses as a result of non-payment from these counterparties. Credit losses in the Group's companies have historically been insignificant and the payment history of customers has been good. Taking this into account, as well as considering forward-looking information on macroeconomic factors that may affect customers' ability to pay their debts, the Group's expected credit losses have also been assessed as insignificant.

2

This is Novedo

3

CEO Statement

5

Targets & Strategy

12

Operations

18

Sustainability

Financial statements

22

Corporate Governance

26

Board of Directors

27

Group Management

28

Directors’ Report

31

Group

31

Consolidated statement of comprehensive income

32

Consolidated balance sheet

33

Consolidated statement of changes in equity

34

Consolidated statement of cash flow

35

Parent Company

35

Statement of comprehensive income

36

Balance sheet

37

Statement of changes in equity

38

Statement of cash flow

39

Notes – Group and Parent Company

67

Auditor’s Report

69

Annual General Meeting

70

Definitions



Download PDF
for print (A4).

Note 16 Other holdings of long-term securities

Group	2021
Opening accumulated cost	-
Acquisition of subsidiaries	3,181
Additional holdings	-
Holdings sold	-286
Closing accumulated cost	2,895
Carrying value	2,895

Note 17 Other long-term receivables

Group	2021
Opening accumulated cost	-
Acquisition of subsidiaries	156
Additional receivables	221
Less receivables paid	-
Closing accumulated cost	377
Carrying value	377

Note 18 Business combinations 2021

All business combinations are in line with Novedo’s strategy to grow through acquisitions of profitable entrepreneurial businesses.

Summary of completed business combinations

- In January 2021, 100 percent of Skanstulls Måleri Aktiebolag was acquired. The company offers painting services, mainly after-sales services and renovations.
- Fog & Byggtjänst i Åkersberga AB with its subsidiaries Fog & Byggtjänst i Sverige AB and Fog & Byggtjänst i Östergötland AB was acquired in March 2021. Of the two first mentioned companies, 100 percent was acquired and 60 percent of the last mentioned subsidiary was acquired. The companies conduct operations in facade work.
- In May 2021, 100 percent of Uni-vent Rör AB was acquired. The company conducts operations in ventilation work, mainly installations and air flow adjustments.
- In May 2021, 100 percent of Valter Eklund Stenentreprenader AB was acquired. The company acts as a supplier and installer of natural stone in private and public environments.
- In May 2021, 100 percent of VE Sten AB was acquired. The company acts as a supplier and installer of natural stone in private and public environments.
- In September 2021, 100 percent of Elforum Göteborg AB was acquired. The company works with electrical installations and related services.
- In September 2021, 100 percent of Olle Timblads Målerifirma AB with its subsidiary Tyresö Målericentral AB was acquired. Olle Timblads Målerifirma AB conducts operations in painting services. Focus is on new building projects Tyresö Målericentral AB conducts operations in painting services. Focus is on assignments in accordance with the Public Procurement Act.
- In September 2021, 100 percent of Kulturmålarna i Norrköping Aktiebolag was acquired. The company conducts operations in painting services. Half of the income from new production and half from “Repairs, Conversion, Extension” customers.
- In September 2021, 100 percent of Kulturmålarna i Linköping Aktiebolag was acquired. The company conducts operations in painting services. Half of the income from new production and half from “Repairs, Conversion, Extension” customers.
- In September 2021, 100 percent of Deramont Entreprenad AB was acquired. The company conducts operations in land and civil engineering work.
- In September 2021, 100 percent of Hansson & Ekman Aktiebolag was acquired. The company conducts operations in technical insulation.

The fair value of acquired assets and liabilities are preliminary awaiting final valuation. Non-allocated excess values are reported preliminarily as goodwill. The allocation of purchase prices is a

complex process and it is deemed that there is a requirement of further analyses in order to fully assess the future profit generating capacity of the companies which is based on the employees’ competencies and access to new markets, synergy effects ad customer contracts. The acquisition balance sheet can, therefore, be adjusted during forthcoming quarters. Due to this, the purchase price allocation (PPA) analyses are considered to be preliminary.

BUSINESS COMBINATIONS – SKANSTULLS MÅLARI AKTIEBOLAG

The table below summarises the purchase price paid for Skanstulls Måleri AB and the fair value of acquired assets and assumed liabilities recognised on acquisition date and included in the acquisition analysis for the period.

Purchase price as at January 2021	SEK thousands
Cash and cash equivalents	13,391
Conditional purchase price	8,460
Total purchase price	21,851

Purchase price allocation for the period:

	Fair value
Cash and cash equivalents	7,689
Trademark	1,015
Customer relations	3,144
Equipment, tools, fixtures and fittings	21
Right-of-use assets	704
Deferred tax assets	13
Other securities held as non-current assets	408
Accounts receivable - trade	2,927
Current tax assets	58
Other current receivables	62
Contract assets	186
Prepaid expenses and accrued income	139
Non-current lease liabilities	-504
Current lease liabilities	-145
Deferred tax liabilities	-856
Contract liabilities	-922
Accounts payable - trade	-741
Other current liabilities	-1,160
Accrued expenses and deferred income	-3,132
Acquired identifiable net assets	8,906
Goodwill	12,945
Total net assets acquired	21,851

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Goodwill is attributable to the employees and to the expected future potential and high level of profitability in the acquired operations. No portion of recognised goodwill is expected to be tax deductible.

The fair value of acquired accounts receivable amounts to SEK 2,927 thousand. The contractual gross amount for accounts receivable was SEK 2,927 thousand. The amount of doubtful receivables was insignificant at acquisition date.

Income and profit in acquired operations

The income from Skanstulls Måleri Aktiebolag, included in the consolidated statement of comprehensive income since January 2021, amounts to SEK 36,521 thousand. The company also contributed a pre-tax profit of SEK 4,679 thousand for the same period. If the company would have been consolidated from 1 January 2021, consolidated income would have remained unchanged. If the company would have been consolidated from 1 January 2021, the consolidated pre-tax profit would have remained unchanged.

Acquisition-related expenses

Acquisition-related expenses of SEK 374 thousand are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Conditional purchase price

The purchase agreement stipulates compensation of a conditional purchase price totalling SEK 6,317 thousand, which is to be paid if the average operating profit for the years 2021, 2022 and 2023 exceeds a level that both of the parties have agreed upon. This compensation shall be paid within 30 days from the date on which the results can be determined. At transaction date, conditional purchase prices are measured at fair value by calculating a present value for the probable outcome with a discount rate of 15 percent. The fair value is calculated as defined for Level 3 in IFRS 13, i.e., based on inputs that are not observable in the market.

<i>Purchase price – cash outflow</i>	2021
Cash for acquisition of subsidiaries, less acquired cash and cash equivalents	
Conditional purchase price	13,391
Less: Acquired cash and cash equivalents	-7,689
Net cash outflow - investing activities	5,702

BUSINESS COMBINATION – FOG & BYGGTJÄNST I ÅKERSBERGA AB

The tables below summarise the purchase price paid for Fog & Byggtjänst i Åkersberga AB with the subsidiaries Fog & Byggtjänst i Sverige AB and Fog & Byggtjänst i Östergötland AB, and the fair value of acquired assets and assumed liabilities recognised on acquisition date and included in the preliminary acquisition analysis for the period.

<i>Purchase price as at March 2021</i>	SEK thousands
Cash and cash equivalents	17,920
Issue of promissory note	6,500
Total purchase price	24,420

Preliminary acquisition analysis for the period:

	Fair value
Cash and cash equivalents	5,735
Trademark	1,190
Customer relations	3,188
Equipment, tools, fixtures and fittings	158
Right-of-use assets	3,235
Deferred tax assets	1
Inventory	571
Accounts receivable	3,151
Current tax assets	710
Other current receivables	373
Contract assets	518
Prepaid expenses and accrued income	6
Current investments	85
Deferred tax liabilities	-1,560
Non-current lease liabilities	-2,316
Current lease liabilities	-854
Contract liabilities	-691
Accounts payable	-1,004
Other current liabilities	-1,079
Accrued expenses and deferred income	-3,508
Acquired identifiable net assets	7,909
Goodwill	16,511
Total net assets acquired	24,420

Goodwill is attributable to the employees and to the expected future potential and high level of profitability in the acquired operations. No portion of recognised goodwill is expected to be tax deductible.

The fair value of acquired accounts receivable amounts to SEK 3,151 thousand. The contractual gross amount for the accounts receivable was SEK 3,151 thousand. The amount of doubtful receivables was insignificant at acquisition date.

Income and profit in acquired operations

The income from Fog & Byggtjänst i Åkersberga AB, with its subsidiaries Fog & Byggtjänst i Sverige AB and Fog & Byggtjänst i Östergötland AB, included in the consolidated statement of comprehensive income since March 2021, amounts to SEK 30,770 thousand. The company also contributed a pre-tax profit of SEK 913 thousand in the same period. If the company would have been consolidated from 1 January 2021, consolidated income would have been SEK 4,706 thousand higher. If the company would have been consolidated from 1 January 2021, consolidated pre-tax profit would have been SEK 654 thousand lower.

Acquisition-related expenses

Acquisition-related expenses of SEK 451 thousand are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Conditional purchase price

It is expected that no conditional purchase price will apply in this acquisition.

<i>Purchase price – cash outflow</i>	2021
Cash for acquisition of subsidiaries, less acquired cash and cash equivalents	
Conditional purchase price	17,920
Less: Acquired cash and cash equivalents	-5,735
Net cash outflow – investing activities	12,185



Download PDF
for print (A4).

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

BUSINESS COMBINATION – UNI-VENT RÖR AB

The tables below summarise the purchase price paid for Uni-vent Rör AB and the fair value of acquired assets and assumed liabilities recognised on acquisition date and included in the preliminary acquisition analysis for the period.

Purchase price as at May 2021	SEK thousands
Cash and cash equivalents	28,188
Issue of promissory note	23,296
Conditional purchase price	5,583
Total purchase price	57,067

Preliminary acquisition analysis for the period:	Fair value
Cash and cash equivalents	11,774
Equipment, tools, fixtures and fittings	403
Right-of-use assets	3,499
Deferred tax assets	14
Inventory	150
Accounts receivable	11,287
Current tax assets	1,185
Other current receivables	428
Contract assets	1,500
Non-current lease liabilities	-2,236
Current lease liabilities	-1,187
Accounts payable	-2,824
Other current liabilities	-598
Accrued expenses and deferred income	-1,063
Acquired identifiable net assets	22,332
Goodwill	34,735
Total net assets acquired	57,067

Goodwill is attributable to the employees and to the expected future potential and high level of profitability in the acquired operations. No portion of recognised goodwill is expected to be tax deductible.

The fair value of acquired accounts receivable amounts to SEK 11,287 thousand. The contractual gross amount for accounts receivable was SEK 11,287 thousand. The amount of doubtful receivables was insignificant at acquisition date.

Income and profit in acquired operations

The income from Uni-vent Rör AB, included in the consolidated statement of comprehensive income since May 2021, amounts to SEK 48,265 thousand. The company also contributed a pre-tax profit of SEK 8,269 thousand for the same period.

If the company would have been consolidated from 1 January 2021, the consolidated income would have been SEK 16,284 thousand higher. If the company would have been consolidated from 1 January 2021, the consolidated pre-tax profit would have been SEK 88 thousand lower.

Acquisition-related expenses

Acquisition-related expenses of SEK 393 thousand are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Conditional purchase price

The purchase agreement stipulates compensation of a conditional purchase price totalling SEK 5,583 thousand, which is to be paid if the average operating profit for the years 2021, 2022 and 2023 exceeds a level agreed upon by both parties. This compensation shall be paid within 30 days from the date on which the results can be determined. At transaction date, additional purchase prices are valued at fair value by calculating a present value for the probable outcome with a discount rate of 11.9 percent. The fair value is calculated as defined for Level 3 in IFRS 13, i.e., based on inputs that are not observable in the market.

Purchase price - cash outflow

	2021
Cash for acquisition of subsidiaries,	
Less acquired cash and cash equivalents	
Conditional purchase price	28,188
Less: Acquired cash and cash equivalents	-11,774
Net cash outflow – investing activities	16,414

BUSINESS COMBINATION – VALTER EKLUND STENENTREPRENADER AB

The tables below summarise the purchase price paid for Valter Eklund Stenentreprenader AB and the fair value of acquired assets and assumed liabilities recognised on acquisition date and included in the preliminary acquisition analysis for the period.

Purchase price as at May 2021	SEK thousands
Cash and cash equivalents	45,984
Conditional purchase price	14,195
Total purchase price	60,179

Preliminary acquisition analysis for the period:	Fair value
Cash and cash equivalents	13,825
Plant and machinery	4
Equipment, tools, fixtures and fittings	302
Right-of-use assets	9,333
Deferred tax assets	10
Accounts receivable	9,758
Other current receivables	262
Contract assets	1,735
Prepaid expenses and accrued income	309
Deferred tax liabilities	-1,178
Non-current lease liabilities	-6,866
Current lease liabilities	-1,728
Contract liabilities	-768
Accounts payable	-4,320
Current tax liabilities	-776
Other current liabilities	-1,123
Accrued expenses and deferred income	-4,639
Acquired identifiable net assets	14,140
Goodwill	46,039
Total net assets acquired	60,179

Goodwill is attributable to the employees and to the expected future potential and high level of profitability in the acquired operations. No portion of recognised goodwill is expected to be tax deductible.

The fair value of acquired accounts receivable amounts to SEK 9,758 thousand. The contractual gross amount for accounts receivable was SEK 10,017 thousand. The amount of doubtful receivables was insignificant at acquisition date.



Download PDF
for print (A4).

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Income and profit in acquired operations

The income from Valter Eklund Stenentreprenader AB, included in the consolidated statement of comprehensive income since May 2021, amounts to SEK 52,072 thousand. The company also contributed a pre-tax profit of SEK 4,780 thousand for the same period. If the company would have been consolidated from 1 January 2021, the consolidated income would have been SEK 24,904 thousand higher. If the company would have been consolidated from 1 January 2021, the consolidated pre-tax profit would have been SEK 3,864 thousand higher.

Acquisition-related expenses

Acquisition-related expenses of SEK 433 thousand are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Conditional purchase price

The purchase agreement stipulates compensation for a conditional purchase price totalling SEK 11,547 thousand, which is to be paid if the average operating profit for the years 2021, 2022 and 2023 exceeds a level agreed upon by both parties. This compensation shall be paid within 30 days from the date on which the results can be determined. At transaction date, additional purchase prices are valued at fair value by calculating a present value for the probable outcome with a discount rate of 11.9 percent percent. The fair value is calculated as defined for Level 3 in IFRS 13, i.e., based on inputs that are not observable in the market. There was also an extra conditional purchase price based on the profit as of 30 April 2021. This was settled in an amount of SEK 2,648 thousand.

Purchase price – cash outflow

	2021
Cash for acquisition of the subsidiaries, less acquired cash and cash equivalents	
Conditional purchase price	45,984
Less: Acquired cash and cash equivalents	-13,825
Net cash outflow – investing activities	32,159

BUSINESS COMBINATION – VE STEN AB

The tables below summarise the purchase price paid for VE Sten AB and the fair value of acquired assets and assumed liabilities recognised on acquisition date and included in the preliminary acquisition analysis for the period.

Purchase price as at May 2021	SEK thousands
Cash and cash equivalents	6,509
Conditional purchase price	2,009
Total purchase price	8,518

Preliminary acquisition analysis for the period:

	Fair value
Cash and cash equivalents	3,254
Plant and machinery	886
Equipment, tools, fixtures and fittings	279
Right-of-use assets	17,669
Deferred tax assets	12
Inventory	6,932
Accounts receivable	3,100
Other current receivables	252
Prepaid expenses and accrued income	157
Other current investments	625
Deferred tax liabilities	-113
Non-current liabilities to credit institutions	-306
Non-current lease liabilities	-15,370
Current liabilities to credit institutions	-216
Current lease liabilities	-2,152
Advance payments from customers	-596
Accounts payable	-3,538
Current tax liabilities	-367
Other current liabilities	-1,611
Accrued expenses and deferred income	-1,382
Acquired identifiable net assets	7,515
Goodwill	1,003
Total net assets acquired	8,518

Goodwill is attributable to the employees and to the expected future potential and high level of profitability in the acquired operations. No portion of recognised goodwill is expected to be tax deductible.

The fair value of acquired accounts receivable amounts to SEK 3,100 thousand. The contractual gross amount for accounts receivable was SEK 3,106 thousand. The amount of doubtful receivables was insignificant at acquisition date.

Income and profit in acquired operations

The income from VE Sten AB, included in the consolidated statement of comprehensive income since May 2021, amounts to SEK 31,783 thousand. The company also contributed a pre-tax profit of SEK 2,836 thousand for the same period. If the company would have been consolidated from 1 January 2021, the consolidated income would have been SEK 11,591 thousand higher. If the company would have been consolidated from 1 January 2021, the consolidated pre-tax profit would have been SEK 205 thousand higher.

Acquisition-related expenses

Acquisition-related expenses of SEK 61 thousand are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Conditional purchase price

The purchase agreement stipulates compensation of a conditional purchase price of SEK 1,634 thousand, which is to be paid if the average operating profit for the years 2021, 2022 and 2023 exceeds a level on which both parties have agreed. This compensation shall be paid within 30 days from the date on which the results can be determined. At transaction date, additional purchase prices are valued at fair value by calculating a present value for the probable outcome with a discount rate of 11.9 percent. The fair value is calculated as defined for Level 3 in IFRS 13, i.e., based on inputs that are not observable in the market. There was also an extra compensation for a conditional purchase price that was based on the profit as of 30 April 2021. This was settled in an amount of SEK 375 thousand.

Purchase price – cash outflow

	2021
Cash for acquisition of the subsidiaries, less acquired cash and cash equivalents	
Conditional purchase price	6,509
Less: Acquired cash and cash equivalents	-3,254
Net cash outflow – investing activities	3,255



Download PDF
for print (A4).

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



BUSINESS COMBINATION – ELFORUM GÖTEBORG AB

The tables below summarise the purchase price paid for Elforum Göteborg AB and the fair value of acquired assets and assumed liabilities recognised on acquisition date and included in the preliminary acquisition analysis for the period.

Purchase price as at September 2021

	SEK thousands
Cash and cash equivalents	17,500
Issue of promissory note	5,000
Conditional purchase price	17,417
Total purchase price	39,917

Preliminary acquisition analysis for the period:

	Fair value
Cash and cash equivalents	8,958
Equipment, tools, fixtures and fittings	290
Right-of-use assets	3,054
Other long-term receivables	3
Deferred tax assets	1
Accounts receivable	5,493
Other current receivables	993
Provisions; guarantees	-1,035
Deferred tax liabilities	-545
Non-current lease liabilities	-1,889
Current lease liabilities	-811
Advance payments from customers	-693
Accounts payable	-4,611
Current tax liabilities	-1,180
Other current liabilities	-424
Accrued expenses and deferred income	-1,572
Acquired identifiable net assets	6,032
Goodwill	33,885
Total net assets acquired	39,917

Goodwill is attributable to the employees and to the expected future potential and high level of profitability in the acquired operations. No portion of recognised goodwill is expected to be tax deductible.

The fair value of acquired accounts receivable amounts to SEK 5,493 thousand. The contractual gross amount for accounts receivable was SEK 5,598 thousand. The amount of doubtful receivables was insignificant on acquisition date.

Income and profit in the acquired operations

The income from Elforum Göteborg AB, included in the consolidated statement of comprehensive income since September 2021, amounts to SEK 26,676 thousand. The company also contributed a pre-tax profit of SEK 6,317 thousand for the same period. If the company would have been consolidated from 1 January 2021, the consolidated income would have been SEK 30,776 thousand higher. If the company would have been consolidated from 1 January 2021, the consolidated pre-tax profit would have been SEK 4,824 thousand higher.

Acquisition-related expenses

Acquisition-related expenses of SEK 125 thousand are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Conditional purchase price

The purchase agreement stipulates compensation of conditional purchase price totalling SEK 12,959 thousand, which is to be paid if the average operating profit for the years 2021, 2022 and 2023 exceeds a level on which both parties agree. This compensation shall be paid within 30 days from the date on which the results can be determined. At transaction date, additional purchase prices are valued at fair value by calculating a present value for the probable outcome with a discount rate of 11.9 percent. The fair value is calculated as defined for Level 3 in IFRS 13, i.e., based on inputs that are not observable in the market. There is also an additional purchase price based on the company's profit for 2021. This additional purchase price has been estimated at SEK 4,458 thousand.

Purchase price – cash outflow

	2021
Cash for acquisition of the subsidiaries, less acquired cash and cash equivalents	
Conditional purchase price	17,500
Less: Acquired cash and cash equivalents	-8,958
Net cash outflow – investing activities	8,542

BUSINESS COMBINATION – OLLE TIMBLADS MÅLERIFIRMA AB

The table below summarises the additional purchase price paid for Olle Timblads Målerifirma AB with its subsidiary Tyresö Målericentral AB and the fair value of acquired assets and assumed liabilities recognised on acquisition date and included in the preliminary acquisition analysis for the period.

Purchase price as at September 2021

	SEK thousands
Cash and cash equivalents	116,684
Issue of promissory note	74,400
Conditional purchase price	21,562
Total purchase price:	212,646

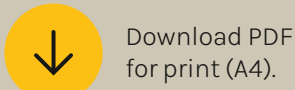
Preliminary acquisition analysis for the period:

	Fair value
Cash and cash equivalents	30,557
Goodwill	6,467
Equipment, tools, fixtures and fittings	169
Right-of-use assets	13,673
Other securities held as non-current assets	2,773
Other long-term receivables	73
Deferred tax assets	21
Accounts receivable	14,785
Current tax assets	1,327
Contract assets	1,057
Other current receivables	154
Prepaid expenses	1,737
Provisions for pensions	-2,860
Non-current lease liabilities	-8,932
Other non-current liabilities	-113
Current lease liabilities	-4,229
Contract liabilities	-180
Accounts payable	-7,824
Current tax liabilities	-4,039
Other current liabilities	-2,191
Accrued expenses and deferred income	-15,168
Acquired identifiable net assets	27,257
Goodwill	185,389
Total net assets acquired	212,646

2 This is Novedo
3 CEO Statement
5 Targets & Strategy
12 Operations
18 Sustainability

Financial statements

22 Corporate Governance
26 Board of Directors
27 Group Management
28 Directors’ Report
31 Group
31 Consolidated statement of comprehensive income
32 Consolidated balance sheet
33 Consolidated statement of changes in equity
34 Consolidated statement of cash flow
35 Parent Company
35 Statement of comprehensive income
36 Balance sheet
37 Statement of changes in equity
38 Statement of cash flow
39 Notes – Group and Parent Company
67 Auditor’s Report
69 Annual General Meeting
70 Definitions



Goodwill is attributable to the employees and to the expected future potential and high level of profitability in the acquired operations. No portion of recognised goodwill is expected to be tax deductible.

The fair value of acquired accounts receivable amounts to SEK 14,785 thousand. The contractual gross amount for accounts receivable was SEK 14,798 thousand. The amount of doubtful receivables was insignificant at acquisition date.

Income and profit in acquired operations

The income from Olle Timblads Målerifirma AB with its subsidiary Tyresö Målericentral AB, included in the consolidated statement of comprehensive income since September 2021, amounts to SEK 47,530 thousand. The companies also contributed a pre-tax profit of SEK 15,649 thousand for the same period. If the companies would have been consolidated from 1 January 2021, the consolidated income would have been SEK 102,156 thousand higher. If the companies would have been consolidated from 1 January 2021, the consolidated pre-tax profit would have been SEK 15,103 thousand higher.

Acquisition-related expenses

Acquisition-related expenses of SEK 705 thousand are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Conditional purchase price

There is a conditional purchase price based on the company's profit for 2021. This conditional purchase price has been estimated at SEK 21,562 thousand. This compensation shall be paid within 30 days from the date on which the annual report is adopted.

Purchase price – cash outflow	2021
Cash for acquisition of the subsidiaries, less acquired cash and cash equivalents	
Conditional purchase price	116,684
Less: Acquired cash and cash equivalents	-30,557
Net cash outflow – investing activities	86,127

BUSINESS COMBINATION – KULTURMÅLARNAL NORRKÖPING AKTIEBOLAG

The tables below summarise the additional purchase price paid for Kulturmålarna i Norrköping Aktiebolag and the fair value of acquired assets and assumed liabilities recognised on acquisition date and included in the preliminary acquisition analysis for the period.

Purchase price as at September 2021	SEK thousands
Cash and cash equivalents	8,785
Issue of promissory note	3,240
Conditional purchase price	5,031
Total purchase price	17,056

Preliminary acquisition analysis for the period:

	Fair value
Cash and cash equivalents	2,782
Improvement costs on other's property	166
Equipment, tools, fixtures and fittings	181
Right-of-use assets	3,165
Deferred tax assets	6
Inventory	59
Accounts receivable	4,798
Other current receivables	731
Contract assets	2,702
Prepaid expenses and accrued income	905
Deferred tax liabilities	-700
Non-current lease liabilities	-1,944
Current lease liabilities	-970
Work in progress	-384
Advance payments from customers	-73
Accounts payable	-1,369
Current tax liabilities	-277
Other current liabilities	-595
Accrued expenses and deferred income	-2,599
Acquired identifiable net assets	6,584
Goodwill	10,472
Total net assets acquired	17,056

Goodwill is attributable to the employees and to the expected future potential and high level of profitability in the acquired operations. No portion of recognised goodwill is expected to be tax deductible.

The fair value of acquired accounts receivable amounts to SEK 4,798 thousand. The contractual gross amount for accounts receivable was SEK 4,849 thousand. The amount of doubtful receivables was insignificant at acquisition date.

Income and profit in the acquired operations

The income from Kulturmålarna i Norrköping Aktiebolag, included in the consolidated statement of comprehensive income since September 2021, amounts to SEK 13,752 thousand. The company also contributed a pre-tax profit of SEK 1,485 thousand for the same period. If the company would have been consolidated from 1 January 2021, the consolidated income would have been SEK 19,173 thousand higher. If the company would have been consolidated from 1 January 2021, the consolidated profit would have been SEK 1,004 thousand higher.

Acquisition-related expenses

Acquisition-related expenses of SEK 323 thousand are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Conditional purchase price

The purchase agreement stipulates compensation of a conditional purchase price totalling SEK 3,232 thousand, which is to be paid if the average operating profit for the years 2022, 2023 and 2024 exceeds a level agreed upon by both of the parties. This compensation shall be paid no later than 31 March 2025. At transaction date, additional purchase prices are valued at fair value by calculating a present value for the probable outcome with a discount rate of 11.9 percent. The fair value is calculated as defined for Level 3 in IFRS 13, i.e., based on inputs that are not observable in the market.

Purchase price – cash outflow	2021
Cash for acquisition of the subsidiaries, less acquired cash and cash equivalents	
Conditional purchase price	8,785
Less: Acquired cash and cash equivalents	-2,782
Net cash outflow - investing activities	6,003

2 This is Novedo
3 CEO Statement
5 Targets & Strategy
12 Operations
18 Sustainability

Financial statements

22 Corporate Governance
26 Board of Directors
27 Group Management
28 Directors’ Report
31 Group
31 Consolidated statement of comprehensive income
32 Consolidated balance sheet
33 Consolidated statement of changes in equity
34 Consolidated statement of cash flow
35 Parent Company
35 Statement of comprehensive income
36 Balance sheet
37 Statement of changes in equity
38 Statement of cash flow
39 Notes – Group and Parent Company
67 Auditor’s Report
69 Annual General Meeting
70 Definitions



Download PDF
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BUSINESS COMBINATION – KULTURMÅLARN A I LINKÖPING AKTIEBOLAG

The tables below summarise the purchase price paid for Kulturmålarna i Linköping Aktiebolag and the fair value of acquired assets and assumed liabilities that are recognised on acquisition date and included in the preliminary acquisition analysis for the period.

Purchase price as at September 2021	SEK thousands
Cash and cash equivalents	976
Issue of promissory note	360
Conditional purchase price	432
Total purchase price	1,768

<i>Preliminary acquisition analysis for the period:</i>	
	Fair value
Cash and cash equivalents	1,162
Equipment, tools, fixtures and fittings	15
Right-of-use assets	244
Deferred tax assets	1
Accounts receivable	301
Other current receivables	3
Contract assets	341
Prepaid expenses and accrued income	31
Non-current lease liabilities	-168
Current lease liabilities	-75
Accounts payable	-95
Current tax liabilities	-41
Other current liabilities	-651
Accrued expenses and deferred income	-248
Acquired identifiable net assets	820
Goodwill	948
Total net assets acquired	1,768

Goodwill is attributable to the employees and to the expected future potential and high level of profitability in the acquired operations. No portion of recognised goodwill is expected to be tax deductible.

The fair value of acquired accounts receivable amounts to SEK 301 thousand. The contractual gross amount for accounts receivable was SEK 301 thousand. The amount of doubtful receivables was insignificant at acquisition date.

Income and profit in acquired operations

The income from Kulturmålarna i Linköping Aktiebolag, included in the consolidated statement of comprehensive income since September 2021, amounts to SEK 1,561 thousand. The company also contributed a pre-tax profit of SEK 150 thousand for the same period. If the company would have been consolidated from 1 January 2021, the consolidated income would have been SEK 2,057 thousand higher. If the company would have been consolidated from 1 January 2021, the consolidated pre-tax profit would have been SEK 173 thousand higher

Acquisition-related expenses

Acquisition-related expenses of SEK 36 thousand are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Conditional purchase price

The purchase agreement compensation of a conditional purchase price of SEK 359 thousand, which is to be paid if the average operating profit for the years 2022, 2023 and 2024 exceeds a level that both parties agree on. This compensation shall be paid no later than 31 March 2025. At the transaction date, additional purchase considerations are valued at fair value by calculating a present value for the probable outcome with a discount rate of 11.9%. The fair value is calculated as defined for Level 3 in IFRS 13, i.e., based on inputs that are not observable in the market.

Purchase price – cash outflow	2021
Cash for acquisition of the subsidiaries, less acquired cash and cash equivalents	
Conditional purchase price	976
Less: Acquired cash and cash equivalents	-1,162
Net cash outflow – investing activities	-186

BUSINESS COMBINATION – DERAMONT ENTREPRENAD AB

The tables below summarise the conditional purchase price paid for Deramont Entreprenad AB and the fair value of acquired assets and assumed liabilities recognised on acquisition date and included in the preliminary acquisition analysis for the period.

Purchase price as at September 2021	KSEK
Cash and cash equivalents	28,379
Issue of promissory note	12,045
Additional purchase price	15,312
Total purchase price	55,736

<i>Preliminary acquisition analysis for the period:</i>	
	Fair value
Cash and cash equivalents	5,102
Plant and machinery	17,539
Equipment, tools, fixtures and fittings	118
Right-of-use assets	2,393
Deferred tax assets	3
Accounts receivable	7,368
Other current receivables	3,323
Contract assets	1,760
Prepaid expenses and accrued income	950
Deferred tax liabilities	-156
Non-current liabilities to credit institutions	-2,550
Non-current lease liabilities	-1,421
Current liabilities to credit institutions	-6,462
Current lease liabilities	-797
Accounts payable	-6,310
Current tax liabilities	-2,042
Other current liabilities	-9,556
Accrued expenses and deferred income	-7,516
Acquired identifiable net assets	1,746
Goodwill	53,990
Total acquisition net assets	55,736

Goodwill is attributable to the employees and to the expected future potential and high level of profitability in the acquired operations. No portion of recognised goodwill is expected to be tax deductible.

The fair value of acquired accounts receivable amounts to SEK 7,368 thousand. The contractual gross amount for accounts receivable was SEK 7,368 thousand.

2

This is Novedo

3

CEO Statement

5

Targets & Strategy

12

Operations

18

Sustainability

Financial statements

22

Corporate Governance

26

Board of Directors

27

Group Management

28

Directors’ Report

31

Group

31

Consolidated statement of comprehensive income

32

Consolidated balance sheet

33

Consolidated statement of changes in equity

34

Consolidated statement of cash flow

35

Parent Company

35

Statement of comprehensive income

36

Balance sheet

37

Statement of changes in equity

38

Statement of cash flow

39

Notes – Group and Parent Company

67

Auditor’s Report

69

Annual General Meeting

70

Definitions

vable was SEK 7,368 thousand. The amount of doubtful receivables was insignificant at acquisition date.

Income and profit in acquired operations

The income from Deramont Entreprenad AB included in the consolidated statement of comprehensive income since September 2021 amounts to SEK 49,173 thousand. The company also contributed a pre-tax profit of SEK 11,711 thousand for the same period. If the company would have been consolidated from 1 January 2021, the consolidated income would have been SEK 80,904 thousand higher. If the company would have been consolidated from 1 January 2021, the consolidated pre-tax profit would have been SEK 11,953 thousand higher.

Acquisition-related expenses

Acquisition-related expenses of SEK 614 thousand are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Conditional purchase price

The purchase agreement stipulates compensation of a conditional purchase price totalling SEK 14,576 thousand, which is to be paid if the average operating profit for the years 2021, 2022 and 2023 exceeds a level agreed upon by both of the parties. This compensation shall be paid no later than 30 June 2024. At the transaction date, additional purchase prices are valued at fair value by calculating a present value for the probable outcome with a discount rate of 11.9 percent. The fair value is calculated as defined for Level 3 in IFRS 13, i.e., based on inputs that are not observable in the market. There is also an additional purchase price based on the company's profit for the period 1 July 2020 – 30 June 2021. This conditional purchase price has been estimated at SEK 736 thousand.

Purchase price – cash outflow	2021
Cash for acquisition of the subsidiaries, less acquired cash and cash equivalents	
Conditional purchase price	28,379
Less: Acquired cash and cash equivalents	-5,102
Net cash outflow – investing activities	23,277

BUSINESS COMBINATION - HANSSON & EKMAN ISOLERINGS AKTIEBOLAG

The tables below summarise the purchase price paid for Hansson & Ekman Isolerings Aktiebolag and the fair value of acquired assets and assumed liabilities recognised on acquisition date and included in the preliminary acquisition analysis for the period.

Purchase price as at September 2021	SEK thousands
Cash and cash equivalents	21,987
Issue of promissory note	7,600
Conditional purchase price	4,931
Total purchase price	34,518

Preliminary acquisition analysis for the period:

	Fair value
Cash and cash equivalents	5,783
Equipment, tools, fixtures and fittings	1,471
Right-of-use assets	5,587
Other non-current receivables	80
Deferred tax assets	9
Accounts receivable	7,771
Current tax assets	19
Other current receivables	796
Contract assets	1,052
Non-current lease liabilities	-3,326
Current lease liabilities	-1,602
Advance payments from customers	-1,323
Accounts payable	-3,455
Other current liabilities	-3,142
Accrued expenses and deferred income	-7,965
Acquired identifiable net assets	1,755
Goodwill	32,763
Total net assets acquired	34,518

Goodwill is attributable to the employees and to the expected future potential and high level of profitability in the acquired operations. No portion of recognised goodwill is expected to be tax deductible.

The fair value of acquired accounts receivable amounts to SEK 7,771 thousand. The contractual gross amount for accounts receivable was SEK 7,771 thousand. The amount of doubtful receivables was insignificant at acquisition date.

Income and profit in the acquired operations

The income from Hansson & Ekman Isolerings Aktiebolag, included in the consolidated statement of comprehensive income since September 2021, amounts to SEK 29,817 thousand. The company also contributed a pre-tax profit of SEK 1,772 thousand for the same period. If the company would have been consolidated from 1 January 2021, the consolidated income would have been SEK 52,707 thousand higher. If the company would have been consolidated from 1 January 2021, the consolidated pre-tax profit would have been SEK 1,765 thousand higher.

Acquisition-related expenses

Acquisition-related expenses of SEK 437 thousand are included in other external expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Conditional acquisition price

The purchase agreement stipulates compensation of a conditional acquisition price of SEK 4,931 thousand, which is to be paid if the average operating profit for the years 2022, 2023 and 2024 exceeds a level that both parties agree on. This compensation shall be paid no later than 30 June 2025. At the transaction date, conditional purchase prices are valued at fair value by calculating a present value for the probable outcome with a discount rate of 11.9%. The fair value is calculated as defined for Level 3 in IFRS 13, i.e., based on inputs that are not observable in the market.

Purchase price – cash outflow	2021
Cash for acquisition of the subsidiaries, less acquired cash and cash equivalents	
Conditional purchase price	21,987
Less: Acquired cash and cash equivalents	-5,783
Net cash outflow – investing activities	16,204

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Note 19 Accounts receivables

Age specification of accounts receivables and expected credit losses on doubtful debts.

Group	Dec 31, 2021
Accounts receivable, gross amount	85,798
Provisions for bad debts	-441
Accounts receivables	85,357
Group	31 dec 2021
Accounts receivables, not matured	67,952
Accounts receivables, maturing within 0-3 months	14,909
Accounts receivables, maturing within 4-6 months	999
Accounts receivables, maturing later than 6 months	1,938
Expected credit losses	-441
Total	85,357

Changes in the bad debts provision for expected credit losses in the Group is as follows:

Group	Dec 31, 2021
As at Jul 28, 2020	
Bad debts in acquired companies	441
Provision for bad debts, accounts receivable	45
Receivables written off during the year, non-collectable	-
Reversed, unutilised amounts	-45
As at Dec 31, 2021	441

There are no significant accounts receivables in a currency other than Swedish kronor (SEK).

Note 20 Contract assets and contract liabilities

Group	Dec 31, 2021
Contract assets - receivables with principals	20,138
Contract liabilities - liabilities with principals	-12,502
Net amount reported in the balance sheet	7,636

Contract assets refer, primarily, to the Group's right to compensation for executed but non-invoiced work as at balance sheet date. Contract assets are transferred to accounts receivables when the right to invoice is in effect. Contract liabilities refer primarily to advance payments received from customers for forthcoming assignments and where the revenue is recognised successively.

Note 21 Prepaid expenses and accrued income

	Group Dec 31, 2021	Parent Company Dec 31, 2021
Prepaid insurance premiums	1,082	-
Accrued income	2,711	-
Other items	2,282	77
Total	6,075	77

Note 22 Cash and cash equivalents

	Group Dec 31, 2021	Parent Company Dec 31, 2021
The following sub-components are included in cash and cash equivalents		
Bank balances	821,432	689,355
Total	821,432	689,355

Note 23 Share capital and other contributed capital

Number of shares	Nr. of shares	Share capital	Other capital contribute
As at Jul 28, 2021	25,000	0	0
New share issues	5,960	52	278,500
Establishment of the Novedo	0	500	0
Holding Group	0	0	98,375
Shareholders' contributions	30,960	552	376,875
As at Dec 31, 2021			

The share capital is comprised of 30,960 ordinary shares with a quota value of SEK 17.83 per share.

Note 24 Provisions

All provisions are reported as long-term in the Group and in the Parent Company under "Provisions". The reported values and changes in values are as follows

Group	Dec 31, 2021
Carrying value, Jul 28, 2021	-
Additional provisions	3,113
Carrying value, Dec 31, 2021	3,113

Provisions reported as at acquisition date in a business combination are included in "Additional provisions" above. The provisions refer to pensions and similar commitments.



Download PDF
for print (A4).

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Note 25 Deferred tax

Deferred tax liabilities are as follows:

Deferred tax liabilities	Right-of-use assets	Untaxed reserves	Total
Jul 28, 2021	-	-	-
Reported in Statement of comprehensive income	-1,334	789	-264
Reported in Other comprehensive income	-	-	-
Additional deferred tax liabilities attributable to acquisitions	14,644	3,317	16,203
Reported in equity	-	-	-
Dec 31, 2021	13,311	4,106	17,417

Deferred tax assets are specified as follows:

Deferred tax assets	Lease liabilities	Tax losses carried forward	Total
Jul 28, 2021	-	-	-
Reported in Statement of comprehensive income	-1,018	2,365	1,347
Reported in Other comprehensive income	-	-	-
Additional deferred tax assets attributable to acquisitions	12,977	-	12,977
Reported in equity	-	-	-
Dec 31, 2021	11,959	2,365	14,324

Deferred tax assets have been reported on all the Group's tax loss carryforwards.

Note 26 Borrowings

	Group Dec 31, 2021	Parent Company Dec 31, 2021
Opening carrying amount	-	-
Acquired borrowings	8,232	-
Borrowings for the year	737,548	737,419
Amortisation for the year	-	-
Closing carrying amount	745,780	737,419

	Interest rate	Year of maturity	Nominal value	Carrying amount
Borrowings at Dec 31, 2021				
Bond loan	STIBOR +6,5%	2024	750,000	737,419
Assets with retention of title	0,8-3,1%	2023-2026	8,232	8,232
			758,232	745,651

Note 27 Current liabilities

Group	Dec 31, 2021
Shareholders loan	8
VAT	3,827
Employee-related items	20,024
Other non-current liabilities	471
Total	24,330

Note 28 Accrued expenses and prepaid income

	Group Dec 31, 2021	Parent Company Dec 31, 2021
Employee-related items	48,078	-
Audit fees	1,176	-
Accounting services	944	-
Accrued interest	4,809	4,809
Other	1,843	-
Total	56,850	4,809

Note 29 Adjustments for items not included in cash and cash equivalents

Group	2020/2021 Jul-Dec
Depreciation, equipment	1,679
Depreciation, intangible assets	1,361
Depreciation, right-of-use assets	6,933
Interest expenses, right-of-use assets	-622
Accrued interest expenses, bond loan	-4,808
Transaction costs, bond loan	1,143
Revaluation conditional purchase price	-1,942
Disposal of tangible fixed assets	389
Change in provisions	-782
Acquisition-related obligations	-132,441
Transaction, minority acquisition	51
Total	-129,039

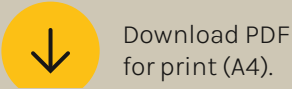


Download PDF
for print (A4).

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors’ Report
- 31 Group
 - 31 Consolidated statement of comprehensive income
 - 32 Consolidated balance sheet
 - 33 Consolidated statement of changes in equity
 - 34 Consolidated statement of cash flow
- 35 Parent Company
 - 35 Statement of comprehensive income
 - 36 Balance sheet
 - 37 Statement of changes in equity
 - 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor’s Report
- 69 Annual General Meeting
- 70 Definitions



Note 30 Adjustments for items not included in cash and cash equivalents

	Non-cash flow impacting items						Dec 31, 2021
	Jul 28, 2021	Cash inflow	Cash outflow	New lease contracts	Acquisitions	Other	
Bond loan	-	736,275	-	-	-	1,144	737,419
Liabilities to credit institutions (non-current and current)	-	-	-	-	8,232	-	8,232
Other non-current liabilities	-	-	-	-	128	-	128
Acquisition-related liabilities	-	-	-18,178	-	280,353	-122,457	139,718
Lease liabilities	-	-	-7,379	1,982	59,523	-	54,126
Total	-	736,275	-25,557	1,982	348,236	-121,313	939,623

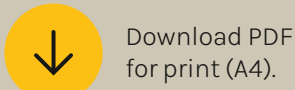
Note 31 Parent Company’s purchases from, and sales to, Group companies

During the financial year, the Parent Company undertook no purchases from, or sales to, Group companies.

2 This is Novedo
3 CEO Statement
5 Targets & Strategy
12 Operations
18 Sustainability

Financial statements

22 Corporate Governance
26 Board of Directors
27 Group Management
28 Directors’ Report
31 Group
31 Consolidated statement of comprehensive income
32 Consolidated balance sheet
33 Consolidated statement of changes in equity
34 Consolidated statement of cash flow
35 Parent Company
35 Statement of comprehensive income
36 Balance sheet
37 Statement of changes in equity
38 Statement of cash flow
39 Notes – Group and Parent Company
67 Auditor’s Report
69 Annual General Meeting
70 Definitions



Note 32 Investments in subsidiaries

Company name	Country of registration and country of operation	Corp ID No.	Proportion of ordinary shares owned by the Group (%)
Novedo AB	Sweden	559264-9841	100%
Novedo OpCo AB	Sweden	559334-8344	100%
Skanstulls Måleri Aktiebolag	Sweden	556543-8974	100%
Fog & Byggtjänst i Åkersberga AB	Sweden	556678-1505	100%
Fog & Byggtjänst i Sverige AB	Sweden	556802-3690	100%
Fog & Byggtjänst i Östergötland AB	Sweden	559260-8151	60%
Uni-vent Rör AB	Sweden	556665-6889	100%
Valter Eklund Stenentreprenader AB	Sweden	556071-7463	100%
VE Sten AB	Sweden	556143-4126	100%
Elforum Göteborg AB	Sweden	559133-4031	100%
Olle Timblads Målerifirma AB	Sweden	556688-5488	100%
Tyresö Målericentral AB	Sweden	556909-8725	100%
Kulturmålarna i Norrköping Aktiebolag	Sweden	556435-2887	100%
Kulturmålarna i Linköping Aktiebolag	Sweden	559203-8177	100%
Deramont Entreprenad AB	Sweden	556803-5421	100%
Hansson & Ekman Isolerings Aktiebolag	Sweden	556459-0379	100%

Company name	Operations
Novedo AB	Holding company
Novedo OpCo AB	Holding company
Skanstulls Måleri Aktiebolag	Painting services, mainly after-sales services and renovations
Fog & Byggtjänst i Åkersberga AB	Facade work
Fog & Byggtjänst i Sverige AB	Facade work
Fog & Byggtjänst i Östergötland AB	Facade work
Uni-vent Rör AB	Ventilation work, mainly installations and air flow adjustments
Valter Eklund Stenentreprenader AB	Supplier and installer of natural stone
VE Sten AB	Supplier and installer of natural stone
Elforum Göteborg AB	Electrical installations and related services
Olle Timblads Målerifirma AB	Painting services, focusing on new production
Tyresö Målericentral AB	Painting services, focusing on assign-ments based on the Public Procure-ment Act
Kulturmålarna i Norrköping Aktiebolag	Painting services, new production and "Repairs, Conversion, Extension" customers
Kulturmålarna i Linköping Aktiebolag	Painting services, new production and "Repairs, Conversion, Extension" customers
Deramont Entreprenad AB	Land and civil engineering work
Hansson & Ekman Isolerings Aktiebolag	Technical insulation services

Note 33 Participations in Group Companies

Parent Company	Dec 31, 2021
Opening cost	-
Acquisitions for the year	191,155
Sales for the year	-
Shareholders contributions paid	-
Closing accumulated cost	191,155

Parent Company's participations in Group companies as at Dec. 31, 2021

Company name	Corp ID No.	Regis-tered offices	No. of partici-pations	Share of equity (%)	Book value
Novedo AB	559264-9841	Stock-holm	29,648	100%	191,155
Total					191,155

Not 34 Proposed appropriation of profits

The following profits are available for the Annual General Meeting:

SEK thousands	
Profit/loss brought forward	29,648
Share premium reserve	143,934,105
Profit/loss for the year	-7,890,940
Total	136,072,813

The Board of Directors proposes that the following amount:

be carried forward	136,072,813
Total	136,072,813

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Note 35 Earnings per share

Group	2020/2021 Jul-Dec
Earnings per share before dilution	253.27
Earnings per share after dilution	253.27

The amounts used in the earnings numerator correspond to the Group's profit for the period, i.e. SEK 6,522 thousand for July 2020 – December 2021. The amounts used in the denominator are shown as follows. The weighted average number of shares before dilution amounted to 25,751 shares for July 2020 – December 2021. The weighted average number of shares before and after dilution was the same in all of the periods mentioned above. The number of shares outstanding at the end of the reporting period was 30,960 shares.

Note 36 Related party transactions

Related parties are defined as the management team and the Board of Directors in the Parent Company and its subsidiaries. There were no related party transactions, other than salaries and other remuneration.

Note 37 Pledged assets

Group	Dec 31, 2021
Floating charge	16,050
Assets with retention of title	8,512
Assets pledged for pension commitments	2,425
Shares in subsidiaries	538,195
Total	565,182

Note 38 Contingent liabilities

Group	Dec 31, 2021
Performance guarantees	2,687
Total	2,687

Note 39 Significant events after the end of the financial year

The Group undertook the following acquisitions after the end of the financial year:

Acquisition	Operations	Acquisition date	Net sales, entire year basis (SEK million)	Segment
Ventilationskontroll Aeolus AB and subsidiaries	Ventilation services and repair	January, 2022	14.8	Infrastructure and installation and services
Elarbeten i Helsingborg AB	Electrical installation and repair	January, 2022	25.8	Infrastructure and installation and services
ProvideU AB and subsidiaries	Industry and manufacturing	January, 2022	99.5	Industry
Elinzity AB and subsidiaries	Electrical installations and repair	January, 2022	93.3	Infrastructure and installation and services

All acquisitions are in line with the Group's strategy to grow through acquisitions of profitable entrepreneurial companies. Total purchase price for the above acquisitions amounts to SEK 263 million. Acquisition analyzes are still preliminary as of the submission of the annual report.

Acquisition-related costs tentatively amount to SEK 2 million. A contingent purchase price must be paid if the future operating profit for the years 2022, 2023 and 2024 exceeds a level that both parties have stated upon by agreement. Maximum non-discounted amount that can be paid to the previous owners is SEK 41 million.

In addition, the company has signed a share transfer agreement with GBB Holding AB. The company enterprise value amounts to SEK 231 million and the expected net sales on a full-year basis to SEK 279 million. The acquisition will be finalized in April 2022.

Impact of the war in Ukraine

Novedo is not directly affected by the war in Ukraine. The Group's companies have neither customers, suppliers nor manufacturing in Russia, Ukraine or the surrounding countries that have expressed support for Russia and that may be involved in the armed conflict. However, the Novedo Group may be directly affected by increased prices for fuel and electricity but the companies have few large and long projects why costs should be able to be passed on to customers over time. Overall, the war and its consequences are not considered to lead to a significant impact on the Group's earnings.

2 This is Novedo
3 CEO Statement
5 Targets & Strategy
12 Operations
18 Sustainability

Financial statements

22 Corporate Governance
26 Board of Directors
27 Group Management
28 Directors' Report
31 Group
31 Consolidated statement of comprehensive income
32 Consolidated balance sheet
33 Consolidated statement of changes in equity
34 Consolidated statement of cash flow
35 Parent Company
35 Statement of comprehensive income
36 Balance sheet
37 Statement of changes in equity
38 Statement of cash flow
39 Notes – Group and Parent Company
67 Auditor's Report
69 Annual General Meeting
70 Definitions



Download PDF
for print (A4).

Board of Directors' Assurance Statement

The Board of Directors and the CEO certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's position and results. The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the Parent Company's position and results. The Board of Directors' report for the Group and the Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, position and results and describes significant risks and uncertainties that the Parent Company and the companies included in the Group face.

Stockholm, the date stated in
the Board's electronic signature.
Novedo Holding AB (publ)

Christer Hellström
Chairman of the Board

Mona Öljansdotter Johansson
Member of the Board

Saeid Esmaeilzadeh
Member of the Board

Fredrik Lidjan
Member of the Board

Mouna Esmaeilzadeh
Member of the Board

Erik Rune
Member of the Board

Per-Johan Dahlgren
CEO

Our Audit Report has been submitted on
the date stated in our electronic signature.
Öhrlings PricewaterhouseCoopers

Åsa Eriksson
Authorized Public Accountant
Auditor in Charge

Helena Ehrenborg
Authorized Public Accountant

- 2 This is Novedo
- 3 CEO Statement
- 5 Targets & Strategy
- 12 Operations
- 18 Sustainability

Financial statements

- 22 Corporate Governance
- 26 Board of Directors
- 27 Group Management
- 28 Directors' Report
- 31 Group
- 31 Consolidated statement of comprehensive income
- 32 Consolidated balance sheet
- 33 Consolidated statement of changes in equity
- 34 Consolidated statement of cash flow
- 35 Parent Company
- 35 Statement of comprehensive income
- 36 Balance sheet
- 37 Statement of changes in equity
- 38 Statement of cash flow
- 39 Notes – Group and Parent Company
- 67 Auditor's Report
- 69 Annual General Meeting
- 70 Definitions



Download PDF
for print (A4).

Auditor's Report

To the general meeting of the shareholders of Novedo Holding AB (publ), corporate identity number 559334-4202

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Novedo Holding AB (publ) for the the financial year July 28, 2020 to December 31, 2021. The annual accounts and consolidated accounts of the company are included on pages 28-66 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities

section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether

due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Novedo Holding AB (publ) for the financial year July 28, 2020 to December 31, 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions



Download PDF
for print (A4).

the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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

Our Audit Report has been submitted on the date stated in our electronic signature.

Öhrlings PricewaterhouseCoopers

Åsa Eriksson

Authorized Public Accountant
Auditor in Charge

Helena Ehrenborg

Authorized Public Accountant

2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Annual General Meeting 2022

Novedo's Annual General Meeting of shareholders 2022 will take place in Stockholm on Tuesday 7 June 2022. Notification of the Annual General Meeting is expected to be issued at the beginning of May and will be made public via a press release, on the Company's home page, as well as through publication in Post och Inrikes Tidningar (The Official Swedish Gazette). The notification and other documents in conjunction with the Annual General Meeting will be available on Novedo's home page, novedo.se.

Right to attend the meeting

Shareholders who wish to attend the Annual General Meeting must:

- be listed as a shareholder in the presentation of the share register kept by Euroclear Sweden AB on 27 May 2022, and
- give notice of attendance in accord with what is stated in the notice convening the Annual General Meeting.

In order to be entitled to participate in the annual general meeting, a shareholder who has had his shares registered with a nominee must have the shares registered in his own name so that the shareholder is included in the presentation of the share register prior to the annual general meeting. Such registration may be temporary and is requested from the nominee in accordance with the nominee's routines at such time in advance as the nominee determines.

Financial Calendar

31 May	Interim Report, January – March 2022
7 June	Annual General Meeting 2022
31 August	Half-year Report 2022
30 November	Interim Report, January-September 2022

Contact

Financial Information

Novedo's Annual Report and quarterly reports can be ordered on the following addresses.

info@novedo.se

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Biblioteksgatan 29
SE-114 35 Stockholm
Sweden

Investor Relations

CFO Anders Eriksson
Tel. +46 709 10 56 68

anders.eriksson@novedo.se



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2	This is Novedo
3	CEO Statement
5	Targets & Strategy
12	Operations
18	Sustainability

Financial statements

22	Corporate Governance
26	Board of Directors
27	Group Management
28	Directors' Report
31	Group
31	Consolidated statement of comprehensive income
32	Consolidated balance sheet
33	Consolidated statement of changes in equity
34	Consolidated statement of cash flow
35	Parent Company
35	Statement of comprehensive income
36	Balance sheet
37	Statement of changes in equity
38	Statement of cash flow
39	Notes – Group and Parent Company
67	Auditor's Report
69	Annual General Meeting
70	Definitions

Definitions

IFRS measures:	Definition/Calculation
Earnings per share	Profit for the period divided by the average number of shares
Alternative key figures:	Definition/Calculation
Operating profit (EBIT)	Profit before financial items and tax
EBITA	Operating profit (EBIT) before impairment of goodwill
EBITDA	Operating profit (EBIT) before depreciation and amortisation of intangible and tangible assets
EBITA margin	EBITA in relation to net sales
Equity/assets ratio	Equity at the end of the period in relation to total assets at the end of the period
Net interest-bearing debt	Current and non-current interest-bearing liabilities, less cash and cash equivalents at the end of the period
Net debt equity ratio	Net interest-bearing debt in relation to equity including non-controlling interests
Net interest-bearing debt/EBITDA	Net interest-bearing debt in relation to operating profit (EBIT)
Cash flow from operating activities	Cash flow from operating activities after changes in working capital
Pro forma	Financial information included in the pro forma is extracted from the acquired company's accounting system for the relevant period



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Novedo is a privately owned industrial group that since 2021 acquires and develops companies where the entrepreneur both wants to sell their company and continue to run the business. The Group's 14 acquisitions, including 33 companies with approximately 850 employees and pro forma sales of about SEK 1.5 billion with an EBITDA result of SEK 186 million pro forma. The company is planning for an IPO during the first half of 2023. **www.novedo.se**

