

NONEDO

Annual and Sustainability Report

2022





Content

Novedo acquires and develops prominent entrepreneurial B2B companies that grow stronger together.

About the 2022 Annual and Sustainability Report:

The audited statutory Annual Report can be found on pages 30–69. The company's auditors have provided their statement in the corporate governance report on pages 71–83. Sustainability is integrated into operations and, therefore, into the Annual Report. Managing material sustainability risks is one component of the Group's general risks and risk management. Figures in parentheses refer to 2021 unless otherwise stated.

This Report has been prepared in a Swedish and an English version. In the event of any discrepancies between the Swedish and English versions, the Swedish version shall prevail.

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A niche industrial group of prominent B2B companies with solid business

Novedo is a niche industrial group in Industry, Infrastructure and Installation & Services and comprises prominent SMEs in the B2B segment with a sound corporate culture, extensive experience, developed market positions and proven business models.

Three segments: Industry, Infrastructure and Installation & Services.

Prominent B2B companies with a sound corporate culture and a well-balanced mix of offerings.

Solid and diversified customer base with minimal dependence on single customers or projects.

Decentralised structure and remuneration forms attract owners looking to sell and benefits continued value creation.

Solid profitability, strong cash flow and balanced net debt.

Novedo

Vision

The first choice for SMEs in the B2B segment that want to develop and grow their business to achieve long-term sustainable profitability.

Business concept

Novedo acquires and develops solid B2B companies in the Industry, Infrastructure and Installation & Services segments that, through business acumen and sound values, become stronger together.

Net sales, pro forma

SEK **2,397** MILLION

No. of companies

20

No. of segments

3

EBITA, pro forma

SEK **246** MILLION

No. of employees

1,100

Helsingborgs Byggplåt AB and Stantræk A/S were acquired and consolidated in the first quarter of 2023. These companies are listed in the map overview but are not included in the above figures, which are based on outcomes as of December 31, 2022.



Stronger together

At Novedo, we place a strong emphasis on sound corporate culture – strong enough that it is our first criteria when considering an acquisition. Our work is based on three mottos: a sound corporate culture is essential for a strong company; companies are stronger together; and Novedo and its subsidiaries contribute to a stronger society through job opportunities and local initiatives.

We developed the following values that characterise Novedo’s operations

Trust

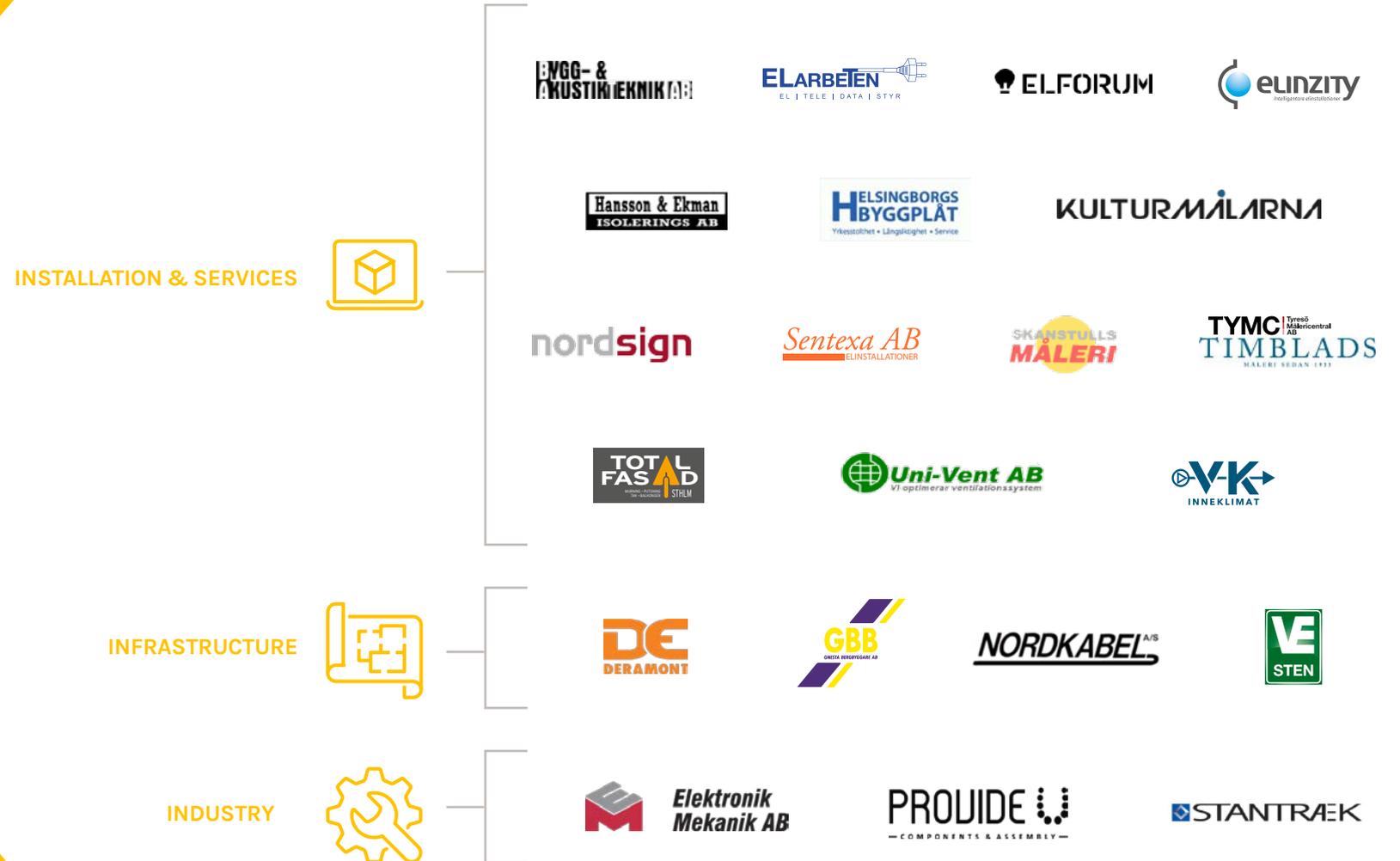
Personal interaction is important for us. We build long-term relationships based on mutual trust and respect.

Business acumen

Our companies are specialists in their areas and are driven with strong professionalism and a sound corporate culture. Together we create the best possible value growth.

Operational closeness

Our most important asset comprise the operations at our companies as well as their unique histories and cultures. Decisions are always made close to our customers, employees and market.



Helsingborgs Byggplåt AB and Stantræk A/S were acquired and consolidated in the first quarter of 2023. The companies' logos are in the overview on the page, but their accounts are not included in the 2022 Annual and Sustainability Report.

Solid growth and profitability

Novedo posted solid growth and profitability in 2022. At the end of the year, the Group consisted of some 20 prominent B2B companies with operations in Denmark, Estonia and Sweden. They have a balanced mix of offerings and a reliable and diversified customer base in three segments: Industry, Infrastructure and Installation & Services. We completed additional acquisitions in 2023, after which the Group's pro forma sales amounted to approximately SEK 2.7 billion with a pro forma EBITA of approximately SEK 300 million.

Solid growth – expanding business and geography

2022 was Novedo's second financial year. The first acquisition was completed in January 2021 and from then on we have had stable acquisitive growth. In 2022, we also expanded our operations to consist of three segments: Industry, Infrastructure, and Installation & Services. We see good growth opportunities in combination with limited sensitivity to market fluctuations in these three segments and intend, over time, to grow them into three segments of equal size.

Novedo's clear growth focus is reflected in the company's financial targets. During the year, we had good activity in our acquisition processes and there is considerable interest among entrepreneurs to become a part of Novedo. We see good growth opportunities in Sweden, but we also have an active acquisition agenda beyond Sweden's borders. In 2022, eleven portfolio companies were consolidated and towards the end of the year Novedo completed its first acquisition outside Sweden's borders with the acquisition of the Danish company Nordkabel A/S. Nordkabel is part of our Infrastructure segment and has annual sales of approximately SEK 315 million and approximately 200 employees. In the beginning of 2023, we completed two additional acquisitions in connection with the acquisitions of Helsingborgs Byggplåt AB and Stan-



We see good growth opportunities in combination with limited sensitivity to market fluctuations in our segments.

træk A/S. Stantræk, with annual sales of approximately SEK 220 million, is our second Danish acquisition within a short time and Novedo's third acquisition within our growing Industry segment. After the aforementioned acquisitions, the Group's pro forma net sales amounted to approximately SEK 2.7 billion, with 14.5 percent in the Industry segment, 38.5 percent in the Infrastructure segment and 47.0 percent in the Installation & Services segment.

Strong organic growth confirms stability

Acquisitive growth and the subsidiaries' well-balanced mix of offerings together with a solid and diversified customer base have demonstrated strong resilience in the uncertain economy of 2022. Net sales for the year increased to SEK 1,773.4 million (370.9), which also includes strong organic growth in the third and fourth quarters. We will be able to report organic growth for the period in aggregate when more companies have been part of the Group for the entire comparative period.

EBITA for the full year increased from SEK 31.0 million to SEK 153.6 million, equivalent to a margin of 8.7 per cent (8.4). Margin improvements were mainly driven by positive effects from acquisitions as well as organic growth. Earnings for the full year include IPO-related costs of approximately SEK -7.9 million.

Cash flow from operating activities amounted to SEK 52.3 million for the full year. Strong demand entailed some increase in inventory in order to ensure access to materials and supplies, which impacted cash flow for the period.

As a result of the company's active acquisition agenda, net interest-bearing debt increased to SEK

873.2 million (-25.4) during the year and our net interest-bearing debt in relation to pro forma EBITDA amounted at a multiple of 2.9 at the end of the year, below the company's financial target of 3.5.

In conjunction with the acquisitions in February 2023, Novedo issued an additional SEK 250 million in bonds, after which the bonds issued amount to SEK 1,250 million within a total framework of SEK 1,500 million. The company's bond has been traded on the corporate bond list on Nasdaq Stockholm since October 28, 2022.

Value-creating and sustainable business model – stronger together

Central to Novedo's value-creating business model is the acquisition of solid B2B companies with sound values, developed market positions and proven business models. Our model is also based on a strongly decentralised structure, where companies are operated as previously but are also provided with the opportunity to reap the benefits of the Group's collective competence, experience and resources. In other words, we become stronger together.

In parallel with the acquisitions we completed during the year, we also continuously strengthened

the organisation and operations at the Group level in order to best support subsidiaries, primarily through long-term business plans and leadership development to enable additional growth potential. But the organisation has also developed to meet the needs and requirements of a growing Group, not least to prepare for a market listing. During the year, we collected all of the subsidiary managers for a joint two-day activity, invested in a leadership programme, enabled joint purchasing and also focused on refining core business processes, internal control and financial reporting.

At Novedo, we place a strong emphasis on sustainable enterprise. We believe that it plays an important

Financial overview

SEK million	2022 Jan-Dec	2021 Jan-Dec	2020/2021 Jul-Dec ¹⁾	2022 Jan-Dec ²⁾
Net sales	1,773.4	370.9	370.9	2,396.9
EBITA	153.6	31.0	31.0	245.9
EBITA margin, %	8.7%	8.4%	8.4%	10.3%
EBIT	122.5	23.3	23.3	-
EBIT margin, %	6.9%	6.3%	6.3%	-
Profit/loss for the period	-56.9	0.5	0.5	-
Cash flow from operating activities	52.3	55.0	55.0	-
Net interest-bearing debt/EBITDA, multiple	1.9	-0.1	-0.1	-
Equity/assets ratio, %	20.4%	25.9%	25.9%	-
Earnings per share before/after dilution, SEK	-1,909.42	-42.34	-42.34	-

¹⁾ Actual outcome for the extended financial year of July 2020 to December 2021. The Group acquired its first company in January 2021.

²⁾ The pro forma information encompasses the period from January 2022 until December 2022 and includes all companies acquired as of the end of 2022. The calculation has been conducted as if Novedo had owned the companies for the entire period.

Financial targets

>50%

annual sales growth between 2022 and 2024, including 3% mid-term organic growth

<3.5

net interest-bearing debt/ EBITDA (pro forma)

>10%

EBITA margin per year in the mid term



Novedo's growth focus on profitable B2B companies in combination with a balanced debt is reflected in the company's financial targets.

role in sustainable development, on the individual level in the form of internships and job opportunities as well as in reducing the harmful global impact on the climate. Novedo supports the UN Global Compact and the 2030 Agenda for Sustainable Development. As a result of the subsidiaries' differentiated operations, focus areas for the company's environmental agenda differ, for example, electrification of machinery or recycling excess materials. However, the common denominator for all subsidiaries is the importance of the job opportunities they provide in local communities. Access to work is an important part of a sustainable society where we become stronger together.

Our subsidiaries also deliver services and products to customers in order to reduce their climate impact, for example, in the form of energy-optimised climate

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At Novedo, we place a strong emphasis on sustainable enterprise. We believe that it plays an important role in sustainable development.

solutions for property owners or for public transportation and water supply within infrastructure projects. Our companies in the Industry segment are also noting increased demand for their services, where customers want to move production closer to the user market to reduce their harmful impact on the climate.

During the year, we continued to develop the Group's work within ESG. An important element of this process is allowing an external auditing firm to con-

duct an ESG due diligence process ahead of a potential acquisition. Only companies that meet our expectations in the area are considered for acquisition.

Healthy order intake due to a balanced mix of offerings and a solid and diversified customer base

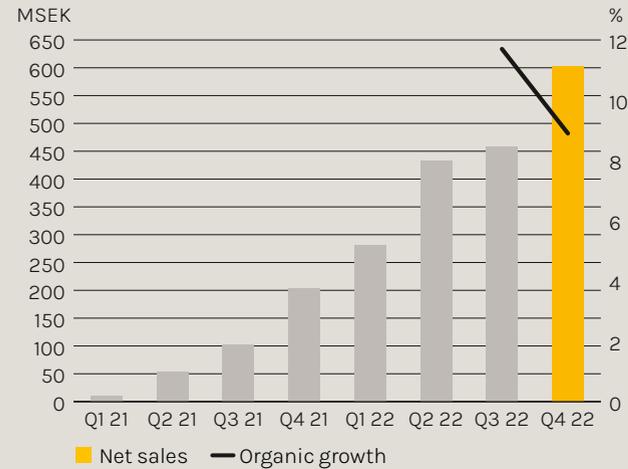
Uncertainty regarding the economy continues to dominate business conditions in 2023. The beginning of the year saw healthy order intake at our portfolio companies as a result of their well-balanced mix of offerings and their solid and diversified customer bases. Energy optimisation, investments in infrastructure and increased demand for stable European industrial companies to manufacture components and systems are underlying structural trends contrib-

uting to the order backlog at our subsidiaries. Finally, I would like to thank our entrepreneurs and all of our employees for their efforts in 2022. The overall summary of the year is solid and profitable growth, something that would not have been possible without everyone's dedicated and professional support.

At the end of the first quarter of 2023, the Group consisted of approximately 1,250 employees in Denmark, Estonia and Sweden at companies with sound corporate cultures, developed niche positions, proven business models and relevant market segments, which collectively provide good preconditions for long-term profitable growth.

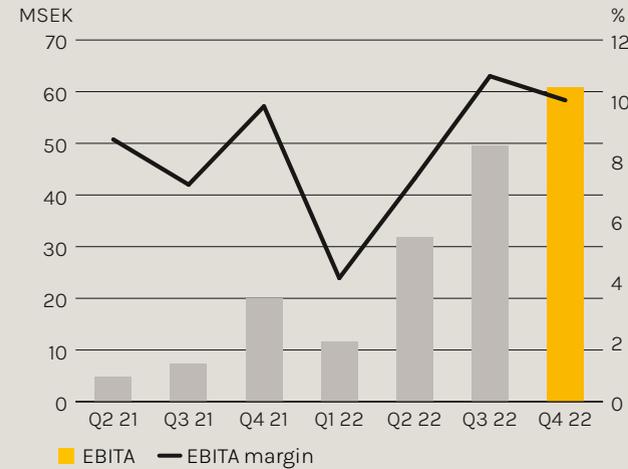
Per-Johan Dahlgren
 President & CEO

Net sales and organic growth



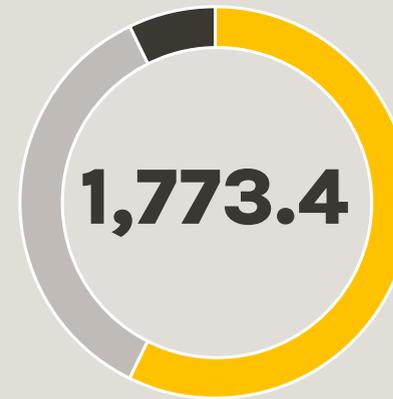
As a result of the limited number of comparative companies, organic growth is reported from Q3 2022.

EBITA and EBITA margin



The first acquisition was made in Q1 2021 and the EBITA margin for Q1 2021 was -10.2 percent.

Net sales, Jan-Dec 2022, SEK million



1,773.4

EBITA, Jan-Dec 2022

SEK **153.6** MILLION

- Installation & Services 57.1%
- Infrastructure 35.9%
- Industry 7.0%

Value-creating and sustainable business model

Acquisitions are a natural component of Novedo’s growth strategy and the Group has maintained a high acquisition rate since the first company acquisition was completed in January 2021. At the end of 2022, the Group consisted of some 20 subsidiaries, of which 11 were consolidated in 2022. Novedo sets high standards for the companies it acquires and has clear acquisition criteria. Management at acquired companies also needs to be entrepreneurial and willing to continue their work even after the company’s acquisition by Novedo.

Acquisition criteria

Novedo acquires companies based on the following criteria:

- Sound corporate culture.
- Strong entrepreneurs.

- Proven and sustainable business model.
- Leading position in its market niche.
- Healthy customer relationships.
- Strong cash flows.
- >10 percent EBITA margin

From left: Per-Johan Dahlgren, President & CEO of Novedo Holding and Mikael Stjernborg, CEO of VE Sten AB



Acquisition process

The acquisition process has three key phases: when a potential company is identified, when it is evaluated and finally when Novedo and the company being sold create a common understanding about how it will be run and developed moving forward and when the parties come to an agreement on the commercial terms.

Novedo strives to conduct a dialogue early on with the owner of a company of interest. This allows Novedo to become a natural partner for the owner ahead of any sale. Novedo has a continuous inflow of new, attractive companies with acquisition potential, both from its own network, from external business brokers and from the entrepreneurs themselves.

All companies to be acquired are reviewed to ensure that they have a long-term sustainable business strategy that generates long-term value. Discussions and reasoning regarding the continued engagement of key individuals, as well as Novedo’s values and decentralised governance model, are held at an early stage of the evaluation. A basic and adapted evaluation is performed in order to ensure that all opportunities and risks with the acquisition have been identified. In addition to the aggregate expertise at the Group, due diligence is performed by external auditing and legal firms to review, for example, environmental impact, tax, financial position and legal matters.

It is essential that operations are conducted responsibly in order to create long-term sustainable growth, development and profitability. As of mid-2022, Novedo has also formalised the external review with ESG parameters. If a potential acquisition does not meet the relevant standards or requirements regarding human rights or corruption risks, or is not deemed amenable to necessary improvements, Novedo declines to make the acquisition. In 2022, Novedo acquired 11 new companies, of which the five most recent, or 45.5 percent of the acquired annual sales, underwent a sustainability review.

Novedo intends to continue with ESG reviews for all future acquisitions. Thorough preparations and learning about the parties involved are keys to success. In the final phase, in addition to coming to an agreement over the commercial terms that will create value for both parties, Novedo and the selling entrepreneur work together to create a shared understanding about the conditions the company needs to continue to develop and create the best possible long-term value growth.

Identification

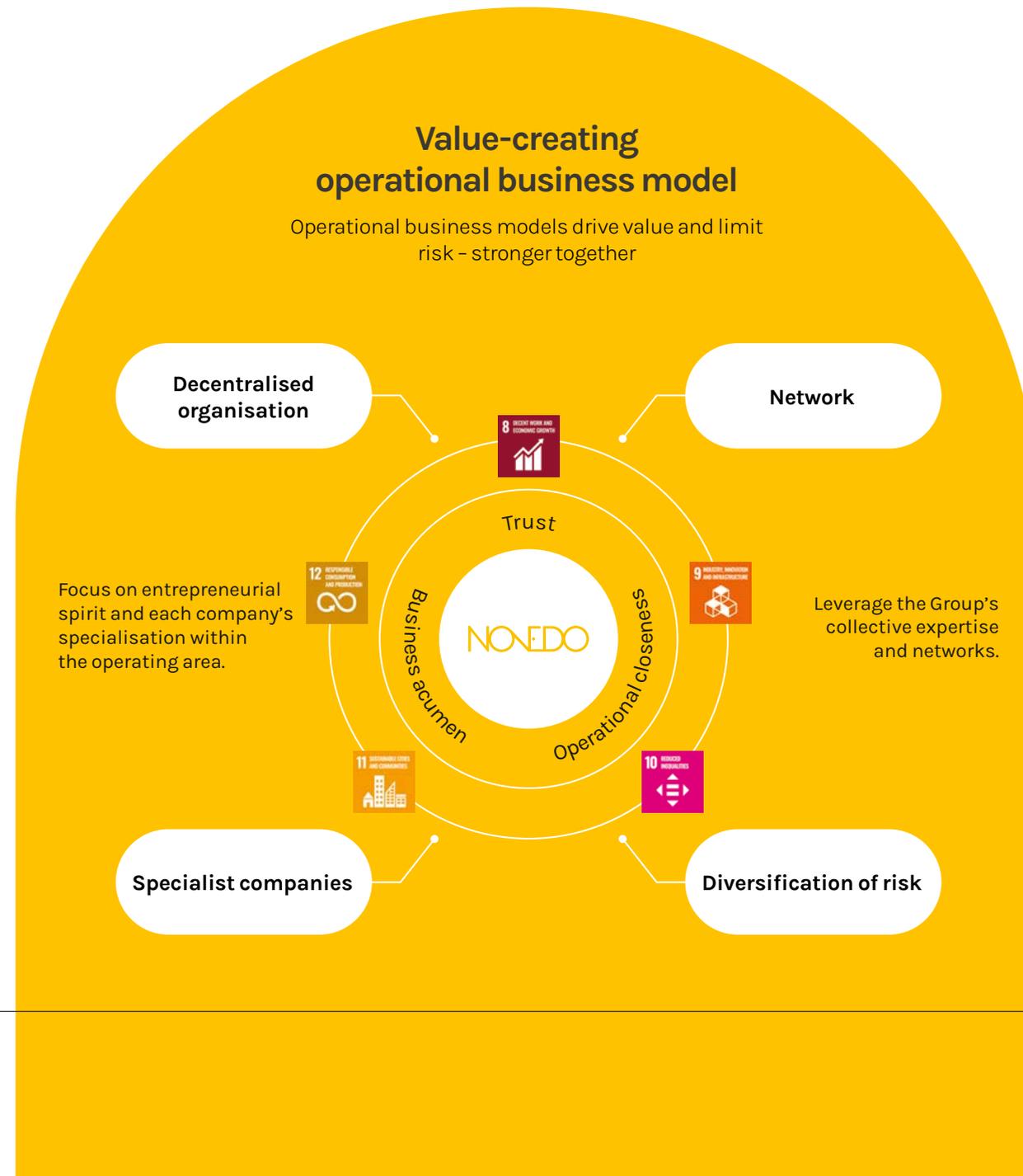
Evaluation

Consensus going forward

Novedo has a focused acquisition strategy and all companies acquired are naturally integrated into one of the three segments. This increases the opportunities for focused activities and partnerships as well as healthy diversification of risk. In connection with the formal consolidation of a subsidiary, there is a structured process that provides the company with the best preconditions for joining the Group. Operations at Novedo are based on a conviction that the best business decisions are made close to the customer and the market by knowledgeable entrepreneurs and employees. Novedo's business model revolves around the subsidiaries being operated as previously but where they are also provided with the opportunity to reap the benefits of the Group's collective competence, experience and resources, and over time create the best possible value growth.

At the Group level, Novedo focuses primarily on supporting subsidiaries with long-term planning and leadership issues. A meaningful, proactive activity for development in leadership is the leader academy that Novedo launched in 2022. The goal is provide companies with good leaders and specialists. The academy, which is performed with the help of external professionals, has three tracks. One is for existing CEOs, one is for potential leaders and one is for talent and specialists, who are often younger people. The leader academy is mandatory for existing CEOs. In 2022, 12 of the subsidiary CEOs participated in the leadership programme, and in 2023, the CEOs for companies who were acquired at the end of 2022 will undergo the same training.

Integration



The acquired company's management and its new board have a continuous dialogue with Novedo's COO and team. Every month, the company reports sales, earnings and other important financial and non-financial performance metrics to Novedo centrally. The ongoing governance is goal-oriented and focused on transactions that have a bearing on solid growth, margin development and tied-up capital. Novedo also ensures that skills development at the subsidiaries, as well as their sustainability agendas, are followed up and evaluated during the year.

The UN SDGs are an integrated component of Novedo's business model

Sustainability is a precondition for long-term value creation. That is why it is an integrated component of Novedo's business model. The basis for the Group's sustainability agenda is Novedo's values, the Group's Code of Conduct, the ten principles in the UN Global Compact and the UN SDGs.

Novedo conducted a desktop stakeholder dialogue and materiality analysis during the year. The results identified which issues are important for Novedo's stakeholders and which sustainability risks and opportunities are connected to Novedo's business. This research made it clear that the Group's end customers primarily have requirements for safe work environments (risk analyses equivalent to ISO 45000), structured environmental management (equivalent to ISO 14000), and compliance with the Code of Conduct.

Follow-up



ESG is part of the acquisition analysis and is material for understanding the climate-related opportunities and risks at a company as well as understanding our sustainability policy.

Attractive and developing organisation

We work to attract, develop and retain talent. All employees have the same rights and opportunities. Novedo has a zero-tolerance approach to differential treatment, harassment and discrimination. We strive to promote the unique abilities, strengths and differences of all of our employees.

Sound business ethics

We promote responsible business practices to build long-term relationships. We always apply sound business ethics and comply with the applicable laws, regulations and ordinances of the markets in which we operate.

Novedo has also established an external whistleblower function at www.novedo.se that allows users to report suspicions of serious improprieties.

Management and governance

Novedo's Board determines the Group's sustainability policy and Code of Conduct in addition to establishing policy based on the materiality analysis.

Based on the results, Novedo has identified five SDGs where value creation can be joined with societal benefits: SDG 8, 9, 10, 11 and 12. Novedo promotes long-term, inclusive and sustainable economic growth, full and productive employment with sound labour conditions for everyone, sustainable industry, innovations and infrastructure, and sustainable cities and societies.

To ensure that sustainability is integrated throughout the entire Group, Novedo has developed a sustainability policy that describes principles for how the Group integrates and manages sustainability within operations. The policy focuses on four prioritised areas:

Minimal environmental impact

We strive to minimise negative environmental effects. We always comply with the applicable laws and regulations for the environment. That is why we constantly monitor applicable laws and regulations in markets where we operate.

Safe and healthy work environment

We take responsibility for people's health and safety in our workplaces. Our workplaces are to be safe and reliable, with a focus on health and a good company culture. We work continuously to prevent accidents, injuries and illness.

Novedo's Board is the ultimate authority in terms of sustainability governance. Novedo's CEO and the subsidiary CEOs are responsible for compliance. All employees carry this responsibility in their daily work.

As a result of the subsidiaries' differentiated operations, focus areas for the subsidiaries' sustainability agendas and environmental initiatives differ, for example, electrification of machinery, newer equipment that runs cleaner and more efficiently, carefully planning shipments to avoid superfluous trips when recycling excess materials.

Sustainability is an important part of the analysis Novedo conducts when making new acquisitions. It is important to understand how a potential acquisition's business model and competitive ability are affected by ESG opportunities and risks, today and in the long term.

Novedo's ambition in its role as owner of entrepreneur-driven companies is to work actively to share knowledge, set goals and follow up on sustainability. Frameworks, goals and processes for this work are under development and will be a high priority during the coming years. In 2023, an important priority for Novedo is to conduct benchmark measurements for relevant performance measures in order to set appropriate goals for future operations.

ESG due diligenc

45%

of the annual sales of the companies acquired during the year underwent an ESG due diligence process. The goal going forward is 100%.

Training

60%

of the subsidiary CEOs completed a leadership training programme during the year. The goal going forward is 100%.

Why do entrepreneurs choose Novedo?

“It is with great pleasure that we become part of Novedo. The benefits of being part of a highly decentralised group give us the best of both worlds: we can continue to conduct our business independently while leveraging the Group’s combined expertise, experience and resources to further accelerate our expansion and profitability. From the first contact, there has been very good chemistry between each party and both Henrik and I look forward to being part of a larger Nordic business structure with new and exciting perspectives,” says Morten Petri Lauritsen, CEO of Stantræk.

Operations at Novedo are based on a conviction that the best business decisions are made close to the customer and the market by knowledgeable entrepreneurs and employees. Novedo’s business model revolves around the subsidiaries being operated as previously but where they are also provided with the opportunity to reap the benefits of the Group’s collective competence, experience and resources, and over time create the best possible value growth.

The Danish industrial company Stantræk is Novedo’s most recent acquisition and CEO Morten Petri Lauritsen explains why he and the other owner, Henrik Miltz, decided to join Novedo.

www.stantraek.com

From left: Morten Petri Lauritsen, CEO of Stantræk A/S, Per-Johan Dahlgren, President & CEO of Novedo Holding and Henrik Miltz, COO of Stantræk A/S.

Industrial group focused on Industry, Infrastructure, and Installation & Services

Novedo consists of prominent entrepreneurial SMEs with sound corporate cultures, developed niche positions and proven business models in three focused segments.

SEGMENT



INSTALLATION & SERVICES

The segment comprises companies that offer installation, service and maintenance of properties and is primarily aimed at commercial property owners and public housing.

NET SALES, SEK MILLION

1,013.1

EBITA, SEK MILLION

119.2/11.8

EBITA MARGIN, %

EMPLOYEES

649



INFRASTRUCTURE

The segment consists of specialist companies active in infrastructure projects such as rock removal, ground works and associated areas, including maintenance of railway, road and power transmission infrastructure as well as other infrastructure construction.

NET SALES, SEK MILLION

635.6

EBITA, SEK MILLION

70.0/11.0

EBITA MARGIN, %

EMPLOYEES

385



INDUSTRY

The segment consists of specialist industrial companies that deliver clear customer value in terms of manufacturing or retail of products intended for B2B, for example, suppliers to production companies, distributors and companies with in-house product development.

NET SALES, SEK MILLION

124.6

EBITA, SEK MILLION

18.4/14.8

EBITA MARGIN, %

EMPLOYEES

77

Installation & Services



Installation & Services is Novedo's largest segment in terms of sales and comprises companies that offer installation, service and maintenance of properties and is primarily aimed at commercial property owners and public housing.

Installation & Services performed well in 2022 and posted strong earnings. Net sales increased over the previous year, amounting to SEK 1,013.1 million (250.0). EBITA increased to SEK 119.2 million (34.1), corresponding to an EBITA margin of 11.8 percent for 2022.

The segment's primary customer base mainly comprises stable, repeat B2B customers (both private and public sector). The projects are often under a framework agreement and of a briefer nature. These factors were

advantageous for the companies given the prevailing uncertainty and rapid changes in price levels in 2022.

The order intake at the end of the year was healthy, since a large portion of the companies' offering is focused on service, maintenance and improvements in existing properties. Macrotrends in energy savings and electrification also had a positive effect on demand for the segment's companies within electricity and ventilation.

At the end of the year, the segment consisted of 14 wholly-owned operating subsidiaries with seven associated operating subsidiaries, with a total of 649 employees.

Refer also to Note 32 for an overview of the Group's subsidiaries.

Photo: Moa Heinefeldt, site manager Norrköping and Board member, Kulturmålarna i Linköping/Norrköping

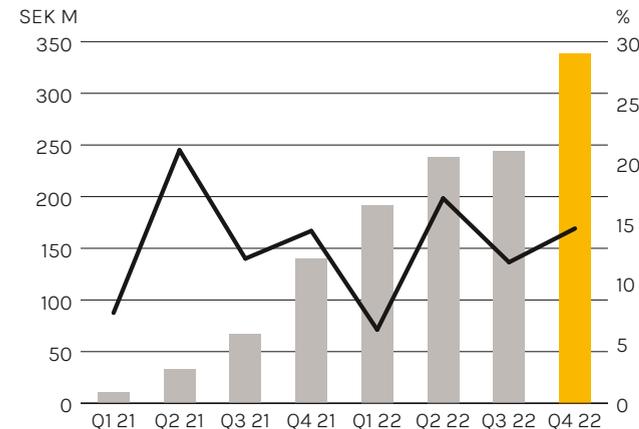


Financial overview

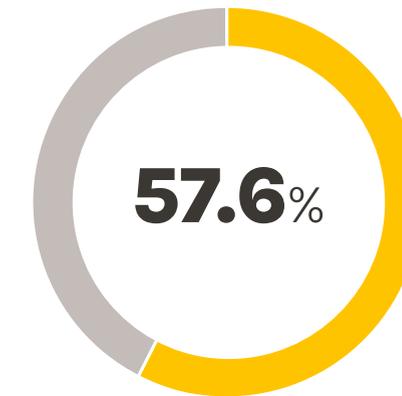
SEK million	2022 Jan-Dec	2021 Jan-Dec
Net sales	1,013.1	250.0
EBITA	119.2	34.1
EBITA margin, %	11.8%	13.6%

1,013.1
Net sales, SEK million

Net sales and EBITA margin



Share of consolidated sales



Companies that joined Novedo in 2022/2023



BATAB Bygg & Akustikteknik AB
CEO: Rafed Elbasam

BATAB Bygg & Akustikteknik was founded in 1975 and is a Stockholm-based company active within suspended ceiling and acoustic solutions. The company mainly focuses on renovations and customer adaptations of commercial properties, industry, offices, and the public sector. Primary customers comprise construction companies (B2B). BATAB has about 20 employees and net sales for 2022 amounted to SEK 128 million. The company was acquired and consolidated by Novedo in Q3 2022.

www.akustikteknik.se



Elarbeten Helsingborg AB
CEO: Simon Persson

Elarbeten Helsingborg was founded in 1993 and is a Helsingborg-based company that provides a varied offering of services related to electricity, primarily consultation/planning and conducting electrical installations such as new installations, renovations, service, telephone lines, solar cells and charging stations for electric vehicles. The customers comprise is primarily property and construction companies (B2B). Elarbeten has 13 employees and net sales for 2022 amounted to SEK 33 million. The company was acquired and consolidated by Novedo in Q1 2022.

www.elarbetenab.se



Elinzity AB
CEO: Peter Berntsson

Elinzity was founded in 2006 and is a Gothenburg-based company that offers electricity installation with a focus on services, renovations, office customisation and major contracts with associated project planning and management. Primary customers comprise public sector players and well-known commercial property owners. Elinzity has 64 employees and net sales for 2022 amounted to SEK 122 million. The company was acquired and consolidated by Novedo in Q1 2022.

www.elinzity.se



Helsingborgs Byggplåt AB
CEO: Jimmy Wallberg

Helsingborgs Byggplåt was founded in 2005 and has since grown to become a strong and well-established roofing specialist in southern Sweden. With its broad expertise both in sheet metal and in roofing, the company offers its customers everything from smaller renovation work to complete renovation contracts. The customer base is primarily regional with a diversified business mix in the public sector and real estate companies. The business, together with the wholly-owned subsidiary Bra Tak Entreprenad Skåne AB, currently has about 40 employees in Helsingborg and Malmö and the companies' total turnover for 2022 amounted to approximately SEK 120 million. The company was acquired and consolidated by Novedo in Q1 2023.

www.helsingborgsbyggplat.se

Companies that joined Novedo in 2022



Nordsign AB
CEO: Erik Asp

Nordsign AB was founded in 2006 and is a Leksand-based product and installation company that manufactures, delivers and installs tailor-made and complete solutions for commercial signs for companies across the Nordic countries. Products include pylon signs, facade wraps, shop interiors and shop facades as well as energy-saving LED signs and LED screens.

Sales are conducted B2B and customers include well-known and strong companies such as MAX Burgers, Biltema, Coop and Bauhaus among others, and half of sales comprises repeat business.

Nordsign has 17 employees and net sales for 2022 amounted to SEK 77 million. The company was acquired and consolidated by Novedo in Q3 2022.

www.nordsign.se



Sentexa AB
CEO: Fredric Börjesson

Sentexa AB was founded in 2002 and is a Stockholm-based company that offers electricity installation with a focus on reparation, reconstruction and extension. It offers everything from small installations and services to complete one-stop-shop solutions, all with their own fitters and project managers. Around half of the company's customer base consists of public agencies. Sentexa has 12 employees and net sales for 2022 amounted to SEK 32 million. The company was acquired and consolidated by Novedo in Q2 2022.

www.sentexa.se



Total Fasad Stockholm AB
CEO: Marcus Hamber

Total Fasad Stockholm AB was founded in 2015 and is a Stockholm-based company active within facade maintenance and window renovations. Its primary customers are tenant owners' associations and property companies. Total Fasad Stockholm has 58 employees and net sales for 2022 amounted to SEK 129 million. The company was acquired and consolidated by Novedo in Q2 2022.

www.totalfasad.se



Ventilationskontroll Aeolus Aktiebolag
CEO: Aleksandar Köster

Ventilationskontroll Aeolus Aktiebolag is a Gothenburg-based installation company active within ventilation and indoor climate that has provided climate solutions for indoor environments as a contractor for over 40 years both for renovations as well as for new installations. The company offers installations, service, repair, operating and energy optimisation, energy and control work, pre-engineering, technical investigations, OVK ventilation inspections and adjusting indoor climate facilities. The company has many service and operating agreements with stable customers. The company has been FR2000 certified since 2009 and has 87 employees and net sales of SEK 157 million for 2022. The company was acquired and consolidated by Novedo in Q1 2022.

www.ventilationskontroll.nu



”

“The common denominator for all of the companies at Novedo is their importance in creating jobs in their local communities, which can start with an internship or another entry-level job. In other words, our entrepreneurs are an important part of a sustainable society where we’re stronger together,” says Per-Johan Dahlgren, President & CEO.

Case: Properties – from energy consumers to energy producers?

The war in Ukraine in 2022 led to a crisis in energy supply within Europe and around the world. Even before this, in order to achieve the UN SDGs and the goals of the Paris Agreement, ambitious and innovative solutions have been applied to reduce energy consumption and to generate energy with a low impact on the environment.

Novedo supports the UN Global Compact and the 2030 Agenda for Sustainable Development, and a number of companies at the Group offer energy optimisation services to the public sector and commercial property owners.

Properties from energy consumer...

According to the National Board of Housing, Building and Planning/Statistics Sweden, the construction and property sector accounts for approximately 30 percent of Sweden's total energy use and technical installations account for approximately 70 percent of consumption, primarily for heating, ventilating and cooling properties. Actively working with energy efficiency can lead to major gains for the climate as well as the economy. Reduced energy consumption can be achieved through technical measures such as optimising energy use with retained benefit, demand control systems or through behavioural changes. Each building has unique conditions for savings potential and energy use can be optimised for a specific system or for a whole property. Property owners today are focused on optimising energy at their properties, and companies at Novedo that work with energy efficiency have noted healthy demand for these services. Ventilationskontroll Aeolus Aktiebolag is a Group company that works with energy optimisation, with approximately 60 percent of sales stemming from energy optimisation.



Sahlgrenska University Hospital, main entrance, Gothenburg.

Ventilationskontroll has conducted energy optimisation assignments for customers including Sahlgrenska University Hospital in Gothenburg. Within the framework for the assignment, Ventilationskontroll managed all parts of the project, from planning to finalising contracts across all disciplines: ventilation, cooling, plumbing, sprinklers, construction, control and electricity. Today the hospital has an energy-efficient system that meets the high requirements set out in legislation and by the property owner, when it comes to energy recovery as well as to fire protection.

...to energy producer

Property owners also have a clear focus on investing in energy production, such as through solar panels on property roofs, which in the long run can lead to properties that are climate neutral or even climate positive - in other words, transitioning in a short time from energy consumer to energy producer - which benefits the individual property owner, their tenants and global environmental goals.



IN BRIEF

Company name: Ventilationskontroll Aeolus Aktiebolag

Founded: 1980

Services: Installation, service, inspection and optimisation of climate installations for indoor use

Customers: Primarily commercial property owners and municipal property managers

Employees: 87

CEO: Aleksandar Köster





“Ventilationskontroll is driven by a strong commitment to the environment. Through actively working together on energy optimisation in our micro environments, we and our customers are helping to combat global warming. We can reduce energy consumption 15 to 50 percent depending on the scope of the initiative,” says Aleksandar Köster, CEO of Ventilationskontroll.

Aleksandar’s energy tips:

Why optimise energy use?

Saving kilowatt hours is the most beneficial thing for a sustainable society.

From a business perspective, what should I think about when optimising my company’s energy use?

- Regularly check and adjust the operating times of plant. Don’t ventilate empty premises. Ask yourself whether needs are the same now as when the property was built.
- Measure indoor temperatures, make small adjustments and accept a certain level of complaints. Not everyone will be satisfied.
- Check that you have thermostats on all radiators and set a maximum temperature of 21/22 degrees.

As an individual, what can I do at home to optimise my home’s energy use?

- Prevent draughts from windows and doors with draught seals. Air should come in through supply or outlet vents.
- If you have electric underfloor heating, lower the temperature and place a carpet on tile floors to keep them warm.
- Set radiator thermostats at the temperature you want, not max, since you will soon need to open a window to cool the room down.
- Mount efficient nozzles on water taps and showers. Large amounts of warm water are still wasted.
- Track your consumption to see the results of your solutions, which will encourage you to do more and better. There are smart apps available to download.

What indoor temperature do you have at home?

Naturally I try to keep the temperature low at home, usually around 20 degrees.

What do you think things will look like in the next five to ten years?

I believe that, regardless of how energy is produced, we are now in a savings and energy optimisation period where we try not to waste it. What we do now and over the next few years will allow us to meet the needs for generations to come. The energy crisis that we now face is an incentive for all of us to optimise new technology and use it as industry accelerates the development of new energy sources and energy storage technology.

Photo: Aleksandar Köster, CEO of Ventilationskontroll.

Infrastructure

The segment consists of specialist companies active in infrastructure projects such as rock removal, ground works and associated areas, including maintenance of railway, road and power transmission infrastructure as well as other infrastructure construction.

Infrastructure performed well in 2022. Net sales for 2022 amounted to SEK 635.6 million (120.9) and EBITA increased to SEK 70.0 million (12.7), corresponding to an EBITA margin of 11.0 percent for 2022.

State and regional investments in infrastructure have a positive impact on the segment. Historically speaking, economic downturns have a low impact on investments in infrastructure. Demand for the companies' services is healthy entering into 2023, driven by state infrastructure projects as well as construc-

tion of commercial properties. The primary customer base mainly comprises stable, repeat B2B customers (both private and public sector). They value experienced partners with broad expertise and capacity in their areas, which is to the advantage of our subsidiaries. Their long-term framework agreements and customer partnerships confirm this picture.

Novedo has clear ambitions to grow in the segment. In the second quarter of 2022, the market-leading full-service supplier GBB Holding AB was consoli-

dated into the company and during the fourth quarter the Danish company Nordkabel A/S, which is active in installations and service work for electricity networks, fibre and water, was consolidated into the company. Nordkabel's financial accounts for December 2022 are included in Novedo's reporting for the full-year 2022.

At the end of the year, the segment consisted of four operating subsidiaries with six associated operating subsidiaries, with a total of 385 employees.

Refer also to Note 32 for a collected overview of the Group's subsidiaries.

Johan, supervisor at land engineering company Deramont Entreprenad AB.

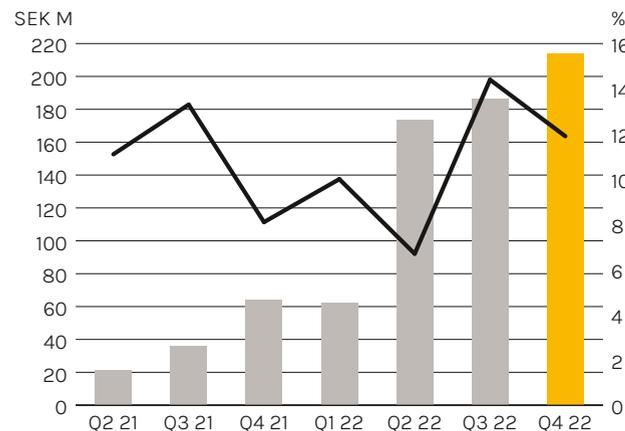


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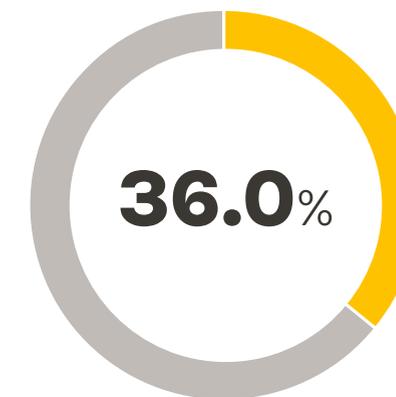
SEK million	2022 Jan-Dec	2021 Jan-Dec
Net sales	635.6	120.9
EBITA	70.0	12.7
EBITA margin, %	11.0%	10.5%

635.6
Net sales, SEK million

Net sales and EBITA margin



Share of consolidated sales



Companies that joined Novedo in 2022



GBB Holding AB
CEO: Nenad Blagojevic

GBB Holding AB (GBB) was founded in 1996 and is a market-leading, full-service supplier of rock engineering related solutions and complementary services. Projects are primarily infrastructure-related for public sector and private sector customers, including the Swedish Transport Administration, Skanska and Stockholm Vatten och Avlopp. GBB comprises a number of operating subsidiaries that cover all parts of the value chain, thereby generating advantageous synergy effects within the Group: GBB has 106 employees and net sales for 2022 amounted to SEK 444 million. The company was acquired and consolidated by Novedo in Q2 2022.

www.gnestabergbyggare.se



Nordkabel A/S
CEO: Henrik Hassing

Nordkabel A/S with about 200 employees was founded in 1988 and is today located in eight Jutlandic locations, of which the head office is based in Aars (near Aalborg). The company carries out installations and maintenance foremost within electricity networks, fibre and water. Nordkabel has a strong and stable customer base exclusively within B2B consisting of long customer relationships, often via framework agreements, and close collaborations with municipalities, private and public energy suppliers and telecom companies. For the financial year ending on June 30, 2022, Nordkabel reported net sales of approximately SEK 315 million. The company was acquired and consolidated by Novedo in Q4 2022.

www.nordkabel.dk



Case: Cleaner water in Lake Mälaren and less waste in the Baltic Sea

The Baltic Sea is one of the world’s most polluted bodies of water, and in accordance with the Baltic Sea Action Plan and the EU’s Water Framework Directive, Sweden has committed to reducing the release of phosphorous and nitrogen in the Baltic Sea. It is also very important to manage the water in Lake Mälaren, which supplies the quickly growing Stockholm region with drinking water.

“Stockholms framtida avloppsrening” an environmental investment for the future

Stockholm’s population increase also means an increased amount of waste water. To manage this, Stockholm Vatten och Avfall started a comprehensive project (“Stockholms framtida avloppsrening”) with the goal of developing Henriksdal water purification

plant and the Sickla facility in Stockholm into one of the world’s most modern water purification plants, capable of purifying more waste water in the same space with new technology. The initiative is expected to be ready in 2029, meaning that the water in Lake Mälaren will be even cleaner and pollution in the Baltic Sea will be reduced.

GBB Group responsible for rock engineering services in the project

GBB Group is a Stockholm-based full-service supplier in rock engineering solutions and complementary services with close to 30 years of experience. It consists of six specialist companies with some hundred employees who, within their respective work areas, offer rock blasting, rock splitting and rock reinforcement. The employees’ specialist expertise and long experience means that GBB is frequently contracted for major or specialist assignments at sensitive sites in complex environments. GBB was involved in tunnel construction for the West Link, the E4/Stockholm Bypass Link, Järvastaden, expansion of the tvärbanan and underground in Stockholm, renovating the Hinse tunnel in Gothenburg, etc.

Since 2021, GBB’s specialist company Gnesta Bergbyggare has been carrying out blasting, hauling and strengthening inside in Stockholms Vatten och Avfall’s existing purification plant. There are extra requirements for precision and skill when blasting, given that the purification plant has remained in operation during the renovation.



Gnesta Bergbyggare carries out work inside in the Henriksdal water purification plant

IN BRIEF

Company name: GBB consists of Gnesta Bergbyggare AB, AO Entreprenadtjänst i Stockholm AB, Borrspecialisten i Stockholm AB, GBB Syd AB, IMPAB AB and Impad International AB.

Founded: 1996

Services: Full-service supplier of rock engineering solutions and complementary services

Customers: Actors in infrastructure project.

Employees: 106

CEO: Nenad Blagojevic





“It really feels great to be able to contribute our expertise and services in an important strategic project to clean the water in Lake Mälaren and prevent eutrophication in the Baltic Sea,” says Nenad Blagojevic, CEO of GBB Group.

Nenad comments:

Tap water or bottled?

Tap water, without a doubt. The water issue is becoming increasingly relevant both in Sweden and around the world. We have fantastic water in Sweden, which we have often taken for granted. As residents of the Stockholm region, it's comforting to know that clean water is a high priority for decision makers.

What is GBB doing to reduce the company's climate impact?

We are focusing on reducing our climate impact by:

- Electrifying machinery.
- Using newer equipment that runs cleaner and more efficiently.
- Saving and reusing excess material from one project in subsequent projects.
- Carefully planning shipments to avoid superfluous trips.
- Updating vehicle fleets to fuel efficient, electric or hybrid vehicles.
- Making trains the first choice for longer business trips.

Dennis Hedström, founder of Gnesta Bergbyggare together with Nenad Blagojevic, CEO of GBB Group.

Which growth opportunities do you see in GBB's industry?

My assessment is that there are excellent opportunities for continued growth within infrastructure projects like tunnels, rock reinforcement and maintenance.

Which careers do you think will be especially important within the industry going forward?

There is a healthy labour market, with a need primarily for:

- Drill rig operators
- Rock workers
- Rock blaster

What tips do you have for young people who are interested in working in the industry?

- Apply to established vocational schools
- Internships

GBB has partnered with Tumba Gymnasium and several of our employees have become employed within the Group after being trained in an internship with us.

Industry

The segment consists of specialist industrial companies that deliver customer value in terms of manufacturing or retail of products intended for B2B, for example, suppliers to production companies, distributors and companies with in-house product development.

Industry was added as a new segment in 2022. Net sales for 2022 amounted to SEK 124.6 million (0) and EBITA increased to SEK 18.4 million (0), corresponding to an EBITA margin of 14.8 percent for 2022.

In the wake of the Covid pandemic, the industry for electronics manufacturing has suffered from component shortages and strong demand. Customers tend to focus on minimising risk rather than optimising the supply chain or costs. As a result, customers are

turning to closer, long-term delivery partners to secure materials through larger framework orders and call-offs, or to leveraging supplier technical expertise to make changes in construction that mitigate component shortages. Through close, proactive collaborations with customers, Novedo's portfolio companies were able to avoid disruptions during the year. As a result, Novedo's orders as of 2023 are at a favourable long-term level.

Novedo has clear ambitions to continue to grow the industrial segment to one third of consolidated sales. The macrotrend of product-owning companies moving their supply chains geographically closer to where the products are consumed should particularly benefit European electronics manufacturers with highly automated manufacturing – such as the subsidiaries in this business segment – in the coming years.

At the end of the period, the segment consisted of one operating subsidiary and two associated operating subsidiaries with a total of 77 employees.

Refer also to Note 32 for a collected overview of the Group's subsidiaries.

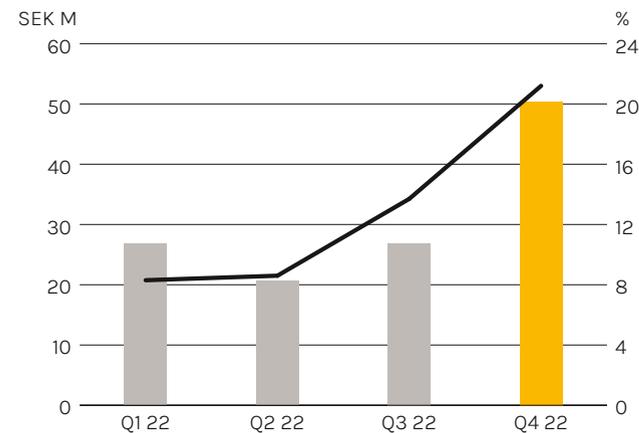


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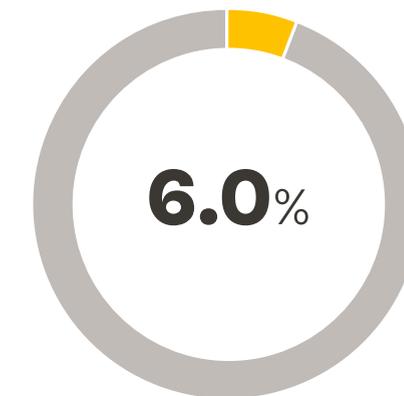
SEK million	2022 Jan-Dec	2021 Jan-Dec
Net sales	124.6	-
EBITA	18.4	-
EBITA margin, %	14.8%	-

124.6
Net sales, SEK million

Net sales and EBITA margin



Share of consolidated sales



Companies that joined Novedo in 2022/2023



ProvideU AB/Elektronik Mekanik i Västerås AB
 CEO: Fredrik Forngren/CEO: Thomas Zeijlon

ProvideU AB was founded in 2008 and is an industrial company within custom-made components and complete systems for B2B customers, including ABB, Flowserve and Humphree, and many of which are active in growth areas such as tomorrow's energy storage, industrial robotics, IoT and vehicle electronics for customers.

The company's head office is located in Västerås and it has production facilities in Tallinn, Estonia and in

Västerås, Sweden, as well as production partners in Asia. ProvideU has 62 employees and net sales for 2022 amounted to SEK 97 million. ProvideU and its subsidiary ProvideU Assembly OÜ were acquired in Q1 2022, and the Västerås-based company Elektronik Mekanik i Västerås AB, which manufactures and assembles circuit boards, was acquired and consolidated by ProvideU in Q3 2022. Elektronik Mekanik has 15 employees and net sales for 2022 were SEK 77 million.

www.provideu.com/www.elektronikmekanik.se



Stantræk A/S
 CEO: Morten Petri Lauritsen

Novedo continues to grow within the Industry segment and completed its third such acquisition in February 2023, with the Danish industrial company Stantræk A/S. Stantræk with almost 70 employees was founded in 1967 and is based in Lystrup in Jutland, near Aarhus. The company specialises in customised

components and sheet metal parts for industrial applications and has a solid and diversified B2B customer base in various industries, including wind/energy, electronics and the process industry. Stantræk's sales for 2022 amounted to approximately SEK 220 million.

www.stantraek.com

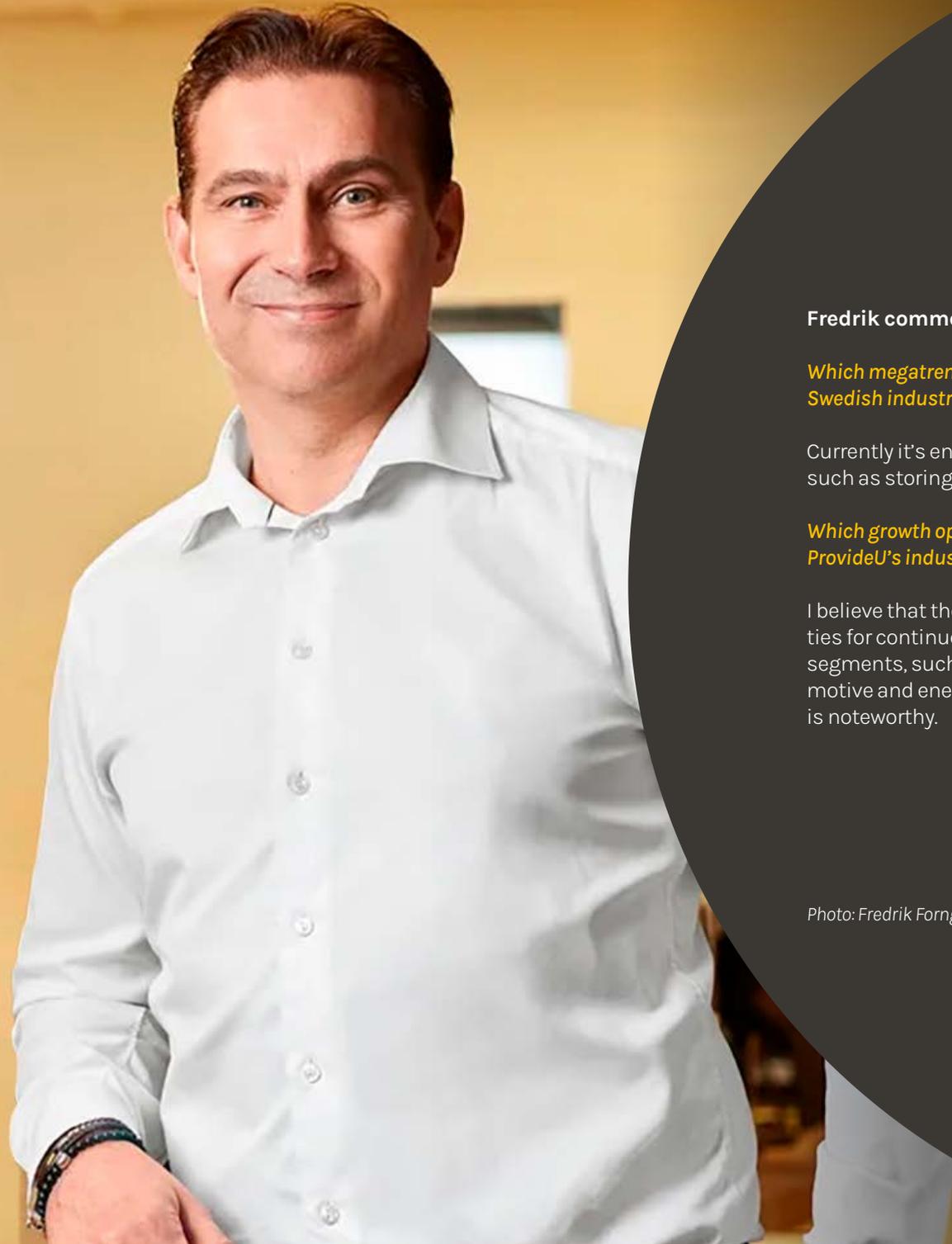
In the last few years, there has been a trend of regionalisation within the export of industrial goods. To greater and greater extents, industrial companies are operating close to the market where the goods will be sold. Important factors in this trend are customer requirements for short response and delivery times as well as companies' perceived advantages with proximity to the market and close collaboration with local subcontractors. A shorter path from manufacturing to the market reduces the risk of disruptions to the company's supply chain and reduces transportation costs. At the same time, automation and other technologies reduce the cost advantages of low-cost countries in favour of established industrialised countries. When implemented correctly, manufacturing close to the market can also benefit environmental and climate impact.

8 DECENT WORK AND ECONOMIC GROWTH



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



**Fredrik comments:****Which megatrend is currently impacting Swedish industrial companies?**

Currently it's energy applications, such as storing and charging energy.

Which growth opportunities do you see in ProvideU's industry?

I believe that there are excellent opportunities for continued growth in all of our segments, such as industry, marine automotive and energy, but the energy segment is noteworthy.

Which careers do you think will be especially important within the industry going forward?

ProvideU is at the forefront of production equipment for electronics production and needs employees with the right expertise for our machinery within production. ProvideU has an incredibly competent and capable team today, and it's important for us that new colleagues mesh well with that.

There is a healthy labour market, with a need primarily for:

- Hardware engineers
- Software engineers

What tips do you have for young people who are interested in working in the industry?

The electronics industry is in constant development. The only limit is your imagination - nothing is impossible in electronics. Be innovative and have the courage to bring up ideas that are outside the box.

What is ProvideU doing to reduce the company's climate impact?

We are focusing on reducing our climate impact by:

- Working with Cleantech energy applications.
- Choosing sea freight over shipments by air.

Photo: Fredrik Forngren, CEO of the industrial company ProvideU AB.

Risks and risk management

Risks

Risk management

Strategic risks include risks that can prevent the company from achieving its vision and targets. Strategic risks are often tied to operating in a specific industry.

Acquisition model

Acquisitions account for a substantial portion of the Group's business model and growth. Failing to acquire companies at the same rate as before could slow Novedo's progress towards the Group's strategic targets.

Novedo has a developed central acquisition organisation that works in a structured manner in its own channels or through external corporate brokers to identify possible companies to acquire. Growth is within several segments and countries.

Acquisition process

The acquisition process, especially the evaluation ahead of an acquisition, needs to include legal, financial and sustainability aspects. Failing to maintain the quality of the acquisition process could slow Novedo's progress towards the Group's strategic targets.

Novedo has an established acquisition process conducted by employees with industry expertise and extensive experience, where potential acquisitions are evaluated based on a variety of aspects, quantitative as well as qualitative.

Market dynamics

Novedo's subsidiaries depend on customers' investments and purchases. Thus they are affected by changes in the economy, including geopolitical uncertainty. A downturn in the markets where Novedo operates can slow progress towards the Group's overall financial targets.

Novedo's business model, with balanced diversification of subsidiaries active in a variety of industries, segments and geographic markets reduces the Group's overall sensitivity to the market as well as exposure to individual customers. Many of Novedo's companies are also exposed to segments with structural growth.

Climate change

Climate change in the form of global warming and extreme weather conditions and natural catastrophes are risks that can affect the Group's companies and their value chains. Changes in environmental legislation, taxes and demand can also impact companies' sales as well as the shipment of goods, which can collectively limit progress towards the Group's strategic targets.

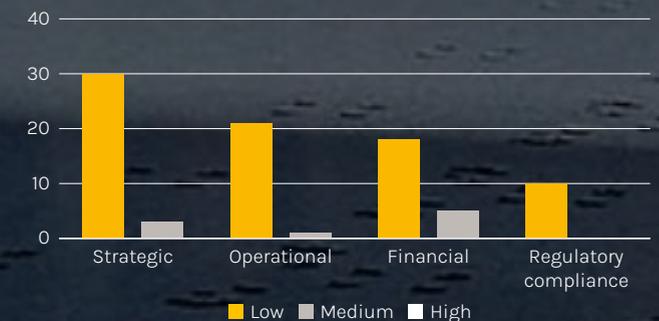
Novedo's decentralised Group structure, with SMEs active in a variety of industries and geographies, reduces the risk of problems at a single company having a material impact on the Group as a whole.

When Novedo carries out a preliminary acquisition analysis, it includes ESG due diligence where material sustainability risks are mapped and assessed before the acquisition.

In 2022, Novedo initiated a process for a structured review of the Group's exposure to strategic, operational, and financial risk, as well as compliance risk within the Group. All of the identified risks were rated based on their likelihood and potential impact. For risks with a higher overall risk value, proactive measures were defined. Conclusions from the review are presented and discussed at board work level.

At the end of 2022, Novedo had operations in three different segments through some 20 companies. This spread, together with a fragmented customer base where the largest customer accounts for approximately two percent of consolidated sales, limits the Group's business risks. The most recent risk survey at the company identified 88 risks. Of these, none were classified as high, nine were moderate and 79 were low. Read more about Novedo's financial risks and risk management in Note 3 Financial risks.

Assessment per category



Risks and risk management

Risks

Risk management

Operational risks are risks that are related to efficiency, including the efficient use of resources. Operational risks are risks related to internal processes, resources, systems and employees.

Poor performance in newly acquired companies

If a company with serious problems is acquired as a result of an inadequate evaluation process or unforeseen circumstances (regarding financial earning capacity or important sustainability topics, for example), there is a risk of a negative impact on the Group's reputation or financial performance.

The decentralised governance model, with full operational mandate and responsibility at each individual company, allows companies to adapt easily by making decisions quickly and close to operations. In connection with the consolidation of acquired subsidiaries, Novedo appoints a new board that includes representatives from Novedo's Group management and employees with specialist expertise. Monthly financial follow-up for all companies and developed structure for sustainability follow-up. Shared risk with sales through acquisition agreements that are based on earnouts.

Customer credit risk

There is risk that companies' customers are unable to fulfil their obligations, which is to say are unable to pay.

Full operational responsibility at subsidiaries for their operations, including credit risk assessment of customers and payment procedures. The Group provides support as necessary.

Skills shortage

There is risk that one or several key individuals leave some of the Group's companies. If Novedo fails to recruit appropriate replacements, this can have a negative impact on the company's financial position and earnings.

Annual structured review of board work, CEO and management group for all companies regarding expertise, composition and succession planning. Due diligence includes a thorough review of companies' key individuals in order to identify any need for succession planning or dependence on expertise.

Succession planning

Striving for increased diversity and inclusion is a strategically important area for our companies, since research shows that diverse groups perform better than homogeneous ones. A lack of diversity can lead to reduced innovation and creativity as well as limited perspectives in decision making.

Long-term expertise and resource plans for all business areas and recurring development programmes. Active board work in all subsidiaries according to a Group-wide framework.

Risks and risk management

Risks

Disruptions in accounting systems

There is a risk of unwanted disruptions in critical systems that can lead to companies being unable to report their figures. This can also lead to some operations being incapacitated for a period of time – or in the worst-case scenario, permanently.

IT incidents

IT incidents at Novedo’s head office or at any of the subsidiaries can lead to the loss of important data, or the loss of any of the IT systems in use. Companies can also be exposed to disruptions in operations caused by cybercrime or other intrusions into their information systems, which can lead to stops in operating activities as well as high costs.

External or internal attempts at fraud

Internal or external attempts at fraud related to one or several companies can damage a company’s financial performance and reputation.

Company-specific sustainability matters/problems

There is a risk that sustainability problems might arise at one or several of the Group’s subsidiaries or supply chains, for example, related to human rights or to products that are in some way shown to have a negative impact on people or the environment. Problems can, in the long run, entail costs for management and correction as well as damage the reputations of the subsidiary or even the Group as a whole.

Risk management

Novedo’s business model with many SMEs reduces the risk for a material impact on the Group if an error or disruption should arise at any single company. In 2022, Novedo developed a framework of policies with associated guidelines in order to improve IT security and continuity planning.

Novedo’s decentralised business model with independent subsidiaries means that few subsidiaries share IT platforms or infrastructure. This means that the risk of a significant financial impact on the Group in the event of an IT incident is relatively limited. In 2022, a framework of policies with associated guidelines in order to improve IT security and continuity planning was developed for implementation at the Group. A large portion of the Group’s subsidiaries also conducted a self-evaluation to quality assure the company’s procedures and controls with respect to IT systems and information security. The Group’s Board of Directors reviewed the results.

Novedo’s business model with many SMEs reduces the risk that an incident at a single company might have a significant financial effect on the Group. Internal procedures to prevent and detect errors and fraud established. Whistle-blower function established, including an external whistle-blower system.

Since mid-2022, Novedo has conducted a thorough ESG due diligence ahead of any potential acquisition. The decentralised Group structure, with SMEs active in a variety of industries and geographies, reduces the risk of problems at a single company having a material impact on the Group as a whole.

Risks and risk management

Risks

Risk management

Financial risks are risks related to the company’s internal and external reporting, as well as the company’s exposure to financial risks such as interest rates, liquidity, credit and currency.

Access to financing

Major disruptions in the credit market or problems in the banking sector can entail difficulties for the Group when financing capital needs, making it significantly more expensive or even impossible.

Novedo has a centralised approach to the Group’s financing, where all external borrowings are handled by the Parent Company for internal financing of the subsidiaries. Established relationships with Swedish banks. Aiming for an even maturity structure for external liabilities, a good liquidity reserve and diversified borrowings.

Interest rate risk

Major unfavourable changes in interest rate levels can have a significant negative impact on the Group’s net financial items and earnings.

Regular monitoring of interest rates and continuous evaluation of the need to expand lending with fixed interest or to hedge interest rates with interest rate swaps.

Regulatory compliance risks include the risk of financial or legal consequences from a failure to comply with laws, ordinances or regulations.

Reporting errors

Major errors in accounting or reporting could affect the quality of the published financial statements and damage the confidence investors and other stakeholders have in Novedo, and subsequently their relationship with Novedo.

Framework of procedures for financial reporting with controls developed in 2022 to ensure good internal control.

Sustainability data and communication

Failing to communicate Novedo’s collective performance in important sustainability areas or how the companies approach sustainability can damage the confidence investors and other stakeholders have in Novedo.

During the year, Novedo started to develop a systematic Group-wide sustainability framework. A desktop-based materiality analysis was conducted to identify important sustainability areas. Sustainability is also a fixed point for at least one of board work’s ordinary annual meetings, and reporting of important sustainability data from all subsidiaries consolidated at the Group level has started.

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Directors' report

Novedo posted continued solid growth and profitability in 2022. At the end of the year, the Group consisted of some 20 prominent B2B companies with about 1,100 employees in Denmark, Estonia and Sweden. They have a balanced mix of offerings and a solid and diversified customer base in three segments: Industry, Infrastructure and Installation & Services.

The Board of Directors and President & CEO of Novedo Holding AB (publ) ("Novedo"), Corp. ID No. 559334-4202 with registered offices in Stockholm, Sweden, hereby submits its annual report and consolidated accounts for the 2022 financial year.

Operations

Novedo is a niche industrial group of prominent B2B companies, with a well-balanced mix of offerings and a solid and diversified customer base. The vision is to be the first choice for SMEs that want to develop and grow their business to achieve long-term sustainable profitability. The company's business concept is to acquire and develop solid B2B companies that, through business acumen and sound values, become stronger together. The company's operations focus on three segments: Industry, Infrastructure and Installation & Services. The Industry segment consists of niche industrial companies that deliver clear customer value in terms of manufacturing or retail of products intended for B2B, for example, suppliers to production companies, distributors and companies with in-house product development. The Infrastructure segment consists of specialist companies active in infrastructure projects such as rock removal, ground works and associated areas, including maintenance of railway, road and power transmission infrastructure as well as other infrastructure construction.

Installation & Services comprises companies that offer installation, service and maintenance of properties and is primarily aimed at commercial property owners and public housing. For more information about the segments and subsidiaries, see also pages 12–25.

Significant events during the year

Broadening of operations to add the Industry segment and establishing a presence in Denmark and Estonia.

11 companies were consolidated with a combined annual sales for the last twelve months of SEK 1,623.4 million.

The company's bonds outstanding were admitted to trading on Nasdaq Stockholm's list for corporate bonds on October 28, 2022.

Net sales

Net sales increased 378.1 percent to SEK 1,773.4 million (370.9). Growth was mainly acquisition-related and the underlying growth was driven in parallel with general healthy demand in general. Organic growth was attributable to companies included in the Group for the entire comparative period. Novedo intends to report organic growth for the aggregate period when more companies have been part of the Group for the entire comparative period.

Earnings

All three segments contributed positively to the Group's favourable earnings and margin trends during the year. EBITA increased year-on-year to SEK 153.6 million (31.0), corresponding to an EBITA margin of 8.7 percent (8.4). EBIT increased to SEK 122.5 million (23.3), corresponding to an EBIT margin of 6.9 percent (6.3). IPO-related costs of SEK -7.9 million (0.0) were included in EBIT.

Net financial items amounted to SEK -154.1 million (-16.6), of which SEK -66.8 million (-6.0) pertained to interest expense on bonds and SEK -65.7 million (-3.0) was attributable to revaluation and reassessment of conditional purchase prices resulting from the companies' improved earnings and SEK -19.8 million (0) pertained to a capital loss on the sale of subsidiaries.

The pre-tax loss (profit) amounted to SEK -31.5 million (6.7). Loss for the year amounted to SEK -56.9 million (0.5). Earnings per share totalled SEK -1,909.42 (-42.34).

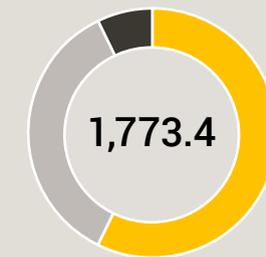
Financial position

Equity in the Group on December 31, 2022 amounted to SEK 468.0 million (378.0) and the equity/assets ratio was 20.4 percent (25.9).

Cash and cash equivalents on December 31, 2022 amounted to SEK 189.0 million (821.4).

In the third quarter of 2022, Novedo issued an addi-

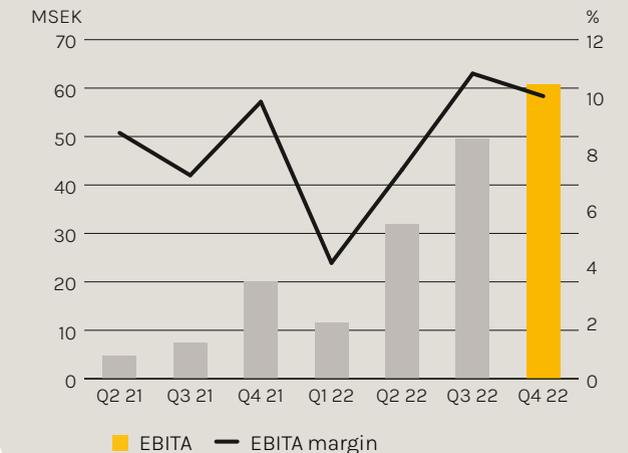
Net sales, Jan-Dec 2022, SEK million



EBITA, Jan-Dec 2022, SEK million

153.6

EBITA and EBITA margin



The first acquisition was made in Q1 2021 and the EBITA margin for Q1 2021 was -10.2%.

Directors' report

tional SEK 250 million under the existing bond, after which the volume outstanding on the balance-sheet date amounted to SEK 1,000 million within a framework of a total of SEK 1,500 million. The proceeds from the bond issue have been used to finance further acquisitions.

The Group's net interest-bearing debt thus increased during the year and amounted to SEK 873.2 million as of December 31, 2022. The net debt/equity ratio was 1.9x (-0.1) at the end of the year.

Cash flow and investments

Cash flow from operating activities amounted to SEK 52.3 million (55.0) for 2022. The healthy growth resulted in a slight increase in inventory in order to secure access to materials and deliveries, which affected cash flow during the year. Novedo applies the percentage of completion method, which in quarter-on-quarter comparison can affect the outcome of, above all, work in progress, accounts receivable and accounts payable.

Acquisitions of shares in subsidiaries, including settlement of conditional purchase prices for previous acquisitions, amounted to a net of SEK -827.4 million (-209.7) for 2022.

Employees

At the end of the year, the number of employees in the Group was 1,124 (521), of whom 3 (0) employees were employed in the Parent Company. The average number of employees in the Group over the year was 1,110 (485). The employee gender balance amounted to 11 percent (8) women and 89 percent (92) men.

Parent Company

The Parent Company's net sales comprise intra-Group management services. Net sales amounted to SEK 1.6 million (0.0) for 2022 and earnings were negatively impacted by the interest expense on bonds issued of SEK -68.1 million and amounted to SEK -52.3 million (-7.9) for the full year.

Research and development

Novedo conducts no research but does develop its own products in the Industry segment.

Operations subject to permits

Through one of its sub-groups, the company's operations encompass rock removal. These operations require the necessary permits for purchasing, storing, transporting and using explosive materials.

Material risks and uncertainties

Novedo's operations and subsidiaries are exposed to a number of risks that could impact the Group. During the year, Group management conducted risk evaluations and presented the findings to board work. See also the section on risks and risk management on pages 26-29.

Guidelines for remuneration to senior executives

The guidelines for remuneration to senior executives are set out in Note 9. Board work intends to propose guidelines for remuneration to senior executives at the 2023 AGM.

Events after the balance-sheet date

See Note 39 for significant events after the balance-sheet date.

Corporate governance report and sustainability report

The company's sustainability-related information can be found mainly in the company's description of operations. Novedo's corporate governance report can be found on pages 71-83.

Outlook

The company sees good growth opportunities in Sweden, but also has an active acquisition agenda beyond Sweden's borders. Uncertainty regarding the general economy continues to dominate business conditions in 2023. However, in the beginning of 2023, the company noted healthy order intake from subsidiaries as a result of their well-balanced mix of offerings and solid and diversified customer base, which provides favourable conditions for long-term growth and profitability.

Financial targets

Novedo has the following financial targets: >50 percent annual sales growth between 2022 and 2024, including 3 percent mid-term organic growth; >10 percent EBITA margin per year in the mid term; and <3.5x net interest-bearing debt/EBITDA pro forma.

Share capital and shareholders

Novedo has only one class of shares. As of December 31, 2022, the share capital amounted to SEK 551,970 (551,970) allocated over 30,960 shares, each with a quotient value of SEK 17.83.

Esmaeilzadeh Holding AB owns 67.0 percent of the shares in Novedo. Furthermore, F Holmström PE 3 AB has a holding of 13.6 percent. No other shareholder owns over ten percent of the company's shares.

Shareholder agreement for preference shares in Novedo AB

Owners of preference shares have the right to convert their preference shares in Novedo AB to ordinary shares in Novedo Holding AB (publ) ("Holding") prior to a so-called "Exit." The definition of "Exit" is an IPO of Holding or a transfer of a majority (50 percent) of the shares in Holding. An Exit entails reciprocal drag-along rights (for the Holding) and tag-along rights (for owners of Novedo AB preference shares). On conversion, preference share owners receive the number of ordinary shares whose value corresponds to the preference shares' value. In the shareholder agreement, the preference share owners have waived their right to influence decision-making in Novedo AB. See also Notes 23 and 33.

Proposed appropriation of profits, SEK thousand

The Board of Directors proposes that the profits available for distribution be appropriated as follows:	
Profit/loss brought forward	-7,861
Share premium reserve	143,934
Profit/loss for the year	-52,324
The Board of Directors proposes that the following amount be carried forward	
	83,749

The bond terms for senior secured bond loan 2021/2024 (ISIN: SE0017070980) state that no dividend may be distributed during the term of the bond loan if the company's shares are unlisted.

Consolidated statement of comprehensive income

SEK thousand	Note	Jan 1 – Dec 31 2022	Jul 28 2020– Dec 31 2021
Operating income	6		
Net sales	4	1,773,350	370,906
Other operating income	5	19,197	3,144
Total operating income		1,792,547	374,050
Operating expenses			
Raw materials and consumables		-580,330	-69,395
Goods for resale		-275,992	-82,447
Other external expenses	10	-197,880	-40,010
Employee benefit expenses	9	-541,390	-142,479
Depreciation and amortisation		-41,309	-9,379
Depreciation of right-of-use assets		-28,342	-6,933
Other operating expenses		-4,774	-129
Total operating expenses		-1,670,017	-350,772
Operating profit (EBIT)		122,530	23,278
Profit/loss from financial items			
Gain/loss on disposal of subsidiaries	11	-19,787	-
Financial income	11	955	322
Financial expenses	11	-135,229	-16,896
Total financial items		-154,060	-16,575
Pre-tax profit/loss		-31,531	6,703
Income tax	12	-25,410	-6,177
Profit/loss for the year		-56,941	526
Profit is attributable to:			
shareholders in the Parent Company		-59,116	-1,090
non-controlling interests		2,175	1,616
Earnings per share			
Earnings per share before and after dilution	35	-1,909.42	-42.34
Average number of shares before and after dilution	35	30,960	25,751

Consolidated statement of other comprehensive income

SEK thousand	Note	Jan 1 – Dec 31 2022	Jul 28 2020– Dec 31 2021
Profit/loss for the year		-56,941	526
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Exchange-rate differences		9,033	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		-47,908	526
Attributable to:			
Shareholders in the Parent Company		-51,068	-1,090
Non-controlling interests		3,160	1,616

Consolidated balance sheet

SEK thousand	Note	2022 Dec 31	2021 Dec 31
Intangible assets	13		
Intangible assets		1,288,604	443,591
Total intangible assets		1,288,604	443,591
Tangible assets	14		
Plant and equipment		79,161	17,450
Furniture, tools and fittings		13,007	2,545
Leasehold improvements		17,773	155
Total tangible assets		109,941	20,150
Right-of-use assets	15	88,676	57,440
Financial assets	16		
Other non-current securities holdings	17	4,318	2,895
Other non-current receivables	18	774	377
Total financial assets		5,092	3,272
Total non-current assets		1,492,314	524,453
Inventories, etc.			
Raw materials and consumables		93,903	7,864
Total inventories		93,903	7,864
Current receivables			
Accounts receivable - trade	19	372,665	85,357
Current tax assets		23,130	1,652
Other current receivables		26,878	7,755
Contract assets	20	83,617	20,138
Prepayments and accrued income	21	11,880	6,076
Total current receivables		518,170	120,978
Liquid investments		1,096	825
Cash and cash equivalents	22	188,970	821,432
Total current assets		802,140	951,099
Total assets		2,294,453	1,475,552

SEK thousand	Note	2022 Dec 31	2021 Dec 31
Equity			
Share capital	23	552	552
Other contributed capital	23	458,134	334,945
Profit/loss brought forward, including profit for the period		-52,158	-1,090
Equity attributable to shareholders in the Parent Company		406,528	334,407
Non-controlling interests		61,518	43,597
Total equity		468,047	378,004
Non-current liabilities			
Provisions for pensions and similar obligations	24	5,645	3,113
Other provisions	24	2,118	-
Conditional purchase prices	8	295,948	55,562
Other acquisition-related liabilities	30	37,200	37,200
Deferred tax liabilities	25	67,044	20,017
Lease liabilities	15	47,718	37,916
Bonds issued	26	938,001	737,419
Liabilities to credit institutions	26	4,932	4,651
Other non-current liabilities		137	128
Total non-current liabilities		1,398,743	896,006
Current liabilities			
Lease liabilities	15	26,344	16,210
Liabilities to credit institutions	26	4,123	3,582
Acquisition-related liabilities	30	14,611	37,296
Advance payments from customers		1,174	603
Accounts payable - trade		138,329	40,216
Bank overdraft facilities		8,588	-
Tax liabilities		26,687	7,459
Debt to principal shareholder	36	30,000	2,492
Other current liabilities	27	57,529	24,330
Contract liabilities	20	11,224	12,502
Accrued expenses and deferred income	28	109,054	56,852
Total current liabilities		427,663	201,542
Total liabilities		1,826,406	1,097,548
Total equity and liabilities		2,294,453	1,475,552

Consolidated statement of changes in equity

SEK thousand	Note	Share capital	Other contributed capital	Reserve	Profit/loss brought forward, including profit for the year	Total	Non-controlling interests	Total equity
Opening balance, Jul 28 2020		-	-	-	-	254,330	-	-
New share issue	23	52	254,278	-	-	500	24,222	278,552
Formation of Novedo Holding Group		500	-	-	-	-	-	500
Minority acquisition		-	-	-	-	-	51	51
Shareholders' contribution		-	80,667	-	-	80,667	17,708	98,375
Total transactions with shareholders		552	334,945	-	-	335,497	41,981	377,478
Profit/loss for the period		-	-	-	-1,090	-1,090	1,616	526
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-1,090	-1,090	1,616	526
Closing balance, Dec 31 2021	23	552	334,945	-	-1,090	334,407	43,597	378,004
Opening balance, Jan 1 2022		552	334,945	-	-1,090	334,407	43,597	378,004
New share issue	23	-	123,189	-	-	123,189	15,070	138,259
Divestment of non-controlling interest		-	-	-	-	-	-309	-309
Total transactions with shareholders		-	123,189	-	-	123,189	14,761	137,950
Profit/loss for the period		-	-	-	-59,116	-59,116	2,175	-56,941
Translation effect of foreign operations		-	-	8,048	-	8,048	985	9,033
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-59,116	-51,068	3,160	-47,908
Closing balance, Dec 31 2022	23	552	581,323	8,048	-60,206	529,717	61,518	468,046

SEK thousand	2022 Dec 31	2021 Dec 31
Number of ordinary shares at the beginning of the period	30,960	25,000
Number of ordinary shares at the end of the period	30,960	30,960
Total number of shares at the end of the period	30,960	30,960

The ordinary shares have a quotient value of SEK 17.83.

Consolidated statement of cash flow

SEK thousand	Note	Jan 1 – Dec 31 2022	Jul 28 2020– Dec 31 2021
Operating profit		122,530	23,278
Adjustments for non-cash items, etc.	29	73,063	15,375
Net interest income/expense paid		-63,559	-10,748
Income tax paid		-49,476	-9,022
Cash flow from operating activities before changes in working capital		82,558	18,883
Total change in operating receivables		-52,921	-26,276
Total change in operating liabilities		22,622	62,423
Cash flow from operating activities		52,259	55,030
Acquisition of subsidiaries	7	-827,441	-209,682
Divestments of subsidiaries		-1,984	-
Investments in tangible assets		-5,638	-216
Disposals of items of property, plant and equipment		36,027	-
Investments in right-of-use assets		-12,041	-
Change in other financial assets		-	521
Settlement of short-term financial liabilities		-8,000	-
Change in current financial investments		-72	-115
Cash flow from investing activities		-819,149	-209,492
New share issue		-	187,476
Shareholders' contribution received		-	98,375
Share capital Novedo Holding AB (publ)		-	500
Borrowings	26	197,968	885,428
Repayments of borrowings to credit institutions	26	-53,491	-188,506
Repayment of lease liabilities		-25,009	-7,379
Change in bank overdraft facilities		14,975	-
Cash flow from financing activities		134,353	975,894
Cash flow for the period		-632,536	821,432
Cash and cash equivalents – opening balance		821,432	-
Exchange-rate difference in cash and cash equivalents		74	-
Cash and cash equivalents – closing balance	22	188,970	821,432

Statement of comprehensive income – Parent Company

SEK thousand	Note	Jan 1 – Dec 31 2022	Jul 28 2020– Dec 31 2021
Operating income			
Net sales		1,577	-
Other operating income		1	-
Total operating income		1,578	-
Operating expenses			
Other external expenses	10	-3,725	-2,165
Employee benefit expenses	9	-4,654	-
Other operating expenses		-2	-1
Total operating expenses		-8,380	-2,166
Operating loss	31	-6,803	-2,166
Profit/loss from financial items			
Interest income	11	664	-
Interest expenses	11	-66,791	-6,002
Interest expense to principal shareholder	11	-488	-
Profit/loss after financial items		-73,417	-8,168
Group contributions received		23,568	-
Tax on profit for the year	12	-2,475	277
Profit/loss for the year		-52,324	-7,891

The Parent Company does not include any items that are reported as other comprehensive income, which is why total comprehensive income is consistent with profit for the year.

Balance sheet – Parent Company

SEK thousand	Note	2022 Dec 31	2021 Dec 31
Financial assets			
Participations in Group companies	31, 32	1,033,927	191,155
Deferred tax assets		-	277
Total financial assets		1,033,927	191,432
Total non-current assets		1,033,927	191,432
Current receivables			
Receivables from Group companies		29,614	-
Other current receivables		103	538
Prepayments and accrued income	21	197	77
Total current receivables		29,914	615
Cash and cash equivalents	22	1,134	689,355
Total current assets		31,048	689,969
Total assets		1,064,975	881,402

SEK thousand	Note	2022 Dec 31	2021 Dec 31
Equity			
Share capital	23	552	552
Total restricted equity		552	552
Share premium reserve		143,934	143,934
Profit/loss brought forward		-7,861	30
Profit/loss for the period		-52,324	-7,891
Total non-restricted capital		83,749	136,073
Total equity		84,301	136,625
Non-current liabilities			
Bonds issued	26	938,001	737,419
Total non-current liabilities		938,001	737,419
Current liabilities			
Accounts payable - trade		69	2,514
Debt to principal shareholder	36	30,000	35
Other current liabilities		2,190	-
Accrued expenses and deferred income	28	10,415	4,808
Total current liabilities		42,674	7,358
Total liabilities		980,675	744,776
Total equity and liabilities		1,064,975	881,402

Statement of changes in equity – Parent Company

SEK thousand	Share capital	Share premium reserve	Profit/loss brought forward including profit for the year	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	-7,861	136,625
Closing balance, Dec 31 2021	552	143,934	-7,861	136,625
Opening balance, Jan 1 2022	552	143,934	-7,861	136,625
Profit/loss for the year	-	-	-52,324	-52,324
Total transactions with shareholders	-	-	-52,324	-52,324
Closing balance, Dec 31 2022	552	143,934	-60,185	84,301
			Dec 31 2022	Dec 31 2021
Number of ordinary shares at the beginning of the year			30,960	28,045
Number of ordinary shares at the end of the year			30,960	30,960
Total number of shares at the end of the year			30,960	30,960

The ordinary shares have a quotient value of SEK 17.83.

Statement of cash flow – Parent Company

SEK thousand	Note	Jan 1 – Dec 31 2022	Jul 28 2020– Dec 31 2021
Operating loss		-6,803	-2,140
Adjustments for non-cash items, etc.	29	-	-
Interest expenses		-60,639	-1,194
Income tax paid		-428	-
Cash flows from operating activities before changes in working capital		-67,871	-3,334
Change in operating receivables		-5,732	-641
Change in operating liabilities		-295,107	2,550
Cash flow from operating activities		-368,710	-1,425
Shareholders' contribution paid		-514,118	-191,125
Cash flow from investing activities		-514,118	-191,125
New share issue		-	143,986
Bonds issued		194,607	737,419
Cash flow from financing activities		194,607	881,405
Cash flow for the year		-688,221	688,855
Cash and cash equivalents – opening balance		689,355	500
Cash and cash equivalents – closing balance	22	1,134	689,355

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Notes

Note 1 Accounting policies

General information

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 policies" below.

The consolidated financial statements were prepared in accordance with the Annual Accounts Act, the recommendations from the Swedish Financial Reporting Board's RFR 1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as endorsed by the EU.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in a separate section below "Significant accounting estimates and judgements."

Formation of the Group

Novedo Holding AB (publ) was formed on September 10, 2021 and, therefore, has no history of balance sheets and income statements for the beginning of 2021. The Novedo AB Group was formed on July 28, 2020. The new Group was formed through the acquisition of the former Novedo AB Group by Novedo Holding AB through contributions on October 26, 2021. Novedo Holding AB became the owner of the shares in Novedo AB immediately following the acquisition. The shares previously held by, inter alia, Board members and Group management, were transferred by means of a contribution to the effect 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 formation of the Group entailed the establishment of a new Parent Company, Novedo Holding AB, through a share exchange. Due to the fact that a newly formed 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 when the Group was formed were prepared in accordance with the cost method aside from those that concern any financial instruments which are consistently measured at fair value. Other assets and liabilities are recognised at historical cost in accordance with the cost method. The financial statements encompass the companies that the Group is made up of. The financial statements were prepared with consistent application of the accounting policies.

Currency and presentation currency

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

New accounting policies

New and revised existing standards, endorsed by the EU that will enter force in 2023.

None of the EU endorsed new and amended standards and interpretations from the IFRS Interpretation Committee are currently assessed to materially impact Novedo's earnings or financial position. This is also true of Swedish regulations.

Principles for the consolidated financial statements Subsidiaries

Subsidiaries are all companies over which the Group has control. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are fully consolidated in the financial statements from the date on which control is transferred to the Group. They are deconsolidated from the financial statements from the date that control ceases.

All transactions between Group companies are carried out at market prices. Intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The consolidated financial statements were prepared using 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 prices agreement. Subsequent changes to the fair value of the conditional purchase prices that is deemed to be a financial liability are recognised in profit or loss (under Other operating expenses).

In business combinations for which consideration has been transferred, any 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 profit or loss.

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

Assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date.

Transactions and balances in foreign currency

Transactions in foreign currencies are translated using the applicable exchange rates on the transaction date (spot

rate). Gains and losses in foreign currencies resulting from the revaluation of monetary items at the closing rate are recognised in profit or loss. 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 transaction date), 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 (CODM). The CODM is the function responsible for allocating resources and assessing the performance of operating segments. Within the Novedo Group, the President has been identified as the CODM. During the reporting period, Novedo had three operating segments, namely Installation & Services, Infrastructure and Industry. More information is provided in Note 6.

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 (CGUs) or groups of CGUs 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 CGU 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 costs to sell. Any impairment is recognised immediately as an expense and is not subsequently 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.

Intangible assets

Trademarks consist of acquired corporate trademarks and are amortised over ten years. Customer relationships stem from the written agreements that make up the order backlog at the time of acquisition and are amortised over 5–10 years.

Tangible assets

Tangible assets consist of machinery and equipment, which are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the purchase price and expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Depreciation of machinery and equipment is based on historical acquisition cost less any subsequent impairment losses. The residual value is deemed to be non-existent. Depreciation is calculated on assets acquired during the year, taking into account the acquisition date. Depreciation is calculated on a straight-line basis, which means equal depreciation over the useful life, which is normally 3–5 years.

Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets (other than goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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/amortisation where applicable, if no impairment loss had been recognised. Impairment losses on loans and accounts 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

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

The Group's revenue comprises construction contracts, service assignments and product sales. 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 revenue also comprises new construction and aftermarket/renovations equally, which also provides a good spread of risk.

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

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 percentage 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 percentage 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 percentage 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.

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 profit or loss.

The percentage 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).

Treatment as an onerous contract takes place when an expected loss arises where it is likely that the total contract costs will exceed the total revenue, which is then immediately recognised as an expense.

Product sales

The Group sells both customer-specific and standardised products. Customer-specific products are produced pursuant to customer-specific drawings and cannot be sold to another customer or alternative uses created for the product. Customers are not entitled to terminate the contract for customer-specific products, so the Group has the right to fulfil the contract and the right to payment for the service provided. Customer-specific products are recognised over time. The performance obligations for standardised products are considered as met at the point in time when the products are delivered pursuant to the contracted delivery terms and control of the product is thereby transferred to the customer.

Government grants

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 all attached conditions. Government grants relating to costs are accrued and recognised in the income statement over the same periods as the costs they are intended to compensate. Government grants are reported under Other operating income.

Employee benefits

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.

Pension 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 by 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 lacks sufficient assets to pay all employee benefits related to employee service during current or previous periods. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments can come to the benefit of the Group. The contributions are recognised as employee benefit expenses when they fall due.

Post-employment benefits provided by the Group essentially only comprise various defined-contribution pension plans. A few employees are encompassed by a pension solution in the form of endowment insurance pledged for pension commitments.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises any termination benefits when demonstrably obligated to, either through the termination of employees' employment 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 expenses

Financial income comprises interest income and, where applicable, dividend income, as well as gains on the revaluation or disposal of financial instruments. Financial expenses comprise interest expense on borrowings, including accrued transaction costs and losses 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 rate 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 carried-forward tax losses (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 carried-forward tax losses. These carried-forward tax losses 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 receivable, 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 are recognised once an invoice has been received.

A financial asset is derecognised from the balance sheet when the rights in the agreement are realised, expire, or the company loses control over them. A financial liability is derecognised 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 in profit or loss for the period. Transaction costs 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 (FVPL)

Financial liabilities:

- Financial liabilities measured at amortised cost.
- Financial liabilities measured at FVPL

Within the above categories, there are different types of financial instruments. Financial instruments are classified on 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 holding 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 rate 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 amortised cost

The Group assesses the future expected credit losses (ECLs) linked to assets recognised at amortised cost. The Group recognises a loss allowance for such ECLs at each reporting date. For accounts receivable, the Group applies the simplified approach for loss allowances, meaning that the allowance will correspond to the expected loss over the entire lifetime of the accounts receivable.

To measure the ECLs, accounts receivable have been grouped based on allocated credit risk characteristics and days past due. For the Group's other financial instruments, the general model is applied to calculate ECLs. The Group uses forward-looking variables for ECLs. ECLs 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 at fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at FVPL. Interest income and gains/losses from financial assets at FVPL, are recognised under financial income.

Cash and cash equivalents

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

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the borrowing period using the effective interest rate method.

Borrowings are derecognised 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) that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after 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 costs. After initial recognition, these items are measured at their accrued amortised costs in accordance with the effective interest rate method.

Financial liabilities measured at FVPL – conditional purchase prices

The Group's financial liabilities, which are measured at FVPL, comprise conditional purchase prices. The liability for a conditional purchase price 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 the acquisition analysis has been determined and is of a nature that the event derives from the acquisition date, measurement takes place via the balance sheet.

Accounts payable – trade

Accounts payable 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. Net realisable value is the estimated selling price in the operating activities less any applicable costs to sell. If the estimated net realisable value is below cost, a provision is made for inventory obsolescence.

Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal processes, onerous 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 to settle the obligation, and the amount can be reliably estimated. 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.

Any indemnification 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 issue and shareholders' contributions from the owners. Any transaction costs associated with new share issues are deducted from contributed capital.
- Profit/loss brought forward including profit for the year, i.e., all capitalised gains/losses for the current and previous periods and acquisitions of own shares.
- Non-controlling interests, which show the share of equity attributable to non-controlling interests.
- The foreign currency translation reserve encompasses all exchange differences that arise on the translation of financial statements from foreign operations with a currency other than SEK.

Earnings per share

The calculation of earnings per share before dilution is based on consolidated profit for the year 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 shareholders in the Parent Company, by the weighted average number of ordinary shares outstanding 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 number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Leases

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

Leases – Group as a lessee

For all leases, except for the exceptions mentioned below, a right-of-use asset and a corresponding lease liability are recognised on the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the repayment of the liability and financial expense. The financial expense is distributed across the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated straight-line over the shorter of the asset's useful life and the lease term. The leases extend for 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 lease payments. Lease liabilities include the present value of the following lease payments:

- fixed payments;

- variable lease payments that depend on an index or an interest rate;
- residual value guarantees; and
- purchase options (if it is reasonably certain said option will be exercised).

The lease payments are discounted using the implicit interest rate, if that rate can be readily determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising 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; and
- an estimate of any 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 lease payments.

The Group applies the exemption in IFRS 16, which means that lease payments related to short-term leases and low-value leases (assets with a value of USD 5,000 or less when new) are not recognised as a right-of-use asset together with a lease liability, but are instead recognised as an expense straight-line over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value leases essentially comprise office equipment.

Extension and termination options

Extension and termination options are included in a number of the Group's leases for office premises. These terms are used to maximise operational flexibility in terms of managing contracts.

The extension and termination options are included in the asset and the liability when it is reasonably certain that such options will be exercised.

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 purchase option will be utilised, or when lease payments will change due to changes in indices or interest rates. A revaluation of the lease liability leads to a corresponding adjustment of the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining revaluation is recognised in profit or loss. Right-of-use assets are assessed for impairment whenever events or changes in conditions indicate that the carrying amount of an asset cannot be recovered.

Presentation

Right-of-use assets and lease liabilities are reported on a separate line in the balance sheet. In the income statement, depreciation on right-of-use assets is recognised in the line item depreciation and interest expenses on lease liabilities are recognised as financial expenses. Lease payments pertaining to low-value leases and short-term leases are recognised in profit or loss (line dependent on the type of leased asset). Repayment of the lease liabilities is recognised as cash flow from financing activities. Payments of interest and payments of short-term leases and low-value leases are recognised as cash flow from operating activities.

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

Cash flow statement

The cash flow statement is prepared using the indirect method. The recognised cash flow only includes transactions that have involved payment inflows or outflows.

Parent Company's accounting policies

The differences between the consolidated and the Parent Company's accounting policies are presented below. The Parent Company accounting policies presented below were consistently applied for all periods presented in the Parent Company's financial statements.

Presentation

The income statement and balance sheet are presented in accordance with the format prescribed in the Swedish Annual Accounts Act. The statement of changes in equity is consistent with the format used for the consolidated statement of changes in equity, 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 Company according to the cost method. This means that transaction costs are included in the carrying amount of the holding in the subsidiary. In the consolidated financial statements, transaction costs attributable to subsidiaries are recognised directly in profit or loss 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 assets at cost less any impairment and financial current assets according to the lower of cost or market value 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 (premium and discount respectively).

Note 2 Significant estimates and judgements

The preparation of financial statements pursuant to IFRS requires that management make certain estimates and judgements in applying the company's accounting policies. These estimates and judgements can impact the reported amounts of assets, liabilities, revenue and costs. The actual amounts can deviate from these estimates and judgements. The estimates and underlying assumptions are analysed on an ongoing basis. Changes estimates and judgements are reported on a forward-looking basis.

Fair value measurement

Certain of the Group's accounting policies and disclosures require measurement at fair value. This applies both to financial and to 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 hierarchy stipulated in the reporting standards. With the fair value measure-

ment 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 identical 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 that are not based on observable market data.

If the inputs for the valuation of an asset or liability at fair value pertain 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 any need for impairment, Group management calculates a recoverable amount for each asset or CGU based on the expected future cash flow and applies an appropriate interest rate in discounting the cash flow. The assumptions regarding future operating profit are subject to uncertainty as is the determination of an appropriate discount rate. As of the closing date, December 31, 2022, goodwill totalled SEK 1,090,770 thousand. For more information on impairment testing, see Note 13.

Business combinations and fair value measurement

In calculating fair value, Group management applies valuation techniques for the specific assets and liabilities acquired in conjunction with a business combination. It is primarily the fair value of the conditional purchase prices that is dependent on the outcome of a number of different variables, including the acquired company's future profitability. Group management applies valuation techniques 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. The estimated fair value can differ from the actual price which could have been achieved in a transaction on commercial terms as at the

balance-sheet date. As of December 31, 2022, conditional purchase prices totalled SEK 295,948 thousand. See also Note 8.

Revenue from construction contracts

Recognised revenue and associated contract assets with the principal reflect the Group management's best estimate of the outcome and percentage of completion for each contract. When it comes to more complex contracts, significant uncertainty exists 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 percentage 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 risk of loss which can arise in the projects. As of December 31, 2022, receivables for construction contracts recognised in the balance sheet totalled SEK 83,617 thousand and contract liabilities totalled to SEK 11,224 thousand. For more information regarding construction contracts, see Notes 4 and 20.

Carried-forward tax losses

Deferred tax assets are reported only for carried-forward tax losses where it is probable that such amounts can be used against future taxable surpluses and against taxable temporary differences. Each year, the Group investigates if it is appropriate to capitalise new deferred tax assets pertaining to the year's, or previous years', carried-forward tax losses.

Note 3 Financial risk management

Through its operations, the Group is exposed to a large number of different financial risks such as: various market risks (foreign 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 treasury activities is to:
- ensure that the Group can meet its payment obligations;
 - manage financial risks;
 - ensure access to the necessary financing; and
 - optimise the Group's net financial items.

The Group's risk management is handled by the Parent Company who identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. The Group has a finance policy stipulating the guidelines and framework for the Group's treasury activities. The responsi-

bility for managing the Group's financial transactions and risks is centralised in the Parent Company.

Market risk

Foreign currency risk

The Group is exposed to foreign currency risks which can be broken down as transaction exposure and translation exposure. Transaction exposure arises when a sales or purchase price is stated in foreign currency. Translation exposure arises when the subsidiaries' balance sheets and income statements are translated from local currency to SEK. Comprehensive income includes such translation differences amounting to SEK 8.0 million (0). The translation exposure is relatively limited since operations are mainly conducted in Swedish companies. The translation exposure is not hedged. Transaction exposure arises primarily from purchases in foreign currency and in the operations of foreign subsidiaries. Currency exposure arising from the operations of foreign subsidiaries is not hedged. Based on the assumed 10 percent strengthening or weakening of SEK against DKK and EUR, pre-tax profit is affected in an amount of SEK +/-1.0 million for DKK/SEK and SEK +/-1.1 million for EUR/SEK.

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 are subject to a variable interest rate, while the bonds issued are subject to an interest rate of STIBOR +6.5 percent. Liabilities to credit institutions comprise borrowings in SEK at variable interest rates and expose the Group to interest rate risk as regards its cash flow. Liabilities to credit institutions amounted to SEK 9,055 thousand. The collateral for the Group's liabilities to credit institutions comprises retention of title.

Sensitivity analysis of interest rate risk

If the interest rates on borrowings as of December 31, 2022 had been 100 basis points higher/lower, with all other variables being constant, the calculated pre-tax profit for the period would have been SEK 10.1 thousand lower/higher, mainly as an effect of the higher/lower interest expenses for borrowings with variable interest rates. Interest rate risk has been calculated based on the liabilities to credit institutions and bonds issued as of the balance-sheet date.

Credit risk

Credit risk arises from balances with banks and credit institutions, as well as from customer credit exposures, including receivables outstanding. Credit risk is handled by Group

management. For banks and credit institutions, only independently rated parties with a minimum rating of "A" are accepted.

Credit risk is managed at Group level, with the exception of credit risk related to outstanding accounts receivable and project cost calculations. Each Group company is responsible for monitoring and analysing credit risk for each new customer. In cases where no independent credit assessment is available, a risk assessment of the customer's creditworthiness is conducted, 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 ECLs have also been assessed as insignificant.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management monitors rolling forecasts of the Group's liquidity reserve (including the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. These analyses are generally carried out in the operating companies, in accordance with practice and limits set by the Group management. To identify cash flows, liquidity/cash flow forecasts are prepared on a quarterly basis with forecasts for 12, 24 and 36 months ahead for the companies that the Group has acquired or signed acquisition agreements with.

The Group is well-financed with cash and cash equivalents of SEK 188,970 thousand as of December 31, 2022. As of the balance-sheet date, Novedo Holding AB (publ) has one bond issue of SEK 1,000 million with a coupon rate of approximately 8.882 percent. The Group has already actively started securing funding after the existing bond matures in November 2024. With regard to these factors, it has been concluded that there is no actual liquidity risk in the short and medium term. Liquidity is followed up on an ongoing basis to identify

any changes which could impact the above conditions. The Group's bond issue is subject to covenants pertaining to net interest-bearing debt (i.e., interest-bearing liabilities less cash and bank balances) divided by EBITDA not exceeding certain levels. Moreover, restrictions also pertain to how the bond proceeds can be used, a definition of so-called authorised acquisitions. This definition means that acquisitions must be within the Group's three segments, namely Installation & Services, Infrastructure and Industry. A further requirement is that the companies acquired have been profitable during the last 12 months (from a date not earlier than 3 months before the acquisition) and that the company was profitable during the most recent audited financial year. The bond issue is secured by pledging shares in subsidiaries representing at least 85 percent of consolidated EBITDA.

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 can only be obtained at an increased cost. This risk is mitigated by the Group's continuous evaluation of various financing solutions. Starting the refinancing process in a structured and timely manner reduces refinancing risk. In the case of refinancing amounts exceeding SEK 100 million, the refinancing process must be initiated not later than six months prior to the refinancing date.

The table below analyses the Group's financial liabilities broken down by remaining tenor as of the balance-sheet date, up to and including, the contractual maturity date. The amounts stated in the table comprise contractual, undiscounted cash flows.

As of December 31, 2022 SEK thousand	Less than 3 months	Between 3 months and 1 years	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Financial liabilities							
Bonds issued	-	-	956,250	-	-	956,250	938,001
Liabilities to credit institutions	985	3,138	1,985	2,614	334	9,056	9,055
Conditional purchase prices	-	-	99,663	305,588	-	405,251	295,948
Acquisition-related liabilities	-	14,611	-	37,200	-	51,811	51,811
Other non-current liabilities	-	-	-	137	-	137	137
Lease liabilities	15,142	13,460	20,115	24,675	6,256	79,648	74,062
Accounts payable - trade	138,329	-	-	-	-	138,329	138,329
Debt to principal shareholder	-	30,000	-	-	-	30,000	30,000
Accrued expenses	17,719	-	-	-	-	17,710	17,719
Total	172,175	61,209	1,078,013	370,214	6,590	1,688,200	1,555,062

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 (unadjusted) 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 (that is, as prices) or indirectly (that is, derived from prices).

(c) Financial instruments in Level 3

In the case one or more of the significant inputs is not based on observable market data, the instrument in question is classified in Level 3.

No transfers between the various fair value levels have occurred.

Interest-bearing liabilities

The carrying amount corresponds with the fair value of the Group's borrowing when the loans are subject to variable interest rates and when the credit spread is not of such a nature that the carrying amount 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. Earnouts are measured in Level 3. There were no financial assets measured at fair value on any of the dates presented in this Annual Report. Conditional purchase prices comprise financial liabilities which are measured at fair value as of the balance-sheet date.

Capital management

The Group's goal regarding its capital structure is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to keep the cost of capital as low as possible.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends distributed to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities.

The Group has a strategy to maintain a balanced capital structure whereby the debt/equity ratio is followed up on an ongoing basis from the perspective of the Group's requirements. Debt capital was comprised of:

SEK thousand	Dec 31 2022	Dec 31 2021
Total borrowings	1,029,707	779,778
Less: cash and cash equivalents	-188,970	-821,432
Net debt	840,737	-41,654
Total equity	468,047	378,004
Debt/equity ratio, multiple	1.8	-1.1

The increase in the debt/equity ratio during 2022 was primarily attributable to the financing of acquisitions.

Note 4 Specification of net sales and income

The Group allocates revenue across three segments

SEK thousand	Jan 1 – Dec 31 2022	Jul 28 2020 Dec 31 2021
Infrastructure	635,570	120,944
of which, construction contracts	585,894	92,975
of which, service	6,200	-
of which, products	43,476	27,969
Installation & Services	1,013,135	249,962
of which, construction contracts	644,069	157,505
of which, service	355,212	92,457
of which, products	13,854	-
Industry	124,645	-
of which, construction contracts	-	-
of which, service	-	-
of which, products	124,645	-
Total net sales	1,773,350	370,906
of which, construction contracts	1,229,964	250,480
of which, service	361,412	92,457
of which, products	181,974	27,969

Income per significant class of income and geographical area, SEK thousand	Jan 1 – Dec 31 2022	Jul 28 2020 Dec 31 2021
Construction contracts	1,229,964	278,449
Sweden	1,199,224	278,449
EU	30,502	-
Rest of World	238	-
Service	361,412	92,457
Sweden	355,485	92,457
EU	5,927	-
Rest of World	-	-
Products	181,974	-
Sweden	181,682	-
EU	292	-
Rest of World	-	-
Total income	1,773,350	370,906
Sweden	1,736,391	370,906
EU	36,721	-
Rest of World	238	-

For a description of significant classes of income, see Note 1. No single customer accounts for more than 10 percent of income.

Note 5 Other operating income

SEK thousand	Group		Parent Company	
	Jan 1 – Dec 31 2022	Jul 28 2020 Dec 31 2021	Jan 1 – Dec 31 2022	Sep 10 – Dec 31 2021
Rental income	800	207	-	-
Government grants	13,928	1,130	-	-
Repayment of collective agreement pension contributions	-	935	-	-
Gain on the disposal of tangible and intangible assets	2,297	-	-	-
Foreign exchange effect	2,045	-	1	-
Other items	127	873	-	-
Total income	19,197	3,145	1	-

Government grants pertain essentially to compensation for sick pay received.

Note 6 Operating segments

The CODM is the function responsible for allocating resources and assessing the performance of operating segments. Within the Group, the President has been identified as the CODM and during the reporting period, the Group had three operating segments, namely Installation & Services, Infrastructure and Industry. The segment information is based on the same accounting policies as applied in the Group as a whole. In addition, Group-wide costs are reported in the category Group items.

The operations of each reporting segment are described below:

Installation & Services

Installation & Services comprises companies that offer installation, service and maintenance of properties and is primarily aimed at commercial property owners and public housing.

Jan 1 – Dec 31 2022, SEK thousand	Installation & Services	Infrastructure	Industry	Group items	Total segment
Operating segments					
Net sales	1,013,135	635,570	124,645	-	1,773,350
Other operating income	12,090	5,153	1,949	5	19,197
Total operating income	1,025,226	640,723	126,593	5	1,792,547
Operating expenses					
Raw materials, consumables and goods for resale	-434,326	-351,476	-70,524	-	-856,329
Other external expenses	-73,980	-77,760	-10,592	-35,540	-197,873
Employee benefit expenses	-379,623	-120,011	-23,334	-18,422	-541,390
Depreciation, amortisation and impairment of tangible and intangible assets	-1,906	-6,523	-1,855	-	-10,284
Depreciation of right-of-use assets	-15,807	-11,515	-1,020	-	-28,342
Other operating expenses	-342	-3,428	-847	-157	-4,774
Total operating expenses	-905,987	-570,713	-108,172	-54,119	-1,638,992
EBITA	119,238	70,010	18,421	-54,114	153,555
Amortisation brands and customer relationships	-20,655	-7,420	-2,950	-	-31,025
EBIT	98,583	62,590	15,471	-54,114	122,530
Net financial items	547	-1,626	-99	-152,883	-154,060
Pre-tax profit/loss	99,130	60,964	15,373	-206,997	-31,530

Segment assets

All non-current assets are physically located in Sweden, Estonia and Denmark.

Infrastructure

The segment consists of specialist companies active in infrastructure projects such as rock removal, ground works and associated areas, including maintenance of railway, road and power transmission infrastructure as well as other new infrastructure construction.

Industry

The segment consists of specialist industrial companies that deliver clear customer value in terms of manufacturing or retail of products intended for B2B, for example, suppliers to production companies, distributors and companies with in-house product development.

Jul 28 2020 – Dec 31 2021, SEK thousand	Installation & Services	Infrastructure	Industry	Group items	Total segment
Operating segments					
Net sales	249,962	120,945	-	-	370,907
Other operating income	2,435	709	-	-	3,144
Total operating income	252,397	121,654	-	-	374,051
Operating expenses					
Raw materials, consumables and goods for resale	-86,247	-65,595	-	-	-151,842
Other external expenses	-18,297	-10,897	-	-10,816	-40,010
Employee benefit expenses	-109,378	-27,616	-	-5,488	-142,482
Depreciation, amortisation and impairment of tangible and intangible assets	-218	-1,461	-	-	-1,679
Depreciation of right-of-use assets	-3,708	-3,225	-	-	-3,225
Other operating expenses	-9	-119	-	-1	-129
Total operating expenses	-217,856	-108,912	-	-16,305	-343,073
EBITA	34,541	12,742	-	-16,305	30,978
Amortisation brands and customer relationships	-5,663	-2,037	-	-	-7,700
EBIT	28,878	10,705	-	-16,305	23,278
Net financial items	2,855	-397	-	-19,033	-16,575
Pre-tax profit/loss	31,733	10,308	-	-35,338	6,703

Segment assets

All non-current assets are physically located in Sweden.

Note 7 Business combinations

Novedo completed the following acquisitions during 2022:

Acquisition	Segment	Consolidated	Country	Proportion of shares and votes	Net sales, SEK million ¹⁾	No. of employees
Elarbeten Helsingborg AB	Installation & Services	January	Sweden	100%	33	13
Elinzity AB	Installation & Services	January	Sweden	100%	122	64
Ventilationskontroll Aeolus Aktiebolag	Installation & Services	January	Sweden	100%	157	87
ProvideU AB	Industry	January	Sweden	100%	97	62
GBB Holding AB	Infrastructure	April	Sweden	100%	444	106
Sentexa AB	Installation & Services	May	Sweden	100%	32	12
Total Fasad Stockholm AB	Installation & Services	June	Sweden	100%	129	58
BATAB Bygg & Akustikteknik AB	Installation & Services	July	Sweden	100%	128	20
Elektronik Mekanik i Västerås Aktiebolag	Industry	September	Sweden	100%	77	15
Nordsign Aktiebolag	Installation & Services	September	Sweden	100%	77	17
Nordkabel A/S	Infrastructure	November	Denmark	100%	327	205

¹⁾ Refers to pro forma for the full year 2022.

During the period January–December 2022, Novedo consolidated eleven companies. The fair value of acquired assets and liabilities are, in certain cases, preliminary pending final valuation. Unallocated excess values are provisionally reported as goodwill. Distribution of the purchase price is a complex process and the assessment is that further analysis is required to fully assess future profit generation capabilities based on employee knowledge and access to new markets, synergies and customer contracts. The acquisition bal-

ance sheet may thus be adjusted in the coming quarters. Hence, the established acquisition balance is considered preliminary.

The acquisitions are presented on an aggregated level, by segment as the relative amounts of the individual acquisitions are not considered to be material, except in the acquisition of GBB Holding AB and Nordkabel A/S which are therefore presented both separately and as part of the segments.

Novedo completed the following acquisitions during 2021:

Acquisition	Segment	Consolidated	Country	Proportion of shares and votes	Net sales, SEK million ¹⁾	No. of employees
Skanstulls Måleri Aktiebolag	Installation & Services	January	Sweden	100%	37	34
Valter Eklund Stenentreprenader AB	Infrastructure	May	Sweden	100%	108	35
VE Sten AB	Infrastructure	May	Sweden	100%	57	14
Uni-vent Rör AB	Installation & Services	May	Sweden	100%	65	34
Elforum Göteborg AB	Installation & Services	September	Sweden	100%	57	22
Olle Timblads Målerifirma AB	Installation & Services	September	Sweden	100%	130	143
Tyresö Målericentral AB	Installation & Services	September	Sweden	100%	40	28
Kulturmålarna i Linköping Aktiebolag	Installation & Services	September	Sweden	100%	4	5
Kulturmålarna i Norrköping Aktiebolag	Installation & Services	September	Sweden	100%	44	33
Deramont Entreprenad AB	Infrastructure	September	Sweden	100%	124	45
Hansson & Ekman Isolerings Aktiebolag	Installation & Services	September	Sweden	100%	83	72

¹⁾ Refers to pro forma for the full year 2021.

Preliminary acquisition analyses completed by segment

2022, SEK thousand	Installation & Services	Infrastructure	Industry	Total
Other non-current assets	40,306	119,516	8,299	168,121
Inventories	2,696	13,272	37,673	53,641
Other current assets, excluding cash and cash equivalents	139,365	210,797	27,199	377,361
Cash and cash equivalents	71,648	13,743	5,951	91,342
Deferred tax assets/liabilities	-3,292	-480	-1,284	-5,056
Liabilities to creditors	-4,817	-39,762	-3,393	-47,971
Other liabilities	-141,924	-118,072	-27,127	-287,123
Acquired net assets	103,982	199,014	47,318	350,315
Customer contracts	81,979	16,824	15,867	114,670
Trademarks	16,535	7,322	4,361	28,218
Deferred tax liabilities	-20,294	-6,054	-4,425	-30,773
Goodwill	411,663	258,099	80,697	750,459
Fair value of inventories	-	5,242	1,255	6,497
Purchase price	593,866	480,448	145,072	1,219,385
Less, cash and cash equivalents in acquired operations	-71,648	-13,743	-5,951	-91,342
Less, unpaid purchase price	-166,793	-88,445	-45,392	-300,630
Impact on the Group's cash and cash equivalents	355,424	378,260	93,429	827,413

Final values for the assets and liabilities from acquisitions in the 2021 financial year have been finally established. See below table for final outcome.

2021, SEK thousand	Installation & Services	Infrastructure	Industry	Total
Other non-current assets	32,177	32,044	-	64,221
Inventories	780	6,932	-	7,712
Other current assets, excluding cash and cash equivalents	67,606	29,157	-	96,764
Cash and cash equivalents	74,441	22,181	-	96,622
Deferred tax assets/liabilities	-657	-1,292	-	-1,949
Liabilities to creditors	0	-18,214	-	-18,214
Other liabilities	-99,333	-47,384	-	-146,717
Acquired net assets	75,014	23,425	-	98,438
Customer contracts	52,780	18,676	-	71,456
Trademarks	19,453	6,121	-	25,574
Deferred tax liabilities	-14,878	-5,108	-	-19,986
Goodwill	270,341	77,451	-	347,792
Fair value of inventories	-	-	-	-
Purchase price	402,710	120,565	-	523,274
Less, cash and cash equivalents in acquired operations	-74,441	-22,181	-	-96,622
Less, unpaid purchase price	-172,573	-50,033	-	-222,606
Impact on the Group's cash and cash equivalents	155,696	48,351	-	204,047

Final acquisition analyses 2021

The total impact between previously reported acquisition analyses and final acquisition analyses for these acquisitions in 2021 is as follows:

- Goodwill has decreased SEK -80,935 thousand
- Trademarks have increased SEK 22,682 thousand
- Customer relationships have increased SEK 59,957 thousand
- Deferred tax liabilities have increased SEK -16,924 thousand

- Conditional purchase prices have decreased SEK 9,659 thousand
- Effects in the result regarding final acquisition analyses for companies acquired in 2021 are amortisation of intangible assets of SEK -6,339 thousand, financial expenses attributable to revaluation of discount rates of SEK -1,013 thousand and deferred tax of SEK 1,306 thousand.

All acquisitions are in line with the Group's strategy to grow through acquisitions of profitable entrepreneur-led companies. The total purchase price for the above acquisitions amounted to SEK 1,219.4 million.

Goodwill refers to excess value from business combinations. Identified goodwill is primarily related to employees,

expected future potential and the high profitability of the acquired business. The Group's goodwill is measured annually per CGU. During the period, no impairment needs were identified. Trademarks consist of acquired corporate trademarks and are amortised over ten years. Customer relationships stem from the written agreements that make up the

order backlog at the time of acquisition and are amortised over 5-10 years.

Acquisition-related expenses for the period January–December 2022 tentatively amount to SEK 13.7 million. The contingent purchase considerations shall be paid when future operating profit for the years 2022, 2023, 2024 and

2025 exceeds a level agreed upon by both parties according to agreement. The maximum undiscounted amount that may be paid to the previous owners amounts to SEK 402.4 million as of December 31.

Material acquisitions	Nordkabel A/S ¹	GBB Holding AB	Total
	Included in infrastructure	Included in infrastructure	
SEK thousand			
Other non-current assets	52,046	67,470	119,516
Inventories	497	12,775	13,272
Other current assets, excluding cash and cash equivalents	101,190	109,607	210,797
Cash and cash equivalents	6,518	7,225	13,743
Deferred tax assets/liabilities	-	-480	-480
Liabilities to creditors	-3,174	-36,588	-39,762
Other liabilities	-53,089	-64,983	-118,072
Acquired net assets	103,987	95,027	199,014
Customer contracts	-	16,824	16,824
Trademarks	-	7,322	7,322
Goodwill	187,785	70,314	258,099
Fair value of inventories	-	5,242	5,242
Purchase price	291,772	194,729	486,502
Less, cash and cash equivalents in acquired operations	-6,518	-7,225	-13,743
Less, unpaid purchase price	-38,388	-48,594	-86,983
Impact on the Group's cash and cash equivalents	246,866	138,910	385,776

¹⁾The acquisition analysis is as per the closing date of December 31, 2022 and remains preliminary.

Impact of acquisitions after the date of acquisition on the Group's profit January–December 2022

SEK thousand	Installation & Services	Infrastructure	Industry	Total
Net sales	513,127	361,996	124,645	999,768
EBIT	52,837	33,757	15,471	102,065

Pro forma impact of the acquisitions from January 1, 2022

SEK thousand	Installation & Services	Infrastructure	Industry	Total
Net sales	677,652	771,212	174,521	1,623,384
EBIT	72,954	92,364	29,180	194,498

Note 8 Conditional purchase prices

The conditional purchase prices shall be paid when future operating profit for the years 2022, 2023, 2024 and 2025 exceeds a level agreed upon by both parties according to agreement.

The fair value of conditional purchase prices is subject to Level 3 fair value measurement. The fair value of conditional purchase prices has been calculated based on the expected outcomes for the contractual targets given a discount rate of 13.9 percent.

Below is a table showing changes in recognised conditional purchase prices:

SEK thousand	2022	2021
As of January 1	55,562	-
Added through acquisition	184,389	52,608
Paid	-	-
Gains and losses recognised in profit or loss	56,291	2,954
Currency effect	-295	-
As of December 31	295,947	55,562

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

SEK thousand	Group		Parent Company	Parent Company
	Jan 1 – Dec 31 2022	Jul 28 2020 Dec 31 2021	Jan 1 – Dec 31 2022	Sep 10 – Dec 31 2021
Salaries and benefits	369,550	98,548	3,253	-
Pension costs – defined-contribution plans	16,597	7,608	-	-
Statutory and contractual social security contributions	136,559	32,571	1,054	-
Total	522,706	138,727	4,306	-
Salaries and other benefits				
Board members, CEO and other senior executives	5,658	2,046	3,253	-
Other employees	363,892	96,502	-	-
Total	369,550	98,548	3,253	-
Social security contributions (of which pension costs)				
Board members, CEO and other senior executives	2,110 (301)	643 (0)	1,054 (0)	-
Other employees	151,046 (16,296)	39,536 (7,608)	-	-
Total	153,156 (16,597)	40,179 (7,608)	1,054 (0)	-

Average number of employees by geography

Avg. No. of employees by country	Group			
	2022	2022	2021	2021
	Of which, men		Of which, men	
Sweden	844	777	485	444
Estonia	51	11	-	-
Denmark	205	187	-	-
Total, Group	1,110	975	485	444

Gender distribution in the Group as regards Board members and senior executives

No. at balance-sheet date (of which men)	Group	
	2022	2021
Board members	6 (4)	6 (4)
CEO and other senior executives	3 (3)	3 (3)

Defined-contribution pension

The Group only has defined-contribution pension plans. The pension cost pertains to the cost that impacted profit for the year. The occupational pension contribution is based on the established ITP level, the provision is 4.5–30 percent of the pensionable salary.

Termination of employment

Between the company and the CEO, there is a mutual period of termination of employment of six months. Between the company and other members of management there is a mutual period of termination of employment of six months. No severance pay is payable beyond the notice period. Other income is not deductible from severance pay.

Remuneration to senior executives

Remuneration 2022, SEK thousand	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total remuneration
Christer Hellström, Board Chairman	150	-	-	-	200	350
Mouna Esmaeilzadeh, Board member	75	-	-	-	-	75
Saeid Esmaeilzadeh, Board member	75	-	-	-	-	75
Fredrik Lidjan, Board member	75	-	-	-	-	75
Erik Rune, Board member	75	-	-	-	-	75
Mona Öljansdotter Johansson, Board member	75	-	-	-	-	75
Per-Johan Dahlgren, President & CEO	2,105	-	36	-	-	2,141
Other senior executives (2)	2,800	-	148	301	-	3,249
Total	5,430	-	184	301	200	6,115

Basic salary/Board fee excludes social security contributions. Christer Hellström has invoiced SEK 200 thousand for services rendered on the Investment Committee. The Investment Committee does not comprise a Board committee.

Remuneration 2021, SEK thousand	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total remuneration
Christer Hellström, Board Chairman	-	-	-	-	-	-
Mouna Esmaeilzadeh, Board member	-	-	-	-	-	-
Saeid Esmaeilzadeh, Board member	-	-	-	-	-	-
Fredrik Lidjan, Board member	-	-	-	-	-	-
Erik Rune, Board member	-	-	-	-	-	-
Mona Öljansdotter Johansson, Board member	-	-	-	-	-	-
Per-Johan Dahlgren, President & CEO	1,081	-	6	-	-	1,087
Other senior executives (2)	959	-	-	-	-	959
Total	2,040	-	6	-	-	2,046

Basic salary/Board fee excludes social security contributions. The Board of Directors received no Board fees for 2021.

Note 10 Fees and remuneration to auditors

SEK thousand	Group		Parent Company	
	Jan 1 – Dec 31 2022	Jul 28 2020 Dec 31 2021	Jan 1 – Dec 31 2022	Sep 10 – Dec 31 2021
Öhrlings PricewaterhouseCoopers AB				
Audit engagement	4,850	655	1,205	67
Tax advisory services	-	11	-	11
Other services	-	174	-	134
Total	4,850	840	1,205	212
Other auditing firms				
Audit engagement	611	315	-	-
Tax advisory services	262	0	-	-
Other services	-	21	-	-
Total	873	336	-	-

The audit engagement pertains to 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 examinations executed as agreed upon, or in accordance with written agreements. Other services are such which are not included in an audit engagement and which also do not comprise tax advisory services.

Note 11 Financial items

SEK thousand	Group		Parent Company	
	Jan 1 – Dec 31 2022	Jul 28 2020 Dec 31 2021	Jan 1 – Dec 31 2022	Sep 10 – Dec 31 2021
Financial income	955	322	664	-
Total financial income	955	322	664	-
Interest expenses, bonds issued	-66,791	-6,002	-66,791	-6,002
Interest expenses, lease liabilities	-1,478	-621	-	-
Capital gain/loss on divestment of subsidiary	-19,787	-	-	-
Change in present value of conditional purchase prices following acquisitions	-22,784	-2,954	-	-
Remeasurement and discounting of conditional purchase prices	-42,937	-	-	-
Interest expenses, principal shareholder	-448	-	-488	-
Other interest-related and financial expenses	-791	-7,320	-	-
Total financial expenses	-154,061	-16,896	-66,615	-6,002
Financial items – net	-154,061	-16,575	-66,615	-6,002

Note 12 Tax on profit for the year

SEK thousand	Group		Parent Company	
	Jan 1 – Dec 31 2022	Jul 28 2020 Dec 31 2021	Jan 1 – Dec 31 2022	Sep 10–Dec31 2021
Current tax				
Current tax on profit for the year	-23,222	-9,406	-2,198	-
Adjustments, previous years	-32	-	-	-
Total current tax	-23,254	-9,406	-2,198	-
Deferred tax				
Origination and reversal of temporary differences	-2,159	3,230	-277	277
Total deferred tax	-2,159	3,230	-277	277
Total income tax	-25,414	-6,177	-2,475	277
The income tax on the Group's pre-tax profit differs from the theoretical amount that would arise using the Swedish tax rate applicable to profits of the consolidated entities as follows:				
Pre-tax profit/loss	-31,525	6,703	-49,849	-8,168
Tax according to the current tax rate 20.6%	6,494	-1,381	10,269	1,683
Difference attributable to overseas tax rates	-144	-	-	-
Tax effect of non-deductible costs, interest expense deduction limitations	-12,823	-2,892	-12,739	-1,406
Tax effect of other non-deductible costs	-19,914	-2,623	-5	-
Tax effect of non-taxable income	1,003	731	-	-
Tax effect of standard income tax on tax allocation reserves	-30	-12	-	-
Total reported tax expense	-25,414	-6,177	-2,475	277

Note 13 Intangible assets

Dec 31 2022	Group			Total
	Goodwill	Customer relationships	Trademarks	
Opening accumulated acquisition cost	354,261	71,456	25,574	451,291
Business combinations	753,071	114,681	28,218	895,970
Disposals	-16,562	-3,188	-1,190	-20,940
Closing accumulated acquisition cost	1,090,770	182,938	52,602	1,326,310
Opening accumulated amortisation	-	-6,326	-1,374	-7,700
Amortisation for the year	-	-26,426	-4,599	-31,025
Disposals	-	850	159	1,009
Closing accumulated amortisation	-	-31,902	-5,814	-37,717
Carrying amount	1,090,770	151,047	46,788	1,288,604

Dec 31 2021	Group			Total
	Goodwill	Customer relationships	Trademarks	
Opening accumulated acquisition cost	-	-	-	-
Business combinations	354,261	71,456	25,574	451,291
Closing accumulated acquisition cost	354,261	71,456	25,574	451,291
Opening accumulated amortisation	-	-	-	-
Amortisation for the year	-	-6,326	-1,374	-7,700
Closing accumulated amortisation	-	-6,326	-1,374	-7,700
Carrying amount	354,261	65,129	24,200	443,591

Goodwill refers to excess value from business combinations. Identified goodwill is primarily related to employees, expected future potential and the high profitability of the acquired business. Goodwill recognised in the Group totalled SEK 1,091 million (354). Goodwill is allocated as follows: segment Installation & Services SEK 864 million, Infrastructure SEK 146 million and Industry SEK 81 million.

Impairment testing is undertaken based on the CGUs where such units correspond to the Group's reported segments. Impairment testing involves assessing whether the unit's recoverable amount is greater than its carrying amount. The recoverable amount has been calculated on the basis of the unit's value in use, which comprises the present value of the unit's future expected cash flows, 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 average growth rate applied in extrapolating the cash flows beyond the forecast period has been determined at 2 percent.

In calculating the value in use, a discount rate of 11.1 percent before tax has been applied. The major assumptions in this context primarily comprise a risk-free interest rate of 2.2 percent, a stock market premium of 5.6 percent, a beta of 1.4 percent and a calculated lending margin of 1.3 percent. A sensitivity analysis applied to the growth assumptions and discount rate has been undertaken. This analysis encompassed a calculation where the discount rate increased by up to 5 percentage points without any need for impairment being indicated. The sensitivity analysis shows that the risk for an impairment requirement is very low.

Trademarks consist of acquired corporate trademarks and are amortised over ten years. Customer relationships stem from the written agreements that make up the order backlog at the time of acquisition and are amortised over 5-10 years.

Note 14 Tangible assets

Dec 31 2022, SEK thousand	Group			
	Machinery	Equipment	Buildings and leasehold improvements	Total
Opening cost	41,661	11,819	539	54,018
Business combinations	175,148	29,429	18,264	222,841
Year's acquisitions	3,872	4,011	82	7,966
Sales and disposals	-46,635	-2,906	-	-49,540
Reclassifications	-	-	-	-
Divestments of subsidiaries	-	-2,068	-	-2,068
Foreign exchange effect	2,163	42	337	2,542
Closing cost	176,210	40,326	19,221	235,757
Opening accumulated depreciation	-24,211	-9,274	-384	-33,869
Business combinations	-75,140	-17,283	-918	-93,341
Depreciation for the year	-7,740	-2,749	-131	-10,620
Impairment	-	-	-	-
Sales and disposals	11,235	1,088	-	12,323
Reclassifications	-	-	-	-
Divestments of subsidiaries	-	928	-	928
Foreign exchange effect	-1,191	-30	-16	-1,237
Closing accumulated depreciation	-97,048	-27,318	-1,449	-125,816
Carrying amount	79,161	13,007	17,773	109,941

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

Dec 31 2021, SEK thousand	Group			
	Machinery	Equipment	Leasehold improvements	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 accumulated depreciation	-	-	-	-
Depreciation for the year	-1,026	-641	-12	-1,679
Closing accumulated depreciation	-1,026	-641	-12	-1,679
Carrying amount	17,450	2,545	155	20,150

Note 15 Right-of-use assets

The balance sheet shows the following amounts relating to leases:

SEK thousand	Dec 31 2022	Dec 31 2021
Right-of-use assets:		
Premises	32,001	28,336
Vehicles	23,870	23,822
Other	32,805	5,282
Total	88,676	57,440
Lease liabilities:		
Non-current	-26,344	37,916
Current	-47,718	16,210
Total	-74,062	54,126

The statement of profit or loss shows the following amounts relating to leases:

Depreciation of right-of-use assets:		
Premises	9,913	2,879
Vehicles	13,805	2,834
Other	4,271	813
Total	27,989	6,526
Interest expense (included in financial expenses)	1,828	621
Expense relating to short-term leases	15,817	2,068
Expense relating to leases of low-value assets	1,768	407

There were no contracted investments regarding right-of-use assets as at the end of the reporting period which are yet to be included in the financial statements. The total cash flow for leases was SEK -39,327 thousand (-9,197). For information on maturities for lease liabilities, see Note 3. The most significant contracts are the leases for premises. The leases for the premises are expected, with a couple of exceptions, to be extended by a period of three years.

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

Note 16 Financial assets and liabilities

Financial assets and liabilities as of December 31, 2022 for the Group.

Dec 31 2022, SEK thousand	Group			Total
	Financial assets and liabilities at FVOCI	Financial assets and liabilities at amortised cost	Financial assets and liabilities at FVPL	
Assets reported in the balance sheet				
Cash and cash equivalents	-	188,970	-	188,970
Other non-current securities holdings	-	-	4,318	4,318
Other non-current receivables	-	774	-	774
Accounts receivable - trade	-	372,665	-	372,665
Total	-	562,409	4,318	566,728
Liabilities reported in the balance sheet				
Bonds issued	-	938,001	-	938,001
Liabilities to credit institutions (non-current and current)	-	9,055	-	9,055
Other non-current liabilities	-	137	-	137
Conditional purchase prices	-	-	295,948	295,948
Other acquisition-related expenses	-	51,811	-	51,811
Debt to principal shareholder	-	30,000	-	30,000
Lease liabilities	-	74,062	-	74,062
Bank overdraft facilities	-	8,588	-	8,588
Accounts payable - trade	-	138,329	-	138,329
Accrued expenses	-	17,719	-	17,719
Total	-	1,267,702	295,948	1,563,650

Conditional purchase prices measured at fair value in the balance sheet are classified at level 3 of the fair value hierarchy. For further information on valuation techniques and changes in fair values see Note 7 and Note 8.

Other non-current securities holdings are classified pursuant to level 2 of the fair value hierarchy based on other observable data for an asset or liability other than quoted prices included in Level 1, either directly (that is, as prices) or indirectly (that is, derived from prices).

Dec 31 2021, SEK thousand	Group			Total
	Financial assets and liabilities at FVOCI	Financial assets and liabilities at amortised cost	Financial assets and liabilities at FVPL	
Assets reported in the balance sheet				
Cash and cash equivalents	-	821,432	-	821,432
Other non-current securities holdings	-	-	2,895	2,895
Other non-current receivables	-	377	-	377
Accounts receivable - trade	-	85,357	-	85,357
Total	-	907,166	2,895	910,061
Liabilities reported in the balance sheet				
Bonds issued	-	737,419	-	737,419
Liabilities to credit institutions (non-current and current)	-	8,233	-	8,233
Other non-current liabilities	-	128	-	128
Conditional purchase prices	-	-	55,562	55,562
Other acquisition-related expenses	-	48,476	-	48,476
Lease liabilities	-	54,126	-	54,126
Accounts payable - trade	-	40,216	-	40,216
Accrued expenses	-	8,913	-	8,913
Total	-	897,511	55,652	953,073

The Group's operations are exposed to a variety of financial risks which can impact the profit for the year and equity. This is primarily due to changes in interest rates, but also to financing and liquidity risks, and counterparty risks, see Note 3.

Note 17 Other non-current securities holdings

Group, SEK thousand	Dec 31 2022	Dec 31 2021
Opening accumulated acquisition cost	2,895	-
Acquisition of subsidiaries	2,140	3,181
Additional holdings	725	-
Divested holdings	-1,252	-286
Holdings divested through sale	-190	-
Closing accumulated acquisition cost	4,318	2,895
Carrying amount	4,318	2,895

Note 18 Other non-current receivables

Group, SEK thousand	Dec 31 2022	Dec 31 2021
Opening accumulated acquisition cost	377	-
Acquisition of subsidiaries	5,400	156
Additional holdings	125	221
Divested holdings	-2,314	-
Holdings divested through sale of companies	-2,817	-
Foreign exchange effect	3	-
Closing accumulated acquisition cost	774	377
Carrying amount	774	377

Note 19 Accounts receivable – trade

Age specification of accounts receivables and ECLs on impaired receivables.

Group, SEK thousand	Dec 31 2022	Dec 31 2021
Accounts receivable – trade, gross	376,023	85,798
Loss allowance for ECLs	-3,358	-441
Accounts receivable – trade	372,665	85,357
Group		
	Dec 31 2022	Dec 31 2021
Accounts receivable – trade, current	309,048	67,952
Accounts receivable – trade, past due 0–3 months	37,149	14,909
Accounts receivable – trade, past due 4–6 months	24,671	999
Accounts receivable – trade, more than 6 months past due	5,165	1,938
Expected credit losses	-3,358	-441
Total	372,665	85,357

Changes in the loss allowance for impaired receivables in the Group is as follows:

Group, SEK thousand	Dec 31 2022	Dec 31 2021
As of 1 January	441	-
Impaired accounts receivable acquired	1,509	441
Loss allowance for impaired accounts receivable	2,006	45
Receivables written off during the year as uncollectible	-153	-
Unused amounts reversed	-	-45
Foreign exchange effect	-3	-
As of December 31	3,358	441

Carrying amount per currency, SEK thousand	Dec 31 2022	Dec 31 2021
SEK	278,671	85,357
DKK	62,389	-
EUR	695	-

Note 20 Contract assets and contract liabilities

Group, SEK thousand	Dec 31 2022	Dec 31 2021
Contract assets – receivables with principals	83,617	20,138
Contract liabilities – liabilities with principals	-11,224	-12,502
Net amount reported in the balance sheet	72,392	7,636

Contract assets pertain, primarily, to the Group's right to compensation for executed but non-invoiced work as of balance-sheet date. Contract assets are transferred to accounts receivable when the right to invoice is in effect. The year-on-year increase in contract assets essentially comprises new acquisitions.

Contract liabilities pertain primarily to advance payments received from customers for forthcoming assignments and where the revenue is recognised successively.

Most of the performance obligations that were not satisfied at year end are expected to be satisfied in the following year. The assessment is that any portion that is not expected to be met within one year is not material.

Note 21 Prepayments and accrued income

SEK thousand	Group		Parent Company	
	Dec 31 2022	Dec 31 2021	Dec 31 2022	Dec 31 2021
Prepaid insurance premiums	1,764	1,082	28	-
Accrued income	6,926	2,711	-	-
Other items	3,191	2,282	55	77
Total	11,880	6,075	83	77

Note 22 Cash and cash equivalents

The following sub-components are included in cash and cash equivalents:

SEK thousand	Group		Parent Company	
	Dec 31 2022	Dec 31 2021	Dec 31 2022	Dec 31 2021
Bank balances	188,970	821,432	1,134	689,355
Total	188,970	821,432	1,134	689,355

Note 23 Equity – Share capital

SEK thousand	Number of shares	Share capital	Other contributed capital
As per July 28, 2020	25,000	-	-
New share issues	5,960	52	278,500
Formation of Novedo Holding Group	-	500	-
Shareholders' contribution	-	-	98,375
As per December 31, 2021	30,960	552	376,875
As per January 1, 2022	30,960	552	376,875
As per December 31, 2022	30,960	552	376,875

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

A total of 15,402 preference shares exist in the subsidiary Novedo AB. Owners of preference shares have the right to convert their preference shares in Novedo AB to ordinary shares in Novedo Holding AB (publ) ("Holding") prior to a so-called "Exit."

If all of the existing preference shares are converted to ordinary shares, these would represent a total of 10.9 percent of all ordinary shares as of December 31, 2022, assuming performance in line with shareholder agreements.

Note 24 Provisions

All provisions in the following table pertain to a pension solution in the form of endowment insurance.

SEK thousand	Group
Carrying amount July 28, 2020	-
Additional provisions	3,113
Carrying amount December 31, 2021	3,113
Additional provisions	2,532
Carrying amount December 31, 2022	5,645

Provisions reported as of the acquisition date in a business combination are included in "Additional provisions" above. Other provisions amounting to SEK 2,118 thousand pertain to provisions for warranties arising from construction contracts with customers.

Note 25 Deferred tax

Deferred tax assets and deferred tax liabilities are as follows:

SEK thousand	Dec 31 2022		Dec 31 2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	-	-40,752	-	-18,402
Tangible assets	-	-2,525	-	-
Inventories	-	-1,240	-	-
Right-of-use assets/ lease liabilities	-	189	-	126
Untaxed reserves	-	-14,728	-	-4,106
Unutilised carried-forward tax losses	-	-	2,365	-
Project provisions	-	-8,813	-	-
Provisions for warranties	-	826	-	-
Total	-	-67,043	2,365	-22,382
Tax assets/ liabilities, net		-67,043		-20,017

Change during the year, SEK thousand	Jan 1 2022	Recognised in profit or loss	Added through acquisitions/ divestments	
			Dec 31 2022	Dec 31 2021
Intangible assets	-18,402	6,313	-28,663	-40,752
Tangible assets	-	-	-2,525	-2,525
Inventories	-	-	-1,240	-1,240
Right-of-use assets/ lease liabilities	126	63	0	189
Untaxed reserves	-4,106	-6,334	-4,288	-14,728
Unutilised carried-forward tax losses	2,365	-2,365	-	-
Project provisions	-	-	-8,813	-8,813
Provisions for warranties	-	-	826	826
Total	-20,017	-2,323	-44,703	-67,043

Change during the year, SEK thousand	As per July 28, 2020	Recognised in profit or loss	Added through acquisitions	Dec 31 2021
Tangible assets	-	-	-	-
Inventories	-	-	-	-
Right-of-use assets/ lease liabilities	-	35	91	126
Untaxed reserves	-	-789	-3,317	-4,106
Unutilised carried-forward tax losses	-	2,365	-	2,365
Project provisions	-	-	-	-
Provisions for warranties	-	-	-	-
Total	-	3,230	-23,247	-20,017

Note 26 Bonds issued and liabilities to credit institutions

SEK thousand	Group		Parent Company	
	Dec 31 2022	Dec 31 2021	Dec 31 2022	Dec 31 2021
Opening carrying amount	745,652	-	737,419	-
Acquired borrowings	34,777	8,232	-	-
Borrowings for the year	199,398	737,420	200,582	737,419
Amortisation for the year	-32,771	-	-	-
Closing carrying amount	947,056	745,652	938,001	737,419

Borrowings on Dec 31 2022, SEK thousand	Interest rate, %	Year of maturity	Nominal value	Carrying amount
Bonds issued	STIBOR +6.5%	2024	956,250	938,001
Liabilities to credit institutions	0.8-4%	2023-2026	9,055	9,055
Closing carrying amount			965,305	947,056

Borrowings on Dec 31 2021, SEK thousand	Interest rate, %	Year of maturity	Nominal value	Carrying amount
Bonds issued	STIBOR +6.5%	2024	750,000	737,420
Liabilities to credit institutions	0.8-3.1	2023-2026	8,232	8,232
Closing carrying amount			758,232	745,652

Note 27 Current liabilities

SEK thousand	Group		Parent Company	
	Dec 31 2022	Dec 31 2021	Dec 31 2022	Dec 31 2021
Shareholder loan	-	8	-	-
VAT	24,791	3,827	-	-
Employee-related items	23,616	20,024	420	-
Other current liabilities	9,121	471	-	-
Total	57,529	24,330	420	-

Note 28 Accrued expenses and deferred income

SEK thousand	Group		Parent Company	
	Dec 31 2022	Dec 31 2021	Dec 31 2022	Dec 31 2021
Employee-related items	91,335	48,078	954	-
Audit fees	3,358	1,176	625	-
Accounting services	893	944	-	-
Accrued interest	8,579	4,809	8,836	4,809
Other	4,889	1,843	-	-
Total	109,054	56,850	10,415	4,809

Note 29 Adjustments for non-cash items

SEK thousand	Group		Parent Company	
	Jan 1 - 31 Dec 2022	Jul 28 2020 Dec 31 2021	Jan 1 - 31 Dec 2022	Sep 10 - Dec 31 2021
Depreciation, equipment	10,266	1,679	-	-
Amortisation, intangible assets	31,043	6,584	-	-
Depreciation, right-of-use assets	28,342	6,933	-	-
Interest expenses, lease liabilities	-	-622	-	-
Transaction costs bonds issued	-	1,143	-	-
Gain/loss on other securities and receivables defined as non-current assets	863	-	-	-
Disposals of tangible assets	851	389	-	-
Change in provisions	-	-782	-	-
Transactions with non-controlling interests	-	51	-	-
Exchange-rate differences	1,743	-	-	-
Total	73,063	15,375	-	-

Note 30 Changes in liabilities pertaining to financing activities

SEK thousand	Jan 1 2022	Cash inflow	Cash outflow	Non-cash items				Dec 31 2022
				New leases	Acquisition	Revaluation	Other	
Bonds issued	737,419	206,250	-	-	-	-	-5,668	938,001
Liabilities to credit institutions	8,232	3,096	-35,707	-	33,306	-	128	9,055
Other non-current liabilities	128	-	-	-	-	-	9	137
Conditional purchase prices	55,562	-	-	-	184,389	55,997	-	295,948
Acquisition-related liabilities	74,496	-	-37,296	-	14,611	-	-	51,811
Lease liabilities	54,126	-	-24,779	23,494	28,046	-	-6,825	74,062
Total	929,963	209,346	-97,782	23,494	260,352	55,997	-12,356	1,369,014

SEK thousand	Jul 28 2020	Cash inflow	Cash outflow	Non-cash items				Dec 31 2021
				New leases	Acquisition	Revaluation	Other	
Bonds issued	-	736,275	-	-	-	-	1,144	737,419
Liabilities to credit institutions	-	-	-	-	8,232	-	-	8,232
Other non-current liabilities	-	-	-	-	128	-	-	128
Conditional purchase prices	-	-	-18,178	-	205,856	-132,116	-1	55,562
Acquisition-related liabilities	-	-	-	-	74,496	-	-	74,496
Lease liabilities	-	-	-7,379	1,982	59,523	-	-	54,126
Total	-	736,275	-25,557	1,982	348,235	-132,116	-1,144	929,963

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

Sales to Group companies amounted to 100 percent (0) in 2022. No purchases were made from Group companies in 2022 or 2021.

Note 32 Investments in subsidiaries

Name of company	Segment	Consolidated	Country of registration and country of operation	Corp. ID No.	Proportion of ordinary shares/votes owned by the Group, %
Novedo AB	-	-	Sweden	559264-9841	100%
Novedo OpCo AB	-	-	Sweden	559334-8344	100%
Novedo Danmark OpCo ApS	-	-	Denmark	43529374	100%
BATAB Bygg & Akustikteknik AB	Installation & Services	Jul 2022	Sweden	556133-7642	100%
Elarbeten Helsingborg AB	Installation & Services	Jan 2022	Sweden	556464-1354	100%
Elforum Göteborg AB	Installation & Services	Aug 2021	Sweden	559133-4031	100%
Elinzity AB	Installation & Services	Jan 2022	Sweden	556694-5878	100%
Elinzity Förstärkning AB	Installation & Services	Jan 2022	Sweden	556187-5088	100%
Hansson & Ekman Isolerings Aktiebolag	Installation & Services	Sep 2021	Sweden	556459-0379	100%
Kulturmålarna i Linköping Aktiebolag	Installation & Services	Sep 2021	Sweden	559203-8177	100%
Kulturmålarna i Norrköping Aktiebolag	Installation & Services	Sep 2021	Sweden	556435-2887	100%
Nordsign Aktiebolag	Installation & Services	Sep 2022	Sweden	556699-2706	100%
Olle Timblads Målerifirma AB	Installation & Services	Sep 2021	Sweden	556688-5488	100%
Tyresö Målericentral AB	Installation & Services	Sep 2021	Sweden	556909-8725	100%
Sentexa AB	Installation & Services	May 2022	Sweden	556637-4921	100%
Skanstulls Måleri Aktiebolag	Installation & Services	Jan 2021	Sweden	556543-8974	100%
Total Fasad Stockholm AB	Installation & Services	Jun 2022	Sweden	559004-4375	100%
Total Fönsterrenovering Stockholm AB	Installation & Services	Jun 2022	Sweden	559133-9444	100%
Uni-vent Rör AB	Installation & Services	May 2022	Sweden	556665-6889	100%
Ventilationskontroll Aeolus Aktiebolag	Installation & Services	Jan 2022	Sweden	556211-1343	100%
RC El & Styrinstallationer Zeus AB	Installation & Services	Jan 2022	Sweden	556310-2010	100%
CX Ventilation AB	Installation & Services	Jan 2022	Sweden	556846-1882	100%
KG Vent AB	Installation & Services	Sep 2022	Sweden	559000-5921	100%
Ekoion AB	Installation & Services	Jan 2022	Sweden	556700-0814	100%

Name of company	Segment	Consolidated	Country of registration and country of operation	Corp. ID No.	Proportion of ordinary shares/votes owned by the Group, %
Deramont Entreprenad AB	Infrastructure	Sep 2021	Sweden	556803-5421	100%
GBB Holding AB	Infrastructure	Apr 2022	Sweden	556910-5652	100%
Gnesta Bergbyggare AB	Infrastructure	Apr 2022	Sweden	556599-9355	100%
AO Entreprenadtjänst i Stockholm AB	Infrastructure	Apr 2022	Sweden	556995-2269	100%
Borrspecialisten i Stockholm AB	Infrastructure	Apr 2022	Sweden	556929-2591	100%
GBB Syd AB	Infrastructure	Apr 2022	Sweden	559234-7297	100%
IMPAB AB	Infrastructure	Apr 2022	Sweden	556718-1069	100%
Impab International AB	Infrastructure	Apr 2022	Sweden	556881-7547	100%
Nordkabel A/S	Infrastructure	Nov 2022	Denmark	28851782	100%
Valter Eklund Stenentreprenader AB	Infrastructure	May 2021	Sweden	556071-7463	100%
VE Sten AB	Infrastructure	May 2021	Sweden	556143-4126	100%
ProvideU AB	Industry	Jan 2022	Sweden	556754-0231	100%
ProvideU Assembly OÜ	Industry	Jan 2022	Estonia	11066054	100%
Elektronik Mekanik i Västerås Aktiebolag	Industry	Sep 2022	Sweden	556506-1560	100%

Divestments in 2022 comprised Fog & Byggtjänst i Åkersberga AB, Fog & Byggtjänst i Östergötland and Fog & Byggtjänst i Sverige AB. The following subsidiaries of Ventilationskontroll Aeolus Aktiebolag: Air Solution D.O.O, Krovent Group D.O.O and Krovent Montaza D.O.O have been liquidated.

Note 33 Participations in Group companies

Parent Company	Dec 31 2022	Dec 31 2021
Opening acquisition cost	191,155	-
Acquisitions for the year	-	191,155
Shareholders' contribution paid	843,772	-
Closing accumulated acquisition cost	1,033,927	191,155

Parent Company participations in Group companies as per December 31, 2022

Name of company	Corp. ID No.	Registered offices	No. of participations	Share of equity (%)	Book value
Novedo AB	559334-8344	Stockholm	27,929	89.1%	1,033,927
Total					1,033,927

A total of 43,331 shares are in issue for Novedo AB. All 27,929 ordinary shares are held by Novedo Holding AB (publ). The remaining 15,402 shares comprise preference shares which are held by the vendors of acquired companies. The number of preference shares has no connection to the value of the preference shares in the event of a future conversion to ordinary shares in Novedo Holding AB (publ). The legal value of the preference share in the event of liquidation is tied to the subscription price of the preference shares.

Note 34 Proposed appropriation of profits

The following profits are at the disposal of the annual general meeting:

SEK	
Profit/loss brought forward	-7,861,292
Share premium reserve	143,934,105
Profit/loss for the year	-52,324,114
Total	83,748,700

The Board of Directors proposes that the profits be appropriated as follows:

be carried forward	83,748,700
Total	83,748,700

Note 35 Earnings per share

SEK	Jan 1 - 31 Dec 2022	Jul 28 2020 Dec 31 2021
Earnings per share before dilution	-1,909.42	-42.34
Diluted earnings per share	-1,909.42	-42.34

The amounts used in the earnings numerator correspond to the Group's profit for the period. The amounts used in the denominator are shown as follows. The weighted average number of shares before dilution amounted to 30,960 shares for 2022. 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

Agreements about services with related parties are carried out at market-based terms. In 2022, one shareholder loan of SEK 30 million was raised with the holding company. The interest rate payable on the loan is 12.5 percent. Consulting fees of SEK 200 thousand were paid to Board Chairman Christer Hellström for services rendered on the Investment Committee.

Note 37 Pledged assets

SEK thousand	Group	
	Dec 31 2022	Dec 31 2021
Floating charge	40,497	16,050
Assets with retention of title	18,922	8,512
Assets pledged for pension commitments	-	2,425
Notes of lien in real property	5,284	-
Shares in Group companies	537,267	538,182
Total	601,970	565,169

Note 38 Contingent liabilities

SEK thousand	Group	
	Dec 31 2022	Dec 31 2021
Performance guarantees	18,424	2,687
Guarantee commitments	5,249	-
Total	23,673	2,687

Note 39 Significant events after the balance-sheet date

Jan Johansson, an experienced Board member, and previously also President & CEO of SCA AB and Boliden AB, was elected as a Board member and Chairman of the Board at the Extraordinary General Meeting on January 12, 2023.

For the purpose of realising company acquisitions, SEK 250 million in bonds was issued in February 2023 within the framework of the company's existing 2021/2024 bond issue. In addition, Novedo's principal shareholder has undertaken to provide a SEK 100 million subordinated shareholder loan maturing after the bond maturity date.

On the respective dates February 27 and 28 2023, acquisitions were made of Helsingborgs Byggplåt AB with a sales of approximately SEK 120 million and Stantræk A/S with annual sales of about SEK 220 million. Closing is expected to take place for both companies in the first quarter of 2023. Helsingborgs Byggplåt AB is part of the Installation & Services segment and Stantræk A/S is part of the Industry segment.

All acquisitions are in line with the Group's strategy to grow through acquisitions of profitable entrepreneur-led companies. The total purchase price for the above acquisitions amounted to SEK 210.6 million. Acquisition analyses have not been prepared as of the date of the annual report.

Preliminary acquisition-related expenses amounted to SEK 2.9 million. Conditional purchase prices will be paid when future operating profit for the years 2023, 2024 and 2025 exceeds a level contractually agreed upon by both parties. The maximum undiscounted amount that can be paid to the former owners is SEK 22.5 million.

Note 40 Changes in 2021 Annual Report

The table below explains significant changes from the published annual report for the 2021 financial year. All significant changes are attributable to the preparation of final acquisition analyses for business combinations in 2021, see Note 7.

SEK thousand	As per published 2021 Annual Report	New carrying amount	Change
Balance sheet			
Trademarks	2,004	2,420	416
Customer contracts	5,172	65,129	59,957
Goodwill	435,197	354,260	-80,937
Equity	6,522	475	-6,047
Deferred tax liabilities	5,498	22,422	16,924
Conditional purchase prices	65,221	55,562	-9,659
Income statement			
Depreciation and amortisation of tangible and intangible assets	-3,040	-9,379	-6,339
Financial expenses	-15,883	-16,896	-1,013

Note 41 Quarterly data

	2022	2022	2022	2022	2021	2021	2021	2021
SEK thousand	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	602,982	457,223	432,454	280,691	203,655	102,596	54,082	10,424
Net sales growth, %	196.1%	345.7%	699.6%	2,592.7%	n/a	n/a	n/a	n/a
EBIT	50,883	40,294	25,095	6,257	16,429	4,382	3,777	-1,311
EBIT margin, %	8.4%	8.8%	5.8%	2.2%	8.1%	4.3%	7.0%	-12.6%
EBITA	60,747	49,357	31,874	11,576	19,961	7,356	4,726	-1,065
EBITA margin, %	10.1%	10.8%	7.4%	4.1%	9.8%	7.2%	8.7%	-10.2%
EBITDA	76,015	57,383	41,186	17,596	24,582	10,154	5,806	-952
EBITDA margin, %	12.6%	12.6%	9.5%	6.3%	12.1%	9.9%	10.7%	-9.1%
Pre-tax profit/loss	-9,336	224	-5,982	-16,436	6,256	131	2,100	-1,784
Profit/loss for the period	-25,591	-2,227	-11,630	-17,493	1,414	-604	1,353	-1,637
Working capital	274,125	146,825	73,113	23,482	-13,045	7,509	16,149	-5,357
Net interest-bearing debt	873,222	605,802	418,224	136,172	-25,376	143,965	37,714	-32,937
Net debt/equity ratio	1.9	1.3	0.9	0.3	-0.1	0.6	0.4	-0.6
Net interest-bearing debt/EBITDA	11.5	10.6	10.2	7.7	-1.0	14.2	6.5	34.6
Equity/assets ratio, %	20.4%	22.5%	24.7%	25.4%	25.9%	30.0%	33.0%	52.5%
Return on equity, %	-5.5%	-0.5%	-2.6%	-4.2%	0.6%	-0.3%	1.5%	-3.0%
Return on capital employed, %	3.4%	3.7%	2.9%	1.5%	3.9%	1.4%	2.8%	-2.9%
Number of employees at the end of the period	1,122	904	890	769	521	521	160	74

Note 42 Performance measures not defined pursuant to IFRS

	2022	2022	2022	2022	2021	2021	2021	2021
SEK thousand	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(A) Operating profit/loss (EBIT)	50,883	40,294	25,095	6,257	16,429	4,382	3,777	-1,311
Amortisation of acquisition-related intangible assets	9,864	9,063	6,779	5,319	3,532	2,974	949	246
(B) EBITA	60,747	49,357	31,874	11,576	19,961	7,356	4,726	-1,065
Depreciation and amortisation of other tangible and intangible assets	15,268	8,026	9,311	6,021	4,621	2,798	1,080	113
(C) EBITDA	76,015	57,383	41,185	17,597	24,582	10,154	5,806	-952
Acquisition-related items								
Acquisition expenses	8,074	1,351	2,137	2,170	-	2,239	887	825
Total acquisition-related items	8,074	1,351	2,137	2,170	-	2,239	887	825
(D) Adjusted EBITA	68,821	50,708	34,011	13,746	19,961	9,595	5,613	-240
(E) Adjusted EBITDA	84,089	58,734	43,322	19,767	24,582	12,393	6,693	-127
(F) Net sales	602,982	457,223	432,454	280,691	203,655	102,596	54,082	10,424
(A/F) EBIT margin, %	8.4%	8.8%	5.8%	2.2%	8.1%	4.3%	7.0%	-12.6%
(B/F) EBITA margin, %	10.1%	10.8%	7.4%	4.1%	9.8%	7.2%	8.7%	-10.2%
(C/F) EBITDA margin, %	12.6%	12.6%	9.5%	6.3%	12.1%	9.9%	10.7%	-9.1%
(D/F) Adjusted EBITA margin, %	11.4%	11.1%	7.9%	4.9%	9.8%	9.4%	10.4%	-2.3%
(E/F) Adjusted EBITDA margin, %	13.9%	12.8%	10.0%	7.0%	12.1%	12.1%	12.4%	-1.2%

Board of Directors' Assurance statement

The Board of Directors and the President & CEO certify that the consolidated financial statements and the annual accounts have been prepared in accordance with IFRS and generally accepted accounting policies in Sweden and provide a true and fair view of the company's and the Group's operations, financial positions and results of operations. Furthermore, the annual accounts describe significant risks and uncertainties facing the company and its subsidiaries.

Stockholm, April 18, 2023

Novedo Holding AB (publ)

Jan Johansson
Chairman of the Board

Mouna Esmaeilzadeh
Board member

Saeid Esmaeilzadeh
Board member

Christer Hellström
Board member

Mona Öljansdotter Johansson
Board member

Fredrik Lidjan
Board member

Erik Rune
Board member

Per-Johan Dahlgren
President & CEO

Our auditor's report was submitted on April 19, 2023

Öhrlings PricewaterhouseCoopers AB

Victor Lindhall
Authorised Public Accountant

Auditor's report

Unofficial translation

To the general meeting of the shareholders of Novedo Holding AB, corporate identity number 59334-4202.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Novedo Holding AB for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 31-65 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of December 31, 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts. 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 consolidated statement

of comprehensive income and the consolidated balance sheet for the group and the statement of comprehensive income and balance sheet for the parent company.

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

Basis for Opinions

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

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

Our audit approach

Audit scope

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

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Auditor's report

Key audit matters

How our audit addressed the Key audit matter

Valuation of goodwill, customer relations and brand names

In the group's balance sheet, intangible assets of SEK 1,289 million attributable to business acquisitions are reported, which corresponds to 56 percent of total assets in the group. The items goodwill and intangible assets are thus material in terms of size for Novedo's balance sheet. In addition to this, the valuation of intangible assets is associated with management's assessments. All in all, this means that we have considered the valuation of goodwill, customer relations and brands as a particularly significant area in our audit.

The company management performs an annual impairment test of goodwill and other intangible assets to test whether there is a need for impairment or not for each segment. Assumptions and assessments include forecasts regarding growth and operating margin, investment needs and applied discount rate. If the future development deviates negatively from applied assumptions and assessments, a write-down may arise.

Refer to the sections; "Impairment of non-financial assets and goodwill" in note 2 Important accounting estimates and judgments, and note 13 Intangible fixed assets.

With the support of PwC's internal valuation specialists, we have tested the group's model for impairment testing as well as evaluated and sensitivity tested the essential assumptions used to determine forecasted cash flows and discount rates when calculating the assets' values in use for each operating segment. In the evaluation, we have compared with the operations' history, the group's forecasts and strategic planning, as well as with external data sources where possible and relevant.

We have verified the provided note information against the group's model for impairment testing, bookkeeping and other accounting information.

Key audit matters

How our audit addressed the Key audit matter

Purchase price allocation

During 2022, the Novedo Group acquired eleven companies. Accounting for acquisitions involves significant assessments and estimates of the value of acquired assets and assumed liabilities. Group management considers the fair value of conditional purchase prices, which are dependent on the outcome of several variables including the acquired company's profitability, to be an essential factor in the assessment of the purchase price. When preparing the acquisition analyses, the company has allocated the purchase price to acquired assets, the majority of which is goodwill. This has been done by identifying acquired assets and valuing them at fair value based on the asset's applicable valuation models.

Refer to the sections; "Business combinations and fair value measurements" in Note 2 and information on Business Combinations in Note 7.

With the support of PwC's internal valuation specialists, we have evaluated whether the acquisition analyzes for the acquisitions in 2022 as well as the established acquisition analyzes from acquisitions in 2021 meet the requirements according to IFRS and have been prepared in accordance with accepted valuation models, as well as assessed whether significant assumptions were used to determine the values of acquired assets are reasonable.

On a sample basis, we have evaluated Novedo's assumptions regarding conditional purchase prices in connection with the assessment of the total purchase price as well as evaluated the board's assessment of the outcome at the end of 2022.

We have also verified the provided note information against bookkeeping and other accounting information.

Auditor's report

Key audit matters

Revenue and result recognition in construction projects

2022's total revenue in Novedo's contracting and construction operations amounts to SEK 1,229 (280) million. A significant part of these revenues is reported over time with the application of percentage of completion. This means that reported revenues and costs in contracting projects are based on assumptions and estimates of future outcomes documented in the project forecasts. The forecasts contain assessments of costs for e.g. labor, materials, subcontractors and warranty obligations. As applicable, forecasts also include assessments of claims on customers relating to, e.g. change or additional orders and deficiencies in tender conditions. The elements of assumptions and estimates means that final results may deviate from those now reported. Given the elements of assumptions and estimates makes this a key audit matter.

Refer to the sections; "Contracts" in note 2 Significant accounting principles, "Income from construction contracts" in note 3 Important estimates and judgments for accounting purposes, note 4 Net sales and revenue distribution, note 20 Contract assets and contract liabilities.

How our audit addressed the Key audit matter

We have evaluated processes, routines and methodology for projections, project reporting and project completion for significant group companies. We have performed analytical review of revenues and margins reported and evaluated management's routines for follow-up of the projects' financial results and discussed the latter with management. On a sample basis, we have examined revenues and the recognised project costs on which determination of completion ratio is based. For selected projects, we have carried out in-depth procedures including, e.g. reading contract excerpts, review of project forecasts and discussions project leaders and controllers regarding judgements, assumptions and estimates. We have also tested the mathematical accuracy of the percentage-of-completion profit calculation.

We have also kept dialogue with group management and board work regarding Novedo's estimates and the principles, methods and assumptions on which the these are based.

We have verified information provided in notes against bookkeeping and other accounting information.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-30 and 70-84. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated

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

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

Auditor's responsibility

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

Auditor's report

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 for the year 2022 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants

in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Director's and the Managing Director

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

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

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

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

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Novedo Holding AB by the general meeting of the shareholders on the June 7, 2022 and has been the company's auditor since October 21, 2021.

Stockholm, April 19, 2023

Öhrlings PricewaterhouseCoopers AB

Victor Lindhall

Authorized Public Accountant

Definitions

IFRS measure	Definition/Calculation
Earnings per share	Profit for the period divided by the average number of shares.
Alternative performance measures:	
Return on equity, %	Profit/loss for the period as a percentage of equity at the end of the period.
Return on capital employed, %	EBITA for the period as a percentage of, total assets less operating liabilities less cash and cash equivalents at the end of the period.
EBITA	EBIT before amortisation and impairment of acquisition-related intangible assets
EBITA margin, %	EBITA in relation to net sales.
EBITDA	Operating profit (EBIT) according to income statement before depreciation of right-of-use assets and amortisation, depreciation and impairment of intangible and tangible assets.
EBITDA margin, %	EBITDA as a percentage of net sales.
Adjusted EBITA	EBITA adjusted for non-recurring items.
Adjusted EBITA margin, %	EBITA adjusted for non-recurring items, as a percentage of net sales.
Adjusted EBITDA	EBITDA adjusted for non-recurring items.
Adjusted EBITDA margin, %	EBITDA adjusted for non-recurring items, as a percentage of net sales.
Net sales growth, %	Change in sales compared with total net sales in the corresponding period last year.
Net debt/equity ratio, multiple	Net interest-bearing debt in relation to equity including non-controlling interests.
Organic net sales growth	Change in net sales compared with the corresponding period last year. Acquired companies are included in organic growth if included in the Group for the entire comparative period.
Pro forma	Pro forma refers to companies that Novedo has acquired during the current period, and has been restated to show the results as if Novedo had owned the companies during the entire period.
Net interest-bearing debt/EBITDA, multiple	Net interest-bearing debt as a percentage of operating profit (EBITDA) according to the income statement.
Net interest-bearing debt	Current and non-current interest-bearing liabilities, less cash and cash equivalents at the end of the period.
Working capital	Current assets, excluding cash and cash equivalents and tax assets, less current liabilities of a non-financial nature excluding tax liabilities.
EBIT	Profit/loss before financial items and tax.
EBIT margin, %	EBIT in relation to net sales.
Equity/assets ratio, %	Equity at the end of the period as a percentage of total assets at the end of the period.

Corporate governance report

CORPORATE GOVERNANCE REPORT

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The founders Björn Lundberg and Ola Fogelmark, and CEO Peter Berntsson from Elinzity AB.

At Novedo, corporate governance aims to create long-term, sustainable value for shareholders and other stakeholders. Governance encompasses the establishment of an effective organisational structure, systems for risk management and internal control, transparent internal and external reporting, and regulatory compliance.

Novedo Holding AB (publ) ("Novedo"), Corp. ID No. 559334-4202, is a Swedish limited liability company with registered offices in Stockholm, Sweden. The company's bond (ISIN: SE0017070980) has been admitted to trading on Nasdaq Stockholm's list for corporate bonds since October 28, 2022. In the period from November 26, 2021 until November 30, 2022, Novedo's bond was listed for trading on the Frankfurt Stock Exchange Open Market. In 2022, Novedo commenced efforts aimed to prepare the company for a listing of its shares on Nasdaq Stockholm. As a result of the above, Novedo has prepared a statutory corporate governance report for 2022 pursuant to the Annual Accounts Act and applies the Swedish Corporate Governance Code (the "Code"). Any deviations from the Code is reported. The corporate governance report is an integral part of the company's 2022 Annual and Sustainability Report and has been reviewed by the company's auditor.



Henrik Nordgren, CEO of Kulturmäklarna in Norrköping and Linköping.

Corporate governance structure

Through its subsidiaries, Novedo conducts operations focused on Industry, Infrastructure, and Installation & Services. Responsibility for Novedo's management and control is divided between the shareholders, the Board of Directors and the CEO. Governance of Novedo is based on external and internal governance instruments. The framework for the external governance instruments comprises the Swedish Companies Act, the Annual Accounts Act and the Code as well as other applicable laws and regulations in Sweden and abroad. Internal binding governance instruments comprise, inter alia, the Articles of Association, board work's rules of procedure, instructions for Board committees (in 2022 the entire Board also acted as Board committees) and instructions for the CEO, Code of Conduct, finance policy, risk policy, framework for internal control, communication policy, insider policy, IT policy and authorisation instructions.

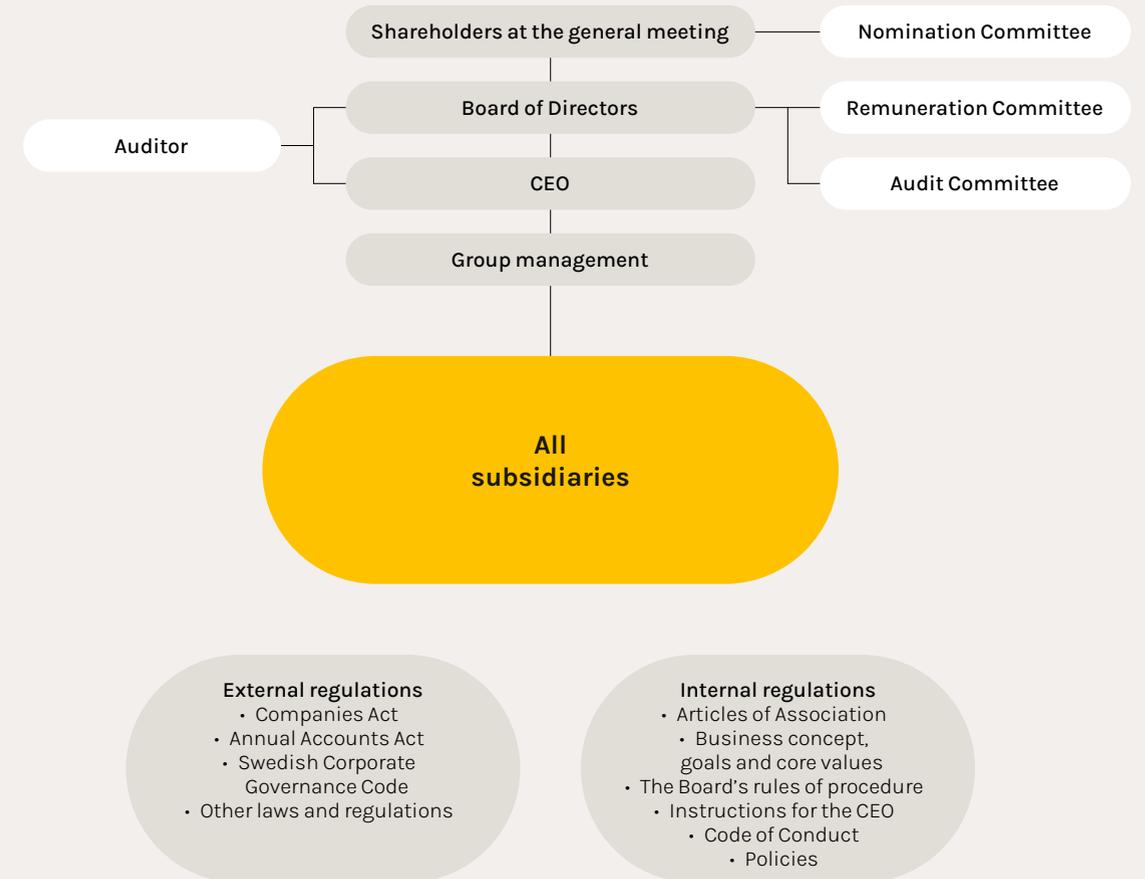
Shareholders

Novedo is a private limited company with a share capital of SEK 551,970 (551,970) distributed between 30,960 shares (30,960) as of December 31, 2022. All shares carry equal voting rights, and are entitled to an equal share of assets and profits as well as equal dividends. At year-end, the ten largest shareholders represented 93.4 percent (91.5) of the share capital and votes in the company. At year end, Esmaeilzadeh Holding AB was the largest shareholder with 67.0 percent of the votes and capital. Furthermore, F Holmström PE 3 AB has a holding of 13.6 percent. No other shareholder owns over ten percent of the company's shares.

General meeting of shareholders and Articles of Association

Shareholders exercise their influence through participation in the general meeting, which is Novedo's highest decision-making body. At the general meeting, which is the scheduled annual general meeting (AGM), the shareholders resolve on the Articles of Association, elects Board members, the board chairman and auditors, and decides on their fees. Furthermore, the AGM resolves on the adoption of the income statement and the balance sheet, appropriation of the company's profit and discharge from liability for the Board members and CEO in relation to the company. The AGM also resolves on the composition and the framework for the work of the Nomination Committee, and resolves on principles for remuneration and other employment conditions for the CEO and other senior executives. Novedo's annual general meeting is held in Stockholm prior to the end of June each calendar year. Extraordinary general meetings (EGM) can be convened when required.

Notice of AGMs and EGMs convened to address amendments to the Articles of Association must be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notices of EGMs is issued not earlier than six weeks and not later than two weeks prior to the meeting. Notice is to be given through an advertisement in Post- och Inrikes Tidningar (Official Swedish Gazette) and on the company's website. At the time of the notice convening the meeting, information regarding the notice shall be published in Svenska Dagbladet.



2022 Annual General Meeting

The 2022 Annual General Meeting was held on June 7, 2022 in Stockholm. Notice of the AGM was given in a press release on May 6, 2022. Shareholders representing 76.6 percent of the number of shares and votes outstanding were in attendance at the AGM. Some of the AGM resolutions were as follows:

- Adoption of the income statements and balance sheets for 2021.
- That no dividend shall be distributed to the shareholders and to carry forward the funds at the disposal of the AGM.
- Discharge from liability for the Board of Directors and the CEO.
- Re-election of Christer Hellström, Mouna Esmaeilzadeh, Saeid Esmaeilzadeh, Mona Öljansdotter Johansson, Fredrik Lidjan and Erik Rune. Re-election of Christer Hellström as Board Chairman.
- Re-election of PricewaterhouseCoopers as auditors with Victor Lindhall as auditor-in-charge to serve for the period until the end of the 2023 AGM.
- The fees to the Board of Directors and auditors.
- Principles for the appointment of the Nomination Committee.
- Authorisation of the Board of Directors, on one or more occasions during the period until the next AGM, to decide on the issue of shares, convertibles and/or share options corresponding to not more than 25 percent of the shares issued in the company. The authorisation is primarily to be used for the purpose of conducting acquisitions or arranging financing thereof.

Extraordinary General Meeting 2023

At the EGM in Stockholm on January 12, 2023, the following resolutions were passed:

- To increase board work from six to seven members
- To elect Jan Johansson as a new Board member and to elect Jan Johansson as the new Chairman of board work for Novedo. Former Chairman of board work Christer Hellström remains an ordinary member of the Board.
- To increase total Board fees until the end of the next AGM as a result of the increased number of Board members.

2023 Annual General Meeting

Novedo's 2023 AGM will be held on May 12, 2023 in Stockholm. For more information about the AGM, see page 83.

Nomination Committee

The Nomination Committee represents the company's shareholders and is tasked with submitting proposals to the general meeting for the election of the Chairman of the Meeting, members of the Board of Directors, the Chairman of the Board of Directors and the auditor as well as proposals for fees to the Board and the auditor, and to the extent deemed necessary, proposed amendments to the instruction for the Nomination Committee. The Nomination Committee is to discharge its duties under the Swedish Corporate Governance Code and follow the guidelines stipulated in section 4.1 of the Code on diversity policy as regards the composition of the Board. The proposals are motivated with the background that the Board has a composition that is appropriate based on the company's needs, characterised by diversity and breadth. The Chairman of the Board is the convenor of the Nomination Committee.

The 2022 AGM resolved on the principles for the Novedo's Nomination Committee. The company's

Nomination Committee is to comprise members appointed by the three largest shareholders in the company in terms of votes according to the shareholders' register maintained by Euroclear Sweden AB on September 30 each year. In the event that any of the three largest shareholders should refrain from appointing a representative to the Nomination Committee, the right shall pass to the shareholder who, after these three shareholders, has the largest shareholding in the company.

The Nomination Committee's term of office extends until such time as a new nomination committee is appointed. Unless otherwise agreed by the members of the Nomination Committee, the Chairman of the Nomination Committee is the member who represents the largest shareholders based on the number of votes, subject to the prerequisite that said member is also a Board member of Novedo. In the event that one of the shareholders should cease to be one of the three largest shareholders by number of votes during the Nomination Committee's term of office, the representative appointed by the shareholder in question is to resign and the shareholder that has become one of the three largest shareholders by number of votes is to appoint a representative. Such a change is not necessary if the change in votes is marginal or if it occurs later than three months prior to the AGM unless there are special reasons for so doing. The composition of the Nomination Committee must be announced no later than six months prior to the AGM.

Nomination Committee ahead of the 2023 AGM

The Nomination Committee for the 2023 AGM consists of three members appointed by the three largest shareholders as of September 30, 2022: Saeid Esmaeilzadeh, appointed by Esmaeilzadeh Holding

AB; Fredrik Holmström, appointed by Fredrik Holmström and companies under his control; and Marc Cameras, appointed by Cambo Holding AB. The Nomination Committee for the AGM was appointed and announced later than six months prior to the AGM, which is a deviation from the Code.

In its work with nominations for the 2023 AGM, the Nomination Committee has assessed the composition and size of the current Board of Directors. Particular importance has been placed on experience from acquisition-oriented companies, financial and accounting expertise, stock market experience and maintaining a continued gender balance. The Nomination Committee observes the guidelines that apply with regard to the independence of Board members under the Code. The diversity policy has been taken into account primarily with regard to an even gender balance. The 2023 Nomination Committee has had continuous contact and conducted interviews with Board members and the CEO.

It is the Nomination Committee's assessment that the Board is composed of people with the requisite skills to meet the company's strategic and operational requirements, and that the Board work is conducted in a professional and efficient manner.

The Nomination Committee's proposals will be presented at the 2023 AGM and are available at www.novedo.se. The website also contains the Nomination Committee's reasoned statement, an account of its work and a full presentation of all proposed members. Shareholders may submit proposals to the Nomination Committee at any time, but for the proposal to be considered by Committee, it must be received well in advance of the actual AGM. For the 2023 AGM, no proposals have been received by the Nomination Committee from shareholders.

Board of Directors

Board work is responsible for Novedo's organisation and the administration of the company's affairs. According to the Articles of Association, board work is to comprise not fewer than three and not more than ten members, with no or not more than ten deputies. Board work members are elected annually at the AGM for the period until the end of the following AGM.

Composition of board work in 2022

At the 2022 AGM, all six members and the Chairman were re-elected. At the EGM on January 12, 2023, an additional Board member was elected to board work, thereby increasing board work to seven members. In conjunction with the EGM in 2023, the new Board member Jan Johansson was also elected as the new Chairman of the Board.

The CEO and the Group's CFO participate in Board meetings. The Group's CFO acts as secretary to the Board of Directors. Other Group officers participate in Board meetings as needed to present specific issues.

A detailed presentation of board work members, including information about other assignments, can be found on page 80.

Independence

None of board work members elected by the general meeting are employees of the Novedo Group and all are assessed to be independent in relation to the company and the company's senior executives. Three of board work members at the end of the year are independent in relation to the company and its senior executives, and are also independent in relation to the company's major shareholders. Novedo thus meets the rules of the Swedish Corporate Governance

Code with respect to the independence of board work in relation to the company, senior executives and the company's major shareholders.

Work of the Board of Directors

The duties of board work are regulated in the Swedish Companies Act, Novedo's Articles of Association and the Code. The work and procedures of board work are established each year in written rules of procedure. These rules govern the distribution of work and responsibilities among board work members, the Chairman of the Board and the CEO, and also the routines for financial reporting. Board work also adopts instructions for board work's committees.

The duties of board work include appointing the CEO, adopting strategies, business plans, budgets, interim reports, year-end accounts and annual reports as well as adopting instructions and guidelines. Board work also monitors the financial performance of the company, ensures the quality of financial reporting and internal control, and evaluates the operations in relation to the objectives and guidelines adopted by board work. Furthermore, board work also resolves whether significant investments or changes in the Group's organisation and operations should be made.

The Chairman of the Board is responsible for managing the work of board work, including ensuring that it is conducted efficiently and fulfils its obligations in accordance with applicable laws and regulations. The Chairman also works with the CEO to monitor the company's performance and prepare and lead Board meetings. The Chairman is also responsible for ensuring that board work evaluates its work annually and that it continuously receives the information

necessary to perform its work effectively. The Chairman represents the company toward the shareholders and is board work's spokesperson.

Board committees

At the end of 2022, board work decided on guidelines for the Remuneration and Audit committees. The committees have no decision-making powers but are tasked with preparing matters to be presented to board work for decision.

Remuneration Committee

The Remuneration Committee prepares questions pertaining to remuneration principles, salaries, benefits and remuneration to the CEO and senior executives who report to the CEO. Furthermore, the task of the Remuneration Committee is to monitor and eval-

uate the outcome of variable remuneration programmes, and the company's compliance with the remuneration guidelines adopted by the general meeting.

The Remuneration Committee is to consist of at least two Board members elected at a general meeting. The Chairman of the Board may also chair the Committee. The other committee members shall be independent in relation to the company and its senior executives. The Remuneration Committee comprised the entire Board of Directors in 2022.

Audit Committee

The Audit Committee prepares board work's work on matters involving risk assessments, internal control, the internal audit, accounting, financial reporting and audits. The Committee aims to ensure compliance

Board members	Position	Year of election	Board meeting attendance	Independent in relation to the company and its management	Independent in relation to the company's major shareholders	Remuneration in 2022, SEK
Christer Hellström	Chairman	2021	9 (9)	Yes	Yes	150,000
Mouna Esmaeilzadeh	Board member	2021	9 (9)	Yes	No	75,000
Saeid Esmaeilzadeh	Board member	2021	8 (9)	Yes	No	75,000
Mona Öljansdotter Johansson	Board member	2021	9 (9)	Yes	Yes	75,000
Fredrik Lidjan	Board member	2021	9 (9)	Yes	Yes	75,000
Erik Rune	Board member	2021	9 (9)	Yes	No	75,000

At the EGM on January 12, 2023, Jan Johansson was elected as a new Board member and the new Chairman of the Board. Thereafter, Christer Hellström became an ordinary member of the Board of Directors.

with the adopted principles for financial reporting and internal control and that the company's relationship with its auditors is fit for purpose. The Audit Committee also evaluates the audit and reports its findings to the Nomination Committee. The Committee also submits proposals for auditors to the Nomination Committee. In addition, the Audit Committee follows up and comments on non-auditing related services that Novedo procures from the company's auditor.

The Audit Committee is to consist of at least three members. The majority shall be independent in relation to the company and senior executives, and at least one shall be independent in relation to the com-

pany, the company's senior executives and the company's major shareholders and have auditing or accounting experience. The Audit Committee comprised the entire Board of Directors in 2022. The requirements of the Swedish Companies Act regarding independence and accounting or auditing expertise are thus satisfied.

Investment committee

In 2022, Novedo had an Investment Committee, which prepares and evaluates investment proposals. The Committee comprised the Chairman of the Board and external advisors but does not comprise a Board

committee. From and including 2023, acquisition decisions are handled by the full Board of Directors.

Work of board work of Directors during the year

Nine board meetings were held in 2022 Board work has addressed topics related to strategy, company acquisitions, financing, financial reporting, recruitment and policies. Board work's work has also included activities preparing for an IPO.

Evaluation of board work

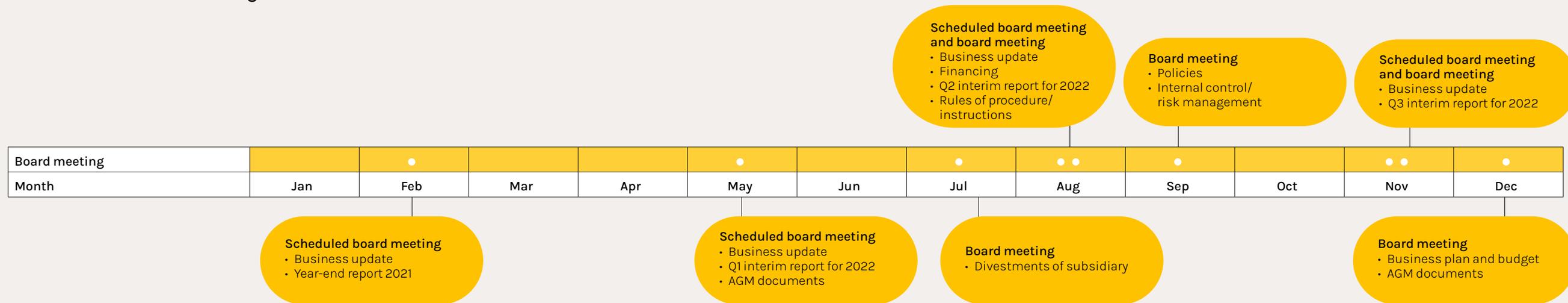
The Chairman of the Board is responsible for evaluating the work of board work. In light of board work

being established in 2021, no evaluation of board work's work was conducted in 2022. At the EGM on 12 January 2023, a new Chairman of the Board was elected.

Auditors

PricewaterhouseCoopers has been the company's auditor since 2021. At the AGM held on June 7, 2022, PricewaterhouseCoopers was re-elected as auditor with the authorised public accountant Victor Lindhall as Auditor-in-Charge for the period until the end of the 2023 AGM. One deviation from the Code occurred during the year when PwC did not review the company's

Overview of board work's meetings in 2022



At each scheduled board meeting, the Group's performance and financial position were presented as was the outlook for the coming quarters.

interim report, which was due to Novedo's interim reports having been developed and reviewed within the framework of IPO preparation activities by another audit firm. The auditor participated at one board meeting in the beginning of 2023. In 2022, the auditor did not participate at board meetings nor present the auditor's observations to board work with no member of management present. Board work evaluates the auditor's work and independence annually. The auditor is paid a fee, according to a resolution of the AGM. Information about fees to auditors is presented in Note 10 on page 54 of Novedo's 2022 Annual and Sustainability Report.

Group management

Novedo's Group management comprises the President & CEO and two senior executives: the Group's CFO and COO. For more detailed information about the Group management, see page 81.

The CEO's areas of responsibility and powers are governed by board work's rules of procedure and the instructions for the CEO. The CEO is responsible for communicating and implementing Novedo's strategy, business plans and other decisions in the organisation. The CEO is also ultimately responsible for ensuring that the governance, organisation, risk management, internal processes and IT infrastructure are satisfactory. Group functions are responsible for developing Group-wide policies, guidelines and working methods as well as for following up on and ensuring that the Group's operations are conducted in compliance with adopted policies and guidelines.

Group management meets monthly to discuss the performance and financial position of the Group and its subsidiaries, as well as issues pertaining to strategy, company acquisitions, performance monitoring, forecasting, succession planning and business development, including sustainability-related issues.

Operational governance

The Group's operational activities are conducted in subsidiaries of Novedo AB. Active board work is conducted under the leadership of Novedo's Group management in all subsidiaries. The subsidiaries' boards monitor ongoing operations and establish business plans. Business activities are pursued according to the rules and policies established by Novedo's Board of Directors and the guidelines established by Novedo's Group management. The subsidiaries' CEOs are responsible for the results of their respective companies and for ensuring growth and development within their respective companies. Operational management establishes consensus and objectives in a decentralised organisation, where decisions are made close to the market, the customer and the employees.

Sustainability

Understanding and committing to challenges such as climate change, creating ethical and safe workplaces and being a responsible purchasing party are of major importance to the Group. In these contexts, Novedo's primary governance document comprises the Code of Conduct. Board work of Directors has a

shared responsibility for sustainability. In the Group management, work with sustainability has been delegated to the heads of each function: the COO is responsible for the Code of Conduct, supply chain control and matters pertaining to labour law; and the CFO for anti-corruption, GDPR compliance and reporting of ESG information. Sustainability is an integrated component of Novedo's governance and reporting. Novedo has also established an external whistle-blower function at www.novedo.se that allows users to report suspicions of serious improprieties.

Significant events for Group management during the year

The year was dominated by the acquisitions of eleven subsidiaries, financing issues and supplementing the organisation. The company management has also begun efforts to prepare the organisation together with its processes and procedures for a listing of the company's shares on Nasdaq Stockholm, subject to the right prevailing conditions.

Guidelines for remuneration to the CEO and other senior executives

In conjunction with the 2023 AGM, board work is proposing guidelines for remuneration to senior executives. The proposed guidelines aim to provide a clear framework for remuneration and possess the degree of flexibility deemed appropriate based on the levels of remuneration and, moreover, the design favours the company's business strategy and long-term interests, including long-term value creation for

shareholders and sustainability. The guidelines are being established in light of the legal requirements implemented as a result of the EU Directive on shareholders' rights. Board work's proposed guidelines are set out in the notice of the 2023 Annual General Meeting, which can be read at www.novedo.se.

Remuneration

For information about remuneration to the CEO and senior executives, see Note 9 on page 53 in the 2022 Annual and Sustainability Report.

Long-term incentive programme

Each year, board work of Directors evaluates whether or not to introduce a long-term incentive programme. At present, Novedo has no long-term incentive programme and no such programme has been proposed to the 2023 AGM.

Board's report on internal control

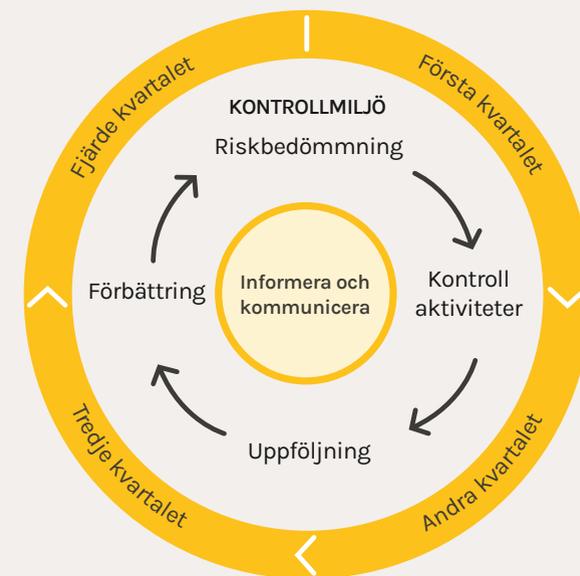
Board work's report on internal control over the financial reporting

Under the Swedish Companies Act, the Board of Directors is responsible for the internal control. This description has been prepared pursuant to the Annual Accounts Act and the Code and is thus limited to internal control over the financial reporting. The report has been reviewed by the company's auditor.

Actions taken in 2022

According to the Swedish Companies Act and the Code, board work is responsible for ensuring that internal control mechanisms are developed, communicated to and understood by the employees of the Novedo Group who carry out individual control measures, and for ensuring that such control measures are carried out, monitored, updated and maintained. Executives at all levels are responsible for ensuring that internal control procedures are established in their respective areas and that these controls achieve the desired results. Novedo's CFO is ultimately responsible for ensuring that the monitoring of and the work on Novedo's internal control is conducted in the format determined by board work. Novedo's structure for internal control is based on the COSO model, the framework of which is applied to Novedo's operations and conditions. The COSO model entails conducting a review and assessment within the areas of control environment, risk assessment, control activities, information and communication, and monitoring activities. Based on this review, certain areas of development are identified and prioritised in the ongoing work with internal control.

The procedures for internal control, risk assessment, control activities and monitoring of financial reporting have been designed to ensure reliable and relevant reporting and external financial reporting in accordance with IFRS, applicable laws and regulations, and other requirements that are to be applied by companies listed on Nasdaq Stockholm, which also comprises part of Novedo's IPO preparation activities. This work involves board work, the senior executives and other employees. The way board work monitors and ensures the quality of internal control is documented in the adopted rules of procedure for board work and the instructions for the Audit Com-



mittee. One of the Audit Committee's duties includes evaluating the company's structure and guidelines for internal control.

Financial reporting to board work is carried out monthly according to a format described in the CEO's instructions for financial reporting. Furthermore, the company's CFO also reviews the financial performance and latest forecast for the current year at each scheduled Board meeting. Drafts of interim reports are presented to the Audit Committee, which comprised the entire Board in 2022, for discussion and consideration at a committee meeting prior to presentation to board work for approval.

The internal financial reporting complies with a standardised format where a common set of definitions and key ratios is used for all subsidiaries. Financial performance is monitored through monthly reports from the subsidiaries and biannual reviews where members of the Group management, the central finance department and the respective company management teams participate. Detailed follow-up of key metrics for the subsidiaries provides information quickly on deviations in operating margins and operating profit compared with expected outcomes. This detailed follow-up procedure is an important tool for ensuring internal control.

Control environment

The control environment comprises the basis of internal control over the financial reporting. One key element of this environment is that channels for decision-making, authority and responsibility are clearly defined and communicated between the

In 2022, Novedo has prepared the company for a possible listing of its shares on Nasdaq Stockholm. Within the framework of these preparations, extensive work has been carried out on the company's internal control. Risks and their risk management have been mapped, frameworks for internal control have been developed (ICFR and ITGC) and most of the Group's subsidiaries have mapped material business processes, carried out evaluations and performed activities to remedy any deficiencies. In addition, a number of governing policies, including the finance policy, risk policy, communication policy, insider policy, information security policy and continuity policy, have been adopted by board work and associated guidelines by Group management for further implementation in the Group. The company has also prepared a Group-wide accounting manual. The outcome of the Group's evaluation of internal control has been discussed by board work.

organisation's different levels and that governance documents in the form of internal policies and guidelines are in place. A good control environment is created through communication and training to ensure understanding of and compliance with policies and regulatory frameworks. The control environment is strengthened by a positive corporate culture, and by transparent and relevant monitoring of financial performance and key metrics at all levels in the Group.

Risk assessment

Internal control is based on a risk analysis. The risk analysis related to internal control and the risk of errors in the financial reporting form part of the risk analysis performed and presented by the Group management to board work. This analysis identifies and evaluates risks based on their likelihood of occurring and the potential impact of their occurrence on the Group's operations and financial position. Thereafter, the Group's internal controls and control environment are evaluated and any gaps compared with the desired level of control are identified. An action plan aimed at reducing gaps is established where the value of and possibility to reduce the risk is weighed against the cost of establishing and maintaining internal controls. Based on the risk analysis, control activities are designed to reduce risk at a reasonable cost.

Control activities

The internal controls are based on the company's established channels for decisions and the delega-

tion and authorisation procedures documented in governing policies and guidelines. Control activities can be IT-based or manual. These activities form an integrated component of defined and documented processes and procedures. A number of control activities that are common to all Group companies have been established. Some are implemented at subsidiary level while others are implemented in the centralised accounting department. Control activities are described in one Group-wide instruction.

Information and communication

The component of Novedo's governance in the form of policies, guidelines and manuals that pertain to financial reporting is mainly communicated via digital meetings attended by all financial managers at subsidiaries and via the Group's accounting manual. In 2022, all of the Group's financial managers met for joint planning and a review as well as to meet in person. In 2023, the accounting manual will be published on a centralised sharing tool and updated regularly based on changes in external requirements and in Novedo's operations. Communication with internal and external parties is governed by a communication policy that provides guidelines for such communication. The policy aims to ensure compliance with all disclosure requirements in a correct and complete manner. Internal communication aims to ensure that each team member understands Novedo's values and operations. The Group uses both physical and digital monthly meetings and newsletters to ensure that employees are kept informed.

Monitoring

The Group applies common accounting instructions and Novedo has implemented a new accounting system in 2022. Board work and Group management regularly receive information on the Group's performance and financial position as well as the development of the operations. The effectiveness of internal control is evaluated annually by the company. It is also reviewed by the external auditors. The result of the evaluation forms the basis for improvements to processes and controls for subsequent years.

Internal control in the subsidiaries is monitored through assessments and onsite audits.

- Assessments are conducted of all subsidiaries at least once a year based on a Group-wide checklist with mandatory and recommended controls.
- Internal audits are conducted by employees at the company's central accounting department for a number of subsidiaries each year. These audits entail tests of the controls on the checklist, spot checks within relevant areas and a discussion with the respective CEO and business managers to ensure understanding of and compliance with internal control.

The results of the self-assessments and company visits are reported to the subsidiaries' management teams financial managers. The results are reported to board work by the Group's CFO together with a report on measures undertaken to improve internal control if the results indicate a need to do so either at subsidiary level or in general.

Internal audit

The Group has a simple operational structure, which mainly encompasses small and medium-sized, stand-alone and independent operations with varying pre-conditions for internal control. Compliance with the Group's established governance and internal control systems is monitored by the companies' boards and by controllers at the Parent Company level. An annual procedure is also in place for evaluating internal control over the financial reporting. Board work's assessment is that the current organisation does not need a more extensive review function in the form of an internal audit function. Board work re-evaluates the decision taken each year.

Board of Directors



Jan Johansson

Board member and Chairman of the Board since: 2023

Born: 1954

Nationality: Swedish

Education: Master of Laws, Stockholm University

Current assignments: Chairman of the Board of Serneke Group AB (publ), OrganoClick AB and Midsummer AB; Vice Chairman of Chinese Vinda; and Board member of Kährs Holding AB (publ).

Work experience: Board member of Svenska Handelsbanken and SSAB AB. President & CEO of SCA AB (publ), Boliden AB (publ) and senior positions within the Shell Group.

Independence: Independent in relation to the company and its management as well as to the company's major shareholders.

Shareholding: No shares.

Holding on March 31, 2023



Mouna Esmaeilzadeh

Board member since: 2021

Born: 1980

Nationality: Swedish

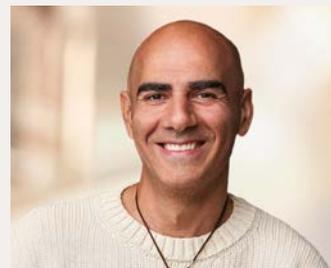
Education: Doctor of Medicine (neuroscience), Karolinska Institute, Stockholm.

Current assignments: Chairman of the Board for Esmaeilzadeh Holding AB (publ); Board member of Mirovia Nordics AB (publ), Eitrium AB, Centripetal AB and Lycenna AB.

Work experience: Entrepreneur, and founder and CEO of SciLife Clinic.

Independence: Independent in relation to the company and its management but not independent in relation to the company's major shareholders.

Shareholding: No shares.



Saeid Esmaeilzadeh

Board member since: 2021

Born: 1974

Nationality: Swedish

Education: PhD, Chemistry, Stockholm University.

Current assignments: CEO of Esmaeilzadeh Holding AB (publ); Chairman of the Board of Lyvia Group AB (publ); Board member of Diet Doctor Sweden AB, Serendipity Group AB, Rebellion Capital AB, Dr. Saeid AB, Centripetal AB and Ametalis AB.

Work experience: Entrepreneur.

Independence: Independent in relation to the company and its management but not independent in relation to the company's major shareholders.

Shareholding: 12,557 shares (own and related parties).



Christer Hellström

Board member since: 2021 (Chairman until the EGM on 12 January 2023)

Born: 1964

Nationality: Swedish

Education: M.Sc., Computer Engineering, Chalmers University of Technology, Gothenburg and MBA International Business, University of Gothenburg.

Current assignments: Chairman of the Board of Burt Intelligence AB, Hidden Dreams AB and Mirovia Nordics AB (publ); and Board member of Burt AB, Lyvia Group AB (publ), Third Tier AB and Third Tier Holding AB.

Work experience: Partner Accenture Nordics, CEO Connecta.

Independence: Independent in relation to the company and its management as well as to the company's major shareholders.

Shareholding: 482 shares (own and related parties).



Mona Örjansdotter Johansson

Board member since: 2021

Born: 1969

Nationality: Swedish

Education: Property valuation and analysis, KTH Stockholm, Business studies, FEI Stockholm. Professional board work, Michael Berglund.

Current assignments: Founder and CEO of Tenzing Invest and Tenzing Industrihus. Board member Granit Bostad, among others.

Work experience: Head of Marketing & Administration/ National Director JLL Norden, Head of Administration/Partner Tenzing AB and Head of Administration Catella Corporate Finance.

Independence: Independent in relation to the company and its management as well as to the company's major shareholders.

Shareholding: 250 shares (own and related parties).



Fredrik Lidjan

Board member since: 2021

Born: 1973

Nationality: Swedish

Education: MBA, University of California, Los Angeles.

Current assignments: Principal shareholder of Videbo Invest AB, partner in Magnolia Holding 3 and 4, and majority shareholder and Chairman of Reliwe AB.

Work experience: CEO, Magnolia Bostad AB, Head of Capital Markets at DTZ (now Cushman Wakefield) and credit analyst at Skandinaviska Enskilda Banken AB.

Independence: Independent in relation to the company and its management as well as to the company's major shareholders.

Shareholding: 76 shares (own and related parties).



Erik Rune

Board member since: 2021

Born: 1973

Nationality: Swedish

Education: M.Sc. Business and Economics, Stockholm School of Economics.

Current assignments: Managing Director of F. Holmströmgruppen AB; Board member of Magnolia Bostad AB, Lyvia Group AB and others.

Work experience: deputy CEO and COO Magnolia Bostad AB, CFO CBRE Global Investors, CEO London & Regional Properties (Nordic operations).

Independence: Independent in relation to the company and its management but not independent in relation to the company's major shareholders.

Shareholding: 523 shares (own and related parties).

Group management



Per-Johan Dahlgren

President & CEO since: 2021

Born: 1975

Nationality: Swedish

Education: M.Sc. Industrial Management & Economics, Halmstad University and B.Sc. Mechanical Engineering, Växjö University (now Linnaeus University).

Current assignments: Chairman of Liljas Plast Aktiefbolag.

Work experience: Group CEO S:t Eriks Group AB, President & CEO AQ Group AB, Vice President AQ Group AB, Managing Director AQ Holmbergs Suzhou Co. Ltd (China).

Shareholding: 500 shares (own and related parties).



Martin Elm

COO since: 2021

Born: 1975

Nationality: Swedish

Education: Studies in Corporate Finance, entrepreneurship, Jönköping International Business School; and studies in organisation and management at the School of Engineering in Jönköping.

Work experience: Managing Director AxInterbolaget Sverull AB, Managing Director assignments at AQ Group; AQ Parko-Print AB, AQ Enclosure Systems, AQ Holmbergs Suzhou Co. Ltd (China) and Head of Business Area System Products, AQ Group AB.

Shareholding: 72 shares (own and related parties).



Anders Eriksson

CFO since: 2021

Born: 1969

Nationality: Swedish

Education: Master of Laws, Stockholm University.

Work experience: CFO GroupM AB, CFO Omnicom Media Group AB, CEO Tatami Inc., VP Finance & Business Services, The Swedish-American Chamber of Commerce in New York.

Shareholding: 250 shares (own and related parties).

Holding on March 31, 2023

Auditor's report on the Corporate governance statement

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

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2022 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

Stockholm, April 19, 2023
Öhrlings PricewaterhouseCoopers AB

Victor Lindhall
Authorized Public Accountant

This is a literal translation of the Swedish original report included in RevR 16.

2023 Annual General Meeting

The shareholders of Novedo Holding AB (publ), Corp. ID No. 559334-4202, are invited to the Annual General Meeting on Friday May 12, 2023, at 2.00 p.m. CEST at Convendum's premises at Biblioteksgatan 29 in Stockholm. Registration opens at 1.30 p.m. CEST.

Registration, etc.

Shareholders who wish to participate in the Annual General Meeting must be entered in the shareholders' register maintained by Euroclear Sweden AB as of Thursday, May 4, 2023, and must notify the company of their intention to participate by e-mail to stamma@novedo.se.

Notice of attendance must be received by the company not later than Thursday, May 4, 2023. The notification must state the shareholder's name, personal identification number/corporate registration number and telephone number. The notification must also state the number of assistants (maximum of two) who will attend the AGM. Shareholders represented by a proxy must submit a signed and dated power of attorney for the proxy. The original power of attorney and, for legal entities, certified copies of the certificate of incorporation, should be sent to the company at the following postal address well in advance of the general meeting: Novedo Holding AB (publ), Att: Edward af Sandeberg, Biblioteksgatan 29, SE-114 35 Stockholm. The power of attorney may not be older than one year,

unless valid for an extended period of time, in which case not more than for five years from the issue date. A power of attorney is available on the company's website, www.novedo.se. Shareholders with nominee-registered shares (e.g., shares in a custody account with a bank) must temporarily re-register the shares in their own name to be able to participate at the AGM. Such re-registration must be effected with Euroclear Sweden AB not later than Thursday, 4 May 2023. The nominee should therefore be contacted in good time prior to this date.

Proposed agenda

1. Opening of the Meeting.
2. Election of Chairman of the Meeting
3. Preparation and approval of the voting list.
4. Election of one or two persons to verify the minutes
5. Determination of whether the Meeting has been duly convened
6. Approval of the agenda.
7. Presentation of the annual accounts and sustainability report, and the auditor's report together with the consolidated accounts and the auditors' report on the consolidated accounts
8. Resolutions concerning:
 - a) adoption of the income statement and the balance sheet, and the consolidated income statement and the consolidated balance sheet;

- b) disposition of the company's earnings in accordance with the adopted balance sheet; and
- c) the discharge of the members of the Board of Directors and of the CEO from liability;
9. Resolution on the number of Board members
10. Determination of Board and audit fees
11. Election of members of the Board
12. Election of the Chairman of the Board
13. Election of Auditors
14. Resolution on updated instruction to the Nomination Committee
15. Resolution on guidelines for remuneration to senior executives
16. Resolution concerning authorisation of the Board to issue new shares, convertibles and share options
17. Resolution on amendment of the Articles of Association
18. Closing of the Meeting

To read the full notice and annexes, please visit www.novedo.se.

Stockholm, April 2023

Novedo Holding AB (publ)

Board of Directors

For more information about the company and investor relations, please contact:

Per-Johan Dahlgren

President & CEO

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Anders Eriksson

CFO

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For questions regarding the AGM, please contact:

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General Counsel

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