We empower businesses to realise their full potential

storskogen

ANNUAL AND SUSTAINABILITY REPORT 2022


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The annual accounts and consolidated accounts can be found on p. 55–126.

The statutory sustainability statement can be found on p. 32–44 and 134–150.
Sustainability reporting pursuant to GRI is summarised in the GRI Index on p. 148–149.
The Annual Report is submitted by the Board of Directors of Storskogen Group AB (publ), corporate identity number 559223-8694.

Cover: Kajsa Skog, employee at Scandinavian Cosmetics. Photo: Kristian Pohl

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About Storskogen

Storskogen is an international group of businesses across Trade, Industry, and Services. We are uniquely positioned to identify, acquire, and develop market leaders with sustainable business models over an infinite ownership horizon. Storskogen creates value by combining access to capital and strategic direction with active governance and a decentralised operational model.

3
business areas and 14 verticals

12,945
employees

34,250
SEK m in net sales in 2022

3,143
SEK m in adjusted EBITA in 2022

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The year in brief

Significant events in 2022

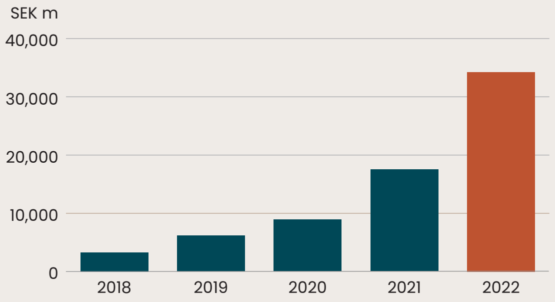
- Net sales for the Group increased by 96 percent to SEK 34,250 million (17,496). Organic sales growth was 12 percent.
- Adjusted EBITA increased by 86 percent to SEK 3,143 million (1,688), corresponding to an adjusted EBITA margin of 9.2 percent (9.6). Organic EBITA growth was -6 percent.
- Profit for the year increased by 68 percent to SEK 1,592 million (947).
- Earnings per share before/after dilution amounted to SEK 0.86 (0.60).
- Cash flow from operating activities increased by 18 percent to SEK 1,628 million (1,376). Adjusted cash conversion was 59 percent (73).
- 54 acquisitions were completed over the year with combined annual sales of SEK 11,916 million for the full year 2022.
- The Board of Directors proposes a dividend of SEK 0.08 per share (0.07) for 2022.
- Storskogen signed the UN Global Compact, the world's largest corporate sustainability initiative.
- Storskogen adopted a Group-wide programme for sustainable supply chains.

Key performance indicators

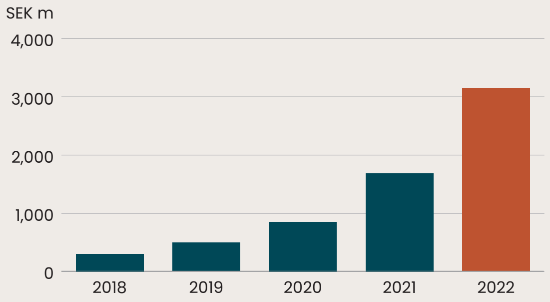
SEK m	2022	2021	2020
Net sales	34,250	17,496	8,933
EBITA	3,305	1,655	885
Adjusted EBITA	3,143	1,688	854
Adjusted EBITA margin, %	9.2	9.6	9.6
Earnings per share before/after dilution, SEK	0.86	0.60	0.49
Cash flow from operating activities	1,628	1,376	814
Interest-bearing net debt/adjusted RTM EBITDA, x	2.6	0.5	1.1
Return on capital employed, %	10.1	9.1	10.1
Adjusted cash conversion, %	59	73	70
Emission intensity, tCO_2e/SEK m[1]	1.4	1.6	1.9

1) For further information, see Note H2, p. 135.

Net sales



Adjusted EBITA



Distribution of net sales by business area[1]

1) The total figure includes SEK -26 m for Group functions.

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A resilient business group in times of change

In barely a decade, Storskogen has grown into a business group that had sales of SEK 34.3 billion in 2022 – almost double compared with 2021. Due to the increasingly challenging macroeconomic environment, a series of activities were initiated over the year to strengthen Storskogen's balance sheet, with good results so far. Once our leverage has been reduced, the aim is to increase acquisition-driven growth.

Storskogen's first year as a listed company coincided with significant macroeconomic and geopolitical changes. Russia's war of aggression against Ukraine has created a humanitarian crisis and caused widespread suffering for those immediately affected. Accelerated inflation, interest rate hikes, disrupted supply chains, shortages of labour and goods, exchange rate fluctuations and falling demand in individual industries also contributed to the complexity of 2022.

To counteract the effects of the operational challenges, a series of activities were initiated over the year to manage the new situation and to ensure development that is sustainable for the long term. Central resources were reduced and redistributed from M&A to operational roles. The plan to increase Storskogen's geographic presence was put on hold and the acquisition pace slowed. Over the year, 54 acquisitions were completed, nine of which in the second half of the year. We also increased our work on operational excellence in the business units, for example by creating synergies and retaining or improving margins, organic growth and market positions.

Our primary short-term focus is to keep reducing leverage, thereby reducing financing costs – mainly through operational initiatives to improve cash conversion and to free up capital. The effort to gradually reduce working capital began in earnest in the third quarter, with clear effects already in the following quarter, when Storskogen generated more than SEK 1.3 billion in operating cash flow. This was a result of systematic efforts to implement KPIs, processes and incentives combined with professional development initiatives. Both the pace and the quality of this transition were good in our business units.

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Infinite ownership horizon
Storskogen has the ambition to acquire companies with an infinite ownership horizon and act as a long-term owner of companies that contribute to a profitable growth and making the Group more resilient.

Our business units are continuously evaluated based on performance and compatibility with Storskogen's long-term strategy. We work diligently, systematically and patiently with the management teams of underperforming companies to turn them around. If these efforts do not lead to a satisfactory outcome, a divestment may be considered. If a business unit is incompatible with Storskogen's long-term strategy in terms of sustainability or margin and growth potential, for example, it may also be reviewed for divestment.

Strategic direction
Considering the higher financing costs and the more uncertain macroeconomic situation, the goal for 2023 is to continue the initiated efforts to reduce leverage and strengthen the balance sheet. The acquisition pace will be kept on a more restrained level with smaller and strategic acquisitions. The objective is to increase acquisition-driven growth gradually while retaining a lower leverage. In the long term, an accelerated acquisition pace requires a better financing climate and a more stable external environment.

The Group's development
Our three business areas and underlying verticals now employ nearly 13,000 people, and in 2022, net sales grew by 96 percent to SEK 34.3 billion. Despite the challenging environment, profits have remained sizeable. Storskogen's 20 largest business units have leading positions in their respective niches and markets. These business units are quality companies with proven business models that have been in operation for 47 years on average, which means that they have resisted macroeconomic fluctuations.

The development of our existing Group lies at the very core of Storskogen. By strategic work, such as on mergers and add-on acquisitions, the business units' market positions are strengthened. Examples include ByWe, where three Nordic professional haircare distributors came together under a common brand, allowing the companies to benefit from economies of scale to improve their offering.

Systematic add-on acquisitions are underway in around twenty business units, where we are transforming industries with the ambition of increasing the customer value and creating sustainable and competitive companies.

Storskogen is further supporting the group companies in their efforts to meet the Group-wide sustainability targets, manage risks and pursue opportunities for increased competitiveness. Over the year, Storskogen adopted targets for sustainable supply chains and signed the UN Global Compact, the world's largest corporate sustainability initiative.

Operational risk decreased over the year, with increased diversification and average net sales growth of 24 percent in our business units. Larger business units reduce the dependence on key individuals and result in less customer and supplier concentration. While our business units and sales have grown, we have also made our organisation more efficient, reducing central costs as a proportion of sales.

Eventful years
When looking back on 2022, it is clear that Storskogen had another eventful year with operational progress. Nonetheless, it was necessary to calibrate our strategy and tactics in response to changes in the external environment. That said, Storskogen has been in a state of change and development since its inception, and the organisation has extensive experience in taking on new challenges with energy and inventiveness in a professional and entrepreneurial manner.

I look forward to working with our team in 2023. We will continue to build Storskogen for the future and strive, as always, to empower our businesses to realise their full potential.

Daniel Kaplan
CEO

"The development of our existing Group lies at the very core of Storskogen"

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Strategy and business model

Mission

We empower businesses to realise their full potential

Vision

To be the leading international owner of small and medium-sized businesses

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Business model

Storskogen's core values permeate the company's operations and business model. By developing small and medium-sized businesses in Services, Trade and Industry, and empowering them to realise their full potential, Storskogen creates long-term value for its stakeholders.

Values: • Entrepreneurial • Respectful • Long-term approach • Professional

Empowering businesses

Services | Trade | Industry

- Active, value-driven ownership model
- Decentralised business model
- Growth initiatives, acquisitions and economies of scale
- Knowledge-sharing and cooperation
- Financial governance, stability and follow-up
- Sustainability strategy
- Infinite ownership horizon
- Planned successions

Small and medium-sized businesses

Value creation

- **Shareholders**
  Profitable growth and resilience
- **Business units**
  Long-term ownership, product and business development
- **Society**
  Strengthened entrepreneurship and businesses
- **Employees**
  Professional development and knowledge-sharing

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Value-creating strategy

Storskogen owns and develops a well-diversified business group across Industry, Trade and Services. By empowering businesses to realise their full potential, the conditions required for profitable and sustainable growth are created, in the pursuit of becoming the leading international owner of small and medium-sized companies.

The idea behind Storskogen

Privately-held small and medium-sized companies often reach a stage where a new, long-term owner is required to ensure the company's future competitiveness and ability to realise its full potential. Usually, these companies are underpinned by entrepreneurs who seek to sell their life's work, or they are family-owned businesses that are facing a generational change. In addition to the financial considerations associated with a sale, many sellers of companies find it valuable if the new owner focuses on the continued development of the business rather than fast and radical change.

Even well-managed companies with proven business models may find it difficult to attract suitable buyers. This may be because the company is too small for industrial buyers or located in a geographical area that is too remote for potential buyers. This is where the idea behind Storskogen originated – to be the next generational owner of profitable and market leading small and medium-sized companies.

Infinite ownership horizon and entrepreneurship

Storskogen's mission is to empower businesses to realise their full potential. This driver is deeply rooted in Storskogen's history and reflected in the Company's values: entrepreneurial, respectful, a long-term approach, and professional. The long-term approach is reflected in Storskogen's infinite ownership horizon, both with regard to acquisitions and development efforts in the Company's three business areas: Industry, Trade and Services. As a result, emphasis is placed on ensuring that the companies have sustainable business models, and sustainability is regarded as a competitive advantage.

Diversification creates resilience

Investments in privately-held companies may be regarded as risky due to the risks associated with a dependence on key individuals, customers or suppliers and other circumstances, such as the limitations in trading of shares in unlisted companies. This means that privately-held companies generally have attractive valuations, which creates good conditions for high returns in the long term.

As a Group, Storskogen has exposure to several sectors and geographical areas, which mitigates the risks that are generally associated with the ownership of individual privately-held small and medium-sized companies. Resilience and reduced risk are achieved, as a diversified business group is affected by different trends, drivers and macroeconomic fluctuations.

Profitable growth

The work performed in Storskogen's business areas and underlying verticals creates economies of scale and provides the right conditions for synergies, collaborations and other network effects, which in turn leads to organic growth. Also, the business areas strive to achieve growth through strategic add-on and platform acquisitions. All in all, Storskogen's business areas create opportunities for an effective allocation of capital and profitable growth – organic as well as acquired growth.

Storskogen's value creation

Systematic corporate development

Storskogen's active ownership model combined with a decentralised business model makes it possible to successfully keep the Group together, develop it and create economies of scale that contribute to continued organic and acquired growth.

Decentralised business model
Storskogen's decentralised business model ensures that the business units in Industry, Services and Trade are provided with incentives and a clear responsibility for operational decision-making and meeting their targets. The decentralised business model is also vital for Storskogen's ambition to safeguard the entrepreneurial spirit.

Value-driven support from the business area organisation
To empower the business units to realise their full potential, they are supported by Storskogen's business area organisation, which offers strategic advice, tools, capital and a platform for network effects. The central organisation has industrial expertise and a local presence and is therefore able to support the subsidiaries in an effective manner. In the three business areas and their underlying verticals, there are team members in place with cutting-edge expertise and extensive experience in their respective areas. They are actively involved in the business units' boards of directors and work with both strategic and operational issues. The support provided to the companies includes strategic issues such as investment decisions, succession planning, sustainability efforts, corporate governance and acquisition strategy. The work on the boards of directors is supplemented by monthly follow-up, company-specific initiatives and other activities.

Financial governance
The business units in Storskogen share a common financial framework and annual wheel. They report results, KPIs and other financial information monthly. This makes it possible for Storskogen to follow-up and support the financial work of the business units. It also ensures reliable financial reporting and forecasting.

Sustainability efforts
Storskogen places great strategic emphasis on guiding the subsidiaries in their work to manage sustainability-related demands and opportunities – areas that can be challenging for small entities to handle on their own. This guidance takes the form of continuous support, work on the boards of directors, training and shared tools. The sustainability efforts are structured into three focus areas, based on the Group's materiality analysis: *Minimise environmental impact, A good employer and neighbour,* and *Responsible business.*

Simon Myrhberg,
AriVislanda, ARAT Group

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Knowledge-sharing network
Storskogen's extensive network of companies in various sectors forms an important platform for knowledge-sharing. To this end, Storskogen arranges regular training sessions and meetings for its subsidiaries. In 2022, *Storskogen Knowledge eXchange* (KX) was launched, an initiative aimed at achieving increased cooperation and knowledge-sharing in the Group.

KX is structured into six main areas: pricing, HR, procurement, digital channels, finance and ESG. Through regular events, a shared repository, discussion forums and other activities, KX allows Group companies to collaborate, exchange knowledge and experience, and create internal and external synergies. Internal synergies may include Group companies purchasing products from one another, while external synergies may involve purchasing framework agreements, where procurements benefit from the entire Group's purchasing power.

Acquisitions as a part of development
Operational initiatives aimed at developing the Group and creating organic growth are supplemented by acquired growth opportunities. The acquisition agenda is driven both by the central business area organisation and by the business units.

More than half of the business units in the Group have their own acquisition strategy or are part of a corporate structure with the ambition of generating economies of scale.

These can be categorised as follows:

- **Platform acquisitions** – independent business units that are acquired with no requirement for direct synergies. These contribute to the Group's resilience and may lead to add-on acquisitions and economies of scale in the long term.
- **Add-on acquisitions** – an existing business unit acquires a subsidiary for strategic reasons, such as to expand its offering or to obtain expertise or geographical presence.
- **Roll-up acquisition** – an industry is consolidated through a large number of acquisitions to create synergies, such as through joint purchasing, shared resources and knowledge-sharing.
- **Clusters** – companies that are active in the same vertical and sector with a potential to achieve synergy gains, knowledge-sharing and joint business projects.

Storskogen's positioning and expertise in its verticals allow for a selective acquisition process. Clear criteria and carefully developed processes ensure that the acquired companies are of high quality and have operations that are aligned with the Group's overarching strategy. The Group's proprietary tool, *Case Assessment Tool*, CAT, allows for a systematic evaluation of the acquisition targets' profiles, conditions and attractiveness in relation to other investment opportunities.

Gabriella Lindberg, Scandinavian Cosmetics

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Long-term value creation

Storskogen's three diversified business areas create resilience and opportunities for profitable growth. By developing and strengthening the Group, Storskogen empowers its companies to realise their full potential, creating value for stakeholders.

Empowering businesses to realise their full potential
As part of Storskogen's value-driven ownership, the business units are given access to capital, expertise and governance, adapted to each company's specific needs and situation. The Group cooperates to create synergies, share knowledge and to achieve economies of scale. Combined with Storskogen's decentralised business model, through which each subsidiary remains responsible for its own business performance and decision-making, this makes the companies and their operations stronger.

Storskogen's resources and organisation provide the Group companies with better opportunities for growth, financing, financial stability and investments. That way, Storskogen empowers the companies to realise their full potential.

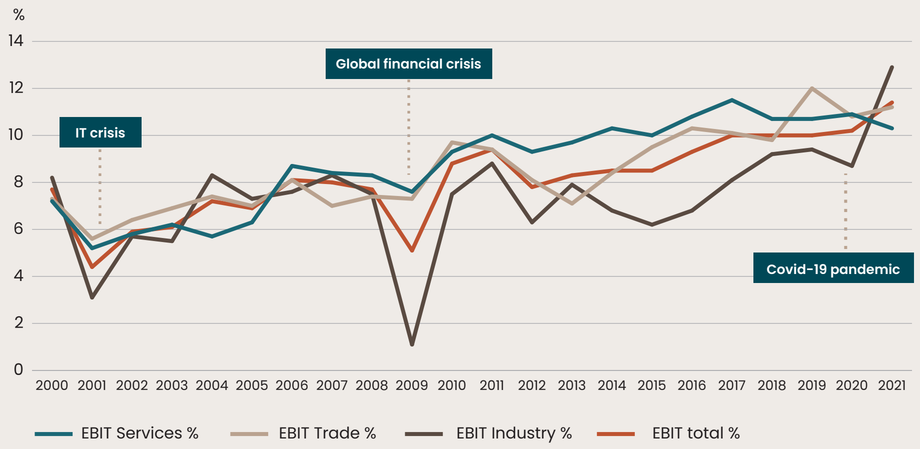
Resilience and profitable growth
Operational and geographical diversification, as well as acquisitions based on corporate intelligence and macro factors, contribute to making Storskogen a resilient business group. Historically, the companies in Storskogen's business areas have shown endurance, particularly in times of turbulence (as illustrated in the chart to the right).

Effective capital allocation and profitable growth are made possible, partly by developing the existing business units and partly by additional platform and add-on acquisitions. Taken together, the Group constitutes an opportunity for investors to gain exposure to an attractive portfolio of small and medium-sized companies that would otherwise be difficult to access. All in all, Storskogen creates long-term value for its stakeholders – investors, business units, society and employees.

Long-term vision
Storskogen's long-term approach and ambition have created a unique position for identifying, acquiring and developing companies with sustainable business models. The continued work on developing the Group and making it even more resilient and profitable is central to achieving Storskogen's vision: to be the leading international owner of small and medium-sized businesses.

Diversification creates resilience
A diverse portfolio increases resilience during economic downturns

Historic performance for +100 business units



Source: Value8, AllaBolag, the companies' accounts. Companies with inconsistent data series have been excluded.

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Targets and target fulfilment

Storskogen met its EBITA growth target for 2022, and net debt/adjusted RTM EBITDA was also in the target range. Global disruptions to the logistics chains caused inventory build-up and a temporarily lower cash conversion, which gradually improved during the latter part of the year.

Storskogen's adjusted EBITA growth was 86 percent in 2022. After a strong 2021 with organic EBITA growth of 36 percent, organic EBITA growth in 2022 amounted to -6 percent. This fell short of the target of alignment with the real GDP growth in the markets in which Storskogen operates plus 1–2 percentage points. The growth was affected by cost inflation, which was gradually offset by price increases over the year, and a weakening of the Swedish krona. These factors also impacted the adjusted EBITA margin, which was 9.2 percent compared with the target of 10 percent over time. Storskogen strives to raise the margin by way of price increases, synergies and improved profitability in business units with a low margin.

Adjusted cash conversion was 59 percent in 2022, and it was impacted over the year by increased working capital caused by problems in the logistics and supply chains. Storskogen gradually reduced its inventory levels and working capital, improving cash conversion towards the end of the year. Storskogen takes structured action to reduce working capital in the business units and expects good cash generation in 2023.

Interest-bearing net debt/adjusted RTM EBITDA decreased from 2.7x to 2.6x at the end of the year, which is within the target range of 2–3x. Due to rising interest rates and associated financing cost increases, Storskogen has the ambition to reduce its leverage to the lower part of the range.

Medium-term financial targets

	Organic EBITA growth[1]	Adjusted EBITA growth, including acquisitions	Adjusted EBITA margin (over time)	Adjusted cash conversion[3] (annual basis)	Interest-bearing net debt/ adjusted RTM EBITDA[4]
Target	**Real GDP growth[2] + 1–2 percentage points**	**In line with historical levels**	**10%**	**>70%**	**2.0–3.0x**
Outcome 2022	**-6%**	**86%**	**9.2%**	**59%**	**2.6x**

1) Calculated as a change in EBITA, excluding acquisition and divestment effects from acquisitions, compared with the same period in the previous year.
2) In existing markets.
3) Calculated as operating cash flow in percent of adjusted EBITDA.
4) Calculated as interest-bearing net debt compared with adjusted RTM EBITDA.

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Sustainability targets

	Environmental: Minimise environmental impact	Social: A good employer and neighbour	Governance: Responsible business
Undertaking	To halve emissions by 2030 compared with 2020 and reach net zero by 2045.	We strive to be a gender-equal and inclusive organisation.	To identify, stop, prevent, mitigate and account for any negative impact on human rights and the environment in the supply chains.
Target	**2030** • Emission intensity, 0.95 tCO_2e/SEK m[1] • 100 percent fossil-free energy[2] • Offset any remaining emissions **2045** • Net zero *The Scope 3 target is under development*	• Gender distribution of 40–60 percent among employees in senior roles in Storskogen's central organisation • Gender distribution of 40–60 percent among the representatives of Storskogen's central organisation on the business units' boards of directors (on an aggregated level)	**2023** • Identify high-risk suppliers in supply chain • Include requirements in agreements **2025** • All suppliers have been evaluated
Outcome 2022	• 1.4 tCO_2e/SEK m • 77 percent fossil-free energy	Target fulfilment will be followed up in 2023	Target fulfilment will be followed up in 2023

1) Scopes 1 and 2.
2) Updated from renewable to include nuclear power.

Read more about Storskogen's sustainability initiatives on p. 32–44.

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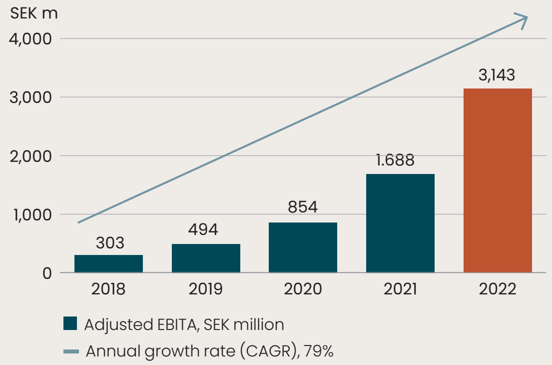
Storskogen as an investment

An investment in Storskogen is an investment in a diversified and resilient portfolio comprising well-managed small and medium-sized companies that are not generally available to the market.

Long-term value creation
Storskogen's infinite ownership horizon requires the subsidiaries to be profitable in the long term and able to adapt to changing conditions in society in terms of legislation, customer and consumption patterns, as well as to global challenges such as climate change and other sustainability aspects. Storskogen has an active but decentralised ownership model, which means that its business units retain a great deal of responsibility and independence while Storskogen provides industrial expertise, funding and a platform on which the companies can exchange experiences and grow – all with the aim of giving the companies the best conditions possible for realising their potential.

Unique asset class
Small and medium-sized companies form the basis of the business community and account for the majority of all jobs created in society. They also drive innovations, sound competition and social development in local communities. An investment in Storskogen's portfolio enables exposure to a part of the business community that is generally hard for investors to access, consisting of thriving companies that are creating positive change in their respective markets.

Strong growth over time



Between 2018 and 2022, Storskogen's adjusted EBITA had a compound annual growth rate (CAGR) of 79 percent.

Proven acquisition model
Storskogen has a proven acquisition model with extensive and clear acquisition criteria. This creates a large and qualitative acquisition deal flow, which in turn allows for diversification in the portfolio of companies and good opportunities for continued expansion. Storskogen's selective and systematic evaluation of acquisition candidates ensures high quality in the acquired companies.

Collective industrial expertise
Storskogen's central business area organisation employs people with unique skills in various sectors, often with CEO or CFO experience. The business areas are supported by other central functions with expertise in areas such as M&A, corporate development, sustainability, finance, human resources, legal, and communication. The central organisation's local presence in four geographical markets also provides excellent local expertise and market knowledge.

Risk management through diversification
Storskogen's portfolio comprises 136 business units divided into three business areas and 14 verticals, where no single vertical accounts for more than 14 percent of net sales. The operational and geographical diversification provides the business group with good conditions for resilience and stability. Historically, Storskogen's companies have been resilient in crises, and the Group considers itself well prepared also for challenging macroeconomic conditions.

Strong earnings trend
Storskogen has a strong earnings trend. Between 2018 and 2022, Storskogen's adjusted EBITA had a compound annual growth rate (CAGR) of 79 percent.

Storskogen's financial strategy

A properly balanced capital structure is of major importance, both for the shareholders' risk exposure and returns, and for the continued development of the business operations.

Financial operations
Storskogen's financial operations are conducted in accordance with the Company's Finance Policy and financial targets. Storskogen's capital structure shall be balanced with regards to equity and debt. According to the Finance Policy, the equity/assets ratio shall be at least 25 percent. The Company's financial risk management is mainly centralised, to leverage economies of scale and limit financial and operational risks at the Group level.

As at 31 December 2022, Storskogen's assets were SEK 47,482 million, with an equity/assets ratio of 41,3 percent and an interest coverage ratio of 4.5x.

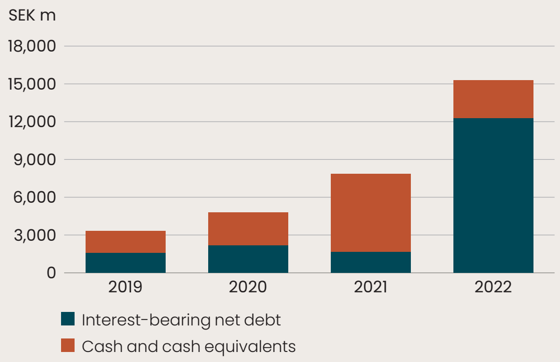
Financing strategy
Storskogen strives to obtain financing on competitive terms. This is achieved by maintaining close and long-term relations with lenders, with the aim for all lenders to have deep knowledge of Storskogen's operations and performance. Storskogen strives for its debt portfolio to be diversified, regarding both the type of debt and maturities. Storskogen regularly follows up and monitors current and future financing needs to ensure proper advance planning before the upcoming refinancing and sufficient time for long-term decisions.

Net debt and leverage
Storskogen aims for an interest-bearing net debt/adjusted RTM EBITDA of 2.0–3.0x. Depending on the timing of acquisitions, the leverage may temporarily exceed 3.0x, but it must never exceed 3.5x. As at 31 December 2022, the Company's interest-bearing net debt was SEK 12,260 million and the leverage (interest-bearing net debt/adjusted RTM EBITDA) was 2.6x.

Control and follow-up
Storskogen's financing strategy shall support the Company's targets and be reflected in Storskogen's Finance Policy, which aims to ensure that the financing activities are conducted with proper control and regular follow-up. At least every quarter, the Board of Directors receives updates on the Company's financial position, leverage and financing needs and confirmation that the bank's terms are met. Financial risks, such as interest rate risk, currency risk, liquidity risk, refinancing risk and counterparty risk, are managed in accordance with the Company's Finance Policy and monitored continuously. The Board of Directors reviews the Finance Policy annually. It can also be reviewed more frequently should the need arise. The Board of Directors' Audit Committee monitors the effectiveness of the Company's internal control and risk management.

For further information on Storskogen's financial risks and risk management, see Note 26, p. 111.

Debt structure, 31 December 2022



SEK m	Maturity	Carrying value
RCF[1]	2025–2026	3,700
Term loan[1]	2025	3,337
Bond 1	2024	2,981
Bond 2	2025	2,980
Hire/purchase agreement		263
Leases		1,654
Pension provisions		205
Other		162
Cash and cash equivalents		-3,022
Total interest-bearing net debt		**12,260**

1) The RCF and Term loan were extended on 23 February 2023. The specified term refers to the extension as of this date.

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Organisation and culture

Identifying, acquiring and developing companies in a sustainable manner places demands on the corporate culture, employees' competence and commitment, and the way Storskogen is organised to manage the Group. Storskogen strives to ensure effective resource allocation, good corporate governance and operational excellence, and to encourage innovation.

Organisational structure

Storskogen's skills and organisation are key to successfully execute the strategy of identifying, acquiring and developing companies. The Storskogen Group's central organisations in the Nordic region, DACH, United Kingdom and Asia combine great industrial expertise with local presence and market knowledge. Storskogen's subsidiaries are supported by the three business area organisations that include both generalists and specialists. The central functions provide support to the business areas and business units in several areas, including M&A, corporate development, sustainability, finance, human resources, legal, and communication. Support is also provided through the knowledge-sharing platform, *Storskogen Knowledge eXchange* (KX).

In 2022, certain central resources were redistributed from M&A to portfolio companies in roles such as CEO or CFO. This is expected to have a positive impact on the companies' development.

Storskogen's values

Storskogen has four values that are deeply rooted in the Group's history: entrepreneurial, respectful, a long-term approach, and professional. These values guide Storskogen's employees in their strategic and daily work and are central to Storskogen's business model. The values permeate all of Storskogen's operations throughout the identification, acquisition and continued development of the companies.

To retain these values when the Group grows with additional companies and employees, Storskogen focuses on the values already in the recruitment processes. It is important to the Company and to its existing and potential employees alike, that these values are shared and adhered to by all parties.

Well-being, development and motivation in the central organisation

Storskogen has a long-term view when it comes to relations with employees and therefore takes an active approach to ensuring the employees' well-being and motivation.

Performance reviews are held every year with all employees. Storskogen has developed a standardised process that includes a discussion of performance and personal goals with quarterly follow-ups. In 2022, performance reviews were held with all employees.

Storskogen's values

Entrepreneurial
- We focus on business opportunities and cost-efficiency.
- We dare to make decisions even when we don't have all facts on the table.
- We are driven and solution and action-oriented.
- We are innovative, open to new ideas and fueled by the mindset of never giving up.

Professional
- We make fact-based decisions based on essential information.
- We invest time in developing ourselves, always striving for improvement.
- We are honest and transparent.
- We aim to establish clear expectations and deliver on our promises.

A long-term approach
- We focus on long-term success.
- We invest in people and long-term relationships.
- We develop our companies to secure long-term competitiveness.
- We are sustainable and strive to be relevant in a 100 years.

Respectful
- We adapt ourselves to every context and situation.
- We help our colleagues.
- We meet on equal terms in all our interactions.
- We respect other people's competence and are open and curious to learn more.

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To obtain regular information on employee well-being and commitment, continuous employee surveys were also introduced in 2022. The results from the surveys are handled by each manager, but they also form the basis for strategic Group-level HR initiatives. Some of the areas measured include motivation, the ability to influence daily work, workload, and work-life balance. Due to the Company's decentralised model, the degree of influence is high, and employees have good opportunities to influence their work situation, which contributes to a high level of commitment. Collaboration between different geographical areas and parts of the operations results in knowledge-sharing and continuous learning in the daily work.

In 2022, a week-long *Bootcamp* was introduced, where new employees are introduced to Storskogen's strategy and working methods in all areas, such as in M&A, finance and the business areas. The employees are also provided with the opportunity to get to know people in other roles and teams in Storskogen. The purpose is to provide the employees with a solid foundation of knowledge and a contact network to help them find their feet quickly in their roles and in the operations.

Working conditions and business ethics in the central organisation

Storskogen places great importance on offering its employees a good work environment and beneficial working conditions. None of Storskogen's employees in the central organisation are covered by collective bargaining agreements. All employees are office workers, and their working conditions and terms of employment are similar to those provided in collective bargaining agreements in similar organisations.

In addition to compliance with each country's local laws and regulations on working conditions, health and safety, etc., there are agreements in place with local occupational health services, both with a preventative and a rehabilitating purpose.

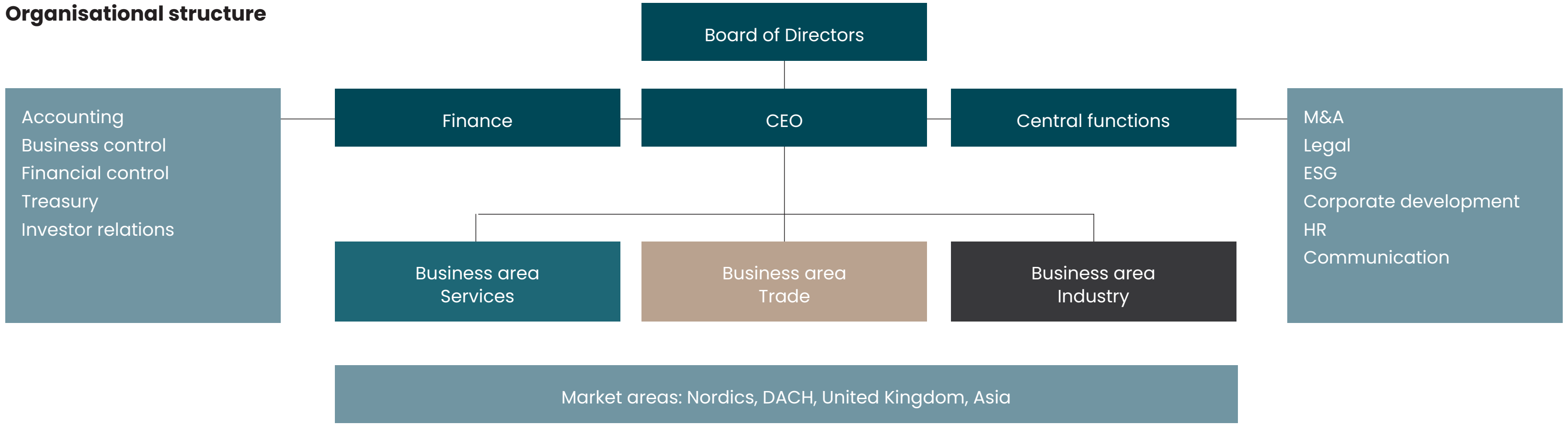
Health-promoting activities are encouraged, and in some countries, common exercise opportunities are provided along with an extended wellness subsidy.

Storskogen strives to maintain an open business climate and high standard when it comes to business ethics and has adopted a Code of Conduct, Work Environment Policy, Gender Equality and Diversity Policy and a digital whistleblowing function.

At the end of the year, a project was initiated to strengthen Storskogen's position as an attractive employer further. The project mainly involves the areas workplace, inclusion and benefits. Concrete initiatives linked to this project will commence in early 2023.

For further information on employees, see Note H4, p. 138.

Organisational structure



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Employee interview

Åsa Murphy, Investment Director, Trade

Åsa Murphy has a background in the tech and e-commerce industries and is now Investment Director in Storskogen's Trade business area. She is active on several boards of directors of subsidiaries, which she supports and guides on strategic and operational issues.

What did you do before you joined Storskogen?
I spent a large part of my career in the tech industry. One of my previous jobs was at Expedia, where I worked for ten years and was part of an amazing growth journey. At Expedia, I created the Nordic unit, and our various brands were very successful in the Nordic market.

I also created an e-commerce organisation for a leading hotel chain in the Nordic region, was the CEO of Bookatable (a B2B2C company that we sold just before the pandemic) and ran my own consultancy, where I assisted companies with digitalisation and getting established in new markets.

What do you do at Storskogen?
I spend most of my time working on the boards of directors in a portfolio of companies in the Trade business area. I also work with our M&A team in acquisitions of new companies, where I mostly focus on the commercial element and on assisting our companies when they make add-on acquisitions.

What is your collaboration with the portfolio companies like?
It's important to me that we work with our companies on the right level – that we can support them but also challenge them from time to time. Some companies are self-motivated, and in those, I mostly act as a sounding board for the CEO. Discussions are then more strategic, such identifying growth potential. Other companies need more operational support, ranging from the recruitment for leading positions and negotiations with major customers to supporting them on improving their working capital.

What challenges do you typically face in your job?
It differs from day to day and depending on the type of company. It can be everything from organisational challenges to a website crashing. 2022 was a challenging year in general for companies in trade, with soaring freight prices and non-deliveries (or deliveries that arrive all at once). We also faced a rising dollar rate and weaker consumer confidence. The ability to work in an agile manner is very important in such a scenario.

What is the best aspect of working at Storskogen?
At Storskogen, I have the privilege of working with excellent colleagues, under good leadership, and in a corporate culture that suits me. In my previous roles, I worked a lot with building and developing teams. This means that values are important to me, respect being the guiding principle. I also think it's very important to have fun at work. You must be able to laugh, even when the going gets tough – I think this leads to commitment and motivation among the employees.

What was the most exciting thing that happened at Storskogen in 2022?
A lot of exciting things happened last year, but to mention a few: the company Session Map, which was acquired in the beginning of the year and of which I'm the Chair of the Board, was appointed Business of the Year in Uddevalla, Sweden. This pleased me immensely and is proof that their team does an excellent job.

During the year, we also launched *Storskogen Knowledge eXchange*, a platform that allows our portfolio companies to share experiences and knowledge in various areas. I'm responsible for the Digital Channels area. I therefore got to discuss digitalisation with various kinds of companies that I don't normally work with, which was great fun for a digital nerd such as myself.

We also held several CEO meetings over the year where Storskogen gathered all CEOs of our companies in various destinations. This was beneficial, both for the companies and for those of us who work with them.

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Business areas

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A well-diversified group of companies

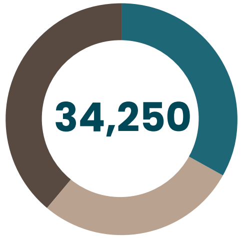
Storskogen's companies operate in a wide range of sectors, forming a business group that is well-diversified with regard to trends, drivers and sensitivity to economic fluctuations.

Stable and diversified business areas
Storskogen's companies are divided into three business areas, Services, Trade and Industry, with 14 underlying verticals. The companies contribute to good operational and geographical diversification, which creates stability and conditions for growth. The companies all have a strong market position, a proven business model, long-term profitability and an entrepreneurial spirit in common.

Long-term development and growth
The business area management cooperates actively with the companies to enable long-term development and growth. Their work with the companies is adapted to suit each company's operations, conditions and targets. The people working in the business areas have extensive industrial expertise in various sectors and support the companies, both strategically and with their operating activities. The business areas also facilitate cooperation and knowledge transfer between Group companies, creating synergies and economies of scale.

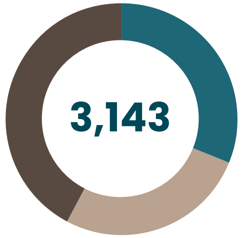
Drawing benefits from macro trends
Due to the business areas' diversification, they are affected by and draw benefits from a wide spectrum of macro trends. Some major trends, such as the green energy transition, digitalisation and urbanisation, affect all business areas, while others are specific to each area. The business areas are also affected by and address various sustainability issues. All business areas comply with the Group-wide sustainability targets and therefore focus on issues such as climate, gender equality, diversity, inclusion, and sustainable supply chains.

Net sales[1], SEK m



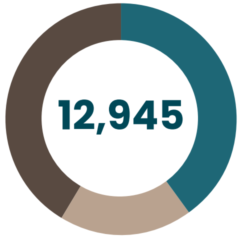
Services: SEK 11,351 m
Trade: SEK 9,637 m
Industry: SEK 13,288 m

Adjusted EBITA[2], SEK m



Services: SEK 1,079 m
Trade: SEK 923 m
Industry: SEK 1,460 m

Number of employees[3]



Services: 5,140
Trade: 2,417
Industry: 5,276

Emission intensity tCO_2e/sales, SEK m

Services: 2.6 tCO_2e/SEK m
Trade: 0.6 tCO_2e/SEK m
Industry: 1.2 tCO_2e/SEK m

1) The total figure includes SEK -26 million for Group functions.
2) The total figure includes SEK -319 million for Group functions.
3) The total figure includes employees in the central organisation.

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Business area Services

Business area Services
The business area consists of service companies with strong positions in B2B niches. The companies are divided into seven verticals: Contracting Services, Infrastructure, Installation, Logistics, Engineering Services, Digital Services, as well as HR and Competence.

Strategy and trends
The business area works actively with the companies on strategic and operational issues to help them develop and achieve long-term profitability. Some of this work involves enabling joint projects and synergies between companies with similar operations, such as achieving cost savings through joint procurement and purchasing, initiatives to improve capital efficiency, and knowledge-sharing when switching support systems.

The business area is affected by and benefits from several trends, such as digitalisation and increased e-commerce, which is driving demand for transport and logistics services. Other trends include an increased focus on life-long learning, which benefits the companies active in HR and Competence, and the green energy transition.

The business area's portfolio includes most of the companies with major impact on Storskogen's climate targets, primarily haulage, contracting and infrastructure companies that own their own lorries and machinery. The companies' business plans are adopted by their boards of directors and include short-term and long-term initiatives aimed at helping the companies transition and reduce their emissions, thus making it possible for Storskogen to reach its climate target. Such initiatives include investments in the vehicle fleet as a first step in the transition to fossil-free fuel and a more climate-friendly vehicle fleet.

Another sustainability-related focus area is work environment. Several of the companies carry out work that may entail a risk to employee health and safety. SoVent, one of Sweden's leading chimney sweeping groups, has come far in the transition from traditional chimney sweeping from rooftops to a more modern method where rods are used from the bottom. Modern chimney sweeping methods reduce the risk of falls as there is no need for the chimney sweep to climb roofs. They also prevent the chimney sweep from inhaling hazardous particles.

Good governance and control is another focus area which is supported in the companies by the use of an annual wheel for the work on the boards of directors and structured processes for succession planning, which is an important part of the long-term work with the companies.

The Services business area focuses strongly on operational excellence in its companies, including preparations for a more challenging economy.

Events during the year
The year began with difficult circumstances for many of the business area's companies: high sickness absence rates after the fourth wave of the pandemic, turbulence in the external environment and rising inflation. After the turbulent first six months of the year, the cost increases for raw materials such as steel and fuel began to level out while price adjustments for customers began to have effect. The EBITA margin gradually grew stronger in the final months of the year.

The year was otherwise characterised by high demand, which was reflected in the organic sales growth of 14 percent. The companies in Logistics had a good year due to high demand and relatively low price sensitivity in the market, which resulted in rising sales and an improving EBITA margin. Digital Services also benefited from good market conditions and delivered growth with a continued high margin. The HR and Competence vertical, which started the year backed by a strong 2021, was impacted by the low unemployment rate among other things, and did therefore not meet the high expectations. Companies in Installation and Infrastructure experienced challenging conditions, sickness absence rates in the beginning of the year, rising prices on fuel and materials and problems in the supply chain, which affected profitability.

Acquisitions in 2022
Many of the acquisitions over the year were made outside Sweden, and the business area made its first acquisitions in the United Kingdom, Denmark, Germany and Singapore. The acquisition of the Norwegian industrial building construction company Thermica, one of Norway's leading specialist entrepreneurs, reinforced Storskogen's existing base in industrial building construction. The acquisition of Vokus Personal in Switzerland expanded the HR and Competence vertical. Vokus Personal is specialised in providing temporary healthcare employees for elderly care homes and nursing homes and is supported by the underlying trend of an ageing population.

A total of 12 business units were acquired in 2022, and 12 add-on acquisitions were made.

For a complete list of acquisitions made in 2022, see Note 5, p. 85.

Peter Ahlgren
Head of Business Area Services

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Business area – Services

Key performance indicators

SEK m	2022	2021	2020
Net sales	11,351	6,906	3,837
Adjusted EBITA	1,079	695	382
Adjusted EBITA margin, %	9.5	10.1	10.0
Adjusted EBITA excl. transaction costs	1,101	712	387
Adjusted EBITA margin excl. transaction costs, %	9.7	10.3	10.1
Emission intensity tCO_2e/sales, SEK m	2.6	2.6	2.6
Number of employees	5,140	4,297	1,822

Due to high demand and expanding volumes, net sales in the business area increased by 64 percent (80) to SEK 11,351 million (6,906) in 2022. Organic sales growth was 14 percent (10). Adjusted EBITA increased by 55 percent (82) to SEK 1,079 million (695); consequently, the adjusted EBITA margin was 9.5 percent (10.1). The business area had organic EBITA growth of -5 percent (21). The adjusted EBITA margin excluding transaction costs was 9.7 percent (10.3). Emission intensity was 2.6 tCO_2e/SEK m (2.6).

Net sales, %
By vertical

- Installation, 32%
- Engineering Services, 15%
- HR and Competence, 8%
- Logistics, 11%
- Digital Services, 6%
- Contracting Services, 8%
- Infrastructure, 20%

Net sales growth

64%

Adjusted EBITA growth

55%

Business area verticals

Installation comprises business units in plumbing, ventilation and cooling, painting and chimney sweeping, and electrical and technical installations. Customers are mainly municipal and private property companies as well as both small and large construction companies.

The vertical includes 14 business units and 2,042 employees.

Engineering Services comprises business units that provide technical engineering services in areas such as architecture, engineering services, fire safety, environment and advanced measurement technology. Customers include construction companies, private property owners and public sector entities.

The vertical includes 8 business units and 503 employees.

HR and Competence comprises business units in the areas of adult education, labour market training, corporate training, temping agency services, recruitment and support to/matching of positions for private companies and Swedish authorities.

The vertical includes 5 business units and 780 employees.

Logistics comprises business units active in freight services, freight forwarding, last mile deliveries and third-party logistics with national and international operations. Customers include companies such as freight forwarders, cargo owners and ports.

The vertical includes 6 business units and 238 employees.

Digital Services comprises business units that provide IT-related and digital services to corporate customers in the private and public sectors.

The vertical includes 9 business units and 342 employees.

Contracting Services comprises business units that include service providers and contractors for the construction and civil engineering market. Customers include construction companies, property and plant owners and industrial companies.

The vertical includes 6 business units and 423 employees.

Infrastructure comprises business units that carry out heavy land-related or railway infrastructure projects, often using heavy equipment such as demolition, excavation and foundation work. Customers are companies in the private and public sectors.

The vertical includes 14 business units and 812 employees.

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Business area – Services

Skaraslättens Transport grows with support from Storskogen

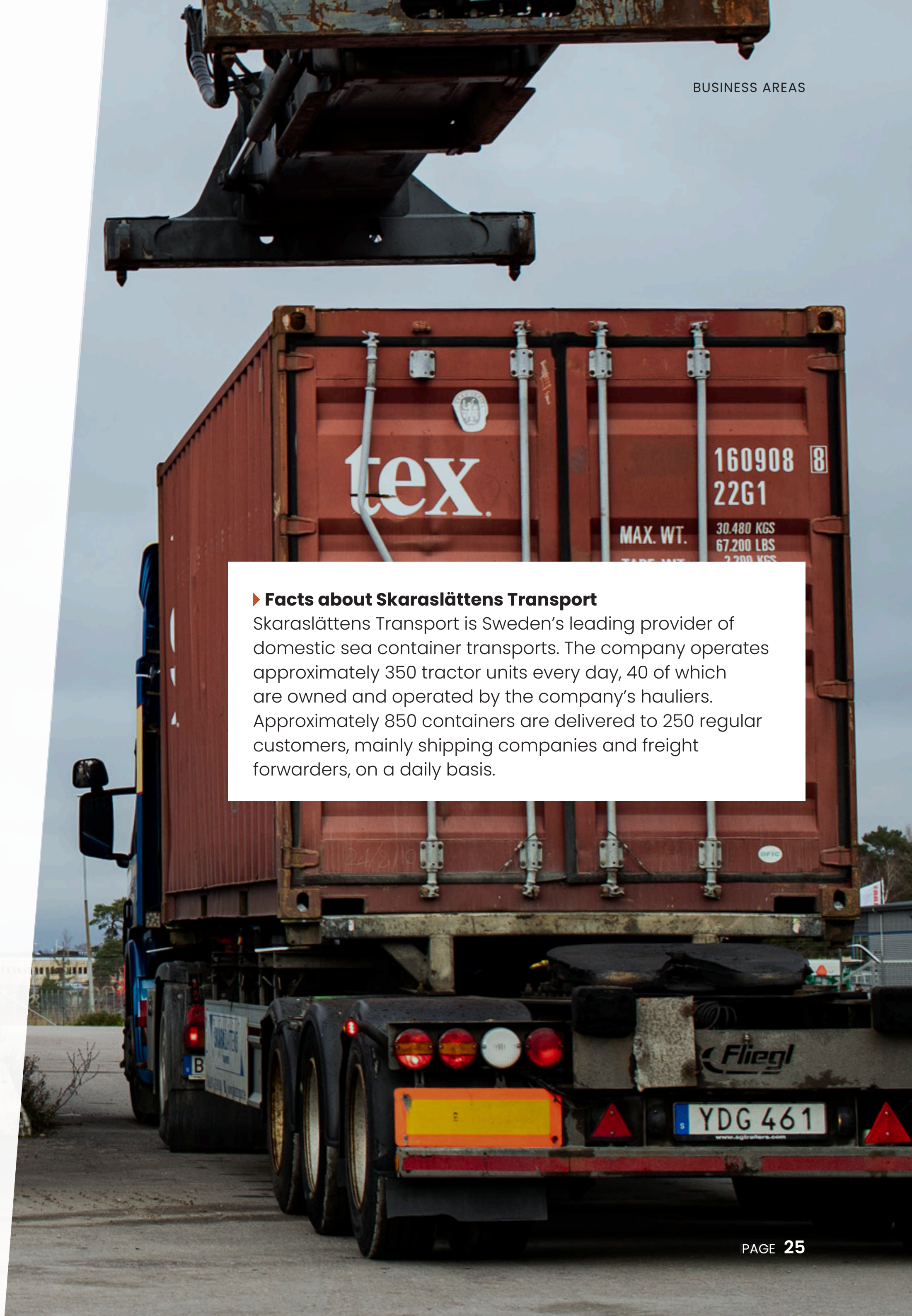
When Skaraslättens Transport was acquired by Storskogen in 2018, the business unit's sales were approximately SEK 345 million. In 2022, sales were SEK 736 million, with an adjusted EBITA of SEK 65 million. The adjusted EBITA margin was 8.9 percent, an excellent level for this sector.

Skaraslätten Transport, a leading provider of sea transport container services, is making important investments to offer its customers more climate-friendly services while successfully increasing sales and profitability.

Initiatives enable development
Since Skaraslättens Transport became part of Storskogen, the company has carried out several significant initiatives to develop its operations, and it is currently the largest provider of container transports in Sweden. The company has also made gradual investments in a modern vehicle fleet powered by electricity, gas and diesel, and according to the company's long-term strategy, the entire fleet shall be operating on fossil-free fuel by 2030.

In these uncertain times, when other actors have not wanted or had the ability to make investments, the security of having an owner with sufficient capital has been key. It has enabled both the establishment of new offices and a continued rate of investments with the aim of achieving a sustainable and modern vehicle fleet.

Extended offering
In 2022, with Storskogen's help, Skaraslätten Transport acquired Contilog, a company specialised in container transports between Sweden and European ports and locations served by railways. The acquisition allows the company to widen its offering to Swedish customers and fortify its position in container transports while taking an important step onto the continent, with the aim of creating additional growth.



Facts about Skaraslättens Transport
Skaraslättens Transport is Sweden's leading provider of domestic sea container transports. The company operates approximately 350 tractor units every day, 40 of which are owned and operated by the company's hauliers. Approximately 850 containers are delivered to 250 regular customers, mainly shipping companies and freight forwarders, on a daily basis.

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Business area Trade

Business area Trade
The business area comprises companies that sell physical products. Most of them are distributors and wholesalers that market their own and external brands. The companies have been divided into four verticals: Home and Living, Health and Beauty, Sports, Clothing and Accessories, and Niche Businesses.

Strategy and trends

The business area takes a methodical approach to creating synergies and economies of scale in the group, aiming to increase the competitiveness and profitability of all companies. This is partly achieved through an acquisition strategy, where both the individual company's deliveries and its usefulness to the Group are considered, and partly through continuous work on operational optimisation. For example, the companies' collective purchasing of container freight has created conditions for a centrally negotiated freight agreement that significantly reduces costs for all Storskogen companies while improving the service level. The project also allows for easier access to actual emission data from the transport category, which is estimated to be one of the largest Scope 3 emission categories in the business area.

The business area has a high proportion of consumer products, an area where sustainability is becoming increasingly important. Resellers have increasingly high requirements and companies gain competitive advantages by being at the forefront of sustainability issues. Outdoor plant pots made of recycled car bodies and second-hand bicycles and furniture made of sustainably produced wood are examples of products that are appreciated by customers and the environment alike. As distributors, the companies have close relationships with their producers. They are therefore able to influence their global partners on social sustainability issues such as working conditions. Companies that design their own products can also make other choices to reduce environmental impact in the entire supply chain, such when selecting colouring agents or packaging volumes.

Several companies in the business area are active in haircare and cosmetics and have obvious synergies and close cooperation across national borders. This is the result of an acquisition strategy spanning several years that has turned the Trade business area into one of the largest haircare players in the Nordic region. Examples of this are the companies Alba, Baldacci and Frends, three strong players in the Nordic market for professional haircare products, which have come together under a common brand, ByWe. This has paved the way for coordination gains and other synergies.

The companies in the business area also take an active approach to optimising their product offerings, cash flows and business models in preparation for the uncertain market situation that is expected in the near future. Proactive initiatives are specifically taken to reduce capital tied up and currency risk and create the conditions required to act fast on the opportunities that are expected to arise.

Events during the year

The year was initially characterised by the continuing pandemic, followed by the war in Ukraine. Taken together, this meant high cost for materials, freight, fuel and energy as well as disruptions in the supply chain. In the final six months of the year, the Swedish krona was further weakened, while freight costs began to normalise from previously high levels. The year's cost increases and the weaker Swedish krona were largely offset by price increases, but profitability was affected by fixed prices in some individual companies, and the delay before the effect of the higher prices was noticeable.

Demand was generally high over the year, even if missing deliveries, weaker e-commerce and the economic situation had a negative impact. Demand was strongest in companies with corporate customers, i.e., companies in the Niche Businesses vertical, and for sellers of non-durable consumer goods, such as companies in the Health and Beauty vertical.

Acquisitions in 2022

The acquisition pace remained high in the first six months of 2022. Scandinavian Cosmetics was one of the most important acquisitions over the year, as it supplemented and created synergies with the other companies in the Health and Beauty vertical. The company 2M2, which is active in gardening and interior design products, contributed to the Home and Living vertical in a similar manner, as the company's strategic focus on sustainability is now leading the way for other companies. The business area continued its expansion outside Sweden with acquisitions in the United Kingdom, Germany and Norway, where Storskogen's ownership model is highly appreciated.

A total of 10 business units were acquired in 2022, and 6 add-on acquisitions were made.

For a complete list of acquisitions made in 2022, see Note 5, p. 85.

Christer Hansson
Head of Business Area Trade

Business area – Trade

Key performance indicators

SEK m	2022	2021	2020
Net sales	9,637	5,410	2,584
Adjusted EBITA	923	582	257
Adjusted EBITA margin, %	9.6	10.8	9.9
Adjusted EBITA excl. transaction costs	950	596	261
Adjusted EBITA margin excl. transaction costs	9.9	11.0	10.1
Emission intensity tCO_2e/sales, SEK m	0.6	0.8	1.4
Number of employees	2,417	1,555	666

Due to the underlying positive organic sales growth in combination with several acquisitions, net sales in the business area increased by 78 percent (109) to SEK 9,637 million (5,410) in 2022. Organic sales growth was 10 percent (20). Adjusted EBITA increased by 59 percent (127) to SEK 923 million (582); consequently, the adjusted EBITA margin was 9.6 percent (10.8). Organic EBITA growth was SEK -14 percent (35). The adjusted EBITA margin excluding transaction costs was 9.9 percent (11.0). Emission intensity was 0.6 tCO_2e/SEK m (0.8).

Net sales, %
By vertical

- Home and Living, 35%
- Health and Beauty, 19%
- Sports, Clothing and Accessories, 15%
- Niche Businesses, 31%

Net sales growth

78%

Adjusted EBITA growth

59%

Business area verticals

Home and Living comprises business units that design, produce and distribute home furnishing items such as pots and furniture as well as construction-related products such as awnings, flooring and holiday homes. The companies generally have a stable network of resellers in Europe with sales both online and in bricks-and-mortar stores, but also with a minor proportion of direct sales to end-customers. Suppliers are located all over the world.

The vertical includes 13 business units and 734 employees.

Health and Beauty comprises business units active in haircare and cosmetics. For the most part, the companies are distributors of well-known brands, but they also have proprietary brands that are offered to hairdressers, e-commerce companies and other resellers in each market. The companies are generally prominent in quality assurance and logistics and have strong relations with the brand owners.

The vertical includes 7 business units and 894 employees.

Sports, Clothing and Accessories comprises business units that offer products for the end-customers' activities, including equipment and materials in the form of clothing and accessories. Several of the companies are active in cycling or outdoor recreational activities. The group includes both units that sell directly to customers and those that sell through resellers, but all business units have strong brands in their niche in common.

The vertical includes 8 business units and 238 employees.

Niche Businesses comprises business units with corporate end-customers. They are generally market leaders in their niche and are known for their long-term customer relations and excellent service levels. The business units use a combination of traditional commerce and e-commerce and sell products such as work clothing, equipment and input products for various sectors.

The vertical includes 7 business units and 551 employees.

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Business area – Trade

Partnerships key to sustainable development

Storskogen became an owner of Ecochange, a supplier of employee benefit products, in June 2021. Opportunities for growth were good, but the organisation and the systems needed to be scaled up to increase capacity and future-proof the operations.

Ecochange offers employee benefit products, including bicycles. This allows employers to contribute to public health and improve the environment while making their employees happy. Strong partnerships with suppliers, customers and Storskogen have allowed Ecochange to grow rapidly.

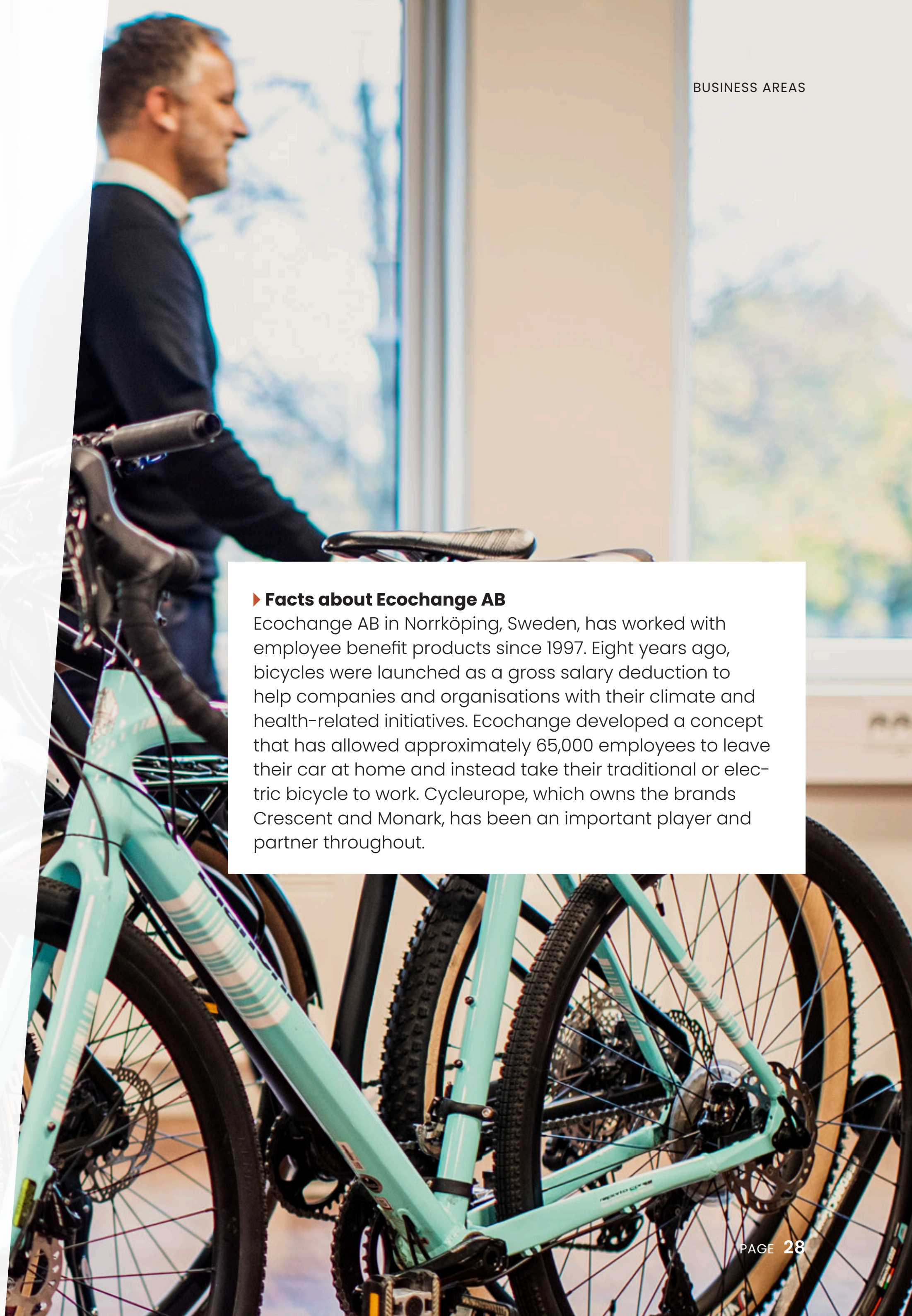
Business development

When Storskogen acquired Ecochange in 2021, a needs analysis was immediately initiated. It resulted in the investment in a new ERP system and initiatives to improve the business' procedures and digital services. In 2022, Storskogen managed the succession of the management team while increasing the company's sales from SEK 192 million in 2021 to SEK 348 million in 2022, with a retained margin. Together with Ecochange's new management team, the strategy was honed, with a full focus on widening the customer segment and continuing to build on a corporate culture imbued with collaboration, service and sales, also when growth is strong.

Cooperation within Storskogen

Storskogen has three other companies that offer bicycles and products in two-wheel mobility: Jofrab TWS, Extra UK, and JO Sport. Through Storskogen's network for knowledge and experience transfer, these companies have not only shared knowledge, but also identified several exciting synergies. For example, in the future, Ecochange will be able to offer its customers the award-winning electric mopeds distributed by Jofrab.

Ecochange makes an important contribution to sustainable development, but this does not occur in a vacuum. Through partnerships and with a focus on cooperation, the company can continue growing and contributing to a sustainable society.



Facts about Ecochange AB

Ecochange AB in Norrköping, Sweden, has worked with employee benefit products since 1997. Eight years ago, bicycles were launched as a gross salary deduction to help companies and organisations with their climate and health-related initiatives. Ecochange developed a concept that has allowed approximately 65,000 employees to leave their car at home and instead take their traditional or electric bicycle to work. Cycleurope, which owns the brands Crescent and Monark, has been an important player and partner throughout.

Business area Industry

Business area Industry
The business area focuses on traditional B2B industrial companies in heavy or medium-heavy industry, manufacturing and automation. The business area is divided into three verticals: Automation, Industrial Technology, and Products.

Strategy and trends

In line with Storskogen's strategy, the business area strives to acquire small and medium-sized industrial companies of high quality in various industries and geographical areas and help them evolve. Exposure to several underlying drivers and trends is derived from the diversified strategy. Digitalisation and automation are strong industrial trends, where automation solutions, connected productivity systems and increased data collection improve productivity, quality and energy efficiency. This benefits most companies in the Industry business area, particularly those in the Automation vertical that develop advanced automation solutions, but also other companies that are transforming their production through automation. This way, they can increase their competitiveness through more efficient flows and better salary levels.

A strong ongoing trend linked to automation is the reshoring of production from low-cost countries to Sweden and Europe, which is also considered positive for most industrial companies. The effect is apparent both from a financial and a sustainability perspective; automation solutions allow higher productivity, which offsets the lower cost levels in low-cost countries when combined with reduced transport costs. At the same time, the geographical proximity and shorter transport routes lead to lower emissions and increased control of suppliers and supply chains, and allow for better working conditions.

The business area treats sustainability issues as an integrated part of the work on the boards of directors to ensure a strong focus on sustainability, not least to find solutions for lower emissions, increased energy efficiency and proper control and follow-up of supply chains. Also, continuous improvements are being made in health and safety to ensure a good and safe work environment, which is an important issue for industrial companies.

Events during the year

The Industry business area performed well operationally and financially in 2022 despite the strained business situation in a precarious external environment. The underlying market remained strong in general, with high demand, particularly in the engineering and wood industries, but new orders decreased somewhat in general in the last quarter. All companies were affected by high cost inflation, even if certain prices on raw materials, especially steel, dropped in the last six months of the year. Also, several companies were affected by continued materials and component shortages due to continued problems in the supply chain.

The companies took an active approach to continuous improvements, such as productivity-increasing measures and measures to increase resource efficiency, to lower costs and CO_2 emissions alike. An example of this is Swedstyle, which was able to reduce both materials costs, emissions and energy consumption through successful product development (read more on p. 42). Improvement measures combined with price increases to customers largely offset the increased costs.

Acquisitions in 2022

The high rate of acquisitions from 2021 continued in 2022, particularly during the first six months of the year. One of the companies acquired was LNS, a global market leader in automation solutions. Through the acquisition, Storskogen reinforced its position further in the field of automation and increased its presence in the DACH region. Another important acquisition was that of J&D Pierce, a leading specialist in the manufacture and construction of logistics and data centres in structural steel in the United Kingdom, which was an important milestone in Storskogen's expansion in the country. Additionally, the business area made its first acquisition in Asia, of the Singaporean company CMTi, a manufacturer of special cables for the medical technology industry.

A total of 9 business units were acquired in 2022, and 5 add-on acquisitions were made to strengthen and develop existing companies further.

For a complete list of acquisitions made in 2022, see Note 5, p. 85.

Fredrik Bergegård
Head of Business Area Industry

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Business area – Industry

Key performance indicators

SEK m	2022	2021	2020
Net sales	13,288	5,186	2,519
Adjusted EBITA	1,460	626	242
Adjusted EBITA margin, %	11.0	12.1	9.6
Adjusted EBITA excl. transaction costs	1,484	674	243
Adjusted EBITA margin excl. transaction costs	11.2	13.0	9.6
Emission intensity tCO_2e/sales, SEK m	1.2	1.2	1.6
Number of employees	5,276	2,786	1,050

Good development in the existing portfolio, despite a challenging business environment, in combination with several acquisitions, resulted in an increase in net sales for the business area of 156 percent (106) to SEK 13,288 million (5,186) in 2022. Organic sales growth was 11 percent (22). Adjusted EBITA grew by 133 percent (159) to SEK 1,460 million (626); consequently, the adjusted EBITA margin was 11.0 percent (12.1). Organic EBITA growth was 1 percent (53). The adjusted EBITA margin excluding transaction costs was 11.2 percent (13.0). Emission intensity was 1.2 tCO_2e/SEK m (1.2).

Net sales, %
By vertical

- Automation, 31%
- Industrial Technology, 36%
- Products, 33%

Net sales growth

156%

Adjusted EBITA growth

133%

Business area verticals

Automation comprises business units that develop and manufacture high-tech automation solutions. The companies are exposed to the strong automation and digitalisation trend, which is expected to grow increasingly important along with heavier requirements on productivity, quality and sustainability.

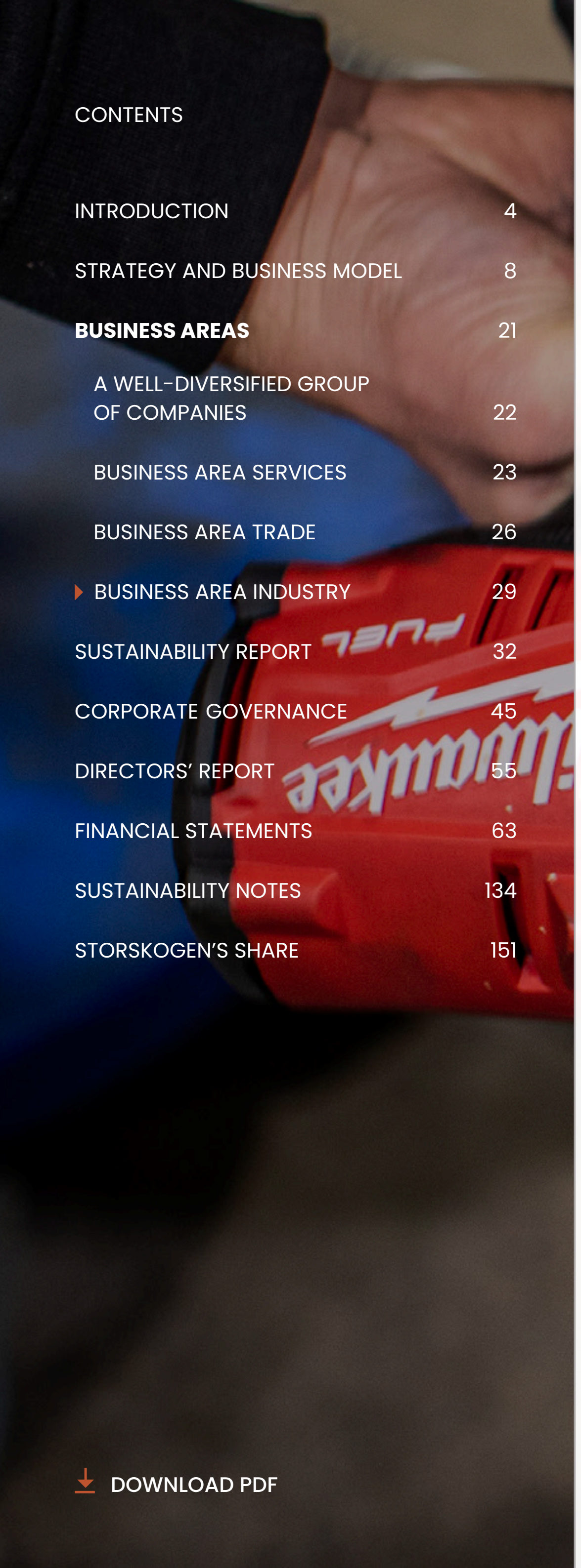
The vertical includes 9 business units and 1,852 employees.

Industrial Technology comprises business units in the field of heavy technology such as cutting and welding of steel structures, foundries and contract manufacturing of machine parts. The companies offer high-quality manufacturing with high production efficiency.

The vertical includes 17 business units and 1,800 employees.

Products comprises business units with their own range of products and brands. The companies develop and manufacture trailers, custom-built hotel interiors, table frames and cable ladders.

The vertical includes 13 business units and 1,624 employees.



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Business area – Industry

Strategic add-on acquisitions create a wide offering and synergies

Storskogen acquired ARAT Group in 2018 and has since assisted the company with four add-on acquisitions. The ARAT Group companies are active in sawmill automation but operated as separate companies with a parent company that ensures that the subsidiaries have the conditions needed to develop in their respective niches.

ARAT Group was established in 2012 when ARAT, the parent company, acquired Almab. It expanded in 2016 with the acquisitions of Renholmen and AriVislanda. After Storskogen became the owner in 2018, Hedlunds and Milltech were also acquired. In January 2023, two additional add-on acquisitions were made, of Höga Kusten and Loginor.

Through these strategic acquisitions, ARAT Group has strengthened its position with a full-service offering for the entire sawmill processing chain. The subsidiaries are complementary in the production chain, which allows them to take on larger business deals.

With Storskogen as the owner and guarantor, ARAT Group also has financial security which has been crucial in larger business deals.

Key recruitments

As the owner, Storskogen has also helped with succession planning and key recruitments aimed at identifying and developing people in leading roles. This included the recruitment of a CEO of ARAT Group; Per Jonsson, the former CEO of Renholmen, took on this role in the spring of 2022. Over the year, the group also recruited new CEOs for Renholmen, Hedlunds, Milltech and AriVislanda. Three of these recruitments were based on tips from the group's common network, which highlights the strength of a close cooperation between the companies.

Full-service offering creates growth

In 2022, ARAT Group had sales of SEK 769 million, an increase of 80 percent since 2020[1].

The Group has a strong position in a favourable market. Due to climate change, wood is expected to play an increasingly important role in future urban planning, which indicates continued growth in the industry. With a properly developed full-service offering, ARAT Group is well positioned with excellent growth opportunities, both nationally and internationally.

Facts about ARAT Group

ARAT Group provides high-tech automation equipment to the sawmill and wood processing industry with operations all over the world, with an emphasis on the Nordic region. With 100 years of experience in the industry, the group offers qualitative, technologically advanced and customised automation solutions aimed at maximising customer value. At year-end 2022, the group had approximately 150 employees and offices in Byske, Vislanda, Storvik, Alfta and Växjö. In 2023, ARAT Group acquired Höga Kusten and Loginor, with an additional 35 employees and offices in Kramfors and Sundsvall.

1) In 2020, Storskogen had owned all ARAT companies (excl. Höga Kusten and Loginor) for at least 12 months.

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Sustainability Report

This report covers Storskogen's sustainability results from 1 January to 31 December 2022 and constitutes the statutory Sustainability Report for 2022.

Storskogen reports sustainability data according to the following reporting initiatives:

- GRI Universal Standards 2021 (Global Reporting Initiative): The GRI report was prepared according to the GRI's most recently updated principles with regard to content and quality. The GRI Index refers to Storskogen's central organisation. See Note H12.
- GHG protocol (Greenhouse Gas Protocol): The climate impact of operations through direct and indirect emissions of greenhouse gases, divided into three different categories, known as Scopes 1-3.

Reporting, calculation and compilation of the information from Storskogen's central organisation and all subsidiaries takes place in a sustainability platform. The EU taxonomy is reported and the calculations are compiled in the Group's financial consolidation system. This report has not been reviewed by any external party. No remeasurements of earlier year's figures have been necessary.

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About Storskogen's sustainability initiatives

Storskogen's efforts for sustainable development are based on the sustainability areas **Environmental**, **Social** and **Governance** (ESG). In a materiality analysis performed in 2019, three focus areas were identified for Storskogen's sustainability initiatives: Minimise environmental impact, A good employer and neighbour, and Responsible business.

Storskogen supports the subsidiaries' sustainability initiatives
Sustainability issues are important to all Storskogen's subsidiaries. Nevertheless, the most material topics differ between companies depending on sector and geographical location. Storskogen supports the companies in their efforts to reach Group-wide sustainability targets, manage risks and pursue opportunities for increased competitiveness. This support may take the form of ongoing support, training, shared tools, networking and several other initiatives, and it constitutes a central part of the value creation in Storskogen and its subsidiaries and for the environment and society at large.

Storskogen's initiatives are based on external frameworks
In 2022, Storskogen signed the UN Global Compact, and the Company's sustainability initiatives are based on the Ten Principles of the UN Global Compact for companies. These are based on internationally recognised conventions and agreements on human rights, labour, environment and anti-corruption, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration and the UN Convention against Corruption.

Based on Storskogen's materiality analysis and focus areas, relevant targets and strategies were established in line with the Ten Principles and the UN's 2030 Agenda for Sustainable Development.

Sustainability area	Material topics	Ambitions	Selected targets from UN's 2030 Agenda	Targets	Outcome 2022
Environmental	**Minimise environmental impact** • Climate impact • Environmental management	• We use scientifically-based environmental targets that are aligned with the goals of the Paris Agreement. • We are taking action to avoid negative impact on the environment.	**Target 12.6** – Encourage companies to adopt sustainable practices and sustainability reporting. **Target 13.3** – Build knowledge and capacity to meet climate change.	• Storskogen will halve its emission intensity by 2030 compared with 2020, in line with the Paris Agreement, and achieve net zero emissions by 2045. • 80% fossil-free energy by 2025. • 100% of Storskogen's companies must set climate targets that are aligned with the Group target by 2025.	• 1.4 tCO_2e/SEK m • 77% fossil-free energy
Social	**A good employer and neighbour** • Attracting and retaining employees • Gender equality and diversity • Health and safety • Thriving communities	• We aim to be an attractive employer that offers professional development and exciting careers. • We aim to be a gender-equal and inclusive organisation. • We strive continuously to ensure safe and healthy workplaces. • We contribute to a thriving local community.	**Target 5.5** – Ensure women's full participation in leadership and decision-making. **Target 10.3** – Ensure equal opportunities and end discrimination.	• Gender distribution of 40–60% among employees in senior roles in Storskogen's central organisation. • Gender distribution of 40–60% among the representatives of Storskogen's central organisation on the business units' boards of directors (on an aggregated level).	• Target fulfilment will be followed up in 2023.
Governance	**Responsible business** • Returns and good corporate governance • Business ethics and anti-corruption • Responsible supply chain	• We have a strong focus on professionalism and business ethics. • We aim to be a responsible owner by supporting our businesses with skills and knowledge. • We integrate sustainability into our value chain.	**Target 4.7** – Education for sustainable development and global citizenship. **Target 8.3** – Promote policies to support job creation and growing enterprises. **Target 8.8** – Protect labour rights and promote safe working environments.	• Storskogen shall ensure compliance with the Business Partner Code of Conduct no later than by 2025.	• The programme was adopted in 2022 but implementation will not be initiated until 2023. Target fulfilment will be followed up in 2023.

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Materiality analysis

Storskogen's materiality analysis was performed in 2019 and has been adopted by Storskogen's Board of Directors. When reviewed in 2022, no material topics had changed significantly compared with 2021. In 2023, a new materiality analysis will be conducted in accordance with the GRI Universal Standards' new impact requirements. Changes in the external environment, new regulatory requirements and stakeholder expectations will be included as well.

Overarching sustainability initiatives

The Group's Sustainability Policy (available at storskogen.com) describes how Storskogen integrates sustainability throughout its operations, from considering sustainability topics in the acquisition process to expectations of subsidiaries. Along with Storskogen's Code of Conduct, the Sustainability Policy provides the most important principles for Storskogen's responsibility, expected behaviour and daily conduct.

Sustainability initiatives in the subsidiaries

Sustainability issues in subsidiaries are handled by the management of each subsidiary and determined by its board of directors. As the companies operate in different sectors, they face different challenges and opportunities. Many are at the early stage of their sustainability development, as reflected in key performance indicators.

Storskogen cannot expect all companies to meet all the Group's sustainability-related requirements directly upon completion of an acquisition, but Storskogen will ensure that the companies are able to meet them over time. Supporting development of the companies' sustainability initiatives is an important element of Storskogen's value creation as an owner.

The model is decentralised, but Storskogen expects all subsidiaries to:

(a) monitor, identify and act on any material risks and opportunities in relevant sustainability areas. This includes areas that affect or are expected to affect the company's business model, competitiveness and/or financial position in the short, medium and long term;

(b) adopt relevant and measurable targets for the most material sustainability topics and implement measures to meet them;

(c) develop and implement any relevant governance documents/instructions, in addition to the Group-wide governance documents/instructions required to support the company's sustainability initiatives and meet the targets adopted;

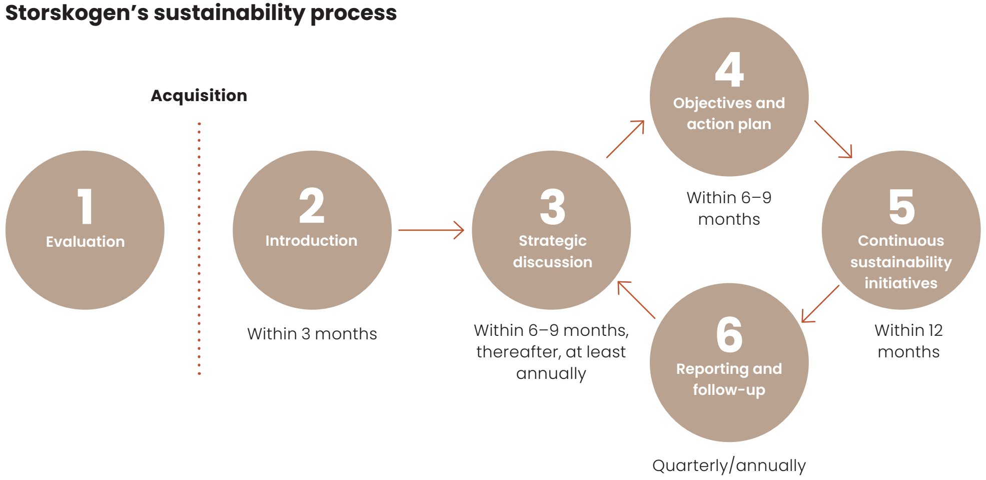
(d) act in accordance with the principles in Storskogen's Code of Conduct and other policies and support all Group-wide targets.

Ownership through good corporate governance and sustainability process

After the completion of an acquisition, Storskogen's sustainability process and the Group's governance documents are presented to the company's management. During the company's first year as a Storskogen company, management shall prepare a sustainability action plan that includes a materiality analysis, targets, key performance indicators, governance documents and instructions. All Storskogen employees and the management teams of the subsidiaries must sign the Code of Conduct. The management team and board of each subsidiary are responsible for ensuring that the sustainability initiatives are implemented in the operations and followed up by the board of directors at least once a year.

1. **Evaluation:** Analysis of the intended acquisition's most material sustainability aspects and an assessment of the company's ability to handle these in a value-creating manner in the long term.
2. **Introduction:** After acquisition, a special review is carried out with the company's management to present Storskogen's sustainability process and the Group's governing documents.
3. **Strategic discussion:** Within 6–9 months after acquisition, and thereafter at least annually, the board of each company shall have a strategic sustainability discussion as an agenda item. The focus is on discussing the company's material sustainability aspects, possible development in the company's environment and how this affects the business model, as well as making decisions about strategic prioritisation and the way forward.
4. **Objectives and action plan:** In support of the continued work at the subsidiary level, an appropriate action plan is drawn up, including any goals and key figures that are relevant in addition to the Group's. Thereafter, the action plan is updated as necessary, based on the outcome of the annual strategic discussion.
5. **Continuous sustainability initiatives:** Initiatives according to the action plan, including implementation of any supplementary control documents and instructions.
6. **Reporting and follow-up:** Follow-up of current sustainability issues and projects in each board. Annual reporting of Group-wide sustainability data, review of policy compliance and adoption of any new or updated governing documents.

Storskogen's sustainability process



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Proper sustainability expertise is key to value creation

Over the year, support is provided for the implementation of Storskogen's sustainability process, both continuously and through the work of the board of directors. Any Storskogen employees who support the companies – investment managers, investment directors and board members– must therefore have relevant sustainability expertise. To increase the level of knowledge, employees at Storskogen's head offices must undergo mandatory sustainability training, which has also been made available to Storskogen's board. To increase the skills in the subsidiaries, this training is also mandatory for the companies' CEOs and dedicated sustainability employees.

To increase expertise further and highlight good examples in the Group, the companies meet several times per year through Storskogen's sustainability network. The companies can use the network to obtain information, training and inspiration, exchange experiences and collaborate on practical implementation.

Storskogen employees who are also board members are offered board member training, and in 2022, a special training session for board members with a sustainability focus was provided to the same target group.

- The Code of Conduct has been signed by 100 percent Storskogen's employees. The Code of Conduct is signed at the same time as the employment contract.
- The Code of Conduct has been signed by 76 percent of the mandatory target groups in Storskogen's subsidiaries.
- Sustainability training has been completed by 85 percent of Storskogen's employees.
- Sustainability training has been completed by 64 percent of the mandatory target groups in Storskogen's subsidiaries.

Sustainability assessment of subsidiaries

Over the year, Storskogen introduced the *sustainability ladder* – an assessment of the subsidiaries' sustainability initiatives. The purpose is to assess and monitor the companies' sustainability status and development under Storskogen's ownership. The evaluation also works as a governance indicator to ensure compliance with the adopted sustainability process. The assessment is conducted by the investment manager of each business unit.

Stakeholder dialogues

Storskogen has identified customers, employees, potential subsidiaries, owners, the local communities where the companies are located, and suppliers as their most important stakeholders. Over the year, Storskogen engaged in dialogues with several major shareholders to ensure that the Company lives up to investors' expectations. It became apparent that transparency with regard to the subsidiaries' sustainability status was expected, which was one of the reasons for developing the sustainability ladder.

Readiness assessment

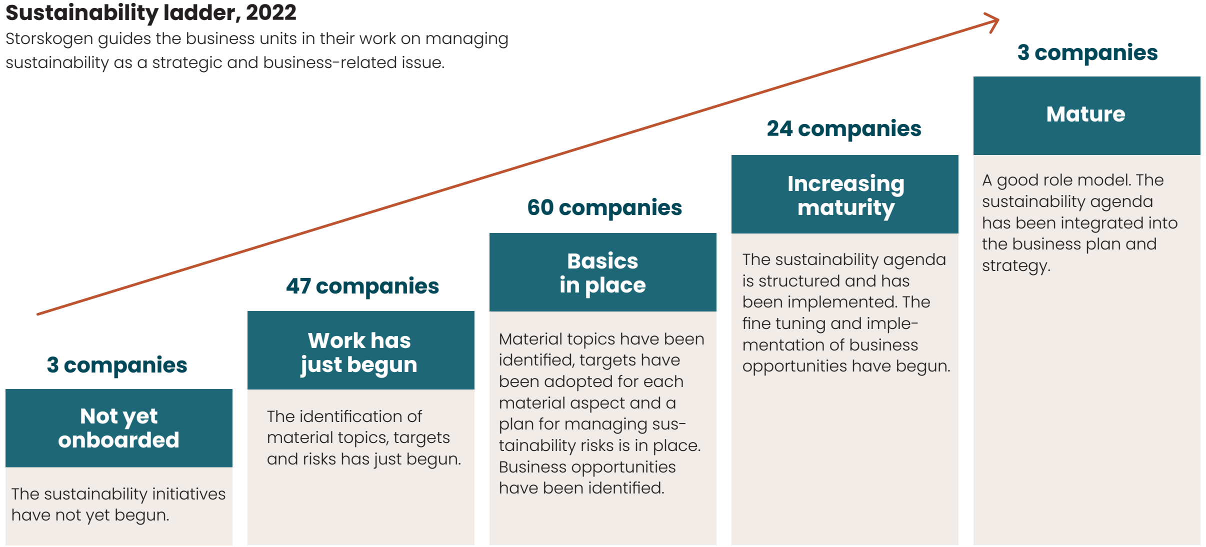
In 2022, Storskogen's auditors conducted a readiness assessment to evaluate whether Storskogen was ready for a review of the Company's sustainability reporting. The scope was limited to the most important areas, and the assessment consisted of interviews regarding the company's own processes and spot checks in a few selected companies in each area. The assessment showed that Storskogen's subsidiaries are knowledgeable regarding their own operations, but that documentation and quality vary, and that Storskogen's reporting procedures could be improved. This is partly because conditions differ for the companies, mostly with regard to knowledge, resources and supporting IT systems.

As a step in managing this, Storskogen held several training sessions for the companies to improve their knowledge of ESG reporting, data collection, and documentation requirements. In connection with these training sessions, Storskogen also clarified its expectations in this respect.

At the Group level, Storskogen also reviewed the process for reviewing reported data. To improve the process, training sessions were held and more resources were added. The work on improvement measures will continue in 2023.

Sustainability ladder, 2022

Storskogen guides the business units in their work on managing sustainability as a strategic and business-related issue.



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Sustainability area – Environmental

Minimise environmental impact

Storskogen has a responsibility to reduce its operations' negative impact on the environmen, take action by reducing any emissions that affect the climate and use resources efficiently. As most impact is from the subsidiaries, Storskogen has adopted Group-wide targets and provides support to and follows up with the subsidiaries.

Storskogen's Code of Conduct and Sustainability Policy describe Storskogen's commitment to take action to minimise its direct and indirect environmental impact. This means that the environmental perspective must be considered in all important decisions. As an owner, Storskogen shall ensure that material environmental topics are addressed and followed up in the subsidiaries' strategies and procedures. Storskogen shall also ensure systematic measurement, follow-up and reporting of targets and outcomes related to relevant environmental topics.

STORSKOGEN'S CLIMATE IMPACT

Climate change is one of the major challenges of our time. Storskogen's climate strategy was adopted by the Group management in early summer 2021. Storskogen's targets are to reach net zero by 2045 and halve its emission intensity for direct and indirect emissions (Scopes 1 and 2) by 2030. These targets are aligned with the Paris Agreement and Storskogen joined the Science Based Targets initiative (SBTi) in October 2021.

In 2022, Storskogen engaged an external party to conduct a Scope 3 survey of each of Storskogen's verticals and central functions, based on the Scope 3 categories defined by the Greenhouse Gas Protocol (GHG Protocol). The work to supplement data and create a base year continues in 2023.

Governance

When the climate strategy was adopted, action plans were developed for the companies with the highest CO_2 emissions (Scopes 1 and 2) in the Group. These mainly include haulage, contracting and infrastructure companies with their own machinery and energy-intensive companies with production in countries that use coal energy. The action plans focus on the transition to low-carbon vehicles and machinery, fossil-free energy for fuel and electricity, and energy efficiency.

Follow-up

The total emission intensity has dropped since last year. Subsidiaries owned by Storskogen prior to 2022 also reduced their total emission intensity, and Storskogen is on the right path to achieve the target of halving its emission intensity 2030. The most significant reduction in previously owned subsidiaries was in the Industry business area, and it was achieved through energy savings measures and a transition to fossil-free energy. Emissions are low in most of Storskogen's subsidiaries, and the companies with emissions above 500 tCO_2e account for 79 percent of all emissions. 37 percent of subsidiaries with emissions above 500 tCO_2e that were owned by Storskogen before 2022 have incorporated the Group's climate targets in their business plans. One of Storskogen's focus areas in 2023 will be to increase this to meet the 2025 target of 100 percent.

Number of companies at each emission level, 2022

Absolute emissions, tCO_2e	Number of companies	% of CO_2
>3,000	4	28
>1,000	13	37
>500	10	14
>100	38	17
<100	72	4

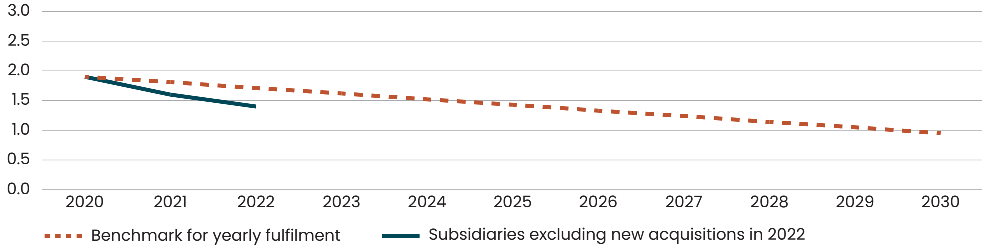
For further information, see Note H2, p. 135.

Storskogen's climate targets

Base year 2020, with an intensity measure of 1.9 tCO_2e/SEK million

2025	2030	2045
KPI: 80 percent fossil-free energy **KPI:** 100 percent of Storskogen's companies shall have business plans that are aligned with the Group target.	**Emission intensity 0.95 tCO_2e/SEK million** **KPI:** 100 percent fossil-free energy. Offset any remaining emissions.	**Net Zero** Strive for net zero emissions to the extent possible (at least 85 percent) and offset the remainder.

Intensity measures, 2022



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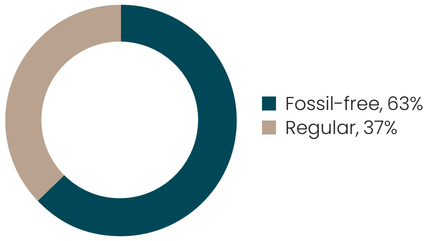
Sustainability area – Environmental

Storskogen's electricity consumption

Over the year, electricity prices have soared, particularly for renewable energy. When nuclear power was included as a transitional activity in the EU taxonomy, Storskogen reviewed its renewable energy target. The conclusion was that it is currently most important that the electricity be fossil-free, but that it should be renewable eventually, and Storskogen has updated its target accordingly. In 2022, Storskogen's electricity consumption was 77 percent fossil-free electricity in any companies owned by the Group before 2022. For new companies, the consumption was 23 percent. This showcases Storskogen's active efforts to transition all subsidiaries to fossil-free energy post-acquisition; Storskogen is fast approaching its target of 80 percent fossil-free energy by 2025.

For further information, see Note H3, p. 137.

Electricity consumption in 2022



IMPACT OF CLIMATE ON STORSKOGEN

The transition to a low-carbon economy creates new business opportunities, but also risks. The effects of global warming and the transition itself both create risks. Addressing fossil-fuel dependence requires developing enough renewable energy solutions to meet everyone's needs.

Potential risks associated with climate change are the most material risks for the subsidiaries. It is therefore important to assess climate risks during the due diligence process and manage and mitigate risks during the ownership, focusing on future-proofing all subsidiaries. Continuous risk evaluations, including climate risks, are conducted annually with the subsidiaries through the work on their boards of directors.

The taxonomy assessment of all subsidiaries has provided Storskogen with a good understanding of which subsidiaries are taxonomy-eligible and therefore subject to the greatest climate-related risks. Based on the taxonomy's criteria, Storskogen understands what is required to transition and become sustainable (taxonomy-aligned). Storskogen has also gained an understanding of which subsidiaries are suppliers to taxonomy-eligible companies. This may also constitute a risk, if such companies do not meet the requirements and expectations and therefore become less competitive.

Most subsidiaries that are taxonomy-eligible are *enablers*. In practice, this means that their own operations are not subject to climate-related risks; on the contrary, they have business opportunities as they offer solutions. Consequently, Storskogen can use the taxonomy to gain an understanding of what services will increasingly be in demand from the subsidiaries' customers. This provides good support for strategic discussions in the board of directors of the subsidiaries.

Storskogen's work on the TCFD (Taskforce on Climate-Related Financial Disclosures) framework will be conducted in 2023–2024.

ENVIRONMENTAL MANAGEMENT

Governance

All subsidiaries must comply with all statutory and regulatory requirements that apply to their operations. Storskogen follows up on any deviations in the subsidiaries in quarterly board meetings. Each subsidiary is also responsible for adopting a relevant environmental management system. Storskogen also aims for all subsidiaries in the Industry business area to be certified according to ISO 14001 or similar. The other business areas must implement environmental management systems if it is deemed important.

Follow-up

There were no instances of non-compliance with applicable laws or rules and no fines were reported during the year in the subsidiaries or central organisation.

At year-end, 75 percent of all companies owned before 2022 in the Industry business area were ISO 14001-certified, and the remaining companies are now well on their way to becoming certified. Most of the companies acquired in 2022 were not certified but are about to begin the certification process.

For further information, see Note H9, p. 141.

5 JÄMSTÄLLDHET

Sustainability area – Social

A good employer and neighbour

Storskogen and its companies have a direct impact on their employees' working day and are responsible for ensuring their physical and psychosocial health. To be successful, Storskogen must be an attractive employer that offers exciting career and development opportunities in safe and healthy workplaces.

The Company's ambitions and commitments to be a good employer and neighbour are described on p. 18–19 and in Storskogen's Code of Conduct (available at storskogen.com).

DIVERSITY, GENDER EQUALITY AND INCLUSION

Storskogen still has a way to go before achieving gender equality in leading positions. For this reason, the Company engaged Allbright, a foundation promoting gender equality and diversity in leading positions. Allbright has trained Storskogen's Group management and helped the Company define what diversity, gender equality and inclusion mean for Storskogen. In this context, targets for increased gender equality among employees in senior roles and representatives on the board of directors of the subsidiaries were adopted.

Governance

In 2021, Storskogen's Board of Directors established a Gender Equality and Diversity Policy. According to the policy, Storskogen does not accept discrimination of any kind. Storskogen shall strive for a gender-equal workplace with an even gender distribution and employees of diverse backgrounds. Employees are recruited, promoted and paid solely based on their qualifications and skills, regardless of age, ethnicity, social and cultural background, gender, transgender identity or expression, sexual orientation, religion or other belief, political belief, union membership, marital status or disability. Working conditions, salaries, benefits and other terms of employment are designed with the aim of promoting a work culture where it is possible to combine a career with parenthood. Storskogen's gender equality targets are illustrated in the image below on the left.

Follow-up

At year-end, the proportion of women in the entire Group was 27 percent and the proportion of men was 73 percent. In Storskogen's central organisation, the proportion of women was 43 percent and the proportion of men was 57 percent. In the Group management, the proportion of women was 12.5 percent and the proportion of men was 87.5 percent. In the Board of Directors of the Group, the proportion of women was 40 percent and the proportion of men was 60 percent. Of the subsidiaries, 23 percent have adopted gender equality and diversity targets. No cases of discrimination were reported during the year.

For further information, see Note H5, p. 139.

Storskogen's gender equality targets

Area		Targets
Gender distribution among employees in senior roles in Storskogen's central organisation	→	In the range of 40–60%
Gender distribution among the representatives of Storskogen's central organisation on the business units' boards of directors	→	In the range of 40–60% (on an aggregated level)

Diversity, gender equality and inclusion at Storskogen

Diversity is who we are, gender equality is what we do, inclusion is how we act.

Diversity	Gender equality	Inclusion
Who we are Storskogen's ambition is to have a great variety of identities and perspectives represented in the Company. With diverse teams and the representation and strengthening of additional voices, we can accelerate our growth and profitability and become even better at what we do.	**What we do** Storskogen takes an active approach to ensuring our employees' right to reach their potential, regardless of gender or identity. We are aware of the effects of inequality and are taking active measures to counteract them.	**How we act** Storskogen uses inclusion to safeguard the talents of every employee. For us, inclusion is a context where everyone feels welcome, respected and appreciated. We give all our employees the opportunity to think differently and share their experiences and perspectives, so that we can develop as a group.

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Sustainability area – Social

HEALTH AND SAFETY

Storskogen shall have a work environment where the individual employee is satisfied and able to develop, both professionally and individually. Storskogen does not accept any form of bullying or harassment in its business, and all employees shall be ensured a work environment characterised by openness and equality, where every individual is treated with respect.

The foremost risks regarding health and safety in Storskogen's central organisation are work-related stress and risks associated with the psychosocial work environment. The CEO is ultimately responsible for Storskogen's work environment, with responsibility delegated to each manager. The main tool to prevent and manage these risks is regular employee surveys, where any problem areas are identified through questions linked to issues such as health and stress. The surveys are conducted anonymously, and the results are measured at both the team and company level. When improvement measures are required, an action plan is devised in cooperation between the manager in question and HR. Thereafter, the plan is followed up regularly. To ensure a good physical work environment, every office has an office manager.

The risks in the subsidiaries vary depending on their operations, but the most common risks are work-related stress and occupational accidents. Subsidiaries in the Infrastructure verticle in Services as well as Industry, have the highest number of serious occupational injuries.

Governance

In 2020, Storskogen's Board of Directors adopted a Work Environment Policy for the central organisation. According to the policy, Storskogen shall, as a minimum, meet applicable work environment legislation and provisions from the Swedish Work Environment Authority. In addition, Storskogen shall strive to improve the work environment from organisational, social and physical perspectives. The policy covers all employees and trainees and, where applicable, contracted workers who work on Storskogen's premises or remotely on behalf of Storskogen.

All companies must comply with national health and safety laws and provisions included in concluded agreements and/or collective bargaining agreements. The companies' CEOs are responsible for ensuring that all employees are aware of and comply with the health and safety rules, policies and processes in their area of work. It is also the CEO's responsibility to provide relevant training and required protective equipment. For companies with material health and safety risks, this area is followed up through the work on their boards of directors. Storskogen also encourages companies to certify their occupational health and safety systems according to ISO 45001.

Follow-up

Over the year, no fatalities were reported from occupational accidents or illnesses. In total, 134 serious occupational accidents were reported in the Group, and the injury frequency rate was 1.2 percent. In Sweden, serious accidents are reported to the Swedish Work Environment Authority. No fines were reported.

For further information, see Note H6, p. 140.

THRIVING COMMUNITIES

Storskogen often acquires entrepreneurial companies with operations in smaller towns. It is essential for the Group's survival to safeguard the acquired companies' history, entrepreneurship and local know-how. Many of the companies acquired by Storskogen are important local employers and generally, the acquired companies always continue their operations in same location. If Storskogen is to continue attracting employees outside of big cities, it is important to take care of local communities and keep them alive.

In 2022, Storskogen's subsidiaries contributed to the creation of more than 242 jobs. This calculation is based on the companies owned by Storskogen at the end of 2021 and the number of new jobs that were created during Storskogen's ownership.

Inge Fasnacht, BR Solutions

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Sustainability area – Governance

Responsible business

Storskogen's very existence depends on continued great trust from customers, employees, owners, potential subsidiaries, local communities where our companies are located and other potential stakeholders. Trust must be earned through professionalism, integrity and high requirements on ethics. This does not only apply to Storskogen, but throughout the entire supply chain. Storskogen is responsible for posing clear requirements on suppliers and they, in turn, are responsible for complying with these requirements. In practice, this means that Storskogen at all times must make decisions that are both commercially sound and ethical, seek to achieve continuous improvements and measure, follow up and communicate the Company's development in a transparent and credible manner. This is established in Storskogen's Code of Conduct and applies to Storskogen and subsidiaries alike.

GOOD CORPORATE GOVERNANCE

Storskogen's sustainability initiatives cover the entire business and are managed via a management system that consists of common policies, guidelines, overarching measurable targets and detailed action plans for the companies with a material impact on the business' focus areas. The starting point in these efforts is to follow up, document, evaluate and improve. Storskogen applies the precautionary principle, which is integrated into Storskogen's Sustainability Policy and business processes.

The Board of Directors is ultimately responsible for sustainability initiatives, which includes the Group identifying and acting on material sustainability-related risks and opportunities. Storskogen's Head of Sustainability drives and develops the sustainability initiatives for the Group and reports to the Head of Corporate Development, who is a member of Storskogen's Group management and Board of Directors. Storskogen's Board of Directors is responsible for the Company's sustainability strategy, including making sustainability an integral part of the Company's value creation.

BUSINESS ETHICS AND ANTI-CORRUPTION

Over the year, an e-learning course on anti-corruption was launched. This is mandatory for all employees in Storskogen's central organisation, for CEOs of subsidiaries and for selected key people.

Governance

Storskogen's Anti-corruption Policy applies to the entire Group and has been adopted by the Board of Directors. The policy establishes the company's zero tolerance for corruption and describes the guidelines for unauthorised benefits and actions. The Anti-corruption Policy describes the Group's basic business ethics guidelines, core

Matilda Andreasson, Skaraslättens Transport

Sustainability area – Governance

values and behaviour towards stakeholders, customers, society, suppliers, partners and authorities. The CEO of each company is ultimately responsible for ensuring that the policy is communicated to the employees and that they comply with it. Any deviations from policies are included as a standing item on the agenda at all board meetings held in the subsidiaries.

Follow-up
Over the year, no violations of the Anti-corruption Policy were reported. The e-learning course was completed by 66 percent of Storskogen's employees in the mandatory target group. Of Storskogen's subsidiaries, 65 percent reported that their employees in the mandatory target groups have completed the e-learning course.

REGULATORY COMPLIANCE

Whistleblowing system
The Group has a Group-wide external web-based whistleblowing system through which employees, business partners and others can report suspected violations of the Code of Conduct anonymously. Any matters reported through the system are handled confidentially and investigated pursuant to a clear procedure described in Storskogen's Whistleblowing Policy.

Reported whistleblowing cases are communicated to the affected company's board of directors. If the case reported involves members of the board of directors, the case is handled in a different, more suitable manner. Matters reported through the whistleblowing system are submitted to Storskogen's General Counsel for assessment. With regard to complaints or similar that have been reported, the procedure is adapted based on the case in question.

In 2022, any Group companies with more than 250 employees implemented their own whistleblowing function linked to the EU Whistleblowing Directive (2019/1937).

Follow-up
In 2022, ten matters were reported through the system. Of the matters reported, none were legal whistleblower cases.

For further information, see Note H7, p. 141.

RESPONSIBLE SUPPLY CHAIN

Storskogen strives to only work with suppliers, agents, consultants and other partners that comply with the principles in Storskogen's Code of Conduct. This is stated in Storskogen's Business Partner Code of Conduct. Over the year, Storskogen's management team also adopted a Group-wide strategy for sustainable supply chains. The programme contains targets and tools such as training, a Business Partner Code of Conduct, a risk assessment questionnaire and a self-assessment questionnaire. Implementation of the programme in the subsidiaries will start in connection with their first board meetings in 2023.

Governance
Prioritised high-risk suppliers and suppliers with framework agreements shall sign the Code of Conduct. The programme's implementation in the subsidiaries is monitored through the work in the boards of directors.

Follow-up
The programme is being implemented, and follow-up will begin in 2023.

For further information, see Note H8, p. 141

Storskogen's strategy for sustainable supply chains
A Group-wide programme in four steps with the ambition to ensure sustainable supply chains

	Implementation in 2023			Implementation in 2025
	Learning	**Assessment**	**Agreement**	**Compliance**
What	Procurement professionals shall receive sustainability training by completing Storskogen's sustainability e-learning course.	Storskogen shall map its supply chain to identify where the highest risks of negatively impacting the environment and human rights are to be found. High-risk suppliers in the value chain shall be identified and prioritised.	Storskogen shall use a Business Partner Code of Conduct based on the Ten principles of the UN Global Compacts as a minimum requirement in supplier agreements.	Storskogen Group shall engage with high-risk suppliers to assess compliance with the Code of Conduct to prevent and mitigate potential or actual environmental or human rights violations.
Targets	100% of the selected target groups, such as sales and procurement professionals, shall have completed the training by the end of 2023.	Supply chain survey and a list of prioritised high-risk suppliers shall be completed by the end of 2023.	100% of high-risk suppliers' agreements shall include Storskogen's Business Partner Code of Conduct or similar.	100% of high-risk suppliers on the list shall be assessed no later than the end of 2025 and where deviations have been identified, action plans shall be in place.
Tools	E-Learning provided by Sustademy	Risk assessment instruction and list	Business Partner Code of Conduct	Self-assessment questionnaire (SAQ)

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Sustainability strengthens Swedstyle's business model

By reshoring parts of production and investing in product development, Swedstyle has streamlined its manufacturing process and reduced the use of materials in its products.

"Sustainability has always been part of our work process – after all, we're from the thrifty province of Småland – and we see no conflict between profitability and sustainability. Storskogen's sustainability ambitions have inspired us to take our work to the next level", says Swedstyle's CEO, Jörgen Ekdal.

Swedstyle has adopted a target that reaches even further than Storskogen's target of halving its Scope 1 and 2 emissions. The company is already striving to reduce its Scope 3 emissions, which it believes account for over 90 percent of the company's emissions. These mostly come from the purchase of steel and transports.

In 2022, Swedstyle reshored its production of an important steel component from China. Chinese steel is manufactured using a high proportion of coal energy and results in much higher emissions than steel produced in Sweden, which is produced with a high proportion of renewable energy. Accordingly, the reshoring has reduced emissions from production. It is also estimated to have saved the company from transporting at least 25 40-foot containers from China to Sweden. The end-product is now produced from Swedish steel bars in a fully automated manufacturing process, with the help of a fellow Storskogen subsidiary, PV Systems. This also involved relieving the employees of several monotonous tasks.

"We see that quality is increasing and costs are decreasing, while at the same time, we've reduced our CO_2 emissions significantly, which shows that our sustainability initiatives are profitable in many ways," says Jörgen Ekdal. "The ability to cooperate with our sister company, PV Systems, is another great advantage, as their system solutions have helped us rationalise our production."

"By considering sustainability in our business processes, not least early in the product development stage, sustainability is top of mind for us over time," says Ola Haraldsson, Head of Product Development and Procurement.

Over the year, Swedstyle also developed a new design for its worktables, which reduced their weight and the use of materials by 4.5–9 kg steel per table. When fully implemented, 3,200 tonnes less steel will be used to produce the same number of tables per year. A new table made of 100 percent European materials was also launched, with most of the processing done in Europe (mainly Sweden). The table is operated by a gas spring, so it requires no electricity or cables to operate. The table is optimised from a weight and performance perspective and will be finished in an entirely new powder coating on Swedstyle's own premises, which are powered by fossil-free energy.

"This gives us the confidence to take on new sustainable and profitable business. Such major changes in our offering are challenging and require significant investments and long-term business acumen, which Storskogen and Swedstyle both have", says Jörgen Ekdal.

Facts about Swedstyle
Swedstyle develops, manufactures and sells height-adjustable worktables and battery-operated locks, with annual volumes of some 600,000 tables and 125,000 locks. The company originated in Småland, Sweden, and is currently the market leader in the Nordic region, with excellent opportunities to become the dominant player in the European market.

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Storskogen's work on human rights issues

Over the year, Storskogen continued its work on human rights issues, such as developing policies and management systems and a Group-wide programme for sustainable supply chains.

Storskogen promotes the respect for and protection of fundamental human rights. This means that as a minimum, Storskogen shall comply with the internationally recognised principles of the UN Global Compact and the Universal Declaration of Human Rights. This includes performing due diligence on human rights issues to identify, combat and mitigate and accept responsibility for any negative impact on human rights in its own organisation and the value chain.

Storskogen must have a process to handle any actual or potential negative impact from its business model on employees, workers in the supply chain, communities and consumers. The principle of double materiality shall be applied: both risks to people (the inside-out perspective) and risks to the business (the outside-in perspective) must be addressed together rather than being treated as separate agendas.

As owner, Storskogen is also responsible for supporting its subsidiaries in their processes, using the work on their boards of directors to evaluate whether the processes are adequate. The subsidiaries are small and medium-sized companies, so the requirements must be realistic. Subsidiaries are responsible for having a risk management process that is proportionate to the company's size and risk profile.

Due diligence process

The human rights due diligence process is based on two frameworks: the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Considering the six steps of the due diligence process, Storskogen implemented the first step as soon as it implemented corporate responsibility in policies and management systems, such as Storskogen's Code of Conduct and Storskogen's Business Partner Code of Conduct. The work on developing and implementing a systematic process was initiated in 2021. Storskogen provides mandatory training (as part of e-learning), risk assessments in Storskogen and all subsidiaries, and has strengthened the acquisition process and risk evaluation based on human rights.

These efforts continued over the year through the work on the boards of directors, where Storskogen asked its subsidiaries to identify the ways that the business model may have a negative impact on the companies' employees, employees in the supply chain, communities or consumers.

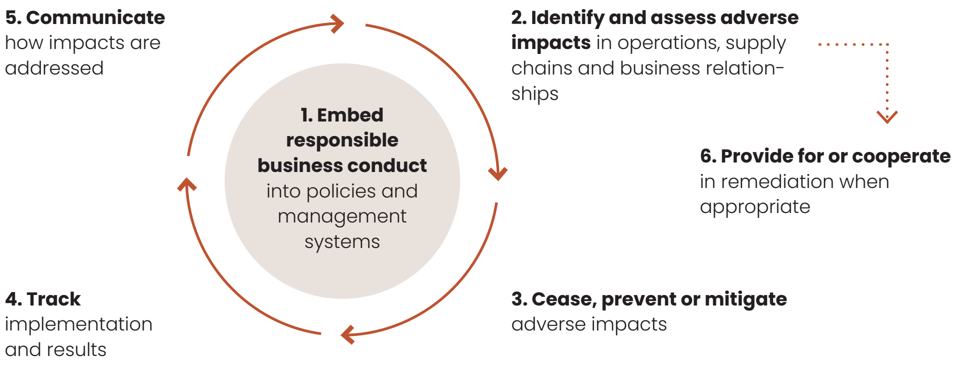
The risk of negative impacts from the business model was identified in areas such as employee health and safety, working conditions for temporary employees, contractors and guest workers, the risk of discrimination when recruiting and promoting employees, but mostly related to the working conditions for workers in the supply chain. The fact that most risks are found in the supply chain contributed strongly to Storskogen making a Group-wide programme for sustainable supply chains a priority. The evaluation of Storskogen's impact on human rights will therefore be a natural part of the work to pose requirements on suppliers and follow up on these requirements.

Work ahead

In the next few years, Storskogen will keep supporting its subsidiaries and evaluate the subsidiaries' processes through work on their boards of directors. This will require additional practical training, both for the investment organisation and the subsidiaries. The implementation of the process is a considerable effort that will take several years, and it is estimated that this work will be completed in 2024.

Even if the process is not fully implemented, neither Storskogen nor any of its subsidiaries have received any complaints, fines or similar that would indicate a failure to respect human rights.

Human rights due diligence is an internationally accepted procedure for identifying, preventing, limiting and reporting a company's negative impact on human rights.



Taxonomy reporting

The purpose of the EU taxonomy is to help investors identify and compare environmentally sustainable investments through a common classification system. The taxonomy is a tool for reaching the EU's climate goals and the objectives within the EU's green growth strategy, the European Green Deal.

Storskogen's approach to the taxonomy
Most subsidiaries that are taxonomy-eligible are eligible because they are *enablers*, not due to high emissions in their own operations. The great value of the taxonomy for Storskogen, is to show how the product and service offering can be developed. The offering may include advice to a customer on how a construction project that a subsidiary is involved in can be taxonomy-aligned, or how a firm of installation engineers can increase their offering to include the installation of solar cells or charging stations. Where there is deemed to be a value of the taxonomy linked to the companies' strategic conditions to influence the outcome, discussions are held through board work.

Considering Storskogen's diversified portfolio, the assessment is that most subsidiaries will not be taxonomy-eligible or taxonomy-aligned for the foreseeable future.

Assessment of subsidiaries
Even if some subsidiaries were considered to be taxonomy-eligible in 2021, Storskogen considers that due to the way the taxonomy's technical screening criteria are designed, the subsidiaries' do not always have the control to make a substantial contribution to climate change mitigation (environmental objective 1); such control lies a step away in the value chain.

All taxonomy-eligible subsidiaries are small and medium-sized companies with routines and procedures that are proportionate to their size and risk profile. Consequently, it is not always possible to determine if an economic activity meets the Do No Significant Harm requirement or the minimum safeguards.

According to the guidance provided in the Final Report on Minimum Safeguards, the requirements on small and medium-sized companies must be proportionate to their risk, leverage and size. Small and medium-sized companies in Europe that comply with applicable law already do a considerable amount to comply with the UN's Guiding Principles. However, risks remain, for example in the supply chain and in areas such as discrimination. Most of Storskogen's subsidiaries that are taxonomy-eligible have their operations in Sweden. A few have operations in Norway, Denmark, Finland and Germany, which are located in the EU.

Storskogen has not yet evaluated the subsidiaries' processes in a systematic manner (read more about ongoing efforts on p. 43) and cannot state with certainty that these are fully compliant. Accordingly, based on the guidance in the report, Storskogen cannot state that its subsidiaries are considered to meet the requirements. However, the subsidiaries do meet the requirement that they have not been found to be in breach of human rights, labour rights or consumer rights, been convicted of corruption or tax evasion in court nor been found in breach of competition law in court.

Economic activities
Storskogen's taxonomy-eligible economic activities are in the transport, construction and real estate, information and communication sectors and – new for this year – professional, scientific and technical activities.

To identify taxonomy-eligible activities in environmental objectives 1 and 2, the Group has considered and analysed the activity descriptions provided in Annexes 1 and 2 to the EU Taxonomy Climate Delegated Act. The assessment of eligible activities has been made based on the descriptions and not based on NACE codes since Storskogen does not apply this classification. All identified activities relate to environmental objective 1.

▶ For further information, see Note H10, p. 142.

Storskogen's taxonomy-eligible and taxonomy-aligned activities in 2022, total (SEK m)

2022	Total (SEK m)	Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	Environmentally sustainable activities (Taxonomy-aligned)	Proportion of taxonomy-non-eligible activities
Turnover	34,250	0.8%	3.2%	96.0%
Capital expenditure (CapEx)[1]	6,750	1.7%	0.7%	97.6%
Operating expenditure (OpEx)	307	1.2%	3.4%	95.4%

1) Note that total CapEx includes acquired property, plant and equipment and intangible assets (excluding goodwill), which includes surplus values. Additions from business combinations (excluding goodwill) totals SEK 4,969 million, i.e. 74% of total CapEx, while only a few of the companies that were acquired in 2022 were taxonomy-eligible and taxonomy-aligned. This affects the outcome of the key performance indicator.

Amelie Nordin,
Head of Sustainability

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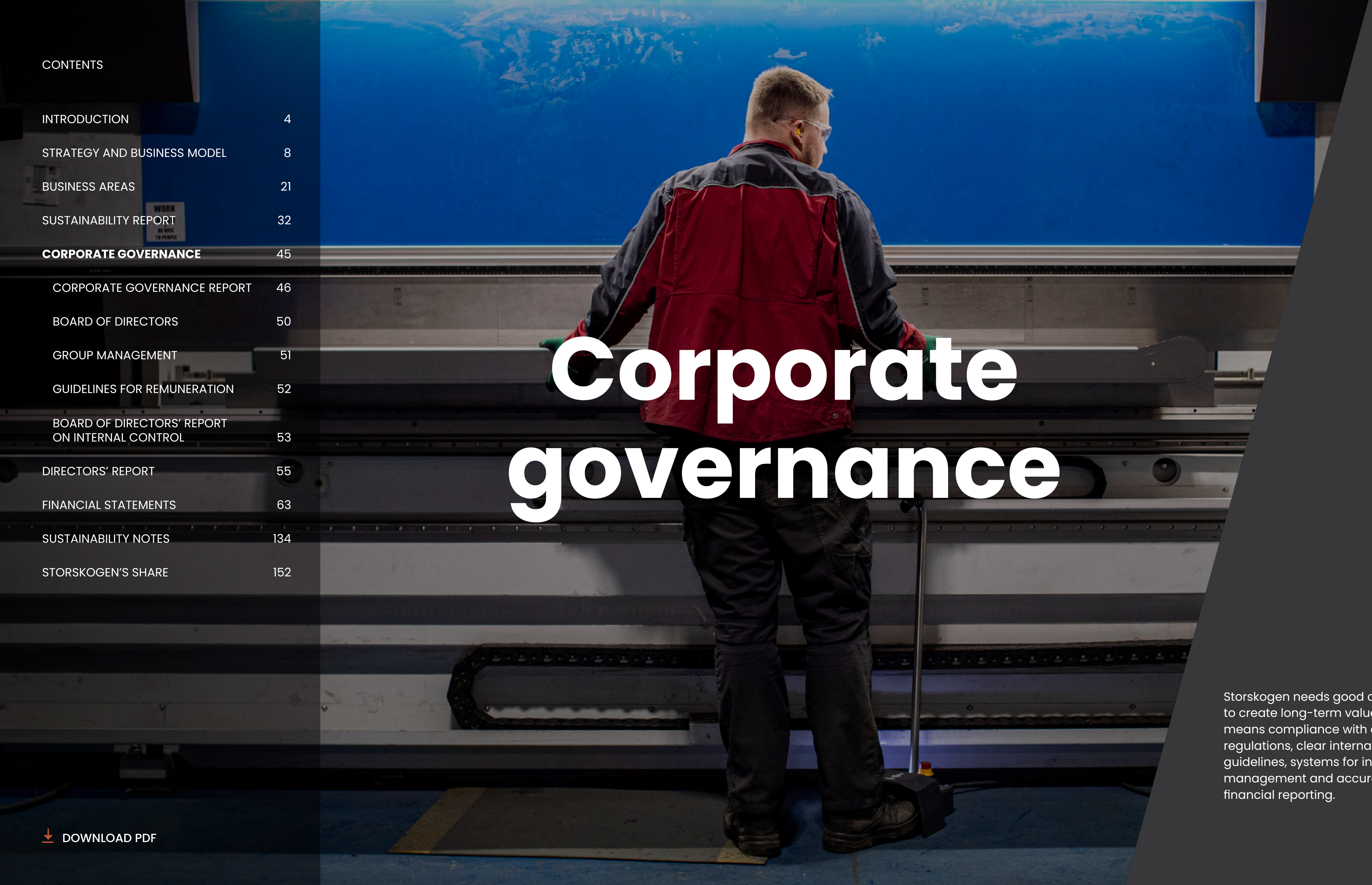

Corporate governance

Storskogen needs good corporate governance to create long-term value. For Storskogen, this means compliance with applicable rules and regulations, clear internal procedures and guidelines, systems for internal control and risk management and accurate and transparent financial reporting.

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Corporate Governance Report

COMMENT FROM THE CHAIR

Focus on costs and value creation in an uncertain world

Ensuring good corporate governance is one of the Board of Directors' most important duties. Clear procedures and internal routines make it possible to create long-term shareholder value. Clear guidelines and control activities also provide our companies with the conditions they need to realise their long-term potential; both time and resources are required. We must also ensure that Storskogen's central costs are properly balanced in relation to the Group's acquisition pace and development, not least considering the uncertain market conditions that are predicted for 2023.

The Board of Directors' work in 2022 was largely characterised by external factors that affected our operations. The global status quo changed rapidly when Russia invaded Ukraine. The war has devastated Ukraine and greatly increased risks in Europe and the world. The geopolitical situation has affected us as individuals, and it has inevitably also impacted the business community and the market at large.

The Board of Directors' focus areas over the year included ensuring financing, cost savings and operational measures aimed at ensuring that our companies can maintain strong balance sheets in 2023, even if the macroeconomic development is difficult to predict.

The Audit Committee also spent much time ensuring that the subsidiaries have proper internal control procedures in place and that internal control systems are implemented throughout the Group. It is gratifying to note that companies that have been owned by Storskogen for some time have proper procedures in place, which is a good indication of the value we add to our companies regarding a clear structure for reporting and follow-up.

In 2022, Storskogen continued its efforts on implementing interactive and digital training programmes in our newly acquired companies and new geographical markets. The aim was to ensure that our employees, subsidiaries and senior executives have a good understanding of good corporate governance, business ethics and sustainability.

I feel highly confident that the above-mentioned measures will create the conditions needed for long-term value creation in Storskogen's companies, among our employees and shareholders and in our society at large, and I look forward to seeing the results of the efforts we made and measures we implemented in 2022.

Annette Brodin Rampe
Chair of the Board

Storskogen Group AB is a Swedish limited liability company that has been listed on Nasdaq Stockholm since 6 October 2021. As at 31 December 2022, the Group had operations in 28 countries and 12,945 employees. In Storskogen's head offices in Stockholm and local offices in Denmark, Norway, the United Kingdom, Germany, Switzerland, Singapore and Finland, 112 people were employed in specialist areas such as law, finance, M&A and operational management at year-end.

The Board of Directors' responsibility for corporate governance and internal control is governed by Swedish legislation, supplemented by external frameworks. Primary frameworks for Storskogen's corporate governance in 2022 were the Swedish Companies Act, the Swedish Annual Accounts Act, the Nasdaq Nordic Main Market Rulebook for Issuers of Shares, the UN Global Compact, the Market Abuse Regulation ("MAR"), IFRS and the Audit Regulation. Storskogen also complies with the Swedish Corporate Governance Code ("Code"). The Code is available on www.bolagsstyrning.se, and also includes a description of the Swedish corporate governance model. No deviations from the Code were made in 2022.

SHAREHOLDERS AND THE ANNUAL GENERAL MEETING

At year-end, Storskogen had a total of 37,764 shareholders. The Company has A shares and B shares. Each A share confers a right to ten votes and each B share confers a right to one vote. As at 31 December 2022, the ten largest owners accounted for 68.2 percent of the votes and 42.7 percent of the share capital. Storskogen's A shareholders, Daniel Kaplan, Ronnie Bergström, Alexander Bjärgård and Peter Ahlgren, each have a direct or indirect holding that corresponds to more than 10 percent of the votes in Storskogen. No other shareholders hold more than 10 percent of the Company's share capital or votes. Information on the shareholder structure can be found on p. 152 in the Annual Report.

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The shareholders' influence is exercised at the Annual General Meeting and, if applicable, at Extraordinary General Meetings, which constitute Storskogen's highest decision-making body. The Annual General Meeting is held within six months of the end of the financial year. Each shareholder has the right to attend a general meeting and exercise their right to vote. A shareholder who cannot attend in person may exercise their right by proxy. Regardless of the size of their shareholding, all shareholders have the right to have a matter addressed at the meeting if the request is submitted to the Board sufficiently in advance of the general meeting for the matter to be included in the notice of the meeting.

The general meeting adopts changes to the Articles of Association, appoints and dismisses Board members, the Chair of the Board and the external auditor and resolves on their fees. The Annual General Meeting further adopts the income statement and balance sheet and resolves on the appropriation of profits and whether to discharge the Board members and CEO from liability. The Annual General Meeting also adopts instructions for the appointment and work of the Nomination Committee and adopts guidelines for remuneration and other terms of employment for the CEO and other senior executives.

Annual General Meeting 2022

Storskogen's Annual General Meeting was held on 17 May 2022. Due to the pandemic, the Board of Directors passed a resolution in accordance with the provisions in Chapter 7, Section 4 a of the Swedish Companies Act, allowing shareholders to exercise their voting rights by post. Consequently, shareholders could exercise their right physically, by proxy or by post.

At the Annual General Meeting in Storskogen held on 17 May 2022, a dividend of SEK 0.07 per share was resolved upon. Annette Brodin Rampe was elected as Board member and Chair of the Board, Alexander Bjärgård, Bengt Braun, Louise Hedberg and Johan Thorell were re-elected as Board members, and Ernst & Young Aktiebolag was re-elected as auditor. Two incentive programmes and Guidelines for Remuneration to Senior Executives were adopted. It was also resolved to reduce the share capital through a cancellation of shares, a bonus issue and an authorisation for the Board to issue B shares and repurchase and transfer treasury shares.

The Annual General Meeting resolved to pay a fee of SEK 900,000 to the Chair of the Board and fees of SEK 415,000 to the other Board members for the period until the next Annual General Meeting. Board members that receive remuneration from the Company due to employment were not entitled to a fee for serving on the Board. The Chair of the Audit Committee received a fee of SEK 200,000 and the other members of the Audit Committee received SEK 100,000 in fees. The Chair of the Remuneration Committee received a fee of SEK 75,000 and the other members of the Remuneration Committee received fees of SEK 50,000.

NOMINATION COMMITTEE

The Nomination Committee represents the Company's shareholders and is appointed in accordance with the principles for appointment of the Nomination Committee that were adopted at an Extraordinary General Meeting on 24 September 2021 and apply until further notice. The Nomination Committee is tasked with submitting proposals for resolutions prior to the Annual General Meeting regarding the chair of the general meeting, the number of Board members and the election of the Chair of the Board and Board members, fees to the Board and any fees to the committees of the Board, election of auditors and audit fees and criteria for appointing members of the Nomination Committee, in accordance with the Code. The Nomination Committee's objective is that the composition of the Board shall be appropriate for the Company's operations, phase of development and other relevant circumstances, it shall exhibit diversity and a breadth of qualifications, experience and background, there shall be a gender balance, and the majority of the Board members shall be independent of the Company, its executive management and major shareholders.

Shareholders may submit proposals to the Nomination Committee in accordance with the instructions published on Storskogen's website. No fees were paid to the Nomination Committee.

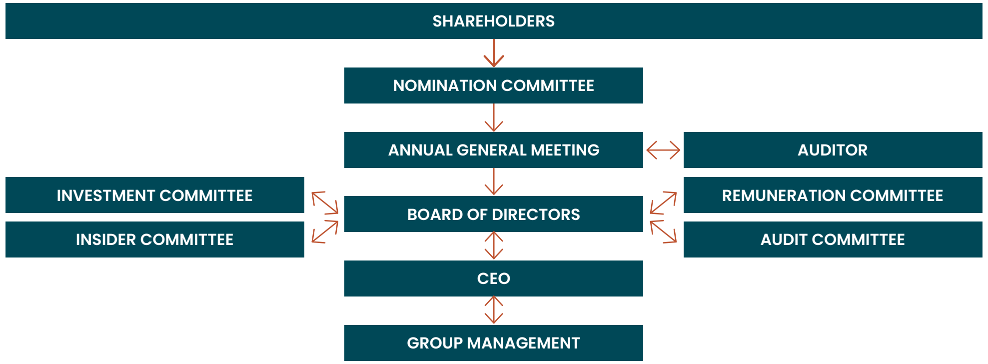
The Nomination Committee for the 2023 Annual General Meeting was appointed based on the ownership structure on 31 August 2022 and in accordance with the instructions to the Nomination Committee that were adopted at the Extraordinary General Meeting. It consists of:

- Liv Gorosch (Chair), appointed by the A shareholders
- Ronnie Bergström, appointed by the A shareholders
- Dick Bergqvist, appointed by AMF
- Monica Åsmyr, appointed by Swedbank Robur Fonder

The Nomination Committee held three meetings prior to the 2023 Annual General Meeting. In addition, the Nomination Committee was in regular contact and held digital follow-up meetings to handle proposed nominations and review the result of the evaluation of the Board that was carried out by the Board members. The Nomination Committee considered all issues that were to be considered according to the Code.

The Nomination Committee's proposals and a reasoned statement will be made available on Storskogen's website in connection with the publication of the notice to the Annual General Meeting.

GOVERNANCE MODEL



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AUDITOR

The external auditor is an independent body that audits the Company's accounts and the management by the Board and the CEO to ensure that the Company provides a fair and accurate description of the Company. The auditor shall report its observations to the Board, without the management present, at least once a year and attend Audit Committee meetings. After the end of each financial year, the auditor shall submit an auditor's report and an auditor's report for the Group to the Annual General Meeting. In 2022, Storskogen Group's auditor was Ernst & Young AB with Åsa Lundvall as the auditor in charge. The Audit Committee evaluates the auditors' work and independence annually. Fees to auditors are paid once the invoice has been approved. Read more in Note 9.

BOARD OF DIRECTORS

The Board shall manage the Company's affairs in the interests of the Company and all shareholders and safeguard and promote a good corporate culture. The Board is tasked with determining the Company's overarching goals and strategy, evaluating and appointing the CEO, and ensuring that the Company has proper control activities for financial reporting, internal control and governance. According to the Articles of Association, the Board shall consist of no fewer than three and no more than ten Board members without deputy Board members. The Board members are appointed by the shareholders at the Annual General Meeting for the period until the end of the next Annual General Meeting. The Board, which was appointed at the 2022 Annual General Meeting, consists of five Board members, four of whom are considered independent of the Company, its major shareholders and its management. Alexander Bjärgård is not considered to be independent of the Company, its management or its major shareholders; he should be considered as a working Board member. The Board meets the Code's requirements on a majority of independent members. Information on the members of the Board is provided on page 50.

Responsibilities of the Board of Directors

The Board is tasked with determining the Company's overarching goals and strategy and responsible for decisions on certain major corporate acquisitions, follow-up and operational control, financial development, risk assessments and ensuring regulatory compliance. At the annual statutory Board meeting, the Board adopts Rules of Procedure that govern the responsibilities of the Board members and the Chair of the Board. The Board is also responsible for issuing instructions to the Audit Committee and the Remuneration Committee and for delegating authorisations to the Investment Committee. The Board also adopts instructions to the CEO, including the division of work between the Board and the CEO, and an instruction to the CEO on financial reporting.

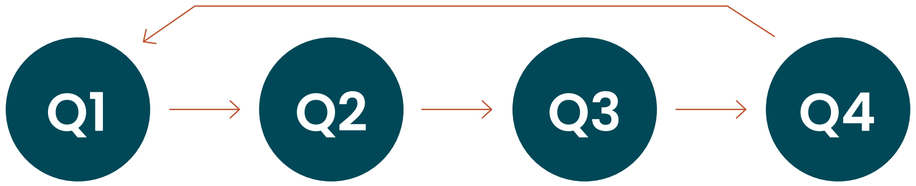
The Chair of the Board leads and organises the work of the Board so it meets its obligations to the shareholders in a manner that is fit for purpose and ensures that the Board receives satisfactory information and supporting documents for its work. The Chair of the Board engages in an ongoing dialogue with the CEO. The Chair of the Board and the CEO jointly produce the agenda and documentation for each Board meeting. Board meetings are attended by the CEO, the CFO and the Group's General Counsel as the Secretary of the Board. From time to time, other employees may be invited to attend Board meetings to report on their areas.

The Board shall monitor resolutions passed by the general meeting and loyally safeguard and protect the interests of all shareholders. The Board shall keep the Chair of the Board informed of any assignments in other companies or holdings in competitors. Each Board member shall duly notify the Board of any potential conflict of interests that may arise in a particular situation. In such cases, the Board member may not participate when the matter is dealt with. The Board's duties include:

- evaluating, developing and determining the Company's overarching goal and strategic direction;
- making annual evaluations and updating and adopting relevant financial, operational and sustainability-related targets as and when needed;
- appointing, making annual evaluations of and, if necessary, dismissing the CEO;
- identifying how sustainability issues affect the Company's risks and business opportunities and the Company's impact on people, society and the environment, and preparing relevant strategies;
- establishing the guidelines required for the Company's actions and role in society to ensure its ability to create value in the long term;
- ensuring that there are appropriate systems for monitoring and controlling the business and the risks associated with the business, including risks related to the Company's impact on society and its surroundings, people and the environment;
- ensuring that there is satisfactory control of the Company's statutory and regulatory compliance and its compliance with internal guidelines and policy documents;
- ensuring that the principles adopted for financial reporting and internal control are applied and that the Company's financial reports, including sustainability reports, are prepared and published pursuant to laws, applicable accounting principles and other requirements for listed companies; and

Board of Directors' annual wheel

Every ordinary Board meeting includes reports from the Group management on the business areas' performance, financing and other strategic issues. If necessary, reports are also submitted by the Company's Audit, Remuneration and Investment Committees regarding any proposed acquisitions.



Q1: Year-end report, resolution on proposed dividends, matters for the AGM, strategy workshop, risk workshop.

Q2: Interim report for the first quarter, Annual Report, Annual General Meeting and statutory Board meeting, meeting between the auditors and the Board without the management's presence, Rules of Procedure of the Board and instructions to the CEO and the Committees of the Board.

Q3: Interim report for the second quarter, presentation of budget.

Q4: Interim report for the third quarter, budget resolution, financial calendar for the following year, policies, evaluation by the Board of Directors and the CEO.

- ensuring that the Company's disclosures are characterised by transparency and are accurate, relevant, reliable and complete.

The Board shall annually, through a systematic and structured process, evaluate the work by the Board and the CEO to develop the working methods and effectiveness of the Board. The Chair of the Board shall present the results to the Nomination Committee to support their work on preparing proposals to the Annual General Meeting regarding the composition of the Board. In 2022, an evaluation was carried out by the Board and CEO using an external evaluation tool. Conclusions were then presented to the Nomination Committee.

Board meetings and main subject areas

The Board held 31 meetings over the year, of which seven were regular Board meetings, including the inaugural Board meeting. In addition, 24 extra meetings were held to deal with issues such as decisions on financing, new issues, incentive programmes and certain major acquisitions. Fifteen of these were per capsulam.

Audit Committee

The Audit Committee has a supervisory role regarding risk management, internal control and quality assurance of the Company's financial reporting. In dialogue with the Company's auditor, the Committee ensures that the Company's internal and external accounts meet current requirements. The Committee determines the scope and focus of the audit work in collaboration with the auditor.

The Audit Committee shall also evaluate the effectiveness of the internal control processes and the Group's risk management and financial structure.

The Audit Committee is responsible for evaluating implemented audit efforts and the audit plan and also assists the Nomination Committee with proposals for and remuneration to auditors. The members of the committees are appointed at the statutory Board meeting for one year. In 2022, the Committee held five meetings and comprised Elisabeth Thand Ringqvist, Chair, and Johan Thorell until Elisabeth Thand Ringqvist resigned from the Board at the Annual General Meeting on 17 May 2022. Thereafter, the Audit Committee comprised Johan Thorell (Chair) and Annette Brodin Rampe. The Company's external auditor attended all meetings.

Remuneration Committee

The Board Remuneration Committee shall prepare proposals for resolutions on terms of employment for the CEO, guidelines for remuneration to senior executives, a remuneration report and incentive programmes, which shall be submitted to the Annual General Meeting for approval. The members of the committees are appointed at the statutory Board meeting for one year, and the Committee's work is governed by the instructions to the Remuneration Committee, which are adopted by the Board. In 2022, the Committee held six meetings and consisted of Elisabeth Thand Ringqvist, Chair, and Louise Hedberg until the Annual General Meeting held on 17 May 2022, after which it consisted of Annette Brodin Rampe (Chair) and Louise Hedberg.

CEO AND GROUP MANAGEMENT

The Board appoints the CEO and adopts instructions for the CEO's work. The CEO is responsible for the Company's daily operations and for producing information and supporting documentation for the Board and, in dialogue with the Chair of the Board, the agendas for Board meetings. The CEO ensures the implementation of the strategic direction adopted by the Board and compliance with the Company's commitments to society, the environment, people and the financial market, in accordance with the Company's Code of Conduct and other policy documents. The CEO is responsible for implementing the policy documents adopted by the Board and reports any deviations to the Board. The CEO is supported in his work by other members of the Group management. The Group management meets regularly and deals with issues such as corporate governance, reporting, organisation and strategy. The Group management shall prepare matters that must be decided by the Board according to the Rules of Procedure for the Board and assist the CEO in implementing the resolutions of the Board. In addition to their individual area of responsibility, each member of Group management has a collective responsibility for the management of the Company. Storskogen's Group management consists of the CEO, the CFO, the Head of M&A and Corporate Development, the heads of the business areas Trade, Industry and Services, and the heads of Storskogen DACH and Storskogen UK, all of whom are presented in more detail on page 51.

Remuneration to Group management

According to the Guidelines for Remuneration to Senior Executives adopted at the Annual General Meeting on 17 May 2022, remuneration to the CEO and the Group management shall consist of fixed and short-term variable cash remuneration and long-term variable cash remuneration, other benefits and pension. Pursuant to a resolution passed at the 2022 Annual General Meeting, the Board shall prepare proposals to the Annual General Meeting on new guidelines at least every four years. The Board has prepared a Remuneration Report that will be presented to the 2023 Annual General Meeting. It describes the remuneration to the CEO in more detail, gives an account of outstanding share-based incentive programmes and states whether the Company's Guidelines for Remuneration to Senior Executives have been complied with and implemented. The Remuneration Report will be available on Storskogen's website no later than three weeks before the Annual General Meeting.

Investment Committee

Storskogen's Investment Committee consists of the Head of M&A and Corporate Development, the CEO and the head of the relevant business area (Trade, Industry and Services) and the head of the country in question. The Board has delegated to the Committee the power to independently evaluate and decide on new corporate acquisitions or add-on acquisitions. The number of functions and members of the Investment Committee, which decides on corporate acquisitions, depends on the size of the company's valuation. For companies with a valuation of more than SEK 600 million, the Investment Committee seeks approval from the Board. The Committee meets in connection with acquisition decisions and reports continuously to the Board on completed acquisitions.

Insider Committee

To identify, evaluate and make decisions on whether publishing insider information should be postponed, Storskogen has established an Insider Committee in accordance with the Information and Insider Policy adopted by the Board. The Insider Committee consists of the CEO, the CFO, the General Counsel and the Interim Head of IR.

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Board of Directors

ANNETTE BRODIN RAMPE

Chair of the Board

Chair of the Renumeration Committee

Member of the Audit Committee

Elected to the Board of Directors: 2022

Attendance at Board meetings in 2022: 18/18
Attendance at Audit Committee meetings in 2022: 2/2
Attendance at Remuneration Committee meetings in 2022: 3/3

Year of birth: 1962

Education: Master of Science in Chemical Engineering, Chalmers University of Technology

Employment history: CEO of Internationella Engelska Skolan, board member of Peab AB, Enströmgruppen AB and Stillfront Group AB. Managing Partner and Senior Advisor of Brunswick Group.

Assignments in the Company and other significant assignments: Chair of the Board of Storskogen Group, CEO of ImagineCare AB, board member of Poolia AB, Ferronordic AB and Episurf Medical AB.

Shareholding, own or held by related parties as at 31 December 2022: 400,000 B shares

Independent in relation to the Company, its management and its largest shareholders: Yes

BENGT BRAUN

Board Member

Elected to the Board of Directors: 2019

Attendance at Board meetings in 2022: 31/31

Year of birth: 1946

Education: LL.M., Stockholm University, Master of Business Administration, Stockholm School of Economics, Naval Officer, Royal Swedish Naval Academy

Employment history: CEO of Bonnier AB, CEO of Tidnings AB Marieberg, Procter & Gamble.

Assignments in the Company and other significant assignments: Board member of Storskogen Group, board member of Birben AB, Mertzig Asset Management AB, Stiftelsen Svenska Musikfonden and Bengt Braun Förvaltnings AB. Deputy board member of Clover Förvaltnings AB. Chair of Irstads Foundation.

Shareholding, own or held by related parties as at 31 December 2022: 7,088,530 B shares

Independent in relation to the Company, its management and its largest shareholders: Yes

LOUISE HEDBERG

Board Member

Member of the Remuneration Committee

Elected to the Board of Directors: 2019

Attendance at Board meetings in 2022: 31/31
Attendance at Remuneration Committee meetings in 2022: 6/6

Year of birth: 1974

Education: MSc in Business and Economics, Stockholm School of Economics, and sustainability studies, Stockholm University and Stockholm Resilience Centre

Employment history: Sustainability Manager of East Capital, IR Manager of East Capital Explorer, Head of IR at Dometic Group, Consultant at JKL Group.

Assignments in the Company and other significant assignments: Board member of Storskogen Group, Chair of the Board of Penny to Pound Aktiebolag. Board member of East Capital SICAV (Lux), East Capital (Lux) General Partner S.à r.l. and Espiria SICAV (Lux). Deputy Board member of Hayman AB.

Shareholding, own or held by related parties as at 31 December 2022: 94,000 B shares

Independent in relation to the Company, its management and its largest shareholders: Yes

JOHAN THORELL

Board Member

Chair of the Audit Committee

Elected to the Board of Directors: 2019

Attendance at Board meetings in 2022: 31/31
Attendance at Audit Committee meetings in 2022: 6/6

Year of birth: 1970

Education: MSc in Business and Economics, Stockholm School of Economics

Employment history: CEO of Gryningskust Holding, active in property management since 1996.

Assignments in the Company and other significant assignments: Board member of Storskogen Group, CEO and Board member of Gryningskust Holding AB with subsidiaries. Chair of the Board of K2A Knaust & Andersson Fastigheter AB (publ) and Kallebäck Property Invest AB. Board member of AB Sagax, Hemsö Fastighets AB and Nicoccino Holding AB (publ).

Shareholding, own or held by related parties as at 31 December 2022: 14,679,331 B shares

Independent in relation to the Company, its management and its largest shareholders: Yes

ALEXANDER BJÄRGÅRD

Board Member

Elected to the Board of Directors: 2019

Attendance at Board meetings in 2022: 30/31

Year of birth: 1974

Education: LL. M., Uppsala University, and studies in business and other subjects at Boise State University, IFALPES and IFL.

Employment history: Partner and serial entrepreneur at Firm Factory Network, General Counsel and Purchasing Manager at Tradimus, associate at Mannheimer Swartling Advokatbyrå

Assignments in the Company and other significant assignments: Board member of Storskogen Group, Board member of Firm Factory Network AB. Deputy Board member of Kullengubben Advokat AB.

Shareholding, own or held by related parties as at 31 December 2022: 37,539,070 A shares and 27,691,998 B shares

Independent in relation to the Company, its management and its largest shareholders: No

RESIGNED CHAIR

Elisabeth Thand Ringqvist resigned as the Chair of the Board at the Annual General Meeting 2022.

Attendance at Board meetings: 13/13

Attendance at Audit Committee meetings: 4/4

Attendance at Remuneration Committee meetings: 3/3

AUDITOR

Ernst & Young AB

Åsa Lundvall, auditor in charge

Authorised Public Accountant

Year of birth: 1970

Significant assignments outside Storskogen: Auditor in charge of Dustin Group and Rejlers, auditor of Svenska Handelsbanken.

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Group management

DANIEL KAPLAN

CEO, Founder

Employed since: 2012

Year of birth: 1971

Education: MSc in Business and Economics, Stockholm School of Economics

Employment history: CEO, founder and chair of some 40 companies such as Tradera.com, Booli, Firm Factory Network and Mobenga, Senior Advisor at Nasdaq OMX and consultant at Accenture.

Shareholding, own or held by related parties as at 31 December 2022: 38,270,140 A shares and 37,035,122 B shares. Participates with 21,818 savings shares in the share savings programme, 235,690 warrants and 558,270 employee stock options.

LENA GLADER

CFO

Employed since: 2019

Year of birth: 1976

Education: Master of Business Administration, Hanken School of Economics

Employment history: CFO of Eastnine, SVP of Diplomat Communications, IRO at Tele2, Partner at Shared Value, stock analyst at Alfred Berg ABN AMRO.

Shareholding, own or held by related parties as at 31 December 2022: 722,870 B shares. Participates with 11,220 savings shares in the share savings programme, 121,212 warrants and 284,448 employee stock options.

ALEXANDER BJÄRGÅRD

Head of M&A and Corporate Development, Founder

Employed since: 2012

Year of birth: 1974

Education: LL.M., Uppsala University, and studies in business and other subjects at Boise State University, IFALPES and IFL

Employment history: Partner and serial entrepreneur at Firm Factory Network, General Counsel and Purchasing Manager at Tradimus, associate at Mannheimer Swartling Advokatbyrå.

Shareholding, own or held by related parties as at 31 December 2022: 37,539,070 A shares and 27,691,998 B shares. Participates with 11,220 savings shares in the share savings programme, 121,212 warrants and 284,448 employee stock options.

PETER AHLGREN

Head of Business Area Services

Employed since: 2014

Year of birth: 1972

Education: MSc in Business and Economics, Stockholm School of Economics

Employment history: Partner at Cupole Consulting Group, CFO of Service Factory, consultant at Accenture.

Shareholding, own or held by related parties as at 31 December 2022: 33,921,910 A shares and 15,714,607 B shares. Participates with 11,220 savings shares in the share savings programme, 121,212 warrants and 284,448 employee stock options.

FREDRIK BERGEGÅRD

Head Business Area Industry

Employed since: 2021

Year of birth: 1971

Education: MBA, IMD in Switzerland and MSc in Industrial Engineering and Management, Chalmers University of Technology in Gothenburg

Employment history: Sales Director at Ahlsell, VP Sales at Gunnebo Industrier, Business Area Manager at Electrolux and Strategic Consultant at Accenture.

Shareholding, own or held by related parties as at 31 December 2022: 659,996 B shares. Participates with 11,220 savings shares in the share savings programme, 121,212 warrants and 284,448 employee stock options.

CHRISTER HANSSON

Head of Business Area Trade

Consultant since: 2016 and employee since 2021.

Year of birth: 1972

Education: MBA in Finance, Stockholm University

Employment history: Country Manager and Nordic Service & Solution Director at Dustin, Senior Sales Manager at Telia Company

Shareholding, own or held by related parties as at 31 December 2022: 34,670,488 B shares. Participates with 11,220 savings shares in the share savings programme, 121,212 warrants and 284,448 employee stock options.

MIKAEL NEGLÉN

Head of Storskogen DACH

Employed since: 2020

Year of birth: 1972

Education: MSc in Business and Economics, Stockholm School of Economics

Employment history: Managing Director of Porterhouse Group AG, Division Manager at Barry Callebaut AG, Investment Manager at Jacobs Holding AG, senior associate at Investor AB.

Shareholding, own or held by related parties as at 31 December 2022: 2,400,000 B shares. Participates with 11,220 savings shares in the share savings programme, 121,212 warrants and 402,966 employee stock options.

PHILIP LÖFGREN

Head of Storskogen UK

Employed since: 2020

Year of birth: 1982

Education: MSc in Business and Economics, Stockholm School of Economics

Employment history: CEO and COO of Kwiff, Investment Director at Pharaoh Capital, CEO of Sparrow Aviation, CEO and Co-founder of Macho Tex-Mex (now Zocalo).

Shareholding, own or held by related parties as at 31 December 2022: 224,342 B shares. Participates with 5,460 savings shares in the share savings programme, 58,989 warrants and 293,097 employee stock options.

Guidelines for remuneration to the senior executives

Adopted at the Annual General Meeting on 17 May 2022
The following guidelines cover the Company's CEO and other members of the Group management. After adoption by the Annual General Meeting, the guidelines shall be applied to any remuneration agreed upon and to changes of already-agreed remuneration. The guidelines do not apply to any remuneration resolved upon by the Annual General Meeting.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability
Storskogen strives to be the best owner for small and medium-sized enterprises. The focus is on long-term ownership, good profitability, stable cash flows and supporting companies to maintain and develop a strong position in their niche.

A prerequisite for successfully implementing the Company's strategy is that the Company is able to recruit and retain qualified senior executives, which is made possible by these guidelines.

Remuneration that is subject to these guidelines shall aim to promote the Company's business strategy, sustainability and long-term interests.

Remuneration components and other terms and conditions
Total remuneration shall be on market terms and may comprise the following components: a fixed cash salary, short-term variable cash remuneration, long-term variable cash remuneration, other benefits and pension. In addition to the provisions in the guidelines, the general meeting may resolve on share-based remuneration or remuneration linked to the share price.

The performance criteria measurement period for payment of variable cash remuneration shall be measurable over a period of one or several years. Total variable cash remuneration must not exceed 50 percent of the fixed cash salary during the measurement period.

The Group management's pension benefits shall be on market terms in relation to the common practice for comparable executives in the market in which the senior executive operates and should be based on defined contribution pension plans or be in line with general pension plans (in Sweden, the ITP plan). Subject to applicable law or mandatory provisions in collective bargaining agreement, pension benefits may not exceed 20 percent of the fixed cash salary, and variable cash remuneration shall not be pensionable.

Other benefits may include preventive healthcare and company car benefits. Premiums and other expenses relating to these benefits may not exceed 10 percent of the fixed cash salary.

Termination of employment
The notice period for a member of the Group management shall be no more than twelve months. During the notice period, the fixed cash salary and potential severance pay, including compensation for any competition restrictions, combined may not exceed an amount corresponding to the fixed cash remuneration for two years for a member of the Group management.

Criteria for the payment of variable cash remuneration
Variable cash remuneration is intended to award the meeting of predetermined and measurable criteria that promotes the Company's business strategy and long-term interests, including the Sustainability Policy.

When the performance criteria measurement period for the payment of variable cash remuneration has ended, an evaluation of the outcome shall be made. The Remuneration Committee is responsible for evaluating the CEO's outcome while the CEO is responsible for evaluating the other senior executives' outcomes.

Salary and terms of employment for employees
When the Board of Directors' proposal for these remuneration guidelines was considered, salaries and terms of employment for the Company's employees were considered by way of assessing information on the total remuneration to employees, the components of such remuneration and the remuneration's growth and growth rate over time. This information was included in the basis for the Board of Directors decisions when evaluating the reasonableness of the guidelines and the limitations set by them.

The decision-making process for establishing, evaluating and applying the guidelines
The Board of Directors' Remuneration Committee is tasked with preparing the Board of Directors' decisions on proposals for guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every four years and submit a proposal for adoption by the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting.

The Remuneration Committee shall also monitor and evaluate programmes for variable remuneration to the Group management and the application of the guidelines in terms of remuneration levels and structures. Members of the Group management must not be present during the Board of Director's deliberations and decisions on remuneration-related matters if they are affected by the issues.

Deviations from the guidelines
The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if there are special reasons for a deviation in the individual case and it is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, the Remuneration Committee is tasked with preparing the Board of Directors' resolutions on remuneration-related matters, which includes any resolution to deviate from the guidelines.

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Board of Directors' report on internal control

Internal control, which must be appropriate and effective, aims to provide reliable documentation and ensure that Storskogen complies with laws and regulations. Storskogen has an established control function that works methodically to onboard subsidiaries in the internal control framework for financial reporting. In addition, an annual self-assessment is made of the organisation's and the subsidiaries' internal control in the financial reporting process in order to ensure that there is a functioning finance department with sufficient resources to provide good and reliable financial reporting. All in all, the Board of Directors is of the view that the Company and its subsidiaries are managing internal control adequately and that there is no need for an internal audit function.

The internal control process is based on the internal control framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to COSO, the review and assessment cover five areas where the control environment creates discipline and provides a structure for the other four areas: risk assessment, control activities, information and communication as well as monitoring activities.

Risk assessment

Storskogen's risk assessment aims to identify and assess risks associated with subsidiaries, financing and liquidity, strategy, sustainability and the risk of errors in the Company's financial reporting. The risk assessment forms the basis for the work on ensuring that the Company's control functions are adequate. Storskogen conducts ongoing risk analyses of subsidiaries and once a year, the Group management holds a comprehensive risk workshop to identify the Group's significant risks, their probability and their possible impact, and then prepares action plans to manage the identified risks. The risk assessment is reported to the Board of Directors annually and when necessary. Read more about Storskogen's risk management on p. 60–62.

Control environment

The Rules of Procedure of the Board of Directors and the instructions to the CEO and committees of the Board of Directors ensure a clear division of roles and responsibilities for effective management of the business and its risks. The Board of Directors has adopted basic guidelines and policies as required to ensure a good control environment.

Storskogen has a common system for reporting, consolidation and follow-up on results within the Group. The Group management prepares ongoing instructions for the Group's financial reporting in addition to the policies adopted by the Board of Directors. Important components in Storskogen's control environment are reflected in the policies and instructions adopted by the Board of Directors and Group management, including:

- Code of Conduct
- Anti-Corruption Policy
- Internal Control Policy
- Instructions for financial reporting
- Information and Insider Policy
- Finance Policy
- Authorisation Rules
- Sustainability Policy
- Anti-Money Laundering Policy
- Policy on Trade Sanctions and Embargoes
- Whistleblowing Policy
- Risk Policy
- Information Security Policy
- Privacy policies
- Related Party Policy

Control activities

Storskogen's most significant risks are managed via control structures in the Group. Risks management can take the form of acceptance, mitigation through mitigating measures or complete elimination of risks. In 2022, several control activities were implemented. Companies that were acquired between 1 July 2021 and 30 September 2022 have initiated, and often completed, the surveying of their internal financial controls and procedures.

A statistical sample of these companies also performed self-assessments. In the surveys, Group companies were divided into two scopes – smaller and larger companies – based on sales and other relevant circumstances. The smaller companies implemented up to 24 key controls, including accounting manuals, accounting and authorisation rules and processes for invoice handling.

The larger companies' internal control was more advanced, with additional control activities and processes. If shortcomings were identified in the surveying, an action plan was prepared with subsequent reporting to the board of directors of the subsidiary in question. During the surveying of processes in the larger companies' control structures, Storskogen assisted the companies when needed. Any deviations in the control processes are followed up in the annual self-assessments.

The control structure means that any issues identified during the internal control are reported to the board of directors of the subsidiary in question and to Storskogen's internal control functions, which in turn report to the Audit Committee on an aggregated level.

A self-evaluation of Storskogen's internal processes and controls was performed. Whenever deviations were noted, action plans were established. The result of the self-assessment made in 2022 was reported to the Audit Committee.

Follow-up on control activities

To ensure the effectiveness of internal control, it is followed up by the Board of Directors, Audit Committee, CEO, Group management, the finance department and the Group's subsidiaries.

The follow-up includes reviewing monthly financial reports against targets, making demand-driven financial evaluations of business areas and verticals and reviewing the results of any internal audits. The follow-up also includes follow-up on observations reported by Storskogen's auditor.

Information and communication

External financial information must be accurate, complete and relevant. The provision of information is based on the Company's Information and Insider Policy, which meets the requirements on a listed

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company, and instructions on information security and the communication of financial information, both internally between the Board of Directors, Group management and employees, and externally, to shareholders and other stakeholders. The Company's Insider Committee is convened when necessary to determine whether the information constitutes specific information. The Insider Committee also decides whether the information must be disclosed without delay or whether the disclosure can be postponed. Regular information disclosed to the market includes interim reports and presentations, annual reports and regulatory press releases and other press releases about important news.

Stockholm, 24 March 2023

Storskogen Group AB (publ)
Board of Directors

Auditor's report on the corporate governance statement[1)]

To the general meeting of the shareholders of Storskogen Group AB (publ), corporate identity number 559223-8694

Engagement and responsibility
It is the Board of Directors who is responsible for the corporate governance statement for the year 2022 on pages 46–54 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 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 24 March 2023

Ernst & Young AB

Åsa Lundvall
Authorised Public Accountant

1) This is a translation from the Swedish original.

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Directors’ report

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Storskogen Group AB (publ)
Corporate identity number 559223-8694

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Directors' Report

The Board of Directors and the CEO of Storskogen Group AB (publ), corporate identity number 559223-8694, with its registered office in Stockholm, Sweden, hereby submits its annual accounts and consolidated accounts for the financial year 2022.

- The Group's financial year refers to 1 January to 31 December 2022.
- The Parent Company's financial year refers to 1 January to 31 December 2022.

GENERAL INFORMATION ABOUT THE OPERATIONS

Storskogen Group AB (publ) ("Storskogen") was formed in November 2019 through a merger of the three previous Storskogen groups – Storskogen Industrier AB, Storskogen Utveckling AB and Storskogen 3 Invest AB. Storskogen is an international group of companies with operations in the business areas Trade, Industry and Services. The Company's business concept is to identify, acquire, and develop market leaders with sustainable business models over an infinite ownership horizon.

Storskogen's mission is to empower businesses to realise their full potential. The Company has a long-term and sustainable perspective when it acquires and operates its companies. The Group companies have a shared focus on profitability, stable cash flows and a strong market position.

On 31 December 2022, the Company had 136 (105) business units with registered offices in Sweden, Denmark, Norway, Germany, Switzerland, Singapore and the United Kingdom. Storskogen's existing Group companies are divided into the three business areas; Services, Trade and Industry, with underlying verticals as illustrated on the right.

Business area	Vertical
Services	Contracting Services Infrastructure Installation Digital Services Engineering Services Logistics HR and Competence
Trade	Home and Living Niche Businesses Health and Beauty Sports, Clothing and Accessories
Industry	Automation Industrial Technology Products

For additional information on corporate governance and sustainability, see the Corporate Governance Report on p. 46–54 and the Sustainability Report on p. 32–44 and 134–150, which are separate from the Annual Report.

FIVE-YEAR SUMMARY

	2022	2021	2020	2019	2018
Net sales, SEK m	34,250	17,496	8,933	6,163	3,298
Operating profit, SEK m	2,613	1,406	774	381	272
Profit before tax, SEK m	2,111	1,233	673	348	255
Profit for the year, SEK m	1,592	947	574	262	199
Total assets, SEK m	47,482	32,223	12,002	7,923	3,678
Operating margin, %	7.6	8.0	8.7	6.2	8.2
Return on equity, %	8.8	10.4	14.2	10.0	17.2
Equity/assets ratio, %	41.3	51.5	43.8	39.2	40.7
Average number of employees	11,263	5,760	3,154	2,222	1,050

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MARKET TRENDS

Demand in the market was strong across the board for all Storskogen's business areas in 2022, despite challenging external factors. Nonetheless, market conditions were affected by the continued Covid-19 pandemic, the war in Ukraine and the rising inflation and subsequent interest-rate hikes. These factors contributed to higher sickness absence rates, disruptions in supply chains and higher costs for many of the companies in the Group, particularly during the first six months of the year. Over the final six months, many cost increases levelled off and were somewhat compensated for by increased prices.

In the Services business area, the verticals Logistics and Digital Services benefited from good market conditions, while HR and Competence, Installation and Infrastructure faced challenges. In the Trade business area, demand was generally high over the year, even if missing deliveries, weaker e-commerce and the economic situation had a negative impact. Consumer demand fell during the second half of the year.

In the Industry business area, the underlying market remained strong in general, with good demand, especially in the engineering and wood industries, but all companies were affected by cost inflation. All in all, the diversification in all Storskogen's business areas contributed to a relatively stable development.

Macroeconomic factors, such as high inflation with subsequent interest rate hikes, contributed to a cooling down of the acquisition market in the second half of 2022. As a step in this development, and given the uncertain market outlook, Storskogen chose to adjust its short-term priorities with a focus on strengthening the Company's balance sheet and cash flow to allow the return to an increased acquisition pace in the long term.

Over the year, acquisitions were made in Sweden, Norway, Denmark, Germany, Switzerland, Singapore and the United Kingdom.

OWNERSHIP STRUCTURE

On 31 December 2022, Storskogen had a total of 37,764 (16,608) shareholders. The Company has two types of shares, A shares and B shares. Each A share confers a right to ten votes and each B share confers a right to one vote. The ten largest owners accounted for approximately 68.2 percent (66.3) of the votes and approximately 42.7 percent (39.5) of the capital. Storskogen's B shares have been listed on Nasdaq Stockholm since 6 October 2021.

SIGNIFICANT EVENTS IN THE FINANCIAL YEAR

Net sales for the Group grew by 96 percent to SEK 34,250 million (17,496). Organic sales growth was 12 percent (17) for the full year and the remaining growth was attributable to acquisitions. Operating profit increased by 86 percent to SEK 2,613 million (1,406), corresponding to an operating margin of 7.6 percent (8.0). Profit for the year increased by 68 percent to SEK 1,592 million (947). Cash flow from operating activities grew by 18 percent to SEK 1,628 million (1,376). Basic/diluted earnings per share totalled SEK 0.86 (0.60). For developments per vertical, see Note 3, Operating segments.

The improved performance during the year compared with the previous year is due to the stable underlying profitability in the Company's operations and positive contributions from acquired entities in all business areas.

Storskogen made 31 platform acquisitions (40) over the year and 23 add-on acquisitions (25), with combined annual sales of approximately SEK 11.9 billion (12.2). The acquisitions were made in several geographical areas spread across Storskogen's 14 verticals. The largest acquisitions in 2022 in the Services business area were of Thermica and Vokus Personal. In the Industry business area, the largest acquisitions were of LNS Holding and J&D Pierce. In the Trade business area, the largest acquisitions in 2022 were of Scandinavian Cosmetics Group and Acreto. For further information on acquisitions completed in 2022, see Note 5, Business combinations.

Over the year, additional financing was secured through the issue of SEK 1,000 million in additional bonds under an existing framework, a short-term bank facility agreement of EUR 500 million and an unsecured syndicated term facility agreement of EUR 300 million. A total of SEK 167 million (10,999) after transaction costs was contributed through issues of new shares over the year, of which SEK 167 million (861) were non-cash issues.

To adapt the Company to uncertain market conditions and ensure long-term sustainable development, several activities were initiated over the year. As part of this process, certain central resources were reduced and redistributed from M&A to operational roles, supporting the portfolio companies.

FUTURE DEVELOPMENT

Storskogen focuses on generating long-term adjusted EBITA growth in its existing business units and continuing its growth by acquiring profitable companies with stable cash flows and strong market positions. Storskogen's operations are diversified in that the subsidiaries are spread across various sectors throughout the industry, trade and services sectors in the Nordic region, DACH, Asia and the UK.

To achieve its long-term strategy in the best possible manner, Storskogen remains focused on its cash flow and on maintaining a strong balance sheet. The Company has also increased its focus on operational excellence and ensuring an efficient organisation.

Storskogen does not provide any financial forecasts for next year's development. The assessment is that Storskogen is well equipped financially for 2023 and has the financial capacity to continue operating according to its adopted strategy and targets.

PROPOSED APPROPRIATION OF PROFITS

When proposing dividends, the Company's Board of Directors considers the Group's equity, financing needs, acquisition and growth plans and other significant factors. The Board of Directors proposes that of the free funds of SEK 17,238,205,828 available to the Annual General Meeting, SEK 133,101,101 be paid in dividends and the remainder of SEK 17,105,104,727 be carried forward. The Board of Directors' proposal entails a dividend of SEK 0.08 (0.07) per Series A share and SEK 0.08 (0.07) per Series B share. The proposed dividend corresponds to approximately 27 percent (19) of the Parent Company's profit for 2022. The Board of Directors is of the view that, as at the date of the statement, and considering the value transfer that is proposed to the 2022 Annual General Meeting, there is full coverage for restricted equity. The proposed dividend constitutes 0.8 percent (0.7) of the Parent Company's equity and 0.7 percent (0.7) of the Group's equity. Unrestricted equity in the Parent

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Company after the proposed dividend is SEK 17,105,104,727. After the dividend is paid, the Parent Company's equity/assets ratio will be approximately 51.3 percent (64.8) and the Group's will be approximately 41.2 percent (51.4). The Board of Directors has assessed the Company's financial position and considers that the dividend is compatible with the requirements that the nature, scope and risks place on the size of the Company's equity as well as on the Company's consolidation needs, liquidity and position in general.

The Company's financial position remains strong after the proposed dividend and is deemed to be fully sufficient for the Company to be able to fulfil its obligations both in the short term and the long term and to make any necessary investments.

GUIDELINES FOR REMUNERATION TO THE SENIOR EXECUTIVES

At the Annual General Meeting held on 17 May 2022, new guidelines for remuneration to senior executives were adopted, which apply to the CEO and other members of the Company's management. The guidelines include remuneration components, benefits and other components, terms and conditions of termination and criteria for the payment of variable cash remuneration. The guidelines must be presented for resolution by the Annual General Meeting at least every four years. No changes to the guidelines will be proposed to the Annual General Meeting on 12 May 2023. For more information on remuneration to senior executives, see Note 8, Employees, staff costs and remuneration to senior executives.

EVENTS AFTER YEAR-END

After the end of the financial year, Storskogen completed three acquisitions, all of which were add-on acquisitions.

The Services business area completed an add-on acquisition through SoVent Group, which acquired HSV Hässleholm with the aim of extending and developing the existing offering of chimney sweeping and ventilation services. The acquisition included two fellow subsidiaries with combined annual sales of SEK 12 million.

The Industry business area completed two add-on acquisitions, both made by ARAT Group: Höga Kusten Resurs Teknik and Loginor were acquired with the aim of expanding the Group's expertise and offering in the sawmill and wood processing industry. These acquisitions had combined annual sales of SEK 83 million.

Through the subsidiary Hilpert Electronics, the Trade business area has divested the company Medkoh AG in Switzerland, which had annual sales of approximately SEK 50 million. The reason for the divestment was that the Company's operations and size were incompatible with Storskogen's long-term strategy.

On 28 March, the Trade business area, via Vox Hair, signed an agreement to acquire 100 percent of the shares in Modern Design AS. The acquisition is subject to competition approval and is expected to be completed in the second quarter 2023. Modern Design is a Norwegian chain of hair salons with annual sales of SEK 110 million.

On 23 February, it was announced that Storskogen extended both of its outstanding unsecured facility agreements in full, by one year each. The extension included both the revolving credit facility of EUR 1 billion that was entered into on 24 September 2021, which was extended until 24 September 2025, and the unsecured syndicated term facility agreement of EUR 300 million that was entered into on 23 September 2022, which was extended until 24 March 2025. After the extension, the revolving credit facility has another extension option of one year.

PARENT COMPANY

The operations of the Parent Company, Storskogen Group AB (publ), include Group management, consolidated reporting, management and financial management. The Parent Company was founded on 24 October 2019. Net sales for 2022 were SEK 156 million (104), profit after financial items was SEK 527 million (273) and profit for the year was SEK 485 million (608). Net sales comprised intra-Group management services. The Parent Company's profit after financial items was affected positively by currency effects and intra-Group interest income. Profit for the year declined, mostly because no Group contributions were allocated to the Parent Company's appropriations in 2022.

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Risks and risk management

Storskogen's operations and companies are exposed to risks that may affect the Group. Storskogen applies a decentralised organisational model, which means that the Group companies are largely responsible for running their operations independently. The decentralised organisation places high demands on financial reporting, good corporate governance and internal control. The Group management governs, controls and monitors the activities of the business units and is represented on the boards of directors of all business units. The boards of directors of the business units perform annual risk assessments, and Storskogen performs its own quarterly risk assessments of the business units. Storskogen's Group management conducts an annual risk workshop with input from other representatives from the Company. It regularly monitors risks and weighs the likelihood of impact as part of Storskogen's ownership responsibility in the subsidiaries and Group level corporate governance. Group management reports to the Board of Directors on the outcome from the risk workshop and the implementation of any mitigating measures that were deemed necessary. Storskogen's risks can be divided into five areas: strategic risks, operational risks, financial risks, regulatory compliance risks and sustainability risks. The table below presents a selection of Storskogen's most highly prioritised risks and the measures taken by the Company to limit their impact.

For further information on Storskogen's financial risks and risk management, see Note 26 on page 111.

Strategic risks

Strategic risks are risks that may prevent Storskogen from achieving its vision and targets and are often associated with operating in specific industries. These include changes in the economic cycle, structural changes, competition, acquisitions and growth strategy.

Risks	Risk management	Probability	Impact
Budget and forecast process The risk of an inadequate budget and forecast process may lead to incorrect documentation on which to base decisions, incorrect working capital requirements, incorrect revenue recognition and inaccurate signals to the stock market.	Tools for scenario and sensitivity analysis are being developed further and the business areas intend to move from quarterly forecasts to monthly forecasts in 2023, which will include working capital, cash flow, CapEx, equity/assets ratio and operating margin. Storskogen's Board of Directors has developed an annual wheel for internal control to identify any inadequacies in control and processes in subsidiaries and on the Group level. Storskogen's central functions cooperate to continuously improve processes.	Medium	High
Strategic long-term approach The risk of Storskogen being governed by short-term decisions to meet market and stakeholder expectations, which may worsen conditions in the long term.	Storskogen retains its long-term focus with an infinite ownership horizon. Storskogen's core value, a long-term approach, is firmly rooted in the Company's operations and working methods. Storskogen conducts an annual strategy workshop at the Group management and Board of Directors level with the aim of validating or adjusting the Company's operational and long-term strategic direction.	Medium	Medium
Recruiting The risk that employees or key individuals leave Storskogen, causing the Company to lose skills or the ability to instil trust or making recruitment more difficult.	Storskogen focuses strongly on internal communication and tracks employee motivation and well-being through anonymous questionnaires and discussions. To ensure a high level of employee satisfaction, Storskogen's HR department has scrutinised the employment offering to ensure its attractiveness and that the Group offers good professional development and career opportunities.	High	Medium
Market dynamics Risk of macroeconomic trends such as a recession or inflation, which could impact profits in portfolio companies negatively.	Storskogen monitors the economic situation constantly and follows up the portfolio companies' performance and key performance on a monthly basis. Business controller functions have been appointed on the Group and business area levels for continuous monitoring of the sentiment in the subsidiaries. In the event of macroeconomic events beyond Storskogen's control, every business unit has an alternative action plan in place that clarifies how such a situation should be handled.	High	High
Communication and relationships Risks associated with a failure to handle media publicity in a credible way, which in turn may affect confidence, capital raising and business opportunities.	Through its external communication, Storskogen intends to follow up on the strategy, topics that are important to stakeholders and the Group's continuous development. In 2022, Storskogen made a significant alteration of the Group's communication strategy. Storskogen also has the ambition to increase the understanding of the Company's business model and value-creation model through clear communication activities. Storskogen has an Information and Insider Policy that clearly governs the areas of responsibility in the organisation for external communication.	High	High

Strategic risks, cont.

Risks	Risk management	Probability	Impact
Financial communication The risk that Storskogen's communication to its owners, investors or external operators is inadequate or inaccurate.	In 2022, Storskogen made a significant alteration of the Group's communication strategy, which includes internal and external communications as well as communication to the media, with the aim of ensuring that the Company's financial communication is reliable, uniform and complete.	Medium	High

Operational risks

Operational risks include risks associated with effectiveness, internal processes and activities, the use of resources and system and the Group's employees.

Risks	Risk management	Probability	Impact
Data and information security The risk that Storskogen fails to prevent or detect intrusions into its IT systems, which may cause the leaking of trade secrets, money or sensitive customer/supplier information.	Implementation of an IT Policy, Information Security Policy, a Contingency Policy and a mandatory risk analysis of the IT environments in Storskogen's business units in connection with onboarding or the completion of acquisitions. Continuous information is provided to new Storskogen employees regarding IT and IT security. In 2022, an employee training programme for employees at Storskogen's head office was launched, aimed at raising awareness of security issues.	Medium	Medium
Personnel and HR The risk of weakening the entrepreneurial spirit in the Storskogen Group due to the implementation of new formal and onerous procedures or if Storskogen's governance becomes too centralised.	Employee surveys assess employee well-being and engagement and allow each manager to take specific measures to maintain Storskogen's culture and entrepreneurial spirit. When recruiting, Storskogen has a strong focus on maintaining the entrepreneurial spirit and consensus on values among its employees.	Medium	High
Unforeseen events The risk of conflicts and war in the world may cause component, material and labour shortages and other geopolitical effects.	Unforeseen events are generally difficult to predict and must be managed based on the specific situation. In the event of war, a trade war or material shortages, Storskogen's business units would be affected to varying degrees due to their geographical dependencies and the location of their customers. One way of mitigating this risk is to identify alternative suppliers.	Medium	High

Financial risks

Financial risks include risks related to the reliability of the Company's internal and external financial reporting and financial risks such as interest rate risk, liquidity risk, credit risk and currency risk.

Risks	Risk management	Probability	Impact
Financing The risk that the availability of capital in the market decreases, which would make it more difficult to obtain financing, or that Storskogen's credit rating could decline so that Storskogen cannot obtain the requisite funding or is faced with steep borrowing costs.	Storskogen performs data-driven forecasting to ensure future capital requirements. In 2022, Storskogen adjusted its acquisition pace and increased its focus on cash flow and operational excellence in the business units. Storskogen also proceeds with particular caution and ensures that there are sufficient buffers in the case of decisions that require significant capital.	High	High
Market The risk of significantly increased interest expenses and the cost of equity or exchange rate fluctuations.	Storskogen's financing and financial risks are managed in accordance with the Company's Finance Policy. The aim is to achieve a diversified debt portfolio in the long term as regards maturities and types of debt, and to have an interest-bearing net debt of 2–3x RTM EBITDA. Interest rate risk is managed by enabling the use of interest rate derivatives. Exchange rate fluctuations are managed through diversification and by subsidiaries hedging some of their purchases in foreign currencies.	High	High
Capital structure and leverage The risk of too-high leverage in Storskogen or that communicated measures to reduce the leverage do not succeed. The risk of unplanned increases in leverage, such as due to weakened cash flows.	Storskogen has an active approach to the business units' working capital and cash flows to prevent increased leverage. To manage EBITA risks, contingency plans have been developed that include cost savings, increased prices and limits on high purchase orders.	Medium	High

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Financial risks, cont.

Risks	Risk management	Probability	Impact
Cost control The risk that Storskogen fails to maintain cost control in the case of, for example, rising prices for raw materials, electricity, oil or energy.	Storskogen's business areas monitor costs monthly and take special measures when needed, such as compensating for costs by increasing prices or making other cost savings for example, by using special framework agreements for shared purchases.	Medium	High
Impairment The risk of Storskogen being forced to impair the value of shares (goodwill) in the cash-generating units (verticals) in the Group.	Every quarter, Storskogen performs simplified impairment testing with updated forecasts to identify potential impairment losses. The allocation to intangible assets other than goodwill, such as customer relations, has increased gradually, which will reduce intangible assets over time due to amortisation.	Medium	High

Regulatory compliance

Regulatory compliance risks are risks of financial or legal sanctions due to the involvement of Storskogen or Group companies in disputes or of their failure to act in accordance with laws, rules and regulations.

Risks	Risk management	Probability	Impact
Regulatory The risk that Storskogen or a portfolio company fails to comply with rules and regulations such as the Market Abuse Regulation, the General Data Protection Regulation (GDPR), provisions on sanctions or work environment requirements, which may lead to costs and reputational damage.	Storskogen has several policy documents and internal processes to ensure that all requirements on the Group are met. In 2023, Storskogen will launch a training programme for its portfolio companies on trade sanctions, embargoes and export control, and it also provides other training, such as on GDPR.	Low	Medium
Disputes The risk of significant disputes with customers, suppliers or other business partners, which may lead to costs or reputational damage.	Disputes are followed up on a quarterly basis and any significant disputes are followed up by the Audit Committee. Disputes are carefully evaluated in order to ensure that Storskogen, where appropriate, takes responsibility. All portfolio companies in the Group undertake to follow Storskogen's Code of Conduct. If deviations from the Code of Conduct are identified, Storskogen takes all reasonable measures to ensure that the deviation ceases.	Low	Low

Sustainability

Risks related to the climate, environment, human rights or corruption that may have a negative impact on people, society and the environment or on Storskogen's operations. Risks related to sustainability reporting, corporate governance and the supply chain are also included.

Risks	Risk management	Probability	Impact
Climate targets The risk that Storskogen cannot meet the adopted climate targets due to insufficient access to renewable energy.	In Sweden, Storskogen has a framework agreement for renewable and fossil-free energy and the Company is investigating similar solutions in all geographical areas. There is a major renewable energy shortage in some of Storskogen's geographical areas, and potential solutions are discussed in the portfolio companies' boards of directors when required.	Medium	Low
Business ethics and sustainability governance The risk that employees do comply with laws, rules and regulations or Storskogen's Code of Conduct, which may include corruption, fraud and bribery.	All business units in the Group adopt the Code of Conduct and policies on anti-corruption, anti-money laundering and sanctions. All business units participate in training on relevant policies and governance documents to increase awareness and practical application. Storskogen also has a whistleblowing function for business units with up to 250 employees which allows anonymous reporting of irregularities.	Low	Low
Due diligence The risk of an inadequate ESG due diligence process for acquisitions if risk factors have not been properly identified.	In 2022, Storskogen implemented a Case Assessment Tool for identifying potential acquisitions where several material ESG factors are considered to discover specific risks linked to the environment, the climate and human rights.	Low	Medium

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Financial statements

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CONSOLIDATED INCOME STATEMENT

1 January–31 December, SEK million	Note	2022	2021
Net sales	3, 4	34,250	17,496
Cost of goods sold	6–9	–27,475	–13,792
Gross profit		**6,775**	**3,704**
Selling expenses	6–9	–2,890	–1,408
Administrative expenses	6–9	–2,032	–1,171
Other operating income	10	1,393	539
Other operating expenses	10	–634	–257
Operating profit		**2,613**	**1,406**
Financial income		479	152
Financial expenses		–980	–325
Net financial items	11	**–502**	**–173**
Profit before tax		**2,111**	**1,233**
Tax	12	–519	–286
Profit for the year		**1,592**	**947**
Profit for the year attributable to:			
Owners of the Parent Company		1,436	856
Non-controlling interests		157	91

Basic and diluted earnings per share, SEK	Note	2022	2021
Basic and diluted earnings per share, Series A shares	32	0.86	0.60
Basic and diluted earnings per share, Series B shares	32	0.86	0.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January–31 December, SEK million	Note	2022	2021
Profit for the year		**1,592**	**947**
Other comprehensive income			
Items that will not be transferred to the income statement			
Remeasurements of defined benefit pension plans		150	–19
Total items that will not be transferred to the income statement		**150**	**–19**
Items that have been or may be transferred to profit or loss for the year			
Translation differences, foreign operations		566	99
Gains/losses on holdings of derivatives for cash flow hedging		–16	–7
Total items that have been or may be transferred to the income statement		**549**	**92**
Other comprehensive income		**700**	**74**
Comprehensive income for the year, net of tax		**2,292**	**1,020**
Comprehensive income for the year, net of tax, attributable to:			
Owners of the Parent Company		2,066	918
Non-controlling interests		226	102
Comprehensive income for the year, net of tax		**2,292**	**1,020**

CONSOLIDATED BALANCE SHEET

SEK million	Note	31 Dec 2022	31 Dec 2021
Assets			
Intangible assets	13	25,566	15,344
Property, plant and equipment	14	3,604	2,123
Right-of-use assets	27	1,701	1,209
Financial assets		8	8
Non-current receivables		72	26
Pension obligation assets	21	9	–
Deferred tax assets	12	133	62
Total non-current assets		**31,093**	**18,771**
Inventories	15	5,203	2,924
Tax assets		475	253
Trade receivables	17	4,940	2,925
Contract assets	4	1,651	424
Prepaid expenses and accrued income	16	622	397
Other receivables		474	360
Current investments	25	1	1
Cash and cash equivalents	18	3,022	6,167
Total current assets		**16,389**	**13,452**
Total assets		**47,482**	**32,223**

SEK million	Note	31 Dec 2022	31 Dec 2021
Equity			
Share capital	19	1	1
Other contributed capital		13,106	12,939
Reserves	19	565	83
Retained earnings including profit for the year		5,923	3,542[1)]
Equity attributable to owners of the Parent Company		**19,595**	**16,564**
Non-controlling interests		**34**	**24**[1)]
Total equity		**19,628**	**16,588**
Liabilities			
Interest-bearing non-current liabilities	20	13,224	6,071
Non-current lease liabilities	20, 27	1,229	858
Provisions for pensions	21	205	280
Other non-current liabilities	23	2,343	1,801
Provisions	22	44	37
Deferred tax liabilities	12	1,865	917
Total non-current liabilities		**18,901**	**9,964**
Interest-bearing current liabilities	20	200	317
Current lease liabilities	20, 27	425	308
Contract liabilities	4	1,310	513
Trade payables		2,563	1,730
Tax liabilities		854	434
Other liabilities	23	1,616	1,006
Accrued expenses and deferred income	24	1,933	1,314
Provisions	22	43	50
Total current liabilities		**8,944**	**5,671**
Total liabilities		**27,854**	**15,634**
Total equity and liabilities		**47,482**	**32,223**

1) In 2021, equity was restated through a reallocation between equity attributable to owners of the Parent Company and non-controlling interests. For further information, see the consolidated statement of changes in equity.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Parent Company							
SEKm	**Share capital**	**Other contributed capital**	**Translation reserve**	**Hedging reserve**	**Retained earnings incl. profit for the year**	**Total**	**Non-controlling interests**	**Total equity**
Opening balance, 1 January 2022	1	12,939	77	6	2,373	15,395	1,193	16,588
Adjustment of opening balance, equity	–	–	–	–	1,169	1,169	–1,169	0
Opening balance, equity, after correction	**1**	**12,939**	**77**	**6**	**3,542**	**16,564**	**24**	**16,588**
Comprehensive income for the year								
Profit for the year	–	–	–	–	1,436	1,436	157	1,592
Remeasurements of defined benefit pension plans	–	–	–	–	148	148	2	150
Other comprehensive income for the year	–	–	498	–16	–	482	67	549
Comprehensive income for the year	**–**	**–**	**498**	**–16**	**1,584**	**2,066**	**226**	**2,292**
Transactions with the Group's owners								
Contributions from and value transfers to owners								
Dividends paid	–	–	–	–	–116	–116	–123	–239
Share issue, non-cash	0	168	–	–	–	168	–	168
Transaction costs of issue of shares, after tax	–	0	–	–	–	0	–	0
Share-based payment transactions	–	–	–	–	30	30	–	30
Put options attributable to non-controlling interests	–	–	–	–	1,050	1,050	–1,739	–689
Total contributions from and value transfers to owners	**0**	**167**	**–**	**–**	**964**	**1,131**	**–1,862**	**–731**
Changes in ownership of subsidiaries								
Acquisition of non-controlling interest, existing control	–	–	–	–	–169	–169	–17	–187
Acquisition of affiliate, existing non-controlling interest	–	–	–	–	–	–	1,622	1,622
Divestment of non-controlling interest, control remains	–	–	–	–	2	2	42	44
Total changes in ownership of subsidiaries	**–**	**–**	**–**	**–**	**–168**	**–168**	**1,646**	**1,479**
Total transactions with the Group's owners	**0**	**167**	**–**	**–**	**796**	**964**	**–216**	**748**
Closing balance, 31 December 2022	**1**	**13,106**	**575**	**–10**	**5,923**	**19,595**	**34**	**19,628**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONT.

	Equity attributable to owners of the Parent Company							
Storskogen Group based on joint control, SEK million	**Share capital**	**Other contributed capital**	**Translation reserve**	**Hedging reserve**	**Retained earnings incl. profit for the year**	**Total**	**Non-controlling interests**	**Total equity**
Opening balance, 1 January 2021	1	1,929	–10	11	2,977	4,909	353	5,262
Adjustment of opening equity attributable to owners of the Parent Company due to correction of errors[1]	–	–	–	–	344	344	–344	–
Opening equity attributable to owners of the Parent Company after correction of errors[1]	1	1,929	–10	11	3,321	5,253	9	5,262
Comprehensive income for the year								
Profit for the year	–	–	–	–	856	856	91	947
Remeasurements of defined benefit pension plans	–	–	–	–	–19	–19	0	–19
Other comprehensive income for the year	–	–	87	–6	–	81	11	92
Comprehensive income for the year	**–**	**–**	**87**	**–6**	**837**	**918**	**102**	**1,020**
Transactions with the Group's owners								
Contributions from and value transfers to owners								
Dividends paid	–	–	–	–	–536	–536	–32	–568
Share issue, cash	0	10,319	–	–	–	10,319	–	10,319
Share issue, non-cash	0	861	–	–	–	861	–	861
Transaction costs on issue of shares, after tax	–	–181	–	–	–	–181	–	–181
Contributed capital from issued share options	–	10	–	–	–	10	–	10
Share-based payment transactions	–	–	–	–	5	5	–	5
Shareholder contribution from minority/non-controlling interest	–	–	–	–	–	–	17	17
Put options attributable to non-controlling interests[1]	–	–	–	–	–65	–65	–825	–890
Total contributions from and value transfers to owners	**0**	**11,009**	**–**	**–**	**–596**	**10,413**	**–840**	**9,573**
Changes in ownership of subsidiaries								
Acquisition of non-controlling interest, existing control	–	–	–	–	–30	–30	–9	–40
Acquisition of affiliate, existing non-controlling interest	–	–	–	–	–	–	748	748
Divestment of non-controlling interest, control remains	–	–	–	–	10	10	14	25
Total changes in ownership of subsidiaries	**–**	**–**	**–**	**–**	**–20**	**–20**	**753**	**732**
Total transactions with the Group's owners	**0**	**11,009**	**–**	**–**	**–616**	**10,393**	**–87**	**10,306**
Closing balance, 31 December 2021	**1**	**12,939**	**77**	**6**	**3,542**	**16,564**	**24**	**16,588**

1) The distribution of the opening balance as at 1 January 2021 was adjusted due to the correction of an error from the previous year. Several of Storskogen's subsidiaries have put options for buying out non-controlling interests. These put options are recognised in Other liabilities in the consolidated balance sheet. As the minority's share of the Group's total equity is reflected in the reported liability, this liability should also not be included in the item Non-controlling interests.
This adjustment was made retroactively, which involved a transfer from non-controlling interests to equity attributable to owners of the Parent Company. As at 1 January 2021, equity attributable to owners of the Parent Company grew by SEK 344 million, from SEK 4,909 million to SEK 5,253 million, and equity attributable to owners of the Parent Company was reduced by the same amount, from SEK 353 million to SEK 9 million. The closing balance for equity attributable to owners of the Parent Company as at 31 December 2021 rose by SEK 1,169 million, from SEK 15,395 million to SEK 16,564 million, and non-controlling interests as at 31 December 2021 decreased by the same amount, from SEK 1,193 million to SEK 24 million. This correction has no impact on the Group's total equity or on the other financial statements.

CONSOLIDATED CASH FLOW STATEMENT

SEK million	Note	2022	2021
Operating activities			
Profit before tax		2,111	1,233
Adjustment for non-cash items	31	1,351	757
Income tax paid		–690	–348
Cash flow from operating activities before changes in working capital		**2,772**	**1,641**
Increase (-)/decrease (+) in inventories		–682	–527
Increase (-)/decrease (+) in operating receivables		–583	–308
Increase (+)/decrease (-) in operating liabilities		122	570
Cash flow from operating activities		**1,628**	**1,376**
Investing activities			
Purchase of property, plant and equipment		–665	–407
Proceeds from sale of property, plant and equipment		74	57
Purchase of intangible assets		–63	–25
Acquisition of subsidiary/business, net effect on liquidity	5	–9,047	–7,825
Acquisition of minority interests		–187	–40
Proceeds from sale of minority interests/subsidiaries		41	16
Acquisition of financial assets		–	0
Disposals of financial assets		44	759
Cash flow from investing activities		**–9,802**	**–7,465**

SEK million	Note	2022	2021
Financing activities			
Proceeds from issues of shares		–	10,319
Transaction costs on issue of shares		0	–227
Contributed capital from issued share options		–	10
Borrowings		10,830	8,806
Repayment of loans		–5,118	–7,620
Repayment of lease liability		–533	–346
Dividends to owners of the Parent Company		–116	–536
Dividends to non-controlling interests		–123	–32
Cash flow from financing activities		**4,939**	**10,374**
Cash flow for the year		–3,235	4,285
Cash and cash equivalents at the beginning of the year	18	6,167	1,866
Exchange rate difference in cash and cash equivalents		91	16
Cash and cash equivalents at end of year		**3,022**	**6,167**

PARENT COMPANY STATEMENT OF PROFIT OR LOSS

1 January–31 December, SEK million	Note	2022	2021
Net sales	34	156	104
Administrative expenses		–323	–258
Other operating income		0	3
Other operating expenses		0	–16
Operating profit		**–166**	**–168**
Profit/loss from participations in Group companies	42	–	397
Interest income and similar items	43	1,469	283
Interest expenses and similar profit/loss items	44	–775	–239
Profit/loss after financial items		**527**	**273**
Appropriations	45	0	392
Profit before tax		**527**	**665**
Tax	38	–43	–56
Profit for the year		**485**	**608**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

1 January–31 December, SEK million	Note	2022	2021
Profit for the year		**485**	**608**
Comprehensive income for the year		**485**	**608**

PARENT COMPANY BALANCE SHEET

SEK million	Note	31 Dec 2022	31 Dec 2021
Assets			
Non-current assets			
Intangible assets		0	0
Property, plant and equipment		1	1
Financial assets			
Participations in Group companies	47	4,777	4,006
Receivables from Group companies	35, 49	23,526	12,999
Other non-current receivables		41	–
Total financial assets		28,343	17,005
Total non-current assets		**28,344**	**17,006**
Current assets			
Current receivables			
Receivables from Group companies	35, 49	3,918	3,535
Other receivables		30	50
Prepaid expenses and accrued income		8	6
Total current receivables		3,956	3,591
Cash and bank balances		1,168	4,976
Total current assets		**5,124**	**8,567**
Total assets		**33,469**	**25,573**

SEK million	Note	31 Dec 2022	31 Dec 2021
Equity and liabilities			
Equity			
Restricted equity			
Share capital		1	1
Unrestricted equity			
Shareholder contributions		–	3,140
Retained earnings		3,647	–2
Share premium reserve		13,106	12,938
Profit for the year		485	608
Total equity		**17,239**	**16,686**
Untaxed reserves			
Accumulated accelerated amortisation/depreciation		0	–
Total untaxed reserves		0	–
Provisions			
Other provisions for pensions and similar commitments		0	–
Total provisions		0	–
Non-current liabilities			
Liabilities to credit institutions	39	12,942	5,896
Total non-current liabilities		**12,942**	**5,896**
Current liabilities			
Liabilities to credit institutions	39	30	–
Trade payables	35	4	11
Liabilities to Group companies	35	3,060	2,922
Tax liabilities		52	12
Other current liabilities	40	49	12
Accrued expenses and deferred income	41	93	34
Total current liabilities		**3,288**	**2,991**
Total equity and liabilities		**33,469**	**25,573**

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PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity		Unrestricted equity				
SEK million	**Share capital**	**Ongoing new issue**	**Shareholder contribution[1]**	**Retained earnings**	**Share premium reserve**	**Profit for the year**	**Total equity**
Opening balance, 1 January 2022	1	–	3,140	607	12,938	–	16,686
Comprehensive income for the year							
Profit for the year	–	–	–	–	–	485	485
Comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**485**	**485**
Shareholder contributions	–	–	–3,140	3,140			–
Dividends paid	–	–	–	–116	–	–	–116
Set-off issue	0	–	–	–	168	–	168
Share-based payment transactions	–	–	–	17	–	–	17
Closing balance, 31 December 2022	**1**	**–**	**–**	**3,647**	**13,106**	**485**	**17,239**

1) The unconditional shareholder's contribution of SEK 3,140 million, that Storskogen Group AB received in connection with its founding, was transferred to retained earnings during 2022.

	Restricted equity		Unrestricted equity				
SEK million	**Share capital**	**Ongoing new issue**	**Shareholder contribution[1]**	**Retained earnings**	**Share premium reserve**	**Profit for the year**	**Total equity**
Opening balance, 1 January 2021	1	0	3,140	534	1,929	–	5,604
Comprehensive income for the year							
Profit for the year	–	–	–	–	–	608	608
Comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**608**	**608**
Dividends paid	–	–	–	–536	–	–	–536
Share issue, cash	0	0	–	–	10,319	–	10,319
Share issue, non-cash	0	–	–	–	861	–	861
Transaction costs on issue of shares, after tax	–	–	–	–	–181	–	–181
Contributed capital from issued share options	–	–	–	–	10	–	10
Closing balance, 31 December 2021	**1**	**–**	**3,140**	**–2**	**12,938**	**608**	**16,686**

1) The shareholder contribution of SEK 3,140 million is an unconditional shareholder contribution that was received by Storskogen Group AB in connection with the Group's formation in 2019. The contribution comprised shares in the three previous Storskogen Groups.

PARENT COMPANY CASH FLOW STATEMENT

SEK million	Note	2022	2021[1]
Operating activities			
Profit before tax		527	665
Adjustment for non-cash items	51	–524	–713
Dividends received from subsidiaries		502	406
Income tax paid		–5	–
		500	**357**
Increase (-)/decrease (+) in operating receivables		–43	–33
Increase (+)/decrease (-) in operating liabilities		–4	–84
Cash flow from operating activities		**453**	**240**
Investing activities			
Shareholders' contributions provided		–628	–5
Purchase of property, plant and equipment		–1	–1
Lending to Group companies		–9,211	–10,162
Net change in deposits/borrowings, cash pool		–1,163	1,027
Disposals of financial assets		–	744
Other change in financial assets		–1	–
Cash flow from investing activities		**–11,005**	**–8,397**
Financing activities			
Proceeds from issues of shares		–	10,329
Transaction costs on issue of shares		0	–227
Borrowings		10,660	8,642
Repayment of loans		–3,800	–6,200
Dividends paid		–116	–536
Cash flow from financing activities		**6,744**	**12,008**
Cash flow for the year		–3,808	3,851
Cash and cash equivalents at the beginning of the year		4,976	1,125
Cash and cash equivalents at end of year		**1,168**	**4,976**

1) An adjustment of the Parent Company's cash flow statement was made for 2021. Dividends received was separated into its own line item in cash flows. In the previous year, the net effect of dividends received and an adjustment for expected dividends that had not been paid were presented as an adjustment in non-cash items. Cash flow from operating activities and total cash flows were not affected by the adjustment. Also, the net change in deposits/borrowings, cash pool was separated into its own line item in the Parent Company's cash flows. The adjustment affected Borrowings to Group companies by SEK +1,529 million and Deposits from Group companies by SEK -2,557 million. Total cash flows were not affected.

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NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The Group's accounting policies

BASIS FOR PREPARATION

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations by the IFRS Interpretations Committee (IFRIC), as adopted by the European Union (the EU). The Group also applies the Swedish Annual Accounts Act (1995:1554) and RFR 1 'Supplementary Accounting Rules for Groups', issued by the Swedish Financial Reporting Board.

The Board of Directors adopted this document on 24 March 2023. The financial statements will be adopted at the Annual General Meeting to be held on 12 May 2023.

The preparation of reports in accordance with IFRS requires the use of key accounting estimates. It also requires the Management Team to exercise its judgement in the application of the Group's accounting policies. Areas that involve a higher degree of judgment or complexity and areas where assumptions and estimates are significant for the consolidated financial statements are provided in Note 2, Significant estimates and assumptions in the financial statements.

On 15 November 2019, Storskogen Group acquired the following three groups: Storskogen Industrier AB, Storskogen Utveckling AB and Storskogen 3 Invest AB. These groups were all under the control of four individuals. Through shareholder's agreements and other agreements, the four of them jointly controlled the essential activities of the three groups, and since 2014, they had joint control of 60–80 percent of the votes in each group. The transaction was made in the following manner: The shareholders of Storskogen Industrier AB, Storskogen Utveckling AB and Storskogen 3 Invest AB received shares in the newly formed Storskogen Group AB. Directly after, they transferred their shares in each investment company to Storskogen Group AB as an unconditional shareholder contribution. Hence, the formation of the Storskogen Group was a joint control transaction and therefore not covered by any IFRS standard. This means that a suitable accounting policy shall be applied in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. An established and generally accepted policy is to use the carrying amounts that were previously used (predecessor basis), which is the policy that Storskogen chose to apply. The financial statements for 2019 and up to the Group's formation in November 2019 and 2018 are aggregations of the financial information for the above-mentioned groups and are presented as if these entities were a group during the comparative years for these periods.

Pursuant to German provisions in Sections 264 Abs 3 and 264b of the German Commercial Code (Handelsgesetzbuch, HGB), there is no requirement to publish annual reports for individual subsidiaries (both referring to companies and partnerships) in Germany, provided the entities are consolidated on a higher level in another EU member state. To meet the requirements on companies pursuant to 264 Abs 3 of the HGB, Storskogen Group has provided a guarantee for future financial years of any commitments made by the subsidiary until 31 December 2022. This resolution will be published in official German registers in accordance with Section 325 of the HGB. It was also determined that the exemptions in Sections 264 Abs 3 and 264b of the HGB are applicable to the directors' report and the publication of the annual accounts of the subsidiaries in the official German register.

The German subsidiaries listed below, which either have the legal form of a company or a partnership, make use of the exemptions according to the above description, which are provided in Sections 264 Abs 3 and 264b HGB:

Company/Business	Registered office
A&K Die Frische Küche GmbH	Recklinghausen
Brunner-Anliker GmbH	Waldshut-Tiengen
Casino Menüservice GmbH	Wuppertal
Christ & Wirth Haustechnik GmbH	Zwenkau
DIMABAY Digital GmbH	Berlin
DIMABAY GmbH	Berlin
DS SafetyWear Arbeitsschutzprodukte GmbH	Lohmar
Eppstein Technologies GmbH	Eppstein
EppsteinFoils GmbH	Eppstein
EppsteinFoils Holding GmbH	Eppstein
Foiltum Holding GmbH	Eppstein
Hans Kämmerer GmbH	Wachtendonk
HK Immobilien GmbH	Munich
LNS Deutschland GmbH	Leonberg
Nutritum GmbH	Cuxhaven
PBT Germany GmbH	Siegen
Roleff GmbH & Co. KG	Altbach
Schaufler GmbH	Laichingen
Schaufler Tooling GmbH & Co. KG	Laichingen
SF Tooling Group GmbH	Laichingen
SO-CON Leit- und Steuerungstechnik GmbH	Bönnigheim
Stahlbau Verwaltungs-GmbH	Altbach
Storskogen Deutschland GmbH	Munich
Südwind Lebensmittel GmbH	Cuxhaven
Weidinger GmbH	Maisach
Wingert Foods Export GmbH	Cuxhaven
Wingert Foods GmbH	Cuxhaven

Unless otherwise stated, the accounting policies described below have been applied consistently for all reported periods and for all companies that are included in the financial statements. Unless otherwise stated, the Group's financial statements were prepared based on the historical cost convention.

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The Parent Company's functional currency is the Swedish krona, which is also the reporting currency of the Parent Company and the Group. This means that the financial statements are presented in Swedish kronor. All amounts in this report are expressed in million Swedish kronor (SEK million) unless otherwise stated. Rounding differences may occur.

OPERATING SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. The results of an operating segment are further reviewed by the entity's highest executive decision maker to assess its performance and make decisions about resources to be allocated to the segment. See Note 3 for an additional description of the division into and presentation of operating segments.

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Note 1 Significant accounting policies, cont.

CONSOLIDATION POLICIES AND BUSINESS COMBINATIONS
Subsidiaries
A subsidiary is a company that is under the control of Storskogen Group AB, hereinafter referred to as Storskogen or the Group. Storskogen controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The assessment of whether there is control considers potential voting shares or whether there is de facto control.

Subsidiaries are recognised in accordance with the acquisition method of accounting. According to this method, the acquisition of a subsidiary is regarded as a transaction by which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The fair value of the identifiable assets acquired and liabilities assumed and any non-controlling interests on the acquisition date are determined in the purchase price allocation. Transaction costs except for transaction costs that are related to the issue of equity instruments or debt instruments are reported directly in operating profit or loss.

In business combinations where the consideration transferred, any non-controlling interest and the fair value of a previously held equity interest exceeds the fair value of any assets acquired and liabilities assumed that are reported separate, the difference is recognised as goodwill. In the event of a bargain purchase, i.e when the difference is negative, the difference is recognised directly in profit or loss.

Contingent considerations are measured at fair value on the acquisition date. Contingent consideration classified as equity is not be remeasured and its subsequent settlement is be accounted for within equity. Other contingent considerations are remeasured at each reporting date and the change is recognised in profit or loss.

If less than 100 percent of the subsidiary is acquired, it may be deemed to constitute a non-controlling interest. For each acquisition, it is determined whether any non-controlling interests shall be measured at fair value or as a proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other liabilities measured at fair value include put/call options to purchase non-controlling interests and the changes are recognised in equity.

In a business combination achieved in stages, goodwill is recognised on the date when control is obtained. Previously held interests are measured at fair value and the change in value is recognised in profit or loss. If additional interests are acquired after control has been obtained, this is recognised as a transaction between owners in equity.

Any remaining holdings are valued at fair value and the value change is recognised in profit or loss when a divestment cause a loss of control.

Transactions eliminated on consolidation
Intra–Group receivables and liabilities, income or expenses and unrealised gains or losses arising from intra-Group transactions between Group companies are eliminated in full when the consolidated accounts are prepared.

FOREIGN CURRENCY
Foreign currency transactions
Foreign currency transactions are translated into the functional currency at the exchange rate on date of the transaction. The functional currency is the currency of the primary economic environments in which the Group's companies carry out their business. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate in force on the balance sheet date. Exchange rate differences arising from the translations are recognised in profit/loss for the year. Non-monetary assets and liabilities recognised at their historical costs are translated at the exchange rate applicable at the time of the transaction. Non-monetary assets and liabilities recognised at fair value are translated to the functional currency at the rate in effect at the time of the fair value assessment.

Financial statements of foreign operations
Assets and liabilities of foreign operations, including goodwill and other Group-related surplus or under values, are translated from the foreign operations' functional currency to the Group's reporting currency, SEK, at the exchange rate on the record date. Income and expenses of foreign operations are translated into SEK at an average rate that is an approximation of the foreign exchange rates that applied on each transaction date. Translation differences arising out of currency translations of foreign operations are reported in other comprehensive income and accumulated in the translation reserve in equity. When control of foreign operations ceases, the associated translation differences are reclassified from the translation reserve in equity to profit or loss.

REVENUE
The Group's revenue is chiefly derived from the sale of goods and from service engagements. The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service to a customer and the customer obtains control of the good or service. A performance obligation is satisfied either over time or at a point in time. It is assessed each time whether the service is included in the performance obligation related to the sale of the good or if it constitutes a separate performance obligation. The service is a separate performance obligation if the customer can benefit from the service either on its own or together with other resources that are available and the promise to transfer the service to the customer is separately identifiable from other promises in the contract. The revenue consists of the amount that the Company expects to receive in exchange for goods or services transferred. The Group's customer contracts are analysed in accordance with the five-step model found in IFRS:

Step 1: Identify a contract between two or more parties that creates enforceable rights and obligations.

Step 2: Identify the separate promises (performance obligations) in the contract. Any performance obligations that are separately identifiable shall be recognised separately.

Step 3: Determine the transaction price, i.e., the consideration that the company expects to receive in exchange for the promised goods or services. The transaction price shall be adjusted for variable elements, such as discounts.

Step 4: Allocate the transaction price to separate performance obligations. If a contract contains more than one performance obligation, the transaction price is allocated to each distinct performance obligation based on its stand-alone selling price. The stand-alone selling price is the price that would be set if the performance obligation was sold separately. The transaction price can be set in several ways. If there is an observable price, then this is used. Otherwise, the standard allows three ways of calculating the stand-alone selling price:
- Determined market prices
- Estimated manufacturing cost plus a margin
- Residual approach (only allowed under certain limited circumstances)

Step 5: Recognise revenue when (or as) each performance obligation is satisfied, i.e., when control is transferred to the customer. This occurs at a point in time or over time depending on whether the criteria for performance obligations provided in the standard are met. The amount recognised as revenue is the amount that was previously allocated to the performance obligation in question.

For the incremental costs of obtaining a contract with a customer, the Group uses the practical expedient of recognising the incremental costs as an expense if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Group's main revenue streams and their recognition are described below.

Revenue from the sale of goods
The Group's contracts for the sale of goods to customers comprise both framework agreements and individual agreements. The Group's customers are private individuals, companies and public sector entities. In the case of framework agreements, the purchase order in combination with the framework agreement constitutes the contract with the customer. The Group's performance obligations comprise providing the goods that are speci-

Note 1 Significant accounting policies, cont.

fied in the contracts. Every good generally constitutes a separate performance obligation that is satisfied when control is transferred to the customer. When goods are sold, control is transferred at a point in time that generally occurs when the product is delivered. If there are specific terms of delivery (including a warranty or a right of return) in the contract, control is transferred to the customer when the risk passes according to such terms. The transaction price essentially consists of a fixed price per quantity sold. Variable transaction price elements only occur to a negligible extent. The total transaction price is estimated to the value that the Group determines will be received by the Company when the contract is concluded. The transaction price will be updated continuously if the circumstances on which the estimate is based should change. Invoices are usually issued upon delivery with a payment term of 30 to 90 days.

Revenue from service engagements

The Group's revenue from service engagements refers to longer and shorter assignments, including consultancy, contracting and transport services. There are both framework agreements and individual agreements. In the case of framework agreements, the purchase order in combination with the framework agreement constitutes the contract with the customer. As the Group's contracts include both goods and services, these are generally not deemed to be distinct within the context of the contract, as they are highly interdependent or highly interrelated or because the Group integrates the promised goods and services into a bundle that is purchased by the customer. Consequently, such contracts are generally considered to include a single performance obligation. The exception is if the contract includes the sale of a good and the installation of the same good, in which case these are handled as separate performance obligations. Performance obligations are either satisfied over time or at a point in time depending on the nature of the contract. Service engagements are recognised over time, as the customer simultaneously receives and consumes the benefits provided by the service as the entity performs. Revenue is also recognised over time if the Group creates or enhances an asset that the customer already controls, which is common for the Group's contracting services. Revenue from services that are recognised over time is based on the progress towards completion of each performance obligation. This revenue is then based on the proportion of costs spent compared with the total estimated costs for each performance obligation. The transaction price may comprise both fixed and variable elements. In some cases, the Group does not create an asset with an alternative use, as it is customised. If the Group is entitled to consideration for its performance, including a margin, during the entire process, revenue is recognised over time also for these obligations. If part of the transaction price is variable, only the part of the amount for which there is no significant risk of a reversal at a later stage will be included. The transaction price will be updated continuously if the circumstances on which the estimate is based should change.

Onerous contracts must be dealt with when an expected loss arises and it is probable that the total costs of the contract will exceed the total revenue; this loss will then be expensed immediately.

Service engagements that are recognised over time in accordance with the above are invoiced during the month when the work is performed and generally has a payment term of 30 to 90 days. Other assignments for which revenue is recognised over time are invoiced based on agreed milestones which are achieved upon completion of certain steps. The invoice generally has a payment term from 30 to 90 days.

Variable remuneration

Certain contracts with customers may contain a right of return, dealer discounts or quantity discounts. If it is not possible to make a reliable calculation of the revenue, the Group will postpone the revenue until the uncertainty has been resolved. Such liabilities are estimated when the contract is concluded and updated thereafter.

Variable consideration shall be recognised to the extent that it is highly probable that a significant reversal in the amount will not occur in the future. Such an assessment can be based on historical data and forecasts.

Right of return

When a contract with a customer includes the right to return the good within a certain period, the Group recognises this right of return based on the expected value method. The revenue that refers to the expected return will be postponed and recognised in the balance sheet, under other liabilities. A corresponding adjustment will be in cost of goods sold and recognised in the balance sheet, under inventories.

Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with the attached conditions. Government grants are received in the form of wage subsidies and furlough subsidies for employees, which are reported in other operating income. In 2022, the Group recognised SEK 67 million (42) in government grants in other operating income.

Contract assets and contract liabilities

A contract asset arises when a company performs by transferring goods or services before consideration is received or before payment is due. A contract asset represents the right to consideration in exchange for goods or services that have been transferred to a customer. The item does not include amounts presented as a receivable.

A contract liability arises when a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e., a receivable), before the entity transfers the good or service to the customer. The liability is either recognised when the payment is made or falls due (whichever is earlier). A contract liability represents the obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due).

LEASES

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

Right-of-use assets

The Group recognises right-of-use assets in the balance sheet at the commencement date of the lease (i.e the date when the underlying asset becomes available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and are adjusted for any remeasurement of the lease liability, except for currency translations. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any initial direct costs incurred and any prepayments made at or before the commencement date of the lease, less any incentives received. Provided the Group is reasonably certain that the ownership of the underlying asset will not be assumed at the end of the lease, the right-of-use asset will be depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date, the Groups measures the lease liability at the present value of the lease payments that are to be paid during the lease term. The lease term is the non-cancellable period as well as any periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate (such as a benchmark interest rate) and any amounts expected to be payable under residual value guarantees. The lease payments also include the exercise price of a purchase option or payments of penalties for terminating the lease in accordance with an option to terminate the lease if Storskogen is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or a rate are expensed in the period they relate to.

To calculate the present value of the lease payments, the Group uses the interest rate implicit in the lease, if that rate can be readily determined, and if not, the incremental borrowing rate as at the commencement date is used. After the commencement date of a lease, the lease liability will increase to reflect the reflect interest on the lease liability and be reduced to reflect the lease payments made. The lease liability will also be remeasured reflect any reassessment due to modifications, changes in the lease term, changes in lease payments or changes in the assessment of an option to purchase the underlying asset.

Note 1 Significant accounting policies, cont.

Application of practical exemptions
The Group applies the practical exemptions for short-term leases and leases for which the underlying asset is of low value. Short-term leases are defined as leases with an initial lease term of 12 months or less after consideration of any options to extend the lease. In the Group, leases of low value assets include leases of office equipment. Lease payments for short-term leases and leases of low-value assets are expensed on a straight-line basis over the lease term.

FINANCIAL INCOME AND EXPENSES
Financial income consists of interest income from invested funds, dividend income, value gains from financial assets measured at fair value in profit or loss, as well as such profits from hedging instruments that are recognised in profit or loss for the year.

Interest income from financial instruments is recognised according to the effective interest method (see the description below). Dividend income is recognised when the right to receive the dividend has been established. Results from the sale of financial investments are recognised when the risks and benefits associated with ownership of the instruments have been transferred to the buyer and the Group no longer has control of the instrument.

Financial expenses include interest expenses on loans and lease liabilities, the effect of a reversal of prepaid income related to borrowings that were allocated to periods over the term of the loan, the effect of a reversal of a present value calculation for provisions, losses from value changes on financial assets valued at fair value through profit or loss, and such losses on hedging instruments that are reported in profit or loss for the year. Borrowing costs are recognised in profit or loss using the effective interest method except to the extent that they are directly attributable to the purchase, construction or production of assets that take considerable time to complete for the intended use or for sale, in which case they are included in the cost of the assets. Exchange rate gains and losses are reported net.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of a financial asset or liability to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

TAX
Income taxes consist of current tax and deferred tax. Income taxes are recognised in profit or loss for the year, except if the underlying transaction is recognised in other comprehensive income or in in equity, in which case the related tax effects are recognised in other comprehensive income or equity.

Current tax is tax due for payment or receipt in respect of the financial year using tax rates decided upon or virtually decided upon at the reporting date. Any adjustment of current tax attributable to previous periods is also included in current tax.

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences between the carrying amounts and taxable values of assets and liabilities. Temporary differences are neither taken into consideration in Group-wide goodwill nor in differences arising on the initial recognition of assets and liabilities that are not business combinations and that do not affect either the reported or taxable profit at the time of the transaction. Nor are temporary differences taken into account that are related to participations in subsidiaries and associated companies which are not expected to be reversed in the foreseeable future. The valuation of deferred tax is based on how carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and regulations decided upon or virtually decided upon at the balance sheet date.

Deferred tax assets for tax-deductible temporary differences and tax loss carryforwards are recognised only to the extent it is likely that they can be utilised. The value of deferred tax assets is derecognised when it is no longer deemed likely that they can be utilised. Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset tax assets and tax liabilities and the deferred tax relates to the same Group entity and the same taxation authority.

Any additional income tax arising from a dividend is recognised at the same time as the dividend is recognised as a liability.

FINANCIAL INSTRUMENTS
A financial instrument is every form of agreement that gives rise to a financial asset for one company and a financial liability for another company. Financial instruments that are reported as assets on the balance sheet include shares, trade receivables, other receivables and cash and cash equivalents. Those that are reported as liabilities include trade payables, contingent considerations and other liabilities. Recognition depends on the classification of the financial instruments. The Group has financial instruments in the following categories:
- Financial assets at amortised cost
- Financial assets at fair value through profit or loss
- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss
- Financial assets and liabilities at fair value through other comprehensive income

Fair value is determined according to the description in Note 25.

Recognition and derecognition
Financial assets and liabilities are reported when the Group becomes a party according to the instrument's contractual terms and conditions. Transactions in financial assets are reported on the trade date, which represents the day on which the company undertakes to acquire or dispose of the assets. Trade receivables are included on the balance sheet when the invoice has been sent and the Group's right to consideration is unconditional. Liabilities are included on the balance sheet when the counterparty has fulfilled its obligations and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are included when the invoice has been received.

A financial asset is derecognised from the balance sheet (wholly or in part) when the rights in the contract have been realised or matured or when the Group no longer has control over it. A financial liability is derecognised from the balance sheet once the obligation in the contract has been discharged or otherwise extinguished. Financial assets and financial liabilities are offset on the balance sheet only if there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability. Gains and losses from derecognition from the balance sheet and modifications are recognised in profit or loss.

Classification and measurement
Financial assets
Debt instruments: Financial assets that are debt instruments are classified according to the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The instruments are classified in one of the following categories:
- Amortised cost
- Fair value though profit or loss
- Fair value through other comprehensive income

Financial assets that are measured at amortised cost are held within the business model of collecting contractual cash flows, where those cash flows solely represent payments of principal and interest on the principal amount outstanding. Financial assets that are measured at amortised cost are initially measured at fair value with the addition of transaction costs. After initial recognition, the assets are measured using the effective interest method. The assets are subject to a loss allowance for expected credit losses. Those of the Group's financial assets that are debt instruments include trade receivables, financial investments and cash and cash equivalents, which are all classified at amortised cost. Derivative instruments are recognised at fair value in profit or loss unless hedge accounting is applied.

Note 1 Significant accounting policies, cont.

Equity instruments: classified at fair value through profit or loss if held for trading. In such cases, remeasurements are recognised in profit or loss. If an equity instrument is not held for trading, an irrevocable election can be made to classify it to fair value through other comprehensive income with no subsequent reclassification to profit or loss.

Financial liabilities

The Group's financial liabilities are classified at amortised cost or at fair value through profit or loss. Financial liabilities recognised at amortised cost are initially measured at fair value including transaction costs. After initial recognition, they are measured using the effective interest method. Derivative instruments are recognised at fair value in profit or loss unless hedge accounting is applied.

Other liabilities measured at fair value include contingent considerations (earnouts). Contingent considerations are generally based on the performance of the acquired company in the next few of years. At the transaction date, the contingent consideration is recognised at fair value by calculating the present value of the probable outcome. The interest expense is then amortised until the payment date. Contingent considerations are remeasured at every reporting date. Excesses or deficits are recognised as expenses or income in profit or loss under other interest income and expenses once Storskogen has owned the entity for 12 months. Remeasurements within 12 months are also recognised in profit or loss in relation to contingent considerations.

Contingent considerations are recognised as short-term if they fall due within 12 months of the reporting date. Options to acquire non-controlling interests are generally based on a multiple of future earnings and are remeasured at every reporting date. Changes in the liability are recognised in equity.

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 date. Borrowing costs for taking out loans are capitalised and included in the principal loan amount and reversed in profit or loss over the term of the loan. Accrued interest is recognised as a part of current borrowings from credit Institutions if the interest is expected to be settled within 12 months of the reporting date.

Derivatives and hedge accounting

To ensure future contracted cash flows in projects where the revenue is in a foreign currency, i.e., a currency other than the company's functional currency, the company has entered into currency forward contracts to hedge the currency risk. The Group applies hedge accounting in the form of cash flow hedges. The effective portion of the changes in the fair value of the hedging instrument is recognised in other comprehensive income and accumulated in the hedge reserve in equity. The gain or loss associated with any ineffective portion shall be recognised immediately in operating profit or loss. Any accumulated amounts in equity are reclassified to profit or loss via other comprehensive income in the periods when the hedged item affects profit or loss, such as when the revenue is recognised, and it is recognised as part of the revenue. When a hedging instrument expires or is sold or when the hedge no longer meets the requirements for hedge accounting, accumulated gains or losses remain in equity. These are entered in profit or loss when the hedged transaction is finally recognised in profit or loss. If a hedged transaction is no longer anticipated, the accumulated gains or losses are immediately reclassified from equity to profit or loss.

Storskogen has entered into ISDA (International Swaps and Derivatives Association) master agreements with the counterparties to the Group's derivative contracts. This means that in case of a serious financial event, such as default, the parties to the agreement are allowed to offset receivables against liabilities. Derivatives that have been concluded with ISDA counterparties are accounted for gross in the balance sheet.

PROPERTY, PLANT AND EQUIPMENT

The Group recognises property, plant and equipment at cost less accumulated depreciation and impairment losses. The cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Borrowing costs that are directly attributable to the purchase, construction or production of assets that take considerable time to complete for the intended use or for sale are included in the cost.

The cost of self-constructed assets includes the cost of materials, the cost of remuneration to employees, any other applicable manufacturing costs considered directly attributable to the non-current asset and estimated expenses for dismantling and removing the asset and restoring the site or area where it is located.

Property, plant and equipment comprising parts with different useful lives are treated as separate components of property, plant and equipment. For the Group, this chiefly refers to buildings, which are divided into elements such as structure, pipework, façades, roofs, lifts, ventilation equipment, etc.

The carrying value of an item of property, plant and equipment is derecognised from the balance sheet on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the disposal of an asset constitute the difference between the sale price and the asset's carrying value, less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

Subsequent costs

Subsequent costs are only added to the historical cost if it is probable that future economic benefits associated with the asset will accrue to the company and the cost can be measured reliably. All other subsequent costs are expensed in the reporting period in which they are incurred.

A subsequent cost is added to the cost if the cost relates to the replacement of identified components or parts thereof. Even in cases where new components are constructed, the cost is added to the historical cost. Any non-depreciated carrying amounts for replaced components, or parts of components, are disposed of and derecognised in connection with replacement. Repairs are expensed as they are incurred.

Depreciation policies

Depreciation is carried out on a straight-line basis over the asset's estimated useful life. Land is not depreciated. Every part of an item of property, plant or equipment with an acquisition value that is significant in relation to the total cost of the asset is depreciated separately.

The estimated useful lives are:

• Buildings	20–50 years
• Machinery, fixtures and fittings and cars	3–10 years
• Other equipment, furniture and fittings	3–10 years
• Art	Indefinite

The depreciation methods used, residual values and useful lives are reviewed at the end of every year.

INTANGIBLE ASSETS

Goodwill

Goodwill is stated at cost less any accumulated impairment. Goodwill is allocated to cash-generating units and tested for impairment at least annually. The Group's cash-generating units are referred to as verticals; further information on the Group's verticals is available in Note 13.

Research and development

Costs for research undertaken with the prospect of gaining new scientific or technical knowledge are expensed as they arise.

Costs for development, where research findings or other knowledge is applied to plan or design for the production of new or improved products or processes, are recognised as an asset in the balance sheet if the product or procedure is technically or commercially useful and the company has sufficient resources to complete the development and use or sell the intangible asset. The carrying amount includes all directly attributable costs, such as for materials and services, remuneration to employees, registration of legal rights, amortisation on patents and licenses or borrowing costs, in accordance with IAS 23. Other development costs are recognised as

Note 1 Significant accounting policies, cont.

a cost in profit or loss for the year as they arise. In the balance sheet, development costs are recognised at cost less accumulated amortisation and impairment.

Other intangible assets
Other intangible assets that have been acquired by the Group comprise customer relations, trademarks, licences, technology, patents and rights and are recognised at cost less accumulated amortisation (see below) and impairment.

Amortisation policies
Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets unless the useful lives are considered indefinite. The useful lives of assets are reassessed at least once a year. Goodwill and other intangible assets with an indefinite useful life or that are not yet ready for use are tested for possible impairment annually and as soon as indications arise that the asset in question has decreased in value. Intangible assets with a definite useful life are depreciated from the point at which they are available for use.

The estimated useful lives are:

• Goodwill	Indefinite
• Trademarks (trademarks with finite useful lives are appreciated over their useful lives)	Indefinite or 3–10 years
• Rights	3–10 years
• Customer relations	2–15 years
• Capitalised development costs	5–7 years
• Technology	3–10 years

INVENTORIES
Inventories are recognised based on the first-in, first-out (FIFO) formula. Raw materials and purchased finished and semi-finished goods are stated at the lower of cost and net realisable value. Produced finished and semi-finished goods are stated at the lower of production cost (including an appropriate proportion of indirect costs of production) and net realisable value.

Market terms are applied to intra-Group trade. If the estimated net realisable value is lower than cost, a provision is made for stock obsolescence.

IMPAIRMENT
The Group's recognised assets are tested for impairment on each reporting date. IAS 36 is applied to impairment testing of assets other than financial assets, which are recognised in accordance with IFRS 9, assets held for sale and disposal groups that are recognised in accordance with IFRS 5, inventories and deferred tax assets.

Impairment of tangible and intangible assets
If an impairment loss is indicated, the recoverable amount of the asset is calculated (see below). The recoverable amounts of goodwill, other intangible assets with an indefinite useful life and intangible assets that are not yet ready for their intended use are calculated annually and as soon as indications arise that the asset in question has decreased in value. If largely independent cash flows cannot be established for an individual asset and its fair value less selling expenses cannot be used, assets that are tested for impairment are grouped at the lowest level at which largely independent cash flows can be identified – this is known as a cash-generating unit.

An impairment loss is recognised when an asset's or cash-generating unit's (group of units') carrying value exceeds the recoverable amount. Impairment losses are expensed in profit or loss. If an impairment loss has been identified for a cash-generating unit (group of units), the impairment loss shall primarily be allocated to goodwill. Then, the impairment loss will be allocated pro rata to the other assets of the unit (group of units).

The recoverable amount is the higher of fair value less selling expenses and value in use. Upon calculating the value in use, future cash flows are discounted at a discount rate that takes into account risk-free interest and the risk associated with the specific asset.

Reversal of impairment
Impairment losses on assets covered by IAS 36 shall be reversed if there is an indication that the impairment loss no longer exists and that there has been a change in the assumptions which formed the basis of the calculation of the recoverable amount. However, impairment losses on goodwill are never reversed. A reversal will only made to the extent that the asset's carrying value after reversal does not exceed the carrying value that the asset would have had, with a deduction for amortisation or depreciation, if no impairment loss had been recognised.

Impairment of financial assets
Financial assets, other than those that are classified at fair value through profit or loss and equity instruments measured at fair value through other comprehensive income, are subject to impairment related to expected credit losses. Contract assets that are not measured at fair value through profit or loss are also included in the impairment. Impairment related to credit losses according to IFRS 9 are forward-looking, and a loss allowance will be made if there is exposure to credit risk, generally upon initial recognition of an asset or receivable. Expected credit losses reflect the present value of all cash shortfalls related to default, either for the next 12 months or for the expected remaining maturity of the financial instrument, depending on the asset class and credit deterioration since initial recognition.

The simplified approach is applied to trade receivables, lease receivables and contract assets. According to the simplified approach, a loss allowance is recognised for the lifetime expected credit losses for the receivable or asset.

Other items that are included in expected credit losses are subject to an impairment model in three stages. Initially, and on every reporting date, a loss allowance is recognised for the next 12 months, or for a shorter period, depending on the remaining maturity (stage 1). If there has been a significant increase in credit risk since the initial recognition that results in a rating below investment grade, investments with a high or the highest credit rating, a loss allowance is recognised for the remaining maturity of the asset (stage 2). For assets that are deemed to be credit-impaired, a loss allowance for expected credit losses will be made for the remaining maturity (stage 3). For credit-impaired assets and receivables, the calculation of interest income is based on the asset's carrying amount net after the loss allowance, as opposed to the gross amount used at the previous stages. The Group's assets were deemed to be at stage 1 in 2022, which means that there has not been any significant increase in credit risk.

The measurement of expected credit losses is based on different methods, see the Group's Note 26, Financial risks. An individual assessment is made of credit impaired assets and receivables that considers historical, current and forward-looking information. The measurement of expected credit losses takes into account any securities and other credit enhancements in the form of guarantees.

Financial assets measured at amortised cost are recognised net of the gross amount and the loss allowance. Changes in the loss allowance are recognised in operating profit or financial performance, depending on the nature of the underlying asset.

DIVIDENDS
Dividends are recognised as a liability once the general meeting has resolved on the dividends.

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Note 1 Significant accounting policies, cont.

REMUNERATION TO EMPLOYEES

Short-term remuneration

Short-term remuneration to employees is recognised as an expense when the associated services are provided. The variable remuneration is based on operational and individual performance. Pensions and benefits for the CEO and other senior executives are paid as part of the total remuneration. The notice period for the CEO is 12 months. Salaries and other terms and conditions for the senior executives of the Group are administered by a Remuneration Committee, which is appointed by the Board and comprises the Chair of the Board and one member.

Defined contribution pension plans

Defined contribution plans include any plans where the Company's obligation is limited to the contributions that it undertaken to make. Thus, the amount of the pension received by the employee is determined by the contributions made by the Company to the plan or to an insurance company, together with investment returns arising from the contributions. In consequence, the Group does not bear the for risk for additional payments to the defined contribution plans. The Company's obligations regarding contributions to defined contribution plans are recognised as an expense in profit or loss for the year as they are earned by the employees providing services for the Company during a period.

Defined benefit pension plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Company's net obligation for defined benefit plans is calculated separately for each plan through an estimate of the future benefits earned by the employees during their employment in the current and previous periods. The benefits are discounted to the present value, and the fair value of any plan assets adjusted for asset restrictions is deducted. The discount rate is determined by reference to market yields at the reporting date on high quality corporate bonds with a term that is consistent with the Group's pension obligations. If there is no deep market for such corporate bonds, the market yields for government bonds with a corresponding term is used instead. The calculation is made by a qualified actuary based on the projected unit credit method.

In the event of changes to the plan, the pension cost for the year comprises pensions earned in the current period and pensions earned in previous periods, and it is recognised as a staff cost in the operating profit. The net interest is based on the interest that arises when the net obligation is discounted, i.e. interest on the obligation, plan assets and interest on the effect of any asset restrictions, and it is recognised in profit or loss under net financial items. Changes in the pension liability related to changes in actuarial assumptions (demographic and financial), including exchange rate revaluations of the pension liability in a currency other than the functional currency and adjustments based on actual results, are reported in other comprehensive income. Defined benefit-related obligations are recognised net as a provision in the balance sheet, i.e. after deductions for the value of any plan assets.

Incentive programme, warrants

In 2021, the Parent Company implemented a warrant programme for certain senior executives and other key individuals in the Group. The warrants were issued to the participants at a market value determined according to the Black- Scholes formula. Assuming that the market price of the B shares increases by 50 percent, the Company's total cost for the warrant programme during the term is not expected to exceed approximately SEK 0.5 million (mainly attributable to social security contributions for participants in jurisdictions where participation in the warrant programme is taxed as income from employment). If the warrants are exercised in the future, the Parent Company will receive proceeds corresponding to the strike price. New shares will be issued, and the proceeds will be reported as an increase in equity.

Incentive programme, share savings programme

The Company has an outstanding share savings programme (launched in 2021) and an employee stock option programme (launched in 2022) which gives certain senior executives and other key individuals the opportunity to acquire shares in Storskogen. The share savings programme is recognised in accordance with IFRS 2 Share-based payment. The compensation costs reported during the vesting period is based on the fair value of the Storskogen share at the grant date, taking into account performance and market conditions, with a corresponding adjustment of equity. At every reporting date during the vesting period, the expected number of granted shares is estimated, and the effect of a possible change in the previous assessment of the performance conditions and the development of the Storskogen share (market conditions) is reported in profit or loss with a corresponding adjustment of equity. Thereafter, a provision is made for estimated social security contributions related to the share programme.

PROVISIONS

A provision differs from other liabilities in that there is a degree of uncertainty regarding the timing of the payment or its size to settle the provision. A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are made based on the best estimate of the amount required in order to settle the present obligation on the balance sheet date. Where the effect of the time value of money is material, provisions are calculated by discounting the expected future cash flow at a pre-tax interest rate that reflects current market assessments of the time value of money and, if applicable, the risks specific to the obligation.

CONTINGENT LIABILITIES

A disclosure regarding a contingent liability is made when there is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

NEW AND AMENDED ACCOUNTING STANDARDS APPLICABLE AS OF 1 JANUARY 2022

No new IFRS standards or IFRIC interpretations had a material impact on the Group's performance and financial position in 2022. No new IFRS standards or interpretations were adopted early.

NEW AND AMENDED ACCOUNTING STANDARDS APPLICABLE AS OF 1 JANUARY 2023

No new IFRS standards or IFRIC interpretations will have a material impact on the Group's performance and financial position in 2023. No new IFRS standards or interpretations were adopted early.

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Note 1 Significant accounting policies, cont.

The Parent Company's accounting policies

The Parent Company prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 – Accounting for legal entities. Statements issued by the Swedish Financial Reporting Board are also applied. RFR 2 means that the Parent Company in the annual report for the legal entity shall apply all EU-approved IFRS standards and statements as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act (Tryggandelagen) while taking into consideration the relationship between accounting and taxation. The recommendation stipulates which exceptions and additions to IFRS shall be applied.

DIFFERENCES BETWEEN THE ACCOUNTING POLICIES OF THE GROUP AND THE PARENT COMPANY
The differences between the Group's and the Parent Company's accounting policies are shown below. The accounting policies described below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

Classifications and presentation
For the Parent Company, an income statement and a statement of profit or loss and other comprehensive income are presented, whereas for the Group, these two reports, taken together, constitute a statement of profit or loss and other comprehensive income. Also, the reports that for the Group are referred to as the statement of financial position and statement of cash flows are referred to as the balance sheet and the cash flow statement for the Parent Company. For the Parent Company, the income statement and the balance sheet are presented according to the layout provided in the Swedish Annual Accounts Act, whereas the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in the Parent Company's statements compared with the Group's statements chiefly comprise the recognition of financial income and expenses, non-current assets, equity and the existence of provisions as its own heading in the balance sheet.

Subsidiaries, associates and joint ventures
in the Parent Company, participations in subsidiaries, associates and joint venture are recognised according to the historical cost convention. This means that transaction costs are included in the recognised value of participations in subsidiaries, associates and joint ventures. In the consolidated accounts, transaction costs attributable to subsidiaries are recognised directly in profit or loss.

Contingent considerations are measured based on the probability that the consideration will be paid. Any changes in the provision/receivable are added to/deducted from the cost. In the consolidated accounts, contingent considerations are recognised at fair value with value changes recognised in profit or loss.

Bargain purchases that correspond to future expected losses and costs are reversed in the expected periods when such losses and costs arise. Bargain purchases arising for other reasons are recognised as provisions to the extent they do not exceed the fair value of acquired identifiable non-monetary assets. The part that exceeds this value is taken up as income immediately. The part that does not exceed the fair value of acquired identifiable non-monetary assets is taken up as income in a systematic manner over a period that is estimated as the remaining weighted useful life of the acquired identifiable assets that can be amortised or depreciated. In the consolidated accounts, bargain purchases are recognised directly in profit or loss.

Financial instruments, hedge accounting and derecognition from the balance sheet
Due to the connection between reporting and taxation, the Parent Company as a legal entity does not comply with the rules on financial instruments in IFRS 9. Instead, the Parent Company applies the historical cost convention pursuant to the Swedish Annual Accounts Act. In the Parent Company, non-current financial assets are therefore measured at cost and current financial assets are measured according to the lower of cost or market method, except for SEK 17 million (0) in unrealised gains on foreign exchange derivatives that were used to hedge some of the intra-Group transactions and were recognised as such, with the application of an impairment for expected credit losses according to IFRS 9 for assets that are debt instruments. For other financial assets, impairment is based on market values.

A financial asset is derecognised from the balance sheet (wholly or in part) when the rights in the contract have been realised or matured or when the Parent Company no longer has control over it. A financial liability is derecognised from the balance sheet once the obligation in the contract has been discharged or otherwise extinguished. Financial assets and financial liabilities are offset on the balance sheet only if there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability. Gains and losses from derecognition from the balance sheet and modifications are recognised in profit or loss.

Anticipated dividends
Anticipated dividends from subsidiaries are recognised if the Parent Company has the sole right to determine the size of the dividend and has determined the size of the dividend before publishing its financial statements.

Assets being leased
In the Parent Company, all lease payments are expensed on a straight-line basis over the term of the lease.

Borrowing costs
In the Parent Company, borrowing costs are charged to profit or loss in the period to which they refer. No borrowing costs are capitalised for assets.

Intangible assets
Goodwill, etc.
Goodwill and other intangible assets with an indefinite useful life are not subject to amortisation in the consolidated accounts, but in the Parent Company's accounts, they are amortised in accordance with the Swedish Annual Accounts Act. In general, this means that they are amortised over five years. In certain cases, however, the amortisation period may exceed five years.

Tax
In the Parent Company, untaxed reserves are recognised in the balance sheet without any division into equity and deferred tax liabilities, unlike in the consolidated accounts. Similarly, the Parent Company does not allocate any part of the appropriations to deferred tax expenses.

Group contributions
Group contributions are recognised as appropriations.

Net sales
The Parent Company's net sales only comprise management services invoiced within the Group.

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NOTES – GROUP

NOTE 2 ESTIMATES AND ASSUMPTIONS IN THE FINANCIAL STATEMENTS

Preparation of the financial statements in accordance with IFRS requires the Board and Group management to make assessments, estimates and assumptions that affect the application of the accounting policies and figures reported for assets, liabilities, income and expenses. The actual outcome may deviate from these estimates and judgements. Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period in which they are made if they only affect that period, or in the period in which they are made and in future periods, if the change affects both the period concerned and future periods.

ESTIMATION UNCERTAINTY

The most material sources of estimation uncertainty in the estimates and assumptions made when the consolidated accounts were prepared are presented below. Changes in accounting estimates may have significant effect on the financial reports in the period when the accounting estimate was changed.

Recognition of deferred tax assets

The assessment of the extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable profit will be available against which the unused tax losses or cumulated tax credits can be utilised, see Note 12. Critical assessments are also required when assessing the impact of certain legal or financial limitations or uncertainties in various tax jurisdictions.

Impairment of non-financial assets and goodwill

When testing for impairment, the recoverable amount of each asset or cash-generating unit is calculated based on expected future cash flows and an appropriate discount rate for the cash flow. There are uncertainties related to the assumptions of future cash flows and the determination of an appropriate discount rate, see Note 13.

Option to purchase non-controlling interests

Initial recognition is based on an appropriate discount rate. This is remeasured at every reporting date. The uncertainty in this remeasurement is related to the discount rate used and the future profitability, see Note 23.

The useful life of depreciable assets

Each reporting date, a review is made of the determined useful lives of depreciable or amortisable assets based on the period of time over which an asset is expected to be used by the Group. The uncertainty in these assessments is due to technical obsolescence that may change the use of the asset.

Inventories

Each balance sheet date, the net realisable value of the inventories is calculated, considering the most reliable information available. The future selling price may be affected by future technology and other market-driven changes that may reduce future selling prices.

Business combinations

Measurement of acquired intangible assets

When the fair value is calculated, valuation techniques are used for the specific assets and liabilities that were acquired in a business combination, see Note 5. Most importantly, the fair value of contingent considerations depends on the outcome of several variables, including the profitability of the acquired company.

NOTE 3 OPERATING SEGMENTS

The Group's operations are divided into different business areas depending on the operations' internal follow-up and structure. These business areas are Trade, Industry and Services. The Group management has been identified as the chief operating decision maker who reviews the operations' performance and makes decisions about the allocation of resources based on the goods produced and sold and the services provided by each business area. The business areas constitute the Group's operating segments.

The Trade business area focuses on companies with strong brands in their markets, mostly distributors and wholesalers with their own and external brands. Trade is divided into four verticals: Home and Living, Health and Beauty, Sports, Clothing and Accessories and Niche Businesses. Trade comprises 35 business units (25) and accounted for 28 percent (31) of the sales in 2022.

The Industry business area focuses on traditional B2B industrial companies in heavy or medium heavy industry, manufacturing and automation. Industry is divided into three verticals: Automation, Industrial Technology and Products. Industry comprises 39 business units (30) and accounted for 39 percent (30) of the sales in 2022.

The Services business area focuses on service companies with strong positions in specific B2B niches. It is divided into seven verticals: Contracting Services, Infrastructure, Logistics, Engineering Services, Installation, Digital Services and HR and Competence. Services comprise 62 business units (50) and accounted for 33 percent (39) of the sales in 2022.

Transfer pricing in the Group is on market terms. The accounting policies used in the various operating segments are the same as those described in Note 1 Accounting policies.

Note 3 Operating segments, cont.

FOLLOW-UP BY SEGMENT, 2022

SEK million	Trade	Industry	Services	Group operations and eliminations	Group Total
Revenue from external customers	9,637	13,288	11,351	–26	34,250
Cost of goods and services sold	–7,808	–10,489	–8,940	–237	–27,475
Gross profit	**1,829**	**2,798**	**2,411**	**–263**	**6,775**
Selling expenses	–910	–969	–939	–72	–2,890
Administrative expenses	–419	–863	–742	–9	–2,032
Other operating income	561	613	205	14	1,393
Other operating expenses	–178	–366	–89	–1	–634
Operating profit	**884**	**1,214**	**846**	**–330**	**2,613**
Amortisation and impairment of intangible assets	188	257	246	1	693
Segment profit/loss (EBITA)	**1,072**	**1,471**	**1,092**	**–329**	**3,305**
Reconciliation of profit/loss before tax					
Segment profit/loss (EBITA)	1,072	1,471	1,092	–329	3,305
Amortisation and impairment of intangible assets	–188	–257	–246	–1	–693
Financial income					479
Financial expenses					–980
Profit before tax					**2,111**

Net sales by geographical market, SEK m	Trade	Industry	Services	Group operations and eliminations	Revenue from external customers
Sweden	5,297	3,910	9,083	–26	18,264
Denmark	256	297	315	–	868
Finland	249	347	72	–	667
Germany	416	1,823	291	–	2,530
Other countries within the EU	617	1,610	82	–	2,309
Norway	1,067	646	786	–	2,499
Switzerland	582	415	554	–	1,551
United Kingdom	1,143	1,562	77	–	2,782
USA	1	1,711	15	–	1,727
Other countries outside the EU	10	967	76	–	1,053
Total	**9,637**	**13,288**	**11,351**	**–26**	**34,250**

Assets and liabilities, SEK m	Trade	Industry	Services	Group operations and eliminations	Group Total
Assets	13,328	18,403	14,241	1,509	47,482
Liabilities	2,875	4,761	4,073	16,145	27,854

As at 31 December 2022, significant current assets were primarily located in Sweden, but also in the countries where Storskogen's subsidiaries are domiciled.

Investments by segment, SEK m	Trade	Industry	Services	Group operations and eliminations	Group Total
Investments in intangible assets	27	32	4	–	63
Investments in property, plant and equipment	93	365	200	7	665
Total	**120**	**396**	**204**	**7**	**728**

Amortisation and depreciation by segment, SEK m	Trade	Industry	Services	Group operations and eliminations	Group Total
Amortisation of intangible assets	–188	–257	–246	–1	–693
Depreciation of property, plant and equipment	–62	–184	–157	–2	–405
Total	**–250**	**–441**	**–403**	**–3**	**–1,098**

Note 3 Operating segments, cont.

FOLLOW-UP BY SEGMENT, 2021

SEK million	Trade	Industry	Services	Group operations and eliminations	Group Total
Revenue from external customers	5,410	5,186	6,906	–6	17,496
Cost of goods and services sold	–4,295	–3,978	–5,384	–135	–13,792
Gross profit	**1,115**	**1,208**	**1,522**	**–141**	**3,704**
Selling expenses	–468	–355	–544	–40	–1,408
Administrative expenses	–228	–418	–450	–76	–1,171
Other operating income	226	131	174	9	539
Other operating expenses	–81	–128	–28	–21	–257
Operating profit	**564**	**438**	**673**	**–269**	**1,406**
Amortisation and impairment of intangible assets	71	80	97	1	249
Segment profit/loss (EBITA)	**635**	**518**	**771**	**–268**	**1,655**
Reconciliation of profit/loss before tax					
Segment profit/loss (EBITA)	635	518	771	–268	1,655
Amortisation and impairment of intangible assets	–71	–80	–97	–1	–249
Financial income					152
Financial expenses					–325
Profit before tax					**1,233**

Net sales by geographical market, SEK m	Trade	Industry	Services	Group operations and eliminations	Revenue from external customers
Sweden	3,171	2,576	6,507	–6	12,249
Denmark	132	204	45	–	381
Finland	138	287	19	–	444
Germany	137	609	18	–	765
Other countries within the EU	391	769	53	–	1,213
Norway	592	232	58	–	882
Switzerland	362	68	160	–	590
United Kingdom	397	73	1	–	471
USA	0	170	8	–	178
Other countries outside the EU	89	200	35	–	324
Total	**5,410**	**5,186**	**6,906**	**–6**	**17,496**

Assets and liabilities, SEK m	Trade	Industry	Services	Group operations and eliminations	Group Total
Assets	7,904	9,585	9,635	5,098	32,223
Liabilities	1,751	2,947	2,488	8,448	15,634

As at 31 December 2021, significant current assets were primarily located in Sweden, but also in the countries where Storskogen's subsidiaries are domiciled.

Investments by segment, SEK m	Trade	Industry	Services	Group operations and eliminations	Group Total
Investments in intangible assets	12	9	3	0	25
Investments in property, plant and equipment	102	119	185	1	407
Total	**115**	**128**	**188**	**1**	**432**

Amortisation and depreciation by segment, SEK m	Trade	Industry	Services	Group operations and eliminations	Group Total
Amortisation of intangible assets	–71	–80	–97	–1	–249
Depreciation of property, plant and equipment	–42	–74	–121	–1	–238
Total	**–113**	**–154**	**–218**	**–2**	**–487**

External revenue is based on where the customers are located, and the recognised values of current assets are based on where the assets are located.

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Information per vertical, SEK m	2022	2021
Home and Living	3,378	2,067
Niche Businesses	3,021	2,015
Health and Beauty	1,866	803
Sports, Clothing and Accessories	1,395	534
Elimination within business area	–22	–10
Total, Trade segment	**9,637**	**5,410**
Automation	4,133	1,412
Industrial Technology	4,782	1,670
Products	4,432	2,152
Elimination within business area	–59	–47
Total, Industry segment	**13,288**	**5,186**
Contracting Services	913	640
Infrastructure	2,273	1,701
Installation	3,635	2,162
Logistics	1,257	901
Engineering Services	1,772	778
Digital Services	643	379
HR and Competence	879	351
Elimination within business area	–20	–6
Total, Services segment	**11,351**	**6,906**
Intra-Group sales, segment	**–26**	**–6**
Total	**34,250**	**17,496**

On 1 January 2022, a change was made in the Group's verticals to clarify and make the classification and follow-up of the business units more uniform, based on how they are connected. The new verticals form the Group's cash-generating units. In the table above, comparative figures are presented according to the new division into verticals.

For the Services segment, this change means that the previous vertical Contracting Services and Infrastructure was divided into two separate verticals. Trade replaced their previous verticals with four new ones that visualise the segment's different areas of activity and operational niches. Industry reallocated a few business units between verticals in the segment. Due to the changes in the verticals in the Industry segment, the comparative figures have changed as follows: Sales in Automation grew by SEK 111 million, Industrial Technology grew by SEK 413 million and Products decreased by SEK 524 million.

All changes were made internally, within each operating segment. See Note 13 for further information on the reallocation of verticals.

	2022				
Time of revenue recognition, SEK m	**Trade**	**Industry**	**Services**	**Group operations**	**Group Total**
Goods and services transferred at a point in time	9,157	10,940	6,490	–26	26,562
Goods and services transferred over time	480	2,348	4,861		7,688
Total	**9,637**	**13,288**	**11,351**	**–26**	**34,250**

	2021				
Time of revenue recognition, SEK m	**Trade**	**Industry**	**Services**	**Group operations**	**Group Total**
Goods and services transferred at a point in time	5,015	3,795	3,412	–6	12,216
Goods and services transferred over time	395	1,391	3,493		5,280
Total	**5,410**	**5,186**	**6,906**	**–6**	**17,496**

Performance obligations

The Group's sales, both related to the sale of goods and service engagements, are generally invoiced with a payment term between 30 and 90 days. The Group's performance obligations are part of contracts with an original expected duration of one year or less. In accordance with the rules in IFRS 15:121, the Group has chosen not to disclose the transaction price of these unsatisfied obligations.

Contract assets, SEK m	2022	2021
Opening balance	424	235
Significant changes in the contract balances due to business combinations	1,324	118
Changes attributable to ordinary activities	–97	71
Closing balance	**1,651**	**424**

Contract assets comprise accrued revenue to which the Company's right is conditional upon continued performance under the contract. Once the Company's right to consideration becomes unconditional, the asset is recognised as a trade receivable.

Contract liabilities, SEK m	2022	2021
Opening balance	513	114
Significant changes in the contract balances due to business combinations	680	181
Changes attributable to ordinary activities	117	218
Closing balance	**1,310**	**513**

A contract liability refers to advance payments from customers where performance obligations have not been satisfied. Contract liabilities are recognised as revenue once the performance obligations in the contract are (or have been) satisfied.

Storskogen applies the exemption not to disclose revenue that is part of a contract that is expected to be completed within a year nor revenue that is recognised with the amount that the Group has the right to invoice, when the Group has the right to consideration from a customer with an amount that directly corresponds to the value to the customer of the Group's performance to date.

NOTE 5 BUSINESS COMBINATIONS

The Group's acquisitions and divestments in 2022

Acquisitions	Operations	Completion	Total assets, SEK m1)	Net sales, whole year, SEK m	Segment
Fremco A/S, including subsidiaries	Development and production of optic fibre blowing machines	January	41	102	Industry
Trollskes Maskinservice AB	Industrial services and maintenance	January	8	15	Industry
2M2 Group AB, including subsidiaries	Trade in products in the Home & Garden segment with several own brands	January	73	246	Trade
Budettan AB	Logistics services in Skåne, Småland and Blekinge, Sweden	January	27	55	Services
L.J. Sot Aktiebolag	Chimney sweeping and ventilation services	January	2	8	Services
Markbyggarna i Skellefteå AB	Digging and excavation work, chiefly within fibre and power solutions	January	21	29	Services
Dansforum i Göteborg AB, including subsidiaries	Post-secondary education other than universities	January	19	19	Services
EVIAB Gruppen AB, including subsidiaries	Installation work in electricity, plumbing, safety and electrical technology	January	54	253	Services
Tornado Group Ltd, including subsidiaries	Supplier of premium animal fences	January	251	396	Industry
A&K Die Frische Küche GmbH, including subsidiaries	Manufacturer and distributor of meals on wheels for food service institutions	January	125	235	Industry
LNS Holding SA, including subsidiaries	Automation solutions for feeding and removal of raw materials on production lines	January	1,382	2,444	Industry
Nimbus Gruppen AS, including subsidiaries	Complete solutions for fibre networks	February	54	261	Services
El & Nätverksmontage i Stockholm AB (ENAB)	Maintenance and contracting services in electrical installations	February	9	7	Services
Hudikhus AB	House manufacturer that designs and sells prefabricated timber houses	February	25	150	Trade
ViaAnalyze AB	Seller of tools for visitor counting, sales reporting and visualisation to resellers	February	2	8	Services
Brandprojektering Sverige AB, including subsidiaries	Consulting company in fire protection and risk management	February	15	33	Services
Karriärkonsulten Sverige AB	Recruitment services, temping agency services, sale of training and training materials.	February	22	56	Services
Christ & Wirth Haustechnik GmbH	Full-service provider of building installation services. Specialist in heating, ventilation and air conditioning (HVAC) and sanitary systems.	February	86	311	Services
Hedson Technologies International AB, including subsidiaries	Markets premium products in hardening, lifting and washing systems for the automotive industry	March	177	270	Industry
Nitro Consult Aktiebolag	Supplier and developer of consulting services in blasting technology, environmental monitoring and support software in Sweden	March	193	131	Services
Extra UK Ltd, including subsidiaries	Distributor of premium bicycle parts and accessories	March	236	260	Trade
Stop Start Transport Ltd	Logistics, warehousing and distribution in the United Kingdom	March	30	90	Services
Vokus Personal AG	Recruitment of healthcare professionals in Switzerland	March	82	303	Services
Dimabay GmbH, including subsidiaries	German marketing agency that offers marketing services, more specifically coupons and media inserts	March	124	202	Trade
INGENIØR'NE A/S, including subsidiaries	Danish full-service engineering consultancy	March	580	231	Services
VSH Holding AB (Swedwise), including subsidiaries	Consulting services and software licenses in IT automation	April	45	84	Services
PR Home of Scandinavia AB, including subsidiaries	Trade in products in home lighting and home textiles	April	58	110	Trade
Session MAP AB	Distributor of haircare products	April	55	164	Trade
DETABECOMAT Automation AB (DETAB)	Development and sale of systems for feeding products to packaging processes, robots and other process machines.	April	10	12	Industry
Dafra Försäljning Aktiebolag	Distributor and wholesaler of brands in kitchen supplies	April	16	30	Trade
Tysse Mekaniske Verksted AS, including fellow subsidiary	Norwegian manufacturer and supplier of trailers and boat trailers	April	171	283	Industry
Matterhorn Sverige AB	Sale of outerwear under its own brand, Matterhorn	April	36	47	Trade
JO Sport i Hudiksvall AB	Distributor within the alpine, outdoor, cycling and sports segments to resellers in Sweden	April	121	180	Trade
Racketdoktorn AB	Wholesaler of sports and leisure items	May	35	68	Trade

Note 5 Business combinations, cont.

Acquisitions	Operations	Completion	Total assets, SEK m[1]	Net sales, whole year, SEK m	Segment
Danboring A/S, including subsidiaries	Specialist in trenchless pipe installations in Denmark, Norway, Sweden and Germany	May	43	107	Services
Golv o Mattvaruhuset i Göteborg AB	Reseller of floors and carpets	May	9	28	Trade
Fabco Sanctuary Ltd	Manufacturer of steel windows, doors, screens and partitions	May	70	148	Industry
Scandinavian Cosmetics Group, including subsidiaries	Sales, marketing and distribution of beauty products in the Nordic region	May	596	1,053	Trade
Thermica AS	Specialist in construction of logistic buildings in Norway	May	166	673	Services
Contain Svenska AB (Contilog)	Container logistics in the Nordic region and Europe	June	18	50	Services
ElFabriken Sverige AB	Electrical installation services	June	9	22	Services
Acreto AB	Distributor, marketeer and reseller of various brands	June	239	210	Trade
Projektstrateg Sverige AB	Services in design, measurement technology, digital twins and VR/AR applications	June	6	19	Services
Höganäs Träprofiler AB	Wholesaler of painted and veneered wooden mouldings for indoor use	June	13	27	Trade
J&D Pierce (Contracts) Ltd, including subsidiaries	Fabrication and site erection of structural steelwork in the United Kingdom	June	1,071	1,730	Industry
Vox Hair Concept AS, including subsidiaries	Chain of hair salons	July	80	208	Trade
XodBox Pte Ltd, including subsidiaries	Provider of digital marketing and graphic design	July	27	45	Services
Lucky Harpan AB	Contractors in construction, welding and repair work	July	0	3	Industry
Hans Löfqvist Engineering AB	Automation company that manufactures robot solutions for Swedish industry	July	40	51	Industry
CMTi Pte. Ltd. (CMTi), including subsidiaries	Installation of wire harnesses, cable assemblies and electro-mechanical assemblies	October	218	235	Industry
EnergiStyret i Kronoberg AB	Provider of control systems to property owners to optimise energy consumption and comfort	October	2	5	Services
Cutrin Gruppen Norge AS, including subsidiaries	Distributor of haircare products and the exclusive Norwegian distributor of brands such as Cutrin, Moroccanoil, REF, Paul Mitchell and Special 1	October	155	204	Trade
VIFAB, Verkstadsindustri Fastighet AB	Company that owns a building	October	15	1	Industry
Eneron Oy	Software for collecting, measuring and analysing energy consumption in buildings	November	0	1	Services
Divestment of Thermo-Fasad AB	Façade renovations	December	–	–31	Services
Total			**6,961**	**11,885**	

1) In 2022 and 2021, this refers to total assets at the carrying value at the acquisition date.

Note 5 Business combinations, cont.

The Group's acquisitions and divestments in 2021

Acquisitions	Operations	Completion	Total assets, SEK m[1]	Net sales, whole year, SEK m	Segment
Pierre Entreprenad i Gävle AB	Construction and contracting work	January	56	159	Services
Örnsberg El Tele & Data AB	Electrical and computer installations	January	21	50	Services
Continovagruppen, including subsidiaries	Sales of machinery and consumables to tyre and car repair shops	January	175	231	Trade
Ockelbo Kabelteknik AB	Earthworks and cable work in railway environments	January	65	85	Services
Tjällmo Grävmaskiner AB, including subsidiaries	Contracting services with excavators. Excavation, cable laying, cable pulling and line network work	January	80	117	Services
Strand i Jönköping AB, including subsidiaries	Earthworks and civil engineering works	January	71	89	Services
Allan Eriksson Mark AB	Earthworks and civil engineering works	January	36	70	Services
Såg- och Betongborrning i Uddevalla AB	Earthworks and concrete work	January	36	105	Services
Nymålat i Skellefteå AB	Painters	January	14	40	Services
BEC Trägolvsprodukter AB	Manufacture and sales of flooring materials	January	4	3	Trade
Delér Måleri AB	Painters	January	20	110	Services
Stockholm Industrigolv AB	Painters	January	1	1	Services
Strigo AB, including subsidiaries	Adult education, labour market training, corporate training, temping and recruitment services and support and labour market matching.	February	50	218	Services
PerfectHair AG	Wholesale trade in haircare and beauty products	February	96	295	Trade
Primulator AS, including subsidiaries	Sales and maintenance of coffee, ice cream and baking machines and high-speed ovens	March	352	472	Trade
Danmatic A/S, including subsidiaries	Manufacture of bakery equipment	March	71	144	Industry
Top Swede Konfektion AB, including fellow subsidiary	Wholesale trade in clothing and shoes in workwear and corporate apparel	March	115	157	Trade
HP Rör AB, including subsidiaries	Heating, piping and sanitation work	March	25	88	Services
AGIO System och Kompetens i Skandinavien AB	Computer consultancy	April	29	103	Services
Bombayworks AB, including subsidiaries	Computer programming and temping services	April	63	81	Services
SGS Engineering UK Ltd, including subsidiaries	E-commerce site for power tools and similar products	April	209	400	Trade
Scandia Steel Sweden AB, including subsidiaries	Manufacturing and wholesale trade in steel pipes	May	216	613	Industry
Mattbolaget i Uddevalla AB	Wholesaler and store in flooring	May	8	22	Trade
Harrysson Entreprenad Aktiebolag (HEAB)	Construction and civil engineering works	May	67	90	Services
Stockholm Kvadratmeter AB	Wholesale trade in wood and other building materials (sale of flooring and floor-related products)	May	21	77	Trade
Aktiebolaget LM-Transport	Transports, earthworks and civil engineering works	May	52	78	Services
Lindberg Stenberg Arkitekter Aktiebolag	Architectural services	May	28	58	Services
Vårdväskan AB, including subsidiaries	E-commerce company specialised in products for healthcare professionals	May	28	90	Trade
Persiennkompaniet Norden Aktiebolag	Sales of awnings, blinds, curtains, conservatories and other window furniture	May	13	41	Trade
R. Ardbo Golv AB	Wholesale trade in wood and other building materials	June	20	63	Trade
Silanex AB	Wholesale trade in industrial consumables	June	3	5	Trade
Jofrab TWS AB, including subsidiaries	Trade in and service of motorcycles, including spare parts and accessories	June	93	208	Trade
Lan Assistans Sweden AB (Ecochange)	Offers employee benefits through a free benefits portal	June	117	192	Trade
Newton Kompetensutveckling AB, including subsidiaries	Post-secondary education other than universities	June	12	57	Services
Zymbios Logstics Contractor AB	Consultancy related to corporate organisations and industrial engineering (warehouse services and logistics support)	June	9	40	Services
Roleff GmbH & Co. KG, including subsidiaries	Industrial maintenance services, mechanical steel processing and automation solutions.	June	64	179	Industry

Note 5 Business combinations, cont.

The Group's acquisitions and divestments in 2021, cont.

Acquisitions	Operations	Completion	Total assets, SEK m[1]	Net sales, whole year, SEK m	Segment
Aktiebolaget Wibe, including subsidiaries	Manufacturing of metal frames and parts thereof.	June	373	773	Industry
Ashe Invest AB, including subsidiaries	Wholesale trade in sports and leisure items	June	62	136	Trade
On Target AB	Wholesale trade in clothing and shoes	June	20	85	Trade
Nordisk VVS-Teknik AB	Civil engineering works of benefit to the public in heating, water and sewage.	June	25	118	Services
Artum AG, including subsidiaries	Swiss group that invests in well-managed and profitable small and medium-sized companies	June	1,170	1,737	Industry, Services and Trade
Enrival AB	Recruitment services, temping agency services, sale of training and training materials.	June	45	151	Services
Brenderup Group AB, including subsidiaries	Manufacture and letting of bodywork for motor vehicle, manufacture of trailers and semi-trailers	June	450	1,076	Industry
Marwell AG	Wholesale trade in haircare and beauty products	July	11	55	Trade
Frigo AG	Installation and maintenance of cooling and air conditioning systems	August	8	17	Services
EA Mobile Robotics AB (Jernbro)	Manufacturing of lifting and freight handling devices	October	14	58	Industry
Buildercom Group AB, including subsidiaries	Software publisher	October	37	58	Services
SoVent Group AB, including subsidiaries	Chimney sweeping and ventilation services	October	99	426	Services
Viametrics Group AB, including subsidiaries	Electrical installations	October	54	65	Services
DeroA AB (Adero), including subsidiaries	Ventilation work	October	102	263	Services
Kumla Handtagsfabrik AB, including subsidiaries	Manufacturing of paper and cardboard products	October	70	106	Industry
DRIVE Demolering Riv Entreprenad AB	Demolition of houses and buildings	October	17	52	Services
Julian Bowen Ltd.	E-commerce, warehousing and delivery of interior design products	October	181	389	Trade
Larssons Måleri i Umeå AB, including subsidiaries	Painters	October	12	22	Services
Flexi heater Sverige AB, including subsidiaries	Various other specialised construction and civil engineering work	November	4	7	Industry
Fon Anlegg AS	Earthworks and contracting services	November	92	171	Services
VINAB, VerkstadsIndustri i Norr AB	Manufacturing, assembly, repairs and maintenance to heavy industry	November	115	263	Industry
GD-Transport AB	Earthworks and foundation work	November	10	42	Services
PerGus Maskinförmedling AB	Rental and leasing of construction machinery	November	11	51	Services
Specialfälgar i Kungsbacka Holding AB, including subsidiaries	Wholesale trade and wholesale on a commission basis in spare parts and accessories for motor vehicles, except motorcycles	December	169	375	Trade
Cuben Utbildning AB	Municipal adult education, etc.	December	34	109	Services
Nya Olsson Spårservice AB	Construction of railways and rapid transit systems	December	21	54	Services
SF Tooling Group GmbH, including subsidiaries	Manufacturing of high-pressure die-casting dies and tools for the automotive and aerospace industries	December	393	489	Industry
Vikingsun AB	Kitchenware stores for commercial and domestic kitchens.	December	58	90	Trade
Hans Kämmerer GmbH	Manufactures and repairs wear and spare parts and complete components, chiefly for the steel and metalworking industry.	December	119	127	Industry
Divestment of FE Primulator Brest[2]		December	–	–5	Trade
Total			**6,116**	**12,188**	

1) In 2022 and 2021, this refers to total assets at the carrying value at the acquisition date.
2) FE Primulator Brest is a minor Belarusian subsidiary of Primulator AS that was divested according to plan in the fourth quarter of 2021.

For a summary of the holding in percent that was acquired, see Note 30 Participations in Group companies. In all instances, Storskogen obtained control in all acquired companies on the acquisition date.

Note 5 Business combinations, cont.

PURCHASE PRICE ALLOCATIONS, ACQUISITIONS MADE IN 2022

The acquisitions are presented at an aggregated level, by segment, as the relative amounts for the individual acquisitions are not deemed to be material, except for the acquisitions of LNS holding, Scandinavian Cosmetics, J & D Pierce and Acreto, which are therefore presented both separately and as part of the Trade, Industry and Services segments.

	Fair value on the acquisition date			
SEK million	**Trade**	**Industry**	**Services**	**Total**
Intangible assets	1,240	1,730	832	3,802
Other non-current assets	72	1,038	142	1,252
Deferred tax assets	5	34	13	52
Inventories	728	773	17	1,518
Other current assets	619	1,492	1,027	3,138
Cash and cash equivalents	397	408	303	1,108
Deferred tax liabilities	–280	–433	–242	–956
Liabilities to creditors	–523	–442	–37	–1,002
Other liabilities	–827	–1,056	–1,084	–2,967
Acquired net assets	**1,431**	**3,544**	**971**	**5,946**
Goodwill	2,053	2,292	2,024	6,368
Non-controlling interests	–527	–655	–439	–1,622
Total	**2,957**	**5,180**	**2,555**	**10,692**
Purchase price, including contingent consideration but excluding transaction costs				
consisting of				
Cash payment	2,437	4,991	2,314	9,743
Contingent consideration, not yet paid	440	189	73	702
Share issue, non-cash	–	–	168	168
Payment in the form of convertibles	80	–	–	80
	2,957	**5,180**	**2,555**	**10,692**
Cash flow from the acquisition of subsidiaries				
Cash payment (included in investing activities)	–2,437	–4,991	–2,314	–9,743
Acquired cash and cash equivalents (included in investing activities)	397	408	303	1,108
Total effect on investing activities	**–2,040**	**–4,583**	**–2,012**	**–8,635**
Transaction costs from acquisitions (included in operating activities)	–26	–24	–22	–72
Net outflow, cash and cash equivalents	**–2,066**	**–4,607**	**–2,033**	**–8,707**

SIGNIFICANT ACQUISITIONS IN 2022

	Fair value on the acquisition date				
SEK million	**LNS Holding SA – included in Industry**	**Scandinavian Cosmetics Group – included in Trade**	**J & D Pierce – included in Industry**	**Acreto – included in Trade**	**Total**
Intangible assets	529	458	279	239	1,505
Other non-current assets	422	32	366	0	821
Deferred tax assets	21	3	–	–	24
Inventories	519	163	26	131	839
Other current assets	391	205	607	95	1,297
Cash and cash equivalents	182	149	71	11	413
Deferred tax liabilities	–142	–97	–85	–49	–373
Liabilities to creditors	–256	–419	–51	–	–726
Other liabilities	–407	–252	–324	–168	–1,151
Acquired net assets	**1,260**	**243**	**889**	**259**	**2,651**
Goodwill	668	667	420	328	2,083
Non-controlling interests	–	–38	–262	–117	–417
Total	**1,928**	**872**	**1,048**	**470**	**4,317**
Purchase price, including contingent consideration but excluding transaction costs					
consisting of					
Cash payment	1,792	872	1,048	215	3,927
Contingent consideration, not yet paid	136	–	–	175	311
Payment in the form of convertibles	–	–	–	80	80
	1,928	**872**	**1,048**	**470**	**4,317**
Cash flow from the acquisition of subsidiaries					
Cash payment (included in investing activities)	–1,792	–872	–1,048	–215	–3,927
Acquired cash and cash equivalents (included in investing activities)	182	149	71	11	413
Total effect on investing activities	**–1,610**	**–723**	**–976**	**–204**	**–3,513**
Transaction costs from acquisitions (included in operating activities)	–9[1)]	–10	–5	–1	–25
Net outflow, cash and cash equivalents	**–1,619**	**–733**	**–982**	**–205**	**–3,538**

1) Of which, SEK 8 million refers to costs that affected the income statement and cash flow in 2021

Note 5 Business combinations, cont.

Purchase price and assessments

The purchase price for the period's acquisitions total SEK 10,692 million, SEK 6,368 million of which was recognised in goodwill. The effect of business combinations on the Group's cash and cash equivalents was SEK 8,635 million. Cash and cash equivalents were also affected by SEK 187 million for the acquisition of minority interests over the year, the divestment of minority interests for a purchase price of SEK 44 million, payments of SEK 412 million in contingent considerations for acquisitions made in previous years, and the divestment of operations reduces cash and cash equivalent by SEK 3 million, mostly through divested cash and cash equivalents. If the year's acquisitions were completed on 1 January 2022, the contribution to the Group's net sales would have been approximately SEK 11,916 million and the effect on the Group's profit after tax would have been approximately SEK 922 million. No significant changes were made in the Group's purchase price allocations regarding the previous year's acquisitions.

Purchase price allocations for acquisitions made as of the first quarter and up to and including the fourth quarter 2022 are preliminary, as the Group has not yet obtained final information from the acquired companies. The acquisition method of accounting was used for all acquisitions.

Goodwill

In business combinations where the consideration transferred exceeds the fair value of the acquired assets and liabilities that are reported separately, the difference is recognised as goodwill. The goodwill value is primarily justified by the companies' future earnings capacity. On 31 Dec 2022, the Group's total goodwill was SEK 18,989 million (12,194). The Group's goodwill is tested for impairment when needed, but at least annually, per cash-generating unit. Impairment testing was performed in the fourth quarter, and no impairment losses were identified. For more information about impairment testing, see Note 13, Intangible assets.

No part of the Group's goodwill is deemed to be tax deductible.

Changes in the Group's goodwill	Opening balance	Acquisitions	Impairment	Divestments	Currency effects	Closing balance
Goodwill	12,194	6,368	–	–3	428	18,989

Other identified surplus values

Any values that have been allocated to intangible assets, such as customer relations, trademarks and technology, were measured at the discounted value of future cash flows. Customer relations are amortised over a period between two and 15 years. The amortisation period is based on historical information on customer turnover, competition in the market, the degree of interaction with the customer's operations and the significance of aftermarket services, such as maintenance and guarantees. Trademarks are not amortised regularly unless when they have a definite useful life. Trademarks that are not amortised regularly are tested for impairment every year in accordance with IAS 36. Other surplus values that were identified in acquisitions over the year comprise buildings, inventories and technology. Buildings are generally depreciated over 25 years, technology is generally depreciated over a period of three to ten years, while inventories are depreciated based on the turnover rate of the inventories.

The annual estimated amortisation of intangible assets for the year's acquisitions was approximately SEK 252 million (130).

Acquisition-related expenses

Acquisition-related expenses refer to fees to advisers in connection with due diligence. These expenses were included in administrative expenses in profit or loss and other comprehensive income. Total acquisition-related expenses for acquisitions that were completed over the year was SEK 72 million (88).

Contingent considerations

Contingent considerations or earnouts is consideration that is generally based on the performance of the acquired company in the next few years, either as a binary outcome if a certain performance level is reached, or as a ladder, where the outcome increases with the level of profits achieved in the acquired unit over a predetermined future accounting period. In general, contingent consideration is paid when the conditions are met, within one to three years of the acquisition date. At the transaction date, the contingent consideration is recognised at fair value by calculating the present value of the probable outcome, using a discount rate of 10.6 percent (9.6). The probable outcome is based on the Group's forecasts for each entity and is dependent on the future performance of the companies, with a fixed maximum level. The discounted value of contingent considerations not yet paid for the year's acquisitions was SEK 702 million (694), and the total liability for discounted contingent considerations was SEK 997 million (936) on 31 December 2022.

Measurement of trade receivables

No significant difference was identified between the fair value of the trade receivables in relation to the gross contract amounts.

Non-controlling interests

The Group recognised non-controlling interests at fair value based on full goodwill based on the latest known market value, which was deemed to be the same as the purchase price in each acquisition.

Acquisition-related disclosures

All acquisitions over the year were acquisitions of shares; no net asset acquisitions were made. For information on the holdings in the acquired companies, see Note 30.

Acquisitions after year-end

For information on acquisitions made after the end of the financial year 2022, see Note 33.

Effect of the acquisitions on the consolidated income statement and the consolidated statement of comprehensive income, SEK m	Trade	Industry	Services	Total
Effect after the acquisition date, included in the Group's profit or loss				
Sales	2,073	4,616	2,089	**8,779**
Profit for the year	145	399	245	**789**
Effect if the acquisitions had been completed on 1 January				
Sales	3,189	5,924	2,803	**11,916**
Profit for the year	190	467	266	**922**

Note 5 Business combinations, cont.

PURCHASE PRICE ALLOCATIONS, ACQUISITIONS MADE IN 2021

The acquisitions are presented at an aggregated level, by segment, as the relative amounts for the individual acquisitions are not deemed to be material, except for the acquisitions of SoVent, Artum, Brenderup and Wibe, which are therefore presented both separately and as part of the Trade, Industry and Services segments.

	Fair value on the acquisition date			
SEK million	**Trade**	**Industry**	**Services**	**Total**
Intangible assets	807	1,293	723	2,823
Other non-current assets	281	614	259	1,153
Deferred tax assets	8	31	3	42
Inventories	627	778	80	1,485
Other current assets	623	805	715	2,143
Cash and cash equivalents	576	387	448	1,411
Deferred tax liabilities	–194	–331	–214	–739
Liabilities to creditors	–254	–842	–522	–1,617
Other liabilities	–724	–1,204	–687	–2,615
Acquired net assets	**1,750**	**1,531**	**806**	**4,086**
Goodwill	2,370	2,520	2,540	7,431
Non-controlling interests	–421	–136	–191	–748
Total	**3,699**	**3,915**	**3,155**	**10,769**
Purchase price, including contingent consideration but excluding transaction costs				
consisting of				
Cash payment	3,381	3,054	2,753	9,188
Contingent consideration, not yet paid	193	304	198	694
Share issue, non-cash	100	557	204	861
Payment to minority shareholders using promissory note	8	–	–	8
Financing through contingent consideration from the minority interest	17	–	–	17
	3,699	**3,915**	**3,155**	**10,769**
Cash flow from the acquisition of subsidiaries				
Cash payment (included in investing activities)	–3,381	–3,054	–2,753	–9,188
Acquired cash and cash equivalents (included in investing activities)	576	387	448	1,411
Total effect on investing activities	**–2,805**	**–2,667**	**–2,305**	**–7,778**
Transaction costs from acquisitions (included in operating activities)	–14	–48	–17	–79
Net outflow, cash and cash equivalents	**–2,819**	**–2,715**	**–2,322**	**–7,857**

SIGNIFICANT ACQUISITIONS IN 2021

	Fair value on the acquisition date				
SEK million	**Artum – included in Industry, Services and Trade**	**Brenderup – included in Industry**	**Wibe – included in Industry**	**SoVent Group – included in Services**	**Total**
Intangible assets	509	475	238	137	1,358
Other non-current assets	173	162	145	11	491
Deferred tax assets	13	10	7	–	30
Inventories	339	160	89	1	589
Other current assets	405	133	90	59	687
Cash and cash equivalents	220	82	18	29	349
Deferred tax liabilities	–123	–119	–50	–37	–329
Liabilities to creditors	–418	–26	–250	–200	–894
Other liabilities	–490	–314	–188	–51	–1,043
Acquired net assets	**629**	**563**	**100**	**–52**	**1,240**
Goodwill	1,028	375	745	587	2,735
Non-controlling interests	–4	–12	–	–22	–38
Total	**1,653**	**926**	**845**	**513**	**3,937**
Purchase price, including contingent consideration but excluding transaction costs					
consisting of					
Cash payment	825	926	694	513	2,957
Contingent consideration, not yet paid	67	–	151	–	218
Share issue, non-cash	761	–	–	–	761
	1,653	**926**	**845**	**513**	**3,937**
Cash flow from the acquisition of subsidiaries					
Cash payment (included in investing activities)	–825	–926	–694	–513	–2,957
Acquired cash and cash equivalents (included in investing activities)	220	82	18	29	349
Total effect on investing activities	**–605**	**–844**	**–676**	**–484**	**–2,608**
Transaction costs from acquisitions (included in operating activities)	–8	–10	–8	–2	–28
Net outflow, cash and cash equivalents	**–613**	**–853**	**–684**	**–486**	**–2,636**

Note 5 Business combinations, cont.

Effect of the acquisitions on the consolidated income statement and the consolidated statement of comprehensive income, SEK m	Trade	Industry	Services	Group operations	Total
Effect after the acquisition date, included in the Group's profit or loss					
Sales	2,219	2,072	2,084	11	**6,385**
Profit for the year	261	204	181	–35	**610**
Effect if the acquisitions had been completed on 1 January					
Sales	3,870	4,704	3,599	20	**12,193**
Profit for the year	464	491	349	–24	**1,280**

NOTE 6 AMORTISATION AND DEPRECIATION

Amortisation and depreciation by function, SEK m	2022	2021
Cost of goods and services sold	–1,348	–673
Selling expenses	–248	–118
Administrative expenses	–32	–19
Total amortisation and depreciation	**–1,628**	**–810**

Amortisation and depreciation by asset class, SEK m	2022	2021
Intangible assets	–693	–249
Land and buildings	–60	–32
Machinery, cars and equipment	–345	–207
Right-of-use assets	–531	–322
Total amortisation and depreciation	**–1,628**	**–810**

NOTE 7 OPERATING EXPENSES

SEK million	2022	2021
Raw materials and consumables	–19,003	–9,514
Other external expenses	–1,161	–531
Staff costs	–5,937	–3,053
Amortisation and depreciation	–1,348	–673
Impairment of other intangible assets	0	0
Loss allowance for expected credit losses	–26	–21
Included in the cost of goods and services sold	**–27,475**	**–13,792**
Other external expenses	–1,236	–567
Staff costs	–1,405	–723
Amortisation and depreciation	–248	–118
Impairment of other intangible assets	0	0
Included in selling expenses	**–2,890**	**–1,408**
Other external expenses	–1,513	–911
Staff costs	–487	–241
Amortisation and depreciation	–32	–19
Included in administrative expenses	**–2,032**	**–1,171**
Other external expenses	–634	–257
Included in other operating expenses	**–634**	**–257**

NOTE 8 EMPLOYEES, STAFF COSTS AND REMUNERATION TO SENIOR EXECUTIVES

SALARIES AND OTHER REMUNERATION, BY SENIOR EXECUTIVES AND OTHER EMPLOYEES

2022, TSEK	CEO, Board and senior executives	Other employees	Total
Salaries and remuneration	46,387	5,698,280	5,744,667
(of which bonuses, etc.)	(4,348)	(135,973)	(140,321)
Social security costs	18,414	1,782,133	1,800,547
(of which pension costs)	(6,556)	(397,021)	(403,577)
Total	**64,801**	**7,480,413**	**7,545,214**

2021, TSEK	CEO, Board and senior executives	Other employees	Total
Salaries and remuneration	34,011	2,820,371	2,854,382
(of which bonuses, etc.)	(5,881)	(96,712)	(102,593)
Social security costs	16,378	1,042,842	1,059,220
(of which pension costs)	(5,310)	(210,551)	(215,861)
Total	**50,389**	**3,863,213**	**3,913,602**

Average number of employees, number of persons and gender distribution	2022	2022 women/men	2021	2021 women/men
Sweden	6,915	1,642/5,273	4,789	996/3,793
In the EU, excluding Sweden	1,685	387/1,298	581	135/446
Outside the EU	2,663	728/1,935	390	135/254
Total	**11,263**		**5,760**	

Number of people and gender distribution on the Board and in the Group management	31 Dec 2022	31 Dec 2022 women/men	31 Dec 2021	31 Dec 2021 women/men
Board	5	2/3	5	2/3
Other senior executives	8	1/7	7	1/6
Total	**13**		**12**	

Remuneration to the Board and senior executives, 2022, SEK thousand	Basic salary and bonus	Board fee	Share-based remuneration	Pension costs	Social security costs	Total
Elisabeth Thand Ringqvist, Chair of the Board[1]	–	425	–	–	133	558
Annette Brodin Rampe, Chair of the Board	–	1,075	–	–	338	1,413
Alexander Bjärgård, Board member (included in senior executives)	3,639	–	866	762	1,329	6,596
Bengt Braun, Board member	–	415	–	–	42	457
Louise Hedberg, Board member	–	465	–	–	146	611
Johan Thorell, Board member	–	615	–	–	193	808
Daniel Kaplan, CEO	7,075	–	1,687	1,440	2,573	12,775
Other senior executives, 6 people[2]	25,249	–	4,877	4,354	7,104	41,584
Total remuneration to the Board and senior executives	**35,963**	**2,995**	**7,429**	**6,556**	**11,858**	**64,801**

1) Annette Brodin Rampe replaced Elisabeth Thand Ringqvist as the Chair of the Board on the 2022 Annual General Meeting.
2) Philip Löfgren is included in senior executives as of 7 October 2022.

Remuneration to the Board and senior executives, 2021, SEK thousand	Salary	Board fee	Pension costs	Social security costs	Total
Elisabeth Thand Ringqvist, Chair of the Board	–	950	–	299	1,249
Peter Ahlgren, Board member (included in senior executives)[1]	3,633	–	763	1,327	5,723
Alexander Bjärgård, Board member (included in senior executives)	3,639	–	758	1,328	5,725
Bengt Braun, Board member	–	400	–	41	441
Louise Hedberg, Board member	–	450	–	141	591
Johan Thorell, Board member	–	500	–	157	657
Daniel Kaplan, CEO	7,075	–	1,473	2,581	11,129
Other senior executives, 4 people[2]	17,364	–	2,316	5,194	24,874
Total remuneration to the Board and senior executives	**31,711**	**2,300**	**5,310**	**11,068**	**50,389**

1) Peter Ahlgren resigned from the Board in connection with the Annual General Meeting held on 12 May 2021.
2) Mikael Neglén has been included in senior executives since 1 July 2021.

For part of 2021, remuneration to one of the senior executives was invoiced and paid through the executive' own company, before the executive became an employee of the Company. Remuneration totalling SEK 2,681 thousand was invoiced.

Note 8 Employees, staff costs and remuneration to senior executives, cont.

POLICIES FOR REMUNERATION TO THE BOARD AND GROUP MANAGEMENT

Board members

According to a resolution by the shareholders, the Board received remuneration in 2022 and 2021 for their assignments on the Board and the Committees.

President & CEO

The remuneration consists of a fixed salary, pension and benefits. No variable remuneration was paid to the CEO in 2022 and 2021. There is no agreement with the CEO regarding severance pay, but there is a mutual notice period of 12 months.

Group management

The remuneration consists of fixed and variable salary, pension and benefits and share-based incentive programmes. Variable remuneration consists of bonuses based on work performance.

Incentive programs

As of 2021, the Company has implemented several share-based remuneration programmes for senior executives and key individuals in the Group: a warrant programme (launched in 2021) and two share savings programmes (launched in 2021 and 2022, respectively) and an employee stock option programme (launched in 2022). The programmes have term of approximately three years. The purpose of the incentive programmes includes encouraging wide-spread shareholding among the Company's employees, facilitate recruitment, retain skilled employees, increase the common interest between employees and the Company's shareholders, promote the Company's long-term value creation and increase the motivation to meet or exceed the Company's goals.

The maximum number of B shares that can be subscribed for by the participants in the warrant programme and the share savings programmes was 19,386,399 as at the reporting date, corresponding to approximately 1.2 percent of the share capital and 0.6 percent of the votes in the Company. The options were valued according to the Black-Scholes formula and the share savings programme was valued according to Monte Carlo simulation. This year's cost of the employee stock option and share savings programmes was SEK 30.0 million. As at the reporting date, the reserved value for outstanding employee stock options and the share savings programme was SEK 35.0 million (5.0).

Warrant programme

The warrant programme is intended for certain senior executives and other key individuals in the Group. The number of warrants offered to each participant depends on the participant's position and responsibilities at Storskogen. The maximum investment permitted in warrants corresponds to ten percent of each participant's annual basic salary. Each warrant can be exercised to subscribe for one B share in the Company during the subscription period. Participants are offered the warrants at market value, which is determined based on the Black-Scholes formula. When the warrants are exercised, the subscription price for Class B shares has been set at SEK 57.75, corresponding to 150 percent of the share's value at the IPO, which was SEK 38.50. The complete terms and conditions of the warrants also include customary translation provisions. The Company reserves the right to repurchase warrants, such as if the participant's employment with the Company is terminated.

Employee stock option programme

The employee stock option programme is aimed at senior executives and other key employees in the Group. The number of employee stock options offered to each participant depends on the participant's position and responsibilities at Storskogen, and the number of options available depends on how well the performance requirement has been met, an increase between 50 and 100 percent in adjusted EBITA for the minimum to maximum exercise ration during the vesting period. The options are subject to continued employment and a maximum value of 100 to 200 percent of the participant's annual salary at the inception of the programme. The participant is offered to acquire a B share in Storskogen per employee stock option at price corresponding to the volume-weighted average price on the Company's B share at Nasdaq Stockholm on the trading days that occur within a period of ten banking days immediately before the options are granted. 120 senior executives and other key individuals at Group level participated in the employee stock option programme. To ensure the delivery of shares pursuant to the employee stock option programme and cover the cost of social security contributions, 16,891,002 warrants were issued to the Company.

The table below presents the most important parameters, including fair value and the assumptions used in the calculation, in the warrant and employee stock option programmes (the weighted average of two issue dates in 2022). Volatility was determined based on the historical volatility for comparable companies over a period of one to five years.

Option, series	Warrants 2021/2024	Employee stock options 2022/2025
Issue date	**6 Oct 2021**	**10 June 2022 and 30 November 2022**
Share price at grant date (SEK)	38.50	15.75
Strike price per share (SEK)	57.75	16.95
Number of participants when granted	70	120
Number of warrants outstanding	3,373,535	12,151,839
Expiry date	12 Dec 2024	10 September 2025 and 28 February 2026
Expected term (months)	38	36
Risk-free interest (percent)	–0.17	1.57
Expected volatility (percent)	30.0	39.0
Fair value per option, grant date (SEK)	2.97	4.01
Recognised cost of the programme, 2022 (SEK thousand)	–	7,987

	Warrants 2021/2024, number	Average cost per warrant (SEK)	Fair value per warrant (SEK)	Employee stock options 2022/2025, number
Daniel Kaplan, President and CEO	235,690	2.97	–	558,270
Other senior executives	786,261	2.97	–	2,118,303
Total	**1,021,951**			**2,676,573**

Share savings programmes

The share savings programmes are intended for certain senior executives and other key individuals in the Group. No more than 219 individuals are part of the share savings programme. To participate, the employees must make their own investments in the Company's B shares (savings shares) at the market price at Nasdaq Stockholm or allocate B shares already held to the share savings programme.

Participants who keep their savings shares for the duration of the share savings programme's three-year term and remains employed by Storskogen for the entire period can, at the end of the period, receive additional B-shares (performance shares) free of charge, if the two predetermined performance criteria (total shareholder return (TSR) and EBITA development) have been met.

The performance criteria of the outstanding programmes differ to some extent. 2021 programme: The programme has a term of three years, and any participants who keep their savings shares and remain Storskogen employees for the entire term will be entitled to additional B shares (performance shares) free of charge if two predetermined performance criteria have been met at the end of the term. These criteria are related to total

Note 8 Employees, staff costs and remuneration to senior executives, cont.

return and EBITA development. The total return criteria means that the total shareholder return for shareholders in Storskogen must exceed 15 percent during the vesting period (45 percent or higher for a full grant). The EBITA criteria means that the EBITA growth in the last twelve months as stated in the financial statements for the period from 1 January to 30 September 2021 compared with EBITA for the last 12 months as stated in the financial statements for the period from 1 January to 30 September 2024 must exceed 15 percent from 2021 to 2024 (45 percent or more for a full grant). For each savings share held, between two and six performance shares may be granted, depending on the participant's category. The maximum investment allowed in savings shares was based on an amount corresponding to no more than 12 percent of each participant's fixed annual salary.

The 2022 share savings programme is aimed at CEOs and other key individuals in subsidiaries or business areas, and the programme has a term of three years. The participants in the share savings programme were offered to acquire or allocate already held shares in Storskogen as savings shares. The savings share must not already be designated as savings shares under the 2021 share savings programme. If the participants hold their savings shares for a period of three years, and if the total return on Storskogen's B shares and the key performance figure adjusted EBITA develops in accordance with predetermined criteria, the participants may be granted up to two or three performance shares per savings share.The total return criteria means that the total shareholder return for shareholders i Storskogen must exceed 50 percent during the vesting period (100 percent or higher for a full grant). The EBITA criteria means that the EBITA growth in the last 12 months as stated in the financial statements for the period must exceed 50 percent (100 percent or more for a full grant). Performance shares are B shares and granted free of charge. To ensure the delivery of shares pursuant to the share savings programme and cover the cost of social security contributions, 3,140,164 warrants were issued to the Company.

A full grant of performance shares would mean a total number of B shares within the scope of the share savings programmes of no more than 3,861,025 B shares, corresponding to approximately 0.2 percent of the share capital and 0.1 percent of the votes in the Company on the reporting date. The cost recognised for the share savings programme was SEK 22.2 million in 2022.

NOTE 9 REMUNERATION TO THE AUDITORS

SEK million	2022	2021
Ernst & Young AB		
Audit assignment	31	24
Audit activities outside the audit assignment	1	8
Tax advice	1	–
Other assignments	8	7
Total	**41**	**39**
Other auditors		
Audit assignment	14	3
Other assignments	7	5
Total	**21**	**8**

The audit assignment includes the statutory audit of the annual accounts and consolidated accounts as well as the administration of the company by the Board and CEO and other audits and reviews carried out under an agreement or contract. This includes other duties that it is incumbent upon the Company's auditor to perform as well as advice and other assistance prompted by observations during such a review or in the performance of other such duties.

NOTE 10 OTHER OPERATING INCOME AND EXPENSES

SEK million	2022	2021
Other operating income		
Profit from the divestment of operations and non-current assets	39	28
Foreign exchange gains	310	59
Revaluation of contingent considerations	581	243
Received Government/public grants	67	42
Capitalised costs	19	5
Invoiced expenses	86	–
Freight revenue	131	51
Other	160	112
Total	**1,393**	**539**
Other operating expenses		
Foreign exchange losses	–284	–74
Loss from the divestment of operations and non-current assets	–11	–4
Revaluation of contingent considerations	–325	–173
Other	–14	–5
Total	**–634**	**–257**

NOTE 11 NET FINANCIAL ITEMS

SEK million	2022	2021
Assets at amortised cost		
Interest income from trade receivables	–	2
Interest income, other financial assets	24	5
Total interest income according to the effective interest method	**24**	**7**
Other financial income		
Exchange rate fluctuations	376	141
Other	79	4
Financial income	**479**	**152**
Liabilities at amortised cost		
Interest expense, liabilities for bank and bond loans and to other credit institutions	–519	–224
Interest expense, lease liabilities	–63	–27
Interest expense, other financial liabilities	–41	–2
Total interest expenses according to the effective interest method	**–624**	**–252**
Other financial expenses		
Exchange rate fluctuations	–357	–73
Financial expenses	**–980**	**–325**
Net financial items	**–502**	**–173**

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NOTE 12 TAX

Recognised in the statement of profit or loss and other comprehensive income/Income statement

SEK million	2022	2021
Current tax expense (–)		
Tax expense for the year	–630	–384
Adjustment of tax related to previous years	–8	1
Total	**–639**	**–383**
Deferred tax expense (–) / tax income (+)		
Deferred tax relating to temporary differences	176	93
Deferred tax due to changed tax rates	–57	0
Deferred tax income in taxable values in loss carryforwards capitalised during the year	13	5
Deferred tax expense due to the utilisation of previously capitalised taxable values in loss carryforwards	–12	–
Adjustment of deferred tax related to previous years	–1	0
Total	**119**	**97**
Total recognised tax expense in the Group	**–519**	**–286**

Reconciliation of effective tax

	2022		2021	
	%	**SEK million**	**%**	**SEK million**
Profit before tax		2,111		1,233
Tax at the tax rate applicable to the Parent Company	20.6%	–435	20.6%	–254
Effect of other tax rates for foreign subsidiaries	0.3%	–7	0.3%	–3
Net non-deductible expenses/non-taxable income	–0.9%	20	1.3%	–16
Utilisation of previous/new unmeasured loss carryforwards	2.2%	–47	1.1%	–13
Tax related to previous years	0.5%	–10	–0.1%	1
Effect of changes in tax rates/and tax rules	2.7%	–57	0.0%	0
Standard interest on tax allocation reserve	–0.5%	11	0.0%	0
Other	–0.3%	6	0.0%	0
Reported effective tax	**24.6%**	**–519**	**23.2%**	**–286**

In 2022, changes in tax rates had an effect of SEK -57 million (0) on profit or loss related to the tax rate change in the
United Kingdom, enacted in October 2022.

Change in deferred taxes on temporary differences and loss carryforwards

2022, SEK m	Balance, 1 Jan 2022	Recognised in profit/loss for the year	Recognised in other comprehensive income	Business combination/ divestment	Exchange rate differences	Balance, 31 Dec 2022
Property, plant and equipment	–137	–13	–	–98	–8	–255
Intangible assets	–614	77	1	–755	–51	–1,342
Financial assets	1	–	–	0	0	1
Inventories	0	11	–	–8	–1	1
Trade receivables	–2	2	–	1	–1	0
Pension provision	28	1	–38	1	2	–7
Provisions	–10	2	0	3	–1	–7
Untaxed reserves	–122	37	–	–14	–	–99
Other	–5	1	3	–57	–1	–58
Capitalisation of tax loss carryforwards	8	1	–	24	1	34
	–855	**119**	**–34**	**–903**	**–59**	**–1,732**

Note 12 Tax, cont.

Change in deferred taxes on temporary differences and loss carryforwards, cont.

2021, SEK m	Balance, 1 Jan 2021	Recognised in profit/loss for the year	Recognised in other comprehensive income	Business combination/ divestment	Exchange rate differences	Balance, 31 Dec 2021
Property, plant and equipment	–49	–7	0	–81	0	–137
Intangible assets	–109	47	–	–549	–4	–614
Financial assets	–	0	–	1	0	1
Inventories	0	16	–	–16	0	0
Trade receivables	–	0	–	–2	0	–2
Pension provision	–	–1	5	24	0	28
Provisions	–	1	0	–11	0	–10
Untaxed reserves	–98	27	–	–51	–	–122
Other	–3	10	2	–14	0	–5
Capitalisation of tax loss carryforwards	0	5	–	3	0	8
	–258	**97**	**7**	**–697**	**–4**	**–855**

Deferred tax assets are recognised for tax loss carryforwards to the extent that it is probable that they can be utilised through future taxable profits. Tax loss carryforwards totalled SEK 155 million (36). It was deemed that it will be possible to utilise them gradually in future financial years.

Unrecognised tax losses in the Group were approximately SEK 386 million (127). Of these, losses of SEK 51 million in Japan are limited in time to ten years and losses of SEK 190 million in Switzerland are limited in time to seven years. Other losses of SEK 145 million are not limited in time.

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NOTE 13 INTANGIBLE ASSETS

Accumulated cost, SEK m	Capitalised expenditure	Rights and other	Goodwill	Trademark	Customer relations	Total
Opening balance, 1 Jan 2021	46	18	4,724	48	621	5,457
Business combinations	15	137	7,431	968	1,703	10,254
Investments	13	12	–	–	–	25
Disposals and retirements	–	–2	–	–	–	–2
Reclassifications	7	0	0	–	–	7
Exchange rate differences for the year	1	2	111	15	29	158
Closing balance, 31 Dec 2021	**83**	**168**	**12,266**	**1,031**	**2,353**	**15,900**
Opening balance, 1 Jan 2022	83	168	12,266	1,031	2,353	15,900
Business combinations	30	235	6,368	1,089	2,448	10,170
Investments	33	26	0	0	3	63
Divestment of subsidiary	–	–	–4	–	–	–4
Disposals and retirements	–18	–15	–	–	0	–34
Reclassifications	14	–6	0	–	–	8
Exchange rate differences for the year	7	32	430	79	158	705
Closing balance, 31 Dec 2022	**148**	**440**	**19,061**	**2,198**	**4,962**	**26,809**

Accumulated amortisation and impairment, SEK m	Capitalised expenditure	Rights and other	Goodwill	Trademark	Customer relations	Total
Opening balance, 1 Jan 2021	–13	–8	–71	–8	–202	–303
Amortisation for the year	–	–	–	–	–	–
Amortisation for the year	–11	–17	–	–1	–221	–249
Divestments	–	2	–	–	0	2
Reclassifications	–1	–	–	–	–	–1
Exchange rate differences for the year	–1	–1	0	0	–2	–4
Closing balance, 31 Dec 2021	**–26**	**–24**	**–72**	**–10**	**–424**	**–556**
Opening balance, 1 Jan 2022	–26	–24	–72	–10	–424	–556
Amortisation for the year	0	–	–	–	–	0
Amortisation for the year	–26	–67	–	–8	–592	–693
Divestments	18	14	–	–	–	32
Reclassifications	–2	12	–	–	0	10
Exchange rate differences for the year	–6	–12	–1	–1	–17	–37
Closing balance, 31 Dec 2022	**–42**	**–76**	**–72**	**–19**	**–1,033**	**–1,242**

Carrying amounts, SEK m	Capitalised expenditure	Rights and other	Goodwill	Trademark	Customer relations	Total
As at 31 Dec 2021	57	144	12,194	1,021	1,929	15,344
As at 31 Dec 2022	106	364	18,989	2,179	3,929	25,566

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Note 13 Intangible assets, cont.

IMPAIRMENT TESTING OF CASH-GENERATING UNITS THAT INCLUDE GOODWILL

Significant goodwill and other intangible assets with an indefinite useful life are tested for impairment by cash-generating unit, which in 2022 comprised 14 verticals (12) that were aggregated into segments according to the following:

Goodwill and trademarks

	2022	
Carrying amount, SEK m	**Goodwill**	**Trademark**
Contracting Services	521	8
Infrastructure	1,474	11
Installation	1,682	165
Logistics	832	4
Engineering Services	1,215	55
Digital Services	942	44
HR and Competence	832	66
Total, Services segment	**7,498**	**352**
Automation	1,781	300
Industrial Technology	2,068	130
Products	2,247	783
Total, Industry segment	**6,096**	**1,213**
Home and Living	1,773	284
Niche Businesses	1,097	105
Health and Beauty	1,506	143
Sports, Clothing and Accessories	1,018	81
Total, Trade segment	**5,395**	**613**
Total	**18,989**	**2,178**

When tested for impairment in 2022, the Group's recognised goodwill and other intangible assets with an indefinite useful life were allocated to 14 verticals with subsidiaries that were considered to constitute cash-generating units. As at the end of 2022, the Trade segment had four verticals, the Industry segment had three verticals and the Services segment had seven verticals. Goodwill and other intangible assets with an indefinite useful life are tested annually for impairment, per cash-generating unit, and their recoverable amounts are calculated. The recoverable amounts are either the value in use or the fair value less selling expenses.

NEW VERTICALS

In the beginning of the year, changes were made in the capital structure, primarily because the Group had acquired entities in new areas, which meant that new verticals and a redistribution between existing verticals were needed to visualise and facilitate governance and follow-up of the various operations. In the table above, comparative figures are presented according to the new division of the verticals.

For the Services segment, this change means that the previous vertical Contracting Services and Infrastructure was split into two verticals: Contracting Services and Infrastructure. Trade replaced their previous verticals with four new ones that visualise the segment's different areas of activity and operational niches. The Industry segment reallocated its business units between verticals to ensure a more uniform classification of the business units. All changes were made internally, within each operating segment.

Goodwill

Carrying amount, SEK m	**2021**
Contracting Services and Infrastructure	1,578
Logistics	300
Engineering Services	309
Installation	2,082
Digital Services	720
HR and Competence	370
Total, Services segment	**5,359**
Automation	371
Industrial Technology	851
Products	2,379
Total, Industry segment	**3,601**
Distribution	2,022
Trademarks	992
Producers	221
Total, Trade segment	**3,236**
Total	**12,195**

When tested for impairment in 2021, the Group's recognised goodwill and other intangible assets with an indefinite useful life were allocated to 12 verticals with subsidiaries that were considered to constitute cash-generating units. As at the end of 2021, the Trade segment had three verticals, the Industry segment had three verticals and the Services segment had six verticals. Goodwill and other intangible assets with an indefinite useful life are tested annually for impairment, per cash-generating unit, and their recoverable amounts are calculated. The recoverable amounts are either the value in use or the fair value less selling expenses.

VALUE IN USE

The value in use is the Group's share of the present value of the future cash flows expected to be generated by the units. The cash flow projections are based on reasonable and supportable assumptions that represent Storskogen's best estimate of the range of economic conditions that will exist, and great weight is given to external evidence. The cash flow projections are based on the most recent forecasts approved by the Group management, which are based on the subsidiaries' budgets and forecasts and aggregated per vertical. These include the budget for the following year and a forecast for a period of four years. Cash flows after the forecast period are calculated based on an assumption of a long-term growth rate of 2 percent per year after the forecast period. Projected future cash flows do not include payments made or received in the financing activities. The estimated value in use is compared with the unit's carrying value. Important assumptions in this calculation include the discount rate, growth rate, adjusted EBITA margin, development of working capital and investment needs. Various assumptions were used, as each vertical in itself is an independent unit with unique conditions.

Important assumptions for each vertical are described below.

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Note 13 Intangible assets, cont.

IMPORTANT ASSUMPTIONS IN THE CALCULATION OF THE VALUE IN USE PER VERTICAL

The present value of future cash flows, after tax, per vertical was calculated using a discount rate. Storskogen chose to calculate the present value of free cash flow. The discount rate reflects current market assessments of the time value of money and the specific risks specific to each vertical. The discount rate does not reflect any risks that were considered when the future cash flows were estimated. The calculation of the discount rate is based on the Company's weighted average cost of capital, its incremental borrowing rate and other market borrowing rates, independently of Storskogen's capital structure.

The discount rate (pre-tax) used varies between segments. In the Industry segment, it was 9.0 percent (8.5), in the Trade segment it was 9.0 percent (8.3), and in the Services segment, it was 8.4 percent (7.7). A tax rate of 20.6 percent was used for all segments. A long-term growth rate of 2 percent was assumed for all three segments. For the forecast periods, an adjusted EBITA margin was assumed for each vertical that was adapted to the outcome in previous periods and to specific expectations.

The calculation shows that the value in use exceeds the carrying value in all verticals. No impairment was identified.

SENSITIVITY ANALYSIS

The value in use in each vertical depends on assumptions made in the calculation of discounted cash flows. The margin between the value in use and the carrying value was approximately SEK 15,700 million based on the above assumptions. A sensitivity analysis shows that the value of goodwill and other intangible assets with an indefinite useful life can be defended for all verticals, even if the long-term growth would be one percentage point lower, the adjusted EBITA margin would be one percentage point lower or the discount rate would be one percentage point higher. An isolated change in long-term growth by one percentage point would affect the total value in use by approximately SEK 3,100 million, and a corresponding change in the adjusted EBITA margin affects it by approximately SEK 2,600 million, and a corresponding change in the discount rate would have an effect of approximately SEK 6,500 million. If all these effects would simultaneously deteriorate with one percentage point, the value in use would decrease by SEK 10,500 million and the remaining margin between the value in use and the carrying amount would be approximately SEK 5,100 million.

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NOTE 14 PROPERTY, PLANT AND EQUIPMENT

Accumulated cost, SEK m	Land & buildings	Machinery, vehicles and equipment	Construction in progress	Art	Total
Opening balance, 1 Jan 2021	580	1,585	25	–	2,190
Business combinations	958	1,880	32	–	2,870[1]
Investments	15	261	131	–	407
Reclassification	12	48	–72	1	–12
Divestment of subsidiary	–	–	–	–	–
Divestments	0	–183	–1	–	–184
Translation differences	11	23	0	0	34
Closing balance, 31 Dec 2021	**1,576**	**3,614**	**115**	**1**	**5,305**
Opening balance, 1 Jan 2022	**1,576**	**3,614**	**115**	**1**	**5,305**
Business combinations	931	1,110	9	–	2,050[1]
Investments	52	374	239	0	665
Reclassification	27	142	–161	–	7
Divestments	–3	–234	4	0	–232
Translation differences	111	122	0	0	234
Closing balance, 31 Dec 2022	**2,694**	**5,128**	**207**	**1**	**8,030**

Accumulated depreciation, SEK m	Land & buildings	Machinery, vehicles and equipment	Construction in progress	Art	Total
Opening balance, 1 Jan 2021	–234	–1,095	–	–	–1,329
Business combinations	–314	–1,435	–	–	–1,749[1]
Deprecation for the year	–32	–207	–	–	–238
Reclassification	–	1	–	–	1
Divestments	0	151	–	–	151
Translation differences	–3	–17	–	–	–20
Closing balance, 31 Dec 2021	**–582**	**–2,600**	**–**	**–**	**–3,183**
Opening balance, 1 Jan 2022	**–582**	**–2,600**	**–**	**–**	**–3,183**
Business combinations	–282	–602	–	–	–883[1]
Depreciation for the year	–60	–345	–	–	–405
Reclassification	–10	–14	–	–	–24
Divestments	2	196	–	–	198
Translation differences	–34	–96	–	–	–129
Closing balance, 31 Dec 2022	**–965**	**–3,460**	**–**	**–**	**–4,426**

Carrying amounts, SEK m	Land & buildings	Machinery, vehicles and equipment	Construction in progress	Art	Total
As at 31 Dec 2021	994	1,013	115	1	2,123
As at 31 Dec 2022	1,729	1,668	207	1	3,604

1) The net value of assets in business combinations was SEK 1,167 million (1,121) in 2022.

NOTE 15 INVENTORIES

SEK million	31 Dec 2022	31 Dec 2021
Raw materials and consumables	2,901	1,763
Work in progress	229	267
Finished goods and goods for resale	1,984	851
Advance payments to suppliers	89	44
Total	**5,203**	**2,924**

Fair value measurements for business combinations had a negative effect of SEK 56 million (50) on profit for the year, of which SEK 0 million (20) was attributable to the Trade segment and SEK 56 million (30) was attributable to Industry.

NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME

SEK million	31 Dec 2022	31 Dec 2021
Prepaid insurances	36	16
Prepaid expenses for computers and software	33	17
Prepaid goods and services	58	64
Accrued, non-invoiced income	289	132
Accrued supplier bonus	94	83
Other prepaid expenses and accrued income	112	85
Total	**622**	**397**

NOTE 17 TRADE RECEIVABLES

SEK million	31 Dec 2022	31 Dec 2021
Trade receivables	5,009	2,974
Allowance for expected credit losses	–69	–49
Total	**4,940**	**2,925**

For a description of the allowance for expected credit losses, see Note 26.

NOTE 18 CASH AND CASH EQUIVALENTS

SEK million	31 Dec 2022	31 Dec 2021
Cash and cash equivalents	3,022	6,167
Total according to the balance sheet	**3,022**	**6,167**

Cash and cash equivalents are subject to a allowance for expected credit losses. Loss allowances are recognised unless the amounts are considered to be immaterial. See Note 26.

NOTE 19 EQUITY

SHARE CAPITAL

As at 31 December 2022, the registered share capital was 148 million A shares with a quota value of SEK 0.00051 per share (0.0005) and 1,516 million B shares with a quota value of SEK 0.00051 per share (0.0005). The A shares confer ten votes per share and the B shares confer one vote per share.

As at 31 December 2022, the registered share capital was SEK 848,519 (836,382).

	31 Dec 2022		31 Dec 2021	
Number of shares	**A shares**	**B shares**	**A shares**	**B shares**
Subscribed for and paid shares				
Issued as at 1 Jan	148,001,374	1,524,761,814	262,000,000	1,057,928,640
Share issue, cash	–	–	36,004,760	333,716,396
Share issue, non-cash	–	7,848,641	–	34,449,190
Conversion of A shares to B shares	–	–	–98,667,588	98,667,588
Reduction through cancellation of shares	–	–	–51,335,798	–
Reduction through redemption of treasury shares	–	–16,848,061	–	–
Issued as at 31 December	**148,001,374**	**1,515,762,394**	**148,001,374**	**1,524,761,814**

Pursuant to provisions in the Company's articles of association there are no preferential rights to dividends; every share in series A and series B confer the same right to a share of the Company's assets and profits.

At the beginning of 2022, Storskogen had 17 million treasury shares. These were B shares that were not required for the over-allotment option in connection with the IPO. In 2022, all treasury shares were redeemed.

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Note 19 Equity, cont.

Dividend
After the reporting date, the Board proposed a dividend to the Company's shareholders for the financial year 2022 of SEK 133 million, which is SEK 0.08 per share for A and B shares. The dividend is subject to approval at the Annual General Meeting to be held on 12 May 2023.

RESERVES

SEK million	31 Dec 2022	31 Dec 2021
Translation reserve		
Opening translation reserve	77	–10
Translation effects for the year	498	87
Closing translation reserve	**575**	**77**
Hedging reserve		
Opening hedging reserve	6	11
Revaluations recognised in other comprehensive income, the majority share	–20	–7
Tax attributable to revaluations for the year, the majority share	4	1
Closing hedging reserve	**–10**	**6**
Total reserves	**565**	**83**

Translation reserve
The translation reserve includes all exchange rate differences that arise when translating financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the consolidated financial statements are presented. The Parent Company and the Group present their financial statements in Swedish kronor.

Hedging reserve
The hedge reserve comprises the effective portion of the cumulative net change in the fair value of an instrument used for cash flow hedging related to hedged transactions that have not yet occurred.

Retained earnings including profit for the year
Retained earnings comprise the previous year's retained earnings and profit after the deduction of dividends paid during the year and options to repurchase own shares. Retained earnings also include value changes related to the remeasurement of defined benefit pension plans and associated tax.

NOTE 20 INTEREST-BEARING LIABILITIES

The Group's interest-bearing liabilities are listed below. For additional information on the maturity structure and the Company's exposure to interest rate risk and the risk of exchange rate fluctuations, see Note 26.

SEK million	31 Dec 2022	31 Dec 2021
Non-current liabilities		
Interest-bearing liabilities, carrying amount	13,224	6,071
Maturity within 2 years	3,073	–
Maturity within 2–5 years	10,146	6,065
Maturity in 5 years or later	6	7
Lease liabilities, carrying amount	1,229	858
Maturity within 2–5 years	828	656
Maturity in 5 years or later	401	202
Total carrying amount	**14,453**	**6,929**
Current liabilities		
Liabilities to credit institutions	126	254
Hire/purchase agreements	74	63
Lease liabilities	425	308
Total	**625**	**625**

NOTE 21 PENSIONS

The Group has several pension plans, both defined benefit plans and defined contribution plans. The most significant defined benefit plans are in Sweden and Switzerland and chiefly refer to old-age pension. The present value of the pension obligation and the cost of the Group's defined benefit pension plans are determined based on advice from an independent, professionally qualified actuary, based on the projected unit credit method. Other pension systems in the Group are defined contribution plans and mainly refer to old-age pension. These pension premiums are salary-related and expensed regularly.

DEFINED BENEFIT PENSIONS

Defined pension plans primarily include old-age pension, but disability pensions and various insurances are also included. In Sweden, pension commitments are secured through PRI, which is a mutual insurance company that provides credit insurance and pension administration services. The size of the pension depends on final salary and years in the plan. Pension obligations in Switzerland are secured through funds in retirement benefit plans. Benefits are earned based on age, salary and years in the plan. The plan is financed by fees paid by the employee and the employer. The plan's assets are invested in eligible insurances, bonds, shares, real estate and cash.

The defined benefit plans are not the Group's main solution; they only supplement the defined contribution plans. Of the Group's current subsidiaries, WIBE has the largest defined benefit pension obligation in the Group, and its net pension liability is SEK 95 million (124) and refers to provisions in Sweden. Artum's net pension liability is SEK 14 million (66) in Switzerland. WIBE and Artum in Switzerland account for 55 percent (68) of the Group's defined benefit pension liability. In 2023, it is expected that the costs for all defined benefit pension plans will be SEK 38 million (31).

The pension obligation for white-collar workers in Sweden (ITP) is partly secured through insurances in Alecta. The pension plan that is secured in Alecta is reported as a defined contribution plan, as it is not possible for the Group to obtain sufficient data to report its share of the pension plan as a defined benefit plan. Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of 2022, Alecta's surplus in the form of its collective consolidation ratio was preliminary set to 172 percent (172). The collective consolidation ratio is the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial calculations and assumptions, which are not consistent with IAS 19. Premiums paid to Alecta this year amounted to SEK 49 million (29). In 2023, it is estimated that SEK 51 million (33) will be paid in premiums to Alecta.

As at 31 December 2022, the average duration of the pension obligations in WIBE were 17.2 years (19.0), and in Artum, they were 16.9 years (18.4).

The tables for 2022 include Germany under "Other", which is a change compared with the previous year, when they were presented separately.

Amounts recognised in the consolidated balance sheet

	31 Dec 2022				31 Dec 2021			
SEK million	**Sweden**	**Switzerland**	**Other**	**Total**	**Sweden**	**Switzerland**	**Germany**	**Total**
Present value of pension obligation	139	657	52	848	189	456	26	671
Fair value of plan assets	–3	–659	–13	–675	–1	–383	–7	–391
Limitation of recoverable surplus	–	22	–	22	–	–	–	–
Net liability presented in the balance sheet	**136**	**30**	**39**	**205**	**188**	**73**	**20**	**280**
Net asset presented in the balance sheet	**–**	**–9**	**–**	**–9**	**–1**	**–**	**–**	**–1**

Net change in pension obligation

	31 Dec 2022				31 Dec 2021			
SEK million	**Sweden**	**Switzerland**	**Other**	**Total**	**Sweden**	**Switzerland**	**Germany**	**Total**
Net at the beginning of the year	188	73	20	280	12	–	–	12
Business combinations/divestments	–	62	25	87	148	75	20	244
Net cost	5	32	2	39	3	–1	0	3
Payments	–7	–24	–2	–33	–4	–	–2	–6
Actuarial gains/losses in other comprehensive income	–50	–130	–7	–187	29	–6	1	24
Exchange rate difference	–	8	2	10	–	4	0	4
Net at year-end	**136**	**21**	**39**	**195**	**188**	**73**	**20**	**280**

Note 21 Pensions, cont.

Amounts recognised in the consolidated income statement, defined benefit pensions

	31 Dec 2022				31 Dec 2021			
SEK million	**Sweden**	**Switzerland**	**Other**	**Total**	**Sweden**	**Switzerland**	**Germany**	**Total**
Costs related to service in the current period	3	34	2	39	2	9	0	11
Costs related to service in previous periods	–	–3	–	–3	0	–1	–	–1
Redemption/reclassification to defined contribution pensions	–2	–	–	–2	–4	–	–	–4
Net interest income	3	1	0	4	1	0	0	1
Recognised in profit or loss	**5**	**32**	**2**	**39**	**–1**	**8**	**0**	**8**
Recognised in other comprehensive income	**–50**	**–130**	**–7**	**–187**	**29**	**–6**	**1**	**24**

Change in the present value of defined benefit obligations

	31 Dec 2022				31 Dec 2021			
SEK million	**Sweden**	**Switzerland**	**Other**	**Total**	**Sweden**	**Switzerland**	**Germany**	**Total**
Defined benefit pension obligation at the beginning of the period	189	456	26	671	10	–	–	10
Adjustment of the opening balance according to IFRS	–	–	–	–	2	–	–	2
Business combinations/divestments	1	263	30	294	151	445	27	622
Costs related to service in the current period	4	32	2	38	2	8	0	11
Costs related to service in previous periods	–	–3	–	–3	0	–1	–	–1
Interest expense	3	3	0	7	1	1	0	2
Actuarial losses (+)/gains (–)	–50	–172	–7	–229	29	–6	1	24
Contributions from the plan's participants	–	21	–1	20	–	6	–	6
Payments from the plan	–7	–19	0	–26	–4	–17	–2	–22
Redemption/reclassification to defined contribution pensions	–2	–	–	–2	–2	–	–	–2
Settlement	–	–	–	–	–	–	–	0
Exchange rate difference	–	76	3	79	–	20	0	20
Defined benefit pension obligation at the end of the period	**139**	**657**	**52**	**848**	**189**	**456**	**26**	**671**

Of the total actuarial gains and losses, the change due to demographic assumptions is SEK 2 million (2), financial assumptions SEK –232 million (3), experience-based adjustments SEK 0 million (19).

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Note 21 Pensions, cont.

Changes in the fair value of plan assets

	31 Dec 2022				31 Dec 2021			
SEK million	**Sweden**	**Switzerland**	**Other**	**Total**	**Sweden**	**Switzerland**	**Germany**	**Total**
Fair value of assets at the beginning of the period	1	383	7	391	–	–	–	–
Business combinations	1	201	5	207	3	369	6	378
Return beyond expectations	–	–22	0	–21	–	3	0	3
Interest income	–	2	0	3	–	0	0	0
Contribution from employer	–	24	1	25	0	7	–	7
Fees paid by the employees	–	21	–	21	–	6	–	6
Payments from the plan	–	–19	0	–19	0	–17	–	–17
Administrative fees	1	–2	–	–1	–	–1	–	–1
Redemption/reclassification to defined contribution pensions	–	–	–	–	–1	–	–	–1
Exchange rate difference	–	70	1	70	–	16	0	16
Fair value of assets at the end of the period	**3**	**659**	**13**	**675**	**1**	**383**	**7**	**391**

Plan assets comprise the following:

	31 Dec 2022				31 Dec 2021			
%	**Sweden**	**Switzerland**	**Other**	**Total**	**Sweden**	**Switzerland**	**Germany**	**Total**
Assets invested with insurance companies	0	23	1	25	0	33	2	35
Assets invested in shares	–	23	–	23	–	19	–	19
Assets invested in bonds	–	25	–	25	–	23	–	23
Assets invested in real estate	–	17	–	17	–	15	–	15
Assets invested in cash and cash equivalents	–	3	1	4	–	5	–	5
Other investments	–	7	–	7	–	3	–	3
Total	**0**	**98**	**2**	**100**	**0**	**98**	**2**	**100**

Of the assets, SEK 223 million (202) are listed assets.

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Note 21 Pensions, cont.

Important actuarial assumptions

	31 Dec 2022			31 Dec 2021		
	Sweden	**Switzerland**	**Other**	**Sweden**	**Switzerland**	**Germany**
Main actuarial assumptions used on the reporting date:						
Discount rate, %	4.0	2.2	3.5	1.8	0.3	1.2
Inflation, %	2.1	1.8	2.3	2.0	0.8	1.8
Expected salary increases, %	3.5	2.2	1.0	3.3	1.3–1.5	1.8
Mortality assumptions						
Actuarial tables used	Primarily DUS21, but also DUS21_OblTjM	100% x BVG 2020 GT	Primarily RT Heubeck 2018 G but also RG 48 and Taiwan Individual Annuity Table	Primarily DUS14, but also DUS21_OblTjM	100% x BVG 2020 G	RT Huebeck 2018 G

The assumptions for Other are shown as weighted average values based on the closing balance of the net liability.

Mortality assumptions in the most significant plans

	31 Dec 2022		31 Dec 2022	
	Women	**Men**	**Women**	**Men**
WIBE (Sweden), life expectancy at the age of 65:				
Current pensioners, born in the 1950s	24.4	22.2	24.0	21.7
Future pensioners, born in the 1970s	26.4	23.8	25.3	23.4
Artum (Switzerland), life expectancy at retirement age, men at the age of 65, women at the age of 64:				
Current pensioners, men currently at the age of 65, women currently at the age of 64	25.5	22.7	25.4	22.6
Future pensioners, men currently at the age of 45, women currently at the age of 44	27.5	25.0	27.4	24.9

Sensitivity analysis

The table below shows the effect on the value of the pension obligations in the most significant plans and in case of an isolated change in each assumption.

SEK million	Change in assumption, %	Effect SEK m	Change in assumption, %	Effect SEK m
WIBE (Sweden)				
Discount rate	−0.5	8	+0.5	−8
Future salary increases	−0.5	−2	+0.5	1
Inflation	−0.5	−8	+0.5	8
Life expectancy	−1 year	4	+1 year	−4
Artum (Switzerland)				
Discount rate	−0.5	27	+0.5	−21
Future salary increases	−0.5	−3	+0.5	2
Inflation	−0.5	0	+0.5	0
Life expectancy	−1 year	−6	+1 year	6

NOTE 22 PROVISIONS

SEK million	31 Dec 2022	31 Dec 2021
Provisions that are non-current liabilities		
Restructuring costs	1	–
Severance pay, furlough pay	1	–
Guarantee commitments	61	39
Restoration costs	6	6
Onerous contracts	1	–
Other	17	42
Total	**87**	**87**

SEK million	31 Dec 2022	31 Dec 2021
Total carrying amount at the beginning of the period	87	27
Acquisitions	29	45
Provisions made during the period	31	26
Amounts claimed during the period	–32	–4
Unused amounts reversed during the period	–34	–9
Increase during the period in discounted amounts	2	1
Translation difference	5	1
Total carrying amount at the end of the period	**87**	**87**
Of which, non-current portion of provisions	44	37
Of which, current portion of provisions	43	50

Guarantees and restoration costs
Provisions made for guarantees for products and services are based on calculations made using historical data or, in specific cases, based on individual assessments.

Other
Includes provisions that are not classified as guarantees and restoration expenses, such as remuneration to employees.

NOTE 23 OTHER LIABILITIES

SEK million	31 Dec 2022	31 Dec 2021
Other non-current liabilities		
Contingent considerations[1]	381	495
Option to purchase non-controlling interests	1,936	1,295
Other	26	11
Total	**2,343**	**1,801**
Other current liabilities		
VAT liability	498	385
Employee withholding tax	121	86
Factoring	57	0
Contingent considerations[1]	616	441
Option to purchase non-controlling interests	55	6
Liability, grants received	5	33
Liability to employees	46	9
Convertible	43	–
Other	176	45
Total	**1,616**	**1,006**

1) For more information on contingent considerations, see Note 25, Financial instruments.

NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

SEK million	31 Dec 2022	31 Dec 2021
Accrued personnel costs	730	507
Accrued pension costs	8	15
Accrued social security contributions	357	262
Accrued interest expenses	59	23
Accrued remuneration auditors	28	20
Accrued customer bonuses	246	223
Accrued cost of materials	95	69
Deferred income	102	32
Other accrued expenses	308	164
Total	**1,933**	**1,314**

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NOTE 25 FINANCIAL INSTRUMENTS

MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

As at 31 Dec 2022

SEK million	Financial assets/liabilities at amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through other comprehensive income	Total carrying amount
Financial assets				
Financial investments	–	8	–	8
Non-current receivables	33	–	39	72
Trade receivables	4,940	–	–	4,940
Other receivables	1,056	–	40	1,096
Current investments	–	1	–	1
Cash and cash equivalents	3,022	–	–	3,022
Total	**9,051**	**9**	**79**	**9,139**
Financial liabilities				
Contingent consideration	–	997	–	997
Liabilities to credit institutions	13,094	–	64	13,158
Other non-current liabilities	26	–	–	26
Hire/purchase agreements	263	–	–	263
Trade payables	2,563	–	–	2,563
Other current liabilities	2,836	43	–	2,878
Total	**18,782**	**1,040**	**64**	**19,886**

The assets' maximum credit risk consists of the net amounts of the reported values in the table above. The Group has not received any pledged collateral for the net financial assets.

As at 31 Dec 2021

SEK million	Financial assets/liabilities at amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through other comprehensive income	Total carrying amount
Financial assets				
Financial investments	–	8	–	8
Non-current receivables	26	–	0	26
Trade receivables	2,925	–	–	2,925
Other receivables	746	–	11	757
Current investments	–	1	–	1
Cash and cash equivalents	6,167	–	–	6,167
Total	**9,864**	**8**	**11**	**9,884**
Financial liabilities				
Contingent consideration	–	936	–	936
Liabilities to credit institutions	6,162	–	2	6,164
Other non-current liabilities	11	–	–	11
Hire/purchase agreements	224	–	–	224
Trade payables	1,730	–	–	1,730
Other current liabilities	1,878	–	–	1,878
Total	**10,006**	**936**	**2**	**10,943**

The assets' maximum credit risk consists of the net amounts of the reported values in the table above. The Group has not received any pledged collateral for the net financial assets.

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Note 25 Financial instruments, cont.

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The table below shows financial instruments measured at fair value, based on how the classification in the fair value hierarchy was made. The different levels are defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 Observable inputs for the asset or liability other than the quoted market prices included in level 1, either directly (i.e., as quoted market prices) or indirectly (i.e., derived from quoted market prices)

Level 3 Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs)

FAIR VALUE FOR DISCLOSURE PURPOSES

For assets and liabilities measured at amortised cost, the carrying value is considered to be a good approximation of the fair value.

Considering the short interest rate fixation periods and maturities of the items, estimates show that there is no significant difference between amortised cost and fair value.

THE GROUP'S MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

As at 31 Dec 2022

SEK million	LEVEL 1	LEVEL 2	LEVEL 3	OTHER[1)]	Difference between fair and carrying value, related to quoted bonds	TOTAL
Financial assets						
Financial investments	–	–	–	8	–	8
Non-current receivables	–	39	–	33	–	72
Trade receivables	–	–	–	4,940	–	4,940
Other receivables	–	40	–	1,056	–	1,096
Current investments	1	–	–	–	–	1
Cash and cash equivalents	3,022	–	–	–	–	3,022
Total	**3,023**	**79**	**–**	**6,037**	**–**	**9,139**
Financial liabilities						
Contingent consideration	–	–	997	–	–	997
Liabilities to credit institutions	–	4,817	–	7,134	1,208	13,158
Other non-current liabilities	–	–	–	26	–	26
Hire/purchase agreements	–	–	–	263	–	263
Trade payables	–	–	–	2,563	–	2,563
Other current liabilities	–	43	–	2,836	–	2,878
Total	**–**	**4,859**	**997**	**12,822**	**1,208**	**19,886**

As at 31 Dec 2021

SEK million	LEVEL 1	LEVEL 2	LEVEL 3	OTHER[1)]	Difference between fair and carrying value, related to quoted bonds	TOTAL
Financial assets						
Financial investments	–	–	–	8	–	8
Non-current receivables	–	0	–	26	–	26
Trade receivables	–	–	–	2,925	–	2,925
Other receivables	–	11	–	746	–	757
Current investments	1	–	–	–	–	1
Cash and cash equivalents	6,167	–	–	–	–	6,167
Total	**6,168**	**11**	**–**	**3,705**		**9,884**
Financial liabilities						
Contingent consideration	–	–	936	–	–	936
Liabilities to credit institutions	–	5,029	–	1,162	–27	6,164
Other non-current liabilities	–	–	–	11	–	11
Hire/purchase agreements	–	–	–	224	–	224
Trade payables	–	–	–	1,730	–	1,730
Other current liabilities	–	–	–	1,878	–	1,878
Total	**–**	**5,029**	**936**	**5,006**	**–27**	**10,943**

1) To allow a reconciliation between items in the balance sheet, financial instruments that were not measured at fair value and other assets and liabilities that were included the balance sheet items were included in Other.

Derivatives included in level 2 were measured at fair value based on documentation from the issuing institutions.

Bonds and convertibles in level 2 were measured at fair value as derived from quoted market prices.

Changes in financial liabilities in Level 3, SEK m	Opening balance	Acquisitions[1]	Paid	Revaluation/ discounting	Currency effect	Closing balance
Contingent considerations, 2022	936	702	–412	–257	28	997
Contingent considerations, 2021	259	789	–48	–69	6	936

1) Acquisitions in 2021 included SEK 94 million that were added to the balance sheet through business combinations.

Considering that the Group has numerous contingent considerations and that there are considerable differences in terms and conditions, forecasts for the future and maturities, a sensitivity analysis does not provide a fair representation of potential changes in the valuation. A change in the discount rate by one percent would affect the liability for the contingent considerations by SEK +/-7 million.

The fair value of the contingent considerations was calculated based on the expected outcome of the targets set in the contracts, given a discount rate of SEK 10.6 percent (9.6).

See Note 5 regarding changes due to acquisitions.

NOTE 26 FINANCIAL RISKS AND RISK MANAGEMENT

The Group strives for a structure and effective financial risk management in accordance with the Finance Policy adopted by the Board. Nevertheless, the Company's profit and cash flow are affected both by changes in the external environment and by the Group's own actions. The risk management work aims to visualise and analyse the risks faced by the Group and, to the extent possible, prevent and limit any negative effects.

Through its operations, the Group is exposed to various kinds of financial risks – credit risk, market risk (interest rate risk and other price risk) and liquidity risk, currency risk and refinancing risk. The Group's finance function has the overarching responsibility for the Group's risk management efforts, which includes financial risks. The risk management work includes identifying, assessing and evaluating the risks faced by the Group. Priority is given to the risks that are determined to have the most negative impact on the Group according to an overall assessment of potential impacts, probability and consequences. The Group's overarching goals for financial risks are to ensure the short-term and long-term supply of capital, a capital structure that is stable in the long term and has a granulated maturity structure, and low risk exposure.

CREDIT RISK

Credit risk is the risk that the Group's counterparty to a financial instrument defaults on its obligations, causing a financial loss for the Group. The Group's credit risk is primarily caused by receivables from customers, advance payments to suppliers and investments of cash and cash equivalents. On every reporting date, the Group evaluates the credit risk of existing exposures while considering forward-looking factors. An assessment is made when the Group is exposed to credit risk.

The Group has made an allowance for expected credit losses from trade receivables. In addition to trade receivables, the Group monitors the need for provisions for other financial instruments, such as cash and equivalents. If the amounts are deemed to be significant, an allowance for expected credit losses is made also for these financial instruments.

Credit risk related to trade receivables and contract assets (simplified method for credit risk allowance)

The Group is chiefly exposed to credit risk in connection with trade receivable. The Group aims to monitor this credit risk continuously. Credit risks arise both in the daily operating activities and in financial transactions. Trade receivables are spread across numerous customers, which reduces the credit risk. Credit risk related to operating activities is managed locally, at the company level. Financing activities are also exposed to some counterparty risk. The reasons for this exposure include investment of liquidity, borrowings and derivative instruments. The Group has adopted guidelines to ensure that products and services are sold to customers with an appropriate credit rating and that the credit risk if possible is mitigated when needed, such as through advance payments, guarantees or other credit enhancements. Payment terms are generally between 30 and 90 days, depending on the counterparty. Historic credit losses are small compared to the Group's sales: 0 percent (0).

The Group applies the simplified approach to measuring expected credit losses for trade receivables. This means that an allowance is made for expected credit losses for the remaining maturity, which is expected to be less than one year for all receivables. The Group applies a "historical loss rate" to all trade receivables. The method is applied in combination with other known information and forward-looking factors, including information on individual customers and management's assessment of the impact from economic cycle in the industry. Due to historically few and low credit losses, the Group has chosen to measure expected credit losses from trade receivables on a collective basis.

If factors indicate a suspension of payments, an individual assessment will be made to measure the expected credit loss in addition to the loss rate. The Group will write off a receivable if it no longer expects to be paid and active measures to collect payment have ended.

Age analysis, trade receivables

	31 Dec 2022			31 Dec 2021		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due trade receivables	4,069	–	4,069	2,375	–	2,375
Past due trade receivables:						
1–90 days	768	–	768	486	–	486
>91 days	172	–69	103	113	–49	64
Total	**5,009**	**–69**	**4,940**	**2,974**	**–49**	**2,925**

The credit quality of receivables that are less than 90 days past due is considered to be good, based on historically low credit losses.

Expected credit losses for trade receivables (according to the simplified method), SEK m	2022	2021
Opening carrying amount	–49	–32
Acquisition of subsidiaries	–22	–18
Reversal of previous allowances	7	10
Impairment	2	–8
Amounts written off (confirmed credit losses)	15	3
Credit loss allowance for the year	–25	–4
Recovered amounts, previously written off	1	–
Translation/exchange rate differences	2	–
Closing carrying amount	**–69**	**–49**

CASH AND CASH EQUIVALENTS

The Group's credit losses also arise from investments of cash and cash equivalents. The Group aims to monitor credit risk related to investments continuously. For deposits to be made in bank accounts, the counterparty must have a credit rating of at least A/A2 according to Standard & Poor or Moody's.

Allowance for expected credit losses (general model)

Financial assets that are subject to a loss allowance for expected credit losses according to the general model include other receivables and cash and cash equivalents. According to the general model, credit risk is measured for the next 12 months. The Group applies a ratings-based method where expected credit losses are measured as the product of the probability of default, loss given default and exposure in the event of default. Other known information and forward-looking factors for assessing expected credit losses are also considered. As at the reporting date, no significant increase in credit risk was deemed to exist for any receivable or asset. The assessment is based on whether there is a significant deterioration in credit ratings. In the event of a significant increase in credit risk, the credit risk is measured for the remaining term of the exposure.

Credit risk exposure

The Group's trade receivables are spread across several different customers, and there is no significant credit risk concentration to individual counterparties. The Company's significant credit risk concentrations regarding assets that are subject to the loss allowance for expected credit losses are presented below.

Credit risk exposure (gross) as at 31 Dec 2021

The Group's credit risk exposure consists of trade receivables and cash and cash equivalents. Trade receivables with a gross value of SEK 5,009 million (2,974) comprise receivables from companies without a credit risk rating. SEK 3,022 million (6,167) in cash and cash equivalents are deposited with financial institutions with a high credit rating (AA-). It is deemed that there has not been any significant increase in credit risk for any of the Group's financial assets.

MARKET RISK

Market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. According to IFRS, market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The market risks that mainly affect the Group are interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is chiefly exposed to market rate risk related to the Group's borrowings at variable interest. At the end of the reporting date, the most significant loans from credit institutions had variable interest. The IBOR reform has not had significant impact.

Considering the loan structure as at the reporting date, an interest rate hike of 1 percentage point will have an effect of SEK –150 million (–76) on profit or loss on an annual basis.

The table below specifies the terms; conditions and repayment terms of each interest-bearing liability:

					Carrying amount	
	Currency	**Maturity**	**Interest**	**%**	**31 Dec 2022**	**31 Dec 2021**
Liabilities to credit institutions	SEK	2024–2025	Variable/STIBOR 3M	Margin: 1.4–3.0%	13,094	6162
Hire/purchase agreements	SEK	2023–2027	Variable/fixed	Margin: 1.3–5.0%	263	224
Lease liabilities	SEK	1)	Variable/fixed	1)	1,654	1166
Total					**15,012**	**7,553**

1) The Group leases production equipment under a number of different leases with varying interest rates and maturity structures.

Note 26 Financial risks and risk management, cont.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to various types of currency risks, including from the Group's sales and purchases in foreign currencies. These currency risks consist partly of the risk of fluctuations in the value of financial instruments, trade receivables or trade payables, and partly of the currency risk in expected and contracted payment flows. These risks are referred to as transaction exposure. The Group's profit for the year includes exchange rate differences of SEK +27 million (-16) in operating profit and SEK 19 million (68) in net financial items.

Of the year's reported operating profit, SEK 2,613 million (1,406), approximately 37 percent (19) was in a functional currency other than SEK. The exposure in EUR was 10 percent (13), which means that a change of 1 percent in the Euro exchange rate compared to the Swedish krona would have an effect of SEK +/-3 million (2) on the operating profit.

Currency risks also arise from the translation of assets and liabilities in foreign subsidiaries into the Parent Company's functional currency, which is referred to as translation exposure. An effect of SEK 566 million (92) is included in comprehensive income.

Hedge accounting

To ensure future contracted cash flows in projects where the revenue is in a foreign currency, the Group has entered into currency forward contracts to hedge the currency risk. Since April 2020, the Group applies hedge accounting in the form of cash flow hedges.

When a hedging transaction is entered into, the relationship between the hedging instrument and the hedged item is documented, along with the risk management objective and strategy. The determined hedge ratio between the hedging instrument and the hedged item is based on the hedge ratios of the actual hedges; the hedge ratio is 1:1 for all hedges.

Hedges are designed to be effective, i.e., there is an expectation of an economic relationship as the hedging instrument offsets changes in fair value or cash flows if there is a currency risk in the hedged item. The economic relationship is preferably established through a qualitative assessment of critical terms in the hedging relationship. Sources of hedge ineffectiveness comprise the effect of the parties' credit standing in the valuation of the hedging instrument and imperfectly matched cash flows between the hedging instrument and the hedged cash flows. The Group determines that the sources of hedge ineffectiveness are not significant, considering the credit standing of the parties and as agreed cash flows in projects are hedged.

Currency hedging of future cash flows (cash flow hedging)

	Hedging instruments identified in hedging relationships at year-end			Changes in fair value for measuring the effectiveness over the year	
SEK million	**Nominal amount**	**Carrying amount**	**Balance sheet item**	**Hedging instrument**	**Hedged item**
2022					
Currency forward contracts, sold EUR, purchased SEK	170	–14	–14	–14	170
2021					
Currency forward contracts, sold EUR, purchased SEK	329	–3	–3	–3	329
Currency forward contracts, sold SEK, purchased USD	108	–4	–4	–4	108

Maturity analysis

	Maturity			
Hedging instruments at year-end (cash flow hedging)	**Within 3 months**	**3 months –1 year**	**1–3 years**	**Total**
2022				
Currency forward contracts, nominal amounts, SEK m	70	79	21	170
Average hedged forward rate, EUR/SEK	10.13	10.49	10.26	10.31
2021				
Currency forward contracts, nominal amounts, SEK m	62	197	179	438
Average hedged forward rate, EUR/SEK	10.03	10.32	10.23	10.19
Average hedged forward rate, USD/SEK	8.75	8.75	–	8.75

Reconciliation of hedge reserve and translation reserve in equity

SEK million	**2022 Hedge reserve**	**2022 Translation reserve**	**2021 Hedge reserve**	**2021 Translation reserve**
Opening carrying amount	7	87	13	–11
Items added over the period, recognised in other comprehensive income	–14	566	–7	99
Tax	–2	–	1	–
Total items added over the year, recognised in other comprehensive income	**–16**	**566**	**–6**	**99**
Closing book value	**–10**	**653**	**7**	**87**
Of which, ongoing hedges	–14	–	–7	–

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Note 26 Financial risks and risk management, cont.

Liquidity risk and refinancing risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk through continuous follow-up of the operations and by maintaining a cash pool structure that ensures that the companies' credit needs are met. The Group continuously forecasts future cash-flows based on various scenarios to ensure that financing occurs in a timely fashion.

The risk is mitigated by the Group's good liquidity reserves, which are readily available. In addition to equity, the Group's operations are essentially financed via loans and credit facilities totalling SEK 20,094 million (16,446). The Group's covenants refer to interest-bearing net debt/adjusted RTM EBITDA, which was satisfied on the reporting date by a good margin. At the end of the year the total credit amount consisted of SEK 11,128 million (10,446) in a revolving credit facility, of which SEK 7,000 million (9,200) was unutilised, and SEK 5,961 million (5,246) in bond loans. The total liquidity reserve, consisting of cash and cash equivalents, short-term investments and overdraft facilities, was SEK 10,022 million (15,367) as at the reporting date.

Refinancing risk refers to the risk that financing for acquisitions or development cannot be retained, extended, expanded or refinanced, or that such financing can only occur on terms that are unfavourable to the Group. The need for refinancing is regularly reviewed by the Group and the Board to ensure financing of the Company's expansion and investments. The goal is to ensure that the Group has continuous access to external borrowing without a significant increase in the cost of borrowing. The refinancing risk is reduced by ensuring that the refinancing process is structured and begins in a timely fashion. For larger loans, the process begins no later than three to nine months before the due date. The refinancing risk is also limited by spreading the terms of the capital tied up in the loan portfolio over time. The average period of capital tied-up is currently 2.3 years.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Financial instruments with variable interest rates were calculated using the interest rate as at the reporting date. Liabilities were included in the period when repayment can be demanded at the earliest.

	31 Dec 2022				
Maturity analysis, SEK m	**<1 year**	**1–5 years**	**>5 years**	**Total, including interest**	**Carrying amount**
Liabilities to credit institutions	730	13,698	7	14,435	13,357
Lease liabilities	425	915	435	1,775	1,654
Other non-current liabilities	–	2,343	–	2,343	2,343
Trade payables	2,563	–	–	2,563	2,563
Other current liabilities	1,616	–	–	1,616	1,616
Total	**5,334**	**16,956**	**442**	**22,732**	**21,534**

	31 Dec 2021				
Maturity analysis, SEK m	**<1 year**	**1–5 years**	**>5 years**	**Total, including interest**	**Carrying amount**
Liabilities to credit institutions	473	6,395	8	6,877	6,386
Lease liabilities	367	708	205	1,280	1,166
Other non-current liabilities	–	1,801	–	1,801	1,801
Trade payables	1,730	–	–	1,730	1,730
Other current liabilities	1,006	–	–	1,006	1,006
Total	**3,576**	**8,904**	**213**	**12,693**	**12,089**

The agreement for the syndicated loan includes covenants regarding interest-bearing net debt/operating profit or loss (adjusted RTM EBITDA) and equity/assets ratio that must be satisfied to avoid an increased cost of borrowing. Interest-bearing net debt/adjusted RTM EBITDA must not exceed 3.5. Storskogen has not been in breach of the covenants in 2022 or before.

Storskogen's credit agreements/lines of credit:

	31 Dec 2022		31 Dec 2021	
SEK million	**Amount**	**Utilised**	**Amount**	**Utilised**
Revolving credit facility	11,128	4,128	10,200	1,000
Total	**11,128**	**4,128**	**10,200**	**1,000**

Note 26 Financial risks and risk management, cont.

CAPITAL MANAGEMENT

According to the Finance Policy adopted by the Board, the Group shall manage its financing activities with proper control and orderly financing conditions. This ensures that Storskogen keeps the confidence of investors, creditors and other stakeholders, and lays the foundation for the continued development of the operations. Based on a balancing of return and financial stability, the long-term target for interest-bearing net debt/adjusted RTM EBITDA was set at 2.0–3.0. The adjustment to this target forms part of the strategic planning and the level of indebtedness is monitored on an ongoing basis in the internal reporting to management and the Board. According to the Group's bank covenants, interest-bearing net debt is measured in relation to adjusted RTM EBITDA, i.e., as if Storskogen had owned all companies for the last 12 months. For further information on the Group's Adjusted RTM EBITDA, see Definition of key performance indicators on pages 131–133.

Adjusted RTM EBITDA

SEK million	2022	2021
Adjusted RTM EBITDA	4,658	3,115
Interest-bearing net debt		
Interest-bearing liabilities	15,282	7,833
Less cash and cash equivalents and current investments	–3,022	–6,168
Interest-bearing net debt[1]	**12,260**	**1,666**
Leverage ratio		
Leverage ratio (interest-bearing net debt/adjusted RTM EBITDA)	2.6	0.5

1) In this calculation, financial liabilities only refer to non-current and current interest-bearing liabilities, excluding future minority options and contingent considerations.

Adjusted RTM EBITDA

Operating profit (EBIT) before amortisation, depreciation and impairment, but excluding items affecting comparability. Adjusted RTM EBITDA is calculated as adjusted EBITDA recorded in the previous 12-month period adjusted for the contribution from businesses contractually acquired by the Group in that 12-month period. The purpose is to assess the Group's operating activities. EBITDA serves as a complement to operating profit. Adjusted EBITDA facilitates comparisons of EBITDA between periods.

SEK million	2022	2021
Operating profit	2,905	2,197
Items affecting comparability[1]	–118	33
RTM amortisation and depreciation	1,870	885
RTM impairment of intangible assets	0	0
Adjusted RTM EBITDA	**4,658**	**3,115**

1) Items affecting comparability in 2022 and 2021 include the remeasurement of contingent considerations and amortisation or depreciation of revaluations at fair value of acquisitions to facilitate comparisons between periods. Items affecting comparability in 2022 also include Items affecting comparability such as stamp duty on foreign business combinations, central restructuring costs and capital gains or losses on the disposal of operations. Items affecting comparability in 2021 includes non-recurring costs related to the IPO.

NOTE 27 LEASES

RIGHT-OF-USE ASSETS

	Right-of-use assets			
SEK million	**Premises**	**Machinery and vehicles**	**Total**	**Lease liabilities**
Opening balance, 1 Jan 2021	462	148	610	594
New leases	650	273	923	920
Depreciation of right-of-use assets	–196	–126	–322	–
Terminated leases	–8	–4	–13	–13
Revaluation of leases	–22	24	2	2
Interest expense on lease liabilities	–	–	–	27
Lease payments	–	–	–	–373
Translation differences	7	2	9	9
Closing balance, 31 Dec 2021	**893**	**316**	**1,209**	**1,166**
New leases	779	274	1,053	1,049
Depreciation of right-of-use assets	–335	–196	–531	–
Terminated leases	–38	–15	–53	–52
Revaluation of leases	–19	8	–10	–10
Interest expense on lease liabilities	–	–	–	63
Lease payments	–	–	–	–596
Translation differences	27	6	33	34
Closing balance, 31 Dec 2022	**1,307**	**393**	**1,701**	**1,654**

The amounts recognised in the consolidated income statement for the year for lease activities are presented below:

SEK million	2022	2021
Depreciation of right-of-use assets	–531	–322
Interest expense on lease liabilities	–63	–27
Expense related to short-term leases	–30	–13
Expense related to leases of low-value assets	–6	–3
Effect on profit or loss of terminated leases	–1	0
Total	**–630**	**–365**

Cash outflow related to leases was SEK 632 million (389). For a maturity analysis of leases, see Note 26.

Note 27 Leases, cont.

The Group's leases and their recognition
The Group primarily leases premises, vehicles and machinery.

The Group is exposed to potential future increases in variable lease payments that depend on an index or a rate, which are not included in the lease liability until they take effect. When adjustments to lease payments that depend on an index or a rate take effect, the lease liability is remeasured and adjusted against the right-of-use asset.

Lease payments are allocated between repayments of the principal and interest. Interest is recognised in profit or loss over the term of the lease in a way that results in a fixed interest rate on the lease liability recognised in each period.

Right-of-use assets are measured at cost, which corresponds to the amount of the initial measurement of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the useful life, which corresponds with the lease term.

Options to extend or terminate leases
Several leases in the Group, primarily leases of premises, have extension options. Options to extend and terminate leases are included in several of the Group's leases of premises and machinery. An assessment is made regarding each individual lease as to whether these extension options will be exercised with reasonable certainty. Leases that will be used with reasonable certainty are included in the lease period.

Charges associated with short-term leases and leases of low-value assets
Short-term leases and leases of low-value assets are expensed on a straight-line basis in profit or loss. Short-term leases are leases that have a lease term of 12 months or less after options to extend have been considered.

NOTE 28 ASSETS PLEDGED AND CONTINGENT LIABILITIES

SEK million	31 Dec 2022	31 Dec 2021
Assets pledged		
These are in the form of assets pledged as security for the Group's own liabilities and provisions		
Property mortgages	14	4
Floating charges	23	36
Assets with retention of title	227	212
Other	111	2
Total	**375**	**253**
Other pledged assets and collateral		
Bank guarantee with the client as the beneficiary	136	260
Total assets pledged	**511**	**513**
Contingent liabilities		
Suretyships, other	19	6
Total contingent liabilities	**19**	**6**

Bank guarantees with the client as the beneficiary are mostly provided for subsidiaries engaged in contracting services that must meet their commitments before project deadlines. Based on historical information, the risk that the guarantees would be used is low.

NOTE 29 TRANSACTIONS WITH RELATED PARTIES

A list of the Group's subsidiaries, which are also related parties to the Group, is provided in Note 30 Participations in Group companies. All transactions between Storskogen Group AB (publ) and its subsidiaries were eliminated in the consolidated accounts. All transactions with related parties were on market terms.

For information on remuneration to senior executives, see Note 8, Employees, staff costs and remuneration to senior executives.

NOTE 30 PARTICIPATIONS IN GROUP COMPANIES

Storskogen Group AB (publ)'s holdings in direct and indirect subsidiaries that are included in the consolidated accounts are listed below:

Specification of Group holdings

Company	Corporate identity number	Registered office	Share of capital/votes 31 Dec 2022	Share of capital/votes 31 Dec 2021
Storskogen Group AB (publ)	559223-8694	Stockholm, Sweden	Parent company	Parent company
Storskogen Group International AB	559248-2144	Stockholm, Sweden	100.0%	100.0%
Storskogen Schweiz AG	CHE-348.450.254	Zurich, Switzerland	100.0%	100.0%
Storskogen Schweiz Management AG[1]	CHE-252.503.539	Zurich, Switzerland	100.0%	100.0%
LNS Holding SA	CHE-116.025.868	Neuchâtel, Switzerland	100.0%	–
PerfectHair AG	CH-020.3.032.319-8	Wallisellen, Switzerland	75.0%	75.0%
Vokus Personal AG	345.876.556	Zurich, Switzerland	85.7%	–
Storskogen Deutschland GmbH	HRB 276478	Munich, Germany	100.0%	100.0%
A&K Die Frische Küche GmbH	HRB 7911	Recklinghausen, Germany	100.0%	–
Christ & Wirth Haustechnik GmbH	HRB 17814	Zwenkau, Germany	80.0%	–
DIMABAY GmbH	HRB 155446	Berlin, Germany	74.9%	–
Hans Kämmerer GmbH	HRB 1753	Wachtendonk, Germany	85.0%	85.0%
HK Immobilien GmbH	HRB 95212	Hamburg, Germany	100.0%	100.0%
Roleff GmbH & Co. KG	212 148	Altbach, Germany	95.1%	95.1%
SF Tooling Group GmbH	98 699 675	Laichingen, Germany	95.0%	95.0%
Storskogen Danmark ApS	42 150 290	Copenhagen, Denmark	100.0%	100.0%
Danboring AS	19 623 106	Kjellerup, Denmark	90.1%	–
Danmatic Automated Bakery Systems A/S	12 509 707	Viborg, Denmark	75.0%	75.0%
Fremco A/S	30 81 54 16	Frederikshavn, Denmark	84.0%	–
INGENIØR´NE A/S	78 01 52 17	Esbjerg, Denmark	82.0%	–
Storskogen Suomi Oy	3267436-8	Esbo, Finland	100.0%	–
Storskogen Nederland B.V.	85 849 774	Amsterdam, Netherlands	100.0%	–
Storskogen Norge AS	927 075 113	Oslo, Norway	100.0%	100.0%
Fon Anlegg AS	915 557 368	Sandefjord, Norway	90.1%	90.1%
Nimbus Gruppen AS	927 950 731	Fredrikstad, Norway	90.1%	–
THERMICA AS	997 933 273	Lierstranda, Norway	80.0%	–
Vox Hair Concept AS	996 589 129	Porsgrunn, Norway	80.0%	–
Storskogen Singapore Pte. Ltd	202141432Z	Singapore, Singapore	100.0%	–
CMTi Pte. Ltd	199407655W	Singapore, Singapore	70.0%	–
XOD Box Pte Ltd	200406647E	Singapore, Singapore	65.0%	–
Storskogen UK Limited	13 142 215	London, United Kingdom	100.0%	100.0%
Extra UK Ltd	3 001 918	Northampton, United Kingdom	80.0%	–
Fabco Sanctuary Ltd	06552850	London, United Kingdom	80.0%	–
J&D Pierce Ltd	SC174690	Glengarnock, United Kingdom	80.0%	–
Julian Bowen Ltd	02108701	Kirky-in-Ashfield, United Kingdom	80.0%	80.0%
SGS Tool Group Ltd	12 071 237	Derby, United Kingdom	80.0%	80.0%
Stop Start Transport Ltd	13 763 831	Worcester, United Kingdom	80.0%	–
Tornado Group Ltd	5 240 005	Millom, United Kingdom	80.0%	80.0%
Storskogen US LLC	32-0678895	Delaware, USA	100.0%	–
Storskogen Industrier AB	556803-3012	Stockholm, Sweden	100.0%	100.0%
TK Logistik AB	556707-8356	Gothenburg, Sweden	100.0%	100.0%
Innovative Logistics Umeå AB	556582-9420	Holmsund, Sweden	100.0%	100.0%
IMS Maskinteknik AB	556244-8349	Enköping, Sweden	100.0%	100.0%
Berco Produktion i Skellefteå AB	556393-7969	Skellefteå, Sweden	100.0%	100.0%
ÅMV Production AB	556627-2927	Åsele, Sweden	100.0%	100.0%
Gullängets Mekaniska Verkstad AB	556474-2764	Örnsköldsvik, Sweden	100.0%	100.0%
PV System AB	556671-1437	Tidaholm, Sweden	100.0%	100.0%
Storskogen 3 Invest AB	559080-4273	Stockholm, Sweden	100.0%	100.0%
Storskogen Holding AB	559090-6763	Stockholm, Sweden	100.0%	100.0%
Imazo AB	556196-2951	Vara, Sweden	100.0%	100.0%
Södra Infragruppen Sverige AB	556815-0667	Kristianstad, Sweden	100.0%	100.0%
Skidsta Hus AB	556630-0587	Ullånger, Sweden	100.0%	100.0%
Stål och Rörmontage i Sölvesborg AB	556292-0453	Sölvesborg, Sweden	100.0%	100.0%
RS Fastigheter i Sölvesborg AB	556265-9143	Sölvesborg, Sweden	100.0%	100.0%
Stockholms Rörexpress AB	556676-2711	Skarpnäck, Sweden	94.0%	94.0%
SGD Sveriges Golvdistributörer AB	556445-3529	Växjö, Sweden	100.0%	100.0%
Golvgrossisten F och B i Skövde AB	556850-8138	Skövde, Sweden	100.0%	100.0%

Note 30 Participations in Group companies, cont.

Company	Corporate identity number	Registered office	Share of capital/votes 31 Dec 2022	Share of capital/votes 31 Dec 2021
Golvgrossisten G och B i Norrköping AB	556238-8255	Norrköping, Sweden	100.0%	100.0%
Plåthuset i Mälardalen AB	556311-2050	Enköping, Sweden	90.1%	90.1%
Plåthuset Syd AB[4)]	559059-4304	Enköping, Sweden	30.0%	30.0%
Smederna Sverige AB	556415-2568	Tumba, Sweden	90.1%	90.1%
SAMUS Holding AB	559030-3094	Skara, Sweden	100.0%	100.0%
BR Solutions AB	556251-0817	Hisings Kärra, Sweden	90.1%	90.1%
Swedstyle AB	556272-5134	Vaggeryd, Sweden	100.0%	100.0%
Enrival AB	556689-0207	Lund, Sweden	86.0%	92.0%
INBEGO AB	556294-1558	Älmhult, Sweden	90.1%	90.1%
IDATA AB	556618-8396	Värnamo, Sweden	100.0%	100.0%
ARAT AB	556922-2697	Kungsbacka, Sweden	90.1%	90.1%
Tolarp Kyckling AB	559183-5672	Linghem, Sweden	100.0%	100.0%
Svenska Kläckerier AB	559182-1334	Linghem, Sweden	100.0%	100.0%
Elektroautomatik i Sverige AB	556100-1008	Gothenburg, Sweden	92.6%	92.6%
Noa:s Snickeri i Tibro AB	556389-5290	Tibro, Sweden	100.0%	100.0%
Båstad-Gruppen AB	556519-6135	Ängelholm, Sweden	91.0%	91.0%
Albin Components AB	556312-5656	Kristinehamn, Sweden	100.0%	100.0%
NetRed AB	556596-8640	Tidaholm, Sweden	91.0%	91.0%
Roslagsgjuteriet AB	559052-2032	Herräng, Sweden	100.0%	100.0%
Storebrogjuteriet AB	556525-0049	Storebro, Sweden	100.0%	100.0%
Elcommunication Sweden AB	556582-3753	Karlshamn, Sweden	90.1%	90.1%
C.S Riv och Håltagning AB	556529-8766	Hisings Backa, Sweden	90.1%	90.1%
JJH i Sverige AB	559135-9913	Kungälv, Sweden	90.1%	90.1%
ByWe Group AB[3)]	559382-6232	Västra Frölunda, Sweden	92.0%	–
Jata Cargo AB	556542-2895	Malmö, Sweden	90.1%	90.1%
Alfta Kvalitetsindustri AB	559206-3787	Alfta, Sweden	90.1%	90.1%
Baldacci AB	556703-8624	Västra Frölunda, Sweden	95.1%	95.1%
Umeå Golvcenter AB	556599-2004	Umeå, Sweden	100.0%	100.0%
Riviera Markiser & Persienner AB	556432-5685	Partille, Sweden	90.1%	90.1%
TRELLEGRÄV AB	556454-9391	Trelleborg, Sweden	90.1%	90.1%
A Lot Decoration Sweden AB	556698-0131	Falköping, Sweden	95.0%	95.0%
Dextry Group AB[5)]	559051-8345	Stockholm, Sweden	94.8%	94.8%
Svenska Tungdykargruppen AB	556739-5529	Mora, Sweden	100.0%	100.0%
VästMark Entreprenad AB	556816-5350	Gothenburg, Sweden	90.1%	90.1%
Tepac Entreprenad AB	556646-7980	Stockholm, Sweden	92.0%	92.0%

Company	Corporate identity number	Registered office	Share of capital/votes 31 Dec 2022	Share of capital/votes 31 Dec 2021
Alba Hair Group AB[2)]	556497-8764	Malmö, Sweden	90.1%	90.1%
Växjö Elmontage AB	556522-5983	Växjö, Sweden	90.1%	90.1%
Frends AS	983 978 576	Grålum, Norway	90.1%	90.1%
Ullmax AB	556647-0307	Örebro, Sweden	100.0%	100.0%
Stockholms Internationella Handelsskola AB	556578-6497	Stockholm, Sweden	100.0%	100.0%
Bergendahls El Gruppen AB	556529-8493	Gothenburg, Sweden	90.1%	90.1%
El & Projektering Vetlanda AB	556594-0813	Vetlanda, Sweden	83.5%	100.0%
Svenska Grindmatriser AB	556258-8839	Linköping, Sweden	95.0%	95.0%
M J Contractor AB	556492-6904	Upplands Väsby, Sweden	95.0%	95.0%
IVEO AB	556791-6811	Stockholm, Sweden	70.0%	70.0%
Pierre Entreprenad i Gävle AB	556582-9784	Gävle, Sweden	90.1%	90.1%
Örnsberg EL Tele & Data AB	556347-0037	Trångsund, Sweden	90.1%	90.1%
NORDIC WHEEL & AUTOSUPPLY AB	556624-1807	Kungsbacka, Sweden	90.1%	90.1%
Ockelbo Kabelteknik AB	556675-2019	Ockelbo, Sweden	100.0%	100.0%
Tjällmo Grävmaskiner AB	556337-3652	Borensberg, Sweden	100.0%	100.0%
Strand i Jönköping AB	556385-9197	Jönköping, Sweden	95.0%	95.0%
Allan Eriksson Mark AB	556437-3669	Sala, Sweden	100.0%	100.0%
Såg- & Betongborrning i Uddevalla Aktiebolag	556226-4043	Uddevalla, Sweden	100.0%	100.0%
Strigo AB	556921-5360	Västervik, Sweden	90.2%	90.2%
Primulator AS	918 375 643	Oslo, Norway	100.0%	100.0%
AGIO System och Kompetens i Skandinavien AB	556650-2968	Luleå, Sweden	90.1%	90.1%
Bombayworks AB	556720-9357	Stockholm, Sweden	90.1%	90.1%
Scandia Steel Sweden AB	559272-9320	Stockholm, Sweden	95.0%	95.0%
Harrysson Entreprenad Aktiebolag (HEAB)	556273-9762	Hallsberg, Sweden	90.1%	90.1%
Lindberg Stenberg Arkitekter AB	556250-6609	Stockholm, Sweden	90.1%	90.1%
Vårdväskan AB	556880-1939	Falkenberg, Sweden	90.1%	90.1%
Jofrab TWS AB	556231-0713	Tranås, Sweden	100.0%	100.0%
Ecochange AB	556239-4618	Norrköping, Sweden	90.1%	90.1%
Newton Kompetensutveckling AB	556464-7989	Stockholm, Sweden	100.0%	100.0%
Aktiebolaget Wibe	556034-6495	Mora, Sweden	100.0%	100.0%
Zymbios Logistics Contractor AB	556681-8653	Kumla, Sweden	90.1%	90.1%
Ashe Invest AB	559059-3868	Gothenburg, Sweden	75.0%	75.0%
AE5 2012 Holding AB (Brenderup)	556951-8011	Jönköping, Sweden	98.7%	98.7%
Kumla Handtagsfabrik AB	559156-8331	Stockholm, Sweden	93.5%	93.5%

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Note 30 Participations in Group companies, cont.

Company	Corporate identity number	Registered office	Share of capital/votes 31 Dec 2022	31 Dec 2021
DeroA AB	559088-9639	Stockholm, Sweden	84.1%	84.1%
Buildercom Group AB	559064-1410	Stockholm, Sweden	100.0%	100.0%
Viametrics Group AB	559018-4155	Stockholm, Sweden	91.6%	91.6%
SoVent Group AB	559138-8789	Stockholm, Sweden	95.9%	95.9%
VINAB, Verkstadsindustri i Norr AB	556690-0832	Gällivare, Sweden	90.1%	90.1%
Vikingsun AB	556492-4362	Stockholm, Sweden	95.0%	95.0%
Nummelina AB	556508-9850	Kungsbacka	90.1%	90.1%
2M2 Group AB	556688-3772	Båstad, Sweden	90.1%	–
EVIAB Gruppen AB	556724-2267	Örebro, Sweden	90.1%	–
Hudikhus AB	556101-7715	Hudiksvall, Sweden	70.0%	–
Brandprojektering Sverige AB	556984-7444	Skövde, Sweden	70.0%	–
Hedson Technologies International AB	556450-9874	Arlöv, Sweden	97.9%	–
Nitro Consult Aktiebolag	556131-5770	Stockholm, Sweden	100.0%	–
VSH Holding AB (Swedwise)	556825-6423	Karlstad, Sweden	82.4%	–
PR Home of Scandinavia AB	556614-9323	Borås, Sweden	70.0%	–
Session MAP AB	556782-3868	Uddevalla, Sweden	70.0%	–
JO Sport i Hudiksvall AB	556273-2726	Hudiksvall, Sweden	80.0%	–
Scandinavian Cosmetics Group AB	559209-0533	Malmö, Sweden	95.9%	–
Acreto AB	556681-5469	Gothenburg, Sweden	80.0%	–
Hans Löfqvist Engineering AB	556196-1706	Örebro, Sweden	100.0%	–
Storskogen Utveckling AB	556970-1229	Stockholm, Sweden	100.0%	100.0%
Schalins Ringar AB	556161-6110	Östersund, Sweden	100.0%	100.0%
Tunga Lyft i Sverige AB	556713-3243	Arlöv, Sweden	100.0%	100.0%
Tunga Lyft Engineering i Sverige AB	556801-7726	Arlöv, Sweden	100.0%	100.0%
Jacob Lindh AB	556689-6576	Lund, Sweden	97.3%	97.3%
Delikatesskungen AB	556656-1360	Stockholm, Sweden	100.0%	100.0%
AB Kranlyft	556628-4534	Mölnlycke, Sweden	100.0%	100.0%
Swedfarm AB	556498-9688	Linghem, Sweden	100.0%	100.0%

1) Novus Partners AG was merged with Artum AG, which thereafter changed its name to Storskogen Schweiz Management AG during the year

2) L'anza EP Sweden AB changed its name to Alba Hair Group AB during the year

3) BAFRAL Holding AB changed its name to ByWe Group AB during the year

4) Storskogen 3 Invest AB owns 30 percent of Plåthuset Syd AB. The remaining 70 percent are owned by Plåthuset i Mälardalen AB, of which is 90.1 percent held by Storskogen 3 Invest AB.

5) Måla i Sverige AB changed its name to Dextry Group AB during the year.

NOTE 31 SPECIFICATIONS TO THE CASH FLOW STATEMENT

Adjustment for non-cash items

SEK million	2022	2021
Amortisation and depreciation	1,628	810
Fair value of inventories at acquisition	56	50
Adjustment in the value of contingent considerations	–255	–69
Unrealised foreign exchange gains/losses	–149	–78
Reversal of capitalised borrowing costs	83	48
Change in accrued interest	60	21
Unrealised value changes in derivatives	–61	–3
Other	–11	–22
Total	**1,351**	**757**

Over the year, interest received was SEK 24 million (13) and interest paid was SEK 450 million (197).

Note 31 Specifications to the cash flow statement, cont.

CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES

			Non-cash movements				
SEK million	**1 Jan 2022**	**Cash flow from financing activities**	**Business combinations**	**Changes in fair value**	**New leases**	**Other**	**31 Dec 2022**
Interest-bearing liabilities to credit institutions	6,227	5,713	899	–	–	322	13,161
Interest-bearing liabilities for hire/purchase agreements	161	–1	103	–	–	–	263
Lease liabilities	1,166	–533	–	–	1,049	–28	1,654
Total liabilities from financing activities	**7,554**	**5,179**	**1,002**	**–**	**1,049**	**295**	**15,078**

			Non-cash movements				
SEK million	**1 Jan 2021**	**Cash flow from financing activities**	**Business combinations**	**Changes in fair value**	**New leases**	**Other**	**31 Dec 2021**
Interest-bearing liabilities to credit institutions	3,419	1,181	1,562	–	–	65	6,227
Interest-bearing liabilities for hire/purchase agreements	100	6	55	–	–	–	161
Lease liabilities	594	–346	–	–	920	–2	1,166
Total liabilities from financing activities	**4,113**	**841**	**1,617**	**–**	**920**	**63**	**7,554**

For liabilities to credit institutions, 'other' chiefly include reversals of capitalised borrowing costs and translation differences.

NOTE 32 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit attributable to the Parent Company's shareholders by the weighted average number of ordinary shares outstanding during the period.

In the calculation of diluted earnings per share, the dilutive effect of potential ordinary shares and the weighted average of the additional shares that would have been outstanding if all potential ordinary shares were converted.

The Group in its current form was formed through a merger of the three independent investment entities Storskogen Industrier AB, Storskogen Utveckling AB and Storskogen 3 Invest AB (the "investment entities") in 2019.

Pursuant to provisions in the Company's articles of association, previously existing preferential rights to dividends were eliminated when the Company's shares were admitted to trading on the stock exchange, and every share in series A and series B confer the same right to a share of the Company's assets and profits. Storskogen presents its earnings per share for historical periods as if all shares had the same right to the Company's assets and profits.

At the extraordinary general meeting held in September 2021, it was resolved to perform a subdivision of shares (a share split), whereby one existing share became ten shares (this applied to A shares and B shares alike). In the calculations of profit or loss, the number of shares has been corrected, as if the share split occurred before the earliest period included in these financial statements. In October 2021, 51,335,798 A shares were redeemed without the payment of consideration. The purpose of this was to give the remaining A shares a value that corresponded to 20 percent of the Company's value immediately before the Offering in connection with the IPO. A retroactive adjustment was made for this redemption regarding the number of ordinary shares outstanding, both in the current period and the comparative periods.

Earnings per share

SEK	**2022**	**2021**
Basic earnings per share, series A and B	0.86	0.60
Diluted earnings per share, series A and B	0.86	0.60

Profit for the year attributable to the holders of ordinary shares in the Parent Company

SEK thousand	**2022**	**2021**
Profit for the year attributable to the holders of series A and B shares in the Parent Company	1,435,708	855,740

Weighted average number of shares used in the calculation of diluted earnings per share

	2022	**2021**
Weighted average number of ordinary series A shares	148,001,374	203,595,793
Weighted average number of ordinary series B shares[1)]	1,517,612,878	1,219,379,413
Total weighted number of shares outstanding	**1,665,614,252**	**1,422,975,206**

1) Includes a dilutive effect of 4,575,262 potential shares (26,407).

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NOTE 33 EVENTS AFTER THE REPORTING DATE

Events after the end of the financial year

After the end of the financial year, Storskogen completed three acquisitions, all of which were add-on acquisitions.

The Services business area completed an add-on acquisition through SoVent Group, which acquired HSV Hässleholm with the aim of extending and developing the existing offering of chimney sweeping and ventilation services. The acquisition included two fellow subsidiaries with combined annual sales of SEK 12 million.

The Industry business area completed two add-on acquisitions, both made by ARAT Group: Höga Kusten Resurs Teknik and Loginor were acquired with the aim of expanding the Group's expertise and offering in the sawmill and wood processing industry. These acquisitions had combined annual sales of SEK 83 million.

Through the subsidiary Hilpert Electronics, the Trade business area divested the company Medkoh AG in Switzerland, which had annual sales of approximately SEK 50 million. The reason for the divestment was that the Company's operations and size were incompatible with Storskogen's long-term strategy.

On 28 March, the Trade business area, via Vox Hair, signed an agreement to acquire 100 percent of the shares in Modern Design AS. The acquisition is subject to competition approval and is expected to be completed in the second quarter 2023. Modern Design is a Norwegian chain of hair salons with annual sales of SEK 110 million.

On 23 February, it was announced that Storskogen extended both of its outstanding unsecured facility agreements in full, by one year each. The extension included both the revolving credit facility of EUR 1 billion that was entered into on 24 September 2021, which was extended until 24 September 2025, and the unsecured syndicated term facility agreement of EUR 300 million that was entered into on 23 September 2022, which was extended until 24 March 2025. After the extension, the revolving credit facility has another extension option of one year.

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NOTES – PARENT COMPANY

NOTE 34 NET SALES

SEK million	2022	2021
Revenue from management fees	156	104
Total	**156**	**104**

NOTE 35 FINANCIAL INSTRUMENTS

Valuation of financial assets and liabilities as at 31 December 2022

SEK million	2022	2021
Financial assets		
Receivables from Group companies	27,444	16,534
Receivables from credit institutions	39	–
Cash and cash equivalents	1,168	4,976
Other non-current receivables	2	–
Total	**28,653**	**21,510**
Financial liabilities		
Liabilities to credit institutions	12,972	5,896
Liabilities to Group companies	3,060	2,922
Other liabilities	101	24
Trade payables	4	11
Total	**16,137**	**8,853**

The carrying amount is a good approximation of the fair value of financial assets and liabilities.

Intra-Group derivatives are mostly reflected in an external counterparty (a bank) through external derivatives.

NOTE 36 EMPLOYEES, STAFF COSTS AND REMUNERATION TO SENIOR EXECUTIVES

Salaries and other remuneration broken down by the CEO, Board and other employees

	2022			
SEK million	**CEO**	**Board**	**Other employees**	**Total**
Salaries and remuneration	9	3	121	133
(of which bonuses, etc.)	(–)	(–)	(4)	(4)
Social security costs	4	1	58	63
(of which pension costs)	(1)	(–)	(22)	(23)
Total	**13**	**4**	**179**	**196**

	2021			
SEK million	**CEO**	**Board**	**Other employees**	**Total**
Salaries and remuneration	7	2	85	94
(of which bonuses, etc.)	(–)	(–)	(17)	(17)
Social security costs	4	1	44	49
(of which pension costs)	(1)	(–)	(12)	(13)
Total	**11**	**3**	**129**	**143**

	2022		2021	
Average number of employees		**women/ men**		**women/ men**
Sweden	73	40/33	44	21/23
Total	**73**		**44**	

NOTE 37 REMUNERATION TO THE AUDITORS

SEK million	2022	2021
Ernst & Young AB		
Audit assignment	6	4
Audit activities outside the audit assignment	1	1
Other assignments	8	2
Total	**15**	**7**

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NOTE 38 TAX

SEK million	2022	2021
Current tax expense (–)/tax income (+)		
Tax expense/tax income for the year	–43	–56
Total tax expense recognised in the Parent Company	**–43**	**–56**

Reconciliation of effective tax

	2022		2021	
SEK million	**SEK m**	**%**	**SEK m**	**%**
Profit before tax	527		665	
Tax at the tax rate applicable to the Parent Company	–109	20.6%	–137	20.6%
Non-deductible costs	–1	–0.2%	–69	–10.4%
Non-deductible income	67	–12.7%	150	–22.6%
Total reported effective tax	**–43**	**7.7%**	**–56**	**–12.3%**

NOTE 39 LIABILITIES TO CREDIT INSTITUTIONS

SEK million	2022	2021
Interest-bearing non-current liabilities		
Bank loans	12,999	5,948
Capitalised borrowing costs	–57	–52
Total	**12,942**	**5,896**
Interest-bearing current liabilities		
Derivatives	30	–
Total	**30**	**–**

In 2022, activated borrowing costs of SEK 32 million were added. These will be allocated to periods across the term of each loan.

NOTE 40 OTHER LIABILITIES

SEK million	2022	2021
Other current liabilities		
Employee withholding tax	4	4
Convertible	43	–
Other	2	8
Total	**49**	**12**

NOTE 41 ACCRUED EXPENSES AND DEFERRED INCOME

SEK million	2022	2021
Accrued salaries	4	4
Accrued social security contributions	14	4
Accrued interest expenses	58	18
Other accrued expenses and prepaid income	17	8
Total	**93**	**34**

NOTE 42 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

SEK million	2022	2021
Dividends	–	502
Impairment of participations in subsidiaries	–	–105
Total	**–**	**397**

An impairment loss was recognised in 2021 for the shares in Storskogen 3 Invest AB, as the carrying amount was deemed to be lower than the consolidated value.

NOTE 43 INTEREST INCOME AND SIMILAR PROFIT ITEMS

SEK million	2022	2021
Interest income, Group companies	691	169
Interest income and similar profit items, other	778	114
Total	**1,469**	**283**

NOTE 44 INTEREST EXPENSES AND SIMILAR LOSS ITEMS

SEK million	2022	2021
Interest expenses and similar loss items, other	775	239
Total	**775**	**239**

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NOTE 45 APPROPRIATIONS

SEK million	2022	2021
Accelerated depreciation	0	–
Group contributions received	–	392
Total	**0**	**392**

NOTE 46 ASSETS PLEDGED

SEK million	2022	2021
Assets pledged		
These are in the form of assets pledged as security for own liabilities and provisions		
Parent Company guarantees and suretyships	354	–
Total	**354**	**–**

Refers to security for liabilities to credit institutions.

NOTE 47 PARTICIPATIONS IN GROUP COMPANIES

SEK million	2022	2021
Opening cost	4,006	3,140
Acquisitions/unconditional shareholder contributions	771	866
Closing carrying amount	**4,777**	**4,006**

The list below includes shares and participations directly held by the Parent Company. For information about shares and participations indirectly held by the Parent Company, see the Group's Note 30, Participations in Group companies.

Company	Corporate identity number	Registered office	Equity, 2022	Profit/loss, 2022	Share of capital and votes	Number of shares (thousand)	Carrying amount 31 Dec 2022	Carrying amount 31 Dec 2021
Storskogen Industrier AB	556803-3012	Stockholm, Sweden	111	26	100%	1,052	96	96
Storskogen 3 Invest AB	559080-4273	Stockholm, Sweden	3,579	772	100%	12,718	2,877	2,694
Storskogen Utveckling AB	556970-1229	Stockholm, Sweden	303	27	100%	2,324	350	350
Storskogen Group International AB	559248-2144	Stockholm, Sweden	296	2	100%	50	1,454	866
Carrying amount							**4,777**	**4,006**

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NOTE 48 PROPOSED APPROPRIATION OF PROFITS

The following amount in SEK million are at the disposal of the Annual General Meeting:

SEK million	2022	2021
Shareholder contributions	–	3,140
Share premium reserve	13,106	12,938
Retained earnings	3,647	–2
Profit for the year	485	608
Total	**17,239**	**16,685**

The Board proposes that the available profits and free funds be distributed as follows:

SEK million	2022	2021
Dividend SEK 11,840,110 [148,001,374 shares * SEK 0.08 per A share]	12	10
Dividend SEK 121,260,992 [1,515,762,394 shares, SEK 0.08 per B share]	121	107
To be carried forward	17,105	15,568
Total	**17,239**	**16,685**

NOTE 49 RECEIVABLES FROM GROUP COMPANIES

SEK million	2022	2021
Accumulated cost		
At beginning of the year	16,535	4,140
Trade receivables	33	3
Accrued interest income	84	4
Cash pool receivable	1,663	1,420
Loans to Group companies	9,123	10,968
Derivatives	6	–
Closing balance, 31 Dec	**27,444**	**16,535**
Carrying amount	**27,444**	**16,535**

NOTE 50 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties include loans to subsidiaries, see Note 49, Receivables on Group companies, and remuneration to the Board and senior executives, see the Group's Note 8, Employees, staff costs and remuneration to senior executives.

The Parent Company's other transactions with related parties

SEK million	2022	2021
Priti Intressenter AB	–	3
Total	**–**	**3**

There were no other transactions with related parties in 2022.

NOTE 51 SPECIFICATIONS TO THE CASH FLOW STATEMENT

Adjustment for non-cash items

SEK million	2022	2021
Adjustments of profit/loss before tax		
Anticipated dividends from subsidiaries	–	–502
Group contributions that have not been received	–	–269
Impairment of shares in subsidiaries	–	105
Unrealised exchange rate differences	–540	–110
Reversal of capitalised borrowing costs	103	48
Unrealised value changes in derivatives	–61	–
Other non-cash profit/loss items	–26	14
Total	**–524**	**–713**

NOTE 52 DISCLOSURES ABOUT THE PARENT COMPANY

Storskogen Group AB (publ) is a Swedish limited company with its registered office in Stockholm. The Parent Company's shares are listed on Nasdaq Stockholm, Large Cap. The consolidated accounts for 2022 include the Parent Company and its subsidiaries, collectively referred to as the Group.

ADDRESS OF THE HEAD OFFICE:
Storskogen Group AB
Hovslagargatan 3
111 48 Stockholm, Sweden
www.storskogen.com

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Certification by the Board of Directors

The Board of Directors and the CEO hereby declare that the annual accounts were prepared in accordance with generally accepted accounting practices in Sweden and that the consolidated accounts were prepared in accordance with international financial reporting standards as referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a fair presentation of the parent company's and the Group's financial position and performance. The statutory administration report for the parent company and the Group provides a fair view of the Parent Company's and the Group's operations, financial position and performance and describes material risks and uncertainties to which the parent company and other companies in the Group are exposed.

As stated above, the annual accounts and the consolidated accounts were approved for publication by the Board of Directors and the CEO on 24 March 2023. The consolidated income statement, statement of comprehensive income and balance sheet and the Parent Company's income statement and balance sheet are subject to adoption at the Annual General Meeting, which is planned to be held on 12 May 2023.

Stockholm, 24 March 2023

Annette Brodin Rampe
Chair of the Board

Alexander Bjärgård
Board Member

Bengt Braun
Board Member

Louise Hedberg
Board Member

Johan Thorell
Board Member

Daniel Kaplan
CEO

Our audit report was submitted on 24 March 2023
Ernst & Young AB

Åsa Lundvall
Authorised Public Accountant

Auditor's report[1)]

To the general meeting of the shareholders of Storskogen Group AB (publ), corporate identity number 559223-8694

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Storskogen Group AB (publ) for the financial year 2022. The annual accounts and consolidated accounts of the company are included on pages 55–126 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 the parent company as of 31 December 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 31 December 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 Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's 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.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Accounting for business combinations

Description

In the fiscal year 2022, the group made 54 acquisitions for a total consideration of SEK 10 692 million. The acquired assets and liabilities must be separately identified and valued at fair value at the date of the acquisition. For acquired assets and liabilities for which there is no active market, management must apply valuation models and significant estimates in order to determine the fair value. Disclosures related to the group's accounting principles are provided in Note 1 and significant accounting estimates and judgements are provided in Note 2. Note 5 contains disclosures related to the acquisitions made. Based on the significance of the acquisitions and the high degree of management estimate required to account for these matters, we have assessed the accounting for business combinations as a key audit matter in our audit.

How our audit addressed this key audit matter

As part of our audit, we have evaluated the group's processes related to the accounting of business combinations. We have reviewed the purchase agreements and audited the purchase price allocations for all significant acquisitions. With support from our internal valuation specialists, we have assessed the valuation models applied and the significant estimates used when accounting for the business combinations. The models and estimates have been tested by comparing them to historical outcome, future cash flow forecasts as well as external sources and established valuation techniques. Further we have performed sensitivity analyses for significant estimates as well as benchmark comparisons. Finally, we have reviewed the disclosures provided in the annual report.

Valuation of goodwill

Description

At December 31, 2022, the total value of goodwill amounts to 18 989 million SEK and is allocated to the group's different cash generating units. Goodwill must be tested for impairment at least annually and whenever there are indicators of impairment. The test is carried out by comparing the recoverable amount to the carrying value. To calculate the recoverable amount, manage-

1) This is a translation from the Swedish original.

ment apply significant judgment and estimates regarding future cash flows, perpetual growth rate and discount rates. The impairment tests for 2022 did not result in any impairment charges. Disclosures related to the group's accounting principles are provided in Note 1, significant accounting estimates and judgements are provided in Note 2 and disclosures related to goodwill and the impairment test performed is provided in Note 13. Based on the significant carrying value of the goodwill and the high degree of management estimate required to perform the impairment tests, we have assessed the accounting of the valuation of goodwill as a key audit matter in our audit.

How our audit addressed this key audit matter

In the audit, we have evaluated the group's process for conducting impairment tests. Based on established criteria, we have further examined how the group identifies cash-generating units. With support from our internal valuation specialists, we have evaluated the valuation methods used. We have assessed the reasonableness of assumptions and reviewed these through conducting sensitivity analysis, comparing them to historical outcomes as well as external sources and comparing them to industry benchmarks. Finally, we have reviewed the disclosures provided in the annual report.

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 1–54 and 131–156. The other information also includes the remuneration report and were obtained before the date of this auditor's report. 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 Directors and the Managing Director

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

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

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 Storskogen Group AB (publ) for the year financial 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 (loss be dealt with) 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 Directors and the Managing Director

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

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

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:
- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Storskogen Group AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the ESEF report*. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Storskogen Group AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Ernst & Young AB with Åsa Lundvall as auditor in charge, Box 7850, Hamngatan 26 Stockholm, was appointed auditor of Storskogen Group AB (publ) by the general meeting of the shareholders on the 17 May 2022 and has been the company's auditor since the 24 October 2019. Storskogen Group AB (publ) has been a company of general public interest since 6 October 2021.

Stockholm 24 March 2023

Ernst & Young AB

Åsa Lundvall
Authorised Public Accountant

Definition of key performance indicators

KEY PERFORMANCE INDICATORS

Storskogen presents a number of performance measures that are not defined in accordance with IFRS. The Company is of the view that these measures provide valuable supplementary information for investors and the Company's management, as they allow an evaluation of trends and the Company's performance. As not all companies calculate these measures in the same way, they are not always comparable with those used by other companies. These measures should therefore not be regarded as replacing measures that are defined in accordance with IFRS. Definitions of the measures used, most of which are alternative performance measures, are presented below.

Return on equity[1)]

Profit for the year (including profit/loss from non-controlling interests) as a percentage of total equity (including equity attributable to non-controlling interests). Profit/loss is accumulated for the most recent 12-month period and equity is calculated as the average value in the last 12-month period. The purpose is to analyse profitability in relation to equity attributable to the owners the Parent Company.

SEK million	2022	2021
Profit for the year	1,592	947
Equity	17,999	9,112
Return on equity, %	**8.8**	**10.4**

Return on working capital[1)]

Adjusted EBITA as a percentage of working capital. Working capital is calculated as the average value in the previous 12-month period. The purpose is to analyse profitability in relation to working capital.

SEK million	2022	2021
Adjusted EBITA	3,143	1,688
Working capital	5,102	1,857
Return on working capital, %	**61.6**	**90.9**

Return on capital employed[1)]

Operating profit (EBIT) plus financial income as a percentage of capital employed. EBIT and financial income are calculated accumulated for the previous 12-month period, and capital employed as the average for the previous 12-month period. The purpose is to analyse profitability in relation to capital employed.

SEK million	2022	2021
Operating profit	2,613	1,406
Financial income	479	152
Operating profit including financial income	**3,091**	**1,558**
Capital employed	30,753	17,024
Return on capital employed, %	**10.1**	**9.1**

EBITA[1)]

Operating profit (EBIT) before amortisation and impairment of intangible assets. The purpose is to assess the Group's operating activities.

SEK million	2022	2021
Operating profit	2,613	1,406
Amortisation of intangible assets	693	249
Impairment of intangible assets	0	–
EBITA	**3,305**	**1,655**

EBITDA[1)]

Operating profit (EBIT) before depreciation, amortisation and impairments. The purpose is to assess the Group's operating activities. EBITDA serves as a complement to operating profit (EBIT).

SEK million	2022	2021
Operating profit	2,613	1,406
Amortisation and depreciation	1,628	810
Impairment	0	0
EBITDA	**4,241**	**2,216**

Net financial items[1)]

Financial income less financial expenses. The purpose is to present developments in the Group's financing activities.

SEK million	2022	2021
Financial income	479	152
Financial expenses	–980	–325
Net financial items	**–502**	**–173**

Adjusted EBITA[1)]

Operating profit (EBIT) before amortisation and impairment of intangible assets, but excluding items affecting comparability. The purpose is to assess the Group's operating activities. Adjusted EBITA facilitates comparisons of EBITA between periods.

SEK million	2022	2021
Operating profit	2,613	1,406
Items affecting comparability	–162	33
Amortisation of intangible assets	693	249
Impairment of intangible assets	0	0
Adjusted EBITA	**3,143**	**1,688**

1) This measure is an alternative performance measure according to the ESMA guidelines.

Adjusted EBITA margin[1)]

Adjusted EBITA as a percentage of net sales. The purpose is to provide a guide to profitability in relation to sales.

SEK million	2022	2021
Adjusted EBITA	3,143	1,688
Net sales	34,250	17,496
Adjusted EBITA margin, %	**9.2**	**9.6**

Adjusted EBITDA[1)]

Operating profit (EBIT) before amortisation, depreciation and impairment, but excluding items affecting comparability. The purpose is to assess the Group's operating activities. EBITDA serves as a complement to operating profit. Adjusted EBITDA facilitates comparisons of EBITDA between periods.

SEK million	2022	2021
Operating profit	2,613	1,406
Items affecting comparability	–162	33
Amortisation and depreciation	1,628	810
Impairment	0	0
Adjusted EBITDA	**4,079**	**2,249**

Adjusted cash conversion[1)]

Operating cash flow as a percentage of adjusted EBITDA. The purpose is to analyse cash conversion.

SEK million	2022	2021
Adjusted EBITDA	4,079	2,249
Change in working capital	–1,143	–265
Net investments in property, plant and equipment, defined as CapEx	–539	–350
Operating cash flow	**2,397**	**1,634**
Adjusted EBITDA	4,079	2,249
Adjusted cash conversion, %	**58.8**	**72.6**

Items affecting comparability[1]

Items affecting comparability such as remeasurement of contingent considerations, non-recurring costs related to the IPO, fair value adjustments of acquired assets (such as inventory step-up), central restructuring costs, stamp duty on certain foreign business combinations and capital gains/losses from divestments of businesses. Items affecting comparability are excluded to facilitate comparisons between periods.

SEK million	2022	2021
Remeasurement of contingent considerations	255	69
Costs related to the IPO	–	–53
Fair value measurement of inventories at acquisition	–56	–50
Stamp duty on foreign business combinations	–14	–
Central restructuring costs	–18	–
Capital gains/loss from divestments of businesses	–5	–
Items affecting comparability	**162**	**–33**

Interest-bearing net debt[1)]

Interest-bearing liabilities (i.e. non-current interest-bearing liabilities, non-current lease liabilities, current interest-bearing liabilities, current lease liabilities and interest-bearing pension provisions) less current investments and cash and cash equivalents. The purpose is to provide an alternative measure of the Group's debt/equity ratio. This performance measure gives an indication of the Group's financial target with regard to net debt in relation to adjusted RTM EBITDA.

SEK million	Note	31 Dec 2022	31 Dec 2021
Interest-bearing liabilities	20	15,078	7,554
Provisions for pensions	21	205	280
Current investments	25	–1	–1
Cash and cash equivalents	18	–3,022	–6,167
Interest-bearing net debt		**12,260**	**1,666**

Interest-bearing net debt/adjusted RTM EBITDA[1]

Interest-bearing net debt in relation to adjusted RTM EBITDA provides a liquidity measure for net debt in relation to cash-generating operating profit. Net debt is based on the reporting date. Adjusted RTM EBITDA is calculated as adjusted EBITDA recorded in the previous 12-month period adjusted for the contribution from businesses contractually acquired by the Group in that 12-month period. The purpose is to provide an indication of the Group's ability to pay its debts. This performance measure gives an indication of the Group's financial target with regard to net debt in relation to adjusted RTM EBITDA.

SEK million	31 Dec 2022	31 Dec 2021
Interest-bearing net debt	12,260	1,666
Adjusted RTM EBITDA	4,658	3,115
Interest-bearing net debt/ adjusted RTM EBITDA, x	**2.6**	**0.5**

Net debt[1)]

Interest-bearing liabilities (i.e. non-current interest-bearing liabilities, non-current lease liabilities, current interest-bearing liabilities, current lease liabilities and interest-bearing pension provisions), including minority options and future contingent consideration, less current investments and cash and cash equivalents. This measure is used to calculate the Group's debt/equity ratio.

SEK million	Note	31 Dec 2022	31 Dec 2021
Interest-bearing liabilities	20	15,078	7,554
Provisions for pensions	21	205	280
Contingent considerations	23	997	936
Minority options	23	1,991	1,302
Current investments	25	–1	–1
Cash and cash equivalents	18	–3,022	–6,167
Net debt		**15,249**	**3,904**

Organic EBITA growth[1)]

Change in EBITA, excluding exchange rate, acquisition and divestment effects and adjusted for Group operations, compared with the same period the previous year. Acquired entities are included in organic EBITA growth once they have been part of the Group for the full comparison period; divested companies are excluded from both periods once they have been divested. The purpose is to analyse underlying growth in operating profit.

1) This measure is an alternative performance measure according to the ESMA guidelines.

Organic net sales growth (organic growth)[1]

Change in net sales, excluding exchange rate, acquisition and divestment effects, compared with the same period the previous year. Acquired entities are included in organic growth once they have been part of the Group for the full comparison period; divested companies are excluded from both periods once they have been divested. The purpose is to analyse underlying net sales growth.

Interest coverage ratio[1]

Operating profit plus interest income divided by interest expenses. The purpose is to present earnings in relation to interest expenses, which is a measure of the Group's capacity to cover its interest expenses. Previously, the definition included all financial income and expenses from net financial items (i.e. including currency effects), but for the measure to reflect the Group's capacity to cover interest expenses more clearly, only interest income is now added. The result is then divided by the interest expenses. According to the previous definition, the interest coverage ratio for the year would have been 3.2 x (4.8).

SEK million	2022	2021
Operating profit	2,613	1,406
Interest income	23	7
Operating profit including interest income	2,636	1,413
Interest expense	–590	–248
Interest coverage ratio, x	**4.5**	**5.7**

Working capital[1]

Working capital is calculated as current operating receivables (inventories, trade receivables and other non-interest-bearing current receivables) less current operating liabilities (trade payables and other non-interest-bearing current liabilities, excluding future contingent considerations). The components are calculated as the average for the previous 12-month period. The purpose is to analyse the capital tied up in the balance sheet by the Group's operating activities.

SEK million	2022	2021
Inventories	4,476	1,947
Trade receivables	4,461	2,141
Other current receivables	2,299	808
Trade payables	–2,571	–1,290
Other current liabilities	–3,563	–1,749
Working capital	**5,102**	**1,857**

Operating margin[1]

Operating profit (EBIT) as a percentage of net sales. The purpose is to provide a guide to profitability in relation to sales.

SEK million	2022	2021
Operating profit	2,613	1,406
Net sales	34,250	17,496
Operating margin, %	**7.6**	**8.0**

Operating profit/loss (EBIT)

Net sales less cost of goods and services sold, selling expenses, administrative expenses and other operating income less other operating expenses. The purpose is to assess the Group's operating activities.

Debt/equity ratio[1]

Net debt divided by total equity including equity attributable to non-controlling interests. The purpose is to show the size of the debt in relation to equity, i.e. As a measure of capital strength and financial risk. A high debt/equity ratio corresponds to a low equity/assets ratio, while a low debt/equity ratio corresponds to a high equity/assets ratio.

SEK million	31 Dec 2022	31 Dec 2021
Net debt	15,249	3,904
Equity	19,628	16,588
Debt/equity ratio, x	**0.8**	**0.2**

Equity/assets ratio[1]

Total equity including equity attributable to non-controlling interests as a percentage of total assets. The purpose is to show the proportion of assets that are financed with equity.

SEK million	31 Dec 2022	31 Dec 2021
Equity	19,628	16,588
Total assets	47,482	32,223
Equity/assets ratio, %	**41.3**	**51.5**

Capital employed[1]

Total assets less non-interest-bearing liabilities and provisions. The components are calculated as the average for the previous 12-month period. The purpose of this measure is to track the amount of capital that is employed in operations and financed by shareholders and lenders.

SEK million	2022	2021
Total assets	42,400	22,496
Non-interest-bearing liabilities	-9,772	-4,670
Provisions	-1,876	-803
Capital employed	**30,753**	**17,024**

Number of shares outstanding[1]

Total number of shares outstanding. Defined as the total number of shares outstanding less treasury shares. This number is primarily used to calculate performance measures.

Number	31 Dec 2022	31 Dec 2021
A shares	148,001,374	148,001,374
B shares	1,515,762,394	1,507,913,753
Number of shares outstanding	**1,663,763,768**	**1,655,915,127**

1) This measure is an alternative performance measure according to the ESMA guidelines.

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Sustainability notes

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NOTE H1 FORMAT, REPORTING ENTITIES AND BOUNDARIES

The notes follow the format of the material topics presented in the sustainability section on pages 32–44. The notes are presented for the central organisation or at the business unit level, depending on the note. The GRI Index refers to Storskogen's central organisation, which is defined below.

REPORTING ENTITIES
Unless otherwise stated, Storskogen's central organisation and the business units with all subsidiaries report data, see the boundaries below. In texts and notes, business units are referred to as subsidiaries.

Reporting entities	2022	2021	2020
Storskogen's central organisation	**9**	**5**	**1**
Of which, Storskogen Sweden	1	1	1
Of which, Storskogen Norway	1	1	0
Of which, Storskogen Denmark	1	0	0
Of which, Storskogen Singapore	1	0	0
Of which, Storskogen United Kingdom	1	1	0
Of which, Storskogen Germany	1	1	0
Of which, Storskogen Switzerland	1	1	0
Of which, Storskogen Finland	1	0	0
Of which, Storskogen Netherlands	1	0	0
Business units, total[1]	**137**	**103**	**56**
Of which, Industry	38	28	16
Of which, Trade	37	26	14
Of which, Services	62	49	26

1) According to the financial statements, there are 136 units. Reason for the deviation: The companies Perfect Hair and Marwell report sustainability data as separate units (in the Trade business area), even though they are counted as a single unit in the financial statements.

BOUNDARIES
Companies that were acquired by Storskogen after 31 October and were therefore not included in the accounts:
CMTi (separate business unit in the Industry business area)
EnergiStyret i Kronoberg AB (add-on acquisition to Växjö Elmontage)
Cutrin Gruppen Norge AS (separate business unit in the Trade business area)

Minimise environmental impact

NOTE H2 CLIMATE IMPACT

In the 2021 financial year, Storskogen reported emission intensity for all subsidiaries, and emissions were lower than in 2020. The reduction was due to newly acquired subsidiaries in 2021 that had relatively low absolute emissions in relation to higher sales compared with previously owned subsidiaries. Existing subsidiaries had a similar level of absolute emissions, but significantly higher emission factors for fuel caused a minor increase in emission intensity.

For greater transparency on the outcome of climate targets, Storskogen reports the total, but divides it into already held subsidiaries and subsidiaries acquired over the year. This division is intended to provide a clearer view of developments in the subsidiaries during Storskogen's ownership. A clearer division has also been made between Storskogen's Parent Company and the subsidiaries. The Parent Company is referred to as the 'central organisation'.

DESCRIPTION OF METHODOLOGIES USED IN CLIMATE REPORTING
Most of the data refer to the financial year 2022. In some cases, data for December 2022 were estimated based on data from 2021. As of 2022, Storskogen uses Wordfavor's climate calculator to collect and calculate data. From this year, the data reported is divided into actual and estimated data.

Climate impact is reported as direct (Scope 1) and indirect (Scopes 2 and 3) emissions in carbon dioxide equivalents in accordance with the guidelines in the Greenhouse Gas Protocol, the international standard for climate calculations. Storskogen has chosen an operational control strategy. The climate impact inventory is based on carbon dioxide equivalents (CO_2e) and include all greenhouse gasses. The emission factors used in the calculations were provided by Worldfavor and derived from the Department for Environment Food & Rural Affairs (DEFRA) in the United Kingdom.

Scope 1
This includes emissions from owned or leased cars, vans, lorries and machinery such as trucks, tractors and other fuelled equipment. In the cases where no consumption data were available, the number of kilometres was reported. Stationary combustion is also included, such as combustion of diesel, gasoline and liquefied petroleum gas and fuel used for heating purposes, such as fuel oil and natural gas, on our own premises. The annual refilling of refrigerants is included.

Scope 2
This includes electricity and district heating in owned, leased or rented premises and is based on actual consumption in kWh or on estimates based on the size of the premises. In the cases where business units purchased renewable, origin-marked electricity, the emissions are based on renewable sources, according to a market-based method. Data on fossil-free electricity was requested for the reporting. If no active choice has been made, emissions are based on a residual mix emission factor for electricity in each country.

Scope 3
For Storskogen's central organisation, some categories in Scope 3 were also reported (such as business travel, the use of private cars for work, paper, purchases of IT services). Data are based on mileage paid, invoices and supplier reports.

Note H2 Climate impact, cont.

STORSKOGEN'S SUBSIDIARIES

Emission intensity, tCO_2e/SEK m Scopes 1 & 2

All subsidiaries	2022	2021	2020
Total	**1.4**	**1.6**	**1.9**
Business area Industry	1.2	1.2	1.6
Business area Trade	0.6	0.8	1.4
Business area Services	2.6	2.6	2.6

Of which, previously owned	2022
Total	**1.4**
Business area Industry	0.9
Business area Trade	0.7
Business area Services	2.8

Of which, new acquisitions	2022
Total	**1.4**
Business area Industry	1.6
Business area Trade	0.4
Business area Services	1.9

Greenhouse gas emissions, tonnes CO_2e

All subsidiaries	2022	2021	2020
Total	**52,699**	**37,558**	**20,132**
Scope 1	41,680	30,106	13,868
Business area Industry	9,937	3,716	1,113
Business area Trade	5,304	3,946	1,991
Business area Services	26,439	22,419	10,764
Scope 2	11,018	7,448	6,255
Business area Industry	8,028	5,524	3,186
Business area Trade	1,765	1,620	1,942
Business area Services	1,225	303	1,127

Of which, previously owned	2022
Total	**35,223**
Scope 1	29,929
Business area Industry	3,382
Business area Trade	4,707
Business area Services	21,841
Scope 2	5,293
Business area Industry	3,563
Business area Trade	1,301
Business area Services	429

Of which, new acquisitions	2022
Total	**17,476**
Scope 1	11,751
Business area Industry	6,556
Business area Trade	598
Business area Services	4,598
Scope 2	5,725
Business area Industry	4,463
Business area Trade	464
Business area Services	797

COMMENTS ON THE OUTCOME

Total emission intensity has decreased since last year. Subsidiaries owned by Storskogen before 2022 also reduced their total emission intensity, and Storskogen is on the right path to achieve the target of halving its emission intensity by 2030. The most significant reduction in previously owned subsidiaries was in the Industry business area, and it was achieved through energy savings measures and a transition to fossil-free energy.

Fuels in Scope 1 remain Storskogen's main source of emissions. Fuel consumption is predominantly high in companies in the Logistics, Contracting Services, Infrastructure and Installation verticals.

ADDITIONAL DISCLOSURES

2020 is the base year for environmental data. Of total emissions in Scope 1, approximately 80 percent were actual and approximately 20 percent were estimated. Of total emissions in Scope 2, approximately 75 percent were actual and approximately 25 percent were estimated. This is because for many subsidiaries, electricity is included in the rent, so the estimates are based on the size of the premises. As this year's focus was to improve the quality of the reporting in Scopes 1 and 2, the subsidiaries' Scope 3 emissions were not included in the report.

STORSKOGEN'S CENTRAL ORGANISATION

Greenhouse gas emissions, tonnes CO_2e

Emissions by scope and activity	2022	2021	2020
Scope 1	4	24	0
Scope 2	13	4	9
Scope 3	268	102	34
Business travel (air, taxi, trains, hotel nights, buses)	227	78	17
Purchasing of IT products and office supplies	41	19	15
Emission intensity tCO_2e/FTE	2.4	1.7	–

COMMENTS ON THE OUTCOME

Storskogen's central organisation reduced its absolute emissions in Scopes 1 and 2, despite additional offices. The reason is that the Swiss office transitioned from natural gas to renewable electricity in connection with an office relocation. Scope 3 emissions rose when new employees were hired.

ADDITIONAL DISCLOSURES

Of the Scope 1 emissions, 100 percent were actual. Of the Scope 2 emissions, 90 percent were estimated, as electricity is included in the rent in most office, and it was then calculated based on the size of the premises. Of the Scope 3 emissions from business travel, 80 percent were estimated, as Storskogen does not have a booking system or other single provider of data. Of the Scope 3 emissions from IT products and other office supplies, 60 percent were estimated. Emission intensity is calculated by adding up the emissions in Scopes 1–3 and dividing them by the number of FTEs.

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NOTE H3 ENERGY CONSUMPTION

STORSKOGEN'S SUBSIDIARIES

Energy intensity, MWh/SEK m

All subsidiaries	2022	2021	2020
Total	**2.5**	**3.4**	**5.1**
Business area Industry	4.7	7.3	11.8
Business area Trade	2.1	2.2	5.6
Business area Services	1.1	0.9	1.8

Of which, previously owned	2022
Total	**2.8**
Business area Industry	6.1
Business area Trade	1.6
Business area Services	1.1

Of which, new acquisitions	2022
Total	**2.0**
Business area Industry	3.0
Business area Trade	0.8
Business area Services	0.9

Energy consumption, MWh

All subsidiaries	2022	2021	2020	Of which, previously owned	Of which, new acquisitions
Total	**94,895**	**79,901**	**52,162**	**69,441**	**25,454**
Business area Industry	68,528	56,810	31,524	48,046	20,482
Business area Trade	14,820	15,656	12,269	12,375	2,410
Business area Services	11,546	7,392	8,195	8,985	2,561
Of which, renewable electricity	43,650	47,941	–	38,219	5,431
Business area Industry	35,522	39,767	–	30,680	4,842
Business area Trade	4,273	4,071	–	3,786	488
Business area Services	3,855	4,140	–	3,753	102
Of which, fossil-free energy	15,907	9,093	–	15,582	325
Business area Industry	10,959	–	–	10,755	203
Business area Trade	3,613	–	–	3,560	17
Business area Services	1,335	–	–	1,232	103
% fossil-free, incl. renewable of the total	63	60	–	77	23

COMMENTS ON THE OUTCOME

Total energy intensity decreased due to energy savings measures. Increased costs drew extra attention to the issue, and through the sustainability network, Storskogen received training from Vattenfall on energy efficiencies. Several of the energy-intensive subsidiaries have carried out energy mapping and taken several measures.

There was a small increase in the total proportion of fossil-free, but previously owned subsidiaries have largely transitioned to fossil-free, with a proportion of 77 percent. Storskogen is now close to the 2025 target of 80 percent fossil-free energy.

ADDITIONAL DISCLOSURES

This includes electricity and district heating for all subsidiaries. As the area is of major importance for meeting the climate targets and becoming resource efficient, energy intensity reporting has been introduced, to allow developments to be tracked in the same way as for emission intensity. The division into renewable and fossil-free energy is also new this year due to the updated climate target. Last year, fossil-free electricity was reported as regular electricity, so there is no comparative figure for MWh. To meet the target, it is the previously owned companies' proportion of fossil-free and renewable electricity of the total electricity consumption that counts.

STORSKOGEN'S CENTRAL ORGANISATION

Energy consumption, MWh. Proportion in brackets.

	2022	2021	2020
Total	**85**	**42**	**174**
Of which, renewable electricity	41 (48%)	29 (70%)	174 (100%)
Of which, fossil-free energy	0	0	0

COMMENTS ON THE OUTCOME

The increased electricity consumption is due to an increase of the number of central organisations. The increase in renewable electricity in absolute figures is due to the central organisation in Switzerland, which transitioned to renewable electricity.

ADDITIONAL DISCLOSURES

Includes electricity and district heating. Proportion in brackets. The central organisations in Finland and the Netherlands are not included in the accounts, as they do not have their own office premises.

A good employer and neighbour

NOTE H4 EMPLOYEES

STORSKOGEN'S CENTRAL ORGANISATION

Employee by type of employment, gender and region at year-end. Stated as a number.

2022	Sweden	Norway	Denmark	Singapore	United Kingdom	Germany	Switzerland	Finland	Netherlands	Total
Average number of permanent employees	**75**	**4**	**3**	**3**	**8**	**5**	**12**	**1**	**1**	**112**
Of which, women	41	1	1	1	1	0	3	1	1	**50**
Of which, men	34	3	2	2	7	5	9	0	0	**62**
Number of full-time employees	**75**	**4**	**3**	**3**	**8**	**5**	**9**	**1**	**1**	**109**
Of which, women	41	1	1	1	1	0	1	1	1	**47**
Of which, men	34	3	2	2	7	5	8	0	0	**62**
Number of workers that are not employees	**8**	**0**	**0**	**0**	**0**	**0**	**3**	**0**	**0**	**11**
Of which, consultants	7	0	0	0	0	0	0	0	0	**7**
Of which, facility management	1	0	0	0	0	0	3	0	0	**4**

New hires and terminated employments by age group, gender and region. Stated as a number.

		<30 years old		30–50 years old		>50 years old		
2022		**Of which, women**	**Of which, men**	**Of which, women**	**Of which, men**	**Of which, women**	**Of which, men**	**Total**
Total	**New hires**	**1**	**3**	**18**	**20**	**3**	**4**	**49**
	Terminated employments	**0**	**1**	**5**	**7**	**1**	**0**	**14**
Storskogen Sweden	New hires	1	1	12	6	2	2	**24**
	Terminated employments	0	0	5	2	0	0	**7**
Storskogen Norway	New hires	0	1	0	1	0	0	**2**
	Terminated employments	0	0	0	0	0	0	**0**
Storskogen Denmark	New hires	0	0	1	1	0	0	**2**
	Terminated employments	0	0	0	0	0	0	**0**
Storskogen Singapore	New hires	0	0	1	2	1	0	**4**
	Terminated employments	0	0	0	0	1	0	**1**
Storskogen United Kingdom	New hires	0	1	1	4	0	2	**8**
	Terminated employments	0	1	0	3	0	0	**4**
Storskogen Germany	New hires	0	0	0	4	0	0	**4**
	Terminated employments	0	0	0	2	0	0	**2**
Storskogen Switzerland	New hires	0	0	1	2	0	0	**3**
	Terminated employments	0	0	0	0	0	0	**0**
Storskogen Finland	New hires	0	0	1	0	0	0	**1**
	Terminated employments	0	0	0	0	0	0	**0**
Storskogen Netherlands	New hires	0	0	1	0	0	0	**1**
	Terminated employments	0	0	0	0	0	0	**0**

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Note H4 Employees, cont.

COMMENTS ON THE OUTCOME

Storskogen's gender balance is even in Sweden, while the other offices have an overrepresentation of men in all categories. There is only one temporary employee (a man). He is a trainee employed in Switzerland. There are two part-time employees, who are both women and employed in Switzerland. There are no non-guaranteed hours employees in the central organisation.

In 2022, 49 new employees were hired, which was an increase of 60 percent compared with the previous year. Fourteen employees left the Company, which corresponds to an employee turnover of 13 percent. Employee turnover in the central organisation (Sweden only) was 9 percent in 2021.

In the first quarter and in the beginning of the second quarter, many people were hired, especially in the international markets. The expansion then slowed down and the Company carried out a restructuring in the third quarter. Employee turnover reflects the growth that characterised the first quarter and the restructuring in the third quarter.

ADDITIONAL DISCLOSURES

Comparative figures are not available, as these disclosures are new for the year.

Employee turnover

The calculation is made by dividing the total number of employees who left the organisation during the specified period by the average number of employees. Turnover includes all job changes, whether due to dismissal, retirement, transfer of work or death.

NOTE H5 GENDER EQUALITY AND DIVERSITY

STORSKOGEN'S SUBSIDIARIES

Gender equality on the Board, in Group management and among the employees, at year-end.

Total	2022	2021	2020
Number of employees at year-end (FTE)	12,833 (11,152)	8,645 (5,686)	3,565 (3,154)
Of which, women	27%	23%	17%
Of which, men	73%	77%	83%
Proportion of female chairs of business unit boards	20%	17%	12%
Proportion of women on business unit boards	24%	22%	25%
Proportion of female CEOs of business units (number)	3% (4)	2% (2)	2% (1)
Proportion of companies that report gender equality targets[1]	23%	19%	–

1) Proportion of companies that report that they have gender equality targets

Industry	2022	2021	2020
Number of employees, at year-end	5,276	2,786	1,050
Of which, women	22%	16%	15%
Of which, men	78%	84%	85%
Proportion of female chairs of business unit boards	18%	14%	25%
Proportion of women on business unit boards	17%	24%	41%
Proportion of female CEOs of business units (number)	0% (0)	0% (0)	0% (0)
Proportion of companies that report gender equality targets[1]	18%	7%	–

Trade	2022	2021	2020
Number of employees, at year-end	2,417	1,555	666
Of which, women	48%	37%	36%
Of which, men	52%	63%	64%
Proportion of female chairs of business unit boards	24%	22%	0%
Proportion of women on business unit boards	25%	22%	3%
Proportion of female CEOs of business units (number)	5% (2)	0% (0)	0% (0)
Proportion of companies that report gender equality targets[1]	22%	12%	–

Services	2022	2021	2020
Number of employees, at year-end	5,140	4,297	1,822
Of which, women	23%	23%	10%
Of which, men	77%	77%	90%
Proportion of female chairs of business unit boards	18%	20%	10%
Proportion of women on business unit boards	30%	23%	23%
Proportion of female CEOs of business units (number)	3% (2)	4% (2)	4% (1)
Proportion of companies that report gender equality targets[1]	26%	31%	–

COMMENTS ON THE OUTCOME

The proportion of women has risen since the previous year, but Storskogen still has an overrepresentation of men overall. The Industry business area has the least even gender distribution and is the only business area without a woman among its business unit CEOs.

ADDITIONAL DISCLOSURES

Storskogen has not evaluated the companies' gender equality targets, but all companies were counted that confirmed that they had set gender equality targets.

Total number of employees

Total number of employees stated both as the number of individuals, regardless of type of employment, and recalculated to full-time as at 31 December 2022. The proportion of women and men was calculated based on the number of individuals and not the number of full-time employees.

Proportion of women on subsidiary boards

Proportion of women on the boards who were either chairs or board members as at 31 December 2021 (not including deputy board members) of the subsidiaries, calculated by business unit and not by all legal entities. The outcome was measured on an aggregated level and not per subsidiary board.

Note H5 Gender equality and diversity, cont.

STORSKOGEN'S CENTRAL ORGANISATION

Gender equality on the Board, in Group management and among the employees, at year-end.

	2022	2021	2020
Number of employees at year-end (FTE)	112 (110)	74	–
Of which, women	43%	46%	–
Of which, men	57%	54%	–
Proportion of women in the Group management (number)	13% (1/8)	14% (1/7)	17% (1/6)
Proportion of women on the Board	40%	40%	33%

Gender equality and diversity among employees, by age and employee category, at year-end. Expressed as a percentage.

2022	Total	<30 years old	30–50 years old	>50 years old
HQ management	16%	0%	12%	4%
Of which, women	28%	–	38%	–
Of which, men	72%	–	62%	100%
HQ senior	33%	0%	24%	9%
Of which, women	41%	–	56%	–
Of which, men	59%	–	44%	100%
HQ mid	33%	0%	33%	0%
Of which, women	46%	–	46%	–
Of which, men	54%	–	54%	–
HQ base	18%	6%	10%	2%
Of which, women	65%	57%	64%	100%
Of which, men	35%	43%	36%	–
Total	**100%**	**6%**	**79%**	**15%**

COMMENTS ON THE OUTCOME

The HQ senior and HQ mid categories are in the 40–60 percent span, which is regarded as an even gender distribution. However, men are increasingly represented higher up in the organisation, with a greater proportion of men at the HQ management level and a greater proportion of women at the HQ base level.

ADDITIONAL DISCLOSURES

There are no comparative figures, as gender equality and diversity among employees by age and professional category is a new note in 2022. HQ management is a remuneration level at Storskogen and should not be confused with Storskogen's Group management.

Remuneration

Ratio of the basic salary of women to men	2022
HQ management	0.8
HQ senior	0.7
HQ mid	0.8
HQ base	0.8

Ratio between the basic salary of the organisation's highest paid-individual and the average value for all employees	2022
Annual total compensation ratio	4.1
Ratio of annual percentage increase	0

COMMENTS ON THE OUTCOME

The group with the greatest differences in salary between genders is HQ senior. Differences in salary between men and women in the HQ senior category are mainly because over the last year, Storskogen recruited individuals outside Sweden, and these were mainly men. This expanded the gap, as salary levels abroad are higher than in Sweden. Also, there is a major spread across ages and roles; the men are generally older, which contributes to the salary gap.

ADDITIONAL DISCLOSURES

There are no comparative figures, as this is a new note this year. The organisation's highest-paid individual is CEO Daniel Kaplan.

NOTE H6 OCCUPATIONAL HEALTH AND SAFETY

STORSKOGEN'S SUBSIDIARIES

Occupational accidents: the number of serious occupational accidents and the injury frequency rate.

	Serious occupational accidents			Injury frequency rate		
Storskogen's subsidiaries	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Business area Industry	57	10	4	1.2%	–	–
Business area Trade	0	1	0	0%	–	–
Business area Services	77	33	3	1.6%	–	–
Total	**134**	**44**	**7**	**1.2%**	**–**	**–**

COMMENTS ON THE OUTCOME

The Services business area had the highest number of serious occupational injuries and the highest injury frequency rate. Subsidiaries in Infrastructure account for a large portion of the reported injuries. Most subsidiaries that are exposed to significant work environment risks are ISO 45001 certified.

ADDITIONAL DISCLOSURES

No occupational deaths were reported by any subsidiary over the year (0). Fatal accidents to and from work are not included in this key performance indicator. (Swedish Work Environment Authority). Injury frequency rate is a new key performance measure and has no comparative figures.

Number of serious occupational accidents

Accident where one or more people have been injured at the workplace or in a place they have visited at work. Examples of serious injuries are fractures, severe bleeding or damage to internal organs. (Swedish Work Environment Authority).

Injury Frequency Rate (IFR)

Calculated as the number of serious injuries reported per 200,000 hours worked.

Responsible business

NOTE H7 CORPORATE GOVERNANCE

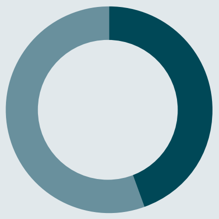
	2022	2021	2020
Number of anti-corruption, sanctions or anti-money laundering policy violations	0	0	0
Number of Code of Conduct violations	0	0	0
Number of whistleblower cases	0	0	0

COMMENTS ON THE OUTCOME
No violations were reported during the year. There were no instances of whistleblowing in 2022 or 2021. In 2022, ten matters were reported via the system. Of the matters reported, none of them were legal whistleblower cases, three were work environment-related, one was health and safety-related and the remaining were related to other issues. All cases except the one that was received last have been closed.

ADDITIONAL DISCLOSURES
All cases were reported to an external whistleblower function. Whistleblowing may relate to any kind of grievance or irregularity that violates our Code of Conduct. Only cases that are legal whistleblower cases were reported as whistleblower cases.

NOTE H8 RESPONSIBLE SUPPLY CHAIN

STORSKOGEN'S SUBSIDIARIES



- Subsidiaries that place requirements on suppliers, 45%
- Subsidiaries that do not place requirements on suppliers, 55%

COMMENTS ON THE OUTCOME
Fewer than half of Storskogen's subsidiaries place sustainability requirements on suppliers, which is fewer than in the previous year. It is generally the larger companies with suppliers located outside Europe that place sustainability requirements, along with subsidiaries that are themselves subject to requirements from major customers.

ADDITIONAL DISCLOSURES
As a member of the UN Global Compact, Storskogen must comply with its ten principles throughout the value chain. As part of this, Storskogen developed a Group-wide programme in 2022 to ensure compliance.

NOTE H9 MANAGEMENT SYSTEMS

Number of subsidiaries with management systems. Number within brackets.

Industry	2022	Of which, previously owned	Of which, new acquisitions	2021	2020
ISO 9001 (or equivalent)	76% (29)	79% (22)	70% (7)	75% (21)	63% (10)
ISO 14001 (or equivalent)	66% (25)	75% (21)	40% (4)	68% (19)	56% (9)
ISO 45001 (or equivalent)	13% (5)	11% (4)	10% (1)	13% (4)	0% (0)

Trade	2022	2021	2020
ISO 9001 (or equivalent)	11% (4)	12% (3)	0% (0)
ISO 14001 (or equivalent)	5% (2)	4% (1)	0% (0)
ISO 45001 (or equivalent)	0% (0)	0% (0)	0% (0)

Services	2022	2021	2020
ISO 9001 (or equivalent)	44% (27)	37% (18)	50% (13)
ISO 14001 (or equivalent)	41% (25)	33% (16)	48% (13)
ISO 45001 (or equivalent)	25% (15)	18% (9)	19% (5)

COMMENTS ON THE OUTCOME
The Industry business area strives for its subsidiaries to be certified according to ISO 9001 or ISO 14001 or equivalent. Of the subsidiaries in Industry that were owned by Storskogen in 2021, additional subsidiaries were certified (one according to ISO 9001 and two according to ISO 14001) in 2022.

ADDITIONAL DISCLOSURES
Proportion of companies with management systems that were certified according to ISO or equivalent as at December 2022. If a business unit submitted a consolidated report and at least one of its subsidiaries was certified, it would be regarded as certified.

NOTE H10 TAXONOMY REPORTING

STORSKOGEN'S SUBSIDIARIES

Sector	Activity	Description of the activity	Assessment of scope and alignment
6. TRANSPORT	6.4. Operation of personal mobility devices, cycle logistics	Selling, purchasing, financing, leasing, renting and operation of personal mobility or transport devices where the propulsion comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. This includes the provision of freight transport services by (cargo) bicycles.	There are companies in the Group that sell or lease bicycles, electric bicycles and electric mopeds. Consequently, they contribute substantially to environmental objective 1 and cause no significant harm to any of the other environmental objectives. These activities are therefore deemed to be taxonomy-aligned.
	6.6. Freight transport services by road	Purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight transport services by road.	There are companies in the Group that offer freight transport services by road in their own vehicles and are taxonomy-eligible. Zero-emission vehicles contribute substantially to environmental objective 1 and cause no significant harm to any of the other environmental objectives. These activities are therefore deemed to be taxonomy-aligned.
	6.13. Infrastructure for personal mobility, cycle logistics	Construction, modernisation, maintenance and operation of infrastructure for personal mobility, including the construction of roads, motorways bridges and tunnels and other infrastructure that are dedicated to pedestrians and bicycles, with or without electric assist.	There are companies in the Group that constructed pavements, pedestrian and cycle lanes and pedestrian zones over the year that are taxonomy-eligible. They contribute substantially to environmental objective 1 and cause no significant harm to any of the other environmental objectives. These activities are therefore deemed to be taxonomy-aligned.
	6.14. Infrastructure for rail transport	Construction, modernisation, operation and maintenance of railways and subways as well as bridges and tunnels, stations, terminals, rail service facilities, safety and traffic management systems including the provision of architectural services, engineering services, drafting services, building inspection services and surveying and mapping services and the like as well as the performance of physical, chemical and other analytical testing of all types of materials and products.	There are companies in the Group that are active in construction and maintenance of railways and offer surveying services in the railway environment that are deemed to be included in this activity. They contribute substantially to environmental objective 1 and cause no significant harm to any of the other environmental objectives. These activities are therefore deemed to be taxonomy-aligned.
7. CONSTRUCTION AND REAL ESTATE ACTIVITIES	7.2. Renovation of existing buildings	Construction and civil engineering works or preparation thereof.	Within the Group, there are companies that carry out building renovations and are deemed to be included in this activity. However, it could not be established whether the renovation projects contribute substantially to environmental objective 1 or cause no significant harm to any of the other environmental objectives. Consequently, the activity is not deemed to be taxonomy-aligned.
	7.3. Installation, maintenance and repair of energy efficient equipment	Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment.	There are companies in the Group that install additional insulation and carry out installation and replacement of energy-efficient light sources, installation, replacement, maintenance and repair of air conditioning systems and water heating systems (HVAC) and are therefore deemed to be included in the activity. They contribute substantially to environmental objective 1 and cause no significant harm to any of the other environmental objectives. These activities are therefore deemed to be taxonomy-aligned.
	7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings.	There are companies in the Group that install, maintain and repair charging stations for electric vehicles and are therefore deemed to be included in the activity. They contribute substantially to environmental objective 1 and cause no significant harm to any of the other environmental objectives. These activities are therefore deemed to be taxonomy-aligned.
	7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	There are companies in the Group that offer building automation services and installation, maintenance and repair of façade and roofing elements with solar shading or solar control and are therefore considered to be included in this activity. They contribute substantially to environmental objective 1 and cause no significant harm to any of the other environmental objectives. These activities are therefore deemed to be taxonomy-aligned.
	7.6. Installation, maintenance and repair of renewable energy technologies	Installation, maintenance and repair of renewable energy technologies, on-site.	There are companies in the Group that perform installation, maintenance and repair of solar photovoltaic systems, solar panels, heat pumps and heat exchangers/heat recovery systems and are therefore deemed to be included in the activity. They contribute substantially to environmental objective 1 and cause no significant harm to any of the other environmental objectives. These activities are therefore deemed to be taxonomy-aligned.

CONTENTS

Note H10 Taxonomy reporting, cont.

Sector	Activity	Description of the activity	Assessment of scope and alignment
8. INFORMATION AND COMMUNICATION	8.1. Data processing, hosting and related activities	Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centre, including edge computing.	There are companies in the Group that offer hosting services. The Group is therefore deemed to be included in this activity. However, the activity does not meet the 'contribute substantially to environmental objective 1' criteria and is therefore not taxonomy-aligned.
9. PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	9.3 Professional services related to energy performance of buildings	Professional services related to energy performance of buildings.	There are companies in the Group that provide services related to energy optimisation, energy simulations and advice on energy performance hosting services for buildings, and it is therefore deemed that the Group is included in this activity. They contribute substantially to environmental objective 1 and cause no significant harm to any of the other environmental objectives. These activities are therefore deemed to be taxonomy-aligned.

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Note H10 Taxonomy reporting, cont.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

				Substantial contribution criteria						DNHS criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and eco-systems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		SEK million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Operation of personal mobility devices, cycle logistics	6.4	354	1.0%	100%	0%					–	Y	–	Y	–	–	Y[1]	1.0%	–	–	–
Freight transport services by road[2]	6.6	1	0.0%	100%	0%					–	Y	–	Y	Y	–	Y[1]	0.0%	–	–	–
Infrastructure for personal mobility, cycle logistics	6.13	48	0.1%	100%	0%					–	Y	Y	Y	Y	Y	Y[1]	0.1%	–	E	–
Infrastructure for rail transport	6.14	257	0.7%	100%	0%					–	Y	Y	Y	Y	Y	Y[1]	0.7%	–	E	–
Installation, maintenance and repair of energy efficient equipment	7.3	220	0.6%	100%	0%					–	Y	–	–	Y	–	Y[1]	0.6%	–	E	–
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	26	0.1%	100%	0%					–	Y	–	–	–	–	Y[1]	0.1%	–	E	–
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	96	0.3%	100%	0%					–	Y	–	–	–	–	Y[1]	0.3%	–	E	–
Installation, maintenance and repair of renewable energy technologies	7.6	72	0.2%	100%	0%					–	Y	–	–	–	–	Y[1]	0.2%	–	E	–
Professional services related to energy performance of buildings	9.3	26	0.1%	100%	0%					–	Y	–	–	–	–	Y[1]	0.1%	–	E	–
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1,099**	**3.2%**														**3.2%**	**–**		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Freight transport services by road[2]	6.6	123	0.4%																	
Renovation of existing buildings	7.2	115	0.3%																	
Installation, maintenance and repair of energy efficient equipment	7.3	16	0.0%																	
Data processing, hosting	8.1	8	0.0%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**263**	**0.8%**																	
Total (A.1 + A.2)		**1,361**	**4.0%**														**3.2%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		32,889	**96.0%**																	
Total (A + B)		34,250	**100%**																	

1) Storskogen reports activities as taxonomy-aligned this year, even though a new due diligence process is under implementation. The assessment is not made per activity but for the entire Group. For further information, please see page 44.

2) The Skaraslätten business unit is taxonomy-eligible, but as the applicable turnover in the legal entity Skaraslättens Åkeri AB is intra-Group (within the business unit), we cannot include it. Consequently, its CapEx and OpEx cannot be included, either. The Company is one of the highest Co_2e emitters in the Group and makes investments to transition, which is aligned with the purpose of the taxonomy. The ambition is to become fossil-free by 2030. The handling of turnover, CapEx and OpEx is a result of the business unit's legal organisation. If Skaraslätten had been included, the proportion of taxonomy-eligible had increased to approximately 2.8 percent.

Note H10 Taxonomy reporting, cont.

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

				Substantial contribution criteria						DNHS criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and eco-systems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2022 (18)	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		SEK million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Operation of personal mobility devices, cycle logistics	6.4	5	0.1%	100%	0%					–	Y	–	Y	–	–	Y[1]	0.1%	–	–	–
Freight transport services by road[2]	6.6	0	0.0%	100%	0%					–	Y	–	Y	Y	–	Y[1]	0.0%	–	–	–
Infrastructure for personal mobility, cycle logistics	6.13	2	0.0%	100%	0%					–	Y	Y	Y	Y	Y	Y[1]	0.0%	–	E	–
Infrastructure for rail transport	6.14	4	0.1%	100%	0%					–	Y	Y	Y	Y	Y	Y[1]	0.1%	–	E	–
Installation, maintenance and repair of energy efficient equipment	7.3	5	0.1%	100%	0%					–	Y	–	–	Y	–	Y[1]	0.1%	–	E	–
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	1	0.0%	100%	0%					–	Y	–	–	–	–	Y[1]	0.0%	–	E	–
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	3	0.0%	100%	0%					–	Y	–	–	–	–	Y[1]	0.0%	–	E	–
Installation, maintenance and repair of renewable energy technologies	7.6	3	0.0%	100%	0%					–	Y	–	–	–	–	Y[1]	0.0%	–	E	–
Professional services related to energy performance of buildings	9.3	22	0.3%	100%	0%					–	Y	–	–	–	–	Y[1]	0.3%	–	E	–
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**44**	**0.7%**														**0.7%**	**–**		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Freight transport services by road[2]	6.6	112	1.7%																	
Renovation of existing buildings	7.2	2	0.0%																	
Installation, maintenance and repair of energy efficient equipment	7.3	0	0.0%																	
Data processing, hosting	8.1	0	0.0%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**114**	**1.7%**																	
Total (A.1 + A.2)		**158**	**2.3%**														**0.7%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		6,592	**97.7%**																	
Total (A + B)		6,750	**100%**																	

1) Storskogen reports activities as taxonomy-aligned this year, even though a new due diligence process is under implementation. The assessment is not made per activity but for the entire Group. For further information, please see page 44.

2) The Skaraslätten business unit is taxonomy-eligible, but as the applicable turnover in the legal entity Skaraslättens Åkeri AB is intra-Group (within the business unit), we cannot include it. Consequently, its CapEx and OpEx cannot be included, either. The Company is one of the highest Co$_2$e emitters in the Group and makes investments to transition, which is aligned with the purpose of the taxonomy. The ambition is to become fossil-free by 2030. The handling of turnover, CapEx and OpEx is a result of the business unit's legal organisation. If Skaraslätten had been included, the proportion of taxonomy-eligible had increased to approximately 2.4 percent.

Note H10 Taxonomy reporting, cont.

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

				Substantial contribution criteria						DNHS criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and eco-systems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy-aligned proportion of OpEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		SEK million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Operation of personal mobility devices, cycle logistics	6.4	0	0.0%	100%	0%					–	Y	–	Y	–	–	Y[1)]	0.0%	–	–	–
Freight transport services by road[2)]	6.6	0	0.0%	100%	0%					–	Y	–	Y	Y	–	Y[1)]	0.0%	–	–	–
Infrastructure for personal mobility, cycle logistics	6.13	0	0.0%	100%	0%					–	Y	Y	Y	Y	Y	Y[1)]	0.0%	–	E	–
Infrastructure for rail transport	6.14	9	2.9%	100%	0%					–	Y	Y	Y	Y	Y	Y[1)]	2.9%	–	E	–
Installation, maintenance and repair of energy efficient equipment	7.3	1	0.2%	100%	0%					–	Y	–	–	Y	–	Y[1)]	0.2%	–	E	–
Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings)	7.4	0	0.0%	100%	0%					–	Y	–	–	–	–	Y[1)]	0.0%	–	E	–
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0	0.1%	100%	0%					–	Y	–	–	–	–	Y[1)]	0.1%	–	E	–
Installation, maintenance and repair of renewable energy technologies	7.6	0	0.1%	100%	0%					–	Y	–	–	–	–	Y[1)]	0.1%	–	E	–
Professional services related to energy performance of buildings	9.3	0	0.0%	100%	0%					–	Y	–	–	–	–	Y[1)]	0.0%	–	E	–
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**10**	**3.4%**														**3.4%**	**–**		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Freight transport services by road[2)]	6.6	4	1.2%																	
Renovation of existing buildings	7.2	0	0.0%																	
Installation, maintenance and repair of energy efficient equipment	7.3	0	0.0%																	
Data processing, hosting	8.1	0	0.0%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4**	**1.2%**																	
Total (A.1 + A.2)		**14**	**4.6%**														**3.4%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		293	**95.4%**																	
Total (A + B)		307	**100%**																	

1) Storskogen reports activities as taxonomy-aligned this year, even though a new due diligence process is under implementation. The assessment is not made per activity but for the entire Group. For further information, please see page 44.
2) The Skaraslätten business unit is taxonomy-eligible, but as the applicable turnover in the legal entity Skaraslättens Åkeri AB is intra-Group (within the business unit), we cannot include it. Consequently, its CapEx and OpEx cannot be included, either. The Company is one of the highest Co$_2$e emitters in the Group and makes investments to transition, which is aligned with the purpose of the taxonomy. The ambition is to become fossil-free by 2030. The handling of turnover, CapEx and OpEx is a result of the business unit's legal organisation. If Skaraslätten had been included, the proportion of taxonomy-eligible had increased to approximately 5.5 percent.

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Note H10 Taxonomy reporting, cont.

Accounting policies, taxonomy

Below are the policies applied by Storskogen in the reporting according to the taxonomy. This report was prepared in accordance with all known guidance that was available as at 18 December 2022. It was not possible to implement the clarifications that were published on 19 December 2022, as they were published at such a late stage and due to the sheer number of subsidiaries that were included in the reporting.

KPI TURNOVER

Total sales (the denominator) correspond to the Group's total sales according to IFRS, see the line item net sales in the income statement on p. 64.

Applicable turnover is obtained by calculating the portion of total turnover generated by the applicable activities identified by Storskogen (see the section Taxonomy reporting), i.e. the numerator, and dividing it by the denominator. Aligned turnover (the numerator) is reported as a proportion of total turnover.

Revenue was mainly allocated to the applicable activities by way of careful estimates.

KPI CAPITAL EXPENDITURE (CAPEX)

CapEx, as defined in the taxonomy and identified by Storskogen (the denominator), includes investments in property, plant and equipment and intangible assets excluding goodwill (see the line item investments in Notes 13–14 on p. 98–101), additions from business combinations excluding goodwill (see the line item business combinations in Notes 13–14 on p. 98–101) and additional right-of-use assets (see the line item new leases in Note 27 on p. 115).

Applicable CapEx (the numerator) includes investments that support the business in the identified applicable economic activities. Total applicable CapEx was calculated on the following basis: Direct allocation was used when an investment had been acquired exclusively and was used for the specific activity. Expenses attributable to common assets were allocated based on sales (per activity) as the distribution key, according to the Group's policies. Surplus values, including other additions to property, plant and equipment and intangible assets from business combinations, were allocated to the numerator based on turnover as the distribution key. Aligned CapEx (the numerator) was calculated in relation to total CapEx.

There are no CapEx plans in accordance with category B at present. According to the taxonomy, CapEx that does not support eligible activities but relate to the purchase of output from taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or lead to greenhouse gas reductions are also eligible (category C). Storskogen does not believe it is possible at present to obtain the information required to report this.

KPI OPERATING EXPENDITURE (OPEX)

OpEx, as defined in the taxonomy and identified by Storskogen (the denominator), includes direct costs that relate to (not capitalised) research and development, building renovation measures, short-term leases, maintenance and repair of property, plant and equipment and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the company or a third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. Examples of this may include service agreements or the cost of electricity or diesel in connection with repairs (if they can be separated and identified).

Applicable OpEx (the numerator) are those of the above costs that relate to assets or processes that are associated with Storskogen's identified applicable economic activities. Applicable OpEx was calculated through an allocation to the activities through the use of a distribution key (turnover), which is in line with the allocation of CapEx. Aligned OpEx (the numerator) was calculated in relation to total OpEx.

As there are no CapEx plans according to category B, there is also no OpEx associated with such plans. According to the taxonomy, OpEx that does not support eligible activities but relate to the purchase of output from taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or lead to greenhouse gas reductions, as well as individual building renovation measures, are also eligible (category C). Storskogen does not believe it is possible at present to obtain the information required to report this.

OTHER INFORMATION

As all activities are allocated to environmental objective 1, climate change mitigation, the risk of double counting is avoided.

FUTURE DEVELOPMENT AND APPLICATION OF THE TAXONOMY

As internal processes improve and there is more guidance and advice on how to interpret the Regulation, total CapEx and OpEx and the proportions of CapEx and OpEx that are taxonomy-eligible and taxonomy-aligned can be adjusted. For this reason, no comparative figures are provided in the tables for 2022.

NOTE H11 CONTACTS

For additional information on Storskogen's sustainability initiatives and reporting, contact Amelie Nordin, Head of Sustainability. Contact details are provided on storskogen.com.

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NOTE H12 GRI INDEX

Statement of use	Storskogen has reported in accordance with the GRI Standards for the period between 1 January 2022 and 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No sector standard is available at present.

GRI standard	Disclosure	Name of disclosure	Page	Omission
GENERAL DISCLOSURES				
Organisation and reporting policies				
GRI 2 2021	2-1	Organisational details	4, 125	
	2-2	Entities included in the organisation's sustainability reporting	32, 135	
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	2-10	Nomination and selection of the highest governance body	47	
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	2-17	Collective knowledge of the highest governance body	35	
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	2-19	Remuneration policies	47, 52	
	2-20	Process to determine remuneration	49	
	2-21	Annual total compensation ratio	140	**Reason:** Information is unavailable/incomplete. **Explanation:** The calculation is based on basic salary and does not include other remuneration. Employee salaries were calculated as the average value, not the median. Storskogen will strive to develop this indicator next year.
Strategy, policies and practices				
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	2-23	Policy commitments	19, 34, 36–41, 43, 53	
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	2-25	Processes to remediate negative impacts	41	
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GRI 2 2021	2-29	Approach to stakeholder engagement	35	
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Material topics				
GRI 3 2021	3-1	Process to determine material topics	33–34	
	3-2	List of material topics	33	

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GRI index, cont.

GRI standard	Disclosure	Name of disclosure	Page	Omission
SPECIFIC DISCLOSURES				
Focus area: Responsible business				
Material topic: Return and good corporate governance				
GRI 3 2021	3-3	Management of material topics	40–41	
Own indicator		Proportion of employees in the central organisation who has signed the Code of Conduct	35	
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GRI 3 2021	3-3	Management of material topics	40–41	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	62	
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Focus area: A good employer and neighbour				
Material topic: Attracting and retaining employees				
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GRI 404: Training and education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	18	
Material topic: Health and safety				
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GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	39	
	403-2	Hazard identification, risk assessment, and incident investigation	39	
	403-3	Occupational health services	39	
	403-4	Worker participation, consultation and communication on occupational health and safety	39	
	403-5	Worker training on occupational health and safety	39	
	403-6	Promotion of worker health	18–19, 39	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	39	
Material topic: Thriving communities				
GRI 3 2021	3-3	Management of material topics	39	
Own indicator		Number of jobs created in companies that the Group owned in the last reporting period	39	
Material topic: Equality and diversity				
GRI 3 2021	3-3	Management of material topics	38	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	50–51, 140	
	405-2	Ratio of basic salary and remuneration of women to men	140	**Reason:** Information is unavailable/incomplete. **Explanation:** It only includes basic salary and no other remuneration, and it is reported in total figures as not all information is available. We will strive to develop this indicator next year.
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	38	

Stockholm, 24 March 2023

Storskogen Group AB (publ)
Board of Directors

Auditor's report on the statutory sustainability statement[1)]

To the general meeting of the shareholders of Storskogen Group AB (publ), corporate identity number 559223-8694

Engagement and responsibility
It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2022 on pages 32–44 and 134–150 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 12 *The auditor's opinion regarding the statutory sustainability statement*. This means that our examination of the sustainability 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 statutory sustainability statement has been prepared.

Stockholm 24 March 2023

Ernst & Young AB

Åsa Lundvall
Authorised Public Accountant

1) This is a translation from the Swedish original.

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Storskogen's share

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The share

From the first day of trading on 3 January to the last day of trading on 30 December 2022, the Storskogen share fell by 87.8 percent to SEK 7.45. During the year, 1,599 million shares in total were traded on Nasdaq Stockholm, corresponding to a value of approximately SEK 23.2 billion. Storskogen had 37,764 shareholders at the end of 2022.

Share price performance and trading

From the first day of trading on 3 January 2022 to the last day of trading on 30 December 2022, Storskogen's share price fell by 87.8 percent. The Stockholm Stock Exchange (OMXSPI) fell by 24.6 percent during the same period. From the IPO on 6 October 2021 to 30 December 2022, the share fell by 80.7 percent.

Between 3 January and 30 December, 1,599 million Storskogen shares in total were traded on Nasdaq Stockholm corresponding to a value of SEK 23.2 billion. On average, approximately 6.3 million shares were traded every day. The turnover rate for Storskogen's B shares on Nasdaq Stockholm was 96 percent between 3 January and 30 December 2022.

Ownership structure

On 31 December, Storskogen had 37,764 shareholders. The largest owner in terms of capital was AMF Pension & Fonder, which held 8.5 percent of the capital and 4.7 percent of the votes.

The largest owner in terms of votes was Daniel Kaplan, who held 14.0 percent of the votes and 4.5 percent of the capital. The ten largest shareholders held 42.7 percent of the capital and 68.2 percent of the votes in Storskogen. The largest shareholder group consisted of Swedish private individuals, who held barely 41 percent of the capital and 67 percent of the votes at the end of 2022. The majority of shareholders were located in Sweden.

Data per share

Earnings per share (SEK)	0.86
Last closing price (SEK)	7.45
Lowest closing price (SEK)	6.77
Highest closing price (SEK)	61.35
Turnover rate, Nasdaq Stockholm (%)	96%
Average daily turnover, Nasdaq Stockholm (thousand shares)	6,321
Share capital (SEK)	848,519
Quotient value[1] (SEK)	0.00051
Number of outstanding A shares	148,001,374
Number of outstanding B shares	1,515,762,394
Market capitalisation at year-end (SEK m)	12,392

1) Of series A and B.

Largest shareholders	STOR A	STOR B	Capital	Votes
AMF Pension & Fonder		141,366,852	8.5%	4.7%
Futur Pension		87,150,553	5.2%	2.9%
Movestic Pension		77,894,745	4.7%	2.6%
Daniel Kaplan with companies[1]	38,270,140	37,035,122	4.5%	14.0%
Swedbank Robur Fonder		73,204,287	4.4%	2.4%
Alexander Murad Bjärgård	37,539,070	27,691,998	3.9%	13.5%
Ronnie Bergström with companies[2]	38,270,254	18,513,504	3.4%	13.4%
Peter Ahlgren	33,921,910	15,714,607	3.0%	11.8%
Vanguard		48,348,708	2.9%	1.6%
Philian (Karl-Johan Persson)		36,200,000	2.2%	1.2%
Total largest owners	**148,001,374**	**563,120,376**	**42.7%**	**68.2%**
Other	–	952,642,018	57.3%	31.8%
Shares held by Storskogen	–	–	–	–
Total	**148,001,374**	**1,515,762,394**	**100.0%**	**100.0%**

Source: Monitor by Modular Finance AB

1) Including shares held by Firm Factory AB and Wombat Investments AB.
2) Including shares held by Ängsmon AB.

Ownership by geographic area

Sweden, 78.8%
USA, 7.2%
Norway, 3.5%
Cyprus, 1.8%
Other, 8.7% (including anonymous ownership)

Ownership by type of owner

Swedish private individuals, 41%
Swedish institutions, 28%
Other, 13%
Foreign institutions, 11%
Anonymous ownership, 7%

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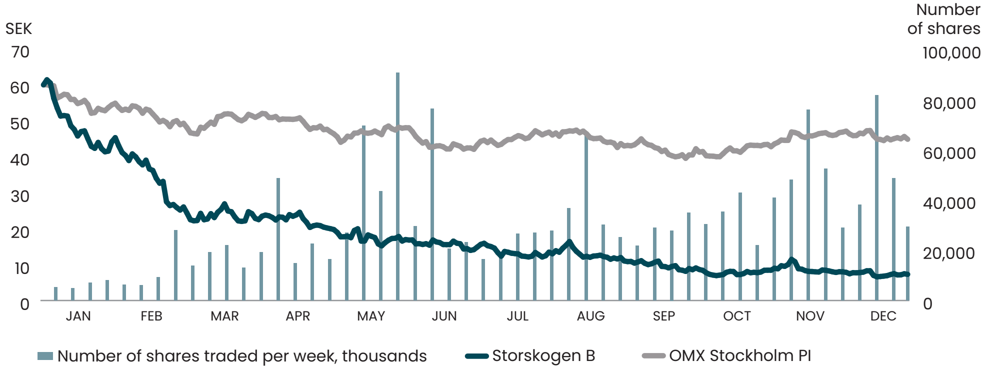
Share price performance and turnover, 2022



Share capital development, 2022

Date	Event	Change in number of A shares	Change in number of B shares	Number of A shares after event	Number of B shares after event
		Number of shares			
Opening balance, 1 Jan 2022		–	–	**148,001,374**	**1,524,761,814**
12 Apr 2022	Share issue, non-cash		4,158,297	148,001,374	1,528,920,111
25 May 2022	Reduction through a redemption of treasury shares		–16,848,061	148,001,374	1,512,072,050
3 Jun 2022	Share issue, non-cash		3,690,344	148,001,374	1,515,762,394
As at 31 Dec 2022				**148,001,374**	**1,515,762,394**

Share capital development

On 31 December 2022, the share capital in Storskogen was SEK 848,519. The share capital was divided into 148,001,374 A shares and 1,515,762,394 B shares. The quotient value was SEK 0.00051 per share.

Dividend policy

Storskogen's Board has adopted a dividend policy according to which dividends shall correspond to 0–20 percent of the profit for the year. Holders of B and A shares are equally entitled to dividends. For the financial year 2022, a dividend of SEK 0.08 per share has been proposed.

The proposed dividend corresponds to approximately SEK 133 million and 8.4 percent of the profit for 2022.

Analysts

For information on analysts who cover Storskogen, please visit www.storskogen.com.

Investor contact

If you have queries about Storskogen or wish to receive investor information, please contact ir@storskogen.com.

Annual General Meeting 2023

The Annual General Meeting of Storskogen Group will be held on 12 May 2023 at 14.00. Information on how to register and sign up, on how shareholders can exercise their voting rights or have a matter dealt with at the Annual General Meeting, and on proxies and assistants, is provided in the notice of the Annual General Meeting. Information is also available on Storskogen's website, storskogen.com.

Dividends

The Board of Directors and CEO propose a dividend for 2022 of SEK 0.08 per share, corresponding to SEK 133 million. The proposed record date is 16 May and the payment will be made through Euroclear on 22 May, provided that the resolution is passed by the Annual General Meeting.

Financial calendar

31 March 2023	Annual Report 2023
12 May 2023	Interim report Q1 2023
12 May 2023	Annual General Meeting 2023
16 August 2023	Interim report Q2 2023
7 November 2023	Interim report Q3 2023

Additional information

Information on Storskogen is available on the website: storskogen.com.

Annual reports, interim reports and other relevant information for shareholders is available on: https://www.storskogen.com/en/investors/investor-information/
This report is also published in Swedish.
In case of discrepancies between the Swedish and English versions, the Swedish version shall prevail.

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