



2022

Annual report

HÅNDVERKSGRUPPEN AS



Håndverksgruppen is the largest and fastest growing provider of painting, flooring, tiling and masonry services in the Nordics. We create value by consolidating and developing local winners within our industry - all with satisfied customers, solid financial results and a good corporate culture.

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We're on track

The more than 3200 skilled workers in our 101 local companies made sure 2022 was another strong year for Håndverksgruppen.

We kept our tempo of adding a new company every other week – making sure our group is resilient and solid. That's the way we plan to go ahead.

Welcoming 35 new companies to Håndverksgruppen

The way we make sure new companies remain locally free, cutting away complicated bureaucracy, might very well be one of the reasons our finances look good when we study 2022 at the end of the year. We welcomed 35 new companies during 2022, resulting in a positive impact of MNOK 1647 on our topline and MNOK 152 in EBITDA.

If we split the year in weeks, that means Håndverksgruppen welcomed a new company at least every other week. Our ambitions for the future are to keep up this tempo. In revenues we saw a growth of 69 percent compared

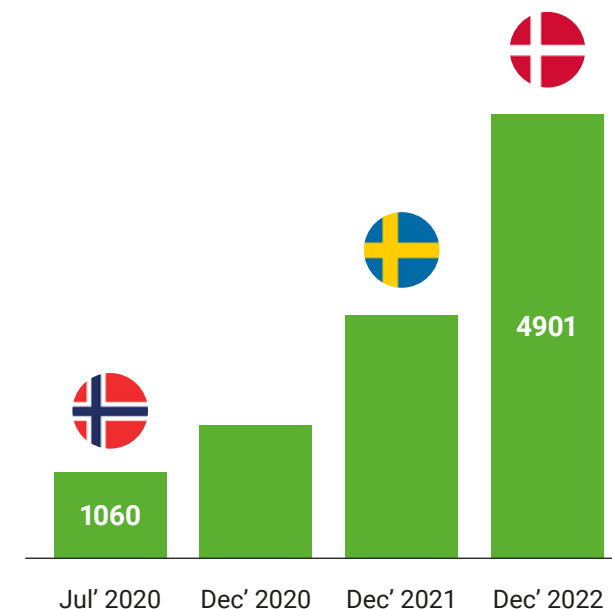
to 2021. That's more than we were planning for. Our EBITDA figures rose by 47 percent compared to 2021, significantly outperforming our initial plans.

Since our inception in 2020 we have achieved a remarkable increase of almost five times in our turnover, a result of our ambitious and targeted strategy to keep on welcoming new companies in the existing areas of Norway and Sweden – as well as expanding to Denmark. Håndverksgruppen achieved an EBITDA margin of 9.5 percent, at the same time as seeing an organic growth in 2022 exceeding 10 percent.

Our customer base is diversified. Even though the majority of Håndverksgruppen's projects are concentrated around the traditionally stable market of renovation/rehabilitation, we see a sound weighting between different segments.

LTM revenues in NOKm

(proforma adj.)





Both our employees and founders thrive

Our employees are the cornerstone of Håndverksgruppen, to an almost literal extent. We are proud to state that 2022 saw our employees Employer Net Promoter Score numbers increase by 26 percent. In simple terms: Happy employees means we're able to deliver quality. We also upped our share of apprentices from 7 percent to 9 percent during the year. For us, taking care of our employees is a matter of unity.

At Håndverksgruppen Academy we train our own employees. In 2021 we saw 25 workers graduating from the Academy. The number for 2022 is 342, a staggering growth of 317 individual workers being trained in best practices – and making sure they have just the tools they need in the future.

As of the end of the year 2022 we have around 600 co-owners who are also employees. This number grows every time we welcome a new company. We take pride in saying that our strength lies in consolidation. We're not just saying that. We're doing it.

Highlights 2022

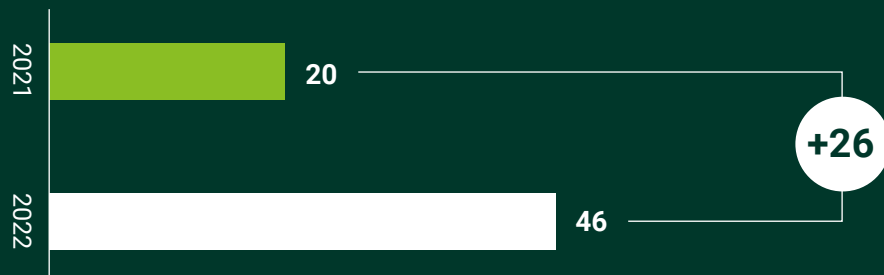
Number of companies

Growth from 2021 to 2022



Happy employees

Employer Net Promoter Score



35

new companies

10+%

organic growth

342

employees
graduating from
our Academy

2

one new
company every
2nd week



The number of employees graduating from our Academy in 2022, had a staggering growth of 317 individual workers getting trained on the tools they need for the years to come.

Hope is not part of our strategy

Håndverksgruppen is on a steady course towards continued growth. However, acknowledging the potential risks of society and our times is a must. That's why hope is not part of our strategy. Planning for contingency is.

That's why nurturing the Håndverksgruppen culture is very important for us. It's a way of ensuring that both our group and all our local companies benefit from the way we do business. We keep a sharp eye on performance reviews and continuously analyze our portfolio. That's how we plan on catching early signs of development taking a wrong turn. So that we can take action accordingly.

Local ambassadors result in new companies

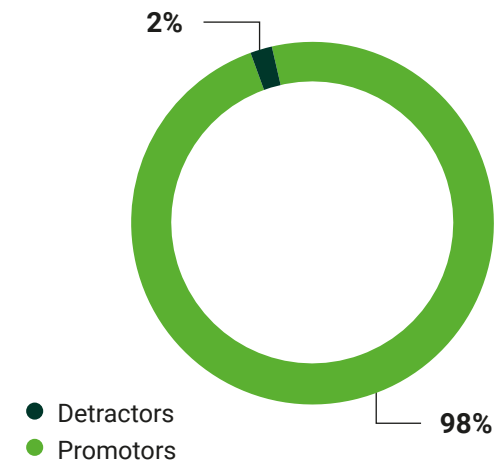
For Håndverksgruppen, 2022 meant our entry on the

Danish market. And our model seems to instigate goodwill both in our established markets – and our new market. The result? Our new companies act as ambassadors for the Håndverksgruppen's Way. In a survey we conducted among our original founders and shareholders, 98 percent of previous business owners said that they would recommend joining us to someone close to them.

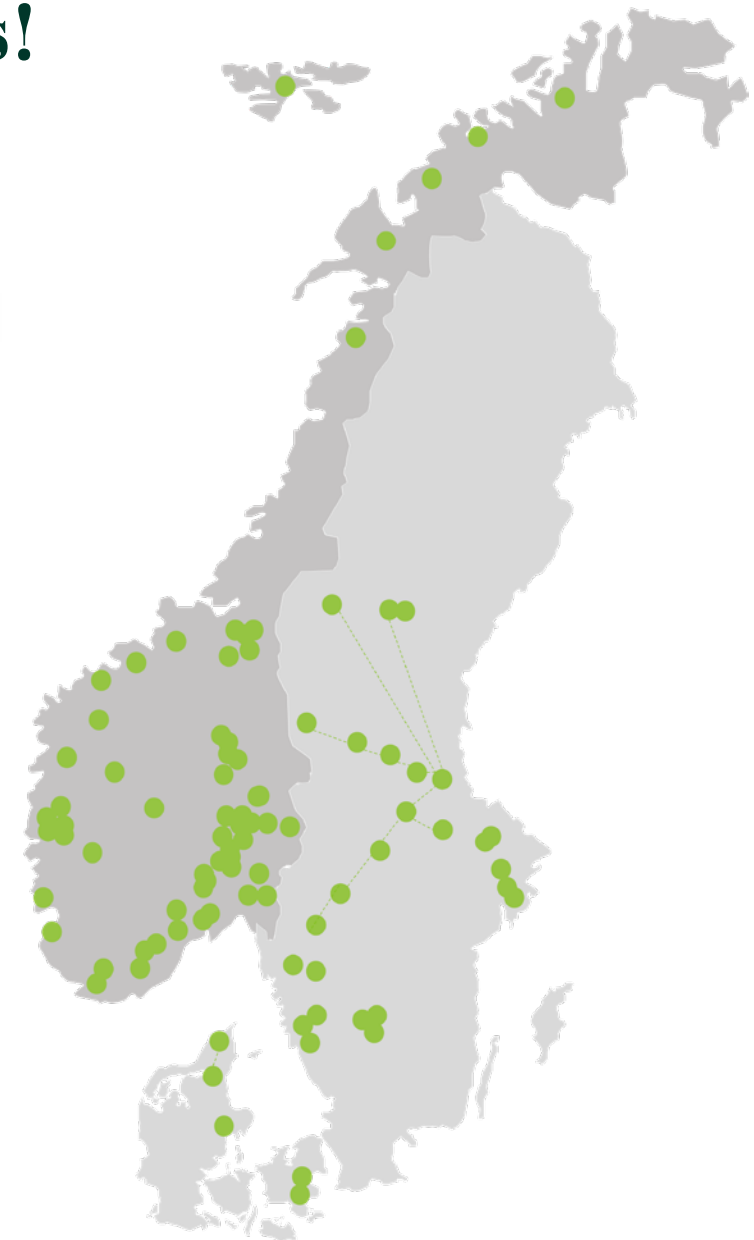
For the coming years, we are looking at Germany as a very interesting geographical area. An area where our way of doing business is hitherto regarded as "different". For us, that sounds like a powerhouse just waiting for our business model. We're on our way.

Promoters making M&A "easy"

Share of entrepreneurs joining HG who would recommend others to join.



Our companies – The local winners!



We provide all types of surface services



Painting



Flooring



Masonry



Tiling

Happenings 2022

January

First official meeting with all Swedish Managing Directors in Gothenburg, Sweden. Launch of HG Posten as an online newspaper.

February

10 companies in Sweden and Stockholm office established.

March

Revenues 3x of July 2020.
Partner agreement with Dr Schutz signed for floor renewal.



Q1

April

Safety campaign “Care for your people” completed.

May

Launch of national recruiting campaign “Åge from HG”. Kick-off multisite ISO certification Sweden.

June

HG participates in Lillehammer-Oslo and Malermester Eilert & Edvin Holme AS – 75 years! First HSE mapping completed in Norway.



Q2

July

HG launches “sustainable solutions”
- services designed to resolve a problem with a minimal CO2 footprint and at a lower cost.

August

Johan Möller joins as the COO of HG Sweden while also including K360, the largest single entity in our group.

September

Managing Director gathering in Lillehammer. Risanger & Sønn in Haugesund appointed “Årets Lean Produktivetspris”.



Q3

October

Revenues 4x of July 2020.
HG Academy – 1 year! And launched “Proud craftspeople” on the same date as launching the first course at HG Academy the year before.

November

HG enters into Denmark with DSJ being the first business who officially joins HG.

December

C. Møllmann, Ernst Hansen and Jeppesen join HG. HG Academy on wheels launched educating craftspeople where they live.



Q4

OUR CEO'S TAKE ON 2022

Let's talk about togetherness

2022 was a challenging year on many accounts. At Håndverksgruppen we faced unprecedented cost increases. But despite it all, we managed to deliver strong results both organically and through acquisitions – proving our resilience. I'll tell you how we did it.



Øyvind Emblem
CEO

Over the course of last year, I had the pleasure of visiting many of our local companies across Norway, Sweden and our newest country Denmark. Meeting their employees, getting to know them and witnessing their impressive work made me proud. It made me appreciate the force our craft companies represent combined.

Admittedly, I may have been too optimistic about our profitability in last year's annual report, as we experienced significant increases in both commodity prices and subcontractor costs. This impacted our EBITDA margin somewhat negatively.

Growth in the Nordics

In December of 2022 we expanded our reach to Denmark. With a market size roughly on par with the

Norwegian market, we see a significant potential in Denmark – not least due to the fact that we are also a first mover within the industry in Denmark.

Our exciting expansion to Denmark started with welcoming 13 top-notch painting companies, with combined revenues of MNOK 480. We knew having locations in Copenhagen, Aarhus and Hirtshals and a total of 330 employees, would be a game-changer for us.

It was awe-inspiring for me to witness how quickly these companies began collaborating on customer contracts and public tenders, proving that our new colleagues had a positive impact on our existing businesses – almost immediately.



13

new top-notch
painting companies
in Denmark

14

new companies
in Sweden

8

new companies
in Norway

We also added 14 new companies in Sweden and eight in Norway across various disciplines and geographies. To support our significant increase in the number of companies and revenues in Sweden, we established two regions – West and East – and ramped up the country organization by hiring a Sweden COO and CFO to sustain our growth strategy. And we're not done. We've only just begun.

The value of combining forces

Our results tell a tale not only of numbers, but a tale of togetherness. We've experienced that we are attractive to other companies, but more importantly: We believe we make a great home for them too!

In fact, by the end of 2022, all our companies in average had delivered more than 30 percent increase in EBITDA since joining Håndverksgruppen. That means we provide real growth for the local companies who have already come on board.

In October of last year we asked the original founders and shareholders to spill the beans on their best reasons to join, and the verdict was close to unanimous: The network and best practice sharing are hands down the most valuable elements of being a

part of Håndverksgruppen.

And my personal favorite from the survey: 98 percent of previous business owners said that they would recommend joining us to someone close to them. That pretty much says it all.

Thus, it should come as no surprise that at the Håndverksgruppen Academy, best practices continue to be a top priority. In 2022, we trained 342 employees across all disciplines and levels, and we aim to educate another 700 employees in 2023.

We're ready to take on the future

Although we anticipate uncertain market conditions and potential challenges to overcome by 2025, I am confident in the strength of our diversified group of local winners. Why? Together, we can leverage each other's knowledge and benefit from local market deviations, enabling us to navigate uncertain waters.

In just two short years since our inception as a group in 2020, we have achieved remarkable growth, both

50%

of our companies were certified in ISO 14001 or "Miljøfyrtårn".

“
98 percent of previous business owners said they'd recommend joining us to someone close to them. That pretty much says it all.

Øyvind Emblem, CEO

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organically and through the addition of new local companies, adding up to BNOK 2 in revenues per year. Not to mention, our successful entry into Sweden and Denmark.

With our proven track record of welcoming new companies into Håndverksgruppen, I believe that doubling our revenues by the end of 2025 is well within our reach. I am respectfully confident that together we'll be able to increase our EBITDA significantly in monetary value within the same time frame, operating in a more stable rehab market and backed by our local companies' impressive adaptability. In other words: The future looks bright. And I am excited that we're leading the way.

Sustainability: From vision to action

Small changes have a big impact. That's why at Håndverksgruppen sustainability has been on top of our minds since our inception as a group. And we mean business: We endeavor to transform our industry.

How, you ask? We are enabling sustainability for

all our employees. We are committed to driving profitability and growth while prioritizing the safety of our workers. We are fostering a culture of safety at the individual level. We're also dedicated to caring for the environment we operate in.

By the end of 2022, 50 percent of our companies were certified in ISO 14001 or "Miljøfyrtårn". We plan to certify the remaining 50 percent in 2023.

At Håndverksgruppen, our employees matter the most. That's why we make it a top priority to ensure their well-being, both in and out of the workplace. Our commitment to their satisfaction is reflected in our monthly monitoring of the employee net promoter score (eNPS). I am thrilled to see that our efforts are paying off, with our eNPS more than doubling from 20 percent in 2021 to an impressive 46 percent in 2022!

As we turn to 2023, I am excited to continue building on this momentum with our ESG plans. We recognise the importance of environmental,

social and governance (ESG) practices in today's world, which is why we are putting action behind the words. Our initiatives include quarterly reporting on emissions, setting science-based targets for our two most significant areas, and developing sustainable renovation methods as part of our sustainable solutions offerings.

In summary, I'm proud of what Håndverksgruppen accomplished in 2022. Our business model, focus on best practices, and commitment to our people will undoubtedly continue to drive us forward. I can hardly wait to see what we achieve in 2023 – and beyond!

Øyvind Emblem

CEO | Håndverksgruppen

OUR CFO'S TAKE ON 2022

Strong Financial Results

During the year 2022 Håndverksgruppen welcomed 35 solid craft companies. The impact of these new additions to our group was an impressive MNOK 1647 on the top line and MNOK 152 in EBITDA.



**Gjermund
Söder Vegge**
CFO

Our existing companies had a notable organic sales growth of more than 10 percent during the year, resulting in a rolling twelve months revenue of MNOK 4 901 and a corresponding EBITDA of MNOK 468.

What's truly inspiring to me, is to see how seamlessly the new companies adapted to Håndverksgruppen's reporting routine, providing better management information for the local Managing Director – and enabling good control at the group level. Over the course of 2022 we also improved our reporting dashboards, so that the local Managing Directors can easily analyze their own financial information and compare it to internal benchmarking. This means that they get a deeper understanding of just how they are performing relative to others. This forms the basis for a healthy competition amongst our local companies.

Cooperation keeps on creating value

Our best practice sharing and cooperation within regions and across the entire Håndverksgruppen continue to add value, with the EBITDA value growing for companies who were a part of HG at the beginning of the year. Despite finding ourselves in what we would consider a challenging market with increased input prices.

Our companies are performing well. As of 31.12.2022, only eight out of 101 companies had an EBITDA margin below five percent – and of these only three companies were below three percent. The big picture shows us that since incorporation into Håndverksgruppen, the combined LTM EBITDA for all local companies increased by a staggering more than 30 percent.



331

MNOK
operational
cash flow

90%

cash conversion

Financials showing good signs

Håndverksgruppen's cash position also saw a positive trend in 2022, with operational cash flow of MNOK 331 from companies included at the beginning of the year, resulting in a cash conversion of 90 percent. An increase in net working capital turns of 0.4 has been achieved, thanks to improvements made by both existing and new companies. This has given Håndverksgruppen confidence in our ability to sustain our positive cash flow development.

Investments in new companies throughout the year amounted to MNOK 618, with about a third financed by cash flow from operations and the rest by increased long-term liabilities. We ended the year with a robust cash position of MNOK 362.

To sum it all up: 2022 was indeed a good year for Håndverksgruppen!

Gjermund Söder Vegge

CFO | Håndverksgruppen

Why national insurance deals matters to Brit and Lene

Why are national agreements with insurance companies so great for both home owner Brit, and Lene – Norway’s friendliest painter.

Also: What is a “pink elephant”?

For soon to be 50 years she has lived under the same roof, in the same beautiful modernist house in Stavanger. During this time, Brit Gill – a lively lady and a retired technical illustrator – has had several craftsmen repairing damages inside the home she designed herself in 1975. One of them has been Lene Sørø. A young lady with a pierced

nose and chin who works at H&M Malerservice in Stavanger and who was recently awarded the title of Norway’s friendliest painter.

Lene has painted Brit’s walls, cabinets and ceilings so many times, she is basically a family member and trusted with the keys to Brit’s white two-floor house on a little green hill.



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It looked like a water balloon that could pop any second.

– Oh, yes, I have been here before, laughs Lene, as she walks into the kitchen in full painter outfit, and sits down to grab a cup of coffee.

Because how many times has Brit had insurance damage on her hands?

Five!

The first thing that happened was a bathtub running over on the second floor. It resulted in something looking like Niagara Falls, rushing down to the first floor.

– All the walls were moist, at least one meter up and everything needed replacing and repainting, Brit says.

Years later, a defective water heater exploded. And recently, an American refrigerator suddenly caught fire – and then, there was this one summer in 2012 when Brit came home from a holiday. Walking into the living room she was met by a big surprise at the corner of the padded ceiling.

– It was bending its way down like draped curtains, just above the fireplace, says Brit.

Being a mid-century modernist house, the roof was





The client will be able to receive a quick, professional and smooth job without all the waiting.

obviously flat, but the actual problem was the outside roof drainage system stuffed with leaves and branches from all the west coast weather. After several days of heavy rain the indoor ceiling buckled under the weight of the sudden pond on the roof. The water was left to find its own way down to earth, and quickly did.

– The situation needed a rapid solution, says Brit.

But then someone discovered a so-called “pink elephant”.

The “pink elephant” will be handled quickly

When someone at Håndverksgruppen talks about a pink elephant, they mean something in the way of “an unforeseen problem in a room or house that comes as a surprise to the team who are going to rescue the home from its current crisis”.

The “elephant” arrives suddenly and without warning. Sometimes in the form of a parrot. Imagine

arriving ready to paint only to find a real life caged bird that needs to be taken care of and removed, before any surface treatment can start.

Nobody told you it was there.

Or maybe works of art worth thousands of euros that must be taken down and stored. This kind of surprise delaying the time schedule for when the customer can expect to move back home, is typical of insurance cases. And it always threatens to leave homeowners in the dark about when they can move back home or get back to normal. Insurance claims need a team with a certain routine. It needs people who routinely deal with the unexpected “pink elephants”.

– That is why having national agreements with insurance companies is so great for HG. Other than always having stabile business rolling in, because damages will happen everywhere all the time, we also become very professional in handling these types

of cases, and will therefore spot the pink elephant quickly, and do something about it, so the client will be able to receive a quick, professional and smooth job without waiting extra days or even months, says insurance manager at H&M Malerservice, Elisabeth Endresen.

The surprising wasps in the roof

In Brit’s case, she did not have to move out, but they did find a huge nest of wasps inside the roof after removing the damaged parts. Due to severe allergies a single sting would threaten Brit’s life. The wasps needed to go. Fast! This discovery was a classic “pink elephant” and obviously had an effect on the time schedule and the progress. But it was dealt with quickly.

– The whole team which is needed in order to put a home back in shape after an accident, knows what to do, when to do it, how to do it, what tools to use



and how to communicate with the client. All thanks to the national agreements we have with insurance companies all over the country, says Elisabeth.

The nest was taken out, the water drained, the roof dried, a new roof put back and two sparkling new layers of paint was given the new flat living room ceiling in the end.

Lene knows what should be included or not

Brit, and everyone who has home insurance in Norway, will – thanks to HG’s national agreements with the largest insurance companies in the country – have the opportunity to receive local craftspeople in a quick fashion. Since surface companies within Håndverksgruppen are located in many, many towns from North to South. Having someone who knows both the area, roads, language, the collaborating companies, damage control partners, and have knowledge on where to find everything without any hassle, is important. That is also why Brit loves working with Lene.

– She does a really good job, is on time, cleans up after herself and is efficient with her time. She does not leave a job half done, and shows quality all the

Facts:

- National deals ensure steady work for local craftspeople.
- Complex, small tasks turn profitable via routine.
- Ensures premier service and code-compliant remodels.
- Fosters effective collaboration among all participants.
- Easier communication with a single contact point for each customer.



way. I basically don't want to let anyone else work inside my home now, says Brit.

– Lene is also a great communicator. I can disagree about what should be fixed, and she will explain and I trust her reasoning for what should and could be included or not. She was especially wonderful to collaborate with after the refrigerator suddenly caught fire recently, says Brit.

– Oh! What happened?

– I had dinner with my son and suddenly he said he could hear a sound, then we saw flames coming out from the back of the refrigerator. We managed to kill the fire, and stop the water that was flowing because of the plug connected to the ice machine. That is why the insurance company meant this damage was water related, but I clearly thought it was fire related. I mean, the whole wall behind the refrigerator, the ceiling above it and the two sides of the kitchen cabinets were totally black from soot and quite damaged, says Brit and looks at Lene with a smile.

– And that is when you arrived!

The little extra: A hunt for the right shade of color

Brit gets up from her chair in excitement.

– I remember it clearly! You said: “Look at this! It's totally black. It needs to be painted!”. And that is how the insurance company agreed to listen to her. So she knows what needs to be done. That gives me peace, says Brit.

To find the correct light, clear peach shade of the kitchen cabinets, prefabricated by a kitchen producer 25 years ago, Lene brought with her a piece of the cabinet to her store, where she after several tests managed to find the exact same color palette. Lene even gave a small box of the right color to Brit, in case she would need it for some small corrections in the future.

– These are examples of something I myself, and everyone who works at HG, are able to do, because of the national agreements we have. We all get the same professional training, says Lene.

– Honestly, it gives me a feeling of being able to help our clients the best way possible. Because quite often many people think a damage means they get to repaint the whole house “for free”. Which is rarely the case, but to correct any damaged color, a situation caused by an accident, we will always handle with a smile.



OUR STRATEGY

The New Home for Crafts Industry

After joining Håndverksgruppen companies get to keep their company name, logo and offices. And yet, they transform the way they do business completely. They're not merely local businesses anymore. They are part of something bigger.

Since we were founded in 2020 we have achieved a remarkable increase of almost five times in our turnover. This was made possible through a targeted and effective strategy to welcome new companies in Norway, Sweden and Denmark—as well as organic growth of more than 10 percent. Simultaneously, we achieved an EBITDA margin of 9.5 percent.

This is how we intend to keep building the new home for the crafts industry in the future.

We're a partner for successful crafts businesses

Håndverksgruppen believes in a decentralized model and being highly selective when we invite new companies to join our group. For a company to show up on our radar, it must be a well-established winner in its local

market. Why? We have great respect for the fact that proximity to local and happy customers and employees must not be impaired as a result of changing ownership and joining Håndverksgruppen.

Instead, companies that join us retain their identity. Their company name, logo and offices remain the same. For us, that's a way to secure several centuries' worth of crafts industry history. Including existing companies in this fashion is an important element in value creation for Håndverksgruppen. By welcoming new companies we increase our geographical presence, broaden our range of services—and expand our competence base ten folds.

Many of the companies that enter Håndverksgruppen

have missed being part of something bigger. They have lacked a network of colleagues to lean on and learn from. That all changes when they join Håndverksgruppen.

To be able to pull operational levers fast and deep, we have developed an extensive Managing Director toolkit that the companies get access to after joining. The toolkit makes both the transition and day-to-day operation go smoothly. With it, the Managing Directors get access to HR support, Håndverksgruppen Academy, it includes common innovation projects—and support on sales, tenders and pricing.

The new companies quickly see the benefits of being a part of a region, with hands-on and experienced regional managers facilitating both formal and informal touch-points. And this is not just something that sounds



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Welcoming new companies means Håndverksgruppen will increase our geographical presence, broaden our range of services – and expand our competence base ten folds.

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good on paper: Analysis shows a noticeable increase in EBITDA margins following the network effect from peer-to-peer coaching.

Sustainability from Day One

From the very beginning of Håndverksgruppen we have made it a priority to focus on sustainability in every aspect of our operations. We don't just want to be another company that talks the talk, we want to lead the way in our industry. By supporting the ESG agendas of both the entire Håndverksgruppen group and our individual companies at the same time, we are creating a ripple effect of positive change.

Our local companies have expressed their gratitude for the support they receive. Why? Simply because they're now able to take bold steps towards a more sustainable future that they may not have been able to achieve on their own.

And that's not all. We're creating powerful synergies through our more professionalized approach to both

10+%

organic growth

9.5%

EBITDA margin

operations and follow-up. We're not looking to cut corners just to make things easier—we're actively seeking out ways to extract economies of scale (e.g. purchasing) and streamline our processes.

In other words: We learn from each other's successes and challenges, and develop even more innovative solutions that benefit everyone involved. Including the environment we operate in.

Looking ahead: Further organic growth

The reason new companies who join Håndverksgruppen immediately see improvement in both top-line revenue and EBITDA margins boils down to the way we operate.

When we share our best practices and our resources, we see that this leads to increased motivation. It also means improved transparency. And of course—stretching as far back as to the original membership organization of the original Håndverksgruppen in 2012—they get to participate in our good purchasing agreements.

Håndverksgruppen's diversified portfolio of companies also ensures that our group limits our exposure to fluctuations in the new builds market. Put in another way: Despite short-term market challenges, Håndverksgruppen is well-positioned in attractive and more stable markets in the Nordics with good growth prospects. Still, we continue to follow market developments closely and have a clearly defined contingency plan at hand if needed.

The demand for national contracts within the B2B segment is increasing. Also, the need for transparency and control of the supply chain is constantly increasing, and the need for cost control by headquarters with them. The growing appeal of being able to manage numerous services across different regions through a single operator may seem challenging, but it presents a promising opportunity for Håndverksgruppen to strengthen its competitive edge and expand its presence in the industry.

Throughout 2022, multiple national customer agreements in Norway were signed—a source of great joy

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By supporting the ESG agendas of both the entire Håndverksgruppen group and our individual companies at the same time, we are creating a ripple effect of positive change.

”



And we're not stopping here. Our experience from entering the Swedish and Danish markets has made us aware of both possible challenges and required preparations.

for our local companies. While that's great, significant unrealized potential remains to be unlocked. Our ambition for 2025 is to have national agreements account for MNOK 500 in turnover in Norway alone. We see the same trends in Sweden and Denmark. As our geographical reach is expanding, we believe in a sizable potential going forward.

Unleashing the power of best practices

At Håndverksgruppen, best practices are the backbone of our success. For the most part it includes local competence sharing, but we also have a centralized function supporting our local companies with tools to make operations run smoother. As our journey has only just started, we're only at the beginning of realizing our best practice opportunities. We believe in a clear margin improvement going forward!

At our very own Håndverksgruppen Academy, we don't just teach best practices—we infuse them into every aspect of our employees' education. Here they learn everything from mastering project management to learning about the different disciplines and culture, providing them real tools for success.

One hurdle when it comes to organic growth can be the supply of labor. To reduce this risk, Håndverksgruppen has initiated an extensive recruitment campaign in Norway. In 2022 that resulted in over 30 hires. Similar campaigns for Sweden are well underway for 2023.

Growing one new company every two weeks

That's right. Since our inception, we have been incorporating one new company every other week on average. Our ambitions for the future are equally high.





Our plan for the years leading up to 2025 is to strengthen our position in Norway—and significantly increase growth with the Swedes and Danes. To accomplish this we work through the expanding network of existing Håndverksgruppen companies, a wide variety of databases and other sources to find attractive candidates.

The result is a strong pipeline with rock solid companies in all disciplines and areas.

We are currently considering Germany as a very attractive destination for Håndverksgruppen. Conclusions from early dialogues in Germany confirm that we are regarded as «different» compared to our competitors with our decentralized model. That, and the fact that in our group, we have the people and our culture at heart in everything we do.

While it's about ten times the size of the Norwegian market, the German market shares many similarities with our current geographical countries.

In other words: Germany is a powerhouse packed with potential for Håndverksgruppen!

From fierce competitors to friendly colleagues

Soft skills and hard surfaces don't always go together as smoothly as silky paint on sturdy wood. Every leader needs to tackle a truckload of different challenges. A two-day Managing Director-course could change everything.

We all know the famous saying; "It's lonely at the top". But at least the MDs of smaller HG-companies are warm up there – right?

Warm, or at least heated.

Because just imagine all the different hats they need to wear all the time! It is an underestimated fact that many managing directors one day need to be "the driver", then "the secretary". Then maybe a "therapist". One day the MD will have to take charge, another take action, then just listen. Juggling all of this is far from easy.

So, in order to keep working with walls, and not hitting them, a MD needs to understand when to say no, learn how to let go of the need to control everything, and be able to delegate tasks.

And he or she who rarely has the opportunity to share their experience with similar people – who truly understand – should be able to. This is precisely why Håndverksgruppen has established the HG Academy, where our Managing Directors all over Scandinavia are able to meet each other to discuss everyday issues and problems, and to solve them in ways they might

not have thought of before.

– It can be a lonesome job, being a manager, says Patrik Tomtlund, a MD who leads 80 people at the construction company K360 in Uppsala in Sweden. He participated in the Leadership Course this year, and it has really changed his day to day work.

– To be able to ventilate, discuss and meet like minded people has been amazing. It has taught me not to be afraid of changing some routines and understanding the importance of having the guts to give others some responsibility, Patrik says.





If people are treated well, they will continue to deliver.

He has understood that in order to be a good leader you need a “helicopter”-perspective.

– But at the same time understand that you should not “stick your hands and fingers too deep in the porridge”, so to speak. I understood I needed to free up more time and that is one of many things I learned at the two day course at HG Academy in Sweden, says Patrik.

From fierce competitors to friendly colleagues

Patrik Tomtlund was a great craftsperson for fifteen years – then, in 2000 – he became sought after and decided to establish his own company: K360. But he wasn't the only craftsperson in town. Every day, for years, he had to drive by the other company, BBM, on his way home from work. Patrik could feel threatened at times, scared that Martin Moretoft – the MD of BBM – would get to know his business secrets. Or “steal” his clients.

– At the end of several days, if a project was given

to BBM and not us, I could get really angry. Often I would drive by and softly curse Martin through the window from the safety of my car, Patrik Tomtlund says with a smile.

Now, both K360 and BBM are part of Håndverksgruppen, and the two MDs are now colleagues and friends. Both of them attended the HG Academy this year, and got to share the frustrations of life as a MD with each other.

– After becoming a part of the same company and taking the course where we were able to meet in a friendly, social and physical setting getting to know each other, there is no more competition between us. The prestige is gone. Instead of giving each other the “evil eye”, we call up each other and help one another almost every day, says Patrik.

– In which ways?

– We grab a coffee together and look at prices and budgets together. We can lend out workers to each other if we are one short or share important





20

other MDs within the same mother company.

documents, says Patrik.

For him, it has been eye opening to see that the challenges, possibilities and choices of MDs at other companies were so similar to his own daily life.

– To meet 20 other MDs within the same mother company, establish a solid network of trusted equals and talk to them about how to solve lots of problems has been fantastic. The course gave us tools for this kind of reflection. My days at the office have really become better.

The grounded craftsman who became a “helicopter” businessman

Leading other people can be stressful, and if it’s not done with sophisticated soft skills and a human touch it might end up with brutal consequences for both the MD themselves, their workers, their company and their clients. That is why learning how to lead properly is important.

Because when your job is suddenly management

– not crafting – handling the soft skills in order to communicate, motivate and instruct people the best way possible, can be very challenging for a hard-surface-leader.

– It can be difficult knowing what to do, where to start, and how to speak to people. And for a long time one can get stuck in feeling more like a carpenter and less like a businessman, says Patrik.

Soft skills is hard, but important work

Some of the concrete “soft skill tools” Patrik has taken with him after the course have been to concentrate on taking the time to listen to people, and be more concrete in meetings with others.

– I have learned to be more interested in people’s private life, hobbies and family situations, and ask engaging questions around this. I am more open to other people’s ideas, so they can merge with mine,

Facts:

- HG-academy offers training to employees.
- There are four categories of courses:
- Project management training for large- and service projects.
- Management: Everyday management training.
- Craft: Relevant courses and certifications.
- Culture, ESG, ethics, onboarding, competition and more.



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I am more open to other people's ideas, so they can merge with mine, and together we can create even smarter solutions.

and together we can create even smarter solutions, says Patrik who is convinced this will lead to a more connected team and spark the joy of working.

– If people are treated well, they will continue to deliver. When workers feel like a team, we grow as human beings and will move towards the same goals, he says, convinced that if a safe communication culture is established in a profession where this has been somewhat neglected, more educated and proud people will lean towards the company that takes these things seriously.

– And if those soft skills are not there?

– More people would quit, the morale at work would be low and productivity would go down, he says.

– Part of a common MD-problem is that you have too little time. What do you do differently today in regards to this?

– I try to teach anyone coming to me with a problem, that they themselves need to offer at least one idea for a solution. This way they grow, and I do not need to come up with all the ideas myself. I always say no to salespeople who want “just 15 minutes” on the phone. I also try to think twice if I really need to be in all the meetings every day.

– Did you always say yes before?

– Often, I guess a leader might think he is more needed in all the decision making and small details, than he is in reality. We might feel the need for control and not always trust people.

– What else have you taken with you from the course?

– If we continue to professionalize the industry, delegate tasks and give others responsibility, both my days and the company will become more efficient and everyone will benefit from it.



WELCOMING NEW COMPANIES

More than just a name

Håndverksgruppen consists of 101 happy and value-based local companies. Companies who have joined forces to work towards common goals both within and across regions and countries in the Nordics.

In fact, since our inception in 2020, we have become known as an attractive home for craft businesses that want to be part of something bigger.

Our decentralized operating model offers local freedom and decision-making without complicated bureaucracy. But don't let the word "decentralized" fool you: Our independent local companies support and trust each other to create a winning culture that positively impacts both pipeline and conversion.

In 2022 alone, we welcomed 35 new companies with a total turnover of around BNOK 2. And we are growing.

Culture is key

It's not just about the numbers: Our culture is key.

That's why we carefully select companies that fit the Håndverksgruppen culture. The results speak for themselves: 98 percent of the companies having joined us say they'd recommend someone close to them to join HG too.

Local recommendations are becoming more and more important for building pipelines across all geographies. Being a group of more than one hundred local companies, it's easier for us to get in touch with new companies and receive inbound requests. We have multiple sources and processes for identifying attractive companies.

So, what does it take to be part of Håndverksgruppen?

The companies we talk to seem to instantly be convinced that joining Håndverksgruppen is the right

Companies must have:

- A good cultural fit with the rest of us
- Motivated managers
- A revenue of MNOK 20 or more
- An EBITDA margin of at least 10 percent
- Share of Renovation greater than 50 percent of revenue
- Employees with permanent contracts
- A good reputation in their local market – with happy customers!



option for them. It's not just about financial gain, but rather to be part of the journey we are on. And what a journey it is!

At Håndverksgruppen we see significant potential for the future and believe we can continue to welcome up to 30 new companies per year, both in existing and new geographical areas. The firm pipeline as of year end consists of rock solid companies in Norway, Sweden and Denmark totalling around MNOK 450 in revenues.

We pride ourselves on our efficient transaction process, which is based on industry experience and continuously improved based on our own knowledge. It rarely takes more than two meetings to advance from loose dialogue to company mapping and indicative valuations. We're able to act quickly when we talk to the current owner. On average, we spend about three months from first contact to closing.

Onboarding with limited impact on day-to-day operations

It's important for us that the onboarding process has as little impact on the day-to-day operations of new companies as possible. We invest significant time in getting to know each other up front, as we believe that

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Our independent local companies support and trust each other to create a winning culture.

good cooperation starts with a solid foundation.

But don't worry—the integration process is efficient. We make financial reporting and training in ethical guidelines and sustainability a priority immediately after joining. New companies report on financial figures already after the second month, thanks to pragmatic systems and processes. The largest part of the onboarding process is completed in three months, while environmental certification (such as ISO) and other more extensive processes are completed during the first year after incorporation.

Culturally, of course, the process starts with the first handshake and just keeps on going. That's how we continuously become better as Håndverksgruppen — together.

3000+

skilled craftspeople

101

happy and
value-based local
companies

New companies in 2022

In 2022 alone, we welcomed 35 new companies with a total turnover of around BNOK 2. And we are growing.

Norwegian companies:



Swedish companies:



Danish companies:



With a little help from my friends

If Ib Jensen had been approached with the opportunity to be responsible for the paint job involved in giving a huge gym branch a new look in the past, he would have thought it was too big a task.

When he got the offer after having joined Håndverksgruppen, he knew who to call for help.

– Normally, I would have said yes to only a part of the job.

Master painter Ib Jensen (57) from painting firm Sander & Dam in Copenhagen sits in the office building he shares with seven other painting firms in the Gladsaxe district. Surrounded by old industrial buildings, transformers and car dealerships, this is the headquarters of his painting firm. Until last year, his painting firm was part of DSJ Painters, a group of local

painting firms who had merged together. They were bigger than most others, but on a greater scale, they were still a small fish.

In 2022 that changed when the Norwegian group Håndverksgruppen invited both Ib's firm and three other, renowned Danish painting firms, to join them. Now, they were suddenly a part of one of the leading surface treatment groups in the Nordics. That meant new possibilities.

Earlier this year, Ib Jensen was indeed approached by a nationwide gym branch. Denmark's biggest fitness chain Fitness World had been acquired by an English





firm, and they were looking into a massive rebranding of all of their gyms. That meant they needed skilled painters to transform 165 Fitness World gyms into about 150 PureGyms in Denmark.

– Normally I would have said yes to paint the gyms in Copenhagen and the surrounding areas. But there's no way I would have said yes to be responsible for painting all the gyms. That would have been too big an assignment, says Ib Jensen.

But the fact that Ib's firm was now a part of something bigger – a group spanning not just Denmark, but also the neighboring countries of Norway and Sweden – gave him another option.

From painting ships to being able to work all over Denmark

In 1960, Lars Jeppesen's father, Jørgen Jeppesen, established Malerfirmaet Jeppesen. He concentrated on painting ships for the local fishing industry in Hirtshals, on the northernmost tip of Denmark. Still today, the fishing industry has significant importance for the small



Being part of Håndverksgruppen undoubtedly means we're all able to agree to assignments we would not say yes to earlier.

– IB JENSEN, MASTER PAINTER

town. Every day, the town's 5500 inhabitants are joined by about 2500 fishing industry workers clocking in for the day's work.

In 1990, the company underwent a generational change. Jørgen Jeppesens son Lars Jeppesen and his daughter Mette Møgelmoose "picked up the paint brush". In the following years, they expanded the reach of the local company, acquiring several painting firms in the Northern part of Denmark.

Today Malerfirmaet Jeppesen employs more than 80 painters—about half of them women—on everything from industrial painting assignments, floors, buildings, after fires and other commercial paint jobs, with numerous specialist painting skills, like environmentally friendly paint, hygiene paint and nanotechnology paint solutions.

– In 2022 we said yes to become a part of Håndverksgruppen, Lars Jeppesen says.

After 32 years of running everything with his sister Mette, Lars now joined a big group of diversified craftsmen in Håndverksgruppen. And one day he received a phone call from Copenhagen.

– I was asked to drive to a gym in Aalborg and have a look at what it would take to paint it, Lars says.

At the same time, Ib Jensen also called a new colleague in Aarhus, in the middle of Jutland, posing the same question to him. Would he be interested in joining in on the huge task of painting a part of roughly 150 gyms? Yes, indeed.

– The gym in Aalborg became our basis of negotiation, Lars says.

Some of the gyms needed renovations. Others would demand even much more labor. Necessary repainting would be less demanding, but still needed, at the newest ones.

Add that up to 150 gyms, and the picture becomes

clear: It was a huge task.

– How would you have reacted to a phone call from a Copenhagen painter before? Lars begins to laugh.

– Well, he says, - I would probably be a little skeptical. How could I be sure that they could be trusted to do a proper job? To be honest, I would probably not have taken the request too seriously. At the very least I would have to investigate who this Ib fellow was.

– That's true the other way around too, Ib adds with a grin.

– I am laughing now, but there's definitely a lot of seriousness in it.

More muscles mean more cooperation

The gym paint job started immediately after the different painters agreed to pull it off. Paint brushes were dipped in fresh paint all over Denmark, literally being held in the hands of painters from companies



who previously would not be cooperating. At all. They would have been competitors.

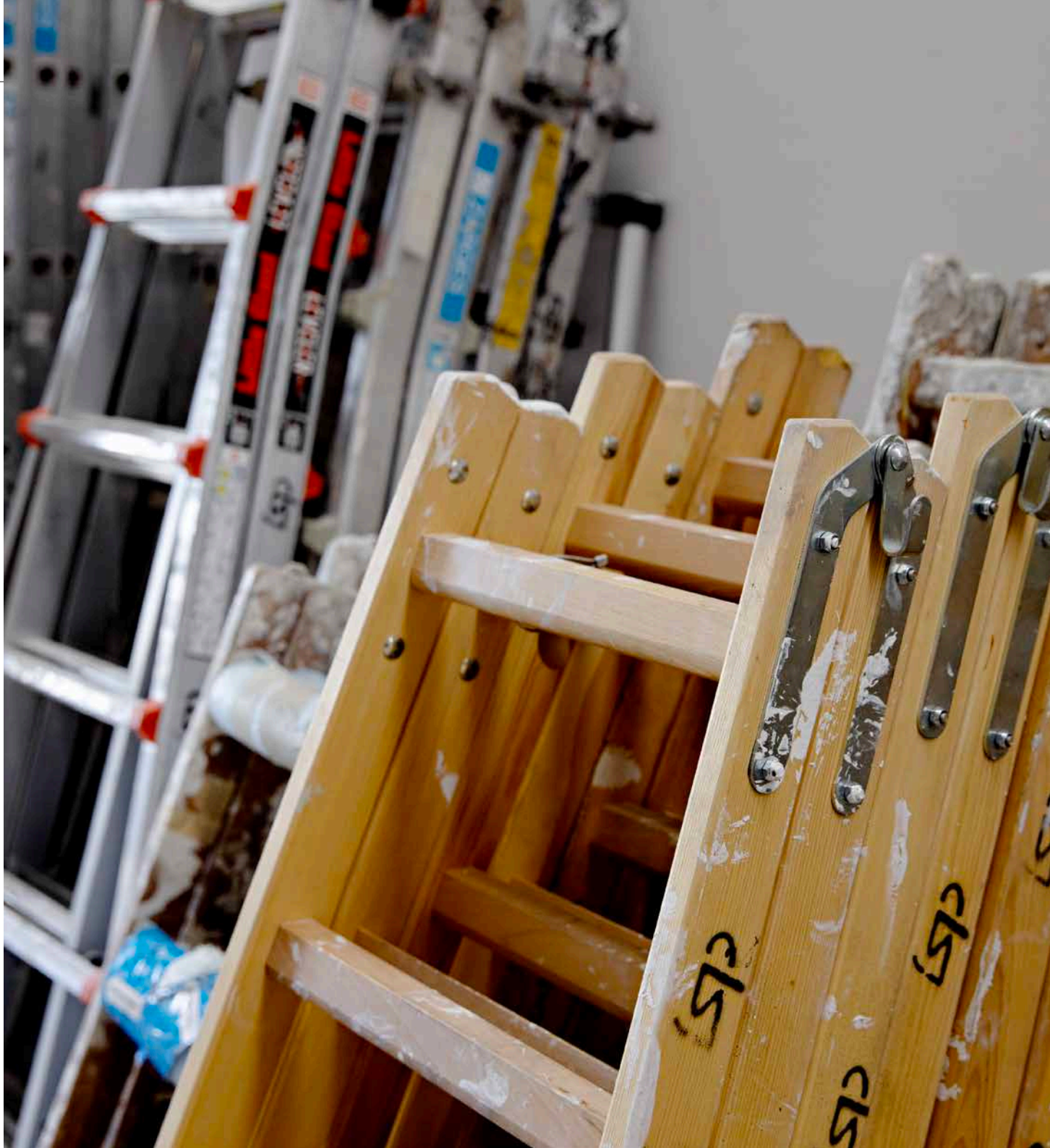
The gyms are due at the end of June. And they will be done in time, both Ib and Lars say with conviction.

– What we experience here, says Lars, - Is gently and quietly the effects from the fact that our family has gotten bigger.

– Oh yes, Ib adds. – Being part of Håndverksgruppen undoubtedly means we're all able to agree to assignments we would not say yes to earlier. In Denmark no painting firm has had a nationwide representation. Being part of Håndverksgruppen, we can make one agreement that is valid throughout the country.

– And even though Ib and I did not know each other beforehand, Lars says, - We know that the companies who are invited to join Håndverksgruppen have met several demands when it comes to solidity. That's reassuring.

– When I called Lars, says Ib, - I knew that he was a painter just like me. We come from the same background. Earlier, if my company was given a job in another part of Denmark, I might be able to look through the Yellow Pages and call some painter in that region. If I was lucky, they'd turn out to do a decent job. Now, I don't have to hope. I know that when I call, I call





We are doing business as we used to. Being a part of Håndverksgruppen means we just have a lot more powers at our hands.

– LARS JEPPESEN, MASTER PAINTER

someone who does business properly.

– It's a matter of orderliness and honesty, Lars says.
– When Håndverksgruppen approached Danish painting companies and considered including them, they were carefully picked. Both on a financially sound basis, but more importantly for cultural reasons. To a large extent it is a matter of values.

Ib adds that what he is hearing through the grapevine, is that there are several competing firms that want to join Håndverksgruppen. Meaning the reputation of the group is getting some serious tailwind these days.

– But I am pretty sure that most of them wouldn't make the cut.

– I would have to agree with you on that one, Lars says.

A healthy dose of hesitation before selling

Standing at the helm of a family business, values

have always been important for Lars Jeppesen. With employees scattered around Hirtshals, Frederikshavn, Brønderslev, Skagen and Aalborg, he says both he and his sister thought a lot about how the painting company would handle the future. None of their children had entertained the idea of taking the company forward.

– Were they just going to sell it?

– My sister and I had been business partners for 32 years straight. She is five years my senior, and had started talking about retiring. Such a scenario would probably mean buying her out, and then continuing five or six years before I had to sell the company all together.

And that was no easy thought for a man who cares for both his employees and his local town.

– It was a challenging situation, and obviously there were a lot of emotions involved, he says.

– Lucky for us, Håndverksgruppen happened

Top 10 benefits of joining Håndverksgruppen

- Increased efficiency through collaboration.
- Diversified skill set for a wider variety of tasks and projects.
- Improved quality of work through two sets of eyes and hands.
- Shared resources and procurement benefits for cost reduction and competitive bidding.
- Positive impact on price due to increased value proposition and wider range of services.
- Reputation and brand recognition leading to repeat business and referrals.
- Opportunity to receive HS-training and contribute to ESG standards within the industry.
- Talent development with the HG academy and increased attractiveness as an employer.
- General HR and recruitment support.
- Ensures longevity of the company without succession issues.



With us being part of the same group, it means I can get an honest, fair second-opinion. That's really valuable.

– LARS JEPPESEN, MASTER PAINTER

to reach out to us at roughly the same time. We thought it sounded thrilling to see our company part of something bigger instead of just selling it. That would mean both getting new colleagues—and more importantly, it would keep our employees safe.

As a painting company in a small town, there is a certain responsibility involved.

– You have been to Hirtshals, you know it's a small town, right? Of our 50 painters working in the Hirtshals area, 30 are living in that very town. It was important for us to hand over the company properly. It weighed heavily on our minds. That's why I am very pleased to be a part of Håndverksgruppen. We haven't regretted joining for a second.

For Ib Jensen in Copenhagen, the situation was a little different. His painting company was already a part of a group of local painting companies named dsj malergruppe. However, in an acquisition situation, they

also viewed the potential buyer with care.

– We knew that we were a business that would probably be interesting for a buyer. If we were to sell, it was important to us that it was to someone with the right motives, he says.

– Someone who would not split us up and change us, but take care of our identities and the way we ran the business.

Both master painters agree that very few of their customers actually care that much that they're now owned by a large Norwegian group. And those who care, are assured by the fact that they have more than a hundred other solid companies behind them.

Cooperation means getting real, honest advice

Values are one thing. Another is trust. Combine that with a regional, national and Nordic network, and you start to see changes in what you're able to pull off as

a company.

As Lars says: If he's invited to bid on an assignment in Copenhagen, he can now contact for example Ib—who knows the ups and downs of the area—and get a second opinion as to whether the offer is any good, or if Lars' pricing idea fits the market.

– I wouldn't have done that earlier. Maybe I could have asked around in my network, after all, Denmark is a small country. With us being part of the same group, it means I can get an honest, fair opinion from colleagues in other parts of the country. That's really valuable.

– Yeah, that's right, Ib chimes in.

– Instead of calling other painters we might have just met once or twice, now we call each other. The best part is that it goes both ways.

But this is not saying it was all fun and games when the new painting companies joined Håndverksgruppen.



– We suddenly saw ourselves in a situation where we might be competing with what used to be competitors, who were now colleagues. That raised a question as to who the customer actually belonged to.

– How did you solve it?

– Well, we talked about it, Ib says. – We agreed that the customer should follow the personal contact. Personal relationships carry the most weight. So, if the customer originally contacts me, they belong to me. If they contact another company in Håndverksgruppen, they're theirs. And who knows, this might become a more relevant concern in the future, as Håndverksgruppen probably continues to buy companies. I think the solution will be the same. We just have to talk it out.

– But it must be better to “lose” a customer to a colleague rather than a competitor?

Lars begins to laugh aloud.

– Always! Always.

PAINTING

Paint it black

Or any other color! The tradition of painting houses reaches back as far as the 11th Century. But the story of painting actually goes back even further. There's evidence showing that early humans started applying paint to surfaces to brighten up the spaces they lived in more than 40 000 years ago.

Håndverksgruppen's skilled painters work both indoors and outdoors, with small and large buildings, and are highly competent when it comes to renovation, rehabilitation, new constructions and insurance cases.

From Norwegian stave churches to complexes

As far as painting goes, renovation and rehabilitation projects cover everything from medieval stave churches and old buildings to large-scale renovations of business buildings, single-family homes, apartment complexes and renovation of façades.

A crucial part of the rehabilitation job is to carefully assess the condition of a building and to make a plan of

what kind of groundwork needs to be done. Our painters are adept at using traditional painting techniques such as gilding, glazing, patination and linseed oil paint to give the surfaces a specific touch. Of course, they are experienced in using contemporary painting techniques as well.

Keeping up with the paint's drying time

When working on new buildings that have large surfaces that need to be ready at the same time, there are demands that must be met. Håndverksgruppen's painters are equipped with the latest technology and fast-working methods, making sure we're done before the paint is dry and the deadlines are met.

We know how important it is to coordinate the painters'

work with other disciplines involved in a project. That's necessary to achieve good progress and seamless implementation in new building projects. Our local painting companies have a high level of expertise, making sure the customers get the color and paint type they need. And what groundwork is needed before the final touches.

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Håndverksgruppen's painters are equipped with the latest technology and fast-working methods.

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FLOORING

Floors for all walks of life

Whether you're standing in your children's kindergarten, are on your way to an important meeting or you've just touched down at the airport after a round-the-world-trip, your feet will be planted on the floor. Floors are an essential part of our lives, literally providing a foundation for all of us to stand on.

The companies of Håndverksgruppen lay floors for major contractors and smaller private customers. Making sure the flooring options meet our client's needs. For significant undertakings like renovation of hospitals, it's vital that the floors are maintenance-free, clean and comfortable to walk on – every single day.

Our skilled workers provide tailored advice and recommendations that are suited to the customer's desired function, preferences and cleaning needs before we price the work. That way, they make sure the floors are just like they're supposed to be. Something you can rely on. By choosing Håndverksgruppen, the customers will have access to a large selection of different floors for

different purposes, including parquet, linoleum, laminate, carpets and epoxy.

Streamlined Floor Selection for Rehabilitation

Choosing the right floor can be tricky. When it comes to renovating a room, our craftsmen receive an inquiry from the customer and listens to their wishes and needs. No matter if the task at hand is a large open-planned office building that needs to be renovated, or helping a family renovating their first home.

At Håndverksgruppen, we act as consultants for our customers. In other words: It's about finding the flooring products that actually suit both the room and the customer. Our craftsmen provide end-to-end flooring

solutions that encompass everything from the customer's vision to the finished floor, ready for immediate use. At Håndverksgruppen, we know that flooring is not just about the price. For us, it is all about demonstrating good service, quality, breadth of knowledge about floors and flooring – and last but not least: Timely execution.

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**At Håndverksgruppen,
we act as consultants for
our customers.**

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MASONRY

Bricks laid to last

Masonry is a timeless craft that has stood the test of time. With historical roots and traditions that date back centuries, masonry is also a very versatile discipline at a workplace. Thus, masons work in a variety of settings, both indoors and outdoors, on both large construction sites and in private homes.

At Håndverksgruppen, our masons are experts in rehabilitation, new construction, and insurance claims for buildings of all sizes, from small homes to massive institutions. No matter what type of building we're talking about, it all starts with a foundation wall. From there, our skilled workers can construct anything from fireplaces and chimneys to walls and natural stone features.

Taking care of our historical buildings

Our masons have a passion for preserving the many beautiful and historical buildings in the Nordics. As a result of the toll of time, the lime used in the cement at the time of construction has begun to crack. The signs are easy to spot in the foundation, walls and façades.

Much of the rehabilitation work done by Håndverksgruppen addresses just this. We carefully refurbish the façades and foundations of both old apartment buildings, and renovate large, historic buildings. To make sure they'll last for another hundred years.

We know the importance of matching materials and techniques used in the original construction. As with all old buildings, not least due to underground movements, there will always be a need for rehabilitation at some point. And a need to do it properly.

Starting from the ground up

A strong foundation is key to every building, no matter its size. Håndverksgruppen's masons have the expertise to

make sure it is level and sound, in line with the architect's goals—and ready for further construction. Our workers are experienced in laying brick basements, partitions and more, both in private and public buildings. Regardless of the building type, the common denominator is that we start with the bottom. From there, the only way is up!

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Our masons have a passion for preserving the many beautiful and historical buildings in the Nordics.

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TILING

Grids for everyday life

Who's going to tile the floors you walk on every day? Tiling is a key part of the masonry profession, and Håndverksgruppen's masons have extensive experience with both membranes and tiling.

From bathrooms and wetrooms to kitchens, stairs and other common areas, whether the project is large or small, we believe that tiles are the perfect way to add both style and simplicity to any space.

Our masons work with both large and small clients, ranging from the private individuals to large apartment buildings, making sure maintenance is simple and the touch is modern.

Turning old bathrooms into new ones

Renovating old bathrooms often means tearing them up – and rebuilding them. With careful project management and planning, we ensure that every customer is completely satisfied with the results. After all, they're going to live there.

We help our clients select the best tiles for their needs and manage the project from start to finish. If the project management is done smoothly, a bathroom can be rehabilitated in as little as two weeks. At Håndverksgruppen we believe in clear communication and timely material ordering to make sure that every project runs according to plan.

Tiling done in good time

In new builds, Håndverksgruppen works as both a sub-contractor for contractors and as the main contractor for private individuals, laying membranes and tiles in all types of public and private buildings. Our masons help the client choose the perfect tiles and materials, ensuring that every project is delivered on time – and with the highest level of quality.

With good project management, we coordinate the delivery of goods to the right place and time, executing each job professionally and efficiently to create satisfied customers.



Our masons work with both large and small clients, ranging from the private individuals to large apartment buildings, making sure maintenance is simple and the touch is modern.





How to save the world one surface at a time

ESG: These three little letters might mean nothing to you. Or they might change your whole life for the better, you just don't know it yet.

ESG is a new form of guidelines that every company should aim to fulfill. Something that businesses throw around in order to be seen as a “good” company. Because really – does anyone understand what ESG actually means? The E stands for Environmental. The S stands for Social. The G stands for Governance. All in all, trying to be sustainable in every corner of this triangle.

But what does all of this actually mean in the

most concrete ways for everyone who works at Håndverksgruppen?

Social: Our workers are the most valuable resource

Håndverksgruppen aims to change a whole industry for the better in many areas. And CEO Øyvind Emblem wants to start with the most important letter of ESG, the S: The social aspect.





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We want to understand the impact all of our small business choices have on our planet.

– Many small changes need to be made in the name of ESG. And it needs to start with our employees, our “gold”, the most valuable resource we have. We have to train them, and make sure they arrive at a safe, serious and structured workplace. We need to take care of each other, Øyvind Emblem says.

– Sounds great, but “how”?

– All of our workers need to go through a course of ethics. They will learn how to behave, towards clients, in meetings, at seminars, but also towards each other, Emblem says.

Håndverksgruppen has 3200 employees from many nations and cultures. HG also helps former inmates back to work. So, in this varied group, HG wants to show they are aware of this diversity.

– Because we want to permanently stop any kind of misbehavior at the workplace, says the CEO.

Challenging the status quo

Not long after its establishment, HG challenged its suppliers to increase professionalism and collaboration across the value chain to develop better and more sustainable solutions. This was a new focus in the industry.

– We don't take no for an answer. We all have to take our responsibility for ESG elements within the value chain, Emblem says.

HG also wants all of the suppliers to have equal playing ground.

– We promote fair competition so that all suppliers, even the very small ones, have possibilities to bring new solutions and innovations to the market. Challenging the status quo benefits everyone and increases professionalism, he says.

In order to be seen as serious and professional as can be, all workers with the green HG-logo on

their upper arm are given the chance to learn the language in their respective countries. They also learn that harassment and threats of any kind have a no-tolerance policy. And that if they discover or become a victim of any of these socially non-acceptable treatments, they will have anonymous ways of contacting both the nearest leader, region manager og HG's chairperson. They can also contact a separate, independent organization outside of HG whose task is to handle incoming worries or whistle blowers. Because we need to make it easy for our employees to communicate bad behavior in order to create the best culture possible.

Governance: Fair salaries and transparent contracts

Within the crafts industry there has historically been a problem with unreported employment. Or so-called

“off the books” work. Håndverksgruppen takes its role as the market leader serious and thereby is a role model on this matter.

– Today, in general, the “black economy” is still an issue! Our companies are serious players and have an absolute no tolerance for working without paying taxes outside working hours, Øyvind Emblem says.

– Why so strict?

– If people don't pay taxes, we as a society dig our own grave. We need to pay for the benefit of everyone, in order to have a fair and well functioning daily life. It also undermines our own business, he says.

– What about fair salaries?

– We are absolutely focused on non-exploitative wages. Both for our own employees, but also for those who are hired-in. They haven't been treated fairly in our industry, says the CEO.

– Do you have an example?



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**They will learn how
to behave towards
clients, in meetings
– but also towards
each other.**

”



There have been cases where you see 18 men sleeping in the same apartment, on the kitchen floor, while paying their employer over 300 euros per month.

– For instance, there have been cases where you see 18 men sleeping in the same apartment, on the kitchen floor, with only a little curtain between each mattress, while paying their employer a rent of more than 300 euros per month. So, a contractor could pay their workers an ok salary, as long as they get 50.000 euros back in terms of rent! That is “creative”, no? And that has happened in Norway, a country we like to think is so fair and equal. Imagine how the rest of the world acts. Look at Dubai or India.

– Why do you think this is, the fact that so many craftspeople are being exploited?

– I have wondered the same, it really should be they who got praise and recognition for building and taking care of our monumental buildings and all the houses we all live safely in, Emblem says.

– So how do you at HG do it differently?

– We form transparent, serious contracts for every worker and they all get paid for their overtime, paid extra for travel and all that. We also want permanently employed people, not people on short contracts, says Øyvind Emblem.

Many craftspeople within the industry are not fully skilled, but also don't get proper training and therefore are never able to excel in their work.

– Because then they should have a higher salary, so many are “kept” being “helpers” forever. HG on the other hand wants our trainees to become masters and excel in their careers, and then also pay them better of course. We do however need to have control over their training, and want to be able to document it, that's a part of the reason why we have started the HG Academy.

Environmental: We want to do, not just say

Thomas Schwenke, Chief of Sustainability at HG, wants to understand the impact all small business choices have on our planet.

– And we want to act on it, he says.

– The first thing we did was to research very precisely how much leftover paint is produced every day by every painter. We weighed the brushes before and after washing. We did the same with the paper covering the floor when we paint roofs. It showed how much excess paint we wash out, and ultimately ends up in rivers and oceans. That's how easy HG can do concrete changes in order to save paint, not just for our budgets, but also the planet. Most of all for the planet, says Schwenke.

Another thing HG has done is making sure all the colored water will not be thrown out in the



drainage pipes all over the place, but shall be picked up by green companies in order to handle it like the poisonous debris it is. Paint does contain a lot of micro plastic! So, all the paint in the buckets will also have to properly dry before they are reused, for no unnecessary paint ending up in nature.

– We also have M-TEK as part of our group whose only job is to figure out exactly where a problem with heating cables has occurred, so we only have to remove a few tiles, not tear up everything like before. And, even though we would get more income by replacing the whole old floor, we would rather do it quicker, cheaper and more environmentally friendly by reusing it, Schwenke says.

– That's great! What else?

– Then we started to collect data for how many kilometers each and every of our 1000 cars all over



When you listen to HG there's no doubt they mean business. It's not just something they say, they're really doing it.

Norway drive back and forth. Some do eight trips, others just two on a similar project. So we need to arrange for new routines and better communication at those offices where workers drive the most. This will save quite a lot of CO₂, says Thomas Schwenke, and adds that HG "of course" will try to swap their fossil cars towards a 100 % electrical car park.

All companies who are and will come together under the wings of HG will have to certify that they are "Miljøfyrtårn" and ISO 14001 certified companies. These certifications are for enterprises seeking to document their environmental efforts.

They will have to go through their climate numbers, their use of electricity, the way they handle their disposables and get official certifications. Right now 50 % of the companies within HG already have this, but more are in the works. HG will not stop until

everyone is as green as can be.

– We only see the very beginning of the effects of implementing ESG all over the world, right?

– Exactly, we are all trying our best, and we have just started. We want to be a great, profitable company, but also be very aware of our social, environmental and governmental responsibility.

ESG Award 2022: "No doubt HG means business"

The ESG-efforts at Håndverksgruppen has been noticed. That is why they won The FSN ESG-award 2022.

– It's quite unique! Although we need to move towards a more sustainable world, many companies still can't be bothered. They prefer not rocking the boat and wait for others to come up with solutions they

can adopt later. Clearly, if everyone thought like that the world would not be moving forward, says Rebecca Svensøy, General Counsel and Head of ESG at FSN Capital who awarded HG with the prize.

– Why did they win?

– HG has awareness of ESG in daily operations.

They create value in society at large, they have clarity in policies, as well as focus on continuous improvement and a clear tone from the top, she says.

– This is a key success factor. And when you listen to HG there's no doubt they mean business. It's not just something they say, they're really doing it, says Rebecca Svensøy, and adds:

– Actually, in the end...HG is lifting the entire industry to another level when it comes to focusing on ESG and sustainability. It's part of the reason why they won.



The 9 concrete ways HG ensures their golden ESG status

Environmental

1. Reduce and replace emission intense methods

Our goal for the future is to understand where our most significant emissions come from, report them quarterly and set science based targets to reduce them. At the moment we know how many kilometers our 1000 or so cars use driving back and forth on a project, and will try to arrange for new routines and better communication where workers drive the most.

2. Ensure to re-use as much as possible instead of buy new

Even though we would get more income by replacing a whole old floor, we would rather do it quicker, cheaper and

more environmentally friendly by reusing or restoring it.

3. Demand all companies to be a “Eco Lighthouse”

All companies under the wings of HG will have to certify that they are “Miljøfyrtårn”- or ISO 14001 certified companies, meaning having a certification for enterprises seeking to document their environmental efforts. They will have to go through their climate numbers, their use of power, the way they handle their disposables and get official certifications.

Social

4. Educating the entire industry through

the HG academy

We want everyone to become better versions of themselves and excel in their careers. We offer proper and varied training at the HG Academy. At the HG Academy workers get concrete “tools” in order to manage their work and daily life in the best way possible. We keep welcoming apprentices to learn from us, in order to recruit even more quality craftspeople. This way HG ensures our good reputation and longevity.

5. Prevent harassment and bullying of any kind

We want to permanently prevent and stop any kind of bullying at the workplace, so we offer a course of ethics. Everyone will learn how to behave, towards clients, in meetings, at seminars, but also towards each other. We

also measure our employees' satisfaction rate monthly, and make corrections when needed.

If anyone discovers - or becomes a victim of any sort of harassment or bullying – workers can contact a separate, independent organization outside of HG whose only task is to handle incoming worries or whistle blowers.

6. Make safety our culture

We do our utmost to prevent damage to our workers' physical bodies. Their heads and hands and feet are the most valuable tools for both them and us. We want to build a solid safety culture with good routines and systems for reporting accidents and believe no one

should leave work with cuts or damages from handling, falling or carrying.

Governance

7. We will eagerly meet new and stringent requirements from the public sector

The public sector accounts for a large share of purchases from our industry. We welcome all changes that increase the requirements for us as suppliers. Furthermore, we challenge the government to revise existing laws and regulations to accomplish this. We believe further measures are currently needed if we are to collectively meet UNs Sustainable Development Goals.

8. Clearly defined code of conduct requirements throughout the value chain

We believe that we need to be clear in our expectations to each other and work together throughout the supply chain to transform the industry. Thus, we collaborate closely with our suppliers while also requiring them to sign our code of conduct.

9. Transparency of operation and accountability of leadership

We make all information public and do not hide ownership. We hold all managers accountable, and follow rules and regulations.

OUR ESG STRATEGY

Hard numbers and facts

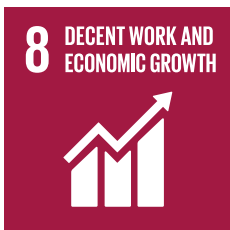
HG has selected the following SDGs to which it has an opportunity to contribute:



Increase number of youth and adults who have relevant vocational skills for future employment by employing apprentices and supporting them on the way to certification (4.4).



Promote sustainable consumption through waste reduction (12.5) and supporting sustainable public procurement (12.7).



Reduce the number of unemployed youth through apprenticeship (8.6) as well as preventing shadow work and promote labour rights and safe working environments (8.8).



Multi-stakeholder partnerships to support the achievement of the sustainable development goals (17.16).



The way we measure our progress and areas of impact:

FOCUS AREA	KPIs	LONG TERM TARGET (2030)
1. We care for each other and aim to be an attractive employer who takes social responsibility	1a. Share of apprentices	1a. 12%
	1b. eNPS	1b. eNPS of 55, WT implemented in all companies*
	1c. Lost time injury frequency rate (LTIFR) (entity build up)	1c. To be defined in 2022
	1d. HG academy**	1d. On average 20% of the craftsman workforce receive a training of more than 3 hours / year.
2. We shall understand the environmental impact of our business and strive towards limiting our environmental footprint and promote circular economy	2a. GHG emissions included in Scope 1 and 2	2a. Net zero
	2b. Miljøfyrtårn / ISO 14001	2b. 100% of companies being certified*
	2c. CO2 emission saved due to HG solutions / advice	2c. Tool to advice customers to select more sustainable solutions by 2026
3. We govern our business in a responsible way	3a. Continuous improvement of supply chain management	3a. To be defined
	3b. ESG training for employees	3b. 100% of employees undergo regular ESG training
	3c. Collaborations with organizations with positive impact on the ESG factors	3c. 10

PERFORMANCE 2022	ANNUAL TARGET 2023
<p>1a. 9.2%</p> <p>1b. Implemented Winningtemp (WT) in 42 companies (43% of all companies) and 1 617 users. eNPS of 46</p> <p>1c. Implemented HSE / QA system in 11 companies</p> <p>1d. 342 employees completed training in the HG Academy**</p>	<p>1a. 10%</p> <p>1b. WT implemented in 75% of companies****, eNPS of 55</p> <p>1c. Establish monthly measurement for LTIFR by 03/2023 and define target for 2024 + 2030</p> <p>1d. 700 employees complete training for at least one course at HG academy***</p>
<p>2a. Mapped scope 1 and 2</p> <p>2b. Certified 16 companies % certified companies: 2022: 50% 2021: 40% 2020: 33%</p> <p>2c. Renewed 3 000 sqm of floors, saving the environment 2 000 kg of CO2 emissions***</p>	<p>2a. Identify top two areas with the most significant impact and set science-based targets for 2024</p> <p>2b. 100% of companies being certified*</p> <p>2c. Renew 30 000 sqm of floors, saving 20 tons of CO2 emissions****</p>
<p>3a. Established process for suppliers' signature on CoC</p> <p>3b. 75% of employees completed CoC eLearning</p> <p>3c. Three collaborations with organizations, whereof two are promoting employment and decent work conditions</p>	<p>3a. 100% of existing suppliers signed HG's Code of Conduct***</p> <p>3b. 100% of new hires complete CoC training*****</p> <p>3c. Add two relevant industry collaborations</p>

*For all OpCo's closed by 12/2022.

**HG Academy is HG's own education institution. The purpose of the HG Academy is to provide an arena for personal development and comprise of the following modules; culture, leadership, project management and expertise matters. Target excludes CoC training mandatory for all employees.

***Materiality threshold.

****Dr Schutz Nordic A/S, compared in FIGR where polishing and waxing are used over a period of 10 years.

*****For OpCo's closed by H1 2023.

The robot who put a smile on project manager Knut's face

HG has hired a digital employee, one who will go to work every night updating hundreds of insurance cases. This way its human colleagues don't have to fry their brains on small, repetitive tasks. And rather excel in their career.

For several years – handling an incoming wave of constant updates on loads of insurance cases every week – ultimately gave Knut some gray hairs. The frustration of the repetitive, and often quite boring click and drag-movements affected the project manager in a bad way.

– It could affect my whole workday, and even the relationships with both clients and colleagues, says Knut V. Gjermstad.

Although he is laughing a bit.

Why?

We will tell you later.

Knut is a one of 150 project managers at Håndverksgruppen, and he oversees approximately 40 insurance cases per week at the painter company Regnbuen in Oslo. For years he manually had to update all projects in a cloud system.

The thing is, before Knut can send any of his





painters out to color the world, he needs to know if the timing was right. If damage control had done their jobs first for instance.

If, after a water damage, walls or roofs are dry. If, after a collapse of some sort, the wood is built back together – so everything is ready the surface work. But these pre-painter-task often get moved around. Things happen. People cancel, get sick, they discover “pink elephants”, meaning unforeseen problems that need solving – all before the surface craftspeople can start to get their hands dirty.

Why fry your brain handling repetitive and frustrating tasks?

All of these changes need updates. Digital updates. Clicks and drags that are small, boring, repetitive and sometimes frustrating assignments. But still quite important. Because every person involved in an insurance case needs to know what to do when. If not, the work gets bigger, longer and more expensive. The

clients would very much like to know when they can expect every step of the rescue process of their home to be done. If not they are not able to move back home.

And also, the insurance companies require that all project managers at Håndverksgruppen as accurately and as often as possible update their time schedule for their clients.

This. Is. Stressful. Why? It needs constant supervision. So, the time spent to do these updates could instead be done by a robot. The time saved could be given back to the human project manager to do other, more important work.

– Like what?

– Like making better connections with our damage control partners, in order to get more projects on our hands, or do follow up on the painters who might have missed a few square meters of wall on the final invoice, and in that way get more revenue, says Knut.

The digital employee who is crazy about “boring”

A few weeks ago Knut literally jumped in his rotating office chair. He got real excited and gave people high-fives. You see, he got to know that these tasks from now on were going to be done by a new colleague: A robotic process automation system.

This new digital employee of Håndverksgruppen has its own log-in and username. It will work every night from 02:00 till 06:00 – and in the morning have done all the clicking and dragging in order to update all projects.

It is quite cool to watch while it works. It is like a ghost has taken over a person’s keyboard, the arrow glides over the screen, stuff gets moved, you can see it all in real time, only no human fingers are touching the letters or mouse. The system will work through all the cases in a speeding movement and in the end send reports to each and every project manager in

Håndverksgruppen, every morning.

This will save Knut one to two hours of work per week. Said in another way: More than one whole work week per year.

– It is so cool!

The robot offer humans time slots to do a smarter, better job

As innovation goes, “The Digital Employee” could be able to handle a bunch of other, even more complicated tasks in the future. He is still quite new to this job, but so far it’s gone well. Only today, when we visit Knut in the marine blue office at Alna in Oslo, his digital colleague has solved nearly 100 updates on all kinds of different projects – just since this morning.

Knut can only smile, and sit back in his chair.

Just sip another coffee for an extra hour every Friday?

“
**I will still have to
work of course,
but I can do my job
smarter and more
effectively.**
”

– He-he, no, I will still have to work of course, but I can do my job smarter and more effectively. I can calculate a new job instead, or go out and help my workers. I will also not have to get so frustrated all the time. I mean, I would fry my brain at times, feeling that I had just spent a lot of time on something quite un-productive. Work that made it harder to go back to the other, more important tasks, says Knut.

– This feeling could also lower my work loyalty at times, and affect the relationship to people around me. Negativity will spread faster than positivity, unfortunately, he says.

And this is where he is laughing a little bit.

– But what could you do, you know, he says.

– What exactly made you so frustrated?

– Well, updating projects is really boring, and it seems unnecessary for a human to do it when it could be done by a machine. So I think I speak for all project managers when I say this evolution is very welcome. And I think more could be done with this system. Maybe he could take a look at invoicing, or maybe even salaries, says Knut.





All the human interaction we do every day no robot will be able to handle.

Relax – no-one will lose their jobs

He is right. Just ask Hanne Fagerlie, one of two project managers in HG who will be the bosses of the new system. Overseeing, making sure it does its job correctly.

Hanne says the work the system is doing every night in total will save Håndverksgruppen four whole positions per year.

– Every time a project needs updating, it takes one of our 150 project managers two minutes each time, in the end that's months of work. In the future we would like this system to handle different kinds of tasks as well. The possibilities are endless, she says.

– Please share?

– The robot could for instance handle invoicing, registration of travel bills or new employees – or collect statistics or information about what office should do better, what office is doing great and so on, Hanne says.

– But, Knut, does this mean you or some of your human colleagues might lose their jobs soon?

– Absolutely not! All the human interaction we do every day no robot will be able to handle. I also don't think we as a society want that to happen. Humans need to speak to and work with other humans. As far as the profession itself, I think we can benefit from robots doing lots of the digital tasks, but the art and creativity of our industry no one does better than people, he says.

Innovation, digitalization and getting help from the technical world is something Håndverksgruppen has been interested in speeding up lately.

– The traditional crafts industry lags behind when it comes to innovation in general, so I think it is amazing that HG has such a forward thinking approach to implementing new and exciting digital help. I think the whole profession will get much better when we do this because lots of employees can get happier, more efficient and use time on more important rather than, in some ways, unnecessary tasks, says Knut.

Facts:

- Four full-time positions every year, just spent on shifting dates in software.
- Repetitive and stressful tasks drain staff morale.
- A robot has taken over, without taking anyone's job.
- Human work shifted towards creating more value.

Group management



Øyvind Emblem

CEO

Born: 1970

Employed by HG since: 2020

Education:

- Master Mechanical Engineering, NTNU, Norway
- Master Business & Administration, HEC, France

Selected work experience:

- MD & EVP Norway Ramirent Plc
- MD, Michelin Benelux and South Korea
- Production manager, ODIM Hitec
- Management Consultant, McKinsey & Co



Gjermund Söder Vegge

CFO

Born: 1971

Employed by HG since: 2020

Education:

- Master of Business and Economics with specialisation in Finance, BI Norwegian Business School

Selected work experience:

- CFO Umoe Restaurants
- CFO Statoil Fuel & Retail Norway
- Managing Director Statoil Detaljist AS / NK Retail
- Operations Statoil Fuel & Retail, Norway
- Management consultant, PA Consulting



Trond Sigurd Tørdal

CBDO / M&A

Born: 1964

Employed by HG since: 2020

Education:

- Self-taught, self-developed competence

Selected work experience:

- Initiator behind the formation of the Håndverksgruppen Group
- Managing Director, Arvid Bendixen AS
- Board member, FK BodøGlimt
- Regional chairperson, Sparebank 1 Northern Norway



Johan Möller

Manging Director
Håndverksgruppen
Sweden

Born: 1974

Employed by HG since: 2022

Education:

- Master Industrial Engineering & Management, Linköping Institute of Technology, Sweden)

Selected work experience:

- CEO, Apoex AB
- CEO, Svensk Markservice AB
- Business Unit President, Coor Service Management AB
- Deputy Head of Group Business Development, Coor Service Management Group AB



Elisabeth Rustad-Nilssen

CBDO

Born: 1988

Employed by HG since: 2021

Education:

- Master Auditing & Accounting, Norwegian Business School
- BSc (Honours) Financial Economics, University of St Andrews

Selected work experience:

- Investment Director, FSN Capital Partners
- Financial advisor, PwC
- Senior associate assurance, PwC Service Management Group AB



Ronny Pettersen

Managing Director
Håndverksgruppen
Norway

Born: 1975

Employed by HG since: 2023

Education:

- Master Management and organizational science, University of Tromsø
- Krigsskole I og II, The Norwegian Military Academy

Selected work experience:

- Executive Director, ISS Direct ISS Facility Services A/S
- Executive Director, HR/HMS ISS Facility Services A/S
- Head of Human Resources, Deloitte Norway
- Leadership positions, Norwegian Armed Forces

ESTABLISHMENT AND GOVERNANCE

We're built to last

Håndverksgruppen first saw the light of day back in 2012, when 14 Norwegian companies joined forces in a membership organization that could establish joint purchasing agreements and national frameworks deals.

Fast forward seven years to 2019, and Håndverksgruppen's member companies were ready for the next step: To become an integrated group. That's when things got exciting: Out of 43 member companies, 30 banded together with FSN Capital to form the brand new Håndverksgruppen in July 2020.

The original Håndverksgruppen found FSN Capital to be the perfect match for their existing companies, with a culture and approach that aligned perfectly with their own. Together, they could work towards a common vision for the future of the industry. Today, the holding company is 50 percent owned by Håndverksgruppen's employees and former business owners, with the rest held by FSN Capital. It is a collaboration that's built to last.

But Håndverksgruppen isn't just about the big picture.

At the heart of what we do is our people. That's why former owners of craft businesses who join us reinvest a fixed share of their enterprise value. Plus, key people are invited to invest in our holding company as part of Håndverksgruppen's Management Incentive Program. With around 600 co-owners (and counting!) who are also employees, we're all about consolidating strength as a team. The number of co-owners who invest increases every time a new company becomes part of Håndverksgruppen.

Board of Directors

At the helm of our Board of Directors is Per W. Sjöstrand, a seasoned chairman who founded Instalco with FSN Funds and served as its CEO until 2021. Previously, Sjöstrand acted as chairman of Green Landscaping Group AB and Fasadgruppen Group AB.

The rest of our Board of Directors are a diverse set of people, with complimentary backgrounds. Two of them represent the original founders of Håndverksgruppen, while two board members and an observer represent FSN Capital—in addition to an external board member. No changes have been made to the tenure of the board members since they were elected when Håndverksgruppen was incorporated in 2020.

The Board of Directors is the backbone of Håndverksgruppen, responsible for important tasks of hiring the CEO, deciding on our corporate strategy, budgeting, and ensuring solid management and control. With Sjöstrand and the board members leading the charge, Håndverksgruppen is well on our way to becoming a true industry leader.



“
**With around 600
Håndverksgruppen
co-owners (and counting!)
who are also employees,
we’re a company that
revolves around our
people.**

”

HÅNDVERKSGRUPPEN NORGE AS

Directors' report 2022

Håndverksgruppen Norway AS (HG) is a leading Nordic group that performs all types of services within surface treatment – painting, flooring, masonry and tiles. HG carries out everything from turnkey contracts to smaller individual assignments with emphasis on rehabilitation work in the B2B segment.

During 2022 the strong growth continued with the incorporation of 22 craft companies in Sweden and Norway, and in the fourth quarter four group of companies joined in Denmark. All in all, a total of 35 craft companies were incorporated in 2022. The growth is progressing as planned in 2023, and in the first quarter nine craft businesses have been incorporated into HG – all solid-run, profitable and with people and culture that fit well into HG.

The Group was established in July 2020 with 30 Norwegian craft companies that today are 100% owned subsidiaries of Håndverksgruppen AS with Håndverksgruppen Norge AS on the top. Until the end of 2022, a further 71 craft companies have been incorporated in

Norway, Sweden and Denmark.

The company's operations in Norway are divided into six regions based on geographical location. The 19 operations in Sweden are located in connection with Gothenburg and Stockholm. In Denmark, two of the company groups are located in Sjælland and two in Jutland. The Group's head office is located in Oslo.

Statement of the annual accounts

2022 was another good year with solid organic growth and strong growth through the incorporation of craft businesses into the Group. Activity in the market has remained stable and companies have increasingly collaborated on projects. Commodity prices have

continued to increase more than normal, and although this has been challenging for both customers and HG's craft businesses, it has not stopped the progress of the projects and profitability has been maintained.

The Group's revenue amounts to TNOK 3,831,929 and the profit for the year after tax was TNOK 20,341 for 2022.

During the year, the Group did not conduct research and development.

Total cash flow from operations in the Group amounted to TNOK 205,562, while operating profit for the Group amounted to TNOK 123,343. The difference is mainly due to ordinary depreciation.



From the left: Eirik Hjeltnes Wabø, Marina Lønning, Per Sjöstrand, Erik Nelson and Thomas Schwenke
Not present: Trond Sigurd Tørdal and Kasper Sørensen.

The Group's cash position was TNOK 362,121 as of 31.12.2022. The Group's ability to self-finance investments is good.

As of 31.12.2022, the Group's current liabilities amounted to 47.3 % of the Group's total debt. The Group's financial position is good, and as of 31.12.2022 the Group can repay short-term debt using the most liquid assets.

Total assets at the end of the year were TNOK 2,986,486 and the equity ratio was 28.3%.

Treasury shares

See Note 11 for further information on changes in holdings of treasury shares.

Future development

Håndverksgruppen Norway AS aims to build a leading, comprehensive and nationwide/Nordic offer to our customers with a focus on high quality, sustainability and responsibility. The Group has an ambition to lead the way in sustainability and has established a sustainability strategy and implemented measures such as ethical guidelines with zero tolerance towards corruption and bribery.

The growth will primarily come by incorporating new, solid craft companies with a strong local and regional market position. HG will continue to grow within its existing core business; painting, flooring, masonry and tile, improving standards of quality and efficiency in the industry, and at the same time pulling the industry in a more sustainable direction. In 2022, growth got under way in earnest in Sweden with stronger growth than Norway from the incorporation of craft businesses. With HG's entry into the Danish market at the end of 2022, craft companies here will first prioritize collaboration and sharing of best practices, as well as prepare for incorporating more companies. Work to establish HG in yet another country is well underway and the incorporation of craft companies in HG's fourth country is expected in the future.

War in Europe and higher interest rates are expected to have a slowing effect on the economy in general, and for HG in particular, it is new construction work that is expected to be affected. HG is mainly exposed to the rehabilitation market with professional customers (B2B) expected to have a more positive development. The intensity of competition increases in periods of lower demand, but at the same time HG operates

in a customer segment where quality and efficiency are crucial and HG's craft companies have extensive experience in delivering on high demands.

Financial risk

Overall objective and strategy

The Group is exposed to financial risk in various areas. The objective is to mitigate financial risk to the greatest possible extent. The Company's current strategy does not include the use of financial instruments.

Market risk

The company is exposed to changes in interest rates, as the company has floating interest rates. Changes in interest rates may also affect investment opportunities in future periods.

In 2022, the Group has had little exposure to foreign currency since demand is primarily local in the individual craft company in the immediate area, and purchases from foreign suppliers are little affected by currency fluctuations. Commodity prices have continued to increase more than normal for the entire market, but this has largely been pushed further onto the projects.

Credit risk

The risk of losses on receivables is considered to be low for the Group. Revenue is spread out across a large number of projects and customers, so individual projects or individual customers will not have a significant impact on the Group. Developments in market conditions still need to be followed closely to capture any structural changes as a result of the war in Ukraine. Gross credit exposure on the balance sheet date totals TNOK 846,972 for the Group. Håndverksgruppen Norge AS only has internal receivables.

Liquidity risk

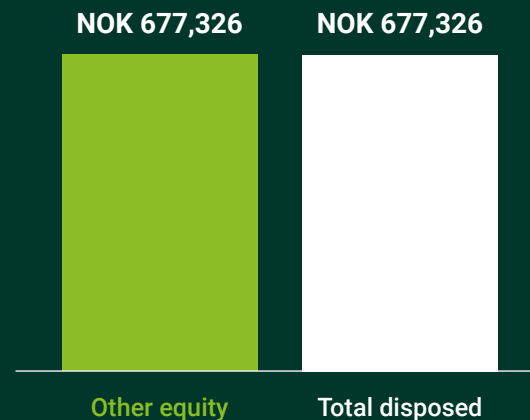
The company considers the liquidity of the company to be good, but there is a significant potential to reduce working capital especially through invoicing and reduction of credit time.

Going concern

In accordance with section 3-3a of the Norwegian Accounting Act, it is confirmed that the going concern assumptions are in place. The assumption is based on profit forecasts for 2023 and the Group's long-term strategic forecasts for the years ahead. The Group is in a sound economical and financial position.

The parent company and allocation of the profit for the year

The Board proposes the following allocation of the annual profit in Håndverksgruppen Norge AS:



The proposal is based on the owners' assessment of the capital structure of the company.

Work environment

Sickness absence in the Group was 6.7% of total hours worked in 2022, compared with 7.6% in 2021. At the beginning of the year, there were still some COVID related absences, while later in the year there has been somewhat more than normal sick leave, not unlike society at large.

Work on health and safety (HSE) is a high priority in Håndverksgruppen. Our goal is to avoid injuries, illnesses and ailments caused by the working environment. In safety, this means avoiding workplace accidents that result in serious personal injuries and absence. When it comes to health, we strive for employees to have an ergonomically correct work situation and to avoid harmful stress in contact with chemicals, noise and dust.

During 2022, a total of 49 injuries have been registered that have resulted in a day of absence or more. At HG, a lot of work is put into employee development and talent development in general. We offer education to employees and are committed to retaining well performing employees. HG believes that diversity is important in order to maintain a good working environment. We believe that diversity in terms of background, skills and

gender is essential to our success.

The Group works actively to follow up the requirements as a result of the extended duty to take action pursuant to the Equality and Anti-Discrimination Act, both through training of all employees in HG's ethical guidelines and continuous working environment measurements.

The culture in Håndverksgruppen is characterized by strong unity within the individual company and between the general managers of the various subsidiaries, and the culture of craft companies that want to become part of HG is carefully considered before being incorporated as part of HG. In Håndverksgruppen, we wish each other well.

Equality and discrimination

HG aims to be a workplace where there is no discrimination based on ethnicity, gender, beliefs or sexual orientation.

This applies, for example, to matters concerning salary, promotion, recruitment and general development opportunities. Of the company's five board members, one is female and four are men, and of the seven who make up the corporate executive committee, two are women. Of the Group's employees, 11% are women and 89% are men.

The Group's work to promote equality and counteract discrimination is an integral part of everyday life in several areas. Through a nationwide recruitment campaign, we try to attract employees from different backgrounds by highlighting aspects of the craft profession that may not have been known to the general public. We use both women and men, young people and the elderly in our recruitment campaigns to show that the profession is suitable for everyone. The recruitment material for apprentices is fronted with one of our female apprentices. All employees undergo training in the Group's ethical guidelines as part of the onboarding

program, an electronic whistleblowing channel has been established, the working environment is measured regularly and all general managers complete courses in everyday management, to name a few. In 2021, an initiative was implemented for quality assurance of market pay for general managers, regional managers and corporate management. Salary formation in the subsidiaries is local and is determined by the individual general manager in line with local needs and our ethical guidelines.

Board of Directors' liability insurance

Insurance has been taken out for the board members and the general manager (Board Liability Insurance) for their possible liability towards the enterprise and third parties.

External impacts / environment

Håndverksgruppen aspires to be a leader and forward-



looking in many areas, including environmental, social and governance issues. In a world where efficiency demands are increasing and competition between companies is becoming tougher, the environment is becoming even more important.

Environmental focus and maintenance should reflect the company's vision and help inspire employees to meet desired goals. Our companies must be Eco-Lighthouse certified or ISO14001 certified. We will explore solutions that promote circularity and reuse, rather than always choosing new materials. The first bid for quality is professionalism, and HG is the largest surface treatment company in the Nordic region that works purposefully towards defined target groups. The master brand is our seal of quality, and we paint, do masonry, put up wallpaper, lay floors and tiles according to the strict requirements that follow the quality seal.



For two years, HG has been reporting on greenhouse gas emissions within Scope 1 and Scope 2. In 2022, we also conducted a screening of Scope 3 and relevant areas for reporting. We aim for 2023 to understand more about where our greenhouse gas emissions come from, as well as quarterly reporting on greenhouse gas emissions in order to measure equal development throughout the year. The company's statement under the Transparency Act will be made available on the company's website by the statutory deadline of 30 June 2023.

Oslo, 25.04.2023

Per Wiking Sjøstrand

Chairman of the Board

Trond Sigurd Tørdal

Board Member

Erik Nelson

Board Member

Eirik Hjeltnes Wabø

Board Member

Øyvind Ivar Emblem

CEO

Marina Lønning

Board Member

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complete financials with notes.



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www.handverksgruppen.com

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