

### HISTORICALLY STRONG ORDER BACKLOG

#### APRIL – JUNE 2020

- Order bookings amounted to SEK 1,851 million (2,663)
- Income amounted to SEK 1,393 million (1,616)
- The operating loss amounted to SEK 139 million (0), affected by non-recurring costs amounting to SEK 145 million
- Cash flow from operating activities amounted to an outflow of SEK 156 million (302)
- Cash flow for the period amounted to an outflow of SEK 38 million (210)
- The loss for the period amounted to SEK 114 million (2)
- The reorganization process is progressing and the effects of this are expected to achieve their full impact in 2021
- The maturity of the bonds was extended by 18 months, with certain changes also being made to the terms and conditions, including the removal of a liquidity commitment.

#### JANUARY – JUNE 2020

- Order bookings amounted to SEK 4,826 million (3,840) and the order backlog was SEK 11,072 million (7,149)
- Income amounted to SEK 3,207 million (3,096)
- The operating loss amounted to SEK 288 million (18)
- Cash flow from operating activities amounted to an outflow of SEK 389 million (564)
- At the end of the period, available cash and cash equivalents totaled SEK 450 million (692)
- The loss for the period amounted to SEK 220 million (profit 8)

SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Income	1,393	1,616	3,207	3,096	6,836	6,725
Operating profit	-139	0	-288	18	-390	-84
Operating margin, %	-10.0	0.0	-9.0	0.6	-5.7	-1.2
Profit/loss for the period	-114	-2	-220	8	-310	-82
Earnings per share, SEK, before dilution	-5.08	-0.09	-9.81	0.36	-13.82	-3.66
Earnings per share, SEK, after dilution	-5.08	-0.09	-9.81	0.35	-13.82	-3.66
Equity per share, SEK, after dilution	87.14	100.07	87.14	100.07	87.14	96.92
Equity/assets ratio, %	34.7	40.7	34.7	40.7	34.7	38.0
Net debt	1,490	1,334	1,490	1,334	1,490	1,224
Net debt/EBITDA	-4.5	2.6	-4.5	2.6	-4.5	-36.0
Net debt/equity ratio, %	76.1	58.9	76.1	58.9	76.1	56.2
Order bookings	1,851	2,663	4,826	3,840	9,587	8,601
Order backlog	11,072	7,149	11,072	7,149	11,072	8,943

## CEO STATEMENT

The second quarter of the year – as well as the summer that is now drawing to a close – were pervaded by the global situation caused by the corona pandemic. For us, the pandemic had a direct effect with the sale of Karlatornet not being possible to complete as planned. Nor have we yet seen the full impact of the uncertainty caused by the pandemic on society in general. Fortunately, our industry has yet to be affected to the same extent as others. Housing prices, for example, have held a relatively stable level despite the economic downturn.

I can say with some confidence that we responded dynamically and quickly, realigning our organization and adapting to a more uncertain existence. This has involved measures directly associated with the pandemic, including short-term furloughs, as well as longer-term efficiency-enhancement measures, including reducing the workforce by about 100 jobs. Considerable focus was devoted to implementing these measures during the quarter. The organization rallied superbly behind our approach of prioritizing profitability.

Although we have by no means finished. We envisage this process taking several years. Nor do we expect our initial measures to be immediately reflected in our numbers. As we have said previously, the measures will not reach their full, anticipated impact until 2021. We have nonetheless been resolute and vigorous in our response and our approach holds strong. At this very moment, we are building a stronger Serneke.

Over the quarter, we saw some loss of volumes, partly due to construction starts being postponed because of the pandemic, with our sales of SEK 1,393 million (1,616) being approximately 14 percent down on the corresponding period last year. Our operating loss of SEK 139 million (0) was affected by non-recurring costs of SEK 145 million attributable to our realignment of the organization, primarily within our civil engineering and project development operations, including staff cuts affecting about 85 people and increased provisions for risks and disputes in our projects. Over the quarter, we continued working proactively to achieve the financing solution needed if we are to be able to resume full production at Karlatornet. We have good hopes of soon being able to resume construction, with as brief a lead-up as possible, minimizing the impact on the schedule.

Our cash and cash equivalents, including unutilized credit facilities, stand at SEK 450 million, down SEK 137 million on the end of this year's first quarter. To a great extent, this is



linked to sales falling slightly over the quarter, as well as to costs for the Karlastaden project.

During the quarter, our record-high order backlog of SEK 11,072 million, was further strengthened by order bookings for SEK 1,851 million. A number of new contracts in housing, educational facilities and other societal functions show that extensive underlying need remains in the market, and that we are in demand as a contractor. We have a long-term order backlog, affording us favorable stability for the future.

During the quarter, we also extended a bond loan by 18 months, eliminating the liquidity commitment set out in the previous terms. Looking ahead, this contributes both to stability and flexibility, while also demonstrating the market's confidence in our business.

After many years focusing strongly on growth, our company is now at a phase in which we are working extensively to build for the next stage in the Company's development. We have now launched our new business plan, which extends until 2025. In this, we set out a clear approach for first generating profitability and stability while retaining our strong corporate culture and then developing our offering and identifying attractive new markets, both in Sweden and around the world. For me, this new business plan expresses clearly that not only are we a company with the energy to quickly become one of the largest players in the market, but that we are also able to act thoughtfully and wisely, while taking heed of the challenges facing us. Our journey towards our long-term objectives continues – becoming a community builder able to make a difference for human health, well-being and a sustainable future. While we have not altered our course, we are now adjusting our pace and setting out a clear strategy for achieving our objectives.

Ola Serneke, President and CEO

## ORDER BOOKINGS AND ORDER BACKLOG

Order bookings	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jul–Jun	Jan–Dec
SEK million	2020	2019	2020	2019	2019/2020	2019
Contracting	1,851	2,663	4,826	3,840	9,587	8,601

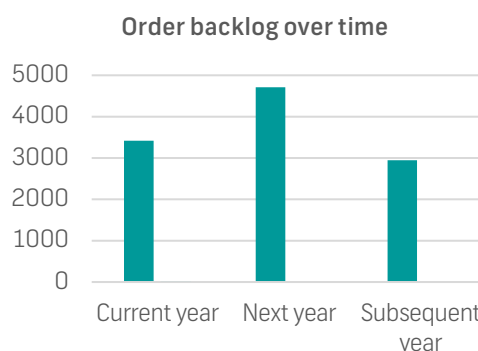
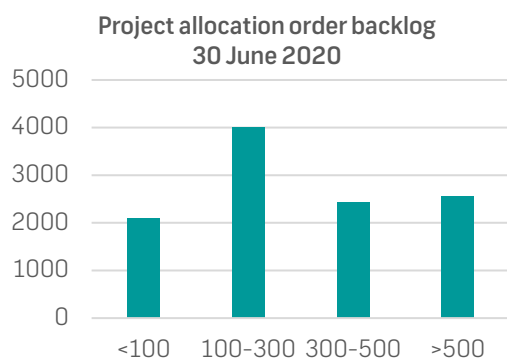
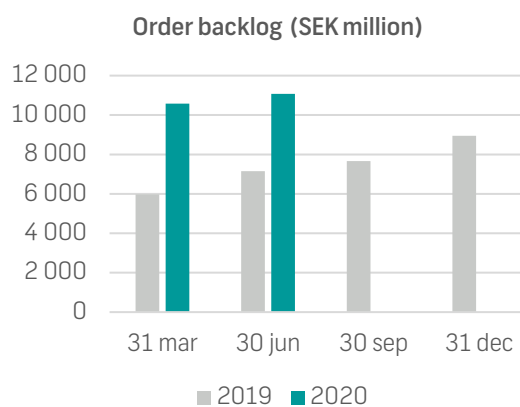
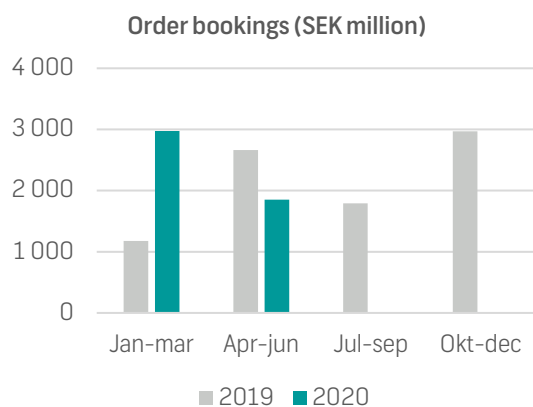
  

Order backlog	Jun 30	Jun 30	Dec 31
SEK million	2020	2019	2019
Contracting	11,072	7,149	8,943

External order bookings amounted to SEK 1,851 million (2,663) for the quarter. Despite the prevailing uncertainty in the market caused by the ongoing pandemic, the Group continues to secure numerous new projects around Sweden. Assignments secured during the quarter largely comprise public properties, such as schools/preschools and sheltered housing, but also a number of residential projects with an emphasis on rental apartments. The largest individual order during the quarter was valued at SEK 200 million, comprising production of rental apartments in Stockholm.

While market development remains uncertain, underlying demand remains, although reflecting a certain shift from private clients for residential projects to local government clients, with increased orders for public spaces and public properties.

At the end of the second quarter, the external order backlog was at its highest to date, amounting to SEK 11,072 million (7,149). This entails an increase of 55 percent compared with the corresponding quarter last year.



## NEW ORDERS VALUED AT MORE THAN SEK 100 million IN THE PERIOD APRIL – JUNE 2020

Assignment	Location	Order value (SEK million)	Anticipated start of construction
Housing	Stockholm	200	Third quarter 2020
Housing	Helsingborg	179	Fourth quarter 2020
Housing	Lund	177	Third quarter 2020
Housing	Gothenburg	168	Second quarter 2022
Housing	Trollhättan	155	First quarter 2021
Housing	Halmstad	107	Third quarter 2020
Housing	Trollhättan	100	Second quarter 2021



In Helsingborg, Serneke is to construct two buildings with a total of 87 apartments. One of the buildings will be 16 stories tall with a great view of the Sound.

## INCOME AND PROFIT

SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Income	1,393	1,616	3,207	3,096	6,836	6,725
Operating profit	-139	0	-288	18	-390	-84
Net financial items	-8	-3	-13	-13	-27	-27
Earnings after financial items	-147	-3	-301	5	-417	-111
Tax	33	1	81	3	107	29
Profit/loss for the period	-114	-2	-220	8	-310	-82

### APRIL – JUNE 2020

Consolidated income amounted to SEK 1,393 million (1,616), a decrease of 14 percent. Income from the contracting operations fell by 9 percent, amounting to SEK 1,517 million (1,666). The decrease is mainly attributable to lower activity in the civil engineering operations. Income from project development during the quarter amounted to SEK 20 million (26), with no housing cooperative projects being handed over to clients.

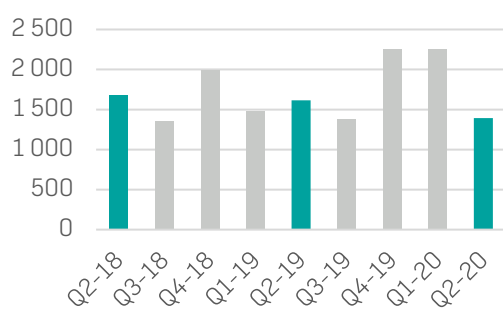
The operating loss amounted to SEK 139 million (0) and was negatively affected by ongoing structural changes in our civil engineering and project development operations, as well as by continuing expenditure associated with our cost-cutting program.

Net financial items were negative in the amount of SEK 8 million (3). During the quarter, borrowing expenses of SEK 11 million (2) on project properties were capitalized.

The Group reported an estimated tax expense of SEK 33 million (1). The positive tax effect is primarily explained by deferred tax related to tax loss carryforwards.

The loss for the period amounted to SEK 114 million (2) and earnings per share after dilution for the quarter were a negative SEK 5.08 (0.09).

Sales per quarter



### JANUARY – JUNE 2020

Consolidated income for the first half of the year amounted to SEK 3,207 million (3,096), an increase of 4 percent. The contracting operations reduced income by 3 percent to SEK 3,092 million (3,181). Income from project development amounted to SEK 447 million (55), with the increase being attributable to three housing cooperative projects having been handed over to the clients during the first quarter, contributing income of SEK 390 million (0).

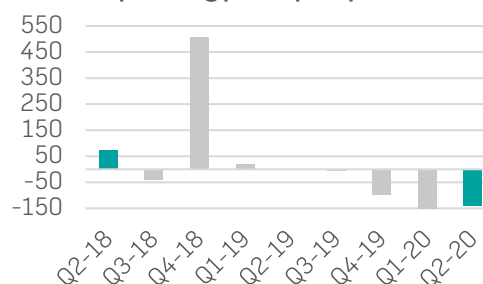
The operating loss amounted to SEK 288 million (18) and was negatively affected by ongoing structural changes in our civil engineering and project development operations, as well as by continuing expenditure associated with our cost-cutting program.

Net financial items were negative in the amount of SEK 13 million (13). During the period, borrowing expenses of SEK 25 million (4) on project properties were capitalized.

The Group reported an estimated tax expense of SEK 81 million (3). The positive tax effect is attributable partly to the Group not having taxable income and a change in deferred tax related to tax loss carryforwards.

The loss for the period amounted to SEK 220 million (profit 8) and the loss per share after dilution was SEK 9.81 (profit 0.35) for the period.

Operating profit per quarter



## FINANCIAL POSITION

SEK million	Jun 30 2020	Jun 30 2019	Dec 31 2019
Total assets	5,651	5,564	5,734
Total equity	1,959	2,263	2,179
Net debt	1,490	1,334	1,224
Net debt/EBITDA	-4.5	2.6	-36.0
Cash and cash equivalents	74	0	162
Equity/assets ratio, %	34.7	40.7	38.0

The consolidated balance sheet total amounted to SEK 5,651 million (5,734) as of June 30, and the equity/assets ratio was 34.7 percent (38.0). At the end of the period, cash and cash equivalents amounted to SEK 74 million (162), in addition to which, the Group has a credit framework of SEK 500 million, of which SEK 124 million had been utilized, with SEK 24 million pertaining to a bank overdraft facility and the remainder to guarantees provided. At the end of the period, available cash and cash equivalents totaled SEK 450 million (692).

As of June 30, equity amounted to SEK 1,959 million (2,179). The change comprises the loss for the year of SEK 220 million.

As of June 30, net debt amounted to SEK 1,490 million (1,224). The foremost changes pertain to increased lease liabilities associated with new leases and loans of SEK 276 million from the Swedish Tax Agency due to the corona pandemic. Net debt in relation to EBITDA was a negative 4.5 (positive 2.6).

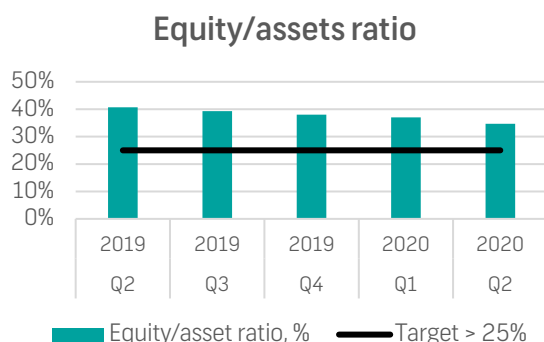
Net debt SEK million	Jun 30 2020	Jun 30 2019	Dec 31 2019
Bank loans	169	207	169
Utilized bank overdraft facility	24	10	-
Construction credits, housing cooperative projects	57	269	308
Bonds	723	693	695
Financial lease liabilities	90	78	85
Additional lease liabilities, IFRS 16	267	88	158
Loans from the Swedish Tax Agency	276	-	-
Other interest-bearing liabilities	8	22	8
Interest-bearing receivables	-50	-33	-37
Cash and cash equivalents	-74	0	-162
<b>Net debt</b>	<b>1,490</b>	<b>1,334</b>	<b>1,224</b>

The SEK 500 million credit facility at Nordea carries one covenant, requiring the Group to maintain an equity/assets ratio of 25 percent and another requiring that net debt in relation to EBITDA not exceed a multiple of 2.5. On the reporting date of June 30, 2020, the equity/assets ratio was 34.7 percent and the debt /equity ratio was negative. For this, Nordea has waived the covenant in the credit facility agreement. The waiver is valid until the next reference date, September 30, 2020.

## CAPITAL STRUCTURE

One of the Group's financial targets is for the equity/assets ratio to exceed 25 percent.

The liquidity reserve shall amount to at least 5 percent of income in the past 12-month period.



## CASH FLOW

	Apr–Jun 2020	Apr–Jun 2019	Jan– Jun 2020	Jan–Jun 2019	Jul–Jun 2019/2020	Jan–Dec 2019
<b>SEK million</b>						
Cash flow from operating activities	-156	-302	-389	-564	-470	-645
Cash flow from investment activities	1	-33	-15	-45	241	211
Cash flow from financing activities	117	125	316	220	303	207
Cash flow for the period	-38	-210	-88	-389	74	-227
Cash and cash equivalents at beginning of period	112	210	162	389	0	389
Cash and cash equivalents at end of period	74	0	74	0	74	162

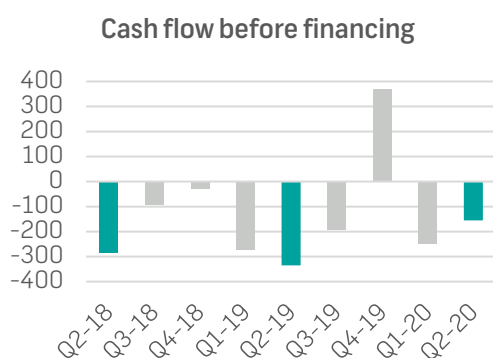
### APRIL – JUNE 2020

Cash flow from operating activities amounted to an outflow of SEK156 million (302), of which cash flow from changes in working capital amounted to an inflow of SEK30 million (outflow 298).

Cash flow from investing activities amounted to an inflow of SEK1 million (outflow 33).

Cash flow from financing activities amounted to an inflow of SEK117 million (125) and is mainly explained by loans of SEK276 million from the Swedish Tax Agency due to the corona pandemic and a reduction in the utilized bank overdraft facility by SEK166 million compared with the first quarter.

Cash flow for the period amounted to an outflow of SEK38 million (210).



### JANUARY – JUNE 2020

Cash flow from operating activities amounted to an outflow of SEK389 million (564), of which cash flow from changes in working capital amounted to an outflow of SEK126 million (526). The change in working capital has been adversely affected by investments of approximately SEK260 million in the Karlastaden project, as well as positively by settled receivables of SEK84 million from housing cooperatives.

Cash flow from investing activities amounted to an outflow of SEK15 million (45).

Cash flow from financing activities amounted to an inflow of SEK316 million (220) and is mainly explained by newly raised loans of SEK276 million from the Swedish Tax Agency due to the corona pandemic, contributions of SEK247 million paid into housing cooperatives, repayments of loans in housing cooperatives of SEK249 million and a utilized bank overdraft facility of SEK24 million.

Cash flow for the period amounted to an outflow of SEK88 million (389).

## OVERVIEW SEGMENTS

The Serneke Group is divided into three segments: Contracting, Project Development and Other, which are reported as individual operating segments.

The Contracting segment conducts integrated construction, civil engineering and infrastructure-related operations. The segment conducts construction contracting for both external customers, as well as the Project Development segment.

The Project Development segment develops project and development properties by acquiring

developed or undeveloped land that is being refined into residential and commercial properties. The Project Development segment reports sales both as a contractor and as a developer.

The Other segment develops the Group's corporate holdings, including its holdings in associated companies.

Under Eliminations and Group-wide, central companies, Group functions and internal profit eliminations are reported.

### SALES

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
<b>SEK million</b>						
Contracting	1,517	1,666	3,092	3,181	6,341	6,430
Project Development	20	26	447	55	960	568
Other	27	33	53	57	96	100
<i>Eliminations and Group-wide</i>	<i>-171</i>	<i>-109</i>	<i>-385</i>	<i>-197</i>	<i>-561</i>	<i>-373</i>
<b>Total</b>	<b>1,393</b>	<b>1,616</b>	<b>3,207</b>	<b>3,096</b>	<b>6,836</b>	<b>6,725</b>

### OPERATING PROFIT

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
<b>SEK million</b>						
Contracting	-90	36	-177	61	-208	30
Project Development	-48	-14	-120	-23	-152	-55
Other	0	1	1	2	-4	-3
<i>Group-wide</i>	<i>-1</i>	<i>-23</i>	<i>8</i>	<i>-22</i>	<i>-26</i>	<i>-56</i>
<b>Total</b>	<b>-139</b>	<b>0</b>	<b>-288</b>	<b>18</b>	<b>-390</b>	<b>-84</b>

### Seasonal variations

To a certain extent, Serneke's operations are subject to seasonal effects. The contracting operations normally experience lower activity in the first quarter of the year due to fewer production days and, to a greater extent than normal, the weather during the winter months. Earnings are also affected by where public holidays fall, as this affects the number of production days.



## CONTRACTING

SEK million	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul–Jun 2019/2020	Jan–Dec 2019
Income	1,517	1,666	3,092	3,181	6,341	6,430
Operating profit	-90	36	-177	61	-208	30
Operating margin, %	-5.9	2.2	-5.7	1.9	-3.3	0.5

### APRIL – JUNE 2020

Income amounted to SEK 1,517 million (1,666), a decrease of 9 percent. The decrease is mainly attributable to lower activity in the civil engineering operations.

The operating loss amounted to SEK 90 million (profit 36) and the operating margin ended up at a negative 5.9 percent (positive 2.2). The margin was impacted negatively over the quarter. This was partly a consequence of the ongoing reorganization with its associated costs, but also reflects the operations' considerably more critical stance on the profitability of ongoing projects, resulting in impairment being recognized.

### JANUARY – JUNE 2020

Income amounted to SEK 3,092 million (3,181), a decrease of 3 percent. The decrease is mainly attributable to lower activity in the civil engineering operations.

The operating loss amounted to SEK 177 million (profit 61) and the operating margin ended up at a negative 5.7 percent (positive 1.9). The margin was impacted negatively over the quarter. This was partly a consequence of the ongoing reorganization with its associated costs, but also reflects the operations' considerably more critical stance on the profitability of ongoing projects, resulting in impairment being recognized.



*During the quarter, an agreement was signed with Wallfast to build 117 new rental apartments in the Södermalm district of Stockholm.*

## PROJECT DEVELOPMENT

SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Income	20	26	447	55	960	568
Share in profit of associates and joint ventures	2	3	9	5	16	12
Operating profit	-48	-14	-120	-23	-152	-55
Operating margin, %	-240.0	-53.8	-26.8	-41.8	-15.8	-9.7

### APRIL – JUNE 2020

Income amounted to SEK 20 million (26), a decrease of 23 percent. No transactions were conducted during the quarter.

The share in the profit of associates and joint ventures amounted to SEK 2 million (3).

The operating loss amounted to SEK 48 million (14). Operating earnings were impacted negatively over the quarter.

This was partly a consequence of the ongoing reorganization with its associated costs, but also reflects the operations' considerably more critical stance on the profitability of ongoing projects, resulting in impairment being recognized.

At the end of the quarter, a total of three production projects were in progress, excluding Karlstad, including one through a joint venture, comprising a total of 140 homes of which 119, or 85 percent, had been sold.

### JANUARY – JUNE 2020

Income amounted to SEK 447 million (55), an increase of 713 percent. The increase is attributable to completed transactions for a total SEK 399 million of which three housing cooperative projects were handed over to clients, generating income of SEK 390 million.

The share in the profit of associates and joint ventures amounted to SEK 9 million (5).

The operating loss amounted to SEK 120 million (23). Operating earnings were impacted negatively over the quarter. This was partly a consequence of the ongoing reorganization with its associated costs, but also reflects the operations' considerably more critical stance on the profitability of ongoing projects, resulting in impairment being recognized. Completed sales of housing cooperative projects contributed SEK 73 million to operating profit.

### Project development portfolio

The total book value of the project development portfolio amounted to SEK 3,284 million (3,274) as of June 30, 2020.

Development rights Number (GFA)	Jun 30 2020	Jun 30 2019	Dec 31 2019
Development rights on own balance sheet	258,780	394,656	310,162
Development rights through joint ventures	106,354	60,436	58,011
Agreed development rights not yet taken into possession	574,839	433,429	482,247
Total	939,973	888,521	850,420

### Housing construction projects developed in-house

	Jun 30 2020	Jun 30 2019	Jul/Jun 2019/2020	Dec 31 2019
Number of housing units under construction during the period	24	33	107	116
Number of housing units sold during the period	43	61	126	144
Total number of housing units under construction at the end of the period	732	801	758	827
Number of repurchased housing units on the Company's own balance sheet at the end of the period	4	-	5	1

## PARENT COMPANY

The operations of Serneke Group AB (publ) consist mainly of Group Management and Group-wide services.

Income for April – June amounted to SEK 12 million (44) and consisted primarily of intra-Group services. The decrease in revenues is explained by the ongoing reorganization in which the central functions are being cut back. Operating profit for the same period amounted to SEK 8 million (4).

Income for the period January – June amounted to SEK 49 million (88), with the operating loss amounting to SEK 4 million (5).

The Parent Company is indirectly affected by the risks described in the section Significant risks and uncertainty factors.

## RELATED-PARTY TRANSACTIONS

The nature and extent of transactions by related parties can be found in Note 36 of the 2019 Annual Report. During the year, related-party transactions have taken place with property company Adapta AB, Ludwig Mattson, Ola Serneke Invest AB, Ludwig Matsson, JV Sersund AB and associate Änglagården. Transactions with related parties have been made on market terms.

Transactions with Adapta AB are considered to constitute related-party transactions since the principal owner, Ludwig Matsson, is a member of the Board of Serneke Group. These transactions mainly comprised construction income and rental of Serneke's headquarters, with income amounting to SEK 1 million and purchases to SEK 6 million as of June 30, 2020. Transactions have also been conducted with private individual Ludwig Matsson regarding construction income of SEK 3 million. Transactions with Ola Serneke Invest AB are considered to be related party transactions, as Ola Serneke is the principal owner, CEO and a member of the Board of Serneke Group AB. As of June 30, 2020, income primarily comprised rent and amounted to SEK 2 million. Transactions with JV Sersund AB comprised construction income of SEK 33 million. Transactions with associate Änglagården consist mainly of contracted personnel, rental of premises, as well as rental of the venue name, with income amounting to SEK 2 million and purchases to SEK 8 million on June 30, 2020.

## SIGNIFICANT RISKS AND UNCERTAINTIES

Serneke's operations entail several types of risks, both operational and financial. Operational risks are related to

the daily operations and can apply to tenders or project development, assessment of profits, risks linked to production or the price trend. Operational risks are managed by the internal business management that has been developed within the Group. Identifying and managing Serneke's risks is crucial to the Group's profitability. Each segment manages its risks based on the business management and developed procedures and processes. Serneke's financial risks such as interest rate, liquidity, financing and credit risks are managed centrally in order to minimize and control risk exposure. The liquidity situation is assessed on an ongoing basis and, at the end of the second quarter, was considered adequate in relation to future needs. Should the situation or assessment change, contingencies are in place to safeguard the continued financing of the operations.

For further information on risks, as well as critical estimates and assessments, see the Board of Directors' Report and Notes 3 and 4 in the 2019 Annual Report. The descriptions in the Annual Report remain relevant. The Annual Report is published at [www.serneke.group](http://www.serneke.group).

## OTHER SIGNIFICANT EVENTS DURING THE REPORT PERIOD

### Extension of bond maturity

On June 24, the terms were approved for extending the maturity of the bonds by 18 months until December 1, 2022. Among other things, the new terms also entail a liquidity undertaking (financial covenant) being removed and SEK 200 million being repaid by June 1, 2021. The amended terms are available on the Company's website <https://ir.serneke.se/sv/obligationslan>.

## SIGNIFICANT EVENTS FOLLOWING THE REPORT PERIOD

### Lawsuit filed by Upplands-Brohus

In July, a lawsuit was filed against Serneke by municipal housing company Upplands-Brohus. The dispute concerns the delivery of 178 rental apartments in Upplands-Bro, which were ready for tenants to move in at the end of 2017. According to the customer, Upplands-Brohus, there were shortcomings in the delivery and scheduling of the project. In Serneke's view, however, construction was executed in accordance with the contract. In its lawsuit, the customer seeks damages and costs totaling approximately SEK 152 million. Serneke has received the subpoena and will now prepare its defense, with proceedings not expected to commence in the District Court before 2021.

## THE SERNEKE SHARE (SRNKE)

Serneke Group AB has two share series, Series A and B. On June 30, 2020, Serneke had approximately 7,700 shareholders and the closing price on June 30, 2020 was SEK 47.3.

### Serneke's ten largest shareholders, Jun 30, 2020

	Series A shares	No. of B shares	Total number of shares	Percentage of shares outstanding, %	Percentage of votes, %
Ola Serneke Invest AB	3,710,000	2,400,244	6,110,244	27.24%	56.98%
Lommen Holding AB	540,000	3,457,803	3,997,803	17.82%	12.78%
Christer Larsson i Trollhättan AB	380,000	497,000	877,000	3.91%	6.20%
Ledge Ing AB	330,000	456,061	786,061	3.50%	5.42%
Vision Group i väst AB	250,000	551,000	801,000	3.57%	4.40%
Svolder Aktiebolag	0	1,327,609	1,327,609	5.92%	1.92%
Cliens fonder	0	795,000	795,000	3.54%	1.15%
Nordnet Pensionsförsäkring AB	0	343,770	343,770	1.53%	0.50%
Försäkringsaktiebolaget Avanza	0	295,896	295,896	1.32%	0.43%
Bert-Åke Eriksson	0	271,687	271,687	1.21%	0.39%
<b>Total, 10 largest</b>	<b>5,210,000</b>	<b>10,396,070</b>	<b>15,606,070</b>	<b>69.57%</b>	<b>90.15%</b>
Other shareholders	0	6,827,395	6,827,395	30.43%	9.85%
<b>Total shares outstanding</b>	<b>5,210,000</b>	<b>17,223,465</b>	<b>22,433,465</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Repurchased shares</b>	<b>0</b>	<b>814,987</b>	<b>814,987</b>		
<b>Total shares registered</b>	<b>5,210,000</b>	<b>18,038,452</b>	<b>23,248,452</b>		

Source: Euroclear and Serneke

Share series, number of shares and votes, Jun 30, 2020

Share class	Shares	Votes
Series A shares	5,210,000	5,210,000
Series B shares	17,223,465	1,722,346.5
Total	22,433,465	6,932,346.5

## FINANCIAL CALENDAR

Interim Report January – September	Nov 5, 2020
Year-end report 2020	Feb 26, 2021
Interim Report January – March	May 6, 2021
Interim Report January – June	August 19, 2021

The Board of Directors and the CEO certify that this Interim Report provides a fair overview of the Parent Company and Group's operations, position and performance and describes significant risks and uncertainties facing Serneke.

This report has not been reviewed by the Company's auditors.

Gothenburg, August 20, 2020  
Serneke Group AB (publ)

Board of Directors

Jan C. Johansson  
Chairman

Mari Broman  
Member

Ludwig Matsson  
Member

Ola Serneke  
CEO

Veronica Rörsgård  
Member

Anna Belfrage  
Member

Fredrik Alvarsson  
Member

Per Åkerman  
Member

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This information is such that Serneke Group AB (publ) is obliged to publish pursuant to the EU Market Abuse Regulation. The information was submitted for publication on August 20, 2020, at 8:00 a.m.

## QUARTERLY DATA AND MULTI-YEAR REVIEW

	Apr- Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018
<b>SEK million</b>								
<b>Income</b>								
Contracting	1517	1,575	1,837	1412	1666	1515	1,937	1,337
Project Development	20	427	484	29	26	29	149	62
Other	27	26	24	20	33	24	27	27
<i>Eliminations and Group-wide</i>	<b>-171</b>	-214	-92	-85	<b>-109</b>	-88	-122	-67
<b>Total</b>	<b>1,393</b>	<b>1,814</b>	<b>2,253</b>	<b>1,376</b>	<b>1,616</b>	<b>1,480</b>	<b>1,991</b>	<b>1,359</b>
<b>Operating profit</b>								
Contracting	-90	-87	-37	5	36	25	55	-35
Project Development	-48	-72	-32	0	-14	-9	460	-6
Other	0	1	2	-7	1	1	-2	-1
<i>Group-wide</i>	<b>-1</b>	9	-30	-3	<b>-23</b>	1	-4	2
<b>Total</b>	<b>-139</b>	<b>-149</b>	<b>-97</b>	<b>-5</b>	<b>0</b>	<b>18</b>	<b>509</b>	<b>-40</b>
Operating margin, %	-10	-8.2	-4.3	-0.4	0.0	1.2	25.6	-2.9
Profit after net financial items	-147	-154	-85	-30	-3	8	501	-50
Profit/loss for the period	-114	-106	-63	-27	-2	10	572	-55
<b>Balance sheet</b>								
Fixed assets	779	678	661	941	910	1,106	1,094	1,998
Current assets	4872	4927	5,073	4,753	4,654	4,546	4,461	2,725
<b>Total assets</b>	<b>5,651</b>	<b>5,605</b>	<b>5,734</b>	<b>5,694</b>	<b>5,564</b>	<b>5,652</b>	<b>5,555</b>	<b>4,723</b>
Shareholders' equity	1959	2,074	2,179	2,238	2,263	2,257	2,272	1,721
Non-current liabilities	1262	1,430	1,719	1,615	1,669	1,573	1,289	1,317
Current liabilities	2430	2,101	1,836	1,841	1,632	1,822	1,994	1,685
<b>Total equity and liabilities</b>	<b>5,651</b>	<b>5,605</b>	<b>5,734</b>	<b>5,694</b>	<b>5,564</b>	<b>5,652</b>	<b>5,555</b>	<b>4,723</b>
<b>Orders</b>								
Order bookings	1,851	2,975	2,969	1,792	2,663	1,177	1,000	1,236
Order backlog	11,072	10,576	8,943	7,662	7,149	5,973	6,382	7,303
<b>Employees</b>								
Average number of employees	1202	1,195	1,153	1,173	1,178	1,134	1,110	1,096

## KEY INDICATORS

### IFRS-based key indicators

	<b>Apr-Jun 2020</b>	Apr-Jun 2019	<b>Jan-Jun 2020</b>	Jan-Jun 2019	Jul-Jun 2020	Jan-Dec 2019
<b>SEK million</b>						
Income	1,393	1,616	3,207	3,096	6,836	6,725
Earnings per share, SEK, before dilution	-5.08	-0.09	-9.81	0.36	-13.82	-3.66
Earnings per share, SEK, after dilution	-5.08	-0.09	-9.81	0.35	-13.82	-3.66
Weighted average number of shares before dilution	22,433,465	22,433,465	22,433,465	22,433,465	22,433,465	22,433,465
Weighted average number of shares after dilution	22,481,968	22,613,468	22,481,968	22,613,468	22,492,926	22,558,676

### Other key indicators

	<b>Apr-Jun 2020</b>	Apr-Jun 2019	<b>Jan-Jun 2020</b>	Jan-Jun 2019	Jul-Jun 2020	Jan-Dec 2019
<b>SEK million</b>						
Operating profit	-139	0	-288	18	-390	-84
Growth, %	-13.8	-3.9	3.6	-2.2	6.1	3.2
Order bookings	1,851	2,663	4,826	3,840	9,587	8,601
Order backlog	11,072	7,149	11,072	7,149	11,072	8,943
Organic growth, %	-13.8	-3.9	3.6	-2.2	6.1	3.2
Operating margin, %	-10.0	0.0	-9.0	0.6	-5.7	-1.2
Cash flow before financing	-155	-335	-404	-609	-229	-434
Cash flow from operations per share, before dilution	-6.95	-13.46	-17.34	-25.14	-20.95	-28.75
Cash flow from operations per share, after dilution	-6.95	-13.46	-17.34	-25.14	-20.95	-28.75
Equity per share, SEK, before dilution	87.32	100.88	87.32	100.88	87.32	97.13
Equity per share, SEK, after dilution	87.14	100.07	87.14	100.07	87.14	96.92
Working capital	2,442	3,022	2,442	3,022	2,442	3,237
Capital employed	3,573	3,630	3,573	3,630	3,573	3,602
Return on capital employed, %	-10.7	16.2	-10.7	16.2	-10.7	-2.2
Return on equity after taxes, %	-14.7	26.0	-14.7	26.0	-14.7	-3.7
Equity/assets ratio, %	34.7	40.7	34.7	40.7	34.7	38.0
Net debt	1,490	1,334	1,490	1,334	1,490	1,224
Net debt/equity ratio, %	76.1	58.9	76.1	58.9	76.1	56.2
Net debt/EBITDA	-4.5	2.6	-4.5	2.6	-4.5	-36.0

# SUMMARY FINANCIAL STATEMENTS

## SUMMARY OF CONSOLIDATED INCOME STATEMENT

SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Income	1,393	1,616	3,207	3,096	6,836	6,725
Production and administration expenses	-1,503	-1,562	-3,432	-2,982	-7,070	-6,620
<b>Gross profit</b>	<b>-110</b>	<b>54</b>	<b>-225</b>	<b>114</b>	<b>-234</b>	<b>105</b>
Sales and administration expenses	-30	-55	-70	-100	-167	-197
Share in profit of associates and joint ventures	1	1	7	4	11	8
<b>Operating profit</b>	<b>-139</b>	<b>0</b>	<b>-288</b>	<b>18</b>	<b>-390</b>	<b>-84</b>
Net financial items	-8	-3	-13	-13	-27	-27
<b>Profit after financial items</b>	<b>-147</b>	<b>-3</b>	<b>-301</b>	<b>5</b>	<b>-417</b>	<b>-111</b>
Tax	33	1	81	3	107	29
<b>Profit/loss for the period</b>	<b>-114</b>	<b>-2</b>	<b>-220</b>	<b>8</b>	<b>-310</b>	<b>-82</b>
<b>Attributable to:</b>						
Parent Company shareholders	-114	-5	-220	5	-310	-85
Non-controlling interests	0	3	0	3	0	3
Earnings per share before dilution, SEK	-5.08	-0.09	-9.81	0.36	-13.82	-3.66
Earnings per share after dilution, SEK	-5.08	-0.09	-9.81	0.35	-13.82	-3.66
Average number of shares before dilution	22,433,465	22,433,465	22,433,465	22,433,465	22,433,465	22,433,465
Average number of shares after dilution	22,481,968	22,613,468	22,481,968	22,613,468	22,492,926	22,558,676

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
<b>Profit/loss for the period</b>	<b>-114</b>	<b>-2</b>	<b>-220</b>	<b>8</b>	<b>-310</b>	<b>-82</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>-114</b>	<b>-2</b>	<b>-220</b>	<b>8</b>	<b>-310</b>	<b>-82</b>



## CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>Assets</b>			
<i>Fixed assets</i>			
Intangible fixed assets	23	23	23
Other tangible fixed assets	408	217	298
Investments in associates/joint ventures	153	131	145
Non-current interest-bearing receivables	50	33	37
Other non-current receivables	145	506	158
<b>Total fixed assets</b>	<b>779</b>	<b>910</b>	<b>661</b>
<i>Current assets</i>			
Project and development properties	3,284	3,253	3,274
Inventories	1	1	1
Accounts receivable	870	859	825
Accrued but not invoiced income	479	383	560
Other current receivables	164	158	251
Cash and bank balances	74	0	162
<b>Total current assets</b>	<b>4,872</b>	<b>4,654</b>	<b>5,073</b>
<b>Total assets</b>	<b>5,651</b>	<b>5,564</b>	<b>5,734</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>1,959</b>	<b>2,263</b>	<b>2,179</b>
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	856	1,174	962
Other non-current liabilities	144	145	162
Deferred tax liability	48	154	128
Other provisions	214	196	183
<b>Total non-current liabilities</b>	<b>1,262</b>	<b>1,669</b>	<b>1,435</b>
<i>Current liabilities</i>			
Current interest-bearing liabilities	758	193	461
Current tax liabilities	0	8	12
Accounts payable	877	706	958
Invoiced but not accrued income	490	497	347
Other current liabilities	305	228	342
<b>Total current liabilities</b>	<b>2,430</b>	<b>1,632</b>	<b>2,120</b>
<b>Total equity and liabilities</b>	<b>5,651</b>	<b>5,564</b>	<b>5,734</b>

## SUMMARY OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK million	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>Equity attributable to Parent Company shareholders</b>			
Balance at beginning of period	2,179	2,272	2,272
Share-related compensation	0	8	15
Conversion, convertible debenture loans	-	-	-1
Changed accounting policy	-	-25	-25
Comprehensive income for the period	-220	5	-82
<b>Non-controlling interests</b>			
Acquisition of non-controlling interests	-	-	0
Comprehensive income for the period	-	3	0
<b>Balance at end of period</b>	<b>1,959</b>	<b>2,263</b>	<b>2,179</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
<i>Operating activities</i>						
Cash flow before change in working capital	-186	-4	-263	-38	-277	-52
Change in working capital	30	-298	-126	-526	-193	-593
<b>Cash flow from operating activities</b>	<b>-156</b>	<b>-302</b>	<b>-389</b>	<b>-564</b>	<b>-470</b>	<b>-645</b>
<i>Investing activities</i>						
Increase/decrease in investing activities	1	-33	-15	-45	241	211
<b>Cash flow from investing activities</b>	<b>1</b>	<b>-33</b>	<b>-15</b>	<b>-45</b>	<b>241</b>	<b>211</b>
<b>Cash flow before financing</b>	<b>-155</b>	<b>-335</b>	<b>-404</b>	<b>-609</b>	<b>-229</b>	<b>-434</b>
<i>Financing activities</i>						
Newly raised borrowings	290	119	323	201	568	446
Amortization of liabilities	-13	-1	-275	-1	-532	-258
Increase/decrease in financing activities	-160	7	268	20	267	19
<b>Cash flow from financing activities</b>	<b>117</b>	<b>125</b>	<b>316</b>	<b>220</b>	<b>303</b>	<b>207</b>
<b>Cash flow for the period</b>	<b>-38</b>	<b>-210</b>	<b>-88</b>	<b>-389</b>	<b>74</b>	<b>-227</b>
Cash and cash equivalents at beginning of period	112	210	162	389	0	389
<b>Cash and cash equivalents at end of the period</b>	<b>74</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>74</b>	<b>162</b>

## PARENT COMPANY CONDENSED INCOME STATEMENT

SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Income	12	44	49	88	139	178
Sales and administration expenses	-4	-48	-53	-93	-152	-192
<b>Operating profit</b>	<b>8</b>	<b>-4</b>	<b>-4</b>	<b>-5</b>	<b>-13</b>	<b>-14</b>
Net financial items	-56	-14	-68	-24	-135	-91
<b>Profit after financial items</b>	<b>-48</b>	<b>-18</b>	<b>-72</b>	<b>-29</b>	<b>-148</b>	<b>-105</b>
Appropriations	-	-	-	-	-	-
<b>Profit/loss before tax</b>	<b>-48</b>	<b>-18</b>	<b>-72</b>	<b>-29</b>	<b>-148</b>	<b>-105</b>
Tax	10	3	15	5	13	3
<b>Profit/loss for the period</b>	<b>-38</b>	<b>-15</b>	<b>-57</b>	<b>-24</b>	<b>-135</b>	<b>-102</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
<b>Profit/loss for the period</b>	<b>-38</b>	<b>-15</b>	<b>-57</b>	<b>-24</b>	<b>-135</b>	<b>-102</b>
Other comprehensive income	0	0	0	0	0	0
<b>Total comprehensive income</b>	<b>-38</b>	<b>-15</b>	<b>-57</b>	<b>-24</b>	<b>-135</b>	<b>-102</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

Parent Company condensed consolidated balance sheet			
SEK million	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>Assets</b>			
<i>Fixed assets</i>			
Tangible fixed assets	9	13	13
Investments in Group companies	303	211	300
Investments in associates and joint ventures	-	10	-
Deferred tax assets	28	15	13
Other non-current receivables	3	4	3
<b>Total fixed assets</b>	<b>343</b>	<b>253</b>	<b>329</b>
<i>Current assets</i>			
Project and development properties	2	3	2
Other current receivables	1,518	1,784	1,726
Cash and bank balances	0	-	66
<b>Total current assets</b>	<b>1,520</b>	<b>1,787</b>	<b>1,794</b>
<b>Total assets</b>	<b>1,863</b>	<b>2,040</b>	<b>2,123</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>361</b>	<b>490</b>	<b>417</b>
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	726	705	699
Other provisions	2	1	2
<b>Total non-current liabilities</b>	<b>728</b>	<b>706</b>	<b>701</b>
<i>Current liabilities</i>			
Current interest-bearing liabilities	39	115	10
Accounts payable	14	9	20
Other current liabilities	721	720	975
<b>Total current liabilities</b>	<b>774</b>	<b>844</b>	<b>1,005</b>
<b>Total equity and liabilities</b>	<b>1,863</b>	<b>2,040</b>	<b>2,123</b>

## NOTES

### NOTE 1 – Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS), as well as interpretations of current International Financial Reporting Interpretations Committee (IFRIC) standards as adopted by the EU. The Parent Company's reports have been prepared in compliance with the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. ESMA's guidelines on alternative key indicators are applied in the report.

The Interim Report has been prepared in accordance with the same accounting principles and calculation methods as in the 2019 Annual Report, with the addition of IAS 20 as detailed below. For detailed information regarding accounting policies, see Serneke's 2019 Annual Report, see [www.serneke.se](http://www.serneke.se).

#### *IAS 20 Accounting for Government Grants and Disclosure of Government Assistance*

In connection with the corona pandemic, Serneke has received government support, mainly in the form of opportunities to defer payments of taxes and fees, temporarily reduced employer contributions and support for short-term work.

Serneke has chosen to report support for short-term work under Other income (SEK 8 million). These items are included in the accounts when it is reasonably certain that these grants will be received and that any conditions for the grants have been met.

Payments of taxes and fees were deferred in the amount of SEK 276 million, which is reported under current interest-bearing liabilities.

### NOTE 2 – Financial assets and liabilities at fair value

Financial assets and financial liabilities measured at fair value in the balance sheet are classified according to one of three levels based on the information used to establish the fair value. The Group only holds financial assets and liabilities valued in level 3, which is why levels 1 and 2 have been omitted in the table below. No transfers have been made between the levels during the periods. A more detailed description of the levels can be found in Note 4 of the 2019 Annual Report.

Level 1 – Valuation is made according to prices in active markets for identical instruments.

Level 2 – Financial instruments for which the fair value is established based on valuation models that are based on observable data for the asset or liability other than quoted prices included in Level 1.

Level 3 – Financial instruments for which fair value is established based on valuation models where significant inputs are based on non-observable data.

Group SEK million	Jun 30 2020	Jun 30 2019	Dec 31 2019
<i>Financial assets</i>			
Available-for-sale financial assets*	2	2	2
<b>Total financial assets</b>	<b>2</b>	<b>2</b>	<b>2</b>
<i>Financial liabilities</i>			
Other short- and long-term liabilities	23	58	23
Of which, additional purchase considerations**	23	58	23
<b>Total financial liabilities</b>	<b>23</b>	<b>58</b>	<b>23</b>

\* In the fair value calculation of available-for-sale financial assets at level 3, the market price method has been applied and the yield value assumption has been used.

\*\* In the fair value calculation of the additional purchase considerations at level 3, project estimates, budgets and forecasts have been applied.

For the Group's other financial assets and financial liabilities, the reported values are assessed as corresponding to FAIR VALUE. No significant changes in valuation models, assumptions or inputs were made during the period.

### NOTE 3 – Pledged assets and contingent liabilities

The Group pledges collateral for external loans. The Group's contingent liabilities arise primarily in connection with different property disposals, whereby various operational guarantees may occur, as well as performance guarantees for future contracts. Serneke Group AB (publ) has also entered into a guarantee undertaking, which means that the co-owners in Prioritet Serneke Arena are jointly responsible for the correct fulfillment of interest and repayment of the associate's liabilities to credit institutions in the event that the associate is unable to pay.

Pledged assets and contingent liabilities in the consolidated balance sheet:

<b>Group</b>	<b>Jun 30 2020</b>	Jun 30 2019	Dec 31 2019
Pledged assets	1,887	2,089	2,044
Contingent liabilities	284	420	350
<b>Parent Company</b>			
Pledged assets	500	500	500
Contingent liabilities	2,265	2,128	2,262

**NOTE 4 – Breakdown of income**

<b>Apr–Jun 2020, SEK million</b>	<b>Contracting</b>	<b>Project Developmen t</b>	<b>Other</b>	<b>Eliminations and Group-wide</b>	<b>Total</b>
Construction income	1,507	10	27	-171	1,373
Sale of properties and development rights	-	5	-	-	5
Rental income	0	0	-	-	0
Other income	10	5	0	-	15
<b>Total income</b>	<b>1,517</b>	<b>20</b>	<b>27</b>	<b>-171</b>	<b>1,393</b>

Date of income recognition:

At a specific time	10	10	-	-	20
Over time	1507	10	27	-171	1,373
<b>Total income</b>	<b>1,517</b>	<b>20</b>	<b>27</b>	<b>-171</b>	<b>1,393</b>

<b>Apr–Jun 2019, SEK million</b>	<b>Contracting</b>	<b>Project Developmen t</b>	<b>Other</b>	<b>Eliminations and Group-wide</b>	<b>Total</b>
Construction income	1,655	5	33	-109	1,584
Sale of properties and development rights	-	-	-	-	-
Rental income	0	0	-	-	0
Other income	11	21	-	-	32
<b>Total income</b>	<b>1,666</b>	<b>26</b>	<b>33</b>	<b>-109</b>	<b>1,616</b>

Date of income recognition:

At a specific time	11	21	-	-	32
Over time	1655	5	33	-109	1,584
<b>Total income</b>	<b>1,666</b>	<b>26</b>	<b>33</b>	<b>-109</b>	<b>1,616</b>

<b>Jan–Jun 2020, SEK million</b>	<b>Contracting</b>	<b>Project Developmen t</b>	<b>Other</b>	<b>Eliminations and Group-wide</b>	<b>Total</b>
Construction income	3,080	24	53	-385	2,772
Sale of properties and development rights	-	404	-	-	404
Rental income	0	3	-	-	3
Other income	12	16	0	-	28
<b>Total income</b>	<b>3,092</b>	<b>447</b>	<b>53</b>	<b>-385</b>	<b>3,207</b>

Date of income recognition:

At a specific time	12	420	-	-	432
Over time	3080	27	53	-385	2,775
<b>Total income</b>	<b>3,092</b>	<b>447</b>	<b>53</b>	<b>-385</b>	<b>3,207</b>

Jan–Jun 2019, SEK million	Contracting	Project Development	Other	Eliminations and Group-wide	Total
Construction income	3,168	16	57	-197	3,044
Sale of properties and development rights	-	-	-	-	-
Rental income	0	15	-	-	15
Other income	13	24	-	-	37
<b>Total income</b>	<b>3,181</b>	<b>55</b>	<b>57</b>	<b>-197</b>	<b>3,096</b>
Date of income recognition:					
At a specific time	13	24	-	-	37
Over time	3168	31	57	-197	3,059
<b>Total income</b>	<b>3,181</b>	<b>55</b>	<b>57</b>	<b>-197</b>	<b>3,096</b>

### Construction income

Income from contracting agreements is reported in accordance with IFRS 15 *Revenue from Contracts with Customers*, either by fulfilling the performance undertaking over time (that is, gradually) or at one specific time. Contracting agreements entail the construction contract being performed on the customer's land, where an asset is created over which the customer gains control in pace with the completion of the asset. This entails income being recognized gradually (over time), applying percentage-of-completion. When applying percentage-of-completion, the input method applies whereby income is reported based on the degree of completion, which is calculated as the ratio between the expenses incurred for work performed at the end of reporting period and the estimated total expenses for the assignment. Revaluations of the project's final forecasts entail corrections of previously accumulated earnings. If it is probable that the total contract expenses will exceed the total contract income, the anticipated loss should be immediately recognized as a cost in its entirety. Additional orders and amendments are included in the income from the assignment to the extent that they are approved by the customer.

### Sale of properties and development rights

On disposal of properties or development rights directly or indirectly through a sale of shares, the underlying property or development right's value is recognized in the Group as income. Income from property sales is reported at the time at which the new owner takes possession. When contracts include property sales, development rights and construction contracting to the buyer of the planned building, an assessment is made regarding whether the property and/or development rights transactions and the construction contract are separate performance undertakings. Depending on the design and terms of the

agreement, the sale can be seen as one or several performance undertakings. Sales are reported at the point in time at which control is transferred to the buyer. Control is transferred over time if the seller has no alternative use for the property sold and the seller is entitled to payment from the customer for the work performed. In such cases, income is reported applying percentage of completion. If any of the above criteria are not met, income is reported at a single point in time, on completion and transfer to the customer.

Sales of development rights can be dependent upon decisions regarding future detailed development plans. An assessment is then made as to the likelihood of the respective detailed development plan. Sales income and earnings are recognized when the probability is deemed to be very high. When sales income is recognized, all remaining commitments in the sales earnings are also taken into account. Property projects are also on occasion sold with guarantees for a certain degree of leasing and, at the time of sale, any lease guarantees are reported as a reserve in the project, which then has a positive effect on the percentage of completion as leases are signed.

### Rental income

Income also includes rental income, which is to be considered as operating leasing. Rental income is invoiced in advance and recognized on a straight-line basis in the income statement based on the terms of the lease agreements. Advance rent is reported as prepaid rental income. In cases where the rental contract allows a reduced rent for a certain period of time, which is compensated for by higher rent during another period, this is allocated across the term of the contract.

### Other income

Other income refers to income not classified as construction income, sales of properties and





Indicator	Definition	Purpose		
<b>Return on capital employed</b>	Profit after net financial items plus financial expenses divided by average capital employed for the period. Accumulated interim periods are based on rolling 12-month earnings.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to generate a return on the total capital placed at the Company's disposal by shareholders and creditors.		
		<b>Jun 30</b>	Jun 30	Dec 31
	<b>Calculation of average capital employed</b>	<b>2020</b>	2019	2019
	Jun 30, 2020 (3,573) + Jun 30, 2019 (3,630) / 2	3,602		
	Jun 30, 2019 (3,630) + Jun 30, 2018 (2,826) / 2		3,228	
	Dec 31, 2019 (3,602) + Dec 31, 2018 (3,264) / 2			3,433
		<b>Jun 30</b>	Jun 30	Dec 31
	<b>Calculation of return on capital employed</b>	<b>2020</b>	2019	2019
	Profit after net financial items	-416	456	-111
	Plus financial expenses	29	67	36
Average capital employed	3,602	3,228	3,433	
<b>Return on capital employed</b>	<b>-10.7%</b>	<b>16.2%</b>	<b>-2.2%</b>	
<b>Equity per share, before/after dilution</b>	Total equity according to the balance sheet divided by the number of shares outstanding on the closing date. The difference between before and after dilution is accounted for by the convertibles issued by the Group.	The Company believes that key indicators give investors a better understanding of historical return per share at the closing date.		
<b>Cash flow from operations per share, before/after dilution</b>	Cash flow from operating activities divided by the average number of shares during the period. The difference between before and after dilution is accounted for by the convertibles issued by the Group.	It is the Company's view that the key indicator gives investors a better understanding of the operations' cash flow in relation to the number of shares, adjusted for changes in the number of shares during the period.		
<b>Earnings per share, before/after dilution</b>	Profit for the period divided by the average number of shares during the period. The difference between before and after dilution is accounted for by the convertibles issued by the Group.	It is the Company's view that the key indicator gives investors a better understanding of profit per share.		

Indicator	Definition	Purpose																																												
<b>Return on equity</b>	Profit for the period as a percentage of average shareholders' equity. Accumulated interim periods are based on rolling 12-month earnings.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to generate a return on the capital shareholders have placed at the Company's disposal.																																												
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<b>Equity/assets ratio</b>	Shareholders' equity less minority interests as a percentage of total assets.	The equity/assets ratio shows the proportion of total assets represented by shareholders' equity and has been included to allow investors to be able to assess the Company's capital structure.																																												
<b>Net debt</b>	Interest-bearing liabilities less liquid assets less interest-bearing receivables.	Net debt is a measure deemed relevant for creditors and credit rating agencies.																																												
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## SERNEKE IN BRIEF

Serneke is a growing corporate group providing comprehensive services in contracting and project development with more than 1,100 employees. Through novel thinking, we drive development and create more effective and more innovative solutions for responsible construction. The business has a good mix of

public and commercial assignments, providing strength over economic cycles.

Serneke's annual reports and other financial information are available under the tab Investors at [www.serneke.se](http://www.serneke.se)

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### Presentation of the Interim Report for January – June 2020

On August 20, 2020 at 9:00 a.m. (CET), Serneke Group will comment on this Interim Report in a conference call with an online presentation for investors, analysts and the media. The presentation will be held in Swedish and can be followed live via webcast at <https://tv.streamfabriken.com/serneke-q2-2020>. Presentation materials for the presentation will be available on the website one hour before the webcast begins.

To participate, please dial: +46 8 505 58 350