

SECURED FINANCING OF KARLATORNET OCTOBER – DECEMBER 2020

- Order bookings amounted to SEK 4,852 million (2,969)
- Income amounted to SEK 2,166 million (2,253).
- Operating loss amounted to SEK 47 million (97)
- Cash flow from operating activities amounted to SEK 204 million (83)
- Loss for the period amounted to SEK 72 million (63)
- On December 17, 2020, Serneke and Balder entered a share transfer agreement meaning that Balder acquires 50 percent of the shares of Karlatornet AB ("the Joint Venture"). The Joint Venture is a newly established company that has acquired all of the Karlatornet assets from Serneke at their book value of SEK 1.6 billion against a promissory note in the form of an interest-bearing shareholder loan of SEK 1.4 billion, which generated an operating profit of SEK 2 million, which was recognized net on the line "earnings effect of establishment of joint ventures" in the income statement.
- Sale of development rights in Karlastaden to Tosito generated an operating profit of SEK 45 million

JANUARY – DECEMBER 2020

- Order bookings amounted to SEK 10,639 million (8,601) and the order backlog was SEK 13,619 million (8,943).
- Income amounted to SEK 6,871 million (6,725).
- The operating loss was SEK 414 million (84), of which non-recurring items amounted to a loss of SEK 365 million.
- Cash flow from operating activities amounted to an outflow of SEK 352 million (645)
- At the end of the period, available cash and cash equivalents amounted to SEK 646 million (692).
- Loss for the period amounted to SEK 358 million (82)
- The equity/assets ratio was 32.5 percent (38.0); including the rights issue that was recognized in 2021, the equity/assets ratio amounts to 34.3 percent
- The Board of Directors proposes that no dividend be paid for 2020

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Revenue	2,166	2,253	6,871	6,725
Operating profit/loss	-47	-97	-414	-84
Operating margin, %	-2.2	-4.3	-6.0	-1.2
Earnings for the period	-72	-63	-358	-82
Earnings per share, SEK, before dilution	-3.10	-2.81	-15.82	-3.66
Earnings per share, SEK after dilution	-3.10	-2.81	-15.82	-3.66
Equity per share, SEK after dilution	78.68	96.92	78.68	96.92
Equity/assets ratio, %	32.5	38.0	32.5	38.0
Net debt	20	1,224	20	1,224
Net debt/EBITDA	-0.1	-36.0	-0.1	-36.0
Net debt/equity ratio, %	1.0	56.2	1.0	56.2
Order bookings	4,852	2,969	10,639	8,601
Order backlog	13,619	8,943	13,619	8,943

CEO STATEMENT

After discussions with the Board of Directors, Ola Serneke decided to leave his post as the President and CEO of the Company. At the same time, he also withdrew from his position on the Board of Directors.

Nearly 20 years have passed since the Company was founded and, in many ways, we have had a fantastic journey, strongly characterized by a drive to position the Company as one of the major players in our industry. Based on the business plan we presented in September 2020, we are now prepared to take the Company into the next phase where the change of the Company's top management also needs to be seen as a natural part of the Company's development. Ola's achievements and efforts for the company as a leader, entrepreneur and inspiration cannot be underestimated. His skills will now continue to create value for the Company and shareholders as the manager of our major urban development projects in Serneke Invest.

The change at the management level can be seen as the culmination of a year marked by major challenges, far-reaching actions and a defining choice of direction. Besides all of us having lived under the great uncertainty created by the global pandemic, 2020 has entailed a necessary acid test for us. Our restructuring of the Company, cost-efficiency improvements and an involuntarily production decline in our largest project Karlatornet have contributed to an operating loss of SEK 414 million for 2020. However, increased income during the year and a record-breaking order book of SEK 13.6 billion provide us security for the future. We see continued demand for both housing and public service properties despite some uncertainty in the market regarding the pandemic's long-term effects.

We achieved a milestone in the fourth quarter when we carried out a major strategic transaction with Balder. Then, we not only gained a stable and long-term partner in Karlatornet, but also a long-term partner in the Company, with whom we see exciting opportunities to collaborate in the future.

The Company's full focus is now on creating a continuously stable and profitable business through a combination of contracts and projects developed in-house, the core of our business model. I am confident that the Company as a whole is on the right path. There is a healthy self-awareness about what we need to improve and a strong desire to take the Company to the next level. Several steps have already been taken and much work remains, but I am convinced that together we are building a stronger Serneke and that we have



the courage, preparedness and drive to take the steps necessary to get us there.

In conclusion, I would like to thank all of our employees who have demonstrated great support and commitment through the ordeals of the past year. Our journey is not straight as an arrow and not everything is in place yet, but we are learning and taking steps in the right direction. I am certain that we are heading towards brighter days in more than one respect.

Michael Berglin, Acting President and CEO

ORDER BOOKINGS AND ORDER BACKLOG

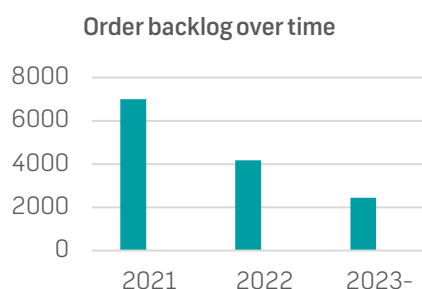
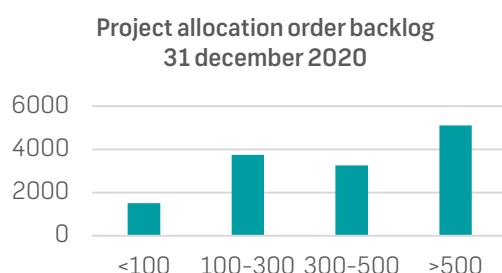
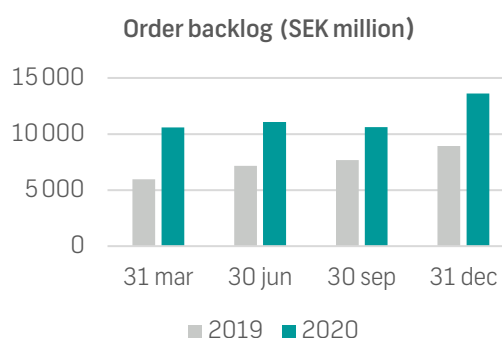
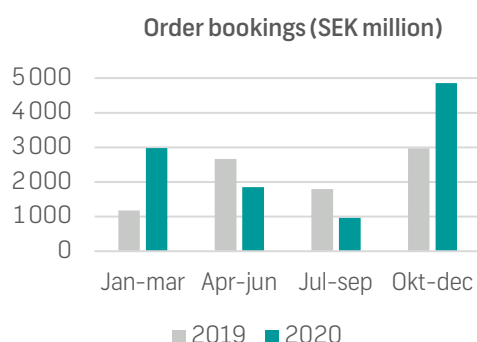
Order bookings SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019	Order backlog SEK M	Dec 31 2020	Dec 31 2019
Contracting	4,852	2,969	10,639	8,601	Contracting	13,619	8,943

The external order bookings for the quarter amounted to SEK 4,852 million (2,969). Assignments received during the quarter were largely concentrated to public service properties and residential production.

The deal with Balder regarding Karlatornet AB (the Joint Venture) means that Serneke will continue as the main contractor and a design-construct contract was signed with the Joint Venture regarding the construction works at a fixed price of around SEK 2,900 million and is included in the order bookings for the fourth quarter of 2020. In addition to this, the remaining project development works are around SEK 300 million.

Uncertainty remains regarding the market trend and the outlook is still relatively unchanged compared with the previous quarter. There is still an underlying demand even if there is some shift from the private residential unit clients to the municipal clients in the form of more public premises and public service properties.

The external order backlog at the end of the fourth quarter amounted to SEK 13,619 million (8,943). This means an increase of 52 percent compared with the corresponding quarter in the preceding year.



NEW ASSIGNMENTS VALUED IN EXCESS OF SEK 100 MILLION DURING THE PERIOD OCTOBER-DECEMBER 2020

Assignment	Location	Order value (SEK million)	Anticipated start of construction
Housing	Gothenburg	2,900	Fourth quarter 2020
Housing	Sundsvall	405	Fourth quarter 2020
Housing	Kiruna	370	Second quarter 2021
Public buildings	Jönköping	223	Fourth quarter 2020
Public buildings	Örebro	200	Fourth quarter 2020
Housing	Kungälv	183	First quarter 2021
Industry	Tranås	105	Fourth quarter 2020

INCOME AND PROFIT

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Revenue	2,166	2,253	6,871	6,725
Operating profit/loss	-47	-97	-414	-84
Net financial items	-72	12	-88	-27
Earnings after financial items	-119	-85	-502	-111
Taxes	47	22	144	29
Earnings for the period	-72	-63	-358	-82

OCTOBER – DECEMBER 2020

Consolidated income amounted to SEK 2,166 million (2,253), a decrease of 4 percent. Business Area Sweden decreased its income by 3 percent to SEK 2,025 million (2,095). Business Area Invest's income decreased by 11 percent to SEK 223 million (250) and the income largely consists of sales of development rights in Karlastaden of SEK 190 million.

The operating loss amounted to SEK 47 million (97) and was mainly impacted positively in Business Area Invest by sales of development rights in Karlastaden to Tosito of SEK 45 million, but negatively by the sale of Karlatornet of SEK 35 million. However, the sale of Karlatornet has entailed reversal of earlier internal profit eliminations at the Group level that affected consolidated profit/loss by SEK 37 million, meaning that the total earnings effect on operating profit/loss of the sale amounted to SEK 2 million. In addition to this, the operating profit/loss was negatively impacted by a profitability analysis of on-going projects, which entailed write-downs in a number of projects.

Net financial items amounted to an expense of SEK 72 million (income: 12) and was affected by the sale of Karlatornet where the shareholder loan of SEK 1.4 billion was appraised at market value and discounted with an interest amounting to the difference between an estimated market rate and the agreed rate. This had an effect of an expense of SEK 66 million in the quarter. As the project progresses according to the forecast estimate, an equivalent amount will gradually impact net interest income positively. In the previous year's quarter, loan expenses on project properties of SEK 37 million were also capitalized, which had been recognized as interest expenses in earlier quarters in 2019.

The Group reported an estimated tax income of SEK 47 million (20). The positive tax effect is mainly attributable to the sale of Karlatornet of SEK 31 million and the sale of development rights in Karlastaden of SEK 16 million.

Loss for the period amounted to SEK 72 million (63) and earnings per share after dilution for the quarter were negative SEK 3.10 (2.81).

JANUARY – DECEMBER 2020

Consolidated income for the period amounted to SEK 6,871 million (6,725), an increase of 2 percent. Business Area Sweden increased its income by 4 percent to SEK 6,990 million (6,693). During the period, four tenant-owner apartment projects were turned over to the customer, which generated SEK 477 million (84). Invest's income amounted to SEK 325 million (405) and decreased by 20 percent where SEK 190 million (177) pertains to sales of implemented transactions and the decrease is largely attributable to decreased activity due to the coronavirus pandemic.

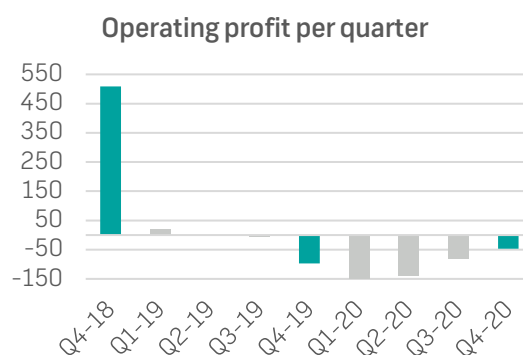
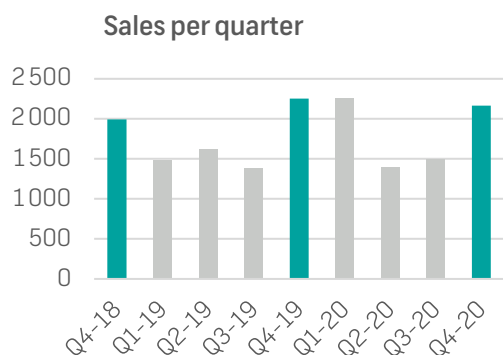
The operating loss amounted to SEK 414 million (84) and was negatively impacted by on-going structural changes, which are recognized in this and earlier interim reports in the current year. Together, these non-recurring costs account for a negative SEK 365 million distributed over increased reserves for disputes, the closure of PD projects and civil engineering projects, transaction expenses for Karlatornet and revaluations of the project portfolio.

Sales of development rights in Karlastaden to Tosito contributed SEK 45 million and implemented sales of tenant-owner apartment projects contributed SEK 91 million.

Net financial items amounted to an expense of SEK 88 million (27) and was affected by the sale of Karlatornet as an expense of SEK 66 million where the shareholder loan of SEK 1.4 billion was appraised at market value and discounted with an interest amounting to the difference between an estimated market rate and the agreed rate. During the period, loan expenses were also capitalized on project properties in an amount of SEK 59 million (51).

The Group reported an estimated tax income of SEK 144 million (29). The positive tax effect is mainly attributable to the sale of Karlatornet of SEK 31 million and the sale of development rights in Karlastaden of SEK 16 million and changes of deferred taxes related to loss carryforwards.

Loss for the period amounted to SEK 358 million (82) and earnings per share after dilution for the period were negative SEK 15.82 (3.66).



Serneke will build a new court building in Jönköping for Castellum and the Swedish Courts Administration. An order worth SEK 233 million.

FINANCIAL POSITION

SEK M	Dec 31 2020	Dec 31 2019
Total assets	5,992	5,734
Total shareholders' equity	1,946	2,179
Net debt	20	1,224
Net debt/EBITDA	-0.1	-36.0
Liquid assets	234	162
Equity/assets ratio, %	32.5	38.0

The consolidated balance sheet total amounted to SEK 5,992 million (5,734) as at December 31, and the equity/assets ratio was 32.5 percent (38.0). Cash and cash equivalents at the end of the period amounted to SEK 234 million (162) and in addition to that, the Group has a credit facility of SEK 500 million of which SEK 88 million is utilized by guarantees issued. At the end of the period, total consolidated cash and cash equivalents amounted to SEK 646 million (692). The Group also has unutilized granted building credits of SEK 110 million.

On December 31, equity amounted to SEK 1,946 million (2,179). The change is comprised of the loss for the year of SEK 358 million, a new share issue of SEK 121 million and share-based remuneration of SEK 4 million.

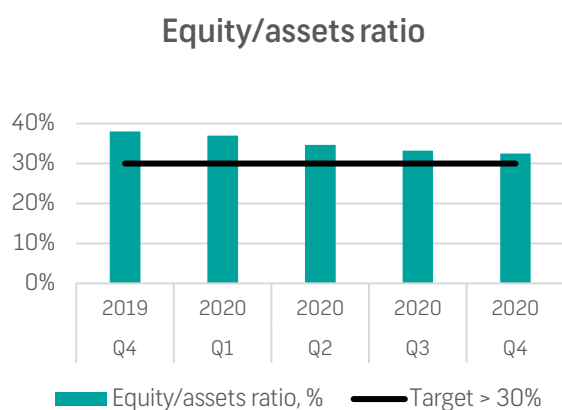
On December 31, net debt amounted to SEK 20 million (1,224). The primary change pertains to increased interest-bearing receivables, which arose in connection with Serneke and Balder entering a share transfer agreement that means that Balder acquires 50 percent of the shares in Karlatornet AB (the Joint Venture). The Joint Venture has acquired all of the Karlatornet assets from Serneke at their book value, where project and development properties amounted to SEK 1,574 million, against a promissory note in the form of an interest-bearing shareholder loan of SEK 1,386 million.

Net debt SEK M	Dec 31 2020	Dec 31 2019
Bank loans	204	169
Unused bank overdraft facilities	-	-
Construction credits, tenant-owner apartment projects	42	308
Bonds	719	695
Finance lease liabilities	82	85
Additional lease liabilities IFRS 16	286	158
Loan from the Swedish Tax Agency	275	-
Other interest-bearing liabilities	-	8
Interest-bearing receivables	-1,354	-37
Liquid assets	-234	-162
Net debt	20	1,224

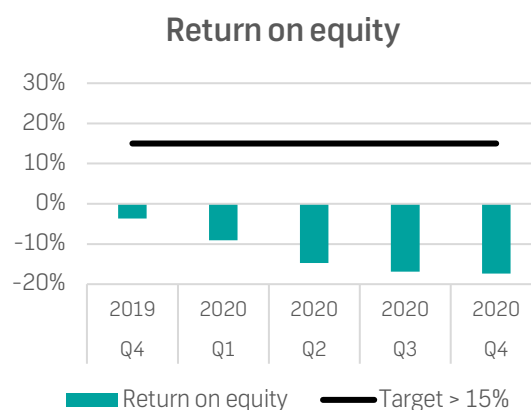
The credit facilities with Nordea of SEK 500 million carry a covenant, which means that the Group will have an equity/assets ratio of 30 percent and an EBITDA covenant, the first reference date of which is March 31, 2021. The covenant is fulfilled at the reporting date on December 31, 2020.

GROUP'S FINANCIAL TARGETS

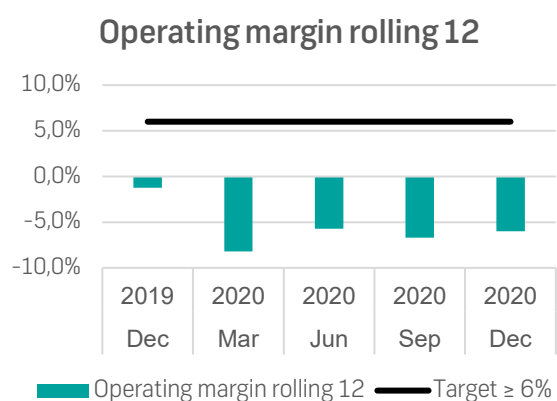
The equity/assets ratio shall exceed 30 percent.



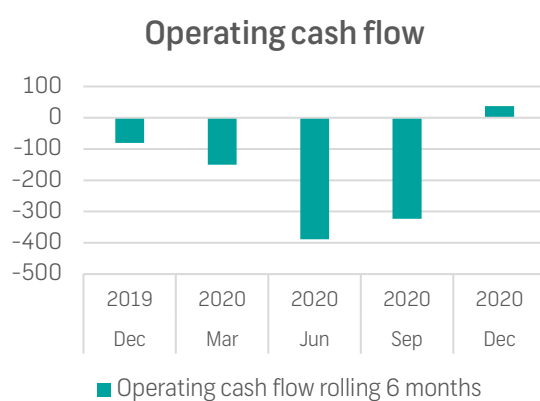
Return on equity shall exceed 15 percent



The operating margin shall exceed 6% months



Positive operational cash flow every quarter rolling 6



CASH FLOW

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Cash flow from current operations	204	83	-352	-645
Cash flow from investment activities	-12	286	-20	211
Cash flow from financing activities	-39	-207	444	207
Cash flow for the period	153	162	72	-227
Cash and cash equivalents at beginning of period	81	0	162	389
Cash and cash equivalents at end of period	234	162	234	162

OCTOBER – DECEMBER 2020

Cash flow from operating activities amounted to an inflow of SEK 204 million (83), of which cash flow from changes in working capital amounted to an inflow of SEK 215 million (55). The change in working capital has positively impacted transactions of SEK 61 million.

Cash flow from investing activities amounted to an outflow of SEK 12 million (inflow: 286). The previous year's cash flow is mainly comprised of supplementary purchase considerations in the agreement with Castellum of SEK 300 million.

The cash flow from financing activities amounted to an outflow of SEK 39 million (207) and is mainly attributable to a reduced utilized bank overdraft facility of negative SEK 176 million compared with the third quarter and a new share issue of a positive SEK 122 million.

Cash flow for the period amounted to SEK 153 million (162).

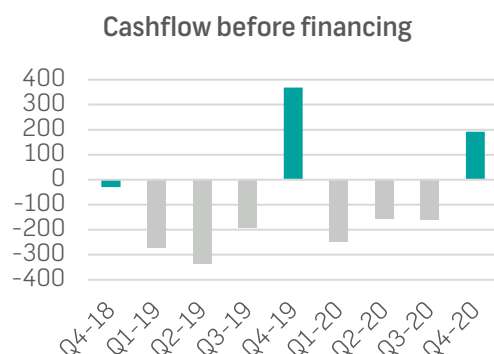
JANUARY – DECEMBER 2020

Cash flow from operating activities amounted to an outflow of SEK 352 million (645), of which cash flow from changes in working capital amounted to an inflow of SEK 7 million (outflow: 593).

Cash flow from investing activities amounted to an outflow of SEK 20 million (inflow: 211). The previous year's cash flow is mainly comprised of supplementary purchase considerations in the agreement with Castellum of SEK 300 million.

The cash flow from financing activities amounted to SEK 444 million (207) and is mainly attributable to a loan from the Swedish Tax Agency due to the coronavirus pandemic amounting to SEK 275 million, paid-in work in tenant-owner associations of SEK 300 million, repayment of loans in tenant-owner associations of a negative SEK 307 million and a new share issue of SEK 122 million.

Cash flow for the period amounted to an inflow of SEK 72 million (outflow 227).



OVERVIEW BUSINESS AREAS

At the beginning of 2020, a reorganization was carried out and the change meant a new segment reporting that is applied as of September 30, 2020 and has been adjusted retroactively in accordance with IAS 8. This means that attributable items from earlier periods have been reclassified for correct comparability. The reclassifications have not entailed any effects on the Group's previously reported key performance indicators.

The Serneke Group is divided into three business areas: Sweden, Invest and International, which are reported as individual operating segments.

In Business Area Sweden, contracting is conducted in construction, civil engineering and infrastructure-related operations and project development operations through the development of project and development properties. The business area performs contracts for both external customers and for Business Area Invest.

Business Area Invest conducts development projects with a higher degree of complexity, higher transaction risk and a greater need for tied-up capital. The business area creates internal assignments for Serneke Sweden's contract operations.

International is the business area that gathers the Group's international efforts. This business area is starting up and today consists of a participating interest in a construction company in Australia and an on-going project export effort. In this report, due to its current scope, the segment will not be described more than in the tables below on this page and in the multi-year summary on page 17.

Other operations that mainly consist of Group functions are reported as Group-wide.

INCOME

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Sweden	2,025	2,095	6,990	6,693
Invest	223	250	325	405
International	0	0	0	0
Group-wide	17	43	88	147
Eliminations	-99	-135	-532	-520
Total	2,166	2,253	6,871	6,725

OPERATING PROFIT

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Sweden	-65	43	-331	88
Invest	-4	-118	-91	-134
International	-3	0	-13	-1
Group-wide	-6	-12	0	1
Eliminations	31	-10	21	-38
Total	-47	-97	-414	-84

* The comparative figures have been restated in accordance with new segment reporting

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

SWEDEN

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Revenue	2,025	2,095	6,990	6,693
Operating profit/loss	-65	43	-331	88
Operating margin, %	-3.2	2.1	-4.7	1.3

OCTOBER – DECEMBER 2020

Income amounted to SEK 2,025 million (2,095), a decrease of 3 percent.

Operating loss amounted to SEK 65 million (profit: 43) and the operating margin was negative 3.2 percent (positive: 2.1). The margin was negatively impacted by a profitability analysis of on-going projects, which entailed write-downs in a number of projects.

Project and development properties

The total book value of the project development portfolio in Sweden amounted to SEK 259 million as at December 31, 2020.

Development rights Number (GFA)	Dec 31 2020
Development rights on own balance sheet	18,066
Development rights via joint ventures	2,300
Agreed development rights not yet taken into possession	259,527
Total	279,893

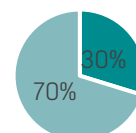
Housing productions developed in-house	Dec 31 2020
Number residential units with production start in the period	24
Number residential units sold in the period	23
Total number of residential units in production at period-end	107
Number of residential units bought back in the own balance sheet at period-end	4

JANUARY – DECEMBER 2020

Income amounted to SEK 6,990 million (6,693), an increase of 4 percent. During the period, four tenant-owner apartment projects were turned over to the customer, which generated SEK 477 million (84), which explains the income increase compared with the previous year.

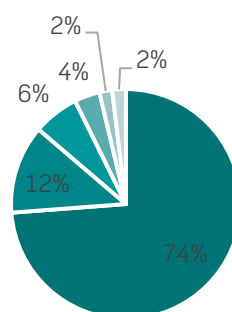
Operating loss amounted to SEK 331 million (profit: 88) and the operating margin was a negative 4.7 percent (positive 1.3). The margin was negatively impacted by the on-going reorganization, but also by a profitability analysis of on-going projects, which entailed write-downs in a number of projects.

Order backlog per client



■ Public client ■ Private client

Orderstock per produktmix



■ Housing
■ Public properties (Healthcare)
■ Office
■ Reconstruction and extension
■ Industry
■ Other

INVEST

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Revenue	223	250	325	405
Share in profit of associates and joint ventures	-2	0	14	10
Operating profit/loss	-4	-118	-91	-134
Operating margin, %	-1.8	-47.2	-28.0	-33.1

OCTOBER – DECEMBER 2020

Income amounted to SEK 223 million (250), a decrease of 11 percent. The income consists for the most part of sales of development rights in Karlastaden of SEK 190 million. In addition to this, the income is mainly comprised of contract income within manufacturing and assembly of steel structures and hotel income.

The share in the profit of associates and joint ventures amounted to a loss of SEK 2 million (0).

Operating loss amounted to SEK 4 million (118). Sales of development rights in Karlastaden to Tosito contributed SEK 45 million and the sale of Karlatornet entailed a negative effect of SEK 35 million. However, the sale of Karlatornet has entailed reversal of earlier internal profit eliminations at the Group level that affected consolidated profit/loss by SEK 37 million, meaning that the total earnings effect on operating profit/loss of the sale amounted to SEK 2 million. In addition to this, other income does not cover the cost base.

Project and development properties

The total book value of the project development portfolio in Invest amounted to SEK 1,481 million as at December 31, 2020.

Housing productions developed in-house	Dec 31 2020
Number residential units with production start in the period	0
Number residential units sold in the period	0
Total number of residential units in production at period-end	594
Number of residential units bought back in the own balance sheet at period-end	0

Development rights Number (GFA)	Dec 31 2020
Development rights on own balance sheet	227,621
Development rights via joint ventures	50,000
Agreed development rights not yet taken into possession	359,129
Total	636,750

JANUARY – DECEMBER 2020

Income amounted to SEK 325 million (405), a decrease of 20 percent. The income consists of sales of development rights in Karlastaden of SEK 190 million. In addition to this, the income is mainly comprised of contract income within manufacturing and assembly of steel structures and hotel income. The decrease is largely attributable to decreased activity due to the coronavirus pandemic.

The share in the profit of associates and joint ventures amounted to SEK 14 million (10).

Operating loss amounted to SEK 91 million (134). Sales of development rights in Karlastaden to Tosito contributed SEK 45 million and the sale of Karlatornet entailed a negative effect of SEK 35 million. However, the sale of Karlatornet has entailed reversal of earlier internal profit eliminations at the Group level that affected consolidated profit/loss by SEK 37 million, meaning that the total earnings effect on operating profit/loss of the sale amounted to SEK 2 million. Operating profit/loss has also been negatively impacted by transaction expenses attributable to Karlatornet in an amount of SEK 17 million and that the hotel operation's income has performed worse due to the coronavirus pandemic, where the cost base has not been reduced to an equivalent extent.

PARENT COMPANY

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

Income for October–December amounted to SEK 17 million (44) and consisted primarily of intra-group services. The decreased income is attributable to the on-going reorganization where central functions are shrinking. Operating loss for the same period amounted to SEK 6 million (15).

Income for the period January–December amounted to SEK 88 million (178) and operating loss amounted to SEK 7 million (14).

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. Related-party transactions during the year occurred with **Lommen Sjöbefälet** AB, Ludwig Mattsson, Ola Serneke Holding AB, Kviberg Skidanläggning AB, Limestone Management AB, JV Sersund AB, the associated company Änglagården, the associated company Fjätervålen AB and JV Fastighets AB Österskans. Transactions with related parties have been made on market terms.

Below is a presentation of transactions that Serneke carried out with related parties since January 1, 2020 to December 31, 2020:

Transactions with Lommen Sjöbefälet AB are considered to constitute related-party transactions since the principal owner, Ludwig Mattsson, is a member of the Board of Serneke Group AB. The transactions consisted mainly of construction income and rental of Serneke's headquarters, and income amounted to SEK 3 million and purchases to SEK 12 million. Transactions with Ludwig Mattsson privately took place with regard to contract income of SEK 3 million. Transactions with Ola Serneke Holding AB are considered to be related party transactions, as Ola Serneke is the principal owner, former CEO and a former member of the Board of Serneke Group AB. The income is mainly comprised of rent and amounted to SEK 0.4 million and purchases amounted to SEK 0.4 million. Ola Serneke Holding AB owns in turn the company Kviberg Skidanläggning AB and transactions with Kvibergs Skidanläggning AB are thereby considered to constitute related-party transactions. The sale mainly relates to rent and income attributable to the settlement of asset acquisitions of SEK 4 million.

Purchases have arisen in asset acquisitions including trademarks, equipment and expenses in connection with the settlement of the advance asset value of SEK 3 million. Transactions with Limestone Management AB, Per Åkerman's consulting firm, are considered to be related-party transactions as Per Åkerman is a member of the Board of the Company. The transactions relate to consultant remuneration for tasks outside the Board assignment and amount to SEK 2 million. Transactions with JV Sersund AB are considered to constitute related-party transactions as Serneke owns 50 percent of Sersund and the transactions are mainly comprised of income from contract services of SEK 91 million. Transactions with the associated company Änglagården are considered to constitute related-party transactions as Serneke owns 40 percent of Änglagården. The transactions are mainly comprised of contracted personnel, premises rent and rent for the arena. Income amounted to SEK 3 million and purchases amounted to SEK 21 million. In addition, Kviberg Skidanläggning AB, which is owned by Ola Serneke Holding AB, previously leased Skidome from the associated company Änglagården. After a discussion regarding the content of the rental agreement and the operation of the ski facility, the parties agreed in September 2020 that the rental agreement would end and that Kviberg Skidanläggning AB has a right to a rent reduction. The rent, after rent reduction, amounted to a total of SEK 0 million in 2020. Since October 2020, Serneke leases Skidome from the associated company Änglagården and the rent in 2020 has to-date totaled SEK 2 million. Transactions with the associated company Fjätervålen AB are considered to constitute related-party transactions as Serneke owns 46.64 percent of Fjätervålen and are comprised of project income of SEK 1 million. Transactions with JV Fastighets AB Österskans are considered to constitute related-party transactions as Serneke owns 50 percent of JV Fastighets AB Österskans and the transactions are mainly comprised of project income of SEK 0.6 million.

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 cash situation is continuously assessed by the Board of Directors and Group Management. Work on sales of the Group's project portfolio is a part of Serneke's operations and is continuing among other things with the aim of balancing the tied-up capital and freeing liquidity. The Board's assessment is that Serneke is acting based on good business order and ensuring that adequate liquidity is obtained to ensure continued 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.

OTHER SIGNIFICANT EVENTS DURING THE REPORT PERIOD

Secured financing of Karlatornet

On December 17, 2020, Serneke and Balder entered a share transfer agreement meaning that Balder acquires 50 percent of the shares of Karlatornet AB ("the Joint Venture").

The Joint Venture is a newly established company that has acquired all of the Karlatornet assets from Serneke at their book value of SEK 1.6 billion against a promissory note in the form of an interest-bearing shareholder loan of SEK 1.4 billion. Karlatornet will be fully financed through further shareholder loans from Balder of SEK 500 million and a construction credit from Nordea of around SEK 3 billion. For Balder's commitment to invest SEK 500 million in Karlatornet and provide a joint guarantee for the construction credit of SEK 3 billion, Balder's shares in the Joint Venture entitle it to a fixed preference dividend of SEK 600 million. The dividend is to be paid according to the waterfall principle after Nordea's construction credit and Balder's shareholder loans plus interest have been repaid. Once the project is complete and the aforementioned loan and dividend have been repaid, Serneke will recoup its entire invested capital of SEK 1.4 billion plus interest together with the remaining project profit in the Joint Venture. The repayment presupposes that underlying estimates continue as forecast and, if a deviation were to arise that means that appropriated earnings are not available to enable the dividend to Balder, Serneke has committed to convert the shareholder loan to a conditional shareholder contribution. Serneke continues as the main contractor and in the deal entered a design-construct contract with the Joint Venture regarding the project's

remaining project development and contract work at a fixed price of around SEK 3.2 billion.

As a part of the deal, Balder subscribed for a total of 2,300,000 Class B Serneke shares at an exercise price of SEK 53 per share, which meant a cash contribution for Serneke totaling around SEK 122 million before issue expenses. This has meant that Serneke's share capital increased by SEK 230,000 to SEK 2,554,845. The total number of shares will increase by 2,300,000 shares to 25,548,452 shares.

Sales of development rights in Karlastaden to Tosito

On December 18, 2020, Serneke sold 15,000 square meters of development rights in Karlastaden to the property company Tosito for the development of mainly residential units for SEK 190 million, which corresponds to a development right value of around SEK 13,000 per square meter.

Coronavirus pandemic

Serneke is carefully monitoring the development of the coronavirus pandemic to assess the effects in the short- and long-term perspective. The entire economy is affected, but it is difficult to assess the extent and manner in which it affects Serneke's business in the long-term perspective. The effects in the short-term perspective are limited and have not had any major impact on on-going productions.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Rights issue

On December 17, Serneke decided on a fully guaranteed rights issue. The subscription period in the rights issue expired on January 13, 2021 and was fully subscribed and no guarantee commitments needed to be utilized. Through the rights issue, Serneke obtains around SEK 170 million before issue expenses. As a result of the rights issue, Serneke's share capital will increase by SEK 320,478 to SEK 2,875,323. The total number of shares will increase by 3,204,780 shares to 28,753,232 shares.

Sale of development rights to Balder

Serneke and Balder entered an agreement on December 17, 2020 that Serneke sells development rights to Balder corresponding to so-called forward-funding for an underlying property value totaling around SEK 3.2 billion. The arrangement guarantees Serneke return for the projects on attractive terms with an associated contract and without a requirement of further financing. The relevant development rights cover a total of around

100,000 square meters and are allocated to 10 projects. The framework agreement on the development rights sale is expected to provide a total positive liquidity infusion of around SEK 250 million that is realized at the respective project's occupancy date. Four projects had occupancy on January 15, 2021 and provided a positive liquidity effect of SEK 105 million.

Ola Serneke is leaving the role as CEO of Serneke Group

After discussions with the Board of Directors, Serneke Group decided that Ola Serneke will leave the role as the President and CEO of Serneke Group on 24 February. At the same time, he also left his post as a member of the Company's Board of Directors. Ola Serneke will continue to be responsible for the Company's major projects in urban development in his role as the President of Serneke Invest. Michael Berglin, Deputy CEO of Serneke Group, will take the position of the acting President and CEO. The changes in management for Serneke Group were precipitated by Ola Serneke's activity in online discussion forums under pseudonyms. An external independent investigation appointed by the Board of Directors showed that no violations occurred of the regulations, but that the actions were an expression of poor judgment.



In February 2021, the casting of core and frame was resumed at Karlatornet and the building continued to grow towards its 73 floors.

THE SERNEKE SHARE (SRNKE)

Serneke Group AB has two share series, Series A and B. On December 31, 2020, Serneke had approximately 8,700 shareholders and the closing price on December 31, 2020 was SEK 57.60.

Serneke's ten largest shareholders, December 31, 2020

	Class A shares	Class B shares	Total number of shares	Percentage of outstanding shares, %	Percentage of votes, %
Ola Serneke Invest AB	3,710,000	2,404,205	6,114,205	24.72%	55.16%
Lommen Holding AB	540,000	3,457,803	3,997,803	16.16%	12.37%
Christer Larsson i Trollhättan AB	380,000	497,000	877,000	3.55%	6.00%
Ledge Ing AB	330,000	456,763	786,763	3.18%	5.25%
Vision Group i väst AB	250,000	551,000	801,000	3.24%	4.26%
Fastighets AB Balder	–	2,300,000	2,300,000	9.30%	3.21%
Svolder Aktiebolag	–	1,327,609	1,327,609	5.37%	1.85%
Clients fonder	–	795,000	795,000	3.21%	1.11%
Försäkringsaktiebolaget Avanza	–	352,886	352,886	1.43%	0.49%
Michael Berglin	–	270,781	270,781	1.09%	0.38%
Total, 10 largest	5,210,000	12,413,047	17,623,047	71.25%	90.07%
Other shareholders	–	7,110,418	7,110,418	28.75%	9.93%
Total shares outstanding	5,210,000	19,523,465	24,733,465	100.00%	100.00%
Repurchased shares	–	814,987	814,987		
Total shares registered	5,210,000	20,338,452	25,548,452		

Source: Euroclear and Serneke

Share series, number of shares and votes, December 31, 2020

Share class	Shares	Votes
Class A shares	5,210,000.00	5,210,000.00
Class B shares	19,523,465.00	1,952,346.50
Total	24,733,465.00	7,162,346.50

FINANCIAL CALENDAR

Interim Report January–March	May 6, 2021
Annual General Meeting	May 6, 2021
Interim Report January–June	August 19, 2021
Interim Report January–September	November 10, 2021

The Board of Directors 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, February 26, 2021
Serneke Group AB (publ)

Board of Directors

Jan C. Johansson
Chairman

Mari Broman
Member

Ludwig Mattsson
Member

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 February 26, 2021, at 8:00 a.m.

QUARTERLY DATA AND MULTI-YEAR REVIEW

	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
SEK M	2020	2020	2020	2020	2019	2019	2019	2019
Revenue								
Sweden	2025	1,592	1,461	1,912	2095	1,421	1,661	1517
Invest	223	28	28	46	250	40	64	51
International	0	0	0	0	0	0	0	0
Group-wide	17	20	14	39	43	44	45	14
Eliminations	-99	-142	-110	-183	-135	-129	-154	-102
Total	2,166	1,498	1,393	1,814	2,253	1,376	1,616	1,480
Operating profit/loss								
Sweden	-65	-62	-134	-70	43	-2	26	21
Invest	-4	-10	-4	-73	-118	2	-10	-8
International	-3	-3	-3	-4	0	0	-1	0
Group-wide	-6	0	5	1	-12	2	-4	15
Eliminations	31	-4	-3	-3	-10	-7	-11	-10
Total	-47	-79	-139	-149	-97	-5	0	18
Operating margin, %	-2.2	-5.3	-10.0	-8.2	-4.3	-0.4	0.0	1.2
Profit/loss after net financial items	-119	-82	-147	-154	-85	-30	-3	8
Earnings for the period	-72	-66	-114	-106	-63	-27	-2	10
Balance sheet								
Non-current assets	2156	757	779	678	661	941	910	1,106
Current assets	3836	4962	4872	4927	5,073	4753	4654	4,546
Total assets	5,992	5,719	5,651	5,605	5,734	5,694	5,564	5,652
Shareholders' equity	1,946	1,896	1,959	2,074	2,179	2,238	2,263	2,257
Non-current liabilities	1058	1,245	1,262	1,430	1,719	1,615	1,669	1,573
Current liabilities	2988	2,578	2,430	2,101	1,836	1,841	1,632	1,822
Total equity and liabilities	5,992	5,719	5,651	5,605	5,734	5,694	5,564	5,652
Orders								
Order bookings	4,852	961	1,851	2,975	2,969	1,792	2,663	1,177
Order backlog	13,619	10,623	11,072	10,576	8,943	7,662	7,149	5,973
Staff								
Average number of employees	1,161	1,180	1,202	1,195	1,153	1,173	1,178	1,134

KEY INDICATORS

IFRS-based key indicators

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Revenue	2,166	2,253	6,871	6,725
Earnings per share, SEK, before dilution	-3.10	-2.81	-15.82	-3.66
Earnings per share, SEK after dilution	-3.10	-2.81	-15.82	-3.66
Weighted average number of shares before dilution	23,200,132	22,433,465	22,625,132	22,433,465
Weighted average number of shares after dilution	23,200,132	22,481,968	22,657,467	22,558,676

Other key indicators

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Operating profit/loss	-47	-97	-414	-84
Growth, %	-3.9	13.2	2.2	3.2
Order bookings	4,852	2,969	10,639	8,601
Order backlog	13,619	8,943	13,619	8,943
Organic growth, %	-3.9	13.2	2.2	3.2
Operating margin, %	-2.2	-4.3	-6.0	-1.2
Cash flow before financing	192	369	-372	-434
Cash flow from operations per share, before dilution	8.79	3.70	-15.56	-28.75
Cash flow from operations per share, after dilution	8.79	3.69	-15.56	-28.75
Equity per share, SEK, before dilution	78.68	97.13	78.68	97.13
Equity per share, SEK after dilution	78.68	96.92	78.68	96.92
Working capital	848	3,237	848	3,237
Capital employed	3,539	3,602	3,539	3,602
Return on capital employed, %	-11.4	-2.2	-11.4	-2.2
Return on equity after taxes, %	-17.4	-3.7	-17.4	-3.7
Equity/assets ratio, %	32.5	38.0	32.5	38.0
Net debt	20	1,224	20	1,224
Net debt/equity ratio, %	1.0	56.2	1.0	56.2
Net debt/EBITDA	-0.1	-36.0	-0.1	-36.0

SUMMARY FINANCIAL STATEMENTS

SUMMARY OF CONSOLIDATED INCOME STATEMENT

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Revenue	2,166	2,253	6,871	6,725
Production and administration expenses	-2,191	-2,325	-7,218	-6,732
Gross profit	-25	-72	-347	-7
Sales and administration expenses	-23	-25	-80	-85
Earnings effect of establishment of joint ventures	2	-	2	-
Share in profit of associates and joint ventures	-1	0	11	8
Operating profit/loss	-47	-97	-414	-84
Net financial items	-72	12	-88	-27
Earnings after financial items	-119	-85	-502	-111
Taxes	47	22	144	29
Earnings for the period	-72	-63	-358	-82
Attributable to:				
Parent Company shareholders	-72	-63	-358	-85
Non-controlling interests	0	0	0	3
Earnings per share before dilution, SEK	-3.10	-2.81	-15.82	-3.66
Earnings per share after dilution, SEK	-3.10	-2.81	-15.82	-3.66
Average number of shares before dilution	23,200,132	22,433,465	22,625,132	22,433,465
Average number of shares after dilution	23,200,132	22,481,968	22,657,467	22,558,676

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Earnings for the period	-72	-63	-358	-82
Other comprehensive income	0	0	0	0
Total comprehensive income	-72	-63	-358	-82

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	Dec 31 2020	Dec 31 2019
ASSETS		
<i>Non-current assets</i>		
Intangible fixed assets	24	23
Other tangible fixed assets	416	298
Investments in associates/joint ventures	148	145
Deferred tax assets	15	–
Non-current interest-bearing receivables	1,354	37
Other non-current receivables	199	158
Total non-current assets	2,156	661
<i>Current assets</i>		
Project and development properties	1,740	3,274
Inventories	1	1
Accounts receivable	1,012	825
Accrued but not invoiced income	420	560
Other current receivables	429	251
Cash and bank balances	234	162
Total current assets	3,836	5,073
Total assets	5,992	5,734
Equity and liabilities		
Shareholders' equity	1,946	2,179
<i>Non-current liabilities</i>		
Non-current interest-bearing liabilities	840	962
Other non-current liabilities	31	185
Deferred tax liability	–	128
Other provisions	187	160
Total non-current liabilities	1,058	1,435
<i>Current liabilities</i>		
Current interest-bearing liabilities	768	461
Current tax liabilities	2	12
Accounts payable	1,058	958
Invoiced but not accrued income	618	347
Other current liabilities	542	342
Total current liabilities	2,988	2,120
Total equity and liabilities	5,992	5,734

SUMMARY OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK M	2020	2019
Equity attributable to Parent Company shareholders		
Balance at beginning of period	2,179	2,272
New share issue	121	-
Dividend	-	-
Share-related compensation	4	15
Conversion, convertible debenture loans	-	-1
Transactions with non-controlling interests	0	4
Changed accounting policy	-	-25
Comprehensive income for the period	-358	-85
Non-controlling interests		
Acquisition of non-controlling interests	-	-4
Comprehensive income for the period	-	3
Balance at end of period	1,946	2,179

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<i>Operating activities</i>				
Cash flow before change in working capital	-11	28	-359	-52
Change in working capital	215	55	7	-593
Cash flow from current operations	204	83	-352	-645
<i>Investment activities</i>				
Increase/decrease in investing activities	-12	286	-20	211
Cash flow from investment activities	-12	286	-20	211
Cash flow before financing	192	369	-372	-434
<i>Financing activities</i>				
Newly raised borrowings	58	240	137	446
New share issue	122	-	122	-
Amortization of liabilities	-79	-241	-375	-258
Increase/decrease in other financing activities	-140	-206	560	19
Cash flow from financing activities	-39	-207	444	207
Cash flow for the period	153	162	72	-227
Cash and cash equivalents at beginning of period	81	0	162	389
Cash and cash equivalents at end of period	234	162	234	162

PARENT COMPANY CONDENSED INCOME STATEMENT

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Revenue	17	44	88	178
Sales and administration expenses	-23	-59	-95	-192
Operating profit/loss	-6	-15	-7	-14
Net financial items	-13	-39	-108	-91
Earnings after financial items	-19	-54	-115	-105
Year-end appropriations	-	-	-	-
Profit/loss before tax	-19	-54	-115	-105
Taxes	-18	-4	0	3
Earnings for the period	-37	-58	-115	-102

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Earnings for the period	-37	-58	-115	-102
Other comprehensive income	0	0	0	0
Total comprehensive income	-37	-58	-115	-102

PARENT COMPANY CONDENSED BALANCE SHEET

SEK M	Dec 31 2020	Dec 31 2019
ASSETS		
<i>Non-current assets</i>		
Tangible fixed assets	9	13
Participations in Group companies	306	300
Deferred tax assets	13	13
Other non-current receivables	3	3
Total non-current assets	331	329
<i>Current assets</i>		
Project and development properties	2	2
Other current receivables	1,378	1726
Cash and bank balances	115	66
Total current assets	1,495	1,794
Total assets	1,826	2,123
Equity and liabilities		
Shareholders' equity	428	417
<i>Non-current liabilities</i>		
Non-current interest-bearing liabilities	722	699
Other provisions	2	2
Total non-current liabilities	724	701
<i>Current liabilities</i>		
Current interest-bearing liabilities	7	10
Accounts payable	9	20
Other current liabilities	658	975
Total current liabilities	674	1,005
Total equity and liabilities	1,826	2,123

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 policies and calculation methods as in the 2019 Annual Report with the addition of IAS 20 as stated below. For detailed information regarding accounting policies, see Serneke's 2019 Annual Report at www.serneke.group.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance

In connection with the coronavirus pandemic, Serneke accepted government aid, mainly in the form of a possibility for an extension on the payment of taxes and fees, temporarily reduced employer's contributions, support for short-term work and compensation for sick pay costs.

Serneke has chosen to report support for short-term work, transition support and sick pay costs under other income (SEK 15 million). The reporting takes place when it is reasonably certain that the grants will be received and any terms for the grants are met.

Extension on the payment of taxes and fees amounted to SEK 275 million and is recognized under short-term 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.

	Dec 31 2020	Dec 31 2019
Group SEK million		
Financial assets		
Non-current interest-bearing receivables*	1,320	–
Financial assets available for sale**	2	2
Total financial assets	1,322	2
Financial liabilities		
Other current and non-current liabilities	23	23
Of which, additional purchase considerations***	23	23
Total financial liabilities	23	23

* In the calculation of the fair value of the shareholder loan against Karlatornet, an estimated market rate was used. The valuation is based on observable interest rates and dividends that were agreed with more senior credits from Nordea and Balder within the scope of the financing of Karlatornet.

** 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.

The shareholder loan against Karlatornet of SEK 1,386 million has been appraised at market value and discounted with an interest rate amounting to the difference between the estimated market rate and the agreed rate at initial recognition based on the requirements set in IFRS 10 concerning when a subsidiary becomes an associated company. The market value of the shareholder loan against Karlatornet amounts to SEK 1,320 million at 31 December 2020. A change in the discount rate by 100 percentage points would increase/decrease fair value by SEK 42 million.

The fair value of the obligation amounts to SEK 700 million. 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:

	Dec 31	Dec 31
Group	2020	2019
Pledged assets	2,017	2,044
Contingent liabilities	888	350
PARENT COMPANY		
Pledged assets	500	500
Contingent liabilities	2,628	2,262

Note 4 – Breakdown of income

Oct-Dec 2020, SEK million	Sweden	Invest	International	Group-wide	Elimination	Total
Construction income	1,933	22	–	–	-82	1,873
Sale of properties and development rights	87	190	–	–	–	277
Rental income	0	2	–	3	-3	2
Other income	5	9	–	14	-14	14
Total income	2,025	223	0	17	-99	2,166

Date of income recognition:

At a specific time	92	199	–	14	-14	291
Over time	1,933	24	–	3	-85	1,875
Total income	2,025	223	0	17	-99	2,166

Oct-Dec 2019, SEK million	Sweden	Invest	International	Group-wide	Elimination	Total
Construction income	1,804	50	–	0	-91	1,763
Sale of properties and development rights	286	177	–	–	–	463
Rental income	0	3	–	–	–	3
Other income	5	20	–	43	-44	24
Total income	2,095	250	0	43	-135	2,253

Date of income recognition:

At a specific time	291	197	–	43	-44	487
Over time	1,804	53	–	–	-91	1,766
Total income	2,095	250	0	43	-135	2,253

Jan-Dec 2020, SEK million	Sweden	Invest	International	Group-wide	Elimination	Total
Construction income	6,415	93	–	–	-444	6,064
Sale of properties and development rights	553	190	–	–	–	743
Rental income	0	8	–	12	-12	8
Other income	22	34	–	76	-76	56
Total income	6,990	325	0	88	-532	6,871

Date of income recognition:

At a specific time	575	224	–	76	-76	799
Over time	6,415	101	–	12	-456	6,072
Total income	6,990	325	0	88	-532	6,871

Jan–Dec 2019, SEK million	Sweden	Invest	International	Group-wide	Elimination	Total
Construction income	6388	143	–	–	-373	6,158
Sale of properties and development rights	286	180	–	–	–	466
Rental income	0	17	–	–	–	17
Other income	19	65	–	147	-147	84
Total income	6,693	405	0	147	-520	6,725
Date of income recognition:						
At a specific time	305	245	–	147	-147	550
Over time	6,388	160	–	–	-373	6,175
Total income	6,693	405	0	147	-520	6,725

Construction income

Income from contracting agreements are 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. Construction contracts mean that the construction is 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. The stage of completion is calculated as the relationship between contract expenses incurred for work completed at the end of the reporting period, and estimated total contract expenses. 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 probability 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 leases. 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

development rights or rental income, including, for example, hotel income or income from central companies.

FINANCIAL DEFINITIONS

Key indicators	Definition	Purpose
Growth	Revenues for the period less revenues for the previous period divided by revenues for the previous period.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to increase its earnings.
Organic growth	Revenues for the period, adjusted for acquired growth, less revenues for the previous period, adjusted for acquired growth, divided by revenues for the previous period, adjusted for acquired growth.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to increase its income without acquiring operating companies.
Calculation of organic growth		Oct-Dec 2020 Oct-Dec 2019 Jan-Dec 2020 Jan-Dec 2019
Income current period		2,166 2,253 6,871 6,725
Income corresponding period previous period		2,253 1,991 6,725 6,516
Income change		-87 262 146 209
Adjustment for structural effect		- - - -
Total organic growth		-87 262 146 209
Total organic growth (%)		-3.9% 13.2% 2.2% 3.2%
Order bookings	The value of new projects and changes in existing projects during the period.	In Serneke's view, the key indicator allows investors, who so wish, to assess the Group's sales by Business Area Construction for the current period.
Order backlog	The value of the Company's undelivered orders at the end of the period excluding cooperation agreements.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's income in Business Area Construction in future periods.
Operating margin	Operating profit divided by revenues.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's profitability.
Operating capital	Current assets less current liabilities.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's tied-up capital in relation to its competitors.
Capital employed	Consolidated total assets less deferred tax assets less non-interest-bearing liabilities including deferred tax liabilities.	In the Company's view, the key indicator allows investors, who so wish, to assess the total capital placed at the Company's disposal by shareholders and creditors.
Calculation of capital employed		Dec 31 2020 Dec 31 2019
Total assets		5,992 5,734
Deferred tax assets		-15 -
Less non-interest-bearing liabilities including deferred tax liabilities		-2,438 -2,132

Key indicators	Definition	Purpose	
	Capital employed	3,539	3,602
Return on capital employed	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.	
		Dec 31	Dec 31
	Calculation of average capital employed	2020	2019
	31 Dec 2020 (3,539) + 31 Dec 2019 (3,602) / 2	3,571	
	31 Dec 2019 (3,602) + 31 Dec 2018 (3,264) / 2		3,433
		Dec 31	Dec 31
	Calculation of return on capital employed	2020	2019
	Profit/loss after net financial items	-502	-111
	Plus financial expenses	96	39
	Average capital employed	3,571	3,433
	Return on capital employed	-11.4%	-2.1%
Equity per share, before/after dilution	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.	
Cash flow from operations per share, before/after dilution	Cash flow from operating activities divided by the average number of shares for 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.	
Earnings per share, before/after dilution	Profit/loss for the period divided by the average number of shares outstanding 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.	

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SERNEKE IN BRIEF

Serneke is a growing corporate group and delivers comprehensive services in construction 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

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Presentation of the Year-end Report January–December 2020

On February 26, 2021 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 in Swedish and can be followed live via webcast at <https://tv.streamfabriken.com/serneke-q4-2020>. Presentation materials for the presentation will be available on the website one hour before the webcast begins.

To participate, please dial: +46 8 56 64 27 05