



## STABILIZATION AND TRANSACTION GENERATE PROFIT

### APRIL – JUNE 2021

- Order bookings amounted to SEK 2,221 million (1,851)
- Income amounted to SEK 2,274 million (1,393)
- Operating profit amounted to SEK 108 million (139)
- Cash flow from operating activities amounted to SEK 50 million (156)
- Cash flow for the period amounted to SEK 47 million (outflow 38)
- Profit for the period amounted to SEK 178 million (negative 114)
- The equity/assets ratio was 37.2 percent (34.7)
- Serneke and Fastighets AB Balder have agreed to form a joint development company in which Fastighets AB Balder will acquire 50 percent to continue the Karlstad collaboration in a shared format. The joint venture company will develop three buildings in the district, comprising a total 45,000 square meters GFA and approximately 450 apartments.
- On May 24, Michael Berglin took over as President and CEO of Serneke Group. Michael has held the role of acting CEO since February this year and, before that, also held the role of Deputy CEO.
- On June 1, Serneke Group AB repaid SEK 200 million of its bond loan ISIN SE0011256338. The amortization was conducted in accordance with the applicable terms of the bond.

### JANUARY – JUNE 2021

- Order bookings amounted to SEK 3,400 million (4,826) and the order backlog was SEK 13,372 million (11,072)
- Income amounted to SEK 4,224 million (3,207)
- Operating profit amounted to SEK 139 million (negative 288)
- Cash flow from operating activities amounted to SEK 48 million (outflow 389)
- At the end of the period, available cash and cash equivalents totaled SEK 535 million (450)
- Profit for the period amounted to SEK 224 million (negative 220)

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jul–Jun 2020/2021	Jan–Dec 2020
Income	2,274	1,393	4,224	3,207	7,888	6,871
Operating profit	108	-139	139	-288	13	-414
Operating margin, %	4.7	-10.0	3.3	-9.0	0.2	-6.0
Profit/loss for the period	178	-114	224	-220	86	-358
Earnings per share, SEK, before dilution	6.37	-5.08	8.02	-9.81	3.39	-15.82
Earnings per share, SEK, after dilution	6.37	-5.08	8.02	-9.81	3.39	-15.82
Equity per share, SEK, after dilution	83.76	87.14	83.76	87.14	83.76	78.68
Equity/assets ratio, %	37.2	34.7	37.2	34.7	37.2	32.5
Net debt/receivable	-206	1,490	-206	1,490	-206	20
Net debt, or receivable/EBITDA	-2.2	-4.5	-2.2	-4.5	-2.2	-0.1
Net debt/equity ratio, %	-8.8	76.1	-8.8	76.1	-8.8	1.0
Order bookings	2,221	1,851	3,400	4,826	9,213	10,639
Order backlog	13,372	11,072	13,372	11,072	13,372	13,619

## CEO STATEMENT

The continued stabilization of our contracting operations and additional ongoing transactions are the two factors primarily contributing to the Group's positive operating profit of SEK 108 million (loss 139) for the period. We are moving in the right direction and are seeing the effects of our ongoing development efforts. However, increased competition and price pressure demand that we continue to develop our customer offering and our deliveries.

We perceive a positive trend in the contracting operations, where both sales and profits are increasing compared with the preceding year. By the spring of 2020, the pandemic had struck with full force, which affected us in several ways. We had also launched a savings program as one of the initial measures in the process of building a stronger company – we now find ourselves in the middle of this process. Today, in addition to a strong order book that is generating revenue, we are also in production with our foremost project, Karlatornet, and making good progress.

The strategy is still to put profitability first and we are working hard to identify appropriate projects that offer the conditions for a good delivery and a positive margin. Being sustainable in our business presupposes stability, meaning that we remain conservative in our profit recognition and in our assessment of future risks and opportunities.

We increased our order intake for the quarter by 20 percent compared with the previous year to SEK 2,221 million (1,851) and our total order backlog of SEK 13,372 million (11,072) bolsters our confidence going forward. The underlying need and demand for construction in Sweden remains considerable and affords us a stable market situation. However, we see that competition for contracts is intensifying at the same time as more players in the industry are adopting increased caution and, like us, prioritizing profitability over price pressure. Rising prices for materials are causing some uncertainty in the market and risks of cost increases in projects. To date, we have managed to counter this through, for example, extended dialogues with suppliers and customers, as well as favorable internal collaboration with regard to purchasing. The increased costs are driven partly by decreased supply as a consequence of the pandemic and reduced production capacity at the supplier level. It is too early to draw conclusions about the long-term effect of these circumstances, but we are positioning ourselves for various scenarios going forward.

During the quarter, we took another historic step in one of Sweden's largest and most exciting urban development



projects, Karlastaden. Our collaboration with Balder is continuing and we have now agreed to jointly develop another three urban blocks in the district. The transaction contributes positively to our profit for the period, as shown in the report for Business Area Invest. Of course, I find it extremely gratifying that we are continuing to make further structural transactions among our major investments and that, in addition to the immediate positive impact on our profit, this also provides continued good income in the form of new contracting agreements and possible profits from our joint project company. The vision of Karlastaden is in the process of being turned into a reality and we are establishing the kind of early-stage partnerships sought by our project development operations.

We are continuing our program of change to build a stronger Serneke. Although the main ambition is to make us a more profitable and stable company, in the long term, it will also serve to make us more agile, stronger in development and more sustainable. The market demands that we and our industry think in innovative ways and develop in step with society and the changes we are seeing in the climate. Those who are best at adapting will be the winners of the future. We will be one of them and I am determined that Serneke will continue to live up to being the next-generation construction company, challenging the industry and the world beyond.

With a little more than half of 2021 already behind us, society as a whole is looking towards a brighter horizon, following the period we have experienced in the grip of the pandemic. Personally, I look forward to meeting customers and colleagues again and, for Serneke as a company, I am convinced that we have reason to look forward to the same brightening over the upcoming months.

Michael Berglin, President and CEO

## ORDER BOOKINGS AND ORDER BACKLOG

Order bookings	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec
SEK million	2021	2020	2021	2020	2020/2021	2020
Contracting	2,221	1,851	3,400	4,826	9,213	10,639

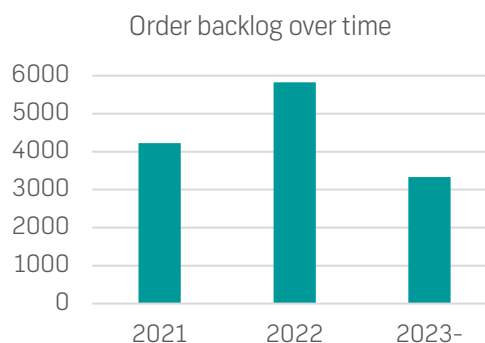
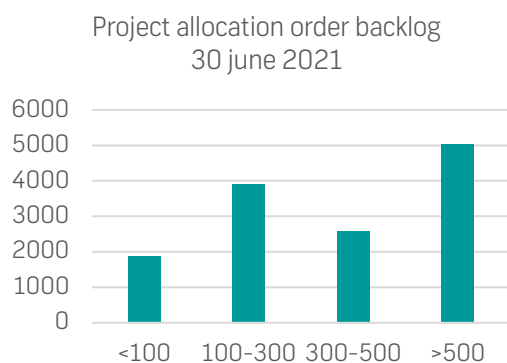
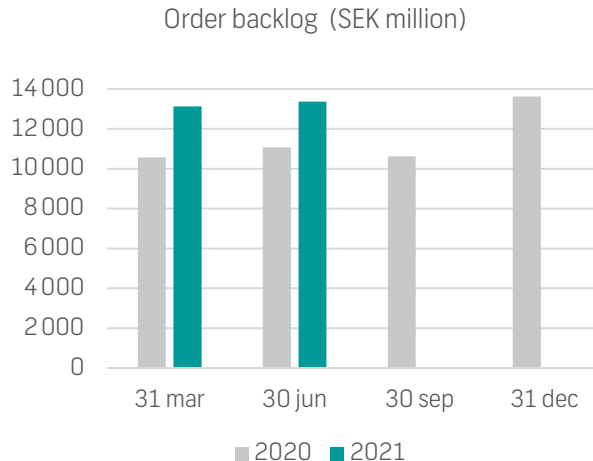
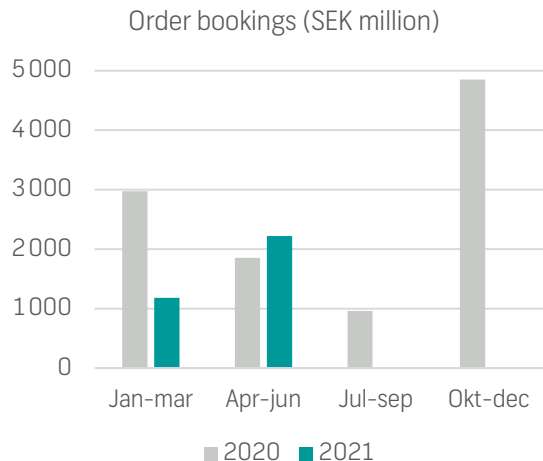
Order backlog	Jun 30	Jun 30	Dec 31
SEK million	2021	2020	2020
Contracting	13,372	11,072	13,619

External order intake for the quarter amounted to SEK 2,221 million (1,851), which is an increase of 20 percent compared with the corresponding quarter last year.

The emphasis of the assignments secured during the quarter is on community service properties and housing production. The quarter's largest order amounted to SEK 149 million and pertains to a contracting agreement signed in partnership with Niam for the new production of 52 tenant-owned homes in multi-family dwellings and semi-detached houses. Construction will commence in the second quarter and is scheduled for completion in the second quarter of 2022.

The market trend and prospects remain relatively unchanged compared with the preceding quarter. 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.

The external order backlog at the end of the second quarter amounted to SEK 13,372 million (11,072). This entails an increase of 21 percent compared with the corresponding quarter last year.



## NEW ASSIGNMENTS WITH ORDER VALUES OF SEK 100 MILLION OVER THE PERIOD APRIL – JUNE 2021

Assignment	Location	Order value (SEK million)	Anticipated start of construction
Public buildings	Uddevalla	137	Second quarter 2021
Public buildings	Karlstad	105	Second quarter 2021
Public buildings	Karlstad	140	Third quarter 2021
Public buildings	Skene	130	Second quarter 2021
Housing	Karlstad	100	Second quarter 2021
Housing	Borås	139	Second quarter 2021
Housing	Täby	149	Second quarter 2021
Housing	Växjö	126	Third quarter 2021



*During the quarter, Serneke signed an agreement regarding a further stage in the Näsby Slottspark housing project for Niam. The agreement encompasses new production of 52 tenant-owned homes in multi-family dwellings and semi-detached houses.*



## INCOME AND PROFIT

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jul–Jun 2020/2021	Jan–Dec 2020
Income	2,274	1,393	4,224	3,207	7,888	6,871
Operating profit	108	-139	139	-288	13	-414
Net financial items	3	-8	10	-13	-65	-88
Earnings after financial items	111	-147	149	-301	-52	-502
Tax	67	33	75	81	138	144
Profit/loss for the period	178	-114	224	-220	86	-358

### APRIL – JUNE 2021

Consolidated income amounted to SEK 2,274 million (1,393), an increase of 63 percent. Business Area Sweden increased its income by 38 percent to SEK 2,019 million (1,461), Business Area Invest increased its income to SEK 447 million (28), with the increase consisting primarily of the net reporting of Fastighets AB Balder's acquisition of its part of the joint venture, but also of asset sales in accordance with a business settlement during the fourth quarter of 2020 and contracting income for Karlatornet AB (joint venture) of SEK 163 million.

Operating profit amounted to SEK 108 million (loss 139) and was mainly affected positively by Business Area Invest through the formation of a joint venture in which Balder acquired 50 percent, to construct three buildings within the Karlastaden district. Compared with the preceding year, the margin in our ongoing projects for the quarter reflects a financial trend in the right direction.

Net financial items amounted to SEK 3 million (negative 8) and the increase is mainly attributable to interest income on the shareholder loan arising in connection with the sale of the Karlatornet tower in the fourth quarter of 2020 for approximately SEK 1.4 billion. During the quarter, borrowing costs of SEK 14 million (11) on project properties were capitalized.

The Group reported an estimated tax expense of SEK 67 million (33). The positive tax effect for the quarter is explained by non-taxable income and a change in deferred tax related to loss carryforwards.

Profit for the period amounted to SEK 178 million (loss 114) and earnings per share after dilution for the quarter were SEK 6.37 (loss 5.08).

### JANUARY – JUNE 2021

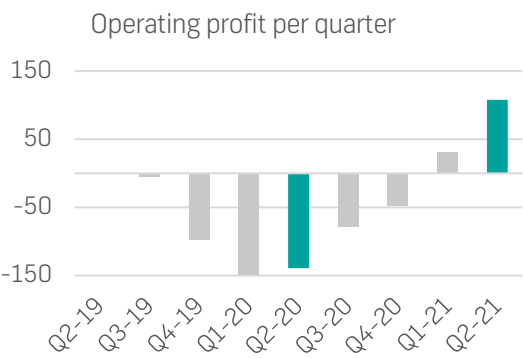
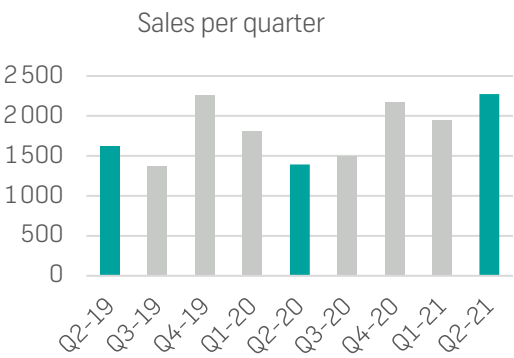
Consolidated income amounted to SEK 4,224 million (3,207), an increase of 32 percent. Business Area Sweden increased its income by 12 percent to SEK 3,789 million (3,373), Business Area Invest increased its income to SEK 784 million (74), with the increase consisting of, for example, the net reporting of Fastighets AB Balder's acquisition of its part of the joint venture, but also of asset sales in accordance with a business settlement during the fourth quarter of 2020 and contracting income for Karlatornet AB (joint venture) of SEK 297 million.

Operating profit amounted to SEK 139 million (loss 288) and was mainly affected positively by Business Area Invest through the formation of a joint venture in which Balder acquired 50 percent, to construct three buildings within the Karlastaden district. Compared with the preceding year, the margin in our ongoing projects reflects a financial trend in the right direction.

Net financial items amounted to SEK 10 million (negative 13) the increase is mainly attributable to interest income on the shareholder loan arising in connection with the sale of the Karlatornet tower in the fourth quarter of 2020 for approximately SEK 1.4 billion. During the quarter, borrowing costs of SEK 26 million (25) on project properties were capitalized.

The Group reported an estimated tax expense of SEK 75 million (81). The positive tax effect for the quarter is explained by non-taxable income and a change in deferred tax related to loss carryforwards.

Profit for the period amounted to SEK 224 million (loss 220) and earnings per share after dilution for the period were SEK 8.02 (loss 9.81).



*Serneke and Fastighets AB Balder agreed to form a joint development company to continue the Karlstaden collaboration in a shared format. The joint venture company will develop three buildings in the district, comprising a total 45,000 square meters GFA and approximately 450 apartments.*

## FINANCIAL POSITION

	Jun 30 2021	Jun 30 2020	Dec 31 2020
<b>SEK million</b>			
Total assets	6,297	5,651	5,992
Total equity	2,340	1,959	1,946
Net debt	-206	1,490	20
Net debt/EBITDA	-2.2	-4.5	-0.1
Cash and cash equivalents	335	74	234
Equity/assets ratio, %	37.2	34.7	32.5

As of June 30, the consolidated balance sheet total amounted to SEK 6,297 million (5,992) and the equity/assets ratio was 37.2 percent (32.5). Cash and cash equivalents at the end of the period amounted to SEK 335 million (234), with the Group also having a credit facility of SEK 300 million, of which SEK 76 million are made use of for guarantees that have been issued. At the end of the period, available cash and cash equivalents totaled SEK 535 million (646). The Group also has granted but unused building credits of SEK 392 million. In addition to this, the joint venture, Karlatornet AB, which is 50-percent owned by Serneke, has a granted but unused building credit of SEK 2,863 million.

As of June 30, equity amounted to SEK 2,340 million (1,946). The change consists of profit for the period of SEK 224 million, a new share issue of SEK 167 million including issue costs and share-based remunerations of SEK 3 million.

On June 30, net borrowing amounted to SEK 206 million (20). The foremost change relates to the amortization of bonds for SEK 200 million.

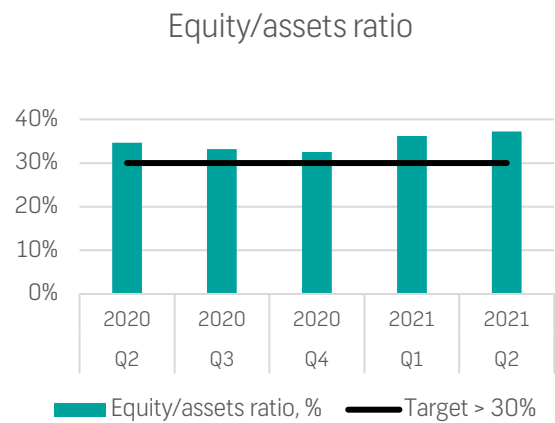
Interest-bearing receivables increased significantly in December 2020, arising in connection with Serneke and Balder entering into a share transfer agreement entailing Balder acquiring 50 percent of the shares in Karlatornet AB (the joint venture). The joint venture acquired all Karlatornet assets from Serneke at book value, with projects and development properties amounting to SEK 1,574 million, against a promissory note in the form of interest-bearing shareholder loans of SEK 1,386 million.

<b>Net debt SEK million</b>	<b>Jun 30 2021</b>	Jun 30 2020	Dec 31 2020
Bank loans	220	169	204
Utilized bank overdraft facility	0	24	-
Construction credits, housing cooperative projects	104	57	42
Bonds	514	723	719
Financial lease liabilities	74	90	82
Additional lease liabilities, IFRS 16	272	267	286
Loans from the Swedish Tax Agency	275	276	275
Other interest-bearing liabilities	-	8	-
Interest-bearing receivables	-1,330	-50	-1,354
Cash and cash equivalents	-335	-74	-234
<b>Net debt</b>	<b>-206</b>	<b>1,490</b>	<b>20</b>

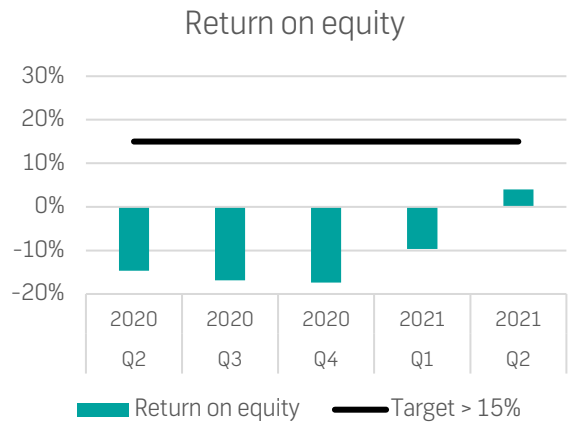
The credit facility of SEK 300 million at Nordea is subject to a covenant requiring the Group to maintain an equity/assets ratio of 30 percent.

GROUP FINANCIAL TARGETS

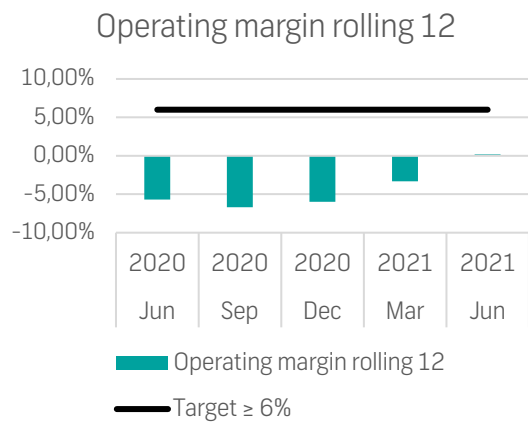
The equity/assets ratio shall exceed 30 percent.



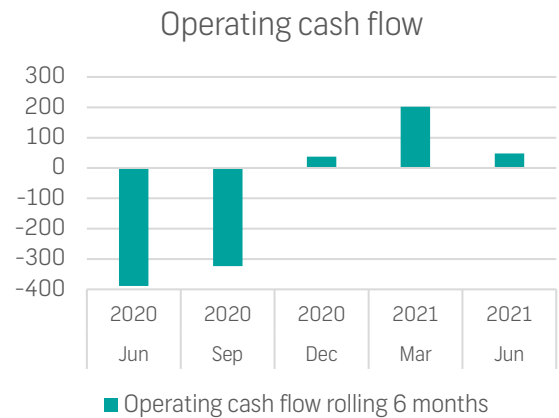
The return on equity shall exceed 15 percent.



The operating margin shall exceed 6 percent.



Positive operating cash flow each quarter on a rolling six-month basis.





## CASH FLOW

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
<b>SEK million</b>						
Cash flow from operating activities	50	-156	48	-389	85	-352
Cash flow from investment activities	41	1	41	-15	36	-20
Cash flow from financing activities	-44	117	12	316	140	444
Cash flow for the period	47	-38	101	-88	261	72
Cash and cash equivalents at beginning of period	288	112	234	162	74	162
Cash and cash equivalents at end of period	335	74	335	74	335	234

### APRIL – JUNE 2021

Cash flow from operating activities amounted to SEK 50 million (156), of which cash flow from changes in working capital amounted to SEK 50 million (30).

Cash flow from investing activities amounted to SEK 41 million (1) and consists of positive cash flows linked to the Group's associated companies and joint ventures.

Cash flow from financing activities amounted to an outflow of SEK 44 million (inflow 117) and is mainly explained by the amortization of bonds for SEK 200 million and newly raised loans of SEK 172 million.

Cash flow for the period amounted to SEK 47 million (outflow 38).

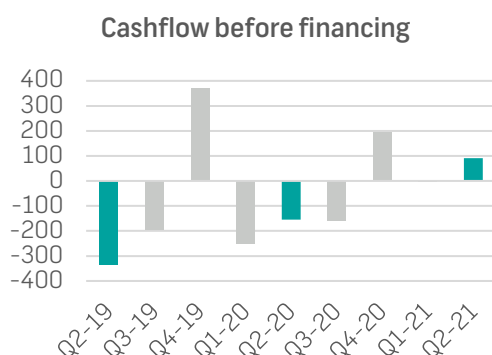
### JANUARY – JUNE 2021

Cash flow from operating activities amounted to SEK 48 million (389), of which cash flow from changes in working capital amounted to SEK 45 million (outflow 126).

Cash flow from investing activities amounted to SEK 41 million (outflow 15) and consists of cash inflows associated with the Group's associated companies and joint ventures.

Cash flow from financing activities amounted to SEK 12 million (316) and is mainly explained by the amortization of bonds for SEK 200 million, amortizations of SEK 130 million on other loans, newly raised loans of SEK 208 million and a new share issues for SEK 167 million.

Cash flow for the period amounted to SEK 101 million (outflow 88).



## OVERVIEW BUSINESS AREAS

In early 2020, the Group was reorganized, resulting in a new segmentation. This was applied as of September 30, 2020, and has been adjusted retroactively in accordance with IAS 8. This means that attributable items from previous periods have been reclassified for correct comparability. These re-classifications have not had any effect on the Group's previously reported key figures.

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

Business Area Sweden conducts contracting operations in the areas of construction, civil engineering, and infrastructure, as well as project development operations by developing project and development properties. The business area conducts construction contracting for both external customers, as well as Business Area Invest.

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

Business Area International brings the Group's international investments together. The business area is in the start-up phase and currently comprises an interest in an Australian construction company and an ongoing project-export initiative. Due to its current scope, the segment will not be described in this report, other than in the tables below on this page and in the "multi-year overview" on page 18.

Other operations are reported under Group-wide, which primarily comprises Group functions.

### SALES

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
<b>SEK million</b>						
Sweden	2,019	1,461	3,789	3,373	7,406	6,990
Invest	447	28	784	74	1,035	325
International	0	0	0	0	0	0
Group-wide	33	14	66	51	103	88
Eliminations	-225	-110	-415	-291	-656	-532
<b>Total</b>	<b>2,274</b>	<b>1,393</b>	<b>4,224</b>	<b>3,207</b>	<b>7,888</b>	<b>6,871</b>

### OPERATING PROFIT

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
<b>SEK million</b>						
Sweden	14	-135	4	-204	-123	-331
Invest	167	-4	237	-77	223	-91
International	-4	-3	-8	-7	-14	-13
Group-wide	-59	5	-76	6	-82	0
Eliminations	-10	-2	-18	-6	9	21
<b>Total</b>	<b>108</b>	<b>-139</b>	<b>139</b>	<b>-288</b>	<b>13</b>	<b>-414</b>

\*The comparative figures have been recalculated in accordance with the 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

	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jul–Jun 2020/2021	Jan–Dec 2020
<b>SEK million</b>						
Income	2,019	1,461	3,789	3,373	7,406	6,990
Operating profit	14	-135	4	-204	-123	-331
Operating margin, %	0.7	-9.2	0.1	-6.0	-1.7	-4.7

### APRIL – JUNE 2021

Income amounted to SEK 2,019 million (1,461), an increase of 38 percent. The increase is mainly attributable to more projects being in full production as a consequence of the larger order backlog compared with the corresponding quarter last year.

Operating profit amounted to SEK 14 million (loss 135) and the operating margin was 0.7 percent (negative 9.2). In comparison with the corresponding quarter last year, the margin was positively affected, primarily due to non-recurring costs incurred in the corresponding quarter of the preceding year. The operating margin for the quarter reflects a trend in the right direction.

### Project and development properties

As of June 30, 2021, the total book value of the project development portfolio in Sweden amounted to SEK 324 million.

Development rights Number (GFA)	June 30 2021	June 30 2020	Dec 31 2020
Development rights on own balance sheet	18,066	43,409	18,066
Development rights through joint ventures	400	5,500	2,300
Agreed development rights not yet taken into possession	250,866	206,527	259,527
<b>Total</b>	<b>269,332</b>	<b>255,436</b>	<b>279,893</b>

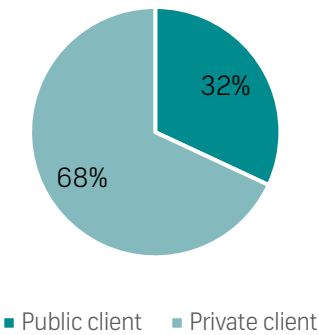
### JANUARY – JUNE 2021

Income amounted to SEK 3,789 million (3,373), an increase of 12 percent. The increase is mainly attributable to more projects being in full production as a consequence of the larger order backlog compared with the preceding year.

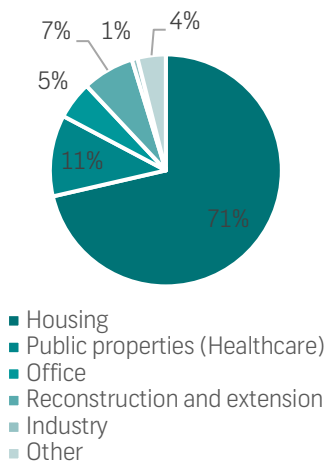
Operating profit amounted to SEK 4 million (loss 204) and the operating margin was 0.1 percent (negative 6.0). In comparison with the corresponding period last year, the margin was positively affected, primarily due to non-recurring costs incurred in the corresponding period of the preceding year. The operating margin for the period reflects a trend in the right direction.

In-house-developed tenant-owner housing production projects	Jun 30 2021	June 30 2020	Dec 31 2020
Number of housing units under construction during the period	65	24	24
Number of housing units sold during the period	20	43	23
Total number of housing units under construction at the end of the period	172	140	107
Number of repurchased housing units on the Company's own balance sheet at the end of the period	3	4	4

Order backlog per client



Order backlog per product mix



The municipality of Uddevalla and Serneke signed a contracting agreement for the construction of a new fire station for the Mitt Bohuslän Rescue Services. The fire station will be completed in 2023.



## INVEST

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jul–Jun 2020/2021	Jan–Dec 2020
Income	447	28	784	74	1,035	325
Share in profit of associates and joint ventures	2	2	7	9	12	14
Operating profit	167	-4	237	-77	223	-91
Operating margin, %	37.4	-14.3	30.2	-104.1	21.5	-28.0

### APRIL – JUNE 2021

On June 30, Serneke and Fastighets AB Balder agreed to form a joint development company encompassing three buildings in the Karlastaden district. The intention is to jointly develop the three buildings, which together comprise a total of 45,000 m<sup>2</sup> of GFA, including approximately 450 homes, as well as retail premises, shops and offices. The underlying property value in the joint venture, of which Balder will acquire 50 percent, amounts to SEK 558 million. Balder will pay the purchase consideration through installments during the implementation of the project. The transaction includes future contracts for Serneke, which, depending on the future development of the properties, have an order value of approximately SEK 1.5 billion.

The business area's income amounted to SEK 447 million (28), with the increase consisting primarily of the net reporting of Fastighets AB Balder's acquisition of its part of the joint venture, but also of asset sales in accordance with a business settlement during the fourth quarter of 2020 and contracting income from Karlatornet AB (joint venture). In addition to this, the income mainly consists of contracting income from the manufacture and assembly of steel pipe structures, as well as hotel revenues.

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

Operating profit amounted to SEK 167 million (loss 4). The positive operating profit is mainly explained by the formation of a joint venture with Balder regarding three buildings within the Karlastaden district. Sales of assets in accordance with the business settlement in the fourth quarter of 2020 also have an effect. Hotel operations continue to make a loss, with reduced activity due to the corona pandemic, although it is worth noting that the booking situation is developing in the desired direction.

### Project and development properties

As of June 30, 2021, the total book value of Invest's project development portfolio amounted to SEK 1,228 million.

Development rights Number (GFA)	June 30 2021	June 30 2020	Dec 31 2020
Development rights on own balance sheet	212,721	215,371	212,721
Development rights through joint ventures	50,000	50,000	50,000
Agreed development rights not yet taken into possession	309,576	351,834	359,129
<b>Total</b>	<b>572,297</b>	<b>617,205</b>	<b>621,850</b>

### JANUARY – JUNE 2021

Income amounted to SEK 784 million (74), with the increase consisting of, for example, the net reporting of Fastighets AB Balder's acquisition of its part of the joint venture, but also of asset sales in accordance with a business settlement during the fourth quarter of 2020 and contracting income from Karlatornet AB (joint venture). In addition to this, the income mainly consists of contracting income from the manufacture and assembly of steel pipe structures, as well as hotel revenues.

The share in the profit of associates and joint ventures amounted to SEK 7 million (9).

Operating profit amounted to SEK 237 million (77). The positive operating profit is mainly explained by the formation of a joint venture with Balder regarding three buildings within the Karlastaden district. Sales of assets in accordance with the business settlement in the fourth quarter of 2020 also have an effect. In addition, the hotel operations have had a negative effect on operating profit.

In-house-developed tenant-owner housing production projects	Jun 30 2021	June 30 2020	Dec 31 2020
Number of housing units under construction during the period	0	0	0
Number of housing units sold during the period	0	0	0
Total number of housing units under construction at the end of the period	305	297	297
Number of repurchased housing units on the Company's own balance sheet at the end of the period	0	0	0

## PARENT COMPANY

Serneke Group AB's (publ) operations mainly comprise Group management and Group-wide services.

Income for April-June amounted to SEK 34 million (12) and consisted primarily of intra-group services.

Operating profit for the same period amounted to SEK 0 million (8).

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 35 of the 2020 Annual Report. During the year, related party transactions have occurred with Lommen Sjöbefälet AB, Ola Serneke Holding AB, Kviberg Skidanläggning AB, Limestone Management AB, JV Sersund AB, JV Karlatornet AB and the associated company Änglagården. Transactions with related parties have been made on market terms.

**Presented below are transactions that Serneke has carried out with related parties since 1 January 2021 until 30 June 2021:**

Transactions with Lommen Sjöbefälet AB are considered to be related party transactions as the company's main owner, Ludwig Mattsson, is a member of the Board of Serneke Group AB. The transactions consist mainly of contract income and rent from Serneke's head office, with income amounting to SEK 2.5 million and purchases to SEK 6.2 million. Transactions with Ola Serneke Holding AB are considered to be related party transactions as Ola Serneke is the principal shareholder in Serneke Group AB. Purchases amounted to SEK 0.5 million and sales to SEK 3.1 million. The transactions mainly comprise income/expenses relating to the settlement of the assets that took place in 2020 between Serneke and Kviberg Skidanläggning AB, which is owned by Ola Serneke Holding AB, and are thus considered to be related party transactions. Transactions with Limestone Management AB, Per Åkerman's consulting company, are considered to be related party transactions as Per Åkerman is a member of the Board of the Company. The transactions relate to consultancy fees for tasks beyond the Board assignment and amount to SEK 0.9 million. Transactions with Sersund AB (joint venture) are considered to be related party transactions as Serneke holds 50 percent of Sersund and the transactions consist mainly of income of SEK 47.8 million from contracting services.

Transactions with Karlatornet AB (joint venture) are considered to be related party transactions as Serneke

owns 50 percent of Karlatornet AB as of December 17, 2020. The transactions primarily involve contracting income of SEK 361.3 million. Transactions with the associated company Änglagården are considered to be related party transactions as Serneke owns 40 percent of Änglagården. The transactions primarily involve outsourcing of staff, rent for premises and rent for the arena, respectively. Income amounted to SEK 2.5 million and purchases to SEK 13.7 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 liquidity situation is assessed on an ongoing basis by the Board and Group Management. Work with sales of the Group's project portfolio is part of Serneke's operations and continues to balance, for example, capital tied up, and to free up liquidity. The Board's assessment is that Serneke acts on the basis of good rules of procedure and ensures that sufficient liquidity is obtained to safeguard its continued operation.

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 2020 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

### **Michael Berglin takes over as President and CEO of Serneke Group**

On May 24, Michael Berglin took over as President and CEO of Serneke Group. Michael has held the role of acting CEO since February this year and, before that, also held the role of Deputy CEO. The decision regarding the position of CEO in the Serneke Group has been preceded by an extensive and thorough recruitment process. The Board believes that Michael Berglin is the most suitable candidate to lead Serneke Group in the change process that the company is currently undergoing.

### **Serneke Group amortizes SEK 200 million on an outstanding bond loan**

On June 1, Serneke Group AB repaid SEK 200 million of its bond loan ISIN SE0011256338.

The amortization was conducted in accordance with the applicable terms of the bond.

### **The corona virus pandemic**

Serneke is monitoring the development of the corona virus pandemic closely to assess its effects in the short and long term. Although the entire economy is affected, the extent and how it will affect Serneke's operations in the long term is difficult to assess. During the quarter, the corona pandemic had an indirect impact on ongoing production in the form of delays.

## SIGNIFICANT EVENTS FOLLOWING THE REPORT PERIOD

No significant events have occurred after the end of the reporting period.

## THE SERNEKE SHARE (SRNKE)

Serneke Group AB has two share series, Series A and B. On June 30, 2021, Serneke had approximately 8,331 shareholders and the closing price on June 30, 2021 was SEK 49.20.

### Serneke's ten largest shareholders, Jun 30, 2021

	Series A shares	No. of B shares	Total number of shares	Percentage of shares outstanding, %	Percentage of votes, %
Ola Serneke Holding AB	3,710,000	2,408,023	6,118,023	21.90%	52.80%
Lommen Holding AB	540,000	3,646,482	4,186,482	14.98%	12.09%
Christer Larsson i Trollhättan AB	380,000	497,000	877,000	3.14%	5.74%
Ledge Ing AB	330,000	554,157	884,157	3.16%	5.15%
Vision Group i väst AB	250,000	665,325	915,325	3.28%	4.23%
Fastighets AB Balder	0	2,300,000	2,300,000	8.23%	3.07%
Svolder Aktiebolag	0	2,077,608	2,077,608	7.44%	2.78%
Försäkringsaktiebolaget Avanza	0	883,551	883,551	3.16%	1.18%
Mediuminvest AS	0	453,000	453,000	1.62%	0.61%
Novobis AB	0	366,708	366,708	1.31%	0.49%
<b>Total, 10 largest</b>	<b>5,210,000</b>	<b>13,851,854</b>	<b>19,061,854</b>	<b>68.23%</b>	<b>88.14%</b>
Other shareholders	0	8,876,391	8,876,391	31.77%	11.86%
Total shares outstanding	5,210,000	22,728,245	27,938,245	100.00%	100.00%
Repurchased shares	0	814,987	814,987		
<b>Total shares registered</b>	<b>5,210,000</b>	<b>23,543,232</b>	<b>28,753,232</b>		

Source: Euroclear and Serneke

Share series, number of shares and votes, Jun 30, 2021.

Share class	Shares	Votes
Series A shares	5,210,000.00	5,210,000.00
Series B shares	22,728,245.00	2,272,824.50
Total	27,938,245.00	7,482,824.50



## FINANCIAL CALENDAR

Interim Report January–September	October 28, 2021
Year-end report 2021	February 9, 2022
Annual General Meeting 2022	April 26, 2022
Interim report January–March 2022	May 5, 2022

The Board hereby certifies that this interim report provides a fair overview of the operations, position and earnings of the Parent Company and the Group and describes the significant risks and uncertainties that Serneke faces.

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

Gothenburg, July 15, 2021  
Serneke Group AB (publ)

Board of Directors

Jan C. Johansson  
Chairman

Mari Broman  
Member

Ludwig Mattsson  
Member

Veronica Rörsgård  
Member

Mariann Östansjö  
Member

Fredrik Alvarsson  
Member

Per Åkerman  
Member

Lars Kvarnsund  
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 July 15, 2021, at 8:00 a.m. CET.

## QUARTERLY DATA AND MULTI-YEAR REVIEW

	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
SEK million	2021	2021	2020	2020	2020	2020	2019	2019
<b>Income</b>								
Sweden	2,019	1,770	2,025	1,592	1,461	1,912	2,095	1,421
Invest	447	337	223	28	28	46	250	40
International	0	0	0	0	0	0	0	0
Group-wide	33	33	17	20	14	37	43	44
Eliminations	-225	-190	-99	-142	-110	-181	-135	-129
<b>Total</b>	<b>2,274</b>	<b>1,950</b>	<b>2,166</b>	<b>1,498</b>	<b>1,393</b>	<b>1,814</b>	<b>2,253</b>	<b>1,376</b>
<b>Operating profit</b>								
Sweden	14	-10	-65	-62	-134	-70	43	-2
Invest	167	71	-4	-10	-4	-73	-118	2
International	-4	-4	-3	-3	-3	-4	0	0
Group-wide	-59	-17	-6	0	5	1	-12	2
Eliminations	-10	-9	31	-4	-3	-3	-10	-7
<b>Total</b>	<b>108</b>	<b>31</b>	<b>-47</b>	<b>-79</b>	<b>-139</b>	<b>-149</b>	<b>-97</b>	<b>-5</b>
Operating margin, %	4.7	1.6	-2.2	-5.3	-10.0	-8.2	-4.3	-0.4
Profit after net financial items	111	38	-119	-82	-147	-154	-85	-30
Profit/loss for the period	178	46	-72	-66	-114	-106	-63	-27
<b>Balance sheet</b>								
Fixed assets	2522	2,158	2156	757	779	678	661	941
Current assets	3775	3,807	3836	4962	4872	4,927	5,073	4753
<b>Total assets</b>	<b>6,297</b>	<b>5,965</b>	<b>5,992</b>	<b>5,719</b>	<b>5,651</b>	<b>5,605</b>	<b>5,734</b>	<b>5,694</b>
Shareholders' equity	2,340	2,161	1946	1,896	1,959	2,074	2,179	2,238
Non-current liabilities	1,177	1,182	1058	1,245	1,262	1,430	1,719	1,615
Current liabilities	2,780	2,622	2988	2,578	2,430	2,101	1,836	1,841
<b>Total equity and liabilities</b>	<b>6,297</b>	<b>5,965</b>	<b>5,992</b>	<b>5,719</b>	<b>5,651</b>	<b>5,605</b>	<b>5,734</b>	<b>5,694</b>
<b>Orders</b>								
Order bookings	2,221	1,179	4,852	961	1,851	2,975	2,969	1,792
Order backlog	13,372	13,126	13,619	10,623	11,072	10,576	8,943	7,662
<b>Employees</b>								
Average number of employees	1,189	1174	1161	1,180	1,202	1195	1,153	1,173

## KEY INDICATORS

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
<b>SEK million</b>						
Income	2,274	1,393	4,224	3,207	7,888	6,871
Earnings per share, SEK, before dilution	6.37	-5.08	8.02	-9.81	3.39	-15.82
Earnings per share, SEK, after dilution	6.37	-5.08	8.02	-9.81	3.39	-15.82
Weighted average number of shares before dilution	27,938,245	22,433,465	27,938,245	22,433,465	25,377,522	22,625,132
Weighted average number of shares after dilution	27,938,245	22,481,968	27,938,245	22,481,968	25,385,606	22,657,467

### Other key indicators

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
<b>SEK million</b>						
Operating profit	108	-139	139	-288	13	-414
Growth, %	63.2	-13.8	31.7	3.6	15.4	2.2
Order bookings	2,221	1,851	3,400	4,826	9,213	10,639
Order backlog	13,372	11,072	13,372	11,072	13,372	13,619
Organic growth, %	63.2	-13.8	31.7	3.6	15.4	2.2
Operating margin, %	4.7	-10.0	3.3	-9.0	0.2	-6.0
Cash flow before financing	91	-155	89	-404	121	-372
Cash flow from operations per share, before dilution	1.79	-6.95	1.72	-17.34	3.35	-15.56
Cash flow from operations per share, after dilution	1.79	-6.95	1.72	-17.34	3.35	-15.56
Equity per share, SEK, before dilution	83.76	87.32	83.76	87.32	83.76	78.68
Equity per share, SEK, after dilution	83.76	87.14	83.76	87.14	83.76	78.68
Working capital	995	2,442	995	2,442	995	848
Capital employed	3,710	3,573	3,710	3,573	3,710	3,539
Return on capital employed, %	1.1	-10.8	1.1	-10.8	1.1	-11.4
Return on equity after taxes, %	4.0	-14.7	4.0	-14.7	4.0	-17.4
Equity/assets ratio, %	37.2	34.7	37.2	34.7	37.2	32.5
Net debt	-206	1,490	-206	1,490	-206	20
Net debt/equity ratio, %	-8.8	76.1	-8.8	76.1	-8.8	1.0
Net debt/EBITDA	-2.2	-4.5	-2.2	-4.5	-2.2	-0.1

# SUMMARY FINANCIAL STATEMENTS

## SUMMARY OF CONSOLIDATED INCOME STATEMENT

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Income	2,274	1,393	4,224	3,207	7,888	6,871
Production and administration expenses	-2,145	-1,503	-4,027	-3,432	-7,813	-7,218
<b>Gross profit</b>	<b>129</b>	<b>-110</b>	<b>197</b>	<b>-225</b>	<b>75</b>	<b>-347</b>
Sales and administration expenses	-32	-30	-67	-70	-77	-80
The effect on profit of establishing the joint venture	-	-	-	-	2	2
Share in profit of associates and joint ventures	11	1	9	7	13	11
<b>Operating profit</b>	<b>108</b>	<b>-139</b>	<b>139</b>	<b>-288</b>	<b>13</b>	<b>-414</b>
Net financial items	3	-8	10	-13	-65	-88
<b>Profit after financial items</b>	<b>111</b>	<b>-147</b>	<b>149</b>	<b>-301</b>	<b>-52</b>	<b>-502</b>
Tax	67	33	75	81	138	144
<b>Profit/loss for the period</b>	<b>178</b>	<b>-114</b>	<b>224</b>	<b>-220</b>	<b>86</b>	<b>-358</b>
<b>Attributable to:</b>						
Parent Company shareholders	178	-114	224	-220	86	-358
Non-controlling interests	0	0	0	0	0	0
Earnings per share before dilution, SEK	6.37	-5.08	8.02	-9.81	3.39	-15.82
Earnings per share after dilution, SEK	6.37	-5.08	8.02	-9.81	3.39	-15.82
Average number of shares before dilution	27,938,245	22,433,465	27,938,245	22,433,465	25,377,522	22,625,132
Average number of shares after dilution	27,938,245	22,481,968	27,938,245	22,481,968	25,385,606	22,657,467

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
<b>Profit/loss for the period</b>	<b>178</b>	<b>-114</b>	<b>224</b>	<b>-220</b>	<b>86</b>	<b>-358</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>178</b>	<b>-114</b>	<b>224</b>	<b>-220</b>	<b>86</b>	<b>-358</b>



## CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	Jun 30 2021	Jun 30 2020	Dec 31 2020
<b>Assets</b>			
<i>Fixed assets</i>			
Intangible fixed assets	24	23	24
Other tangible fixed assets	389	408	416
Investments in associates/joint ventures	151	153	148
Deferred tax assets	89	-	15
Non-current interest-bearing receivables	1,330	50	1,354
Other non-current receivables	539	145	199
<b>Total fixed assets</b>	<b>2,522</b>	<b>779</b>	<b>2,156</b>
<i>Current assets</i>			
Project and development properties	1,555	3,284	1,740
Inventories	1	1	1
Accounts receivable	983	870	1,012
Accrued but not invoiced income	446	479	420
Other current receivables	455	164	429
Cash and bank balances	335	74	234
<b>Total current assets</b>	<b>3,775</b>	<b>4,872</b>	<b>3,836</b>
<b>Total assets</b>	<b>6,297</b>	<b>5,651</b>	<b>5,992</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>2,340</b>	<b>1,959</b>	<b>1,946</b>
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	935	856	840
Other non-current liabilities	33	144	31
Deferred tax liability	-	48	-
Other provisions	209	214	187
<b>Total non-current liabilities</b>	<b>1,177</b>	<b>1,262</b>	<b>1,058</b>
<i>Current liabilities</i>			
Current interest-bearing liabilities	524	758	768
Current tax liabilities	-	-	2
Accounts payable	1,025	877	1,058
Invoiced but not accrued income	816	490	618
Other current liabilities	415	305	542
<b>Total current liabilities</b>	<b>2,780</b>	<b>2,430</b>	<b>2,988</b>
<b>Total equity and liabilities</b>	<b>6,297</b>	<b>5,651</b>	<b>5,992</b>

## SUMMARY OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK million	Jun 30 2021	Jun 30 2020	Dec 31 2020
<b>Equity attributable to Parent Company shareholders</b>			
Balance at beginning of period	1,946	2,179	2,179
New share issue	167	-	121
Share-related compensation	3	0	4
Transactions with non-controlling interests	-	-	0
Changed accounting policy	-	-	-
Comprehensive income for the period	224	-220	-358
<b>Non-controlling interests</b>			
Acquisition of non-controlling interests	-	-	-
Comprehensive income for the period	-	-	-
<b>Balance at end of period</b>	<b>2,340</b>	<b>1,959</b>	<b>1,946</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
<i>Operating activities</i>						
Cash flow before change in working capital	0	-186	3	-263	-93	-359
Change in working capital	50	30	45	-126	178	7
<b>Cash flow from operating activities</b>	<b>50</b>	<b>-156</b>	<b>48</b>	<b>-389</b>	<b>85</b>	<b>-352</b>
<i>Investing activities</i>						
Increase/decrease in investing activities	41	1	41	-15	36	-20
<b>Cash flow from investing activities</b>	<b>41</b>	<b>1</b>	<b>41</b>	<b>-15</b>	<b>36</b>	<b>-20</b>
<b>Cash flow before financing</b>	<b>91</b>	<b>-155</b>	<b>89</b>	<b>-404</b>	<b>121</b>	<b>-372</b>
<i>Financing activities</i>						
Newly raised borrowings	172	290	208	323	22	137
New share issue	0	0	167	0	289	122
Amortization of liabilities	-217	-13	-365	-275	-465	-375
Dividend	0	0	0	0	0	0
Increase/decrease in financing activities	1	-160	2	268	294	560
<b>Cash flow from financing activities</b>	<b>-44</b>	<b>117</b>	<b>12</b>	<b>316</b>	<b>140</b>	<b>444</b>
<b>Cash flow for the period</b>	<b>47</b>	<b>-38</b>	<b>101</b>	<b>-88</b>	<b>261</b>	<b>72</b>
Cash and cash equivalents at beginning of period	288	112	234	162	74	162
<b>Cash and cash equivalents at end of period</b>	<b>335</b>	<b>74</b>	<b>335</b>	<b>74</b>	<b>335</b>	<b>234</b>

## PARENT COMPANY CONDENSED INCOME STATEMENT

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan- Dec 2020
Income	34	12	67	49	106	88
Sales and administration expenses	-34	-4	-78	-53	-120	-95
<b>Operating profit</b>	<b>0</b>	<b>8</b>	<b>-11</b>	<b>-4</b>	<b>-14</b>	<b>-7</b>
Net financial items	-21	-56	-39	-68	-79	-108
<b>Profit after financial items</b>	<b>-21</b>	<b>-48</b>	<b>-50</b>	<b>-72</b>	<b>-93</b>	<b>-115</b>
Appropriations	0	0	0	0	0	0
<b>Profit/loss before tax</b>	<b>-21</b>	<b>-48</b>	<b>-50</b>	<b>-72</b>	<b>-93</b>	<b>-115</b>
Tax	4	10	9	15	-6	0
<b>Profit/loss for the period</b>	<b>-17</b>	<b>-38</b>	<b>-41</b>	<b>-57</b>	<b>-99</b>	<b>-115</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul-Jun 2020/2021	Jan- Dec 2020
<b>Profit/loss for the period</b>	<b>-17</b>	<b>-38</b>	<b>-41</b>	<b>-57</b>	<b>-99</b>	<b>-115</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>-17</b>	<b>-38</b>	<b>-41</b>	<b>-57</b>	<b>-99</b>	<b>-115</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

SEK million	Jun 30 2021	Jun 30 2020	Dec 31 2020
<b>Assets</b>			
<i>Fixed assets</i>			
Tangible fixed assets	7	9	9
Investments in Group companies	309	303	306
Deferred tax assets	22	28	13
Other non-current receivables	3	3	3
<b>Total fixed assets</b>	<b>341</b>	<b>343</b>	<b>331</b>
<i>Current assets</i>			
Project and development properties	2	2	2
Other current receivables	1,524	1,518	1,378
Cash and bank balances	145	0	115
<b>Total current assets</b>	<b>1,671</b>	<b>1,520</b>	<b>1,495</b>
<b>Total assets</b>	<b>2,012</b>	<b>1,863</b>	<b>1,826</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>556</b>	<b>361</b>	<b>428</b>
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	516	726	522
Other provisions	2	2	2
<b>Total non-current liabilities</b>	<b>518</b>	<b>728</b>	<b>524</b>
<i>Current liabilities</i>			
Current interest-bearing liabilities	7	39	207
Accounts payable	8	14	9
Other current liabilities	923	721	658
<b>Total current liabilities</b>	<b>938</b>	<b>774</b>	<b>874</b>
<b>Total equity and liabilities</b>	<b>2,012</b>	<b>1,863</b>	<b>1,826</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 2020 Annual Report. For detailed information regarding accounting policies, see Serneke's 2020 Annual Report, see [www.serneke.se](http://www.serneke.se).

### 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 2020 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.

	Jun 30 2021	Jun 30 2020	Dec 31 2020
<b>Group SEK million</b>			
Financial assets			
Non-current interest-bearing receivables*	-	-	1,320
Available-for-sale financial assets**	2	2	2
<b>Total financial assets</b>	<b>2</b>	<b>2</b>	<b>1,322</b>
Financial liabilities			
Other short- and long-term liabilities	23	23	23
Of which, additional purchase considerations***	23	23	23
<b>Total financial liabilities</b>	<b>23</b>	<b>23</b>	<b>23</b>

\* When calculating the fair value of the shareholder loan against Karlatornet as of 31 December 2020, an estimated market interest rate was applied. The valuation was based on observable interest rates and dividends agreed in connection with the senior loans from Nordea and Balder within the financing framework for Karlatornet. As of 30 June 2021, the shareholder loan is reported at amortized cost and amounts to SEK 1,330 million.

\*\* 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 fair value of the bond amounts to SEK 500 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:

	<b>Jun 30</b>	Jun 30	Dec 31
<b>Group</b>	<b>2021</b>	2020	2020
Pledged assets	2,139	1,887	2,017
Contingent liabilities	990	284	888
<b>Parent Company</b>			
Pledged assets	300	500	500
Contingent liabilities	2,886	2,265	2,628

## Note 4 – Breakdown of income

Apr–June 2021, SEK million	Sweden	Invest	International	Group-wide	Eliminations	Total
Construction income	2,014	213	-	-	-192	2,035
Sale of properties and development rights	3	43	-	-	-	46
Rental income	0	2	-	3	-3	2
Other income	2	189	-	30	-30	191
<b>Total income</b>	<b>2,019</b>	<b>447</b>	<b>0</b>	<b>33</b>	<b>-225</b>	<b>2,274</b>

Date of income recognition:

At a specific time	5	232	-	30	-30	237
Over time	2,014	215	-	3	-195	2,037
<b>Total income</b>	<b>2,019</b>	<b>447</b>	<b>0</b>	<b>33</b>	<b>-225</b>	<b>2,274</b>

Apr–Jun 2020, SEK million	Sweden	Invest	International	Group-wide	Eliminations	Total
Construction income	1,446	21	-	0	-96	1,371
Sale of properties and development rights	5	-	-	-	-	5
Rental income	0	2	-	3	-3	2
Other income	10	5	-	11	-11	15
<b>Total income</b>	<b>1,461</b>	<b>28</b>	<b>0</b>	<b>14</b>	<b>-110</b>	<b>1,393</b>

Date of income recognition:

At a specific time	15	5	-	11	-11	20
Over time	1,446	23	-	3	-99	1,373
<b>Total income</b>	<b>1,461</b>	<b>28</b>	<b>0</b>	<b>14</b>	<b>-110</b>	<b>1,393</b>

Jan–Jun 2021, SEK million	Sweden	Invest	International	Group-wide	Eliminations	Total
Construction income	3,781	373	-	-	-349	3,805
Sale of properties and development rights	3	212	-	-	-	215
Rental income	0	4	-	6	-6	4
Other income	5	195	-	60	-60	200
<b>Total income</b>	<b>3,789</b>	<b>784</b>	<b>0</b>	<b>66</b>	<b>-415</b>	<b>4,224</b>

Date of income recognition:

At a specific time	8	407	-	60	-60	415
Over time	3,781	377	-	6	-355	3,809
<b>Total income</b>	<b>3,789</b>	<b>784</b>	<b>0</b>	<b>66</b>	<b>-415</b>	<b>4,224</b>

Jan-June 2020, SEK million	Sweden	Invest	International	Group-wide	Eliminations	Total	
Construction income	2957	54	-		0	-240	2,771
Sale of properties and development rights	404	-	-		-	-	404
Rental income	0	4	-		6	-6	4
Other income	12	16	-		45	-45	28
<b>Total income</b>	<b>3,373</b>	<b>74</b>	<b>0</b>		<b>51</b>	<b>-291</b>	<b>3,207</b>
Date of income recognition:							
At a specific time	416	16	-		45	-45	432
Over time	2,957	58	-		6	-246	2,775
<b>Total income</b>	<b>3,373</b>	<b>74</b>	<b>0</b>		<b>51</b>	<b>-291</b>	<b>3,207</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 projects' final forecasts entail corrections of previously accrued profits. 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. Modification and supplementary orders are included in the commission income to the extent that they have been 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 on gaining access to the property. When agreements include both property sales and building rights, as well as a contracting agreement for the planned building for the buyer, an assessment is made as to whether the property and/or building rights transactions and the contracting agreement, respectively, are separate performance commitments. 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. Occasionally, property projects are sold with guarantees of a certain level of leasing, and, at the time of sale, any rental guarantees are reported as a reserve in the project, which then has a positive effect on successive profit recognition as letting takes place.

### Rental income

Income also includes rental income, which is to be considered as operating leasing. Rental income is announced in advance and accrued on a straight-line basis in the income statement based on the terms of the leases. Rent paid in advance 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, property sales and building rights, or rental income such as hotel revenues, government subsidies, or income from central companies.

## FINANCIAL DEFINITIONS

Indicator	Definition	Purpose
Growth	Income for the period less income for the previous period divided by income 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	Income for the period, adjusted for acquired growth, less income for the previous period, adjusted for acquired growth, divided by income 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		Apr–Jun 2021
		Apr–Jun 2020
		Jan–Jun 2021
		Jan–Jun 2020
		Jul–Jun 2020/2021
		Jan–Dec 2020
Income current period		2,274
Income corresponding to previous period		1,393
Income change		881
Adjustment for structural effect		0
Total organic growth		881
Total organic growth (%)		63.2%
Order bookings	The value of new projects and changes in existing projects during the period.	In the Company's view, this key indicator allows investors, who so wish, to assess the Company's sales in Business Area Contracting 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, this key indicator allows investors, who so wish, to assess the Company's income in Business Area Contracting over upcoming periods.
Operating margin	Operating profit divided by income.	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, this 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		Jun 30 2021
		Jun 30 2020
		Dec 31 2020
Total assets		6,297
Deferred tax assets		-89
Less non-interest-bearing liabilities including deferred tax liabilities		-2,498
Capital employed		3,710

Indicator	Definition	Purpose			
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.			
		Jun 30	Jun 30	Dec 31	
		Calculation of average capital employed	2021	2020	2020
		Jun 30, 2021 (3,710) + Jun 30, 2020 (3,573) / 2	3,642		
		Jun 30, 2020 (3,573) + Jun 30, 2019 (3,630) / 2		3,602	
		Dec 31, 2020 (3,539) + Dec 31, 2019 (3,602) / 2			3,571
		Jun 30	Jun 30	Dec 31	
		Calculation of return on capital employed	2021	2020	2020
		Profit after net financial items	-52	-416	-502
		Plus financial expenses	93	29	96
		Average capital employed	3,642	3,602	3,571
		Return on capital employed	1.1%	-10.8%	-11.4%
	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 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.			
Earnings per share, before/after dilution	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		
Return on equity	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.		
Equity/assets ratio	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.		
Net debt	Interest-bearing liabilities less liquid assets less interest-bearing receivables.	Net debt is a measure deemed relevant for creditors and credit rating agencies.		
Net debt/equity ratio	Interest-bearing net debt divided by shareholders' equity.	Net debt/equity ratio is a measure deemed relevant for creditors and credit rating agencies.		
EBITDA	Operating profit excluding amortization/depreciation.	EBITDA is a measure deemed to provide investors a better understanding of the Company's earnings.		
Net debt/EBITDA	Interest-bearing liabilities less liquid assets less interest-bearing receivables divided by EBITDA.	Net debt/EBITDA is a measure deemed relevant for creditors and credit rating agencies.		

## 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 2021

On July 15, 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 held in Swedish and can be followed live via webcast at <https://tv.streamfabriken.com/serneke-q2-2021>. Presentation materials for the presentation will be available on the website one hour before the webcast begins.

To participate, please dial: +46 8 505 58 356