

SLOWDOWN IN THE MARKET

JULY – SEPTEMBER 2022

- Order bookings amounted to SEK 2,684 million (1,195)
- Income amounted to SEK 2,055 million (1,968)
- The operating loss amounted to SEK 39 million (profit 25)
- Cash flow from operating activities amounted to an outflow of SEK 261 million (inflow 207)
- Cash flow for the period amounted to an outflow of SEK 133 million (inflow 268)
- The loss for the period amounted to SEK 92 million (profit 37)
- The equity/assets ratio was 37.6 percent (36.7)
- In August, Serneke signed a contracting agreement for the Kalmarsundsverket water treatment plant. The order value amounted to SEK 1.4 billion.

JANUARY – SEPTEMBER 2022

- Order bookings amounted to SEK 6,119 million (4,595) and the order backlog was SEK 11,994 million (12,642)
- Income amounted to SEK 6,765 million (6,192)
- Operating profit amounted to SEK 58 million (164)
- Cash flow from operating activities amounted to an outflow of SEK 493 million (inflow 255)
- At the end of the period, available cash and cash equivalents totaled SEK 638 million (803)
- Profit for the period amounted to SEK 35 million (262)
- The equity/assets ratio was 37.6 percent (36.7)

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan-Dec 2021
Income	2,055	1,968	6,765	6,192	9,308	8,735
Operating profit	-39	25	58	164	129	235
Operating margin, %	-1.9	1.3	0.9	2.6	1.4	2.7
Profit/loss for the period	-92	37	35	262	122	349
Earnings per share, SEK, before dilution	-3.25	1.32	1.24	9.38	4.32	12.48
Earnings per share, SEK, after dilution	-3.25	1.32	1.24	9.38	4.32	12.48
Equity per share, SEK, after dilution	88.95	84.90	88.95	84.90	88.95	87.85
Equity/assets ratio, %	37.6	36.7	37.6	36.7	37.6	35.7
Net debt/receivable	-1,135	-863	-1,135	-863	-1,135	-873
Net debt, or receivable/EBITDA	-5.4	-4.3	-5.4	-4.3	-5.4	-2.8
Net debt/equity ratio, %	-45.1	-36.4	-45.1	-36.4	-45.1	-35.4
Order bookings	2,684	1,196	6,119	4,596	7,868	6,345
Order backlog	11,994	12,642	11,994	12,642	11,994	12,101

CEO STATEMENT

Externally and in our own operations, we are now experiencing a slowdown as a result of war, increased material and fuel prices, inflation and rising interest rates. Although we have mentioned an emerging shift in our development in our latest reports, what we are now encountering in the market is coming at us with force and impact. The positive trend that we have reported for a few quarters has not yet taken us to a place where we are able to absorb the effects of the slowdown.

Our result for the quarter was clearly affected by the market situation, in which a decline in transactions is one example. Our overall business is dependent on sales from our project development operations, to generate earnings and free up capital. We need to increase the activities that build conditions for continuous transactions.

We also seeing effects in the contracting operations associated with the global situation: material prices have been exerting pressure on everyone for a long time, causing a generally difficult situation in the industry. The earnings of our contracting operations were impacted negatively in the amount of SEK 25 million for the quarter by the bankruptcy of a subcontractor in our northern region.

The changed situation in which we find ourselves requires us to act and demonstrate our resolve. During the autumn, we have begun to implement a program in which we are implementing strong measures on a number of points: we are reorganizing and reducing our costs while streamlining our mission and facilitating governance. We are also limiting our investments in projects developed in-house, where we currently judge our market share as weak, particularly with regard to housing projects.

Our industry is cyclical and underlying needs for housing and community service properties will remain. We are continuing to develop areas such as digitalization, sustainability and a strong corporate culture to be even better equipped when things turn around.



At SEK 2,684 million (1,196), order bookings were stronger than in the corresponding quarter last year, and our order backlog at the end of September amounted to SEK 12 billion (12.6). We continue to see a trend towards an increased share of collaboration agreements within the community service property and industry segments, generating conditions for increased stability. Favorable recent examples of this include the contract for the Kalmarsundsverket water treatment plant, as well as suborder agreements for penitentiary buildings and the new arena in Uppsala.

The production of the Karlatornet tower is progressing as planned, in September passing another historic milestone when it became the tallest building in the Nordic region. We are now pouring the concrete for the 65th of a total of 73 stories, with the tower scheduled to reach its full height of 246 meters in July next year. Apartments in Karlatornet are being sold on an ongoing basis, with 488 of a total of 611 apartments having been sold to date. It is estimated that the first tenants will move in during the third quarter of 2023.

Finally, I would like to highlight the need for a continued strong focus on a safe and secure work environment. Our industry is still grappling with major risks and serious incidents and accidents. Nothing is more important than everyone being able to return home from work unharmed.

Michael Berglin, President and CEO

INCOME AND PROFIT

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan- Sep 2021	Oct-Sep 2021/2022	Jan- Dec 2021
Income	2,055	1,968	6,765	6,192	9,308	8,735
Operating profit	-39	25	58	164	129	235
Net financial items	-48	8	-42	18	-39	21
Earnings after financial items	-87	33	16	182	90	256
Tax	-5	4	19	80	32	93
Profit/loss for the period	-92	37	35	262	122	349

JULY – SEPTEMBER 2022

Consolidated sales amounted to SEK 2,055 million (1,968). Business Area Sweden increased its income to SEK 1,932 million (1,925) while Business Area Invest's income increased to SEK 607 million (322).

The operating loss amounted to SEK 39 million (profit 25), with the predominant negative effect stemming from Business Area Sweden's earnings due to price increases, and the bankruptcy of a subcontractor.

Net financial items amounted to a negative SEK 48 million (positive 8) and were affected by the earlier sales of the Karlatornet tower and the Karlastaden Group, the loans for which were marked to market and discounted at interest corresponding to the difference between the assessed market interest rate and the agreed interest rate. This has had a non-recurring effect of a negative SEK 49 million for the quarter. As the project progresses in accordance with the calculated forecast, the corresponding amounts will gradually have a positive effect on net interest income. During the quarter, borrowing expenses of SEK 15 million (8) on project properties were capitalized.

The Group reported an estimated tax expense of SEK 5 million (income 4). The negative tax effect for the period is primarily explained by non-taxable income and deferred tax effects of transactions.

The loss for the period amounted to SEK 92 million (profit 37) and earnings per share after dilution for the quarter were a negative SEK 3.25 (positive 1.32).

JANUARY – SEPTEMBER 2022

Consolidated income amounted to SEK 6,765 million (6,192), an increase of 9 percent. Business Area Sweden increased its income by 17 percent to SEK 6,667 million (5,714). The increase in Sweden is explained by Karlatornet being in full production and by projects

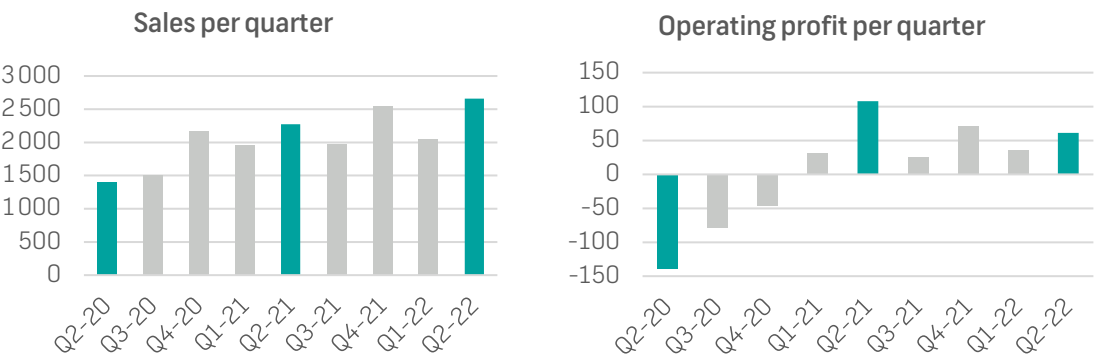
included in previously divested portfolios also being produced at a high rate. Business Area Invest's income increased to SEK 1,580 million (1,106), with the increase consisting primarily of, for example, the sale of parts 1 and 2 of the Auriga block to the Karlastaden Group AB joint venture, but also of construction income of SEK 962 million for the Karlatornet AB joint venture. Group-internal eliminations amounted to SEK 1,621 million and pertained primarily to internal deliveries to Karlastaden.

Operating profit amounted to SEK 58 million (164). The change compared with the corresponding period last year primarily involves lower profit on sales in Business Area Invest. External unease, which has also impacted the market situation and price trends for materials, as well as the bankruptcy of a subcontractor, have also affected operating profit negatively compared with the corresponding period last year.

Net financial items amounted to a negative SEK 42 million (positive 18) and were affected by the earlier sales of the Karlatornet tower and the Karlastaden Group of a negative SEK 49 million for the third quarter. The loans were marked to market and discounted at interest corresponding to the difference between the assessed market interest rate and the agreed interest rate. During the period, borrowing expenses of SEK 24 million (35) on project properties were capitalized.

The Group reported estimated tax income of SEK 19 million (80). The positive tax effect for the period is primarily explained by non-taxable income and deferred tax effects of transactions.

Profit for the period amounted to SEK 35 million (262) and earnings per share after dilution for the period were SEK 1.24 (9.38).



The first soil was symbolically broken for the Tamarinden project in Örebro recently, where Serneke has developed and will construct 139 rental apartments. Tamarinden aims to become one of Sweden's first truly climate-smart residential areas. In the district as a whole, a total of 700 homes, a preschool, several parks and business premises are to be constructed.

FINANCIAL POSITION

SEK million	Sep 30 2022	Sep 30 2021	Dec 31 2021
Total assets	6,692	6,465	6,914
Total equity	2,518	2,372	2,467
Net debt	-1,135	-863	-873
Net debt/EBITDA	-5.4	-4.3	-2.8
Cash and cash equivalents	238	603	575
Equity/assets ratio, %	37.6	36.7	35.7

On September 30, the consolidated balance sheet total was SEK 6,692 million (6,914) and the equity/assets ratio was 37.6 percent (35.7). At the end of the period, cash and cash equivalents amounted to SEK 238 million (575), with the Group also having a credit facility of SEK 500 million, with SEK 74 million of this being used of for guarantees issued. At the end of the period, available cash and cash equivalents totaled SEK 638 million (775). The Group also holds granted but unused building credits of SEK 587 million, meaning that financing for future projects developed in-house is secured. Additionally, the joint venture Karlatornet AB, which is owned 50-percent by Serneke, has a granted but unused building credit of SEK 1,106 million.

On September 30, equity amounted to SEK 2,518 million (2,467). The change comprises profit for the period of SEK 36 million and share-based compensation of SEK 15 million.

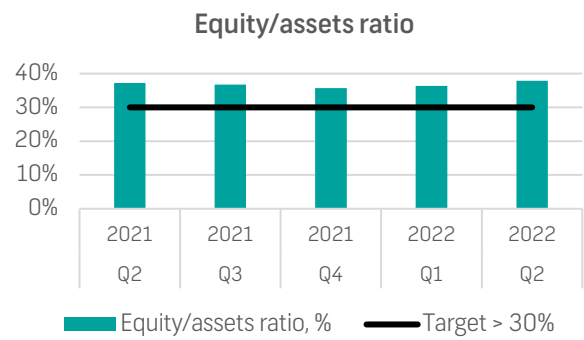
As of September 30, net debt amounted to SEK 1,135 million (873). The main changes relate to the amortization of bonds for SEK 500 million, in connection with which, a long-term bank loan was raised for the corresponding amount. In addition, non-current interest-bearing receivables increased in connection with sales to the Karlastaden Group AB joint venture. Financing related to tenant-owned housing has also decreased.

Interest-bearing receivables amounted to SEK 2,407 million, mainly comprising receivables incurred in connection with Serneke and Balder entering into transactions regarding the Karlastaden district.

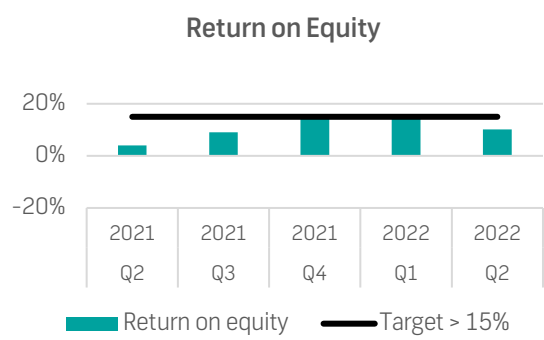
Net debt SEK million	Sep 30 2022	Sep 30 2021	Dec 31 2021
Bank loans	765	260	210
Utilized bank overdraft facility	-	-	-
Construction credits, housing cooperative projects	177	159	269
Bonds	-	515	516
Financial lease liabilities	88	83	84
Additional lease liabilities, IFRS 16	214	260	248
Loans from the Swedish Tax Agency	266	275	275
Other interest-bearing liabilities	-	-	-
Interest-bearing receivables	-2,407	-1,812	-1,900
Cash and cash equivalents	-238	-603	-575
Net debt	-1,135	-863	-873

GROUP FINANCIAL TARGETS

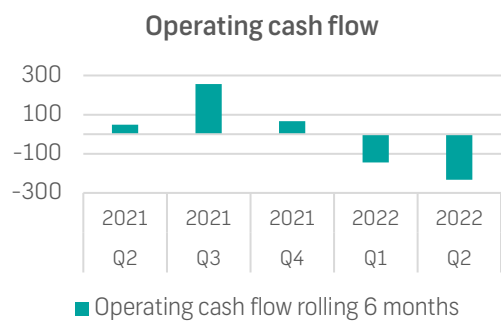
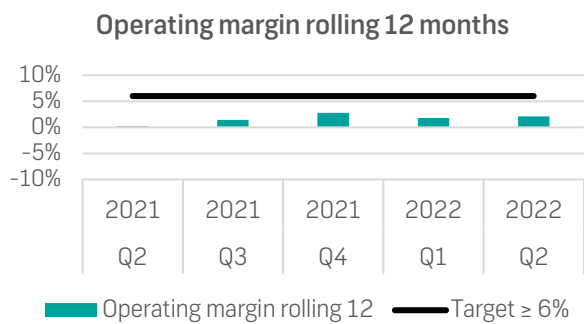
The equity/assets ratio shall exceed 30 percent.



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

	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
SEK million	2022	2021	2022	2021	2021/2022	2021
Cash flow from operating activities	-261	207	-493	255	-633	115
Cash flow from investment activities	-21	-25	-64	16	-60	20
Cash flow from financing activities	149	86	220	98	328	206
Cash flow for the period	-133	268	-337	369	-365	341
Cash and cash equivalents at beginning of period	371	335	575	234	603	234
Cash and cash equivalents at end of period	238	603	238	603	238	575

JULY – SEPTEMBER 2022

Cash flow from operating activities amounted to an outflow of SEK 261 million (inflow 207), of which cash flow from changes in working capital amounted to an outflow of SEK 254 million (inflow 111). Most of the negative change over the period was attributable to accruals on accounts receivable and accounts payable, as well as changes in warehouse properties.

Cash flow from investing activities amounted to an outflow of SEK 21 million (25), mainly comprising receivables arising in connection with the sale of the Auriga block in Karlastaden, dividends from associated companies and proceeds from divestments of tangible fixed assets.

Cash flow from financing activities amounted to an inflow of SEK 149 million (outflow 86) and is mainly explained by loans raised and payments to tenant-owner associations, as well as loan repayments.

Cash flow for the period amounted to an outflow of SEK 133 million (inflow 268).

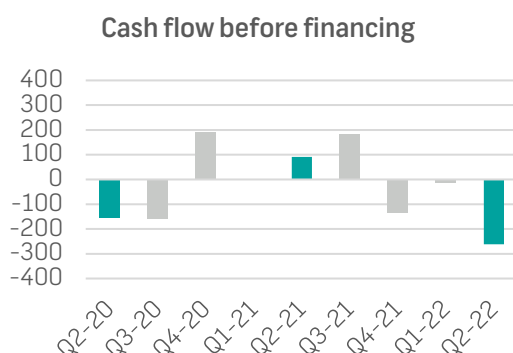
JANUARY – SEPTEMBER 2022

Cash flow from operating activities amounted to an outflow of SEK 493 million (inflow 255), of which cash flow from changes in working capital amounted to an outflow of SEK 352 million (inflow 156). Most of the negative change is attributable to changes in warehouse properties.

Cash flow from investing activities amounted to an outflow of SEK 64 million (inflow 16), mainly attributable to receivables arising in connection with the sale of the Auriga block in Karlastaden, dividends from associated companies and proceeds from divestments of tangible fixed assets.

Cash flow from financing activities amounted to an inflow of SEK 220 million (98), which is primarily explained by loan repayments made in the amount of SEK 901 million, of which SEK 500 million consisted of bond repayments. New loans have been raised in the amount of SEK 979 million and contributions of SEK 144 million have been paid to tenant-owner associations.

Cash flow for the period amounted to an outflow of SEK 337 million (inflow 369).



OVERVIEW BUSINESS AREAS

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 currently in a start-up phase, consisting primarily of an ongoing initiative in project exports. 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 and Group-wide provisions.

SALES

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan-Dec 2021
SEK million						
Sweden	1,932	1,925	6,667	5,714	9,056	8,103
Invest	607	322	1,580	1,106	2,160	1,686
International	0	0	0	0	0	0
Group-wide	47	46	139	113	181	155
Eliminations	-531	-325	-1,621	-741	-2,089	-1,209
Total	2,055	1,968	6,765	6,192	9,308	8,735

OPERATING PROFIT

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan-Dec 2021
SEK million						
Sweden	-25	21	7	24	40	57
Invest	-8	7	121	245	195	319
International	9	-4	-2	-12	-8	-18
Group-wide	2	15	-14	-61	-25	-72
Eliminations	-17	-14	-54	-32	-73	-51
Total	-39	25	58	164	129	235

*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

Sweden

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan-Dec 2021
SEK million						
Income	1,932	1,925	6,667	5,714	9,056	8,103
Operating profit	-25	21	7	24	39	57
Operating margin, %	-1.3	1.1	0.1	0.4	0.4	0.7

JULY – SEPTEMBER 2022

Income amounted to SEK 1,932 million (1,925). The increase is mainly attributable to Karlatornet being in full production, while projects previously included in divested project portfolios were also produced at a high pace compared with the corresponding quarter in the preceding year.

The operating loss amounted to SEK 25 million (profit 21) and the operating margin ended up at a negative 1.3 percent (positive 1.1). The operating profit and operating margin for the quarter were negatively affected by indirect effects associated with price increases in the market as a result of the unease in Europe, the inflation trend and a bankruptcy.

JANUARY – SEPTEMBER 2022

Income amounted to SEK 6,667 million (5,714), an increase of 17 percent. The increase is mainly attributable to Karlatornet having been in full production over most of the year, while projects previously included in divested portfolios were also produced at a high pace compared with the corresponding period in the preceding year.

Operating profit amounted to SEK 7 million (24) and the operating margin was 0.1 percent (0.4). The operating profit and operating margin for the period were negatively affected by indirect effects associated with price increases in the market as a result of the unease in Europe and a bankruptcy.



In August, a contracting agreement was signed for the second phase of the new treatment plant project in Kalmar. The project is to be completed in 2026 and the order is valued at about SEK 1.4 billion.

ORDER BOOKINGS AND ORDER BACKLOG

Order bookings SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2020/2021	Jan-Dec 2021
Contracting	2,684	1,195	6,119	4,596	7,868	6,345
Group	2,684	1,196	6,119	4,596	7,868	6,345
Order backlog SEK million	Sep 30 2022	Sep 30 2021	Dec 31 2021			
Contracting	11,994	12,642	12,101			
Group	11,994	12,642	12,101			

External order intake for the quarter amounted to SEK 2,684 million (1,195), which is an increase of 125 percent compared with the corresponding quarter last year.

The quarter's largest order amounted to SEK 1,417 million and was for the contract signed with Kalmar Vatten for the construction of a new water treatment plant. The project is scheduled for completion in 2026

Development in the market and future prospects have shifted towards a higher degree of uncertainty, requiring continued vigilance.

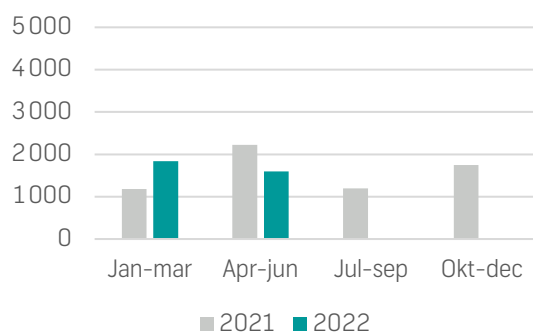
Underlying demand remains, although reflecting a certain shift from private clients for residential projects

to local government clients, with increased orders for public spaces and public properties.

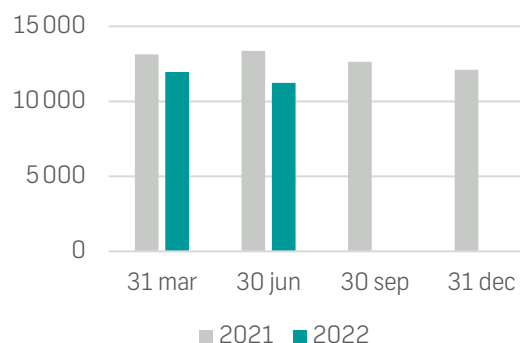
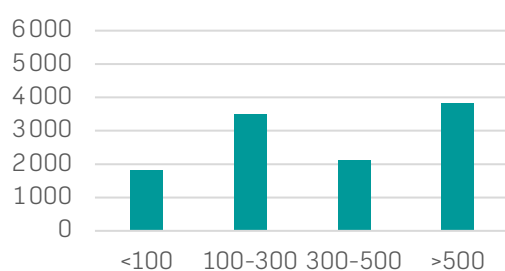
At the end of the third quarter, the external order backlog amounted to SEK 11,994 million (12,642). This entails a decrease of 5 percent compared with the corresponding quarter in the preceding year.

Of the order backlog for the upcoming years, green projects account for SEK 5,070 million. The projects involve constructing properties in accordance with established certification requirements that agree with Serneke's green framework.

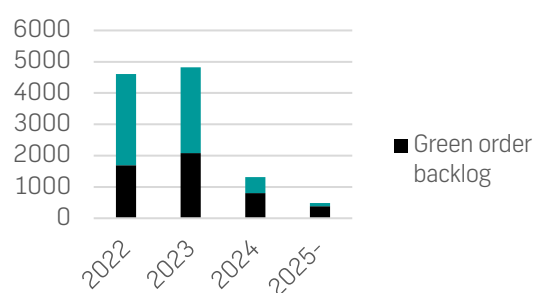
Order bookings (SEK million)



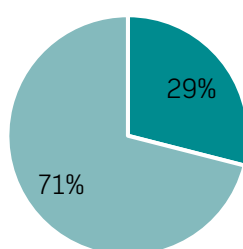
Order backlog (SEK million)

Project allocation order backlog
June 30, 2022

Order backlog over time

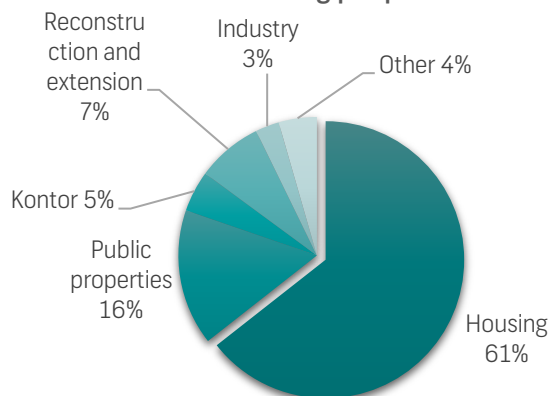


Order backlog per client



■ Public purchaser ■ Private purchaser

Order backlog per product mix



ASSIGNMENTS WITH ORDER VALUES OF MORE THAN SEK 100 MILLION IN JULY – SEPTEMBER 2022

Assignment	Location	Order value (SEK million)	(Anticipated) start of construction
Industry	Kalmar	1,417	Third quarter 2022
Public properties	Gothenburg	158	Third quarter 2022
Housing	Landskrona	150	Third quarter 2022



At the time of publishing this report, some 10 stories remained before reaching Karlatornet's total of 74. According to the plan, the tower will reach its full height of 246 meters by the summer of 2023. Photo: Kasper Dudzik

INVEST

Invest

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan-Dec 2021
SEK million						
Income	607	322	1,580	1,106	2,160	1,686
Share in profit of associates and joint ventures	2	2	7	9	-8	-6
Operating profit	-8	7	121	245	195	319
Operating margin, %	-1.3	2.2	7.7	22.2	9.0	18.9

JULY – SEPTEMBER 2022

The business area's income amounted to SEK 607 million (322), with the increase primarily comprising contracting income from Karlatornet AB (joint venture).

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

The operating loss amounted to SEK 8 million (profit 7). The operating loss is mainly attributable to declining sales of projects and building rights.

Development rights	Sep 30 2022	Sep 30 2021	Dec 31 2021
Number (GFA)			
Development rights on own balance sheet	121,256	237,170	196,624
Development rights through joint ventures	123,553	50,400	81,854
Agreed development rights not yet taken into possession	567,357	538,000	582,436
Total	812,165	825,570	860,913

Project and development properties

On September 30, 2022, the total book value of the project development portfolio in Invest amounted to SEK 1,558 million.

In-house-developed tenant-owner housing production projects	Sep 30 2022	Sep 30 2021	Dec 31 2021
Number of housing units under construction during the year	177	65	144
Number of housing units sold during the year	136	27	65
Total number of housing units under construction at the end of the period	561	453	532
Number of repurchased housing units on the Company's own balance sheet at the end of the period	13	0	0

***Comparative figures have been adjusted to include previous balances from the Sweden segment.**

JANUARY – SEPTEMBER 2022

Income amounted to SEK 1,580 million (1,106), with the increase primarily being attributable to the sale of parts 1 and 2 of the Auriga block to the Karlastaden Group AB joint venture. Contracting income of SEK 962 million in the Karlatornet AB joint venture contributed to the positive increase for the period. Additionally, income also comprises contracting income from the manufacture and assembly of steel pipe structures, property sales, 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 121 million (245). The positive operating profit is mainly explained by the sale of parts 1 and 2 of the Auriga block to the Karlastaden Group AB joint venture.

PARENT COMPANY

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

Income for July–September amounted to SEK 47 million (46) and consisted primarily of intra-Group services. Operating profit for the same period amounted to SEK 3 million (15).

Income for the period January–September amounted to SEK 140 million (113) and operating profit amounted to SEK 5 million (4).

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 33 of the 2021 Annual Report. During the year, related party transactions have occurred

with Lommen Sjöbefälet AB, Kongahälla Shopping AB, Ola Serneke Holding AB, Kviberg Skidanläggning AB, Limestone Management AB, JV Sersund AB, JV Karlatornet AB, JV Karlastaden Group 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 2022 until 30 September 2022:

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 primarily of the rent for Serneke's head office and purchases amounting to SEK 9.9 million. Transactions with Kongahälla Shopping 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 primarily involve contracting income amounting to SEK 2.0 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 0.7 million and sales to SEK 0.2 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 of SEK 0.6 million for tasks beyond the Board assignment. 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 12.7 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 875 million.

Transactions with Karlstad Group (JV) are considered to be related party transactions as Serneke owns 50 percent of Karlstad Group AB. The transactions primarily involve contracting income of SEK 182.2 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 3.2 million and purchases to SEK 22.1 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. Serneke is now experiencing a slowdown in the market in Sweden as a result of increased material and fuel prices, inflation and rising interest rates. The positive trend reported by the Company for some time cannot fully absorb the effects of the slowdown. The Company's overall business is dependent on sales from the project development operations. The shortfall in transactions affected earnings and resulted in a negative cash flow for the first nine months of 2022. Serneke's Board of Directors and Group Management are working on a series of measures to safeguard access to the requisite liquidity. During the autumn, the Company began implementing a program in which strong measures are to be taken with the aim of reducing costs and limiting investment in projects developed in-house, as well as intensifying efforts on sales of the Group's project portfolio and other assets with the aim of streamlining the Company's operations and freeing up liquidity. Ongoing dialogues are also being conducted with creditors. In the view of the Board of

Directors and Group Management, implementing the aforementioned measures will secure sufficient liquidity to safeguard 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 2021 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

Russia's invasion of Ukraine in February 2022 intensified the effects on the global economy that became apparent during the corona pandemic. The sanctions against Russia and Belarus introduced as a result of the war and the widespread uncertainty in the global economy are affecting the supply and transport of materials, as well as purchasing prices.

During the period, inflation and interest rates also shifted sharply, which could have an impact in the future through further increased prices and subdued demand.

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 September 30, 2022, Serneke had approximately 7,058 shareholders and the closing price on September 30, 2022, was SEK 32.0.

Serneke's ten largest shareholders, September 30, 2022

	Series A shares	Series B shares	Total number of shares	Percentage of shares outstanding, %	Percentage of votes, %
Ola Serneke Holding AB	3,710,000	2,439,698	6,149,698	21.73%	52.58%
Lommen Holding AB	540,000	3,646,482	4,186,482	14.79%	12.03%
Christer Larsson i Trollhättan AB	380,000	507,000	887,000	3.13%	5.73%
Ledge Ing AB	330,000	450,000	780,000	2.76%	4.99%
Vision Group i väst AB	250,000	550,662	800,662	2.83%	4.06%
Fastighets AB Balder	0	2,300,000	2,300,000	8.13%	3.06%
Svolder Aktiebolag	0	1,777,608	1,777,608	6.28%	2.36%
Försäkringsaktiebolaget Avanza	0	1,161,478	1,161,478	4.10%	1.54%
Mediuminvest AS	0	768,701	768,701	2.72%	1.02%
Bengt Erik Arne Stillström	0	377,907	377,907	1.34%	0.50%
Total, 10 largest	5,210,000	13,979,536	19,189,536	67.79%	87.88%
Other shareholders	0	9,117,169	9,117,169	32.21%	12.12%
Total shares outstanding	5,210,000	23,096,705	28,306,705	100.00%	100.00%
Repurchased shares	0	446,527	446,527		
Total shares registered	5,210,000	23,543,232	28,753,232		

Source: Euroclear and Serneke

Share class, number of shares and votes, September 30, 2022.

Share class	Shares	Votes excluding own holding
Series A shares	5,210,000	5,210,000
Series B shares	23,096,705	2,309,670.50
Total	28,306,705	7,519,670.50
Own holding	446,527	
Total number	28,753,232	

Share class	Shares	Votes
Series A shares	5,210,000	5,210,000
Series B shares	23,543,232	2,354,323.20
Total	28,753,232	7,564,323.20

FINANCIAL CALENDAR

Year-end report 2022	February 8, 2023
Annual General Meeting	May 3, 2023
Interim report January – March 2023	May 3, 2023
Interim report January – June 2023	July 14, 2023

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

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

Gothenburg, October 27, 2022
Serneke Group AB (publ)

Board of Directors

Jan C. Johansson
Chairman

Mari Broman
Member

Ludwig Matsson
Member

Veronica Rörsgård
Member

Per Åkerman
Member

Fredrik Alvarsson
Member

Lars Kvarnsund
Member

Michael Berglin
CEO

For further information:

Michael Berglin, President and CEO
e-mail: Michael.berglin@serneke.se
Phone: +46 (0) 31 712 97 00

Anders Düring, CFO
E-mail: anders.antonsson@serneke.se
Phone: +46 (0)70 88 87 733

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 October 27, 2022, at 8:00 a.m.

REVIEW REPORT

Serneke Group AB (publ) Corp. ID No. 556669–4153

INTRODUCTION

We have performed a summary review of the interim financial information (interim report) for Serneke Group AB (publ) as of 30 September 2022 and the nine-month period ending on that date. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

DISCLOSURE OF PARTICULAR IMPORTANCE

Without affecting our conclusion above, we would like to draw the reader's attention to the information provided in the interim report under the section "Significant risks and uncertainties" on pages 13–14. It states that the company's cash flow for the nine-month period is negative. The company is working with a series of measures in order to reduce costs and limit investments in self-developed projects and intensified work with the sale of the group's project portfolio as well as other assets with the aim of streamlining the company's operations and improving liquidity. Furthermore, dialogues are held with various creditors. The measures aim to ensure access to the necessary liquidity to continue the company's development according to plan.

Gothenburg, October 27, 2022

PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorized Public Accountant
Principal auditor

Konstantin Belogorcev
Authorized Public Accountant

QUARTERLY DATA AND MULTI-YEAR REVIEW

	Jul-Sep	Apr- Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr- Jun	Jan-Mar	Oct-Dec	Jul-Sep
SEK million	2022	2022	2022	2021	2021	2021	2021	2020	2020
Income									
Sweden	1,932	2,709	2,026	2,389	1,925	2,019	1,770	2,025	1,592
Invest	607	472	501	580	322	447	337	223	28
International	0	0	0	0	0	0	0	0	0
Group-wide	47	46	46	42	46	33	33	17	20
Eliminations	-531	-569	-521	-468	-325	-225	-190	-99	-142
Total	2,055	2,658	2,052	2,543	1,968	2,274	1,950	2,166	1,498
Operating profit									
Sweden	-25	22	10	32	21	14	-10	-65	-62
Invest	-8	69	60	74	7	167	71	-4	-10
International	9	-6	-5	-5	-4	-4	-4	-3	-3
Group-wide	2	-5	-11	-11	15	-59	-17	-6	0
Eliminations	-17	-19	-18	-19	-14	-10	-9	31	-4
Total	-39	61	36	71	25	108	31	-47	-79
Operating margin, %	-1.9	2.3	1.8	2.8	1.3	4.7	1.6	-2.2	-5.3
Profit after net financial items	-87	65	38	74	33	111	38	-119	-82
Profit/loss for the period	-92	72	55	87	37	178	46	-72	-66
Balance sheet									
Fixed assets	3,242	3291	2894	2725	2655	2522	2158	2156	757
Current assets	3,450	3582	4052	4189	3810	3775	3807	3836	4962
Total assets	6,692	6,873	6,946	6,914	6,465	6,297	5,965	5,992	5,719
Shareholders' equity	2,518	2,602	2,527	2,467	2,372	2,340	2,161	1,946	1,896
Non-current liabilities	1,603	1,449	752	740	1,200	1,177	1,182	1,058	1,245
Current liabilities	2,571	2,822	3,667	3,707	2,893	2,780	2,622	2,988	2,578
Total equity and liabilities	6,692	6,873	6,946	6,914	6,465	6,297	5,965	5,992	5,719
Orders									
Order bookings	2,684	1,598	1,837	1,749	1,196	2,221	1,179	4,852	961
Order backlog	11,994	11,234	11,966	12,101	12,642	13,372	13,126	13,619	10,623
Employees									
Average number of employees	1,321	1,304	1,269	1,205	1,205	1,189	1,174	1,161	1,180

KEY INDICATORS

IFRS-based key indicators

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan-Dec 2021
Income	2,055	1,968	6,765	6,192	9,308	8,735
Earnings per share, SEK, before dilution	-3.25	1.32	1.24	9.38	4.32	12.48
Earnings per share, SEK, after dilution	-3.25	1.32	1.24	9.38	4.32	12.48
Weighted average number of shares before dilution	28,306,705	27,938,245	28,281,749	27,938,245	28,219,848	27,962,221
Weighted average number of shares after dilution	28,306,705	27,938,245	28,281,749	27,938,245	28,219,848	27,962,221

Other key indicators

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan-Dec 2021
Operating profit	-39	25	58	164	129	235
Growth, %	4.4	31.4	9.3	31.6	11.4	27.1
Order bookings	2,684	1,196	6,119	4,596	7,868	6,345
Order backlog	11,994	12,642	11,994	12,642	11,994	12,101
Organic growth, %	4.4	31.4	9.3	31.6	11.4	27.1
Operating margin, %	-1.9	1.3	0.9	2.6	1.4	2.7
Cash flow before financing	-282	182	-557	271	-693	135
Cash flow from operations per share, before dilution	-9.22	7.40	-17.43	9.12	-22.43	4.11
Cash flow from operations per share, after dilution	-9.22	7.40	-17.43	9.12	-22.43	4.11
Equity per share, SEK, before dilution	88.95	84.90	88.95	84.90	88.95	87.85
Equity per share, SEK, after dilution	88.95	84.90	88.95	84.90	88.95	87.85
Working capital	879	917	879	917	879	482
Capital employed	3,901	3,830	3,901	3,830	3,901	3,961
Return on capital employed, %	4.9	4.4	4.9	4.4	4.9	7.8
Return on equity after taxes, %	5.0	8.9	5.0	8.9	5.0	15.8
Equity/assets ratio, %	37.6	36.7	37.6	36.7	37.6	35.7
Net debt	-1,135	-863	-1,135	-863	-1,135	-873
Net debt/equity ratio, %	-45.1	-36.4	-45.1	-36.4	-45.1	-35.4
Net debt/EBITDA	-5.4	-4.3	-5.4	-4.3	-5.4	-2.8

SUMMARY FINANCIAL STATEMENTS

SUMMARY OF CONSOLIDATED INCOME STATEMENT

Summary of Consolidated Income Statement						
SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan-Dec 2021
Income	2,055	1,968	6,765	6,192	9,308	8,735
Production and administration expenses	-2,033	-1,906	-6,521	-5,933	-8,932	-8,344
Gross profit	22	62	244	259	376	391
Sales and administration expenses	-46	-26	-139	-93	-196	-150
The effect on profit of establishing the joint venture	0	0	0	0	0	0
Share in profit of associates and joint ventures	-15	-11	-47	-2	-51	-6
Operating profit	-39	25	58	164	129	235
Net financial items	-48	8	-42	18	-39	21
Profit after financial items	-87	33	16	182	90	256
Tax	-5	4	19	80	32	93
Profit/loss for the period	-92	37	35	262	122	349
Attributable to:						
Parent Company shareholders	-92	37	35	262	122	349
Non-controlling interests	0	0	0	0	0	0
Earnings per share before dilution, SEK	-3.25	1.32	1.24	9.38	4.32	12.48
Earnings per share after dilution, SEK	-3.25	1.32	1.24	9.38	4.32	12.48
Average number of shares before dilution	28,306,705	27,938,245	28,281,749	27,938,245	28,219,848	27,962,221
Average number of shares after dilution	28,306,705	27,938,245	28,281,749	27,938,245	28,219,848	27,962,221

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan-Dec 2021
Profit/loss for the period	-92	37	35	262	122	349
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	-92	37	35	262	122	349

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	Sep 30 2022	Sep 30 2021	Dec 31 2021
Assets			
<i>Fixed assets</i>			
Intangible fixed assets	26	24	25
Other tangible fixed assets	316	365	351
Investments in associates/joint ventures	161	155	160
Deferred tax assets	127	94	108
Non-current interest-bearing receivables	2,407	1,812	1,900
Other non-current receivables	205	205	181
Total fixed assets	3,242	2,655	2,725
<i>Current assets</i>			
Project and development properties	1,562	1,653	1,704
Inventories	2	1	1
Accounts receivable	935	789	966
Accrued but not invoiced income	515	523	555
Other current receivables	198	241	388
Cash and bank balances	238	603	575
Total current assets	3,450	3,810	4,189
Total assets	6,692	6,465	6,914
Equity and liabilities			
Shareholders' equity	2,518	2,372	2,467
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	1,346	975	467
Other non-current liabilities	74	66	71
Deferred tax liability	0	0	0
Other provisions	183	159	202
Total non-current liabilities	1,603	1,200	740
<i>Current liabilities</i>			
Current interest-bearing liabilities	164	577	1,135
Current tax liabilities	0	0	0
Accounts payable	1,219	1,194	1,344
Invoiced but not accrued income	758	791	744
Other current liabilities	430	331	484
Total current liabilities	2,571	2,893	3,707
Total equity and liabilities	6,692	6,465	6,914

SUMMARY OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK million	Sep 30 2022	Sep 30 2021	Dec 31 2021
Equity attributable to Parent Company shareholders			
Balance at beginning of period	2,467	1,946	1,946
New share issue	-	166	166
Share-related compensation	15	-2	6
Other	-	-	-
Transactions with non-controlling interests	-	-	-
Changed accounting policy	-	-	-
Comprehensive income for the period	36	262	349
Non-controlling interests			
Acquisition of non-controlling interests	-	-	-
Comprehensive income for the period	-	0	-
Balance at end of period	2,518	2,372	2,467

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan-Dec 2021
<i>Operating activities</i>						
Cash flow before change in working capital	-7	95	-141	98	-103	136
Change in working capital	-254	111	-352	156	-530	-22
Cash flow from operating activities	-261	207	-493	255	-633	115
<i>Investing activities</i>						
Increase/decrease in investing activities	-21	-25	-64	16	-60	20
Cash flow from investing activities	-21	-25	-64	16	-60	20
Cash flow before financing	-282	182	-557	271	-693	135
<i>Financing activities</i>						
Newly raised borrowings	197	108	979	316	1,089	426
New share issue	0	0	0	167	0	167
Amortization of liabilities	-24	-24	-900	-389	-968	-457
Dividend	0	0	0	0	0	0
Increase/decrease in financing activities	-24	2	141	4	207	70
Cash flow from financing activities	149	86	220	98	328	206
Cash flow for the period	-133	268	-337	369	-365	341
Cash and cash equivalents at beginning of period	371	335	575	234	603	234
Cash and cash equivalents at end of period	238	603	238	603	238	575

PARENT COMPANY CONDENSED INCOME STATEMENT

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan- Dec 2021
Income	47	46	140	113	182	155
Sales and administration expenses	-44	-31	-135	-109	-183	-157
Operating profit	3	15	5	4	-1	-2
Net financial items	-8	-13	-34	-52	-51	-69
Profit after financial items	-5	2	-29	-48	-52	-71
Appropriations	0	0	0	0	0	0
Profit/loss before tax	-5	2	-29	-48	-52	-71
Tax	0	-2	3	7	-3	1
Profit/loss for the period	-5	0	-26	-41	-55	-70

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/2022	Jan- Dec 2021
Profit/loss for the period	-5	0	-26	-41	-55	-70
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	-5	0	-26	-41	-55	-70

PARENT COMPANY CONDENSED BALANCE SHEET

SEK million	Sep 30 2022	Sep 30 2021	Dec 31 2021
Assets			
<i>Fixed assets</i>			
Tangible fixed assets	9	8	8
Investments in Group companies	459	307	360
Deferred tax assets	17	20	14
Other non-current receivables	3	3	3
Total fixed assets	488	338	385
<i>Current assets</i>			
Project and development properties	0	2	2
Other current receivables	985	1,438	1,498
Cash and bank balances	14	352	313
Total current assets	999	1,792	1,813
Total assets	1,487	2,130	2,198
Equity and liabilities			
Shareholders' equity	518	552	530
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	8	518	3
Other provisions	2	1	2
Total non-current liabilities	10	519	5
<i>Current liabilities</i>			
Current interest-bearing liabilities	2	7	523
Accounts payable	8	9	8
Other current liabilities	949	1,043	1,132
Total current liabilities	959	1,059	1,663
Total equity and liabilities	1,487	2,130	2,198

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 2021 Annual Report. For detailed information regarding accounting policies, see Serneke's 2021 Annual Report, see 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 2021 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.

	Sep 30 2022	Sep 30 2021	Dec 31 2021
Group SEK million			
Financial assets			
Non-current interest-bearing receivables*	2,400	1,834	1,893
Available-for-sale financial assets**	2	2	2
Total financial assets	2,402	1,836	1,895
Financial liabilities			
Other short- and long-term liabilities	10	18	18
Of which, additional purchase considerations***	10	18	18
Total financial liabilities	10	18	18

* As of September 30, 2022, the shareholder loan for Karlatornet is recognized at SEK 1,231 million. The remainder of the receivable is attributable to the joint ventures established with Fastighets AB Balder in 2020 and in the second quarter of 2021.

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

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

For the Group's 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.

The repayment of the financial receivables regarding Karlatornet presupposes that the underlying calculations, which also pertain to the valuation of the underlying assets, proceed in accordance with the forecast and, if a deviation were to occur entailing there being no funds available to enable the payment of the dividend to Balder, Serneke has undertaken to convert the shareholder loan into a contingent shareholder contribution.

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:

	Sep 30	Sep 30	Dec
	2022	2021	31
Group			
Pledged assets	2,580	2,190	2,367
Contingent liabilities	4,784	1,247	2,677
Parent Company			
Pledged assets	300	300	300
Contingent liabilities	7,767	3,252	4,987

Note 4 – Breakdown of income

Jul-Sep 2022, SEK million	Sweden	Invest	International	Group-wide	Eliminations	Total
Construction income	1,931	583	-	-	-482	2,032
Sale of properties and development rights	0	0	-	-	-	0
Rental income	0	2	-	2	-2	2
Other income	1	22	-	45	-47	21
Total income	1,932	607	0	47	-531	2,055
Date of income recognition:						
At a specific time	1	22	-	45	-47	21
Over time	1,931	585	-	2	-484	2,034
Total income	1,932	607	0	47	-531	2,055
Jul-Sep 2021, SEK million	Sweden	Invest	International	Group-wide	Eliminations	Total
Construction income	1,907	267	-	-	-279	1,895
Sale of properties and development rights	15	38	-	-	-	53
Rental income	0	1	-	3	-3	1
Other income	3	16	-	43	-43	19
Total income	1,925	322	0	46	-325	1,968
Date of income recognition:						
At a specific time	18	54	-	43	-43	72
Over time	1,907	268	-	3	-282	1,896
Total income	1,925	322	0	46	-325	1,968
Jan-Sept 2022, SEK million	Sweden	Invest	International	Group-wide	Eliminations	Total
Construction income	6,320	1,291	-	-	-1,482	6,129
Sale of properties and development rights	340	214	-	-	-	554
Rental income	0	6	-	7	-7	6
Other income	7	69	-	132	-132	76
Total income	6,667	1,580	0	139	-1,621	6,765
Date of income recognition:						
At a specific time	347	283	-	132	-132	630
Over time	6,320	1,297	-	7	-1489	6,135
Total income	6,667	1,580	0	139	-1,621	6,765

Jan-Sep 2021, SEK million	Sweden	Invest	International	Group-wide	Eliminations	Total
Construction income	5,688	640	-	1	-629	5,700
Sale of properties and development rights	18	250	-	-	-	268
Rental income	0	4	-	9	-9	4
Other income	8	212	-	103	-103	220
Total income	5,714	1,106	0	113	-741	6,192
Date of income recognition:						
At a specific time	26	462	-	103	-103	488
Over time	5,688	644	-	10	-638	5,704
Total income	5,714	1,106	0	113	-741	6,192

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.					
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
Calculation of organic growth		2022	2021	2022	2021	2021/2022	2021
Income current period		2,055	1,968	6,765	6,192	9,308	8,735
Income corresponding to previous period		1,968	1,498	6,192	4,705	8,358	6,871
Income change		87	470	573	1,487	950	1,864
Adjustment for structural effect		0	0	0	0	0	0
Total organic growth		87	470	573	1,487	950	1,864
Total organic growth (%)		4.4%	31.4%	9.3%	31.6%	11.4%	27.1%
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.					
		Sep 30	Sep 30				Dec 31
Calculation of capital employed		2022	2021				2021
Total assets		6,692	6,465				6,914
Deferred tax assets		-127	-94				-108
Less non-interest-bearing liabilities including deferred tax liabilities		-2,664	-2,541				-2,845
Capital employed		3,901	3,830				3,961

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.			
			Sep 30	Sep 30	Dec 31
		Calculation of average capital employed	2022	2021	2021
		Sep 30, 2022 (3,901) + Sep 30, 2021 (3,830) / 2	3,866		
		Sep 30, 2021 (3,830) + Sep 30, 2020 (3,667) / 2		3,749	
		Dec 31, 2021 (3,961) + Dec 31, 2020 (3,539) / 2			3,750
			Sep 30	Sep 30	Dec 31
		Calculation of return on capital employed	2022	2021	2021
		Profit after net financial items	90	63	256
		Plus financial expenses	100	93	38
		Average capital employed	3,866	3,749	3,750
		Return on capital employed	4.9%	4.2%	7.8%
	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.		
			Sep 30	Dec 31
		Calculation of average shareholders' equity	Sep 30 2022	Sep 30 2021
		Sep 30, 2022 (2,518) + Sep 30, 2021 (2,372) / 2	2,445	
		Sep 30, 2021 (2,372) + Sep 30, 2020 (1,896) / 2		2,134
		Dec 31, 2021 (2,467) + Dec 31, 2020 (1,946) / 2		2,207
			Sep 30 2022	Sep 30 2021
		Calculation of return on shareholders' equity		Dec 31 2021
		Profit/loss for the period	122	190
		Average shareholders' equity	2,445	2,134
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 1,300 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

Serneke Group AB (publ)

Headquarters:

Kvarnbergsgatan 2

SE-411 05 Gothenburg

Phone +46 (0)31-712 97 00 | info@serneke.se

Presentation of the Interim Report for January–September 2022

On October 27, 2022, at 10:00 a.m. (CET), Serneke Group will comment on this Interim Report in a live online presentation for investors, analysts and the media. The presentation will be in Swedish and can be followed live via webcast at <https://youtu.be/CGBfzVW5ILQ>. Presentation materials for the presentation will be available on the website two hours before the webcast begins.