





## CONTENTS

### Overview

About Serneke .....	3
The year in brief .....	4
CEO Statement .....	5
Focus on stability and profitability .....	7
External developments and trends .....	8
A clear strategy .....	10
Business model .....	11
Targets .....	12

### Developments in 2022

Group .....	13
Serneke Sweden .....	14
Serneke Invest .....	18
Serneke International .....	23

### Sustainability Report

About the Sustainability Report .....	26
Serneke's sustainability framework .....	27
Social responsibility .....	28
Environmental responsibility .....	31
Responsible governance .....	34
Sustainability notes .....	36
EU taxonomy .....	45
GRI index .....	48
Auditor's report .....	50

### Financial accounts

The share .....	51
Board of Director's Report .....	53
Risks and risk management .....	56
Corporate governance report .....	60
Board of Directors .....	69
Management .....	71
Multi-year summary .....	73
Financial definitions .....	75
Financial reports .....	78
Notes .....	91
Audit Report .....	122
Annual General Meeting .....	126

# WE BUILD SOUNDER RELATIONSHIPS TO BUILD A SOUNDER WORLD

Serneke is one of Sweden's largest construction groups with a comprehensive offering in contracting and project development. By building sounder relationships with everyone involved in our projects, we help build a sounder world.

## Focus on contracting operations and project development



### CONTRACTING OPERATIONS (SERNEKE SWEDEN)

Serneke Sweden performs contracting in construction, civil engineering and infrastructure-related operations. The business area conducts construction contracting for both external customers, as well as Business Area Invest.

*Read more on page 14.*



### PROJECT DEVELOPMENT (SERNEKE INVEST)

Serneke Invest develops project and development properties. In addition to yielding returns on project divestments, the operations also aim to generate assignments for Serneke Sweden's contracting operations.

*Read more on page 18.*



### SUSTAINABLE SOCIAL DEVELOPMENT

Commitment to society permeates everything we do – helping to develop communities, towns and cities, as well as society in general. By virtue of our size, we have both an opportunity and a responsibility to contribute to a sustainable development. Through our operations, we play an important role in society's climate transition and its quest for circular resource flows. Both to facilitate

the transition and build an efficient organization at the fore, we strive to develop a vibrant and inclusive workplace where diversity in society is represented at all levels within the organization, while also advancing the digitalization of the operations to a new level.

*Read more about how we contribute to sustainable development on pages 25–50.*

# THE YEAR IN BRIEF

## Tangible slowdown in the market

Over the year, external developments with inflation, rising interest rates, increased geopolitical unrest and a cement crisis came to affect large parts of the contracting, project and property markets. The consequences included a slowdown in housing construction, fewer transactions and a sharp rise in prices for materials and fuel.

## Focus on profitability and stability

Over the year, work continued in accordance with the business plan adopted in 2020, which aimed to secure strengthened profitability and improved profitability. Over the year, substantial focus was placed on cost controls, the control and screening of contracting assignments, as well as on investments in projects developed in-house.

At the end of the year, a major cost-savings program was adopted that, in addition to personnel cutbacks, also entailed phasing out several operations within the contracting operations. On the whole, the measures are expected to result in costs being cut by about SEK 120 million on an annual basis.

## Continued development of Karlastaden

In the Karlastaden district, the construction of the Karlatornet tower and the Capella block took several major steps forward over the year. At the same time, the partnership with Balder was deepened through the sale of the Auriga block to the jointly owned company Karlastaden Group AB.

## New sustainability framework launched

Over 2022, a detailed review was performed of the Group's sustainability work. In addition to identifying the areas with the greatest impact at the level of the planet, society and the individual, also analyzed were the sustainability areas that risk incurring the greatest financial impact on the operations. The work has resulted in a new sustainability framework, comprising nine areas of focus.

## Conversion of shares

Over the year, all Series A and B shares were converted. Although the total number of shares (28,753,232 shares) remained unchanged, the conversion resulted in the total number of votes decreasing from 7,267,323 to 2,875,323.



“ It feels highly satisfying to continue contributing to the development of the Kalmarsundsverket treatment plant and the crucial initiative in the sustainable management of water, one of our most important resources. As Sweden's population continues to grow, the Kalmarsundsverket treatment plant will serve as a model for similar, much-needed investments.

Mikael Hultqvist  
President of Serneke Sweden

## KEY INDICATORS

SEK million	2022	2021
Income	9,205	8,735
Operating profit	-109	235
Operating margin, %	-1.2	2.7
Earnings per share, SEK, after dilution	-8.24	12.48
Equity per share, SEK, after dilution	79.56	87.85
Equity/assets ratio, %	31.7	35.7
Net debt/receivable	-625	-873
Net debt/equity ratio, %	-27.8	-35.4
Order bookings	7,093	6,345
Order backlog	10,582	12,101

## FINANCIAL DEVELOPMENT IN 2022

The operating loss amounted to SEK 109 million (profit 235). The change compared with last year is primarily due to lower profit on sales in Business Area Invest. External unrest causing a cautious appetite in the market, price trends for materials, and the bankruptcy of a subcontractor have affected operating profit negatively.

## Increasing proportion of public properties in the order book

Order bookings for 2022 amounted to SEK 7,093 million (6,345). Over the year, the proportion of public sector customers and public properties continued to increase. Of the ten largest contracts in 2022, public properties accounted for about 70 percent. The external order backlog at the end of the year amounted to SEK 10,582 million (12,101), a decline of 13 percent compared with the preceding year. The decline was mainly due to large volumes being in production, as well as increased selectivity in bidding processes. The largest individual order for the year comprised a contracting agreement for the construc-

tion of a new treatment plant for Kalmar Vatten. The value of the order amounted to about SEK 1.4 billion and the project is scheduled for completion during 2026. The new Kalmarsundsverket plant will be a water recycling plant that uses modern technology to meet future requirements for a sustainable treatment plant. In addition to cleaning waste water, the Kalmarsundsverket plant will be able to recycle water that can be used for irrigation and in industry, and that can be used to produce soil improvement products, as well as gas for generating electricity and heat.

CEO statement

# “HIGH PACE OF CHANGE IN CHALLENGING TIMES”

From the outset in 2002, Serneke has had a clear and pronounced focus on growth. Our aim has always been to challenge the top players, and thereby change the game plan in the construction market. To a large extent, that objective has been achieved. Today, Serneke holds a strong position in the market, with the means and capacity to compete in earnest for the largest assignments. At the same time, growth has been achieved at the expense of profitability, causing challenges in the current market situation.

The development of the market was reflected clearly in our earnings for 2022. The operating loss amounted to SEK 109 million (profit 235). The change compared with last year is explained primarily by lower sales revenues related to the project development activities within Serneke Invest, sharply increased prices for construction materials and the structural changes that have been implemented. Earnings were also affected by increased provisions for disputes in connection with older projects undertaken during the Company's growth phase. With these projects now being delivered, their impact will gradually decrease – and the quality of the order book will increase accordingly.

Sales amounted to SEK 9,205 million (8,735). The increase is largely attributable to the high pace of production at the Karlatornet tower, as well as to our Central and South regions having contributed increased production volumes. At the end of the year, the order backlog amounted to about SEK 10 billion, compared with about SEK 12 billion at the end of 2021. Although the decrease was partly attributable to large volumes being in production, it is also due to the increased degree of selectivity regarding the projects we enter into.

Order bookings amounted to SEK 7,093 million (6,345) over the year. Of the ten largest contracts in 2022, public properties accounted for about 70 percent. It is worth noting that projects of this type are

often conducted collaboratively, with long lead times. We currently have about ten such projects at an initial phase, not having yet been ordered but with a combined value of about SEK 2 billion on full conversion. Along with future volumes within Karlastaden, this contributes to stability and security.

### Major focus on stability and profitability

To meet external developments, we have, during the year, intensified the work commenced in 2020 and that has, to date, included a review of the entire operations and a clear shift in focus – from growth to profitability. Measures included establishing a new organization, more careful screening of the projects we enter into, clearer processes and procedures regarding project management, as well as decisions regarding cost savings. Considerable energy has, of course, also been invested in ensuring the financing and construction of the Karlatornet tower.

Despite major pandemic-related challenges, the work has been successful and resulted in tangible improvements in several areas. As of the third quarter of 2020 and the second quarter of 2022, we have seen a continuous and gradual strengthening of the operating margin, albeit from low levels. Developments show that although we are on the right path, we have not progressed sufficiently to be able to fully absorb the cumulative effects of sharply rising

prices for construction materials, generally subdued demand for construction contracts and a noticeable slowdown in the transaction market.

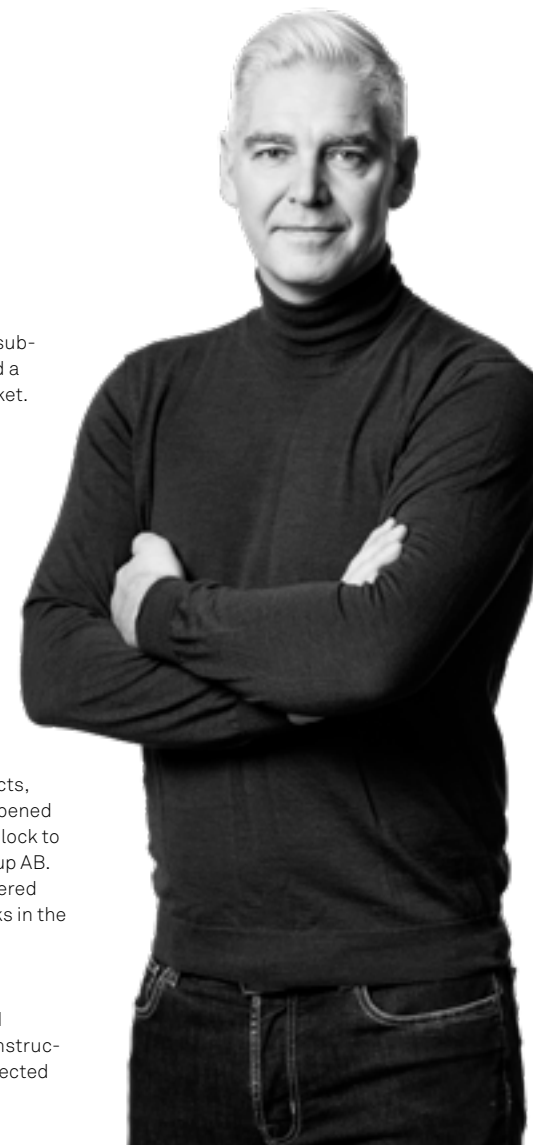
### Karlatornet on schedule and on budget

The development of the Karlastaden district took several important steps forward during the year. The construction of Karlatornet is on schedule and on budget. The final stories are in full production, with the tower expected to reach its final height at 246 meters and 74 stories in the summer of 2023. The completion of our largest and most significant individual project is of the highest priority. The objective is for tenants to start moving into Gothenburg's new landmark in the third quarter of 2023.

With regard to Karlastaden in other respects, the partnership with Balder was further deepened over the year through the sale of the Auriga block to the jointly owned company Karlastaden Group AB. All in all, this means we have now sold or entered into partnerships for seven of the eight blocks in the district.

### A clear plan ahead

The external uncertainty is considerable and exactly for how long or to what extent the construction and contracting market in Sweden is affected



## CONT. CEO STATEMENT

remains to be seen. In the shorter perspective, we will likely face continued challenges in the form of, for example, high inflation and high prices on certain inputs.

In a changing world, it is important to act quickly and to adapt. That is what we are now doing. The focus is on streamlining and screening. We shall do more of what we are good at and that at which we are competitive over time. With regard to the foundation of our operations, construction contracting, we shall continue our efforts to develop our offering, streamline production and implement systems and procedures enabling even better control and monitoring. We shall also continue to develop our organization and our working methods with the purpose of enhancing our agility in both decision-making and implementation. Here, shall we shall become even better at taking advantage of the opportunities brought by digitalization and more data-driven approaches. In particular, the focus is on initiatives aimed at producing better prerequisites for the planning and implementation of projects. Through active work on technological development, digitalization and automation, our ambition is to facilitate lower construction costs, as well as higher quality in the finished product. Particularly prioritized initiatives include developing systems of cooperation, management and review of the operations.

Our project development activities are focused on completing Karlatornet and the further development of the Karlastaden district. Completed projects are to be divested. We have no long-term ownership ambitions. The same applies to other operations outside the core operations.

#### A focused sustainability agenda

Other important areas going forward include continued investment in sustainability. This forms a central part in both the further development of our offering, as well as in our efforts to safeguard profitability and stability.

Our sustainability work is broad, spanning numerous areas. In 2022, a review of the work was performed – determining what we already do and what we should do. In addition to identifying the areas with the greatest impact at the level of the planet, society and the individual, also analyzed were the sustainability areas that risk incurring the greatest financial impact on the operations going forward. The work has resulted in a new sustainability framework covering the three areas of social responsibility, environmental responsibility and responsible governance. The purpose is to ensure a sustainable transition, strengthen competitiveness and optimize the creation of value – for customers, employees, shareholders and society at large.

Through our projects we seek to take responsibility and to contribute to positive social development, secure housing and environments and places that promote activity, meetings, health and integration. Here, by virtue of our size, we can actually make a difference. At the same time, the construction and contracting sector accounts for a large part of greenhouse gas emissions in Sweden. Here we need to collaborate and think in new ways – customers and contractors alike. Based on our framework, we are now taking a structured approach to how we will work in the future. This work encompasses both preventative measures to reduce emissions and other negative impacts, as well as adaptations to, and changes in, our offering. Looking at emissions specifically, the target is to halve the greenhouse gas emissions from our operations by 2030 and to achieve net zero emissions by 2045 at the latest.

Ambitions in the area of sustainability also include transparency in reporting and review. Over the upcoming years, the requirements in this regard will increase further, not least as a consequence of the new EU directive that is expected to take effect as of 2024. As of the Annual and Sustainability Report for 2022, we will take a step in this direction

by initiating reporting in accordance with the Global Reporting Initiative's (GRI) standard.

#### Courage to keep developing

Twenty years have now passed since Serneke was founded. Over the first 18 years, up until 2020, the focus was on growth. The ambition was to attain a volume allowing the Group to challenge the largest players, thereby altering the playing field in the construction market. To a large extent, that objective has been achieved. Today, Serneke has the capacity to compete for the largest contracting assignments. In parallel, we have established our own project development operations, in which Karlastaden constitutes the largest individual project. The ambition and capacity to establish a new district in central Gothenburg has put us on the map – while also bringing occasional financial challenges and taking focus from other Group operations. As we now look ahead, we should draw benefit from the strengths that brought us here – while also learning from our conclusions.

We enter 2023 with a clear idea of how we want to continue developing, both in individual areas and as a whole. None of this can be achieved, however, without the participation, commitment and willingness of the entire organization, as well as its courage to continue developing. I would therefore like to conclude by expressing my appreciation for the energy and progressive spirit that has, and continues to, pervade the efforts of the whole organization. In times of challenging and comprehensive change, that is precisely what it takes.

Gothenburg, March 2023

Michael Berglin, President and CEO

“ In a changing world, it is important to act quickly and to adapt. That is what we are now doing. The focus is on streamlining and screening. We shall do more of what we are good at and that at which we are competitive over time.

# FOCUS ON STABILITY AND PROFITABILITY

From the outset in 2002, Serneke has had a clear and pronounced focus on growth. Our aim has always been to challenge the top players, and thereby change the game plan in the construction market. To a large extent, that objective has been achieved. Today, Serneke holds a strong position in the market, with the means and capacity to compete in earnest for the largest assignments. At the same time, growth has been achieved at the expense of profitability, causing challenges in the current market situation.

Since 2021, Serneke has worked based on a new business plan that places substantial focus on profitability and stability in all areas, a strong brand and a successful culture. Central parts have initially involved strengthening both the organization and its management, prioritizing appropriate project types, improving control and project follow-up, reducing the number of management levels and integrating aspects of sustainability into the business strategy to a greater extent. Considerable focus has also been placed on securing the financing and implementation of the Karlastaden and Karlatornet project, Serneke's largest individual project.

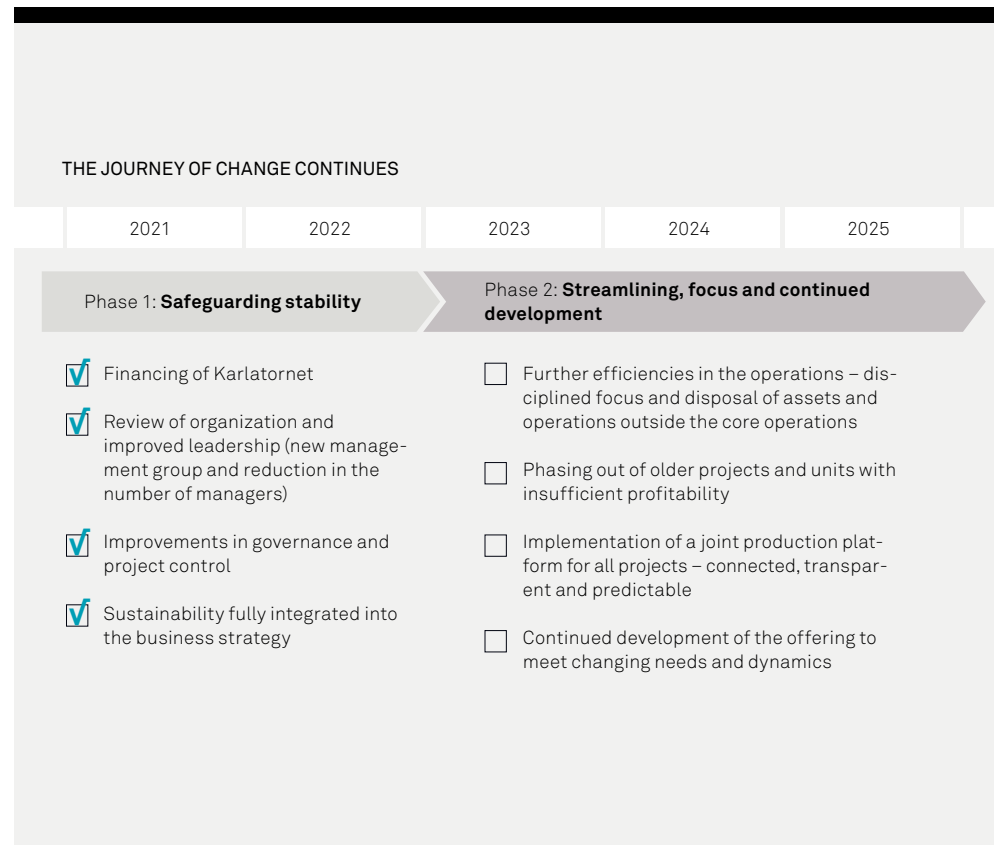
This work has been successful, resulting in tangible improvements, although insufficiently vigorous to absorb the effects of sharply rising costs for construction materials, generally subdued demand for contracting assignments and a tangible slowdown in the transaction market.

### Discipline, streamlining and a clear focus

Against the backdrop of the challenging external and market situation, these efforts were further intensified in 2022. Among the more important parts were measures to improve profitability in the contracting operations. This work will continue over the upcoming years. Regarding the project development activities, the focus is on completing the Karlastaden district, which also includes the Karlatornet tower. Operations and assets not deemed to constitute core operations are to be divested.

“Through active work on technological development, digitalization and automation, our ambition is to facilitate lower construction costs, as well as higher quality in the finished product.

Michael Berglin  
President and CEO



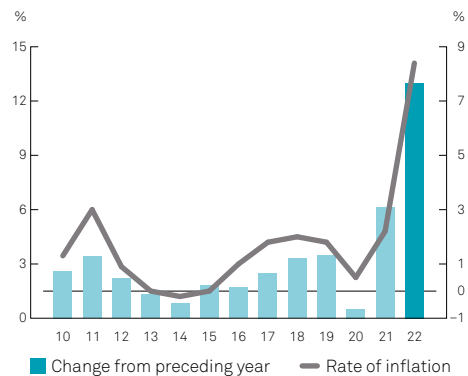
# A CHALLENGING EXTERNAL ENVIRONMENT

Sharply rising energy prices, interest rate hikes and record-high inflation brought major challenges for the construction and the contracting markets in 2022. Costs for materials rose by about 14 percent over the year. Towards the end of the year, a tangible slowdown in demand for construction and contracting services was noted, at the same time as the worsening macroeconomic situation and rising interest rates contributed to a tangible slowdown in the transaction market.

## Rising costs for construction and materials

Statistics Sweden's construction cost index for multi dwelling buildings rose by about 25 percent between 2020 and 2022. In 2022 alone, construction costs rose by slightly more than 15 percent, the highest pace of increase over the past 50 years. The trend began as a consequence of the pandemic and the shortages of commodities and other materials arising at that time. Since then, the trend has further accelerated as a result of strong inflation. Contractors' costs account for slightly more than 80 percent of the construction cost index. Towards the end of the year, however, somewhat declining costs for important inputs such as wood, iron and steel were noted. This trend has then continued in early 2023.

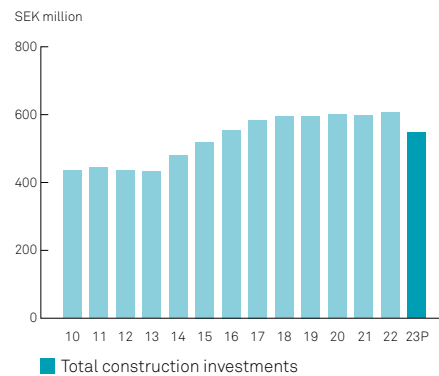
CONSTRUCTION COST TRENDS 2010–2022



## Reduced construction and lower rate of investment

Housing construction slowed sharply towards the end of 2022 and is expected to continue decreasing in 2023, according to National Board of Housing, Building and Planning. In total, it is estimated that 33,000 homes will be approved to commence construction during the year, compared with 60,000 in 2022 and 71,000 in 2021. The Swedish Construction Federation also estimates that the premises and facilities sectors will decline, although not quite to the same extent. Principal driving forces are expected to include rising interest rates, falling disposable income and housing prices, as well as investment subsidies being phased out. On the whole, the Swedish Construction Federation estimates that construction investment will decrease by 10 percent in 2023.

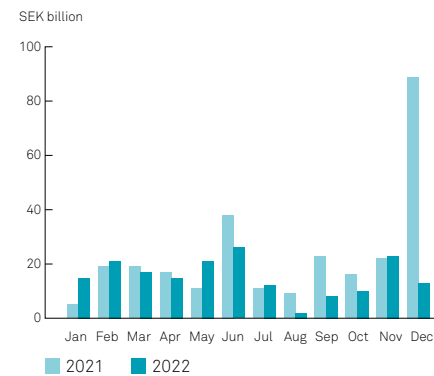
CONSTRUCTION INVESTMENTS 2010–2023P



## Slowdown in the transaction market

In terms of transaction volumes, 2021 was a record year and 2022 also got off to a strong start. In the third quarter, a poorer macroeconomic outlook, rising interest rates and increased financing difficulties, then contributed to a historically sharp slowdown. The combined transaction volume in Sweden over the year amounted to the equivalent of SEK 200 billion, a decrease of 30 percent compared with 2021. Premises and offices represented the largest individual segment with 27 percent (18) of the total volume. Housing decreased sharply over the year, to a 23 percent (43) share. Logistics was relatively unchanged at 19 percent (16).

TRANSACTION VOLUMES 2021–2022





## SEVERAL UNDERLYING TRENDS THAT INFLUENCE THE CONSTRUCTION AND CONTRACTING MARKET

Serneke's operations are affected by several major trends in the market and the external world. In addition to increased uncertainty as a result of inflation, rising interest rates and generally increased cost pressure, the market is affected by changes in demand, new regulations, digitization and increased demand for turnkey contracts and partnership agreements.

### MAJOR CHALLENGES ASSOCIATED WITH THE CLIMATE, THE ENVIRONMENT AND SHORTAGES OF RESOURCES

**Shifts in demand as a result of new requirements from clients and customers** Climate change is one of the greatest challenges of our time. Changed demands and requests from clients and end customers are expected to lead to continued increased demand for sustainable buildings, as well as sustainable execution of projects.

**Changes in access to raw materials, resources and components** The shortage of resources is a challenge for society in general, as well as for the construction industry, which accounts for 30 percent of global resource consumption. The need to reduce climate impact makes it necessary to develop new and more efficient solutions, to reduce energy consumption and emissions, and to increase the capacity for innovation and the degree of circularity.

**New regulations** As a consequence of climate change, regulations are also expected to be tightened, both with regard to construction, as well as regarding the reporting of the impacts on the climate. New regulations with a bearing on the construction industry include the EU taxonomy and the Act on climate declarations for new buildings.

### POPULATION GROWTH AND MIGRATION TO THE CITIES

**Increased demand for housing, schools and other community service properties** The pandemic has had a negative impact on certain parts of the construction market, particularly projects involving commerce premises and offices. In addition, a somewhat increased sluggishness can be observed in decision-making regarding new projects. Sweden's growing population continues, however, to have a positive effect on construction, through increased demand for housing, community service properties, commercial properties and infrastructure investments. Overall, the National Board of Housing, Building and Planning estimates that an average 63,400 new homes need to be constructed annually between 2022 and 2030 to meet anticipated population growth while also handling the latent housing need amassed over the past 15 years when housing construction has not matched population growth.

### STRICTER REQUIREMENTS AND CHANGES IN THE RELATIONSHIP WITH CUSTOMERS

**Stricter procurement requirements and increased transparency** Procurement requirements have become increasingly strict in recent years. From having previously mainly focused on price, the requirements set today often include minimum sales and specific environmental and quality certifications. In addition, demands are often made in terms of the skills of the individual members of the project.

**Increased demand for turnkey contracts and collaboration agreements** In recent years, turnkey contracts and partnership agreements have become more commonplace. In a turnkey contract, the construction company assumes the overall responsibility, performing everything from design to the selection and purchasing of materials, as well as construction. Coordination and partnering is a structured approach that entails the client and contractor working closely together towards common goals and with a great understanding of one another's needs, challenges and operations.

### DIGITALIZATION AND TECHNOLOGICAL DEVELOPMENT

**New technical possibilities** Rapid technological development and digitalization entail changes at virtually all steps along the value chain in the contracting industry: from concept and product development to purchasing and logistics, and ultimately to the supply of goods

### NEW DEMANDS AMONG EMPLOYEES

**Employer brand is becoming increasingly important** Competition among talented, experienced and dedicated employees is high. Serneke's ability to identify, develop, attract and retain the right employees with the right skills and attitude is crucial to the Group's continued success. Employees' skills and performance are crucial for achieving set goals and continuing to develop as a company.

# A CLEAR STRATEGY

## Profitability in all aspects



- **Improve the profitability of the contracting operations**

Assure appropriate conditions for all of projects – from selection and bidding to implementation and completion. Major focus on strengthening our presence in existing locations and prioritizing successful profit centers.

- **Dispose of assets in the project portfolio**

Divest operations outside the core operations, focusing on transaction opportunities at an earlier stage and using capital where it generates greatest value.

- **Increase collaboration and realize synergies** Realizing the benefits of the new organization, using resources flexibly within the Group and increasing internal collaboration.

## Stability in everything we do



- **To safeguard prerequisites for quality and predictability in everything we do**

Increased control, stricter risk management and more efficient use of resources. Our approaches are to be pervaded by superior quality, sustainability and professionalism.

- **Establishing a shared and transparent approach** Implementing a shared digital production platform for all projects, aimed at enabling increased transparency and predictability.

- **Taking steps to reduce climate impact**

Clearer internal guidelines, decision-making based on verified and documented experiences, as well as increased collaboration with other actors in the value chain.

- **Building close and long-term relationships and continuously improving our offering**

Ensuring transparency, openness and trust – with the purpose of creating value for all involved: customers, society, employees and the Group's own operations.

## A successful culture



- **Attracting and develop the industry's best employees**

Creating a stimulating, sustainable and diversified workplace with a committed and inclusive management.

- **Continuing to develop a culture that encourages engagement and inclusion**

Continued development of Serneke's leadership model and activities to create an inclusive workplace.

- **Create safe and healthy workplaces**

Review and improvement of current risk management processes, increased coordination with other actors and continued comprehensive health promotion efforts.

- **Taking social responsibility into consideration as we develop our offering**

Contributing to positive social development, more sustainable construction practices, secure housing, environments and places that promote activity, meetings, health and integration.

# A BUSINESS MODEL BASED ON COLLABORATION

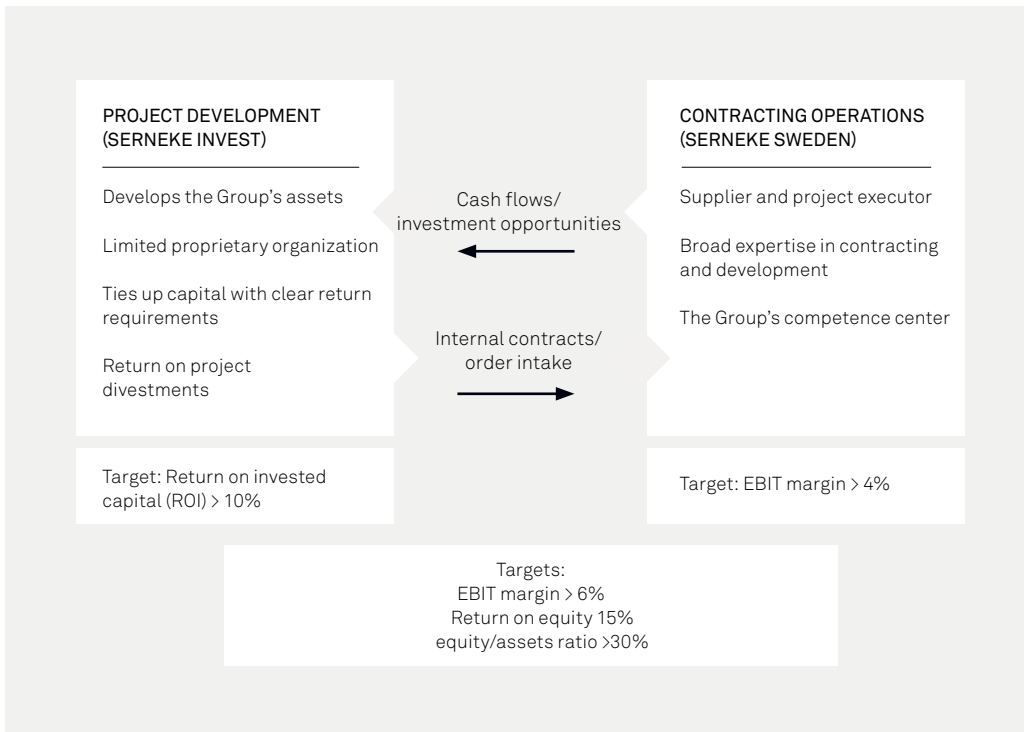
Serneke's business model is based on internal collaboration, utilizing operational and financial synergies and a well-considered balance between risk and opportunities for returns.

The core of the business comprises contracting assignments in construction. The contracting operations are capital-efficient, generate good cash flows and are characterized by limited financial risk.

The working capital generated in the contracting operations enables the financing of investments Serneke's own, risk-balanced, development and

property projects. In addition to our own returns, these investments, in turn, also create assignments for the contracting operations.

Through collaboration and cooperation, the entire process, from land allocation to completed construction, can be controlled to ensure efficiency in terms of time and expenses, as well as quality.



The Karlastaden district and Karlatornet tower in Gothenburg are good examples of coordination within the Group. The project was developed within Serneke Invest and is now being constructed by Serneke Sweden.

# FINANCIAL TARGETS

## TARGETS

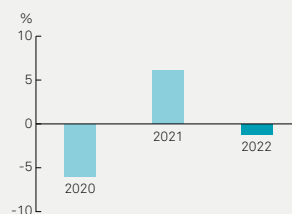
>6%  
operating margin

## OUTCOME IN 2022

-1.2%

**Comments:** The loss for the year was mainly due to a lack of transactions in the second half of the year, increased prices for input goods and implemented structural changes.

## DEVELOPMENT IN 2020-2022



## TARGETS

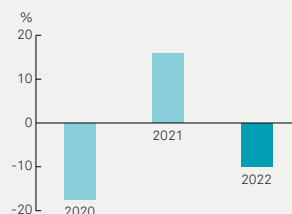
>15%  
return on equity

## OUTCOME IN 2022

-9.9%

**Comments:** The loss for the year entails the target not being met.

## DEVELOPMENT IN 2020-2022



## TARGETS

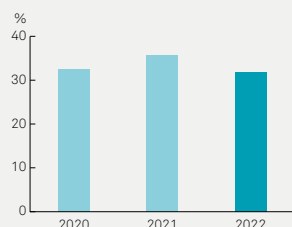
>30%  
equity/assets ratio

## OUTCOME IN 2022

31.7%

**Comments:** Serneke maintains a stable equity/assets ratio exceeding the long-term target scenario.

## DEVELOPMENT IN 2020-2022



# CLIMATE GOALS

## TARGETS

-50%

Halved greenhouse gas emissions by 2030, compared with the base year of 2019 (Scope 1 and 2) and 2022 (Scope 3).

0

Net-zero greenhouse gas emissions by 2045.

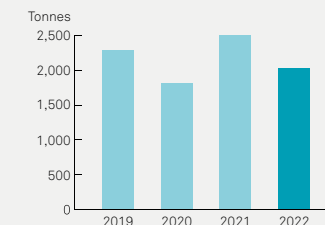
## OUTCOME IN 2022

-11% (Scope 1 and 2)

**Comments:**  
**Scope 1 and 2**  
The direct and indirect emissions from Serneke's own operations (Scope 1 and 2) amounted to 2,018 tonnes, equivalent to a reduction of 11 percent compared with the base year of 2019. The reduction is partly a consequence of the electrification of the vehicle fleet.

**Scope 3**  
The indirect emissions from the value chain (Scope 3) amounted to 90,172 tonnes. In 2022, reporting has been expanded to include, in addition to business trips, emissions linked to the purchasing and transport of materials within construction projects.

## DEVELOPMENT 2019-2022, CO<sub>2</sub>E (TONNES, SCOPE 1 AND 2)



THE GLOBAL GOALS

The UN goals for sustainable development form a framework for the world's common agenda for 2030. Serneke's operations have a direct or indirect impact on several of the goals. Particular focus is, however, placed on goals 5, 8, 9, 11, 12 and 13 – areas of considerable importance for the Group's operations.

# DEVELOPMENT 2022

External developments, with high inflation, high cost pressure and rising interest rates, brought major challenges for Serneke, particularly in the second half of the year. Both sales and operating profit/loss were affected negatively. Within Serneke Sweden, the trend was noted in particular through a relatively strong slowdown in housing construction. The foremost consequences for Serneke Invest included fewer transactions and absent divestitures.

## Group



Consolidated income amounted to SEK 9,205 million (8,735), an increase of 5 percent. The increase was mainly due to a stable production rate within Serneke Sweden. Absent divestitures within Serneke Invest affected development negatively.

The operating loss amounted to SEK 109 million (profit 235). The change compared with last year primarily involves lower profit on sales in Business Area Invest. Beyond that, a general slowdown in the market, sharply increased construction material prices and the bankruptcy of a sub-supplier also contributed.

	2022	2021
Income, SEK million	9,205	8,735
Operating profit, SEK million	-109	235
Operating margin, %	-1.2	2.7

## Serneke Sweden



Income amounted to SEK 9,212 million (8,103), an increase of 14 percent. Compared with the preceding year, the increase is primarily attributable to Karlatornet and other projects within Karlastaden having been in full production over the year, to favorable growth in the operations in central and southern Sweden, and by additional collaborative projects with a high production rate being added during the year.

The operating loss amounted to SEK 79 million (57), corresponding to a negative operating margin of 0.9 percent (0.7). The operating profit and operating margin were negatively affected by indirect effects associated with price increases in the market as a result of the unease in Europe and a bankruptcy. Impairments recognized in projects in the contracting operations, as well as a bankruptcy, affected the operating loss negatively.

	2022	2021
Income, SEK million	9,212	8,103
Operating profit, SEK million	-79	57
Operating margin, %	-0.9	0.7
Order bookings, SEK million	7,093	6,263
Order backlog, SEK million	10,582	12,101

## Serneke Invest



Income amounted to SEK 2,116 million (1,686), 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 1,336 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 10 million (loss 6).

Operating profit amounted to SEK 98 million (319). 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.

	2022	2021
Income, SEK million	2,116	1,686
Share in profit of associates/joint ventures, SEK million	10	-6
Operating profit, SEK million	98	319
Operating margin, %	4.6	18.9

## Serneke International



The business area is currently at the start-up phase and had no income in 2022. Due to the current scope of the operations, their financial development will not be described in this report, other than in the tables below on this page and in the "multi-year overview".

	2022	2021
Income, SEK million	0	0
Operating profit, SEK million	-3	-18

# SERNEKE SWEDEN

Serneke Sweden conducts construction contracting operations. The business area conducts construction contracting for both external customers, as well as Business Area Invest. The focus is on larger construction contracting assignments in the metropolitan regions.

The operations of Serneke Sweden primarily comprise the construction of housing, community properties and industrial properties. External customers mainly comprise municipal and private property companies, government-owned companies, major project development companies, industrial companies, the government, municipalities and county councils, authorities and marketplace developers.

### Weakened demand due to a challenging environment

Demand for contracting services, from both private and public sector clients, remained relatively stable at the beginning of the year. During the second half of the year, however, a slowdown was noted, particularly in housing construction.

External order bookings amounted to SEK 7,093 million (6,345) over the year.

The largest order of the year amounted to approximately SEK 1.4 billion, pertaining to contracting

agreements with Kalmar Vatten for the construction of a new water treatment plant. Other major new projects included development and contracting agreements with the Municipality of Uppsala for a new indoor ice rink and a new event and experience arena, a new prison in Ånge and a turnkey contract with ICA Fastigheter regarding an entirely new urban block of slightly more than 22,000 m<sup>2</sup> in Brunnså, in Lund. Beyond this, several agreements were signed regarding public properties, among other things, several schools, prisons and courthouses.

### Increasing proportion of public properties in the order book

Of the ten largest contracts during the year, public properties accounted for about 70 percent. Such projects are often conducted in partnership formats and with long lead times. In early 2023, about ten such projects at an initial phase, not having yet been ordered but with a combined value of about SEK 2 billion on full conversion.

### High production rate

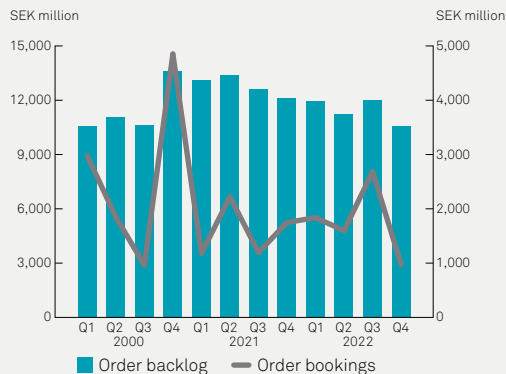
The collected external order backlog at the end of the year amounted to SEK 10,582 million (12,101). That meant a reduction by about 12 percent compared with the preceding year. A high production rate in Karlstad and an increased degree of selectivity contributed to the reduction.

Public properties and industrial buildings continued to increase as a percentage of the total order backlog. Compared with 2013, the proportion of housing decreased from 74 to 47 percent of the total order backlog.

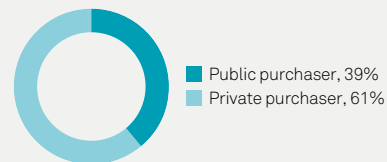
Slightly more than 40 percent of the order backlog over the next few years comprises green projects. The projects involve constructing properties in accordance with established certification requirements that agree with Serneke's green framework.



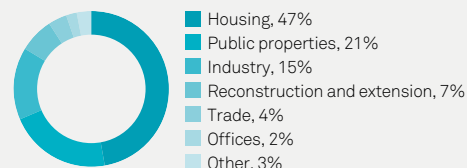
ORDER BOOKINGS AND ORDER BACKLOG



DISTRIBUTION OF ORDER BACKLOG



ORDER BACKLOG PER PRODUCT MIX



EXAMPLES OF NEW ASSIGNMENTS IN 2022

Type of assignment	Client	Order value, SEK million
Treatment plant	Kalmar Vatten	1,400
Indoor ice rink, event and experience arena, Uppsala	Uppsala kommun Arenor och Fastigheter AB	680 <sup>1)</sup>
Penitentiary, Ånge	Intea Bygg	590
Residential and commercial premises in Brunnså, Lund	ICA Fastigheter	548
Courts building, Vänersborg	Hemsö Fastigheter AB	285
School, Vänersborg	Municipality of Vänersborg	260

1) On completion of all suborders

## Selection of projects completed in 2022



### BELLONA, SOLNA

Contracting assignment for new production of 100 apartments, a preschool with seven departments, an LSS accommodation unit, as well as premises and a garage in a central building. In addition, 72 apartments have been renovated and two new apartments have been created in an existing apartment building.

Client: Wåhlin Fastigheter



**NYA BRUNNSBERG, VARBERG**  
Construction of 200 rental apartments distributed between 14 buildings of 3–5 stories.

Client: Varbergs Bostad



### NÄSBYSLOTTSPARK, TÄBY

Construction of apartment buildings, semi-detached houses and apartments.

Client: Niam AB



### ÖXNERED SCHOOL, VÄNERSBERG

Contracting assignment for the development of the Öxnered School, including building conversions and extensions.

Client: Municipality of Vänersborg



### NYPONBUSKEN, HALMSTAD

Development of housing project and construction of a total 92 apartments.

Client: Rikshem



Example of our sustainability work

>> READ MORE ABOUT HOW WE WORK WITH DIGITALIZATION ON PAGE 35.



## Jönköping courthouse being constructed using digital technology

At the Slottskajen quay on Lake Munksjön in Jönköping, Serneke has constructed a courthouse for Castellum. The building will house both the Göta Court of Appeal and the Administrative Court of Appeal and embodies ambitious environmental objectives, being constructed in accordance with the Miljöbyggnad Guld environmental building standard. The sights of the project have been set on the best possible performance with commercial technology, entailing stricter requirements and advanced solutions.

The project includes a large amount of technical installations, most of which, the power supply for example, are being performed in duplicate for increased operational reliability. One way of facilitating the installation work, as well as case management and communications in the project, for example, has been the tool Dalux, one of the industry's most innovative production tools. The application of Dalux was intensified in 2022 and the number of projects in which the tool is used has risen from eight to about a hundred.

“ As part of our investment in digitalization and more efficient operations, we are very pleased to state that we have managed to implement one of the industry's most innovative tools as part of our ecosystem of applications.

Gustaf Hofling, system administrator and active in project support for internal systems.



Example of our sustainability work

>> READ MORE ABOUT HOW WE WORK WITH FOCUSING ON REDUCED CLIMATE IMPACT ON PAGE 32



## Unique preschool in Mariestad is ready

In the spring of 2022, the Kronoparken preschool in Mariestad was ready after three years of planning and 14 months of production. What makes the preschool unique is its self-sufficiency in electricity by being able to both produce and store energy. Being the first of its kind made the preschool more complex to construct, causing the project to take longer to complete than a traditional preschool.

The energy solution entails solar panels on the roof of the preschool producing enough electricity to cover most of the building's needs. The

excess electricity generated primarily in the summer when the sun shines most and when the consumption of electricity is at its lowest will, in turn, produce hydrogen that will be kept at a storage facility near the school. When the solar panels are unable to cover the entire energy needs, the hydrogen gas will be converted back into electricity for use as back-up energy. Through these innovative solutions, Kronoparken will be able to contribute meaningfully to mitigating the impact on the climate.

“ The project has been a tremendous challenge, imposing considerable demands on good coordination between all of the actors involved. We have had highly favorable experiences of the project and the necessary technical solutions that emerged during the process. We have been entirely dependent on good coordination and collaboration.

Ronny Wangdal, Head of Facilities Management Unit at the Municipality of Mariestad.





Example of our sustainability work

>>READ MORE ABOUT HOW WE WORK WITH SUSTAINABLE PROJECTS ON PAGE 31.



## School in Vänersborg is constructed entirely in wood

In March 2021, Serneke and the Municipality of Vänersborg signed an agreement to develop and construct, in strategic coordination, six schools over the next five years. In 2022, construction commenced of a new school entirely in wood in the expansive Holmängen area in Vänersborg. For the Municipality of Vänersborg, it has been important to build entirely in wood to contribute

to reducing the impact on the climate to the greatest degree possible. Accordingly, the project has endeavored not to apply any hybrid solutions, as generally occurs in other wooden buildings. Particular focus has therefore been placed on identifying and using functional and sustainable wooden solutions.

“ The partnership with Serneke is working perfectly, and the work has progressed according to plan. The sustainable approach throughout with wooden construction and the collaboration in constructing in accordance with the Miljöbyggnad Silver standard also resulted in the Municipality of Vänersborg being highly satisfied with the delivery at Holmängen. Thomas Johansson, Project Manager at the Municipality of Vänersborg.



Example of our sustainability work

>>READ MORE ABOUT HOW WE WORK WITH CIRCULAR RESOURCE FLOWS ON PAGE 33.



## Recycled brick becomes new facade

At the Stads kvarteret site in the Drottninghög area of Helsingborg, Serneke is constructing 198 homes for Helsingborgshem. Façade bricks from former buildings in the area are re-purposed using a new method. The brick is sawed into sections of about 0.25 m<sup>2</sup> that are then attached to one of the new Stads kvarteret facades, giving them an attractive patterned masonry. In October 2022, tenants moved into stage 1 and, in the summer of 2023, the whole project is scheduled

for completion, with all tenants having moved in. The Swedish construction sector generates about 12 million tonnes of construction and demolition waste annually, equivalent to a third of the country's total waste. By recycling materials from demolished buildings, we help reduce waste quantities and use of virgin resources, while also helping reduce the impact on the climate.

“ Today we see a clear trend whereby recycling will play an important role in the climate-neutral construction of the future. We are currently developing a training program associated with our climate declarations, which will include tips on recycling and we will establish processes for our continued work on this matter. Ann-Sophie Brandin, Quality and Environment Strategist at Serneke.

# SERNEKE INVEST

The development of project and development properties is conducted within the Invest business area. In addition to yielding returns on project divestments, the operations also aim to generate assignments for Serneke Sweden's contracting operations.

Serneke Invest's business model is to acquire properties with potential, and to then develop and sell them when an appropriate opportunity arises. Potential acquisition objects can either be properties developed within the Group or strategic land and property acquisitions judged, over time, to offer good potential for future development and increased value. In addition to our own returns, these investments, in turn, also create assignments for the contracting operations.

## An extensive project portfolio

Serneke Invest holds a project portfolio comprising both existing properties and development rights. Combined, the project portfolio comprised a number of projects, corresponding to approximately 764,000 m<sup>2</sup> GFA, mainly tenant-owned and rental apartments, as well as office, retail, industrial and logistics properties.

Beyond properties and development rights, Serneke Invest also holds assets in the form of

wholly or partly owned companies, mainly with on bearing at facilities management.

## Continued development of Karlastaden

Over the year, considerable focus was directed towards the continued development of the Karlastaden district in Gothenburg. Completed, the district will comprise eight urban blocks with housing, offices, shops and services. Combined, the area encompasses a land area of approximately 32,000 m<sup>2</sup>.

## Deepened partnership with Balder

The partnership with Balder was further deepened during the year through the sale of the Auriga block to the jointly owned company Karlastaden Group AB. The building will have 36 stories, comprise about 48,000 m<sup>2</sup> of space and will, in addition to some 400 apartments, also include office space, shops and restaurants. According to the plan, it will be the third tallest building in the district and thus also the third-tallest residential building in Gothenburg.

The transaction comprised two transactions – one pertaining to the upper part of the property and the other pertaining to the lower podium part. Combined, the underlying property value amounts to SEK 586 million.

## Divestments during the year

Since 2020, a structured process is in progress to gradually divest (i) projects and (ii) assets deemed to be outside the core operations. Beyond the sale of the Auriga block within the Karlastaden district, the Tamarinden housing project in Örebro was sold in 2022. The sales price for the 139 rental apartments amounted to about SEK 314 million. The total sales price included associated project development commitments and contracting assignments.

At the end of the year, two plots of land in Gårdsten were sold to logistics company Göteborgs Lastbilscentral (GLC). The purchase consideration amounts to approximately SEK 20 million.

## Housing projects at different phases

During the year, production commenced on several housing projects developed in-house: 18 homes in Halmstad, 88 in Landskrona and 71 in Helsingborg. Overall, the tenant-owned apartment projects commenced during the year encompass 177 apartments, 87 of which had been sold by the end of 2022. Including projects on which construction had already commenced, 256 tenant-owned apartments were in production at the end of the year (excluding Karlatornet). Of these, a total of 165 had been sold. Profit from tenant-owner apartment projects developed in-house is recognized on completion of those projects. During the year, tenants began moving into two projects developed in-house, at Brf Tegebruket in Vänersborg and at Brf Offerhällsparken in Trollhättan.

## LAND BANK/BUILDING RIGHTS, NUMBER OF M<sup>2</sup> GFA

	Dec 31, 2022	Dec 31, 2021
Development rights on own balance sheet	127,054	196,624
Development rights through joint ventures	134,016	81,854
Agreed development rights not yet taken into possession	502,697	582,436
<b>Total</b>	<b>763,767</b>	<b>860,913</b>

## HOUSING CONSTRUCTION PROJECTS DEVELOPED IN-HOUSE

	Dec 31, 2022	Dec 31, 2021
Number of tenant-owner apartments commencing construction during the year	177	144
Number of tenant-owner apartments sold during the year	161	65
Total number of tenant-owned apartments under construction at the end of the year	561	532
Number of repurchased tenant-owned apartments on Serneke's balance sheet at the end of the year	12	0

## OTHER ASSETS

### Assets under management (example)

- Prioritet Serneke Arena
- Industrial properties
- Other properties

### Other significant assets (example)

- Management company
- Nyberg Svets (100%)
- Fjätersvålen (62%)





## WELCOME TO KARLASTADEN!

Karlastaden is located a little less than ten minutes from downtown Gothenburg by public transport. Serneke's concept of a dense, mixed-purpose urban district is now being built here with 2,000 rental and tenant-owned apartments, offices, restaurants, a health center and a school. Amidst it all rises the 246-meter high skyscraper, as a unequivocal evidence that a new district has come to town.

Construction of the Karlatornet tower commenced in the summer of 2018 and, by March 2023, the construction of the tower's core had passed the 73rd story of the building's total 74 stories. The installation of the facade and interior work are being conducted in parallel. If all goes as planned, the building will be ready for tenants to gradually start moving in from the autumn of 2023. In March 2023, 491 of the total 611 apartments had been sold.

In addition to Karlatornet, construction of the Capella district was also in progress during the year, which will include two buildings with housing, commercial premises, a school and healthcare. The block is being constructed on assignment from Tosito and Hemsö.

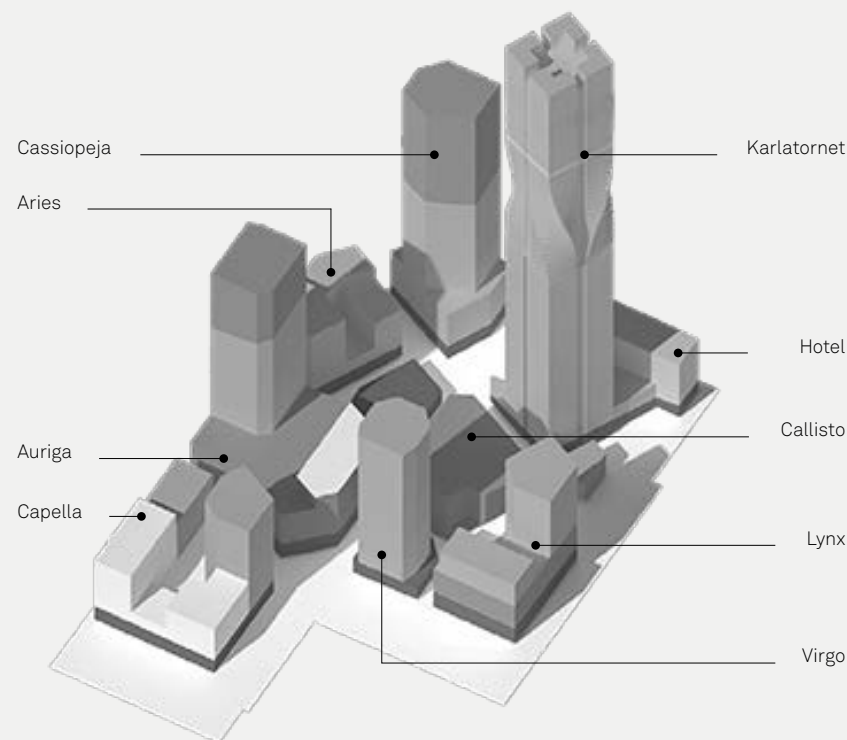
The development of another five blocks (Callisto, Lynx, Virgo, Aries and Auriga) is being advanced through a partnership between Serneke and Balder. For the Cassiopeia block, efforts are in progress to find partners or buyers.

2,000 HOMES  
HOTEL  
RESTAURANTS  
HEALTH CENTER  
SHOPS  
SCHOOL

CONT. KARLASTADEN

“Completing our largest and most significant project is the highest priority. The objective is to be able to commence the historic moving-in of tenants to Gothenburg’s new landmark in the third quarter of 2023.

Michael Berglin, President and CEO



	UNDER CONSTRUCTION		PLANNING AND DESIGN – FLEXIBLE CONSTRUCTION START					
	Karlatornet and adjacent hotel	Capella	Callisto	Lynx	Virgo	Auriga	Aries	Cassiopeja
Urban block	Karlatornet and adjacent hotel		Callisto	Lynx	Virgo	Auriga	Aries	Cassiopeja
Focus	The tallest building in the Nordic countries and the hub of the Karlastaden district. In addition to 611 apartments, a hotel, offices and a sky bar. The hotel will have about 300 rooms, conference facilities, a spa, restaurants and bars. Choice Hotels is the operator.	180 rental and tenant-owner apartments, as well as commercial premises and operations in healthcare, residential care and education.	Three buildings of 7–27 floors. Approximately 450 tenant-owner apartments, as well as commercial premises, shops and offices.			One of the larger buildings in Karlastaden, which, in addition to some 90s apartments, will also house a cultural center, pre-school, office space and shops and restaurants on the ground floor.	12-story building, 190 tenant-owner apartments, commercial premises.	A 43-story building that will contain homes, shops and restaurants on the ground floor, as well as possible office space.
Serneke's holding	50%	0%	50%	50%	50%	50%	50%	100%
Partner/owners	Balder	Tosito & Hemsö	Balder	Balder	Balder	Balder	Balder	
Status, March 2023	In March 2023, the construction of Karlatornet had reached the 73rd story of a total 74 stories. Of the total 611 apartments, 491 had been sold, with tenants expected to start moving in during the third quarter of 2023. The hotel is also in full production. Tenants scheduled to start moving in at the end of 2023/2024.	Full production – tenants are estimated to start moving in during the spring of 2023.	Development of the three buildings is in progress. According to the plan, Virgo will reach completion in 2026. During the year, the DinellJohansson firm of architects was commissioned to design the 27-story building. The assignment of shaping the Lynx neighborhood (which, among other things, will include a 17-story building), was awarded to the Kanozi firm of architects.			Planning and design progress.	Planning and design progress.	Dialogues with potential buyers/partners are in progress.
Parking spaces	Some 750 spaces in total.							
Media/infrastructure	Proprietary company that installs electricity, heating/cooling, water, ventilation and other infrastructure (such as fiber-optic cabling, waste processing and sprinkler systems)							



Example of our sustainability work

>> READ MORE ABOUT HOW WE WORK WITH INNOVATIVE THINKING IN ENERGY SOLUTIONS ON PAGE 35.



“ The fact that, within the project, we have a partnership that will be able to reduce the area’s energy needs by 30 per cent and to reduce its power consumption by 50 percent is fully in line with current trends.

Jenny Källmén,  
Project Manager at the  
Urban Planning Office,  
Municipality of Örebro.

### Pilot project in energy sharing

Tamarinden in Örebro will be one of Sweden’s first truly climate-smart residential areas. In the district as a whole, a total of 800 homes, a pre-school, several parks and business premises are to be constructed. Serneke has developed and, during 2022, begun construction of 139 rental apartments, distributed between two buildings

atop a basement level garage. Tenants are scheduled to start moving in by the end of 2024. In June 2022, the project was sold to CapMan. The Tamarinden district is a pilot project in which all of the buildings are to be equipped with solar panels and batteries enabling them to produce, store and share energy between one another in a local energy network.

“ Tamarinden is a forerunner in intelligent energy sharing. This is the way of the future in developing and building neighborhoods. It is in such contexts that we want to be involved, influencing and learning more together with investors and industry peers.

Magdalena Nääs, Project Developer at Serneke.

### Selection of projects completed by Serneke itself in 2022



**TEGELBRUKET**  
45 tenant-owner  
apartments in  
Nabbensberg,  
Vänersborg.  
Tenants moved in  
during the spring of  
2022



**OFFERHÄLLSPARKEN  
PARK**  
20 tenant-owner apart-  
ments in Sandhem,  
Trollhättan.  
Tenants moved in during  
the spring of 2022.



## Examples of wholly or partly owned companies



### KARLASTADEN UTVECKLING AB

Karlastaden Utveckling AB is responsible for the development of the new Karlastaden district in Gothenburg. The Company is owned 100 percent by Serneke.

### KARLASTADEN GROUP AB

Karlastaden Group AB owns and is developing four properties in Karlastaden. The Company is owned in equal parts by Serneke and Balder.



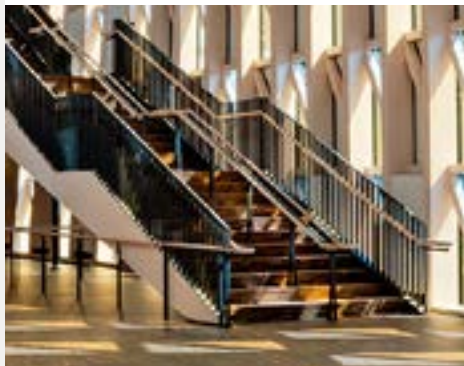
### FJÄTERVÅLEN AB

Serneke owns 62 percent of Fjätervålen AB, which operates an alpine resort in Idrefjäl-len. The ambition is to preserve what is unique about Fjätervålen, but to develop the facility and eventually become the Nordic region's most sustainable alpine destination. In the next few years, the plan is to develop a new chairlift, mountain lodge, cross-country track, and a new neighborhood center with a hotel and conference facilities, for example.



### NYBERGS SVETS AB

One of Sweden's largest producers of steel structures for the construction industry, as well as of stairs and railings. Serneke's ownership share amounts to 100 percent.



### ÄNGLAGÅRDEN HOLDING AB

Together with Prioritet Finans, Serneke owns Änglagården Holding AB, whose operations consist of owning, managing and developing Priority Serneke Arena, the Nordic region's largest multisport facility. The facility houses an indoor ski facility, a full-size football pitch, two sports halls, an elementary school, a sports high school, a restaurant, a conference center, a gym, an injury clinic for athletes and a sports hotel. Serneke's ownership share amounts to 40 percent.



### KARLATORNET AB

Karlatornet AB is responsible for the development of Karlatornet. The Company is owned in equal parts by Serneke and Balder.

## SERNEKE INTERNATIONAL

Serneke International is the platform for the pilot projects that will determine the opportunities for project exports in an international market. The business area, which conducts contracting in construction, civil engineering and infrastructure, is still at the start-up phase.

Serneke International should be seen as a platform for enabling and realizing a long-term initiative in selected international markets. The operations represent the first step towards the vision of becoming an international company, with opportunities to contribute to a better society. The investment also yields attractive opportunities for Serneke's employees to develop.

### Project exports

Within the framework of the business area's focus, Serneke strives, alongside its partners, to expand its international presence through project exports. The main focus is on countries with substantial needs for infrastructure investment and where projects contribute to increased welfare. Serneke intends to participate in projects financed and

insured through the Swedish export credit system (the Swedish Export Credit Corporation and the Swedish Export Credit Agency). Initially, Serneke will not be the main contractor, but will act as a subcontractor, primarily contributing knowledge in functional design, sustainability and quality.

### Status 2022

During 2022, Serneke remained the owner of a company based in Perth, Australia and that constituted a pilot project for the business area.

Over the year, focus remained on processing concrete project opportunities in water distribution in countries where access to clean water is limited. These projects are to be conducted in close collaboration with other Swedish export companies.

### FOCUS 2023

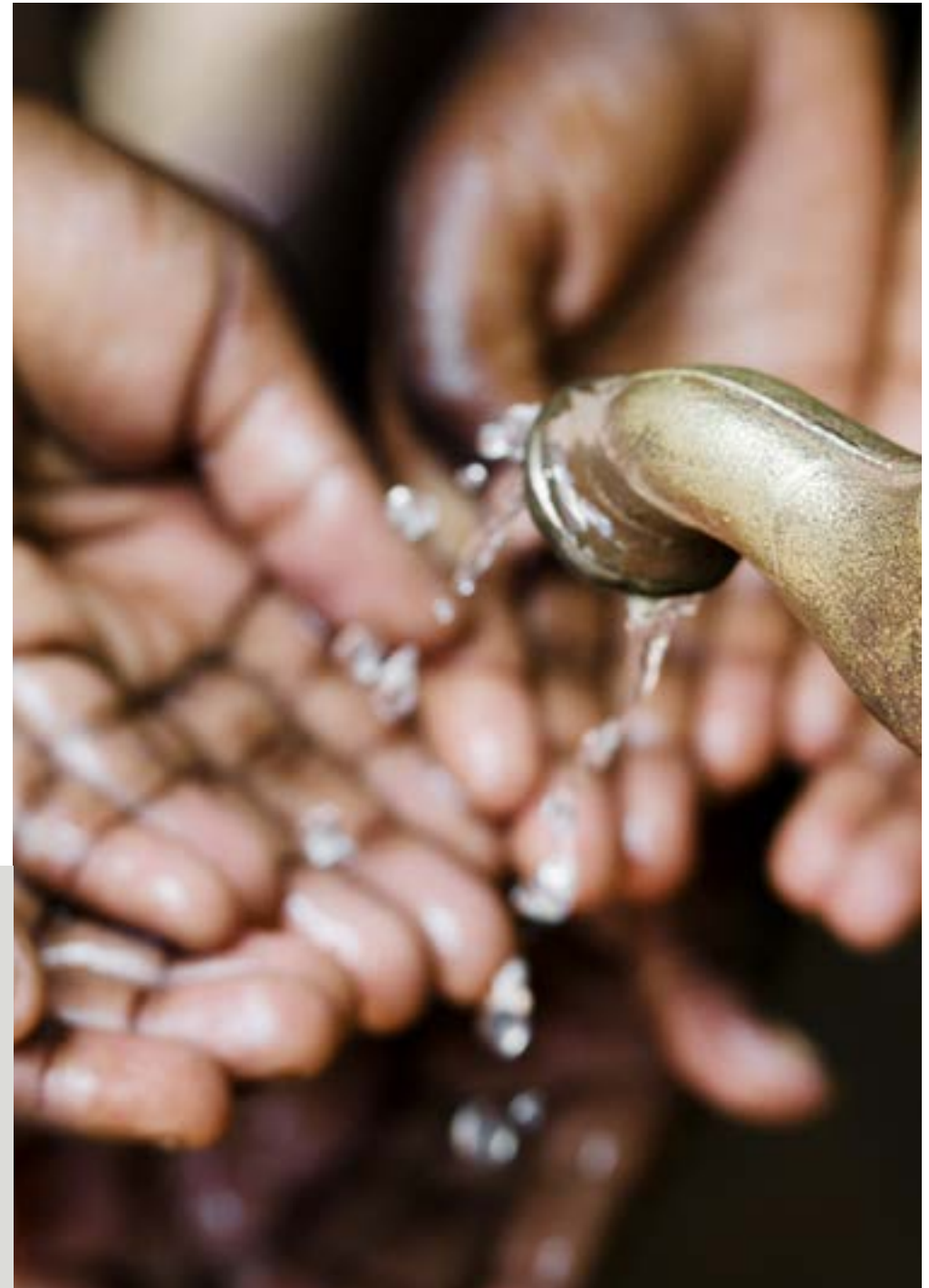
- Preparations for, and the initiation of, the first water distribution projects in countries with limited access to clean water.

### FINANCIAL TARGETS

- >12% operating profit

“ Serneke International's assignment is to explore the opportunities it affords us to export our know-how and ability to deliver quality construction where it can make a positive difference for people and can contribute to increased sustainability, while, at the same time, providing us with business opportunities.

Robin Gerum,  
Director of Business Development.





Example of our sustainability work

>> READ MORE ABOUT HOW WE WORK WITH EQUALITY, SOCIAL INTEGRATION AND PUBLIC HEALTH ON PAGE 29.



## Sponsorship as a factor for equality

The urge to sponsor sports associations and club activities have been part of Serneke's DNA from the outset. The non-profit and professional efforts made for sports associations and club activities are a cornerstone in social sustainability, integration and public health, but also contribute a key basis for gender equality. Serneke actively seeks partnerships in which boys and girls alike can lead the way, serving as

role models and thereby improving conditions for girls' and women's sports to achieve a more advanced position with more active players. Examples of Serneke's sponsorship cooperation in women's sports include Team Hasselborg – curling; Stina Nilsson – biathlon and Frölunda HC – ice hockey. These are passionate sportswomen who also serve as key ambassadors for future equality in sports.

“ Our sponsorship collaboration with Serneke is amazing! They help us provide the opportunities and conditions for our players to develop. I am extremely proud to be involved in Frölunda and the journey we are on. Without all of the support from the association, our partners and spectators, this would not have been possible.

Kim Martin, Sports Manager for the Frölunda HC women's team.



Example of our sustainability work

>> READ MORE ABOUT HOW WE TAKE SOCIAL RESPONSIBILITY ON PAGE 29.



## Serneke and the war in Ukraine

In 2022, the war in Ukraine had a tangible impact on the Company's operations, mainly through its general effect on the economy by way of prices for materials and energy, inflation and interest rates. The Company took various actions to prepare for the consequences of war, including through a focused cross-functional internal collaboration.

The war and its consequences also impacted how the Company and its employees sought to make a contribution and, to the greatest extent possible, exert a positive influence in a difficult situation. Due to the war in Ukraine, the Company strengthened its partnership with the Stadsmissionen charity, contributing through this an additional SEK 500,000 to the organization's work to help those Ukrainian refugees who came to Sweden.

Employees seeking to make a voluntary commitment in connection with the war in Ukraine were granted two days' additional leave annually in compensation. Alongside several other companies, Serneke also participated actively in aid shipments by bus to Ukraine and helped some 1,500 refugees reach safety in Sweden. Through contacts via Serneke International, representatives of the Company helped foreign students, particularly from Africa and India, to leave Ukraine during the initial phase of the war. In total, assistance was provided to nearly 28,000 international students in fleeing the country.

“ Commitment is a defining characteristic for Serneke. It is one of the Company's core values. We are a company that always seeks to influence society in a positive direction, and for that reason we naturally seek to contribute to the collective aid effort for Ukraine.

Michael Berglin, CEO Serneke Group.





# SUSTAINABILITY REPORT

For Serneke, carefully considered sustainability work goes hand in hand with long-term profitability. By virtue of our size, we have both an opportunity and a responsibility to contribute to a more sustainable development and a sounder world. With our new sustainability framework, we are now taking the next step.

From a societal perspective, the construction and contracting industry is critical. In addition to providing housing, schools, public properties and infrastructure it also generates employment, jobs and tax revenues. Negative impacts include considerable greenhouse gas emissions and continuing challenges regarding work environment, safety and supplier follow-up.

A lot is already being done – but a lot can be improved. This is where we want to be involved and make a difference.

We want to be a positive influence and contribute to sounder development in society. To succeed, we must take responsibility, take an innovative approach, dare to take a stance and act to both nurture the environment and foster social values. This also imposes considerable demands in terms of cooperation with others – clients, end-customers, partners and suppliers.



# ABOUT THE SUSTAINABILITY REPORT

Serneke's 2022 Annual and Sustainability Report includes the Company's 2022 Sustainability Report, which also constitutes the Statutory Sustainability Report in accordance with Chapter 6, Section 11 of the Annual Accounts Act. Although the Statutory Sustainability Report is reviewed based on RevR12, the Sustainability Report is not otherwise externally certified. Beyond the sustainability data presented in the Sustainability Report, sustainability is integrated throughout the Annual and Sustainability Report. Serneke's business model, sustainability risks and risk management are described on pages 11 and 56–59 respectively.

The Sustainability Report is based on the stakeholder dialogues and the materiality analysis per-

formed in 2022. It also adheres to Serneke's new sustainability framework adopted by Serneke's Board of Directors and management during the year. New for this year is that Serneke has reported in accordance with the GRI Standards (2021) for the financial year 2022 and with the reporting procedures in accordance with the TCFD's recommendations implemented. An index of related disclosures is provided on pages 48–50. Serneke is subject to the requirement for reporting in accordance with the EU taxonomy for green investments, which is presented on pages 45–47. As of financial year 2024, Serneke will be subject to the new Corporate Sustainability Reporting Directive (CSRD), replacing the current sustainability reporting requirements under the Non-Financial Reporting Directive (NFRD). In 2022,

Serneke began to review and adapt its sustainability work to meet the requirements of the new directive, and this work will continue in 2023.

The Sustainability Report follows the Serneke Group's financial year, thereby covering the period from January 1, 2022 to December 31, 2022. The Sustainability Report covers the same units as the financial statements as stated on page 91.

The most recent Sustainability Report was published on March 30, 2022 in Serneke's 2021 Annual Report. For further information on Serneke's sustainability work and Sustainability Report, please contact Kaia Eichler, Chief Sustainability Officer, at [hallbarhet@serneke.se](mailto:hallbarhet@serneke.se), +46 (0)31-712 97 00 (exchange).

## GLOBAL UNDERTAKINGS

In addition to internal targets and frameworks, the sustainability work builds on the UN's global goals for sustainable development and the Global Compact's fundamental principles.

### Global Compact

Serneke joined the UN's Global Compact in 2016 and supports the framework's ten principles of human rights, working conditions, the environment and anti-corruption.

### Global goals for sustainable development

In the autumn of 2015, the UN member states adopted Agenda 2030 and the Global Goals for Sustainable Development. The agenda comprises 17 global targets for the transition, by 2030, to a society that is sustainable for people, the planet and prosperity. The overarching objectives include eliminating extreme poverty, reducing inequalities and injustices in the world, fostering peace and justice and resolving the climate crisis. Serneke's operations have a direct or indirect impact on several of the UN's Global Goals. We contribute to the UN's global goals through our sustainability framework, primarily its focus on Goal 5 Gender Equality, Goal 8 Decent Work and Economic Growth, Goal 9 Industry, Innovation and Infrastructure, Goal 11 Sustainable Cities and Communities, Goal 12 Responsible Consumption and Production, and Goal 13 Climate Action – areas of considerable importance for the Group's operations.



# SERNEKE'S SUSTAINABILITY FRAMEWORK

Sustainability is the core for achieving long-term growth and good profitability. Keeping abreast of developments towards the future is crucial, both to be able to generate business and to be attractive as an employer.

Our sustainability framework shall ensure that we manage all areas where we can act more sustainably in a systematic manner. The framework lays the foundation for how we shall ensure a sustainable transition and build long-term stability so that we can focus on building for the future.

Over 2022, a detailed review was performed of the Group's sustainability work. In addition to identifying the areas with the greatest impact at the

level of the planet, society and the individual, also analyzed were the sustainability areas that risk incurring the greatest financial impact on the operations.

Among other things, the work has been based on the UN's global targets, the ten principles of the UN Global Compact, as well as stakeholders' expectations of Serneke. The work has been extensive and has resulted in new areas of focus

and a revision of the set targets. In 2023, the work will continue with, for example, the development of a concrete action plan.

### Nine areas of focus

The purpose is to ensure a sustainable transition, strengthen competitiveness and optimize the creation of value – for customers, employees, shareholders and society at large.

In total, nine focus areas have been identified: Well-being and safety, Social involvement, Employees and leadership, Sustainable projects, Climate and Circular resource flows, Business ethics and supplier assessment, Sustainable financing, Digitalization and innovation.

## SOCIAL RESPONSIBILITY



### Well-being & safety

Ensure a healthy and safe workplace.



### Social involvement

Contribute to a sounder society in which people can thrive and develop for the next generation.



### Employees & leadership

An inclusive and diversified culture with opportunities for personal development.



## ENVIRONMENTAL RESPONSIBILITY



### Sustainable projects

Create buildings that are sustainable throughout their life cycle.



### Climate

Halve our greenhouse gas emissions by 2030 and have net-zero emissions throughout the value chain by 2045.



### Circular resource flows

Foster efficient use of raw materials and create circular resource flows.



## RESPONSIBLE GOVERNANCE



### Business ethics & supplier assessment

A transparent approach and sound business practices throughout supply chain.



### Sustainable financing

Our investments shall benefit both society and the planet.



### Digitalization & innovation

Accelerate sustainable development through data-driven working methods and innovative collaborations.



Social responsibility

# WELL-BEING AND SAFETY



At Serneke, we work safely or not at all. We care about one another, we do not tolerate any form of discrimination and we apply a target of zero with regard to serious occupational accidents. We are solution-oriented and strive to continuously improve the work environment. We welcome initiatives and ideas which stimulate our evolution.

All contracting operations include tasks that could be associated with risks in terms of personal injury and ill health. Within Serneke, extensive efforts are being taken to provide workplaces that are safe and secure for all. No one shall need to get sick or injured at because of their work.

### A distinct safety culture

The safety work builds on a distinct safety culture; continuous risk identification, appropriate measures to eliminate or minimize identified risks, ongoing training and continuous learning from the incidents and accidents that nevertheless occur. Measures to minimize risks are based on the Action Ladder which focuses on proactively eliminating risks as early as possible. All employees fall under our business management system and the procedures and laws that concern occupational health and safety. Serneke's business management system follows the principles set out in ISO 45001.

The work of preventing incidents and accidents is based on an annual risk analysis in which various types of risks within the Company are analyzed and followed up. In addition to that, risk management forms an integral part of Serneke's daily operations and is pursued actively at the project, regional, company and Group levels. As a basis for the analysis, data on risk observations, incidents and accidents are used, as well as outcomes from employee surveys and health examinations. The risk analysis is then used to develop the relevant measures and a plan to implement them.

The (B)IA incident reporting system is used to collect, assess and analyze deficiencies to take action and prevent the recurrence of incidents and to develop working methods and procedures. In this work, internal and external audits also constitute important elements, providing clear indicators in areas where there is room for improvement.

The number of risk observations has increased by more than 80 percent since 2021, which we have

also encouraged and applied as a target in several regions. The increased number of risk observations can be seen as a sign that more people are observing the dangers that exist in our workplaces. By observing the risks, we have the opportunity to take action before something happens. Our employees and others who spend time at our workplaces have grown better at reporting, which has also led to the number of reported incidents and accidents increasing. We do not feel that our workplaces are any less safe than in previous years, rather that we are now more aware of what happens through improved reporting.

### Increased focus on expertise

In order to change a behavior, it is important that employees and others who spend time at our workplaces have or gain the appropriate skills. No one should be injured or hurt at Serneke's workplaces.

Both our own employees and subcontractors are required to complete training both in the indus-

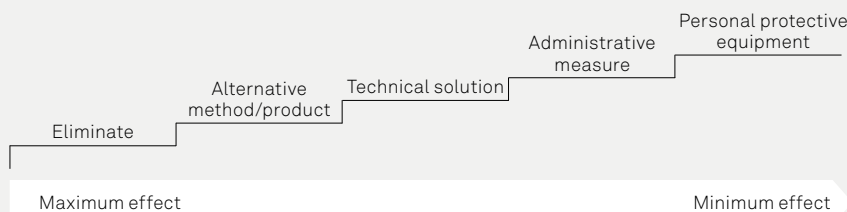
try-wide safety training course Safe Construction Training (SCT), which is Serneke's own project-specific workplace introduction. As a minimum, the workplace introduction runs through the project's specific and current risks, APD plan, emergency action plan, as well as rules on safety and order.

During the year, an internal digital course in basic occupational health and safety was developed, equivalent to the construction industry's course "Better occupational health and safety" (BAM). The course was test run in the autumn, and as of 2023, the course is accessible for all employees.

### Action plan for managers

Analyses conducted early in the year reflected an undesirable trend in terms of the number of accidents and LTIs (Lost Time Injury = accidents resulting in an absence of more than eight hours per million hours worked). An action plan was then produced clarifying how Serneke Sweden's managers should act and behave at all levels. Behavior

### RISK-REDUCING MEASURES IN ACCORDANCE WITH ACTION LADDER



# +80%

The number of risk observations increased by 80 percent in 2022, compared with 2021. This indicates increased risk awareness and facilitates proactive safety work.



## CONT. WELL-BEING AND SAFETY

should strengthen the safety culture, helping us at Serneke "Working safely or not at all". Examples of measures in the plan include regular project visits focusing on work environment for managers, mapping of skills and competence enhancement where necessary, as well as setting a good example.

**Safety week**

This year's theme for the work environment week was "It starts with you," emphasizing individual responsibility. All of us who spend time at a workplace shoulder an individual responsibility to act if we see, can assume or do not feel certain that a task can be performed in a secure and healthy way. This applies to our own safety and that of others at our construction and civil engineering projects and offices. Customers and subcontractors were involved in the manner suited to each project.

**Continual improvements**

The focus for 2023 will be a continued investment in increased work environment competence and continuing with the digital initiative in training programs and introductions to reach more employees and create greater flexibility. We will also develop the work with the organizational and social work environment (OSWE) for our managers and a digital introduction to our project.

Further work is in progress to develop an improved risk management process – this includes the development of digital support for operations planning and control, and for securing the start-up of a project so that the project organization is afforded the right prerequisites early on, also identifying any support to be sought from central sources. This will not only improve the physical work environment but also the psychological, with everyone able to feel secure in what is expected. Hopefully this will also lead to other positive consequences, such as improved quality and financial control in the project.

**Coordination of experiences and lessons drawn**

Serneke participates in several external forums to develop an improved work environment and to exchange experiences. These include the Håll

Nollan (Keep the Zero) collaborative association, the SÅKU safety culture network, the construction industry's health network and the Swedish Construction Federation's work environment network.

**Health promotion**

At Serneke, movement is encouraged. In addition to health care contributions, a variety of exercise opportunities are provided. The Company's own sports association Serneke IF arranges ski trips, running training, yoga and cycling, as well as the possibility to participate in many different exercise competitions. The health-promoting work is something that contributes strongly to Serneke's culture and creates joy and community for employees in various roles and regions. Through an external organization, Serneke applies a model for corporate health that builds on the areas *Sustainable, Health, Health risk and Ill health*. Applying this model, we can work on corporate health in a systematic manner and review the results of the measures taken.

**ACCIDENTS AND INCIDENTS DURING THE YEAR**

During the year, a number of serious incidents and accidents occurred that brought about changes in processes and working methods, including for work at heights, as well as with regard to crisis management.

During the year, one employee died in connection with a workplace-related accident. At the time, the employee was outsourced to an external project. External and internal investigations are in progress and, based on the outcome of these, procedures will be reviewed and measures taken.

## Social responsibility

## SOCIAL INVOLVEMENT



Through our projects we seek to take responsibility and to contribute to positive social development, secure housing and environments and places that promote activity, meetings, health and integration. As an actor in construction, social issues hold an important place in our projects and we understand that we can do better business with a bigger plan in mind – regardless of whether we are building housing, developing new neighborhoods or constructing an arena.

Serneke's ambition to contribute to more than simply housing and facilities through its urban development projects has resulted in a number of concrete projects focusing on social benefit. Two examples are the construction of the Nordic region's largest multi-sport arena in Kviberg and the development of housing and commercial premises in Gårdsten, Gothenburg.

**Local community engagement where we are conducting construction**

In the neighborhoods and residential areas that we are involved in developing, considerable focus is placed on creating living environments in which shared solutions, sharing economy and social projects will strengthen local engagement and a socially sustainable lifestyle. In the environments we construct, we conduct a dialogue with residents and surrounding businesses on the project's progress and any disruptions that may occur.

**Supporting sports and club activities**

In our efforts to increase integration and strengthen public health, non-profit forces among sports associations and other club activities play a decisive role. Serneke therefore sponsors about a hundred associations and individual sportspeople, both on a broad front and at the elite level. Most are associations in which our own employees are involved.

**Research project builds away loneliness**

In partnership with Sustainable Innovation, among others, Serneke has participated in the H22 Alone Together research project, develop future housing solutions that reduce exclusion, segregation and perceived social isolation. The project formed part of our participation in the international urban fair H22 City Expo, held in the southern Swedish city of Helsingborg in the summer. In 2022, Serneke participated for the second time as a partner in Gothenburg's Frihamn (free port) Days. Associations, businesses, organizations and politicians gather here with the purpose of strengthening democracy and contributing to change by bringing people and organizations together across borders.



Social responsibility

## EMPLOYEES AND LEADERSHIP



Employees are absolutely crucial for Serneke's culture, business and future development. We therefore work actively to be able to offer a dynamic, sustainable and diversified workplace, characterized by engaged and inclusive leadership.

Competition among talented, experienced and dedicated employees is high. Serneke's ability to identify, develop, attract and retain the right employees, with the right skills and attitude, is absolutely decisive for the Group's success and ability to achieve the set targets. Continuous efforts are therefore being made at Serneke to develop and strengthen the employee offering. In addition to market-based terms of employment and benefits, opportunities for continuous skills development are provided. Throughout the Group, purposeful action is also enabling internal mobility and career development.

### Ongoing skills development

Serneke offers a wide range of skills development opportunities on an ongoing basis. In addition to compulsory training in the Code of Conduct, work environment, environmental requirements and protection, for example, opportunities are also offered for continued training based on the

employee's position and skills profile. The training is based on Serneke's overall strategic focus, partly a structured skills inventory at the individual level in the annual process in connection with development interviews.

### New trainee and mentor programs

Over the year, Serneke's trainee and mentoring program initiative continued. The purpose of the programs is to attract ambitious young employees with an academic degree who want to follow a career in the construction industry. The program alternates production work with strategy work, calculations and purchasing. The mentorship program aims to increase the knowledge and skills of the participants through the transfer of knowledge and experience, establishing good contacts between adepts and mentors, as well as increasing diversity and inclusion within the Company.

### Leadership at Serneke

Serneke's leadership model builds on leadership qualities that all leaders at Serneke need to have to build our culture and achieve the set targets. As a leader at Serneke, one is expected to be able to lead employees in effective teams, develop potential and contribute to the creation of customer value. This does not mean that all leaders at Serneke must be the same and have the same characteristics. As long as the overall target scenario is the same, diversified leadership only brings strengths.

Setting of requirements and follow-up take place based on transparency, clearly defined and measurable capacities that pervade the entire employee cycle – from employment to development, performance assessment and recognition.

### Serneke Management Academy

In 2022, Serneke's internal leadership initiative – Serneke Management Academy – continued. Through the program, 15 managers have gained in-depth knowledge in leadership and Serneke's leadership strategy. Thirty employees also completed the "Leading without responsibility for personnel".

### Inclusion and diversity

Serneke conducts active work to create an inclusive workplace, where the diversity in society is represented at all levels in the organization and where we work proactively against all type of discrimination. Equal rights shall apply to all, regardless of gender, gender identity or gender expression, ethnicity, religion or other belief, disability, sexual orientation or age.

Serneke conducts active efforts in the areas of diversity and inclusion. In 2022, a strategic focus and concrete targets were developed in this area – from the Group level and all the way out to construction site cabins. The work is based on the diversity and inclusion mapping performed for our central processes in 2021. The objectives are disseminated throughout the organization via the Company's business and operations plans, where they are supplemented by activities for achieving the set goals.

During the year, two cases of discrimination, harassment or offensive treatment were reported via Serneke's whistle-blower function. Serneke always takes action when appropriate.

Through active efforts, the proportion of women in the organization has, since 2015, increased from 10 percent to 21 percent at the end of 2022. Development is moving in the right direction but not fast enough. However, the gender distribution differs greatly between occupational groups and areas of operations. Women are still in a minority among blue-collar employees, while there is a better balance among white-collar employees. Objective and competence-based recruitment processes are the basis for being able to recruit appropriate employees to Serneke. Our stated objective is for both men and women to be represented among the final candidates in all recruitment processes.

### WINNINGTEMP

Winningtemp is an engagement platform that contributes to increased communication and a more open climate, in which health and well-being form natural element agenda items. Employees can share experiences on an ongoing basis, contributing to an accumulative view of the organization's current temperature. Serneke targets exceeding the benchmark index of the organization's overall temperature and of the leadership index.

# 22%

of Serneke's managers with staff responsibilities are women

Environmental responsibility

# SUSTAINABLE PROJECTS



As one of the major construction and contracting players in Sweden, Serneke bears a substantial climate and environmental responsibility, and the Group is working actively to gradually reduce both its emissions and other negative impacts on the environment.

From a life cycle perspective, environmental and climate impacts occur at all phases of a construction project, from the production of materials and construction goods, to the construction, use and remodeling of the building, and ultimately in its dismantling or re-purposing.

Serneke conducts active work to prevent, limit and reduce climate and environmental impact at all stages – from land acquisition and project planning, through the purchase of materials for construction, operation, remodeling and dismantling. Sustainable projects involve active environmental efforts throughout the construction process with the purpose of creating a building that is sustainable throughout its life cycle.

Opportunities for influence differ depending on whether Serneke owns and is advancing the project – or is acting as a contractor for another client. The projects Serneke develops under its own auspices or in close collaboration with customers offer a greater opportunity to influence aspects of sustainability through proactive efforts in both the construction and operational phases. By standardizing the methods and processes that help mitigate the

environmental and climate impact, we can also open up for a dialogue in external customer projects and, together with client, arrive at solutions that benefit both the environment and the project.

### Project certification

All projects pursued in-house are developed in accordance with the requirements of external certification systems, including Miljöbyggnad, the Nordic Swan and BREEAM-SE. Serneke has its own environmental certification specialists and has also participated in external reference groups to develop the new criteria for version 4 of the Nordic Swan and requirements for Miljöbyggnad 4.0. As of 2023, the objective is to certify all projects developed in-house. Housing projects developed in-house are to be certified in accordance with Miljöbyggnad (at least level Silver). Other types of project shall be certified in accordance with Miljöbyggnad (at least level Silver), LEED (at least level Gold), BREEAM-SE (at least level Very Good) or the Nordic Swan ecolabel. In pure contracting projects, the ambition is to increase the proportion of projects achieving certification.

# 54%

Slightly more than half of Serneke's contracting projects in 2022 valued at more than SEK 30 million, were carried out in accordance with an environmental certification system (Miljöbyggnad, BREEAM, Nordic Swan).



### EXAMPLES OF ASPECTS FOR LIMITING ENVIRONMENTAL AND CLIMATE IMPACTS

Project development	The construction process	Operational and final stages
<ul style="list-style-type: none"> <li>• Clear requirements set in terms environmental certification, climate budget, circular resource flows and/or adaptation to climate change.</li> <li>• Conservation/consideration, protection and restoration of biological diversity in connection with projects.</li> <li>• Well thought-out system and material solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Climate-efficient construction process – design, material selection and construction.</li> <li>• Sustainability-labeled construction workplaces.</li> <li>• Energy-efficient construction process</li> </ul>	<ul style="list-style-type: none"> <li>• Low energy consumption, helping reduce operating expenses and climate impact.</li> <li>• Healthy and safe indoor environments for people to spend time in – through healthy choices of materials and a favorable indoor environment.</li> <li>• Reduced water consumption in the buildings constructed.</li> </ul>

CONT. SUSTAINABLE PROJECTS

**Biodiversity**

In projects developed in-house at Serneke, several initiatives are being taken to benefit biodiversity. Minimum demands imposed are that the plants used shall have edible berries and fruit, and that insect hotels and birdhouses are to be placed out. Projects that are sustainability labeled with the internal sustainability label for construction sites shall make their own inventory of the natural values in the project. The purpose is to increase awareness in Serneke's construction projects around the conservation of biodiversity at the construction site and to develop proposals for actions to reduce the negative impact on the natural environment in the close vicinity of the construction site.

**The EU green taxonomy**

Extensive work is underway to update and develop our working methods to facilitate our projects' fulfillment of the environmental targets set for buildings and other construction projects in the EU taxonomy. Serneke also participates in the Swedish Construction Federation's taxonomy network with the purpose of developing a shared interpretation of the sustainability criteria for different types of construction projects.

Read more about the year's taxonomy reporting on pages 45–47.



**SUSTAINABILITY LABELING OF CONSTRUCTION SITES**

In 2022, implementation commenced of Serneke's sustainability labeling of construction sites. This labeling is an internal standard, providing guidance for creating favorable workplaces and environmentally friendly construction sites and explaining the measures that must be taken to achieve the set requirements. The tool addresses

the construction site, everyone who works there, as well as those who live, visit and work nearby, and their security, safety, health and well-being. Three different levels of labeling can be achieved, depending on the project's objectives. As of 2023, all newly launched projects shall achieve the base level.

Environmental responsibility

CLIMATE



Climate change affects the conditions for life on the planet. The Riksdag (Sweden's parliament) has resolved that Sweden shall have net-zero greenhouse gas emissions by 2045. This is to be achieved at the same time as Sweden grows. In total, the construction and property sector accounts for slightly more than 20 percent of the total greenhouse gas emissions in Sweden. The sector also contributes to considerable emissions in other countries through imports of construction materials and input goods.

**Net-zero emissions by 2045**

As one of the larger construction and contracting players in Sweden, Serneke bears a substantial environmental and climate responsibility. The overarching objective is to halve greenhouse gas emissions by 2030 and achieve net-zero emissions throughout the value chain by 2045.

**Emissions in Serneke's own operations**

In Serneke's own operations, these emissions are mainly generated by the fossil fuels used by transport vehicles and construction machinery, as well as by heating workplaces. Here, active work is being carried out with energy efficiency measures by increasing the requirements in internal procedures.

Serneke works actively to minimize and reduce energy use in the offices and properties that it owns. Continuous efforts are being conducted throughout the Company, to introduce measures identified in the recurring energy survey, which is conducted in accordance with the Act on energy surveys in large companies (2014:266). The mapping

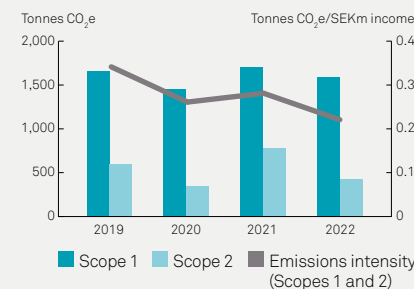
includes energy used in the buildings, operations and transports under the Company's control.

For all projects in which Serneke itself has the opportunity to choose energy contracts, renewable energy is used for electricity consumption, and district heating for heating and drying. Diesel-powered dryers and fans are avoided as far as possible. We require energy-efficient lighting at construction sites and, where appropriate, motion-sensor switches are also installed.

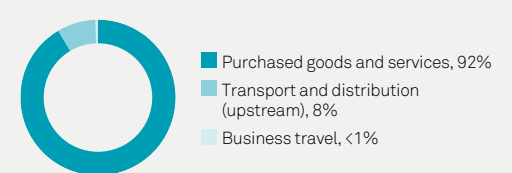
**Cooperation within the value chain**

Most of the emissions within the value chain arise upstream in connection with the production of construction materials, through sub-contractors' use of machines and vehicles, as well as downstream from emissions related to energy consumption in the operational phase of the buildings. This climate impact occurs outside Serneke's own business, but is nonetheless a consequence of decisions made within the Company through, for example, purchases and procurements. To reach the objective of net-zero

**EMISSIONS OF GREENHOUSE GASES IN SERNEKE'S OPERATIONS**



**DISTRIBUTION OF INDIRECT SCOPE 3 EMISSIONS**





CONT. CLIMATE

greenhouse gas emissions, it is therefore necessary for all parties within the value chain – from the manufacture of materials and products to the operation and management of properties – to cooperate and to help one another.

Serneke cooperates with a number of actors to identify new solutions that can help reduce the climate impact. We have, for example, been involved in the development of a new tool for early-stage climate calculations that will facilitate project-specific climate budgets and focused work with climate measures throughout a construction project.

**Increasing the pace of education to decrease the climate impact of our construction projects**

An important part of the journey towards climate neutrality involves increasing our awareness, knowledge and understanding of how each employee can help reduce the Company's climate footprint – focusing on a climate-smart construction process. In 2022, internal training initiatives were conducted in the project development operations and a large portion of the contracting operations, addressing, for example, climate declarations, climate calculations and climate-smart construction. Additional training opportunities will be held in 2023 – both for basic and advanced skill levels. New procedures have also been developed for aspects of sustainability associated with projects developed in-house. Among other things, climate calculations will be performed for all new projects as of 2023. In projects developed in-house, threshold values equivalent to Miljöbyggnad 4.0, level Silver will also be required.

**The road towards the objective**

Serneke supports the construction industry's Road Map for Fossil-free Competitiveness. The Road Map has been developed by Swedish Construction Federation, industry representatives, researchers and the Fossilfritt Sverige (Fossil-free Sweden) organization. In 2022, Serneke developed its own climate road map to explain how we will achieve our long-term climate objectives. By means of cooperation throughout the value chain and increased expertise in climate-smart construction, both our own climate objectives and those of the industry will be achieved.

The climate impact of own construction projects will decrease by means of:

- Increased resource efficiency and choosing materials with a low climate impact
- Reduced waste quantities and circular construction
- Efficient transports
- Energy-efficient buildings
- Digitalization
- Sustainability-labeled construction sites

We are also maintaining our focus on enhancing the energy efficiency of construction sites and on the electrification of our vehicle fleet.

In 2023, our climate road map will be further developed with a more in-depth risk, opportunity and vulnerability analysis in accordance with the recommendations of the TCFD (Task-force on Climate-related Financial Disclosures). Serneke will also assess the benefit in applying to the Science Based Targets initiative (SBTi) for scientific validation of its climate targets.

**NEW CLIMATE DECLARATION RULES FOR NEW BUILDINGS**

To enable improvements, increased knowledge and transparency are required regarding the actual impacts of different materials and processes. Measuring and reviewing climate data are key factors in driving the trend towards reduced CO<sub>2</sub> emissions. In January 2022, new rules came into effect regarding the declaration of the impact on the climate from the entire construction phase, including emissions from the production of materials, as well as from transport and the con-

struction site. For projects requiring building permits, developers are now required to produce a climate declaration before receiving a final ruling. By law, the declaration must contain an estimated climate impact measured in kg CO<sub>2</sub>e per m<sup>2</sup> GFA. Serneke has several projects in progress that are covered by the legal requirement and that will submit climate declarations to the National Board of Housing, Building and Planning in connection with final approval.

Environmental responsibility

CIRCULAR RESOURCE FLOWS



The construction and property sector accounts for a significant part of society's material use and waste flows. Today, the construction industry accounts for about 40 percent of all waste generated in Sweden. The load on the climate and environment need to be reduced. To succeed in this while withstanding material shortages and increased material prices, the construction industry needs to transition from linear to circular business models, material flows and processes. Accordingly, resource consumption and waste management constitute one of Serneke's priority environmental issues.

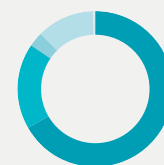
The efficient use of resources, good sorting of construction waste, and the increased use of recycled materials in construction projects foster conditions for circular material flows and reduced project costs. Through well-planned resource management, the consumption of materials can be reduced, while re-use and recycling can be increased. As of 2022, we measure and report the percentage of construction waste sorted for re-use and recycling inside or outside of the organization.

Efforts build on the Swedish Construction Federation's guidelines for resource and waste management during construction and demolition. The ambition is to minimize consumption of materials and resources and thereby also construction and demolition waste, while gradually increasing the sorting of waste sent to material recycling.

**Pro-active work with resource consumption**

The work with circular resource flows also includes preventive aspects aimed at limiting the impact in connection with disassembly or demolition. By logging the materials used in a building, where they are used and in what quantities, the building is prepared for future disassembly and re-use. The work is based on criteria in the Building Products Assessment service or an equivalent system. The Building Products Assessment service is a non-profit cooperative society that assesses products' sustainability and makes information about them available.

**WASTE FROM SERNEKE'S OPERATIONS  
DISTRIBUTION OF TREATMENT METHODS**



- Materials recycling, 67%
- Energy recovery, 18%
- Landfill, 3%
- Mixed waste (for post-sorting), 12%
- Hazardous waste, <1%

67%

In 2022, 67 percent of all waste at our construction sites was prepared for material recycling.

Responsible governance

## BUSINESS ETHICS AND SUPPLIER ASSESSMENT



The construction and contracting industry is generally characterized by large-scale projects, a mix of both public and private customers, and a strong dependency on suppliers and sub-contractors. Combined, this entails an increased risk of bribery and corruption. At the same time, the long supply chains entail a risk of inadequate control of working conditions among sub-contractors and suppliers, and of unregistered labor.

Combined, these risks could entail challenges or disruptions in the supply chain, which could, in turn, cause both financial and non-financial consequences for projects, operations and the brand. Serneke works to identify and reduce risks of events and incidents that could harm the operations in various ways.

### Ethics and human rights

For Serneke, it is important to act ethically. This strengthens competitiveness and contributes to a high level of trust among employees, customers, suppliers, capital market and society as a whole. We have zero tolerance for all forms of corruption, including all types of bribery and corruption.

Serneke's operations contribute to lasting, inclusive and sustainable economic growth. This should be achieved with decent working conditions, for both employees and sub-suppliers. Serneke stands for human rights and demands that both its own employees and individuals within the supply chain be treated justly and with dignity.

The corporate Code of Conduct describes the basic principles of how managers and employees throughout the organization are to conduct their daily work and contact with suppliers, competitors and other third parties. The Code of Conduct also defines what applies in areas such as gifts, anti-corruption, drugs and alcohol, as well as in connection with possible conflicts of interest. All employees are required to complete Serneke's

internal training in the Code of Conduct. Suspected violations of the Code of Conduct are to be reported to Serneke's whistle-blowing service.

### Supplier follow-up

As the principal contractor, Serneke is responsible for compliance with regulations and agreements and for safeguarding ethical business practices and decent working conditions throughout the value chain. This responsibility also applies to supplier and sub-contractors. Serneke applies a supplier control procedure and agreements are only entered into with suppliers who meet Serneke's basic requirements. Suppliers, sub-contractors and consultants are covered by Serneke's Code of Conduct for Business Partners. The Code of Conduct describes how each business partner shall act to safeguard fair working conditions and respect for human rights, business ethics and environmental responsibility, as well as health, safety and security. Violations of the Code of Conduct entitle Serneke to terminate the agreement. Read more about the Code of Conduct on page 66.

Serneke captures deviations from its policies and procedures among suppliers from the very start of each purchase procedure with a new supplier. The operational management system includes a thorough "Secure Purchase" process, in which each new supplier must complete a self-assessment form and undergo Serneke's "Supplier management" inquiry process regarding the set requirements. Requirements include suppliers being registered for

corporation tax, not having been convicted of any crimes in the performance of its operations, good creditworthiness, affiliation to collective bargaining organizations, and that the supplier may have at most one sub-contractor. In this way, Serneke has an opportunity to overview the entire supply chain effectively.

As a complement to the above, Serneke also has a supplier register listing approved suppliers, as well as a Supplier Council with the authority to black-list (prohibit) the use of specific suppliers if they, on review, fail to meet Serneke's requirements. Automated ID06 verification on entering a Serneke workplace indicates whether the relevant employer is the subject of any remarks with regard to taxes, insurances, pensions, and the like.

On completion of the project, the supplier management process also includes a company assessment performed jointly by our central purchasing department and the project organization.

### Continued development of supply chain review

To safeguard decent working conditions, respect for human rights and environmental responsibility throughout the supply chain, we are continuously working to develop and improve our procedures for reviewing compliance with requirements.



# 92%

of all employees underwent training in our Code of Conduct in 2022.

Responsible governance

# SUSTAINABLE FINANCING



An increasing amount of capital is being steered towards sustainable investments and Serneke works actively to be eligible for all types of investors – thereby safeguarding and facilitating access to capital and financing. This ambition affects the underlying work with the offering, investments and certifications, as well as with the reporting of developments.

### Green framework and greens bonds

In 2021, Serneke developed a new framework that makes it possible to issue so-called Green Bonds. In this way, the purpose is to finance construction projects with a sustainability focus. Unlike ordinary bonds, the proceeds from green bonds are used to finance or refinance new or existing climate-smart and environmentally friendly projects. Projects include housing and commercial premises alike. The criteria defined in Serneke's Green Framework were achieved for project which has 20 percent better energy performance than required by the National Board of Housing, Building and Planning's rules and meets the requirements of one of the environmental certifications: Miljöbyggnad (at least level Silver), BREEAM-SE (at least level Very Good), LEED (at least level Gold) or the Nordic Swan. Compliance is verified by an independent party, CICERO, and it is Serneke's ambition that all projects developed in-house shall meet the criteria.

### Work to increase the proportion of projects aligning with the EU taxonomy

Serneke's targets include increasing the proportion of turnover compatible with Taxonomy by 2025. Serneke is also involved in several working groups within the Swedish Construction Federation with the purpose of producing an industry-specific interpretation of the taxonomy.

### Reporting in accordance with the Global Reporting Initiative (GRI) and TCFD

To increase comparability, Serneke reports in accordance with the GRI Standards (2021), as of the financial year 2022. Serneke has also developed the implementation of the recommendations of the TCFD (Task force on Climate-related Financial Disclosures) to describe the strategic work with climate-related financial risks and opportunities. Read more on pages 48–50 and on page 42.

Responsible governance

# DIGITALIZATION AND INNOVATION



Innovation and technological development are important tools, both for increasing efficiency and for resolving environmental, social and financial challenges. To be able to question norms and challenge the industry, Serneke is conducting several innovation and development projects, several of which are in partnership with others. A broad view is taken, drawing inspiration both from other actors and other industries.

Several initiatives are being conducted within Serneke with the objective of establishing more data-driven working methods. In particular, the focus is on initiatives aimed at producing better prerequisites for the planning and implementation of projects. The availability of qualitative data shall contribute to increased transparency, support decision-making and facilitate skills transfer. The advantages are many. Through active work with technological development, digitalization and automation, it is possible to reduce construction costs and improve the quality of delivery.

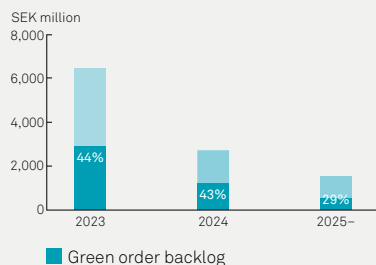
Prioritized initiatives include developing systems of cooperation, management and review of the operations. By bringing together the project's different processes within a single platform, an effective support is created – both for the individual project, as well as for the governance and review of the pro-

ject portfolio. Other initiatives involved the implementation of the Dalux application, which serves to digitalize quality-assurance work and case management in contracting projects (read more on page 36).

### Increased focus on innovation

Beyond streamlining internal processes, the ambition is to drive changes that contribute clearly to the transition of construction industry towards a more sustainable development. Serneke partners with Sustainable Innovation, participating in several collaboration and research projects that employ innovation to develop solutions for reducing the climate impacts of construction and development projects. Looking ahead, the focus will be on further developing and improving the capacity to scale up innovations in the operations.

### GREEN ORDER BACKLOG<sup>1)</sup>



1) Project constructed in accordance with established certification requirements in agreement with Serneke's green framework.



### DEVELOPMENT OF DIGITAL PLATFORM FOR OUR OPERATIONS MANAGEMENT SYSTEM

“Succeeding with a construction project requires an incredible amount of complex information and data that you must keep track of and implement at the right time, in the right way and at the right cost. Since 2021, we have been using a digital business management system developed in-house. In 2022, version 2.0 was launched and tested on a number of pilot projects in the operations. The updated version makes it possible for employees within contracting to find everything they need to manage their projects, including document storage, task management, time plan-

ning, financial risk and opportunities management, diary and various finance, purchasing, environment and quality reports. The operations management system has also been used for this year's collection and analysis of sustainability data from the contracting projects. We have the advantage of not having inherited too much luggage – in other words, no deeply rooted system that has always been around. This means that we can really build something new and cutting-edge.”

*Elsa Blomster,  
Application Manager, Serneke Group*

# SUSTAINABILITY NOTES

## SUSTAINABILITY GOVERNANCE

The governance of Serneke's sustainability work shall be conducted such that sustainability forms an integrated and natural part of the operations as a whole. Sustainability governance shall ensure legal compliance in the area of sustainability, the development of the sustainability work and the realization of the Group's sustainability framework. The sustainability work shall focus on preventive measures and apply the precautionary principle.

### Organization of the sustainability work

#### Board of Directors

Serneke's Board of Directors adopts annually Serneke's Sustainability Policy and Code of Conduct, with the associated sustainability framework. Serneke's risk analysis is reported annually to the Board of Directors which reviews sustainability risks, including climate-related risks, risks related to human rights and opportunities. Material deviations and measures linked to the Sustainability Policy are reported to Serneke's Board of Directors when such occur. It is the Board of Directors that is responsible for the Sustainability Report for 2022 on pages 25–50, including the sustainability risks described

on pages 56–59, and for this being prepared in accordance with the Annual Accounts Act.

During the year, a targeted stakeholder dialogue was also conducted with selected Board members and a review of the EU green taxonomy and upcoming legal requirements in sustainability reporting was performed for the Audit Committee.

#### Group Management

Serneke's CEO bears the ultimate responsibility for the sustainability work, which also includes climate-related risks and opportunities. Serneke's Head of Sustainability is responsible for operating and developing the Group's climate and sustainability work. The Head of Sustainability reports directly to Serneke's CEO on an ongoing basis and informs Group Management on the results of the work on at least four occasions annually or as needed. Group Management annually approves the Sustainability Policy with the associated sustainability framework and sustainability risks, as well as the annual Sustainability Report.

The Head of Sustainability leads the Group Sustainability function, which is responsible for annually updating the Sustainability Policy with the associated sustainability framework and sustainability risks,

including climate-related risks and opportunities, and regularly follows up, reports and improves the Group-wide sustainability work so that the sustainability targets are reached. In 2023, a Sustainability Council will be initiated with representatives from the business areas and the operations. The Council shall ensure effective communications with the operations and an increased pace in the Company's transition.

The planning, governance and review of the sustainability work follows the Company's organizational structure with a clear delegation of responsibilities and authorities via a management system. This comprises policies, guidelines, overarching measurable targets and a detailed plan of action. In addition, our sustainability work is governed by laws, guidelines and regulations and is guided by volunteer undertakings and frameworks, such as the UN's global sustainability goals. The business planning conducted each year creates clear, anchored plans for how the operations are to be run in all parts of the Company. Both short and long-term targets are formulated within these plans, in the financial, environmental and social areas. The business plan is then followed up on an ongoing basis over the year.

### GOVERNING FRAMEWORK AND GUIDELINES

To safeguard systematic and structured sustainability work, Serneke takes support in a number of frameworks, both internal and external. In addition, Serneke has also chosen to work in accordance with a number of external principles and industry-wide initiatives. Key regulations and guidelines are presented here.

#### Internal

- Code of Conduct
- Code of Conduct for Business Partners
- Sustainability Policy incl. Environmental Policy
- Anti-corruption Policy
- Other Group policies

#### External

- The UN's global goals
- The UN's Global Compact and the ten principles of human rights, environment, working conditions and anti-corruption

- The UN Declaration of Human Rights
- OECD Guidelines for Multinational Enterprises
- The ILO's eight core conventions on fundamental human rights in working life
- The ILO's international program for the abolition of child labor (IPEC)
- World Economic Forum's anti-corruption initiative (PACI)
- The construction industry's agreement to combat bribery and corruption (ÖMK)
- Task Force on Climate Related Financial Disclosures (TCFD)
- Greenhouse Gas Protocol

#### Industry-wide agreements

In addition to the frameworks mentioned, Serneke is also included in a number of industry-wide agreements and guidelines. These include:

- Swedish Construction Federation
- Keep the zero
- Road map for fossil-free competitiveness in the construction and civil engineering sector.
- Sweden Green Building Council (SGBC)
- Building Products Assessment
- Local road map Malmö 2030
- Helsingborg Declaration
- Uppsala climate protocol
- Gothenburg handshake for circular construction

CONT. SUSTAINABILITY GOVERNANCE

**Control**

The sustainability work is governed via Serneke's governance documents for internal corporate governance, the Code of Conduct, the Sustainability Policy, as well as the sustainability framework with its overarching measurable targets and plans of action. Beyond this, the work is also governed by international principles and guidelines as well as relevant laws, ordinances and regulations. Training in the Code of Conduct is compulsory for all employees and forms part of the introduction program for new recruits. In 2023, a training program in sustainability will be developed for the whole Group.

The sustainability targets and associated activity plans are integrated into the operational planning that is carried out each year. The follow-up of the targets is performed continuously over the year through controller cards.

To ensure and maintain systematic environmental and quality work, Serneke Sweden is certified in accordance with ISO 14001:2015 (environment) and ISO 9001:2015 (quality). Nyberg Svets (a company within the Group) holds the certification EN 1090:2 (construction steel).

As a production support for Serneke Sweden's contracting projects, there is a sustainability label for construction sites with guidance and working methods for safeguarding sustainable construction sites. Work is underway to introduce the sustainability label at all of Serneke's construction sites.

**External follow up and control**

The construction industry is subject to extensive regulations and continuous external review regarding environmental considerations, aspects of technical quality, safety concerns and legal considerations relating to the work environment. The Company's operating system, with its processes and procedures, contributes to maintaining high and consistent quality in all areas. To assess and improve the efficiency of the operations' processes, internal audits are performed within the Company. This also fosters security and verifies that the operations are functioning as they should. The foremost external inspections include audits in connection with ISO certification, audits from customers and clients, inspections by the Swedish Work Environment Authority and the Swedish Tax Agency, as well as the unions' workplace inspections and ongoing review.

# STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Serneke annually maps and analyzes the operations' positive and negative influences on society and the planet based on a dialogue with stakeholders, environmental analyses, benchmarks and discussions with experts. The analysis also identifies the sustainability areas with a material financial impact for the Group.

The materiality analysis results in a materiality matrix from a dual perspective that forms the basis for the development and updating of Serneke's sustainability work. Through this work process, relevant and long-term sustainability work is ensured.

**Stakeholder dialogues**

Central to Serneke's sustainability work is a close dialogue with identified stakeholders. This dialogue is pursued continuously in all projects, meetings and other contact channels, as well as in targeted meetings, interviews and questionnaires for specific stakeholder groups and employees. Our stakeholder dialogues provide an in-depth picture of the areas that stakeholders consider most relevant for the Group. Listed below are Serneke's most important stakeholders, how we conduct an ongoing dialogue with them and which sustainability issues have been in focus for these dialogues.

Stakeholder group	How we conduct a dialogue	Questions in focus
<b>Employees</b>	Daily dialogue with manager, development interviews, conferences, workplace meetings, employee engagement platform, internal training, leadership program.	Clear strategy, target scenario and follow-up. Health and work environment. Education, skills development and leadership. Attractive employment contracts. Social involvement. Financial results. Diversity and inclusion. Climate neutrality.
<b>Shareholders, owners &amp; Board of Directors</b>	Investor meetings, quarterly reports, Board meetings, Annual General Meeting, interviews, website.	Business ethics and sound competition. Financial results. Customer satisfaction, sustainable business and sustainable projects. New technology. Supply chain follow-up. Sustainable financing, transparency, risk management and reliability. ESG rating. Circular resource flows.
<b>Private customers</b>	Daily meetings with customers, bidding procedures, seminars, events, questionnaires, interviews, industry forums.	Health and work environment. Climate neutrality. Local community development. Material. Fair competition. Low energy consumption.
<b>Public sector</b>	Daily meetings with customers, bidding procedures, seminars, events, industry forums, municipal and regional urban development forums.	Fair competition. Climate neutrality. Low energy consumption. Local community development. Biological diversity.
<b>Suppliers and sub-contractors</b>	Supplier meetings, industry forums, quotation requests and procurement procedures, interviews, questionnaires.	Fair competition, prices, agreements, business ethics. Health and work environment.
<b>Financial institutions</b>	Quarterly and Annual Reports, when applying for construction credits, seminars.	Anti-corruption, business ethics and legal compliance. Financial results. EU taxonomy, framework for green bonds. Climate neutrality, resource efficiency and biological diversity. Digitalization. External frameworks, such as TCFD, Science-based targets. ESG rating.
<b>Industry</b>	Industry forums and member organizations, conferences, meetings.	Safety and work environment. Sound competition. Attractive collective agreements. Skills supply. Climate transition.
<b>Society</b>	Website, events, questionnaires and dialogues with home buyers, cooperation with universities and colleges, industry associations.	Affordable housing. Local community development and adaptation to climate change. Low energy consumption and climate neutrality. Good information and limited disturbance around construction projects.

CONT. STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

**Double materiality analysis**

In 2021, Serneke completed a materiality analysis that included a questionnaire and in-depth interviews with employees, customers and suppliers, as a complement to the ongoing dialogue. In 2022, the analysis was supplemented through further targeted dialogues with the owners, Board of Directors, shareholders, financial institutions, Group Management and managers. Based on insights from the continuous and targeted dialogues with our stakeholders, as well as comprehensive external analyses, risk analysis and opportunity analyses, and dialogue with internal and external experts, Serneke's material sustainability topics and their impacts have been identified. The materiality the questions have been evaluated from a dual perspective, namely Serneke's impact on society and the planet as well as the financial impact that sustainability topics have at Serneke. A major portion of Serneke's impact – both positive and negative – takes place among sub-contractors, suppliers, manufacturers and end-users in the value chain. For each sustainability topics, the impact on the value chain has been weighted into the analysis.

The results of Serneke's double materiality analysis have been compiled in a materiality matrix. The analysis of the financial impact of the material topics, positive or negative, on Serneke is reflected in the y-axis of the materiality matrix. The analysis of what impact Serneke's operations have on the material topics is reflected in the x-axis.

Although all sustainability topics in the matrix are considered material and significant for the Company, they have also been graded based on whether their impact is low, average or high. The sustainability topics assessed as having the highest impact, in gray boxes, form the basis of the focus areas, of which Serneke's sustainability framework is comprised.

A materiality analysis from a dual perspective was conducted for the first time in 2022 and will be assessed and updated annually.



# SERNEKE'S SUSTAINABILITY TARGETS

Based on the stakeholder dialogue and materiality analysis, in 2022, Serneke developed a sustainability framework building on nine areas of focus with overarching sustainability targets. Stakeholders are informed of the outcome at least once a year via the Annual and Sustainability Report. Serneke's focus areas and targets concretize our direction and ambition within sustainability for the operations and the value chain, and shall guide us in our actions and decisions both internally and in cooperation with others. The goals are integrated into Serneke's overarching goal management, which is followed up throughout the operations.

To the right is a compilation of our nine focus areas, as well as the overarching targets. Several of the goals are new for 2022 and key indicators have yet to be established – these key indicators are being developed and are planned to be formulated in 2023. Greater depth in the focus areas is given on pages 28–35 and outcomes for the targets are presented on pages 40–47. For the key indicators lacking outcomes, measurement will be established in 2023.

Focus area	Overarching objectives	Measurable targets 2025
<b>Well-being and safety</b>	Ensure a healthy and safe workplace	<ul style="list-style-type: none"> <li>Zero serious workplace accidents</li> <li>LTI<sup>1)</sup> (Lost Time Injury): &lt;4.5</li> <li>Sick-leave due to organizational and psycho-social ill health: decreased trend</li> </ul>
<b>Social involvement</b>	Contribute to a sounder society in which people can thrive and develop for the next generation	<ul style="list-style-type: none"> <li>Percentage of turnover on sponsorship</li> <li><i>Under development – care of local community</i></li> </ul>
<b>Employees and leadership</b>	An inclusive and diversified culture with opportunities for personal development	<ul style="list-style-type: none"> <li>Temperature<sup>2)</sup>: above benchmark index (7.5 for 2022)</li> <li>Leadership index<sup>2)</sup>: above benchmark index (7.9 for 2022)</li> <li>Percentage of the under-represented gender in managerial positions: &gt;30%</li> <li>Percentage of the under-represented gender among employees: &gt;30%</li> <li>No occurrences of bullying, discrimination or abusive behavior</li> </ul>
<b>Sustainable projects</b>	Create buildings that are sustainable throughout their life cycle	<ul style="list-style-type: none"> <li>Environmentally certified<sup>3)</sup> projects developed in-house: increased trend</li> <li>Contracting projects in compliance with environmental certification<sup>3)</sup>: increased trend</li> </ul>
<b>Climate</b>	Halve our greenhouse gas emissions by 2030 and have net-zero emissions throughout the value chain by 2045 <sup>4)</sup>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions from our own operations (Scope 1 and 2): clearly decreasing trend<sup>4)</sup></li> <li>Greenhouse gas emissions from our value chain (Scope 3): clearly decreasing trend<sup>4)</sup></li> </ul>
<b>Circular resource flows</b>	Foster efficient use of raw materials and create circular resource flows	<ul style="list-style-type: none"> <li>Proportion of materials recycling: &gt;70%</li> <li>Waste quantity per heated constructed m<sup>2</sup>: &lt;21 kg/m<sup>2</sup> GFA</li> </ul>
<b>Business ethics and supplier assessment</b>	A transparent approach and sound business practices throughout the supply chain	<ul style="list-style-type: none"> <li>Employees having completed e-learning course: Code of Conduct: 100%</li> <li><i>Under development – stricter supplier control</i></li> </ul>
<b>Sustainable financing</b>	Our investments shall benefit both society and the planet	<ul style="list-style-type: none"> <li>Proportion of green order backlog: increased trend</li> <li>Proportion of turnover aligning with the EU green taxonomy increased trend</li> </ul>
<b>Digitalization and innovation</b>	Accelerate sustainable development through data-driven working methods and innovative collaborations	<ul style="list-style-type: none"> <li><i>Under development</i></li> </ul>

1) Number of work-related accidents resulting more than eight hours of absence per one million hours worked.

2) Temperature and leadership index are measured in Winningtemp, Serneke's employee engagement platform.

3) Definition of environmental certification in accordance with our green framework.

4) The base year for Scope 1 and 2 is 2019, and for selected sub-streams for Scope 3, it is 2022.

# OUTCOME, SOCIAL RESPONSIBILITY

## Work-related accidents (GRI 403-9)

Work-related accidents are those that occurred at Serneke's workplaces, during or in connection with work. Serneke targets having zero serious workplace accidents, as well as an accident rate LTI<sup>5)</sup> (Lost Time Injury) of at most 4.5. We have an increasing trend in our LTI and have a high value for the industry. The increased LTI value is due to a combination of an increased number of accidents and a decreased number of hours worked. This is, however, a measurement that can easily be misleading, as it depends on how the composition of white-collar employees, compared with blue-collar employees varies over the years, as well as on how our business model is structured. During 2023, we will therefore assess how work-related accidents can better be measured and followed up.

## Risk observations and incidents

Reporting of risk observations increased in 2022 compared with the preceding year. Reporting of both incidents and accidents also increased. This outcome derives from several factors, including simplified reporting opportunities through the IA app, initiatives for training in the reporting tool, increased risk awareness in projects and a preventive long-term work environment process aimed at reducing the number of incidents and accidents in the long term. During 2022, 554 incidents were reported at Serneke, 50 of which have been classified as serious, with a small number being classified as highly serious. Over the year, we received 3,666 reported risk observations, which is an increase of about 80 percent on the preceding year, and an increase of almost 700 percent compared with 2020. The fact that risk observations are increasing is positive as this means that additional dangers are being observed and these can be remedied these before something happens.

## Work-related accidents (GRI 403-9)

	2022	2021	2020
Number of fatal accidents	0	0	0
Own personnel <sup>1)</sup>	0	0	0
Subcontractors	0	0	0
Number of serious accidents <sup>2)</sup>	23	–	–
Serneke personnel	13	–	–
Subcontractors	10	–	–
Total number of accidents with absence <sup>3)</sup>	57	57	42
Serneke personnel	27	20	9
Subcontractors	30	37	33
Total number of accidents <sup>4)</sup>	233	187	128
Serneke personnel	123	–	–
Subcontractors	110	–	–
LTI <sup>5)</sup>	14.2	10.5	4.9
Serneke personnel	14.2	10.5	4.9

General note: Outsourced personnel are not included in the statistics. Contracted personnel are included as sub-contractors. The data have been collected from Serneke's work environment systems. For serneke personnel, the total number of hours worked in 2022 was 1,897,610 hours.

- 1) In 2022, one Serneke employee died in a workplace accident. The employee had, at the time, been outsourced to another employer, which is why that accident is not included in the statistics above. The accident is being investigated together with the relevant company.
- 2) Serious accidents are classified in accordance with the Work Environment Authority's guidelines. Number of serious accidents is calculated excluding fatalities.
- 3) Number of accidents with at least one day's absence.
- 4) The total number accidents is calculated inclusive of fatalities. The most common types of work-related accidents and injuries in 2022 were falls at the same level (22 percent), contact with a sharp object (16 percent), becoming crushed or pinched between objects (14 percent), or being injured by an object wielded by the oneself (12 percent).
- 5) Lost time injury (LTI) refers to total number of accidents, excluding fatalities, resulting in more than eight hours of absence per one million hours worked. LTI is reported only for own personnel.

## Sick-leave, Serneke employees (GRI 403)

%	2022	2021
Total Group, of which	4.0	5.9
White-collar employees	2.8	2.2
Blue-collar employees	7.0	9.3

General note: The data have been collected from Serneke's HR and payroll systems and show an average over the year as a whole.

## Sponsorship

Over the year, Serneke sponsored association and club activities in the local community to the tune of SEK 16.7 million, corresponding to 0.18 percent off turnover compared with 0.15 percent in 2021. Through our sponsorship, we seek to contribute actively to positive development in environments where people can thrive and grow, in turn benefiting society and the next generation.

## Employee engagement and leadership index

Serneke uses an employee engagement platform, Winningtemp, with which we follow up on and take the pulse of our employees on various parameters. The average of all of the parameters constitutes Serneke's "temperature," describing the overall well-being of the its workforce. Serneke targets exceeding the index for the parameters of "temperature" (benchmark index 7.5) and of "leadership index" (benchmark index 7.9). Serneke's average outcome for 2022 was 7.6 for "temperature" and 7.8 for "leadership index".



## CONT. SOCIAL RESPONSIBILITY

**Diversity and inclusion (GRI 405-1)**

The Group prioritizes its work with diversity and inclusion, including with regard to recruitment, succession planning and leadership training. Serneke targets having at least 30 percent women in mana-

gerial positions and in total among all employees in 2025. The outcome for 2022 indicates that we are heading in the right direction but need to focus our efforts further to achieve our targets.

**Gender distribution (GRI 405-1)**

%	2022		2021		2020	
	Women	Men	Women	Men	Women	Men
Employees	21	79	19	81	18	82
White-collar employees	28	72	26	74	-	-
Blue-collar employees	4	96	1	99	-	-
All managers with HR responsibilities	22	78	18	82	-	-
Board of Directors	2/7	5/7	3/8	5/8	3/8	5/8
Group Management	3/9	6/9	3/9	6/9	0/7	7/7

**Age distribution (GRI 405-1)**

%	<30 years	30-50 years		>50 years
		years	years	
Employees	21	58	21	
White-collar employees	18	63	19	
Blue-collar employees	28	46	26	
All managers with HR responsibilities	3	69	28	
Board of Directors	0	29	71	
Group Management	0	67	33	

**Employees per business area (GRI 2-7)<sup>1)</sup>**

Number of	2022			2021			2020		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Total number of employees	1,249	260	989	1,218	231	987	1,120	202	918
Group	105	67	38	73	-	-	34	-	-
Sweden	1,013	157	856	1048	-	-	1,030	-	-
Invest	131	36	95	97	-	-	56	-	-

**Employees and collective bargaining agreements (GRI 2-7, 2-30)**

All employees within the Serneke Group, both white and blue-collar employees, are covered by collective bargaining agreements.

**Form of employment (GRI 2-7)**

Number of	2022		
	Total	Women	Men
Permanent employees	1,149	229	920
Temporary employees	29	16	13
Other forms of employment <sup>2)</sup>	71	15	56

**Type of employment (GRI 2-7)<sup>3)</sup>**

Number of	2022		
	Total	Women	Men
Full-time employees	1,218	247	971
Part-time employees	31	13	18

**New employee hires and employee turnover, (GRI 401-1)<sup>4)</sup>**

Number of	2022		2021	
New employees	409	343		
White-collar employees	291	236		
Blue-collar employees	118	107		
Employees who have left	351	191		
White-collar employees	242	150		
Blue-collar employees	109	41		
Personnel turnover (%)	21%	16%		
White-collar employees	16%	18%		
Blue-collar employees	23%	12%		

General note: All employee data are based on a number of people. The data have been compiled by Serneke's payroll department and retrieved from our HR and payroll systems. Data on the number of employees has been retrieved as of December 31, 2022, with the remaining employee data applying for the whole 2022 financial year.

- 1) Fluctuations in the distribution of employees is due to the reorganization conducted in 2022.
- 2) Includes probationary employment, for example, Galaxen jobs, holiday work and old-age pensioners.
- 3) Employment type is based on the degree of employment.
- 4) Personnel turnover refers to the whole Group and includes only test and permanent employees, as well as terminating their positions at their own or own request.
- 5) The increased staff turnover is largely due to part of the Company's restructuring during the past year, as well as partly being dependent as a result of this.

# OUTCOME, ENVIRONMENTAL RESPONSIBILITY

## Serneke's targets for climate neutral operations and value chain

Serneke targets halving its greenhouse gas emissions by 2030 and having net-zero emissions throughout the value chain by 2045.

Greenhouse gas emissions are divided into three scopes in accordance with the Greenhouse Gas (GHG) Protocol and is calculated from a consumption perspective, meaning that we take into account emissions from goods and services that were purchased from other countries.

- Scope 1 refers to direct emissions from our own operations and derived from fuel combustion for heating and drying, as well as in vehicles and machines (own and rented/leased).
- Scope 2 refers to indirect emissions from our own operations and derived from electricity consumption and heating at our construction sites, offices and other premises.
- Scope 3 refers to indirect emissions from the value chain and derive from business trips by plane and train as well as the climate footprint from our construction projects.

## Greenhouse gas emissionsr (GRI 305-1, 305-2, 305-3, 305-4)

tonnes of CO <sub>2</sub> e	2022	2021	2020	2019	% change 2019-2022
Scope 1, direct emissions	1,591	1,701	1,450	1,660 <sup>8)</sup>	-4%
Scope 2, indirect emissions (market-based) <sup>1)</sup>	427	783	345	601	-29%
Scope 2, indirect emissions (location-based)	1,506	588	819	1,412	7%
Total greenhouse gas emissions (Scope 1 and 2)	2,018	2,484	1,795	2,261	-11%
Emissions intensity <sup>2)</sup>	0.22	0.28	0.26	0.34	-33%
Scope 3, indirect emissions <sup>3)</sup>	90,172	46	30	117	-
1. Purchased goods and services <sup>4)</sup>	82,848	-	-	-	-
4. Transport and distribution (upstream) <sup>5)</sup>	7,273	-	-	-	-
6. Business travel <sup>6)</sup>	51	46	30	117	-
Out of scope <sup>7)</sup>	31	-	-	-	-

General note: The base year is 2019 for Scope 1 and 2 and 2022 for Scope 3.

1) Scope 2 has been recalculated for all years reported. Market-based calculation method is used for Scope 2.

2) Scopes 1 and 2 (market based)/SEK million in income. The emissions intensity has been recalculated for previous years and is calculated only for Scope 1 and 2 – Scope 3 is not included.

3) Scope 3 has been expanded with more emission items for 2022.

4) Limited to precast concrete, prefabricated concrete elements, reinforcement and structural steel.

5) Limited to transport of reported purchased goods and services. Upstream emissions are those occurring prior to use in operations.

6) Limited to air and rail travel, and car rentals.

7) Greenhouse gas emissions (CO<sub>2</sub>e) from combustion of biofuel and biomass.

8) The value has been updated with improved quality.

Serneke's principal emissions are those arising indirectly in our construction projects.

In 2022, we expanded the reporting of Scope 3 to include, in addition to business trips, emissions linked to materials purchases and materials transport in our construction projects. Serneke works continuously to refine and expand the processes for the measurement and monitoring of Scope 3 emissions.

## Reporting principles

Serneke's reporting and calculation of greenhouse gas emissions is performed in accordance with the GHG Protocol Corporate. The base year for emissions within Scope 1 and 2 are 2019, and it is 2022 for Scope 3 emissions. Data quality forms the basis for the choice of base year. Greenhouse gas emissions are reported only as carbon dioxide equivalents (CO<sub>2</sub>e). Serneke does not use climate compensation.

The calculation of greenhouse gas emissions from electricity and heating occurs using a market-based method. The calculation according to the location-based method is also reported, but is not

the basis for calculating the total emissions of greenhouse gases. The Scope 2 greenhouse gas emissions have been recalculated for years 2019 (base year), 2020 and 2021 to correspond to the calculation methodology for 2022. Biogenic emissions of CO<sub>2</sub> from combustion of biofuels and biomass are reported separately from direct (Scope 1) greenhouse gas emissions as being Out of Scope.

Activity data are collected through statistics from digital operations supports, invoice details, real-time measurements, as well as details from Serneke's suppliers. Serneke's operational development systems are developed in-house to collect and compile project-specific data. The emissions factors used come from Swedish Energy Agency, the Swedish Energy Markets Inspectorate, AIB, Göteborgs energi, Swedenergy, IVL, as well as industry-specific emission factors from the National Board of Housing, Building and Planning's climate database. The energy conversion is performed by means of conversion factors from the Swedish Energy Agency. Some uncertainty in emissions data as a result of some uncertainty in emissions factors and measurement methods.

## TCFD Reporting

Serneke's process of implementing the recommendations of the TCFD (Task force on Climate-related Financial Disclosures) are ongoing and were refined in 2022. Additional recommendations will be implemented during 2023.

**Governance:** Management and review of greenhouse gas emissions described on pages 32–33 and 36–37. Greenhouse gas emissions are followed up annually at Group level

**Strategy:** The management of climate-related risks is described on pages 32–33. Climate scenario analysis and assessment of risks and opportunities in the short, medium and long term will be implemented 2023.

**Risk management:** Sustainability risks are included in the Company's risk management process as described on page 57. Further integration of sustainability risks is in progress.

**Targets and metrics:** Targets for greenhouse gas emissions and for the measurement and reporting of key performance indicators are described on pages 12, 32–33 and 42.

The climate target was established in 2019 and updated during 2022.

## CONT. ENVIRONMENTAL RESPONSIBILITY

**Environmentally certified projects**

Sustainable projects involve active environmental efforts throughout the construction process with the objective of creating a building that is sustainable throughout its life cycle. To ensure that environmental and sustainability aspects are highlighted throughout the construction process, we target increasing the proportion of projects in our contracting operations complying with an environmental certification, as well as certifying all projects developed in-house. The target for certification of projects developed in-house was introduced in 2022, with the outcome beginning to be measured in 2023. Projects that at least meet the environmental certifications Miljöbyggnad level Silver, BREEAM-SE level Very Good, LEED level Gold or the Nordic Swan meet Serneke's framework for green bonds as described on page 35.

In 2022, 54 percent of ongoing contracting projects with a total project value exceeding SEK 30 million based on the requirements of any of the aforementioned environmental certification systems, compared with 62 percent in 2021. As a result of Serneke's new targets for environmental certifications, as well as the reorganization that took place in 2022, projects developed in-house and that are in the development stage in this year's statistics are not included. The outcome of the proportion of projects with environmental certification is therefore lower than for previous years.

**Ongoing contracting projects complying with environmental certification**

Number of	2022	2021	2020
BREEAM-SE	5	4	2
Miljöbyggnad	44	37	22
Nordic Swan	4	4	1
LEED	0	0	0
<b>Total</b>	<b>53</b>	<b>45</b>	<b>25</b>

**Total energy consumption in the organization (GRI 302-1, 302-3)**

MWh	2022	2021	2020	2019	% change 2019-2022
Total fuel consumption	6,978	6,338	4,838	5,983 <sup>3)</sup>	17%
Non-renewable fuels	5,607	5,372	4,742	5,983	-
Renewable fuels	1,371	966	96	-	-
Total electricity use	15,878	14,604	11,828	17,320	-8%
Non-renewable sources	367	1,460	355	173	-
Renewable sources	15,511	13,144	11,473	17,147	-
District heating	3,290	4,652	3,797	7,731	-57%
Total energy consumption	26,146	25,595	20,463	31,034	-16%
Non-renewable (excl. district heating)	5,974	6,833	5,097	9,325	-
Renewable (excl. district heating)	16,882	14,110	11,569	17,355	-
Energy intensity <sup>1)</sup>	2.84	2.93	2.98	5.12	-43%
Energy produced in-house <sup>2)</sup>	253	235	248	96	163%

General note: The change in how energy consumption is reported has been applied for all years. Previously, total energy consumption was broken down between the categories Production, Properties owned by Serneke, Business travel and transports.

1) Total energy consumption MWh/SEK million income.

2) Electricity produced in-house from solar cell plant.

3) Figures have been recalculated to ensure equal allocation as for other years.

## CONT. ENVIRONMENTAL RESPONSIBILITY

**Waste processing and resource efficiency**

Serneke targets at least 70 percent materials recycling in all projects, as well as minimizing the amount of waste to a maximum of

21 kg waste per gross construction area in all new construction projects. The targets are new as of 2022 and measurements are being established for the waste reduction target.

**Waste quantity per fraction and treatment method (GRI 306-1, 306-4, 306-5)**

Fraction and treatment method	2022		2021		2020	
	Tonnes	%	Tonnes	%	Tonnes	%
<b>Non-hazardous waste</b>						
Materials recycling <sup>1)</sup>	9,178	67	4,941	49	4,995	44
Plaster	1,815	-	-	-	-	-
Glass	31	-	-	-	-	-
Iron and metal	1,307	-	-	-	-	-
Mineral masses	2,523	-	-	-	-	-
Mineral wool, excl. mineral wool mix	156	-	-	-	-	-
Plastic	144	-	-	-	-	-
Wood	3,011	-	-	-	-	-
Corrugated cardboard and paper	85	-	-	-	-	-
Recycling <sup>2)</sup>	105	-	-	-	-	-
Energy recovery	2,449	18	2,875	29	4,405	39
Landfill	462	3	484	5	307	3
Mixed waste (for post-sorting) <sup>3)</sup>	1,637	12	1,668	17	1,647	14
<b>Hazardous waste</b>						
Hazardous waste	63	<1	40	<1	40	<1
<b>Total</b>	<b>13,726</b>		<b>10,008</b>		<b>11,394</b>	

General note: This year, the reporting has been expanded with additional fractions and categories. Mineral masses have not been included in the reporting for previous years. Categorization is based on BEAst's division of fractions and treatment methods with the addition of the landfill fraction. Excavated materials and Asphalt are not reported in the table. Over the year, 98,005 tonnes of the waste type excavation masses arose, of which 14,126 consisted of excavated masses classified as hazardous waste, as well as 1,624 tonnes asphalt, of which 123 tonnes consisted of asphalt classified as hazardous waste.

- 1) The degree of sorting is no longer reported, instead, we start with the proportion of materials recycling to ensure that waste is steered away from landfill and combustion.
- 2) Re-use refers to products that have been sorted out for re-use, both inside own operations and outside.
- 3) The fraction occurs where an exemption has been applied for and in cases where individual waste fractions have been contaminated with the wrong kind of waste. Ongoing work is in progress to improve our procedures and processes around waste sorting.

## OUTCOME, RESPONSIBLE GOVERNANCE

**Code of Conduct (GRI 2-24)**

All Serneke employees shall undergo an e-learning course in Serneke's Code of Conduct. In 2022, 92 percent of all employees had completed the training. Measures are taken to ensure that all employees complete the training.

**Corruption cases (GRI 205-3)**

Serneke had no reported or confirmed cases of corruption in 2022.

**Legal measures regarding competition-limiting and monopoly-promoting conduct (GRI 206-1)**

Serneke had no cases of competition-limiting conduct or violations of anti-trust and monopoly legislation in 2022.

## EU TAXONOMY

Serneke is covered by the EU taxonomy regulation for sustainable investments (EU 2020/852). The purpose of the taxonomy is to make it easier for investors to identify and compare environmentally sustainable investments through a common classification system for environmentally sustainable economic activities. For an economic activity to be classified as environmentally sustainable it must make a material contribution to at least one of the taxonomy's six environmental targets, not causing harm to any of the other targets and meeting the defined minimum safeguards. Reporting is based on the disclosure requirements in the Commission's delegated regulation (EU 2021/2178).

For the 2022 financial year, key performance indicators are reported for the percentage of turnover and capital expenses (CapEx) deemed to be covered by the financial activities as defined by the taxonomy, as well as the share of our operations judged to be compatible with the taxonomy's criteria. No history is reported because 2022 was the first year in which financial activities compatible with the taxonomy are reported. Reporting occurs in accordance with the IFRS and is therefore avoided in the distribution of the amounts for turnover and CapEx in the numerator.

Serneke's core operations and principal turnover refers to income from the contracting projects. In 2022, the material economic activities in accordance with the taxonomy's definition were projects in construction and properties (activities 7.1, 7.2, 7.7) and in water supply and sewage treatment (activities 5.1 and 5.3). Most income derives from operations involving new construction and corresponds to 85 percent of income. For the material economic activities, technical requirements have been developed for two of the environmental goals.

During 2022, Serneke reviewed all new and renovation building projects covered by the taxonomy and created a current case scenario of which project which are consistent with the taxonomy. Work is in progress in the industry to develop an industry-wide interpretation of the technical requirements and at present many assumptions are uncertain and may change in the upcoming years. Serneke has therefore chosen to be restrained in reporting. The survey shows that 2 percent of turnover is consistent with taxonomy activity 7.1 in environmental objectives 1. The implementation of the taxonomy in our operations and the presentation of the taxonomy is taking place gradually, with the objective that taxonomy-compatible turnover will increase in the upcoming years.

Serneke meets the taxonomy's defined minimum safeguards and the OECD's recommendations. A risk analysis in relation to human rights, anti-corruption, free competition and taxes is included in Serneke's risk framework as described on page 56–59. The aspects are also addressed in Serneke's Code of Conduct, Code of Conduct for Business Partners and Anti-corruption Policy as described on pages 34 and 66.

Turnover correspond to income and are defined in the same way as is specified in accounting directive (2013/34/EU) on annual accounts, consolidated accounts and reporting (article 2(5)) and IAS 1 Design of financial reporting page 82(a) and is the same as net turnover in accordance with IFRS. More information on turnover is provided in the consolidated income statement on page 78 and in Note 2 on pages 91–97.

Capital expenses (CapEx) include the year's acquisitions of materials, as well as intangible fixed assets, excluding goodwill, and adjustments to additional rights of use assets in accordance with IAS 16 page 73 e, i and iii, IAS 38 p.118 e, i and IFRS 16 page 53 h. Further information on CapEx is provided in Notes 15 and 16 on pages 108–109. The distribution of capital expenses between the various economic activities is based on the turnover for each business within the construction operations as the distribution key.

Operating expenses (Opex) comprise short-term leases but are not considered applicable in any material amount for the type of project-based operations that Serneke conducts. OpEx for short-term leases are therefore negligible. No reference is made to the financial reporting because IFRS does not define what is meant by OpEx.

## CONT. EU TAXONOMY

## PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Turnover	Substantial contribution criteria										DNSH criteria (Do No Significant Harm)					Taxonomy-aligned			
	Code/ codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitiga- tion (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiver- sity and ecosys- tems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiver- sity and ecosys- tems (16)	Minimum safe- guards (17)	proportion of turnover, year 2022 (18)	Category (enabling activity or) (20)	Category (transitional activity) (21)
Economic activities (1)	SEK mil- lion		%	%	%	%	%	%	%	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	%	Enabling	Transitional	
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Construction of new buildings	7.1	155	2	100						Yes	Yes	Yes	Yes	Yes	Yes	2			
<b>Turnover of eligible Taxonomy-aligned activities (A.1)</b>		<b>155</b>	<b>2</b>													<b>2</b>			
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Construction, extension and operation of water collection, treatment and supply systems	5.1	126	1																
Construction, extension and operation of waste water collection and treatment	5.3	34	0																
Construction of new buildings	7.1	7,493	81																
Renovation of existing buildings	7.2	601	7																
Acquisition and ownership of buildings	7.7	14	0																
<b>Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>8,269</b>	<b>90</b>																
<b>Total (A.1 + A.2)</b>		<b>8,424</b>	<b>92</b>													<b>2</b>			
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																			
Turnover of non-eligible activities (B)		781	8																
<b>Total (A + B)</b>		<b>9,205</b>	<b>100</b>																

CONT. EU TAXONOMY

CapEx	Substantial contribution criteria										DNSH criteria (Do No Significant Harm)							Taxonomy compatible percentage of capital expenses, 2022 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
	Code/ codes (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)				
Economic activities (1)	SEK million	%	%	%	%	%	%	%	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	%	Enabling	Transitional	
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
-																				
<b>CapEx of eligible Taxonomy-aligned activities (A.1)</b>		<b>0</b>	<b>0</b>														<b>0</b>			
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
Construction, extension and operation of water collection, treatment and supply systems	5.1	1	1																	
Construction of new buildings	7.1	71	67																	
Renovation of existing buildings	7.2	6	6																	
<b>CapEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>78</b>	<b>74</b>																	
<b>Total (A.1 + A.2)</b>		<b>78</b>	<b>74</b>														<b>0</b>			
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																				
CapEx of non-eligible activities (B)		27	26																	
<b>Total (A + B)</b>		<b>105</b>	<b>100</b>																	

OpEx	Substantial contribution criteria										DNSH criteria (Do No Significant Harm)							Taxonomy compatible percentage of operating expenses, 2022 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
	Code/ codes (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)				
Economic activities (1)	SEK million	%	%	%	%	%	%	%	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	%	Enabling	Transitional	
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
<b>OpEx of eligible Taxonomy-aligned activities (A.1)</b>		<b>-</b>	<b>-</b>														<b>-</b>			
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
<b>OpEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>-</b>	<b>-</b>																	
<b>Total (A.1 + A.2)</b>		<b>-</b>	<b>-</b>														<b>-</b>			
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																				
OpEx of non-eligible activities (B)		-	-																	
<b>Total (A + B)</b>		<b>0</b>	<b>100</b>																	

# GRI INDEX

## GENERAL DISCLOSURES

GRI Standard	Disclosure	Specifications	Location	Comments/ Omitted information
GRI 2: General disclosures 2021	<b>The organization and its reporting practices</b>			
	2-1	Organizational details	91	
	2-2	Entities included in the organization's sustainability reporting	26, 91	
	2-3	Reporting period, frequency and contact point	26	
	2-4	Restatements of information	26	
	2-5	External assurance	50	
	<b>Activities and workers</b>			
	2-6	Activities, value chain and other business relationships	11, 13–18	
	2-7	Employees	41	
	2-8	Workers who are not employees	–	Information incomplete and not reported. Measurement to be established in the coming years.
	<b>Governance</b>			
	2-9	Governance structure and composition	60–65, 69–70	
	2-10	Nomination and selection of the highest governance body	60–65	
	2-11	Chair of the highest governance body	62	
	2-12	Role of the highest governance body in overseeing the management of impacts	36, 62–64	
	2-13	Delegation of responsibility for managing impacts	36, 60–65	
	2-14	Role of the highest governance body in sustainability reporting	36	
	2-15	Conflicts of interest	34, 64–66, 119–120	
	2-16	Communication of critical concerns	62–63	
	2-17	Collective knowledge of the highest governance body	36–37, 61–63, 67, 69–70	
	2-18	Evaluation of the performance of the highest governance body	63, 67	
	2-19	Remuneration policies	63–65, 67	
	2-20	Process to determine remuneration	63–65, 67	
	2-21	Annual total compensation ratio	–	Information incomplete and not reported. Measurement to be established in the coming years.
	<b>Strategy, policies and practices</b>			
	2-22	Statement on sustainable development strategy	6, 25–35	
	2-23	Policy commitments	34, 36, 44, 59, 65–66	
	2-24	Embedding policy commitments	44, 65–66	
	2-25	Processes to remediate negative impacts	29, 34, 37, 66	
	2-26	Mechanisms for seeking advice and raising concerns	66	
2-27	Compliance with laws and regulations	44		
2-28	Membership associations	36		
<b>Stakeholder engagement</b>				
2-29	Approach to stakeholder engagement	37–38		
2-30	Collective bargaining agreements	41		
GRI 3: Material topics 2021	<b>Material topics</b>			
	3-1	Process to determine material topics	37–39	
	3-2	List of material topics	27, 38	
	3-3	Management of material topics	36–37	



## CONT. GRI INDEX

## SPECIFIC DISCLOSURES

GRI Standard	Disclosure	Specifications	Location	Comments/Omitted information	SDG	UN Global Compact
<b>SOCIAL RESPONSIBILITY</b>						
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	41	Information on distribution by age and gender are incomplete and not reported. Measurement to be established in the coming years.	5, 8	3, 6
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	28–29		8	
	403-2	Hazard identification, risk assessment, and incident investigation	28–29		8	
	403-3	Occupational health services	28–29		8	
	403-4	Worker participation, consultation, and communication on occupational health and safety	28–29		8	
	403-5	Worker training on occupational health and safety	28–29		8	
	403-6	Promotion of worker health	29		8	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	28–29		8	
	403-8	Workers covered by an occupational health and safety management system	28		8	
	403-9	Work-related injuries	40	Information on number of hours worked for workers who are not employed by Serneke is incomplete and not reported.	8	
	403-10	Work-related ill health	40	Information incomplete and not reported. Measurement to be established in the coming years.	5, 8	
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	30		8	3, 6
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	41, 69–72		5, 8	3, 6
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	30	Types of causes and measures are not reported.	5, 8	3, 6
Serneke's own disclosure	N/A	Social involvement	29			
<b>ENVIRONMENTAL RESPONSIBILITY</b>						
GRI 302: Energy 2016	302-1	Energy consumption within the organization	43		8, 12, 13	7, 8, 9
	302-2	Energy consumption outside of the organization	43		8, 12, 13	7, 8, 9
	302-3	Energy intensity	43		8, 12, 13	7, 8, 9
	302-4	Reduction of energy consumption	43		8, 12, 13	7, 8, 9
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	42		8, 12, 13	7, 8, 9
	305-2	Energy indirect (Scope 2) GHG emissions	42		8, 12, 13	7, 8, 9
	305-3	Other indirect (Scope 3) GHG emissions	42		8, 12, 13	7, 8, 9
	305-4	GHG emissions intensity	42		13	7, 8, 9
	305-5	Reduction of GHG emissions	42		13	7, 8, 9
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	33, 44		8, 12, 13	7, 8, 9
	306-2	Management of significant waste-related impacts	33, 44		8, 12, 13	7, 8, 9
	306-3	Waste generated	44		8, 12, 13	7, 8, 9
	306-4	Waste diverted from disposal	44		8, 12, 13	7, 8, 9
	306-5	Waste directed to disposal	44		8, 12, 13	7, 8, 9

## CONT. GRI INDEX

GRI Standard	Disclosure	Specifications	Location	Comments/Omitted information	SDG	UN Global Compact
Serneke's own disclosure	N/A	Environmentally certified projects	31–32, 43		8, 9, 11, 12, 13	7, 8, 9
<b>RESPONSIBLE GOVERNANCE</b>						
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	34, 44			
	205-2	Communication and training about anti-corruption policies and procedures	34, 66			1, 2, 3, 4, 5, 10
	205-3	Confirmed incidents of corruption and actions taken	44			1, 2, 3, 4, 5, 10
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	44			1, 2, 3, 4, 5, 10
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	34	Information on the percentage of suppliers reviewed is incomplete and not reported. Measurement to be established in the coming years.	8	1, 2, 3, 4, 5, 10
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	34	Information on the percentage of suppliers reviewed is incomplete and not reported. Measurement to be established in the coming years.	5, 8	1, 2, 3, 4, 5, 10
Serneke's own disclosure	N/A	Green order backlog	35		8, 11, 12, 13	7, 8, 9
Serneke's own disclosure	N/A	Digitalization and innovation	35		9, 11, 12	8, 9

## AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of SERNEKE Group AB (publ), corporate identity number 556669-4153

### Assignments and responsibilities

It is the Board of Directors that is responsible for the Sustainability Report for 2022 on pages 25–50 and for this being prepared in accordance with the Annual Accounts Act.

### Focus and scope of the audit

Our audit has been conducted in accordance with FAR's recommendation RevR 12 Auditor's opinion on the statutory Sustainability Report. Accordingly, our review of the Sustainability Report has a different focus and is of substantially lesser scope than an audit conducted in accordance with the International Standards on Auditing and other generally accepted auditing practices in Sweden. In our opinion, this review provides us with sufficient grounds for our opinion.

### Statement

A Sustainability Report has been prepared.

Gothenburg, 4 April 2023  
PricewaterhouseCoopers AB

Ulrika Ramsvik  
Authorized Public  
Accountant  
Principal auditor

Konstantin Belogorcev  
Authorized Public Accountant  
Co-signatory

# THE SHARE

Serneke's Series B share is listed on Nasdaq Stockholm. Serneke is included in the Small Cap segment and belongs to the sector index Industrials and Construction & Materials, in accordance with Nasdaq Stockholm's classification.

The price paid for Serneke's Series B share fell by about 60 percent in 2022. The highest price during the year was SEK 56.70 and the lowest price was SEK 21.15. The market value at the end of the year amounted to SEK 622.7 million. A total of 19.2 million shares were traded in 2022, corresponding to a turnover rate of 21 percent.

## Conversion of shares

Over the year, all former Series A and B shares were converted. As the total number of shares (28,753,232) remains unchanged, there are no longer any Series A shares in the Company. While Series A shares carried one (1) vote, Series B shares each carry one tenth of a vote (0.1). Accordingly, the total number of votes decreased from 7,267,323 to 2,875,323.

## Shareholders

As of December 31, 2022, there were 7,007 shareholders. The largest shareholder at that time was Ola Serneke Holding AB, with 21.73 percent of the number of shares and 21.73 percent of the number of votes. The second-largest shareholder was Lommen Holding AB, with 14.79 percent of the number of shares and 14.79 percent of the number of votes. The remainder of the shares and votes was owned by institutional investors and private individuals in Sweden and abroad.

## Dividend policy

Serneke's long-term dividend policy is to distribute 30–50 percent of net profit after tax for the previous financial year.

## Incentive program

At the Annual General Meeting on May 5, 2020, it was resolved to introduce share savings programs for the employees for 2021, 2022 and 2023. The programs essentially correspond to the annually recurring

share savings programs adopted by the 2018 Annual General Meeting and covering the years 2018, 2019 and 2020. Participation in the programs presupposes that the employee acquires and retains Series B shares in Serneke during the term of the program. The participants who keep the savings shares during the savings period of around three years and are also employed during the period will, after the end of the respective savings period, receive 0.5 Class B shares in Serneke, so-called matching shares, for every savings share attributable to such a savings period at no cost. In addition to matching shares, participants will also be able to receive at no cost more Class B shares in Serneke, so-called performance shares, on condition that the participant is employed in the Group during the entire savings period and that certain performance requirements are met.

The Board of Directors of Serneke Group AB has decided not to initiate the share savings program for 2023 on the grounds that the design of the program no longer fills its purpose.

The maximum number of shares covered by the 2021 and 2022 programs amounts to 1,180,423 Series B shares, corresponding to approximately 5.1 percent of the number of shares issued after dilution and approximately 1.7 percent of the number of votes after dilution.

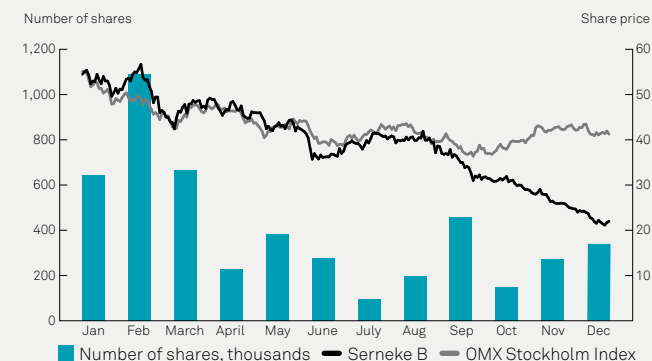
The Company currently holds sufficient Series B shares of its own to be able to deliver Matching and Performance Shares in accordance with the outstanding program, meaning that the Board of Directors did not propose that the 2022 Annual General Meeting authorize it to repurchase shares during the period until the ensuing Annual General Meeting. If necessary, the Board of Directors intends to return with a proposal for a repurchase authorization at upcoming Annual General Meetings. The number of shares in the Company's own holding amounts to 446,501 Series B shares. In 2019, 2020, 2021 and 2022, no shares were repurchased.

## Key indicators

SEK million	2022	2021
Earnings per share before dilution	-8.24	12.48
Earnings per share after dilution	-8.24	12.48
Weighted average number of shares before dilution	28,287,988	27,962,221
Weighted average number of shares after dilution	28,287,988	27,962,221
Cash flow from operations per share, before dilution	-24.60	4.11
Cash flow from operations per share, after dilution	-24.60	4.11
Equity per share, before dilution	79.56	87.85
Equity per share, after dilution	79.56	87.85
Provision at December 31	22.0	54.7
Dividend, SEK	0 <sup>1)</sup>	0

1) Proposal by the Board of Directors to the 2023 Annual General Meeting.

## SHARE PERFORMANCE 2022



## CONT. THE SHARE

## Serneke's ten largest shareholders, December 31, 2022

Name	Series B shares	Total number of shares	Percentage shares, %	Percentage of votes, %
Ola Serneke Holding AB	6,151,483	6,151,483	21.73	21.73
Lommen Holding AB	4,186,482	4,186,482	14.79	14.79
Fastighets AB Balder	2,300,000	2,300,000	8.13	8.13
Svolder Aktiebolag	1,750,300	1,750,300	6.18	6.18
Försäkringsaktiebolaget Avanza	1,198,956	1,198,956	4.24	4.24
Christer Larsson i Trollhättan AB	887,000	887,000	3.13	3.13
Vision Group i väst AB	800,662	800,662	2.83	2.83
Mediuminvest AS	796,221	796,221	2.81	2.81
Ledge Ing AB	780,000	780,000	2.76	2.76
Bengt Erik Arne Stillström	385,515	385,515	1.36	1.36
<b>Total, 10 largest</b>	<b>19,236,619</b>	<b>19,236,619</b>	<b>67.96</b>	<b>67.96</b>
Other shareholders	9,070,112	9,070,112	32.04	32.04
<b>Total</b>	<b>28,306,731</b>	<b>28,306,731</b>	<b>100.0</b>	<b>100.0</b>
Repurchased shares	446,501	446,501		
<b>Total shares registered</b>	<b>28,753,232</b>	<b>28,753,232</b>		

## Share capital development

Date	Event	Change in number of shares	Series A shares	Series B shares	Total number of shares	Change in share capital	Total share capital	Par value per share
2004	Founding of Company	1,000			1,000		100,000	100
2005	New share issue	4,000			5,000	400,000	500,000	100
2011	Bonus issue / share split	9,995,000	5,000,000	4,995,000	10,000,000	500,000	1,000,000	0.10
2012	New share issue	478,000		478,000	10,478,000	47,800	1,047,800	0.10
2012	New share issue	1,047,670		1,047,670	11,525,670	104,767	1,152,567	0.10
2013	New share issue	2,717,256	360,000	2,357,256	14,242,926	271,725.6	1,424,292.6	0.10
2014	New share issue	286,000		286,000	14,528,926	28,600	1,452,892.6	0.10
2015	Exchange of convertibles	1,309,586		1,309,586	15,838,512	130,958.6	1,583,851.2	0.10
2015	New share issue	727,273		727,273	16,565,785	72,727.3	1,656,578.5	0.10
2016	New share issue in conjunction with the initial public offering	5,681,818		5,681,818	22,247,603	568,181.8	2,224,760.3	0.10
2016	Exchange of convertibles	467,249		467,249	22,714,852	46,724.9	2,271,485.2	0.10
2017	Exchange of convertibles	533,600		533,600	23,248,452	53,360	2,324,845.2	0.10
2018	Conversion	0	-150,000	+150,000	23,248,452	0	2,324,845.2	0.10
2020	New share issue	2,300,000		2,300,000	25,584,452	230,000	2,554,845.2	0.10
2021	New share issue	3,204,780		3,204,780	28,753,232	320,478	2,875,323.2	0.10
2022	Conversion	0	-5,210,000	+5,210,000	28,753,232	0	2,875,323.2	0.10

## Ownership structure, December 31, 2022

Number of shares	Number of shareholders	Number of shares	Percentage of shares, %
1-1,000	6,175	974,340	3.4
1,001-10,000	693	1,997,444	7.0
10,001-100,000	114	3,278,495	11.6
100,001-	25	22,056,452	78.0
<b>Total</b>	<b>7,007</b>	<b>28,306,731</b>	<b>100.0</b>

Source: Euroclear and Serneke

## Share series, number of shares and number of votes, December 31, 2022

Share class	Shares	Votes
Series A shares	-	-
Series B shares	28,306,731	2,830,673
Total	28,306,731	2,830,673
Own holding	446,501	
<b>Total number</b>	<b>28,753,232</b>	

## Analysts monitoring Serneke

David Flemmich, Nordea

david.flemmich@nordea.com

## Share capital and votes

The share capital amounts to SEK 2,875,323.20, divided between 28,753,232 shares, each with a quota value of SEK 0.1.

## Share data

Name Serneke Group B  
Exchange Nasdaq Stockholm  
Listed since November 24, 2016  
Listing Small Cap Stockholm  
Sector Construction & Materials  
Symbol SRNKE B  
Currency SEK  
ISIN Code SE0007278841

# BOARD OF DIRECTOR'S REPORT

The Board and Chief Executive Officer of Serneke Group AB (publ), Corp. ID No. 556669-4153 hereby present the Annual Report and Consolidated Financial Statement for the 2022 financial year. Serneke Group AB, headquartered in Gothenburg, Sweden, is the Parent Company of the Group.

## Operations

The Group offers comprehensive services in contracting and project development for both the private and public sectors. Although Serneke has operations throughout Sweden, they are focused on the three metropolitan regions of Stockholm, Gothenburg and Malmö.

## Business concept

Serneke delivers comprehensive services in contracting and project development. The objective is to be perceived as the most innovative, committed and dynamic company in the industry. Focus is on large and more challenging projects where Serneke's competitive advantages make the biggest difference.

## Multi-year, the Group

SEK million	Jan-Dec 2022	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019
<b>Income statement</b>				
Income	9,205	8,735	6,871	6,725
Operating profit	-109	235	-414	-84
Profit after net financial items	-217	256	-502	-111
Profit for the year	-233	349	-358	-82
<b>Key indicators</b>				
Growth, %	5.4	27.1	2.2	3.2
Organic growth, %	5.4	27.1	2.2	3.2
Operating margin, %	-1.2	2.7	-6.0	-1.2
Equity/assets ratio, %	31.7	35.7	32.5	38.0

## Order bookings and order backlog

For the period January–December 2022, order bookings amounted to SEK 7,093 million (6,345). At the end of the year, the order backlog amounted to SEK 10,582 million, compared with SEK 12,101 million at the end of 2021.

## Income

Consolidated income for 2022 amounted to SEK 9,205 million (8,735), an increase of about 5.4 percent compared with the preceding year.

Serneke Sweden increased its income by 13.7 percent to SEK 9,212 million (8,103).

Serneke Invest's income increased to SEK 2,116 million (1,686).

## Income

SEK million	Jan-Dec 2022	Jan-Dec 2021
Sweden	9,212	8,103
Invest	2,116	1,686
International	0	0
Group-wide	184	155
Eliminations	-2,307	-1,209
<b>Total</b>	<b>9,205</b>	<b>8,735</b>

## Operating profit

SEK million	Jan-Dec 2022	Jan-Dec 2021
Sweden	-79	57
Invest	98	319
International	-3	-18
Group-wide	-51	-72
Eliminations	-74	-51
<b>Total</b>	<b>-109</b>	<b>235</b>

Among other things, the increase comprised the sale of parts of the Auriga block in Karlastaden to the Karlastaden Group AB joint venture.

Group-internal eliminations amounted to SEK 2,307 million and pertained primarily to internal deliveries to Karlastaden.

## Profit

The operating loss amounted to SEK 109 million (profit 235). The change compared with last year primarily involves lower profit on sales in Business Area Invest. External unrest causing a cautious appetite in the market, price trends for materials, and the bankruptcy of a subcontractor have affected operating profit negatively.

## Financial position

As of December 31, the consolidated balance sheet total amounted to SEK 7,113 million (6,914) and the equity/assets ratio was 31.7 percent (35.7). At the end of the period, cash and cash equivalents amounted to SEK 252 million (575), with the Group also having a credit facility of SEK 500 million, with SEK 74 million being used of for guarantees issued. At the end of the period, available cash and cash equivalents totaled SEK 624 million (775). The Group also holds granted but unused building credits of SEK 335 million, meaning that financing for future projects developed in-house is secured. Additionally, the joint venture Karlator-net AB, which is owned 50-percent by Serneke, has a granted but unused building credit of SEK 780 million.

On December 31, equity amounted to SEK 2,252 million (2,467). The change mainly comprises the loss for the period of SEK 233 million.

On December 31, net borrowing amounted to SEK 625 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, as well as an additional loan of SEK 223 million. 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 increased.

Interest-bearing receivables amounted to SEK 2,356 million, mainly comprising receivables incurred in connection with Serneke and Balder entering into transactions regarding the Karlastaden district.

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 the first half of the year, cannot fully absorb the effects of this 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 12-month period in 2022. Serneke's Board of Directors and Group Management are working on a series of measures to safeguard access to the requisite liquidity. Since the autumn, the Company has been implementing a cost-savings program 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. As previously, 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.

#### Cash flow

Cash flow from operating activities amounted to an outflow of SEK 696 million (inflow 115). In addition to earnings, this was negatively affected by, among other things, sales from Business Area Invest, where purchase considerations have not immediately comprised cash compensation (equivalent to SEK 215 million) and inventory build-up of projects developed in-house by Business Area Invest, for which the financing comprises construction credits. In isolation, the latter amounts to SEK 290 million over the year. Combined, these items amount to SEK 505 million, affecting operating cash flow negatively.

Cash flow from investing activities amounted to an outflow of SEK 44 million (inflow 20), mainly attributable to receivables arising in connection with the sale of blocks at Karlastaden to the Karlastaden Group AB joint venture, dividends from associated companies and proceeds from divestments of tangible fixed assets.

Cash flow from financing activities amounted to an inflow of SEK 417 million (206), which is primarily explained by loan repayments made in the amount of SEK 1,042 million, of which SEK 500 million consisted of bonds amortizations. New loans were secured in the amount of SEK 1,443 million.

Cash flow for the period amounted to an outflow of SEK 323 million (inflow 341).

#### Significant events during the year

##### *Tangible slowdown in the market*

Over the year, external developments with inflation, rising interest rates, increased geopolitical unrest and a cement crisis came to affect large parts of the contracting, project and property markets. The consequences included a slowdown in housing construction, fewer transactions and a sharp rise in prices for materials and fuel.

##### *Changes in Group Management*

In early 2022, several changes occurred in Group Management. Mikael Hultqvist stepped in as CEO of Serneke Sweden. Carole Lindmark was appointed as Head of Communications, Johanna Rutberg as General Counsel and Kaia Eichler as Head of Sustainability. These were applied to accelerate the pace of change and build a stronger company.

##### *Agreement with ICA Fastigheter regarding commercial premises and housing in Lund*

In early 2022, Serneke and ICA Fastigheter signed a turnkey contracting agreement for the new production of an entirely new urban block, of slightly more than 22,000 m<sup>2</sup> in Brunnsög, Lund. Since February 2021, Serneke and ICA Fastigheter have worked together to design and plan the new Bona Terra commercial area at Brunnsög in Lund. The project encompasses slightly more than 22,000 m<sup>2</sup> distributed between a commercial property at the entrance level and a residential property above. Among other things, the commercial property will house an ICA store and other commercial premises. The residential property includes 258 rental apartments that will be owned and managed by Lansa Fastigheter AB.

The building will be certified in accordance with the Miljöbyggnad Silver standard, maintaining a high level of sustainability based on a sustainability program developed together with the Municipality of Lund. The project is scheduled for completion in 2025. The order value of the project totals slightly more than SEK 548 million.

##### *Deepened partnership with Balder*

At the end of April, an agreement was signed with Fastighets AB Balder regarding the shared development of the Auriga block in Karlastaden. Through two transactions, Serneke has relinquished the property in question to the joint venture Karlastaden Group AB, owned jointly by the parties and formed in connection with an earlier transaction in 2021. The first transaction involves the higher levels of the property

and the other involves the lower podium part of the future block. Both parts are covered by a shared framework for continued development and contracting.

The underlying property value for the first part of the transaction amounts to roughly SEK 295 million, and the transaction was included in the reporting for the first quarter of 2022. The second part of the transaction has an underlying property value of SEK 291 million and was included in the reporting for the second quarter of 2022.

The building will have 36 stories, with a total floor space of approximately 48,000 m<sup>2</sup>. In addition to some 400 apartments, it will also accommodate office space, shops and restaurants on the ground floor. According to the plan, it will be the third tallest building in the district and thus also the third-tallest residential building in Gothenburg.

Serneke will be responsible for construction and property development of the Auriga block, with an estimated order value of about SEK 1,650 million. The order value will be included in the order bookings on the signing of the relevant agreements.

##### *Repayment of outstanding bond loan*

In May, Serneke chose to exercise its entitlement to voluntary early redemption of all outstanding senior unsecured bonds at variable interest, with a due date of 1 December 2022 (ISIN SE0011256338). The total nominal amount was SEK 500 million. The repayment was conducted in accordance with the applicable terms of the bond.

In connection with the amortization, a non-current bank loans for a corresponding amount was raised.

##### *Contracting agreement for the second phase of the new treatment plant project in Kalmar*

In August, Serneke and Kalmar Vatten entered into a contracting agreement for the construction of a new recycling plant next to the old treatment plant at Södra Utmarken in Kalmar. The value of the order totals approximately SEK 1.4 billion. Construction commenced in early September 2022, with the new treatment plant being scheduled for completion in the fourth quarter of 2026.

The agreement is based on the collaboration agreement signed in 2019 regarding the development of an operationally reliable and sustainable recycling plant next to the old treatment plant at Södra Utmarken in Kalmar. Since then, the project, which is being conducted in several collaborative phases, has undergone phase 1, which included planning and budgeting.

**Decision on cost-saving programs**

Over the year, external developments with inflation, rising interest rates, increased geopolitical unrest and a cement crisis came to affect large parts of the contracting, project and property markets. The consequences included a slowdown in housing construction, fewer transactions and a sharp rise in prices for materials and fuel.

To meet the trend, a decision was taken in November regarding a major cost-savings program that, in addition to personnel cutbacks, also entailed the phasing out of a number of operations within the contracting business. On the whole, the measures are expected to result in costs being cut by about SEK 120 million on an annual basis.

**Conversion of shares**

At the request of holders of Series A shares, all Series A and Series B shares were converted at the end of the year. Although the total number of shares (28,753,232 shares) remains unchanged, the conversion resulted in the total number of votes decreasing from 7,267,323 to 2,875,323.

**Karlatornet in production**

Throughout the year, construction of the Karlatornet tower progressed, and is expected to reach its final height of 246 meters and 74 stories in the summer of 2023. The objective is for tenants to be able to start moving in during the third quarter of 2023.

**Significant events after the end of the financial year**

See Note 34.

**Outlook**

Fundamentally, the future prospects of the Swedish construction and contracting market appear favorable. The growing population is expected to have a positive effect on construction, through increased demand for housing, public properties and commercial properties.

During 2023, however, rising interest rates, declining disposable income and housing prices, as well as a discontinued investment subsidy, will entail continued challenges. According to the National Board of Housing, Building and Planning, housing construction is expected to decrease over the year. In total, it is estimated that 33,000 homes will be approved to commence construction during the year, compared with 60,000 in 2022 and 71,000 in 2021. The Swedish Construction Federation also estimates that the premises and facilities sectors will decline, although not quite to the same extent. The Company continues to demand for projects involving public properties as stable.

The cost of construction materials rose sharply in 2022. Towards the end of the year, however, somewhat declining costs for important inputs such as wood, iron and steel were noted. This trend has then continued in early 2023 and prices are expected to continue falling going forward.

Other factors that may have an impact include the outcome of the wage negotiations in the 2023 collective negotiations.

At the end of the year, Serneke's order backlog amounted to SEK 10,582 million, corresponding to slightly more than 1.1 times the annual sales of the contracting operations in 2022.

**Sustainability Report**

In accordance with Chapter 6 Section 11 of the Swedish Annual Accounts Act, the Company has chosen to prepare the Sustainability Report as a report separate from the Annual Report. The Sustainability Report is presented on pages 25-50 of this document.

**Employees**

In 2022, the average number of employees amounted to 1,218 compared with 1,173 in the preceding year.

The Group's future development is contingent on retaining existing dedicated and skilled employees and attracting new ones. Accordingly, Serneke has stated a strategic objective of being perceived as the industry's most attractive employer. Through continuous dialogue and responsiveness, Serneke wants to create personal development opportunities in a challenging environment. With stimulating projects and faith in the individual capacity of its employees, Serneke seeks to offer a corporate culture pervaded by extensive personal responsibility and participation.

With a systematic and prioritized work environment through all stages of the process, we strive for a safe and secure work environment that encourages personal growth and commitment.

**Work of the Board of Directors over the year**

Serneke's Board of Directors comprises seven members. In 2022 the Board of Directors held 14 meetings at which minutes were recorded. The Board takes responsibility for the organization and management of the Group's affairs by setting targets and strategies, safeguarding procedures and systems for monitoring the set targets, continuously assessing the Group's financial situation and evaluating the operational management. In general, the Board addresses issues that are of material significance to the Group. In addition to the matters that the Board of Directors is required to address in accordance with its rules of procedure, the principal matters addressed during the year involved

strategic reorganization decisions, property transactions and financing. A specific outline of the work of the Board of Directors is presented in the Corporate Governance Report.

**Remuneration of senior executives**

In accordance with the Swedish Companies Act, the Annual General Meeting shall adopt guidelines for the remuneration and other terms of employment of senior executives – these guidelines are presented in the Corporate Governance Report. Senior executives at Serneke are the members of Group Management. The Board of Directors at the Annual General Meeting in 2023 put forward a proposal for a decision regarding these payments, including that they should be commercially competitive. The full proposal will be published in conjunction with the invitation to the Annual General Meeting.

**Parent Company**

Serneke Group AB's (publ) operations mainly comprise Group Management and Group-wide services. Income for the period January–December 2022 amounted to SEK 185 million (155) and the operating loss was SEK 1 million (2).

**The share**

Serneke's Series B share has been listed on Nasdaq Stockholm since November 2016. For further information, please see the section The share.

**Dividend policy and proposed dividend**

Serneke's long-term dividend policy is to distribute 30-50 percent of net profit after tax for the previous financial year. The Board of Directors proposes that no dividend be paid for the 2022 financial year.

**Proposed distribution of earnings**

The Annual General Meeting has at its disposal the following amounts, SEK:

Profit/loss brought forward	-554,010,565
Share premium reserve	1,089,296,943
Profit for the year	-48,146,856
<b>Total</b>	<b>487,139,522</b>

The Board proposes that the unappropriated earnings be distributed as follows, SEK:

Dividend	-
Carried forward:	487,139,522
<b>Total</b>	<b>487,139,522</b>

# RISKS AND RISK MANAGEMENT

The capacity to identify, assess, manage and follow up risks plays a central role in Serneke's management. The goal is to implement the Group's strategy with a well-thought-out and well-balanced risk level. Future events may affect the business operations both positively and negatively.

All business operations are associated with risk. Risks that are well managed can lead to opportunities and create value, while risks that are not managed properly can result in damage and losses. Controlled risk-taking is crucial for good profitability. Serneke works with risk management from both a Group perspective and an operational perspective. The capacity to identify, assess, manage and follow up risks is an important part of the governance and control of Serneke's business operations. To mitigate future risks, Serneke has also introduced processes to identify and document negative deviations/areas of potential improvement and, based on these, is working with the operations on continuous improvements. In summary, the purpose of the Group's strategy, focusing on stable, profitable growth, can be implemented based on well-considered risk-taking within established frameworks.

## Responsibility and organization

The Board of Directors bears the overall responsibility for establishing an effective system of internal control and risk management. The responsibility for maintaining an effective control environment and the ongoing process of internal control and risk management is delegated to the CEO. All managers within the Serneke Group are responsible for the risk work within their particular areas of operations. This responsibility includes ongoing work with operational and other relevant risks, as well as advancing and developing the risk work. The Company's Legal & Compliance department is, together with Finance, responsible for coordinating the Group's risk work. Common processes are described in the Company's operational management system.

## Monitoring and reporting

Serneke's risk work is systematically followed up by Group Management through, among other things, quarterly reporting on the Group's foremost risks. These reports describe developments within each risk area, including the development of identified risks. The Group CFO reports continuously to the Audit Committee on developments regarding financial risks and the work on internal control. The

CEO and the Group's General Counsel report continuously to the Board of Directors about the work with risk management and developments regarding the Group's risks.

## Identified risks and uncertainties

Provided below is a summary of the risks and uncertainties judged to have a significant impact on Serneke's operations and of the processes and actions being taken for the risks to be managed in a manner that is effective for Serneke.

## Risk categories

The following pages describe the foremost risks associated with Serneke's operations and industry, which could have a material adverse effect on the Group's operations, strategy, profitability, cash flow, shareholder value or reputation. The risks are divided into three categories. Sustainability risks and risks associated with deficient compliance with laws and regulations, both within Serneke and in the supply chain, are integrated into these risk categories.

**External/strategic risks** – are mainly external factors that can affect Serneke's operations and that the Board of Directors and management have limited opportunities to influence in the short term but to which they must nonetheless relate in the planning and management of the operations. Strategic risks also include internal factors that can make it difficult to achieve the Company's overarching business objectives.

**Operational risks** – are related to operating activities and are such that Serneke can to a large extent, itself or through partners, control and prevent. They are, among other things, related to the implementation of projects, business plans, short-term targets and efficient use of resources.

**Financial risks** – refers, among other things, to credit, currency, liquidity, financing and interest rate risks that may affect the Company's results negatively. The financial risks are also described in Note 4.

## Change of risk environment in 2022

Over the year, the external situation shifted towards increased uncertainty regarding a number of factors affecting the Company and the industry. A slowdown as a consequence of war in Europe, increased costs for materials and fuel, inflation and rising interest rates have affected the Company's operations, resulting in absent transactions. In response to the slowdown in the construction and property sectors, Serneke has introduced an efficiency program with strong measures to improve the efficiency of the organization, to streamline the assignment, reduce investments in housing projects developed in house and to cut costs. Serneke has also adjusted the workforce according to the measures in the program and notified the redundancy of approximately 100 people in connection with termination. Over the year, the continued focus has been on reducing the risk associated with contracting projects, through the continued implementation of processes and routines enabling and facilitating an increased focus on the screening of projects at the bidding stage, and the continuous follow-up of projects in the implementation phase.

## Task Force on Climate Related Financial Disclosures (TCFD)

During the year, Serneke began implementing the TCFD's recommendations for the governance and reporting of climate-related financial risks and opportunities. An initial study of existing controls and processes was conducted in 2022 to identify priority actions for further implementation. Serneke has worked to anchor the framework in the operations and has also developed the Company's reporting in accordance with its recommendations.

## About TCFD

In 2017, the Task Force on Climate Related Financial Disclosures (TCFD) was launched. To date, almost 1,000 companies and organizations have adopted TCFD to better identify climate-related financial risks and opportunities. In concrete terms, TCFD involves maintaining financial control over how the organization is affected by climate change and how it is affected by various controls in reducing its CO<sub>2</sub> emissions. Read more about Serneke's reporting of TCFD on page 43.



## EXTERNAL/STRATEGIC RISKS

Risk	Description of the risk	Management
<b>Economic growth</b>	The contracting and property sectors are largely affected by macroeconomic factors such as general economic trends, growth, employment, production rates and trends in prices for new housing and commercial premises, changes in infrastructure, inflation and interest rates. If one or more of these factors were to develop negatively, it could have a significant negative effect on Serneke's operations, profit and financial position.	Serneke closely monitors macroeconomic developments and continuously focuses on efficiency improvements and expense control.
<b>Demography</b>	Population growth and migration flows affect housing demand. Serneke strives to be active in regions with sustained population growth, such as the metropolitan regions of Stockholm, Gothenburg and Malmö. There is nonetheless a risk that changing patterns of population growth and migration flows will negatively affect the conditions for Serneke's operations, which could have a negative effect on Serneke's operations, performance and financial position.	Serneke monitors demographic trends closely and strives to be active in regions with sustained population growth. Particularly focus is placed on the metropolitan regions of Stockholm, Gothenburg and Malmö.
<b>Changes in demand and competitive situation</b>	Serneke's future competitive opportunities depend, among other things, on Serneke's capacity to anticipate future changes and to respond quickly to current and future market needs. Serneke may be forced to make costly investments, restructuring measures or price reductions to adapt to a new competitive situation, which could have a negative impact on Serneke's operations, profit and financial position.	Serneke seeks close cooperation with customers and partners. This increases the possibility of anticipating and responding to changes in demand.
<b>Amended regulations</b>	Amended regulations may have consequences for operational activities, profitability and financial position alike. For example, international agreements and regional initiatives aimed at limiting emissions of greenhouse gases lead to increased regulations for the construction and contracting sector, both in terms of construction practices, as well as in the reporting of the environmental impact. Combined, this could lead to a significant negative impact on Serneke's operations, profit and financial position.	During the year, Serneke recruited additional expertise in sustainability and compliance. Among other things, a General Counsel and a Governance Officer have been recruited.
<b>Climate change</b>	Serneke's operations are exposed to environmental and climate-related risks that could also result in harm to people or business. Inadequate skills and an insufficient pace of adaptation could lead to the products and services offered by Serneke failing to meet customers' and other stakeholders' requirements and expectations. This could also affect long-term financing opportunities or impact investors' view of Serneke as an investment. The risks associated with climate change encompass a large number of areas. These include risks related to shortcomings in the supply chain, stricter regulations, conversion risks and increased energy prices. There are also physical risks associated with extreme weather conditions, for example.	Serneke is working continuously to reduce its CO <sub>2</sub> emissions. The overarching target is to achieve a net-zero climate impact by 2045. Serneke is also working to integrate the climate issue to an even greater extent, both into projects developed by Serneke itself, as well as into its contracting projects. Work is also in progress within the Group to develop and improve methods for measuring and calculating emissions.
<b>Socially disruptive events, including pandemics, war in the immediate area, energy shortages.</b>	Major disruptive events, such as epidemics, pandemics, wars, civil unrest, energy shortages or other events could entail risks for Serneke in terms of the health consequences for employees, supply chain disturbances, disruption in the housing market, office closures and changed working methods.	This risk is managed primarily within the framework of Serneke's organization for external monitoring and crisis management. Structures, processes and procedures have been significantly strengthened as a consequence of the pandemic.
<b>Risks related to growth</b>	Growth may result deficient control of operating activities, including shortcomings in the tender procedure, control of subcontractors and monitoring of projects in progress. This could, in turn, have a negative effect on Serneke's operations, performance and financial position.	Serneke's current strategy and business plan directs considerable focus towards stability and profitability. Measures include ensuring appropriate conditions for all projects – from selection and tendering to implementation and completion. In addition, increased control, stricter risk management and more efficient use of resources.
<b>Risks related to skills and key individuals</b>	Competition among talented, experienced and dedicated employees is high. Serneke's ability to identify, develop, attract and retain the right employees with the right skills and attitude is crucial to the Group's continued success. Employees' skills and performance are crucial for achieving set goals and continuing to develop as a company.	Continuous efforts are made at Serneke to develop and strengthen the employee offering. In addition to market-based terms of employment and benefits, opportunities for continuous skills development are provided. Throughout the Group, purposeful action is enabling internal mobility and career development.

## OPERATIONAL RISKS

Risk	Description of the risk	Management
<b>Risks related to the development of projects and properties</b>	In addition to a contracting risk (where applicable), Serneke's own development of projects and properties, as well as together with partners, also entails development, sales and value risk. Should these risks materialize, they could cause an increase in tied up capital, as well as losses or impairment needs.	Serneke applies a comprehensively developed process for capturing risks in projects, which is followed up on a monthly basis. Serneke also has skilled employees supported through ongoing further education and the latest industry experience. An important element is the Group's collective experience from similar projects and the solutions developed for special situations.
<b>Risks related to production, including risks in tenders.</b>	These include risks related to increased purchase prices due to material shortages, taxes or subcontractors. In contracting operations, the primary limitation of operational risk normally occurs in the tender process. Tenders that are insufficiently elaborated or based on inaccurate calculations, may result in both lower profit, poorer internal control, and increased expenses. The risk that the planning process is delayed, detailed development plans are not approved or that building permits or other permits required for the construction or renovation are not obtained or are delayed.	Before submitting a tender, resources are always hedged for management of the projects. Submitted tenders shall always ensure that identified risks are manageable and calculable. In recent years, Serneke has gained experience of large, complex projects and has employed senior expertise in risk analysis, calculations and project management.
<b>Price development during the project's production period</b>	The risk that the property market developed negatively during the project, which can make the property difficult to sell.	Always aiming for sales prior to or in conjunction with the start of production. Established process with clear analytical and decision-making structure that takes into account market outlets before an investment is made.
<b>Risks related to the work environment and health</b>	Serneke's operations can cause occupational injuries, accidents and ill health, affecting Serneke's employees, subcontractors or others who are in different ways affected by the Group's operations. This can, in turn, lead to serious bodily injuries, chronic ill health or, at worst, death. Accidents and serious incidents can also entail liability and negative publicity, which can have a negative impact on Serneke's brand, operations, profit and financial position. They can also result in fines, penalties or prosecution.	Serneke's procedures and occupational environment, health and safety rules include provisions regarding how employees and other personnel at our workplaces are expected to behave. This includes training, reporting of risk observations, incidents and accidents, risk assessment, instructions regarding personal protective equipment and systematic monitoring. Internal systematic work environment training is also conducted for employees in senior positions.
<b>Environmental risks</b>	Serneke's operations can have a negative impact on the environment and/or cause harm to people and ecosystems. Accidents and serious incidents can also entail liability and negative publicity, which can have a negative impact on Serneke's brand, operations, profit and financial position.	Serneke is ISO 14001 certified. All employees receive training in environmental studies. Internal environmental expertise ensures the implementation of regulations and follow-up of compliance. A continuous dialogue is also pursued with suppliers to minimize the risk of environmentally-related incidents.
<b>Risks related to human rights, ethics and conduct</b>	A favorable reputation is of considerable importance for Serneke's success. Actions involving the Company or its representatives violating human rights or ethical codes (internal or external), in terms of expected behaviors towards the external community, customers, employees or others, risk seriously damaging the Company's brand. This could, in turn, have a negative effect on Serneke's operations, performance and financial position.	Serneke has conducted an extensive process to rework its Code of Conduct in two versions – one for employees and the other for business partners. In 2022, the Company continued to hold training courses and posted information regarding the Code of Conduct. Furthermore, the level of education in the organization in this regard has been followed up and improved.
<b>Data and IT security</b>	As digitalization increases, so does demand for access to IT systems. This leads, in turn, to increased vulnerability to cyber attacks and operational downtime that can have financial consequences. Data from these systems can also be manipulated, deleted or end up in the wrong hands.	Serneke's IT safety work builds on ongoing risk analyses. These form the basis for regular reviews of IT-systems and permissions, testing and back up. Serneke also works according to the principle of minimum permission, meaning that access is granted only to systems essential for the user.

## FINANCIAL RISKS (SEE NOTE 4 FINANCIAL RISK MANAGEMENT)

Risk	Description of the risk	Management
<b>Interest risk</b>	In addition to shareholders' equity, Serneke's operations are financed through borrowing. Interest expenses are mainly affected by current market interest rates and credit institutions' margins, as well as by the strategy followed by Serneke in fixing its interest rates. Market interest rates are mainly affected by the anticipated rate of inflation. Shorter-term interest rates are mainly affected by the Riksbank's (Swedish central bank) policy rate, which constitutes a monetary policy instrument. In times of rising inflation expectations, interest rates can be expected to rise, which could have a negative effect on Serneke's profit and cash flow.	The Financial Policy governs the handling of Serneke's interest rate risk. Prevailing interest rates are continuously monitored.
<b>Liquidity risk</b>	Serneke's payment commitments consist primarily of expenses for materials and subcontractors, as well as personnel expenses. Should Serneke lack sufficient liquidity to meet its payment commitments, this could have a negative effect on Serneke's operations, financial position and performance.	The Group continuously monitors its liquidity with monthly reporting to the Board and management. Liquidity planning takes place on a running basis with a focus on both short- and long-term needs.
<b>Refinancing risk</b>	Refinancing risk is the risk that financing cannot be secured or renewed on maturity, or can only be obtained or renewed at significantly increased expense. The Company primarily finances its operations through shareholders' equity, borrowing and the Company's own cash flow. There is a risk that it will not be possible to raise additional capital or that it can only be obtained on terms that are unfavorable for Serneke. Although the Group currently has access to long-term financing, Serneke could, in the future, breach its financial covenants and other commitments under credit and loan agreements due to general economic conditions or disruptions in the capital and credit markets. If the Company fails to obtain the necessary capital in the future, this could have a negative impact on the Company's operations, financial position and performance. If the Company fails to refinance its loan agreements or can only obtain refinancing of its loan agreements at significantly higher expense, this could have a materially adverse effect on the Company's operations, financial position and profit.	The Group's external financing needs are monitored on an ongoing basis by management and the Board of Directors. The Group's financial operations are centrally organized, providing a good overview of its financial positions.
<b>Risk with regard to undertakings in loan agreements and bond loans.</b>	Serneke's borrowings from credit institutions and the issued bond loan contains commitments. Should any Group company violate any or all of the obligations included in a loan agreement or in the terms of a bond, this could lead to the loan being terminated, and to other loan agreements also being terminated due to cross default provisions. A termination of this kind could have a negative effect on Serneke's operations, performance and financial position.	Group fulfillment of loan conditions and covenants is continuously monitored by the Board and management.
<b>Credit and counterparty risk</b>	Uncertainty in the external environment and in the financial markets may mean that customers, suppliers and subcontractors encounter difficulties with their financing. Additionally, this could entail the postponement of planned capital expenditures as well as difficulties in meeting undertakings already entered into. Serneke may suffer losses that have a negative effect on its operations, financial position and performance.	The Group's Financial Policy regulates the handling of credit risks and counter party risks. Regular credit assessments are performed for each new customer. The financial situation for existing customers and suppliers is continuously monitored for the early identification of warning signs.
<b>Risk in sales of properties and development rights</b>	On the disposal of properties and development rights, different assessments and estimates may be made regarding the likelihood of various factors, such as changes to detailed development plans and outstanding commitments, which could have a highly significant impact on the Group's performance and financial position. Outstanding commitments may also be difficult to identify by their nature and extent. A sale may be conditional on a future detailed development plan being accepted. In the event that the detailed development plan is not accepted, while the Group has found it very that it will, this could have a significant impact on performance and financial position.	In all significant sales transactions, managers in the business area along with the CFO perform an assessment of outstanding commitments and other uncertainties. These estimates are updated regularly.
<b>Risk at revenue recognition</b>	The profit of contracts is recognized in pace with completion before final profit results are known. Incorrect calculations could lead to misleading reporting and/or to strategic decisions being based on inaccurate data.	Construction projects are followed up by management monthly. Through clear project management processes and ongoing monitoring of production calculations and work performed, efforts are made to ensure that the accounts provide a fair view and that strategic decisions are based on appropriate grounds.
<b>Disputes</b>	Serneke operates in an industry in which disputes occur, both with clients and suppliers. Large-scale and complicated disputes can be costly, time and resource intensive and may disrupt normal operations, which could have a negative impact on Serneke's brand, operations, performance and financial position.	Disputes are regularly monitored and followed up on monthly by management. By means of decentralized leadership and responsibility for profit a customer-focused organization is established that works closely with clients and subcontractors to minimize the risk of disputes.

# CORPORATE GOVERNANCE

Good corporate governance is about ensuring that Serneke's operations are conducted sustainably, responsibly and as efficiently as possible. The overarching objective is to increase shareholder value and, in that way, to meet the shareholders' demands on their invested equity.

Serneke's central external and internal control instruments are the Swedish Companies Act, Nasdaq Stockholm's regulations for issuers, the Swedish Code of Corporate Governance (the Code), the Articles of Association adopted by the Annual General Meeting, the instructions for the Board's committees, the instructions for the CEO, including the instructions for financial reporting and Serneke's internal framework, comprising, among other things, Serneke's Steering Document and the CEO's delegation and Group policies adopted by the Board of Directors or Group Management. The rules included in the Code have been analyzed and Serneke is in full compliance with these.

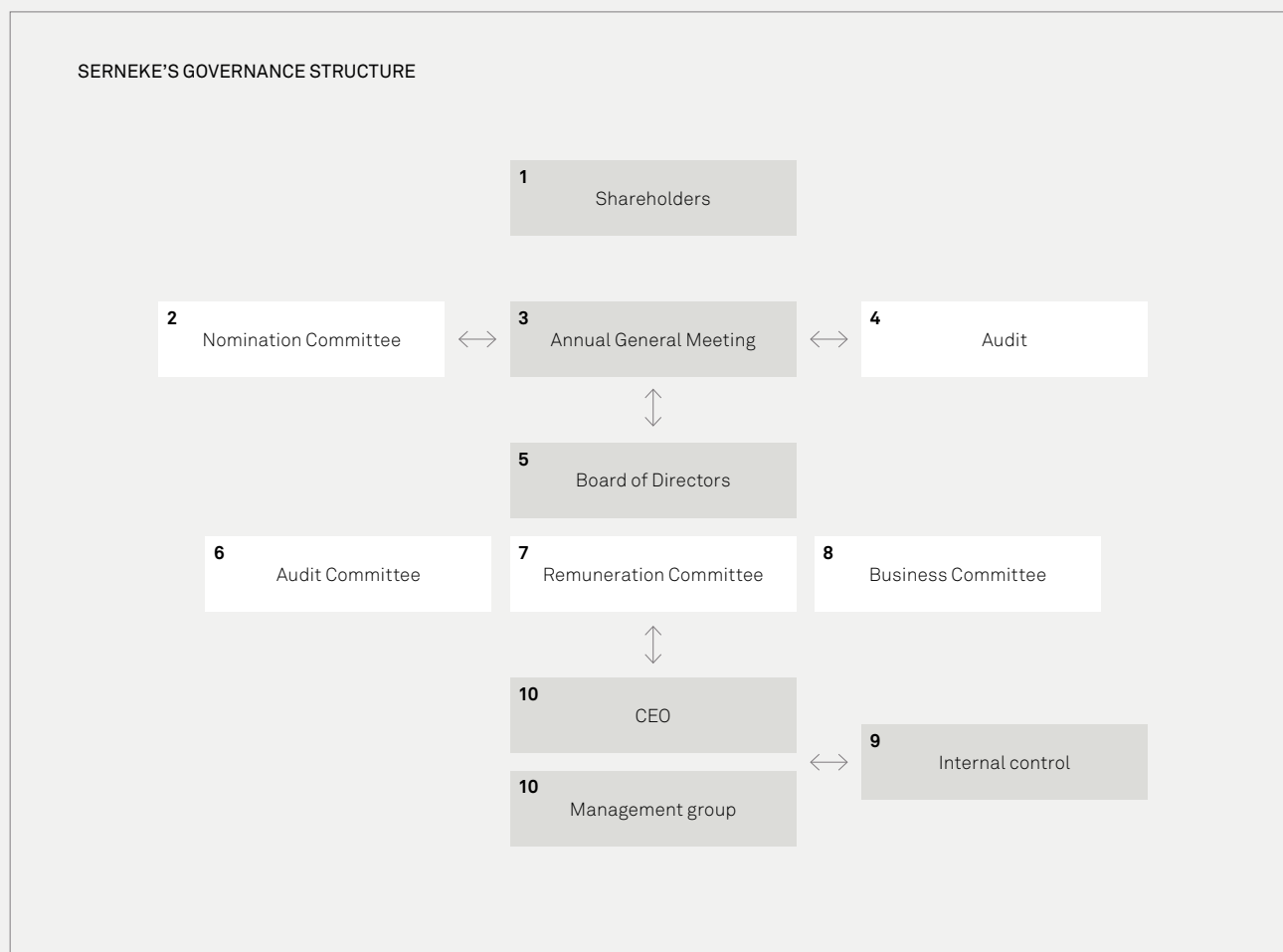
Serneke's Board is responsible for the organization and management of the Company's affairs. The CEO is responsible for ensuring that the ongoing management of the Company occurs in accordance with the Board's guidelines and instructions. In addition, the CEO in dialog with the Chairman of the Board compiles an agenda for the Board meetings and is otherwise responsible for preparing information and decision documentation for the Board.

## 1. Shareholders

The Serneke Group consists of 175 subsidiaries. The Group's Parent Company is the Swedish public limited company Serneke Group AB (publ), whose Series B shares have been listed on Nasdaq Stockholm, in the Small-Cap segment since November 24, 2016.

During the year, all Series A shares in Serneke were converted into Series B shares, in accordance with the conversion clause in Serneke's Articles of Association. The conversion took place in the months of October and November, after which the share capital in Serneke is only represented by Series B shares. Through the conversion, the total number of votes in the Company decreased. While the total number of shares (28,753,232) remains unchanged, there are no longer any Series A shares in the Company. While Series A shares carried one (1) vote, Series B shares each carry one tenth of a vote (0.1). Accordingly, following the conversion, the total number of votes decreased from 7,267,323 to 2,875,323.

As of December 31, 2022, there were 7,007 shareholders (7,460). At the same point in time, the largest shareholder was Ola Serneke Holding AB, with an ownership share of about 21.73 percent. The second-



largest shareholder was Lommen Holding AB, with an ownership share of 14.79 percent. The major shareholders in Serneke exercise an active ownership role. The Board of Directors and Group Management controlled a total of 67.96 percent of the votes and 67.96 percent of the capital in the Company. The Articles contain no reservations about voting restrictions.

For further information on ownership structure, trade and price trend, see pages 51–52.

## 2. Nomination Committee

The rules for the composition of Serneke's Nomination Committee have been adopted by the Annual General Meeting. According to these, the Nomination Committee shall consist of the four largest shareholders in the Company in terms of votes, who are then entitled to appoint one member each to the Nomination Committee. If one of the four largest shareholders, in terms of votes, declines to exercise the right to appoint a member to the Nomination Committee, the next largest shareholder is then given the opportunity to appoint a member. These four owner representatives, together with Chairman of the Board, form Serneke's Nomination Committee.

The largest shareholders by votes shall be determined on the basis of a list of registered shareholders provided by Euroclear Sweden AB as of the last bank day in September.

If a change of ownership occurs among the largest shareholders in terms of votes and a shareholder not previously being entitled to appoint a member of the Nomination Committee thereby becomes a larger shareholder in terms of votes than any of those having appointed a appointed a member of the Nomination Committee ("a new major owner"), the Nomination Committee shall, if the new major owner wishes to appoint a member of the Nomination Committee, determine that the member of the Nomination Committee representing the shareholder with the smallest number of votes following the change shall be dismissed and replaced by a new member appointed by the new major owner.

The Nomination Committee submits recommendations to the Annual General Meeting, including proposals for the chairman of the Annual General Meeting, the number of members of the Board to be elected by the Annual General Meeting, the Chairman of the Board and other Directors elected by the Annual General Meeting, fees and other remuneration to each of the members of the Board and to Directors serving on the Board's committees. The Nominating Committee makes further proposals for the election of auditors, remuneration to the auditors, principles for appointing the Nomination Committee and the instruction for the Nomination Committee.

### *The work of the Nomination Committee ahead of the 2023 Annual General Meeting*

The composition of the Nomination Committee was announced on 28 October 2022, as below:

- Carl Sandberg (chairman of the Nomination Committee), appointed by Ola Serneke Holding AB. Representing 52.58 percent of the votes on September 30, 2022, and 21.73 percent on December 31, 2022, respectively,
- Ludwig Mattsson, appointed by Lommen Holding AB. Representing 12.03 percent of the votes on September 30, 2021, and 14.79 percent on December 31, 2022, respectively,
- Christer Larsson, appointed by Christer Larsson i Trollhättan AB. Representing 5.73 percent of the votes on September 30, 2021, and 3.13 percent on December 31, 2022, respectively,
- Alban Herlitz, appointed by Vision Group i Väst AB. Representing 4.06 percent of the votes on September 30, 2022, and 2.83 percent on December 31, 2022, respectively,
- Jan C. Johansson, Chairman of the Board of Serneke Group AB.

During the year, a change of ownership took place among the largest shareholders in terms of votes, which is why a change in the Nomination Committee took place ahead of the 2023 Annual General Meeting, as outlined below:

- Carl Sandberg (chairman of the Nomination Committee), appointed by Ola Serneke Holding AB. Representing 52.58 percent of the votes on September 30, 2022, and 21.73 percent on December 31, 2022, respectively,
- Ludwig Mattsson, appointed by Lommen Holding AB. Representing 12.03 percent of the votes on September 30, 2021, and 14.79 percent on December 31, 2022, respectively,
- Christer Larsson, appointed by Christer Larsson i Trollhättan AB. Representing 5.73 percent of the votes on September 30, 2021, and 3.13 percent on December 31, 2022, respectively,
- Alban Herlitz, appointed by Vision Group i Väst AB. Representing 2.36 percent of the votes on September 30, 2022, and 6.18 percent on December 31, 2022, respectively,
- Jan C. Johansson, Chairman of the Board of Serneke Group AB.

Ahead of the 2023 Annual General Meeting, the Nomination Committee has held four minuted meetings, in addition to which a number of follow-up meetings and verifications have been held via other channels. The Nomination Committee's proposal is available on the corporate website [www.serneke.se](http://www.serneke.se).

For its work, the Nomination Committee reviewed the internal evaluation of the Board's work, the Chairman of the Boards account of the Board work and the Company's internal strategy, as well as interviewed individual Board members. The Nomination Committee deems that the proposed members altogether have the breadth and expertise necessary.

In drafting its proposal, the Nomination Committee applied section 4.1 in the Code as the Diversity Policy, whereby the Nomination Committee took into account that the Board, with regard to the Company's Boards operations, phase of development and circumstances otherwise, shall have a suitable composition characterized by diversity and breadth in terms of the competence, experience and background of the members elected by the Annual General Meeting.

In consideration of the above, the Nomination Committee received a good basis for assessing if the Board's composition is satisfactory, if the need for competence, breadth and experience on the Board is satisfied and to submit proposals on the election of auditors.

Shareholders have had the opportunity to submit suggestions and comments regarding the Nomination Committee's work for the 2023 Annual General Meeting.

## 3. General Meeting

The right of shareholders to make decisions in Serneke's affairs is exercised through the highest decision-making body, the Annual General Meeting, or Extraordinary General Meeting. The meeting resolves on matters such as amendments to the Articles of Association, election of the Board of Directors and auditors, adoption of the income statement and balance sheet, discharge from liability of the Board and Chief Executive Officer, allocation of profit or loss, principles for appointing the Nomination Committee and guidelines for remuneration to senior management.

According to the Articles of Association, notice to attend the Annual General Meeting will be issued through publication by mail, in Swedish print media and on the Company's website. An announcement that an invitation has been issued shall be published simultaneously in Swedish financial daily Dagens Industri. The Board of Directors may, in preparation for an Annual General Meeting decide that the shareholders shall be able to exercise their voting rights by mail prior to the Annual General Meeting.

**Right to participate in General Meetings**

To participate in a General Meeting, shareholders must notify Serneke no later than on the date specified in the invitation to attend. This day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth weekday prior to the meeting. Shareholders wishing to have matters considered at the General Meeting must produce a written request to the Company's Board of Directors. Such a request should normally reach the Board no later than seven weeks before the General Meeting.

**Annual General Meeting 2022**

The Annual General Meeting was held on 26 April 2022 at the Company's headquarters in Gothenburg, Sweden. In total, 49.88 percent of the total number of shares was represented, corresponding to 81.13 percent of total number of votes. The accounts for 2022 were adopted and the Board Members and the CEO were discharged from liability. A resolution was also taken to re-elect and newly elect Board Members, the Chairman of the Board and the auditors, as well as on the fees to be paid the Board of Directors and the auditors. The Annual General Meeting decided, in accordance with the proposal by the Board of Directors, not to pay a dividend for the 2021 financial year.

In accordance with the proposal by the Board of Directors, the Annual General Meeting resolved to authorize the Board of Directors to decide, on one or more occasions during the period until the next Annual General Meeting and with or without deviation from existing shareholders' preferential rights, to issue for cash payment, non-cash payment, or by offset, shares and/or convertibles entailing the issue or conversion of a total of at most 7,200,000 shares, which, at the time of the Annual General Meeting, corresponding to a dilution by about 20.1 percent of the share capital and by about 8.7 percent of the number of votes.

In addition, the Annual General Meeting resolved to supplement item 9 of the Articles of Association with an opportunity for shareholders to exercise their voting rights by mail prior to the Annual General Meeting.

**Annual General Meeting 2023**

The 2023 Annual General Meeting will be held on May 3, 2023 at Serneke's head office in Gothenburg. Shareholders wishing to participate in Annual General Meeting must be registered as shareholders in the shareholders' register maintained by Euroclear Sweden AB as of Thursday, April 24, 2023, and shall have notified the Company of their intention to participate no later than Wednesday, April 26.

**4. Audit**

The Company's auditors review the annual accounts and Annual Report and the Company's ongoing operations and routines to then rule on the financial statements and the administration by Board of Directors and the CEO. After each financial year, the auditors shall submit an audit report to the Annual General Meeting. Each year, the Company's auditor personally reports his observations from the review to the Board of Directors.

According to the Articles of Association, the Annual General Meeting shall appoint at least one and at most two auditors or one or two authorized public accounting firms. At the 2022 Annual General Meeting, the registered auditing company PricewaterhouseCoopers AB was elected with Ulrika Ramsvik as the principal auditor for the period until the end of the next Annual General Meeting. Ulrika Ramsvik is a member of FAR. The Annual General Meeting also resolved that remuneration of the auditor would be paid according to an approved invoice. For information on remuneration of auditors, see Note 9.

During the year, the auditors participated in eight meetings with the Board's Audit Committee and in one regular Board Meeting.

**5. Board of Directors**

After the Annual General Meeting, the Board of Directors is the highest decision-making body. The Board shall take responsibility for the organization and management of the Group's affairs by, for example, setting targets and strategy, safeguarding procedures and systems for monitoring the set targets, continuously assessing Serneke's financial situation and evaluating the operational management. Furthermore, the Board is responsible for ensuring that accurate information is provided to the Company's stakeholders, that the Company complies with laws and regulations and that the Company develops and implements internal policies and ethical guidelines. The Board also appoints Serneke's Chief Executive Officer and sets salaries and other remuneration to the Chief Executive Officer based on guidelines adopted by the Annual General Meeting.

**Composition of the Board of Directors**

The elected members of the Board are elected by the Annual General Meeting for the period until the conclusion of the next Annual General Meeting. According to the Articles of Association, the Board of Directors shall consist of no less than three and no more than nine ordinary members elected by the General Meeting, without deputies. The Board Members are presented on pages 69–70.

**Chairman of the Board**

The Chairman of the Board is responsible for ensuring that the Board's work is carried out efficiently and that the Board discharges its duties. In particular, the Chairman shall organize and lead the Board's efforts to create the best possible conditions for this work.

The Chairman's task is to ensure that new members of the Board receive adequate initial training and other training that the Chairman and such new members of the Board agree to be appropriate, that members of the Board regularly update and deepen their knowledge of the Company, that the Board receives sufficient information and documentation for its work, that the proposed agenda for Board meetings is adopted after consultation with the Chief Executive Officer, that the Board's decisions are implemented and that the work of the Board of Directors is evaluated annually.

The Chairman is responsible for contacts with the owners regarding ownership issues and for conveying the view of the owners to the Board. The Chairman is not part of Group Management and also does not participate in the operating work in the Company.

**Board work**

The Board follows written procedures that are reviewed annually and adopted at the constituent meeting and revised as necessary. These rules of procedure regulate the Board's work, tasks, decision-making within the Company, Board meeting procedure, the Chairman's responsibilities and an appropriate division of tasks between the Board and the CEO. Instructions regarding financial reporting and instructions for the Chief Executive Officer are also defined in conjunction with the constituent Board meeting.

The work of the Board is also based on an annual meeting schedule that meets the Board's needs for information. The meeting plan shall be designed so that the meetings coincide with the production of quarterly reports, financial statements and financial statements. The Board as a whole handles matters of internal control incumbent upon the Board.

In addition to Board meetings, the Chairman of the Board and the Chief Executive Officer maintain an ongoing dialogue concerning the management of Serneke.

The Board meets according to an annual schedule and must hold at least five regular meetings between Annual General Meetings. In addition to these meetings, further meetings can be arranged to address issues that cannot be postponed to any of the regular meetings. During the 2022 financial year, the Board held 14 meetings, for all of which minutes were recorded. Eight of these were regular meetings and four were additional meetings.

### **Evaluation of the work of the Board**

Evaluation of the Board is conducted within the framework of the work of Nomination Committee. The Board also performs an annual evaluation of its work, including planning for the year.

During the year, the Board of Directors performed an internal assessment of its work, with the purpose of developing the Board of Directors' working methods and efficiency. The results of the assessment have been reported to the Nomination Committee.

### **Remuneration of the Board of Directors in 2022**

The Annual General Meeting resolved that the fees should be paid to the Board members totaling SEK 2,650,000, of which an unchanged amount of SEK 750,000 shall be paid to the Chairman of the Board and an unchanged amount of SEK 250,000 shall be paid to each of the other Board Members elected by the Annual General Meeting who are not employees of the Group. It was additionally decided that a fee of SEK 100,000 should be paid to the chairman of Audit Committee and that a fee of SEK 50,000 should be paid to each of the other committee members who are not employees of the Group. The Annual General Meeting resolved that Per Åkerman should, through his own consulting company, be able to continue receiving consultancy remuneration for his duties outside the Board assignment, amounting to SEK 150,000 per month excluding VAT. Per Åkerman's assignment was completed in May 2022.

The fees to the auditors are to be paid in accordance with approved invoices. The Nomination Committee's proposal on remuneration prior to the 2023 Annual General Meeting is presented by the convening notice for the Annual General Meeting.

### **Board Committees**

Serneke's Board has three ordinary committees: the Audit Committee, the Business Committee and the Remuneration Committee. The work conducted in the committees is reported continuously to the Board. The committees shall be seen as working committees for the Board and do not take over responsibility that is incumbent on the Board as a whole.

### **6. Audit Committee**

During the year, the Audit Committee comprised of Mari Broman (chairman), Ludwig Matsson and Fredrik Alvarsson. The Audit Committee's main task is to monitor Serneke's financial reporting, monitor the efficiency of the Company's internal control, internal audit and risk management. The Audit Committee shall, in cooperation with Serneke's

auditor, ensuring audit planning, monitoring, and auditing status in preparation for the publication of the Annual Report and consolidated financial statements.

In addition, the Audit Committee shall oversee the impartiality and independence of the auditor, as well as assessing the audit work and discussing the coordination of the external audit with the auditor, and, in that context, determining whether the auditor is to be engaged to provide services other than auditing services for the Group. The Audit Committee shall also assist Serneke's Nomination Committee in preparing proposals for appointments of auditors and recommendations regarding fees to the auditor.

The Board of Directors believes that the requirement that at least one Board Member shall be independent and have accounting or auditing skills has been met.

The Audit Committee held eight minuted meetings in 2022. In these meetings, the auditor's review of the financial statements and the Company's internal controls has been reported and discussed.

### **7. Remuneration Committee**

In 2022, Serneke's Remuneration Committee comprised Jan C Johansson (chairman), Veronica Rörsgård and Lars Kvarnsund.

The task of the Remuneration Committee is to review the principles for terms and remunerations to Serneke's senior executives and to provide the Board of Directors recommendations regarding these. The Remuneration Committee shall evaluate the CEO annually. Questions concerning the CEO's terms of employment, remuneration and benefits are prepared by the Remuneration Committee and approved by the Board. The CEO presents matters not involving remunerations to the CEO.

The Committee has had two meetings regarding remuneration and a number of reconciliations by telephone and e-mail throughout the year.

### **8. Business Committee**

Serneke's Business Committee comprises Per Åkerman (chairman), Fredrik Alvarsson and Lars Kvarnsund. The Business Committee addresses construction projects, investments/divestments or other transactions requiring the Board's commitment, involvement and decision-making. This is the Board's forum for logically following the risk management structure and business culture comprised of business councils at various levels within the Company. The Business Committee held nine meetings over the year.

### **9. Internal control**

The Board's responsibility for internal control is regulated in the Companies Act, the Annual Accounts Act (which requires disclosure of key elements of Serneke's systems of internal control and risk management to be included with the financial reporting each year in a Corporate Governance Report), and the Swedish Code of Corporate Governance (the Code).

The Company has established and complies with an internal control plan adopted by the Board. The plan is based on the COSO framework structure and comprises the continuous monitoring of five critical business processes, and for each process a number of controls are then carried out of essential activities and events.

Among other things, the Board shall ensure that Serneke has good internal control and formalized routines ensuring that the established principles for financial reporting and internal control are adhered to and that there are effective systems for monitoring and controlling the Company's operations and the risks with which the Company and its operations are associated.

The overall purpose of the internal control is to ensure to a reasonable extent that the Company's operating strategies and targets are monitored and that the owners' investments are protected. The internal control shall also ensure that the external financial reporting is, with a reasonable degree of certainty, reliable and prepared in accordance with good accounting practices and applicable laws, that regulations are complied with and that the requirements imposed on listed companies are met. Serneke's policies and instructions are reviewed annually. This report on Serneke's internal control is prepared in accordance with the Swedish Code of Corporate Governance and mainly includes the following components.

### **Control environment**

The Board of Directors bears the overall responsibility for internal control regarding financial reporting. To create and maintain a functioning control environment, the Board has adopted a number of policies and governance documents that regulate the financial reporting. These primarily comprise the Board's agenda, instructions for the CEO, authorization instructions and instructions for financial reporting. The Board of Directors has also adopted a specific Risk Policy, Financial Policy and Related Party Policy. The Company also has a financial manual containing principles, guidelines and process descriptions for accounting and financial reporting.

This manual is updated regularly to reflect changes in legal requirements, listing requirements and/or accounting standards. The hand-

book is also a detailed time and activity plan for the Company's financial closing and reporting process. Dates of reporting are published in the Group's financial calendar, available via its website.

The Board has also established an Audit Committee whose main task is to monitor the Company's financial position, monitor the effectiveness of the Company's internal control, internal audit and risk management, to stay informed about the auditing of the financial statements and to review and monitor the impartiality and independence of the auditor. The Board also receives reports from the Serneke's auditor.

#### **Risk assessment**

The Board receives further information on risk management, internal control and financial reporting by the auditor through the Audit Committee or Board meetings with the auditor present.

In a special risk assessment document, Serneke's Board has identified and evaluated the risks incurred in the Company's operations, and assessed how the risks can be managed. Within the Board, it is primarily the Audit Committee that is responsible for continuously assessing the Company's risk situation, after which the Board also conducts an annual review of the risk situation.

The material/critical risks identified by Serneke are altered market conditions, impede opportunities for financing, purchasing prices, risks in projects, socially disruptive events, risks in bidding procedures and skills supply. The Company has established procedures to prevent and detect irregularities and fraud that could materially affect the Company's financial position.

#### **Control activities**

Control activities mitigate the risks identified and ensure accurate and reliable financial reporting. The Board is responsible for internal control and monitoring of Company management. This involves both internal and external control activities, and by reviewing and monitoring the Company's governance documents. An important part of Serneke's control activities include standardized reporting and clear and documented work procedures and responsibilities. Controls are carried out monthly both manually and automatically by system support, and compiled in a report to the CFO who then informs the CEO and Board of the outcome.

#### **Management and review**

Continuous monitoring of performance outcomes occurs at multiple levels in the Group, both at the corporate level and at the Group level. Budget and forecasts are reviewed. The results are analyzed by the

contracting operations and the administrative and accounting departments.

The teams report to the CEO and Board of Directors. According to the Board's instructions to the Audit Committee, the Committee shall annually have at least one meeting where the Company's auditors attend without the presence of employees in Serneke. The auditors shall report on focus and scope of the audit, as well as on observations made by the auditors during the audit. The proceedings of the Audit Committee meetings are entered into the minutes, which are provided to the Board.

#### **Internal audit**

The Company continuously assesses the need for an internal audit. The efficiency of the internal audit is largely dependent on the Company's organizational structure and size of the organization. Serneke has a relatively small organization, with its treasury, finance and lease administration functions operating primarily from the Company's Gothenburg offices. Review of financial statements and accounts is conducted monthly of the various functions within the Company and those of the Company management and the Board. Beyond this, the Company has an internal operational audit, whose work, identified conditions and recommendations are reported to the Audit Committee once per quarter.

#### **Monitoring**

Compliance with the internal controls and their efficacy is monitored on an ongoing basis. The CEO ensures that the Board of Directors receives continuous reports on the development of the Company's operations, including on Serneke's profit trend and position, as well as on important events.

#### **10. Chief Executive Officer and Management**

In his role, the CEO is subordinate to the Board of Directors and is primarily tasked with the day-to-day administration of Serneke's management and operations. The Board's rules of procedure and instructions for the Chief Executive Officer clarify which issues the Company's Board of Directors shall decide on and which decisions should be made by the Chief Executive Officer. The Chief Executive Officer also produces reports and essential documentation necessary to make decisions at Board meetings and presents the material at Board meetings.

During the year, Group Management at Serneke Group AB comprised Michael Berglin, President and CEO, Mikael Hultqvist, CEO Serneke Sweden, Carole Lindmark, Head of Communications, Johanna Rutberg,

General Counsel, Kaia Eichler, Head of Sustainability, Ola Serneke, CEO, Serneke Invest, Anders Düring, CFO, Robin Gerum, Business Development Manager, and Jonas Fjellman, HR Director.

#### **Remuneration to senior executives**

In 2022, a total of SEK 24.4 million was paid in fixed and variable remuneration to the Company's senior executives (Group Management). The total gross remuneration paid to the CEO and Group Management, including base salary, pension premiums, variable compensation, as well as other benefits amounted to SEK 36.0 million in 2022, of which SEK 9.4 million constituted remuneration to the CEO.

For 2022, the Board of Directors has made use of the opportunity to deviate from the guidelines applicable until the 2022 Annual General Meeting by, during the first quarter of 2022, assigning and paying out variable compensation to the CEO of the Company, Michael Berglin. For further information regarding remunerations, see Note 11.

The Annual General Meeting on April 26, 2022 adopted guidelines for remunerations and other terms of employment for senior executives. In this context, "senior executives" are understood to be the CEO and other senior individuals in the Serneke Group. The remuneration guidelines also apply to Board Members to the extent that they receive remuneration for services performed for the Serneke Group beyond their Board assignments.

#### **Resolutions by the Annual General Meeting**

The 2022 Annual General Meeting resolved to adopt the guidelines for remunerations and other terms of employment for senior executives. The guidelines shall apply until the 2026 Annual General Meeting unless circumstances occur that necessitate amendment before that time.

The guidelines encompass the CEO and other executives of the Serneke Group. These remuneration guidelines also apply to members of the Board to the extent these receive compensation for services rendered to the Serneke Group beyond their roles as members of the Board. Remunerations included in the guidelines shall encompass fixed salary, variable remuneration, other benefits and occupational pension. Remuneration is equated with the transfer of securities and the transfer of rights to acquire securities from the Company in the future. Senior executives may be offered share or share price-related remunerations aimed at improving the participants' commitment to the Company's development and are to be implemented on market terms. Share and share price-related incentive programs shall be decided by the General Meeting and are therefore not covered by these guidelines. To gain an



overview of the Company's total remuneration package, the Company's incentive programs are outlined, by way of disclosure, in a separate section following the proposed guidelines for remuneration to senior executives. The full guidelines can be found on the Company's website.

## 11. Serneke's internal governance

### *Serneke's internal framework*

Serneke is steered through an internal framework comprising Serneke's Governing Documents and the CEO's delegation, the sustainability framework, the Code of Conduct, Group policies, certification instruction, the Group's decision-making processes, the Company's operational management system (VLS) and other guidelines and instructions ("Serneke's internal framework"), as adopted and issued at any given time. These have a central place in Serneke's management and control. Serneke's internal framework is binding for all companies within the Serneke Group.

The CEO has delegated certain areas of responsibility, including authorizations, decision-making rights and responsibilities to Group Management, in accordance with a separate delegation document. The CEO remains liable to the Board of Directors.

### *Organization – business areas and Group functions*

The Group's operations are controlled and reported on the basis of business areas and Group functions. The business areas and Group functions work in close cooperation with one another, within Serneke's internal framework. Today, Serneke's Group functions comprise Legal & Compliance, Finance (including IT), Communications, Business Development, HR and Sustainability. Group functions are responsible for driving development within their respective areas to ensure efficiency and synergies, ensure that the necessary policies are issued and implemented and that these are kept up to date within their respective areas. The Group functions also provide advice and guidance to ensure good management and regulatory compliance, the use of economies of scale, as well as creating a company that is sustainable in the long term. The Group's policies and the KL member responsibilities are presented below.

Today, Serneke has three business areas: Serneke Sweden, Serneke Invest and Serneke International. The Business Area Managers are responsible for their business areas, within Serneke's internal framework at any given time.

### *Business plan, operational plans and goal-oriented management*

The Company's business plan extends over a five-year period, is reviewed annually and is updated if necessary. The business plan applies throughout the Group's operations, and operational plans and budgets shall be based on this. Operational plans are developed annually for Group functions, business areas, support functions and regions. The head of each unit is responsible for producing and operational plan focusing on targets and activities for the upcoming financial year. These operational plans are to be approved by a senior manager. The development process occurs during the autumn and the operational plans come into effect at the start of the new year.

The Company applies monthly follow-up of selected key performance indicators to ensure that the operations develop in the right direction and in line with the business plan and operational plans. Follow-up occurs at the Group, business area, and regional levels and is headed by the manager responsible. Its purpose is to detect deviations and highlight good examples. Deviations are followed by an action plan, with an individual being appointed responsibility. It is the duty of the manager responsible to ensure that measures are taken and followed up.

## WORK OF THE BOARD IN 2022

### FEBRUARY/MARCH

- Year-end report
- Dividend proposal
- Preparation for the Annual General Meeting
- Annual Report
- Corporate governance
- Audit status financial audit
- Audit Committee
- Evaluation auditors
- Remuneration Committee
- Evaluation of the work of the CEO and management team as well as planning for future needs
- Overall wages and conditions policy for the Group
- Remunerations to senior executives, including proposed guidelines and Remuneration Report for adoption by the Annual General Meeting

### APRIL/MAY

- Interim Report first quarter
- Evaluation of incentive programs
- Statutory Meeting
- Board and Committees rules of procedure, the CEO's instructions
- Members of the Audit and Remuneration Committees respectively
- Audit Committee

### JUNE

- Audit Plan

### JULY

- Interim Report second quarter
- Audit Committee

### SEPTEMBER/OCTOBER

- Interim Report third quarter
- Strategic development, assessment, strategic focus and objectives
- Audit Committee
- Assessment of internal control and risk management
- Run-through of the auditors' review of the interim report
- Review of policies

### DECEMBER

- Budget and business objectives
- Follow-up and assessment of the work of the Board of Directors
- Guidelines for remunerations to senior executives

**Policies**

To clarify regulations and instructions, the Company has adopted several policies. The policies are structured based on the decision-making bodies within the Company, and are to be viewed as one complete entity as, in many cases, they complement one another. For example, ethics and sustainability are regulated through a framework of policies as follows:

among others, the Code of Conduct, Purchasing Policy and Anti-Corruption Policy clarify ethical positions, internally, as well as with regard to suppliers. For Serneke, it is important to act ethically. This strengthens competitiveness and contributes to a high level of trust among employees, customers, suppliers, capital market and society as a whole. We have zero tolerance for all forms of corruption, including all types of bribery and corruption.

The Sustainability Policy describes the overall framework and guidelines for how the Group's sustainability work is to be conducted to ensure that social, environmental and economic risks, opportunities and impacts are managed. The Environmental Policy describes Serneke's comprehensive approach to environmental issues and overall principles for the management and monitoring of the environmental work. The Work Environment Policy outlines the framework for the physical, organizational and social work environment. The Diversity and Equal Treatment Policy describes Serneke's ambitions in the area. The Code of Conduct also includes several important sustainability components. Human rights are addressed as part of the Code of Conduct.

Serneke's Code of Conduct is supplemented by Serneke's Code of Conduct for Business Partners. The Code of Conduct for Business Partners is included in our agreements with partners and must be adhered to by all subcontractors and suppliers. In the event of a more serious breach of the Code, it is possible to terminate an agreement.

All policies are revised annually in accordance with the established schedule in the Company's Metapolicy. The decision-making body for each policy adopts the annual version and may also approve amendments during the year if necessary.

The policies are posted on the Company's intranet and in the business management system and it is mandatory for all new employees to attend training in the Code of Conduct during their first month of employment.

**Whistle-blower function**

The Company's General Counsel is responsible for the Company's whistle-blower function and whistle-blower service. The whistle-blower service can be used to submit details of a concern regarding something not in line with the Company's values and Code of Conduct, and that could seriously affect the Company's organization or the life or health of an individual, such as deficiencies in workplace security, discrimination or harassment.

To ensure anonymity when reporting, the whistle-blower service is managed by an external party, WhistleB. The service is completely disconnected from the Company's IT system and web services. WhistleB does not save IP addresses or other data that could be linked to the whistle-blower. Accordingly, an anonymous whistle-blower cannot therefore be traced. All reports are strongly encrypted and can only be decrypted by designated individuals. All cases received through WhistleB are impartially reviewed by Setterwalls Advokatbyrå, which determines whether or not they can be classified as Whistle-blower cases under the law.

Whistle-blower cases are processed promptly and in accordance with legal requirements. In many cases, measures and penalties are dealt with following an investigation by the line manager responsible or by HR, depending on the category under which each case falls. The Board of Directors' Audit Committee receives updates on whistle-blower cases.

**Third party controls**

The Company verifies third parties, such as customers, suppliers and collaborative partners, by means of due diligence and audits. The purpose is to ensure the suitability of each party in cooperating with the Company. The overall areas of interest are ultimate beneficial ownership, relations with authorities and official representatives, financial background and payment capacity, competence and capacity to deliver/perform within the agreement in question, legal history and reputation, work with ethics and regulatory compliance and work with sustainability including human rights, the environment and occupational health and safety.



# GUIDELINES FOR REMUNERATIONS TO SENIOR EXECUTIVES

## Resolutions by the Annual General Meeting

The 2022 Annual General Meeting resolved to adopt the following guidelines for remunerations and other terms of employment for senior executives. The guidelines shall apply until the 2026 Annual General Meeting unless circumstances occur that necessitate amendment before that time.

The guidelines correspond in all essential respects to the guidelines approved at the 2021 Annual General Meeting, with the amendment that the current guidelines also include variable remunerations for senior executives.

The guidelines encompass the CEO and other executives of the Serneke Group. The remuneration guidelines also apply to Board Members to the extent that they receive remuneration for services performed for the Serneke Group beyond their Board assignments. Remunerations included in the guidelines shall encompass fixed salary, variable remuneration, other benefits and occupational pension. Remuneration is equated with the transfer of securities and the transfer of rights to acquire securities from the Company in the future. Senior executives may be offered share or share price-related remunerations aimed at improving the participants' commitment to the Company's development and shall be implemented on market terms. Share and share price-related incentive programs shall be decided by the General Meeting and are therefore not covered by these guidelines. To gain an overview of the Company's total remuneration package, the Company's incentive programs are outlined, by way of disclosure, in a separate section following the proposed guidelines for remuneration to senior executives.

## The guidelines' contribution to the Company's business strategy, long-term interests and sustainability

The Company's overarching strategy is to continue expanding in a structured way and with good profitability. The strategy is based on the Group's common strengths and an understanding of both the surrounding world and the market. The objective of the remuneration package is to motivate, retain and reward qualified employees for their contribution towards achieving the Company's business strategy, long-term interests and sustainability.

## Different forms of remuneration

The Company shall apply the levels of remuneration and terms of employment required to be able to recruit and retain highly skilled and competent senior executives with the capacity to achieve the targets established and formulated to foster the Company's long-term generation of value. Remuneration shall be paid in the form of fixed salary, other benefits and occupational pension.

In addition to the above remunerations, variable remunerations may be paid. Variable remunerations shall be formulated on market terms, linked clearly to the Company's overall targets and designed to generate shareholder value. Variable remunerations must always be approved by the Board of Directors. The variable remuneration shall have an upper limit and be related to the fixed salary, and may amount to no more than 100 percent of fixed annual cash salary.

Occupational pension shall be contribution based, with retirement age set individually, albeit not lower than at 60 years of age. Other benefits that may be provided are a company car, insurance benefits and wellness benefits. Beyond these, the Meeting may determine share-based remunerations, for example.

In specific cases, it shall be possible for Board Members elected by the Annual General Meeting to receive fees for services rendered in their respective areas of expertise that do not constitute Board work. For these services, a market-based fee shall be paid, which must be approved by the Board of Directors.

## Termination of employment

The period of notice shall normally be six months in the event of the senior executive's resignation. In the event of dismissal by the Company, the period of notice and the period during which severance pay is paid shall not exceed 12 months combined.

## Salary and terms of employment for employees

In formulating these guidelines for remuneration to senior executives, salaries and terms of employment for the Company's employees have been taken into account by including details of the employee's total remuneration. In addition, the different remuneration components, the increase in remuneration and the rate of increase over time have been included in the data on which the Remuneration Committee and the Board of Directors have based their decisions in assessing the guidelines for remuneration and in assessing whether the guidelines and the limitations they impose are reasonable.

## Decision-making process for adopting, reviewing and implementing guidelines

The Company's Board of Directors has established a Remuneration Committee tasked with reviewing the principles of remuneration and terms of employment for the Company's senior executives and for preparing proposals for the Board of Directors in this regard. The Remuneration Committee shall evaluate the CEO annually. Questions concerning the CEO's terms of employment, remuneration and benefits are prepared by the Remuneration Committee and approved by the Board. An important part of the Remuneration Committee's tasks is safeguarding the Group's access to appropriate skills and expertise in key positions within the Group. The Committee conducts an annual review and evaluation of the management organization based on specific criteria and requirements to meet future needs. The assessment is conducted partly through one-on-one discussions, and partly with the CEO as rapporteur.

The Board of Directors shall prepare proposals for new guidelines every fourth year at least and shall present these proposals to the Annual General Meeting for resolution. To the extent that they are affected by such decisions, the Company's CEO and other senior executives shall not participate in the Board's deliberations and decision-making regarding the guidelines for remuneration to senior executives.

## Deviations from the guidelines on remunerations for senior executives

The Board of Directors may temporarily decide to deviate from the guidelines, in whole or in part, if there are specific reasons for doing so in individual cases and if the deviation from the guidelines is necessary to satisfy the Company's long-term interests and sustainability or to safeguard the Company's financial viability. If such a deviation occurs, relevant information and the reasons for the deviation shall be presented in the proposal for guidelines for remuneration to senior executives to be presented for resolution at the ensuing Annual General Meeting.

The Remuneration Committee appointed by the Board of Directors prepares and elaborates proposals for decision by the Board of Directors regarding remunerations for the CEO and other members of Group Management, as well as to other senior executives who report to the CEO.

# AUDITOR'S STATEMENT REGARDING THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Serneke Group AB (publ),  
Corp. ID No. 556669-4153

## Assignments and responsibilities

The Board of Directors is responsible for the Corporate Governance Report for 2022 presented on pages 60–67 and for it having been prepared in accordance with the Annual Accounts Act.

## Focus and scope of the audit

Our review has been conducted in accordance with the FAR's (institute for the accountancy profession in Sweden) recommendation RevR 16 Auditor's review of the Corporate Governance Report. This means that our review of the Corporate Governance Report has a different focus and is substantially less in scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. We believe this audit provides us with sufficient grounds for our statements.

## Statement

A Corporate Governance Report has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, items 2–6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same act are consistent with the annual and consolidated accounts and in accordance with the Annual Accounts Act.

Gothenburg, 4 April 2023  
PricewaterhouseCoopers AB

Ulrika Ramsvik  
Principal auditor  
Authorized Public Accountant

Konstantin Belogorcev  
Authorized Public Accountant

# BOARD OF DIRECTORS



	JAN C JOHANSSON	MARI BROMAN	LUDWIG MATSSON	LARS KVARN Sund
<b>Born</b>	1954	1951	1983	1967
<b>Nationality</b>	Swedish	Swedish	Swedish	Swedish
<b>Function</b>	Board Member and Chairman of the Board since 2020. Chairman of the Remuneration Committee.	Member of the Board since 2015. Chairman of the Audit Committee.	Member of the Board since 2012. Member of the Audit Committee.	Member of the Board since 2021. Member of the Remuneration Committee and the Business Committee.
<b>Education</b>	LL.M.	MA in political science, Gothenburg University.	Graduate Business Administrator, Stockholm School of Economics.	Economist, studies at Jönköping International Business School.
<b>Experience</b>	CEO SCA, CEO Boliden, Telia, Vattenfall and Shell.	Deputy CEO, Riksbyggen, Chairman of the Board and Board Member of several property companies and industry bodies.	CEO of the Gavia Group, assignments within the Gavia Group, Chairman of the Board of Alhem Fastigheter AB, as well as assignments within the Lommen Group.	President and CEO Gunnar Johansson Gruppen AB, President and CEO Gnosjö Konstsmide AB, CFO GARO AB, Business Area Manager Sweden GARO AB, CEO GARO Elfex AB.
<b>Other assignments</b>	Chairman of the Board of OrganoClick, Chairman of the Board of Midsummer and Chairman of the Board of Novedo. Board Member of Vinda and Kährs.	Chairman of the Board of Sharing Capabilities AB. Board Member of Ligna Energy AB and ChromoGenics AB.	CEO and Board Member of Adapta Fastigheter. Chairman of the Board of Lommen Invest AS and Board Member of other companies within the Lommen Group. Chairman of the Board of Spisa Holding AB and Board Member of Factoringgruppen AB, Ånglagården Holding AB and Ånglagården Fastighetsutveckling AB.	Chairman of the Board of Jansson Industri AB, Board Member of Prido AB, Dentalum Operations AB (publ), United Power AB, conducts proprietary consulting operations.
<b>Fees approved by the Annual General Meeting (Board of Directors and committees)</b>	SEK 800,000	SEK 350,000	SEK 300,000	SEK 350,000
<b>Holdings in Serneke Group AB, own and related parties', Dec 2022</b>	22,605 Series B shares	909 Series B shares	4,224,193 Series B shares	5,000 Series B shares
<b>Independent of major shareholders</b>	Yes	Yes	No	Yes
<b>Independence to the Company and its management</b>	Yes	Yes	Yes	Yes
<b>Member of committee</b>	Remuneration Committee	Audit Committee	Audit Committee	Remuneration Committee Business Committee
<b>Meeting attendance</b>	12/12	11/12	11/12	12/12

# BOARD OF DIRECTORS



	VERONICA RÖRSGÅRD	FREDRIK ALVARSSON	PER ÅKERMAN
<b>Born</b>	1974	1969	1964
<b>Nationality</b>	Swedish	Swedish	Swedish
<b>Function</b>	Member of the Board since 2020. Member of the Remuneration Committee.	Member of the Board since 2019. Member of the Audit Committee and the Business Committee.	Member of the Board and Deputy Chairman of the Board since 2020. Chairman of the Business Committee.
<b>Education</b>	Master of Economics, international marketing, Mälardalen University and Universitée Jean Moulin III Lyon.	Engineer, Lund University and IFL from the Stockholm School of Economics.	Master of Science in Engineering, Lund University
<b>Experience</b>	Managing Director Pysslingen förskolor (AcadeMedia), former IT and HR Director Skanska AB, Sweden Country Manager Alumni, Board Member Aditro.	President of CA Fastigheter, Project Development Manager of Hemsö Fastighets AB and several different positions in NCC, Kungsleden and Vasakronan.	Several different senior positions in Skanska in Sweden and internationally, including as the Executive Vice President of Skanska Sweden and Skanska Poland and President of Skanska Industrial Solutions.
<b>Other assignments</b>	Member of the Board of Fryshuset. President and CEO of Lernia.	CEO of Birger Bostad AB.	Conducts proprietary consulting operations. Board Member of Build Data Group AB.
<b>Fees approved by the Annual General Meeting</b>	SEK 300,000	SEK 350,000	SEK 300,000
<b>Holdings in Serneke Group AB, own and related parties', Dec 2022</b>	4,000 Series B shares	5,454 Series B shares	20,200 Series B shares
<b>Independent of major shareholders</b>	Yes	Yes	Yes
<b>Independence to the Company and its management</b>	Yes	Yes	Yes
<b>Member of committee</b>	Remuneration Committee	Audit Committee Business Committee	Business Committee
<b>Meeting attendance</b>	12/12	12/12	11/12

# MANAGEMENT



	MICHAEL BERGLIN	ANDERS DÜRING	KAIA EICHLER	JONAS FJELLMAN	ROBIN GERUM
<b>Born</b>	1973	1965	1985	1979	1987
<b>Nationality</b>	Swedish	Swedish	Estonian	Swedish	Swedish
<b>Function</b>	President and CEO	CFO	Chief Sustainability Officer	HR Director	Director of Business Development
<b>Employed since</b>	2012	2017	2021	2017	2017
<b>Education</b>	Structural engineering program, University of Borås, 1994, and upper-secondary engineering program, Sven Eriksgymnasiet upper-secondary school, Borås, 1992.	MSc Business Administration, University of Gothenburg, 1990 and Executive MBA Finance & Accounting, University of Gothenburg, 1998.	M.Sc. Civil Engineering, Tallinn University of Technology, 2011 with an exchange year at Universitat Politècnica de Catalunya, BarcelonaTech, 2007–2008	M.Sc. Political Science, University of Gothenburg 2005.	M.Sc. Finance and Investments, Rotterdam School of Management, 2012, and B.Sc. Business Administration, University of New Hampshire, 2011.
<b>Experience</b>	Head of a claims department, Folksam 2000–2012 and assignments in NCC and Skanska in 1994–2000.	CFO KappAhl AB (publ.) 2013–2017, CFO Volvo IT 2007–2013, Group Controller & CIO Ballingslöv 2003–2006. Worked as a consultant at Arthur D. Little and Andersen Consulting, 1990–2003.	Head of sustainability, Business Area Buildings and other managerial positions in sustainable construction at AFRY 2016–2021, Consultant at Bengt Dahlgren AB 2011–2015.	Senior positions in HR since 2008. 2011–2017 within IAC Group, most recently as the HR Director Europe.	Corporate Finance at Carnegie Investment Bank 2012–2017 and Private Equity at Liberty Lane Partners 2011.
<b>Other assignments</b>	Several assignments within the Serneke Group, Board Member of Ånglagården Fastighetsutveckling AB and Karlatornet AB. Several assignments as Chairman of the Board or Board Member within the Serneke Group.	Board Member of companies within the Serneke Group.	–	–	–
<b>Holdings in Serneke Group AB, own and related parties', Dec 2022</b>	305,773 Series B shares	51,183 Series B shares	3,102 Series B shares	29,965 Series B shares	143,633 Series B shares

# MANAGEMENT



	MIKAEL HULTQVIST	CAROLE LINDMARK	JOHANNA RUTBERG	OLA SERNEKE
<b>Born</b>	1978	1969	1982	1971
<b>Nationality</b>	Swedish	Swedish	Swedish	Swedish
<b>Function</b>	CEO, Serneke Sverige AB	Head of Communications	General Counsel	CEO, Serneke Invest
<b>Employed since</b>	2022	2022	2022	2002
<b>Education</b>	Civil engineering, Chalmers University of Technology	Information Producer, Stockholm University 1996–1998 and Strategic Market Communications, Berghs School of Communication 1998–1999	LL.M., Stockholm University 2007, and Griffith University, Australia	Master of Engineering, Chalmers University of Technology, 1998.
<b>Experience</b>	Project Director Peab 2020–2021, Regional Manager Peab 2017–2020, various senior positions within Peab 2007–2017.	Global Brand Manager Vattenfall 2012–2021, Advertising Manager Telia 2008–2012	Experience: SVP, General Counsel at Telia with responsibility for, among other things, corporate governance 2018–2021 and former corporate lawyer in e.g. ethics and compliance 2014–2018, Corporate Counsel at Vattenfall 2012–2014, Senior Associate/Lawyer at Advokatfirman Vinge, Stockholm 2007–2012, District Court Service, Administrative Court, Stockholm	Founder of Serneke Group AB.
<b>Other assignments</b>	–	–	–	Board Member of Änglagården Fastighetsutveckling AB and Karlatornet AB. Board Member and CEO of Ola Serneke Invest AB.
<b>Holdings in Serneke Group AB, own and related parties', Dec 2022</b>	5,510 Series B shares	3,306 Series B shares	3,154 Series B shares	6,175,051 Series B shares.



# MULTI-YEAR SUMMARY

SEK million	Jan-Dec 2022	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018
<b>Income statement</b>					
Income	9,205	8,735	6,871	6,725	6,516
Operating profit	-109	235	-414	-84	595
Profit after net financial items	-217	256	-502	-111	558
Profit for the year	-233	349	-358	-82	604
<b>Balance sheet</b>					
Fixed assets	3,179	2,725	2,156	661	1,094
Current assets	3,934	4,189	3,836	5,073	4,461
<b>Total assets</b>	<b>7,113</b>	<b>6,914</b>	<b>5,992</b>	<b>5,734</b>	<b>5,555</b>
Shareholders' equity	2,252	2,467	1,946	2,179	2,272
Non-current liabilities	1,985	740	1,058	1,435	1,289
Current liabilities	2,876	3,707	2,988	2,120	1,994
<b>Total equity and liabilities</b>	<b>7,113</b>	<b>6,914</b>	<b>5,992</b>	<b>5,734</b>	<b>5,555</b>
<b>Orders</b>					
Order bookings	7,093	6,345	10,639	8,601	4,692
Order backlog	10,582	12,101	13,619	8,943	6,382
<b>Employees</b>					
Average number of employees	1,218	1,173	1,184	1,170	1,070

## CONT. MULTI-YEAR SUMMARY

SEK million	Jan-Dec 2022	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018
<b>Key indicators</b>					
Growth, %	5.4	27.1	2.2	3.2	16.3
Organic growth, %	5.4	27.1	2.2	3.2	16.2
Operating margin, %	-1.2	2.7	-6.0	-1.2	9.1
Earnings per share, SEK, before dilution	-8.24	12.48	-15.82	-3.66	26.37
Earnings per share, SEK, after dilution	-8.24	12.48	-15.82	-3.66	26.16
Cash flow before financing	-740	135	-372	-434	-212
Cash flow from operations per share, before dilution	-24.60	4.11	-15.56	-28.75	11.57
Cash flow from operations per share, after dilution	-24.60	4.11	-15.56	-28.75	11.48
Working capital	1,058	482	848	3,237	2,467
Capital employed	4,144	3,961	3,539	3,603	3,264
Return on capital employed, %	-1.7	7.8	-11.4	-2.2	21.9
Return on equity after taxes, %	-9.9	15.8	-17.4	-3.7	29.5
Equity per share, SEK, before dilution	79.56	87.85	78.68	97.13	101.28
Equity per share, SEK, after dilution	79.56	87.85	78.68	96.92	100.47
Equity/assets ratio, %	31.7	35.7	32.5	38.0	40.9
Net debt	-625	-873	20	1,224	552
Net debt/equity ratio, %	-27.8	-35.4	1.0	56.2	24.3
Average number of shares before dilution	28,287,988	27,962,221	22,625,132	22,433,465	22,905,389
Average number of shares after dilution	28,287,988	27,962,221	22,657,467	22,558,676	23,085,392

## FINANCIAL DEFINITIONS

KEY INDICATORS	DEFINITION	PURPOSE																					
<b>Income</b>	In the contracting operations, income is reported in accordance with the percentage-of-completion method. This income is reported in pace with the gradual completion of the contracting projects within the Company. For project development, income and profits from land sales and building rights are recognized at the point in time at which the significant risks and benefits are transferred to the buyer, which normally coincides with the transfer of ownership, as well as of other income such as rental income. In the Parent Company, income corresponds to invoiced sales of Group-wide services and rental income.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's earnings capacity.																					
<b>Growth</b>	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.																					
<b>Organic growth</b>	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.																					
	<table border="1"> <thead> <tr> <th>Calculation of organic growth</th> <th>Jan-Dec 2022</th> <th>Jan-Dec 2021</th> </tr> </thead> <tbody> <tr> <td>Income current period</td> <td>9,205</td> <td>8,735</td> </tr> <tr> <td>Income corresponding period previous period</td> <td>8,735</td> <td>6,871</td> </tr> <tr> <td><b>Income change</b></td> <td><b>470</b></td> <td><b>1,864</b></td> </tr> <tr> <td>Adjustment for structural effect</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Total organic growth</b></td> <td><b>470</b></td> <td><b>1,864</b></td> </tr> <tr> <td>Total organic growth (%)</td> <td>5.4%</td> <td>27.1%</td> </tr> </tbody> </table>	Calculation of organic growth	Jan-Dec 2022	Jan-Dec 2021	Income current period	9,205	8,735	Income corresponding period previous period	8,735	6,871	<b>Income change</b>	<b>470</b>	<b>1,864</b>	Adjustment for structural effect	-	-	<b>Total organic growth</b>	<b>470</b>	<b>1,864</b>	Total organic growth (%)	5.4%	27.1%	
Calculation of organic growth	Jan-Dec 2022	Jan-Dec 2021																					
Income current period	9,205	8,735																					
Income corresponding period previous period	8,735	6,871																					
<b>Income change</b>	<b>470</b>	<b>1,864</b>																					
Adjustment for structural effect	-	-																					
<b>Total organic growth</b>	<b>470</b>	<b>1,864</b>																					
Total organic growth (%)	5.4%	27.1%																					
<b>Order bookings</b>	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 the contracting operations for the current period.																					
<b>Order backlog</b>	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 the contracting operations over upcoming periods.																					
<b>Operating margin</b>	Operating profit divided by income.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's profitability.																					
<b>Working capital</b>	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.																					

## CONT. FINANCIAL DEFINITIONS

KEY INDICATORS	DEFINITION	PURPOSE	
<b>Capital employed</b>	Consolidated total assets less deferred tax assets less non-interest-bearing liabilities including deferred tax liabilities. For business areas the net amount is also reduced by Group-internal receivables and 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	Dec 31, 2022	Dec 31, 2021
	<b>Total assets</b>	<b>7,113</b>	<b>6,914</b>
	Other deferred tax assets	-91	-108
	Less non-interest-bearing liabilities including deferred tax liabilities	-2,878	-2,845
	<b>Capital employed</b>	<b>4,144</b>	<b>3,961</b>
<b>Return on capital employed</b>	Profit after net financial items plus financial expenses divided by average capital employed for the period. Accumulated interim periods are based on rolling 12-month earnings.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to generate a return on the total capital placed at the Company's disposal by shareholders and creditors.	
	Calculation of average capital employed	Dec 31, 2022	Dec 31, 2021
	December 31, 2022 (4,144) + December 31, 2021 (3,961) / 2	4,053	
	December 31, 2021 (3,961) + December 31, 2020 (3,539) / 2		3,750
	Calculation of return on capital employed	Dec 31, 2022	Dec 31, 2021
	Profit after net financial items	-217	256
	Plus financial expenses	150	38
	Average capital employed	4,053	3,750
	<b>Return on capital employed, %</b>	<b>-1.7%</b>	<b>7.8%</b>

## CONT. FINANCIAL DEFINITIONS

INDICATOR	DEFINITION	PURPOSE												
<b>Return on equity</b>	Profit for the period as a percentage of average shareholders' equity. Accumulated interim periods are based on rolling 12-month earnings.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to generate a return on the capital shareholders have placed at the Company's disposal.												
	<table border="1"> <thead> <tr> <th>Calculation of average shareholders' equity</th> <th>Dec 31, 2022</th> <th>Dec 31, 2021</th> </tr> </thead> <tbody> <tr> <td>December 31, 2022 (2,252) + December 31, 2021 (2,467) / 2</td> <td>2,360</td> <td></td> </tr> <tr> <td>December 31, 2021 (2,467) + December 31, 2020 (1,946) / 2</td> <td></td> <td>2,207</td> </tr> </tbody> </table>	Calculation of average shareholders' equity	Dec 31, 2022	Dec 31, 2021	December 31, 2022 (2,252) + December 31, 2021 (2,467) / 2	2,360		December 31, 2021 (2,467) + December 31, 2020 (1,946) / 2		2,207				
Calculation of average shareholders' equity	Dec 31, 2022	Dec 31, 2021												
December 31, 2022 (2,252) + December 31, 2021 (2,467) / 2	2,360													
December 31, 2021 (2,467) + December 31, 2020 (1,946) / 2		2,207												
	<table border="1"> <thead> <tr> <th>Calculation of return on shareholders' equity</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Profit/loss for the period</td> <td>-233</td> <td>349</td> </tr> <tr> <td>Average shareholders' equity</td> <td>2,360</td> <td>2,207</td> </tr> <tr> <td><b>Return on equity %</b></td> <td><b>-9.9%</b></td> <td><b>15.8%</b></td> </tr> </tbody> </table>	Calculation of return on shareholders' equity			Profit/loss for the period	-233	349	Average shareholders' equity	2,360	2,207	<b>Return on equity %</b>	<b>-9.9%</b>	<b>15.8%</b>	
Calculation of return on shareholders' equity														
Profit/loss for the period	-233	349												
Average shareholders' equity	2,360	2,207												
<b>Return on equity %</b>	<b>-9.9%</b>	<b>15.8%</b>												
<b>Equity/assets ratio</b>	Shareholders' equity less minority interests as a percentage of total assets.	The equity/assets ratio shows the proportion of total assets represented by shareholders' equity and has been included to allow investors to be able to assess the Company's capital structure.												
<b>Net debt</b>	Interest-bearing liabilities less liquid assets less interest-bearing receivables.	Net debt is a measure deemed relevant for creditors and credit rating agencies.												
<b>Net debt/equity ratio</b>	Interest-bearing net debt divided by shareholders' equity.	Net debt/equity ratio is a measure deemed relevant for creditors and credit rating agencies.												
<b>Equity per share, before/after dilution</b>	Total equity according to the balance sheet divided by the number of shares outstanding on the closing date. The difference between before and after dilution is accounted for by the convertibles issued by the Group.	The Company believes that key indicators give investors a better understanding of historical return per share at the closing date.												
<b>Cash flow from operations per share, before/after dilution</b>	Cash flow from operating activities divided by the average number of shares during the period. The difference between before and after dilution is accounted for by the convertibles issued by the Group.	It is the Company's view that the key indicator gives investors a better understanding of the operations' cash flow in relation to the number of shares, adjusted for changes in the number of shares during the period.												
<b>Earnings per share, before/after dilution</b>	Profit for the period divided by the average number of shares during the period. The difference between before and after dilution is accounted for by the convertibles issued by the Group.	It is the Company's view that the key indicator gives investors a better understanding of profit per share.												

# CONSOLIDATED INCOME STATEMENT

SEK million	Note	2022	2021
Income	5, 6, 7	9,205	8,735
Production and administration expenses	8	-9,147	-8,344
<b>Gross profit</b>		<b>58</b>	<b>391</b>
Sales and administration expenses	8	-177	-150
The effect on profit of establishing the joint venture		0	0
Share in profit of associates and joint ventures	18	10	-6
<b>Operating profit</b>	8, 9, 10, 11	<b>-109</b>	<b>235</b>
Financial income	12	44	60
Financial expenses	13	-152	-39
<b>Net financial items</b>		<b>-108</b>	<b>21</b>
<b>Earnings after financial items</b>		<b>-217</b>	<b>256</b>
Tax	14	-16	93
<b>Profit for the year</b>		<b>-233</b>	<b>349</b>
<b>Attributable to:</b>			
Parent Company shareholders		-232	349
Non-controlling interests		-1	0
<b>Earnings per share</b>			
Earnings per share before dilution, SEK		-8.24	12.48
Earnings per share after dilution, SEK		-8.24	12.48
Weighted average number of ordinary shares before dilution, number of shares		28,287,988	27,962,221
Weighted average number of ordinary shares after dilution, number of shares		28,287,988	27,962,221

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2022	2021
<b>Profit for the year</b>		<b>-233</b>	<b>349</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit/loss:			
Translation differences for the year		0	0
<b>Total comprehensive income</b>		<b>-233</b>	<b>349</b>
<b>Attributable to:</b>			
Parent Company shareholders		-232	349
Non-controlling interests		-1	0

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	Note	Dec 31, 2022	Dec 31, 2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	15	30	25
Other tangible fixed assets	16	330	351
Investments in associates and joint ventures	18	158	160
Deferred tax assets	28	91	108
Non-current interest-bearing receivables	19	2,356	1,900
Other non-current receivables	19	106	110
Contract assets, non-current	7	108	71
<b>Total fixed assets</b>		<b>3,179</b>	<b>2,725</b>
<b>Current assets</b>			
Project and development properties	20	1,870	1,704
Inventories	21	4	1
Accounts receivable	22	937	966
Accrued but not invoiced income	7.23	679	555
Prepaid expenses and accrued income	24	97	90
Other current receivables	25	95	298
Cash and bank balances		252	575
<b>Total current assets</b>		<b>3,934</b>	<b>4,189</b>
<b>Total assets</b>		<b>7,113</b>	<b>6,914</b>



## CONT. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	Note	Dec 31, 2022	Dec 31, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	26		
Share capital		3	3
Other paid-in capital		1,126	1,118
Translation reserve		-1	-1
Retained earnings including profit/loss for the year		1,112	1,347
<b>Equity attributable to Parent Company shareholders</b>		<b>2,240</b>	<b>2,467</b>
<b>Non-controlling interests</b>		<b>12</b>	<b>0</b>
<b>Total equity</b>		<b>2,252</b>	<b>2,467</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	27	1,701	467
Other non-current liabilities	27	82	71
Deferred tax liability	28	-	-
Other provisions	29	202	202
<b>Total long-term liabilities</b>		<b>1,985</b>	<b>740</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	27	282	1,135
Accounts payable		1,352	1,344
Current tax liabilities		1	0
Other current liabilities		183	256
Invoiced but not accrued income	7.23	766	744
Accrued expenses and prepaid income	30	292	228
<b>Total current liabilities</b>		<b>2,876</b>	<b>3,707</b>
<b>Total equity and liabilities</b>		<b>7,113</b>	<b>6,914</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Share capital	Other capital contributions	Translation reserve	Retained earnings including profit/loss for the year	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
<b>Opening balance as of January 1, 2021</b>	<b>2</b>	<b>947</b>	<b>-1</b>	<b>998</b>	<b>1,946</b>	<b>0</b>	<b>1,946</b>
Total comprehensive income							
<b>Profit for the year</b>				<b>349</b>	<b>349</b>	<b>0</b>	<b>349</b>
<b>Other comprehensive income</b>							
Translation differences	-	-	0	-	-	-	0
Total other comprehensive income, after tax	-	-	0	0	0	0	0
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>349</b>	<b>349</b>	<b>0</b>	<b>349</b>
<b>Transactions with shareholders:</b>							
Transactions with non-controlling interests	-	-	-	0	0	0	0
Share-related compensation	-	6	-	-	6	-	6
Dividend	-	-	-	-	-	-	-
New share issue	0	166	-	-	166	-	166
Share repurchases	-	-	-	-	-	-	-
<b>Total transactions with shareholders</b>	<b>0</b>	<b>172</b>	<b>-</b>	<b>0</b>	<b>172</b>	<b>0</b>	<b>172</b>
<b>Closing balance as of December 31, 2021</b>	<b>3</b>	<b>1,118</b>	<b>-1</b>	<b>1,347</b>	<b>2,467</b>	<b>0</b>	<b>2,467</b>

## CONT. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Share capital	Other capital contributions	Translation reserve	Retained earnings including profit/loss for the year	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total shareholders' equity
<b>Opening balance as of January 1, 2022</b>	<b>3</b>	<b>1,118</b>	<b>-1</b>	<b>1,347</b>	<b>2,467</b>	<b>-</b>	<b>2,467</b>
Total comprehensive income							
<b>Profit for the year</b>				<b>-232</b>	<b>-232</b>	<b>-1</b>	<b>-233</b>
<b>Other comprehensive income</b>							
Translation differences			0				
Total other comprehensive income, after tax			0				
<b>Total comprehensive income</b>			<b>0</b>				
<b>Transactions with shareholders:</b>							
Transactions with non-controlling interests				-3	-3	13	10
Share-related compensation		8			8		8
Dividend							
New share issue							
Share repurchases							
<b>Total transactions with shareholders</b>		<b>8</b>		<b>-3</b>	<b>5</b>	<b>13</b>	<b>18</b>
<b>Closing balance as of December 31, 2022</b>	<b>3</b>	<b>1,126</b>	<b>-1</b>	<b>1,112</b>	<b>2,240</b>	<b>12</b>	<b>2,252</b>

# CONSOLIDATED STATEMENT OF CASH FLOW

SEK million	Note	2022	2021
<b>Cash flow from operating activities</b>			
Operating profit		-109	235
Adjustment for non-cash items	32	-149	-98
Interest received		16	40
Interest paid		-71	-39
Income taxes paid		0	-2
		<b>-313</b>	<b>136</b>
Decrease (+)/increase (-) in project and development properties		-500	-442
Decrease (+)/increase (-) in inventories		-3	0
Decrease (+)/increase (-) in accounts receivable		29	46
Decrease (+)/increase (-) in receivables		151	190
Decrease (+)/increase (-) in accrued but not invoiced		-90	-144
Decrease (-)/increase (+) in accounts payable		8	286
Decrease (-)/increase (+) in current liabilities		0	-83
Decrease (+)/increase (-) in invoiced but not accrued income		22	126
<b>Cash flow from operating activities</b>		<b>-696</b>	<b>115</b>
<b>Investment activities</b>			
Acquisition of fixed assets		-9	-1
Acquisitions of investment properties		-	-
Sale of investment properties		-	-
Sale of fixed assets		25	16
Sale/dividend associated companies		22	25
Acquisitions of Group companies		-14	-
Investments in associated companies		-4	-7
Investments in financial fixed assets		-64	-13
<b>Cash flow from investment activities</b>		<b>-44</b>	<b>20</b>
<b>Financing activities</b>			
New share issue	26	-	167
Borrowings	32	1,443	426
Repayment of borrowings	32	-1,042	-457
Dividend paid		-	-
Changes in financing activities	32	16	70
<b>Cash flow from financing activities</b>		<b>417</b>	<b>206</b>
<b>Cash flow for the year</b>		<b>-323</b>	<b>341</b>
Cash and equivalents at the beginning of the year		575	234
<b>Cash and equivalents at year-end</b>		<b>252</b>	<b>575</b>

# PARENT COMPANY INCOME STATEMENT

SEK million	Note	2022	2021
Income	6	185	155
Sales and administration expenses	8	-186	-157
<b>Operating profit</b>	9, 10, 11	<b>-1</b>	<b>-2</b>
Impairment on participations in Group companies	17	-26	-18
Financial income	12	12	1
Financial expenses	13	-31	-52
<b>Net financial items</b>		<b>-45</b>	<b>-69</b>
Appropriations		-	-
<b>Profit after financial items and appropriations</b>		<b>-46</b>	<b>-71</b>
Tax on profit for the year	14	-2	1
<b>Profit for the year</b>		<b>-48</b>	<b>-70</b>

# PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2022	2021
<b>Profit for the year</b>		<b>-48</b>	<b>-70</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>-48</b>	<b>-70</b>

# PARENT COMPANY BALANCE SHEET

SEK million	Note	Dec 31, 2022	Dec 31, 2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Other tangible fixed assets	16	10	8
<b>Total tangible fixed assets</b>		<b>10</b>	<b>8</b>
<b>Financial assets</b>			
Investments in Group companies	17	582	360
Deferred tax assets	28	12	14
Other non-current receivables	19	3	3
<b>Total financial fixed assets</b>		<b>597</b>	<b>377</b>
<b>Total fixed assets</b>		<b>607</b>	<b>385</b>
<b>Current assets</b>			
Project and development properties	20	0	2
<b>Current receivables</b>			
Receivables from Group companies		1,362	1,458
Other current receivables	25	4	2
Prepaid expenses and accrued income	24	26	38
<b>Total current receivables</b>		<b>1,392</b>	<b>1,498</b>
Cash and bank balances		1	313
<b>Total current assets</b>		<b>1,393</b>	<b>1,813</b>
<b>TOTAL ASSETS</b>		<b>2,000</b>	<b>2,198</b>

## CONT. PARENT COMPANY BALANCE SHEET

SEK million	Note	Dec 31, 2022	Dec 31, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<i>Restricted equity</i>			
Share capital	26, 35	3	3
		<b>3</b>	<b>3</b>
<i>Non-restricted equity</i>			
Share premium reserve		1,089	1,089
Accumulated profit		-554	-492
Profit for the year		-48	-70
		<b>487</b>	<b>527</b>
<b>Total equity</b>		<b>490</b>	<b>530</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	27	8	3
Other provisions	29	3	2
<b>Total long-term liabilities</b>		<b>11</b>	<b>5</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	27	42	523
Accounts payable		11	8
Liabilities to Group companies		1,415	1,100
Current tax liabilities		1	0
Other current liabilities		8	7
Accrued expenses and prepaid income	30	22	25
<b>Total current liabilities</b>		<b>1,499</b>	<b>1,663</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,000</b>	<b>2,198</b>



# STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY

SEK million	Restricted equity		Non-restricted equity		Total equity
	Share capital		Share premium reserve	Profit or loss including profit	
<b>Opening balance as of January 1, 2021</b>	<b>2</b>		<b>924</b>	<b>-499</b>	<b>428</b>
Profit for the year				-70	-70
<b>Total comprehensive income</b>				<b>-70</b>	<b>-70</b>
<b>Transactions with shareholders</b>					
Dividend				-	-
New share issue	0		166	-	166
Share repurchases			-	-	-
Convertible debentures			-	-	-
Share-related compensation			-	6	6
<b>Total transactions with shareholders</b>	<b>0</b>		<b>166</b>	<b>6</b>	<b>172</b>
<b>Closing balance as of December 31, 2021</b>	<b>3</b>		<b>1,089</b>	<b>-562</b>	<b>530</b>
<b>Opening balance as of January 1, 2022</b>	<b>3</b>		<b>1,089</b>	<b>-562</b>	<b>530</b>
Profit for the year				-48	-48
<b>Total comprehensive income</b>				<b>-48</b>	<b>-48</b>
<b>Transactions with shareholders</b>					
Dividend				-	-
New share issue			-	-	-
Share repurchases			-	-	-
Convertible debentures			-	-	-
Share-related compensation			-	8	8
<b>Total transactions with shareholders</b>				<b>8</b>	<b>8</b>
<b>Closing balance as of December 31, 2022</b>	<b>3</b>		<b>1,089</b>	<b>-602</b>	<b>490</b>

# STATEMENT OF CASH FLOWS, PARENT COMPANY

SEK million	Note	2022	2021
<b>Cash flow from operating activities</b>			
Operating profit		-1	-2
Adjustment for non-cash items	32	11	4
Interest received		6	2
Interest paid		-34	-55
Income taxes paid		1	-2
		<b>-17</b>	<b>-53</b>
Decrease (+)/increase (-) in project and development properties		2	0
Decrease (+)/increase (-) in receivables		-142	-123
Decrease (-)/increase (+) in accounts payable		8	1
Decrease (-)/increase (+) in current liabilities		311	410
		<b>179</b>	<b>288</b>
<b>Cash flow from operating activities</b>		<b>162</b>	<b>235</b>
<b>Investment activities</b>			
Acquisitions of tangible fixed assets		0	0
Disposal of tangible fixed assets		2	2
Investments in associated companies		0	-
<b>Cash flow from investment activities</b>		<b>2</b>	<b>2</b>
<b>Financing activities</b>			
New share issue	26	-	166
Borrowings	32	-	-
Repayment of borrowings	32	-477	-202
Dividend paid	32	-	-
Changes in financing activities		1	-3
<b>Cash flow from financing activities</b>		<b>-476</b>	<b>-39</b>
<b>Cash flow for the year</b>		<b>-312</b>	<b>198</b>
Cash and equivalents at the beginning of the year		313	115
<b>Cash and equivalents at year-end</b>		<b>1</b>	<b>313</b>

# NOTES

## NOTE 1 GENERAL INFORMATION

Serneke Group AB (publ) ("Serneke") with Corp. ID No. 556669-4153 is a stock corporation registered in Sweden, with its registered office in Gothenburg. The address of the head office is Kvarnbergsgatan 2, SE-411 05 Gothenburg.

The Company's and its subsidiaries' ("the Group") operations comprise comprehensive services in construction and project development. Serneke operates in both the public and private markets.

The Parent Company in the largest group in which Serneke Group AB is included is Ola Serneke Holding AB, corporate identity number 556659-5764, based in Gothenburg.

## NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The consolidated accounts for Serneke have been prepared pursuant to International Financial Reporting Standards (IFRS) as approved by the EU, as well as interpretations from the IFRS Interpretations Committee (IFRIC).

The Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups.

In the consolidated financial statements, items have been measured at acquisition expense, apart from with regard to certain financial instruments, which are measured at fair value. To follow is a description of the significant accounting policies that have been applied.

### New accounting principles 2022

No new or amended accounting standards or interpretations having entered into effect as of January 1, 2022 are deemed to have had a material impact on the Serneke Group's financial statements.

### New accounting policies 2023 or later

There are no new or amended accounting standards or interpretations that have been published that enter into effect in 2023 and later that are deemed to have a material impact on the Serneke Group's financial statements.

### Consolidated accounts

The consolidated financial statements cover the Parent Company Serneke Group AB (publ) and the companies over which the Parent Company has a direct or indirect controlling interest (subsidiaries). The Group has a controlling interest over a company when it has influence over the investment object, exposure to or entitlement to a variable return from its involvement in the investment object, and an opportunity to exert its influence over the investment object to affect its return. Details of the composition of the Group are provided under Note 17.

Subsidiaries are included in the consolidated accounts from the date of acquisition and are de-consolidated from the date that control ceases.

Consolidated earnings and components in other comprehensive income are attributable to the Parent Company's owners and to non-controlling interests, even if this results in a negative value for non-controlling interests.

The accounting policies for subsidiaries have been adjusted as required in order to make them consistent with the Group's accounting policies. All intra-group transactions, dealings and unrealized gains and losses attributable to intra-group transactions have been eliminated on preparation of the consolidated financial statements.

### Transactions with non-controlling interests

Changes to the Parent Company's share in a subsidiary that result in a loss of controlling interest are recognized as equity transactions (i.e. as transactions with the Group's owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and allocated among the Parent Company's owners.

### Loss of controlling interest

When the Parent Company loses its controlling interest over a subsidiaries, the gain or loss on disposal is calculated as the difference between:

- i) the sum of the fair value of the consideration received and the fair value of any remaining holdings, and
- ii) the previous carrying amounts of the subsidiary's assets (including goodwill) and liabilities, and any non-controlling interests.

When the divested subsidiary has assets that are measured in accordance with the revaluation model or at fair value, and the attributable accumulated gains or losses have been recognized in other comprehensive income and accumulated in equity, these amounts that have previously been recognized in other comprehensive income and accumulated in equity should be recognized as though the Parent Company had divested the assets directly, which means a reclassification to profit/loss or direct transfer to retained earnings.

The fair value of the remaining shareholdings in the previous subsidiary at the point at which the controlling interest is lost is regarded as the fair value on initial recognition of a financial asset, in accordance with IFRS 9 Financial Instruments: Recognition and Measurement, or, where applicable, the acquisition expense on initial recognition of an investment in an associate or joint arrangement.

### Segment reporting

An operating segment is a part of a company that pursues business operations, from which it can generate income and incur expenses, the operating earnings of which are regularly reviewed by the Company's highest executive decision-maker, and for which there is separate financial information. The Company's reporting of operating segments complies with the internal reporting to the highest executive decision-maker. The highest executive decision-maker is the function responsible for allocating resources and assessing the results of the operating segments. The Company has identified Group Management as the highest executive decision-maker.

### Foreign currency

Items included in the financial reports for the different units in the Group are recognized in the currency used in the primary business environment where each unit primarily pursues its operations (functional currency). In the consolidated financial statements, all amounts are translated into Swedish krona (SEK), which is the functional and reporting currency of the Parent Company. Foreign currency transactions are translated in the respective unit into the unit's functional currency using the exchange rates prevailing on the transaction date. On each balance sheet date, monetary items denominated in foreign currencies are translated at the exchange rate on that date. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate prevailing on the day the fair value was established. Non-monetary items measured at historical acquisition expense in a foreign currency are not translated.

## CONT. NOTE 2

Exchange rate differences are recognized in the income statement for the period in which they arise, with the exception of transactions that are currency hedges that satisfy conditions for hedge accounting of cash flows or of net investments, as gains and losses are recognized in other comprehensive income.

When preparing the consolidated financial statements, the assets and liabilities of foreign subsidiaries are translated into Swedish krona according to the exchange rate prevailing on the balance sheet date. Income and expense items are translated at the average exchange rate for the period, unless the exchange rate has fluctuated considerably during the period, in which case the exchange rate on the transaction date is used instead. Any translation differences arising are recognized in other comprehensive income and transferred to the Group's translation reserve. On disposal of a foreign subsidiary, such translation differences are recognized in the income statement as a portion of the capital gain or loss.

**Goodwill**

Goodwill comprises the difference between the sum of the purchase consideration, any non-controlling interests and fair value at the acquisition date of previous shareholdings, and the fair value at the acquisition date of identifiable acquired net assets. At the acquisition date, goodwill is recognized at acquisition expense and following initial recognition is measured at acquisition expense less any impairment.

When testing for impairment, goodwill is allocated among the cash-generating units that are expected to benefit from the synergies arising as a result of the acquisition. Goodwill shall be tested annually with regard to any impairment requirement, or more often when there is an indication that the carrying amount may not be recoverable. If the recoverable amount of a cash-generating unit is established as a value lower than the carrying amount, the impairment amount is distributed. First, the carrying amount of goodwill assigned to the cash generating unit is reduced and then the carrying amount of goodwill assigned to other assets in the unit is reduced. A recognized impairment of goodwill cannot be reversed in a later period.

When a subsidiary is sold, the remaining carrying amount of goodwill is included in the calculation of the capital gain or loss.

**Asset acquisitions**

When an acquisition is made of shares in a subsidiary, the acquisition comprises either an acquisition of a business or an acquisition of assets. An asset acquisition has occurred if, for example, the acquired company only owns one or several properties with leases, but the acquisition does not include the necessary processes in order to pursue business activities.

When the acquisition of a subsidiary involves the acquisition of net assets that do not comprise a business, the acquisition expense is allocated among the individually identifiable assets and liabilities, based on their fair values at the acquisition date. Transaction expenses are added to the acquisition value of acquired net assets on acquisition of assets. In asset acquisitions, no deferred taxes related to property acquisition were recognized. Any negotiated tax rebates decrease the acquisition expense of a property, which entails that the changes in value with subsequent valuation are affected by the tax rebate.

IFRS lacks rules for how contingent considerations are to be recognized upon the acquisition of assets. For recognition of contingent considerations, the Company has used a method that is based on similar rules for contingent considerations in accordance with IFRS 3 Business Combinations. This entails that the contingent considerations are initially measured at fair value and included as part of the acquisition value of the asset. The equivalent amount is reported as a liability. When changes in the assumptions of the contingent consideration is remeasured debt. Adjustments in a liability's carrying amount in subsequent accounting instances are recognized as a corresponding adjustment of an asset's acquisition expense.

**Investments in associates and joint ventures**

An associate company is a company over which the Group exercises a significant influence via the possibility of participating in decisions affecting the Company's economic and operational strategies. These circumstances normally exist in cases in which the Parent Company directly or indirectly owns shares representing 20–50 percent of the votes.

A joint venture is a collaborative arrangement whereby the parties with joint control over the operations are entitled to the net assets of the operations.

Associates and joint ventures are recognized in accordance with the equity method. In applying the equity method, the investment is initially valued at expense and the acquisition expense is subsequently increased or decreased to recognize the Group's share in the profit or loss of associates and joint ventures, after tax, after the acquisition date. Recognition of the associate/joint venture is adjusted so that it complies with the Group's accounting policies. When the Group's share of the losses in an associate/joint venture corresponds to or exceeds its holding in the associate/joint venture (including any long-term holdings that, in spirit, comprise part of the Group's holding in the associate/joint venture), the Group does not recognize additional losses, unless the Group has taken on commitments or made payments on behalf of the associate/joint venture.

The Group performs an assessment at the end of each reporting period of whether there is objective evidence that the investment in the associate/joint venture is impaired. If this is the case, the Group calculates the impairment requirement as the difference between the associate/joint venture's recoverable amount and the carrying amount and recognizes the amount in "Share of earnings in associates" in the income statement.

For transactions between affiliates and associates/joint ventures, the portion of the unrealized gains and losses that corresponds to the Group's share of the associate or joint venture is eliminated. Dividends received from associates/joint ventures reduce the investment's carrying amount.

In the event of a step acquisition of an associate's shares, separate valuations are carried out at each acquisition date. Goodwill or surplus values are calculated for each acquisition. When bolt-on acquisitions entail that the Group acquires a controlling interest in the holding, all shares are revalued at fair value at the point at which the controlling interest is acquired. See above under the section entitled 'Business combinations' for further details regarding step acquisitions.

When the Group loses controlling influence of a subsidiary, a revaluation of the remaining share is conducted at fair value. Any gain or loss associated with the loss of control is recognized in the income statement on a separate line.

**Income from contracts with customers**

Under IFRS 15, income is reported according to a five-stage model: The first stage identifies customer contracts. If two or more agreements have been entered with a customer and the pricing of one agreement is dependent on another agreement, these agreements are combined. An amendment to an agreement entails a change to an agreement approved by the parties to the agreement and exists when the parties to the agreement approve an amendment that either creates new rights and obligations for the parties to the agreement or amends existing ones. An amendment to an agreement shall be recognized as a separate agreement when the extent of the agreement increases due to the addition of distinct promised goods or services, and when the price of the agreement increases by a degree of compensation reflecting the Company's stand-alone sales prices for the additional goods or services promised. If the parties have not approved an amendment to the agreement, the Company will continue to apply the standard to the existing agreement until the amendment to the agreement has been approved.

Stage two identifies the performance undertakings agreed to. A performance undertaking is a promise to convey to the customer a distinct product or service, or a series of distinct goods and services that are essentially the same and follow the same pattern of conveyance to the customer. A prod-

## CONT. NOTE 2

uct or service is distinct if the customer can benefit from that product or service separately or together with other resources available to the customer and if the Company's promise to transfer the product or service to the customer can be distinguished from other promises in the agreement.

Stage three determines the transaction price. Fixed agreed pricing, variable compensation, possible additional purchase considerations, deductions, profit supplements, discounts and fines are taken into account. The variable compensation amount is estimated at the most probable amount, that being the most likely amount in an interval of possible compensation amounts or the anticipated value, which is the sum of probability-assessed amounts in an interval of possible compensation amounts. If the agreement includes a significant financing component, the transaction price shall be adjusted for the effect of the time value of money.

In step four, the transaction price is allocated to the various performance undertakings in the agreement if there is more than one. The allocated transaction price for each undertaking shall reflect the compensation amount to which the Company expects to be entitled in exchange for the transfer of the promised goods or services to the customer, based on a stand-alone sales price.

Income is recognized in stage five, once the performance undertaking has been completed, either over time or at a specific time, and when the customer gains control of the asset. Income is recognized over time as the customer simultaneously receives and makes use of the benefits provided through the Company's performance of its undertaking, when the Company's performance creates or improves an asset controlled by the customer, or when the Company's performance does not create an asset with an alternative use for the Company and the Company is also entitled to payment for its performance to date, including expenses incurred and a profit margin. Serneke consistently applies the input method to similar performance undertakings, with this method recognizing income based on the Company's efforts or input to fulfill a performance undertaking in relation to the total expected input for the fulfillment of the performance undertaking. Exceptions from this expense-based input method may be expenses attributable to significant inefficiencies in the Company's performance or when expenses incurred disproportionate to the process of fulfilling the undertaking. If a performance undertaking is not met over time as described above, the Company fulfills the undertaking at a specific time. This occurs at the time when the customer gains control of the promised asset. Indicators of control may be that the Company is entitled to payment for the asset, the customer gains legal ownership of the asset, the Company has transferred the physical holding of the asset, the customer bears the significant risks and benefits associated with ownership of the asset or the customer has approved asset. Expenses incurred in securing an

agreement, that is, expenses that the Company would not have had if it had not secured the agreement, are reported as an asset only if the Company expects to receive compensation for those expenses. Agreements entered into at a loss for the Company are expensed immediately, with provisions being made for anticipated losses on remaining work and reported in accordance with IAS 37 Provisions.

**Construction income**

Income from contracting agreements are reported in accordance with IFRS 15 Revenue from Contracts with Customers, either by fulfilling the performance undertaking over time (that is, gradually) or at one specific time. 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, based on the contracting agreement. 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 and modification and supplementation work that are not deemed to be independent agreements entail corrections of previously completed results. If it is probable that the total contract expenses will exceed the total contract income, the anticipated loss should be immediately recognized as an expense in its entirety. An amendment to an agreement entails a change in scope or price (or both) to an agreement approved by the parties to the agreement. An amendment to an agreement shall be recognized as a separate agreement when the extent of the agreement increases due to the addition of distinct promised goods or services, and when the price of the agreement increases by a degree of compensation reflecting Serneke's stand-alone sales prices for the additional goods or services promised. If the parties have not approved an amendment to the agreement, Serneke will continue to apply the standard to the existing agreement until the amendment to the agreement has been approved.

In fixed price agreements, the customer pays the agreed price at agreed payment times. If the services that Serneke provided exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract is on open account based on the price per hour and expenses of materials, the income is recognized insofar as Serneke has the right to invoice the customer. Customers are invoiced after work done and the compensation is to be paid upon invoicing. If the services that Serneke provided exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

Serneke initiates and enters into agreements with newly established Swedish tenant-owners' associations for the construction of homes. The terms in these agreements are such that Serneke has a controlling influence and thereby consolidates the tenant-owners' associations during the construction period and until the end customer's occupancy when Serneke no longer has a controlling influence. Upon the end customer's occupancy, the tenant owner association is deconsolidated and the income is recognized. Homes that have not yet been occupied are reported as project and development property.

**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. The sales income from property sales is recognized at occupancy and the income is valued at the contractual transaction price. The compensation is normally due for payment when the right of ownership has been transferred. If the terms of payment exceed 12 months, the transaction price may be adjusted for effects of significant financing components. 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 income is recognized 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, the income is recognized at a time when it is completed and turned over to the customer and that there is no alternative use and Serneke has the right to payment.

Variable compensation in the form of additional purchase prices may occur in the sale of properties and development rights. Sales of properties and 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. The sales income and earnings are recognized when the probability is deemed to be very high and a receivable for the assessed additional purchase price is booked until payment is received. Property projects are also on occasion sold with guarantees for a certain degree of leasing and, at the time of sale, any lease guarantees are reported as a reserve in the project, which then has a positive effect on the percentage of completion as leases are signed.

## CONT. NOTE 2

**Rental income**

Income also includes rental income, which is to be considered as operating leasing in accordance with IFRS 16. Rental income is invoiced in advance and accrued on a straight-line basis in the income statement based on the terms of the leases. Advance rent is reported as prepaid rental income. In cases where the rental contract allows a reduced rent for a certain period of time, which is compensated for by higher rent during another period, this is allocated across the term of the contract.

**Other income**

Other income refers to income not classified as construction income, sales of properties and development rights or rental income, including, for example, hotel income or income from central companies.

**Dividend income**

Dividend income is recognized once the shareholder's right to receive payment has been established.

**Interest income**

Interest income is recognized over the term using the effective interest method.

Effective interest is the interest-rate at which the present value of all future incoming and outgoing payments during the fixed-interest term is equal to the carrying amount of the receivable.

**Government grants**

Grants from the government are recognized at fair value when there is a reasonable assurance that the grant will be received and that the Group will fulfill the terms that are associated with the grant. Government grants that pertain to expense coverage are allocated to periods and recognized as income in the income statement over the same periods as the expenses the grants are intended to cover. Government grants are presented as other income in the consolidated income statement.

A breakdown of income is provided in Note 6.

**Employee benefits**

Employee benefits in the form of salaries, bonus payments, paid holiday, paid sick leave, etc., as well as pensions, are recognized as they are earned. With regard to pensions and other post-employment benefits, these are classified as defined-contribution or defined-benefit pension plans. The Group has no pension plans that are recognized as defined-benefit plans.

**Defined-contribution plans**

For defined-contribution plans, the Company pays fixed fees to a separate, independent legal entity and is under no obligation to pay additional fees. Expenses are charged to the Group's earnings as the benefits are earned, which normally coincides with the point at which premiums are paid.

**Borrowing expenses**

Borrowing expenses that are directly attributable to the purchase, design or production of an asset that out of necessity takes a considerable amount of time to complete for its intended use or sale, are included in the asset's acquisition expense up until the point that the asset has been completed for its intended use or sale. Interest income from temporary placement of borrowed funds for the above described asset are deducted from the borrowing expenses that may be included in the asset's acquisition value.

Other borrowing expenses are recognized in earnings in the period in which they arise.

**Taxes**

The tax expense consists of the sum of current tax and deferred tax.

**Current tax**

Current tax is calculated on taxable income for the period. Taxable income differs from the recognized profit or loss in the income statement, as it has been adjusted for non-taxable income and non-deductible expenses, as well as for income and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated in accordance with the tax rates that have been adopted or announced at the balance sheet date.

**Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax value of assets and liabilities used to calculate taxable income. Deferred tax is recognized according to the balance sheet method. Deferred tax liabilities are recognized in principal for all taxable temporary differences, and deferred tax assets are recognized in principle for all deductible temporary differences, to the extent that it is likely the amounts can be offset against future taxable profits. Deferred tax liabilities and tax claims are not recognized if the temporary difference is attributable to goodwill, or if it arises as a result of a transaction that comprises initial recognition of an asset or liability (that is not a business combination), and that, on the transaction date, affects neither recognized nor taxable income.

A deferred tax liability is recognized for taxable temporary differences attributable to investments in subsidiaries, except in cases in which the Group is able to control the timing of the reversal of the temporary differences and it is likely that such a reversal will not happen in the foreseeable future. The deferred tax liabilities that are attributable to deductible temporary differences with regard to such investments should only be recognized to the extent that it is likely the amounts can be offset against future taxable profits and it is likely that such offsetting will happen in the foreseeable future. The carrying amount of deferred tax assets is reviewed every year-end and reduced to the extent that it is no longer likely that sufficient taxable profit will be available to offset, entirely or in part, against the deferred tax asset.

Deferred tax is calculated in accordance with the tax rates that are expected to apply for the period in which the asset is recovered or the liability settled, based on the tax rates (and tax laws) that have been adopted or announced at the balance sheet date.

Deferred tax assets and tax liabilities are offset when they relate to income tax charged by the same authority, and when the Group intends to settle the tax at a net amount.

**Current and deferred tax for the period**

Current and deferred tax is recognized as an expense or income in the income statement, except when the tax is attributable to transactions recognized in other comprehensive income or directly in equity. In such cases, the tax should also be recognized in other comprehensive income or directly in equity. For current and deferred tax arising on recognition of a business combination, the tax effect should be recognized in the acquisition calculation.

**Tax liability**

An assessment is made as to whether or not it is likely that the tax authority or court will accept the tax treatment in the income tax return; otherwise, the effect of the uncertainty is estimated and recognized in the financial statements as a tax liability.

**Tangible fixed assets**

Tangible fixed assets are recognized at acquisition expense, less accumulated depreciation and any impairment losses.

Acquisition expense comprises the purchase consideration, expenses directly attributable to the asset in order to put it in place and prepare it for its intended use, and estimated expenses for dismantling and removing the asset and restoring the site at which it was located. Additional expenses are only included in the asset or recognized as a separate asset when it is likely

## CONT. NOTE 2

that future economic benefits that may be attributable to the item will flow to the Group, and that the acquisition expense of the item can be reliably calculated. All other expenses for repairs and maintenance and additional expenses are recognized in the income statement in the period in which they arise.

Depreciation of tangible fixed assets is expensed so that the asset's value less estimated residual value at the end of its useful life is depreciated on a straight-line basis over its estimated useful life, which is estimated to be:

Buildings and land	
– Land improvement	25 years
– Frames	50 years
– Roofs 30 years	
– Interior finishes	10 years
– Fixtures and fittings	10 years
Machinery and technical plant	5–10 years
Equipment, tools and installations	5 years
Cars	3 years

Estimated useful life, residual values and depreciation methods are reviewed at least at the end of each accounting period, and the effect of any changes to estimates is recognized prospectively.

The carrying amount of a tangible fixed asset is derecognized from the statement of financial position on retirement or disposal, or when no future economic benefits are expected from use or retirement/disposal of the asset. The gain or loss arising on retirement or disposal of the asset comprises the difference between any net income on disposal and its carrying amount, recognized in the period when the asset is derecognized from the statement of financial position.

#### Right of use assets and lease liabilities

A right of use asset (ROU asset) is an asset that the Group according to a contract has a right to use for a period of time in exchange for compensation, something that is called a lease. In order to count as an ROU asset for the Group, the agreement must give the right to control the user of an identified asset where the Group receives all identified financial benefits and the right to control the use of the identified asset. The Group may not be considered to have control over the asset if the supplier has practical possibilities of replacing the asset with alternative assets during the period of use and that it would entail a financial advantage for the supplier to exercise the right.

The Group has chosen to apply the exception, which means that short-term agreements and leases for which the underlying asset is of lesser value are not considered to be ROU assets. Payments for these contracts are expensed straight-line in the income statement.

#### Leasing term

The leasing term is defined as the interminable period for which the lessee has the right to use the underlying asset, together with:

- i) periods that are covered by a possibility to extend the lease if the lessee is reasonably certain of utilizing that alternative, and
- ii) periods that are covered by a possibility to terminate the lease if the lessee is reasonably certain of not utilizing that alternative.

It is primarily property contracts where possibilities of extension or termination have a significant impact on the leasing liability. For vehicles and other equipment, such possibilities have not generally been included in the leasing term as the underlying assets in most cases are returned when the original leasing term is over.

#### Valuation of ROU asset and leasing liability

ROU assets shall be valued at their nominal value and consist of the following:

- At the start date, the lessee shall value the leasing liability at the present value of the leasing fees that have not been paid at this time. The leasing fees shall be discounted using the lease's implicit interest rate if this interest rate can easily be determined. If this interest rate cannot be easily determined, the lessee shall use the lessee's marginal loan interest.
- Any leasing fees paid at or before the start date
- The lessee's possible initial direct expenses (excluding expenses for construction or design of the underlying asset)
- An estimate of the lessee's expenses for disassembly and removal of the underlying asset, restoration of the site where it is or restoration of the underlying asset to the conditions prescribed in the lease terms.
- Deduction for accumulated depreciation and any accumulated impairment, and
- Consideration of adjustment for any revaluation of the leasing liability
  - upon a change of the lease, the revised leasing fees should be determined based on the updated lease terms either as a new lease or
  - upon a possible change of the assessment of an option to buy the underlying asset, or
  - upon a possible revaluation that arises when a change is made in the amounts that are expected to be paid out according to a residual value guarantee or
  - upon an evaluation that happens as a result of changes in an index or price

Rights of use assets are depreciated on a straight-line basis over the shorter of the useful life and the lease term. IFRS 16 establishes that the implicit interest rate for every lease shall be applied to the calculation of the leasing liability. Serneke has used this interest rate when it is available. However, in most cases, the implicit interest rate is not available. In such a situation, IFRS 16 refers to an alternative approach that means that the lessee's marginal loan rate can be applied. The marginal loan rate that Serneke uses is estimated based on Serneke's contract length, interest margin and the interest level in the country where the asset is leased.

#### Impairment of tangible fixed assets

On every balance sheet date, the Group analyzes the carrying amounts of tangible fixed assets to establish whether there is any indication that the value of these assets has declined. If such is the case, the asset's recoverable amount is calculated in order to establish the value of any impairment. Where it is not possible to calculate the recoverable amount for an individual asset, the Group calculates the recoverable amount for the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less selling expenses and its value-in-use. When calculating value in use, the estimated future cash flow is discounted to present value at a discount rate before tax that reflects the current market assessment of the time value of money and the risks associated with the asset.

If the recoverable amount for an asset (or cash-generating unit) is established at a lower value than the carrying amount, the carrying amount of the asset (or cash-generating unit) is impaired to the recoverable amount. An impairment should be immediately expensed in the income statement.

When an impairment is later reversed, the asset's (cash-generating unit's) carrying amount increases to the reassessed recoverable amount, but the higher carrying amount may not exceed the carrying amount that would have been established if no impairment of the asset (cash-generating unit) had been carried out in previous years. A reversal of an impairment is recognized directly in the income statement.

#### Financial instruments

##### Financial assets

Financial assets are classified within the following valuation categories:

- those to be valued at fair value (either through other comprehensive income or the income statement), and
- those to be valued at amortized expense.

## CONT. NOTE 2

The classification depends on the Company's business model for the handling of financial assets and the nature of the contractual cash flows that the asset gives rise to. A financial asset is valued at amortized expense if the asset is held within the framework of a business model whose purpose is to hold financial assets for the purpose of collecting contractual cash flows and where the cash flow at specific points in time consists solely of payments of capital amounts and interest on the outstanding capital amount. A financial asset is valued at fair value through other comprehensive income if the asset is held according to a business model whose objectives can be achieved both by collecting contractual cash flows and selling financial assets and where cash flows consist solely of payments of capital amounts and interest on the outstanding capital amount. A financial asset is valued at fair value in the income statement if it is not valued at amortized expense or at fair value through other comprehensive income.

Investments in equity instruments are valued at fair value in the statement of financial position and changes in value are recognized directly in the income statement. Exceptions may be applied in the form of an irrevocable option to report value changes under other comprehensive income instead. This means that all changes in value are subsequently reported in other comprehensive income, except for dividend income, which is recognized in the income statement.

**Financial liabilities**

All financial liabilities are valued at amortized expense, with the exception of:

- financial liabilities valued at fair value via the income statement (such liabilities, including derivatives that are liabilities, are subsequently valued at fair value)
- financial liabilities that arise when the transfer of a financial asset does not meet the conditions for being removed from the statement of financial position or when a continued commitment applies
- financial guarantee agreements
- a loan commitment at an interest rate below market interest rates
- a conditional additional purchase consideration recognized by a purchaser in connection with a business combination covered by IFRS 3 (any such conditional additional purchase consideration is subsequently valued at fair value with changes being recognized in the income statement)

Only when a company changes its business model for the management of financial assets, may it reclassify all relevant financial assets. Financial liabilities may not be reclassified. On initial recognition, financial assets and liabilities

shall be valued at fair value plus or minus transaction expenses when acquiring a financial asset or financial liability not valued at fair value in the income statement. Accounts receivable without a significant financing component are valued on initial recognition at the transaction price. Following initial recognition, financial assets and liabilities shall be valued according to the valuation categories stated above.

Financial instruments reported in Serneke's financial statements are cash and cash equivalents, loan receivables, accounts receivable, accounts payable and loan liabilities. All financial instruments in Serneke are valued at amortized expense, except for the shareholder loan for Karlatornet AB and loans to Karlastaden Group AB, as well as a minor item in other non-current receivables, and supplementary purchase considerations that are recognized under other non-current liabilities (see information in Note 4).

A financial asset is removed from the statement of financial position when the contractual rights to cash flows from the financial asset cease or when the Company transfers the contractual rights to receive cash flows from the financial asset or retains the contractual rights to receive cash flows but undertakes a contractual obligation to pay cash flows to one or more recipients. A financial liability is removed from the statement of financial position only when the obligation in the agreement is fulfilled, canceled or terminated.

**Impairment**

An estimate is made of anticipated credit losses on financial assets and a reserve is reported as a deduction against the asset. For receivables except for cash and cash equivalents, the simplified model is applied, which means that the loss reserve shall always be valued at an amount corresponding to the remaining maturity. The valuation of anticipated credit losses should reflect an objective and probability-weighted amount, the time value of money, reasonable and verifiable data on past events, current conditions and forecasts for future economic conditions. Historical data in the form of experience from past credit losses and current and prospective factors are used as a basis for forecasting anticipated credit losses. Serneke defines default as receivables that are overdue by more than 90 days and in those cases, an individual assessment and reservation are made. For cash and cash equivalents, the reserve is based on the banks' probability of default and prospective factors.

**Project and development properties**

Serneke regularly acquires various project and development properties. The properties that are acquired for development within the Project Development business area are classified as current assets. The Group's intention is for the properties to be sold within the near future following development, and they

are therefore measured in accordance with IAS 2 Inventories. This includes direct production expenses and a reasonable proportion of indirect expenses. These project and development properties are measured at the lower of acquisition expense and net realizable value. Net realizable value is the estimated selling price less estimated expenses for completion and the expenses estimated as necessary for effectuating the sale. Acquisitions of project and development properties are normally recognized as assets once binding acquisition agreements have been entered into, and where future conditional changes to detailed development plans are deemed highly likely.

Additional expenses are only included in the carrying amount when it is likely that future economic benefits that may be attributable to the item will flow to the Group, and that the acquisition expense of the item can be reliably calculated. All other expenses for repairs and maintenance and other additional expenses are recognized in the period in which they arise.

**Inventories**

Inventories are measured at the lower of acquisition expense and net realizable value. The acquisition expense is determined through the application of the First In First Out method, (FIFO). Net realizable value is the estimated selling price less estimated expenses for completion and the expenses estimated as necessary for effectuating the sale.

**Appropriations**

Provisions are recognized when the Group has an existing commitment (legal or informal) resulting from past events, it is likely that an outflow of resources will be required in order to settle such commitment and a reliable estimate of the amount can be made.

The amount that is set aside constitutes the best estimate of the amount required to settle the existing commitment on the balance sheet date, taking account of risks and uncertainties associated with the commitment. When a provision is calculated by estimating the disbursements expected to be required to settle the obligation, the carrying amount should correspond to the present value of such disbursements. Where part of the amount, or the entire amount required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized separately as an asset in the statement of financial position when it is virtually certain that it will be obtained if the Company settles the obligation and the amount can be reliably calculated.



## CONT. NOTE 2

**Shareholders' equity****Repurchased shares**

Upon the buyback of shares, shareholders' equity is reduced by the paid purchase price including any transaction expenses.

**Dividends**

Dividends are recognized as a reduction of shareholders' equity after the Annual General Meeting has passed a resolution.

**Related-party transactions**

Related parties can be both companies and natural persons. Related companies are defined as all companies within the Group and companies in which related entities have a controlling or significant interest. Related natural persons are defined as members of the Board, senior executives and close family of the aforementioned.

For purchases and sales between affiliates and from and to related natural persons, the same pricing principles are applied as for transactions with external parties.

**Accounting policies for the Parent Company**

The Parent Company applies the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Application of RFR 2 entails the Parent Company, as much as possible, apply all EU-approved IFRS within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and observe the relationship between accounting and taxation.

With regard to IFRS 16 Leases, RFR 2 contains an exception that means that leases can be recognized as operating leases when the Parent Company is the lessee and the changes with IFRS 16 compared with IAS 17 Leases have not had any impact on the Parent Company as the Company chose to use the exception in RFR 2 and does not recognize leases on the balance sheet.

No changes to RFR 2 have been announced applicable to financial years commencing on or after January 1, 2023.

The principal differences between the accounting policies of the Parent Company and the Group and are described below:

**Classification and presentation**

The Parent Company's earnings and balance sheet has been prepared in accordance with the schedule set by the Swedish Annual Accounts Act. The difference to IAS 1 Presentation of financial statements, which is applied for the consolidated financial statements, mainly concerns reporting of financial income and expenses, fixed assets, equity and the use of provisions in the balance sheet.

**Subsidiaries**

Shares in subsidiaries are carried at expense in the Parent Company's financial statements. Acquisition-related expenses for subsidiaries, which are expensed in the consolidated accounts, are included as part of the acquisition expense for shares in subsidiaries.

**Group contributions**

Group contributions are recognized according to the alternative rule which means that both Group contributions received and Group contributions paid are recognized in the year-end appropriation.

**Pensions**

The Parent Company's pension commitments are determined and reported based the Pension Obligations Vesting Act. Application of the Pension Obligations Vesting Act is a prerequisite for tax deductibility.

### NOTE 3 KEY ESTIMATES AND ASSESSMENTS

#### Significant sources of uncertainty in estimates

Detailed below are the key assumptions regarding the future, and other important sources of uncertainty in estimates as at the balance sheet date that involve a significant risk of material adjustments to carrying amounts for assets and liabilities during coming financial years.

To prepare the financial statements in accordance with IFRS and generally accepted accounting practices, management is required to make various assumptions. Assessments and estimates that affect the assets and liabilities, income and expenses, contingent assets and contingent liabilities recognized in the year-end report, and other information. These assessments and estimates are based on historical experience and expectations of future events considered reasonable under prevailing circumstances. Naturally the actual outcome may differ considerably from these assessments and estimates if other assumptions are made, or if other conditions exist or arise.

- On the disposal of properties and development rights, different assessments and estimates may be made regarding the likelihood of various factors, such as changes to detailed development plans, assessment of multiple performance commitments and allocation of purchase consideration to the various performance items and outstanding commitments, which could have a highly significant impact on the Group's performance and financial position. Outstanding commitments may also be difficult to identify by their nature and extent. A sale may be conditional on a future detailed development plan being accepted. In the event that the detailed development plan is not accepted, that the Group had assessed as very likely to do so, this could have a significant impact on performance and financial position.
- In connection with sales of properties and development rights, business arrangements occur that mean that the agreed property value is based on whether or not government assistance in the form of investment grants will be paid out to the buyer in connection with the completion of the property. In order to obtain investment support, there are clear criteria on what needs to be fulfilled in the newly produced property. In the event that investment support would not be obtained by the buyer, which the Group had assessed as very likely to be obtained, this could have a significant impact on performance and financial position.
- The reported earnings of ongoing construction projects are determined under the percentage-of-completion method based on the project's completion. A fundamental condition in order to assess the percentage-of-completion method is for project income and project expenses to be reliably determined. The assessment of project income and project expenses is based on a number of estimates and assumptions that rely on project managers' experience and knowledge of project management. An

important assessment is modifications and supplementary work recognized as income that have not yet been approved in writing by the client. There is a risk that the final outcome of a project may differ from the gradually accumulated results.

- Within the framework for Serneke's ordinary operations, Serneke is from time to time involved in various legal disputes. In these cases, an assessment of the commitments and responsibilities as well as the probability of the outcome is determined. The assessment is based on information and knowledge that exists in the current situation. The assessment is in any case difficult, and the final outcome may be different than predicted, which may have significant impact on the reporting and monitoring.
- Provisions for future expenses due to guarantee undertakings are recognized at the estimated amount required to settle the obligation at the balance sheet date. The estimate is based on calculations, management's assessment and experience from previous transactions.
- On December 17, 2020, Serneke and Balder entered a share transfer agreement meaning that Balder acquires 50 percent of the shares of Karlatornet AB ("the Joint Venture"). The Joint Venture is a newly established company that has acquired all of the Karlatornet assets from Serneke at their book value of SEK 1.6 billion against a promissory note in the form of an interest-bearing shareholder loan of SEK 1.4 billion. Karlatornet will be fully financed through further shareholder loans from Balder of SEK 500 million and a construction credit from Nordea of around SEK 3 billion. For Balder's commitment to invest SEK 500 million in Karlatornet and provide a joint guarantee for the construction credit of SEK 3 billion, Balder's shares in the Joint Venture entitle it to a fixed preference dividend of SEK 600 million. The dividend is to be paid according to the waterfall principle after Nordea's construction credit and Balder's shareholder loans plus interest have been repaid. Once the project is complete and the aforementioned loan and dividend have been repaid, Serneke will recoup its entire invested capital of SEK 1.4 billion plus interest together with the remaining project profit in the Joint Venture. The repayment 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.
- To verify assumptions regarding sales prices in development calculations, Serneke hired an external assessor. The assessments did not indicate any need to recognize impairment.
- In 2021, two transactions were conducted with Balder regarding the Karlastaden project, which meant that four out of the total of eight buildings in

the new district, with an underlying property value of SEK 798 million were acquired by a new Joint Venture, Karlastaden Group AB (the joint venture). As of December 31, 2021, the fair value of the receivables amounted to SEK 721 million, of which SEK 255 million was attributable to Balder and SEK 466 was attributable million to the joint venture.

- In 2022, a transaction was conducted with Balder regarding Karlastaden, entailing an additional building of the total eight being acquired by Karlastaden Group AB (the joint venture company). The underlying property value amounted to SEK 586 million. As of December 31, 2022, the fair value of the receivables amounted to SEK 1,164 million, of which SEK 423 million was attributable to Balder and SEK 741 million was attributable to the joint venture.
- Over the year, discounting had a negative impact of SEK 38 million in Karlastaden Group AB and of SEK 34 million in Karlatornet AB, as the contractual interest rate differs from the market interest rate. The applied assessed market interest rate was between 6.53 percent and 10.75 percent, with a maturity of between 1.5 and 4 years.

### NOTE 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group is exposed through its operations to various types of financial risks. The Company's Board of Directors has ultimate responsibility for exposure, management and monitoring of the Group's financial risks. The framework for exposure, management and follow-up of financial risks is determined by the Board in a Financial Policy revised annually.

The Board of Directors has the opportunity to deviate temporarily from the established Financial Policy. The Board of Directors receives regular monitoring reports.

#### Liquidity and financing risk

Liquidity risk refers to the risk that Serneke experiences difficulty in meeting its payment obligations as a result of inadequate liquidity. In order to ensure good payment capacity, liquidity forecasts are made, a long-term one for 12 months forward that is made monthly and a short-term one for the upcoming quarter that is made weekly. At year-end, there was available liquidity as detailed below.

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.

## CONT. NOTE 4

Financing risk refers to the risk of the Group being unable to obtain sufficient financing at a reasonable expense. The Group's target is to have an average remaining maturity of 18–36 months.

The credit facility of SEK 500 million can be used as a credit account (SEK 400 million) or bank guarantees (SEK 100 million, of which SEK 76 million had been utilized as of December 31, 2022). The facility is subject to customary covenants. As of the reporting date of December 31, 2022, these covenants had been met.

GROUP	Available liquidity	
	Dec 31, 2022	Dec 31, 2021
Cash and bank balances	252	575
Unused bank overdraft	372	200
<b>Total</b>	<b>624</b>	<b>775</b>

**Interest risk**

Interest risk refers to the risk of fair values or future cash flows fluctuating as a result of changes to market interest rates. The Group's target is to have a weighted average remaining interest maturity of 24 months, with a deviation mandate of +/-6 months. The Group is primarily exposed to interest risk through its loan financing. Loans carry variable interest, which means that the Group's future financial expenses are affected when market interest rates change.

A sensitivity analysis for interest risks can be found under Note 27.

**Currency risk**

Foreign exchange risk comprises the risk of fair values and cash flows regarding financial instruments changing as the value of foreign currencies fluctuates. The Group currently has limited in- and outflows in foreign currencies. The Group acts on the basis of the adopted Financial Policy in hedging currency.

**Credit and counterparty risk**

Credit risk refers to the risk of losing income because counterparties are unable to fulfill their payments or commitments.

**Maturity analysis of financial liabilities, undiscounted cash flows, including interest**

GROUP 2022 SEK million	Currency	Average interest rate on the balance sheet date, %	Nominal amount original currency	Amount SEK, including interest	Maturity 2023	Maturity 2024–2025	Maturity 2026 or later
Bank loans, long term	SEK	7.20	1,168	1,292	84	1,179	29
Bank loans, short term	SEK	5.12	276	290	290	–	–
Liabilities regarding leasing	SEK	1.25–3	283	352	80	162	110
Debenture	SEK	–	–	–	–	–	–
Other	SEK	2.70	256	264	103	108	53
<b>Total interest-bearing financial liabilities</b>			<b>1,983</b>	<b>2,198</b>	<b>557</b>	<b>1,449</b>	<b>192</b>
Accounts payable	SEK	–	1,352	1,352	1,352	–	–
Other liabilities	SEK	–	1,031	1,031	1,031	–	–
<b>Total non-interest-bearing financial liabilities</b>			<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>–</b>	<b>–</b>
<b>Total financial liabilities</b>			<b>4,366</b>	<b>4,581</b>	<b>2,940</b>	<b>1,449</b>	<b>192</b>

GROUP 2021 SEK million	Currency	Average interest rate on the balance sheet date, %	Nominal amount original currency	Amount SEK, including interest	Maturity 2022	Maturity 2023–2024	Maturity 2025 or later
Bank loans, long term	SEK	6.30	207	238	13	149	74
Bank loans, short term	SEK	3.11	270	278	278	–	–
Liabilities regarding leasing	SEK	1.25–3	332	356	80	166	111
Debenture	SEK	5.75	500	529	529	–	–
Other	SEK	1.45	275	277	277	–	–
<b>Total interest-bearing financial liabilities</b>			<b>1,584</b>	<b>1,678</b>	<b>1177</b>	<b>315</b>	<b>185</b>
Accounts payable	SEK	–	1,344	1,344	1,344	–	–
Other liabilities	SEK	–	1,071	1,071	1,071	–	–
<b>Total non-interest-bearing financial liabilities</b>			<b>2,415</b>	<b>2,415</b>	<b>2,415</b>	<b>–</b>	<b>–</b>
<b>Total financial liabilities</b>			<b>3,999</b>	<b>4,093</b>	<b>3,592</b>	<b>315</b>	<b>185</b>

Further information is provided under Note 27.

## CONT. NOTE 4

**Credit risk in accounts receivable**

Serneke's exposure to credit risk is primarily attributable to accounts receivable. A credit assessment is conducted on every new customer in order to limit the Group's credit risk. The financial situation of existing customers is also monitored continually in order to identify warning signs at an early stage.

Accounts receivable are spread across a large number of customers and no single customer accounts for a significant portion of total accounts receivable. Neither are accounts receivable concentrated to a specific geographical area. The Group therefore deems the concentration risks to be limited. See Note 22 for an aging analysis of outstanding accounts receivable and provisions for anticipated credit losses. The credit standing of receivables not yet due is deemed to be good.

The Group and Parent Company's maximum exposure to credit is deemed to correspond to the carrying amounts of all financial assets and is detailed in the consolidated balance sheet and notes.

**Categorization of financial instruments**

In accordance with IFRS 9 Financial Instruments, financial instruments are measured at amortized expense or at fair value, depending on their category. The items that have been subject to measurement at fair value are the shareholder loan against Karlatornet AB, financial assets available for sale and additional considerations.

For fair value estimation of interest-bearing receivables and liabilities, future cash flows have been discounted at estimated market interest rates for remaining maturities. For non-interest-bearing assets and liabilities, such as accounts receivable and accounts payable, with a remaining maturity of less than six months, the carrying amount is deemed to reflect fair value.

**Calculation of 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 tables below give details of the Group and Parent Company's classification of financial assets and liabilities measured at fair value. No transfers have been made between the levels during the periods.

**Categorization of financial instruments**

GROUP 2022	Financial assets and liabilities at fair value via the income statement	Financial assets that can be sold, fair value via the income statement	Amortized expense	Total carrying amount	Fair value
<b>Financial assets</b>					
Non-current interest-bearing receivables	2,346		10	2,356	2,356
Other non-current receivables		2	212	214	214
Accounts receivable			937	937	937
Other current receivables, incl. contract assets	–		775	775	775
Cash and bank balances			252	252	252
<b>Total financial assets</b>	<b>2,346</b>	<b>2</b>	<b>2,186</b>	<b>4,534</b>	<b>4,534</b>
<b>Financial liabilities</b>					
Liabilities to credit institutions			1,444	1,444	1,444
Debenture			–	–	–
Lease liability			283	283	283
Other short- and long-term liabilities	10		1,277	1,287	1,287
Accounts payable			1,352	1,352	1,352
<b>Total financial liabilities</b>	<b>10</b>		<b>4,356</b>	<b>4,366</b>	<b>4,366</b>

GROUP 2021	Financial assets and liabilities at fair value via the income statement	Financial assets that can be sold, fair value via the income statement	Amortized expense	Total carrying amount	Fair value
<b>Financial assets</b>					
Non-current interest-bearing receivables	1,893	–	7	1,900	1,900
Other non-current receivables	–	2	179	181	181
Accounts receivable	–	–	966	966	966
Other current receivables, incl. contract assets	120	–	753	853	853
Cash and bank balances	–	–	575	575	575
<b>Total financial assets</b>	<b>2,013</b>	<b>2</b>	<b>2,461</b>	<b>4,476</b>	<b>4,476</b>
<b>Financial liabilities</b>					
Liabilities to credit institutions	–	–	476	476	476
Debenture	–	–	516	516	500
Lease liability	–	–	332	332	332
Other short- and long-term liabilities	18	–	1,348	1,366	1,366
Accounts payable	–	–	1,344	1,344	1,344
<b>Total financial liabilities</b>	<b>18</b>	<b>–</b>	<b>4,016</b>	<b>4,034</b>	<b>4,018</b>

## CONT. NOTE 4

**LEVEL 1** – Financial instruments for which the fair value is established based on observable (unadjusted) quoted prices in an active market for identical assets and liabilities. A market is considered to be active if quoted prices from an exchange, broker, industry group, pricing service or regulating authority are easily and regularly available, and these prices represent actual and regular market transactions on an arm's length basis.

**LEVEL 2** – Financial instruments for which the fair value is established based on valuation models that are based on other observable data for the asset or liability than quoted prices included in Level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations).

Examples of observable data within Level 2 are:

- Quoted prices for similar assets and liabilities.
- Data that may form the basis of assessments of price, e.g. market interest rates and yield curves.

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

The most important items are described below:

The shareholder loan against Karlatornet of SEK 1,386 million (nominal amount) has been appraised at market value and discounted with an interest rate amounting to the difference between the estimated market rate and the agreed rate at initial recognition based on the requirements set in IFRS 10

concerning when a subsidiary becomes an associated company. The valuation builds on the observables interest rates and an assessment of the underlying calculations of the valuation of the underlying assets. As of December 31, 2022, the market value of the shareholder loan against Karlatornet amounted to SEK 1,206 million (1,291). A change in the discount rate by 100 percentage points would increase/decrease fair value by SEK 17 million (32).

In 2021, two transactions were conducted with Balder regarding the Karlastaden project, which meant that four out of the total of eight buildings in the new district, with an underlying property value of SEK 798 million were acquired by a new Joint Venture, Karlastaden Group AB (the joint venture).

In 2022, a transaction was conducted with Balder regarding Karlastaden, entailing an additional building of the total eight being acquired by Karlastaden Group AB (the joint venture company). The underlying property value amounted to SEK 586 million. As of December 31, 2022, the fair value of the receivables amounted to SEK 1,164 million, of which SEK 423 million was attributable to Balder and SEK 741 million was attributable to the joint venture. A change in the discount rate by 100 percentage points would increase/decrease fair value by SEK 13 million.

Over the year, discounting had a negative impact of SEK 38 million in Karlastaden Group AB and of SEK 34 million in Karlatornet AB, as the contractual interest rate differs from the market interest rate. The applied assessed market interest rate was between 6.53 percent and 10.75 percent, with a maturity of between 1.5 and 4 years.

In 2018, an asset acquisition was made of a property at an underlying property value of SEK 26 million from Ola Serneke Holding AB. The acquisition was effectuated as a company acquisition and also includes a contingent purchase consideration of SEK 10 million, which is conditional on a new zoning plan for the area gaining legal force. The fair value of the contingent purchase consideration amounts to SEK 10 million.

**Capital structure**

Serneke's objective for the management of capital is to secure the Group's ability to continue its operations with financial stability in order to generate a reasonable return for shareholders and benefit to creditors and other stakeholders.

Capital is defined as shareholders' equity and concerns equity attributable to shares in the Parent Company.

One of Serneke's financial targets is for the equity/assets ratio (equity divided by total assets) to exceed 30 percent. The Board believes that this level is adapted to Serneke's business and the objective is part of the Group's strategic planning. If the equity/assets ratio permanently exceeds the target, capital will be transferred to the shareholders in an appropriate form.

At the end of 2021, the Group's equity/assets ratio amounted to 35.7 percent (32.5). The Group is subject to externally imposed capital requirements, which are detailed under Note 27.

GROUP	Level 1		Level 2		Level 3		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Financial assets</b>								
Non-current interest-bearing receivables		–		–	2,346	1,893	2,346	1,893
Other current interest-bearing receivables		–		–	–	120	–	120
Financial assets available for sale		–		–	2	2	2	2
<b>Total financial assets</b>		<b>–</b>		<b>–</b>	<b>2,348</b>	<b>2,015</b>	<b>2,348</b>	<b>2,015</b>
<b>Financial liabilities</b>								
Other short- and long-term liabilities		–		–	10	18	10	18
<i>Of which, additional purchase considerations</i>		–		–	10	18	10	18
<b>Total financial liabilities</b>		<b>–</b>		<b>–</b>	<b>10</b>	<b>18</b>	<b>10</b>	<b>18</b>

## NOTE 5 SEGMENT INFORMATION

### Group

The information reported to the highest executive decision-maker as a basis for allocating resources and assessing segment earnings comprises the Group's business areas. The Serneke Group is divided into three business areas: Sweden, Invest and International. These business areas constitute the Group's reportable operating segments.

### Operating segment

**Sweden:** 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.

**Invest:** 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.

**International:** 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.

**Group-wide:** Other operations are reported under Group-wide and primarily comprise Group functions and Group-wide provisions.

### Income and operating profit by operating segment

Each business area is operationally responsible for its income statement, down to and including operating profit and operating margin. Internal prices between the Group's business areas are set based on the arm's length principle. Internal sales between business areas are eliminated at the Group level.

### Assets and liabilities by operating segment

The respective business area's assets that are monitored in the various business areas are presented in the segment information.

### Consolidated income and profit

GROUP 2022 SEK million	Sweden	Invest	International	Group-wide	Elimination	Group
External sales	7,226	1,977	0	2	0	9,205
Internal sales	1,986	139	0	182	-2,307	0
<b>Total income</b>	<b>9,212</b>	<b>2,116</b>	<b>0</b>	<b>184</b>	<b>-2,307</b>	<b>9,205</b>
<b>Operating profit</b>	<b>-79</b>	<b>98</b>	<b>-3</b>	<b>-51</b>	<b>-74</b>	<b>-109</b>
Financial income	0	38	0	13	-7	44
Financial expenses	-42	-91	-7	-19	7	-152
<b>Net financial items</b>	<b>-42</b>	<b>-53</b>	<b>-7</b>	<b>-6</b>	<b>0</b>	<b>-108</b>
Tax	-52	37	-4	3	0	-16
<b>Profit for the year</b>	<b>-173</b>	<b>82</b>	<b>-14</b>	<b>-54</b>	<b>0</b>	<b>-233</b>

SEK million	Sweden	Invest	International	Group-wide	Elimination	Total Segment
<b>Assets</b>						
Goodwill	23	3	0	0	0	26
Deferred tax assets	80	51	6	-49	3	91
Investments in associates and joint ventures	3	170	3	0	-18	158
Other fixed assets	252	2,747	7	28	-130	2,904
Project and development properties	0	1,883	0	0	-13	1,870
Accrued but not invoiced	779	-121	20	0	2	679
Other current assets	2,544	1,230	250	1,957	-4,595	1,385
<b>Total assets</b>	<b>3,680</b>	<b>5,964</b>	<b>286</b>	<b>1,936</b>	<b>-4,752</b>	<b>7,113</b>

OTHER SEGMENT INFORMATION SEK million	Sweden	Invest	International	Group-wide	Elimination	Total Segment
Depreciation	-37	-31	-	-13	-	-81
Share of earnings associates and joint ventures	0	10	0	0	-	10

## CONT. NOTE 5

**Consolidated income and profit**

GROUP 2021 SEK million	Sweden	Invest	International	Group-wide	Elimination	Group
External sales	7,116	1,619	–	1	0	8,735
Internal sales	988	67	–	154	–1,209	–
<b>Total income</b>	<b>8,103</b>	<b>1,686</b>	<b>0</b>	<b>155</b>	<b>–1,209</b>	<b>8,735</b>
<b>Operating profit</b>	<b>57</b>	<b>319</b>	<b>–18</b>	<b>–72</b>	<b>–51</b>	<b>235</b>
Financial income	8	52	0	0	–2	60
Financial expenses	–17	–8	0	–14	2	–39
<b>Net financial items</b>	<b>–9</b>	<b>44</b>	<b>0</b>	<b>–14</b>	<b>0</b>	<b>21</b>
Tax	19	77	3	–7	1	93
<b>Profit for the year</b>	<b>66</b>	<b>440</b>	<b>–15</b>	<b>–93</b>	<b>–50</b>	<b>349</b>

SEK million	Sweden	Invest	International	Group-wide	Elimination	Total Segment
<b>Assets</b>						
Goodwill	23	–	–	–	–	23
Deferred tax assets	115	50	6	–68	5	108
Investments in associates and joint ventures	9	167	3	–	–18	160
Other fixed assets	299	2,369	8	36	–277	2,434
Project and development properties	521	1,203	–	2	–22	1,704
Accrued but not invoiced	541	13	–	0	2	555
Other current assets	2,393	2,995	20	2,060	–5,538	1,930
<b>Total assets</b>	<b>3,900</b>	<b>6,796</b>	<b>36</b>	<b>2,030</b>	<b>–5,849</b>	<b>6,914</b>

OTHER SEGMENT INFORMATION SEK million	Sweden	Invest	International	Group-wide	Elimination	Total Segment
Depreciation	–37	–30	–	–13	–	–80
Share of earnings associates and joint ventures	32	10	–1	0	–48	–6

## NOTE 6 BREAKDOWN OF INCOME

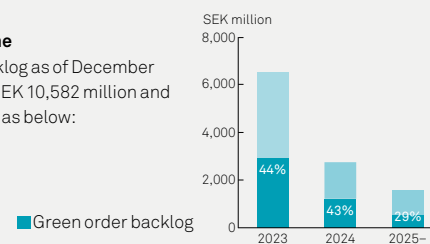
Jan-Dec 2022, SEK million	Group					Total	Parent Company
	Sweden	Invest	International	Group-wide	Eliminations		
Construction income	8,863	1,787	–	–	–2,123	8,527	
Sale of properties and development rights	340	234	–	–	–	574	
Rental income	0	7	–	10	–10	7	10
Other income	9	88	–	174	–174	97	175
<b>Total income</b>	<b>9,212</b>	<b>2,116</b>	<b>–</b>	<b>184</b>	<b>–2,307</b>	<b>9,205</b>	<b>185</b>
Date of income recognition:							
At a specific time	349	322	–	174	–174	671	175
Over time	8,863	1,794	–	10	–2,133	8,534	10
<b>Total income</b>	<b>9,212</b>	<b>2,116</b>	<b>–</b>	<b>184</b>	<b>–2,307</b>	<b>9,205</b>	<b>185</b>

Jan-Dec 2021, SEK million	Group					Total	Parent Company
	Sweden	Invest	International	Group-wide	Eliminations		
Construction income	8,024	1,077	–	–	–1,055	8,046	–
Sale of properties and development rights	65	557	–	–	–	622	–
Rental income	0	5	–	9	–9	5	9
Other income	14	47	–	146	–145	62	146
<b>Total income</b>	<b>8,103</b>	<b>1,686</b>	<b>–</b>	<b>155</b>	<b>–1,209</b>	<b>8,735</b>	<b>155</b>
Date of income recognition:							
At a specific time	79	604	–	146	–145	684	146
Over time	8,024	1,082	–	9	–1064	8,051	9
<b>Total income</b>	<b>8,103</b>	<b>1,686</b>	<b>–</b>	<b>155</b>	<b>–1,209</b>	<b>8,735</b>	<b>155</b>

Government grants related to Covid-19 pertain to support for short-term work, transition support and sick pay expenses and amount to SEK 4 million (10). Government grants are presented as other income in the consolidated income statement. There are no unfulfilled terms or contingent liabilities that are tied to these grants.

## Order backlog over time

The external order backlog as of December 31, 2022 amounted to SEK 10,582 million and is distributed over time as below:



## NOTE 7 CONTRACT ASSETS AND LIABILITIES

The following income-related contract assets and contract liabilities are recognized:

	Dec 31, 2022	Dec 31, 2021
Contract assets attributable to contracting agreements	679	555
Contract assets attributable to property sales	108	71
<b>Total contract assets</b>	<b>787</b>	<b>626</b>
Contract liabilities – construction contracts	766	744
Contract liabilities – property sales	–	–
<b>Total contract liabilities</b>	<b>766</b>	<b>744</b>

CONTRACT ASSETS	Dec 31, 2022	Dec 31, 2021
Opening balance	626	481
Income earned during the year, not yet invoiced	787	626
Earned income during the year, invoiced during the year	1,643	1,777
Invoicing	–2,269	–2,258
<b>Carrying amount at year-end</b>	<b>787</b>	<b>626</b>

CONTRACT LIABILITIES	Dec 31, 2022	Dec 31, 2021
Opening balance	744	618
Invoicing	4,639	4,818
Earned income during the year, invoiced during the year	–3,873	–4,074
Accrued revenue for the year, invoiced previous years	–744	–618
<b>Carrying amount at year-end</b>	<b>766</b>	<b>744</b>



**NOTE 8 THE OPERATIONS' EXPENSES DISTRIBUTED BY TYPE**

	Group		Parent Company	
	2022	2021	2022	2021
material	-1,812	-2,014	-	-
Subcontractors	-5,057	-4,567	-	-
Employees	-1,125	-1,037	-106	-74
Carrying amount sold projects and development properties	-55	-137	-	-
Other production expenses	-1,046	-504	-	-
Depreciation	-81	-80	-3	-2
Other	-148	-156	-77	-81
<b>Total</b>	<b>-9,324</b>	<b>-8,495</b>	<b>-185</b>	<b>-157</b>

**NOTE 9 AUDITOR'S FEES AND COST COMPENSATION**

	Group		Parent Company	
	2022	2021	2022	2021
PwC				
auditing assignments	3	3	3	3
auditing-related services	0	0	0	0
tax consultancy	0	0	0	0
Consultation	0	0	0	0
<b>Total PwC</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

PwC was elected as the principal auditing company in 2020. The audit assignment pertains to the review of the Annual Report and the accounting, as well as the administration by the Board of Directors and the CEO. In addition, other duties are also included that the Company's auditor is required to perform, as well as advice or other assistance necessitated by observations during such a review or the implementation of such other duties. Everything else is consultation.

**NOTE 10 LEASING**

Leases with the Serneke Group as the lessee are primarily leases of premises. In addition to leases of premises, a number of minor leases have been identified, including leases of vehicles, machinery and contracting equipment. The right-of-use asset is reported under tangible fixed assets and the lease liability under current and non-current interest-bearing liabilities.

**GROUP**

Income statement	2022	2021
Depreciation of right-of-use assets	-74	-74
Interest expenses for lease liabilities	-8	-9
Profit or loss from right-of-use assets	11	9
<b>Total expenses for capitalized lease liabilities</b>	<b>-71</b>	<b>-74</b>
Leases of low value and with a shorter lifespan	-115	-97
<b>Total expenses from non-capitalized leases</b>	<b>-115</b>	<b>-97</b>
<b>Total expenses from leases</b>	<b>-186</b>	<b>-171</b>

	Premises	Cars	Machinery contracting equipment	Right-of-use assets
<b>Acquisition cost, opening balance</b>	<b>352</b>	<b>129</b>	<b>1</b>	<b>481</b>
Purchasing	2	36	-	38
Disposal/retirement	-	-34	-1	-35
<b>Closing accumulated acquisition cost</b>	<b>354</b>	<b>131</b>	<b>0</b>	<b>484</b>
<b>Opening depreciation</b>	<b>-115</b>	<b>-45</b>	<b>-1</b>	<b>-161</b>
Disposal/retirement	-	19	1	20
Depreciation for the year	-50	-24	-	-74
<b>Accumulated depreciation, closing balance</b>	<b>-165</b>	<b>-50</b>	<b>0</b>	<b>-215</b>
<b>Closing carrying amount</b>	<b>189</b>	<b>81</b>	<b>0</b>	<b>269</b>

For lease liabilities and a maturity analysis, see Note 4.

## CONT. NOTE 10

## PARENT COMPANY

## Operational leases – lessees

Operating lease expense for the year:

	Parent Company	
	2022	2021
Minimum lease payments	13	12
Variable payments	3	3
<b>Total</b>	<b>16</b>	<b>15</b>

On the balance sheet date, the Parent Company had outstanding commitments in the form of minimum lease payments under non-cancellable operational leases, maturing as stated below:

	Parent Company	
	Dec 31, 2022	Dec 31, 2021
Within one year	14	14
1–5 years	16	29
Later than 5 years	0	0
<b>Total</b>	<b>30</b>	<b>43</b>

The operational leases are primarily leases of premises, including the Group's headquarters in Gothenburg, as well as various office machines. The amount pertaining to expensed leases also includes non-recurring rentals of production-related equipment and tools.

## NOTE 11 NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATIONS AND SOCIAL SECURITY EXPENSES

AVERAGE NUMBER OF EMPLOYEES	2022		2021	
	Number of employees	Of which number of men	Number of employees	Of which number of men
<b>Parent Company</b>				
Sweden	86	32	50	18
<b>Total in the Parent Company</b>	<b>86</b>	<b>32</b>	<b>50</b>	<b>18</b>
<b>Subsidiary</b>				
Sweden	1,132	944	1,123	935
<b>Total for subsidiaries</b>	<b>1,132</b>	<b>944</b>	<b>1,123</b>	<b>935</b>
<b>Total in Group</b>	<b>1,218</b>	<b>976</b>	<b>1,173</b>	<b>953</b>

TOTAL SALARIES, REMUNERATIONS, ETC.	2022		2021	
	Salaries and other remunerations	Social security contributions (of which pension costs)	Salaries and other remunerations	Social security contributions (of which pension costs)
Parent Company	65	35	50	21
Subsidiary	690	214	659	296
<b>Total Group</b>	<b>755</b>	<b>249</b>	<b>709</b>	<b>317</b>
		<b>(95)</b>		<b>(84)</b>

DISTRIBUTION OF SENIOR EXECUTIVES AS AT BALANCE SHEET DATE	Parent Company		Subsidiary	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
<b>Women:</b>				
Board Members	2	3	0	0
other senior executives	3	1	0	0
<b>Men:</b>				
Board Members, including CEO	6	6	1	1
other senior executives	5	5	0	0
<b>Total</b>	<b>16</b>	<b>15</b>	<b>1</b>	<b>1</b>

REMUNERATION TO SENIOR EXECUTIVES  
Amounts in SEK thousands

2022	Basic salary/ Fee	Others benefits	Pension costs	Total
Chairman of the Board Jan C. Johansson	800			800
Board Member Ola Serneke <sup>1)</sup>	–			–
Board Member Per Åkerman	300			300
Board Member Mari Broman	350			350
Member of the Board Ludwig Mattsson	292			292
Board Member Mariann Östansjö <sup>2)</sup>	100			100
Board Member Lars Kvarnsund	350			350
Board Member Anna Belfrage <sup>2)</sup>	–			–
Board Member Fredrik Alvarsson	350			350
Board Member Veronica Rörsgård	300			300
CEO <sup>3)</sup>	6,504	1,116	1,793	9,413
Other senior executives <sup>1)</sup>	17,881	4,303	4,379	26,563
<b>Total</b>	<b>27,227</b>	<b>5,419</b>	<b>6,172</b>	<b>38,818</b>
Of which remuneration from Parent Company	20,216	3,825	5,210	29,251

## CONT. NOTE 11

REMUNERATION TO SENIOR EXECUTIVES  
Amounts in SEK thousands

2021	Basic salary/ Fee	Others benefits	Pension costs	Total
Chairman of the Board Jan C. Johansson	800	–	–	800
Chairman of the Board Kent Sander <sup>2)</sup>	–	–	–	–
Board Member Per Åkerman	317	–	–	317
Board Member Mari Broman	367	–	–	367
Member of the Board Ludwig Mattsson	283	–	–	283
Board Member Anna-Karin Celsing <sup>2)</sup>	200	–	–	200
Member of the Board & CEO Ola Serneke	233	–	–	233
Board Member Anna Belfrage	100	–	–	100
Board Member Fredrik Alvarsson	350	–	–	350
Board Member Veronica Rörsgård	317	–	–	317
Deputy CEO Michael Berglin	5,048	1,124	1,345	7,517
Other senior executives <sup>1)</sup>	22,112	3,136	7,769	33,017
<b>Total</b>	<b>30,126</b>	<b>4,261</b>	<b>9,115</b>	<b>43,502</b>
Of which remuneration from Parent Company	18,772	3,065	4,658	26,495

1) Other senior executives are those individuals, other than the CEO and Deputy CEO, who are members of Serneke's Group Management. At the end of 2022, Group Management comprised 9 people (7), including the CEO. In 2022, non-recurring items pertaining to severance pay for senior executives were included in the amount of SEK 3 million (12).

2) In 2022, Mariann Östansjö stepped down from the Board of Directors. Ola Serneke and Anna Belfrage stepped down from the Board of Directors in 2021. Kent Sander and Anna-Karin Celsing stepped down from the Board of Directors in 2020. In the tables above, their remunerations have only been included for the period in which they sat on the Board of Directors as Chairman of the Board and as Board Members.

3) The basic salary/fee includes variable remuneration to the CEO of SEK 1,464 thousand.

**Variable remuneration**

Variable remuneration for the CEO may not exceed 75 percent of his fixed basic annual salary.

**Incentive program**

The Group has employee share savings programs for the years 2020–2022. Employees participating in the programs acquires Series B shares in Serneke. Employees who retain the savings shares during the approximately three-year savings period and who also remain employed by Serneke during the period, will, after the end of the relevant savings period, receive 0.5 Series B shares in Serneke (matching shares) for each savings share attributable to that savings period. In addition to matching shares, participants will also be able to receive, free of charge, additional Series B shares in Serneke, (performance shares) provided that the participant is employed by the Group throughout the savings period and that certain performance requirements are met.

**Other benefits**

Other benefits largely comprise the assessed benefit value of company cars and incentive programs.

**Pensions**

The Group only has defined-contribution pension plans.

**Severance pay agreements and termination**

There is an agreement between the Company and the CEO regarding severance pay. For senior executives, the period of notice shall normally be six months in the event of the executive's resignation. In the event of termination by the Company, the period of notice shall not exceed 12 months in total.

**NOTE 12 FINANCIAL INCOME**

	Group		Parent Company	
	2022	2021	2022	2021
Interest income	16	34	6	2
Exchange gains	1	7	1	0
Revaluation of shareholder loan	25	19	–	–
Other	2	0	5	0
<b>Total financial income</b>	<b>44</b>	<b>60</b>	<b>12</b>	<b>2</b>

All interest income, except that attributable to the shareholder loan, derive from financial assets measured at amortized cost. The revaluation of the shareholder loans from the sale of Karlatornet and Karlastaden Group has, in pace with the project progressing in accordance with a calculation during the year having had a positive effect of SEK 25 million (19), of which SEK 3 million (0) is attributable to Karlastaden Group.

**NOTE 13 FINANCIAL EXPENSES**

	Group		Parent Company	
	2022	2021	2022	2021
Interest expenses	–44	–21	–19	–3
Interest expense attributable to bond loans	–	–	–	–38
Interest expenses attributable to revaluation of shareholder loan	–72	–	–	–
Interest expense attributable to convertible debentures	–	–	–	–
Exchange rate losses	–9	–1	–	–1
Other	–27	–17	–12	–11
<b>Total financial expenses</b>	<b>–152</b>	<b>–39</b>	<b>–31</b>	<b>–53</b>

All interest expenses, except those attributable to the shareholder loan, derive from financial assets measured at amortized cost. Financial expenses have been affected by the sale of Karlatornet and Karlastaden Group where shareholder loans of SEK 2.0 billion have been marked to market and discounted at an interest rate amounting to the difference between the assessed market rate and the agreed interest rate. In 2022, a changed market interest rate has had an effect on financial expenses of a negative SEK 72 million (–). As the project progresses in accordance with the calculated forecast, the corresponding amounts will gradually have a positive effect on net interest income, see Note 12.

**NOTE 14 TAX ON PROFIT FOR THE YEAR**

CURRENT TAX	Group		Parent Company	
	2022	2021	2022	2021
Current tax on profit for the year	0	0	0	–
Adjustments recognized in current year regarding prior years' current tax	0	0	0	–
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–</b>

DEFERRED TAX	Group		Parent Company	
	2022	2021	2022	2021
Deferred tax on deficit	–32	24	–2	1
Deferred tax attributable to temporary differences	15	69	0	–
<b>Total</b>	<b>–16</b>	<b>93</b>	<b>–2</b>	<b>1</b>
<b>Total tax</b>	<b>–16</b>	<b>93</b>	<b>–2</b>	<b>1</b>

Income tax in Sweden is calculated at 20.6 percent (20.6) of the year's taxable income. Tax in other jurisdictions is calculated at the tax rate that applies for the respective jurisdiction. A reconciliation is presented below between recognized profit for the year and tax expense for the year:

RECONCILIATION TAX EXPENSE FOR THE YEAR	Group		Parent Company	
	2022	2021	2022	2021
Profit/loss before tax	–217	256	–46	–71
Recognized tax for the year	–16	93	–2	1
Theoretical tax expense	45	–53	10	15
<b>Difference</b>	<b>–61</b>	<b>146</b>	<b>12</b>	<b>14</b>
<b>The difference is explained by</b>				
Tax effect of non-deductible expenses	–69	–7	12	15
Tax effect of non-taxable income	106	154	–	–
Tax effect of deductible non-booked expenses	–	–	–	–1
Tax effect of the profit participation of associates	2	–1	–	–
Tax effect of at unreported deficits	–100	–	–	–
Taxes attributable to previous years	–	–	–	–
<b>Total</b>	<b>–61</b>	<b>146</b>	<b>12</b>	<b>14</b>

**NOTE 15 GOODWILL AND OTHER INTANGIBLE ASSETS**

	Group					
	Dec 31, 2022			Dec 31, 2021		
	Goodwill	Brands	Total intangible assets	Goodwill	Brands	Total intangible assets
Acquisition cost, opening balance	23	2	25	23	1	24
Purchasing	3	2	5	–	1	1
Impairments for the year	–	–	–	–	–	0
<b>Closing cost of acquisition</b>	<b>26</b>	<b>4</b>	<b>30</b>	<b>23</b>	<b>2</b>	<b>25</b>

Reported goodwill of SEK 26 million (23) pertains to Serneke Bygg Öst and Fjätrervålen AB. During the year, additional shares were acquired in Fjätrervålen AB and the company is now classified as a Group company. The acquisitions entailed an increase in goodwill by SEK 3 million. The recoverable amount of the assets has been derived by calculating the value in use for the cash-generating unit. The calculation model is based on discounting of future forecast cash flows, which have been set against the unit's carrying amount. Future cash flows are based on five-year forecasts produced by management. No impairment in accordance with IAS 36 has been identified in the cash-generating unit.

## NOTE 16 OTHER TANGIBLE FIXED ASSETS

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Buildings and land	40	12	–	–
Plant and machinery	8	8	–	–
Equipment, tools, fixtures and fittings	13	10	2	4
Right-of-use assets	269	320	8	4
<b>Closing carrying amount</b>	<b>330</b>	<b>351</b>	<b>10</b>	<b>8</b>
	Group		Parent Company	
BUILDINGS AND LAND	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Acquisition cost, opening balance			40	60
Acquisitions of Group companies			29	–
Purchasing			8	0
Sales			–	–20
<b>Closing accumulated cost</b>			<b>77</b>	<b>40</b>
Opening depreciation			–28	–28
Acquisitions of Group companies			–8	–
Sales			–	0
Depreciation for the year			–1	–0
<b>Accumulated depreciation, closing balance</b>			<b>–37</b>	<b>–28</b>
<b>Closing carrying amount</b>			<b>40</b>	<b>12</b>

	Group	
	Dec 31, 2022	Dec 31, 2021
PLANT AND MACHINERY		
Acquisition cost, opening balance	25	28
Acquisitions of Group companies	12	–
Purchasing	0	0
Sales/scraping	0	–3
<b>Closing accumulated acquisition cost</b>	<b>37</b>	<b>25</b>
Opening depreciation	–12	–13
Acquisitions of Group companies	–10	–
Sales/scraping	0	2
Depreciation for the year	–1	–1
<b>Accumulated depreciation, closing balance</b>	<b>–23</b>	<b>–12</b>
Impairment, opening balance	–6	–6
Impairment for the year	–	–
<b>Closing accumulated impairment</b>	<b>–6</b>	<b>–6</b>
<b>Closing carrying amount</b>	<b>8</b>	<b>8</b>

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
EQUIPMENT, TOOLS, FIXTURES AND FITTINGS				
Cost, opening balance	33	35	10	10
Acquisitions of Group companies	15	–	–	–
Purchasing	2	0	–	–
Reclassification	–	–	–	–
Disposal/retirement	–4	–2	–1	–
<b>Closing accumulated cost</b>	<b>46</b>	<b>33</b>	<b>9</b>	<b>10</b>
Opening depreciation	–24	–21	–6	–5
Acquisitions of Group companies	–9	–	–	–
Reclassification	–	–	–	–
Disposal/retirement	4	1	–	–
Depreciation for the year	–4	–4	–1	–1
<b>Accumulated depreciation, closing balance</b>	<b>–33</b>	<b>–24</b>	<b>–7</b>	<b>–6</b>
<b>Closing carrying amount</b>	<b>13</b>	<b>10</b>	<b>2</b>	<b>4</b>

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
RIGHT-OF-USE ASSETS				
Cost, opening balance	481	463	5	5
Purchasing	38	49	6	3
Reclassification	–	–	–	–
Disposal/retirement	–35	–31	–1	–3
<b>Closing accumulated cost</b>	<b>484</b>	<b>481</b>	<b>10</b>	<b>5</b>
Opening depreciation	–161	–102	–1	–1
Reclassification	–	–	–	–
Disposal/retirement	20	16	1	1
Depreciation for the year	–74	–74	–2	–1
<b>Accumulated depreciation, closing balance</b>	<b>–215</b>	<b>–161</b>	<b>–2</b>	<b>–1</b>
<b>Closing carrying amount</b>	<b>269</b>	<b>320</b>	<b>8</b>	<b>4</b>

Of the right-of-use assets, SEK 189 million pertains to buildings and land, SEK 81 million to equipment, tools, fixtures and fittings, and SEK 0 million to machinery and other technical facilities.

**NOTE 17 PARTICIPATIONS IN GROUP COMPANIES**

	Parent Company	
	Dec 31, 2022	Dec 31, 2021
Opening cost	395	322
Acquisition of participations in Group companies	-	-
Disposals of participations in Group companies	-	-
Shareholder contributions paid	248	73
Reclassification as associate	-	-
<b>Closing cost of acquisition</b>	<b>643</b>	<b>395</b>
Opening impairment	-35	-16
Impairments for the year	-26	-19
Reversed impairment on disposal	-	-
<b>Closing accumulated impairment</b>	<b>-61</b>	<b>-35</b>
<b>Closing carrying amount</b>	<b>582</b>	<b>360</b>

COMPANY, CORPORATE IDENTITY NUMBER	Domicile	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
		Share of equity <sup>1)</sup>	Share of equity <sup>1)</sup>	Carrying amount	Carrying amount
Serneke Sverige AB, 556621-6908	Gothenburg	100%	100%	291	75
Serneke Project AB, 556688-6601	Gothenburg	100%	100%	22	22
Serneke Industri AB, 556630-8184	Gothenburg	100%	100%	0	0
Karlavagnstornet Holding AB, 556933-8964	Gothenburg	100%	100%	93	93
Serneke Fastighet AB, 556982-4914	Gothenburg	100%	100%	174	169
Serneke Invest AB, 559161-0273	Gothenburg	100%	100%	0	0
Serneke International AB, 559221-9041	Gothenburg	100%	100%	2	0
				<b>582</b>	<b>360</b>

1) Also share of voting rights

The Parent Company, Serneke Group AB, holds 100 percent of the shares in seven of its subsidiaries. The subsidiaries are engaged in the core business, while the Parent Company provides Group-wide services. No operations are

conducted in Serneke Industri AB. Directly owned subsidiaries are reported in the table. Other companies in the Group specified in the respective subsidiary's annual report.

**NOTE 18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES****Significant accounting principles**

COMPANY, ORGANIZATION	Domicile	Dec 31, 2022	Dec 31, 2021	Associated companies/Joint ventures	Valuation Method
		Ownership share <sup>1)</sup>	Ownership share <sup>1)</sup>		
Änglagården Holding AB, 556911-1015	Gothenburg	40.0%	40.0%	Associated companies	The equity method
7H Bil AB, 556629-2362	Gothenburg	30.0%	30.0%	Associated companies	The equity method
Herrestads Etablering AB, 556966-0086	Trollhättan	20.0%	20.0%	Associated companies	The equity method
Serneke Midroc Holding AB, 559157-8876	Gothenburg	50.0%	50.0%	Joint venture	The equity method
Fastighets AB Oceanateljén, 559034-3769	Malmö	50.0%	50.0%	Joint venture	The equity method
Fastighets AB Österskans, 559165-6953	Gothenburg	50.0%	50.0%	Joint venture	The equity method
SerSund AB, 559117-6754	Gothenburg	50.0%	50.0%	Joint venture	The equity method
Fjätervålen AB, 556223-3527	Gothenburg	62.5%	46.6%	Group companies	
Sustainio AB, 559196-2765	Gothenburg	25.0%	25.0%	Associated companies	The equity method
Serneke Malmberg Entreprenad AB, 559186-3427	Gothenburg	50.0%	50.0%	Associated companies	The equity method
IFK GBG Transferintressenter AB, 559149-1625	Gothenburg	31.7%	31.7%	Associated companies	The equity method
Consortium Builders Pty Ltd	Perth	33.0%	33.0%	Associated companies	The equity method
Karlstaden Group AB, 559222-7945	Gothenburg	50.0%	50.0%	Joint venture	The equity method
Karlatornet AB, 559185-8526	Gothenburg	50.0%	50.0%	Joint venture	The equity method
Granola Fastigheter AB, 556814-8216	Hudiksvall	50.0%	50.0%	Joint venture	The equity method

1) Also share of voting rights

**Description of operations**

- Änglagården Holding AB – The company shall own, manage and develop Prioritet Serneke Arena.
- 7H Bil AB – The company's operations are sales of cars, etc.
- Herrestads Etablering AB – The company conducts property development.
- Serneke Midroc Holding AB – The company will own and manage shares in companies that conduct project development.
- Fastighets AB Oceanateljén – The company will own and manage shares in companies that conduct project development.
- Fastighets AB Österskans – The company will own and manage shares in companies that conduct project development.
- SerSund AB – The company conducts project development.
- Fjätervålen AB – The company operates ski facilities. In 2022, the ownership share increased to exceed 50 percent and is thus classified as a holding in a group company.
- Sustainio AB – The company shall publish computer games.
- Serneke Malmberg Entreprenad AB – The company conducts sales of goods and services related to the civil engineering sector, such as ground-work, civil engineering, culvert-, road- and foundation-construction and contracting in water treatment and environmentally friendly energy.
- IFK GBG Transferintressenter AB – The company conducts business by investing in soccer operations.
- Consortium Builders Pty Ltd – The company conducts construction operations in Australia.
- Karlatornet AB – The company shall own and manage shares in companies conducting project development.
- Karlstaden Group AB – The company will own and manage shares in companies that conduct project development.
- Granola Fastigheter AB – The company conducts property development.

	Group	
	Dec 31, 2022	Dec 31, 2021
Opening amount	160	148
Acquisition of participations in associates	–	2
Shareholder contributions	4	6
Dividend	–9	–38
Disposal of associated companies	–7	–
Share in profit, after tax	10	41
<b>Closing value</b>	<b>158</b>	<b>160</b>

1) When a Parent Company loses control of a subsidiary, the residual holding is revalued at fair value. See also Note 2 Significant accounting policies.

## CONT. NOTE 18

## Summary of financial information

SUMMARY BALANCE SHEET	Karlatornet AB		Karlastaden Group AB		Änglagården Holding AB		Other	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Total assets	4,447	2,907	1,718	895	881	888	296	420
Total liabilities and provisions	4,451	2,909	1,722	895	525	538	242	362
Total net assets	-4	-2	-4	0	356	350	54	58
<b>The Group's share of net assets</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>125</b>	<b>122</b>	<b>33</b>	<b>38</b>

SUMMARY PROFIT/LOSS STATEMENT	Karlatornet AB		Karlastaden Group AB		Änglagården Holding AB		Other	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Income	0	0	0	0	61	50	160	296
Profit for the year	-1	-3	-3	0	26	23	2	54
The Group's share of profit	0	-47	0	0	11	9	-1	32
Other comprehensive income	-	-	-	-	-	-	-	-

For Karlatornet AB, total assets amount to SEK 4,447 million, of which current assets amount to SEK 4,446 million. Of current assets, cash and bank balances constitute SEK 17 million. Current liabilities amount to SEK 261 million (of which SEK 0 million is financial liabilities), non-current liabilities amount to SEK 4,189 million (of which SEK 4,106 million is financial liabilities). Amortization amounts to SEK 0 million, interest income to SEK 0 million and interest expenses to SEK 0 million. For Karlastaden Group AB, total assets amount to SEK 1,718 million, of which current assets amount to SEK 430 million. Of current assets, cash and bank balances constitute SEK 14 million. Current liabilities amount to SEK 81 million (of which SEK 0 million is financial liabilities), non-current liabilities amount to SEK 1,640 million (of which SEK 1,640 million is financial liabilities). Amortization amounts to SEK 0 million, interest income to SEK 0 million and interest expenses to SEK 0 million. Serneke Group AB (publ) has entered into a guarantee undertaking, which means that the co-owners in Änglagård Holding AB 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. As of December 31, 2022 the associated company's liabilities to credit institutions amounted to SEK 399 million (387).

**Karlatornet AB**

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

The Joint Venture is a newly established company that has acquired all of the Karlatornet assets from Serneke at their book value of SEK 1.6 billion against a promissory note in the form of an interest-bearing shareholder loan of SEK 1.4 billion. Karlatornet was fully financed through further shareholder loans from Balder of SEK 500 million and a construction credit from Nordea of around SEK 3 billion, of which SEK 2,220 million has been utilized. For Balder's commitment to invest SEK 500 million in Karlatornet and provide a joint guarantee for the construction credit of SEK 3 billion, Balder's shares in the Joint Venture entitle it to a fixed preference dividend of SEK 600 million. The dividend is to be paid according to the waterfall principle after Nordea's construction credit and Balder's shareholder loans plus interest have been repaid. Once the project is complete and the aforementioned loan and dividend have been repaid, Serneke will recoup its entire invested capital of SEK 1.4 billion plus interest together with the remaining project profit in the Joint Venture.

**Karlastaden Group AB**

On June 30, 2021, Serneke and Balder agreed to form Karlastaden Group AB, in which to continue their collaboration in Karlastaden, with Balder acquiring 50 percent of the "joint venture".

On its formation, the joint venture acquired three urban blocks in the district, at an underlying property value of SEK 588 million. On December 30, 2021 a new agreement was entered into in which the Aries urban block was acquired from Serneke by the joint venture at an underlying property value of SEK 210 million. In 2022, another transaction was conducted with Balder regarding the Auriga block with an underlying property value of SEK 586 million. As of December 31, 2022, the value of the receivables amounted to SEK 1,164 million, of which SEK 423 million was attributable to Balder and SEK 741 million was attributable to the joint venture.



**NOTE 19 OTHER NON-CURRENT RECEIVABLES**

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Opening amount	2,010	1,492	3	3
Added through establishment of joint ventures	453	573	-	-
Incoming other	15	12	-	-
Reclassification	-	-17	-	-
Settlement	-17	-50	-	-
<b>Closing value*</b>	<b>2,461</b>	<b>2,010</b>	<b>3</b>	<b>3</b>
<i>*of which interest-bearing</i>	2,356	1,900	-	-
<i>* of which, receivables from associated companies and joint ventures</i>	2,410	1,958	-	-

**NOTE 20 PROJECT- AND DEVELOPMENT PROPERTIES**

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Opening cost	1,704	1,740	2	2
Reclassification	-	-	-	-
Added through business combinations	-	-	-	-
Capital expenditures	825	587	-	-
Withdrawal from tenant-owner housing projects	-294	-	-	-
Impairment	-	-	-	-
Sales	-365	-623	-	-
Other	-	-	-	-
<b>Closing accumulated cost</b>	<b>1870</b>	<b>1,704</b>	<b>2</b>	<b>2</b>

**Capitalized interest**

Loan interest of SEK 57 million (48) was capitalized during the year.

**NOTE 21 INVENTORIES**

	Group	
	Dec 31, 2022	Dec 31, 2021
Raw materials and supplies	4	1
<b>Total</b>	<b>4</b>	<b>1</b>

**NOTE 22 ACCOUNTS RECEIVABLE**

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Accounts receivable, gross	938	967	0	0
Credit loss provision	-1	-1	-	-
<b>Total accounts receivable, net of provision for anticipated credit losses</b>	<b>937</b>	<b>966</b>	<b>0</b>	<b>0</b>
	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Credit loss provision at beginning of year	-1	-1	-	-
Reservation for the year for anticipated credit losses	0	0	-	-
Settled anticipated credit losses	0	0	-	-
<b>Total credit loss provision</b>	<b>-1</b>	<b>-1</b>	<b>-</b>	<b>-</b>

GROUP	2022			2021		
	Gross	Credit loss provision	Customer Receivables	Gross	Credit loss provision	Customer debt
AGE ANALYSIS, ACCOUNTS RECEIVABLE						
Not yet due	507	-	507	624	-	624
Due within 30 days	50	-0	50	87	-0	87
Due 31-60 days	9	-0	9	49	-0	49
Due 61-90 days	11	-0	11	10	-0	10
Due > 90 days	362	-1	361	197	-1	196
<b>Total</b>	<b>938</b>	<b>-1</b>	<b>937</b>	<b>967</b>	<b>-1</b>	<b>966</b>

Credit loss provision recognized in projects amounted to SEK 52 million (18) as of December 31, 2022.

**NOTE 23 CONSTRUCTION CONTRACTS**

	Group	
	Dec 31, 2022	Dec 31, 2021
Contract expenses and recognized profit	12,682	9,090
Less invoiced amounts	-12,003	-8,534
<b>Accrued but not invoiced income</b>	<b>679</b>	<b>555</b>
Invoiced amounts	13,918	13,412
Less contract expenses and recognized profit	-13,152	-12,668
<b>Invoiced but not accrued income</b>	<b>766</b>	<b>744</b>

**NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME**

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Pre-paid rent	14	15	4	4
Prepaid insurance	25	34	18	30
Accrued income	51	32	-	-
Other prepaid expenses	7	9	4	4
<b>Total</b>	<b>97</b>	<b>90</b>	<b>26</b>	<b>38</b>

**NOTE 25 OTHER CURRENT RECEIVABLES**

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Receivables from sales of project properties	0	131	-	-
Receivable from joint ventures	3	120	-	-
Other current receivables	92	47	2	2
	<b>95</b>	<b>298</b>	<b>2</b>	<b>2</b>

## NOTE 26 EQUITY

### Share capital

Until November 2022, the Parent Company's share capital was divided into two series of shares, Series A and Series B. Both share series convey the same rights with the exception that Series A shares entitle the holder to one vote per share while holding Series B shares entitle the holder to one tenth of a vote per share.

At the request of shareholders, all Series A shares were converted into Series B shares. While the total number of shares (28,753,232) remains unchanged, there are no longer any Series A shares in the Company. Accordingly, the total number of votes decreased from 7,267,323 to 2,875,323.

At the beginning of 2022, share capital amounted to SEK 2,875,323 and the number of shares was 28,753,232, comprising 5,210,000 Series A shares and 23,543,232 Series B shares.

At the end of 2022, share capital amounted to SEK 2,875,323 and the total number of shares was 28,753,232, comprising 28,753,232 Series B shares.

## NOTE 27 BORROWING

LONG-TERM	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Bank loans	1,340	207	0	0
Lease liabilities	208	260	3	3
Bond loans	–	–	–	–
Other	235	71	–	–
<b>Total</b>	<b>1783</b>	<b>538</b>	<b>3</b>	<b>3</b>

SHORT-TERM	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Bank loans	104	270	37	–
Lease liabilities	76	72	5	1
Bond loans	–	516	–	516
Other	102	277	–	6
<b>Total</b>	<b>282</b>	<b>1,135</b>	<b>42</b>	<b>523</b>

<b>Total borrowings<sup>1)</sup></b>	<b>2,065</b>	<b>1,673</b>	<b>45</b>	<b>526</b>
--------------------------------------	--------------	--------------	-----------	------------

1) All borrowings in the Group are in Swedish krona.

### Collateral for borrowings

Total borrowing includes bank loans and other borrowings for which collateral of SEK 2,884 million (2,367) has been posted. Collateral for these borrowings consists of the Group's properties, chattel mortgages and pledged shares in subsidiaries. For further information regarding collateral, see Note 31.

### Sensitivity analysis interest risk

The Group's future financial expenses are affected as detailed below in the event of a change in the borrowing rate, given the same borrowings as at the end of the period.

	Group	
	Dec 31, 2022	Dec 31, 2021
Effect on future financial expenses +/-1%	+17/-17	+16/-16
Effect on future financial expenses +/-3%	+51/-51	+48/-48

### Available credit

	Group	
	Dec 31, 2022	Dec 31, 2021
Building credits	997	1,091
Utilized building credits	–662	–320
Credit framework	500	300
Bank guarantees	–74	–76
<b>Available credit</b>	<b>761</b>	<b>995</b>

Serneke Group AB (publ) has a credit facility with Nordea that amounts to SEK 500 million, of which SEK 74 million was utilized for bank guarantees as of December 31, 2022. The credit facility agreements carry a customary covenant requiring the Group to maintain an equity/assets ratio of 30 percent, as well as an EBITDA covenant. As of the reporting date of December 31, 2022, the covenant had been met.

### Bank loans

The bank loans mature until 2029 and, as of December 31, 2022, carry an average interest rate of 6.28 percent (4.13).

The exposure of the bank loans to changes in interest rates and contractual dates for interest rate negotiations were, at the end of the reporting period, as follows:

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
< 12 months	275	269	37	–
12–36 months	1,144	137	–	–
> 36 months	25	70	–	–
<b>Total</b>	<b>1,444</b>	<b>476</b>	<b>37</b>	<b>–</b>

### Lease liabilities

For lease liabilities, see Note 10.

## CONT. NOTE 27

**Bond loan**

Serneke has a senior unsecured bond program with a framework of SEK 1,000 million. Over the year, the bond loan was redeemed and replaced with bank loans.

In 2021, a green framework was developed, and will be used to classify future bonds issued as green financing. The framework has also been subject to a second opinion by Cicero. The framework is available at [https://www.serneke.se/globalassets/om-serneke/green-bonds-framework\\_final.pdf](https://www.serneke.se/globalassets/om-serneke/green-bonds-framework_final.pdf).

**NOTE 28 DEFERRED TAX**

Temporary differences arise when the carrying amounts and tax values of assets or liabilities differ. The Group's and Parent Company's temporary differences have resulted in deferred tax liabilities and deferred tax assets with regard to the following items:

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
<b>Deferred tax assets</b>				
Buildings and land	0	0	-	-
Project and development properties	3	-	-	-
Loss carryforwards	126	159	12	14
Other deferred tax assets	31	33	-	-
<b>Total deferred tax assets</b>	<b>160</b>	<b>192</b>	<b>12</b>	<b>14</b>
<b>Deferred tax liabilities</b>				
Buildings and land	-1	-	-	-
Project and development properties	-52	-67	-	-
Other deferred tax liabilities	-16	-16	-	-
<b>Total deferred tax liabilities</b>	<b>-69</b>	<b>-84</b>	<b>-</b>	<b>-</b>
<b>Total deferred tax assets and liabilities, net</b>	<b>91</b>	<b>108</b>	<b>12</b>	<b>14</b>

The Group and Parent Company recognize deferred tax assets to the extent that it is likely that deductions can be offset against future taxable profits.

The Group has reported deferred tax on deficits in companies that have accumulated deficits. Losses are expected to be able to be used within the Group against future profits. Loss carry-forwards have no fixed maturity dates.

**NOTE 29. OTHER PROVISIONS**

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Provision for commitments attributable to sales of properties and building rights	13	13	–	–
Provision for guarantee commitments	42	49	–	–
Provision for other commitments	147	140	3	2
<b>Total</b>	<b>202</b>	<b>202</b>	<b>3</b>	<b>2</b>
	Provision for commitment attributable to sales of properties and building rights	Provision for guarantee commitments	Provision for other commitments	Total
<b>As of January 1, 2022</b>	<b>13</b>	<b>49</b>	<b>140</b>	<b>202</b>
Additional provisions	–	–	34	34
Reversed unused amounts	–	–	–	–
Used during the year	–	–7	–27	–34
<b>As of December 31, 2022</b>	<b>13</b>	<b>42</b>	<b>147</b>	<b>202</b>

**Sales commitment**

Concerns commitments conditional upon sales of properties or development rights.

**Guarantee undertakings**

Relates to expenses individually calculated for projects in order to rectify faults and deficiencies that may arise during the guarantee period, which is normally five years.

The fair value of other provisions corresponds to their carrying amounts, since discounting effects are not material.

**Other commitments**

Pertain to provisions for undertakings that do not fall under the other categories and for disputes.

**NOT 30 ACCRUED EXPENSES AND PREPAID INCOME**

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Accrued interest expenses	1	3	0	3
Accrued personnel expenses	181	157	15	10
Prepaid rental income	4	4	3	3
Deferred income	–	–	–	–
Other accrued expenses	106	64	4	9
<b>Total</b>	<b>292</b>	<b>228</b>	<b>22</b>	<b>25</b>

**NOTE 31 PLEDGED ASSETS AND CONTINGENT LIABILITIES****Pledged assets**

CONCERNING LONG-TERM BORROWINGS	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Property mortgages	543	210	–	–
Frozen funds	30	30	–	–
Pledged shares in subsidiaries	2,010	1,690	–	–
<b>Total</b>	<b>2,583</b>	<b>1,930</b>	<b>–</b>	<b>–</b>

CONCERNING SHORT-TERM BORROWINGS	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Property mortgages	–	137	–	–
Pledged shares in subsidiaries	–	–	–	–
Frozen funds	0	0	–	–
Liens on assets	300	300	300	300
<b>Total</b>	<b>300</b>	<b>437</b>	<b>300</b>	<b>300</b>

**Contingent liabilities**

	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Guarantee obligations of benefit for Group companies	–	–	1,339	480
Guarantees and contracting guarantees for Group companies	–	–	2,017	1,929
Guarantee obligations in connection with property sales	317	171	317	171
Guarantee obligations for credit in tenant-owner's association	–	–	320	227
Guarantee obligations for advance payment and contribution guarantees in tenant-owner's association	322	214	–	–
Guarantee obligations for the benefit of associated companies <sup>1)</sup>	4,483	2,292	4,370	2,179
<b>Total</b>	<b>5,122</b>	<b>2,677</b>	<b>8,363</b>	<b>4,986</b>

1) In addition to the above amounts, Serneke Group AB (publ) has also entered into a guarantee undertaking, under which the partners in Änglagården Holding AB are jointly responsible for the correct payment of interest and repayment of the associate's liabilities to the credit institution in the event that the associate is unable to pay. As of December 31, 2021, the associate's liability to credit institutions amounts to SEK 399 million (387).

**Disputes and legal processes**

In the operating activities, Serneke is occasionally involved in disputes or legal processes. Within the scope of primarily the construction operations, Serneke has presented what are considered to be justified requirements on the client, but that the client contests in part or in whole. In many cases, the client has also presented counterclaims. In other cases, the client has presented claims for example for alleged deficiencies in Serneke's performance of the work ordered. The combined amounts are significant. The reporting reflects Serneke's best assessment of the outcome, but it cannot be ruled out that the final outcome may deviate, in some cases significantly, from the assessments now made.

**NOTE 32 CASH FLOW STATEMENT**

ADJUSTMENTS ITEMS NOT AFFECTING CASH FLOW	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Share in profit of associates and joint ventures	–10	6	–	–
Revaluation on acquisition of controlling interest	–	–	–	–
Unrealized changes in value	–	–	–	–
Capital gains on properties and development rights	–283	–197	–	–
Capital gains	–11	–8	–1	0
Appropriations	–10	15	–	–
Amortization and depreciation	81	80	3	2
Other items not affecting cash flow	84	6	8	2
<b>Total</b>	<b>–149</b>	<b>–98</b>	<b>11</b>	<b>4</b>

**Reconciliation of net debt**

Net debt	Group		Parent Company	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Cash and cash equivalents	252	575	1	313
Non-current interest-bearing receivables	2,356	1,900	0	0
Loan liabilities – fall due within one year	–282	–1,135	–42	–523
Loan liabilities – fall due after one year	–1,701	–467	–8	–3
<b>Net debt</b>	<b>625</b>	<b>873</b>	<b>–49</b>	<b>–213</b>

Cash and cash equivalents	252	575	1	313
Non-current interest-bearing receivables	2,356	1,900	0	0
Gross debt – fixed interest	–256	–275	–5	–6
Gross debt – variable interest	–1,727	–1,327	–45	–520
<b>Net debt</b>	<b>625</b>	<b>873</b>	<b>–49</b>	<b>–213</b>

## CONT. NOTE 32

GROUP	Other assets		Liabilities attributable to financing activities				Total
	Cash and cash equivalents	Non-current interest-bearing receivables	Financial leases maturing within 1 year	Financial leases maturing after 1 year	Borrowings maturing within 1 year	Borrowings maturing after 1 year	
<b>Opening balance as of January 1, 2022</b>	575	1,900	-72	-260	-1,063	-206	<b>874</b>
Cash flow <sup>1)</sup>	-323	70	-3	90	851	-1,346	<b>-661</b>
Exchange-rate differences	-	-	-	-	-	-	<b>-</b>
Other non-cash items	-	386	-	-38	5	59	<b>412</b>
<b>Closing balance as of December 31, 2022</b>	<b>252</b>	<b>2,356</b>	<b>-75</b>	<b>-208</b>	<b>-207</b>	<b>-1,493</b>	<b>625</b>

1) Cash flow from financing activities: the change in the financing activities of SEK 16 million (70) is mostly attributable to deposits paid into tenant owner associations of SEK 8 million (70).

PARENT COMPANY	Other assets		Liabilities attributable to financing activities				Total
	Cash and cash equivalents	Non-current interest-bearing receivables	Financial leases maturing within 1 year	Financial leases maturing after 1 year	Borrowings maturing within 1 year	Borrowings maturing after 1 year	
<b>Opening balance as of January 1, 2022</b>	313	-	-1	-3	-522	0	<b>-213</b>
Cash flow	-312	-	-2	-1	483	-3	<b>165</b>
Exchange-rate differences	-	-	-	-	-	-	<b>-</b>
Other non-cash items	-	-	-	-1	-	-	<b>-1</b>
<b>Closing balance as of December 31, 2022</b>	<b>1</b>	<b>-</b>	<b>-3</b>	<b>-5</b>	<b>-39</b>	<b>-3</b>	<b>-49</b>

**NOTE 33 RELATED PARTIES****Close associations**

The Group is under significant influence of Ola Serneke who, through companies, holds 22 percent (53) of the votes in the Parent Company Serneke Group AB (publ). The Parent Company in the largest group in which Serneke Group AB is included is Ola Serneke Holding AB.

Ludwig Mattsson, with his family and companies, has a significant influence over Serneke Group AB (publ) through his holding of 15 percent (12) of the votes.

Transactions with Michael Berglin are considered to constitute related party transactions as Michael Berglin is a member of Serneke Group AB's Group Management.

Transactions with Limestone Management AB, Per Åkerman's consulting company, are related party transactions as Per Åkerman is a Board Member of the Company.

**Ola Serneke Holding AB**

Ola Serneke is the owner of Ola Serneke Holding AB.

**Kviberg Skidanläggning AB**

Kviberg Skidanläggning is owned by Ola Serneke Holding AB.

**Ludwig Mattson**

Ludwig Mattsson is a Board Member and, with his family and companies, he has a significant influence over Serneke Group AB.

**Lommen Sjöbefålet AB**

Lommen Sjöbefålet AB's principal owner is Ludwig Mattsson.

**Kongahälla Shopping AB**

Kongahälla Shopping is 50-percent owned by Adapta Fastigheter AB, which also manages the property. Adapta Fastigheter is 67-percent owned by Lommen Holding, in which Ludwig Mattson is one of the principal owners. He is also CEO of Adapta Fastigheter.

**Michael Berglin**

Michael Berglin is a member of Group Management at Serneke Group AB.

**Limestone Management AB**

Limestone Management is owned by Per Åkerman who is a Board Member of Serneke Group AB.

**Associates and joint ventures**

In addition to the above related party relationships, the Group has a close relationship with its associates. See Note 18.

## CONT. NOTE 33

**Subsidiary**

In addition to the related party relationships stated for the Group, the Parent Company has a close relationship with its subsidiaries. See Note 17.

**Summary of transactions with related parties**

GROUP	2022	2021
<b>Transactions with Ola Serneke Holding</b>		
Sales to Ola Serneke Holding	0	4
Purchases from Ola Serneke Holding	1	1
Receivables from Ola Serneke Holding	0	0
Liabilities to Ola Serneke Holding	0	-
<b>Transactions with Kviberg Skidanläggning</b>		
Sales to Kviberg Skidanläggning	-	0
Purchases from Kviberg Skidanläggning	-	0
Receivables from Kviberg Skidanläggning	-	4
Liabilities to Kviberg Skidanläggning	-	0
<b>Transactions with Ludwig Mattson</b>		
Sales to Ludwig Mattson	0	-
Purchases from Ludwig Mattson	-	-
Receivables from Ludwig Mattson	-	-
Liabilities to Ludwig Mattson	-	-
<b>Transactions with Lommen Sjöbefälet</b>		
Sales to Lommen Sjöbefälet	0	-
Purchases from Lommen Sjöbefälet	13	13
Receivables from Lommen Sjöbefälet	-	-
Liabilities to Lommen Sjöbefälet	-	4

GROUP	2022	2021
<b>Transactions with Kongahälla Shopping AB</b>		
Sales to Kongahälla Shopping AB	2.5	6
Purchases from Kongahälla Shopping AB	-	-
Receivables from Kongahälla Shopping AB	-	1
Liabilities to Kongahälla Shopping AB	-	-
<b>Transactions with Michael Berglin</b>		
Sales to Michael Berglin	9	-
Purchases from Michael Berglin	-	-
Receivable from Michael Berglin	-	9
Liability to Michael Berglin	-	-
<b>Transactions with Limestone Management</b>		
Sales to Limestone Management	-	-
Purchases From Limestone Management	1	2
Receivables from Limestone Management	-	-
Liabilities to Limestone Management	-	-
<b>Transactions with associates and joint ventures</b>		
Sales <sup>1)</sup>	1,349	1,105
Purchase	30	25
Receivable	1	20
Liability	0	9

1) Sales are attributable to Karlatornet (joint venture) in the amount of SEK 1 million, to the Karlastaden Group (joint venture) in the amount of SEK 1,195 million, and to others in the amount of SEK 135 million.

**Remuneration to senior executives**

Information on remuneration to senior executives is presented in Note 11.

**NOTE 34 EVENTS AFTER BALANCE SHEET DATE****Turnkey new production contracts**

Serneke has signed a turnkey contract with municipal housing company LKF in the university city of Lund to develop a new district center on Örnvägen in Lund with 129 apartments. The order value amounts to SEK 390 million. The homes comprise 1–6 rooms and a kitchen, two smaller offices, a restaurant, a grocery store totaling about 14,000 m<sup>2</sup> and an underground garage of about 6,000 m<sup>2</sup>. The project is being conducted with considerable focus on sustainability and the brick from the demolition will be taken care of, cleaned and re-used in the project and in other buildings. Solar panels have been installed on the roofs and rainwater will be collected to irrigate the courtyard garden. Furthermore, excess heat emitted from the cold and frozen storage rooms in the supermarket will be reused to heat the buildings.

**NOT 35 APPROPRIATION OF THE PARENT COMPANY'S PROFIT**

The Annual General Meeting has at its disposal the following amounts, SEK

Profit/loss brought forward	-554,010,565
Share premium reserve	1,089,296,943
Profit for the year	-48,146,856
<b>Total</b>	<b>487,139,522</b>

The Board proposes that the unappropriated earnings be distributed as follows, SEK:

Dividend	-
Carried forward:	487,139,522
<b>Total</b>	<b>487,139,522</b>



**APPROVAL OF THE FINANCIAL STATEMENTS**

The Annual Report was approved by the Board and approved for publication on March 30, 2023.

The Board of Directors and the CEO certify that the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities and give a true and fair view of the Company's financial position and performance and that the Board of Directors' Report

gives a true and fair view of the Company's operations, financial position and performance and describes significant risks and uncertainties facing the Company.

The Board of Directors and the CEO certify that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and give a true and fair view of the

Group's financial position and performance and the Board of Directors' Report gives a true and fair view of the Group's operations, financial position and performance and describes significant risks and uncertainties facing the Companies included in the Group.

Gothenburg, 4 April 2023

Jan C. Johansson  
*Chairman*

Mari Broman  
*Board Member*

Ludwig Matsson  
*Board Member*

Michael Berglin  
*CEO*

Veronica Rörsgård  
*Board Member*

Fredrik Alvarsson  
*Board Member*

Per Åkerman  
*Board Member*

Lars Kvarnsund  
*Board Member*

Our auditor's report regarding this Annual Report and consolidated financial statements was issued April 4, 2023.  
PricewaterhouseCoopers AB

Ulrika Ramsvik  
*Authorized Public Accountant  
Principal auditor*

Konstantin Belogorcev  
*Authorized Public Accountant*

# AUDIT REPORT

To the Annual General Meeting of SERNEKE Group AB (publ), corporate identity number 556669-4153

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Serneke Group AB (publ) for 2022. The annual accounts and consolidated accounts of the Company are included on pages 53–59 and 78–121 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company and the Group as of December 31, 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

The Board of Directors' Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

Our statements in this report on the Annual Report and consolidated financial statements are compatible with the content of the supplemental report submitted to the Parent Company's Audit Committee according to Article 11 of the Audit Regulation (537/2014).

### Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our liability under these standards are described in the section Responsibility of the auditor. We are independent of the Parent Company and the Group in accordance with ethics in Sweden and have otherwise fulfilled our ethical responsibilities under these requirements. This includes, to the best of our knowledge and conviction, that no prohibited services referred to in Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its Parent Company or its controlled companies in the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Our audit approach

#### Focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## CONT. AUDIT REPORT

**Particularly important areas**

Particularly important areas of the audit are the areas that, in our professional judgment were the most significant for the audit of the financial statements for the current period. These areas were treated as part of the audit of, and in our standpoint on, the financial statements as a whole, but we do not make separate statements on these areas.

**Key audit matter****Liquidity and cash flow**

On page 54 of the Board of Directors' Report, under the heading Financial position, it is stated that Serneke Group AB is experiencing a slowdown in the Swedish market as a result of increased prices for materials and fuel, inflation and rising interest rates. 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 12-month period in 2022. Serneke Group AB's Board of Directors and Group Management are working on a series of measures to safeguard access to the requisite liquidity. Since the autumn, the Company has implemented a cost-savings program and limiting investment in projects developed in-house, as well as intensifying efforts on sales of projects from the Group's portfolio and other assets with the aim of streamlining the operations and freeing up liquidity. As previously, ongoing dialogues are also being conducted with creditors. The assessment of the Board of Directors and Group Management is that on the implementation of the aforementioned ongoing measures, sufficient liquidity will be obtained to continue the Company's development as planned.

Forecasts of future cash flow and liquidity include considerable elements of estimates and assessments and thus constitute an area of particular importance for the audit.

**Construction income and percentage of completion method**

The Group's income from construction contracts amounted to about SEK 8.5 billion (8.0). This income essentially derives from construction projects and is recognized over time; i.e. by applying the percentage of completion method.

This means that recognized income and expenses in construction projects are based on assumptions and assessments about future outcomes documented in the projects' final cost forecasts. These forecasts include assessments of remaining and total costs, invoiced and estimated total income and project margins. Occasionally, updated assessments are also required for completed projects. Where appropriate, assessments also include claims presented to customers relating to, for example, modifications and supplementary work and inadequate prerequisites for tenders. The elements of assumptions and assessments entail that the final outcome may differ from the result currently recognized. Given the considerable element of assumptions and assessments, this represents a key audit matter.

The Group discloses information on risks and risk management relating to construction contracts in the Board of Director's Report on pages 56–59.

Accounting policies and critical areas of assessment relating to the percentage-of-completion of construction contracts are described in Note 2 Significant accounting policies, Note 3 Key estimates and assessments.

**Non-current interest-bearing receivable from the Karlatornet joint venture**

As stated in Note 3 on page 98, in 2020, Serneke Group divested 50 percent of the shares in Karlatornet AB to the Fastighets AB Balder group. Karlatornet AB owns all assets related to the Karlatornet tower. The transaction entailed Serneke Group selling its holding at its book value of SEK 1.6 billion for a promisory note in the form of an interest-bearing shareholder loan for SEK 1.4 billion. Furthermore, it is stated on page 98 that Balder has undertaken to provide additional shareholder loans of SEK 500 million. For Balder's commitment to invest SEK 500 million in Karlatornet and provide a joint guarantee for the construction credit of SEK 3 billion from Nordea, Balder's shares in the joint venture entitle it to a fixed preference dividend of SEK 600 million. It is stated that the Company will recoup its invested capital of SEK 1.4 billion plus interest on completion of the project and after Nordea's building credit, Balder's shareholder loan plus interest and the preferential dividend of SEK 600 million have been disbursed. The repayment of the financial receivable 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. Serneke's receivable of SEK 1.4 billion is marked to market by discounting at market rates.

The assessment of market value includes critical estimates and assessments.

The Group submits information on the valuation of the receivable in Note 3 Key estimates and assessments on page 98 and in Note 4 on pages 98–101.

**How our audit addressed the key audit matter**

Our audit has, among other things, encompassed the following audit procedures:

- we have familiarized ourselves with the management's assessment regarding the liquidity forecast and compared this with previously prepared forecasts to assess the reliability of the forecasts made
- we have followed up the Company's work regarding sales of assets by familiarizing ourselves with the assessment of sales proceeds and the impact on liquidity, as well as making inquiries regarding the status of the sales process
- we have familiarized ourselves with the adopted cost-savings program
- we have obtained credit agreements and reviewed covenant calculations.

Our audit has, among others, encompassed the following audit procedures:

- review and testing of material internal controls connected to processes for income recognition
- examining on a sample basis, revenue and the recognized project costs on which the determination of completion ratio is based.
- discussing with management and the audit committee, the policies, methods and assumptions on which the assessments are based, also including those that form the foundation for warranty provisions and disputes concerning ongoing and already concluded projects
- performing in-depth review measures for selected projects, including among other things, reading extracts from agreements, reviewing final cost forecasts and discussions with project managers and controllers regarding assessments, assumptions and estimates
- we have, for selected disputes, related to construction contract operations, we have also obtained opinions from Serneke's legal representatives as well as assessments from the Group's internal company lawyers.

We have particularly discussed the fact that the financial reports are often based on difficult issues of assessment and that final outcomes may deviate from the assumptions, estimates and assessments currently made.

Our audit has, among other things, encompassed the following audit procedures:

- taken note of the Company's assessment of the market interest rate regarding the claim
- reviewed underlying calculations regarding the Karlatornet contracting assignment
- read and reviewed the external valuations of underlying assets in JV Karlatornet obtained by the Company to verify the assumptions regarding sales price
- discussed the valuations with external valuers hired by Serneke Group to assess information regarding the assumptions made,
- checked that the receivable was correctly reported and disclosed in the Annual Report.

## CONT. AUDIT REPORT

**Other Information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–52, 60–77 and 126–127. The other information also consists of the Remuneration Report for 2022 that we obtained for the date of this audit report. The Board and the CEO are responsible for this other information.

Our statement regarding the annual accounts and consolidated accounts does not include this information, and we make no statement of assurance regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this review, we also take into account the knowledge that we otherwise have obtained during the audit as well as assess whether the information in general seems to contain significant errors.

If, based on the work we have done regarding this information, it is concluded that the information contains material misstatement, we are obliged to report it. We have nothing to report in this regard.

**Responsibility of the Board of Directors and the CEO**

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, as regards the consolidated accounts, in accordance with IFRS, as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board and CEO are responsible for the assessment of the Company's ability to continue operations. They state, as applicable, regarding circumstances that may affect the ability to continue operations and to use the assumption of continued operation. The assumption of continued operation is not applied if the Board and the CEO intend to liquidate the Company, to cease trading, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the Company's financial reporting process.

**Auditors' responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an Audit Report that includes our opinions. Reasonable assurance is a high degree of assurance, but it is not a guarantee that an audit performed in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement if present. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the website of the Swedish Inspectorate of Auditors: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is a part of the audit report.

**Report on other legal and regulatory requirements****The auditor's review of the administration and of the proposal regarding the disposition of the Company's profit or loss****Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the CEO of Serneke Group AB (publ) for 2022 and the proposed appropriations of the Company's profit or loss.

We recommend that the Annual General Meeting appropriate the Company's profit or loss in accordance with the proposal presented in the Board of Directors' Report and that the members of the Board and the CEO be discharged from liability for the financial year.

**Basis for opinions**

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to this is described in the section Responsibility of the auditor. We are independent of the Parent Company and the Group in accordance with ethics in Sweden and have otherwise fulfilled our ethical responsibilities under these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Responsibility of the Board of Directors and the CEO**

The Board of Directors has responsibility for the proposal for appropriation of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements of the Company and the type of Group activity, scope and risks placed on the size of the Parent Company and the Group's equity and the Company's consolidation requirements, liquidity and position in general.

The Board is responsible for the organization and management of its affairs. This includes continuously assessing the Company's and Group's financial situation, and ensuring that the Company's organization is structured so that accounting, asset management and the Company's financial affairs otherwise are controlled in a satisfactory manner. The CEO is responsible for the ongoing management of the Board's guidelines and instructions, including taking the measures necessary for the Company's accounting to be performed in accordance with law and for asset management to be conducted in a prudent manner.

**Auditors' responsibility**

Our objective regarding the audit of management, and therefore our statement on discharge from liability, is to obtain audit evidence to determine, to a reasonable degree of certainty, whether any member of the Board or the CEO in any material way:

- took any action or committed any negligence that may lead to a liability to pay damages to the Company, or
- in any significant way, acted in contravention of the Swedish Annual Accounts Act or the Articles of Association.

Our goal regarding the audit of the proposed appropriation of the Company's profit or loss, and therefore our statement on this, is to determine, to a reasonable degree of certainty, whether a proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high degree of assurance, but it is not a guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that may cause significant liability to the Company, nor that the proposed appropriation of the Company's profit is consistent with the Companies Act.

A further description of our responsibility for the audit of the management is available on the website of the Supervisory Board of Public Accountants: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is a part of the audit report.

## CONT. AUDIT REPORT

**Auditor's review of the ESEF report***Opinions*

In addition to our audit of the annual accounts and consolidated accounts, we have also conducted a review to ascertain whether the Board of Directors and the CEO have prepared the annual accounts and consolidated accounts in a format facilitating uniform electronic reporting (the ESEF report) in accordance with Chapter 16, Section 4 a of the Securities Market Act (2007:528) for Serneke Group AB (publ) for 2022.

Our review and our opinion pertain to the statutory requirement alone.

In our opinion, the ESEF report has been prepared in a format that essentially enables uniform electronic reporting.

**Basis for opinions**

We performed our review in accordance with FAR's recommendation RevR 18 Auditor's review of the ESEF report. Our responsibilities in accordance with this recommendation are further described in the Auditor's Responsibilities section. We are independent in relation to SERNEKE Group AB (publ) in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethics responsibility in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibility of the Board of Directors and the CEO**

The Board of Directors and the CEO are responsible for ensuring that the ESEF report has been prepared in accordance with Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for adequate internal control being in place as deemed necessary by Board of Directors and the CEO to ensure that the ESEF report was prepared without significant inaccuracies, whether due to irregularity or error.

**Auditors' responsibility**

Our task is to express an opinion, with a reasonable degree of certainty, as to whether the ESEF report has, in all material respects, been prepared in a format that meets the requirements in Chapter 16, Section 4 a of the Securities Market Act (2007:528), on the basis of our review.

RevR 18 requires that we plan and implement our review measures to achieve a reasonable assurance that the ESEF report is prepared in a format meeting these requirements.

Reasonable assurance is a high level of assurance, but is not a guarantee that a review conducted in accordance with RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of ESEF report.

The auditing firm applies ISQC 1 Quality control for audit firms that perform audits and reviews of financial reports, as well as other certification assignments and related services and thus applies a comprehensive quality control system including documented guidelines and procedures regarding compliance with professional ethical requirements, standards for professional practice and applicable requirements in laws and other statutes.

The review includes obtaining evidence through various measures that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts and the consolidated accounts.

The auditor chooses which measures are to be performed, among other things by assessing the risks of significant errors in the reporting, whether due to irregularity or error. In this risk assessment, the auditor considers the elements of internal control relevant to how the Board of Directors and the CEO produce the underlying data to design audit measures appropriate given the circumstances, but not to make a statement on the effectiveness of the internal control.

The review also includes an assessment of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the CEO.

The audit measures mainly include validating that the ESEF report has been prepared in a valid XHTML and a reconciliation that the ESEF report is consistent with the audited Annual Report and the consolidated accounts.

Furthermore, the review also includes an assessment of whether the Group's income statement, balance sheet, equity accounts and cash flow statement, as well as the notes in the ESEF report has been marked up with iXBRL in accordance with the requirements of the ESEF-ordinance.

PricewaterhouseCoopers AB, Masthammsgatan 1, SE-413 27 Gothenburg, Sweden was elected as Serneke Group AB's (publ) auditor by the Annual General Meeting on April 26, 2022 and has been the Company's auditor since May 5, 2020.

Gothenburg, 4 April 2023  
PricewaterhouseCoopers AB

Ulrika Ramsvik  
Authorized Public Accountant  
Principal auditor

Konstantin Belogorcev  
Authorized Public Accountant

# ANNUAL GENERAL MEETING 2023

The Annual General Meeting of Serneke Group AB (publ) will be held on Tuesday, May 3, 2023, at 1.00 p.m. at the Company's premises at Kvarnbergsgatan 2, Gothenburg, Sweden.

Shareholders having wished to participate in Annual General Meeting were to have been registered as shareholders in the shareholders' register maintained by Euroclear Sweden AB as of Thursday, April 24, 2023, and should have notified the Company of their intention to participate no later than Wednesday, April 26, preferably by 16 p.m. at the latest. Registration is made by mail to Serneke Group AB, Attention: Emma Engdahl, Kvarnbergsgatan 2, SE-411 05 Gothenburg, by telephone on +46 (0)31-712 97 00 or by e-mail to [agm@serneke.se](mailto:agm@serneke.se). Upon notification, shareholders must state their name, Swedish personal identity number/corporate identity number, address, telephone number, shareholding and the names of any accompanying assistant/s (maximum of two).

In order to be entitled to participate in the Meeting, shareholders with nominee-registered shares must re-register the shares in their own names so that the shareholders are entered in the print-out of the share register as of the record date of Monday, April 24, 2023. Such re-registration may be temporary (so-called voting rights registration) and is requested with the nominee according to the nominee's routines as far in advance as the nominee requires. Voting rights registration that has been made by the nominee no later than Wednesday, April 26, 2023 will be taken into account in the statement of the share register for the General Meeting.

## Power of attorney

Shareholders represented by proxy shall issue a written and dated power of attorney. If the power of attorney is issued by a legal person, a certified copy of the registration certificate or similar papers of authorization are also required. The power of attorney, in the original, registration certificates and other authorization documents must be available for the Meeting and, in order to facilitate entry to the Meeting, sent to the Company at the above address, no later than April 26, 2023. The power of attorney may not be older than one year unless indicated that it is valid for a longer period, not exceeding five years. Proxy forms for shareholders wishing to attend the Meeting by proxy will be made available on the Company's website [www.serneke.se](http://www.serneke.se).



Serneke  
Kvarnbergsgatan 2  
SE-411 05 Gothenburg

info@serneke.se  
Tel: +46 (0)31-712 97 00  
Fax: +46 (0)31-712 97 99

[www.serneke.se](http://www.serneke.se)

**SERNEKE®**