We create for life

2018 Annual Report

PROJEKTENGAGEMANG
Teknik & Arkitektur

We are consultants specialising in urban planning and industry. Our company is made up of architects, engineers, project managers and specialists who identify opportunities, develop concepts and tackle challenges. Together, we generate value for our clients and for society in general. We deliver solutions that work here and now; and for future generations.

We create for life.

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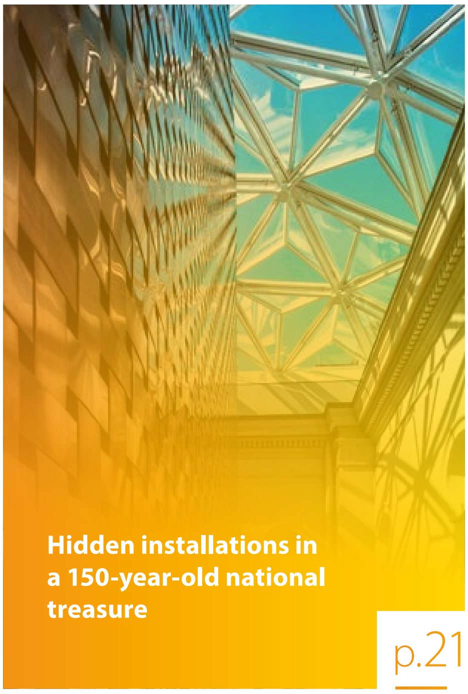
It has been an eventful year during which our long-term work has created conditions for continued profitable growth p.8

Culture, leadership and innovation

p.23



Hidden installations in a 150-year-old national treasure

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From industrial landmark to the housing district of the future

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Sustainability – part of our business strategy p.29

Contents

This is Projektengagemang

Projektengagemang, or PE as the company is generally known, comprises over one thousand architects, engineers, project managers and specialists who identify opportunities, develop concepts and tackle challenges. Together, we generate value for our clients and for society in general. We deliver solutions that work here and now; and for future generations. We create for life.

Founded in 2006, PE is a multidisciplinary consultancy group specialising in urban planning and industry. We have grown over the years and now employ over one thousand people, with a presence across the whole of Sweden. Revenue for 2018 totalled just over SEK 1.2 billion.

A simple business concept

Many important building blocks; ideas, individuals and companies, have come together and laid the foundations for the strong company that is PE today. PE's committed employees are the group's driving force, creating value not just for our clients, but for society in general as well. We provide advanced consulting services and solutions in our four divisions: Architecture & Management, Civil Engineering & Infrastructure, Industry & Energy and Systems.

Vision of a better society

In a world that is constantly changing, we need to change, too. We have a responsibility to make a difference, and we are spurred on by a desire to renew and improve. Our vision is for us to renew society through innovative and sustainable solutions. That is why we challenge one another to think more broadly – and sometimes differently. This helps develop our knowledge and our skills, and, by extension, how we create value for our clients, ourselves and society in general.

Entrepreneurship and collaboration

We maintain a firm belief in entrepreneurship, and that our shared success is built on the personal drive of each and every employee. With our genuine commitment to the assignment, the client, the end user and society, we create successful projects where the client is delighted not only with the end result, but also with the process of getting there.

Complex challenges demand innovative solutions

Our corporate culture encourages everyone to have an open attitude towards working across different disciplines. If we need to, we draw on different areas of expertise from our colleagues. Our projects are growing increasingly complex as the years go by, both within urban planning and industry, and more specialists with different skills need to work together to help resolve the challenges we face. By encouraging collaboration between our architects, engineers, project managers and specialists, we become more innovative and better at identifying synergy effects and solutions.

A better workplace

Success is often measured in terms of profitable growth, but is generated based on employee and customer satisfaction, and ultimately the social benefit we contribute to people's everyday lives. Our most recent employee satisfaction survey shows a higher than average likelihood of PE employees recommending us as a workplace to a friend or colleague. We see this as evidence that we are on the right track.

We renew society through innovative and sustainable solutions

Vision

Architecture & Management

32% Proportion of revenue

Services within areas such as urban planning, architecture, landscape and interior architecture, water supply and sanitation, land, as well as project management and management consulting.

Civil Engineering & Infrastructure

20% Proportion of revenue

Services within areas such as building design, acoustics, geotechnics, energy, environment and sustainability, to bridge and plant design, railways, roads, water treatment and environmental impact.

Industry & Energy

15% Proportion of revenue

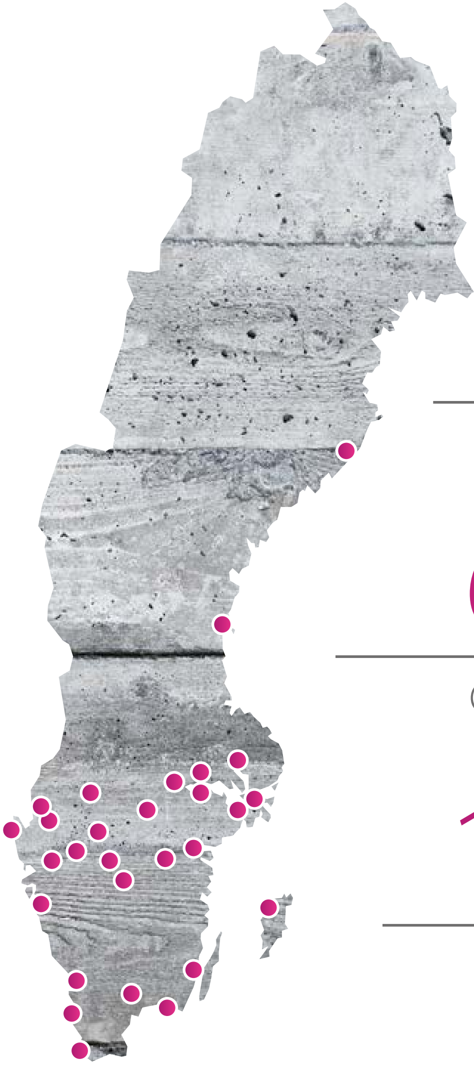
Services targeted at the industrial sector within areas such as strategic consulting, automation, product development, mechanical design, process and calculation services.

Systems

36% Proportion of revenue

Services within areas such as HVAC design, electrical and telecommunications engineering, safety, fire protection and sprinkler systems.

Four divisions



31

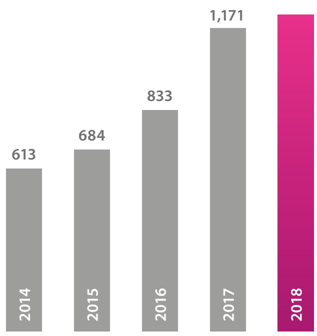
Locations*

62

Offices

1,022

Employees



1,224

SEK million

Revenue

*Of which one office in Skien, Norway, and one in Chennai, India.

We feel

Commitment

Our driving force is

Entrepreneurship

We take

Responsibility

Core values

2018 in figures

2018 highlights

Listing of series B shares on Nasdaq Stockholm, Small Cap
On 19 June, PE's series B shares were listed on Nasdaq Stockholm. The listing generated proceeds for the company of around SEK 300 million before listing expenses.

Seven acquisitions during the year
Seven strategically important acquisitions were made during the year. The largest in terms of revenue is Integra Engineering AB. All in all, these companies have an estimated revenue of roughly SEK 300 million.

Company	Division	Annual revenue, SEK million
Sture Byberg Ingengörsbyrå AB	Civil Engineering & Infrastructure	5
Energi & VVS-planering i Helsingborg AB	Systems	15
Smedjan Projektledning AB	Architecture & Management	15
Roof Arkitekter AB	Architecture & Management	15
Fast Engineering Göteborg AB	Systems	30
PreCendo AB	Systems	20
Integra Engineering AB	Civil Engineering & Infrastructure	200
		300

Financing renegotiations
The foundations have been laid for continued expansion and additional opportunities for acquisitions via renegotiation and extension of the company's borrowing opportunities.

Market investments in railways and sustainability
In the second quarter, we took on an additional 25 employees within railways and environment, which represented a strategic investment for PE.

Launch of Sustainable Property
The Sustainable Property tool has been developed in order to package the Group's services to a greater extent. It is a tool that makes it easier for property owners and managers to understand how to harness available technology and expertise in their sustainability work.

Establishment of sustainability council
Sustainability is a strategic pillar that should be reflected in everything we do. PE has established a sustainability council in order to be able to manage the complexity and breadth that sustainability entails.

Key performance indicators

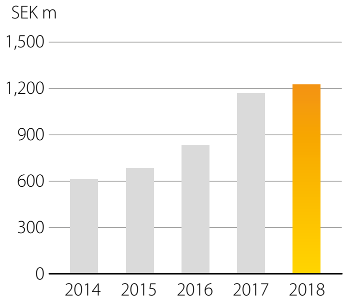
SEK million	2018	2017	2016	2015	2014
Net revenue	1,224	1,171	833	684	613
EBITA (adjusted earnings)	80	97	47	32	42
EBITA margin, % (adjusted earnings)	6.6	8.3	5.6	4.7	6.9
Operating profit/loss, EBIT	74	65	0	32	42
EBIT margin, %	6.1	5.6	0.0	4.7	7.0
Profit/loss for the year	57	38	–5	23	23
Earnings per share	2.63	1.73	–0.24	1.08	1.05

Projektengagemang is continuing to develop. Both revenue and earnings saw an increase in 2018.

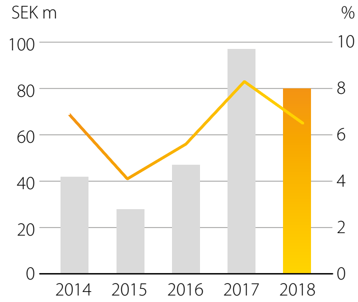
SEK 1,224 million

Net revenue

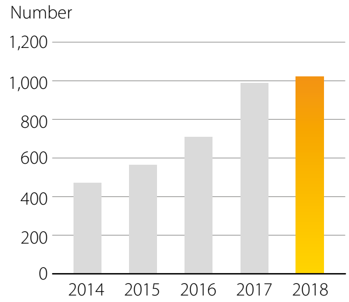
(SEK 1,171 million)



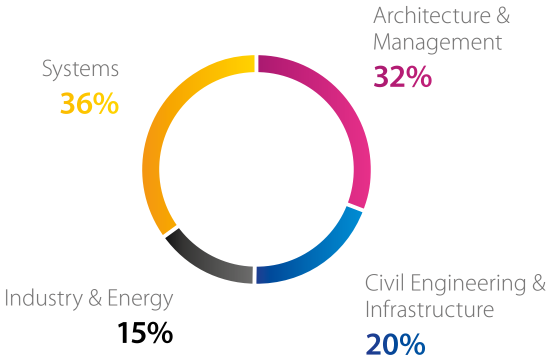
Net revenue



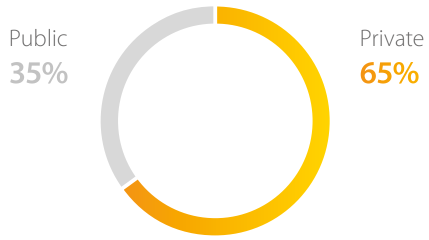
EBITA (SEK million) and **EBITA margin (%)**
(adjusted earnings)



Average number of employees



Net revenue per division of total



Customers

SEK 74 million

Operating profit/loss

(SEK 65 million)

5 %

Total growth

(41%)

7

Company acquisitions

(0)

2018 in brief

General consultancy for Ångström Laboratory in Uppsala

PE's architects are chosen to provide general consultancy for property company Akademiska Hus' investment in the Ångström Laboratory in Uppsala. In addition to general consultancy, PE is also the responsible architect and landscape architect, and we are responsible for electrical planning and are the project design managers.

Launch of Society Barometer

Greener cities with technology-adapted urban environments, more self-sufficient homes and streets with less traffic and more driverless vehicles. That's one way of summing up Swedish people's vision of the cities of the future according to our annual Society Barometer survey, published in March.

Strong offering within fire safety

PE is acquiring FAST Engineering. They are specialists in fire protection and risk management, and enjoy a leading position within fire planning and risk analysis. The acquisition makes PE one of the leading operators in Sweden within fire protection planning and risk management.

January | February | March | April | May | June

KVIST membership reaches 600

The society of female engineers and architects was founded by PE in 2015 and at the start of the year achieves a membership of 600. This makes KVIST one of the largest women's networks in the industry.

New certification to quality assure project managers

Together with trade and employer's organisation Installatörsföretagen, PE develops an analysis and certification model that provides quality assurance of project manager expertise in the construction industry.

IPO on Nasdaq Stockholm

On 19 June, PE achieves a milestone via a major and important step for the company's continued expansion: an initial public offering on Nasdaq Stockholm.

Continued focus on fire protection
PreCendo specialises in fire and safety and carries out inspection and consulting assignments. The acquisition consolidates our position within fire protection planning and risk management.

PE launches Sustainable Property tool
Sustainable Property helps property owners use smart solutions to prioritise and develop sustainability efforts within their property portfolio. The tool makes it easier for property owners to understand how to harness available technology and expertise in their sustainability work.

Sustainability council established
As part of efforts to achieve our vision of renewing society through innovative and sustainable solutions, we establish a sustainability council that will lead and coordinate our day-to-day sustainability work. It will also function as a communication channel between employees and management.

Employees acknowledged at PE gala
PE Gala takes place at Berns in Stockholm on 6 December. The evening showcases the achievements of those employees and managers who in some way excelled themselves during the year, and awards are given out in five categories.

Integra Engineering becomes part of PE
The end of the year sees the acquisition of Integra, which specialises in building design in both the construction sector and industry, offering specialist services within building project management, building physics, land-use planning and fire protection planning. Integra has an annual revenue of just over SEK 200 million.

July | August | September | October | November | December

Interview with CEO Per Hedebäck

Per Hedebäck is President and CEO of Projektengagemang, which continued to grow in 2018. Net revenue rose by 5 percent and amounted to just over SEK 1.2 billion, which is the highest in the company's history.

Per, how would you summarise 2018?
2018 was an eventful year. We implemented an IPO and acquired seven companies. The listing is a mark of quality and has resulted in a solid financial foundation. The acquisitions were made in areas of expertise where we have taken significant steps towards becoming a market leader, or in geographical growth regions that we have prioritised. We have also invested in our organisation in order to promote the continued development of our business and offering in future. We carried out extensive work on our core values, bolstered our HR department and started work on gathering our different capabilities at larger but fewer offices in growth regions. These measures are intended to support continued profitable growth over the coming years."

What's your reaction to earnings for 2018?
"We can't be entirely satisfied of course, because our EBITA margin has seen a decline compared with the previous year. However, I believe that profit was satisfactory given the transition work undertaken in Architecture & Management and Industry & Energy, in addition to the investments made in the organisation of our offering within railways."

How are earnings looking for the various divisions?
Systems delivered a strong profit in 2018 with both increased revenue and an improvement in profitability. This was achieved via a positive development in operating activities and effective integration of acquired companies. Over the year we established ourselves as one of the market leaders in fire and safety.

We implemented extensive transition work within the Architecture & Management and Industry & Energy divisions, which is now largely complete. This has had a negative impact on earnings for the year, but we anticipate a gradual improvement in margins. The Civil Engineering & Infrastructure division has seen a deterioration in earnings resulting from the investments made in railways and environment. The investments are strategically important for the division in response to greater demand, and an improvement in earnings is also expected as of Q2 2019."

What is your view of market conditions?
"Demand in our industry is largely fuelled by significant social needs. In 2018 we saw a slowdown in new build projects, primarily in the Stockholm region, which created uncertainty on the market. Underlying growth factors in the market remain positive, however. This is mainly being driven by continued significant need for new builds, extensions or refurbishment of buildings such as hospitals, schools and offices, large infrastructure projects and the transition to a more sustainable society."

What trends are you noticing in the market?
If I were to highlight two of the most critical trends, then increased demand for suppliers who can offer know-how in a number of disciplines would definitely be one of them. There has also been a marked shift in terms of the importance of having a holistic approach to the sustainability aspect of projects. One good example of the former is the prestige assignment with the new Tramway Museum. The project has involved work with some 15 of our areas of expertise, including everything from architecture, electrical and project management, to acoustics, fire, accessibility and data coordination. Examples of our response to increasing demand for sustainability services include the launch of our 'Sustainable Property' service and the establishment of a sustainability council, which has boosted both our offering and our market position within the area of sustainability. Both these trends are here to stay, and we are happy about that."

During the year you acquired seven companies with annual revenue totalling just short of SEK 300 million. Is that something you've focused on in particular?
Yes, we plan to grow through acquisitions and we welcomed seven great companies to the Group. The largest acquisition in terms of revenue is Integra Engineering, which specialises in building design in both construction and industry. The company has around 200 employees and revenue for 2018 reached just over SEK 200 million. The acquisition has made us one of the market leaders in building design in Sweden. The acquisition also meant that during the year we went from having around 50 to over 200 employees in the fast-growth Western Götaland region, which is a priority area for us."

What challenges does PE face going forward?
One overriding challenge in our industry is access to the right skills, which is a major reason why we failed to recruit new employees to the extent we would have wished. According to an estimate made by the trade association Innovationsföretagen in June 2018, there is a shortfall in the industry of around 7,000 people. To address this issue, we have strengthened our HR department with additional capabilities in the form of a new HR Director and dedicated HR support for the divisions. As an attractive employer focusing on professional development and commitment among our employees, we are laying the foundation for continued profitable growth, while meeting customer needs and helping them tackle complex challenges."

What are you looking forward to in 2019?
We are cautiously looking ahead to 2019 and we believe the long-term work we have put in over the year has provided a solid foundation for continued development according to our financial goals. 2019, our exciting work continues to renew society through innovative and sustainable solutions. It's together as we make a difference! "

Vision, values and strategy

What sets PE apart is our desire and motivation to renew and change. We carry this with us in our entrepreneurial culture and we are continually developing our ability to be innovative, to collaborate and deliver solutions for a more sustainable society.

During the year we carried out extensive internal work to develop and clarify our values, our strategy and our vision – all the elements that bring us together. We have since summarised this work in our own symbolic building: the strategic PE House.

We renew society through innovative and sustainable solutions

PE was established with the vision of breathing new life into the industry, and in the space of 12 years we have grown to become a genuine contender. In a world that is constantly changing, we need to respond accordingly and as part of this process we feel considerable responsibility for making a difference. That is why we challenge one another to think more broadly – and sometimes differently. This approach helps us hone our expertise and innovative capabilities, which in the long run will allow us to generate sustainable value for our clients, our shareholders, ourselves and society as a whole.

Our values

Our core values are based on the drivers and the culture that exist in our organisation. Together we strengthen the development of society and create solutions for people's everyday problems.

We feel commitment – our commitment permeates everything we do in our assignments, in our role as urban planners, and in how we work with our clients and with one another. We are passionate about our various areas of expertise and are continually combining different skills and perspectives. We are inquisitive and always keen to learn more; we are motivated by innovation, working together and generating lasting social benefit.

We are driven by entrepreneurship – we are the sum of many different companies and people, which is why entrepreneurship plays such an important role in our culture and history. We are proactive, have the will to innovate, and are driven by the desire to make a real difference. We work in partnership with our clients to push developments forward. Our solid business acumen enables us to look at the bigger picture and the value we can create for our clients, ourselves and for society in general.

We take responsibility – as urban planners, we take responsibility for contributing to positive and sustainable development on both a large and small scale. We are a reliable partner, committed to exceeding our clients' expectations. We consider it only natural to take responsibility in everyday situations, too, both as managers and employees. Together, we create the workplace we want and the society we choose to live in.

Our strategic platform

Our strategic platform is the basis for what we want to do and how we want to do it, both internally and externally.

Active collaboration means proactively seeking opportunities to work across disciplines, both internally and in partnership with our clients. Fundamentally, it is an approach, but we rely on the support of smart digital aids, frameworks and tools. One example is the PE Laboratory, which is our new innovation centre where we develop and test new solutions and methods.

Sustainability is inspired by our vision of renewing society through innovative and sustainable solutions. We achieve this mainly via the assignments we carry out for our clients, in which we are involved in designing the society of the future. We identify the value in taking a long-term approach to working with sustainability in our business and endeavour to live and learn.

Business optimisation is about continually identifying areas for improvement. Digitalising and building shared platforms enables us to streamline our work, raise quality and free up more time to focus on being innovative and creating maximum customer value in our assignments.

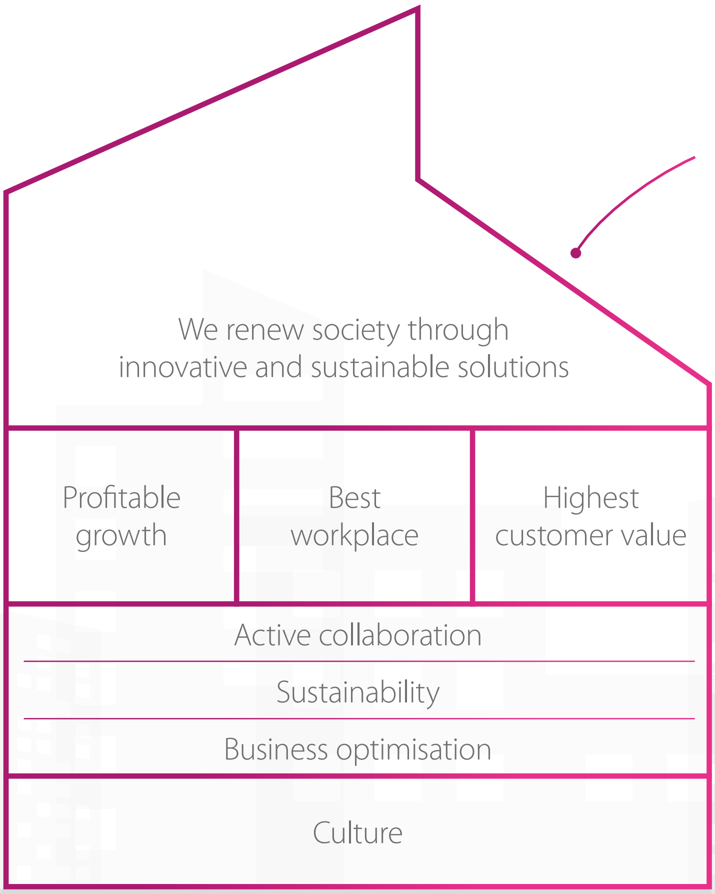
Our business strategies

Our three business strategies are built on the underlying drivers and trends in the market. Their purpose is to create a sustainable operation, strengthen our position in the market and in the long term, achieve our vision.

Profitable growth involves identifying and consolidating our market position within geographical and technical segments where there is a greater need for specialist expertise. This leads to healthy margins and strong underlying growth.

Best workplace highlights the importance of continuing to build up our culture, responsive leadership and an innovative environment to attract and develop the best people.

Highest customer value is about how we establish the ability to act as a partner to our clients during the early phases of a project, and how we combine different areas of expertise to generate the highest possible customer value in our assignments.



Vision

Our vision outlines where we are headed as a company. It gives us a clear sense of the direction we are taking, which inspires us to aim higher and constantly challenge ourselves

Strategies

Our three strategies are built on the underlying drivers and trends in the market and in the long term aim to realise our vision and achieve our overall financial targets

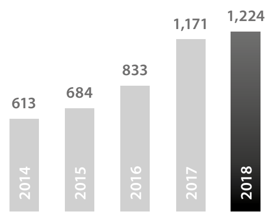
Strategic platform

Our strategic platform is the basis for what we want to do and how we want to do it, both internally and externally

Culture

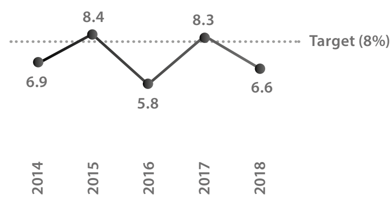
Our core values are based on the drivers and the culture that exist in our organisation. Together we strengthen the development of society and create solutions for people's everyday problems

Revenue, SEK million



Our objectives

Operating margin EBITA, % (adjusted earnings)



PE's overall objective is to generate value for shareholders and other stakeholders via **profitable and sustainable growth**.

PE aims to achieve an operating margin (EBITA) **exceeding 8 percent** over an economic cycle.

Market and trends

Our industry is continuing to expand, and the underlying growth factors and trends indicate long-term growth. For PE this means that we are developing more areas of expertise and fresh opportunities to adopt an innovative approach in our client solutions. As specialists, our value increases with the complexity of the assignment, and we need to be proactive about collaborating in order to integrate new technology and new perspectives.

The Swedish engineering consultancy market

Sweden currently has over 12,000 engineering consultancy companies, and in 2017 the industry employed just over 66,200 people. The market has experienced strong growth over a number of years, with revenue for the engineering consultancy sector increasing from SEK 46 billion in 2010, to SEK 86 billion in 2017. Despite the large number of companies the market is dominated by a small group, with the ten largest operators accounting for almost half the market.

Underlying growth factors and trends

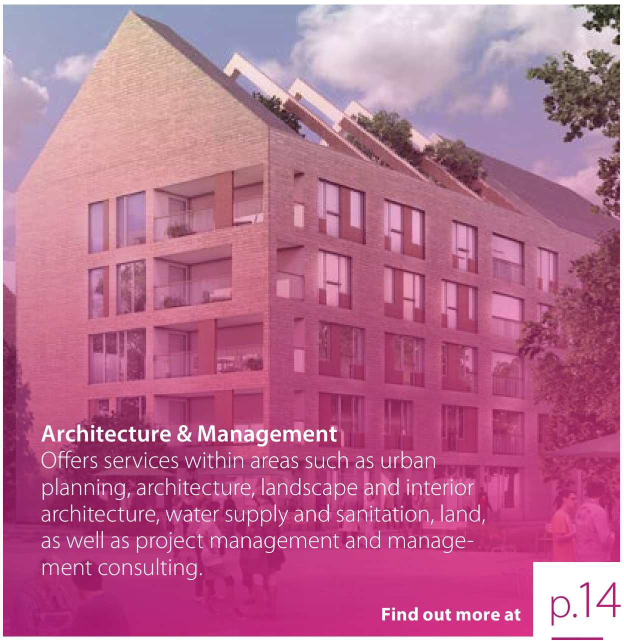
PE's performance is affected by societal developments in Sweden and the global performance of Swedish industry. The strongest drivers are a combination of historically strong population growth, rapid technical development and a strong sustainability trend. Our strategy is inspired by three key trends as we identify our focal areas and improve our expertise:

The urbanisation trend is global and is not only leading to the growth and expansion of major cities. The nature of these cities is also changing as infrastructure has to be adapted and our habits and expectations evolve. We are seeing a considerable need for improvements to infrastructure, health care, retirement homes and communication hubs, and that new forms of housing, shopping areas and workplaces are in the process of being developed.

Digitalisation and automation are having a fundamental impact on cities, infrastructure and industry and ultimately how society progresses. We are noticing how both industry and logistics are becoming increasingly automated interlinked via the Internet of Things (IoT). Our cities are growing smarter, and physical and digital infrastructure are merging. We are consolidating our expertise and building active partnerships in this area to make sure we keep pace with the ongoing and accelerating trend.

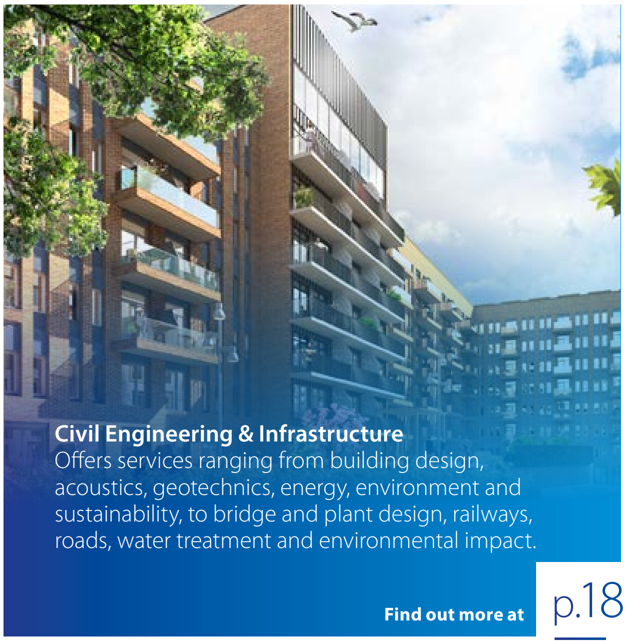
The sustainability focus within urban planning continues to intensify and in addition to tougher rules and legal requirements, end customers and users expect environmental and sustainability aspects to be considered at every stage. Our role is to continually think about how architecture, technology and new approaches can contribute sustainable solutions within both urban planning and industry.

Source: Almega Swedish Federation of Consulting Engineers and Architects (Innovationsföretagen), Industry Overview 2018



Architecture & Management
Offers services within areas such as urban planning, architecture, landscape and interior architecture, water supply and sanitation, land, as well as project management and management consulting.

Find out more at p.14



Civil Engineering & Infrastructure
Offers services ranging from building design, acoustics, geotechnics, energy, environment and sustainability, to bridge and plant design, railways, roads, water treatment and environmental impact.

Find out more at p.18

Our divisions

PE has a people-centred organisation. Our employees work closely with our clients and are able to respond quickly and take on additional skills in order to solve complex tasks. In order to create increased opportunities for collaboration, clarify the offer to customers and to streamline internal processes, we are organized into four divisions.

Industry & Energy
Offers services to the industrial sector within areas such as strategic consulting, automation, product development, mechanical design, process and calculation services.

Find out more at p.22

Systems
Offers services within areas such as HVAC design, electrical and telecommunications engineering, safety, fire protection and sprinkler systems.

Find out more at p.26

Architecture & Management

Architecture & Management offers solutions relating to urban planning, architecture, landscape and interior architecture, as well as project management and management consulting in strategic matters within public construction.

Architecture that adds value

Architecture is about using design to solve complex problems. The architect functions as an advisor throughout the entire process, from initial drawings to the completed environment. This gives commercial advantages that many of our competitors lack. We create environments that people like to live, work and spend time in. Good architecture increases the value of premises, buildings, outdoor environments and entire cities. It can lead to more pupils applying to a particular school, more people getting better health care or it can help boost a company's profile. Architecture is so much more than a beautiful facade. The architect explores every opportunity to find the optimum solution as part of an attractive design, while functioning as a key advisor throughout the entire process.

Specialists in project management and management

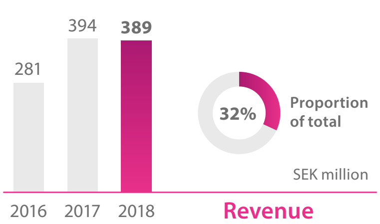
The division also has project managers with wide-ranging experience from a number of different technical areas. We offer a comprehensive range of services to lead projects within construction, systems, infrastructure, industry and energy. Our task is to safeguard the client's interests and adapt our efforts to achieve targets relating to time, finances, functionality and sustainability. One important aspect of our job is to continually think about the end users and benefit to society. Leading projects demands extra effort. That little bit extra is about experience and industry know-how, but also about having a network that we can access to quickly call in the right expertise.

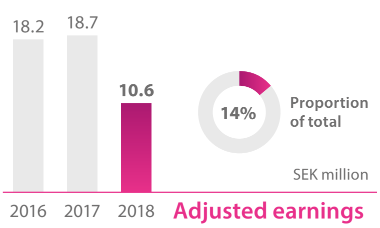
In addition to project and construction management we also work with management in general, i.e. changes and development in organisations and businesses. Our management consultants have broad experience of working both operatively and strategically, focusing on the urban planning sector.

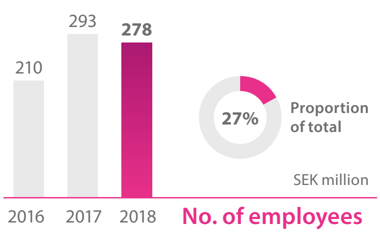
SEK million	2018	2017	2016
Net revenue	388,783	393,688	280,820
Total growth, %	–1.2%	40.2%	124.9%
Operating profit/loss, EBIT – adjusted	10,622	18,673	18,244
- EBIT margin, %	2.7%	4.7%	6.5%

–1.2%

Revenue growth







Green spaces for all the senses

At the Magnolia plot in Sköndal, south of Stockholm, major housing expansion work is underway. PE is working with Ikano Fastigheter to design residential housing here comprising 74 apartments and 21 studio apartments.

The Magnolia plot will encompass sustainable housing, in which gardens and roof terraces will together form various kinds of green spaces that create a homely atmosphere. The focus is on accessibility and experiences to stimulate all the senses.

The first stage comprises around 700 apartments and the brick facades feature wooden elements and a natural stone base, lending the building a solid, timeless look. PE's assignment covers design management, architecture, landscape architecture, accessibility and HVAC design.

The unique thing about Magnolia is that we have successfully combined green spaces with buildings in an innovative and integrated way.

Kjell Sandquist, responsible architect

Civil Engineering & Infrastructure

Civil Engineering & Infrastructure offers services to clients in the construction and property sectors, as well as infrastructure. These services range from building design, acoustics, geotechnics, energy, environment and sustainability, to bridge and plant design, railways, roads, water treatment and environmental impact.

Building projects in all phases

Building projects have become more complex, particularly when it comes to requirements for technical standards and energy consumption. But there are also more opportunities. Coming up with a suitable design requires expertise, experience and the ability to think along slightly different lines. The division carries out projects within all phases of a property's life cycle. From improvements to undeveloped land and construction, to upgrades to an existing building. When we join the process at an early stage, we identify solutions that become pivotal later on. For example, our geoengineers are key to the early stages.

Building or redesigning is a complex and long-term assignment. By factoring sustainability in right from the start, we can find opportunities for synergies between the exterior and interior environment, installation systems, buildings and their operations. The result boosts value on a number of levels in the short and long term.

Infrastructure throughout Sweden

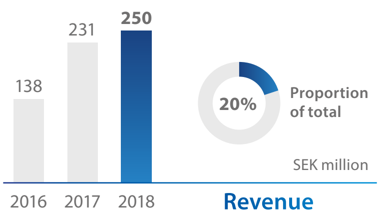
Clean water, bridges and trains that arrive on time. Much of what is taken for granted is at the heart of PE's business. We work with infrastructure throughout Sweden, with both local and international operators. Our assignments are hugely varied, ranging from writing one-off environmental impact assessments, EIA, to planning ports and major railway projects. One common denominator is that we always consider the bigger picture, including sustainability and social benefit aspects.

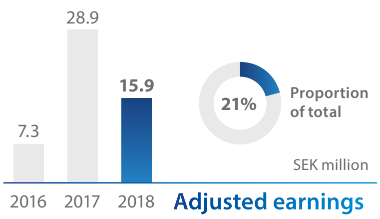
We often join at an early stage and operate as an integral part of the client's organisation. We provide expertise and staff who can be involved throughout the chain – from initial contact, to evaluation following completion.

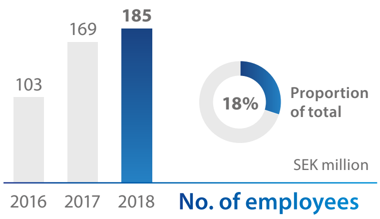
SEK million	**2018**	**2017**	**2016**
Net revenue	250,181	231,220	138,095
Total growth, %	8.2%	67.4%	17.7%
Operating profit/loss, EBIT – adjusted	15,851	28,940	7,324
- EBIT margin, %	6.3%	12.5%	5.3%

+8.2%

Revenue growth







From industrial landmark to the housing district of the future

Around Ericsson's brown brick landmark south of Stockholm, PE is working with Andersson Company to create the housing district of the future – The Brick. PE is responsible for design management, building design and acoustics.

All Stockholm's drivers will recognise the large, brown brick Ericsson building that emerges on the right as you join the E4 motorway from the north from Essingeleden. The building was completed in 1974 and according to Stockholm City Museum it is listed as a building of high cultural-historical value, which means the facade facing the motorway cannot be altered.

The floor structure is to be adapted, stairwell changed, walls moved, new lifts installed and a ventilation room on the roof will be converted into a community building. Maisonettes are also planned, along with a terrace above a wing.

Converting an office building that was constructed over fifty years ago into 350 sustainable apartments requires a considerable number of interventions.

Fredrik Jansson, responsible building designer

Industry & Energy

Industry & Energy offers solutions aimed at the industrial and energy sectors that include strategic advice, automation, product development, mechanical design, process and calculation services that aim to make these sectors more sustainable, competitive and profitable.

Wide-ranging expertise makes for satisfied clients

We help our clients make industry more profitable, sustainable and competitive. Our wide range of skills, added commitment and experience mean we deliver a comprehensive offering. We have offices and operations across Sweden and clients coming back to us within the energy, engineering, automotive, food, defence and paper and pulp industries. The common theme is that our clients want to work with a partner who can consider matters from the industry's perspective.

Since we are one of the biggest in the industry, we are able to match each project with the right team. You are always assigned a contact who guides you through the entire process, from feasibility studies and concept to completed project.

Specialists close at hand

We have a broad range of skills all under one roof, which means we are good at seeing the whole picture in an assignment and we can quickly call in our specialists to carry out specific tasks. Many note how strong we are within various areas, including project management and management.

We can highlight a number of interesting projects within energy and sustainability. For example, we have converted coal-fired power plants into renewable energy plants, and worked on new plants for biodiesel, wave energy and solar energy. Irrespective of whether our clients are in industry or energy, we have the expertise to make production more profitable, sustainable and competitive.

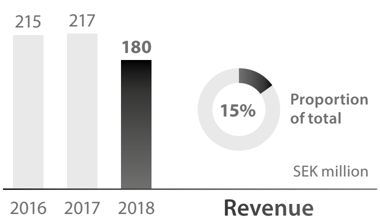
Capable engineers in India

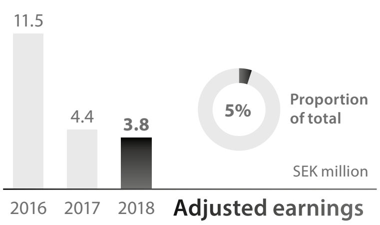
In 2015, we acquired the Indian company Aristi, which is based in India's fifth largest city, Chennai. Their skills and multidisciplinary methods were a perfect match with PE's approach. Aristis' employees have advanced expertise within project management, machine and plant design, calculation, energy and infrastructure. The business has grown over the past few years, and just over 40 people now work at Aristi.

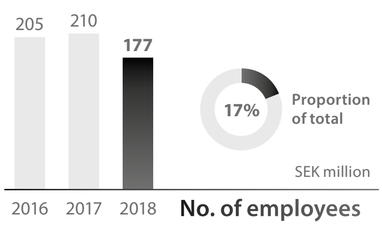
SEK million	2018	2017	2016
Net revenue	179,925	217,366	215,422
Total growth, %	–17.2%	0.9%	44.2%
Operating profit/loss, EBIT – adjusted	3,837	4,415	11,511
- EBIT margin, %	2.1%	2.0%	5.3%

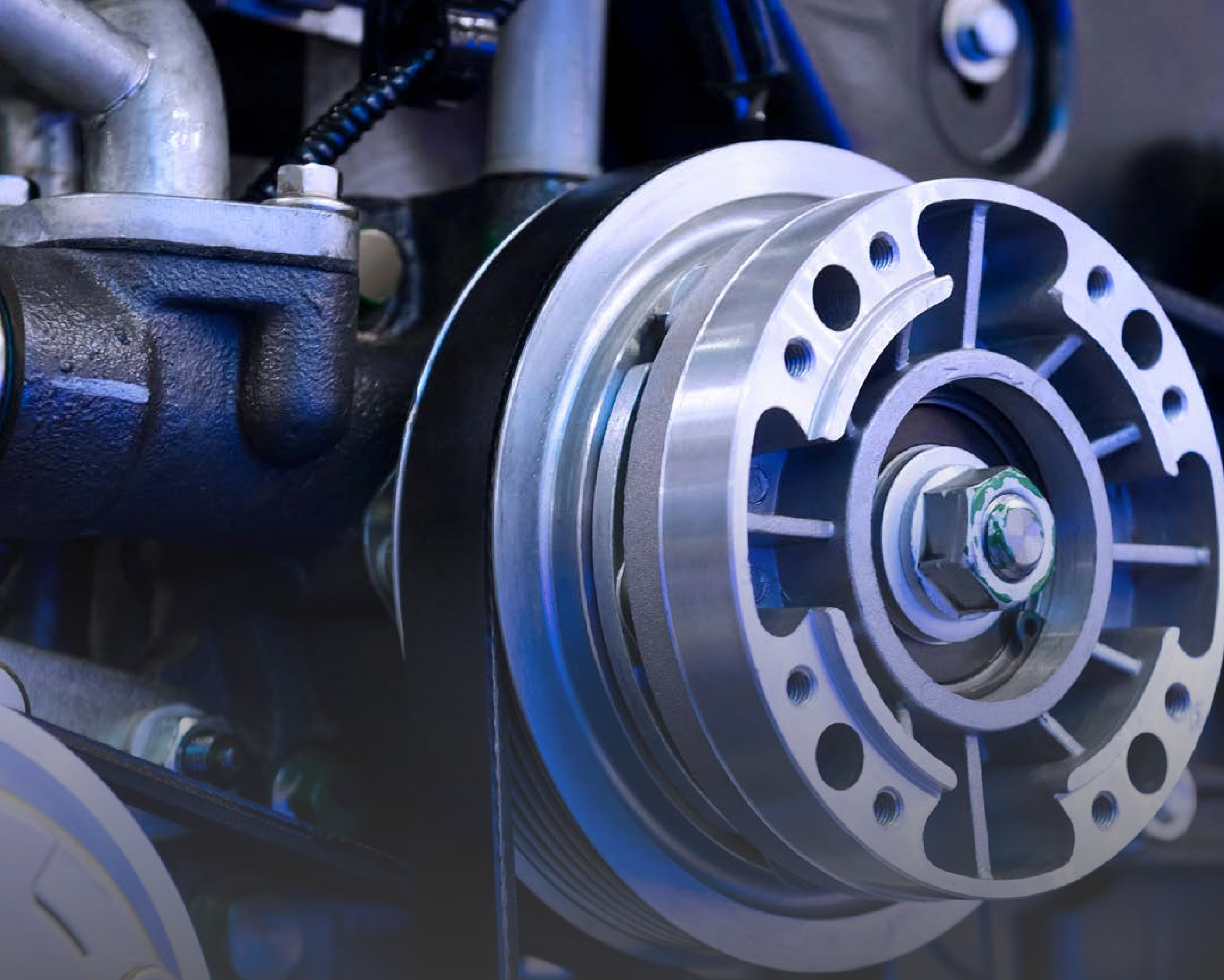
–17.2%

Revenue growth









Agile collaboration – a recipe for success

PE carried out a project alongside Automotive Components Floby in just six months, which would have taken a year using conventional methods. The result was a robot cell that boosted production of brake discs by almost 40 percent.

The robot cell project was carried out via agile collaboration, featuring weekly monitoring of hours spent, costs and milestones. It was an approach that demanded a considerable level of trust on both sides, but that benefitted both customer and client.

At the end of 2017/start of 2018, AC Floby realised that demand during the late summer would increase to such an extent that they needed to start up an extra drag-brotch, a machine that had previously been shut down, in order to satisfy demand. A new robot cell was needed in order to reinstall the drag-brotch, including robot programming to enable the machine to create brake discs for trucks. PE provided expertise within electrical design, risk analysis, CE marking, PLC and robot programming, as well as documentation.

Our agile approach meant the project made gains in terms of time, cost and quality, and we're looking forward to continued cooperation.

Tord Larsson-Steen,
Head of Division, Industry & Energy

Systems

Systems offers installation engineering services at all stages of the building process, focusing on HVAC design, electrical and telecommunications engineering, safety, fire, risk, protection and sprinkler systems.

Technology that adds value

Effective systems and a good end product require documentation that is both carefully considered and meticulous. When we supply documents for projects, we take comprehensive responsibility. It makes it cost-effective and ensures we keep to the schedule. Systems account for a large share of the cost in a build. So there are huge gains to be made. The fact that the advice and documents we supply are clear, precise and comprehensible makes the work of the contractors that much easier and more cost-effective, while retaining quality. The technical content of a building is becoming increasingly complex as time goes on. Here at PE we have an approach that involves efficient teams of experts working across different disciplines. This means we are innovative and can find solutions that elude others.

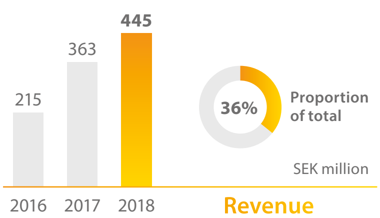
Better documentation leads to better systems

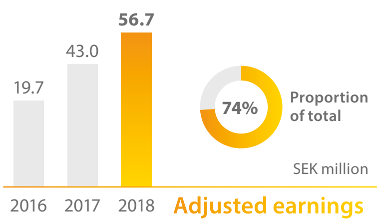
Designing HVAC solutions is a complex matter. It requires knowledge and experience, but equally a creative ability to solve challenges. It is also about thinking long term and predicting needs and consequences for a long time to come. A building or plant's energy consumption is largely dependent on how its HVAC solutions are designed. In the early stages, we can analyse the conditions and encourage the entire design in the right direction. Building in the right way from the start costs less. Changing things later on is a waste of resources. We also take on the most demanding assignments within HVAC design, for example operating theatres or cleanrooms for industry and research. PE is one of few suppliers in this area that has the capacity and expertise to develop world-class solutions.

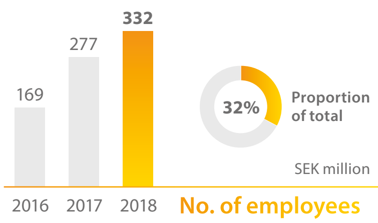
SEK million	2018	2017	2016
Net revenue	445,309	362,976	215,081
Total growth, %	22.7%	75.1%	14.8%
Operating profit/loss, EBIT – adjusted	56,661	42,990	19,702
- EBIT margin, %	12.7%	11.8%	9.2%

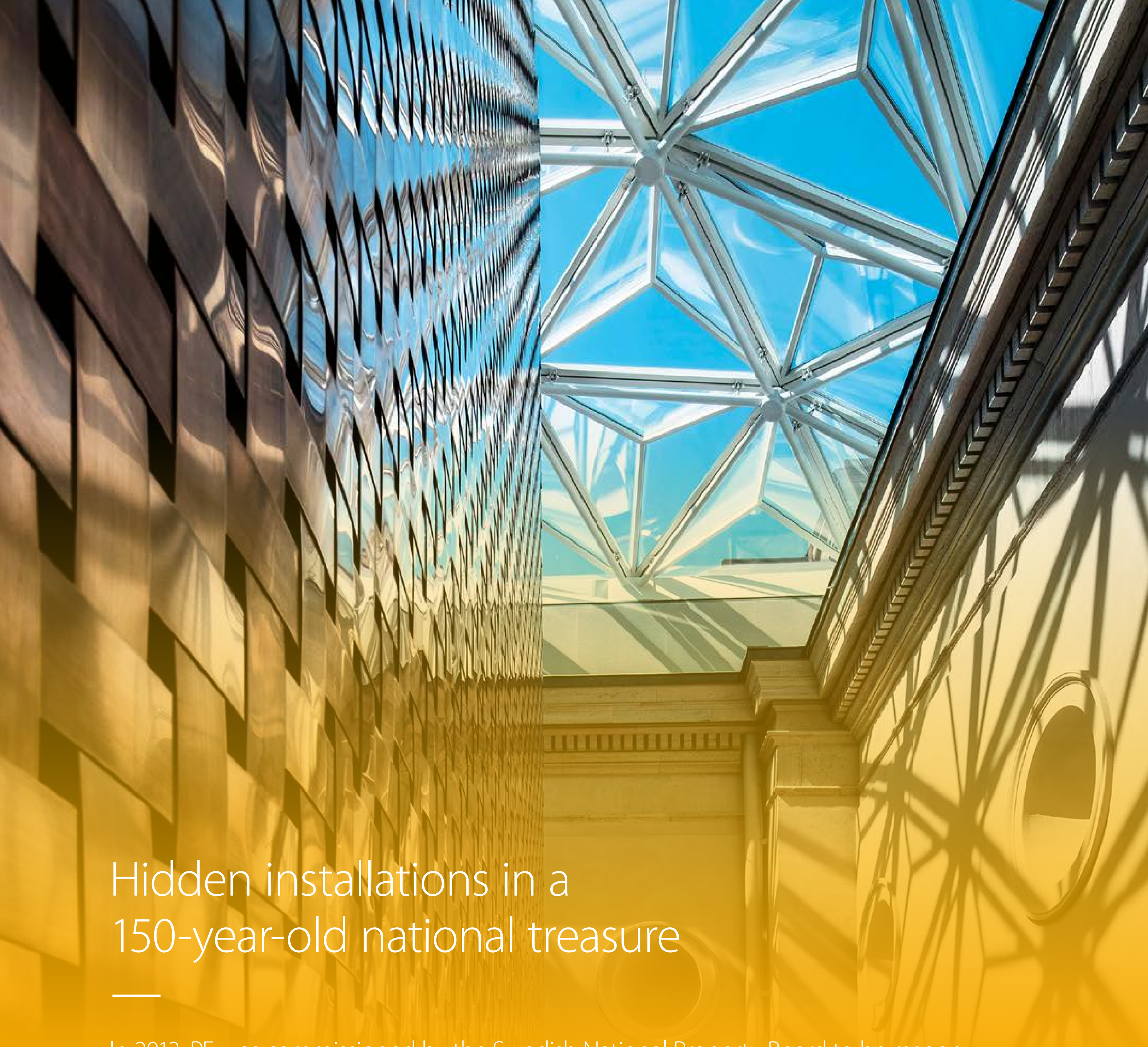
+22.7 %

Revenue growth









Hidden installations in a 150-year-old national treasure

In 2013, PE was commissioned by the Swedish National Property Board to be responsible for all electrical installations, transport systems, fire alarms, access control and the overall security system during the complete overhaul of the Swedish National Museum of Fine Arts. A challenging but prestigious assignment that we were proud to take on.

The Swedish National Museum of Fine Arts was completed in 1866 and has been left largely untouched ever since. Installing modern systems in such a sensitive environment involved challenges that were beyond the usual – many functions that were not already in the building had to be housed, preferably without being seen. Solving the challenges required an innovative approach, for example a basement underneath the building was opened up and creative use was made of the flooring to hide cables and technology. Cupboards and marbled plaster moulding faithful to the period were also added to conceal switchboards and cables. The largest new installation is a lift designed by PE.

The Swedish National Museum of Fine Arts was reopened by HM The King of Sweden on Saturday 13 October 2018.

PE has displayed great creativity in designing hidden spaces and solutions that allow installation that is as discrete as possible.

Cecilia Brännvall, Project Manager, Swedish National Property Board (Statens Fastighetsverk)

Photos: Bruno Ehrs

PE will be the best workplace

To be the best workplace in our industry, we have to attract and develop the best people. We do this by continuing with efforts to strengthen our own corporate culture. PE shall be characterised by responsive leadership focusing on professional development and an innovative environment.

62 Offices

1,022 Employees

29 % women
71 % men

Culture, leadership and innovation

PE is the sum of many different companies and people. Our backgrounds, skills and experience differ. But we share one thing in common: we want to fuel positive change for society.

In 2018, we intensified our efforts to make PE the best workplace. Together we are focusing on creating a strong culture, responsive leadership and an innovative environment to attract and develop the top people.

We have a flat organisation, which enables our employees to perform at their best. Everyone here works in small, tight teams, close to the client and the assignment, and always with access to specialists from other areas of expertise. Actively cooperating with one another is important for a number of reasons. It is essential in helping solve the complex assignments we work on, but it is also stimulating for everyone working here.

PE builds strong leaders – interview with Åsa Holmgren

Åsa Holmgren is PE's HR Director, tasked with making PE a better place to work, where both leaders and employees are happy and have opportunities to develop professionally.

Hi Åsa. Can you tell us a bit about what you've been doing over the past year?
It's been a really exciting year, with a major focus on recruitment, training and improving leadership. We've recruited lots of new, talented employees and this has laid solid foundations for continued growth, which will be of great benefit. For example, one real highlight has been our work on strengthening our team with several HR Business Partners. A stronger HR organisation gives us far more opportunities to attract new team members and perhaps even more importantly, retain and develop those we already have.

How does the HR organisation contribute towards making PE a better workplace?
We specialise in issues relating to our employees and everything associated with them. So we can support managers and employees to give them more time and energy to develop the business and create even more benefit for society.

Why is strong leadership important?
All PE's employees are the core of our offering and in order to attract and develop our employees we need to make sure our corporate culture is based on strong leadership that also focuses on professional development and innovation. Good leaders make for satisfied employees, and satisfied employees go on to produce satisfied clients, and when clients are satisfied, then profitability is the natural end result. That's why we believe in developing leaders to ultimately strengthen PE. Leadership is quite simply the key to success.

Professional development with PE School

PE School is our internal professional development platform. The intention is for it to function as a map and compass for the professional development and careers of all our employees. In 2018, PE School presented several new features in its range of courses aimed at further developing leadership in the company.

PE School offers training within our areas of expertise, but also in those areas that enable a company to function more effectively, including professional and practical administration in the finance system PX, for example. Several courses are linked to various roles, such as managers and leaders, but also more specific roles such as project managers.

Work on developing the company's leaders has been the main focus in 2018 as well. PE School offers several courses focusing on personal development in relation to the role of leader. Because we believe good managers lead to satisfied employees, which in turn produces satisfied clients, and satisfied clients boost our profitability. So PE School is not just a platform for developing employees and leaders for the sake of it; it is also generating business benefits.

At the **PE Gala**, the Group showcases and recognises those employees and leaders who have particularly excelled themselves in some way over the past year. The gala is an opportunity to display our range of skills, and some of the assignments that we are especially proud of are highlighted. One of the categories at the gala is Project of the Year."

"PE offers considerable opportunities for professional development" – interview with Leader of the Year, Rickard Lindberg

Rickard Lindberg, Group Manager within PE's Fire, Risk & Protection business area, was the recipient of the company's prestigious 'Leader of the Year' award in 2018. Rickard's own idea of what characterises a good leader is that they should enjoy helping their employees and be tuned in to how they are feeling.

How does it feel to have been chosen as Leader of the Year?
It feels great, it's a real honour and naturally I'm flattered.

What do you think are the attributes of a good leader?
"A leader's main task is to take their team forwards and the basic principle is that you should enjoy helping your employees and be tuned in to how they are feeling. A good leader should be supportive, honest, open and make it easier for their employees to do their job without any hindrance.

We have lots of assignments in fire and risk that run simultaneously, and we have a relatively large team of 14 people. A project manager can have 20–30 projects on their desk at the same time, which places high demands on our project managers and requires strong leadership.

What do you think sets PE's leadership apart from that of others?
I think we probably have roughly the same view of leadership and culture as others in the business, but we have a less hierarchical approach. PE is a flat organisation with an atmosphere that encourages openness, where it's easier to be given responsibility if you show commitment.

Why should graduate engineers or architects consider applying to PE?
PE is an innovative and growing company, which means individuals have greater opportunities to develop professionally in an entrepreneurial environment. We are not confined by structures here, which means there are excellent opportunities to get involved and influence your job. We also place great emphasis on training, as it's important to learn new skills to be able to develop and grow as an employee.

A link between students and professionals

KVIST is a women's network that aims to inspire students and professional women to share their experiences and make new business contacts. The long-term goal is to encourage more women to apply to work in the industry.

PE launched our network for female engineers and architects, KVIST, in autumn 2015. The aim of the network is to attract more women to the architecture and engineering industry, and to support professional women in their development. KVIST has grown rapidly since its inception, and with almost 700 members it is now one of the largest women's networks in the industry.

Activities for students and professionals

KVIST arranges a number of member activities every year, and in 2018 the network organised a total of seven breakfast seminars, three for professionals and four for students. The 2017/2018 mentoring programme ended in April and a new programme was launched in September. The network celebrated its third anniversary in April with an industry social. The cooperation with the Swedish Federation of Consulting Engineers and Architects (Innovationsföretagen), which began back in 2017, continued, and in November we arranged a joint breakfast seminar in Stockholm.

KVIST factfile

Founded: 2015

Chairwoman: Linda Lönneberg

Membership: Approx. 700

Goals:
- To attract more women to join the architecture and engineering industry
- To help and support professional women already working in the architecture and engineering industry

Activities:
- Mentoring programme
- Inspirational seminars
- Student seminars

"A forum for mutual learning"

Karina Antin is an environment and sustainability consultant at PE and she is one of the mentors in this year's mentoring programme. Karina applied to be a mentor as her own experience of a similar mentoring programme as a young student was extremely positive, and she thought it would be fun to be on the other side.

"I appreciated the discussion partner I had as a student, and so it's particularly nice and rewarding to now be on the other side and have the chance to contribute my ideas and experience."

"The mentoring programme is just as rewarding for me as a mentor as it is for my student. It's a forum for mutual learning. For example, I feel that I've gained insights about my leadership and ways in which I and my industry colleagues can support the young women who are applying to the industry. I would definitely recommend that both students and professionals apply to join KVIST's mentoring programme," concludes Karina.

Society Barometer – The city of the future

Greener cities with technology-adapted urban environments, more self-sufficient homes and streets with less traffic and more driverless vehicles. That is a brief sum-up of Swedes' view of the cities of the future. For us urban planners, it is not just important to know what Swedish people think. It is essential for us to be able to design long-term sustainable communities in which our families, friends, colleagues and we ourselves want to live and grow. That is why we have produced our Society Barometer report for the third year in a row now.

With the help of market research company Kantar Sifo, we asked 3,000 people in Sweden a series of questions relating to six different areas: Housing, Traffic, Society, Environment, Technology and Jobs. We are using the results to gain a better understanding of how people believe society will evolve up to the year 2050.

Sustainability and digitalisation – key issues for the cities of the future

Insights from the report back up our own knowledge, and we can share what we have learned with clients and other organisations in society. The Society Barometer reveals that the majority believe we will do more for the environment in future. Many believe, for example, that we will share cars, bicycles and gardens with one another to be more eco-friendly. It shows that Swedes are now ready for change and want to be on board and help create a sustainable future.

As urban planners we are driven by the desire to improve, and we hope the report will offer insights that can help guide the development of the cities of the future.

You can read the entire report at pe.se.

54%

believe that we will live closer to nature in the future

9 of 10

believe that driverless vehicles will be common in the future

73%

believe that the sun will be the most important energy source by 2050

How PE works with sustainability

Sustainability is in our DNA and a key success factor for us as an urban planner. It makes commercial sense to think long term, both as a company and in terms of what we deliver. Then we can talk about all aspects of sustainability, from an economic, social and ecological perspective. Sustainability is also about being an appealing employer that retains and attracts committed employees, the people who will build the society of the future.

Sustainability – part of our business strategy

During the year we have clarified and built on our values, our strategy and our vision in our strategic PE House. Sustainability is an integral part of our vision and has become a strategic foundation that will be reflected in everything we do.

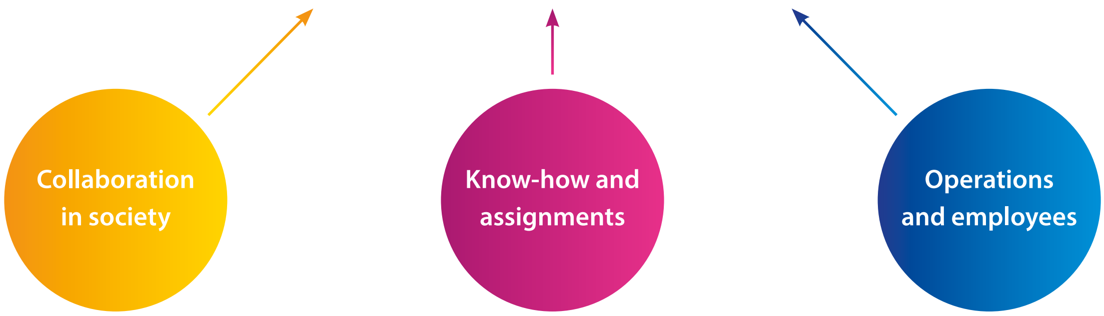
We renew society through innovative and sustainable solutions

We endeavour to contribute to a more sustainable future. We do this mainly through the solutions we develop with our clients. Together we are building the communities, infrastructure and industry of tomorrow. This demands an innovative and bold approach to encourage us to do things differently. Innovation is a prerequisite for sustainable development, as effective measures need to be adapted to varying conditions and continual technical and social advances.

Sustainability – a strategic platform

We work with sustainability in three ways: through collaboration in society, in our business with our employees and primarily by contributing our know-how in assignments. Economic, environmental and social perspectives permeate this work. We work with a number of aspects that together comprise our definition of sustainability. This is in order to be specific and at the same time enable us to manage sustainable development as a system issue.

We renew society through innovative and sustainable solutions



We can and will contribute to constructing a sustainable society. We take responsibility for the future in cooperation with our stakeholders.

We are passionate about helping our customers make more sustainable choices. In our assignments, we contribute innovative and sustainable solutions

We live and learn. We identify the value in taking a long-term approach to working with sustainability in our business and are constantly seeking ways to improve.

PE's sustainability council

As part of efforts to achieve PE's vision of renewing society through innovative and sustainable solutions, PE established a sustainability council in November. Besides leading and coordinating the Group's day-to-day work with sustainability, the council also functions as a communication channel between employees and management. The goal is to boost PE's contribution to the establishment of a sustainable society.

The sustainability council's tasks include lobbying, acting as PE's external communicator for sustainability issues, business intelligence and identifying key issues for PE. The council's remit also extends to prioritising and managing the Group's sustainability work based on its sustainability strategy and materiality analysis.

Issues will cover everything from PE's client offering, sustainability expertise and social impact, to internal environmental issues, equality and business ethics. In order to ensure that the council exerts an influence, President and CEO Per Hedebäck is one of the members.

> We have chosen to have a sustainability council instead of a head of sustainability in order to be able to manage the complexity and breadth that sustainability entails for urban planning. It makes our analyses more accurate and enables us to quickly implement the internal initiatives that are needed
>
> Per Hedebäck, President and CEO

Amanda Tevell
Project Manager, Strategy & Business Development

Per Hedebäck
President and CEO

Åsa Holmgren
HR Director

Peter Stigson
Group Manager Sustainable Society & Private Sector Development and Ph.D. in Energy & Environmental Technology

Sofia Wollmann
Quality and Environment Director

PE's contribution to the UN Sustainable Development Goals

The requirements involved in creating a sustainable society in a sustainable world have long been vague. The UN's 2030 Agenda contains clear guidelines in the form of the Global Sustainable Development Goals (SDGs). Sweden has adopted these goals along with the rest of the world's nations and is therefore bound by them to work towards their fulfilment. Information about the goals has been widely disseminated in both the public and private sectors, and PE uses them as a starting point in its sustainability work. We do this partly to contribute towards individual goals within various services, but also in overall strategic sustainability services that cover all the goals at the same time. The latter is important in identifying and managing the synergies and goal conflicts that exist via numerous links between the various goals and their targets. We try wherever possible to identify opportunities to make positive contributions to the goals and not just minimise our negative impact.

In our sustainability report we provide more details of our contributions to both overall goals and their targets. Below are some of the Global Goals we contribute to through our work.

Good Health and Well-being

Gender equality

Clean Water and Sanitation

Affordable and Clean Energy

Industry, innovation and infrastructure

Reduced Inequalities

Sustainable Cities and Communities

Responsible Production and Consumption

Climate Action

Life on Land

Five-year review

SEK 000s	2018	2017	2016	2015	2014
Operating net revenue	1,223,796	1,170,700	833,430	683,677	612,848
Operating expenses	–1,134,242	–1,079,638	–784,033	–618,629	–549,506
Profit/loss before depreciation/amortisation, EBITDA	89,554	91,062	49,397	65,048	63,343
Profit/loss before depreciation/amortisation, EBITDA (adjusted earnings)	99,151	119,749	67,629	72,849	–
EBITA	70,803	68,708	–427	32,321	42,562
EBITA (adjusted)	80,401	97,394	47,076	57,260	42,562
Operating profit/loss, EBIT	74,161	64,989	366	32,321	42,562
Operating profit/loss, EBIT (adjusted earnings)	76,681	93,675	47,869	57,260	–
Profit/loss after net financial items	68,381	57,369	–8,520	23,705	34,878
Profit/loss for the year	**57,121**	**37,515**	**–4,956**	**22,922**	**22,625**
ATTRIBUTABLE TO:					
Parent Company shareholders	56,832	37,330	–5,148	23,220	7,342
Non-controlling interests	289	186	192	–298	15,284

Capital structure					
Goodwill	573,028	322,649	302,963	90,124	56,466
Other non-current assets	117,874	67,646	108,980	109,272	67,239
Current assets	503,790	333,243	337,790	233,756	222,540
Shareholders’ equity including non-controlling interests	587,183	228,454	191,021	196,543	89,177
Non-current liabilities	296,768	187,605	257,828	49,358	48,209
Current liabilities	310,741	307,482	300,884	187,252	208,858
Total assets	1,194,692	723,538	749,733	433,153	346,244
Net debt	221,944	246,302	298,094	40,344	90,814

Cash flow					
Cash flow from operating activities	37,837	76,569	–15,651	73,867	27,757
Cash flow from investing activities	–275,071	–18,917	–235,785	–98,678	–66,749
Cash flow from financing activities	342,758	–67,266	227,667	39,050	45,994
Cash flow for the year	105,524	–9,614	–23,769	14,239	7,002

Key performance indicators					
Operating margin EBITDA, %	7.3	7.8	5.9	9.5	10.0
Operating margin EBITDA, % (adjusted earnings)	8.1	10.2	8.1	10.7	–
EBITA margin, %	5.8	5.9	–0.1	4.7	7.0
EBITA margin, % (adjusted)	6.6	8.3	5.6	8.4	7.0
Operating margin EBIT, %	6.1	5.6	0.0	4.7	7.0
Operating margin EBIT, % (adjusted earnings)	6.3	8.0	5.7	8.4	–
Equity/assets ratio, %	49.1	31.6	25.5	45.0	26.0
Net debt/EBITDA, multiple	2.48	2.70	6.03	0.62	1.43
Net debt/EBITDA, multiple (adjusted earnings)	2.24	2.06	4.41	0.55	–

Projektengagemang share information					
Earnings per share, Parent Company proportion**	2.63	1.73	–0.24	1.08	0.36
Shareholders’ equity per share, Parent Company proportion in SEK*	23.87	9.27	7.75	8.02	2.36
Cash flow from operating activities per share in SEK*	1.54	3.12	–0.64	3.01	1.13
Ordinary dividend per share***	1.00	0.48	–	0.12	0.01
Number of shares at year-end	24,555,677	5,851,414	5,851,414	5,851,414	1,000,000

Other					
Average number of FTEs	1,022	988	710	565	473
Net revenue per employee	1,198	1,185	1,174	1,210	1,296

* recalculated based on the number of shares outstanding at 31 December 2018
** recalculated based on average number of shares, 2018
*** proposed dividend

Directors’ report

The Board and Chief Executive Officer of Projektengagemang Sweden AB (publ) hereby submit the annual accounts and consolidated financial statements for the 2018 financial year. Projektengagemang Sweden AB (publ) with registered offices in Stockholm, company registration number 556330-2602, is the Parent Company in the Group. All amounts are given in SEK thousand unless otherwise stated.

PE is a multidisciplinary engineering and architectural consulting company with considerable expertise and project capability, and since 19 June 2018 the company has been listed on Nasdaq Stockholm. The Group’s operations are primarily centred on Sweden, with operating companies located across the country. In addition, there is a subsidiary in Chennai, India and one in Skien, Norway. The extensive know-how of Projektengagemang’s engineers, architects and experts is integrated and generates value for clients and society.

Projektengagemang supplies knowledge-intensive services throughout the client’s project, such as feasibility studies, investigations and strategic planning. At the end of the 2018 financial year, the company had a workforce of 1,211. This makes Projektengagemang one of Sweden’s leading engineering and architectural consulting firms. Some 10,000 assignments were carried out during the year for 3,000 clients.

Clear end-to-end solutions

Projektengagemang’s operations are divided into four divisions – Architecture & Management, Civil Engineering & Infrastructure, Industry & Energy and Systems. The company has a decentralised organisation with opportunities for individual impact, and each business area in each segment is responsible for its operations. The four segments are a more effective way of responding to the needs of primary customer segments and client demand, while further clarifying our end-to-end solutions.

IPO

PE was listed on Nasdaq Stockholm with an initial trading date of 19 June 2018. The subscription price was SEK 47 per share. The offering included a total of 10,003,860 class B shares, of which 6,382,979 were newly issued shares. The new share offering, including the over-allotment option, generated proceeds of SEK 329 million for PE before transaction expenses. Costs amounting to SEK 9.6 million attributable to the IPO have been charged to operating profit in the second quarter. In addition, SEK 19.9 million has been recognised against equity.

Earnings and operations

Revenue for the 2018 financial year amounted to SEK 1,223.8 million (1,170.7), which corresponds to total growth of around 4 percent. Growth was mainly driven by the acquisitions made during the year, which contributed SEK 55.8 million. The calendar effect for the full year corresponds to roughly 2.0 working days fewer than the previous year. This has had a negative effect on net revenue in the amount of approximately SEK 9.0 million, or 0.8 percentage points. Taking account of the calendar effect, underlying organic growth therefore totals around 0.6 percent.

To increase comparability with other companies on the market, as of 1 January 2018 PE has introduced the earnings concept EBITA, which is defined as operating profit excluding acquisition-related items. Operating profit is therefore adjusted for amortisation and impairment of acquisition-related intangible assets, including goodwill, and revaluation of contingent considerations and gains/losses from the divestment of companies and operations.

Earnings at EBITA level for 2018 amounted to SEK 70.8 million (68.7), and operating profit EBIT for the year totalled SEK 74.2 million (65.0), which corresponds to an improvement of 3.0 and 14.2 percent respectively. Adjusted for items affecting comparability, EBITA totalled SEK 80.4 million (97.4) and EBIT SEK 76.7 million (93.7). The EBITA margin adjusted for items affecting comparability amounted to 6.6 percent (8.3). The lower adjusted EBITA earnings compared with the previous year are mainly due to the investment in railways and environment, which has had a negative impact on earnings for the year in the amount of roughly SEK 10.0 million. Earnings were also affected by transition work during the year in the Architecture & Management and Industry & Energy divisions. The transition work carried out during the year is largely completed, and is expected to produce a positive effect on earnings in the second half of 2019. Notably, the Systems division has seen an improvement in operating profit as a result of acquisitions and a persistently positive performance in the existing business.

Items affecting comparability

The Group has been affected by items affecting comparability over the year totalling SEK –2.5 million (–28.7). Costs of SEK 9.6 million in 2018 were entirely related to the IPO on Nasdaq Stockholm, while revenue of SEK 7.1 million is attributable to a reversed contingent consideration from previous acquisitions.

Costs affecting comparability in 2017 were entirely related to acquisition and integration costs amounting to SEK 19.5 million, and costs of SEK 8.3 million linked to the company’s IPO.

Acquisitions

PE acquired seven companies during the year, each one different in terms of size and structure but all acquired in line with the

Group's acquisition strategy. These companies are important operators either in terms of their specialist expertise or geographical location.

In the fourth quarter, we acquired Integra Engineering AB. Integra specialises in building design in both construction and industry. The company employs around 200 people, generates revenue of just over SEK 200 million and has an operating profit amounting to roughly SEK 25 million. This makes Integra PE's largest acquisition to date. Since the acquisition was completed at the end of the year, Integra has not impacted earnings for 2018. The acquisition makes PE one of the market leaders in building design in Sweden.

September saw the acquisition of PreCendo AB in Gothenburg, a company specialising in fire and safety. The acquisition makes PE one of the leading operators within fire protection planning and risk management in Sweden.

In the second quarter, the acquisitions of FAST Engineering Göteborg AB, ROOF Arkitekter AB in Örebro and Smedjan Projektledning AB in Gothenburg were completed. These companies strengthen the Group's offering in priority geographical areas and specific areas of expertise.

At the beginning of the year, the acquisitions of consulting companies Sture Byberg Ingenjörsbyrå AB and Energi & VVS-planering i Helsingborg AB (EVP) were completed.

Overall, the acquired companies are developing in line with expectations and have made positive contributions to the Group's performance in 2018. In 2018, the acquisitions contributed revenue of SEK 55.8 million and an operating profit of SEK 8 million. If the companies had been owned for the full year, the companies would have contributed revenue of approximately SEK 300 million and an operating profit of SEK 45 million. Of this, Integra accounts for approximately SEK 200 million and SEK 25 million respectively.

The effect of acquisitions made during the year is detailed below.

2018	**Net revenue**	**Operating profit/loss**
Effects of acquisitions		
Architecture & Management	19,984	4,370
Civil Engineering & Infrastructure	5,013	1,674
Industry & Energy	–	–
Systems	30,730	5,233
Total	**55,727**	**11,277**

Acquisition analysis

All acquisition analyses at the end of 2018 are prelimenary based on the distribution of surplus values and statement of acquisition costs. Transaction expenses for the acquisitions made amount to SEK 2.7 million.

In the fourth quarter, a contingent consideration previously recognised as a liability was reversed in the amount of SEK 7.1 million. As the period for the preparation of the original acquisition analysis exceeds 12 months, the adjustment has been transferred to profit under acquisition-related items.

Cash flow and financial position

Cash flow from operating activities for the full year amounted to SEK 37.8 million (76.6). The change compared with the previous year is primarily attributable to the change in working capital, which totalled SEK –42.7 million (–1.3) in the period.

Investing activities have a net outflow for the year of SEK 275.1 million (18.9). Of this, SEK 271.6 million is attributable to acquisitions made during the year.

Cash flow from financing activities amounted to SEK 342.8 million (–67.3). The positive inflow was linked to the issue of new shares in connection with the company's listing on Nasdaq Stockholm and a new bank agreement, which resulted in a net inflow of SEK 125.0 million. The loan was renegotiated on the same interest terms. During the year, amortisations totalling SEK 213.6 million were made, SEK 156.0 million of which related to the redemption of existing loans in conjunction with the signing of a new bank agreement. At the end of June the company repaid the drawn portion of the revolving credit facility, which is the main reason for the change in credit facilities. The dividend paid for the year amounted to SEK 11.3 million.

The Group's interest-bearing liabilities have since the previous year risen by SEK 66.6 million and at year-end amounted to SEK 317.9 million (251.3), with net debt of SEK 207.8 million (246.3). The Group's net debt/adjusted EBITDA amounts to 2.1x (2.1). The Group's available funds including undrawn credit facilities amount to SEK 369.8 million (142.9), including both unutilised overdraft facility and acquisition credit.

The equity/assets ratio for the Group amounts to 49 percent (32). Equity amounts to SEK 587.2 million (228.4), corresponding to SEK 23.87 per share (9.27).

Employees

The average number of FTEs for 2018 was 1,051 (988). The number of employees at the end of the period was 1,211 (978).

PE pursues strategic and long-term efforts to attract and develop its employees. This is achieved by marketing PE externally and by highlighting the opportunities for professional development and career paths that exist within PE, as well as offering all employees stimulating tasks and further training. To realise synergies associated with our employees and our work processes, we carry out internal and external leadership courses and development programmes.

PE works purposefully and has been successful with its employer branding to present the company as an attractive employer internally and to potential employees, and to strengthen the company's brand.

In 2018, PE was once again the recipient of the Career Company award, which is a mark of quality for PE as an employer. This award is presented to 100 employers every year.

PE strives to achieve an even gender balance, and around 29 percent of employees are women. The company organises activities to raise the percentage of female employees. In 2015, PE launched the KVIST network, which is for female engineers and architects. At the beginning of 2018, the network's membership reached 600 and it is now one of the largest in the industry.

Activities include inspirational lectures for both professionals and students, and a mentoring programme in which female engineering and architecture students are assigned a mentor for nine months. PE endeavours to reflect the multicultural society in which we operate.

Work environment

Efforts to ensure a good work environment are pursued according to shared procedures that are part of PE's business system.

Recruitment

One overriding challenge in our industry is access to the right skills. According to an estimate made by the trade association Innovationsföretagen in June 2018, there is a shortfall of 7,000 people in the industry. To address this issue, our HR department was strengthened with additional capabilities in the form of a new Chief Human Resources Officer and dedicated HR support for each division. As an attractive employer focusing on development and commitment among our employees, we will ensure continued profitable growth.

Recruitment efforts take place continually within each division, coordinated between all business areas. There is considerable competition for talented employees in the industry, and to achieve our long-term targets it is essential to successfully recruit, as well as retain and develop employees.

Professional development

Professional development within the Group takes place continually, keeping pace with skills requirements in the assignments carried out for our clients. Based on individual development plans for all employees, PE offers employees continual opportunities for professional development via the company's training and development platform, PE School.

Several external activities were carried out during the year at universities and colleges. PE is involved in training at a number of colleges and further education companies in Sweden, both as teachers and in assignments for clients' management teams. The drivers are workforce planning, renewal, further development of the sectors in which we operate, and individual learning and development. PE will continue to supervise and increase the number of trainees and students working on theses.

Sustainability work

At the core of PE's sustainability work is the company's life cycle impact of its own operations and the client's operations. In order to broaden and further strengthen our sustainability expertise, Peter Stigson was recruited during the year, Ph.D. in Energy & Environmental Technology, as Team Manager for a team working with our sustainability strategy.

As part of efforts to achieve PE's vision of renewing society through innovative and sustainable solutions, PE established a sustainability council during the year. The council's remit is to pursue advocacy work, function as PE's external communicator for sustainability issues, business intelligence and leading and coordinating day-to-day sustainability work. The council shall also be a communication channel between employees and management. The goal is to boost PE's contribution to the establishment of a sustainable society.

Environmental problems relating to our current use of plastic have attracted considerable coverage in recent years, both nationally and internationally. At the same time, plastic plays a key role in a sustainable society, for example as packaging material and in lightweight designs. In 2018, PE conducted an analysis of research studies and industry data, and carried out interviews with key figures in the construction industry. The analysis revealed that levels of plastic recycling in the construction industry are relatively low. One of our conclusions was that we need to improve our knowledge of plastic, so that the right plastic is used in the right place, or if appropriate, not at all.

Society and industry are moving towards a more circular economy and high resource efficiency, to enable us to manage a sustainable future with a higher population, urbanisation, economic development and other megatrends. In 2018, PE conducted an in-depth analysis, focusing on how we can contribute to better use of the resources that exist in society. One of the conclusions of this analysis is that we have a major impact via the goods, services and recommendations that we include in our advice to clients.

Binding requirements are issues that PE is obliged to manage because our stakeholders require us to. Many of these issues are included as requirements in tenders, or in the form of legal requirements. Most of these requirements and issues are managed by the Group's shared business system, which governs how the work will be carried out with the help of well-established policies and processes. PE's efforts are largely verified via the annual, independent ISO 9001/14001 audit of the management system.

Projektengagemang has prepared a sustainability report. The report is published on the company's website, www.pe.se.

Parent Company

The Parent Company's net revenue for the full year was SEK 249.2 million (180.1) with an operating loss (EBIT) of SEK –10.0 million (–16.0). Revenue for the Parent Company relates in part to intra-group cost allocation, as well as external undertakings where the Parent Company is the contractual party in relation to the end client, such as framework agreements.

Board's proposal regarding a decision on guidelines for remuneration of senior executives

The Annual General Meeting resolves on guidelines for determining remuneration of the CEO and other senior executives. The Board's proposal to the 2019 AGM regarding such guidelines is stated here. Other senior executives currently refers to the nine individuals who together with the CEO make up Group management, and who are presented on the company's website and on page 82 of the 2018 annual report.

Remuneration for Group management may include a fixed salary, variable pay, long-term incentive programmes, pension and other benefits. Total remuneration should be competitive and reflect market levels, and allow the company the opportunity to recruit and retain the senior executives that the company needs in order to achieve its long- and short-term goals.

Fixed salary
Fixed salaries for the CEO and other senior executives shall be on market terms and reflect the demands and responsibilities of the job, along with the individual performance of the senior executive. Fixed salaries for the CEO and other senior executives are reviewed annually.

It should be possible to pay consultancy fees and/or other remuneration for any work that Board members carry out on behalf of the company or another Group company in addition to Board work.

Variable salary
Variable cash pay shall be dependent upon the fulfilment of defined and measurable criteria, and be limited to a maximum of 50 percent of the annual fixed salary for the CEO and CFO and 50 percent for other members of Group management. The purpose of specified criteria is to promote the fulfilment of the company/Group's short- and long-term targets, long-term development, value creation and financial growth, and should be designed so as to discourage excessive risk-taking.

The cost of Group management's variable cash salary may be estimated, given achievement of all performance targets, to amount to a maximum of approximately SEK 6 million (excluding social security contributions). The calculation is based on the current composition of Group management.

The terms for variable pay should be designed so that the Board may restrict or prevent payment of variable pay in the event of exceptional economic circumstances and if such a measure is deemed reasonable. Annual fixed salary here means fixed, cash pay earned during the year excluding pension, supplements, benefits and suchlike.

Long-term incentive programmes
The aim of long-term incentive programmes should be to create long-term commitment in the company, to attract and retain qualified senior executives and other key personnel, and to boost common interests between the participants and the shareholders.

To the extent that long-term incentive programmes are adopted, they shall complement fixed salary and variable pay for those senior executives who through their expertise and performance have in particular contributed to the company/Group's earnings-related target fulfilment. Any share or share-price related incentive programmes must have a minimum qualifying period of three years.

Pensions
Pension benefits shall be defined contribution. Pension benefits for senior executives outside Sweden may vary as a result of legislation or local market practice.

Other benefits and remuneration
Fixed salary during a notice period and severance pay, including remuneration for any non-competition clause, shall not in total exceed an amount corresponding to the fixed salary for two years for the CEO and 12 months for other members of Group management.

Other remuneration may comprise other customary, market-based benefits such as health insurance, which should not constitute a significant proportion of the total remuneration.

Furthermore, additional remuneration in extraordinary circumstances on a case by case basis and following a decision by the Board may be agreed to promote recruitment or help retain senior executives. Such extraordinary arrangements may, for example, include a one-off cash payment.

Deviation from guidelines
The Board shall be entitled to depart from these guidelines adopted by the Board in individual cases should special reasons exist.

Remuneration 2018
Salary and remuneration for 2018 to the company's senior executives and individual Board members who have had employment or consultancy contracts with the company during the year have been consistent with guidelines established by the 2018 AGM.

For further information regarding remuneration, see Note 6 of the annual report.

Laws and other requirements

Insurance
PE has taken out standard insurance policies at amounts that the company deems sufficient. However, there are no guarantees that the company's insurance cover can be maintained on terms that are acceptable to the Group, and that the insurance cover protects against the entire Group's losses or covers all requirements in the event of any future damage.

Environment
Projektengagemang's operations are not subject to permits or notifiable according to current environmental legislation. However, PE offers consulting services and solutions that shall contribute to long-term, sustainable development and reduce environmental impact and promote resource management.

Disputes
All business operations involve a risk of disputes. The contract format used by PE is mostly ABK09, in which management of any disputes is a controlled process. Projektengagemang's insurance cover is linked to all relevant service contracts.

Significant disputes
The Group does not currently have any significant disputes. Any disputes that do arise are related to the business and mainly concern creditor claims for completed work. The disputes are not unusual in their nature and extent, given the nature and scope of the business.

Changes to Group management

On 1 January 2018, Nicke Rydgren joined Projektengagemang as Head of Strategy and Business Development.

In May 2018, Krister Lindgren took on the position of Investor Relations Officer.

On 14 September, Åsa Holmgren joined as the Group's Chief Human Resources Officer.

All are members of the Group's management team.

Market and outlook

2018 saw a slowdown in new-build projects, particularly in the Stockholm region, which is affecting demand in our areas of business. Underlying growth factors in the market remain positive, however. This is mainly being driven by continued significant need for new builds, extensions and refurbishment of buildings such as hospitals, schools and offices, large infrastructure projects and the transition to a more sustainable society.

Change and new trends create opportunities to continue be innovative in client solutions. As specialists, our value increases with the complexity of the assignment, and in line with PE's strategy the company is being proactive about collaborating in order to integrate new technology and new perspectives in assignments.

Internal work remains focused on creating procedures and methods to raise productivity and to continue developing our offering towards multidisciplinary services.

Events after the end of the reporting period

On 8 January 2019, PE signed an agreement to acquire Mats & Arne Arkitektkontor AB. The company has 23 employees, revenue of around SEK 20 million and offices in Gothenburg and Stenungsund.

At the beginning of January 2019, Helena Liljegren took up her position as Head of the Architecture & Management division. Helena is a member of Group management. On 18 March 2019, changes were made to PE's Group management. Kjell-Åke Johansson was appointed the new Head of the Systems Division and Nicke Rydgren is the new Chief Commercial Officer (CCO), with marketing and acquisitions being combined with strategic and business development.

Dividend

The Board proposes to the AGM a dividend of SEK 1.00 per share (0.48) for the 2018 financial year. There is full coverage for the Parent Company's equity after the proposed dividend. The Board considers that the proposed dividend is justifiable given the Group's dividend policy and the expansionary acquisition phase that the company is undergoing. PE's strategy is growth through acquisitions and recruitment. In light of the above, the proposed appropriation of profits is balanced against the fact that the company is in an expansionary phase. The dividend is justifiable given the requirements that the nature, scope and risks of the business place on the amount of equity, and the company and Group's consolidation needs, liquidity and position in general.

With regard to the Group's earnings and position in general, please refer to the following statements of comprehensive income, income statements, cash flow statements and statements of changes in equity, along with balance sheets with accompanying notes. All amounts are presented in SEK thousand unless otherwise indicated.

Proposed appropriation of profits

Funds at the disposal of the Annual General Meeting, SEK:	
Retained earnings	496,985,290
Profit/loss for the year	6,224,132
	503,209,422
The Board proposes that retained earnings be appropriated as follows	
Dividend (SEK 1.00 per share)	24,555,677
To be carried forward	478,653,745
	503,209,422

Corporate Governance Report

Projektengagemang Sweden AB (Publ) (PE), is a Swedish public limited company with its registered office in Stockholm, Sweden, listed in the Small Cap segment on the Nasdaq Stockholm stock exchange. Corporate governance as exercised by PE is based on the Swedish Companies Act, the Swedish Annual Accounts Act, stock market regulations and the Swedish Corporate Governance Code (the Code). This Corporate Governance Report relates to both the Parent Company PE and the Group.

Corporate governance principles

PE applies the regulations pursuant to legislation or other statutes, and the Code. In 2018, PE has applied the Code without deviations.

Business model and management of assignments

PE's vision is that we shall renew our society through innovative and sustainable solutions. This shall be achieved by generating added value for clients by supplying advanced consulting services and solutions within architecture, building, infrastructure, industry and project management via collaboration between the company's different disciplines. The work is conducted using a holistic approach and in close cooperation with clients.

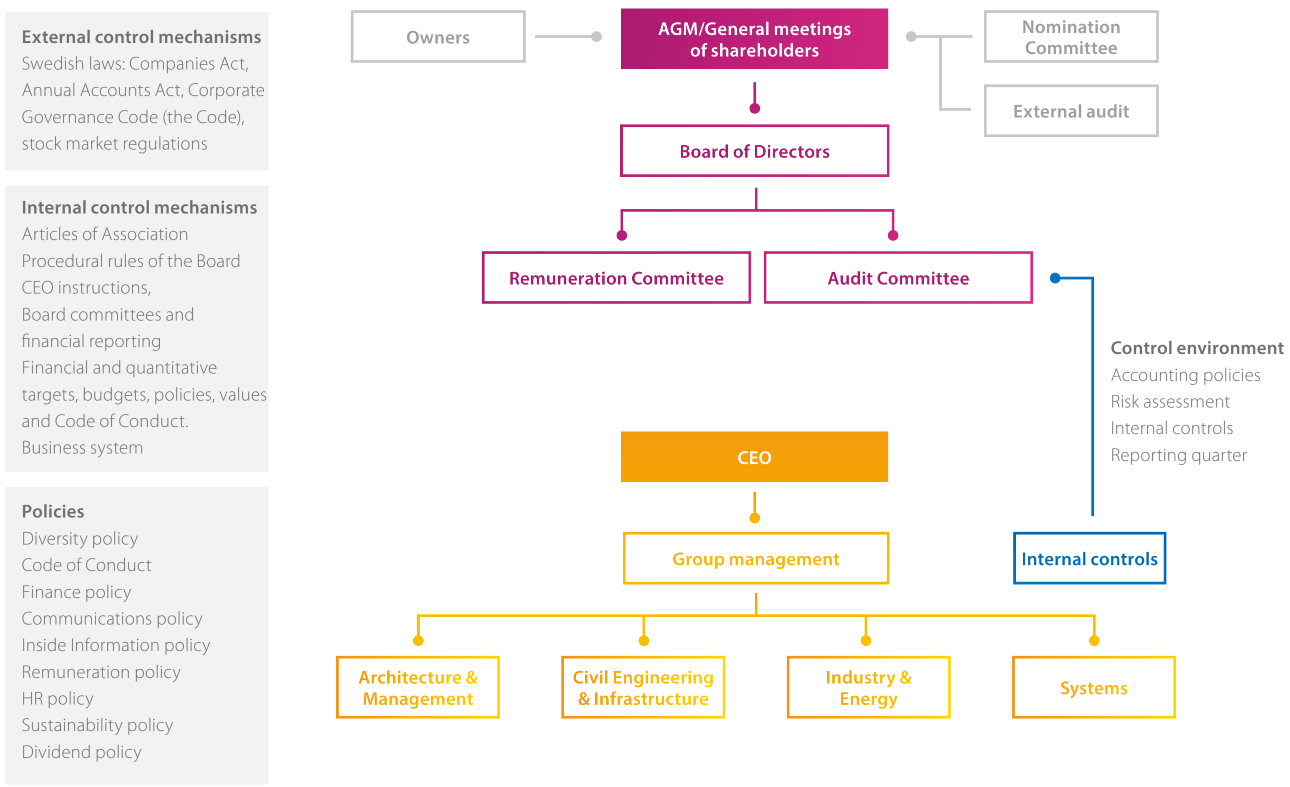
The Group's decentralised organisation is underpinned by our individual employees, requiring a strong company-wide culture. PE's core values of Commitment, Entrepreneurship and Responsibility reflect our corporate culture and aim to promote good conduct and the motivation to guide the entire organisation towards a shared goal.

PE's work is largely carried out in the form of assignments.

Each assignment is managed by a responsible project manager, who makes use of the group-wide management system in their day-to-day work.

PE is certified in accordance with SS-EN ISO 9001:2015 and SS-EN ISO 14001:2015. These management standards help the Group to comply with legislation, improve environmental aspects in assignments and identify potential risks.

PE's corporate governance structure



The management system and its use are examined annually by independent quality auditors. The system is also subject to regular internal monitoring with reporting back to the Audit Committee.

The Group's management system includes guidelines, policies and procedures that focus on assignment outcomes, and the system is always available to the consultants. PE works with continual measures to improve the Group's working methods, promote sustainability and support its employees.

Our employees' professional development requirements are satisfied via continual training. The know-how and experience that employees gain via assignments is harnessed and developed for future use.

Control mechanisms

The external control mechanisms that comprise the framework of corporate governance within the Group include the Swedish Companies Act, Annual Accounts Act, stock market regulations, the Code and other relevant laws. Foreign subsidiaries apply the laws and regulations of the country in question, but also ensure compliance with the Group's governance and control guidelines.

The Board of Directors is ultimately responsible for the organisation and management of the Group's affairs.

Supervision is exercised by authorities and by organisations appointed by such authorities where appropriate for the Group's operations.

Internal control mechanisms include the Articles of Association, which are adopted by the AGM, the Board's procedural rules and CEO instruction, the Board's committees and financial reporting. In addition there are financial and quantitative targets, budgets, reports, policies, valuations and the Code of Conduct.

The Group's policies, including the Code of Conduct, finance policy, communication policy, inside information policy, remuneration policy, sustainability and environmental policy, HR policy and dividend policy, shall be submitted to the Board annually for approval. The CEO makes decisions regarding the customer credit policy, health and safety policy, security policy, quality policy and whistleblowing policy. In addition there are several other significant policy documents that are decided on by the CEO or a person appointed by the CEO.

Corporate governance structure

PE's shareholders are ultimately responsible for making decisions about the Group's corporate governance by, at the AGM, appointing the company's Board, which in turn is responsible for ensuring that ongoing corporate governance throughout the year complies with legislation and other external and internal control mechanisms.

Annual General Meeting

PE's shareholders exercise their right to make decisions regarding the Group's affairs at the Annual General Meeting, or where applicable at extraordinary general meetings, constituting PE's highest decision-making body. The AGM makes decisions regarding the Articles of Association, elects the members of the Board and the Chairman, appoints auditors, adopts the income statement and balance sheet and decides on the appropriation of profits, discharge from liability and principles for appointing the Nomination Committee, etc.

At the AGM, every shareholder who is registered in the shareholder register at the record date and who has registered their right of participation is entitled to participate, either personally or via a representative with power of attorney.

Shareholders are entitled to have a matter addressed at the AGM after submitting a written request to the Board well in advance of the notice convening the AGM being issued.

Such notice and other information ahead of the AGM can be found on PE's website, www.pe.se. The minutes and other details of the latest AGMs can also be found on the company's website.

IPO

As part of preparations prior to the company's listing, a decision was made at an extraordinary general meeting on 4 June 2018 to carry out a 3:1 share split. The number of shares increased by 11,702,828.

PE was listed on Nasdaq Stockholm with an initial trading date of 19 June 2018. The subscription price was SEK 47 per share.

The offering included a total of 10,003,860 B shares, of which 6,382,979 were newly issued shares.

In July, the number of shares and votes increased by 618,456 as a result of the issue of 618,456 new B shares in connection with the exercise of the over-allotment option following the listing of the company's shares on Nasdaq Stockholm. At the end of 2018, the total number of shares amounted to 24,555,677, including 5,496,000 A shares and 19,059,677 B shares. Only the company's B shares have been listed.

Shareholders

According to the shareholder register maintained by Euroclear Sweden, PE had 1,675 shareholders at 31 December 2018. Share capital amounted to SEK 2,727,721 allocated among 5,496,000 A shares, corresponding to 22.38 percent of the shares and 74.25 percent of the votes. A shares each carry ten votes and B shares carry one vote. All shares have the same proportion of the Group's profit and capital.

At 31 December 2018, Projektengagemang Holding AB had an ownership interest amounting to 21.48 percent of the total number of shares and 60.52 percent of the votes. In other respects, no shareholder has a direct or indirect shareholding that represents at least one tenth of the number of votes for all shares in PE.

Pages 89–90 include further details about the company's shares and shareholders. The information is also available on the company's website, www.projektengagemang.se

2018 Annual General Meeting

PE's 2018 AGM was held on 7 May 2018 at the Group's headquarters at Årstaängsvägen 11 in Stockholm, Sweden. Shareholders representing 72.49 percent of the Group's votes and 53.62 percent of the Group's capital took part in the AGM. A majority of the Board members including the CEO attended. The Group's auditors were also present.

The AGM made decisions on the following matters:

- The AGM resolved to discharge the Board members and the CEO from liability for the financial year ended 31 December 2018. It was noted that neither the Board members nor the CEO, being shareholders, took part in the decision.
- The AGM resolved in accordance with the Board's proposal that a dividend of SEK 2.00 per share be paid (0.48 recalculated based on the number of shares at 31/12/2018), and that the remaining portion be carried forward.
- It was decided, in accordance with the Nomination Committee's proposal, that Gunnar Grönkvist, Britta Dalunde, Öystein Engebretsen, Lars Erik Blom, Carina Malmgren Heander and Per Göransson be re-elected as ordinary Board members for the period extending up until the end of the next AGM, and that Per-Arne Gustavsson be elected as a new member.
- Gunnar Grönkvist was elected Chairman of the Board.
- That up until the next AGM the Board retains its fee of a total of SEK 1,312,500, excluding travel expenses, to be allocated among the members as follows: Chairman SEK 350,000 and other members SEK 175,000 each. It is proposed that work carried out within the Audit Committee and where applicable the Remuneration Committee be remunerated with fees in a total amount of SEK 240,000. The chair of the Audit Committee is to receive SEK 80,000 and the other two members SEK 40,000 each. The chair of the Remuneration Committee is to receive SEK 40,000 and the other two members SEK 20,000 each. Members employed by the Group do not receive any remuneration.
- It should be possible to invoice fees, including any social security expenses, via a public limited company wholly owned by the member, provided this is cost-neutral for the Group and consistent with the relevant tax rules.
- The registered auditing group PricewaterhouseCoopers AB was chosen as the Group's auditor up to and including the 2019 AGM, with Lennart Danielsson as principal auditor.
- The Board was authorised to make decisions, on one or more occasions, for the period extending up until the next AGM, with or without shareholders' preferential rights, to decide on the issue of new shares, issue of convertible instruments and warrants. It should be possible to make the issue decision against cash payment and/or through payment in kind or set-off, or for subscription to be possible on other terms. It shall be possible for the Board to make an issue decision without preparing documents according to Chapter 13 section 6, Chapter 14 section 8, and Chapter 15 section 8 of the Swedish Companies Act.
- The AGM resolved in accordance with the Board's proposal to adopt principles for salaries and remuneration for senior executives within the PE Group. These mean that remuneration shall comprise a fixed salary, variable pay, long-term incentive programmes, pension and other benefits. Total remuneration should be competitive and reflect market levels, and allow the company the opportunity to recruit and retain the senior executives that the company needs in order to achieve its short- and long-term goals. The variable portion of salary, which is cash, shall be based on outcomes relating to defined, measurable targets, and shall have a maximum amount in relation to the fixed salary. Long-term incentive programmes, to the extent that they are adopted, shall complement fixed and variable salary for those senior executives who through their performance have made a particular contribution to the Group's target fulfilment. Matters concerning remuneration of senior management are to be handled by the Remuneration Committee and, when it comes to the CEO, resolved on by the Board.

Nomination Committee

PE's AGM makes decisions regarding the principles for appointing the members of the Nomination Committee. The 2018 AGM resolved that the Group should have a Nomination Committee consisting of four members. The members of the Nomination Committee must include one representative of each of the three largest shareholders in terms of votes who wish to elect such representative. One of the members shall be the Chairman of the Board, who also convenes the first meeting. If any of the three largest shareholders in terms of votes refrain from their right to elect a member of the Nomination Committee, the next largest shareholder will be given the opportunity to elect a member. The mandate period of the Nomination Committee extends up until the date that a new Nomination Committee is appointed. Unless the members agree otherwise, the chair of the Nomination Committee must be the member that has been elected by the largest shareholder in terms of votes. If a member of the Nomination Committee leaves the committee before their work has been completed, the shareholder that elected such member is entitled to elect a new member of the committee. If the member leaving the Nomination Committee is the Chairman of the Board, a new member will not be elected.

The Nomination Committee will be constituted on the basis of shareholder statistics from Euroclear Sweden AB at 30 June every year. The names of the elected members of the Nomination Committee and the shareholders they represent will be published on the Group's website as soon as they have been elected, however no later than six months before the AGM.

The members of the Nomination Committee ahead of the AGM in May 2019 were announced on 14 November 2018, and are: Gunnar Grönkvist, PE Chairman, Pontus Mattsson, Projektengagemang Holding AB (chairman of the Nomination Committee), Annika Andersson, Swedbank Robur fonder and Tim Floderus, Investment AB Öresund.

If during the mandate period of the Nomination Committee one or more of the shareholders who elected members of the Nomination Committee are no longer among the three largest shareholders in terms of votes, members elected by such shareholders must make their positions on the committee available and the shareholder(s) who has/have joined the three largest shareholders in terms of votes will be entitled to elect their members. Unless there are specific reasons, no changes should be made to the composition of the Nomination Committee if only marginal changes have occurred to the number of votes, or if the change occurs less than three months prior to the AGM. However, shareholders who have joined the three largest shareholders as a result of more significant changes to the number of votes less than three months prior to the AGM will be entitled to elect a representative, who will be co-opted to the Nomination Committee. Shareholders who have elected a member of the Nomination Committee are entitled to dismiss said member and elect a new member to the Nomination Committee. Changes to the composition of the Nomination Committee must be disclosed as soon as they have occurred.

Ahead of the AGM, the Nomination Committee is tasked with presenting proposals regarding the AGM chairman, the number of Board members, election of Board members, election of a Chairman of the Board, Board fees including allocation between the Chairman and other members of the Board, and remuneration for committee work, audit fees, election of auditors and criteria for how a new Nomination Committee is to be elected. The Nomination Committee shall observe the requirements imposed on the Nomination Committee and appointments to the Board as detailed in the Swedish Corporate Governance Code.

The Nomination Committee is entitled to receive reasonable remuneration for expenses incurred regarding evaluation and recruitment. Other than that, the members of the Nomination Committee do not receive any remuneration from PE for their work.

Extraordinary general meeting 2018

On 4 June 2018, an extraordinary general meeting was held at the Group's headquarters at Årstaängsvägen 11 in Stockholm, Sweden. Shareholders representing 77.23 percent of the Group's votes and 52.43 percent of the Group's capital took part in the EGM.

The EGM resolved on changes to the Articles of Association, in accordance with the Board's proposal. The changes relate to adjustments to the limits for the number of shares, and amended requirements regarding the composition of the Board. The new Articles of Association can be found on the company's website.

The EGM resolved to approve the Board's proposal to increase the number of shares by dividing each share into three shares (3:1 share split). Following the share split, the number of shares will increase from 5,851,414 to 17,554,242, of which 5,496,000 are A shares and 12,058,242 are B shares. The proposed share split meant that the shares' quotient value changes from SEK 0.33 to SEK 0.11.

Diversity policy

The Nomination Committee applies rule 4.1 of the Code as its diversity policy when assessing the appropriate composition of the Board, taking account of the Group's operations, stage of development and conditions in general, which means that the assessment must be characterised by versatility and breadth with regard to skills, experience and background, endeavouring to achieve an even gender balance.

Auditors

PE's auditors are elected at the AGM. The 2018 AGM elected PricewaterhouseCoopers AB, with authorised public accountant Lennart Danielsson as principal auditor for the period up until the 2019 AGM.

Audit work

The auditors examine the annual financial statements and accounting of the Parent Company and Group, and the Board and CEO's management.

In order to provide for the Board's information requirements, in addition to reporting to the Audit Committee, the Group's auditors also report observations from their auditing of the consolidated financial statements to the Board every year, as well as their observations from examining the Group's internal controls. At least once a year, the auditor conducts a dialogue with the Board of Directors without the presence of the CEO or any other representative of Group management.

PE's auditors examine the financial information for at least one interim report and the year-end report. In addition, every year the auditors examine a selection of controls and processes and report any areas requiring improvement to Group management and the Audit Committee. In 2018, the auditors conducted a limited assurance review of the Group's interim reports for the first and third quarters. In connection with the review of the Q3 report, the company's internal controls were also reviewed.

The auditors have attended five out of six of the Audit Committee and the 2018 AGM. The auditor takes part in the AGM in order to present the auditor's report.

Audit fees for 2018 (including the fee for consulting services) are detailed under Note 5, page 70 of the 2018 annual report.

Board of Directors

Composition of the Board and fees

PE's Board comprises seven members elected by the AGM, and no deputies. The Chief Executive Officer is not a member of the Board, but is co-opted to all Board meetings. Other employees of the Group participate as required to give presentations. The Group's Chief Financial Officer is secretary to the Board. Details of the composition of the Board in 2018 and remuneration to Board members for the full years 2018 and 2017 are provided under Note 6 on page 67. Further information about the Board members can be found on page 84–85.

Evaluation of the work of the Board of Directors

Once a year, the Board of Directors carries out an evaluation in which members are given the opportunity to offer their views on working methods, Board material, their own and other members' contributions to the work of the Board, with the aim of developing Board work and providing the Nomination Committee with a relevant basis for decisions ahead of the AGM. An internal evaluation was conducted in 2018 through an anonymous questionnaire to Board members, and the results of the evaluation have been reported by the Chairman of the Board, with subsequent discussion within the Board. The result of the evaluation has been reported to the Nomination Committee.

Independence

According to the Code, a majority of the Board members elected by the AGM must be independent in relation to the company and company management, and at least two of these members must also be independent in relation to the company's major shareholders.

PE's Board is deemed to satisfy the Code's requirements as regards independence, as five of the Board members elected by the AGM are deemed to be independent in relation to the Group and company management as well as in relation to the Group's major shareholders. All members elected by the AGM apart from Per Göransson and Per-Arne Gustavsson have been independent in relation to the Group and company management in 2018. Per Göransson and Per-Arne Gustavsson have acted as senior advisors in the Group during the year up to and including 31 July 2018, for which they have received remuneration.

Work and responsibilities of the Board of Directors

The Board of Directors monitors the work of the CEO and is responsible for ensuring that organisation, management and guidelines for the Group's funds are fit for purpose. The Board is also responsible for ensuring that the Group is organised in a way that allows for appropriate internal control, and that suitable systems are in place for following up operations and associated risks, and for compliance with laws, rules and internal guidelines. Furthermore, the Board is responsible for developing and following up the Group's strategies, plans and targets, decisions about acquisitions and divestment of businesses, major investments, additions to and replacement of members of the management team and ongoing monitoring of development throughout the year. The Board adopts the budget and end-of-year accounts.

The work of the Board follows the specific procedural rules that have been established relating to the division of tasks between the Board and CEO, between the Board's various committees and within the Board, and instructions regarding financial reporting. These procedures include a special set of instructions for the CEO. The Board's procedural rules also stipulate that the company's auditor shall take part in one Board meeting.

The constitutive Board meeting is held immediately following the AGM, or immediately following an extraordinary general meeting at which a new Board is elected. PE held its constitutive Board meeting on 7 May 2018, at which members of the Board committees were elected and the above-mentioned procedural rules were adopted.

In addition to the constitutive Board meeting, the Board meets on four ordinary occasions a year and whenever the Chairman deems appropriate, or after one of the Board members or CEO has made a request thereof. Seventeen Board meetings were held in 2018. The work of the Board follows a pre-established plan featuring certain regular decision points during the financial year.

Every month, the Board receives a report on the Group's earnings and liquidity performance. Treatment of other matters is determined by the nature of each individual issue.

During the year the Board has mainly focused on preparations for the company's listing and completion of such preparations prior to listing on Nasdaq Stockholm, the Group's governance and operations and decisions relating to acquisitions and financing.

Finance policy issues

The Board has ultimate responsibility for the Group's financial activities. The Board is responsible for approving the Group's finance policy, which is updated annually. The Board makes de-

The composition of the Board of Directors

Elected by the AGM[1]	Elected year[2]	Born	Total annual fee, SEK[3]	Independence of shareholders	Independent in relation to the company and management	Attendance at Board meetings	Attendance Audit Committee	Attendance Remuneration Committee
Chairman								
Gunnar Grönkvist	2015	1943	410,000	Yes	Yes	17/17	6/6	3/3
Members of the Board								
Britta Dalunde	2016	1958	255,000	Yes	Yes	17/17	6/6	
Lars Erik Blom	2016	1960	215,000	Yes	Yes	16/17	6/6	
Öystein Engebretsen	2016	1980	195,000	No	Yes	17/17		3/3
Carina Malmgren Heander	2018	1959	215,000	Yes	Yes	16/17		3/3
Per Göransson	2006	1953	131,250	No	No	17/17		
Per-Arne Gustavsson	2018	1952	131,250	No	No	10/10		

1 Details of the education, other roles and shareholdings in the company etc. of the current Board members can be found on pages 84–85 of the annual report.
2 The table states from which year each member has been a Board member within the Group.
3 For further details, see Note 6 on page 67. Recognised fees in the table above relate to an annual mandate period.

cisions regarding overall mandates and limits for restricting the Group's financial risk assumption, in accordance with the finance policy, and on all long-term financing. The Board has delegated operational responsibility in line with the division of responsibilities stated in the adopted finance policy.

Board's checks on financial reporting

The Board of Directors monitors the quality of financial reporting via monitoring instructions and the CEO instruction. Together with the CFO, the CEO is tasked with examining and quality assuring all external financial reporting, including year-end reports, interim reports, annual reports, press releases with financial content and presentation material for interaction with the media, shareholders and financial institutions.

The Board's Audit Committee assists in making sure that financial reporting is of high quality, that it is approved by the Board and communicated. The Board receives monthly financial reports and the company and Group's financial situation is addressed at each Board meeting. The Board also discusses interim reports and annual reports.

In order to provide for the Board's information requirements, in addition to reporting to the Audit Committee, the Group's auditors also report observations from their audit and their assessment of the Group's internal controls to the Board every year.

The Board committees

The Board has full insight into, and responsibility for all issues on which the Board is tasked with making decisions. However, during the year work has been conducted via two of the Board's appointed committees: the Audit Committee and the Remuneration Committee.

Audit Committee

The committee is made up of three representatives of the Board and is tasked with:

- prior to Board decisions, preparing the Board's work by providing quality assurance of the consolidated financial statements
- monitoring and submitting recommendations and proposals to ensure the reliability of reporting with regard to effectiveness of the Group's internal controls and risk management
- assisting the Nomination Committee during the tender process for the audit and preparing for election of, and fees for auditors
- keeping informed about the extent and focus of the audit assignment
- preparing questions about the audit
- evaluating the audit process
- establishing guidelines for the procurement of permitted services to be carried out by the Group's auditors in addition to the audit
- if appropriate, approving such services according to the guidelines
- monitoring and considering the application of current accounting policies and the introduction of new accounting policies and of other legal accounting requirements, generally accepted accounting principles or otherwise.

The Group's principal auditor and representatives of the audit firm are co-opted to the majority of the meetings. Senior executives are co-opted where applicable. Since the 2018 AGM, the committee has been made up of members Britta Dalunde, Lars-Erik Blom and Gunnar Grönkvist. The committee is chaired by Britta Dalunde.

The Audit Committee held six meetings in 2018 and the Board of Directors regularly receives copies of the minutes. During the year, the committee's work has mainly related to valuation issues, impairment testing requirements and follow-up and checks on the Group's financial reporting.

An account of the various matters dealt with by the committee is submitted to the next Board meeting.

The auditors have attended five out of six meetings of the Audit Committee.

Remuneration Committee

The committee consists of three representatives from the Board of Directors. The committee is primarily tasked with preparing the Board's decisions on matters such as remuneration principles, remuneration and other employment terms and conditions for company management and other senior executives. Furthermore, the Remuneration Committee shall monitor and evaluate variable remuneration programmes for company management that are ongoing or that have been concluded during the year; monitor and evaluate the application of the guidelines for remuneration of senior executives that the AGM is required to resolve on by law and regarding remuneration structures and remuneration levels in the Group.

Remuneration of the CEO and remuneration principles for company management are decided on by the Board of Directors. Remuneration of other senior executives is decided on by the Remuneration Committee within the framework established by the Board and AGM.

In 2018, the Remuneration Committee has consisted of Carina Malmgren Heander (chair), Gunnar Grönkvist and Öystein Engebrektsen. The committee held three meetings in 2018.

CEO/President

According to the rules stated in the Swedish Companies Act and other legislation, the CEO is responsible for day-to-day management in compliance with the Board's guidelines and instructions, and for taking the necessary action to ensure the Group's accounting is managed in a satisfactory manner. Furthermore, the CEO must ensure that the Board of Directors receives the information required in order to adequately monitor the Group's financial situation, position and performance and in general fulfil its reporting obligation with respect to economic conditions.

The Group's CEO leads operations within the framework established by the Board in the special CEO instruction. The instruction covers matters such as the CEO's responsibility for day-to-day operations and issues that always require a decision by the Board or that require the Board to be informed, as well as the CEO's responsibility for financial reporting to the Board.

In consultation with the Chairman, the CEO prepares the requisite information and decision-making documentation ahead of Board meetings, presents items and provides explanations for proposals for decisions.

Per Hedebäck took up the position of President and CEO on 1 October 2017. The Board continually evaluates the work of the CEO.

Group management

The CEO directs the work of Group management and reaches decisions in consultation with the other members of management. In 2018, Group management was made up of the CEO and nine individuals: the CFO, Head of Strategy and Business Development, four heads of division, Director of Marketing and Acquisitions, CHRO and IRO. Information about the CEO and Group management can be found on page 82 of the 2018 annual report. Group management conducts regular operational reviews under the leadership of the CEO.

Internal controls, risk management, internal audit and follow-up

According to the Companies Act and the Code, the Board is responsible for internal controls. The Annual Accounts Act states that a company's corporate governance report must contain details of the most important elements of the company's internal control and risk management systems relating to its financial reporting.

The Board has designed clear decision and procedural rules and instructions for its own, the Remuneration Committee, Audit Committee and the CEO's work, in order to achieve effective management of operational risks and internal controls.

Responsibility for maintaining an effective control environment and ongoing work with internal controls and risk management rests with the CEO and Group management, who report to the Board according to established procedures. Managers at various levels of the company also have this responsibility within their respective business areas, and report in turn to Group management.

Risk assessment

The aim of PE's risk management is to safeguard the Group's long-term earnings performance and for the Group to achieve its targets. Ultimate responsibility for risk management rests with the company's Board and senior management.

PE continually updates the risk analysis regarding the assessment of risks that may lead to financial reporting errors. During risk reviews, PE identifies areas where there is an enhanced risk of error.

The results of the general risk analysis have been compiled in a risk summary, which details the Group's exposure to risks. A review of risk management and internal controls within the Group is addressed on a quarterly basis by the Audit Committee.

Control activities

Monthly reports for all companies within the Group are prepared, together with consolidated monthly reports. Based on these reports, the CEO, CFO and financial controllers hold monthly follow-up meetings with operational managers and key individuals in the operational business. Special analysis is carried out on order levels, debiting ratios, cost monitoring, risk lists and cash flow.

The Board also monitors, via the Audit Committee, the reliability of financial reporting and evaluates recommendations for improvements, and addresses issues regarding the risks that have been identified. The Audit Committee submits regular verbal reports to the Board, as well as proposals on issues requiring a decision from the Board. The control environment is created through shared values, corporate culture, rules and policies, communication and follow-up, as well as by the way in which the business is organised. The main task of staff functions and their employees is to implement, improve and maintain the Group's control procedures, and to carry out internal checks focusing on business critical issues.

The Group's business system forms the foundation for everything that the company does. The aim of the business system is to streamline and systematise daily operations in order to carry out assignments in the most efficient way possible. Each process has a process owner who is responsible for managing the process based on the policies that have been created and approved according to the hierarchy adopted by the Board of Directors.

Ongoing follow-up of risks and compliance with internal procedures is carried out on a monthly and quarterly basis. Observations are reported back to the Audit Committee every quarter.

In 2018, all process owners in the organisation conducted a thorough review of processes and risk mapping. In order to ensure effective internal control, follow-up of identified risks and compliance with internal procedures, regular monthly and quarterly follow-up is carried out and reported back to Group management. A quarterly report is also submitted to the Audit Committee.

Internal audit

PE has not yet found it necessary to arrange an internal audit.

The Board is of the opinion that owing to the size of the Group and the fact that the company has a simple and similar operational structure, there is no need for such a function in the business.

Financial controllers at Group and business area level continually follow up compliance with the governance and internal control systems created by the company.

Additional information at www.pe.se

- Articles of Association
- Information from previous AGMs (convening notices, minutes and resolutions)
- Information about the Nomination Committee
- Corporate governance reports for the 2015–2017 period are included in the annual report for the respective year
- The 2018 Corporate Governance Report is published as a separate document on the company's website

Material risks and risk management

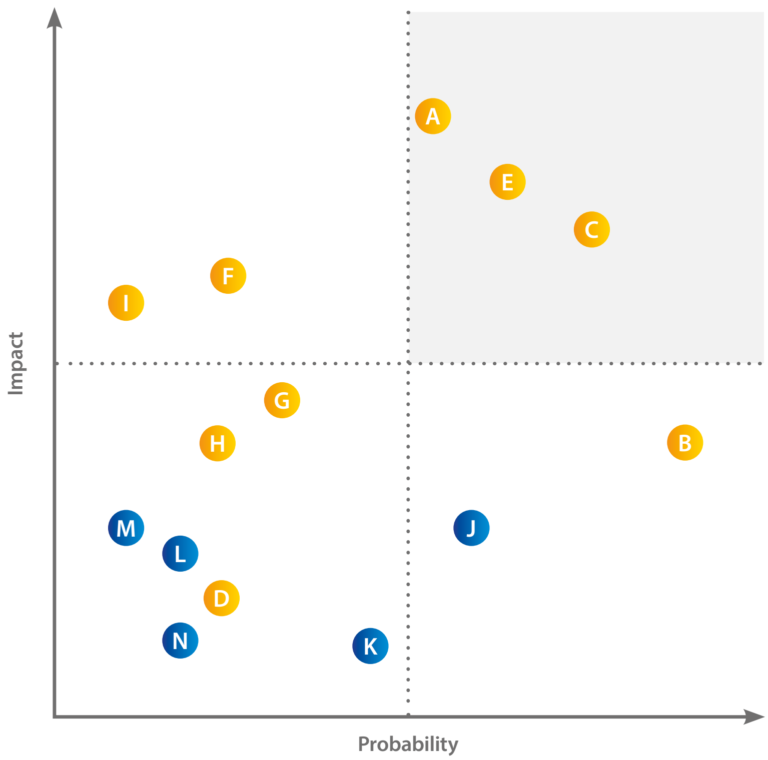
Management of the operational risks is a continual ongoing process due to the large number of ongoing projects. The Group's financial risks are managed centrally in order to minimise and monitor risk exposure.

Risk management is an ongoing aspect of the company's management system and is carried out via self-monitoring and regular reporting by the company's managers on a monthly basis. The Audit Committee is debriefed about developments at least four times a year.

Sensitivity analysis

Risk	Change +/–	Impact revenue +/–
Average fee	1%	SEK 14 million
Average hourly fee	SEK 10	SEK 15 million
Chargeability	1 percentage point	SEK 16 million
Attendance rate	1%	SEK 17 million
Personnel costs	1%	SEK 9 million
Calendar effect	1 day	SEK 6 million

Risk analysis



Operational risks

- A Demand
- B Competition
- C Price
- D Skills shortage, sickness absence and high staff turnover
- E Efficiency
- F Delivery risk
- G Acquisition risk
- H IT
- I Brand/reputation/rumour risk

Financial risks

- J Financing and liquidity risk
- K Management of capital
- L Interest rate risk
- M Liquidity risk
- N Credit risk

Operational risks

Operational risks	Description	Risk management process
A **Demand**	PE is reliant upon underlying market growth and demand for technical consulting services in Sweden. Demand is affected by economic trends and growth in Swedish GDP. In a more long-term perspective, the market is driven by demographic factors such as population growth and urbanisation, as well as investment in infrastructure, industry, technical development and a heightened focus on sustainability.	Demand risk is managed by offering and supplying cutting-edge expertise spanning several different sectors. With a large number of local branches, assignments from both private and public sector companies and over 3,000 clients, PE has good risk diversification given the fact that the Swedish economy is continuing to grow.
B **Competition**	Projektengagemang encounters competition in all its areas of operation. Competition is stronger for smaller assignments, as the entry barriers are low. Larger assignments require skill and a nationwide reach. PE also encounters competition from consulting brokers.	PE has opted to position itself based on client need, rather than size or price. PE is a technical consulting partner with the capacity to work on both small and large assignments in which the offering is adapted to the client's needs via customised teams.
C **Price**	Projektengagemang's pricing is affected by macroeconomic conditions and competition on the market. The market situation in which the Group operates affects opportunities to manage PE's pricing and calculations in an organised way.	PE has an effective business model in place and a clear assignment process that governs how calculations are made, which gives us good control over our earning capacity and pricing. However, it is difficult for PE to deviate substantially from prevailing market prices, particularly in larger projects. The Group's price trend is continually monitored.
D **Skills shortage, sickness absence and high staff turnover**	The ability to recruit, further develop and retain employees with the relevant skills is a critical success factor for every consulting company. Technical consultants are highly sought-after on the labour market, and competition is tough, which is reflected in a high staff turnover. High workloads, poor leadership and lack of clear guidance can lead to sickness absence and employees seeking employment elsewhere.	PE places great emphasis on creating the best workplace from an employee perspective. This work is based on an HR policy that details how we can best harness and develop the needs and expectations that employees and PE have of each other. An important element of this work is making sure that consultants are able to develop their skills during the assignments they are working on. Strong leadership is the key to developing employees and encouraging their commitment. PE therefore runs its own leadership programme, with the aim of fostering leadership that makes an active contribution towards creating the best workplace. Employee surveys are regularly conducted to find out about employee commitment and satisfaction with PE as an employer. Workforce planning is managed via acquisitions and recruitment. Irrespective of how an employee has joined us, induction activities are central in order to lay the foundation for commitment and a lasting employment relationship. Finally, we carry out extensive initiatives to raise awareness among university students in Sweden.
E **Efficiency**	Failing to utilise production capacity in the optimum manner entails the risk that we will not achieve our targets, given the resources we have available.	Well-planned use of the Group's resources has a material impact on earnings. Projektengagemang has solid support systems in place to enable effective planning and continual capacity forecasts to allow us to utilise and maintain the desired level of efficiency. The development of the Group's chargeability is continually monitored.
F **Delivery risk**	Projektengagemang's assignments involve taking responsibility for a specific delivery, and this means that in the event of deficiencies in deliveries the company may be obliged to rectify such deficiencies or pay compensation. It may also be the case that PE, for example during a period of high activity, does not have the capacity to provide the right expertise according to agreement, and that in such cases the company has to take on additional resources.	Projektengagemang has an established management system that ensures the company has effective follow-up and control procedures to safeguard a high level of quality assurance in our projects. The company is also certified according to ISO SSEN ISO9001:2015 and SSEN ISO 14001:2015. Projektengagemang has effective support systems for planning of internal resources. In addition, PE has close cooperation agreements with a number of sub-consultants, who can supplement PE's delivery in terms of resources or skills.
G **Acquisition risk**	Acquisitions are an important factor in Projektengagemang's growth strategy. Risks related to acquisitions include: Price too high. During an acquisition, a purchase price is paid that is determined based on forecasts regarding future earnings. Integration. PE integrates some companies into PE's operations, while other companies continue operating under their own brand. Poorly managed integration of an acquired business can lead to lower productivity and employees leaving the company.	PE has completed a large number of acquisitions since the company was established in 2006, and therefore has a well-managed acquisition and evaluation process, along with a sound integration strategy. PE carefully monitors developments to ensure that acquisitions follow planned processes, and that integration work is well prepared and has solid endorsement. Continual evaluation is carried out to identify any problems early on, since the value of acquired companies is largely in its employees.

Operational risks, cont.	Description	Risk management process
H **IT**	PE's operations are built on relatively extensive IT support, to ensure PE is able to carry out its work. Unplanned disruptions in functionality constitute a risk partly to our ability to deliver in assignments and information, and also in terms of causing a drop in revenue for the business.	The availability of the Group's IT structure is ensured via the IT policy and procedures that the company uses, as well as through the fact that function-critical suppliers have been contracted at the service levels required by Projektengagemang's IT structure.
I **Brand/Reputation/Rumour risk**	PE's operations are reliant on a good reputation, a positive profile and a strong brand in the industry. The spread of rumours or actions/deliveries that cause damage to our reputation would create difficulties in terms of recruitment, sales, customer satisfaction and employee identity.	Projektengagemang's entire business is built on our core values [x,Y,Z] and strong business ethics. We work continually in various contexts to ensure that everything we do and everyone working for the company adheres to our ethical guidelines and core values.

Financial risks	Description	Risk management process
J **Financing and liquidity risk**	The Group is exposed to various types of financial risk through its daily operating activities. Financial risk refers to fluctuations in the Group's earnings and cash flows resulting from variations in exchange rates, interest levels, financing and credit risks. The objective is to provide cost effective financing and to minimise the negative effects of market fluctuations on the Group's earnings.	Projektengagemang's entire business is built on our core values [x,Y,Z] and strong business ethics. We work continually in various contexts to ensure that everything we do and everyone working for the company adheres to our ethical guidelines and core values.
K **Management of capital**	The Group aims to have a capital structure that is optimal in order to keep capital costs down while safeguarding its ability to continue operating, and to maintain a balance between deposited and borrowed capital.	To maintain or adjust the capital structure, the Group can raise new loans, adjust the dividend to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt. The Group assesses capital on the basis of its debt/equity ratio. This key performance indicator is calculated as net debt/cash funds as a percentage of shareholders' equity. The debt/equity ratio at 31 December 2018 and 2017 was 2.7 and 2.3 respectively.
L **Interest rate risk**	Interest rate risk relates to the risk of Projektengagemang's cash flow or the value of financial instruments varying due to changes in market rates. Interest rate risk can lead to changes in actual values and changes in cash flows.	Projektengagemang's interest rate exposure is mainly derived from outstanding external loans. Projektengagemang currently has a short fixed-rate period for outstanding credits. Since most of the company's financial liabilities carry a short fixed-rate period, most of the interest rate risk can be regarded as cash flow risk. A change in the market rates of 1 percentage point affects the Group's interest expense in the amount of SEK 2.5 million.
M **Liquidity risk**	Liquidity risk is the risk that the Group may have difficulty fulfilling its obligations associated with financial liabilities.	The Group has ongoing liquidity planning covering all the Group's units. This liquidity planning is used to manage liquidity risk and the Group's financing costs. The objective is for the Group to be able to manage its financial commitments during economic upswings and downturns without incurring significant unforeseen costs. Liquidity risks are managed by the central finance department for the entire Group. The Group has an agreement with SEB regarding credit facilities, comprising bank loans, acquisition credit and an overdraft facility. The credit facility amounts to a total of SEK 542 million and has a remaining credit period of three years.
N **Credit risk**	Credit risk relates to the risk of financial loss due to the counterparty failing to fulfil their commitments.	Credit risk in financing operations is minimal, as Projektengagemang only deals with counterparties with a high credit rating. It is primarily counterparty risks associated with receivables from clients, banks and other counterparties. The finance policy includes a special counterparty regulation detailing the maximum permitted credit exposure for different counterparties.

Consolidated income statement and statement of comprehensive income

SEK 000s	Note	2018	2017
Net revenue	2	1,223,796	1,170,700
Other external expenses	5, 29	–347,906	–338,148
Personnel costs	6, 7	–786,336	–741,491
Profit/loss before depreciation/amortisation, EBITDA		**89,554**	**91,062**
Depreciation, amortisation and impairment losses	8, 12, 13	–18,750	–22,354
EBITA		**70,803**	**68,708**
Acquisition-related items*	4, 8	3,358	–3,719
Operating profit/loss, EBIT		**74,161**	**64,989**
Finance income		376	548
Finance costs		–6,156	–8,168
Net financial items	9	**–5,780**	**–7,620**
Profit/loss after financial items		**68,381**	**57,369**
Tax	24	–11,261	–19,854
Profit/loss for the period		**57,121**	**37,515**
Attributable to:			
Parent Company shareholders		56,831	37,330
Non-controlling interests		289.3	185.7
Basic and diluted earnings per share for the period, SEK		2.63	1.73

*Acquisition-related items are defined as amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of contingent considerations and gains and losses from divestments of companies, operations, land and buildings.

Consolidated statement of comprehensive income

SEK 000s	Note	2018	2017
Profit/loss for the year		**57,121**	**37,515**
Comprehensive income for the year		**57,121**	**37,515**

No deviations between profit or loss for the period and comprehensive income for the period

Consolidated balance sheet

SEK 000s	Note	2018	2017
ASSETS			
Non-current assets			
Goodwill	12	573,028	322,649
Other non-current intangible assets	12	50,563	16,078
Property, plant and equipment	13	62,377	47,335
Financial investments	15	3,260	3,260
Deferred tax assets	24	1,027	–
Non-current receivables	17	647	973
TOTAL NON-CURRENT ASSETS		**690,902**	**390,295**
Current assets			
Trade receivables	18, 28	224,290	167,836
Accrued but not invoiced revenue	19	120,002	94,751
Current tax assets	24	8,195	15,453
Other receivables	17	12,107	17,623
Prepaid expenses	20	29,727	32,536
Short-term investments		474	1,567
Cash and cash equivalents	21, 30	108,995	3,477
TOTAL CURRENT ASSETS		**503,790**	**333,243**
TOTAL ASSETS		**1,194,692**	**723,538**
EQUITY AND LIABILITIES			
Equity	22		
Equity attributable to Parent Company shareholders		586,143	227,701
Non-controlling interests		1,040	753
TOTAL EQUITY		**587,183**	**228,454**
Liabilities			
Provisions for pensions and similar obligations		60	303
Non-current, interest-bearing liabilities	23	264,702	173,801
Deferred tax liability	24	32,006	13,501
OTHER NON-CURRENT LIABILITIES		**296,768**	**187,605**
Current, interest-bearing liabilities	23	66,712	77,545
Liabilities to customers and suppliers	28	59,062	69,197
Other liabilities	25	104,708	91,548
Accrued expenses and prepaid income	26	80,259	69,189
TOTAL CURRENT LIABILITIES		**310,741**	**307,479**
TOTAL LIABILITIES		**607,509**	**495,084**
TOTAL EQUITY AND LIABILITIES		**1,194,692**	**723,538**

Consolidated statement of changes in equity

	Attributable to Parent Company shareholders						
SEK 000s	**Share capital**	**Other contributed capital**	**Reserves**	**Retained earnings incl. profit/loss for the year**	**Total**	**Non-con-trolling interests**	**Total equity**
Opening balance at 1 January 2017 according to adopted balance sheet	1,950	123,306	20	65,152	190,428	593	191,021
Profit/loss for the year				37,329	37,329	186	37,515
Other comprehensive income for the year				–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**37,329**	**37,329**	**186**	**37,515**
Exchange rate differences				–56	–56	–26	–82
Closing balance at 31 December 2017 according to adopted balance sheet	**1,950**	**123,306**	**20**	**102,425**	**227,701**	**753**	**228,454**
Profit/loss for the year				56,831	56,831	289	57,121
Dividends paid				–11,703	–11,703	–	–11,703
New share issue	778			328,288	329,066	–	329,066
Transaction expenses				–19,848	–19,848	–	–19,848
Tax, transaction expenses				4,143	4,143	–	4,143
Other comprehensive income for the year				–	–	–	–
Total comprehensive income	**778**	**–**	**–**	**357,712**	**358,489**	**289**	**358,778**
Transactions with shareholders in their capacity as owners:							
Exchange rate differences				–47	–47	–2	–49
Closing balance, 31 December 2018	**2,728**	**123,306**	**20**	**460,090**	**586,143**	**1,040**	**587,183**

Consolidated cash flow statement

SEK 000s	Note	2018	2017
OPERATING ACTIVITIES			
Profit/loss after financial items		68,381	57,369
Of which net interest paid	23	–4,510	–6,510
Adjustments for non-cash items	31	17,878	20,030
Tax paid		–5,739	474
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**80,520**	**77,873**
CASH FLOW FROM OPERATING ACTIVITIES			
Changes in operating receivables		–814	–9,886
Change in operating liability		–41,869	8,582
CASH FLOW FROM OPERATING ACTIVITIES		**37,837**	**76,569**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		–2,958	–4,764
Purchase of non-current intangible assets		–617	–1,048
Sale of property, plant and equipment		21	1,115
Sale of subsidiaries		–	949
Acquisition of subsidiaries incl. acquired cash funds	4	–271,593	–15,169
Change in financial assets		75	–
CASH FLOW FROM INVESTING ACTIVITIES		**–275,071**	**–18,917**
CASH FLOW BEFORE FINANCING		**–237,234**	**57,652**
FINANCING ACTIVITIES			
Dividend paid		–11,703	–
New share issue		329,066	–
Transaction expenses, new share issue		–19,848	–
Borrowings		281,000	–
Repayment of loans		–213,601	–62,597
Change in overdraft		–22,156	–4,669
CASH FLOW FROM FINANCING ACTIVITIES		**342,758**	**–67,266**
CASH FLOW FOR THE YEAR		**105,524**	**–9,614**
CASH AND CASH EQUIVALENTS AT START OF YEAR		**3,477**	**13,154**
Exchange rate difference in cash and cash equivalents		–5	–63
CASH AND CASH EQUIVALENTS AT YEAR-END		**108,995**	**3,477**

Parent Company income statement and statement of comprehensive income

SEK 000s	Note	2018	2017
Net revenue	2	249,159	180,059
Other external expenses	5, 29	–201,457	–153,880
Personnel costs	6, 7	–53,234	–37,310
Profit/loss before depreciation/amortisation, EBITDA		**–5,532**	**–11,131**
Depreciation, amortisation and impairment of non-current intangible assets and property, plant and equipment	8, 12, 13	–4,503	–4,826
Operating profit/loss, EBIT		**–10,035**	**–15,957**
Earnings attributable to investments in Group companies		–15,865	7,060
Finance income		1,396	1,623
Finance costs		–5,413	–7,238
Net financial items	9	**–19,882**	**1,445**
Profit/loss after financial items		**–29,916**	**–14,512**
Appropriations	10	36,472	20,283
Profit/loss before tax		**6,555**	**5,771**
Tax	24	–331	–849
Profit/loss for the period		**6,224**	**4,922**
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME			
Profit/loss for the year		6,224	4,922
Comprehensive income for the year		**6,224**	**4,922**

Parent Company balance sheet

SEK 000s	Note	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Non-current intangible assets		1,344	1,031
Property, plant and equipment	13	8,991	8,668
Investments in Group companies	14, 16	742,097	369,705
Deferred tax assets	24	6,734	7,059
Other long-term securities holdings	17, 27	3,200	3,200
Non-current receivables	27	318	61
TOTAL NON-CURRENT ASSETS		**762,684**	**389,724**
CURRENT ASSETS			
CURRENT RECEIVABLES			
Trade receivables	18, 28	23,610	12,516
Accrued but not invoiced revenue		8,015	12,407
Receivables from Group companies		59,705	111,025
Current tax assets	24	2,999	–
Other receivables		2,709	2,539
Prepaid expenses		11,012	14,575
TOTAL CURRENT RECEIVABLES		**108,050**	**153,062**
Cash and bank balances	21	62,473	–
TOTAL CURRENT ASSETS		**170,523**	**153,062**
TOTAL ASSETS		**933,208**	**542,786**
EQUITY AND LIABILITIES			
EQUITY	22		
Share capital		2,728	1,950
Statutory reserve		20	20
TOTAL RESTRICTED EQUITY		**2,748**	**1,970**
Retained earnings		496,986	191,182
Profit/loss for the year		6,224	4,922
TOTAL EQUITY		**505,958**	**198,074**
LIABILITIES			
NON-CURRENT LIABILITIES	23		
Deferred tax liability	24	–	–
Non-current, interest-bearing liabilities	27	237,127	150,722
OTHER NON-CURRENT LIABILITIES		**237,127**	**150,722**
CURRENT LIABILITIES			
Liabilities to customers and suppliers	27, 28	10,455	16,065
Current, interest-bearing liabilities	23	54,311	71,836
Liabilities to Group companies		104,847	88,599
Other liabilities	25	16,942	10,390
Accrued expenses and prepaid income	26	3,568	7,100
TOTAL CURRENT LIABILITIES		**190,124**	**193,990**
TOTAL LIABILITIES		**427,251**	**344,712**
TOTAL EQUITY AND LIABILITIES		**933,208**	**542,786**

Parent Company statement of changes in equity

SEK 000s	Share capital	Reserves	Retained earnings incl. profit/loss for the year	Total
Opening balance at 1 January 2017 according to adopted balance sheet	1,950	20	191,182	193,153
Profit/loss for the year			4,922	4,922
Other comprehensive income for the year			–	–
Total comprehensive income	**–**	**–**	**4,922**	**4,922**
Closing balance at 31 December 2017 according to adopted balance sheet	**1,950**	**20**	**196,104**	**198,075**
Profit/loss for the year			6,224	6,224
Other comprehensive income for the year			–	–
Total comprehensive income	**–**	**–**	**6,224**	**6,224**
New share issue	778		328,288	329,066
Transaction expenses			–19,848	–19,848
Deferred tax on transaction expenses			4,143	4,143
Transactions with shareholders in their capacity as owners:				
Dividends paid			–11,703	–11,703
Closing balance, 31 December 2018	**2,728**	**20**	**503,209**	**505,958**

Parent Company cash flow statement

SEK 000s	Note	2018	2017
OPERATING ACTIVITIES			
Profit/loss after financial items		–29,916	–14,512
Of which net interest paid		–3,447	–3,978
Adjustments for non-cash items	31	24,807	10,639
Tax paid		–0	–
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**–5,109**	**–3,873**
CASH FLOW FROM OPERATING ACTIVITIES			
Changes in operating receivables		15,626	–29,225
Change in operating liability		37,871	87,414
CASH FLOW FROM OPERATING ACTIVITIES		**48,388**	**54,316**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and non-current intangible assets		–746	–1,707
Acquisition of subsidiaries incl. acquired cash funds	14	–358,573	–17,304
Sale of subsidiaries		–	86
Change in financial assets		–16,424	–
CASH FLOW FROM INVESTING ACTIVITIES		**–375,743**	**–18,926**
CASH FLOW BEFORE FINANCING		**–327,355**	**35,390**
Financing activities			
Dividend		–11,703	–
New share issue		329,066	–
Transaction expenses, new share issue		–19,848	–
Borrowings		281,000	–
Repayment of loans		–203,005	–51,004
Change in overdraft		–22,156	–4,669
Group contributions		36,472	20,283
CASH FLOW FROM FINANCING ACTIVITIES		**389,826**	**–35,390**
CASH FLOW FOR THE YEAR		**62,471**	**0**
CASH AND CASH EQUIVALENTS AT START OF YEAR		**0**	**0**
CASH AND CASH EQUIVALENTS AT YEAR-END		**62,473**	**0**

Notes

NOTE 1 Significant accounting policies, general accounting policies

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretative statements from the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU, and the Swedish Annual Accounts Act and RFR 1 Supplementary Rules for Consolidated Financial Statements have been applied.

The Parent Company applies the Annual Accounts Act and RFR 2 Accounting for Legal Entities. In cases where the Parent Company applies accounting policies that differ from those of the Group, this is specified in the section 'Parent Company's accounting policies'. The differences between the policies applied by the Parent Company and those applied by the Group are due to restrictions in the Parent Company's ability to apply IFRS as a consequence of the regulations in the Swedish Annual Accounts Act, and in some cases due to tax reasons.

Valuation principles in preparing the financial statements of the Parent Company and Group

The functional currency of the Parent Company is Swedish kronor, which is also the reporting currency for the Parent Company and all the Group's subsidiaries except the Indian and Norwegian subsidiaries, which report in their local currencies. Assets and liabilities are reported at their historical acquisition cost, except for certain financial assets and liabilities, which are measured at fair value.

Preparing the financial statements in accordance with IFRS requires company management to make estimates and judgements, and to make assumptions that affect the application of the accounting policies and the recognised amounts for assets, liabilities, revenue and costs. Estimates and assumptions are based on historical experience and a number of other factors which are considered reasonable in current circumstances. The results of these estimates and assumptions are then used to assess the carrying amounts of those assets and liabilities that are not otherwise clearly evident from other sources. Actual results may differ from these estimates and judgements.

Estimates and assumptions are reviewed on a periodic basis. Changes in estimates are recognised in the accounts for the period in which the change is made if the change only affects that period, or in the period the change is made and in later periods if the change affects current and future periods.

Assumptions made by company management in the application of IFRS that have a significant impact on the financial statements, and estimates made that may entail significant adjustments to the financial statements for the following year are described in more detail in the notes.

The accounting policies for the Group presented below have been applied consistently to all periods included in the Group's financial statements except where otherwise stated below. The Group's accounting policies have been consistently applied to these financial statements and when consolidating the Parent Company and subsidiaries in the consolidated accounts.

Amended accounting policies and disclosure requirements

Introduction of new and revised IAS/IFRS

Amended accounting policies 2018

IFRS 9 replaces IAS 39 Financial Instruments. The main impact of the standard relates to a new model for the measurement of financial assets. The new standard features a forward-looking model based on expected instead of past credit losses. PE has analysed the effects of the new standard and applied the transition prospectively. In taking account of historical bad debt losses we have noted that the new standard does not have any material impact on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers has replaced IAS 18 Revenue and IAS 11 Construction Contracts, and related SICs and IFRICs. IFRS 15 is a standard that regulates revenue recognition. The Group has been applying this standard since 1 January 2018. An analysis has been carried out of the Group's various contract types according to the control-based model in five stages, as specified by the standard. The standard permits two transition methods: full retrospective or modified retrospective, in which identified effects are recognised as an adjustment to equity. Projektengagemang has chosen to apply method two and has therefore not adjusted comparative figures for 2017. Following evaluation of the new standard, Projektengagemang has concluded that it does not have any impact on the Group's financial statements, which is why no adjustment is necessary.

Areas that have been analysed to identify any possible effect:

- Recognition of any costs incurred to obtain contracts. According to IFRS 15, these costs are subject to capitalisation in the balance sheet. These costs were not significant in 2017, which is why no adjustment has been made to the opening balance against equity on 1 January 2018.
- Recognition of sales of goods – an analysis of recognition of revenue for 2017 from certain goods has revealed that the new standard will not involve any significant changes to revenue recognition, which is why no adjustment has been made to the opening balance on 1 January 2018.

Amended accounting policies from 2019 onwards

A number of new or revised standards and interpretative statements come into effect from 2019 onwards and have not been applied in advance when preparing these financial statements. There is no plan to apply new or amended standards effective as of the 2020 financial year onwards in advance. For anticipated effects on the financial statements of the application of new or amended standards and interpretative statements not detailed below, the Group has concluded that they will not have any material impact on the consolidated financial statements.

IFRS 16 is a new leasing standard that replaces IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities attributable to all leases, with a few exceptions, to be recognised in the balance sheet. This accounting is based on the approach that the lessee has a right to use an asset for a specific period of time, and at the same time an obligation to pay for such right. The standard is applicable for financial years starting 1 January 2019 or later, and PE will not use early application. The standard, which has been adopted by the EU, will mainly affect accounting of the Group's operating leases. Commitments regarding leases will be calculated at present value and reported as non-current assets with an interest-bearing liability in the balance sheet. In the income statement, lease expenses will be replaced by depreciaiton/amortisation and interest expenses. The change means that total assets and operating profit will increase, which will affect various key performance indicators. Projektengagemang estimates that at the start of 2019, IFRS 16 will result in an additional lease liability of SEK 138.5 million and right-of-use assets of SEK 151.1 million. The difference comprising prepaid lease payments and the effect on equity is SEK 0 million. The total lease liability with adjustment for the above opening balance for 2019 has been calculated as follows:

Operating lease commitments at 31 Dec 2018	**142.6**
Discount of margin loan interest	–41.1
Plus: liabilities for finance leases at 31 Dec 2018	61.5
(Less): short-term leases expensed on a straight-line basis	–4.1
(Less): leases with underlying low value	–0.7
Lease liability at 1 Jan 2019	**195.2**

To increase comparability with other companies on the market, as of 1 January 2018 PE has introduced the earnings concept EBITA, which is defined as operating profit excluding acquisition-related items. Operating profit is therefore adjusted for amortisation and impairment of acquisition-related intangible assets, including goodwill, and revaluation of contingent considerations and gains/losses from the divestment of companies and operations.

PE applies all EU-adopted IFRS standards and statements (IFRIC), to the extent possible within the framework of the Swedish Annual Accounts Act, and in some cases for tax reasons. This annual report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

Consolidated financial statements

Acquisition method

The Group applies IFRS 3 Business Combinations, and all acquisitions are recognised according to the acquisition method. This method entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The group-related cost is established via an acquisition analysis in connection with the business combination. The fair value of acquired identifiable assets and liabilities assumed and any identified non-controlling interests as of the acquisition date are determined in the acquisition analysis. For business combinations for which payment made, possible non-controlling interests and fair value of previously owned participations (in the event of gradual acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are recognised separately, the difference is reported as goodwill. When the difference is negative, what is known as a bargain purchase, this is recognised directly in profit for the year.

Contingent considerations are recognised at fair value at the acquisition date. These are revalued on each reporting date and the change is recognised in profit/loss for the year. For acquisitions that happen in stages, goodwill is determined on the date that controlling influence arises. Former holdings are measured at fair value and the change in value recognised in profit/loss for the year. Acquired and divested companies are included in the consolidated income statement, balance sheet and cash flow statement for the period of ownership.

Subsidiaries

The Group has a controlling interest in a company when it is exposed to, or has the right to variable return from its holding in the company and is able to influence the return via its controlling interest in the company.

Subsidiaries' financial statements are consolidated from the acquisition date until the date that control ceases.

Non-controlling interests

Non-controlling interests are recognised as a separate item in Group equity and comprise the proportional share of the acquired business's net assets. The Group's earnings and other comprehensive income are attributable to the Parent Company's shareholders and to non-controlling interests. Losses attributable to non-controlling interests are recognised even if it means that the share is negative. The effects of all transactions with the minority are recognised in equity for as long as the controlling interest persists.

Associates

Associates are companies for which the Group has a significant but not controlling interest over operational and financial management, normally via an ownership interest of between 20 and 50 percent of the votes. Associates also include all companies where the Group has a significant influence, even if the holding is less than 20 percent of the votes. Investments in associates are recognised in the consolidated financial statements as of the date that the significant influence is obtained, according to the equity method. The equity method means that the carrying amount of the shares in the associates stated in the consolidated accounts corresponds to the Group's interest in the associates' equity and group-related goodwill and any other remaining values of group-related surplus and deficit values. The carrying amount of the shares in associates changes with the Group's interest in the companies' earnings arising after the acquisition, reduced by the dividend received.

As with the consolidation of subsidiaries, an acquisition analysis is prepared on acquisition in accordance with IFRS 3 Business Combinations. Non-current assets are measured at fair value and any surplus values are depreciated over their estimated useful life. Depreciation affects the carrying amount of the associate. Any goodwill is not written down but is instead tested for impairment as required, however at least once a year.

The Group's share of the net earnings of associates after tax and minority adjusted for any amortisation, impairment losses or reversal of acquired surplus and deficit values respectively, is stated in the consolidated income statement as 'Share of profits of associates'. When the Group's share of the recognised losses of an associate exceeds the carrying amount of the investments stated in the consolidated accounts, the value of the investments is written down to zero. Losses are also offset against unsecured long-term financial balances that, in financial terms, consist of part of the owning company's net investment in the associate. Any further losses are not recognised unless the Group has provided guarantees to cover losses incurred by the associate. The equity method is applied up until the date that the significant influence ceases.

In the Parent Company, associates are recognised at cost less any impairment losses. Dividends received are recognised as income.

Elimination of transactions within the Group

Intragroup receivables, liabilities, income and expenses and unrealised gains and losses arising from transactions between Group companies are eliminated in their entirety on preparation of the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled companies are eliminated to the extent that corresponds to the Group's ownership interest in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of a need for impairment.

Translation of foreign currencies

Transactions denominated in foreign currencies

The Swedish krona (SEK), which is the Parent Company's functional currency and reporting currency, is used in the consolidated accounts. Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Foreign currency monetary assets and liabilities are translated into the functional currency at the respective exchange rate applicable at the reporting date. Exchange differences arising on translation are recognised as a separate component in other comprehensive income and accumulated in equity. Functional currency is the currency in the primary economic environments in which the companies in the Group conduct operations.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the foreign operation's functional currency into the Group's reporting currency, SEK, at the prevailing exchange rate at the reporting date. The income and expenses of foreign operations are translated into SEK at an average rate that is an approximation of the exchange rates prevailing at the date of each transaction. Translation differences arising on translation of the currencies of foreign operations are recognised in the statement of comprehensive income and accumulated in a separate component in equity, reserves. On divestment of a foreign operation, the accumulated translation differences attributable to the divested foreign operation are reclassified from equity to profit/loss for the year as a reclassification adjustment on the date that the profit or loss from the sale is recognised.

Cash flow statement

The cash flow statement has been prepared according to the indirect method, in accordance with IAS 7, wherein adjustments are made for transactions that do not result in inward or outward payments.

Revenue

Contracts

An income item can only be recognised if there is a contract with the client. Certain criteria must be satisfied for a contract to be valid, for example payment terms and the services that are to be carried out.

Performance commitments

The extent of the work that has been agreed with the client according to the contract is divided up into 'performance commitments'. Performance commitments must be assessed and identified when the contract is entered into. PE's obligation to its clients is detailed in the contract, with most contracts only containing one performance commitment. For contracts that contain several commitments, they will in some cases be merged to form a single performance commitment based on how integrated the commitments are with one another. The standard allows several commitments to be combined into one to create a new, separable commitment once certain criteria have been met. A commitment is separable when the client is able to benefit from the service separately, or when the service is identifiable.

Transaction price

The transaction price is the price that is allocated to the performance commitments. The transaction price is the amount that the Group expects to receive in exchange for the transfer of goods or services. This may include fixed and/or variable amounts based on time worked.

Allocation

The transaction price is allocated to each performance commitment based on a relatively independent selling price. The independent selling price is established on entering the contract and is allocated based on the relative value of the service in relation to the total value of the performance commitment. The independent selling price is the price of the service when it is sold separately under similar circumstances to similar clients. If the service is not sold in a similar situation, PE will choose one of the following methods:

- An estimated market price
- Anticipated cost plus a margin method

Recognition of income

The income is recognised once the performance commitment has been fulfilled and control has been transferred, which happens over time or on a given date. Income can be recognised over time if the Group's services do not create an asset with an alternative value, while the Group is entitled to payment for services rendered thus far. This is applicable for the Group's consulting services. The assessment of whether an asset has an alternative value is done on entering the contract, and no new assessment is made after this point. The Group takes account of opportunities to utilise an asset that has not been completed for another client, in which case both contractual and practical restrictions are observed. A material contractual restriction that limits management's opportunity to utilise an asset is an indication that the asset does not have an alternative value. Practical restrictions, for example significant costs required to adapt an asset so that it can be sold to a new client, indicate that the asset does not have an alternative value. The requirement 'no alternative value' is satisfied in PE's client contracts in that most of the Group's services are unique and adapted to clients' particular specifications. The right to payment exists if PE is entitled to payment for services that have already been carried out and the client opts to cancel the contract for any other reason than that PE has not fulfilled its obligations. PE's assessment of entitlement to payment includes consideration of contract terms and legal precedent. The Group's right to payment must cover costs plus a reasonable profit margin and not only compensate for costs incurred. Since performance commitments are fulfilled over time, the Group must assess the degree of completion in order to establish the date of revenue recognition. The purpose of measuring the degree of completion of a performance commitment is to recognise revenue to an extent that corresponds to the transfer of control of the promised service to the client. Assessment of degree of completion must be carried out for each separate contract. The method used to measure the degree of completion in the Group is the input method – costs incurred in relation to total estimated costs. An anticipated loss in an assignment is recognised immediately as reduced revenue in profit or loss.

Contract modifications

A change to an existing contract constitutes a contract modification. A contract modification can change the scope of the contract, the price or both. A contract modification exists once the parties to the contract have approved the modification. An assessment will often be needed to determine whether changes to existing rights and commitments should be recognised as part of the original contract or as a separate contract. Contract modifications are recognised as a separate contract, prospectively or as a retrospective adjustment. The type of modification governs how it is recognised.

Contract costs

Costs can arise in a project before work begins on carrying out services. This can include incremental costs to obtain a contract, or costs to fulfil a contract. External costs arising before the service is carried out for the client include sales commission that must be paid out if the Group wins the contract and specific guarantee costs for extended projects. If a contract is expected to extend beyond 12 months, contract costs must be capitalised as an asset and depreciated over the contract term if the costs are expected to be incurred. The Group applies the exception that contract costs are not capitalised if the contract is shorter than 12 months.

Service agreements in the balance sheet

Ongoing service assignments are measured in the balance sheet at invoicing value less proven losses and anticipated risks. Service assignments where revenue generated exceeds partly invoiced amounts are recognised as accrued but not invoiced revenue relating to ongoing service assignments. Service assignments where partly invoiced amounts exceed revenue generated are recognised as liabilities relating to ongoing service assignments.

Finance income and costs

Finance income and costs comprise interest income on bank deposits and receivables, interest expenses on loans, loan costs, dividend income and exchange rate differences on loans.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. Effective interest is the rate at which the net present value of all future inward and outward payments during the period of fixed interest is equal to the carrying amount of the receivable or liability. The interest component in financial lease payments is recognised in the income statement via the application of the effective interest method.

Interest income includes allocated amounts of transaction expenses and potential discounts, premiums and other differences between the original value of the receivable and the amount received at maturity.

Loan costs affect profit/loss for the period to which they relate. Costs relating to raising loans are allocated across the period of the loan on the basis of the recognised liability.

Dividend income is recognised when the right to receive payment is established.

Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement, except where the underlying transaction is recognised in other comprehensive income, in which case the related tax effect is recognised in other comprehensive income.

Current tax is tax to be paid or recoverable for the current year, using tax rates enacted or substantively enacted as of the reporting date, which also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated using the balance sheet method based on temporary differences between the carrying amounts and taxable values of assets and liabilities. Deferred tax assets represent a reduction in future tax attributable to deductible temporary differences, tax loss carry-forwards and other unutilised tax deductions. Temporary differences are not taken into account when they have arisen in the reporting of goodwill, neither are they taken into account on initial recognition of assets and liabilities that affect neither recognised nor taxable earnings. Temporary differences attributable to investments in subsidiaries that are not expected to be reversed within the foreseeable future are not taken into account either. The measurement of deferred tax depends on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax regulations enacted or substantively enacted by the reporting date.

Deferred tax liabilities and tax assets are calculated based on the tax rate enacted for the subsequent year in each country. In the event of changes to tax rates, the change is recognised over profit/loss for the year in the Group. Deductible temporary differences and loss carry-forwards are only recognised to the extent that it is likely that these will result in lower tax payments in the future. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

Earnings per share

The calculation of earnings per share (EPS) is based on the Group's profit for the year attributable to the Parent Company's owners and the weighted average number of shares outstanding during the year. The calculation of earnings per share is not affected by preference shares or convertible bonds, as these do not exist.

Intangible assets

Goodwill

Goodwill represents the difference between the cost of a business combination and the fair value of the Group's share of the acquired business's identifiable net assets at the acquisition date. Goodwill from the acquisition of a business is recognised as an intangible asset.

Goodwill is allocated to cash-generating units and groups of cash-generating units that are expected to benefit from the business combination that gave rise to the goodwill item. Goodwill is impairment-tested annually, and is recognised at cost less accumulated impairment losses. Goodwill impairment losses are not reversed. Gains or losses on divestment of a unit include the divested portion of the carrying amount of goodwill. Goodwill arising in connection with the acquisition of associates is included in the carrying amount of the participating interest in such companies.

In the event of business combinations where the cost falls short of the net value of acquired assets and assumed liabilities, the difference is recognised immediately in profit or loss.

Other intangible assets

Other intangible assets that the Group acquires are recognised at cost less accumulated amortisation and impairment losses.

Costs incurred for internally generated goodwill and internally generated brands are recognised in profit or loss once the cost arises.

Additional expenditure

Additional expenditure for capitalised intangible assets is recognised as an asset in the balance sheet only if it increases the future economic benefits of the specific asset to which it relates and the expenditure can be reliably calculated. All other expenditure is expensed when incurred.

Amortisation

Amortisation is based on original costs less any residual values. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of an intangible asset, unless this period is indeterminable. Goodwill and intangible assets with an indeterminable useful life are tested for impairment annually or as soon as there is an indication that the value of the asset in question has decreased. Intangible assets that can be amortised are amortised from the date that they are available for use.

Estimated useful lives: Capitalised development expenditure Acquired intangible assets

Property, plant and equipment

Acquired assets

Property, plant and equipment is recognised as an asset in the balance sheet if it is likely that future economic benefits will accrue to the company and the cost of the asset can be reliably calculated. The Group recognises property, plant and equipment at cost less deductions for accumulated depreciation and any impairment losses. Cost comprises the purchase price and expenses directly attributable to bringing the asset to the location and condition for use pursuant to the purpose of the acquisition.

Additional expenditure is added to the asset's carrying amount or recognised as a separate asset only when it is likely that the future economic benefits associated with the asset will accrue to the Group, and the asset's cost can be reliably measured.

The carrying amount for property, plant and equipment is removed from the balance sheet upon scrapping or disposal or when no future economic benefit is expected from its use, scrapping or disposal. Any gain or loss arising from the disposal or scrapping of an asset is the difference between the selling price and the asset's carrying amount less deductions for direct selling expenses. Gains and losses are recognised in the accounts as other operating income/costs. Repairs and maintenance of property, plant and equipment are recognised as costs in profit or loss during the period in which they arise.

Depreciation of assets, to allocate their cost, down to the estimated residual value over the estimated period of use, is carried out on a straight-line basis as follows:

Depreciation principles for property, plant and equipment:

Useful life	
IT equipment	3 years
Office equipment	5 years
Office furniture	5 years
Cars	5 years

The residual value and useful life for assets are tested each reporting date and adjusted as required.

Leased assets

In the consolidated accounts, lease agreements are classified as finance leases or operating leases, in accordance with IAS 17. A finance lease exists when the economic risks and benefits associated with ownership are in all material respects transferred to the lessee. If this is not the case, it is an operating lease.

Finance leases

Non-current assets that are used via leases are classified in accordance with the financial significance of the lease. Leases of non-current assets where the Group in all material respects owns the economic risks and benefits associated with ownership, are classified as finance leases. Finance leases are recognised as non-current assets at the start of the lease term at the lower of the leasing object's fair value and the net present value of the minimum lease fees. Corresponding payment obligations are recognised as a liability in the balance sheet. Each lease payment is allocated between amortisation of the liability and finance costs, in order to achieve a fixed interest rate for the recognised liability.

The recognised liability is included in the balance sheet item 'Current interest-bearing liabilities'. The interest portion of finance costs is recognised in profit or loss, allocated over the lease term so that each lease term is charged with an amount corresponding to a fixed interest rate for the liability reported in the relevant period. Non-current assets held according to finance leases are depreciated over their estimated useful life. Finance leases relate primarily to the Projektengagemang Group's company cars and measuring instruments.

Operating leases

Operating leases are recognised in profit or loss; the cost is recognised on a straight-line basis over the lease term. Lease payments are allocated based on utilisation, which may differ from the lease fee paid during the current year. Benefits obtained in connection with the signing of an agreement are recognised as part of the total lease expense in profit or loss. Variable expenses are expensed in the period in which they arise.

In the Parent Company, leases are recognised according to the rules for operating and finance leases.

Non-current assets held for sale

The significance of a non-current asset being classified as held for sale is that its carrying amount will be recovered mainly by it being sold and not through use. No non-current assets or operations were identified as being covered by the above standard for the 2016 and 2017 financial years.

On initial classification as held for sale, non-current assets are recognised at the lower of carrying amount and fair value, less selling expenses.

Financial instruments

Financial instruments recognised in the balance sheet include securities holdings, loans and receivables and endowment insurance on the asset side.

Liabilities and equity include recognised purchase considerations, interest-bearing liabilities, as well as borrowings and finance leases.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the commercial terms and conditions of the instrument. Liabilities are recognised once the counterparty has performed under the agreement and there is a contractual obligation to pay, even if the invoice has not yet been received.

A financial asset is removed from the balance sheet when the rights inherent in the agreement are realised, expire, or if the company loses control over them. This also applies to a portion of a financial asset. A financial liability is derecognised when the contracted commitment is discharged, or otherwise expires. This also applies to a portion of a financial liability.

Acquisitions and divestments of financial assets are reported on the transaction date, which is the date the company undertakes to purchase or sell the asset. The fair value of listed financial assets corresponds to the asset's listed bid price at the reporting date. See Note 28 for further information.

Loans and receivables
This category includes financial assets with fixed or determinable payments that are not quoted in an active market. The receivables arise when money, goods or services are provided directly to another party without any intention to trade in the receivables. The assets in this category are measured at amortised cost less any provision for depreciation in value. The category includes trade receivables and cash and cash equivalents.

Trade receivables
Since the anticipated maturity of trade receivables is short, they are recognised at the amount that is expected to be paid based on an individual assessment of bad debts without discounting, according to the method for amortised cost. Any impairment loss on trade receivables affects operating profit.

Cash and cash equivalents
Cash and cash equivalents comprise cash funds with financial institutions with an original maturity of less than three months. Cash and cash equivalents are recognised at nominal amounts.

Financial liabilities measured at fair value through profit or loss
This category includes financial liabilities held for trading and recognised purchase considerations. Liabilities in this category are measured at fair value and changes in value are recognised in profit or loss.

Financial liabilities measured at amortised cost
This category includes financial liabilities that are not held for trading, such as loans and trade payables. These are initially recognised at fair value, net of transaction expenses, and subsequently at amortised cost, applying the effective interest method.

Classification and measurement
Initially, financial instruments that are not derivatives are recognised at cost corresponding to the fair value of the instrument plus transaction expenses for all financial instruments, except those in the category of financial assets recognised at fair value through profit or loss, which are reported at fair value excluding transaction expenses. A financial instrument is classified on initial recognition based on the purpose for which the instrument was acquired. Such classification determines how the financial instrument is measured following initial recognition as follows: financial assets measured at fair value through profit or loss, investments held to maturity, financial assets available for sale, financial liabilities measured at fair value through profit or loss and other financial liabilities.

Financial assets measured at fair value through profit or loss
This group includes the Group's short-term investments. Changes in fair value are recognised in profit or loss in net financial items. All financial instruments included in this category are intended for trading. This group includes the Group's short-term investments and recognised purchase considerations.

Investments held to maturity
Investments that are to be held to maturity include interest-bearing securities with fixed or estimable payments and established maturities that have been acquired for the purpose and opportunity to be held to maturity. Investments that are to be held to maturity are measured at amortised cost. Assets with a remaining maturity exceeding 12 months after the reporting date are recognised as non-current assets. Other assets are recognised as current assets.

Available-for-sale financial assets
Available-for-sale financial assets are assets that cannot be classified in any other category or are classified in this category. Holdings of shares and participations that are not recognised as subsidiaries, associates or joint ventures are recognised here. The assets are measured at fair value. Impairment is carried out once testing reveals that a need for impairment exists. When the asset is disposed of, accumulated profit/loss – which was previously recognised in other comprehensive income – is recognised in profit or loss.

Depending on the purpose of the holding, financial investments either comprise non-current financial assets if the period of ownership exceeds one year, or short-term investments if they are shorter than one year.

Other financial liabilities
Loans and other financial liabilities are included in this category. The liabilities are measured at amortised cost.

Non-current liabilities have an expected maturity of more than one year, while current liabilities have a maturity of less than one year.

Financial instruments in the Parent Company
Financial instruments in the Parent Company are recognised at cost less any impairment losses, and taking account of accrued impact on earnings at the end of the accounting period. Since the Group applies group-wide risk management, qualitative and quantitative risk information is described above for the entire Group.

Impairment

The carrying amounts of the Group's assets, with the exception of assets for sale recognised according to IFRS 5 and deferred tax assets, are tested each reporting date to see whether there is any indication of an impairment requirement. If such an indication exists, the asset's recoverable amount is calculated. For assets exempt from the above, the valuation is reviewed according to the relevant standard.

Impairment testing for property, plant and equipment and intangible assets and investments in subsidiaries and participations in associates

The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating value in use, future cash flows are discounted by a discount factor that considers risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows that are substantially independent of other assets, the value in use is calculated for the cash-generating unit to which the asset belongs. An impairment is made in the amount at which the carrying amount of the asset exceeds its recoverable amount. Impairment of assets attributable to a cash-generating unit are primarily allocated to goodwill. After this, a proportional impairment of other assets included in the unit is implemented.

Impairment testing for financial assets
At each reporting date, the company evaluates whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective proof consists partly of observable circumstances that have arisen and that have a negative impact on the possibility of recovering the acquisition cost, and partly of a significant or prolonged reduction in the fair value of a financial investment classified as an available-for-sale financial asset. Several assumptions and estimates are made regarding future conditions, which are taken into account when calculating the discounted cash flow that forms the basis of the estimated recoverable amount. Key assumptions include anticipated growth, margins and discount rate. If these assumptions change, it may affect the value of remaining goodwill.
The recoverable value of assets in the loan receivables and trade receivables category that are reported at amortised cost is calculated as the present value of future cash flows discounted by the effective interest that was applied on the asset's initial recognition. Assets with a short maturity are not discounted. An impairment is charged to profit or loss.

Reversal of impairment
An impairment is reversed if there is an indication that there is no longer an impairment need and there has been a change in the assumptions which formed the basis for calculating the recoverable amount. However, goodwill impairment is never reversed. A reversal is only conducted to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been reported, with a deduction for the depreciation or amortisation where relevant, if no impairment was applied. Impairment losses for loan receivables and trade receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment loss was recognised.

Employee benefits

Projektengagemang makes a distinction between defined contribution and defined benefit pension schemes. Defined contribution pension schemes are defined as schemes where the company pays fixed premiums to a separate legal entity and is not obliged to pay additional amounts, even if the legal entity does not have sufficient assets to pay the employee benefits attributable to work performed up until the reporting date. Other pension schemes are defined benefit schemes. The defined benefit pensions that exist within Projektengagemang are those that are insured through the ITP occupational pension plan's defined benefit pension commitment for retirement and family pensions via a policy held with Alecta. Since the pension scheme is insured via a policy held with Alecta, it is recognised as a defined contribution scheme.

Defined contribution pension schemes

The Group's obligations to pay premiums to defined contribution pension schemes are recognised as a cost in the income statement as and when they are earned.

Termination benefits

A provision is recognised in connection with termination of employment only if the company is demonstrably obliged to terminate employment prematurely, or when remuneration is paid as an incentive to encourage voluntary resignation. In cases where the company makes employees redundant, a detailed plan is drawn up including, at the least, information about workplaces, positions and the approximate number of individuals affected, as well as compensation for each category of personnel or position and a schedule for the plan's implementation. If redundancy payments are due for a period extending beyond 12 months after the end of the financial year, these are discounted.

Provisions

Provisions differ from other liabilities in that there is uncertainty as to when the payment will take place or the size of the amount in terms of settling the provision. A provision is recognised in the balance sheet when the Group has an existing legal or constructive commitment as a result of a past event and it is probable that an outlay of financial resources will be required to settle the commitment and that a reliable estimate of the amount can be made.

Provisions are made at an amount that is the best estimate of the amount required to settle the existing commitment at the reporting date. When the effect of the timing of the payment is significant, provisions are calculated by discounting the expected future cash flow using an interest rate before tax that reflects current market estimates of the time value of money, and if applicable, the risks specific to the liability.

A provision to cover restructuring is recognised once the Group has established a detailed and formal restructuring plan and the restructuring process has either begun or been publicly announced. No provisions are made for future operating costs.

Pledged assets

Pledged assets are what Projektengagemang has pledged as collateral for the company or Group's liabilities and/or contingent liabilities. These may be liabilities, provisions in the balance sheet or contingent liabilities that are not recognised in the balance sheet. Collateral may be linked to assets in the balance sheet or mortgages. Assets are recognised at their carrying amounts and mortgages at nominal value. Shares in Group companies are recognised at their value in the Group.

Contingent liabilities

A contingent liability is recognised whenever there is a possible obligation originating from past events and whose existence is confirmed only by one or more uncertain future events, or when there is an obligation not reported as a liability or provision because it is not probable that an outflow of resources will be required, or because the amount cannot be calculated with sufficient reliability.

Events after reporting date

Projektengagemang takes account of events that confirm a state of affairs that existed at the reporting date. If events occur after the reporting date that are not of such a nature that they should be taken into account when the income statement and balance sheet are adopted, but that are of such significance that lack of information about them would impact opportunities for a reader to make accurate assessments and well-founded decisions, then Projektengagemang will submit disclosures for each event in the notes and Directors' report.

Critical accounting estimates and judgements

Estimates and judgements that affect the Group's financial statements are detailed under Note 35.

Parent Company's accounting policies

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 entails, in the annual accounts of the legal entity, the Parent Company applying all IFRS standards and opinions approved by the EU where possible within the scope of the Annual Accounts Act and taking account of the link between accounting and taxation. The recommendation specifies which exceptions and additions should be made compared with IFRS. The differences between the Group and Parent Company's accounting policies are shown below. The accounting policies stated have been applied consistently to all periods presented in the Parent Company's financial statements.

Amended accounting policies

Unless otherwise stated, the Parent Company's accounting policies for the 2017 financial year have been amended in accordance with the details given above for the Group.

Subsidiaries and associates

Investments in subsidiaries and participations in associates are recognised in the Parent Company in accordance with the cost method. Only dividends received are recognised as income.

Property, plant and equipment

Leased assets – In the Parent Company, leases are recognised according to the rules for operating and finance leases.

Financial guarantees

The Parent Company's financial guarantees mainly comprise guarantees on behalf of subsidiaries and associates. Financial guarantees are when the company is obliged to compensate the holder of a debt instrument for losses incurred by the holder due to a specific debtor failing to pay on maturity according to the terms of the agreement. For recognition of financial guarantee agreements, the Parent Company applies RFR 2, which involves a dispensation compared with the rules in IAS 39 when it comes to financial guarantee agreements issued on behalf of subsidiaries and associates.

The Parent Company recognises financial guarantee agreements as a provision in the balance sheet when the company has an obligation for which payment will likely be required to settle the obligation.

Untaxed reserves

In the Parent Company's accounts, untaxed reserves are recognised inclusive of deferred tax liability. However, in the consolidated accounts untaxed reserves are separated into deferred tax liability and equity.

Group contributions and shareholder contributions for legal entities

- Group contributions can be recognised according to the main rule or the alternative rule, according to guidance in RFR 2. Projektengagemang applies the alternative rule and consistently recognises Group contributions received and paid as appropriations.
- Shareholder contributions are transferred directly to equity with the recipient and capitalised in shares and participations with the donor, to the extent impairment is not required.

Presentation format for income statement and balance sheet

The Parent Company follows the presentation format for income statements and balance sheets stipulated in the Swedish Annual Accounts Act, which means a different format for shareholders' equity and that provisions are reported with a separate main heading in the balance sheet.

Group information

Of the Parent Company's total purchases and sales measured in SEK, 46 percent (55) of purchases and 64 percent (46) of sales concern other companies within the whole group to which the company belongs.

NOTE 2 Categories of revenue

Type of goods and services

Projektengagemang is a consulting group within urban planning and industry that provides services in the fields of architecture, fixtures and fittings, buildings & facilities and industry & energy. Projektengagemang supplies one type of service: professional consulting services. The consulting services are supplied throughout the client's project chain, from feasibility study, investigation and strategic planning, to design, project planning and project management. The timing and significance of services delivered within all operating segments is detailed below:

Type of undertaking in the contract

For Projektengagemang, in the majority of cases, a contract corresponds to an undertaking and mainly comprises service deliveries. Revenue from the service deliveries is generated via contracts with clients where consulting services are carried out in projects. Fixed-price and ongoing assignments are the two most common project types.

Fixed-price projects mean that the total remuneration is determined in advance and irrespective of the actual number of hours required in order to fulfil the respective project's undertakings. In ongoing projects, remuneration is based on an hourly rate multiplied by the number of hours worked.

Projektengagemang's undertakings are almost exclusively ongoing, i.e. at a fixed, agreed hourly rate that is charged on an ongoing basis. Since the contractually agreed hourly rate is fixed, Projektengagemang is fully aware of the amount that will be charged , which is carried out as the work is completed.

Discounts, deductions, etc. that could constitute variable remuneration and thus be subject to assessment are not applied.

For information about the fulfilment of obligations and how this is linked to revenue recognition, please refer to the 'Revenue' section under Note 1.

Contract assets and contract liabilities

Service contracts relating to ongoing service assignments are recognised in the balance sheet at the value of work completed, less confirmed and anticipated losses. Ongoing service assignments are the only contract assets that Projektengagemang recognises in the balance sheet.

Contract liabilities are recognised in the balance sheet in the event of advance billing, i.e. when invoices have been sent to the client in advance. Service contracts are recognised in the balance sheet net, which means that if the value of ongoing works exceeds advance billing, the contract is recognised in current assets as 'Accrued but not invoiced revenue'. Service contracts where the value of advance billing exceeds the value of ongoing work are recognised in current liabilities as 'Liabilities relating to ongoing service assignments'. For further information, see Note 19.

Timing of fulfilment of performance commitments

Revenue is recognised when control is transferred to the client, which happens over the length of the project in connection with services being carried out. The degree of completion is assessed separately for each performance commitment and charged to the client based on the number of hours worked.

Invoicing and payment terms

Ongoing projects are invoiced monthly and fixed-price projects are invoiced either monthly or according to a schedule established in the contract, both with payment terms of 30 days.

SEK 000s	2018	2017
Net revenue		
Architecture	188,909	270,770
Project Management	199,873	122,918
Architecture & Management	**388,783**	**393,688**
Building	178,707	170,903
Infrastructure	71,474	60,318
Civil Engineering & Infrastructure	**250,181**	**231,220**
Industry & Energy	**179,925**	**217,366**
Electrical, Telecommunications & Safety	313,257	246,406
HVAC	132,052	116,571
Systems	**445,309**	**362,976**
Internal eliminations	–40,401	–34,551
Total	**1,223,796**	**1,170,700**

NOTE 3 Segment reporting

The Group's operations are divided up into operating segments based on the parts of the business that the CEO monitors. The separation into segments is focused on market segments with architecture operations from a market and business perspective. The Group's legal units are reported in their entirety against associated segments. Other segments include Projektengagemang Sweden AB (Group parent), Group adjustments that are not specific to a segment and companies that cannot be categorised under other segments.

The Group is currently divided into four operating segments and one other segment:

- **Architecture & Management.** In the Architecture & Management segment, Projektengagemang offers services within architecture, landscape architecture, urban construction, interior architecture and lighting design.
- **Civil Engineering & Infrastructure.** The offering within the Civil Engineering & Infrastructure segment includes strategic consulting, specialist services and end-to-end solutions within the areas of Building, Infrastructure and Project Management.
- **Industry & Energy.** In the Industry & Energy segment, Projektengagemang offers strategic consulting, specialist assignments and end-to-end solutions for companies operating in industrial production, with a focus on engineering, vehicles, food, defence, paper and pulp and energy.
- **Systems.** In the Systems segment, Projektengagemang offers installation engineering services in all stages of the building process, focusing on HVAC, electrical and telecommunications engineering and safety.
- **Other.** (Parent Company and Group adjustments)

Operations are monitored and assessed based on segments and the units included based on revenue trend, profit/loss before depreciation/amortisation (EBITDA) and operating profit/loss (EBIT). In accounting terms, eliminations are carried out within the segments. Projektengagemang's view is that from an external reporting perspective it improves the information about the business and shows how operations are managed from an overall perspective.

	2018					
SEK 000s	**Architecture & Management**	**Civil Engineering & Infrastructure**	**Industry & Energy**	**Systems**	**Other/Items affecting comparability**	**Total**
Total net revenue*	388,783	250,181	179,925	445,309	–40,401	1,223,796
of which net revenue external clients	332,345	220,314	167,309	386,437	117,392	1,223,796
of which net revenue between segments	56,438	29,867	12,616	58,872	–157,793	–
Total growth, %	–1.2	8.2	–17.2	22.7	–	2.9
- of which organic growth, %	–6.3	6.0	–17.2	14.2	–	2.9
- of which acquired growth, %	5.1	2.2	0.0	8.5	–	–
EBITDA*	14,530	20,389	7,482	62,537	–15,384	89,554
Depreciation/amortisation*	–3,908	–4,538	–3,645	–5,875	2,574	–15,393
Operating profit/loss, EBIT*	10,622	15,851	3,837	56,661	–12,810	74,161
EBIT margin, %*	2.7	6.3	2.1	12.7	31.7	6.1
Financial items						–5,780
Profit/loss after financial items*						68,381
Goodwill	91,883	291,475	26,640	166,713	–3,683	573,028
Accrued but not invoiced revenue	24,472	38,772	1,372	46,904	8,483	120,002
Trade receivables	43,069	63,291	37,416	56,753	23,760	224,290
Trade payables	15,255	12,262	7,995	11,250	10,202	56,963
Average number of employees	278	185	177	332	50	1,022

	2017					
SEK 000s	**Architecture & Management**	**Civil Engineering & Infrastructure**	**Industry & Energy**	**Systems**	**Other/Items affecting comparability**	**Total**
Total net revenue*	393,688	231,220	217,366	362,976	–34,551	1,170,700
of which net revenue external clients	349,612	206,207	207,438	328,578	78,865	1,170,700
of which net revenue between segments	44,076	25,013	9,928	34,398	–113,415	–
Total growth, %	215.4	67.4	–0.5	7.4	–	21.9
- of which organic growth, %	59.7	13.6	–0.5	7.4	–	11.8
- of which acquired growth, %	155.7	53.8	0.0	0.0	–	10.1
EBITDA*	22,197	35,327	8,280	50,462	–25,204	91,062
Depreciation/amortisation*	–3,523	–6,387	–3,864	–7,472	–4,826	–26,074
Operating profit/loss, EBIT*	18,673	28,940	4,415	42,990	–30,030	64,990
EBIT margin, %*	4.7	12.5	2.0	11.8	86.9	5.6
Financial items						–7,620
Profit/loss after financial items*						57,369
Goodwill	65,432	105,203	40,034	115,663	–3,683	322,649
Accrued but not invoiced revenue	23,280	15,022	15,349	28,069	13,032	94,751
Trade receivables	44,340	30,343	37,324	41,374	14,454	167,836
Trade payables	18,541	7,249	17,454	8,672	17,021	68,937
Average number of employees	293	169	210	278	38	988

*For the Architecture & Management, Civil Engineering & Infrastructure, Industry & Energy and Systems segments, Net revenue, EBITDA, Depreciation/amortisation, Operating profit/loss (EBIT) and Profit/loss after financial items are shown excluding items affecting comparability, as items affecting comparability are included in the column 'Other/Items affecting comparability'. The Group's net revenue relates exclusively to sales in Sweden. Relates primarily to technical consulting services.

NOTE 4 Business combinations

The end of the year saw the acquisition of Integra Engineering AB, a building design specialist with estimated annual revenue of approximately SEK 200 million. As the acquisition was completed at the end of the year, the Group's revenue and profit are not affected. Integra was consolidated as of 31 December 2018. Acquired goodwill relates to commercial and expertise-based synergies.

Earlier in the year the Group made six other acquisitions: consulting firm Energi & VVS-planering i Helsingborg AB, Örebro-based ROOF Arkitekter AB and Gothenburg-based Sture Byberg Ingenjörsbyrå AB, Smedjan Projektledning AB, FAST Engineering AB and Precendo AB. All acquisitions carried out during the year relate to 100% of both capital and votes.

During the period these acquisitions contributed SEK 55 million to Group revenue, with an operating profit of SEK 8 million. If the companies had been owned for the full year, the companies would have contributed revenue of approximately SEK 300 million and operating profit of SEK 45 million. Of this, Integra accounts for approximately SEK 200 million and SEK 25 million respectively.

Transaction expenses for the period totalled SEK 2.7 million and are included in earnings under other external expenses.

Reversed contingent consideration

An adjustment was made to a contingent consideration in the fourth quarter. The agreed price for the acquisition was based on a multiple applied to the company's profit. Projektengagemang has previously made a provision for a contingent consideration at the assessed maximum level. In the fourth quarter, an independent valuer established the value of the profit on which the valuation shall be based. This has meant that the assessed contingent consideration decreased by SEK 7.1 million. As the period for the preparation of an acquisition analysis exceeds 12 months, the adjustment has been transferred to consolidated profit under 'Acquisition-related items' on page 48.

Acquisition analysis Jan–Dec 2018

SEK 000s	Total	Integra	Other acquisitions
Goodwill and other intangible assets	284,652	215,660	68,992
Other non-current assets	1,094	843	251
Current receivables	80,736	57,272	23,464
Cash and cash equivalents	35,367	25,317	10,050
Current and non-current liabilities	–76,043	–49,091	–26,951
Purchase considerations	**325,806**	**250,000**	**75,806**
Unpaid purchase considerations	–18,846	–1,311	–17,535
Cash and cash equivalents in the acquired company	35,367	25,317	10,050
Purchase considerations paid incl. cash funds	**271,593**	**223,373**	**48,221**
Transaction expenses	2,698	984	1,714
Total payments	274,291	224,357	49,935

All assets and liabilities are presented at fair value.

Acquisition expenses amount to SEK 2.7 million and have impacted consolidated profits, and are recognised in other external costs. The effect of the acquisitions on cash flow in 2018 totalled SEK 271.6 million, and relates to purchase considerations paid.

Acquisition-related items

SEK 000s	2018	2017
EBITA	70,803	68,708
Amortisation of acquisition-related non-current intangible assets	–3,719	–3,719
Reversed contingent consideration	7,077	0
Acquisition-related items	**3,358**	**–3,719**
Operating profit/loss, EBIT	**74,161**	**64,989**

Effect of acquisitions

	Net revenue		EBIT	
SEK 000s	**2018**	**2017**	**2018**	**2017**
Architecture & Management	19,984	170,461	4,370	3,048
Civil Engineering & Infrastructure	5,013	70,962	1,674	13,741
Industry & Energy	–	17,088	–	2,644
Systems	30,730	158,748	5,233	22,133
	55,727	**417,259**	**11,277**	**41,566**

NOTE 5 Auditor's fee and remuneration

	Group		Parent Company	
SEK 000s	**2018**	**2017**	**2018**	**2017**
PWC				
Audit assignments	2,603	1,015	2,364	1,015
Audit activities in additon to audit assignment	1,785	273	1,785	
Tax consulting	738	14	738	14
Other	642	589	642	589
Total PWC	**5,768**	**1,890**	**5,529**	**1,618**
Other auditors				
Audit assignments	144	61		49
Audit activities in additon to audit assignment	38		29	
Total other auditors	**182**	**61**	**29**	**49**
Total	**5,950**	**1,951**	**5,558**	**1,667**

NOTE 6 Employees and personnel expenses

Average number of FTEs and gender distribution

	2018		2017	
SEK 000s	**Women**	**Men**	**Women**	**Men**
Parent Company	29	23	10	26
Subsidiaries	261	709	272	680
Group, total	290	732	282	706
Total average number of FTEs	**1,022**		**988**	

Of the Group's 1,022 (988) average number of employees, 40 (42) are employed in India and 982 (946) in Sweden.

Gender distribution in the Board of Directors and other senior executives

	2018	2017
Group	**Proportion of women, %**	**Proportion of women, %**
Board of Directors	**33%**	**20%**
Other senior executives	22%	0%

Expensed remuneration and other benefits

2018 Board of Directors, CEO and other senior executives	**Base salary/ Directors' fee**	**Other benefits**	**Pension expense**	**Total**
Chairman of the Board (Gunnar Grönkvist)	410	–	–	410
Board member (Lars Erik Blom)	215	–	–	215
Board member (Britta Dalunde)	255	–	–	255
Board member (Öystein Engebretsen)	195	–	–	195
Board member (Carina Malmgren Heander)	215	–	–	215
Board member (Per Göransson)**	1,062	43	–	1,105
Board member (Per-Arne Gustavsson)**	1,160	20	222	1,402
CEO (Per Hedebäck)	2,648	79	755	3,482
Deputy CEO (Peter Sandberg)	1,494	83	325	1,902
Other senior executives (8 people)	11,453	183	1,757	13,393
Total remuneration to Board of Directors, CEO and other senior executives	**19,107**	**408**	**3,059**	**22,754**

*Variable remuneration is not paid
**Remunerated up to and including 31 July 2018

2017 Board of Directors, CEO and other senior executives	**Base salary/ Directors' fee**	**Other benefits**	**Pension expense**	**Total**
Chairman of the Board (Gunnar Grönkvist)	390	–	–	390
Board member (Lars Erik Blom)	185	–	–	185
Board member (Britta Dalunde)	210	–	–	210
Board member (Öystein Engebretsen)	175	–	–	175
Board member (Carina Malmgren Heander)	190	–	–	190
Board member (Per Göransson)	–	–	–	–
CEO (Per Hedebäck)	621	14	184	819
Outgoing CEO (Per-Arne Gustavsson)	1,773	34	387	2,194
Deputy CEO (Per Göransson)	1,875	75	472	2,422
Other senior executives (4 people)	4,587	83	478	5,148
Total remuneration to Board of Directors, CEO and other senior executives	**10,006**	**206**	**1,521**	**11,733**

*Variable remuneration is not paid

Salaries and other remuneration allocated among senior executives and other employees

Personnel costs	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Salaries and remuneration, senior executives	16,264	8,856	15,375	8,856
Salaries and remuneration, other employees	494,222	472,730	18,062	16,976
Total salaries and remuneration	**510,486**	**481,586**	**33,436**	**25,832**
Social security expenses excl. pension expenses	171,447	165,507	8,483	8,619
Pension expenses, senior executives	3,059	1,521	1,862	1,521
Pension expenses, other	67,878	60,007	6,007	1,762
Total personnel costs	**752,869**	**708,621**	**49,789**	**37,734**

Remuneration to the Board

No remuneration is paid for Board work in cases where the individual is an employee of Projektengagemang with its subsidiaries. In Projektengagemang Sweden AB (Publ), it was decided at the AGM on 7 May 2018 to remunerate the external chairman with a fee of SEK 350,000 per year, and that other external members shall be remunerated with a fee of half this amount, SEK 175,000. The chairman of the Audit Committee was paid a fee of SEK 80,000 and the members were paid SEK 40,000. The chairman of the Remuneration Committee and members were paid SEK 40,000 and SEK 20,000 respectively.

Remuneration of senior executives in Projektengagemang

Basis

Remuneration is based on commercial terms and comprises a fixed basic salary, pension and benefits.

Pensions

Pension terms are based on a premium pension provision of 4.5 percent of the salary up to 7.5 income base amounts, and 30 percent of the additional portion. Projektengagemang does not have any outstanding pension obligations for the current and previous boards and CEO.

Other remuneration

Relates, where applicable, to company cars.

Cessation of employment

The CEO and Deputy CEO are required to give six months' notice prior to leaving the company, while from the company's side the notice period is 18 months. For other senior executives, industry agreements apply. The remuneration that the above notice periods imply also includes severance pay.

NOTE 7 Pension expenses

SEK 000s	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Expenses for defined contribution schemes	70,937	61,528	7,869	3,282

According to a statement from the Swedish Financial Reporting Board, a commitment insured via a policy held with Alecta relating to retirement pensions and family pensions for employees in Sweden is a defined benefit scheme that covers several employers. For 2017, Projektengagemang does not have access to such information that allows this scheme to be recognised as a defined benefit scheme, which is why the scheme is recognised as a defined contribution scheme. Charges for the year for pension insurance policies held with Alecta totalled SEK 70.9 million (61.5). The charges for 2019 are expected to be in line with charges for 2018. The degree of consolidation for Alecta was 142 percent (154) in December 2018.

NOTE 8 Depreciation/amortisation

SEK 000s	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Intangible assets	546	721	304	17
Acquisition-related intangible assets	3,719	3,719	–	–
Property, plant and equipment	18,205	21,633	4,199	4,809
Total depreciation, amortisation and impairment losses	**22,470**	**26,074**	**4,503**	**4,826**
*Of which depreciation for leased equipment	13,631	15,322	3,166	3,180

NOTE 9 Net finance cost

SEK 000s	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Profit from investments in Group companies				
Dividends from subsidiaries	–	–	370	16,100
Profit from participations and financial investments				
Dividends from Group companies	–	–	–	–
Profit/loss from financial investments	83	149	–69	–21
Interest income and similar income items				
Interest income, Group companies	–	–	1,399	1,623
Interest income, other	696	10	–	0
Other finance income	–122	406	–3	–0
Interest expenses and similar income items				
Interest expenses, Group companies	0	–0	–13	–13
Interest expenses, other	–5,589	–6,528	–4,834	–5,588
Other finance costs	–849	–1,656	–16,733	–10,656
Net financial items	**–5,780**	**–7,619**	**–19,882**	**1,445**

NOTE 10 Appropriations

Parent Company	2018	2017
Group contributions received	36,472	20,283
Group contributions paid	–	–
Total	**36,472**	**20,283**

NOTE 11 Earnings per share

Group	2018	2017
Profit/loss for the year	56,832	37,330
Earnings per share, SEK	2.63	6.38
Proposed dividend per share, SEK	1.00	2.00
Proposed dividend	24,556	11,703

The calculation of earnings per share for 2018 and 2017 is based on profit/loss for the year attributable to the Parent Company's ordinary shareholders amounting to SEK 56.8 million (37.3), and on the weighted average number of ordinary shares outstanding during the period amounting to 21,586,874 (5,851,414).

There is no dilution effect

NOTE 12 Non-current intangible assets

	Group					Parent Company		
2018	**Goodwill**	**Customer relationships**	**Other intangible assets**	**Development expenditure**	**Total**	**Development expenditure**	**Other intangible assets**	**Total**
Accumulated costs								
Opening balance, 01/01/2018	324,414	17,107	52,045	8,475	402,041	8,475	1,048	9,523
Purchases	–	–	617		617	–	617	617
Business combinations	250,383	38,133	–	–	288,516	–	–	–
Exchange rate differences	–5	–	–	–	–5	–	–	–
Divestments and disposals	–	–	–1,031	–	–1,031	–	–	–
Mergers	–	–	–	–	–	–	–	–
Closing balance, 31/12/2018	**574,793**	**55,240**	**51,631**	**8,475**	**690,138**	**8,475**	**1,665**	**10,140**
Accumulated depreciation/amortisation according to plan								
Opening balance, 01/01/2018	–	–3,420	–20,165	–8,475	–32,060	–8,475	–17	–8,492
Divestments and disposals	–36	–	1,031	–	995	–	–	–
Depreciation/amortisation for the year	0	–3,420	–846	–	–4,265	–	–304	–304
Closing balance, 31/12/2018	**–36**	**–6,839**	**–19,980**	**–8,475**	**–35,330**	**–8,475**	**–321**	**–8,796**
Accumulated impairment losses								
Opening balance, 01/01/2018	–1,765	–	–29,489	–	–31,254	–	–	–
Divestments and disposals	36	–	–	–	36	–	–	–
Closing balance, 31/12/2018	**–1,729**	**–**	**–29,489**	**–**	**–31,218**	**–**	**–**	**1,031**
Planned residual values, 31/12/2018	**573,028**	**48,401**	**2,162**	**–**	**623,590**	**–**	**1,344**	**1,344**

2017	Group					Parent Company		
	Goodwill	Customer relation-ships	Other intangi-ble assets	Development expenditure	Total	Devel-opment expenditure	Other intangi-ble assets	Total
Accumulated costs								
Opening balance, 01/01/2017	304,728	17,107	50,997	8,475	381,307	8,475		8,475
Adjustment of acquisition analysis	19,684	–	–	–	19,684	–		–
Purchases	–	–	1,048	–	1,048	–	1,048	1,048
Exchange rate differences	2	–	–	–	2	–		–
Closing balance, 31/12/2017	**324,414**	**17,107**	**52,045**	**8,475**	**402,041**	**8,475**	**1,048**	**9,523**
Accumulated depreciation/amortisation according to plan								
Opening balance, 01/01/2017	–	–	–19,144	–8,475	–27,619	–8,475		–8,475
Depreciation/amortisation for the year	–	–3,420	–1,021	–	–4,441	–	–17	–17
Closing balance, 31/12/2017	**–**	**–3,420**	**–20,165**	**–8,475**	**–32,060**	**–8,475**	**–17**	**–8,492**
Accumulated impairment losses								
Opening balance, 01/01/2017	–1,765	–	–29,489	–	–31,254	–	–	–
Impairment losses for the year	–	–	–		–	–	–	–
Closing balance, 31/12/2017	**–1,765**	**–**	**–29,489**	**–**	**–31,254**	**–**	**–**	**–**
							–	
Planned residual values, 31/12/2017	**322,649**	**13,687**	**2,391**	**–**	**338,727**	**–**	**1,031**	**1,031**

Impairment testing for goodwill in cash-generating units

The balance sheet for Projektengagemang includes goodwill totalling SEK 573.0 million (322.6). The Group's intangible assets are mainly derived from business combinations. These acquired intangible assets consist largely of goodwill, since it is mainly the human capital in the form of employee expertise that constitutes the value of consulting companies. Other intangible assets are customer relationships, amounting to a total of SEK 48.4 million (13.7).

Other intangible assets that have been identified in connection with acquisitions include order backlog, customer base and references. The useful life of these other intangible assets is three to ten years.

Goodwill and other intangible assets have been allocated to the lowest identifiable cash-generating unit. Goodwill is not amortised on an ongoing basis, but instead the value is tested at least once a year in the fourth quarter, or when there are indications of a need for impairment, by the anticipated future cash flow being discounted with a weighted average cost of capital per cash-generating unit. The net present value of cash flows, the value in use, is compared with the carrying amount including goodwill and other intangible assets.

When calculating the value in use of cash-generating units, assumptions have been made regarding future conditions and estimates of parameters have been made. Changes to these assumptions and estimates could have an impact on the carrying amount of goodwill. The calculation model is built on discounting of future forecast cash flows compared with the unit's carrying amounts. Future cash flows are based on five-year forecasts prepared by management for the respective cash-generating unit. Cash-generating units are calculated on a segment basis. The following important assumptions have been used.

Revenue: The business's competitiveness, expected economic developments for construction output, general national economic trend, investment plans for public and municipal clients, interest rate levels and local market conditions.

Investment needs: Operations' investment needs are assessed based on the investments required to achieve forecast cash flows in the current position, i.e. without expansion investments. The investment level has typically corresponded to the rate of depreciation for property, plant and equipment.

Tax burden: The tax rate in the forecasts is based on Projektengagemang's anticipated tax situation regarding tax rate, loss carry-forwards, etc.

Long-term growth: In all valuations, a long-term sustainable rate of growth has been assumed beyond the forecast period of 2 (2) percent, which is deemed to reflect the market's long-term growth. With the exceptions detailed below, it is assumed that the same growth rate will apply for revenue during the forecast period.

Operating margin: The forecast operating margin has been assumed to be the average for the past three years.

Working capital and reinvestment needs: Needs have been assumed to be consistent with 2017 and a growth rate equal to the long-term sustainable growth rate.

Discount rate after tax: This is established based on the following variables: risk-free interest, market premium, beta value, capital structure and local tax rates. Forecast cash flows and residual values are discounted to net present value with a weighted average cost of capital. This is based on assumptions about average interest on 10-year government bonds and a company-specific risk factor. The interest level on borrowed capital is set at the average interest level on the Group's net debt. The required rate of return on equity is based on the Capital Asset Pricing Model. In calculations carried out of value in use, the Group's average discount rate for 2018 has been estimated at 11.02 percent (11.02) before tax and 8.66 percent (8.59) after tax.

The same discount rate has been used for all cash-generating units and is justified by the fact that they are similar operations within the same geographical areas.

A sensitivity analysis reveals that the goodwill values would be justified even if the discount rate were raised by 5 percentage points, or if the operating margin were to be reduced by 5 percentage points.

The conclusion of this assessment is that there is no need for impairment, as the values in use exceeded the carrying amount including goodwill and other intangible assets. It is the opinion of company management that no reasonable possible changes to key assumptions for cash-generating units would lead to a need for impairment.

NOTE 13 Property, Plant and Equipment

2018	Group				Parent Company	
	Buildings and land	Improvement expenditure, other property	Plant and equipment	Total	Plant and equipment	Total
Accumulated costs						
Opening balance, 01/01/2018	1,726	1,739	132,905	136,370	25,190	25,190
Purchases	–	628	16,781	17,410	14,237	14,237
Business combinations	–	–	24,663	24,663	–	–
Divestments and disposals	–	–	–22,856	–22,856	–7,340	–7,340
Reclassifications	–	–	–572	–572	–	–
Exchange rate differences	–	–	–12	–12	–	–
Closing balance, 31/12/2018*	**1,726**	**2,367**	**150,909**	**155,002**	**32,087**	**32,087**
Accumulated depreciation/amortisation according to plan						
Opening balance, 01/01/2018	–152	–732	–84,531	–85,415	–16,522	–16,522
Purchases	–	–	–14,885	–14,885	–2,375	–2,375
Business combinations	–	–	–	–	–	–
Depreciation/amortisation for the year**	–6	–389	–17,810	–18,205	–4,200	–4,200
Divestments and disposals	–	–	28,885	28,885	–	–
Reclassifications	–	–	605	605	–	–
Exchange rate differences	–	–	8	8	–	–
Closing balance, 31/12/2018	**–158**	**–1,121**	**–87,729**	**–89,007**	**–23,097**	**–23,097**
Accumulated impairment losses						
Opening balance, 01/01/2018	–	–	–3,620	–3,620	–	–
Impairment losses for the year	–	–	–	–	–	–
Closing balance, 31/12/2018	**–**	**–**	**–3,620**	**–3,620**	**–**	**–**
Planned residual values, 31/12/2018	**1,568**	**1,247**	**59,561**	**62,377**	**8,991**	**8,991**

2017	Group				Parent Company	
	Buildings and land	Improvement expenditure, other property	Plant and equipment	Total	Plant and equipment	Total
Accumulated costs						
Opening balance, 01/01/2017	1,726	1,739	148,755	152,220	30,015	30,015
Purchases	–	–	18,762	18,762	985	985
Divestments and disposals	–	–	–34,571	–34,571	–5,810	–5,810
Exchange rate differences	–	–	–41	–41	–	–
Closing balance, 31/12/2017*	**1,726**	**1,739**	**132,905**	**136,370**	**25,190**	**25,190**
Accumulated depreciation/amortisation according to plan						
Opening balance, 01/01/2017	–146	–614	–90,266	–91,026	–17,523	–17,523
Depreciation/amortisation for the year**	–6	–295	–21,330	–21,631	–4,809	–4,809
Divestments and disposals	–	–	27,218	27,218	5,810	5,810
Reclassifications	–	177	–177	–	–	–
Exchange rate differences	–	–	23	23	–	–
Closing balance, 31/12/2017	**–152**	**–732**	**–84,531**	**–85,415**	**–16,522**	**–16,522**
Accumulated impairment losses						
Opening balance, 01/01/2017	–	–	–3,618	–3,618	–	–
Impairment losses for the year	–	–	–2	–2	–	–
Closing balance, 31/12/2017	**–**	**–**	**–3,620**	**–3,620**	**–**	**–**
Planned residual values, 31/12/2017	**1,574**	**1,007**	**44,753**	**47,335**	**8,668**	**8,668**

*The Group's finance leases amount to SEK 45.3 million (35.0) on the reporting date; the Parent Company's finance leases amount to SEK 8.6 million (7.3). Leases primarily related to IT equipment and cars.

**Amortisation for the year regarding finance leases is SEK –13.6 million (–15.3); the Parent Company's amortisation regarding finance leases is SEK –3.2 million (–3.2).

NOTE 14 Investments in Group companies

Parent Company	2018	2017
Carrying amount at start of year	**369,705**	**372,596**
Acquisitions	372,792	1,378
Sales	–400	–86
Impairment	–15,885	–9,018
Shareholders' contribution	15,885	4,835
Carrying amount at year-end	**742,097**	**369,705**

SEK 000s Name	Company registration number	Registered office	Profit/loss for the year 2018	Share of equity, % 2018	Number of participations 2018	Carrying amount 2018	Carrying amount 2017
PE Infrastruktur AB	556745-0688	Stockholm	5,145	100	3,000	6,793	6,793
Ferrivia AB	556757-0691	Stockholm	–4	100	5,000	4,078	4,078
Vattenpartner AB	556657-2102	Stockholm	257	100	1,000	400	400
PE Mark Holding i Sverige AB	556977-1883	Stockholm	657	100	500	50	50
Novamark AB	556337-1045	Stockholm	42	100	1,000	22,871	–
Internsignal Sweden AB	556515-7814	Hudiksvall	–	100	1,000	300	300
PE Installation i Uppsala AB	556710-2248	Uppsala	–44	100	1,000	502	502
PE VVS i Stockholm AB	556716-4586	Stockholm	6,330	100	1,000	1,242	1,242
Energi & VVS-planering i Helsingborg AB	556585-7728	Helsingborg	7,854	100	1,088	11,420	–
PE Installation i Eskilstuna AB	556355-1646	Eskilstuna	–706	100	2,000	659	659
PE VVS i Örebro AB	556744-8872	Örebro	–1,700	100	3,241	1,265	1,265
PE Energi & Klimatanalys AB	556716-4602	Stockholm	14	100	1,000	1,462	1,462
Efour AB	556780-0882	Stockholm	98	100	3,000	300	300
PE Aria AB	556486-4345	Rättvik	–6	100	4,350	546	546
PE Mätningsteknik AB	556714-8183	Stockholm	56	100	4,000	400	400
PE Inside & Outside i Dalarna AB	556683-8529	Rättvik	1,435	100	1,000	900	900
PE Process & Verksamhetsstyrning i Stockholm AB	556707-7192	Stockholm	31	100	1,000	1,023	1,023
Soleed Sweden AB	556710-3873	Stockholm	–123	100	4,000	1,252	1,252
Soleed Production AB	556674-6300	Stockholm	–	100	1,000	–	–
PE Projektledning i Sverige AB	556736-7809	Stockholm	6,386	100	3,000	6,022	6,022
PE Projektledning Hus AB	556670-1222	Stockholm	24	100	1,450	500	500
Smedjan Projektledning i Sverige AB	556974-9269	Alingsås	4,792	100	500	7,575	–
ROOF Arkitekter AB	556764-9156	Örebro	15,794	100	1,000	25,726	–
ROOF Redovisning AB	559041-6144	Örebro	32	100	500	–	–
PE Byggnadsinformation i Stockholm AB	556905-4702	Stockholm	337	100	1,000	98	98
PE KNSS AB	556278-2184	Köping	72	100	100,000	100	100
PE Fastighetsutveckling AB	556958-1399	Stockholm	853	100	500	90	90
Agera VVS Design AB	556162-9485	Gothenburg	339	100	350	1,744	1,744
PE Industri & Energi i Sverige AB	556731-8315	Skövde	–2,555	100	36,000	5,980	5,980
PE i Öresund AB	556771-2806	Stockholm	438	100	3,000	300	300
PE MEA AB	559069-4674	Mariestad	412	100	500	12,205	12,205
PE Arkitektur i Sverige AB	556166-6073	Visby	–528	100	5,000	2,794	1,193
Arkitektkontoret Vallgatan Acron AB	556120-5989	Kungsbacka	–	100	1,000	–	–
Projektengagemang Köksarkitekterna AB	556539-3575	Stockholm	290	100	1,020	400	400
PE Skaraborg Arkitektur AB	556620-5919	Skövde	222	100	1,000	7,708	7,708
Arkitekturum AB	556613-9308	Mariestad	155	100	1,020	–	–
PE Arkitektur Södra Sverige AB	556290-7435	Malmö	278	100	1,000	1,400	1,400
Kvarnström Arkitektkontor AB	556075-9341	Gothenburg	–380	–	–	–	400
TEMA Gruppen AB	556105-8131	Uppsala	–1,705	100	665,752	74,620	74,620
PE Finans AB	556868-1075	Stockholm	384	100	1,000	100	100
KNSS Gruppen AB	556483-0114	Köping	–26	100	1,000	5,949	5,949
SN Elteknik AB	556319-6160	Köping	1,959	100	1,000	–	–
Inspector TP	556534-2432	Stockholm	–	100	1,000	–	–
Torsten Palmqvist AB	556534-2424	Stockholm	188	100	1,000	–	–
PE Byggkonsult Sverige AB	556203-2887	Köping	–7	100	1,000	1,000	–
Byggkonsult KNSS Projekt AB	556535-1425	Köping	52	100	1,000	–	–
LN Akustikmiljö AB	556621-4622	Stockholm	108	100	1,000	18,508	18,508
Tellstedt i Göteborg AB	556454-0861	Gothenburg	6,989	100	1,000	9,369	9,369
Sture Byberg Ingenjörsbyrå AB	556244-3910	Gothenburg	–253	100	1,000	–	–
PE El, Tele och Säkerhet AB	556896-8308	Stockholm	14,225	100	100,000	21,335	6,674
PE Elmiljö Sverige AB	556385-7100	Stockholm	–824	100	2,500	–	–
PE GMKI Elkonsult AB	556545-9038	Malmö	12	100	545,000	3,339	3,339

SEK 000s Name	Company registration number	Registered office	Profit/loss for the year 2018	Share of equity, % 2018	Number of participations 2018	Carrying amount 2018	Carrying amount 2017
HJR Projekt-EL	556306-7262	Stockholm	–2,511	100	100,000	87,641	87,641
Brandgruppen i Sverige AB	556542-9122	Stockholm	–55	100	25,000	8,000	–
FAST Engineering Göteborg AB	556883-6521	Gothenburg	391	100	500	21,359	–
FAST Engineering AS	915923097	Skien	767	100	300	–	–
PreCendo AB	556381-8466	Gothenburg	1,023	100	1,000	8,580	–
Er omgivning AB	556886-8847	Stockholm	4,595	100	500	415	415
PE-Aristi	U74999T-N2013PTC09267	Chennai	723	100	1,000	2,778	2,778
Simon Edvinsson Akustik AB	556983-6322	Stockholm	–	–	–	–	–
Konkret Rådgivande Ingenjörer i Sthlm AB	556579-7536	Stockholm	–2,261	100	1,005	101,000	101,000
Integra Engineering AB	556481-8986	Trollhättan	–	100	5,000	250,000	–
Integra Engineering Malmö AB	556785-0937	Malmö	–	100	5,000	–	–
Integra Engineering Linköping AB	559062-8342	Linköping	–	100	5,000	–	–
Total investments in Group companies						**742,097**	**369,705**

NOTE 15 Financial investments

Group	2018	2017
Financial investments that are non-current assets		
Available-for-sale financial investments		
Shares and participations	3,260	3,260
Total	**3,260**	**3,260**

Securities holdings at year-end	Company registration number	Registered office	Share of equity, %	Carrying-amount
2018				
Amrox Group AB	556614-5974	Stockholm	10	3,200
Other shares and participations				60
Total shares and participations				**3,260**
2017				
Amrox Group AB	556614-5974	Stockholm	10	3,200
Other shares and participations				60
Total shares and participations				**3,260**

NOTE 16 Non-current financial assets

Parent Company	Investments Group companies	Other long-term securities	Total
2018			
Recognised cost at start of year	369,705	3,200	372,905
Additional assets	372,792	–	372,792
Retiring assets	–400	–	–400
Recognised cost at year-end	**742,097**	**3,200**	**745,297**
Residual value at year-end	**742,097**	**3,200**	**745,297**
2017			
Recognised cost at start of year	372,596	–	372,596
Additional assets	6,213	3,200	9,413
Retiring assets	–9,104	–	–9,104
Recognised cost at year-end	**369,705**	**3,200**	**372,905**
Residual value at year-end	**369,705**	**3,200**	**372,905**

NOTE 17 Non-current and other receivables

Group	2018	2017
Non-current receivables that are non-current assets		
Prepaid lease payment	617	669
Deposits	30	304
Total	**647**	**973**
Other receivables that are current assets		
Other advance payments	367	127
Other current receivables	11,740	17,497
Total	**12,107**	**17,624**

NOTE 18 Trade receivables

Trade receivables are recognised after taking account of bad debt losses arising during the year, which amounted to SEK 6.8 million (5.0) in the Group. Bad debt losses in the Parent Company totalled SEK 0 million (0). Bad debt losses comprise both proven and anticipated bad debt losses. See also Note 28, which provides information about credit risks and aging analysis.

NOTE 19 Accrued but not invoiced revenue

Group	2018
Opening carrying amount 2018	94,751
Increase via company acquisitions	18,322
Reduction via divestment of companies	–
Partly invoiced amounts	–1,216,867
Accrued revenue	1,223,796
Revaluation and impairment	–352
Closing carrying amount	**120,002**

Accrued revenue from ongoing projects is recognised on an ongoing basis according to industry practice. In the balance sheet, ongoing projects are recognised as either 'Accrued but not invoiced revenue' in current assets, or as 'Invoiced but not accrued revenue' in current liabilities. Projects that have higher accrued revenue than the figure invoiced are recognised as assets, while projects that have invoiced more than accrued revenue are recognised as liabilities.

NOTE 20 Prepayments and accrued income

Group	2018	2017
Prepaid rental costs	11,807	10,980
Prepaid insurance costs	3,390	5,732
Prepaid IT and licence costs	8,796	9,060
Other prepaid expenses	5,734	5,735
Other accrued income	–	1,028
Total	**29,727**	**32,537**

NOTE 21 Cash and cash equivalents

	Group		Parent Company	
SEK 000s	2018	2017	2018	2017
Cash and bank balances	108,995	3,477	62,473	–
Total	**108,995**	**3,477**	**62,473**	**–**

For bank funds, certain accounts carry a variable interest calculated according to the bank's daily deposit interest rate. The fair value of cash and cash equivalents amounts to SEK 109.0 million (3.5) for the Group and SEK 62.5 million (0) for the Parent Company.

NOTE 22 Equity

Period	Change in share capital	A shares	B shares	Number of shares	Share capital
19/07/1989	Company established			500	50
28/01/1997	Bonus issue			500	100
01/10/2006	New share issue			9,000	1,000
19/11/2010	Distribution 100:1			990,000	1,000
27/04/2015	Distribution 3:1*	2,000,000	1,000,000	2,000,000	1,000
27/04/2015	New share issue	56,000	28,000	84,000	1,028
25/11/2015	New share issue		851,063	851,063	1,312
26/11/2015	New share issue		1,916,351	1,916,351	1,950
	Reclassification A:B	–224,000	224,000	–	1,950
07/06/2018	Share split 3:1	3,664,000	8,038,828	11,702,828	1,950
19/06/2018	New share issue		6,382,979	6,382,979	2,652
20/07/2018	New share issue		618,456	618,456	2,728
		5,496,000	**19,059,677**	**24,555,677**	

* Division in which one share gave two A shares with ten votes and one B share with one vote.

At year-end:	Quantity	Votes
A shares	5,496,000	10
B shares	19,059,677	1
Total	**24,555,677**	

Other contributed capital

Refers to equity contributed by the owners. This includes share premium reserves transferred to the statutory reserve. Provisions to the share premium reserve are also recognised as contributed capital.

Reserves

Retained earnings

Retained earnings including profit/loss for the year include retained profits in the Parent Company and its subsidiaries and associates.

Parent company

Restricted funds

Restricted funds may not be reduced via distribution of profit.

Unrestricted equity

Retained earnings together with profit/loss for the year comprise unrestricted equity, i.e. the amount that is available for dividend payments to shareholders.

Retained earnings

Comprises previous year's retained earnings and profit/loss less dividend paid during the year.

Proposed appropriation of profits

Funds at the disposal of the Annual General Meeting, SEK:	
Retained earnings	496,985,290
Profit/loss for the year	6,224,132
	503,209,421
The Board proposes that retained earnings be appropriated as follows	
Dividend (SEK 1.00 per share)	24,555,677
To be carried forward	478,653,744
	503,209,421

NOTE 23 Interest-bearing liabilities

	Group		Parent Company	
SEK 000s	2018	2017	2018	2017
Non-current liabilities				
Loans and credit	225,374	144,409	225,000	144,000
Finance lease liabilities	25,794	29,392	2,118	6,722
Other non-current interest-bearing liabilities	13,535	0	10,009	–
Total	**264,703**	**173,801**	**237,127**	**150,722**
Current liabilities				
Loans and credit	49,175	70,156	49,175	70,156
Finance lease liabilities	17,537	7,388	5,136	1,680
Other current interest-bearing liabilities	–	–	–	–
Total	**66,712**	**77,544**	**54,311**	**71,836**
Total interest-bearing liabilities	**331,415**	**251,345**	**291,438**	**222,558**

During the year, SEK 5.6 million has been paid out regarding the Group's credit facilities, and SEK 0.9 million in interest for financing via leases. Both payments have affected the item 'Interest paid in cash flow analysis'.

The liabilities are associated with certain terms linked to earnings and position, or covenants

	Group		Parent Company	
SEK 000s	2018	2017	2018	2017
Overdraft facility				
Available credit limit	60,000	60,300	60,000	60,000
Drawn portion	–	–	–	–

	Group		Parent Company	
SEK 000s	2018	2017	2018	2017
Revolving credit				
Available credit limit	100,000	100,000	100,000	100,000
Drawn portion	–	4,239	–	4,239

	Group		Parent Company	
SEK 000s	2018	2017	2018	2017
Pledged assets for liabilities to credit institutions				
Floating charges	64,470	56,470	8,000	–

In the fourth quarter 2018, Projektengagemang signed a new three-year credit agreement with SEB amounting to a total of SEK 400 million, which expires in December 2021. The total facility consists of an overdraft of SEK 60 million, a revolving credit limit of SEK 100 million and acquisition loan amounting to SEK 381 million. The liabilities are subject to the customary terms linked to profit and position, covenants in the form of equity ratio and net debt in relation to earnings before depreciation/amortisation. At 31 December 2018, the Group satisfies both these terms.

Average interest for 2018 amounted to 2.3 percent.

NOTE 24 Income tax

	Group		Parent Company	
SEK 000s	2018	2017	2018	2017
Current tax expense (–) / income (+)				
Tax expenses for the period	–9,669	–4,940	–	–
Deferred tax expense (–) / income (+)				
Adjustment of deferred tax relating to previous years	–88	–4,686	1,112	325
Deferred tax relating to temporary differences	3,753	–3,387	–1,443	–1,857
Recognised deferred tax asset concerning loss carry-forwards	–5,256	–6,841	–	683
Total recognised tax expense /income	**–11,260**	**–19,854**	**–331**	**–849**
Reconciliation of effective tax				
Profit/loss before tax	68,381	57,369	6,555	5,771
Tax according to the current tax rate for the Parent Company	–15,044	–12,621	–1,442	–1,270
Impairment of group-related goodwill, shareholdings	–	–	–3,495	–1,984
Non-deductible expenses	–1,364	–2,540	–61	–564
Non-taxable income	–	–	251	3,542
Transaction expenses recognised directly in equity	4,143	–	4,143	–
Tax attributable to previous years	–88	–4,692	–	–511
Other	–	–1	–	–62
Recognised effective tax	**–11,260**	**–19,854**	**–331**	**–849**

At 31 December 2018, a deferred tax liability is recognised in the Group of SEK 42.3 million related to temporary differences in non-current and current assets. At year-end, deferred tax assets, net against deferred tax liabilities, amount to SEK 10.3 million, which corresponds to 21.4 percent of all the Group's remaining loss carry-forwards, totalling SEK 48.1 million. The loss carry-forwards have an unlimited lifespan. Deferred tax assets and tax liabilities relate to the following categories:

	2018		2017	
SEK 000s	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Group				
Untaxed reserves	–	50	–	–
Non-current/current assets	1,027	42,256	–	24,894
Loss carry-forwards	–	–10,300	–	–11,393
Total	**1,027**	**32,006**	**–**	**13,501**
Parent Company				
Non-current/current assets	–1,615	–	–2,733	–
Loss carry-forwards	8,349	–	9,792	–
Total	**6,734**	**–**	**7,059**	**–**

NOTE 25 Other liabilities

	Group		Parent Company	
SEK 000s	**2018**	**2017**	**2018**	**2017**
VAT	50,622	42,911	10,072	6,194
Staff taxes and fees	42,042	30,114	2,976	1,636
Contingent consideration	5,311	16,101	3,811	2,500
Other	6,733	2,424	83	60
Total	**104,708**	**91,550**	**16,942**	**10,390**

NOTE 26 Accrued expenses and prepaid income

	Group		Parent Company	
SEK 000s	**2018**	**2017**	**2018**	**2017**
Accrued holiday pay and salaries, incl. social security contributions	54,577	38,797	2,658	3,185
Accrued payroll tax on pension expenses	–	–	–	1,231
Accrued interest expenses	15	15	15	15
Accrued audit costs	40	1,071	–	80
Accrued IT and licence costs	13,724	22,662	–	227
Accrued consulting expenses	1,936	2,751	1,069	1,554
Prepaid income	–165	–38	–175	–
Other accrued expenses	10,132	3,931	–	809
Total	**80,259**	**69,190**	**3,568**	**7,100**

NOTE 27 Financial instruments by category

The fair value of the Group's financial instruments is established via market valuation, e.g. recently completed transactions, the price of similar instruments and discounted cash flows. When there is no reliable data available for fair value measurement, financial instruments are recognised at cost (Level 3). There were no transfers between any of the levels during the period.

No financial instruments have been classified at Level 2. Carrying amount is deemed to represent a reasonable estimate of the fair value of all financial assets and liabilities. The financial assets and liabilities are assigned to valuation categories 2 and 3.

31/12/2018 **SEK 000s**	**Measured at fair value via profit/loss**	**Loans and trade receivables**	**Financial assets available for sale, measured at fair value**	**Financial liabilities measured at amortised cost**	**Of which fair value per level***		
Financial instruments, assets					**1**	**2**	**3**
Financial investments			3,200				3,200
Trade receivables		224,290					
Accrued but not invoiced revenue		120,002					
Short-term investments			474				474
Cash and cash equivalents		108,995					
Other non-current receivables		647					
Total financial assets	**–**	**333,932**	**3,674**	**–**	**–**	**–**	**3,674**
Financial instruments, liabilities							
Recognised purchase considerations	18,846						18,846
Liabilities to customers and suppliers				59,062			
Other non-current liabilities				374			
Interest-bearing liabilities, non-current				251,168			
Interest-bearing liabilities, current				66,712			
Total financial liabilities	**18,846**	**–**	**–**	**377,315**	**–**	**–**	**18,846**

31/12/2017 SEK 000s	Measured at fair value via profit/loss	Loans and trade receivables	Financial assets available for sale, measured at fair value	Financial liabilities measured at amortised cost	Of which fair value per level*		
Financial instruments, assets					**1**	**2**	**3**
Financial investments			3,260				3,260
Trade receivables		167,836					
Accrued but not invoiced revenue		94,751					
Short-term investments			1,567				1,567
Cash and cash equivalents		3,477					
Other non-current receivables		973					
Total financial assets	**–**	**172,286**	**4,827**	**–**	**–**	**–**	**4,827**
Financial instruments, liabilities							
Contingent consideration	16,100						16,100
Liabilities to customers and suppliers				69,197			
Other non-current liabilities				303			
Interest-bearing liabilities, non-current				173,801			
Interest-bearing liabilities, current				77,545			
Total financial liabilities	**16,100**	**–**	**–**	**320,846**	**–**	**–**	**16,100**

Financial assets and financial liabilities measured at fair value in the balance sheet, or where disclosures are submitted regarding fair value, are classified according to one of three levels based on the information used to establish the fair value.

Carrying amount is deemed to represent a reasonable estimate of the fair value of all financial assets and liabilities. The financial assets and liabilities are assigned to valuation categories 2 and 3.

In 2018, the following businesses were acquired: Energi & VVS-planering i Helsingbort AB, Smedjan Projektledning AB, ROOF Arkitekter AB, ROOF Redovisning AB, Sture Byberg Ingenjörsbyrå AB, FAST Engineering Göteborg AB, FAST Engineering AS, Precendo AB, Integra Engineering AB, Integra Engineering Malmö AB and Integra Engineering Linköping AB. The acquisitions relate to 100 percent of the capital and votes. Financial assets and financial liabilities measured at fair value in the balance sheet, or where disclosures are submitted regarding fair value, are classified according to one of three levels based on the information used to establish the fair value. No transfers have occurred between these levels in 2018 or 2017.

Level 1

Financial instruments for which fair value is established based on observable (unadjusted) quoted prices in active markets for identical assets and liabilities. A market is considered active if quoted prices from a stock market, broker, industrial group, pricing service or supervisory authority are easily and regularly available, and such prices represent actual and regularly occurring arm's-length market transactions.

Level 2

Financial instruments for which fair value is established according to valuation models based on observable data for the asset or liability other than quoted prices included in Level 1, either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices). Examples of observable data under Level 2 are:

- Quoted prices for similar assets and liabilities.
- Data that may constitute grounds for assessing price, e.g. market rates and yield curves.

Level 3

Financial instruments for which fair value is established according to valuation models in which material inputs are based on unobservable data. No significant transfers between the levels have occurred during the periods. For other financial assets and financial liabilities, the recognised values are in all material respects deemed to correspond to the fair values. Recognised purchase considerations and financial investments are valued based on future earnings forecasts.

NOTE 28 Financial risks and finance policies

The Group is exposed to various types of financial risk through its daily operating activities. Financial risk refers to fluctuations in the company's earnings and cash flows resulting from variations in exchange rates, interest levels, financing and credit risks. The objective is to provide cost effective financing and to minimise the negative effects of market fluctuations on the Group's earnings. The Group's financial management is governed in accordance with the applicable finance policy, which is established by Projektengagemang's Board of Directors and provides a framework of guidelines and regulations in the form of risk mandates and limits for financing activities. The Group Finance function is responsible for coordinating the Group's financing activities. The overarching objective of the finance function is to provide cost effective financing and to minimise negative effects on the Group's earnings deriving from financial risks.

Liquidity risks

Liquidity risk is the risk that the Group may have difficulty fulfilling its obligations associated with financial liabilities. The Group has rolling one-month liquidity planning that covers all the Group's units. Planning is continually updated. The Group's forecasts also cover liquidity planning in the medium term. This liquidity planning is used to manage liquidity risk and the Group's financing costs. The objective is for the Group to be able to manage its financial commitments during economic upswings and downturns without incurring significant unforeseen costs. Liquidity risks are managed by the central finance department for the entire Group.

The Group aims to have a capital structure that is optimal in order to keep capital costs down while safeguarding its ability to continue operating, and to maintain a balance between deposited and borrowed capital. To maintain or adjust the capital structure, the Group can raise new loans, adjust the dividend to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt. The Group assesses capital on the basis of its debt/equity ratio. This key performance indicator is calculated as net debt/cash funds as a percentage of shareholders' equity.

Interest rate risk

Interest rate risk is the risk of Projektengagemang's cash flow or the value of financial instruments varying due to changes in market rates. Interest rate risk can lead to changes in actual values and changes in cash flows. A significant factor affecting interest rate risk is the period of fixed interest. The Group's interest-bearing net debt at 31 December 2018 amounted to SEK 208 million (246). Total interest-bearing liabilities amounted to SEK 331 million (251), of which current liabilities totalled SEK 67 million (78). Interest-bearing liabilities are charged interest based on liquidity planning, interest expectations and relevant financing agreements. Projektengagemang currently has a short fixed-rate period (three months) for outstanding credits.

Since most of the company's financial liabilities carry a short fixed-rate period, most of the interest rate risk can be regarded as cash flow risk. A one-percentage point change in interest would affect earnings in the amount of SEK 3.3 million.

Foreign exchange risk

Foreign exchange risk covers future business transactions, recognised assets and liabilities in foreign currency and net investments in foreign operations. Projektengagemang's foreign exchange risk is negligible.

Credit risk

Credit risk relates to the risk of financial loss due to the counterparty failing to fulfil their commitments.

Credit risks in financial operations

Credit risk in financing operations is minimal, as Projektengagemang only has dealings with counterparties with the highest credit rating. It is primarily counterparty risks associated with receivables from banks and other counterparties. The finance policy includes a special counterparty regulation detailing the maximum permitted credit exposure for different counterparties.

Credit risks in trade receivables

The risk of the company's clients failing to fulfil their obligations, i.e. that payment is not received from clients, is a customer credit risk. Credit losses are usually low, owing to a large number of projects and clients where invoicing occurs on an ongoing basis during the production period. Credit checks are carried out on the Group's clients before a project is launched, during which information about clients' financial position is obtained from various credit information companies.

The Group has prepared a credit policy for how to manage client credits. The policy details where decisions are made about credit limits of various sizes and offers guidance on how to manage bad debts. A bank guarantee or other security is required for clients with low credit scores or insufficient credit history. The maximum credit exposure is stated in the carrying amount in the consolidated balance sheet. The total provision for doubtful trade receivables amounted to SEK 7.7 million (6.8) on the reporting date.

Maturity structure financial liabilities

Group 2018	Maturing within 1 year	Maturing in 1–2 years	Maturing in 3 years or more
Borrowings	50,159	51,162	133,334
Finance leases	17,537	6,448	19,345
Overdraft	–	–	–
Revolving acquisition credit	–	–	–
Other liabilities	104,708	104,708	–
Total	**172,404**	**162,318**	**152,679**

Group 2017	Maturing within 1 year	Maturing in 1–2 years	Maturing in 3 years or more
Borrowings	48,960	49,940	93,983
Finance leases	7,388	7,348	22,044
Overdraft	17,917	–	–
Revolving acquisition credit	4,239	–	–
Other liabilities	73,405	12,094	6,049
Total	**151,909**	**69,382**	**122,076**

Parent Company 2018	Maturing within 1 year	Maturing in 1–2 years	Maturing in 3 years or more
Borrowings	50,159	51,162	133,334
Finance leases	5,136	529	1,588
Overdraft	–	–	–
Revolving acquisition credit	–	–	–
Other liabilities	16,942	–	–
Total	**72,237**	**51,691**	**134,922**

Parent Company 2017	Maturing within 1 year	Maturing in 1–2 years	Maturing in 3 years or more
Borrowings	48,960	49,940	93,983
Finance leases	1,680	1,680	5,041
Overdraft	17,917	–	–
Revolving acquisition credit	4,239	–	–
Other liabilities	10,390	–	–
Total	**83,186**	**51,620**	**99,024**

Credit facilities

Group 2018	Nominal	Drawn	Available
Bank loans	281,000	281,000	–
Overdraft facility	60,000	–	60,000
Revolving credit facility and acquisition credit	200,000	–	200,000
Cash and cash equivalents including short-term investments	109,470	–	109,470
Total	**650,470**	**281,000**	**369,470**

Group 2017	Nominal	Drawn	Available
Bank loans	192,000	192,000	–
Overdraft facility	60,300	17,917	42,383
Revolving acquisition credit	100,000	4,239	95,761
Cash and cash equivalents including short-term investments	5,044	–	5,044
Total	**357,344**	**214,156**	**143,188**

Aging analysis trade receivables

	Group		Parent Company	
	2018	2017	2018	2017
Not overdue	196,011	148,820	22,868	11,848
1–30 days overdue	17,981	10,201	3,947	556
31–60 days overdue	2,780	1,957	–499	–8
61–90 days overdue	1,615	1,087	–319	–3
>91 days overdue	13,621	12,607	–2,388	127
Total	**232,008**	**174,672**	**23,609**	**12,520**

Impaired trade receivables

	Group		Parent Company	
	2018	2017	2018	2017
Opening balance	–6,838	–7,275	–5	–100
Paid/settled trade receivables	5,465	4,988	5	100
Proven bad debt losses	460	419	–	–
Impaired trade receivables	–6,807	–4,970	–	–5
Total	**–7,720**	**–6,838**	**–**	**–5**

*The increase in impairment of trade receivables relates to Soleed companies

NOTE 29 Lease payments concerning operating leases

	2018	2017
Assets held via operating leases		
Minimum lease payments	65,699	82,551
Total lease expenses	**65,699**	**82,551**

Future commitments, leases

Nominal value of future minimum lease payments concerning non-cancellable contracts due for payment:

	2018	2017
Within 1 year	65,991	47,939
Between one and five years	137,266	55,964
Total	**203,258**	**103,903**

NOTE 30 Pledged assets, contingent liabilities and contingent assets

	Group		Parent Company	
Pledged assets	**2018**	**2017**	**2018**	**2017**
For own liabilities and provisions				
Floating charges	64,470	56,470	8,000	–
Blocked bank deposits	–	–	–	–
Total pledged assets	**64,470**	**56,470**	**8,000**	**–**
Contingent liabilities				
Guarantees on behalf of subsidiaries	–	–	Unlimited	Unlimited
Total contingent liabilities	**–**	**–**	**–**	**–**

All pledged assets concern the Group's credit facilities.

NOTE 31 Statement of cash flows

	Group		Parent Company	
SEK 000s	**2018**	**2017**	**2018**	**2017**
Adjustments for non-cash items and other				
Depreciation, amortisation and impairment losses	15,393	26,074	4,503	4,752
Impairment of goodwill/shares in subsidiaries	–	–	15,885	9,018
Impairment, trade receivables	–1,162	–	–5	–
Change financial assets		–6,387		–3,139
Capital gains/losses on divestment of operations/subsidiaries	–	–	–	–
Capital gains/losses, divestments	850	128	281	–
Change in provisions	–244	–	–	–
Interest expenses not affecting cash flow	383	8	–	8
Other	2,659	207	4,143	–
Total	**17,878**	**20,030**	**24,807**	**10,639**
Unutilised credits				
Unutilised credits amount to:	369,470	143,188	369,170	142,888

NOTE 32 Events after reporting date

On 8 January 2018, PE signed an agreement to acquire Mats & Arne Arkitektkontor AB. The company has 23 employees, revenue of around SEK 20 million and offices in Gothenburg and Stenungsund.

On 18 March 2019, changes were made to PE's Group management. Kjell-Åke Johansson was appointed the new Head of the Systems Division and Nicke Rydgren is the new Chief Commercial Officer (CCO), with marketing and acquisitions being combined with strategic and business development.

NOTE 33 Critical accounting estimates and judgements

The Group makes estimates and assumptions about the future. The estimates for accounting purposes that result from these will, by definition, rarely correspond to actual outcomes. Estimates and judgements are evaluated continually and based on historical experience and other factors, including expectations of future events that are deemed reasonable given the prevailing conditions. Certain key accounting estimates that have been made on application of the Group's accounting policies are detailed below.

Impairment testing of goodwill

When calculating cash-generating units' recoverable amount for assessing any need for impairment of goodwill, several assumptions regarding future conditions and estimates of parameters have been made. An account of these is provided under Note 12. As understood from the description in Note 12, changes in 2018 to the conditions for these assumptions and estimates would have a significant impact on the value of goodwill.

Measurement of trade receivables and accrued but not invoiced revenue

Receivables and liabilities in ongoing assignments amount to SEK 119 million (95) for the Group. Accrued but not invoiced revenue is measured at invoicing amount with a reduction for proven losses and anticipated risks. Assessments of risks in assignments are made continually based on their specific conditions and previous experience of similar assignments.

The balance sheet item comprises a large number of assignments. An incorrect assessment of an individual assignment would therefore not have any material impact on the value of the Group's earnings or position. A general incorrect assessment could have a material impact, but is not deemed likely.

Projektengagemang's trade receivables amount to SEK 168 million (160). The receivables are measured at fair value. The fair value is affected by several assessments, the single most significant for Projektengagemang being credit risk and accordingly any need for provisions for bad debts. Each receivable must be measured individually, but as a rule special circumstances are required for receivables that have been overdue for more than 60 days not to be reserved either wholly or in part.

NOTE 34 Information about the Parent Company

Projektengagemang Sweden AB (Publ) is a Swedish-registered public limited company with registered offices in Stockholm, Sweden. The address of the company's headquarters is Årstaängsvägen 11, 117 43 Stockholm. The 2018 consolidated accounts consist of the Parent Company and its subsidiaries, together with the aforementioned Group.

The Board of Directors and CEO certify that the annual accounts have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and generally accepted accounting principles. The annual accounts and the Group's consolidated accounts provide a true and fair picture of the performance and financial position of the Parent Company and the Group. The directors' report for the Parent Company and the Group provides a true and fair picture of the development of the operations, financial position and performance of the Group and the Parent Company and also describes material risks and uncertainties to which the Parent Company and the other companies in the Group are exposed.

The annual report and the Group's consolidated accounts were approved for publication by the Board on 17 April 2019. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 21 May 2019.

Stockholm, 17 April 2019

Gunnar Grönkvist
Chairman of the Board

Britta Dalunde
Board member

Lars Erik Blom
Board member

Per Göransson
Board member

Öystein Engebretsen
Board member

Per-Arne Gustavsson
Board member

Carina Malmgren Heander
Board member

Per Hedebäck
CEO

Our auditor's report was submitted on 17 April 2019

PricewaterhouseCoopers AB

Lennart Danielsson
Authorised Public Accountant

Auditor's report

To the Annual General Meeting of the shareholders of Projektengagemang Sweden AB (publ) company reg. no 556330-2602

Report on the annual accounts and consolidated financial statements

Opinions

We have audited the annual accounts and consolidated accounts of Projektengagemang Sweden AB (publ) for the year 2018, with the exception of the Corporate Governance Report on pages 40–46. The annual accounts and consolidated accounts of the company are included on pages 35–80 of 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 at 31 December 2018 and of its financial performance and its cash flows 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 at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not apply to the Corporate Governance Report on pages 40–46. The directors' report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We have conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the 'Auditor's responsibility' section. We are independent in relation to the Parent Company and Group, in accordance with rules of professional ethics for accountants in Sweden, and have in other respects fulfilled our ethical responsibility according to these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in article 5.1 of the Audit Directive (537/2014) have been provided to the audited company or, where applicable, its Parent Company or its controlled companies within the EU.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Our auditing approach

Audit scope

Projektengagemang is a consulting firm that pursues assignments in project form. Thousands of projects are ongoing in Projektengagemang's decentralised organisation. Most of the projects are charged on an ongoing basis, while a minor part are at a fixed price. The Group and the companies' accounting is largely managed by the central finance department in Stockholm, and accounting for acquired companies, according to Projektengagemang's principles, is transferred to the department as well. However, companies acquired at the end of the year have retained their local accounting for the entire year.

Projektengagemang has a clear acquisition focus, with growth mainly take place via the acquisition of small consulting firms. This means that in our audit we focus on project accounting and impairment testing of goodwill and shares in subsidiaries (as a result of acquisitions carried out).

We designed our audit by setting the materiality level and assessing the risk of material misstatements in the financial statements. We paid particular attention to areas where the CEO and Board of Directors have made subjective assessments, for example important accounting estimates made based on assumptions and forecasts regarding future events, which by nature are uncertain. As with all audits, we have also taken account of the risk of the Board of Directors and CEO disregarding internal controls, and considered whether there is any evidence of systematic deviations that have given rise to a risk of material misstatements resulting from fraud.

We adapted our audit to carry out an appropriate review for the purpose of being able to give an opinion on the financial statements as a whole, taking into account of the Group's structure, accounting processes and controls and the industry in which the Group operates.

Materiality

The scope and focus of the audit was affected by our assessment of materiality. An audit is designed to achieve a reasonable level of assurance as to whether the financial statements contain any material misstatements. Misstatements can arise as a result of fraud or error. They are deemed material if individually or together they can be reasonably expected to impact the financial decisions that users make based on the financial reports.

Based on professional judgement, we established certain quantitative materiality ratios, including for the financial reporting as a whole. We used these and qualitative considerations to establish the scope and focus of the audit, and the nature, timing and extent of our review procedures, and to assess the effect of individual and aggregate misstatements on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Area of particular significance	How our audit observed the area of particular significance
Impairment testing In the consolidated balance sheet, goodwill and acquisition-related surplus values are recognised at a value of SEK 610 million. Goodwill and acquisition-related surplus values correspond to the difference between the value of net assets and purchase consideration paid for an acquisition. Unlike other non-current assets, there is no amortisation of goodwill. This balance sheet item is instead tested annually for impairment or when there are indications of a decline in value. Other acquisition-related non-current assets are depreciated over their estimated useful life. Testing, and thus carrying amounts, are dependent on the Board and management's estimates, and judgements and assumptions regarding, for example, growth and future profitability, as well as discount rates. Future events and new information may change these judgements and estimates, and it is therefore particularly important for the management to continually evaluate whether the value of the acquisition-related intangible assets is justified given new information and conditions. Company management's calculation of the assets' value in use is based on the next year's budget and forecasts for the subsequent four years. A more detailed description of these assumptions is provided under Note 12. Impairment testing naturally includes a greater element of estimates and judgements from company management, which is why we have judged this to be an area of particular significance in our audit. For accounting policies, please refer to page 58 and Note 12 of the 2018 annual report.	In our audit we have focused in particular on how company management tests the need for impairment. We have among other things carried out the following review procedures: • Evaluated Projektengagemang's impairment testing process. • Examined the way in which management has identified cash-generating units and compared this with how Projektengagemang follows up goodwill internally. • Evaluated the plausibility of assumptions made and carried out sensitivity analyses for changed assumptions. • With the support of PwC's internal evaluation specialists, we have examined the accuracy of the calculation models and evaluated the plausibility of the discount rate used for the cash-generating units and subsidiaries where there is the greatest uncertainty. • Compared estimated value in use with market capitalisation at 31 December 2018. • Evaluated management's forecast capability by comparing previous forecasts against actual outcomes. • Based on materiality confirmed that adequate note disclosures have been submitted in the annual accounts.
Accrual of revenue recognition of ongoing projects and valuation of trade receivables and accrued but not invoiced revenue Projektengagemang's recognised revenue and earnings are generated by carrying out projects on behalf of clients. Most of the projects are billed on an ongoing basis with time spent invoiced retrospectively, while revenue is recognised in the period in which the work was carried out. Fixed-price projects are recognised according to the percentage-of-completion method, in which revenue is recognised in relation to the project's degree of completion. Invoices are sent at fixed points in accordance with the agreement with the client. Consequently, the timing of revenue recognition does not normally coincide with invoicing and payment by the client. Irrespective of whether projects are fixed-price or ongoing, revenue recognition of projects, particularly fixed-price projects, must involve assessments. Revenue that is to be recognised and outstanding receivables can be affected by various circumstances. Examples of circumstances that may affect the accounting are if contract terms change, if expenses incurred exceed anticipated expenses, or if discussions or negotiations arise regarding delivery acceptance by the client. Discussions regarding delivery acceptance and/or about actual time spent exceeding the time anticipated may affect the valuation of the outstanding receivable from the client. Revenue recognition from fixed-price projects that extend over an extended period involve a greater risk of errors, with a risk of revenue being recognised in the wrong period and/or at the wrong amount. Since estimates and judgements are required for recognition of projects, errors can occur either knowingly or unknowingly. As a result of the substantial element of estimates and judgements from company management, we have identified project accounting as an area of particular significance in the audit. For accounting policies, please refer to page 58 and Notes 2, 18 and 28 of the 2018 annual report.	In our audit we have focused especially on company management's handling of ongoing projects and in particular on accrual and valuation of balance sheet items related to project accounting such as trade receivables and accrued income. We have carried out the following review procedures: • Assessment of accounting policies applied. • Analysis of controls and procedures regarding project accounting. • Analytical review of project provisions. • Random checks that large projects have been reported at the correct amounts and in the right period by checking against underlying contracts, invoices and payments, and time reporting. • Analysis of older, overdue trade receivables and accrued income, and the provision for bad debts that has been reported, in order to independently evaluate the value of the receivables. • Follow-up and discussions with management and project managers.

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 pages1-34. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion 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 procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director 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, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director 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 of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has 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.

Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 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 Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

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 Managing Director of Projektengagemang Sweden AB (publ), for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations 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 which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 40-46 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 STOCKHOLM, was appointed auditor of Projektengagemang Sweden AB (publ), by the general meeting of the shareholders on the 9 May 2018 and has been the company's auditor since the 1 June 2016.

Stockholm 17 April 2019
PricewaterhouseCoopers AB

Lennart Danielsson
Authorized Public Accountant

Board of Directors

Öystein Engebretsen, born 1980

Board member and member of the Remuneration Committee

Member since 2016

Independent of the company and management but not of major shareholders

Education: Master of Science BI Norweigian School of Management (Oslo/Sandvika)

Other roles: Investment Manager at Investment AB Öresund, member of the boards of Scandi Standard AB, Catena Media P.L.C, Insr Insurance Group AS

Shareholding: 135,000 B shares

Lars Erik Blom, born 1960

Board member and member of the Audit Committee

Member since 2016

Independent of the company and company management but not of major shareholders

Education: MSc in Economics and Business from Stockholm University

Other roles: CEO and member of the board of LK Finans Aktiebolag, chairman of the board of Lagerstedt & Krantz AB, Delgivningsbyrån Deltra-Kravek AB, TSS Holding AB, D-K Intressenter AB, JEFF fastigheter AB and Visera AB, and member of the boards of Optimum Ekonomiplanering AB, Temperature Sensitive Solutions Systems Sweden AB, its nordic AB, its nordic holding AB, FM Mattsson Mora Group AB, Connecting Capital Holding AB, Norvatek Invest AB, Nextory AB and Tryggkredit Stockholm AB. Member of FM Mattsson Mora Group Ab's audit committee

Shareholding: 147,596 B shares indirectly via LK Finans

Gunnar Grönkvist, born 1943

Chairman of the Board

Member of the Audit Committee and Remuneration Committee

Member and Chairman since 2015

Independent of the company and management; independent in relation to the company's major shareholders

Education: Masters in Politics, Stockholm University

Other roles: None

Shareholding: 22,500 B shares

Carina Malmgren Heander, born 1959

Member and chair of the Remuneration Committee

Member since 2017

Independent of the company and company management and in relation to the company's major shareholders

Education: Master of Science BI Norweigian School of Management (Oslo/Sandvika)

Other roles: Group Director and Chief of Staff Scandinavian Airlines Systems, chair of Svenska Flygbranschen AB, member of the boards of the Confederation of Swedish Enterprise, the Swedish Confederation of Transport Enterprises and Timezynk AB

Shareholding: 0

Per Göransson,
born 1953

Board member

Member since 2006

Not independent in relation to the company and management, and not independent in relation to the company's major shareholders

Education: MSc in Engineering from KTH Royal Institute of Technology

Shareholding: 2,178,380 A shares and 436,800 B shares indirectly owned via Projektengagemang Holding i Stockholm AB and G-Trading AB

Per-Arne Gustavsson,
born 1952

Board member

Member since 2018

Chairman of the Board and CEO of Projektengagemang from 2006 until 2015, employee since 2006.

Not independent in relation to the company and management, and not independent in relation to the company's major shareholders

Education: MSc in Engineering from KTH Royal Institute of Technology

Other roles: Chairman of Fotbollsajten Scandinavia AB, Projektengagemang Holding i Stockholm AB, Pagator AB

Shareholding: 2,217,796 A shares and 445,626 B shares indirectly owned via Projektengagemang Holding i Stockholm AB

Britta Dalunde,
born 1958

Board member and chair of the Audit Committee

Member since 2016

Independent of the company and company management and in relation to the company's major shareholders

Education: MBA specialising in Strategic Planning, Edinburgh Business School

Other roles: Chair of Chorus AB, deputy board member OF Huset i Stockholm AB, board member of Arlandabanan Infrastructure AB and board member and chair of the audit committee of Global Ports Investments PLC, Weum Gas AB, Swedegas AB and ForSea AB

Shareholding: 10,500 B shares

Peter Sandberg, born 1970

Deputy CEO and CFO.

Employee since 2007

Education: MSc in Economics and Business from Uppsala University

Many years of experience from the technical consulting industry

Shareholding: 309,000 A shares and 21,750 B shares, privately and via companies

Helena Liljegren, born 1974

Head of Architecture & Management Division

Employee since 2019

Education: Master's in Business Administration from University of Gothenburg

Previous senior positions: CEO Sweco Position AB, Head of Services Division at Hewlett Packard, senior roles at Doctors Without Borders.

Shareholding: 0

Nicke Rydgren, born 1976

Head of Strategy and Business Development (CCO)

Employee since 2018

Education: MBA from Stockholm School of Economics (SSE)

Extensive experience from senior positions including Deputy CEO of the Projektel Group, Head of Consulting and Analysis at Bisnode Sweden, Managing Partner at Great Consulting Group and Product Director Europe at HP.

Shares: 45,000 B shares via companies

Tord Larsson-Steen, born 1971

Head of Industry & Energy Division

Employee since 2018

Education: Upper secondary with various supplementary courses, MBA Heriot Watt University

Extensive experience from senior positions including CEO and Vice President of Learning-Well, CEO Inport Intelligent Port systems, CIO Opcon, Group IT Manager BTG

Number of shares: 5,325 B shares

Per Hedebäck, born 1964

President and CEO

Employee since 2017

Education: MSc in Engineering from KTH Royal Institute of Technology

Extensive experience from senior positions such as Business Area Manager at Munters, Industrial Attaché at the Swedish embassy in London, Deputy CEO at Opcon and senior roles at Tradimus and WSP

Significant positions outside the company: member of the boards of Mestro AB and LightAir AB

Shareholding: 53,238 B shares

Krister Lindgren, born 1956

Investor Relations Officer (IRO)

Consultant to company management since 2017

Education: MSc in Economics and Business from University of Gothenburg

Extensive experience as an authorised public accountant, senior positions in management teams, CFO with IR responsibility for listed companies

Number of shares: 2,000 B shares via companies

Åsa Holmgren, born 1967

Chief Human Resources Officer (CHRO)

Employee since 2018

Education: MSc in Engineering from KTH Royal Institute of Technology, MSc programme at School of Economics (HHS)

Extensive experience from senior positions including HR, Communication and Sustainability Director at Axel Johnson International, COO and Global Head of HR at OSM Group, and CHRO at Capgemini Consulting

Number of shares: 0

Kjell-Åke Johansson, born 1961

Head of Systems Division

Employee since 2018

Education: Upper-secondary engineering qualification, electrical power

Extensive experience from consulting industry in senior roles, most recently CEO of Integra Engineering AB. Previous positions include Semcon, Innovatum Science Park and chairman of Integra's board.

Number of shares: 0

Mathias Thorsson, born 1971

Head of Civil Engineering & Infrastructure Division

Employee since 2016

Education: MSc in Engineering from Chalmers University of Technology (CTH)

Extensive experience from senior positions including Regional Manager, Business Area Manager and Deputy CEO at Reinertsen Sverige AB and member of the management team of Reinertsen AS. Experience as a former contractor and several years' experience in assignments within construction, infrastructure and industry.

Shareholding: 5,004 B shares

Projektengagemang from the beginning

2006

Projektengagemang is founded

Projektengagemang is founded by Per-Arne Gustavsson. In 2006, five companies are established with existing employees in the companies. Per Göranson joins and the Group begins to take shape.

2009

Business starts to take off

Between 2006 and 2009, the foundations are laid for what is now the Projektengagemang Group. Ten businesses are started in partnership with around 100 employees via entrepreneur packages. The journey has begun towards the company's vision of changing our industry and being an attractive employer where each individual makes a difference. The goal is for Projektengagemang to be one of the ten largest technical consultants in Sweden.

2015

The journey continues

Projektengagemang now has more than 600 employees and a presence in some 30 locations across Sweden. Efforts continue to ensure the company is an attractive workplace where employees develop and individuals make a difference, all in order to increase value for clients and society. Since summer 2015 the Group is owned exclusively through shareholders in the Group's Parent Company, after roughly 200 employees converted their shares in the subsidiaries.

In 2018, some 10,000 assignments were carried out for 3,000 clients

2016

1,000 employees and revenue of over SEK 1 billion

The same year that PE celebrates its 10th anniversary, the company achieves a milestone – we now have 1,000 employees and revenue exceeding SEK 1 billion. The company's tenth anniversary is celebrated via the national series of events, Stadsengagemang, during which PE teams up with clients and partners to come up with proposals on how to improve Swedish cities from an urban planning perspective.

2017

New stage in PE's journey

PE's founder and then CEO Per-Arne Gustavsson retires and Per Hedebäck takes on the role of President and CEO. This marks a new stage in PE's journey. During the year the company works on several major collaborative projects and consolidates its position as an end-to-end provider. Major progress is achieved in the company's sustainability work and the first sustainability report is published. The year ends with yet another revenue record and PE delivers its best quarter to date.

2018

Listing on Nasdaq Stockholm

In June 2018, PE achieves an important milestone and a goal that was established with the company's inception, namely an IPO on Nasdaq Stockholm. During the year the company also continues with its growth strategy with the acquisition of seven companies. At the end of the year the company establishes a sustainability council – a step towards achieving the company's vision of renewing society through innovative and sustainable solutions.

Key performance indicators, definitions

This report contains financial measures that are not defined in IFRS. These financial measures are used to monitor, analyse and direct operations and to supply the Group's stakeholders with information about the Group's financial position, earnings and performance. These financial measures are considered to be necessary to be able to monitor and direct the development of the Group's financial targets and it is therefore relevant to publish them regularly. Below is a list of definitions of the key performance indicators used in this report.

Share-based measures

Earnings per share
Profit/loss for the year attributable to shareholders divided by a weighted average of the number of shares during the year

Performance figures

Return on equity
Profit/loss for the year according to income statement excluding minority's share, as a percentage of average equity

Return on capital employed
Profit/loss after net financial items, including earnings from participations in associates with reversal of interest expenses, as a percentage of average capital employed

Return on total capital
Profit/loss after net financial items, including earnings from participations in associates plus finance costs, as a percentage of average total assets

Financial measures

Share of risk-bearing capital
Total of equity and deferred tax liabilities as a percentage of total assets

Average period of fixed interest
Period of fixed interest weighted according to outstanding interest-bearing liabilities

Average equity
Average amount of recognised equity at 1 January and 31 December

Adjusted earnings
Operating profit/loss adjusted for items affecting comparability

Items affecting comparability
Items relating to terminated operations, acquisition and integration expenses and IPO expenses

Asset turnover
Net revenue divided by average capital employed

Net borrowings
Interest-bearing liabilities less financial assets including cash and cash equivalents

Net revenue
Net revenue corresponds to invoicing of current projects

Order intake
The value of projects taken on and changes to existing projects during the current period

Interest coverage ratio
Profit/loss after financial items plus finance costs divided by finance costs

Debt/equity ratio
Net borrowings divided by equity

Equity/assets ratio
Total equity as a percentage of total assets

Capital employed
Total assets less non-interest-bearing liabilities including deferred tax liabilities. Average capital employed is calculated as the average of values at 1 January and 31 December

Margins

Net margin
Profit/loss after financial items as a percentage of net revenue

Operating margin
Operating profit/loss as a percentage of net revenue

Profit margin
Profit/loss after financial items as a percentage of net revenue

Other key performance indicators

Number of employees
Total number of employees, all forms of employment, at end of period

Chargeability
Time charged to customer in relation to total attendance

Average number of FTEs
Average number of employees during the year recalculated to full-time equivalents. The actual number of employees is higher due to part-time positions, and the fact that some employees only work for part of the year

Calendar effect
Average number of employees for the period multiplied by the difference in the number of available working days during the period, multiplied by average revenue/employee.

Average interest
Nominal interest weighted according to outstanding interest-bearing liabilities at the reporting date

Adjusted operating profit/loss EBIT and EBITDA for items affecting comparability

Company management is of the opinion that the operating performance measures EBIT and EBITDA, adjusted for expenses attributable to acquisitions and integration expenses, together with listing-related costs provide useful information allowing investors to monitor and analyse the underlying earnings performance of the business, and create comparable performance measures between different periods.

During the period January – December 2018, the result has been charged SEK 2.5 million in items affecting comparability. These costs persist of consulting costs related to the company's IPO SEK –9.6 million and a reversed additional consideration of SEK 7.1 million.

	2018	2017
EBITA	**70.8**	**68.7**
Terminated operations	0.0	0.9
Aquisition and integration expenses	0.0	19.5
IPO expenses	9.6	8.3
Items affecting comparability, EBITA	**9.6**	**28.7**
Adjusted EBITA	**80.4**	**97.4**

	2018	2017
Operating profit/loss, EBIT	**74.2**	**65.0**
Items affecting comparability, EBITA	9.6	28.7
Reversed additional consideration	–7.1	0.0
Items affecting comparability, EBIT	**2.5**	**28.7**
Adjusted EBIT	**76.7**	**93.7**

Calculations of financial performance measures not defined according to IFRS

Some of the descriptions and analyses presented in this annual report include alternative performance measures that are not defined by IFRS. The company is of the opinion that this information, in combination with comparable defined IFRS measures, is useful for investors, as it provides a basis for measuring operating earnings and the ability to repay liabilities and invest in the business. Management uses these financial measures, together with the most directly comparable financial measures according to IFRS, when evaluating operating earnings and value creation. These alternative performance measures should not be considered in isolation from, or as a substitute for financial information published in the financial statements in accordance with IFRS. The alternative performance measures that are reported do not necessarily need to be comparable with similar measures published by other companies. Reconciliations are presented in the tables below.

SEK 000s	**2018**	**2017**
Non-current, interest-bearing liabilities	251,168	173,801
Current, interest-bearing liabilities	66,712	77,545
Cash and cash equivalents including short-term investments	–110,086	–5,044
Net receivables (-)/debt	**207,793**	**246,302**
Net receivables (-)/debt	207,793	246,302
EBITDA	70,803	68,708
Leverage	**2.9**	**3.6**
Operating profit/loss, EBIT	74,161	64,989
Net revenue	1,223,796	1,170,700
Operating margin EBIT, %	**6.1**	**5.6**
Operating profit/loss, EBIT (adjusted earnings)	76,681	93,675
Net revenue	1,223,796	1,170,700
Adjusted operating margin EBIT, %	**6.3**	**8.0**
Operating profit/loss, EBIT	74,161	64,989
Acquisition-related items	3,358	–3,719
EBITA	70,803	68,708
Net revenue	1,223,796	1,170,700
EBITA margin, %	**5.8**	**5.9**
Operating profit/loss, EBIT (adjusted earnings)	76,681	93,675
Acquisition-related items	3,358	–3,719
EBITA (adjusted earnings)	80,401	97,394
Net revenue	1,223,796	1,170,700
Adjusted EBITA margin, %	**6.6**	**8.3**
Operating profit/loss, EBIT	74,161	64,989
Amortisation	–15,393	–26,074
Profit/loss before depreciation/amortisation, EBITDA	89,554	91,062
Net revenue	1,223,796	1,170,700
EBITDA margin, %	**7.3**	**7.8**
Operating profit/loss, EBIT (adjusted earnings)	76,681	93,675
Amortisation	–15,393	–26,074
Profit/loss before depreciation/amortisation, EBITDA (adjusted earnings)	99,151	119,749
Net revenue	1,223,796	1,170,700
Adjusted EBITDA margin, %	**8.1**	**10.2**

Projektengagemang – Share information

Projektengagemang Sweden AB (publ) was listed in 2018 on Nasdaq Stockholm in the Small Cap segment. The subscription price was SEK 47 per share. The first trading day was 19 June. The offering related to 10,003,860 B shares, including 6,382,979 B shares issued by the company and 3,620,881 existing B shares offered by Projektengagemang Holding AB (the 'Principal Owner'), 2,344,285 of which were offered on behalf of minority shareholders.

In order to cover any potential over-allotment in connection with the offering, PE issued an over-allotment option to SEB to sell an additional 1,500,579 new B shares, corresponding to a maximum of 15 percent of the total number of shares in the offering. In July, the over-allotment option was exercised with regard to 618,456 shares.

The offering, including the over-allotment option, generated a capital contribution of SEK 329 million for PE before transaction expenses. Costs of SEK 9.6 million attributable to the IPO have been charged to operating profit and SEK 19.9 million has been recognised against equity.

PE's total number of shares amounts to 24,555,677, including 5,496,000 A shares and 19,059,677 B shares. Only the company's B shares are listed on Nasdaq Stockholm.

Share price performance

The share price for PENG B at year-end 2018 was SEK 35.00 per share, which is a decline of 25.5 percent compared with the listing price on 19 June 2018. Nasdaq OMX Small Cap Sweden PI dropped by 9 percent during the corresponding period. The highest share price in 2018 was SEK 52.00 and the lowest was SEK 33.00.

During the year, a total of 3,291,091 shares were traded via Nasdaq Stockholm. The number of shares traded per trading day averaged 24,745.

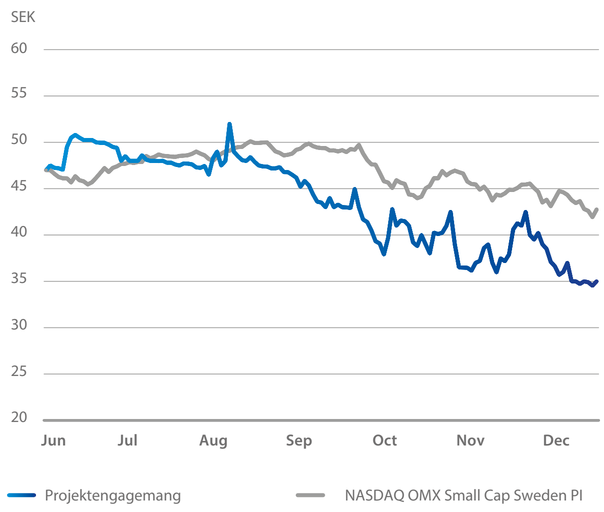
Dividend policy

The dividend shall be between 30 and 50 percent of profit/loss for the year.

Proposed dividend

The Board of Directors proposes a dividend of SEK 1 per share; an increase of SEK 0.52. The total dividend amounts to SEK 24,555,677 (11,702,828).

Share information



Largest shareholders as of 28 December 2018

Name	A shares	B shares	Total	Votes, %	Capital, %
Projektengagemang Holding i Stockholm AB	4,391,676	882,426	5,274,102	60.52%	21.48%
Öresund, Investment AB		3,318,983	3,318,983	4.48%	13.52%
Sandberg, Peter and companies	309,000	21,750	330,750	4.16%	1.35%
Swedbank Robur fonder		2,035,024	2,035,024	2.75%	8.29%
K-konsult Management AB	159,000	14,866	173,866	2.17%	0.71%
LK Finans AB	0	1,489,362	1,489,362	2.01%	6.07%
Handelsbanken Microcap Sverige	0	1,249,988	1,249,988	1.69%	5.09%
Ringstedt, Katarina	120,000	31,689	151,689	1.66%	0.62%
Humle Kapitalförvaltning AB	0	1,011,064	1,011,064	1.37%	4.12%
Fondita Nordic Micro Cap SR	0	970,000	970,000	1.31%	3.95%
Total, ten largest shareholders	**4,979,676**	**11,025,152**	**16,004,828**	**82.12%**	**65.20%**
Other shareholders	516,324	8,034,525	8,550,849	17.9%	34.8%
Total number of shares	**5,496,000**	**19,059,677**	**24,555,677**	**100.0%**	**100.0%**

Share distribution at 28 December 2018

Holdings	Number of shareholders	A shares	B shares	Capital, %	Votes, %
1–500	1,029	0	234,292	0.95%	0.32%
501–1,000	174	18,900	136,242	0.55%	0.22%
1,001–5,000	262	83,796	626,072	2.60%	1.09%
5,001–10,000	62	68,100	413,690	1.80%	1.05%
10,001–15,000	22	24,000	326,659	1.08%	0.41%
15,001–20,000	22	18,300	374,671	1.62%	0.98%
20,001–	102	5,282,904	16,948,051	91.40%	95.93%
Total, 28/12/2018	**1,673**	**5,496,000**	**19,059,677**	**100.00%**	**100.00%**

Change in share capital

Period	Transaction	A shares	B shares	Number of shares	Share capital
19/07/1989	Company established			500	50
28/01/1997	Bonus issue			500	100
01/10/2006	New share issue			9,000	1,000
19/11/2010	Distribution 100:1			990,000	1,000
27/04/2015	Distribution 3:1*	2,000,000	1,000,000	2,000,000	1,000
27/04/2015	New share issue	56,000	28,000	84,000	1,028
25/11/2015	New share issue		851,063	851,063	1,312
26/11/2015	New share issue		1,916,351	1,916,351	1,950
14/05/2018	Reclassification A:B	–224,000	224,000		1,950
07/06/2018	Share split 3:1	3,664,000	8,038,828	11,702,828	1,950
19/06/2018	New share issue		6,382,979	6,382,979	2,652
20/07/2018	New share issue		618,456	618,456	2,728
		5,496,000	**19,059,677**	**24,555,677**	

*Distribution in which one share gave two A shares with ten votes and one B share with one vote.

Number of shares and votes

At year-end	Quantity	Votes	Total number of votes
A shares	5,496,000	10	54,960,000
B shares	19,059,677	1	19,059,677
Total	**24,555,677**		**74,019,677**

Annual General Meeting

The Annual General Meeting will be held on 21 May 2019 at 4.00 p.m. at Helio Kungsholmen (conference room Guldspaden) Rålambsvägen 17 in Stockholm. Registration at the AGM starts at 3.30 p.m.

Participation

Shareholders wishing to participate in the AGM must be registered in the shareholder register maintained by Euroclear Sweden AB by Wednesday 15 May 2019 and have given notice of their intention to attend no later than Wednesday 15 May 2019.

Notice of attendance may be given in writing to Projektengagemang Sweden AB, Box 47146, 100 74 Stockholm, or via e-mail to ir@pe.se, or by telephone 072 715 06 50. When giving notice of attendance, please state name/company name, personal identity number/corporate identity number, address, telephone number, and the number of accompanying persons, if any.

Shareholders whose shares are held in trust in the name of a nominee must, in addition to giving notice of attendance, temporarily register their shares in their own names in the shareholder register (so-called voting rights registration) in order to be able to participate at the meeting. Such registration must be executed by Wednesday, May 15, 2019 and should be requested at the bank or trustee well in advance of this date.

Dividend

The Board proposes to the AGM a dividend of SEK 1 per share (2) for the 2018 financial year.

Financial calendar

7 May	Interim report January–March 2019
21 May	2018 Annual General Meeting
19 July	Interim report April–June 2019
8 November	Interim report July–September 2019
21 February 2020	2019 year-end report

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