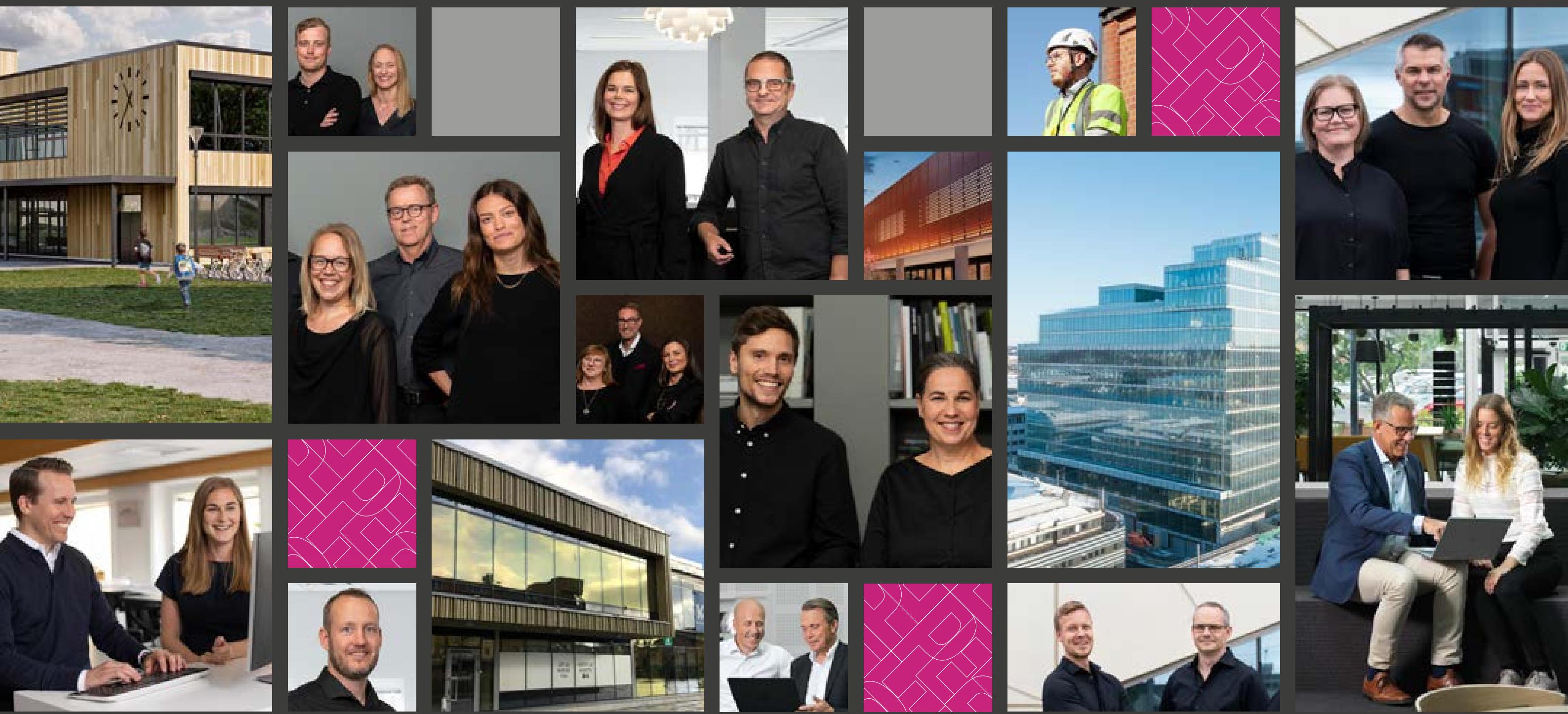
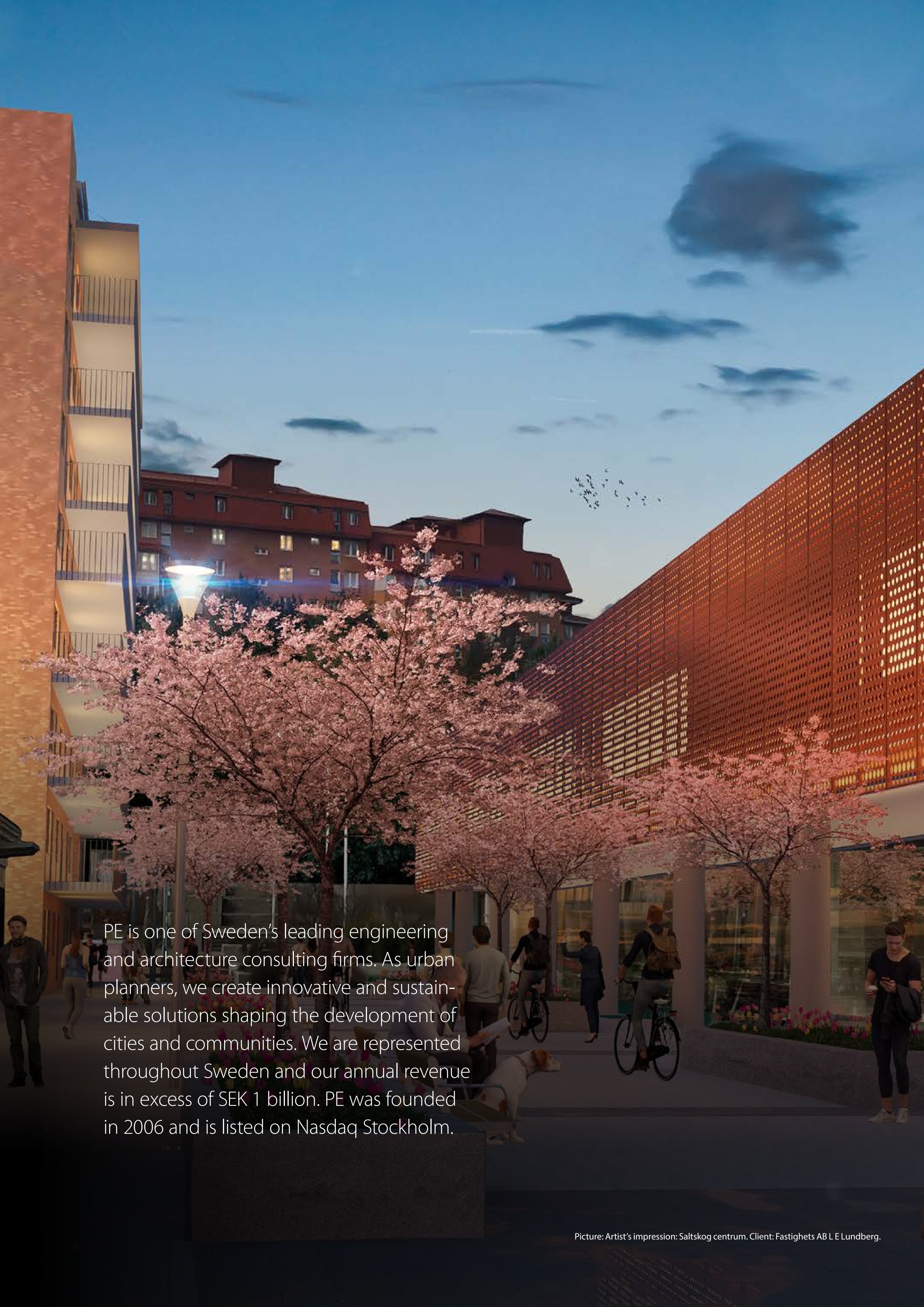


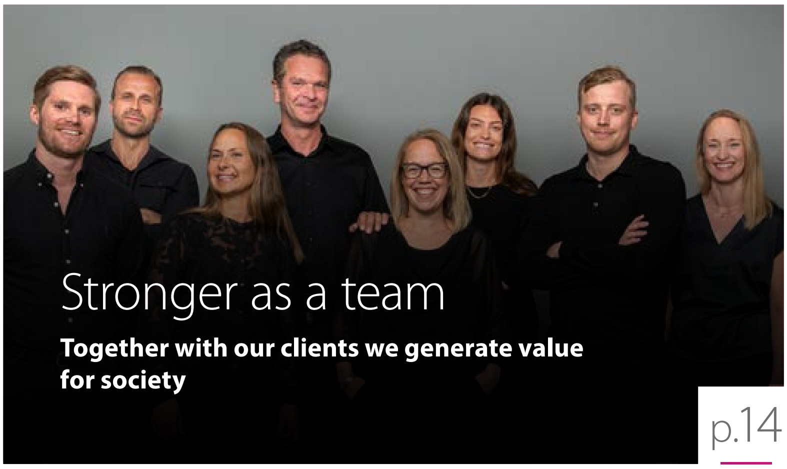
Annual Report 2020

Projektengagemang Sweden AB



PE is one of Sweden's leading engineering and architecture consulting firms. As urban planners, we create innovative and sustainable solutions shaping the development of cities and communities. We are represented throughout Sweden and our annual revenue is in excess of SEK 1 billion. PE was founded in 2006 and is listed on Nasdaq Stockholm.

Picture: Artist's impression: Saltskog centrum. Client: Fastighets AB L E Lundberg.



Stronger as a team

Together with our clients we generate value for society

p.14

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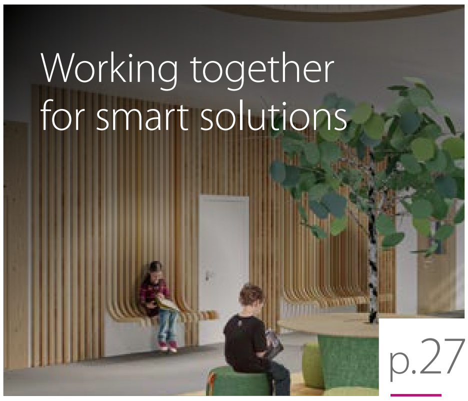
We are still a long way from achieving our full potential

p.10



Working together for smart solutions

p.27

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In our most important contribution to a more sustainable society, we engage with our clients on more than 13,000 projects.

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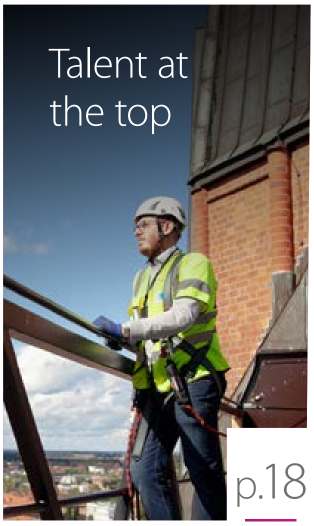

Talent at the top

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Our Sustainability Report

The statutory sustainability report that we are required by the Swedish Annual Accounts to present, is available at pe.se. The Sustainability Report complies with Global Reporting Initiative guidelines. You can also read about our sustainability work on pages 20–23 of this report.

Contents

This is PE

Projektengagemang Sweden AB (publ) is one of Sweden's leading engineering and architecture consulting firms. Our operating activities are conducted by the company PE Teknik & Arkitektur AB. In partnership with our clients, we at PE produce sustainable and innovative solutions that take cities and communities forward.

A clear vision from the start

PE is a leading consulting firm in sustainable development. Our vision has been clear from the start: to renew society through innovative and sustainable solutions. We aim to challenge and develop the industry with smart end-to-end solutions and services. What we do now must work now and for future generations.

A proud history

PE was founded in 2006, but our history stretches back to the 1950s. Acquisitions have been crucial to our rapid growth and the companies that we have had the pleasure of welcoming to PE have been some of the most accomplished in our industry. Today, we are represented across the whole of Sweden, are experts in our local market and work close to our customers.

Our business concept

By working in strong teams with our clients, we create value not just for ourselves but also for society at large. This is founded on an unshakeable belief in the personal drive and commitment of each and every employee. Together, we deliver advanced consulting services and solutions in architecture, construction, civil engineering and systems.

Founded: 2006

Name of Group: Projektengagemang Sweden AB (publ)

Operating activities: PE Teknik & Arkitektur AB

President & CEO: Helena Hed

Number: 964 employees at 24 locations

Areas of expertise: Architecture, Fire Safety, Risk & Protection, Civil Engineering Construction, Construction Environment, Electricity, Telecoms & Safety, Industry & Energy, Infrastructure, Project Management, Societal Development, HVAC and Sanitation Design.

”

Together with our customers, we are helping shape a society in which we ourselves want to live and grow.

Helena Hed, President and CEO

964

employees

24

locations

95%

think that their work is meaningful

4,076

clients

13,403

projects

88%

satisfied customers

2020 in brief

Stronger as a team
In 2019, PE was consolidated within one company in order to work better using the same processes and systems and to meet the market with a common brand. To clarify what all our employees together bring and where the Company is heading, PE launches its first Group-wide brand manual – Stronger as a team. The manual is based on extensive consultation on values involving employees throughout Sweden.

Record start to the year
Despite the ongoing pandemic, PE gets the year off to the best start. We strengthen our margins and deliver the best half-year results in the Company's history.

Responsibility to make a difference –
Samhällsbarometern 2020
As urban planners, our teams at PE create innovative and sustainable solutions shaping the development of our cities. But what is a well-planned and sustainable city in fact? And what is most important to those who live there? To find out, we produce our report ***Samhällsbarometern*** (Society Barometer) for the fifth year in a row.

January | February | March | April | May | June

PE signs up to the UN Global Compact
Along with more than 9,500 other companies, PE has now signed up to the UN Global Compact network. This means that PE undertakes to work to ensure a sustainable future. To us, the network is a way of developing transparency and participation in our sustainability journey as a company, and of creating the world that all of us want, in terms of human rights, working conditions and the environment.

UN GLOBAL COMPACT

PE moving in together
In West Sweden, we have expanded in recent years through strategic acquisitions of FAST Engineering, Mats & Arne Arkitekturkontor and others. After the summer, seven Gothenburg offices move into one, and 160 employees share premises at Kämpegatan 3.

One of Sweden's best annual reports
PE's 2019 Annual Report was named as one of the best from companies on the Small Cap list of the Stockholm Stock Exchange. The aim of the award is to highlight companies that communicate financial information transparently, reliably and honestly.

Helena Hed
On 1 December, Helena takes over for her first day as President and CEO of PE. Helena has an M.Sc. in Civil Engineering and long experience from working in the engineering consulting sector. Over the past 15 years, Helena has worked in various senior roles in the Sweco Group. Her most recent position was CEO of Sweco Management.

Win in the SGBC-awards
Winners named in Sweden's perhaps most prestigious competition in sustainable construction: Sweden Green Building Awards. Foajén in Malmö is named as BREEAM Building of the Year and Sergelhuset in Stockholm as LEED Building of the Year – two buildings that we worked on.

July | August | September | October | November | December

New initiative helping more people to build climate-smart
Climate smart building is both complex and challenging. To do it, you need the right know-how and climate smart project planning characterised by cooperation and an ability of all specialists to see the whole picture. PE creates teams of architects, engineers and environmental experts designed to bring about a more sustainable construction process.

New Board Chairman
Per-Arne Gustavsson is appointed new Board Chairman of Projektengagemang Sweden AB (publ). Per-Arne founded PE in 2006 and takes over as Chairman, from his most recent role as Acting CEO for the Company.

2020 in figures

Actions delivered – profit doubled in the first quarter
2020 started with a strong quarter. The main factor behind this positive performance was the extensive efforts made during 2019, in which a series of necessary changes were made, including consolidation of operating companies, bringing them together under one roof and introducing a common brand. The end of the quarter was dominated by uncertainty arising from the pandemic, and actions were taken. Net revenue totalled SEK 341 million (370). EBITA profit more than doubled to SEK 28.9 million (13.6), representing an EBITA margin of 8.5 percent (3.7).

Digitalisation during the second quarter
In the second quarter, the business delivers another strong result. Through the adjustments and efficiency improvements made in the organisation, we are better equipped to meet the challenges and the uncertainty arising from the Covid-19 pandemic. In addition, rapid digitalisation enables a high proportion of employees to work remotely. EBITA was SEK 31 million (16) and the EBITA margin more than doubled to 9.7 percent (4.4). Net revenue declined to SEK 320 million (362).

Robust improvement in earnings in third quarter
In the third quarter, which is seasonally our lowest quarter in terms of revenue, we again achieved earnings improvements compared with the previous year. We were able to partly offset the negative financial impact of the pandemic by short-time working. A total of around 260 employees were placed on short-time working during the quarter, corresponding to around 80 full-time equivalents. EBITA for the quarter was SEK 2 million (-22), despite market conditions that remained challenging. Net revenue during the quarter declined to SEK 220 million (269).

Strong finish with stable improvement in profitability
In the final quarter of 2020, we again report improved profits, compared with the same period last year. However, the effects of the pandemic were again considerable, and the organisation was realigned to reflect conditions in the market. In all, 70 employees were made redundant. EBITA profit increased to SEK 17 million (-24), which equates to an EBITA margin of 5.8 percent (-6.8). Net revenue totalled SEK 287 million (347), with the reduction due mainly to the programme of measures implemented and the deterioration in market conditions.

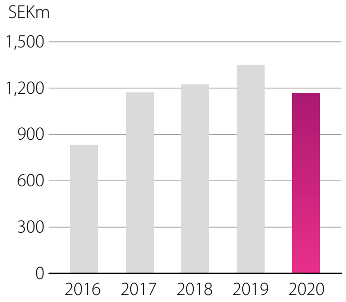
Key performance indicators

SEKm	2020	2019	2018	2017	2016
Net revenue	1,167	1,348	1,224	1,171	833
EBITA	79	-16	71	69	0
EBITA margin, %	6.7	-1.2	5.8	5.9	-0.1
Operating profit/loss, EBIT	67	-25	74	65	0
Operating margin EBIT, %	5.8	-1.8	6.1	5.6	0.0
Profit/loss for the year	37	-40	57	38	-5
Earnings per share for the period, SEK (no dilution effect)	1.54	-1.62	2.63	1.73	-0.24

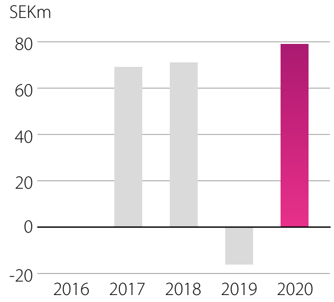
SEK 1,167 million

Net revenue

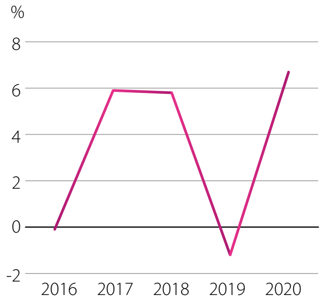
(1,348)



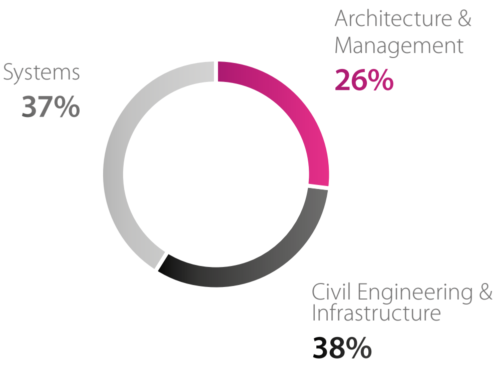
Net revenue



EBITA profit/loss



EBITA margin



Net revenue per segment, of total

Clients

Growth
Average annual growth of **15%** over a business cycle

Profitability
EBITA margin exceeding **8%** over a business cycle

Debt/equity ratio
Between **1.5x and 2.0x** R12 EBITDA over a business cycle

Dividend policy
30–50% of profit for the year

Our financial targets

SEK 79 million

EBITA

(-16)

6.7 %

EBITA margin

(-1.2)

SEK 1.54

Earnings per share

(-1.62)

Interview with Helena Hed, CEO

On 1 December 2020, Helena Hed took over as President and CEO. With long experience of the engineering consulting sector and 15 years in senior roles, she knows how to create a stable, profitable and sustainable business.

Helena, how would you summarise 2020, now that you've settled in at the Company?
We've continued to create benefit to society, despite the unique conditions of the pandemic. To us, it's been a challenging year, yet also a learning experience. We have reorganised our business and, despite difficult conditions, succeeded in delivering in our client projects and recorded considerably better income than in previous years. I'm proud of what my colleagues have achieved together.

How does it feel to have taken over as CEO and what are your initial thoughts?
It feels fantastic and I'm tremendously inspired. During my first few months at the Company I've got to know and been impressed by our colleagues, clients and partners. What I've found is a consulting firm with expert and committed employees and I can see great potential, looking forward. We're playing a major part in the transition towards sustainability that's needed in society, and we have to go on doing just that.

Income improved greatly, what do you attribute that to?
Our targeted work with the focus on delivering high client value has meant that we have many loyal, returning clients, and this has been a crucial factor in our improved income. One of our strengths is that we're always close to our clients; we're big enough to take on the largest and most prestigious projects, while staying close to the client in the local market. The long-term strategic initiatives carried out in late 2019 also contributed to improved profitability. In 2020, we made major strides towards our target level of margins and we increased our EBITA profit to SEK 79 million from SEK -16 million. We also increased our EBITA margin to 6.7 percent from -1.2 percent last year.

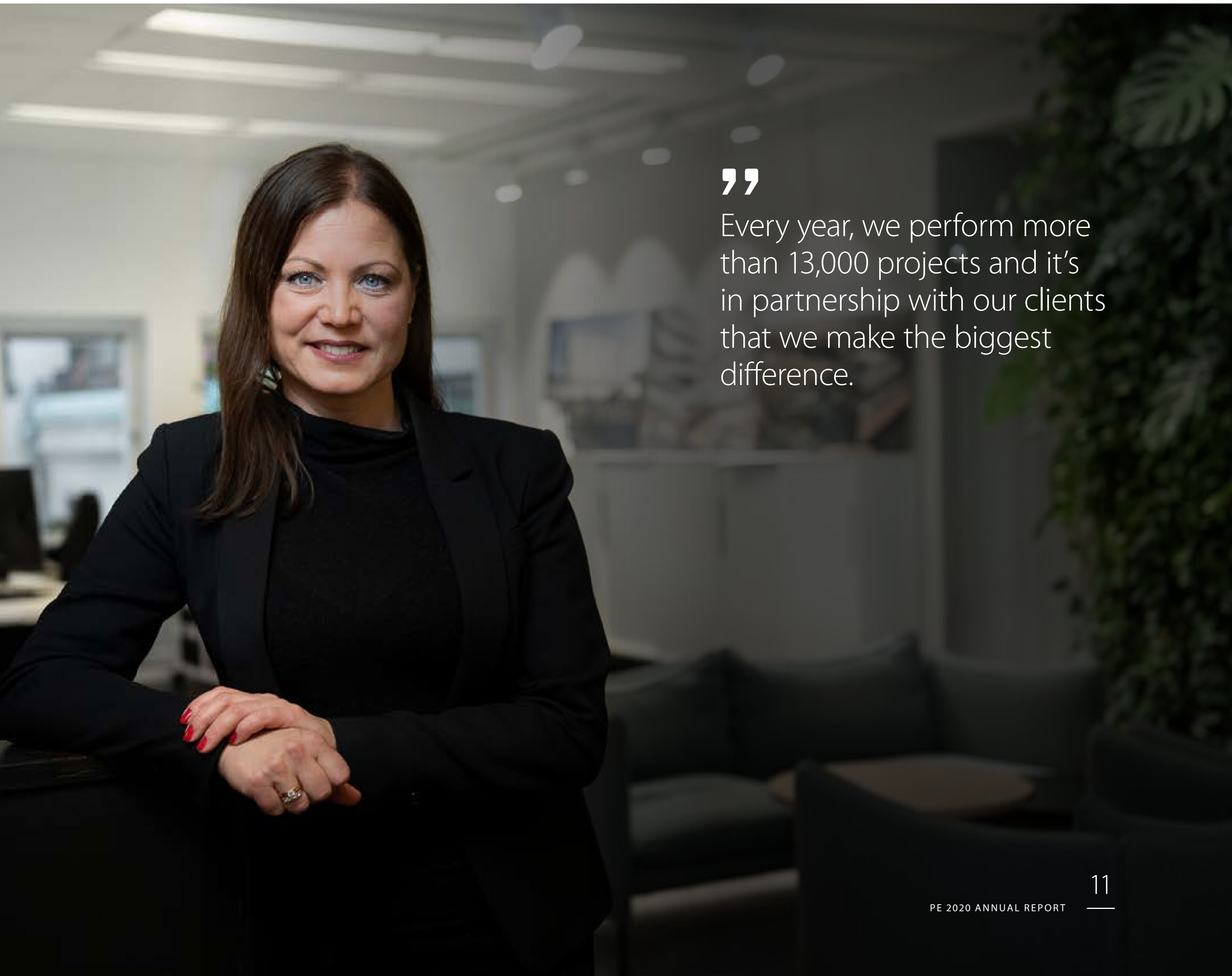
PE's vision is to renew society with innovative and sustainable solutions; how did you succeed in that in 2020?
At PE, we are firmly resolved to contribute to sustainable development. Our engineers, architects and specialists have a great opportunity to influence the shape of the communities and cities of tomorrow. With our 4,000 clients, we perform just over 13,000 projects annually, and it is through those projects that we make the biggest difference. We form strong teams with clients and partners and are together shaping a sustainable society in which we ourselves want to live and grow.

How were PE's operations affected by the pandemic?
The year was dominated by the effects of the pandemic and we were of course also affected in various ways. Some of our sub-markets and areas of operation saw major slow-downs, with projects being delayed, postponed or cancelled. In other areas, we witnessed increased demand and there we were able to grow and take market shares. However, it's clear that PE's revenue and income would have been higher if the pandemic hadn't struck.

What did you do to minimise the negative impact?
We identified new, safe ways of working with each other and our clients. Urban planning is complex, and it's challenging not to be able to meet physically, but together we came up with solutions. We decided to change track, not to cancel, and in doing so found new ways of working. We mostly worked remotely and succeeded in becoming more digitalised in our work. However, the impact of the pandemic was considerable, and during the year we were forced to introduce short-time working. Towards year-end, we also realigned our organisation to reflect conditions in the market, with uncertainty continuing in early 2021. We're now fewer in number than a year ago, but are well equipped to face 2021.

What needs for PE's services do you see in the market?
The whole of society has been hit hard by the effects of the pandemic and our market is no exception. On the other hand, the underlying growth factors and trends remain, and some have even strengthened. In the long term, we operate in an extremely good market with stable demand. The megatrends such as urbanisation, globalisation and digitalisation will continue to drive societal development. This applies to the climate transition, too, and our expertise is in great demand. Engineers, architects and specialists play an important part in the creation of a sustainable society. In the short term, conditions are more uncertain and the market we're dealing with in 2021 is still affected by the pandemic. Our assessment is that market conditions will slowly improve over the year, particularly in the second half.

What will you be focusing on in 2021?
We'll continue to focus on generating maximum client value, the best workplace and profitable growth. We're going to strengthen our corporate culture, in which teams close to clients build for our future success and in which responsive leadership, proactive employeeship and a creative work environment attract and develop the best employees. To be able to best help our clients, we will need to care about our own organisation and run it sustainably, with sound profitability and steady growth. That will also make it possible to invest in our own development and in the long-term create greater value for our clients and shareholders. To us, it's ultimately about realising our vision of contributing to positive societal development. I'm looking forward with excitement to leading that journey, and taking my colleagues with me.



"Every year, we perform more than 13,000 projects and it's in partnership with our clients that we make the biggest difference.

Together, we're renewing society

Our society is full of challenges that demand change and new solutions. PE's mission is to address these challenges. With our clients, we plan and design sustainable properties, cities and communities.

With our clients

We are constantly seeking smart ways of working alongside our clients, partners and each other. Strong teams make us more innovative and together we identify more synergies and sustainable solutions. Our markets have different characteristics and many projects are regional. PE is therefore built on strong local teams that know their market. Our structure and culture also create conditions for cooperation between areas of expertise and geographical location. The benefit to our clients is that this enables us to customise teams with the right expertise for every individual project.

Teams with clear values

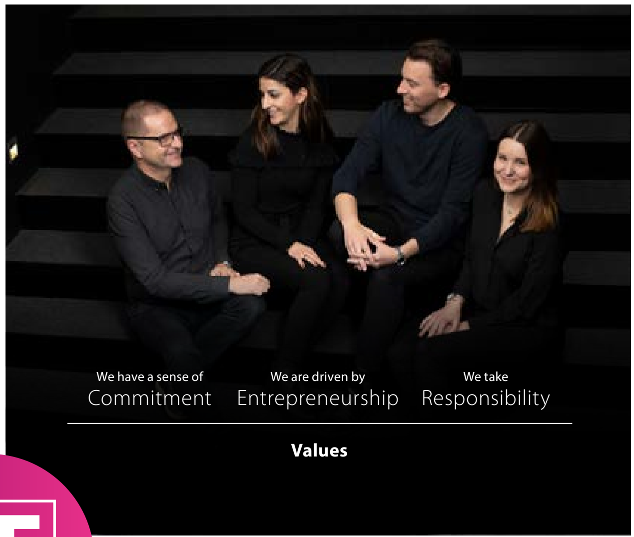
As an urban planner, we know that multifaceted teams are key to good results. Based on our journey up to the present, we have together identified the values we think are important in terms of developing a creative and dynamic workplace where we can grow together. Our three values, Commitment, Entrepreneurship and Responsibility are at the heart of our culture and our organisation.

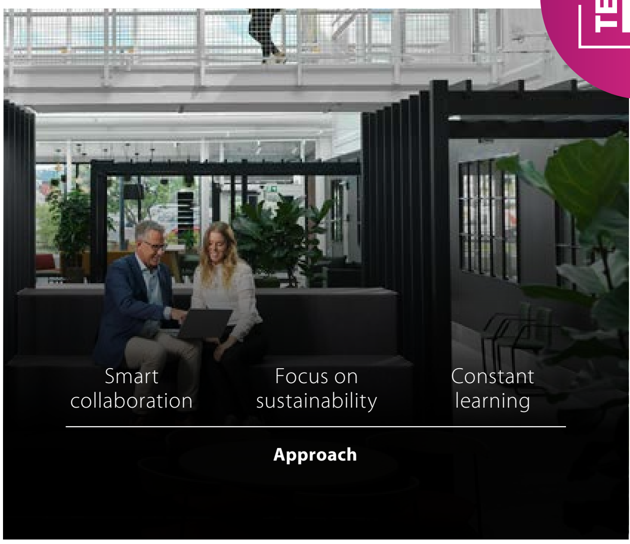
Strategies for executing our vision

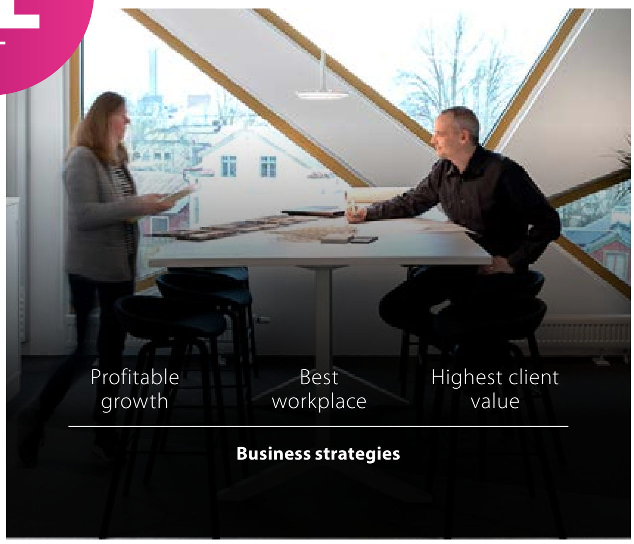
Many important building blocks – ideas, individuals and companies – have come together and laid the foundations for the company that is PE today. Small teams with the resources and stability of the large organisation are paving the way to our continued success. Our three business strategies reflect the underlying drivers and trends in the market. They guide and prioritise activities and investments in the direction of our goals and our vision: to renew society via innovative and sustainable solutions. The aim is to create a sustainable operation, a strong position in the market and in the long term, achieve our vision.

” Strong local teams where specialists work together are paving the way to our continued success. In close cooperation with our clients, we create innovative and sustainable solutions.

Helena Hed, President and CEO







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.

Values

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

Approach

Our strategic platform is the base for what we want to do and how we want to do it. Both internally and externally, it guides our work in the direction of our goals.

Business strategies

Our three strategies are built on the underlying drivers and trends in the market. They aim to enable us to realise our vision in the long term and to meet our overarching financial targets.

PE is built on strong teams

We have grown into one of Sweden's leading engineering and architecture consulting firms. But our most important successes are not measured in figures alone. We are also keen to be involved in creating a society in which we ourselves want to live and grow. By working in strong teams with our clients, we create value not just for ourselves but also for society at large.

Proud of our history

When Per-Arne Gustavsson founded PE in 2006 he had a clear vision: to renew society through innovative and sustainable solutions. This was based on an unshakeable belief in entrepreneurship and the personal drive of each and every employee. He also wanted to challenge and improve the industry, and to create something new by offering intelligent end-to-end solutions and integrated consulting services that shape the development of cities and communities.

Today, PE is now made up of around a thousand employees. A strategic combination of organic growth and acquisitions has been crucial to our rapid growth, and the companies that we have had the pleasure of welcoming to PE have been some of the most accomplished in our industry. This has not only brought in skilled and experienced employees, but also ensured that we have people in place all over the country who really know their clients.

In a world that is constantly changing, we need to respond accordingly and as part of this process we have a real sense of responsibility for making a difference. Our successes are not measured in figures alone. We are also keen to be involved in creating a society in which we ourselves want to live and grow – and strong teams are the foundation on which success is built.

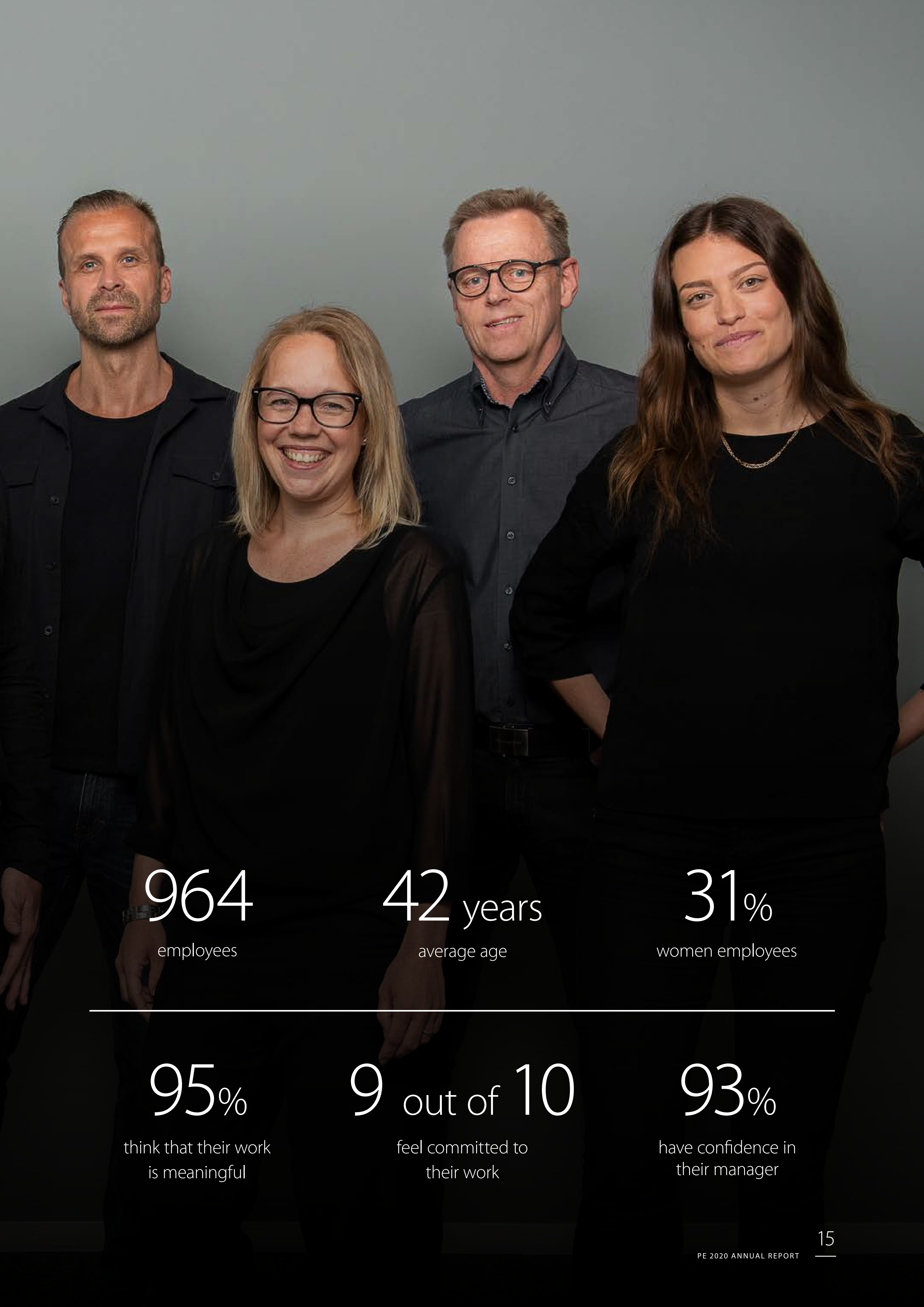
Be part of our team

We all work towards the same overall goals, under a common brand. Markets are subject to varying conditions and situations, so how we build a strong PE on local markets is determined by the local team. Our objective is to grow as an urban planner, expand our skills base and pursue sustainable business to enable us to spread our influence and fulfil our vision.

We are always on the lookout for new employees who share our passion and want to help find solutions to our clients' and society's challenges. The role of the consultant with us involves constant learning, and employees develop their expertise in teams of clients and colleagues. Every project is unique, and our employees get to swap roles and areas of responsibility. In smaller projects, our employees get the opportunity to take on greater responsibility, while in bigger projects they are part of a strong team that works together to achieve success.

At PE we work with individual development plans, mentoring and training. Employees have a considerable amount of influence over, and responsibility for, their own development, and together we create the conditions to ensure everyone is able to achieve their goals.

> We challenge one another and our clients to think more broadly, and sometimes differently. This helps to develop our knowledge and our skills – and, by extension, how together we create value for society.
>
> Helena Hed, President and CEO



964
employees

42 years
average age

31%
women employees

95%
think that their work is meaningful

9 out of 10
feel committed to their work

93%
have confidence in their manager

Magnus Bergsvik
HVAC and Sanitation Engineer & BIM Specialist
Experienced heating and air conditioning engineer who today works in HVAC and sanitation design and BIM.

André Persson
Environmental consultant
One of Sweden's leading experts in the WELL and NollCO2 certification systems. He is also the first person to certify a climate-neutral property in Sweden.

Marika Axén
Architect SAR/MSA
More than 25 years' experience as a practising architect; describes herself as a generalist and has experience of all schools of architecture. Today, works on projects and heads PE's architecture activities.

Filippa Persson
Environmental and energy consultant
Serves in an expert capacity in environmental certification projects and has a background in energy efficiency projects in the public sector. Also provides educational/training services to Sweden Green Building Council, SGBC.

Henryk Åkesson
Architect SAR/MSA
Nearly 30 years' experience as an architect and has worked on many different types of architectural projects in housebuilding, planning and infrastructure.

Experts together for net zero

Today, the construction and civil engineering sector accounts for around a fifth of all climate emissions in Sweden. With a view to helping to increase climate smart building, PE has brought together some of Sweden's top engineers, architects and environmental experts in climate smart teams.

The construction and civil engineering sector faces major challenges if it is to meet the national climate goal of net zero emissions of greenhouse gases by 2045. It is no longer enough for climate and energy experts to focus on issues of sustainability. Building climate smart will demand innovative solutions and a planning and building process that is characterised by interaction between disciplines. We will also need to work together. Against that background, we have assembled a number of experts into the Climate Smart Building team. One of them is Filippa Persson. She works as Regional Manager for PE's Energy and Environmental Services offering in Stockholm.

"Sustainability is part of PE's vision, and we are firmly resolved to be part of renewing society and to help in achieving the goal of net zero emissions by 2045. We have a huge amount of expertise at PE and have brought together the foremost experts in each field to be able to offer our clients climate smart teams", says Filippa.

According to her, cooperation is a critical factor in achieving the goals.

"We believe that actively cooperating, not only between our specialists and project designers within PE, but also outside the Company, with industry colleagues, clients and other players. Coordinating, networking and driving development will be critical in achieving highly placed goals and ambitions. We cannot stand idly by and wait for decisions and directives. Instead, we intend to be involved and offer solutions, drive issues and help make construction more sustainable".

"One person can make a difference, but together we create change."

PE's Group management consists of a strong team led by Helena Hed. Along with the Company's business area directors and the Board of Directors, it oversees strategic and operational activities. Via strong, people-centred leadership, the aim is to create value for employees, clients, shareholders and society through profitable and sustainable growth.

In late 2020, Helena Hed took over as PE's President and CEO. With more than 15 years' experience of various managerial roles in the engineering consulting sector, she knows that good leadership is vital if PE is to achieve its full potential.

"Good leaders see the whole picture, dare to challenge, think creatively and strive always to create the highest possible value. To make a difference, you have to start from the person, with the circumstances, needs and possibilities of the employee and the client in focus". Helena's closest team consists of the Group management team and the Company's business area directors. To her, close cooperation is crucial.

"One person can make a difference, but it is together that we can create change. To succeed as a leader, you need a strong team around you. The more experience, perspective and areas of expertise you have, the better the end result".

Mathias Thorsson
Head of Development (CBDO)

Extensive experience from senior positions including Regional Manager, Business Area Manager and Deputy CEO at Reinertsen Sverige AB. Former contractor with experience in projects in construction, infrastructure and industry.

Nicke Rydgren
Head of Business Support (COO)

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.

Helena Hed
President & Chief Executive Officer (CEO)

20 years' experience from the engineering consulting sector. Former CEO of Sweco Management.

Peter Sandberg
Deputy CEO and CFO.

More than 25 years' experience from the engineering consulting sector.

> ”
> There is so much know-how and commitment, and I was truly inspired by my colleagues. We developed together and became, in a way, mentors to each other.

Future leaders developed via Team.Talang

Viktor Wadelius is Project, Construction and Systems Manager at PE, Uppsala. He is currently overseeing renovation of the steeple of Uppsala Cathedral, an exciting and challenging project. Viktor is also one of the members of Team.Talang 2020.

What is Team.Talang?
It's a development team in which young talents and future leaders can meet and discuss career-related issues. Together, we worked on the generalities of four areas: leadership, organisation and culture, business skills and career and development.

What was the purpose of your work?
In addition to learning about and reflecting on the programme content itself, the purpose was to network and come into contact with new colleagues and areas of expertise. There is so much know-how and commitment, and I was truly inspired by my colleagues. Towards the end, we developed and became, in a way, mentors to each other. I'm convinced that the network will live on for a long time, even if we've finished formally.

Who was in Team.Talang this year?
The team included architects and project managers from our various offices in Uppsala, Stockholm, Gothenburg and Skövde. The programme lasted all year, with several digital meetings, with our own assignments in-between.

What lessons have you taken from the programme?
During these meetings, I learned a whole lot. Not just the obvious things via the subjects we dealt with, but perhaps above all more and more about myself and the great potential and know-how we have in the Company. But if I have to choose something that we together often mentioned as a recurring lesson learnt is to stop and reflect, even if only for a very brief time. It gives me insight and contributes to a form of constant improvement and development.

What is the most challenging part of the Uppsala Cathedral project?
The steeple is around 10 metres tall, is located 100 metres from the ground and weighs approximately 4.2 tons. It has never before been taken down since it was made in the 1890s, so it's a huge renovation project. The business of the cathedral has to continue without major disruption during the renovation, so it's a big project to coordinate.

What is it like working at that height?
Fantastic, with those beautiful views, obviously! However, passers-by usually say that just looking up makes them dizzy. We normally work at double that height, so none of us working at the site has had any problems yet.

Sweden's best-planned and most sustainable cities

As urban planners, we create solutions that shape our cities. The pace of development is increasing all the time and that affects our habits and behaviour. This puts us under great pressure and we feel a great responsibility to make a difference. To better understand how residents experience their cities, we conduct a survey called Samhällsbarometern (the Society Barometer) every year.

In the 2020 report, the theme was planning and sustainability, and we asked residents how they actually experience their cities. A well-planned and sustainable city makes day-to-day life easier for all a city's residents, without wasting the Earth's resources. But how well-planned and sustainable are Sweden's cities? In the survey, residents of Sweden's twelve biggest cities ranked various factors. In all, 4,600 respondents ranked their cities in three categories: urban planning, sustainability and urban development. Factors included how well public transport works, whether the city's business community contributed positively to the city's development and whether city was well-adapted to the needs of families with young children.

Topping the list of Sweden's best-planned and most sustainable cities were Lund, Örebro and Norrköping. The people of Lund feel that the city is safe, beautiful and inclusive. Örebro residents say that their city has a living city centre, is well planned for cyclists and pedestrians and has plenty of parks and green areas that are available to the people of the city. According to the people of Norrköping, their city is at the forefront of urban development. The city has the highest ranking from its residents as regards how the city has developed over the past ten years.

> The purpose of Samhällsbarometern is to provide us with a way of creating a dialogue that affects our development and raises new questions about how perhaps we should do things differently.
>
> Nicke Rydgren, Head of Business Support

What is a well-planned and sustainable city?

A well-planned and sustainable city makes day-to-day life easier for all a city's residents, without wasting the Earth's resources.

6 out of 10

say that their city is sustainable

Sweden's:	Most sustainable city	Best-planned city	Most developed city
	1. Lund	1. Lund	1. Norrköping
	2. Linköping	2. Örebro	2. Lund
	3. Malmö	3. Norrköping	3. Örebro

Our sustainability work

At PE, we are firmly resolved to contribute to sustainable development. As engineers, architects and specialists, we have a great opportunity to influence how society develops. It is through projects with our clients that we make the biggest difference, but we also have to practise what we preach.

Sustainability is part of our vision

Our vision is for us to renew society through innovative and sustainable solutions This means that our sustainability work is always in focus as we create value for our clients, and for society as a whole. Work at an overarching level is overseen by our Sustainability Council.

In our role as consultant and expert partner, our aim is to help our clients make the necessary changes to move towards a more sustainable, circular society. We start out from the UN's Sustainable Development Goals and Agenda 2030. Together, we design the sustainable properties, cities and communities of tomorrow.

In a company of our size, it is important to work in a structured way and systematically. Against that background, PE has had a Sustainability Council overseeing the Group's sustainability work since 2018, with ultimate responsible resting with the President and CEO. It is important that the whole organisation is involved and that everyone recognises sustainability as a central element of their work. The role of the Council is to take overarching responsibility for all aspects of sustainability by prioritising and coordinating overall efforts, based on the materiality analysis.

> In our most important contribution to a more sustainable society, we engage with our clients in the more than 13,000 projects that we carry out annually.
>
> Helena Hed, President and CEO

PE's Sustainability Council

Amanda Tevell
Business Area Director
Societal Development

Helena Hed
President and CEO

Sofia Wollmann
Quality and Environment Director

We work from three perspectives

We work with sustainability in three ways: through collaboration in society, in our business with our employees, and above all by contributing our know-how in our assignments.

At PE, we work to common, overarching sustainability goals. This is because we believe that we can achieve more if we all work towards the same goals. Working towards goals is part of the annual business planning process, and our overarching goals are based on various sustainability aspects, which in turn are grouped by three perspectives. These are Collaboration in Society, Know-How and Assignments and Business and Employees.

It is through collaboration with our clients that we are building the properties, cities and communities of tomorrow. This conviction is perhaps best described in our vision – to renew society through innovative and sustainable solutions. Sustainability is also part of the strategic platform for PE's Group strategy. This means that sustainability should be reflected in everything we do, both within the Company and externally.

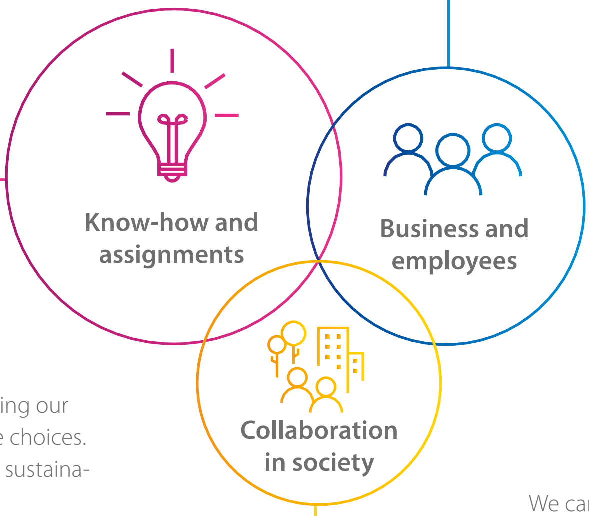
Scope and definition of sustainability

Our sustainability work is defined by 13 topics that together both encapsulate and specify the overall complexity of the issue. These topics are divided into three areas: Know-How and Assignments, Business and Employees and Collaboration in Society. Environment, social conditions and personnel, human rights and anti-corruption are included in these various topics.

Sustainability management includes all 13 sustainability topics, including material sustainability topics. We define our sustainability aspects such that 1–4 comprise PE and our clients, 5–11 comprise PE internally and 12–13 comprise PE and our stakeholders.

> Together with our customers, we are helping shape a society in which we ourselves want to live and grow.
>
> Helena Hed, President and CEO

Our framework for sustainability



We are passionate about helping our clients make more sustainable choices. We contribute innovative and sustainable solutions in our projects.

1. **Contribution to sustainability through our assignments***
2. Employee sustainability capabilities
3. Leading-edge sustainability offering
4. **Quality***

We practise what we preach. We understand the value of taking a long-term approach to working with sustainability in our organisation and are constantly seeking ways to improve.

5. Environment and carbon emissions
6. **Employee wellbeing***
7. Equality
8. Business ethics
9. **Stable financial performance***
10. Safety and preparedness
11. Responsible supply chain

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

12. Social impact and analysis
13. Transparency and stakeholder engagement

*Material topics in the 2020 analysis.

Market and trends

The whole of society has been hit hard by the effects of the pandemic, and our market is no exception. On the other hand, the underlying growth factors and trends remain, and some have even strengthened. Strong and innovative teams will continue to be needed in future, with a range of skills to solve the challenges of the future.

The Swedish market

Sweden today has more than 11,000 operators and just over 72,000 employers in our sector. The market has experienced strong growth over a number of years, with revenue for the engineering consulting sector rising from SEK 46 billion in 2010, to SEK 95 billion in 2018. 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. In 2020, the pandemic impacted negatively on our sector, but development accelerated in a number of areas.

Strong growth factors remain

PE's performance is largely determined by developments in Sweden. The strongest drivers are a combination of historically strong population growth, increased globalisation, fast-moving technological development and the need to transition to a more sustainable way of living. We aim to challenge and develop our industry with smart end-to-end solutions and services. As a result, our strategy takes its cue from these key trends as we identify our focal areas and develop our expertise.

Urbanisation

Major cities are growing and expanding, but the nature of these cities is also changing as infrastructure has to be adapted and our habits and expectations evolve. There is a considerable need for improvements to infrastructure, health care and retirement homes, and new forms of housing, shopping areas and workplaces are emerging.

Digitalisation

Technological developments are having a fundamental impact on cities, infrastructure and industry, and ultimately on how society is shaped. Our cities are growing smarter, and the physical and digital infrastructures are merging. We are consolidating our expertise and building partnerships to ensure that we keep pace with the accelerating trend.

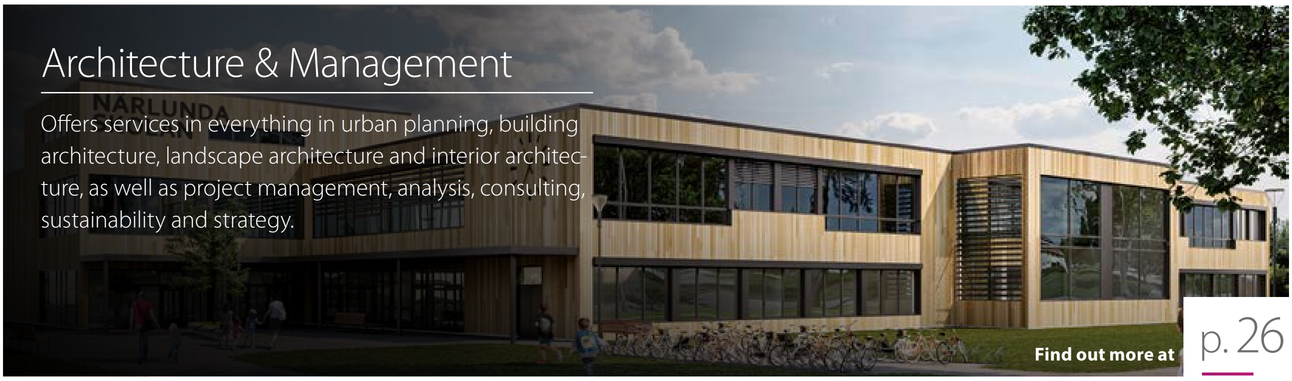
Climate transition

Sustainable development is crucial to our future. In urban planning, regulations and legal requirements are therefore becoming ever more strict, but clients and users too are expecting more, and imposing demands. Our role is to think about how architecture, engineering and innovation can contribute sustainable solutions in both urban planning and industry.

Source: Almega Swedish Federation of Consulting Engineers and Architects (Innovationsföretagen), Industry Overview 2019

Our organisation

We have a skills-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. Three clear segments enable us to create the best conditions for collaboration and efficient internal processes.



Architecture & Management

Offers services in everything in urban planning, building architecture, landscape architecture and interior architecture, as well as project management, analysis, consulting, sustainability and strategy.

Find out more at p. 26

Civil Engineering & Infrastructure

Offers services ranging all the way from building design, acoustics, geotechnics, energy, environment and sustainability, to railways and environmental impact.

Find out more at p. 28

Systems

Offers services in areas such as HVAC and sanitation design, electrical and telecommunications engineering, security, fire safety, sprinkler systems, automation, inspection and digitalisation.

Find out more at p. 30

Architecture & Management

Architecture & Management offers an extensive range of services in architecture, project management and societal development. This includes everything in urban planning, building architecture, landscape architecture and interior architecture, as well as project management, analysis and consulting. We work across all stages of the construction process and in societal development and sustainability.

We build communities and increase value

Architecture is about solving complex challenges via a combination of vision, intelligent design and the ability to take a holistic approach. We work with our clients in constantly striving to raise the bar in terms of architectural design, being innovative and creating sustainable solutions. We are of the view that urban planning and architecture play a pivotal role in how we tackle society's challenges, such as growing cities, increased digitalisation and a greater need for sustainable solutions. As a multidisciplinary urban planner, we combine our various areas of expertise both in and beyond our assignments. We believe that a higher degree of collaboration and strong teams enable us to deliver greater value to both clients and society as a whole.

Consulting and management throughout the building process

The segment has a number of specialists in societal development and all stages of the building process. They guide and prepare our clients for critical decisions, and lead various kinds of projects from start to final inspection. Our project managers and consultants have many years' experience from segments such as construction, systems, infrastructure and industry. We also draw on the expertise of technical specialists from our various disciplines, and we have access to a substantial network to manage the very toughest challenges. This gives us the opportunity to work with our clients to put together a bespoke team with the optimum mix of experience and specialist expertise.

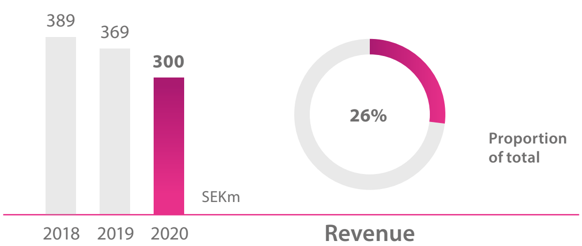
Intelligent choices in early stages

We also get involved in the development stage of the urban planning process, employing digital technology and innovative approaches to lay the groundwork for sustainable development. Important choices that have a significant influence from a sustainability point of view are made in the early stages. We are experts in understanding, analysing, creating insight and clearly setting out possible ways forward, both strategically and in practical terms. The focus is on issues associated with sustainability and digitalisation, and we help our clients make considered choices in order to take a more sustainable route.

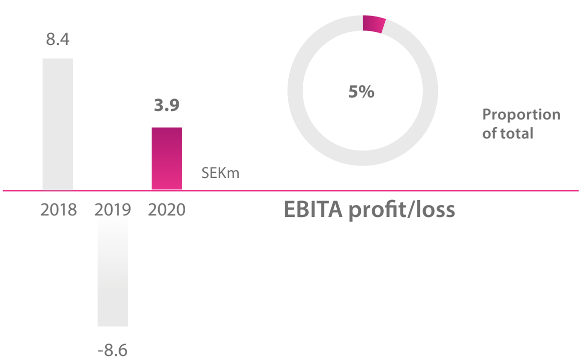
SEKm	2018[1]	2019	2020
Net revenue, SEKm	389	369	300
Net revenue growth	–1.2%	–5.0%	–18.8%
Operating profit/loss, EBITA, SEKm	8.4	–8.6	3.9
EBITA margin	2.2%	–2.3%	1.3%

1.3%

EBITA margin



Revenue



EBITA profit/loss

1 Adjusted earnings for 2018

Working together for smart solutions

The Närlunda School in Askersund is in need of modernisation. The plan is to put up a new school building measuring approximately 6,000 square metres for the intermediate school years. During the design phase, the focus was on sustainable material options and smart solutions.

In the project, great emphasis was focused on well-being, security and movement patterns. PE was engaged as project manager at an early stage to realise the municipality's vision. Broadly-based collaboration within PE involving its areas of expertise in architecture, accessibility, project management, design, electricity, HVAC and sanitation and fire safety is a guarantee of effective planning and smart solutions in sustainability and more.

Our architects have designed an extension with a timber facade and generous rooflights. Internally, timber also sets the tone. Construction is expected to start in 2021. Once the new building is ready for use, the rest of the school will be upgraded or overhauled.

> Find out more about the project at pe.se

Askersund Municipality is building for the future. A committed and ambitious commissioning organisation has given us at PE the chance to show our strengths in creating a sustainable, secure and creative environment for both pupils and staff.

Lars-Göran Otterling, Senior Architect, PE

Civil Engineering & Infrastructure

At Civil Engineering & Infrastructure, we offer services to clients in the construction and property sector, as well as infrastructure. This includes everything from building design, acoustics, geotechnics, energy, environment and sustainability, to railways and environmental impact.

Wide, high and sustainable

Building projects have become more complex, particularly when it comes to requirements regarding engineering 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. At PE, we have expertise to cover all phases of a property's life cycle. From preparation of undeveloped land, to the construction of new, and modernisation of existing, buildings such as industrial installations, skyscrapers and rental apartment blocks. We have a broad skills base and are one of the market leaders in building design in Sweden. Our customers have entrusted us with the task of constructing some of Sweden's tallest buildings, and we are often engaged in the early stages to identify smart solutions. For example, our geoengineers and architects are key to the early stages.

By factoring sustainability in right from the start, we can identify opportunities for synergies between the exterior and interior environment, installation systems, buildings and the activities that are conducted in them. The result boosts value on a number of levels in the short and long term.

Building environment and infrastructure

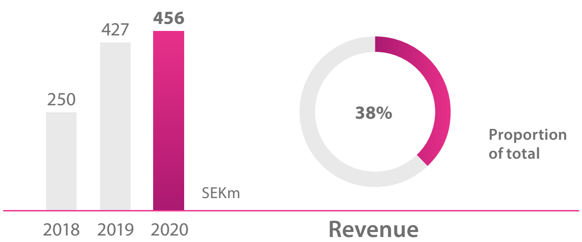
PE also has great expertise in strategic and operational issues in acoustics, energy, the environment and sustainability in buildings, city districts, organisations and businesses. We have broadly-based experience from different types of project, from early stages to management. We meet the client where there is a need for support and advice – and provide training where upskilling is needed. We improve the sustainability of buildings in terms of energy, the environment and acoustics.

We also deal with issues outside buildings, such as environmental noise, during urban planning and infrastructure. Our infrastructure projects take place throughout Sweden and are hugely varied – ranging from producing one-off environmental impact assessments, EIAs, to planning major railway projects. One common denominator is that we always consider the bigger picture, including sustainability and social benefit. We often join at an early stage and operate as an integral part of the client's organisation.

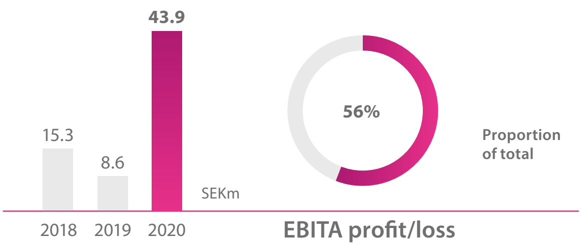
SEKm	2018[1]	2019	2020
Net revenue, SEKm	250	427	456
Net revenue growth	8.2%	70.7%	6.7%
Operating profit/loss, EBITA, SEKm	15.3	8.6	43.9
EBITA margin	6.1%	2.0%	9.6%

9.6%

EBITA margin



Revenue



EBITA profit/loss

1 Adjusted earnings for 2018

A meeting place for everyone

When Drottningstorget in central Trollhättan was to be rebuilt, the vision was to create a meeting place for everyone. The last piece of the jigsaw puzzle was Torgbyggnaden, a building to house a restaurant, tourist office and other businesses.

The two-storey building incorporates materials such as timber, glass and steel. The terrace and suspended balconies were constructed using cross-laminated timber. PE began by assisting the Kraftstaden property company in assembling a project design team. On behalf of contractor Serneke, PE then headed the project design team, and was engaged as lead designer. PE also served as project manager during construction, on behalf of Kraftstaden. The project was conducted with partnership as the mode of collaboration.

One challenge in the role of lead designer was to ensure that system documents and construction documents were produced in parallel. This placed great demands on structure and communication to make sure that deadlines were met at all stages. PE contributed expertise in design, groundworks and superstructures, project design management and project management.

> Find out more about the project at pe.se

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An exciting project with great expectations and major challenges. Thanks to close cooperation, we can all look back with pride on a highly successful project.

Nadja Myhrman, Project Manager, PE

Picture: Kraftstaden Fastigheter

Systems

At Systems, we offer installation engineering services in all stages of the building process, focusing on HVAC and sanitation design, electrical and telecommunications engineering, security, fire safety, risk, inspection, protection, inspection and sprinkler systems, as well as automation and digitalisation services aimed at the industrial sector.

Both specialist and end-to-end provider

Effective systems and a good end product require documentation that is both well thought-out and meticulous. When we supply documents for projects, we take total responsibility. This makes it cost-effective and ensures we meet deadlines. Systems account for a significant portion of the cost in a construction project, which is why there are considerable gains to be made. Our provision of clear, precise and comprehensible advice makes the work of the contractors easier and more cost-effective, without sacrificing quality. Here at PE, we have an approach that involves efficient teams of experts working across different disciplines.

Better documentation leads to better systems

Installations are complex. They require knowledge and experience, but, just as importantly, a creative ability to solve challenges. They also require thinking long term and the ability to anticipate needs and consequences far into the future. A building or plant's energy consumption is largely dependent on how its systems are designed. In the early stages, we can analyse the conditions and encourage the overall design in the right direction. We also take on the most demanding assignments, for example operating theatres and cleanrooms for industry and research.

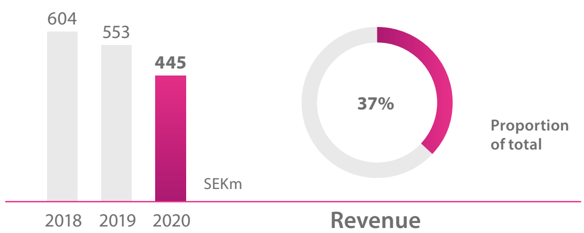
Wide-ranging expertise makes for satisfied clients

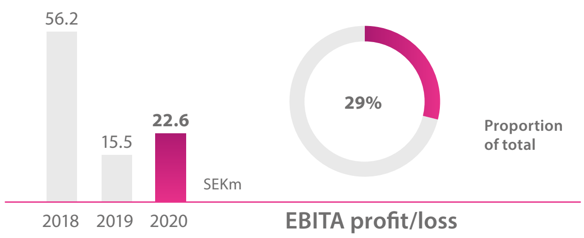
Our engineers also design solutions in fire safety, risk and protection that ensure a safe environment both indoors and out. Our specialists guarantee a secure and safe end-to-end solution. In Industry, we help our clients become more profitable, sustainable and competitive. Our wide range of skills, added commitment and in-depth experience mean we deliver a comprehensive offering. The common theme is that our clients want to work with a partner who can think from the industry's perspective.

SEKm	2018[1]	2019	2020
Net revenue, SEKm	604	553	445
Net revenue growth	6.7%	–8.5%	–19.5%
Operating profit/loss, EBITA, SEKm	56.2	15.5	22.6
EBITA margin	9.3%	2.8%	5.1%

5.1%

EBITA margin





1 Adjusted earnings for 2018

One of the biggest development projects in the Nordic region

Platinan will be Gothenburg’s new hub, accommodating 60,000 square metres of hotel, office and meeting space. The building will be an important feature of one of the Nordic region’s largest urban development projects, Älvstaden.

Platinan is the first stage of Vision Älvstaden, and the first building in the new Centralen area. The aim of Vision Älvstaden is to double the size of central Gothenburg, along both banks of the river. With its location right next to the new Hisingbron bridge in Lilla Bommen, Platinan will play a significant role in bringing the riverbanks of the city of Gothenburg together.

Platinan itself will be a unique building, not just in terms of design but also functionality. The large glass sections make the project extremely challenging from a climate and energy perspective. On behalf of the Peab construction company and the Vasakronan property company, PE is responsible for system and building documentation in HVAC and sanitation, cooling, sprinkler systems, control engineering and climate and energy simulations. Smart climate control systems and optimal suspended ceiling design create a healthy indoor climate with top quality energy performance.

> Find out more about the project at pe.se

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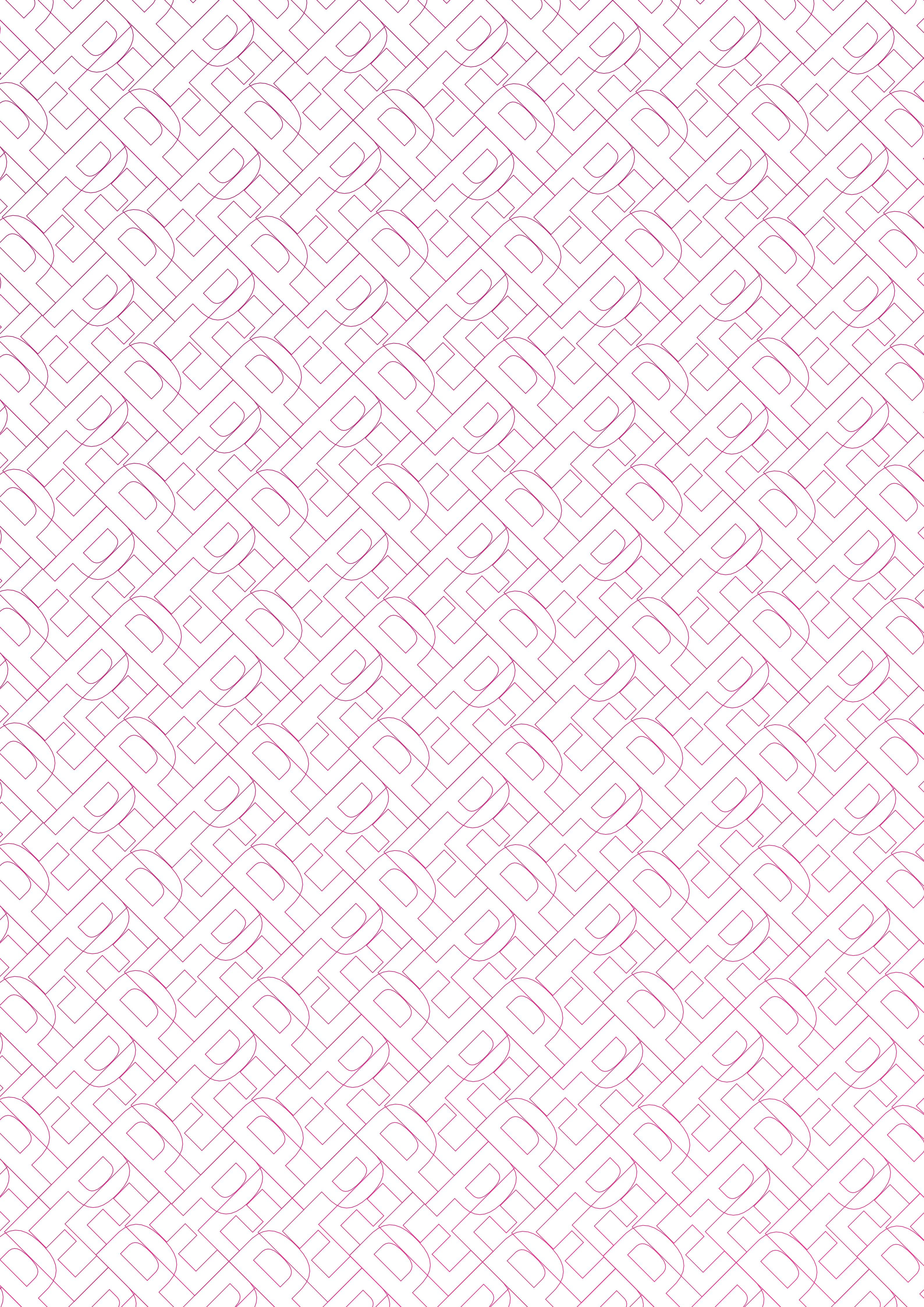
Platinan has been a highly exciting and challenging project in which worked with both commissioning organisation and contractors to develop technical systems and together created a top quality project.

Mattias Larsson, Project Manager, PE



Five-year review

SEK 000s	2020	2019	2018	2017	2016
Net operating revenue	1,167,043	1,348,389	1,223,796	1,170,700	833,430
Operating expenses	–1,012,712	–1,268,432	–1,134,243	–1,079,638	–784,033
Profit/loss before depreciation/amortisation, EBITDA	154,330	79,957	89,554	91,062	49,397
Profit/loss before depreciation/amortisation, EBITDA (adjusted earnings)	154,330	92,659	99,151	119,749	67,629
EBITA	78,710	–16,051	70,803	68,708	–427
EBITA (adjusted earnings)	78,710	9,168	80,401	97,394	47,076
Operating profit/loss, EBIT	67,441	–24,732	74,161	64,989	366
Operating profit/loss, EBIT (adjusted earnings)	67,441	487	76,681	93,675	47,869
Profit/loss after net financial items	53,880	–36,861	68,381	57,369	–8,520
Profit/loss for the year	**37,091**	**–40,202**	**57,121**	**37,515**	**–4,956**
ATTRIBUTABLE TO:					
Parent Company shareholders	37,746	–39,698	56,832	37,330	–5,148
Non-controlling interests	–655	–504	289	186	192
Capital structure					
Goodwill	597,298	597,436	573,028	322,649	302,963
Other non-current assets	215,238	233,775	117,874	67,646	108,980
Current assets	320,939	388,633	503,790	333,243	337,790
Shareholders' equity including non-controlling interests	557,847	522,380	587,183	228,454	191,021
Non-current liabilities	253,057	316,814	296,768	187,605	257,828
Current liabilities	322,571	380,650	310,741	307,480	300,884
Total assets	1,133,475	1,219,844	1,194,692	723,538	749,733
Net debt	284,312	400,296	221,944	246,302	298,094
Cash flow					
Cash flow from operating activities	188,495	77,532	37,837	76,569	–15,651
Cash flow from investing activities	–11,816	–35,627	–275,071	–18,917	–235,785
Cash flow from financing activities	–162,619	–122,120	342,758	–67,266	227,667
Cash flow for the year	14,060	–80,216	105,524	–9,614	–23,769
Key performance indicators					
Operating margin EBITDA, %	13.2	5.9	7.3	7.8	5.9
Operating margin EBITDA, % (adjusted earnings)	13.2	6.9	8.1	10.2	8.1
EBITA margin, %	6.7	–1.2	5.8	5.9	–0.1
EBITA margin, % (adjusted)	6.7	0.7	6.6	8.3	5.6
Operating margin EBIT, %	5.8	–1.8	6.1	5.6	0.0
Operating margin EBIT, % (adjusted earnings)	5.8	–0.0	6.3	8.0	5.7
Equity/assets ratio, %	49.2	42.8	49.1	31.6	25.5
Net debt/EBITDA, multiple	1.84	5.01	2.48	2.70	6.03
Net debt/EBITDA, multiple (adjusted earnings)	1.84	4.32	2.24	2.06	4.41
Projektengagemang share information					
Earnings per share, Parent Company proportion**	1.54	–1.62	2.63	1.73	–0.24
Shareholders' equity per share, Parent Company proportion, SEK*	22.72	21.25	23.87	9.27	7.75
Cash flow from operating activities per share, SEK	7.68	3.16	1.54	3.12	–0.64
Ordinary dividend per share	–	–	1.00	0.48	–
Number of shares at year-end	24,555,677	24,555,677	24,555,677	5,851,414	5,851,414
Other					
Average number of FTEs	984	1,198	1,022	988	710
Revenue per employee	1,186	1,126	1,198	1,185	1,174

* Recalculated based on the number of shares outstanding at year-end
** Recalculated based on average number of shares for the year

Directors' report

The Board and Chief Executive Officer of Projektengagemang Sweden AB (publ) hereby present the annual report and consolidated accounts for the 2020 financial year. Projektengagemang Sweden AB (publ), registered offices in Stockholm, company registration number 556330-2602, is the Parent Company of the Group. All amounts are stated in SEK thousand, unless otherwise indicated.

PE is a multidisciplinary engineering and architectural consulting company with considerable expertise and project capability. The Company is listed on Nasdaq Stockholm. The operations of the Group are concentrated within Sweden and the Group has a total of approximately thirty offices across the country. In addition, it has a subsidiary in Chennai, India, and one in Skien, Norway. The extensive know-how of PE's engineers, architects and experts is integrated and generates value for clients and society.

PE supplies knowledge-intensive services, such as feasibility studies, investigations and strategic planning, at all stages of the client's project. At the end of the 2020 financial year, the Company had a workforce of 964. This makes PE one of Sweden's leading engineering and architectural consulting firms. Some 13,000 assignments were performed during the year on behalf of 4,000 clients.

Clear end-to-end solutions

PE's operations are divided into three segments – Architecture & Management, Civil Engineering & Infrastructure, 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 three segments offer the most effective way of responding to the needs of primary customer segments and client demand, while highlighting our end-to-end solutions.

Earnings and operations

Net revenue for the 1 January to 31 December period amounted to SEK 1,167.0 million (1,348.4), a decrease of 13 percent compared with the previous year. The lower revenue resulted above all from the efficiency measures implemented in late 2019, with the closure of unprofitable operations and the impact of Covid-19 on the market. Profit before acquisition-related items (EBITA) was SEK 78.7 million (-16.1), while the operating profit (EBIT) totalled SEK 67.4 million (-24.7). The EBITA margin amounted to 6.7 percent (1.2). The increase in EBITA profit over that of the preceding year arose primarily via the restructuring measures carried out during 2019 and via the cost-cutting programme initiated in 2019. PE's actions to adapt the business to the changes in market conditions as a result of the Covid-19 pandemic have been balanced.

Impact of Covid-19

The impact of Covid-19 resulted in a gradual change in market conditions from the latter part of March onwards. To protect the health of employees, clients and cooperation partners, PE has complied with the decisions and recommendations of the authorities and taken the measures required to mitigate the spread of the virus. A number of activities have been conducted to minimise the financial impact of Covid-19. Short-time working was introduced in some areas of the business. Overall, this amounted to approximately 48 FTEs over the year. Employees is all segments and administration were affected. Planning of business operations has been adapted on an ongoing basis in response to the effects of Covid-19 and appropriate measures have been prepared based on a range of scenarios. Further measures were implemented in the fourth quarter to adapt the business to the prevailing market conditions. Around 70 employees were made redundant. It is still difficult to predict the financial impact of Covid-19. Uncertainty on the market, is resulting in both postponement and cancellation of projects. No indications of a need for impairment of Group assets have currently been identified and no special provision for the impact of Covid-19 has been made.

The impact of and uncertainty from Covid-19 continues in 2021. In a business such as ours, the pandemic's spread may continue to have considerable impact. Clients, employees and projects may all be affected to a major extent, which may also impact PE's performance, plans and financial results. The risks that we have identified above all are operating risks such as demand, skills shortage, efficiency, IT and financial, which includes financing and liquidity risk. The effects of these risks from the continuing spread of the pandemic are difficult to foresee. During the year, we adapted and digitalised our way of working and managing processing, which equips us well to meet the future. There is a degree of uncertainty regarding the extent, ways and length of time that the pandemic may affect PE. Details of how PE is managing various risks are provided on pages 47–49.

Acquisitions and integration

No acquisitions were made during the year.

Acquisition analysis

All acquisition analyses were finalised at the end of 2020, and there is no period of contingent considerations.

Cash flow and financial position

Cash flow from operating activities amounted to SEK 188.5 million (77.6). Changes in working capital totalled SEK 51.6 million (7.2). Investing activities showed a net outflow of SEK 11.8 million (35.6) during the period and comprised purchases of non-current assets. Cash flow from financing activities totalled SEK -162.6 million (-122.1). This mainly consisted of a reduction of SEK 26.9 million in use of overdraft facilities, amortisation of SEK 49.2 million and SEK 76.8 million, respectively, of bank loans and lease liabilities and payment of a contingent consideration of SEK 9.5 million. Net debt at the end of the year totalled SEK 284.3 million (400.2). Excluding the lease liability due, which from 2019 is recognised in accordance with IFRS 16, net debt totalled SEK 149.8 million (253.7). The Group's equity/assets ratio was 49 percent (43). Equity attributable to the Parent Company's shareholders amounted to SEK 558 million (521.9), or SEK 22.72 (21.25) per share.

Employees

The number of employees at the end of the period was 964 (1,129). The average number of employees in 2020 totalled 984 (1,198). PE pursues strategic and long-term efforts to attract and develop its employees. It does so by marketing PE externally and by highlighting the opportunities for development and the career paths that PE provides. The Company also offers 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 focuses systematically on demonstrating that the Company is an attractive employer, both to its existing and potential employees, and in order to strengthen the Company's brand.

PE strives to achieve an even gender balance, and today around 31 percent of its employees are women. The Company organises activities to raise the percentage representation of female employees. PE strives to reflect the multicultural society in which we operate.

Work environment

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

Recruitment

One overriding challenge in our industry is the access to the right skills. PE works actively on recruitment, using dedicated HR resources with a process that concentrates on the employer brand. As an attractive employer focusing on development and commitment among our employees, we aim to ensure continued profitable growth. Recruitment processes are conducted on an ongoing basis in each business area and are 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, 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 regular opportunities for professional development via the Company's training and development platform, PE School. During the major part of the year, this was conducted in digital form. PE is involved in training at a number of colleges and further education enterprises in Sweden, both in a teaching role and on a project basis on behalf of clients' management teams. The drivers are workforce planning, renewal, further development of the sectors in which we operate, and individual learning and development.

Sustainability work

Sustainability is a basic element of PE's Group strategy and you can read about this work in more detail in PE's separate Sustainability Report. Ultimate responsibility rests with the Group's President and CEO, and work at an overarching level is supervised and coordinated with the aid of the Sustainability Council. Each business area produces a plan of action for working with employees to achieve jointly established sustainability targets. PE's overall goal is to generate long-term value for our stakeholders. Effective corporate governance is a prerequisite for this, and it is characterised by an efficient organisational structure, internal control and risk management systems and transparency. PE's policies are guided by the procedure set out in our Policy Hierarchy. The policies are updated at least annually in conjunction with the constitutive Board meeting or as required. The business and its processes are described in the business system, in which governing and guidance documents linked to each sub-process to make it easier for employees to access the relevant information. In the annual business planning and budget process, targets and plans are established which are then presented to PE's Board of Directors for approval.

The outcome of the work on sustainability is subject to regular measurement in order to assess and adjust how it is managed. For each sustainability topic, indicators and targets are in place that we continually monitor (quantitative measurement). Stakeholder engagement is an important additional tool that provides us with a more qualitative picture. The role of the Sustainability Council is to take overall strategic responsibility for all aspects of sustainability and to coordinate the work involved. Ultimate responsibility rests with the President and CEO. In our view, a sustainability council is a more effective way of making this aspect of work into an integral, natural part of the business strategy, corporate governance, the organisation and the customer offering.

Our business is guided by a number of requirements from our stakeholders that we have to meet. This may involve legal requirements, but also such that we have to ensure in order to continue conducting our business. We have a solid platform from which to meet these requirements in a appropriate way via our business system, in way that is entirely consistent with ISO 9001:2015 and 14001:2015. Every year we undergo an external audit. We view this as a good way of verifying our work in this field. Binding environmental requirements are handled within the environmental management process, under which we commit to undertake an energy audit, legislation compliance review for waste management, and a supplier assessment of our critical suppliers. Binding requirements related to social factors and employees concern gender equality, employee work environment including health and safety, and training opportunities, which are subject to work environment legislation. As an employer, we also have a responsibility regarding work adaptation and rehabilitation issues. These requirements are managed within the framework of the employee process. Our code of conduct requires us to comply with the Code of Ethics established by FIDIC* to respect basic human rights and operate in line with the UN Declaration on Human Rights and ILO's** core conventions. Efforts to combat corruption and irregularities are regulated by our Code of Conduct.

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, PE has elected to draw up the statutory sustainability report as a separate report from the Annual Report and to make its content available on the Company's website, at www.pe.se.

Parent Company

The Parent Company's net revenue for the 1 January–31 December period totalled SEK 13.7 million (125.0), with operating income (EBIT) of SEK -1.2 million (14.2). The Company's operations were transferred to the subsidiary PE Teknik & Arkitektur AB in April 2019. In April 2020, rights of use and associated liabilities were transferred to the subsidiary PE Teknik & Arkitektur AB as part of a process to consolidate the Group's operations.

Guidelines for remuneration of senior executives

The 2020 Annual General Meeting resolved to approve guidelines for determining remuneration of the CEO and other senior executives. Other senior executives currently refers to the three individuals who along with the CEO make up Group management and who are presented on the Company's website and on page 85 of the 2020 Annual Report. It was decided that the guidelines would apply until further notice, although until no later than the 2024 Annual General Meeting.

The guidelines cover the CEO, Deputy Chief Executive Officer (Deputy CEO) and other senior executives in Projektengagemang's Group management, as well as individual Board members of the Company, where employment or consulting contracts have been entered into with them. For details of the composition of Group management, see page 85. Only remuneration according to contracts that have been entered into or amended since the guidelines were approved by the AGM are covered.

Guidelines' promotion of the Company's business strategy, long-term interests and sustainability

Projektengagemang is driven by committed employees who create value via advanced consulting services and solutions, not just for the Company's clients but also for society as a whole, providing social benefit in people's everyday lives. Projektengagemang's vision of renewing society through innovative and sustainable solutions in a world that is constantly changing gives the Company a responsibility to make a difference, and fuels its desire to renew and improve. This develops the Company, its employees and management's know-how and expertise, which in the longer term creates value for the Company's clients and society as a whole. A firm belief in entrepreneurship and the personal motivation of each employee have formed the foundation of our corporate culture, along with the desire to renew and improve via a genuine commitment to the task, the client, the end user and society in general. Visit the Company's website www.pe.se for further details about Projektengagemang's strategy, vision and targets.

Successful implementation of Projektengagemang's business strategy, long-term interests and sustainability based on the desire to renew and improve requires Projektengagemang to recruit and retain qualified, motivated and committed employees with the right skills. To achieve this, Projektengagemang needs to be able to offer competitive total remuneration, and it is the opinion of the Board that these remuneration guidelines fulfil this requirement.

Forms of remuneration

Remuneration for the CEO, Deputy CEO and other senior executives may include a fixed salary, variable remuneration, 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, and should support the business strategy and contribute to sustainability.

Fixed salary

Fixed salaries for the CEO, Deputy CEO and other senior executives shall reflect the demands and responsibilities of the job, along with the individual performance of the senior executive.

* International Federation of Consulting Engineers
**International Labour Organisation

Fixed salaries for the CEO, Deputy CEO and other senior executives are reviewed annually. Senior executives do not receive fees for their Board membership in the Company's subsidiaries.

Following a decision by the Board, 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 remuneration

Variable remuneration may also be paid in addition to fixed salary. Variable remuneration shall be dependent upon the fulfilment of defined and measurable criteria established annually by the Remuneration Committee and Board, for a monitoring period of one year, and shall be limited to a maximum of 75 percent of the annual fixed salary for the CEO and Deputy CEO/CFO, and a maximum of 50 percent of the annual fixed salary 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, strategy, long-term development, value creation, sustainability and financial growth, as well as individual targets for the financial year, and should be defined and measurable and designed so as to discourage excessive risk-taking.

Fulfilment of these criteria for payment of variable cash remuneration is assessed annually by the Remuneration Committee and decided on by the Board of Directors, for which process the terms for variable remuneration are designed such as to allow the Board to restrict or disallow payment of variable remuneration 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, unless otherwise established by the ITP plan applying in any particular case.

Long-term incentive programmes

The CEO, Deputy CEO and other senior executives and key personnel may be offered long-term incentive programmes, which should be primarily share-based. 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.

Long-term share-based incentive programmes are resolved on by the AGM and the detailed conditions for such programmes are therefore proposed by the Board of Directors ahead of each such AGM decision. To the extent that long-term incentive programmes are proposed to the AGM, they shall complement fixed salary and variable remuneration for those senior executives who through their expertise and performance have in particular contributed to the company/Group's earnings-related target fulfilment, business strategy, long-term interests and sustainability. Any share or share-price related incentive programmes must have a minimum qualifying period of three years.

Pensions

The standard retirement age is normally 65 years. Pension benefits shall as a principle be defined-contribution and shall amount to no more than 30 percent of the CEO's fixed salary and 30 percent for the Deputy CEO and other senior executives, unless otherwise established by the ITP plan applying in any particular case Pensionable income will be based solely on fixed salary, unless otherwise established by the ITP plan applying in any particular case

Pension benefits for senior executives outside Sweden may vary as a result of legislation or local market practice.

Other benefits and remuneration

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 at an individual level in order to promote recruitment or help retain senior executives. Such extraordinary arrangements may not exceed an amount corresponding to the fixed annual salary for the individual in question, and may, for example, include a one-off cash payment.

Notice periods and severance pay

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 twelve months for the Deputy CEO and other members of Group management.

Salary and employment terms for employees

During preparation of the Board's proposals for these remuneration guidelines, salary and employment conditions for the Company's employees have been taken into account, in that details of overall remuneration for employees, components of remuneration and the increase in remuneration and the rate in increase over time were included in the Remuneration Committee's and the Board's decision-making documentation in evaluating the reasonableness of the guidelines and the limitations arising from them.

Deviation from guidelines

The Board shall be entitled to temporarily deviate, wholly or in part, from the guidelines adopted by the AGM if in individual cases there are special reasons for so doing, and such deviation is necessary in order to fulfil the Company's long-term interests and sustainability, or to guarantee the Company's financial viability. Such deviations may occur following a decision by the Board in a particular case, for example for the appointment of a new CEO or other senior executive, or the retention of the current CEO or other senior executive, regarding fixed salary, variable remuneration and pension conditions, although in such cases remuneration shall be competitive and market based. If such deviations are made, this must be reported in the remuneration report provided ahead of the next AGM.

Other
For further information regarding remuneration, see Note 7 of the Annual Report.

Decision process to establish, review and implement the guidelines
The Board of Directors has established a Remuneration Committee. 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 Group management and other senior executives. Furthermore, the Remuneration Committee shall monitor and evaluate variable remuneration programmes for Group management that are ongoing or that have been concluded during the year; monitor and evaluate application of the guidelines for remuneration of senior executives that the AGM is required to resolve on at least every four years by law and regarding remuneration structures and remuneration levels in the Group. Remuneration of the CEO and Deputy CEO and remuneration principles for Group management are decided on by the Board of Directors. Remuneration of other senior executives is resolved on by the Remuneration Committee within the framework established by the Board and AGM. The members of the Remuneration Committee are independent of the Company and Group management. To the extent that they are affected by the matters being discussed, the CEO, Deputy CEO and other members of Group management do not attend the Remuneration Committee's and the Board's meetings that address remuneration issues.

A remuneration report has been drawn up and will be presented to the AGM. It describes how the guidelines were applied in 2020. There were no departures from the guidelines and there were no deviations from the decision-making process that according to the guidelines must be applied in determining the remuneration.

For more information on the remuneration report, please see the Company's website, at www.pe.se.bolagsstyrning

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 protects against losses for the Group as a whole, or that it covers all claims in the event of any future damage.

Environment
PE's operations are not subject to permits, or are notifiable, according to current environmental legislation. However, PE offers consulting services and solutions that are designed to contribute to long-term, sustainable development, to reduce environmental impact and to promote effective 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. PE's insurance cover is linked to all relevant service contracts.

Significant disputes

PE is currently involved in two disputes with Cortus AB.
On 5 June 2019, two summons applications were submitted against Cortus AB, in which the claim amounts to approximately SEK 5.3 million. PE's claim relates to remuneration for work carried out. Cortus AB responded with counterclaims amounting to approximately SEK 12.6 million. PE considers Cortus AB's claims to be without merit.

Changes to Group management and the Board of Directors

In the third quarter, Åsa Holmgren decided to leave the Company and resigned from Group management. On 1 December, Helena Hed took up the position of President and CEO, at which point Per-Arne Gustavsson resigned from the Group management team and took over as Chairman of the Board. Effective 1 January, operations were restructured and Group management is made up as follows:

Helena Hed, President and Chief Executive Officer

Peter Sandberg, Deputy CEO and CFO

Mathias Thorsson, Head of Development

Nicke Rydgren, Head of Business Support

Market and outlook

The market and demand for PE's range of services is largely based on economic trends in the markets in which PE operates. During 2020, the market suffered from the effects of the pandemic. The effects are in part continuing to be felt in 2021. PE does not publish forecasts.

Events after the end of the financial year

There were no significant events after the end of the financial year.

* International Federation of Consulting Engineers
**International Labour Organisation

Dividend

The Board proposes that no dividend be paid for the 2020 financial year. This reflects the background of 2020 and the regulations that apply to companies that have placed employees on short-time working. With regard to the Group's earnings and financial 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 and 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	487,665,108
Profit/loss for the year	–10,942,645
	476,722,463
The Board proposes that retained earnings be appropriated as follows	
To be carried forward	476,722,463
	476,722,463

Corporate Governance Report

Projektengagemang Sweden AB (Publ) (PE), is a Swedish public limited company with registered offices in Stockholm, Sweden, whose B shares are 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 Projektengagemang Sweden AB and the Group.

Corporate governance principles

PE applies the regulations pursuant to legislation or other statutes, and the Code.

In 2020, PE applied the Code without deviations, with the exception of details relating to the composition of the Nomination Committee (see under Nomination Committee, page 42). There have been no breaches of the stock market's rules for issuers, or of good practice on the equity market.

Business model and management of assignments

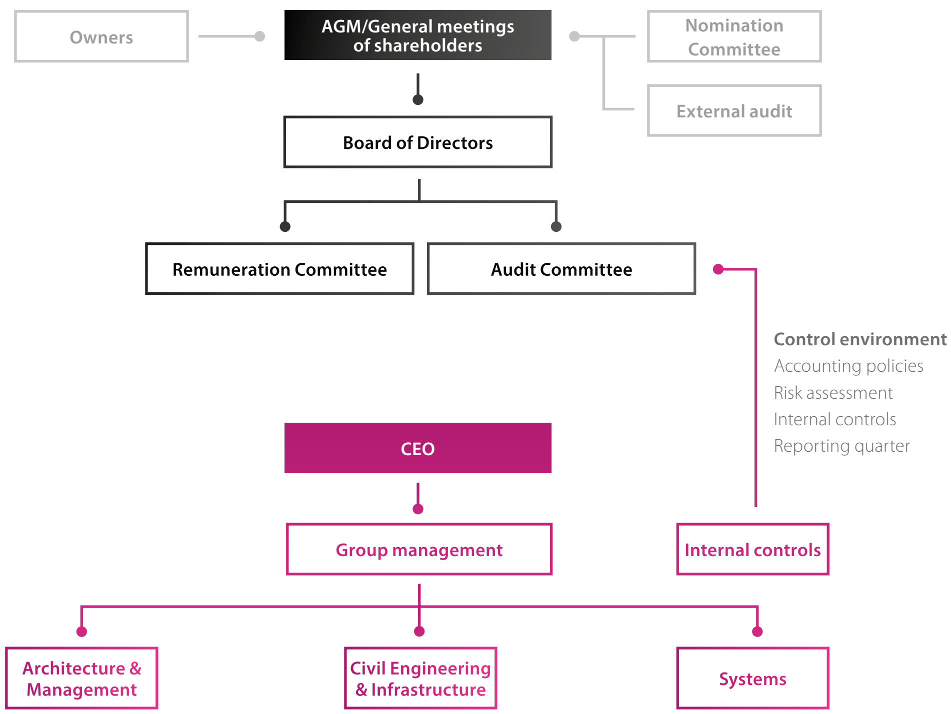
PE's vision is to renew our society through innovative and sustainable solutions. This is to be achieved by generating added value for clients by supplying advanced consulting services and solutions in architecture, building, infrastructure, industry and project management through collaboration between the Company's different disciplines. The work is performed with a whole

PE's corporate governance structure

External control mechanisms
Swedish laws: Companies Act, Annual Accounts Act, Corporate Governance Code (the Code), stock market regulations

Internal control mechanisms
Articles of Association
Procedural rules of the Board
Instructions to the CEO, Board committees and financial reporting
Financial and quantitative targets, budgets, policies, values and Code of Conduct.
Business system

Policies
Diversity policy
Code of Conduct
Finance policy
Communications policy
Inside Information policy
Remuneration policy
HR policy
Sustainability policy
Dividend policy



picture 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 has the support of the Group-wide management system for the day-to-day work of the project.

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. The management system and how it is used 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 incorporates 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.

Control mechanisms

The external control mechanisms that represent the framework of corporate governance within the Group include Sweden's 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 public authorities and 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 Instructions to the CEO, the Board's committees and financial reporting. In addition there are financial and quantitative targets, budgets, business plans, reports, policies, valuations and the Code of Conduct.

The Group's policies, such as the Code of Conduct, finance policy, communication policy, inside information policy, remuneration policy, sustainability and environmental policy, HR policy, whistle-blower 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 and quality policy. In addition there are several other significant policy documents that are decided on by the CEO or person designated by the CEO.

Corporate governance structure

PE's shareholders are ultimately responsible for resolving on 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 resolve on the Group's affairs at the Annual General Meeting, or where applicable at extraordinary general meetings, and constitute PE's highest decision-making body. The AGM resolves on the Articles of Association, elects the members of the Board and the Chairman, appoints auditors, adopts the income statement and balance sheet and resolves 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, and to vote according to their holding without restriction in the right to vote.

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

All AGM documents, convening notices and other information ahead of the AGM, together with minutes of the meeting are published in Swedish and English on PE's website, www.pe.se.

Shareholders

According to the shareholder register maintained by Euroclear Sweden, PE had 1,907 shareholders at 31 December 2020. The share capital amounted to SEK 2,728,408, with a total of 24,555,677 shares represented by 5,392,224 A shares, corresponding to 21.96 percent of the shares and 73.78 percent of the votes, and 19,163,453 B shares, corresponding to 78.04 percent of the shares and 26.22 percent of the votes. A shares carry ten votes each and B shares one vote each. All shares represent the same proportion of the Group's profit and capital. Only B shares are listed on the stock market.

At 31 December 2020, Projektengagemang Holding AB had an ownership interest amounting to 21.48 percent of the total number of shares and 61.30 percent of the votes. Otherwise, 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 provide further details about the Company's shares and shareholders. The information is also available on the Company's website, www.pe.se.

2020 Annual General Meeting

PE's 2020 AGM took place on 19 May 2020 at Helio Kungsholmen (Guldspaden meeting room), Rålambsvägen 17, Stockholm. The meeting was held under arrangements appropriate to the situation with regard to Covid-19. Facilities for postal voting were provided. Shareholders representing approximately 74 percent of the votes and approximately 43 percent of the capital took part in the AGM (in person and via postal voting). The meeting was attended by the Chairman, some Board members and the principal auditor. The minutes from and information about the 2020 AGM are available on PE's website in Swedish and English.

The AGM resolved on the following matters:

- Discharged the Board members and the CEO from liability for the 2020 financial year.
- The AGM resolved that no dividend be paid and that funds at the disposal of the meeting be carried forward.
- Re-election of Board members Lars Erik Blom, Per Göransson, Carina Malmgren Heander and Per-Arne Gustavsson. Election of Christina Ragsten and Jon Risfelt. Per Göransson was elected Chairman, and the Board of Directors was empowered to appoint another Board member as Chairman after a new CEO had been appointed following the ongoing CEO recruitment process.
- Fees of SEK 350,000 be paid to the Chairman of the Board, and SEK 175,000 to each Board member, as well as fees for committee work and remuneration of the auditor.
- Re-appointment of auditing firm PricewaterhouseCoopers AB, with Camilla Samuelsson as principal auditor.
- Adoption of guidelines for remuneration of senior executives in accordance with Board's proposal.
- Offer to CEO and other key personnel at PE to participate in 2020 Share Purchase Programme.
- The Board was authorised to resolve on the acquisition of a maximum of 856,880 B shares to make provision for the Company's obligations in the 2019 and 2020 Share Purchase Programmes, and to transfer a maximum of 204,880 B shares to enable costs to be hedged.
- Transfer of a maximum of 400,000 B shares to participants in the 2020 Share Purchase Programme.
- The Board was authorised to resolve on the issue of new B shares corresponding to no more than 10 percent of the total number of B shares in connection with company acquisitions.

Nomination Committee

The 2020 AGM of PE resolved on instructions for the composition of the Nomination Committee and its duties, to apply until further notice and until decided otherwise by the AGM. The Nomination Committee's instructions are available on PE's website (www.pe.se).

The Nomination Committee shall consist 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 appoint such representative. One of the members shall act s the Chairman of the Board, who will also convene the first meeting. If any of the three largest shareholders in terms of votes refrain from their right to appoint a member of the Nomination Committee, the next largest shareholder will be given the opportunity to appoint a member. The mandate period of the Nomination Committee extends up until such time as a new Nomination Committee is appointed. Unless the members agree otherwise, the Chair of the Nomination Committee must be the member that has been appointed 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 appointed such member is entitled to appoint 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 appointed.

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 appointed members of the Nomination Committee and the shareholders they represent will be published on the Group's website as soon as they have been appointed, however no later than six months before the AGM.

If, during the mandate period of the Nomination Committee, one or more of the shareholders who appointed members of the Nomination Committee are no longer among the three largest shareholders in terms of votes, members appointed 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 appoint their representatives. Unless there are specific reasons to the contrary exist, 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 appoint 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 shall be disclosed as soon as such changes have been made.

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 appointed. The Nomination Committee shall observe the requirements imposed on the Nomination Committee and appointments to the Board as detailed in the 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.

Composition of the Nomination Committee

The members of the Nomination Committee prior to the AGM in May 2021 were announced on PE's website and published in a press release dated 3 November 2020, and are: Per Göransson, Board member Projektengagemang Holding AB (Chairman of the Nomination Committee), Tim Floderus, Investment AB Öresund, and Dag Marius Nereng, Protector Forsikring. Together, the Nomination Committee represents approximately 68 percent of the votes for all shares in PE.

Deviation from the Code

The composition of the Nomination Committee deviates from rule 2.4, paragraph 1, second sentence of the Code in that Per Göransson, who chairs the Nomination Committee, is also a Board member and at the time of constituting the Nomination Committee Chairman of the Board. The reason for the deviation is that it is logical against the background of the ownership structure of Projektengagemang, in which Per Göransson is partner of the largest shareholder in terms of votes, and that according to the adopted Nomination Committee instructions the chair of the committee shall be the person who is appointed by the largest shareholder.

Nomination Committee's remit and work prior to the 2021 AGM

Prior to the 2021 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 where applicable changes to the criteria for how a new Nomination Committee is to be appointed.

The Nomination Committee has held two minuted meetings prior to the 2021 AGM and in addition has maintained regular contact. The Nomination Committee's proposal is presented with the convening notice for the AGM and on PE's website (www.pe.se). To coincide with this, the Nomination Committee also publishes a report on its work and a supporting statement regarding its proposal to the Board, along with details of the Board members being proposed for re-election and as new members.

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. This means that the assessment must be characterised by diversity and breadth with regard to skills, experience and background, with an ambition to achieve an even gender balance.

The Nomination Committee has discussed the requirements under rule 4.1 of the Code, and considers that, with respect to PE's current circumstances, the Board will have an appropriate composition as a result of the Nomination Committee's proposal prior to the 2021 AGM, and has endeavoured to achieve both a diverse composition and an even gender balance.

Auditors

PE's auditors are elected at the AGM. The 2020 AGM elected PricewaterhouseCoopers AB, with authorised public accountant Camilla Samuelsson as principal auditor for the period up until the 2021 AGM.

Audit work

The auditors examine the annual financial statements and accounting records of the Parent Company and Group, as well as the management by the Board and CEO.

In order to assure 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 engages in a dialogue with the Board of Directors without the presence of the CEO or 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 to Group management and the Audit Committee any areas requiring improvement. In 2020, the auditors conducted a limited assurance review of the Group's interim report for the third quarter.

In connection with the review of the Q3 report, the Company's internal controls were also reviewed.

The auditors attended four of the Audit Committee's six meetings and the 2020 AGM. The auditor takes part in the AGM in order to present the auditor's report. Audit fees for 2020 (including the fee for consulting services) are detailed in Note 6.

Board of Directors

Composition of the Board and fees

PE's Board comprises six members elected by the AGM, and no deputies. The Chief Executive Officer is not usually a member of the Board, but is co-opted to all Board meetings. Until 1 December, Board member Per-Arne Gustavsson served as Chief Executive Officer pending the appointment of a new President and CEO. On 1 December, at which time Helena Hed took over as President and CEO, the Board resolved to appoint Per-Arne Gustavsson as Chairman. The appointment was in line with the resolution at the 2020 AGM that the Board is entitled to appoint a Chairman from within its members. Other employees of the Group participate as required to report on particular issues. The Group's Chief Financial Officer is secretary to the Board. Details of the composition of the Board in 2020, and of remuneration of Board members for the full years 2020 and 2019 are provided in Note 7. Further information regarding the Board members is provided on page 84.

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 and their own and other members' contributions to the work of the Board. The aim is to of develop the work of the Board and provide the Nomination Committee with a relevant basis for decisions ahead of the AGM. An internal evaluation was conducted in 2020 through an anonymous questionnaire to Board members. The results of the evaluation were reported by the Chairman of the Board and were subsequently discussed within the Board. The result of the evaluation was 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 no less than 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 four of the Board members elected by the AGM are deemed to be independent in relation to both Company and Company management, as well as in relation to the Company's major shareholders. All members elected by the AGM, apart from Per Göransson and Per-Arne Gustavsson, have been independent in relation to both Company and Company management, as well as in relation to the Company's major shareholders in 2020.

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, as well as 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 disposals of businesses, major investments, additions to and replacement of members of the management team and ongoing monitoring of performance 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 separate set of Instructions to 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 19 May 2020, 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 for such. In 2020, 15 Board meetings were held. The work of the Board follows a pre-determined 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 the particular issue. During the year, the Board's work has mainly comprised management and operations in the Group, together with 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 resolves on 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 finance policy adopted.

Composition of the Board of Directors

Elected by the AGM[1]	Elected, year	Born	Independence of shareholders	Independent in relation to the Company and management	Attendance at Board meetings	Attendance Audit Committee	Attendance Remuneration Committee
Chairman							
Per-Arne Gustavsson Dec.	2018	1952	No	No	15/15	5/5	3/3
Per Göransson, Jan.–Nov.	2006	1953	No	No	15/15	5/5	3/3
Members of the Board							
Carina Malmgren Heander	2018	1959	Yes	Yes	15/15		3/3
Lars Erik Blom	2016	1960	Yes	Yes	15/15	5/5	
Christina Ragsten	2020	1958	Yes	Yes	9/9		
Jon Risfelt	2020	1961	Yes	Yes	9/9		
Britta Dalunde	2016	1958	Yes	Yes	9/9	3/3	
Öystein Engeretsen	2016	1980	No	Yes	9/9		2/2

1 Details of the education, other roles and shareholdings in the Company etc. of current Board members are provided on page 84 of the Annual Report. Remuneration of Board members is specified in Note 7.

Board's checks on financial reporting

The Board of Directors monitors the quality of financial reporting via monitoring instructions and via the Instructions to the CEO. 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 ensuring that financial reporting is of high quality, is approved by the Board and is communicated. The Board receives monthly financial reports and the Company's and Group's financial situation is addressed at each Board meeting. The Board also discusses interim reports and the annual report.

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's committees

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

Audit Committee

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

- prior to Board decisions, preparing the Board's work by quality assuring 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
- assessing the independence of the auditor
- checking other assignments for the audit firm (NAS, Non Audit Services)
- assisting the Nomination Committee during the procurement 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 evaluating the application of current accounting policies and the adoption 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. Where appropriate, senior executives are co-opted. Since the 2020 AGM, the committee has consisted of members Lars Erik Blom, Christina Ragsten, Jon Risfelt and Per Göransson up to 1 December and Per-Arne Gustavsson from 1 December.. The committee is chaired by Lars Erik Blom. The majority of the committee's members are independent in relation to both Company, Company management and the Company's major shareholders. Only Per-Arne Gustavsson and Per Göransson are not independent in relation to the Company, Company management and major shareholders. The Audit Committee held six meetings in 2020 and the Board of Directors regularly receives copies of the minutes the meetings. During the year, the committee's work mainly covered valuation issues, risk management, impairment testing requirements, scenario planning based on the pandemic and its effects, internal follow-up of earnings and key performance indicators and follow-up and checks on the Group's financial reporting. An account of the various matters dealt with by the committee will be presented at a future Board meeting. The auditors have attended four of the Audit Committee's five meetings.

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 application of the guidelines for remuneration of senior executives that the AGM is required to resolve on by law and regarding structures and levels of remuneration 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 resolved on by the Remuneration Committee within the framework established by the Board and AGM.

Since the 2020 AGM, the Remuneration Committee has consisted of Carina Malmgren Heander (Chair), Per Göransson up until 30/11/2020 and Per-Arne Gustavsson from 01/12/2020, and Jon Risfelt. The committee held three meetings in 2020.

Chief Executive Officer

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 regularly 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 separate Instructions to the CEO. 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 prior to Board meetings, reports on matters and explains proposals for decisions. The Board regularly evaluates the work of the CEO. On 1 December 2020, Helena Hed took up her position as the Group's new President and CEO.

Group management

The CEO directs the work of Group management and reaches decisions in consultation with the other members of management. In 2020, Group management comprised the CEO and six other individuals: Deputy CEO/CFO, three heads of division, the HR Director (up to and including Q2) and the Business Area Director for Infrastructure. As of 1 January 2021, Group management consists of Helena HED, President and Chief Executive Officer, Peter Sandberg, Deputy CEO and CFO, Mathias Thorsson, Head of Development and Nicke Rydgren, Head of Business Support. Information about the CEO and Group management is provided on page 85 of the 2020 Annual Report. Group management conducts regular operational reviews, led by the CEO.

Remuneration of senior executives

At the AGM held on 19 May 2020, the Board of Directors resolved to adopt the Board's proposed guidelines regarding remuneration to senior executives, which guidelines are to apply until the 2024 AGM, unless circumstances arise requiring the guidelines to be reviewed earlier. The guidelines apply to the CEO, Deputy CEO and Company management. The guidelines shall promote the Company's business strategy, long-term interests and sustainability.

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 Swedish 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 operating risks and internal controls. Responsibility for maintaining an effective control environment and ongoing work on 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 ensure that the Group achieves its targets. Ultimately, responsibility for risk management rests with the Company's Board and senior management. PE continually updates the risk analysis regarding assessment of risks that may lead to errors in financial reporting. During risk reviews, PE identifies areas where there is an heightened 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 business units within the Group are prepared, along 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 organisation. Separate analysis is performed regarding order levels, utilisation rates, cost monitoring, risk lists and cash flow. The Board also monitors, via the Audit Committee, the reliability of financial reporting, evaluates recommendations for improvements and addresses issues regarding the risks identified. The Audit Committee submits regular oral reports to the Board, as well as proposals on issues requiring decision by 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 2020, all process owners in the organisation conducted a structured review of processes and risk mapping. To ensure effective internal control, follow-up of risks identified 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, standard operational structure, there is no need for such a function in the organisation. Financial controllers at Group and business area level regularly 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 2015–2020 period

Material risks and risk management

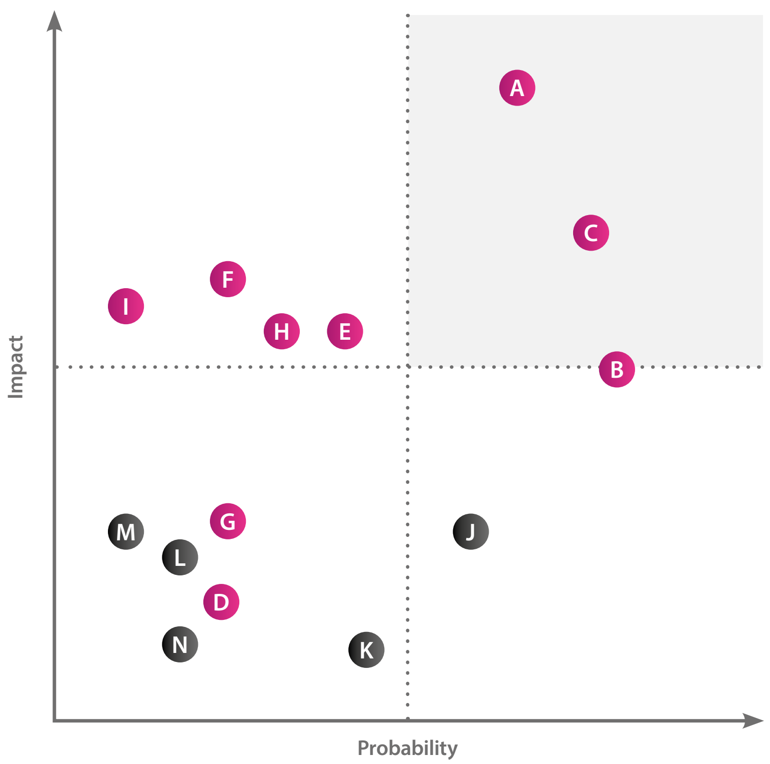
Management of operating risks is a continual, ongoing process in view of the large number of ongoing projects. The Group's financial risks are managed centrally in order to minimise and monitor risk exposure.

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

Sensitivity analysis

Risk	Change +/–	Impact revenue +/–
Average fee	1%	SEK 9 million
Average hourly fee	SEK 10	SEK 10 million
Utilisation rate	1%-point	SEK 12 million
Attendance rate	1%	SEK 12 million
Personnel costs	1%	SEK 7 million
Calendar effect	1 day	SEK 4 million

Risk analysis



Operating 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

Operating risks

Operating risks	Description	Risk management process
A Demand	PE is reliant upon underlying market growth and demand for engineering consulting services in Sweden. Demand is affected by economic trends and growth in Swedish GDP. In a longer-term perspective, the market is driven by demographic factors such as population growth and urbanisation, as well as investment in infrastructure, industry, technological 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 more than 4,000 clients, PE has good risk diversification given that the Swedish economy is continuing to grow.
B Competition	PE encounters competition in all its areas of operation. Competition is stronger in smaller assignments, where the barriers to entry are low. Larger assignments require expertise and a nationwide reach. PE also encounters competition from consultancy brokers.	PE has opted to position itself based on client need, rather than size or price. PE is an engineering 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	PE'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. This 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 prices and how they change are continually monitored.
D Skills shortage, sickness absence and high staff turnover	The ability to recruit, improve 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, unclear guidance, lack of development opportunities and uninteresting tasks can lead to sickness absence and employees seeking employment elsewhere.	PE places great emphasis on creating the best workplace from an employee perspective. This focus 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 to make 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 actively contributes 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.
E Efficiency	Failing to utilise production capacity optimally 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. PE has solid support systems in place to enable effective planning, as well as regular capacity forecasts to allow us to utilise and maintain the desired level of efficiency. Changes in the Group's utilisation rate are continually monitored.
F Delivery risk	PE's assignments involve taking responsibility for a particular delivery, meaning that in the event of failures in deliveries the Company may be obliged to rectify such failures 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.	PE 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. PE 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 PE'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. 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. It therefore has a highly-developed acquisition and evaluation process, and a sound integration strategy. PE carefully monitors developments to ensure that its 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.

Operating risks, cont.	Description	Risk management process
H **IT**	PE's operations are built on IT support on a relatively large scale, 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 Group's IT structure is assured via the IT policy and procedures that the Company uses, as well as by the fact that function-critical suppliers have been contracted at the service levels required by PE'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 real actions/deliveries that cause damage to our reputation could create difficulties in terms of recruitment, sales, customer satisfaction and employee identity.	PE's entire business is built on our core values of Entrepreneurship, Commitment and Responsibility, as well as strong business ethics. We work continually in various contexts to actively 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 impact of market fluctuations on the Group's earnings.	The Group's financial management is managed centrally by the Group's finance department. It is governed in accordance with the applicable finance policy, which is established by PE's Board of Directors and provides a framework of guidelines and regulations in the form of risk mandates and limits on financing activities. The overarching objective of the Finance function is to ensure and provide cost effective financing and to minimise negative effects of financial risks on the Group's earnings.
K **Management of capital**	The Group aims to have a capital structure that is optimal in order to keep capital costs down, while safeguarding the Group's 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 its debt. The Group assesses capital on the basis of its indebtedness. This key performance indicator is calculated as net debt/cash funds via EBITDA. Indebtedness at 31 December 2020 and 2019 was 1.8 and 5.0 respectively.
L **Interest rate risk**	Interest rate risk relates to the risk of PE'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.	PE's interest rate exposure mainly derives from outstanding external loans. PE 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 1.5 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 on behalf of the entire Group. The Group has an agreement with SEB regarding credit facilities, further details of which are provided under Note 25.
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 consists primarily of 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	2020	2019
Net revenue	2	1,167,043	1,348,389
Other external expenses	5, 6	255,615	–322,911
Personnel costs	5, 7, 8, 33	757,098	–945,521
Profit/loss before depreciation/amortisation, EBITDA		**154,330**	**79,957**
Depreciation, amortisation and impairment losses	9, 13, 14, 15	75,620	–96,008
EBITA		**78,710**	**–16,051**
Acquisition-related items*	4, 9	11,270	–8,681
Operating profit/loss, EBIT		**67,441**	**–24,732**
Finance income		165	190
Finance costs		13,726	–12,319
Net financial items	10	**–13,561**	**–12,129**
Profit/loss after financial items		**53,880**	**–36,861**
Tax	26	–16,789	–3,342
Profit/loss for the period		**37,091**	**–40,202**
Attributable to:			
Parent Company shareholders		37,747	–39,699
Non-controlling interests		–655.2	–503.7
Basic and diluted earnings per share for the period, SEK		1.54	–1.62

*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	2020	2019
Profit/loss for the year		**37,091**	**–40,202**
Comprehensive income for the year		**37,091**	**–40,202**

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

Consolidated balance sheet

SEK 000s	Note	2020	2019
ASSETS			
Non-current assets			
Goodwill	13	597,298	597,436
Other non-current intangible assets	13	31,530	42,944
Property, plant and equipment	14	19,294	16,456
Right-of-use assets	15	161,145	170,996
Financial investments	17	3,241	3,260
Non-current receivables	19	28	119
TOTAL NON-CURRENT ASSETS		**812,536**	**831,211**
Current assets			
Trade receivables	20, 30	144,774	206,279
Accrued but not invoiced revenue	21	97,095	120,978
Current tax assets	26	–	–
Other receivables	19	24,025	10,918
Prepaid expenses	22	11,490	21,108
Short-term investments		771	571
Cash and cash equivalents	23, 31	42,784	28,779
TOTAL CURRENT ASSETS		**320,939**	**388,633**
TOTAL ASSETS		**1,133,475**	**1,219,844**
EQUITY AND LIABILITIES			
Equity	24		
Equity attributable to Parent Company shareholders		558,006	521,871
Non-controlling interests		–159	509
TOTAL EQUITY		**557,847**	**522,380**
Liabilities			
Provision for pensions and similar obligations		351	385
Non-current, interest-bearing liabilities	25	142,117	177,768
Lease liability	15, 25	89,118	106,017
Other liabilities	27	–	11,535
Deferred tax liabilities	26	21,471	21,109
TOTAL NON-CURRENT LIABILITIES		**253,057**	**316,814**
Current, interest-bearing liabilities	25	35,165	76,109
Liabilities to customers and suppliers	30	56,296	77,265
Lease liability	15, 25	61,468	69,752
Other liabilities	27	65,649	63,694
Accrued expenses and deferred income	28	103,993	93,830
TOTAL CURRENT LIABILITIES		**322,571**	**380,650**
TOTAL LIABILITIES		**575,628**	**697,464**
TOTAL EQUITY AND LIABILITIES		**1,133,475**	**1,219,844**

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 2019 according to balance sheet adopted	2,728	123,306	20	460,090	586,143	1,040	587,183
Profit/loss for the year				–39,699	–39,699	–504	–40,202
Other comprehensive income for the year				–	–	–	–
Total comprehensive income				**–39,699**	**–39,699**	**–504**	**–40,202**
Transactions with shareholders in their capacity as owners:							
Dividends paid				–24,555	–24,555		–24,555
Exchange rate differences				–19	–19	–28	–47
Closing balance at 31 December 2019 according to balance sheet adopted	**2,728**	**123,306**	**20**	**395,818**	**521,870**	**508**	**522,380**
Correction of Opening balance*				–1,195	–1,195	–	–1,195
Profit/loss for the year				37,747	37,747	–655	37,091
Other comprehensive income for the year				–	–	–	–
Total comprehensive income				**37,747**	**37,747**	**–655**	**37,091**
Transactions with shareholders in their capacity as owners:							
Exchange rate differences					–	–430	–430
Closing balance, 31 December 2020	**2,728**	**123,306**	**20**	**432,370**	**558,423**	**–577**	**557,847**

*The wrong tax rate was used in adjustment on consolidation of the Tax allocation reserve for 2019.

Consolidated cash flow statement

SEK 000s	Note	2020	2019
OPERATING ACTIVITIES			
Profit/loss after financial items		53,880	–36,861
Of which, net interest paid	10, 25	12,258	–11,802
Adjustments for non-cash items	32	85,975	113,486
Tax paid		–2,978	–6,247
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**136,877**	**70,378**
CASH FLOW FROM OPERATING ACTIVITIES			
Changes in operating receivables		78,471	22,037
Change in operating liabilities		–26,854	–14,883
CASH FLOW FROM OPERATING ACTIVITIES		**188,495**	**77,532**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		–11,247	–2,998
Purchase of non-current intangible assets		–1,397	–7,062
Sale of property, plant and equipment		740	326
Sale of subsidiaries		–	–635
Acquisition of subsidiaries incl. acquired cash funds	4	–	–24,971
Change in financial assets		88	–288
CASH FLOW FROM INVESTING ACTIVITIES		**–11,816**	**–35,627**
CASH FLOW BEFORE FINANCING		**176,678**	**41,904**
FINANCING ACTIVITIES	32		
Dividend paid		–	–24,556
Amortisation of loans		–58,886	–49,597
Repayment of lease liability		76,798	–74,902
Change in overdraft		–26,934	26,934
CASH FLOW FROM FINANCING ACTIVITIES		**–162,619**	**–122,120**
CASH FLOW FOR THE YEAR		**14,060**	**–80,216**
CASH AND CASH EQUIVALENTS AT START OF YEAR		**28,779**	**108,995**
Exchange rate difference in cash and cash equivalents		–55	–
CASH AND CASH EQUIVALENTS AT YEAR-END		**42,784**	**28,779**

Parent Company income statement and statement of comprehensive income

SEK 000s	Note	2020	2019
Net revenue	2	13,739	125,034
Other external expenses	5, 6	–7,631	–60,752
Personnel costs	5, 7, 8	–7,228	–23,203
Profit/loss before depreciation/amortisation, EBITDA		**–1,120**	**41,079**
Depreciation, amortisation and impairment of non-current intangible assets and property, plant and equipment	9, 13, 14	–62	–26,902
Operating profit/loss, EBIT		**–1,183**	**14,177**
Earnings attributable to investments in Group companies		–1,140	–
Finance income		–	109
Finance costs		–9,302	–8,510
Net financial items	10	**–10,443**	**–8,401**
Profit/loss after financial items		**–11,625**	**5,776**
Appropriations	11	–	11,785
Profit/loss before tax		**–11,625**	**17,562**
Tax	26	683	–8,085
Profit/loss for the period		**–10,943**	**9,477**
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME			
Profit/loss for the year		–10,943	9,477
Comprehensive income for the year		**–10,943**	**9,477**

Parent Company balance sheet

SEK 000s	Note	2020	2019
ASSETS			
NON-CURRENT ASSETS			
Non-current intangible assets		153	140
Property, plant and equipment	14	–	35,517
Investments in Group companies	16, 18	775,145	773,072
Deferred tax assets	26	4,934	2,788
Other long-term holdings of securities	18	3,200	3,200
TOTAL NON-CURRENT ASSETS		**783,432**	**814,717**
CURRENT ASSETS			
CURRENT RECEIVABLES			
Trade receivables	20, 30	47	1,169
Accrued but not invoiced revenue		–	–15
Receivables from Group companies		–	47,514
Current tax assets	26	–	–
Other receivables		1,354	1,490
Prepaid expenses		1,039	–
TOTAL CURRENT RECEIVABLES		**2,440**	**50,158**
Cash and bank balances	23	41,848	1,224
TOTAL CURRENT ASSETS		**44,288**	**51,382**
TOTAL ASSETS		**827,720**	**866,099**
EQUITY AND LIABILITIES			
EQUITY	24		
Share capital		2,728	2,728
Statutory reserve		20	20
TOTAL RESTRICTED EQUITY		**2,748**	**2,748**
Retained earnings		487,665	478,680
Profit/loss for the year		–10,943	9,477
TOTAL EQUITY		**479,470**	**490,905**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	26	–	–
Provision for pensions and similar obligations		–	69
Non-current, interest-bearing liabilities	25	140,660	207,285
Other liabilities	27	–	8,009
TOTAL NON-CURRENT LIABILITIES		**140,660**	**215,363**
CURRENT LIABILITIES			
Liabilities to customers and suppliers	30	7,308	2,513
Current, interest-bearing liabilities	25	35,165	91,250
Liabilities to Group companies		159,609	56,501
Other liabilities	27	1,252	6,703
Accrued expenses and deferred income	28	4,256	2,865
TOTAL CURRENT LIABILITIES		**207,590**	**159,832**
TOTAL LIABILITIES		**348,250**	**375,194**
TOTAL EQUITY AND LIABILITIES		**827,720**	**866,099**

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 2019 according to balance sheet adopted	2,728	20	503,209	505,958
Profit/loss for the year			9,477	9,477
Other comprehensive income for the year			–	–
Total comprehensive income	**–**	**–**	**9,477**	**9,477**
Transactions with shareholders in their capacity as owners:				
Dividends paid			–24,556	–24,556
Other			25	25
Closing balance at 31 December 2019 according to balance sheet adopted	**2,728**	**20**	**488,156**	**490,905**
Profit/loss for the year			–10,943	–10,943
Total comprehensive income			**–10,943**	**–10,943**
Transactions with shareholders in their capacity as owners:				
Dividends paid			–	–
Other			–491	–491
Closing balance, 31 December 2020	**2,728**	**20**	**476,722**	**479,471**

Parent Company cash flow statement

SEK 000s	Note	2020	2019
OPERATING ACTIVITIES			
Profit/loss after financial items		–11,625	5,776
Of which, net interest paid		7,867	–8,237
Adjustments for non-cash items	32	–443	26,816
Tax paid		–705	–
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**–12,774**	**32,593**
CASH FLOW FROM OPERATING ACTIVITIES			
Changes in operating receivables		41,441	75,841
Change in operating liabilities		98,222	–89,361
CASH FLOW FROM OPERATING ACTIVITIES		**126,889**	**19,072**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and non-current intangible assets		–75	1,417
Acquisition of subsidiaries	4, 16	–2,073	–30,975
Change in financial assets		–	318
CASH FLOW FROM INVESTING ACTIVITIES		**–2,148**	**–29,240**
CASH FLOW BEFORE FINANCING		**124,742**	**–10,168**
Financing activities			
Dividend		–	–24,556
Amortisation of loans		–57,184	–65,244
Change in overdraft		–26,934	26,934
Group contributions		–	11,785
CASH FLOW FROM FINANCING ACTIVITIES		**–84,118**	**–51,081**
CASH FLOW FOR THE YEAR		**40,623**	**–61,248**
CASH AND CASH EQUIVALENTS AT START OF YEAR		**1,224**	**62,473**
CASH AND CASH EQUIVALENTS AT YEAR-END		**41,848**	**1,224**

Notes to the financial statements

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 Swedish 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 of 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 to the financial statements.

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

Revised and amended accounting policies and disclosure requirements applying as of 2020 have not had any impact on PE and its Annual Report.

Amended accounting policies from 2021 onwards

A number of new or revised standards and interpretative statements come into effect from 2021 onwards and have not been adopted in advance when in the preparation of these financial statements. There is no plan for early adoption of new or amended standards effective from the beginning of the 2021 financial year. As regards anticipated effects on the financial statements from adoption 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.

Other

For better comparability with other companies on the market, PE has as of 1 January 2018 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 re-measurement of contingent considerations and gains/losses from the divestment of companies and operations.

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 cost on consolidation is established via an acquisition analysis on the occasion of the business combination. The fair value of identifiable assets acquired and liabilities assumed and any non-controlling interests identified at the acquisition date are determined in the acquisition analysis. For business combinations in which payment made, any non-controlling interests and the 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, in 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 are achieved in stages, goodwill is determined on the date that a controlling interest arises. Former holdings are measured at fair value and the change in value is 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 in which they are owned.

Subsidiaries

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

The financial statements of subsidiaries 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 consist of the proportional share of the net assets of the acquired business. 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 proportion is negative. The effects of all transactions with the minority interests are recognised in equity for as long as the controlling interest remains.

Elimination of transactions within the Group

Intra-Group receivables, liabilities, income and expenses, together with unrealised gains and losses arising from transactions between Group companies, are eliminated in their entirety in preparation of the consolidated accounts. 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 impairment.

Translation of foreign currencies

Transactions denominated in foreign currencies

Transactions in foreign currencies other than the functional currency are translated to 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. Any exchange rate differences arising during translation are recognised in the income statement. The functional currency is the currency in the primary economic environments where the companies in the Group conduct operations.

Financial statements of foreign operations

The Swedish krona (SEK), which is the Parent Company's functional currency and reporting currency, is used in the consolidated accounts.

The assets and liabilities of foreign operations, including goodwill and other surplus and deficit values on consolidation, are translated from the foreign operation's functional currency into the Group's reporting currency, SEK, at the exchange rate prevailing 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 as 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 using 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 commitment vis-à-vis its clients is detailed in the contract, with most contracts only having one performance commitment. For contracts with several commitments, the latter 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 at the time the contract is entered into and is allocated based on the value of the service relative to the total value of the performance commitment. The independent selling price is the price of the service when sold separately, in 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 takes place over time or at a given point in time. 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 to the Group's consulting services. The assessment of whether an asset has an alternative value is made at the time the contract is entered into, and no new assessment is made after this point. The Group takes account of the opportunity to utilise an asset that has not been completed for another client, in which case both contractual and practical limitations are allowed for. 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 limitations, for example significant costs that are 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 performed and the client opts to cancel the contract for any reason other 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 compensation 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. The degree of completion must be assessed 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 expected loss on an assignment is recognised immediately as reduced revenue in the income statement.

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.

Costs involved in obtaining a contract

Costs can arise in a project before work begins on performing 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 are to be capitalised as an asset and depreciated over the contract term. The Group applies the exception that contract costs are not capitalised if the contract is shorter than 12 months. These costs represent insignificant amounts, as the majority of contracts are for 12 months or less.

Service agreements in the balance sheet

Ongoing service assignments are measured in the balance sheet at invoiced 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.

Recognition of government grants and disclosures as to government subsidies

In accordance with IAS 20, government grants are recognised in the financial statements when there is reasonable assurance that the grant will be received and that the Company will satisfy the terms associated with the grant. Government grants to cover costs are recorded as accrued and are recognised as income systematically in profit/loss for the year in the same way and over the same periods as the costs that the grants are intended to cover. The grants are recognised as deductions from corresponding costs, as a reduction in costs.

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 fixed-interest period 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 recognition of goodwill, neither are they taken into account on initial recognition of assets and liabilities that affect neither recognised nor taxable earnings. Temporary differences that are attributable to investments in subsidiaries and 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 via 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 directly in the income statement.

Other intangible assets

Other intangible assets acquired by the Group consist of Customer relationships and Brands. These are recognised as cost less accumulated amortisation and impairments.

Costs incurred for internally generated goodwill and internally generated brands are recognised in the income statement 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 the income statement on a straight-line basis over the estimated useful life of an intangible asset, unless this period is indeterminable. Goodwill is tested for impairment annually or as soon as there are indications 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.

The estimated useful lives of acquired intangible assets are between five and seven years. Other intangible assets are subject to an amortisation period of between three and five years.

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 the income statement 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 on each reporting date and adjusted as required.

Lease activities and their recognition

The Group leases office premises, computers, machinery and vehicles. Leases are usually amortised over fixed periods of between two and five years. There are options to extend the leases, as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to lease and non-lease components based on their relative independent prices. For lease payments of properties for which the Group is a tenant, however, the Group has chosen not to separate lease and non-lease components and instead recognises them as a single lease component.

Terms, negotiated separately for each contract, comprise a large number of different contract terms. Leases do not include any special terms or restrictions other than that the lessor retains the rights to pledged leased assets. The leased assets may not be used as collateral for loans.

Up until the end of the 2018 financial year, leased property, plant and equipment were classified as either finance or operating leases. As of 1 January 2019, leases are recognised as right-of-use assets with a corresponding liability from the date the leased asset is made available to the Group.

Assets and liabilities arising from leases are initially recognised at net present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments
- variable payments that are linked to an index or interest rate, initially measured using an index or interest rate on the start date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Once the lease term has been established, the Company takes account of all available information offering a financial incentive to exercise an option to extend, or not to exercise an option to terminate a contract. Opportunities to extend a lease are only included in the lease term if it is reasonably certain that the lease will be extended.

The lease payments are discounted at the implicit interest rate for the lease. If this interest rate cannot be simply established, which is often the case for the Group's leases, the margin loan interest should be used. This is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and security.

The Group determines the margin loan interest by comparison with financing that has recently been obtained by a third party. A benchmark rate is thus obtained, which is then adjusted to reflect potential changes in financing conditions. In 2020, 3.75 percent was used.

The Group is exposed to possible future increases in variable lease payments based on an index or an interest rate, which are not included in the lease liability until they enter into force. When adjustments to lease payments based on an index or an interest rate enter into force, the lease liability is remeasured and adjusted against the right-of-use asset.

Lease payments are allocated between amortisation of the liability and rate. The rate is recognised in the income statement over the term of the lease in a manner that entails a fixed interest rate for the recognised lease liability for the respective period.

Right-of-use assets are measured at cost and include the following:

- the amount at which the lease liability was originally measured
- lease payments that were paid at or before the start date, less any benefits received in connection with the signing of the lease
- initial direct payments
- costs incurred to restore the asset to the condition stipulated in the terms of the lease.

Right-of-use assets are depreciated on a straight-line basis over their useful life or the term of the lease, whichever is shorter. If the Group is reasonably certain that a purchase option will be exercised, the right-of-use asset is depreciated over the useful life of the underlying asset.

Payments for contracts relating to leases of minor value and/or short-term leases are expensed on a straight-line basis in the income statement. Short-term lease contracts are contracts with a term of 12 months or less.

Options to extend and terminate contracts

Options to extend and terminate contracts are included in a number of the Group's leases relating to buildings and equipment. The terms are used to maximise flexibility in the management of assets used in the Group's operations. The majority of the options providing opportunities to extend and terminate contracts may only be exercised by the Group and not by the lessors.

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 2019 and 2020 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

Investments and other financial assets
Classification

The Group classifies its financial assets in the following categories:

- financial assets recognised at fair value either via other comprehensive income or via the income statement, and
- financial assets measured at amortised cost.

Investments in debt instruments are classified on the basis of the Group's business model for management of financial assets and the contractual conditions for the cash flows of the assets.

In the case of investments in equity instruments not held for trading, recognition is determined by whether the Group, at the time of acquiring the instrument, made an irrevocable choice to recognise the equity instrument at fair value via other comprehensive income.

The Group only reclassifies debt instruments in the event that the Group's business model to manage the instruments is changed.

Recognition and derecognition from the balance sheet

Acquisitions and divestments of financial assets are recognised on the transaction date, which is the date on which the Company undertakes to purchase or sell the asset. Financial assets are derecognised from the balance sheet when the right to receive cash flows from the instrument expires or is transferred, and the Group has largely transferred all risks and benefits associated with the right of ownership.

Measurement

Financial assets are measured initially at fair value plus, in the case that the asset is not recognised at fair value via the income statement, transaction expenses directly attributable to the acquisition. Transaction expenses attributable to financial assets recognised at fair value via the income statement, are recognised directly in the income statement.

Investments in debt instruments

Subsequently, investments in debt instruments are measured on the basis of the Group's model for management of the asset and the type of cash flows that the asset gives rise to.

The Group classifies its investments in debt instruments in three categories of measurement:

- *Amortised cost:* Assets held for the purpose of collecting contractual cash flows, in which these cash flows consist solely of principal and interest, are recognised at amortised cost. Interest income from such financial assets are recognised as financial income using the effective interest method. Gains and losses arising from derecognition from the balance sheet are recognised directly in income on the line Other gains and losses, together with exchange rate gains and losses. Impairment losses are recognised on a separate line in the income statement.

- *Fair value via other comprehensive income:* Assets held for the purpose of collecting contractual cash flows and for sale, in which the cash flows from the assets consist solely of principal and interest, are measured at fair value via other comprehensive income. Any changes in the carrying amount are recognised via other comprehensive income, with the exception of recognition of interest income, exchange rate differences and impairment losses, which are recognised via the income statement. When the financial asset is derecognised from the balance sheet, the accumulated profit or loss, which was formerly recognised via other comprehensive income, is transferred from equity to the income statement. Interest income from these financial assets are recognised as financial income using the effective interest method. Exchange rate gains and losses are included among other gains and losses. Costs of impairments are recognised on a separate line in the income statement.

- *Fair value via the income statement:* Assets that do not meet the requirements for recognition at amortised cost or fair value via other comprehensive income are measured at fair value via the income statement. A profit or loss for a debt instrument that is recognised at fair value via the income statement and that is not part of a hedging arrangement is recognised net in the income statement in the period in which the profit arises or the loss is incurred.

Impairment

The Group measures the future expected credit losses in connection with investments in debt instruments recognised at amortised cost or fair value with changes via other comprehensive income based on forward-looking information. The Group chooses provision method on the basis of whether there has been any material increase in credit risk or not.

In accordance with the rules of IFRS 9, the Group applies a simplified method for testing of impairment for trade receivables. In the simplified method, the provision for expected credit losses is calculated on the basis of the risk of loss over the term of the receivable and is recognised when the receivable is recognised initially.

Trade payables and other liabilities

Trade payables are commitments to pay for goods or services acquired within operating activities from suppliers. The amounts are unsecured and are mostly paid within 30 days. Trade payables and other liabilities are classified as current liabilities if falling due for payment within a year or less (or in the course of a normal business cycle if longer). Otherwise, they are recognised as non-current liabilities. These liabilities are initially recognised at fair value and subsequently at amortised cost, using the effective interest method.

Borrowing

Borrowing is initially recognised at fair value, net of transaction expenses. Borrowing is then recognised at amortised cost and any difference between the amount received (net of transaction expenses) and amount for repayment is recognised via the income statement spread over the term of the loan, using the effective interest method. Fees paid for loan facilities are recognised as transaction expenses for the loan to the extent that it is likely that the credit facility will be used in part or in full. In such cases, the fee is recognised when the credit facility is used. When there is no evidence that it is likely that the credit facility will be used in part or in full, the fee is recognised as an advance payment for financial services and is spread over the term of the loan commitment concerned.

Borrowing is derecognised from the balance sheet when the commitments have been settled, cancelled or have otherwise ceased. The difference between the carrying amount for a financial liability (or part of a financial liability) that has been extinguished or transferred to another party, and the payment made, including transferred assets that are not cash or liabilities incurred, is recognised in income.

Borrowing is classified under current liabilities unless the Group has an unconditional right to defer payment of the liability for 12 months or more after the end of the reporting period.

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 for the Group's assets, with the exception of assets for sale recognised according to IFRS 5, and deferred tax assets, are tested at each reporting date to determine whether there is any indication of impairment. 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, 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 takes account of risk-free interest and the risk that is 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 recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. Impairment of assets attributable to a cash-generating unit is in the first instance allocated to goodwill. Subsequently, impairment of the other assets included in the unit is applied on a proportional basis.

Impairment testing for financial assets

At each reporting date, the Company determines 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 recognised 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. Any 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 requirement 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 made to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, with a deduction for the depreciation or amortisation where relevant, if no impairment had been 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

PE distinguishes between defined contribution and defined benefit pension schemes. Defined contribution pension schemes are defined as those 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 that are attributable to work performed up until the reporting date. Other pension schemes are defined benefit schemes. The defined benefit pensions in place within PE 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 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 PE has pledged as collateral for the Company's 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

PE reports 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 are required to be taken into account when the income statement and balance sheet are adopted, but 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 PE will submit disclosures for each event in the Notes and the 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 for the legal entity, the Parent Company applying all IFRS standards and opinions approved by the EU where possible within the scope of the Swedish 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 2020 financial year have been amended in accordance with the details given above for the Group. The Parent Company applied IFRS 16 in the legal entity up to the end of 2019. In 2020, rights-of-use and related liabilities were transferred to the subsidiary PE Teknik & Arkitektur AB, as part of an endeavour to consolidate activities in that company.

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.

Financial guarantees

The Parent Company's financial guarantees mainly comprise guarantees on behalf of subsidiaries and associates. Financial guarantees are when a 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 9 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 is likely to 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, both received and paid, as appropriations.
- Shareholder contributions are transferred directly to equity with the recipient and are capitalised in shares and participations with the donor, to the extent that no need for impairment is identified.

Presentation format for income statement and balance sheet

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

Group information

Of the Parent Company's total purchases and sales measured in SEK, 0 percent (47) of purchases and 100 percent (27) of sales concern other companies within the entire group to which the Company belongs.

NOTE 2 Categories of revenue

Types of undertaking in contracts
PE is a multidisciplinary engineering and architectural consulting company with advanced expertise and project capability. The extensive know-how of PE's engineers, architects and specialists is integrated and generates value for clients and society. PE delivers knowledge-intensive services, such as feasibility studies, investigations and strategic planning, at all stages of the client's project. At the end of the 2020 financial year, the Company had a workforce of 964. This makes PE one of Sweden's leading engineering and architectural consulting firms. Some 13,000 assignments were performed during the year on behalf of 4,000 clients. The timing and significance of services delivered in all operating segments is detailed below:

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

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 undertakings in the particular project. In ongoing projects, remuneration is based on an hourly rate multiplied by the number of hours worked.

PE'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, PE is fully aware of the amount that will be charged, which is invoiced as the work is performed.

There are no discounts, deductions etc. that could constitute variable remuneration and thus be subject to assessment.

For information about the performance of obligations and how this is linked to revenue recognition, see the section 'Revenue' in Note 1.

Contract assets and contract liabilities
Service contracts regarding 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 PE recognises in the balance sheet.

Contract liabilities are recognised in the balance sheet in the case of advance billing, that is, when invoices have been sent to the client in advance. Service contracts are recognised in the balance sheet net, meaning that if the value of work in progress exceeds the amounts in 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 work in progress are recognised in current liabilities as 'Liabilities relating to ongoing service assignments'. For further information, see Note 21.

Timing of fulfilment of performance commitments
Revenue is recognised when control is transferred to the client, which happens over the term of the project as services are performed. 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.

Revenue breakdown
PE's revenue comprises one type of income relating to delivery of assignments to customers. Revenue is broken down based on the Company's business areas, which are separated into the segments according to which PE follows up its operations.

SEK million	2020	2019
Net revenue		
Architecture	162.4	183.2
Project Management	125.6	186.1
Societal Development	11.9	0.0
Architecture & Management	**300.0**	**369.3**
Building	305.5	352.3
Infrastructure	109.3	74.9
Building Environment	40.8	0.0
Civil Engineering & Infrastructure	**455.6**	**427.1**
Electrical, Telecommunications & Security	195.3	235.0
HVAC and Sanitation Design	124.4	126.6
Fire, Risk & Protection	76.7	95.2
Industry & Energy	48.8	96.3
Systems	**445.1**	**553.1**
Internal eliminations	–33.6	–1.2
Total	**1,167.0**	**1,348.4**

NOTE 3 Segment reporting

Operating segments are reported in a way that corresponds to the internal reports that are presented to the chief operating decision-maker. The chief operating decision-maker is the function that is responsible for allocation of resources and assessment of the results of the operating segments. In the Group, this function is identified as the Chief Executive Officer.
Segment Other includes Projektengagemang Sweden AB (the Group's Parent Company), Group adjustments that are not segment-specific and companies that cannot be categorised under other segments.

The Group is currently divided into three operating segments and one Other segment:

- **Architecture & Management.** Offers services in urban planning, architecture, landscape architecture and interior architecture, as well as project management and consulting in all stages of the building process, and on societal development and sustainability.
- **Civil Engineering & Infrastructure.** Offers services in areas such as building design, acoustics, geotechnics, energy, environment, sustainability, bridge and civil engineering design, railways, roads, water treatment and environmental impact.
- **Systems.** Offers services within areas such as HVAC and sanitation design, electrical and telecommunications engineering, security, fire protection, sprinkler systems, automation and digitalisation. The segment also includes Industry & Energy, which used to be a separate operating segment.
- **Other.** Parent Company and Group adjustments

Operations are monitored and assessed on the basis of segments and the units included, based on revenue trend, profit/loss before depreciation/amortisation (EBITDA) and operating profit/loss (EBIT). PE's view is that from an external reporting perspective this presents information about the business clearly and shows how operations are managed from an overall perspective.

SEK 000s	Architecture & Management	Civil Engineering & Infrastructure	Systems	Other/Items affecting comparability	Total
	2020				
Total net revenue*	299,955	455,591	445,136	–33,639	1,167,043
Of which, net revenue external clients	269,261	428,921	427,266	41,594	1,167,043
Of which, net revenue between segments	30,694	26,671	17,869	–75,234	0
Total growth, %	–18.8	6.7	–19.5	–	–13.4
– Of which, organic, %	–19.2	6.7	–19.5	–	–13.4
- Of which, acquired, %	0.5	0.0	0.0	–	0.0
Amortisation*	–20,402	–24,122	–19,515	–11,580	–75,620
EBITA*	3,850	43,930	22,577	8,353	78,710
Acquisition-related items*	–918	–8,834	–1,517	0	–11,270
Operating profit/loss, EBIT*	2,932	35,096	21,061	8,353	67,441
EBIT margin, %*	1.0	7.7	4.7	–24.8	5.8
Financial items					–13,561
Profit/loss after financial items*					53,880
Goodwill	107,358	298,995	194,392	–3,447	597,298
Accrued but not invoiced revenue	20,038	44,279	31,827	952	97,095
Average number of employees	228	326	372	58	984

SEK 000s	Architecture & Management	Civil Engineering & Infrastructure	Systems	Other/Items affecting comparability	Total
	2019				
Total net revenue*	369,316	427,131	553,149	–1,207	1,348,389
Of which, net revenue external clients	337,594	406,987	530,548	73,260	1,348,389
Of which, net revenue between segments	31,723	20,144	22,601	–74,468	0
Total growth, %	–5.0	70.7	–8.5	–	10.2
– Of which, organic, %	–11.5	–11.2	–13.2	–	–6.8
- Of which, acquired, %	6.5	81.9	4.8	–	17.0
Amortisation*	–19,599	–21,861	–26,367	–28,181	–96,008
EBITA*	–8,559	8,594	15,514	–6,380	9,168
Acquisition-related items*	1,712	–8,931	–1,461	0	–8,681
Operating profit/loss, EBIT*	–6,848	–337	14,053	–6,380	487
EBIT margin, %*	–1.9	–0.1	2.5	528.4	0.0
Financial items					–12,129
Profit/loss after financial items*					–11,642
Goodwill	107,358	298,995	194,392	–3,309	597,436
Accrued but not invoiced revenue	33,932	41,168	43,487	2,391	120,978
Average number of employees	273	361	449	115	1,198

*For the Architecture & Management, Civil Engineering & Infrastructure and Systems segments, Net revenue, EBITA, 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 consists exclusively of sales in Sweden, and mainly technology consulting services. For items affecting comparability, see Note 5.

NOTE 4 Business combinations and earnings

No acquisitions of subsidiaries were made in 2020. A contingent consideration relating to FAST Engineering Göteborg AB has been paid. A contingent consideration reserved with regard to Devo Engineering AB has been liquidated. No claims regarding this acquisition remain.

Acquisition-related items

SEK 000s	2020	2019
EBITA	78,710	–16,051
Amortisation of acquisition-related non-current intangible assets	–11,222	–11,331
Contingent consideration paid	–2,073	–
Contingent consideration reversed	2,026	–
Acquisition-related capital gain from sale of non-current asset	–	2,650
Acquisition-related items	**–11,269**	**–8,681**
Operating profit/loss, EBIT	**67,441**	**–24,732**

Effect of acquisitions made on Group's net revenue

SEK 000s	Net revenue 2020	Net revenue 2019	EBIT 2020	EBIT 2019
Architecture & Management	–	25,282	–	5,244
Civil Engineering & Infrastructure	–	205,473	–	35,158
Systems	–	28,727	–	3,457
	–	**259,482**	**–**	**43,859**

NOTE 5 Significant income statement items

	Group		Parent Company	
SEK 000s	2020	2019	2020	2019
Restructuring cost				
– impairment of right-of-use assets (offices)	–	–12,518	–	–12,518
- personnel	–	–12,701	–	–458
Total restructuring costs	**–**	**–25,219**	**–**	**–12,976**

NOTE 6 Auditor's fee and reimbursement of expenses

	Group		Parent Company	
SEK 000s	2020	2019	2020	2019
PWC				
Audit assignments	2,108	2,044	2,108	1,119
Auditing services in addition to audit assignment	16	176	16	76
Tax consulting	25	32	25	–
Other	18	18	18	–
Total PWC	**2,167**	**2,270**	**2,167**	**1,195**
Other auditors				
Audit assignments	3	50	–	37
Auditing services in addition to audit assignment	–	1	–	1
Other	3	–	3	–
Total, other auditors	**6**	**51**	**3**	**38**
Total	**2,173**	**2,321**	**2,173**	**1,233**

NOTE 7 Employees and personnel costs

Average number of FTEs and gender representation

	2020		2019	
SEK 000s	Women	Men	Women	Men
Parent Company	–	2	9	7
Subsidiaries	292	690	355	827
– Of which, Norway	1	2	1	2
– Of which, India	4	38	5	35
Group, total	**292**	**692**	**364**	**834**
Total, average number of FTEs	**984**		**1,198**	

Of the Group's average number of employees totalling 984 (1,198), 42 (40) are employed in India, 3 (3) in Norway and 939 (1,155) in Sweden.

Gender representation in the Board of Directors and among other senior executives

	2020	2019
Group	Proportion of women, %	Proportion of women, %
Board of Directors	**33%**	**12%**
Other senior executives	25%	22%

Remuneration and other benefits recognised as expenses

2020 Board of Directors, CEO and other senior executives	Base salary/ Directors' fee	Variable remu-neration*	Other benefits*	Pension ex-pense	Total
Chairman of the Board (Per-Arne Gustavsson), from December	34	–	–	–	34
Chairman of the Board (Per Göransson), up to end of November	376	–	–	–	376
Board member (Lars Erik Blom)	238	–	–	–	238
Board member (Britta Dalunde)	106	–	–	–	106
Board member (Öystein Engebretsen)	81	–	–	–	81
Board member (Carina Malmgren Heander)	215	–	–	–	215
Board member (Per Göransson)	15	–	–	–	15
Board member (Per-Arne Gustavsson)	–	–	–	–	–
Board member (Christina Ragsten)	125	–	–	–	125
Board member (Jon Risfelt)	137	–	–	–	137
CEO (Helena Hed), from December	250	–	–	22	273
Outgoing CEO (Per-Arne Gustavsson), up to end of November	2,909	–	–	–	2,909
Deputy CEO (Peter Sandberg)	1,606	–	35	381	2,021
Other senior executives (6)*	6,148	–	–	1,634	7,782
Total remuneration to Board of Directors, CEO and other senior executives	**12,240**	**–**	**35**	**2,037**	**14,312**

*In addition to the current management, see page 85, also includes Åsa Holmgren, Kjell-Åke Johansson, Linda Lönneberg and Tord Larsson-Steen.

2019 Board of Directors, CEO and other senior executives	Base salary/ Directors' fee	Variable remuneration*	Other benefits*	Pension expense	Total
Chairman of the Board (Per Göransson), from September 2019	87	–	–	–	87
Chairman of the Board (Per-Arne Gustavsson), May–September	117	–	–	–	117
Chairman of the Board (Gunnar Grönkvist), January–May 2019	171	–	–	–	171
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)	146	–	–	–	146
Board member (Per-Arne Gustavsson)	20	–	–	–	20
CEO (Per Hedebäck)	2,369	383	–	754	3,506
CEO (Per-Arne Gustavsson) from 17 September	647	–	–	–	647
Deputy CEO (Peter Sandberg)	1,841	192	66	382	2,481
Other senior executives (8)	7,356	106	148	1,724	9,334
Total remuneration to Board of Directors, CEO and other senior executives	**13,634**	**681**	**214**	**2,860**	**17,389**

Salaries and other remuneration allocated among senior executives and other employees

	Group		Parent Company	
Personnel costs	**2020**	**2019**	**2020**	**2019**
Salaries and other remuneration, senior executives	10,913	13,108	4,765	7,149
Salaries and remuneration, other employees	464,744	583,782	–	8,876
Total salaries and remuneration	**475,657**	**596,890**	**4,765**	**16,026**
Social security expenses excl. pension expenses	176,299	224,909	1,214	5,258
Pension expenses, senior executives	2,037	3,555	454	1,412
Pension expenses, other employees	62,871	71,311	–	956
Total personnel costs	**716,864**	**896,664**	**6,433**	**23,652**

Restructuring costs of SEK 12,701,000 were also incurred for 2019; see Note 5.

Of this amount, SEK 12,500,000 was paid in 2020.

Remuneration to the Board

No remuneration is paid for Board work where the individual is an employee of Projektengagemang and/or subsidiaries. At Projektengagemang Sweden AB (Publ), the AGM held on 19 May 2020 resolved to remunerate the external Chairman with a fee of SEK 350,000 per year, and to remunerate other external members with a fee of half that amount, SEK 175,000. In addition to the Board fee, the chairman of the Audit Committee is paid SEK 80,000 and its members SEK 40,000 each. The chairman of the Remuneration Committee and members are paid SEK 40,000 and SEK 20,000, respectively, in addition to Board fees.

Remuneration of senior executives in PE

Basis

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

Pensions

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

Other remuneration

This item consists, where applicable, of company cars and healthcare insurance.

Long-term share-based incentive programme

At the 2019 and 2020 AGMs, it was resolved to establish long-term share-based incentive programmes – the performance-based Share Purchase Programmes 2019 and 2020, respectively. The motivation for a share-based incentive programme is to increase and/or spread share ownership and/or exposure more widely among senior executives and to create a greater community of interest among the executives and shareholders of the Company. A personal, long-term ownership engagement on the part of key personnel may be expected to inspire greater interest in the business and its performance and to increase motivation and a feeling of belonging at PE. Share-based incentive programmes shall always be subject to resolution by the AGM or an EGM.

Share Purchase Programmes

	2020	2019
Number of participants still subscribing to programme and employed at the Company	22	12
Number of shares acquired	89,565	31,841
Allocation of matching shares according to programme	1	1
Maximum number of matching shares	89,565	31,841
Allocation of performance-based shares according to programme	1–4	1–4
Maximum number of performance-based shares	239,705	87,485
Allocation for year	–	–
Accumulated allocation	–	–
Period of operation	01/08/2020 – 31/07/2023	01/08/2019 – 31/07/2022

The performance-based Share Purchase Programmes 2019 and 2020 are offered to around 30 senior executives and other key individuals in the Group.

Participation in the Share Purchase Programmes 2019 and 2020 requires participants to acquire by their own means Series B shares ("Savings Shares") in the Company at market price on the Nasdaq Stockholm exchange for an amount corresponding to no more than 4.2 to 12.5 percent of the individual participant's fixed annual salary for the year concerned. If the Savings Shares are retained for the set three-year vesting period, starting on 1 August 2019 and 2020 ("Vesting Period") and certain conditions are satisfied, including continued employment in the Group for the entire Vesting Period, one Series B share in the Company will be received free of charge provided that the total shareholder return ("TSR") is positive during the vesting period, plus – provided that certain performance-based requirement are satisfied on an annualised basis during the three-year vesting period – a further one to four Series B shares in the Company. The maximum number of Series B shares in the Company that may be allocation in the Share Purchase Programmes 2019 and 2020 is limited to 252,000 and 400,000, respectively.

In neither 2019 nor 2020 were the conditions described above fulfilled, and as a result the Company made no provision for costs.

Cessation of employment

For the Chief Executive Officer and Deputy Chief Executive Officer, a notice period of six months applies both from the CEO and from the Company. In the case of termination of employment by the Company, the CEO is entitled to a severance payment of 12 months' salary and the Deputy CEO six months' salary. For other senior executives, standard industry practice applies.

NOTE 8 Pension expenses

	Group		Parent Company	
SEK 000s	**2020**	**2019**	**2020**	**2019**
Expenses for defined contribution schemes	64,948	74,866	454	2,368

According to the Swedish Financial Reporting Board, a pension scheme covering several employers is to be classified as defined contribution or defined benefit depending on the terms of the scheme. This is relevant for the Group, which has pension commitments secured via Alecta. The Group lacks information regarding such classification for the majority of the pension benefits earned. The pension scheme is therefore classified in its entirety as a defined contribution scheme. Pension insurance contributions for the year that are taken out in pension schemes covering several employers amount to SEK 64.9 million (74.9). The charges for 2021 are expected to be in line with charges for 2020. The solvency margin for Alecta was 148 percent (148) in December 2020.

NOTE 9 Depreciation/amortisation

	Group		Parent Company	
SEK 000s	**2020**	**2019**	**2020**	**2019**
Intangible assets	1,588	954	62	160
Acquisition-related intangible assets	11,222	11,331	–	–
Property, plant and equipment*	74,031	95,054	–	26,742
Total depreciation, amortisation and impairment losses	**86,842**	**107,339**	**62**	**26,902**
*Of which, depreciation for leased equipment	66,438	88,188	–	26,552

NOTE 10 Net financial items

	Group		Parent Company	
SEK 000s	**2020**	**2019**	**2020**	**2019**
Profit from investments in Group companies				
Dividends from subsidiaries	–	–	–	–
Result from participations and financial investments				
Dividends from Group companies	–	–	–	–
Result from financial investments	160	228	160	–
Interest income and similar income statement items				
Interest income, Group companies	–	–	–	110
Interest income, other	24	82	–	–
Other finance income	0	32	–	–1
Interest expenses and similar income statement items				
Interest expenses, Group companies	–	0	–	–3
Interest expenses, leases	–3,416	–3,438	–	–831
Interest expenses, other	–8,854	–8,279	–7,867	–7,497
Other finance costs	–1,474	–591	–2,736	–178
Net financial items	**–13,561**	**–12,130**	**–10,443**	**–8,401**

NOTE 11 Appropriations

Parent Company	**2020**	**2019**
Group contributions received	–	14,626
Group contributions paid	–	–2,841
Total	**–**	**11,785**

NOTE 12 Earnings per share

Group	**2020**	**2019**
Profit/loss for the year	37,746	–39,698
Earnings per share, SEK	1.54	–1.62
Proposed dividend per share, SEK	–	–
Proposed dividend	–	–

The calculation of earnings per share for 2020 and 2019 is based on profit/loss for the year attributable to the Parent Company's ordinary shareholders amounting to SEK 37,746 thousand (-39,698), and on the weighted average number of ordinary shares outstanding during the period amounting to 24,555,677 (24,555,677).

There is no dilution effect.

NOTE 13 Non-current intangible assets

2020, SEK 000s	Group					Parent Company		
	Goodwill	Customer relation-ships	Other intangible assets	Development expenditure	Total	Devel-opment expenditure	Other intangible assets	Total
Accumulated costs								
Opening balance, 01/01/2020	599,201	55,240	56,295	8,475	719,211	–	171	171
Purchases	–	–	1,397		1,397	–	75	75
Exchange rate differences	–138	–	–	–	–138	–	–	–
Closing balance, 31/12/2020	**599,063**	**55,240**	**57,692**	**8,475**	**720,470**	**–**	**246**	**246**
Accumulated depreciation/amortisation according to plan								
Opening balance, 01/01/2020	–36	–17,871	–21,231	–8,475	–47,613	–	–31	–31
Depreciation/amortisation for the year	–	11,072	–1,739	–	–12,811	–	–62	–62
Closing balance, 31/12/2020	**–36**	**–28,944**	**–22,969**	**–8,475**	**–60,424**	**–**	**–93**	**–93**
Accumulated impairment losses								
Opening balance, 01/01/2020	–1,729	–	–29,489	–	–31,218	–	–	–
Closing balance, 31/12/2020	**–1,729**	**–**	**–29,489**	**–**	**–31,218**	**–**	**–**	**–**
Planned residual values, 31/12/2020	**597,298**	**26,296**	**5,233**	**–**	**628,828**	**–**	**153**	**153**

2019, SEK 000s	Group					Parent Company		
	Goodwill	Customer relation-ships	Other intangible assets	Development expenditure	Total	Devel-opment expenditure	Other intangible assets	Total
Accumulated costs								
Opening balance, 01/01/2019	574,793	55,240	51,631	8,475	690,139	8,475	1,665	10,140
Purchases	–	–	7,062		7,062	–	2,379	2,379
Business combinations	24,385	–	–	–	24,385	–	–	–
Exchange rate differences	23	–	–	–	23	–	–	–
Divestments and disposals	–		2,398	–	2,398	–8,475	–3,873	12,348
Closing balance, 31/12/2019	**599,201**	**55,240**	**56,295**	**8,475**	**719,211**	**–**	**171**	**171**
Accumulated depreciation/amortisation according to plan								
Opening balance, 01/01/2019	–36	–6,839	–19,980	–8,475	–35,330	–8,475	–321	–8,796
Divestments and disposals	–	–	2	–	2	8,475	450	8,925
Depreciation/amortisation for the year	–	–11,032	–1,253	–	–12,285	–	–160	–160
Closing balance, 31/12/2019	**–36**	**–17,871**	**–21,231**	**–8,475**	**–47,613**	**–**	**–31**	**–31**
Accumulated impairment losses								
Opening balance, 01/01/2019	–1,729	–	–29,489	–	–31,218	–	–	–
Closing balance, 31/12/2019	**–1,729**	**–**	**–29,489**	**–**	**–31,218**	**–**	**–**	**–**
Planned residual values, 31/12/2019	**597,436**	**37,368**	**5,575**	**–**	**640,379**	**–**	**140**	**140**

Impairment testing for goodwill in cash-generating units

The balance sheet for PE recognises goodwill totalling SEK 597.3 million (597.4). The Group's intangible assets relate mainly to 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 acquired intangible assets consist of customer relationships totalling SEK 26.3 million (37.4).

The useful life of these other acquired intangible assets is three to seven years.

Goodwill and other intangible assets have been allocated to the lowest identifiable cash-generating unit. The former Industry & Energy segment is included in Systems as of 2019. All surplus values in Industry & Energy were thus transferred to Systems in 2019. 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 particular cash-generating unit. Cash-generating units are calculated on a segment basis. The following significant assumptions have been used:

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

Investment needs: The investment needs of operations are assessed on the basis of the investments required to achieve forecast cash flows in the current situation, without expansion investments. The level of investment has typically equated to the rate of depreciation for property, plant and equipment.

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

Long-term growth: In all valuations, a long-term sustainable rate of growth for beyond the forecast period has been assumed at 2 (2) percent, which is deemed to reflect long-term growth in the market. The same growth rate is assumed to apply to revenue during the forecast period.

Operating margin: The forecast operating margin is based on the Group's business plan.

Working capital and reinvestment needs: Needs have been assumed to be in line with 2020 and a growth rate equal to the long-term sustainable growth rate.

Discount rate after tax: This is established on the basis of 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 (WACC). This is based on assumptions about an average interest rate 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 for value in use, the Group's average discount rate for 2020 has been estimated at 11.02 percent (11.02) before tax and 8.75 percent (8.66) 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 in the Civil Engineering & Infrastructure segment would be justified even if the discount rate were raised by just over 1 percentage point, or if the operating margin were to be reduced by just over 1 percentage point. Other segments in the Group can justify goodwill values with changes to the discount rate and operating margin greater than 1 percentage point.

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. In the judgement of Company management, no reasonably anticipated changes to key assumptions for cash-generating units would lead to any need for impairment.

NOTE 14 Property, plant and equipment

	Group				Parent Company	
2019, SEK 000s	**Buildings and premises**	**Improvement expenditure, leasehold assets**	**Plant and equipment**	**Total**	**Plant and equipment**	**Total**
Accumulated costs						
Opening balance, 01/01/2020	0	4,325	48,977	53,302	–	–
Purchases	–	4,589	6,659	11,247	–	–
Divestments and disposals	–	–	–5,452	–5,452	–	–
Exchange rate differences	–	–	–241	–241	–	–
Closing balance, 31/12/2020	–	**8,913**	**49,942**	**58,856**	**–**	**–**
Accumulated depreciation/amortisation according to plan						
Opening balance, 01/01/2020	0	–1,580	–31,644	–33,225	–	–
Depreciation/amortisation for the year	–	–1,224	–6,369	–7,593	–	–
Divestments and disposals	–	–	4,743	4,743	–	–
Exchange rate differences	–	–	134	134	–	–
Closing balance, 31/12/2020	**–**	**–2,805**	**–33,137**	**–35,942**	**–**	**–**
Accumulated impairment losses						
Opening balance, 01/01/2020	–	–	–3,620	–3,620	–	–
Closing balance, 31/12/2020	**–**	**–**	**–3,620**	**–3,620**	**–**	**–**
Planned residual values, 31/12/2020	–	**6,109**	**13,185**	**19,293**	**–**	**–**

2019, SEK 000s	Group: Buildings and premises	Group: Improvement expenditure, leasehold assets	Group: Plant and equipment	Group: Total	Parent Company: Plant and equipment	Parent Company: Total
Accumulated costs						
Opening balance, 01/01/2019	1,726	2,367	150,909	155,002	32,087	32,087
Reclassification to right-of-use asset	–	–	–102,709	–102,709	–19,562	–19,562
Purchases	–	2,077	5,601	7,678	1,782	1,782
Business combinations	–	–	1,404	1,404	–	–
Divestments and disposals	–1,726	–119	–6,249	–8,094	–14,307	–14,307
Exchange rate differences	–	–	20	20	–	–
Closing balance, 31/12/2019	**0**	**4,325**	**48,977**	**53,302**	**–**	**–**
Accumulated depreciation/amortisation according to plan						
Opening balance, 01/01/2019	–158	–1,121	–87,729	–89,008	–23,097	–23,097
Reclassification to right-of-use asset	–	–	57,354	57,354	10,995	10,995
Business combinations	–	–	–1,082	–1,082	–	–
Depreciation/amortisation for the year	–	–579	–6,287	–6,866	–190	–190
Divestments and disposals	158	119	6,113	6,389	12,292	12,292
Exchange rate differences	–	–	–13	–13	–	–
Closing balance, 31/12/2019	**–0**	**–1,580**	**–31,644**	**–33,225**	**–**	**–**
Accumulated impairment losses						
Opening balance, 01/01/2019	–	–	–3,620	–3,620	–	–
Closing balance, 31/12/2019	**–**	**–**	**–3,620**	**–3,620**	**–**	**–**
Planned residual values, 31/12/2019	**–0**	**2,744**	**13,712**	**16,456**	**–**	**–**

NOTE 15 Leases

Carrying amounts in the balance sheet

Group, SEK 000s	2020	2019
Right-of-use assets		
Buildings	137,964	137,789
Plant and equipment[1]	7,736	5,531
Cars[1]	15,446	27,676
Total	**161,146**	**170,996**
Lease liabilities[2]		
Short-term	61,468	69,752
Long-term	89,118	106,017
Total	**150,586**	**175,769**

1 2019 Reclassification from Plant and equipment; see Note 14.

2 See Note 30 for term.

Right-of-use assets, Group

2020, SEK 000s	Buildings and premises	Plant and equipment	Total
Accumulated costs			
Opening balance, 01/01/2020	211,504	87,547	299,051
Right-of-use assets added/derecognised; net	22,968	–6,587	16,381
Closing balance, 31/12/2020	**234,472**	**80,959**	**315,432**
Accumulated depreciation/amortisation according to plan			
Opening balance, 01/01/2020	–61,198	–54,339	–115,537
Change in depreciation/amortisation; net of depreciation/amortisation for the year and derecognised right-of-use assets	–22,791	–3,440	–26,231
Closing balance, 31/12/2020	**–83,989**	**–57,779**	**–141,768**
Accumulated impairment losses			
Opening balance, 01/01/2020	–12,518	–	–12,518
Closing balance, 31/12/2020	**–12,518**	**–**	**–12,518**
Residual values 31/12/2020	**137,965**	**23,180**	**161,145**

Carrying amounts in the income statement

Group, SEK 000s	2020	2019
Amortisation of right-of-use assets		
Buildings	–52,138	–62,715
Plant and equipment	–5,617	–2,453
Cars	–8,683	–10,502
Total	**–66,438**	**–75,670**
Impairment of right-of-use assets		
Buildings	–	–12,518
Total	**–**	**–12,518**
Interest expenses (included in finance costs)	–3,416	–3,438
Expenses attributable to short-term leases (included in other external expenses)	–3,669	–8,098

Carrying amounts in the cash flow statement

Group, SEK 000s	2020	2019
Cash flow from operating activities		
Interest paid	–3,416	–3,438
Cash flow from financing activities		
Amortisation of lease liability	–76,798	–74,902
Other cash flow relating to leases	**–**	**–**
Payments relating to low-value/short-term leases	–3,669	–8,098
Total cash flow from leases	**–83,883**	**–86,438**

NOTE 16 Investments in Group companies

Parent Company	2020	2019
Carrying amount at start of year	**773,072**	**742,097**
Contingent consideration/Acquisitions	2,073	30,975
Impairment	–1,300	–
Shareholders' contribution	1,300	–
Carrying amount at year-end	**775,145**	**773,072**

SEK 000s Name	Company registration number	Registered office	Profit/loss for the year 2020	Equity, 31 December 2020	Share of equity, % 2020	Number of participa-tions 2020	Carrying amount 2020	Carrying amount 2019
Soleed Sweden AB	556710-3873	Stockholm	–6	1,127	100	4,000	1,252	1,252
Soleed Production AB	556674-6300	Stockholm	–182	196	100	1,000	–	–
PE KNSS AB	556278-2184	Köping	–5	173	100	100,000	100	100
PE Industri & Energi i Sverige AB	556731-8315	Skövde	1,772	2,605	100	36,000	2,605	5,980
Sture Byberg Ingenjörsbyrå AB	556244-3910	Gothenburg	–33	126	100	1,000	–	–
PE Teknik & Arkitektur AB	556896-8308	Stockholm	51,974	287,934	100	100,000	727,110	484,363
FAST Engineering AS	915923097	Skien	457	3,015	100	300	–	–
PE-Aristi	U74999TN2013PTC09267	Chennai	–1,638	–31,820	60	600	2,778	2,778
Integra Engineering AB	556481-8986	Trollhättan	2,005	26,107	100	5,000	26,054	259,054
Mats och Arne Arkitektkontor AB	556278-7977	Stenungsund	–264	15,284	100	1,000	15,246	19,546
Total investments in Group companies							**775,145**	**773,072**

NOTE 17 Financial investments

Group	2020	2019
Shares and participations	3,241	3,260
Total	**3,241**	**3,260**

Holdings of securities at year-end	Company registration number	Registered office	Share of equity, %	Carrying amount
2020				
Amrox Group AB	556614-5974	Stockholm	10	3,200
Other shares and participations				41
Total shares and participations				**3,241**
2019				
Amrox Group AB	556614-5974	Stockholm	10	3,200
Other shares and participations				60
Total shares and participations				**3,260**

NOTE 18 Non-current financial assets

Parent Company	Investments, Group companies	Other long-term securities	Total
2020			
Recognised cost at start of year	773,072	3,200	776,272
Newly acquired assets	2,073	–	2,073
Recognised cost at year-end	**775,145**	**3,200**	**778,345**
Residual value at year-end	**775,145**	**3,200**	**778,345**
2019			
Recognised cost at start of year	742,097	3,200	745,297
Newly acquired assets	30,975	–	30,975
Recognised cost at year-end	**773,072**	**3,200**	**776,272**
Residual value at year-end	**773,072**	**3,200**	**776,272**

NOTE 19 Non-current and other receivables

Group	2020	2019
Non-current receivables that are non-current assets		
Prepaid lease payment	–	88
Deposits	28	31
Total	**28**	**119**
Other receivables that are current assets		
Other advance payments	158	294
Swedish Agency for Economic and Regional Growth – aid for short-term working	10,283	–
Other current receivables	13,584	10,624
Total	**24,025**	**10,918**

NOTE 20 Trade receivables

Trade receivables are recognised after taking account of bad debt losses arising during the year, which amounted to SEK 1.1 million (2.0) in the Group. Bad debt losses in the Parent Company totalled SEK 0 million (0). Bad debt losses comprise both confirmed and expected bad debt losses. See also Note 29, which provides information about credit risks and age analysis.

NOTE 21 Accrued but not invoiced revenue

Group	2020	2019
Opening carrying amount	120,978	120,002
Increase via company acquisitions	–	191
Part-invoiced amounts	–1,187,872	–1,649,995
Accrued revenue	1,163,988	1,650,780
Closing carrying amount	**97,095**	**120,978**

In the balance sheet, ongoing projects are recognised net as either 'Accrued but not invoiced revenue' in current assets, or as 'Invoiced but not accrued revenue' in current liabilities.

In 2020, the opening balance has been invoiced in its entirety.

NOTE 22 Prepayments and accrued income

Group	2020	2019
Prepaid rental costs	–	5,443
Prepaid insurance costs	–14	1,921
Prepaid IT and licence costs	8,759	8,341
Other prepaid expenses	2,745	5,403
Total	**11,490**	**21,108**

NOTE 23 Cash and cash equivalents

	Group		Parent Company	
SEK 000s	2020	2019	2020	2019
Cash and bank balances	42,784	28,779	41,848	1,224
Total	**42,784**	**28,779**	**41,848**	**1,224**

In the case of bank deposits, certain accounts carry variable interest calculated according to the bank's daily deposit interest rate. The fair value of cash and cash equivalents amounts to SEK 42.8 million (28.8) for the Group and SEK 41.8 million (1.2) for the Parent Company.

NOTE 24 Equity

Period	Change in share capital	Series A shares	Series 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	100-for-1 share split			990,000	1,000
27/04/2015	3-for-1 share split[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
15/04/2018	Reclassification A to B	–224,000	224,000	–	1,950
07/06/2018	3-for-1 share split	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
May–Nov 2019	Reclassification A to B	97,476	97,476	–	2,728
30/04/2020	Reclassification A to B	–6,300	6,300	–	2,728
		5,392,224	**19,163,453**	**24,555,677**	

1 Split in which for every one share held, two Series A shares with ten votes and one Series B share with one vote were issued.

At year-end:	Number	Votes
Series A shares	5,392,224	10
Series B shares	19,163,453	1
Total	**24,555,677**	

Other contributed capital

Consists of 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 reserves

Restricted reserves may not be reduced via distribution of profit.

Unrestricted equity

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

Retained earnings

Comprises the 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	487,665,108
Profit/loss for the year	–10,942,645
	476,722,463
The Board proposes that retained earnings be appropriated as follows	
To be carried forward	**476,722,463**
	476,722,463

NOTE 25 Interest-bearing liabilities

	Group		Parent Company	
SEK 000s	2020	2019	2020	2019
Non-current liabilities				
Loans and credit	141,831	177,361	140,660	175,825
Lease liabilities	89,118	106,017	–	31,460
Other non-current interest-bearing liabilities	286	408	–	8,009
Total	**231,235**	**283,785**	**140,660**	**215,294**
Current liabilities				
Loans and credit	35,165	76,109	35,165	76,109
Lease liabilities	61,468	69,752	–	15,141
Total	**96,633**	**145,861**	**35,165**	**91,250**
Total interest-bearing liabilities	**327,868**	**429,646**	**175,825**	**306,544**

The liabilities are subject to certain conditions – covenants – linked to earnings and financial position.

	Group		Parent Company	
SEK 000s	2020	2019	2020	2019
Overdraft facility				
Available credit limit	60,000	60,000	60,000	60,000
Portion drawn	–	26,934	–	26,934

	Group		Parent Company	
SEK 000s	2020	2019	2020	2019
Revolving credit facility				
Available credit limit	100,000	100,000	100,000	100,000

	Group		Parent Company	
SEK 000s	2020	2019	2020	2019
Pledged assets for liabilities to credit institutions				
Floating charges	3,000	8,000	3,000	8,000

The average interest rate in 2020 was 3.75 percent (2.8).

NOTE 26 Income tax

	Group		Parent Company	
SEK 000s	2020	2019	2020	2019
Current tax expense (-)/income (+)				
Tax expense for the period	–15,847	–4,893	–	–
Adjustment of tax relating to previous years	–1,707	–4,143	–1,504	–
Deferred tax expense (-)/ income (+)				
Adjustment of deferred tax relating to previous years	–1,167	–3	1,113	–2
Deferred tax relating to temporary differences	–1,225	14,368	–2,370	266
Recognised deferred tax asset from loss carry-forwards	3,157	–8,670	3,443	8,348
Total recognised tax expense/ income	**–16,789**	**–3,341**	**683**	**–8,085**
Reconciliation of effective tax				
Profit/loss before tax	53,880	–36,861	–11,625	17,562
Tax at the current tax rate for the Parent Company	–11,530	7,888	2,488	–3,758
Impairment of goodwill on consolidation, shareholdings	–	–	–	–4,348
Non-deductible expenses	–1,818	–11,624	–1,262	–
Non-taxable income	–	18	–	–
Tax attributable to previous years	–2,874	–	–391	–
Other	–566	377	–153	21
Effective tax recognised	**–16,789**	**–3,341**	**683**	**–8,085**

At 31 December 2020, a net deferred tax liability of SEK 10.1 million is recognised in the Group, arising from temporary differences in non-current and current assets. At year-end, deferred tax assets amounted to SEK 5.7 million, mainly representing 20.6 percent of all the Group's remaining loss carry-forwards, totalling SEK 25.1 million. The loss carry-forwards have an indefinite period of time. Deferred tax assets and tax liabilities are classified as follows:

	2020		2019	
SEK 000s	Deferred tax assets	Deferred tax liabil-ities	Deferred tax assets	Deferred tax liabil-ities
Group				
Untaxed reserves	–	17,057	–	17,847
Non-current/current assets	12,966	23,105	23,831	28,114
Accrued expenses	548	–	–	–
Loss carry-forwards	5,177	–	1,020	–
Total	**18,691**	**40,162**	**24,851**	**45,961**
Parent Company				
Current assets	492	–	2,788	–
Loss carry-forwards	4,442	–	–	–
Total	**4,934**	**–**	**2,788**	**–**

NOTE 27 Other liabilities

	Group		Parent Company	
SEK 000s	2020	2019	2020	2019
Short-term				
VAT	17,766	19,743	–230	2,377
Personnel taxes and fees	27,326	35,817	1,474	475
Contingent consideration	–	3,811	–	3,811
Income tax liability	18,467	–	–	–
Other	2,090	4,323	9	41
Total	**65,649**	**63,694**	**1,252**	**6,704**
Long-term				
Contingent consideration	–	11,535	–	8,009
Total	**–**	**11,535**	**–**	**8,009**

NOTE 28 Accrued expenses and deferred income

	Group		Parent Company	
SEK 000s	2020	2019	2020	2019
Accrued holiday pay and salaries, incl. social security contributions	83,522	55,228	738	545
Accrued interest expenses	–	11	–	–
Accrued audit expenses	801	160	801	–
Accrued IT and licence expenses	161	6,927	–	–
Accrued consulting expenses	5,745	9,450	222	491
Restructuring reserve	201	12,701	–	458
Other accrued expenses	13,563	9,353	2,495	1,370
Total	**103,993**	**93,830**	**4,256**	**2,865**

NOTE 29 Financial instruments by category

The fair value of the Group's financial instruments is established via a 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.

31/12/2020 SEK 000s	Measured at fair value via profit/loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Of which fair value per level*		
Financial instruments, assets				**1**	**2**	**3**
Financial investments	3,241	–	–	–	–	3,241
Trade receivables	–	144,774	–	–	–	–
Short-term investments	771	–	–	–	–	771
Other non-current receivables	–	28	–	–	–	–
Total financial assets	**4,012**	**144,802**	**–**	**–**	**–**	**4,012**
Financial instruments, liabilities						
Liabilities to customers and suppliers	–	–	56,296	–	–	–
Other non-current liabilities	–	–	1,171	–	–	–
Interest-bearing liabilities, non-current	–	–	231,235	–	–	–
Interest-bearing liabilities, current	–	–	96,633	–	–	–
Total financial liabilities	**0**	**–**	**385,335**	**–**	**–**	**0**

31/12/2019 SEK 000s	Measured at fair value via profit/loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Of which fair value per level*		
Financial instruments, assets				**1**	**2**	**3**
Financial investments	3,241	–	–	–	–	3,241
Trade receivables	–	206,279	–	–	–	–
Short-term investments	571	–	–	–	–	571
Other non-current receivables	–	119	–	–	–	–
Total financial assets	**3,812**	**–**	**–**	**–**	**–**	**3,812**
Financial instruments, liabilities						
Purchase consideration recognised*	15,346	–	–	–	–	15,346
Liabilities to customers and suppliers	–	–	77,265	–	–	–
Other non-current liabilities	–	–	1,536	–	–	–
Interest-bearing liabilities, non-current	–	–	283,785	–	–	–
Interest-bearing liabilities, current	–	–	145,861	–	–	–
Total financial liabilities	**15,346**	**–**	**508,447**	**–**	**–**	**15,346**

*A recognised purchase consideration of SEK 12,009,000 was paid and liquidated via income in the amount of SEK 3,337,000.

Financial assets and financial liabilities measured at fair value in the balance sheet, or where disclosures are made regarding fair value, are classified at 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 category 3.

Financial assets and financial liabilities measured at fair value in the balance sheet, or where disclosures are made regarding fair value, are classified at one of three levels based on the information used to establish the fair value. No transfers were made between these levels in 2020 or 2019.

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 were made during the periods. For other financial assets and financial liabilities, the carrying amounts are deemed to correspond in all material respects to the fair values. Recognised purchase considerations and financial investments are measured based on future earnings forecasts.

NOTE 30 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 rates, financing and credit risks. The objective is to provide cost effective financing and to minimise the negative impact of market fluctuations on the Group's earnings. The Group's financial management is governed in accordance with the current finance policy, which is agreed by PE'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 operates monthly liquidity planning that covers all the Group's units. This planning is continually updated. The Group's forecasts also cover liquidity planning in the medium term. The 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 on behalf of 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 its debt. The Group assesses capital on the basis of its indebtedness. This key performance indicator is calculated as net debt/cash funds via EBITDA.

Interest rate risk

Interest rate risk is the risk of PE'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 2020 amounted to SEK 284 million (400). Total interest-bearing liabilities amounted to SEK 328 million (430), of which current liabilities totalled SEK 97 million (146). Interest-bearing liabilities are charged interest based on liquidity planning, interest expectations and current financing agreements. PE 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 (4.2).

Foreign exchange risk

Foreign exchange risk covers future business transactions, recognised assets and liabilities in foreign currency and net investments in foreign operations. PE'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 PE only deals with counterparties with the highest credit rating. These are above all 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 is made on an ongoing basis during the production period. Credit checks on the Group's clients are performed before a project is launched, during which information about clients' financial position is obtained from various credit rating companies.

The Group has prepared a credit policy for how to manage client credit. 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 indicated by the carrying amount in the consolidated balance sheet. On the reporting date, the total provision for doubtful trade receivables amounted to SEK 9.3 million (9.4).

Maturity structure of financial liabilities

Group 2020	Maturing within 1 year	Maturing in 1–2 years	Maturing in 3 years or later
Borrowings	35,868	36,586	105,438
Leasing	60,593	44,018	59,103
Other liabilities	65,649	47,182	–
Total	**162,110**	**127,786**	**164,541**

Group 2019	Maturing within 1 year	Maturing in 1–2 years	Maturing in 3 years or later
Borrowings	50,158	51,162	126,154
Leasing	80,724	64,922	95,211
Overdraft	26,934	–	–
Other liabilities	63,694	63,694	–
Total	**221,510**	**179,778**	**221,365**

Parent Company 2020	Maturing within 1 year	Maturing in 1–2 years	Maturing in 3 years or later
Borrowings	35,868	36,586	105,438
Other liabilities	1,252	–	–
Total	**37,120**	**36,586**	**105,438**

Parent Company 2019	Maturing within 1 year	Maturing in 1–2 years	Maturing in 3 years or later
Borrowings	50,158	51,162	126,154
Leasing	20,718	18,092	30,446
Overdraft	26,934	–	–
Other liabilities	6,703	–	–
Total	**104,513**	**69,254**	**156,600**

In 2020, rights of use and lease liabilities were transferred to the subsidiary PE Teknik & Arkitektur AB as part of a process to consolidate the Group's operations.

Credit facilities

Group 2020	Nominal	Drawn	Available
Bank loans	175,825	175,825	–
Overdraft facility	60,000	–	60,000
Revolving credit facility	100,000	–	100,000
Cash and cash equivalents including short-term investments	43,555	–	43,555
Total	**379,380**	**175,825**	**203,555**

Group 2019	Nominal	Drawn	Available
Bank loans	225,000	225,000	–
Overdraft facility	60,000	26,934	33,066
Revolving credit facility	100,000	–	100,000
Cash and cash equivalents including short-term investments	29,350	–	29,350
Total	**414,350**	**251,934**	**162,416**

Age analysis, trade receivables

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Not due	122,990	178,341	–	–
1–30 days overdue	1,774	7,913	–	-21
31–60 days overdue	1,313	673	–	–
61–90 days overdue	2,277	495	–	–
>91 days overdue	25,755	28,353	47	1,189
Total	**154,110**	**215,776**	**47**	**1,168**

Trade receivables impaired

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Opening balance	**–9,497**	**–7,720**	**–**	**–**
Trade receivables paid/settled	–913	–	–	–
Bad debt losses confirmed	2,632	1,886	–	–
Trade receivables impaired	1,560	3,663	–	–
Total	**9,337**	**–9,497**	**–**	**–**

NOTE 31 Pledged assets, contingent liabilities and contingent assets

	Group		Parent Company	
Pledged assets	**2020**	**2019**	**2020**	**2019**
For own liabilities and provisions				
Floating charges	3,000	8,000	3,000	8,000
Total pledged assets	**3,000**	**8,000**	**3,000**	**8,000**
Contingent liabilities				
Guarantees on behalf of subsidiaries	–	–	Unlimited	Unlimited
Total contingent liabilities	**–**	**–**	**–**	**–**

All pledged assets relate to the Group's credit facilities.

NOTE 32 Cash flow statement

	Group		Parent Company	
SEK 000s	**2020**	**2019**	**2020**	**2019**
Adjustments for non-cash items and other				
Depreciation, amortisation and impairment losses	86,842	107,339	62	26,902
Impairment, trade receivables	1,216	3,395	–	–
Capital gains/losses, divestments	–12	–222	–	–139
Change in provisions	–34	325	–69	69
Interest expenses not affecting cash flow	–11	–4	–	–15
Other	–2,026	2,652	–437	–0
Total	**85,975**	**113,486**	**–443**	**26,816**

31/12/2020

SEK 000s	Lease liability	Overdraft facility	Bank loans	Purchase consideration, non-current portion	Other loans	Total for financing activities
Closing balance, 31 December 2018	43,330	–	274,175	**13,535**	**374**	
Reclassification of operating lease on adoption of IFRS 16.	133,633	–	–	–	–	
Amortisation	–74,902	–	–49,175	–2,000	–	–126,077
Overdraft facility utilised	–	26,964	–	–	–	26,964
Additional leases/loans	73,708	–	–	–	1,578	1,578
Adjustment via income statement	–	–	–	–	–416	
Closing balance, 31 December 2019	**175,769**	**26,934**	**225,000**	**11,535**	**1,536**	
Amortisation	–76,798	–26,934	–49,175	–9,509	–202	–162,619
Additional leases/loans	51,615	–	–	–	–	
Adjustment via income statement	–	–	–	–2,026	–161	
Closing balance, 31 December 2020	**150,586**	**–**	**175,825**	**–**	**1,171**	

	Group		Parent Company	
SEK 000s	**2020**	**2019**	**2020**	**2019**
Unutilised credit facilities				
Total unutilised credit facilities:	203,555	162,416	203,555	162,416

NOTE 33 Government assistance related to Covid-19

	Amount received before 31 Dec	Amount to be received in 2021	Period concerned
Short-term furloughing	15,848	–	Apr–Sep 2020
Short-term furloughing	–	10,283	Oct–Dec 2020
Sick pay cost	2,745	–	Apr–Oct 2020

This assistance is recognised as income in its entirety in March to December 2020 and has reduced personnel costs. SEK 10.28 million of the assistance for short-term furloughing will be received in 2021 and is included in 'Other current receivables' in the balance sheet at 31 December 2020.

In addition to the government assistance, PE has been granted extra time to pay VAT, employer contributions and the retained tax deduction of SEK 99.9 million. The entire amount has been credited to the tax account and is not included in cash and cash equivalents. This balance has been netted against these items in the balance sheet, i.e. current receivables have been netted against current liabilities.

NOTE 34 Events after reporting period

There were no significant events after the end of the reporting period.

NOTE 35 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 are 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 13. As will be understood from the description in Note 13, changes in 2020 to the conditions on which these assumptions and estimates were based would have a significant impact on the value of goodwill.

Measurement of trade receivables and accrued but not invoiced revenue

Receivables and liabilities in work in progress for the Group total SEK 97 million (121). Accrued but not invoiced revenue is measured at invoicing amount with a reduction for confirmed 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 financial position. A general error in assessment could have a material impact, but is not deemed likely.

PE's trade receivables amount to SEK 145 million (206). The receivables are measured at amortised cost. The fair value is affected by several assessments, the single most significant one for PE being credit risk and as a result 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 36 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 2020 consolidated accounts comprise the Parent Company and its subsidiaries, together with the aforementioned PE or Group.

The Board of Directors and CEO declare 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 consolidated accounts were approved for publication by the Board on 1 April 2021. 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 5 May 2021.

Stockholm, 29 March 2021

Per-Arne Gustavsson
Chairman of the Board

Per Göransson
Board member

Lars Erik Blom
Board member

Carina Malmgren Heander
Board member

Jon Risfelt
Board member

Christina Ragsten
Board member

Helena Hed
President and CEO

Our auditor's report was submitted on 30 March 2021

PricewaterhouseCoopers AB

Camilla Samuelsson
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 report and consolidated accounts of Projektengagemang Sweden AB (publ) for the year 2020, with the exception of the Corporate Governance Report on pages 40–46. The annual report and consolidated accounts of the company are included on pages 34–80 of this document.

In our opinion, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company at 31 December 2020 and of its financial performance and its cash flows for the year then ended, in accordance with the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group at 31 December 2020 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 Swedish 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 report and consolidated accounts.

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 report and consolidated accounts are consistent with the content of the supplementary report that has been submitted to the parent company and group's audit committee, in accordance with article 11 of the Audit Directive (537/2014).

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 means that, based on our best knowledge and conviction, no prohibited services as 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 process

Focus and scope of the audit

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 key accounting estimates made based on assumptions and forecasts regarding future events, which by their very 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 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 materiality assessment. 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 on the basis of the financial statements.

Based on a professional judgement, we established certain quantitative materiality ratios, including for the financial reporting as a whole (see table below). 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.

Areas of particular significance

Areas of particular significance for the audit include those areas that, in our professional opinion, were the most significant for the audit of the annual report and consolidated accounts for the period in question. These areas are addressed within the scope of the audit of, and our standpoint on, the annual report and the consolidated accounts as a whole, but we do not issue separate statements about these areas.

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 SEK 623 million, of which goodwill represents SEK 597 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. Impairment testing, and thus carrying amounts, are dependent on the board's and management's estimates, 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 company 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 next year's budget and forecasts for the subsequent four years. A more detailed description of these assumptions is provided under Note 13. Impairment testing naturally includes a greater element of estimates and judgements from company management, which is why we have impairment testing of goodwill to be an area of particular significance in our audit. For accounting policies, please refer to pages 60–62 and Note 13 of the 2020 Annual Report.	In our audit we have focused in particular on how company management tests the need for impairment. We have carried out the following review procedures: • Evaluated Projektengagemang's impairment testing process. • Examined the way in which company management has identified cash-generating units and compared this with how Projektengagemang follows up goodwill internally. • Evaluated the reasonability of management's assumptions and performed sensitivity analyses for changes in management's assumptions. • With the support of PwC's internal valuation specialists, we have examined the accuracy of the calculation models and evaluated the reasonability of the discount rate used. • Compared the estimated value in use for Projektengagemang as a while, using its market capitalisation at 31 December 2020. • Evaluated management's forecast capability by comparing previous forecasts with actual outcomes. • Based on materiality confirmed that adequate note disclosures have been provided in the annual report.
Percentage-of-completion method in projects in progress and measurement 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 over time, with revenue being recognised in relation to the project's degree of completion. Invoices are sent at fixed points in accordance with the agreement with the client. This means that the timing of revenue recognition does not normally coincide with invoicing and payment by the client. Irrespective of whether projects are performed on a fixed-price or are billed on an ongoing basis, revenue recognition for projects always requires management to make assessments as to how the revenue should be recognised. Revenue recognition and measurement of outstanding receivables can be affected by various circumstances. For example, contract terms may change, expenses incurred may exceed those planned and discussions or negotiations may arise regarding delivery acceptance by the client. Revenue recognition from fixed-price projects performed over an extended period involves a greater risk of revenue, intentionally or unintentionally, being recognised in the wrong period and/or at the wrong amount. As a result of the element of estimates and judgements from company management, we have identified project accounting as an area of particular significance in our audit. For more information on accounting policies, please refer to page 59 and Notes 2, 20, 21 and 30 of the 2020 Annual Report.	In our audit, we have focused particular attention on how company management treated ongoing projects and specifically on allocation and valuation of balance sheet items related to project accounting, such as trade receivables, accrued income and prepaid income. We have carried out the following review procedures, among others: • Assessment of accounting policies applied. • Analysis of controls and procedures regarding project accounting. • Analytical review of provision for losses in projects. • Random checks on major projects as to whether they 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 in addition to the annual report and consolidated accounts

This document also other contains information, in addition to the annual report and consolidated accounts, which can be found on pages 1–33 and pages 84-91. "Other information" also includes the remuneration report, which is published on Projektengagemang's website. The board of directors and CEO are responsible for such other information.

Our opinion with regard to the annual report and consolidated accounts does not extend to this information, and we do not provide a statement of assurance concerning such other information.

In connection with our audit of the annual report and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is to a significant extent inconsistent with the annual report and consolidated accounts. During this review we also take account of the knowledge we have otherwise obtained during the course of the audit, and we assess whether the information in general appears to contain any material misstatements.

If, based on the work that has been carried out regarding this information, we conclude that the other information contains a material error, we are obliged to report this. We have nothing to report in this regard.

Responsibility of the board of directors and CEO

The board of directors and CEO are responsible for ensuring that the annual report and consolidated accounts are prepared and that they provide a true and fair view in accordance with the Swedish Annual Accounts Act and, as regards the consolidated accounts, in accordance with IFRS, as adopted by the EU, and the Swedish Annual Accounts Act. The board of directors and CEO are also responsible for such internal controls as they deem necessary to enable the preparation of an annual report and consolidated accounts that are free from material misstatement, whether due to fraud or error.

When preparing the annual report and consolidated accounts, the board of directors and CEO are responsible for analysing the company and group's ability to continue operating. Where applicable, they provide notification of circumstances that could affect the ability to continue operating and to use the assumption of continued operation. The assumption of continued operation does not apply, however, if the board of directors and CEO intend to liquidate the company, discontinue operations or do not have any realistic alternative to either of these options.

The board's audit committee shall, without it affecting the board's responsibility and duties in general, monitor the company's financial reporting.

Auditor's responsibility

Our objectives are to achieve a reasonable level of assurance that the annual report and the consolidated accounts as a whole do not contain any material misstatements, whether due to fraud or error, and to submit an auditor's report that contains our opinions. Reasonable assurance is a high level of assurance, but is no guarantee, that an audit carried out in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement if it exists. Misstatements can arise due to fraud or error, and are deemed material if individually or together they can be reasonably expected to impact the financial decisions that users make based on the annual report and consolidated accounts.

Further details of our responsibility as regards the auditing of the annual report and consolidated accounts can be found on the website of the Swedish Inspectorate of Auditors, Revisorsinspektionen: https://www.revisorsinspektionen.se/en/English/ 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 report and consolidated accounts, we have also audited the administration of the board of directors and CEO of Projektengagemang Sweden AB (publ) for 2020 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 directors' report, and that the members of the board of directors and CEO be discharged from liability for the financial year.

Basis for opinions

We have conducted the audit in accordance with 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.

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

Responsibility of the board of directors and CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. Any dividend proposal includes, among other things, an assessment of whether the dividend is justifiable with regard to the requirements that the type of business, size and risks of the company and group place on the size of the parent company and group's equity, consolidation requirements, liquidity and position in general.

The board of directors is responsible for the company's organisation and the administration of the company's affairs. This involves, among other things, continually assessing the company's and group's financial situation, and ensuring that the company's organisation is designed in such as way that accounting records, management of funds and the company's financial affairs in general are monitored satisfactorily. The CEO must conduct ongoing management in accordance with the board of directors' guidelines and instructions and, for example, take any measures necessary to ensure that the company's accounting is performed in compliance with the law and that funds are managed in a satisfactory manner.

Auditor's responsibility

Our objective for the audit of management, and therefore our statement on discharge from liability, is to obtain audit evidence to have a reasonable level of assurance to be able to assess whether any board member or the CEO in any significant respect:

- has taken any action or is guilty of any negligence that could lead to a liability to the company, or
- has in any other way acted in breach of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective for the audit of the proposed appropriation of the company's profit or loss, and therefore our statement about this, is to have a reasonable level of assurance to assess whether the proposal is consistent with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is no guarantee, that an audit carried out in accordance with generally accepted auditing standards in Sweden will always detect actions or negligence that could lead to a liability to the company, or that a proposal regarding the appropriation of the company's profit or loss is not consistent with the Swedish Companies Act.

Further details of our responsibility regarding the audit of management can be found on the website of the Swedish Inspectorate of Auditors, Revisorsinspektionen: https://www.revisorsinspektionen.se/en/English/ This description is part of the auditor's report.

Auditor's review of the corporate governance report

The board of directors is responsible for the corporate governance report on pages 40–46 and for ensuring that it is prepared in accordance with the Swedish Annual Accounts Act.

Our review has been carried out according to FAR's statement RevU 16 The Auditor's Examination of the Corporate Governance Statement. This means that our review of the corporate governance report has a different focus and is considerably less in scope than the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, subsection 2, points 2–6 of the Swedish Annual Accounts Act and Chapter 7, Section 31, subsection 2 of the same Act are consistent with the other sections of the annual report and consolidated accounts, and comply with the Swedish Annual Accounts Act.

PricewaterhouseCoopers AB, Torsgatan 21, Stockholm, Sweden, were appointed as Projektengagemang Sweden AB's (publ) auditors by the AGM on 19 May 2020 and have been the company's auditors since 1 June 2016.

Stockholm, 30 March 2021
PricewaterhouseCoopers AB

Camilla Samuelsson
Authorised Public Accountant

Board of Directors






Per-Arne Gustavsson, born 1952

Chairman of the Board

Board member since 2018

Chairman of the Board and CEO of Projektengagemang from 2006 until 2015. Board Chairman from May 2019 to September 2019. CEO from September 2019 to December 2020. Employed at the Company from January 2006 to September 2017 and from September 2019 to December 2020.

Not independent in relation to the Company's major shareholders

Education: M.Sc. Degree in Engineering from KTH Royal Institute of Technology

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

Shareholding: 2,216,048 A shares and 445,274 B shares indirectly owned via Projektengagemang Holding i Stockholm AB and 100,000 B shares owned privately

Per Göransson, born 1953

Board member

Board member since 2006

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

Education: M.Sc. Degree in Engineering from KTH Royal Institute of Technology

Other roles: Board member of G-Trading AB, Projektengagemang Holding AB and Projektengagemang Förvaltning AB

Shareholding: 2,175,628 A shares and 437,152 B shares indirectly owned via Projektengagemang Holding i Stockholm AB and G-Trading AB

Lars Erik Blom, born 1960

Board member

Board member since 2016

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

Education: M.Sc. Degree in Economics and Business from Stockholm University

Other roles: CEO of LK Finans AB and several Board positions within LK Finans AB's investment operations, Board member of FM Mattsson Mora Group, Its Nordic AB, TSS Holding AB, Uniwater AB, Delgivningsbyrån DeltraKravek AB, JEFF fastigheter AB, Tryggkredit Stockholm AB, Nextory AB, Visera AB, Novovent Modul AB and member of FM Mattsson Mora Group's Audit Committee and Chairman of LK-gruppen

Shareholding: 161,963 B shares indirectly via LK Finans AB

Carina Malmgren Heander, born 1959

Board member

Board member since 2017

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

Education: M.Sc. Degree in Economics and Business from Linköping University

Other roles: Group Director and Chief of Staff at SAS Group. Chair of the Board of Svenska Flygbranschen AB, Board member of the Confederation of Swedish Enterprise (Svenskt Näringsliv), Board member of Transportföretagen AB and Board member of Timezynk AB

Shareholding: 0

Christina Ragsten, born 1958

Board member

Board member since 2020

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

Education: M.Sc. Degree in Economics and Business from Stockholm University

Other roles: Board member of Forex Bank AB, Board member of Moment Management AB, Chairman of the Board of Naventi Fonder AB

Shareholding: 4,500 B shares

Jon Risfelt, born 1961

Board member

Board member since 2020

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

Education: M.Sc. Degree in Engineering from KTH Royal Institute of Technology

Other roles: Board member of Axentia Group Holding AB, CAB Group AB and Knowit AB (publ.) Board member of Bilia AB (publ.), Boule Diagnostics AB (publ.), Elos Medtech AB (publ.)

Shareholding: 7,924 B shares

Management




The work of Group management is under the supervision of the CEO. In 2020, Group management consisted of the CEO and six other individuals: Peter Sandberg, Deputy CEO/CFO; three heads of division Nicke Rydgren, Mathias Thorsson and Kjell-Åke Johansson; Åsa Holmgren Chief HR Officer (until end of Quarter 2); and Head of Infrastructure Business Area Linda Lönneberg.

As of 1 January 2021, Group management consists of Helena Hed, President and Chief Executive Officer, Peter Sandberg, Deputy CEO and CFO, Mathias Thorsson, Head of Development and Nicke Rydgren, Head of Business Support. Group management conducts regular operational reviews, led by the CEO.

Helena Hed, born 1975

President and CEO

Employee since 2020

Shareholding: 18,500 B shares

Peter Sandberg, born 1970

CFO and Deputy CEO

Employee since 2007

Shareholding: 309,000 A shares and 48,250 B shares, privately and via companies

Nicke Rydgren, born 1976

Head of Business Support

Employee since 2017

Shareholding: 100,000 B shares, privately and via companies

Mathias Thorsson, born 1971

Head of Development

Employee since 2016

Shareholding: 13,604 B shares

Key performance indicators, definitions

This report contains financial metrics that are not defined in IFRS. These financial metrics 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 metrics are considered to be necessary to be able to monitor and control the development of the Group's financial targets and it is therefore appropriate to publish them regularly. Below is a list of definitions of the key performance indicators used in this report.

Share-based metrics

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 ratios

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 metrics

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 equity recognised 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

Utilisation rate
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 metrics EBIT and EBITA, adjusted for acquisition expenses and integration expenses associated with significant acquisitions, together with listing 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. In the period January–December 2019, earnings were charged with SEK 25.2 million in items affecting comparability, consisting of restructuring costs. See Note 5.

SEK million	2020	2019
EBITA		**–16.1**
Discontinued businesses, restructuring	–	25.2
EBITA items affecting comparability		**25.2**
Adjusted EBITA		**9.2**

SEK million	2020	2019
Operating profit/loss, EBIT		**–24.7**
EBITA items affecting comparability	–	25.2
Items affecting comparability EBIT		**25.2**
Adjusted EBIT		**0.5**

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 metrics, is useful for investors, as it provides a basis for measuring operating earnings and the Company's ability to repay liabilities and invest in the business. Management uses these financial metrics, together with the most directly comparable financial metrics in IFRS, when evaluating operating earnings and value creation. These alternative performance metrics 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 metrics that are reported do not necessarily need to be comparable with similar metrics published by other companies. Reconciliations are presented in the tables below.

SEK 000s	**2020**	**2019**
Non-current, interest-bearing liabilities	231,235	283,785
Current, interest-bearing liabilities	96,633	145,861
Cash and cash equivalents including short-term investments	–43,555	–29,438
Net receivables (-)/debt	**284,312**	**400,209**
Net receivables (-)/debt	284,312	400,209
EBITDA	154,330	79,957
Leverage	**1.8**	**5.0**
Net receivables (-)/debt	284,312	400,209
EBITDA (adjusted earnings)	154,330	92,659
Adjusted debt	**1.8**	**4.3**
Operating profit/loss, EBIT	67,441	–24,732
Net revenue	1,167,043	1,348,389
Operating margin EBIT, %	**5.8**	**–1.8**
Operating profit/loss, EBIT (adjusted earnings)	67,441	487
Net revenue	1,167,043	1,348,389
Adjusted operating margin EBIT, %	**5.8**	**0.0**
Operating profit/loss, EBIT	67,441	–24,732
Acquisition-related items	–11,270	–8,681
EBITA	78,710	16,051
Net revenue	1,167,043	1,348,389
EBITA margin, %	**6.7**	**–1.2**
Operating profit/loss, EBIT (adjusted earnings)	67,441	487
Acquisition-related items	–11,270	–8,681
EBITA (adjusted earnings)	78,710	9,168
Net revenue	1,167,043	1,348,389
Adjusted EBITA margin, %	**6.7**	**0.7**
Operating profit/loss, EBIT	67,441	–24,732
Depreciation/amortisation and acquisition-related capital gain	–86,889	–104,689
Profit/loss before depreciation/amortisation, EBITDA	154,330	79,957
Net revenue	1,167,043	1,348,389
EBITDA margin, %	**13.2**	**5.9**
Operating profit/loss, EBIT (adjusted earnings)	67,441	487
Depreciation/amortisation and acquisition-related capital gain	–86,889	–104,689
Profit/loss before depreciation/amortisation, EBITDA (adjusted earnings)	154,330	92,659
Net revenue	1,167,043	1,348,389
Adjusted EBITDA margin, %	**13.2**	**6.9**

Projektengagemang – Share information

Projektengagemang Sweden AB (publ) was listed in 2018 in the Small Cap segment of Nasdaq Stockholm. The subscription price was SEK 47 per share. The first trading day was 19 June. The total number of shares in PE on 31 December was 24,555,677 and the number of votes 73,085,693. Of the total number of shares, 5,392,224 are A shares, representing 53,922,240 votes, and 19,163,453 are B shares, representing 19,163,453 votes. Only the company's B shares are listed on Nasdaq Stockholm.

Share price performance

The price of PENG B shares at year-end 2020 was SEK 23.70 per share. Compared to the price at the beginning of 2020, when a share cost SEK 15.05, the share price rose by 57 percent. Nasdaq OMX Small Cap Sweden PI rose by 23 percent in the corresponding period.

The highest share price in 2020 was SEK 26.70 and the lowest SEK 8.68. During the year, a total of 8,290,022 shares were traded via Nasdaq Stockholm. The number of shares traded per trading day averaged 32,897.

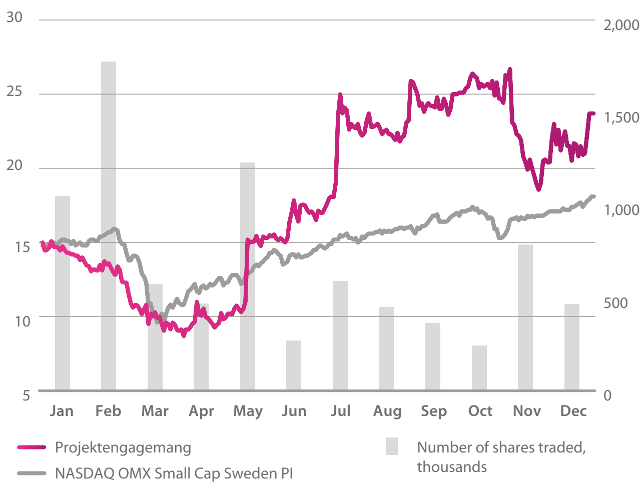
Dividend policy

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

Proposed dividend

Against the background of 2020 and the regulations that apply to companies that have placed employees on short-time working, the Board of Directors proposes that no dividend be paid (SEK 0 per share). The total dividend payment amounts to SEK 0 (0).

Share information



Largest shareholders at 30 December 2020

Name	Series A shares	Series B shares	Total	Votes, %	Capital, %
Projektengagemang Holding i Stockholm AB	4,391,676	882,426	5,274,102	61.30	21.48
Öresund, Investment AB	–	2,881,634	2,881,634	3.94	11.74
Protector Forsikring ASA	–	2,159,489	2,159,489	2.95	8.79
Sandberg, Peter, and companies	309,000	48,250	357,250	2.51	0.88
K-konsult Management AB	159,000	14,866	173,866	2.20	0.71
Zirkona AB	–	1,562,000	1,562,000	2.14	6.36
LK Finans AB	–	1,489,362	1,489,362	2.04	6.07
Ringstedt, Katarina	120,000	18,689	138,689	1.67	0.56
Humle Småbolagsfond	–	1,017,772	1,017,772	1.39	4.14
Lönneberg, Linda	54,000	75,853	129,853	0.84	0.53
Total, ten largest shareholders	**5,033,676**	**10,150,341**	**15,184,017**	**80.98**	**61.26**
Other shareholders	358,548	9,013,112	9,371,660	19.02	38.74
Total number of shares	**5,392,224**	**19,163,453**	**24,555,677**	**100.00**	**100.00**

Share distribution at 30 December 2020

Holdings	Number of shareholders	Series A shares	Series B shares	Capital, %	Votes, %
1–500	1,213	300	203,171	0.83%	0.28%
501–1,000	203	3,600	156,317	0.65%	0.26%
1,001–5,000	285	28,800	690,208	2.93%	1.34%
5,001–10,000	69	23,400	491,471	2.10%	0.99%
10,001–15,000	17	2,700	207,725	0.86%	0.32%
15,001–20,000	17	11,700	298,464	1.26%	0.57%
20,001–	103	5,321,724	17,116,097	91.38%	96.23%
Total, 30/12/2020	**1,907**	**5,392,224**	**19,163,453**	**100.00%**	**100.00%**

Change in share capital

Period	Transaction	Series A shares	Series 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	100-for-1 share split			990,000	1,000
27/04/2015	3-for-1 share split*	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 to B	-224,000	224,000		1,950
07/06/2018	3-for-1 share split	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
May–Nov 2019	Reclassification	97,476	97,476		2,728
30/04/2020	Reclassification	-6,300	6,300		2,728
		5,392,224	**19,163,453**	**24,555,677**	

Share split in which for every one share held, two Series A shares with ten votes and one Series B share with one vote were issued.

Number of shares and votes

At year-end	Number	Votes	Total number of votes
Series A shares	5,392,224	10	53,922,240
Series B shares	19,163,453	1	19,163,453
Total	**24,555,677**		**73,085,693**

Annual General Meeting

Projektengagemang's 2021 AGM will be held on Wednesday 5 May 2021.

Against the background of the coronavirus pandemic, the Board of Directors has decided that the 2021 AGM will be held without the physical presence of shareholders, representatives and outside interests, and that shareholders shall be offered the opportunity to exercise their voting right solely by post prior to the meeting. Details of the resolutions passed at the AGM will be published on 5 May 2021 once the results of the postal voting have been definitively confirmed.

Participation at the AGM

Shareholders wishing to participate in the AGM via postal voting must (i) be registered as a shareholder in the register of shareholders produced by Euroclear Sweden AB stating the conditions on Tuesday 27 April 2021, and (ii) advise the Company by casting their postal vote in accordance with the instructions under the heading "Postal voting" below, in such time that the postal vote is received by the Company no later than Tuesday, 4 May 2021. Participation in the meeting may only be advised by casting a postal vote.

In order to be entitled to participate in the AGM, shareholders who have registered their shares in the name of a trustee, must in addition to advising participation in the meeting by casting a postal vote, arrange for their shares to be re-registered in their own name such that the shareholder is included in the register of shareholders on the record date, Tuesday 27 April 2021 ("voting registration"). Such re-registration may be temporary and should be requested from the trustee, in accordance with the trustee's procedures, in such time in advance as the trustee determines. Voting registrations made by the trustee no later than Thursday 29 April 2021 will be included in the production of the register of shareholders.

Postal voting

Shareholders may exercise their voting right at the AGM only by voting in advance – "postal voting" – in accordance with Section 22 of the Swedish law (2020:198) on Temporary measures to facilitate companies and associations holding general meetings without risk to health. For postal voting, a special form must be used. The postal voting form is available at www.pe.se. The postal voting form is valid as notification of participation at the AGM. A completed and signed postal form must be sent by post to: Projektengagemang Sweden AB, Box 47146, SE-101 74 Stockholm, Sweden, or by e-mail till ir@pe.se. A completed and signed postal voting form must be received by the Company no later than 4 May 2021.

Shareholders are not permitted to attach special instructions or conditions to their postal vote. If this is done, the vote will in entirety be declared invalid. Further details and conditions are shown on the postal voting form.

If a shareholder casts his or her vote via a proxy, a form of proxy, in writing and signed by the shareholder, shall be appended to the postal voting form, together with any authorisation documents. A form of proxy is available at www.pe.se.

Shareholder's right to request information

The Board of Directors and the Chief Executive Officer shall, at the request of a shareholder and if the Board considers it may do so without material detriment to the Company, provide information as to circumstances that may affect the judgement of an item on the agenda for the meeting, circumstances that may affect the judgement of the Company's or a subsidiary's financial situation and the Company's relationship to another Group company.

Any request for such information must be made in writing to: Projektengagemang Sweden AB (publ), Box 11, Att. Arvid Linder, Årstaängsvägen 11, SE-100 74 Stockholm, Sweden, or via email to ir@pe.se. Such questions must be received by the Company by no later than 25 April 2021. The information will be available at the Company, at the address: Årstaängsvägen 11, SE-100 74 Stockholm, Sweden, and at www.pe.se by no later than 30 April 2021. The information may also be sent to shareholders who request it in this way and who provide their e-mail or postal address.

Financial calendar

5 May	Interim report January–March 2021
5 May	Annual General Meeting 2021
16 July	Interim report April–June 2021
29 October	Interim report July–September 2021
11 February 2022	Year-end report 2021

Postal address:
Box 47146
SE-100 74 Stockholm, Sweden

Visiting address:
Årstaängsvägen 11
117 43 Stockholm, Sweden
