

A photograph of three people (two men and one woman) sitting around a table, looking at a large sheet of paper, likely a blueprint or report. The woman on the left is wearing a blue sweater and holding a white pen. The man in the center is wearing a black sweater and glasses. The man on the right is wearing a grey sweater. A white mug is on the table. The background shows a wall with framed pictures.

Hifab

Annual Report
2019

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Should there be a discrepancy between the original Swedish version and the English translation, the Swedish version takes precedence.

Hifab in brief

Hifab is Sweden's leading project management company. We offer project management and strategic consulting services in the construction and civil engineering industry and actively contribute to the success of our clients. Our clients are located all over the country and employ us as specialists or for entire project management organisations. We are independent of planners and contractors and are happy to participate in projects from an early stage to ensure effective implementation. Internationally, Hifab offers project management to bilateral and multilateral aid agencies, with assignments in around ten countries around the world.

Our vision

Our vision is to be the market's leading project management company - the first choice of our clients and employees.

**THESE ARE
HIFAB'S
CHARACTERISTICS**

Our values

Our values are based on three key principles

- professionalism
- commitment
- cooperation

A long-term sustainable Hifab

Our ambition is to be an active player in the development of a sustainable society. We contribute to the UN's global sustainability goals by conducting operations responsibly. At Hifab, all employees are responsible for their own business relationships and to follow laws, voluntary agreements and our own code of conduct.

Our capabilities and services



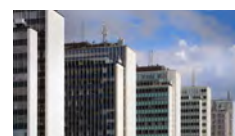
Infrastructure



Inspection



Construction Economics



Buildings



Energy



Industrial and process technology



Installation



International



Cultural heritage and building preservation



Development of premises



Environment and sustainability

Significant events 2019

Growth initiative for Hifab

During the year, Hifab implemented extensive growth initiatives in Sweden. Growth has been organic in locations with a long-term strong market and high demand for our services. The investments means that we have started a new market area and hired a large number of consultants throughout the country. We have also strengthened our leadership with several experienced managers that have broad experience in the market.

Change in Hifab's Board of Directors

Karin Annerwall Parö is the new chairman of Hifab. Karin has held several senior positions at Sweco, including as CEO of Sweco Systems AB and also been the environmental manager at Vattenfall. Today, she is self-employed as a leadership, strategy and business development consultant.

Petter Stillström, new board member. CEO of Traction since 2001 and member of Traction's board since 1997.

Rikard Appelgren and *Jessica Petrini* have resigned as chairman and board member, respectively.

Change in Hifab's management

In 2019, Hifab's management was joined by three new members:

Farshad Saba is the market area manager for the newly started Market Area East. Farshad comes most recently from Sweco where he previously was a regional manager.

Cecilia Cederloo is the new Head of Market Area North. Cecilia comes most recently from Prenova Bygg and Projektutveckling AB where she was CEO.

Krister Ledberg is the new head of the Market Area Central, which covers operations in the Stockholm region. Krister has worked at Sweco where he has held various senior positions for the past 10 years.



Hifab's key figures

Hifab's employees - Group:

The average number of employees in the Group **286 (295)**

Distribution between women and men in the group **29% women**
71% men

Hifab's employees - Sweden:

The average number of employees in Sweden **222 (215)**

Distribution between women and men in Sweden **33% women**
67% men

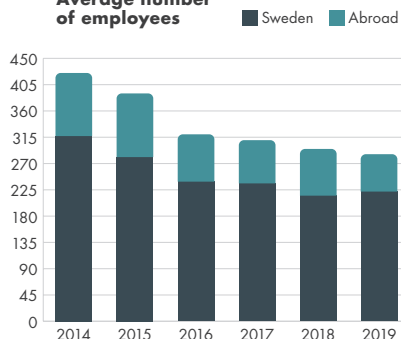
Average age in Sweden **45 (46) years**

Five years in summary for the Hifab Group

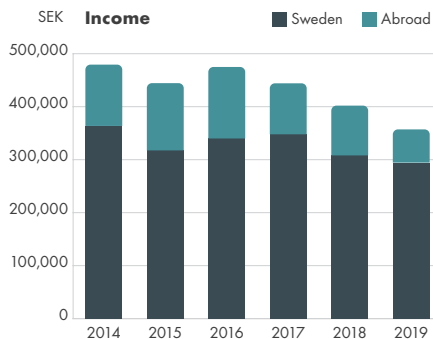
	2015	2015 ¹⁾	2016	2017	2018	2019
Income statement, TSEK						
Income	444,310	444,310	474,940	444,095	401,710	355,698
Operating profit in consulting operations	-39,904	-4,415	8,832	17,829	13,199	-11,018
Profit after financial items	-75,532	-4,443	7,566	17,249	13,243	-12,157
Taxes	10,077	977	-2,006	-4,208	-3,964	1,359
Profit for the year, attributable to the parent company's shareholders	-65,455	-3,466	5,560	13,041	9,279	-10,798
Balance sheet, TSEK						
Subscribed but not paid up capital	21,090	-	-	-	-	-
Fixed assets	34,775	25,709	34,842	30,323	24,649	51,972
Current assets	191,087	159,533	155,167	149,855	146,352	123 616
Shareholder's equity, attributable to the parent company's shareholders	57,315	66,070	62,965	76,111	77,648	59 580
Minority interest	44	44	44	44	44	44
Long-term liabilities	14,904	904	10,657	6,373	2,183	16,352
Current liabilities	174,689	118,224	116,343	97,650	91,126	99,612
Total assets	246,952	185,242	190,009	180,178	171,001	175 588
Earnings per share (SEK)	-2.15		0.09	0.21	0.15	-0.18

¹⁾ Excluding the one-off effect of the High Court Judgement.

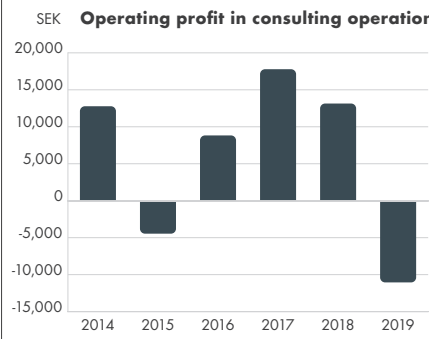
Average number of employees



Income



Operating profit in consulting operations



Comments from the CEO

Increased growth rate and new investments

During the year, we implemented extensive growth initiatives in Sweden, while at the same time slowing down our international operations, which were adapted to a changed project portfolio.

Growth has been organic at locations in Sweden with a long-term strong market and high demand for our services. The investment means that we have started a new market area, opened new offices in Linköping, Eskilstuna and Örebro, and hired a large number of consultants throughout the country. We have also strengthened the leadership with several experienced managers with proven experience in the market.

At the same time as recruitment has gained momentum, staff turnover continues to decline, which means that the growth rate has increased. During the year, the number of employees in Sweden increased by over 17%, which is a break in trend.

Disruptions in project operations and adapted project portfolio

The market has generally been strong in all our market areas, but we have been affected by several disruptions in project operations. Some assignments have been stopped, cancelled or delayed and procurement has taken longer. The result has been a temporary reduction in efficiency which, together with our aggressive recruitment policy, has contributed to a lower billing rate level. This is the main reason for the decline in earnings compared to the previous year.

We also had non-recurring costs corresponding to MSEK 8.0, which were charged to earnings. Of these costs, MSEK 3.2 is linked to the growth initiative, MSEK 3.8 to provisions for doubtful accounts receivable and MSEK 1.0 to restructuring costs in connection with efficiency improvements.

Due to intensified sales work in the market, the order pipeline has increased in both Sweden and internationally compared with the previous year. In parallel with this, we have restructured and streamlined in areas where business have not been good enough. With these measures, the billing rate has gradually improved and created the conditions for improved results going forward.

The slowdown on the international market and the reduced use of subconsultants in Sweden is the main reason for the decline in income in recent years. The reduction in efficiency has also contributed to lower sales. At the end of the year, growth in Sweden will start to have an effect which, together with efficiency improvements, will slow down the sales decline.



We have a positive assessment of the future general market situation in Sweden and internationally, where Hifab is active. In the coming years, a slowed growth rate in Sweden is expected, which will affect construction, primarily in the housing sector. The decline in new housing production is coming from a high level and is expected to be largely offset by increased infrastructure/facility construction and industrial buildings.

The judgments above do not take into account the new Covid-19 virus, which began to spread during the beginning of 2020 and quickly developed into a global pandemic. The overall effect is difficult to predict, but we can already see that it will have a big impact both in the short- and the long-term. The uncertainty is likely to create a slowdown before conditions for future investments have been clarified. Hifab here has an important role as a community builder to contribute with our expertise and experience, both in crisis situations and in the continued development of society.

We strengthen and develop our corporate culture

To unite the company and ensure that all employees have common values, we have undertaken extensive work to strengthen and develop our internal culture. We have, among other things, implemented leadership development programmes, consultancy and business training, and developed our code of conduct by including an anti-corruption policy and implementing a comprehensive anti-corruption programme.

This year's improvement activities and growth initiatives, combined with our efficiency and increased market presence, have created a stronger Hifab. Despite the uncertainty about the effects of the coronavirus spread, we look forward with confidence to 2020. We are ready and well-positioned to meet the market's need for qualified project management services, led by specialists who make us unique.

A handwritten signature in black ink that reads "Patrik Schelin". The signature is fluid and cursive, with a large initial 'P'.

Patrik Schelin, CEO, Hifab Group AB

A low-angle photograph of a construction crane and a building's steel framework against a sunset sky. The crane's lattice arm extends diagonally across the upper half of the frame, pointing towards the top right. Below it, the complex steel skeleton of a building under construction rises steeply, filling the lower half. The sky is a mix of soft orange, pink, and blue hues, suggesting the time is either dawn or dusk. The overall composition conveys a sense of industrial scale and upward growth.

Financial information 2019



The Hifab Group share

The Share

The stock is traded on the Nasdaq First North Growth Market. The share capital amounts to SEK 6,083,892 divided into 60,838,912 shares. The nominal value of each share is SEK 0.10

An A-share is entitled to ten votes and a B-share is entitled to one vote. After notification to the company's Board of Directors, A-shares can be converted into B-shares. The distribution between A-shares and B-shares shares is as follows:

Share class	Number of shares	% of capital	% of votes
Series A	1,562,666	2.6	20.9
Series B	59,276,246	97.4	79.1

Shareholder structure

On 30 December 2019, the five largest shareholders together accounted for 74.53 per cent (74.16) of the capital and 79.31 per cent (79.01) of the votes.

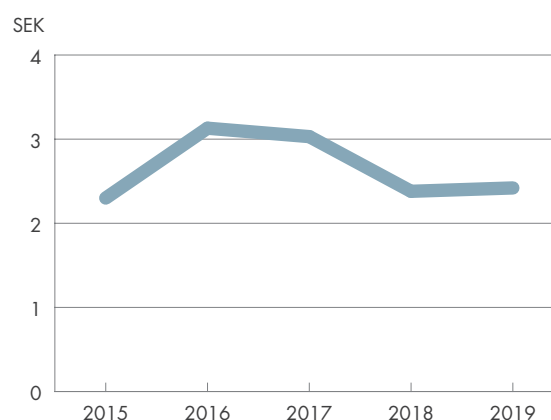
Foreign ownership amounted to 0.29 per cent (0.49) of the number of shares and 0.23 per cent (0.39) of the votes.

The ownership structure and the ten largest owners on 31 December 2019 are shown in the table on page 9.

Dividend

The Board of Directors has proposed to the Annual General Meeting that no dividend be paid for the 2019 financial year.

Share price development



Share capital development

Hifab Group's share capital has since 1998 developed as follows:

Year	Transaction	Share capital	Number of shares
1998	Targeted new share issue	704,000	7,040,000
1999	Targeted new share issue	719,000	7,190,000
1999	Exercise of warrants	779,000	7,790,000
2000	Targeted new share issue	799,146	7,991,456
2000	Targeted new share issue	927,146	9,271,456
2007	Targeted new share issue	1,011,946	10,119,456
2008	Directed new issue attributable to reverse acquisition	3,034,259	30,342,596
2009	Directed new issue attributable to reverse acquisition	3,041,946	30,419,456
2015	The registered number of shares as of 31 December 2015	3,041,946	30,419,456
2016	Preferential rights issue	3,041,946	30,419,456
2016	Registered number of shares as of 31 December 2016	6,083,892	60,838,912

Data per share before and after dilution

	2019	2018	2017	2016	2015	2014	2013	2012
The average number of shares	60,838,912	60,838,912	60,838,912	58,303,957	30,419,456	30,419,456	30,419,456	30,419,456
Number of shares at year-end	60,838,912	60,838,912	60,838,912	60,838,912	30,419,456	30,419,456	30,419,456	30,419,456
Earnings per share, attributable to the parent company's owner, SEK	-0.18	0.15	0.21	0.09	-2.15	0.34	0.34	0.55
Net cash flow per share, SEK	-0.29	-0.01	0.05	-0.64	0.67	0.17	-0.46	0.82
Equity per share, SEK	0.98	1.28	1.25	1.03	1.89	2.68	2.55	2.70
Dividend per share, according to the Board's proposal, SEK	0.00	0.12	0.12	0.00	0.00	0.40	0.20	0.50
The share price at the end of the financial year, SEK	2.42	2.38	3.03	3.13	2.30	6.10	7.90	6.70

Largest shareholders

Shareholders according to Euroclear Sweden AB 30/12/19	Number of Shares	Number of B Shares	Holding (%)	Votes (%)
AB Traction	924,000	31,820,000	53.82	54.82
Niras AB	0	5,748,339	9.45	7.67
Niveau Holding AB	638,666	3,430,000	6.69	13.11
Nordnet Pensionsförsäkring AB	0	1,425,860	2.34	1.9
Zirkona AB	0	1,357,314	2.23	1.81
Esilentio AB	0	1,000,000	1.64	1.34
Langermo, Astrid	0	757,156	1.24	1.01
Blixt, Thomas	0	700,000	1.15	0.93
Nordqvist, Anders	0	681,000	1.12	0.91
Carlsson, Bo Erik	0	665,000	1.09	0.89
Total – 10 largest shareholders – in terms of ownership	1,562,666	47,584,669	80.77	84.39
Total – other shareholders		11,691,577	19.23	15.61
Total 30-12-2019	1,562 666	59,276,246	100.00	100.00

Shareholders' structure

Shareholders according to Euroclear Sweden AB 30/12/19	Number of shareholders	Quantity sh A	Quantity sh B	Holding (%)	Votes (%)
1 - 500	711	0	143,293	0.24%	0.19%
501 - 1 000	215	0	188,417	0.31%	0.25%
1 001 - 2 000	168	0	287,803	0.47%	0.38%
2 001 - 5 000	189	0	679,459	1.12%	0.91%
5 001 - 10 000	84	0	660,549	1.09%	0.88%
10 001 - 20 000	56	0	880,579	1.45%	1.18%
20 001 - 50 000	52	0	1,601,362	2.63%	2.14%
50 001 - 100 000	18	0	1,245,653	2.05%	1.66%
100 001 - 500 000	23	0	4,226,369	6.95%	5.64%
500 001 - 1 000 000	8	1,562,666	5,581,249	9.17%	7.45%
1 000 001 - 5 000 000	3	0	6,213,174	11.26%	16.82%
5 000 001-10 000 000	1	0	5,748,339	9.45%	7.67%
10 000 001 -	1	0	31,820,000	53.82%	54.82%
Total	1,529	1,562,666	59,276,246	100.00	100.00

Management Report

The Board of Directors and the CEO of Hifab Group AB (publ), 556394-1987, based in Stockholm, are hereby authorised to present the annual report and consolidated accounts for the financial year 01/01/2019 – 31/12/2019.

Ownership

Hifab Group AB is listed on the Nasdaq First North Growth Market. At the end of 2019, Hifab Group AB had 1,529 (1,528) shareholders according to the official share register from Euroclear Sweden AB. For a more detailed description of Hifab Group AB's ownership structure, see the section "Hifab Group share", page 8–9.

Operations

Bror Hultström noted that the construction industry lacked independent consultants, so in 1947 he started Hifab and thus became the country's first independent construction project manager and employer's representative. Bror's success and ideas are still an important pillar of Hifab's business operations.

Hifab leads projects and processes towards set goals and actively contributes to the success of our clients. We offer project management and strategic consulting services within the construction and civil engineering industry. Hifab is also a leading player in Sweden when it comes to advising and managing environmental projects.

Internationally, we offer project management to public and private clients, with assignments in ten countries around the world.

Our employees have the skills required to plan and manage all types of construction and civil engineering projects. All employees have access to our overall expertise through internal networks and IT support. Our clients are located all over the country and employ us as either individual specialists or for entire project management teams. Our core values are based on the three values of professionalism, cooperation and commitment. Our entire business operation goes hand in hand with responsibility. We have therefore chosen to join the UN Global Compact initiative.

Organisation 2019

Hifab's operations are conducted in a segment where all operations are project management and have only geographical spread. The Parent Company in the Group is Hifab Group AB. Group-

wide functions such as finance, HR, administration, information and market communication etc. are managed by the subsidiary, HifabGruppen AB.

Hifab Group AB has an operating subsidiary. The construction and civil engineering sector accounts for most of the Group's turnover. International development projects worldwide have been an important part of Hifab's operations for more than 40 years.

The Group's operating subsidiaries are:

- HifabGruppen, which manages groupwide support functions.
- Hifab AB, which conducts project management in construction, civil engineering and environmental projects in Sweden
- Hifab DU Teknik AB, which is active in process technology
- Hifab International AB, which, together with the Finnish subsidiary Hifab Oy, handles international projects

Vision

Hifab is the market's leading project management company, our clients and employees' first choice.

Overall goals

The Group's overall financial goal is to reach a profit margin of 7% of turnover over a business cycle. In 2019, we implemented several measures and investments to strengthen our competitiveness and to increase our efficiency, supported by Hifab's long-term strategic plan. Hifab strives to secure our position as the market's leading project management company, the first choice of our clients and employees. The margin in 2019 was -3% (3%). Each company and department has its own performance goals, which are combined with clear goals within the market, environment, quality and staff development.

The report on financial position shows the Group's liabilities and shareholders' equity, which is divided into current liabilities of MSEK 99.6, long-term liabilities of MSEK 16.4 and shareholders' equity of MSEK 59.6. The report on changes in equity contains a specification of the various components which are included, page 18.

Our values

Commitment - cooperation - professionalism

Hifab has a decentralised organisation with a high degree of freedom where the Group's values serve

as a guideline. This allows the individual employee the liberty to act on his/her own, which our clients experience by being able to quickly address their needs. A great deal of work is being done on disseminating Hifab's values and getting a "we" feeling within the Group.

Market

Hifab is one of the leading suppliers of project and construction management services on the Swedish market. From 12 offices, we provide services to clients throughout Sweden. The distribution between public and private clients is even. Our focus is on maintaining a balanced client mix and increasing the proportion of assignments where we can offer entire project management teams.

The market for Hifab's services is generally good. The Swedish market continues to be strong in most segments, except for the private housing sector. Other markets where Hifab is active, especially in parts of Asia and Africa, we consider as stable.

Significant events during the financial year

The establishment of a new market area with a focus on growth was started in central Sweden in April. The investment is part of a whole that will give us the power to meet the needs of the market and create growth, not only in the new market area but also in existing operations.

In conjunction with the AGM, Karin Annerwall Parö was appointed the new chairman of Hifab Group AB.

In 2019, Hifab's Group Management was joined by three new members: Farshad Saba for newly started Market Area East, Cecilia Cederloo for Market Area North and Krister Ledberg for Market Area Central.

Group revenues and earnings

Consolidated revenues amounted to MSEK 357 (402). Operating profit in the business amounted to MSEK -11.0 (13.2). Profit after financial items was MSEK -12.2 (13.2). Earnings per share were SEK -0.18 (0.15). See Note 21.

During the year, Hifab carried out an extensive growth initiative, which took place organically in locations in Sweden with a long-term strong market and high demand for our services. Among other things, new offices in Eskilstuna and Örebro have been opened. We have also strengthened the leadership with several experienced managers with proven experience in the market.

Compared with the previous year, the Group's operating expenses have decreased by MSEK 35.

This decrease is largely attributable to decreased volume in our sub-consultancy business. The result also includes non-recurring costs equivalent to MSEK 8. Of these costs, MSEK 3.2 is linked to the growth initiative, MSEK 3.8 for uncertain accounts receivable and MSEK 1.0 for restructuring costs in connection with efficiency improvements.

The growth initiative has meant that we increased the number of employees during the year in the Swedish operations and thus received an increased staff cost of MSEK 3. In parallel, our staff turnover continues to decline.

The Group's turnover decreased during the year, which is due to the international operations as well as a reduced sub-consultancy business in the Swedish operations.

Cash flow and financial position

Cash and cash equivalents, including loans granted, amounted to MSEK 40.4 (52.8) at 31 December 2019. Interest-bearing liabilities amounted to MSEK 28.7 (6.0) and at year-end net interest-bearing assets in the Group amounted to MSEK -13.3 (26.8). The effect of Utility Rights assets is MSEK -26.0, where the single biggest reason is an extended lease agreement in Stockholm. Excluding this effect, net assets are MSEK 12.7.

The equity/assets ratio was 34 (45) %. The Group's equity including minority interests amounted to MSEK 59.6 (77.6).

Cash flow from operating activities before changes in working capital amounted to MSEK -0.3 (13.3). Changes in working capital amounted to MSEK 4.2 (-4.0). Cash flow from investing activities during the period amounted to MSEK -0.5 (1.2). Cash flow from financing operations was MSEK -20.8 (-11.3), with ongoing repayments of MSEK 4.0, dividends having been MSEK 7.3 and amortisation of lease debt with MSEK 10.2.

The Parent Company's cash flow from operating activities amounted to MSEK -5.7 (-0.8) and changes in working capital to MSEK 0.0 (0.0). Investment activities amounted to MSEK 5.1 (0.1). Cash flow from financing operations was MSEK 0.6 (0.6), with the dividend being MSEK 7.3, and amortisation MSEK 4.0.

Consulting activities

Hifab AB offers qualified project management services in the construction, civil engineering, environmental, energy and real estate sectors as well as process technology to optimise the profitability of the client's operations.

Hifab AB, together with its wholly-owned sub-

subsidiary Hifab DU Teknik, is represented in Sweden through 12 offices. Operations had turnover of MSEK 297 (308), with an operating profit before depreciation of MSEK -9.5 (13.5). The average number of full-time employees was 219 (211).

Hifab International AB, together with Hifab Oy in Finland, offers qualified project management services in international development projects, which are mainly financed by international development banks and aid agencies. Operations had turnover of MSEK 61 (94) and reported operating profit before depreciation of MSEK -2.8 (-0.2). The average number of full-time employees in Sweden and abroad was 67 (84).

The average number of employees in the company in 2019 was 286 (295) at year-end. With competent and competitive staff as the most important resource in the Group, the goal is to grow the business in Sweden by increasing our recruitment and continuously developing skills.

Parent Company

The Parent Company has 100% ownership in several companies in the Group. There were no employees in the company in 2019, rather they are in the various subsidiaries.

Sustainability, environment and quality

In Hifab's operations, our Code of Conduct is a core document. The Code of Conduct is based on the UN Global Compact, where Hifab has been a signatory member since 2016, and it encompasses principles of environment, working conditions, human rights and anti-corruption. Our Code of Conduct also contains our anti-corruption policy, which is annexed to our agreements with partners. Global Compact is reported annually and synchronised with our GRI work.

Hifab is quality certified according to ISO 9001 and environmentally certified according to ISO 14001. Our web-based, integrated operating system also includes the requirements set by the Swedish Work Environment Authority's regulations on systematic work environment work (SAM). Our quality and environmental goals are always based on a sustainability perspective where we focus on efficiency, resource management and client benefit.

In 2019, we have continued to focus on business ethics as it is one of Hifab's priority sustainability issues. In the past year, in collaboration with an external expert, we have developed a robust anti-corruption programme called the Integrity & Compliance Programme (ICP) and conducted training for our employees in business ethics, anti-corruption and compliance (regulatory compliance). We

have also developed our training business Hifab Pro and clarified our target orientation and implemented a comprehensive management development programme to strengthen our corporate culture. Within the working environment, we have conducted training for all managers regarding systematic working environment activities and developed a new company health care and health control programme for our employees. For more information, see separately our Sustainability Report 2019 at www.hifab.se.

The Board's activities during 2019

The Board of Directors of Hifab Group AB was elected in May 2019 and consists of five members. Karin Annerwall Parö was elected the new chairman, and Petter Stillström was elected a new member. Carl Östring, Jessica Petrini and Tomas Hermansson were re-elected. Rikard Appelgren declined re-election. No deputies have been elected. The employees are represented by Henrik Hederfors for Unionen and Göran Ingelhammar for The Swedish Association of Graduate Engineers/SACO unions. In September 2019 Jessica Petrini resigned from the board, and no replacement was appointed.

In 2019, the Board held six meetings, including the statutory meeting, and worked according to an established annual plan. The company's auditor attended the closing meeting.

Remuneration to senior executives

According to a decision at the last AGM, as well as the Board's proposal for the next AGM, the guidelines for remuneration (basic salary, variable salary, pension and other benefits) must be market-based and enable qualified senior executives to be recruited and retained. No benefits beyond normal practice are offered and no senior executives have options or convertibles from the company. Variable salary is always related to measurable goals. For senior executives, the general pension plan applies via ITP. The notice period for the CEO is nine months and for the other 3-12 months. The company's elected Board members are remunerated in accordance with the AGM's resolution.

Risks

Risks and uncertainties

All business operations are associated with a certain degree of risk. Hifab's operations are affected by a number of different factors, some of which are within the company's control while others are outside. Hifab regularly conducts a risk assessment of the Group's risks, intending to continuously

develop and strengthen the routines for ongoing risk monitoring. The Hifab Group's significant risk and uncertainty factors include business risks related to general economic development and willingness to invest in different markets, the ability to recruit and retain qualified employees, and the effect of political decisions. Furthermore, the Group is exposed to various types of financial risks, such as currency interest rates and credit risks. The Group's Board of Directors and senior management are responsible for risk management. The risks and uncertainties that the Parent Company and the Group may face are primarily related to changes in staffing, average pay, staff turnover and salary costs, all of which have a critical impact on profitability. Corruption risks have also been linked to sustainability risks, mainly in connection with projects in developing countries. For risks and risk management in general, see Note 31.

The company's future development

We have a positive assessment of the future general market situation where Hifab is active, both in Sweden and internationally. In the coming years, a slowing growth rate in Sweden is expected, which will affect construction, primarily in the housing sector. The decline in new housing production is coming from a high level and is expected to be largely offset by increased infrastructure/facility construction and industrial buildings.

Dividend

The following profits are available to the AGM, SEK:

	2019
Balanced profit	105,148,425
Premium fund	50,192,102
Profit for the year	-11,993,102
Profit to disperse	143,347,425

No dividend for the 2019 financial year is proposed:

New calculation is transferred	143,347,425
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Hifab's shareholders should be able to expect a reasonable dividend in relation to the company's earnings, but also reasonable in relation to the company's capital requirements. Based on the above, the Board proposes no dividend.

Financial Standing

The Group's results and financial position for the years 2015–2019 are summarised in the table below.

	2015	2015 ¹⁾	2016	2017	2018	2019
Income, TSEK	444,310	444,310	474,940	444,095	401,710	355,698
Operating profit in the consulting operations, TSEK	-39,904	-4,415	8,832	17,829	13,199	-11,018
Profit after financial items, TSEK	-75,532	-4,443	7,566	17,249	13,243	-12,157
Profit for the year, attributable to the Parent Company's shareholders, TSEK	-65,455	-3,466	5,560	13,041	9,279	-10,798
Total assets, TSEK	246,952	185,242	190,009	180,178	170,001	175,588
Shareholders' equity, attributable to the Parent Company's shareholders, TSEK	57,315	66,070	62,965	76,111	77,648	59,580
Quick ratio (%)	109	135	133	153	161	124
Equity ratio (%)	23	35	33	42	45	34
Return on capital employed (%)	-32	-7	13	21	16	-16
Return on equity after tax (%)	-114	-5	9	17	12	-18
Debt/equity ratio (GGR)	3.5	1.8	2.0	1.3	1.2	1.7
Average number of full-time employees	390	390	320	310	295	286

¹⁾ Excluding the one-off effect of the High Court judgment

Key Definitions

Income – Invoiced fees, expenses and sub-consultants

Quick ratio – Current assets, as a percentage of current liabilities

Equity ratio – Equity, as a percentage of total assets

Return on capital employed – Profit after financial items plus financial expenses, as a percentage of total assets less non-interest-bearing liabilities

Return on equity after tax – Profit after tax, as a percentage of equity

Debt/equity ratio – Short-term liabilities excluding client funds and long-term liabilities, in relation to equity

Average number of full-time employees – The average number of employees during the year, converted to full-time positions

Equity per share – Equity in relation to the number of shares at period-end

Net cash flow per share – Cash flow from operating activities (before investments) and before tax paid in relation to the average number of shares

Earnings per share – Profit for the year in relation to the average number of shares

Interest-bearing net assets – Cash and cash equivalents including credit granted with deductions for interest-bearing liabilities and unutilised overdraft facilities

Income Statement

– Group

TSEK	Note	2019	2018
Operating income			
Income	8	355,698	401,710
Other operating income	1	1,416	773
Total		357,114	402,483
Operating expenses			
Other external expenses	2, 29	-140,973	-176,020
Salaries and staff	3	-216,483	-213,110
Depreciation	12, 13, 14, 15	-10,676	-154
Total		-368,132	-389,284
Operating profit		-11,018	13,199
Profit from financial investments			
Profit from shares	4	-	-19
Interest income and similar income items	5	354	369
Interest expenses and similar income items	6, 30	-1,493	-306
Total financial income and expenses		-1,139	44
Profit after financial items		-12,157	13,243
Reported tax for the year	7	1,359	-3,964
Profit for the year		-10,798	9,279
Profit for the year attributable to the Parent Company's shareholders	21	-10,798	9,279
Minority shareholders		-	-
		-10,798	9,279
Statement of comprehensive income – Group			
Profit for the period		-10,798	9,279
Components that may later be reclassified to profit for the year:			
Foreign exchange differences when translating foreign operations		31	188
Tax attributable to components relating to other comprehensive income		-	-
Total other comprehensive income for the year, net after tax		31	188
Total profit for the year		-10,767	9,467
Total comprehensive income attributable to:			
Parent company shareholders		-10,767	9,467
Earnings per share before and after dilution based on earnings attributable to the parent company's shareholders during the year (expressed in SEK per share)	21	-0.18	0.15

Financial Standing Report

– Group

TSEK	Note	31/12/2019	31/12/2018
Assets			
Intangible assets			
Goodwill	11	15,954	15,954
Other intangible assets	12	275	458
Total intangible fixed assets		16,229	16,412
Tangible fixed assets			
Inventory	13,14	553	206
Right of use assets	15	25,649	-
Total tangible fixed assets		26,202	206
Financial assets			
Other long-term receivables	9	1,210	1,243
Total financial fixed assets		1,210	1,243
Deferred tax assets	7	8,331	6,788
Total fixed assets		51,972	24,649
Current assets			
Ongoing assignments	8,9,18	28,099	25,182
Advances to suppliers		-	179
Accounts receivable	9,10	66,714	73,557
Tax assets		6,158	7,218
Other receivables	9	996	960
Prepayments and accrued income	19	6,272	6,465
Cash and cash equivalents	9,23	15,377	32,791
Total current assets		123,616	146,352
Total assets		175,588	171,001

Financial Standing Report

– Group (cont.)

TSEK	Note	31/12/2019	31/12/2018
Equity and liabilities			
Equity			
Share capital	22	6,084	6,084
Other contributed capital		51,301	51,301
Conversion reserve		819	788
Retained earnings including profit for the year		1,376	19,475
Total equity attributable to the Parent Company's shareholders		59,580	77,648
Minority share of equity		44	44
Total equity		59,624	77,692
Long-term liabilities			
Liabilities to credit institutions	9, 24	-	2,000
Deferred tax liability	7	16	4
Long-term lease debt	15	16,191	-
Other long-term liabilities	9, 24	145	179
Total long-term liabilities		16,352	2,183
Current liabilities			
Liabilities to credit institutions	9, 24	2,678	4,000
Advance payment from clients	8	7,870	4,243
Accounts payable	9, 24	33,066	39,218
Short-term lease debt	15	9,825	-
Other current liabilities		17,991	13,875
Accrued expenses and prepaid income	25	28,182	29,790
Total short-term liabilities		99,612	91,126
Total equity and liabilities		175,588	171,001

Key figures per Share

	Note	Group 31/12/2019	31/12/2018
Number of shares at the end of the period	21	60,838,912	60,838,912
Equity, SEK		0.98	1.28
Dividend according to the Board's proposal, SEK		0.00	0.12

Key ratios definition, see page 14

Report on Change in Equity – Group

TSEK	Share capital	Other contributed capital	Conversion reserve	Retained earnings, including profit for the year	Total attributable to the parent company's shareholders	Minority interests	Total equity
Opening balance as of 1 January 2018	6,084	51,301	1,229	17,497	76,111	44	76,155
Changes in equity 2018							
Profit for the year				9,279	9,279		9,279
Effect of changed tax rules			-629		-629		-629
Exchange rate differences on conversion of foreign operations			88		188		188
Total profit for the year			-441	9,279	8,838		8,838
Dividend paid				-7,301	-7,301		-7,301
Closing balance as of 31 December 2018	6,084	51,301	788	19,475	77,648	44	77,692
Opening balance as of 1 January 2019	6,084	51,301	788	19,475	77,648	44	77,692
Changes in equity 2019							
Profit for the year				-10,798	-10,798		-10,798
Exchange rate differences on conversion of foreign operations			31		31		31
Total total profit for the year			31	-10,798	-10,767		-10,767
Dividend paid				-7,301	-7,301		-7,301
Closing balance as of 31 December 2019	6,084	51,301	819	1,376	59,580	44	59,624

Equity Account – Parent Company

TSEK	Share capital	Statutory reserve	Premium fund	Balanced profit	Profit for the year	Total equity
Opening balance as of 1 January 2018	6,084	200	50,192	93,169	13,973	163,618
Profit allocation, according to decision at this year's AGM				13,973	-13,973	-
Dividend				-7,301		-7,301
Profit for the year					12,608	12,608
Closing balance as of 31 December 2018	6,084	200	50,192	99,841	12,608	168,925
Opening balance as of 1 January 2019	6,084	200	50,192	99,841	12,608	168,925
Profit allocation, according to decision at this year's AGM				12,608	-12,608	-
Dividend				-7,301		-7,301
Profit for the year					-11,993	-11,993
Closing balance as of 31 December 2019	6,084	200	50,192	105,148	-11,993	149,631

Cash flow Statement

– Group

TSEK	Note	Group	
		2019	2018
Operating activities			
Operating profit		-11,018	13,199
Non-cash items	28	10,843	132
Interest received	5	354	369
Paid interest	6	-1,493	-306
Paid tax		967	-118
Total cash flow from operating activities before change in working capital		-347	13,276
Cash flow from change in working capital			
Change of work in progress		-2,738	-10,005
Change in operating receivables		7,000	12,577
Change in operating liabilities		-17	-6,524
Total change in working capital		4,245	-3,952
Cash flow from operating activities		3,898	9,324
Investment activities			
Acquisition of tangible assets	13, 14	-526	-
Acquisition of intangible assets	12	-	-550
Change in other financial assets		33	1,683
Cash flow from investments		-493	1,133
Financing activities			
Utilised check credit subsidiary		678	-
Bank loan repayment	9	-4,000	-4,000
Dividend		-7,301	-7,301
Amortisation of lease debt		-10,196	-
Cash flow from financing activities		-20,819	-11,301
The year's cash flow		-17,414	-844
Cash and cash equivalents at the beginning of the year		32,791	33,635
Exchange rate difference in cash and cash equivalents		-	-
Cash and cash equivalents at year-end		15,377	32,791

Income Statement

– Parent Company

TSEK	Note	Parent Company	
		2019	2018
Operating income			
Other operating income	1		12
Total		-	12
Operating expenses			
Other external expenses	2	-	-
Salaries and staff	3	-	-
Total		-	-
Operating profit		-	12
Profit from financial investments			
Profit from shares in group companies	4	-5,125	142
Interest income and similar income items	5	-	-
Interest expenses and similar income items	6, 30	-585	-907
Total financial income and expenses		-5,710	-765
Profit after financial items		-5,710	-753
Allocations			
Group contributions received		-	17,112
Group contributions made		-7,756	-
Total year-end allocations		-7,756	17,112
Profit before tax		-13,466	16,359
Reported tax for the year	7	1,473	-3,751
Profit for the year		-11,993	12,608

Total profit - Parent Company

TSEK	Parent Company	
	2019	2018
Profit for the year	-11,993	12,608
Total profit for the year	-11,993	12,608

Balance Sheet

– Parent Company

		Parent Company	
TSEK	Note	31/12/2019	31/12/2018
Assets			
Fixed assets			
Financial assets			
Shares in group companies	16	152,702	157,826
Other long-term receivables, group companies	20	7,694	6,512
Total financial fixed assets		160,396	164,338
Deferred tax assets	7	8,018	6,544
Total fixed assets		168,414	170 882
Current assets			
Current receivables, group		10,359	21,807
Cash and cash equivalents		-	-
Total current assets		10,359	21,807
Total assets		178,773	192 689

Balance Sheet

– Parent Company (cont.)

TSEK	Note	Parent Company	
		31/12/2019	31/12/2018
Equity and liabilities			
Restricted equity			
Share capital	22	6,084	6,084
Statutory reserve		200	200
Total restricted equity		6,284	6,284
Unrestricted equity			
Free reserves/balanced earnings		155,340	150,033
Profit for the year		-11,993	12,608
Total unrestricted equity		143,347	162,641
Total equity		149,631	168,925
Long-term liabilities			
Long-term debt credit institution	24	-	2,000
Liabilities to Group companies		19,385	17,762
Total long-term liabilities		19,385	19,762
Current liabilities			
Current liabilities of credit institutions,	24	2,000	4,000
Liabilities to Group companies		7,757	-
Accrued expenses and prepaid income	25	-	2
Total short-term liabilities		9,757	4,002
Total equity and liabilities		178,773	192,689

Cash Flow Analysis

– Parent Company

		Parent Company	
TSEK	Note	2019	2018
Operating activities			
Operating profit		-	12
Non-cash-flow accounting items	28	-	0
Interest received		-	-
Paid interest	6	-585	-907
Total cash flow from operating activities before changes in working capital		-585	-895
Cash flow from change in working capital			
Change in operating receivables		-	-
Change in operating liabilities		-	-
Total change in working capital		-	-
Cash flow from operating activities		-585	-895
Investment activities			
Disposal of fixed assets		-	251
Write-down of shares in subsidiaries		-	-
Cash flow from investments		-	251
Financing activities			
Financial transfers between Group companies		11,886	11,945
Amortisation of loan debt		-4,000	-4,000
Dividend		-7,301	-7,301
Cash flow from financing activities		585	644
The year's cash flow		0	0
Cash and cash equivalents at the beginning of the year		-	-
Exchange rate difference in cash and cash equivalents		-	-
Cash and cash equivalents at year-end		-	-

Accounting and valuation principles

1. Nature of the business

Hifab Group AB (publ) and its subsidiaries (hereafter collectively referred to as the "Group") provide project management and advice for sustainable development.

2. General information

Hifab Group AB (publ) with org.no. 556394-1987 is a Swedish limited company with its registered office in Stockholm.

The address of Hifab Group AB's head office is: Box 19090, 104 32 Stockholm and the visiting address is Sveavägen 167, 113 46 Stockholm.

The Hifab Group share is traded on Nasdaq First North as of October 7, 2008. Information on the share and owners can be found on pages 8-9.

The Annual Report for the year up to 31 December 2019 (including comparative figures up to and including 31 December 2018) was approved by the Board of Directors on 27 March 2020.

3. Accounting principles

3.1 Compliance with norms and laws

The consolidated accounts for Hifab Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU and the interpretative statements of the IFRS Interpretation Committee, approved by the European Commission for application within the EU. In addition, the Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 supplementary accounting rules for the Group, which specifies the additions to IFRS disclosures required by the provisions of the Swedish Annual Accounts Act.

New and revised existing standards, approved by the EU

3.2 New standards which came into force in 2019

The Group applies IFRS 16 leasing agreements from 1 January 2019. The standard has a leasing model for lessees, which means that virtually all leasing agreements are to be reported in the statement of financial standing. The right of use (the leased asset) and the liability is valued at the present value of future lease payments. The right of use also includes direct costs attributable to the signing of the lease. Depreciation of the right of use and interest expenses is reported in the income statement.

Hifab has analysed all of the Group's leasing agreements and evaluated the effects of the new standard on the Group's financial reports. IFRS 16 has had a positive effect on operating profit and a minor effect on profit after financial items. IFRS 16 has resulted in an increase in total assets. At the transition on 1 January, rights of use were reported for an amount of TSEK 21,045 and leasing liabilities of TSEK 21,045.

The Group leases mainly premises, cars and small office equipment. The lease agreements are normally written for fixed periods of 1-3 years. Options to extend and terminate agreements are included in a number of the Group's leasing agreements. The majority of the options that provide the opportunity to extend and terminate agreements can only be exercised by the Group and not by the lessors. The leasing agreements do not contain any special terms or restrictions that could mean that the leases would be terminated if the conditions were not fulfilled. The leased assets may not be used as collateral for loans.

The Group has applied the simplified transition method, modified retroactivity, and thus has not recalculated the comparative figures. Rights of use are valued at an amount corresponding to the lease liability before adjustment for prepaid and accrued leasing fees. A marginal loan rate has been set per leasing category. It amounts to 5% on leasing cars and 3% on premises. Leases that had a remaining lease period of fewer than 12 months at the time of the transition are reported as short-term contracts and are thus not included in the calculation. Also, use rights agreements with a new acquisition value of less than USD 5,000 have been classified as low value agreements and are not included in the reported liabilities or rights of use. See also Note 4.14 for a description of the applied accounting principles for leasing agreements.

In connection with the introduction of IFRS 16, the Group has made a new assessment of the number of commitments for operating leases as of 31 December 2018. The new assessment is TSEK 18,044.

Bridging operating leases according to IAS 17 as of 31 December 2018, to leasing debt according to IFRS 16 as of 1 January 2019

	TSEK
Commitments for operating leases at 31 December 2018	18 044
Discounting of the Group's marginal loan rate 3-5%	-877
Expiring short-term leasing agreements	-697
Expiring lease agreements for which the underlying asset is of low value	-467
	16 003

Other new amended standards that have come into force and apply for the 2019 financial year have had no material impact on the Group's financial reports.

3.3 New standards which have not come into force in 2019

The new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) but which enter into force for financial years beginning after 1 January 2020 or later have not yet begun to be applied by the Group. The new and amended standards and interpretations are not expected to have a material effect on the Group's financial reports.

4. Summary of significant accounting principles

4.1 General

The significant accounting principles that have been used in the preparation of these consolidated financial statements are summarised below.

In the consolidated financial statements, valuation has been made at cost, except in the case of certain financial instruments measured at fair value and at amortised cost.

The preparation of the financial statements following IFRS requires that company management make assessments and estimates and make assumptions that affect the application of the accounting principles and the reported amounts in the income statement and balance sheet. The assessments are based on the information available at each balance sheet date. Although these assessments are based on the best information available to management, the actual result may ultimately differ from the estimates.

4.2 Consolidated financial statements

The consolidated accounts include the parent company Hifab Group AB and those companies over which the parent company has controlling influence (subsidiaries). A controlling influence exists when the parent company influences the investment asset, is exposed to, or is entitled to a variable return from its involvement in the investment asset and can use its influence over the investment asset to influence its return.

The parent company makes a new assessment of whether controlling influence exists if the facts and circumstances indicate that one or more of the factors mentioned above have changed.

Consolidation of a subsidiary takes place from the date on which the parent company has a controlling influence and until the date it ceases to have a controlling influence over the subsidiary. This means that the income and expenses of a subsidiary acquired or divested during the current financial year are included in the consolidated

income statement and other comprehensive income from the date the parent company has the controlling influence until the day the parent company ceases to have the controlling influence.

The Group's earnings and components of other comprehensive income are attributable to the parent company's owner and non-controlling interests, although this leads to a negative value for non-controlling interests.

The accounting principles for subsidiaries have been adjusted as necessary to comply with the Group's accounting principles. All intra-Group transactions, balances and unrealised gains and losses attributable to intra-Group transactions have been eliminated in the preparation of the consolidated financial statements.

4.3 Business acquisitions

Business acquisitions are reported according to the acquisition method. The acquisition method means that the fair value of acquired assets and liabilities is determined as of the date on which control over the acquired company is obtained, which is also used as a basis for subsequent valuation following the Group's accounting principles. Transaction costs attributable to the acquisition are not included in the acquisition value of the subsidiary.

The difference between the acquisition value, the value of the minority and the fair value of previous holdings and the fair value of the acquired identifiable assets, liabilities and contingent liabilities are reported as goodwill. If there is a negative difference, the difference is reported directly in the income statement.

Minority shares are reported either as a proportionate share of the net assets acquired or at fair value, which is assessed per acquisition. The additional purchase price is reported at assessed fair value with subsequent changes recognised in the income statement.

In the case of incremental acquisitions, a fair value measurement is made at the time control is obtained. Revaluation effects on previously owned shares before control is obtained are recognised in the income statement. Increased or decreased ownership as the subsidiary is under continued control is reported as changes in equity.

Non-controlling interests are reported in equity in the consolidated financial statements, separate from the parent company's equity. Non-controlling interests are included in the Group's income and total income and are reported separately from the parent company's share as a distribution of the period's earnings and total earnings.

4.4 Cooperation arrangements

A cooperation arrangement is an arrangement over which two or more parties have a joint controlling influence. Cooperation arrangements are classified either as

a joint venture or as joint activities. Hifab Group AB has assessed their cooperation arrangements and established that they are joint ventures.

Holdings in joint ventures are reported using the equity method. According to the equity method, shares in joint ventures are recognised in the balance sheet at cost, adjusted for changes in the Group's share in joint ventures' net assets, less any decrease in the fair value of individual shares. When the Group's share of the losses in a joint venture corresponds to or exceeds its holdings in the joint venture (including any long-term holdings which, by their nature, form part of the Group's holdings in the joint venture), the Group does not report any further losses, unless the Group has undertaken commitments or payments made on behalf of joint ventures.

In transactions between Group companies and joint ventures, that part of unrealised gains and losses corresponding to the Group's share of the joint venture is eliminated. Dividends received from the joint venture reduce the carrying value of the investment.

4.5 Currency conversion

Hifab Group's consolidated accounts are reported in Swedish kronor (SEK), which is also the parent company's functional currency.

Foreign currency transactions are converted using the exchange rates applicable on the respective transaction dates (spot exchange rate). Receivables and liabilities and other monetary items in foreign currency are converted at the closing day rate.

Gains and losses on foreign currency due to conversion from such transactions and due to revaluation of monetary balance sheet items at the closing day exchange rates are recognised in the income statement under "other income" or "other expenses".

The subsidiaries' assets and liabilities have been converted to Swedish kronor at the prevailing rate on the balance sheet date. Revenues and expenses have been converted to the Group's reporting currency according to the average exchange rates for the reporting period. The differences arising from this method are recognised in other comprehensive income and accumulated in the revenue reserve in equity.

4.6 Reporting of income and expenses

The majority of the Group's contracts are on an ongoing basis where the client receives and consumes the benefit of the service at the time it is performed and thus the income is recorded at a certain time. Invoicing and income are based on price per hour.

A minor part of the Group's client contracts are fixed price agreements where each agreement is reviewed individually and analysed. For all existing contracts, the

degree of completion has been established. A contract's completion rate is determined by comparing expenses incurred on the balance sheet date with calculated total expenses. The degree of completion is determined based on the project manager's written assessments of completed work and estimated remaining work. Estimates regarding revenues, costs or the degree of completion of projects are revised quarterly. Increases or reductions in estimated revenues or costs that are due to a changed estimate are recognised in the income statement in the period they became known. In fixed price contracts, the client pays at agreed payment times and the assessment is that Hifab's performance does not create an alternative asset and that Hifab has a continuous right to payment for any cancelled service at which time the income is recorded over time. If the services delivered exceed the payment, an inventory is recorded (contract assets). If payments exceed the services provided, advances to clients (contractual debt) are recorded.

Operating expenses are recognised in the income statement when the goods are delivered or when the service is consumed.

Interest income is recorded at the maturity and calculated using the effective interest method.

Borrowing costs (interest expenses) are charged against profit/loss for the period to which they refer.

4.7 Goodwill

Goodwill consists of the difference between the acquisition value, the value of the minority and the fair value of previous holdings, and the fair value of the acquired identifiable assets, liabilities and contingent liabilities are reported as goodwill. If this value is negative, the difference is reported directly in the income statement.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is distributed to cash-generating units and measured for impairment annually, or more often in case of an indication of impairment.

Goodwill arising from the acquisition of associated companies is included in the carrying cost of participations in associated companies.

4.8 Tangible fixed assets

Tangible fixed assets are recognised at cost less accumulated depreciation and any write-downs. The acquisition value includes expenses that can be directly attributed to the acquisition of the asset.

Depreciation of tangible fixed assets is expensed so that the asset's acquisition value less the estimated residual value at the end of the useful life is amortised on a straight-line basis over its estimated useful life.

Other equipment (office equipment, office machines and vehicles) has been allocated a useful life of 5 years,

while computers and computer equipment have a useful life of 3 years.

4.9 Impairments

The reported values of the Group's assets, except for deferred tax assets measured in accordance with IAS 12 Income Taxes, and financial assets, measured in accordance with IFRS 9, are tested at each balance sheet date to assess whether there is any indication of impairment.

If any such indication exists, the recoverable amount of the asset or the cash-generating unit is calculated.

Impairment losses are recognised in the income statement.

4.10 Reporting of financial instruments

Initial accounting

Accounts receivable and debt instruments issued are recognised when they are issued. Other financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the instrument's contractual terms.

A financial asset (except for accounts receivable that does not have a significant financing component) or a financial liability is initially measured at fair value plus, in the case of financial instruments that are not measured at fair value through profit or loss, directly attributable transaction costs. A trade receivable without a significant financing component is valued at the transaction price.

Classification and subsequent valuation

Financial assets

On initial recognition, a financial asset is classified as valued at:

- accrued acquisition value
- fair value through other comprehensive income
 - debt instrument investment
- fair value through other comprehensive income
 - equity investment
- or fair value through profit or loss

All of the Group's financial assets meet the criteria that mean that they belong to the category of financial assets valued at amortised cost:

- They are held within the framework of a business model whose objective is to be held to obtain contractual cash flows
- At agreed times, the agreed terms give rise to cash flows that are only payments of principal and interest on the outstanding capital amount

The valuation at amortised cost is made using the effective interest method. The accrued acquisition value is reduced by write-downs. Interest income, foreign exchange gains

and losses and write-downs are recognised in the income statement. Gains or losses arising from cancellation are recognised in profit or loss.

Financial liabilities

Financial liabilities are reported as measured at amortised cost or fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as held for trading purposes or as a derivative.

All of Hifab's financial liabilities are classified as financial liabilities valued at amortised cost. Interest expenses, effects of changes in expected cash flows and exchange rate gains and losses are recognised in the income statement. Gains or losses on removal from the accounts are also recognised in the income statement.

Amortised cost

Amortised cost refers to the amount to which the asset or liability was initially recognised less deductions for amortisation, additions or deductions for accumulated accrual according to the effective interest method of the initial difference between the received/paid amount and the amount to be paid/received on the due date as well as the deduction for write-downs.

The effective interest rate is the interest rate that, when discounting all future expected cash flows over the expected maturity, results in the initially reported value of the financial asset or financial liability.

For accounts receivable and accounts payable and other current receivables/liabilities where the expected maturity is short, accounting is made at the nominal amount without discounting.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and other short-term investments with a maturity within three months from the date of acquisition, which can be easily converted into cash and are subject to a negligible risk of changes in value.

Impairment of financial assets

The Group recognises loss reserves for expected credit losses on financial assets valued at amortised cost.

For long-term receivables and cash and cash equivalents, the principle applies that the loss reserve is valued at an amount corresponding to expected credit losses for the remaining term, except for the following, which are valued at 12 months expected credit losses:

- receivables and bank balances that have a low credit risk on the balance sheet date
- receivables and bank balances for which credit risk has not increased significantly since the first reporting date.

Due to the very low loss risks on Hifab's cash and cash equivalents and long-term receivables, no loss reserves have been reported for these items at present (except for long-term accounts receivable where reserves are made following the principle described below), as the effects are considered immaterial.

The reserve for accounts receivable is assessed on the basis of individual assessments that are based on past events, current conditions and forecasts of future economic conditions.

The loss reserve for accounts receivable and contract assets is always valued at an amount corresponding to the maturity of expected credit losses.

4.11 Income tax

Income tax consists of current tax and deferred tax.

Current tax is tax that must be paid or received in respect of the current year, applying the tax rates that are decided or in practice decided on the balance sheet date. These include adjustments of current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method. Deferred tax is generally determined based on the difference between the carrying amounts of assets and liabilities and their respective tax values. However, deferred tax is neither determined on the initial recognition of goodwill nor on the first recognition of an asset or liability, unless the related transaction is a business acquisition or affects the tax or accounting profit.

Deferred tax on temporary differences related to holdings in subsidiaries and associated companies as well as participation in partnership arrangements is not recorded if a reversal of these temporary differences can be controlled by the Group and it is probable that a reversal will not occur in the foreseeable future.

Deferred tax liabilities are recognised in their entirety, while deferred tax assets are recognised only to the extent that it is probable that they will be offset against future taxable income. Hifab Group's management bases its assessment of the possibility of future taxable income on the Group's last approved budget, which is adjusted for significant tax-free income and expenses.

Changes in deferred tax assets or tax liabilities are recognised as part of the tax expense in the income statement, except when they are attributable to items recognised in equity, whereby the associated deferred tax is also recognised in equity.

Tax receivables and tax liabilities are reported net in the balance sheet in cases where there is a legal right to net the amounts and that the intention is to pay the amounts net or that the receivable and debt are paid simultaneously.

4.12 Equity and payment of dividend

The share capital refers to the registered share capital and consists of the quotient value of shares issued.

Paid premium is subject to any received contributions in addition to share capital on completed issues. Transaction costs attributable to share issues are deducted from paid premiums after deduction of income tax.

Foreign currency translation of foreign operations is included in the translation reserve (Reserves).

Retained earnings comprise all profits from current and previous periods as stated in the income statement.

Dividends to shareholders are reported as a liability after the Annual General Meeting approves the dividend.

4.13 Post-employment benefits

Hifab Group's pension commitments have been classified as defined contribution pension plans. A defined contribution plan is a pension plan according to which the Group pays fixed payments to an independent body. The Group has no legal or informal obligation to make additional payments after the fixed payments have been made. Obligations regarding fees for defined contribution plans are recognised as an expense in the income statement when they arise.

Pensions. Commitments for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a defined benefit plan, which includes several employers, but is reported as a defined contribution plan. For most of the earned pension benefits, Alecta lacks information on the distribution of earnings between employers. The entire earning is instead registered with the last employer. Also, there is no set regulatory framework for how any surpluses or deficits that may arise should be managed. Therefore, it is not possible to determine the respective companies' share of the plan's financial position and profits in a manner that is sufficiently reliable to be able to be used as accounting for a defined benefit plan.

4.14 Leasing

Principles 2019 – IFRS 16

The Group assesses whether the agreement is, or contains, a leasing agreement when the agreement is concluded. The Group recognises a right of use with associated leasing debt for all leases where the Group is lessee, except for short-term leases (contracts classified as leases with a leasing period of 12 months) and low value leases (such as computers and office equipment). For these leases, the Group recognises the leasing payments as a cost on a straight-line basis over the leasing agreement, unless another systematic method is more representative

of when the financial benefits from the leased assets are consumed by the Group.

The lease liability is initially valued at the present value of the leasing fees not paid at the commencement date, discounted using the implicit interest rate of the lease, if this interest rate can be easily determined. If this interest rate cannot be easily determined, the Group uses the marginal loan interest rate.

Leasing fees included in the valuation of the lease debt include:

- fixed fees (less any benefits in connection with the signing of leases)
- variable leasing fees that depend on an index or price
- amounts expected to be paid by the lessee under residual value guarantees
- the exercise price for options to purchase if the lessee is reasonably sure of exercising the options
- penalty fees that are payable upon termination of the lease, if the lease period reflects that the lessee will avail himself of an opportunity to terminate the lease

The lease debt is reported as separate items in the Group's financial position report.

After the commencement date, the lease debt is valued by increasing the carrying amount to reflect the interest on the lease debt (using the effective interest method), and by reducing the carrying amount to reflect the paid lease payments. The Group revalues the lease debt (and makes a corresponding adjustment of the right of use) if either:

- The lease period is changed or if the assessment of an option to buy the underlying asset changes (revaluation is done with a changed discount rate)
- Leasing fees change as a result of changes in an index or price or if there is a change in the amounts expected to be paid under a residual value guarantee (revaluation is done using the initial discount rate unless the lease payments change due to a change in the variable interest rate), in which case a changed discount rate should be used)
- An amendment to the lease agreement that is not reported as a separate lease agreement (revaluation takes place with a changed discount rate)

Rights of use include the sum of the initial valuation of the corresponding lease debt, leasing fees paid on or before the commencement date and any initial direct expenses. Thereafter, they are valued at cost less accumulated depreciation and write-downs.

Rights of use are depreciated during the shorter of the lease term and the useful life of the underlying asset. Depreciation begins at the commencement date of the lease.

The rights of use are reported as a separate item in the

Group's financial standing report. The Group applies IAS 36 to determine if there is a need for impairment of the rights of use and reports any identified impairment. Variable leasing fees that do not depend on an index or price should not be included in the valuation of the lease debt or the right of use. These attributable payments are recognised as an expense in the period in which the event or relationship that gives rise to these payments arises and is included in "Other external costs" in the income statement.

In practice, IFRS 16 does not allow the separation of non-leasing components from leasing components and instead reports each leasing component and all associated non-leasing components as a single leasing component. The Group applies this practical exception.

Hifab's rights of use with associated lease debt are of two main types, leasing of rental premises and leasing of "gross salary cars" for the staff. The leases for premises run for 1-5 years, where most of the contracts can be extended before the lease period expires through active choice by the tenant. When leasing cars, the leasing period is normally 3 years with a possibility of extension of up to 1 year initiated by the lessee.

No leasing agreements have been concluded with Hifab as the lessor.

Principles 2018 – IAS 17

In the comparative years 2018, the previous principles for leasing (IAS 17) are applied. According to these principles, the Group classified its leases, where the Group was a lessee, like finance or operational leases.

A finance lease is an agreement under which the financial risks and benefits associated with the ownership of an asset are essentially transferred from the lessor to the lessee. Other leases are classified as operating leases. All leases have been classified as operating leases. Leasing fees for operating leases are expensed on a straight-line basis over the lease term.

4.15 IFRS 8 Operating Segments

The Group has identified the management team as the highest executive decision-maker and the operating segments are based on how management monitors and controls operations. The operating segment is identified based on internal reporting to the management team.

The management assesses that the operations in the operating segment are similarly based on the criteria in IFRS 8, which is why the Group reports a segment, project management.

4.16 Important estimates and assumptions for accounting purposes

Estimates and assessments are evaluated on an ongoing

ing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing circumstances. As part of the work on the preparation of the annual report, estimates and assumptions are made about the future. The estimates for accounting purposes that result from these will, by definition, not always correspond to the actual result.

Taxes

Deferred tax is calculated on temporary differences between reported and taxable values of assets and liabilities as well as for taxable deductions. It is mainly two types of assumptions and assessments that affect the reported deferred tax. These assumptions and assessments for determining the carrying amount of various assets and liabilities and for future taxable profits, in the event of a future utilisation of deferred tax claims, is dependent on this.

Impairment testing for goodwill. In the impairment testing of the Group's goodwill, assumptions and estimates have been made regarding margins, growth, discount rates, etc. For a more detailed description of the impairment tests, see Note 11.

The carrying amount of goodwill at 31 December 2019 amounted to TSEK 15,954. Goodwill valuation, see Note 11.

4.17 The parent company's accounting policies

The parent company complies with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

Application of RFR 2 means that, as far as possible, the parent company must apply all EU-approved IFRS within the framework of the Swedish Annual Accounts Act and the Swedish Social Security Act and take into account the correlation between reporting and taxation.

Changed accounting principles

Due to the relationship between accounting and taxation, the rules in IFRS 16 need not be applied in legal entities. For those companies that choose to apply for the exemption, rules are introduced instead which include the principles that are to be applied for the accounting of leasing contracts with lessees. The amendments to RFR 2 regarding IFRS 16 shall begin to apply for fiscal years beginning 1 January 2019 or later. The parent company applies for the exemption from the application of IFRS 16, which means that the parent company's leasing agreements are reported on a straight-line basis over the contract period, which essentially does not mean any change compared to previous principles.

The other changes in RFR 2, Accounting for legal entities, that have come into force and apply for the 2019 fiscal year have not had a material impact on the parent company's financial reports.

Agreed changes in RFR 2 that have not yet come into force

The parent company has not yet begun to apply the changes in RFR 2, Accounting for legal entities, that enter into force on 1 January 2020 or later. The changes are not expected to have any significant effect.

Differences compared to the Group's accounting principles

Leases

The parent company is only the lessee. Leasing fees are reported as expenses on a straight-line basis over the lease period unless another systematic way better reflects the user's financial benefit over time.

Financial instruments

The parent company does not apply IFRS 9. Instead, a method is applied based on acquisition value following the Swedish Annual Accounts Act. This means that financial fixed assets are valued at cost less any impairment and financial current assets according to the principle of the lowest value.

When calculating the net realisable value of receivables that are recognised as current assets, the principles for impairment testing and loss risk provision are applied following IFRS 9, see principles for the Group.

When assessing and calculating impairment requirements for financial assets that are reported as non-current assets, the principles for impairment testing and loss risk provision in IFRS 9 are applied whenever possible.

Financial liabilities are valued at amortised cost using the effective interest method. Principles for posting and withdrawing financial instruments correspond to those applied to the Group and described above.

Note 1 Other operating income

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Rental income	124	424	-	-
Other	1,292	349	-	-
Total	1,416	773	-	-

Note 2 Other expenses

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Cost of purchased services	83,422	106,917	-	-
Cost expense	25,401	32,900	-	-
Rate difference	-288	-1,091	-	-
Premises costs	11,326	12,161	-	-
Other costs (Group)	21,112	25,133	-	-
Total	140,973	176,020	-	-

Audit assignment

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Deloitte	758	550	-	-
Other auditors	84	30	-	-
Total	842	580	-	-

Other Services

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Deloitte	175	12	-	-
Other auditors	82	-	-	-
Total	257	12	-	-

Note 3 Salaries and staff TSEK

	Group		Parent Company	
	2019	2018	2019	2018
Salaries - Board and CEO				
Karin Annerwall Parö, Chairman/Board member	150	60	-	-
Rikard Appelgren, Chairman	60	180	-	-
Carl Östring, Board member	90	60	-	-
Jessica Petrini, Board member	30	60	-	-
Petter Stillström, Board member	60	-	-	-
Tomas Hermansson, Board member	90	90	-	-
Carina Edblad, Board member	-	30	-	-
David Tunberger, Board member	-	30	-	-
Total	480	510	-	-
CEOs	3,008	2,972	-	-
Other senior executives (6no)	6,213	6,150	-	-
Salaries other	136,148	135,862	-	-
	145,369	144,984	-	-
Social costs				
Social costs - Board and CEOs	1,082	1,061	-	-
Other senior executives	2,484	2,367	-	-
Other employees	41,160	39,531	-	-
Total social costs	44,726	42,959	-	-
Pension costs				
Board	-	-	-	-
CEOs	1,033	1,012	-	-
Other senior executives	2,195	1,791	-	-
Other employees	18,126	17,864	-	-
Total pension costs	21,354	20,667	-	-
Total	211,929	209,120	-	-

Remuneration to senior executives

Fees have been paid to the Chairman and Board Members following the 2019 Annual General Meeting resolution. Following the 2019 Annual General Meeting resolution, the annual remuneration for the Board of Directors was set at TSEK 90 per member, and TSEK 200 to the Chairman of the Board. No remuneration is paid to the Boards of the subsidiaries. In the event of a change in the Board of Directors at the Annual General Meeting, a share of the remuneration for the current year will be paid.

Salary and other remuneration totalling TSEK 2,255 (2,141) was paid to the CEO Patrik Schelin during the year, including earnings-based variable remuneration of TSEK 132 pertaining to 2018, and pension costs of TSEK 900 (873). For Patrik Schelin, the pension benefit is paid according to ITP plan 2 where the retirement age follows the ITP plan. The notice period from the Group's side is nine months, and six months from the CEO's side. The notice period for one of the Group's senior executives is twelve months on the Group's side and three months from the executive's side according to the collective agreement. Other senior executives have three months of mutual notice period. Pension benefits to other senior executives are paid according to the ITP plan or ITP-like plan. Some executives have chosen defined-contribution pensions within the pension plan's cost framework. No warrants or other financial instruments are issued to Board Members, CEOs or other executives.

Pensions

Alecta

For salaried employees in Sweden, the ITP2 plan's defined benefit pension commitments for retirement and family pensions are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Reporting of the ITP2 pension plan, which is financed through insurance with Alecta, this is a defined benefit plan that includes several employers.

For the financial year 2019, the company has not had access to information to be able to account for its proportionate share of the plan's obligations, management assets and costs, which meant that the plan was not possible to report as a defined benefit plan. The ITP2 pension plan, which is secured through insurance with Alecta, is therefore reported as a defined contribution plan.

The company's share of total savings premiums for ITP2 in Alecta for 2019 is 0.0768%.

The company's share of the total number of active insured persons in ITP2 in December 2019 is 0.03046%.

Expected fees for the next reporting period for ITP2 insurance that are subscribed for in Alecta amount to TSEK 15,066. The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's insurance technical methods and assumptions, which do not comply with IAS 19. At the end of 2019, Alecta's surplus in the form of the collective consolidation level was 148% (142%):

For former employees, there is a plan that is reported separately on the balance sheet.

Note 3 Distribution of the average number of employees per country of employment, cont.

Group	Men		Women	
	2019	2018	2019	2018
Sweden	148	140	74	75
Bangladesh	50	60	7	9
Finland	5	6	2	3
Liberia	-	1	-	-
Tanzania	-	1	-	-
Total	203	208	83	87

Percentage of women on boards and management in %

	Group	
	31-12-2019	31-12-2018
Board of Directors	17	29
Management	38	33

Average number of full-time employees

Group	Men		Women	
	2019	2018	2019	2018
Sweden	148	140	74	75
Overseas	55	68	9	12
Total	203	208	83	87

Note 4 Profit from shares in group companies

TSEK	Group		Parent Company	
	2019	2018	2019	2018
Profit on the disposal of subsidiaries	-	-	-	151
Loss on disposal of subsidiaries	-	-19	-	-9
Write-down of shares in subsidiaries	-	-	-5,125	-
Total	-	-19	-5,125	142

Note 5 Interest income and similar income items

TSEK	Group		Parent Company	
	2019	2018	2019	2018
External interest income	354	23	-	-
Exchange rate differences	-	346	-	-
Other	-	-	-	-
Total	354	369	-	-

Note 6 Interest expenses and similar income items

	Group		Parent Company	
TSEK	2019	2018	2019	2018
External interest rates	-524	-296	-136	-258
Interest rates, Group	-	-	-449	-649
Exchange rate differences	-54	-	-	-
Interest leasing	-911	-	-	-
Other items	-4	-10	-	-
Total	-1,493	-306	-585	-907

Note 7 Reported tax for the year

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Tax on profit for the year				
Current tax for the year	78	-74	-	-
Current tax attributable to previous years	-171	-131	-	-
Deferred tax	1,452	-3,759	1,473	-3,751
Total	1,359	-3,964	1,473	-3,751

Difference between reported tax expense and current tax rate

Profit before tax and disposition	-12,157	13,243	-5,710	-753
Estimated tax 21.4% (22%)	2,602	-2,913	1,222	166
Difference in foreign tax rate	23	-43	-	-
Tax effect of non-deductible costs	-843	-290	-1 098	-
Tax effect of non-taxable income	69	68	-	31
Tax effect of Group transactions	-	-	1,660	-3,765
Current tax attributable to previous years	-171	-131	-	-
Effect of changed tax rate (22% - 21.4%)	-321	-190	-311	-183
Tax effect of temporary differences	-	-465	-	-
Reported tax for the year	1,359	-3,964	1,473	-3,751

The current tax rate is the tax rate for income tax in the Group, 21.4% (22%).

Deferred tax assets have been recognised when they are deemed to be offset against future taxable profits. As of 31 December 2019, the Group has loss carry forwards of MSEK 27.3 (27.3) that have not been valued in the balance sheet. There are no due dates for these. The total estimated tax loss is MSEK 67.4 (59.0). The deferred tax asset has been calculated based on the new tax legislation that came into force on 1 January 2019. The deferred tax asset is reported as a fixed asset.

Deferred tax assets and tax liabilities are offset when there is a legal right of set-off for current tax assets and tax liabilities, and when deferred taxes refer to the same tax authority. Following such set-off, the following amounts have been obtained and are recognised in the balance sheet:

TSEK	2019	2018	2019	2018
Deferred tax assets, loss carry forwards	8,331	6,788	8,018	6,544
Deferred tax liabilities, untaxed reserves	-16	-4	-	-
Deferred taxes recognised in the balance sheet	8,315	6,784	8,018	6,544

Note 8 Revenue from agreements with clients

The Group mainly reports revenue over time in a category and there are no costs associated with obtaining or completing contracts. The categories correspond to the income information presented to the Group's reportable segments following IFRS 8.

	Group	
TSEK	2019	2018
Project management	355,698	401,710
Total	355,698	401,710

Revenue from external clients, by geographical area ¹⁾

	Group	
TSEK	2019	2018
Sweden	295,154	307,414
Asia	41,973	71,881
Africa	17,674	21,725
The rest of Europe	897	690
Total	355,698	401,710

¹⁾ Revenues from external clients, distributed by geographical area, are based on where clients are located.

Time for revenue recognition

	Group	
TSEK	2019	2018
Revenue recognised at a certain point in time		
Project management	328,763	375,755
Revenue recognised at a certain point in time		
Project management	26,935	25,955
Total	355,698	401,710

The following table shows the total amount of the transaction price allocated to the performance commitments that are unfulfilled (or partially unfulfilled) at the end of the reporting period..

Transaction price allocated to remaining performance commitments

	Group	
TSEK	2019	2018
Project management	94,550	43,425
Total	94,550	43,425

Management expects that 45% of the transaction price allocated to the performance commitments that are not fulfilled at the end of 31 December 2019, will be recognized as revenue during the next reporting period. Of the remaining 55%, 6% will be reported as revenue during the financial year 2021 and 13% during the financial year 2022. The remaining 19% will be reported as revenue after 3 years.

Note 8 Revenue from agreements with customers, cont.

The following table shows how contract balances (excluding accounts receivable) from contracts with clients are distributed per revenue stream and are reported in the consolidated balance sheet.

Contract assets	Group	
	31-12-2019	31-12-2018
TSEK		
Ongoing contracts	28,099	25,182
Accrued income	739	946
Total	28,838	26,128
Loss reserve for contract assets	0	0
Reported value	28,838	26,128

The contract assets are included in full in the ongoing contracts item. They refer to accrued services and are booked off when the item transfers to accounts receivable or set off against the advance received.

Hifab estimates that there is no need for write-downs for current contract assets as ongoing credit assessments are made, based on history and experience, as well as current and future factors.

Contract liabilities	Group	
	31-12-2019	31-12-2018
TSEK		
Advance clients	7,870	4,243
Reported value	7,870	4,243
Whereof		
Long-term liabilities	-	-
Current liabilities	7,870	4,243
Reported value	7,870	4,243

The contractual debts are advances received by the client. They arise when the project is started up. They are settled as the advance is consumed, which is governed by repayment plans according to each individual agreement in combination with reprocessing of services. The contractual liabilities are included in current liabilities, advance clients. All advances from clients are considered short.

The following table shows how much of the reported revenue during the period is attributable to the advances received that were included in the reported contractual debt at the beginning of the year. No revenue was recognised during the year, which is attributable to fulfilled performance commitments in previous periods.

Revenue recognised during the reporting period included in the contract's balance of liabilities at the beginning of the period

	Group	
	2019	2018
TSEK		
Sales of consulting services	1,932	5,111
Total	1,932	5,111

Unused advances depend on long repayment periods according to the payment plan over several years. Otherwise, there are no capitalised costs for completing or obtaining contracts.

Note 9 Financial instruments

Below are the different categories of financial instruments that are in the Group's consolidated balance sheet.

Group 31-12-2019

TSEK	Amortised cost	Financial liabilities, valued at amortised cost
Assets		
Long-term receivables*	1,064	-
Ongoing contracts	28,099	-
Accounts receivable	66,714	-
Other receivables	996	-
Cash and bank balances	15,377	-
Liabilities		
Long-term lease liabilities**	-	16,191
Long-term liabilities	-	-
Accounts payable	-	33,066
Short-term lease liabilities**	-	9,825
Other debts	-	2,678
Total	112,250,	61,760

Group 31-12-2018

TSEK	Amortised cost	Financial liabilities, valued at amortised cost
Assets		
Long-term receivables	1,064	-
Ongoing contracts	25,182	-
Accounts receivable	73,557	-
Other receivables	960	-
Cash and bank balances	32,791	-
Liabilities		
Long-term liabilities	-	2,000
Accounts payable	-	39,218
Other debts	-	4,000
Total	133,554	45,218

* Part of Other long-term receivables in the Group's Financial Standing Report.

** Valued according to IFRS 16.

Of the Group's total accounts receivable of TSEK 66,714, TSEK 3,853 have been reserved as doubtful receivables.

Accounts receivable over 90 days amount to TSEK 8,810.

For other financial assets and financial liabilities, the carrying amounts are deemed to be a good approximation of the fair value since the maturity and/or fixed interest period is less than three months, which means that a discount based on prevailing market conditions is not considered to have any material effect.

Note 9 Reconciliation of liabilities attributable to financing operations, cont.

Group

TSEK	31-12-2018	Cash flow	Non-cash flow items	31-12-2019
Leasing liabilities	-	-10,323	36,339*	26,016
Long-term interest-bearing liabilities	2,000	-2,000	-	-
Short-term interest-bearing liabilities	4,000	-2,000	-	2,000
Utilised check credit	-	678	-	678

Group

TSEK	31-12- 2017	Cash flow	Non-cash flow items	31-12- 2018
Leasing liabilities	-	-	-	-
Long-term interest-bearing liabilities	6,000	-4,000	-	2,000
Short-term interest-bearing liabilities	4,000	-	-	4,000
Utilised check credit	-	-	-	-

Parent Company

TSEK	31-12-2018	Cash flow	Non-cash flow items	31-12-2019
Long-term interest-bearing liabilities	2,000	-2,000	0	-

Parent Company

TSEK	31-12- 2017	Cash flow	Non-cash flow items	31-12- 2018
Long-term interest-bearing liabilities	6,000	-4,000	0	2,000

* The impact from the opening balance and changes of IFRS 16 during the year.

Note 10 Accounts receivable

TSEK	IFRS Group		Annually, Parent Company	
	31-12-2019	2018-12-31	31-12-2019	2018-12-31
Accounts receivable, gross	70,567	74,424	-	-
Reserve for bad debts	-3,853	-867	-	-
Total accounts receivable, net after reserve for bad debts	66,714	73,557	-	-

Management believes that the carrying amount of accounts receivable, net of reserve for bad debts, is in line with fair value.

TSEK	Group		Parent Company	
	31-12-2019	12-31- 2018	31-12-2019	12-31- 2018
Reserve bad debts at the beginning of the year	-867	-467	-	-
Net change in reserve	-2,951	-427	-	-
Conversion differences	-35	27	-	-
Total reserve for bad debts	-3,853	-867	-	-

Group	31-12-2019		31-12-2018	
	Gross	Reserve uncertain accounts receivable	Gross	Reserve uncertain accounts receivable
Age analysis accounts receivable, TSEK				
Not overdue	50,073	0	51,137	0
Overdue 30 days	6,278	0	3,465	0
Overdue 31-60 days	4,769	0	3,997	0
Overdue 61-90 days	637	0	1,836	-89
Overdue >90 days	8,810	-3,853	13,989	-778
Total	70,567	-3,853	74,424	-867

The Group, divided Sweden and abroad	31-12-2019		31-12-2018	
	Gross	Reserve uncertain accounts receivable	Gross	Reserve uncertain accounts receivable
Age analysis accounts receivable, TSEK				
Not overdue	34,558	0	40,090	0
Overdue 30 days	5,673	0	3,157	0
Overdue 31-60 days	0	0	1,857	0
Overdue 61-90 days	79	0	266	-89
Overdue >90 days	2,163	-1,536	275	-213
Total	42,473	-1,536	45,645	-302

Overseas	31-12-2019		31-12-2018	
	Gross	Reserve uncertain accounts receivable	Gross	Reserve uncertain accounts receivable
Age analysis accounts receivable, TSEK				
Not overdue	15,515	0	11,047	0
Overdue 30 days	605	0	308	0
Overdue 31-60 days	4,769	0	2,140	0
Overdue 61-90 days	558	0	1,570	0
Overdue >90 days	6,647	-2,317	13,714	-565
Total	28,094	-2,317	28,779	-565

Management believes that a maturity analysis of future payments will not deviate substantially from the above age analysis. The Group defines bankruptcy as receivables that are overdue by more than 90 days and in these cases an individual assessment and reservation is made.

Note 11 Goodwill

LBK Projektleddning AB

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Initial acquisition value, 01-01-2019	6,148	6,148	-	-
Acquisitions during the year	-	-	-	-
Total accumulated acquisition value, 31-12-2019	6,148	6,148	-	-
Closing carrying value	6,148	6,148	-	-

Hifab DU Teknik AB

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Initial acquisition value, 01-01-2019	9,806	9,806	-	-
Acquisitions during the year	-	-	-	-
Total accumulated acquisition value, 31-12-2019	9,806	9,806	-	-
Closing carrying value	9,806	9,806	-	-

The value of the Group's goodwill has been assessed based on the value in use of the two cash-generating units. The impairment requirement is tested annually. The value in use is based on the cash flow that the unit is expected to generate in the Group in the future. The future cash flows used in calculating the unit's value in use are based on budget and business plan for 2020. Thereafter, cash flows are based on forecasts extending to 2025, when Hifab looks at its acquisitions in the long term. Estimated revenue growth for 2021-2025 for DU technology is 2.6% (2.6%) and for LBK 5% (5%). Thereafter, no growth. In our experience, the sensitivity to the possibility of significantly increasing sales is limited, so caution is required in future calculations. When calculating value in use, a discount rate of 8% (10%) before tax has been applied. The change reflects the interest rate situation that has been for the past two years. Sensitivity lies in the ability to attract and retain new and existing staff. Based on the assumptions presented above, the value in use exceeds the reported goodwill value for all cash-generating units. Reasonable changes to the above assumptions would not result in any impairment of goodwill.

Note 12 Other intangible fixed assets

	Group		Parent Company	
TSEK	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Initial cost	550	0	-	-
Acquired during the year	-	550	-	-
Sales/scraping	-	-	-	-
Total accumulated acquisition value	550	550	-	-
Initial depreciation	-92	0	-	-
Sales/scraping	-	-	-	-
This year's depreciation	-183	-92	-	-
Total accumulated depreciation	-275	-92	-	-
Closing carrying value	275	458	-	-

Intangible fixed assets, externally acquired, consist of customer relationships, order backlog and outstanding tenders. Depreciation according to plan on intangible assets is based on a useful life of 3 years.

Note 13 Inventory

TSEK	Group		Parent Company	
	31-12- 2019	31-12- 2018	31-12- 2019	31-12- 2018
Initial cost	9,384	9,520	-	-
Purchases during the year	526	-	-	-
Sales/scraping	-60	-139	-	-
Translation difference for the year	1	3	-	-
Total accumulated acquisition value	9,851	9,384	-	-
Initial depreciation	-9,178	-9,252	-	-
Sales/scraping	60	139	-	-
This year's depreciation	-170	-62	-	-
Translation difference for the year	-10	-3	-	-
Total accumulated depreciation	-9,298	-9,178	-	-
Closing carrying value	553	206	-	-

The closing carrying value of TSEK 553 is distributed with TSEK 543 in Sweden and TSEK 10 in Finland.
Depreciation according to plan on inventory is based on the following useful lives:

Office equipment	5 years
Computer equipment	3 years
Other equipment	5 years

Note 14 Capitalized conversion costs

TSEK	Group		Parent Company	
	31-12- 2019	31-12- 2018	31-12- 2019	31-12- 2018
Initial cost	1,146	1,146	-	-
Purchases during the year	-	-	-	-
Sales/scraping	-	-	-	-
Total accumulated acquisition value	1,146	1,146	-	-
Initial depreciation	-1,146	-1,146	-	-
Sales/scraping	-	-	-	-
This year's depreciation	-	-	-	-
Total accumulated depreciation	-1,146	-1,146	-	-
Closing carrying value	-	-	-	-

Note 15 Rights of use

TSEK	Premises	Cars	Total
Initial cost, 01-01-2019	13,608	2,395	16,003
Adjustments to additional rights of use	16,281	3,689	19,970
Total accumulated cost, 31-12-2019	29,889	6,084	35,973
Initial depreciation, 01-01-2019	0	0	0
This year's depreciation	-8,357	-1,967	-10,323
Total accumulated depreciation, 31-12-2019	-8,357	-1,967	-10,323
Closing carrying value	21,532	4,117	25,649

Amount recognised in profit or loss

TSEK	2019
Amounts recognised in profit or loss	-10,323
Interest expenses for leasing liabilities	-911
Costs attributable to short-term leasing and low value leasing	-2,538

On 31 December 2019, the Group has commitments regarding short-term leasing agreements of TSEK 4,055.
Total cash flow for leases amounted to TSEK 12,279

Maturity analysis leasing debt

TSEK	31-12-2019
Year 1	11,316
Year 2	8,512
Year 3	6,123
Year 4	1,301
Year 5 and later	-
Later than 5 year	-

Classified as

TSEK	31-12-2019
Long-term liabilities	16,191
Current liabilities	9,825
Total lease debt	26,016

The Group's rights of use are subject to annual impairment testing. A discount rate of 3% for premises and 5% for properties have been used. The impairment test is done on the Group as a cash-generating unit. The result of the impairment test is that the reported value of the Utility Rights is justified and no impairment is required. Options on lease agreements exist in isolated cases and at a lesser value. At the end of the contract period, an individual assessment is made of whether a more profitable alternative is available.

Note 16 Shares in Group companies

					Book value SEK	
Hifab Group AB	Reg.number	Domicile	Number of shares	Capital and votes,%	31-12-2019	31-12-2018
Hifab Finans AB	556544-8098	Stockholm	205	100	316	316
Hifabgruppen AB	556537-8261	Stockholm	2,900,000	100	147,176	152,300
Hifab AB	556125-7881	Stockholm		100		
Pontem Access AB	556519-9220	Stockholm		75.5		
Hifab AS Norge	954 985 601	Oslo		100		
CMn Byggprojektledaren i Norr AB	556377-2739	Stockholm		100		
Hifab LSPI	81 01-83	Vilnius		100		
Hifab DU Teknik AB	556573-1550	Stockholm		100		
Hifab KanEnergi AB	556541-8927	Stockholm		100		
Hifab Netcom AB	556599-8787	Stockholm		100		
Hifab International AB	556100-3962	Stockholm		100		
Hifab Kazakhstan Sweden Ltd	26879-1901-TOO	Astana		50		
Hifab Oy	1775079-9	Espoo		100		
Hifab Development AB	556426-9297	Stockholm		100		
Hifab Middle East Ltd	1010183035	Riyadh		50		
Hifab SIA	33699	Riga		100		
ICS Interconsult Sweden AB	556460-7884	Stockholm		100		
Hifab Netcom Nigeria Ltd	603173	Lagos		72.5		
Fiberdata Operations AB	556589-6742	Stockholm	1,000	100	79	79
Hifab Activity AB	556318-5833	Stockholm	4,000	100	517	517
Danovia Data AB	556435-0584	Stockholm	50,304	100	503	503
LBK Projektledning AB	556657-7473	Stockholm	1,000	100	4,111	4,111
Total					152,702	157,826

Shares in Group companies

		Parent Company	
TSEK		2019-12-31	2018-12-31
Initial cost		199 509	199 618
This year's investments		-	-
This year's divestments		-	-109
Closing accumulated acquisition value		199 509	199 509
Initial write-downs		-41 683	-41 683
This year's divestments		-	-
This year's revaluation/impairment		-5 124	-
Closing accumulated impairment losses		-46 807	-41 683
Closing book value		152 702	157 826

Note 17 Shares in associated companies and joint ventures

	Equity %	Voting rights %	Book value Group TSEK	Reg. number	Domicile
Hifab Middle East Co Ltd	50	50	-	1 010 183 035	Riyadh
Hifab Kazakhstan	50	50	-	26879-1901-TOO	Astana

Joint ventures are valued at 0 in the Parent Company's balance sheet. In addition to the Parent Company's book value, the consolidated income statement and balance sheet include the following value additions from Hifab Middle East Co Ltd and Hifab Kazakhstan, which corresponds to 50% of the company's income statement and balance sheet.

Income Statement	2019	Balance sheet	31-12-2019
Net sales	-	Fixed assets	-
Operating expenses	-	Current assets	277
Profit for the year	-	Total assets	277

Note 18 Ongoing assignments on behalf of others

	Group		Parent Company	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Fixed price, TSEK				
Fixed price	11,332	14,299	-	-
Current account, earned	16,767	10,883	-	-
Total	28,099	25,182	-	-

Note 19 Prepaid expenses and accrued income

	Group		Parent Company	
TSEK	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Prepaid rental costs	2,343	2,491	-	-
Prepaid pension costs	146	152	-	-
Prepaid insurance	158	324	-	-
Other items	2,886	2,552	-	-
Accrued income	739	946	-	-
Total	6,272	6,465	-	-

Note 20 Other long-term receivables from Group companies

Shares in Group companies	Parent Company	
TSEK	2019	2018
Initial cost	6,512	20,816
Group receivables	1,182	-14,304
Adjustment	-	-
Closing accumulated acquisition value	7,694	6,512
Impairment write-downs	-	-
Closing accumulated impairment loss	0	0
Closing carrying value	7,694	6,512

All receivables are Group receivables, which are netted company for company, long-term receivables against long-term liabilities. Group contributions, dividends etc. represent the net difference.

Note 21 Earnings per share

Shares in Group companies

TSEK	Group	
	2019	2018
Profit for the year attributable to the Parent Company's shareholders	-10 798	9,279
Average number of shares	60,838,912	60,838,912
Earnings per share	-0.18	0.15

No potential ordinary shares exist, so the above summary refers to earnings per share before and after dilution.

Note 22 Share capital

The Parent Company's share capital consists of 60,838,912 shares with a nominal value of SEK 0.10. For specification of changes in equity, see summaries of changes in Equity, page 18.

Number of shares

The share capital of the Parent Company is divided into 1,562,666 Class A shares and 59,276,246 Class B shares. Class A shares carry 10 votes and Class B shares carry 1 vote.

Proposed dividend

According to the Directors' Report, the Board of Directors proposes that no dividend be paid (0.12).

	A-shares	B-shares	Total number of shares
IB 01-01-2019	1,562,666	59,276,246	60,838,912
UB 31-12-2019	1,562,666	59,276,246	60,838,912

Note 23 Bank overdraft

The Group has an unutilised bank overdraft of TSEK 26,043 (20,000).

Note 24 Financial liabilities

Group, TSEK	31-12-2019			31-12-2018		
	Financial liabilities	Leasing debts	Total	Financial liabilities	Leasing debts	Total
Due within 1 year	35,794	11,316	47,110	43,273	-	43,273
Due within 1-3 years	131	14,635	14,766	2,111	-	2,111
Due within 5 year	-	1,301	1,301	56	-	56
Total	35,925	27,252	63,177	45,440	0	45,440

Parent Company, TSEK	31-12-2019			31-12-2018		
	Financial liabilities	Leasing debts	Total	Financial liabilities	Leasing debts	Total
Due within 1 year	2,678	-	2,678	4,000	-	4,000
Due within 1-3 years	-	-	0	2,000	-	2,000
Due within 5 years	-	-	0	-	-	0
Total	2,678	0	2,678	6,000	0	6,000

Note 25 Accrued expenses and prepaid income

	Group		Parent Company	
TSEK	31-12- 2019	31-12- 2018	31-12- 2019	31-12- 2018
Staff related costs	17,809	16,971	-	-
Accrued costs of subconsultants	5,300	6,171	-	-
Other items	5,073	6,648	2	2
Total	28,182	29,790	2	2

Note 26 Pledged collateral and contingent liabilities

Collateral and thus comparable collateral for own liabilities and provisions.

	Group		Parent Company	
TSEK	31-12- 2019	31-12- 2018	31-12- 2019	31-12- 2018
Corporate mortgages for debt to credit institutions	26,500	26,500	-	-
Pledged assets for shares in Group companies	12,900	12,900	-	-
Guarantees	11,332	2,997	-	-
Total	50,732	42,397	-	-

Note 27 Purchases and sales to Group companies

The parent company Hifab Group AB does not conduct any sales and does not have any purchases from subsidiaries.

Note 28 Non-cash-flow accounting items

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Depreciation according to plan	353	154	-	-
Depreciation rights of use	10,323	-	-	-
Impairment of shares in subsidiaries	-	-19	-	-
Exchange rate changes	40	188	-	-
Provision for capital insurance	-34	-191	-	-
Provision for taxes	-79	-	-	-
Effect of IFRS 16	240	-	-	-
Divestments of shares in subsidiaries	-	-	-	0
Total	10,843	132	-	0

Note 29 Operating leases

Information on leasing costs, operational leasing

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Cars	181	1,881	-	-
Office rent	1,229	9,338	-	-
Other	1,128	1,055	-	-
Total	2,538	12,274	-	-

The entire amount is expensed during the year.

Note 30 Related party transactions

Transactions with related parties have occurred. The principal owner Traction provided a short-term loan of MSEK 5 during part of October, which was repaid on 30 October. The loan was compensated with an interest payment of SEK 11,000.

Note 31 Risks

Market risks

The Group's operations are affected by general economic trends, which has a strong impact on the private companies' willingness and opportunities to invest. A large part of the sales is to public clients where political decisions can have an impact on the Group's business opportunities. The industry's lack of staff with high market mobility can as a result adversely affect the opportunities if the trend continues.

Insurable risks

Hifab Group AB has customary insurance for property and liability risks for the Group.

Financial risks

The Parent Company coordinates the liquidity planning and follows a financial policy adopted by the Board. The financial risks in the business are low. Controls are performed internally in different ways. The main financial risk is credit risk. Financial instruments such as derivatives and the like are not used and therefore do not entail any risk.

Financial risk factors

Through its operations, the Group is exposed to various financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The financial risks in the Parent Company are consistent with the Group's risks. As of 31 December 2019, the Group's total loan financing amounted to MSEK 2, of which MSEK 2 is short-term. The Group's borrowing is with Danske Bank, and follows the usual terms with loans as specified in Note 26. Financial liabilities, excluding bank loans, have a short maturity of 0-3 months, which is why the carrying amount is deemed to correspond to fair value. These are mainly variable interest rates, which is why the assessment is that the fair value corresponds to the carrying amount.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will vary due to changes in market interest rates. The Group has net interest-bearing financial assets of MSEK -13.3 as of the balance sheet date. Hifab has good solvency and the borrowing requirement mainly relates to the use of the overdraft facility. Credit is not used for most of the year.

Credit risk

Credit risk is the risk that a party to a transaction with a financial instrument cannot fulfil its obligation. Most of the Hifab Group's most important clients, concerning ongoing operations, are large and solid. The credit risk that exists mainly consists of these accounts receivable. Of the Group's total accounts receivable of TSEK 69,663, the proportion of overdue receivables older than 90 days is TSEK 8,810. Credit controls are taken on new clients. The maximum credit risk corresponds to the book value of the financial assets. The assessment is that there is no significant concentration of credit risks, geographically or within a certain client segment. The reserve for accounts receivable is assessed based on individual assessments based on past events, current conditions and forecasts of future financial conditions. The loss reserve for accounts receivable and contract assets is always valued at an amount corresponding to the maturity of expected loan losses. The review for assessing business risks in these relationships is carried out on an ongoing basis and write-downs of receivables occur when there is objective evidence that amounts due will not be paid. See Note 10.

Liquidity risk

Caution in the management of liquidity risk involves holding sufficient liquid funds or agreed credit facilities to be able to close market positions. Liquidity risk is currently considered to be reasonably low.

Real values

The carrying amount coincides with the fair value of all of the Group's respective financial assets and liabilities. The financial assets of the Group belong to all the category of accounts receivable and loan receivables and the financial liabilities belong to the category of financial liabilities valued at amortised cost. The Group's target concerning capital structure is to secure the Group's ability to continue its operations to generate returns to shareholders, benefit other stakeholders and maintain an optimal capital structure to keep the cost of capital down. Dividends to the shareholders, redemption of shares, issuance of new shares or sale of assets are examples of measures that the Group can use to adjust the capital structure.

Currency risks

The currency risk is that exchange rate movements have a negative impact on the Group's earnings and equity. Currency exposure arises in connection with payment flows in foreign currency, as international client contracts are mainly drawn up in EUR, USD or BDT. The policy is to meet the costs as much as possible with the same currency as the revenue. Expected foreign exchange surpluses are continually evaluated and a decision is made whether to hedge or exchange. Everything is within the framework of the finance policy, which means that the Group will not speculate on currency.

Sustainability risks

The sustainability risks in Hifab are in the areas of environment, human resources, social conditions, human rights and corruption. The area that is the biggest risk zone is corruption, both in Sweden and abroad. Together with the World Bank, the company has initiated a review and improvement activities on internal processes and the procurement of suppliers. Hifab works actively to hedge these risks and has supplemented our Code of Conduct with an anti-corruption policy that will guide both employees and partners. See our Sustainability Report.

IT security

Hifab works actively with IT security and has taken several measures to prevent IT problems from arising. To the extent that problems still arise, this is quickly addressed so that production and deliveries are minimally affected. Hifab has an IT department that works to secure operations, evaluate our systems and develop them safely.

Note 32 Group capital

Hifab Group manages its capital to ensure the Group's survival and freedom of action and to ensure that the return to shareholders is maximised through a good balance between debt and equity. The distribution between equity and borrowed capital should be such that a good balance is achieved between risk and return. The Group's equity consists of equity, as well as short-term and long-term borrowing. The parts of shareholders' equity and changes during the year are described in the Group's Change in equity on page 18. The Group follows a repayment plan drawn up with the bank, with a final maturity date of March 2021. As a guarantee for this, an unutilised overdraft facility of TSEK 25,365 has been pledged and corporate loans worth TSEK 39,400. The capital structure is adapted as necessary to changing economic conditions and other external factors. To maintain and adjust the capital structure, the Group can distribute funds, increase equity through the issuance of new shares or capital injections, and respectively reduce and increase debt.

The Group has a small percentage of interest-bearing liabilities as of 31 December 2019, good liquidity and good cash flow. The risk is very small that an current borrowing requirement should arise. The Group's goal is not to raise any loans, nor to use our overdraft facilities more than for operational fluctuations in the form of calendar effects in day-to-day operations. Have stable solvency and liquidity so that the operating companies have a good credit rating of AA or better.

Note 33 Events after the end of the financial year

New CFO

Hifab has recruited Robert Johansson as the new CFO, when the current CFO, Elisabeth Brattlund, retires. Robert will take up his position at the latest 01-05-2020.

COVID-19

The spread of COVID-19 virus during the beginning of 2020 has evolved into a global pandemic. Initially, the impact on the business has been limited, but it can quickly change to have a significant impact. In order to minimise the effects and to quickly manage changing conditions, a crisis plan has been developed. Measures according to the plan are implemented as needed and based on changed conditions and event development. Since mid-March, the management has been in place with daily reviews and monitoring of the business with its risks.

Stockholm, 27 March 2020

Karin Annerwall Parö
Chairman of the Board

Tomas Hermansson

Petter Stillström

Carl Östring

Henrik Hederfors

Göran Ingelhammar

Patrik Schelin
CEO

Our audit report has been submitted on 27 March 2020.

Deloitte AB
Johan Telander, Chartered Accountant

Audit Report

To the Annual General Meeting of Hifab Group AB
Reg. number 556394-1987

Report on the annual report and consolidated accounts

Statements

We have conducted an audit of the annual accounts and consolidated accounts of Hifab Group AB for the financial year 01-01-2019 – 31-12-2019. The company's annual accounts and consolidated accounts are included on pages 10-49 of this document.

In our opinion, the annual report has been prepared following the Swedish Annual Accounts Act and provides, in all material respects, a true and fair view of the parent company's financial position as of 31 December 2019 and its financial results and cash flow for the year according to the Swedish Annual Accounts Act. The consolidated financial statements have been prepared following the Swedish Annual Accounts Act and provide, in all material respects, a true and fair view of the Group's financial position at 31 December 2019 and its financial results and cash flow for the year following International Financial Reporting Standards (IFRS), as adopted by the EU and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet for the Parent Company and the Group.

Grounds for statements

We conducted the audit following International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility under these standards is described in more detail in the Auditor's Responsibility section. We are independent in relation to the Parent Company and the Group following generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities following these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

Information other than the annual report and the consolidated accounts

The Board of Directors and the CEO are responsible for the other information. The other information can be found on pages 1-9 and 52-56, but does not include the annual report, the consolidated accounts and our audit report on these.

Our statement regarding the annual report and the consolidated accounts does not include this other information and we do not make any statement confirming this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is substantially inconsistent with the annual report and the consolidated accounts. In this review, we also take into account the knowledge we have otherwise obtained during the audit and assess whether the information in other respects appears to contain material errors.

If, based on the work done on this information, we conclude that the other information contains a material inaccuracy, we are

obliged to report it. We have nothing to report in that regard.

Responsibilities of the Board and the CEO

It is the Board of Directors and the CEO who is responsible for the preparation of the annual accounts and the consolidated accounts and that they provide a true and fair view in accordance with the Swedish Annual Accounts Act and, in the case of the consolidated accounts, according to IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for the internal control that they deem necessary to prepare an annual report and consolidated accounts that do not contain any material errors, whether due to irregularities or mistakes.

In preparing the annual report and consolidated accounts, the Board of Directors and the CEO are responsible for assessing the company's and the Group's ability to continue operations. They provide information, where applicable, on conditions that may affect the ability to continue operations and to use the assumption of continued operations. However, the assumption of continued operations is not applied if the Board of Directors and the CEO intend to liquidate the company, cease operations or have no realistic alternative to doing any of this.

Auditor's responsibility

Our goals are to obtain a reasonable degree of certainty as to whether the annual accounts and the consolidated accounts as a whole do not contain any material errors, whether these are due to irregularities or mistakes, and to submit an audit report containing our statements. Reasonable security is a high degree of security, but is no guarantee that an audit performed in accordance with ISA and good auditing practice in Sweden will always detect a material misstatement if one exists. Errors can occur due to irregularities or mistakes and are considered to be material if they individually or together can reasonably be expected to influence the financial decisions that users make based on the annual accounts and the consolidated accounts.

As part of an audit in accordance with ISA, we use professional judgment and have a professionally sceptical attitude throughout the audit. Also:

- we identify and assess the risks of material misstatement of the annual report and consolidated accounts, whether due to irregularities or mistakes, design and perform audit measures, among other things based on these risks, and obtain audit evidence that is sufficient and appropriate to form the basis for our statements. The risk of not detecting a material inaccuracy as a result of irregularities is higher than that of a material inaccuracy due to errors, since irregularities may include acts of collusion, falsification, intentional omissions, misinformation or breach of internal control.
- we gain an understanding of the part of the company's internal control that is relevant to our audit to design audit measures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of internal control.
- we evaluate the appropriateness of the accounting principles used and the reasonableness of the estimates of the Board of Directors and the CEO in the accounting and associated information.

- we conclude on the suitability of the Board of Directors and the CEO using the assumption of continued operations in the preparation of the annual report and the consolidated accounts. We also conclude, based on the audit evidence obtained, whether there is any material uncertainty factor relating to such events or circumstances that may cause significant doubts about the company's and the Group's ability to continue operations. If we conclude that there is a material uncertainty factor, we must draw attention to the disclosures in the annual report and consolidated accounts of the material uncertainty factor, or, if such disclosures are insufficient, modify the statement on the annual report and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may prevent a company and a group from continuing to operate.
- we evaluate the overall presentation, structure and content of the annual report and the consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts reflect the underlying transactions and events in a way that gives a true and fair view.
- we obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to make a statement regarding the consolidated accounts. We are responsible for managing, supervising and executing the Group audit. We are solely responsible for our statements.

We must inform the Board of Directors about, among other things, the planned scope and focus of the audit and the timing of the audit. We must also provide information on significant observations during the audit, including any significant deficiencies in the internal control that we have identified.

Report on other requirements in accordance with laws and regulations

Statements

In addition to our audit of the annual report and consolidated accounts, we have also performed an audit of the Board of Directors and the CEO's management of Hifab Group AB for the financial year 01-01-2019 – 31-12-2019 and of the proposal for appropriations regarding the company's profit or loss.

We recommend that the Annual General Meeting disposes of the profit in accordance with the proposal in the Directors' Report and grant discharge the members of the Board of Directors and the CEO from liability for the financial year.

Grounds for statements

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to this is described in more detail in the Auditor's Responsibility section. We are independent in relation to the Parent Company and the Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

Responsibilities of the Board of Directors and the CEO

It is the Board of Directors who is responsible for the proposal for allocations regarding the company's profit or loss. In the case of a proposed dividend, this includes, among other things, an assessment of whether the dividend is justifiable in view of the requirements that the company's and the Group's business type, scope and risks imposed on the size of the parent company's and the Group's equity, consolidation needs, liquidity and other financial positions.

The Board is responsible for the company's organisation and the management of the company's affairs. This includes, among other things, continually assessing the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, asset management and the company's financial affairs are otherwise controlled in a satisfactory manner. The CEO shall manage the day-to-day management in accordance with the guidelines and instructions of the Board of Directors and, among other things, take the necessary measures to ensure that the company's accounting is complied with in accordance with the law and that the management of funds is carried out in a satisfactory manner.

Auditor's responsibility

Our goal regarding the audit of the administration, and thus our opinion on discharge from liability, is to obtain audit evidence in order to be able to assess, with a reasonable degree of certainty, whether any member of the Board or the CEO in any material respect:

- has taken any action or been guilty of any neglect that may give rise to liability for the company, or
- acted in any other way in violation of the Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our goal regarding the audit of the proposal for disposition of the company's profit or loss, and thus our statement on this, is to assess with a reasonable degree of certainty whether the proposal is compatible with the Companies Act.

Reasonable assurance is a high degree of assurance, but no guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect measures or omissions that may cause liability to the company, or that a proposal for disposition of the company's profit or loss is not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we use professional judgment and have a professionally sceptical attitude throughout the audit. The audit of the management and the proposal for disposition of the company's profit or loss is based mainly on the audit of the accounts. The additional review measures that are performed are based on our professional judgment based on risk and materiality. This means that we focus the audit on measures, areas and conditions that are important to the business and where deviations and violations would have special significance for the company's situation. We review and evaluate decisions taken, the basis for decisions, measures taken, and other matters that are relevant to our discharge statement. As a basis for our statement on the Board's proposal for disposition of the company's profit or loss, we have examined whether the proposal is compatible with the Companies Act.

*Stockholm 2020, Deloitte AB,
Johan Telander, Chartered Accountant*

Board of Directors of Hifab Group AB



Karin Annerwall Parö

Board Member, 1961

Elected to the Board: 2018

Other relevant assignments:
Member of the Engineer's Science Academy, Division II, Board Member of Brand Invest and Distriktstandvärden.

Main work experience:
Karin has held several senior positions at Sweco, including as CEO of Sweco Systems AB and as business area manager for WSP Environmental. Karin has also been a member of the management team for Sweco Sweden.

Previously, she was CEO of Metria AB and before that she worked for several years at Vattenfall, including as environmental manager. Since 2017, she has run her own company with a focus on leadership, strategy and business development.

Shareholding: -



Tomas Hermansson

Board Member, 1968

Elected to the Board: 2017

Other relevant assignments:
Member of the Board of FastighetsNytt and Brandkontoret.

Main work experience:
President and CEO of Bonnier Fastigheter AB since 2007, before that Business Unit Manager at Klövern AB, Managing Director at Faberge AB and over 10 years of experience from various line positions within the Skanska Group.

Shareholding: 10 000 B-shares



Petter Stillström

Board Member, 1972

Elected to the Board: 2019

Other relevant assignments:
OEM International (chairman), Nilörgruppen (chairman).

Main work experience:
CEO of Traction since 2001 and Board member since 1997.

Shareholding: Owner via the companies Traction and Niveau Holding, which together own approximately 61% of the shares and 68% of the votes in the Hifab Group.



Carl Östring

Board Member, 1974

Elected to the Board: 2018

Other relevant assignments:
Chairman of the Board of Drillcon AB, Board member of Duroc AB, Recco AB and Sigicom AB.

Main work experience:
Conducts business law counselling through Carl Östring General Counsel AB. Former chief legal officer and Investment Manager at Traction, before that lawyer and bankruptcy trustee.

Shareholding: -



Göran Ingelhammar

Board Member, employee representative for the Swedish Association of Graduate Engineers/SACO Association, 1956

Elected to the Board: 2017



Henrik Hederfors

Board Member, employee representative for Unionen, 1971

Elected to the Board: 2017



Emma Berg Jonsson

Alternative Board Member, employee representative for Unionen, 1973

Elected to the Board: 2019

Management of Hifab Group AB



Patrik Schelin

CEO

A-shares: -
B-shares: 200 000



Elisabeth Brattlund

CFO

A-shares: -
B-shares: 131 200



Malin Sandkulla

Human Resources Director

A-shares: -
B-shares: -



Cecilia Cederloo

**Market Area Manager
North**

A-shares: -
B-shares: 1 500



Kristian Henninge

**Market Area Manager
South**

A-shares: -
B-shares: 40 000



Krister Ledberg

**Market Area Manager
Central**

A-shares: -
B-shares: -



Farshad Saba

**Market Area Manager
East**

A-shares: -
B-shares: 32 000



Kåre Sundin

**Market Area Manager
International**

A-shares: -
B-shares: 1 065

Annual General Meeting

Time and place	The Annual General Meeting will be held on Monday, 11 May 2020, at. 17:00. Hifab's head office: Norrtullspalatset, Sveavägen 167, 3rd floor, Stockholm..
Right to participate	<p>To participate in the Annual General Meeting, shareholders must, on the record day of 5 May 2020, be entered on the share register kept by Euroclear Sweden AB on behalf of the company, and no later than Friday 8 May 2020 at 12.00 to have informed the company of participation.</p> <p>Shareholders who have registered their shares must, no later than 5 May 2020, have temporarily registered the shares at Euroclear Sweden AB in their own name to have the right to attend the meeting.</p>
Registration	<p>Notification of attendance at the AGM can be made to the company as follows: Email: hifabgroup@hifab.se Phone: +46 10-476 60 00 Post: Hifab Group AB, Att: Emma-Lisa Runius, Box 19090, SE-104 32 Stockholm</p> <p>Upon notification, shareholders must state their name, social security number/organisation number, address, telephone number, shareholding and, where appropriate, any representatives.</p>
Proxy and representatives	<p>Shareholders' rights at the AGM may be exercised through an authorised representative. Authorisation must be in writing and must not be older than 12 months. Please note that proxy must be submitted in original or brought to the AGM. Shareholders who wish to exercise the right to bring a maximum of two representatives to the AGM must report this and the number of representatives in connection with notification to attend the AGM.</p>
Dividend	The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the fiscal year 2019. The record date for the dividend is proposed as 13 May 2020. If the Annual General Meeting resolves according to the proposal, no dividend will be paid.
Distribution of the Annual Report	The Annual Report is available via the company and the website at www.hifab.se on 9 April 2020. The Annual Report is also sent by mail to the shareholders who notify the company that they wish to do so, see below.
Financial information 2020	<p>Interim reports January –March 2020: 8 May 2020 January –June 2020: 17 August 2020 January –September 2020: 4 November 2020</p> <p>Year-end report January – December 2020: February 2021</p> <p>Information channels Hifab's website, www.hifab.se, contains interim reports, annual reports, share price charts and press releases. Printed information can be obtained via the company, either by telephone, +46 10-476 60 00 or by email at info@hifab.se</p>

**Our vision is to be the
market's foremost project
management company – our
customers' and employees'
first choice**

Hifab Group AB

www.hifab.se phone +46 10-476 60 00 fax +46 10-476 67 80

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HIFAB AB – REGIONAL OFFICES

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Magasinsgatan 22, SE-411 18 **Göteborg**
Östra Storgatan 67, SE-553 21 **Jönköping**
St Larsgatan 12, SE-582 24 **Linköping**
Carlsgratan 12A, SE-211 20 **Malmö**
Olai Kyrkogata 40, SE-601 85 **Norrköping**
Morabergsvägen 33B, SE-152 42 **Södertälje**
Brogatan 1, SE-903 25 **Umeå**
Lysgränd 3, 721 SE-30 **Västerås**
Gustavsviksvägen 7, SE-70230 **Örebro**

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The Hifab logo, consisting of the word "Hifab" in a stylized, serif font, is centered within a white rectangular box.