

# Zengun Group AB (publ)

INTERIM REPORT FOR THE PERIOD FROM 1 APRIL TO 30 JUNE 2019

**Q2**

Zengun Group AB started its operations on 24 May 2019 when the company acquired all of the shares in Zengun Group Holding AB (Corp. Reg. No. 559050-0699) and its wholly owned subsidiaries from Segulah Fund V. Financial information for the former group (Zengun Group Holding AB) has been included as a basis for comparison.

## ZENGUN GROUP AB (PUBL) 24 MAY 2019–30 JUN 2019

- Net turnover amounted to MSEK 203.2.
- EBITDA totalled MSEK 7.5.

### SIGNIFICANT EVENTS IN THE SECOND QUARTER

- Zengun's founders, other owners and senior executives bought out Segulah Fund V in May.
- The acquisition was financed through issuing bonds for MSEK 450, together with a non-cash share issue. The bond was listed on Nasdaq Stockholm as of 9 July.

### SIGNIFICANT EVENTS AFTER THE SECOND QUARTER

- At an Extraordinary General Meeting on 22 August, Jan Örnevik was appointed as the company's new Chairman of the Board and Cecilia Safaee as a new Board member.

## ZENGUN GROUP HOLDING AB (former group) SECOND QUARTER

- Net turnover amounted to MSEK 598.4 (541.8), up 10% or MSEK 56.6.
- EBITDA totalled MSEK 24.0 (32.8). Earnings were burdened by a negative margin adjustment of MSEK 13.0 attributable to one project.
- Operating cash flow was MSEK 124.0 (13.2).

### JANUARY-JUNE

- Net turnover amounted to MSEK 1,183.7 (1,014.1), up 17% or MSEK 169.6.
- EBITDA totalled MSEK 50.1 (63.6).
- Operating cash flow was MSEK 175.1 (negative: 21.6).

KEY FIGURES (Amounts in MSEK, unless otherwise stated)	Zengun Group AB 24 May 2019– 30 June 2019	Zengun Group Holding AB (former group)					
		April-June		January-June		Full year 2018	LTM July 2018– June 2019
		2019	2018	2019	2018		
Net turnover	203.3	598.4	541.8	1,183.7	1,014.1	2,152.3	2,321.9
EBITDA	7.5	24.0	32.8	50.1	63.6	119.0	105.6
EBITDA margin (%)	3.7	4.0	6.1	4.2	6.3	5.5	4.5
Operating profit (EBIT)	5.9	20.3	31.1	43.5	60.0	111.9	95.4
EBIT margin (%)	2.9	3.4	5.7	3.7	5.9	5.2	4.1
Net profit/loss for the period	-0.3	9.3	17.5	21.9	35.4	68.0	54.5
Profit margin (%)	neg	1.5	3.2	1.8	3.4	3.2	2.3
Earnings per share before and after dilution (SEK)	neg	0.03	0.06	0.08	0.13	0.25	
Operating cash flow	78.1	124.0	13.2	175.1	-21.6	11.8	208.5
Net debt	284.5					207.8	
Net debt/EBITDA (LTM)	2.7						
Debt/equity ratio (%)	101.4					51.8	
Equity ratio (%)	32.4					41	
Order book	2,500					2,442	

Zengun is one of the leading construction contractors in Stockholm and carries out construction projects on behalf of well-known customers in the real estate industry. While the main focus is on commercial properties, the portfolio also includes residential projects and projects in the public sector. Zengun is a complete supplier and partner, with a customer-centric approach that comprises a cornerstone of its business concept. The company has approximately 200 employees and annual turnover of just over SEK 2 billion.

#zengunbuildingstockholm

### FOR MORE INFORMATION:

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# Statement by the CEO

## HIGH PRODUCTION RATE AND STRONG CASH FLOW

The second quarter was marked by a high production rate and growth. Operating activities recorded year-on-year increases in turnover of 10% for the quarter and 17% for the first six months. This confirms the strength of the underlying operations and, moreover, the majority of our major projects are at intensive stages of the production process.

Increased focus on cash flow and tied-up capital has delivered results and significantly strengthened cash flow over the last six months. Operating cash flow amounted to MSEK 124.0 for the quarter and MSEK 175.1 for the first six months.

Demand, primarily for increasingly efficient and flexible premises, remains robust in Zengun's main segment, commercial properties, and we have not noted any slowdown in the market. However, we anticipate a change with intensifying competition, mainly for smaller projects, since production resources in the residential sector are seeking to fill their capacity.

We are extremely pleased to have initiated partnerships with a number of new customers during the quarter, where we have started the initial project planning phases. Our already robust order book will be further strengthened as these projects enter the next phase and construction contracts are signed.

EBITDA amounted to MSEK 24.0 for the quarter and MSEK 50.1 for the first six months, despite a larger margin adjustment pertaining to Zengun's first residential project. An expense of MSEK 13.0 was recognised for the quarter and an expense of MSEK 20.5 for the first six months. The project is one of very few fixed-price projects on our books. We will continue to develop our residential sector offering, however we are extremely selective and the projects we are reviewing are carefully chosen. True to form, we conduct no property development activities ourselves and only build on behalf of other parties.

The EBITDA margin was 4.0% for the quarter, and after excluding the margin adjustment amounted to 6.2%. For the first six months, the corresponding figures were 4.2% and 6.0%.

Our subsidiary, RA Bygg, which focuses on smaller projects and building services, has been impacted by the new business conditions in the housing sector. We are currently implementing an initiative to improve profitability and to strengthen our building services concept.

In other words, the outlook is good! Zengun is well placed in terms of committed project teams, and its market and financial positions and I look forward with confidence toward a successful autumn.



“  
*The underlying operations are strong and the majority of our major projects are at intensive stages of the production process.*

”

Stockholm, 28 August 2019

Sture Nilsson  
President and CEO

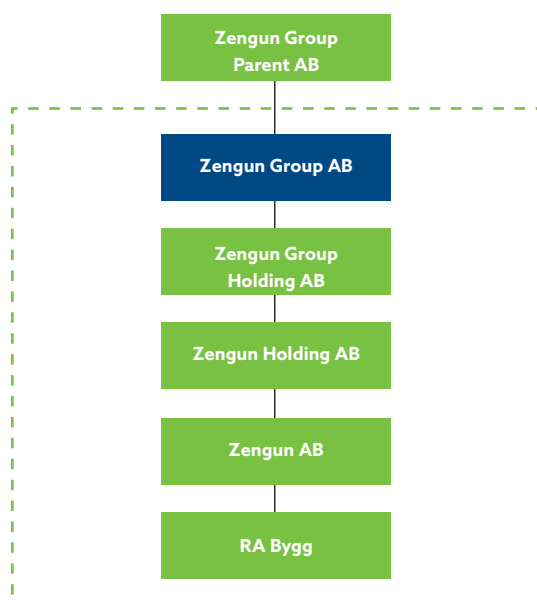
# Operations and financial performance

Zengun Group AB (publ) was founded on 25 October 2018, but conducted no operations during the period from 25 October 2018 to 23 May 2019.

The Group started its operations on 24 May 2019 when the company acquired all of the shares in Zengun Group Holding AB (Corp. Reg. No. 559050-0699) and its wholly owned subsidiaries from Segulah Fund V. The acquisition was financed through issuing bonds for MSEK 450, together with a non-cash share issue. The funds raised through the bonds were used to repay existing loans with credit institutions.

Since 25 March 2019, the company is a wholly owned subsidiary of Zengun Group Parent AB (Corp. Reg. No. 559198-4629).

The ownership structure is illustrated in the following diagram, and all companies in the Group are wholly owned.



## OPERATIONS

### ZENGUN GROUP HOLDING (former group)

Operations are conducted in the Group's two wholly owned subsidiaries: Zengun AB and Roland Anderssons Bygg AB (RA Bygg).

Zengun AB is a leading contractor for major and complex construction projects in the Stockholm region. The projects are carried out on behalf of major, well-known customers in the real estate industry and are mainly conducted through a project partnering format. The typical duration of a project is three years. The company is active in new construction and the ROT (renovation, re-modelling and extension) segment. While the majority of the projects comprise new construction or remodelling of commercial properties, the company also builds residential and public buildings.

The operations of RA Bygg encompass smaller contracts and construction services in the Stockholm region.

Since the consolidated income statement in this interim report only encompasses the period from 24 May 2019–30 June 2019, historical financial information for the former group (Zengun Group Holding AB) has been included below as a basis for comparison.

### KEY FIGURES

TSEK	April-June		January-June		Full year	LTM
	2019	2018	2019	2018	2018	2018/2019
Net turnover	598,422	541,765	1,183,694	1,014,074	2,152,297	2,321,918
EBITDA	24,066	32,884	50,132	63,572	119,011	105,570
EBITDA margin	4.0	6.1	4.2	6.3	5.5	4.5
Operating profit	20,269	31,099	43,545	60,002	111,907	95,451
EBIT margin	3.4	5.7	3.7	5.9	5.2	4.1
Operating cash flow	124,035	13,235	175,072	-21,601	11,848	208,523

### INTERIM REPORT FOR THE SECOND QUARTER (SEMI-ANNUAL REPORT)

#### Net turnover

Net turnover amounted to MSEK 598.4 (541.8), up MSEK 56.6 year-on-year. Organic growth corresponded to 10% and was primarily attributable to the Stora Frösunda, Kvarteret Nöten and Sabbatsberg 24 projects.

#### Earnings

EBITDA totalled MSEK 24.0 (32.8), down MSEK 8.8 year-on-year. The decline was largely attributable to a negative margin adjustment of MSEK 13.0 for one project. Operating profit totalled MSEK 20.3 (31.1), down MSEK 10.8 year-on-year.

Sales and administrative expenses amounted to MSEK 16.0 (6.7), up MSEK 9.3 year-on-year. The expenses corresponded to 2.7% (1.2) of net turnover.

Other expenses of MSEK 3.8 (1.8) mainly pertained to amortisation of intangible assets.

The EBIT margin was 3.4 percent (5.7) and, adjusted for the negative margin adjustment attributable to one project, the EBIT margin amounted to 5.6%.

#### Cash flow

Operating cash flow amounted to MSEK 124.0 (13.2). The improvement in cash flow was due to efforts to reduce tied-up capital.



**FINANCIAL PERFORMANCE, JANUARY-JUNE****Net turnover**

Net turnover amounted to MSEK 1,183.7 (1,014.1), up MSEK 169.6 year-on-year. Organic growth corresponded to 17% and was primarily attributable to the Stora Frösunda, Kvarteret Nöten and Sabbatsberg 24 projects.

**Earnings**

EBITDA totalled MSEK 50.1 (63.6), down MSEK 13.5 year-on-year. The decline was largely attributable to a negative margin adjustment of MSEK 20.5 for one project. RA Bygg has posted a positive trend for net turnover since the acquisition, but a lower EBIT margin in 2019. A change program has been initiated to improve profitability. Operating profit totalled MSEK 43.5 (60.0), down MSEK 16.5 year-on-year.

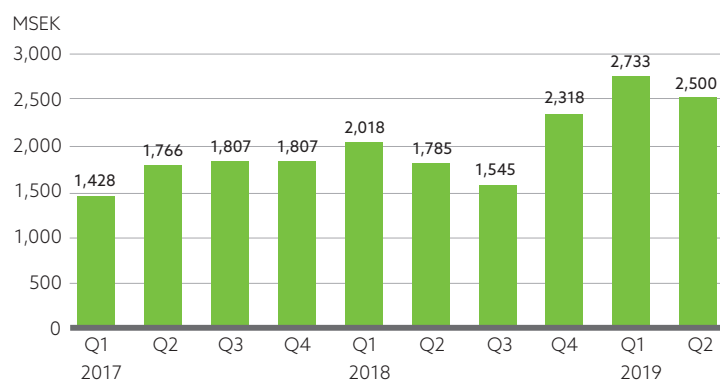
Sales and administrative expenses amounted to MSEK 31.4 (18.8), down MSEK 12.6 year-on-year. The expenses corresponded to 2.7% (1.9) of net turnover.

Costs of MSEK 1.4 pertaining to preparations for a possible stock exchange listing, which was discontinued in conjunction with the change of owner, and MSEK 2.0 for activities in conjunction with celebrating Zengun's tenth anniversary were charged against earnings. Last year, acquisition costs of MSEK 2.0 were recognised in the first half of the year.

The EBIT margin was 3.7 percent (5.9) and, adjusted for the negative margin adjustment attributable to one project, the EBIT margin amounted to 5.4%.

**Cash flow**

Operating cash flow was MSEK 175.1 (negative: 21.6) Internal efforts to reduce tied-up capital delivered results in the first six months of the year.

**ORDER BOOK**

**ZENGUN GROUP AB (PUBL) GROUP****FINANCIAL PERFORMANCE FOR THE PERIOD FROM 24 MAY 2019–30 JUNE 2019*****Net turnover and operating profit***

Net turnover amounted to MSEK 203.3 and operating profit was MSEK 5.9. Earnings were affected by a negative margin adjustment of MSEK 13.0 attributable to one ongoing project. The operating profit after adjustment for the effect of the impairment amounted to MSEK 18.9, corresponding to an EBIT margin of 9.3%.

Sales and administrative expenses amounted to MSEK 5.7. The expenses corresponded to 2.7% of net turnover.

Other expenses of MSEK 1.6 mainly pertained to amortisation of intangible assets.

***Net financial items***

Net financial items for the period amounted to an expense of MSEK 5.5 and pertained primarily to interest expenses. The cost of the bond has been allocated over the tenor of the bond and is recognised as a financial cost in profit or loss.

***Earnings before and after tax***

Earnings before tax were MSEK 0.4 and after tax amounted to negative earnings of MSEK 0.4.

From 1 January 2019, the corporate tax rate was lowered from 22% to 21.4%.

***Liquidity and financial position at the balance-sheet date***

Operating cash flow totalled MSEK 78.1. This was primarily attributable to changes in working capital that positively impacted cash flow.

The MSEK 450 bond issue had a net impact on cash flow of MSEK 441 after fees to advisors.

Net debt amounted to MSEK 284.5.

Cash and cash equivalents totalled MSEK 140.4. An approved overdraft facility of MSEK 50.0 had not been utilised as of the balance-sheet date.

Total assets at the end of the period amounted to MSEK 1,370.0, of which MSEK 825.9 pertained to intangible assets.

Current assets totalled MSEK 527.1, of which MSEK 200.9 pertained to accounts receivable.

At the balance-sheet date, the equity ratio was 32.4%.

At the end of the period, equity totalled MSEK 443.7, corresponding to SEK 887,400 per share.

**PARENT COMPANY**

The Parent Company has its registered office in Stockholm and conducts no business activities. The Parent Company reported earnings of MSEK 0 for the period.

**EMPLOYEES**

At the close of the period, the Group had 227 employees of whom 54 were women. The breakdown between white-collar and blue-collar workers was 147/80. The Group is dependent on its ability to attract and retain highly skilled and experienced employees.

**SHARE AND OWNERSHIP STRUCTURE*****Related-party transactions in the Group and Parent Company***

No related-party transactions with a material impact on the Group's earnings or financial position took place during the period.



**SEASONAL VARIATIONS**

The operations are not subject to any seasonal impact, however, the Group is positively affected by months with many working days and no holiday periods.

**MATERIAL RISKS AND UNCERTAINTIES**

Through its operations, the Group is exposed to operational and strategic risk as well as financial risk. Operational and strategic risk can include, inter alia, operational and liability risk in the form of environmental risk and warranties on work performed. Zengun maintains ongoing dialogues with various stakeholders regarding environmental risk and warranties. Based on dialogues with these stakeholders and estimated probabilities, no provisions have been recognised to meet any future claims. Financial risk includes liquidity, interest-rate and currency risk. The company works continuously with risk identification and assessment.

**OUTLOOK**

The Group has not published any forecast for 2019.

**EVENTS DURING AND AFTER THE SECOND QUARTER**

- Zengun's founders, other owners and senior executives bought out Segulah Fund V in May.
- The acquisition was financed through issuing bonds for MSEK 450, together with a non-cash share issue. The bond was listed on Nasdaq Stockholm as of 9 July.
- At an Extraordinary General Meeting on 22 August, Jan Örnevik was appointed as the company's new Chairman of the Board and Cecilia Safaee as a new Board member.



## Consolidated income statement

Amounts in SEK 000 (TSEK)	Note	24 May 2019– 30 Jun 2019
Net turnover	2	203,316
Production costs		–190,372
<b>Gross profit</b>		<b>12,944</b>
Sales and administrative expenses		–5,682
Other revenue		220
Other expenses		–1,565
<b>Total operating revenue and expenses</b>		<b>–7,027</b>
<b>Operating profit</b>		<b>5,917</b>
Financial income		0
Financial costs		–5,519
<b>Income from financial items</b>		<b>–5,519</b>
<b>Earnings before tax</b>		<b>398</b>
Income tax		–761
<b>Net loss for the period</b>		<b>–363</b>

## Consolidated statement of comprehensive income

Amounts in SEK 000 (TSEK)	Note	24 May 2019– 30 Jun 2019
<b>Net loss for the period</b>		<b>–363</b>
Other		0
Translation differences		0
<b>Total other comprehensive income for the period</b>		<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>–363</b>
<b>Net loss for the period for the period attributable to:</b>		
Parent Company's shareholders		–363
Non-controlling interests		–
Earnings per share before and after dilution (SEK)	3	–725
No. of shares outstanding, opening balance		500
No. of shares outstanding, closing balance		500



# Consolidated statement of financial position

## ASSETS

Amounts in SEK 000 (TSEK)

Note 30 June 2019

<b>Fixed assets</b>		
<i>Intangible assets</i>		
Customer relationships		126,338
Trademarks		152,100
Goodwill		547,466
<b>Property, plant and equipment (PPE)</b>		
Right-of-use assets		12,393
<b>Financial fixed assets</b>		
Other long-term securities holdings		1,950
Other long-term receivables		864
		<b>2,814</b>
Deferred tax assets		1,717
<b>Total fixed assets</b>		<b>842,828</b>
<b>Current assets</b>		
Receivables due from customers under construction contracts		154,515
Accounts receivable		200,927
Deferred tax assets		25,217
Other receivables		1,865
Prepaid expenses and accrued income		4,248
Cash and cash equivalents		140,372
<b>Total current assets</b>		<b>527,144</b>
<b>TOTAL ASSETS</b>		<b>1,369,972</b>

# Consolidated statement of financial position, Cont.

## EQUITY AND LIABILITIES

Amounts in SEK 000 (TSEK)

Note 30 June 2019

### EQUITY

Equity attributable to Parent Company's shareholders

Share capital	500
Other capital contributions	443,595
Retained earnings	-
Net profit/loss for the period	-363
<b>Total equity</b>	<b>443,732</b>

### LIABILITIES

#### Long-term liabilities

Liabilities to credit institutions	444,597
Liabilities pertaining to right-of-use assets	5,455
Deferred tax liabilities	61,734
Other provisions	1,971
<b>Total long-term liabilities</b>	<b>513,757</b>

#### Current liabilities

Liabilities pertaining to right-of-use assets	6,077
Accounts payable	227,095
Other current liabilities	30,337
Invoiced, unearned revenue	97,713
Accrued expenses and deferred income	51,261

**Total current liabilities** **412,483**

**TOTAL EQUITY AND LIABILITIES** **1,369,972**

# Consolidated statement of changes in equity

Amounts in SEK 000 (TSEK)	Attributable to Parent Company's shareholders			Total	Total equity
	Share capital	Other capital contributions	Retained earnings, including net profit		
<b>Group formed, 24 May 2019</b>	<b>500</b>			<b>500</b>	<b>500</b>
Comprehensive income					
Net profit/loss for the period			-363	-363	-363
<b>Other comprehensive income</b>					
<b>Total comprehensive income</b>			<b>-363</b>	<b>-363</b>	<b>-363</b>
Transactions with shareholders					
Shareholders' contributions		443,595		443,595	443,595
<b>Total transactions with shareholders</b>		<b>443,595</b>		<b>443,595</b>	<b>443,595</b>
<b>Closing balance at 30 Jun 2019</b>	<b>500</b>	<b>443,595</b>	<b>-363</b>	<b>443,732</b>	<b>443,732</b>

# Consolidated statement of cash flows

Amounts in SEK 000 (TSEK)	Note	24 May 2019– 30 Jun 2019
<b>Operating cash flow</b>		
Operating profit		5,918
Adjustments for non-cash items		0
– Reversal of amortisation		1,565
– Other non-cash items		1,504
Interest received		0
Interest paid		–158
Tax paid		–3,524
<b>Operating cash flow before change in working capital</b>		<b>5,305</b>
<b>Change in working capital</b>		
Increase/decrease from customers under construction contracts		1,324
Increase/decrease accounts receivable		130,091
Increase/decrease other current receivables		–16
Increase/decrease other current liabilities		–68,315
Increase/decrease other provisions		0
Increase/decrease accounts payable		9,707
<b>Operating cash flow</b>		<b>78,096</b>
<b>Cash flow from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	4	–317,351
Sale of financial fixed assets		0
<b>Cash flow from investing activities</b>		<b>–317,351</b>
<b>Cash flow from financing activities</b>		
New share issue		0
Borrowings		441,000
Repayment of borrowings		–61,373
<b>Cash flow from financing activities</b>		<b>379,627</b>
<b>Cash flow for the period</b>		<b>140,372</b>
Opening cash and cash equivalents		0
<b>Closing cash and cash equivalents</b>		<b>140,372</b>

## Parent Company income statement

Amounts in SEK 000 (TSEK)	Note	31 Oct 2018– 30 Jun 2019
Total operating revenue		0
Other external expenses		-1
<b>Total operating expenses</b>		<b>-1</b>
<b>Operating profit</b>		<b>-1</b>
Interest expenses and similar profit or loss items		-3,597
<b>Income from financial items</b>		<b>-3,597</b>
<b>Earnings before tax</b>		<b>-3,598</b>
<b>PROFIT FOR THE YEAR</b>		<b>-3,598</b>

# Parent Company balance sheet

Amounts in SEK 000 (TSEK)	Note	30 Jun 2019
<b>ASSETS</b>		
Fixed assets		
Financial fixed assets		
Participations in Group companies		684,918
Receivables from Group companies		179,678
<b>Total financial fixed assets</b>		<b>864,596</b>
<b>Total fixed assets</b>		<b>864,596</b>
Current assets		
Current receivables		
Other receivables		500
		<b>500</b>
<b>Cash and cash equivalents</b>		<b>20,000</b>
<b>Total current assets</b>		<b>20,500</b>
<b>TOTAL ASSETS</b>		<b>885,096</b>
<b>EQUITY AND LIABILITIES</b>		
Equity		
Restricted equity		
Share capital		500
<b>Total restricted equity</b>		<b>500</b>
Unrestricted equity		
Share premium reserve		443,595
Retained earnings		0
Net loss for the period		-3,598
<b>Unrestricted equity</b>		<b>439,997</b>
<b>Total equity</b>		<b>440,497</b>
Long-term liabilities		
Liabilities to credit institutions		444,597
<b>Total long-term liabilities</b>		<b>444,597</b>
Current liabilities		
Liabilities to Group companies		2
<b>Total current liabilities</b>		<b>2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>885,096</b>
Pledged assets (participations in Group companies)		684,918
Contingent liabilities (warranty undertakings for Zengun AB)		28,700

# Parent Company statement of cash flows

Amounts in SEK 000 (TSEK)	31 Oct 2018–30 Jun 2019
<b>Operating cash flow</b>	
Operating profit	-1
Adjustments for non-cash items	0
Tax paid	0
<b>Operating cash flow before change in working capital</b>	
Change in working capital	-1
Increase/decrease other current liabilities	2
<b>Operating cash flow</b>	<b>1</b>
<b>Cash flow from investing activities</b>	
Acquisition of subsidiaries, net of cash acquired	-360,556
<b>Cash flow from investing activities</b>	
<b>Cash flow from financing activities</b>	
New share issue	
Borrowings	441,000
Repayment of borrowings	-60,445
<b>Cash flow from financing activities</b>	<b>380,555</b>
<b>Cash flow for the period</b>	<b>20,000</b>
Opening cash and cash equivalents	0
<b>Closing cash and cash equivalents</b>	<b>20,000</b>



# Notes

## NOTE 1. ACCOUNTING POLICIES

Zengun applies the International Financial Reporting Standards (IFRS) as adopted by the EU.

This interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the appropriate provisions of the Swedish Annual Accounts Act. This interim report for the Parent Company was prepared in accordance with *recommendation RFR 2, Accounting for Legal Entities issued by the Swedish Financial Reporting Board and Chapter 9 of the Swedish Annual Accounts Act*. The same accounting and calculation policies have been applied for the Group and the Parent Company as in the latest annual report for Zengun Group Holding AB.

In preparing the financial statements pursuant to IFRS, the Board of Directors and the Group management make assessments and assumptions that affect the Group's earnings and financial position, as well as published information in other respects. Assessments and assumptions are based on historical experience and are subject to regular review.

## NOTE 2. OPERATING SEGMENTS

The operating segments have been determined based on the information reviewed by the Group management, and which is used for allocating resources to the segments. The Group management monitors data regarding turnover and operating profit for each operating company. These comprise the Group's operating segments.

	Zengun Group AB (publ)	Zengun Group Holding AB (former group)				
TSEK	24 May 2019– 30 Jun 2019	1 Apr 2019– 30 Jun 2019	1 Apr 2018–30 Jun 2018	1 Jan 2019– 30 Jun 2019	1 Jan 2018– 30 Jun 2018	2018
<b>Net turnover</b>						
Project Partnering and Construction	175,964	514,257	459,161	1,023,282	868,968	1,799,220
Property Maintenance and Construction Services	27,352	84,182	82,604	160,689	145,106	364,470
Intra-Group	0	-18		-277		-11,393
	<b>203,316</b>	<b>598,422</b>	<b>541,765</b>	<b>1,183,694</b>	<b>1,014,074</b>	<b>2,152,297</b>
<b>Operating profit (EBIT)</b>						
Project Partnering and Construction	5,315	19,336	29,364	42,116	51,683	93,705
Property Maintenance and Construction Services	603	950	1,735	1,706	8,318	27,631
Intra-Group		-18		-277	0	-9,429
	<b>5,918</b>	<b>20,269</b>	<b>31,099</b>	<b>43,545</b>	<b>60,001</b>	<b>111,907</b>

## NOTE 3. EARNINGS PER SHARE

	Zengun Group AB (publ) (Issuer)	Zengun Group Holding AB (former group)		
Earnings per share before and after dilution TSEK	24 May 2019– 30 Jun 2019	1 Jan 2019– 30 Jun 2019	1 Jan 2018– 30 Jun 2018	2018
Net profit/loss for the period attributable to Parent Company's shareholders	-363	12,871	35,367	67,969
No. of shares outstanding, opening balance	500	278,281,635	278,281,635	259,733,381
No. of shares outstanding, closing balance	500	278,281,635	278,281,635	278,281,635
<b>Average number of shares</b>	<b>500</b>	<b>278,281,635</b>	<b>278,281,635</b>	<b>269,007,508</b>
Earnings per share before and after dilution	neg.	0.08	0.13	0.25



**NOTE 4. ACQUISITIONS****ZENGUN GROUP AB (PUBL)**

19-05-24

**Details of acquired net assets and goodwill:  
Group**

Purchase consideration	684,918
– paid in cash	360,556
– shareholders' contributions	324,362
Total purchase consideration	684,918
Fair value of acquired net assets	137,452
Goodwill	547,466

	Fair value	Carrying amount, acquisitions
<b>The assets and liabilities recognised as a result of the acquisition are as follows:</b>		
Cash and cash equivalents	43,204	43,204
Trademarks	152,100	
Customer contracts and customer relationships	127,400	
Property, plant and equipment (PPE)	12,896	12,896
Financial fixed assets	2,814	2,814
Accounts receivable and other receivables	515,735	515,735
Borrowings	-190,373	-190,373
Deferred tax liabilities, net	-60,844	-60,844
Other provisions	-467	-467
Accounts payable and other liabilities	-465,014	-465,014
<b>Fair value of net assets</b>	<b>137,451</b>	<b>-142,049</b>
Non-controlling interests		
Goodwill	547,466	–
<b>Total purchase consideration</b>	<b>684,917</b>	
Cash consideration	360,556	
Cash and cash equivalents in subsidiaries	-43,204	
<b>Change in the Group's cash and cash equivalents from acquisition</b>	<b>317,352</b>	

Acquisition costs amounted to MSEK 0.5.

**NOTE 5. USE OF ALTERNATIVE PERFORMANCE MEASURES**

Zengun presents certain financial metrics in the interim report that are not defined in accordance with IFRS. These are known as alternative performance measures. Zengun's considered opinion is that these metrics provide useful supplemental information to shareholders and the Group management, since they enable the evaluation of trends and the Group's performance. Since not all companies calculate financial metrics in the same manner, these metrics are not always comparable. Definitions of these metrics are provided in Zengun Group Holding AB's Annual and Sustainability Report 2018.



# Signatures

The Board of Directors and the CEO hereby certify that this interim report for the first six months provides a fair view of the Parent Company's and the Group's operations, position and performance, and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 28 August 2019

Jan Örnevik  
Chairman of the Board

Ulf Jonsson  
Board Member

Henrik Lif  
Board Member

Cecilia Safaee  
Board Member

Tobias Örnevik  
Board Member

Sture Nilsson  
Managing Director and CEO

**THIS INTERIM REPORT HAS NOT BEEN SUBJECT TO REVIEW BY THE COMPANY'S AUDITORS.**

Prior to publication, this information constituted insider information. This information is of such a kind that Zengun Group AB (publ) is legally required to disclose pursuant to the EU's Market Abuse Regulation. This information was submitted through the agency of the above contacts for publication on 29 August 2019 at 7:30 a.m. (CEST).

