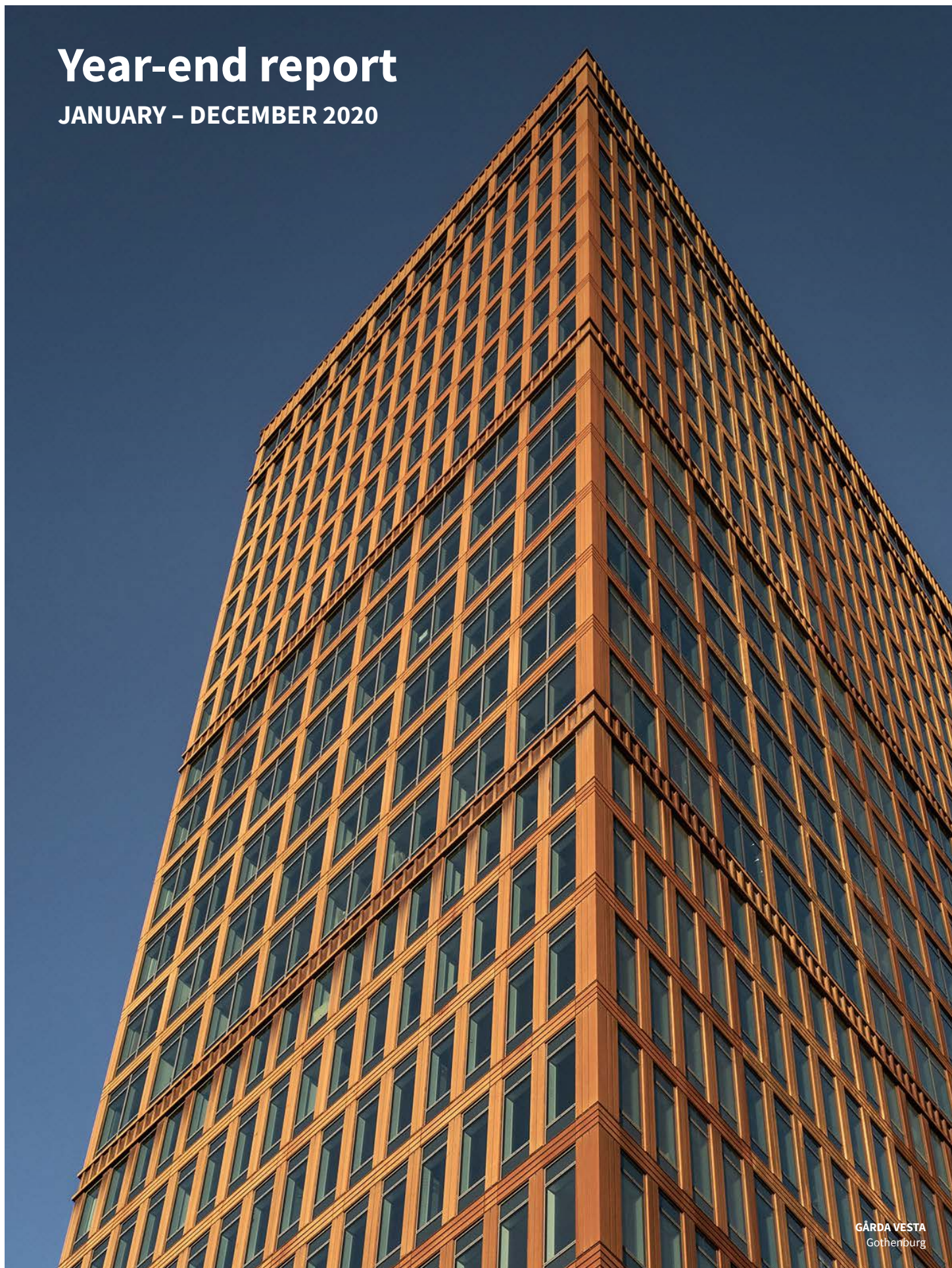


# Year-end report

JANUARY – DECEMBER 2020



GÅRDA VESTA  
Gothenburg



**PEAB**  
THE NORDIC COMMUNITY BUILDER

# Strong financial position and new financial targets

In this report amounts and comments are based on segment reporting if not otherwise specified. As of January 1, 2020 Peab has changed accounting principles for Swedish tenant-owned housing projects in reporting according to IFRS. Reporting of housing projects in Norway and Finland in segment reporting changed. The Group has different accounting principles in segment reporting compared to reporting according to IFRS. For more information on the new accounting principles and the differences between segment reporting and reporting according to IFRS, see note 1 and 4.

## Summary according to segment reporting

### October – December 2020

- Net sales SEK 15,424 million (15,858), of which acquired operations were SEK 1,412 million
- Operating profit SEK 1,825 million (797), of which acquired operations were net SEK 42 million and the effect of distributing Annehem Fastigheter was SEK 952 million
- Operating margin 11.8 percent (5.0), 5.7 percent excluding the effect of distributing Annehem Fastigheter
- Pre-tax profit SEK 1,807 million (772)
- Earnings per share SEK 5.62 (2.10)
- Orders received SEK 12,189 million (12,096), of which acquired operations contributed by SEK 1,113 million
- Cash flow before financing SEK 1,763 million (1,095)
- Distribution and listing of Annehem Fastigheter carried out

### January – December 2020

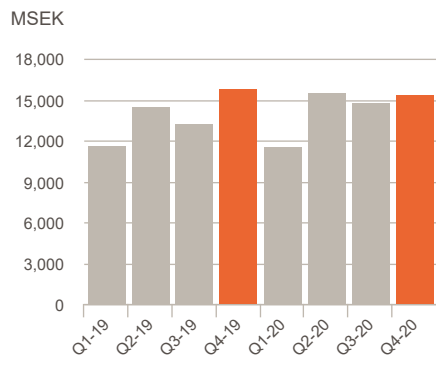
- Net sales SEK 57,417 million (55,349), of which acquired operations SEK 5,891 million
- Operating profit SEK 3,541 million (2,610), of which acquired operations net SEK 250 million and the effect of distributing Annehem Fastigheter was SEK 952 million
- Operating margin 6.2 percent (4.7), 4.5 percent excluding the effect of distributing Annehem Fastigheter
- Pre-tax profit SEK 3,433 million (2,579)
- Earnings per share SEK 10.00 (7.25)
- Orders received SEK 49,735 million (44,130), of which acquired operations contributed SEK 4,357 million. Order backlog SEK 42,709 million (42,494)
- Cash flow before financing SEK 2,779 million (1,025), of which acquisition payment was SEK -3,184 million
- Net debt SEK 3,873 million (7,535)
- Equity/assets ratio 36.2 percent (32.5)
- Acquisition of paving and mineral aggregates operations from YIT finalized on April 1, 2020
- The Board proposes a dividend of SEK 4.50 (-) per share
- New financial and non-financial targets established

## Group

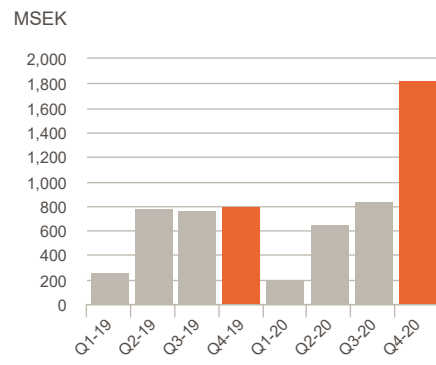
MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Segment reporting</b>				
Net sales	15,424	15,858	57,417	55,349
Operating profit	1,825	797	3,541	2,610
Operating margin, %	11.8	5.0	6.2	4.7
Pre-tax profit	1,807	772	3,433	2,579
Profit for the period	1,655	620	2,948	2,138
Earnings per share, SEK	5.62	2.10	10.00	7.25
Return on equity, % <sup>1)</sup>	23.1	17.9	23.1	17.9
Return on capital employed, % <sup>1)</sup>	17.6	12.8	17.6	12.8
Net debt	3,873	7,535	3,873	7,535
Equity/assets ratio, %	36.2	32.5	36.2	32.5
Cash flow before financing	1,763	1,095	2,779	1,025
Number of employees at the end of the period	15,252	14,258	15,252	14,258
<b>Reporting according to IFRS</b>				
Net sales, IFRS	15,989	15,455	59,852	56,303
Operating profit, IFRS	1,942	833	3,922	3,285
Pre-tax profit, IFRS	1,910	802	3,745	3,227
Profit for the period, IFRS	1,729	653	3,181	2,656
Earnings per share, IFRS, SEK	5.87	2.21	10.79	9.00
Cash flow before financing, IFRS	1,958	815	3,753	3,226

<sup>1)</sup> Calculated on rolling 12 months

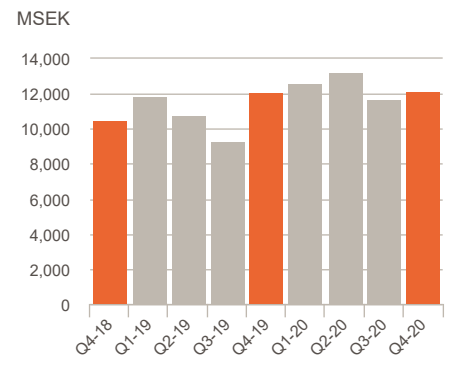
### Net sales



### Operating profit



### Orders received



# Comments from the CEO

Even though 2020 was a dramatic year globally Peab's development was robust. The level of orders received continued to be stable and a strong cash flow improved our financial position. Both the acquisition of the paving and mineral aggregates operations and the distribution of Annhem Fastigheter contributed to very good profits and clarifying our core business.

## GROUP DEVELOPMENT

Net sales in 2020 increased by four percent and amounted to SEK 57,417 million (55,349), of which the acquired operations contributed by SEK 5,891 million. Operating profit was SEK 3,541 million (2,610), of which the effect of the acquired operations was SEK 250 million and the effect of the distribution of Annhem Fastigheter was SEK 952 million. The operating margin was 6.2 percent (4.7) and not including the effect of the distribution of Annhem Fastigheter, the operating margin was 4.5 percent. Last year included an income contribution of SEK 170 million from divestitures of properties in the partially owned company Acturum. Cash flow continued to develop well during the year, which contributed to reducing net debt.

## BUSINESS AREA DEVELOPMENT

Net sales in business area Construction contracted by eight percent in 2020 and were SEK 26,989 million. Net sales were lower in Sweden but higher in Norway and Finland. Housing construction continues to decline while other public building construction is on the rise. The operating profit was 2.5 percent (2.4). Net sales in business area Civil Engineering contracted by four percent in 2020 with declines in Local market and Operations and Maintenance. However, the operating margin improved. Net sales and operating profit increased in business area Industry where as of April 2020 the Nordic paving and mineral aggregates operations acquired from YIT are included. Business area Project Development reported lower net sales primarily due to the drop in sales in Housing Development in Sweden. Operating profit included SEK 896 million from the effect of distributing Annhem Fastigheter. Last year included an income contribution of SEK 170 million from the divestiture of properties in the partially owned company Acturum. Production starts of our own developed housing and sales have been stable with a good geographic spread in Sweden, Norway and Finland. During the fourth quarter Housing Development signed contracts for the sales of several tenancy projects which will be on our own balance sheet under construction and recognized in profit/loss when turned over in the coming years. The relatively limited effect of the corona pandemic on Peab has mainly affected Property Development in operations connected to travel and tourism.

## ORDER SITUATION

Despite the current uncertainty on the market the level of orders received continues to be stable. For the full year 2020 it amounted to SEK 49,735 million (44,130), of which the acquired operations contributed by SEK 4,357 million. We are also happy to note that the orders continue to be well spread in both place and product. Order backlog was SEK 42,709 million (42,494), of which 32 percent will be produced after 2021.

## MARKET AND OUTLOOK FOR THE FUTURE

After negative growth during 2020 due to the corona pandemic the Nordic countries are expected grow again in 2021. In general, we expect a stable development in the markets we are active in. Housing construction will probably move horizontally in all three countries during the period 2021-2022. Other building construction during 2021 is expected to increase in Sweden, decline in Norway and remain the same in Finland. The common denominator is continued strong public sector construction. Civil engineering investments are expected to grow in Sweden and Norway while they are expected to decline somewhat in Finland.



## READY FOR THE NEXT PHASE

The year 2020 will go down as an exceptional year characterized by the pandemic and its consequences. Nonetheless, for Peab the year was both successful and essential to our continued development. On April 1st we finalized the strategic acquisition in paving and mineral aggregates operations and on December 11th we distributed and listed the previously wholly owned subsidiary Annhem Fastigheter. These two events have clearly defined our core business as a focused and professional builder and developer in the Nordic region with a high level of our own resources. Now we are ready to enter the next phase of Peab's development.

Owing to the fact that now we are fully a Nordic community builder with extensive local presence and four collaborating business areas, executive management and the Board has made a comprehensive review of Peab's targets; everything from our mission, business concept and strategic targets to more concrete financial and non-financial targets. These targets were adopted and communicated yesterday and based on this we will present our way forward in greater detail on our Capital Market Day next Wednesday, February 10th.

We are confident about our future. The long-term external forces point in our favor. We have a strong business model and therefore everything we need to achieve our strategic targets to have the most satisfied customers, be the best workplace and the most profitable company in the industry – and now to lead in social responsibility.

I want to thank all our fantastic employees at Peab who have kept our business going during this special year and further strengthened Peab.

## DIVIDEND PROPOSAL

Based on the Group's stable profitability and financial situation as well as the company's order situation and investment needs the Board proposes a dividend of SEK 4.50 (-) per share for the financial year 2020.

*Jesper Göransson  
CEO and President*

# Net sales and profit

## TRANSLATED COMPARATIVE FIGURES AFTER CHANGED ACCOUNTING PRINCIPLES

As of fiscal year 2020 Peab consolidates projects with Swedish tenant-owned housing associations at the time the final homebuyers take possession of their apartments. This means that Peab recognizes the projects on the balance sheet as work-in-progress under the asset item project development properties, and as interest-bearing liabilities. Revenue and costs for the projects will be recognized as homebuyers take possession of their apartments. In conjunction with this change Peab now recognizes all our own developed housing projects in Sweden, Norway and Finland according to the completion method. According to previous principles Peab did not consolidate projects with Swedish tenant-owned housing associations from the time land transfer and turnkey contracts were signed, and revenue and expenses were recognized over time as the projects were successfully completed.

To create clarity and enable the market to follow Peab's development regarding our own housing developments, in segment reporting revenue and expenses will continue to be recognized over time as the projects are successfully completed. This applies to the business area Project Development and the unit Housing Development and refers to Swedish tenant-owned housing associations and own single homes, Norwegian condominiums and share housing and Finnish residential limited companies. Revenue and expenses for our own housing developments in Norway and Finland along with our own single homes in Sweden were previously recognized at one point in time in segment reporting as well. Financial key ratios such as capital employed, the equity/assets ratio, net debt and the debt/equity ratio as well as earnings per share are presented in segment reporting with consideration taken to the above prerequisites. Net debt in segment reporting includes the unsold portion of housing projects during ongoing production. Segment reporting is also the model Peab uses for its internal steering.

In conjunction with changing segment reporting for housing projects Peab has also changed the segment reporting of additional leases according to IFRS 16 (previously operational leases). The change means that leasing fees are recognized in operating profit as a cost linearly over the leasing period in segment reporting for all business areas and application of IFRS 16 for additional leases is only given as a total for the Group.

In the following report amounts and comments are based on segment reporting if not otherwise specified. All comparative figures for 2019 are translated if not otherwise specified. For more information concerning translated comparative figures see note 1 as well as [www.peab.com/ifrs](http://www.peab.com/ifrs).

## ANNEHEM FASTIGHETER

In February 2020 Peab's Board proposed, in addition to the ordinary dividend, an extra distribution of all the shares in a newly founded company, Annehem Fastigheter, containing all Peab's wholly owned, fully developed commercial properties. As a result of the spread of the coronavirus, its effects on external circumstances and on financial markets, Peab's Board decided to withdraw the proposal to the AGM. Based on market assessments as well as the development presented in the second quarter report Peab's Board decided in August 2020 to propose a new date for the distribution of Annehem Fastigheter. An Extra General Meeting was held on November 12, 2020 where Peab's shareholders adopted the proposal from the Board and the shares were distributed in December. December 11, 2020 was the first day of trading in Annehem Fastigheter's B shares on Nasdaq Stockholm.

Annehem Fastigheter is reported as a separate unit outside of segment reporting. Previously Annehem Fastigheter was included in business area Project Development and the unit Property Development. The change applies per January 1, 2020 and no comparative figures have been translated. For more information, see the section Annehem Fastigheter.

## ACQUISITION OF NORDIC PAVING AND MINERAL AGGREGATES OPERATIONS

On July 4, 2019 Peab signed a contract to acquire YIT's paving and mineral aggregates operations in the Nordic region. The transaction was conditional on approval from competition authorities as well as the fulfillment of certain contractual conditions. At the end of March 2020 the transaction was approved by the competition authorities and the acquisition was finalized on April 1, 2020. Through the acquisition Peab expands its presence in Sweden, Norway and Finland and become established in the paving business in Denmark. The operations are consolidated into the business area Industry as of April 1, 2020.

The transaction is a combination of an asset deal and a share purchase. The purchase price amounted to SEK 3,184 million for a debt-free business and is fully financed. The acquired business had net sales of SEK 5,878 million with an adjusted EBITDA of SEK 282 million in 2019.

For more information see the sections Business area Industry, Other information and note 2.

## NET SALES AND PROFIT

### October – December 2020

Group net sales for the fourth quarter 2020 was SEK 15,424 million (15,858), of which SEK 1,412 million are related to the acquisition of paving and mineral aggregates operations. Not including the acquired operations net sales contracted by twelve percent. Net sales in business area Construction decreased by eleven percent and the reduction primarily refers to Swedish operations. Net sales in business area Civil Engineering decreased by five percent. Business area Industry presented an increase in net sales of 37 percent. Not including the acquired operations net sales contracted in business area Industry by three percent. Net sales in business area Project Development decreased by 33 percent compared to the fourth quarter last year. The reduction is primarily related to Housing Development. Of the quarter's net sales SEK 5,106 million (3,439) were attributable to sales and production outside Sweden. The increase is primarily due to operations acquired within business area Industry.

Operating profit for the fourth quarter 2020 amounted to SEK 1,825 million (797), of which the acquired operations within business area Industry made up net SEK 42 million and the effect of the distribution of Annehem Fastigheter was SEK 952 million. The operating margin was 11.8 percent (5.0). Without the effect of the distribution of Annehem Fastigheter the operating margin was 5.7 percent.

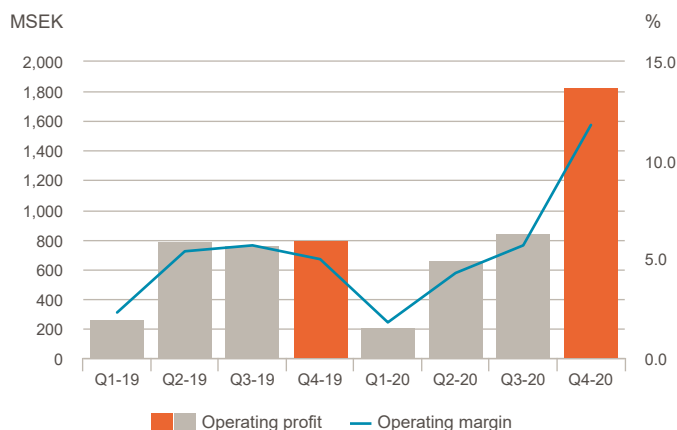
The acquisition of the paving and mineral aggregates operations was finalized on April 1, 2020, which meant the acquisition occurred when the season started. The underlying operations in the acquired companies contributed by SEK 72 million in the fourth quarter. Depreciation on surplus values for, among other things, customer contracts in the order backlog taken over and fixed assets amounted to SEK -30 million. Depreciation on surplus values for customer contracts in the order backlog taken over have been high throughout 2020 and will also affect part of 2021. All in all operating profit for the fourth quarter was positively affected by SEK 42 million related to the acquired operations.

In business area Construction operating margin was 2.6 percent (2.5) and in business area Civil Engineering the operating margin was 3.6 percent (3.5). Business area Industry showed a margin of 8.1 percent (10.1), not including the acquired operations the operating margin was 10.2 percent. Operating profit in Project Development increased in the fourth quarter and amounted to SEK 1,195 million (278), of which the effect of the distribution of Annehem Fastigheter was SEK 896 million. Even without the effect of the distribution of Annehem Fastigheter, operating profit improved in Property Development. Housing Development had a slightly lower operating profit during the quarter but the operating margin improved to 13.5 percent (10.0).

Elimination and reversal of internal profit amounted to SEK 37 million (-53) of which the reversal of construction profit in connection with the distribution of Annehem Fastigheter was SEK 56 million. Depreciation and write-downs for the fourth quarter were SEK -348 million (-292), of which SEK -70 million is related to acquired business.

Net financial items amounted to SEK -18 million (-25) of which net interest was SEK -13 million (-24). Pre-tax profit was SEK 1,807 million (772). Profit for the fourth quarter amounted to SEK 1,655 million (620).

## Operating profit and operating margin, per quarter



## January – December 2020

Group net sales for 2020 increased by four percent to SEK 57,417 million (55,349), of which acquired operations were SEK 5,891 million. After adjustments for acquired and divested units net sales decreased by seven percent.

Net sales in business area Construction contracted by eight percent and the decrease was related to our Swedish operations while net sales increased in our Norwegian and Finnish operations. In business area Civil Engineering net sales shrunk by four percent compared to last year. Net sales in business area Industry grew by 40 percent. Not including the acquired operations net sales in business area Industry contracted by four percent. The reduction stems from Transportation and Machines, Rentals and Construction System. In business area Project Development net sales shrunk in both Property Development and Housing Development. The reduction in Housing Development stems from Swedish and Finnish operations.

Of the period's net sales SEK 17,005 million (11,260) were attributable to sales and production outside Sweden. Most of the increase is related to the acquired paving and mineral aggregates operations in business area Industry.

Operating profit for 2020 amounted to SEK 3,541 million (2,610), of which the acquired operations were SEK 250 million and the effect of the distribution of Annehem Fastigheter was SEK 952 million. Last year included an income contribution of SEK 170 million from the divestiture of property in the partially owned company Acturum. The operating margin was 6.2 percent (4.7). Without the effect of the distribution of Annehem Fastigheter the operating margin was 4.5 percent.

The acquisition of the paving and mineral aggregates operations was finalized on April 1, 2020, which meant the acquisition occurred when the season started. The underlying operations in the acquired companies contributed during the period April-December to the operating profit by SEK 494 million. Depreciation on surplus values for, among other things, customer contracts in the order backlog taken over and fixed assets amounted during the same period to SEK -189 million. Depreciation on surplus values for customer contracts in the order backlog taken over have been high throughout 2020 and will also affect part of 2021. In addition, acquisition costs and transfer tax in Finland have charged profits in total by SEK -55 million. All in all operating profit for the year was positively affected by SEK 250 million related to the acquired operations. Because the acquired operations have a very clear seasonal pattern the first quarter is characterized by considerable deficits since the season starts in the second quarter. If the acquisition had taken place on January 1, 2020 profit in the first quarter would have been affected by SEK -297 million and the underlying operations would have had an accumulated operating profit for January-December 2020 of SEK 197 million.

The operating margin in business area Construction was 2.5 percent (2.4) in 2020. In business area Civil Engineering the operating margin improved to 3.0 percent (2.8). The operating margin in business area Industry was 5.9 percent (7.0). Not including the acquired operations the operating margin was 6.7 percent. The lower operating margin in Industry is due to a lower margin in Rentals and Construction System. Operating profit in Project Development increased to SEK 1,669 million (1,015), however, without the effect of the distribution of Annehem Fastigheter of SEK 896 million operating profit contracted. Last year an income contribution of SEK 170 million from Acturum was included in Property Development. During the year some operations in Property Development were affected negatively by SEK -64 million due to the corona pandemic, where SEK -44 million was related to Ängelholm Helsingborg Airport, of which SEK -20 million refers to writing down goodwill. The operating profit in Housing Development decreased slightly during the year but the operating margin improved to 9.6 percent (8.6).

Eliminations and reversal of internal profit in our own projects have affected operating profit net by SEK 23 million (-142), of which the reversal of construction profits in connection with the distribution of Annehem Fastigheter was SEK 56 million. Last year several of our own major office projects were under construction. Elimination is reversed in connection with the external divestment of a project.

Depreciation and write-downs for the year were SEK -1,412 million (-1,094), of which SEK -310 million is related to acquired operations in business area Industry.



Net financial items amounted to SEK -108 million (-31), of which net interest amounted to SEK -56 million (-72). Net financial items from acquired operations amounted to SEK -27 million during the year. Net financial items included currency exchange rate differences of SEK -88 million (-2). Currency exchange rate differences have for the most part occurred on receivables in subsidiaries in Norway and Finland, and have no effect on cash flow.

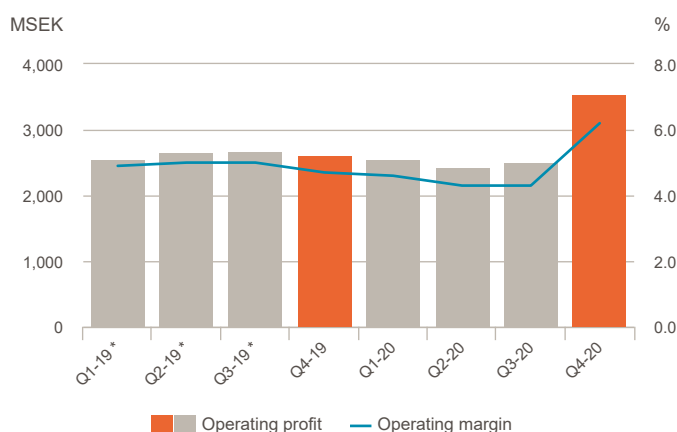
Pre-tax profit was SEK 3,433 million (2,579). Tax for the year was SEK -485 million (-441) corresponding to a tax rate of 14 percent (17). The lower tax rate is due to non-taxable income from, among others, the profit/loss effect of the distribution of Annehem Fastigheter.

Profit for the year was SEK 2,948 million (2,138).

## SEASONAL VARIATIONS

Group operations, particularly in Industry and Civil Engineering, are affected by fluctuations that come with the cold weather during the winter half of the year. Normally the first quarter is weaker than the rest of the year. The seasonal pattern will be even stronger with the acquisition of the paving and mineral aggregates operations.

## Operating profit and operating margin, rolling 12 months



\*Q1-Q3 2019 not translated according to the changed accounting principles for our own developed housing projects.

# Financial position and cash flow

## FINANCIAL POSITION

Total assets per December 31, 2020 were SEK 36,604 million (38,362), of which approximately SEK 4,000 million is related to the acquired paving and mineral aggregates operations. Annehem Fastigheter were included by SEK 2,077 million at the same point in time last year. Equity amounted to SEK 13,251 million (12,479) which means the equity/assets ratio was 36.2 percent compared to 32.5 percent at the end of last year. Interest-bearing net debt decreased during the year and amounted to SEK 3,873 million compared to SEK 7,535 million at the same time last year. Net debt includes the unsold part of our own developed housing projects as long as they are in production. The unsold part at the end of the year was SEK 1,055 million (3,088). In addition, the positive effects of the distribution of Annehem Fastigheter have reduced net debt. The purchase price of the paving and mineral aggregates operations increased net debt by SEK 3,184 million on April 1, 2020. Since the acquisition took place at the start of the season positive cash flow effects have thereafter contributed to lowering net debt. The average interest rate in the loan portfolio, including derivatives, was 1.4 percent (1.5) on December 31, 2020.

Group liquid funds according to IFRS, including unutilized credit facilities, were SEK 8,822 million at the end of the year compared to SEK 5,013 million on December 31, 2019.

As a consequence of Peab consolidating Swedish tenant-owned housing associations per January 1, 2020 according to IFRS, surety for tenant-owned housing associations under production is not reported. When homebuyers take possession of their apartments and the tenant-owned housing association is no longer consolidated in Peab's accounts, Peab then reports the part of surety for unsold homes. This is because Peab has a guarantee obligation to acquire unsold homes six months after completion. Comparative figures for 2019 have been translated. Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 3,481 million at the end of the year compared to SEK 3,347 million on December 31, 2019. Surety for credit lines in tenant-owned housing associations regarding the unsold part after deconsolidation made up SEK 238 million of contingent liabilities compared to SEK 433 million on December 31, 2019.

## INVESTMENTS AND DIVESTMENTS

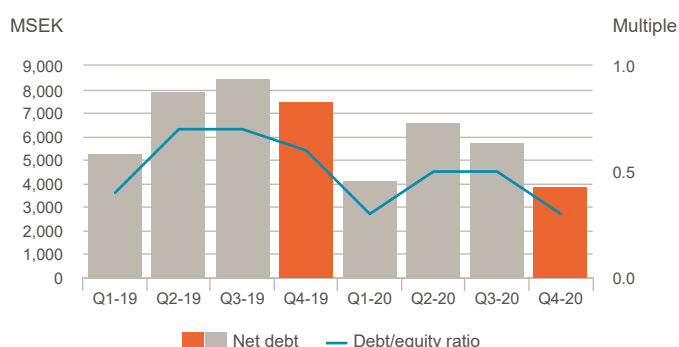
During the quarter tangible and intangible fixed assets and investment property were net invested for SEK 124 million (317). The investments refer primarily to investments in machines. During the year tangible and intangible fixed assets and investment property were net invested for SEK 732 million (1,554). In the comparable period a large part of the investments referred to building up properties on our own balance sheet and these have been transferred to Annehem Fastigheter during 2020.

Net divestitures in project and development properties, which are recognized as inventory items, totaled SEK 343 million (net divestitures SEK 117 million) during the fourth quarter. Net divestitures in project and investment properties totaled SEK 1,917 million (net divestitures SEK 434 million) during the year 2020. Project and development properties include the unsold part of ongoing own developed housing projects. During the year this portion has contracted due to more homes sold than has been started up.

## Net debt

MSEK	Dec 31 2020	Dec 31 2019
Bank loans	2,135	1,864
Commercial papers	110	1,359
Bonds	2,249	2,248
Financial leasing liabilities	634	579
Project financing, unsold part of housing projects	1,055	3,088
Interest-bearing receivables	-1,342	-1,230
Liquid funds	-968	-373
<b>Net debt, segment reporting</b>	<b>3,873</b>	<b>7,535</b>
Additional leasing liabilities according to IFRS 16	1,808	764
Project financing, sold part of housing projects	4,001	4,875
<b>Net debt, IFRS</b>	<b>9,682</b>	<b>13,174</b>

## Net debt and debt/equity ratio



## CASH FLOW

### October – December 2020

During the quarter cash flow from current operations improved to SEK 2,010 million (1,264), of which cash flow from changes in working capital was SEK 865 million (60). Business areas Industry and Project Development reported improved cash flows from changes in working capital compared to the corresponding quarter last year.

Cash flow from investment activities was SEK -247 million (-169) and consisted mostly of machine investments.

Cash flow before financing improved to SEK 1,763 million (1,095).

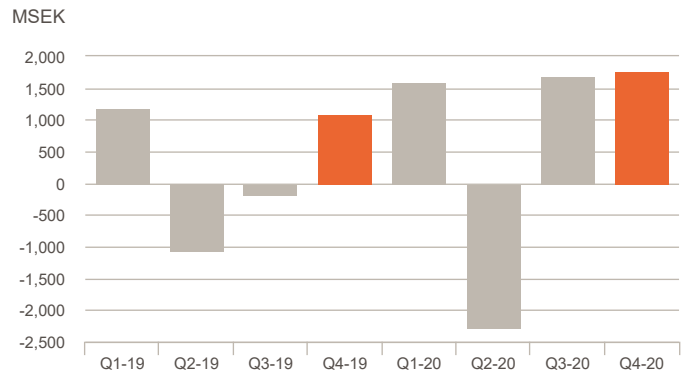
### January – December 2020

Cash flow from current operations was strong during the year and amounted to SEK 6,749 million (1,628), of which cash flow from changes in working capital was SEK 2,886 million (-1,427). All business areas reported improved cash flows from changes in working capital except Construction where cash flow was slightly lower compared to 2019. A large part of the positive cash flows from changes in working capital comes from having sold more of our developed homes than production started during the year.

Cash flow from investment activities was SEK -3,970 million (-603) where the acquisition price of the paving and mineral aggregates operations was included by SEK -3,184 million. Most of the other investments during the year consisted of machine investments.

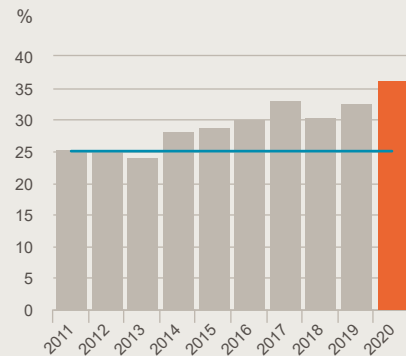
Cash flow before financing improved and amounted to SEK 2,779 million (1,025).

## Cash flow before financing



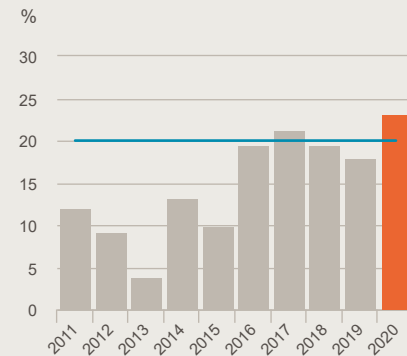
## Financial goals

### Equity/assets ratio



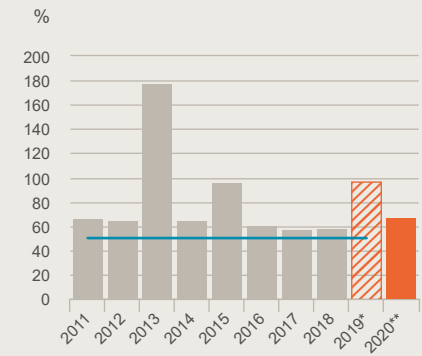
Goal > 25%

### Return on equity



Goal > 20%

### Dividends



\* In 2019 no dividend was distributed. The value of the distribution in Annhem Fastigheter at the time of the distribution in December 2020 was 97 percent of the profit for the year 2019. \*\* In 2020, the Board's proposal to the AGM. The proportion is calculated without the effect of MSEK 952 on profit due to the distribution of Annhem Fastigheter.

Goal > 50% of the profit for the year

Years 2011-2018 are not translated according to the changed accounting principles. For more information, see the section Net sales and profit, as well as note 1.



# Order situation

## October – December 2020

Orders received in the fourth quarter 2020 amounted to SEK 12,189 million compared to SEK 12,096 million for the same quarter last year. The acquired paving and mineral aggregates operations contributed by SEK 1,113 million in orders received.

The level of orders received in business areas Industry and Project Development have increased while they have declined in Construction and Civil Engineering compared to the same quarter last year. However, excluding orders received from the acquired operations, the level of orders received in business area Industry declined as well.

## January – December 2020

Orders received in 2020 increased by 13 percent and amounted to SEK 49,735 million compared to SEK 44,130 million last year.

## Orders received

MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Construction	6,620	7,789	26,597	26,155
Civil Engineering	2,724	3,679	12,752	13,108
Industry	2,816	1,803	9,893	6,174
Project Development	2,211	1,480	6,940	6,164
Eliminations	-2,182	-2,655	-6,447	-7,471
<b>Group</b>	<b>12,189</b>	<b>12,096</b>	<b>49,735</b>	<b>44,130</b>

The acquired paving and mineral aggregates operations contributed by SEK 4,357 million in orders received. Orders received increased in Construction, Industry and Project Development. Without the acquired operations orders received contracted in business area Industry. Group orders received are well spread geographically and there is good product diversity.

Order backlog yet to be produced at the end of the year was SEK 42,709 million compared to SEK 42,494 million at the end of last year. The order backlog includes order backlog of SEK 1,531 million from the acquired paving and mineral aggregates operations. Of the total order backlog, 32 percent (31) is expected to be produced after 2021 (2020). Swedish operations accounted for 78 percent (80) of the order backlog.

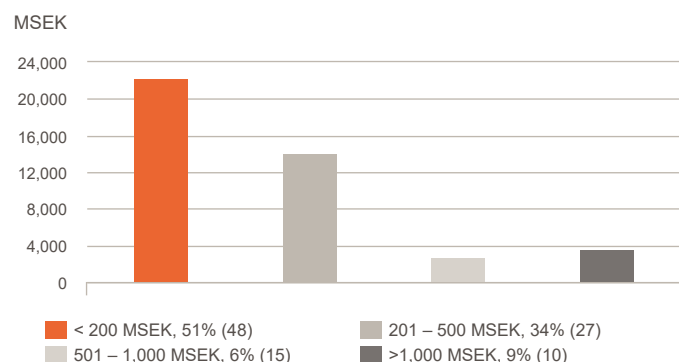
## Order backlog

MSEK	Dec 31 2020	Dec 31 2019
Construction	26,558	26,928
Civil Engineering	13,075	13,446
Industry	3,921	2,548
Project Development	5,151	5,027
Eliminations	-5,996	-5,455
<b>Group</b>	<b>42,709</b>	<b>42,494</b>

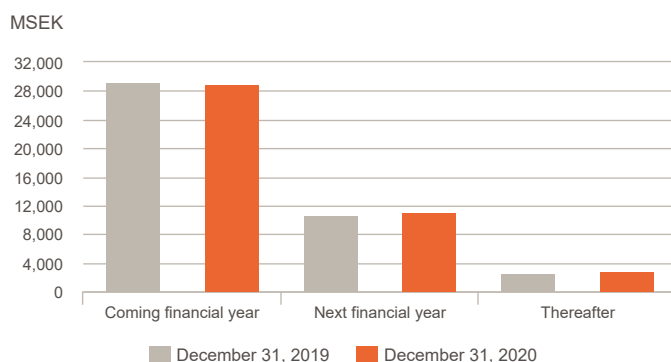
## We received several major projects and contracts in the fourth quarter, including:

-  Renovation of the dock at Haakonsværn Naval Base in Bergen for Forsvarsbygg. The contract is worth NOK 120 million.
-  Rebuilding of apartments for rent in Helsingborg for AB Helsingborgshem. The contract is worth SEK 101 million.
-  Renovation of apartments for rent for Helsingin kaupungin asunnot Oy (HEKA) in Pihlajisto. The contract is worth EUR 17 million.
-  Construction of new swimming pool facility in Kävlinge for KKB Fastigheter AB. The contract is worth SEK 292 million.
-  Refurbishing of Köping Port for Köping Municipality. The contract is worth SEK 170 million.
-  Construction of the Stridsberg Bridge in Trollhättan for Trollhättan City. The contract is worth SEK 329 million.
-  Decontamination of soil in Norra Djurgård City in Stockholm for Stockholm City. The contract is worth SEK 140 million.
-  Rebuilding of Highway 23 between Älmhult and Växjö for the Swedish Transport Administration. The contract is worth SEK 159 million.
-  Construction of new detention cells at the Salberga Institution in Sala for Skandrenting AB. The contract is worth SEK 300 million.
-  Commission to deliver the frame of a new building for Danderyd Hospital in Stockholm for Region Stockholm through Locum AB. The contract is worth SEK 169 million.
-  Rebuilding a property in Mölndal for Castellum. The contract is worth SEK 181 million.
-  Construction of a school in Älta south of Stockholm for Hemsö. The contract is worth SEK 306 million.
-  Construction of a school in Åmål for Åmål's municipal properties. The contract is worth SEK 210 million.
-  Construction of apartments in Steninge Slottsby, Sigtuna for Borohus and Innovation Properties. The contract is worth SEK 139 million.
-  Construction of a bridge over Tarendö River in Norrbotten for the Swedish Transport Administration. The contract is worth SEK 111 million.
-  Construction of apartments for rent in Eskilstuna for Heimstaden. The contract is worth SEK 251 million.
-  Construction of high-rise in Dickursby in Vanda City for A-Kruunu Oy. The contract is worth EUR 17 million.
-  Construction of apartments and stores in Visby on Gotland for BRF Ordboken. The contract is worth SEK 106 million.
-  Construction of apartments for rent in Linnéstaden in Kalmar for PPE Fastigheter i Kalmar AB. The contract is worth SEK 187 million.

## Project allocation of order backlog, December 31, 2020



## Order backlog allocated over time



# Overview business areas

The Peab Group is presented in four different business areas: Construction, Civil Engineering, Industry and Project Development. The business areas are also operating segments.

In addition to the business areas central companies, certain subsidiaries and other holdings are presented as Group functions. The central companies primarily consist of the parent company Peab AB, Peab Finans AB and Peab Support (Shared Service Center).

Annhem Fastigheter, which was distributed to Peab's shareholders in December 2020, has as of January 1, 2020 been reported as a separate unit outside of segment reporting. Previously Annhem Fastigheter was included in business area Project Development and the unit Property Development. No comparative figures have been translated.

For more information regarding the differences between segment reporting and reporting according to IFRS, see note 1 and note 4.

## Net sales and operating profit per business area

MSEK	Net sales				Operating profit			
	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Construction	7,448	8,371	26,989	29,416	197	207	663	711
Civil Engineering	3,600	3,792	12,843	13,339	131	132	391	367
Industry	4,929	3,592	18,720	13,339	397	363	1,105	937
Project Development	1,804	2,684	7,500	9,125	1,195	278	1,669	1,015
– of which Property Development	71	179	375	786	961	28	982	300
– of which Housing Development	1,733	2,505	7,125	8,339	234	250	687	715
Group functions	317	325	1,206	1,176	-132	-130	-310	-278
Eliminations	-2,674	-2,906	-9,841	-11,046	37	-53	23	-142
<b>Group, segment reporting</b>	<b>15,424</b>	<b>15,858</b>	<b>57,417</b>	<b>55,349</b>	<b>1,825</b>	<b>797</b>	<b>3,541</b>	<b>2,610</b>
Adjustment housing to IFRS	560	-403	2,491	954	95	30	331	652
IFRS 16, additional leases	–	–	–	–	12	6	34	23
Annhem Fastigheter	36 <sup>1)</sup>	–	171 <sup>2)</sup>	–	13 <sup>1)</sup>	–	30 <sup>2)</sup>	–
Eliminations	-31	–	-227	–	-3	–	-14	–
<b>Group, IFRS</b>	<b>15,989</b>	<b>15,455</b>	<b>59,852</b>	<b>56,303</b>	<b>1,942</b>	<b>833</b>	<b>3,922</b>	<b>3,285</b>

Percent	Operating margin			
	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Construction	2.6	2.5	2.5	2.4
Civil Engineering	3.6	3.5	3.0	2.8
Industry	8.1	10.1	5.9	7.0
Project Development	66.2	10.4	22.3	11.1
– of which Property Development	1,353.5	15.6	261.9	38.2
– of which Housing Development	13.5	10.0	9.6	8.6
Group functions				
Eliminations				
<b>Group, segment reporting</b>	<b>11.8</b>	<b>5.0</b>	<b>6.2</b>	<b>4.7</b>
Adjustment housing to IFRS				
IFRS 16, additional leases				
Annhem Fastigheter	36.1 <sup>1)</sup>	–	17.5 <sup>2)</sup>	–
Eliminations				
<b>Group, IFRS</b>	<b>12.1</b>	<b>5.4</b>	<b>6.6</b>	<b>5.8</b>

<sup>1)</sup> Refers to October-November 2020 <sup>2)</sup> Refers to January-November 2020

# Business area Construction

With local roots close to customers business area Construction performs construction work for both external and internal customers. Construction projects include everything from new production of housing, public and commercial premises to renovations and extensions as well as construction maintenance.

Operations in business area Construction are run via some 150 local offices around the Nordic area, organized in thirteen regions in Sweden, three in Norway and two in Finland. There are specialized housing production units in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide region in Sweden primarily focused on the big city areas. Other regions are responsible for all types of construction projects in their geographic area.

## NET SALES AND PROFIT

### October – December 2020

Net sales for the fourth quarter 2020 decreased by eleven percent and amounted to SEK 7,448 million (8,371). The decrease is attributable to Sweden.

Operating profit for the fourth quarter amounted to SEK 197 million (207) and the operating margin was 2.6 percent (2.5).

### January – December 2020

Net sales for 2020 decreased by eight percent and amounted to SEK 26,989 million (29,416). The decrease is attributable to Sweden while net sales in operations in Norway and Finland increased. The proportion of housing continues to contract while other building construction for the public sector has grown.

Operating profit for the year amounted to SEK 663 million (711) and the operating margin amounted to 2.5 percent (2.4).

## ORDERS RECEIVED AND ORDER BACKLOG

### October – December 2020

Orders received during the fourth quarter amounted to SEK 6,620 million (7,789).

### January – December 2020

Orders received during 2020 increased slightly to SEK 26,597 million (26,155). The orders received are relatively well spread regarding products and location.

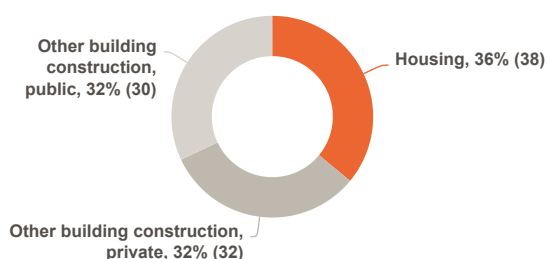
Order backlog on December 31, 2020 was SEK 26,558 million compared to SEK 26,928 million at the end of December 2019.

## Key ratios

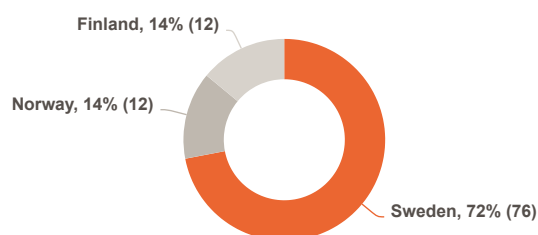
	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales, MSEK	7,448	8,371	26,989	29,416
Operating profit, MSEK	197	207	663	711
Operating margin, %	2.6	2.5	2.5	2.4
Orders received, MSEK	6,620	7,789	26,597	26,155
Order backlog, MSEK	26,558	26,928	26,558	26,928
Number of employees at the end of the period	5,878	6,299	5,878	6,299

## Net sales

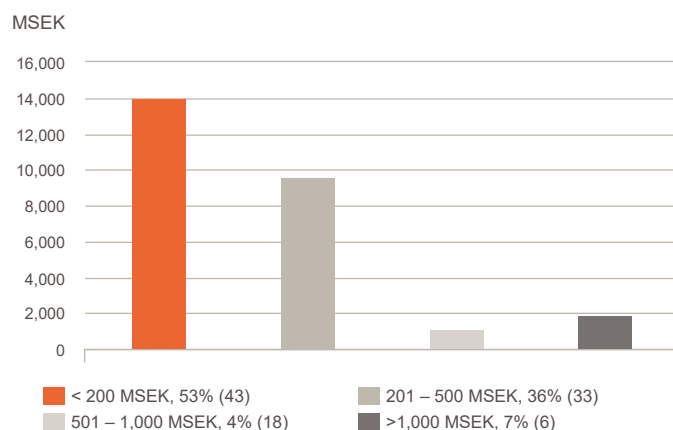
per product area, rolling 12 months



per geographic market, rolling 12 months



## Project allocation of order backlog, December 31, 2020



# Business area Civil Engineering

Business area Civil Engineering is a leading player in Sweden and with operations in Norway and Finland as well. The business area works with landscaping and pipelines, builds and maintains roads, railroads, bridges and other infrastructure as well as foundation work. Operations are organized in geographic regions and the specialized product areas Local market, Infrastructure and heavy construction and Operations and maintenance.

On the Local market the business area is working with landscaping and pipelines, foundation work and builds different kinds of facilities.

In the area of Infrastructure and heavy construction it builds roads, railroads, bridges, tunnels and ports.

Operation and maintenance provides just that for national and municipal highways and street networks as well as cares for parks and outdoor property. It also operates water and sewage supply networks.

## NET SALES AND PROFIT

### October – December 2020

Net sales for the fourth quarter 2020 decreased by five percent and amounted to SEK 3,600 million (3,792). Net sales increased in Infrastructure while net sales in Local market was lower.

Operating profit for the fourth quarter 2020 was SEK 131 million (132) and the operating margin improved to 3.6 percent (3.5).

### January- December 2020

Net sales during the year 2020 decreased by four percent and amounted to SEK 12,843 million (13,339). Even after adjustments for acquired units net sales decreased by four percent. Net sales increased in Infrastructure during the year while net sales in Local market as well as Operations and maintenance were lower.

Operating profit for the year amounted to SEK 391 million (367) and the operating margin improved to 3.0 percent (2.8). Local market and Infrastructure have improved earnings during the year while Operation and Maintenance have continued on a lower level.

## ORDERS RECEIVED AND ORDER BACKLOG

### October – December 2020

Orders received during the fourth quarter 2020 amounted to SEK 2,724 million (3,679).

### January- December 2020

Orders received during the year decreased to SEK 12,752 million (13,108).

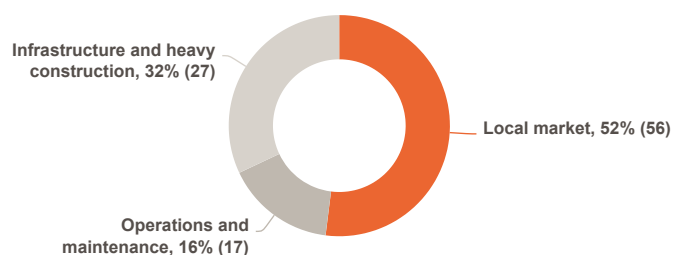
Order backlog on December 31, 2020 amounted to SEK 13,075 million (13,446).

## Key ratios

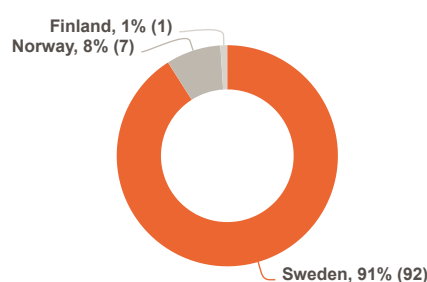
	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales, MSEK	3,600	3,792	12,843	13,339
Operating profit, MSEK	131	132	391	367
Operating margin, %	3.6	3.5	3.0	2.8
Orders received, MSEK	2,724	3,679	12,752	13,108
Order backlog, MSEK	13,075	13,446	13,075	13,446
Number of employees at the end of the period	3,523	3,511	3,523	3,511

## Net sales

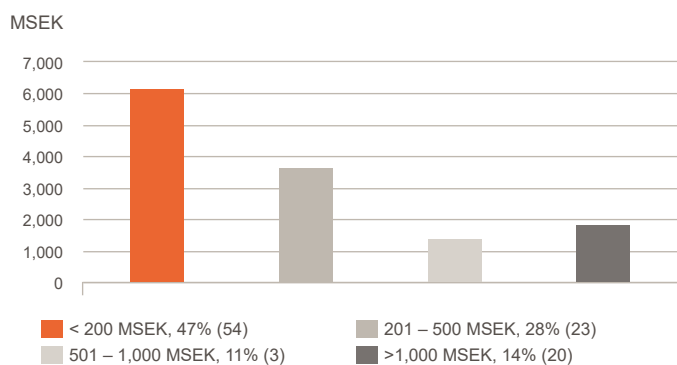
per product area, rolling 12 months



per geographic market, rolling 12 months



## Project allocation of order backlog, December 31, 2020



# Business area Industry

**Business area Industry is a complete supplier of the products and services needed to carry out a sustainable and cost-efficient construction and civil engineering project on the Nordic market. Industry offers everything from mineral aggregates, concrete, paving and temporary electricity to prefabricated concrete elements. Business area Industry also assists with crane and machine rental, distribution of binder to the concrete industry, transportation as well as recycles production waste and rubble.**

Business area Industry is run in six product areas: Mineral aggregates, Paving, Concrete, Transportation and Machines, Rentals and Construction System. All the product areas operate on the Nordic construction and civil engineering market.

## ACQUISITION OF NORDIC PAVING AND MINERAL AGGREGATES OPERATIONS

On July 4, 2019 Peab signed a contract to acquire YIT's paving and mineral aggregates operations in the Nordic region. The transaction was conditional on approval from competition authorities as well as the fulfillment of certain contractual conditions. At the end of March 2020 the transaction was approved by the competition authorities and the acquisition was finalized on April 1, 2020.

Through the acquisition Peab expands its presence in Sweden, Norway and Finland and become established in the paving business in Denmark. This gives Peab a unique and market leading position in this business in the Nordic region. The acquisition entails taking over some 2,000 employees, around 200 strategically located quarries along with 63 production asphalt plants in the Nordic region. The operations are primarily integrated into the companies Peab Asfalt and Swerock and for Peab Asfalt it means establishing operations in Finland and Denmark. The acquisition also provides conditions for further expansion and development in other operations such as Recycling and Concrete.

The transaction is a combination of an asset deal and share purchase. The purchase price amounted to SEK 3,184 million for a debt-free business and is fully financed.

The acquired operations had net sales of SEK 5,878 million with an adjusted EBITDA of SEK 282 million in 2019.

## NET SALES AND PROFIT

### October – December 2020

Net sales for the fourth quarter 2020 increased by 37 percent and amounted to SEK 4,929 million (3,592), of which the acquired operations contributed by SEK 1,438 million. Not including the acquired operations net sales contracted by three percent and amounted to SEK 3,491 million. The reduction stems primarily from Transportation and Machines as well as Rentals.

Operating profit for the fourth quarter 2020 amounted to SEK 397 million (363) and the operating margin was 8,1 percent (10.1). Not including the acquired operations, operating profit was SEK 355 million and the operating margin was 10.2 percent. The lower operating profit stems primarily from Rentals.

The acquisition of the paving and mineral aggregates operations was finalized on April 1, 2020, which means the acquisition occurred when the season started. The underlying operations in the acquired companies contributed to operating profit by SEK 72 million in the fourth quarter. Depreciation on surplus values for, among other things, customer contracts in the order backlog taken over and fixed assets amounted to SEK -30 million. Depreciation on surplus values for customer contracts in the order backlog taken over have been high throughout 2020 and will also affect part of 2021. All in all operating profit for the fourth quarter was affected by SEK 42 million related to the acquired operations.

### January – December 2020

Net sales for 2020 increased by 40 percent and amounted to SEK 18,720 million (13,339), of which the acquired operations contributed by SEK 5,944 million. Adjusted for the acquired operations, net sales contracted by four percent to SEK 12,776 million. Net sales increased in Mineral Aggregates and Concrete while they decreased in Transportation and Machines, Rentals and Construction System.

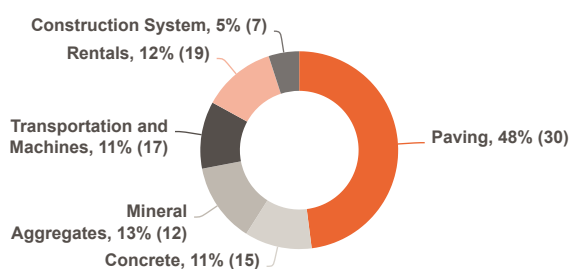
Operating profit for the year increased to SEK 1,105 million (937) with an operating margin amounting to 5.9 percent (7.0). Not including the acquired operations, operating profit was SEK 855 million and the operating margin was 6.7 percent. The lower operating margin is due to a lower profit in Rentals and Construction System.

The underlying operations in the acquired companies contributed to operating profit by SEK 494 million. Depreciation on surplus values for, among other things, customer contracts in the order backlog taken over and fixed assets amounted to SEK -189 million. Depreciation on surplus values for customer contracts in the order backlog taken over have been high throughout 2020 and will also affect part of 2021. In addition, acquisition costs and transfer tax in Finland have charged profits in total by SEK -55 million. All in all operating profit for the period was affected by SEK 250 million related to the acquired operations. Because the acquired operations have a very clear seasonal pattern the first quarter is characterized by considerable deficits since the season starts in the second quarter. If the acquisition had taken place on January 1, 2020 profit in the first quarter would have been affected by SEK -297 million and the underlying operations would have had an accumulated operating profit per December 31, 2020 of SEK 197 million.

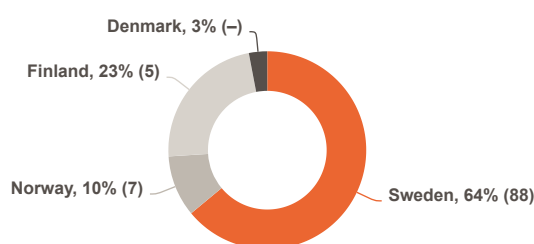
Capital employed in Industry was at the end of the year SEK 8,822 million compared to SEK 6,799 million at the end of last year. The increase is due to the acquired operations.

## Net sales

per product area, rolling 12 months



per geographic market, rolling 12 months



## ORDERS RECEIVED AND ORDER BACKLOG

### October – December 2020

Orders received during the fourth quarter 2020 amounted to SEK 2,816 million (1,803), of which orders received from the acquired operations amounted to SEK 1,113 million.

### January- December 2020

Orders received during 2020 increased to SEK 9,893 million (6,174), of which orders received from the acquired operations amounted to SEK 4,357 million.

Order backlog on December 31, 2020 amounted to SEK 3,921 million (2,548), of which order backlog related to acquired operations was SEK 1,531 million.

## Key ratios

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales, MSEK	4,929	3,592	18,720	13,339
Operating profit, MSEK	397	363	1,105	937
Operating margin, %	8.1	10.1	5.9	7.0
Orders received, MSEK	2,816	1,803	9,893	6,174
Order backlog, MSEK	3,921	2,548	3,921	2,548
Capital employed at the end of the period, MSEK	8,822	6,799	8,822	6,799
Number of employees at the end of the period	4,967	3,482	4,967	3,482
Concrete, thousands of m <sup>3</sup> <sup>1)</sup>	352	365	1,372	1,344
Paving, thousands of tons <sup>1)</sup>	2,498	904	8,396	2,718
Mineral Aggregates, thousands of tons <sup>1)</sup>	9,490	4,815	32,229	15,755

<sup>1)</sup> Refers to sold volume

# Business area Project Development

Business area Project Development, which comprises Housing Development and Property Development, creates sustainable and vibrant urban environments with both residential and commercial property. The business area is responsible for the Group's property acquisitions and divestitures as well as project development which generates contract work for the other business areas. Project Development works through wholly owned projects or in collaboration with other partners in joint ventures.

Housing Development develops all kinds of housing such as apartment buildings in tenancy ownership, ownership and rental form as well as single homes. Operations in Property Development revolve around the acquisition, development, maintenance and management as well as the divestiture of commercial property.

Peab's primary ambition is to work with development projects on our own balance sheet. Collaboration with other partners via joint ventures may take place from time to time during a project. The goal is to create capital efficient developments with partners that bolster business and profit generation.

## NET SALES AND PROFIT

### October – December 2020

Net sales for the fourth quarter 2020 in business area Project Development decreased to SEK 1,804 million (2,684). The decrease is primarily due to lower net sales in Housing Development. Operating profit was SEK 1,195 million (278), of which the effect of distributing Annehem Fastigheter was SEK 896 million.

### January – December 2020

Net sales for the year 2020 in business area Project Development decreased to SEK 7,500 million (9,125). The decrease is primarily due to lower net sales in Housing Development. Operating profit was SEK 1,669 million (1,015), of which the effect of distributing Annehem Fastigheter was SEK 896 million. Last year included an income contribution of SEK 170 million from the divestiture of property in the partially owned company Acturum.

Capital employed in Project Development has decreased and amounted to SEK 12,189 million (16,679) at the end of the year. Capital employed contracted in Housing Development as a consequence of more homes being sold than production started. Annehem Fastigheter was included by SEK 1,927 million in Property Development at the end of last year.



## Capital employed

MSEK	Dec 31 2020	Dec 31 2019
Operations property	161	1,226
Investment property	112	500
Project and development property	9,060	11,850
<i>of which housing development rights</i>	4,819	5,674
<i>of which commercial development rights</i>	585	556
<i>of which unsold part of ongoing housing projects</i>	1,730	3,520
<i>of which ongoing rental projects in Sweden</i>	1,100	846
<i>of which ongoing commercial projects</i>	226	445
<i>of which completed property</i>	311	391
<i>of which other</i>	289	418
Participation in joint ventures	1,873	2,019
Loans to joint ventures	1,213	1,106
Working capital and other	-230	-22
<b>Total</b>	<b>12,189</b>	<b>16,679</b>

## Key ratios

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales, MSEK	1,804	2,684	7,500	9,125
<i>of which Property Development</i>	71	179	375	786
<i>of which Housing Development</i>	1,733	2,505	7,125	8,339
Operating profit, MSEK	1,195	278	1,669	1,015
<i>of which Property Development</i>	961	28	982	300
<i>of which Housing Development</i>	234	250	687	715
Operating margin, %	66.2	10.4	22.3	11.1
<i>of which Property Development</i>	1,353.5	15.6	261.9	38.2
<i>of which Housing Development</i>	13.5	10.0	9.6	8.6
Capital employed at the end of the period, MSEK	12,189	16,679	12,189	16,679
Orders received, MSEK	2,211	1,480	6,940	6,164
Order backlog, MSEK	5,151	5,027	5,151	5,027
Number of employees at the end of the period	248	343	248	343

## HOUSING DEVELOPMENT

### October – December 2020

Net sales decreased by 31 percent and amounted to SEK 1,733 million (2,505). The reduction is due to lower net sales in Sweden because of fewer ongoing housing projects compared to last year. Operating profit decreased to SEK 234 million (250) but the operating margin was 13.5 percent (10.0). Operating profit included positive effects from the sales of tenancy projects.

The number of start-ups of our own developed homes during the fourth quarter amounted to 679 units (538) with a good geographic spread. The number of sold homes was 664 (755). During the quarter sales were good in all three countries.

### January – December 2020

Net sales decreased to SEK 7,125 million (8,339) and the reduction is mainly related to Sweden. Operating profit amounted to SEK 687 million (715) and the operating margin improved to 9.6 percent (8.6).

The number of start-ups of our own developed homes amounted to 2,291 units (2,067), most of which were in Sweden. The start-ups have been spread geographically in Sweden, Norway and Finland. The number of sold homes was 2,682 (2,709). Sales of homes were high during the beginning of the year but slowed down when the corona pandemic broke out in the spring. During the summer and in the beginning of autumn demand for our housing has grown and all together sales have been good during the year in all three countries. The number of own developed homes in production at the end of the year was 4,014 (4,616). The level of sold homes in production was 73 percent (69). The number of repurchased homes per December 31, 2020 was 222 (253) of which two thirds were in Sweden, a few were in Norway and the rest in Finland. Peab develops and builds housing all over Sweden and in large parts of Norway and Finland. Our housing is primarily in the medium price segment and we see that there continues to be a considerable need for new production of housing in this range.

Capital employed has decreased at the end of the year compared to the corresponding point in time in 2019. The reduction is largely due to less capital tied up in unsold homes. In recent years we have completed more homes than production started which is why the amount has contracted. At the same time we have had a good rate of sales, which has reduced the amount of capital tied up in unsold homes. Capital employed also includes apartments for rent projects in Sweden that can be converted to tenant-owned homes or be sold on the investment market.

In October 2020 Peab signed contracts for the sales of three tenancy projects and an assisted living facility, all in all 280 apartments, which will be on Peab's balance sheet under construction and turned over during 2022-2024. The sales value is SEK 775 million. One apartment building project in Malmö and one in Partille are sold to Annehem Fastigheter, one apartment building project in Örebro is sold to a local actor and an assisted living facility is sold to SPP Fastigheter (publ). The projects will be recognized in profit/loss when they are turned over.

In December 2020 Peab signed contracts to sell four tenancy projects with a total of 312 apartments for a total value of SEK 824 million. The four projects consist of 84 apartments in Botkyrka, 79 apartments in Västerås, 108 apartments in Eskilstuna and 41 apartments in Trollhättan. The project Flottiljen in Botkyrka is sold to Niam, the project Poseidon in Västerås and Fristaden in Eskilstuna are sold to Podium Fastigheter AB and the project Traversen in Trollhättan is sold to Fortinova Fastigheter AB. All the tenancy projects will be on Peab's own balance sheet under construction and will be recognized in profit/loss when turned over in 2023.

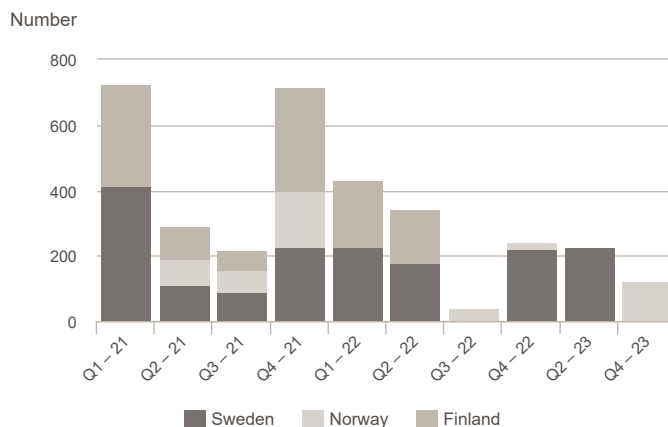
## Own housing development construction

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Number of housing starts during the period	679	538	2,291	2,067
Number of sold homes during the period	664	755	2,682	2,709
Total number of homes under construction, at the end of the period	4,014	4,616	4,014	4,616
Share of sold homes under construction, at the end of the period	73%	69%	73%	69%
Number of repurchased homes in the balance sheet, at the end of the period	222	253	222	253

## Development rights for housing

Number, approx.	Dec 31 2020	Dec 31 2019
Development rights on our own balance sheet	18,900	20,300
Development rights via joint ventures	4,400	4,600
Development rights via options etc.	9,700	9,500
<b>Total</b>	<b>33,000</b>	<b>34,400</b>

## Time of completion of our own developed ongoing housing <sup>1)</sup>



<sup>1)</sup> Refers to Swedish tenant-owner associations and own developed homes, Norwegian condominiums and share housing and Finnish residential limited companies.

## Net sales

per geographic market, rolling 12 months





## PROPERTY DEVELOPMENT

Net sales and operating profit from operations are derived from acquisitions, development, maintaining and managing wholly owned property, shares in the result from partly owned companies as well as capital gains/losses from the divestiture of completed property and shares in partly owned companies.

### October – December 2020

During the fourth quarter 2020 net sales were SEK 71 million (179) and operating profit was SEK 961 million (28), of which the effect of distributing Annehem Fastigheter was SEK 896 million.

### January – December 2020

During the year 2020 net sales in Property Development were SEK 375 million (786) and operating profit was SEK 982 million (300), of which the effect of distributing Annehem Fastigheter was SEK 896 million. Some operations connected to air travel and tourism have been negatively affected by the corona pandemic which has lowered operating profit by SEK -64 million, of which SEK -44 million is related to Ängelholm Airport. The amount includes a SEK -20 million write-down of goodwill. Ängelholm Airport was divested during the year. During the year Property Development divested its 50 percent ownership in Nya Bara Utvecklings AB to Brinova with a positive effect on profit of SEK 30 million. Last year included an income contribution of SEK 170 million from the sales of property in the partially owned company Acturum.

## ONGOING PROPERTY PROJECTS

Type of project	Location	Area in m <sup>2</sup>	Degree rented, %	Recognized value, MSEK	Total investment at completion, MSEK	Timepoint of completion	Level of completion, %
Office building	Helsingborg	2,900	88	92	106	Q2-2021	87
Office building	Solna	4,300	89	111	194	Q3-2021	57
Tennis hall	Sundsvall	14,700	100	78	212	Q2-2022	37
<b>Total</b>				<b>281</b>			
<i>of which operations property</i>				92			
<i>of which project and development property</i>				189			

At the end of the year capital employed in Property Development had contracted compared to the same period 2019 due to the transfer of fully developed properties to Annehem Fastigheter. At the same time last year Annehem Fastigheter was included by SEK 1,927 million.

Capital employed in Property Development includes as of 2020 primarily commercial development rights, ongoing property projects, shares in partially owned companies as well as loans to partially owned companies.

During the second quarter 2020 property containing offices and parking space in Solna was divested to Annehem Fastigheter and in the fourth quarter another property was divested in Oslo. Peab has signed a contract with Annehem Fastigheter to divest two more property projects located in Solna and Helsingborg respectively during 2021. The table below presents the larger ongoing property projects per December 31, 2020.

## Significant joint ventures

Peab's significant joint venture companies Fastighets AB Centur, Tornet Bostadsproduktion AB, Fastighets AB ML4 and Point Hyllie Holding AB are developing well and via them Peab has built up considerable indirect holdings in investment property and development property for both commercial and residential purposes. Ongoing returns are in the form of shares in the profit from joint ventures recognized in operating profit and interest income on lending. Changes in market values that effect booked values in joint venture companies are not included in Peab's accounts.

### TORNET BOSTADSPRODUKTION AB

Own and manage attractive and environmentally friendly rentals in larger cities in Sweden.

**Peab's share:** 33 percent

**Partner:** Folksam and Balder

**Location:** Stockholm, the Mälardalen region, Gothenburg and the Öresund region

**Recognized value on properties December 31, 2020 <sup>1)</sup>:** SEK 5,019 million (4,300)

**Peab's portion of unrecognized fair value exclusive tax <sup>1)</sup>:** SEK 357 million (260)

**Major ongoing projects:** LP Parken, Gothenburg Rentable area 15,000 m<sup>2</sup>, Tallbohov, Järfälla Rentable area 10,500 m<sup>2</sup> and two other apartment building projects in Helsingborg

### FASTIGHETS AB ML4

Own and manage the research facility Max IV. The facility is rented to Lund University.

**Peab's share:** 50 percent

**Partner:** Wihlborgs

**Location:** Lund

**Recognized value on properties December 31, 2020:** SEK 1,956 million (1,870)

**Major ongoing projects:** Research building 6,400 m<sup>2</sup>

### FASTIGHETS AB CENTUR

Own, manage and develop commercial property and housing.

**Peab's share:** 50 percent

**Partner:** Balder

**Location:** Stockholm, the Mälardalen region, Gothenburg and the Öresund region

**Recognized value on properties December 31, 2020 <sup>1)</sup>:** SEK 7,103 million (6,621)

**Peab's portion of unrecognized fair value exclusive tax <sup>1)</sup>:** SEK 427 million (421)

**Major ongoing projects:** Gjuteriet Varvsstaden, Malmö, renovation of around 4,600 m<sup>2</sup> (tenant Oatley)

### POINT HYLLIE HOLDING AB

Develop, own and manage the office property The Point as well as own and manage the hotel property Vårdshuset 5 (Operator Quality Hotel View).

**Peab's share:** 50 percent

**Partner:** Volito

**Location:** Hyllie, Malmö

**Recognized value of properties December 31, 2020:** SEK 1,356 million (1,279)

**Major ongoing projects:** No major ongoing projects

<sup>1)</sup> Valued at market price in joint venture companies. The market prices on properties that affect the recognized values in joint venture companies are not included in Peab's accounts.

## BACKGROUND

In February 2020 Peab's Board proposed to the AGM an extra distribution of all the shares in a newly formed company holding Peab's wholly owned, fully developed commercial properties, earlier included in business area Project Development and the entity Property Development. As a result of the spread of the coronavirus and its effects on external circumstances and financial markets Peab's Board decided to withdraw the proposal to the Annual General Meeting. With the uncertain situation in the world it was not the right time to list the company. Based on market assessments as well as the development presented in the second quarter report Peab's Board decided in August 2020 to propose a new date for the distribution of Annehem Fastigheter. The Board summoned an Extra General Meeting (EGM) November 12, 2020 and Peab's shareholders adopted its proposal to distribute Annehem Fastigheter.

## DISTRIBUTION

The distribution ratio was 1:5 which meant that one share in Peab entitled to one share right of the same sort in Annehem Fastigheter, and five share rights entitled to one share of the same sort in Annehem Fastigheter. Distribution was carried out in December 2020 and the first day of trading in Annehem Fastigheter' B shares on Nasdaq Stockholm was December 11, 2020. The first trading price was SEK 35 per share.

The distribution corresponds to equity of around SEK 2 billion. The level of equity and borrowing in Annehem Fastigheter has been determined based on the current property portfolio and taking into consideration future growth.

## DISTRIBUTION EFFECTS IN THE PEAB GROUP

At the distribution of Annehem Fastigheter the difference between fair value and book values was recognized in the Group in Property Development at SEK 896 million. In addition, previously eliminated construction contract profit of SEK 56 million was reversed under Eliminations. All in all, operating profit in the Peab Group has been affected positively by SEK 952 million.

At the time of the distribution the balance sheet total in Annehem Fastigheter in the Peab Group amounted to SEK 2,334 million. Additional IFRS 16, Leases for office rent increased by SEK 564 million and therefore the net effect on Peab's balance sheet total amounted to SEK -1,770 million at the time of the distribution, of which the effect on equity was SEK -1,054 million. In addition, distribution costs of SEK -22 million after tax have charged equity. For more information see note 6. For information on the effects in Peab AB see Parent company in summary.

## BUSINESS CONCEPT, BOARD AND MANAGEMENT

Annehem Fastigheter will own and manage high quality commercial, community and residential property with a clear environmental profile and good connections to the Nordic growth areas Stockholm, Skåne, Gothenburg as well as Helsinki and Oslo. Annehem Fastigheter builds lasting relationships and value through management close to customers.

The board of Annehem Fastigheter consists of Göran Grosskopf, Pia Andersson, Jesper Göransson, Anders Hylén, Lars Ljungälv and Karin Ebbinghaus. Göran Grosskopf has been appointed chairman. In addition, Jörgen Lundgren has been appointed CEO, Jan Egenäs as CFO and Adela Colakovic as Group Accounting Manager for Annehem Fastigheter. Jörgen Lundgren leaves his position as CEO of Solnaberg Property AB (publ). Jörgen Lundgren has previously held positions such as President and CEO of Fastighetsaktiebolaget Norrporten and is, among other things, currently a board member of Aros Bostäder and vice chairman of Mäklarhuset.

## NET SALES AND PROFIT

The property portfolio in Annehem Fastigheter is being built up. Revenue and profit will successively increase in the coming years as more property is taken over.

### October – November, 2020

Net sales for October-November, 2020 was SEK 36 million. Operating profit amounted to SEK 13 million and operating margin was 36.1 percent. Listing and separation costs of SEK 2 million were included in operating profit. Depreciation and write-downs during the quarter were SEK -10 million.



### January – November, 2020

Net sales for January-November 2020 amounted to SEK 171 million. Operating profit amounted to SEK 30 million and operating margin was 17.5 percent. Listing and separation costs of SEK 14 million were included in operating profit. Depreciation and write-downs for the period were SEK -46 million.

## PROPERTY PORTFOLIO

Annehem Fastigheter owns assets in the form of fully developed properties and on September 30, 2020 the market value of the properties was approximately SEK 3,300 million. During the second quarter it was decided not to include Peab's partially owned company Nya Bara Utvecklings AB in Annehem Fastigheter. During the third quarter it was decided that Peab's 50 percent ownership in the joint venture company, Point Hyllie Holding AB will not be owned by Annehem Fastigheter but remain in Peab.

During the second quarter Annehem Fastigheter acquired a property containing offices and parking space in Solna for a market value of SEK 290 million from Peab and during the fourth quarter a property in Oslo with a sales value of SEK 278 million. Annehem Fastigheter has also signed a contract in October 2020 with Peab to acquire further properties after they are completed. Two properties located in Solna and Helsingborg will be transferred in 2021 for a total sales value of SEK 406 million and two housing properties with a total sales value of SEK 385 million will be turned over in 2022 and 2024 respectively.

Wholly owned property	Location	Area in m <sup>2</sup>	Degree rented, %
Business park	Ängelholm	51,500	93
Business park	Ljungbyhed	77,200	77
Office building	Solna	12,400	100
Office building and parking	Solna	13,500	100
Office building	Helsinki	9,300	100
Office building	Helsinki	7,600	100
Retail and offices	Gothenburg	6,400	99
Office building	Malmö	4,900	100
Office building	Malmö	1,000	100
Retail	Oslo	3,600	100

# Construction market

## SWEDEN

The recovery in Sweden's economy has been surprising and many forecasts have been adjusted upward. Unemployment is expected to continue to rise in 2021, pressure from inflation will probably be weak for several years and therefore the repo rate is expected to remain around zero over the next two to three years. Housing construction is expected to develop horizontally during the period 2021-2022. After the dramatic drop in 2020 private premises are expected to turn during 2021. Public building construction is expected to increase in 2021. The forecast for civil engineering indicates greater investments in 2021 with a particular focus on public spending.

## NORWAY

The Norwegian economy has made a good recovery after falling in the spring and growth forecasts have been adjusted upwards. Recovery has been driven by domestic demand where private consumption has been a particularly strong force. Development on the construction market is somewhat fractured. Housing construction is expected to develop horizontally during the period 2021-2022. Other building construction is expected to decline in 2021. Investments in industrial and commercial premises are expected to contract while public sector construction is expected to grow. The government's economic policy is expected to continue to be expansive next year and there is room for investments in civil engineering construction, which is expected to continue to grow in 2021.

## FINLAND

Finland's economy has so far shown strong resistance to the global economic downturn created by the pandemic. Housing construction is expected to develop horizontally during the period 2021-2022. Other building construction is expected to remain unchanged where investments in industry are expected to drop while public sector construction is expected to grow. Civil engineering construction is expected to have had a positive development in 2020 but decline in 2021.

## Housing

	2020	2021	2022
Sweden	→	↓	↗
Norway	↓	↓	↗
Finland	↘	↓	↑

Forecast for started-up housing investments, new production and renovations

Source: Navet Analytics

## Other building construction

	2020	2021	2022
Sweden	↓	↗	↗
Norway	↑	↘	→
Finland	↗	→	↗

Forecast for started-up other building construction investments, new production and renovations (Industry, office/retail etc. and public premises)

Source: Navet Analytics

## Civil engineering

	2020	2021	2022
Sweden	↗	↗	-
Norway	↗	↑	-
Finland	↗	↓	-

Forecast for civil engineering investments

Source: Navet Analytics

- Worse forecast compared to the previous quarterly report
- Better forecast compared to the previous quarterly report
- Same forecast compared to the previous quarterly report



# Other information

## SUSTAINABILITY

A safe work environment is the foundation of our business. The conditions of our workplaces should be secure and safe for everyone at them, despite the fact that there are risk-filled aspects of our operations.

### Serious accidents

To prevent accidents and incidents at our workplaces we continually develop quality assured work methods and educate our employees. Focus is on planning and risk assessment in connection with running projects going forward as well as learning from reported risk observations, incidents and accidents.

The number of serious accidents\* 2020 amounted to 51 regarding our own employees and 43 regarding subcontractors at our workplaces. Peab has a high number of own skilled workers compared to other actors in the construction and civil engineering industry as well as many subcontractors. At the end of 2020 Peab had 15,252 employees, of which 8,224 were skilled workers. As of 2021 Peab will update the definition of serious accidents and thereby the measuring and monitoring of workplace accidents.

### Risk observations

Every remedied risk is one less potential accident, which is why we work intensively to raise the number of reported and remedied risk observations\*. The goal for 2020 was 45,000 reported and remedied risk observations. The number during the year 2020 was 61,200.

\* For definition see section *Alternative performance measures and definitions*.

### Other

- A healthy construction industry and fair competition are essential to the future of the industry. Peab works systematically with this issue and during the quarter implemented third party controls of suppliers at our construction sites according to a new method.
- In collaboration with Volvo Lastvagnar Peab company Swerock started test driving completely electric transportation solutions for the construction industry. Swerock will run a concrete mixer truck and a hook lift truck in daily operations during two years. This is a major step in more climate smart transportation.
- Another subsidiary, Skandinaviska Byggelement, has begun to carry concrete elements by train from Katrineholm. The first wagons carrying concrete elements went from Katrineholm to Gothenburg. In addition to Katrineholm, the company uses the railroad for transportation from Ucklum.
- Subsidiary Swecem is building a terminal in Skellefteå to store Merit, which is a by-product from the steel industry and replaces cement in the production of ECO-Betong, thereby considerably reducing CO<sub>2</sub> emissions. The Swedish Environmental Protection Agency gave Swecem an investment grant via "Klimatklivet" for 40 percent of the total investment of SEK 30 million. The new terminal contains a 5,000 m<sup>3</sup> silo and a loading hall for trucks. It will be completed in the summer of 2021.
- Peab's ECO concept that includes ECO-Betong and ECO-Asfalt is expanding with two other brands. Peab Construction System is launching ECO-Prefab and ECO-Stomme in climate-improved concrete. A higher level of slag as binder (Merit) reduces CO<sub>2</sub> emissions by 35 percent. The products will be launched on full scale in the beginning of 2021.
- Peab and Tibnor have taken a comprehensive approach to the environmental impact of steel in construction through Environmental Product Declarations or EPDs. This means Peab can track the environmental impact of the steel from the steelworks, carriage and processing all the way to delivery at the construction site. This facilitates aware purchasing choices.

## RISKS AND UNCERTAINTY FACTORS

Peab's business is exposed both to operational and financial risks. How much risks affect Peab's profits and position depends on how well the company handles daily operations. In addition, as a construction and civil engineering company, Peab is vulnerable to external risks such as developments in the economy, climate effects and changes in circumstances due to amendments in laws and regulations, and other political decisions.

In the beginning of 2020 the coronavirus spread over a large part of the world. Governments and central banks are implementing different forms of crisis packages to reduce the negative financial effects. The entire global economy is affected but it is difficult to say how deeply and for how long. So far the effects of the coro-

navirus on Peab's operations have been limited. We closely follow developments in order to assess the effects in the long run. For more information see the section Coronavirus under Important events during the period.

Managing operative risks is a continuous process considering the large number of projects the Group is always starting up, carrying out and completing. Operative risks are managed in the line organization in the business areas through established procedures, processes and control systems. Peab's business is largely project-related. There are a number of different contract forms where risk levels vary depending on the type of contract. However, with any type of contract ambiguities can arise concerning the terms, which can lead to delimitation issues that create a dispute with the customer.

On December 13, 2019 Peab's supplier Nynas AB applied for a company reorganization and on March 12, 2020 Nynas AB applied for a further extension of three months which was granted. Thereafter further extensions were applied for before Nynas AB received approval by their creditors of their composition proposal in November 2020. The decision to determine Nynas' composition became legal in Södertörn Court in January 2021. This meant that Nynas' company reorganization could be formally ended and that Nynas' creditors will be paid according to the composition agreement. Nynas AB is an essential supplier of bitumen which is used as a binder in the manufacture of asphalt. If Nynas AB had not been able to reach an agreement and could not fulfill its obligations it would have caused considerable disturbances in the Nordic paving market and affected all the companies involved in asphalt paving, including Peab which is a major actor. Peab has chosen to complement with other suppliers to ensure deliveries of bitumen.

Financial risks are primarily associated with the company's need for capital, tied up capital and access to financing. Financial risks are managed on Group level. For further information about risks and uncertainty factors, see the Annual and Sustainability Report 2019.

## IMPORTANT EVENTS DURING THE PERIOD

### Dividend proposals and carried out distribution of Annehem Fastigheter

In conjunction with the year-end report 2019 Peab's Board decided to propose to the AGM an unchanged ordinary dividend of SEK 4.20 per share and an extra distribution of the shares in a newly founded real estate company (Annehem Fastigheter).

When the decision was made the global spread of the coronavirus had not yet begun. It has thereafter developed into a pandemic, which in turn has created enormous uncertainty concerning global financial developments.

On March 24, 2020 the Board reviewed the decision of an extra distribution of all the shares in Annehem Fastigheter. The Board put off the decision to actually distribute and list the company until there was less uncertainty and circumstances improved. The strategy to create the company, distribute and list it did not change.

On April 7, 2020 Peab's Board also decided to withdraw in its entirety the proposal to the AGM for an ordinary dividend of SEK 4.20 per share. The Board and executive management have reviewed the situation focusing on identifying measures needed to be taken for different scenarios on the Nordic construction market. Their main purpose is to be able to create the prerequisite conditions to handle overhead in a contracting business and at the same time safeguard long-term production capacity. Examples of measures are furloughs and training.

The Board's ambition have been to regularly evaluate the dividend capacity and depending on developments make a decision on both an ordinary dividend and when distribution of all the shares in Annehem Fastigheter can take place. Based on market assessments and the development presented in the second quarter report Peab's Board decided in August 2020 to propose a new date for the distribution of Annehem Fastigheter. Peab's Board further decided not to put forth a new dividend proposal but let the AGM's decision of no cash dividend for 2019 remain unchanged.

On October 19, 2020 the Board summoned an Extra General Meeting on November 12, 2020 and Peab's shareholders adopted its proposal to distribute Annehem Fastigheter. Distribution was carried out in December 2020. The distribution ratio was 1:5 which means that one share in Peab entitled to one share right of the same sort in Annehem Fastigheter, and five share rights entitled to one share of the same sort in Annehem Fastigheter. The first day of trading was December 11, 2020 and the first trading price was SEK 35 per share. For more information see the section Annehem Fastigheter and note 6.

## Coronavirus

In the beginning of the year the coronavirus spread to a large part of the world. Countries are still putting different measures to limit the spread of the infection, for example entry and quarantine regulations. Governments and central banks are introducing different forms of crisis packages to reduce the financial effects. This will affect the global economy but to what extent is still difficult to say.

Peab is a major employer with many employees and many people at our workplaces. As employer we care about our employees but naturally we also care about our customers, subcontractors, suppliers and other partners. For Peab it is important from a societal perspective that we do everything we can to thwart the spread of infection and keep our operations going.

Peab's measures to limit the spread of the infection are founded on The Public Health Agency of Sweden's guidelines and instructions as well as those that correspond in the other countries we work in. Since the situation and instructions from the authorities are constantly changing, we closely follow developments and adopt to them. Above all they affect the directives we give our employees.

The short-term effects of the coronavirus on Peab's operations are limited at the moment but naturally we closely follow developments so that we can continually assess possible effects in a longer perspective. Under the current circumstances we see what a strength it is for us to be the local company with the big group resources. Peab has four business areas – Construction, Civil Engineering, Industry and Project Development that collaborate locally and a large part of input goods and personnel are our own. This gives us good control over the construction process and makes us therefore less vulnerable to production disruptions.

## Acquisition of Nordic paving and mineral aggregates operations

On July 4, 2019 Peab signed a contract to acquire YIT's paving and mineral aggregates operations in the Nordic region. The transaction was conditional on approval from competition authorities as well as the fulfillment of certain contractual conditions. At the end of March 2020 the transaction was approved by the competition authorities and the acquisition was finalized on April 1, 2020. The operations are consolidated into the Peab Group as of that date.

Through the acquisition Peab expands its presence in Sweden, Norway and Finland and become established in the paving business in Denmark and this gives Peab a unique and market leading position in this business in the Nordic region. The acquisition entails taking over some 2,000 employees, around 200 strategically located quarries along with 63 production asphalt plants in the Nordic region. The deal also increase the importance of industrial operations for the Group.

Greater geographic proliferation in areas that are normally less sensitive to the business cycle increases stability in the Group. It also provides a platform for further expansion and development in other operations such as Recycling and Concrete.

The transaction is a combination of an asset deal and a share purchase. The purchase price amounted to SEK 3,184 million for a debt-free business and is fully financed. In 2019 the acquired operations had net sales of SEK 5,878 million with an adjusted EBITDA of SEK 282 million.

For more information, see section Business area Industry and note 2.

## Changes in Peab's executive management

In the spring of 2020 Peab's acquisition of YIT's paving and mineral aggregates operations in the Nordic region was finalized. As a result of the acquisition the importance of operations in Industry in the Group have grown at the same time Peab has increased its presence in Sweden, Norway and Finland and established itself in paving in Denmark. Peab has thereby transitioned from being a Swedish company with operations in Norway and Finland to becoming a Nordic company based in Sweden.

Today Peab has 15,000 employees. We now have a greater geographic spread and our local presence is stronger, which makes it possible for us to develop within the framework of what we call locally produced community building. Through Peab's four collaborating business areas we can, as far as possible, ensure that we use local resources in the form of our own employees, our own input goods and subcontractors.

## Business area Industry changes

Business area Industry consists of a number of companies that deliver input goods and services to the construction industry. Due to the acquisition from YIT our operations have grown extensively and therefore need to be steered and led at company level rather than business area level. The industrial companies will continue to report externally as one business area. Operatively they will be led by MDs that report to two members of executive management responsible for them,

Roger Linnér and Niclas Winkvist. Karl-Gunnar Karlsson will leave his role as Business Area Industry Manager and therefore executive management. Karl-Gunnar has been appointed MD for Swerock.

## Chief Strategic Officer appointed

In order to ensure scale advantages, effectiveness and sustainable products, at the same time we develop our local business, we have to streamline the way we lead and steer. Digitalization will continue to enable this work going forward. In order to support executive management's work with these matters Johan Dagertun has been appointed CSO.

Johan Dagertun was most recently MD for Construction System in business area Industry and has previously been a business controller in Finance and Treasury at Peab.

After these changes have been made Peab's executive management will consist of the following members:

- Jesper Göransson, President and CEO
- Niclas Winkvist, CFO, part of business area Industry
- Roger Linnér, COO, part of business area Industry
- Stefan Danielsson, Business Area Construction Manager
- Lotta Brändström, Business Area Civil Engineering Manager
- Göran Linder, Business Area Project Development Manager
- Camila Buzaglo, CCO
- Johan Dagertun, CSO

## The Nomination Committee proposes new auditors

Peab AB's Nomination Committee proposes that the accounting firm EY be elected new auditor with Authorized Public Accountant Jonas Svensson as lead auditor. The proposal is made in compliance with the obligatory auditor rotation. KPMG has been Peab's auditor until and including the financial year 2020.

## IMPORTANT EVENTS AFTER THE PERIOD

### New financial and non-financial targets

Through the strategic transactions in recent years Peab has more clearly become a community builder that, through four collaborating business areas and local presence, is active throughout the Nordic region. Our business model provides us with unique opportunities to, with our own resources and control over the entire value chain, meet our customers' needs and the expectations of the world around us. In order to further promote value creation we have revised everything from our mission, business concept and strategic target areas to internal and external financial and non-financial targets.

Both the internal and external financial and non-financial targets are categorized under the previous strategic targets; Most satisfied customers in the industry, Best workplace in the industry and Most profitable company in the industry as well as the new, fourth strategic target, Leader in social responsibility in the industry. We consider the external targets particularly important and they are a subset of our internal targets and action plans. As of 2021 Peab will externally report the performance of the business by monitoring nine targets, of which three are financial.

Revised mission: We improve everyday life where it's lived.

Revised business concept: Peab is the Nordic Community Builder with a local presence. Focusing on our own resources and local partners we develop, do the groundwork and build everyday life where it's lived.

### Peab's external targets as of 2021:

- Most satisfied customers in the industry; SCI > 75
- Best workplace in the industry; eNPS > Benchmark, Serious accidents: Zero vision for serious accidents through a continuously contracting trend
- Most profitable company in the industry; Operating margin > 6 %, Net debt/equity ratio 0.3 – 0.7 Dividend > 50 % of profit for the year
- Leader in social responsibility in the industry; Carbon dioxide intensity, own production: 60 % reduction by 2030, Carbon dioxide intensity, input goods and purchased services: 50 % reduction by 2030, Equal opportunity recruitment: Number of women recruited should always exceed the education market

### The Nomination Committee's proposed Board members

The Nomination Committee of Peab AB proposes reelection of Board members Fredrik Paulsson, Malin Persson, Karl- Axel Granlund, Liselott Kilaas, Lars Sköld, Kerstin Lindell and Anders Runevad as well as election of Magdalena Gerger. Mats Paulsson and Göran Grosskopf have both declined reelection for age reasons. Anders Runevad is proposed to be elected Chairman of the Board.

## **HOLDINGS OF OWN SHARES**

At the beginning of 2020 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. No changes have taken place during the year 2020.

## **THE PEAB SHARE**

Peab's B share is listed on the Nasdaq Stockholm, Large Cap list. As of December 31, 2020, the price of the Peab share was SEK 89.65, a decrease of four percent during 2020. During the same period, the Swedish stock market increased by 13 percent according to the general index in the business magazine "Affärsvärlden". During 2020 the Peab share has been quoted at a maximum of SEK 110.70 and a minimum of SEK 59.30.

## **PROPOSED DIVIDEND**

A dividend of SEK 4.50 (-) per share is proposed for 2020. Excluding the 1,086,984 shares owned by Peab AB per February 3, 2021, which are not entitled to dividends, the proposed dividend is equivalent to a total dividend distribution of SEK 1,327 million (-). Calculated as a share of the Group's reported profit for the year (excluding the effect of the distribution of Annhem Fastigheter of SEK 952 million), the proposed dividend amounts to 66 percent (-). The proposed dividend is equivalent to a direct return of 4.6 percent based on the closing price on February 3, 2021.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting of Peab will be held on May 6, 2021 at Grevieparken in Grevie.

## **NOMINATION COMMITTEE**

At the Annual General Meeting held on May 6, 2020, Göran Grosskopf, Malte Åkerström, Mats Rasmussen and Ulf Liljedahl were appointed to the Peab Nomination Committee and Ulf Liljedahl was named its Chairman.

## Report on the Group income statement, IFRS

Group net sales according to IFRS increased by six percent during January-December 2020 and amounted to SEK 59,852 million (56,303). The acquired operations in business area Industry contributed by SEK 5,891 million during the year in net sales. More completed than production started own developed homes affected net sales by SEK 2,491 million (954) during January-December 2020.

Operating profit according to IFRS for 2020 amounted to SEK 3,922 million (3,285) and the operating margin was 6.6 percent (5.8) during the year. The acquired operations contributed during the year net by SEK 250 million to operating profit. The effect of the distribution of Annehem Fastigheter was SEK 952 million. The adjustment of own housing development projects to the completion method affected operating profit by SEK 331 million (652).

MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	15,989	15,455	59,852	56,303
Production costs	-14,159	-13,869	-53,711	-50,312
<b>Gross profit</b>	<b>1,830</b>	<b>1,586</b>	<b>6,141</b>	<b>5,991</b>
Sales and administrative expenses	-914	-751	-3,359	-2,879
Distribution of Annehem Fastigheter	952	-	952	-
Other operating income	84	93	229	280
Other operating costs	-10	-95	-41	-107
<b>Operating profit</b>	<b>1,942</b>	<b>833</b>	<b>3,922</b>	<b>3,285</b>
Financial income	23	31	96	130
Financial expenses	-55	-62	-273	-188
<b>Net finance</b>	<b>-32</b>	<b>-31</b>	<b>-177</b>	<b>-58</b>
<b>Pre-tax profit</b>	<b>1,910</b>	<b>802</b>	<b>3,745</b>	<b>3,227</b>
Tax	-181	-149	-564	-571
<b>Profit for the period</b>	<b>1,729</b>	<b>653</b>	<b>3,181</b>	<b>2,656</b>
<b>Profit for the period, attributable to:</b>				
Shareholders in parent company	1,730	653	3,182	2,656
Non-controlling interests	-1	0	-1	0
<b>Profit for the period</b>	<b>1,729</b>	<b>653</b>	<b>3,181</b>	<b>2,656</b>
<b>Key ratios, IFRS</b>				
Earnings per share before and after dilution, SEK	5.87	2.21	10.79	9.00
Average number of outstanding shares, million	295.0	295.0	295.0	295.0
Return on capital employed, %			15.0	13.2
Return on equity, %			26.0	24.3

## Report on the Group income statement and other comprehensive income in summary, IFRS

MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Profit for the period</b>	<b>1,729</b>	<b>653</b>	<b>3,181</b>	<b>2,656</b>
<b>Other comprehensive income</b>				
<b>Items that can be reclassified or have been reclassified to profit for the period</b>				
Translation differences for the period from translation of foreign operations	-71	-60	-194	49
Changes in fair value of cash flow hedges for the period	2	5	5	9
Shares in joint ventures' other comprehensive income	0	0	0	0
Tax referring to items that can be reclassified or have been reclassified to profit for the period	-4	-6	-21	6
<b>Other comprehensive income for the period</b>	<b>-73</b>	<b>-61</b>	<b>-210</b>	<b>64</b>
<b>Total comprehensive income for the period</b>	<b>1,656</b>	<b>592</b>	<b>2,971</b>	<b>2,720</b>
<b>Total comprehensive income for the period, attributable to:</b>				
Shareholders in parent company	1,657	593	2,972	2,720
Non-controlling interests	-1	-1	-1	0
<b>Total comprehensive income for the period</b>	<b>1,656</b>	<b>592</b>	<b>2,971</b>	<b>2,720</b>

# Report on financial position for the Group in summary, IFRS

Total assets on December 31, 2020 was SEK 42,164 million (43,688) of which around SEK 4,000 million is related to the acquired paving and mineral aggregates operations. During the year we sold and completed more own developed homes than were production started which is why project and development properties have contracted compared to the end of 2019. Annehem Fastigheter, which was distributed to shareholders in December 2020, was included at the end of last year by SEK 2,077 million. Equity amounted to SEK 12,443 million (11,559), which generated a equity/assets ratio of 29.5 percent (26.5). Distribution of Annehem Fastigheter has affected equity by SEK -2,087 million including transaction costs. Included in the amount is a positive effect on profit of SEK 952 million referring to the difference between fair values and booked values as well as the reversal of previously eliminated construction contract profit. For more information concerning the effects of the distribution see the section Annehem Fastigheter and note 6.

MSEK	Dec 31 2020	Dec 31 2019	Jan 1 2019
<b>Assets</b>			
Intangible assets	3,679	2,334	2,250
Tangible assets	7,571	6,811	5,741
Investment property	130	558	589
Interest-bearing long-term receivables	1,257	1,086	1,445
Other financial fixed assets	2,016	2,097	1,297
Deferred tax recoverables	164	201	346
<b>Total fixed assets</b>	<b>14,817</b>	<b>13,087</b>	<b>11,668</b>
Project and development properties	14,074	16,948	17,219
Inventories	1,269	533	441
Interest-bearing current receivables	85	144	456
Other current receivables	10,951	12,603	13,030
Liquid funds	968	373	1,376
<b>Total current assets</b>	<b>27,347</b>	<b>30,601</b>	<b>32,522</b>
<b>Total assets</b>	<b>42,164</b>	<b>43,688</b>	<b>44,190</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>12,443</b>	<b>11,559</b>	<b>10,077</b>
<b>Liabilities</b>			
Interest-bearing long-term liabilities	4,289	3,803	3,970
Interest-bearing long-term liabilities, project financing	75	326	213
Deferred tax liabilities	183	148	123
Other long-term liabilities	1,569	938	868
<b>Total long-term liabilities</b>	<b>6,116</b>	<b>5,215</b>	<b>5,174</b>
Interest-bearing current liabilities	2,647	3,011	1,310
Interest-bearing current liabilities, project financing	4,981	7,637	10,963
Other current liabilities	15,977	16,266	16,666
<b>Total current liabilities</b>	<b>23,605</b>	<b>26,914</b>	<b>28,939</b>
<b>Total liabilities</b>	<b>29,721</b>	<b>32,129</b>	<b>34,113</b>
<b>Total equity and liabilities</b>	<b>42,164</b>	<b>43,688</b>	<b>44,190</b>
<b>Key ratios, IFRS</b>			
Capital employed	24,435	26,336	26,533
Equity/assets ratio, %	29.5	26.5	22.8
Net debt	9,682	13,174	13,179
Equity per share, SEK	42.18	39.18	34.16
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0



# Report on changes in Group equity in summary, IFRS

MSEK	Dec 31 2020	Dec 31 2019
<b>Equity attributable to shareholders in parent company</b>		
<b>Opening equity on January 1</b>	<b>11,557</b>	<b>11,347</b>
Adjustment consolidation tenant-owner housing associations (see note 1)	-	-1,271
<b>Adjusted equity on January 1</b>	<b>11,557</b>	<b>10,076</b>
Profit for the period	3,182	2,656
Other comprehensive income for the period	-210	64
<b>Total comprehensive income for the period</b>	<b>2,972</b>	<b>2,720</b>
Cash dividend	-	-1,239
Dividends of Annehem Fastigheter	-2,065	-
Dividend expenses	-22	-
<b>Closing equity</b>	<b>12,442</b>	<b>11,557</b>
<b>Non-controlling interests</b>		
<b>Opening equity on January 1</b>	<b>2</b>	<b>1</b>
Comprehensive income for the period	-1	0
Shareholder contribution	-	1
<b>Closing equity</b>	<b>1</b>	<b>2</b>
<b>Total closing equity</b>	<b>12,443</b>	<b>11,559</b>

# Report on Group cash flow in summary, IFRS

MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Cash flow from current operations before changes in working capital</b>	<b>1,406</b>	<b>1,279</b>	<b>4,587</b>	<b>3,869</b>
Increase (-) / Decrease (+) of project and development properties	722	-391	2,243	337
Increase (-) / Decrease (+) of inventories	6	-41	-108	-89
Increase (-) / Decrease (+) of current receivables / current liabilities	-13	214	971	-104
<b>Cash flow from changes in working capital</b>	<b>715</b>	<b>-218</b>	<b>3,106</b>	<b>144</b>
<b>Cash flow from current operations</b>	<b>2,121</b>	<b>1,061</b>	<b>7,693</b>	<b>4,013</b>
Acquisition of subsidiaries / businesses, net effect on liquid funds	-	-	-2,384	-22
Redemption of loan to seller upon acquisition of business	-	-	-746	-
Sale of subsidiaries / businesses, net effect on liquid funds	-	75	20	163
Acquisition of fixed assets	-325	-574	-1,299	-1,925
Sale of fixed assets	162	253	469	997
<b>Cash flow from investment operations</b>	<b>-163</b>	<b>-246</b>	<b>-3,940</b>	<b>-787</b>
<b>Cash flow before financing</b>	<b>1,958</b>	<b>815</b>	<b>3,753</b>	<b>3,226</b>
Shareholder contribution holding with non-controlling interest	-	1	-	1
Increase (+) / Decrease (-) of interest-bearing liabilities	-1,690	-890	-249	243
Increase (+) / Decrease (-) of interest-bearing liabilities, project financing	-615	185	-2,775	-3,244
Dividend Annehem Fastigheter <sup>1)</sup>	-55	-	-55	-
Dividend expenses	-28	-	-28	-
Dividend distributed to shareholders in parent company	-	-	-	-1,239
<b>Cash flow from financing operations</b>	<b>-2,388</b>	<b>-704</b>	<b>-3,107</b>	<b>-4,239</b>
<b>Cash flow for the period</b>	<b>-430</b>	<b>111</b>	<b>646</b>	<b>-1,013</b>
Cash at the beginning of the period	1,408	261	373	1,376
Exchange rate differences in cash	-10	1	-51	10
<b>Cash at the end of the period</b>	<b>968</b>	<b>373</b>	<b>968</b>	<b>373</b>

<sup>1)</sup> Refers to liquid funds in distributed operations

## Parent company

The parent company Peab AB's net sales for the year 2020 amounted to SEK 346 million (348) and mainly consisted of internal Group services. Profit for the year amounted to SEK 1,304 million (1,263). Profit for the year included dividends of SEK 500 million (200) from subsidiaries.

The parent company's assets mainly consist of participations in Group companies amounting to SEK 12,109 million (12,050). The assets have been financed from equity of SEK 8,338 million (9,057) and long-term liabilities to Group companies amounting to SEK 2,697 million (2,791). Distribution of Annhem Fastigheter affected equity by SEK -2,023 million, of which SEK -22 million is transaction costs net after tax.

The parent company is indirectly affected by the risks described in the section Risks and Uncertainty Factors.

## Report on the parent company income statement in summary

MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	89	114	346	348
Administrative expenses	-155	-156	-545	-513
Other operating income	0	-	0	5
<b>Operating profit</b>	<b>-66</b>	<b>-42</b>	<b>-199</b>	<b>-160</b>
<b>Result from financial investments</b>				
Profit from participation in Group companies	-1	0	499	130
Other financial items	-15	-16	-57	-68
<b>Result after financial items</b>	<b>-82</b>	<b>-58</b>	<b>243</b>	<b>-98</b>
Appropriations	1,266	1,656	1,266	1,656
<b>Pre-tax profit</b>	<b>1,184</b>	<b>1,598</b>	<b>1,509</b>	<b>1,558</b>
Tax	-242	-332	-205	-295
<b>Profit for the period <sup>1)</sup></b>	<b>942</b>	<b>1,266</b>	<b>1,304</b>	<b>1,263</b>

<sup>1)</sup> Profit/loss for the period corresponds to comprehensive profit/loss for the period and therefore only one income statement is presented without a separate one for comprehensive profit/loss.

# Report on financial position for the parent company in summary

MSEK	Dec 31 2020	Dec 31 2019
<b>Assets</b>		
<b>Fixed assets</b>		
<b>Intangible assets</b>	43	51
<b>Tangible assets</b>	1	1
<b>Financial assets</b>		
Participation in Group companies	12,109	12,050
Deferred tax recoverables	125	119
<b>Total financial assets</b>	<b>12,234</b>	<b>12,169</b>
<b>Total fixed assets</b>	<b>12,278</b>	<b>12,221</b>
<b>Current assets</b>		
<b>Current receivables</b>		
Accounts receivable	0	1
Receivables from Group companies	1,655	2,479
Current tax assets	86	60
Other receivables	30	44
Prepaid expenses and accrued income	10	10
<b>Total current receivables</b>	<b>1,781</b>	<b>2,594</b>
Cash and bank	0	0
<b>Total current assets</b>	<b>1,781</b>	<b>2,594</b>
<b>Total assets</b>	<b>14,059</b>	<b>14,815</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Restricted equity	1,898	1,901
Non-restricted equity	6,440	7,156
<b>Total equity</b>	<b>8,338</b>	<b>9,057</b>
<b>Untaxed reserves</b>	<b>2,724</b>	<b>2,403</b>
<b>Provisions</b>		
Other provisions	43	41
<b>Total provisions</b>	<b>43</b>	<b>41</b>
<b>Long-term liabilities</b>		
Liabilities to Group companies	2,697	2,791
<b>Total long-term liabilities</b>	<b>2,697</b>	<b>2,791</b>
<b>Current liabilities</b>		
Accounts payable	36	32
Liabilities to Group companies	129	404
Other liabilities	8	12
Accrued expenses and deferred income	84	75
<b>Total current liabilities</b>	<b>257</b>	<b>523</b>
<b>Total liabilities</b>	<b>2,954</b>	<b>3,314</b>
<b>Total equity and liabilities</b>	<b>14,059</b>	<b>14,815</b>

## Note 1 – Accounting principles

The quarterly report has been prepared according to the IFRS standards that have been adopted by EU as well as the interpretations of the valid standards adopted by EU, IFRICs. This report for the Group has been prepared according to IAS 34, Interim financial reporting as well as applicable regulations in the Annual Accounts Act. The parent company quarterly report has been prepared according to chapter 9 in the Annual Accounts Act, Quarterly reports and RFR 2, Accounting rules for legal entities. The quarterly report has been prepared for the Group and parent company according to the same accounting principles and conditions applied in the latest Annual Report, except for the amended accounting principles described below.

In addition to the financial reports and their accompanying notes further information according to IAS 34.16A can be found in other sections of the quarterly report.

### CHANGED ACCOUNTING PRINCIPLES FOR SWEDISH TENANT-OWNED HOUSING ASSOCIATIONS

As of fiscal year 2020 Peab consolidates projects with Swedish tenant-owned housing associations at the time the final homebuyers take possession of their apartments. This means that Peab recognizes the projects on the balance sheet as work-in-progress under the asset item project development properties, and as interest-bearing liabilities. Revenue and costs for the projects will be recognized as homebuyers take possession of their apartments. Costs for loans are included in the acquisition value of the properties. In conjuncture with this change Peab now recognizes all our own developed housing projects in Sweden, Norway and Finland according to the completion method. According to previous principles Peab did not consolidate projects with Swedish tenant-owned housing associations from the time land transfer and turnkey contracts were signed, and revenue and expenses were recognized over time as the projects were successively completed.

All comparative figures for 2019 are translated if not otherwise specified.

Jan-Dec 2019 MSEK	Reported income statement	Changed accounting principles	Group IFRS
Net sales	54,008	2,295	56,303
Production costs	-48,734	-1,578	-50,312
<b>Gross profit</b>	<b>5,274</b>	<b>717</b>	<b>5,991</b>
Sales and administrative expenses	-2,879		-2,879
Other operating income	280		280
Other operating costs	-107		-107
<b>Operating profit</b>	<b>2,568</b>	<b>717</b>	<b>3,285</b>
Financial income	130		130
Financial expenses	-188		-188
<b>Net finance</b>	<b>-58</b>	<b>-</b>	<b>-58</b>
<b>Pre-tax profit</b>	<b>2,510</b>	<b>717</b>	<b>3,227</b>
Tax	-418	-153	-571
<b>Profit for the period</b>	<b>2,092</b>	<b>564</b>	<b>2,656</b>
<b>Profit for the period, attributable to:</b>			
Shareholders in parent company	2,092	564	2,656
Non-controlling interests	0	-	0
<b>Profit for the period</b>	<b>2,092</b>	<b>564</b>	<b>2,656</b>

Dec 31, 2019 MSEK	Reported balance sheet	Changed accounting principles	Group IFRS
<b>Assets</b>			
Intangible assets	2,334		2,334
Tangible assets	6,811		6,811
Investment property	558		558
Interest-bearing long-term receivables	1,086		1,086
Other financial fixed assets	2,092	5	2,097
Deferred tax recoverables	8	193	201
<b>Total fixed assets</b>	<b>12,889</b>	<b>198</b>	<b>13,087</b>
Project and development properties	11,407	5,541	16,948
Inventories	533		533
Interest-bearing current receivables	144		144
Other current receivables	13,383	-780	12,603
Liquid funds	373		373
<b>Total current assets</b>	<b>25,840</b>	<b>4,761</b>	<b>30,601</b>
<b>Total assets</b>	<b>38,729</b>	<b>4,959</b>	<b>43,688</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>12,266</b>	<b>-707</b>	<b>11,559</b>
<b>Liabilities</b>			
Interest-bearing long-term liabilities	5,617	-1,814	3,803
Interest-bearing long-term liabilities, project financing	-	326	326
Deferred tax liabilities	148	-	148
Other long-term liabilities	1,014	-76	938
<b>Total long-term liabilities</b>	<b>6,779</b>	<b>-1,564</b>	<b>5,215</b>
Interest-bearing current liabilities	3,493	-482	3,011
Interest-bearing current liabilities, project financing	-	7,637	7,637
Other current liabilities	16,191	75	16,266
<b>Total current liabilities</b>	<b>19,684</b>	<b>7,230</b>	<b>26,914</b>
<b>Total liabilities</b>	<b>26,463</b>	<b>5,666</b>	<b>32,129</b>
<b>Total equity and liabilities</b>	<b>38,729</b>	<b>4,959</b>	<b>43,688</b>

## ANNEHEM FASTIGHETER

In February 2020 Peab's Board proposed to the AGM, in addition to the ordinary dividend, an extra distribution of all the shares in a newly founded company, Annehem Fastigheter, containing Peab's wholly owned, fully developed commercial properties. As a result of the spread of the coronavirus, its effects on external circumstances and on financial markets, Peab's Board decided to withdraw the proposal to the AGM. Based on market assessments and the development presented in the second quarter report Peab's Board decided in August 2020 to propose a new date for the distribution of Annehem Fastigheter. The Board summoned an Extra General Meeting on November 12, 2020 where Peab's shareholders adopted the proposal from the Board on the distribution of Annehem Fastigheter and the shares were distributed in December 2020. December 11, 2020 was the first day of trading in Annehem Fastigheter's B shares on Nasdaq Stockholm. For more information see Annehem Fastigheter and Important events during the report period.

As of the Board's decision in February 2020 Annehem Fastigheter's assets and liabilities were classified as assets held for value transfer to owners. These assets and liabilities were recognized as a separate item as current assets respectively current liabilities on the balance sheet. The comparative year's corresponding assets and liabilities have not been reclassified.

Annehem Fastigheter has not been recognized as a separate item as discontinued operations in the Group income statement since it previously only made up a small part of operations in business area Project Development.

At the distribution of Annehem Fastigheter the difference between fair values and book values were recognized in the Group in Property Development. In addition, previously eliminated construction contract profit was reversed under Eliminations. In the consolidated income statement these items have been recognized on a separate line in the income statement called Distribution of Annehem Fastigheter. For more information on Annehem Fastigheter see note 6.

Annehem Fastigheter was reported as a separate unit outside of segment reporting from January 1, 2020 until the distribution in December 2020.

## DIFFERENCES IN SEGMENT REPORTING AND REPORTING ACCORDING TO IFRS

The Group is reported in the four business areas Construction, Civil Engineering, Industry and Project Development. The business areas are also operating segments. Segment reporting is the model Peab believes best describes Peab's business regarding both internal steering and risk profile, and it is also how the Board and executive management follow operations.

For Peab's construction contract businesses, Construction and Civil Engineering, revenue and profit are recognized over time in both segment reporting and reporting according to IFRS. For business area Industry revenue and profit are recognized both over time and at a certain point in time, and reporting is the same in both segment reporting and reporting according to IFRS. For business area Project Development in segment reporting within the unit Housing Development revenue and expenses are recognized over time as the projects are successively completed. This applies to Swedish tenant-owned housing associations and own single homes, Norwegian condo-

miniums and share housing and Finnish residential limited companies. In reporting according to IFRS, housing projects are recognized when the final homebuyers take possession of their apartments. In business area Project Development and the unit Property Development revenue and profit are recognized at a certain point in time in both segment reporting and reporting according to IFRS.

Group functions are reported in addition to the business areas and consist of central companies, certain subsidiaries and other holdings. Central companies consist primarily of the parent company Peab AB, Peab Finans AB and Peab Support (Shared Service Center). There is no difference in segment reporting and reporting according to IFRS regarding Group functions.

#### **Reporting on internal projects between business areas Construction and Project Development**

Business area Construction recognizes revenue and profit referring to the construction contract part of our own housing developments, rental project developments and other property development projects for business area Project Development. Recognition takes place over time as the projects are completed. Business area Project Development recognizes revenue for both contract construction and the developer part of our own housing projects but the recognized profit consists of the profit in the developer part. Both revenue and profit are recognized in segment reporting in business area Project Development operations over time while in reporting according to IFRS they are recognized at a certain point in time, in other words when the homebuyers take possession of their homes.

#### **Reporting on property projects on our own balance sheet**

The underlying sales value of property projects on our own balance sheet, recognized as project and development property, that are sold in the form of a company via shares, is recognized as revenue and the book value on the balance sheet is recognized as an expense. When property projects recognized as operations property or investment property are divested the net effect on profit is recognized as other operating income or other operating cost. Recognition of property projects is the same in both segment reporting and reporting according to IFRS.

#### **IFRS 16, additional leases**

In segment reporting for all business areas leasing fees are recognized in operating profit as a cost linearly over the leasing period for IFRS 16, additional leases (previously operational leasing). Application of IFRS 16 for additional leases in reporting according to IFRS is only given as a total for the Group.

#### **Financial key ratios in segment reporting**

Financial key ratios such as capital employed, the equity/assets ratio, net debt, debt/equity ratio and earnings per share are presented in segment reporting with consideration taken to the above prerequisites. Net debt in segment reporting includes the unsold portion of ongoing own developed housing projects.

## Note 2 – Business combinations

### ACQUISITION OF NORDIC PAVING AND MINERAL AGGREGATES OPERATIONS

On July 4, 2019 Peab signed a contract to acquire YIT's paving and mineral aggregates operations in the Nordic region. The transaction was conditional on approval from competition authorities as well as the fulfillment of certain contractual conditions. At the end of March 2020 the transaction was approved by the competition authorities. The take over took place on April 1, 2020. Through the acquisition Peab expands its presence in Sweden, Norway and Finland and become established in the paving business in Denmark and this gives Peab a unique and market leading position in this business in the Nordic region. The acquisition also entails taking over some 2,000 employees, some 200 strategically located quarries along with 63 production asphalt plants in the Nordic region. The operations are primarily integrated into the companies Peab Asphalt and Swerock. For the paving business this entails establishing operations in Finland and Denmark. It also provides conditions for further expansion and development in other operations such as Recycling and Concrete.

The transaction is a combination of an asset deal and a share purchase. The total transferred remuneration from Peab was SEK 3,184 million, divided into SEK 2,438 million in transferred remuneration for shares and assets as well as SEK 746 million in redemption of shareholder loans to the seller.

During the nine months the acquisition has been part of the Group it has contributed by SEK 5,891 million to Group income and SEK 222 million to profit for the period (including financing costs and depreciation of surplus values but not including acquisition costs and transfer tax in Finland). If the acquisition had taken place on January 1, 2020 it would have contributed by SEK 6,197 million to Group income and SEK -26 million to profit for the period (including financing costs and depreciation of surplus values but not including acquisition costs and transfer tax in Finland). Acquisition costs and transfer tax in Finland were SEK 95 million, of which SEK 40 million were reported in 2019. The costs are recognized as sales and administration costs and in the cash flow analysis in current operations.

The acquisition analysis was approved during the fourth quarter 2020. The difference between the preliminary acquisition analysis and the approved analysis is that intangible assets have been reduced by SEK 68 million and tangible assets have increased correspondingly. Other differences are not consequential.

### Effects of the acquisition in 2020

The acquired companies' net assets at the time of acquisition:

<b>Group, MSEK</b>	
Intangible assets	211
Tangible assets	1,631
Other financial assets	71
Deferred tax recoverables	158
Inventories	695
Accounts receivable and other receivables	359
Liquid funds	59
Interest-bearing liabilities (leases)	-361
Shareholder loan to selling company (acquired receivables) <sup>1)</sup>	-746
Deferred tax liabilities	-57
Provisions	-371
Accounts payable and other current liabilities	-608
<b>Net identifiable assets and liabilities</b>	<b>1,041</b>
Group goodwill	1,397
<b>Consideration transferred <sup>2)</sup></b>	<b>2,438</b>
<sup>1)</sup> Acquired receivables are recognized at the seller's nominal value and is settled in Peab against acquired liabilities for the corresponding amount	
<sup>2)</sup> Cash	2,438
Additional shareholder loans to the selling company	746

### Goodwill

The goodwill recognized for the acquisition represents a strong market position, establishment on new markets, synergies with existing operations, further expansion and development of other operations such as Recycling and Concrete as well as a well functioning organization. SEK 80 million of acquired goodwill is tax deductible.

### Intangible assets

Intangible assets were SEK 211 million and consist primarily of SEK 140 million in acquired customer contracts with an useful life of 1-2 years as well as SEK 68 million in acquired rights of use for gravel and rock quarries with an expected useful life of 10 years.

### Acquired receivables

The fair value of accounts receivable amounts to SEK 172 million. The gross amount of the receivables amounts to SEK 178 million, of which SEK -6 million is not expected to be settled.

### Provisions

Provisions amounted to SEK 371 million and refer mainly to restoring gravel and rock quarries, guarantee costs and remediation.

### OTHER ACQUISITIONS

During the period other minor acquisitions have been made by the Peab Group but since these are not material no information about them is provided.



## GOODWILL

### Group, MSEK

Opening acquisition value	1,875
Purchases through acquired companies	1,397
Sales through acquired companies	-20
Disposals	-15
Exchange rate differences	-145
<b>Closing accumulated acquisition value</b>	<b>3,092</b>
Opening write-downs	-39
Sales through acquired companies	20
Disposals	15
Write-downs for the year	-20
<b>Closing accumulated write-downs</b>	<b>-24</b>
<b>Closing recognized value</b>	<b>3,068</b>

## Note 3 – Revenue allocation

Group Jan-Dec 2020 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles and other <sup>1)</sup>	Group IFRS
<b>Allocation per external/internal</b>									
External sales	22,898	11,742	15,151	7,436	51		57,278	2,574	59,852
Internal sales	4,091	1,101	3,569	64	1,155	-9,841	139	-139	-
<b>Total</b>	<b>26,989</b>	<b>12,843</b>	<b>18,720</b>	<b>7,500</b>	<b>1,206</b>	<b>-9,841</b>	<b>57,417</b>	<b>2,435</b>	<b>59,852</b>
<b>Allocation per country</b>									
Sweden	19,417	11,637	11,484	4,543	997	-7,666	40,412	2,408	42,820
Norway	3,766	1,101	1,868	1,031	131	-893	7,004	-288	6,716
Finland	3,806	105	4,630	1,926	78	-1,277	9,268	315	9,583
Denmark			720			-5	715		715
Other			18				18		18
<b>Total</b>	<b>26,989</b>	<b>12,843</b>	<b>18,720</b>	<b>7,500</b>	<b>1,206</b>	<b>-9,841</b>	<b>57,417</b>	<b>2,435</b>	<b>59,852</b>
<b>Allocation per type of customer</b>									
Public sector	10,619	8,991	5,214	26	43		24,893	12	24,905
Private customers	12,279	2,751	9,937	7,410	8		32,385	2,562	34,947
Internal customers	4,091	1,101	3,569	64	1,155	-9,841	139	-139	-
<b>Total</b>	<b>26,989</b>	<b>12,843</b>	<b>18,720</b>	<b>7,500</b>	<b>1,206</b>	<b>-9,841</b>	<b>57,417</b>	<b>2,435</b>	<b>59,852</b>
<b>Allocation per point in time</b>									
At one point in time	32	20	5,983	625	56	-1,315	5,401	6,885	12,286
Over time	26,934	12,814	10,913	6,767	966	-7,135	51,259	-4,539	46,720
Rent revenue <sup>2)</sup>	23	9	1,824	108	184	-1,391	757	89	846
<b>Total</b>	<b>26,989</b>	<b>12,843</b>	<b>18,720</b>	<b>7,500</b>	<b>1,206</b>	<b>-9,841</b>	<b>57,417</b>	<b>2,435</b>	<b>59,852</b>
<b>Allocation per type of revenue</b>									
Construction contracts	26,934	12,814	10,913	6,766	41	-6,218	51,250	-4,532	46,718
Sales of goods			4,203			-640	3,563		3,563
Sales of property projects				494		-1	493	6,871	7,364
Transportation services			1,573			-537	1,036		1,036
Administrative services				1	925	-917	9	-7	2
Rent revenue <sup>2)</sup>	23	9	1,824	108	184	-1,391	757	89	846
Other	32	20	207	131	56	-137	309	14	323
<b>Total</b>	<b>26,989</b>	<b>12,843</b>	<b>18,720</b>	<b>7,500</b>	<b>1,206</b>	<b>-9,841</b>	<b>57,417</b>	<b>2,435</b>	<b>59,852</b>

<sup>1)</sup> Refers to differences in accounting principles regarding our own developed housing projects. In segment reporting revenue is recognized over time while in reporting according to IFRS it is at the time of possession. The item also includes revenue of SEK 171 million during January-November 2020 attributable to Annehem Fastigheter including internal revenue from other Peab Group companies. <sup>2)</sup> Rent revenue is recognized according to IFRS 16.

Group Jan-Dec 2019 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
<b>Allocation per external/internal</b>									
External sales	24,265	12,141	9,784	9,067	92		55,349	954	56,303
Internal sales	5,151	1,198	3,555	58	1,084	-11,046	-		-
<b>Total</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>
<b>Allocation per country</b>									
Sweden	22,349	12,063	11,712	5,980	993	-9,008	44,089	2,326	46,415
Norway	3,604	1,144	1,003	900	116	-784	5,983	-471	5,512
Finland	3,463	132	608	2,245	67	-1,254	5,261	-901	4,360
Other			16				16		16
<b>Total</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>
<b>Allocation per type of customer</b>									
Public sector	8,457	6,782	3,085	98			18,422		18,422
Private customers	15,808	5,359	6,699	8,969	92		36,927	954	37,881
Internal customers	5,151	1,198	3,555	58	1,084	-11,046	-		-
<b>Total</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>
<b>Allocation per point in time</b>									
At one point in time	62	37	5,746	725	66	-1,517	5,119	6,125	11,244
Over time	29,350	13,259	5,651	8,206	965	-8,082	49,349	-5,171	44,178
Rent revenue <sup>2)</sup>	4	43	1,942	194	145	-1,447	881		881
<b>Total</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>
<b>Allocation per type of revenue</b>									
Construction contracts	29,350	13,259	5,651	8,198	39	-7,202	49,295	-5,171	44,124
Sales of goods	3		3,665			-749	2,919		2,919
Sales of property projects				558			558	6,125	6,683
Transportation services			1,893			-659	1,234		1,234
Administrative services				8	926	-880	54		54
Rent revenue <sup>2)</sup>	4	43	1,942	194	145	-1,447	881		881
Other	59	37	188	167	66	-109	408		408
<b>Total</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>

<sup>1)</sup> Refers to differences in accounting principles regarding our own developed housing projects. In segment reporting revenue is recognized over time while in reporting according to IFRS it is at the time of possession. <sup>2)</sup> Rent revenue is recognized according to IFRS 16.

## Note 4 – Operating segment and reconciliation between segment reporting and reporting according to IFRS

Group Jan-Dec 2020 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles and other <sup>1)</sup>	Group IFRS
External sales	22,898	11,742	15,151	7,436	51		57,278	2,574	59,852
Internal sales	4,091	1,101	3,569	64	1,155	-9,841	139	-139	-
<b>Total revenue</b>	<b>26,989</b>	<b>12,843</b>	<b>18,720</b>	<b>7,500</b>	<b>1,206</b>	<b>-9,841</b>	<b>57,417</b>	<b>2,435</b>	<b>59,852</b>
<b>Operating profit</b>	<b>663</b>	<b>391</b>	<b>1,105</b>	<b>1,669</b>	<b>-310</b>	<b>23</b>	<b>3,541</b>	<b>381</b>	<b>3,922</b>
<b>Operating margin, %</b>	<b>2.5</b>	<b>3.0</b>	<b>5.9</b>	<b>22.3</b>			<b>6.2</b>		<b>6.6</b>
Financial income							96	0	96
Financial expenses							-204	-69 <sup>2)</sup>	-273
<b>Net finance</b>							<b>-108</b>	<b>-69</b>	<b>-177</b>
<b>Pre-tax profit</b>							<b>3,433</b>	<b>312</b>	<b>3,745</b>
Tax							-485	-79	-564
<b>Profit for the year</b>							<b>2,948</b>	<b>233</b>	<b>3,181</b>
Capital employed (closing balance)	-767	-408	8,822	12,189		-402	19,434	5,001	24,435
Total assets							36,604	5,560 <sup>3)</sup>	42,164
Equity/assets ratio, %							36.2		29.5
Cashflow before financing							2,779	974	3,753

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 3 and the section Overview business areas. <sup>2)</sup> Divided during January-November 2020 between Annehem Fastigheter SEK -35 million and IFRS 16, additional leases SEK -34 million. <sup>3)</sup> Divided between IFRS 16, additional leases SEK 1,805 million and housing projects SEK 3,755 million.

Group Jan-Dec 2019 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
External sales	24,265	12,141	9,784	9,067	92		55,349	954	56,303
Internal sales	5,151	1,198	3,555	58	1,084	-11,046	-	-	-
<b>Total revenue</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>
<b>Operating profit</b>	<b>711</b>	<b>367</b>	<b>937</b>	<b>1,015</b>	<b>-278</b>	<b>-142</b>	<b>2,610</b>	<b>675</b>	<b>3,285</b>
<b>Operating margin, %</b>	<b>2.4</b>	<b>2.8</b>	<b>7.0</b>	<b>11.1</b>			<b>4.7</b>		<b>5.8</b>
Financial income							130	-	130
Financial expenses							-161	-27 <sup>2)</sup>	-188
<b>Net finance</b>							<b>-31</b>	<b>-27 <sup>2)</sup></b>	<b>-58</b>
<b>Pre-tax profit</b>							<b>2,579</b>	<b>648</b>	<b>3,227</b>
Tax							-441	-130	-571
<b>Profit for the year</b>							<b>2,138</b>	<b>518</b>	<b>2,656</b>
Capital employed (closing balance)	-1,013	267	6,799	16,679		-1,115	21,617	4,719	26,336
Total assets							38,362	5,326 <sup>3)</sup>	43,688
Equity/assets ratio, %							32.5		26.5
Cashflow before financing							1,025	2,201	3,226

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 3 and the section Overview business areas. <sup>2)</sup> Refers to IFRS 16, additional leases SEK -27 million. <sup>3)</sup> Divided between IFRS 16, additional leases SEK 761 million and housing projects SEK 4,565 million.

## Note 5 – Financial assets and liabilities valued at fair value

The table below shows the allocated level for financial assets and financial liabilities recognized at fair value in the Group's balance sheet. Measurement of fair value is based on a three level hierarchy;

Level 1: prices that reflect quoted prices on an active market for identical assets.

Level 2: based on direct or indirect inputs observable to the market not included in level 1.

Level 3: based on inputs unobservable to the market.

For a description of how fair value has been calculated see the Annual Report 2019, note 34. The fair value of financial assets and liabilities recognized as their amortized cost is estimated to be, in principle, the same as their recognized values.

Group	Dec 31 2020			Dec 31 2019			
	MSEK	Level 2	Level 3	Total	Level 2	Level 3	Total
<b>Financial assets</b>							
Other securities held as fixed assets			60	60	82	82	
<i>Of which investments in unlisted funds</i>			37	37	58	58	
<i>Of which shareholding in unlisted company</i>			23	23	24	24	
Other current receivables	5		5				-
<i>Of which commodity hedging with futures</i>	5		5				-
<b>Total financial assets</b>	<b>5</b>	<b>60</b>	<b>65</b>	<b>-</b>	<b>82</b>	<b>82</b>	
<b>Financial liabilities</b>							
Other long-term liabilities	8		8	13			13
<i>Of which interest rate swaps</i>	8		8	13			13
Other current liabilities	4		4	3	1		4
<i>Of which currency swaps</i>	2		2	2			2
<i>Of which commodity hedging with futures</i>	2		2	1			1
<i>Of which contingent consideration</i>			-		1		1
<b>Total financial liabilities</b>	<b>12</b>	<b>-</b>	<b>12</b>	<b>16</b>	<b>1</b>	<b>17</b>	

The tables below are a reconciliation between the opening and closing balance for assets and liabilities included in level 3.

Group	Other securities held as fixed asset				
	Unlisted funds		Unlisted shares		
	MSEK	Dec 31 2020	Dec 31 2019	Dec 31 2020	Dec 31 2019
<b>Opening balance</b>	<b>58</b>	<b>89</b>	<b>24</b>	<b>25</b>	
Investments	4	9			
Sales				-1	-1
Dividends received	-21	-55			
Reported in profit/loss for the period					
Net finance	-4	15			
Reported in other comprehensive income				0	0
<b>Closing balance</b>	<b>37</b>	<b>58</b>	<b>23</b>	<b>24</b>	

Group	Contingent consideration		
	MSEK	Dec 31 2020	Dec 31 2019
<b>Opening balance</b>	<b>1</b>	<b>34</b>	
Payments during the period		-1	-31
Reported in profit/loss for the period			
Other operating costs (+) / other operating income (-)			-3
Interest expense (discount) <sup>1)</sup>			1
Reported in other comprehensive income			0
<b>Closing balance</b>	<b>-</b>	<b>1</b>	

<sup>1)</sup> Recognized in net financial items

## Note 6 – Distribution of Annehem Fastigheter AB

Peab distributed the shares in Annehem Fastigheter AB to Peab's shareholders in December 2020. The first day of trading was December 11, 2020 and the first trading price was SEK 35 per B share, which makes a market value of around SEK 2,065 million. Profit from the distribution of Annehem Fastigheter was SEK 952 million. Profit is charged with provisions of SEK -59 million for rent guaranties and other guaranties.

### INCOME STATEMENT

MSEK	Jan 1 – Nov 30 2020
Net sales	171
Productions costs	-110
Sales and administrative expenses	-26
Other operating costs	-5
<b>Operating profit</b>	<b>30</b>
Net finance	-35
<b>Pre-tax profit</b>	<b>-5</b>
Tax	-1
<b>Profit for the period</b>	<b>-6</b>

### BALANCE SHEET

MSEK	Nov 30 2020
<b>Assets</b>	
Intangible assets	1
Tangible assets	1,164
Investment property	418
Deferred tax recoverables	52
<b>Total fixed assets</b>	<b>1,635</b>
Project and development properties	612
Other current receivables	32
Liquid funds	55
<b>Total current assets</b>	<b>699</b>
<b>Total assets</b>	<b>2,334</b>
<b>Equity and liabilities</b>	
<b>Equity</b>	<b>1,054</b>
<b>Liabilities</b>	
Deferred tax liabilities	4
Interest-bearing long-term liabilities	710
<b>Total long-term liabilities</b>	<b>714</b>
Interest-bearing current liabilities	463
Other current liabilities	103
<b>Total current liabilities</b>	<b>566</b>
<b>Total liabilities</b>	<b>1,280</b>
<b>Total equity and liabilities</b>	<b>2,334</b>

# Future financial information

- |  |                   |
|--|-------------------|
| • Capital Market Day   | February 10, 2021 |
| • Annual and Sustainability Report 2020                          | April 2021        |
| • Quarterly Report January-March 2021 and Annual General Meeting | May 6, 2021       |
| • Quarterly Report January-June 2021                             | July 16, 2021     |
| • Quarterly Report January-September 2021                        | October 27, 2021  |
| • Year-end report January-December 2021                          | February 4, 2022  |

*Förslöv, February 4, 2021*

*Jesper Göransson  
CEO and President*

*The information in this interim report has not been reviewed separately by the company's auditors.*

## **PRESENTATION OF THE QUARTERLY REPORT**

This quarterly report will be presented digitally and on a phone conference Thursday, February 4, 2021 at 9.00 a.m. by the President and CEO Jesper Göransson and CFO Niclas Winkvist. The presentation will be held in Swedish and is available via <https://www.peab.com/financial-info/>.

Call one of the following telephone numbers to participate:

- From Sweden: +46 856642692
- From Great Britain: +44 3333009030

*This information is information that Peab AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at February 4, 2021, 8:00 a.m. CET.*

# Quarterly data

## Group, IFRS

MSEK	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019
Net sales	15,989	16,204	15,789	11,870	15,455	12,869	15,140	12,839
Production costs	-14,159	-14,463	-14,127	-10,962	-13,869	-11,717	-13,405	-11,321
<b>Gross profit</b>	<b>1,830</b>	<b>1,741</b>	<b>1,662</b>	<b>908</b>	<b>1,586</b>	<b>1,152</b>	<b>1,735</b>	<b>1,518</b>
Sales and administrative expenses	-914	-717	-962	-766	-751	-604	-773	-751
Distribution of Annehem Fastigheter	952	-	-	-	-	-	-	-
Other operating income	84	72	36	37	93	122	38	27
Other operating costs	-10	-9	-13	-9	-95	-6	-3	-3
<b>Operating profit</b>	<b>1,942</b>	<b>1,087</b>	<b>723</b>	<b>170</b>	<b>833</b>	<b>664</b>	<b>997</b>	<b>791</b>
Financial income	23	18	15	40	31	14	31	54
Financial expenses	-55	-55	-34	-129	-62	-35	-41	-50
<b>Net finance</b>	<b>-32</b>	<b>-37</b>	<b>-19</b>	<b>-89</b>	<b>-31</b>	<b>-21</b>	<b>-10</b>	<b>4</b>
<b>Pre-tax profit</b>	<b>1,910</b>	<b>1,050</b>	<b>704</b>	<b>81</b>	<b>802</b>	<b>643</b>	<b>987</b>	<b>795</b>
Tax	-181	-210	-160	-13	-149	-104	-161	-157
<b>Profit for the period</b>	<b>1,729</b>	<b>840</b>	<b>544</b>	<b>68</b>	<b>653</b>	<b>539</b>	<b>826</b>	<b>638</b>
<b>Profit for the period, attributable to:</b>								
Shareholders in parent company	1,730	840	543	69	653	539	826	638
Non-controlling interests	-1	0	1	-1	0	0	0	0
<b>Profit for the period</b>	<b>1,729</b>	<b>840</b>	<b>544</b>	<b>68</b>	<b>653</b>	<b>539</b>	<b>826</b>	<b>638</b>
<b>Key ratios, IFRS</b>								
Earnings per share, SEK	5.87	2.85	1.84	0.23	2.21	1.83	2.80	2.16
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0
Capital employed (closing balance)	24,435	27,729	28,829	25,830	26,336	26,371	26,025	24,888
Equity (closing balance)	12,443	12,874	12,043	11,560	11,559	10,966	10,425	10,808



**Business areas**

MSEK	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019
<b>Net sales</b>								
Construction	7,448	5,798	7,123	6,620	8,371	6,520	7,782	6,743
Civil Engineering	3,600	3,041	3,432	2,770	3,792	3,257	3,374	2,916
Industry	4,929	6,233	5,343	2,215	3,592	3,820	3,697	2,230
Project Development	1,804	1,750	1,977	1,969	2,684	2,015	2,259	2,167
– of which Property Development	71	71	111	122	179	180	254	173
– of which Housing Development	1,733	1,679	1,866	1,847	2,505	1,835	2,005	1,994
Group functions	317	298	308	283	325	289	287	275
Eliminations	-2,674	-2,283	-2,665	-2,219	-2,906	-2,600	-2,872	-2,668
<b>Group, segment reporting</b>	<b>15,424</b>	<b>14,837</b>	<b>15,518</b>	<b>11,638</b>	<b>15,858</b>	<b>13,301</b>	<b>14,527</b>	<b>11,663</b>
Adjustment of housing to IFRS	560	1,384	295	252	-403	-432	613	1,176
IFRS 16. additional leases								
Annehem Fastigheter	36 <sup>1)</sup>	47	48	40				
Eliminations	-31	-64	-72	-60				
<b>Group, IFRS</b>	<b>15,989</b>	<b>16,204</b>	<b>15,789</b>	<b>11,870</b>	<b>15,455</b>	<b>12,869</b>	<b>15,140</b>	<b>12,839</b>
<b>Operating profit</b>								
Construction	197	137	183	146	207	150	199	155
Civil Engineering	131	92	127	41	132	76	123	36
Industry	397	471	303	-66	363	360	258	-44
Project Development	1,195	162	138	174	278	221	336	180
– of which Property Development	961	13	-17	25	28	34	192	46
– of which Housing Development	234	149	155	149	250	187	144	134
Group functions	-132	-14	-81	-83	-130	-10	-90	-48
Eliminations	37	-4	-9	-1	-53	-34	-42	-13
<b>Group, segment reporting</b>	<b>1,825</b>	<b>844</b>	<b>661</b>	<b>211</b>	<b>797</b>	<b>763</b>	<b>784</b>	<b>266</b>
Adjustment of housing to IFRS	95	226	57	-47	30	-105	207	520
IFRS 16. additional leases	12	12	6	4	6	6	6	5
Annehem Fastigheter	13 <sup>1)</sup>	5	6	6				
Eliminations	-3	0	-7	-4				
<b>Group, IFRS</b>	<b>1,942</b>	<b>1,087</b>	<b>723</b>	<b>170</b>	<b>833</b>	<b>664</b>	<b>997</b>	<b>791</b>
<b>Operating margin, %</b>								
Construction	2.6	2.4	2.6	2.2	2.5	2.3	2.6	2.3
Civil Engineering	3.6	3.0	3.7	1.5	3.5	2.3	3.6	1.2
Industry	8.1	7.6	5.7	-3.0	10.1	9.4	7.0	-2.0
Project Development	66.2	9.3	7.0	8.8	10.4	11.0	14.9	8.3
– of which Property Development	1,353.5	18.3	-15.3	20.5	15.6	18.9	75.6	26.6
– of which Housing Development	13.5	8.9	8.3	8.1	10.0	10.2	7.2	6.7
Group functions								
Eliminations								
<b>Group, segment reporting</b>	<b>11.8</b>	<b>5.7</b>	<b>4.3</b>	<b>1.8</b>	<b>5.0</b>	<b>5.7</b>	<b>5.4</b>	<b>2.3</b>
Adjustment of housing to IFRS								
IFRS 16. additional leases								
Annehem Fastigheter	36.1 <sup>1)</sup>	10.6	12.5	15.0				
Eliminations								
<b>Group, IFRS</b>	<b>12.1</b>	<b>6.7</b>	<b>4.6</b>	<b>1.4</b>	<b>5.4</b>	<b>5.2</b>	<b>6.6</b>	<b>6.2</b>
<b>Key ratios, segment reporting, MSEK</b>								
Earnings per share, SEK	5.62	2.25	1.72	0.41	2.10	2.14	2.24	0.77
Capital employed (closing balance)	19,434	21,086	22,390	19,927	21,617	21,999	21,961	20,106
Equity (closing balance)	13,251	12,637	12,852	12,349	12,479	11,992	11,386	11,920
Orders received	12,189	11,718	13,220	12,608	12,096	9,349	10,817	11,868
Order backlog at the end of the period	42,709	44,722	46,123	44,151	42,494	43,821	45,873	47,532

<sup>1)</sup> Refers to October-November 2020

# Alternative performance measures and definitions

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by executive management and Board of Directors to measure the company's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement.

The difference between segment reporting and reporting according to IFRS is described in greater detail in note 1. The difference consists primarily of differences in accounting principles for our own developed housing projects where revenue and profit are recognized over time in segment reporting and at a certain point in time, when homebuyers take possession of their homes, in reporting according to IFRS. For the key ratios below, however, the method of calculation is the same in both segment reporting and reporting according to IFRS. For more information and calculations, see note 1 and [www.peab.com/alternative-performance-measures](http://www.peab.com/alternative-performance-measures).

## FINANCIAL DEFINITIONS

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### Available liquidity

Liquid funds and short-term investments along with unutilized credit facilities, not including unutilized project financing. Shows the Group's available liquidity.

### Capital employed for the business areas

Total assets in the business areas at the end of the period reduced by deferred tax recoverables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities and deferred tax liabilities. The measurement is used to measure capital utilization and its effectiveness for the business areas, and is only presented as a net amount per business area.

### Capital employed for the Group

Total assets at the end of the period less non-interest-bearing operating liabilities and provisions. The measurement is used to measure capital utilization and its effectiveness.

### Earnings per share

Profit for the period attributable to shareholders in parent company divided by the average number of outstanding shares during the period.

### Equity/assets ratio

Equity as a percentage of total assets at the end of the period. Shows financial position.

### Equity per share

Equity attributable to shareholders in parent company divided by the number of outstanding shares at the end of the period.

### Net debt

Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets.

### Net debt/equity ratio

Interest-bearing net debt in relation to equity. Shows financial position.

### Net investments

The change in the period of the recognized value of current assets (CB-OB) plus depreciation and write-downs.

### Operating margin

Operating profit as a percentage of net sales.

### Order backlog

The value at the end of the period of the remaining income in ongoing production plus orders received yet to be produced. Order backlog is based on segment reporting.

### Orders received

The sum of orders received during the period. Measures how new orders replace produced work. In our own developed housing projects tenant-owned housing associations and residential limited companies are considered external customers.

### Return on capital employed

The pre-tax profit of the rolling 12 months period with the addition of financial expenses in percent of the average (last four quarters) capital employed. The measurement is used to measure capital efficiency and to allocate capital for new investments and show the Group's earning capacity independent of financing.

### Return on equity

The profit of the rolling 12 months period attributable to shareholders in parent company divided by the average (last four quarters) equity attributable to shareholders of shares in the parent company. The measurement is used to create efficient business and a rational capital structure and to show the yield on the shareholders' equity.

## OTHER NON-FINANCIAL DEFINITIONS

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### Serious accidents

Peab uses the Swedish Work Environment Authority's definition of a serious accident as an accident where one or more persons are injured at a workplace or a place they have visited for work. Serious accidents can be injuries such as bone fractures, effusive bleeding or nerve, muscle or tendon damage, injuries to inner organs or second or third degree burns. Serious accidents that occur in our other Nordic countries are categorized by the same definition.

### Risk observations

A risk observation means noticing, at a workplace, behavior, risks or shortcomings that can lead to an incident or accident.

# The Nordic Community Builder

Peab is one of the leading construction and civil engineering companies in the Nordic area with operations in Sweden, Norway, Finland and Denmark.

Peab affects society and the environment for the people who now and in the future will live with what we develop, build and construct. Peab is also a big employer with local roots and with this comes big responsibility.

Peab is engaged in developing a more sustainable society. Our goal is to meet the demands and expectations from others and at the same time create new business opportunities.

Peab's business contributes to society by developing and building new homes and offices, public functions and infrastructure. This is how we are useful and make a difference in daily life in big and small places in Sweden, Norway, Finland and Denmark.

Long-term relationships with customers and suppliers result in better social, environmental and economic conditions. Stable profitability generates the funds necessary to develop our business and provide returns for our shareholders.

Net sales, appr.

**SEK 57  
billion**

Employees, appr.

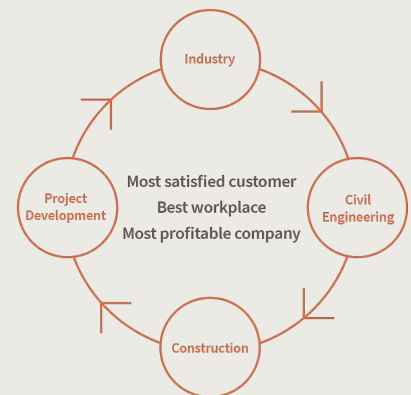
**15,000**

## BUSINESS MODEL

### Four collaborating business areas create added value

Peab is characterized by a decentralized and cost-efficient organization with four complementary business areas whose operations are based on local entrepreneurship close to customers. Our business model with four collaborating business areas creates opportunities throughout the value chain in our construction projects.

Our three strategic goals Most satisfied customers, Best workplace and Most profitable company frame our prioritized investments in the business plan period 2018-2020.



**Business area Construction** works with everything from new construction of homes, public and commercial premises to renovations and extensions as well as offering construction services.



**Business area Civil Engineering** is active on the local civil engineering market as well as in larger Nordic infrastructure projects like highways, railroads and bridges. It also operates and maintains streets and roads.



**Business area Industry** delivers, among other things, mineral aggregates, concrete, paving, temporary electricity and prefabricated concrete elements to external customers and the other business areas in Peab. It also provides cranes, machines and transportation as well as recycles construction waste, demolition waste and rubble.



**Business area Project Development** handles Group acquisitions as well as development, management and investment of residential and commercial property. Housing Development is mainly geared towards private consumers while Property Development is aimed at real estate investors.

Photographers: Carl Ljungberg, Kasper Dudzik, Klas Andersson, Markus Esselmark, Ørjan Marakatt Bertelsen, Per Eriksson and Peter Steen.

Peab takes work environment matters very seriously and works systematically to create safe workplaces. The kind of safety equipment used varies depending on national regulations and the type of operations. A risk analysis is always performed for each workplace before any exception is made. The people pictured in this publication are wearing personal safety equipment required by regulations valid for the operations and country they are in.